First Amendment to the 2020 Universal Registration Document

including BFCM's Interim financial report at **June 30, 2021**

Crédit Mutuel
Alliance Fédérale

BANQUE FÉDÉRATIVE
Crédit Mutuel

CONTENTS

First Amendment to the 2020 Universal Registration Document

including BFCM's Interim financial report at **June 30, 2021**

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 the BFCM consolidated scope. This document is intended to be used for all of BFCM's refinancing programs (Euro Medium Term Notes Program; U.S. Medium Term Notes Program; Euro Commercial Paper; Negotiable debt securities).

Accounts have not been audited, but are subject to a limited review.
2020 universal registration document filed with the Autorité des marchés financiers (AMF - French Financial Markets Authority) on April 21, 2021, as number D.21-0334.
First amendment to the 2020 universal registration document, filed with the Autorité des marchés financiers on August 12, 2021, as number D.21-0334-A01.

The English language version of this report is a free translation from the original, which was prepared in French. All possible care has been taken, to ensure that the translation is an accurate presentation of the original. However, in all matters of interpretation, views or opinion expressed in the original language version of the document in French take precedence over the translation.

This first amendment to the universal registration document was filed on August 12, 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 securities or for the admission of securities to trading on a regulated market if it is supplemented by a note on the securities 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.

PREAMBLE

Strong commercial momentum driven by the acceleration of diversification and strategic partnerships

In the first six months of 2021, Crédit Mutuel Alliance Fédérale recorded a very strong performance with net banking income (NBI) of €7,962 million, up 16.1%.

This performance is also better than before the crisis, with an increase of 5.6% compared to the first half of 2019.

This change in NBI benefited from the growth recorded in the banking networks (+3.1% compared to 2020 and +1.3% compared to 2019), thanks to a resilient interest margin and an increase in commissions linked to diversification. The strong NBI in the insurance businesses, capital markets and private equity have benefited from the recovery of the financial markets over the period. Insurance, the leading diversification business, grew by 60.2% compared to the first half of 2020 and by 2.1% compared to the first half of 2019. This increase in revenues was also driven by the strong performance of private banking (+2.7% compared to 2020 and +16.9% compared to 2019) mainly linked to asset management and the increase in revenues of the corporate banking business lines (+7% compared to 2020 and +4.9% compared to 2019).

Crédit Mutuel Alliance Fédérale's support for the economic recovery is reflected in an increase in outstanding customer loans, which reached €428.6 billion at the end of June 2021 (+5.3%), particularly in terms of home loans (+8.5%) and consumer credit (+5.1%).

The Group's multi-service strategy has been strengthened in all areas. The number of insurance policies increased to 35.2 million (+1.5%). Its gross inflows in life insurance amounted to €3.2 billion (+46.3%), of which 43.6% in unit-linked terms. (+6 points vs market). In terms of mobile telephony, the exclusive partnership signed with Bouygues Telecom resulted in an increase in the number of sales in the first half of the year in the Crédit Mutuel and CIC networks (x1.8).

In terms of remote monitoring, the Homiris offer, driven by EPS, saw its number of customers increase by nearly 26,000 to reach 538,000 customers. At the beginning of July, Crédit Mutuel Alliance Fédérale and its technological subsidiary Euro-Information signed a long-term strategic partnership with BNP Paribas in the field of remote monitoring. Homiris, the leader in remote monitoring in France, will see its marketing strengthened, thanks to an exclusive deployment within the BNP Paribas networks in France and Belgium, from the first quarter of 2022.

Crédit Mutuel Alliance Fédérale is stepping up its diversification into real estate by becoming an operator in all segments, from new to old. During the first half of the year, 4,400 new properties were sold (+59%). In order to expand its range of services, Crédit Mutuel Alliance Fédérale rolled out Solution Logement in the first half of 2021. This tool enables customers of the Crédit Mutuel and CIC networks to manage their real-estate projects by taking advantage of a comprehensive approach, including housing financing, insurance and home protection.

As of June 30, Crédit Mutuel Alliance Fédérale now has 27.4 million customers. The sales push continued with 500,000 new customers (+1.9% net).

Improved operational performance, as a result of the momentum of the revised strategic plan

Faced with the scale of the crisis, Crédit Mutuel Alliance Fédérale launched, in May 2020, work to revise its strategic plan ensemble#nouveaumonde (together#newworld) to accelerate its priorities, with the aim of accelerating its technological investments, simplifying processes and enhancing synergies between all Group entities. The challenge is to combine a maximum decentralization of the relationship with customers and members with an extensive industrialization of all support functions.

This acceleration of the transformation is bearing fruit in the first half of 2021, with increased technological capabilities for advisors. The relationship with customers has broadened in scope thanks to video meetings accessible from the secure online banking space and mobile application (122,000). Deployed in March 2017 across the Crédit Mutuel and CIC networks and used on a daily basis by 30,000 advisers, artificial intelligence makes it possible to target the best opportunities for customers: 86.5% of the 912,000 meetings scheduled following messages sent by cognitive tools resulted in a subscription. Finally, advisors have more time for business thanks to the support provided by optical character recognition and speech recognition.

The adoption rate of online banking tools at Crédit Mutuel and CIC continues to grow, reaching 4.45 million users.

In the first half of the year, the two networks received a record number of 1 billion connections to their applications and websites, and nearly 6.5 million electronic signatures (+94%).

At the heart of the relationship and in all business lines, the dedicated advisor remains in control of the omnichannel relationship, while relying on the best technological tools, designed and hosted in proprietary data centers located in France with strict compliance with digital privacy for everyone.

Sustained investment in cognitive solutions (artificial intelligence, big data, OCR, etc.) has made it possible to achieve a technological critical mass that contributes to the increase in the relational effectiveness of Crédit Mutuel Alliance Fédérale. It better identifies opportunities and saves time to ensure a stronger relationship. This will be amplified by a considerable investment in data centers with the creation of a new center in Dijon (€200 million), which will be operational in 2024, and the implementation of a dedicated and secure cloud.

The health crisis has shown the need for increased flexibility and simplification across all business lines.

Crédit Mutuel Alliance Fédérale has strengthened the pooling of business line expertise and support functions, particularly in the furniture leasing sector and by accelerating the pooling of resources between the Crédit Mutuel and CIC networks.

Crédit Mutuel Alliance Fédérale also consolidated the country strategy and the synergies between activities by setting up country managers, particularly in Germany (11% of consolidated NBI) and soon in Spain and Belgium with the joining of Crédit Mutuel Nord Europe on January 1, 2022.

General operating expenses, including major technological and human investments, continued to be controlled, rising by +4.7% on a like-for-like basis, lower than the increase in revenue.

They are notably impacted by the increase in the contribution to the Single Resolution Fund (SRF) and other supervision costs.

The cost of risk amounted to €188 million, compared to €1,046 million in the first half of 2020, marked by a very high level of provisions for unproven risks. It was down in all business lines, notably in the case of banking networks in France, TARGOBANK in Germany, Cofidis Group and corporate banking. It amounted to a total of 10 basis points (bps) compared to outstanding loans (compared to 48 bps in the first half of 2020 and 24 bps in the first half of 2019).

Consolidated net profit amounted to €2,087 million, an increase of 143.5% compared to the first half of 2020 (multiplied by 2.4), and +28.1% compared to the first half of 2019. In particular, the net profit of the banking networks posted a very strong increase of 96%, to €984 million.

Strengthened stability to support our members and customers on their way towards a sustainable and responsible economic recovery

The results of the first half of the year help to strengthen the solidity of Crédit Mutuel Alliance Fédérale, one of the strongest banking groups in Europe.

Its liquidity reserve (€191.7 billion), supported by the improvement in its commitment ratio over the past 18 months, largely covers market resources at 12 months.

In terms of solvency, shareholders' equity amounted to €51.8 billion, compared to €47.5 billion at June 30, 2020. At the end of March 2021, the Common Equity Tier 1 (CET1) ratio, including the first quarter result, stood at 18.1%, up 30 basis points compared to December 31, 2020.

An alliance of 13 federations of Crédit Mutuel united around a shared project, Crédit Mutuel Alliance Fédérale will be joined in 2022 by the Fédération du Crédit Mutuel Nord Europe. Approved by the board meetings of June 28 and 29, 2021 of Caisse Fédérale de Crédit Mutuel and Caisse Fédérale du Crédit Mutuel Nord Europe, this alliance will strengthen the operational efficiency of all of the Group's units around its customers' projects and will help the Group expand in Belgium and in asset management.

During the second half of the year, Crédit Mutuel Alliance Fédérale will be particularly mobilized to maintain and expand its support for members and customers during the economic recovery. The Caisses de Crédit Mutuel and the CIC branches will be able to do this by relying on a high level of delegation, allowing more than nine out of ten credit decisions to be made locally.

This takeover will respect the societal and environmental commitments made by the Group, in particular through the implementation of new sectoral policies. As such, its new policy for financing by sector applied to air, sea and road transportation now privileges assets with the lowest carbon emissions. New policies are being developed with the aim of respecting the trajectory of the Paris Climate Agreements. The only French bank with a corporate mission status, Crédit Mutuel Alliance Fédérale will unveil its commitments in the second half of the year.

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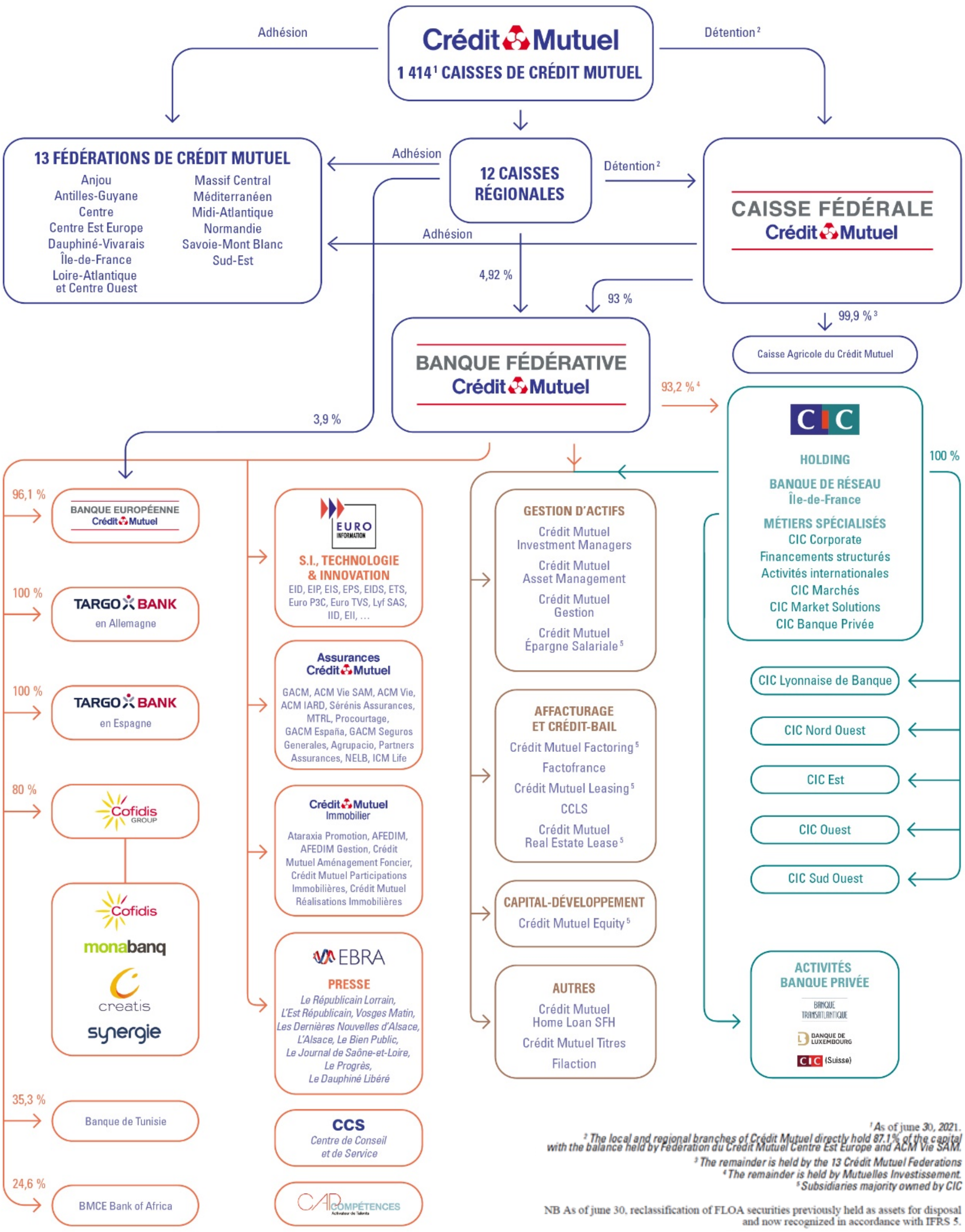
Plus vite, plus loin !

1 PRESENTATION OF CRÉDIT MUTUEL ALLIANCE FÉDÉRALE

1.1 ORGANIZATIONAL STRUCTURE AT JUNE 30, 2021

Organization chart of Crédit Mutuel Alliance Fédérale



[1] As of june 30, 2021.
[2] The local and regional branches of Crédit Mutuel directly hold 87.1% of the capital with the balance 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

NB As of june 30, reclassification of FLOA securities previously held as assets for disposal and now recognized in accordance with IFRS 5.

1.2 RECENT EVENTS

①Crédit Mutuel[1] and BNP Paribas signed a long-term partnership agreement on July 8, 2021 based on:

The acquisition by Euro Protection Surveillance (the Homiris brand), a remote monitoring subsidiary of Crédit Mutuel, of 100% of the securities in Protection 24, a remote monitoring subsidiary of BNP Paribas;

The simultaneous entry of BNP Paribas into the capital of Euro Protection Surveillance (EPS) as a minority shareholder;

The implementation of a long-term distribution agreement enabling BNP Paribas to offer EPS Homiris offers to its customers in France and Belgium, *via* its BNP Paribas Fortis subsidiary.

This strategic and industrial partnership consolidates EPS's position as the leader in the remote monitoring market in France with a network of nearly 600,000 subscribers. Thanks to the skills and resources of the both EPS and Protection 24, it will allow the full strength of the Crédit Mutuel[1], CIC, BNP Paribas networks in France and the Beobank and BNP Paribas Fortis networks in Belgium to continue to grow significantly in the remote monitoring market by offering increasingly competitive offers.

② Crédit Mutuel Alliance Fédérale, BNP Paribas and the Casino group signed an exclusivity agreement on July 27, 2021 regarding:

- the acquisition by BNP Paribas of 100% of the share capital of **FLOA**, one of the French leaders in innovative payments, a subsidiary of Casino and Crédit Mutuel Alliance Fédérale (*via* Banque Fédérative du Crédit Mutuel - BFCM) for a total amount of €258 million[2] for shareholders' equity amounting to €184 million at the end of 2020;
- the conclusion of a strategic and business partnership between BNP Paribas and the Casino group.

The sale price for 100% of the share capital of FLOA, whose equity amounted to €184 million at the end of 2020, would be €258 million.

Half of it would be split between the Casino group and Banque Fédérative du Crédit Mutuel, *i.e.* €129 million for each of them.

③ Following the results of the stress test published on July 30, 2021 by the European Central Bank (ECB), intended to assess the ability of European banks to survive in very poor economic conditions, the Crédit Mutuel group once again demonstrated its financial strength and the strength of its growth model.

Even in the most pessimistic scenario, the group ranks among the best French banks with a strong Common Equity Tier One capital ratio of 13.4% by 2023, with a comfortable margin of another five points above the minimum regulatory requirements.

At December 31, 2020, the Crédit Mutuel group had a CET 1 ratio of 18.7%.

This performance is particularly noteworthy given the strict assumptions used by the authorities and a financial year in 2020 already penalized by the health crisis, as a starting point for forecasts. As a reminder, the adverse stress test scenario was established by the ECB and the European Systemic Risk Board and covers a period of three years (2021-2023). It is based on strict assumptions (significant shocks on equity markets and credit spreads, absence of intervention by the authorities in the event of a major crisis, etc.) and restrictive methodologies on the main components of income and risks (constant balance sheet, no increase in the interest margin, increase in non-performing exposures, etc.). They apply identically regardless of business models or national specificities.

(1) Crédit Mutuel Alliance Fédérale, Crédit Mutuel Nord Europe, Crédit Mutuel Océan and Crédit Mutuel Maine-Anjou, Basse-Normandie.
(2) Based on shareholders 'equity at December 31, 2020.

2 INTERIM BUSINESS REPORT OF CRÉDIT MUTUEL ALLIANCE FÉDÉRALE AND BFCM

2.1 ECONOMIC AND REGULATORY ENVIRONMENT IN THE FIRST HALF OF 2020

2.1.1 Economic environment

First half-year 2021: light at the end of the tunnel

The first half of 2021 was first marked by the management of the health crisis by the authorities to address the spread of the British strain, then by the reopening of economies thanks to the ramp-up of vaccination. Developed countries experienced the return to a more normal situation concerned, resulting in strong economic recovery, particularly in services. Although the industrial sector also contributed to the rebound, supply chain difficulties and shortages, such as semiconductors, are increasingly penalizing activity and contributing to strong inflationary pressure. According to central banks, these factors weighing on supply should remain transitional. In the United States, Joe Biden quickly worked through his agenda. Thus, the large-scale fiscal stimulus bill, which was approved in March, boosted growth and now allows the Fed to consider reducing its asset purchases and raising its key rates. The end of the 1st half-year was marked however by the rebound of the epidemic due to the strong spread of the Delta variant in emerging countries and its progression in developed countries. While vaccination is still very effective against serious forms of Covid, the health risk remains significant but does not jeopardize the rapid growth recovery in developed countries.

In **eurozone**, the resurgence of the epidemic and the delay in vaccination in the first quarter led governments to impose health restrictions that weighed on growth. While the services sector was heavily penalized, the industrial sector continued to rebound thanks to the recovery in investment and exports, thus mitigating the economic slowdown. The reopening of economies, followed by the ramp-up of vaccination in a second stage gave rise to a faster-than-expected upturn in activity, in particular owing to the sharp rebound in the services sector. In a health context that is still uncertain, the ECB stepped up its monetary support with the announcement, in March, of an increase in the pace of its asset purchases as part of the emergency pandemic program (PEPP) in order to maintain favorable financing conditions. It subsequently decided to maintain this pace, on the grounds that it believed the inflationary peak to be transitional, thereby enabling to contain upward pressure on sovereign rates and the euro. It terms of budgetary support, after some delays on the initial schedule, the European recovery plan of €750 billion will be able to begin following the significant legislative advances in recent months. The European Commission has begun issuing debt which will gradually release funds to countries that have unveiled ambitious stimulus plans, such as Italy.

In **France,** the health situation deteriorated very gradually this winter, thereby limiting the impact on growth at first. However, the respite did not last and an epidemic outbreak occurred in March. This obliged the government to impose a new nation-wide lockdown and close schools in April, thereby resulting in a new downturn in economic activity. However, the ongoing emergency measures, in particular short-time working, continued to support economic activity. The reopening of the economy, thanks to the acceleration of vaccination, has mainly benefited the services sector and consumer optimism as summer approaches. In this context, the Banque de France revised its growth forecasts upwards with +5.8% for 2021 and +4% for 2022 for a return of GDP to its pre-crisis level at the beginning of next year.

In the **United Kingdom**, the beginning of the year could have been marked by the effects of Brexit but the health crisis ultimately stole the show. Indeed, the outbreak in the number of infections at the end of 2020 forced the country to implement a very strict lockdown. Between the effects of health constraints and the rapid increase in vaccination (49% of the population fully vaccinated at the beginning of July), the epidemic sharply dropped, making it possible to gradually consider a return to normal (with a very clear impact on business and upward pressure on the pound). The strong spread of the Delta variant, however, forced Boris Johnson to implement his lockdown lifting schedule at a slower pace, but without backing down. Vaccination is effective and hospitalizations and deaths increased only slightly. In addition to the health risk, there is also a political risk due to Brexit-related tensions. In this context, the Bank of England remains prudent in view of the next phase of monetary tightening.

In the **United States,** the economic situation continued to improve with a reopening that started a notch earlier than in the eurozone and vaccination at a more advanced stage than in Europe. The Biden administration has put in place significant budget support with a new stimulus package of $1,900 billion approved in March. This has made it possible, through strong consumption stimulus, to support growth, which should reach a historically high rate in the 2nd quarter. A new tranche of $1.2 trillion relating to infrastructure could soon be passed. In line with this increased demand, prices have accelerated significantly, due to bottlenecks, shortages in certain sectors and the reopening of the economy. The Fed considers this inflationary peak to be transitional and remains prudent in view of its monetary tightening schedule, while the labor market situation is far from returning to normal. The latest employment figures are encouraging, with nearly seven million jobs to fill compared to the pre-crisis situation. Given its new monetary policy framework, the Fed is in no rush to withdraw its support even if it began to prepare the mindsets at its meeting in June. Thus, it indicated that it was counting on two key rate hikes in 2023, which had a significant impact on the dollar.

While **China** was one of the first economies to rebound following the health crisis, the catch-up effect has gradually faded down with growth that is gradually returning to normal. However, each increase in new infections leads authorities to impose very strict local lockdowns. This was the case in Beijing at the end of January and in the Shenzhen area more recently, in the absence of widespread and effective vaccination. This weighs on confidence and limits growth prospects. The Caixin services PMI for June hit a low point since April 2020. Other longer-term issues had a negative impact on China, such as international relations that have grown strained in recent months with its main trading partners - the United States and Europe - and the management of the financial system. Other **emerging countries** are also struggling with the spread of the Delta variant. This comes on top of a combination of unfavorable issues in industry, rapid acceleration of inflation and the need for central banks to tighten their monetary policy.

After the explosion of **commodity prices** at the beginning of the year, due to strong demand and production issues, the increase in prices has slowed or even reversed in some cases. The normalization of global needs and the China's communication in favor of an adjustment of its purchases to avoid a surge in prices, explains this decline at the end of the first half. Oil continued to grow in recent months. It experienced a new acceleration phase following the OPEC+ meeting in early July where no agreement to increase production could be reached.

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 was 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 have been made under the European Banking Package (CRR2/CRD5/BRRD2). 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 housing loans and warned of the legally binding nature of the measures expected for the end 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. At European level, a set of guidelines on AML/CTF cooperation and information exchange have entered into force.

In 2021, the regulatory framework continued to expand in various areas with the publication of the following texts:

- the new decree of January 6, 2021 relating to the AML/CTF and asset freezing mechanism and internal control;
- the decree of February 25, 2021 revising the decree of November 3, 2014 on the internal control of banking institutions with a strengthening of the requirements regarding internal control, governance, risk measurement systems and procedures, and IT risk management;
- three EBA guidelines on internal governance, fit and proper requirements and sound compensation policies;
- the entry into force of the disclosure regulation of November 27, 2019, concerning the sustainability risk and transparency obligations regarding sustainable finance;
- the gradual entry into force of the international benchmark interest rate reform (IBOR) which, when completed, will result in the replacement of the EONIA by the €STR.

Moreover, several regulatory issues are still under discussion:

- the transposition into European law (CRR3/CRD6) of the finalized Basel III agreements, in particular the basis for calculating the output floor;
- the requirements for monitoring so-called “emerging” risks, including IT risks (IT Operational Resilience Directive, DORA), and climate risks and, more generally, the inclusion of ESG criteria by the banking sector (implementation of a European sustainable taxonomy and proposal for a new directive on the publication of sustainability information by companies);
- 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 work and discussions of central banks and several regulatory bodies on the themes of crypto-assets and central bank digital currencies (CBDC).

2.2 ACTIVITIES AND RESULTS OF CRÉDIT MUTUEL ALLIANCE FÉDÉRALE

2.2.1 Analysis of the business and results

2.2.1.1 Methodology notes

Changes at constant scope

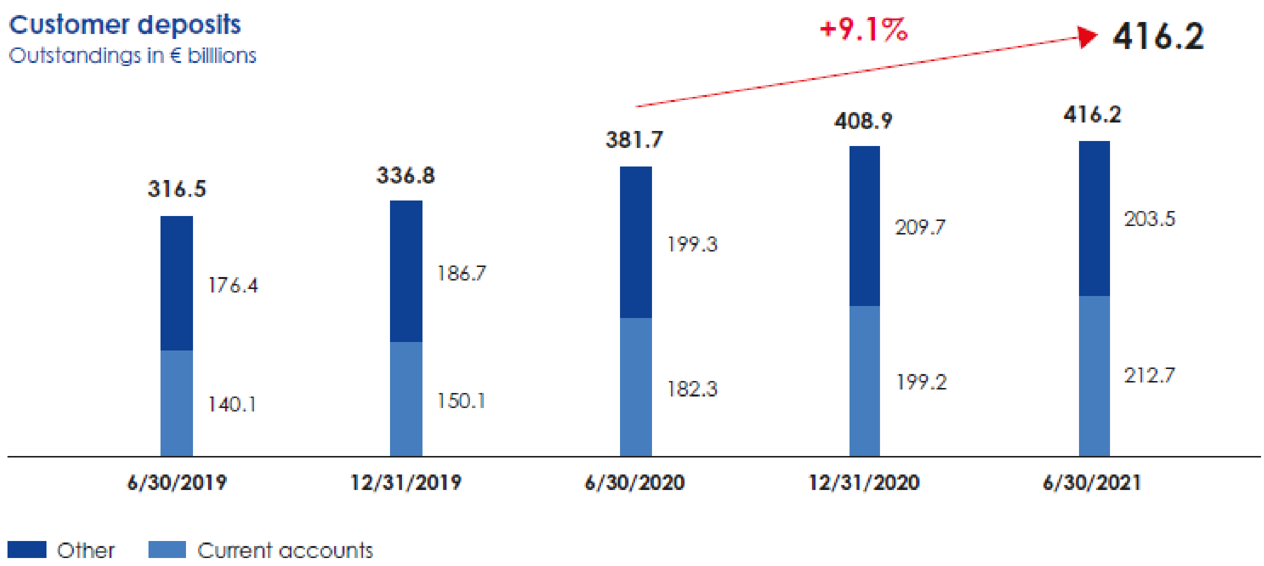
Like-for-like changes are calculated by neutralizing, for the first half of 2020, the results of Euro-Information Telecom sold at the end of 2020.

(in € millions)	H1 2021	H1 2020	*chg. scope*	1st half-year 2020 at constant scope	Change at constant scope in %
Net banking income	7,962	6,858	66	6,791	+17.2%
General operating expenses	-4,736	-4,552	-27	-4,525	+4.7%
of which supervision and resolution costs	*-268*	*-238*	*-*	*-238*	*+12.7%*
Gross operating income/(loss)	3,226	2,306	39	2,266	+42.3%
Cost of risk	-188	-1,046	-3	-1,043	-82.0%
Cost of proven risk	*-320*	*-557*	*-3*	*-554*	*-42.3%*
Cost of non-proven risk	*132*	*-489*	*-*	*-489*	*ns*
Operating income	3,038	1,260	37	1,223	x 2.4
Net gains and losses on other assets and ECC	-73	-0	-0	0	ns
Profit/(loss) before tax	2,965	1,260	36	1,223	x 2.4
Income tax	-885	-402	-6	-397	x 2.2
Post-tax gains/(losses) on discontinued operations	7	-	-	-	ns
Net profit/(loss)	2,087	857	31	827	x 2.5

2.2.1.2 Change in activity in the first half of 2021

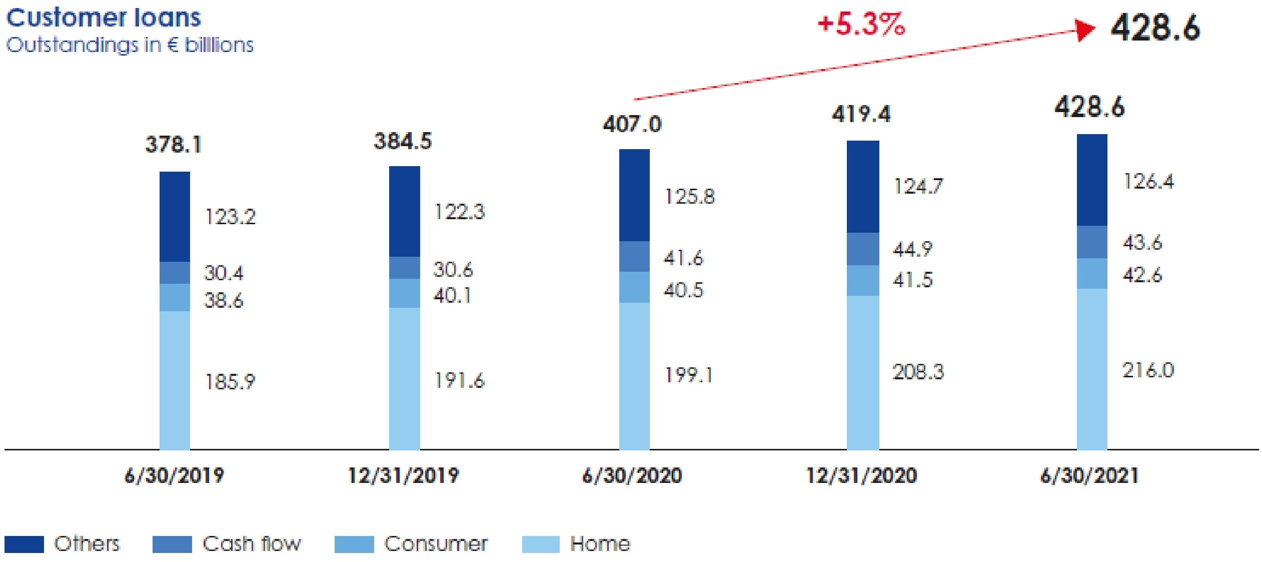
Customer deposits

Outstanding customer deposits were up sharply (+9.1%), mainly on current accounts (+16.8%, *i.e.* +€31 billion) and Livret A accounts (Crédit Mutuel's livret bleu passbook savings accounts), with outstandings totaling nearly €39 billion (+10.5% year on year).



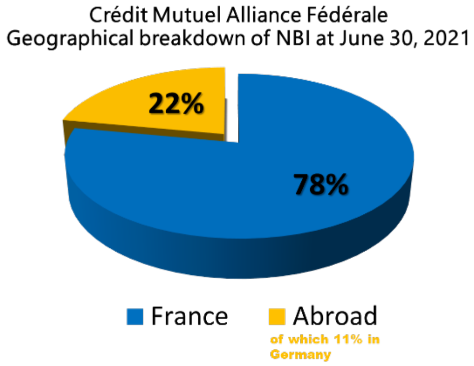
Customer loans

The strong business momentum led to an increase of 5.3% in outstanding loans over one year to €428.6 billion at June 30, 2021. This increase was driven by home loans (€216 billion, *i.e.* +8.5%) as well as consumer credit (€42.6 billion, *i.e.* +5.1%) and cash loans (€43.6 billion, *i.e.* +4.7%).



2.2.1.3 Geographical breakdown of revenues

The group's activity is concentrated in France, which represents more than three-quarters of the group's net banking income (78% at June 30, 2021). Internationally, the group has significant activities in Germany and, to a lesser extent, in Spain. CIC also has international subsidiaries in London, Brussels, New York, Hong Kong and Singapore, and representative offices in several other countries. These international activities represent almost a quarter (22%) of the group's net banking income.



2.2.1.4 Results of Crédit Mutuel Alliance Fédérale

(in € millions)	H1 2021	H1 2020	change	change at constant scope[1]	H1 2019
Net banking income	7,962	6,858	+16.1%	+17.2%	7,537
General operating expenses	-4,736	-4,552	+4.0%	+4.7%	-4,567
including contribution to the Single Resolution Fund and Supervision costs	*-268*	*-238*	*+12.7%*	*+12.7%*	*-155*
Gross operating income/(loss)	3,226	2,306	+39.9%	+42.3%	2,970
Cost of risk	-188	-1,046	-82.1%	-82.0%	-462
cost of proven risk	*-320*	*-557*	*-42.6%*	*-42.3%*	*-438*
cost of non-proven risk	*132*	*-489*	*ns*	*ns*	*-25*
Operating income	3,038	1,260	x 2.4	x 2.4	2,507
Net gains and losses on other assets and ECC[2]	-73	0	ns	ns	21
Profit/(loss) before tax	2,965	1,260	x 2.3	x 2.4	2,528
Income tax	-885	-402	x 2.1	x 2.2	-899
Post-tax gains/(losses) on discontinued operations[3]	7	-	ns	ns	-
Net profit/(loss)	2,087	857	x 2.4	x 2.5	1,629
Non-controlling interests	161	89	+81.3%	+81.3%	169
Net profit attributable to the group	1,926	768	x 2.5	x 2.6	1,460 [4]

(1) Neutralization of the exit of El Telecom from the scope of consolidation at the end of 2020.
(2) ECC = Equity consolidated companies = proportionate share of the net profit/(loss) from equity consolidated companies.
(3) Share of the equity method of FLOA following the reclassification of securities as assets held for sale.
(4) H1 2021/H1 2019 changes: +31.9% gross change and +31.8% like-for-like change.

Net banking income (NBI)

During the first half of 2021, net banking income, up 17.2% year on year to €7,962 million, confirmed the rebound observed in the second half of 2020. It is even €425 million higher than the level reached during the first half of 2019 (€7,537 million), reflecting the effectiveness of Crédit Mutuel Alliance Fédérale in supporting its customers and members.

All operational business lines contributed to this growth in net banking income:

Net banking income from the operational business lines *(in € millions)*	H1 2021	H1 2020	Change In %
Retail bank	5,340	5,191	+2.9%
o/w banking networks	*4,362*	*4,232*	*+3.1%*
Insurance	1,119	698	+60.2%
Specialized business lines	1,066	604	+76.4%
Private banks	319	311	+2.7%
Corporate banking	198	185	+7.0%
Capital Markets	293	38	x 7.7
Capital equity	257	71	x 3.6
Press	131	122	+7.4%
IT & logistics	762	793	-4.0%

Revenue from **banking networks**, up by 3.1% year on year, was back to its pre-crisis level at €4,362 million, compared to €4,306 million in the first half of 2019. The interest margin is resilient and commissions are up by 6%.

Insurance, with net insurance income up by 60.2%, reflects the rebound in financial markets over one year. In addition, the first half of 2020 was marked by support for policyholders in 2020, reflected in particular by the mutualist stimulus premium (negative impact of €179 million on NBI).

Private banking continues to grow its revenue thanks to good sales momentum for capital capture.

The net banking income for **corporate banking** increased significantly by 7%.

Capital markets are still benefiting from the improvement in the financial markets that began in the second quarter of 2020, as well as solid commercial activity, with net banking income of €293 million (compared to €38 million in the first half of 2020 and €194 million in the first half of 2019).

The good level of disposals and the revaluation of the investment portfolio led to a strong increase in the net banking income of the Group's **private equity** activity at €257 million.

Press revenue progressed favorably by +7.4%.

The **"IT & logistics"** sector is impacted by the exit of Euro-Information Telecom from the scope of consolidation at the end of 2020.

General operating expenses and gross operating income

General operating expenses were down by 4.7% compared to the first half of 2020 and amounted to €4,736 million.

They are notably impacted by the continuous increase in contributions to the Single Resolution Fund and supervision costs[1] amounting to €268 million in the first half of 2021, or an increase of €30 million compared to 2020.

The "jaws" effect on the cost/income ratio is favorable at 59.5% compared to 62.3% at December 31, 2020 and 60.6% at June 30, 2019.

Gross operating income was up sharply by 42.3% to €3,226 million.

Cost of risk

The overall cost of risk amounted to €188 million in the first half of 2021, compared to €1,046 million during the same period last year and €462 million during the first half of 2019. In relation to outstanding loans, it stood at a total level of 10 basis points (bps) compared to outstanding loans (compared to 48 bps during the first half of 2020 and 24 bps during the first half of 2019).

The drop in the cost of risk concerns first and foremost the non-proven risk. A net reversal was recorded during the first half of 2021 compared to a significant expense for the first half of 2020 and for all of 2020. The assumptions of the IFRS 9 scenarios were not modified during the first half. However, status 2 outstanding loans decreased compared to the year ended December 31, 2020, which mainly allowed for reversals of sector provisions. The cost of non-proven risk therefore showed a net reversal of €132 million (as a reminder, these provisions had been the subject of an allocation of €489 million during the first half of 2020, including, in particular, the revision of the scenario weightings).

The cost of proven risk, which has improved significantly over the past twelve months, totaled €320 million, compared to €557 million at the end of June 2020.

The decrease in the cost of risk was observed during the first half for the banking networks and corporate banking, which recorded a net reversal of the cost of risk. TARGOBANK in Germany and Cofidis also have a cost of risk in basis points that is lower than their levels during the first half of 2019.

The rate of non-performing loans has been declining steadily since December 2019 and stood at 2.8% at the end of June 2021, compared to 3.0% at the end of June 2020. Provisions for non-performing loans (€6,172 million) were comparable to the level recorded in June 2019 (€6.676 million). The coverage rate was 51% as of June 30, 2021.

(in € millions)	06/30/2021	06/30/2020
Customer loans (net outstandings on the balance sheet)	428,551	407,001
Gross loans	437,737	416,128
Gross non-performing loans	12,097	12,669
Provisions for impairment of receivables	9,186	9,127
of which provisions for impairments on non-performing receivables (Status 3)	*6,172*	*6,676*
of which provisions for impairments on performing loans (Articles of Association 1 & 2)	*3,014*	*2,451*
Share of non-performing loans in gross loans	2.8%	3.0%
Coverage ratio on non-performing receivables	51.0%	52.7%

Profit/(loss) before tax

Profit before tax amounted to €2,965 million in the first half of 2021, compared to €1,260 million in the same period in 2020.

In addition to the changes explained above, profit before tax includes the contribution of companies accounted for under the equity method and goodwill amortization, *i.e.* a residual expense of €73 million.

Net profit/(loss)

Net profit for the first half of 2021 was up sharply thanks to the increase in revenue and the decrease in the cost of risk, amounting to €2,087 million, compared to €857 million in the first half of 2020. It is higher (+28%) than before the health crisis (€1,629 million in the first half of 2019).

(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.

2.2.1.5 Results by activity of Crédit Mutuel Alliance Fédérale

2.2.1.5.1 Retail banking

(in € millions)	H1 2021	H1 2020	change
Net banking income	**5,340**	**5,191**	**+2.9%**
General operating expenses	-3,486	-3,355	+3.9%
of which supervision and resolution costs	*-191*	*-219*	*-12.9%*
Gross operating income/(loss)	**1,854**	**1,836**	**+1.0%**
Cost of risk	-214	-934	-77.1%
cost of proven risk	*-303*	*-513*	*-40.9%*
cost of non-proven risk	*89*	*-420*	*ns*
Operating income	**1,639**	**902**	**+81.7%**
Net gains and losses on other assets and ECC[1]	-2	-1	ns
Profit/(loss) before tax	**1,638**	**902**	**+81.6%**
Income tax	-523	-377	+38.8%
Post-tax gains/(losses) on discontinued operations	7	0	ns
Net profit/(loss)	**1,122**	**525**	**x 2.1**

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

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

Bank networks

Crédit Mutuel banking and insurance network

At the end of June 2021, the number of customers of the Crédit Mutuel banking and insurance network reached 7.5 million, an increase of 1.4%, of which +0.9% in the retail market. The conquest of new customers continued with 222,328 new customers, *i.e.* +18.9% year on year.

Savings deposits amounted to €208.9 billion at the end of June 2021, up 9.2% year on year. Inflows remained positive, although less marked than in the first half of 2020.

External loans and financing amounted to nearly €156 billion, up 6.9% year on year. Despite the very sharp decline in the release of cash loans including SGLs (state-guaranteed loans), total releases are resilient (+0.9% year on year) with, in particular, good levels achieved in home loans (*e.g.* +14.9%) and in consumer credit (+14.1%).

Diversification activities are pursuing their conquest strategy with:

- the stock of property and personal insurance policies (excluding life insurance) reached 10.9 million, up 2.8% year on year;
- mobile telephony and box contracts, which increased by 4.5% (850,000 subscriptions);
- a number of remote home monitoring subscriptions which increased by 2.3% to nearly 176,000.

The CIC banking and insurance network

All figures quoted are *pro forma*, *i.e.* including CIC Iberbanco[1] in 2021 and 2020.

The number of customers in the banking network stood at 5.4 million at the end of June 2021, an increase of 2.0%, of which 1.3% in the retail market.

Savings deposits amounted to €229.7 billion at the end of June 2021, up 10.4% year on year. Inflows remained positive, although less marked than in the first half of 2020.

External loans and financing represented outstandings of €169.5 billion, up by 6.2% year on year.

The total amount of releases was down due to cash loans, which include SGLs.

Nonetheless, business remained strong with an increase in grants of home loans by 12.5% and in consumer credit by 18.2%.

Cross-selling of products and services to customers increased in insurance, with an increase of 4.5% in the number of contracts in the portfolio (more than 6 million), as well as in services:

- +7.4% in online banking with 3.3 million contracts;
- +3.6% in Homiris theft protection (over 112,000 contracts);
- +8.3% in telephony and box contracts (over 566,000).

(1) The CIC Iberbanco branches were integrated into the CIC network in 2020.

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. It also offers tailored support for large German companies, German companies present in France and German subsidiaries of French groups. It operates as a partner for developers and real estate companies on the real estate market.

To support its 23,737 customers in all their needs in France and beyond, BECM makes its 432 employees available through a commercial sales network of 59 points of sale. The network was completed during the first half of 2021 with the opening of branches in Martinique and Guadeloupe, and in Germany with the opening of a new branch in Essen.

Measured in average monthly capital, customer loans were down by 2.1% year on year to €18 billion at the end of June 2021, of which €1.0 billion in outstanding state-guaranteed loans (SGLs).

Accounting resources were stable at +0.4% year on year, *i.e.* €19.4 billion.

The Net banking income increased by 8.5% to €164 million.

TARGOBANK in Germany

The first half of 2021 was marked by the continuation, until May, of the lockdown measures initiated in November 2020. The closure of shops to the public limited household consumption and the associated demand for credit.

The production of amortizable loans was down compared to last year on all distribution channels, as was the level of current account overdrafts and credit card outstandings. Only the car loan business grew, boosted by the strong recovery in the automotive market.

The bank's market share in amortizable loans stood at 11.3% over the half-year.

However, the corporate market has been showing signs of a clear recovery since March. The factoring and leasing portfolios increased significantly compared to last year and commercial activity is relatively strong.

Outstanding loans thus grew by 2.9% to €21.3 billion in the first half of the year, with two-thirds of this increase generated by the corporate portfolio. Customer deposit volumes reached €22.6 billion at the end of June 2021, up 5.9% compared to December 31, 2020.

As a contribution to the results of Crédit Mutuel Alliance Fédérale, TARGOBANK in Germany posted net profit of €158 million, compared with €80 million one year earlier.

In addition, the bank revised its strategic plan during the first half of the year in order to better respond to societal changes and changes in customer needs and expectations accelerated by the health crisis and its consequences.

This new plan is fully in line with Crédit Mutuel Alliance Fédérale's overall growth strategy in Germany.

Cofidis Group

In terms of activity, Cofidis Group (new name of Cofidis Participations) returned to a level of activity close to before the health crisis, with production of €3.9 billion, up by 30% compared to the end of June 2020. Outstanding loans increased 5.3% versus the end of June 2020, amounting to €13.3 billion at the end of June 2021.

On a contributive basis, net profit rose by 5.3% compared to last year and stood at €56.9 million, driven by stable net banking income, controlled expenses, but above all a very low cost of risk.

On the development side, Cofidis Group is pursuing partnerships in e-commerce, notably by extending its contract with Amazon until 2023. It is 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 puts 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.

2.2.1.5.2 Insurance

In the first half of 2021, insurance represented 13% of the revenues of Crédit Mutuel Alliance Fédérale's operating business lines.

(in € millions)	H1 2021	H1 2020	Change
Net insurance income	**1,119**	**698**	**+60.2%**
General operating expenses	-344	-334	+3.0%
Gross operating income/(loss)	**775**	**365**	**x 2.1**
Net gains and losses on other assets and ECC[1]	0	1	ns
Profit/(loss) before tax	**775**	**366**	**x 2.1**
Income tax	-236	-148	+59.4%
Net profit/(loss)	**540**	**218**	**x 2.4**

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

This year, Groupe des Assurances du Crédit Mutuel (GACM) is celebrating its 50th anniversary. The insurance business has been fully integrated since it was created from a commercial and technological standpoint in Crédit Mutuel Alliance Fédérale.

Compared to the first half of 2020 which was significantly impacted by the lockdown measures related to the pandemic and the unrequited solidarity measures, the business of the distribution networks was up sharply in the first half of 2021 and is regaining its pre-crisis business momentum. At €6.1 billion, revenue increased by 22.6%, driven mainly by the increase in gross inflows in life insurance and capitalization, which had fallen sharply at the end of June 2020 (-40.1%).

Gross inflows in life insurance amounted to €3.2 billion, up by 46.3%. This strong increase is explained by the low inflows achieved in spring 2020 due to the lockdown and volatility of the equity markets. All of the actions undertaken by GACM made it possible to double, in just two years, the share collected in units of account (UA) from 21.2% to 43.6% and thus outperform the French market where the rate of inflows in UAs was 37%. This reorientation of inflows was based on the many offers deployed by GACM to support its policyholders, while respecting their investor profiles, towards more dynamic and better diversified savings.

Revenue from risk insurance increased by 4.5% overall and by 4.9% in the French market alone. It stood at €3 billion at the end of June 2021. Property insurance continued to post sustained growth in revenue of 5.2%, particularly in the automotive and home segments, which continued to grow faster than the market, thanks to an excellent level of production. Personal insurance recorded revenue growth of 4.1%.

GACM continues to strengthen its presence in the professional and corporate market. Revenue of the professional multi-risk professional unit grew by 18.4% year on year, thanks to the success of the new Multi Pro offer launched in September 2020. The individual retirement savings plan (PER), intended for companies wishing to support their employees in preparing for their retirement, has had a good start in its marketing. During the first half of 2021, new collective protection solutions were added to the professional and corporate range. GACM now has a comprehensive and effective offer to cover all the social protection needs of companies.

In line with the increase in business, commissions paid to distributors were up by 5.9%, at €851 million, of which €685 million were paid to Crédit Mutuel Alliance Fédérale.

The impacts of the crisis on the claims expenses of the GACM portfolios are gradually fading. The frequency of automotive claims remains slightly lower than normal due to the partial lockdown at the beginning of the year, but the business unit is facing a substantial increase in the cost of repairs. In healthcare, healthcare consumption recorded a significant increase, due to the postponement of care not provided in 2020, as well as the full roll-out of the 100% healthcare reform, which took full effect as of January 1, 2021.

At €540 million, the contributive net profit of GACM returned to a level comparable to that of the end of June 2019, a clear increase compared to June 30, 2020 (€218 million). This change is linked in part to financial market movements, which fell sharply during the first half of 2020 and which by contrast recorded a significant increase in 2021, resulting in an increase in GACM's IFRS financial result. The difference with the result at June 30, 2020 is mainly due to the exceptional solidarity measures implemented as of the first half of 2020, to support our customers in the face of the effects of the health crisis, in particular through the payment of the "mutualist stimulus premium" of €179 million.

In the still uncertain economic and health context, GACM remains fully committed to its policyholders and has decided not to increase prices for any of its health insurance and automotive contracts in 2021 (excluding changes linked to age). This measure will benefit more than 1.6 million healthy people and nearly 3 million people with automotive insurance. Lastly, GACM is also contributing to the financing of the national economic recovery. In this regard, €600 million will be gradually invested in the Recovery Equity Loan Fund. This new public-private system makes it possible to support and finance French companies.

2.2.1.5.3 Corporate banking and capital markets

In the first half of 2021, the corporate banking and capital markets activities represented 6% of the revenues of Crédit Mutuel Alliance Fédérale's operating business lines.

(in € millions)	H1 2021	H1 2020	Change
Net banking income	**490**	**223**	**x 2.2**
General operating expenses	-204	-200	+2.1%
Gross operating income/(loss)	**286**	**23**	**x 12.5**
Cost of risk	37	-109	ns
Profit/(loss) before tax	**324**	**-86**	**ns**
Income tax	-84	20	ns
Net profit/(loss)	**239**	**-66**	**ns**

Corporate banking

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

Corporate banking's outstanding loans were down to €20.8 billion, as the exceptional loans set up during the crisis were mostly repaid. Savings deposits increased by 3.5% to €35.8 billion.

