First Amendment to the 2021 Universal Registration Document

INCLUDING

BFCM'S INTERIM FINANCIAL REPORT AT JUNE 30, 2022

Crédit Mutuel
Alliance Fédérale

BANQUE FÉDÉRATIVE
Crédit Mutuel

CONTENTS

First Amendment to the 2021 Universal Registration Document

including BFCM's Interim financial report at **June 30, 2022**

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

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

Accounts have not been audited, but are subject to a limited review.
2021 universal registration document filed with the Autorité des marchés financiers (AMF - French Financial Markets Authority) on April 13, 2022, as number D.22-0284.
First amendment to the 2021 universal registration document, filed with the Autorité des marchés financiers on August 10, 2022, as number D.22-0284-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 10, 2022, with the AMF, as the competent authority under Regulation (EU) 2017/1129, without prior approval, in accordance with Article 9 of the regulation.

The Universal registration document can be used for the purposes of a public offering of 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

Solid results to serve the regions and solidarity

"Crédit Mutuel Alliance Fédérale closed the first six months of 2022 with a remarkable overall performance, in terms of both its financial strength and its solidarity and transformation commitments. In the first half of the year, together with our elected representatives and employees, our mutualist group enhanced the commitments it makes to meet the expectations of its members, its customers and society, especially those worst affected by rising prices. Our results are a promise for the future, a promise to extend our solidarity actions and our commercial and technological innovation and a promise to step up the ecological transformation of the economy."
Nicolas Théry, Chairman

"Crédit Mutuel Alliance Fédérale has generated solid results this half-year. They reflect the group's ability to adapt, against the background of an unprecedented crisis in Europe, the return of high inflation and an enduring pandemic. As the first bank to become a benefit corporation, we intend to step up our mutualist commitment to build a fairer and more sustainable society. This is the promise of a useful, socially responsible and long-term bank."
Daniel Baal, Chief Executive Officer

A bank that is useful to its customers and members

The return of war to Europe turned the economic outlook for the first half of 2022 upside down. In addition to pre-existing supply and labor market tensions, the first six months of the year were marked by unprecedented inflationary pressure that weighed heavily on purchasing power. With its desire for results-based mutualism, Crédit Mutuel Alliance Fédérale is strongly committed to supporting the customers most affected by the crises and thereby helping to reduce inequality and social fragmentation.

Mutual solidarity in action

As a mutualist bank and as the first bank to be a benefit corporation, our banking networks and business lines were all actively engaged in helping customers achieve their goals.

A new study, conducted in partnership with the *Economic Analysis Council*, found that for 10% of customers on modest incomes[1], the cumulative burden of energy and fuel spending now accounts for 19.6% of monthly earnings. Personalized support measures have therefore been launched.

For the heavily car-dependent residents of rural and suburban areas, the 30,000 dedicated advisors of the two local banking networks organized 100,000 budgeting chats to advise customers affected by the decline in purchasing power.

As of August 1, 2022, the mutual group also offers accounts with a fee of just €1 per month, with no unauthorized overdraft fees or rejected payment charges. This is the cheapest solidarity banking offer for people in financial difficulty.

The non-profit sector has never been more closely involved in creating an inclusive and solidarity-based society. In recognition of this fact, in January 2022, Crédit Mutuel Alliance Fédérale began offering free civil liability insurance to every officer of a sports and cultural association that is a customer of the group.

These initiatives are in addition to the very many solidarity and sponsorship actions taken by the 14 Crédit Mutuel federations, CIC and its five regional banks, all the group's subsidiaries and the Crédit Mutuel Alliance Fédérale Foundation.

PURCHASING POWER

100,000 purchasing power consultations

Between May and July, Crédit Mutuel and CIC's advisors held more than 100,000 meetings to support customers in vulnerable financial positions.
Objective: to review customers' needs and situation alongside them so that they can cope with inflation.

SOLIDARITY

An account at €1 per month with no penalty charges

On August 1, as part of its commitment to support those worst hit by inflation, Crédit Mutuel Alliance Fédérale launched the Facil'Accès €1 and Service Accueil products, which offer a current account with a dedicated adviser at a local bank branch for a net amount of €1 per month, with no unauthorized overdraft fees or rejected payment charges.
Objective: to offer the best solidarity accounts on the market, to provide the best support to those worst hit by rising prices.

[1] *Income of less than €1,500 per month for a single person or €2,700 per month for a couple.*

Crédit Mutuel Alliance Fédérale is also exemplary in terms of its contribution to the national solidarity and redistribution effort. As an integral part of Crédit Mutuel, the group pays the third highest annual corporate income tax charge in France.

Results-based mutualism – pushing back the limits

The first few months of the year were marked by accelerating climate change and growing awareness of the urgent need for transformation.

Having terminated its financing for coal, shale oil, shale gas and unconventional hydrocarbons in February 2020, as well as that of new oil and gas projects, in March 2022 Crédit Mutuel Alliance Fédérale extended its climate commitments to the farming sector with incentive schemes and subsidized financing solutions for efficient and sustainable agriculture.

As the bank for climate transformation, Crédit Mutuel Alliance Fédérale was also, along with Banque Postale, the first bank to begin marketing the *Prêt Avance Rénovation* home renovation loan in March 2022. Offering a solution to the problem of buildings that leak heat, this unprecedented financing scheme is specifically targeted at 800,000 lower-income homeowners with poorly insulated homes.

Crédit Mutuel Alliance Fédérale also kept up its commitment to universal access to home ownership and its efforts to eliminate health-related discrimination. In November 2021, the group and its insurance subsidiary, Assurances du Crédit Mutuel, scrapped the health questionnaire for loyal customers seeking to purchase their main home (up to €500,000 in insured capital). In February 2022, all medical screening was abolished by law for policies covering up to €200,000 in insured capital.

Crédit Mutuel Alliance Fédérale advocates a strong social contract and acts responsibly toward its employees. With inflation squeezing purchasing power, the mutual group granted another general pay raise of 2.2% (with a minimum of €750 gross per year) on July 1, 2022, following on from a 1% increase for all salaries in January 2022 and the payment of a €2,000 exceptional purchasing power bonus in December 2021. In addition, a specific budget equal to 0.5% of payroll was set aside in June 2022 for the elimination of any residual wage gaps between the salaries of women and men.

A bank that stays close to its customers and promotes regional development

After supporting the economic recovery in 2021, Crédit Mutuel Alliance Fédérale stepped up its engagement in the first half of 2022, with loans to personal customers, professionals and businesses rising by a hefty €37 billion (+8.6% in outstanding loans). A 14th member federation, Crédit Mutuel Nord Europe joined the mutual group, further enhancing its engagement in the regions. This followed on from the entry of the Crédit Mutuel Antilles-Guyane and Crédit Mutuel Massif Central federations into Crédit Mutuel Alliance Fédérale in 2020.

Historic commercial performance

Total net banking income exceeded €8 billion for the first time in the group's history, reaching €8.556 billion. This represented a rise of 7.5% at current scope, or 1.8% if changes in scope of consolidation are excluded. Earnings from branch banking, the group's primary business line, rose strongly to reach €4.2 billion (+16.5%, or +7.4% if changes in scope of consolidation are excluded). Branch banking enjoyed a sustained interest margin and an increase in fees and commissions, and was bolstered by the arrival of the Crédit Mutuel Nord Europe federation on January 1, 2022. The consumer credit business, which includes the Cofidis Group and Targobank Germany, also grew strongly to €1.452 billion (+5.8%).

MARKET PENETRATION

Strong performance form the multiservice strategy

Insurance	36.1 million policies
Telephone service	1,390 000 subscribers
Remote surveillance	621,000 subscribers
New homes	4,316 sales
Number of customers	**29.6m**

Earnings from insurance, the leading diversification business line, were impacted (-19.8%) by adverse movements in the financial markets and by high losses linked to increasing natural disasters: the thunderstorms and hail in June 2022 had a €134 million impact on claims expenses.

The overall rise in earnings was also driven by asset management and private banking, these business lines being strengthened by the entry of La Française into the group. Despite the adverse environment, business increased to €531 million (+25.2%, or +2.1% if changes in scope of consolidation are excluded). Private equity recorded a strong half-year at €304 million (+18.5%).

Actively committed to regional economic development, Crédit Mutuel Alliance Fédérale continues to stand out in its support for economic recovery. Lending to personal and business customers increased, helping them to achieve their goals. Outstanding home loans increased by 9.5% to €248.0 billion, while outstanding consumer credit rose by 6.8% to €48.8 billion. Businesses also benefited from strong growth in equipment loans, which were up by 8.8% to €108.4 billion. In total, outstanding customer loans came to €485.9 billion at end-June 2022 (+8.6%) while deposits grew to €450.7 billion (+2.9%).

Through its private equity subsidiary, Crédit Mutuel Alliance Fédérale is also active in financing start-ups, SMEs and mid-tier companies throughout France. €229.4 million was invested in entrepreneurship between January and June 2022, bringing the portfolio of investments in the real economy to €3.1 billion.

At June 30, 2022, the Crédit Mutuel banking networks had 8.6 million customers, with 5.5 million more at CIC. Crédit Mutuel Alliance Fédérale has 29.6 million customers, a rise of 10% at constant scope. During the half-year, 233,000 new customers joined the Crédit Mutuel local banks and 197,000 joined the branches of CIC.

Relationships bolstered by technology and the local multiservice strategy

The first half of 2022 was also a time for strengthening close relationships, both in person and online. While the banks maintained their strong presence in local communities, over a billion logins were made on the Crédit Mutuel and CIC apps in the first half-year (+18%) – in addition to 236 million online banking logins. Video appointments and electronic signatures continued to increase. Eleven million e-signatures were used to take out and manage products and make day-to-day transactions (+35%), while the rollout of video appointments continued, with 139,000 customer-advisor consultations (+14%) over the half-year. Close relations were further enhanced by the artificial intelligence that assists our 30,000 advisors on a daily basis. **In the first half of the year, almost 18.3% of sales were generated by an artificial intelligence lead.**

Solid results to build the future

For Crédit Mutuel Alliance Fédérale, the first half of 2022 was in line with its strategic plan, *"ensemble#nouveaumonde, plus vite, plus loin!"* (together#today's world, faster, further!). Net profit was in excess of €2 billion, enabling it to step up its long-term strategy with confidence.

Top operational performance and financial strength

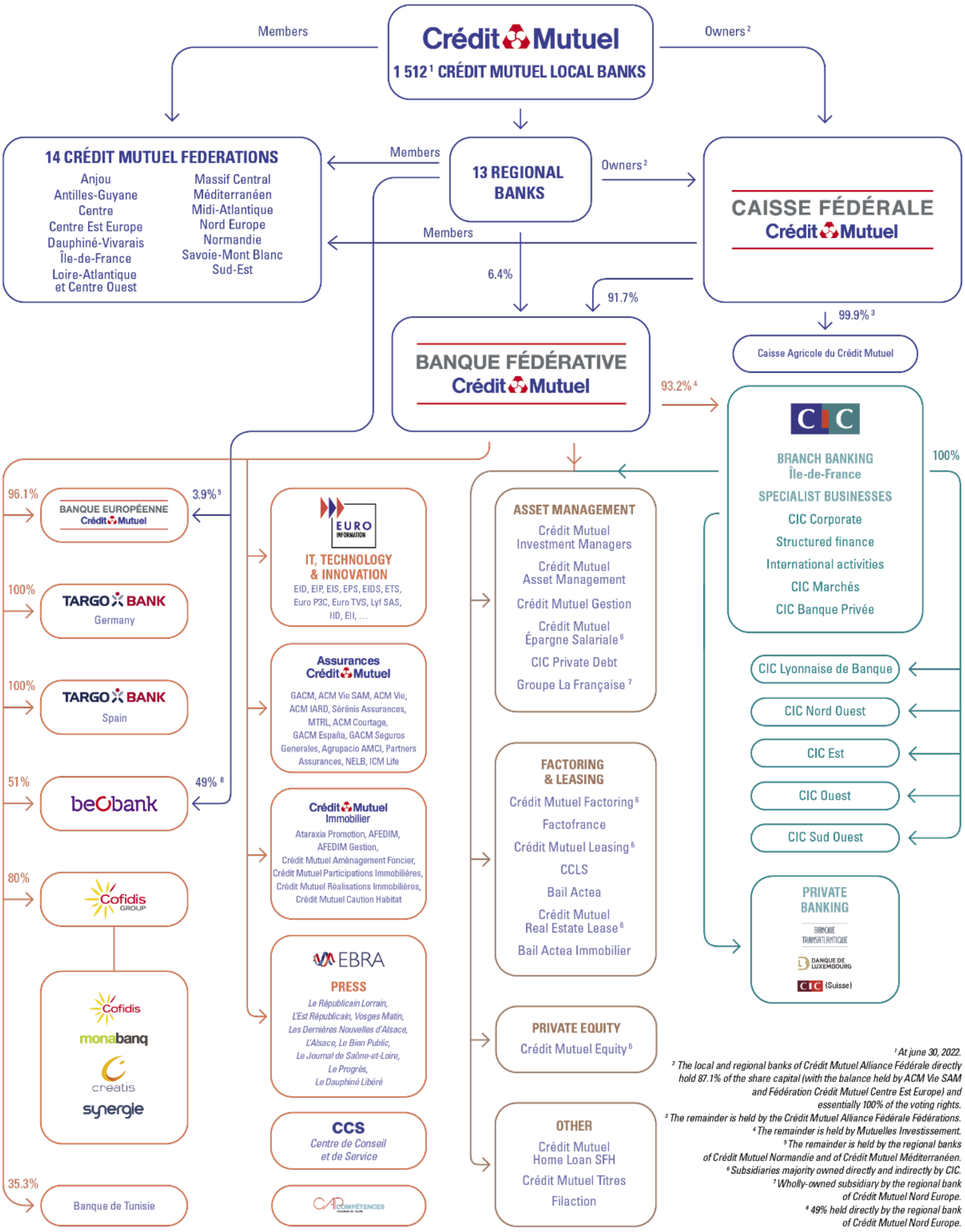
Sustained investments in technology and people contributed to the group's remarkable operational performance, while ensuring that general operating expenses, which rose by 3.0% on a like-for-like basis over one year to €5.2 billion, were kept in check. Expenses included the growing weight of supervisory fees and contributions to the Single Resolution Fund, which together totaled €379 million, a sharp increase of +37.8%. The cost/income ratio rose slightly, to 61.1%, and remains the best among French banking groups. The cost of risk was €470 million. The group maintained its prudent economic scenarios, resulting in a strong rise in non-proven risk (+€120 million) after a reversal of provisions in the first half of 2021.

The group's financial solidity is also reflected in its high liquidity reserve (€188.9 billion), which amply covers market funding maturities over 12 months.

The regularity of profits also allowed the group's to continue its funding program without difficulty, in spite of a very tough market. As of June 30, 2022, nearly 70% of the annual funding program had already been completed. With an estimated CET1 of 18.1% and shareholders' equity of €56.1 billion (+2.9 billion euros over 6 months) at the end of the first half, Crédit Mutuel Alliance Fédérale is one of the most robust banks in Europe.

1 PRESENTATION OF CRÉDIT MUTUEL ALLIANCE FÉDÉRALE

1.1 ORGANIZATIONAL STRUCTURE AT JUNE 30, 2022



[1] At june 30, 2022.
[2] The local and regional banks of Crédit Mutuel Alliance Fédérale directly hold 87.1% of the share capital (with the balance held by ACM Vie SAM and Fédération Crédit Mutuel Centre Est Europe) and essentially 100% of the voting rights.
[3] The remainder is held by the Crédit Mutuel Alliance Fédérale Fédérations.
[4] The remainder is held by Mutuelles Investissement.
[5] The remainder is held by the regional banks of Crédit Mutuel Normandie and of Crédit Mutuel Méditerranéen.
[6] Subsidiaries majority owned directly and indirectly by CIC.
[7] Wholly-owned subsidiary by the regional bank of Crédit Mutuel Nord Europe.
[8] 49% held directly by the regional bank of Crédit Mutuel Nord Europe.

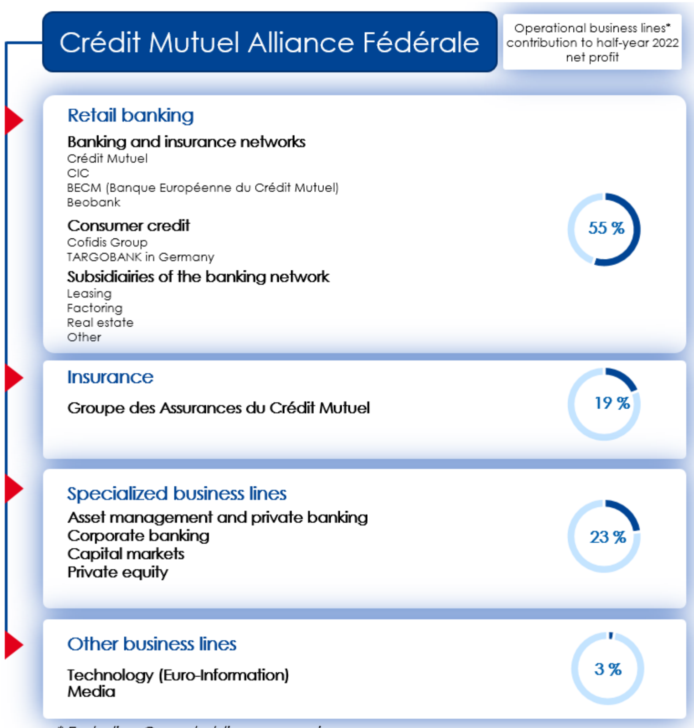
1.2 RECENT EVENTS

1.2.1 Scope and segmentation

The financial statements for the first half of 2022 include Crédit Mutuel Nord Europe and its subsidiaries for the first time, following the successful convergence on January 1, 2022.

The segmentation of the financial statements was reviewed from the first half of 2022. The main changes concern [1]:

- the creation of a “Consumer Credit” business line within the “Retail Bank” segment, bringing together TARGOBANK in Germany (excluding factoring and leasing) and Cofidis;
- the creation of an “Asset Management and Private Banking” business line within the “Specialized Business Lines” segment;
- the creation of an “Other Business Lines” segment comprising press, logistics, the holding business line and intercompany transactions.



** Excluding Group holding companies.*

1.2.2 Update of Crédit Mutuel Group’s Minimum Requirement for Own Funds and Eligible Liabilities

The Crédit Mutuel Group (the "Group", "Crédit Mutuel") has received during May its updated minimum requirement notification for own funds and eligible liabilities applicable on a consolidated basis at the level of the resolution group, which is composed of the central body (Confédération Nationale du Crédit Mutuel), its affiliated entities including Banque Fédérative du Crédit Mutuel, and all their subsidiaries (the "MREL requirement").

Crédit Mutuel’s external MREL requirement is set at 20.99% of the Group’s risk-weighted assets (the "RWA") and at 6.55% of the leverage ratio exposure. This requirement must be met with the Group’s consolidated own funds and eligible liabilities directly issued by the central body and its affiliated entities.

The subordinated MREL requirement isset at 14.35% of the RWA and at 6.55% of the leverage ratio exposure.

Crédit Mutuel is well above the new requirements set by the regulator, with a subordinated MREL ratio (own funds, subordinated liabilities, including senior non-preferred) of 23.06% of the Group’s RWA and 10.61% of the leverage ratio exposure as of 31 December 2021.

Therefore, the total and subordinated MREL requirements are met even with just the Group's regulatory consolidated own funds and the senior non preferred debt as of 31 December 2021.

[1] *For more details, please refer to Note 2a in Chapter 6.*

2 INTERIM BUSINESS REPORT OF CRÉDIT MUTUEL ALLIANCE FÉDÉRALE AND BFCM

2.1 ECONOMIC AND REGULATORY ENVIRONMENT IN THE FIRST HALF OF 2022

2.1.1 Economic environment

H1 2022: uncertain outlook

The first half of the year was marked by the Russian invasion of Ukraine and the resulting strong international tensions. The significant increase in risk aversion on the financial markets and the surge in commodity prices, in particular energy and food prices, reflected the uncertainty caused by the conflict and the severity of the sanctions taken in particular by European countries and the United States against Russia. On the health front, while European and American states have managed to stem the COVID-19 epidemic thanks to the effectiveness of their vaccination programs, China has experienced more difficulties and had to reintroduce restriction measures, amplifying the strains on global production chains and supply difficulties for companies. The combination of the inflationary shock of 2021, geopolitical tensions and supply chain difficulties resulted in a significant acceleration of price increases throughout the half-year. In order to cushion the shocks to household and business confidence, governments have implemented support measures via their fiscal policies. Nevertheless, this could not prevent the slowdown of some economic indicators in Europe and the United States, fueling fears of recession at the very end of the half-year. For their part, central banks have gradually chosen to promote the fight against inflation as part of their mandate, in the face of fears of unanchoring inflation expectations and acceleration of wages. This has resulted in a particularly strong rise in sovereign rates and falling equity indices.

In the **Eurozone**, the favorable economic outlook linked to the reopening of economies and the easing of health restrictions was quickly tempered by the outbreak of the war in Ukraine on February 24. The European Union has introduced several sanctions packages against Russia, including an embargo on coal and oil imports by sea. Combined with Moscow's decision to reduce gas supplies to many countries, this has caused a sharp increase in energy prices. The PMI activity indices remained in expansionary territory due to a catch-up effect that is still in place, as well as significant budgetary support deployed to moderate the increase in inflation. By contrast, the financial situation of corporates was weakened by squeezed margins attributable to the increase in production prices and wages and, on the other hand, a slowdown in orders. In this context, the European Central Bank (ECB) began its monetary tightening in order to stop the demand, a necessary move to curb inflation while it continued to move away from its target of 2%, reaching 8.6% year-on-year in June. To this end, the ECB decided: 1/ to bring to an end the "pandemic" asset purchase program in March and the historic Asset Purchase Programme in July; and 2/ on key rate increases for the next meetings starting in the summer. However, due to fears of a marked slowdown and a rapid increase in sovereign rates, the risk of financial fragmentation quickly resurfaced. The institution had to react to calm the sudden widening of sovereign rates between those of Germany and those of the most fragile countries. It demonstrated its determination by announcing that it was accelerating work to define a mechanism to combat this risk. In this tense economic context, the euro has depreciated sharply, especially as the deterioration in external accounts, liable to penalize the currency, has accelerated. Concerns have also been heightened by energy supply issues. Only the integration of the ECB's desire to tighten financial conditions made it possible to modestly contain the decline of the single currency.

In **France**, activity was negatively affected by the epidemic rebound at the very beginning of the year and, although the French economy is less dependent on Russian hydrocarbons than its European neighbors, inflation has also accelerated significantly. However, it remains lower than in the rest of the Eurozone thanks to the tariff shield on energy prices. The half-year was also marked by political issues: Emmanuel Macron was re-elected President of the French Republic, but his party did not obtain an absolute majority in the legislative elections, which limits visibility regarding the policy that will be carried out during this five-year term. Lastly, fears about energy rationing have gradually increased, while nuclear production has fallen significantly due to numerous reactors undergoing maintenance.

In the **United Kingdom**, while growth remained vigorous during the first quarter, economic indicators deteriorated rapidly in the wake of rising inflation, due in particular to the increase in the energy price cap, accentuated by the effects of Brexit. Faced with this slowdown, the British government strengthened its budget support measures for households, but this remained limited, while the desire for a rapid rebalancing of public accounts was maintained. The Bank of England continued its monetary tightening by raising key rates to 1.25%, i.e. +115 bps since December 2021. However, it remains concerned about risks weighing on the economy, which have fueled the depreciation of the pound sterling this half-year.

In **Germany**, economic activity was penalized during the first quarter by the evolution of the epidemic and by the consequences of the war in Ukraine on inflation and supply chain difficulties. As the economy is dependent on Russian hydrocarbons, foreign trade has deteriorated due to the hike in energy imports. In order to limit the effects of inflation, the government committed to support measures of approximately €43 billion.

In the **United States**, where the effects of the war in Ukraine are more moderate, the impact on oil and gas prices has gradually increased and has accentuated inflationary pressures, notably due to the embargo on Russian gas and oil, which increased European demand for the United States. The impact on pump prices was also amplified by the lack of refining capacity. In addition, the increase in prices became widespread, the inflation rate reached 8.5% year-on-year in June, and the risk of unanchoring expectations increased. The stability of the labor market drove wages up during the half-year. Faced with inflation, after a first 25 bps hike in the key rate in March, followed by a second of 50 bps in May, the Fed accelerated the tightening of its monetary policy in June by announcing a 75 bps increase, which brings the key rates to 1.5% - 1.75%. The objective today is to tighten financial conditions to curb demand, which has severely penalized the financial markets. However, despite the economic slowdown, consumption of services remains strong due to the lifting of health restrictions and a still significant accumulated household savings.

In **China**, the application of the zero-Covid strategy has gradually turned against the country, proving to be much less suited to a more transmissible variant such as Omicron. This has therefore weighed heavily on economic activity due to the strict lockdowns that were implemented in several regions from the first quarter. However, the improved health situation from the end of May was a positive factor for the growth outlook. In addition, monetary and budgetary support has been greatly increased in recent months, in order to support activity ahead of the National Congress of the Chinese Communist Party in the fall. With regard to other **emerging countries**, inflationary pressures remained sustained while the risks of energy and food shortages intensified. In this context, the central banks remained proactive in their fight against inflation with a general rise in interest rates that will amplify the economic slowdown.

Lastly, in terms of **commodities,** the war in Ukraine has accentuated the rise in prices, particularly energy and food prices, as demand increases without sufficient supply to meet it. The upcoming supply adjustments, decided by OPEC, did not seem sufficient to permanently reverse the upward trend in oil prices. The surge in prices was also reflected in gas and food prices. Industrial metal sectors were temporarily penalized by the Chinese slowdown.

2.1.2 Regulatory environment

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

The first half of 2022 was marked by the continuation of numerous works by European authorities in various areas, including sustainable finance, and by regulatory changes that have an impact on all of the bank's business lines:

Credit risks

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

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

The ECB has confirmed that it will not extend the reduction in capital requirements decided in 2020 at the height of the pandemic crisis. The ECB had authorized banks to operate below the level of capital defined by their Pillar 2 (P2G) guidelines until at least December 2022. The ECB also announced the expiration of the prudential exemption in March 2022, which currently allows banks to exclude central bank exposures from the calculation of the total leverage ratio exposure.

Leverage financing is identified as a crucial vulnerability by the ECB's banking supervision and is one of its key priorities for 2022-2024.

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

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

IT risks

On May 11, 2022, the European Parliament and the European Commission approved the draft DORA regulation on the digital operational resilience of the financial sector, which would come into force by the end of the year. This regulation aims to improve the IT operational resilience of financial services players by setting up a strengthened governance and internal control framework in this area.

The Presidency of the Council and the European Parliament reached a provisional agreement under the proposed markets in Crypto-Assets Regulation (MiCA) on June 30, 2022. This project aims to protect investors and maintain financial stability by creating a regulatory framework for crypto-assets that allows for continuous innovation and preserves the attractiveness of this sector, while holding service providers on these assets liable in the event of loss.

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

Climate risks

The European climate package continues to be rolled out. Provisions of the Corporate Sustainability Reporting Directive (CSRD) and Sustainable Finance Disclosure Regulation (SFDR), known as Disclosure, regarding sustainability reporting in the financial services sector, are being implemented in stages. An agreement was reached on June 21, 2022 concerning the Corporate Sustainability Reporting Directive which will replace the Non-Financial Reporting Directive (NFRD).

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

The ECB, in its supervisory priorities for the next three years, includes a strengthening of the prudential assessment of climate risks. In the first half of 2022, the ECB has assessed the publications of European banks in terms of exposure to climate risks. It assessed the resilience of banks to climate risks for the first time in the Eurozone, through a climate stress test, the results of which have just been published. The data are partial insofar as this test only takes into account credit and market risks, and is still essentially based on estimates.

Financial crime

In July 2021, the European Commission presented a legislative package aimed at strengthening the European Union's AML-CFT rules. A new competent European supervisory authority, Anti-Money Laundering Authority (AMLA), should be created. As a reminder, the ANL-CFT represents a growing share of SREP.

Other major concerns:

- fraud and scams: need to strengthen the system for identifying and preventing fraud and thus protecting customers;
- international sanctions: the sanctions and freezing of institutional assets will be in the spotlight in 2022 given the geopolitical context.

Governance

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

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

Insurance activities and financial conglomerate risk

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

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

Recovery and resolution

The Single Resolution Board (SRB) has prioritized certain minimum resolvability requirements for the year 2022: liquidity and resolution funding, the separability and institutional reorganization plan, as well as information system, recovery and technological infrastructure capacities.

Compliance

The revision of the PSD2 directive (Payment Services Directive) is underway to establish a more efficient European payments market and increased security.

The European Commission proposes to repeal Directive 2002/65/EC on the distance marketing of financial services and to supplement Directive 2011/83/EU on consumer rights in order to strengthen consumer protection.

The European Parliament has released a final draft of a new consumer credit directive which will be discussed throughout the second half of 2022.

In March 2022 in France, under the reform of the SAPIN II Act, the law improved and strengthened the protection of whistleblowers.

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

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

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

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

In France, the law on easier access to the borrower insurance market, enacted on February 28, 2022, strengthens the rights of borrowers and brings three major changes: termination at any time, the conditional removal of the medical questionnaire and the lowering of the time period for the "right to be forgotten".

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

Change in segmentation

With effect from the first half of 2022, the income statement is now subdivided into four segments, namely Retail banking, Insurance, Specialized business lines and Other business lines. The segments are themselves split into business lines as shown in the organization chart on page 6.

The main changes relative to the data for the first half of 2021 published in July and August 2021 are set out below:

Analysis of income statement by business segment – NEW SEGMENTATION

06/30/2021 *(in € millions)*	Retail banking	Insurance	Specialized businesses	Other business lines	TOTAL
Net banking income	**5,256**	**1,119**	**1,152**	**435**	**7,962**
General operating expenses	-3,424	-344	-529	-439	-4,736
Gross operating income	**1,832**	**775**	**622**	**-4**	**3,226**
Cost of counterparty risk	-214	-	25	2	-188
Gains on other assets	-2	0	0	-71	-73
Profit before tax	**1,616**	**775**	**647**	**-73**	**2,965**
Income tax	-517	-236	-114	-19	-885
Gains and losses net of taxon discontinued assets	7	-	-	-	7
Net profit	**1,106**	**540**	**533**	**-92**	**2,087**
Non-controlling interests	-	-	-	-	161
Net profit attributable to the group	**-**	**-**	**-**	**-**	**1,926**

Analysis of income statement by business segment - OLD SEGMENTATION

Page 104 of the Universal Registration Document 2020, first amendment, filed August 12, 2021

06/30/2021 *(in € millions)*	Retail banking	Insurance	Financing and markets	Private banking	Private equity	Logistics and holding company services	Intra-group elimination	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**	**-**	**3,226**
Cost of counterparty risk	-214	-	37	-5	-7	2	-	-188
Gains on other assets	-2	0	-	-	-	-72	-	-73
Profit before tax	**1,638**	**775**	**324**	**89**	**214**	**-74**	**-**	**2,965**
Income tax	-523	-236	-84	-23	-0	-19	-	-885
Gains and losses net of taxon discontinued assets	7	-	-	-	-	-	-	7
Net profit	**1,122**	**540**	**240**	**66**	**213**	**-93**	**-**	**2,087**
Non-controlling interests	-	-	-	-	-	-	-	161
Net profit attributable to the group	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,926**

- Asset management and private banking" business line) and to the "Other business lines" segment ("Holding company activities" business line);
- Insurance: no change;
- The new "Specialized business lines" segment encompasses the former "Financing and markets", "Private banking" and "Private equity" segments as well as some entities previously reported under "Retail banking";
- "Other business lines" covers the former "Logistics and holding company services" and "Intra-group elimination" columns as well as one entity formerly reported under "Retail banking".

Additional details on the business lines in the "Other business lines" segment are provided in the tables below:

NEW SEGMENTATION - Details for the "Specialized business lines" segment

06/30/2021 *(in € millions)*	Asset management & Private banking	Corporate banking	Capital markets	Private equity	Specialized businesses
Net banking income	**424**	**198**	**273**	**257**	**1,152**
General operating expenses	-293	-69	-132	-36	-529
Gross operating income	**131**	**129**	**141**	**221**	**622**
Cost of counterparty risk	-5	37	0	-7	25
Gains on other assets	0	-	-	-	0
Profit before tax	**126**	**166**	**141**	**214**	**647**
Income tax	-33	-42	-38	-0	-114
Gains and losses net of taxon discontinued assets	-	-	-	-	-
Net profit	**93**	**124**	**103**	**213**	**533**

OLD SEGMENTATION - Details for the "Specialized business lines" segment

06/30/2021 *(in € millions)*	Private banking	Corporate banking	Capital markets	Private equity	Specialized businesses
Net banking income	**319**	**198**	**293**	**257**	**1,066**
General operating expenses	-225	-69	-135	-36	-464
Gross operating income	**94**	**129**	**157**	**221**	**602**
Cost of counterparty risk	-5	37	0	-7	25
Gains on other assets	0	-	-	-	0
Profit before tax	**89**	**166**	**157**	**214**	**627**
Income tax	-23	-42	-42	-0.4	-108
Gains and losses net of taxon discontinued assets	-	-	-	-	-
Net profit	**66**	**124**	**115**	**213**	**519**

- The new "Asset management & private banking" business line includes:
  - All subsidiaries previously included in "Private banking";
  - Crédit Mutuel Asset Management and Crédit Mutuel Épargne Salariale, which were previously reported under "Retail Banking" / "Subsidiaries of the banking network", and Cigogne Management, which was previously reported under "Capital Markets";
  - Entities consolidated for the first time in the first half-year: La Française, Crédit Mutuel Investment Managers and CIC Private Debt.

- "Capital markets activities": one entity previously reported under this business line was transferred to the new "Asset management & private banking" business line: Cigogne Management.

Changes at constant scope

Changes at constant scope are calculated after eliminating:

- For the first half of 2022: data for newly consolidated entities, namely Crédit Mutuel Nord Europe, Crédit Mutuel Investment Managers and CIC Private Debt (affects "Retail banking, "Asset management" and "Other business lines");
- For the first half of 2021: data for Floa Bank, which was deconsolidated with effect from January 2022 (affects the "Retail banking" segment).

Crédit Mutuel Alliance Fédérale

(in € millions)	H1 2022	*chg. scope*	H1 2022 excluding changes in scope	H1 2021	*chg. scope*	H1 2021 excluding changes in scope	2022/ 2021	Change at constant scope in %
Net banking income	8,556	*448*	8,108	7,962	-	7,962	+7.5%	+1.8%
General operating expenses	-5,228	*-349*	-4,879	-4,736	-	-4,736	+10.4%	+3.0%
o/w supervisory and resolution expenses	*-379*	*-9*	*-369*	*-268*	-	*-268*	*+41.3%*	*+37.8%*
Gross operating income	3,329	*99*	3,230	3,226	-	3,226	+3.2%	+0.1%
Cost of risk	-470	*-18*	-452	-188	-	-188	x 2.5	x 2.4
Cost of proven risk	*-350*	*-9*	*-342*	*-320*	-	*-320*	*+9.6%*	*+6.9%*
Cost of non proven risk	*-120*	*-10*	*-110*	*132*	-	*132*	*ns*	*ns*
Operating income	2,859	*80*	2,778	3,038	-	3,038	-5.9%	-8.6%
Net gains/(losses) on other assets and ECC	47	*15*	32	-73	-	-72	ns	ns
Profit before tax	2,906	*95*	2,810	2,965	-	2,966	-2.0%	-5.2%
Income tax	-773	*-26*	-747	-885	-	-885	-12.6%	-15.6%
Gains and losses net of taxon discontinued assets	-	-	-	7	7	-	ns	ns
Net profit	2,132	*69*	2,064	2,087	7	2,081	+2.2%	-0.8%
Non-controlling interests	99	-	99	161	-	161	-38.6%	-38.6%
Net profit attributable to the group	2,034	*69*	1,965	1,926	7	1,920	+5.6%	+2.4%

Retail banking

(in € millions)	H1 2022	*chg. scope*	H1 2022 excluding changes in scope	H1 2021	*chg. scope*	H1 2021 excluding changes in scope	2022/ 2021	Change at constant scope in %
Net banking income	5,976	*345*	5,631	5,256	-	5,256	+13.7%	+7.1%
General operating expenses	-3,798	*-270*	-3,528	-3,424	-	-3,424	+10.9%	+3.1%
o/w supervisory and resolution expenses	*-245*	*-9*	*-236*	*-193*	-	*-193*	*+27.0%*	*+22.2%*
Gross operating income	2,178	*75*	2,103	1,832	-	1,832	+18.9%	+14.8%
Cost of risk	-461	*-18*	-443	-214	-	-214	x2.1	x2
Cost of proven risk	*-336*	*-9*	*-328*	*-303*	-	*-303*	*+10.9%*	*+8.1%*
Cost of non proven risk	*-125*	*-10*	*-115*	*89*	-	*89*	*ns*	*ns*
Operating income	1,717	*57*	1,660	1,618	-	1,618	+6.1%	+2.6%
Net gains/(losses) on other assets and ECC	2	-	2	-2	-	-2	ns	ns
Profit before tax	1,719	*57*	1,662	1,616	-	1,617	+6.3%	+2.8%
Income tax	-530	*-19*	-511	-517	-	-517	+2.6%	-1.2%
Gains and losses net of taxon discontinued assets	-	-	-	7	7	-	ns	ns
Net profit	1,189	*38*	1,151	1,106	7	1,100	+7.4%	+4.6%

Asset management & Private banking

(in € millions)	H1 2022	*chg. scope*	H1 2022 excluding changes in scope	H1 2021	2022/ 2021	Change at constant scope in %
Net banking income	531	98	433	424	+25.2%	+2.1%
General operating expenses	-392	-79	-313	-293	+33.8%	+6.7%
Gross operating income	139	18	120	131	+6.1%	-8.0%
Cost of risk	-3	-	-3	-5	-40.3%	-40.3%
Operating income	136	18	117	126	+8.0%	-6.7%
Net gains/(losses) on other assets and ECC	15	15	-	-	ns	ns
Profit before tax	150	33	117	126	+19.6%	-6.7%
Income tax	-35	-6	-28	-33	+4.6%	-14.2%
Net profit	116	27	89	93	+25.0%	-4.0%

Other business lines

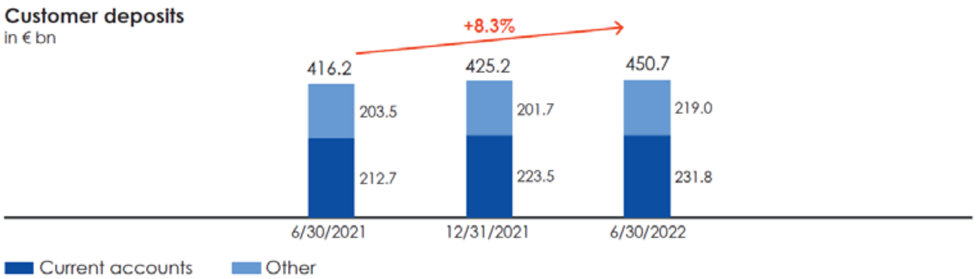
(in € millions)	H1 2022	*chg. scope*	H1 2022 excluding changes in scope	H1 2021	2022/2021	H1 2022 excluding changes in scope
Net banking income	**454**	**5**	**449**	**435**	**+4.3%**	**+3.2%**
General operating expenses	-415	-	-415	-439	-5.5%	-5.5%
Gross operating income	**39**	**5**	**34**	**-4**	**ns**	**ns**
Cost of risk	8	-	8	2	x5.2	x5.2
Operating income	**47**	**5**	**42**	**-2**	**ns**	**ns**
Net gains/(losses) on other assets and ECC	30	-	30	-71	ns	ns
Profit before tax	**77**	**5**	**72**	**-73**	**ns**	**ns**
Income tax	-48	-1	-46	-19	x2.5	x2.4
Net profit	**30**	**4**	**26**	**-92**	**ns**	**ns**

2.2.1.2 Change in activity in the first half of 2022

Customer deposits

Deposits amounted to €450.7 billion as of June 2022, up 8.3% year-on-year. As from January 1, 2022, this figure includes deposits for Crédit Mutuel Nord Europe, which stood at €22.3 billion at end-June 2022. Deposits rose by 2.9% at constant scope.

As in 2021, current accounts continued to grow steadily (+5.3%) and inflows on regular passbook accounts were high, with deposits increasing by 9.1% to nearly €78 billion.



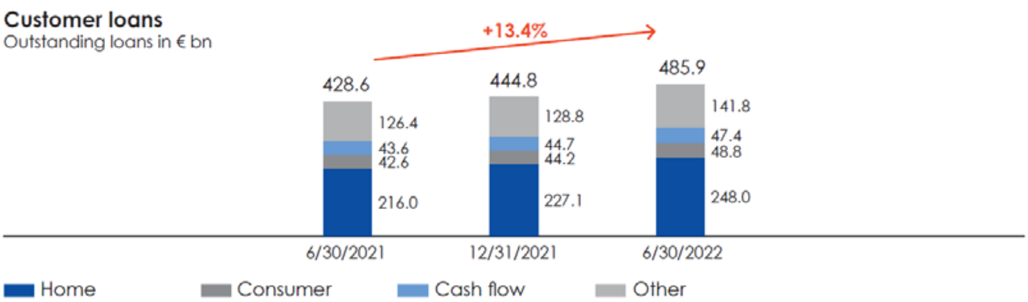
Customer loans

At the end of June 2022, outstanding loans totaled €485.9 billion, an increase of 13.4% year-on-year. As from January 1, 2022, this figure includes outstanding loans for Crédit Mutuel Nord Europe, which stood at €19.9 billion at end-June 2022. Customer loans rose by 8.6% at constant scope.

Demand for loans to support the recovery was high, and support for customers was evidenced by significant

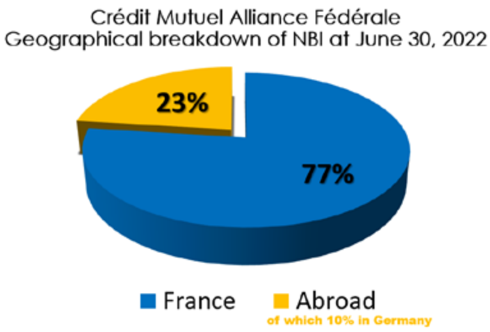
increases in outstandings in the main loan categories:

- home loans rose by 9.5% to €248 billion;
- equipment loans rose by 8.8% to €108.4 billion;
- outstanding consumer credit rose by 6.8% to €48.8 billion;
- leasing receivables rose by +8.0% to €19 billion.



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 (77% at June 30, 2022. 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 (23%) of the group's net banking income.



2.2.1.4 Results of Crédit Mutuel Alliance Fédérale

(in € millions)	H1 2022	H1 2021	change at constant scope[1]
Net banking income	**8,556**	**7,962**	**+1.8%**
General operating expenses	-5,228	-4,736	+3.0%
including contribution to the Single Resolution Fund and, Supervision costs and contributions to the FGD[2]	*-379*	*-268*	*+37.8%*
Gross operating income/(loss)	**3,329**	**3,226**	**+0.1%**
Cost of risk	-470	-188	x 2.4
cost of proven risk	*-350*	*-320*	*+6.9%*
cost of non-proven risk	*-120*	*132*	*ns*
Operating income	**2,859**	**3,038**	**-8.6%**
Net gains and losses on other assets and ECC[3]	47	-73	ns
Profit/(loss) before tax	**2,906**	**2,965**	**-5.2%**
Income tax	-773	-885	-15.6%
Post-tax gains/(losses) on discontinued operations[3]	-	7	ns
Net profit/(loss)	**2,132**	**2,087**	**-0.8%**
Non-controlling interests	99	161	-38.6%
Net profit attributable to the group	**2,034**	**1,926**	**+2.4%**

(1) After elimination of entities consolidated for the first time in 2022 (Crédit Mutuel Nord Europe, Crédit Mutuel Investment Managers, CIC Private Debt) and entities deconsolidated in 2021 (Floa) - see methodology notes in section 2.2.1.1.
(2) FGD = Fonds de Garantie des Dépôts.
(3) ECC = equity consolidated companies = share of net profit/(loss) of equity consolidated companies.

Net banking income (NBI)

Net banking income for Crédit Mutuel Alliance Fédérale registered growth of 1.8% in the first half of 2022 to reach €8.6 billion. This was attributable to solid commercial performance, notably in the branch networks, whereas capital markets activities and insurance were dragged down by the tensions in the financial markets.

Net banking income *(in € millions)*	H1 2022	H1 2021	Change at constant scope
Retail bank	**5,976**	**5,256**	**+7.1%**
o/w banking networks	*4,196*	*3,601*	*+7.4%*
o/w consumer loans	*1,452*	*1,372*	*+5.8%*
Insurance	**897**	**1,119**	**-19.8%**
Specialized business lines	**1,229**	**1,152**	**-1.8%**
Asset management & private banking	531	424	+2.1%
Corporate banking	214	198	+8.4%
Capital Markets	180	273	-34.2%
Capital equity	304	257	+18.5%
Other business lines	**454**	**435**	**+3.2%**
Total NBI Crédit Mutuel Alliance Fédérale	**8,556**	**7,962**	**+1.8%**

In the first half of 2022, income from **retail banking** increased by 7.1% to just under €6 billion, reflecting the commercial strength of the network and of consumer credit.

The **insurance** business was affected by the fall in the markets and by unprecedented claims expenses arising from natural events. Net income from insurance activities was €897 million, a drop of 19.8%

Net banking income from **asset management & private banking** rose by 2.1% at constant scope to €531 million in the first half of 2022 compared with the first half of 2021. If the newly consolidated entities are included, NBI was 25.2% higher. The first half of 2022 saw the first-time consolidation of La Française (NBI of €80 million), following the entry into the Alliance of Crédit Mutuel Nord Europe. Crédit Mutuel Investment Managers and CIC Private Debt were also consolidated for the first time.

Corporate banking posted excellent performance in the first half of 2022, buoyed by all entities in France and internationally, with income of €214 million, up sharply by 8.4% compared with the already high first half of 2021.

After a recovery in 2021, the financial market environment deteriorated. As a result, net income from **capital markets** (investment and sales) fell by 34.2% to €180 million in the first half of 2022, from €273 million a year earlier.

In **private equity**, net banking income topped €300 million in the first half of 2022, up 18.5% thanks to capital gains generated as a result of numerous transactions on the portfolio investments.

General operating expenses and gross operating income

In the first half of 2022, general operating expenses amounted to €5.2 billion, an increase of 3.0% compared with the first half of 2021.

They were again significantly impacted by all the expenses related to contributions to the Single Resolution Fund, supervision costs and contributions to the FGD, which totaled €379 million for the first half of the year (compared with €268 million for the first half of 2021). Excluding these contributions, the increase in general operating expenses was limited to +0.9%.

The cost/income ratio worsened by 1.6 percentage points to 61.1%, while gross operating income held steady at €3.3 billion.

Cost of risk and operating income

The total cost of risk in the first half of 2022 was €470 million compared with €188 million in the first half of 2021, i.e. an increase of €282 million during the period.

The cost of proven risk was €350 million for the first half of 2022, compared with €320 million for the first half of the previous year – a modest increase of 6.9% in a more difficult economic environment.

The cost of non-proven risk for the first half of 2022 was €120 million, as compared with a €132 million reversal in the first half of 2021. The prudent assumptions underlying the IFRS 9 scenarios remained unchanged relative to 2021 and the sectoral provisions established in 2020 remained at a high level.

At 2.5%, the non-performing loan ratio at end-June 2022 was lower than the figure of 2.8% a year earlier, while the coverage ratio was 50.1%.

Expressed as a percentage of outstanding loans, the cost of risk for customer loans remained low at 19 basis points as of June 2022 compared with 10 at end-June 2021 (and 48 at end-June 2020).

(in € millions)	06/30/2022	06/30/2021	06/30/2020
Customer loans (net outstandings on the balance sheet)	485,933	428,551	407,001
Gross loans	495.603	437,737	416,128
Gross non-performing loans	12,363	12,097	12,669
Provisions for impairment of receivables	9,670	9,186	9,127
of which provisions for impairments on non-performing receivables (Status 3)	*6,199*	*6,172*	*6,676*
of which provisions for impairments on performing loans (Articles of Association 1 & 2)	*3,471*	*3,014*	*2,451*
Share of non-performing loans in gross loans	**2.5%**	**2.8%**	**3.0%**

As a result of this increase in the cost of risk, operating income fell by 8.6% year-on-year to €2.9 billion.

Other

Gains on other assets and ECC came to €47 million. This includes a gain arising on the disposal of Flora to BNPP at the start of the year, as well as gains on the first-time consolidation of the subsidiaries Crédit Mutuel Investment Managers and CIC Private Debt.

Profit/(loss) before tax

Profit before tax was €2.9 billion, a 5.2% decline relative to the first half of 2021.

Net profit

Net profit was €2.1 billion and therefore remained stable relative to 2021 (-0.8%).

Net profit attributable to the group was 2.0 billion (+2.4%).

2.2.1.5 Results by activity of Crédit Mutuel Alliance Fédérale

2.2.1.5.1 Retail banking and consumer lending in France and Europe

(in € millions)	H1 2022	H1 2021	Change at constant scope[1]
Net banking income	**5,976**	**5,256**	**+7.1%**
General operating expenses	-3,798	-3,424	+3.1%
of which supervision and resolution costs [2]	*-245*	*-193*	*+22.2%*
Gross operating income/(loss)	**2,178**	**1,832**	**+14.8%**
Cost of risk	-461	-214	x2
cost of proven risk	*-336*	*-303*	*+8.1%*
cost of non-proven risk	*-125*	*89*	*ns*
Operating income	**1,717**	**1,618**	**+2.6%**
Net gains and losses on other assets and ECC[3]	2	-2	ns
Profit/(loss) before tax	**1,719**	**1,616**	**+2.8%**
Income tax	-530	-517	-1.2%
Post-tax gains/(losses) on discontinued operations	-	7	ns
Net profit/(loss)	**1,189**	**1,106**	**+4.6%**

(1) After elimination of entities consolidated for the first time in 2022 (Crédit Mutuel Nord Europe and entities deconsolidated in 2021 (Floa) - see methodology notes in section 2.2.1.1.

(2) FGD = Fonds de Garantie des Dépôts.

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

The retail banking segment comprises three business lines:

- *The branch banking network, comprising the Crédit Mutuel local banks of the 14 federations, the CIC branch network, Banque Européenne du Crédit Mutuel, Beobank and TARGOBANK Spain;*
- *Consumer credit, comprising Cofidis Group and TARGOBANK Germany;*
- *Specialized business line subsidiaries whose products are marketed by the branch networks: equipment leasing and hire purchase, real estate leasing, factoring, and real estate sales and management.*

Bank networks

Crédit Mutuel, Beobank and BECM banking and insurance network

<u>Crédit Mutuel, Beobank and BECM banking and insurance network</u>

In terms of earnings, the Crédit Mutuel & Beobank banking and insurance network generated net banking income of €2.0 billion in the first half of 2022, an increase of 4.7%. The interest margin was steady and commission income was up by 11.5%.

General operating expenses rose by 5.4% to €1.5 billion.

The sharp rise in the cost of risk (€56 million in the first half of 2022 vs. a net reversal of €16 million in 2021) was a major component in the 8.7% fall in operating income to €487 million.

Net profit for the first half of 2022 was down 10.1% at €335 million.

BUSINESS ACTIVITY: CRÉDIT MUTUEL LOCAL BANKS

At the end of June 2022, the number of customers in the Crédit Mutuel banking and insurance network stood at 8.6 million, a 12-month rise of 1.2%.

Savings deposits totaled €241.9 billion at the end of June 2022, representing a twelve-month rise of 2.6%.

Following higher disbursements than in the first half of 2021, outstanding external loans and finance reached a total of €178.3 billion, a 6.6% year-on-year increase.

The multiservice strategy is reflected in the rising levels of products sold to customers:

- the number of non-life insurance policies (excluding borrower's insurance) reached 12.7 million, up 2.5% year-on-year;
- the number of remote home surveillance subscriptions rose 3.4% to nearly 210,000 contracts.

