

# FINANCIAL REPORT

CRÉDIT MUTUEL GROUP - 2019

RESULTS



ENVIRONMENT



PERFORMANCE



*The choice of a strong,  
responsible  
business model*

2020  
EDITION

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# MANAGEMENT REPORT

## of the board of directors of Confederation Nationale du Crédit Mutuel on the 2019 consolidated financial statements

### Financial and non-financial information

#### ECONOMIC AND FINANCIAL CONTEXT

##### DESPITE MUCH TURBULENCE, 2019 ENDED ON A POSITIVE NOTE

The year 2019 was marked by two phases. Until the end of the summer, the intensification of risk factors (Brexit and protectionism, in particular) reduced visibility for economic agents and thus weighed on global growth as a result of the contraction in industrial activity. In this context, central bankers took turns changing their strategy and easing their monetary policy considerably, which drove interest rates to record low levels. Nevertheless, the most worrisome issues eased significantly at the end of the year, with the confirmation that the United States and China had reached a “phase 1” trade agreement, on the one hand, and reduced fears of a no-deal Brexit thanks to Boris Johnson’s sweeping victory in Britain’s legislative elections, on the other. These two factors largely fueled optimism in the financial markets at year-end and helped to stabilize growth.

##### RISK FACTORS THAT WERE SLOW TO DISSIPATE THROUGHOUT THE YEAR

The trade war waged by Donald Trump fueled volatility in the financial markets and weighed on economic activity in 2019. Although the US president took action on numerous fronts (Japan, European Union, Iran, Mexico, Canada, etc.), it was the confrontation with China (particularly with the introduction of tariffs on more than half of Chinese imports) that disrupted global trade and dealt a heavy blow to investment. In the end, however, the two countries reached an agreement and the announcement of the “phase 1” agreement (signed on January 15, 2020 in Washington) led to renewed visibility for economic players and kept the slowdown in growth from worsening. There

was more good news in the second half of the year, including: 1/ a partial agreement with Japan; 2/ the signing of the new USMCA agreement with Mexico and Canada (ratification expected in 2020); and 3/ the passing of the 2020 budget.

This climate of uncertainty also prevailed in Europe with the many twists and turns of the situation in Great Britain. Theresa May’s resignation cleared the stage in July for Boris Johnson, whose belligerent rhetoric revived fears of a no-deal exit from the European Union. But the new Prime Minister managed to renegotiate the exit agreement with Brussels, enabling him to garner more public support. His resounding victory in the early legislative elections on December 12, with the assurance that all Tory MPs would vote for his deal, greatly reduced fears of a no-deal exit and prevented a further negative shock to growth, even though questions about the future relationship between the two parties remain.

##### GLOBAL GROWTH CONTRACTED SHARPLY IN 2019

In the euro zone, growth slowed significantly in 2019, weakened by the increase in uncertainty but also as a result of more structural factors (difficulties in the automotive sector, slowdown in China, political tensions in some countries). In the third quarter, the growth rate stabilized (+1.2% year-on-year) thanks to the resilience of domestic demand and investment, which helped to offset the still very negative contribution of foreign trade. Although the political climate began to improve in October, the positive effects on economic activity were felt only gradually at the end of the year. Amid concerns about the growth cycle and low inflation levels, the ECB made a major shift in its monetary policy in order to take further measures to support the economy (reduction of the interest rate paid on deposits, resumption of the asset purchase program, new TLTROs\* and introduction of a tiering system\*\*).

The institution also called on governments with budgetary leeway to use it to boost growth. Although this temporarily helped maintain sovereign rates, the stimulus plans adopted for 2020 were ultimately only modest.

In the United States, the trade war waged by Donald Trump with most of his trading partners weighed heavily on growth, which slowed throughout the year (from +2.9% in 2018 to +2.3% in 2019) and was impacted by the negative contribution of trade and low investment levels. However, the easing of political and geopolitical uncertainties in the second half of the year helped maintain the growth cycle in the US. This cycle can still rely on the resilience of consumption (strong labor market, wage acceleration, low inflation) and the increasing robustness of the real estate sector to offset the ongoing weakness of the industrial sector (persistent problems in the aviation and energy sectors). The uncertain context, with risks to growth and inflation, prompted the Federal Reserve (Fed) to adjust its monetary policy by lowering key interest rates three times (75 bps in total) while again increasing its balance sheet in order to reduce tensions that arose during the year in the money market. By making this change, it contributed to a sharp drop in sovereign rates.

In China, the structural slowdown in growth (estimated by the government “at around 6%”) was intensified by the negative impact of US tariffs, which forced the authorities to increase their budgetary and monetary support measures. The massive stimulus plans helped to prevent a drastic drop in growth, but at an increasingly high cost for public finances and the equilibrium of the financial system. Moreover, domestic demand struggled to gain momentum and continued to be hard-hit by the steep increase in inflation driven by pork prices (persistent swine flu). As for other emerging countries, capital outflows stopped but the slowdown in growth continued, prompting central banks to cut their key interest rates, thereby fueling the fall in sovereign rates.

With regard to oil prices, the increase in production cuts decided by the OPEC+ members and the additional efforts announced by Saudi Arabia largely bolstered the Brent oil price (annual performance of +22% at \$66/b). Prices were also boosted by the ongoing geopolitical risk in the Middle East, including the attack on Saudi oil facilities on September 16 and a sharp escalation between Iran and the US since the end of the year. Nevertheless, the Brent oil price remains below the level at which it stood prior to the sharp drop at end-2018 and continues to be impacted by the slowdown in global growth.

##### IN FRANCE, GROWTH PERSISTS BUT THE GOVERNMENT REMAINS UNDER PRESSURE

Despite a still complicated environment marked by strikes, growth in France proved resilient in 2019 (+1.2%). Domestic demand continues to be supported by the government’s measures to maintain purchasing power (even if a portion was saved), by low inflation and by a strong labor market, while the rate of growth in investment remains high. France was also less hard-hit by the slowdown in external demand. Indeed, compared with its neighbors, France benefits from the sectoral structure of its exports, which are less sensitive to the slowdown in global investment.

For 2020, positive developments in the Chinese-American trade war and Brexit will give economic players greater visibility and help maintain the global growth cycle. Nevertheless, activity will continue to be marked by the impact of the Coronavirus epidemic in China (rapid and sudden drop in activity at least in the first quarter) and, throughout the year, by other persistent political uncertainties (trade negotiations between the United States and the EU, future relationship between the United Kingdom and the EU, US elections, etc.). Against this backdrop, central banks will remain accommodating over the long term, which will limit the ability to raise sovereign rates.

\* Cheap refinancing operations for banks.

\*\* System designed to exempt a portion of banks’ excess reserves from application of the deposit rate (-0.5%).



## THE GROUP'S ACTIVITY AND RESULTS

The Board of Directors of the Confédération Nationale du Crédit Mutuel opted to prepare consolidated financial statements at the national level in accordance with International Financial Reporting Standards as adopted by the European Commission, even though it is not publicly traded.

*The Board of Directors approved the consolidated financial statements for the year ended December 31, 2019 at its meeting on March 4, 2020 and presented them, together with this report, to the Shareholders' Meeting for its approval. qui a soumis également le présent rapport à l'approbation de l'assemblée générale.*

The main changes in the consolidation scope arose from:

- the consolidation of the Véritas group subsidiaries, CMNE Grand Paris and Newton Square,
- the acquisition of Budget Insight,
- the disposal of Primonial, Royale Marocaine d'Assurances, RMA, CD Partenaires and Leasecom.

### FURTHER GROWTH IN THE INTEREST MARGIN (€7.959 BILLION, +4.7%)

The interest margin increased by 4.7% (+€354 million) as a result of transactions with customers, including loans, which benefited from a higher volume effect than rate effect. The margin on transactions with credit institutions also increased. The cost of securities issued rose, as a result of the volume effect, in a context of low interest rates and efforts to safeguard refinancing, particularly in preparation for the implementation of the new regulations (including MREL). This cost was more than offset by the increase in returns on portfolios of assets and derivatives. For the latter, the low interest rate environment allows transactions to be renewed at more favorable rates.

### CUSTOMER DEPOSITS (€439.6 BILLION, +10.8%)

Changes were very significant in certain categories:

- current accounts in credit rose by €21.0 billion to €179.3 billion, in line with the increase in previous years;
- ordinary passbook accounts were up sharply by 9.7% to €46.0 billion;
- Livret Bleu and Livret A savings accounts continued to grow (€48.6 billion, +8.0%). The rate at which regulated deposits (Livret Bleu, Livret A, LDD, LEP) were centralized at the CDC was 50.4% compared with 46.1% in 2018;
- term deposits rose by 12.6% to €120.2 billion and mainly included unregulated deposits, particularly term accounts with credit balances (€57.7 billion, +30%).

The growth in deposits led to a significant improvement in the loan to deposit ratio (634 basis points), which was 111.5% compared with 117.8% at the end of 2018.

### CUSTOMER LOANS AND ADVANCES (€490.2 BILLION, +4.9%)

This growth stemmed from home loans, which rose by 7.6% to €252.0 billion, and equipment loans (€116.4 billion, +7.3%). Treasury loans/consumer credit and commercial loans were also up 4.8% to €68.2 billion. Consumer credit (€49.4 billion) rose by 7.6%, mainly at the specialized subsidiaries. Finance leases and operating leases grew by 7.1% to €18.8 billion, mainly in equipment leasing.

Net commission income (€4.348 billion) was down slightly (-1.1%) as a result of assistance provided to vulnerable customers and the capping of rejected payment charges. However, electronic payment fees increased, as did fees related to early repayments of loans and services.

### SECURITIES AND DERIVATIVES PORTFOLIOS

The "financial assets at fair value through equity" portfolio (€43.1 billion) increased by €1.5 billion (fixed-income securities). Securities at amortized cost decreased by €0.1 billion. The "fair value through profit or loss - FVPL" portfolio rose by €13.1 billion to €35.2 billion as a result of the change in the classification of repurchase agreements.

The net gain on the FVPL portfolio (€844 million) was up sharply (+€132 million) in a favorable market environment. It decreased for the "fair value through equity" portfolio (€121 million, down by €106 million due to lower capital gains on bonds than in 2018).

**NET INCOME ON OTHER ACTIVITIES** (€4.785 billion) rose by €199 million (+4.3%), driven mainly by insurance (€3.580 billion, +2.9%). This activity benefited from strong sales momentum, and particularly from the recovery in market conditions. On the whole, premiums for both life and non-life insurance increased by 3% and net investment income was up significantly. These various factors were offset by the change in technical provisions. Net income from other activities (excluding insurance, €1.2 billion) increased by 9.0% thanks to Groupe La Française, the Euro Information division and lower provisions for risks.

### THIS RESULTED IN A 3% INCREASE IN NET BANKING INCOME TO €18.1 BILLION.

### GENERAL OPERATING EXPENSES ROSE BY 2.3% TO €11.6 BILLION.

The changes were mixed depending on the components: the employee benefits expense increased by €170 million (+3.3%) and net depreciation, amortization and provisions for non-current assets rose by €190 million (+30.4%), while other general operating expenses decreased by €95 million (-2.3%).

The increase in the **EMPLOYEE BENEFITS EXPENSE** (€6.801 billion, +2.6%) resulted mainly from incentive bonuses/profit-sharing and salaries (in line with the general increase).

The Crédit Mutuel Group **EMPLOYED AN AVERAGE** of 82,794 people in 2019 (on a full-time equivalent basis), up 1.1%.

**OTHER OPERATING EXPENSES** (€3.980 billion, -2.3%) fell by €95 million as a result of the decrease in lease payments (€151 million) linked to the application of IFRS 16 (offset by an increase in depreciation and amortization) and in expenses related to the migration of Beobank in 2018. Other external services rose by €61 million and taxes by €3 million (including SRF/FGDR: +€31 million).

**DEPRECIATION, AMORTIZATION AND PROVISIONS** (€816 million, +30.4%) increased by €190 million, including €174 million for property, plant and equipment due to the implementation of IFRS 16. Intangible assets also increased (+€16 million) as a result of IT development (digitization).

Overall, the **COST/INCOME RATIO** improved to 64.2% vs. 64.7% in 2018.

**NET ADDITIONS TO/REVERSALS FROM PROVISIONS FOR LOAN LOSSES (€1.2 BILLION) ROSE** by 21.5% and actual net provisioning for known risks increased by €278 million as a result of major loan defaults (Rallye/Naouri (€75 million)). It should be noted that alignment with the new definition of default for entities using the IRB approach had no significant impact. Non-proven risk fell by €66 million, with a decrease of €76 million for downgraded performing loans (S2) and an increase of €10 million for loans not downgraded (S1).

In terms of risk quality:

- the proportion of non-performing loans was 2.99% compared with 3.04% at end-2018,
- the individual coverage ratio was 53.7% vs. 54.1% at end-2018,
- the overall coverage ratio was 62.3% compared with 62.7% at end-2018.

**NET GAINS ON OTHER ASSETS** came to €331 million (+€254 million) as a result of the capital gains on the disposal of Primonial, Royale Marocaine d'Assurances, Leasecom and CD Partenaires. In 2018, various disposals and the impact of the first consolidation of BLI (€18 million) had also been recorded.

The **SHARE OF EQUITY CONSOLIDATED COMPANIES** was €3 million in 2019 compared with €59 million in 2018. The €56 million decrease resulted mainly from the deconsolidation of BMCE at the end of 2018 and the disposal of Primonial in 2019.

The **CHANGE IN THE VALUE OF GOODWILL** was nil vs. +€7 million in 2018 as a result of the badwill recorded by Financo on the acquisition of the car loan activities in France of My Money Bank and the goodwill impairment on NEA following the merger.

The **TAX EXPENSE** (€1.742 billion) was down 3.6% (-€516 million) despite the increase in net income, thanks in particular to income taxed at reduced rates (capital gains) and the downward trajectory of the tax rate (impact on deferred taxes).

### THIS LED TO A 7.7% INCREASE IN NET INCOME ATTRIBUTABLE TO THE GROUP TO €3.775 BILLION.

### SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP INCREASED FURTHER, UP 9.2% TO €59.146 BILLION.

This increase was due mainly to:

- a €491 million capital increase to €10.791 billion (+4.8%),
- the transfer to reserves of much of the 2018 annual net income (allocation rate = 95%),
- 2019 net income: €3.775 billion, and
- the group's net unrealized capital gains (€1.526 billion vs. €825 million in 2018) as a result of the very favorable market environment.

It should be noted that the impact on capital for prudential purposes differs because of the differences in the consolidation methods applied to certain entities, notably insurance undertakings. Note that the return on assets, calculated in accordance with the requirements of Article R. 511-16-1 of the Monetary and Financial Code, was 0.41% compared with 0.42% in 2018.

This financial strength was confirmed by Standard and Poor's which, in October 2019, decided to raise the Crédit Mutuel Group's intrinsic rating (SACP) by one notch to "A". The Crédit Mutuel Group's long-term ratings also remained at "A" ("Senior") and "A+" ("Resolution Counterparty") with a stable outlook.

## ANALYSIS BY SECTOR OF ACTIVITY

The five operating segments for reporting purposes correspond to the organization of Crédit Mutuel Group.

**Retail Banking** comprises the networks of Crédit Mutuel's regional federations and CIC's regional banks. This segment also includes some of the specialized activities whose products and services are marketed by the networks such as finance leasing, factoring, real estate businesses (investment, land development, real estate management, distribution and property development) and collective management of products distributed by the network.

**Insurance** is considered a separate segment given its importance in the group's activities. The group has historically been the leading bank in this area, having started its bankinsurance activity in 1970. The segment covers both life insurance and property and casualty insurance.

**Corporate and Investment Banking** covers financing for large corporate and institutional customers, value-added financing activities, private equity, international activities and capital markets activities, whether on the group's own behalf or on behalf of customers, including stock market intermediation.

**Asset management and private banking** include the subsidiaries that are mainly engaged in private banking, both in France and abroad, and the asset management and employee savings activities.

**Other activities** cover all the activities that cannot be assigned to any of the above segments, together with subsidiaries involved purely in logistical support, whose expenses are generally re-billed to the other entities. They include intermediate holding companies, companies owning the property used in the group's operations, and media and IT subsidiaries.

## RESULTS BY ACTIVITY AND REPORTING BY COUNTRY

*Note that the weight of the data by sector of activity is calculated before elimination of intra-group transactions.*

### RETAIL BANKING

(IN € MILLIONS)	2019	2018	CHANGE 2019/2018
Net banking income	13,325	13,080	1.9%
Gross operating income	4,256	4,118	3.4%
Profit/(loss) before tax	3,415	3,228	5.8%
Net profit/(loss) attributable to the group	2,203	2,042	7.9%

**Net banking income** in retail banking grew by €254 million to €13.325 billion (+1.9%). This increase was mainly due to the higher margin, despite the decrease in commission income.

The group had 34.2 million customers at the end of 2019.

**General operating expenses** rose by €107 million to €9.069 billion, up 1.2%. The employee benefits expense was up as a result of the general rise in salaries and the increase in incentive bonuses and profit-sharing. General operating expenses and net depreciation and amortization changed asymmetrically, mainly as a result of the application of IFRS 16. The reversal of lease payments explains the decrease in expenses and the capitalization of right-of-use assets explains the increase in depreciation and amortization.

The cost/income ratio was therefore 68.1% compared with 68.5% a year earlier.

**Net additions to/reversals from provisions for loan losses** rose by 10.5% to €1.055 billion (+€100 million) as a result of proven risk, while non-proven risk decreased by €57 million.

It should be noted that **net gains/losses on other assets and equity consolidated companies** increased by €149 million, mainly due to the disposal of Primonial.

**Income tax** rose by €22 million to €1.149 billion (+2%).

All in all, **net income attributable to the group** increased by €161 million to €2.203 billion. Retail banking accounted for 58.4% of income attributable to the group in 2019, stable compared with 58.3% in December 2018.

### INSURANCE

(IN € MILLIONS)	2019	2018	CHANGE 2019/2018
Net banking income	2,237	2,238	0.0%
Gross operating income	1,485	1,541	(3.6%)
Profit/(loss) before tax	1,582	1,557	1.6%
Net profit/(loss) attributable to the group	1,097	1,035	6.0%

At €2.237 billion, **net banking income** remained stable compared with 2018 (€2.238 billion). Premiums for both life and non-life insurance increased and net investment income was up in a very favorable market environment. Benefit costs rose (due to weather events in particular). These various factors were offset by the change in technical provisions.

In 2019, the **Crédit Mutuel Group's premium income** was up 3.4% to €17.6 billion, with both the life and property and casualty classes contributing to the increase. The **number of policyholders** was 16.2 million (+2.8%), representing 40 million **policies** in the portfolio (+3.1%).

**General operating expenses** rose by 7.9% to €752 million. The employee benefits expense and other operating expenses increased (+€42 million) as a result of growth in activity, in terms of both staff and IT equipment.

**Net gains on other assets and equity consolidated companies** (€97 million) rose by €81 million, mainly as a result of the disposal of Royale Marocaine d'Assurances.

Overall, **net income attributable to the group** came to €1.097 billion (+6%). Insurance accounted for 29% of net income attributable to the group (29.5% in 2018).

## CORPORATE AND INVESTMENT BANKING

(IN € MILLIONS)	2019	2018	CHANGE 2019/2018
Net banking income	1,029	1,074	(4.2%)
Gross operating income	627	694	(9.7%)
Profit/(loss) before tax	490	706	(30.6%)
Net profit/(loss) attributable to the group	471	585	(19.5%)

**Bank savings products** (excluding life insurance) rose steadily (+9.3%) to €281 billion, benefiting from a favorable base effect linked to the rise in stock market indices.

**Net banking income** fell by €45 million (-4.2%) to €1.029 billion in the three business lines: private equity, capital markets and corporate banking. Private equity performed very well in 2018 with a significant capital gain. Capital markets benefited from more favorable market conditions than in 2018. Net banking income from corporate banking was down as a result of interest rates.

**General operating expenses** totaled €402 million, an increase of 5.8% mainly linked to the employee benefits expense.

**Net additions to/reversals from provisions for loan losses** came to €138 million (+€150 million), primarily in corporate banking as a result of a major loan default.

**Income tax** amounted to €19 million, down €102 million, given the drop in net income.

**Net income attributable to the group** was down by €114 million to €471 million.

## ASSET MANAGEMENT AND PRIVATE BANKING

(IN € MILLIONS)	2019	2018	CHANGE 2019/2018
Net banking income	867	809	7.2%
Gross operating income	235	237	(0.8%)
Profit/(loss) before tax	261	256	2.0%
Net profit/(loss) attributable to the group	209	198	5.6%

**Bank savings products** (excluding life insurance) rose steadily (+9.3%) to €281 billion, benefiting from a favorable base effect linked to the rise in stock market indices.

**Net banking income** increased by €58 million to €867 million (+7.2%) in both private banking and asset management (very strong growth in real estate in particular).

**General operating expenses** rose by 10.5% (+€60 million) to €632 million in both private banking (investments in personnel and IT to comply with regulatory requirements and to improve the transactional and digital offering) and asset management (as a result of the growth in activity).

**Net additions to/reversals from provisions for loan losses** totaled €6 million, down by €21 million.

**Net gains on other assets and equity consolidated companies** came to €20 million vs. €34 million a year earlier due to lower capital gains.

The **"Taxes and other"** line item (€34 million) includes:  
- income tax, which decreased by €15 million to €51 million,  
- net gains on discontinued operations in the amount of €17 million related to LFIS, LFFS and UGP, which are expected to be sold in 2020.

Overall, **net income attributable to the group** came to €209 million, up 5.6%.

## OTHER

(IN € MILLIONS)	2019	2018	CHANGE 2019/2018
Net banking income	1,688	1,326	27.3%
Gross operating income	(142)	(396)	64.1%
Profit/(loss) before tax	(165)	(380)	56.6%
Net profit/(loss) attributable to the group	(205)	(356)	42.4%

**Net banking income** rose by €362 million (+27.3%) to €1.688 billion, mainly due to the revaluation of the Visa shares, lower provisions for risks and the growth of the Euro-Information division.

**General operating expenses** totaled €1.830 billion (+6.3%) (mainly the IT division, partly offset by the media division, which benefited from the positive effects of the restructuring plans launched in 2017).

**Net additions to/reversals from provisions for loan losses** were down (€13 million vs. €30 million in 2018).

**Net gains/losses on other assets and equity consolidated companies** decreased from +€46 million in 2018 to -€10 million, mainly due to the deconsolidation of BMCE at end-2018.

**Income tax and gains/losses on discontinued operations** amounted to -€39 million, up €64 million as a result of the increase in net income.

All in all, income attributable to the group rose by €151 million to -€205 million.



## CAPITAL AND RISK EXPOSURE

The data provided in the tables on the following pages is expressed in millions of euros. The figures in this section are audited unless indicated otherwise by a double asterisk.

### CAPITAL\*\*

Further to Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26, 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 (so-called Capital Requirements Regulation), the networks of banking institutions with a central governing body must comply with management ratios both on an individual basis (for each of the Crédit Mutuel groups) and on a consolidated basis at the national level (market risk and credit risk, major risks and equity holdings).

The consolidating entity and the scope of prudential supervision of Crédit Mutuel Group are identical to those used for the group's consolidated financial statements. Only the consolidation method changes, notably as regards the insurance companies, which are consolidated for accounting purposes using the full consolidation method and for prudential purposes using the equity method.

The solvency ratio defines the capital requirement needed to cover credit, market and operational risks. Total capital is the sum of Common Equity Tier 1 (CET1) capital, Additional Tier 1 (AT1) capital (such as undated deeply subordinated debt) and Tier 2 capital (including eligible redeemable subordinated securities and undated subordinated securities), less regulatory deductions (which include intangible assets, the amount by which expected losses exceed provisions, securitization positions with a risk weight of 1,250%, valuation adjustments from the application of the prudence concept, deferred tax assets relying on future profitability but unrelated to timing differences, etc.).

As of January 1, 2018 and given the end of transitional arrangements applied to unrealized capital gains (excluding cash flow hedge securities), these gains are no longer filtered and are now fully included in Tier 1 capital.

Crédit Mutuel Group has been authorized by the SGACPR, subject to compliance with the requirements of Article 49 of the Capital Requirements Regulation, to apply the equity method to investments in insurance undertakings that are subsidiaries of the group, involving weighting them rather than deducting them from Tier 1 capital.

In this respect, the group complies with the reporting requirements arising from the EU Directive applicable to financial conglomerates. This requires, among other things, additional monitoring of the coverage by consolidated capital of the cumulative capital adequacy requirements of the banking activities and the solvency margin of the insurance companies.

Crédit Mutuel Group complies with all the applicable regulatory ratios.

## SOLVENCY RATIOS

Transition phase

(IN € MILLIONS)	12/31/2019	12/31/2018
<b>COMMON EQUITY TIER 1 CAPITAL (CET 1)</b>	<b>52,682</b>	<b>47,679</b>
Capital	10,805	10,304
Eligible reserves before adjustments	48,606	44,064
Regulatory adjustments to CET1	(6,728)	(6,688)
<b>ADDITIONAL TIER 1 (AT1) CAPITAL</b>	<b>782</b>	<b>1,021</b>
<b>TIER 2 (CET2) CAPITAL</b>	<b>8,724</b>	<b>7,114</b>
<b>TOTAL CAPITAL</b>	<b>62,188</b>	<b>55,814</b>
Risk weighted assets - credit risk	261,269	243,675
Risk weighted assets - market risk	3,017	4,113
Risk weighted assets - operational risk	23,646	24,250
<b>TOTAL RISK-WEIGHTED ASSETS</b>	<b>287,932</b>	<b>272,038</b>
<b>SOLVENCY RATIOS</b>		
Common Equity Tier 1 (CET1) ratio	18.3%	17.5%
Capital ratio	18.6%	17.9%
Total capital ratio	21.6%	20.5%
Taking into account transitional arrangements allowing for the inclusion of net income.		
<b>TARGET</b>		
<b>SOLVENCY RATIOS</b>		
Common Equity Tier 1 (CET1) ratio	18.2%	17.5%
Capital ratio	18.3%	17.5%
Total capital ratio	21.5%	20.4%

## RISK MANAGEMENT POLICY

The process of identifying, analyzing and prioritizing the Crédit Mutuel Group's risks based on its risk profile is carried out annually through an analysis and validation of the group's overall risk mapping at the highest level. This mapping covers business and profit risk, capital risk, liquidity risk, banking portfolio interest-rate risk, credit risk, market risk, operational risk and non-financial risk.

## CRÉDIT RISK

Crédit Mutuel's credit risk management policy seeks to achieve several objectives, namely to:

- measure capital requirements;
- help steer the group by managing commitments in compliance with limits and, more broadly, with Crédit Mutuel Group's risk appetite;
- reduce net additions to/reversals from provisions for loan losses over time; and
- respond effectively to Basel III and internal control regulations and ensure that regulatory compliance investments generate a return.