Net banking income was up significantly by +7%. General operating expenses are down by 1.9%. Net profit (€124 million) benefitted from a partial recovery of provisions for non-proven risks allocated in 2020, with a net reversal of €37 million for the total cost of risk.

Capital markets

Crédit Mutuel Alliance Fédérale's capital markets business, grouped under the name CIC Marchés, include the investment business, whose strategies are offered to third parties through the alternative asset management company Cigogne Management and the commercial business line (CIC Market Solutions) in France and in the New York and Singapore branches.

The 2020 crisis generated high level of volatility in market conditions, a source of opportunities but also of downgraded assessments of certain strategies. The return to less volatile conditions has paved the way, since the second quarter of 2020, for a very strong rebound in net banking income (+€255 million year on year) and net profit (€115 million, compared to €43 million in the first half of 2019). Fees paid by CIC Marchés, not included in this result, amounted to €45 million, a slight increase.

2.2.1.5.4 Private banking

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

(in € millions)	H1 2021	H1 2020	Change
Net banking income	**319**	**311**	**+2.7%**
General operating expenses	-225	-208	+8.1%
Gross operating income/(loss)	**94**	**103**	**-8.3%**
Cost of risk	-5	-4	+44.8%
Profit/(loss) before tax	**89**	**99**	**-10.2%**
Income tax	-23	-22	+7.0%
Net profit/(loss)	**66**	**77**	**-15.0%**

The companies composing the business line operate in France through Banque Transatlantique, its subsidiaries and branches (Banque Transatlantique Luxembourg, Banque Transatlantique Belgium and Banque Transatlantique Londres), Banque de Luxembourg group, and CIC Suisse.

Commercial momentum remained good for capital capture: savings deposits rose by 13.1% year on year to €144.3 billion. Outstanding loans, at €15.9 billion, increased by 6.3%.

The Private Banking activity maintained a continuous increase in its revenue (+2.7%); net profit was down, given the increase in operating expenses, which included exceptional items during the first half.

In addition, in the network activities, CIC is developing a private banking activity under the CIC Banque Privée brand, which has seen strong growth in its activity and made a significant contribution to results.

2.2.1.5.5 Private equity

In the first half of 2021, private equity represented 3% of the revenue of Crédit Mutuel Alliance Fédérale's operating business lines.

(in € millions)	H1 2021	H1 2020
Net banking income	**257**	**71**
General operating expenses	-36	-25
Gross operating income/(loss)	**221**	**47**
Cost of risk	-7	2
Profit/(loss) before tax	**214**	**49**
Income tax	-0	2
Net profit/(loss)	**213**	**50**

The private equity and mergers and acquisitions business line is operated by Crédit Mutuel Equity, which is based in Paris and has branches in Lyon, Nantes, Lille, Bordeaux and Strasbourg and ensures proximity with customers, while addressing a gradual international development phase (Switzerland, Germany, Canada, and the United States).

The business and results of the private equity sector are characterized by an excellent level of disposals during the first half of 2021, as well as a high valuation of the portfolio's holdings, all while maintaining a very cautious assessment of the shareholdings in sectors affected by the crisis. Net profit (€213 million) was €163 million higher than in the first half of 2020 and €60 million higher compared to the first half of 2019.

The portfolio of invested assets reached €2.9 billion at June 30, 2021. During the first half, 13 new investments were made for a total of €278.5 million.

A fund in infrastructure projects proposed to third-party investors was launched.

2.2.1.5.6 IT, logistics and press & Holding Company

These activities are composed of two separate sectors.

The first sector (IT, logistics and press) includes activities that are 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, such as Euro Protection Surveillance which provides remote monitoring services to individuals and Lyfpay, 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 (the holding company) includes the coordination and carrying activities of the subsidiaries as well as the equity investments and acquisitions of the group (notably the amortization of valuation differences and costs of refinancing acquisitions), as well as the start-up expenses of new branches and local banks, and lastly, the proportionate share of consolidation using the equity method of entities in which the group holds non-controlling interests.

(in € millions)	H1 2021	H1 2020	Change
Net banking income	**924**	**806**	**+14.6%**
General operating expenses	-928	-873	+6.3%
Gross operating income/(loss)	**-4**	**-67**	**+93.8%**
Cost of risk	2	-2	ns
Operating income	**-3**	**-69**	**+96.2%**
Net gains and losses on other assets and ECC[1]	-72	-0	ns
Profit/(loss) before tax	**-74**	**-69**	**-6.8%**
Income tax	-19	122	ns
Net profit/(loss)	**-93**	**53**	**ns**

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

The net banking income of the IT, logistics, press & holding company activities stood at €924 million in the first half of 2021 versus €806 million in the first half of 2020.

- the Group's IT, logistics and press business generated a gross margin of €893 million in the first half of 2021 compared with €915 million in the first half of 2020, a decrease of 2.5%. This change reflects the exit of El Telecom;
- the holding company activities of the group generated net banking income of €31 million in the first half of 2021, including in particular the cost of carry of fixed expenditure, the cost of equity and development plans.

General operating expenses increased by 6.3%. This increase includes on the one hand the continuation of IT investments.

The IT, logistics, press & holding company activities posted a net loss in the first half of 2021 of -€93 million versus €53 million in the first half of 2020.

2.2.1.6 Financial position of Crédit Mutuel Alliance Fédérale

2.2.1.6.1 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 share of loans to customers through deposits, this development being in line with the strategy followed over the last few years. The loans/deposits ratio gradually improved: it stood at 103% as of June 30, 2021, against 106.6% as of June 30, 2020;
- Liquidity risk at Crédit Mutuel Alliance Fédérale is strictly managed as part of a system steered by BFCM on the bases of a centralized risk management system. Significant progress was made concerning the Basel III liquidity ratios which are beyond the threshold of 100%; the LCR stood at 170.9% on average over the first half of 2021.

Assets

Summary. Crédit Mutuel Alliance Fédérale's consolidated assets amounted to €835.5 billion at June 30, 2021, compared with €796 billion at December 31, 2020 (+5%).

This 5% increase in total assets (+€39 billion) was mainly due to the increase in loans and receivables to customers (+€9.1 billion, *i.e.* + 2.2%), cash and central bank outstandings (+€23.8 billion) and financial assets at fair value through profit or loss (+€3.9 billion, *i.e.* +14.2%).

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 €58.8 billion at June 30, 2021, compared to €56.3 billion at December 31, 2020.

Loans and receivables to customers. Loans and receivables to customers stood at €428.6 billion at June 30, 2021, versus €419.4 billion at December 31, 2020, a gross increase of 2.2%.

Liabilities (excluding shareholders' equity)

Summary. The group's consolidated liabilities excluding shareholders' equity stood at €783.7 billion at June 30, 2021, versus €746.4 billion at December 31, 2020 (+5%). These liabilities included subordinated debt of €7.3 billion at June 30, 2021, stable compared with December 31, 2020. This increase in liabilities excluding shareholders' equity during the first half of 2021 was primarily due to the increase in debt due to customers (mainly deposits) of €7.3 billion (+1.8%) and especially debt due to credit institutions (+76.2%).

Consolidated equity

The consolidated equity attributable to the group stood at €51.8 billion at June 30, 2021, versus €49.6 billion at December 31, 2020; this change primarily corresponds to the carryover of net profit from 2020.

Non-controlling interests increased from €3,115 million at December 31, 2020 to €3,272 million at June 30, 2021.

2.2.1.6.2 Liquidity and refinancing

The start of 2021 was marked by a gradual phasing out of lockdown measures as the population's vaccination rate progressively increased. However, the support measures of central banks including the European Central Bank (ECB) and budgetary measures, in particular by the European Commission and the EU's largest countries, have been maintained so as not to jeopardize the current economic recovery.

This return to optimism, encouraged by tangible signs of a return to growth, caused a rise in fixed rates in the markets, with a ten-year French OAT which returned to positive territory (at 0.13% on the French OAT over 10 years as of June 30, 2021). Nevertheless, the refinancing conditions and access to liquidity remain favorable to borrowers due to a lasting excess of liquidity on the market.

Banque Fédérative du Crédit Mutuel (BFCM), through all its issuance programs, was able to take advantage of this context.

In total, the outstanding amount of external funding raised on the markets amounted to €143.6 billion at the end of June 2021, a decrease of 2.3% compared to the end of 2020.

Short-term money market resources (duration of less than one year) totaled €45.5 billion at the end of June 2021, down by 6.2% compared to the previous year. They represent 32% of all market funding raised, down 1 point compared to the previous year.

Outstanding medium- and long-term (MLT) resources amounted to €98 billion at the end of June 2021, a level that was almost stable compared to 2020 (-0.4%). During the first half of 2021, Crédit Mutuel Alliance Fédérale raised €8.4 billion in MLT resources, *i.e.* 76% of its €11 billion program in 2021. This production was carried out mainly under the BFCM brand, but also Crédit Mutuel Home Loan SFH, its entity issuing covered housing bonds. 92% of these MLT resources were raised in euros and mainly in the form of large public issues (91% of the volumes).

The average maturity of the MLT resources raised in June 2021 was seven years, slightly higher than in 2020 (6.2 years).

2021 refinancing program

In the first half of 2021, public issues raised amounted to an equivalent of €7.6 billion and broke down as follows:

- BFCM by way of senior European Medium-Term Notes (EMTN), of which:
  - £400 million (GBP) over six years, issued in January;
  - €1,500 million over seven years, issued in June;
  - €750 million in green bonds over seven years issued in June;
  - 160 million Swiss francs (CHF) over eight years in June.
- BFCM in Senior Non Preferred (SNP) EMTN:
  - €2.5 billion over seven years, issued in January and June.
- Crédit Mutuel Home Loan SFH: €2.25 billion over ten and seven years, issued in May and July.

LCR and liquidity buffer

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

- an average LCR ratio over the first six months of 2021 of 170.9% compared to 165.2% in 2020;
- average high quality liquidity assets (HQLA) totaling €130.2 billion, 81% of which is deposited with central banks (mainly the ECB).

Total liquidity reserves at June 30, 2021 over the consolidated scope broke down as follows:

Crédit Mutuel Alliance Fédérale *(in € billions)*	June 2021
Cash deposited in central banks	125.4
LCR securities (after LCR haircut)	27.6
o/w HQLA Level1 securities	*21.8*
Other eligible assets, central banks (after ECB haircut)	38.7
TOTAL LIQUIDITY RESERVES	**191.7**

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

Targeted refinancing operations

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

In addition, as part of the "EU PL response to Covid-19 crisis for SME & MIDCA PS" program, the "COVID19 CRISIS RESPONSE FOR SME & MIDCAP" package, allocated by the EIB in June 2020 for an amount of €350 million was the subject of a single drawdown in June 2021, over a five-year period at a fixed rate.

This unprecedented scheme, dedicated to supporting SMEs and mid-sized companies weakened by the health crisis, complements state-guaranteed loans (SGLs).

2.2.1.6.3 Solvency[1]

As of June 30, 2021, Crédit Mutuel Alliance Fédérale's shareholders' equity amounted to €51.8 billion, compared to €49.6 billion at the end of 2020, an increase of €2.2 billion due to carryforwards.

At end-June 2021, Crédit Mutuel Alliance Fédérale maintained a high level of solvency, with a Common Equity Tier 1 (CET1) ratio of 18.3% [2]. The Tier 1 ratio also stood at 18.4%[2] at the end of June 2021 and the overall solvency ratio reached 21.1%[2].

Risk-weighted assets (RWA) totaled €238.9 billion at June 30, 2021 (versus €233.8 billion at end-December 2020). RWAs in terms of credit risk accounted for 90% of the total, at €214.7 billion.

The leverage ratio stood at 7.2% as of June 30, 2021 (calculated in the transitional period).

2.2.1.6.4 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 counterparty **	Issuer/ LT preferred senior debt	Outlook	ST Preferred senior debt	Intrinsic rating ***	Date of most recent publication
Moody's	Aa2/P-1	Aa3	Stable	P-1	a3	11/18/2020
Fitch Ratings *	AA-	AA-	Negative	F1+	a+	5/28/2021
Standard & Poor's	A+/A-1	A	Stable	A-1	a	6/24/2021

* *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.*

Standard & Poor's: Crédit Mutuel group rating.

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

Fitch Ratings: Crédit Mutuel Alliance Fédérale rating.

On June 24, 2021, Standard & Poor's raised the outlook for Crédit Mutuel Group's ratings from negative to stable, as well as for several French and European banks, considering that the improvement in the economic environment reduced the risk of a significant deterioration in asset quality and capitalization. In the case of the Crédit Mutuel group, the stable outlook also reflects the creation of a buffer for absorbing losses that will potentially enable it to obtain a rating notch under the Additional Loss Absorbing Capacity (ALAC) ratio.

As a reminder, the negative prospects at Fitch Ratings and Standard & Poor's had been assigned between March and April 2020, following the outbreak of the pandemic and as part of bundled rating actions for European banks.

(1) See more details in section 4.1 of this document.
(2) Without transitional measures.

2.2.1.7 Alternative performance indicators

ALTERNATIVE PERFORMANCE INDICATORS (APM) - ARTICLE 223-1 OF THE AMF GENERAL REGULATION/ESMA GUIDELINES (ESMA/20151415)

Name	Definition/calculation method	For ratios, reason for use
Cost/income ratio	Ratio calculated from items of the consolidated income statement: ratio of general operating expenses (sum of "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 non-proven 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	H1 2021	H1 2020	H1 2019	2020
General operating expenses (1)	-4,736	-4,552	-4,567	-8,867
Net banking income (2)	7,962	6,858	7,537	14,238
Cost/income ratio (1)/(2)	59.5%	66.4%	60.6%	62.3%

Loans/deposits	06/30/2021	06/30/2020	H1 2019
Net customer loans	428,551	407,001	378,091
Customer deposits	416,232	381,654	316,518
Loans/deposits	103.0%	106.6%	119.5%

Coverage ratio	06/30/2021	06/30/2020	H1 2019
Impairment (S3)	6,172	6,676	6,314
Individually-impaired receivables, gross (S3)	12,097	12,669	11,695
Total coverage ratio	51.0%	52.7%	54.0%

Rate of non-performing loans	06/30/2021	06/30/2020	H1 2019
Individually-impaired receivables, gross (S3)	12,097	12,669	11,695
Gross loans to customers	437,737	416,128	386,263
Rate of non-performing loans	2.8%	3.0%	3.0%

Cost of customer risk related to outstanding loans	06/30/2021	06/30/2020	06/30/2019
Cost of customer risk	-228	-1,005	-454
Gross loans to customers	437,737	416,128	386,263
Cost of customer risk related to outstanding loans	0.10%	0.48%	0.24%

2.2.2 Recent developments and outlook

The first half's good results demonstrate the success of the mutualist group's transformation initiated in 2019 and accelerated during the review of its 2019-2023 strategic plan in September 2020: strengthening of the local omnichannel relationship, acceleration of diversification, maintenance of the sustained pace of technology investments, process simplification, and increased pooling of resources and synergies between business lines.

During the second half of the year, Crédit Mutuel Alliance Fédérale will be particularly mobilized to maintain and expand its support for members and customers during the economic recovery. This takeover will respect the societal and environmental commitments made by the group, in particular through the implementation of new sectoral policies. As such, its new policy for financing by sector applied to air, sea and road transportation now privileges assets with the lowest carbon emissions. New policies are being developed with the aim of respecting the trajectory of the Paris Climate Agreements.

The only French bank with a corporate mission status, Crédit Mutuel Alliance Fédérale will unveil its commitments in the second half of the year.

An alliance of 13 federations of Crédit Mutuel united around a shared project, Crédit Mutuel Alliance Fédérale will be joined in 2022 by the Fédération du Crédit Mutuel Nord Europe. Approved by the board meetings of June 28 and 29, 2021 of Caisse Fédérale de Crédit Mutuel and Caisse Fédérale du Crédit Mutuel Nord Europe, this alliance will strengthen the operational efficiency of all of the Group's units around its customers' projects and will help the Group expand in Belgium and in asset management.

2.3 CONSOLIDATED EARNINGS OF BFCM

2.3.1 Analysis of the consolidated income statement

BFCM's net profit/(loss) over the consolidated scope for the first half of 2021 was sustained by the same factors that impacted the results of Crédit Mutuel Alliance Fédérale.

(in € millions)	H1 2021	H1 2020	change
Net banking income	**5,983**	**4,871**	**+22.8%**
General operating expenses	-3,306	-3,169	+4.3%
Gross operating income/(loss)	**2,677**	**1,701**	**+57.4%**
Cost of risk	-204	-940	-78.3%
cost of proven risk	*-298*	*-508*	*-41.3%*
cost of non-proven risk	*94*	*-432*	*ns*
Operating income	**2,473**	**761**	**x 3.2**
Net gains and losses on other assets and ECC[1]	-63	23	ns
Profit/(loss) before tax	**2,410**	**784**	**x 3**
Income tax	-693	-310	x 2.2
Post-tax gains/(losses) on discontinued operations	7	0	ns
Net profit/(loss)	**1,723**	**473**	**x 3.6**
Non-controlling interests	204	96	x 2.1
Net profit attributable to the group	**1,519**	**378**	**x 4**

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

Net banking income (NBI) was up 22.8% compared to the first half of 2020, amounting to €5,983 million

This change in NBI benefited from the growth recorded in the banking networks (increase in NBI of 4%), thanks to a resilient interest margin and an increase in commissions. It was also driven by the increase in revenue from the corporate banking (+7%) and private banking (+2.7%) business lines. The strong NBI in the insurance businesses, capital markets and private equity have benefited from the recovery of the financial markets over the period.

General operating expenses increased by 4.3% compared to the first half of 2020 and amounted to €3,306 million. In particular, they are impacted by the continuous increase in contributions to the Single Resolution Fund and supervision costs.

The overall cost/income ratio stood at 55.3%.

The overall cost of risk fell sharply (-78.3%). It totaled €204 million, compared to €940 million in the first half of 2020.

The drop in the cost of risk concerns first and foremost the non-proven risk. A net reversal was recorded during the first half of 2021 compared to a significant expense for the first half of 2020 and for all of 2020. The assumptions of the IFRS 9 scenarios were not modified in the first half. However, status 2 outstanding loans decreased compared to the year ended December 31, 2020, which mainly allowed for reversals of sector provisions. The cost of non-proven risk thus recorded a net reversal of €94 million.

Net profit for the first half of 2021 was up sharply thanks to the increase in revenue and the decrease in the cost of risk, amounting to €1,723 million, compared to €473 million in the first half of 2020. It is higher (+25%) than the pre-health crisis level (€1,383 million in the first half of 2019).

Results by business line

Retail bank

Net banking income from retail banking amounted to €3,708 million (+2.7%). General operating expenses were contained (+4.2%) at €2,318 million. The cost of risk was €230 million, of which €281 million was for the proven risk and a net reversal of €51 million for the non-proven risk.

This resulted in net profit of €786 million (x2.6).

Insurance

At €513 million, net profit contributed by the insurance sector returned to a level comparable to that at the end of June 2019, a clear increase compared to June 30, 2020 (€487 million). This change is linked in part to financial market movements, which fell sharply during the first half of 2020 and which by contrast recorded a significant increase in 2021, resulting in an increase in GACM's IFRS financial result. The difference with the result at June 30, 2020 is mainly due to the unrequited solidarity measures implemented as of the first half of 2020 to support policyholders.

Private banks

Private banking maintained a continuous increase in its revenues (+2.7%) to €319 million; net profit (€66 million) was down due to the increase in operating expenses, which included exceptional items in the first half.

Corporate banking

Net banking income (€198 million) was up by +7%. General operating expenses are down by 1.9%. Net profit (€124 million) benefitted from a partial recovery of provisions for non-proven risks allocated in 2020, with a net reversal of €37 million for the total cost of risk.

Capital markets

The 2020 crisis generated a high level of volatility in market conditions, a source of opportunities but also of downgraded assessments of certain strategies. The return to less volatile conditions has paved the way, since the second quarter of 2020, for a very strong rebound in net banking income (+€255 million year on year) and net profit (€115 million, compared to €43 million in the first half of 2019).

Capital equity

The business and results of the private equity sector are characterized by an excellent level of disposals during the first half of 2021, as well as a high valuation of the portfolio's holdings, all while maintaining a very cautious assessment of the shareholdings in sectors affected by the crisis. Net profit (€213 million) was €163 million higher than in the first half of 2020 and €60 million higher compared to the first half of 2019.

The portfolio of invested assets reached €2.9 billion at June 30, 2021. During the first half, 13 new investments were made for a total of €278.5 million.

A fund in infrastructure projects proposed to third-party investors was launched.

2.3.2 Transactions with Crédit Mutuel Alliance Fédérale entities

As of June 30, 2021, the outstanding loans granted to Crédit Mutuel Alliance Fédérale entities that are not part of the BFCM scope of consolidation totaled €30 billion.

BFCM's consolidated gross operating income was -€137 million, related to transactions carried out with Crédit Mutuel Alliance Fédérale entities that are not part of the BFCM scope of consolidation (mainly local banks and Caisse Fédérale de Crédit Mutuel). In the first half of 2021, net interest income from these transactions totaled €199 million, net commissions paid were -€8 million and the net balance of income and expenses and general operating expenses from other activities recorded by these entities was -€273 million.

2.3.3 Recent developments and prospects

The BFCM's good results during the first half (consolidated scope) testify to the success of the transformation of Crédit Mutuel Alliance Fédérale, of which it is an integral part.

During the second half of the year, Crédit Mutuel Alliance Fédérale will be particularly mobilized to maintain and expand its support for members and customers during the economic recovery. This recovery will respect the societal and environmental commitments made by the Group, in particular through the implementation of new sectoral policies. As such, its new policy for financing by sector applied to air, sea and road transportation now privileges assets with the lowest carbon emissions. New policies are being developed with the aim of respecting the trajectory of the Paris Climate Agreements.

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3 CORPORATE GOVERNANCE

3.1 CAISSE FÉDÉRALE DE CRÉDIT MUTUEL – CORPORATE GOVERNANCE REPORT

3.1.1 Composition of the management bodies as of June 30, 2021

Presentation of the Board of Directors at June 30, 2021

	Nationality	Age[1]	Start of term of office	Committees[2]	Attendance at board[3]
Nicolas THÉRY *Chairman*		55	2014	GRMC	100%
Chantal DUBOIS *Vice-chairwoman*		68	2017	-	100%
Gérard CORMORECHE *Director*		63	1995	GAAC	100%
Bernard DALBIEZ *Director*		62	2019	GRMC Appointments	100%
Étienne GRAD *Director*		68	2018	GAAC	100%
Nicolas HABERT *Director*		58	2020	GRMC	100%
Véronique HEMBERGER *Director*		69	2018	GAAC	100%
Christine LEENDERS *Director*		65	2017	GRMC Remuneration	75 %
Mireille LEFEBURE *Director*		68	2017	-	75%
Jean-Louis MAÎTRE *Director*		64	2019	-	100%
Elia MARTINS *Director*		50	2018	-	100%
Laurence MIRAS *Director*		56	2017	Appointments	100%
Gérard OLIGER *Director*		69	2018	Appointments Remuneration	75%
Frédéric RANCHON *Director*		54	2018	-	100 %
Agnès ROUXEL *Director*		63	2017	Appointments	100%
Daniel SCHOEPF *Director*		66	2018	GRMC	100%
Annie VIROT *Director*		66	2017	Remuneration	100%
Alex WEIMERT *Director*		66	2020	-	50%
Audrey HAMMERER *Director representing employees*		43	2016	Remuneration	75%

	Nationality	Age[1]	Start of term of office	Committees[2]	Attendance at board[3]
Laurent TORRE *Director representing employees*		53	2020	-	75%
Bernard BASSE *Non-voting director*		68	2005	GRMC	75%
Jean-Pierre DELCASSO *Non-voting director*		73	2020	-	25%
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%
Damien LIEVENS *Non-voting director*		50	2017	-	50%
Gérard LINDACHER *Non-voting director*		69	2017	-	75%
Philippe RAGE *Non-voting director*		60	2020	-	0%
Gislhaine RAVANEL *Non-voting director*		68	2020	-	75%
Alain TETEDOIE *Non-voting director*		56	2017	-	75%
Philippe TUFFREAU *Non-voting director*		65	2017	-	100%
Didier VIEILLY *Non-voting director*		64	2015	-	100%
Michel VIEUX *Non-voting director*		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.

(3) Attendance in first half-year 2021.

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 13 associate members representing federations		5 members and 10 associate members representing federations	
2 meetings	92% attendance	6 meetings	89% attendance	2 meetings	97% attendance	5 meetings	95% attendance

Autres 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.

3.1.2 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 June 30, 2021

Chairman of the Board of Directors
- Confédération Nationale du Crédit Mutuel
- Caisse Centrale du Crédit Mutuel
- Fédération du Crédit Mutuel Centre Est Europe
- Banque Fédérative du Crédit Mutuel
- Crédit Industriel et Commercial
- Banque CIC Est
- 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 Group

Deputy chief executive officer
- Caisse Fédérale de Crédit Mutuel
- Banque Fédérative du Crédit Mutuel
- Groupe des Assurances du Crédit Mutuel

Director
- TARGOBANKk 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 June 30, 2021

Chairwoman

Fondation du Crédit Mutuel Loire-Atlantique – Centre Ouest

Vice-chairwoman of the Board of Directors

Fédération du Crédit Mutuel Loire-Atlantique et du Centre Ouest

Caisse régionale du Crédit Mutuel Loire-Atlantique et du Centre Ouest

Director

Caisse de Crédit Mutuel de Limoges Centre

Terms of office expired over the past five fiscal years

Permanent representative of Caisse 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 June 30, 2021

Chairman of the Board of Directors

Fédération du Crédit Mutuel du Sud-Est
Caisse de Crédit Mutuel du Sud-Est
Caisse Agricole Crédit Mutuel (CACM)
CECAMUSE
Caisse de Crédit Mutuel Neuville-sur-Saône

Vice-Chairman of the Board of Directors

Confédération Nationale du Crédit Mutuel
Caisse Centrale du Crédit Mutuel
Fédération du Crédit Mutuel Agricole et Rural
MTRL
Assurances du Crédit Mutuel pour l'éducation et la prévention en santé

Director

Banque Fédérative du Crédit Mutuel
Crédit Industriel et Commercial
SICA d'habitat Rural du Rhône et de la Loire

Permanent representative of Caisse de Crédit Mutuel du Sud Est, director

Assurance du Crédit Mutuel Vie SAM

Non-voting director

CIC Lyonnaise de Banque

Managing partner

SCEA CORMORECHE Jean-Gérard
SARL CORMORECHE

Terms of office expired over the past five fiscal years

Non-voting director

Crédit Industriel et Commercial

Bernard Dalbiez

Born August 7, 1958

Nationality: French

Business address:
494 avenue du Prado
13008 Marseille

Summary of main areas of expertise and experience

A high school graduate, Bernard Dalbiez was a train engineer 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 before becoming district chairman and vice-chairman of Fédération du Crédit Mutuel Méditerranéen in 2018. Since 2021, he has been chairman of Fédération and Caisse Régionale 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 June 30, 2021

Chairman of the Board of Directors

Fédération du Crédit Mutuel Méditerranéen

Caisse Régionale du Crédit Mutuel Méditerranéen

Caisse de Crédit Mutuel Marseille Pelletan

Chairman of the Supervisory Board

Société Actimut

Centre de Conseil et de Service (CCS)

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: 2024

Other offices held as of June 30, 2021

Chairman

SAS GRAD Étienne Conseil et Développement

Chairman of the Board of Directors

Caisse de Crédit Mutuel Cours de l'Andlau

Vice-Chairman of the Board of Directors and Chairman of the District of the Urban Community of Strasbourg

Fédération du Crédit Mutuel Centre Est Europe

Director

Crédit Industriel et Commercial

Terms of office expired over the past five fiscal years

Director

Banque Fédérative du Crédit Mutuel

Nicolas Habert

Born on April 27, 1962

Nationality: French

Business address:
6 rue de la Tuilerie
31130 Balma

Summary of main areas of expertise and experience

A graduate of ISEP and ESSEC and holder of an Actuarial degree, Nicolas Habert has been an independent consultant with NH Consulting since 2007. He began his career in 1987 at the Banque Nationale de Paris as customer relationship manager before joining Caisse des Dépôts et Consignations in 1989 and then Caisse Centrale de Crédit Mutuel in 1993. From 1988 to 2012 he worked as a part-time trainer for various entities at the training 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: 2024

Other offices held as of June 30, 2021

Chairman of the Board of Directors

Fédération du Crédit Mutuel Midi Atlantique

Caisse Régionale du Crédit Mutuel Midi Atlantique

Caisse du Crédit Mutuel de Toulouse Purpan

Chairman of the Supervisory Board

Cautionnement Mutuel de l'Habitat

Director

Banque Fédérative du Crédit Mutuel

Permanent representative of Caisse Régionale du Crédit Mutuel Midi-Atlantique

Assurance du Crédit Mutuel Vie SAM

Permanent representative of Marsovalor, director

Banque CIC Sud Ouest

Non-voting director

Confédération Nationale de Crédit Mutuel

Caisse Centrale de Crédit Mutuel

Terms of office expired over the past five fiscal years

Nil

Véronique Hemberger

Born on December 24, 1951

Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Holder of a degree in Education from the Académie de Strasbourg, Véronique Hemberger worked as a teacher and then as the principal of a kindergarten before joining the Association départementale de la coopération at the École du Bas-Rhin in 1996 and taking retirement in 2005.

Since 2014, she has been chairwoman of Caisse de Crédit Mutuel Enseignant 67 as well as of UNCME since 2017. In 2018 she was named chairwoman of the Federal Commission and the Interfederal Commission for the training of elected members of Crédit Mutuel Alliance Fédérale.

Director
Member of the Group Auditing and Accounting Committee
First appointed to the board: 2018
Term expires: 2024

Other offices held as of June 30, 2021

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

Nil

Christine Leenders

Born on February 21, 1956

Nationality: French

Business address:
1 place Molière
49000 Angers

Summary of main areas of expertise and experience

With a BTS degree in Tourism and completion of courses in Coaching and Mentoring, Christine Leenders is a senior manager of Haras des Landes.

In 2001, she was appointed a director of Caisse de Crédit Mutuel de Durtal-Seiches-sur-le-Loir, before being elected chairwoman of that local bank in 2003.

Since 2006, she has been a director of Caisse de Crédit Mutuel Agricole et 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 June 30, 2021

Chairwoman

Le pied à l'étrier

Écurie le mors aux dents

Chairwoman of the Board of Directors

Caisse de Crédit Mutuel de Durtal-Seiches-sur-le-Loir

Director

Fédération du Crédit Mutuel Anjou

Caisse régionale du Crédit Mutuel d'Anjou

Caisse de Crédit Mutuel Agricole et Rural de l'Anjou

Manager

Les Landes

Terms of office expired over the past five fiscal years

Nil

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 June 30, 2021

Chairwoman of the Board of Directors

Caisse de Crédit Mutuel Tours Halles

Director

Fédération du Crédit Mutuel du Centre

Terms of office expired over the past five fiscal years

Nil

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 June 30, 2021

Chairman of the Board of Directors

Fédération du Crédit Mutuel Savoie-Mont Blanc

Caisse Régionale du Crédit Mutuel Savoie-Mont Blanc

Caisse de Crédit Mutuel de Bourg Saint-Maurice

Permanent representative of Caisse Régionale du Crédit Mutuel Savoie-Mont Blanc, director

Assurances du Crédit Mutuel Vie SAM

Non-voting director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Terms of office expired over the past five fiscal years

Nil

Élia Martins

Born on June 4, 1970

Nationality: Portuguese

Business address:
18 rue de la Rochefoucauld
75009 Paris

Summary of main areas of expertise and experience

Holder of a DEA in European law from Université Paris 1 and a CAPA from EFB Paris, Elia Martins has been a lawyer at the L'Oréal Group since 2006. Previously, she worked on the staff of the Pierre Haïk law firm.
In 2013, she was elected chairwoman of the Board of Directors of Caisse de Crédit Mutuel Paris 8 Europe. Since 2017, she has been a member of the Board of Directors of Fédération and Caisse Régionale du Crédit Mutuel Île-de-France.

Director
First appointed to the board: 2018
Term expires: 2024

Other offices held as of June 30, 2021

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

Nil

Laurence Miras

Born on April 4, 1965

Nationality: French

Business address:
130-132 avenue Victor Hugo
26009 Valence

Summary of main areas of expertise and experience

Holder of Master's in Law from the Law Faculty of Aix-Marseille and a diploma as a French Notary, Laurence Miras has held a variety of positions in notary offices as a clerk and then as a notary for ten years before becoming a free-lance landscape gardener in 2013.
In 2014, she was elected chairwoman of the Board of Directors of Caisse de Crédit Mutuel Agriculture de Valréas and is a member of the Board of Directors of Fédération and Caisse Régionale of Crédit Mutuel Dauphiné-Vivarais.

Director
Member of the Appointments Committee
First appointment to the board: 2017
Term expires: 2023

Other offices held as of June 30, 2021

Chairwoman of the Board of Directors

Caisse de Crédit Mutuel Agriculture de Valréas

Director

Fédération du Crédit Mutuel Dauphiné-Vivarais

Caisse régionale du Crédit Mutuel Dauphiné-Vivarais

Terms of office expired over the past five fiscal years

Nil

Gérard Oliger

Born on July 7, 1951

Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Holder of a Bachelor's in History from the Arts Faculty of Strasbourg, Gérard Oliger worked as a teacher for the board of education of Nancy Metz for some 30 years before retiring in 2011.

In 1995 he became a director of a Crédit Mutuel local bank. In 2006, he was appointed Chairman of the District de Sarreguemines of Fédération du Crédit Mutuel Centre Est Europe. He holds offices at both the local and regional level. He has been Chairman of the Appointments Committee of Caisse Fédérale de Crédit Mutuel since 2018.

Director
Chairman of the Appointments Committee and member of the Remuneration Committee
First appointed to the board: 2018
Term expires: 2022

Other offices held as of June 30, 2021

Chairman of the Board of Directors

Caisse de Crédit Mutuel du Pays de Bitche

Director and Chairman of the Sarreguemines District

Fédération du Crédit Mutuel Centre Est Europe

Permanent representative of Groupe des Assurances du Crédit Mutuel, director

Assurances du Crédit Mutuel Vie SA

Terms of office expired over the past five fiscal years

Nil

Frédéric Ranchon

Born on June 22, 1966

Nationality: French

Business address:
61 rue Blatin
63000 Clermont-Ferrand

Summary of main areas of expertise and experience

A graduate of the pharmacy school of Chatenay-Malabry, Frédéric Ranchon began his career as a pharmaceutical salesman in 1988 before receiving training in entrepreneurship at the ESC of Clermont Ferrand and ESSEC Paris and taking over management of a shop, Orchestra, in 2003.

From 2005 to 2019 he was key accounts manager for ABBOT/ABBVIE Laboratories (large hospital accounts).

He has been Chairman of Fédération du Crédit Mutuel Massif Central since 2017 as well as Chairman of Caisse Régionale du Crédit Mutuel Massif Central since 2016.

Director
First appointed to the board: 2018
Term expires: 2024

Other offices held as of June 30, 2021

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

Nil

Agnès Rouxel

Born on April 20, 1958

Nationality: French

Business address:
17 rue du 11 Novembre
14052 Caen

Summary of main areas of expertise and experience

Agnès Rouxel has a university degree in Adult Education. She is General Manager of JP2A and GENESE, two international consulting and human performance training firms.

Together with her main occupation, she chairs the Commission of Elected Representatives of the Seine Estuary Chamber of Commerce and Industry (la Chambre de Commerce et d'Industrie Seine Estuaire), is a member of the Seine Estuary MEDEF and the European Council of Business and Commercial Women (Seine Estuaire et du Conseil Européen Femmes Entreprises et Commerce).

Since 2018 she has been chairwoman of Caisse de Crédit Mutuel Sainte-Adresse and member of the Board of Directors of Caisse Régionale du Crédit Mutuel Normandie.

Director
Member of the Appointments Committee
First appointment to the board: 2017
Term expires: 2023

Other offices held as of June 30, 2021

Chairwoman of the Board of Directors

Caisse de Crédit Mutuel Sainte-Adresse

Permanent representative of Caisse de Crédit Mutuel de Sainte-Adresse, director

Caisse régionale du Crédit Mutuel Normandie

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 June 30, 2021

Chairman of the Board of Directors

Caisse de Crédit Mutuel Dettwiller

Director and Chairman of the Saverne District

Fédération du Crédit Mutuel Centre Est Europe

Director

Éditions des Dernières Nouvelles d'Alsace

SAP L'Alsace

Permanent representative of BFCM, director

Assurance du Crédit Mutuel Vie SAM

Terms of office expired over the past five fiscal years

Member of the Supervisory Board

Banque Européenne du Crédit Mutuel

Annie Virot

Born on March 6, 1955

Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Holder of a CAPES in Mathematics from the Université de Reims, Annie Virot taught mathematics for some 20 years before working as a consultant and then as a trainer.
In 2007, she was elected chairwoman of Caisse de Crédit Mutuel de Dijon Darcy. She has been chairwoman of the District of Bourgogne-Champagne of Fédération du Crédit Mutuel Centre Est Europe since 2018.

Director
Chairwoman of the Remuneration Committee
First appointment to the board: 2017
Term expires: 2023

Other offices held as of June 30, 2021

Chairwoman of the Board of Directors

Caisse de Crédit Mutuel de Dijon Darcy

Vice-Chairwoman of the Board of Directors and Chairwoman of the District of Bourgogne-Champagne

Fédération du Crédit Mutuel Centre Est Europe

Director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Terms of office expired over the past five fiscal years

Nil

Alex Weimert

Born on May 23, 1954

Nationality: French

Business address:
Rue du Prof Raymond Garcin
97201 Fort de France

Summary of main areas of expertise and experience

Holder of a diploma in Agro-economics and a post-graduate degree in Advanced Studies, Alex Weimert began his career as director of Coopérative Fruitière de Guyane before becoming a technical and educational adviser at the Ministry of Youth and Sports. In 1984 he founded IFODES, a vocational training organization and then in 1988, he founded Guyane Technologies Systèmes, an IT services company. Mr. Alex Weimert is now retired.
In 1992, he became Chairman of the 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 June 30, 2021

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 Technologie Systèmes

Director

Confédération Nationale de Crédit Mutuel

Caisse Centrale 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

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 June 30, 2021

Nil

Terms of office expired over the past five fiscal years

Nil

Laurent Torre

Born on May 5, 1967

Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Holder of a Master's Degree in Private Law, Laurent Torre is head of legal affairs at Caisse Fédérale de Crédit Mutuel. He began his career in 1995 as a lawyer at Assurances du Crédit Mutuel before joining Caisse Fédérale de Crédit Mutuel in 2000.

Since January 2020, he has been a director representing the employees of Caisse Fédérale de Crédit Mutuel on the board.

Director, representing employees
First appointed: 2020
Term expires: 2022

Other offices held as of June 30, 2021

Nil

Terms of office expired over the past five fiscal years

Nil

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 June 30, 2021

Chief executive officer
- Fédération du Crédit Mutuel Centre Est Europe
- Banque Fédérative du Crédit Mutuel
- Crédit Industriel et Commercial

Member of the Executive Board
- Groupe des Assurances du Crédit Mutuel

Chairman of the Supervisory Board
- Cofidis
- Cofidis Group
- Euro-Information Production

Vice-Chairman of the Board of Directors
- Banque de Luxembourg

Terms of office expired over the past five fiscal years

Chairman
- SAS Les Gâtines

Chairman of the Board of Directors
- CIC Sud-Ouest
- CIC Ouest

Chairman of the Supervisory Board
- CIC Iberbanco

Vice-Chairman of the Supervisory Board
- Targo Deutschland GmbH
- TARGOBANK AG
- Targo Management AG

Director
- Fivory SA
- Fivory SAS

Permanent representative of Caisse Régionale de Crédit Mutuel Île-de-France. member of the Management Board
- Euro-Information

Éric Petitgand

Born February 4, 1964

Nationality: French

Business address:

4 rue Frédéric-Guillaume Raiffeisen 67000 Strasbourg

Summary of main areas of expertise and experience

Éric Petitgand began his career in 1987 as a back-office manager of cash operations at BTP and later Renault Crédit International. In 1992, he joined the Caisse Centrale du Crédit Mutuel as back-office manager of markets. In 1996, he was a special assistant to the chief executive officer and sale director at Crédit Mutuel Centre Est Europe. In 1999, he was named regional executive of the Fédération du Crédit Mutuel Centre Est Europe before being named chief executive officer of the Fédération and the Caisse Fédérale de Crédit Mutuel Savoie-Mont Blanc in 2003, then vice chairman and head of operations of the shared services 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 June 30, 2021

Chairman and permanent representative of Banque Fédérative du Crédit Mutuel
Bischenberg
Deputy chief executive officer
Fédération du Crédit Mutuel Centre Est Europe
Chief executive officer
Caisse Fédérale de Crédit Mutuel Antilles-Guyane
Fédération du Crédit Mutuel Antilles-Guyane
Chairman of the Board of Directors
CIC Sud Ouest
LYF
Permanent representative of Caisse régionale du Crédit Mutuel, member of the Supervisory Board
Groupe des Assurances du Crédit Mutuel
Permanent representative of Caisse Fédérale de Crédit Mutuel, member of the Management Committee
Euro-Information
Member of the Management Committee
Euro-Information Télécom
Member of the Supervisory Board
Centre de Conseil et de Service – CCS

Terms of office expired over the past five fiscal years

Permanent representative of Placinvest, director
Crédit Mutuel Investment Managers
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
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 S.A

3.1.3 Preparation and organization of the work of the board

Conflicts of interest concerning the administrative, management and supervisory bodies

To date, there has been no mention of potential conflicts of interest between the duties of any of the members of the board of directors and Executive Management with respect to Caisse Fédérale de Crédit Mutuel and its private interests and/or other duties.

Members of the board and Executive Management are subject to the legal and regulatory obligations applicable to conflicts of interest. Each of the 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."

3.1.4 Work of the board during the first half-year 2021

The Board of Directors meets at least four times a year according to a pre-established schedule.

Each item on the agenda has its own separate file or presentation, depending on its size, to better inform the members of the board. The minutes give a detailed record of deliberations, decisions and votes.

On June 30, 2021, the board of directors met four times. The meeting attendance rate for directors was 89.5% on average.

Meeting of February 17, 2021

The Board of Directors meeting of February 17, 2021 focused on the following topics in particular:

- presentation of the balance sheet and consolidated financial statements as of December 31, 2020;
- update on ALM, interest rate and liquidity risk;
- Group audit and accounting committee report;
- observations of the Statutory Auditors;
- report from the group risk monitoring committee;
- validation of coal, non-conventional hydrocarbon and mobility sectoral policies;
- non-compliance risks: 2020 summary;
- approval of the CIC Marchés body of rules, the Group Treasury body of rules, the emergency liquidity plan and the Crédit Mutuel Alliance Fédérale ALM management guidelines;
- approval of the update of the Preventive Recovery Plan;
- report of the remuneration committee;
- report of the appointments committee;
- presentation of the activities and development of Caisse Fédérale de Crédit Mutuel;
- presentation of financial activities (including the annual and consolidated financial statements of the regulatory perimeter as of December 31, 2020, the approval of the comprehensive annual and consolidated financial statements as of December 31, 2020 and the general operating expenses for 2020);
- regulated agreements;
- extension of the scope of the appointments committee and amendment of the internal rules of the board of directors;
- contribution of Caisse Fédérale de Crédit Mutuel to the Crédit Mutuel Alliance Fédérale foundation

Meeting of April 9, 2021

The Board of Directors meeting of April, 9, 2021 focused on the following topics in particular:

- relations with regulators and follow-up letters;
- exceptional claims;
- information letter on the code of conduct for board members;
- Group auditing and accounting committee report;
- presentation and review of the annual internal control report;
- approval of the AML/CFT annual internal control report;
- report from the group risk monitoring committee;
- report of the remuneration committee and presentation of the report on compensation policy and practices for 2020;
- approval of the list of risk-takers and the overall compensation package paid to risk-takers;
- breakdown of the overall compensation package under the charter governing the exercise of offices of members of the boards of directors;
- report of the appointments committee;
- presentation of the assessment of executive management, approval of all assessments of committees and recording of the assessments of the key functions;
- reappointment of a non-voting member;
- proposal for the appointment of Confédération Nationale du Crédit Mutuel to the board;
- management report and corporate governance reports;
- preparation and convening of the Ordinary Shareholders' Meeting.

Written consultation of June 10, 2021

The Board was consulted in writing on June 10, 2021, in accordance with the provisions of Article 9 of Order 2020-321 applicable to a disposal under consideration.

Meeting of June 29, 2021

The board of directors meeting of June 29, 2021 notably focused on the following topic:

- approval of a transaction and its contractual and institutional implications;
- convening of the Extraordinary General Meeting;
- amendment of the internal rules of the board of directors.

3.1.5 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 February 17, 2021.

The committees are made up of three to six members of the Board of Directors of Caisse Fédérale de Crédit Mutuel appointed by the Board of Directors on the proposal of the Chairman of the board for the duration of their term of office as directors, to which may be added associate members 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 and meetings in the first half-year 2021

As of June 30, 2021, the Remuneration Committee was composed of a Chairman, five members including one employee director and one associate member.

Members	Status	Attendance rate during the first half-year 2021
Annie Virot	Chairwoman	100%
Christine Leenders	Member	100%
Gérard Oliger	Member	50%
Philippe Gallienne	Member	100%
Audrey Hammerer	Member (employee director)	100%
Jean-François Jouffray	Associate member	86%

Appointments Committee: composition and meetings in the first half-year 2021

As of June 30, 2021, the Appointments Committee was composed of a Chairman, three members and two associate members.

Members	Status	Attendance rate during the first half-year 2021
Gérard Oliger	Chairman	100%
Bernard Dalbiez	Member	100%
Laurence Miras	Member	67%
Agnès Rouxel	Member	67%
Mireille Gavillon	Associate member	100%
Jean-François Jouffray	Associate member	100%

Group Auditing and Accounting Committee: composition and meetings in the first half-year 2021

As of June 30, 2021, the Auditing and Accounting Committee was composed of a Chairman, three members and thirteen associate members.

Members	Status	Attendance rate during the first half-year 2021
Jean-François Jouffray	Chairman	100%
Gérard Cormorèche	Member	100%
Etienne Grad	Member	100%
Véronique Hemberger	Member	100%
Jean-Pierre Bertin	Associate member	100%
Didier Belloir	Associate member	100%
Christian Fouchard	Associate member	100%
Patrice Garrigues	Associate member	100%
Charles Gerber	Associate member	100%
Jean-Claude Lordelot	Associate member	100%
Yves Magnin	Associate member	100%
Alexandre Martial	Associate member	100%
Bich Van Ngo	Associate member	50%
Jean-François Parra	Associate member	100%
Alain Pupel	Associate member	100%
René Schwartz	Associate member	100%
Stéphane Servantie	Associate member	100%

Group Risk Monitoring Committee: composition and meetings in the first half-year 2021

As of June 30, 2021, the Risk Monitoring Committee was composed of a Chairman, four members and ten associate members.

Members	Status	Attendance rate during the first half-year 2021
Daniel Schoepf	Chairman	100%
Bernard Dalbiez	Member	100%
Christine Leenders	Member	80%
Nicolas Habert	Member	100%
Nicolas Théry	Member	80%
Gilles Berrée	Associate member	100%
Bernard Basse	Associate member	100%
Hubert Chauvin	Associate member	100%
Jean-François Jouffray	Associate member	100%
Laurent Benoît	Associate member	100%
Claude Levêque	Associate member	80%
Pascal Tissot	Associate member	100%
Michel Vieux	Associate member	100%
Didier Benonie	Associate member	100%
Patrick Hoche	Associate member	80%

3.1.6 Executive Management

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, April 6, 2017 and April 2, 2020 did not limit the powers of the two effective managers as defined by law and our articles of association and internal rules.