BUSINESS ACTIVITY: BEOBANK

During the first half, Beobank sustained the momentum of 2021's record-breaking sales performance, obtaining excellent results in all product lines, particularly consumer lending and credit cards. Against a strained backdrop of tightening monetary policy and rate rises, Beobank continued to expand along its various avenues of growth, namely the markets for home loans (26.9% rise in outstanding receivables), loans to self-employed professionals (9.1% rise in investment loans) and property & casualty insurance (portfolio of more than 60,000 policies, a year-on-year increase of 39%). At end-June 2022, outstanding loans stood at €7.6 billion (+15.5% year-on-year) while outstanding deposits were €6.9 billion (+6.1%).

Banque Européenne du Crédit Mutuel (BECM)

BECM is the Crédit Mutuel Alliance Fédérale subsidiary that serves regional and local economies and the business and real estate markets, operating under the Crédit Mutuel brand. In France, it operates in these markets in tandem with the Crédit Mutuel Alliance Fédérale federations. In Germany, it offers specific support to large German corporates and their French subsidiaries, as well as to French businesses with operations in Germany. In the real estate market, it acts as a first-class partner to real estate developers and property companies.

Drawing on the solid financial base of Crédit Mutuel Alliance Fédérale, BECM is a bank on a human scale, widely decentralized and close to its customers with short decision-making chains. Its values are based on proximity, responsiveness and innovation. It provides businesses and real estate firms with technical know-how and added value that enhance both in-person and online customer relationships, within a multiservice strategy that is strengthened year by year.

To serve its 20,351 customers, BECM puts 411 staff and the full range of services of Crédit Mutuel Alliance Fédérale's business centers at their disposal. It operates a network of 53 active branches, comprising 43 in France and 10 Germany. It is organized on a market basis, with 38 branches serving the general business market and 15 serving the real estate market.

BECM set up its commercial network for the German business market 23 years ago and has consistently supported it throughout that time. The bank's German activities will be transferred to the TARGOBANK brand in October 2022. This transfer reflects an enhanced growth plan for the corporate market and reaffirms the aims of Crédit Mutuel Alliance Fédérale to become a full-service bank in Germany.

Measured in terms of monthly average capital as at June 2022, customer loans stood at €19.6 billion - a rise of 9.8% relative to the end of 2021. Deposits stood at €14.1 million, a 20.7% decrease on the figure at the end of 2021.

Excluding BECM Monaco, BECM's net banking income rose by 24.4% to reach €201.4 million at June 30, 2022, while net profit was up by 36.3% at €102.7 million.

CIC banking and insurance

With more than 100,000 new customers, CIC's banking network had over 5.5 million customers as of June 2022, a 1.9% increase year-on-year. The number of business and corporate customers increased by 3.6% to 1.1 million and the number of retail customers (79% of the total) rose by 1.4%.

Deposits amounted to €167 billion at the end of June 2022, up 2.0%.

In the first half of 2022, deposits in current accounts (+5.3%) and passbook accounts (+8.1%) continued to grow, whereas term deposits showed a net outflow (-32.8%).

At end-June 2022, outstanding loans totaled €171.7 billion, an increase of 8.3% year-on-year.

In the first half of 2022, activity was robust in the main loan categories:

- Outstanding home loans rose by 9.6% to €95.4 billion. Disbursements were particularly high at€10.2 billion compared with €9.2 billion in the first half of 2021;
- Investment loans were up 10.5% to €48.1 billion, reflecting the business recovery and the high level of support provided to customers. Disbursements in this category were also high at 8.4 billion (+50%);
- Outstanding consumer credit rose by 2.8% to €6.1 billion.

The multi-service strategy led to an increase in products sold to our customers:

- the number of property and personal insurance policies (excluding life insurance) reached 6.2 million, up 3.8% year-on-year;
- the number of remote home surveillance subscriptions rose 3.1% to nearly 116,000 contracts.

In terms of earnings, CIC's banking network generated net banking income of €1.9 billion in the first half of 2022, an increase of 8.3%. Both the interest margin, as a result of higher loan volumes, and commissions contributed to this increase in income.

General operating expenses rose by 3.7% to €1.2 billion.

The cost/income ratio improved by 2.8 percentage points to 62.5% and gross operating income was up 17.1% to €721 million.

The sharp rise in the cost of risk (€80 million in the first half of 2022 vs. a net reversal of €4 million in 2021) limited the increase in operating income to +3.5%.

Net profit was €456 million in the first half of 2022, up 7.8% year-on-year.

Consumer credit

Cofidis Group

Cofidis Group had a very good first half with €4.8 billion of new business, €900 million more than in the first six months of 2021. This good level of activity was visible in both the direct business channel, which rose by 31%, and in referral business, which was up by 24%. Only online business was down, by 11% relative to last year. Outstanding loans increased to €16.653 billion at the end of June 2022, a 10% rise over the figure at end-June 2021.

Net income rose by 63% relative to the last year to reach €90 million. The large increase in outstanding loans led to a €69 million rise in NBI, in spite of a substantial tightening in the interest rate environment. General operating expenses increased by €15 million, mostly in connection with the recovery in business levels. In particular, marketing and sales spending rose by €10 million as business levels revived. Cost of risk remains low at 2.2% of outstanding loans, the same level as last year.

TARGOBANK in Germany

TARGOBANK operates in over 250 German cities, meeting the needs of 3.6 million retail and business customers to whom it provides banking, insurance, factoring and finance leasing solutions. The bank, which enjoys an especially strong presence in the consumer credit and factoring markets, combines the benefits of online and branch banking, enabling it to offer efficient, personalized service both remotely and at its 336 branches.

New business in direct repayment loans totaled some €3 billion for the period to June 30, 2022, a 30% increase relative to June 2021. Outstanding customer receivables for the factoring and leasing businesses were up by 16%. Total outstanding loans grew by 10% to €23.6 billion. Customer deposits reached €24.2 billion, an increase of 7%.

The TARGOBANK Germany branch network (excluding factoring and leasing) contributed €210 million to the Group's pre-tax profit for the period to June 30, 2022, following a slight rise in NBI, a slight fall in general operating costs and a rise in cost of risk, the latter being due to higher levels of new loan production as well as prudent provisioning in line with the economic environment.

Business subsidiaries

The supporting business lines within retail banking - i.e. leasing, factoring, real estate - generated net banking income of €328 million (+16.0%) and net profit of €67 million (as compared with €75 million in the first half 2021). These figures are net of commissions paid to the branch networks.

Factoring continued to generate rising operating income, thanks to strong growth in volumes and well-managed costs.

Operating income from leasing was down, despite an increase in new business, due to the rise in the cost of non-proven risk. This was attributable to the overall rise in outstanding receivables, but also to the recognition of substantial reversals in 2021.

2.2.1.5.2 Insurance

(in € millions)	H1 2022	H1 2021	Change
Net insurance income	**897**	**1,119**	**-19.8%**
General operating expenses	-374	-344	+8.7%
Gross operating income/(loss)	**523**	**775**	**-32.5%**
Net gains and losses on other assets and ECC[1]	0.5	0.4	+47.9%
Profit/(loss) before tax	**523**	**775**	**-32.5%**
Income tax	-102	-236	-56.8%
Net profit/(loss)	**422**	**540**	**-21.9%**

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

The insurance business, which has been operated for more than 50 years by Groupe des Assurances du Crédit Mutuel (GACM), is fully integrated into Crédit Mutuel Alliance Fédérale in sales and technology terms.

As of end-June 2022, GACM covers more than 13 million insureds via 36.1 million policies. Sales of new insurance policies were up by 1.4% relative to end-June 2021 and GACM's total portfolio has increased by 1.5% since the start of the year. Insurance revenues were €6.6 billion, up 8.5% compared to the first half of 2021.

The increase was mainly driven by growth in the gross premium income for life and endowment policies to €3.6 billion (+13.1%). In France, where almost all premium income arises (€3.5 billion), growth was 12.5%, substantially in excess of market growth to the end of May (+3.6%). Unit-linked policies continued to account for a high level of premium income (42.8%), in line with market trends.

Revenue from property and personal insurance continued to rise, reaching €3.1 billion at end-June 2022 (+3.6% relative to end-June 2021). This breaks down into a 2.7% increase in property insurance and a 4.2% increase in personal insurance (health, personal protection and borrower's insurance).

In line with its strategic aims, GACM continued to expand in the market for self-employed professionals and businesses. The introduction of the new group health insurance offering in March 2022 completed the revision of our entire product and service range for these markets. At the same time, GACM has made significant recruitment in both markets, to ensure that specialist insurance staff are on hand to support the

Crédit Mutuel and CIC networks with the marketing of these offerings.

Revenue generated by the international subsidiaries was €310 million, comprising €215 million in Spain and €95 million in Belgium.

Commissions paid to the branch networks came to €940 million. Of the total, €807 million was paid to Crédit Mutuel Alliance Fédérale.

At €422 million, GACM's first-half contribution to the Group's net profit was down by 22% relative to June 30, 2021.

This change is partly the result of very high levels of claims due to natural events, notably the thunderstorms and hail during June 2022, which led to a €134 million expense in relation to nearly 45,000 claims. Following these events, the e-déclaration, which allows customers to submit a claim online, was very widely used, providing another illustration of the relevance of the digital services made available to insureds. Altogether, weather events in the first half of 2022 thus led to a €211 million expense for GACM, much higher than in the first half of 2021 (€65 million). Of this total, €55 million is covered by the reinsurance program.

In addition to natural events, the decline in profit is also due to the movements in the financial markets. During the first half of 2021, rising financial markets made a positive contribution to GACM's results, due to the appreciation of assets recognized at fair value through profit or loss. In the first half of 2022, the fall in the financial markets adversely affected results under IFRS. At the same time, interest rates rose substantially during the first six months of 2022, causing a fall in the value of bond holdings recognized at fair value through other comprehensive income.

The return of inflation in France to levels unheard of for over thirty years increased repair and reconstruction costs in relation to auto and home policies. In auto, however, the strengthening of partnerships with authorized repairer networks enabled the increase in costs for material damage claims to be contained.

With €9.3 billion of shareholders' equity, GACM enjoys a solid balance sheet structure that enables it to face this new economic environment without fear or concern.

2.2.1.5.3 Specialized businesses

Private banking and asset management, corporate banking, capital markets and private equity round out the banking and insurance offering of Crédit Mutuel Alliance Fédérale. These four businesses account for 13% of net banking income [1] and 23% of net profit from operating activities [2].

Asset management and private banking

(in € millions)	H1 2022	H1 2021 [1]	Change at constant scope [2]
Net banking income	**531**	**424**	**+2.1%**
General operating expenses	-392	-293	+6.7%
Gross operating income/(loss)	**139**	**131**	**-8.0%**
Cost of risk	-3	-5	-40.3%
Operating income	**136**	**126**	**-6.7%**
Net gains and losses on other assets and ECC[3]	15	0	ns
Profit/(loss) before tax	**150**	**126**	**-6.7%**
Income tax	-35	-33	-14.2%
Net profit/(loss)	**116**	**93**	**-4.0%**

(1) Comparable scope – See methodology notes in section 2.2.1.1.
(2) Excluding first-time consolidations in 2022: Crédit Mutuel Investment Managers, CIC Private Debt, La Française - See methodology notes in section 2.2.1.1.
(3) ECC = equity consolidated companies = share of net profit/(loss) of equity consolidated companies.

Crédit Mutuel Alliance Fédérale's asset management and private banking business line comprises:

- *Crédit Mutuel Investment Managers, comprising seven asset management entities;*
- *La Française group, which contains four management companies and a distribution platform;*
- *Banque Transatlantique, Banque de Luxembourg and Banque CIC (Suisse).*

At €531 million, the net banking income from asset management and private banking accounts for 6% of the NBI of Crédit Mutuel Alliance Fédérale's operational business lines and increased by 2.1% at constant scope in a difficult economic environment.

It benefited from the contributed of the following subsidiaries which were consolidated for the first time in this half-year: La Française (NBI of €80 million), Crédit Mutuel Investment Managers (NBI €8.4 million after fees paid to branch networks) and CIC Private Debt (NBI of €9.2 million).

General operating expenses increased by 6.7%, leading to a fall of 8.4% in gross operating income to €138 million.

(1) Excludes intra-group anf holding company transactions.
(2) Excluding holding company services.

Net gains/(losses) on other assets and ECC comprises non-recurring income related to the first-time consolidation of Crédit Mutuel Investment Managers and CIC Private Debt.

Net profit was €116 million in the first half of 2022, compared with €93 million a year earlier.

This data does not include the private banking activity carried out through CIC's network and at its five regional banks, i.e. €117.6 million in NBI (+8.2%) and €54.5 million in net profit (+14.4%).

ASSET MANAGEMENT

Business in the first half of 2022 was conducted amid a complex overall environment marked by the start of the war in Ukraine. This affected the course of all economic, geopolitical and financial factors, leading to high inflation, interest rate rises, substantial volatility in the financial markets, a downgrading of the outlook for economic growth and a further increase in the urgency of the climate and energy transition prompted by the need for European sovereignty.

In this environment, real estate continued to be attractive to investors, who see it as a partial hedge against the risk of ongoing inflation. Investment volumes in European office property, which have hit record highs since early 2022, are an indication of this trend.

Assets under management were €156 billion at end-June.

Net inflows into asset management (excluding money-market) totaled €2 billion, amid very high volumes of business.

With net inflows of €1.2 billion from retail customers, La Française REM, the real estate backbone of the La Française group, maintained its leading position in the French market for real estate funds with €30 billion in retail customer assets under management. The attractiveness of the brand was acknowledged for the second year running by the European Real Estate Brand Institute in June 2022. The various SCPI funds are continuing to gain traction in all retail networks due to their attractive yields. The popularity of unit-linked real estate investments remains undimmed, a trend in which the La Française group is participating.

Investors also opted strongly for private debt: net inflows totaled €380 million. A new theme was launched by CIC Private Debt at the end of the half-year period with CIC Transition Infra Debt 2, an impact fund classified as SFDR Article 9.

PRIVATE BANKING

The first half of the year was satisfactory for the **Banque Transatlantique group** in terms of net banking income, which grew by 20% compared with June 30, 2021.

Customer funds invested in savings products fell to €50 billion as a result of the market downturn. Capital inflows (€750 million) remained strong. Total managed funds resulting from synergies with Crédit Mutuel Alliance Fédérale grew.

The lending activity, particularly real estate loans, remained strong despite the rise in interest rates at the end of the half-year period. Outstanding loans amounted to €4.7 billion, with €486 million in new loans in the first half of 2022 (an increase of €107 million compared with 2021).

The geopolitical, economic and financial environment remains very concerning and the Banque Transatlantique group's financial commissions are expected to fall in the second half of the year as a result of the decline in the financial markets.

In the first half of 2022, **Banque de Luxembourg** posted solid performance across all its business lines, thanks mainly to strong sales momentum at both the retail and business and corporate customer level. In addition, the rise in USD and EUR rates led to an increase in the net interest margin (+15%).

The bank thus posted net banking income of €161.7 million at June 30, 2022, up 4% thanks to a 4% increase in net commissions (77% of NBI) compared with June 2021 and the rise in the interest margin.

These strong results reflect the commercial policies adopted under its BLU25 strategic development plan and confirm their validity. Finally, Banque de Luxembourg has also made the integration of ESG (environmental, social and governance) criteria a centerpiece of its development strategy by defining areas of commitment, particularly on social and societal matters, and began its B Corp. certification process in 2021.

In 2022, **Banque CIC (Suisse)** continued its development and targeted growth. With a balance sheet total of €13.1 billion and nearly 448 employees, Banque CIC (Suisse) is an enduring part of the Swiss banking landscape. It takes advantage of its omnichannel approach by combining personal support and proximity to customers with the e-banking solution, CIC eLounge.

Volumes have continued to grow steadily, with a 13% increase in savings balances to €16.2 billion and a 13.5% increase in loans to €9.6 billion. Net income in the first half of 2022 rose to €24.5 million thanks to an 11.5% increase in NBI and a net decrease in the cost of risk (€1.3 million compared with €6.4 million in June 2021).

With a focus on meeting the changing needs of customers and adapting to new consumption patterns, Banque CIC (Suisse) continues to relentlessly improve its customer experience.

Corporate banking

(in € millions)	H1 2022	H1 2021	Change
Net banking income	**214**	**198**	**+8.4%**
General operating expenses	-82	-69	+19.2%
Gross operating income/(loss)	**132**	**129**	**+2.7%**
Cost of risk	-13	37	ns
cost of proven risk	*-22*	*-5*	*x4.2*
cost of non-proven risk	*9*	*43*	*-79.7%*
Profit/(loss) before tax	**119**	**166**	**-28.5%**
Income tax	-28	-42	-33.9%
Net profit/(loss)	**91**	**124**	**-26.6%**

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

The **structured finance activity** (acquisition financing, project financing, asset financing and securitization) recorded an overall decline in loan production compared with 2021, particularly in terms of acquisition financing at the branches. As authorizations continued to increase, income from the activity rose slightly.

The **large corporates (CIC Corporate)** activity supports the development of listed and unlisted major French and foreign industrial companies with revenue of more than €500 million as part of a long-term relationship. The first half of 2022 was marked by the continued financing of customers' investments and medium-term projects despite the crisis in Ukraine. Income was up significantly thanks in particular to good loan production and an increase in commissions following several profitable and strategic capital transactions.

The **international business department** helps corporate customers carry out their international projects. In the first half of 2022, trade finance transactions resumed, but the more complicated international environment made it necessary to be more selective in the choice of transactions. The buyer credit financing activity remained robust thanks mainly to the numerous projects covered by BPI insurance.

Commitments amounted to €57.8 billion at June 30, 2022 and were up by €5.8 billion on both drawn and undrawn credit lines, including €4.4 billion for France and €1.4 billion for the branches.

Net banking income increased by €17 million (+8.4%) to €214 million in the first half of 2022. It benefited from a sharp rise in income from the large corporates activity thanks to good loan production, a modest increase in the structured finance activity, and an increase in income from international financing as a result of proactive measures taken to maintain close relations with customers.

The cost of risk increased by €51 million: the cost of proven risk rose to €22 million from €5 million in 2021; the main change stemmed from the base effect on the cost of non-proven risk in the first half of 2021 with €43 million in reversals of provisions compared with €9 million in reversals at June 30, 2022.

Net profit therefore fell by 26.6% to €91 million.

Capital markets

(in € millions)	H1 2022	H1 2021[1]	Change
Net banking income	**180**	**273**	**-34.2%**
General operating expenses	-129	-132	-2.2%
Gross operating income/(loss)	**51**	**141**	**-64.1%**
Cost of risk	-0.1	-	ns
Profit/(loss) before tax	**51**	**141**	**-64.2%**
Income tax	-15	-38	-59.9%
Net profit/(loss)	**35**	**103**	**-65.7%**

(1) Comparable scope - See methodology notes in section 2.2.1.1.

CIC Marchés comprises the commercial capital markets business - under the CIC Market Solutions brand – for corporate customers and financial institutions, investment activity and the post-market services that support these activities.

In the first half of 2022, the net banking income for capital markets activities was €180 million, down compared with the first half of 2021 due to a negative base effect – given the exceptional post-health crisis performance in the first half of 2021 – and a deterioration in the geopolitical and economic environment during the period which impacted the financial markets.

CIC Market Solutions (France and Asia) generated €65 million in net banking income (€69 million at end-June 2021), after the payment of €56 million in commissions to the network (€37.6 million at end-June 2021) and an additional CVA/FVA provision of €24.5 million compared to a reversal of 10.5 million in the first half of 2021 due to the increase in credit spreads. Over the half-year period, business was mainly driven by interest rate, currency and commodities (TCMP) hedging services and structured investments. The TCMP hedging activity benefited from high customer demand in a volatile market environment and an extension of the product offering, particularly for new commodities. Structured investment solutions generated a high level of activity with €1.8 billion of EMTNs issued during the half-year period.

In the first half of 2022, the investment business line (including France and the New York and Singapore branches - excluding Cigogne Management SA which was moved to “Asset management and private banking” - section 2.2.2.1) generated NBI of €115 million vs. €205 million at the end of June 2021. Benefiting from the lowering of the risk profile, the business withstood the difficult market environment triggered by the Russia-Ukraine conflict, inflation and the end of the accommodative central bank policies.

CIC Marchés continued to keep a close eye on the cost structure under these market conditions, with costs down 2.2% compared with the first half of 2021.

Gross operating income amounted to €51 million. Total net profit from the capital market activities was €35 million.

Private equity

(in € millions)	H1 2022	H1 2021	Change
Net banking income	**304**	**257**	**+18.5%**
General operating expenses	-38	-36	+5.4%
Gross operating income/(loss)	**267**	**221**	**+20.6%**
Cost of risk	-	-7	ns
Profit/(loss) before tax	**267**	**214**	**+24.7%**
Income tax	-16	-1	ns
Net profit/(loss)	**251**	**213**	**+17.6%**

CIC Crédit Mutuel Alliance Fédérale provides capital financing to start-ups, SMEs and mid-caps through its Crédit Mutuel Equity entity, which encompasses all the group's equity financing businesses: innovation capital, private equity and buyout capital, as well as investment in infrastructure projects and M&A advisory services. Crédit Mutuel Equity finances development projects mainly in France through its eight locations in the regions – Paris, Lyon, Nantes, Bordeaux, Lille, Strasbourg, Marseille and Toulouse – also internationally through its subsidiaries in Germany, Switzerland and Canada.

Crédit Mutuel Equity invests the capital of Crédit Mutuel Alliance Fédérale and makes a long-term commitment to management teams to help them grow, transform, gain experience and know-how and build paths forward. This commitment is evidenced by the fact that it has held more than one-fourth of its 331 investments for more than 10 years. However, portfolio turnover remains very dynamic and demonstrates Crédit Mutuel Equity's strength, with an average of nearly one billion euros invested and divested every two years.

The first half of 2022 confirmed the high quality of the investments held by Crédit Mutuel Equity which, so far, have been able to offset and correct the current economic and geopolitical instability.

Proper management of the companies in the portfolio enables them to speed up their development and merger projects to make up for unstable growth at a time of price increases for raw materials and supply chain disruptions.

Investment activity was robust during this half-year period with €229.4 million in investments through 29 transactions, including 48% in new projects.

The portfolio of invested assets is now €3.1 billion after taking into account €180 million in disposals during this first half of the year.

Total income exceeded €300 million as of June 30, 2022, including more than €240 million in capital gains generated as a result of numerous transactions on the portfolio investments, which are still valued very carefully despite their strong performance.

After a record year in 2021 in terms of fees invoiced for mergers and acquisitions, CIC Conseil again had a very good first half with commissions already equivalent to three-fourths of those for all of the previous year.

Net profit at June 30 was €251 million. This high level of half-year profitability will allow Crédit Mutuel Equity to more confidently tackle the economic and financial challenges that await its investments, which we will continue to support over the long term.

2.2.1.5.4 Other business lines: IT, logistics, media and others

This segment mainly comprises:

- *the “logistics” business line, which includes the Group’s IT companies and logistics organizations;*
- *the regional daily newspaper business, which comprises nine titles: Vosges Matin, Le Dauphiné Libéré, Le Bien Public, L’Est Républicain, Les Dernières Nouvelles d’Alsace, L’Alsace, Le Progrès de Lyon, Le Républicain Lorrain, and Le Journal de Saône et Loire. These regional press titles are distributed in 23 départements in eastern France;*
- *holding company activities.*

The “Other business lines” segment generated a net profit of €30 million in the first half of 2022, compared with a €92 million loss in the first half of 2021.

Net banking income was €454 million compared with €435 million at June 30, 2021.

Gross operating income returned to positive territory in the first half of 2022 at €39 million, compared with a €4 million loss a year earlier. The main notable changes concerned:

- a €28 million improvement in the logistics segment, for which revenues rose at a faster rate than costs;
- a slight deterioration in the “media” activity due to the increase in costs;
- a lower residual expense for the holding company activities.

Profit before tax was €77 million, compared with a loss before tax of €73 million in 2021. This was mainly driven by the “Gains and losses on other assets” item, which benefited from a favorable base effect, the first half of 2021 having been impacted by non-recurring impairment charges in respect of goodwill.

Focus on the media business

After achieving a positive operating profit in 2021, the EBRA group is now operating in a complex economic environment, with very sharp rises in paper prices, energy tariffs and the costs of the industrial consumables needed for the daily production of its newspapers.

Nevertheless, the group’s revenues grew by 2% relative to the same period last year, with a growth in online revenues as well as a resumption of regional publicity activities and events.

To offset the historic rises in paper and energy costs, the group made plans to scale back its manufacturing facilities and implemented savings measures to keep its finances on an even keel.

Furthermore, the group is continuing to grow its online revenues and expand its audiences. The addition to the EBRA group of Humanoid, publisher of the iconic Frandroid, Numerama and Madmoizelle websites, will enable it to capture new readers via new topics.

At end-June 2022, the group succeeded in partly offsetting the increase in paper and energy prices and kept the fall in net profit to €5.3 million compared to end-June 2021.

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

- Crédit Mutuel Alliance Fédérale finances a greater 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 107.8% as of June 30, 2022, against 103.0% as of June 30, 2021;
- 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 166.8% on average over the first half of 2022.

Assets

Summary. Crédit Mutuel Alliance Fédérale’s consolidated assets amounted to €867.4 billion at June 30, 2022, compared with €843.9 billion at December 31, 2021 (+2.8%).

This 2.8% increase in total assets (+€23.5 billion) was mainly due to the increase in loans and receivables due from customers (+€41.1 billion, i.e. +9.2%), financial assets at fair value through profit or loss (+€9 billion, i.e. +40.6%), and the drop in investments in the insurance business line (-€12.4 billion, i.e. -9.1%).

Loans and receivables due from credit institutions. Loans and receivables due from credit institutions are composed of demand deposits, inter-bank loans and securities subject to repurchase agreements. Loans and receivables due from credit institutions reached €65.7 billion at June 30, 2022, compared to €60.9 billion at December 31, 2021.

Loans and receivables due from customers. Loans and receivables due from customers stood at €485.9 billion at June 30, 2022, versus €444.8 billion at December 31, 2021, a gross increase of 9.2%

Liabilities (excluding shareholders’ equity)

Summary. The group’s consolidated liabilities excluding shareholders’ equity stood at €811.3 billion at June 30, 2022, compared to €790.7 billion at December 31, 2021 (+2.6%). These liabilities include subordinated debt totaling €10.1 billion at June 30, 2022, against €8.1 billion at December 31, 2021. The increase in liabilities excluding shareholders' equity recorded during the first half of 2022 is mainly due to the increase in amounts due to customers (mainly deposits) of €25.5 billion (+6.0%) and financial liabilities at fair value through profit or loss (+58.0%).

Consolidated equity

The consolidated equity attributable to the group stood at €54.4 billion at June 30, 2022, versus €50.2 billion at December 31, 2021; this change primarily corresponds to the carryover of net profit from 2021.

Non-controlling interests decreased from €3,059 million at December 31, 2021 to €1,731 million at June 30, 2022.

2.2.1.6.2 Liquidity and refinancing

Crédit Mutuel Alliance Fédérale's central treasury management is based on prudent rules and an effective system for accessing market funding.

Funding requirements in commercial banking are covered by medium- and long-term funding, while the liquidity buffer is refinanced on the money markets. Crédit Mutuel Alliance Fédérale has a variety of well-designed issue programs that allow it to access investors in the main international markets via public and private issues. In addition to these arrangements, the group holds a comfortable cash reserve designed both to comply with regulatory ratios and to enable it to withstand severe stresses.

The first half of 2022 was one of the worst six-month periods in the financial markets for a considerable time. The start of the war in Ukraine at the end of February triggered a sharp rise in prices, especially for energy and raw materials, along with record levels of inflation.

Central banks were obliged to make a very aggressive change to monetary policy, with sustained and consistent programs of rate rises. This determination to fight uncontrolled inflation at all costs despite the possible risk of recession prompted sharp volatility and a great deal of uncertainty in all markets.

In a worrying geopolitical context, this unprecedented situation is already weighing on economic prospects; it is expected to have an impact on household consumption and purchasing power and thus ultimately on growth.

In this difficult situation, debt markets remained intermittently open, with fairly large issue premiums on offer in an attempt to reassure jittery investors.

BFCM was nevertheless able to take advantage of sporadic windows to continue all of its programs for 2022.

In total, external funding obtained in the markets stood at €150.8 billion at the end of June 2022, a decrease of 4.2% compared to 2021.

Short-term money market funding (less than one year) totaled €42.7 billion at June 2022, 1.0% down on the previous year. It accounted for 28% of all market funding raised, two percentage points less than at the end of 2021.

The tangible improvement in the Group's loan-to-deposit ratio enabled the central treasury department to continue reducing its use of short-term funding.

Medium and long-term (MLT) funding totaled €108.1 billion at the end of June 2022, a 6.4% increase compared to the year 2021. In the period to June 30, 2022, Crédit Mutuel Alliance Fédérale raised €11.0 billion in MLT funding, primarily under the BFCM name as well as that of Crédit Mutuel Home Loan SFH, the covered bond issuing entity with the best agency ratings. 90% of this MLT funding was raised in euros and the balance in foreign currencies (pound sterling, Swiss franc and Norwegian krone), thereby demonstrating the good diversification of the investor base.

Public issues and private placements represent 89% and 11% of the total respectively. The average length of medium and long-term funding raised in 2022 was 5.95 years, comparable to the average for 2021.

2022 refinancing program

Public issues in the period to June 30, 2022 had a total value of €9.9 billion and were made up as follows:

BFCM senior European Medium-Term Notes (EMTN), of which:

- €1.5 billion in senior format at 3 years and above;
- GBP 600 million in 3 years anf 6 years issue un January;
- CHF 175 million in a 5 years issue in June.

BFCM non-preferred senior EMTNs: €3.0 billion in issues of 5/10 years and 7 years in January and May in connection with MREL management;

Crédit Mutuel Home Loan SFH: €3.25 billion in issues of 5/10 years and 5 years in March and June

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 2022 of 166.8% compared to a 12-month average of 181.3% in 2021;
- average high quality liquidity assets (HQLA) totaling €142.1 billion, 82% 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 2022
Cash deposited in central banks	106.4
LCR securities (after LCR haircut)	25.7
o/w HQLA Level1 securities	*21.0*
Other eligible assets, central banks (after ECB haircut)	56.8
TOTAL LIQUIDITY RESERVES	188.9

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

Planned refinancing operations

In 2021, BFCM made drawdowns on its allocations under the various EIB finance programs. These amounts continued to be passed on to the final beneficiaries in the Crédit Mutuel Alliance Fédérale networks in the first half of 2022.

These are SMEs and mid-tier businesses in the farming industry under the "Young Farmers & Climate Action" package and SMEs and mid-tier businesses monitored by our Corporate network for the "COVID-19 crisis response for SMEs and midcaps" program, which is about to be wound up. The latter customers will be able to continue enjoying assistance in this regard under the "EIB SME & Midcap III" package, marketing of which has recently begun.

The same was the case for the "Loans to the medical professions" package for professionals and/or SMEs operating in the pharmaceutical and healthcare sectors, notably in regions where access to medical experts is suboptimal/underserved.

2.2.1.6.3 Solvency and capital management

At June 30, 2022, the shareholders' equity of Crédit Mutuel Alliance Fédérale stood at €56.1 billion compared with €53.2 billion at the end of December 2021, the increase of €2.9 billion being due to retained earnings.

At end-June 2022, Crédit Mutuel Alliance Fédérale reported very solid capital adequacy with a Common Equity Tier 1 (CET1) ratio of 18.2%[1], a decrease of 60 basis points relative to 12/31/2021. This fall is attributable to the loss of approval for the internal method on major accounts. The Tier 1 ratio at end-June 2022 was 18.2%[1] and the overall solvency ratio was 20.9%[1].

Prudential CET1 capital came to €49.5 billion euros. Risk-weighted assets (RWA) came to €272.3 billion at June 30, 2022 (compared with €245.1 billion at the end of December 2021). The return on risk-weighted assets (RoRWA) was 1.67% at end-June 2022, as compared with 1.77% at June 30, 2021.

The target leverage ratio at June 30, 2022 was 6.6%.

2.2.1.6.4 External ratings

The three rating agencies that issue ratings for Crédit Mutuel Alliance Fédérale and the Crédit Mutuel group all recognize their financial stability and the validity of the business model:

	LT/ST counterparty **	Issuer/ LT preferred senior debt	Outlook	ST Preferred senior debt	Intrinsic rating ***	Date of most recent publication
Standard & Poor's	AA-/A-1+	A+	Stable	A-1	a	12/16/2021
Moody's	Aa2/P-1	Aa3	Stable	P-1	a3	12/10/2021
Fitch Ratings *	AA-	AA-	Stable	F1+	a+	5/10/2022

* *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.

(1) Estimate – without transactional arrangements.

The external ratings for both Crédit Mutuel Alliance Fédérale and the Crédit Mutuel group remained unchanged in the first half of 2022.
On December 16, 2021, Standard & Poor's (S&P) raised its long-term issuer credit rating for Crédit Mutuel group from A to A+ with a stable outlook, the extra notch reflecting the fact that its additional loss-absorbing capacity (ALAC ratio) was above the level required by the agency under its new rating methodology. S&P also confirmed its SACP rating of "a", highlighting the recurrent nature of Crédit Mutuel group's results and the solidity of its balance sheet.
On October 28, 2021, Fitch Ratings raised its rating outlook for Crédit Mutuel Alliance Fédérale from negative to stable, given the resilience of its profitability indicators and the quality of its assets and capital structure. The negative outlook had been issued after the start of the pandemic, as part of the general ratings revisions applied to European banks in 2020.
On October 12, 2021, Moody's confirmed its rating and stable outlook for Crédit Mutuel Alliance Fédérale given its very resilient financial fundamentals in the context of the health crisis.

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 2022	H1 2021	H1 2020
General operating expenses (1)	-5,228	-4,736	-4,552
Net banking income (2)	8,556	7,962	6,858
Cost/income ratio (1)/(2)	61.1%	59.5%	66.4%

Net profit / risk-weighted assets (RWA)	H1 2022	H1 2021	H1 2020
Net profit	2,132	2,087	857
Average risk-weighted assets (RWA)	255,777	235,200	224,176
Net profit / risk-weighted assets – annualized	1.67%	1.77%	0.76%

Loans/deposits	06/30/2022	06/30/2021	06/30/2020
Net customer loans	485,933	428,551	407,001
Customer deposits	450,728	416,232	381,654
Loans/deposits	107.8%	103.0%	106.6%

Coverage ratio	06/30/2022	06/30/2021	06/30/2020
Impairment (S3)	-6,199	-6,172	-6,676
Individually-impaired receivables, gross (S3)	12,363	12,097	12,669
Total coverage ratio	50.1%	51.0%	52.7%

Rate of non-performing loans	06/30/2022	06/30/2021	06/30/2020
Individually-impaired receivables, gross (S3)	12,363	12,097	12,669
Gross loans to customers	495,603	437,737	416,128
Rate of non-performing loans	2.5%	2.8%	3.0%

Cost of customer risk related to outstanding loans	H1 2022	H1 2021	H1 2020
Cost of customer risk	-470	-228	-1,005
Gross loans to customers	495,603	437,737	416,128
Cost of customer risk related to outstanding loans	0.19%	0.10%	0.48%

2.2.2 Recent developments and outlook

Crédit Mutuel Alliance Fédérale has posted solid results for the first half of 2022. They reflect the group's ability to adapt in a situation of unprecedented crisis in Europe, the return of high inflation, a rapid rise in interest rates in the context of the end of central bank accommodative monetary policies in the majority of OECD countries, and the ever-present pandemic.

This momentum and performance, associated with a high level of financial robustness, enable the group to consider its long-term strategy with ease, in an undeniably less certain environment which impacts operating profitability.

These results are also a promise for the future: as the first benefit corporation bank, Crédit Mutuel Alliance Fédérale plans to accelerate its mutualist commitment to build a fairer and more sustainable society by extending its solidarity efforts and commercial and technological innovation to meet the needs of its members, customers and society as a whole, and in particular those most affected by the price rises.

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 2022	H1 2021	Change at constant scope
Net banking income	**6,234**	**5,983**	**+1.4%**
General operating expenses	-3,559	-3,306	+3.5%
Gross operating income/(loss)	**2,675**	**2,677**	**-1.1%**
Cost of risk	-415	-204	x2
cost of proven risk	*-311*	*-298*	*+4.1%*
cost of non-proven risk	*-104*	*94*	*n.s*
Operating income	**2,259**	**2,473**	**-9.6%**
Net gains and losses on other assets and ECC[1]	61	-63	n.s.
Profit/(loss) before tax	**2,321**	**2,410**	**-5.3%**
Income tax	-579	-693	-17.2%
Post-tax gains/(losses) on discontinued operations	-	7	n.s
Net profit/(loss)	**1,742**	**1,723**	**-0.4%**
Non-controlling interests	172	204	-15.7%
Net profit attributable to the group	**1,570**	**1,519**	**+1.6%**

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

BFCM's consolidated net banking income for Crédit Mutuel Alliance Fédérale registered growth of 1.4% in the first half of 2022 to reach €6.2 billion. This was attributable to solid commercial performance, notably in the branch networks, whereas capital markets activities and insurance were dragged down by the tensions in the financial markets.

In the first half of 2022, general operating expenses amounted to €3.6 billion, an increase of 3.5% compared with the first half of 2021.

They were again significantly impacted by all the expenses related to contributions to the Single Resolution Fund, supervision costs and contributions to the Fonds de Garantie des Dépôts, which totaled €304 million for the first half of the year (compared with €213 million for the first half of 2021). Excluding these contributions, the increase in general operating expenses was limited to 1.1%.

The cost/income ratio worsened by 1.8 percentage points to 57.1%, and gross operating income was slightly down at €2.7 billion.

The total cost of risk in the first half of 2022 was €415 million compared with €204 million in the first half of 2021, i.e. an increase of €211 million during the period.

The cost of proven risk was €311 million for the first half of 2022, compared with €298 million for the first half of the previous year – a modest increase of 4.1% in a more difficult economic environment.

The cost of non-proven risk for the first half of 2022 was €104 million, as compared with a €94 million reversal in the first half of 2021. The prudent assumptions underlying the IFRS 9 scenarios remained unchanged relative to 2021 and the sectoral provisions established in 2020 remained at a high level.

As a result of this increase in the cost of risk, operating income fell by 9.6% year-on-year to €2.3 billion.

Gains on other assets and ECC came to €61 million. This includes a gain arising on the disposal of Floa to BNP Paribas at the start of the year, as well as gains on the first-time consolidation of the subsidiaries Crédit Mutuel Investment Managers and CIC Private Debt.

Profit before tax was €2.3 billion, a 5.3% decline relative to the first half of 2021.

Net profit was €1.7 billion and thus held steady relative to 2021 (-0.4%).

Net profit attributable to the group was €1.6 billion (+3.4%).

Results by business line

Retail bank

Net banking income from retail banking was €4.1 billion (+8.3%). General operating expenses rose by 2.0% to €2.4 billion. Cost of risk rose sharply to €407 million, an increase of €177 million. The total includes €297 million for proven risk (+5.7%) and €110 million for non-proven risk (compared with a net reversal of €51 million in the first half of 2021).

Net profit came to €866 million (+11.1%).

Insurance

At €392 million, the first-half contribution to Group net profit from Insurance was down by 23.5% relative to June 30, 2021. Net insurance income was impacted by the fall in the markets and by unprecedented claims expenses arising from natural events (fires, drought, etc.). Net insurance income, at €844 million, was down by 20.4%.

Asset management and private banking

At €451 million, net banking income from asset management and private banking increased by 2.1% in a difficult economic environment (excluding changes in scope of consolidation). It benefited from the contribution of the following subsidiaries which were consolidated for the first time in this half-year: Crédit Mutuel Investment Managers (NBI of €8.4 million after fees paid to branch networks) and CIC Private Debt (NBI of €9.2 million).

General operating expenses increased by 6.7%, leading to a fall of 8.0% in gross operating income to €125 million. Net gains/(losses) on other assets and ECC comprises non-recurring income related to the first-time consolidation of Crédit Mutuel Investment Managers and CIC Private Debt.

Net profit was €105 million in the first half of 2022, compared with €93 million a year earlier.

Corporate banking

Net banking income increased by €17 million (+8.4%) to €214 million in the first half of 2022. It benefited from a sharp rise in income from the large corporates activity thanks to good loan production, a modest increase in the structured finance activity, and an increase in income from international financing as a result of proactive measures taken to maintain close relations with customers.

The cost of risk increased by €51 million: the cost of proven risk rose to €22 million from €5 million in 2021; the main change stemmed from non-proven risk, in relation to which provision reversals were lower: €9 million at June 30, 2022 compared with €43 million in the first half of 2021.

Net profit therefore fell by 27.2% to €90 million.

Capital markets

In the first half of 2022, the net banking income for capital markets activities was €180 million, down compared with the first half of 2021 due to a negative base effect – given the exceptional post-health crisis performance in the first half of 2021 – and a deterioration in the geopolitical and economic environment during the period which impacted the financial markets.

CIC Marchés continued to keep a close eye on the cost structure under these market conditions, with costs down 2.2% compared with the first half of 2021.

Gross operating income amounted to €51 million. Total net profit from capital markets activities was €35 million.

Private equity

Investment activity was robust during this half-year period with €229.4 million in investments through 29 transactions, including 48% in new projects. The portfolio of invested assets is now €3.1 billion after taking into account €180 million in disposals during this first half of the year.

Total income exceeded €300 million as of June 30, 2022, including more than €240 million in capital gains generated as a result of numerous transactions on the portfolio investments, which are still valued very carefully despite their strong performance.

Net profit at June 30 was €251 million. This high level of half-year profitability will allow Crédit Mutuel Equity to more confidently tackle the economic and financial challenges that await its investments, which we will continue to support over the long term.

2.3.2 Change in activity in the first half of 2022

Deposits amounted to €280.3 billion as of June 2022, up 4.5% year-on-year. As from January 1, 2022, this figure includes deposits for Beobank (the Belgian branch network of Crédit Mutuel Nord Europe), which stood at €6.9 billion at end-June 2022. Deposits rose by 1.9% at constant scope.

As in 2021, current accounts continued to grow steadily (+4.8%) and inflows on regular passbook accounts were high, with deposits increasing by 6.8% to nearly €42 billion.

At the end of June 2022, outstanding loans totaled €311.3 billion, an increase of 12.9% year-on-year. As from January 1, 2022, this figure includes outstanding loans for Beobank as well as Bail Actéa and Bail Actéa Immobilier (equipment and property leasing), which stood at €9.7 billion at end-June 2022. Outstanding loans rose by 9.4% at constant scope.

Demand for loans to support the recovery was high, and support for customers was evidenced by significant increases in outstandings in the main loan categories:

- Home loans rose by 11.0% to €112.6 billion;
- Equipment loans rose by 9.8% to €83.3 billion;
- Outstanding consumer credit rose by 2.2% to €38.4 billion;
- Leasing receivables rose by 8.0% to €19 billion;

2.3.3 Transactions with Crédit Mutuel Alliance Fédérale entities

As of June 30, 2022, the outstanding loans granted to Crédit Mutuel Alliance Fédérale entities that are not part of the BFCM scope of consolidation totaled €34.5 billion.

BFCM's consolidated gross operating income was -€231 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 2022, net interest income from these transactions totaled €208 million, net commissions paid were -€17 million and the net balance of income and expenses and general operating expenses from other activities recorded by these entities was -€422 million.

2.3.4 Recent developments and prospects

Crédit Mutuel Alliance Fédérale has posted solid results for the first half of 2022. They reflect the group's ability to adapt in a situation of unprecedented crisis in Europe, the return of high inflation, a rapid rise in interest rates in the context of the end of central bank accommodative monetary policies in the majority of OECD countries, and the ever-present pandemic.

This momentum and performance, associated with a high level of financial robustness, enable the group to consider its long-term strategy with ease, in an undeniably less certain environment which impacts operating profitability.

These results are also a promise for the future: as the first benefit corporation bank, Crédit Mutuel Alliance Fédérale plans to accelerate its mutualist commitment to build a fairer and more sustainable society by extending its solidarity efforts and commercial and technological innovation to meet the needs of its members, customers and society as a whole, and in particular those most affected by the price rises.

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, 2022

Presentation of the Board of Directors at June 30, 2022

COMPOSITION OF THE BOARD OF DIRECTORS

	Age [1]	Gender	Start of term of office	End of term of office	Committees [2]	Attendance at Board
Nicolas THÉRY *Chairman*	56	H	2014	2025	GRMC	100%
Hélène DUMAS *Vice-Chairwoman*	64	F	2022	2023	-	100%
Gérard CORMORECHE	64	H	1995	2025	GAAC	100%
Bernard DALBIEZ	63	H	2019	2025	Appointments	67%
Étienne GRAD	69	H	2018	2024	GAAC	100%
Nicolas HABERT	60	H	2020	2024	GRMC	100%
Marie-Jean BOOG	60	F	2022	2024	-	100%
Marie JOSSO	43	F	2022	2025	-	N/A
Christine LEENDERS	66	F	2017	2023	GRMC Compensation	100%
Jean-Louis MAÎTRE	65	H	2019	2025	-	100%
Elia MARTINS	52	F	2018	2024	-	100%
Laurence MIRAS	57	F	2017	2023	-	67%
Frédéric RANCHON	56	H	2018	2024	-	100%
Agnès ROUXEL	64	F	2017	2023	Appointments	100%
Daniel SCHOEPF	67	H	2018	2023	**GRMC**	100%
Annie VIROT	67	F	2017	2023	**Compensation**	100%
Alex WEIMERT	68	H	2020	2023	-	100%
Luc WYNANT	56	H	2022	2025	GAAC	N/A
Audrey HAMMERER *Director representing employees*	44	F	2016	2025	Compensation	100%
Laurent TORRE *Director representing employees*	54	H	2020	2022	-	100%

In the Committees column, the Committee Chairmen are shown in bold in blue.

[1] Age at 06/30/2022.

[2] GRMC: Group Risk Monitoring Committee – GAAC: Group Auditing and Accounting Committee – Compensation: Compensation Committee – Appointments: Appointments Committee.

NON-VOTING DIRECTORS

	Age [1]	Gender	Start of term of office	End of term of office	Committees [2]	Attendance at board
Bernard BASSE	70	H	2005	2023	GRMC	100%
Jean-Pierre DELCASSO	74	H	2020	2023	-	100%
Philippe GALLIENNE	66	H	2019	2025	Compensation	100%
Charles GERBER	68	H	2020	2023	GAAC	100%
Jean-François JOUFFRAY	74	H	2001	2023	**GAAC** GRMC Appointments Compensation	100%
Damien LIEVENS	51	H	2017	2023	-	100%
Olivier OGER	70	H	2022	2025	-	100%
Philippe RAGE	61	H	2020	2023	-	100%
Gislhaine RAVANEL	69	F	2020	2023	-	100%
Thierry REBOULET	59	H	2021	2024	GRMC **Appointments**	100%
Alain TÊTEDOIE	58	H	2017	2023	-	100%
Philippe TUFFREAU	67	H	2017	2023	-	100%
Didier VIEILLY	65	H	2015	2024	-	100%

In the Committees column, the Committee Chairmen are shown in bold in blue.

[1] Age at 06/30/2022.

[2] GRMC: Group Risk Monitoring Committee – GAAC: Group Auditing and Accounting Committee – Compensation: Compensation Committee – Appointments: Appointments Committee.

THE FOUR SPECIALIZED COMMITTEES OF THE BOARD OF DIRECTORS

Compensation Committee		Appointments Committee		Group Auditing and Accounting Committee		Group Risk Monitoring Committee	
4 members and 1 associate member representing a federation		4 members and 1 associate member representing a federation		6 members and 11 associate members representing federations		6 members and 10 associate members representing federations	
2 meetings	90% attendance	7 meetings	97% attendance	3 meetings	100% attendance	5 meetings	83% attendance

Attendance rate applies to members and associate members.

Other participants

- In accordance with Article L.2312-72 of the French Labor Code, two representatives of the Social and Economic Committee attend the meetings of the Board of Directors in an advisory capacity;
- The 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 Offices and positions 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 Chief Executive Officer of CIC Est from 2012 to 2016.

Since 2014, he has been Chairman of Caisse Fédérale de Crédit Mutuel, Banque Fédérative du Crédit Mutuel and Crédit Industriel et Commercial. Since 2016, he has been Chairman of Confédération Nationale du Crédit Mutuel and Fédération du Crédit Mutuel Centre Est Europe. He also chairs the Supervisory Board of Groupe des Assurances du Crédit Mutuel. Finally, on September 1, 2021, he became Chairman of the French Banking Federation for one year.

Nicolas Théry is a graduate of Science Po Paris and of the École Nationale d'Administration (ENA) – top of the "Liberty, Equality, Fraternity" class – and holds a Master's Degree in law, economics, management with a specialization in Business law.

Chairman of the Board of Directors
Member of the Group Risk Monitoring Committee
First appointed to the Board: 2014
Term expires: 2025

Other offices and positions held as of June 30, 2022

Chairman of the Board of Directors
Confédération Nationale du Crédit Mutuel
Caisse Centrale du Crédit Mutuel
Fédération du Crédit Mutuel Centre Est Europe
Banque Fédérative du Crédit Mutuel
Crédit Industriel et Commercial
Banque CIC Est
Assurances du Crédit Mutuel Vie SA
Assurances du Crédit Mutuel Vie SAM
ACM IARD SA
Dialogues
Chairman of the Supervisory Board
Groupe des Assurances du Crédit Mutuel
Banque Européenne du Crédit Mutuel
Chairman
Fédération bancaire française
Director
Caisse de Crédit Mutuel Strasbourg Vosges
Musée Rodin
Permanent representative of Groupe des Assurances du Crédit Mutuel, director
ACM GIE
Permanent representative of Fédération du Crédit Mutuel Centre Est Europe, member of the Management Board
Euro-Information
Member
Comité d'éthique de la Défense

Terms of office expired over the past five fiscal years

Member of the Management Board
Euro-Information
Chairman of the Board of Directors
Banque CIC Nord Ouest

Hélène Dumas

Born on September 9, 1957
Nationality: French

Business address:
Place de l'Europe – 105 rue du Faubourg Madeleine
45920 Orléans

Summary of main areas of expertise and experience

Holder of a bachelor's degree in economics and management and a Diplôme d'Études Comptables Supérieures (DECS), Hélène Dumas has held various positions including Assistant Director and then Deputy Director in charge of support functions such as Human Resources, IT and Logistics within Mutualité Sociale Agricole, before retiring in 2013.
In 1998, she became a Director of Caisse de Crédit Mutuel d'Orléans Châtelet, which she has chaired since 2017. Since 2020, she has been a Director of Fédération and Caisse Régionale de Crédit Mutuel du Centre.

Vice-Chairwoman of the Board of Directors
First appointed to the Board: 2022
Term expires: 2023

Other offices and positions held as of June 30, 2022

Chairwoman of the Board of Directors
Caisse de Crédit Mutuel d'Orléans Châtelet

Vice-Chairwoman of the Board of Directors
Fédération Régionale des Caisses de Crédit Mutuel du Centre

Director
Caisse régionale de Crédit Mutuel du Centre

Terms of office expired over the past five fiscal years

Nil

Marie-Jean Boog

Born on August 30, 1961
Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

After obtaining her State diploma in 1982, Marie-Jean Boog began her career as a nurse, which she continued until 1988. During the same year, she joined the Association Saint Christophe Walscheid as a healthcare manager. In 1991, she obtained a university degree in Gerontology and then trained as a nursing manager in 1992. In 1998, she trained as a director of a healthcare institution and an ESMS, enabling her to become Head of Institutions for the Association Saint Christophe Walscheid.
In 2000, she became a member of Caisse de Crédit Mutuel Bièvre et Vosges and took over as its Chairwoman in 2010. In 2018, she was appointed member of the Supervisory Board of Banque Européenne du Crédit Mutuel and Director of Fédération du Crédit Mutuel Centre Est Europe, Chairwoman of the District of Sarrebourg. Since 2022, she has been a member of the Mission Committee of Crédit Mutuel Alliance Fédérale.