According to the overall risk appetite framework approved by the Board of Directors of the Confédération, the regional groups are responsible for their risk strategies and risk-taking. Risks must nevertheless be taken in accordance with the principles of the risk appetite framework approved by the national governing bodies and with the risk tolerance policies approved by the regional governing bodies. The risk tolerance policy for each regional group is then applied in the rules for approving loans and advances, setting the main orientations of its lending activity (notably in terms of customer segmentation), and setting and monitoring limits. Financing limits are set in such a way as to be adapted to the risk management policy and financial fundamentals of the entity concerned and consistent with the system in place at the national level.

National and regional procedures are based on an internal rating system, defined in compliance with Basel III regulatory requirements. This internal rating system is used by all group entities. It allows for the rating of all counterparties eligible for internal ratings-based approaches. The system is based on different statistical models for customer segments for retail exposures and on rating grids developed by experts for bank, large corporate and specialized market exposures. All counterparties eligible for internal

ratings-based approaches are positioned on a single rating scale (nine positions for sound exposures in addition to one denoting exposures in default) reflecting the progressive nature of the risk.

The systems for downgrading and provisioning loans are integrated into the information systems and operate on a monthly basis, reclassifying performing loans as doubtful loans where applicable. The software also integrates the notion of contagion to a third party. Provisions are calculated according to the outstanding amounts and the guarantees received, and adjusted by the risk managers depending on the estimated ultimate loss. Since November 2019, the Crédit Mutuel Group has applied the new definition of prudential default in accordance with the guidelines of the EBA and the regulatory technical standards on the notion of applicable materiality thresholds. This has also enabled it to implement obligations related to the Thematic

Review on default (in their entirety for the A-IRB scope). The procedure regarding the definition of default has been revised to include the new principles of downgrading to default status and reclassification to performing status.

At the national level, applications for steering and reporting weighted risk calculations map credit risks, thus enabling the analysis of commitments according to the main categories defined in the internal rating system. The mappings are completed by more detailed management reports, which are produced at the national level and then analyzed by regional entity, providing information on the quality of the group's commitments and compliance with national limits placed on credit risks. The mappings and reports are sent to the senior management of the regional groups (Chief Executive Officers, Risk Management Directors and Commitments Directors) and to the effective managers and supervisory body of Confédération Nationale du Crédit Mutuel.

#### CREDIT RISK EXPOSURE ON LOANS AND RECEIVABLES

EXPOSURE	12/31/2019	12/31/2018
<b>Loans and receivables</b>		
Credit institutions	52,961	45,385
Customers	500,151	468,904
<b>Gross exposure</b>	<b>553,112</b>	<b>514,289</b>
<b>Impairment</b>	<b>(10,496)</b>	<b>(10,132)</b>
Credit institutions	(5)	(5)
Customers	(10,491)	(10,127)
<b>Net exposure</b>	<b>542,616</b>	<b>504,157</b>

#### CREDIT RISK EXPOSURE ON COMMITMENTS GIVEN

EXPOSURE	12/31/2019	12/31/2018
<b>Financing commitments given</b>	<b>86,523</b>	<b>81,625</b>
Credit institutions	957	1,226
Customers	85,566	80,399
<b>Guarantee commitments given</b>	<b>27,430</b>	<b>26,038</b>
Credit institutions	4,609	4,680
Customers	22,821	21,358
<b>Provision for risks on commitments given</b>	<b>167</b>	<b>151</b>

#### EXPOSURE TO CREDIT RISK ON DEBT SECURITIES

EXPOSURE	12/31/2019	12/31/2018
<b>Debt securities</b>		
Government securities	49,142	50,195
Bonds	123,037	117,346
Derivative instruments	7,259	7,206
Repurchase agreements and securities lending	4,504	17,904
<b>Gross exposure</b>	<b>183,942</b>	<b>192,651</b>
Provisions for impairment	(222)	(259)
<b>Net exposure</b>	<b>183,720</b>	<b>192,392</b>

#### GROSS CARRYING AMOUNT OF EXPOSURES BY CATEGORY AND BY RANGE OF PD (CUSTOMER LOANS)

12/31/2019	Of which assets impaired at origination	Subject to 12-month expected losses	Subject to expected losses at termination	Of which customer receivables under IFRS 15	Subject to expected losses on impaired assets at end of period but not impaired at origination
<b>By 12-month PD range - IFRS 9</b>					
<0.1	0	157,168	1,476	0	0
0.1-0.25	0	71,537	386	0	0
0.26-0.99	0	94,086	1,007	0	0
1 - 2.99	0	61,070	5,857	0	0
3 - 9.99	0	22,095	7,703	0	0
>=10	204	52,720	10,508	0	14,829
<b>Total</b>	<b>204</b>	<b>463,502</b>	<b>26,937</b>	<b>0</b>	<b>14,829</b>

12/31/2018	Of which assets impaired at origination	Subject to 12-month expected losses	Subject to expected losses at termination	Of which customer receivables under IFRS 15	Subject to expected losses on impaired assets at end of period but not impaired at origination
<b>By 12-month PD range - IFRS 9</b>					
<0.1	0	138,076	955	0	0
0.1-0.25	0	87,333	408	0	3
0.26-0.99	0	130,197	1,213	0	0
1 - 2.99	0	49,915	6,493	0	33
3 - 9.99	0	20,706	12,634	0	17
>=10	260	3,292	11,832	0	14,186
<b>Total</b>	<b>260</b>	<b>429,520</b>	<b>33,534</b>	<b>0</b>	<b>14,239</b>



## GROSS CARRYING AMOUNT OF THE INSURANCE ENTITIES' SPPI EXPOSURES BY EXTERNAL RATING

12/31/2019	
By external rating	Gross carrying amount of SPPI assets
AAA to AA+	12.5%
AA to AA-	34.1%
A+ to A	13.5%
A-	9.4%
BBB+ to BBB	16.5%
BBB-	1.1%
BB+ to BB	0.8%
BB- TO B+	0.4%
B to B- and CCC+ to CCC-	0.2%
NN *	11.3%
<b>Total</b>	<b>100%</b>

\* Not rated.

12/31/2018	
By external rating	Gross carrying amount of SPPI assets
AAA to AA+	8.2%
AA to AA-	34.9%
A+ to A	20.2%
A-	9.1%
BBB+ to BBB	15.7%
BBB-	0.7%
BB+ to BB	0.8%
BB- TO B+	0.2%
B to B- and CCC+ to CCC-	0.1%
NN *	10.1%
<b>Total</b>	<b>100%</b>

\* Not rated.

## RATING STRUCTURE AND GEOGRAPHIC BREAKDOWN OF INTERBANK LOANS

	12/31/2019 as a %	12/31/2018 as a %
<b>Structure of interbank loans by rating (A-IRB scope - gross performing loans)</b>		
A+	12.5%	10.5%
A-	37.3%	32.9%
B+	19.0%	24.9%
B-	23.6%	21.3%
C and below (excluding default rating)	7.7%	10.4%

Source: Crédit Mutuel Group consolidated scope - Basel calculator.

The structure of Crédit Mutuel Group's interbank exposures, based on internal ratings, continued to be of good quality at December 31, 2019, with more than 90% of these exposures rated between A and B.

	12/31/2019 as a %	12/31/2018 as a %
<b>Geographic breakdown of interbank loans</b>		
France	59.7%	61.3%
Germany	3.0%	2.6%
Rest of Europe	21.6%	20.2%
Rest of world	15.7%	15.9%

The geographic breakdown indicates that interbank exposure remains mainly limited to banks in Europe, notably France and Germany.

## CUSTOMER CREDIT RISK

	12/31/2019 as a %	12/31/2018 as a %
<b>Breakdown of loans by type of customers</b>		
A - Central governments and banks	20.7%	18.4%
B - Credit institutions	7.6%	8.3%
C - Corporates	21.5%	22.1%
D - Retail	50.2%	51.2%

Source: Crédit Mutuel Group consolidated scope - Basel calculator.

Crédit Mutuel Group is positioned mainly as a retail bank. Its exposure to retail customers was stable.

## GEOGRAPHIC BREAKDOWN OF CUSTOMER RISK

	12/31/2019 as a %	12/31/2018 as a %
<b>Geographic breakdown of customer risk</b>		
France	81.6%	81.4%
Germany	6.3%	6.3%
Rest of Europe	6.9%	6.8%
Rest of world	5.3%	5.5%

## CONCENTRATION OF GROSS CUSTOMER RISK

	12/31/2019	12/31/2018
<b>Concentration of gross customer risk</b>		
Commitments exceeding €300 million		
Number	109	91
Balance sheet commitments (€m)	40,497	38,894
Off-balance sheet commitments (€m)	26,675	24,377
Commitments of between €200 million and €300 million		
Number	54	59
Balance sheet commitments (€m)	8,594	9,632
Off-balance sheet commitments (€m)	4,616	4,746

Taking all commitments into account, the average unit amount of the 109 largest risks exceeding €300 million was €616 million (€695 million in 2018) while the average unit amount of the 54 largest risks between €200 million and €300 million was €244 million (€244 million in 2018).

## QUALITY OF RISK

	12/31/2019	12/31/2018
Gross loans and advances subject to individual provisions (S3)	15,034	14,499
Individual provisions (S2)	(1,285)	(1,240)
Collective provisions (S3)	(8,077)	(7,850)
<b>Overall rate of cover</b>	<b>53.7%</b>	<b>54.1%</b>
<b>Coverage ratio (individual provisions only)</b>	<b>62.3%</b>	<b>62.7%</b>

As regards the quality of risks, the proportion of impaired loans was 3.0% compared with 3.03% at the previous balance sheet date.

## PAST DUE AMOUNTS

12/31/2019	Past due amounts (S1+S2)			Carrying amount of impaired assets	Total past due amounts and impaired assets
EN M€	TO 30 DAYS	>30 DAYS ≤ 90 DAYS	> 3 MONTHS	TOTAL	
<b>Debt instruments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Central governments	0	0	0	0	0
Credit institutions	0	0	0	0	0
Other financial entities	0	0	0	0	0
Non-financial entities	0	0	0	0	0
<b>Loans and advances</b>	<b>3,924</b>	<b>1,490</b>	<b>250</b>	<b>5,150</b>	<b>10,814</b>
Central governments	44	40	3	21	108
Credit institutions	10	3	0	0	13
Other financial entities	105	4	4	58	171
Non-financial entities	2,477	436	219	2,695	5,827
Private individuals	1,288	1,007	24	2,376	4,695
<b>Total</b>	<b>3,924</b>	<b>1,490</b>	<b>250</b>	<b>5,150</b>	<b>10,814</b>

12/31/2018	Past due amounts (S1+S2)			Carrying amount of impaired assets	Total past due amounts and impaired assets
EN M€	TO 30 DAYS	>30 DAYS ≤ 90 DAYS	> 3 MONTHS	TOTAL	
<b>Debt instruments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Central governments	0	0	0	0	0
Credit institutions	0	0	0	0	0
Other financial entities	0	0	0	0	0
Non-financial entities	0	0	0	0	0
<b>Loans and advances</b>	<b>5,140</b>	<b>1,889</b>	<b>256</b>	<b>5,200</b>	<b>12,485</b>
Central governments	15	84	2	5	106
Credit institutions	0	0	0	0	0
Other financial entities	79	9	4	56	148
Non-financial entities	3,713	756	203	2,686	7,358
Private individuals	1,333	1,040	47	2,453	4,873
<b>Total</b>	<b>5,140</b>	<b>1,889</b>	<b>256</b>	<b>5,200</b>	<b>12,485</b>

A financial asset has a past due amount when the counterparty has not made a payment by the contractual due date. Loans past due for more than 90 days and not downgraded are immaterial.

## BREAKDOWN OF RISK EXPOSURES BY ECONOMIC SECTOR

BREAKDOWN OF GROSS EXPOSURES BY ECONOMIC SECTOR	31/12/2019 as a %	12/31/2018 as a %
Private individuals	42.4%	43.2%
Public administrations and central banks	19.8%	17.8%
Banks and financial institutions	5.7%	6.3%
Other real estate (of which leasing and property companies)	2.9%	2.9%
Real estate development	1.2%	1.1%
Retail trade	2.8%	3.0%
Sole traders	2.7%	2.7%
Construction and building materials	2.3%	2.2%
Agriculture	1.7%	1.7%
Other financial activities	1.8%	1.8%
Industrial goods and services	1.9%	1.8%
Holding companies and conglomerates	1.6%	1.6%
Food processing and beverages	1.2%	1.2%
Industrial transport	1.3%	1.2%
Travel and leisure	1.1%	1.1%
Oil, gas and commodities	0.8%	0.8%
High technology	0.7%	0.8%
Automobile industry	0.8%	0.8%
Utilities	0.5%	0.6%
Health	0.6%	0.6%
Media	0.4%	0.4%
Associations	0.4%	0.4%
Household products	0.5%	0.4%
Other group subsidiaries <sup>(*)</sup>	4.2%	4.6%
Sundry	0.3%	0.3%
Telecommunications	0.2%	0.3%
Chemicals	0.3%	0.3%

Source: Crédit Mutuel Group consolidated scope - Basel calculator.

<sup>(\*)</sup> includes CIC Suisse, BDL, leasing and factoring entities purchased from General Electric for exposures other than public administrations, banks and private individuals.

## Exposures at December 31 2019

CARRYING AMOUNT	RMBS	CMBS	CLO	OTHER ABS	TOTAL
FVPL	487	-	65	506	1,059
Amortized cost	55	-	300	534	888
FV Others	8	-	-	-	8
FVOCI	1,013	662	3,196	1,145	6,016
<b>TOTAL</b>	<b>1,562</b>	<b>662</b>	<b>3,561</b>	<b>2,185</b>	<b>7,971</b>
France	336	-	571	606	1,513
Spain	112	-	-	189	301
United Kingdom	256	-	136	84	476
Rest of Europe	470	-	247	774	1,490
USA	198	662	2,608	254	3,722
Other	190	-	-	279	468
<b>TOTAL</b>	<b>1,562</b>	<b>662</b>	<b>3,561</b>	<b>2,185</b>	<b>7,971</b>
US Agencies	194	659	-	-	853
AAA	1,163	4	3,410	1,070	5,646
AA	169	-	96	582	848
A	17	-	44	-	60
BBB	7	-	-	25	31
BB	8	-	-	7	15
Less than or equal to B	4	-	-	-	4
Not rated	-	-	11	502	513
<b>TOTAL</b>	<b>1,562</b>	<b>662</b>	<b>3,561</b>	<b>2,185</b>	<b>7,971</b>

## EXPOSURES RELATED TO THE FINANCIAL CRISIS (FSB DATA)

In response to the financial crisis, the Financial Stability Board (FSB) issued recommendations on transparency that seek to improve financial information related to certain risk exposures. Crédit Mutuel Group has chosen to implement these recommendations to ensure better financial reporting.

## SECURITIZATION

The amounts presented are in € millions.

SUMMARY	CARRYING AMOUNT 31/12/2019	CARRYING AMOUNT 12/31/2018
RMBS	1,562	1,521
CMBS	662	543
CDO/CLO	3,562	3,211
Other ABS	2,185	2,405
CLO hedged by CDS	0	0
Other ABS hedged by CDS	0	0
Liquidity lines	0	215
<b>TOTAL</b>	<b>7,971</b>	<b>7,895</b>

Unless otherwise indicated, securities are not hedged by CDS.



Exposures at December 31 2018

CARRYING AMOUNT	RMBS	CMBS	CLO	OTHER ABS	TOTAL
<i>FVPL</i>	472	-	-	253	725
Amortized cost	239	-	260	257	756
<b>FV Others</b>	9	-	-	-	9
FVOCI	801	543	2,951	1,895	6,190
<b>TOTAL</b>	<b>1,521</b>	<b>543</b>	<b>3,211</b>	<b>2,405</b>	<b>7,680</b>
France	252	-	555	644	1,451
Spain	125	-	-	196	321
United Kingdom	345	-	135	211	691
Rest of Europe	310	-	363	1,199	1,871
USA	293	543	639	1	1,476
Other	197	-	1,519	155	1,870
<b>TOTAL</b>	<b>1,521</b>	<b>543</b>	<b>3,211</b>	<b>2,405</b>	<b>7,680</b>
US Agencies	125	-	-	-	125
AAA	1,045	543	3,041	1,634	6,262
AA	143	-	120	508	772
A	20	-	38	57	115
BBB	7	-	-	200	207
BB	18	-	-	7	25
Less than or equal to B	162	-	-	-	162
Not rated	-	-	11	-	11
<b>TOTAL</b>	<b>1,521</b>	<b>543</b>	<b>3,211</b>	<b>2,405</b>	<b>7,680</b>

## BASEL III FRAMEWORK – CREDIT RISK

To better take into account the quality of the borrower, capital rules, including notably the implementation of an internal system of ratings specific to each institution, have been instituted by the Basel Committee on Banking Supervision and by the European Commission. European Regulation No. 575/2013 of 26 June 2013 concerning prudential requirements applicable to credit institutions and investment companies is based on these rules.

These rules are based on the three pillars:

- **Pillar I** introduces new minimum capital requirements, with the calculation of a solvency ratio for credit, market and operational risks;
- **Pillar II** requires banks to perform their own assessment to determine whether they have adequate capital to support all the risks in their business and to perform stress tests to assess their capital requirements in the event of a deterioration in the economic environment; and
- **Pillar III** tightens up market discipline by requiring more extensive disclosure and transparency regarding the risk profile of banks governed by the new framework. To this end, each year Crédit Mutuel Group publishes a specific report that can be consulted on its institutional website.

Regarding the minimum capital requirements of Pillar I, the major changes compared with the Cooke ratio as regards credit risk concern the modification of the calculation of risk-weighted assets relative to unexpected losses (UL) included in the ratio's denominator and the possibility of adjusting the capital on the basis of the differential between expected losses (EL) and provisions included in the ratio's numerator.

To measure credit risk, banks must choose between three approaches of increasing risk sensitivity subject to the authorization and under the control of their national supervisory bodies: standardized approach, foundation internal ratings-based approach, and advanced internal ratings-based approach. Each banking institution is required to adopt the approach best suited to the stage of development of its activities and of its organization. The use of so-called internal ratings-based approaches requires prior authorization by France's supervisory authority.

## STANDARDIZED APPROACH

The so-called standardized approach is similar to the Basel I Framework insofar as it is based on the application of fixed risk weightings to the different categories of exposures as defined by the regulations. The main modifications result from the possibility to adjust the risk weightings applicable on the basis of credit ratings provided by recognized external institutions and from the broader range of sureties,

guarantees and credit derivatives that may be taken into account by banks.

With the agreement of the Autorité de Contrôle Prudentiel et de Résolution (ACPR - French Prudential Supervisory and Resolution Authority), Crédit Mutuel Group will continue to measure claims on sovereign governments and local authorities using the standardized method for the foreseeable future. The option given to banking groups to partially use the standardized method ("PPU" - Permanent Partial Use) applies to these two portfolios.

## INTERNAL RATINGS-BASED APPROACHES

These approaches are more sophisticated. Credit risk is a function of the characteristics of each exposure (or pool of exposures) based on the four following parameters: probability of default (PD) by the debtor over a one-year horizon, loss given default (LGD), credit conversion factor (CCF) for off-balance sheet exposures, and effective maturity\*. The use of these approaches is subject to compliance with a number of quantitative and qualitative requirements that seek to ensure the integrity of the process as well as the estimate of the parameters used to calculate regulatory capital.

There are two main approaches:

- **Foundation internal ratings-based approach (F-IRB)**, under which banks provide their own internal estimates for the probability of default. Other risk components (LGD, CCF and M) are defined in the regulations.
- **Advanced internal ratings-based approach (A-IRB)**, under which banks provide their own internal estimates for the PD, CCF, LGD and M risk components. This approach requires records stretching back over a long enough period of time for statistical purposes.

The Crédit Mutuel Group has opted to apply the most sophisticated approaches of Basel III, focusing first on retail customers, which represent its core business.

The ACPR has authorized the Crédit Mutuel Group to use its internal rating system to calculate its regulatory capital requirements with respect to credit risk as follows:

- Advanced internal ratings-based approach, from June 30, 2008, for exposures to retail customers;
- Foundation internal ratings-based approach, from December 31, 2008, then the advanced internal ratings-based approach, from December 31, 2012, for exposures to credit institutions; and
- Advanced internal ratings-based approach, from December 31, 2012, for exposures to corporate customers.

In 2018, as part of the TRIM exercise (targeted review of internal models), the European Central Bank confirmed the authorization given to Crédit Mutuel Group for the retail customer home loan portfolio.

\* Parameter used exclusively for exposures to central governments, institutions and corporates for which the advanced internal ratings-based approach is used.

Crédit Mutuel Group also received an authorization to apply the internal method for real estate development as of March 31, 2018. Finally, as part of the rollout plan, the projects related to using the advanced method for the factoring subsidiaries of Crédit Mutuel Group in France, Cofidis France, Targobank AG and Beobank are well underway.

As a cooperative bank owned by its members and customers, Crédit Mutuel Group is not focused on redistributing potential increases in shareholders' equity to its shareholders. By opting for an internal ratings-based approach for most of its exposures, the group has:

- complied with requirements laid down in the regulations and by the supervisory body;
- adopted a national framework that helps standardize practices;
- improved its customer risk segmentation, thus helping to fine-tune its management and steering; and
- brought up to standard its information systems and work methods at all levels of its organization given the obligation to use ratings in its management.

Overall, Crédit Mutuel has structured its credit risk measurement and management system by capitalizing on the Basel III Framework, based on:

- a single counterparty rating system;
- a harmonized definition of default that is consistent with the accounting approach;
- the use of national parameters incorporating a margin of prudence; and
- significant investments in its information systems.

## INTEREST RATE RISK

Interest rate risk arises from the bank's commercial activities. It results from differences in interest rates and benchmark indices for customer loans and advances on the one hand and customer deposits on the other hand, based on a prospective analysis of expected changes in these components, taking into account embedded options (notably early loan repayments, extensions and drawdowns against confirmed credit lines).

The regional groups are responsible for defining their interest rate risk management and hedging strategies. As required by the regulations (Decree of November 3, 2014), CNCM's Risk Department is responsible for the consolidated and homogeneous measurement of this risk by coordinating methodologies and by regular measurement of overall risk at the group level.

Crédit Mutuel Group has established harmonized national risk agreements and limits, which are set out in the "National interest rate risk methodology."

Measurement and supervision of interest rate risk is carried out at the regional level by the Crédit Mutuel regional groups and at the national level by CNCM.

### At the regional level

Each of the Crédit Mutuel regional groups has an asset/liability management (ALM) unit dedicated to monitoring overall interest rate exposure.

The Crédit Mutuel Group entities all use a common base for measuring overall interest rate risk (application of methodological rules for run-off standards, scenarios and early repayment), excluding the trading book, which is monitored at the level of the dealing room.

Group entities have introduced systems of limits that are consistent with the national system. Management and hedging decisions are made by Regional Committees.

Interest rate risk is analyzed and hedged globally, if appropriate, by entering into so-called macro-hedging transactions. These transactions are accounted for in accordance with IAS 39 as adopted by the European Union, i.e. in accordance with the carved out version. High-value or special-purpose customer transactions may be hedged separately.

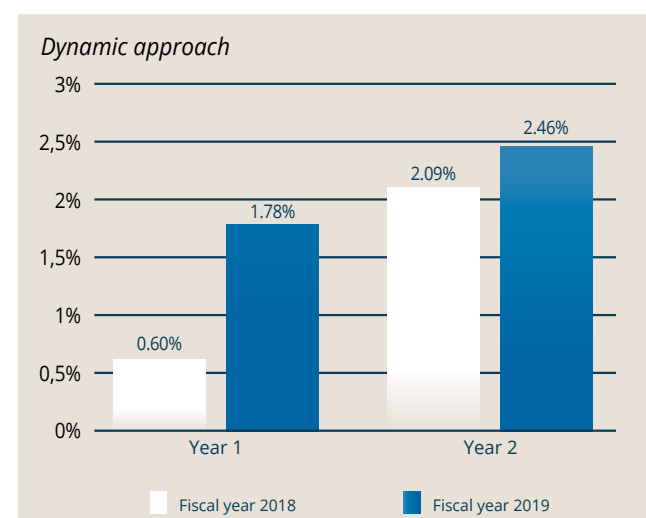
### At the national level

Interest rate risk is measured quarterly using two indicators:

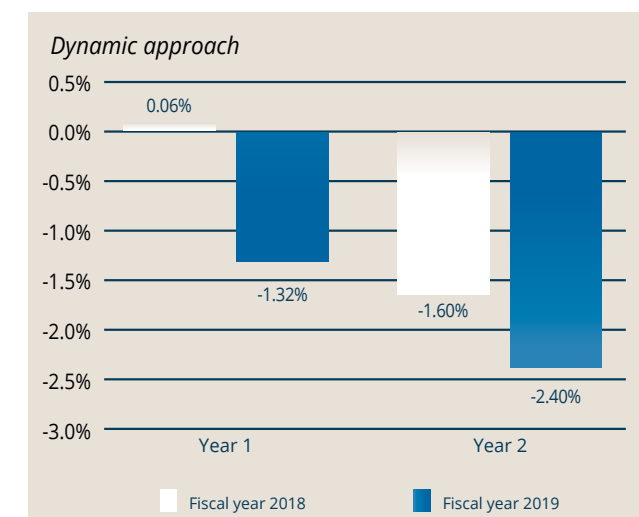
- risk relating to future income, analyzed in terms of the sensitivity of the margin over the short- to medium-term (one to five years); and
- risk relating to the instant value of the entity, measured as the sensitivity of net present value over a long-term horizon.

At the national level, the sensitivity limit for net banking income over one or two years includes new loan production based on a scenario of moderate changes in interest rates (+/- 1% for variable rates and +/- 0.5% for regulated interest rates).