3.2 BFCM – CORPORATE GOVERNANCE REPORT

3.2.1 Composition of the management bodies as of June 30, 2021

Presentation of the Board of Directors

	Nationaliy	Age[1]	Start of term of office	Committees[2]	Attendance at board[3]
Nicolas THÉRY *Chairman*		55	2014	GRMC	100%
Jean-Marc BUSNEL *Permanent representative of Caisse Fédérale de Crédit Mutuel de Maine-Anjou et Basse-Normandie, director*		61	2018	/	100%
Gérard CORMORÈCHE *Director*		63	2001	GAAC	100%
Claude COURTOIS *Director*		67	2019	/	100%
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	/	0%
Nicolas HABERT *Director*		58	2020	GRMC	100%
Albert MAYER *Director*		65	2018	/	100%
Bich Van NGO *Director*		64	2021	GAAC	100%
Gislhaine RAVANEL *Director*		68	2019	/	75%
Thierry REBOULET *Director*		58	2021	/	100%
René SCHWARTZ *Director*		63	2018	GAAC	100%
Francis SINGLER *Director*		64	2018	/	100%
Alain TÊTEDOIE *Director*		56	2007	/	75%
Philippe TUFFREAU *Director*		65	2017	/	100%
Michel ANDRZEJEWSKI *Non-voting director*		69	2018	/	100%
Jean-Louis BAZILLE *Non-voting director*		70	2012	/	75%
Jean-Claude LORDELOT *Non-voting director*		66	2018	GAAC	100%
Christian MULLER *Non-voting director*		63	2018	/	75%
Jacques SIMON *Non-voting director*		64	2018	/	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.

[3] Attendance at June 30, 2021.

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.

3.2.2 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: 2023

Other offices held as of June 30, 2021

Chairman of the Board of Directors

Confédération Nationale du Crédit Mutuel
Caisse Centrale du Crédit Mutuel
Fédération du Crédit Mutuel Centre Est Europe
Banque Fédérative du Crédit Mutuel
Crédit Industriel et Commercial
Banque CIC Est
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 Group

Deputy chief executive officer

Caisse Fédérale de Crédit Mutuel
Banque Fédérative du Crédit Mutuel
Groupe des Assurances du Crédit Mutuel

Director

TARGOBANK Espagne
Banque Publique d'investissement

Permanent representative of BECM, director

Fédération du Crédit Mutuel Centre Est Europe

Permanent representative of GACM, director

ACM IARD SA

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: 2024

Other offices held as of June 30, 2021

Chairman of the Board of Directors
Fédération du Crédit Mutuel de Maine-Anjou et Basse-Normandie
Caisse Fédérale de Crédit Mutuel de Maine-Anjou et Basse-Normandie
Caisse de Crédit Mutuel de Saint-Hilaire du 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
Assurance 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 June 30, 2021

Chairman of the Board of Directors

- Fédération du Crédit Mutuel du Sud-Est
- Caisse de Crédit Mutuel du Sud-Est
- Caisse Agricole Crédit Mutuel (CACM)
- CECAMUSE
- Caisse de Crédit Mutuel Neuville-sur-Saône

Vice-Chairman of the Board of Directors

- Confédération Nationale du Crédit Mutuel
- Caisse Centrale du Crédit Mutuel
- Fédération du Crédit Mutuel Agricole et Rural
- MTRL
- Assurances du Crédit Mutuel pour l'éducation et la prévention en santé

Director

- Caisse Fédérale de Crédit Mutuel
- Crédit Industriel et Commercial
- SICA d'habitat Rural du Rhône et de la Loire

Permanent representative of Caisse de Crédit Mutuel du Sud-Est, director

- Assurance du Crédit Mutuel Vie SAM

Non-voting director

- CIC Lyonnaise de Banque

Managing partner

- SCEA CORMORECHE Jean-Gérard
- SARL CORMORECHE

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 June 30, 2021

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 June 30, 2021

Chairman of the Board of Directors

Fédération du Crédit Mutuel Normandie

Caisse Régionale du Crédit Mutuel Normandie

Caisse de Crédit Mutuel Le Havre Hôtel de Ville

Member of the Supervisory Board

Banque Européenne du Crédit Mutuel

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 technical proficiency certificate degree in General Mechanics and a diploma in Management and Recruitment from the Comité d'Action Économique du Haut-Rhin, Charles Gerber began his career as a master sergeant in the French army. He then worked for 10 years in the mechanical field, for 20 years as manager of a production site and for 10 years as manager of high volume purchasing at the same company before retiring in 2009. In 1991 he was first appointed member of the board of directors of a Crédit Mutuel local bank, before being appointed chairman of the board of directors in 2012.

Director
Associate member of the group Auditing and Accounting Committee of Caisse Fédérale de Crédit Mutuel
First appointed to the board: 2020
Term expires: 2023

Other offices held as of June 30, 2021

Chairman of the Board of Directors

Caisse de Crédit Mutuel de la Largue

Director and Chairman of the District of Altkirch-St-Louis

Fédération du Crédit Mutuel Centre Est Europe

Director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Non-voting director

Caisse Fédérale de Crédit Mutuel

Terms of office expired over the past five fiscal years

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 June 30, 2021

Chairman of the Board of Directors

Caisse de Crédit Mutuel d'Yzeure

Director

Fédération du Crédit Mutuel Massif Central

Caisse Régionale du Crédit Mutuel Massif Central

Terms of office expired over the past five fiscal years

Vice-Chairman of the Board of Directors

Caisse de Crédit Mutuel de Moulins

Director

Caisse de Crédit Mutuel de Cebazat

Caisse de Crédit Mutuel de Montferrand

Elio Gumbs

Born on November 23, 1961

Nationality: French

Business address:
Rue du Prof Raymond Garcin
97201 Fort de France

Summary of main areas of expertise and experience

Holder of a DUT in Civil Engineering, Elio Gumbs has been central group head at Electricité de France since 2001. In 1983, he began his career as a technology teacher before joining Electricité de France in 1984. 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: 2023

Other offices held as of June 30, 2021

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

Nil

Nicolas Habert

Born on April 27, 1962

Nationality: French

Business address:
6 rue de la Tuilerie
31130 Balma

Summary of main areas of expertise and experience

A graduate of ISEP and ESSEC and holder of an Actuarial degree, Nicolas Habert has been an independent consultant with NH Consulting since 2007. He began his career in 1987 at the Banque Nationale de Paris as customer relationship manager before joining Caisse des Dépôts et Consignations in 1989 and then Caisse Centrale de Crédit Mutuel in 1993. From 1988 to 2012 he worked as a part-time trainer for various entities at the training 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: 2024

Other offices held as of June 30, 2021

Chairman of the Board of Directors

Fédération du Crédit Mutuel Midi Atlantique

Caisse Régionale du Crédit Mutuel Midi Atlantique

Caisse du Crédit Mutuel de Toulouse Purpan

Chairman of the Supervisory Board

Cautionnement Mutuel de l'Habitat

Director

Caisse Fédérale de Crédit Mutuel

Permanent representative of Caisse Régionale du Crédit Mutuel Midi-Atlantique

Assurance 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

Nil

Albert Mayer

Born on September 17, 1955

Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Albert Mayer holds certificates of Higher Accounting Studies and has been the Chairman of the firm Albert Mayer Expertise et Audit Comptable since 2009. Albert Mayer has also been a member of the Metz Association of Statutory Auditors since 1994 and is a legal expert with the Metz Court of Appeal.
In 1993 he was appointed Chairman of a Crédit Mutuel local bank. Since 2018, he has been Chairman of the Saint-Avold District of Fédération du Crédit Mutuel Centre Est Europe.

Director
First appointed to the board: 2018
Term expires: 2024

Other offices held as of June 30, 2021

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

Bich Van Ngo

Born on July 21, 1956

Nationality: French

Business address:
18, rue de La Rochefoucauld
75439 Paris

Summary of main areas of expertise and experience

A chartered accountant, with a master's degree in economics from the University of Paris Dauphine and corporate director certification from Sciences-Po Paris, Bich Van Ngo has been chairwoman and CEO of NGO Audit et Conseil since 2018.
She began her career in 1979 and worked in various groups as chief financial officer and then chairman and chief executive officer. In 1995, she created the accounting and auditing firm Audit et Conseil Europe, which she managed until 2018.
In 2013, she was appointed to the board of directors of Caisse de Crédit Mutuel de Verrières le Buisson before becoming its chairwoman in 2015. She has been a member of the board of directors of the Fédération du Crédit Mutuel Ile-de-France since 2018, of the Group auditing and accounting committee of Crédit Mutuel Alliance Fédérale since 2020 and of the board of directors of Banque Fédérative du Crédit Mutuel since 2021.

Director
Associate member of the group Auditing and Accounting Committee of Caisse Fédérale de Crédit Mutuel
First appointed to the board: 2021
Term expires: 2024

Other offices held as of June 30, 2021

Chairwoman of the Board of Directors

Crédit Mutuel de Verrières le Buisson

Director

Fédération du Crédit Mutuel Ile-de-France

Terms of office expired over the past five fiscal years

Nil

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 June 30, 2021

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

Nil

Thierry Reboulet

Born on August 3, 1962

Nationality: French

Business address:

130-132 avenue Victor-Hugo

26009 Valence cedex

Summary of main areas of expertise and experience

Holder of a Technology University Degree in Business Management and Administration, Thierry Reboulet served as General Manager of Services at the town hall of Tain l'Hermitage for 17 years (36 years of service). In 1998 he was appointed chairman of a Crédit Mutuel local bank. Since 2001, he has been a director of Fédération du Crédit Mutuel Dauphiné-Vivarais and chairman of Caisse de Crédit Mutuel de Tain l'Hermitage since 2014.

Director
First appointed to the board: 2021
Term expires: 2024

Other offices held as of June 30, 2021

Chairman of the Board of Directors

Caisse de Crédit Mutuel Tain l'Hermitage

Director

Fédération du Crédit Mutuel Dauphiné-Vivarais

Banque Fédérative du Crédit Mutuel

Terms of office expired over the past five fiscal years

Nil

René Schwartz

Born on January 14, 1957

Nationality: French

Business address:

4 rue Frédéric-Guillaume Raiffeisen

67000 Strasbourg

Summary of main areas of expertise and experience

Holder of a Masters' degree in law and a DESS in Business Administration, René Schwartz, until his retirement as of June 30, 2019, worked as a lawyer specializing in tax law at the Société Fiduciaire d'Alsace et de Lorraine in Mulhouse.

From 1992 onward, he was elected Chairman of Caisse de Crédit Mutuel du Nouveau Monde in Bollwiller. Since the end of 2018, he has been Chairman of the Union des Caisses de Crédit Mutuel of the Mulhouse District and a director of Fédération Centre Est Europe and Banque Fédérative du Crédit Mutuel.

Director
Associate member of the group Auditing and Accounting Committee of Caisse Fédérale de Crédit Mutuel
First appointed to the board: 2018
Term expires: 2024

Other offices held as of June 30, 2021

Chairman of the Board of Directors

Caisse de Crédit Mutuel du Nouveau Monde

Director and Chairman of the Mulhouse District

Fédération du Crédit Mutuel Centre Est Europe

Terms of office expired over the past five fiscal years

Director

CARPA Mulhouse

Francis Singler

Born on July 18, 1956

Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Holder of an Industrial Methods Technician degree, Francis Singler is retired. He spent his career with APF Entreprises Alsace, holding positions as production manager and then IT manager before retiring in 2018. In 2001, he was appointed director of a local Crédit Mutuel bank. He was Chairman of the training commission for elected representatives of the Sélestat District from 2006 to 2018. Since 2018, he has been Chairman of the Sélestat District of Fédération du Crédit Mutuel Centre Est Europe and Chairman of the Board of Directors of the Ried Centre Alsace (1359) bank.

Director
First appointed to the board: 2018
Term expires: 2024

Other offices held as of June 30, 2021

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

Nil

Alain Têtedoie

Born on May 16, 1964

Nationality: French

Business address:
10 rue de Rieux
44040 Nantes

Summary of main areas of expertise and experience

A graduate in Horticulture, Alain Têtedoie is Chairman and chief executive officer in the agri-food sector. In 1991, he became a director of a local Crédit Mutuel bank. He has been Chairman of Fédération and Caisse Régionale du Crédit Mutuel Loire Atlantique et Centre-Ouest since 2006 and has also been a confederal director since 2004.

Director
First appointed to the board: 2007
Term expires: 2024

Other offices held as of June 30, 2021

Chairman

Thalie Holding

Chairman of the Board of Directors

Fédération du Crédit Mutuel de Loire-Atlantique et du Centre Ouest

Caisse régionale du Crédit Mutuel de Loire-Atlantique et du Centre Ouest

Chairman of the Supervisory Board

Crédit Mutuel Immobilier

Vice-Chairman of the Supervisory Board

Banque Européenne du Crédit Mutuel

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

Chairman of the Supervisory Board

Centre de Conseil et de Service (CCS)

Director

Caisse Fédérale de Crédit Mutuel

Philippe Tuffreau

Born on May 24, 1955

Nationality: French

Business address:

1, place Molière

49006 Angers

Summary of main areas of expertise and experience

Holder of a Master's degree in Private Law, a post-graduate Degree (DESS) in Juridical Sciences and professional lawyer accreditation, Philippe Tuffreau is chairman of the Fédération and Caisse Régionale du Crédit Mutuel d'Anjou.

In 1995, he founded Exaequo, a firm specializing in business law. At the same time, he is involved in life at the bar. In 1998, he was elected president of the Bar of Angers for two years. In 2003, he became a member of the French National Bar Council. He was vice-chairman of this institution from 2006 to 2008, and became the Chancery's regular contact. Soon after he was promoted Knight of the National Order of Merit and Knight of the Order of the Legion of Honor. From 1995 to 2017, he was vice-chairman of the law firm Oratio. In 1991, he became chairman of a Crédit Mutuel local bank and held various offices before terminating his office due to his other activities. In 2014, he was appointed chairman of a Crédit Mutuel local bank before becoming federal director of Crédit Mutuel d'Anjou in 2015 of which he became chairman in 2017. He has been a confederal director since 2020.

Director
First appointed to the board: 2021
Term expires: 2024

Other offices held as of June 30, 2021

Chairman of the Board of Directors

Fédération du Crédit Mutuel d'Anjou

Caisse Régionale du Crédit Mutuel d'Anjou

Vice-Chairman of the Supervisory Board

Caisse de Crédit Mutuel Angers Saint Laud

Director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

ALTEC

GIEMAT

Multifinancière de l'Anjou

Member of the Supervisory Board

Banque Européenne du Crédit Mutuel

Permanent representative of Caisse Régionale du Crédit Mutuel d'Anjour, director

ACM VIE SAM

Terms of office expired over the past five fiscal years

Nil

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 June 30, 2021

Chief executive officer
- Fédération du Crédit Mutuel Centre Est Europe
- Caisse Fédérale de Crédit Mutuel
- Crédit Industriel et Commercial

Chairman of the Supervisory Board
- Cofidis
- Cofidis Group
- Euro-Information Production

Member of the Executive Board
- Groupe des Assurances du Crédit Mutuel

Vice-Chairman of the Board of Directors
- Banque de Luxembourg

Terms of office expired over the past five fiscal years

Chairman
- 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 June 30, 2021

Chairman of the Board of Directors

CIC Ouest

Crédit Mutuel Home Loan SFH

Permanent representative of BFCM, director

Banque de Tunisie

Member of the Supervisory Board

TARGOBANK AG

Targodeutschland GmbH

Director

Cofidis France

Cofidis Group

Terms of office expired over the past five fiscal years

Permanent representative of Marsovalor, director

Crédit Mutuel Investment Managers

Permanent representative of BFCM, director

Opuntia (LUXE TV) SA

Non-voting director

Cofidis France

Cofidis Group

3.2.3 Preparation and organization of the work of the board

Conflicts of interest concerning the administrative, management and supervisory bodies

To date, there has been no mention of potential conflicts of interest between the duties of any of the members of the board of directors and Executive Management with respect to Banque Fédérative du Crédit Mutuel and its private interests and/or other duties.

Members of the Board of Directors and Executive Management are subject to the legal and regulatory obligations applicable to conflicts of interest. All senior managers, directors and non-voting 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.

3.2.4 Work of the board during the first half-year 2021

The Board of Directors meets at least four times a year according to a pre-established schedule.

Each item on the agenda has its own separate file or presentation, depending on its size, to better inform the members of the board. The minutes give a detailed record of deliberations, decisions and votes.

On June 30, 2021, the board of directors met four times. The meeting attendance rate for directors was 91% on average.

Meeting of February 17, 2021

The Board of Directors meeting of February 17, 2021 focused on the following topics in particular:

- presentation of the balance sheet and consolidated financial statements as of December 31, 2020;
- update on ALM, interest rate and liquidity risk;
- Group audit and accounting committee report;
- report from the group's risk monitoring committee;
- validation of coal, non-conventional hydrocarbon and mobility sectoral policies;
- non-compliance risks: 2020 summary;
- approval of the CIC Marchés body of rules, the Group Treasury body of rules, the emergency liquidity plan and the Crédit Mutuel Alliance Fédérale ALM management guidelines;
- approval of the update of the Preventive Recovery Plan;
- Report of the remuneration committee;
- report of the appointments committee;
- activities of Banque Fédérative de Crédit Mutuel;
- financial activities, including the presentation of the annual and consolidated financial statements as of December 31, 2020, the approval of the annual and consolidated financial statements as of December 31, 2020 and the general expenses for 2020;
- Capital Markets and Group treasury;
- regulated agreements;
- contribution of Banque Fédérative de Crédit Mutuel to the Crédit Mutuel Alliance Fédérale foundation.

Meeting of April 9, 2021

The Board of Directors meeting of April 9, 2021 focused on the following topics in particular:

- exceptional claims;
- information letter on the code of conduct for board members;
- Group audit and accounting committee report;

- presentation and review of the annual internal control report;
- approval of the AML/CFT annual internal control report;
- report from the group's risk monitoring committee;
- report of the remuneration committee;
- breakdown of the overall compensation package under the charter governing the exercise of offices of members of the boards of directors;
- report of the appointments committee;
- effective management;
- management reports and corporate governance reports;
- preparation and convening of the Ordinary Shareholders' Meeting of May 6, 2020 of Caisse Fédérale de Crédit Mutuel.

Written consultation of June 10, 2021

The board of directors was consulted in writing on June 10, 2021 in accordance with the provisions of Article 9 of Order 2020-321 applicable to a disposal under consideration.

Meeting of June 29, 2021

The board of directors meeting held on June 29, 2021 focused on:

- approval of a transaction

3.2.5 Executive management: composition and prerogatives

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, February 21, 2018 and April 2, 2020 relating to the appointment of officers did not limit the powers of the two effective managers as defined by law and our articles of association and internal rules.

4 RISKS AND CAPITAL ADEQUACY – PILLAR 3

4.1 KEY FIGURES

The Pillar 3 report, including all the required half-yearly tables, will be published as part of a second amendment scheduled for the first half of September 2021.

In anticipation of this publication, the main ratios at June 30, 2021 are shown in the table below (EBA EU KM1 model):

(in € millions or as a percentage)	06/30/2021	12/31/2020	06/30/2020
Available equity (amounts)			
Common Equity Tier 1 (CET 1) capital	43,799	41,676	39,684
Tier 1 capital	44,058	42,150	40,157
Total equity	50,482	48,717	46,347
Risk-weighted exposure amounts			
Total risk exposure amount	238,853	233,825	231,547
Capital ratios (as a percentage of the risk-weighted exposure amount)			
Common Equity Tier 1 capital ratio (%)	18.3%	17.8%	17.1%
Tier 1 capital ratio (%)	18.5%	18.0%	17.3%
Total equity ratio (%)	21.1%	20.8%	20.0%
Additional SREP capital requirements (Pillar 2 requirements as a percentage of risk-weighted assets)			
Additional capital requirements to address risks other than the risk of excessive leverage (%)	1.5%	1.5%	1.5%
of which: to be met with CET1 equity (percentage points)	*0.6%*	*0.6%*	*0.6%*
of which: to be met with Tier 1 capital (percentage points)	*0.8%*	*0.8%*	*0.8%*
Total SREP capital requirements (%)	9.5%	9.5%	9.5%
Total buffer requirement and total capital requirement (as a percentage of the risk-weighted exposure amount)			
Capital conservation buffer (%)	2.5%	2.5%	2.5%
Custody buffer resulting from the macroprudential or systemic risk identified in the Member State level (%)	NA	NA	NA
Institution-specific countercyclical capital buffer (%)	0.0%	0.0%	0.0%
Systemic risk buffer (%)	NA	NA	NA
Global systemically important institution buffer (%)	NA	NA	NA
Other systemically important institution buffer (%)	NA	NA	NA
Total buffer requirement (%)	2.5%	2.5%	2.5%
Total capital requirements (%)	12.0%	12.0%	12.0%
CET1 capital available after compliance with the total SREP capital requirements (%)	6.3%	5.8%	5.1%
Leverage ratio			
Total exposure measurement	612,938	603,022	682,539
Leverage ratio (%)	7.2%	7.0%	5.9%

(in € millions or as a percentage)	06/30/2021	12/31/2020	06/30/2020
Additional capital requirements to address the risk of excessive leverage (as a percentage of the total exposure measure)			
Additional capital requirements to address the risk of excessive leverage (%)	NA	NA	NA
of which: to be met with CET1 equity (percentage points)	*NA*	*NA*	*NA*
Total SREP leverage ratio requirements (%)	3.3%	NA	NA
Leverage ratio buffer requirement and total leverage ratio requirement (as a percentage of the total exposure measure)			
Leverage ratio buffer requirement (%)	0.0%	NA	NA
Overall leverage ratio requirement (%)	3.3%	NA	NA
Liquidity coverage ratio[1]			
Total High Quality Liquid Assets (HQLA) (average weighted value)	126,796	116,765	99,110
Cash outflows - Total weighted value	96,250	90,903	83,312
Cash inflows - Total weighted value	21,823	20,168	19,025
Total net cash outflows (adjusted value)	74,427	70,680	64,287
Liquidity coverage ratio (%)	170.4%	165.2%	154.2%
Net stable funding ratio			
Total available stable funding	487,646	NA	NA
Total required stable funding	376,778	NA	NA
NSFR ratio (%)	129.4%	NA	NA

(1) Number of dates used in the calculation of averages: 12.

4.2 RISK FACTORS

Crédit Mutuel Alliance Fédérale (hereinafter referred to as "the group") is made up of 1,414 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 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 risks are presented net of the risk mitigation measures implemented.

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.

4.2.1 Risks related to the group's banking and insurance activities

4.2.1.1 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 March 31, 2021, 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, 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 €19.6 billion structured under State-guaranteed loans made available at June 30, 2021) Taking the consequences of the 2008 crisis on Crédit Mutuel Alliance Fédérale's financial statements as an example, the current health crisis could have four types of significant impacts on the group's credit risk exposures.

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 June 30, 2021, Crédit Mutuel Alliance Fédérale's rate of non-performing loans and loans in litigation stood at 2.8% and the cost of customer risk stood at €228 million (compared to gross outstanding loans, the cost of customer risk was 0.10%). 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.

c. Due to the size of its portfolio of real estate loans (nearly 50% of customer loans or around €216 billion at June 30, 2021), 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 crisis of 2008, the cost of risk on the network's portfolio of property loans reached 0.10% of the balance sheet commitments during two years (2009 and 2010). It reached 0.01% of home loans on the balance sheet in the first half of 2021, as in 2020, a level down compared to 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.

(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.

4.2.1.2 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 March 31, 2021, market risks accounted for 57% of GACM's SCR. At March 31, 2021, the structure of the investment portfolio (€102.1 billion excluding unit-linked investments) is divided as follows: 77% interest rate products, 12% equity and equity-like instruments, and 6% real estate (the remaining 5% 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 March 31, 2021, the underwriting risks accounted for 35% of GACM's SCR, of which 13% is connected to life underwriting risk, 13% to health underwriting risk and 9% to the 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.

4.2.2 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.

4.2.2.1 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 171% over the first half of 2021 which represents an excess of €53.9 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 was €191.7 billion at June 30, 2021.

The loans/deposits accounting ratio or commitment ratio complements the set of liquidity indicators. Subject to regulatory treatment (leakage rate in particular depending on the nature of the counterparties) of the deposits collected in the calculation of the LCR, its improvement contributes positively to the LCR. The loan-to-deposit ratio stood at 103% at June 30, 2021.

a. **Crédit Mutuel Alliance Fédérale's access to financing and the costs of this financing could be adversely impacted by sharp downturns in the market, major macroeconomic difficulties, a sudden deterioration in rating or other crisis factors.**

Short-, medium- and long-term market funds are an essential component for financing Crédit Mutuel Alliance Fédérale's business activities. Financing involves the issuance of medium- and long-term debt and short-term negotiable debt instruments (TCN). Guaranteed financing operations such as repurchase agreements are also involved. Thus if market access and market conditions severely deteriorated, the impacts on the financial sector in general and on Crédit Mutuel Alliance Fédérale in particular could significantly impact the level of its liquidity and the group's financial situation, particularly in terms of profitability.

b. **A significant deterioration in BFCM's rating could have a significant impact on Crédit Mutuel Alliance Fédérale's capacity to develop business.**

BFCM is the main issuer of Crédit Mutuel Alliance Fédérale. 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 June 31, 202A werethe following:

- AA- / negative outlook from Fitch;
- Aa3 / stable outlook from Moody's;
- A / stable 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.

4.2.2.2 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 parallel rise in interest rates of 200 bps, with a sensitivity of the NPV of -4.01% compared to Tier 1 capital at June 30, 2021. The sensitivity of net interest margin 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). As of June 30, 2021, the "sustained fall in short and long rates" scenario is the most unfavorable scenario for Crédit Mutuel Alliance Fédérale, with a two-year impact of -€712 million.

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.

4.2.2.3 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 weak: €580 million since January 1, 2021, which represents 1.2% of Crédit Mutuel Alliance Fédérale's total regulatory capital (€49 billion). As of June 30, 2021, this amount had been used in the amount of €423 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 2020 with an IFRS NBI of €299 million and profit before tax of €92 million (€312 million and €104 million in 2019, respectively). The first half of 2021 confirmed this trend of improvement in financial market fundamentals. CIC Marchés ended the first half of the year with an IFRS NBI of €290 million and profit before tax of €183 million.

4.2.3 Risks related to the group's regulatory environment

4.2.3.1 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 at March 31, 2021.

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.* €160 billion at March 31, 2021 – is 35% (and around 13% 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.

4.2.3.2 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.

4.2.4 Risks related to the group's business operations

4.2.4.1 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 June 30, 2021, €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 11 (representing €1.6 billion of capital allocated for proven loss of €145 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 in terms of the number of claims recorded at June 30, 2021 were: (i) customer policy, products and commercial practices; and (ii) errors due to the occurrence of exceptional claims.

Fraud represents 7.5% of the group's proven loss at June 30, 2021 (of which 7% for external fraud) and 42% of potential loss (the portion relative to capital requirements for operational risks). Crédit Mutuel Alliance Fédérale's total loss experience (excluding recoveries of insurance, where applicable) accounted for around 1.83% of the group's net banking income at June 30, 2021.

4.2.4.2 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 €25 million as of June 30, 2021.

4.2.4.3 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 March 31, 2021, €39.4 billion in outstandings were eligible for sectoral policies (compared to €39.5 billion at December 31, 2020).

5 CRÉDIT MUTUEL ALLIANCE FÉDÉRALE CONSOLIDATED FINANCIAL STATEMENTS

5.1 CREDIT MUTUEL ALLIANCE FEDERALE CONSOLIDATED FINANCIAL STATEMENTS

5.1.1 Balance sheet

Balance sheet (assets)

(in € millions)	06/30/2021	12/31/2020	Notes
Cash, central banks	123,422	99,575	4
Financial assets at fair value through profit or loss	31,742	27,804	5a
Hedging derivatives	1,519	1,988	6a
Financial assets at fair value through other comprehensive income	32,505	33,694	7
Securities at amortized cost	3,373	2,996	10a
Loans and receivables to credit institutions and similar at amortized cost	58,792	56,278	10b
Loans and receivables due from customers at amortized cost	428,551	419,413	10c
Revaluation adjustment on rate-hedged books	1,882	2,453	6b
Short-term investments in the insurance business line and reinsurers' share of technical provisions	133,756	131,056	13a
Current tax assets	843	1,444	14a
Deferred tax assets	1,724	1,804	14b
Accruals and other assets	8,146	8,091	15a
Non-current assets held for sale	92	0	3c
Investments in equity consolidated companies	547	637	16
Investment property	68	82	17
Property, plant and equipment	3,823	3,897	18a
Intangible assets	725	730	18b
Goodwill	3,967	4,036	19
TOTAL ASSETS	835,477	795,978	

Balance sheet (liabilities)

(in € millions)	06/30/2021	12/31/2020	Notes
Central banks	631	575	4
Financial liabilities at fair value through profit or loss	18,302	15,263	5b
Hedging derivatives	1,910	2,084	6a
Debt securities at amortized cost	123,543	127,004	11a
Due to credit and similar institutions at amortized cost	70,978	40,294	11b
Amounts due to customers at amortized cost	416,232	408,901	11c
Revaluation adjustment on rate-hedged books	22	27	6b
Current tax liabilities	719	668	14a
Deferred tax liabilities	1,152	1,252	14b
Deferred income, accrued charges and other liabilities	11,225	12,760	15b
Debt related to non-current assets held for sale	0	0	3c
Liabilities relative to contracts of the insurance business line	127,874	126,461	13b
Provisions	3,850	3,808	20
Subordinated debt at amortized cost	7,278	7,304	21
Total shareholders' equity	51,761	49,575	
Shareholders' equity attributable to the group	48,489	46,460	
Capital and related reserves	6,872	6,773	22a
Consolidated reserves	38,973	36,463	22a
Gains and losses recognized directly in equity	819	935	22b
Profit (loss) for the period	1,926	2,289	
Shareholders' equity – Non-controlling interests	3,272	3,115	
TOTAL LIABILITIES	835,477	795,978	

5.1.2 Income statement

Income statement

(in € millions)	06/30/2021	06/30/2020	Notes
Interest and similar income	6,247	6,720	24
Interest and similar expenses	-2,765	-3,123	24
Commissions (income)	2,484	2,293	25
Commissions (expenses)	-550	-523	25
Net gains on financial instruments at fair value through profit or loss	498	-358	26
Net gains or losses on financial assets at fair value through shareholders' equity	42	15	27
Net gains or losses resulting from derecognition of financial assets at amortized cost	0	0	28
Net income from the insurance business line	1,632	1,166	29
Income from other activities	694	1,070	30
Expenses on other activities	-319	-402	30
Net banking income	7,962	6,858	
Employee benefits expense	-2,754	-2,607	31 a
Other general operating expenses	-1,643	-1,627	31 b
Movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets	-339	-317	31 c
Gross operating income	3,226	2,306	
Cost of counterparty risk	-188	-1,046	32
Operating income	3,038	1,260	
Share of net profit/(loss) of equity consolidated companies	-4	3	16
Net gains/(losses) on disposals of other assets	-0	-2	33
Changes in the value of goodwill	-69	-1	34
Profit/(loss) before tax	2,965	1,260	
Income tax	-885	-402	35
Post-tax gains/(losses) on discontinued operations	7	0	3c
Net profit/(loss)	2,087	857	
Net profit/(loss) – Non-controlling interests	161	89	
NET PROFIT (ATTRIBUTABLE TO THE GROUP)	1,926	768	

Statement of net profit/(loss) and profits and losses recognized directly in equity

(in € millions)	06/30/2021	06/30/2020
Net profit/(loss)	2,087	857
Translation adjustments	50	-11
Revaluation of financial assets at fair value through equity – capital instruments	-3	-123
Revaluation of insurance business investments	-30	-104
Remeasurement of hedging derivatives	1	-2
Share of unrealized or deferred gains and losses of associates	-1	-1
Total recyclable gains and losses recognized directly in equity	18	-241
Revaluation of financial assets at fair value through equity – capital instruments at closing	1	-7
Revaluation of financial assets at fair value through shareholders' equity – capital instruments sold during the fiscal year	0	0
Actuarial gains and losses on defined benefit plans	39	-19
Share of non-recyclable gains and losses of equity consolidated companies	0	0
Total non-recyclable gains and losses recognized directly in equity	39	-27
Net profit/(loss) and gains and (losses) recognized directly in equity	2,144	589
o/w attributable to the group	*1,982*	*525*
o/w percentage of non-controlling interests	*162*	*64*

The items relating to gains and losses recognized directly in equity are presented for the amount net of tax.

5.1.3 Changes in shareholders' equity

				Gains and losses recognized directly in equity							
(in millions)	Capital	Premiums	Reserves[1]	Translation adjustments	Financial assets at fair value through other comprehensive income	Hedging derivatives	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 AT 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	37								37		37
Distribution of dividends			-70						-70	-7	-77
Change in investments in subsidiaries without loss of control									0		0
Subtotal of movements related to relations with shareholders	**37**	**0**	**2,762**	**0**	**0**	**0**	**0**	**-2,832**	**-32**	**-7**	**-39**
Consolidated income for the period								768	768	89	857
Changes in the fair value of assets at fair value through shareholders' equity				-11	-210	-2	-20		-243	-24	-267
Subtotal	**0**	**0**	**0**	**-11**	**-210**	**-2**	**-20**	**768**	**525**	**65**	**590**
Effects of acquisitions and disposals on non-controlling interests			-196		0				-196	-514	-710
Other changes	155	0	388						544	-6	538
SHAREHOLDERS' EQUITY AT JUNE 30, 2020	**6,675**	**0**	**36,506**	**16**	**1,071**	**0**	**-369**	**768**	**44,667**	**2,857**	**47,525**
Appropriation of earnings from previous year								0	0		0
Capital increase	98								98		98
Distribution of dividends									0	0	0
Change in investments in subsidiaries without loss of control									0		0
Subtotal of movements related to relations with shareholders	**98**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**98**	**0**	**98**
Consolidated income for the period								1,521	1,521	217	1,738
Changes in gains and (losses) recognized directly in equity				-104	364	0	-44		217	52	269
Subtotal	**0**	**0**	**0**	**-104**	**364**	**0**	**-44**	**1,521**	**1,738**	**268**	**2,007**
Effects of acquisitions and disposals on non-controlling interests									0	0	0
Other changes		0	-42						-42	-11	-54
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**
Appropriation of earnings from previous year			2,289					-2,289	0		0
Capital increase	99								99		99
Distribution of dividends			-58						-58	-3	-61

Acquisition of additional shareholdings or partial disposals									0		0
Subtotal of movements related to relations with shareholders	**99**	**0**	**2,231**	**0**	**0**	**0**	**0**	**-2,289**	**40**	**-3**	**37**
Consolidated income for the period								1,926	1,926	161	2,097
Changes in gains and (losses) recognized directly in equity			173	49	-203	1	37		56	-4	53
Subtotal	**0**	**0**	**173**	**49**	**-203**	**1**	**37**	**1,926**	**1,982**	**158**	**2,140**
Effects of acquisitions and disposals on non-controlling interests									0		0
Other changes		0	5						5	3	9
SHAREHOLDERS' EQUITY AT JUNE 30, 2021	**6,872**	**0**	**38,873**	**-38**	**1,232**	**1**	**-376**	**1,926**	**48,489**	**3,272**	**51,761**

(1) As of June 30, 2021 reserves comprised the legal reserve (€428 million), statutory reserves (€6,464 million) and other reserves (€31,981 million).

5.1.4 Statement of cash flows

(in € millions)	06/30/2021	06/30/2020
Net profit/(loss)	2,087	857
Tax	885	402
Profit/(loss) before tax	**2,972**	**1,259**
+/- Net depreciation and amortization of property, plant and equipment and intangible assets	337	315
- Impairment of goodwill and other fixed assets	-12	3
+/- Net provisions	-178	699
+/- Share of income from companies consolidated using the equity method	4	-3
+/- Net loss/gain from investing activities	-14	2
+/- Other movements	3,798	-2,127
= Total non-monetary items included in net profit/(loss) before tax and other adjustments	**3,936**	**-1,141**
+/- Flows related to transactions with credit institutions	25,314	-5,273
+/- Flows related to client transactions	-1,992	21,879
+/- Flows related to other transactions affecting financial assets or liabilities	-8,147	7,134
+/- Flows related to other transactions affecting non-financial assets or liabilities	95	-1,529
Taxes paid	-151	-516
= Net decrease in assets and liabilities from operating activities	**15,119**	**21,696**
Total net cash flow generated by operating activity	22,027	21,815
+/- Flows related to financial assets and investments	1,151	56
+/- Flows related to investment property	-6	-221
+/- Flows related to property, plant and equipment and intangible assets	-268	-368
Total net cash flow related to investment activities	878	-533
+/- Cash flow to or from shareholders	36	-40
+/- Other net cash flows from financing activities	-1,511	1,928
Total net cash flow related to financing transactions	-1,474	1,888
Effect of foreign exchange rate changes on cash and cash equivalents	11	27
Net increase of cash and cash equivalents	**21,441**	**23,197**
Net cash flow generated by operating activities	22,027	21,815
Net cash flow related to investment activities	878	-533
Net cash flow related to financing transactions	-1,474	1,888
Effect of foreign exchange rate changes on cash and cash equivalents	11	27
Cash and cash equivalents at opening	**96,224**	**68,397**
Cash, central banks, CCP	99,002	70,457
Accounts and demand loans/borrowing with credit institutions	-2,778	-2,059
Cash and cash equivalents at closing	**117,666**	**91,595**
Cash, central banks, CCP	122,793	95,845
Accounts and demand loans/borrowing with credit institutions	-5,127	-4,250
CHANGE IN NET CASH POSITION	21,441	23,197

5.2 CONTRIBUTION TO THE CONSOLIDATED FINANCIAL STATEMENTS OF CRÉDIT MUTUEL ALLIANCE FÉDÉRALE

Note 1 Accounting policies and principles

Pursuant to Regulation (EC) 1606/2002 on the application of international accounting standards, and Regulation (EC) 1126/2008 on the adoption of said standards, the consolidated financial statements have been drawn up in accordance with IFRS as adopted by the European Union on June 30, 2021.
The entire framework is available on the European Commission's website at: *https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en# ifrs-financial-statements*

The financial statements are presented in the format 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.

COVID-19 health crisis

The Crédit Mutuel group is fully mobilized to deal with the COVID-19 health crisis. As a credit institution, it is fully involved in providing close support to its customers, including professionals and companies, that could face difficulties, especially VSEs/SMEs.

State-guaranteed loans (SGL)

The group is committed to the government's plan to support the economy. It offers state-guaranteed loans[1] to support the cash flow of its business and corporate customers.

SGLs represent 12-month bullet loans with grace periods of one to five years.

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).

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 the subscription anniversary date, SGLs may be subject to a grace period. The revision of flows related to the recognition of guarantee commissions over the duration of the grace period is analyzed using IFRS as an adjustment to the carrying amount of SGLs with an immediate and positive impact on profit. The impacts are non-material for the Group and have not been restated.

As of June 30, 2021, state-guaranteed loans issued by the group amounted to €16.1 billion, guaranteed to the tune of €14.4 billion, of which €9.5 billion were subject to an extension. Outstandings downgraded to status 3 totaled €481 million.

The valuation of the expected credit losses for these loans takes into account the effect of the State guarantee (implemented by the Banque Publique d'Investissement) for 70% to 90% of the outstanding capital and interest. As of June 30, 2021, the impairment amounted to €141 million.

Credit risk

The Crédit Mutuel group has reviewed the publications issued at the end of March 2020[2] by the IASB and ESMA.

It uses judgment in accounting for expected credit losses in the exceptional context of the Covid-19 crisis.

As part of the provisioning of performing loans, the Crédit Mutuel group takes into account the unprecedented and brutal nature of the Covid-19 crisis on the macro-economic environment.

(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.
(2) 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).

During the financial year 2020, the weighting of the pessimistic scenario was increased in line with the macroeconomic projections of the Banque de France[1], to calibrate the probabilities of forward-looking defaults on all portfolios using the internal rating method. This measure was accompanied by a hardening of the pessimistic scenario for individuals and individual business owners.

As of June 30, 2021, the group has maintained this methodology, which reflects a prolonged crisis scenario, with activities resuming to pre-pandemic levels from 2023.

It allows the Group to hedge against a future doubling of default rates on professional/corporate customers. Retail, a 75% increase in default rates for individuals and more than 50% for Corporate excluding key accounts compared to pre-crisis levels (Dec. 31, 2019).

In accordance with the recommendations of the authorities, a lump-sum provision was made in 2020 to anticipate the increase in the claims rate in the sectors considered to be the most vulnerable to the health crisis (tourism, gaming, leisure, hotels, restaurants, automotive and aerospace industry excluding manufacturers, clothing, beverage trade, light vehicle rentals, industrial passenger transport, air carriers).

It was created in accordance with a Group methodology, which anticipates the repercussions of the end of the support measures at the end of 2021/mid-2022. It was over-calculated on the basis of the probabilities of default at completion, as the healthy exposures to vulnerable sectors were transferred in full in Stage 2.

It amounts to €832 million (compared to €936 million at December 31, 2020). The decrease is mainly linked to the drop in outstandings.

Furthermore, an additional criterion for the deterioration of the credit risk was developed by the group for loans that have benefited from a second extension of maturities, without having repaid the first maturity. Its implementation led to additional transfers to restructured assets, and an increase in expected credit losses (linked to a transfer to status 2 or a lower valuation of already downgraded loans).

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 €66.7 million, or 2.2% of status 1 and 2 provisions.

Recovery equity loan program

The Crédit Mutuel group committed to Recovery equity loan (PPR) program, whose objective is to allow SMEs and ETIs to benefit from financing comparable to equity equivalents.

Against this backdrop, the group will distribute PPRs (which meet the strict eligibility criteria defined by the Stock market mechanism) across its banking network. They represent fixed-rate eight-year loans with four-year grace periods to repay the principal and an early repayment option that can be exercised as of the fourth year.

The group will dispose of 90% of the PPRS granted to a market fund (called the PPR fund) and will keep the remaining 10% on its balance sheet.

The PPR fund is structured so that there will be no compartments recorded in its liabilities. The securities issued by the fund will have a compensation representative of all the disposed PPRs (principal and interest) after the recognition of the state guarantee of up to 30%.

Held for the purpose of collecting cash flows and meeting the basic loan criteria, the 10% share of the PPRs are accounted for at amortized cost using the interest rate method. On the date of initial recognition, they are recognized at their nominal value, which is representative of their fair value.

At June 30, 2021, PPR outstandings on the Group's balance sheet were not material.

The mechanism for disposing of PPRs, up to 90%, and the market mechanism are defined in accordance with the "derecognition" criteria of IFRS 9.

Through its insurance entities, the group aims to invest in securities issued by the PPR fund.

(1)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.

IBOR reform

The reform of IBOR rates forms part of the response to the weaknesses found in methodologies for the construction of indices and interbank rates, these being based on the declared data of banks and on a volume of underlying transactions that is significantly down.
In Europe, it is expressed by the "BMR" Benchmark regulation published in 2016 and applicable from the beginning of 2018. The major element of this reform is based on a calculation of rates based on actual transactions, to secure and improve the reliability of the indices used by the market.

All indices must now comply with the BMR regulation. Existing indices may continue to be used until December 31, 2021 and for some LIBOR (USD LIBOR) terms possibly until June 30, 2023. Eventually, it will no longer be possible to use the former benchmark indices (LIBOR, EONIA, etc.) unless they are compliant with the new regulations or benefit from an exceptional contribution extension.

In order to ensure a smooth transition, the group 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 Group applies the amendments to IAS 39, IFRS 9, IFRS 7, IFRS 4 and IFRS 16, *Phase 1* for the preparatory period for the reform and *Phase 2*, for the transition period to the new indices once they are defined. For treatments and easing measures introduced by these publications, see Section 3.1.

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 indices for contracts that do not have a robust fallback clause. The final position will be formalized by a decision to launch handed down by the European Commission expected in late 2021. It will strengthen the sustainability of the reformed Euribor, the status of €STR, as the successor of Eonia and the successor indices of the Libor. Stock market associations have already issued statements on the identification of substitution indices.

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 has been effective since January 25, 2021) or by updating the rules books of clearing houses for cleared derivatives. Nonetheless, these clauses will only be activated by triggering events, in particular the definitive end of the listing of indices or the conversion of transactions on non-compliant indices compensated in a clearing house as of October 2021;
- 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;
- as of 2021, the updating of contracts through bilateral negotiations between parties or by updating the sales conditions (*i.e.* changing the reference rate *via* an addendum). The switch-over to the new replacement indices for contracts in stock is already planned for the retail banking and capital markets scopes.

Lastly, as of the reporting date, the Group's interest rate risk management strategy has not been impacted, as transactions processed on the new indices represent exposures considered as marginal. The Group has taken note of the joint public statement of June 24, 2021 by the European Commission, the ECB, the EBA and the ESMA on the permanent cessation of the Libor indices and intends to adapt its strategy accordingly.

Exposures not maturing at June 30, 2021 and which will be subject to the changes related to the IBOR reform are presented below:

(in € millions)	Financial assets – Carrying amounts	Financial liabilities – Carrying amounts	Derivatives – nominal value	of which hedging derivatives
Eonia	453	450	889	16
Euribor	37,123	10,066	194,363	151,706
GBP – Libor	572	22	3,088	206
USD – Libor	5,299	777	15,671	4,332

Targeted long-term refinancing operations – TLTRO III

The TLTRO III program has allowed banks to benefit since September 2019 from seven new refinancing tranches with a respective duration of three years, and with interest rates that vary according to periods, and since January 2021 from three additional tranches. The TLTRO III interest rate is based on the market conditions defined by the ECB and may include a subsidy linked to the bank's credit performance.

In the context of the health crisis, the conditions of these refinancing operations were relaxed by the ECB to support lending to households and businesses.

Some target parameters have been "recalibrated[1]":

- banks' borrowing capacity has been increased to 55% of eligible outstandings as of March 2021 (compared to 50% previously);
- it is possible to make early repayments on a quarterly basis for the first seven TLTRO III tranches, one year after each transaction is launched, and the last three as of June 2022;
- the favorable rate conditions were extended in the event the performance objectives are met for an additional period. The TLTRO III interest rate is thus reduced by 50 bps (*i.e.* "over-subsidy") over the "special" period from June 2020 to June 2022 (compared to June 2021 initially)[2].

At June 30, 2021, the group participated in the TLTRO III refinancing operations for an amount of €42.19 billion. These represent variable rate financial instruments recognized at amortized cost.

The effective interest rate for these transactions is calculated based on the refinancing rate obtained following the achievement of the credit performance growth targets set by the ECB for the period from March 1, 2020 to March 31, 2021 and over the additional period from October 1, 2020 to December 31, 2021 (*i.e.* the rate of liquidity deposits with the ECB ("DFR rate")). It takes into account the spreading of the subsidy over the life of the operation and the "over-subsidy" of 0.50% over the "special" interest period.

The Crédit Mutuel group is currently analyzing the possible impact of the provisional IFRIC decision of June 2021 on the accounting treatment of TLTRO III transactions.

1. SCOPE AND METHODS OF CONSOLIDATION

1.1 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, Ile-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-Guyanes (FCMAG) and Fédération du Crédit Mutuel Massif Central (FCMMC). These political bodies of the groups determine the main strategic orientations, decide on their strategy and organize the representation of the banks;
- Caisse Fédérale de Crédit Mutuel (CF de CM), Caisse Régionale du Crédit Mutuel du Sud-Est (CRCMSE), Caisse Régionale du Crédit Mutuel d'Île-de-France (CRCMIDF), Caisse Régionale du Crédit Mutuel Savoie-Mont Blanc (CRCMSMB), Caisse Régionale du Crédit Mutuel Midi-Atlantique (CRCMMA), Caisse Régionale du Crédit Mutuel Loire-Atlantique Centre-Ouest (CRCMLACO), Caisse Régionale du Crédit Mutuel du Centre (CRCMC), Caisse Régionale du Crédit Mutuel de Normandie (CRCMN), Caisse Régionale du Crédit Mutuel Dauphiné-Vivarais (CRCMDV), Caisse Régionale du Crédit Mutuel Méditerranée (CRCMM), Caisse Régionale du Crédit Mutuel d'Anjou (CRCMA), Caisse Régionale du Crédit Mutuel Antilles-Guyanes (CRCMAG) and Caisse Régionale du Crédit Mutuel Massif Central (CRCMMC). CF de CM, which is at the service of the local banks, is responsible for joint services across the network, ensures its smooth running and supports the group's logistics. It centralizes all the banks' deposits and in parallel ensures their refinancing, while fulfilling regulatory requirements on their behalf (compulsory reserves, allocated deposits, deposits at Caisse Centrale du Crédit Mutuel, etc.);

(1) Decision (EU) 2021/124 of the ECB of January 29, 2021 amending Decision (EU) 2019/1311 concerning a third round of targeted longer-term refinancing operations (ECB/2021/3 published in the OJEU on February 3, 2021).
(2) Decision (EU) 2020/614 of the European Central Bank of April 30, 2020 amending Decision (EU) 2019/1311 on a third round of targeted longer-term refinancing operations (ECB/2020/25).