Director
First appointed to the Board: 2022
Term expires: 2024

Other offices and positions held as of June 30, 2022

Member of the Supervisory Board
Banque Européenne du Crédit Mutuel

Vice-Chairwoman of the Board of Directors (Chairwoman of the District of Sarrebourg)
Fédération du Crédit Mutuel Centre Est Europe

Chairwoman of the Board of Directors
Caisse de Crédit Mutuel Bièvre et Vosges

Head of Institutions
Association Saint Christophe WALSCHEID

Terms of office expired over the past five fiscal years

Nil

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: 2025

Other offices and positions held as of June 30, 2022

Chairman of the Board of Directors

Fédération du Crédit Mutuel du Sud-Est

Caisse de Crédit Mutuel du Sud-Est

Caisse Agricole Crédit Mutuel (CACM)

CECAMUSE

Caisse de Crédit Mutuel Neuville-sur-Saône

Vice-Chairman of the Board of Directors

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Fédération du Crédit Mutuel Agricole et Rural

MTRL

Assurances du Crédit Mutuel pour l'éducation et la prévention en santé

Director

Banque Fédérative du Crédit Mutuel

Crédit Industriel et Commercial

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

Assurance du Crédit Mutuel Vie SAM

SICA d'habitat Rural du Rhône et de la Loire

Non-voting director

CIC Lyonnaise de Banque

Managing partner

SCEA 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

High school graduate, Bernard Dalbiez was a train engineer and instructor for SNCF before retiring in 2008. Alongside his primary employment, he was an officer in the French air force reserves, serving until June 2019. In 2010, he was elected Chairman of the Crédit Mutuel de Marseille Pelletan local bank. In 2018, he became District Chairman and Vice-Chairman of Fédération du Crédit Mutuel Méditerranéen. Since 2021, he has been Chairman of Fédération et Caisse Régionale de Crédit Mutuel Méditerranéen and Chairman of the Supervisory Board of Centre de Conseil et de Service.

Director
Member of the Group Risk Monitoring and Committee and the Appointments Committee
First appointed to the Board: 2019
Term expires: 2025

Other offices and positions held as of June 30, 2022

Chairman of the Board of Directors

Fédération du Crédit Mutuel Méditerranéen

Caisse Régionale du Crédit Mutuel Méditerrannéen

Caisse de Crédit Mutuel Marseille Pelletan

Caisse de Crédit Mutuel de Sainte Maxime - Cogolin

Caisse Méditerrannéenne de Financement (CAMEFI)

Vice-Chairman of the Board of Directors

Caisse de Crédit Mutuel Ghisonaccia

Director

Caisse de Crédit Mutuel de Lunel

Caisse de Crédit Mutuel de Nice Saint Isidore

Chairman of the Supervisory Board

Société Actimut

Centre de conseil et de service

Representative of Caisse Régionale du Crédit Mutuel Méditerranéen, director

Assurance du Crédit Mutuel Vie SAM

Non-voting director

Caisse Centrale du Crédit Mutuel

Confédération Nationale du Crédit Mutuel

Terms of office expired over the past five fiscal years

Chairman of the Board of Directors

Caisse de Crédit Mutuel Saint Laurent du Var

Member of the Supervisory Board

Banque Européenne du Crédit Mutuel

Director

Caisse de Crédit Mutuel de Saint Cyr sur Mer

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 and positions held as of June 30, 2022

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 and positions held as of June 30, 2022

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

Marie Josso

Born on December 29, 1978
Nationality: French

Business address:
275 Boulevard Marcel Paul Exapole
44800 Saint-Herblain

Summary of main areas of expertise and experience

Holder of a master's degree in occupational psychology, Marie Josso founded and since 2013 chairs the company Ad Potentiel, which provides psychosocial audit, managerial support and recruitment services.

In 2012, she became a Director of Caisse de Crédit Mutuel Isac Saint Gildas des Bois. Since 2018, she has been Chairwoman of the Board of Directors of the social landlord Atlantique Habitations and the Maison Familiale de Loire-Atlantique home ownership cooperative. In 2020, she became Vice-Chairwoman of Fédération and Caisse Régionale du Crédit Mutuel Loire Atlantique Centre-Ouest.

Director
First appointed to the board: 2022
Term expires: 2025

Other offices and positions held as of June 30, 2022

Chairwoman of the Board of Directors

Atlantique Habitations

Maison Familiale de la Loire Atlantique

Demeures et traditions

Chairwoman of the Supervisory Board

Société de coordination Uniter

Chairwoman

Ad Potentiel

Vice-Chairwoman of the Board of Directors

Fédération du Crédit Mutuel Loire-Atlantique Centre-Ouest

Caisse régionale du Crédit Mutuel Loire-Atlantique Centre-Ouest

Director

Caisse de Crédit Mutuel Isac Saint Gildas des Bois

Livie

Member of the Supervisory Board

Batigere en Ile de France

Terms of office expired over the past five fiscal years

Néant

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 Compensation Committee
First appointment to the board: 2017
Term expires: 2023

Other offices and positions held as of June 30, 2022

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

Chairwoman

Le pied à l'étrier

Écurie le mors aux dents

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 2018, he became a director in 2022. He has also been a Director of Caisse Fédérale de Crédit Mutuel since May 10, 2019. In 2020, he was appointed Chairman of Fédération and Caisse Régionale du Crédit Mutuel Savoie-Mont Blanc. Since 2022, he has been a member of the Mission Committee of Crédit Mutuel Alliance Fédérale.

Director
First appointed to the board: 2019
Term expires: 2025

Other offices and positions held as of June 30, 2022

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

Director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

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

Assurances du Crédit Mutuel Vie SAM

Terms of office expired over the past five fiscal years

Non-voting director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

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 and positions held as of June 30, 2022

Chairwoman of the Board of Directors

Caisse de Crédit Mutuel Paris 8 Europe

Vice-Chairwoman

Fédération du Crédit Mutuel Île-de-France

Director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Terms of office expired over the past five fiscal years

Nil

Laurence Miras

Born on April 4, 1965

Nationality: French

Business address:
130-132 avenue Victor Hugo
26009 Valence

Summary of main areas of expertise and experience

Holder of Master's in Law from the Law Faculty of Aix-Marseille and a diploma as a French Notary, Laurence Miras has held a variety of positions in notary offices as a clerk and then as a notary for ten years before becoming a free-lance landscape gardener in 2013.

In 2014, she was elected chairwoman of the Board of Directors of Caisse de Crédit Mutuel Agriculture de Valréas and is a member of the Board of Directors of Fédération and Caisse Régionale of Crédit Mutuel Dauphiné-Vivarais.

Director
First appointment to the board: 2017
Term expires: 2023

Other offices and positions held as of June 30, 2022

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

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.

Administrateur
Première nomination au conseil : 2018
Échéance du mandat : 2024

Other offices and positions held as of June 30, 2022

Chairman of the Board of Directors

Fédération du Crédit Mutuel Massif Central

Caisse régionale du Crédit Mutuel Massif Central

Director

Caisse de Crédit Mutuel Chamalières

Permanent representative of Caisse Régionale du Crédit Mutuel Massif Central, director

Assurances du Crédit Mutuel Vie SAM

Member of the Supervisory Board

Groupe ESC Clermont Auvergne Developpement

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

Director

Caisse de Crédit Mutuel Clermont les 9 Soleils

Caisse de Crédit Mutuel Cebazat

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 and positions held as of June 30, 2022

Chairwoman of the Board of Directors

Caisse de Crédit Mutuel Sainte-Adresse

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

Caisse régionale du Crédit Mutuel Normandie

Technical advisor

Chambre de Commerce et d'Industrie Seine Estuaire

Member of the board

Conseil européen des entreprises et commerce – Conseil du commerce de France

Manager

JP2A

Genèse

Terms of office expired over the past five fiscal years

Member of the Board of Directors

MEDEF Seine Estuaire

Member and Chairwoman of the Commission of Elected Representatives

Chambre de Commerce et d'Industrie Seine Estuaire

Daniel Schoepf

Born on March 9, 1955

Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Recipient of a BTS in Commercial Operations and of multiple training courses in IT and management, Daniel Schoepf made his career in the IT sector for nearly 40 years before his retirement in 2015.

In 1996 he was elected Chairman of the Union des Caisses de Crédit Mutuel du District de Saverne de la Fédération du Crédit Mutuel Centre Est Europe.

In 2014, he was elected Chairman of Caisse de Crédit Mutuel Dettwiller. He has been Chairman of the Group Risk Monitoring Committee since 2016.

Director
Chairman of the Group Risk Monitoring Committee
First appointed to the board: 2018
Term expires: 2023

Other offices and positions held as of June 30, 2022

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. Since 2021, she has been a Director of Confédération Nationale du Crédit Mutuel.

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

Other offices and positions held as of June 30, 2022

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. In 2021, he joined Confédération Nationale du Crédit Mutuel as a director.

Director
First appointment to the board: 2020
Term expires: 2023

Other offices and positions held as of June 30, 2022

Chairman of the Board of Directors

Fédération du Crédit Mutuel Antilles Guyane

Caisse Régionale du Crédit Mutuel Antilles Guyane

Caisse de Crédit Mutuel Le Crédit Populaire Guyanais

Director

Confédération Nationale de Crédit Mutuel

Caisse Centrale de Crédit Mutuel

Permanent representative of Caisse Régionale du Crédit Mutuel Antilles-Guyane, director

Assurances du Crédit Mutuel VIE SAM

Managing partner

Guyane Technologie Systèmes

Terms of office expired over the past five fiscal years

Non-voting director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Luc Wynant

Born on February 19, 1966

Nationality: Belgian

Business address:

4, place Richebé

59000 Lille

Summary of main areas of expertise and experience

Holder of a law degree from the University of KU Leuven and an MBA from Vlerick Business School, Luc Wynant has been a founding partner of the law firm Van Olmen & Wynant in Brussels since 1993 and Head of the Corporate Law Department. For several years, he was a university assistant and lecturer at KU Leuven Faculty of Law.

In 2012, he was appointed member of the Board of Directors of Beobank NV/SA, before joining the Fédération and Caisse Régionale du Crédit Mutuel Nord-Europe in 2019 as a Director.

Director
Member of the Group Auditing and Accounting Committee
First appointment to the board: 2022
Term expires: 2025

Other mandates and functions as at 30 June 2022

Member of the Board of Directors

Beobank NV/SA

Fédération du Crédit Mutuel Nord Europe

Caisse Régionale du Crédit Mutuel Nord Europe

North Europe Life Belgium (Bruxelles)

Member

Belgian Venture Capital and Private Equity Association

European Private Equity and Venture Capital Association

Founding partner

Val Olmen & Wynant

Terms of office expired over the past five fiscal years

Nil

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 an advisor before being appointed customer relationship manager in the Grenoble professional division of Crédit Mutuel Dauphiné-Vivarais. Since 2022, she has been a Manager of local banks in training.

Since 2016, she has been a director representing the employees of Caisse Fédérale de Crédit Mutuel on the Board. Since **2022, she has been a member of the Mission Committee of Crédit Mutuel Alliance Fédérale.**

Director representing employees
Member of the Compensation Committee
First appointed to the board: 2016
Term expires: 2022

Other offices and positions held as of June 30, 2022

Director

Fédération du Crédit Mutuel Dauphiné-Vivarais

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. Since 2022, he has been a member of the Mission Committee of Crédit Mutuel Alliance Fédérale.

Director, representing employees
First appointed: 2020
Term expires: 2025

Other offices and positions held as of June 30, 2022

Nil

Terms of office expired over the past five fiscal years

Nil

Group's key executives

Daniel Baal

Born on December 27, 1957

Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Daniel Baal began his career in 1979 as a credit records manager at the head office of Banque Fédérative du Crédit Mutuel in Strasbourg and went on to hold various head office and network positions in Strasbourg, Colmar and Mulhouse. In 1995, he became director of commitments at the Southern Regional Division of Caisse Fédérale du Crédit Mutuel Centre Est Europe, then director of Caisse de Crédit Mutuel Mulhouse-Europe in 2001. He was deputy chief executive officer of Société du Tour de France and director of "cycling" activities for Sport Amaury 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 and positions held as of June 30, 2022

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 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. Since 2022, he has been Chief Executive Officer of Caisse Agricole Crédit Mutuel.

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 and positions held as of June 30, 2022

Chairman and permanent representative of Banque Fédérative du Crédit Mutuel
Bischenberg
Chief Executive Officer
Caisse Régionale de Crédit Mutuel Antilles-Guyane
Fédération du Crédit Mutuel Antilles-Guyane
Caisse Agricole Crédit Mutuel
Deputy Chief Executive Officer
Fédération du Crédit Mutuel Centre Est Europe
Chairman of the Board of Directors
CIC Sud Ouest
LYF
Permanent representative of Caisse régionale du Crédit Mutuel, member of the Supervisory Board
Groupe des Assurances du Crédit Mutuel
Permanent representative of Caisse Fédérale de Crédit Mutuel, member of the Management Board
Euro-Information
Director
Fédération du Crédit Mutuel Agricole et Rural

Terms of office expired over the past five fiscal years

Vice-Chairman
Monetico International
Director
Cautionnement Mutuel de l'Habitat
Member of the Supervisory Board
Euro-Information Production
Centre de Conseil et de Service - CCS
Member of the Management Board
Euro-Information Direct Services
Euro-Information Télécom
Permanent representative of Placinvest, director
Crédit Mutuel Investment Managers
Permanent representative of Caisse Fédérale de Crédit Mutuel, member of the Management Board
Euro-TVS
Euro-Information Épithète
Permanent representative of CIC Associés, director
Crédit Mutuel Asset Management

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 2022

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, 2022, the board of directors met three times. The meeting attendance rate for directors was 95% on average.

Meeting of February 9, 2022

The Board of Directors meeting of February 9, 2022 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;
- relations with regulators and follow-up letters received;
- validation of the review of the risk appetite framework of Crédit Mutuel Alliance Fédérale;
- validation of the CIC Marchés and group Treasury rules;
- approval of the update of the Preventive Recovery Plan;
- validation of the agricultural sector policy;
- non-compliance risks: 2021 summary;
- report of the Compensation Committee;
- revision of the charter governing the exercise of offices of members of the Boards of Directors or Supervisory Boards;
- report of the Appointments Committee;
- information on the adoption of the proposed Rixain Law on professional gender equality;
- presentation of the internal charter of best practices for the effective managers of Crédit Mutuel Alliance Fédérale;
- savings, loans, insurance, services;
- development plan;
- Interest Rate and Financial Policy Committee;
- accreditation, municipal loans and special credits;
- presentation of the financial statements as of December 31, 2021;
- approval of the annual comprehensive and consolidated financial statements as of December 31, 2021;
- general operating expenses in 2021 – final figures;
- information on the appointment of the person in charge of the periodic control of the AML/CFT systems;
- regulated agreements;
- co-option of a member;
- validation of CFdeCM’s annual contribution to the Crédit Mutuel Alliance Fédérale foundation.

Meeting of March 21, 2022

The Board of Directors meeting of March 21, 2022 focused on the following topics in particular:

- current affairs update: the Ukrainian crisis management system and the measures taken by the group;
- implementation of a project.

Meeting of April 8, 2022

The Board of Directors meeting of April 8, 2022 focused on the following topics in particular:

- current affairs update;
- group Auditing and Accounting Committee report of March 24 and April 5, 2022;
- recommendation of the group Auditing and Accounting Committee on the appointment of the Statutory Auditor for the comprehensive and consolidated financial statements;

- presentation and review of the annual internal control report;
- approval of the AML/CFT annual internal control report;
- group Risk Monitoring Committee report of March 16 and 23, 2022;
- appointment of the person responsible for the permanent control of anti-money laundering and anti-terrorist financing systems;
- network activity: summary of the Claims Committee;
- Compensation Committee report of April 6, 2022 and validation of the report on compensation policy and practices for 2021;
- approval of the list of risk-takers and the overall compensation package paid to risk-takers;
- breakdown of the overall compensation package under the charter governing the exercise of offices of members of the Boards of Directors;
- Appointments Committee report of February 10, March 16 and April 6, 2022, including presentation of the summary of regulatory committee assessments;
- approval of all committee assessments and recording of the assessments of key functions;
- charter for members of the supervisory bodies: ethics, management of conflicts of interest and personal declarations;
- reappointment of the Chairman of the Board;
- replacement for Vice-Chairman of the Board;
- reappointment of a non-voting director;
- appointment of a non-voting director;
- co-option on the Board:
- end of the term of office of non-voting director;
- movements within the GAAC and changes within the GRMC;
- composition of the Compensation Committee and changes within the Appointments Committee;
- proposed appointment to the CNCM;
- updating of the Board's internal rules;
- management reports and corporate governance reports;
- Mission Committee report and reasoned opinion of the independent third party;
- preparation and convening of the Ordinary Shareholders' Meeting of May 10, 2022.

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 Compensation Committee, the Appointments Committee, the Group Auditing and Accounting Committee and the Group Risk Monitoring Committee. The provisions which define the composition, functioning, regulatory framework and duties of the regulatory committees of Crédit Mutuel Alliance Fédérale are set out in the internal rules of the Board of Directors updated on April 17, 2022.

The committees are composed of three to eight members of the Board of Directors of Caisse Fédérale de Crédit Mutuel and its main subsidiaries, BFCM, BECM and CIC, appointed by the Board of Directors of Caisse Fédérale de Crédit Mutuel on the proposal of the Chairman of the Board for the duration of their terms 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 terms of offices as federal directors, within BFCM, BECM or CIC. One of the members of the Compensation Committee must be an employee director.

Compensation Committee: composition and meetings in the first half-year 2022

As of June 30, 2022, the Comensation Committee was composed of a Chairman, four members including one employee director and one associate member.

Members	Status	Attendance rate during the first half-year 2022
Annie Virot	Chairwoman	100%
Christine Leenders	Member	100%
Philippe Gallienne	Member	100%
Audrey Hammerer	Member (employee director)	50%
Jean-François Jouffray	Associate member	100%

Appointments Committee: composition and meetings in the first half-year 2022

As of June 30, 2022, the Appointments Committee was composed of a Chairman, three members and one associate member.

Members	Status	Attendance rate during the first half-year 2022
Thierry Reboulet	Chairman	100%
Bernard Dalbiez	Member	100%
Agnès Rouxel	Member	86%
Mireille Gavillon	Member	100%
Jean-François Jouffray	Associate member	86%

Group Auditing and Accounting Committee: composition and meetings in the first half-year 2022

As of June 30, 2022, the Auditing and Accounting Committee was composed of a Chairman, six members and eleven associate members.

Members	Status	Attendance rate during the first half-year 2022
Jean-François Jouffray	Chairman	100%
Gérard Cormorèche	Member	100%
Etienne Grad	Member	100%
Luc Wynant	Member	NA
Jean-François Parra	Member	100%
René Schwartz	Member	100%
Jean-Pierre Bertin	Associate member	67%
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	67%
Alexandre Martial	Associate member	33%
Bich Van Ngo	Associate member	100%
Stéphane Servantie	Associate member	67%
Franck Emery	Associate member	67%

Group Risk Monitoring Committee: composition and meetings in the first half-year 2022

As of June 30, 2022, the Risk Monitoring Committee was composed of a Chairman, five members and ten associate members.

Members	Status	Attendance rate during the first half-year 2022
Daniel Schoepf	Chairman	100%
Catherine Lamblin Messien	Member	100%
Christine Leenders	Member	80%
Nicolas Habert	Member	100%
Nicolas Théry	Member	80%
Thierry Reboulet	Member	40%
Gilles Berrée	Associate member	100%
Bernard Basse	Associate member	100%
Hubert Chauvin	Associate member	100%
Jean-François Jouffray	Associate member	80%
Laurent Benoît	Associate member	60%
Claude Levêque	Associate member	60%
Pascal Tissot	Associate member	100%
Marc Taieb	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 articles of association do not provide for any particular limitation on the powers of the effective managers but internal rules define the cases in which prior approval of the Board of Directors is required, *i.e.* planned acquisitions or disposals of equity investments (excluding financial investments) of more than €100m.

3.2 BFCM – CORPORATE GOVERNANCE REPORT

3.2.1 Composition of the management bodies as of June 30, 2022

Presentation of the Board of Directors

	Age [1]	Start of term of office	End of term of office	Committees [2]	Attendance at Board
Nicolas THÉRY *Chairman*	56	2014	2023	GRMC	100%
Philippe TUFFREAU *Vice-Chariman*	67	2021	2024	/	100%
Jean-Marc BUSNEL *Permanent representative of Caisse Fédérale de Crédit Mutuel de Maine-Anjou et Basse-Normandie, director*	63	2018	2024	/	100%
Gérard CORMORÈCHE *Director*	64	2001	2025	GAAC	100%
Claude COURTOIS *Director*	68	2019	2025	/	100%
Philippe GALLIENNE *Director*	66	2019	2025	Compensation	100%
Charles GERBER *Director*	68	2020	2023	GAAC	100%
Olivier GUIOT *Director*	54	2020	2023	/	100%
Elio GUMBS *Director*	60	2020	2023	/	0%
Nicolas HABERT *Director*	60	2020	2024	GRMC	100%
Albert MAYER *Director*	66	2018	2024	/	100%
Bich Van NGO *Director*	65	2021	2024	GAAC	100%
Gislhaine RAVANEL *Director*	69	2019	2025	/	100%
Thierry REBOULET *Director*	59	2021	2024	GRMC **Appointments**	100%
René SCHWARTZ *Director*	65	2018	2024	GAAC	100%
Francis SINGLER *Director*	65	2018	2024	/	100%
Alain TÊTEDOIE *Director*	58	2007	2024	/	100%
Catherine LAMBLIN MESSIEN *Administrateur*	57	2022	2025	GRMC	NA
Christian GUILBARD *Non-voting director*	64	2021	2024	/	100%
Jean-Claude LORDELOT *Non-voting director*	68	2018	2024	GAAC	100%
Christian MULLER *Non-voting director*	64	2018	2024	/	100%
Jacques SIMON *Non-voting director*	65	2018	2024	/	100%

In the Committees column, the Committee Chairmen are shown in bold in blue.

(1) Age at 06/30/2022.

(2) GRMC: Group Risk Monitoring Committee – GAAC: Group Auditing and Accounting Committee – Compensation: Compensation Committee – Appointments: Appointments Committee.

Other participants

- In accordance with Article L.2312-72 of the French Labor Code, two representatives of the Social and Economic Committee attend the meetings of the Board of Directors in an advisory capacity.

Executive management

- Daniel Baal, Chief Executive Officer and effective manager;
- Éric Charpentier, Chief Operating Officer and effective manager;
- Alexandre Saada, Deputy Chief Executive Officer and effective manager.

3.2.2 Offices and positions 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 Chief Executive Officer of CIC Est from 2012 to 2016.

Since 2014, he has been Chairman of Caisse Fédérale de Crédit Mutuel, Banque Fédérative du Crédit Mutuel and Crédit Industriel et Commercial. Since 2016, he has been Chairman of Confédération Nationale du Crédit Mutuel and Fédération du Crédit Mutuel Centre Est Europe. He also chairs the Supervisory Board of Groupe des Assurances du Crédit Mutuel. Finally, on September 1, 2021, he became Chairman of the French Banking Federation for one year.

Nicolas Théry is a graduate of Science Po Paris and of the École Nationale d'Administration (ENA) – top of the "Liberty, Equality, Fraternity" class – and holds a Master's Degree in law, economics, management with a specialization in Business law.

Chairman of the Board of Directors
Member of the Group Risk Monitoring Committee of Caisse Fédérale de Crédit Mutuel
First appointed to the Board: 2014
Term expires: 2023

Other offices and positions held as of June 30, 2022

Chairman of the Board of Directors
- Confédération Nationale du Crédit Mutuel
- Caisse Centrale du Crédit Mutuel
- Fédération du Crédit Mutuel Centre Est Europe
- Caisse Fédérale de Crédit Mutuel
- Crédit Industriel et Commercial
- Banque CIC Est
- Assurances du Crédit Mutuel Vie SA
- Assurances du Crédit Mutuel Vie SAM
- ACM IARD SA
- Dialogues

Chairman of the Supervisory Board
- Groupe des Assurances du Crédit Mutuel
- Banque Européenne du Crédit Mutuel

Chairman
- Fédération bancaire française

Director
- Caisse de Crédit Mutuel Strasbourg Vosges
- Musée Rodin

Permanent representative of Groupe des Assurances du Crédit Mutuel, director
- ACM GIE

Permanent representative of Fédération du Crédit Mutuel Centre Est Europe, member of the Management Board
- Euro-Information

Member
- Comité d'éthique de la Défense

Terms of office expired over the past five fiscal years

Member of the Management Board
- Euro-Information

Chairman of the Board of Directors
- Banque CIC Nord Ouest

Philippe Tuffreau

Born on May 24, 1955
Nationality: French

Business address:
1, place Molière
49006 Angers

Summary of main areas of expertise and experience

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

In 1995, he founded Exaequo, a firm specializing in business law. At the same time, he is involved in life at the bar. In 1998, he was elected president of the Bar of Angers for two years. In 2003, he became a member of the French National Bar Council. He was Vice-Chairman of this institution from 2006 to 2008, and became the Chancery's regular contact. Soon after he was promoted Knight of the National Order of Merit and Knight of the Order of the Legion of Honor. From 1995 to 2017, he was Vice-Chairman of the law firm Oratio.

In 1991, he became Chairman of a Crédit Mutuel local bank and held various offices before terminating his office due to his other activities. In 2014, he was appointed Chairman of a Crédit Mutuel local bank before becoming federal director of Crédit Mutuel d'Anjou in 2015 of which he became Chairman in 2017. He has been a confederal director since 2020.

Vice-Chairman of the Board of Directors
First appointed to the Board: 2021
Term expires: 2024

Other offices and positions held as of June 30, 2022

Chairman of the Board of Directors
Fédération du Crédit Mutuel Anjou
Caisse Régionale du Crédit Mutuel Anjou

Vice-Chairman of the Board of Directors
Caisse de Crédit Mutuel Angers Saint Laud

Member of the Supervisory Board
Banque européenne du Crédit Mutuel

Director
Confédération Nationale du Crédit Mutuel
Caisse Centrale du Crédit Mutuel
GIEMAT
Multifinancière de l'Anjou
SPL ALTEC

Permanent representative of Caisse Régionale du Crédit Mutuel d'Anjou, director
Assurances du Crédit Mutuel Vie SAM

Non-voting director
Caisse Fédérale de Crédit Mutuel

Terms of office expired over the past five fiscal years

Director
Banque Fédérative du Crédit Mutuel

Non-voting director
Banque Fédérative du Crédit Mutuel

Jean-Marc Busnel

Born on April 25, 1959
Nationality: French

Business address:
43 boulevard Volney
53083 Laval

Summary of main areas of expertise and experience

Jean-Marc Busnel holds a Post-graduate Degree (DESS) in Business Administration and Management. He began his, career with ACOME as a technician and then as a senior manager in 1980. He then held various positions from operations director (2002) to industry, purchasing and supply chain director (2008) before becoming branch director (2015) and thenindustrial director (2018) before retiring in 2021. In 1994, he was elected director of the Crédit Mutuel de Saint Hilaire du Harcouët local bank. Today, he holds offices at the local level as well as at the federal and confederal levels. Since 2018, he has been Chairman of Caisse Fédérale and Fédération du Crédit Mutuel de Maine-Anjou Basse-Normandie.

Permanent representative of Caisse Fédérale de Crédit Mutuel de Maine-Anjou et Basse-Normandie, director
First appointed to the Board: 2018
Term expires: 2024

Other offices and positions held as of June 30, 2022

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
- Résidence foyer les hirondelles
- Creavenir
- Fondation d'entreprise du Crédit Mutuel de Maine-Anjou et Basse-Normandie

Vice-Chairman of the Supervisory Board

- SODEREC

Vice-Chairman of the Board of Directors

- Union régionale des Scop de l'Ouest

Director

- Confédération Nationale du Crédit Mutuel
- Caisse Centrale du Crédit Mutuel

Permanent representative of Caisse Fédérale de Crédit Mutuel de Maine-Anjou et Basse-Normandie, director

- Assurances du Crédit Mutuel Vie SAM
- ACM IARD SA

Permanent representative of the Fondation d'entreprise du Crédit Mutuel de Maine-Anjou et Basse-Normandie

- Association des résidences Escalys

Terms of office expired over the past five fiscal years

Chairman of the Board of Directors

- IDEA OPTICAL

Director

- ACOME SA

Gérard Cormorèche

Born on July 3, 1957

Nationality: French

Business address:
8 rue Rhin et Danube
69009 Lyon

Summary of main areas of expertise and experience

Holder of an Engineering Degree from the École Supérieure d'Agricultures d'Angers, Gérard Cormorèche is the manager of a cereal and vegetable farm and of 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: 2025

Other offices and positions held as of June 30, 2022

Chairman of the Board of Directors

Fédération du Crédit Mutuel du Sud-Est

Caisse de Crédit Mutuel du Sud-Est

Caisse Agricole Crédit Mutuel (CACM)

CECAMUSE

Caisse de Crédit Mutuel Neuville-sur-Saône

Vice-Chairman of the Board of Directors

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Fédération du Crédit Mutuel Agricole et Rural

MTRL

Assurances du Crédit Mutuel pour l'éducation et la prévention en santé

Director

Caisse Fédérale de Crédit Mutuel

Crédit Industriel et Commercial

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

Assurance du Crédit Mutuel Vie SAM

SICA d'habitat Rural du Rhône et de la Loire

Non-voting director

CIC Lyonnaise de Banque

Managing partner

SCEA 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: 2025

Other offices and positions held as of June 30, 2022

Chairman of the Board of Directors

Caisse de Crédit Mutuel de Montpellier Antigone

Caisse de Crédit Mutuel Bassin de Thau

Caisse de Crédit Mutuel de Lunel

Vice-Chairman of the Board of Directors

Fédération du Crédit Mutuel Méditerranéen

Director

Caisse Méditerranéenne Financement

Terms of office expired over the past five fiscal years

Vice-Chairman of the Board of Directors

Caisse de Crédit Mutuel Frontignan

Director

Caisse de Crédit Mutuel de Perpignan Kennedy

Caisse de Crédit Mutuel de Montpellier Alco

Non-voting director

Banque Fédérative du Crédit Mutuel

Philippe Gallienne

Born on June 17, 1956

Nationality: French

Business address:
17 rue du 11 novembre
14052 Caen

Summary of main areas of expertise and experience

A graduate of the École de Management de Normandie, Philippe Gallienne was partner in charge of the association and social management sector of the Le Havre office of Mazars from 1990 to April 2019.

In 1995, he was elected founding Chairman of Caisse de Crédit Mutuel du Havre Sanvic. In 1998, he became Chairman of Caisse de Crédit Mutuel du Havre Hôtel de Ville and was elected federal director the same year. He was appointed Vice-Chairman of Fédération du Crédit Mutuel de Normandie in 2003 before being appointed Chairman of Fédération and Caisse Régionale du Crédit Mutuel de Normandie in 2019.

Director
Member of the Compensation Committee
First appointed to the Board: 2019
Term expires: 2025

Other offices and positions held as of June 30, 2022

Chairman of the Board of Directors

Fédération du Crédit Mutuel de Normandie

Caisse Régionale de Crédit Mutuel de Normandie

Caisse de Crédit Mutuel Le Havre Hôtel de Ville

Member of the Supervisory Board

Banque Européenne du Crédit Mutuel

Director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Permanent representative of Caisse Régionale de Crédit Mutuel de Normandie, director

Assurances du Crédit Mutuel Vie SAM

Non-voting director

Caisse Fédérale de Crédit Mutuel

Terms of office expired over the past five fiscal years

Non-voting director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Charles Gerber

Born on June 3, 1954

Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

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

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

Other offices and positions held as of June 30, 2022

Chairman of the Board of Directors

Caisse de Crédit Mutuel de la Largue

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

Fédération du Crédit Mutuel Centre Est Europe

Director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Non-voting director

Caisse Fédérale de Crédit Mutuel

Terms of office expired over the past five fiscal years

Director

Caisse Fédérale de Crédit Mutuel

Olivier Guiot

Born on July 21, 1967

Nationality: French

Business address:
61 rue Blatin
63000 Clermont-Ferrand

Summary of main areas of expertise and experience

Holder of a technical proficiency certificate in Accounting, Olivier Guiot worked as a logistics technician before he was elected mayor of the municipality of Saint-Hilaire in the Allier department in 2001.
In 1999, he became a director of Fédération du Crédit Mutuel Massif Central. From 2018 to 2020, he was a director on several provisional Boards of Directors (CCM Montferrand, CCM Cebazat, Vice-Chairman of CCM Yzeure). In 2020, he became Chairman of Caisse de Crédit Mutuel d'Yzeure..

Director
First appointed to the board : 2020
Term expires: 2023

Other offices and positions held as of June 30, 2022

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 Vice-Chairman of the Boards of Directors of Fédération and Caisse Régionale du Crédit Mutuel Antilles-Guyane.

Director
First appointed to the board: 2020
Term expires: 2023

Other offices and positions held as of June 30, 2022

Chairman

Howlite Concept

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 and positions held as of June 30, 2022

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

Catherine Lamblin Messien

Born on August 17, 1964
Nationality: French

Business address:
4 place Richebé
59011 Lille

Summary of main areas of expertise and experience

After preparing for and obtaining her diploma in accounting and financial studies (DESCF) at the Institut d'expertise comptable of La Catho Lille in 1987, Catherine Lamblin Messien began her career at Cabinet Lecat as an accountant. In 1990, she joined Declercq before obtaining her diploma as a chartered accountant (DEC) in 1992. In the same year, she joined Cofidine - Conseil Fiduciaire, Audit & Finance, as a chartered accountant.

Since 1995, she has held managerial positions within the same firm, which has 15 employees. In 2015, she was elected Chairwoman of a Crédit Mutuel local bank. She holds offices within Crédit Mutuel at local, regional and national levels.

Director
Member of the group Auditing and Accounting Committee of Caisse Fédérale de Crédit Mutuel
First appointed to the board: 2022
Term expires: 2025

Other offices and positions held as of June 30, 2022

Chairman of the Board of Directors
Caisse de Crédit Mutuel de Cambrai

Vice-Chairwoman of the Board of Directors
Caisse fédérale du Crédit Mutuel Nord-Europe
Fédération du Crédit Mutuel Nord-Europe

Director
Confédération Nationale du Crédit Mutuel
Caisse Centrale du Crédit Mutuel
Crédit Industriel et Commercial
Cautionnement Mutuel de l'Habitat

Treasurer
Association Femmes Chefs d'entreprise (FCE)

Manager
Cofidine Conseil Fiduciaire Audit & Finance
Groupement forestier du bois de la Chassagne

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 and positions held as of June 30, 2022

Chairman of the Board of Directors
Caisse de Crédit Mutuel Freyming Hombourg-Haut

Chairman
Mayer Albert Expertise et Audit Comptable

Director and Chairman of the Saint Avold District
Fédération du Crédit Mutuel Centre Est Europe

Managing partner
Secogem expertise comptable
Pôle d'expertise comptable

Terms of office expired over the past five fiscal years

Nil

Bich Van Ngo

Born on July 21, 1956

Nationality: French

Business address:
18, rue de La Rochefoucauld
75439 Paris

Summary of main areas of expertise and experience

A chartered accountant, with a master's degree in economics from the University of Paris Dauphine and corporate director certification from Sciences-Po Paris, Bich Van Ngo has been chairwoman and CEO of NGO Audit et Conseil since 2018.

She began her career in 1979 and worked in various groups as chief financial officer and then 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 and positions held as of June 30, 2022

Chairwoman of the Board of Directors
Crédit Mutuel de Verrières le Buisson

Director
Fédération du Crédit Mutuel Ile-de-France

Independent Director
Haffner Ernergy

Chairwoman – Chief Executive Office
NGO Audit et conseil

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: 2025

Other offices and positions held as of June 30, 2022

Chairwoman of the Board of Directors
Caisse de Crédit Mutuel de Chamonix

Director and Chairwoman of the District Arve/Genevois
Fédération du Crédit Mutuel Savoie-Mont Blanc

Non-voting director
Caisse Fédérale de Crédit Mutuel

Terms of office expired over the past five fiscal years

Nil

Thierry Reboulet

Born on August 3, 1962

Nationality: French

Business address:
130-132 avenue Victor-Hugo
26009 Valence cedex

Summary of main areas of expertise and experience

Holder of a Technology University Degree in Business Management and Administration, Thierry Reboulet served as General Manager of Services at the town hall of Tain l'Hermitage for 17 years (36 years of service). In 1998 he was appointed chairman of a Crédit Mutuel local bank. In 2001, he became a director of Fédération du Crédit Mutuel Dauphiné-Vivarais. He became Chairman of Caisse de Crédit Mutuel de Tain l'Hermitage in 2014. Since 2021, he has chaired the Fédération and Caisse Régionale du Crédit Mutuel Dauphine-Vivarais.

Administrateur
Chairman of the Appointments Committee of Caisse Fédérale de Crédit Mutuel
Première nomination au conseil : 2021
Échéance du mandat : 2024

Other offices and positions held as of June 30, 2022

Chairman of the Board of Directors

Fédération du Crédit Mutuel Dauphine-Vivarais

Caisse Régionale du Crédit Mutuel Dauphine-Vivarais

Caisse de Crédit Mutuel Tain l'Hermitage

Permanent representative of Caisse Régionale du Crédit Mutuel Dauphine-Vivarais, director

Assurances du Crédit Mutuel Vie SAM

Non-voting director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Caisse Fédérale du Crédit Mutuel

Terms of office expired over the past five fiscal years

Nil

René Schwartz

Born on January 14, 1957

Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

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

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

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

Other offices and positions held as of June 30, 2022

Chairman of the Board of Directors

Caisse de Crédit Mutuel du Nouveau Monde

Director and Chairman of the Mulhouse District

Fédération du Crédit Mutuel Centre Est Europe

Terms of office expired over the past five fiscal years

Director

CARPA Mulhouse

Francis Singler

Born on July 18, 1956

Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Holder of an Industrial Methods Technician degree, Francis Singler is retired. He spent his career with APF Entreprises Alsace, holding positions as production manager and then IT manager before retiring in 2018.

In 2001, he was appointed director of a local Crédit Mutuel bank. He was Chairman of the training commission for elected representatives of the Sélestat District from 2006 to 2018. Since 2018, he has been Chairman of the Sélestat District of Fédération du Crédit Mutuel Centre Est Europe and Chairman of the Board of Directors of the Ried Centre Alsace bank.

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

Other offices and positions held as of June 30, 2022

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 and positions held as of June 30, 2022

Chairman

Thalie Holding

Chairman of the Board of Directors

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

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

Chairman of the Supervisory Board

Crédit Mutuel Immobilier

Vice-Chairman of the Supervisory Board

Banque Européenne du Crédit Mutuel

Permanent representative of Fédération du Crédit Mutuel Loire-Atlantique et Centre-Ouest, chairman

Investlaco

Director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Caisse de Crédit Mutuel de Loire Divatte

Permanent representative of EFSA, director

Banque CIC Ouest

Permanent representative of Caisse Fédérale du Crédit Mutuel Loire Atlantique et Centre-Ouest, director

Assurances du Crédit Mutuel Vie SAM

SODEREC

Representing Thalie Holding, chairman

La Fraiseraie SAS

Representing Thalie Holding, managing partner

SCEA La Fraiseraie

Managing partner

GFA La Fraiseraie

Non-voting director

Caisse Fédérale de Crédit Mutuel

Terms of office expired over the past five fiscal years

Director

Caisse Fédérale de Crédit Mutuel

Chairman of the Supervisory Board

Centre de Conseil et de Service (CCS)

Group's key executives

Daniel Baal

Born on December 27, 1957

Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Daniel Baal began his career in 1979 as a credit records manager at the head office of Banque Fédérative du Crédit Mutuel in Strasbourg and went on to hold various head office and network positions in Strasbourg, Colmar and Mulhouse. In 1995, he became director of commitments at the Southern Regional Division of Caisse Fédérale du Crédit Mutuel Centre Est Europe, then director of Caisse de Crédit Mutuel Mulhouse-Europe in 2001. He was deputy chief executive officer of Société du Tour de France and director of "cycling" activities for Sport Amaury 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 and positions held as of June 30, 2022

Chief executive officer

- Fédération du Crédit Mutuel Centre Est Europe
- Caisse Fédérale de 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 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

Éric Charpentier

Born on October 6, 1960
Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Éric Charpentier is a graduate of the *École Normale Supérieure* with an agrégation in Mathematics, a DEA in Operational Research and a specialized master's degree in Financial Techniques from the ESSEC business school. He began his career in 1987 with the Société Financière des Sociétés de Développement Régional – Finansder, of which he became Chief Executive Officer. He joined Crédit Mutuel Nord Europe in 1998 as Deputy Chief Executive Officer in charge of the finance and corporate division, then became Chief Executive Officer of Crédit Mutuel Nord Europe in 2006.
Since 2021, Éric Charpentier has been Deputy Chief Executive Officer and effective manager of Crédit Industriel et Commercial. He serves as Chairman of the Board of Directors in several Crédit Mutuel Alliance Fédérale bodies in France and abroad.

Chief Operating Officer and effective manager
First appointed: November 25, 2021 effective January 1, 2022
Term expires: 2025

Other offices and positions held as of June 30, 2022

Chief Executive Officer
Caisse Régionale du Crédit Mutuel Nord Europe
Fédération du Crédit Mutuel Nord Europe

Deputy Chief Executive Officer
Crédit Industriel et Commericel

Chairman of the Board of Directors
Beobank NV
Banque de Tunisie
Banque de Luxembourg
CIC Suisse
Crédit Mutuel Investment Managers
Sciences Po Lille

Chairman of the Supervisory Board
Crédit Mutuel Equity

Member of the Supervisory Board
Groupe La Française

Director
Euratechnologies
UFR3S (Faculté de sport et Santé de l'université de Lille)

Representative of VTP -1 Investissements, member of the Supervisory Board
Banque Transatlantique

Representative of VTP -1 Investissements, director
Crédit Mutuel Asset Management

Terms of office expired over the past five fiscal years

Representative of CFCM Nord Europe, member of the Supervisory Board
Groupe des Assurances du Crédit Mutuel

Representative of CFCM Nord Europe, member of the Management Board
Euro-Information

Permanent representative of BFCM, director
Astree Assurances

Director
Société Foncière et Immobilière Nord Europe
Confédération Nationale du Crédit Mutuel
Caisse Centrale du Crédit Mutuel
Crédit Mutuel Nord Europe Belgium
Crédit Industriel et Commercial

Member
Conseil Economique, Social et Environnemental Régional des Hauts-de-France

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 and Director of the Finance Division of Crédit Mutuel Alliance Fédérale since 2021.

Alexandre Saada is a graduate of Sciences Po Paris (1988 – Economics and Finance section), holds a Master of Science in Management (1987), a DEA in International Economics and Finance (1988) from Université Paris Dauphine and a Master of Science in Finance (1989 – Jean Monnet scholarship) from Lancaster University (UK).

Deputy Chief Executive Officer and effective manager
First appointed: 2018
Term of office with unlimited term

Other offices and positions held as of June 30, 2022

Director, Finance Division	
Caisse Fédérale de Crédit Mutuel	
Chairman of the Board of Directors	
CIC Ouest	
Crédit Mutuel Home Loan SFH	
Vice-Chairman of the Supervisory Board	
Cofidis	
Cofidis Group	
Permanent representative of BFCM, director	
Banque de Tunisie	
ACM IARD SA	
Member of the Supervisory Board	
TARGOBANK AG	
Targodeutschland GmbH	

Terms of office expired over the past five fiscal years

Permanent representative of Marsovalor, director	
Crédit Mutuel Investment Managers	
Permanent representative of BFCM, director	
Opuntia (LUXE TV) SA	
Non-voting director	
Cofidis	
Cofidis Group	

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 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 an "Ethics, conflicts of interest and personal declarations" charter adopted at the Board of Directors' meeting of April 8, 2022 which states that "the Board member shall endeavor to avoid any conflict that may exist between his/her moral and material interests and those of Banque Fédérative du 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."

3.2.4 Work of the board during the first half-year 2022

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, 2022, the board of directors met two times. The meeting attendance rate for directors was 94% on average.

Meeting of February 9, 2022

The Board of Directors meeting of February 9, 2022 focused on the following topics in particular:

- presentation of the balance sheet and consolidated financial statements as of December 31, 2021;
- update on ALM, interest rate and liquidity risk;
- group Auditing and Accounting Committee report;
- observations of the statutory auditors;
- report from the group Risk Monitoring Committee;
- relations with regulators and follow-up letters received;
- validation of the review of the risk appetite framework of Crédit Mutuel Alliance Fédérale;
- validation of the CIC Marchés and group Treasury body of rules;
- approval of the update of the Preventive Recovery Plan;
- validation of the agricultural sector policy;
- non-compliance risks: 2021 summary;
- report of the Compensation 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, 2021, the approval of the annual and consolidated financial statements as of December 31, 2021 and the general operating expenses for 2021;
- information on the appointment of the person in charge of the periodic control of the AML/CFT systems;
- regulated agreements;
- validation of Banque Fédérative de Crédit Mutuel's annual contribution to the Crédit Mutuel Alliance Fédérale foundation.

Meeting of April 8, 2022

The Board of Directors meeting of April 8, 2022 focused on the following topics in particular:

- current affairs update;
- group Auditing and Accounting Committee report;
- recommendation of the GAAC on the appointment of the statutory auditor for the comprehensive and consolidated financial statements;
- 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;
- appointment of the person responsible for the permanent control of anti-money laundering and anti-terrorist financing systems;
- acknowledgment of the Compensation Committee's report and the report on compensation policy and practices;
- 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;
- end of the term of office of non-voting director;
- charter for members of the supervisory bodies: ethics, management of conflicts of interest and personal declarations;
- adoption of the Board's internal rules;
- management reports and corporate governance reports;
- preparation and convening of the Ordinary Shareholders' Meeting of May 10, 2022.

3.2.5 Executive management

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;
- M. Eric Charpentier, Chief Operating Officer and effective manager;
- Mr. Alexandre Saada, Deputy Chief Executive Officer and effective manager.

Prerogatives of Executive Management

The articles of association do not provide for any particular limitation on the powers of the effective managers but a decision of the Board of Directors on February 20, 2019 defines the cases in which prior approval by the Board is required, namely, plans to acquire or dispose of equity interests (excluding financial investments) in an amount exceeding €100m.

4 RISKS AND CAPITAL ADEQUACY – PILLAR 3

4.1 KEY FIGURES

The Pillar 3 report, including all the required interim tables, will be published as part of a second amendment scheduled for September 2022.

In anticipation of this publication, the main ratios at June 30, 2022 are shown in the table below (EBA EU KM1 model):

(in € millions or as a percentage)	06/30/2022	12/31/2021	06/30/2021
Available equity (amounts)			
Common Equity Tier 1 (CET 1) capital	49,467	45,996	43,799
Tier 1 capital	49,514	46,257	44,058
Total equity	57,041	53,246	50,482
Risk-weighted exposure amounts			
Total risk exposure amount	272,349	245,095	238,853
Capital ratios (as a percentage of the risk-weighted exposure amount)			
Common Equity Tier 1 capital ratio (%)	18.2%	18.8%	18.3%
Tier 1 capital ratio (%)	18.2%	18.9%	18.5%
Total equity ratio (%)	20.9%	21.7%	21.1%
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)	*0.8%*	*0.8%*	*0.6%*
of which: to be met with Tier 1 capital (percentage points)	*1.1%*	*1.1%*	*1.1%*
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 (%)	N/A	N/A	N/A
Institution-specific countercyclical capital buffer (%)	0.0%	0.0%	0.0%
Systemic risk buffer (%)	N/A	N/A	N/A
Global systemically important institution buffer (%)	N/A	N/A	N/A
Other systemically important institution buffer (%)	N/A	N/A	N/A
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 (%)	6.1%	6.8%	6.3%
Leverage ratio			
Total exposure measurement	746,720	606,610	612,938
Leverage ratio (%)	6.6%	7.6%	7.2%

(in € millions or as a percentage)	06/30/2022	12/31/2021	06/30/2021
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 (%)	N/A	N/A	N/A
of which: to be met with CET1 equity (percentage points)	*N/A*	*N/A*	*N/A*
Total SREP leverage ratio requirements (%)	3.0%	3.3%	3.3%
Leverage ratio buffer requirement and total leverage ratio requirement (as a percentage of the total exposure measure)			
Leverage ratio buffer requirement (%)	0.0%	N/A	0.0%
Overall leverage ratio requirement (%)	3.0%	3.3%	3.3%
Liquidity coverage ratio[1]			
Total High Quality Liquid Assets (HQLA) (average weighted value)	144,845	138,753	126,796
Cash outflows - Total weighted value	101,558	98,000	96,607
Cash inflows - Total weighted value	20,363	21,351	22,255
Total net cash outflows (adjusted value)	81,194	76,649	74,352
Liquidity coverage ratio (%)	179.2%	181.3%	170.7%
Net stable funding ratio			
Total available stable funding	504,529	492,874	487,646
Total required stable funding	425,700	392,543	376,778
NSFR ratio (%)	118.5%	125.6%	129.4%

4.2 RISK FACTORS

Crédit Mutuel Alliance Fédérale (hereinafter referred to as "the group") includes all entities in the "regulatory perimeter", comprising the Crédit Mutuel banks, the federations and Caisse Fédérale de Crédit Mutuel, and the "BFCM consolidated scope", consisting of Banque Fédérative du Crédit Mutuel and all its subsidiaries.

Crédit Mutuel Alliance Fédérale is exposed to multiple risks associated with its Retail Banking, Insurance, Corporate Banking and Capital Markets, Private Banking and Private Equity. The group has set up a process to identify and measure risks related to its activities which enables it, at least once a year, to prepare the map of its most significant risks. The risk mapping is submitted for approval by the group's Board of Directors.

CMNE – On January 1, 2022, Crédit Mutuel Nord Europe affiliated with Crédit Mutuel Alliance Fédérale. Given the business model and the relatively similar risk profiles between CMNE and Crédit Mutuel Alliance Fédérale, this affiliation is not likely to significantly modify the group's risk factors and does not call into question the presentation of Crédit Mutuel Alliance Fédérale's risk factors below.

Russia-Ukraine conflict and macroeconomic context

At the date of writing, the consequences of the ongoing conflict between Russia and Ukraine, whether in terms of geopolitical, economic, financial or social impacts, as well as the spread thereof to the various parts of the global economy are very real and evolving rapidly. In this context of inflationary shock, a rise in key interest rates, potentially unfavorable market trends, difficulties relating to the supply of commodities and the threat of recession, the extent and duration of which remain difficult to estimate, the impacts on Crédit Mutuel Alliance Fédérale's risk factors could be accentuated.

Stricto sensu, in terms of exposure risks to Russia and Ukraine, Crédit Mutuel Alliance Fédérale has no direct presence in these two countries (via a subsidiary or joint venture). Overall, the group's exposure to these countries is extremely limited (see 2021 Universal Registration Document, page 270 - Table 1 "Exposure to default, Focus on Ukraine and Russia").

The main factors that can significantly influence the group's risks are mentioned below, with major risks being addressed first within each category.

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), subject almost exclusively to credit risk, amounted to €875 billion as of March 31, 2022 and mobilize approximately 90% of the group's capital requirements under Pillar 1 of the Basel III regulations.

In the context of the COVID-19 pandemic, the support measures of banks and public authorities had the effect of numbing traditional credit risk indicators. For example, corporate insolvencies fell sharply in France in 2020 and 2021, even though the pandemic triggered unprecedented declines in activity, with some industries even being brought to a halt such as the hotels and restaurants, with a massive recourse to borrowing, particularly in France with State-guaranteed loans. The rebound in activity in 2021 led to bottlenecks in certain sectors, such as the automotive sector following the semiconductor chip crisis, and the conflict between Russia and Ukraine has accentuated the upturn in inflation due to commodity costs, particularly in oil and gas.