### Sensitivity of net banking income to a differentiated rise in interest rates



### Sensitivity of net banking income to a differentiated decrease in interest rates

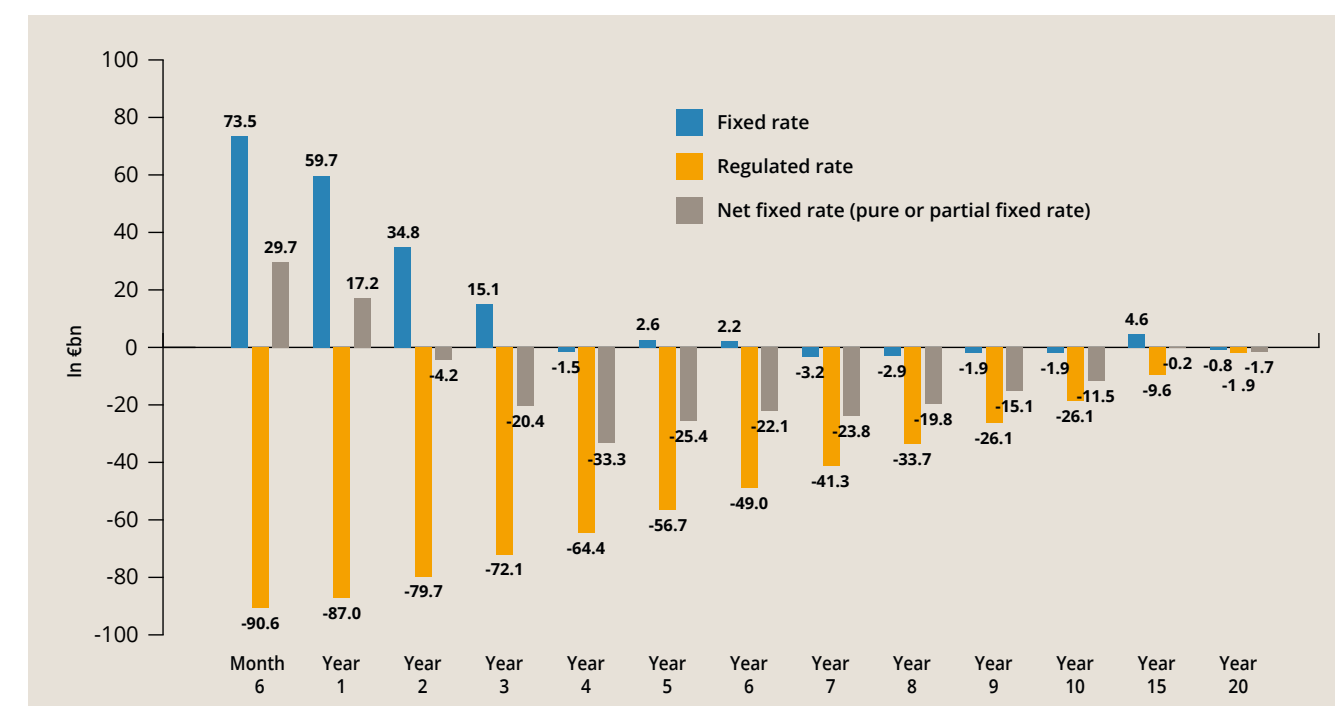


The sensitivity of Crédit Mutuel Group to an increase or decrease in interest rates is moderate. Other scenarios, including stress scenarios, are modeled under the supervision of CNCM.

In accordance with the EBA's recommendations of July 19, 2018, measurement of the sensitivity of the economic value of shareholders' equity to interest rate shocks of +/-2% is also taken into account in Crédit Mutuel Group's national system of limits.

### Fixed rate - regulated rate gaps

### Crédit Mutuel Group – Static gaps (Assets-Liabilities) in outstandings end of period at 12/31/2019



## LIQUIDITY RISK

Liquidity risk arises from a mismatch in the maturity of the applications of funds and the sources of funds. In its most extreme form, the risk is that an entity will be unable to meet its obligations.

The Federal Banks of the Crédit Mutuel groups each have an ALM unit or Committee tasked notably with managing assets and liabilities to ensure there is sufficient liquidity to meet their commitments.

Liquidity risk is monitored by the regional groups using the following indicators in particular:

- liquidity monitoring ratios and regulatory reports (LCR, NSFR, ALMM). Some of the group's regional federations and federal banks apply limits that are stricter than those required by the regulations;

- a medium- to long-term liquidity indicator defined at the national level, the general principle being to run-off all assets and all liabilities and to measure the ratio of coverage of applications by resources of equivalent duration at different maturities. A system of related limits has been put into place; along with
- liquidity reserves and recourse to the 3G pool;
- three-year financing plans;
- liquidity and refinancing costs; and
- liquidity crisis simulations.

With an LCR of 156.7% at December 31, 2019, Crédit Mutuel Group's liquidity reserves are sufficient to cover all short-term maturities.

The liquidity risk management disclosures that must be published under the EBA/GL/2017/01 guidelines from December 31, 2017 are presented in the national Pillar 3 document.

## BREAKDOWN OF INSTRUMENTS BY MATURITY

### Breakdown of maturities for liquidity risk at 12/31/2019

Residual contractual maturities (€m)	LESS THAN 1 MONTH	1 MONTH TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 YEAR TO 2 YEARS	2 YEARS TO 5 YEARS	MORE THAN 5 YEARS	NO SET MATURITY	TOTAL
<b>Assets</b>								
Cash in hand and balances with central banks	86,726	-	-	-	-	-	-	86,726
Demand deposits - Credit institutions	3,388	-	-	-	-	-	-	3,388
Held-for-trading financial assets	8,675	2,837	6,054	2,503	4,791	3,351	644	28,855
Financial assets at fair value through profit or loss	27	41	48	109	1,241	336	5,850	7,651
Financial assets at fair value through equity - recyclable	1,449	1,559	5,992	6,650	13,946	12,451	1	42,046
Financial assets at fair value through equity - non-recyclable	-	-	-	-	-	-	1,056	1,056
Securities at amortized cost	329	42	5,329	324	1,972	1,571	703	10,271
Loans and advances (including finance leases)	57,462	17,409	41,339	48,950	123,345	245,219	4,937	538,662
<b>Liabilities</b>								
Central bank deposits	715	-	-	-	-	-	-	715
Financial liabilities held for trading	8,283	3,895	4,070	236	1,934	1,600	3	20,020
Financial liabilities at fair value through profit or loss	65	49	244	55	100	242	-	755
Financial liabilities valued at amortized cost	374,292	31,003	94,522	35,154	71,276	51,226	982	658,455

Financial assets and financial liabilities correspond to amounts determined applying International Financial Reporting Standards, for entities within the prudential scope. The scheduling rules are as follows:

- Maturities are the contractual maturities for repayment of the principal.
  - Shares are recorded under "No set maturity," as are undated loans and securities.
  - Debts and accrued interest are broken down according to their actual contractual maturity or, failing that, recorded under "Less than 1 month."
  - Provisions are analyzed in the same way as the assets concerned.
  - Non-performing loans are analyzed according to their contractual date, if not yet past, and, failing that, under "No set maturity," in the same way as receivables in litigation.
  - The market value of derivatives is recorded in the flow corresponding to the end date of the contract.
- When it is not possible to establish a reliable repayment schedule, the carrying amount is recorded under "No set maturity."

## FOREIGN EXCHANGE RISK

Each bank hedges the currency risk on customer transactions. This risk is not material at the Crédit Mutuel Group level.

## MARKET RISK

The main Crédit Mutuel Group entity engaged in market activities is Crédit Mutuel Alliance Fédérale Group, which trades on its own account and on behalf of the other Federations. Crédit Mutuel Alliance Fédérale Group's activities include refinancing the local mutual banks' activities, securities portfolio management and commercial activities for corporate customers (foreign exchange transactions, interest rate and foreign exchange risk hedging).

The dealing room activities are the subject of reports at regular intervals covering risks as well as financial and accounting performance.

The permitted activities and procedures for capital markets activities are included in each regional group's internal regulations. At the operational level, they are analyzed by the various Committees involved and reported upon regularly to the Boards of Directors concerned.

At the national level, reports produced in respect of market activities are used to monitor the main risk indicators and compliance with the national system of limits. They are supplemented with regular monitoring of the results of historical and hypothetical stress on the capital markets activities of all Crédit Mutuel groups.

## OPERATIONAL RISK

### Methods used by Crédit Mutuel Group

Crédit Mutuel Group is authorized to use its advanced measurement approach (AMA) to calculate regulatory capital requirements in respect of operational risk, save for the deduction of expected losses from capital requirements, as indicated below:

- authorization given since January 1, 2010 for all entities included in the consolidation scope other than the foreign subsidiaries, Cofidis Group and Crédit Mutuel Factoring;
- authorization extended to Crédit Mutuel Factoring since January 1, 2012;
- authorization extended to Banque de Luxembourg since September 30, 2013; and
- authorization extended to Cofidis France since September 30, 2014;
- authorization extended to Targobank Germany since June 30, 2018.

The deduction of insurance as a mitigating factor for calculating the capital requirement under the advanced measurement approach (AMA) has been authorized by the ACPR and was applied for the first time in the interim financial statements for the six months to June 30, 2012.

## General framework

The system for measuring and controlling operational risk (progressively implemented since 2002) rests on foundations common to the entire Crédit Mutuel group and common quantitative measurement methods. Risk mappings are done by business line, risk object and type in close collaboration with the functional departments. These departments define a standardized framework for analyzing losses and draw up expert-based modeling for comparison against scenario-based, probabilistic assessments.

For its modeling, the group relies notably on a national database of internal loss events, in addition to which it has access to an external database on a subscription basis. It also relies on the scenarios developed during the mapping process and in the statistical studies drawn up in compliance with common procedures and regulatory requirements.

## Main objectives

The operational risk management policy implemented by the group is designed to achieve the following:

- improve group management by controlling risks and related costs;
- protect margins through appropriate management of operational risks across all activities;
- adapt insurance programs to the risks identified.

## Structure and organization

The Crédit Mutuel Group's operational risk measurement system was designed to manage the group's operational risks in accordance with regulatory standards.

It is based on a systematic, methodical approach that entails several steps:

- Risk identification, qualitative analysis and quantitative assessment;
- Implementation and monitoring of risk mitigation plans;
- Residual risk financing.

The CNCM Risk Department plays a central role in coordinating and consolidating the entire system. As such:

- It organizes claim collection and prepares claim monitoring reports;
- It coordinates mapping (qualitative analysis);
- It coordinates modeling (quantitative assessment);
- It is responsible for defining the methodology for preparing emergency and business continuity plans;
- It provides guidance on risk mitigation plans (prevention, protection);
- It coordinates residual risk financing plans;
- It drafts and regularly updates the procedures describing the system in place.

To fulfill its responsibilities, the CNCM Risk Department is supported by the regional Operational Risk functions whose work it coordinates.



The regional function is headed by the regional group's Operational Risk Manager(s). The regional effective managers are responsible for this function's resources. The Operational Risk Managers are appointed by the effective managers of their entity (Crédit Mutuel federations, CIC Group banks, subsidiaries, business centers, etc.) and come under the authority of the regional group to which they belong. Each regional group has at least one Operational Risk Manager.

#### Reporting and general oversight

The reporting and general oversight of operational risks are based on the following principles:

- providing information at regular intervals to the Board of Directors regarding incurred losses;
- providing ad hoc reports to the national management teams setting out the risk profile analyzed according to the risk structure defined by the group, capital requirements, losses and provisions in respect of loss events.

#### FINANCIAL CONGLOMERATES

Confédération Nationale du Crédit Mutuel (CNCM) was designated as a financial conglomerate by the ACPR in a letter dated December 16, 2005. Further to the Order of September 19, 2005 issued by the Advisory Committee on Financial Legislation and Regulation (*Comité Consultatif de*

*la Législation et de la Réglementation Financières* - CCLRF), institutions that own more than 20% of the capital of undertakings belonging to the insurance sector must deduct their investment as well as any subordinated loans from their prudential own funds. However, said institutions have the possibility not to deduct from own funds investments in undertakings belonging to the insurance sector, but if so they have an additional requirement in terms of capital adequacy determined applying the so-called accounting consolidation method.

CNCM's activity as a Financial Conglomerate is undertaken through Groupe des Assurances du Crédit Mutuel (GACM), a subsidiary of CM Alliance Fédérale Group, Suravenir (life insurance) and Suravenir Assurances (non-life insurance), which are both subsidiaries of CM Arkéa. These subsidiaries market an extensive range of life insurance, property insurance, casualty insurance and third-party liability insurance products, predominantly through the banking networks of Crédit Mutuel Group.

At December 31, 2019, coverage of the solvency requirements related to banking activities or investment and insurance services by the own funds of Crédit Mutuel Group acting as financial conglomerate was 173.6%.

## OUTLOOK

Crédit Mutuel Group is fully committed to confronting the COVID-19 health crisis. As a credit institution, it is offering its full support at the local level to its professional and business customers that are experiencing difficulties, particularly small and medium-sized companies.

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

The accounting and prudential impacts of this situation can only be assessed at a later date. However, the measures taken by the government to curtail the spread of the epidemic could lead to a deterioration in the quality of the loan portfolio, particularly in the most affected sectors such as local retail businesses and tourism, and increase the level of provisioning. Moratoriums, granted on a case-by-

case basis by the network, and guarantees offered by the government should limit the effects, the extent of which is difficult to estimate at this time.

The group is also impacted by the financial market situation, which could reduce the value of its portfolios of financial instruments (bonds, equities and derivatives). As during the 2008 crisis, there is no need to make forced disposals and realize capital losses.

The group's financial strength enables it to confront this unprecedented crisis, thanks to its shareholders' equity, capital and the resulting ratios (at 12/31/2019, overall solvency ratio of 21.6% (SREP requirement = 12.96%, including buffers and P2R), leverage ratio of 6.9% (CRR2 regulatory threshold = 3%) and liquidity ratio of 156.7% (regulatory threshold = 100%).

As a reminder, the liquidity buffer was €116.6 billion at the end of December and €118.4 billion at the end of February.

Crédit Mutuel Group had total assets of €930.9 billion at December 31, 2019, broken down by business line as follows:

#### BREAKDOWN OF TOTAL ASSETS BY BUSINESS LINE

in € billions	Retail banking	Insurance	Corporate and Investment Banking	Asset Management and Private Banking	Other	Total	Intra-group eliminations	On a consolidated basis
2019	1,127.3	202.6	98.4	34.3	100.5	1,563.1	(632.2)	930.9

**Quantitative disclosure concerning any intra-group transaction in an amount exceeding 5% of solvency requirements applicable to the various business lines, calculated based on the previous year-end closing, or €500 million**

Control of the conglomerate's intra-group transactions (banking and insurance) is carried out as from December 31, 2017 by type (i.e. on transactions at the closing date for debt components (broken down by average remaining term) and off-balance sheet commitments, and on the total annual flows for products traded).

Details of intra-group transactions are required by the regulator when the total amount for all transactions by type exceeds a certain threshold, namely:

- 5% of the conglomerate's previous year capital requirements for debt components and off-balance sheet commitments, and
- €500 million or 5% of the conglomerate's previous year capital requirements for products traded.

The threshold of 5% of the conglomerate's capital requirements was €1.714 billion at December 31, 2019 (i.e. 5% of the conglomerate's solvency requirements at December 31, 2018, which amounted to €34.277 billion).

# FINANCIAL STATEMENTS

## at 12/31/2019

### BALANCE SHEET - ASSETS

(IN € MILLIONS)	12/31/2019	12/31/2018	NOTES
Cash and amounts due from central banks	86,726	64,023	1
Financial assets at fair value through profit or loss	35,185	22,062	6a, 6c, 9,10
Hedging derivative instruments	3,568	3,409	7,9,10
Financial assets at fair value through equity	43,089	41,550	4a, 4b, 5, 7,9
Securities at amortized cost	3,969	4,076	2c, 5, 7
Loans and receivables due from credit institutions and similar, at amortized cost	50,585	51,081	2a, 5, 7
Loans and receivables due from customers at amortized cost	490,161	467,439	2b, 5, 7
Remeasurement adjustment on interest-rate hedged portfolios	2,967	1,518	
Investments by the insurance activities and reinsurers' share of technical provisions	187,473	171,556	8,9
Current tax assets	2,107	2,365	11a
Deferred tax assets	1,855	1,807	11b
Accruals and other assets	11,094	10,772	12a
Non-current assets classified as held for sale	777	531	12c
Deferred profit-sharing	0	0	
Investments in companies accounted for using the equity method	359	464	13
Investment property	493	273	14
Property, plant and equipment	4,400	3,610	15a
Intangible assets	1,211	1,165	15b
Goodwill	4,897	4,863	16
<b>Total assets</b>	<b>930,916</b>	<b>852,564</b>	

### BALANCE SHEET - LIABILITIES AND EQUITY

(IN € MILLIONS)	12/31/2019	12/31/2018	NOTES
Due to central banks	715	350	1
Financial liabilities at fair value through profit or loss	20,222	5,431	6b,6c, 9,10
Hedging derivative instruments	3,469	2,894	7,9,10
Amounts due to credit and similar institutions at amortized cost	44,284	59,887	3a,7
Amounts due to customers at amortized cost	439,636	396,698	3b,7
Debt securities at amortized cost	147,621	138,684	3c, 7
Remeasurement adjustment on interest-rate hedged portfolios	281	88	7
Current tax liabilities	1,028	887	11a
Deferred tax liabilities	1,489	1,182	11b
Accruals and other liabilities	15,154	14,672	12b
Debt related to non-current assets held for sale	758	67	12c
Liabilities related to policies of the insurance activities	180,810	163,388	8
Provisions	4,207	3,924	17
Subordinated debt at amortized cost	11,542	9,696	3d
<b>Total shareholders' equity</b>	<b>59,700</b>	<b>54,716</b>	
<b>Shareholders' equity - Attributable to the group</b>	<b>59,146</b>	<b>54,167</b>	
Capital and capital reserves	10,822	10,331	18a
Consolidated reserves	43,023	39,507	18a
Gains or losses recognized directly in equity	1,526	825	18b,32, 33
Profit (loss) for the period	3,775	3,504	
<b>Shareholders' equity - Non-controlling interests</b>	<b>554</b>	<b>549</b>	<b>18c</b>
<b>Total liabilities and shareholders' equity</b>	<b>930,916</b>	<b>852,564</b>	

## INCOME STATEMENT

(IN € MILLIONS)	12/31/2019	12/31/2018 restated	12/31/2018 published	NOTES
Interest and similar income	17,046	16,923	25,491	20
Interest and similar expenses	(9,087)	(9,318)	(17,943)	20
Fees and commissions (income)	5,742	5,945	5,945	21
Fees and commissions (expense)	(1,394)	(1,550)	(1,550)	21
Net gains on financial instruments at fair value through profit or loss	844	712	769	22
Net gains/(losses) on financial assets at fair value through equity	121	227	227	23
Net gains/(losses) resulting from derecognition of financial assets at amortized cost	1	1	1	24
Net gains/(losses) resulting from the reclassification of financial assets at amortized cost as financial assets at fair value through profit or loss	0	0	0	
Net gains/(losses) resulting from the reclassification of financial assets at fair value through equity as financial assets at fair value through profit or loss	0	0	0	
Net income from insurance activities	3,580	3,480	3,480	25
Income from other activities	2,465	2,332	2,332	26
Expenses on other activities	(1,260)	(1,226)	(1,226)	26
<b>Net banking income</b>	<b>18,058</b>	<b>17,526</b>	<b>17,526</b>	
General operating expenses	(10,781)	(10,706)	(10,706)	27
Movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets	(816)	(626)	(626)	27
<b>Gross operating income</b>	<b>6,461</b>	<b>6,194</b>	<b>6,194</b>	
Net additions to/reversals from provisions for loan losses	(1,200)	(988)	(988)	28
<b>Operating income</b>	<b>5,261</b>	<b>5,206</b>	<b>5,206</b>	
Share in net profit or loss of companies accounted for using the equity method	3	59	59	13
Gains or losses on other assets	319	95	95	29
Changes in goodwill	0	7	7	30
<b>Profit/(loss) before tax</b>	<b>5,583</b>	<b>5,367</b>	<b>5,367</b>	
Corporate income tax	(1,742)	(1,810)	(1,810)	31
<b>Gains &amp; losses on discontinued operations, net of tax</b>	<b>17</b>	<b>21</b>	<b>21</b>	<b>12c</b>
<b>Net profit/(loss)</b>	<b>3,858</b>	<b>3,578</b>	<b>3,578</b>	
Profit/(loss) - Non-controlling interests	83	74	74	
<b>Net profit (loss) attributable to the group</b>	<b>3,775</b>	<b>3,504</b>	<b>3,504</b>	

## STATEMENT OF NET PROFIT AND GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY

(IN € MILLIONS)	12/31/2019	12/31/2018
<b>Net profit/(loss)</b>	<b>3,858</b>	<b>3,578</b>
Translation adjustments	35	42
Remeasurement of financial assets at fair value through equity - debt instruments	13	(211)
Reclassification of financial assets from fair value through equity to fair value through profit or loss		
Remeasurement of insurance business line investments	464	(350)
Remeasurement of hedging derivatives	(1)	2
Share of unrealized or deferred gains or losses of companies accounted for using the equity method	4	1
<b>Total gains and losses that may be recycled subsequently to profit or loss</b>	<b>516</b>	<b>(515)</b>
Remeasurement of financial assets at fair value through equity - equity instruments at the reporting date	397	73
Remeasurement of financial assets at fair value through equity - equity instruments sold during the period	(71)	6
Remeasurement adjustment related to own credit risk on financial liabilities under the fair value option	(6)	5
Remeasurement of non-current assets		
Actuarial gains (losses) on defined benefit plans	(144)	(4)
Share of non-recyclable gains or losses of equity consolidated companies	7	(24)
<b>Total gains and losses that may not be recycled to profit or loss</b>	<b>183</b>	<b>55</b>
<b>Net profit and gains and losses recognized directly in equity</b>	<b>4,557</b>	<b>3,118</b>
Of which attributable to the group	4,473	3,045
Of which non-controlling interests	85	73



## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(IN € MILLIONS)		CAPITAL AND CAPITAL RESERVES		CONSOLIDATED RESERVES	UNREALIZED OR DEFERRED GAINS/LOSSES (AFTER TAX)							
	Capital	Capital reserves	Consolidated reserves	Translation differences	Revaluation differences (excluding financial instruments)	Changes in the value of financial instruments			Net income (loss) attributable to owners of the company	Shareholders' equity attributable to owners of the company	Shareholders' equity attributable to non-controlling interests	Total consolidated shareholders' equity
						Changes in the fair value of financial assets at fair value through equity	Difference arising on re-measurement of own credit risk on financial liabilities under the fair value option	Changes in the fair value of derivative hedging instruments				
Shareholders' equity at December 31, 2017	10,052	31	37,368	(57)	(353)	2,365		(14)	2,978	52,370	674	53,044
Impact of the implementation of IFRS 9 (only for 2018)			(428)			(657)				(1,085)	(83)	(1,168)
Shareholders' equity at January 1, 2018	10,052	31	36,940	(57)	(353)	1,708		(14)	2,978	51,285	591	51,876
Capital increase	248									248		248
Appropriation of income for 2017			2,978						(2,978)	-		-
Dividends paid in 2018 in respect of 2017			(151)							(151)	(12)	(163)
Changes in investments in subsidiaries without loss of control			(1)							(1)	1	-
Subtotal of movements related to relations with shareholders	248	-	2,826						(2,978)	96	(11)	85
Changes in gains/(losses) recognized directly in equity			(3)	41	(7)	(474)		4		(439)	(1)	(440)
Changes in the value of financial instruments and non-current assets reclassified to profit or loss						(6)		-		(6)	-	(6)
Difference arising on remeasurement of own credit risk on financial liabilities under the fair value option transferred to reserves							5			5		5
2018 net profit/(loss)									3,504	3,504	74	3,578
Subtotal			(3)	41	(7)	(480)	5	4	3,504	3,064	73	3,137
Impact of acquisitions and disposals on non-controlling interests			(89)							(89)	(30)	(119)
Share of changes in the shareholders' equity of associates and joint ventures accounted for using the equity method			16	3		(25)				(6)	(1)	(7)
Other changes			(183)							(183)	(73)	(256)
Shareholders' equity at December 31, 2018	10,300	31	39,507	(13)	(360)	1,203	5	(10)	3,504	54,167	549	54,716
Shareholders' equity at January 1, 2019	10,300	31	39,507	(13)	(360)	1,203	5	(10)	3,504	54,167	549	54,716
Capital increase	491									491		491
Appropriation of income for 2018			3,504						(3,504)	-		-
Dividends paid in 2019 in respect of 2018			(160)							(160)	(46)	(206)
Changes in investments in subsidiaries without loss of control			-							-	-	-
Subtotal of movements related to relations with shareholders	491	-	3,344	-	-	-			(3,504)	331	(46)	285
Changes in gains/(losses) recognized directly in equity			(3)	36	(144)	901				790	(3)	787
of which transferred to reserves (equity instruments)			(3)			(71)				-	-	-
Changes in the value of financial instruments and non-current assets reclassified to profit or loss						(98)				(98)	-	(98)
Difference arising on remeasurement of own credit risk on financial liabilities under the fair value option transferred to reserves							(6)			(6)		(6)
2018 net profit/(loss)									3,775	3,775	83	3,858
Subtotal	-	-	(3)	36	(144)	803	(6)		3,775	4,461	80	4,541
Impact of acquisitions and disposals on non-controlling interests			201							201	(28)	173
Changes in accounting methods			-							-	-	-
Share of changes in the shareholders' equity of associates and joint ventures accounted for using the equity method			28	3		8				39	-	39
Other changes			(54)							(54)	-	(54)
Shareholders' equity at Tuesday, December 31, 2019	10,791	31	43,023	26	(504)	2,019	(6)	-10	3,775	59,145	555	59,700

## STATEMENT OF CASH FLOWS

(IN € MILLIONS)	31/12/2019	12/31/2018
Net profit/(loss)	3,858	3,578
Tax	1,742	1,810
<b>Profit/(loss) before tax</b>	<b>5,600</b>	<b>5,388</b>
= +/- Net provision for depreciation of property, plant and equipment and intangible assets	823	626
- Impairment of goodwill and other non-current assets	(3)	13
+/- Net charges to provisions and impairment	5,615	114
+/- Share of profit/(loss) of companies accounted for using the equity method	(7)	59
+/- Net loss/gain from investment activities	27	(67)
+/- (Income)/expenses on financing activities	0	0
+/- Other movements	8,633	(1,034)
<b>= Total non-monetary items included in net profit/(loss) before tax and other adjustments</b>	<b>15,088</b>	<b>(289)</b>
+/- Flows related to transactions with credit institutions (a)	(20,102)	2,891
+/- Flows related to transactions with customers (b)	21,267	(11,686)
+/- Flows related to other transactions affecting financial assets or liabilities (c)	(10,315)	153
+/- Cash flows relating to other transactions affecting non-financial assets and liabilities	2,462	2,305
- Tax paid	(1,404)	(1,911)
<b>= Net reduction/(increase) in assets and liabilities from operating activities</b>	<b>(8,093)</b>	<b>(8,248)</b>
<b>TOTAL NET CASH FLOW GENERATED BY OPERATING ACTIVITIES (A)</b>	<b>12,595</b>	<b>(3,149)</b>
+/- Flows related to financial assets and investments (d)	181	(1,535)
+/- Flows related to investment property (e)	(178)	(113)
+/- Flows related to property, plant and equipment and intangible assets (f)	(772)	(700)
<b>TOTAL NET CASH FLOW LINKED TO INVESTMENT ACTIVITIES (B)</b>	<b>(769)</b>	<b>(2,348)</b>
+/- Flows from or to shareholders (g)	242	82
+/- Other net cash flows from financing activities (h)	8,981	7,751
<b>TOTAL NET CASH FLOW RELATED TO FINANCING ACTIVITIES (C)</b>	<b>9,223</b>	<b>7,833</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS (D)</b>	<b>88</b>	<b>81</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C + D)</b>	<b>21,138</b>	<b>2,417</b>
Net cash flow from operating activities (A)	12,595	(3,149)
Net cash flow linked to investment activities (B)	(769)	(2,348)
Net cash flow linked to financing activities (C)	9,223	7,833
Effect of exchange rate changes on cash and cash equivalents (D)	88	81
<b>Cash and cash equivalents at beginning of period</b>	<b>62,905</b>	<b>60,488</b>
Cash and central banks (assets and liabilities)	63,674	64,441
Accounts (assets and liabilities) and demand lending/borrowing with credit institutions	(769)	(3,953)
<b>Cash and cash equivalents at end of period</b>	<b>84,043</b>	<b>62,905</b>
Cash and central banks (assets and liabilities)	86,012	63,674
Accounts (assets and liabilities) and demand lending/borrowing with credit institutions	(1,969)	(769)
<b>CHANGE IN NET CASH AND CASH EQUIVALENTS</b>	<b>21,138</b>	<b>2,417</b>