- The Credit Mutuel banks that are members of FCMCEE, FCMSE, FCMIDF, FCMSMB, FCMMA, FCMLACO, FCMC, FCMN, FCMDV, FCMM, FCMA, FCMAG and FCMMC: these form the basis of the group's banking network.

1.2 SCOPE OF CONSOLIDATION

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.

1.3 METHODS OF CONSOLIDATION

The consolidation methods used are the following:

1.3.1 Full consolidation

This method involves replacing the value of the shares held in the subsidiary concerned with each of the assets and liabilities of said subsidiary and showing separately the interests of non-controlling interests in equity and net profit. This is the method used for all controlled entities, including those with a different account structure, regardless of whether the business concerned is an extension of that of the "consolidating" entity.

1.3.2 Consolidation using the equity method

This method involves replacing the value of the shares held with the equity attributable to the group and net profit of the entities concerned. It is applied to all entities under joint control, classified as joint ventures or for all entities under significant influence.

1.4 NON-CONTROLLING INTERESTS

Non-controlling interests correspond to interests that do not confer control as defined by IFRS 10 and include partnership interests that entitle their holders to a share in net assets in the event of liquidation and other 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.

1.5 REPORTING DATE

The reporting date for all of the group's consolidated companies is December 31.

1.6 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.

1.7 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.

1.8 GOODWILL

1.8.1 Fair value adjustments

On the date of acquisition of a controlling interest in a new entity, said entity's assets, liabilities and contingent operating liabilities are measured at fair value as at that date. Fair value adjustments correspond to the difference between the carrying amount and fair value.

1.8.2 Goodwill

In accordance with IFRS 3R, 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.

2. ACCOUNTING PRINCIPLES AND METHODS

2.1 FINANCIAL INSTRUMENTS UNDER IFRS 9

2.1.1 Classification and measurement of financial instruments

Under IFRS 9, the classification and measurement of financial instruments depend on the business model and contractual terms of the financial instruments.

2.1.1.a Loans, receivables and debt securities acquired

The asset is classified:

- at amortized cost, if it is held in order to collect contractual cash flows and if its characteristics are similar to those of a "basic" contract, see the section below "Characteristics of cash flows" (hold to collect model);
- at fair value through 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.

[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.*

Note that:

- embedded derivatives 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 eight years (the group does not sell its loans).

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

It also manages financial assets according to a model based on the collection of contractual cash flows from financial assets and the sale of these assets, as well as a model for other financial assets, in particular financial assets held for trading.

Within the group, the "hold-to-collect-and-sell" model applies primarily to proprietary cash management and liquidity portfolio management activities.

Financial assets held for trading consist of securities originally acquired with the intention of reselling them in the near future, as well as securities that are part of a portfolio of securities that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

Financial assets at amortized cost

These mainly include:

- cash and cash equivalents, which comprise cash accounts, deposits, and demand loans and borrowings with central banks and credit institutions;
- other loans to credit institutions and loans to customers (granted directly, or the share in syndicated loans), not measured at fair value through profit or loss;
- a portion of the securities held by the group.

The financial assets classified in this category are initially recognized at their fair value, which is generally the net amount disbursed. The interest rates applied to loans granted are deemed to represent market rates, since they are constantly adjusted in line with the interest rates applied by the vast majority of competitor banks.

At subsequent reporting dates, the assets are measured at amortized cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts future cash payments or receipts over the estimated life of the financial instrument to obtain the net carrying amount of the financial asset or liability. It takes account of estimated cash flows without taking account of future losses on loans and includes commissions paid or received when these are treated as interest, as well as directly-related transaction costs and all premiums and discounts.

For securities, the amortized cost takes account of the amortization of premiums and discounts, as well as acquisition costs, if significant. Purchases and sales of securities are recognized at the settlement date.

The income received is shown in the income statement under “Interest and similar income”.

Commissions received or paid, which are directly linked to the arrangement of a loan and are treated as a component of interest, are spread over the term of the loan using the effective interest rate method and are recorded in the income statement under “Interest”.

Commissions received in connection with the commercial renegotiation of loans are also spread over the term of the loan.

The restructuring of a loan following financial difficulties by the debtor leads to novation of the contract. Following the definition of this concept by the European Banking Authority, the group included it in the information systems in order to harmonize the accounting and prudential definitions.

The fair value of assets at amortized cost is disclosed in the notes to the financial statements at the end of each reporting period. It corresponds to the net present value of future cash flows estimated using a zero-coupon yield curve that includes an issuer cost inherent to the debtor.

In accordance with the Phase 2 amendment to IAS 39, IFRS 9, IFRS 7, IFRS 4 and IFRS 16, the group applies the exceptional accounting treatment of financial assets/liabilities, from which the changes in the basis of determination of contractual cash flows result of the IBOR reform and are carried out on an equivalent economic basis. Depending on the latter, the effective interest rate of the modified financial asset or liability is revised prospectively; its carrying amount remains unchanged.

Financial assets at fair value through shareholders’ equity

Since the group does not sell its loans, this category solely consists of securities. They are recognized at fair value in the balance sheet at the time of their acquisition, on the settlement date and at subsequent reporting dates until their disposal. Changes in fair value are shown on the “Unrealized or deferred gains and losses” line within a specific equity account, excluding accrued income. These unrealized gains or losses recognized in equity are transferred to the income statement only in the event of their disposal or impairment (see Section 2.1.7 “Derecognition of financial assets and liabilities” and 2.1.8 “Measurement of credit risk”).

Income accrued or received is recognized in profit or loss under “Interest and similar income”, using the effective interest method.

Financial assets at fair value through profit or loss

These are recognized at fair value upon their initial recognition in the balance sheet and at subsequent reporting dates until their disposal (see Section 2.1.7 "Derecognition of financial assets and liabilities"). Changes in fair value are taken to the income statement under “Net gains/(losses) on financial instruments at fair value through profit or loss”.

Since the 2018 fiscal year income received or accrued on financial instruments at fair value through profit or loss is recognized in the income statement under interest income/(expense). Before, this interest was recognized under “Net gains/(losses) on financial instruments at fair value through profit or loss”. This change was made for the sake of consistency with the regulatory reports sent to the ECB as part of the Short Term Exercise (STE), and for more clarity on the interest received and paid.

In 2019, in order to better reflect the interest income and expenses of the transaction instruments, the group also revised the recognition and presentation scheme in the net banking income of the interest income and expenses of some of these financial instruments at fair value through profit or loss and notably proceeded with the following restatements: (i) recording of interest as overall offsets on the lending and borrowing legs of transaction swaps, and (ii) reclassification of interest from hedging derivatives in the “Income and expenses from hedging derivatives” section.

Purchases and sales of securities measured at fair value through profit or loss are recognized on the settlement date. Changes in fair value between the transaction date and the settlement date are recognized in profit or loss.

2.1.1.b Equity instruments acquired

Equity instruments acquired (shares, in particular) are classified as follows:

- at fair value through profit or loss; or
- optionally, at fair value through other non-recyclable equity at the initial recognition and in an irrevocable manner when they are not held for trading.

Financial assets at fair value through shareholders' equity

Shares and other equity instruments are recognized in the balance sheet at their fair value at the time of their acquisition and at subsequent reporting dates until their disposal. Changes in fair value are shown on the “Unrealized or deferred gains and losses” line within a specific equity account. These unrealized or deferred gains and losses booked to equity are never recognized in the income statement, even when they are sold (see section “2.1.7 Derecognition of financial assets and liabilities”). Only dividends received on variable-income securities are recognized in the income statement, under “Net gains/(losses) on financial assets at fair value through shareholders' equity”. Purchases and sales of securities are recognized at the settlement date.

Financial assets at fair value through profit or loss

Equity instruments are recognized in the same way as debt instruments at fair value through profit or loss.

2.1.2 Classification and measurement of financial liabilities

Financial liabilities are classified in one of the following two categories:

2.1.2.a Financial liabilities measured at fair value through profit or loss

- those incurred for trading purposes including, by default, derivatives with a negative fair value which do not qualify as hedging instruments; and
- non-derivative financial liabilities that the group originally classified as measured at fair value through profit or loss (fair value option). These include:
  - financial instruments containing one or more separable embedded derivatives,
  - instruments for which, were the fair value option is not applied, the accounting treatment would be inconsistent with that applied to another related instrument,
  - instruments belonging to a pool of financial instruments measured and managed at fair value.

The recognition of changes in fair value resulting from own credit risk concerning debts optionally designated at fair value through profit or loss is recognized in unrealized or deferred profit or loss in non-reclassifiable equity. The group is marginally concerned by the problem of own credit risk.

2.1.2.b Financial liabilities at amortized cost

These consist of other non-derivative financial liabilities. These include amounts due to customers and to credit institutions, debt securities (certificates of deposit, interbank market securities, bonds, etc.), as well as dated and undated subordinated debt for which measurement at fair value through profit or loss was not opted for.

Subordinated debt is separated from other debt securities since, in the event of liquidation of the debtor's assets, it is repaid only after claims by other creditors have been extinguished. Debt securities include the non-preferred senior debt instruments created by the Sapin 2 Act.

These liabilities are initially recognized at fair value in the balance sheet. At subsequent reporting dates, they are measured at amortized cost using the effective interest rate method. The initial fair value of issued securities is their issue price less transaction costs, where applicable.

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 implemented through the creation of PEL and CEL savings products that are similar in terms of their regulated conditions. The impacts on profit (loss) are recorded as interest paid to customers.

2.1.3 Debt-equity distinction

According to the IFRIC 2 interpretation, members' shares are shareholders' equity if the entity has an unconditional right to refuse redemption or if there are legal or statutory provisions prohibiting or significantly limiting redemption. Due to the existing statutory and legal provisions, the members' shares issued by structures composing the Crédit Mutuel group's consolidating entity are recognized in shareholders' equity.

Other financial instruments issued by the group are classified as debt instruments in the group's accounts when the group has a contractual obligation to deliver cash to holders of the instruments. Such is the case with subordinated notes issued by the group.

2.1.4 Foreign currency transactions

Assets and liabilities denominated in a currency other than the local currency are translated at the exchange rates prevailing on the balance sheet date.

2.1.4.a Monetary financial assets and liabilities

Foreign currency gains and losses on the translation of such items are recognized in the income statement under "Net gains/(losses) on portfolio at fair value through profit or loss".

2.1.4.b Non-monetary financial assets and liabilities

Foreign 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 shareholders' equity.

2.1.5 Derivatives and hedge accounting

IFRS 9 allows entities to choose, on first-time application, whether to apply the new provisions concerning hedge accounting or to retain those of IAS 39.
The group has elected to continue to apply the provisions of IAS 39. However, in accordance with IFRS 7 (revised), additional information on the management of risks and the impacts of hedge accounting on the financial statements is provided in the notes or in the management report.

Moreover, the provisions of IAS 39 concerning the fair value hedge of the interest rate risk associated with a portfolio of financial assets or financial liabilities, as adopted by the European Union, continue to apply.

Derivatives are financial instruments which have the following three characteristics:

- their value fluctuates with the change in the underlying items (interest rates, exchange rates, share prices, indices, commodities, credit ratings, etc.);
- their initial cost is low or nil;
- their settlement takes place at a future date.

The Crédit Mutuel group deals in simple derivative instruments (*swaps* 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.

2.1.5.a Determining the fair value of derivatives

Most over-the-counter derivatives, swaps, forward rate agreements, caps, floors and vanilla options are valued using standard, generally accepted models (discounted cash flow method, Black and Scholes model or interpolation techniques), based on observable market data such as yield curves. The valuations given by these models are adjusted to take into account the liquidity risk and the credit risk associated with the instrument or parameter concerned and specific risk premiums intended to offset any additional costs resulting from a dynamic management strategy associated with the model in certain market conditions, as well as the counterparty risk captured by the positive fair value of over-the-counter derivatives. The latter includes the 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.

2.1.5.b Classification of derivatives and hedge accounting

Derivatives classified as financial assets or financial liabilities at fair value through profit or loss

By default, all derivatives not designated as hedging instruments under IFRS are classified as "Financial assets or financial liabilities at fair value through profit or loss", even if they were contracted for the purpose of hedging one or more risks.

Embedded derivatives

An embedded derivative is a component of a hybrid instrument that, when separated from its host contract, meets the definition criteria for a derivative. It has the effect, notably, of changing certain cash flows in the same way as a stand-alone derivative.
The derivative is detached from the host contract and recognized separately as a derivative instrument at fair value through profit or loss only if all of the following conditions are satisfied:

- it meets the definition criteria of a derivative;
- the hybrid instrument hosting the embedded derivative is not measured at fair value through profit or loss;
- the economic characteristics of the derivative and the associated risks are not considered as being closely related to those of the host contract;
- separate measurement of the embedded derivative is sufficiently reliable to provide relevant information.

For financial instruments under IFRS 9, only those derivatives embedded in financial liabilities may be detached from the host contract for separate recognition.

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

Hedge accounting

- Risks hedged

In its accounts, the group only recognizes interest rate *risk* through micro-hedging or on a broader scope through macro-hedging.

Micro-hedging is partial hedging of the risks incurred by an entity on its assets and liabilities. It specifically applies to one or more assets or liabilities for which the entity covers the risk of an unfavorable change in a type of risk, through derivatives.

Macro-hedging aims to cover all of the group's assets and liabilities against any unfavorable changes, particularly in interest rates.

The overall management of the interest rate risk is described in the management report, along with the management of all other risks (foreign exchange, credit, etc.) that may be hedged through the natural backing of assets to liabilities or the recognition of trading derivatives.

Micro-hedging is particularly done through asset swaps, usually in the aim of transforming fixed-rate instruments into variable-rate instruments.

Three types of hedging relationship are possible. The choice of the hedging relationship depends on the nature of the risk being hedged.

- A fair value hedge hedges the exposure to changes in the fair value of financial assets or financial liabilities.
- A cash flow hedge is a hedge of the exposure to variability in cash flows relating to financial assets or financial liabilities, firm commitments or forward transactions.
- The hedging of net investments in foreign currencies is recognized in the same way as cash flow hedging. The group has not used this form of hedging.

Hedging derivatives must meet the criteria stipulated by IAS 39 to be designated as hedging instruments for accounting purposes. In particular:

- the hedging instrument and the hedged item must both qualify for hedge accounting;
- the relationship between the hedged item and the hedging instrument must be documented formally immediately upon inception of the hedging relationship. This documentation sets 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 oh the hed;
- 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 equity". Changes in the fair value of the hedging instrument and the hedged risk component offset each other partially or totally; only the ineffective portion of the hedge is recognized in profit or loss. It may be due to:

- the "counterparty risk" component integrated in the value of the derivatives;
- the different value curve between the hedged items and hedging instruments. Indeed, swaps are valued with an OIS curve if they are collateralized or with a BOR curve otherwise. Hedged items are valued with a BOR curve.

The portion corresponding to the rediscounting of the derivative financial instrument is recognized in the income statement under "Interest income/(expense)". The same treatment is applied to the interest income or expense relating to the hedged item.

If the hedging relationship is interrupted or the effectiveness criteria are not met, hedge accounting is discontinued on a prospective basis. The hedging derivatives are transferred to "Financial assets or financial liabilities at fair value through profit or loss" and are accounted for in accordance with the principles applicable to this category. The carrying amount of the hedged item is subsequently no longer adjusted to reflect changes in fair value. In the case of interest rate instruments initially identified as hedged, the remeasurement adjustment is amortized over their remaining life. If the hedged item has been derecognized in the balance sheet, due notably to early repayment, the cumulative adjustments are recognized immediately in the income statement.

- Macro-hedging derivatives

The group has availed itself of the possibilities offered by the European Commission as regards accounting for macro-hedging transactions. In fact, the changes made by the European Union to IAS 39 (carve-out) allow the inclusion of customer demand deposits in portfolios of hedged fixed-rate liabilities with no measurement of ineffectiveness in case of under-hedging. Demand deposits are included based on the run-off rules defined for asset-liability management purposes.

For each portfolio of fixed-rate financial assets or liabilities, the maturity schedule of the hedging derivatives is reconciled with that of the hedged items to ensure that there is no over-hedging.

The accounting treatment of fair value macro-hedging derivatives is similar to that used for fair value hedging derivatives.

Changes in the fair value of the hedged portfolios are recorded in the balance sheet under "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.

Benchmark rate reform

Within the framework of the IBOR reform, the group is easing its hedge accounting policies for changes related to the IBOR reform:

- before the substitution indices are defined, maintain existing hedging relationships during this exceptional and temporary situation and until the uncertainty created by the reform of IBOR rates is resolved concerning the choice of a new index and the effective date of this change;
- most notably after defining the substitution indices, update the description of the hedged risk and the documentation, without impacting the continuity of the hedging relationships. A temporary exception on the "separately identifiable" nature of a non-contractually specified hedged risk component. Such a risk component indexed to a replacement rate will be considered separately identifiable if it is reasonable for it to become identifiable within a period of 24 months after designation, in the context of the development of the replacement index markets.

2.1.6 Financial guarantees and financing commitments

Financial guarantees are treated like an insurance policy when they provide for specified payments to be made to reimburse the holder for a loss incurred because a specified debtor fails to make payment on a debt instrument on the due date.

In accordance with IFRS 4, such financial guarantees continue to be measured using French accounting standards, *i.e.* they are treated as off-balance sheet items, until such time as the current standards are revised. Accordingly, they are subject to a provision for liabilities if an outflow of resources is likely.

By contrast, financial guarantees that provide for payments in response to changes in a financial variable (price, credit rating, index, etc.) or a non-financial variable (provided that this variable is not specific to one of the parties to the agreement) fall within the scope of IFRS 9. These guarantees are thus treated as derivatives.

Financing commitments that are not considered as derivatives within the meaning of IFRS 9 are not shown on the balance sheet. However, they give rise to provisions in accordance with the requirements of IFRS 9.

2.1.7 Derecognition of financial assets and liabilities

The group partly or fully derecognizes a financial asset (or a group of similar assets) when the contractual rights to the asset's cash flows expire (in the case of commercial renegotiation), or when the group has transferred the contractual rights to the financial asset's cash flows, as well as most of the risks and advantages linked with ownership of the asset.

Upon derecognition of:

- a financial asset or liability at amortized cost or at fair value through profit or loss: a gain or loss on disposal is recognized in the income statement in an amount equal to the difference between the carrying amount of the asset or liability and the amount of the consideration received/paid;
- a debt instrument at fair value through 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.

2.1.8 Measurement of credit risk

The IFRS 9 impairment model is based on an "expected loss" approach while that of IAS 39 was based on an "incurred credit losses", for which the accounting of credit losses at the time of the financial crisis was considered too little too late.

Under the IFRS 9 model, financial assets for which no objective evidence of impairment exists on an individual basis are impaired on the basis of observed losses as well as reasonable and justifiable future cash flow forecasts.

The IFRS 9 impairment model thus applies to all debt instruments measured at amortized cost or at fair value through equity, as well as to financing commitments and financial guarantees. These are divided into three categories:

- status 1 – non-downgraded performing loans: provisioning on the basis of 12-month expected credit losses (resulting from default risks over the following 12 months) as from initial recognition of the financial assets, provided that the credit risk has not increased significantly since initial recognition;
- status 2 – downgraded performing loans: provisioning on the basis of the lifetime expected credit losses (resulting from default risks over the entire remaining life of the instrument) if the credit risk has increased significantly since initial recognition; and
- status 3 – non-performing receivables: 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.

2.1.8.a Governance

The models for compartment allocation, forward-looking scenarios and parameter calculation methods constitute the methodological basis for impairment calculations. They are validated at the group's top level and are applicable to all entities according to the portfolios involved. The entire methodological base and any subsequent modification in terms of method, weighting of the scenarios, parameter calculation or provision calculation must be validated by the Crédit Mutuel group's governance bodies.

These bodies consist of the supervisory and executive board as defined by Article 10 of the French Decree of November 3, 2014 relative to internal control. Given the specificities of the Crédit Mutuel group's decentralized organizational structure, the supervisory and 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 IFRS 9 provisions within their entities, under the responsibility and control of their respective executive and supervisory bodies.

2.1.8.b Definition of the boundary between status 1 and 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;
- 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,

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 at origination, the lower the group's relative tolerance to a significant risk deterioration.

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

Qualitative criteria

To these quantitative criteria the group adds qualitative ones such as installments unpaid or late by more than 30 days, the fact that a loan has been restructured, etc.

Methods based exclusively on qualitative criteria are used for entities or small portfolios that are classified for prudential purposes under the standardized approach and do not have a rating system.

2.1.8.c 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 or pessimistic), which will be weighted based on the group's view of changes in the economic cycle over five years. The group mainly relies on macroeconomic data (GDP, unemployment rate, inflation rate, short-term and long-term interest rates, etc.) available from the OECD. The forward-looking approach is adjusted to include elements that were not captured by the scenarios because:

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

The forward-looking dimension over different time horizons other than one year will largely be a function of the one-year dimension.

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

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

2.1.8.d Status 3 – Non-performing receivables

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 developments related to the implementation of this new definition are the following:

- the analysis of default is now done during daily processing at the level of the borrower and no longer at the level of the contract;
- the number of days of delay is assessed at the level of a borrower (obligor) or a group of borrowers (joint obligor) having a common commitment;
- default is triggered when 90 consecutive days of arrears are recorded by a borrower/group of borrowers. The count of the number of days begins at the simultaneous crossing of the absolute materiality threshold (€100 Retail, €500 Corporate) and *the relative* materiality threshold (more than 1% of balance sheet commitments in arrears). The borrower 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 aligned its definitions of accounting (Status 3) and prudential default. This change constitutes a change of estimation, for which the non-material impact is booked to profit (loss) during the period of the change.

2.1.8.e Initially impaired financial assets

These are contracts for which the counterparty is non-performing on the date of initial recognition or acquisition. If the borrower is non-performing at the reporting date, the contracts are classified into Status 3; otherwise, they are classified as performing loans, identified in an "originated credit-impaired assets" category, and provisioned based on the same method used for exposures in Status 2, i.e. an expected loss over the residual maturity of the contract.

2.1.8.f Recognition

Impairment charges and provisions are recorded in "Net provision allocations/reversals for loan losses". Reversals of impairment charges and provisions are recorded in "Net provision allocations/reversals for loan losses" for the portion relating to the change in risk and in "Net interest" for the portion relating to the passage of time. For loans and receivables, impairment is deducted from assets, and for financing and guarantee commitments, the provision is recorded in liabilities under "Provisions" (see Sections 2.1.6 "Financial guarantees and financing commitments" and 2.3.2 "Provisions"). For assets at fair value through equity, the impairment recognized in the cost of risk is offset under "Unrealized or deferred gains and losses".

Loan losses are written off and the corresponding impairments and provisions are reversed.

2.1.9 Determination of fair value of financial instruments

Fair value is the amount for which an asset could be sold, or a liability transferred, between knowledgeable willing parties in an arm's length transaction.

The fair value of an instrument upon initial recognition is generally its transaction price.

The fair value must be calculated for subsequent measurements. The calculation method to be applied varies depending on whether the instrument is traded on a market deemed to be active or not.

2.1.9.a 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.

2.1.9.b Financial instruments traded in a inactive market

Observable market data are used provided they reflect the reality of a transaction at arm's length on the valuation date and there is no need to make an excessive adjustment to said value. In other cases, the group uses non-observable data (mark-to-model).

When observable data is not available or when market price adjustments require the use of non-observable data, the entity may use internal assumptions relating to future cash flows and discount rates, comprising adjustments linked to the risks the market would factor in. Said valuation adjustments facilitate the inclusion, in particular, of risks not taken into account by the model, as well as liquidity risks associated with the instrument or parameter concerned, and specific risk premiums designed to offset certain additional costs that would result from the dynamic management strategy associated with the model under certain market conditions.

When establishing valuation adjustments, each risk factor is considered individually and no effect of diversification between risks, parameters or models of a different nature are taken into account. A portfolio approach is most often used for a given risk factor.

In all cases, adjustments are made by the group in a reasonable and appropriate manner, based on judgment.

2.1.9.c Fair value hierarchy

A three-level hierarchy is used for fair value measurement of financial instruments:

- level 1: 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.

2.2 INSURANCE ACTIVITIES

The insurance departments falling within the Conglomerate Directive benefit from the deferred application of IFRS 9 until 2022, as scheduled by the amendment to IFRS 4 adopted by the European Union. As such, their financial instruments remain valued and recognized in accordance with IAS 39. In terms of presentation, the group chose to adopt an "IFRS audit" approach that allows all financial instruments under IAS 39 to be grouped together under the dedicated asset or liability items rather than by applying ANC recommendation 2017-02 strictly speaking, which entails the presentation of instruments under certain items pursuant to IAS 39 and IFRS 9. Thus, all the financial instruments of the insurance departments are grouped in assets under "Investments in insurance business and shares of reinsurers in technical provisions", and in liabilities under "Liabilities related to insurance business policies", also including technical provisions.

Investment property is also affected by the reclassification. The impact in the income statement of financial instruments and technical provisions is included under "Net income from insurance activities". Other assets/liabilities and income statement items are included under the "banking insurance" joint entries. Where relevant, the disclosures required by IFRS 7 are given separately for the insurance business lines.

In accordance with the adoption regulation of November 3, 2017, the group ensures there is no transfer of financial instruments with a derecognition effect, between the insurance and other sectors of the conglomerate, other than those recognized at fair value through profit or loss in both sectors.

The accounting principles and valuation rules specific to assets and liabilities generated by the issue of insurance policies are drafted in accordance with IFRS 4. This also applies to reinsurance contracts issued or subscribed, and to financial contracts incorporating a discretionary profit-sharing clause.

Except in the cases outlined above, the other assets held and liabilities issued by the insurance companies follow the rules common to all the group's assets and liabilities.

2.2.1 Insurance 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 "3.1.9 Determination of fair value of financial instruments".

2.2.1.a Financial assets and liabilities at fair value through profit or loss

Classification criteria

The classification of instruments in this category is a result either of a genuine intention to trade, or the use of the fair value option.

- a) Instruments held for trading
Held-for-trading securities consist of securities originally acquired with the intention of reselling them in the near future, as well as securities that are part of a portfolio of securities that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

- b) Instruments at fair value 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".

2.2.1.b Available-for-sale financial assets

Classification criteria

Available-for-sale financial assets include those financial assets not classified as "*loans and receivables*", or "*financial assets held-to-maturity*" or *"fair value through profit or loss*".

Basis of valuation and recognition of income and expenses

They are recognized on the balance sheet at their fair value at the time of their acquisition, and at subsequent reporting dates, until their disposal. Changes in fair value are shown on the "*Unrealized or deferred gains and losses*" line within a specific equity account, excluding accrued income. These unrealized gains or losses in shareholders' equity are only recognized on the income statement in the event of disposal or sustainable impairment. On disposal, these unrealized gains or losses previously recognized in shareholders' equity are recognized in the income statement, along with capital gains and losses on disposal.

Income accrued or acquired from fixed-income securities is recognized in profit or loss, using the effective interest rate method. They are presented in "Net income from insurance activities", along with dividends received on variable-income securities.

Credit risk and impairment

- 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*".

- Impairment due to credit risk

Impairment losses on fixed-income available-for-sale financial assets (specifically bonds) are recognized under "*Cost of risk*". In fact, only the existence of credit risk may lead to the impairment of these fixed-income instruments, since impairment in the event of loss due to a simple rate increase is not permitted. In the event of impairment, all combined unrealized losses in shareholders' equity must be recognized in profit or loss. These impairments are reversible; any subsequent assessment, related to an event occurring after the recognition of the impairment, is also recorded in the income statement, under "*Cost of risk*", in case of improvement of the issuer's credit situation.

2.2.1.c Held-to-maturity financial assets

Classification criteria

This category includes determinable or fixed-income securities with a maturity date that the entity intends and is able to hold until maturity.

Any interest-rate hedging operations performed on this category of securities are not eligible for hedge accounting as set out in IAS 39.

Furthermore, the possibilities to dispose of or transfer securities of this portfolio are extremely limited, given the provisions of IAS 39, on pain of downgrading the entire portfolio at group level in the "available-for-sale financial assets" category, and forbidding access to this category for two years.

Basis of valuation and recognition of income and expenses

Securities classified in this category are initially recognized at fair value, then valued at amortized cost according to the effective interest rate method, which incorporates amortization of premiums and discounts, as well as acquisition expenses, if these are material.

Income received on these securities is given in "Net income from insurance activities" on the income statement.

Credit risk

Impairment is recognized when there is objective proof of impairment of the asset, as a result of one or more events occurring after initial recognition that it is likely to generate a loss (proven credit risk). An analysis is performed at each closing, on a security-by-security basis. Impairment is assessed by comparing the carrying amount and the present value at the original interest rate of future cash flows incorporating guarantees. It is recognized in the income statement under "*Cost of risk*". Any subsequent assessment, related to an event occurring after the recognition of the impairment, is also recorded in the income statement, under "*Cost of risk*".

2.2.1.d Loans and receivables

Classification criteria

Loans and receivables are determinable or fixed-income financial assets not quoted on an active market and not intended for sale upon acquisition or grant. They are recognized at their fair value when they initially appear on the balance sheet which is generally the net amount disbursed. These outstandings are then valued on subsequent closing dates at amortized cost using the effective interest-rate method (except for those recognized using the fair value option method).

Credit risk

Impairment is recognized when there is objective proof of impairment of the asset, as a result of one or more events occurring after initial recognition that it is likely to generate a loss (proven credit risk). Impairment is assessed by comparing the carrying amount and the present value at the effective interest rate of future cash flows incorporating guarantees. It is recognized in the income statement under "*Cost of risk*". Any subsequent assessment, related to an event occurring after the recognition of the impairment, is also recorded in the income statement, under "*Cost of risk*".

2.2.1.e Financial liabilities at amortized cost

These include amounts due to customers and to credit institutions, debt securities (certificates of deposit, interbank market securities, bonds, etc.), as well as dated and undated subordinated debt for which measurement at fair value through profit or loss was not opted for.

These liabilities are initially recognized at fair value in the balance sheet. At subsequent reporting dates, they are measured at amortized cost using the effective interest rate method. The initial fair value of issued securities is their issue price less transaction costs, where applicable.

2.2.2 Non-financial assets

Investment property and fixed assets follow the accounting methods outlined elsewhere.

2.2.3 Non-financial liabilities

Insurance liabilities, representing commitments to subscribers and beneficiaries, are included under "technical provisions of insurance policies". They remain valued, recognized and consolidated according to French standards.

The technical provisions of life insurance policies consist primarily of mathematical provisions, which generally correspond to the redemption values of the contracts. The risks covered are primarily death, disability and incapacity for work (for borrower insurance).

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

Provisions for non-life insurance contracts correspond to unearned premiums (portion of premiums issued relating to subsequent fiscal years) and to claims payable.

Those insurance contracts benefiting from a discretionary profit-sharing clause are subject to “shadow accounting”. The resulting deferred profit-sharing provision represents the portion of asset capital gains and losses, which accrues to the insured parties. These provisions for deferred profit-sharing appear as liabilities or assets, by legal entity and without offset between entities within the scope of consolidation. On the asset side, they appear as a separate item.

At the reporting date, a liability adequacy test recognized on these contracts (net of other related assets or liabilities, such as deferred acquisition costs and portfolio securities acquired) is conducted: the recognized liability is audited to ensure it is sufficient to hedge the estimated future cash flows on that date. Any shortfall in the technical provisions is recognized in profit or loss for the period (and may subsequently be reversed if necessary).

2.3 NON-FINANCIAL INSTRUMENTS

2.3.1 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or a series of payments the right to use an asset for an agreed period of time.

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Ownership may or may not eventually be transferred.

An operating lease is any lease that is not a finance lease.

2.3.1.a Finance lease transactions – Lessor

In accordance with IFRS 16, finance lease transactions with non-group companies are reported in the consolidated balance sheet at their financial accounting amount. Finance lease transactions transfer substantially all the risks and rewards incidental to ownership of the leased asset to lessees.

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 pursuant to the time differences existing throughout the life of the finance lease transaction;
- the recognition as net interest margin, of net revenue from the lease, this being representative of the constant periodic rate of return on the amounts outstanding.

Credit risk related to financial receivables is measured and recognized under IFRS 9 (see Section "2.1.8. Measurement of credit risk”).

2.3.1.b Finance lease transactions – Lessee

In accordance with IFRS 16, fixed assets are recorded on the balance sheet to offset a liability in “other liabilities”. Lease payments are broken down between interest expense and repayment of principal.

2.3.2 Provisions

Provisions and reversals of provisions are classified by type under the corresponding item of income or expenditure.

A provision is recognized whenever it is probable that an outflow of resources representing economic benefits will be necessary to extinguish an obligation arising from a past event and when the amount of the obligation can be estimated accurately. Where applicable, the net present value of this obligation is calculated to determine the amount of the provision to be set aside.

The provisions constituted by the group cover, in particular:

- operating risks;
- social commitments;
- execution risk on signature commitments;
- litigation risk and guarantee commitments given;
- tax risks;
- risks related to mortgage saving agreements.

2.3.3 Employee benefits

Where applicable, provisions in respect of employee obligations are recognized under "Provisions". Any movements in this provision are recognized in the income statement under "Employee benefits expense" except for the portion resulting from actuarial gains/(losses), which is recognized in unrealized or deferred gains and losses, under equity.

2.3.3.a Post-employment benefits under a defined benefit plan

These comprise the pension plans, early pension plans, and supplementary pension plans under which the group has a formal or implicit obligation to provide employees with predefined benefits.

These obligations are calculated using the projected unit credit method, which involves allocating entitlement to benefits to periods of service by applying the contractual formula for calculating plan benefits. Such entitlements are then discounted using demographic and financial assumptions such as:

- a discount rate, determined by reference to the long-term rate on private-sector borrowings consistent with the term of the commitments;
- the 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.

The group launched a diagnostic on the impact of the IFRIC decision of May 2021 on the allocation of post-employment benefits to periods of service. This decision calls into question the practice generally used in France that involves considering the rights acquired linearly over the course of the employee's career in the company. It could potentially lead to a revision of the calculation of commitments for pension plans for which the amount of benefits depends on seniority and are capped at a certain number of consecutive years of service.

2.3.3.b Post-employment benefits under a defined contribution plan

Group entities contribute to various retirement plans managed by independent organizations, to which they have no formal or implicit obligation to make supplementary payments in the event, notably, that the fund's assets are insufficient to meet its commitments.

Since such plans do not represent a commitment for the group they are not subject to a provision. Expenses are recognized in the fiscal year in which the contribution must be paid.

2.3.3.c Other long-term benefits

These represent benefits other than post-employment benefits and termination benefits expected to be paid more than 12 months after the end of the fiscal year in which the staff rendered the corresponding service. They include, for example, long service awards.

The group's commitment in respect of other long-term benefits is 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.

2.3.3.d Termination benefits

These are benefits granted by the group when an employment contract is terminated before the usual retirement age or following the employee's decision to leave the group voluntarily in exchange for an indemnity. The related provisions are discounted if payment is expected to take place more than 12 months after the reporting date.

2.3.3.e Short-term benefits

These are benefits, other than termination benefits, payable within 12 months following the reporting date. They include salaries, social security contributions and certain bonuses.

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.

2.3.4 Non-current assets

2.3.4.a 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.”

2.3.4.b Non-current assets of which the group is lessee

For a contract to qualify as a lease, there must be both the identification of an asset and control by the lessee of the right to use said asset.

In respect of the lessee, operating leases and finance leases will be recorded in a single model, with recognition of:

- an asset representing the right to use the leased property during the lease term
- offset by a liability in respect of the lease payment obligation;
- straight-line depreciation of the asset and an interest expense in the income statement using the diminishing balance method.

The group mainly activates its real estate contracts, with the exception of those in a situation of automatic renewal (taking into account the 6-month prior notice for termination). 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. The group follows the ANC position on commercial leases, pursuant to contractual provisions: any new lease of this type will be capitalized for a term of nine years. Indeed, from an accounting standpoint, there is no lease term renewal option and consequently, the period for which the contract is enforceable is generally 9 years, taking into account the group’s choice of location;
- 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;
- the lease payment, excluding taxes. The group is marginally affected by variable lease payments.

2.3.5 Commissions

Fees and commissions in respect of services are recorded as income and expenses according to the nature of the services involved. Thus, fees considered as an additional interest are an integral part of the effective interest rate. These fees and commissions are thus recognized either as interest income or expense.

Fees and commissions linked directly to the grant of a loan are spread using the effective interest method.

Fees and commissions remunerating a service provided on a continuous basis are recognized over the period during which the service is provided.

Fees and commissions remunerating a significant service are recognized in full in the income statement upon execution of the service.

2.3.6 Income tax expense

The income tax expense includes all tax, both current and deferred, payable in respect of the income for the period under review.

The income tax payable is determined in accordance with applicable tax regulations.

2.3.6.a Deferred tax

As required by IAS 12, deferred taxes are recognized in respect of temporary differences between the carrying amount of an asset or liability on the consolidated balance sheet and its taxable value, with the exception of goodwill.

Deferred taxes are calculated using the liability method, applying the income tax 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.

2.3.6.b Uncertainties over income tax treatment

In accordance with IFRIC 23, the group is assessing the probability of the tax authority accepting the tax position taken. It is assessing the likely effects on the result for tax purposes, tax bases, tax loss carryforwards, unused tax credits and rates of taxation.
In the event of an uncertain tax position, the amounts payable are estimated on the basis of the most likely amount or the expected amount according to the method that reflects the best estimate of the amount to be paid or received.

2.3.7 Interest paid by the State on certain loans

Pursuant to measures to support the agricultural and rural sector, as well as the purchase of housing, some group entities grant loans at reduced rates, which are set by the State. Consequently, these entities receive a subsidy from the government equal to the interest rate differential existing between the rate granted to customers and a predefined benchmark rate. As a result, no discounting occurs on loans that benefit from these grants.

The arrangements governing this offset mechanism are periodically reviewed by the State.

The government subsidies received are recognized under “Interest and similar income” and allocated over the life of the corresponding loans, in accordance with IAS 20.

2.3.8 Non-current assets held for sale and discontinued operations

Non-current assets, or groups of assets, are classified as held for sale if they are available for sale and there is a high probability that their sale will take place within the next 12 months.
The related assets and liabilities are shown separately in the balance sheet, on the lines “Non-current assets held for sale” and “Liabilities associated with non-current assets held for sale”. They are recognized at the lower of their carrying amount and their fair value less selling costs, and are no longer depreciated or amortized.

Any impairment loss on such assets and liabilities is recognized in the income statement.

Discontinued operations consist of businesses held for sale or which have been discontinued, or subsidiaries acquired exclusively with a view to resale. All gains and losses related to discontinued operations are shown separately in the income statement, on the line “Post-tax gain/(loss) on discontinued operations and assets held for sale”.

2.4 JUDGMENTS AND ESTIMATES USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

Preparation of the group’s financial statements requires the use of assumptions for the purpose of the necessary measurements, which entails risks and uncertainties as to whether these assumptions will materialize in the future, 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 quoted on an active market, the definition of a forced transaction and the definition of observable data require the exercise of judgment;
- pension plans and other future employee benefits;
- impairment of assets, in particular expected credit losses;
- provisions;
- impairment of intangible assets and goodwill;
- deferred tax assets.

3. INFORMATION ON RELATED PARTIES

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.

4. STANDARDS AND INTERPRETATIONS ADOPTED BY THE EUROPEAN UNION AND NOT YET APPLIED

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.

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.

The mechanics of the income statement have been modified due to the contractual amortization of the insurance services margin, which represents the results expected over the life of contracts.

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.

IFRS 17, as published in 2017 and amended in 2020, is being adopted 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 IAS 1 – Disclosure of accounting methods

It clarifies the information to provide on "significant" accounting methods. They are considered significant when, taken together with other information from the financial statements, one can reasonably expect them to influence the decisions of the financial statements' main users.

Amendment to IAS 8 – Definition of accounting estimates

Its objective is to facilitate the distinction between the changes in accounting methods and accounting estimates by introducing an explicit definition of the notion of accounting estimates. They represent the amounts in the financial statements whose assessment is uncertain.

Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction

It generalizes the recognition of a deferred tax for leases and decommissioning obligations. The repercussions of this amendment are currently being assessed.

Amendment to IAS 16 – Rent concessions

This amendment extends the simplification measures for lessees benefiting from reduced rents until June 30, 2022 (instead of June 30, 2021) as a result of the Covid-19 health crisis. This amendment provides for the continuity of the methods compared to the initial amendment.

The Crédit Mutuel group is not impacted by these measures.

The group applies the provisions of IFRS 9 for any rent concessions granted as lessor with respect to leases.

Note 2 Analysis of the balance sheet and income statement by business segment and geographic area

The businesses are as follows:

- retail banking comprises the banks of the 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 market activities are composed of:

a) the financing of large companies and institutional customers, structured 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 Breakdown of the income statement by business segment

06/30/2021	Retail bank	Insurance	Financing and markets	Private banks	Capital equity	Logistics and holding	Inter activities	Total
Net banking income	5,340	1,119	490	319	257	924	-486	7,962
General operating expenses	-3,486	-344	-204	-225	-36	-928	486	-4,736
Gross operating income	1,854	775	286	94	221	-4	0	3,226
Cost of counterparty risk	-214		37	-5	-7	2		-188
Gains on other assets*	-2	0				-72		-73
Profit/(loss) before tax	1,638	775	324	89	214	-74	0	2,965
Income tax	-523	-236	-84	-23	0	-19		-885
Post-tax gains and losses on discontinued assets	7							7
Net profit/(loss)	**1,122**	**540**	**240**	**66**	**213**	**-93**	**0**	**2,087**
Non-controlling interests								161
Net profit attributable to the group								**1,926**

* *Includes net profit/(loss) of entities accounted for using the equity method and impairment losses on goodwill (Notes 16 and 19).*

06/30/2020	Retail banking	Insurance	Financing and markets	Private banking	Private equity	Logistics and holding	Inter activities	Total
Net banking income	5,191	698	223	311	71	806	-442	6,858
General operating expenses	-3,355	-334	-200	-208	-25	-873	442	-4,552
Gross operating income/(loss)	1,836	365	23	103	47	-67	0	2,306
Cost of counterparty risk	-934		-109	-4	2	-2		-1,046
Gains on other assets*	-1	1				0		0
Profit/(loss) before tax	902	366	-86	99	49	-69	0	1,260
Income tax	-377	-148	20	-22	2	122		-402
Post-tax gains and losses on discontinued assets								0
Net profit/(loss)	**525**	**218**	**-66**	**77**	**50**	**53**	**0**	**857**
Non-controlling interests								89
Net profit/(loss) attributable to the group								**768**

* *Including net profit/(loss) from associates (companies accounted for using the equity method) and impairment losses on goodwill.*

2b Breakdown of income statement items by geographic area

	06/30/2021				06/30/2020			
	France	Europe outside France	Other country*	Total	France	Europe outside France	Other country*	Total
Net banking income**	6,336	1,515	111	7,962	5,199	1,546	112	6,858
General operating expenses	-3,758	-930	-48	-4,736	-3,624	-879	-49	-4,552
Gross operating income	2,578	585	62	3,226	1,575	667	63	2,306
Cost of counterparty risk	-23	-173	8	-188	-613	-427	-6	-1,046
Gains on other assets***	-86	8	6	-73	-6	-3	9	-0
Profit/(loss) before tax	2,469	420	76	2,965	956	237	67	1,260
Total net profit/(loss)	1,733	289	65	2,087	643	160	54	857
NET PROFIT ATTRIBUTABLE TO THE GROUP	1,586	276	64	1,926	566	150	53	768

* *USA, Canada, Singapore, Hong Kong, Saint Martin (until 2020), Tunisia.*

** *22.5% of NBI (excluding the logistics and holding business line) was generated abroad in the first half of 2021 (versus 24.5% of NBI in the first half of 2020).*

*** *Including net profit/(loss) from entities 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, 2020, the changes in the scope of consolidation are as follows:

- New scopes: AGIR, Est Info TV, Ebra Productions, FCT Factofrance;
- Merger: NA;
- Exit from the scope of consolidation: Targo seguros mediacion;

Name changes: Cofidis Participations becomes Cofidis Group.