Details of exposures by counterparty type are available in Tables 29 "Performing and non-performing exposures and related provisions – EU CR1" and 27 "Credit status of loans and advances to non-financial corporations by industry – EU CQ5" of the 2021 Universal Registration Document (pages 327 and 326 respectively).

Taking the consequences of the 2008 crisis on Crédit Mutuel Alliance Fédérale's financial statements as an example, the 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 COVID-19 crisis generated massive recourse to debt to cope with sharp drops in activity and cash inflows during periods of lockdown. 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. The current macroeconomic context (rise in rates, inflation, energy prices, etc.) also raises fears of a risk of recession with its consequences, particularly in terms of energy sobriety and unemployment; this context could result in the group's retail and corporate customers facing increasing difficulties in meeting their commitments. As of March 31, 2022, Crédit Mutuel Alliance Fédérale's rate of non-performing and disputed loans was 2.58%, identical to that of December 31, 2021. The cost of risk was €215 million (€168 million at March 31, 2021). In relation to gross outstanding loans, annualized, the cost of customer risk was 0.178% in Q1 2022 (0.145% in Q1 2021). The group has a buffer of provisions for performing loans of €3.4 billion (status 1 and status 2), notably following a significant allocation effort in 2020 (nearly €1.4 billion in allocations). After the 2008 crisis, the group's non-performing loans' ratio rose to 4.68% (December 31, 2009), generating a peak in the cost of risk representing 0.77% of gross loans at the time.

b. The second impact would depend on the method used for calculating the **weighted risks** in the denominator of the solvency ratio. Within Crédit Mutuel Alliance Fédérale, 63% of total exposure to credit risk is subject to internal rating for which the quality determines the calculation of the capital requirements pursuant to the credit risk under the Basel III method and therefore the group's solvency ratio. A worsening of the ratings for all or part of the portfolio would therefore lead to a deterioration of the group's solvency. A recession may increase credit risk, also given the increase in the indebtedness of economic agents and the decline in their financial income, and the commodities crisis following the war between Russia and Ukraine may worsen the situation in other sectors (chemicals, steel, transport, automotive, food industry, etc.) to which the group is exposed (see 2021 Universal Registration Document, page 326 - Table 27 "EU CQ5").

c. Due to the size of its **portfolio of real estate loans** (51% of net loans to customers, i.e. €242 billion at March 31, 2021), mainly in France, the group is exposed to a turnaround in the real estate market. A scenario of a fall in real estate prices could have an impact on the cost of risk due to the increase in defaults but also, in the case of mortgage-backed financing, through a drop in the value of dwellings pledged as collateral. Following the crisis of 2008, the cost of risk on the network's portfolio of property loans reached 0.10% of the balance sheet commitments for two years (2009 and 2010). This cost of risk was almost zero in Q1 2022, as in 2021. Over the past five years, this rate has hovered around 0.01%.

d. Crédit Mutuel Alliance Fédérale has **unitary exposure that is relatively high to certain States**, bank counterparties or large groups, mainly French, some of which have benefited from support measures implemented by public authorities (i.e. State-guaranteed loans). The default of one or more of the group's largest customers could degrade its profitability. Concerning States (€194 billion in gross exposure at the end of March 2022), the group is principally exposed to France (€164 billion), mainly to the Banque de France (more than €104 billion), member of the eurosystem, and to Caisse des Dépôts et Consignations (€32 billion, equivalent to French sovereign risk, due to the mechanism for centralizing deposits from regulated savings). Other than States, as of March 31, 2022, single exposures, on- and off-balance sheet, exceeding €300 million (representing about 10% of the net profit) to banks represented €5 billion for six counterparties. For corporates, it represented €39 billion for 59 counterparties. The probability of several of these counterparties being downgraded or even defaulting simultaneously cannot be ruled out and would affect the profitability of the group.

4.2.1.2 Risks related to insurance activities

Due to its banking and insurance business, which results from its majority holding of nearly 90%[1] in Groupe des Assurances du Crédit Mutuel (GACM), Crédit Mutuel Alliance Fédérale is subject to additional supervision under Directive 2002/87/EC on financial conglomerates (FICOD). Over recent years, GACM contributed on average to around 25% of Crédit Mutuel Alliance Fédérale's net income and distributes its products through the bank networks to which it pays fees. A major deterioration in GACM's solvency position could require Crédit Mutuel Alliance Fédérale to take action, which could reduce the group's consolidated solvency position. As of December 31, 2021, GACM had a Solvency II ratio (SCR) of 213% (for a regulatory requirement of 100%).

The two main risk factors specific to Insurance are market risk and underwriting risk.

a. **Market risk related to Insurance: market risks notably cover interest rate risk connected to savings in euro, equity risk and similar risks, and real estate risk.**

   In the event of a rise in rates, the rate paid by the insurer for contracts in euros may initially be below market rates. This phenomenon is all the more significant as the rise in rates is marked and sudden. Policyholders can then decide to surrender their policy to invest their savings in a competing product. These surrendered policies, if they become significant in number, may force the insurer to sell its bonds with capital losses.

   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.

b. **Underwriting risk: this concerns GACM's personal protection insurance, loan insurance, savings, retirement, non-life and health insurance.**

   The underwriting risk is likely to materialize in the following three situations.

- an unforeseen change in mortality, longevity, disability and invalidity rates would weigh on the personal protection insurance, loan insurance or retirement activities by increasing loss experience and the benefits under these portfolios;
- a massive increase in redemptions (or terminations) compelling GACM to reimburse loan insurance policyholders early or non-life holders changing insurer resulting in lost earnings. As euro-denominated savings contracts have a capital guarantee, the sale of assets at a potentially unfavorable time on the financial markets could result in financial losses;
- the inadequacy of rating or the amount of technical provisions compared to the structure of the losses and costs to be covered could generate a loss of profitability.

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 changes in market conditions and in particular those affecting income, price levels and the macroeconomic environment such as the existing or anticipated economic environment.

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 in the liquidity reserve and the level of LCR. During the first half of 2022, with the war in Ukraine, the announced end of accommodative policies and the rise in inflation, the context has fundamentally changed. The increase in inflation is reflected in the end of the accommodative policies of central banks and in particular of the European Central Bank. In particular, the end of purchasing programs related to the pandemic crisis and a possible future reduction in central bank balance sheets will have an impact on available liquidity and refinancing conditions in the banking sector.

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 stands at 166.8% for the first half of 2022 which represents an excess of €56.7 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

(1) It should be noted that on January 1, 2022, the integration of Crédit Mutuel Nord Europe into Crédit Mutuel Alliance Fédérale resulted in Crédit Mutuel Alliance Fédérale holding nearly 90% of GACM.

and available receivables which are eligible for central bank refinancing. It stood at €188.9 billion as of June 30, 2022, after the TLTRO repayment of €8 billion. Illustrating the transformation of an institution at one year, Crédit Mutuel Alliance Fédérale's NSFR (Net Stable Fund Ratio) amounted to 124.1% as of March 31, 2022, with a stable surplus of resources of €99.8 billion.

The loan-to-deposit ratio, or commitment ratio, is an accounting indicator and not a regulatory indicator that complements the series of liquidity indicators. This indicator reached a level of 105.2% at March 31, 2022, a slight increase compared to December 31, 2021 (104.6%), reflecting a growth in outstanding loans greater than that of deposits.

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

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

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

   BFCM is the main issuer of Crédit Mutuel Alliance Fédérale, and as such carries the ratings on behalf of the group. The ratings are based in particular on the review of governance, strategy, quality and diversity of revenue sources, capital adequacy, balance sheet quality and structure, risk management and appetite for risk. As of June 30, 2022, BFCM's Senior Preferred ratings were AA- stable with Fitch, Aa3 stable with Moody's and A+ stable with Standard & Poor's (the latter agency rates the Crédit Mutuel group and its main issuers).

   Accordingly, a decrease in these credit ratings could have an impact on the refinancing of Crédit Mutuel Alliance Fédérale. This situation could limit access to refinancing, increase costs through the increase in credit spread, trigger obligations in certain bilateral contracts and collateralized financing agreements, and ultimately diminish the group's ability to expand.

c. **A significant "change/variation" in interest rates could have an adverse impact on customer behavior and affect the level of their bank deposits.**

   The low interest rate environment that has prevailed for several years has changed customer behavior and the way customers place their deposits. Thus, in recent years customers have opted to deposit their funds on current accounts rather than deposit accounts (passbook accounts, term deposits, etc.) due to unattractive interest rates.

   Accordingly, a significant increase in interest rates could lead to volatility in these current account deposits. Customers could decide to invest them, or place them in other types of account (passbook accounts, term deposits) or in insurance- or asset management-type funds. This potential volatility for deposits could therefore affect Crédit Mutuel Alliance Fédérale's liquidity and its loan/deposit ratio.

d. **The increase in the Banque de France's discounts for pledged securities in TRICP (data processing of private loans, or *traitement informatique des créances privées*) – or ACC (Additional Credit Claims) – type transactions, or a tightening of eligibility criteria 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, or a tightening of eligibility criteria, 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 will have an impact on Crédit Mutuel Alliance Fédérale's long-term interest rate levels and could impact its profitability. After a long period of accommodative policy, accentuated by the exceptional measures related to the COVID-19 pandemic, the first half of 2022, dominated by the war in Ukraine and the increase in inflation, saw central banks tighten their monetary policies and schedule successive increases in their key rates. The yield curves in the United States and the Eurozone also adjusted abruptly to this change in economic and monetary environment.

The net present value (or "NPV") sensitivity of Crédit Mutuel Alliance Fédérale's balance sheet, determined according to six regulatory scenarios, is below the 15% threshold for Common Equity Tier 1 capital. Crédit Mutuel Alliance Fédérale is sensitive to an increase in the entire yield curve with a downward sensitivity of the NPV of -6.47% compared to Common Equity Tier 1 capital as of March 31, 2022. The sensitivity of net banking income at one and two years is determined according to several scenarios (increase and decrease of rates by 100 bps, increase and decrease of rates by 200 bps with a floor) and two stress scenarios (flattening/inversion of the yield curve and a stagnation/inflation shock in short and long rates). The "stagflation with alternative backing" scenario is the most unfavorable scenario for Crédit Mutuel Alliance Fédérale, with an impact of -9.37% over two years, i.e. -€1,307 million as of March 31, 2022.

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 Central Banks, 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.

b. **Likewise, a sudden hike in short- and medium-long term interest rates (in particular due to inflation) could have a material adverse effect on Crédit Mutuel Alliance Fédérale's net banking income and its profitability.**

   The end of a prolonged period of low interest rates, particularly from a tightening of monetary policy, brings risks for the banking sector in general, and for Crédit Mutuel Alliance Fédérale in particular. An abrupt rise in these interest rate levels (in particular in relation to an increase in inflation) could have an unfavorable impact on the bank's revenues and profitability. This hike could have a marked impact on the cost of refinancing in the banking sector markets for short- and medium-long term debt issues, as well as the cost of regulated savings (Livret A in particular). At the same time, Crédit Mutuel Alliance Fédérale could have difficulty in immediately passing on the increase in these interest rates (in particular to comply with the borrowing rate in France) to real estate loans and other fixed-rate loans granted to individuals and businesses, while the cost of customer deposits and the cost of hedging would 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 shareholders' equity.**

   Indeed, the changes in value of the liquid assets portfolio are recognized at fair value either directly in the income statement or through equity, any unfavorable change could impact equity and consequently Crédit Mutuel Alliance Fédérale's prudential ratios. These value adjustments could also have an impact on the carrying amount of Crédit Mutuel Alliance Fédérale's assets and liabilities, and impact its net profit and equity.

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 Markets 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 the "Risks related to insurance activities" section above.

The potential impact of market risk on the ALM business is described above. The risk involving asset management is due to the fact that the fees received by this business line vary with the valuation of the funds under management, which is set by markets.

The main risk factors associated with market risks are:

a. **A worsening of economic prospects** would negatively affect the financial markets which are supposed to reflect the health of issuers of the capital and debt securities that are traded in them.

   The valuation of securities would drop and the volatility of the valuations would increase. The effect on the activities of CIC Marchés would therefore be negative.

   The volatility of financial markets may have an unfavorable effect and lead to corrections on risky assets and generate losses for the group. In particular, an increase in volatility levels could make it difficult or costly for the group to hedge certain positions.

   The investment business line would suffer from adverse financial market conditions to the extent that this business line, in particular with a view to improving the economy, takes a position on increasing stock market valuations and on a better rating quality of debt issuers.

   The results of the commercial business line would also be negatively impacted by poor market conditions. Fees from the brokerage business would drop in proportion to the decline in transaction valuations. Similarly, the number of transactions on the primary market (initial public offers, capital increases and debt issues) would drop, which would translate directly into less fees.

b. **Monetary policy** is another factor with a strong impact on market risks (see the section on interest rate risk above). The ECB's accommodative monetary policy via its "asset buyback" component has for some time supported the valuation of capital (equities) and debt (bonds) instruments, creating a risk of overvaluation. This should come to an end with the ECB's announcement of the tightening of its monetary policy and, in particular, a halt in Quantitative Easing (QE) during the second half of the year, as well as an increase in its key rates from July.

The market risk to which the CIC Marchés division is exposed is low. The capital allocated to CIC Marchés is €560 million in 2022, compared to €580 million in 2021, representing 1.1% of Crédit Mutuel Alliance Fédérale's overall regulatory capital (€53 billion at the end of 2021). As of June 30, 2022, this amount had been used in the amount of €430.1 million.

During the first half of 2022, the historical VaR (one-day, 99%) of the trading book amounted to an average of €5.2 million for CIC Marchés. As of June 30, 2022, this historic VaR was higher and stood at €8.7 million, penalized by the gradual deterioration of the macroeconomic context in the annual rolling history.

After 2021, which saw a recovery in equity indices and a tightening of credit spreads in a context of low interest rates, 2022 has so far seen quite the opposite, with high volatility in financial markets since Russia's invasion of Ukraine and macroeconomic uncertainties resulting in a rise in inflation, energy prices and a decline in the euro against the dollar.

Although the markets experienced ups and downs during the half-year (increase in spreads, interest rates and a decline in stock market indices), CIC Marchés ended the half-year with an IFRS NBI of +€177.3 million and a profit before tax of +€73.5 million, compared to +€290.4 million and +€183.3 million in June 2021.

Due to the nature of its activity, Crédit Mutuel Equity invests in unlisted assets over the long term (94% of the portfolio is held through unlisted assets). The first half of 2022 confirms the high quality of the investments held by Crédit Mutuel Equity, which, at this stage, have been able to offset and correct the observed economic and geopolitical instability. The portfolio's value creation is based on a multitude of criteria related to: the company's activity, its market position / competitive positioning (both in France and internationally), its pricing power, the quality of its management and intrinsic growth rate. The depth of the portfolio (331 investments in well-diversified sectors), its maturity (more than a quarter of portfolio investments held for more than 10 years), conservative valuations and the consistency of the methods used; protects us from the consequences of short-term market volatility. The impact of market risks on the portfolio can therefore only reflect a continuous and long-term deterioration on the economic fabric of French companies and will therefore necessarily be spread out over time.

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 the risk factor related to credit risk, a large majority of the group's exposures are approved by the supervisor for calculation using the internal risk weighting model. However, changes to the "finalization of Basel III" regulations will adversely impact the calculation of risk weightings and therefore the solvency ratio of the group. The probability of this risk occurring is almost certain but its occurrence would probably occur gradually from 2025 (according to the Basel Committee timetable). Furthermore, its impact will depend on the how this regulation is actually transposed into national and European law.

a. **From 2025** (according to the Basel Committee timetable)**, an "output floor" will gradually be put in place, the aim of which is to limit the gains in capital arising from internal models** for calculating risk weightings in the denominator of the solvency ratio. 63% of the group's exposures have a risk weighting taken from internal models (85% for Corporate and Retail customer exposures), most of which are well below the standard weighting. According to the Basel Committee timetable, the application of the output floor will be done gradually between 2023 (50%) and 2028 (72.5%) and will adversely impact the solvency ratio. The timetable and the exact methods of application of the output floor will depend on the transposition of this regulatory measure into national and European law.

b. As indicated in the risk factor relating to credit risks, the group's exposure to real estate risks is significant. **They will also be adversely impacted by regulations when the new standard method is applied (no earlier than 2025 according to the Basel Committee).** This new approach will use the Loan-To-Value indicator (LTV, the ratio between the amount of the loan and the market value of the property) to weight the risk of exposures. The higher the LTV, the higher the risk weighting, up to 100%, while the weighting in the current standard weighting method for exposures guaranteed by a mortgage or an equivalent surety – i.e. €188 billion as of March 31, 2022 – is 35% (and approximately 14% using the internal method). This new methodology will also make the capital requirements relating to real estate mortgage portfolios more sensitive to the deterioration in real estate prices.

c. **The finalization of the ECB's new targeted surveys on internal models as part of the implementation of the European Banking Authority's "IRB Repair" program may also result in a review of the Basel parameters of the internal models and an increase in risk-weighted assets (RWAs).**

4.2.3.2 Risks related to the implementation of a resolution system

The regulations give the resolution authority the power to start insolvency proceedings in respect of the Crédit Mutuel group if, after applying the measures referred to in Article L.511-31, CNCM, the central body of the group and all its affiliates, is failing, or is likely to fail, with the objective of ensuring critical function continuity, avoiding risks of contagion, recapitalizing or restoring the institution's viability. These powers must be implemented in such a way so that losses, subject to certain exceptions, are borne first by the impairment or conversion of capital instruments, then by holders of Additional Tier 1 and Tier 2 capital instruments, holders or subordinated receivables other than those referred to as Additional Tier 1 or Tier 2 capital instruments in paragraph 5 of Article L.613-30-3 of the French Monetary and Financial Code, then by holders of senior non-preferred bonds and finally by holders of senior preferred bonds in accordance with the priority order of their claims.

The resolution authority has extensive powers to implement the resolution tools for the Issuer, or the Crédit Mutuel group, which may include the total or partial transfer of business to a third party or to a bridge institution, the separation of the institution's assets, the substitution of the Issuer as debtor in respect of debt instruments, the total or partial impairment of regulatory capital instruments, the dilution of regulatory capital instruments through the issuance of new equity securities, the total or partial impairment or conversion of debt instruments into equity securities, the modification of the terms of debt instruments (including the modification of the maturity and/or the amount of interest payable and/or the temporary suspension of payments), the suspension of the listing and admission to trading of financial instruments, the dismissal of executives or the appointment of a special director.

The Issuer, affiliated with the central body of Crédit Mutuel, CNCM, 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" or FOLTF principle), of the Crédit Mutuel group determined on a consolidated basis, where the Single Resolution Board declares the Crédit Mutuel group FOLTF, on a consolidated basis, in accordance with Article 18.1 of Regulation (EU) 806/2014, known as the "SRMR" or, as provided for in the national solidarity mechanism, when the emergency plan or the measures taken by CNCM within the context of this mechanism are not sufficient to facilitate the recovery of a failing group, or if objective evidence suggests in advance that the implementation of any such emergency plan or measures that may be taken by the *Confédération* would prove insufficient to restore compliance with prudential requirements), CNCM, at the request of the supervisory or resolution authorities, as appropriate, is fully authorized to fulfill the objectives and principles followed by these authorities in relation to solidarity.

During phases of proven financial difficulty or during the resolution phase, there is unlimited solidarity between CNCM affiliates.

The implementation of these means and powers with regard to the Issuer, or the Crédit Mutuel group, may give rise to significant structural modifications.

Should CNCM be required to merge all its affiliates, creditors could find themselves competing with creditors of the same ranking, of other CNCM affiliates. After the transfer of all or part of the activities, the creditors (even without any impairment or conversion of their loans) would hold loans in an institution whose remaining businesses or assets may be insufficient to satisfy the claims held by all or some of its creditors.

If CNCM has not merged all its affiliates upon commencement of resolution, the resolution authority may consider other resolution strategies (transfer of business, bridge institution, separation of assets, or coordinated "bail-in" of all CNCM affiliates). Should the resolution authority apply a coordinated "bail-in", the liquidity of CNCM affiliates and all capital instruments and eligible liabilities may be used to help offset losses and recapitalize CNCM affiliates. In this event, value reduction measures or the conversion of eligible liabilities would follow the ranking of creditors in a judicial liquidation. The "bail-in" would be based on capital requirements at consolidated level but would be applied on a pro rata basis by entity, i.e. the same impairment or conversion rate will be applied to all shareholders and creditors of the same class, irrespective of the issuing legal entity within the network.

Exercising the powers described above may result in losses for investors.

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 Regulation (EU) No. 575/2013, operational risk is defined as the risk of loss or gain resulting from inadequate or failed internal processes, people and systems or from external events, and includes legal risk. The Order of November 3, 2014 states that operational risk includes risks from events with a low probability of occurrence but a high impact, risks of internal and external fraud as defined in Article 324 of Regulation (EU) No. 575/2013 cited above, and model risks.

The Order of November 3, 2014 describes model risk as the risk of the potential loss an institution may incur as a consequence of decisions that could be principally based on the output of internal models, due to errors in the development, implementation or use of such models.

Operational risk, thus defined, excludes strategic and reputational risks (image).

The main risk factors associated with operational risks are:

a. **Internal and external fraud** organized by people inside and outside the group in order to misappropriate funds or data. External fraud represents the greater risks for the group, notably fraud involving means of payment;

b. **Legal risks** to which the group is exposed and which could have an adverse 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 group's IT systems**, which could lead to lost earnings, losses and sporadically weaken the customer protection system.

As of March 31, 2022, €1.85 billion of capital was allocated to cover the losses generated by this risk. Proven losses in Q1 2022 amounted to €31.9 million. The main risks of potential loss are (i) fraud (external and internal) and (ii) risks related to the policy towards customers, products and commercial practices (including legal risk).

The risks with the greatest impact on the proven loss ratio in Q1 2022 were (i) the policy for customers, products and commercial practices, (ii) fraud, and (iii) failures in the processing of transactions or management of relations with commercial counterparties and vendors.

Fraud accounted for 29% of Crédit Mutuel Alliance Fédérale's proven loss (including 28% for external fraud) and 40% of potential losses (relative share of capital requirements for operational risks). Crédit Mutuel Alliance Fédérale's total proven losses (excluding recoveries of insurance where applicable) accounted for approximately 0.76% of the group's net banking income in Q1 2022.

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.

Since the outbreak of the COVID-19 pandemic, total operational losses have been estimated at approximately €26 million, of which €7 million for fiscal year 2021 (NB: the method used for recording losses related to the COVID-19 crisis has evolved over the course of the pandemic).

During the first half of 2022:

- in the context of the COVID-19 pandemic, Crédit Mutuel Alliance Fédérale's activities gradually returned to normal and the operational losses were very low;
- in the context of the Russia-Ukraine conflict, the risk of a cyberattack potentially threatening all or part of Crédit Mutuel Alliance Fédérale's activities is being continuously monitored and reinforced by dedicated teams. No partial or complete shutdown of Crédit Mutuel Alliance Fédérale's activities has been recorded in any area whatsoever.

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, as well as guarantees received, increasing credit risk;
   - a drop in the valuation of debt and financial securities increasing market risk;
   - an increase in claims and associated insurance damages payments increasing the risk related to insurance activities;
   - an increase in claims on the group's infrastructures and/or employees, increasing operational risks.

b. **Crédit Mutuel Alliance Fédérale's business model could be impacted by transition risks resulting in:**
   - a loss of customers and drop in profitability of companies with business models which are too carbon-intensive;
   - a refinancing cost more dependent on non-financial performance;
   - an increase in energy and transport costs;
   - a potential capital surcharge, depending on the carbon taxonomy of the financing and securities in the portfolio.

Crédit Mutuel Alliance Fédérale's sectoral policies make it possible to define a scope of intervention and to set criteria for conducting business in areas where the social and environmental impacts (including climate risks) are the most significant. Monitoring of exposures eligible for sectoral policies, for all corporate, investment and insurance portfolios, provides an initial measurement of the exposures potentially most affected by climate risks. Crédit Mutuel Alliance Fédérale has six sectoral policies: Coal, Mining, Hydrocarbons, Civilian nuclear energy, Defense and Security, Mobility in the air, Maritime and Road sectors. As of December 31, 2021, €36.2 billion were eligible for sectoral policies (compared to €39.5 billion as of December 31, 2020), of which €22.7 billion in the corporate portfolio. In this portfolio, the share of exposures related to the Coal & Hydrocarbons sectoral policies amounted to 1.18% and 17.09% respectively.

Crédit Mutuel Alliance Fédérale's direct carbon footprint in France (related to energy consumption, refrigerants, the group's vehicle fleet and business travel) decreased by 20% between 2020 and 2021, and the indirect carbon footprint of its Corporate portfolio financing (measured in tonnes of CO_2 per million euros loaned) decreased by 2.1% between 2020 and 2021. More information on the non-financial performance and climate commitments of Crédit Mutuel Alliance Fédérale is available in Chapter 3 "Social and Mutualist Responsibility" of the 2021 Universal Registration Document.

5 CRÉDIT MUTUEL ALLIANCE FÉDÉRALE CONSOLIDATED FINANCIAL STATEMENTS

5.1 CRÉDIT MUTUEL ALLIANCE FÉDÉRALE CONSOLIDATED FINANCIAL STATEMENTS

5.1.1 Balance sheet

Balance sheet (assets)

(in € millions)	06/30/2022	12/31/2021	Notes
Cash, central banks	104,301	121,181	4
Financial assets at fair value through profit or loss	31,427	22,356	5a
Hedging derivatives	909	1,293	6a
Financial assets at fair value through other comprehensive income	34,872	32,095	7
Securities at amortized cost	3,395	3,674	10a
Loans and receivables to credit institutions and similar at amortized cost	65,688	60,915	10b
Loans and receivables due from customers at amortized cost	485,933	444,825	10c
Revaluation adjustment on rate-hedged books	-4,217	1,083	6b
Short-term investments in the insurance business line and reinsurers' share of technical provisions	123,150	135,552	13a
Current tax assets	973	1,249	14a
Deferred tax assets	2,214	1,774	14b
Accruals and other assets	9,430	9,496	15a
Non-current assets held for sale	22	107	3c
Investments in equity consolidated companies	768	533	16
Investment property	296	61	17
Property, plant and equipment	4,126	3,832	18a
Intangible assets	767	740	18b
Goodwill	3,373	3,140	19
TOTAL ASSETS	867,429	843,906	

Balance sheet (liabilities)

(in € millions)	06/30/2022	12/31/2021	Notes
Central banks	493	605	4
Financial liabilities at fair value through profit or loss	19,084	12,080	5b
Hedging derivatives	1,900	1,874	6a
Debt securities at amortized cost	119,113	121,116	11a
Due to credit and similar institutions at amortized cost	70,635	71,755	11b
Amounts due to customers at amortized cost	450,728	425,197	11c
Revaluation adjustment on rate-hedged books	-543	13	6b
Current tax liabilities	617	774	14a
Deferred tax liabilities	959	1,126	14b
Deferred income, accrued charges and other liabilities	14,100	12,783	15b
Debt related to non-current assets held for sale	0	0	3c
Liabilities relative to contracts of the insurance business line	120,646	131,424	13b
Provisions	3,454	3,894	20
Subordinated debt at amortized cost	10,102	8,054	21
Total shareholders' equity	56,141	53,211	
Shareholders' equity attributable to the group	54,410	50,152	
Capital and related reserves	8,412	6,905	22a
Consolidated reserves	43,993	38,904	22a
Gains and losses recognized directly in equity	-29	1,100	22b
Profit (loss) for the period	2,034	3,243	
Shareholders' equity – Non-controlling interests	1,731	3,059	
TOTAL LIABILITIES	867,429	843,906	

5.1.2 Income statement

Income statement

(in € millions)	06/30/2022	06/30/2021	Notes
Interest and similar income	6,418	6,247	24
Interest and similar expenses	-2,498	-2,765	24
Commissions (income)	3,035	2,484	25
Commissions (expenses)	-768	-550	25
Net gains on financial instruments at fair value through profit or loss	379	498	26
Net gains or losses on financial assets at fair value through shareholders' equity	-27	42	27
Net income from the insurance business line	1,611	1,632	28
Income from other activities	661	694	29
Expenses on other activities	-256	-319	29
Net banking income	**8,556**	**7,962**	
Employee benefits expense	-3,001	-2,754	30 a
Other general operating expenses	-1,864	-1,643	30 b
Movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets	-362	-339	30 c
Gross operating income	**3,329**	**3,226**	
Cost of counterparty risk	-470	-188	31
Operating income	**2,859**	**3,038**	
Share of net profit/(loss) of equity consolidated companies	2	-4	16
Net gains/(losses) on disposals of other assets	46	-0	32
Changes in the value of goodwill	-1	-69	33
Profit/(loss) before tax	**2,906**	**2,965**	
Income tax	-773	-885	34
Post-tax gains/(losses) on discontinued operations	0	7	3c
Net profit/(loss)	**2,132**	**2,087**	
Net profit/(loss) – Non-controlling interests	99	161	
NET PROFIT (ATTRIBUTABLE TO THE GROUP)	**2,034**	**1,926**	

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

(in € millions)	06/30/2022	06/30/2021
Net profit/(loss)	2,132	2,087
Translation adjustments	131	50
Revaluation of financial assets at fair value through equity – capital instruments	-141	-3
Revaluation of insurance business investments	-1,858	-30
Remeasurement of hedging derivatives	11	1
Share of unrealized or deferred gains and losses of associates	3	-1
Total recyclable gains and losses recognized directly in equity	-1,854	18
Revaluation of financial assets at fair value through equity – capital instruments at closing	2	1
Actuarial gains and losses on defined benefit plans	358	39
Share of non-recyclable gains and losses of equity consolidated companies	0	0
Total non-recyclable gains and losses recognized directly in equity	360	39
Net profit/(loss) and gains and (losses) recognized directly in equity	639	2,144
o/w attributable to the group	*905*	*1,982*
o/w percentage of non-controlling interests	*-266*	*162*

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, 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
Change in investments in subsidiaries without loss of control	-	-	-	-	-	-	-	-	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	2,087
Changes in the fair value of assets at fair value through shareholders' 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**	**0.936**	**-376**	**1,926**	**48,489**	**3,272**	**51,761**
Appropriation of earnings from previous year	-	-	364	-	-	-	-	-364	0	-	0
Capital increase	33	-		-	-	-	-	-	33	-	33
Distribution of dividends	-	-	0	-	-	-	-	-	0	-307	-307
Change in investments in subsidiaries without loss of control	-	-	-	-	-	-	-	-	0	-	0
Subtotal of movements related to relations with shareholders	**33**	**0**	**364**	**0**	**0**	**0**	**0**	**-364**	**33**	**-307**	**-274**
Consolidated income for the period	-	-	-	-	-	-	-	1,317	1,317	123	1,440
Changes in gains and (losses) recognized directly in equity	-	-	-11	80	207	1	-7		270	3	273
Subtotal	**0**	**0**	**-11**	**80**	**207**	**1**	**-7**	**1,317**	**1,588**	**126**	**1,713**
Effects of acquisitions and disposals on non-controlling interests	-	-	- 13	-	-	-	-	-	-13	-47	-60
Other changes	-	0	55	-	-	-	-	-	55	15	70
SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2021	**6,905**	**0**	**38,904**	**42**	**1,439**	**2**	**-383**	**3,243**	**50,152**	**3,059**	**53,211**
Appropriation of earnings from previous year	-	-	3,243	-	-	-	-	-3,243	0	-	0
Capital increase	80	-	-	-	-	-	-	-	80	-	80
Distribution of dividends	-	-	-80	-	-	-	-	-	-80	-51	-131
Acquisition of additional shareholdings or partial disposals	-	-	-	-	-	-	-	-	0	-	0

Subtotal of movements related to relations with shareholders	**80**	**0**	**3,163**	**0**	**0**	**0**	**0**	**-3,243**	**-1**	**-51**	**-51**
Consolidated income for the period	-	-	-	-	-	-	-	2,034	2,034	99	2,132
Changes in gains and (losses) recognized directly in equity	-	-	-	131	-1,618	9	349		-1,129	-365	-1,494
Subtotal	**0**	**0**	**0**	**131**	**-1,618**	**9**	**349**	**2,034**	**905**	**-266**	**639**
Effects of acquisitions and disposals on non-controlling interests	-	-	-18	-	-	-	-	-	-18	-22	-40
Other changes	1,428	0	1,944	-	-	-	-	-	3,372	-1,150	2,222
SHAREHOLDERS' EQUITY AT JUNE 30, 2022	**8,412**	**0**	**43,993**	**173**	**-179**	**11**	**-33**	**2,034**	**54,410**	**1,731**	**41**

(1) As of June 30, 2022 reserves comprised the legal reserve (€498 million), statutory reserves (€8,790 million) and other reserves (€34,705 million).

(2) Relates to the discount of the debt relating to the Cofidis put and the accounting of a put at the level of the Press pole.

(3) Relates to the accession of Crédit Mutuel Nord Europe on 1 January 2022

5.1.4 Statement of cash flows

(in € millions)	06/30/2022	06/30/2021
Net profit/(loss)	2,132	2,087
Tax	773	885
Profit/(loss) before tax	**2,906**	**2,972**
+/- Net depreciation and amortization of property, plant and equipment and intangible assets	360	337
- Impairment of goodwill and other fixed assets	0	-12
+/- Net provisions	-9	-178
+/- Share of income from companies consolidated using the equity method	-2	4
+/- Net loss/gain from investing activities	-5	-14
+/-(Revenue)/expenses of financing activities	0	0
+/- Other movements	-1,693	3,798
= Total non-monetary items included in net profit/(loss) before tax and other adjustments	**-1,350**	**3,936**
+/- Flows related to transactions with credit institutions	-3,254	25,314
+/- Flows related to client transactions	-18,547	-1,992
+/- Flows related to other transactions affecting financial assets or liabilities	-94	-8,147
+/- Flows related to other transactions affecting non-financial assets or liabilities	-2,169	95
Taxes paid	-531	-151
= Net decrease in assets and liabilities from operating activities	**-24,595**	**15,119**
Total net cash flow generated by operating activity	-23,039	22,027
+/- Flows related to financial assets and investments	84	1,151
+/- Flows related to investment property	-12	-6
+/- Flows related to property, plant and equipment and intangible assets	-322	-268
Total net cash flow related to investment activities	-250	878
+/- Cash flow to or from shareholders	-51	36
+/- Other net cash flows from financing activities	4,476	-1,511
Total net cash flow related to financing transactions	4,425	-1,474
Effect of foreign exchange rate changes on cash and cash equivalents	421	11
Net increase of cash and cash equivalents	**-18,443**	**21,441**
Net cash flow generated by operating activities	-23,039	22,027
Net cash flow related to investment activities	-250	878
Net cash flow related to financing transactions	4,425	-1,474
Effect of foreign exchange rate changes on cash and cash equivalents	421	11
Cash and cash equivalents at opening	**117,548**	**96,224**
Cash, central banks, CCP	120,577	99,002
Accounts and demand loans/borrowing with credit institutions	-3,029	-2,778
Cash and cash equivalents at closing	**99,105**	**117,666**
Cash, central banks, CCP	103,810	122,793
Accounts and demand loans/borrowing with credit institutions	- 4,705	-5,127
CHANGE IN NET CASH POSITION	- 18,443	21,441

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

Explanatory notes are presented in millions of euros.

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 for the fiscal year have been drawn up in accordance with IFRS as adopted by the European Union on June 30, 2022.
The entire framework is available on the European Commission's website at: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en#ifrs-financial-statements

The financial statements are presented in the format recommended by the Autorité des normes comptables (ANC – French Accounting Standards Authority) recommendation No. 2017-02 on IFRS summary statements. They comply with the international accounting standards as adopted by the European Union.

Information relating to risk management is included in the group's management report.

Since January 1, 2022, the group has been applying the amendments adopted by the European Union and the IFRIC decision as presented below:

Amendments to IFRS 3 – Reference to the Conceptual framework

This amendment updates IFRS 3 so that it refers to the updated 2018 version of the Conceptual framework (replacing the reference to its previous 1989 version). It introduces an exception so as not to create discrepancies with the current consequences in terms of recognition of assets and liabilities in business combinations.

This exception specifies that acquirers must refer to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 – Levies, instead of to those provided in the new Conceptual framework.

Acquirers must not recognize any assets acquired in a business combination

Amendments to IAS 37 - cost of fulfilling a contract

It clarifies the notion of "unavoidable costs" used in the definition of an onerous contract. It applies to contracts for which the group would not have met its obligations on January 1, 2022.

Amendments to IAS 16 – Proceeds before intended use

It prohibits the deduction from the cost of an item of property, plant and equipment of the net revenue generated during the operational testing of the asset. The proceeds from selling such items must be recognized immediately in profit or loss.

Improvements to IFRS – 2018-2020 cycle

The minor amendments principally relate to the following standards:

- **IFRS 1 – First-time adoption of IFRS**: simplifies the application of IFRS 1 for a subsidiary adopting IFRS after its parent;
- **IFRS 9 – Financial instruments**: specifies the fees and costs to be included in the 10% test for derecognition of financial liabilities, in the event of the renegotiation of conditions. 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;

Russia's invasion of Ukraine

As it does not have premises in Ukraine or Russia, Crédit Mutuel Alliance Fédérale not have teams present in the current areas of conflict; direct exposures in these two countries, as well as in Belarus, are therefore not significant. Furthermore, the group has no assets held by the Central Bank of Russia.

The group is committed to the implementation of and compliance with restrictive measures, as well as the individual and economic sanctions adopted by the European Union in response to Russia's military aggression against Ukraine. In particular, it has a robust risk governance and management system that enables it to carefully monitor transactions between its customers and Russia, thus contributing to the fight against money laundering, tax fraud and the financing of terrorism. The group also demonstrates a high level of vigilance in terms of cybersecurity.

In addition, Crédit Mutuel Alliance Fédérale is fully mobilized to deal with impacts related to the crisis in Ukraine and, in the context of increased economic uncertainty, which continues to weigh on segments previously affected by the COVID-19 crisis.

It is committed to providing appropriate support to its corporate and professional customers in difficulty (especially VSBs/SMEs) and retail customers.

The group constantly monitors the status of its credit commitments, the value of its portfolios, the management of its interest rate risk, and its liquidity.

The Ukrainian crisis could lead to a deterioration in the status of its loan portfolio, and increase the level of provisioning which already rose significantly during the health crisis.
A case-by-case analysis is carried out in order to track any potential increase in the credit risk of professional customers or corporates in difficulty, as well as retail customers who may be directly or indirectly affected by the conflict in Ukraine through hikes in the prices of energy, agricultural commodities and metals, as well as underlying inflation.
In addition, the scenario weightings remain unchanged from December 31, 2021 (see section II.1.viii)

The group is also impacted by the status of the financial markets which could negatively affect the value of its financial instrument portfolios (bonds, equities and derivatives) and by inflation affecting its general operating expenses.

The effects on the 2022 interest margin will notably depend on the repercussions of inflation and the ECB's monetary policy on the yield curve and the level of regulated savings rates.

As of June 30, 2022, the analyses on the macroeconomic impact of the crisis allow for confidence in the group's ability to absorb the effects without difficulty.

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. Non-compliant indices were used until 31 December 2021 and for some LIBOR (USD) terms possibly until June 30, 2023. Eventually, it will no longer be possible to use the former benchmark indices unless they are compliant with the new regulations or benefit from an exceptional contribution extension.

In order to ensure a smooth transition, the group 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.

The EONIA had been defined as a tracker of the €ster since October 2019 and until its disappearance. The €STR has been definitively designated by the European Commission as the successor to the EONIA, for all contracts that do not expire at the beginning of January 2022 and do not include a robust fallback clause.
In addition, SARON plus a spread adjustment defined by maturity will, by default, represent the legal replacement index for CHF LIBOR.
Since the change in its calculation methodology in July 2019, the EURIBOR complies with the BMR regulation

Finally, in November 2021, the British regulator Financial Conduct Authority announced the publication of synthetic GBP and JPY LIBOR until the end of 2022, which can be used for contracts that are difficult to manage in terms of legal transition (non-existent fallback clauses). The successor market index to GBP LIBOR is SONIA, but this index will not benefit from a "regulatory" switch unlike CHF LIBOR or EONIA.

The regulator has not announced a decision regarding the USD LIBOR replacement index for maturities that will no longer be published after June 30, 2023. On the other hand, the Alternative Reference Rates Committee (ARRC), the ISDA, and the Loan Market Association (LMA) have issued recommendations in this respect. Furthermore, since the end of 2021, regulatory bodies have recommended that USD LIBOR no longer be used in new contracts.
The group believes that uncertainties prevail on exposures indexed to the USD and GBP LIBOR rates for existing contracts that have not yet been amended on off-market scopes, the other exposures having switched to replacement indices that comply with market standards prior to January 2022.

With regard to contracts in inventory, the group is continuing its work on the transition to replacement rates.

The group has defined a process for the updating of contracts through bilateral negotiations between parties or by updating the sales conditions (i.e. change in the reference rate by amendment). This process will be launched during the second half of 2022.

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

Exposures that are not due as of June 30, 2022 and that will be subject to changes related to the reference rate reform mainly relate to the USD LIBOR index. They are presented within the risk management information.

Exposures that are not due and that will be subject to changes related to the IBOR reform are shown below:

At 06/30/2022 *(in € millions)*	Financial assets – Carying amounts	Financial liabilities – Carying amounts	Derivatives – Notional amounts	Of which hedging derivatives
USD-LIBOR	200	683	0	0
GBP-LIBOR	0	0	0	0

1. SCOPE AND METHODS OF CONSOLIDATION

1.1 CONSOLIDATING ENTITY

At June 30, 2022, Crédit Mutuel Alliance Fédérale comprised 14 Crédit Mutuel federations: Centre Est Europe, Sud-Est, Île-de-France, Savoie-Mont Blanc, Midi Atlantique, Loire-Atlantique Centre-Ouest, Centre, Normandie, Dauphiné-Vivarais, Méditerranée, Anjou, Antilles-Guyane, Massif Central and Nord Europe.

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), Caisse Régionale du Crédit Mutuel Massif Central (CRCMMC) and Caisse Régionale du Crédit Mutuel Nord Europe (CRCMNE). CF de CM, which is at the service of the local banks, is responsible for joint services across the network, ensures its smooth running and supports the group's logistics. It centralizes all the banks' deposits and in parallel ensures their refinancing, while fulfilling regulatory requirements on their behalf (compulsory reserves, allocated deposits, deposits at Caisse Centrale du Crédit Mutuel, etc.);
- the Crédit Mutuel banks that are members of FCMCEE, FCMSE, FCMIDF, FCMSMB, FCMMA, FCMLACO, FCMC, FCMN, FCMDV, FCMM, FCMA, FCMAG, FCMMC and FCMNE: 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:

- *exclusively controlled entities*: control is deemed to exist when the group has power over the entity, is exposed to or is entitled to variable returns from its involvement with the entity, and has the ability to use its power over the entity to affect the returns it obtains. The financial statements of controlled entities are fully consolidated;

- *entities under joint control*: joint control is the contractually-agreed sharing of control over an entity, which exists only in the case where decisions concerning key activities require the unanimous consent of the parties sharing control. Two or more parties that exercise joint control constitute a partnership, which is either a jointly controlled operation or a joint venture:
  - a jointly controlled operation is a partnership in which the parties exercising joint control have rights over the assets and obligations pursuant to liabilities relative to the entity: this involves recognizing the assets, liabilities, income and expenses relative to interests held in the entity;
  - a joint venture is a partnership in which the parties who exercise joint control have rights over the net assets of the entity: the joint venture is accounted for according to the equity method.

  All entities under joint control of the group are joint ventures according to the meaning of IFRS 11;

- *entities over which the group has significant influence*: these are entities that are not controlled by the "consolidating" entity, which may, however, participate in these entities' financial and operating policy decisions. Shareholdings in entities over which the group has significant influence are accounted for using the equity method.

Investments held by private equity companies and over which joint control or significant influence is exercised are recognized at fair value through profit or loss.

1.3 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 value of non-controlling interests in equity and net profit. This is the method used for all controlled entities, including those with a different account structure, regardless of whether the business concerned is an extension of that of the consolidating entity.

1.3.2.Consolidation using the equity method

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

1.4 NON-CONTROLLING INTERESTS

Non-controlling interests correspond to interests that do not confer control as defined by IFRS 10 and include partnership interests that entitle their holders to a share in net assets in the event of liquidation and other equity instruments issued by subsidiaries that are not held by the group.
In accordance with IAS 32, the group recognized a liability for the commitment to increase its stake in COFIDIS Participation to 100%. The counterparty was recorded as a reduction of minority interests and a reduction of the group's share for the excess amount.

1.5 REPORTING DATE

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

1.6 ELIMINATION OF INTERCOMPANY TRANSACTIONS

Intercompany transactions and balances, as well as gains or losses on intercompany sales that have a material impact on the consolidated financial statements, are eliminated.

1.7 CONVERSION OF FOREIGN CURRENCY ACCOUNTS

Concerning the accounts of foreign entities expressed in foreign currencies, the balance sheet is converted based on the official reporting date exchange rate. Differences arising from exchange rate fluctuations impacting the share capital, reserves and retained earnings are recorded as a separate component of equity, under "Cumulative translation adjustments". The income statements of foreign subsidiaries are translated into euros at the average exchange rate for the fiscal year. The resulting translation differences are recorded under "Cumulative translation adjustments". On liquidation or disposal of some or all of the interests held in a foreign entity, these amounts are recognized through the income statement.

1.8 GOODWILL

1.8.1 Fair value adjustments

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

1.8.2 Goodwill

In accordance with IFRS 3R, 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 equity consolidated companies" when the entities are consolidated using this method.

Goodwill not including direct costs related to acquisitions according to IFRS 3R is recognized in profit/loss.

Goodwill is tested for impairment regularly by the group (at least once a year). The tests are designed to identify whether the goodwill has suffered a decline in value. Goodwill from a business combination is allocated to cash generating units (CGUs) or groups of CGUs likely to benefit from the synergies generated by the business combination. The recoverable amount from a CGU or group of CGUs is the value in use or the fair value less selling costs, whichever is the highest. The value in use is measured in relation to estimated future cash flows, discounted at the interest rate that reflects the current market evaluation of the time value of money and specific risks to the asset of the CGU. If the recoverable amount of the cash-generating unit (CGU) to which the goodwill has been allocated is less than its carrying amount, an impairment loss is recognized for the amount of the difference. This depreciation – which is recognized through the income statement – cannot be reversed. In practice, cash-generating units are defined on the basis of the group's business lines.

When goodwill concerns a related company or a joint venture, it is included in the carrying amount of the value of consolidation using the equity method. In this event, it is not subject to impairment testing apart from the value of consolidation using the equity method. When the recoverable amount of this (namely the higher of the values between the value in use and the fair value less selling costs) is less than its carrying amount, a loss in value is recognized and not allocated to a specific asset. Any reversal of this impairment loss is recognized to the extent that the recoverable amount of consolidation using the equity method increases at a later date.

2. ACCOUNTING 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.

Note that:

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(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.

- embedded derivatives in financial assets are no longer recognized separately, which means that the entire hybrid instrument is then considered as non-basic and recognized at fair value through profit or loss;
- units in UCITS or real estate UCI (OPCI) are not basic instruments and are recognized at fair value through profit or loss.

Business models

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

To determine the business model, it is necessary to consider all available information, including the following:

- how the activity's performance is reported to decision-makers;
- how managers are compensated;
- the frequency, timing and volumes of sales in previous periods;
- the reason for the sales;
- future sales forecasts;
- the way in which risk is assessed.

For the "hold-to-collect" business model, certain examples of authorized sales are explicitly set out in the standard:

- in response to an increase in credit risk;
- close to maturity and for an amount near the par amount;
- exceptional (e.g. linked to a liquidity stress).

Such "authorized" sales are not included in the analysis of the significant and frequent nature of the sales made out of a portfolio. Frequent and/or significant sales would not be compatible with this business model. Moreover, sales related to changes in the regulatory or fiscal framework will be documented on a case-by-case basis to demonstrate the "infrequent" nature of such sales.
For other sales, thresholds have been defined based on the maturity of the securities portfolio, for example 2% for an average maturity of 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.

State-guaranteed loans (SGLs)

The group is committed to the government's COVID-19 crisis-related plan to support the economy. This was further strengthened in April 2022, in the context of the conflict in Ukraine.

The group offers:

- state-guaranteed loans (SGL) [1] to support the cash flow of its business and corporate customers, and
- since April 2022, Resilience SGLs for customers that have not taken out an SGL since March 2020 or who have not exceeded the limit on their first SGL.

SGLs represent 12-month bullet loans with grace periods of one to five years. At the date of subscription, the interest rate of the SGL was set at 0%, increased by the cost of the state guarantee set at between 0.25% and 0.50% (and rebilled via a commission paid by the customer).

At the end of the first twelve months, the beneficiary of the SGL has the option of setting a new SGL term (limited to six years in total) and amortization terms. In accordance with the government announcements of January 14, 2021, the beneficiary will be able to obtain a "deferral of one additional year" to start repaying the capital.

The Crédit Mutuel group believes that this deferred amortization measure falls within the legal framework of the SGL (i.e. adjustment of the contractual schedule, with a first annual repayment term). This "deferral" does not represent, taken in isolation, an indicator of a deterioration in credit risk or the probable default of the borrower (i.e. unlikely to pay).

Held for the purpose of collecting cash flows and meeting the basic loan criteria, they are accounted for at amortized cost using the effective interest rate method. On the date of initial recognition, they are recognized at their nominal value, which is representative of their fair value.
At the subscription anniversary date, SGLs may be subject to a grace period. The revision of flows related to the recognition of guarantee commissions over the duration of the grace period is recognized as an adjustment to the carrying amount of SGLs with an immediate and positive impact on profit. This impact is not material at the reporting date.

At June 30, 2022, State-guaranteed loans issued by the group amounted to €14.6 billion, guaranteed to the tune of €13 billion. Outstandings downgraded to Status 3 totaled €0.96 billion.

The valuation of the expected credit losses for these loans takes into account the effect of the State guarantee (implemented by the Banque Publique d'Investissement) for 70% to 90% of the outstanding capital and interest. As of June 30, 2022, the impairment amounted to €0.15 billion.

Benchmark rate reform

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

(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.

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.

TLTRO III transactions are financial liabilities at amortized cost.

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 amount of TLTRO III at which Crédit Mutuel Alliance Fédérale can borrow depends on the percentage of outstanding loans granted to non-financial corporates and households at the end of February 2019.
The TLTRO III interest rate is based on the market conditions defined by the ECB and may include a subsidy linked to the bank's credit performance.
In the context of the health crisis, the conditions of these refinancing operations were relaxed twice by the ECB to support lending to households and businesses. Some target parameters have been recalibrated [1]:

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

TLTRO III transactions represent variable-rate financial instruments recognized at amortized cost.

The group achieved the credit performance growth targets set by the ECB over all the program's reference periods. As a result, the effective interest rate of TLTRO financing transactions is calculated on the basis of the rate of liquidity deposits with the ECB ("DFR rate") and takes into account the spreading of the over-subsidy of 0.50% over the "special" interest period which comes to an end on June 23, 2022.

At June 30, 2022, Crédit Mutuel Alliance Fédérale participated in the TLTRO III refinancing transactions for an amount of €34.6 billion (compared to €43 billion at December 31, 2021).

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.

(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).

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. Any change in the calibration of the scenarios or parameters used in the IFRS 9 provisioning model is subject to approval by this body.

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 Status 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.

Weighting as of June 30, 2022

As of June 30, 2022, the pessimistic scenario is weighted at 75%, the neutral scenario at 24% and the optimistic scenario at 1% (weightings unchanged from December 31, 2021), reflecting the context of increased uncertainty regarding the macroeconomic climate, linked to the Ukrainian crisis which continues to affect segments previously affected by the COVID-19 crisis, the activity levels of which remain below pre-pandemic levels.
The valuation of expected credit losses takes into account a segment adjustment and an additional credit risk deterioration criterion applicable to certain assets.

- ✓ Segment adjustment

An additional provision has been made since 2020 to anticipate the increase in claims in the sectors considered to be the most vulnerable to the health crisis (tourism, games, leisure, hotels, restaurants, the automotive and aerospace industry excluding manufacturers, clothing, beverages, rental of light vehicles, industrial passenger transport, air carriers).