(IN € MILLIONS)	31/12/2019	12/31/2018
<b>(a) Flows related to transactions with credit institutions break down as follows:</b>		
+/- Inflows and outflows linked to loans and advances to credit institutions (other than items included in cash and cash equivalents), excluding accrued interest	(3,178)	(3,396)
+/- Inflows and outflows linked to amounts due to credit institutions, excluding accrued interest	(16,924)	6,287
<b>(b) Flows related to transactions with customers break down as follows:</b>		
+/- Inflows and outflows linked to loans and advances to customers, excluding accrued interest	(21,443)	(34,221)
+/- Inflows and outflows linked to amounts due to customers, excluding accrued interest	42,714	22,535
<b>(c) Flows related to other transactions affecting financial assets or liabilities break down as follows:</b>		
+/- Inflows and outflows linked to financial assets at fair value through profit or loss	(20,325)	(686)
+/- Inflows and outflows linked to financial liabilities at fair value through profit or loss	16,357	966
- Outflows related to acquisitions of fixed-income available-for-sale financial assets*	(8,140)	(128)
+ Inflows related to disposals of fixed-income available-for-sale financial assets*	0	0
+/- Inflows and outflows linked to derivative hedging instruments	0	0
+/- Inflows and outflows linked to debt securities	1,792	1
<b>(d) Flows related to financial assets and investments break down as follows:</b>		
- Outflows linked to acquisitions of subsidiaries, net of cash acquired	0	0
+ Inflows linked to sales of subsidiaries, net of cash transferred	0	0
- Outflows linked to acquisitions of securities of companies accounted for using the equity method	(52)	(43)
+ Inflows linked to sales of securities of companies accounted for using the equity method	11	-21
+ Inflows linked to dividends received	7	0
- Outflows linked to acquisitions of held-to-maturity financial assets	(2,822)	(6,555)
+ Inflows linked to sales of held-to-maturity financial assets	2,786	4,770
- Outflows linked to acquisitions of variable-income available-for-sale financial assets	(63)	(209)
+ Inflows linked to sales of variable-income available-for-sale financial assets	314	525
+/- Other cash flows linked to investment transactions	0	0
+ Inflows linked to interest received, excluding accrued interest not yet due	0	0
<b>(e) Flows related to investment property break down as follows:</b>		
- Outflows linked to acquisitions of investment property	(212)	(715)
+ Inflows linked to sales of investment property	33	602
<b>(f) Flows related to property, plant and equipment and intangible assets break down as follows:</b>		
- Outflows linked to acquisitions of property, plant and equipment and intangible assets	(1,086)	(926)
+ Inflows linked to sales of property, plant and equipment and intangible assets	314	226
<b>(g) Cash flows from or to shareholders break down as follows:</b>		
+ Inflows from issuance of shares and similar securities	491	248
+ Inflows from disposals of shares and similar securities	(40)	(3)
- Outflows linked to dividends paid	(206)	(163)
- Outflows linked to other payments	(4)	0
+ Inflows linked to a change in investments without loss of control	0	0
- Outflows linked to a change in investments without loss of control	0	0
<b>(h) Other net cash flows from financing activities break down as follows:</b>		
+ Inflows linked to issuance of bonds and debt securities	20,249	16,965
- Outflows linked to repayment of bonds and debt securities	(13,113)	(8,936)
+ Inflows linked to issuance of subordinated debt	1,849	38
- Outflows linked to repayment of subordinated debt	(4)	(316)
- Outflows linked to interest paid, excluding accrued interest not yet due	0	0

\* Including revaluations linked to acquisitions/disposals of variable-income available-for-sale financial assets.

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## NOTES

The Crédit Mutuel group is not listed and is consequently under no obligation to present consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). However, for the sake of greater transparency and comparability with other leading financial institutions, the Board of Directors of the Confédération Nationale du Crédit Mutuel, which is the group's central governing body within the meaning of Article L. 511-31 of the French Monetary and Financial Code, has opted to prepare consolidated financial statements at the national level in accordance with IFRS.

These financial statements are presented in accordance with French Accounting Standards Board recommendation no. 2017-02 related to financial statements under IFRS<sup>(1)</sup>. They comply with the international accounting standards adopted by the European Union.

Since January 1, 2019, the group has applied the following standards<sup>(2)</sup>:

### • IFRS 16

Adopted by the EU on October 31, 2017, IFRS 16 replaces IAS 17 and the interpretations related to lease accounting.

Under IFRS 16, 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.

From the lessor's point of view, the provisions adopted remain substantially the same as under IAS 17.

For the lessee, operating leases and finance leases are accounted for based on a single model, with recognition of:

- an asset representing the right to use the leased item during the lease term,
- offset by a liability related to the lease payment obligation,

- and, in the income statement, straight-line depreciation of the asset and an interest expense calculated using the diminishing balance method.

As a reminder, according to IAS 17, no amount is recorded on the lessee's balance sheet for an operating lease and lease payments are shown under operating expenses.

For first-time application, the group elected:

- to apply:
  - the new lease definition to all current leases. The scope of leases therefore remains unchanged.
  - the simplified retrospective approach and related simplification measures. In particular, leases with automatic renewal at January 1, 2019, such as 3/6/9 leases, were excluded due to the exemption for short-term leases.
  - an amount for impairment of right-of-use assets equal to the provision for onerous contracts in accordance with IAS 37.
- to use the exemptions offered by the standard for leases with a term of less than 12 months on the date of first-time application and leases for low value assets (set at €5,000).
- the group also elected to exclude initial direct costs from the measurement of the right-of-use asset at the date of first-time application.

The group primarily capitalized its real estate leases using, for first-time application, the residual term and the corresponding incremental borrowing rate (for those not automatically renewed), applied to the lease payment excluding tax. The impacts on equity at January 1, 2019 are immaterial and are presented in the note on "First-time application" (part II – Financial Data)

Regarding the determination of the enforceable period of a lease, the IFRIC published its final decision in

December 2019. On that basis, the group will analyze the impacts of that decision on the current assumptions used for 3/6/9 commercial leases and for leases with automatic renewal as soon as possible. This decision could result in a revision of the enforceable period of such leases and therefore a change in the amount of the lease liability and the associated right-of-use asset. At this stage, the data is not sufficiently reliable to publish it.

### • IFRIC 23 – Uncertainty over Income Tax Treatments

IFRIC 23 – Uncertainty over Income Tax Treatments was published on June 7, 2017 and became effective on January 1, 2019.

This interpretation gives rise to a presumption that the tax authorities:

- will audit all amounts reported to them;
- have access to all necessary documentation and knowledge.

The entity must assess the probability that the tax authorities will or will not accept the position opted for, and draw the relevant consequences for its taxable income, losses carried forward, unused tax credits and taxation rates. In case of an uncertain tax position (i.e. it is probable that the tax authorities will not accept the position taken), the amounts to be paid are assessed on the basis of the most likely amount or the expected value based on the method that best predicts the amounts that will be paid or received.

The scope of this interpretation is limited to income tax (current/deferred). The group believes that it does not result in a change relative to the previous practice. Thus, a risk is recognized upon the occurrence of a reassessment, either of the entity itself, a related entity or a third-party entity.

The impacts on presentation (reclassification of the provision line under current tax liabilities)<sup>(3)</sup> are indicated in Note 17.

### • Amendments to IAS 39, IFRS 9 and IFRS 7 on benchmark rate reform

IBOR reform is a response to the weaknesses observed in the methodologies used to develop indices and set interbank rates, which are based on data reported by banks and on a significantly lower volume of underlying transactions.

In Europe, it takes the form of the Benchmark Regulation (BMR), which was published in 2016 and came into force in early 2018. The key element of this reform is the calculation of rates based on actual transactions to ensure the accuracy and reliability of the indices used by the market.

Indices created on or after January 1, 2018 must now comply with the BMR regulation and be approved by the regulator. Existing indices can continue to be used until December 31, 2021. Eventually, the old benchmark indices (LIBOR, EONIA, EURIBOR, etc.) will cease to be used unless they comply with the new regulation.

To ensure a smooth transition, the group has identified the legal, commercial, organizational, systems-related and financial/accounting impacts.

It began work in project mode in the first quarter of 2019.

Regarding the accounting aspects, the group is monitoring all the work carried out by the IASB on the effects of benchmark rate reform on financial information, which is organized into two phases:

(1) It should be noted that the group has chosen to aggregate the financial instruments carried by the insurance divisions in a manner different from that proposed by the Recommendation. See section 3.2 Insurance activities.

(2) In 2018, the group applied the amendment to IFRS 9 "Prepayment Features with Negative Compensation" early.

(3) In accordance with the IFRIC decision of September 2019, assets and liabilities related to uncertain tax positions are presented on the balance sheet as part of the current or deferred tax balances, and not as part of the provisions governed by IAS 37 "Provisions, Contingent Liabilities and Contingent Assets."

- Phase 1, for the period leading up to the reform: assessment of the potential impacts on existing hedging relationships (as a result of uncertainties over future indices)
- Phase 2, for the transition period to the new indices once they are defined: in particular, the handling of issues related to the derecognition and documentation of hedging relationships (particularly the ineffective portion).

Following its adoption by the European Union on January 16, 2020, the group decided to apply the amendment to IAS 39, IFRS 9 and IFRS 7 published by the IASB early, which allows it to maintain existing hedging relationships in this exceptional and temporary context until:

- the uncertainty created by IBOR reform as to the choice of a new index and the effective date of this change is resolved; or
- until the hedging relationship ends for reasons unrelated to the reform.

The group believes that there are still uncertainties regarding the Eonia rate (date of transition to €STR in contracts and transition arrangements - spread or financial compensation), the EURIBOR rate (until contractual modification of financial instruments indexed to this benchmark), and LIBOR rates (uncertainties about replacement rates).

Regarding phase 2, the Crédit Mutuel Group has noted the IASB's estimated timetable for handling issues related to the effects of rate reform:

- on the classification and measurement of financial assets and liabilities,
- on the designations of hedging relationships and the end of the phase 1 exemptions,
- on the impacts on IAS 19, IFRS 16 and IFRS 17, and
- in terms of additional information to be provided.

The stakeholders were informed of the discussion papers published by the IASB on:

- issues related to the assessment of the materiality (or non-materiality) of a change in a debt instrument with regard to IBOR reform and the accounting impacts in case of derecognition,
- the proposed amendments to IFRS 9 and IAS 39 on hedge accounting (hedging documentation, measurement of ineffectiveness).

• *Other amendments with no impact on the group in 2019*

• **Amendment to IAS 28**

This amendment concerns all financial instruments representing “other interests” in an associate or joint venture to which the equity method is not applied, including long-term financial assets that are part of the net investment in an associate or joint venture (for example, loans granted to these entities). Recognition occurs in two phases:

- the financial instrument is recognized under IFRS 9, including the provisions related to impairment of financial assets,
- the provisions of IAS 28 then apply, which may result in reducing its carrying amount by applying the cumulative losses of the equity-accounted entity when the equity method value has already been reduced to zero.

When this amendment is first applied, issuers can recognize the impacts in 2019 opening equity, without restating comparative information. As of the reporting date, the group has not identified any cases to which this amendment applies.

• **Amendment to IAS 19**

This amendment concerns the impacts of a plan amendment, curtailment or settlement on the determination of past service cost and net interest. Past service cost and net

interest for the period following amendment, curtailment or settlement must be determined based on the actuarial assumptions used to account for these events. As of the reporting date, the group is not aware of any cases to which this amendment applies.

• **Amendment to IAS 12**

This amendment clarifies that the tax consequences of distributions of dividends on financial instruments classified as equity should generally be recognized in profit or loss. For accounting purposes, dividends are deducted from equity. From a tax standpoint, they are debt instruments whose coupons are deductible.

However, the tax consequences of dividends may be classified in other comprehensive income or in equity, depending on the past events or transactions that gave rise to them.

The group recognizes perpetual securities as debt instruments and not as equity instruments. It is therefore not currently affected by this amendment.

• **Amendment to IAS 1 and IAS 8**

The aim of this amendment is to modify the definition of “materiality” for the purpose of clarity and harmonization between the conceptual framework and IFRS standards. Subject to adoption by the European Union, information would be material (i.e. relatively important) if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which contain financial information about a specific reporting entity.

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

## PART 1 - ACCOUNTING POLICIES

### NOTE 1: CONSOLIDATION SCOPE

Crédit Mutuel is a co-operative bank governed by the Law of September 10, 1947. It is owned solely by its members, who hold member shares ('A' shares). Members are each entitled to one vote at general meetings, where their powers include the election of directors.

The three levels of organization - local, regional and national - operate on a decentralized basis in accordance with the principle of subsidiarity. The local mutual banks, which are in closest contact with members and customers, carry out all the principal functions of bank branch offices, with the other two levels exercising only those functions that the local entities are not in a position to carry out alone.

Under Article L. 511-30 of the French Monetary and Financial Code, the Confédération Nationale is the central governing body for the group. As such it is responsible for:

- ensuring the liquidity and solvency of the Crédit Mutuel network,
- representing Crédit Mutuel before the public authorities and defending and promoting its interests,
- and, more generally, ensuring the overall cohesion of the network and overseeing its functioning and business development while at the same time exercising administrative, technical and financial control over the regional groups and their subsidiaries.

The method for consolidating a group with such a distinctive capital ownership structure is based on determining a consolidating entity that reflects the community of members linked by shared financial solidarity and governance.

#### 1.1 Consolidating entity

At December 31, 2019, the consolidating entity for the Crédit Mutuel Group was composed of all the local mutual banks, federal banks (general purpose and farming/rural) and regional federations of the six Crédit Mutuel groups, Caisse Centrale du Crédit Mutuel, the Confédération Nationale du Crédit Mutuel and the Fédération du Crédit Mutuel Agricole et Rural.

The capital of the consolidating entity is thus owned exclusively by all the members of the local mutual banks.

#### 1.2 Basis of consolidation

The general principles for the inclusion of an entity within the consolidation scope are as defined in IFRS 10, IFRS 11 and IAS 28 (revised).

All the entities included in the consolidation scopes of the regional groups are included in the national consolidation scope. Jointly-held companies, not consolidated at regional level, are excluded from the national consolidation scope

if their total assets or earnings have an impact of 1% or less on the consolidated equivalent. However, an entity that does not reach this threshold may be consolidated if its activity or intended development result in it being considered a strategic investment.

The consolidation scope comprises:

- *Entities controlled exclusively*: exclusive control is presumed to exist when the group investor has power over and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of entities controlled exclusively are fully consolidated.

- *Entities controlled jointly*: joint control is the contractually agreed sharing of control of an entity, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Two or more parties that exercise joint control constitute a joint arrangement, which is either a joint operation or a joint venture:

- a *joint operation* is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the entity. The joint operator recognizes its assets, liabilities, revenue and expenses in relation to its interest in the joint operation.
- a *joint venture* is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the entity's net assets. The joint venturer recognizes its interest in the entity using the equity method. All entities over which the group exercises joint control are joint ventures within the meaning of IFRS 11.

- *Entities over which significant influence is exercised*: these are entities over whose financial and operational policies the group exercises significant influence but does not have control. Entities over which the group exercises significant influence are consolidated using the equity method.

Holdings belonging to private equity companies and over which the group exercises joint control or significant influence are recognized at fair value.

### NOTE 2: CONSOLIDATION POLICIES AND METHODS

#### 2.1 Consolidation methods

The following consolidation methods have been used:

##### 2.1.1 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 shareholders in shareholders'

equity and net profit. It is applied to all exclusively controlled entities, including those with a different accounts structure, regardless of whether or not the activity concerned forms part of the consolidating entity's activities.

Non-controlling interests correspond to the definition in IFRS 10 and include instruments constituting present ownership interests and conferring rights to a share of net assets in the event of liquidation and other equity instruments issued by the subsidiary but not held by the group.

Consolidated UCITS, notably those representing unit-linked policies of insurance undertakings, are recognized at fair value through profit or loss. The amounts corresponding to non-controlling interests are recognized under "Other liabilities".

#### 2.1.2 Equity method of consolidation

The equity method of consolidation consists of substituting the group's share of the shareholders' equity and net profit of the entity concerned for the value of the securities held. It is applied to all entities determined to be joint ventures or over which significant influence is exercised.

#### 2.2 Reporting date

All the companies included in the group's consolidation scope close their accounts on December 31 of each year.

#### 2.3 Elimination of intra-group transactions

Intra-group accounts and any effects resulting from intra-group transfers that would have a material impact on the consolidated financial statements are eliminated.

#### 2.4 Translation of accounts denominated in a foreign currency

Concerning foreign entities whose accounts are denominated in a foreign currency, the balance sheet is translated using the official exchange rate on the closing date. The difference arising from exchange rate fluctuations impacting the share capital, reserves and retained earnings is recognized in shareholders' equity under "Translation reserves". The income statement is translated using the average exchange rate for the year. The resulting translation differences are recognized directly in "Translation reserves". Such differences are transferred to profit and loss in the event of the disposal or liquidation of all or part of the holding in the foreign entity.

#### 2.5 Goodwill

##### • Fair value adjustments

On taking control of a new entity, its assets, liabilities and any operating contingent liabilities are measured at fair value. Fair value adjustments, corresponding to the difference between the carrying amount and fair value, are recognized in the consolidated financial statements.

##### • Goodwill

In compliance with IFRS 3 (revised), on the date that control of a new entity is acquired, the identifiable assets, liabilities and contingent liabilities of the acquiree meeting the criteria for recognition under IFRS are measured at fair value on the date of acquisition, except for non-current assets classified as assets held for sale (IFRS 5), which are recognized at the lower of fair value less costs to sell and the carrying amount. Goodwill is equal to the sum of the consideration transferred and the non-controlling interests less the net amount recognized (generally at fair value) in respect of the identifiable assets acquired and liabilities assumed. IFRS 3 (revised) permits goodwill to be recognized on a full basis or a proportional basis, the choice being available 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 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 there is an increase (decrease) in the group's percentage holding in a controlled entity, the difference between the acquisition cost (sale price) of the securities and the share of consolidated shareholders' equity represented by such securities on the date of acquisition (date of sale) is recognized in shareholders' equity.

The group regularly (at least once each year) tests goodwill for impairment. These tests are intended to ensure that goodwill has not experienced any impairment. Goodwill arising from a business combination is allocated to the cash-generating units (CGUs) or groups of CGUs that are expected to benefit from the synergies of the business combination. The recoverable amount of a CGU or group of CGUs is the higher of value in use and fair value less costs to sell. Value in use is measured by reference to estimated future cash flows discounted at the rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. If the recoverable amount of the cash-generating unit (CGU) to which goodwill has been allocated is less than its carrying amount, an impairment loss is recognized for the amount of the difference. This impairment loss, recognized in profit or loss, is irreversible. In practice, cash-generating units are defined on the basis of the group's business lines.

When goodwill relates to an associate or joint venture, it is included in the carrying amount of the entity as reported using the equity method. In this case, it is not tested for impairment separately from the equity method value. When the recoverable amount of the equity-accounted



entity (i.e. the higher of value in use and fair value less costs to sell) is less than its carrying amount, an impairment loss is recognized, which is not allocated to a specific asset. This impairment loss may be reversed if and to the extent that the recoverable amount of the equity-accounted entity subsequently increases.

### NOTE 3 - ACCOUNTING POLICIES AND METHODS

#### 3.1 Financial instruments under IFRS 9

The financial instruments of the insurance divisions continue to be recognized under IAS 39 (see section 3.2 "Insurance activities").

##### 3.1.1 Classification and measurement of financial assets

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

##### 3.1.1.1 Loans, receivables and debt securities acquired

The asset is classified:

- *at amortized cost*, if it is held with a view to collecting contractual cash flows and if its characteristics are similar to those of a so-called basic agreement (see section "Cash flow characteristics" below) (hold to collect model);
- *at fair value through equity*, if the instrument is held with a view to both collecting contractual cash flows and selling it when the opportunity arises, but not for trading purposes, and if its characteristics are similar to those of a so-called basic agreement that implicitly entails a high predictability of the related cash flows (hold to collect and sell model);
- *at fair value through profit or loss*, if:
  - it is not eligible for the two previous categories (because it does not meet the "basic" criterion and/or is managed according to the "other" business model), or
  - the group makes an irrevocable election at initial recognition to classify it in this way. This option is used to reduce an 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" agreement. In a basic agreement, interest mainly represents 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 the contractual clauses must be analyzed, including those that could change the repayment schedule or the amount of the contractual cash flows. The option under the agreement, on the part of the borrower or the lender, to repay the financial instrument early is compatible with the SPPI<sup>(4)</sup> nature of the contractual cash flows insofar as the amount repaid essentially represents the principal balance and accrued interest and, where applicable, a reasonable compensatory payment.

The early repayment penalty<sup>(5)</sup> is deemed reasonable if, for example:

- it is expressed as a percentage of the repaid principal and is less than 10% of the repaid nominal amount; or
- it is determined according to a formula designed to offset the change in the benchmark interest rate between the grant date of the loan and the early repayment date.

An analysis of contractual cash flows may also require comparing them with those of a benchmark instrument when the time value of money component included in the interest can be changed as a result of the instrument's contractual clauses. This is the case, for example, if the interest rate of the financial instrument is revised periodically, but there is no correlation between the frequency of the revisions and the term for which the interest rate is defined (monthly revision of a one-year rate, for example), or if the interest rate of the financial instrument is revised periodically based on an average interest rate.

If the difference between the undiscounted contractual cash flows of the financial asset and those of the benchmark instrument is significant, or may become so, the financial asset cannot be considered 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 set of reasonably possible scenarios. To this effect, the group has used yield curves going back to the year 2000.

In addition, a specific analysis is conducted in the case of securitizations insofar as there is a payment priority order between the holders, and concentrations of credit risk in the form of tranches. In this case, the analysis requires an 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 relative to the credit risk of the underlying financial instruments.

It should be noted that:

- derivatives embedded 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 other collective investment undertakings are not basic instruments and are recognized at fair value through profit or loss.

##### • Business models

The business model represents the way in which instruments are managed in order to generate cash flows and revenue. 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 only be reassessed in case of a change in model (exceptional cases).

To determine the model, all available information must be observed, including:

- the way in which the activity's performance is reported to decision-makers;
- the way in which 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.

Under the hold to collect model, certain examples of authorized sales are explicitly indicated in the standard:

- in response to an increase in credit risk;
  - close to maturity and in an amount close to par;
  - exceptional sales (in particular, related to liquidity stress).
- These "authorized" sales are not included in the analysis of the significant and frequent nature of the sales carried out on a portfolio. Frequent and/or significant sales would not be compatible with this business model. Moreover, sales related to changes in the regulatory or fiscal framework will be documented on a case-by-case basis to demonstrate the "infrequent" nature of such sales.

For other sales, thresholds have been defined based on the maturity of the securities portfolio – for example, 2% for an average maturity of eight years (the group does not sell its loans).

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

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

Within the group, the hold to collect and sell model applies primarily to proprietary cash management and liquidity portfolio management activities. Crédit Mutuel has opted not to issue "group" principles regarding the classification at amortized cost, or at fair value through equity, of debt instruments included in the liquidity portfolio. Each regional group classifies its instruments according to its own business model.

Finally, financial assets held for trading consist of securities acquired at inception 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 shares in syndicated loans), not measured at fair value through profit or loss;
- a portion of the securities held by the group.

Financial assets classified in this category are initially recognized at their fair value, which is usually 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.

The assets are subsequently carried 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 expected life of the financial instrument in order 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 and acquisition costs, if material. Purchases and sales of securities are recognized on the settlement date.

Income received is presented in "*Interest and similar income*" in the income statement.

(4) SPPI: Solely Payments of Principal and Interest.

(5) The group has chosen early application of the amendment to IFRS 9 regarding prepayment features with negative compensation, adopted by the EU in March 2018.



Commissions received or paid that are directly linked to setting up the loan and are treated as an additional component of interest are recognized over the life of the loan using the effective interest rate method and shown under interest items in the income statement.

Commissions received in connection with the commercial renegotiation of loans are recognized over more than one period.

The restructuring of a loan due to the borrower's financial problems, as defined by the European Banking Authority, was integrated into the information systems to ensure consistency between the accounting and prudential definitions.

The fair value of assets at amortized cost is disclosed in the notes to the financial statements on each closing date: it comprises the present value of projected future cash flows discounted using a zero-coupon interest rate curve, which includes the issuer cost inherent to the debtor.

• *Financial assets at fair value through equity*

Since the group does not sell its loans, this category includes only 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 recorded in shareholders' equity under a specific heading entitled *"Unrealized or deferred gains or losses"*, excluding accrued income. Unrealized gains or losses recognized in equity are recognized in profit or loss only when the assets are disposed of or when evidence of impairment is observed (see section 3.1.7 "Derecognition of financial assets and liabilities" and 3.1.8 "Measurement of credit risk").

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

• *Financial assets at fair value through profit or loss*

These assets are recognized on the balance sheet at fair value when they are first recorded and at subsequent balance sheet dates until such time as they are disposed of (see section 3.1.7. "Derecognition of financial assets and liabilities"). Changes in fair value are recorded in profit or loss under *"Net gains (losses) on financial instruments at fair value through profit or loss"*.

As of January 1, 2018, income received or accrued on financial instruments at fair value through profit or loss has been shown in the income statement under interest income or expense. Prior to that, this interest was presented under "Net gains (losses) on financial instruments at fair value through profit or loss". This change was made

to ensure consistency with regulatory reports sent to the ECB as part of the Short-Term Exercise (STE) and to have a better understanding of interest received and paid.

In 2019, to better reflect interest income and expense on trading instruments, the group also reviewed the procedure for recognizing the interest income and expense on some of these financial instruments, which are measured at fair value through profit or loss, and for presenting such income and expense in net banking income. As a result, the following restatements were made: (i) recognition of interest on the paying and receiving legs of trading swaps as a single net figure, and (ii) reclassification of interest on hedging derivatives from "Interest income and expense on hedging derivatives". In Note 20, therefore, the interest income and expense published at December 31, 2018 have been restated in line with this definition, so that they may be compared with the figures at December 31, 2019.

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.

**3.1.1.2 Equity instruments acquired**

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

- at fair value through profit or loss, or
- at fair value through equity (non-recyclable), irrevocably on initial recognition, provided they are not held for trading.