		06/30/2021			12/31/2020		
	Country	Percentage Control	Percentage Interest	Method*	Percentage Control	Percentage Interest	Method*
A. BANKING NETWORK							
Banque Européenne du Crédit Mutuel (BECM)	France	100	98	FC	100	98	FC
BECM Francfort (branch of BECM)	Germany	100	98	FC	100	98	FC
Caisse Agricole du Crédit Mutuel	France	100	100	FC	100	100	FC
CIC Est	France	100	98	FC	100	98	FC
CIC Lyonnaise de Banque (LB)	France	100	98	FC	100	98	FC
CIC Lyonnaise de Banque Monaco (CIC LB branch)	Monaco	100	98	FC	100	98	FC
CIC Nord Ouest	France	100	98	FC	100	98	FC
CIC Ouest	France	100	98	FC	100	98	FC
CIC Sud Ouest	France	100	98	FC	100	98	FC
Crédit Industriel et Commercial (CIC)	France	100	98	FC	100	98	FC
CIC Bruxelles (branch of CIC)	Belgium	100	98	FC	100	98	FC
CIC Hong-Kong (branch of CIC)	Hong Kong	100	98	FC	100	98	FC
CIC 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 Spain	Spain	100	98	FC	100	98	FC
B. SUBSIDIARIES OF THE BANKING NETWORK							
Bancas	France	50	49	EM	50	49	EM
Banque Européenne du Crédit Mutuel Monaco	Monaco	100	98	FC	100	98	FC
CCLS Leasing Solutions	France	100	98	FC	100	98	FC
Cofidis Belgique	Belgium	100	78	FC	100	78	FC
Cofidis France	France	100	78	FC	100	78	FC
Cofidis Espagne (branch of Cofidis France)	Spain	100	78	FC	100	78	FC
Cofidis Hongrie (branch of Cofidis France)	Hungary	100	78	FC	100	78	FC
Cofidis Portugal (branch of Cofidis France)	Portugal	100	78	FC	100	78	FC
Cofidis SA Pologne (branch of Cofidis France)	Poland	100	78	FC	100	78	FC
Cofidis SA Slovaquie (branch of Cofidis France)	Slovakia	100	78	FC	100	78	FC
Cofidis Italie	Italy	100	78	FC	100	78	FC
Cofidis République tchèque	Czech Republic	100	78	FC	100	78	FC
Creatis	France	100	78	FC	100	78	FC
Creatis Crédit Mutuel Asset Management	France	90	92	FC	90	92	FC
Crédit Mutuel Caution Habitat	France	100	98	FC	100	98	FC
Crédit Mutuel Épargne Salariale	France	100	98	FC	100	98	FC
Crédit Mutuel Factoring	France	95	96	FC	95	96	FC
Crédit Mutuel Gestion	France	100	92	FC	100	92	FC
Crédit Mutuel Home Loan SFH	France	100	98	FC	100	98	FC
Crédit Mutuel Leasing	France	100	98	FC	100	98	FC
Crédit Mutuel Leasing Espagne (branch of Crédit Mutuel Leasing)	Spain	100	98	FC	100	98	FC

	Country	06/30/2021 Percentage Control	06/30/2021 Percentage Interest	06/30/2021 Method*	12/31/2020 Percentage Control	12/31/2020 Percentage Interest	12/31/2020 Method*
Crédit Mutuel Leasing Benelux	Belgium	100	98	FC	100	98	FC
Crédit Mutuel Leasing Nederland (branch of Crédit Mutuel Leasing Benelux)	The Netherlands	100	98	FC	100	98	FC
Crédit Mutuel Leasing Gmbh	Germany	100	98	FC	100	98	FC
Crédit Mutuel Real Estate Lease	France	100	98	FC	100	98	FC
Factofrance	France	100	98	FC	100	98	FC
FCT Factofrance	France	100	98	FC			NC
FLOA (formerly Banque du Groupe Casino)		50	49	EM	50	49	EM
Gesteurop	France	100	98	FC	100	98	FC
LYF SA	France	44	43	EM	44	43	EM
Monabanq	France	100	78	FC	100	78	FC
Paysurf	France	100	89	FC	100	89	FC
SCI La Tréflière	France	100	99	FC	100	99	FC
Targo Factoring GmbH	Germany	100	98	FC	100	98	FC
Targo Finanzberatung GmbH	Germany	100	98	FC	100	98	FC
Targo Leasing GmbH	Germany	100	98	FC	100	98	FC
C. CORPORATE BANKING AND CAPITAL MARKETS							
Banque Fédérative du Crédit Mutuel (BFCM)	France	98	98	FC	98	98	FC
Cigogne Management	Luxembourg	100	98	FC	100	98	FC
Satellite	France	100	98	FC	100	98	FC
D. PRIVATE BANKING							
Banque de Luxembourg	Luxembourg	100	98	FC	100	98	FC
Banque de Luxembourg Belgique (Banque de Luxembourg branch)	Belgium	100	98	FC	100	98	FC
Banque de Luxembourg Investments SA (BLI)	Luxembourg	100	98	FC	100	98	FC
Banque Transatlantique (BT)	France	100	98	FC	100	98	FC
Banque Transatlantique 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	100	98	FC
CIC Capital Suisse SA	Switzerland	100	98	FC	100	98	FC
CIC Capital Deutschland Gmbh	Germany	100	98	FC	100	98	FC
CIC Capital Ventures Quebec	Canada	100	98	FC	100	98	FC
CIC Conseil	France	100	98	FC	100	98	FC
Crédit Mutuel Capital	France	100	98	FC	100	98	FC
Crédit Mutuel Equity	France	100	98	FC	100	98	FC
Crédit Mutuel Equity SCR	France	100	98	FC	100	98	FC
Crédit Mutuel Innovation	France	100	98	FC	100	98	FC
F. LOGISTICS AND HOLDING							
Actimut	France	100	100	FC	100	100	FC
Banque de Tunisie	Tunisia	35	35	EM	35	35	EM
Caisse Centrale du Crédit Mutuel	France	51	54	EM	50	54	EM
CIC Participations	France	100	98	FC	100	98	FC
Centre de conseil et de service (CCS)	France	100	100	FC	100	100	FC
Cofidis Group (formerly Cofidis Participations)	France	80	78	FC	80	78	FC
France 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

		06/30/2021			12/31/2020		
	Country	Percentage Control	Percentage Interest	Method*	Percentage Control	Percentage Interest	Method*
Euro Protection Surveillance	France	100	84	FC	100	84	FC
Groupe Républicain Lorrain Communication (GRLC)	France	100	98	FC	100	98	FC
L'Est Républicain	France	100	98	FC	100	98	FC
Lyf SAS	France	49	39	EM	49	39	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 S.A.	Spain	95	75	FC	95	75	FC
Agrupació serveis administratius	Spain	100	75	FC	100	75	FC
AMDIF	Spain	100	75	FC	100	75	FC
Asesoramiento en Seguros y Previsión Atlantis SL	Spain	80	63	FC	80	63	FC
Asistencia Avançada Barcelona	Spain	100	75	FC	100	75	FC
ASTREE Assurances	Tunisia	30	23	EM	30	23	EM
Atlantis Asesores SL	Spain	80	63	FC	80	63	FC
Atlantis Correduría de Seguros y Consultoría Actuarial SA	Spain	60	47	FC	60	47	FC
Atlantis Vida, Compañía de Seguros y Reaseguros SA	Spain	88	70	FC	88	70	FC
GACM España	Spain	100	78	FC	100	78	FC
GACM Seguros, Compañía de Seguros y Reaseguros, SAU	Spain	100	78	FC	100	78	FC
Groupe des Assurances du Crédit Mutuel (GACM)	France	100	78	FC	100	78	FC
ICM Life	Luxembourg	80	78	FC	80	78	FC
Margem-Mediação Seguros, Lda	Portugal	100	78	FC	100	78	FC
MTRL	France	100	78	FC	100	78	FC
NELB (North Europe Life Belgium)	Belgium	100	100	FC	100	100	FC
Partners	Belgium	100	78	FC	100	78	FC
Procourtage	France	100	78	FC	100	78	FC
Serenis Assurances	France	100	78	FC	100	78	FC
Targo seguros mediacion	Spain			NC	90	70	FC
Targopensiones, entidad gestora de fondos de pensiones, SA	Spain	100	75	FC	100	75	FC

	Country	06/30/2021 Percentage Control	06/30/2021 Percentage Interest	06/30/2021 Method*	12/31/2020 Percentage Control	12/31/2020 Percentage Interest	12/31/2020 Method*
H. OTHER COMPANIES							
Affiches d'Alsace Lorraine	France	100	97	FC	100	97	FC
AGIR	France	100	98	FC			NC
Alsacienne de Portage – DNA	France	100	97	FC	100	97	FC
Crédit Mutuel Immobilier	France	100	98	FC	100	98	FC
EBRA events	France	100	98	FC	100	98	FC
EBRA Medias Alsace	France	100	97	FC	100	97	FC
EBRA Medias Lorraine Franche Comté	France	100	98	FC	100	98	FC
EBRA Productions	France	100	98	FC			NC
EBRA services	France	100	98	FC	100	98	FC
Est Bourgogne Médias	France	100	98	FC	100	98	FC
Est Info TV	France	100	98	FC			NC
Foncière Massena	France	100	78	FC	100	78	FC
France Régie	France	100	97	FC	100	97	FC
GEIE Synergie	France	100	78	FC	100	78	FC
Groupe Dauphiné Media	France	100	98	FC	100	98	FC
Groupe Progrès	France	100	98	FC	100	98	FC
Groupe Républicain Lorrain Imprimeries (GRLI)	France	100	98	FC	100	98	FC
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 no. 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

* *Method: FC = Full consolidation; EM = Equity method; NC = Not consolidated; MER = Merged.*

3b Fully consolidated entities with significant non-controlling interests

06/30/2021	Percentage of non-controlling interests in the consolidated financial statements: 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	Financial information regarding fully-consolidated entities*: Balance sheet total	Net profit/(loss)	Undisclosed reserves	NBI
Euro Information	20%	6	391	-1	2,065	40	0	687
Groupe des Assurances du Crédit Mutuel (GACM)	22%	117	2,240	0	129,552	513	1,613	1,058
Cofidis Belgique	22%	1	NA**	0	922	6	-1	47
Cofidis France	22%	6	NA**	0	9,869	29	-5	271

* *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.*

	Percentage of non-controlling interests in the consolidated financial statements				Financial information regarding fully-consolidated entities*			
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)	Undisclosed reserves	NBI
Euro Information	20%	125	267	-1	2,045	395	0	1,452
Groupe des Assurances du Crédit Mutuel (GACM)	22%	112	2,131	-386	126,838	507	1,640	1,358
Cofidis Belgique	22%	3	NA**	0	915	13	-1	94
Cofidis France	22%	24	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.*

3c Non-current assets and liabilities held for sale

	06/30/2021	12/31/2020
Non-current assets held for sale	92	0
Non-current liabilities held for sale	0	0
Post-tax gains/(losses) on discontinued operations	7	

The activities of FLOA were reclassified as assets held for sale at June 30, 2021 following the signature of an exclusivity agreement for their sale to BNP Paribas as well as the implementation of a strategic partnership between BNP Paribas and Casino.

Note 4 Cash, central banks (asset/liability)

	06/30/2021	12/31/2020
Cash, central banks – asset		
Central banks	122,263	98,158
of which mandatory reserves	*2,587*	*3,594*
Cash	1,159	1,417
Total	123,422	99,575
Central banks – liability	631	575

Note 5 Financial assets and liabilities at fair value through profit or loss

5a Financial assets at fair value through profit or loss

	06/30/2021				12/31/2020			
	Transaction	Fair value option	Other FVPL	Total	Transaction	Fair value option	Other FVPL	Total
Securities	10,945	516	5,001	16,462	11,316	496	4,732	16,544
▪ Government securities	1,400	0	0	1,400	408	0	0	408
▪ Bonds and other debt securities	8,254	516	188	8,958	9,419	496	135	10,050
Listed	8,254	99	68	8,421	9,419	97	17	9,533
Non-listed	0	417	120	537	0	399	118	517
of which UCIs	*182*		*1*	*183*	*128*		*0*	*128*
▪ Shares and other capital instruments	1,291		3,868	5,159	1,489		3,566	5,055
Listed	1,291		1,110	2,401	1,489		993	2,482
Non-listed	0		2,758	2,758	0		2,573	2,573
▪ Long-term investments			945	945			1,031	1,031
Equity investments			337	337			341	341
Other long-term investments			211	211			296	296
Investments in associates			372	372			369	369
Other long-term investments			25	25			25	25
Derivative instruments	3,678			3,678	2,827			2,827
Loans and receivables	11,592	0	11	11,603	8,426	0	7	8,433
of which pensions	11,592	*0*		*11,592*	8,426	*0*		*8,426*
TOTAL	26,214	516	5,012	31,742	22,569	496	4,739	27,804

5b Financial liabilities at fair value through profit or loss

	06/30/2021	12/31/2020
Financial liabilities held for trading	18,137	15,263
Financial liabilities at fair value through profit or loss	165	0
TOTAL	18,302	15,263

FINANCIAL LIABILITIES HELD FOR TRADING

	06/30/2021	12/31/2020
Short sales of securities	**2,537**	**1,077**
▪ Government securities	0	0
▪ Bonds and other debt securities	1,337	242
▪ Shares and other capital instruments	1,200	835
Debts in respect of securities sold under repurchase agreements	**12,085**	**11,447**
Trading derivatives	**3,510**	**2,706**
Other financial liabilities held for trading	**6**	**33**
TOTAL	18,137	15,263

5c Analysis of trading derivatives

	06/30/2021			12/31/2020		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Interest rate derivatives	*154,714*	*2,807*	*2,677*	159 351	1 876	1 671
Swaps	76,155	2,602	2,346	95 754	1 660	1 394
Other firm contracts	45,710	0	0	36 113	0	0
Options and conditional instruments	32,849	205	331	27 484	216	277
Foreign exchange derivatives	*147,619*	*716*	*629*	137 024	760	685
Swaps	105,059	77	34	95 539	64	59
Other firm contracts	11,051	524	481	10 759	582	513
Options and conditional instruments	31,509	115	114	30 726	114	113
Other derivatives	*16,391*	*155*	*203*	19 325	191	350
Swaps	7,781	79	112	7 972	78	134
Other firm contracts	6,147	43	50	6 731	64	153
Options and conditional instruments	2,463	33	41	4 622	49	63
TOTAL	**318,724**	**3,678**	**3,509**	315 700	2 827	2 706

Swaps are valued with an OIS curve if they are collateralized or with a BOR curve otherwise. Hedged items are valued with a BOR curve. The difference resulting from the use of different valuation curves for the hedged items and the hedging instruments is accounted for as hedge ineffectiveness. Furthermore, the value of derivatives takes into account the counterparty risk.

Note 6 Hedging

6a Hedging derivatives

	06/30/2021			12/31/2020		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Fair Value Hedges	*161,728*	*1,518*	*1,910*	154,549	1,988	2,084
Swaps	30,137	1,519	1,910	35,953	1,989	2,084
Other firm contracts	131,250	0	0	118,112	0	0
Options and conditional instruments	341	-1	0	484	(1)	0
Cash Flow Hedges	*0*	*0*	*0*	0	0	0
Swaps	0	0	0	0	0	0
Other firm contracts	0	0	0	0	0	0
Options and conditional instruments	0	0	0	0	0	0
TOTAL	161,728	1,518	1,910	154,549	1,988	2,084

Swaps are valued with an OIS curve if they are collateralized or with a BOR curve otherwise. Hedged items are valued with a BOR curve. The difference resulting from the use of different valuation curves for the hedged items and the hedging instruments is accounted for as hedge ineffectiveness. Furthermore, the value of derivatives takes into account the counterparty risk.

6b Revaluation adjustment on rate-hedged books

	06/30/2021	12/31/2020
FAIR VALUE OF PORTFOLIO INTEREST RATE RISK		
▪ in financial assets	1,882	2,453
▪ in financial liabilities	22	27

Note 7 Financial assets at fair value through other comprehensive income

	06/30/2021	12/31/2020
Government securities	12,614	12,142
Bonds and other debt securities	19,440	20,851
▪ Listed	18,994	19,276
▪ Non-listed	446	1,575
Receivables related	109	151
Debt securities subtotal, gross	32,163	33,144
Of which impaired debt securities (S3)	1	1
Impairment of performing loans (S1/S2)	-15	-15
Other impairment (S3)	-1	-1
Debt securities subtotal, net	32,147	33,128
Shares and other capital instruments	5	7
▪ Listed	3	4
▪ Non-listed	2	3
Long-term investments	352	558
▪ Equity investments	73	74
▪ Other long-term investments	222	420
▪ Investments in associates	57	64
Receivables related	1	1
Subtotal, capital instruments	358	566
TOTAL	32,505	33,694
of which unrealized capital gains or losses recognized under equity	-174	-48
of which listed equity investments.	0	0

Note 8 Fair value hierarchy of financial instruments carried at fair value

06/30/2021	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS IFRS 9				
Fair value through shareholders' equity	25,839	5,315	1,351	32,505
Government and equivalent securities	12,550	92	31	12,674
Bonds and other debt securities	13,286	5,221	967	19,474
Shares and other capital instruments	3	2	0	5
Investments and other long-term securities	0	0	296	296
Investments in subsidiaries and associates	0	0	57	57
Trading/Fair value option/Other	8,596	17,194	5,952	31,742
Government securities and similar instruments – Trading	1,250	143	7	1,400
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	4,840	2,873	540	8,254
Bonds and other debt securities – Fair value option	25	0	490	516
Bonds and other debt securities – Other FVPL	73	58	57	188
Shares and other equity instruments – Trading	1,291	0	0	1,291
Shares and other capital instruments – Other FVPL [1]	1,091	0	2,777	3,868
Investments and other long-term securities – Other FVPL	2	0	546	548
Investments in subsidiaries and associates – Other FVPL	0	0	397	397
Loans and receivables due from customers – Transaction	0	11,592	0	11,592
Loans and receivables due from customers – Other FVPL	0	11	0	11
Derivatives and other financial assets – Trading	24	2,517	1,136	3,678
Hedging derivatives	0	1,518	0	1,519
TOTAL	34,435	24,028	7,303	65,766
FINANCIAL ASSETS IAS 39 – INVESTMENTS OF THE INSURANCE BUSINESS LINE				
Fair value through profit or loss	23,068	6,774	0	29,842

06/30/2021	Level 1	Level 2	Level 3	Total
Transaction	0	0	0	0
Fair value option – debt securities	1,246	2,027	0	3,273
Fair value option – capital instruments	21,822	4,747	0	26,569
Hedging derivatives	0	0	0	0
Available-for-sale assets	82,549	4,667	819	88,035
Government and equivalent securities	17,298	0	0	17,298
Bonds and other debt securities	50,822	312	0	51,134
Shares and other capital instruments	13,711	4,344	0	18,055
Equity investments, shares in subsidiaries and associates and other long-term investments	719	11	818	1,548
TOTAL	105,617	11,441	819	117,877
FINANCIAL LIABILITIES IFRS 9				
Subordinated debt – Fair value option	2,451	14,974	877	18,302
Due to credit institutions – Fair value option	0	118	0	118
Amounts due to customers – Fair value option	0	47	0	47
Debt securities – Fair value option	0	0	0	0
Subordinated debt – Fair value option	0	0	0	0
Liabilities – Trading	0	12,085	0	12,085
Derivatives and other financial liabilities – Trading	2,451	2,724	877	6,053
Hedging derivatives	0	1,892	18	1,910
TOTAL	2,451	16,866	895	20,213
FINANCIAL LIABILITIES RELATED TO IAS 39 INSURANCE BUSINESS POLICIES				
Fair value through profit or loss	0	5,719	0	5,719
Transaction	0	0	0	0
Fair value option	0	5,719	0	5,719
Hedging derivatives	0	0	0	0
TOTAL	0	5,719	0	5,719

(1) Includes the equity investments held by the group's private equity companies.

- Level 1: price quoted in an active market.
- Level 2: prices quoted in active markets for similar instruments, and 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.

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 [1]	969	0	2,597	3,566
Investments and other long-term securities – Other FVPL	8	0	628	637
Investments in subsidiaries and associates – Other FVPL	0	0	394	394
Loans and receivables due from credit institutions – 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**
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**

(1) Includes the equity investments held by the group's private equity companies.

Note 9 Details of securitization outstandings

As requested by the banking supervisor and the markets regulator, an analysis is provided below of sensitive exposures based on FSB recommendations.

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 06/30/2021	Securities issued 12/31/2020
RMBS	1,370	1,162
CMBS	11	6
CLO	3,315	3,448
Other ABS	2,380	2,214
TOTAL	7,076	6,830

Unless otherwise indicated, securities are not hedged by CDS.

EXPOSURES AT 06/30/2021

	RMBS	CMBS	CLO	Other ABS	Total
Fair value through profit or loss	288	0	9	432	729
Amortized cost	39	0	330	699	1,069
Fair value – Others	1	0	0	0	1
Fair value through shareholders' equity	1,041	11	2,975	1,249	5,277
TOTAL	1,370	11	3,315	2,380	7,076
France	546	0	438	504	1,487
Spain	103	0	0	368	471
United Kingdom	84	0	173	252	510
Europe excluding France, Spain, United Kingdom	510	0	202	835	1,548
USA	3	11	2,502	322	2,838
Other	123	0	0	100	223
TOTAL	1,370	11	3,315	2,380	7,076
US Branches	0	0	0	0	0
AAA	1,224	11	3,094	1,241	5,569
AA	123	0	151	538	812
A	9	0	60	0	69
BBB	7	0	0	0	7
BB	5	0	0	0	5
B or below	3	0	0	7	10
Not rated	0	0	10	594	604
TOTAL	1,370	11	3,315	2,380	7,076
Origination 2005 and earlier	17	0	0	0	17
Origination 2006-2008	35	0	0	7	42
Origination 2009-2011	24	11	0	0	36
Origination 2012-2020	1,293	0	3,315	2,373	6,981
TOTAL	1,370	11	3,315	2,380	7,076

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	746
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 2012-2019	1,067	0	3,448	2,207	6,721
TOTAL	1,162	6	3,448	2,214	6,830

Note 10 Financial assets at amortized cost

	06/30/2021	12/31/2020
Securities at amortized cost	3,373	2,996
Loans and receivables to credit institutions	58,792	56,278
Loans and receivables to customers	428,551	419,413
TOTAL	490,716	478,687

10a Securities at amortized cost

	06/30/2021	12/31/2020
Securities	3,551	3,166
▪ Government securities	1,623	1,614
▪ Bonds and other debt securities	1,928	1,552
Listed	548	556
Non-listed	1,380	996
Accrued interest	16	13
TOTAL GROSS	3,567	3,179
of which impaired assets (S3)	238	205
Impairment of performing loans (S1/S2)	-1	-1
Other impairment (S3)	-193	-182
TOTAL NET	3,373	2,996

10b Loans and receivables due from credit institutions at amortized cost

	06/30/2021	12/31/2020
Performing loans (S1/S2)	58,422	55,978
Crédit Mutuel network accounts [1]	35,029	32,539
Other ordinary accounts	3,588	2,861
Loans	4,485	4,464
Other receivables	13,331	13,945
Pensions	1,989	2,169
Accrued interest	372	301
Impairment of performing loans (S1/S2)	-2	-2
Other impairment (S3)	0	0
TOTAL	**58,792**	**56,278**

(1) Mainly concerns outstanding CDC repayments (LEP, LDD, Livret bleu, Livret A).

10c Loans and receivables due from customers at amortized cost

	06/30/2021	12/31/2020
Performing loans (S1/S2)	409,674	400,734
Commercial loans	13,806	13,217
Other customer receivables	395,247	386,923
▪ home loans	215,829	208,066
▪ other loans and receivables, including repurchase agreements (1)	179,418	178,857
Receivables related	621	594
Insurance and reinsurance receivables	0	0
Individually-impaired receivables, gross (S3)	11,598	12,008
Gross receivables	421,272	412,742
Impairment of performing loans (S1/S2) [2]	-2,877	-2,951
Other impairment (S3)	-5,988	-6,324
SUBTOTAL I	**412,407**	**403,467**
Finance leases (net investment)	15,965	15,792
▪ Equipment	11,357	11,327
▪ Real estate	4,608	4,465
Individually-impaired receivables, gross (S3)	499	489
Impairment of performing loans (S1/S2)	-137	-151
Other impairment (S3)	-183	-186
SUBTOTAL II	**16,144**	**15,944**
TOTAL	**428,551**	**419,413**
of which subordinated loans	13	13
of which pensions	1,205	973

(1) Including €16.1 billion at June 30, 2021 of state-guaranteed loans (SGLs) granted during the Covid-19 crisis.

(2) The item includes a specific provision to take into account the effects of the Covid-19 crisis – see note 1-Accounting principles.

BREAKDOWN OF STATE-GUARANTEED LOANS (SGL)

	Outstandings			Write-downs		
	S1	S2	S3	S1	S2	S3
Amounts at June 30, 2021	12,064	3,549	481	-11	-65	-64

FINANCE LEASE TRANSACTIONS WITH CUSTOMERS

	12/31/2020	Increase	Decrease	Other	06/30/2021
Gross carrying amount	16,281	1,085	-912	10	16,464
Impairment of non-recoverable lease payments	-337	-49	65	1	-320
Net carrying amount	15,944	1,036	-847	11	16,144

Note 11 Financial liabilities at amortized cost

11a Debt securities at amortized cost

	06/30/2021	12/31/2020
Certificates of deposit	118	134
Interbank certificates and negotiable debt instruments	54,320	58,223
Bonds	61,988	63,642
Non-preferred senior securities	6,739	4,379
Related debt	378	626
TOTAL	123,543	127,004

11b Liabilities to credit institutions

	06/30/2021	12/31/2020
Crédit Mutuel network accounts	0	0
Other ordinary accounts	3,395	2,933
Borrowings	14,697	12,778
Other debt	6,714	4,455
Repurchase agreements [1]	46,030	20,049
Related debt	142	79
TOTAL	70,978	40,294

(1) As part of the monetary policy implemented by the Eurosystem, the group decided to participate in the TLTRO III (Targeted Long Term Refinancing Operation) launched in March 2020. Crédit Mutuel has therefore refinanced itself with the ECB under TLTRO III for an amount of €42,190 million at June 30, 2021. As with previous TLTROs, banks participating in TLTRO III can benefit from a more favorable rate, a subsidy, depending on the evolution of the level of certain types of their outstanding loans over a given period. As this subsidy is considered highly probable, it has been incorporated into the interest rate applied.

11c Amounts due to customers at amortized cost

	06/30/2021	12/31/2020
Special savings accounts	145,019	144,418
▪ on demand	101,240	100,937
▪ in the future	43,779	43,481
Related liabilities on savings accounts	626	21
Subtotal	145,645	144,439
Demand accounts	214,258	202,938
Term deposits and borrowings	56,123	61,232
Pensions	9	89
Related debt	176	194
Other debt	21	10
Insurance and reinsurance debts	0	0
Subtotal	270,586	264,462
TOTAL	416,231	408,901

Note 12 Gross values and movements in impairment provisions

12a Gross values subject to impairment

	12/31/2020	Acquisition/production	Sale/repayment	Transfer	Other	06/30/2021
Financial assets at amortized cost – loans and receivables due from credit institutions, subject to	**56,280**	**28,990**	**-26,488**	**0**	**13**	**58,794**
12-month expected losses (S1)	56,279	28,989	-26,487	0	13	58,793
expected losses at maturity (S2)	1	1	-1	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	**429,025**	**47,245**	**-38,560**	**-220**	**247**	**437,736**
12-month expected losses (S1)	375,884	35,208	-27,173	6,025	0	389,944
expected losses at maturity (S2)	40,644	11,088	-8,832	-7,204	0	35,696
expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	12,497	569	-2,351	983	0	11,698
expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	380	-204	-24	247	399
Financial assets at amortized cost – securities	**3,179**	**4,243**	**-4,096**	**240**	**2**	**3,567**
12-month expected losses (S1)	2,973	4,239	-4,067	170	2	3,317
with expected losses at maturity (S2)	0	0	0	12	0	11
expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	205	4	-29	58	0	238
Financial assets at fair value through other comprehensive income – debt securities	**33,144**	**8,879**	**-10,084**	**0**	**224**	**32,163**
12-month expected losses (S1)	33,098	8,851	-10,052	3	224	32,124
expected losses at maturity (S2)	45	28	-32	-3	0	38
expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	1	0	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	0
TOTAL	521,628	89,357	-79,228	20	486	532,260

CONCENTRATION OF CREDIT RISK ON SENSITIVE BUSINESS SEGMENTS

For these sectors considered vulnerable, specific probabilities of default were determined in order to take into account their differentiated exposure to the health crisis and their ability to recover.

The status 1 exposures in these sectors were fully transferred to status 2.

Business segment	Gross outstandings*			Write-downs			Net outstandings
	S1	S2	S3	S1	S2	S3	
Aeronautics		382	21		-14	-13	376
Specialized distribution		1,399	150		-60	-111	1,378
Hotels, restaurants		4,416	354		-512	-184	4,074
Automotive		1,567	77		-79	-47	1,518
Vehicle hire		1,136	35		-29	-26	1,116
Tourism, games, leisure		1,252	161		-104	-109	1,200
Industrial transportation		378	18		-8	-9	379
Air transport		295	5		-26	-3	271

TOTAL	10,825	821		-832	-502	10,312

EAD net of guarantee on SGLs.

12b Movements in impairment provisions

	12/31/2020	Addition	Reversal	Other	06/30/2021
Loans and receivables due from credit institutions	**-2**	**-1**	**1**	**0**	**-2**
of which originated credit-impaired assets (S3)	0	0	0	0	0
▪ 12-month expected losses (S1)	-2	-1	1	0	-2
Customer loans	**-9,612**	**-1,229**	**1,656**	**0**	**-9,185**
of which originated credit-impaired assets (S3)	0	0	0	0	0
▪ 12-month expected losses (S1)	-1,174	-251	179	29	-1,217
▪ expected losses at maturity (S2)	-1,927	-276	428	-22	-1,797
expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	-6,510	-702	1,049	-8	-6,171
expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0
Financial assets at amortized cost – securities	**-183**	**-7**	**0**	**-4**	**-194**
of which originated credit-impaired assets (S3)	0	0	0	0	0
▪ 12-month expected losses (S1)	-1	0	0	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	-182	-7	0	-4	-193
expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0
Financial assets at FVOCI – debt securities	**-16**	**-5**	**5**	**0**	**-16**
of which originated credit-impaired assets (S3)	0	0	0	0	0
▪ 12-month expected losses (S1)	-14	-4	4	0	-14
▪ expected losses at maturity (S2)	-1	-1	1	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	-9,813	-1,242	1,662	-4	-9,397

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

	06/30/2021	12/31/2020
Fair value through profit or loss	29,842	27,904
▪ Transaction	0	0
▪ Fair value option – debt securities	3,273	3,606
▪ Fair value option – capital instruments	26,569	24,298
Hedging derivatives	0	0
Available-for-sale	88,035	86,230
▪ Government and equivalent securities	17,298	17,432
▪ Bonds and other debt securities	51,134	51,256
▪ Shares and other capital instruments	18,055	16,005
▪ Equity investments, shares in subsidiaries and associates and other long-term investments	1,548	1,537
Loans and receivables	5,377	5,812
Held-to-maturity	6,723	7,582
Sub-total financial assets	**129,978**	**127,530**

Investment property	2,718	2,707
Shares of reinsurers in the technical provisions and other assets	1,061	821
TOTAL	133,756	131,056

13b Liabilities relative to contracts of the insurance business line

TECHNICAL PROVISIONS OF INSURANCE POLICIES

	06/30/2021	12/31/2020
Life	98,761	98,029
Non-life	5,044	4,955
Account units	17,059	15,206
Other	356	308
Total	121,220	118,498
Of which deferred profit sharing liabilities	18,793	17,732
Deferred profit-sharing assets	0	0
Share of reinsurers in the technical provisions	412	429
NET TECHNICAL PROVISIONS	120,808	118,069

FINANCIAL LIABILITIES

	06/30/2021	12/31/2020
Fair value through profit or loss	5,719	7,103
▪ Transaction	0	0
▪ Fair value option	5,719	7,103
Hedging derivatives	0	0
Due to credit institutions	139	132
Debt securities	0	0
Debt securities	300	300
Subtotal	6,158	7,535
Other liabilities	496	428
Total	6,654	7,963
TOTAL LIABILITIES RELATED TO INSURANCE BUSINESS POLICIES	127,874	126,461

Note 14 Income tax

14a Current tax

	06/30/2021	12/31/2020
Assets (through profit or loss)	843	1,444
Liabilities (through profit or loss)	719	668

14b Deferred tax

	06/30/2021	12/31/2020
Assets (through profit or loss)	1,453	1,514
Assets (through shareholders' equity)	271	290
Liabilities (through profit or loss)	601	610
Liabilities (through shareholders' equity)	551	642

Note 15 Accruals and other assets and liabilities

15a Accruals and other assets

	06/30/2021	12/31/2020
ACCRUALS		
Collection accounts	120	136
Currency adjustment accounts	190	56
Accrued income	707	604
Other accruals	1,347	3,232
Subtotal	2,364	4,028
OTHER ASSETS		
Securities settlement accounts	720	64
Miscellaneous receivables	5,001	3,932
Inventories and similar	23	27
Other	39	41
Subtotal	5,782	4,064
TOTAL	8,146	8,092

15b Accruals and other liabilities

	06/30/2021	12/31/2020
ACCRUALS		
Accounts unavailable due to recovery procedures	77	78
Currency adjustment accounts	217	969
Accrued expenses	1,661	1,596
Deferred income	1,201	1,255
Other accruals	3,397	4,764
Subtotal	6,553	8,661
OTHER LIABILITIES		
Lease obligations – Real estate	898	926
Lease obligations – Other	7	13
Securities settlement accounts	1,613	1,234
Outstanding amounts payable on securities	227	274
Sundry creditors	1,926	1,652
Subtotal	4,672	4,099
TOTAL	11,225	12,761

15c Lease obligations by residual term

06/30/2021	≤ 1 year	from 1 year to ≤3 years	from 3 years to ≤6 years	from 6 years to ≤9 years	> 9 years	Total
Lease obligations	29	234	204	225	213	905
▪ Real estate	22	234	204	225	213	898
▪ other	7	0	0	0	0	7

Note 16 Investments in equity consolidated companies

16a Share of net profit/(loss) of equity consolidated companies

06/30/2021	Country	Share held	Value of equity consolidation	Share of net profit/(loss)	Dividends received	Fair value of the investment (if listed)
Entities under significant influence						
ASTREE Assurances	Tunisia	30.00%	16	1	0	31
Banque de Tunisie	Tunisia	35.33%	145	-11	8	151
Caisse Centrale du Crédit Mutuel**	France	54.07%	358	3	2	NC*
LYF SAS	France	49.07%	6	-6	0	NC*
LYF SA	France	43.75%	7	0	0	NC*
Other equity investments			1	0		
Total(1)			534	-14	9	
Joint venture						
Bancas	France	50.00%	0	0	0	NC*
France Euro Automatic Cash	Spain	50.00%	13	9	0	NC*
FLOA (formerly Banque du Groupe Casino)***	France	50.00%	0	0	0	NC*
Total (2)			13	9	0	
TOTAL (1) + (2)			547	-4	9	

* *NC: Not communicated.*

** *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.*

*** *Treatment according to IFRS 5 in 2021, see note 3c.*

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**	France	54.01%	356	4	5	NC*
LYF SAS	France	49.07%	12	-13	0	NC*
LYF SA	France	43.75%	7	0	0	NC*
Other equity investments			2	0		
Total(1)			549	-14	9	
Joint venture						
Bancas	France	50.00%	0	0	0	NC*
France Euro Automatic Cash	Spain	50.00%	3	-5	0	NC*
FLOA (formerly Banque du Groupe Casino)	France	50.00%	85	6	0	NC*
Total(2)			88	1	0	
TOTAL (1) + (2)			637	-13	9	

* *NC: Not communicated.*

** *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.*

Note 17 Investment property

	12/31/2020	Increase	Decrease	Other	06/30/2021
Historical cost	150	1	-8	-5	138
Depreciation and impairment	-69	-2	0	1	-70
Net amount	**82**	**-1**	**-8**	**-4**	**68**

Note 18 Property, plant and equipment and intangible assets

18a Property, plant and equipment

	12/31/2020	Increase	Decrease	Other	06/30/2021
HISTORICAL COST					
Operating sites	575	7	-1	-1	580
Operating buildings	5,152	122	-93	0	5,181
Usage rights – Real estate	1,244	83	-22	1	1,306
Usage rights – Other	39	0	0	1	40
Other property, plant and equipment	2,846	153	-177	2	2,824
Total	9,856	365	-293	3	9,931
DEPRECIATION AND IMPAIRMENT					
Operating sites	-12	-1	0	0	-13
Operating buildings	-3,341	-85	79	0	-3,347
Usage rights – Real estate	-325	-98	8	-2	-417
Usage rights – Other	-26	-7	0	1	-32
Other property, plant and equipment	-2,254	-92	61	-13	-2,298
Total	-5,958	-283	148	-14	-6,107
NET AMOUNT	3,898	82	-145	-11	3,823

OF WHICH PROPERTIES RENTED UNDER FINANCE LEASES

	12/31/2020	Increase	Decrease	Other	06/30/2021
Operating sites	7				7
Operating buildings	103		-1		102
TOTAL	110	0	-1	0	109

18b Intangible assets

	12/31/2020	Increase	Decrease	Other	06/30/2021
HISTORICAL COST					
Internally developed intangible assets*	371	32	0	180	583
Purchased intangible assets	1,829	24	-68	-179	1,606
▪ software	459	17	-58	-180	238
▪ other	1,370	7	-10	1	1,368
Total	2,200	56	-68	1	2,189
DEPRECIATION AND IMPAIRMENT					
Internally developed intangible assets*	-250	-29	0	-181	-460
Purchased intangible assets	-1,220	-27	59	184	-1,004
▪ software	-415	-17	58	182	-192
▪ other	-805	-10	1	2	-812
Total	-1,470	-56	59	3	-1,464
NET AMOUNT	729	0	-9	4	725

** These headings correspond to software developed internally and capitalized in our subsidiaries Euro-Information and Targobank AG.*

Note 19 Goodwill

	12/31/2020	Increase	Decrease	Variation in impairment	Other	06/30/2021
Gross goodwill	4,535	0			0	4,535
Write-downs	-499			-69		-568

NET GOODWILL	4,036			-69	0	3,967

Cash generating units	Value of goodwill on 12/31/2020	Increase	Decrease	Variation in impairment	Other	Value of goodwill at 06/30/2021
TARGOBANK in Germany	2,851					2,851
Crédit Industriel et Commercial (CIC)	497					497
Cofidis Participations	378					378
Cofidis France	79					79
Factofrance SA	68			-68		0
GACM Seguros Generales Compañía de Seguros y Reaseguros SA (formerly AMGEN)	49			-1		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	4,036	0	0	-69	0	3,967

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 by impairment of goodwill when the recoverable amount is lower than the carrying amount. The context of the health crisis, its observed consequences on interim net profit at June 30, 2021, and the uncertain macroeconomic conditions for 2022 and beyond have led the group to identify potential indicators 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 June 30, 2021.

To determine the value in use, the cash flows are based on business plans determined by the management over a maximum period of five to seven years, then on projection of a flow to infinity according to a long-term growth rate. The latter is fixed at 2% for the whole of Europe, which is an assumption measured in comparison to inflation rates observed over a very long period. Business plans have been revised to take into account the consequences of the health crisis.

The cash flows used 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 June 30, 2021 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.

In addition, following the creation of these tests, an impairment of all Factofrance goodwill was recorded in the financial statements at June 30, 2021 for an amount of €68 million.

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	-8%	-8%	-7%
Effect of the 50 basis point drop in the growth rate to infinity	-6%	-6%	-5%
Effect of a 50 basis point increase in CET1 capital requirements	-3%	-4%	-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

	12/31/2020	Additions for the year	Reversals for the year (utilized provisions)	Reversals for the year (surplus provisions)	Other changes	06/30/2021
Provisions for risks	608	224	-5	-231	-1	595
On guarantee commitments [2]	*418*	*70*	*0*	*-158*	*0*	*330*
▪ of which 12-month expected losses (S1)	44	20	0	-15	0	49
▪ of which expected losses at maturity (S2)	227	3	0	-96	0	134
▪ of which provisions for execution of commitments upon signature	147	47	0	-47	0	147
On financing commitments [2]	*92*	*106*	*0*	*-65*	*0*	*133*
▪ of which 12-month expected losses (S1)	73	46	0	-45	0	74
▪ of which expected losses at maturity (S2)	19	60	0	-20	0	59
Provisions for taxes	*9*	*2*	*0*	*-1*	*0*	*10*
Provisions for claims and litigation	*69*	*41*	*-4*	*-4*	*-2*	*100*
Provision for risk on miscellaneous receivables	*21*	*5*	*-1*	*-3*	*0*	*22*
Other provisions	1,523	182	-56	-20	-1	1,628
▪ Provisions for mortgage saving agreements	269	1	0	-9	0	261
▪ Provisions for miscellaneous contingencies	883	102	-14	-6	-2	963
Other provisions[1]	371	79	-42	-5	1	404
Provisions for retirement commitments	1,676	21	-22	0	-48	1,627
TOTAL	3,807	427	-83	-251	-50	3,850

(1) Other provisions mainly include provisions for French economic interest groups (GIE) totaling €333 million.

(2) This item includes a specific provision to take into account the effects of the Covid-19 crisis – see note 1-Accounting principles.

20b Retirement and other employee benefits

	12/31/2020	Additions for the year	Reversals for the year	Other changes	06/30/2021
DEFINED-BENEFIT PLANS NOT COVERED BY PENSION FUNDS					
Retirement benefits	1,329	18	-18	-45	1,284
Supplementary pensions	153	3	-4	-2	150
Obligations for long service awards (other long-term benefits)	173	0	0	0	173
Sub-total recognized	1,655	21	-22	-47	1,607
SUPPLEMENTARY DEFINED-BENEFIT PENSIONS COVERED BY THE GROUP'S PENSION FUNDS					
Commitments to employees and retirees[1]	22	0	0	-1	21
Fair value of assets					
Sub-total recognized	22	0	0	-1	21
TOTAL AMOUNT RECOGNIZED	1,676	21	-22	-48	1,627

DEFINED-BENEFIT PLANS: MAIN ACTUARIAL ASSUMPTIONS

	06/30/2021	12/31/2020
Discount rate [2]	0.95%	0.45%
Expected increase in salaries [3]	Minimum 0.5%	Minimum 0.5%

(1) The provisions covering shortfalls in pension funds relate to entities located abroad.

(2) The discount rate, which is determined by reference to the long-term rate on private-sector borrowings, is based on the IBOXX index.

(3) The annual increase in salaries is the estimate of future inflation combined with the increase in salaries; it also depends on the age of the employee.

Note 21 Subordinated debt

	06/30/2021	12/31/2020
Debt securities	6,200	6,200
Participating loans	20	20
Perpetual subordinated debt	1,002	1,003
Related debt	56	81
TOTAL	7,278	7,304

PRINCIPAL SUBORDINATED DEBT

(in € millions)	Type	Vesting date Issue	Amount Issue	Amount balance sheet date[1]	Rate	Term
Banque Fédérative du Crédit Mutuel	redeemable subordinated notes	05.21.2014	€1,000 million	€1,000 million	3.00	05.21.2024
Banque Fédérative du Crédit Mutuel	redeemable subordinated notes	09.11.2015	€1,000 million	€1,000 million	3.00	09.11.2025
Banque Fédérative du Crédit Mutuel	redeemable subordinated notes	03.24.2016	€1,000 million	€1,000 million	2.375	03.24.2026
Banque Fédérative du Crédit Mutuel	redeemable subordinated notes	11.04.2016	€700 million	€700 million	1.875	11.04.2026
Banque Fédérative du Crédit Mutuel	redeemable subordinated notes	03.31.2017	€500 million	€500 million	2.625	03.31.2027
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	05.25.2018	€500 million	€500 million	2.5	05.25.2028
Banque Fédérative du Crédit Mutuel	redeemable subordinated notes	06.18.2019	€1,000 million	€1,000 million	1.875	06.18.2029
Banque Fédérative du Crédit Mutuel	Participatory	05.28.1985	€137 million	€8 million	[2]	[3]
Crédit Industriel et Commercial	TSS	12.15.2004	€750 million	€734 million	[4]	TBD
Banque Fédérative du Crédit Mutuel	TSS	02.25.2005	€250 million	€250 million	[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 May 28, 1997 at 130% of the nominal value revalued by 1.5% per year for future years.

(4) CMS 10 years ISDA CIC +10 basis points.

(5) CMS 10 years ISDA +10 basis points.

Note 22 Reserves related to capital and reserves

22a Shareholders' equity attributable to the group (excluding profit and loss and unrealized gains and losses)

	06/30/2021	12/31/2020
Capital and reserves related to capital	6,872	6,773
▪ Capital	6,872	6,773
▪ Issue premium, contribution, merger, split, conversion	0	0
Consolidated reserves	38,873	36,463
▪ Regulated reserves	6	6
▪ Other reserves (including effects related to initial application)	38,729	36,315
▪ Retained earnings	152	-21
▪ Retained earnings	138	142
TOTAL	45,745	43,236

The share capital of the Crédit Mutuel banks is composed of:

- A shares, non-transferable;
- B shares, transferable;
- P shares, with priority interests.

B shares may only be subscribed by those members holding at least one A share. The Articles of association of the local banks limit the subscription of B shares by any given member to €50,000 (with the exception of reinvestment of dividends paid in B shares). In accordance with the law of September 10, 1947, the capital cannot be lower, following withdrawal of contributions, than one-quarter of the highest amount achieved by the share capital in the past.

The redemption plan for B shares differs according to whether they were subscribed before or after December 31, 1988:

- units subscribed up to December 31, 1988 may be redeemed at the member's request on January 1 each year. This reimbursement, which is subject to compliance with the provisions governing the reduction of capital, is subject to a minimum notice period of three months;
- shares subscribed on or after January 1, 1989 may be redeemed at the member's request upon five years' notice, except in the event of marriage, death or unemployment. These operations are also subject to compliance with the provisions governing the reduction of capital.

By decision of the Board of Directors and in agreement with the Supervisory Board, the bank may refund all or part of the shares in this class under the same conditions.

P shares with priority interests are issued by the regional banks of Crédit Mutuel de Normandie and Midi-Atlantique, and by Crédit Mutuel's "Cautionnement Mutuel de l'Habitat" bank, a mutual guarantee company that since 1999 has issued members' shares with priority interests whose subscription is reserved for bonded credit distributors excluding Crédit Mutuel Alliance Fédérale.

As of June 30, 2021, the capital of the Crédit Mutuel banks breaks down as follows:

- €215.0 million for A shares;
- €6,653.3 million for B shares;
- €3.5 million for P shares.

22b Unrealized or deferred gains and losses

	06/30/2021	12/31/2020
UNREALIZED OR DEFERRED GAINS OR LOSSES* RELATING TO:		
▪ Translation adjustments	-5	-55
▪ Insurance business investments (assets available-for-sale)	1,374	1,405
▪ Financial assets at fair value through recyclable shareholders' equity – debt instruments	-53	-50
▪ Financial assets at fair value through non-recyclable shareholders' equity – capital instruments	-89	81
▪ Hedging derivatives (CFH)	1	0
▪ Share of unrealized or deferred gains and losses of associates	-34	-33
▪ Actuarial gains and losses on defined benefit plans	-376	-413
TOTAL	819	935

* *Balances net of corporation tax and after shadow accounting treatment.*

22c Recycling of gains and losses directly recognized in shareholders' equity

	06/30/2021 Operations	12/31/2020 Operations
Translation adjustments		
Reclassification in income	0	0
Other movement	49	-118
Subtotal	**49**	**-118**
Revaluation of financial assets at FVOCI – debt instruments		
Reclassification in income	0	0
Other movement	-3	-21
Subtotal	**-3**	**-21**
Revaluation of financial assets at FVOCI – capital instruments		
Reclassification in income	0	0
Other movement	-170	39
Subtotal	**-170**	**39**
Remeasurement of hedging derivatives		
Reclassification in income	0	0
Other movement	1	-2
Subtotal	**1**	**-2**
Revaluation of insurance business investments		
Reclassification in income	0	0
Other movement	-31	141
Subtotal	**-31**	**141**
Actuarial gains and losses on defined benefit plans	37	-64
Share of unrealized or deferred gains and losses of associates	0	-2
TOTAL	**-116**	**-26**

22d Tax related to each category of gains and losses recognized directly in shareholders' equity

	06/30/2021			12/31/2020		
	Gross amount	Tax	Net amount	Gross amount	Tax	Net amount
Translation adjustments	49	0	49	-118	0	-118
Revaluation of financial assets at FVOCI – debt instruments	-1	-2	-2	-28	8	-21
Revaluation of financial assets at FVOCI – capital instruments	-168	-1	-170	42	-4	39
Remeasurement of hedging derivatives	1	0	1	-3	1	-2
Revaluation of insurance business investments	-93	62	-31	134	8	141
Actuarial gains and losses on defined benefit plans	47	-10	37	-99	35	-64
Share of unrealized or deferred gains and losses of associates	0	0	0	-2	0	-2
TOTAL CHANGES IN GAINS AND (LOSSES) RECOGNIZED DIRECTLY IN EQUITY	**-165**	**49**	**-115**	**-74**	**49**	**-26**

Note 23 Commitments given and received

COMMITMENTS GIVEN

	06/30/2021	12/31/2020
Funding commitments	**78,835**	**76,913**
Liabilities due to credit institutions	833	724
Commitments to customers	78,002	76,189
Guarantee commitments	**23,761**	**25,667**
Credit institution commitments	5,222	4,938

	06/30/2021	12/31/2020
Customer commitments	18,539	20,729
Securities commitments	3,326	3,638
Other commitment given	3,326	3,638
Commitments pledged from the insurance business line	5,714	4,606

COMMITMENTS RECEIVED

	06/30/2021	12/31/2020
Funding commitments	8,482	22,125
Commitments received from credit institutions	8,482	22,125
Guarantee commitments	101,005	99,106
Commitments received from credit institutions	52,661	50,940
Commitments received from customers	48,344	48,166
Securities commitments	1,534	1,474
Other commitments received	1,534	1,474
Commitments received from the insurance business line	5,279	6,140

Note 24 Interest income and expense

	06/30/2021		06/30/2020	
	Income	Expenses	Income	Expenses
Credit institutions and central banks[1]	-59	19	112	-205
Customers	4,547	-844	4,720	-986
▪ of which finance and operating leases	306	-120	273	-96
▪ of which lease obligations	0	-3	0	-3
Hedging derivatives	1,357	-1,377	1,299	-1,025
Financial instruments at fair value through profit or loss	263	-21	374	-40
Financial assets at fair value through other comprehensive income	116	0	169	0
Securities at amortized cost	23	0	46	0
Debt securities	0	-539	0	-863
Subordinated debt	0	-3	0	-4
TOTAL	6,247	-2,765	6,720	-3,123
Of which interest income and expense calculated at effective interest rate:	*4,627*	*-1,367*	*5,047*	*-2,058*

(1) Including -€292 million impact of negative interest rates in income and +€196 million in expenses in the first half of 2021, of which -€231 million impact of negative interest rates in income and +€101 million in expenses in the first half of 2020.
The interest expenses on central banks mainly include interest calculated within the framework of TLTRO III operations, which take into account the spreading of the subsidy over the life of the operation and the "over-subsidy" of 0.50% over the "special" interest period.