It was compiled in accordance with a group methodology defined at national level, which is based on a step-by-step analysis of credit risk deterioration.

- o Identification of vulnerable segments

All NACE codes (Statistical Classification of Economic Activities in the European Community) are examined with regard to the impact of the crisis in Ukraine on economic segments and activity levels lower than the post-crisis situation. 59 segments have been identified and broken down into 3 groups.

- o Methodology for determining the segment adjustment

The segments thus selected are subject to specific monitoring in two ways:

- an expert opinion component with the establishment of an ad hoc committee in charge of providing an economic vision of the segments of activity and proposing opinions motivating the identification or suppression of vulnerable segments,
- a quantitative component with monthly monitoring of internal indicators such as the rate of performing loans with arrears of more than 30 days out of the total performing loans. This makes it possible to define a minimum provisioning rate by group of segments at the national level, which may be adjusted at the discretion of an expert.

- o Transfer to stage 2

Performing exposures to vulnerable segments are fully transferred to stage 2.

- ✓ Additional credit risk deterioration criterion for loans that have been extended a second time

The group enhanced its criteria for monitoring deterioration in credit risk for loans that have been extended for a second time, even though the first has not been repaid.
The implementation of such a criterion led to additional transfers to restructured assets, and an increase in expected credit losses (linked to a transfer to Status 2 or a lower valuation of already downgraded loans).

Sensitivity analysis

The Group has conducted a sensitivity test of the cost of risk (including segment adjustment). A 10-point increase in the weighting of the pessimistic scenario for the IRB entities and an increase of 5 points for the entities under the standard model would lead to an additional provision of €199 million, i.e. 5.7% of expected losses.

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.

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 lease term. This represents at least the non-cancellable period of the contract and may be extended to take into account any renewal/extension option that the group is reasonably certain to exercise. With regard to the operational implementation of the group's methodology, any new 3/6/9 commercial lease will be activated for a period of nine years by default (or for a period equal to its non-cancellable period in the case of another type of lease). The term of any automatically extended contract will be extended to the end of the medium-term plan, which is a reasonable time frame for the continuation of the contract. For the 3/6/9 leases in exception, the contract will be activated for a period of 12 years, as the group has no economic incentive to remain beyond this period, given the de-capping of leases after this period;
- the discount rate is the marginal rate of indebtedness corresponding to the chosen duration. It is a rate that is depreciable by the group's refinancing headquarters;
- 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

IFRS 17 – Insurance Contracts

Introduction:

It will replace IFRS 4, which allows insurance companies to retain most of their local accounting principles for their insurance and non-insurance policies within the scope of IFRS 4, which hinders the comparability of financial statements of entities in the sector, mainly between international players.

The aim of IFRS 17 is to harmonize the recognition of the various types of insurance policies and to base their valuation on a prospective assessment of insurers' commitments.

Issued in May 2017 and modified by the June 2020 amendments, this new standard will become effective on January 1, 2023. The initial application date of IFRS 17 in 2021 has been postponed by two years to January 1, 2023. The application of IFRS 9 for insurance entities that have opted for this deferral (as is the case for Crédit Mutuel Alliance Fédérale) was also covered by an IASB amendment for an extension until 2023.

IFRS 17 (and the 2020 amendments) published by the IASB maintains the requirements of granularity of reserve calculations and grouping of policies by year of subscription (annual cohorts), despite an incompatibility with the principle of intergenerational pooling of returns on financial assets for participating life insurance policies.

IFRS 17 was adopted by the European Union in November 2021, offering a possible exemption from the annual cohort requirement for direct participating policies. The scope of the policy portfolios to which the entity applies the exemption should be disclosed in the appendix.

Level of aggregation of IFRS 17 insurance policies

IFRS 17 applies to insurance policies issued, reinsurance treaties held and investment contracts with a discretionary profit-sharing feature. It defines the level of contract aggregation to be used to measure insurance policy liabilities and profitability.
The first step is to identify portfolios of insurance policies (contracts subject to similar risks and managed together). Each portfolio is then divided into three groups:
- onerous contracts upon initial recognition;
- contracts that, upon initial recognition, do not have a significant possibility of becoming loss-making; and
- the other policies in the portfolio.

To build up its policy portfolios, the group has opted for a combination of commercial products. The homogeneity of pricing, management, monitoring and contractual structure inherent in the construction of the group's commercial products ensures compliance with the definition of a portfolio according to IFRS 17.
The portfolios are then subdivided into groups of policies, which are used as the basic accounting unit defined by IFRS 17. This subdivision is carried out in compliance with the profitability criteria and consideration of the annual cohorts mentioned above. The group uses the calendar year as the basis for the application of annual cohorts.

Classification by model and valuation of insurance policies

Under IFRS 17, policies are measured on the basis of a current value measurement model where the general model is based on a general "building blocks" approach comprising:
- estimates of future cash flows weighted by their probability of occurrence, together with an adjustment to reflect the time value of money (by discounting these future cash flows) and the financial risks associated with the future cash flows;
- an adjustment for non-financial risk;
- the contractual service margin.

This contractual service margin represents the unearned profit for a group of insurance policies. It will be recognized by the entity as it provides services under the insurance policies. This margin cannot be negative; any negative cash flow at the beginning of the contract is recognized immediately in profit or loss.

Subsequent period insurance policies are revalued as the sum of the liability for remaining coverage and the liability for claims incurred.

The group uses actuarial methods to obtain a Best-Estimate view of future flows, in a manner appropriate to each modeled scope, and by applying a robust methodological framework and clearly identified assumptions. The statistical and probabilistic methods used are widely used on the market.
The calculation grid is defined by the group's Insurance divisions and tailored to the scope in question, so as to present the most objective estimate possible for future cash flows. Where appropriate, the estimates are applied to the policy group using the relevant variables.
All future cash flows are valued for all policy scopes, until the extinction of the substantive rights and obligations arising from contractual, legal or regulatory provisions. They notably include all costs attributable to insurance policies (traceable costs).
The future cash flows are then discounted to reflect the time value of money and the financial risks associated with these cash flows. These discounts are applied with the use of a yield curve developed by the group's insurance entities.
This curve is based on a bottom-up methodology, which combines a liquid risk-free component and an adjustment to take into account the liquidity characteristics of the insurance policies. In accordance with IFRS 17, the curve obtained tallies with observable market prices, while excluding the effects of factors that do not influence the future cash flows of the insurance policies.
For each scope, the group adjusts the present value of future cash flows to take into account the uncertainty of these flows. This is a non-financial risk adjustment ("RA"). The adjustment is explicitly calculated and is separate from the associated future cash flows, using dedicated calculation models. The calculated risk measurement is said to be "ultimate", taking into account the uncertainty generated over the total lifetime of future cash flows.
The group applies a quantile approach, directly calculating the uncertainty of future cash flows based on risk measurement and confidence level.

Insurance policies with a discretionary profit-sharing feature are required to be valued using the “Variable Fee” approach (VFA). They are defined as insurance policies for which:
- the contractual terms provide for the policyholder to receive a share of a portfolio of clearly identified underlying items;
- the entity pays the policyholder a substantial portion of the return resulting from the fair value of the underlying items;
- the entity expects that a substantial portion of the amounts paid to the policyholder will vary with changes in the fair value of the underlying items.

For these contracts, the contractual service margin is mainly adjusted for the entity’s share of the fair value of the underlying assets (similar to the policyholder’s income).

Most insurance policies sold are based on the VFA approach. These include savings contracts with substantial discretionary profit-sharing paid to policyholders. The underlying assets of these policies are generally identified in an exhaustive and direct manner, through categories of asset management specific to these policies. On this scope, the group structures its portfolios of policies in line with the underlying asset-liability relationships. This results in the grouping of policies backed by the same categories of asset management, and the application of the exemption from the annual cohort requirement in accordance with the methods adopted by the European Union.

Finally, the standard offers the possibility of opting for a simplified approach, known as the “Premium Allocation Approach” (PAA), when:
- the period of coverage of the insurance policies does not exceed one year; or
- the valuation of the remaining hedge under this approach is a reasonable approximation of the valuation that would have been obtained by applying the general "building block" approach.

The group opts for the simplified approach of the PAA model for all of its automatically renewable annual policies. This PAA model therefore concerns nearly all policies within the property and liability insurance segment, as well as some health and personal protection policies.
In addition, the PAA model will be applied to the insurer's multi-year commitment policies, excluding life insurance. This scope is comprised of personal insurance policies, particularly loan insurance and personal protection policies (mainly dependency cover and funeral cover).

<u>Transition</u>

IFRS 17 comes into force in 2023 and provides for the publication of comparative financial statements for the 2022 fiscal year.

IFRS 17 must be applied retrospectively unless this is impracticable, in which case two options are available:
- the modified retrospective approach: based on reasonable and justified information that is available without undue cost or effort to the entity, certain modifications may be applied, to the extent that full retrospective application is not possible, with the objective of achieving the result as close as possible to that of retrospective application;

- the fair value approach: the contractual service margin is then determined as the positive difference between the fair value established in accordance with IFRS 13 and the performance cash flows (any negative difference being recognized as a reduction in shareholders' equity at the transition date).

The challenge of this transition is to determine the amount of contractual services margin (CSM) to be recognized for each group of policies. The CSM is an insurance liability that is established by recurrence, which justifies the use of a retrospective approach.
Due to the fact that the retrospective approach cannot be applied to all of its policies, the group implements a modified retrospective approach, which provides a relevant estimate of the amount of CSM as of the transition, compared to the costs and efforts incurred.
This modified retrospective approach is applied with effect from the 2012 fiscal year, from which reasonable and justified information is available for GACM policies.

For portfolios to which the exemption from the annual cohort requirement is applied, one single policy group is created during the modified retrospective approach. For the other portfolios, a division by annual cohort is carried out. The MRA method will be applied to the BBA scope for cohorts from 2012 to 2021 (inclusive), years for which data is available in the accounts and in the data warehouse. For cohorts prior to 2012, as well as for certain portfolios, the FVA method will be applied. For the application of the FVA method, a single group of policies will be created by portfolio, grouping together all ongoing policies as at the transition date.

The fair value approach is also applied to older policies and on relatively immaterial scopes.

Discontinuation of IFRS 4 shadow accounting

For participatory policies, IFRS 4 provided for the so-called "shadow" accounting of unrealized capital gains and losses on IAS 39 assets backing commitments. This mechanism consisted of recognizing a provision for deferred profit-sharing representing the share of these capital gains or losses implicitly returned to policyholders through contractual clauses or under the distribution policy; this provision was added to the mathematical provision of the annual financial statements when the backing assets were in a position of unrealized capital gain. The recoverability tests implemented in the event of actively deferred profit-sharing comply with the CNC's recommendation of December 19, 2008.

These future repayments to policies will already be modeled under IFRS 17, which discounts future benefit flows at the current rate.
Consequently, the shadow accounting of unrealized capital gains is discontinued with IFRS 17. Provisions for deferred profit-sharing corresponding to the IFRS consolidated financial statements at December 31, 2021 are restated under consolidated reserves as at the transition date of January 1, 2022.

The group's Insurance divisions are continuing their work on the operational implementation of IFRS 17 in the following areas:
- validation by the statutory auditors of the IFRS 17 standard methodology;
- updating the accounting system and principles with regard to the provisions of IFRS 17 and IFRS 9, as well as the process of producing the IFRS accounts of the scope concerned;
- production and recognition of the transition and pro-forma balance sheets for the year 2022 in parallel run;
- adaptation of financial communication at conglomerate level.

Interactions between IFRS 17 and IFRS 9

In order to avoid accounting mismatches upon the first-time application of IFRS 9 and IFRS 17, the group has selected the following options:
Application of IFRS 9 at January 1, 2023 with presentation of a comparison for the 2022 fiscal year, in line with the mandatory presentation of a 2022 comparison for the first-time application of IFRS 17. The date for the transition to IFRS 9 and IFRS 17 is therefore January 1, 2022.
- The group opts for the application of the "overlay" approach to recognize asset disposals for the 2022 fiscal year, as if these disposals had been accounted for under IFRS 9. This option guarantees that the impact on shareholders' equity as of the transition date of January 1, 2022 will be the same for assets under IFRS 9 and liabilities under IFRS 17.
- The group has chosen the IFRS 17 OCI option for the remeasurement at the current rate of its insurance liabilities under the general approach (GMM) and the simplified approach (PAA), in a manner consistent with the choice of the fair value through OCI management model for the SPPI bond assets backing these portfolios. As such, changes in the market rate will have a symmetrical impact on assets and liabilities with an offsetting entry under OCI shareholders' equity. The OCI option has also been selected for the revaluation of VFA approach liabilities, with revaluations of SPPI bond assets also being recognized through OCI.

These different options ensure that there are no accounting mismatches between the recognition of changes in the value of IFRS 17 liabilities and of the IFRS 9 backing assets when the market rate fluctuates. They also reduce the volatility of net profit/loss under IFRS 17.

As of June 30, 2022, the group is finalizing its work on the preparation of the balance sheet as of the transition date (January 1, 2022). As the calibration work is currently underway, the quantitative impacts of the application of IFRS 17 and IFRS 9 on the group's consolidated financial statements during its first period of application (and in particular the impact on shareholders' equity and the amount of CSM as of the transition date) cannot be reasonably estimated at this time.

- **Amendments to IAS 1 – Disclosure of accounting methods**

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

- **Amendments to IAS 8 – Definition of accounting estimates**

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

Standards and interpretations not yet adopted by the European Union

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

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

- **Amendments to IFRS 17 – First-time adoption of IFRS 17 and IFRS 9 on comparative information**

It applies to financial assets for which there were no restatements of comparative periods under IFRS 9 at the time of the first simultaneous application of IFRS 17 and IFRS 9 (case of assets derecognized in the year 2022 or choice of the entity to opt for the exemption from prior period restatement offered by IFRS 9).

It introduces the possibility to present comparative information on these financial assets as if the measurement and classification requirements of IFRS 9 had been applied to them. This option, applicable on an instrument-by-instrument basis, is based on an overlay approach.

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

Crédit Mutuel Alliance Fédérale's business lines are as follows:

- Retail banking includes:
  a) Banking network activities: Crédit Mutuel local banks of the 14 federations, CIC regional banks, BECM, Beobank and Targobank in Spain;
  b) Consumer loan: Targobank in Germany and Cofidis;
  c) Business line subsidiaries: specialized activities whose products are marketed by the network: equipment leasing and leasing with a purchase option, real estate leasing, factoring, real estate sales and management.
- Insurance is composed of Groupe des Assurances du Crédit Mutuel;
- The specialized business lines are comprised of:
  a) Asset management and private banking activities in France and abroad;
  b) Corporate banking: financing for large corporates and institutional customers, structured financing, international business and foreign branches;
  c) Capital Markets, which includes commercial and investment activities (rates, equities and credit);
  d) Private equity.
- The other business lines include items that cannot be assigned to another business activity, such as intermediary holding companies, non-controlling interests, operating real estate, logistics structures, press, IT entities and intercompany transactions.

Consolidated entities are fully allocated to their core business based on their contribution to the consolidated financial statements.

Only two entities are an exception, CIC and BFCM because of their presence in several businesses.

In this case, the contribution to the consolidated income statements and balance sheets of these two entities is broken down based on the different business lines to which they contribute.

2a Breakdown of the income statement by business segment

DISTRIBUTION OF FIRST HALF 2022 RESULT – ALL SEGMENTS

06/30/2022	Retail bank	Insurance	Specialized businesses	Other Business lines	Total
Net banking income	5,976	897	1,229	454	8,556
General operating expenses	-3,798	-374	-641	-415	-5,228
Gross operating income	**2,178**	**523**	**589**	**39**	**3,329**
Cost of counterparty risk	-461		-17	8	-470
Gains on other assets*	2	1	15	30	47
Profit/(loss) before tax	**1,719**	**523**	**586**	**77**	**2,906**
Income tax	-530	-102	-94	-47	-773
Post-tax gains and losses on discontinued assets			-		-
Net profit/(loss)	1,189	422	492	30	2,132
Non-controlling interests					99
Net profit attributable to the group					2,034

*Including net profit/(loss) from associates (companies accounted for using the equity method) and impairment losses on goodwill. (Notes 16 and 19).

Segment Retail banking in the first half of 2022

06/30/2022	Banking networks	Consumer credit	Subsidiairies of the banking networks	Total Retail banking
Net banking income	4,196	1,452	328	5,976
General operating expenses	-2,791	-789	-218	-3,798
Gross operating income/(loss)	**1,405**	**663**	**110**	**2,178**
Cost of counterparty risk	-132	-319	-10	-461
Gains on other assets*	2	0	0	2
Profit/(loss) before tax	**1,275**	**344**	**100**	**1,719**
Income tax	-385	-112	-34	-530
Net profit/(loss)	890	232	67	1,189

Segment Specialized business lines in the first half of 2022

06/30/2022	Asset management and private banking	Corporate banking	Capital markets	Private equity	Total Specialized business lines
Net banking income	531	214	180	304	1,229
General operating expenses	-392	-82	-129	-38	-641
Gross operating income/(loss)	**139**	**132**	**51**	**267**	**589**
Cost of counterparty risk	-3	-13	0	0	-17
Gains on other assets*	15	-	0	0	15
Profit/(loss) before tax	**150**	**119**	**51**	**267**	**586**
Income tax	-35	-29	-15	-16	-94
Net profit/(loss)	116	90	35	251	492

DISTRIBUTION OF FIRST HALF 2021 RESULT – ALL SEGMENTS

06/30/2021 reprocessed	Retail bank	Insurance	Specialized businesses	Other Business lines	Total
Net banking income	5,256	1,119	1,152	435	7,962
General operating expenses	-3,424	-344	-530	-439	-4,736
Gross operating income	**1,832**	**775**	**622**	**-4**	**3,225**
Cost of counterparty risk	-214	-	25	2	-188
Gains on other assets*	-2	0	0	-71	-73
Profit/(loss) before tax	**1,616**	**775**	**647**	**-73**	**2,965**
Income tax	-517	-236	-114	-19	-885
Post-tax gains and losses on discontinued assets	7	-	0	-	7
Net profit/(loss)	1,106	540	533	-92	2,087
Non-controlling interests	-	-	-	-	161
Net profit attributable to the group	-	-	-	-	1,926

*Including net profit/(loss) from associates (companies accounted for using the equity method) and impairment losses on goodwill. (Notes 16 and 19).

Segment Retail banking in the first half of 2021

06/30/2021 reprocessed	Banking networks	Consumer credit	Subsidiairies of the banking networks	Total Retail banking
Net banking income	3,601	1,372	283	5,256
General operating expenses	-2,418	-806	-200	-3,424
Gross operating income/(loss)	**1,183**	**567**	**83**	**1,832**
Cost of counterparty risk	20	-248	14	-214
Gains on other assets*	-2	0	0	-2
Profit/(loss) before tax	**1,202**	**319**	**96**	**1,616**
Income tax	-376	-113	-28	-517
Post-tax gains and losses on discontinued assets	0	0	7	7
Net profit/(loss)	826	206	75	1,106

Segment Specialized business lines in the first half of 2021

06/30/2021 reporcessed	Asset management and private banking	Corporate banking	Capital markets	Private equity	Total Specialized business lines
Net banking income	424	198	273	257	1,152
General operating expenses	-293	-69	-132	-36	-530
Gross operating income/(loss)	**131**	**129**	**141**	**221**	**622**
Cost of counterparty risk	-5	37	0	-7	25
Gains on other assets*	0	0	0	0	0
Profit/(loss) before tax	**126**	**166**	**141**	**214**	**647**
Income tax	-33	-42	-38	0	-114
Net profit/(loss)	93	124	103	213	533

RECALL OF THE DISTRIBUTION OF THE RESULT OF THE FIRST HALF OF 2021 PUBLISHED IN AUGUST 2021

06/30/2021 published	Retail banking	Insurance	Financing and markets	Private banking	Private equity	Logistics and Holding company services	Intra-group elimination	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

** Including net profit/(loss) from associates (companies accounted for using the equity method) and impairment losses on goodwill. (Notes 16 and 19).*

2b Breakdown of income statement items by geographic area

	06/30/2022				06/30/2021			
	France	Europe outside France	Other country*	Total	France	Europe outside France	Other country*	Total
Net banking income**	6,667	1,754	135	8,556	6,336	1,515	111	7,962
General operating expenses	-4,121	-1,048	-59	-5,228	-3,758	-930	-48	-4,736
Gross operating income	2,546	706	76	3,329	2,578	585	62	3,226
Cost of counterparty risk	-255	-230	16	-470	-23	-173	8	-188
Gains on other assets***	34	-2	15	47	-86	8	6	-73
Profit/(loss) before tax	2,325	474	107	2,906	2,469	420	76	2,965
Total net profit/(loss)	1,712	329	91	2,132	1,733	289	65	2,087
NET PROFIT ATTRIBUTABLE TO THE GROUP	1,633	312	89	2,034	1,586	276	64	1,926

* *USA, Canada, Singapore, Hong Kong, Tunisia.*

** *23.2% of NBI (excluding the logistics and holding business line) was generated abroad in the first half of 2022 (versus 22.5% of NBI in the first half of 2021).*

*** *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:

- Caisse Fédérale de Crédit Mutuel (CF de CM)
- 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);
- Fédération du Crédit Mutuel Nord Europe (FCMNE) ;
- 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);
- Caisse Régionale du Crédit Mutuel Nord Europe (CRCMNE) ;
- 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;
- Crédit Mutuel banks that are members of the Fédération du Crédit Mutuel Nord Europe.

Since December 31, 2021, the changes in the scope of consolidation are as follows:

- New scopes following the accession of the CMNE federation at 01/01/2022: Bail Actéa, Bail Actéa Immobilier, CMNE Grand Paris, SCI Crédit Mutuel Nord Europe, SCI Crédit Mutuel Nord Europe1, SCI Crédit Mutuel Nord Europe2, SCI Crédit Mutuel Nord Europe3, SCI Crédit Mutuel Nord Europe Locations, Foncière et Immobilière Nord Europe, GIE CMN Prestations, Immobilère BCL Lille, Nord Europe Partenariat, SA Immobilière du CMN, SFINE propriété à vie, SFINE bureaux, BKCP Immo IT SCRL, Beobank, Groupe La Française, 2A, Groupe Cholet-Dupont, Inflection Point by La Française, La Française AM, La Française AM Finance et Services, La Française Systematic Asset Managemet Gmbh, La Française AM IBERIA, La Française Forum Securities Limited, La Française Real Estate Managers, La Française Groupe UK Finance Limited, La Française Groupe UK Limited, LFF Real estate partners Limited, LFP Multi Alpha, New Alpha Asset Management, Newton Square, Sigarex XAnge Venture, Actéa Environnement, NEPI, SCI Centre Gare, Transactimmo ;
- Other new scopes: ACM Capital, CIC Private Debt, Crédit Mutuel Investment Managers, Crédit Mutuel Investment Managers succ. Luxembourg, Targo Versicherungsvermittlung Gmbh, Oddity H, Humanoid, Madmoizelle, Presstic ;
- Merger: La Française AM IBERIA absorbed by La Française AM Finances, Protection 24 megered with EPS ;
- Exit from the scope of consolidation: 2A, FLOA, Bancas, BKCP Immo IT SCRL.

		06/30/2022			12/31/2021		
	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
Beobank	Belgium	100	99	FC			
BKCP Immo IT SCRL	Belgium			NC			
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
Targobank Spain	Spain	100	98	FC	100	98	FC
B. CONSUMER CREDIT							
Cofidis Belgique	Belgium	100	79	FC	100	78	FC
Cofidis France	France	100	79	FC	100	78	FC
Cofidis Espagne (branch of Cofidis France)	Spain	100	79	FC	100	78	FC
Cofidis Hongrie (branch of Cofidis France)	Hungary	100	79	FC	100	78	FC
Cofidis Portugal (branch of Cofidis France)	Portugal	100	79	FC	100	78	FC
Cofidis SA Pologne (branch of Cofidis France)	Poland	100	79	FC	100	78	FC
Cofidis SA Slovaquie (branch of Cofidis France)	Slovakia	100	79	FC	100	78	FC
Cofidis Italie	Italy	100	79	FC	100	78	FC
Cofidis République tchèque	Czech Republic	100	79	FC	100	78	FC
Creatis	France	100	79	FC	100	78	FC
Monabanq	France	100	79	FC	100	78	FC
Margem-Mediação Seguros, Lda	Portugal	100	79	FC	100	78	FC
Targobank AG	Germany	100	98	FC	100	98	FC
C. SUBSIDIARIES OF THE BANKING NETWORK							
Bail Actéa	France	100	98	FC	-	-	NC
Bail Actéa Immobilier	France	100	98	FC	-	-	NC
Bancas	France	-		NC	50	49	EM
CCLS Leasing Solutions	France	100	98	FC	100	98	FC
Crédit Mutuel Caution Habitat	France	100	98	FC	100	98	FC
Crédit Mutuel Factoring	France	100	98	FC	95	96	FC
Crédit Mutuel Home Loan SFH	France	100	98	FC	100	98	FC
Crédit Mutuel Immobilier	France	100	98	FC	100	98	FC
Crédit Mutuel Leasing	France	100	98	FC	100	98	FC
Crédit Mutuel Leasing Espagne (succursale de Crédit Mutuel Leasing)	Spain	100	98	FC	100	98	FC
Crédit Mutuel Leasing Benelux	Belgium	100	98	FC	100	98	FC
Crédit Mutuel Leasing Nederland (succursale de Crédit Mutuel Leasing Benelux)	Nederlands	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	100	98	FC
FLOA (ex Banque du Groupe Casino)	France			NC	50	49	EM
Gesteurop	France	100	98	FC	100	98	FC
LYF SA	France	44	43	EM	44	43	EM
Paysurf	France	100	94	FC	100	89	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
D. CORPORATE BANKING AND CAPITAL MARKETS				FC			FC
Banque Fédérative du Crédit Mutuel (BFCM)	France	98	98	FC	98	98	FC

		06/30/2022			12/31/2021		
	Country	Percentage Control	Percentage Interest	Method*	Percentage Control	Percentage Interest	Method*
CIC Bruxelles (succursale du CIC)	Belgium	100	98	FC	100	98	FC
CIC Hong-Kong (succursale du CIC)	Hong-Kong	100	98	FC	100	98	FC
CIC Londres (succursale du CIC)	United Kingdom	100	98	FC	100	98	FC
CIC New York (succursale du CIC)	United States of America	100	98	FC	100	98	FC
CIC Singapour (succursale du CIC)	Singapore	100	98	FC	100	98	FC
Satellite	France	100	98	FC	100	98	FC
E. ASSET MANAGEMENT AND PRIVATE BANKING							
Banque de Luxembourg	Luxembourg	100	98	FC	100	98	FC
Banque de Luxembourg Belgique (succursale de Banque de Luxembourg)	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 Belgium	Belgium	100	98	FC	100	98	FC
Banque Transatlantique Londres (succursale de BT)	United Kingdom	100	98	FC	100	98	FC
Banque Transatlantique Luxembourg	Luxembourg	100	98	FC	100	98	FC
CIC Private debt	France	100	98	FC			FC
CIC Suisse	Switzerland	100	98	FC	100	98	FC
Cigogne Management	Luxembourg	100	98	FC	100	98	FC
Crédit Mutuel Asset Management	France	90	94	FC	90	92	FC
Crédit Mutuel Epargne Salariale	France	100	98	FC	100	98	FC
Crédit Mutuel Gestion	France	100	94	FC	100	92	FC
Crédit Mutuel Investment Managers	France	100	98	FC			NC
Crédit Mutuel Investment Managers succ Luxembourg	Luxembourg	100	98	FC			NC
Dubly Transatlantique Gestion	France	100	98	FC	100	98	FC
Groupe Cholet Dupont	France	34	34	EM	-	-	NC
Groupe La Française	France	100	100	FC	-	-	NC
Inflection Point by La Française	United Kingdom	100	100	FC	-	-	NC
La Française AM	France	100	100	FC	-	--	NC
La Française AM Finance Services	France	100	100	FC	-	-	NC
La Française Am Iberia	Spain			MER	-	-	NC
La Française Forum Securities Limited	United States of America	100	100	FC	-	--	NC
La Française Group UK Finance Limited	United Kingdom	100	100	FC	-	-	NC
La Française Group UK Limited	United Kingdom	100	100	FC	-	-	NC
La Française Real Estate Managers	France	99	100	FC	-	--	NC
La Française Real Estate Partners International	United Kingdom	100	100	FC	-	-	NC
La Française Sytematic Asset Management GmbH (ex la Française AM GmbH)	Germany	100	100	FC	-	-	NC
LFP Multi Alpha	France	100	100	FC	-	-	NC
New Alpha Asset Management	France	48	48	FC	-	-	NC
Newton Square	France	100	100	FC	-	-	NC
Siparex Xange Venture	France	24	24	EM	-	-	NC
F. 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

		06/30/2022			12/31/2021		
	Country	Percentage Control	Percentage Interest	Method*	Percentage Control	Percentage Interest	Method*
G OTHERS BUSINESS LINES							
Actéa Environnement	France	100	100	FC			NC
Actimut	France	100	100	FC	100	100	FC
Affiches d'Alsace Lorraine	France	100	97	FC	100	97	FC
AGIR	France	100	98	FC	100	98	FC
Alsacienne de Portage des DNA	France	100	97	FC	100	97	FC
Banque de Tunisie	Tunisia	35	35	EM	35	35	EM
Caisse Centrale du Crédit Mutuel	France	51	67	EM	51	54	EM
Centre de conseil et de service (CCS)	France	100	100	FC	100	100	FC
CIC Participations	France	100	98	FC	100	98	FC
CMNE Grand Paris	France	100	100	FC	-	-	NC
Cofidis Group (ex Cofidis Participations)	France	80	79	FC	80	78	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	100	98	FC
EBRA services	France	100	98	FC	100	98	FC
EIP	France	100	100	FC	100	100	FC
Est Bourgogne Médias	France	100	98	FC	100	98	FC
Est Info TV	France	100	98	FC	100	98	FC
Euro Automatic Cash	Spain	50	45	EM	50	40	EM
Euro Protection Surveillance	France	89	82	FC	89	75	FC
Euro-Information	France	90	90	FC	80	80	FC
Euro-Information Développement	France	100	90	FC	100	80	FC
Foncière Massena	France	100	88	FC	100	78	FC
France Régie	France	100	97	FC	100	97	FC
GEIE Synergie	France	100	79	FC	100	78	FC
GIE CMN Prestations	France	100	100	FC	-	-	NC
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
Humanoid	France	100	70	FC	-	-	NC
Immobilère BCL Lille	France	55	55	FC	-	-	NC
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
Les Editions du Quotidien	France	100	98	FC	100	98	FC
L'Est Républicain	France	100	98	FC	100	98	FC
L'immobilère du CMN	France	100	100	FC	-	-	NC
Lumedia	Luxembourg	50	49	EM	50	49	EM
Lyf SAS	France	49	44	EM	49	39	EM
Madmoizelle	France	100	70	FC			NC
Mediaportage	France	100	98	FC	100	98	FC
Mutuelles Investissement	France	100	98	FC	100	98	FC
NEWCO4	France	100	98	FC	100	98	FC
Nord Europe Partenariat	France	100	100	FC	-	-	NC
Nord Europe Participations et Investissements	France	100	100	FC	-	-	NC
Oddity H.	France	71	70	FC	-	-	NC
Presse Diffusion	France	100	98	FC	100	98	FC
Presstic	France	100	70	FC	-	-	NC
Protection 24	France			MER	100	75	FC
Publiprint Province n°1	France	100	98	FC	100	98	FC
SAP Alsace	France	100	98	FC	100	98	FC
SCI 14 Rue de Londres	France	100	88	FC	100	78	FC
SCI ACM	France	100	88	FC	100	78	FC
SCI ACM Cotentin	France	100	89	FC	100	78	FC
SCI Centre Gare	France	100	100	FC	-	-	NC
SCI CMN	France	100	100	FC	-	-	NC

	Country	06/30/2022 Percentage Control	06/30/2022 Percentage Interest	06/30/2022 Method*	12/31/2021 Percentage Control	12/31/2021 Percentage Interest	12/31/2021 Method*
SCI CMN Locations	France	100	100	FC	-	-	NC
SCI CMN1	France	100	100	FC	-	-	NC
SCI CMN2	France	100	100	FC	-	-	NC
SCI CMN3	France	100	100	FC	-	-	NC
SCI La Tréflière	France	100	99	FC	100	99	FC
SCI Le Progrès Confluence	France	100	98	FC	100	98	FC
SCI Provence Lafayette	France	100	88	FC	100	78	FC
SCI Saint Augustin	France	100	88	FC	100	78	FC
SCI Tombe Issoire	France	100	89	FC	100	78	FC
SFINE Bureaux	France	100	100	FC	-	-	NC
SFINE Propriété à vie	France	100	100	FC	-	-	NC
Société d'Edition de l'Hebdomadaire du Louhannais et du Jura (SEHLJ)	France	100	98	FC	100	98	FC
Société d'Investissements Médias (SIM)	France	100	98	FC	100	98	FC
Société Foncière et Immobilière Nord Europe	France	100	100	FC			NC
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	-	-	NC
Targo Versicherungsvermittlung Gmbh	Germany	100	98	FC	100	98	FC
Transactimmo	France	100	100	FC	-	-	NC
H. INSURANCE COMPANIES							
ACM Capital	France	100	88	FC			NC
ACM Courtage (ex Procourtage)	France	100	89	FC	100	78	FC
ACM GIE	France	100	89	FC	100	78	FC
ACM IARD	France	97	85	FC	97	76	FC
ACM Services	France	100	89	FC	100	78	FC
ACM Vie SA	France	100	89	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	84	FC	95	75	FC
Agrupació serveis administratius	Spain	100	84	FC	100	75	FC
AMDIF	Spain	100	84	FC	100	75	FC
Asesoramiento en Seguros y Previsión Atlantis SL	Spain	80	71	FC	80	63	FC
Asistencia Avançada Barcelona	Spain	100	84	FC	100	75	FC
ASTREE Assurances	Tunisia	30	27	EM	30	23	EM
Atlantis Asesores SL	Spain	80	71	FC	80	63	FC
Atlantis Correduría de Seguros y Consultoría Actuarial SA	Spain	60	53	FC	60	47	FC
Atlantis Vida, Compañía de Seguros y Reaseguros SA	Spain	88	79	FC	88	70	FC
GACM España	Spain	100	89	FC	100	78	FC
GACM Seguros, Compañía de Seguros y Reaseguros, SAU	Spain	100	89	FC	100	78	FC
Groupe des Assurances du Crédit Mutuel (GACM)	France	90	89	FC	80	78	FC
ICM Life	Luxembourg	100	89	FC	100	78	FC
MTRL	France	100	100	FC	100	100	FC
NELB (North Europe Life Belgium)	Belgium	100	89	FC	100	78	FC
Partners	Belgium	100	89	FC	100	78	FC
Serenis Assurances	France	100	88	FC	100	78	FC
Targopensiones, entidad gestora de fondos de pensiones,S.A.	Spain	100	84	FC	100	75	FC

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

3b Fully consolidated entities with significant non-controlling interests

	Percentage of non-controlling interests in the consolidated financial statements				Financial information regarding fully-consolidated entities*			
06/30/2022	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	10%	4	219	0	2,401	61	0	744
Groupe des Assurances du Crédit Mutuel (GACM)	11%	48	899	-154	120,238	393	-125	845
Cofidis Belgique	21%	2	N/A**	0	1,062	8	2	50
Cofidis France	21%	6	N/A**	0	10,837	29	10	280

* *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*			
12/31/2021	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%	18	421	-1	2,311	290	0	1,577
Groupe des Assurances du Crédit Mutuel (GACM)	22%	189	1,913	-307	131,425	833	1,590	1,807
Cofidis Belgique	22%	3	N/A (2)	0	989	13	-1	96
Cofidis France	22%	16	N/A (2)	0	10,359	75	-6	549

* *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

	06/30/2022	12/31/2021
Non-current assets held for sale	22	107
Non-current liabilities held for sale	0	0
Post-tax gains/(losses) on discontinued operations	0	9

As of 06/30/2022, the assets intended to be transferred concern the Cholet Dupont group.

As of 12/31/2021, FLOA's activities have been reclassified into assets intended to be divested, following the signing of an exclusivity agreement with a view to their sale to BNP Paribas, as well as the establishment of a strategic partnership between the BNP Paribas and Casino groups.
The sale of FLOA to BNP Paribas has been effective since 31 January 2022.

Note 4 Cash, central banks (asset/liability)

	06/30/2022	12/31/2021
Cash, central banks – asset		
Central banks	102,871	119,851
of which mandatory reserves	2,639	2,586
Cash	1,430	1,330
Total	104,301	121,181
Central banks – liability	493	605

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

5a Financial assets at fair value through profit or loss

	06/30/2022				12/31/2021			
	Transaction	Fair value option	Other FVPL	Total	Transaction	Fair value option	Other FVPL	Total
Securities	8,360	627	5,698	14,685	6,338	575	5,080	11,993
▪ Government securities	773	0	0	773	730	0	0	730
▪ Bonds and other debt securities	6,560	627	525	7,712	4,876	575	238	5,689
Listed	6,560	106	115	6,781	4,876	90	166	5,132
Non-listed	0	521	410	931	0	485	72	557
of which UCIs	*0*	-	*474*	*474*	*0*	-	*232*	*232*
▪ Shares and other capital instruments	1,027	-	4,228	5,255	732	-	3,898	4,630
Listed	1,027	-	1,169	2,196	732	-	1,172	1,904
Non-listed	0	-	3,059	3,059	0	-	2,726	2,726
Equity investments	-	-	354	354	-	-	334	334
Other long-term investments	-	-	206	206	-	-	209	209
Investments in associates	-	-	360	360	-	-	376	376
Other long-term investments	-	-	25	25	-	-	25	25
Derivative instruments	5,808	-		5,808	3,754	-	-	3,754
Loans and receivables	10,924	0	10	10,935	6,597	0	13	6,610
of which pensions	*10,924*	*0*		*10,924*	*6,597*	*0*	-	*6,597*
TOTAL	25,091	627	5,709	31,427	16,689	575	5,093	22,357

5b Financial liabilities at fair value through profit or loss

	06/30/2022	12/31/2021
Financial liabilities held for trading	19,060	11,956
Financial liabilities at fair value through profit or loss	24	124
TOTAL	19,084	12,080

FINANCIAL LIABILITIES HELD FOR TRADING

	06/30/2022	12/31/2021
Short sales of securities	**1,326**	**1,808**
▪ Government securities	1	0
▪ Bonds and other debt securities	629	921
▪ Shares and other capital instruments	696	887
Debts in respect of securities sold under repurchase agreements	**11,044**	**6,483**
Trading derivatives	**5,933**	**3,601**
Other financial liabilities held for trading	**757**	**64**
TOTAL	19,060	11,956

5c Analysis of trading derivatives

	06/30/2022			12/31/2021		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Interest rate derivatives	190,421	3,698	3,895	243,323	2,673	2,588
Swaps	89,236	2,520	3,570	78,870	2,392	2,297
Other firm contracts	63,126	0	0	46,578	0	0
Options and conditional instruments	38,059	1,178	325	117,875	281	291
Foreign exchange derivatives	163,156	1,657	1,571	147,685	838	765
Swaps	112,217	76	89	104,121	52	80
Other firm contracts	13,459	1,208	1,109	11,967	663	562
Options and conditional instruments	37,480	373	373	31,597	123	123
Other derivatives	28,944	454	467	17,432	244	247
Swaps	8,366	50	97	7,086	69	108
Other firm contracts	11,546	195	166	7,863	116	91
Options and conditional instruments	9,032	209	204	2,483	59	48
TOTAL	382,521	5,808	5,933	408, 440	3,755	3,600

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

	06/30/2022			12/31/2021		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Fair Value Hedges	196,533	909	1,900	177,702	1,293	1,874
Swaps	24,948	909	1,900	25,410	1,293	1,874
Other firm contracts	171,513	0	0	152,075	0	0
Options and conditional instruments	72	0	0	217	0	0
TOTAL	196,533	909	1,900	177,702	1,293	1,874

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

	06/30/2022	12/31/2021
FAIR VALUE OF PORTFOLIO INTEREST RATE RISK		
▪ in financial assets	-4,217	1,083
▪ in financial liabilities	-543	13

Note 7 Financial assets at fair value through other comprehensive income

	06/30/2022	12/31/2021
Government securities	11,960	11,680
Bonds and other debt securities	22,161	19,705
▪ Listed	21,233	19,034
▪ Non-listed	928	671
Receivables related	118	125
Debt securities subtotal, gross	**34,239**	**31,510**
Of which impaired debt securities (S3)	0	0
Impairment of performing loans (S1/S2)	-19	-18
Other impairment (S3)	0	0
Debt securities subtotal, net	**34,220**	**31,492**
Shares and other capital instruments	204	199
▪ Listed	2	3
▪ Non-listed	202	196
Long-term investments	448	405
▪ Equity investments	105	78
▪ Other long-term investments	288	272
▪ Investments in associates	55	55
▪ Loaned securities	0	0
▪ Non –performing current advances to non-trading real estate company	0	0
Receivables related	0	0
Subtotal, capital instruments	**652**	**604**
TOTAL	**34,872**	**32,095**
of which unrealized capital gains or losses recognized under equity	133	138
of which listed equity investments.	0	0

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

06/30/2022	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS IFRS 9				
Fair value through shareholders' equity	**26,237**	**6,854**	**1,781**	**34,872**
Government and equivalent securities	11,681	300	37	12,018
Bonds and other debt securities	14,554	6,551	1,097	22,202
Shares and other capital instruments	2	3	198	203
Investments and other long-term securities	0	0	394	394
Investments in subsidiaries and associates	0	0	55	55
Trading/Fair value option/Other	**6,824**	**17,950**	**6,652**	**31,427**
Government securities and similar instruments – Trading	404	369	0	773
Bonds and other debt securities – Trading	4,056	2,261	243	6,560
Bonds and other debt securities – Fair value option	27	0	600	626
Bonds and other debt securities – Other FVPL	118	390	16	525
Shares and other equity instruments – Trading	1,027	0	0	1,027
Shares and other capital instruments – Other FVPL [1]	1,156	0	3,072	4,228
Investments and other long-term securities – Other FVPL	2	0	558	560
Investments in subsidiaries and associates – Other FVPL	0	0	385	385
Loans and receivables due from customers – Transaction	0	10,924	0	10,924
Loans and receivables due from customers – Other FVPL	0	11	0	11
Derivatives and other financial assets – Trading	34	3,996	1,778	5,808
Hedging derivatives	**0**	**908**	**1**	**909**
TOTAL	33,060	25,713	8,434	67,208
FINANCIAL ASSETS IAS 39 – INVESTMENTS OF THE INSURANCE BUSINESS LINE				
Fair value through profit or loss	18,886	7,115	0	26,001
Transaction	0	0	0	0
Fair value option – debt securities	1,246	1,528	0	2,773
Fair value option – capital instruments	17,640	5,588	0	23,228
Hedging derivatives	0	0	0	0
Available-for-sale assets	**74,012**	**5,408**	**1,195**	**80,615**
Government and equivalent securities	15,753	0	0	15,753
Bonds and other debt securities	45,073	769	0	45,842
Shares and other capital instruments	12,307	4,627	0	16,935
Equity investments, shares in subsidiaries and associates and other long-term investments	878	12	1,195	2,084
TOTAL	92,898	12,523	1,195	106,616
FINANCIAL LIABILITIES IFRS 9				
Subordinated debt – Fair value option	**2,094**	**14,650**	**2,340**	**19,085**
Due to credit institutions – Fair value option	0	0	0	0
Amounts due to customers – Fair value option	0	24	0	24
Liabilities – Trading	0	11,044	0	11,044
Derivatives and other financial liabilities – Trading	2,094	3,582	2,340	8,017
Hedging derivatives	**0**	**1,874**	**26**	**1,900**
TOTAL	2,094	16,524	2,366	20,984
FINANCIAL LIABILITIES RELATED TO IAS 39 INSURANCE BUSINESS POLICIES				
Fair value through profit or loss	0	6183	0	6,183
Transaction	0	0	0	0
Fair value option	0	6,183	0	6,183
Hedging derivatives	0	0	0	0
TOTAL	0	6,183	0	6,183

(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.

12/31/2021	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS IFRS 9				
Fair value through shareholders' equity	**24,447**	**5,950**	**1,692**	**32,089**
Government and equivalent securities	11,565	100	84	11,750
Bonds and other debt securities	12,879	5,849	1,017	19,746
Shares and other capital instruments	3	0	196	199
Investments and other long-term securities	0	0	346	346
Investments in subsidiaries and associates	0	0	49	49
Trading/Fair value option/Other	**5,383**	**11,128**	**5,817**	**22,328**
Government securities and similar instruments – Trading	666	14	50	730
Bonds and other debt securities – Trading	2,590	2,053	233	4,876
Bonds and other debt securities – Fair value option	25	0	549	574
Bonds and other debt securities – Other FVPL	170	56	11	238
Shares and other equity instruments – Trading	732	0	0	732
Shares and other capital instruments – Other FVPL [1]	1,177	0	2,721	3,898
Investments and other long-term securities – Other FVPL	2	0	542	544
Investments in subsidiaries and associates – Other FVPL	0	0	401	401
Loans and receivables due from customers – Transaction	0	6,597	0	6,597
Loans and receivables due from customers – Other FVPL	0	13	0	13
Derivatives and other financial assets – Trading	21	2,395	1,311	3,726
Hedging derivatives	**0**	**1,292**	**1**	**1,293**
TOTAL	29,830	18,369	7,511	55,710
FINANCIAL ASSETS IAS 39 – INVESTMENTS OF THE INSURANCE BUSINESS LINE				
Fair value through profit or loss	**22,062**	**7,012**	**0**	**29,074**
Transaction	0	0	0	0
Fair value option – debt securities	1,277	1,816	0	3,093
Fair value option – capital instruments	20,785	5,196	0	25,981
Hedging derivatives	**0**	**0**	**0**	**0**
Available-for-sale assets	**84,838**	**4,879**	**881**	**90,598**
Government and equivalent securities	17,167	0	0	17,167
Bonds and other debt securities	51,735	368	0	52,103
Shares and other capital instruments	14,892	4,500	0	19,392
Equity investments, shares in subsidiaries and associates and other long-term investments	1,044	11	881	1,935
TOTAL	106,900	11,891	881	119,672
FINANCIAL LIABILITIES IFRS 9				
Trading/Fair value option	**1,837**	**9,117**	**1,126**	**12,080**
Due to credit institutions – Fair value option	0	124	0	124
Debt – Trading	0	6,483	0	6,483
Derivatives and other financial liabilities – Trading	1,837	2,510	1,126	5,473
Hedging derivatives	**0**	**1,851**	**22**	**1,874**
TOTAL	1,837	10,969	1,148	13,954
FINANCIAL LIABILITIES RELATED TO IAS 39 INSURANCE BUSINESS POLICIES				
Fair value through profit or loss	**0**	**6,481**	**0**	**6,481**
Transaction	0	0	0	0
Fair value option	0	6,481	0	6,481
Hedging derivatives	**0**	**0**	**0**	**0**
TOTAL	0	6,481	0	6,481

[1] Includes the equity investments held by the group's private equity companies.

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 06/30/2022	Carrying amount 12/31/2021
RMBS	1,410	1,260
CMBS	0	0
CLO	3,667	3,137
Other ABS	3,069	3,033
TOTAL	8,146	7,429

Unless otherwise indicated, securities are not hedged by CDS.

EXPOSURES AT 06/30/2022

	RMBS	CMBS	CLO	Other ABS	Total
Fair value through profit or loss	195	0	0	227	422
Amortized cost	30	0	334	1,269	1,633
Fair value – Others	1	0	0	0	1
Fair value through shareholders' equity	1,183	0	3,333	1,573	6,090
TOTAL	1,410	0	3,667	3,069	8,146
France	602	0	518	1,003	2,123
Spain	102	0	0	330	431
United Kingdom	6	0	116	250	372
Europe excluding France, Spain, United Kingdom	539	0	253	994	1,787
USA	10	0	2,780	369	3,159
Other	151	0	0	123	274
TOTAL	1,410	0	3,667	3,069	8,146
US Branches	0	0	0	0	0
AAA	1,307	0	3,445	1,183	5,935
AA	83	0	152	716	951
A	11	0	70	4	85
BBB	5	0	0	0	5
BB	0	0	0	0	0
B or below	3	0	0	7	10
Not rated	0	0	0	1,160	1,160
TOTAL	1,410	0	3,667	3,069	8,146
Origination 2005 and earlier	12	0	0	0	12
Origination 2006-2008	28	0	0	7	35
Origination 2009-2011	11	0	0	0	11
Origination 2012-2020	1,359	0	3,667	3,062	8,089
TOTAL	1,410	0	3,667	3,069	8,146

EXPOSURES AT 12/31/2021

	RMBS	CMBS	CLO	Other ABS	Total
Fair value through profit or loss	253	0	9	374	635
Amortized cost	33	0	338	949	1,320
Fair value – Others	1	0	0	0	1
Fair value through shareholders' equity	973	0	2,790	1,710	5,473
TOTAL	1,260	0	3,137	3,033	7,429
France	565	0	359	716	1,640
Spain	111	0	0	358	469
United Kingdom	22	0	110	277	409
Europe excluding France, Spain, United Kingdom	413	0	189	1,236	1,837
USA	29	0	2,479	339	2,847
Other	120	0	0	108	228
TOTAL	1,260	0	3,137	3,033	7,429
US Branches	0	0	0	0	0
AAA	1,126	0	2,911	1,391	5,428
AA	112	0	156	814	1,082
A	13	0	70	4	86
BBB	1	0	0	0	1
BB	5	0	0	0	5
B or below	3	0	0	7	10
Not rated	0	0	0	818	818
TOTAL	1,260	0	3,137	3,033	7,429
Origination 2005 and earlier	13	0	0	0	13
Origination 2006-2008	31	0	0	7	38
Origination 2009-2011	17	0	0	0	17
Origination 2012-2019	1,199	0	3,137	3,026	7,361
TOTAL	1,260	0	3,137	3,033	7,429

Note 10 Financial assets at amortized cost

	06/30/2022	12/31/2021
Securities at amortized cost	3,395	3,675
Loans and receivables to credit institutions	65,688	60,914
Loans and receivables to customers	485,933	444,825
TOTAL	555,016	509,414

10a Securities at amortized cost

	06/30/2022	12/31/2021
Securities	3,446	3,745
▪ Government securities	1,678	1,604
▪ Bonds and other debt securities	1,768	2,141
Listed	525	570
Non-listed	1,244	1,571
Accrued interest	13	12
TOTAL GROSS	3,459	3,757
of which impaired assets (S3)	91	110
Impairment of performing loans (S1/S2)	-2	-2
Other impairment (S3)	-61	-80
TOTAL NET	3,395	3,675

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

	06/30/2022	12/31/2021
Performing loans (S1/S2)	65,003	60,300
Crédit Mutuel network accounts [1]	39,726	34,857
Other ordinary accounts	5,112	4,035
Loans	3,063	6,009
Other receivables	15,185	13,761
Pensions	1,917	1,638
Individually-impaired receivables, gross (S3)	0	0
Related receivables	690	616
Impairment of performing loans (S1/S2)	-5	-2
Other impairment (S3)	0	0
TOTAL	65,688	60,914

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

10c Loans and receivables due from customers at amortized cost

	06/30/2022	12/31/2021
Performing loans (S1/S2)	464,236	425,387
Commercial loans	16,791	15,914
Other customer receivables	446,751	408,834
▪ home loans	247,737	226,874
▪ other loans and receivables, including repurchase agreements (1)	199,014	181,960
Receivables related	694	639
Individually-impaired receivables, gross (S3)	11,831	11,235
Gross receivables	476,067	436,622
Impairment of performing loans (S1/S2) [2]	-3,303	-3,099
Other impairment (S3)	-6,001	-5,768
SUBTOTAL I	466,763	427,755
Finance leases (net investment)	19,003	16,910
▪ Equipment	13,676	12,053
▪ Real estate	5,327	4,857
Individually-impaired receivables, gross (S3)	532	488
Impairment of performing loans (S1/S2)	-168	-147
Other impairment (S3)	-198	-181
SUBTOTAL II	19,169	17,069
TOTAL	485,933	444,825
of which subordinated loans	12	13
of which pensions	1,454	1,066

(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, 2022	9,332	4,310	958	-5	-57	-93
Amounts at December 31, 2021	9,937	4,462	806	-5	-57	-74

FINANCE LEASE TRANSACTIONS WITH CUSTOMERS

	12/31/2021	Increase	Decrease	Other	06/30/2022
Gross carrying amount	17,397	1,609	-1,209	1,737	19,535
Impairment of non-recoverable lease payments	-328	-89	75	-24	-366
Net carrying amount	**17,069**	**1,520**	**-1,134**	**1,713**	**19,169**

Note 11 Financial liabilities at amortized cost

11a Debt securities at amortized cost

	06/30/2022	12/31/2021
Certificates of deposit	133	113
Interbank certificates and negotiable debt instruments	42,074	49,381
Bonds	67,978	64,335
Non-preferred senior securities	8,506	6,801
Related debt	422	487
TOTAL	119,113	121,116

11b Liabilities to credit institutions

	06/30/2022	12/31/2021
Crédit Mutuel network accounts	0	0
Other ordinary accounts	3,448	3,001
Borrowings	19,932	16,938
Other debt	5,841	5,278
Repurchase agreements [1]	41,350	46,436
Related debt	64	101
TOTAL	70,635	71,755

(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

	06/30/2022	12/31/2021
Special savings accounts	168,136	149,106
▪ on demand	120,704	104,172
▪ in the future	47,432	44,934
Related liabilities on savings accounts	833	15
Subtotal	168,969	149,121
Demand accounts	235,592	224,866
Term deposits and borrowings	45,831	50,994
Pensions	106	14
Related debt	161	164
Other debt	68	37
Insurance and reinsurance debts	0	0
Subtotal	281,759	276,076
TOTAL	450,728	425,197

Note 12 Gross values and movements in impairment provisions

12a Gross values subject to impairment

	12/31/2021	Acquisition/ production	Sale/ repayment	Transfer	Other	06/30/2022
Financial assets at amortized cost – loans and receivables due from credit institutions, subject to	**60,916**	**18,513**	**-16,637**	**0**	**2,900**	**65,693**
12-month expected losses (S1)	60,914	18,500	-16,634	-2	2,882	65,661
expected losses at maturity (S2)	2	13	-3	2	18	32
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
expected losses on assets credit-impaired (S3) at closing and from the outset	0	0	0	0	0	0
Financial assets at amortized cost – loans and receivables due from customers, subject to	**454,020**	**108,578**	**-88,368**	**0**	**21,375**	**495,603**
12-month expected losses (S1)	402,908	102,138	-79,358	-3,164	18,544	441,068
expected losses at maturity (S2)	39,389	5,815	-6,995	2,216	1,749	42,172
expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	11,341	617	-1,977	959	1,065	12,005
expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	382	8	-38	-11	17	358
Financial assets at amortized cost – securities	**3,757**	**6,422**	**-6,497**	**0**	**-223**	**3,459**
12-month expected losses (S1)	3,633	6,419	-6,475	-1	-223	3,353
with expected losses at maturity (S2)	14	2	-1	0	0	15
expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	110	1	-21	1	0	91
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 fair value through other comprehensive income – debt securities	**31,510**	**9,776**	**-8,018**	**0**	**971**	**34,239**
12-month expected losses (S1)	31,437	9,756	-7,983	-24	971	34,158
expected losses at maturity (S2)	72	20	-35	24	0	81
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
expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0	0
TOTAL	550,203	143,289	-119,519	0	25,023	598,994

(*) Mainly includes Crédit Mutuel Nord Europe subsidiaries' outstanding amounts, which were included in the Crédit Mutuel Alliance Fédérale scope as of 01/01/2022.