Crédit Mutuel has opted not to issue "group" principles regarding the use of the fair value through equity option for equity instruments. Each regional group classifies its instruments according to its own business model. Generally speaking, equity instruments which the group has elected to include in this category are strategic holdings.

• *Financial assets at fair value through equity*

Shares and other equity instruments are recognized on the balance sheet at fair value when they are acquired and at subsequent balance sheet dates until such time as they are disposed of. Changes in fair value are recorded in shareholders' equity under a specific heading entitled *"Unrealized or deferred gains or losses"*. Unrealized or deferred gains and losses booked to equity are never recognized in the income statement, including when the assets are disposed of (see section 3.1.7 *"Derecognition of financial assets and liabilities"*). Only dividends received on variable-income securities are recorded in profit or loss under "Net gains (losses) on financial assets at fair value through equity".

Purchases and sales of securities are recognized on 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 (see above).

**3.1.2 Classification and measurement of financial liabilities**

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

• *financial liabilities at fair value through profit or loss*

- those incurred for trading purposes which by default include derivatives that do not qualify as hedging instruments; and
- non-derivative financial liabilities that the group designated at inception to be 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 the accounting treatment would be inconsistent with that applied to another related instrument, were the fair value option not applied; and
  - instruments belonging to a pool of financial instruments measured and managed at fair value.

Changes in fair value resulting from the own credit risk of liabilities designated at fair value through profit or loss under the fair value option are recognized under unrealized or deferred gains (losses) in non-recyclable equity. The issue of own credit risk has very little impact on the group.

• *financial liabilities at amortized cost*

These consist of other non-derivative financial liabilities, such as amounts due to customers and credit institutions, debt securities (certificates of deposit, interbank market securities, bonds, etc.) and subordinated debt (dated and undated) that are not classified at fair value through profit or loss under the fair value option. 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 securities created by the Sapin 2 law.

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

• *Regulated savings contracts*

Liabilities at amortized cost include home savings accounts (Comptes Épargne Logement - "CEL") and home

savings plans (Plans Épargne Logement - "PEL"). These are French regulated products available to individual customers. These products provide retail investors with interest-bearing savings vehicles during a first phase, and grant them access to a mortgage during a second phase. They generate two kinds of commitment for the banks that distribute them:

- a commitment to pay a fixed rate of interest in the future on the savings (solely for home savings plans, as the interest rate on home savings accounts is equivalent to a variable rate and is periodically revised in accordance with an indexation formula);
- a commitment to extend a loan on pre-determined terms to customers who request one (both products).

The cost represented by these obligations has been estimated on the basis of behavioral statistics and market data. A provision is recognized on the liability side of the balance sheet to cover the future costs relating to the potentially disadvantageous terms of these products in comparison with the interest rates offered to individual customers for products that are similar but whose remuneration is not regulated. This approach is managed based on generations of regulated PEL and CEL savings products with similar characteristics. The impact on profit or loss is recorded as interest paid to customers.

**3.1.3 Distinction between liabilities and shareholders' equity**

In accordance with IFRIC 2, the interests of members are classified as shareholders' equity if the entity has the unconditional right to refuse to redeem such interests, or if there are legal or statutory provisions that prohibit or significantly limit such redemption. Under existing articles of association and applicable legal provisions, shares issued by the structures making up the consolidating entity of the Crédit Mutuel Group are recognized under shareholders' equity.

The other financial instruments issued by the group qualify for accounting purposes as debt instruments if the group has a contractual obligation to deliver cash to the holders of such instruments. This is the case, in particular, for all the subordinated securities issued by the group.

**3.1.4 Transactions denominated in foreign currencies**

Financial assets and financial liabilities denominated in a currency other than the local currency are translated at the year-end exchange rate.

• **Monetary financial assets and liabilities**

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

#### • Non-monetary financial assets and liabilities

Foreign exchange gains or losses arising from such translations are recognized in the income statement under “Net gains/(losses) on portfolios at fair value through profit or loss” if measured at fair value through profit or loss, or recognized under “Unrealized or deferred gains/(losses)” if the item is classified under financial assets at fair value through equity.

#### 3.1.5 Derivatives and hedge accounting

IFRS 9 allows entities to choose, on first-time application, whether to apply the new provisions concerning hedge accounting or to retain those of IAS 39.

The Crédit Mutuel Group has elected to continue to apply the provisions of IAS 39. Additional information is, however, disclosed in the notes to the financial statements or in the management report on risk management and the effects of hedge accounting on the financial statements, in accordance with revised IFRS 7.

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

Derivatives are financial instruments that have the following three characteristics:

- their value fluctuates according to changes in an underlying item (interest rate, exchange rate, share price, index, commodities, credit ratings, etc.);
- they require only a small or no initial investment;
- they are settled at a future date.

The Crédit Mutuel Group deals mainly in simple interest rate derivatives (swaps, vanilla options) classified in level 2 of the fair value hierarchy (see Note 9).

All derivatives are recognized on the balance sheet at fair value under financial assets or financial liabilities. By default, they are recognized as trading instruments, unless they can be classified as hedging instruments.

##### 3.1.5.1 Determination of fair value of derivatives

The majority of 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, 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 specific counterparty risk in the negative fair value of over-the-counter derivatives (see section 3.1.9.3 “Fair value hierarchy”).

When determining valuation adjustments, each risk factor is considered individually, without allowance for any diversification effect for risks, parameters or models of a different nature. 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.

#### 3.1.5.2 Classification of derivatives and hedge accounting

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

All derivatives not designated as hedging instruments under IFRS are automatically classified as “financial assets or financial liabilities at fair value through profit or loss”, even when for financial purposes they were entered into to hedge one or more risks.

#### Embedded derivatives

An embedded derivative is a component of a hybrid instrument that, when separated from its host contract, meets the definition criteria for a derivative. It has the effect, notably, of changing certain cash flows in the same way as a stand-alone derivative.

The derivative is detached from the host contract and recognized separately as a derivative instrument at fair value through profit or loss only if all of the following conditions are satisfied:

- it meets the definition of a derivative;
- the hybrid instrument 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; and
- separate measurement of the embedded derivative is sufficiently reliable to provide relevant information.

Under IFRS 9, only derivatives embedded in financial liabilities may be separated from the host contract to be recognized separately.

#### Recognition

Realized and unrealized gains and losses are recognized in profit or loss under “*Gains and losses on financial instruments at fair value through profit or loss*”.

#### Hedge accounting

##### • Hedged risks

For accounting purposes, Crédit Mutuel Group hedges only interest rate risk through micro-hedging or, more broadly, through macro-hedging (see below for the accounting impacts).

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

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

Overall management of interest rate risk is described in the management report, along with management of other risks (foreign exchange, credit, etc.) that may be hedged, resulting in the natural matching of assets and liabilities or the recognition of trading derivatives.

Micro-hedging is mainly used in connection with asset swaps, generally with the aim of transforming a fixed-rate instrument into a variable-rate instrument.

Three types of hedging relationship are possible. The choice of the hedging relationship is made according to the nature of the risk being hedged.

- A fair value hedge is a hedge of 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 the variability in cash flows of financial assets or financial liabilities, firm commitments or forward transactions.
- Hedges of net investments in foreign operations, which are accounted for in the same way as cash flow hedges, have not been used by the group to date.

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

- The hedging instrument and the hedged item must both qualify for hedge accounting.
- The relationship between the hedged item and the hedging instrument must be documented formally immediately upon inception of the hedging relationship. This documentation sets out notably the risk management objectives of the hedging relationship, as determined by management, the nature of the risk hedged, the underlying strategy, and the methods used to measure the effectiveness of the hedge.
- Hedge effectiveness must be proved immediately upon inception of the hedging relationship and subsequently throughout its life, and at the very least at each balance sheet date. Changes in the fair value or cash flows of the hedging instrument must approximately offset changes in the fair value or cash flows of the hedged item. Actual results must be within a range of 80% to 125%.

If this is not the case, hedge accounting is discontinued prospectively.

##### • Fair value hedge of identified financial assets or liabilities

In the case of a fair value hedge, derivatives are remeasured at their fair value, with any change being recognized in profit or loss under “Net gains (losses) on financial instruments at fair value through profit or loss”. The revaluation of the hedged items, in connection with the hedged risk, is treated in the same way and results in a charge or credit to profit or loss. 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 will offset each other partially or totally; only the ineffective portion of the hedge is recognized in profit or loss. It may result from:

- the “counterparty risk” component included in the value of derivatives;
- the difference in the valuation curve between the hedged items and hedging instruments. In fact, 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 profit or loss under “*Interest income and charges*”. The same treatment is applied to the interest income or charges for 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 identified interest rate instruments that were initially identified, valuation adjustments are amortized over their remaining life. If the hedged item has been derecognized, due notably to early repayments, the cumulative adjustments are recognized immediately in profit or loss.

##### • Macro-hedging derivatives

The group has availed itself of the possibilities offered by the European Commission as regards accounting for macro-hedging transactions. The European Union’s so-called carve out amendment to IAS 39 enables customer demand deposits to be included in hedged fixed-rate liability portfolios with no effectiveness measurement if under-hedged. Demand deposits are included based on of 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 on the balance sheet under “Remeasurement adjustment on interest-risk hedged investments”, the counterpart being an income statement line item.

#### • *Cash flow hedges*

In the case of a cash flow hedge, derivatives held in the balance sheet are remeasured at their fair value, with any change being recognized in equity as regards the effective portion while the portion considered as ineffective is recognized in profit or loss under “Net gains (losses) on financial instruments at fair value through profit or loss”.

Amounts recognized in shareholders’ equity are reclassified to profit or loss under “Interest income and charges” in the same period or periods during which 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 which point said amounts are transferred to profit or loss.

If the hedged item has been derecognized, the cumulative amounts recorded in shareholders’ equity are immediately transferred to profit or loss.

### 3.1.6 Financial guarantees and financing commitments

A financial guarantee is treated as an insurance policy if it provides for a specific payment to be made to reimburse the holder of the guarantee for a loss incurred as the result of the failure of a specific debtor to make a payment on maturity of a debt instrument.

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 probable.

By contrast, financial guarantees that provide for payments in response to changes in a financial variable (price, credit rating or index, etc.) or a non-financial variable, provided

that in this event the variable is not specific to one of the parties to the agreement, fall within the scope of application 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 provisions of IFRS 9.

### 3.1.7 Derecognition of financial assets and liabilities

The group derecognizes all or part of a financial asset (or group of similar assets) when the contractual rights to the cash flows of the asset expire (as in the case of commercial renegotiation) or when the group has transferred the contractual rights to receive the cash flows of the financial asset and substantially all the risks and rewards related to ownership of the asset.

At the time of 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 or paid;
- debt instrument at fair value through equity: the unrealized gains or losses previously recognized in equity are taken to profit or loss, together with the capital gains or losses on disposal,
- equity instrument at fair value through equity: the unrealized gains or losses previously recognized in equity together with the capital gains or losses on disposal are recognized in consolidated reserves with no impact on 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 case of a substantial change in its contractual terms and conditions or an exchange with the lender for an instrument whose contractual terms and conditions are substantially different.

### 3.1.8 Measurement of credit risk

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

Under the IFRS 9 model, impairment provisions are recognized for financial assets for which there is no objective evidence of losses on an individual basis are impaired, based on past losses observed and reasonable and justifiable cash flow forecasts.

The impairment model under IFRS 9 therefore 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: loss allowance provided for 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: loss allowance provided for on the basis of lifetime expected credit losses (resulting from default risks over the entire residual life of the instrument) if the credit risk has increased significantly since initial recognition; and
- Status 3 – non-performing receivables: category comprising financial assets for which there is an objective indication 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.

#### 3.1.8.1 Governance

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

These bodies consist of the Supervisory and Executive Board as defined by Article 10 of the French Decree of November 3, 2014 relative to internal control. Given the specificities of 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 3 working group approves the national procedures, models and methodologies to be applied by the regional groups.

- At the regional level, regional groups are tasked with the calculation of the IFRS 9 provisions within their entities, under the responsibility and control of their respective executive and supervisory bodies.

### 3.1.8.2 Definition of the boundary between statuses 1 and 2

The group relies on models developed for prudential purposes and has therefore applied a similar breakdown of its outstanding loans:

- LDP (low default portfolios, 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.
- HDP (high default portfolios, for which the number of defaults is sufficient to develop a statistical rating model): Mass corporate, 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 as of the reporting date with the risk of default as of the initial recognition date.

For the group, this means measuring the risk at the level of the borrower, where the Crédit Mutuel group's counterparty rating system is the same throughout the group. All the group's counterparties eligible for internal approaches are rated by the system. This system is based on:

- statistical algorithms or “mass ratings” based on one or more models, using a selection of representative and predictive risk variables (HDP), or
- rating grids developed by experts (LDP).

The change in risk since initial recognition is measured on a contract-by-contract basis. Unlike status 3, transferring a customer's contract into status 2 does not entail transferring all the customer's outstanding loans or those of related parties (absence of contagion).

It should be noted that the group immediately puts back into status 1 any performing exposure that no longer meets the qualitative and quantitative criteria for its transfer to status 2.

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 assignment 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*

As well as this quantitative data, the group uses qualitative criteria such as installments that are unpaid or overdue by more than 30 days, the concept of restructured loans, etc. Methods based exclusively on qualitative criteria are used for entities or small portfolios that are classified prudentially under the standardized approach and do not have rating systems.

**3.1.8.3 Statuses 1 and 2 – Calculation of expected credit losses**

Expected credit losses are measured by multiplying the outstanding amount of the loan at the contractual interest rate by its probability of default (PD) and by the loss given default (LGD) ratio. The off-balance sheet exposure is converted to a balance sheet equivalent based on the probability of a drawdown. The one-year probability of default is used for status 1 and the probability curve at termination (1 to 10 years) for status 2. These parameters have the same basis as the prudential models, with the formulas adapted to IFRS 9. They are used both for assignment to the statuses and the calculation of 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 flows of collections observed over a long period of time, discounted at the contractual interest rates and segmented by product type and type of security;
- for low default portfolios, on fixed ratios (60% for sovereigns and 40% for the rest);

• *Conversion factors*

For all products, including revolving loans, conversion factors 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 that reasonable and justifiable information, including forward-looking information, be taken into account. 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 perception of changes in the economic cycle over five years (validation by the Chief Executive Officers of the various regional groups and Crédit Mutuel Group). The group relies mainly 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 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.

**3.1.8.4 Status 3 – Non-performing loans**

In status 3, impairment is recognized once there is objective evidence of the existence of an event or events occurring subsequent to the granting of the loan – or group of loans – and likely to generate a loss. The amount of impairment is equal to the difference between the carrying amount and the present value of the projected future cash flows

discounted at the original effective interest rate on the loan, taking into account any security. For variable-rate loans, the last known contractual rate is used.

Since November 2019, the Crédit Mutuel Group has applied the new definition of prudential default in accordance with the guidelines of the EBA and the regulatory technical standards on the notion of applicable materiality thresholds.

The main changes related to the implementation of this new definition are as follows:

- default is analyzed at the level of the borrower and no longer at contract level;
- the number of days in arrears is assessed at the level of a borrower (obligor) or a group of borrowers with a joint obligation (joint obligors);
- default occurs when a payment by a borrower or group of borrowers is in arrears for 90 consecutive days. Days in arrears are counted from the first date on which both the absolute (€100 retail, €500 corporate) and relative (more than 1% of balance sheet exposures overdue) materiality thresholds are breached. The counter is reset when one of the two thresholds is no longer breached;
- the scope of contagion extends to all the borrower's receivables, as well as to the individual obligations of borrowers participating in a joint credit obligation;
- for non-restructured assets, the minimum probation period is three months before a return to performing status.

The Crédit Mutuel Group has chosen to implement the new definition of default based on the two-step approach proposed by the EBA:

- Step 1 – This involves submitting a self-assessment and a request for authorization to the supervisor. The group received approval to implement the new definition in October 2019.
- Step 2 – This entails implementing the new definition of default in the systems and recalibrating the models after a 12-month observation period for new defaults.

The group believes that the new definition of default required by the EBA corresponds to objective evidence of impairment from an accounting standpoint. The group has therefore aligned the definitions of accounting default (status 3) with those for prudential default. This revision represents a change in estimates, the non-material impact of which is recognized in profit or loss during the year of the change.

**3.1.8.5 Financial assets impaired at origination**

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 "Assets impaired at origination" 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.

**3.1.8.6 Recognition**

Impairment losses and provisions are recognized as a component of the net additions to/reversals from provisions for loan losses. When reversed, impairment losses and provisions are treated as a reversal of provisions for loan losses for the portion relating to the change in risk, while the portion relating to the passage of time is recognized in the interest margin. Impairment provisions are deducted from the asset in the case of loans and receivables and the provision is recorded under "provisions" in liabilities for financing and guarantee commitments (see sections 3.1.6 "Financial guarantees and financing commitments" and 3.3.2 "Provisions"). For assets at fair value through equity, the counter-entry for impairment recognized under net additions to/reversals from provisions for loan losses is booked to "Unrealized or deferred gains and losses". Irrecoverable receivables are written off and the corresponding impairments and provisions are written back.

**3.1.9 Determination of fair value of financial instruments**

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

On initial recognition of a financial instrument, fair value is generally the transaction price.

When measured subsequently, fair value must be determined. The measurement method applied varies depending on whether the financial instrument is traded in a market considered as active or not.

**3.1.9.1 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 an exchange, dealer, broker or pricing service, and those prices represent actual market transactions regularly occurring on an arm's length basis.

**3.1.9.2 Financial instruments not traded in an active market**

Observable market data are used provided they reflect the reality of a transaction in an arm's length exchange on the valuation date and there is no need for material adjustments to the valuation obtained in this way. In the other cases, the group uses non-observable mark-to-model data.

When there is no observable data or when adjustments to market prices require reliance to be placed on non-observable data, the entity may use internal assumptions



regarding future cash flows and discount rates, comprising adjustments for risks in the same way as the market would. These valuation adjustments are used, notably, to integrate risks that would not be captured by the model, liquidity risks 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.

When determining valuation adjustments, each risk factor is considered individually, without allowance for any diversification effect for risks, parameters or models of a different nature. A portfolio approach is most often used for a given risk factor.

In all cases, the adjustments made by the group are reasonable and appropriate, with reliance placed on judgment.

### 3.1.9.3 Fair value hierarchy

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

- Level 1: quoted prices in active markets for identical assets or liabilities; this notably concerns debt securities quoted by at least three contributors, and derivatives quoted on an organized market;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability in question, either directly (i.e. as prices) or indirectly (i.e. derived from prices); this level includes notably interest rate swaps for which fair value is determined with the help of yield curves produced on the basis of market interest rates at the balance sheet date; and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs); this category includes notably unconsolidated participating interests held (via venture capital entities or not) as part of the capital markets activities, debt securities quoted by a sole contributor and derivatives valued using mainly non-observable data.

The instrument is classified at the same level of the hierarchy as the lowest level of the input having an important bearing on fair value considered as a whole. Given the diverse nature and quantity of the instruments valued as Level 3, the calculation of fair value sensitivity to changes in the valuation parameters would not provide meaningful information.

## 3.2 Insurance activities

The group's insurance divisions governed by the Conglomerate directive may defer the application of IFRS 9 until 2021, as provided by the amendment to IFRS 4 as adopted by the European Union. Their financial instruments will therefore continue to be measured and recognized under IAS 39. In terms of presentation, the group has chosen to

adopt an "IFRS" approach that allows all financial instruments under IAS 39 to be grouped together in specific asset or liability disclosures rather than strictly applying ANC recommendation 2017-02, which results in the instruments measured under IAS 39 being disclosed under the same item as instruments measured under IFRS 9<sup>(6)</sup>. Therefore, all financial instruments of the insurance divisions are combined, under assets, on the line "Investments by the insurance activities and reinsurers' share of technical reserves" and, under liabilities, on the line "Liabilities related to policies of the insurance activities", including technical reserves. The reclassification also applies to investment property.

The impact of financial instruments and technical reserves on the income statement is included in the line "Net income from insurance activities". Other assets/liabilities and income statement items are presented under the common "bankinsurance" headings. When they are relevant, the disclosures under IFRS 7 are provided separately for the insurance divisions.

In accordance with the regulation on adoption of certain international accounting standards of November 3, 2017, the group ensures that there are no transfers of financial instruments between the insurance sector and the other sectors of the conglomerate that would lead to a derecognition of the instruments, other than those measured at fair value through profit or loss in both sectors.

The accounting policies and measurement methods specific to assets and liabilities arising on insurance contracts have been drawn up in accordance with IFRS 4. They apply also to reinsurance contracts issued or subscribed, and to financial contracts with a discretionary profit-participation feature.

Aside from the above cases, other assets held and liabilities issued by insurance companies are accounted for in accordance with the rules applicable to the group's other assets and liabilities.

### 3.2.1 Financial instruments

Under IAS 39, the financial instruments of insurers 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; or
- loans and receivables;
- financial liabilities at amortized cost.

They are combined, under assets, on the line "Investments by the insurance activities and reinsurers' share of technical provisions" and, under liabilities, on the line "Liabilities related to policies of the insurance businesses".

Classification in one or the other of these categories reflects the management intention and determines how a particular instrument is recognized and measured in the financial statements.

The fair value of these instruments is measured according to the general principles set out in section 3.1.9.

## Financial assets and financial liabilities at fair value through profit or loss

### • Classification criteria

The classification of instruments in this category results either from a real trading intention or from the use of the fair value option.

a) Instruments held for trading:  
Securities are classified as held for trading if they were acquired principally for the purpose of selling them in the near term or if they are part of a globally managed portfolio for which there is evidence of a recent actual pattern of short-term profit-taking.

b) Instruments designated as at fair value through profit or loss:  
Financial instruments may be designated as at fair value through profit or loss upon initial recognition. Once designated as such, they cannot be reclassified. This classification is permitted in the following circumstances:  
- financial instruments containing one or several separable embedded derivatives,  
- instruments for which the accounting treatment would be inconsistent with that applied to another related instrument, were the fair value option not applied, and  
- instruments belonging to a pool of financial assets measured and accounted for at fair value.

This option is used in particular for unit-linked insurance policies, for consistency with the treatment applied to liabilities.

### • Basis for measurement and recognition of income and charges

Assets classified as "*Assets at fair value through profit or loss*" are recognized on the balance sheet at fair value when they are first recorded and at all subsequent balance sheet dates until such time as they are disposed of. Changes in fair value and income received or accrued on these assets are recorded in profit or loss under "Net income from insurance activities".

## Available-for-sale financial assets

### • Classification criteria

Available-for-sale financial assets comprise financial assets not classified as "*Loans and receivables*", as "*Held-to-maturity financial assets*" or as "*At fair value through profit or loss*".

### • Basis for measurement and recognition of income and charges

These assets are recognized on the balance sheet at fair value when they are acquired and at subsequent balance sheet dates until such time as they are disposed of. Changes in fair value are recorded in shareholders' equity under a specific heading entitled "*Unrealized or deferred gains or losses*", excluding accrued income. Unrealized gains or losses recognized in equity are recognized in profit or loss only when the assets are disposed of or when evidence of permanent impairment is observed. On disposal, these unrealized gains or losses previously recognized in shareholders' equity are recognized in the income statement, together with the gain or loss on disposal.

Income accrued or received on fixed-income securities is recognized using the effective interest rate method. It is shown under "Net income from insurance activities", as are dividends received on variable-income securities.

### • Credit risk and impairment

a) *Lasting diminution in the value of shares and other equity instruments*

Impairment losses are recognized in respect of variable-income financial assets classified as available for sale in the event of a prolonged or material decline in fair value relative to cost.

In the case of variable-income securities, at Crédit Mutuel a loss in the value of an instrument relative to its acquisition cost of 50% or more or over a period of 36 consecutive months triggers the recognition of an impairment loss. Impairment testing is carried out on a line-by-line basis. Judgment is also exercised for securities not meeting the aforementioned criteria when management estimates that the recovery of the amount invested cannot reasonably be expected in the near future. The loss is recognized in profit or loss under "*Net income from insurance activities*".

Any subsequent impairment is also recognized in profit and loss.

Losses for permanent impairment of shares and other equity instruments recorded in profit and loss may not be reversed as long as the instrument is carried on the balance sheet. In the event of a subsequent appreciation in value, this will be recognized in equity within "*Unrealized or deferred gains and losses*".

b) *Impairment losses in respect of credit risk*

Impairment losses relating to fixed-income available-for-sale securities (mainly bonds) are recognized under "*Net additions to/reversals from provisions for loan losses*". Only the existence of a credit risk justifies recognizing impairment losses against fixed-income securities; a decline in value due simply to an increase in interest rates does not.

<sup>(6)</sup> For example, the recommendation results in securities issued by insurance entities measured under IAS 39 being presented in "Debt securities" together with those issued by the bank that are measured under IFRS 9.

In the event an impairment loss is recognized, all accumulated unrealized losses taken to equity must be reclassified to profit or loss. Impairment losses may be reversed. Any subsequent appreciation resulting from an event occurring since the recognition of the impairment loss is also recognized in profit or loss under “*Net additions to/reversals from provisions for loan losses*” when there has been an improvement in the borrower’s credit situation.

### Held-to-maturity financial assets

#### • *Classification criteria*

Held-to-maturity financial assets are securities with fixed or determinable payments and a fixed maturity, and which the entity has the positive intention and ability to hold to maturity.

Transactions to hedge the interest rate risk in respect of this category of securities are not eligible for hedge accounting under IAS 39.

Moreover, possibilities for selling or transferring held-to-maturity securities are extremely restricted under IAS 39 which, on failure to comply, may require the entire portfolio to be reclassified at the level of the group in the “Available-for-sale financial assets” category and prohibit the use of this category for two years.

#### • *Basis for measurement and recognition of income and charges*

Held-to-maturity securities are recognized at fair value when acquired. Subsequently they are measured at amortized cost using the effective interest rate method, which factors in the amortization of any premiums, discounts and, if material, acquisition costs. Income received on these securities is shown under “Net income from insurance activities” in the income statement.

#### • *Credit risk*

An impairment loss is recognized when there is objective evidence that the asset is impaired as a result of one or more events having occurred after initial recognition of the asset and when this could generate a loss (proven credit risk). Impairment testing is carried out at each balance sheet date for each security in turn. The amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated cash flows discounted at the asset’s original interest rate, taking into account any guarantees. The impairment loss is recognized in profit or loss under “*Net additions to/reversals from provisions for loan losses*”. Any subsequent appreciation resulting from an event that occurred since the recognition of the impairment loss is also taken to profit or loss under “*Net additions to/reversals from provisions for loan losses*”.

### Loans and receivables

#### • *Classification criteria*

Loans and receivables are fixed or determinable-income financial assets not listed on an active market and not intended for sale when acquired or granted. When first recorded on the balance sheet, they are recognized at their fair value, which is generally the net amount disbursed. At subsequent period ends, the outstandings are measured at their amortized cost using the effective interest rate method (other than those recognized using the fair value by option method).