Note 25 Commission income and expense

	06/30/2021		06/30/2020	
	Income	Expenses	Income	Expenses
Credit institutions	4	-4	4	-4
Customers	851	-19	808	-17
Securities	550	-49	481	-39
▪ of which activities managed on behalf of third parties	*387*	0	*320*	0
Derivative instruments	3	-5	5	-6
Currency transactions	13	-1	11	-1
Funding and guarantee commitments	66	-8	41	-2
Services provided	997	-465	943	-455
TOTAL	2,484	-550	2,293	-523

Note 26 Net gains on financial instruments at fair value through profit or loss

	06/30/2021	06/30/2020
Trading instruments	128	-174
Instruments accounted for under the fair value option	-19	10
Ineffective portion of hedges	-2	-24
On fair value hedges (FVH)	-2	-24
▪ Change in the fair value of hedged items	-128	307
▪ Change in fair value of hedging instruments	126	-331
Foreign exchange gains/(losses)	-2	-18
Other financial instruments at fair value through profit or loss[1]	392	-152
TOTAL CHANGES IN FAIR VALUE	498	-358

(1) Of which €247 million from private equity business in the first half of 2021, compared to €47 million in the first half of 2020, 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

	06/30/2021	06/30/2020
Dividends	1	8
Realized gains and losses on debt instruments	41	7
TOTAL	42	15

Note 28 Net gains or losses resulting from derecognition of financial assets at amortized cost

	06/30/2021	06/30/2020
Financial assets at amortized cost		
Gains/(losses) on:	0	0
▪ Government securities	0	0
▪ Bonds and other fixed-income securities	0	0
TOTAL	0	0

Note 29 Net income from the insurance business line

	06/30/2021	06/30/2020
INSURANCE POLICIES		
Premiums earned	5,932	4,819
Service charges	-4,480	-4,412
Change in provisions	-2,612	872
Other technical and non-technical income and expenses	32	16
Net income from investments	2,761	-105
Net income on insurance policies	1,633	1,190
Interest margin/fees	-4	-5
Net income on financial assets	-4	-5
Other net income	3	-20
NET INCOME FROM THE INSURANCE BUSINESS LINE	1,632	1,166

Note 30 Income/expenses generated by other activities

	06/30/2021	06/30/2020
INCOME FROM OTHER ACTIVITIES		
Rebilled expenses	27	23
Other income	666	1,047
Subtotal	**693**	**1,070**
EXPENSES ON OTHER ACTIVITIES		
Investment property:	-2	-2
▪ additions to provisions/depreciation	-2	-2
Other expenses	-318	-400
Subtotal	**-320**	**-402**
NET TOTAL OF OTHER INCOME AND EXPENSES	373	668

Note 31 General operating expenses

	06/30/2021	06/30/2020
Employee benefits expense	-2,754	-2,607
Other expenses	-1,982	-1,945
TOTAL	-4,736	-4,552

31a Employee benefits expense

	06/30/2021	06/30/2020
Wages and salaries	-1,746	-1,714
Social security contributions	-619	-580
Short-term employee benefits	-1	-1
Employee profit-sharing and incentive schemes	-184	-104
Payroll-based taxes	-205	-208
Other	0	0
TOTAL	-2,754	-2,607

WORKFORCE

Average workforce	06/30/2021	06/30/2020
Bank technical staff	37,932	38,723
Managers	27,031	26,683
TOTAL	64,963	65,406
France	53,053	53,254
Rest of the world	11,910	12,152
TOTAL	64,963	65,406
Registered workforce*	**71,713**	**71,794**

* *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

	06/30/2021	06/30/2020
Taxes and duties[1]	-404	-404
Leases	-140	-173
▪ short-term asset leases	-54	-89
▪ low value/substitutable asset leases(2)	-77	-75
▪ other leases	-9	-9
Other external services	-1,049	-995
Other miscellaneous expenses	-50	-55
TOTAL	-1,643	-1,627

(1) The item "Taxes and duties" includes a -€231 million expense as part of the contribution to the Single Resolution Fund in 2021, compared to a -€197 million expense in 2020.

(2) Includes IT equipment.

31c Movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets

	06/30/2021	06/30/2020
Amortizations	-337	-315
▪ property, plant and equipment	-281	-265
including usage rights	-106	-75
▪ intangible assets	-56	-50
Write-downs	-1	-2
▪ property, plant and equipment	-2	-2
▪ intangible assets	1	0
TOTAL	-339	-317

Note 32 Cost of counterparty risk

	06/30/2021	06/30/2020
12-month expected losses (S1)	-74	-227
Expected losses at maturity (S2)	205	-263
Impaired assets (S3)	-319	-556
TOTAL	-188	-1,046

06/30/2021	Allowances	Reversals	Loan losses covered by pensions	Loan losses not covered by provisions	Recovery of loans written off in prior years	Total
12-month expected losses (S1)	-319	245				-74
▪ Loans and receivables due from credit institutions at amortized cost	-1	1				0
▪ Customer loans at amortized cost	-247	179				-68
of which finance leases	-18	9				-9
▪ Financial assets at amortized cost – securities	0	1				1
▪ Financial assets at fair value through other comprehensive income – debt securities	-4	4				0
▪ Financial assets at fair value through other comprehensive income – loans	0	0				0
▪ Commitments given	-67	60				-7
Expected losses at maturity (S2)	-338	545				207
▪ Loans and receivables due from credit institutions at amortized cost	0	0				0
▪ Customer loans at amortized cost	-274	428				154
of which finance leases	-7	27				20
▪ Financial assets at amortized cost – securities	0	0				0
▪ Financial assets at fair value through other comprehensive income – debt securities	-1	1				0
▪ Financial assets at fair value through other comprehensive income – loans	0	0				0
▪ Commitments given	-63	116				53
Impaired assets (S3)	-739	1,062	-589	-140	87	-319
▪ Loans and receivables due from credit institutions at amortized cost	0	0	0	0	0	0
▪ Customer loans at amortized cost	-680	1,008	-589	-140	87	-314
of which finance leases	-7	11	-5	-1	1	-1
▪ Financial assets at amortized cost – securities	-7	0	0	0	0	-7
▪ Financial assets at fair value through other comprehensive income – debt securities	0	1	0	0	0	1
▪ Financial assets at fair value through other comprehensive income – loans	0	0	0	0	0	0
▪ Commitments given	-52	53	0	0	0	1
TOTAL	-1,396	1,852	-589	-140	87	-186

06/30/2020	Allowances	Reversals	Loan losses covered by provisions	Loan losses not covered by provisions	Recovery of loans written off in prior years	Total
12-month expected losses (S1)	-455	228				-227
▪ Loans and receivables due from credit institutions at amortized cost	-2	2				0
▪ Customer loans at amortized cost	-386	168				-218
▪ of which finance leases	-18	12				-6
▪ Financial assets at amortized cost – securities	-3	3				0
▪ Financial assets at fair value through other comprehensive income – debt securities	-3	4				1
▪ Financial assets at fair value through other comprehensive income – Loans	0	0				0
▪ Commitments given	-61	51				-10
Expected losses at maturity (S2)	-615	354				-261
▪ Loans and receivables due from credit institutions at amortized cost	0	0				0
▪ Customer loans at amortized cost*	-575	321				-254
of which finance leases	-44	16				-28
▪ Financial assets at amortized cost – securities	0	0				0
▪ Financial assets at fair value through other comprehensive income – debt securities	0	2				2
▪ Financial assets at fair value through other comprehensive income – Loans	0	0				0
▪ Commitments given	-40	31				-9
Impaired assets (S3)	-768	641	-327	-155	53	-556
▪ Loans and receivables due from credit institutions at amortized cost	0	0	0	0	0	0
▪ Customer loans at amortized cost	-724	601	-308	-154	53	-532
▪ of which finance leases	-9	8	-4	-1	1	-5
▪ Financial assets at amortized cost – securities	0	3	0	0	0	3
▪ Financial assets at fair value through other comprehensive income – debt securities	-4	1	-17	0	0	-20
▪ Financial assets at fair value through other comprehensive income – Loans	0	0	0	0	0	0
▪ Commitments given	-40	36	-2	-1	0	-7
TOTAL	-1,838	1,222	-327	-155	53	-1,045

Note 33 Net gains/(losses) on disposals of other assets

	06/30/2021	06/30/2020
Tangible and intangible assets	0	-2
▪ Capital losses on sale	-12	-7
▪ Capital gains on sale	12	5
Gains/(losses) on disposals of shares in consolidated entities	1	0
TOTAL	0	-2

Note 34 Changes in the value of goodwill

	06/30/2021	06/30/2020
Impairment of goodwill	-69	-1
Negative goodwill stated in profit or loss	0	0
TOTAL	-69	-1

Note 35 Income tax

BREAKDOWN OF INCOME TAX EXPENSE

	06/30/2021	06/30/2020
Current taxes	-845	-510
Deferred tax expense	-51	105
Adjustments in respect of prior years	11	2
TOTAL	-885	-402

Note 36 Related party transactions

BALANCE SHEET ITEMS PERTAINING TO RELATED PARTY TRANSACTIONS

	06/30/2021		12/31/2020	
	Associates (companies accounted for using the equity method)	Other establishments belonging to the National Confederation	Associates (companies accounted for using the equity method)	Other establishments belonging to the National Confederation
ASSETS				
Financial assets at fair value through profit or loss	26	192	36	200
Financial assets at FVOCI	20	0	20	0
Financial assets at amortized cost	12,358	4,104	11,409	4,145
Investments in insurance business line	0	309	0	449
Other assets	0	0	0	5
TOTAL	12,404	4,605	11,465	4,800
LIABILITIES				
Liabilities at fair value through profit or loss	0	16	0	23
Debt securities	0	11	0	10
Due to credit institutions	1,112	1,211	1,297	916
Due to customers	25	501	42	501
Liabilities relative to contracts of the insurance business line	0	150	0	150
Debt securities	0	10	0	10
Miscellaneous liabilities	0	6	0	4
TOTAL	1,136	1,904	1,339	1,616
Financing commitments given	170	0	60	0
Guarantees given	15	0	15	0
Financing commitments received	0	0	0	0
Guarantees received	0	693	0	699

PROFIT AND LOSS ITEMS PERTAINING TO RELATED PARTY TRANSACTIONS

	06/30/2021		06/30/2020	
	Associates (companies accounted for using the equity method)	Other establishments belonging to the National Confederation	Associates (companies accounted for using the equity method)	Other establishments belonging to the National Confederation
Interest income	-3	11	1	27
Interest expense	2	-15	0	-21
Commission income	0	6	0	3
Commission expense	0	-1	0	0
Net gains/(losses) on financial assets at FVOCI and FVPL	33	1	5	-5
Net income from the insurance business line	-17	-113	-11	-106
Other income and expenses	14	46	12	43
General operating expenses	0	-8	0	-10
TOTAL	29	-73	8	-69

5.3 STATUTORY AUDITORS' REPORT ON THE INTERIM FINANCIAL STATEMENTS

PricewaterhouseCoopers France
63, rue de VIlliers
92208 Neuilly-sur-Seine Cedex
S.A.R.L. with capital of €86,000
338 683 956 R.C.S. Nanterre

ERNST & YOUNG et Autres
Tour First
TSA 14444
92037 Paris-La Défense Cedex
S.A.S. with variable capital
438 476 913 R.C.S. Nanterre

Statutory auditors
Member of the Compagnie
ale de Versailles et du Centre (French Institute of
utory Auditors of Versailles and Central France)

Statutory auditors
Member of the Compagnie
ale de Versailles et du Centre (French Institute of
utory Auditors of Versailles and Central France)

(Period from January 1 to June 30, 2021)

Report from the statutory auditors on interim financial information

Dear Shareholders,

CRÉDIT MUTUEL ALLIANCE FÉDÉRALE
4 rue Frédéric-Guillaume Raiffeisen
67000 STRASBOURG

In accordance with the task entrusted us by your Shareholders' Meeting and pursuant to Article L. 451-1-2 III of the French Monetary and Financial Code, we have undertaken:

- a limited review of the condensed consolidated half-year statements for Crédit Mutuel Alliance Fédérale, pertaining to the period from January 1 to June 30, 2021, attached to this report;

- verification of the information given in the interim business report.

The global crisis linked to the Covid-19 pandemic creates special conditions for the preparation and limited audit of the consolidated condensed interim financial statements. 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 our work is carried out.

These consolidated condensed interim financial statements were prepared under the responsibility of your Board of Directors on July 29, 2021. It is up to us, based on our limited review, to express our conclusion about these statements.

Conclusion about the financial statements

We conducted our limited review according to applicable professional standards in France. A limited review consists essentially in working together with those members of management in charge of accounting and financial matters and implementing analytical procedures. This work is less extensive than that required for an audit conducted according to professional standards applicable in France. Consequently, assurance that the financial statements, taken as a whole, do not include any significant anomalies obtained in the context of a limited review is a moderate assurance, lower than that obtained in the context of an audit.

Based on our limited review, we did not note any significant anomalies of a nature that would question compliance of the condensed consolidated interim financial statements with IAS 34 – the IFRS standard of reference such as it was adopted by the European Union pertaining to interim financial information.

Specific verification

We also undertook to verify the information given in the interim business report compiled on July 29, 2021, commenting on the condensed consolidated interim financial statements, of which we provided a limited review.

We have no comments to make as to the fair presentation and consistency of this information with the consolidated condensed interim financial statements.

- Executed in Neuilly-sur-Seine and Paris-La Défense, August 6, 2021

The Statutory Auditors

PricewaterhouseCoopers France

ERNST & YOUNG et Autres

6 BANQUE FÉDÉRATIVE DU CRÉDIT MUTUEL CONSOLIDATED FINANCIAL STATEMENTS

6.1 BFCM CONSOLIDATED FINANCIAL STATEMENTS

6.1.1 Balance sheet

Balance sheet (assets)

(in € millions)	06/30/2021	12/31/2020	Notes
Cash, central banks	123,017	99,110	4
Financial assets at fair value through profit or loss	31,592	27,658	5a
Hedging derivatives	2,689	3,504	6a
Financial assets at fair value through other comprehensive income	32,455	33,643	7
Securities at amortized cost	3,340	2,963	10a
Loans and receivables to credit institutions and similar at amortized cost	53,242	54,797	10b
Loans and receivables due from customers at amortized cost	275,733	270,836	10c
Revaluation adjustment on rate-hedged books	771	975	6b
Short-term investments in the insurance business line and reinsurers' share of technical provisions	119,302	116,567	13a
Current tax assets	564	908	14a
Deferred tax assets	1,335	1,388	14b
Accruals and other assets	6,702	6,873	15a
Non-current assets held for sale	92	0	3c
Investments in equity consolidated companies	824	903	16
Investment property	36	50	17
Property, plant and equipment	2,457	2,522	18a
Intangible assets	497	501	18b
Goodwill	3,976	4,045	19
TOTAL ASSETS	658,624	627,244	

Balance sheet (liabilities)

(in € millions)	06/30/2021	12/31/2020	Notes
Central banks	631	575	4
Financial liabilities at fair value through profit or loss	18,567	15,525	5b
Hedging derivatives	1,932	2,083	6a
Debt securities at amortized cost	123,869	127,314	11a
Due to credit and similar institutions at amortized cost	75,793	44,846	11b
Amounts due to customers at amortized cost	268,306	268,802	11c
Revaluation adjustment on rate-hedged books	22	27	6b
Current tax liabilities	621	444	14a
Deferred tax liabilities	1,045	1,137	14b
Deferred income, accrued charges and other liabilities	8,754	10,575	15b
Debt related to non-current assets held for sale	0	0	3c
Liabilities relative to contracts of the insurance business line	114,017	112,568	13b
Provisions	3,033	2,968	20
Subordinated debt at amortized cost	7,778	7,804	21
Total shareholders' equity	34,256	32,575	22
Shareholders' equity attributable to the group	30,009	28,527	22
Capital and related reserves	6,197	6,197	22a
Consolidated reserves	21,765	20,401	22a
Gains and losses recognized directly in equity	528	645	22b
Profit (loss) for the period	1,519	1,284	
Shareholders' equity – Non-controlling interests	4,247	4,048	
TOTAL LIABILITIES	658,624	627,244	

6.1.2 Income statement

Income statement

(in € millions)	06/30/2021	06/30/2020	Notes
Interest and similar income	5,023	5,450	24
Interest and similar expenses	-2,310	-2,630	24
Commissions (income)	1,812	1,697	25
Commissions (expenses)	-445	-436	25
Net gains on financial instruments at fair value through profit or loss	485	-376	26
Net gains or losses on financial assets at fair value through shareholders' equity	42	15	27
Net gains or losses resulting from derecognition of financial assets at amortized cost	0	0	28
Net income from the insurance business line	1,295	855	29
Income from other activities	336	470	30
Expenses on other activities	-255	-174	30
Net banking income	5,983	4,871	
Employee benefits expense	-1,717	-1,648	31a
Other general operating expenses	-1,429	-1,379	31b
Movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets	-159	-142	31c
Gross operating income	2,677	1,701	
Cost of counterparty risk	-204	-940	32
Operating income	2,473	761	
Share of net profit/(loss) of equity consolidated companies	8	28	16
Net gains/(losses) on disposals of other assets	-2	-4	33
Changes in the value of goodwill	-69	-1	34
Profit/(loss) before tax	2,410	784	
Income tax	-693	-310	35
Post-tax gains/(losses) on discontinued operations	7	0	3c
Net profit/(loss)	1,723	473	
Net profit/(loss) – Non-controlling interests	204	96	
NET PROFIT ATTRIBUTABLE TO THE GROUP	1,519	378	

Statement of net profit/(loss) and profits and losses recognized directly in equity

(in € millions)	06/30/2021	06/30/2020
Net profit/(loss)	1,723	480
Translation adjustments	50	-11
Revaluation of financial assets at fair value through equity – capital instruments	46	-123
Revaluation of insurance business investments	-67	-92
Remeasurement of hedging derivatives	1	-2
Share of unrealized or deferred gains and losses of associates	0	-1
Total recyclable gains and losses recognized directly in equity	30	-229
Revaluation of financial assets at fair value through equity – capital instruments at closing	1	-7
Revaluation of financial assets at fair value through shareholders' equity – capital instruments sold during the fiscal year	0	0
Actuarial gains and losses on defined benefit plans	27	-16
Share of non-recyclable gains and losses of equity consolidated companies	0	0
Total non-recyclable gains and losses recognized directly in equity	27	-23
Net profit/(loss) and gains and (losses) recognized directly in equity	1,780	228
o/w attributable to the group	*1,579*	*164*
o/w percentage of non-controlling interests	*201*	*64*

The items relating to gains and losses recognized directly in equity are presented for the amount net of tax.

6.1.3 Changes in shareholders' equity

				Gains and losses recognized directly in equity							
(in € millions)	Capital	Premiums	Reserves[1]	Translation adjustments	Financial assets at fair value through other comprehensive income	Hedging derivatives	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 AT 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
Change in investments in subsidiaries without loss of control			0						0	0	0
Subtotal of movements related to relations with shareholders	**0**	**0**	**1,981**	**0**	**0**	**0**	**0**	**-2,282**	**-301**	**-1**	**-305**
Consolidated income for the period								378	378	96	473
Changes in the fair value of assets at fair value through shareholders' equity			0	-12	-188	-2	-17		-218	-34	-252
Subtotal	**0**	**0**	**0**	**-12**	**-188**	**-2**	**-17**	**378**	**159**	**62**	**221**
Effects of acquisitions and disposals on non-controlling interests			-163		0				-163	-498	-660
Other changes		0	1						1	21	22
SHAREHOLDERS' EQUITY AT JUNE 30, 2020	1,689	4,509	20,438	16	761	0	-292	378	27,499	3,854	31,353
Appropriation of earnings from previous year			0					0	0		0
Capital increase	0								0		0
Distribution of dividends			0						0	0	0
Change in investments in subsidiaries without loss of control									0	0	0
Subtotal of movements related to relations with shareholders	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Consolidated income for the period								906	906	128	1,034
Changes in gains and (losses) recognized directly in equity			0	-105	303	0	-39		159	81	240
Subtotal	**0**	**0**	**0**	**-105**	**303**	**0**	**-39**	**906**	**1,065**	**209**	**1,274**
Effects of acquisitions and disposals on non-controlling interests			0		0				0	0	0
Other changes		0	-37						-37	-13	-51
SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2020	1,689	4,509	20,401	-89	1,064	0	-331	1,284	28,527	4,048	32,575
Appropriation of earnings from previous year			1,284					-1,284	0		0
Capital increase	0								0		0
Distribution of dividends			-102						-102	-1	-103

				Gains and losses recognized directly in equity							
	Capital	Premiums	Reserves[1]	Translation adjustments	Financial assets at fair value through other comprehensive income	Hedging derivatives	Actuarial gains and losses	Net profit/(loss) attributable to the group	Shareholders' equity attributable to the group	Non-controlling interests	Total consolidated shareholders' equity
Acquisition of additional shareholdings or partial disposals			0						0		0
Subtotal of movements related to relations with shareholders	**0**	**0**	**1,182**	**0**	**0**	**0**	**0**	**-1,284**	**-102**	**-1**	**-103**
Consolidated income for the period								1,519	1,519	205	1,723
Changes in gains and (losses) recognized directly in equity			176	50	-193	1	26		60	-4	55
Subtotal	**0**	**0**	**176**	**50**	**-193**	**1**	**26**	**1,519**	**1,578**	**200**	**1,778**
Effects of acquisitions and disposals on non-controlling interests									0	0	0
Other changes		0	6						6	-1	5
SHAREHOLDERS' EQUITY AT JUNE 30, 2021	1,689	4,509	21,765	-39	872	1	-306	1,519	30,009	4,247	34,256

(1) As of June 30, 2021 reserves comprised the legal reserve (€169 million), statutory reserves (€5,705 million) and other reserves (€15,891 million).

6.1.4 Net cash flow statement

(in € millions)	06/30/2021	06/30/2020
Net profit/(loss)	1,723	473
Tax	693	310
Profit/(loss) before tax	**2,417**	**784**
+/- Net depreciation and amortization of property, plant and equipment and intangible assets	156	140
- Impairment of goodwill and other fixed assets	-12	3
+/- Net provisions	-162	546
+/- Share of income from companies consolidated using the equity method	-8	-28
+/- Net loss/gain from investing activities	-12	4
+/- Other movements	4,198	-2,379
= Total non-monetary items included in net profit/(loss) before tax and other adjustments	**4,160**	**-1,715**
+/- Flows related to transactions with credit institutions	29,641	4,968
+/- Flows related to client transactions	-5,241	15,419
+/- Flows related to other transactions affecting financial assets or liabilities	-8,065	6,890
+/- Flows related to other transactions affecting non-financial assets or liabilities	-348	5
Taxes paid	-117	-318
= Net decrease in assets and liabilities from operating activities	**15,870**	**26,964**
Total net cash flow generated by operating activity	22,446	26,033
+/- Flows related to financial assets and investments	132	26
+/- Flows related to investment property	-5	-221
+/- Flows related to property, plant and equipment and intangible assets	-101	-198
Total net cash flow related to investment activities	26	-393
+/- Cash flow to or from shareholders	-104	-302
+/- Other net cash flows from financing activities	-1,511	1,928
Total net cash flow related to financing transactions	-1,615	1,626
Effect of foreign exchange rate changes on cash and cash equivalents	11	27
Net increase of cash and cash equivalents	**20,869**	**27,294**
Net cash flow generated by operating activities	22,446	26,033
Net cash flow related to investment activities	26	-393
Net cash flow related to financing transactions	-1,615	1,626
Effect of foreign exchange rate changes on cash and cash equivalents	11	27
Cash and cash equivalents at opening	**91,900**	**58,312**
Cash, central banks, CCP	98,537	64,050
Accounts and demand loans/borrowing with credit institutions	-6,637	-5,738
Cash and cash equivalents at closing	**112,769**	**85,606**
Cash, central banks, CCP	122,387	95,426
Accounts and demand loans/borrowing with credit institutions	-9,618	-9,820
CHANGE IN NET CASH POSITION	20,869	27,294

6.2 NOTES TO THE BFCM CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Accounting policies and principles

Pursuant to Regulation (EC) 1606/2002 on the application of international accounting standards, and Regulation (EC) 1126/2008 on the adoption of said standards, the consolidated financial statements have been drawn up in accordance with IFRS as adopted by the European Union on June 30, 2021.

The entire framework is available on the European Commission's website at: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en# ifrs-financial-statements

The financial statements are presented in the format 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.

COVID-19 health crisis

The Crédit Mutuel group is fully mobilized to deal with the COVID-19 health crisis. As a credit institution, it is fully involved in providing close support to its customers, including professionals and companies, that could face difficulties, especially VSEs/SMEs.

State-guaranteed loans (SGL)

The group is committed to the government's plan to support the economy. It offers state-guaranteed loans to support the cash flow of its business and corporate customers.

SGLs represent 12-month bullet loans with grace periods of one to five years.

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).

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 the subscription anniversary date, SGLs may be subject to a grace period. The revision of flows related to the recognition of guarantee commissions over the duration of the grace period is analyzed using IFRS as an adjustment to the carrying amount of SGLs with an immediate and positive impact on profit. The impacts are non-material for the group and have not been restated.

As of June 30, 2021, the loans guaranteed by the State issued by the Group amounted to €12.8 billion, guaranteed to the tune of €11.4 billion, of which €7.3 billion which were subject to an extension.

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 the level of Crédit Mutuel Alliance Fédérale, the impairment amounted to €112 million at June 30, 2021.

Credit risk

The Crédit Mutuel group has reviewed the publications issued at the end of March 2020 by the IASB and ESMA.

It uses judgment in accounting for expected credit losses in the exceptional context of theCovid-19 crisis.

As part of the provisioning of performing loans, the Crédit Mutuel group takes into account the unprecedented and brutal nature of the Covid-19 crisis on the macro-economic environment.

During the financial year 2020, the weighting of the pessimistic scenario was increased in line with the macroeconomic projections of the Banque de France, to calibrate the probabilities of forward looking defaults on all portfolios using the internal rating method. This measure was accompanied by a hardening of the pessimistic scenario for individuals and individual business owners.

As of June 30, 2021, the group has maintained this methodology, which reflects a prolonged crisis scenario, with activities resuming to pre-pandemic levels from 2023.

It enables the Group to hedge against a future doubling of default rates on business/retail customers, an increase of 75% in default rates on individuals and more than 50% on Corporate excluding large accounts compared to pre-crisis levels (Dec. 31, 2019).

In accordance with the recommendations of the authorities, a lump-sum provision was made in 2020 to anticipate the increase in the claims rate in the sectors considered to be the most vulnerable to the health crisis (tourism, gaming, leisure, hotels, restaurants, automotive and aerospace industry excluding manufacturers, clothing, beverage trade, light vehicle rentals, industrial passenger transport, air carriers).

It was created in accordance with a group methodology, which anticipates the repercussions of the end of the support measures in late 2021/mid-2022. It was over-calculated on the basis of the probabilities of default at completion, as the healthy exposures to vulnerable sectors were transferred in full in Stage 2.

It amounted to €660 million (compared to €749 million at December 31, 2020). The decrease is mainly linked to the drop in outstandings.

Furthermore, an additional criterion for the deterioration of the credit risk was developed by the group for loans that have benefited from a second extension of maturities, without having repaid the first maturity. Its implementation led to additional transfers to restructured assets, and an increase in expected credit losses (linked to a transfer to status 2 or a lower valuation of already downgraded loans).

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 €60.33 million, or 2.4% of status 1 and 2 provisions.

Recovery equity loan program

The Crédit Mutuel group committed to Recovery equity loan (PPR) program, whose objective is to allow SMEs and ETIs to benefit from financing comparable to equity equivalents.

Against this backdrop, the group will distribute PPRs (which meet the strict eligibility criteria defined by the Stock market mechanism) across its banking network. They represent fixed-rate eight-year loans with four-year grace periods to repay the principal and an early repayment option that can be exercised as of the fourth year.

The group will dispose of 90% of the PPRS granted to a market fund (called the PPR fund) and will keep the remaining 10% on its balance sheet.

The PPR fund is structured so that there will be no compartments recorded in its liabilities. The securities issued by the fund will have a compensation representative of all the disposed PPRs (principal and interest) after the recognition of the state guarantee of up to 30%.

Held for the purpose of collecting cash flows and meeting the basic loan criteria, the 10% share of the PPRs are accounted for at amortized cost using the interest rate method. On the date of initial recognition, they are recognized at their nominal value, which is representative of their fair value.

At June 30, 2021, the Group's balance sheet PPR outstandings were not material.

The mechanism for the sale of PPRs, up to 90%, and the market mechanism are defined in accordance with the criteria of IFRS 9 "derecognition".

Through its insurance entities, the group aims to invest in securities issued by the PPR fund.

IBOR reform

The reform of IBOR rates forms part of the response to the weaknesses found in methodologies for the construction of indices and interbank rates, these being based on the declared data of banks and on a volume of underlying transactions that is significantly down.

In Europe, it is expressed by the "BMR" Benchmark regulation published in 2016 and applicable from the beginning of 2018. The major element of this reform is based on a calculation of rates based on actual transactions, to secure and improve the reliability of the indices used by the market.

All indices must now comply with the BMR regulation. Existing indices may continue to be used until December 31, 2021 and for some LIBOR (USD LIBOR) terms possibly until June 30, 2023. Eventually, it will no longer be possible to use the former benchmark indices (LIBOR, EONIA, etc.) unless they are compliant with the new regulations or benefit from an exceptional contribution extension.

In order to ensure a smooth transition, the group 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 group applies the amendments to IAS 39, IFRS 9, IFRS 7, IFRS 4 and IFRS 16, Phase 1 for the preparatory period for the reform and Phase 2, for the transition period to the new indices as soon as they are defined. For treatments and easing measures introduced by these publications, see Section 3.1.

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 indices for contracts that do not have a robust fallback clause. The final position will be formalized by a decision to launch handed down by the European Commission expected in late 2021. It will strengthen the sustainability of the reformed Euribor, the status of €STR, as the successor of Eonia and the successor indices of the Libor. Stock market associations have already issued statements on the identification of substitution indices.

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 has been effective since January 25, 2021) or by updating the rules books of clearing houses for cleared derivatives. Nonetheless, these clauses will only be activated by triggering events, in particular the definitive end of the listing of indices or the conversion of transactions on non-compliant indices compensated in a clearing house as of October 2021;
- 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;
- as of 2021, the updating of contracts through bilateral negotiations between parties or by updating the sales conditions (*i.e.* changing the reference rate *via* an addendum). The switch-over to the new replacement indices for contracts in stock is already planned for the retail banking and capital markets scopes.

Lastly, as of the reporting date, the group's interest rate risk management strategy has not been impacted, as transactions processed on the new indices represent exposures considered as marginal. The Group has taken note of the joint public statement of June 24, 2021 by the European Commission, the ECB, the EBA and the ESMA on the permanent cessation of the Libor indices and intends to adapt its strategy accordingly.

Exposures not maturing at June 30, 2021 and which will be subject to the changes related to the IBOR reform are presented below:

(in € millions)	Financial assets – Carrying amounts	Financial liabilities – Carrying amounts	Derivatives – nominal value	of which hedging derivatives
Eonia	453	450	889	16
Euribor	37,123	10,066	194,363	151,706
GBP – Libor	572	22	3,088	206
USD – Libor	5,299	777	15,671	4,332

Targeted long-term refinancing operations – TLTRO III

The TLTRO III program has allowed banks to benefit since September 2019 from seven new refinancing tranches with a respective duration of three years, and with interest rates that vary according to periods, and since January 2021 from three additional tranches. The TLTRO III interest rate is based on the market conditions defined by the ECB and may include a subsidy linked to the bank's credit performance.

In the context of the health crisis, the conditions of these refinancing operations were relaxed twice by the ECB to support lending to households and businesses.

Some target parameters have been "recalibrated":

banks' borrowing capacity has been increased to 55% of eligible outstandings as of March 2021 (compared to 50% previously);
it is possible to make early repayments on a quarterly basis for the first seven TLTRO III tranches, one year after each transaction is launched, and the last three as of June 2022;
the favorable rate conditions were extended in the event the performance objectives are met for an additional period. The TLTRO III interest rate is thus reduced by 50bps (*i.e.* "over-subsidization") over the "special" period from June 2020 to June 2022 (compared to June 2021 initially).
At June 30, 2021, the group participated in the TLTRO III refinancing operations for an amount of €42.19 billion. These represent variable rate financial instruments recognized at amortized cost.

The effective interest rate for these transactions is calculated based on the refinancing rate obtained following the achievement of the credit performance growth targets set by the ECB for the period from March 1, 2020 to March 31, 2021 and over the additional period from October 1, 2020 to December 31, 2021 (*i.e.* rate of liquidity deposits with the ECB ("DFR rate")). It takes into account the spreading of the subsidy over the life of the operation and the "over-subsidy" of 0.50% over the "special" interest period.

The Crédit Mutuel group is currently analyzing the potential impact of the IFRIC decision of June 2021 on the accounting treatment of TLTRO III transactions.

1. SCOPE AND METHODS OF CONSOLIDATION

1.1 CONSOLIDATING ENTITY

The parent company of the group is Banque Fédérative du Crédit Mutuel.

1.2 SCOPE OF CONSOLIDATION

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.

1.3 METHODS OF CONSOLIDATION

The consolidation methods used are the following:

1.3.1 Full consolidation

This method involves replacing the value of the shares held in the subsidiary concerned with each of the assets and liabilities of said subsidiary and showing separately the interests of non-controlling interests in equity and net profit. This is the method used for all controlled entities, including those with a different account structure, regardless of whether the business concerned is an extension of that of the consolidating entity.

1.3.2 Consolidation using the equity method

This method involves replacing the value of the shares held with the equity attributable to the group and net profit of the entities concerned. It is applied to all entities under joint control, classified as joint ventures or for all entities under significant influence.

1.4 NON-CONTROLLING INTERESTS

Non-controlling interests correspond to interests that do not confer control as defined by IFRS 10 and include partnership interests that entitle their holders to a share in net assets in the event of liquidation and other 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.

1.5 CLOSING DATE

The reporting date for all of the group's consolidated companies is December 31.

1.6 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.

1.7 TRANSLATION 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.

1.8 GOODWILL

1.8.1 Fair value adjustments

On the date of acquisition of a controlling interest in a new entity, said entity’s assets, liabilities and contingent operating liabilities are measured at fair value as at that date. Fair value adjustments correspond to the difference between the carrying amount and fair value.

1.8.2 Goodwill

In accordance with IFRS 3R, 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 for fully consolidated companies and within the item “Investments in companies accounted for under the equity method” when the entities are consolidated using this method.

Goodwill not including direct costs related to acquisitions according to IFRS 3R is recognized in profit/loss.

Goodwill is tested for impairment regularly by the group (at least once a year). The tests are designed to identify whether the goodwill has suffered a decline in value. Goodwill from a business combination is allocated to cash generating units (CGUs) or groups of CGUs likely to benefit from the synergies generated by the business combination. The recoverable amount from a CGU or group of CGUs is the value in use or the fair value less selling costs, whichever is the highest. The value in use is measured in relation to estimated future cash flows, discounted at the interest rate that reflects the current market evaluation of the time value of money and specific risks to the asset of the CGU. If the recoverable amount of the cash-generating unit (CGU) to which the goodwill has been allocated is less than its carrying amount, an impairment loss is recognized for the amount of the difference. 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.

2. ACCOUNTING PRINCIPLES AND METHODS

2.1 FINANCIAL INSTRUMENTS UNDER IFRS 9

2.1.1 Classification and measurement of financial instruments

Under IFRS 9, the classification and measurement of financial instruments depend on the business model and contractual terms of the financial instruments.

2.1.1.a Loans, receivables and debt securities acquired

The asset is classified:

- at amortized cost, if it is held in order to collect contractual cash flows and if its characteristics are similar to those of a "basic" contract, see the section below "Characteristics of cash flows" (hold to collect model);
- at fair value through 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 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.

For the "hold-to-collect" business model, certain examples of authorized sales are explicitly set out in the standard:

- in response to an increase in credit risk;
- close to maturity and for an amount near the par amount;
- exceptional (*e.g.* linked to a liquidity stress).

Such "authorized" sales are not included in the analysis of the significant and frequent nature of the sales made out of a portfolio. Frequent and/or significant sales would not be compatible with this business model. Moreover, sales related to changes in the regulatory or fiscal framework will be documented on a case-by-case basis to demonstrate the "infrequent" nature of such sales.

For other sales, thresholds have been defined based on the maturity of the securities portfolio, for example 2% for an average maturity of 8 years (the group does not sell its loans).

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

It also manages financial assets according to a model based on the collection of contractual cash flows from financial assets and the sale of these assets, as well as a model for other financial assets, in particular financial assets held for trading.

Within the group, the "hold-to-collect-and-sell" model applies primarily to proprietary cash management and liquidity portfolio management activities.

Financial assets held for trading consist of securities originally acquired with the intention of reselling them in the near future, as well as securities that are part of a portfolio of securities that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

Financial assets at amortized cost

These mainly include:

- cash and cash equivalents, which comprise cash accounts, deposits, and demand loans and borrowings with central banks and credit institutions;
- other loans to credit institutions and loans to customers (granted directly, or the share in syndicated loans), not measured at fair value through profit or loss;
- a portion of the securities held by the group.

The financial assets classified in this category are initially recognized at their fair value, which is generally the net amount disbursed. The interest rates applied to loans granted are deemed to represent market rates, since they are constantly adjusted in line with the interest rates applied by the vast majority of competitor banks.

At subsequent reporting dates, the assets are measured at amortized cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts future cash payments or receipts over the estimated life of the financial instrument to obtain the net carrying amount of the financial asset or liability. It takes account of estimated cash flows without taking account of future losses on loans and includes commissions paid or received when these are treated as interest, as well as directly-related transaction costs and all premiums and discounts.

For securities, the amortized cost takes account of the amortization of premiums and discounts, as well as acquisition costs, if significant. Purchases and sales of securities are recognized at the settlement date.

The income received is shown in the income statement under "Interest and similar income".

Commissions received or paid, which are directly linked to the arrangement of a loan and are treated as a component of interest, are spread over the term of the loan using the effective interest rate method and are recorded in the income statement under "Interest".

Commissions received in connection with the commercial renegotiation of loans are also spread over the term of the loan.

The restructuring of a loan following financial difficulties by the debtor leads to novation of the contract. Following the definition of this concept by the European Banking Authority, the group included it in the information systems in order to harmonize the accounting and prudential definitions.

The fair value of assets at amortized cost is disclosed in the notes to the financial statements at the end of each reporting period. It corresponds to the net present value of future cash flows estimated using a zero-coupon yield curve that includes an issuer cost inherent to the debtor.

In accordance with the Phase 2 amendment to IAS 39, IFRS 9, IFRS 7, IFRS 4 and IFRS 16, the Group applies the exceptional accounting treatment of financial assets/liabilities, from which the changes in the basis of determination of contractual cash flows result of the IBOR reform and are carried out on an equivalent economic basis. Depending on the latter, the effective interest rate of the modified financial asset or liability is revised prospectively; its carrying amount remains unchanged.

Financial assets at fair value through shareholders' equity

Since the group does not sell its loans, this category solely consists of securities. They are recognized at fair value in the balance sheet at the time of their acquisition, on the settlement date and at subsequent reporting dates until their disposal. Changes in fair value are shown on the "Unrealized or deferred gains and losses" line within a specific equity account, excluding accrued income. These unrealized or deferred gains and losses recorded in equity are only recognized in the income statement when they are sold or impaired (see section "II-1-vii Derecognition of financial assets and liabilities" and "II.1.viii Measurement of credit risk").

Income accrued or received is recognized in profit or loss under "Interest and similar income", using the effective interest method.

Financial assets at fair value through profit or loss

These are recognized at fair value upon their initial recognition in the balance sheet and at subsequent reporting dates until their disposal (see Section 2.1.7 "Derecognition of financial assets and liabilities"). Changes in fair value are taken to the income statement under "Net gains/(losses) on financial instruments at fair value through profit or loss".

Since the 2018 fiscal year income received or accrued on financial instruments at fair value through profit or loss is recognized in the income statement under interest income/(expense). Before, this interest was recognized under "Net gains/(losses) on financial instruments at fair value through profit or loss". This change was made for the sake of consistency with the regulatory reports sent to the ECB as part of the Short Term Exercise (STE), and for more clarity on the interest received and paid.

In 2019, in order to better reflect the interest income and expenses of the transaction instruments, the group also revised the recognition and presentation scheme in the net banking income of the interest income and expenses of some of these financial instruments at fair value through profit or loss and notably proceeded with the following restatements: (i) recording of interest as overall offsets on the lending and borrowing legs of transaction swaps, and (ii) reclassification of interest from hedging derivatives in the "Income and expenses from hedging derivatives" section.

Purchases and sales of securities measured at fair value through profit or loss are recognized on the settlement date. Changes in fair value between the transaction date and the settlement date are recognized in profit or loss.

2.1.1.b Equity instruments acquired

Equity instruments acquired (shares, in particular) are classified as follows:

- at fair value through profit or loss; or
- optionally, at fair value through other non-recyclable equity at the initial recognition and in an irrevocable manner when they are not held for trading.

Financial assets at fair value through shareholders' equity

Shares and other equity instruments are recognized in the balance sheet at their fair value at the time of their acquisition and at subsequent reporting dates until their disposal. Changes in fair value are shown on the "Unrealized or deferred gains and losses" line within a specific equity account. These unrealized or deferred gains and losses booked to equity are never recognized in the income statement, even when they are sold (see section "2.1.7 Derecognition of financial assets and liabilities"). Only dividends received on variable-income securities are recognized in the income statement, under "Net gains/(losses) on financial assets at fair value through other shareholders' equity". Purchases and sales of securities are recognized at the settlement date.

Financial assets at fair value through profit or loss

Equity instruments are recognized in the same way as debt instruments at fair value through profit or loss.

2.1.2 Classification and measurement of financial liabilities

Financial liabilities are classified in one of the following two categories:

2.1.2.a Financial liabilities measured at fair value through profit or loss

- Those incurred for trading purposes including, by default, derivatives with a negative fair value which do not qualify as hedging instruments; and
- non-derivative financial liabilities that the group originally classified as measured at fair value through profit or loss (fair value option). These include:

- financial instruments containing one or more separable embedded derivatives,
- instruments for which, 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.

2.1.2.b Financial liabilities at amortized cost

These consist of other non-derivative financial liabilities. These include amounts due to customers and to credit institutions, debt securities (certificates of deposit, interbank market securities, bonds, TLTRO II and III refinancing securities etc.), 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.

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 PELs and CELs. The impacts on profit/(loss) are recorded as interest paid to customers.

2.1.3 Distinction between debt and equity

According to the IFRIC 2 interpretation, members' shares are shareholders' equity if the entity has an unconditional right to refuse redemption or if there are legal or statutory provisions prohibiting or significantly limiting redemption. Due to the existing statutory and legal provisions, the members' shares issued by structures composing the Crédit Mutuel group's consolidating entity are recognized in shareholders' equity.

Other financial instruments issued by the group are classified as debt instruments in the group's accounts when the group has a contractual obligation to deliver cash to holders of the instruments. Such is the case with subordinated notes issued by the group.

2.1.4 Foreign currency transactions

Assets and liabilities denominated in a currency other than the local currency are translated at the exchange rates prevailing on the balance sheet date.

2.1.4.a Monetary financial assets and liabilities

Foreign currency gains and losses on the translation of such items are recognized in the income statement under "Net gains/(losses) on portfolio at fair value through profit or loss".

2.1.4.b Non-monetary financial assets and liabilities

Foreign 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 shareholders' equity.

2.1.5 Derivatives and hedge accounting

IFRS 9 allows entities to choose, on first-time application, whether to apply the new provisions concerning hedge accounting or to retain those of IAS 39.

The group has elected to continue to apply the provisions of IAS 39. However, in accordance with IFRS 7 (revised), additional information on the management of risks and the impacts of hedge accounting on the financial statements is provided in the notes or in the management report.

Moreover, the provisions of IAS 39 concerning the fair value hedge of the interest rate risk associated with a portfolio of financial assets or financial liabilities, as adopted by the European Union, continue to apply.

Derivatives are financial instruments which have the following three characteristics:

- their value fluctuates with the change in the underlying items (interest rates, exchange rates, share prices, indices, commodities, credit ratings, etc.);
- their initial cost is low or nil;
- their settlement takes place at a future date.

The Crédit Mutuel group deals in simple derivative instruments (swaps 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.

2.1.5.a Determining the fair value of derivatives

Most over-the-counter derivatives, swaps, forward rate agreements, caps, floors and vanilla options are valued using standard, generally accepted models (discounted cash flow method, Black and Scholes model or interpolation techniques), based on observable market data such as yield curves. The valuations given by these models are adjusted to take into account the liquidity risk and the credit risk associated with the instrument or parameter concerned and specific risk premiums intended to offset any additional costs resulting from a dynamic management strategy associated with the model in certain market conditions, as well as the counterparty risk captured by the positive fair value of over-the-counter derivatives. The latter includes the 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.

2.1.5.b Classification of derivatives and hedge accounting

Derivatives classified as financial assets or financial liabilities at fair value through profit or loss

By default, all derivatives not designated as hedging instruments under IFRS are classified as “Financial assets or financial liabilities at fair value through profit or loss”, even if they were contracted for the purpose of hedging one or more risks.

Embedded derivatives

An embedded derivative is a component of a hybrid instrument that, when separated from its host contract, meets the definition criteria for a derivative. It has the effect, notably, of changing certain cash flows in the same way as a stand-alone derivative.

The derivative is detached from the host contract and recognized separately as a derivative instrument at fair value through profit or loss only if all of the following conditions are satisfied:

- it meets the definition criteria of a derivative;
- the hybrid instrument hosting the embedded derivative is not measured at fair value through profit or loss;
- the economic characteristics of the derivative and the associated risks are not considered as being closely related to those of the host contract;
- separate measurement of the embedded derivative is sufficiently reliable to provide relevant information.

For financial instruments under IFRS 9, only those derivatives embedded in financial liabilities may be detached from the host contract for separate recognition.

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

Hedge accounting

- Risks hedged

In its accounts, the group only recognizes interest rate risk through micro-hedging or on a broader scope through macro-hedging.

Micro-hedging is partial hedging of the risks incurred by an entity on its assets and liabilities. It specifically applies to one or more assets or liabilities for which the entity covers the risk of an unfavorable change in a type of risk, through derivatives.

Macro-hedging aims to cover all of the group's assets and liabilities against any unfavorable changes, particularly in interest rates.

The overall management of the interest rate risk is described in the management report, along with the management of all other risks (foreign exchange, credit, etc.) that may be hedged through the natural backing of assets to liabilities or the recognition of trading derivatives.

Micro-hedging is mainly used in asset swaps. It is generally used to transform a fixed-rate instrument into a variable-rate instrument.

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 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 revaluation of the hedged items to reflect the hedged risk. This rule also applies if the hedged item is recognized at amortized cost or is a debt instrument classified under "Financial assets at fair value through shareholders' equity". Changes in the fair value of the hedging instrument and the hedged risk component offset each other partially or totally; only the ineffective portion of the hedge is recognized in profit or loss. It may be due to:

- the "counterparty risk" component integrated in the value of the derivatives;
- the different value curve between the hedged items and hedging instruments. Indeed, swaps are valued with an OIS curve if they are collateralized or with a BOR curve otherwise. Hedged items are valued with a BOR curve.

The portion corresponding to the rediscounting of the derivative financial instrument is recognized in the income statement under "Interest income/(expense)". The same treatment is applied to the interest income or expense relating to the hedged item.

If the hedging relationship is interrupted or the effectiveness criteria are not met, hedge accounting is discontinued on a prospective basis. The hedging derivatives are transferred to "Financial assets or financial liabilities at fair value through profit or loss" and are accounted for in accordance with the principles applicable to this category. The carrying amount of the hedged item is subsequently no longer adjusted to reflect changes in fair value. In the case of interest rate instruments initially identified as hedged, the remeasurement adjustment is amortized over their remaining life. If the hedged item has been derecognized in the balance sheet, due notably to early repayment, the cumulative adjustments are recognized immediately in the income statement.

- Macro-hedging derivatives

The group has availed itself of the possibilities offered by the European Commission as regards accounting for macro-hedging transactions. In fact, the changes made by the European Union to IAS 39 (carve-out) allow the inclusion of customer demand deposits in portfolios of hedged fixed-rate liabilities with no measurement of ineffectiveness in case of under-hedging. Demand deposits are included based on the run-off rules defined for asset-liability management purposes.

For each portfolio of fixed-rate financial assets or liabilities, the maturity schedule of the hedging derivatives is reconciled with that of the hedged items to ensure that there is no over-hedging.