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	-	357	53	-	-9	-28	373
Specialized distribution	-	1,451	139	-	-51	-123	1,416
Hotels, restaurants	-	4,539	338	-	-547	-207	4,123
Automotive	-	1,713	91	-	-85	-55	1,664
Vehicle hire	-	1,243	21	-	-40	-19	1,206
Tourism, games, leisure	-	1,391	170	-	-107	-138	1,317
Industrial transportation	-	399	19	-	-9	-11	397
Air transport	-	307	5	-	-44	-4	264
TOTAL	-	11,400	838	-	-893	-585	10,760

** EAD net of guarantee on SGLs.*

12b Movements in impairment provisions

	12/31/2021	Addition	Reversal	Other	06/30/2022
Loans and receivables due from credit institutions	**-2**	**-4**	**1**	**0**	**-5**
of which originated credit-impaired assets (S3)	0	0	0	0	0
▪ 12-month expected losses (S1)	-2	-1	1	0	-2
▪ losses expected at maturity (S2)	0	-3	0	0	-3
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	**-9,195**	**-1,868**	**1,944**	**-551**	**-9,670**
of which originated credit-impaired assets (S3)	0	0	0	0	0
▪ 12-month expected losses (S1)	-1,231	-330	272	-57	-1,346
▪ expected losses at maturity (S2)	-2,015	-705	660	-65	-2,125
of which customer debts 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	-5,949	-833	1,012	-429	-6,199
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	**-82**	**0**	**19**	**0**	**-63**
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)	-1	0	0	0	-1
expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	-80	0	19	0	-61
expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0
Financial assets at FVOCI – debt securities	**-18**	**-7**	**7**	**-1**	**-19**
of which originated credit-impaired assets (S3)	0	0	0	0	0
▪ 12-month expected losses (S1)	-15	-6	4	0	-17
▪ expected losses at maturity (S2)	-4	-1	3	0	-2
expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	0	0	0	0	0
expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0
TOTAL	-9,297	-1,879	1,971	-552	-9,757

(*) Mainly includes Crédit Mutuel Nord Europe subsidiaries' outstanding amounts, which were included in the Crédit Mutuel Alliance Fédérale scope as of 01/01/2022.

The group conducted a risk cost sensitivity test (including sector adjustment). An increase in the weighting of the pessimistic scenario by 10 points for IRBs and 5 points for standard template entities would lead to an additional allocation of 199 millions of euros, or 5.7% of the expected losses.

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

	06/30/2022	12/31/2021
Fair value through profit or loss	26,001	29,071
▪ Transaction	0	0
▪ Fair value option – debt securities	2,773	3,090
▪ Fair value option – capital instruments	23,228	25,981
Hedging derivatives	0	0
Available-for-sale	80,615	90,466
▪ Government and equivalent securities	15,753	17,167
▪ Bonds and other debt securities	45,843	51,972
▪ Shares and other capital instruments	16,935	19,392
▪ Equity investments, shares in subsidiaries and associates and other long-term investments	2,084	1,935
Loans and receivables	6,131	5,951
Held-to-maturity	5,891	6,350
Sub-total financial assets	**118,638**	**131,839**
Investment property	**2,719**	**2,727**
Shares of reinsurers in the technical provisions and other assets	**1,792**	**987**
TOTAL	123,149	135,552

13b Liabilities relative to contracts of the insurance business line

TECHNICAL PROVISIONS OF INSURANCE POLICIES

	06/30/2022	12/31/2021
Life	90,656	99,771
Non-life	5,529	5,363
Account units	16,378	18,025
Other	354	305
Total	112,917	123,464
Of which deferred profit sharing liabilities	10,082	18,881
Share of reinsurers in the technical provisions	379	330
NET TECHNICAL PROVISIONS	112,538	123,134

FINANCIAL LIABILITIES

	06/30/2022	12/31/2021
Fair value through profit or loss	6,183	6,481
▪ Transaction	0	0
▪ Fair value option	6,183	6,481
Hedging derivatives	0	0
Due to credit institutions	221	128
Debt securities	0	0
Debt securities	906	1,053
Subtotal	7,310	7,662
Other liabilities	**419**	**298**
Total	7,729	7,960
TOTAL LIABILITIES RELATED TO INSURANCE BUSINESS POLICIES	120,646	131,424

Note 14 Income tax

14a Current tax

	06/30/2022	12/31/2021
Assets (through profit or loss)	973	1,249
Liabilities (through profit or loss)	617	774

14b Deferred tax

	06/30/2022	12/31/2021
Assets (through profit or loss)	1,504	1,496
Assets (through shareholders' equity)	710	278
Liabilities (through profit or loss)	601	590
Liabilities (through shareholders' equity)	359	536

Note 15 Accruals and other assets and liabilities

15a Accruals and other assets

	06/30/2022	12/31/2021
ACCRUALS		
Collection accounts	133	121
Currency adjustment accounts	554	366
Accrued income	730	654
Other accruals	2,430	4,170
Subtotal	**3,847**	**5,311**
OTHER ASSETS		
Securities settlement accounts	399	69
Miscellaneous receivables	5,101	4,046
Inventories and similar	40	32
Other	44	38
Subtotal	**5,583**	**4,185**
TOTAL	9,430	9,496

15b Accruals and other liabilities

	06/30/2022	12/31/2021
ACCRUALS		
Accounts unavailable due to recovery procedures	62	110
Currency adjustment accounts	546	49
Accrued expenses	2,088	1,796
Deferred income	1,196	1,169
Other accruals	5,394	5,945
Subtotal	**9,286**	**9,069**
OTHER LIABILITIES		
Lease obligations – Real estate	958	870
Lease obligations – Other	49	1
Securities settlement accounts	1,219	816
Outstanding amounts payable on securities	307	172
Sundry creditors	2,281	1,856
Subtotal	**4,814**	**3,714**
TOTAL	14,100	12,783

15c Lease obligations by residual term

06/30/2022	≤ 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	220	321	263	113	91	1,007
▪ Real estate	200	293	262	113	91	958
▪ other	20	28	1	0	0	49

Note 16 Investments in equity consolidated companies

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

06/30/2022	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%	14	1	0	31
Banque de Tunisie	Tunisia	35.33%	138	4	6	120
Caisse Centrale du Crédit Mutuel**	France	67.19%	599	1	0	NC*
LYF SAS	France	48.87%	-3	-5	0	NC*
LYF SA	France	43.75%	7	0	0	NC*
Other equity investments			4	2		
Total (1)			758	3	6	
Joint venture						
France Euro Automatic Cash	Spain	50.00%	10	-1	0	NC*
Total (2)			10	-1	0	
TOTAL (1) + (2)			768	2	6	

* *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.*

12/31/2021	Country	Share held	Value of equity consolidation	Share of net profit/(loss)	Dividends received	Fair value of the investment (if listed)
Entities under significant influence						
ASTREE Assurances	Tunisia	30.00%	16	2	2	31
Banque de Tunisie	Tunisia	35.33%	135	-22	8	133
Caisse Centrale du Crédit Mutuel**	France	54.07%	362	5	2	NC*
LYF SAS	France	49.07%	1	-11	0	NC*
LYF SA	France	43.75%	7	0	0	NC*
Other equity investments			1	0		
Total (1)			521	-26	11	
Joint venture						
Bancas	France	50.00%	0	0	0	NC*
France Euro Automatic Cash	Spain	50.00%	11	8	0	NC*
FLOA (formerly Banque du Groupe Casino)***	France	50.00%	0	0	0	NC*
Total(2)			11	8	0	
TOTAL (1) + (2)			533	-18	11	

** 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 3e*

Note 17 Investment property

	12/31/2021	Increase	Decrease	Other*	06/30/2022
Historical cost	131	8	-4	276	411
Depreciation and impairment	-70	-5	0	-40	-115
Net amount	**61**	**3**	**-4**	**236**	**296**

** Other variations correspond to the accession of the CMNE federation.*

Note 18 Property, plant and equipment and intangible assets

18a Property, plant and equipment

	12/31/2021	Increase	Decrease	Other	06/30/2022
HISTORICAL COST					
Operating sites	590	1	-1	42	632
Operating buildings	5,202	42	-35	216	5,425
Usage rights – Real estate	1,365	24	-48	234	1,575
Usage rights – Other	40	17	0	3	60
Other property, plant and equipment	2,877	221	-100	217	3,215
Total	10,074	305	-184	712	10,907
DEPRECIATION AND IMPAIRMENT					
Operating sites	-14	-1	0	0	-15
Operating buildings	-3,381	-89	29	-145	-3,586
Usage rights – Real estate	-505	-106	35	-58	-634
Usage rights – Other	-39	-9	36	0	-12
Other property, plant and equipment	-2,303	-94	48	-186	-2,535
Total	-6,242	-299	148	-389	-6,782
NET AMOUNT	3,831	6	-36	323	4,126

OF WHICH PROPERTIES RENTED UNDER FINANCE LEASES

	12/31/2021	Increase	Decrease	Other	06/30/2022
Operating sites	7	-	-	-	7
Operating buildings	101	-	-1	-	100
TOTAL	108	0	-1	0	107

18b Intangible assets

	12/31/2021	Increase	Decrease	Other	06/30/2022
HISTORICAL COST					
Internally developed intangible assets*	625	36	0	14	675
Purchased intangible assets	1,646	24	-8	47	1,709
▪ software	248	8	-2	11	265
▪ other	1,398	16	-6	36	1,444
Total	2,271	60	-8	61	2,384
DEPRECIATION AND IMPAIRMENT					
Internally developed intangible assets*	-499	-41	0	-9	-549
Purchased intangible assets	-1,032	-19	4	-21	-1,068
▪ software	-202	-9	2	-9	-218
▪ other	-830	-10	2	-12	-850
Total	-1,531	-60	4	-30	-1,617
NET AMOUNT	740	0	-4	31	767

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

Note 19 Goodwill

	12/31/2021	Increase	Decrease	Variation in impairment	Other	06/30/2022
Gross goodwill	4,586	33	-	-	203	4,822
Write-downs	-1,446	-	-	-1	-2	-1,449
NET GOODWILL	3,140	33	-	-1	201	3,373

Cash generating units	Value of goodwill on 12/31/2021	Increase	Decrease	Variation in impairment	Other	Value of goodwill at 06/30/2022
TARGOBANK in Germany	1,976	-	-	-	-	1,976
Crédit Industriel et Commercial (CIC)	497	-	-	-	-	497
Cofidis Group (former Participations)	378	-	-	-	-	378
Groupe La Française		-	-	-	201	201
Cofidis France	79	-	-	-	-	79
Euro Protection Surveillance / Protection 24	51	-	-	-	-	51
GACM Seguros Generales Compañía de Seguros y Reaseguros SA (former AMGEN)	46	-	-	-1	-	45
Société d'investissement médias	-	33	-	-	-	33
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	3,140	33	0	-1	201	3,373

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, 2022, and the uncertain macroeconomic conditions for further years 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, 2022.*

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.

- *8% for retail banking and leasing CGUs based in Germany.*
- *8% for retail banking, consumer credit and leasing CGUs located in France.*

The cash flows used to calculate the value in use are determined on the basis of regulatory capital requirements.

The main sensitivity factors of the recoverable amount test based on the value in use are the discount rate and the expected level of future cash flows, which is itself impacted by the following sensitivity factors:

- *the achievement of business plans;*
- *the level of shareholders' equity allocated to each CGU;*
- *the perpetual growth rate.*

When the value in use was used as an impairment test, the parameters and their sensitivity were as follows:

	TARGOBANK in Germany	Cofidis*	CIC
	Network bank	Consumer loan	Network bank
Cost of capital	8%	8%	8%
Effect of a variation upwards of 50 basis points in the cost of capital	-7%	-12%	-12%
Effect of the 50 basis point drop in the growth rate to infinity	-4%	-9%	-9%
Effect of a 50 basis point increase in CET1 capital requirements	-4%	-1%	-1%

** Cofidis France and Cofidis Group (former Participations)*

If the above sensitivity assumptions were used, this would not entail any impairment of goodwill on Cofidis and CIC.

Note 20 Provisions and contingent liabilities

20a Provisions

	12/31/2021	Additions for the year	Reversals for the year (utilized provisions)	Reversals for the year (surplus provisions)	Other changes	06/30/2022
Provisions for risks	587	198	-7	-187	8	599
On guarantee commitments [2]	*337*	*103*	*0*	*-100*	*5*	*345*
▪ of which 12-month expected losses (S1)	43	25	0	-20	1	49
▪ of which expected losses at maturity (S2)	146	45	0	-41	1	151
▪ of which provisions for execution of commitments upon signature	148	33	0	-39	3	145
On financing commitments [2]	*140*	*86*	*0*	*-81*	*1*	*146*
▪ of which 12-month expected losses (S1)	74	44	0	-43	1	76
▪ of which expected losses at maturity (S2)	63	41	0	-38	0	66
Provisions for taxes	*2*	*1*	*0*	*-2*	*0*	*1*
Provisions for claims and litigation	*79*	*6*	*- 5*	*-3*	*2*	*79*
Provision for risk on miscellaneous receivables	*29*	*3*	*-1*	*-2*	*-2*	*27*
Other provisions	1,598	72	-55	-64	36	1,587
▪ Provisions for mortgage saving agreements	263	15	-1	-58	18	237
▪ Provisions for miscellaneous contingencies	915	30	-21	-5	18	937
Other provisions[1]	420	27	-33	-1	0	413
Provisions for retirement commitments	1,710	29	-33	-4	-433	1,269
TOTAL	3,894	299	-95	-255	-390	3,454

(1) Other provisions mainly include provisions for French economic interest groups (GIE) totaling €364 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

	12/31/2021	Additions for the year	Reversals for the year	Other changes	06/30/2022
DEFINED-BENEFIT PLANS NOT COVERED BY PENSION FUNDS					
Retirement benefits	1,327	25	-20	-422	910
Supplementary pensions	200	3	-4	-2	197
Obligations for long service awards (other long-term benefits)	172	0	-13	-8	151
Sub-total recognized	1,699	28	-37	-432	1,258
SUPPLEMENTARY DEFINED-BENEFIT PENSIONS COVERED BY THE GROUP'S PENSION FUNDS					
Commitments to employees and retirees[1]	11	0	0	0	11
Fair value of assets	-	-	-	-	-
Sub-total recognized	11	0	0	0	11
TOTAL AMOUNT RECOGNIZED	1,710	28	-37	-432	1,269

DEFINED-BENEFIT PLANS: MAIN ACTUARIAL ASSUMPTIONS

	06/30/2022	12/31/2021
Discount rate [2]	3.40%	1.00%
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

	06/30/2022	12/31/2021
Debt securities	8,863	6,950
Participating loans	20	20
Perpetual subordinated debt	1,152	1,002
Related debt	67	82
TOTAL	10,102	8,054

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	03.10.2014	€120 million	€120 million	4.25	06.27.2026
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	09.12.2016	€300 million	€300 million	2.13	09.12.2026
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	Redeemable subordinated notes	11.19.2021	€750 million	€750 million	1.125	11.19.2031
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes	06.16.2022	€1,250 million	€1,250 million	3.875	06.16.2032
Crédit Industriel et Commercial	Participatory	05.28.1985	€137 million	€8 million	(2)	(3)
Banque Fédérative du Crédit Mutuel	TSS	11.09.2004	€150 million	€150 million	CMS10 cap8	TBD
Banque Fédérative du Crédit Mutuel	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.*

** For the purpose of calculating this rate, as of January 3, 2022, any reference to the monthly average money market rate will be deemed to be a reference to the EuroSTR (Regulation (EU) 2021/1848 of October 21, 2021).*

(3) Non-depreciable, but reimbursable at borrower's discretion as of May 28, 1997 at 130% of the nominal value revalued by 1.5% per year for future years.

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

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

Note 22 Reserves related to capital and reserves

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

	06/30/2022	12/31/2021
Capital and reserves related to capital	8,412	6,905
▪ Capital	8,412	6,905
▪ Issue premium, contribution, merger, split, conversion	0	0
Consolidated reserves	43,993	38,904
▪ Regulated reserves	6	6
▪ Other reserves (including effects related to initial application)	43,864	38,761
▪ of which disposal on equity instruments	*158*	141
▪ Retained earnings	123	137
TOTAL	52,405	45,809

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, 2022, the capital of the Crédit Mutuel banks breaks down as follows:

- €259.2 million for A shares;
- €8,149.2 million for B shares;
- €3.3 million for P shares.

22b Unrealized or deferred gains and losses

	06/30/2022	12/31/2021
UNREALIZED OR DEFERRED GAINS OR LOSSES* RELATING TO:		
▪ Translation adjustments	202	73
▪ Insurance business investments (assets available-for-sale)	-122	1,361
▪ Financial assets at fair value through recyclable shareholders' equity – debt instruments	-161	-23
▪ Financial assets at fair value through non-recyclable shareholders' equity – capital instruments	104	102
▪ Hedging derivatives (CFH)	11	2
▪ Share of unrealized or deferred gains and losses of associates	-29	-32
▪ Actuarial gains and losses on defined benefit plans	-33	-383
▪ Credit risk on financial liabilities under fair value transferred to reserves	0	0
▪ Others	0	0
TOTAL	-29	1,100

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

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

	06/30/2022 Operations	12/31/2021 Operations
Translation adjustments	-	-
Reclassification in income	-	0
Other movement	128	128
Subtotal	128	128
Revaluation of financial assets at FVOCI – debt instruments	-	-
Reclassification in income	-	-
Other movement	-138	28
Subtotal	-138	28
Revaluation of financial assets at FVOCI – capital instruments	-	-
Reclassification in income	0	0
Other movement	2	21
Subtotal	2	21
Remeasurement of hedging derivatives	-	-
Reclassification in income	-	0
Other movement	9	2
Subtotal	9	2
Revaluation of insurance business investments	-	-
Reclassification in income	-	0
Other movement	-1,482	-45
Subtotal	-1,482	-45
Revaluation of assets	-	-
Revaluation differences related to own credit risk on financial liabilities under fair value transferred to reserves	-	-
Actuarial gains and losses on defined benefit plans	349	30
Share of unrealized or deferred gains and losses of associates	3	2
TOTAL	-1,129	165

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

	06/30/2022			12/31/2021		
	Gross amount	Tax	Net amount	Gross amount	Tax	Net amount
Translation adjustments	128	0	128	128	0	128
Revaluation of financial assets at FVOCI – debt instruments	-180	42	-138	43	-14	28
Revaluation of financial assets at FVOCI – capital instruments	3	-1	2	22	-1	21
Remeasurement of hedging derivatives	12	-3	9	3	-1	2
Revaluation of insurance business investments	-2,059	577	-1,482	-129	84	-45
Actuarial gains and losses on defined benefit plans	499	-150	349	34	-4	30
Share of unrealized or deferred gains and losses of associates	3	0	3	2	0	2
TOTAL CHANGES IN GAINS AND (LOSSES) RECOGNIZED DIRECTLY IN EQUITY	-1,594	466	-1,129	102	64	165

Note 23 Commitments given and received

COMMITMENTS GIVEN

	06/30/2022	12/31/2021
Funding commitments	89,691	81,900
Liabilities due to credit institutions	677	739
Commitments to customers	89,014	81,161
Guarantee commitments	25,501	24,717
Credit institution commitments	4,826	5,286
Customer commitments	20,675	19,431
Securities commitments	3,855	2,186
Other commitment given	3,855	2,186
Commitments pledged from the insurance business line	6,003	6,172

COMMITMENTS RECEIVED

	06/30/2022	12/31/2021
Funding commitments	15,536	6,963
Commitments received from credit institutions	15,536	6,963
Guarantee commitments	116,795	105,177
Commitments received from credit institutions	58,295	54,456
Commitments received from customers	58,500	50,721
Securities commitments	2,008	1,871
Other commitments received	2,008	1,871
Commitments received from the insurance business line	5,809	5,893

Note 24 Interest income and expense

	06/30/2022		06/30/2021	
	Income	Expenses	Income	Expenses
Credit institutions and central banks[1]	68	61	-59	19
Customers	4,984	-990	4,547	-844
▪ of which finance and operating leases	329	-105	306	-120
▪ of which lease obligations	0	-4	0	-3
Hedging derivatives	1,008	-934	1,357	-1,377
Financial instruments at fair value through profit or loss	252	-18	263	-21
Financial assets at fair value through other comprehensive income	84	0	116	0
Securities at amortized cost	22	0	23	0
Debt securities	0	-612	0	-539
Subordinated debt	0	-4	0	-3
TOTAL	6,418	-2,497	6,247	-2,765
Of which interest income and expense calculated at effective interest rate:	*5,158*	*-1,545*	*4,627*	*-1,367*

[1] Including -€324 million impact of negative interest rates in income and +€309 million in expenses in the first half of 2022, of which -€292 million impact of negative interest rates in income and +€196 million in expenses in the first half of 2021.
Interest expense on central banks includes, in particular, interest calculated in the context of TLTRO III operations, which takes into account a spread of:
- the subsidy over the life of the operation
- the "over-subsidy" of 0.5% over the "special" interest period.

Note 25 Commission income and expense

	06/30/2022		06/30/2021	
	Income	Expenses	Income	Expenses
Credit institutions	5	-4	4	-4
Customers	968	-15	851	-19
Securities	614	-35	550	-49
▪ of which activities managed on behalf of third parties	*442*	0	*387*	0
Derivative instruments	4	-5	3	-5
Currency transactions	16	-1	13	-1
Funding and guarantee commitments	100	-61	66	-8
Services provided	1,327	-647	997	-465
TOTAL	3,034	-768	2,484	-550

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

	06/30/2022	06/30/2021
Trading instruments	60	128
Instruments accounted for under the fair value option	53	-19
Ineffective portion of hedges	-15	-2
On fair value hedges (FVH)	-15	-2
▪ Change in the fair value of hedged items	-1,647	-128
▪ Change in fair value of hedging instruments	1,632	126
Foreign exchange gains/(losses)	25	-2
Other financial instruments at fair value through profit or loss[1]	255	392
TOTAL CHANGES IN FAIR VALUE	379	498

(1) Of which €227 million from private equity business in the first half of 2022, compared to €247 million in the first half of 2021. 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

	06/30/2022	06/30/2021
Dividends	18	1
Realized gains and losses on debt instruments	-45	41
TOTAL	-27	42

Note 28 Net income from the insurance business line

	06/30/2022	06/30/2021
INSURANCE POLICIES		
Premiums earned	6,440	5,932
Service charges	-4,476	-4,480
Change in provisions	1,163	-2,612
Other technical and non-technical income and expenses	39	32
Net income from investments	-1,555	2,761
Net income on insurance policies	1,611	1,633
Interest margin/fees	-4	-4
Net income on financial assets	-4	-4
Other net income	4	3
NET INCOME FROM THE INSURANCE BUSINESS LINE	1,611	1,632

Note 29 Income/expenses generated by other activities

	06/30/2022	06/30/2021
INCOME FROM OTHER ACTIVITIES		
Investment property :	0	0
Rebilled expenses	28	27
Other income	633	666
Subtotal	**661**	**693**
EXPENSES ON OTHER ACTIVITIES		
Investment property:	-5	-2
▪ additions to provisions/depreciation	-5	-2
▪ Capital losses on sale	0	0
Other expenses	-251	-318
Subtotal	**-256**	**-320**
NET TOTAL OF OTHER INCOME AND EXPENSES	405	373

Note 30 General operating expenses

	06/30/2022	06/30/2021
Employee benefits expense	-3,002	-2,754
Other expenses	-2,226	-1,982
TOTAL	-5,228	-4,736

30a Employee benefits expense

	06/30/2022	06/30/2021
Wages and salaries	-1,932	-1,746
Social security contributions	-640	-619
Short-term employee benefits	-1	-1
Employee profit-sharing and incentive schemes	-201	-184
Payroll-based taxes	-229	-205
Other	1	0
TOTAL	-3,001	-2,754

WORKFORCE

Average workforce	06/30/2022	06/30/2021
Bank technical staff	39,392	37,932
Managers	29,738	27,031
TOTAL	69,130	64,963
France	56,448	53,053
Rest of the world	12,682	11,910
TOTAL	69,130	64,963

30b Other operating expenses

	06/30/2022	06/30/2021
Taxes and duties[1]	-540	-404
Leases	-141	-140
▪ short-term asset leases	-56	-54
▪ low value/substitutable asset leases(2)	-80	-77
▪ other leases	-5	-9
Other external services	-1,129	-1,049
Other miscellaneous expenses	-54	-50
TOTAL	-1,864	-1,643

(1) The item "Taxes and duties" includes a -€319 million expense as part of the contribution to the Single Resolution Fund in 2022, compared to a -€231 million expense in 2021.

(2) Includes IT equipment.

30c Movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets

	06/30/2022	06/30/2021
Amortizations	-362	-337
▪ property, plant and equipment	-301	-281
including usage rights	-116	-106
▪ intangible assets	-61	-56
Write-downs	0	-1
▪ property, plant and equipment	-1	-2
▪ intangible assets	1	1
TOTAL	-362	-339

Note 31 Cost of counterparty risk

	06/30/2022	06/30/2021
12-month expected losses (S1)	-66	-74
Expected losses at maturity (S2)	-55	205
Impaired assets (S3)	-349	-319
TOTAL	-470	-188

06/30/2022	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)	-405	339				-66
▪ Loans and receivables due from credit institutions at amortized cost	-1	1				0
▪ Customer loans at amortized cost	-329	271				-58
of which finance leases	-21	17				-4
▪ Financial assets at amortized cost – securities	0	0				0
▪ Financial assets at fair value through other comprehensive income – debt securities	-6	4				-2
▪ Financial assets at fair value through other comprehensive income – loans	0	0				0
▪ Commitments given	-69	63				-6
Expected losses at maturity (S2)	-796	741				-55
▪ Loans and receivables due from credit institutions at amortized cost	-3	0				-3
▪ Customer loans at amortized cost	-704	659				-45
of which finance leases	-37	32				-5
▪ Financial assets at amortized cost – securities	0	0				0
▪ Financial assets at fair value through other comprehensive income – debt securities	-1	3				2
▪ Financial assets at fair value through other comprehensive income – loans	0	0				0
▪ Commitments given	-86	79				-7
Impaired assets (S3)	-839	1,043	-488	-130	65	-349
▪ Loans and receivables due from credit institutions at amortized cost	0	0	0	0	0	0
▪ Customer loans at amortized cost	-803	980	-479	-129	65	-366
of which finance leases	-8	11	-5	-2	0	-4
▪ Financial assets at amortized cost – securities	0	19	0	0	0	19
▪ Financial assets at fair value through other comprehensive income – debt securities	0	0	-8	0	0	-8
▪ Financial assets at fair value through other comprehensive income – loans	0	0	0	0	0	0
▪ Commitments given	-36	44	-1	-1	0	6
TOTAL	-2,038	2,121	-488	-130	65	-470

06/30/2021	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)	-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

Note 32 Net gains/(losses) on disposals of other assets

	06/30/2022	06/30/2021
Tangible and intangible assets	4	0
▪ Capital losses on sale	-6	-12
▪ Capital gains on sale	10	12
Gains/(losses) on disposals of shares in consolidated entities	42	1
TOTAL	46	0

Note 33 Changes in the value of goodwill

	06/30/2022	06/30/2021
Impairment of goodwill	-1	-69
Negative goodwill stated in profit or loss	0	0
TOTAL	-1	-69

Note 34 Income tax

BREAKDOWN OF INCOME TAX EXPENSE

	06/30/2022	06/30/2021
Current taxes	-756	-845
Deferred tax expense	-29	-51
Adjustments in respect of prior years	12	11
TOTAL	-773	-885

Note 35 Related party transactions

BALANCE SHEET ITEMS PERTAINING TO RELATED PARTY TRANSACTIONS

	06/30/2022		12/31/2021	
	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	3	199	19	9
Financial assets at FVOCI	0	0	20	0
Financial assets at amortized cost	12,861	3,787	12,929	5,390
Investments in insurance business line	0	90	0	114
Other assets	1	7	0	0
TOTAL	12,864	4,083	12,968	5,513
LIABILITIES				
Liabilities at fair value through profit or loss	59	6	0	9
Debt securities	0	11	0	0
Due to credit institutions	1,619	958	1,020	1,881
Due to customers	16	503	17	501
Liabilities relative to contracts of the insurance business line	0	55	0	205
Debt securities	0	10	0	10
Miscellaneous liabilities	0	1	0	5
TOTAL	1,694	1,543	1,038	2,611
Financing commitments given	0	0	35	0
Guarantees given	16	1	15	0
Financing commitments received	0	0	0	0
Guarantees received	0	702	0	708

PROFIT AND LOSS ITEMS PERTAINING TO RELATED PARTY TRANSACTIONS

	06/30/2022		06/30/2021	
	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	-9	7	-3	11
Interest expense	3	-16	2	-15
Commission income	1	8	0	6
Commission expense	-0	-7	0	-1
Net gains/(losses) on financial assets at FVOCI and FVPL	-63	-1	33	1
Net income from the insurance business line	0	-61	-17	-113
Other income and expenses	5	23	14	46
General operating expenses	1	-11	0	-8
TOTAL	-62	-57	29	-73

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

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

KPMG S.A.
Tour EQHO
2, Avenue Gambetta
CS 60055
92066 Paris La Défense Cedex

Statutory auditors
Member of the *Compagnie*
régionale de Versailles et du Centre

Crédit Mutuel Alliance Fédérale

Registered office: 4, rue Frédéric-Guillaume Raiffeisen - 67000 Strasbourg

Share capital: €8,411,693,000

Statutory auditors' report on the 2022 interim financial statements

Period from January 1 to June 30, 2022

Dear Shareholders,

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, 2022, attached to this report;
- verification of the information given in the interim business report.

These consolidated condensed interim financial statements were prepared under the responsibility of your Board of Directors on July 28, 2022. It is up to us, based on our limited review, to express our conclusion about these statements.

I - 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, under the IFRS as adopted in the European Union, call into question the accuracy and fairness of the consolidated interim financial statements and the true and fair view they provide of the assets and financial position at the end of the half-year, as well as the profit/(loss) of the group composed of the persons and entities included within the scope of consolidation during the half-year just ended.

II - Specific verification

We also undertook to verify the information given in the interim business report 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.

Paris La Défense, August 5, 2022
KPMG S.A.

Neuilly-sur-Seine, August 5, 2022
PricewaterhouseCoopers France

Sophie Sotil-Forgues
Partner

Arnaud Bourdeille
Partner

Laurent Tavernier
Partner

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)	06/30/2022	12/31/2021	Notes
Cash, central banks	103,811	120,723	4
Financial assets at fair value through profit or loss	30,694	21,941	5a
Hedging derivatives	985	2,128	6a
Financial assets at fair value through other comprehensive income	34,770	32,014	7
Securities at amortized cost	3,357	3,640	10a
Loans and receivables to credit institutions and similar at amortized cost	60,474	57,059	10b
Loans and receivables due from customers at amortized cost	311,315	286,482	10c
Revaluation adjustment on rate-hedged books	-1,945	449	6b
Short-term investments in the insurance business line and reinsurers' share of technical provisions	109,429	121,042	13a
Current tax assets	624	801	14a
Deferred tax assets	1,766	1,364	14b
Accruals and other assets	7,481	8,195	15a
Non-current assets held for sale	0	107	3c
Investments in equity consolidated companies	841	839	16
Investment property	25	30	17
Property, plant and equipment	2,561	2,467	18a
Intangible assets	489	489	18b
Goodwill	3,131	3,098	19
TOTAL ASSETS	669,808	662,868	

Balance sheet (liabilities)

(in € millions)	06/30/2022	12/31/2021	Notes
Central banks	493	605	4
Financial liabilities at fair value through profit or loss	19,084	12,082	5b
Hedging derivatives	4,206	2,034	6a
Debt securities at amortized cost	119,173	121,463	11a
Due to credit and similar institutions at amortized cost	78,044	76,881	11b
Amounts due to customers at amortized cost	280,267	274,257	11c
Revaluation adjustment on rate-hedged books	-543	13	6b
Current tax liabilities	544	581	14a
Deferred tax liabilities	855	1,027	14b
Deferred income, accrued charges and other liabilities	11,372	9,733	15b
Debt related to non-current assets held for sale	0	0	3c
Liabilities relative to contracts of the insurance business line	107,157	117,520	13b
Provisions	2,634	2,993	20
Subordinated debt at amortized cost	10,602	8,554	21
Total shareholders' equity	35,920	35,127	22
Shareholders' equity attributable to the group	32,177	31,282	22
Capital and related reserves	6,495	6,197	22a
Consolidated reserves	24,097	21,759	22a
Gains and losses recognized directly in equity	16	839	22b
Profit (loss) for the period	1,570	2,487	
Shareholders' equity – Non-controlling interests	3,743	3,845	
TOTAL LIABILITIES	669,808	662,868	

6.1.2 Income statement

Income statement

(in € millions)	06/30/2022	06/30/2021	Notes
Interest and similar income	4,956	5,023	24
Interest and similar expenses	-1,884	-2,310	24
Commissions (income)	2,078	1,812	25
Commissions (expenses)	-594	-445	25
Net gains on financial instruments at fair value through profit or loss	375	485	26
Net gains or losses on financial assets at fair value through shareholders' equity	-27	42	27
Net income from the insurance business line	1,192	1,295	28
Income from other activities	330	336	29
Expenses on other activities	-192	-255	29
Net banking income	**6,234**	**5,983**	
Employee benefits expense	-1,777	-1,717	30a
Other general operating expenses	-1,621	-1,429	30b
Movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets	-161	-159	30c
Gross operating income	**2,675**	**2,677**	
Cost of counterparty risk	-415	-204	31
Operating income	**2,259**	**2,473**	
Share of net profit/(loss) of equity consolidated companies	22	8	16
Net gains/(losses) on disposals of other assets	40	-2	32
Changes in the value of goodwill	-1	-69	33
Profit/(loss) before tax	**2,321**	**2,410**	
Income tax	-579	-693	34
Post-tax gains/(losses) on discontinued operations	0	7	3c
Net profit/(loss)	**1,742**	**1,723**	
Net profit/(loss) – Non-controlling interests	172	204	
NET PROFIT ATTRIBUTABLE TO THE GROUP	**1,570**	**1,519**	

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

(in € millions)	06/30/2022	06/30/2021
Net profit/(loss)	1,742	1,723
Translation adjustments	131	50
Revaluation of financial assets at fair value through equity – capital instruments	-141	46
Revaluation of insurance business investments	-1,688	-67
Remeasurement of hedging derivatives	11	1
Share of unrealized or deferred gains and losses of associates	1	0
Total recyclable gains and losses recognized directly in equity	-1,686	30
Revaluation of financial assets at fair value through equity – capital instruments at closing	0	1
Actuarial gains and losses on defined benefit plans	291	27
Share of non-recyclable gains and losses of equity consolidated companies	0	0
Total non-recyclable gains and losses recognized directly in equity	291	27
Net profit/(loss) and gains and (losses) recognized directly in equity	347	1,780
o/w attributable to the group	*747*	*1,579*
o/w percentage of non-controlling interests	*-400*	*201*

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

(in € millions)	Capital	Premiums	Reserves[1]	Gains and losses recognized directly in equity: 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 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	-	-	-
Capital increase	-	-	-	-	-	-	-	-	-	-	-
Distribution of dividends	-	-	-102	-	-	-	-	-	-102	-1	-103
Acquisition of additional shareholdings or partial disposals	-	-	-	-	-	-	-	-	-	-	-
Subtotal of movements related to relations with shareholders	**-**	**-**	**1,182**	**-**	**-**	**-**	**-**	**-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 shareholders' equity	-	-	176	50	-193	1	26	-	60	-4	56
Subtotal	**-**	**-**	**176**	**50**	**-193**	**1**	**26**	**1,519**	**1,579**	**200**	**1,779**
Effects of acquisitions and disposals on non-controlling interests [2]	-	-	-	-	-	-	-	-	-	-	
Other changes	-	-	6	-	-	-	-	-	6	- 1	5
SHAREHOLDERS' EQUITY AS OF JUNE 30, 2021	**1,689**	**4,509**	**21,765**	**-39**	**872**	**1**	**-306**	**1,519**	**30,009**	**4,247**	**34,256**
Appropriation of earnings from previous year	-	-	-	-	-	-	-	-	-	-	-
Capital increase											
Distribution of dividends	-	-	-	-	-	-	-	-	-	-508	-508
Acquisition of additional shareholdings or partial disposals	-	-	-	-	-	-	-	-	-	-	-
Subtotal of movements related to relations with shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-508**	**-508**
Consolidated income for the period	-	-	-	-	-	-	-	968	968	151	1,119
Changes in gains and (losses) recognized directly in shareholders' equity	-	-	-11	81	222	1	7	-	299	- 4	295
Subtotal	**-**	**-**	**-11**	**81**	**222**	**1**	**7**	**968**	**1,267**	**147**	**1,414**
Effects of acquisitions and disposals on non-controlling interests [2]	-	-	-13	-	-	-	-	-	-13	-47	-60
Other changes	-	-	18	-	-	-	-	-	18	7	25
SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2021	**1,689**	**4,509**	**21,759**	**42**	**1,093**	**2**	**-299**	**2,487**	**31,282**	**3,845**	**35,127**
Appropriation of earnings from previous year	-	-	2,487	-	-	-	-	-2,487	0	-	0
Capital increase [3]	23	-	-	-	-	-	-	-	23	-	-
Distribution of dividends			-230						-230	-125	-382
Subtotal of movements related to relations with shareholders	**23**	**0**	**2,257**	**-**	**-**	**-**	**-**	**-2,487**	**-207**	**-152**	**-359**

Consolidated income for the period	-	-	-	-	-	-		1,570	1,570	172	1,742
Changes in gains and (losses) recognized directly in shareholders' equity				130	-1,239	9	276		-823	-573	-1,395
Subtotal	**0**	**0**	**0**	**130**	**-1,239**	**9**	**276**	**1,570**	**747**	**-400**	**347**
Effects of acquisitions and disposals on non-controlling interests [(2)]			-19						-19	74	56
Other changes		275	100						375	376	751
SHAREHOLDERS' EQUITY AS OF JUNE 30, 2022	**1,711**	**4,784**	**24,097**	**173**	**-145**	**11**	**-23**	**1,570**	**32,177**	**3,743**	**35,920**

(1) Reserves as of June 30, 2022 comprised the legal reserve (€169 million), statutory reserves (€6,705 million) and other reserves (€17,223 million).

(2) Concerns the discounting of the debt linked to the Cofidis put, as well as the recognition of a put at Press division level.

(3) Relates to the entry into the scope of consolidation of Crédit Mutuel Nord Europe with effect from January 1, 2022.

6.1.4 Net cash flow statement

(in € millions)	06/30/2022	06/30/2021
Net profit/(loss)	1,742	1,723
Tax	579	693
Profit/(loss) before tax	**2,321**	**2,417**
+/- Net depreciation and amortization of property, plant and equipment and intangible assets	158	156
- Impairment of goodwill and other fixed assets	0	-12
+/- Net provisions	32	-162
+/- Share of income from companies consolidated using the equity method	-22	-8
+/- Net loss/gain from investing activities	0	-12
+/- (Income)/expenses from financing activities	0	
+/- Other movements	-2,823	4,198
= Total non-monetary items included in net profit/(loss) before tax and other adjustments	**-2,654**	**4,160**
+/- Flows related to transactions with credit institutions	-1,958	29,641
+/- Flows related to client transactions	-16,934	-5,241
+/- Flows related to other transactions affecting financial assets or liabilities	-1,482	-8,065
+/- Flows related to other transactions affecting non-financial assets or liabilities	-4,433	-348
Taxes paid	-372	-117
= Net decrease in assets and liabilities from operating activities	**-25,180**	**15,870**
Total net cash flow generated by operating activity (A)	-25,513	22,446
+/- Flows related to financial assets and investments	321	132
+/- Flows related to investment property	-5	-5
+/- Flows related to property, plant and equipment and intangible assets	-99	-101
Total net cash flow related to investment activities (B)	218	26
+/- Cash flow to or from shareholders	-381	-104
+/- Other net cash flows from financing activities	4,476	-1,511
Total net cash flow related to financing transactions (C)	4,095	-1,615
Effect of foreign exchange rate changes on cash and cash equivalents (D)	421	11
Net increase of cash and cash equivalents (A+B+C+D)	**-20,780**	**20,869**
Net cash flow generated by operating activities (A)	-25,513	22,446
Net cash flow related to investment activities (B)	218	26
Net cash flow related to financing transactions (C)	4,095	-1,615
Effect of foreign exchange rate changes on cash and cash equivalents (D)	421	11
Cash and cash equivalents at opening	**112,240**	**91,900**
Cash, central banks, CCP	120,120	98,537
Accounts and demand loans/borrowing with credit institutions	-7,880	-6,637
Cash and cash equivalents at closing	**91,461**	**112,769**
Cash, central banks, CCP	103,320	122,387
Accounts and demand loans/borrowing with credit institutions	-11,860	-9,618
CHANGE IN NET CASH POSITION	-20,780	20,869

6.2 NOTES TO THE BFCM CONSOLIDATED FINANCIAL STATEMENTS

Explanatory notes are presented in millions of euros

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, 2022.

The entire framework is available on the European Commission's website at: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en#ifrs-financial-statements

The financial statements are presented in the format recommended by the *Autorité des normes comptables* (ANC – French Accounting Standards Authority) recommendation No. 2017-02 on IFRS summary statements. They comply with the international accounting standards as adopted by the European Union.

Information relating to risk management is included in the group's management report.

Since January 1, 2022, the group has been applying the amendments adopted by the European Union and the IFRIC decision as presented below:

Amendments to IFRS 3 – Reference to the Conceptual framework

This amendment updates IFRS 3 so that it refers to the updated 2018 version of the Conceptual framework (replacing the reference to its previous 1989 version). It introduces an exception so as not to create discrepancies with the current consequences in terms of recognition of assets and liabilities in business combinations.

This exception specifies that acquirers must refer to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 – Levies, instead of to those provided in the new Conceptual framework.

Acquirers must not recognize any assets acquired in a business combination.

Amendments to IAS 37 - cost of fulfilling a contract

It clarifies the notion of "unavoidable costs" used in the definition of an onerous contract. It applies to contracts for which the group would not have met its contractual obligations on January 1, 2022.

Amendments to IAS 16 – Proceeds before intended use

It prohibits the deduction from the cost of an item of property, plant and equipment of the net revenue generated during the operational testing of the asset. The proceeds from selling such items must be recognized immediately in profit or loss.

Improvements to IFRS – 2018-2020 cycle

The minor amendments principally relate to the following standards:

- IFRS 1 – First-time adoption of IFRS: simplifies the application of IFRS 1 for a subsidiary adopting IFRS after its parent;
- IFRS 9 – Financial instruments: specifies the fees and costs to be included in the 10% test for derecognition of financial liabilities, in the event of the renegotiation of conditions. 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;

Russia's invasion of Ukraine

As it does not have premises in Ukraine or Russia, Banque Fédérative du Crédit Mutuel does not have teams present in the current areas of conflict; direct exposures in these two countries, as well as in Belarus, are therefore not significant. Furthermore, the group has no assets held by the Central Bank of Russia.

The group is committed to the implementation of and compliance with restrictive measures, as well as the individual and economic sanctions adopted by the European Union in response to Russia's military aggression against Ukraine. In particular, it has a robust risk governance and management system that enables it to carefully monitor transactions between its customers and Russia, thus contributing to the fight against money laundering, tax fraud and the financing of terrorism. The group also demonstrates a high level of vigilance in terms of cybersecurity.

In addition, the group is fully mobilized to deal with impacts related to the crisis in Ukraine and, in the context of increased economic uncertainty, which continues to weigh on segments previously affected by the COVID-19 crisis.

It is committed to providing appropriate support to its corporate and professional customers in difficulty (especially VSBs/SMEs) and retail customers.

The group constantly monitors the status of its credit commitments, the value of its portfolios, the management of its interest rate risk, and its liquidity.

The Ukrainian crisis could lead to a deterioration in the status of its loan portfolio, and increase the level of provisioning which already rose significantly during the health crisis.

A case-by-case analysis is carried out in order to track any potential increase in the credit risk of professional customers or corporates in difficulty, as well as retail customers who may be directly or indirectly affected by the conflict in Ukraine through hikes in the prices of energy, agricultural commodities and metals, as well as underlying inflation.

Moreover, the weighting of scenarios remains unchanged from December 31, 2021 (see section II.1.viii)

The group is also impacted by the status of the financial markets which could negatively affect the value of its financial instrument portfolios (bonds, equities and derivatives) and by inflation affecting its general operating expenses.

The effects on the 2022 interest margin will notably depend on the repercussions of inflation and the ECB's monetary policy on the yield curve and the level of regulated savings rates.

As of June 30, 2022, the analyses on the macroeconomic impact of the crisis allow for confidence in the group's ability to absorb the effects without difficulty.

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. Non-compliant indices were used until December 31, 2021 and for some LIBOR (USD) terms possibly until June 30, 2023. Eventually, it will no longer be possible to use the former benchmark indices unless they are compliant with the new regulations or benefit from an exceptional contribution extension.

In order to ensure a smooth transition, the group launched a workstream in project mode starting in the first quarter of 2019, and is making sure to cover the risks (legal, commercial, organizational, tools and financial/accounting) associated with this transition.

The EONIA had been defined as a tracker of the €ster since October 2019 and until its disappearance. The €STR has been definitively designated by the European Commission as the successor to the EONIA, for all contracts that do not expire at the beginning of January 2022 and do not include a robust fallback clause.

In addition, SARON plus a spread adjustment defined by maturity will, by default, represent the legal replacement index for CHF LIBOR.

Since the change in its calculation methodology in July 2019, the EURIBOR complies with the BMR regulation.

Finally, in November 2021, the British regulator Financial Conduct Authority announced the publication of synthetic GBP and JPY LIBOR until the end of 2022, which can be used for contracts that are difficult to manage in terms of legal transition (non-existent fallback clauses). The successor market index to GBP LIBOR is SONIA, but this index will not benefit from a "regulatory" switch unlike CHF LIBOR or EONIA.

The regulator has not announced a decision regarding the USD LIBOR replacement index for maturities that will no longer be published after June 30, 2023. On the other hand, the Alternative Reference Rates Committee (ARRC), the ISDA, and the Loan Market Association (LMA) have issued recommendations in this respect. Furthermore, since the end of 2021, regulatory bodies have recommended that USD LIBOR no longer be used in new contracts.

The group believes that uncertainties prevail on exposures indexed to the USD and GBP LIBOR rates for existing contracts that have not yet been amended on off-market scopes, the other exposures having switched to replacement indices that comply with market standards prior to January 2022.

With regard to contracts in inventory, the group is continuing its work on the transition to replacement rates.

The group has defined a process for the updating of contracts through bilateral negotiations between parties or by updating the sales conditions (i.e. change in the reference rate by amendment). This process will be launched during the second half of 2022.

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

Exposures that are not due as of June 30, 2022 and that will be subject to changes related to the reference rate reform mainly relate to the USD LIBOR index. They are presented within the risk management information.

Exposures not due and subject to changes related to the IBOR reform are shown below:

Balance at 06/30/2022 *(in € millions)*	Financial assets – Carrying amounts	Financial liabilities – Carrying amounts	Derivatives - Notional amounts	Of which hedging derivatives
USD-LIBOR	199	645	0	0
GBP-LIBOR	0	0	0	0

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.

State-guaranteed loans (SGLs)

The group is committed to the government’s COVID-19 crisis-related plan to support the economy. This was further strengthened in April 2022, in the context of the conflict in Ukraine.

The group offers:

- State-guaranteed loans (SGL)[1] to support the cash flow of its business and corporate customers, and
- since April 2022, Resilience SGLs for customers that have not taken out an SGL since March 2020 or who have not exceeded the limit on their first SGL.

SGLs represent 12-month bullet loans with grace periods of one to five years. At the date of subscription, the interest rate of the SGL was set at 0%, increased by the cost of the State guarantee set at between 0.25% and 0.50% (and rebilled *via* a commission paid by the customer).

At the end of the first twelve months, the beneficiary of the SGL has the option of setting a new SGL term (limited to six years in total) and amortization terms. In accordance with the government announcements of January 14, 2021, the beneficiary will be able to obtain a “deferral of one additional year” to start repaying the capital.