#### • *Credit risk*

An impairment loss is recognized when there is objective evidence that the asset is impaired as a result of one or more events having occurred after initial recognition of the asset and when this could generate a loss (proven credit risk). The amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated cash flows discounted at the asset’s effective interest rate, taking into account any guarantees. The impairment loss is recognized in profit or loss under “*Net additions to/reversals from provisions for loan losses*”. Any subsequent appreciation resulting from an event that occurred since the recognition of the impairment loss is also taken to profit or loss under “*Net additions to/reversals from provisions for loan losses*”.

#### • *Financial liabilities at amortized cost*

These include amounts due to customers and credit institutions, debt securities (certificates of deposit, interbank market securities, bonds, etc.) and subordinated debt (dated or undated) that are not classified at fair value through profit or loss under the fair value option.

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

### 3.2.2 Non-financial assets

The accounting policies for investment properties and non-current assets are those described in these notes.

### 3.2.3 Non-financial liabilities

Insurance liabilities, which represent liabilities to policyholders and beneficiaries, are included under the heading “Technical reserves in respect of insurance policies”. They continue to be measured, recognized and consolidated in accordance with French accounting standards.

The technical reserves in respect of life insurance contracts consist mainly of mathematical provisions corresponding

generally to the contracts’ surrender values. The main risks covered by these contracts are death, disability and industrial disablement (for loan insurance).

The technical provisions related to unit-linked business are measured, at the end of the reporting period, on the basis of the realizable value of the assets underlying these contracts.

The provisions related to non-life insurance contracts correspond to unearned premiums (portion of the premiums issued relating to subsequent periods) and to outstanding claims.

Those insurance contracts with a discretionary profit-participation feature are subject to “shadow accounting”. The provision for deferred profit-sharing resulting from the application of this method represents the share of unrealized gains and losses on assets accruing to the policyholders. Provisions for deferred profit-sharing are shown under assets or liabilities by each legal entity and are not netted off between entities in the consolidation scope. On the assets side, these are recorded under a separate heading.

At the end of the reporting period, an adequacy test is performed on the liabilities recognized on these contracts (net of related other assets and liabilities such as deferred acquisition costs and acquired portfolios). This test ensures that the recognized insurance liabilities are adequate to cover estimated future cash flows under insurance policies. If the test reveals that the technical provisions are inadequate, the deficiency is recognized in the income statement. It may subsequently be reversed, where appropriate.

## 3.3 Non-financial instruments

### 3.3.1 Leases

A lease is an agreement whereby the lessor grants to the lessee, for a pre-determined period, the right to use an asset in exchange for a payment or a series of payments.

A finance lease is a lease under which virtually all of the risks and rewards inherent in the ownership of an asset are transferred to the lessee. Ownership of the asset may or may not eventually be transferred.

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

#### 3.3.1.1 Finance leases – lessor

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

Analysis of the economic substance of the transactions thus results in:

- removal of the leased asset from the balance sheet;
- recognition of a receivable in “*Financial assets at amortized cost*” in respect of the net present value of the lease payments receivable and any unguaranteed residual value accruing to the lessor, discounted at the interest rate implicit in the lease;
- recognition of deferred taxes of any temporary differences existing throughout the life of the finance lease;
- recognition in the net interest margin of the net income from the lease transaction, which represents the constant periodic rate of return on the outstanding amount.

Credit risk related to financial receivables is measured and recognized under IFRS 9 (see section “3.1.8. Measurement of credit risk”).

#### 3.3.1.2 Finance leases – lessee

In accordance with IFRS 16, non-current assets are recognized on the balance sheet, with the lease liability being disclosed under “*Other liabilities*”. Lease payments are broken down between interest expense and repayment of principal. (see section 3.3.4.2 “Assets leased by the group”)

### 3.3.2 Provisions

Provisions and reversals of provisions are classified by type under the corresponding item of income or expenditure. A provision is recognized whenever it is probable that an outflow of resources representing economic benefits will be necessary to extinguish an obligation arising from a past event and when the amount of the obligation can be estimated accurately. Where applicable, the net present value of this obligation is calculated to determine the amount of the provision to be set aside.

The provisions constituted by the group cover, in particular:

- operating risks;
- employee obligations (see section 3.3.3 “Employee benefits”);
- execution risk on signature commitments;
- litigation risk and guarantee commitments given;
- tax risks;
- risks related to home savings (see section 3.1.2. “Classification and measurement of financial liabilities”).

### 3.3.3 Employee benefits

Where applicable, provisions are recognized in respect of employee obligations under “Provisions for risks and charges”. 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 equity in unrealized or deferred gains and losses.

#### 3.3.3.1 Post-employment defined benefit plans

These comprise retirement, early retirement and supplementary retirement plans under which the group has a formal or implicit obligation to provide employees with pre-defined 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 rate on long-term private-sector borrowings consistent with the term of the commitments;
  - the salary increase rate, assessed in accordance with age brackets, manager/non-manager classification 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 relative to the year-end number of employees with permanent contracts;
  - retirement ages: 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; and
  - life expectancy rates set out in INSEE table TH/TF 00-02.
- Differences arising from changes in these assumptions and from differences between previous assumptions and actual experience constitute actuarial differences. When the plan is funded by assets, these are measured at fair value and recognized in the income statement for their expected yield. Differences between actual and expected yields also constitute actuarial gains and losses. Actuarial gains and losses are recognized in equity, within unrealized or deferred gains and losses. Plan curtailments and settlements give rise to a change in the obligation, which is recognized in the income statement for the period.

#### 3.3.3.2 Post-employment defined contribution plans

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.

As such plans do not represent a commitment for the group they are not subject to a provision. The charges are recognized in the period in which the contribution is due.

#### 3.3.3.3 Other long-term benefits

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

The group's commitment in respect of other long-term benefits is measured using the projected unit credit method. However, actuarial gains and losses are recognized immediately in profit or loss.

Certain commitments in respect of long-service awards are covered by insurance policies. Only the portion not covered is provisioned.

#### 3.3.3.4 End-of-contract indemnities

These indemnities consist of 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.

End-of-contract indemnity provisions are discounted if payment is expected to be made more than 12 months after the balance sheet date.

#### 3.3.3.5 Short-term benefits

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

A charge is recognized in respect of short-term benefits in the period in which the services giving rise to the entitlement to the benefit are provided to the entity.

### 3.3.4 Non-current assets

#### 3.3.4.1 Assets owned by the group

Non-current assets reported on the balance sheet include property, plant and equipment and intangible assets used in operations as well as investment property. Operating non-current assets are used for the production of services or for administrative purposes. Investment properties are property assets held to generate rental income and/or gains on the invested capital. The historical cost method is used to recognize both operating and investment properties.

Non-current assets are initially recognized at acquisition cost plus any directly attributable costs necessary to make them operational and usable.

They are subsequently measured at amortized historical cost, i.e. their cost less accumulated depreciation and amortization 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 value 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, they are presumed not to have a residual value.

Non-current assets are depreciated or amortized over their estimated useful lives at rates reflecting the estimated consumption of the assets' economic benefits by the entity owning the assets. Intangible assets with an indefinite useful life are not amortized.

Depreciation and amortization charges on operating non-current assets are recognized under "Provisions, amortization and depreciation for operating non-current assets" in profit or loss.

Depreciation charges on investment properties are recognized under "Expenses on other activities" in profit or loss.

The following depreciation and amortization periods are used:

#### Property and equipment:

- |   |             |
|---|-------------|
| - Land and network improvements:                            | 15-30 years |
| - Buildings – shell:<br>(depending on the type of building) | 20-80 years |
| - Buildings – equipment:                                    | 10-40 years |
| - Fixtures and fittings:                                    | 5-15 years  |
| - Office furniture and equipment:                           | 5-10 years  |
| - Safety equipment:   | 3-10 years  |
| - Vehicles and movable equipment:                           | 3-5 years   |
| - Computer hardware:  | 3-5 years   |

#### Intangible assets:

- |  |            |
|--|------------|
| - Software purchased or developed internally:                      | 1-10 years |
| - Purchased goodwill:<br>(if customer contract portfolio acquired) | 9-10 years |

Depreciable and amortizable assets are tested for impairment when evidence exists at the reporting date that the items may be impaired. Non-depreciable and non-amortizable non-current assets such as lease rights are tested for impairment once a year.

If evidence of impairment is found, the asset's recoverable amount is compared with its net carrying amount. If the asset is found to be impaired, an impairment loss is recognized in profit or loss, and the depreciable amount is adjusted prospectively. Impairment losses are reversed if there is an improvement in the estimated recoverable amount or there is no longer any evidence of impairment. The net carrying amount following the reversal of an impairment provision cannot exceed the net carrying amount that would have been calculated if the impairment had not been recognized.

Impairment charges and reversals on operating non-current assets are recognized under "Provisions, amortization and depreciation for operating non-current assets" in profit or loss.

Impairment charges and reversals on investment properties are recognized in profit or loss under "Charges on other activities" and "Income from other activities", respectively.

Capital gains or losses on disposals of operating non-current assets are recorded in profit or loss on the line "Net gains (losses) on other assets".

Gains and losses on disposals of investment property are shown in the income statement under "Income from other activities" or "Expense on other activities".

The fair value of investment properties is disclosed in the notes to the financial statements at the end of each reporting period. It is based on the buildings' market value as appraised by independent valuers (Level 2).

#### 3.3.4.2 Assets leased by the group

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.

For the lessee, operating leases and finance leases will be accounted for based on a single model, with recognition of:

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

The group mainly capitalizes its real estate leases, except for those with an effective automatic renewal clause (given the six-month notice period for cancellation). Computer hardware and safety equipment were excluded due to their substitutable nature, in accordance with the standard. Only a few computer hardware leases that were considered significant were capitalized.

Other underlying assets were excluded as a result of the short-term and low value exemptions (set at €5,000). The group has no leases that may give rise to the recognition of an intangible asset or investment property.

Therefore, right-of-use assets are recognized under "Property, plant and equipment" and lease obligations under "Other liabilities". Leasehold rights are reclassified as property, plant and equipment when they refer to contracts that are not automatically renewed. Deferred tax assets or liabilities are recognized in respect of right-of-use assets and lease obligations in the net amount of the temporary tax differences.

In the income statement, interest expenses are shown under "Net interest", while depreciation and amortization are shown under "General operating expenses".

The following are used to calculate the lease obligation:

- the lease term. For commercial property leases of the 3/6/9 type, the group complies with the ANC position<sup>(7)</sup>, regarding the contractual provisions, whereby any new lease of this type will be capitalized over a nine-year term. From an accounting standpoint, there is no renewal option at the end of the lease and, therefore, the period during which the contract is enforceable is generally nine years given the choices made by the group in terms of location;
- the discount rate is the incremental borrowing rate that corresponds to the lease term used. This is a rate at which the group's central refinancing unit could borrow in each currency;
- the lease payment excluding tax. The group has little exposure to variable lease payments.

### 3.3.5 Fees and commissions

Fees and commissions in respect of services are recorded as income and charges according to the nature of the services involved.

Fees and commissions linked directly to the grant of a loan are spread out using the effective interest rate method (see section "3.1.1.1 Loans, receivables and debt securities acquired").

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

Fees and commissions remunerating a significant service are recognized in profit or loss in full upon execution of the service.

### 3.3.6 Income tax expense

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

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

The Territorial Economic Contribution (*Contribution Economique Territoriale* – CET), which is composed of the Business Real Property Contribution (*Cotisation Foncière des Entreprises* - CFE) and the Business Contribution on Added Value (*Cotisation sur la Valeur Ajoutée des Entreprises* - CVAE), is treated as an operating charge and, accordingly, the group does not recognize any deferred taxes in the consolidated financial statements.

#### • Deferred tax

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

Deferred taxes are calculated using the liability method, applying the corporation tax rate known at the end of the period and applicable to subsequent years.

Deferred tax assets net of deferred tax liabilities are recognized only when there is a high probability that they will be utilized. Current or deferred tax is recognized as income or a charge, 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 there is a legal right of set-off.

Deferred tax is not discounted.

### 3.3.7 Interest payable by the French government on certain loans

In the context of government measures to assist the agricultural and rural sector, and to assist with home purchases, certain group entities grant loans at reduced interest rates that are set by the French government. Such entities therefore receive government subsidies equivalent to the differential between the interest rate granted to the customer and a pre-determined benchmark rate. Accordingly, no discount is applied to these subsidized loans.

The terms and conditions of this compensation mechanism are periodically reviewed by the French government.

The government subsidies received are recognized under "Interest and similar income" and spread over the term of the relevant loans, in accordance with IAS 20.

### 3.3.8 Non-current assets classified as 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 a 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 recognized impairment loss on such assets and liabilities is recognized in profit or loss.

Discontinued operations are a component of an entity that either has ceased to trade or is classified as held for sale, or correspond to a subsidiary 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".

### 3.4 Judgments and estimates used in preparation of the financial statements

The preparation of the group's financial statements necessitates the formulation of assumptions in order to effect the required measurements, which carries risks and uncertainties concerning these assumptions' future realization.

The future outcome of such assumptions may be influenced by several factors, in particular:

- the activities of national and international markets,
- changes in interest rates and foreign exchange rates,
- economic and political conditions in certain business sectors or countries, and
- regulatory and legislative changes.

Accounting estimates requiring the formulation of assumptions are used mainly for measurement of the following items:

- 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 *See section 3.1.9 "Determination of fair value of financial instruments"*,
- retirement plans and other future employee benefits,
- impairment of assets, particularly expected credit losses,
- provisions,
- impairment of intangible assets and goodwill, and
- deferred tax assets.

## NOTE 4: SEGMENT REPORTING

In terms of segment reporting, the group has two levels of disclosure that are based on the group's own internal reporting system. Data by sector of activity is the primary level and data by geographic area is the secondary level.

#### • Segment reporting by activity (primary level)

Sector data for the Crédit Mutuel group is organized into five operating segments:

- Retail banking
- Corporate and Investment Banking
- Insurance
- Asset Management and Private Banking
- Other

*Retail banking* covers the network of Crédit Mutuel's local mutual banks, CIC's regional banks as well as all the specialized activities whose products are marketed through the network: all business banking (i.e. micro-enterprises, small and medium-sized enterprises and companies, excluding large corporates), equipment and real estate leasing, factoring, real estate, etc.

*Corporate and investment banking* comprises the following activities:

- corporate banking, which covers banking and related services provided to large companies through a specific sales department or subsidiary; and
- investment banking, which covers capital markets activities, merchant banking, venture capital, private equity, financial intermediation and mergers and acquisitions.

*Insurance* comprises the life and non-life insurance activities (life insurance, property and casualty insurance and insurance brokerage).

*Asset management and private banking* comprises two activities:

- asset management: fund management (UCITS, real estate funds), employees savings schemes, custody and depositary services for its own customer base, as opposed to that of the network; and
- private banking: wealth management and estate planning.

*Other activities* comprise technical support subsidiaries that cannot be included in the retail banking segment (technology, electronic payments, training, media and travel).

Transactions between the different operating segments are carried out at market conditions.

#### • Segment reporting by geographic area (secondary level)

For the Crédit Mutuel group, three geographic areas have been defined for this secondary level of reporting:

- France
- Europe excluding France
- Rest of world

The geographic analysis of assets and earnings is based on the country in which the activities are recorded for accounting purposes.

## NOTE 5: RELATED PARTIES

Parties related to the Crédit Mutuel Group are consolidated companies, including equity consolidated companies, and the third-level administrative entities (Caisse Centrale du Crédit Mutuel and Confédération Nationale du Crédit Mutuel).

Transactions between the Crédit Mutuel group and related parties are carried out at the normal market conditions prevailing at the time of the transaction.

A list of the group's consolidated companies is provided in Note 0 in the financial data section below. As transactions carried out and any receivables or payables at the end of the period between fully consolidated group companies are totally eliminated on consolidation, only transactions between companies over which the group exercises joint control or significant influence (and which are consolidated using the equity method) are included in the tables in the notes for the portion not eliminated on consolidation.

<sup>(7)</sup> The group will estimate the impact of the IFRIC's final decision on determining the enforceable period of a lease (and any resulting ANC position) starting in early 2020.



**NOTE 6: STANDARDS AND INTERPRETATIONS  
ADOPTED BY THE EUROPEAN UNION AND  
NOT YET APPLIED**

**6.1 Standards and interpretations not yet  
adopted by the European Union**

**• IFRS 17 – Insurance Contracts**

IFRS 17 will replace IFRS 4, which allows insurance companies to maintain their local accounting policies for their insurance contracts and other contracts within the scope of IFRS 4, which makes it difficult to compare the financial statements of entities in this sector. The application date, originally scheduled for 2021, is expected to be postponed by at least a year through an amendment on which a consultation was launched in late June 2019. The application of IFRS 9 for insurance entities that have opted for the deferral (such as Crédit Mutuel Group) is also expected to be postponed until that date.

The aim of IFRS 17 is to harmonize the recognition of the various types of insurance contracts and to base their valuation on a prospective assessment of insurers' commitments. This requires greater use of complex models and concepts similar to those of Solvency II. Significant changes must also be made to financial reporting.

Despite the numerous, complex issues raised by the various stakeholders (25 points were noted by the IASB), including French bank insurers, the Board limited the topics included in the exposure draft related to the amendment to IFRS 17. This exposure draft covers:

- the rules for first-time application (effective dates and temporary exemption from IFRS 9; modification of transition requirements and transition relief);
  - credit cards or loan agreements with an insurance component;
  - expected recovery of insurance acquisition cash flows;
  - the rate at which the future margin on contracts (Contractual Service Margin / CSM) is recognized in profit or loss for contracts that include the provision of investment-return services and investment-related services;
  - recovery of losses on underlying insurance contracts for reinsurance contracts held;
  - applicability of the risk mitigation option to reinsurance contracts held (sale)
  - presentation on the balance sheet of insurance assets and liabilities on the basis of “portfolios” of contracts.
- However, it refused to review the provisions related to the level of aggregation of insurance contracts. Other minor amendments may be approved by way of the annual improvements to IFRS.

The IASB's final amendments are expected to be published in mid-2020.

Lastly, first-time application of IFRS 17 may be postponed by an additional year (i.e. until January 1, 2023) in light of the stakeholders' lobbying efforts and the process of adopting this standard at the European level.

The group's insurance divisions are continuing to analyze and prepare for the implementation of the provisions of IFRS 17.

The group has also begun to consider financial communication at the conglomerate level based on the IASB's discussions about primary financial statements.

**NOTE 7: EVENTS AFTER THE REPORTING PERIOD**

Crédit Mutuel Group is fully committed to confronting the COVID-19 health crisis. As a credit institution, it is offering its full support at the local level to its professional and business customers that are experiencing difficulties, particularly small and medium-sized companies.

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

The accounting and prudential impacts of this situation can only be assessed at a later date. However, the measures taken by the government to curtail the spread of the epidemic could lead to a deterioration in the quality of the loan portfolio, particularly in the most affected sectors such as local retail businesses and tourism, and increase the level of provisioning. Moratoriums, granted on a case-by-case basis by the network, and guarantees offered by the government should limit the effects, the extent of which is difficult to estimate at this time.

The group is also impacted by the financial market situation, which could reduce the value of its portfolios of financial instruments (bonds, equities and derivatives). As during the 2008 crisis, there is no need to make forced disposals and realize capital losses.

The group's financial strength enables it to confront this unprecedented crisis, thanks to its shareholders' equity, capital and the resulting ratios (at 12/31/2019, overall solvency ratio of 21.6% (SREP requirement = 12.96%, including buffers and P2R), leverage ratio of 6.9% (CRR2 regulatory threshold = 3%) and liquidity ratio of 156.7% (regulatory threshold = 100%).

As a reminder, the liquidity buffer was €116.6 billion at the end of December and €118.4 billion at the end of February.

**II/ QUANTIFIED DATA**

The notes are presented in millions of euros.

**NOTE 0 - CONSOLIDATION SCOPE - LOCATIONS AND ACTIVITIES BY COUNTRY**

**0a - Consolidation Scope**

Consolidated entities are presented according to the sectors used for preparing segment information under IFRS 8. Accordingly, for example, entities included under "Retail Banking" do not necessarily have the legal status of credit institutions.	Country	12/31/2019			12/31/2018			Comments
		%	Method		%	Method		
		Control	Interest	*	Control	Interest	*	
A. Retail Banking								
Consolidating entity								
Confédération Nationale du Crédit Mutuel	France	100.00	100.00	FC	100.00	100.00	FC	
Caisse Centrale du Crédit Mutuel	France	100.00	100.00	FC	100.00	100.00	FC	
Fédération Nationale du CMAR	France	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Alliance Fédérale								
- General Purpose **	France	100.00	100.00	FC	100.00	100.00	FC	
- Caisse Agricole du Crédit Mutuel	France	100.00	100.00	FC	100.00	100.00	FC	
CM Arkéa **	France	100.00	100.00	FC	100.00	100.00	FC	
CMNE **	France	100.00	100.00	FC	100.00	100.00	FC	
CMO **	France	100.00	100.00	FC	100.00	100.00	FC	
CMMABN *	France	100.00	100.00	FC	100.00	100.00	FC	
CMAG **	France	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Alliance Fédérale ***								
Adepi	France	-	-	NC	100.00	100.00	FC	Merger
Bancas	France	50.00	50.00	EM	50.00	50.00	EM	
Banque du Groupe Casino	France	50.00	50.00	EM	50.00	50.00	EM	
Banque Européenne du Crédit Mutuel (BECM)	France	100.00	100.00	FC	100.00	100.00	FC	
Banque Européenne du Crédit Mutuel Monaco	Monaco	100.00	100.00	FC	100.00	100.00	FC	
Banque de Tunisie	Tunisia	35.33	35.33	EM	34.00	34.00	EM	
BECM Frankfurt (branch of BECM)	Germany	100.00	100.00	FC	100.00	100.00	FC	
BECM Saint Martin (branch of BECM)	Saint Martin (Dutch part)	100.00	100.00	FC	100.00	100.00	FC	
Cartes et Crédits à la Consommation	France	-	-	NC	100.00	100.00	FC	Merger
CCLS Leasing Solutions (formerly CM-CIC Leasing Solutions SAS)	France	100.00	100.00	FC	100.00	100.00	FC	
CIC Est	France	100.00	100.00	FC	100.00	100.00	FC	
CIC Iberbanco	France	100.00	100.00	FC	100.00	100.00	FC	
CIC Lyonnaise de Banque (LB)	France	100.00	100.00	FC	100.00	100.00	FC	
CIC Nord Ouest	France	100.00	100.00	FC	100.00	100.00	FC	
CIC Ouest	France	100.00	100.00	FC	100.00	100.00	FC	
CIC Sud Ouest	France	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Asset Management (formerly CM-CIC Asset Management)	France	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Caution Habitat (formerly CM-CIC Caution Habitat SA)	France	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Epargne Salariale (formerly CM-CIC Epargne Salariale)	France	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Factoring (formerly CM-CIC Factor)	France	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Gestion (formerly CM-CIC Gestion)	France	99.99	99.99	FC	99.99	99.99	FC	
Crédit Mutuel Home Loan SFH (formerly CM-CIC Home Loan SFH)	France	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Immobilier (formerly CM-CIC Immobilier)	France	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Leasing (formerly CM-CIC Bail)	France	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Leasing Benelux (formerly CM-CIC Leasing Benelux)	Belgium	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Leasing Spain (branch of Crédit Mutuel Leasing)	Spain	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Leasing GmbH (formerly CM-CIC Leasing GmbH)	Germany	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Leasing Nederland (branch of Crédit Mutuel Leasing Benelux)	Netherlands	100.00	100.00	FC	-	-	NC	Initial consolidation, already held
Crédit Mutuel Real Estate Lease (formerly CM-CIC Lease)	France	100.00	100.00	FC	100.00	100.00	FC	
Cofidis Belgium	Belgium	100.00	70.63	FC	100.00	70.63	FC	
Cofidis Spain (branch of Cofidis France)	Spain	100.00	70.63	FC	100.00	70.63	FC	

\* Method: FC = Full Consolidation, EM = Equity Method, NC = Not Consolidated.

\*\* Federal banks, regional banks, interfederal banks, local banks, federations.

\*\*\* Presentation by majority-owning Crédit Mutuel Group.

Consolidated entities are presented according to the sectors used for preparing segment information under IFRS 8. Accordingly, for example, entities included under "Retail Banking" do not necessarily have the legal status of credit institutions.	Country	12/31/2019			12/31/2018			Comments
		%	Method	%	Method			
		Control	Interest	*	Control	Interest	*	
Coficofidis France	France	100.00	70.63	FC	100.00	70.63	FC	Merger
Cofidis Hungary (branch of Cofidis France)	Hungary	100.00	70.63	FC	100.00	70.63	FC	
Cofidis Italy	Italy	100.00	70.63	FC	100.00	70.63	FC	
Cofidis Portugal (branch of Cofidis France)	Portugal	100.00	70.63	FC	100.00	70.63	FC	
Cofidis Czech Republic	Czech Republic	100.00	70.63	FC	100.00	70.63	FC	
Cofidis SA Poland (branch of Cofidis France)	Poland	100.00	70.63	FC	100.00	70.63	FC	
Cofidis SA Slovakia (branch of Cofidis France)	Slovakia	100.00	70.63	FC	100.00	70.63	FC	
Cofacredit	France	-	-	NC	100.00	100.00	FC	
Creatis	France	100.00	70.63	FC	100.00	70.63	FC	
Factofrance	France	100.00	100.00	FC	100.00	100.00	FC	
Gesteurop	France	100.00	100.00	FC	100.00	100.00	FC	
LYF SA	France	43.75	43.75	EM	46.00	46.00	EM	
Margem-Mediação Seguros, Lda	Portugal	100.00	70.63	FC	100.00	70.63	FC	
Monabanq	France	100.00	70.63	FC	100.00	70.63	FC	
Paysurf	France	100.00	100.00	FC	-	-	NC	Initial consolidation, already held
Targo Factoring GmbH	Germany	100.00	100.00	FC	100.00	100.00	FC	
Targo Finanzberatung GmbH	Germany	100.00	100.00	FC	100.00	100.00	FC	
Targo Leasing GmbH	Germany	100.00	100.00	FC	100.00	100.00	FC	
Targobank AG	Germany	100.00	100.00	FC	100.00	100.00	FC	
Targobank Spain	Spain	100.00	100.00	FC	100.00	100.00	FC	
SCI La Tréflière	France	100.00	100.00	FC	100.00	100.00	FC	
CM Arkéa ***								
Arkéa Banking Services	France	100.00	100.00	FC	100.00	100.00	FC	
Arkéa Banque Entreprises et Institutionnels	France	100.00	100.00	FC	100.00	100.00	FC	
Arkéa Crédit Bail	France	100.00	100.00	FC	100.00	100.00	FC	
Arkéa Direct Bank	France	100.00	99.99	FC	100.00	99.99	FC	
Arkéa Foncière	France	100.00	100.00	FC	100.00	100.00	FC	
Arkéa Home Loans SFH	France	100.00	100.00	FC	100.00	100.00	FC	
Arkéa Public Sector SCF	France	100.00	100.00	FC	100.00	100.00	FC	
Arkéa SCD	France	100.00	100.00	FC	99.95	99.95	FC	
Budget Insight	France	100.00	100.00	FC	-	-	NC	
Caisse de Bretagne de Crédit Mutuel Agricole	France	93.30	93.30	FC	93.22	93.22	FC	
Crédit Foncier et Communal d'Alsace et de Lorraine Banque	France	100.00	100.00	FC	100.00	100.00	FC	
Crédit Foncier et Communal d'Alsace et de Lorraine Bank (Belgian branch of Crédit Foncier et Communal d'Alsace et de Lorraine Banque)	Belgium	100.00	100.00	FC	-	-	NC	New branch
FCT Collectivités	France	57.76	57.76	FC	57.76	57.76	FC	
Fédéral Equipements	France	100.00	100.00	FC	100.00	100.00	FC	
Fédéral Service	France	97.78	97.75	FC	97.78	97.76	FC	
Financo	France	100.00	100.00	FC	100.00	100.00	FC	Sold outside group
Finansemble	France	30.44	30.44	EM	30.44	30.44	EM	
GICM	France	100.00	97.75	FC	100.00	97.76	FC	
Jivai	France	-	-	NC	32.35	32.35	EM	
Izimmo	France	100.00	100.00	FC	100.00	100.00	FC	
Keytrade Bank (branch of Arkéa Direct Bank)	Belgium	100.00	99.99	FC	100.00	99.99	FC	
Keytrade Bank Luxembourg SA	Luxembourg	100.00	99.99	FC	100.00	99.99	FC	
La Compagnie Française des Successions	France	32.60	32.60	EM	32.60	32.60	EM	
Leasecom	France	-	-	NC	100.00	100.00	FC	
Leasecom Car	France	-	-	NC	100.00	100.00	FC	
Leetchi SA	France	100.00	100.00	FC	100.00	100.00	FC	Sold outside group
Linxo Group	France	29.82	29.82	EM	29.82	29.82	EM	
Mangopay SA	Luxembourg	100.00	100.00	FC	100.00	100.00	FC	
Monext	France	100.00	100.00	FC	100.00	100.00	FC	
Nextalk	France	100.00	100.00	FC	100.00	100.00	FC	
Nouvelle vague	France	100.00	100.00	FC	100.00	100.00	FC	
Novelia	France	100.00	100.00	FC	100.00	100.00	FC	
Procapital	France/Belgium	99.98	99.96	FC	99.98	99.96	FC	
Pumpkin	France	100.00	100.00	FC	100.00	100.00	FC	
Société Civile Immobilière Interfédérale	France	100.00	100.00	FC	100.00	100.00	FC	
Strateo (branch of Arkéa Direct Bank)	Switzerland	100.00	99.99	FC	100.00	99.99	FC	

\* Method: FC = Full Consolidation, EM = Equity Method, NC = Not Consolidated.  
\*\* Federal banks, regional banks, interfederal banks, local banks, federations.  
\*\*\* Presentation by majority-owning Crédit Mutuel Group.