The accounting treatment of fair value macro-hedging derivatives is similar to that used for fair value hedging derivatives.

Changes in the fair value of the hedged portfolios are recorded in the balance sheet under “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.

Benchmark rate reform

Within the framework of the IBOR reform, the group is easing its hedge accounting policies for changes related to the IBOR reform:

- before the substitution indices are defined, maintain existing hedging relationships during this exceptional and temporary situation and until the uncertainty created by the reform of IBOR rates is resolved concerning the choice of a new index and the effective date of this change;
- most notably after defining the substitution indices, update the description of the hedged risk and the documentation, without impacting the continuity of the hedging relationships. a temporary exception on the “separately identifiable” nature of a non-contractually specified hedged risk component. Such a risk component indexed to a replacement rate will be considered separately identifiable if it is reasonable for it to become identifiable within a period of 24 months after designation, in the context of the development of the replacement index markets.

2.1.6 Financial guarantees and financing commitments

Financial guarantees are treated like an insurance policy when they provide for specified payments to be made to reimburse the holder for a loss incurred because a specified debtor fails to make payment on a debt instrument on the due date.

In accordance with IFRS 4, such financial guarantees continue to be measured using French accounting standards, *i.e.* they are treated as off-balance sheet items, until such time as the current standards are revised. Accordingly, they are subject to a provision for liabilities if an outflow of resources is likely.

By contrast, financial guarantees that provide for payments in response to changes in a financial variable (price, credit rating, index, etc.) or a non-financial variable (provided that this variable is not specific to one of the parties to the agreement) fall within the scope of IFRS 9. These guarantees are thus treated as derivatives.

Financing commitments that are not considered as derivatives within the meaning of IFRS 9 are not shown on the balance sheet. However, they give rise to provisions in accordance with the requirements of IFRS 9.

2.1.7 Derecognition of financial assets and liabilities

The group partly or fully "derecognizes" a financial asset (or a group of similar assets) when the contractual rights to the asset’s cash flows expire (in the case of commercial renegotiation), or when the group has transferred the contractual rights to the financial asset’s cash flows, as well as most of the risks and advantages linked with ownership of the asset.

Upon "derecognition" of:

- a financial asset or liability at amortized cost or at fair value through profit or loss: a gain or loss on disposal is recognized in the income statement in an amount equal to the difference between the carrying amount of the asset or liability and the amount of the consideration received/paid;
- a debt instrument at fair value through 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.

2.1.8 Measurement of credit risk

The IFRS 9 impairment model is based on an “expected loss” approach while that of IAS 39 was based on an “incurred credit losses”, for which the accounting of credit losses at the time of the financial crisis was considered too little too late.

Under the IFRS 9 model, financial assets for which no objective evidence of impairment exists on an individual basis are impaired on the basis of observed losses as well as reasonable and justifiable future cash flow forecasts.

The IFRS 9 impairment model thus applies to all debt instruments measured at amortized cost or at fair value through equity, 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 receivables: 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.

2.1.8.a Governance

The models for compartment allocation, forward-looking scenarios and parameter calculation methods constitute the methodological basis for impairment calculations. They are validated at the group’s top level and are applicable to all entities according to the portfolios involved. The entire methodological base and any subsequent modification in terms of method, weighting of the scenarios, parameter calculation or provision calculation must be validated by the Crédit Mutuel group’s governance bodies.

These bodies consist of the supervisory and executive board as defined by Article 10 of the French Decree of November 3, 2014 relative to internal control. Given the specificities of the Crédit Mutuel group’s decentralized organizational structure, the supervisory and 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 IFRS 9 provisions within their entities, under the responsibility and control of their respective executive and supervisory bodies.

2.1.8.b Definition of the boundary between status 1 and 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.

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

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

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

2.1.8.d Status 3 – Non-performing receivables

An impairment is recorded when there is objective proof, as a result of an event - or several events - 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 aligned its definitions of accounting (Status 3) and prudential default. This change constitutes a change of estimation, for which the non-material impact is booked to profit (loss) during the period of the change.

2.1.8.e Initially impaired financial assets

These are contracts for which the counterparty is non-performing on the date of initial recognition or acquisition. If the borrower is non-performing at the reporting date, the contracts are classified into Status 3; otherwise, they are classified as performing loans, identified in an “originated credit-impaired assets” category and provisioned based on the same method used for exposures in Status 2, *i.e.* an expected loss over the residual maturity of the contract.

201.8.f Recognition

Impairment charges and provisions are recorded in “Net provision allocations/reversals for loan losses”. Reversals of impairment charges and provisions are recorded in “Net provision allocations/reversals for loan losses” for the portion relating to the change in risk and in “Net interest” for the portion relating to the passage of time. For loans and receivables, impairment is deducted from assets, and for financing and guarantee commitments, the provision is recorded in liabilities under “Provisions” (see Sections 2.1.6 “Financial guarantees and financing commitments” and 2.3.2 “Provisions”). For assets at fair value through equity, the impairment recognized in the cost of risk is offset under “Unrealized or deferred gains and losses”.

Loan losses are written off and the corresponding impairments and provisions are reversed.

2.1.9 Determination of fair value of financial instruments

Fair value is the amount for which an asset could be sold, or a liability transferred, between knowledgeable willing parties in an arm's length transaction.

The fair value of an instrument upon initial recognition is generally its transaction price.

The fair value must be calculated for subsequent measurements. The calculation method to be applied varies depending on whether the instrument is traded on a market deemed to be active or not.

2.1.9.a 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.

2.1.9.b Financial instruments traded on an inactive market

Observable market data are used provided they reflect the reality of a transaction at arm's length on the valuation date and there is no need to make an excessive adjustment to said value. In other cases, the group uses non-observable data (mark-to-model).

When observable data is not available or when market price adjustments require the use of non-observable data, the entity may use internal assumptions relating to future cash flows and discount rates, comprising adjustments linked to the risks the market would factor in. Said valuation adjustments facilitate the inclusion, in particular, of risks not taken into account by the model, as well as liquidity risks associated with the instrument or parameter concerned, and specific risk premiums designed to offset certain additional costs that would result from the dynamic management strategy associated with the model under certain market conditions.

When establishing valuation adjustments, each risk factor is considered individually and no effect of diversification between risks, parameters or models of a different nature are taken into account. A portfolio approach is most often used for a given risk factor.

In all cases, adjustments are made by the group in a reasonable and appropriate manner, based on judgment.

2.1.9.c Fair value hierarchy

A three-level hierarchy is used for fair value measurement of financial instruments:

- level 1: 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.

2.2 INSURANCE ACTIVITIES

The insurance departments falling within the Conglomerate Directive benefit from the deferred application of IFRS 9 until 2022, as scheduled by the amendment to IFRS 4 adopted by the European Union. As such, their financial instruments remain valued and recognized in accordance with IAS 39. In terms of presentation, the group chose to adopt an "IFRS audit" approach that allows all financial instruments under IAS 39 to be grouped together under the dedicated asset or liability items rather than by applying ANC recommendation 2017-02 strictly speaking, which entails the presentation of instruments under certain items pursuant to IAS 39 and IFRS 9. Thus, all the financial instruments of the insurance departments are grouped in assets under "Investments in insurance business and shares of reinsurers in technical provisions", and in liabilities under "Liabilities related to insurance business policies", also including technical provisions.

Investment property is also affected by the reclassification. The impact in the income statement of financial instruments and technical provisions is included under "Net income from insurance activities". Other assets/liabilities and income statement items are included under the "banking insurance" joint entries. Where relevant, the disclosures required by IFRS 7 are given separately for the insurance business lines.

In accordance with the adoption regulation of November 3, 2017, the group ensures there is no transfer of financial instruments with a "derecognition" effect, between the insurance and other sectors of the conglomerate, other than those recognized at fair value through profit or loss in both sectors.

The accounting principles and valuation rules specific to assets and liabilities generated by the issue of insurance policies are drafted in accordance with IFRS 4. This also applies to reinsurance contracts issued or subscribed, and to financial contracts incorporating a discretionary profit-sharing clause.

Except in the cases outlined above, the other assets held and liabilities issued by the insurance companies follow the rules common to all the group's assets and liabilities.

2.2.1 Insurance 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 3.1.9 "Determination of fair value of financial instruments".

2.2.1.a Financial assets and liabilities at fair value through profit or loss

Classification criteria

The classification of instruments in this category is a result either of a genuine intention to trade, or the use of the fair value option.

- a) Instruments held for trading

Held-for-trading securities consist of securities originally acquired with the intention of reselling them in the near future, as well as securities that are part of a portfolio of securities that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

- b) Instruments at fair value 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".

2.2.1.b Available-for-sale financial assets

Classification criteria

Available-for-sale financial assets include those financial assets not classified as "loans and receivables", or "financial assets held-to-maturity" or "fair value through profit or loss".

Basis of valuation and recognition of income and expenses

They are recognized on the balance sheet at their fair value at the time of their acquisition, and at subsequent reporting dates, until their disposal. Changes in fair value are shown on the "Unrealized or deferred gains and losses" line within a specific equity account, excluding accrued income. These unrealized gains or losses in shareholders' equity are only recognized on the income statement in the event of disposal or sustainable impairment. On disposal, these unrealized gains or losses previously recognized in shareholders' equity are recognized in the income statement, along with capital gains and losses on disposal.

Income accrued or acquired from fixed-income securities is recognized in profit or loss, using the effective interest rate method. They are presented in "Net income from insurance activities", along with dividends received on variable-income securities.

Credit risk and impairment

- 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".

- Impairment due to credit risk

Impairment losses on fixed-income available-for-sale financial assets (specifically bonds) are recognized under "Cost of risk". In fact, only the existence of credit risk may lead to the impairment of these fixed-income instruments, since impairment in the event of loss due to a simple rate increase is not permitted. In the event of impairment, all combined unrealized losses in shareholders' equity must be recognized in profit or loss. These impairments are reversible; any subsequent assessment, related to an event occurring after the recognition of the impairment, is also recorded in the income statement, under "Cost of risk", in case of improvement of the issuer's credit situation.

2.2.1.c Held-to-maturity financial assets

Classification criteria

This category includes determinable or fixed-income securities with a maturity date that the entity intends and is able to hold until maturity.

Any interest-rate hedging operations performed on this category of securities are not eligible for hedge accounting as set out in IAS 39.

Furthermore, the possibilities to dispose of or transfer securities of this portfolio are extremely limited, given the provisions of IAS 39, on pain of downgrading the entire portfolio at group level in the "available-for-sale financial assets" category, and forbidding access to this category for two years.

Basis of valuation and recognition of income and expenses

Securities classified in this category are initially recognized at fair value, then valued at amortized cost according to the effective interest rate method, which incorporates amortization of premiums and discounts, as well as acquisition expenses, if these are material.

Income received on these securities is given in "Net income from insurance activities" on the income statement.

Credit risk

Impairment is recognized when there is objective proof of impairment of the asset, as a result of one or more events occurring after initial recognition that it is likely to generate a loss (proven credit risk). An analysis is performed at each closing, on a security-by-security basis. Impairment is assessed by comparing the carrying amount and the present value at the original interest rate of future cash flows incorporating guarantees. It is recognized in the income statement under "Cost of risk". Any subsequent assessment, related to an event occurring after the recognition of the impairment, is also recorded in the income statement, under "Cost of risk".

2.2.1.d Loans and receivables

Classification criteria

Loans and receivables are determinable or fixed-income financial assets not quoted on an active market and not intended for sale upon acquisition or grant. They are recognized at their fair value when they initially appear on the balance sheet which is generally the net amount disbursed. These outstandings are then valued on subsequent closing dates at amortized cost using the effective interest-rate method (except for those recognized using the fair value option method).

Credit risk

Impairment is recognized when there is objective proof of impairment of the asset, as a result of one or more events occurring after initial recognition that it is likely to generate a loss (proven credit risk). Impairment is assessed by comparing the carrying amount and the present value at the effective interest rate of future cash flows incorporating guarantees. It is recognized in the income statement under "Cost of risk". Any subsequent assessment, related to an event occurring after the recognition of the impairment, is also recorded in the income statement, under "Cost of risk".

2.2.1.e Financial liabilities at amortized cost

These include amounts due to customers and to credit institutions, debt securities (certificates of deposit, interbank market securities, bonds, etc.), as well as dated and undated subordinated debt for which measurement at fair value through profit or loss was not opted for.

These liabilities are initially recognized at fair value in the balance sheet. At subsequent reporting dates, they are measured at amortized cost using the effective interest rate method. The initial fair value of issued securities is their issue price less transaction costs, where applicable.

2.2.2 Non-financial assets

Investment property and fixed assets follow the accounting methods outlined elsewhere.

2.2.3 Non-financial liabilities

Insurance liabilities, representing commitments to subscribers and beneficiaries, are included under "technical provisions of insurance policies". They remain valued, recognized and consolidated according to French standards.

The technical provisions of life insurance policies consist primarily of mathematical provisions, which generally correspond to the redemption values of the contracts. The risks covered are primarily death, disability and incapacity for work (for borrower insurance).

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

Provisions for non-life insurance contracts correspond to unearned premiums (portion of premiums issued relating to subsequent fiscal years) and to claims payable.

Those insurance contracts benefiting from a discretionary profit-sharing clause are subject to "shadow accounting". The resulting deferred profit-sharing provision represents the portion of asset capital gains and losses, which accrues to the insured parties. These provisions for deferred profit-sharing appear as liabilities or assets, by legal entity and without offset between entities within the scope of consolidation. On the asset side, they appear as a separate item.

At the reporting date, a liability adequacy test recognized on these contracts (net of other related assets or liabilities, such as deferred acquisition costs and portfolio securities acquired) is conducted: the recognized liability is audited to ensure it is sufficient to hedge the estimated future cash flows on that date. Any shortfall in the technical provisions is recognized in profit or loss for the period (and may subsequently be reversed if necessary).

2.3 NON-FINANCIAL INSTRUMENTS

2.3.1 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or a series of payments the right to use an asset for an agreed period of time.

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Ownership may or may not eventually be transferred.

An operating lease is any lease that is not a finance lease.

2.3.1.a Finance lease transactions – Lessor

In accordance with IFRS 16, finance lease transactions with non-group companies are reported in the consolidated balance sheet at their financial accounting amount. Finance lease transactions transfer substantially all the risks and rewards incidental to ownership of the leased asset to lessees.

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 pursuant to the time differences existing throughout the life of the finance lease transaction;
- the recognition as net interest margin, of net revenue from the lease, this being representative of the constant periodic rate of return on the amounts outstanding.

Credit risk related to financial receivables is measured and recognized under IFRS 9 (see Section 2.1.8. "Measurement of credit risk").

2.3.1.b Finance lease transactions – Lessee

In accordance with IFRS 16, fixed assets are recorded on the balance sheet to offset a liability in "other liabilities". Lease payments are broken down between interest expense and repayment of principal.

2.3.2 Provisions

Provisions and reversals of provisions are classified by type under the corresponding item of income or expenditure.

A provision is recognized whenever it is probable that an outflow of resources representing economic benefits will be necessary to extinguish an obligation arising from a past event and when the amount of the obligation can be estimated accurately. Where applicable, the net present value of this obligation is calculated to determine the amount of the provision to be set aside.

The provisions constituted by the group cover, in particular:

- operating risks;
- social commitments;
- execution risk on signature commitments;
- litigation risk and guarantee commitments given;
- tax risks;
- risks related to mortgage saving agreements.

2.3.3 Employee benefits

Where applicable, provisions in respect of employee obligations are recognized under "Provisions". Any movements in this provision are recognized in the income statement under "Employee benefits expense" except for the portion resulting from actuarial gains/(losses), which is recognized in unrealized or deferred gains and losses, under equity.

2.3.3.a Post-employment benefits under a defined benefit plan

These comprise the pension plans, early pension plans, and supplementary pension plans under which the group has a formal or implicit obligation to provide employees with predefined benefits.

These obligations are calculated using the projected unit credit method, which involves allocating entitlement to benefits to periods of service by applying the contractual formula for calculating plan benefits. Such entitlements are then discounted using demographic and financial assumptions such as:

- a discount rate, determined by reference to the long-term rate on private-sector borrowings consistent with the term of the commitments;
- the 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.

The Group has launched a diagnostic on the impact of the IFRIC decision of May 2021 on the allocation of post-employment benefits to periods of service. This decision calls into question the practice generally used in France that involves considering the rights acquired linearly over the course of the employee's career in the company. It could potentially lead to a revision of the calculation of commitments for pension plans for which the amount of benefits depends on seniority and are capped at a certain number of consecutive years of service.

2.3.3.b Post-employment benefits under a defined contribution plan

Group entities contribute to various retirement plans managed by independent organizations, to which they have no formal or implicit obligation to make supplementary payments in the event, notably, that the fund's assets are insufficient to meet its commitments.

Since such plans do not represent a commitment for the group, they are not subject to a provision. Expenses are recognized in the fiscal year in which the contribution must be paid.

2.3.3.c Other long-term benefits

These represent benefits other than post-employment benefits and termination benefits expected to be paid more than 12 months after the end of the fiscal year in which the staff rendered the corresponding service. They include, for example, long service awards.

The group's commitment in respect of other long-term benefits is 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.

2.3.3.d Termination benefits

These are benefits granted by the group when an employment contract is terminated before the usual retirement age or following the employee's decision to leave the group voluntarily in exchange for an indemnity.

The related provisions are discounted if payment is expected to take place more than 12 months after the reporting date.

2.3.3.e Short-term benefits

These are benefits, other than termination benefits, payable within 12 months following the reporting date. They include salaries, social security contributions and certain bonuses.

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.

2.3.4 Non-current assets

2.3.4.a 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”.

2.3.4.b Non-current assets of which the group is lessee

For a contract to qualify as a lease, there must be both the identification of an asset and control by the lessee of the right to use said asset.

In respect of the lessee, operating leases and finance leases will be recorded in a single model, with recognition of:

- an asset representing the right to use the leased property during the lease term;
- offset by a liability in respect of the lease payment obligation;
- straight-line depreciation of the asset and an interest expense in the income statement.

The group mainly activates its real estate contracts. The automotive fleet was only restated where it was locally significant and computer and security equipment were precluded on the grounds of their substitutable nature, in accordance with standards. Only a limited number of IT contracts, deemed to be significant, was deemed to be activated.

Other underlying assets were precluded through short-term or low value exemptions (set at €5k). The group has no leases that give rise to recognition of intangible assets or investment properties.

Therefore, usage rights are recorded as “Property, plant and equipment”, and lease obligations as “Other liabilities”. Leasehold rights are reclassified as property, plant and equipment when they concern contracts that are not automatically renewable. Rights of use and lease obligations are the subject of deferred tax assets or liabilities for the net amount of taxable and deductible temporary differences.

On the income statement, interest charges appear in “Interest margin” while depreciation/amortization is presented under the heading dedicated to general operating expenses.

For calculating the lease obligation, we use:

- the 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.

2.3.5 Commissions

Fees and commissions in respect of services are recorded as income and expenses according to the nature of the services involved. Thus, fees considered as an additional interest are an integral part of the effective interest rate. These fees and commissions are thus recognized either as interest income or expense.

Fees and commissions linked directly to the grant of a loan are spread using the effective interest method.

Fees and commissions remunerating a service provided on a continuous basis are recognized over the period during which the service is provided.

Fees and commissions remunerating a significant service are recognized in full in the income statement upon execution of the service.

2.3.6 Income tax expense

The income tax expense includes all tax, both current and deferred, payable in respect of the income for the period under review.

The income tax payable is determined in accordance with applicable tax regulations.

2.3.6.a Deferred tax

As required by IAS 12, deferred taxes are recognized in respect of temporary differences between the carrying amount of an asset or liability on the consolidated balance sheet and its taxable value, with the exception of goodwill.

Deferred taxes are calculated using the liability method, applying the income tax 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.

2.3.6.b Uncertainties over income tax treatment

In accordance with IFRIC 23, the group is assessing the probability of the tax authority accepting the tax position taken. It is assessing the likely effects on the result for tax purposes, tax bases, tax loss carryforwards, unused tax credits and rates of taxation.

In the event of an uncertain tax position, the amounts payable are estimated on the basis of the most likely amount or the expected amount according to the method that reflects the best estimate of the amount to be paid or received.

2.3.7 Interest paid by the State on certain loans

Pursuant to measures to support the agricultural and rural sector, as well as the purchase of housing, some group entities grant loans at reduced rates, which are set by the State. Consequently, these entities receive a subsidy from the government equal to the interest rate differential existing between the rate granted to customers and a predefined benchmark rate. As a result, no discounting occurs on loans that benefit from these grants.

The arrangements governing this offset mechanism are periodically reviewed by the State.

The government subsidies received are recognized under "Interest and similar income" and allocated over the life of the corresponding loans, in accordance with IAS 20.

2.3.8 Non-current assets held for sale and discontinued operations

Non-current assets, or groups of assets, are classified as held for sale if they are available for sale and there is a high probability that their sale will take place within the next 12 months.

The related assets and liabilities are shown separately in the balance sheet, on the lines “Non-current assets held for sale” and “Liabilities associated with non-current assets held for sale”. They are recognized at the lower of their carrying amount and their fair value less selling costs, and are no longer depreciated or amortized.

Any impairment loss on such assets and liabilities is recognized in the income statement.

Discontinued operations consist of businesses held for sale or which have been discontinued, or subsidiaries acquired exclusively with a view to resale. All gains and losses related to discontinued operations are shown separately in the income statement, on the line “Post-tax gain/(loss) on discontinued operations and assets held for sale”.

2.4 JUDGMENTS AND ESTIMATES USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

Preparation of the group’s financial statements requires the use of assumptions for the purpose of the necessary measurements, which entails risks and uncertainties as to whether these assumptions will materialize in the future, 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.

3. INFORMATION RELATING TO RELATED PARTIES

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.

4. STANDARDS AND INTERPRETATIONS ADOPTED BY THE EUROPEAN UNION AND NOT YET APPLIED

Amendments to IFRS 3 – Reference to the conceptual framework

This amendment updates IFRS 3 so that it refers to the updated 2018 version of the Conceptual framework (replacing the reference to its previous 1989 version).

It introduces an exception so as not to create discrepancies with the current consequences in terms of the recognition of assets and liabilities in business combinations.

This exception specifies that acquirers must refer to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 – Levies, instead of to those provided in the new Conceptual framework.

Acquirers must not recognize any assets acquired in a business combination.

Amendments to IAS 37 – Cost of fulfilling a contract

It clarifies the concept of “unavoidable costs” used to define an onerous contract.

Unavoidable costs include costs directly related to the contract. They include both incremental costs and an allocation of other costs directly related to the fulfillment of the contract.

It applies to contracts for which the group would not have met its obligations on January 1, 2022.

Amendments to IAS 16 - Proceeds before intended use

Prohibits deducting from the cost of an item of property, plant or equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The proceeds from selling such items must be recognized immediately in profit or loss. The cost of such items must be measured in accordance with IAS 2, Inventories.

Improvements to IFRS – 2018-2020 cycle

Amendments mainly modify the following standards:

- IFRS 9 – Financial instruments: specifies the fees and costs to be included in the 10% test for "derecognition" of financial liabilities. These only include fees and costs paid, or received, by borrowers and lenders, including those paid, or received, on behalf of others;
- IFRS 16 – Leases: amends illustrative example 13 to avoid any confusion regarding the treatment of benefits received by lessors;

5. STANDARDS AND INTERPRETATIONS NOT YET ADOPTED BY THE EUROPEAN UNION

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.

The mechanics of the income statement have been modified due to the contractual amortization of the insurance services margin, which represents the results expected over the life of contracts.

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.

IFRS 17, as published in 2017 and amended in 2020, is being adopted 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 IAS 1 – Disclosure of accounting methods

It clarifies the information to provide on "significant" accounting methods. They are considered significant when, taken together with other information from the financial statements, one can reasonably expect them to influence the decisions of the financial statements' main users.

Amendment to IAS 8 – Definition of accounting estimates

Its objective is to facilitate the distinction between the changes in accounting methods and accounting estimates by introducing an explicit definition of the notion of accounting estimates. They represent the amounts in the financial statements whose assessment is uncertain.

Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction

It generalizes the recognition of a deferred tax for leases and decommissioning obligations. The repercussions of this amendment are currently being assessed.

Amendment to IAS 16 – Rent concessions

This amendment extends the simplification measures for lessees benefiting from reduced rents until June 30, 2022 (instead of June 30, 2021) as a result of the Covid-19 health crisis. This amendment provides for the continuity of the methods compared to the initial amendment.

The Crédit Mutuel group is not impacted by these measures.

The group applies the provisions of IFRS 9 for any rent concessions granted as lessor with respect to leases.

Note 2 Analysis of the balance sheet and income statement by business segment and geographic area

The businesses are as follows:

- retail banking comprises the 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 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

06/30/2021	Retail bank	Insurance	Financing and markets	Private banks	Capital equity	Logistics and holding	Inter activities	Total
Net banking income	3,737	1,059	490	319	257	157	-36	5,983
General operating expenses	-2,319	-333	-204	-225	-36	-226	36	-3,307
Gross operating income	1,418	726	286	94	221	-69	0	2,677
Cost of counterparty risk	-230	0	37	-5	-7	0		-205
Gains on other assets*	-2	0				-62		-63
Profit/(loss) before tax	1,186	727	324	89	214	-130	0	2,409
Income tax	-370	-214	-84	-23	0	-1		-693
Post-tax gains and losses on discontinued assets	7							7
Net profit/(loss)	**823**	**513**	**240**	**66**	**213**	**-131**	**0**	**1,723**
Non-controlling interests								204
Net profit attributable to the group								**1,519**

** Includes net profit/(loss) of entities accounted for using the equity method and impairment losses on goodwill (Notes 16 and 19).*

06/30/2020	Retail bank	Insurance	Financing and markets	Private banks	Capital equity	Logistics and holding	Inter activities	Total
Net banking income	3,611	647	223	311	71	42	-33	4,871
General operating expenses	-2,224	-319	-200	-208	-25	-228	33	-3,169
Gross operating income	1,387	329	23	103	47	-186	0	1,701
Cost of counterparty risk	-832		-109	-4	2	3		-940
Gains on other assets*	-1	1				23		23
Profit/(loss) before tax	553	330	-86	99	49	-160	0	784
Income tax	-256	-125	20	-22	2	70		-311
Post-tax gains and losses on discontinued assets								0
Net profit/(loss)	**298**	**205**	**-66**	**77**	**50**	**-91**	**0**	**473**
Non-controlling interests								96

Net profit attributable to the group								378

** Includes net profit/(loss) of entities accounted for using the equity method and impairment losses on goodwill (Notes 16 and 19).*

2b Breakdown of income statement items by geographic area

	06/30/2021				06/30/2020			
	France	Europe outside France	Other country*	Total	France	Europe outside France	Other country*	Total
Net banking income**	4,357	1,515	111	5,983	3,212	1,546	112	4,871
General operating expenses	-2,327	-930	-48	-3,306	-2,242	-878	-49	-3,169
Gross operating income	2,030	585	62	2,677	970	667	63	1,701
Cost of counterparty risk	-40	-173	8	-204	-507	-427	-6	-940
Gains on other assets***	-67	-2	6	-63	15	-1	9	23
Profit/(loss) before tax	1,923	411	76	2,410	478	239	67	784
Total net profit/(loss)	1,379	279	65	1,723	258	161	54	473
NET PROFIT ATTRIBUTABLE TO THE GROUP	1,183	271	64	1,519	172	153	53	378

** USA, Canada, Singapore, Hong Kong, Saint Martin (until 2020), Tunisia*

*** 26.8% of NBI (excluding the logistics and holding business line) was generated abroad in the first half of 2021 (versus 34% of NBI in the first half of 2019).*

**** Including net profit/(loss) from entities accounted for using the equity method and impairment losses on goodwill.*

Note 3 Scope of consolidation

3a Composition of the scope of consolidation

The parent company of the group is Banque Fédérative du Crédit Mutuel.

Since December 31, 2020, the changes in the scope of consolidation are as follows:

- New scopes: AGIR, Ebra Productions, Est Info TV, FCT Factofrance;
- Merger: NA;
- Exit from the scope of consolidation: Targo seguros mediacion;
- Name changes: Cofidis Participations becomes Cofidis Group.

		06/30/2021			12/31/2020		
	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
CIC Est	France	100	99	FC	100	99	FC
CIC Lyonnaise de Banque (LB)	France	100	99	FC	100	99	FC
CIC Lyonnaise de Banque Monaco (LB branch)	Monaco	100	99	FC	100	99	FC
CIC Nord Ouest	France	100	99	FC	100	99	FC
CIC Ouest	France	100	99	FC	100	99	FC
CIC Sud Ouest	France	100	99	FC	100	99	FC
Crédit Industriel et Commercial (CIC)	France	100	99	FC	100	99	FC
CIC Bruxelles (branch of CIC)	Belgium	100	99	FC	100	99	FC
CIC Hong-Kong (branch of CIC)	Hong Kong	100	99	FC	100	99	FC
CIC 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	80	FC

		06/30/2021			12/31/2020		
	Country	Percentage Control	Percentage Interest	Method*	Percentage Control	Percentage Interest	Method*
Cofidis France	France	100	80	FC	100	80	FC
Cofidis Espagne (branch of Cofidis France)	Spain	100	80	FC	100	80	FC
Cofidis Hongrie (branch of Cofidis France)	Hungary	100	80	FC	100	80	FC
Cofidis Portugal (branch of Cofidis France)	Portugal	100	80	FC	100	80	FC
Cofidis SA Pologne (branch of Cofidis France)	Poland	100	80	FC	100	80	FC
Cofidis SA Slovaquie (branch of Cofidis France)	Slovakia	100	80	FC	100	80	FC
Cofidis Italie	Italy	100	80	FC	100	80	FC
Cofidis République tchèque	Czech Republic	100	80	FC	100		FC
Creatis	France	100	80	FC	100	71	FC
Creatis Crédit Mutuel Asset Management	France	74	74	FC	74	74	FC
Crédit Mutuel Caution Habitat	France	100	100	FC	100	100	FC
Crédit Mutuel Épargne Salariale	France	100	99	FC	100	99	FC
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 Factofrance	France	100	100	FC	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	80	FC
Paysurf	France	51	64	FC	51	64	FC
SCI La Tréflière	France	46	46	EM	46	46	EM
Targo Factoring GmbH	Germany	100	100	FC	100	100	FC
Targo Finanzberatung GmbH	Germany	100	100	FC	100	100	FC
Targo Leasing GmbH	Germany	100	100	FC	100	100	FC
C. CORPORATE BANKING AND CAPITAL MARKETS							
Cigogne Management	Luxembourg	100	100	FC	100	100	FC
Satellite	France	100	99	FC	100	99	FC
D. PRIVATE BANKING							
Banque de Luxembourg	Luxembourg	100	99	FC	100	99	FC
Banque de Luxembourg Belgique (branch of Banque de Luxembourg)	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	100	99	FC
CIC Capital Suisse SA	Switzerland	100	99	FC	100	99	FC
CIC Capital Deutschland Gmbh	Germany	100	99	FC	100	99	FC
CIC Capital Ventures Quebec	Canada	100	99	FC	100	99	FC
CIC Conseil	France	100	99	FC	100	99	FC
Crédit Mutuel Capital	France	100	99	FC	100	99	FC
Crédit Mutuel Equity	France	100	99	FC	100	99	FC
Crédit Mutuel Equity SCR	France	100	99	FC	100	99	FC
Crédit Mutuel Innovation	France	100	99	FC	100	99	FC
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

	Country	06/30/2021 Percentage Control	Percentage Interest	Method*	12/31/2020 Percentage Control	Percentage Interest	Method*
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	Spain	100	66	FC	100	66	FC
Groupe des Assurances du Crédit Mutuel (GACM)	France	66	66	FC	66	66	FC
ICM Life	Luxembourg	100	66	FC	100	66	FC
Margem-Mediação Seguros, Lda	Portugal	100	80	FC	100	80	FC
NELB (North Europe Life Belgium)	Belgium	100	66	FC	100	66	FC
Partners	Belgium	100	66	FC	100	66	FC
Procourtage	France	100	66	FC	100	66	FC
Serenis Assurances	France	100	66	FC	100	66	FC
Targo seguros mediacion (formerly Voy Mediación)				NG	90	59	FC
Targopensiones, entidad gestora de fondos de pensiones, S.A.	Spain	100	63	FC	100	63	FC

	Country	06/30/2021 Percentage Control	Percentage Interest	Method*	12/31/2020 Percentage Control	Percentage Interest	Method*
H. OTHER COMPANIES							
Affiches d'Alsace Lorraine	France	100	99	FC	100	99	FC
AGIR	France	100	100	FC			
Alsacienne de Portage – DNA	France	100	99	FC	100	99	FC
Crédit Mutuel Immobilier	France	100	100	FC	100	100	FC
EBRA events	France	100	100	FC	100	100	FC
EBRA Medias Alsace	France	100	98	FC	100	98	FC
EBRA Medias Lorraine Franche Comté	France	100	98	FC	100	98	FC
EBRA Production	France	100	100	FC			
EBRA services	France	100	100	FC	100	100	FC
Est Bourgogne Médias	France	100	100	FC	100	100	FC
Est info TV	France	100	100	FC			
Foncière Massena	France	100	66	FC	100	66	FC
France Régie	France	100	99	FC	100	99	FC
GEIE Synergie	France	100	80	FC	100	80	FC
Groupe Dauphiné Media	France	100	100	FC	100	100	FC
Groupe Progrès	France	100	100	FC	100	100	FC
Groupe Républicain Lorrain Imprimeries (GRLI)	France	100	100	FC	100	100	FC
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	53	FC	78	51	FC
SCI ACM Cotentin	France	35	23	EM	35	23	EM
SCI Le Progrès Confluence	France	100	100	FC	100	100	FC
SCI Provence Lafayette	France	90	59	FC	90	59	FC
SCI 14 Rue de Londres	France	90	59	FC	90	59	FC
SCI Saint Augustin	France	88	58	FC	88	58	FC
SCI Tombe Issoire	France	100	66	FC	100	66	FC
Société d'Édition de l'Hebdomadaire du Louhannais et du Jura (SEHLJ)	France	100	100	FC	100	100	FC

* *Method: FC = Full consolidation; EM = Equity method; NC = Not consolidated; MER = Merged.*

3b Fully consolidated entities with significant non-controlling interests

06/30/2021	Percentage of non-controlling interests in the consolidated financial statements: 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	Financial information regarding fully-consolidated entities*: Balance sheet total	Net profit/(loss)	Undisclosed reserves	NBI
Groupe des Assurances du Crédit Mutuel (GACM)	34%	182	3,833	0	129,633	513	1,613	1,059
Cofidis Belgique	20%	1	NA**	0	922	6	-1	47
Cofidis France	20%	6	NA**	0	9,869	29	-5	271

* *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 excess amount.*

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)	Undisclosed 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.*

3c Non-current assets and liabilities held for sale

	06/30/2021	12/31/2020
Non-current assets held for sale	92	0
Non-current liabilities held for sale	0	0
Post-tax gains/(losses) on discontinued operations	7	0

The activities of FLOA were reclassified as assets held for sale at June 30, 2021 following the signature of an exclusivity agreement for their sale to BNP Paribas as well as the implementation of a strategic partnership between BNP Paribas and Casino.

Note 4 Cash, central banks (asset/liability)

	06/30/2021	12/31/2020
Cash, central banks – asset		
Due to central banks	122,263	98,158
of which mandatory reserves	2,587	2,541
Cash	754	952
Total	123,017	99,110
Central banks – liability	631	575

Note 5 Financial assets and liabilities at fair value through profit or loss

5a Financial assets at fair value through profit or loss

	06/30/2021				12/31/2020			
	Transaction	Fair value option	Other FVPL	Total	Transaction	Fair value option	Other FVPL	Total
Securities	10,945	516	4,580	16,041	11,316	496	4,316	16,128
▪ Government securities	1,400	0	0	1,400	408	0	0	408
▪ Bonds and other debt securities	8,254	516	188	8,958	9,419	496	135	10,050
Listed	*8,254*	*99*	*68*	*8,421*	*9,419*	*97*	*17*	*9,533*
Non-listed	*0*	*417*	*120*	*537*	*0*	*399*	*118*	*517*
of which UCIs	*182*		*1*	*183*	*128*	-	*0*	*128*
▪ Shares and other capital instruments	1,291		3,767	5 058	1,489	-	3,467	4,956
Listed	*1,291*		*1,049*	*2,340*	*1,489*	-	*932*	*2,421*
Non-listed	*0*		*2,718*	*2,718*	*0*	-	*2,535*	*2,535*
▪ Long-term investments			625	625	-	-	714	714
Equity investments			*167*	*167*	-	-	*174*	*174*
Other long-term investments			*211*	*211*	-	-	*296*	*296*
Investments in associates			*246*	*246*	-	-	*243*	*243*
Other long-term investments			*1*	*1*	-	-	*1*	*1*
Derivative instruments	3,687			3,687	2,835	-	-	2,835
Loans and receivables	*11,854*	0	11	11,865	8,688	0	7	8,695
of which pensions	*11,854*	*0*		*11,854*	8,688	0	-	8,688
TOTAL	26,485	516	4,591	31,592	22,839	496	4,323	27,658

5b Financial liabilities at fair value through profit or loss

	06/30/2021	12/31/2020
Financial liabilities held for trading [1]	18,402	15,525
Financial liabilities at fair value through profit or loss	165	0
TOTAL	18,567	15,525

FINANCIAL LIABILITIES HELD FOR TRADING

	06/30/2021	12/31/2020
Short sales of securities	**2,537**	**1,077**
▪ Government securities	0	0
▪ Bonds and other debt securities	1,237	242
▪ Shares and other capital instruments	1,200	835
Debts in respect of securities sold under repurchase agreements	**12,348**	**11,710**
Trading derivatives	**3,511**	**2,706**
Other financial liabilities held for trading	**6**	**32**
TOTAL	18,402	15,525

5c Analysis of trading derivatives

	06/30/2021			12/31/2020		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Interest rate derivatives	*154,710*	*2,817*	*2,678*	*159,347*	*1,885*	*1,671*
Swaps	76,153	2,612	2,347	95,752	1,669	1,394
Other firm contracts [1]	45,710	0	0	36,113	0	0
Options and conditional instruments	32,847	205	331	27,482	216	277
Foreign exchange derivatives	147,662	716	629	*137,069*	*760*	*685*
Swaps	105,102	77	34	95,584	64	59
Other firm contracts	11,051	524	481	10,759	582	513
Options and conditional instruments	31,509	115	114	30,726	114	113
Other derivatives	16,391	155	203	*19,325*	*191*	*350*
Swaps	7,781	79	112	7,972	78	134
Other firm contracts	6,147	43	50	6,731	64	153
Options and conditional instruments	2,463	33	41	4,622	49	63
TOTAL	318,763	3,688	3,510	315,741	2,836	2,706

Swaps are valued with an OIS curve if they are collateralized or with a BOR curve otherwise. Hedged items are valued with a BOR curve. The difference resulting from the use of different valuation curves for the hedged items and the hedging instruments is accounted for as hedge ineffectiveness. Furthermore, the value of derivatives takes into account the counterparty risk.

Note 6 Hedging

6a Hedging derivatives

	06/30/2021			12/31/2020		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Fair Value Hedges	195,581	2,689	1,932	*184,332*	*3,504*	*2,083*
Swaps	63,809	2,690	1,932	65,474	3,505	2,083
Other firm contracts	131,250	0	0	118,112	0	0
Options and conditional instruments	522	-1	0	746	-1	0
TOTAL	195,581	2,689	1,932	184,332	3,504	2,083

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.

6b Revaluation adjustment on rate-hedged books

	06/30/2021	12/31/2020
FAIR VALUE OF PORTFOLIO INTEREST RATE RISK		
▪ in financial assets	771	975
▪ in financial liabilities	22	27

Note 7 Financial assets at fair value through shareholders' equity

	06/30/2021	12/31/2020
Government securities	12,614	12,142
Bonds and other debt securities	19,438	20,849
▪ Listed	18,992	19,274
▪ Non-listed	446	1,575
Accrued interest	109	151
Debt securities subtotal, gross	32,161	33,142
of which impaired debt securities (S3)	1	1
Impairment of performing loans (S1/S2)	-15	-15
Other impairment (S3)	-1	-1
Debt securities subtotal, net	32,145	33,126
Shares and other capital instruments	-1	1
▪ Listed	-3	-2
▪ Non-listed	2	3
Long-term investments	310	516
▪ Equity investments	90	90
▪ Other long-term investments	100	299
▪ Investments in associates	120	127
Subtotal, capital instruments	**309**	**517**
TOTAL	32,455	33,643
of which unrealized capital gains or losses recognized under equity	-213	-133
of which listed equity investments.	5	5

Note 8 Fair value hierarchy of financial instruments carried at fair value

06/30/2021	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS IFRS 9				
Fair value through shareholders' equity	**25,837**	**5,315**	**1,303**	**32,455**
Government and equivalent securities	12,550	92	31	12,674
Bonds and other debt securities	13,284	5,221	967	19,472
Shares and other capital instruments	3	2	-6	-1
Investments and other long-term securities	0	0	190	190
Investments in subsidiaries and associates	0	0	120	120
Trading/Fair value option/Other	**8,557**	**17,728**	**5,308**	**31,593**
Government securities and similar instruments – Trading	1,250	143	7	1,400
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	4,840	2,873	540	8,254
Bonds and other debt securities – Fair value option	25	0	490	516
Bonds and other debt securities – Other FVPL	73	58	57	188
Shares and other equity instruments – Trading	1,291	0	0	1,291
Shares and other capital instruments – Other FVPL [1]	1,052	0	2,716	3,767
Investments and other long-term securities – Other FVPL	1	0	376	377
Investments in subsidiaries and associates – Other FVPL	0	0	247	247
- 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	11,854	0	11,854
Loans and receivables due from customers – Other FVPL	0	11	0	11
Derivatives and other financial assets – Trading	24	2,789	874	3,687
Hedging derivatives	**0**	**2,689**	**0**	**2,689**
TOTAL	34,394	25,732	6,611	66,737
FINANCIAL ASSETS IAS 39 – INVESTMENTS OF THE INSURANCE BUSINESS LINE				
Fair value through profit or loss	**21,765**	**6,503**	**0**	**28,268**
Transaction	0	0	0	0
Fair value option – debt securities	1,183	2,022	0	3,204
Fair value option – capital instruments	20,582	4,481	0	25,064
Hedging derivatives	**0**	**0**	**0**	**0**
Available-for-sale assets	**72,139**	**4,118**	**818**	**77,075**
Government and equivalent securities	15,318	0	0	15,318
Bonds and other debt securities	44,124	200	0	44,324
Shares and other capital instruments	11,978	3,896	0	15,874
Equity investments, shares in subsidiaries and associates and other long-term investments	719	22	818	1,559
TOTAL	93,904	10,620	818	105,343
FINANCIAL LIABILITIES IFRS 9				
Subordinated debt – Fair value option	**2,451**	**15,238**	**877**	**18,566**
Due to credit institutions – Fair value option	0	118	0	118
Amounts due to customers – Fair value option	0	47	0	47
Debt securities – Fair value option	0	0	0	0
Subordinated debt – Fair value option	0	0	0	0
Liabilities – Trading	0	12,348	0	12,348
Derivatives and other financial liabilities – Trading	2,451	2,725	877	6,054
Hedging derivatives		**1,913**	**18**	**1,912**
TOTAL	2,451	17,152	895	20,498
FINANCIAL LIABILITIES RELATED TO IAS 39 INSURANCE BUSINESS POLICIES				
Fair value through profit or loss	0	4,798	0	4,798
Transaction	0	0	0	0
Fair value option	0	4,798	0	4,798
Hedging derivatives	0	0	0	0
TOTAL	0	4,798	0	4,798

[1] Includes the equity investments held by the group's private equity companies.

- Level 1: price quoted in an active market.
- Level 2: prices quoted in active markets for similar instruments, and 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.

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**
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) 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

	Carrying amount 06/30/2021	Carrying amount 12/31/2020
RMBS	1,370	1,162
CMBS	11	6
CLO	3,315	3,448
Other ABS	2,380	2,214
TOTAL	7 076	6,830

Unless otherwise indicated, securities are not hedged by CDS.

EXPOSURES AT 06/30/2021

	RMBS	CMBS	CLO	Other ABS	Total
Fair value through profit or loss	288	0	9	432	729
Amortized cost	39	0	330	699	1,069
Fair value – Others	1	0	0	0	1
Fair value through shareholders' equity	1,041	11	2,975	1,249	5,277
TOTAL	1,370	11	3,315	2,380	7,076
France	546	0	438	504	1,487
Spain	103	0	0	368	471
United Kingdom	84	0	173	252	510
Europe excluding France, Spain, United Kingdom	510	0	202	835	1,548
USA	3	11	2,502	322	2,838
Other	123	0	0	100	223
TOTAL	1,370	11	3,315	2,380	7,076
US Branches	0	0	0	0	0
AAA	1,224	11	3,094	1,241	5,569
AA	123	0	151	538	812
A	9	0	60	0	69
BBB	7	0	0	0	7
BB	5	0	0	0	5
B or below	3	0	0	7	10
Not rated	0	0	10	594	604
TOTAL	1,370	11	3,315	2,380	7,076
Origination 2005 and earlier	17	0	0	0	17
Origination 2006-2008	35	0	0	7	42
Origination 2009-2011	24	11	0	0	36
Origination 2012-2021	1,293	0	3,315	2,373	6,981
TOTAL	1,370	11	3,315	2,380	7,076

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

Note 10 Financial assets at amortized cost

	06/30/2021	12/31/2020
Securities at amortized cost	3,340	2,963
Loans and receivables to credit institutions	53,242	54,797
Loans and receivables to customers	275,733	270,836
TOTAL	332,315	328,596

10a Securities at amortized cost

	06/30/2021	12/31/2020
Securities	3,518	3,133
▪ Government securities	1,623	1,614
▪ Bonds and other debt securities	1,895	1,519
Listed	548	556
Non-listed	1,347	963
Receivables related	16	13
TOTAL GROSS	3,533	3,145
of which impaired assets (S3)	38	205
Impairment of performing loans (S1/S2)	-1	-1
Other impairment (S3)	-193	-182
TOTAL NET	3,340	2,963

10b Loans and receivables due from credit institutions at amortized cost

	06/30/2021	12/31/2020
Performing loans (S1/S2)	52,936	54,592
Crédit Mutuel network accounts[1]	10,052	9,176
Other ordinary accounts	3,567	2,844
Loans	33,112	35,090
Other receivables	4,215	5,312
Pensions	1,989	2,169
Individually-impaired receivables, gross (S3)		
Receivables related	308	207
Impairment of performing loans (S1/S2)	-2	-2
Other impairment (S3)	0	0
TOTAL	53,242	54,797

(1) Mainly concerns outstanding CDC repayments (LEP, LDD, Livret bleu, Livret A).

10c Loans and receivables due from customers at amortized cost

	06/30/2021	12/31/2020
Performing loans (S1/S2)	257,419	252,710
Commercial loans	13,774	13,195
Other customer receivables	243,221	239,114
▪ home loans	97,329	93,643
▪ other loans and receivables, including repurchase agreements [1]	145,892	145,471
Receivables related	424	401
Insurance and reinsurance receivables	0	0
Individually-impaired receivables, gross (S3)	9,592	9,962
Gross receivables	267,011	262,672
Impairment of performing loans (S1/S2) [2]	-2,350	-2,390
Other impairment (S3)	-5,072	-5,390
SUBTOTAL I	259,589	254,892
Finance leases (net investment)	15,965	15,792
▪ Equipment	11,357	11,327
▪ Real estate	4,608	4,465
Individually-impaired receivables, gross (S3)	499	489
Impairment of performing loans (S1/S2)	-137	-151
Other impairment (S3)	-183	-186
SUBTOTAL II	16,144	15,944
TOTAL	275,733	270,836
of which subordinated loans	13	13
of which pensions	1,205	973

(1) Including €12.9 billion as of June 30, 2021 of State-guaranteed loans (SGLs) granted as part of the Covid-19 crisis.

(2) The item includes a specific provision to take into account the effects of the Covid-19 crisis – see note 1-Accounting principles.