The Crédit Mutuel group believes that this deferred amortization measure falls within the legal framework of the SGL (i.e. adjustment of the contractual schedule, with a first annual repayment term). This “deferral” does not represent, taken in isolation, an indicator of a deterioration in credit risk or the probable default of the borrower (i.e. unlikely to pay).

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

At the subscription anniversary date, SGLs may be subject to a grace period. The revision of flows related to the recognition of guarantee commissions over the duration of the grace period is recognized as an adjustment to the carrying amount of SGLs with an immediate and positive impact on profit. This impact is not material at the reporting date.

At June 30, 2022, State-guaranteed loans issued by the group amounted to €10.9 billion, guaranteed to the tune of €9.8 billion. Outstandings downgraded to Status 3 totaled €0.8 billion.

The valuation of the expected credit losses for these loans takes into account the effect of the State guarantee (implemented by the Banque Publique d’Investissement) for 70% to 90% of the outstanding capital and interest. As of June 30, 2022, the impairment amounted to €0.1 billion.

Benchmark rate reform

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.

(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.

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.

TLTRO III transactions are financial liabilities at amortized cost.

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 amount of TLTRO III at which the group can borrow depends on the percentage of outstanding loans granted to non-financial corporates and households at the end of February 2019.

The TLTRO III interest rate is based on the market conditions defined by the ECB and may include a subsidy linked to the bank's credit performance.

In the context of the health crisis, the conditions of these refinancing operations were relaxed twice by the ECB to support lending to households and businesses. Some target parameters have been recalibrated[1]:

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

TLTRO III transactions represent variable-rate financial instruments recognized at amortized cost.

The group achieved the credit performance growth targets set by the ECB over all the program's reference periods. As a result, the effective interest rate of TLTRO financing transactions is calculated on the basis of the rate of liquidity deposits with the ECB ("DFR rate") and takes into account the spreading of the over-subsidy of 0.50% over the "special" interest period which comes to an end on June 23, 2022.

As of June 30, 2022, Banque Fédérative de Crédit Mutuel participated in the TLTRO III refinancing operations for an amount of €34.6 billion (compared to €43 billion at December 31, 2021).

[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).

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. Any change in calibration of the scenarios or parameters used in the IFRS 9 provisioning model is subject to approval by this body.

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.

Weighting as of June 30, 2022

As of June 30, 2022, the pessimistic scenario is weighted at 75%, the neutral scenario at 24% and the optimistic scenario at 1% (weightings unchanged from December 31, 2021), reflecting the context of increased uncertainty regarding the macroeconomic climate, linked to the Ukrainian crisis which continues to affect segments previously affected by the COVID-19 crisis, the activity levels of which remain below pre-pandemic levels.

The valuation of expected credit losses takes into account a segment adjustment and an additional credit risk deterioration criterion applicable to certain assets.

- Segment adjustment

An additional provision has been made since 2020 to anticipate the increase in claims in the sectors considered to be the most vulnerable to the health crisis (tourism, games, leisure, hotels, restaurants, the automotive and aerospace industry excluding manufacturers, clothing, beverages, rental of light vehicles, industrial passenger transport, air carriers).

It was compiled in accordance with a group methodology defined at national level, which is based on a step-by-step analysis of credit risk deterioration.

- Identification of vulnerable segments

All NACE codes (Statistical Classification of Economic Activities in the European Community) are examined with regard to the impact of the crisis in Ukraine on economic segments and activity levels lower than the post-crisis situation. 59 segments have been identified and broken down in to 3 groups.

- Methodology for determining the segment adjustment

The segments thus selected are subject to specific monitoring in two ways:

- an expert opinion component with the establishment of an ad hoc committee in charge of providing an economic vision of the segments of activity and proposing opinions motivating the identification or suppression of vulnerable segments,
- a quantitative component with monthly monitoring of internal indicators such as the rate of performing loans with arrears of more than 30 days out of the total performing loans. This makes it possible to define a minimum provisioning rate by group of segments at the national level, which may be adjusted at the discretion of an expert.

- Transfer to stage 2

Performing exposures to vulnerable segments are fully transferred to stage 2.

- <u>Additional credit risk deterioration criterion for loans that have been extended a second time</u>

The group enhanced its criteria for monitoring deterioration in credit risk for loans that have been extended for a second time, even though the first has not been repaid.

The implementation of such a criterion led to additional transfers to restructured assets, and an increase in expected credit losses (linked to a transfer to Status 2 or a lower valuation of already downgraded loans).

Sensitivity analysis

The group has conducted a sensitivity test of the cost of risk (including segment adjustment). A 10-point increase in the weighting of the pessimistic scenario for the IRB entities and an increase of 5 points for the entities under the standard model would lead to an additional provision of €147 million, i.e. 5.15% of expected losses

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 lease term. This represents at least the non-cancellable period of the contract and may be extended to take into account any renewal/extension option that the group is reasonably certain to exercise. With regard to the operational implementation of the group’s methodology, any new 3/6/9 commercial lease will be activated for a period of nine years by default (or for a period equal to its non-cancellable period in the case of another type of lease). The term of any automatically extended contract will be extended to the end of the medium-term plan, which is a reasonable time frame for the continuation of the contract. For the 3/6/9 leases in exception, the contract will be activated for a period of 12 years, as the group has no economic incentive to remain beyond this period, given the de-capping of leases after this period;
- the discount rate is the marginal rate of indebtedness corresponding to the chosen duration. It is a rate that is depreciable by the group’s refinancing headquarters and 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

IFRS 17 – Insurance Contracts

Introduction:

It will replace IFRS 4, which allows insurance companies to retain most of their local accounting principles for their insurance and non-insurance policies within the scope of IFRS 4, which hinders the comparability of financial statements of entities in the sector, mainly between international players.

The aim of IFRS 17 is to harmonize the recognition of the various types of insurance policies and to base their valuation on a prospective assessment of insurers' commitments.

Issued in May 2017 and modified by the June 2020 amendments, this new standard will become effective on January 1, 2023. The initial application date of IFRS 17 in 2021 has been postponed by two years to January 1, 2023. The application of IFRS 9 for insurance entities that have opted for this deferral (as is the case for Crédit Mutuel Alliance Fédérale) was also covered by an IASB amendment for an extension until 2023.

IFRS 17 (and the 2020 amendments) published by the IASB maintains the requirements of granularity of reserve calculations and grouping of policies by year of subscription (annual cohorts), despite an incompatibility with the principle of intergenerational pooling of returns on financial assets for participating life insurance policies.

IFRS 17 was adopted by the European Union in November 2021, offering a possible exemption from the annual cohort requirement for direct participating policies. The scope of the policy portfolios to which the entity applies the exemption should be disclosed in the appendix.

Level of aggregation of IFRS 17 insurance policies

IFRS 17 applies to insurance policies issued, reinsurance treaties held and investment contracts with a discretionary profit-sharing feature.

It defines the level of contract aggregation to be used to measure insurance policy liabilities and profitability.

The first step is to identify portfolios of insurance policies (contracts subject to similar risks and managed together). Each portfolio is then divided into three groups:

- onerous policies upon initial recognition;

- policies that, upon initial recognition, do not have a significant possibility of becoming loss-making; and

- the other policies in the portfolio.

To build up its policy portfolios, the group has opted for a combination of commercial products. The homogeneity of pricing, management, monitoring and contractual structure inherent in the construction of the group's commercial products ensures compliance with the definition of a portfolio according to IFRS 17.

The portfolios are then subdivided into groups of policies, which are used as the basic accounting unit defined by IFRS 17. This subdivision is carried out in compliance with the profitability criteria and consideration of the annual cohorts mentioned above. The group uses the calendar year as the basis for the application of annual cohorts.

Classification by model and valuation of insurance policies

Under IFRS 17, policies are measured on the basis of a current value measurement model where the general model is based on a general "building blocks" approach comprising:

- estimates of future cash flows weighted by their probability of occurrence, together with an adjustment to reflect the time value of money (by discounting these future cash flows) and the financial risks associated with the future cash flows;
- an adjustment for non-financial risk;
- the contractual service margin.

This contractual service margin represents the unearned profit for a group of insurance policies. It will be recognized by the entity as it provides services under the insurance policies. This margin cannot be negative; any negative cash flow at the beginning of the contract is recognized immediately in profit or loss.

Subsequent period insurance policies are revalued as the sum of the liability for remaining coverage and the liability for claims incurred.

The group uses actuarial methods to obtain a Best-Estimate view of future flows, in a manner appropriate to each modeled scope, and by applying a robust methodological framework and clearly identified assumptions. The statistical and probabilistic methods used are widely used on the market.

The calculation grid is defined by the group's Insurance divisions and tailored to the scope in question, so as to present the most objective estimate possible for future cash flows. Where appropriate, the estimates are applied to the policy group using the relevant variables.

All future cash flows are valued for all policy scopes, until the extinction of the substantive rights and obligations arising from contractual, legal or regulatory provisions. They notably include all costs attributable to insurance policies (traceable costs).

The future cash flows are then discounted to reflect the time value of money and the financial risks associated with these cash flows. These discounts are applied with the use of a yield curve developed by the group's insurance entities.

This curve is based on a bottom-up methodology, which combines a liquid risk-free component and an adjustment to take into account the liquidity characteristics of the insurance policies. In accordance with IFRS 17, the curve obtained tallies with observable market prices, while excluding the effects of factors that do not influence the future cash flows of the insurance policies.

For each scope, the group adjusts the present value of future cash flows to take into account the uncertainty of these flows. This is a non-financial risk adjustment ("RA"). The adjustment is explicitly calculated and is separate from the associated future cash flows, using dedicated calculation models. The calculated risk measurement is said to be "ultimate", taking into account the uncertainty generated over the total lifetime of future cash flows.

The group applies a quantile approach, directly calculating the uncertainty of future cash flows based on risk measurement and confidence level.

Insurance policies with a discretionary profit-sharing feature are required to be valued using the "Variable Fee" approach (VFA). They are defined as insurance policies for which:

- the contractual terms provide for the policyholder to receive a share of a portfolio of clearly identified underlying items;
- the entity pays the policyholder a substantial portion of the return resulting from the fair value of the underlying items;
- the entity expects that a substantial portion of the amounts paid to the policyholder will vary with changes in the fair value of the underlying items.

For these contracts, the contractual service margin is mainly adjusted for the entity's share of the fair value of the underlying assets (similar to the policyholder's income).

Most insurance policies sold are based on the VFA approach. These include savings contracts with substantial discretionary profit-sharing paid to policyholders. The underlying assets of these policies are generally identified in an exhaustive and direct manner, through categories of asset management specific to these policies. On this scope, the group structures its portfolios of policies in line with the underlying asset-liability relationships. This results in the grouping of policies backed by the same categories of asset management, and the application of the exemption from the annual cohort requirement in accordance with the methods adopted by the European Union.

Finally, the standard offers the possibility of opting for a simplified approach, known as the "Premium Allocation Approach" (PAA), when:

- the period of coverage of the insurance policies does not exceed one year or;
- the valuation of the remaining hedge under this approach is a reasonable approximation of the valuation that would have been obtained by applying the general "building block" approach.

The group opts for the simplified approach of the PAA model for all of its automatically renewable annual policies. This PAA model therefore concerns nearly all policies within the property and liability insurance segment, as well as some health and personal protection policies.

In addition, the PAA model will be applied to the insurer's multi-year commitment policies, excluding life insurance. This scope is comprised of personal insurance policies, particularly loan insurance and personal protection policies (mainly dependency cover and funeral cover).

Transition

IFRS 17 comes into force in 2023 and provides for the publication of comparative financial statements for the 2022 fiscal year.

IFRS 17 must be applied retrospectively unless this is impracticable, in which case two options are available:

- the modified retrospective approach: based on reasonable and justified information that is available without undue cost or effort to the entity, certain modifications may be applied, to the extent that full retrospective application is not possible, with the objective of achieving the result as close as possible to that of retrospective application;
- the fair value approach: the contractual service margin is then determined as the positive difference between the fair value established in accordance with IFRS 13 and the performance cash flows (any negative difference being recognized as a reduction in shareholders' equity at the transition date).

The challenge of this transition is to determine the amount of contractual services margin (CSM) to be recognized for each group of policies. The CSM is an insurance liability that is established by recurrence, which justifies the use of a retrospective approach.

Due to the fact that the retrospective approach cannot be applied to all of its policies, the group implements a modified retrospective approach, which provides a relevant estimate of the amount of CSM as of the transition, compared to the costs and efforts incurred.

This modified retrospective approach is applied with effect from the 2012 fiscal year, from which reasonable and justified information is available for GACM policies.

For portfolios to which the exemption from the annual cohort requirement is applied, one single policy group is created during the modified retrospective approach. For the other portfolios, a division by annual cohort is carried out. The MRA method will be applied to the BBA scope for cohorts from 2012 to 2021 (inclusive), years for which data is available in the accounts and in the data warehouse. For cohorts prior to 2012, as well as for certain portfolios, the FVA method will be applied. For the application of the FVA method, a single group of policies will be created by portfolio, grouping together all ongoing policies as at the transition date.

The fair value approach is also applied to older policies and on relatively immaterial scopes.

Discontinuation of IFRS 4 shadow accounting

For participatory policies, IFRS 4 provided for the so-called "shadow" accounting of unrealized capital gains and losses on IAS 39 assets backing commitments. This mechanism consisted of recognizing a provision for deferred profit-sharing representing the share of these capital gains or losses implicitly returned to policyholders through contractual clauses or under the distribution policy; this provision was added to the mathematical provision of the annual financial statements when the backing assets were in a position of unrealized capital gain. The recoverability tests implemented in the event of actively deferred profit-sharing comply with the CNC's recommendation of December 19, 2008.

These future repayments to policies will already be modeled under IFRS 17, which discounts future benefit flows at the current rate.

Consequently, the shadow accounting of unrealized capital gains is discontinued with IFRS 17. Provisions for deferred profit-sharing corresponding to the IFRS consolidated financial statements at December 31, 2021 are restated under consolidated reserves as at the transition date of January 1, 2022.

The group’s Insurance divisions are continuing their work on the operational implementation of IFRS 17 in the following areas:

- validation by the statutory auditors of the IFRS 17 standard methodology;
- updating the accounting system and principles with regard to the provisions of IFRS 17 and IFRS 9, as well as the process of producing the IFRS accounts of the scope concerned;
- production and recognition of the transition and pro-forma balance sheets for the year 2022 in parallel run;
- adaptation of financial communication at conglomerate level.

Interactions between IFRS 17 and IFRS 9

In order to avoid accounting mismatches upon the first-time application of IFRS 9 and IFRS 17, the group has selected the following options:

- Application of IFRS 9 at January 1, 2023 with presentation of a comparison for the 2022 fiscal year, in line with the mandatory presentation of a 2022 comparison for the first-time application of IFRS 17. The date for the transition to IFRS 9 and IFRS 17 is therefore January 1, 2022.
- The Group opts for the application of the “overlay” approach to recognize asset disposals for the 2022 fiscal year, as if these disposals had been accounted for under IFRS 9. This option guarantees that the impact on shareholders' equity as of the transition date of January 1, 2022 will be the same for assets under IFRS 9 and liabilities under IFRS 17.
- The Group has chosen the IFRS 17 OCI option for the remeasurement at the current rate of its insurance liabilities under the general approach (GMM) and the simplified approach (PAA), in a manner consistent with the choice of the fair value through OCI management model for the SPPI bond assets backing these portfolios. As such, changes in the market rate will have a symmetrical impact on assets and liabilities with an offsetting entry under OCI shareholders' equity. The OCI option has also been selected for the revaluation of VFA approach liabilities, with revaluations of SPPI bond assets also being recognized through OCI.

These different options ensure that there are no accounting mismatches between the recognition of changes in the value of IFRS 17 liabilities and of the IFRS 9 backing assets when the market rate fluctuates. They also reduce the volatility of net profit/loss under IFRS 17.

As of June 30, 2022, the group is finalizing its work on the preparation of the balance sheet as of the transition date (January 1, 2022). As the calibration work is currently underway, the quantitative impacts of the application of IFRS 17 and IFRS 9 on the group's consolidated financial statements during its first period of application (and in particular the impact on shareholders' equity and the amount of CSM as of the transition date) cannot be reasonably estimated at this time.

Amendments to IAS 1 – Disclosure of accounting methods

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

Amendments to IAS 8 – Definition of accounting estimates

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

5. STANDARDS AND INTERPRETATIONS NOT YET ADOPTED BY THE EUROPEAN UNION

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

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

Amendments to IFRS 17 – First-time adoption of IFRS 17 and IFRS 9 on comparative information

It applies to financial assets for which there were no restatements of comparative periods under IFRS 9 at the time of the first simultaneous application of IFRS 17 and IFRS 9 (case of assets derecognized in the year 2022 or choice of the entity to opt for the exemption from prior period restatement offered by IFRS 9).

It introduces the possibility to present comparative information on these financial assets as if the measurement and classification requirements of IFRS 9 had been applied to them. This option, applicable on an instrument-by-instrument basis, is based on an overlay approach.

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

The businesses are as follows:

- Retail banking includes:
  a) Banking network activities: CIC, BECM, Beobank and Targobank regional banks in Spain,
  b) Consumer loan: Targobank in Germany and Cofidis,
  c) Business line subsidiaries: specialized activities whose products are marketed by the network: equipment leasing and leasing with a purchase option, real estate leasing, factoring, real estate sales and management;
- Insurance is composed of Groupe des Assurances du Crédit Mutuel;
- the specialized business lines are comprised of:
  a) asset management and private banking activities in France and abroad,
  b) corporate banking: financing for large corporates and institutional customers, structured financing, international business and foreign branches,
  c) Capital Markets, which includes commercial and investment activities (rates, equities and credit),
  d) Private Equity;
- the other business lines include items that cannot be assigned to another business activity, such as intermediary holding companies, non-controlling interests, operating real estate, logistics structures, press, IT entities and intercompany transactions.

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

BREAKDOWN OF NET PROFIT/(LOSS) FOR THE FIRST HALF OF 2022 – ALL SEGMENTS

06/30/2022	Retail bank	Insurance	Specialized business lines	Other business lines	Total
Net banking income	4,074	844	1,149	168	6,234
General operating expenses	-2,423	-359	-575	-202	-3,559
Gross operating income/(loss)	1,650	484	574	-34	2,675
Cost of counterparty risk	-407	-	-17	8	-416
Net gains/(losses) on disposals of other assets *	-2	-	13	50	61
Profit/(loss) before tax	1,242	485	570	24	2,321
Income tax	-376	-92	-89	-22	-579
Post-tax gains and losses on discontinued assets	-		0	-	0
Net profit/(loss)	866	393	482	2	1,742
Non-controlling interests	-	-	-	-	172
Net profit attributable to the group	-	-	-	-	1,570

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

Breakdown of business lines in the "Retail bank" segment during the first half of 2022

06/30/2022	Banking network	Consumer loans	Business line subsidiaries	Total Retail bank
Net banking income	2,294	1,452	328	4,074
General operating expenses	-1,417	-789	-218	-2,423
Gross operating income/(loss)	877	663	110	1,650
Cost of counterparty risk	-78	-319	-10	-407
Net gains/(losses) on disposals of other assets	-2	0	0	-2
Profit/(loss) before tax	798	344	100	1,242
Income tax	-231	-112	-34	-376
Net profit/(loss)	567	232	67	866

Breakdown of business lines in the "Specialized business lines" segment during the first half of 2022

06/30/2022	Asset Management and Private Banking	Corporate banking	Capital Markets	Private Equity	Total Specialized business lines
Net banking income	451	214	180	304	1,149
General operating expenses	-326	-82	-129	-38	-575
Gross operating income/(loss)	125	132	51	267	574
Cost of counterparty risk	-3	-13	0	0	-17
Net gains/(losses) on disposals of other assets	13	-	0	0	13
Profit/(loss) before tax	134	119	51	267	570
Income tax	-29	-29	-15	-16	-89
Post-tax gains and losses on discontinued assets	-	-	-	-	0
Net profit/(loss)	105	90	35	251	482

BREAKDOWN OF NET PROFIT/(LOSS) FOR THE FIRST HALF OF 2021 – ALL SEGMENTS

06/30/2022 restated	Retail Bank	Insurance	Specialized business lines	Other business lines	Total
Net banking income	3,624	1,059	1,152	148	5,983
General operating expenses	-2,254	-333	-530	-189	-3,306
Gross operating income/(loss)	1,370	726	622	-41	2 677
Cost of counterparty risk	-230	-	25	0	-205
Net gains/(losses) on disposals of other assets*	-2	0	0	-61	-63
Profit/(loss) before tax	1,138	727	647	-102	2,410
Income tax	-374	-214	-114	8	-693
Post-tax gains and losses on discontinued assets	7	-	-	-	7
Net profit/(loss)	771	513	533	-94	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).*

Breakdown of business lines in the "Retail bank" segment during the first half of 2021

06/30/2021	Banking network	Consumer loans	Business line subsidiaries	Total Retail bank
Net banking income	1,971	1,370	283	3,624
General operating expenses	-1,252	-802	-200	-2,254
Gross operating income/(loss)	720	567	83	1,370
Cost of counterparty risk	5	-248	14	-230
Net gains/(losses) on disposals of other assets	-2	0	0	-2
Profit/(loss) before tax	722	319	97	1,138
Income tax	-232	-113	-28	-374
Post-tax gains and losses on discontinued assets	-	-	7	7
Net profit/(loss)	**490**	**206**	**75**	**771**

Breakdown of business lines in the "Specialized business lines" segment during the first half of 2021

06/30/2021	Asset Management and Private Banking	Corporate banking	Capital Markets	Private Equity	Total Specialized business lines
Net banking income	424	198	273	257	1,152
General operating expenses	-293	-69	-132	-36	-530
Gross operating income/(loss)	131	129	141	221	622
Cost of counterparty risk	-5	37	0	-7	25
Net gains/(losses) on disposals of other assets	0	0	0	0	0
Profit/(loss) before tax	126	166	141	214	647
Income tax	-33	-42	-38	0	-114
Post-tax gains and losses on discontinued assets	-	-	-	-	0
Net profit/(loss)	**93**	**124**	**103**	**213**	**533**

BREAKDOWN OF NET PROFIT/(LOSS) FOR THE FIRST HALF OF 2021 PUBLISHED IN AUGUST 2021

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).*

2b Breakdown of income statement items by geographic area

	06/30/2022				06/30/2021			
	France	Europe outside France	Other country*	Total	France	Europe outside France	Other country*	Total
Net banking income**	4,352	1,747	135	6,234	4,357	1,515	111	5,983
General operating expenses	-2,459	-1,040	-59	-3,559	-2,327	-930	-48	-3,306
Gross operating income	1,892	707	76	2,675	2,030	585	62	2,677
Cost of counterparty risk	-201	-230	16	-415	-40	-173	8	-204
Gains on other assets***	47	-1	15	61	-67	-2	6	-63
Profit/(loss) before tax	1,739	475	107	2,321	1,923	411	76	2,410
Total net profit/(loss)	1,320	331	91	1,742	1,379	279	65	1,723
NET PROFIT ATTRIBUTABLE TO THE GROUP	1,170	310	90	1,570	1,183	271	64	1,519

* *USA, Canada, Singapore, Hong Kong and Tunisia.*

** *30.9% of NBI (excluding the logistics and holding business line) was generated abroad in the first half of 2022 (versus 26.8% of NBI in the first half of 2021).*

*** *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, 2021, the changes in the scope of consolidation are as follows:

- New scopes: Bail Actéa, Bail Actéa Immobilier, BKCP Immo IT SCRL, Beobank, ACM Capital, CIC Private Debt, Crédit Mutuel Investment Managers, Crédit Mutuel Investment Managers succursale de Luxembourg, Targo Versicherungsvermittlung Gmbh, Oddity H, Humanoid, Madmoizelle, Presstic;
- Merger: 24 merged with Euro Protection Surveillance;
- Sorties de périmètre : FLOA, Bancas, BKCP Immo IT SCRL;
- Name changes: none.

		06/30/2022			12/31/2021		
	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
Beobank	Belgium	51	51	FC	-	-	NC
BKCP Immo IT SCRL	Belgium	-	-	NC	-	-	NC
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
Targobank Spain	Spain	100	100	FC	100	100	FC
B. CONSUMER CREDIT							
Cofidis Belgium	Belgium	100	80	FC	100	80	FC
Cofidis France	France	100	80	FC	100	80	FC
Cofidis Spain (branch of Cofidis France)	Spain	100	80	FC	100	80	FC
Cofidis Hungary (branch of Cofidis France)	Hungary	100	80	FC	100	80	FC
Cofidis Portugal (branch of Cofidis France)	Portugal	100	80	FC	100	80	FC
Cofidis SA Poland (branch of Cofidis France)	Poland	100	80	FC	100	80	FC
Cofidis SA Slovakia (branch of Cofidis France)	Slovakia	100	80	FC	100	80	FC
Cofidis Italy	Italy	100	80	FC	100	80	FC
Cofidis Czech Republic	Czech Republic	100	80	FC	100	80	FC
Creatis	France	100	80	FC	100	80	FC
Margem-Mediação Seguros, Lda	Portugal	100	80	FC	100	80	FC
Monabanq	France	100	80	FC	100	80	FC
Targobank AG	Germany	100	100	FC	100	100	FC
C. BANKING NETWORK SUBSIDIARIES							
Bail Actea	France	100	100	FC	-	-	-
Bail Actea Immobilier	France	100	100	FC	-	-	-
Bancas	France			NC	50	50	EM
CCLS Leasing Solutions	France	100	100	FC	100	100	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	100	99	FC	95	95	FC
Crédit Mutuel Home Loan SFH	France	100	100	FC	100	100	FC
Crédit Mutuel Leasing	France	100	99	FC	100	99	FC
Crédit Mutuel Leasing Spain (branch of Crédit Mutuel Leasing)	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	-	-	NC	50	50	EM
Gesteurop	France	100	99	FC	100	99	FC
LYF SA	France	44	44	EM	44	44	EM
Paysurf	France	51	64	FC	51	64	FC
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
D. CORPORATE BANKING AND CAPITAL MARKETS							
CIC Bruxelles (branch of CIC)	Belgium	100	99	FC	100	99	FC
CIC Hong-Kong (branch of CIC)	Hong Kong	100	99	FC	100	99	FC
CIC London (branch of CIC)	United Kingdom	100	99	FC	100	99	FC
CIC New York (branch of CIC)	United States	100	99	FC	100	99	FC
CIC Singapore (branch of CIC)	Singapore	100	99	FC	100	99	FC
Satellite	France	100	99	FC	100	99	FC
E. ASSET MANAGEMENT AND PRIVATE BANKING							
Banque de Luxembourg	Luxembourg	100	99	FC	100	99	FC

		06/30/2022			12/31/2021		
	Country	Percentage Control	Percentage Interest	Method *	Percentage Control	Percentage Interest	Method *
Banque du Luxembourg Belgium (Banque de Luxembourg branch)	Belgium	100	99	FC	100	99	FC
Banque de Luxembourg Investments SA (BLI)	Luxembourg	100	99	FC	100	99	FC
Banque Transatlantique (BT)	France	100	99	FC	100	99	FC
Banque Transatlantique Belgium	Belgium	100	99	FC	100	99	FC
Banque Transatlantique London (branch of BT)	United Kingdom	100	99	FC	100	99	FC
Banque Transatlantique Luxembourg	Luxembourg	100	99	FC	100	99	FC
CIC Private debt	France	100	99	FC			
CIC Suisse	Switzerland	100	99	FC	100	99	FC
Cigogne Management	Luxembourg	100	100	FC	100	100	FC
Creatis Crédit Mutuel Asset Management	France	74	74	FC	74	74	FC
Crédit Mutuel Gestion	France	100	74	FC	100	74	FC
Crédit Mutuel Investment Managers	France	100	100	FC			
Crédit Mutuel Investment Managers - Luxembourg branch	France	100	100	FC	-	-	-
Dubly Transatlantique Gestion	France	100	99	FC	100	99	FC
F. 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
G. OTHER BUSINESS LINES							
Affiches d'Alsace Lorraine	France	100	99	FC	100	99	FC
AGIR	France	100	100	FC	100	100	FC
Alsacienne de Portage – DNA	France	100	99	FC	100	99	FC
Banque de Tunisie	Tunisia	35	35	EM	35	35	EM
CIC Participations	France	100	99	FC	100	99	FC
Cofidis Group (formerly Cofidis Participations)	France	80	80	FC	80	80	FC
Crédit Mutuel Immobilier	France	100	100	FC	100	100	FC
EBRA events	France	100	100	FC	100	100	FC
EBRA Medias Alsace	France	100	99	FC	100	99	FC
EBRA Medias Lorraine Franche Comté	France	100	99	FC	100	99	FC
EBRA Productions	France	100	100	FC	100	100	FC
EBRA services	France	100	100	FC	100	100	FC
Est Bourgogne Média	France	100	100	FC	100	100	FC
Est Info TV	France	100	100	FC	100	100	FC
Euro Protection Surveillance	France	22	22	EM	22	22	EM
Euro-Information	France	26	26	EM	26	26	EM
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
Humanoid	France	100	71	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
Les Éditions du Quotidien	France	100	100	FC	100	100	FC
L'Est Républicain	France	100	100	FC	100	100	FC
Lumedia	Luxembourg	50	50	EM	50	50	EM
Madmoizelle	France	100	71	FC	-	-	-
Médiaportage	France	100	100	FC	100	100	FC
Mutuelles Investissement	France	90	90	FC	90	90	FC
NEWCO4	France	100	100	FC	100	100	FC
Oddity H.	France	71	71	FC			
Presse Diffusion	France	100	100	FC	100	100	FC
Presstic	France	100	71	FC			

		06/30/2022			12/31/2021		
	Country	Percentage Control	Percentage Interest	Method *	Percentage Control	Percentage Interest	Method *
Publiprint Province n°1	France	100	100	FC	100	100	FC
SAP Alsace	France	100	100	FC	100	100	FC
SCI 14 Rue de Londres	France	90	59	FC	90	59	FC
SCI ACM	France	80	52	FC	80	52	FC
SCI ACM Cotentin	France	35	23	EM	35	23	EM
SCI La Tréflière	France	46	46	EM	46	46	EM
SCI Le Progrès Confluence	France	100	100	FC	100	100	FC
SCI Provence Lafayette	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
Société d'Investissements Médias (SIM)	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 Versicherungsvermittlung GmbH	Germany	100	100	FC			
H. INSURANCE COMPANIES							
ACM Capital	France	89	59	FC	-	-	-
ACM Courtage (formerly Procourtage)	France	100	66	FC	100	66	FC
ACM GIE	France	100	66	FC	100	66	FC
ACM IARD	France	97	64	FC	97	64	FC
ACM Services	France	100	66	FC	100	66	FC
ACM VIE SA	France	100	66	FC	100	66	FC
Agrupació AMCI d'Assegurances i Reassegurances 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
NELB (North Europe Life Belgium)	Belgium	100	66	FC	100	66	FC
Partners	Belgium	100	66	FC	100	66	FC
Serenis Assurances	France	100	66	FC	100	66	FC
Targopensiones, entidad gestora de fondos de pensiones, S.A.	Spain	100	63	FC	100	63	FC

** Method : FC = Full consolidation; EM = Consolidation using the equity method; NC = Not Consolidated; FU = Merged.*

3b Fully consolidated entities with significant non-controlling interests

	Percentage of non-controlling interests in the consolidated financial statements				Financial information regarding fully-consolidated entities*			
06/30/2022	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%	139	2,987	-508	120,304	392	-125	844
Cofidis Belgique	20%	2	NA**	0	1,062	8	2	50
Cofidis France	20%	6	NA**	0	10,837	29	10	280

** 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.*

	Percentage of non-controlling interests in the consolidated financial statements				Financial information regarding fully-consolidated entities*			
12/31/2021	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%	295	3,321	-508	131,499	834	1,590	1,810
Cofidis Belgique	20%	3	NA**	0	989	13	-1	96
Cofidis France	20%	15	NA**	0	10,359	75	-6	549

* *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 Assets, Liabilities and net profit/(loss) of non-current assets held for sale

	06/30/2022	12/31/2021
Non-current assets held for sale	0	107
Post-tax gains/(losses) on discontinued operations	0	9

The activities of FLOA were reclassified as assets held for sale at December 31, 2021 following the signature of an exclusivity agreement for their sale to BNP Paribas as well as the implementation of a strategic partnership between BNP Paribas and Casino.
The sale of FLOA to BNP Paribas became effective on January 31, 2022.

Note 4 Cash, central banks (asset/liability)

	06/30/2022	12/31/2021
Cash, central banks – asset		
Due to central banks	102,871	119,850
of which mandatory reserves	*2,639*	*2,586*
Cash	941	873
Total	**103,811**	**120,723**
Central banks – liability	**493**	**605**

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

5a Financial assets at fair value through profit or loss

	06/30/2022				12/31/2021			
	Transaction	Fair value option	Other FVPL	Total	Transaction	Fair value option	Other FVPL	Total
Securities	8,360	627	4,951	13,938	6,338	575	4,654	11,567
▪ Government securities	773	0	0	773	730	0	0	730
▪ Bonds and other debt securities	6,560	627	190	7,377	4,876	575	238	5,689
Listed	*6,560*	*106*	*115*	*6,781*	4,876	90	166	5,132
Non-listed	*0*	*521*	*75*	*596*	0	485	72	557
of which UCIs	*0*		*181*	*181*	*0*	-	*232*	*232*
▪ Shares and other capital instruments	1,027	-	4,132	5,159	732	-	3,795	4,527
Listed	*1,027*	-	*1,108*	*2,135*	*732*	-	*1,110*	*1,842*
Non-listed	*0*	-	*3,024*	*3,024*	0	-	2,685	2,685
▪ Long-term investments	-	-	629	629	-	-	621	621
Equity investments	-	-	*177*	*177*	-	-	*165*	*165*
Other long-term investments	-	-	*206*	*206*	-	-	*209*	*209*
Investments in associates	-	-	*245*	*245*	-	-	*246*	*246*
Other long-term investments	-	-	*1*	*1*	-	-	*1*	*1*
Derivative instruments	5,821	-	-	5,821	3,764	-	-	3,764
Loans and receivables	10,924	0	11	10,935	6,597	0	13	6,610
of which pensions	*10,924*	*0*	-	*10,924*	*6,597*	*0*	-	*6,597*
TOTAL	25,105	627	4,962	30,694	16,699	575	4,667	21,941

5b Financial liabilities at fair value through profit or loss

	06/30/2022	12/31/2021
Financial liabilities held for trading	19,061	11,958
Financial liabilities at fair value through profit or loss	23	124
TOTAL	19,084	12,082

FINANCIAL LIABILITIES HELD FOR TRADING

	06/30/2022	12/31/2021
Short sales of securities	**1,326**	**1,808**
▪ Government securities	1	0
▪ Bonds and other debt securities	629	921
▪ Shares and other capital instruments	696	887
Debts in respect of securities sold under repurchase agreements	**11,044**	**6,484**
Trading derivatives	**5,934**	**3,602**
Other financial liabilities held for trading	**757**	**64**
TOTAL	19,061	11,958

5c Analysis of trading derivatives

	06/30/2022			12/31/2021		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Interest rate derivatives	190,422	3,711	3,897	243,319	2,683	2,589
Swaps	89,237	2,533	3,571	78,868	2,402	2,298
Other firm contracts [1]	63,126	0	0	46,578	0	0
Options and conditional instruments	38,059	1,178	326	117,873	281	281
Foreign exchange derivatives	163,201	1,657	1,571	147,728	838	765
Swaps	112,262	76	89	104,164	52	80
Other firm contracts	13,459	1,208	1,109	11,967	663	562
Options and conditional instruments	37,480	373	373	31,597	123	123
Other derivatives	28,944	454	467	17,432	244	247
Swaps	8,366	50	97	7,086	69	108
Other firm contracts	11,546	195	166	7,863	116	91
Options and conditional instruments	9,032	209	204	2,483	59	48
TOTAL	382,567	5,821	5,934	408,479	3,764	3,602

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

	06/30/2022			12/31/2021		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Fair Value Hedges	242,811	985	4,206	216,796	2,128	2,034
Swaps	*71,194*	*985*	*4,206*	*64,403*	*2,128*	*2,034*
Other firm contracts	171,513	0	0	152,075	0	0
Options and conditional instruments	104	0	0	318	0	0
TOTAL	242,811	985	4,206	216,796	2,128	2,034

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

	06/30/2022	12/31/2021
FAIR VALUE OF PORTFOLIO INTEREST RATE RISK		
▪ in financial assets	-1,945	449
▪ in financial liabilities	-543	13

Note 7 Financial assets at fair value through shareholders' equity

	06/30/2022	12/31/2021
Government securities	11,960	11,680
Bonds and other debt securities	22,160	19,703
▪ Listed	21,232	19,032
▪ Non-listed	928	671
Accrued interest	118	125
Debt securities subtotal, gross	34,238	31,508
of which impaired debt securities (S3)	0	0
Impairment of performing loans (S1/S2)	-19	-18
Other impairment (S3)	0	0
Debt securities subtotal, net	34,219	31,490
Shares and other capital instruments	197	192
▪ Listed	-5	-4
▪ Non-listed	202	196
Long-term investments	354	332
▪ Equity investments	116	94
▪ Other long-term investments	120	120
▪ Investments in associates	118	118
Subtotal, capital instruments	**551**	524
TOTAL	34,770	32,014
of which unrealized capital gains or losses recognized under equity	94	104
of which listed equity investments.	5	5

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

06/30/2022	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS IFRS 9				
Fair value through shareholders' equity	**26,236**	**6,854**	**1,680**	**34,770**
Government and equivalent securities	11,681	300	37	12,018
Bonds and other debt securities	14,554	6,551	1,096	22,201
Shares and other capital instruments	2	3	192	197
Investments and other long-term securities	0	0	237	237
Investments in subsidiaries and associates	0	0	118	118
Trading/Fair value option/Other	**6,824**	**18,020**	**5,850**	**30,694**
Government securities and similar instruments – Trading	404	369	0	773
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	4,056	2,261	243	6,560
Bonds and other debt securities – Fair value option	27	0	600	626
Bonds and other debt securities – Other FVPL	118	56	16	190
Shares and other equity instruments – Trading	1,027	0	0	1,027
Shares and other capital instruments – Other FVPL [1]	1,156	0	2,976	4,132
Investments and other long-term securities – Other FVPL	2	0	381	383
Investments in subsidiaries and associates – Other FVPL	0	0	246	246
Loans and receivables due from customers – Transaction	0	10,924	0	10,924
Loans and receivables due from customers – Other FVPL	0	11	0	11
Derivatives and other financial assets – Trading	34	4,400	1,388	5,822
Hedging derivatives	**0**	**984**	**1**	**985**
TOTAL	33,060	25,858	7,531	66,449
FINANCIAL ASSETS IAS 39 – INVESTMENTS OF THE INSURANCE BUSINESS LINE				
Fair value through profit or loss	**17,729**	**6,792**	**0**	**24,520**
Transaction	0	0	0	0
Fair value option – debt securities	1,157	1,528	0	2,685
Fair value option – capital instruments	16,572	5,263	0	21,835
Hedging derivatives	0	0	0	0
Available-for-sale assets	**64,660**	**4,763**	**1,204**	**70,627**
Government and equivalent securities	13,980	0	0	13 980
Bonds and other debt securities	39,058	604	0	39,661
Shares and other capital instruments	10,745	4,147	0	14,893
Equity investments, shares in subsidiaries and associates and other long-term investments	878	12	1,203	2,093
TOTAL	82,389	11,554	1,204	95,147
FINANCIAL LIABILITIES IFRS 9				
Subordinated debt – Fair value option	**2,094**	**14,644**	**2,346**	**19,084**
Due to credit institutions – Fair value option	0	0	0	0
Amounts due to customers – Fair value option	0	24	0	24
Debt securities – Fair value option	0	0	0	0
Subordinated debt – Fair value option	0	0	0	0
Liabilities – Trading	0	11,044	0	11,044
Derivatives and other financial liabilities – Trading	2,094	3,576	2,346	8,017
Hedging derivatives	**0**	**4,180**	**26**	**4,206**
TOTAL	2,094	18,824	2,372	23,290
FINANCIAL LIABILITIES RELATED TO IAS 39 INSURANCE BUSINESS POLICIES				
Fair value through profit or loss	**0**	**4,979**	**0**	**4,979**
Transaction	0	0	0	0
Fair value option	0	4,979	0	4,979
Hedging derivatives	**0**	**0**	**0**	**0**
TOTAL	0	4,979	0	4,979

(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.

12/31/2021	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS IFRS 9				
Fair value through shareholders' equity	**24,445**	**5,950**	**1,619**	**32,014**
Government and equivalent securities	11,565	100	84	11,750
Bonds and other debt securities	12,877	5,849	1,013	19,740
Shares and other capital instruments	3	0	190	193
Investments and other long-term securities	0	0	214	214
Investments in subsidiaries and associates	0	0	118	118
Trading/Fair value option/Other	**5,342**	**11,168**	**5,433**	**21,943**
Government securities and similar instruments – Trading	666	14	50	730
Government securities and similar instruments – Fair value option	0	0	0	0
Government securities and similar instruments – Other FVPL	0	0	0	0
Bonds and other debt securities – Trading	2,590	2,053	233	4,876
Bonds and other debt securities – Fair value option	25	0	549	574
Bonds and other debt securities – Other FVPL	170	56	11	238
Shares and other equity instruments – Trading	732	0	0	732
Shares and other capital instruments – Other FVPL [1]	1,136	0	2,660	3,796
Investments and other long-term securities – Other FVPL	2	0	373	375
Investments in subsidiaries and associates – Other FVPL	0	0	247	247
Loans and receivables due from customers – Transaction	0	6,598	0	6,598
Loans and receivables due from customers – Other FVPL	0	13	0	13
Derivatives and other financial assets – Trading	21	2,434	1,311	3,765
Hedging derivatives	**0**	**2,126**	**1**	**2,128**
TOTAL	29,787	19,244	7,054	56,085
FINANCIAL ASSETS IAS 39 – INVESTMENTS OF THE INSURANCE BUSINESS LINE				
Fair value through profit or loss	**20,718**	**6,691**	**0**	**27,409**
Transaction	0	0	0	0
Fair value option – debt securities	1,199	1,816	0	3,016
Fair value option – capital instruments	19,519	4,875	0	24,393
Hedging derivatives	**0**	**0**	**0**	**0**
Available-for-sale assets	**74,218**	**4,311**	**881**	**79,410**
Government and equivalent securities	15,228	0	0	15,228
Bonds and other debt securities	44,926	251	0	45,176
Shares and other capital instruments	13,020	4,040	0	17,060
Equity investments, shares in subsidiaries and associates and other long-term investments	1,044	20	881	1,945
TOTAL	94,936	11,001	881	106,819
FINANCIAL LIABILITIES IFRS 9				
Trading/Fair value option	**1,837**	**9,118**	**1,126**	**12,081**
Due to credit institutions – Fair value option	0	124	0	124
Liabilities – Trading	0	6,483	0	6,483
Derivatives and other financial liabilities – Trading	1,837	2,511	1,126	5,474
Hedging derivatives	**0**	**2,012**	**22**	**2,034**
TOTAL	1,837	11,130	1,148	14,115
FINANCIAL LIABILITIES RELATED TO IAS 39 INSURANCE BUSINESS POLICIES				
Fair value through profit or loss	**0**	**5,662**	**0**	**5,662**
Transaction	0	0	0	0
Fair value option	0	5,662	0	5,662
Hedging derivatives	**0**	**0**	**0**	**0**
TOTAL	0	5,662	0	5,662

(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 06/30/2022	Carrying amount 12/31/2021
RMBS	1,410	1,260
CMBS	0	0
CLO	3,667	3,137
Other ABS	3,069	3,033
TOTAL	8,146	7,429

Unless otherwise indicated, securities are not hedged by CDS.

EXPOSURES AT 06/30/2022

	RMBS	CMBS	CLO	Other ABS	Total
Fair value through profit or loss	195	0	0	227	422
Amortized cost	30	0	334	1,269	1,633
Fair value – Others	1	0	0	0	1
Fair value through shareholders' equity	1,183	0	3,333	1 573	6,090
TOTAL	1,410	0	3,667	3,069	8,146
France	602	0	518	1 003	2,123
Spain	102	0	0	330	431
United Kingdom	6	0	116	250	372
Europe excluding France, Spain, United Kingdom	539	0	253	994	1,787
USA	10	0	2,780	369	3,159
Other	151	0	0	123	274
TOTAL	1,410	0	3,667	3,069	8,146
US Branches	0	0	0	0	0
AAA	1,307	0	3,445	1,183	5,935
AA	83	0	152	716	951
A	11	0	70	4	85
BBB	5	0	0	0	5
BB	0	0	0	0	0
B or below	3	0	0	7	10
Not rated	0	0	0	1,160	1,160
TOTAL	1,410	0	3,667	3,069	8,146
Origination 2005 and earlier	12	0	0	0	12
Origination 2006-2008	28	0	0	7	35
Origination 2009-2011	11	0	0	0	11
Origination 2012-2021	1,359	0	3,667	3,062	8,089
TOTAL	1,410	0	3,667	3,069	8,146

EXPOSURES ON 12/31/2021

	RMBS	CMBS	CLO	Other ABS	Total
Fair value through profit or loss	253	0	9	374	635
Amortized cost	33	0	338	949	1,320
Fair value – Others	1	0	0	0	1
Fair value through shareholders' equity	973	0	2,790	1,710	5,473
TOTAL	1,260	0	3,137	3,033	7,429
France	565	0	359	716	1,640
Spain	111	0	0	358	469
United Kingdom	22	0	110	277	409
Europe excluding France, Spain, United Kingdom	413	0	189	1,236	1,837
USA	29	0	2,479	339	2,847
Other	120	0	0	108	228
TOTAL	1,260	0	3,137	3,033	7,429
US Branches	0	0	0	0	0
AAA	1,126	0	2,911	1,391	5,428
AA	112	0	156	814	1,082
A	13	0	70	4	86
BBB	1	0	0	0	1
BB	5	0	0	0	5
B or below	3	0	0	7	10
Not rated	0	0	0	818	818
TOTAL	1,260	0	3,137	3,033	7,429
Origination 2005 and earlier	13	0	0	0	13
Origination 2006-2008	31	0	0	7	38
Origination 2009-2011	17	0	0	0	17
Origination 2012-2020	1,199	0	3,137	3,026	7,361
TOTAL	1,260	0	3,137	3,033	7,429

Note 10 Financial assets at amortized cost

	06/30/2022	12/31/2021
Securities at amortized cost	3,356	3,640
Loans and receivables to credit institutions	60,474	57,059
Loans and receivables to customers	311,315	286,483
TOTAL	375,145	347,182

10a Securities at amortized cost

	06/30/2022	12/31/2021
Securities	3,408	3,710
▪ Government securities	1,678	1,604
▪ Bonds and other debt securities	1,730	2,106
Listed	525	570
Non-listed	1,205	1,536
Receivables related	12	12
TOTAL GROSS	3,420	3,722
of which impaired assets (S3)	91	110
Impairment of performing loans (S1/S2)	-2	-2
Other impairment (S3)	-61	-80
TOTAL NET	3,357	3,640

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

	06/30/2022	12/31/2021
Performing loans (S1/S2)	59,899	56,567
Crédit Mutuel network accounts(1)	10,737	10,083
Other ordinary accounts	5,279	4,018
Loans	33,554	35,976
Other receivables	8,411	4,851
Pensions	1,917	1,638
Individually-impaired receivables, gross (S3)	0	0
Receivables related	580	494
Impairment of performing loans (S1/S2)	-5	-2
Other impairment (S3)	0	0
TOTAL	60,474	57,059

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

10c Loans and receivables due from customers at amortized cost

	06/30/2022	12/31/2021
Performing loans (S1/S2)	290,282	267,556
Commercial loans	16,753	15,884
Other customer receivables	273,053	251,232
▪ home loans	112,455	102,979
▪ other loans and receivables, including repurchase agreements (1)	160,598	148,253
Receivables related	475	439
Insurance and reinsurance receivables	0	0
Individually-impaired receivables, gross (S3)	9,536	9,252
Gross receivables	299,819	276,809
Impairment of performing loans (S1/S2) (2)	-2,660	-2,509
Other impairment (S3)	-5,012	-4,887
SUBTOTAL I	292,147	269,413
Finance leases (net investment)	19,003	16,910
▪ Equipment	13,676	12,053
▪ Real estate	5,327	4,857
Individually-impaired receivables, gross (S3)	532	488
Impairment of performing loans (S1/S2)	-168	-147
Other impairment (S3)	-198	-181
SUBTOTAL II	19,168	17,069
TOTAL	311,315	286,482
of which subordinated loans	12	13
of which pensions	1,454	1,066

(1) Including €11.4 billion as of June 30, 2022 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		
	S1	S2	S3	S1	S2	S3
Amount at 06/30/2022	7,279	3,304	796	-4	-47	-79
Amount at 12/31/2021	7,875	3,495	716	-4	-47	-66

FINANCE LEASE TRANSACTIONS WITH CUSTOMERS

	12/31/2021	Increase	Decrease	Other	06/30/2022
Gross carrying amount	17,397	1,609	-1,209	1,736	19,534
Impairment of non-recoverable lease payments	-328	-89	75	-24	-366
Net carrying amount	17,069	1,520	-1,134	1,712	19,168

Note 11 Financial liabilities at amortized cost

11a Debt securities at amortized cost

	06/30/2022	12/31/2021
Certificates of deposit	51	34
Interbank certificates and negotiable debt instruments	41,630	49,381
Bonds	68,564	64,759
Non-preferred senior securities	8,506	6,801
Related debt	422	488
TOTAL	119,173	121,463

11b Due to credit institutions

	06/30/2022	12/31/2021
Other ordinary accounts	13,090	10,224
Borrowings	19,063	16,147
Other debt	4,494	4,036
Repurchase agreements[1]	41,281	46,363
Related debt	116	110
TOTAL	78,044	76,881

(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 €34,635 million at June 30, 2022.

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

	06/30/2022	12/31/2021
Special savings accounts	66,650	59,997
▪ demand	49,664	43,094
▪ term	16,986	16,903
Related liabilities on savings accounts	260	1
Subtotal	*66,910*	*59,998*
Demand accounts	174,349	170,831
Term deposits and borrowings	38,748	43,294
Pensions	106	14
Related debt	89	84
Other debt	63	36
Subtotal	*213,355*	*214,259*
TOTAL	280,267	274,257

Note 12 Gross values and movements in impairment provisions

12a Gross values subject to impairment

	12/31/2021	Acquisition/ production	Sale/ repayment	Transfer	Other[*]	06/30/2022
Financial assets at amortized cost – loans and receivables due from credit institutions, subject to	**57,061**	**22,062**	**-18,384**	**0**	**121**	**60,860**
12-month expected losses (S1)	57,059	22,049	-18,381	-2	102	60,828
expected losses at maturity (S2)	2	13	-3	2	19	32
Financial assets at amortized cost – loans and receivables due from customers, subject to	**294,206**	**88,625**	**-74,250**	**1**	**10,771**	**319,353**
12-month expected losses (S1)	256,241	82,843	-66,605	-2,496	9,182	279,165
expected losses at maturity (S2)	28,226	5,204	-5,895	1 772	813	30,120
expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	9,446	572	-1,717	730	766	9,797
expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	293	6	-33	-5	10	271
Financial assets at amortized cost – securities	**3,722**	**6,418**	**-6,492**	**0**	**-227**	**3,420**
12-month expected losses (S1)	3,598	6,415	-6,471	-1	-227	3,314
with expected losses at maturity (S2)	14	2	0	0	0	15
expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	110	1	-21	1	0	91
Financial assets at fair value through other comprehensive income – debt securities	**31,508**	**9,776**	**-8,016**	**0**	**970**	**34,238**
12-month expected losses (S1)	31,436	9,756	-7,981	-24	970	34,157
expected losses at maturity (S2)	72	20	-35	24	0	81
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
TOTAL	386,497	126,881	-107,142	1	11,635	417,871

(*) Mainly includes the outstandings of Crédit Mutuel Nord Europe subsidiaries, part of the consolidation scope of Crédit Mutuel Alliance Fédérale as of 01/01/2022.