Consolidated entities are presented according to the sectors used for preparing segment information under IFRS 8. Accordingly, for example, entities included under "Retail Banking" do not necessarily have the legal status of credit institutions.	Country	12/31/2019			12/31/2018			Comments
		%		Method	%		Method	
		Control	Interest	*	Control	Interest	*	
Vivienne Investissement	France	34.40	34.40	EM	34.40	34.40	EM	
Yomoni	France	33.98	33.98	EM	34.49	34.49	EM	
Younited Credit	France	22.28	22.28	EM	25.80	25.80	EM	
CMNE ***								
Bail Bail Actea	France	100.00	100.00	FC	100.00	100.00	FC	
Bail Actea Immobilier (formerly Nord Europe Lease)	France	100.00	100.00	FC	100.00	100.00	FC	
Beobank Belgium	Belgium	100.00	100.00	FC	100.00	100.00	FC	
BKCP Immo It SCRL	Belgium	97.25	97.25	FC	97.24	97.24	FC	Merger
CMNE Belgium	Belgium	-	-	NC	100.00	100.00	FC	
CMNE Grand Paris	France	100.00	100.00	FC	-	-	NC	
CMNE Home Loans FCT	France	-	-	NC	100.00	100.00	FC	Sold outside group
Cumul SCI	France	100.00	100.00	FC	100.00	100.00	FC	Wound up
FCP Richebé Gestion	France	-	-	NC	100.00	100.00	FC	
FCT LFP Créances Immobilières	France	68.11	68.11	FC	68.11	68.11	FC	
GIE CMN Prestations	France	100.00	100.00	FC	100.00	100.00	FC	
Immobilière BCL Lille	France	55.00	55.00	FC	55.00	55.00	FC	
LFP Multi Alpha	France	100.00	100.00	FC	100.00	100.00	FC	
L'Immobilière du CMN	France	100.00	100.00	FC	100.00	100.00	FC	
SCI CMN 1	France	100.00	100.00	FC	100.00	100.00	FC	
SCI CMN 2	France	100.00	100.00	FC	100.00	100.00	FC	
SCI CMN 3	France	100.00	100.00	FC	100.00	100.00	FC	
SCI CMN Location	France	100.00	100.00	FC	100.00	100.00	FC	
SCI CMN Location 2	France	100.00	100.00	FC	100.00	100.00	FC	
SCI Richebé Inkerman	France	100.00	100.00	FC	100.00	100.00	FC	
SFINE Bureaux	France	100.00	100.00	FC	100.00	100.00	FC	
SFINE Propriété à vie	France	100.00	100.00	FC	100.00	100.00	FC	
Société Foncière & Immobilière Nord Europe	France	100.00	100.00	FC	100.00	100.00	FC	Sold outside group
Theia Viager	France	-	-	NC	66.67	66.67	FC	
Transactimmo	France	100.00	100.00	FC	100.00	100.00	FC	
CMO ***								
SCI MSCI Merlet Immobilier	France	100.00	100.00	FC	100.00	100.00	FC	
Union Immobilière Océan SCI	France	100.00	100.00	FC	100.00	100.00	FC	
CMMABN ***								
AcmAcmAn	France	100.00	100.00	FC	100.00	100.00	FC	Created
Volney Bocage	France	100.00	100.00	FC	100.00	100.00	FC	
Zephyr Home Loans FCT	France	100.00	100.00	FC	100.00	100.00	FC	
Zephyr Home Loans FCT II	France	100.00	100.00	FC	-	-	NC	
B. Corporate and Investment Banking								
Crédit Mutuel Alliance Fédérale ***								
CIC Hong Kong (branch of CIC)	Hong Kong	100.00	100.00	FC	100.00	100.00	FC	Created
CIC Conseil (formerly CM-CIC Conseil)	France	100.00	100.00	FC	100.00	100.00	FC	
Cigogne Management	Luxembourg	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Capital (formerly CM-CIC Capital)	France	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Innovation (formerly CM-CIC Innovation)	France	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Equity (ex CM-CIC Investissement)	France	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Equity SCR (formerly CM-CIC Investissement SCR)	France	100.00	100.00	FC	100.00	100.00	FC	
FCT CM-CIC Home Loans	France	100.00	100.00	FC	100.00	100.00	FC	
Satellite	France	100.00	100.00	FC	-	-	NC	
CM Arkéa ***								
Arkéa Capital Investissement	France	100.00	100.00	FC	100.00	100.00	FC	
Arkéa Capital Managers Holding SLP	France	100.00	100.00	FC	100.00	100.00	FC	
Arkéa Capital Partenaire	France	100.00	100.00	FC	100.00	100.00	FC	

\* Method: FC = Full Consolidation, EM = Equity Method, NC = Not Consolidated.  
\*\* Federal banks, regional banks, interfederal banks, local banks, federations.  
\*\*\* Presentation by majority-owning Crédit Mutuel Group.

Consolidated entities are presented according to the sectors used for preparing segment information under IFRS 8. Accordingly, for example, entities included under "Retail Banking" do not necessarily have the legal status of credit institutions.	Country	12/31/2019			12/31/2018			Comments
		%		Method	%		Method	
		Control	Interest		*	Control		
CMNE ***								
Nord Nord Europe Partenariat	France	99.65	99.65	FC	99.65	99.65	FC	
Siparex Proximité Innovation	France	26.50	26.50	EM	26.50	26.50	EM	
CMO ***								
Océan Participations	France	100.00	100.00	FC	100.00	100.00	FC	
CMMABN ***								
Volney Développement	France	100.00	100.00	FC	100.00	100.00	FC	
C. Asset management and private banking								
Crédit Mutuel Alliance Fédérale ***								
Banque de Luxembourg	Luxembourg	100.00	100.00	FC	100.00	100.00	FC	
Banque de Luxembourg Investments SA	Luxembourg	100.00	100.00	FC	100.00	100.00	FC	
Banque Transatlantique (BT)	France	100.00	100.00	FC	100.00	100.00	FC	
Banque Transatlantique Belgium	Belgium	100.00	100.00	FC	100.00	100.00	FC	
Banque Transatlantique London (branch of BT)	United Kingdom	100.00	100.00	FC	100.00	100.00	FC	
Banque Transatlantique Luxembourg	Luxembourg	100.00	100.00	FC	100.00	100.00	FC	
CIC Suisse	Switzerland	100.00	100.00	FC	100.00	100.00	FC	
Dubly Transatlantique Gestion (formerly Dubly Douilhet Gestion)	France	100.00	100.00	FC	100.00	100.00	FC	
CM Arkéa ***								
OikOiko Gestion	France	-	-	NC	15.15	15.54	EM	Sold outside group
Arkéa Capital	France	100.00	100.00	FC	100.00	100.00	FC	
Aviafund Fund Facility Management GmbH	Germany	-	-	NC	25.26	25.92	EM	Sold outside group
Aviafund Fund Solution Services GmbH	Germany	-	-	NC	25.26	25.92	EM	Sold outside group
Aviarent Capital Management SARL	Luxembourg	-	-	NC	25.26	25.92	EM	Sold outside group
Aviarent Invest AG	Germany	-	-	NC	25.26	25.92	EM	Sold outside group
Codabel Management	Belgium	-	-	NC	10.40	10.67	EM	Sold outside group
DS Investment Solutions SAS (formerly Derivatives Solutions)	France	-	-	NC	23.78	24.39	EM	Sold outside group
Federal Finance	France	100.00	100.00	FC	100.00	100.00	FC	
Federal Finance Gestion	France	100.00	100.00	FC	100.00	100.00	FC	
Halles A Fourrages SCCV	France	-	-	NC	17.83	18.29	EM	Sold outside group
La Financière de l'Echiquier	Luxembourg	-	-	NC	11.89	12.20	EM	Sold outside group
Leemo	Germany	-	-	NC	11.89	12.20	EM	Sold outside group
Link by Primonial	France	-	-	NC	29.72	30.49	EM	Sold outside group
Marseille Furniture SARL	France	-	-	NC	29.71	30.48	EM	Sold outside group
Mata Capital	France	-	-	NC	11.89	12.20	EM	Sold outside group
New Primonial Holding	France	-	-	NC	29.72	30.49	EM	Sold outside group
PFP	France	-	-	NC	29.72	30.49	EM	Sold outside group
Primonial	France	-	-	NC	29.72	30.49	EM	Sold outside group
Primonial Holding	France	-	-	NC	29.72	30.49	EM	Sold outside group
Primonial Immobilien GmbH (formerly Ec Advisors GmbH)	Germany	-	-	NC	29.72	30.49	EM	Sold outside group
Primonial Luxembourg	Luxembourg	-	-	NC	29.72	30.49	EM	Sold outside group
Primonial Luxembourg Fund Services	France	-	-	NC	29.72	30.49	EM	Sold outside group
Primonial Luxembourg Real Estate	Luxembourg	-	-	NC	29.72	30.49	EM	Sold outside group
Primonial Management	France	-	-	NC	29.72	30.49	EM	Sold outside group
Primonial Management 2	France	-	-	NC	29.72	30.49	EM	Sold outside group
Primonial Partenaires	France	-	-	NC	29.72	30.49	EM	Sold outside group
Primonial Reim	France	-	-	NC	29.72	30.49	EM	Sold outside group
Schelcher Prince Gestion	France	100.00	100.00	FC	100.00	100.00	FC	
Sefal Property	France	-	-	NC	29.35	30.11	EM	Sold outside group
Sportinvest	France	-	-	NC	29.72	30.49	EM	Sold outside group
Upstone SAS	France	-	-	NC	29.72	30.49	EM	Sold outside group
Voltaire Capital	France	-	-	NC	29.72	30.49	EM	Sold outside group

\* Method: FC = Full Consolidation, EM = Equity Method, NC = Not Consolidated.  
\*\* Federal banks, regional banks, interfederal banks, local banks, federations.  
\*\*\* Presentation by majority-owning Crédit Mutuel Group.

Consolidated entities are presented according to the sectors used for preparing segment information under IFRS 8. Accordingly, for example, entities included under "Retail Banking" do not necessarily have the legal status of credit institutions.	Country	12/31/2019			12/31/2018			Comments
		%		Method	%		Method	
		Control	Interest	*	Control	Interest	*	
CMNE ***								
Alger Alger Management Ltd	United Kingdom	-	-	NC	50.00	50.00	EM	Sold outside group Initial consolidation, already held Sold outside group
Augur PM Beteiligungs	Germany	100.00	100.00	FC	-	-	NC	
CD Partenaire	France	-	-	NC	74.87	74.87	FC	
Groupe Cholet	France	33.73	33.73	EM	33.73	33.73	EM	Initial consolidation, already held  Wound up Wound up
Groupe La Française	France	100.00	100.00	FC	100.00	100.00	FC	
Inflection Point by La Française (formerly Inflection Point Capital Management Ltd)	United Kingdom	100.00	100.00	FC	100.00	100.00	FC	
JKC Capital Management Ltd	Hong Kong	50.00	50.00	EM	50.00	50.00	EM	
La Française AM	France	100.00	100.00	FC	100.00	100.00	FC	
La Française AM Finance Services	France	100.00	100.00	FC	100.00	100.00	FC	
La Française AM GMBH	Germany	100.00	100.00	FC	-	-	NC	
La Française AM Iberia	Spain	66.00	66.00	FC	66.00	66.00	FC	
La Française AM International	Luxembourg	100.00	100.00	FC	100.00	100.00	FC	
LFI Italy (branch of La Française AM International)	Italy	100.00	100.00	FC	100.00	100.00	FC	
LFI London (branch of La Française AM International)	United Kingdom	-	-	NC	100.00	100.00	FC	
LFI Germany (branch of La Française AM International)	Germany	-	-	NC	100.00	100.00	FC	
La Française Global Investments	France	100.00	100.00	FC	100.00	100.00	FC	
La Française Forum Real Estate Partners Korea	South Korea	100.00	100.00	FC	100.00	100.00	FC	
La Française Forum Real Estate Partners LLP	United Kingdom	100.00	100.00	FC	100.00	100.00	FC	
La Française Forum Real Estate Partners UK Finance Ltd	United Kingdom	100.00	100.00	FC	100.00	100.00	FC	
La Française Forum Real Estate Partners International Lux SARL	Luxembourg	100.00	100.00	FC	100.00	100.00	FC	
La Française Forum Real Estate Partners UK Ltd	United Kingdom	100.00	100.00	FC	100.00	100.00	FC	
LF REPI UK German Branch (branch of La Française Forum Real Estate Partners UK Ltd)	Germany	100.00	100.00	FC	100.00	100.00	FC	
La Française Forum Securities Limited	United States	100.00	100.00	FC	100.00	100.00	FC	
La Française Forum Securities UK Ltd	United Kingdom	100.00	100.00	FC	100.00	100.00	FC	
La Française Forum Securities Services Inc	United States	100.00	100.00	FC	100.00	100.00	FC	
La Française Forum Securities SG PTE Limited	Singapore	100.00	100.00	FC	100.00	100.00	FC	
La Française Global Real Estate Investment Management Limited	United Kingdom	100.00	100.00	FC	100.00	100.00	FC	
La Française Investment Solutions	France	56.04	47.57	FC	56.04	47.57	FC	
La Française Real Estate Managers	France	100.00	100.00	FC	100.00	100.00	FC	
La Française Real Estate Partners	France	100.00	100.00	FC	60.00	60.00	FC	
La Française Real Estate Partners Limited	United Kingdom	100.00	100.00	FC	100.00	100.00	FC	
New Alpha Asset Management	France	49.10	49.10	FC	58.75	58.75	FC	
PU Retail Luxembourg Management Company SARL	Luxembourg	100.00	100.00	FC	100.00	100.00	FC	
Tages Capital LLP	United Kingdom	19.00	19.00	EM	19.00	19.00	EM	
Union Générale des Placements	France	63.33	30.13	FC	63.33	30.13	FC	
Veritas institutionnel	Germany	100.00	100.00	FC	-	-	NC	
Veritas management	Germany	100.00	100.00	FC	-	-	NC	
Veritas Portfolio GmbH & Co. KG	Germany	100.00	100.00	FC	100.00	100.00	FC	
D. Multi-sector								
Crédit Mutuel Alliance Fédérale ***								
Banque Fédérative du Crédit Mutuel (BFCM)	France	100.00	100.00	FC	100.00	100.00	FC	New branch
Crédit Industriel et Commercial (CIC)	France	100.00	100.00	FC	100.00	100.00	FC	
CIC Brussels (branch of CIC)	Belgium	100.00	100.00	FC	-	-	NC	
CIC Grand Cayman (CIC branch) <sup>(1)</sup>	Cayman Islands	100.00	100.00	FC	100.00	100.00	FC	
CIC London (branch of CIC)	United Kingdom	100.00	100.00	FC	100.00	100.00	FC	
CIC New York (branch of CIC)	United States	100.00	100.00	FC	100.00	100.00	FC	
CIC Singapore (branch of CIC)	Singapore	100.00	100.00	FC	100.00	100.00	FC	
E. Insurance companies								
Crédit Mutuel Alliance Fédérale ***								
AACM GIE	France	100.00	100.00	FC	100.00	100.00	FC	
ACM IARD	France	100.00	100.00	FC	100.00	100.00	FC	

\* Method: FC = Full Consolidation, EM = Equity Method, NC = Not Consolidated.  
\*\* Federal banks, regional banks, interfederal banks, local banks, federations.  
\*\*\* Presentation by majority-owning Crédit Mutuel Group.  
(1) Grand Cayman branch (branch of CIC New York): Entity whose sole purpose is the refinancing of the New York branch through borrowing operations in dollars from money market funds.



Consolidated entities are presented according to the sectors used for preparing segment information under IFRS 8. Accordingly, for example, entities included under "Retail Banking" do not necessarily have the legal status of credit institutions.	Country	12/31/2019			12/31/2018			Comments	
		%		Method	%		Method		
		Control	Interest	*	Control	Interest	*		
ACM Services	France	100.00	100.00	FC	100.00	100.00	FC	Sold outside group	
ACM Vie SA	France	100.00	100.00	FC	100.00	100.00	FC		
ACM Vie, Société d'Assurance Mutuelle	France	100.00	100.00	FC	100.00	100.00	FC		
Agrupació serveis administratius	Spain	100.00	95.22	FC	100.00	95.22	FC		
AMDIF	Spain	100.00	95.22	FC	100.00	95.22	FC		
Agrupació AMCI d'Assegurances i Reassegurances S.A.	Spain	95.22	95.22	FC	95.22	95.22	FC		
Asesoramiento en Seguros y Previsión Atlantis SL	Spain	80.00	80.00	FC	80.00	80.00	FC		
Asistencia Avançada Barcelona	Spain	100.00	95.22	FC	100.00	95.22	FC		
Astrée Assurances	Tunisia	30.00	30.00	EM	30.00	30.00	EM		
Atlantis Asesores SL	Spain	80.00	80.00	FC	80.00	80.00	FC		
Atlantis Correduría de Seguros y Consultoría Actuarial SA	Spain	60.00	60.00	FC	60.00	60.00	FC		
Atlantis vida, Compañía de Seguros y Reaseguros SA	Spain	88.06	88.06	FC	88.06	88.06	FC		
Foncière Massena	France	100.00	100.00	FC	100.00	100.00	FC		
GACM España	Spain	100.00	100.00	FC	100.00	100.00	FC		
GACM Seguros, Compañía de Seguros y Reaseguros SAU (formerly									
Amgen Seguros Generales Compañía de Seguros y Reaseguros SA)	Spain	100.00	100.00	FC	100.00	100.00	FC		
Groupe des Assurances du Crédit Mutuel (GACM)	France	100.00	100.00	FC	100.00	100.00	FC		
ICM Life	Luxembourg	100.00	100.00	FC	100.00	100.00	FC		
MTRL	France	100.00	100.00	FC	100.00	100.00	FC		
North Europe Life Belgium	Belgium	100.00	100.00	FC	100.00	100.00	FC		
Nord Europe Life Luxembourg	Luxembourg	100.00	100.00	FC	100.00	100.00	FC		
Partners	Belgium	100.00	100.00	FC	100.00	100.00	FC		
Procourtage	France	100.00	100.00	FC	100.00	100.00	FC		
Royale Marocaine d'Assurance	Morocco	-	-	NC	22.02	22.02	EM		
SCI ACM	France	100.00	100.00	FC	100.00	100.00	FC		
SCI Cotentin (formerly SCI Eurosic Cotention)	France	100.00	100.00	FC	100.00	100.00	FC		
SCI Provence Bureaux	France	100.00	100.00	FC	100.00	100.00	FC		
SCI Rue de Londres	France	100.00	100.00	FC	100.00	100.00	FC		
SCI Saint Augustin	France	100.00	100.00	FC	100.00	100.00	FC		
SCI Tombe Issoire	France	100.00	100.00	FC	100.00	100.00	FC		
Serenis Assurances	France	99.77	99.77	FC	99.71	99.71	FC		
Targopensiones, Entidad Gestora de Fondos de Pensiones, S.A. (formerly									
Agrupación Pensiones, Entidad Gestora de Fondos de Pensiones, S.A.)	Spain	100.00	95.22	FC	100.00	95.22	FC		
Targoseguros Mediación, S.A.	Spain	90.00	90.00	FC	90.00	90.00	FC		
CM Arkéa ***									
SuraSuravenir	France	100.00	100.00	FC	100.00	100.00	FC		
Suravenir Assurances	France	100.00	100.00	FC	100.00	100.00	FC		
CMNE ***									
SPV Jarna	Luxembourg	100.00	100.00	FC	100.00	100.00	FC		
F. Other									
Crédit Mutuel Alliance Fédérale ***									
Actimut	France	100.00	100.00	FC	100.00	100.00	FC		
Affiches d'Alsace Lorraine	France	100.00	98.67	FC	100.00	98.66	FC		
Alsacienne de Portage des DNA	France	100.00	98.67	FC	100.00	98.66	FC		
Centre de Conseil et de Service (formerly CM-CIC Services)	France	100.00	100.00	FC	100.00	100.00	FC		
CIC Participations	France	100.00	100.00	FC	100.00	100.00	FC		
Cofidis Participations	France	70.63	70.63	FC	70.63	70.63	FC		
EBRA Events	France	100.00	100.00	FC	-	-	NC		
EBRA Medias Alsace	France	100.00	99.00	FC	-	-	NC		
EBRA Media Lorraine Franche Comté	France	100.00	99.43	FC	-	-	NC		
EBRA Services	France	100.00	100.00	FC	-	-	NC		
EI Telecom	France	95.00	95.00	FC	95.00	95.00	FC		
EIP	France	100.00	100.00	FC	100.00	100.00	FC		
Est Bourgogne Médias	France	100.00	100.00	FC	100.00	100.00	FC		
Euro Automatic Cash	Spain	50.00	50.00	EM	50.00	50.00	EM		

\* Méthode : IG = Intégration Globale, MEE = Mise en équivalence, NI = Non Intégrée.  
\*\* Caisses fédérales, caisses régionales, caisse interfédérale, caisses locales, fédérations.  
\*\*\* Présentation par groupe de Crédit Mutuel majoritaire.

Consolidated entities are presented according to the sectors used for preparing segment information under IFRS 8. Accordingly, for example, entities included under "Retail Banking" do not necessarily have the legal status of credit institutions.	Country	12/31/2019			12/31/2018			Comments	
		%		Method	%		Method		
		Control	Interest	*	Control	Interest	*		
Euro Protection Surveillance	France	99.98	99.98	FC	99.98	99.98	FC	Created	
Euro-Information	France	100.00	100.00	FC	100.00	100.00	FC		
Euro-Information Développement	France	100.00	100.00	FC	100.00	100.00	FC		
Le Dauphiné Libéré	France	100.00	99.99	FC	99.99	99.99	FC		
France Régie	France	100.00	98.67	FC	100.00	98.66	FC		
GEIE Synergie	France	100.00	70.63	FC	100.00	70.63	FC		
Groupe Dauphiné Media	France	100.00	99.99	FC	100.00	99.99	FC		
Groupe Républicain Lorrain Communication (GRLC)	France	100.00	100.00	FC	100.00	100.00	FC		
Groupe Progrès	France	100.00	100.00	FC	100.00	100.00	FC		
Groupe Républicain Lorrain Imprimeries (GRLI)	France	100.00	100.00	FC	100.00	100.00	FC		
Journal de la Haute Marne	France	50.00	49.98	EM	50.00	49.98	EM		
La Liberté de l'Est	France	97.13	97.09	FC	97.13	97.09	FC		
La Tribune	France	100.00	99.99	FC	100.00	99.99	FC		
Le Républicain Lorrain	France	100.00	100.00	FC	100.00	100.00	FC		
Les Dernières Nouvelles d'Alsace	France	98.67	98.67	FC	98.66	98.66	FC		
L'Est Républicain	France	99.96	99.96	FC	99.96	99.96	FC		
Lumedia	Luxembourg	50.00	50.00	EM	50.00	50.00	EM		
LYF SAS	France	45.45	45.45	EM	45.75	45.75	EM		
Mediaportage	France	100.00	99.88	FC	100.00	99.88	FC		
Mutuelles investissement	France	100.00	100.00	FC	100.00	100.00	FC		
Newco04	France	100.00	100.00	FC	-	-	NC		
Publiprint Province n°1	France	100.00	100.00	FC	100.00	100.00	FC		
Presse Diffusion	France	100.00	100.00	FC	100.00	100.00	FC		
Républicain Lorrain Communication	France	100.00	100.00	FC	100.00	100.00	FC		
Républicain Lorrain - TV News	France	100.00	100.00	FC	100.00	100.00	FC		
SAP Alsace	France	99.88	99.88	FC	99.88	99.88	FC		
SCI Le Progrès Confluence	France	100.00	100.00	FC	100.00	100.00	FC		
Société de Presse Investissement (SPI)	France	100.00	100.00	FC	100.00	100.00	FC		
Société d'Investissements Médias (SIM)	France	100.00	100.00	FC	100.00	100.00	FC		
Société d'Édition de l'Hebdomadaire du Louhannais et du Jura (SEHLJ)	France	100.00	100.00	FC	100.00	100.00	FC		
Targo Deutschland GmbH	Germany	100.00	100.00	FC	100.00	100.00	FC		
Targo Dienstleistungs GmbH	Germany	100.00	100.00	FC	100.00	100.00	FC		
Targo Technology GmbH	Germany	100.00	100.00	FC	100.00	100.00	FC		
Targo Technology GmbH Singapore Branch (branch of Targo Technology GmbH)	Singapore	100.00	100.00	FC	100.00	100.00	FC		
CM Arkéa ***									
ArArkéa Bourse Retail	France	99.99	99.99	FC	99.99	99.99	FC	Merger	
Izimmo Holding	France	100.00	100.00	FC	100.00	100.00	FC		
New Port	France	29.89	29.89	EM	31.03	31.03	EM		
SMSPG	France	100.00	100.00	FC	100.00	100.00	FC		
SMSPG2	France	-	-	NC	100.00	100.00	FC		
CMNE ***									
22A	France	31.15	31.15	EM	20.00	20.00	EM	Reconsolidation of this entity, which was deconsolidated in 2008 under the name UFG Hotels as it was below the thresholds	
Actéa Environnement	France	100.00	100.00	FC	100.00	100.00	FC		
Financière Nord Europe	France	100.00	100.00	FC	100.00	100.00	FC		
Fininmad	France	100.00	100.00	FC	100.00	100.00	FC		
Newtown Square	France	100.00	100.00	FC	-	-	NC		
Nord Europe Participations et Investissements	France	100.00	100.00	FC	100.00	100.00	FC		
Nouvelles Expertises et Talents AM	France	100.00	100.00	FC	100.00	100.00	FC		
SCI Centre Gare	France	100.00	100.00	FC	100.00	100.00	FC		
CMMABN ***									
SSAS Helloasso	France	89.53	89.53	FC	84.99	84.99	FC	Created	
SAS Volney Habitat	France	100.00	100.00	FC	100.00	100.00	FC		
SCI Volney Chaptal	France	100.00	100.00	FC	-	-	NC		
SCI Volney Patrimoine	France	100.00	100.00	FC	100.00	100.00	FC		
SCI Volney Sainte Anne	France	100.00	100.00	FC	-	-	NC	Created	

\* Méthode : IG = Intégration Globale, MEE = Mise en équivalence, NI = Non Intégrée.  
\*\* Caisses fédérales, caisses régionales, caisse interfédérale, caisses locales, fédérations.  
\*\*\* Présentation par groupe de Crédit Mutuel majoritaire.