BREAKDOWN OF STATE-GUARANTEED LOANS (SGLS)

	Outstandings			Write-downs		
06/30/2021	S1	S2	S3	S1	S2	S3
Amount	9,685	2,772	416	-9	-51	-51

FINANCE LEASE TRANSACTIONS WITH CUSTOMERS

	12/31/2020	Increase	Decrease	Other	06/30/2021
Gross carrying amount	16,281	1,085	-912	10	16,464
Impairment of non-recoverable lease payments	-337	-49	65	1	-320
Net carrying amount	15,944	1,036	-847	11	16,144

Note 11 Financial liabilities at amortized cost

11a Debt securities at amortized cost

	06/30/2021	12/31/2020
Certificates of deposit	34	49
Interbank certificates and negotiable debt instruments	54,320	58,223
Bonds	62,395	64,035
Non-preferred senior securities	6,739	4,379
Related debt	382	628
TOTAL	123,869	127,314

11b Due to credit institutions

	06/30/2021	12/31/2020
Other ordinary accounts	9,827	8,543
Borrowings	13,937	12,009
Other debt	5,949	4,264
Repurchase agreements[1]	45,954	19,970
Related debt	126	60
TOTAL	75,793	44,846

(1) As part of the monetary policy implemented by the Eurosystem, the group decided to participate in the TLTRO III (Targeted Long Term Refinancing Operation) launched in March 2020. Crédit Mutuel has therefore refinanced itself with the ECB under TLTRO III for an amount of €42,190 million at June 30, 2021.

As with previous TLTROs, banks participating in TLTRO III can benefit from a more favorable rate, a subsidy, depending on the evolution of the level of certain types of their outstanding loans over a given period.
As this subsidy is considered highly probable, it has been incorporated into the interest rate applied

11c Amounts due to customers at amortized cost

	06/30/2021	12/31/2020
Special savings accounts	58,535	61,439
▪ demand	42,200	45,316
▪ term	16,335	16,123
Related liabilities on savings accounts	210	1
Subtotal	*58,745*	*61,440*
Demand accounts	162,024	154,863
Term deposits and borrowings	47,422	52,307
Pensions	9	89
Related debt	86	96
Other debt	20	9
Subtotal	*209,561*	*207,364*
TOTAL	268,306	268,802

Note 12 Gross values and movements in impairment provisions

12a Gross values subject to impairment

	12/31/2020	Acquisition/production	Sale/repayment	Transfer	Other	06/30/2021
Financial assets at amortized cost – loans and receivables due from credit institutions, subject to	**54,797**	**28,707**	**-30,240**	**0**	**-21**	**53,244**
12-month expected losses (S1)	54,798	28,706	-30,239	0	-21	53,243
expected losses at maturity (S2)	1	1	-1	0	0	1
Financial assets at amortized cost – loans and receivables due from customers, subject to	**278,953**	**37,880**	**-33,338**	**-226**	**204**	**283,475**
12-month expected losses (S1)	238,216	27,924	-23,636	5,040	0	247,543
expected losses at maturity (S2)	30,286	9,133	-7,487	-6,090	0	25,841
expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	10,451	528	-2,026	827	-1	9,780
expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	295	-189	-3	205	311
Financial assets at amortized cost – securities	**3,146**	**4,243**	**-4,096**	**240**	**2**	**3,534**
12-month expected losses (S1)	2,941	4,239	-4,067	170	2	3,285
with expected losses at maturity (S2)	0	0	0	12	0	11
expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	205	4	-29	58	0	238
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	**33,142**	**8,879**	**-10,085**	**0**	**224**	**32,161**
12-month expected losses (S1)	33,096	8,851	-10,052	3	224	32,122
expected losses at maturity (S2)	45	28	-33	-3	0	38
expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	1	0	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	0
TOTAL	370,040	79,709	-77,759	14	409	372,414

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.

Business segment	Gross outstandings			Write-downs			Net outstandings
	S1	S2	S3	S1	S2	S3	
Aeronautics		339	18		-13	-10	333
Specialized distribution		1,292	139		-53	-104	1,274
Hotels, restaurants		3,426	272		-393	-135	3,170
Automotive		1,322	58		-65	-36	1,088
Vehicle hire		1,107	33		-27	-25	1,088
Tourism, games, leisure		954	142		-77	-100	919
Industrial transportation		352	17		-7	-8	354
Air transport		294	17		-26	-3	269
TOTAL		9,084	683		-660	-421	8,686

12b Movements in impairment provisions

	12/31/2020	Addition	Reversal	Other	06/30/2021
Loans and receivables due from credit institutions	**-2**	**-1**	**1**	**0**	**-2**
of which originated credit-impaired assets (S3)	0	0	0	0	0
▪ 12-month expected losses (S1)	-2	-1	1	0	-2
▪ 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	0	0	0	0	0
▪ expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0
Customer loans	**-8,117**	**-984**	**1,359**	**0**	**-7,742**
of which originated credit-impaired assets (S3)	0	0	0	0	0
▪ 12-month expected losses (S1)	-1,072	-203	135	30	-1,110
▪ expected losses at maturity (S2)	-1,470	-172	285	-20	-1,377
▪ of which customer receivables coming under IFRS 15	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	-5,576	-609	939	-9	-5,255
▪ expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0
Financial assets at amortized cost – securities	**-183**	**-7**	**0**	**-4**	**-194**
of which originated credit-impaired assets (S3)	0	0	0	0	0
▪ 12-month expected losses (S1)	-1	0	0	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	-182	-7	0	-4	-193
▪ expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0
Financial assets at FVOCI – debt securities	**-16**	**-5**	**5**	**0**	**-16**
of which originated credit-impaired assets (S3)	0	0	0	0	0
▪ 12-month expected losses (S1)	-14	-4	4	0	-14
▪ expected losses at maturity (S2)	-1	-1	1	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	-8,318	-997	1,365	-4	-7,954

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

	06/30/2021	12/31/2020
Fair value through profit or loss	28,268	26,286
▪ Transaction	0	0
▪ Fair value option – debt securities	3,204	3,526
▪ Fair value option – capital instruments	25,064	22,760
Available-for-sale	77,075	75,337
▪ Government and equivalent securities	15,318	15,378
▪ Bonds and other debt securities	44,324	44,318
▪ Shares and other capital instruments	15,874	14,089
▪ Equity investments, shares in subsidiaries and associates and other long-term investments	1,559	1,552
Loans and receivables	4,447	4,882
Held-to-maturity	5,902	6,678
Sub-total financial assets	115,692	113,183
Investment property	**2,578**	2,567
Shares of reinsurers in the technical provisions and other assets	**1,033**	818
TOTAL	119,302	116,567

13b Liabilities relative to contracts of the insurance business line

TECHNICAL PROVISIONS OF INSURANCE POLICIES

	06/30/2021	12/31/2020
Life	86,546	85,718
Non-life	5,043	4,953
Account units	16,352	14,562
Other	356	308
Total	108,297	105,541
Of which deferred profit sharing liabilities	16,054	15,089
Deferred profit-sharing assets	0	0
Share of reinsurers in the technical provisions	412	429
NET TECHNICAL PROVISIONS	107,885	105,112

FINANCIAL LIABILITIES

	06/30/2021	12/31/2020
Fair value through profit or loss	4,798	6,181
▪ Transaction	0	0
▪ Fair value option	4,798	6,181
Due to credit institutions	139	132
Debt securities	300	**300**
Subtotal	5,237	6,613
Other liabilities	**483**	**414**
Total	5,720	7,027
TOTAL LIABILITIES RELATED TO INSURANCE BUSINESS POLICIES	114,017	112,568

Note 14 Income tax

14a Current tax

	06/30/2021	12/31/2020
Assets (through profit or loss)	564	908
Liabilities (through profit or loss)	621	444

14b Deferred tax

	06/30/2021	12/31/2020
Assets (through profit or loss)	1,065	1,099
Assets (through shareholders' equity)	270	289
Liabilities (through profit or loss)	547	554
Liabilities (through shareholders' equity)	498	583

Note 15 Accruals and other assets and liabilities

15a Accruals and other assets

	06/30/2021	12/31/2020
ACCRUALS		
Collection accounts	41	43
Currency adjustment accounts	189	56
Accrued income	589	539
Other accruals	953	2,861
Subtotal	**1,772**	**3,499**
OTHER ASSETS		
Securities settlement accounts	720	64
Miscellaneous receivables	4,168	3,265
Inventories and similar	17	21
Other	25	26
Subtotal	**4,930**	**3,376**
TOTAL	6,702	6,873

15b Accruals and other liabilities

	06/30/2021	12/31/2020
ACCRUALS		
Accounts unavailable due to recovery procedures	77	77
Currency adjustment accounts	217	969
Accrued expenses	1,007	959
Deferred income	491	506
Other accruals	2,982	4,572
Subtotal	**4,774**	**7,083**
OTHER LIABILITIES		
Lease obligations – Real estate	705	730
Lease obligations – Other	1	1
Securities settlement accounts	1,613	1,234
Outstanding amounts payable on securities	227	274
Sundry creditors	1,434	1,253
Subtotal	**3,980**	**3,492**
TOTAL	8,754	10,575

15c Lease obligations by residual term

06/30/2021	≤ 1 year	1 to 3 years	3 to 6 years	6 to 9 years	> 9 years	Total
Lease obligations	23	182	159	176	166	706
(1) Real estate	22	182	159	176	166	705
(2) Other	1	0	0	0	0	1

Note 16 Investments in equity consolidated companies

06/30/2021	Country	Share held	Value of equity consolidation	Share of net profit/(loss)	Dividends received	Fair value of the investment (if listed)
Entities under significant influence						
ASTREE Assurances	Tunisia	30.00%	16	1	0	31
Banque de Tunisie	Tunisia	35.33%	145	-11	8	151
Euro Information	France	26.36%	555	15	1	NC*
Euro Protection Surveillance	France	25.00%	51	3	0	NC*
LYF SA	France	43.75%	7	0	0	NC*
SCI ACM Cotentin	France	35.32%	39	0	0	NC*
SCI La Tréflière	France	46.09%	10	0	0	NC*
Other equity investments			1	0		NC*
Total(1)			824	8	8	
Joint venture						
Bancas	France	50.00%	0	0	0	NC*
FLOA (formerly Banque du Groupe Casino)	France	50.00%	0	0	0	NC*
Total (2)			0	0	0	

* *NC: Not communicated.*

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.*

** *Exclusion of RMA from the consolidation scope in 2019 following the sale of shares held by GACM.*

Note 17 Investment property

	12/31/2020	Increase	Decrease	Other	06/30/2021
Historical cost	83	0	-8	-5	70
Depreciation and impairment	-33	-1	0	0	-34
Net amount	**50**	**-1**	**-8**	**-5**	**36**

Note 18 Property, plant and equipment and intangible assets

18a Property, plant and equipment

	12/31/2020	Increase	Decrease	Other	06/30/2021
HISTORICAL COST					
Operating sites	482	1	-1	-1	481
Operating buildings	3,063	31	-74	1	3,020
Usage rights – Real estate	977	59	-15	2	1,023
Usage rights – Other	3	0	0	0	3
Other property, plant and equipment	1,218	44	-34	1	1,229
Total	5,743	135	-124	3	5,756
DEPRECIATION AND IMPAIRMENT					
Operating sites	-12	-1	0	0	-13
Operating buildings	-2,039	-41	65	-1	-2,016
Usage rights – Real estate	-254	-74	4	-1	-325
Usage rights – Other	-2	0	0	0	-2
Other property, plant and equipment	-912	-27	13	-15	-941
Total	-3,219	-143	82	-17	-3,297
NET AMOUNT	2,522	-8	-42	-14	2,457

18b Intangible assets

	12/31/2020	Increase	Decrease	Other	06/30/2021
HISTORICAL COST					
Internally developed intangible assets	110	-6	0	180	284
Purchased intangible assets	1,313	18	-65	-178	1,464
▪ software	459	17	-58	-180	238
▪ other	854	1	-7	2	850
Total	1,423	12	-65	2	1,372
DEPRECIATION AND IMPAIRMENT					
Internally developed intangible assets	-98	5	0	-181	-274
Purchased intangible assets	-825	-19	59	184	-601
▪ software	-415	-17	58	182	-192
▪ other	-410	-2	1	2	-409
Total	-923	-14	59	3	-409
NET AMOUNT	500	-2	-6	5	497

** These headings correspond to software developed internally and capitalized in our subsidiaries Euro-Information and Targobank AG.*

Note 19 Goodwill

	12/31/2020	Increase	Decrease	Variation in impairment	Other	06/30/2021
Gross goodwill	4,544	0			0	4,544
Write-downs	-499			-69		-568
NET GOODWILL	**4,045**			**-69**	**0**	**3,976**

Cash generating units	Value of goodwill on 12/31/2020	Increase	Decrease	Variation in impairment	Other	Value of goodwill on 06/30/2021
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		0
GACM Seguros Generales Compañía de Seguros y Reaseguros SA (formerly AMGEN)	49			-1		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 Italy	9					9
Banque Transatlantique	6					6
Dubly Transatlantique Gestion	5					5
Other	22					22
TOTAL	**4,045**	**0**	**0**	**-69**	**0**	**3,976**

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 observed consequences on interim net profit at June 30, 2021, and the uncertain macroeconomic conditions for 2022 and beyond have led the group to identify potential indicators of impairment of goodwill. As a result, the group has updated the impairment tests for its main subsidiaries.

The recoverable amount is determined according to two types of methods:

- *The fair value net of sales costs, which is based on observation of valuation multiples on comparable transactions or market parameters adopted by the analysts on entities with similar activities;*
- *The value in use, which is based on the discounting of expected future cash flows after taking into account capital requirements: this method is generally used as at June 30, 2021.*

To determine the value in use, the cash flows are based on business plans determined by the management over a maximum period of five to seven years, then on projection of a flow to infinity according to a long-term growth rate. The latter is fixed at 2% for the whole of Europe, which is an assumption measured in comparison to inflation rates observed over a very long period. Business plans have been revised to take into account the consequences of the health crisis.

The cash flows used to calculate the value in use also take into account prudential capital requirements.

The cash flow discount rates correspond to the cost of capital, which is determined from a long-term riskless rate, to which a risk premium is added. The risk premium is determined by observation of the sensitivity of the price in relation to the market in the case of a listed asset, or by analyst's estimate in non-listed assets. The cost of capital was discounted on June 30, 2021 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.

In addition, following the creation of these tests, an impairment of all Factofrance goodwill was recorded in the financial statements at June 30, 2021 for an amount of €68 million.

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	7.00%	8.00%	8.00%
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%	-4%	-3%

** Cofidis France et Cofidis Participations.*

If the sensitivity assumptions below were used, goodwill would not be impaired.

Note 20 Provisions and contingent liabilities

20a Provisions

	12/31/2020	Additions for the year	Reversals for the year (utilized provisions)	Reversals for the year (surplus provisions)	Other changes	06/30/2021
Provisions for risks	543	211	-4	-216	-3	531
On guarantee commitments [2]	383	*70*	*0*	*-150*	*-1*	*302*
▪ of which 12-month expected losses (S1)	42	20	0	-14	-1	47
▪ of which expected losses at maturity (S2)	209	10	0	-94	0	125
▪ of which provisions for execution of commitments upon signature	132	40	0	-42	0	130
On financing commitments [2]	81	*94*	*0*	*-58*	*2*	*119*
▪ of which 12-month expected losses (S1)	66	41	0	-40	1	68
▪ of which expected losses at maturity (S2)	15	53	0	-18	1	51
On country risks	0	*0*	*0*	*0*	*0*	*0*
Provisions for taxes	11	*2*	*0*	*-1*	*0*	*12*
Provisions for claims and litigation	48	*39*	*-3*	*-3*	*-3*	*78*
Provision for risk on miscellaneous receivables	19	*5*	*0*	*-3*	*0*	*84*
Other provisions	1,311	175	-51	-14	-1	1,420
▪ Provisions for mortgage saving agreements	87	0	0	-3	0	84
▪ Provisions for miscellaneous contingencies	852	96	-9	-6	-2	931
Other provisions[1]	371	79	-42	-5	1	404
Provisions for retirement commitments	1,115	21	-22	0	-32	1,082
TOTAL	2,969	407	-77	-230	-36	3,033

(1) Other provisions mainly include provisions for French economic interest groups (GIE) totaling €333 million.

(2) The item includes a specific provisioning in order to take into account the effects of the Covid-19 crisis – see note 1-Accounting principles

20b Retirement and other employee benefits

	12/31/2020	Additions for the year	Reversals for the year	Other changes	06/30/2021
DEFINED-BENEFIT PLANS NOT COVERED BY PENSION FUNDS					
Retirement Benefits	928	18	-18	-30	898
Supplementary pensions	86	3	-4	-2	83
Obligations for long service awards (other long-term benefits)	82	0	0	0	82
Sub-total recognized	1,096	21	-21	-34	1,063
SUPPLEMENTARY DEFINED-BENEFIT PENSION PLANS INSURED BY GROUP PENSION FUNDS					
Commitments to employees and retirees [1]	20	0	0	0	20
Fair value of assets					
Sub-total recognized	20	0	0	0	20
TOTAL AMOUNT RECOGNIZED	1,115	21	-21	-34	1,082

DEFINED-BENEFIT PLANS: MAIN ACTUARIAL ASSUMPTIONS

	06/30/2021	12/31/2020
Discount rate [2]	0.95%	0.45%
Expected increase in salaries [3]	Minimum 0.5%	Minimum 0.5%

(1) The provisions covering shortfalls in pension funds relate to entities located abroad.

(2) The discount rate, which is determined by reference to the long-term rate on private-sector borrowings, is based on the IBOXX index.

(3) The annual increase in salaries is the estimate of future inflation combined with the increase in salaries; it also depends on the age of the employee.

Note 21 Subordinated debt

	06/30/2021	12/31/2020
Subordinated debt	6,200	6,200
Participating loans	20	20
Perpetual subordinated debt	1,502	1,503
Other debt	0	0
Related debt	56	81
TOTAL	7,778	7,804

PRINCIPAL SUBORDINATED DEBT

(in € millions)	Type	Vesting date Issue	Amount Issue	Amount balance sheet date[1]	Rate	Term
Banque Fédérative du Crédit Mutuel	redeemable subordinated notes	05.21.2014	€1,000 million	€1,000 million	3.00	05.21.2024
Banque Fédérative du Crédit Mutuel	redeemable subordinated notes	09.11.2015	€1,000 million	€1,000 million	3.00	09.11.2025
Banque Fédérative du Crédit Mutuel	redeemable subordinated notes	03.24.2016	€1,000 million	€1,000 million	2.375	03.24.2026
Banque Fédérative du Crédit Mutuel	redeemable subordinated notes	11.04.2016	€700 million	€700 million	1.875	11.04.2026
Banque Fédérative du Crédit Mutuel	redeemable subordinated notes	03.31.2017	€500 million	€500 million	2.625	03.31.2027
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	05.25.2018	€500 million	€500 million	2.500	05.25.2028
Banque Fédérative du Crédit Mutuel	redeemable subordinated notes	06.18.2019	€1,000 million	€1,000 million	1.875	06.18.2029
CIC	Participatory	05.28.1985	€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	02.25.2005	€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 May 28, 1997 at 130% of the nominal value revalued by 1.5% per year for future years.

(4) Euribor 1 year +0.3 basis points.

(5) CMS 10 years ISDA CIC +10 basis points.

(6) CMS 10 years ISDA +10 basis points.

Note 22 Reserves related to capital and reserves

22a Shareholders' equity attributable to the group (excluding profit and loss and unrealized gains and losses)

	06/30/2021	12/31/2020
Capital and reserves related to capital	6,197	6,197
▪ Capital	1,689	1,689
▪ Issue premium, contribution, merger, split, conversion	4,509	4,509
Consolidated reserves	21,764	20,401
▪ Regulated reserves	9	9
▪ Other reserves (including effects related to initial application)	21,756	20,392
of which profit on disposal of capital instruments	155	- 22
▪ Retained earnings	0	1
TOTAL	27,962	26,599

22b Unrealized or deferred gains and losses

	06/30/2021	12/31/2020
UNREALIZED OR DEFERRED GAINS OR LOSSES* RELATING TO:		
▪ Translation adjustments	1	-50
▪ Insurance business investments (assets available-for-sale)	1,044	1,093
▪ Financial assets at fair value through recyclable shareholders' equity – debt instruments	-53	-82
▪ Financial assets at fair value through non-recyclable shareholders' equity – capital instruments	-119	53
▪ Hedging derivatives (CFH)	1	0
▪ Share of unrealized or deferred gains and losses of associates	-39	-38
▪ Actuarial gains and losses on defined benefit plans	-305	-331
▪ Other	0	0
TOTAL	529	645

** Balances net of corporation tax and after shadow accounting treatment.*

22c Recycling of gains and losses directly recognized in shareholders' equity

	06/30/2021	12/31/2020
	Operations	Operations
Translation adjustments		
Reclassification in income	0	0
Other movement	50	-114
Subtotal	50	-114
Revaluation of financial assets at FVOCI – debt instruments		-
Reclassification in income	0	0
Other movement	29	-49
Subtotal	29	-49
Revaluation of financial assets at FVOCI – capital instruments		
Reclassification in income	0	0
Other movement	-173	39
Subtotal	-173	39
Revaluation of insurance business investments		
Reclassification in income	0	0
Other movement	-49	125
Subtotal	-49	125
Remeasurement of hedging derivatives		
Reclassification in income	0	0
Other movement	1	-2
Subtotal	1	-2
Actuarial gains and losses on defined benefit plans	26	-57
Share of unrealized or deferred gains and losses of associates	0	-2
TOTAL	-116	-59

22d Tax related to each category of gains and losses recognized directly in shareholders' equity

	06/30/2021			12/31/2020		
	Gross amount	Tax	Net amount	Gross amount	Tax	Net amount
Translation adjustments	50	0	50	- 114	0	- 114
Remeasurement of financial assets at FVOCI – debt instruments	44	-15	29	- 69	20	- 49
Remeasurement of financial assets at FVOCI – capital instruments	-172	-1	-173	43	- 4	39
Revaluation of insurance business investments	-105	56	-49	129	- 4	125
Remeasurement of hedging derivatives	1	0	1	- 2	1	- 2
Actuarial gains and losses on defined benefit plans	31	-6	26	- 89	33	- 57
Share of unrealized or deferred gains and losses of associates	0	0	0	- 2	0	- 2
TOTAL GAINS AND LOSSES RECOGNIZED DIRECTLY TO EQUITY	-150	33	-116	- 105	45	- 59

Note 23 Commitments given and received

COMMITMENTS GIVEN

	06/30/2021	12/30/2020
Funding commitments	59,141	58,171
Liabilities due to credit institutions	833	724
Commitments to customers	58,308	57,447
Guarantee commitments	27,587	29,464
Credit institution commitments	5,202	4,916
Customer commitments	22,385	24,548
Securities commitments	3,325	3,636
Other commitment given	3,325	3,636
Commitments pledged from the insurance business line	5,263	4,220

COMMITMENTS RECEIVED

	06/30/2021	12/31/2020
Funding commitments	8,482	22,125
Commitments received from credit Institutions	8,482	22,125
Commitments received from customers	0	0
Guarantee commitments	89,101	86,437
Commitments received from credit Institutions	52,176	49,908
Commitments received from customers	36,925	36,529
Securities commitments	1,533	1,472
Securities sold with option to repurchase	0	
Other commitments received	1,533	1,472
Commitments received from the insurance business line	4,355	5,133

Note 24 Interest income and expense

	06/30/2021		06/30/2020	
	Income	Income	Income	Expenses
Credit institutions and central banks[1]	-101	13	124	-214
Customers	3,201	-378	3,340	-478
▪ of which finance and operating leases	305	-120	271	-96
▪ of which lease obligations	0	-3	0	-3
Hedging derivatives	1,521	-1,379	1,397	-1,029
Financial instruments at fair value through profit or loss	263	-21	374	-40
Financial assets at fair value through shareholders' equity/Assets available-for-sale	116	0	169	0
Securities at amortized cost	23	0	46	0
Debt securities	0	-542	0	-866
Debt securities	0	-3	0	-4
TOTAL	5,023	-2,310	5,450	-2,631
Of which interest income and expense calculated at effective interest rate:	*3,239*	*-910*	*3,679*	*-1,562*

(1) of which -€281 million in income from negative interest rates and +€209 million in expenses in the first half of 2021,
and of which -€226 million impact of negative interest rates in income and +€111 million in the first half of 2020

The interest expenses on central banks mainly include interest calculated within the framework of TLTRO III operations, which take into account the spreading of the subsidy over the life of the operation and the "over-subsidy" of 0.50% over the "special" interest period.

Note 25 Commission income and expense

	06/30/2021		06/30/2020	
	Income	Expenses	Income	Expenses
Credit institutions	1	-4	2	-4
Customers	577	-9	543	-8
Securities	519	-52	447	-42
▪ of which activities managed on behalf of third parties	371	0	304	0
Derivative instruments	3	-5	5	-6
Currency transactions	12	-1	10	-1
Funding and guarantee commitments	21	-8	15	-2
Services provided	679	-367	675	-373
TOTAL	1,812	-445	1,698	-436

Note 26 Net gains on financial instruments at fair value through profit or loss

	06/30/2021	06/30/2020
Trading instruments	131	-175
Instruments accounted for under the fair value option	-19	10
Ineffective portion of hedges	-1	-24
On fair value hedges (FVH)	-1	-24
▪ Change in the fair value of hedged items	239	-42
▪ Change in fair value of hedging instruments	-240	18
Foreign exchange gains/(losses)	-9	-26
Other financial instruments at fair value through profit or loss [1]	384	-162
TOTAL CHANGES IN FAIR VALUE	485	-376

(1) Of which €247 million from private equity business in the first half of 2021, compared to €47 million in the first half of 2020, 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

	06/30/2021	06/30/2020
Dividends	1	8
Realized gains and losses on debt instruments	41	7
TOTAL	42	15

Note 28 Net gains or losses resulting from derecognition of financial assets at amortized cost

	06/30/2021	06/30/2020
Financial assets at amortized cost		
Gains/(losses) on:	0	0
▪ Government securities	0	0
▪ Bonds and other fixed-income securities	0	0
TOTAL	0	0

Note 29 Net income from the insurance business line

	06/30/2021	06/30/2020
INSURANCE POLICIES		
Premiums earned	5,865	4,766
Service charges	-4,153	-4,093
Change in provisions	-2,661	661
Other technical and non-technical income and expenses	33	17
Net income from investments	2,212	-472
Net income on insurance policies	1,296	879
Interest margin/fees	-4	-5
Net income on financial assets	-4	-5
Other net income	3	-19
NET INCOME FROM INSURANCE ACTIVITIES	1,295	855

Note 30 Income/expenses generated by other activities

	06/30/2021	06/30/2020
INCOME FROM OTHER ACTIVITIES		
Rebilled expenses	20	16
Other income	315	454
Subtotal	336	470
EXPENSES ON OTHER ACTIVITIES		
Investment property:	-1	-1
▪ additions to provisions/depreciation	-1	-1
▪ capital losses on disposals	0	0
Other expenses	-254	-173
Subtotal	-255	-174
NET TOTAL OF OTHER INCOME AND EXPENSES	80	296

Note 31 General operating expenses

	06/30/2021	06/30/2020
Employee benefits expense	-1,717	-1,648
Other expenses	-1,589	-1,522
TOTAL	-3,306	-3,169

31a Employee benefits expense

	06/30/2021	06/30/2020
Wages and salaries	-1,131	-1,120
Social security contributions	-385	-366
Short-term employee benefits	-1	-1
Employee profit-sharing and incentive schemes	-93	-53
Payroll-based taxes	-107	-108
Other	0	0
TOTAL	-1,717	-1,648

AVERAGE WORKFORCE

	06/30/2021	06/30/2020
Bank technical staff	23,757	24,421
Managers	16,120	16,383
TOTAL	39,877	40,804
France	27,967	28,652
Rest of the world	11,910	12,152
TOTAL	39,877	40,804
Registered workforce*	**45,594**	**46,296**

** 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

	06/30/2021	06/30/2020
Taxes and duties [1]	-314	-307
Leases	-88	-109
▪ short-term asset leases [2]	-39	-59
▪ low value/substitutable asset leases [3]	-42	-43
▪ other leases	-7	-7
Other external services	-1,043	-975
Other miscellaneous expenses	15	12
TOTAL	-1,429	-1,379

(1) The item "Taxes and duties" includes a -€181 million expense as part of the contribution to the Single Resolution Fund in 2021, compared to a -€159 million expense in 2020.

(2) Includes IT equipment.

31c Movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets

	06/30/2021	06/30/2020
Amortizations	-158	-141
▪ property, plant and equipment	-144	-129
including usage rights	-76	-57
▪ intangible assets	-14	-12
Write-downs	-2	-2
▪ property, plant and equipment	-2	-2
▪ intangible assets	0	0
TOTAL	-159	-142

Note 32 Cost of counterparty risk

	06/30/2021	06/30/2020
12-month expected losses (S1)	-68	-219
Expected losses at maturity (S2)	163	-214
Impaired assets (S3)	-299	-509
TOTAL	-204	-940

06/30/2021	Allowances	Reversals	Loan losses covered by pensions	Loan losses not covered by provisions	Recovery of loans written off in prior years	Total
12-month expected losses (S1)	-264	196				-68
▪ Loans and receivables due from credit institutions at amortized cost	-1	1				0
▪ Customer loans at amortized cost	-198	135				-63
of which finance leases	-18	9				-6
▪ Financial assets at amortized cost – securities	0	1				1
▪ Financial assets at fair value through other comprehensive income – debt securities	-4	4				0
▪ Financial assets at fair value through other comprehensive income – loans	0	0				0
▪ Commitments given	-61	55				-6
Expected losses at maturity (S2)	-235	398				163
▪ Loans and receivables due from credit institutions at amortized cost	0	0				0
▪ Customer loans at amortized cost	-170	285				115
of which finance leases	-7	27				-20
▪ Financial assets at amortized cost – securities	0	0				0
▪ Financial assets at fair value through other comprehensive income – debt securities	-1	1				0
▪ Financial assets at fair value through other comprehensive income – loans	0	0				0
▪ Commitments given	-64	112				48
Impaired assets (S3)	-640	951	-559	-135	84	-299
▪ Loans and receivables due from credit institutions at amortized cost	0	0	0	0	0	0
▪ Customer loans at amortized cost	-587	903	-559	-135	84	-294
of which finance leases	-7	11	-5	-1	1	-1
▪ Financial assets at amortized cost – securities	-7	0	0	0	0	-7
▪ Financial assets at fair value through other comprehensive income – debt securities	0	0	0	0	0	0
▪ Financial assets at fair value through other comprehensive income – loans	0	0	0	0	0	0
▪ Commitments given	-46	48	0	0	0	2
TOTAL	-1,139	1,545	-559	-135	84	-204

06/30/2020	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)	-399	180				-219
▪ Loans and receivables due from credit institutions at amortized cost	-2	2				0
▪ Customer loans at amortized cost	-335	125				-210
of which finance leases	-18	12				-6
▪ Financial assets at amortized cost – securities	-3	3				0
▪ Financial assets at fair value through other comprehensive income – debt securities	-3	4				1
▪ Financial assets at fair value through other comprehensive income – loans	0	0				0
▪ Commitments given	-56	46				-10
Expected losses at maturity (S2)	-444	230				-214
▪ Loans and receivables due from credit institutions at amortized cost	0	0				0
▪ Customer loans at amortized cost	-409	199				-210
of which finance leases	-44	16				-28
▪ Financial assets at amortized cost – securities	0	0				0
▪ Financial assets at fair value through other comprehensive income – debt securities	0	2				2
▪ Financial assets at fair value through other comprehensive income – loans	0	0				0
▪ Commitments given	-35	29				-6
Impaired assets (S3)	-657	545	-297	-151	51	-509
▪ Loans and receivables due from credit institutions at amortized cost	0	0	0	0	0	0
▪ Customer loans at amortized cost	-624	510	-279	-150	51	-492
of which finance leases	-9	8	-4	-1	1	-5
▪ Financial assets at amortized cost – securities	0	3	0	0	0	3
▪ Financial assets at fair value through other comprehensive income – debt securities	0	0	-17	0	0	-17
▪ Financial assets at fair value through other comprehensive income – loans	0	0	0	0	0	0
▪ Commitments given	-33	32	-1	-1	0	-3
TOTAL	-1,500	956	-297	-151	51	-941

Note 33 Net gains/(losses) on disposals of other assets

	06/30/2021	06/30/2020
Property, plant and equipment and intangible assets	-2	-4
▪ Capital losses on disposals	-8	-4
▪ Capital gains on disposals	6	0
Gains/(losses) on disposals of shares in consolidated entities	0	0
TOTAL	-2	-4

Note 34 Changes in the value of goodwill

	06/30/2021	06/30/2020
Impairment of goodwill	-69	-1
Negative goodwill stated in profit or loss	0	0
TOTAL	-69	-1

Note 35 Income tax

BREAKDOWN OF INCOME TAX EXPENSE

	06/30/2021	06/30/2020
Current taxes	-679	-417
Deferred tax expense	-26	107
Adjustments in respect of prior years	12	0
TOTAL	-693	-310

Note 36 Profit (loss) per share

	06/30/2021	06/30/2020
Net income attributable to the group	1,519	378
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	44.98	11.19
Weighted average number of shares that may be issued	0	0
Diluted earnings per share	44.98	11.19

Note 37 Related party transactions

BALANCE SHEET ITEMS PERTAINING TO RELATED PARTY TRANSACTIONS

	06/30/2021			12/31/2020		
	Associates (companies accounted for using the equity method)	Other establishments belonging to the National Confederation	Crédit Mutuel Alliance Fédérale parent companies	Associates (companies accounted for using the equity method)	Other establishments belonging to the National Confederation	Crédit Mutuel Alliance Fédérale parent companies
ASSETS						
Financial assets at fair value through profit or loss	0	218	0	0	236	0
Hedging derivatives	0	0	1,171	0	0	1,517
Financial assets at FVOCI	20	0	0	20	0	0
Financial assets at amortized cost	1,612	2,717	28,861	1,577	2,679	30,868
Investments in insurance business line	0	214	0	0	352	0
Other assets	0	0	0	0	0	0
TOTAL	1,632	3,148	30,031	1,597	3,267	32,384
LIABILITIES						
Liabilities at fair value through profit or loss	0	16	0	0	23	0
Debt securities	0	11	0	0	10	0
Liabilities to cred. inst.	107	333	7,793	136	320	7,833
Due to customers	1,200	501	25	1,218	501	25
Liabilities relative to contracts of the insurance business line	0	150	0	0	150	0
Subordinated debt	0	10	500	0	150	0
Miscellaneous liabilities	35	6	0	27	4	0
TOTAL	1,341	1,026	8,318	1,381	1,019	7,858
Financing commitments given	170	0	0	60	0	0
Guarantees given	0	0	4,383	0	0	4,372
Financing commitments received	0	0	0	0	0	0
Guarantees received	0	693	2,658	0	699	2,516

PROFIT AND LOSS ITEMS PERTAINING TO RELATED PARTY TRANSACTIONS

	06/30/2020			06/30/2019		
	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	3	10	211	3	24	196
Interest expense	0	-15	-11	0	-21	-23
Commission income	0	0	1	0	0	1
Commission expense	-19	-1	-9	-16	0	-7
Net gains/(losses) on financial assets at FVOCI and FVPL	8	24	0	1	-5	0
Net income from insurance activities	-17	-113	-273	-11	-106	-257
Other income and expenses	-4	0	0	-2	0	0
General operating expenses	-322	0	-56	-315	0	-54
TOTAL	-351	-95	-137	-340	-108	-145

6.3 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

PricewaterhouseCoopers France	ERNST & YOUNG et Autres
63, rue de VIlliers	Tour First
92208 Neuilly-sur-Seine Cedex	TSA 14444
S.A.R.L. with capital of €86,000	92037 Paris-La Défense Cedex
338 683 956 R.C.S. Nanterre	S.A.S. with variable capital
	438 476 913 R.C.S. Nanterre
Statutory auditors	Statutory auditors
Member of the Compagnie	Member of the Compagnie
ale de Versailles et du Centre (French Institute of	ale de Versailles et du Centre (French Institute of
utory Auditors of Versailles and Central France)	utory Auditors of Versailles and Central France)

(Period from January 1 to June 30, 2021)

Report from the statutory auditors on interim financial information

Dear Shareholders,

Banque Fédérative du Crédit Mutuel - BFCM

4 rue Frédéric-Guillaume Raiffeisen

67000 STRASBOURG

In accordance with the task entrusted us by your Shareholders' Meeting and pursuant to Article L. 451-1-2 III of the French Monetary and Financial Code, we have undertaken:

- a limited review of the condensed consolidated half-year financial statements for BFCM, pertaining to the period from January 1 to June 30, 2021, attached to this report;

- verification of the information given in the interim business report.

The global crisis linked to the Covid-19 pandemic creates special conditions for the preparation and limited audit of the consolidated condensed interim financial statements. 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 our work is carried out.

These consolidated condensed interim financial statements were prepared under the responsibility of your Board of Directors on July 29, 2021. It is up to us, based on our limited review, to express our conclusion about these statements.

I - Conclusion on the financial statements

We conducted our limited review according to applicable professional standards in France. A limited review consists essentially in working together with those members of management in charge of accounting and financial matters and implementing analytical procedures. This work is less extensive than that required for an audit conducted according to professional standards applicable in France. Consequently, assurance that the financial statements, taken as a whole, do not include any significant anomalies obtained in the context of a limited review is a moderate assurance, lower than that obtained in the context of an audit.

Based on our limited review, we did not note any significant anomalies of a nature that would question compliance of the condensed consolidated interim financial statements with IAS 34 – the IFRS standard of reference such as it was adopted by the European Union pertaining to interim financial information.

II - Specific verification

We also undertook to verify the information given in the interim business report compiled on July 29, 2021, commenting on the condensed consolidated interim financial statements, of which we provided a limited review.

We have no comments to make as to the fair presentation and consistency of this information with the consolidated condensed interim financial statements.

Neuilly-sur-Seine and Paris-La Défense, on August 6, 2021

The statutory auditors

PricewaterhouseCoopers France	ERNST & YOUNG et Autres
Nicolas Montillot	Hassan Baaj

7 ADDITIONAL INFORMATION TO THE INFORMATION PUBLISHED IN THE 2020 UNIVERSAL REGISTRATION DOCUMENT

The following tables supersede the ones published in the 2020 Universal Registration Document filed on April 21, 2021.

Page 245: 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**

Page 111: ORGANIZATION OF WORK TIME

Code	Indicator description	Data at the end of 2020*	Data at the end of 2019*
SOC29	Number of full-time employees with open-ended or fixed-term contracts (including full-time parental leave)	61,805	62,117
SOC30	Number of part-time employees with open-ended or fixed-term contracts and managers with reduced day package	8,506	8,836

* *This data corresponds to the scope of Crédit Mutuel Alliance Fédérale, excluding CIC's foreign subsidiaries.*

Page 111: EQUALITY OF TREATMENT

Code	Indicator description	Data at the end of 2020	Data at the end of 2019
SOC68	Number of disabled workers in the total workforce	1,760	1,749
SOC71	Percentage of disabled workers in the total workforce	2.50%	2.46%
SOC63	Percentage of women among managerial promotions	40.9%	37.5%

Page 17: 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. The banks then elect their representative at the federation level from among these members. The Chairman of the Federation (or of a District for the Fédération du Crédit Mutuel Centre Est Europe) may become a member of the Board of Directors of Caisse Fédérale de Crédit Mutuel and its subsidiary, BFCM.

Bearing these factors in mind, the “Corporate Governance” chapter 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.

Pages 126-127: 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
	Serenis 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

Level	Company
Cofidis	Cofidis Belgique
	Cofidis Espagne
	Cofidis France
	Cofidis Hongrie
	Cofidis Italie
	Cofidis Portugal
	Cofidis République tchèque

	Cofidis SA Pologne
	Cofidis SA Slovaquie
	Creatis
	GEIE Synergie
	Monabanq

Level	Company
EI	EI Télécom
	Euro-Information Production
	Euro Protection Surveillance
	Euro Information
	Euro-Information Développements
	Euro-Information Services

Level	Company
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
Other entities included in the scope	Banque Européenne du Crédit Mutuel (BECM)
	Banque Européenne du Crédit Mutuel Monaco
	Banque Fédérative du Crédit Mutuel (BFCM)
	BECM Francfort (branch)
	Creatis Crédit Mutuel Asset Management
	Crédit Mutuel Gestion
	Crédit Mutuel Immobilier
	Crédit Mutuel Caution Habitat
	Centre de Conseil et de Service
	CCLS
	Factofrance
	Targo Deutschland GmbH
	Targo Dienstleistungs GmbH
	Targo Factoring GmbH
	Targo Finanzberatung GmbH
	Targo Technology GmbH
	Targo Technology GmbH Singapore Branch
	Targo Leasing GmbH
	Targo Management AG
	TARGOBANK AG
	TARGOBANK Spain

Level	Company
Press	Affiches d'Alsace Lorraine
	Alsacienne de Portage – DNA
	Est Bourgogne Médias
	Groupement Républicain Lorrain Imprimeries (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)

8 BFCM 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 ADDITIONAL INFORMATION

9.1 DOCUMENTS AVAILABLE TO THE PUBLIC

During the validity of the universal registration document, the following documents (or copy of these documents) can be viewed:

Digitally on BFCM's website

http://www.bfcm.creditmutuel.fr

- Historical financial information of the BFCM and Crédit Mutuel Alliance Fédérale for each of the two fiscal years preceding the publication of the universal registration document.
- This universal registration document and those of the two previous fiscal years.

The information provided on the website does not form part of the universal registration document.

Regarding physical media

- The issuer's charter and articles of association.
- All reports, letters and other documents, historical financial information, valuations and statements prepared by an expert at the request of the issuer, a part of which is included or referred to in the universal registration document.
- The historical financial information of the subsidiaries of the BFCM for each of the two financial years preceding the publication of the universal registration document.

By sending a request by mail to:

Banque Fédérative du Crédit Mutuel

Legal department

4 rue Frédéric-Guillaume Raiffeisen 67913 STRASBOURG Cedex 9

+ 33 (0)3 88 14 88 14

9.2 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

9.3 PERSON RESPONSIBLE FOR THE DOCUMENT

Mr. Daniel Baal

Chief executive officer of Caisse Fédérale de Crédit Mutuel.

Declaration by the person responsible

I hereby declare that, to the best of my knowledge, the information contained in this amendment to the universal registration document is accurate and contains no omissions that could adversely affect its scope.

I certify, to the best of my knowledge, that the condensed financial statements for the half-year just ended were prepared in accordance with applicable accounting standards and present an accurate picture of the assets, financial position and net profit and loss of the company and of all of the companies included in the consolidation, and that the half-year activity report made up of sections indicated in the cross-reference table located at the end of this document presents an accurate picture of the important events that occurred in the first six months of the fiscal year, their impact on the financial statements, the principal transactions between related parties as well as a description of the main risks and uncertainties for the remaining six months of the fiscal year.

Strasbourg, August 12, 2021

9.4 PERSONS RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

Principal statutory auditors

Ernst & Young et Autres, member of the Regional Association of Auditors of Versailles (Compagnie Régionale de Versailles) – represented by Mr. Hassan Baaj – 1-2 Place des Saisons, 92400 Courbevoie Paris la Défense 1.

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 Compagnie Régionale de Versailles – represented by Mr. Jacques Lévi – 63 Rue de Villiers, 92200 Neuilly-sur-Seine.

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.

9.5 CROSS-REFERENCE TABLES

9.5.1 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 first amendment of the universal registration document filed with AMF on August 12, 2021	Page no. of the universal registration document filed with AMF on April 21, 2021
1. Persons responsible	**214**	**574**
2. Statutory auditors	**214**	**575**
3. Risk factors	**61-69**	**215-222**
4. Information about the issuer	**219**	**570-571**
5. Business overview		
5.1 Main activities	9-22	6-7; 20
5.2 Main markets	9-22	6-7; 21
5.3 Significant events in business development	NA	58; 67
5.4 Strategy and objectives	2-3	8-9
5.5 Degree of dependence with respect to patents or licenses, industrial, commercial or financial agreements or new manufacturing processes	NA	571
5.6 Elements on which the declarations of the issuer concerning its competitive position are based	NA	21
5.7 Investments	NA	NA
6. Organizational structure		
6.1 Description of the group	4	13-37
6.2 Main subsidiaries	4	13-37
7. Review of the financial position and of net profit or loss		
7.1 Financial position	9-22	39-71
7.2 Operating income	9-22	39-71
8. Cash and equity		
8.1 Information on the issuer's equity	74-75; 143-144	364; 446
8.2 Source and amount of the issuer's cash flows	76; 145	365; 447
8.3 Information on the borrowing conditions and the issuer's financing structure	18-20	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	NA
8.5 Information on the expected financing sources necessary to honor the commitments set out in point 5.7.2	NA	NA
9. Regulatory environment	**7-8**	**41-42**
10. Information on trends	**22; 24**	**58; 67**
11. Profit forecasts or estimates	**NA**	**NA**
12. Administrative, management, supervisory and executive bodies		
12.1 Information concerning the members of BFCM's administrative and management bodies	45-59	158-173; 186-199
12.2 Conflicts of interest concerning the administrative, management, supervisory and executive bodies	40	175; 201
13. Compensation and benefits	**NA**	**182-185; 204-205; 331-337**
14. Operation of the administrative and management bodies		
14.1 Expiration date of current terms of office	27-40; 46-57	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	NA
14.3 Information on the auditing committee and the remuneration committee	42-43	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	NA	159; 187
14.5 Potentially significant impacts on corporate governance	NA	221-222

Sections of Appendix 1 of Delegated Regulation (EU) 2019/980: "Registration document for equity securities"	Page no. of the first amendment of the universal registration document filed with AMF on August 12, 2021	Page no. of the universal registration document filed with AMF on April 21, 2021
15. Employees		
15.1 Number of employees	133; 201	430; 510; 553
15.2 Interests in the issuer's share capital and directors' stock-options	NA	NA
15.3 Agreement providing for employee ownership of the issuer's shares	NA	NA
16. Major shareholders		
16.1 Shareholders holding more than 5% of the share capital or voting rights	NA	564
16.2 Existence of different voting rights of the aforementioned shareholders	NA	565
16.3 Control of the issuer	NA	565
16.4 Knowledge by the issuer of an agreement likely to result in a change in control at a later date	NA	565
17. Related-party transactions	**137; 205-206**	**435; 514**
18. Financial information on the issuer's assets and liabilities, financial position and results		
18.1 Historical financial information	70-137; 139-206; 216	359-437; 441-517; 525-557; 578-579
18.2 Interim and other financial information	70-137; 139-206	NA
18.3 Verification of the annual historical financial information	138; 207	438-439; 518-523; 558-560
18.4 Pro forma financial information	NA	NA
18.5 Dividend distribution policy	NA	565
18.6 Legal and arbitration proceedings	NA	571
18.7 Material change in the financial position	NA	570
19. Additional information		
19.1 Share capital	212	564
19.2 Charter and articles of association	NA	574
20. Major contracts	**NA**	**571**
21. Documents available to the public	**213**	**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 August 12, 2021	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	See cross-reference table above
1.2 Issuer's statement	1	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.19-0359;

- 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 – Fiscal year 2017, registered with the AMF on April 20, 2018 under number D.18-0354.

9.5.2 Cross-reference table of BFCM's half-year financial report

Pursuant to Article 212-13 of the AMF general regulations, this universal registration document includes the information from the half-year financial report mentioned in Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-4 of the AMF general regulations.

Interim financial report	**Filed on August 12, 2021**
1. Interim business report	
- Important events that occurred during the first 6 months of the fiscal year and their impact on the interim financial statements	9–22
- Description of the main risks and uncertainties for the remaining 6 months of the fiscal year	61-69
- Principal transactions that occurred between related parties	205-206
2. Financial statements on June 30, 2021	139-206
3. Declaration by the person responsible	214
4. Statutory auditors' report on the interim financial statements	207

Websites:
www.bfcm.creditmutuel.fr
www.creditmutuelalliancefederale.fr

Financial information officers

Mr. Alexandre Saada
Deputy Chief Executive Officer of BFCM

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This Universal Registration Document has also been published in French.

#ENSEMBLE NOUVEAUMONDE

Plus vite, plus loin !

Banque Fédérative du Crédit Mutuel

Société anonyme (public limited company) with share capital of €1,688,529,500

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