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
	S1	S2	S3	S1	S2	S3	outstandings
Aeronautics		316	50		-8	-25	333
Specialized distribution		1,344	128		-44	-116	1,312
Hotels, restaurants		3,477	250		-419	-153	3,155
Automotive		1,444	67		-69	-43	1,400
Vehicle hire		1,208	19		-36	-17	1,173
Tourism, games, leisure		1,063	150		-74	-127	1,013
Industrial transportation		373	18		-8	-10	373
Air transport		306	5		-44	-4	263
TOTAL		9,531	688		-703	-495	9,022

(1) EAD net of SGL guarantees.

12b Movements in impairment provisions

	12/31/2021	Addition	Reversal	Other*	06/30/2022
Loans and receivables due from credit institutions	-2	**-4**	**1**	**0**	**-5**
of which originated credit-impaired assets (S3)	0	0	0	0	0
▪ 12-month expected losses (S1)	-2	-1	1	0	-,2
Customer loans	**-7,724**	**-1,478**	**1,553**	**-389**	**-8,038**
of which originated credit-impaired assets (S3)	0	0	0	0	0
▪ 12-month expected losses (S1)	-1,124	-277	221	-47	-1,227
▪ expected losses at maturity (S2)	-1,532	-477	445	-37	-1,601
▪ expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	-5,068	-724	887	-305	-5,210
▪ 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	**-82**	**0**	**19**	**0**	**-63**
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)	-1	0	0	0	-1
▪ expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	-80	0	19	0	-61
▪ expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0
Financial assets at FVOCI – debt securities	**-18**	**-7**	**7**	**-1**	**-19**
of which originated credit-impaired assets (S3)	0	0	0	0	0
▪ 12-month expected losses (S1)	-15	-6	4	0	-17
▪ expected losses at maturity (S2)	-4	-1	3	0	-2
▪ expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	0	0	0	0	0
▪ expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0
TOTAL	-7,826	-1,489	1,580	-390	-8,125

(*) Mainly includes the outstandings of Crédit Mutuel Nord Europe subsidiaries, part of the consolidation scope of Crédit Mutuel Alliance Fédérale as of 01/01/2022.

The Group has conducted a sensitivity test of the cost of risk (including segment adjustment). A 10-point increase in the weighting of the pessimistic scenario for the IRB entities and an increase of 5 points for the entities under the standard model would lead to an additional provision of €147 million, i.e. 5.15% of expected losses.

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

	06/30/2022	12/31/2021
Fair value through profit or loss	24,520	27,409
▪ Fair value option – debt securities	2,685	3,016
▪ Fair value option – capital instruments	21,835	24,393
Available-for-sale	70,627	79,409
▪ Government and equivalent securities	13,980	15,228
▪ Bonds and other debt securities	39,661	45,176
▪ Shares and other capital instruments	14,893	17,060
▪ Equity investments, shares in subsidiaries and associates and other long-term investments	2,093	1,945
Loans and receivables	4,931	5,124
Held-to-maturity	5,136	5,556
Sub-total financial assets	105,214	117,498
Investment property	**2,579**	**2,587**
Shares of reinsurers in the technical provisions and other assets	**1,636**	**956**
TOTAL	109,429	121,042

13b Liabilities relative to contracts of the insurance business line

TECHNICAL PROVISIONS OF INSURANCE POLICIES

	06/30/2022	12/31/2021
Life	79,336	87,505
Non-life	5,528	5,362
Account units	15,447	17,210
Other	354	305
Total	100,665	110,382
Of which deferred profit sharing liabilities	8,513	16,119
Deferred profit-sharing assets	0	0
Share of reinsurers in the technical provisions	379	330
NET TECHNICAL PROVISIONS	100,286	110,052

FINANCIAL LIABILITIES

	06/30/2022	12/31/2021
Fair value through profit or loss	4,979	5,662
▪ Transaction	0	0
▪ Fair value option	4,979	5,662
Liabilities to cred. inst.	204	128
Debt securities	0	0
Subordinated debt	906	1,053
Subtotal	6,089	6,843
Other liabilities	**404**	**295**
Total	6,493	7,138
TOTAL LIABILITIES RELATED TO INSURANCE BUSINESS POLICIES	107,158	117,520

Note 14 Income tax

14a Current tax

	06/30/2022	12/31/2021
Assets (through profit or loss)	624	801
Liabilities (through profit or loss)	544	581

14b Deferred tax

	06/30/2022	12/31/2021
Assets (through profit or loss)	1,092	1,088
Assets (through shareholders' equity)	674	276
Liabilities (through profit or loss)	534	535
Liabilities (through shareholders' equity)	321	492

Note 15 Accruals and other assets and liabilities

15a Accruals and other assets

	06/30/2022	12/31/2021
ACCRUALS		
Collection accounts	49	42
Currency adjustment accounts	553	365
Accrued income	594	594
Other accruals	1,527	3,776
Subtotal	**2,723**	**4,777**
OTHER ASSETS		
Securities settlement accounts	399	69
Miscellaneous receivables	4,300	3,305
Inventories and similar	27	20
Other	32	24
Subtotal	**4,758**	**3,418**
TOTAL	7,481	8,195

15b Accruals and other liabilities

	06/30/2022	12/31/2021
ACCRUALS		
Accounts unavailable due to recovery procedures	61	109
Currency adjustment accounts	546	49
Accrued expenses	1,350	1,082
Deferred income	492	488
Other accruals	4,990	4,937
Subtotal	**7,439**	**6,665**
OTHER LIABILITIES		
Lease obligations – Real estate	744	696
Lease obligations – Other	4	1
Securities settlement accounts	1,209	806
Outstanding amounts payable on securities	242	172
Sundry creditors	1,734	1,393
Subtotal	**3,933**	**3,068**
TOTAL	11,372	9,733

15c Lease obligations by residual term

06/30/2022	≤ 1 year	1 to 3 years	3 to 6 years	6 to 9 years	> 9 years	Total
Lease obligations	164	238	195	85.00	68	748
▪ Real estate	162	237	194	85.00	68	744
▪ Other	2	1	1	0	0	4

Note 16 Investments in equity consolidated companies

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

06/30/2022	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%	14	1	0	31
Banque de Tunisie	Tunisia	35.33%	138	4	6	120
Euro-Information	France	26.36%	626	13	1	NC*
Euro Protection Surveillance	France	22.25%	5	3	12	NC*
LYF SA	France	43.75%	7	0	0	NC*
SCI ACM Cotentin	France	35.32%	40	0	0	NC*
SCI La Tréflière	France	46.09%	10	0	0	NC*
Other equity investments			1	0	0	NC*
Total		-	841	22	19	-

** NC: Not communicated.*

12/31/2021	Country	Share held	Value of equity consolidation	Share of net profit/(loss)	Dividends received	Fair value of the investment (if listed)
Entities under significant influence						
ASTREE Assurances	Tunisia	30.00%	16	2	2	31
Banque de Tunisie	Tunisia	35.33%	135	-22	8	133
Euro Information	France	26.36%	613	74	1	NC
Euro Protection Surveillance	France	22.25%	17	6	205	NC
LYF SA	France	43.75%	7	0	0	NC
SCI ACM Cotentin	France	35.32%	40	2	0	NC
SCI La Tréflière	France	46.09%	10	0	0	NC
Other equity investments		-	1	0	-	NC
Total(1)		-	839	62	216	-
Joint 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	-
TOTAL (1) + (2)		-	839	62	216	-

** NC: Not communicated.*

*** Treatment according to IFRS 5 in 2021, see Note 3e*

Note 17 Investment property

	12/31/2021	Increase	Decrease	Other	06/30/2022
Historical cost	64	0	-4	0	60
Depreciation and impairment	-34	-1	0	0	-35
Net amount	**30**	**-1**	**-4**	**0**	**25**

Note 18 Property, plant and equipment and intangible assets

18a Property, plant and equipment

	12/31/2021	Increase	Decrease	Other	06/30/2022
HISTORICAL COST					
Operating sites	482	0	-1	35	516
Operating buildings	3,026	24	-23	81	3,108
Usage rights – Real estate	1,078	20	-42	134	1,190
Usage rights – Other	4	0	0	3	7
Other property, plant and equipment	1,225	73	-26	6	1,278
Total	5,815	117	-92	259	6,099
DEPRECIATION AND IMPAIRMENT					
Operating sites	-14	-1	0	0	-15
Operating buildings	-2,028	-42	16	-46	-2,100
Usage rights – Real estate	-391	-77	34	-27	-461
Usage rights – Other	-3	0	0	0	-3
Other property, plant and equipment	-911	-25	8	-31	-959
Total	-3,347	-145	58	-104	-3,538
NET AMOUNT	2,467	-28	-32	154	2,561

18b Intangible assets

	12/31/2021	Increase	Decrease	Other	06/30/2022
HISTORICAL COST					
Internally developed intangible assets	285	4	0	-1	288
Purchased intangible assets	1,101	12	-7	9	1,115
▪ Software	248	8	-2	2	256
▪ other	853	4	-5	7	859
Total	1,386	16	-7	8	1,403
DEPRECIATION AND IMPAIRMENT					
Internally developed intangible assets	-276	-3	0	0	-279
Purchased intangible assets	-621	-10	3	-7	-635
▪ software	-202	-9	2	-2	-211
▪ other	-419	-1	1	-5	-424
Total	-897	-13	3	-7	-914
NET AMOUNT	489	3	-4	1	489

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

Note 19 Goodwill

	12/31/2021	Increase	Decrease	Variation in impairment	Other	06/30/2022
Gross goodwill	4,544	33	-	-	0	4,577
Write-downs	-1,446	-	-	-1	-	-1,447
NET GOODWILL	3,098	-	-	-1	0	3,130

Cash generating units	Value of goodwill on 12/31/2021	Increase	Decrease	Variation in impairment	Other	Value of goodwill on 06/30/2022
TARGOBANK in Germany	1,976	-	-	-	-	1,976
Crédit Industriel et Commercial (CIC)	506	-	-	-	-	506
Cofidis Group (ex Cofodis Participations)	378	-	-	-	-	378
Cofidis France	79	-	-	-	-	79
GACM Seguros Generales Compañía de Seguros y Reaseguros SAU	46	-	-	-1	-	45
Société d'investissement médias	-	33	-	-	-	33
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	3,098	33	0	-1	0	3,131

The cash generating units to which the goodwill is assigned are tested annually to ensure that they are recoverable. An impairment loss is recognized when the recoverable amount of goodwill is less than its carrying amount. The context of the health crisis, its observed consequences on interim net profit at June 30, 2022, and the uncertain macroeconomic conditions for the following years have led the group to identify potential indications of impairment of goodwill. As a result, the group has updated the impairment tests for its main subsidiaries.

The recoverable amount is determined according to two types of methods:

- *The fair value net of sales costs, which is based on observation of valuation multiples on comparable transactions or market parameters adopted by the analysts on entities with similar activities;*
- *The value in use, which is based on the discounting of expected future cash flows after taking into account capital requirements: this method is generally used as at June 30, 2022.*

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, 2022 with:

- *8% for retail banking and leasing CGUs based in Germany;*
- *8% for retail banking, consumer credit and leasing CGUs located in France.*

The cash flows used to calculate the value in use are determined on the basis of regulatory capital requirements.

The main sensitivity factors of the recoverable amount test based on the value in use are the discount rate and the expected level of future cash flows, which is itself impacted by the following sensitivity factors:

- *the achievement of business plans;*
- *the level of shareholders' equity allocated to each CGU;*
- *the perpetual growth rate.*

When the value in use was used as an impairment test, the parameters and their sensitivity were as follows:

	TARGOBANK in Germany	Cofidis*	CIC
	Network bank	Consumer loan	Network bank
Cost of capital	8%	8%	8%
Effect of a variation upwards of 50 basis points in the cost of capital	-6%	-8%	-7%
Effect of the 50 basis point drop in the growth rate to infinity	-4%	-6%	-5%
Effect of a 50 basis point increase in CET1 capital requirements	-4%	-4%	-3%

** Cofidis France et Cofidis Participations (ex Participations)*

If the above sensitivity assumptions were used, there would be no impairment of goodwill on Cofidis and CIC.

Note 20 Provisions and contingent liabilities

20a Provisions

	12/31/2021	Additions for the year	Reversals for the year (utilized provisions)	Reversals for the year (surplus provisions)	Other changes	06/30/2022
Provisions for risks	535	175	-7	-168	4	539
On guarantee commitments [2]	*310*	*91*	*0*	*-91*	*0*	*310*
▪ of which 12-month expected losses (S1)	42	24	0	-19	0	47
▪ of which expected losses at maturity (S2)	136	42	0	-38	0	140
▪ of which provisions for execution of commitments upon signature	132	25	0	-34	0	123
On financing commitments [2]	*127*	*76*	*0*	*-72*	*2*	*133*
▪ of which 12-month expected losses (S1)	68	40	0	-39	2	71
▪ of which expected losses at maturity (S2)	56	35	0	-33	0	58
On country risks	*0*	*0*	*0*	*0*	*0*	*0*
Provisions for taxes	*4*	*1*	*0*	*-2*	*0*	*3*
Provisions for claims and litigation	*67*	*5*	*-5*	*-2*	*2*	*67*
Provision for risk on miscellaneous receivables	*27*	*2*	*-1*	*-2*	*-1*	*25*
Other provisions	1,378	62	-49	-16	17	1,393
▪ Provisions for mortgage saving agreements	85	12	0	-11	0	86
▪ Provisions for miscellaneous contingencies	874	23	-16	-4	17	894
Other provisions[1]	420	27	-33	-1	0	413
Provisions for retirement commitments	1,080	29	-33	-4	-369	702
TOTAL	2,993	266	-89	-188	-349	2,634

(1) Other provisions mainly include provisions for French economic interest groups (GIE) totaling €364 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

	12/31/2021	Additions for the year	Reversals for the year	Other changes	06/30/2022
DEFINED-BENEFIT PLANS NOT COVERED BY PENSION FUNDS					
Retirement Benefits	909	26	-20	-367	548
Supplementary pensions	79	3	-4	-2	76
Obligations for long service awards (other long-term benefits)	82	0	-12	-1	69
Sub-total recognized	1,070	29	-37	-369	693
SUPPLEMENTARY DEFINED-BENEFIT PENSION PLANS INSURED BY GROUP PENSION FUNDS					
Commitments to employees and retirees [1]	9	0	0	0	9
Fair value of assets	-				
Sub-total recognized	9	0	0	0	9
TOTAL AMOUNT RECOGNIZED	1,080	29	-37	-369	702

DEFINED-BENEFIT PLANS: MAIN ACTUARIAL ASSUMPTIONS

	06/30/2022	12/31/2021
Discount rate [2]	3,40%	1.00%
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

	06/30/2022	12/31/2021
Subordinated debt	8,863	6,950
Participating loans	20	20
Perpetual subordinated debt	1,652	1,502
Related debt	67	82
TOTAL	10,602	8,554

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	03.10.2014	€120million	€120million	4.25	06.27.2026
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	09.12.2016	€300million	€300million	2.130	09.12.2026
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
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes	11.19.2021	€750 million	€750 million	1.125	11.19.2031
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes	06.16.2022	€1,250 million	€1,250 million	3.875	06.16.2032
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	11.09.2004	€150 million	€150 million	CMS10 cap 8	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.*

** For the purpose of calculating this rate, as of January 3, 2022, any reference to the monthly average money market rate will be deemed to be a reference to the EuroSTR (Regulation (EU) 2021/1848 of October 21, 2021).*

(3) Non-depreciable, but reimbursable at borrower's discretion as of May 28, 1997 at 130% of the nominal value revalued by 1.5% per year for future years.

(4) Euribor 1 year +0.3 basis points.

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

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

Note 22 Reserves related to capital and reserves

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

	06/30/2022	12/31/2021
Capital and reserves related to capital	6,494	6,197
▪ Capital	1,711	1,689
▪ Issue premium, contribution, merger, split, conversion	4,784	4,509
Consolidated reserves	24,096	21,758
▪ Legal reserves	0	0
▪ Statutory and capital reserves	0	0
▪ Regulated reserves	9	9
▪ Other reserves (including effects related to initial application)	24,088	21,750
▪ of which profit on disposal of capital instruments	128	144
▪ of which retained earnings	0	0
TOTAL	30,592	27,957

22b Unrealized or deferred gains and losses

	06/30/2022	12/31/2021
UNREALIZED OR DEFERRED GAINS OR LOSSES* RELATING TO:		
▪ Translation adjustments	211	81
▪ Insurance business investments (assets available-for-sale)	-57	1,041
▪ Financial assets at fair value through recyclable shareholders' equity – debt instruments	-162	-22
▪ Financial assets at fair value through non-recyclable shareholders' equity – capital instruments	74	75
▪ Hedging derivatives (CFH)	11	2
▪ Share of unrealized or deferred gains and losses of associates	-38	-39
▪ Actuarial gains and losses on defined benefit plans	-22	-299
TOTAL	16	839

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

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

	06/30/2022	12/31/2021
	Operations	Operations
Translation adjustments		-
Reclassification in income	0	0
Other movement	130	131
Subtotal	130	131
Revaluation of financial assets at FVOCI – debt instruments	-	-
Reclassification in income	0	0
Other movement	-140	60
Subtotal	-140	60
Revaluation of financial assets at FVOCI – capital instruments	-	-
Reclassification in income	0	0
Other movement	-1	21
Subtotal	-1	21
Revaluation of insurance business investments	-	-
Reclassification in income	0	0
Other movement	-1,098	-52
Subtotal	-1,098	-52
Remeasurement of hedging derivatives	-	-
Reclassification in income	0	0
Other movement	9	2
Subtotal	9	2
Actuarial gains and losses on defined benefit plans	276	32
Share of unrealized or deferred gains and losses of associates	1	0
TOTAL	-823	194

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

	06/30/2022			12/31/2021		
	Gross amount	Tax	Net amount	Gross amount	Tax	Net amount
Translation adjustments	130	0	130	131	0	131
Remeasurement of financial assets at FVOCI – debt instruments	-186	45	-140	86	-26	60
Remeasurement of financial assets at FVOCI – capital instruments	0	-1	-1	23	-1	21
Revaluation of insurance business investments	-1,513	415	-1,098	-124	72	-52
Remeasurement of hedging derivatives	12	-3	9	2	-1	2
Actuarial gains and losses on defined benefit plans	401	-125	276	37	-4	32
Share of unrealized or deferred gains and losses of equity consolidated companies	1	0	1	0	0	0
TOTAL GAINS AND LOSSES RECOGNIZED DIRECTLY TO EQUITY	-1,155	332	-823	156	39	194

Note 23 Commitments given and received

COMMITMENTS GIVEN

	06/30/2022	12/30/2021
Funding commitments	66,140	62,204
Liabilities due to credit institutions	678	739
Commitments to customers	65,462	61,465
Guarantee commitments	29,457	28,596
Credit institution commitments	4,785	5,267
Customer commitments	24,672	23,329
Securities commitments	3,854	2,185
Other commitment given	3,854	2,185
Commitments pledged from the insurance business line	5,576	5,697

COMMITMENTS RECEIVED

	06/30/2022	12/31/2021
Funding commitments	15,541	6,963
Commitments received from credit Institutions	15,541	6,963
Guarantee commitments	101,782	93,084
Commitments received from credit Institutions	53,933	53,402
Commitments received from customers	47,849	39,682
Securities commitments	2,008	1,870
Other commitments received	2,008	1,870
Commitments received from the insurance business line	5,705	5,071

Note 24 Interest income and expense

	06/30/2022		06/30/2021	
	Income	Expenses	Income	Expenses
Credit institutions and central banks[1]	-53	78	-101	13
Customers	3,515	- 420	3,201	-378
▪ of which finance and operating leases	324	-105	305	-120
▪ of which lease obligations	0	-4	0	-3
Hedging derivatives	1,136	-911	1,521	-1,379
Financial instruments at fair value through profit or loss	252	- 18	263	- 21
Financial assets at fair value through shareholders' equity/Assets available-for-sale	84	0	116	0
Securities at amortized cost	22	0	23	0
Debt securities	0	-610	0	-542
Subordinated debt	0	-4	0	- 3
TOTAL	4,956	-1,885	5,023	-2,310
Of which interest income and expense calculated at effective interest rate:	*3,568*	*- 956*	*3 239*	*- 910*

(1) of which -€316 million in income from negative interest rates and +€331 million in expenses in the first half of 2022, and of which -€281 million impact of negative interest rates in income and +€209 million in the first half of 2021.
Interest expense on central banks includes, in particular, interest calculated in the context of TLTRO III operations, which takes into account a spread:
- the subsidy over the life of the operation;
- the "over-subsidy" of 0.50% over the "special" interest period.

Note 25 Commission income and expense

	06/30/2022		06/30/2021	
	Income	Expenses	Income	Expenses
Credit institutions	1	-4	1	-4
Customers	636	-6	577	-9
Securities	538	-39	519	- 52
▪ of which activities managed on behalf of third parties	382	0	371	0
Derivative instruments	4	-5	3	-5
Currency transactions	14	-1	12	-1
Funding and guarantee commitments	49	-49	21	-8
Services provided	836	-489	679	-367
TOTAL	2,078	-594	1,812	-445

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

	06/30/2022	06/30/2021
Trading instruments	69	131
Instruments accounted for under the fair value option	53	-19
Ineffective portion of hedges	-10	-1
On fair value hedges (FVH)	-10	-1
▪ Change in the fair value of hedged items	1,277	239
▪ Change in fair value of hedging instruments	-1,287	-240
Foreign exchange gains/(losses)	16	-9
Other financial instruments at fair value through profit or loss [1]	247	384
TOTAL CHANGES IN FAIR VALUE	375	485

(1) Of which €227 million from Private Equity during the first half of 2022, compared to €247 million during the first half of 2021. The other changes correspond to changes in the fair value of the other portfolios at fair value.

Note 27 Net gains or losses on financial assets at fair value through shareholders' equity

	06/30/2022	06/30/2021
Dividends	18	1
Realized gains and losses on debt instruments	-45	41
TOTAL	-27	42

Note 28 Net income from the insurance business line

	06/30/2022	06/30/2021
INSURANCE POLICIES		
Premiums earned	5,666	5,865
Service charges	-4,163	-4,153
Change in provisions	1,621	-2,661
Other technical and non-technical income and expenses	39	33
Net income from investments	-1,972	2,212
Net income on insurance policies	1,191	1,296
Interest margin/fees	-4	-4
Net income on financial assets	-4	-4
Other net income	4	3
NET INCOME FROM INSURANCE ACTIVITIES	1,192	1,295

Note 29 Income/expenses generated by other activities

	06/30/2022	06/30/2021
INCOME FROM OTHER ACTIVITIES		
Rebilled expenses	23	20
Other income	307	315
Subtotal	331	336
EXPENSES ON OTHER ACTIVITIES		
Investment property:	-1	-1
▪ additions to provisions/depreciation	-1	-1
▪ capital losses on disposals	0	0
Other expenses	-191	-254
Subtotal	-192	-255
NET TOTAL OF OTHER INCOME AND EXPENSES	138	80

Note 30 General operating expenses

	06/30/2022	06/30/2021
Employee benefits expense	-1,777	-1,717
Other expenses	-1,782	-1,589
TOTAL	-3,559	-3,306

30a Employee benefits expense

	06/30/2022	06/30/2021
Wages and salaries	-1,187	-1,131
Social security contributions	-386	-385
Short-term employee benefits	-1	-1
Employee profit-sharing and incentive schemes	-91	-93
Payroll-based taxes	-113	-107
Other	1	0
TOTAL	-1,777	-1,717

AVERAGE WORKFORCE

	06/30/2022	06/30/2021
Bank technical staff	23,798	23,757
Managers	17,504	16,120
TOTAL	41,302	39,877
France	28,620	27,967
Rest of the world	12,682	11,910
TOTAL	41,302	39,877

30b Other operating expenses

	06/30/2022	06/30/2021
Taxes and duties [1]	-425	-314
Leases	-107	-88
▪ short-term asset leases	-46	-39
▪ low value/substitutable asset leases [2]	-56	-42
▪ other leases	-5	-7
Other external services	-1,106	-1,043
Other miscellaneous expenses	15	15
TOTAL	-1,621	-1,429

(1) The item "Taxes and duties" includes a -€251 million expense as part of the contribution to the Single Resolution Fund in 2022, compared to -€181 million in 2021.

(2) Includes IT equipment.

30c Movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets

	06/30/2022	06/30/2021
Amortizations	-160	-158
▪ property, plant and equipment	-146	-144
including usage rights	-77	-76
▪ intangible assets	-14	-14
Write-downs	-1	-2
▪ property, plant and equipment	-1	-2
▪ intangible assets	0	0
TOTAL	-161	-159

Note 31 Cost of counterparty risk

	06/30/2022	06/30/2021
12-month expected losses (S1)	-65	-68
Expected losses at maturity (S2)	-40	163
Impaired assets (S3)	-311	-299
TOTAL	-416	-204

06/30/2022	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)	-348	283	-	-	-	-65
▪ Loans and receivables due from credit institutions at amortized cost	-1	1	-	-	-	0
▪ Customer loans at amortized cost	-276	220	-	-	-	-56
of which finance leases	-21	17	-	-	-	-4
▪ Financial assets at amortized cost – securities	0	0		-	-	0
▪ Financial assets at fair value through other comprehensive income – debt securities	-6	4	-	-	-	-2
▪ Financial assets at fair value through other comprehensive income – loans	0	0	-	-	-	0
▪ Commitments given	-65	58	-	-	-	-7
Expected losses at maturity (S2)	-558	518	-	-	-	-40
▪ Loans and receivables due from credit institutions at amortized cost	-3	0	-	-	-	-3
▪ Customer loans at amortized cost	-477	444	-	-	-	-33
of which finance leases	-37	32	-	-	-	-5
▪ Financial assets at amortized cost – securities	0	0	-	-	-	0
▪ Financial assets at fair value through other comprehensive income – debt securities	-1	3	-	-	-	2
▪ Financial assets at fair value through other comprehensive income – loans	0	0	-	-	-	0
▪ Commitments given	-77	71		-	-	-6
Impaired assets (S3)	-722	919	-448	-122	62	-311
▪ Loans and receivables due from credit institutions at amortized cost	0	0	0	0	0	0
▪ Customer loans at amortized cost	-695	861	-439	-121	62	-332
of which finance leases	-8	11	-5	-2	0	-4
▪ Financial assets at amortized cost – securities	0	19	0	0	0	19
▪ Financial assets at fair value through other comprehensive income – debt securities	0	0	-8	0	0	-8
▪ Financial assets at fair value through other comprehensive income – loans	0	0	0	0	0	0
▪ Commitments given	-27	39	-1	-1	0	10
TOTAL	-1,628	1,720	-448	-122	62	-416

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

Note 32 Net gains/(losses) on disposals of other assets

	06/30/2022	06/30/2021
Property, plant and equipment and intangible assets	-2	-2
▪ Capital losses on disposals	-4	-8
▪ Capital gains on disposals	2	6
Gains/(losses) on disposals of shares in consolidated entities	42	0
TOTAL	40	-2

Note 33 Changes in the value of goodwill

	06/30/2022	06/30/2021
Impairment of goodwill	-1	-69
Negative goodwill stated in profit or loss	0	0
TOTAL	-1	-69

Note 34 Income tax

BREAKDOWN OF INCOME TAX EXPENSE

	06/30/2022	06/30/2021
Current taxes	-584	-679
Deferred tax expense	-5	-26
Adjustments in respect of prior years	10	12
TOTAL	-579	-693

Note 35 Profit (loss) per share

	06/30/2022	06/30/2021
Net income attributable to the group	1,570	1,519
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	**46.48**	**44.98**
Weighted average number of shares that may be issued	**0**	**0**
Diluted earnings per share	**46.48**	**44.98**

Note 36 Related party transactions

BALANCE SHEET ITEMS PERTAINING TO RELATED PARTY TRANSACTIONS

	06/30/2022			12/31/2021		
	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	201	0	0	28	0
Hedging derivatives	0	0	76	0	0	835
Financial assets at FVOCI	0	0	0	20	0	0
Financial assets at amortized cost	11	2,789	34,505	1,852	4,200	30,522
Investments in insurance business line	0	0	0	0	19	0
Other assets	5	0	0	0	0	0
TOTAL	16	2,991	34,581	1,872	4,247	31,357
LIABILITIES						
Liabilities at fair value through profit or loss	0	65	0	0	9	0
Debt securities	0	11	0	0	0	0
Liabilities to cred. inst.	89	379	10,697	112	438	8,427
Due to customers	1,216	502	25	1,193	501	25
Liabilities relative to contracts of the insurance business line	0	55	0	0	205	0
Subordinated debt	0	10	500	0	10	500
Miscellaneous liabilities	75	0	1	33	5	0
TOTAL	1,381	1,023	11,223	1,338	1,168	8,952
Financing commitments given	0	0	2	35	0	0
Guarantees given	27	1	4,683	0	0	4,486
Financing commitments received	0	0	5	0	0	0
Guarantees received	0	702	2,096	0	708	2,755

PROFIT AND LOSS ITEMS PERTAINING TO RELATED PARTY TRANSACTIONS

	06/30/2022			06/30/2021		
	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	0	7	228	3	10	211
Interest expense	0	-17	-20	0	-15	-11
Commission income	3	0	11	0	0	1
Commission expense	-22	-5	-27	-19	-1	-9
Net gains/(losses) on financial assets at FVOCI and FVPL	10	-70	-1	8	24	0
Net income from insurance activities	0	-60	-353	-17	-113	-273
Other income and expenses	-8	0	0	-4	0	0
General operating expenses	-376	-1	-69	-322	0	-56
TOTAL	-392	-146	-231	-351	-95	-137

6.3 STATUTORY AUDITORS' REPORT ON THE INTERIM FINANCIAL STATEMENTS

PricewaterhouseCoopers France	**KPMG S.A.**
63, rue de VIlliers	Tour EQHO
92208 Neuilly-sur-Seine Cedex	2, Avenue Gambetta
S.A.R.L. au capital de 86 000 €	CS 60055
338 683 956 R.C.S. Nanterre	92066 Paris La Défense Cedex
Statutory auditors	Statutory auditors
Member of the *Compagnie*	Member of the *Compagnie*
régionale de Versailles et du Centre	*régionale de Versailles et du Centre*

Banque Fédérative du Crédit Mutuel

Registered office: 4, rue Frédéric-Guillaume Raiffeisen - 67000 Strasbourg

Share capital: €1,711,279,700

Statutory auditors' report on the 2022 interim financial statements
Period from January 1 to June 30, 2022

Dear Shareholders,

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 consolidated interim financial statements for Banque Fédérative du Crédit Mutuel, pertaining to the period from January 1 to June 30, 2022, as attached to this report;
- verification of the information given in the interim business report.

These consolidated interim financial statements were prepared under the responsibility of your Board of Directors on July 28, 2022. 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, under the IFRS as adopted in the European Union, call into question the accuracy and fairness of the consolidated interim financial statements and the true and fair view they provide of the assets and financial position at the end of the half-year, as well as the profit/(loss) of the group composed of the persons and entities included within the scope of consolidation during the half-year just ended.

II – Specific verification

We also verified the information given in the interim business report commenting on the consolidated interim financial statements on which we carried out our limited review.

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

Paris La Défense, August 5, 2022
KPMG S.A.

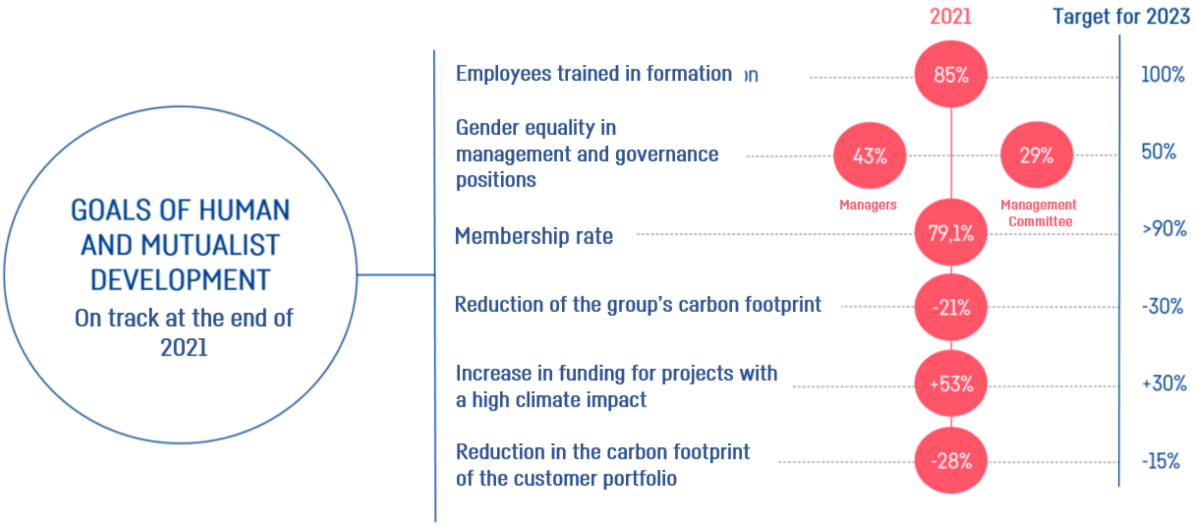
Neuilly-sur-Seine, August 5,2022
PricewaterhouseCoopers France

Sophie Sotil-Forgues	Arnaud Bourdeille	Laurent Tavernier
Partner	*Partner*	*Partner*

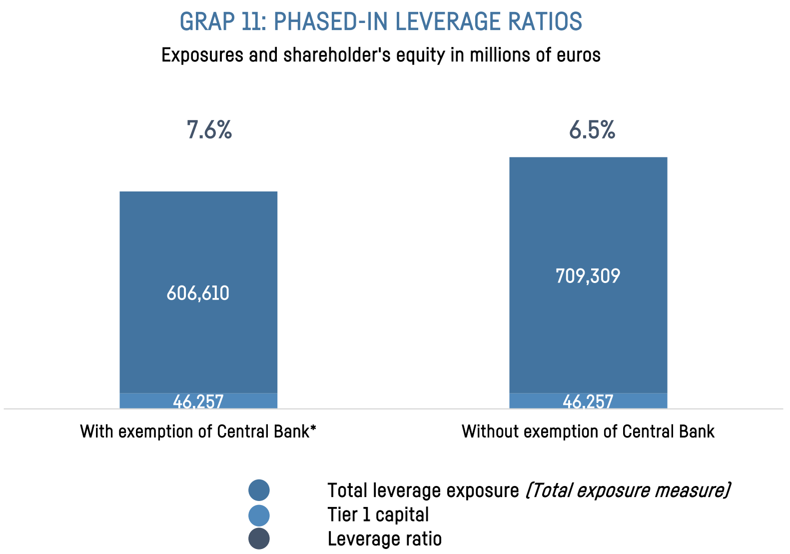
7 ADDITIONAL INFORMATION TO THE INFORMATION PUBLISHED IN THE 2021 UNIVERSAL REGISTRATION DOCUMENT

The following tables and charts supersede the ones published in the 2021 Universal Registration Document filed on April 13, 2022.

Page 11: Goals and human and mutualiste development



Page 272 : Leverage ratio



* Includes the periodic exclusion of Central Bank exposure in light of the COVID-19 pandemic, in accordance with Article 429 bis of the CCR2.

Note: this correction concerns only the official French version of the Universal Registration Document (URD); the graph presented on page 272 in the translated English version of the URD dated April 13, 2022 is correct.

Page 459: Note 9 – Details of securitzation outstandings (details for exposures at 12/31/2021)

EXPOSURE AT 12/31/2021

	RMBS	CMBS	CLO	Others ABS	Total
Fair value through profit or loss	253	0	9	374	635
Amortized cost	33	0	338	949	1,320
Fair value – Others	1	0	0	0	1
Fair value through equity	973	0	2,790	1,710	5,473
TOTAL	1,260	0	3,137	3,033	7,429
France	565	0	359	716	1,640
Spain	111	0	0	358	469
United Kingdom	22	0	110	277	409
Europe excluding France, Spain and the UK	413	0	189	1,236	1,837
USA	29	0	2 479	339	2,847
Others	120	0	0	108	228
TOTAL	1,260	0	3,137	3,033	7,429
US Branches	0	0	0	0	0
AAA	1 126	0	2,911	1,391	5,428
AA	112	0	156	814	1,082
A	13	0	70	4	86
BBB	1	0	0	0	1
BB	5	0	0	0	5
B or below	3	0	0	7	10
Not rated	0	0	0	818	818
TOTAL	1,260	0	3,137	3,033	7,429
Origination 2005 and earlier	13	0	0	0	13
Origination 2006-2008	31	0	0	7	38
Origination 2009-2011	17	0	0	0	17
Origination 2012-2021	1,199	0	3,137	3,026	7,361
TOTAL	1,260	0	3,137	3,033	7,429

Page 539: Note 8 - Fair value hierarchy of financial instruments carried at fair value on the balance sheet

12/31/2021	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS IFRS 9				
Fair value through shareholders' equity	24,445	5,950	1,619	32,014
Government and equivalent securities	11,565	100	84	11,750
Bonds and other debt securities	12,877	5,849	1,013	19,740
Shares and other capital instruments	3	0	190	193
Investments and other long-term securities	0	0	214	214
Investments in subsidiaries and associates	0	0	118	118
Trading/Fair value option/Other	5,342	11,168	5,433	21,943
Government securities and similar instruments – Trading	666	14	50	730
Government securities and similar instruments – Fair value option	0	0	0	0
Government securities and similar instruments – Other FVPL	0	0	0	0
Bonds and other debt securities – Trading	2,590	2,053	233	4,876
Bonds and other debt securities – Fair value option	25	0	549	574
Bonds and other debt securities – Other FVPL	170	56	11	238
Shares and other equity instruments – Trading	732	0	0	732
Shares and other capital instruments – Other FVPL(1)	1,136	0	2,660	3,796
Investments and other long-term securities – Other FVPL	2	0	373	375
Investments in subsidiaries and associates – Other FVPL	0	0	247	247
Loans and receivables due from 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	6,598	0	6,598
Loans and receivables due from customers – Other FVPL	0	13	0	13
Derivatives and other financial assets – Trading	21	2,434	1,311	3,765
Hedging derivatives	0	2 126	1	2,128
TOTAL	29,787	19,244	7,054	56,085
FINANCIAL ASSETS IAS 39 – INVESTMENTS OF THE INSURANCE BUSINESS LINE				
Fair value through profit or loss	20,718	6,691	0	27,409
Transaction	0	0	0	0
Fair value option – debt securities	1,199	1,816	0	3,016
Fair value option – capital instruments	19,519	4,875	0	24,393
Hedging derivatives	0	0	0	0
Available-for-sale assets	74,218	4,311	881	79,410
Included actifs SPPI	*0*	*0*	*0*	*0*
Government and equivalent securities	15,228	0	0	15,228
Bonds and other debt securities	44,926	251	0	45,176
Shares and other capital instruments	13,020	4,040	0	17,060
Equity investments, shares in subsidiaries and associates and other long-term investments	1,044	20	881	1,945
TOTAL	94,936	11,001	881	106,819
FINANCIAL LIABILITIES IFRS 9				
Subordinated debt – Fair value option	1,837	9,118	1,126	12,081
Due to credit institutions – Fair value option	0	124	0	124
Liabilities – Trading	0	6,483	0	6,483
Derivatives and other financial liabilities – Trading	1,837	2,511	1,126	5,474
Hedging derivatives	0	2,012	22	2,034
TOTAL	1,837	11,130	1,148	14,115

FINANCIAL LIABILITIES RELATED TO IAS 39 INSURANCE BUSINESS POLICIES

Fair value through profit or loss	0	5,662	0	5,662
Transaction	0	0	0	0
Fair value option	0	5,662	0	5,662
Hedging derivatives	0	0	0	0
Total	0	5,662	0	5,662

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

Page 542: Note 9 - Details of securitization outstandings (details for exposures at 12/31/2021)

EXPOSURES AT 12/31/2021

	RMBS	CMBS	CLO	Other ABS	Total
Fair value through profit or loss	253	0	9	374	635
Amortized cost	33	0	338	949	1,320
Fair value – Others	1	0	0	0	1
Fair value through shareholders' equity	973	0	2,790	1,710	5,473
TOTAL	1,260	0	3,137	3,033	7,429
France	565	0	359	716	1,640
Spain	111	0	0	358	469
United Kingdom	22	0	110	277	409
Europe excluding France, Spain, United Kingdom	413	0	189	1,236	1,837
USA	29	0	2,479	339	2,847
Other	120	0	0	108	228
TOTAL	1,260	0	3,137	3,033	7,429
US Branches	0	0	0	0	0
AAA	1,126	0	2,911	1,391	5,428
AA	112	0	156	814	1,082
A	13	0	70	4	86
BBB	1	0	0	0	1
BB	5	0	0	0	5
B or below	3	0	0	7	10
Not rated	0	0	0	818	818
TOTAL	1,260	0	3,137	3,033	7,429
Origination 2005 and earlier	13	0	0	0	13
Origination 2006-2008	31	0	0	7	38
Origination 2009-2011	17	0	0	0	17
Origination 2012-2020	1,199	0	3,137	3,026	7,361
TOTAL	1,260	0	3,137	3,033	7,429

Page 572: Note 38 – Faire value hierarchy of financial instruments recognized at amortized cost

	31/12/2020						
	Market value	Carrying amount	Unrealized gains or losses	Level 1	Level 2	Level 3	Total
Financial assets at amortized cost – IFRS 9	341,794	328,596	13,198	2,194	62,228	277,371	341 ,793
Loans and receivables due from credit institutions	56,448	54,797	1 ,651	0	56,380	68	56,448
Loans and receivables due from customers	282,334	270,836	11,498	0	5,283	277,051	282,334
Securities	3,012	2,963	49	2,194	565	253	3,012
Investments in insurance business line at amortized cost	12,396	11,560	836	7,514	4,882	0	12,396
Including SPPI assets	0	-1,000	1,000	0	0	0	0
Loans and receivables	4,882	4,882	0	0	4,882	0	4,882
Held-to-maturity	7,514	6,678	836	7,514	0	0	7,514
Financial liabilities at amortized cost – IFRS 9	454,795	448,766	6,029	0	338,979	115,815	454,794
Due to credit institutions	44,755	44,846	-91	0	44,300	454	44,754
Due to customers	270,224	268,802	1,422	0	154,863	115,361	270,224
Debt securities	131,188	127,314	3,874	0	131,187	0	131 187
Subordinated debt	8,629	7,804	824	0	8,629	0	8,629
Insurance business liabilities at amortized cost	432	432	0	0	432	0	432
Due to credit institutions	132	132	0	0	132	0	132
Debt securities	0	0	0	0	0	0	0
Subordinated debt	300	300	0	0	300	0	300

Page 607: Note 3.7 – Commitments with equity investments and fully-consolidated subsidiaries

COMMITMENTS GIVEN

	2021 amount	2020 amount
Funding commitments	217,850	160,000
Guarantee commitments	4,990,215	5,062,637
Commitments on currency transactions	3,233,461	388,903
Commitments on forward financial instruments	24,948,265	19,696,036
Securities commitments	-	300,000
TOTAL	33,389,791	25,607,576

COMMITMENTS RECEIVED

	2021 amount	2020 amount
Funding commitments	-	-
Guarantee commitments	-	-
Commitments on currency transactions	1,743,165	299,599
Commitments on forward financial instruments	-	-
Securities commitments	-	-
Commitments on conditional transactions	67,082	124,023
TOTAL	1,810,247	423,622

This table includes commitments received and given on equity investments and fully-consolidated subsidiaries within the consolidated scope of BFCM.

8 BFCM SHARE CAPITAL

The share capital stands at €1,711,279,700.00. It is divided into 34,225,594 shares each with a nominal value of €50.00, all of the same class. A capital increase took place on January 6, 2022, in consideration for the contributions made by Crédit Mutuel Nord Europe in favor of BFCM, which increased the share capital from €1,688,529,500.00 to €1,711,279,700.00.

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 10, 2022

9.4 PERSONS RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

Principal statutory auditors

KPMG SA, member of the Regional Association of Auditors of Versailles and the Center (Compagnie Régionale de Versailles et du Centre) – represented by Ms. Sophie Sotil-Forgues – Tour Eqho - 2 avenue Gambetta, 92066 Paris La Défense Cedex.

Start date of first term of office: May 10, 2022.

Current term of office: six fiscal years with effect from May 10, 2022.

The Shareholders' Meeting of May 10, 2022 appointed KPMG SA to replace 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 2027.

PricewaterhouseCoopers France, member of the Compagnie Régionale de Versailles and the Center– represented by Mr. Laurent Tavernier – 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 10, 2022.

The Shareholders' Meeting of May 10, 2022 renewed the term of office of the PricewaterhouseCoopers France 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 2027.

Alternate Statutory Auditors

The Shareholders' Meeting of May 10, 2022 noted that the terms of office of Jean-Baptiste Deschyver and Picarle & Associés as Alternate Statutory Auditors had expired and it decided not to renew them.

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 10, 2022	Page no. of the universal registration document filed with AMF on April 13, 2022
1. Persons responsible	**234**	**632**
2. Statutory auditors	**234**	**633**
3. Risk factors	**70-78**	**274-282**
4. Information about the issuer	**238**	**628-629**
5. Business overview		
5.1 Main activities	10-30	6-7; 20-36
5.2 Main markets	10-30	6-7; 20; 48-49 ; 443-442; 450
5.3 Significant events in business development	N/A	60; 68
5.4 Strategy and objectives	2-4	10-11
5.5 Degree of dependence with respect to patents or licenses, industrial, commercial or financial agreements or new manufacturing processes	N/A	629
5.6 Elements on which the declarations of the issuer concerning its competitive position are based	N/A	20
5.7 Investments	N/A	N/A
6. Organizational structure		
6.1 Description of the group	5	14-17
6.2 Main subsidiaries	5	14-17
7. Review of the financial position and of net profit or loss		
7.1 Financial position	10-30	41-72
7.2 Operating income	10-30	41-72
8. Cash and equity		
8.1 Information on the issuer's equity	83-84 ; 159-160	418; 502
8.2 Source and amount of the issuer's cash flows	85 ; 161	419; 503
8.3 Information on the borrowing conditions and the issuer's financing structure	24-26	55-58
8.4 Information concerning any restrictions on the use of equity that noticeably influences or may noticeably influence the issuer's transactions	N/A	N/A
8.5 Information on the expected financing sources necessary to honor the commitments set out in point 5.7.2	N/A	N/A
9. Regulatory environment	**8-9**	**43-44**
10. Information on trends	**27 ; 30**	**60; 58**
11. Profit forecasts or estimates	**N/A**	**N/A**
12. Administrative, management, supervisory and executive bodies		
12.1 Information concerning the members of BFCM's administrative and management bodies	50-68	215-230; 243-258
12.2 Conflicts of interest concerning the administrative, management, supervisory and executive bodies	45 ; 66	232; 259
13. Compensation and benefits	**N/A**	**240-242; 263**
14. Operation of the administrative and management bodies		
14.1 Expiration date of current terms of office	33-45 ; 52-66	219-230; 247-258
14.2 Service agreements binding the members of the administrative bodies to the issuer or to one of its subsidiaries	N/A	232 ; 260
14.3 Information on the Auditing Committee and the Compensation Committee	47-48	235-237; 262
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	N/A	216; 244
14.5 Potentially significant impacts on corporate governance	N/A	244

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 10, 2022	Page no. of the universal registration document filed with AMF on April 13, 2022
15. Employees		
15.1 Number of employees	149 ; 221	484; 567; 611
15.2 Interests in the issuer's share capital and directors' stock-options	N/A	N/A
15.3 Agreement providing for employee ownership of the issuer's shares	N/A	N/A
16. Major shareholders		
16.1 Shareholders holding more than 5% of the share capital or voting rights	N/A	622
16.2 Existence of different voting rights of the aforementioned shareholders	N/A	N/A
16.3 Control of the issuer	N/A	623
16.4 Knowledge by the issuer of an agreement likely to result in a change in control at a later date	N/A	623
17. Related-party transactions	**153 ; 225**	**488; 571**
18. Financial information on the issuer's assets and liabilities, financial position and results		
18.1 Historical financial information	79-153 ; 155-225 ; 236-237	414-491; 498-574; 584-615
18.2 Interim and other financial information	79-153 ; 155-225	N/A
18.3 Verification of the annual historical financial information	154 ; 226	492-494; 575-580; 616-618
18.4 Pro forma financial information	N/A	N/A
18.5 Dividend distribution policy	N/A	623
18.6 Legal and arbitration proceedings	N/A	629
18.7 Material change in the financial position	N/A	628-629
19. Additional information		
19.1 Share capital	232	622
19.2 Charter and articles of association	N/A	628
20. Major contracts	**N/A**	**629**
21. Documents available to the public	**233**	**632**

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 10, 2022	Page no. of the universal registration document filed with AMF on April 13, 2022
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, 2020, presented respectively for Crédit Mutuel Alliance Fédérale on pages 359 to 437, 40 to 58, 73 to 154, 207 to 357 and 438 to 439 of the registration document of Crédit Mutuel Alliance Fédérale – 2020 fiscal year (https://www.bfcm.creditmutuel.fr/partage/fr/CC/BFCM/telechargements/information-financiere/annual_reports/2020_Universal_Registration_Document.pdf), registered with the AMF on April 21, 2021 under number D.21-0334;
- the consolidated financial statements, management report as well as the Statutory Auditors' report on the consolidated financial statements as of December 31, 2019, 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 (https://www.bfcm.creditmutuel.fr/partage/fr/CC/BFCM/telechargements/information-financiere/annual_reports/2020_Universal_Registration_Document.pdf), registered with the AMF on April 21, 2021 under number D.21-0334;
- the consolidated financial statements, management report as well as the Statutory Auditors' report on the consolidated financial statements as of December 31, 2019, presented respectively for Crédit Mutuel Alliance Fédérale on pages 325 to 402, 37 to 55, 71 to 139, 187 to 322 and 403 to 405 of the registration document of Crédit Mutuel Alliance Fédérale – 2019 fiscal year (https://www.bfcm.creditmutuel.fr/partage/fr/CC/BFCM/telechargements/information-financiere/annual_reports/2019_Universal_Registration_Document.pdf), registered with the AMF on April 27, 2020 under number D.20-0360;

- the consolidated financial statements, management report as well as the Statutory Auditors' report on the consolidated financial statements as of December 31, 2019, the extract of the annual financial statements including the management report for the fiscal year ended December 31, 2019 presented respectively for Banque Fédérative du Crédit Mutuel on pages 407 to 482, 56 to 70, 71 to 139, 187 to 322 and 483 to 488 of the registration document of Crédit Mutuel Alliance Fédérale – 2019 fiscal year (https://www.bfcm.creditmutuel.fr/partage/fr/CC/BFCM/telechargements/information-financiere/annual_reports/2019_Universal_Registration_Document.pdf), registered with the AMF on April 27, 2020 under number D.20-0360;
- the consolidated financial statements, management report as well as the statutory auditors' report on the consolidated financial statements as of December 31, 2018, presented respectively for Crédit Mutuel Alliance Fédérale on pages 108 to 183, 68 to 107 and 184 to 186 of the registration document of Crédit Mutuel Alliance Fédérale – 2018 fiscal year, registered with the AMF on April 18, 2019 (https://www.bfcm.creditmutuel.fr/partage/fr/CC/BFCM/telechargements/information-financiere/annual_reports/2018_Registration_Document.pdf) 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 (https://www.bfcm.creditmutuel.fr/partage/fr/CC/BFCM/telechargements/information-financiere/annual_reports/2018_Registration_Document.pdf) under number D.19-0359;

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 10, 2022**
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	10-33
- Description of the main risks and uncertainties for the remaining 6 months of the fiscal year	70-78
- Principal transactions that occurred between related parties	225
2. Financial statements on June 30, 2022	155-225
3. Declaration by the person responsible	234
4. Statutory auditors' report on the interim financial statements	226

Websites:
www.bfcm.creditmutuel.fr
www.creditmutuelalliancefederale.fr

Financial information officers

Mr. Alexandre Saada
Deputy Chief Executive Officer of BFCM

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