Consolidated UCITS, REITs and “OPCIs” (property investment mutual funds) pursuant to IFRS 10	Country	2019		2018	
		Percentage of control	Percentage of interest	Percentage of control	Percentage of interest
CM Arkéa					
AIS Mandarine Active	France	78.2%	78.2%	77.2%	77.2%
AIS Mandarine Entrepreneurs	France	80.1%	80.1%	73.4%	73.4%
AIS Mandarine Multi-Assets	France	100.0%	100.0%	100.0%	100.0%
Arkéa Capital	France	100.0%	100.0%	100.0%	100.0%
Arkéa Capital Managers	France	-	-	100.0%	100.0%
Autofocus Croissance Janvier 2017	France	-	-	97.2%	97.2%
Autofocus Croissance Juin 2015	France	94.0%	94.0%	93.9%	93.9%
Autofocus Croissance Mai 2017	France	97.2%	97.2%	97.3%	97.3%
Autofocus Croissance Mars 2015	France	84.8%	84.8%	78.6%	78.6%
Autofocus Croissance Novembre2018	France	80.0%	80.0%		
Autofocus Croissance + Septembre 2017	France	-	-	99.3%	99.3%
Autofocus Janvier 2016	France	-	-	92.4%	92.4%
Autofocus Rendement Janvier 2018	France	99.3%	99.3%	0.0%	0.0%
Autofocus Rendement Juin 2018	France	98.4%	98.4%	0.0%	0.0%
Autofocus Rendement Décembre 2014	France	93.4%	93.4%	93.6%	93.6%
Autofocus Rendement Mars 2015	France	93.0%	93.0%	93.1%	93.1%
Autofocus Rendement Mars 2017	France	97.1%	97.1%	97.3%	97.3%
Autofocus Septembre 2016	France	-	-	96.6%	96.6%
BREHAT	France	98.6%	98.6%		
Breizh Armor Capta	France	50.0%	50.0%		
Diapazen Climat Septembre 2016	France	97.7%	97.7%	97.8%	97.8%
FCT Merius Suravenir	France	100.0%	100.0%	-	-
FCT Obligation Baux AC 2019	France	100.0%	100.0%	-	-
FCT Residential Dutch Mortgage Fund Largo D	France	100.0%	100.0%	-	-
FCT SCOR Suravenir Euro Loans	France	100.0%	100.0%		
FCT SP Eurocréances	France	43.4%	43.4%	43.4%	43.4%
FCT SPG Dette Privée	France	100.0%	100.0%	0.0%	0.0%
FCT Sur Priv Debt II	France	100.0%	100.0%	100.0%	100.0%
FCT Suravenir Conso Fund	France	100.0%	100.0%	0.0%	0.0%
FCT Suravenir Privat	France	100.0%	100.0%	100.0%	100.0%
Federal Ambition Climat	France	99.3%	99.3%	0.0%	0.0%
Federal Apal	France	71.6%	71.6%	74.4%	74.4%
Federal Capital Investissement	France	100.0%	100.0%	100.0%	100.0%
Federal Conviction Grande Asie	France	81.8%	81.8%	83.9%	83.9%
Federal Croissance	France	91.4%	91.4%	90.5%	90.5%
Federal Essor International	France	42.9%	42.9%	45.0%	45.0%
Federal Impact Territoires (formerly Federal Multi PME)	France	57.0%	57.0%	67.5%	67.5%
Federal Indiciel Japon	France	64.4%	64.4%	66.7%	66.7%
Federal Indiciel US	France	53.5%	53.5%	56.0%	56.0%
Federal Multi Actions Europe	France	73.8%	73.8%	74.0%	74.0%
Federal Multi L/S	France	56.4%	56.4%	63.2%	63.2%
Federal Multi Or et Matieres 1ères	France	89.5%	89.5%	89.4%	89.4%
Federal Multi Patrimoine	France	90.5%	90.5%	91.4%	91.4%
Federal Opportunité Equilibre ESG	France	99.8%	99.8%	99.9%	99.9%
Federal Opportunité Modéré ESG	France	98.5%	98.5%	98.5%	98.5%
Federal Opportunité Tonique ESG	France	99.1%	99.1%	99.0%	99.0%
Federal Oxygène	France	94.2%	94.2%	-	-
Federal Stratégies Actives	France	-	-	99.8%	99.8%
Federal Support Court Terme ESG	France	38.3%	38.3%	-	-
Federal Support Monétaire ESG	France	46.0%	46.0%	-	-

These entities are recognized under the fair value option.

Consolidated UCITS, REITs and “OPCIs” (property investment mutual funds) pursuant to IFRS 10	Country	2019		2018	
		Percentage of control	Percentage of interest	Percentage of control	Percentage of interest
Formul’action Sécurité	France	0.0%	0.0%	93.7%	93.7%
FPS Suravenir Actions Internationales Protect	France	100.0%	100.0%	100.0%	100.0%
FPS Suravenir Actions Low Vol	France	100.0%	100.0%	100.0%	100.0%
FPS Suravenir Actions Mid Caps (1)	France	100.0%	100.0%	-	-
FPS Suravenir Actions Protect	France	100.0%	100.0%	100.0%	100.0%
FPS Suravenir Actions Protect II	France	100.0%	100.0%	100.0%	100.0%
FPS Suravenir Overlay Low Vol Actions	France	100.0%	100.0%	-	-
FSP / Compartiment 5	France	-	-	42.4%	42.4%
Kaleidoscope	France	-	-	98.5%	98.5%
OPCI Club France RET	France	46.3%	46.3%	46.3%	46.3%
OPCI Preim Défense 2	France	37.5%	37.5%	37.5%	37.5%
OPCI Preim Euros	France	100.0%	100.0%	100.0%	100.0%
OPCI Preim Euros 2	France	100.0%	100.0%	100.0%	100.0%
OPCI Preimum	France	75.5%	75.5%	89.5%	89.5%
OPCI Sofidy Pierre Europe	France	-	-	84.5%	84.5%
OPCI Tikehau RET PRO	France	39.3%	39.3%	39.3%	39.3%
Ouessant	France	37.0%	37.0%	0.0%	0.0%
Primo Elite	France	100.0%	100.0%	100.0%	100.0%
Pro Federal Liquidités	France	0.0%	0.0%	63.3%	63.3%
S.C.I Progrès Pierre	France	100.0%	100.0%	100.0%	100.0%
S.C.I Surav Pierre	France	100.0%	100.0%	100.0%	100.0%
SCI Cloverhome	France	50.0%	50.0%	50.0%	50.0%
SCI Le Vinci Holding	France	100.0%	100.0%	100.0%	100.0%
SCI PR2 Preim RET 2	France	38.0%	38.0%	38.0%	38.0%
SCI Sofidy Conv Immo	France	-	-	52.0%	52.0%
SCI Usufruitmo	France	100.0%	100.0%	100.0%	100.0%
SCPI Pierre Expansion	France	57.0%	57.0%	57.0%	57.0%
SCPI Primofamily	France	41.3%	41.3%	55.7%	55.7%
SCPI Primonia Cap Immo	France	35.8%	35.8%	40.1%	40.1%
SP Convertibles	France	20.8%	20.8%	-	-
SP Convertibles ISR Europe	France	-	-	26.6%	26.6%
SP Haut Rendement	France	41.1%	41.1%	38.3%	38.3%
SP NS Famille	France	45.3%	45.3%	43.1%	43.1%
SP Opportunités Européennes	France	35.7%	35.7%	31.2%	31.2%
Suravenir Initiative Actions	France	100.0%	100.0%	100.0%	100.0%
Synergie Finance Investissement	France	100.0%	100.0%	100.0%	100.0%
We Positive Invest	France	100.0%	100.0%	100.0%	100.0%
West Web Valley	France	35.4%	35.4%	35.4%	35.4%
Yomoni Allocation	France	47.5%	47.5%	-	-
Yomoni Monde	France	44.0%	44.0%	-	-
CMNE					
FERI IV	France	57.5%	57.5%	57.5%	57.5%
Forum GLB Invest SCS	Luxembourg	36.9%	36.9%	36.9%	36.9%
La Française LUX - JKC Asia Bond 2023 - Class I (C) USD	Luxembourg	37.1%	37.1%	-	-
La Française LUX - Global Credit Duration Hedged - I (C) EUR	Luxembourg	86.6%	86.6%	-	-
Newalpha Opportunités Entrepreneurs - Part I	France	49.1%	49.1%	50.5%	50.5%
Next Invest	France	50.0%	50.0%	50.0%	50.0%
Beobank Funds – Beobank Dynamic Fund - Classe A	Belgium	37.1%	37.1%	38.8%	38.8%
Belgian Credit Opportunities	Belgium	-	-	54.0%	54.0%
FCP Perspective - Part C	France	-	-	79.2%	79.2%

These entities are recognized under the fair value option.

## 0b - Locations and activities by country

The Retail Banking, Insurance, Corporate Banking and Asset Management/Private banking activities in France account for 79% of the Crédit Mutuel Group's net banking income. Since 2008, the group has opted for controlled development of its international operations, acquiring a second, and

possibly a third, domestic market. Its main subsidiaries made up of network banks have been acquired primarily in Belgium, Germany and Spain. Other subsidiaries or branches have been started up to support the international expansion of the group's corporate customers.

Country	Net banking income	Income (loss) before tax	Current tax	Deferred tax	Other tax	Workforce	Government grants
Germany	1,702	658	(196)	19	(115)	5,925	0
Belgium	482	134	(22)	1	(62)	1,946	0
Canada	0	0	0	0	0	0	0
Spain	446	51	(18)	(4)	(25)	2,344	0
United States	119	66	3	(2)	(9)	93	0
France	14,390	6,988	(1,397)	(69)	(2,396)	69,133	0
Hong Kong	8	3	(1)	0	(1)	15	0
Hungary	42	7	(1)	0	(2)	351	0
Italy	60	5	0	0	(5)	279	0
Luxembourg	335	122	(20)	2	(30)	1,070	0
Morocco	0	7	0	0	0	0	0
Monaco	6	4	(1)	0	0	9	0
Netherlands	0	0	0	0	0	1	0
Poland	2	(2)	0	0	0	66	0
Portugal	187	95	(30)	5	(7)	759	0
Republic of Korea	0	(1)	0	0	0	2	0
Czech Republic	8	(2)	0	0	(1)	137	0
United Kingdom	51	24	(3)	0	(5)	86	0
Saint Martin (dutch part)	3	2	0	0	0	8	0
Singapore	66	32	(4)	0	(4)	143	0
Slovakia	2	(2)	0	0	(1)	59	0
Switzerland	149	52	(5)	2	(11)	368	0
Tunisia	0	13	0	0	0	0	0
<b>Total</b>	<b>18,058</b>	<b>8,258</b>	<b>(1,695)</b>	<b>(47)</b>	<b>(2675)</b>	<b>82,794</b>	<b>0</b>

## 1. NOTES TO THE BALANCE SHEET

### NOTE 1 - CASH, CENTRAL BANKS (ASSETS/LIABILITIES)

	12/31/2019	12/31/2018
<b>Cash, central banks - assets</b>		
Due to central banks	85,042	62,492
of which mandatory reserves	3,768	3,393
Cash	1,684	1,532
<b>Total</b>	<b>86,726</b>	<b>64,023</b>
<b>Central banks - liabilities</b>	<b>715</b>	<b>350</b>

### NOTE 2 - FINANCIAL ASSETS AT AMORTIZED COST

	12/31/2019	12/31/2018
Loans and receivables due from credit institutions	50,585	51,081
Loans and receivables due from customers	490,161	467,439
Securities at amortized cost	3,969	4,076
<b>Total</b>	<b>544,715</b>	<b>522,596</b>

### 2a - Loans and receivables due from credit institutions at amortized cost

	12/31/2019	12/31/2018
. Performing loans (S1/S2)	50,200	50,722
Crédit Mutuel network accounts <sup>(1)</sup>	36,022	30,919
Other current accounts	3,382	4,042
Loans	2,078	1,857
Other receivables	5,408	5,445
Repos	3,310	8,459
. Gross receivables subject to individual impairment (S3)	0	0
. Accrued interest	390	364
. Impairment of performing loans (S1/S2)	(5)	(5)
. Other impairment (S3)	0	0
<b>Total</b>	<b>50,585</b>	<b>51,081</b>

(1) Relates mainly to outstanding CDC repayments for LEP, LDD, Livret Bleu and Livret A passbook savings accounts.

## 2b - Loans and receivables due from customers at amortized cost

	12/31/2019	12/31/2018
Performing loans (S1/S2)	467,018	445,649
. Commercial loans	15,490	15,591
. Other customer loans and advances	450,731	429,236
- Home loans	251,742	233,866
- Other loans and receivables <sup>(1)</sup>	197,926	186,081
- Repos	1,063	9,289
. Accrued interest	797	821
Insurance and reinsurance receivables	0	0
Gross receivables subject to individual impairment (S3)	14,422	13,957
<b>Gross receivables</b>	<b>481,440</b>	<b>459,606</b>
Impairment of performing loans (S1/S2)	(2,266)	(2,127)
Other impairment (S3)	(7,857)	(7,629)
<b>SUBTOTAL I</b>	<b>471,317</b>	<b>449,849</b>
Finance leases (net investment)	18,588	17,405
. Equipment	13,001	12,018
. Real estate	5,587	5,387
Gross receivables subject to individual impairment (S3)	612	542
Impairment of performing loans (S1/S2)	(135)	(136)
Other impairment (S3)	(221)	(221)
<b>SUBTOTAL II</b>	<b>18,844</b>	<b>17,590</b>
<b>TOTAL</b>	<b>490,161</b>	<b>467,439</b>
of which subordinated loans	14	13

(1) Includes guarantee deposits paid which represent the payment commitments made to the Single Resolution Fund (€276 million) and Fonds de Garantie des Dépôts (€118 million).

### Finance leases with customers

	31/12/2018	Increase	Decrease	Other	31/12/2019
Gross carrying amount	17,947	3,597	(2,325)	(19)	19,200
Impairment of uncollectible lease payments	(357)	(124)	124	1	(356)
<b>Net carrying amount</b>	<b>17,590</b>	<b>3,473</b>	<b>(2,201)</b>	<b>(18)</b>	<b>18,844</b>

## 2c - Securities at amortized cost

	12/31/2019	12/31/2018
.Securities	4,130	4,261
- Government securities	2,214	2,434
- Bonds and other debt securities	1,916	1,827
. Listed	910	789
. Unlisted	1,006	1,038
. Accrued interest	14	33
<b>Gross Total</b>	<b>4,144</b>	<b>4,294</b>
of which impaired assets (S3)	189	399
Impairment of performing loans (S1/S2)	(2)	(1)
Other impairment (S3)	(173)	(217)
<b>Net Total</b>	<b>3,969</b>	<b>4,076</b>

## NOTE 3 - FINANCIAL LIABILITIES AT AMORTIZED COST

### 3a - Amounts due to central banks and credit institutions

	12/31/2019	12/31/2018
<b>Due to central banks</b>	<b>715</b>	<b>350</b>
<b>Due to credit institutions</b>	<b>44,284</b>	<b>59,887</b>
Crédit Mutuel network accounts	0	0
Other current accounts	2,673	3,116
Loans	17,956	17,009
Other debt	4,366	4,378
Repurchase agreements	19,266	35,300
Accrued interest	23	84

### 3b - Amounts due to customers at amortized cost

	12/31/2019	12/31/2018
. Regulated savings deposit accounts	190,221	178,497
- Demand	134,737	125,129
- Term	55,483	53,368
. Accrued interest on savings accounts	260	266
<b>Subtotal</b>	<b>190,479</b>	<b>178,763</b>
. Demand accounts	184,504	164,595
. Term accounts and borrowings	64,244	50,924
. Repos	55	2,024
. Accrued interest	290	379
. Other debt	64	13
. Insurance and reinsurance liabilities	0	0
<b>Subtotal</b>	<b>249,157</b>	<b>217,935</b>
<b>Total</b>	<b>439,636</b>	<b>396,698</b>

### 3c - Debt securities at amortized cost

	12/31/2019	12/31/2018
Certificates of deposit	233	336
Interbank market securities and negotiable debt securities	64,800	64,103
Bonds	79,507	73,310
Non-preferred senior securities	2,111	0
Related debt	970	935
<b>Total</b>	<b>147,621</b>	<b>138,684</b>

### 3d - Subordinated debt at amortized cost

	12/31/2019	12/31/2018
Subordinated debt	10,131	8,320
Participating loans	30	24
Perpetual subordinated debt	1,235	1,236
Other debt	0	0
Related debt	146	116
<b>TOTAL</b>	<b>11,542</b>	<b>9,696</b>

#### Principal subordinated debt

In €m	Type	Date Issue	Amount Issue	Amount at year-end	Maturity
Banque Fédérative du Crédit Mutuel	Subordinated, redeemable	October-10	1,000	919	October-20
Banque Fédérative du Crédit Mutuel	Subordinated, redeemable	May-14	1,000	1,000	May-24
Banque Fédérative du Crédit Mutuel	Subordinated, redeemable	September-15	1,000	1,000	September-25
Banque Fédérative du Crédit Mutuel	Subordinated, redeemable	March-16	1,000	1,000	March-26
Banque Fédérative du Crédit Mutuel	Subordinated, redeemable	November-16	700	700	November-26
Banque Fédérative du Crédit Mutuel	Subordinated, redeemable	March-17	500	500	March-27
Banque Fédérative du Crédit Mutuel	Subordinated, redeemable	November-17	500	500	November-27
Banque Fédérative du Crédit Mutuel	Subordinated, redeemable	May-18	500	500	May-28
Banque Fédérative du Crédit Mutuel	Subordinated, redeemable	June-19	1,000	1,000	June-29
Banque Fédérative du Crédit Mutuel	Super-subordinated, undated	December-04	750	734	Unspecified
Banque Fédérative du Crédit Mutuel	Super-subordinated, undated	February-05	250	250	Unspecified
Crédit Mutuel Nord Europe	Super-subordinated, undated	January-04	150	150	Unspecified
Crédit Mutuel Nord Europe	Subordinated, redeemable	March-14	120	120	June-26
Crédit Mutuel Nord Europe	Subordinated, redeemable	December-14	55	55	February-29
Crédit Mutuel Nord Europe	Subordinated, redeemable	December-15	50	50	October-29
Crédit Mutuel Nord Europe	Subordinated, redeemable	December-16	300	300	March-31
Crédit Mutuel Arkéa	Super-subordinated, undated	July-04	97	96	Unspecified
Crédit Mutuel Arkéa	Subordinated, redeemable	June-16	500	499	June-26
Crédit Mutuel Arkéa	Subordinated, redeemable	February-17	500	497	December-26
Crédit Mutuel Arkéa	Subordinated, redeemable	October-17	500	497	December-30
Crédit Mutuel Arkéa	Subordinated, redeemable	March-19	750	745	September-26

### NOTE 4 - FINANCIAL ASSETS AT FAIR VALUE THROUGH EQUITY

#### 4a - Financial assets at fair value through equity by product type

	31/12/2019	12/31/2018
. Government securities	14,862	15,312
. Bonds and other debt securities	27,003	25,137
- Listed	25,486	23,187
- Unlisted	1,517	1,950
. Accrued interest	204	219
<b>Gross subtotal debt securities</b>	<b>42,069</b>	<b>40,668</b>
o/w impaired debt securities (S3)	2	3
Impairment of performing loans (S1/S2)	(24)	(19)
Other impairment (S3)	(1)	(1)
<b>Net subtotal debt securities</b>	<b>42,044</b>	<b>40,648</b>
. Loans	0	0
. Accrued interest	0	0
<b>Gross subtotal loans and receivables</b>	<b>0</b>	<b>0</b>
Impairment of performing loans (S1/S2)	0	0
Other impairment (S3)	0	0
<b>Net subtotal loans and receivables</b>	<b>0</b>	<b>0</b>
Shares and other equity instruments	144	124
- Listed	113	102
- Unlisted	31	21
Long-term investments	900	777
- Investments in associates	405	365
- Other long-term investments	433	319
- Investments in subsidiaries and associates	62	93
- Loaned securities	0	0
- Non-performing current account advances to property investment companies	0	0
Accrued interest	1	1
<b>Subtotal equity instruments</b>	<b>1,045</b>	<b>902</b>
<b>TOTAL</b>	<b>43,089</b>	<b>41,550</b>
Of which unrealized capital gains or losses recognized in equity	264	69
Of which listed non-consolidated companies.	108	96

Crédit Mutuel has opted not to issue “Group” principles regarding the use of the fair value through equity option for equity instruments. Each regional group classifies its instruments according to its own business model. Generally speaking, equity instruments which the group has elected to include in this category are strategic holdings. Sales of equity instruments were limited to €4.6 million during the year. Capital gains recognized in equity amounted to €4.5 million.



#### 4b - List of main non-consolidated investments

		% détenu	Capitaux propres	Total bilan	PNB ou CA	Résultat
Ardian Holding	Unlisted	<20%	402	872	393	123
Banque Marocaine du Commerce Extérieur <sup>(1)</sup>	Listed	<30%	23,482	295,547	13,233	2,809
Covivio (formerly Foncière des Régions)	Listed	<10%	11,358	24,384	884	1,143
Covivio Hotels (formerly Foncière des Murs)	Listed	<10%	3,304	6,740	225	227
Certas, home and auto insurance company <sup>(2)</sup>	Unlisted	<10%	1,153	6,751	1,937	8
Crédit Logement	Unlisted	<10%	1,709	10,813	204	102
Caisse de Refinancement de l'Habitat (CRH)	Unlisted	<20%	563	28,103	2	0

(1) in millions of Moroccan dirhams, (2) in millions of Canadian dollars.

The above information, except for percentages held, relates to 2018.

### NOTE 5 - GROSS VALUE AND IMPAIRMENT ANALYSIS

#### 5a. Gross values subject to impairment

	31/12/2018 restated (1)	Acquisition/ production	Sale/ repayment	Modification of flows (2)	Transfer (3)	Other	31/12/2019
<b>Financial assets at amortized cost - loans and receivables credit institutions subject to</b>	51,086	68,469	(68,894)	(71)	0	0	50,590
- 12-month expected losses (S1)	51,070	68,461	(68,878)	(71)	3	0	50,585
- expected losses at termination (S2)	16	8	(16)	0	(3)	0	5
<b>Financial assets at amortized cost - loans and receivables due from customers subject to<sup>(1)</sup></b>	477,553	162,857	(139,734)	11	0	0	500,639
- 12-month expected losses (S1)	438,079	149,875	(126,477)	(66)	(2,395)	0	458,668
- expected losses at termination (S2)	24,975	11,782	(9,767)	77	(130)	0	26,937
- expected losses on impaired assets (S3) at end of period but not impaired at origination	14,239	1,171	(3,406)	300	2,525	0	14,829
- expected losses on impaired assets (S3) at end of period and at origination	260	29	(84)	0	0	0	205
<b>Financial assets at amortized cost - securities</b>	4,294	4,306	(4,571)	0	115	0	4,144
- subject to 12-month expected losses (S1)	3,875	4,292	(4,347)	0	108	0	3,928
- subject to expected losses at termination (S2)	20	7	0	0	0	0	27
- expected losses on impaired assets (S3) at end of period but not impaired at origination	399	7	(224)	0	7	0	189
- expected losses on impaired assets (S3) at end of period and at origination	0	0	0	0	0	0	0
<b>Financial assets at fair value through equity - debt securities</b>	40,668	12,954	(11,530)	89	(113)	0	42,068
- 12-month expected losses (S1)	40,526	12,878	(11,463)	89	(102)	0	41,928
- expected losses at termination (S2)	139	43	(32)	0	(12)	0	138
- expected losses on impaired assets (S3) at end of period but not impaired at origination	3	33	(35)	0	1	0	2
- expected losses on impaired assets (S3) at end of period and at origination	0	0	0	0	0	0	0
<b>Financial assets at fair value through equity - loans</b>	0	0	0	0	0	0	0
<b>Total</b>	573,601	248,586	(224,729)	29	2	0	597,441

(1) amounts of financial assets at amortized cost - loans and receivables due from customers, restated at December 31, 2018 in particular to better reflect the actual outstanding amount of finance leases. (2) modification of cash flows not resulting in derecognition. (3) of which transfer between buckets.

#### 5b. Impairment analysis

	12/31/2018	Addition <sup>(1)</sup>	Reversal <sup>(2)</sup>	Other	31/12/2019
Financial assets at amortized cost	(5)	(3)	3	0	(5)
- loans and receivables credit institutions					
Financial assets at amortized cost	(10,114)	(3,126)	2,849	(87)	(10,478)
- loans and receivables due from customers					
Financial assets at amortized cost - securities	(218)	(5)	2	44	(176)
Financial assets at fair value through equity - debt securities	(20)	(14)	9	0	(25)
Financial assets at fair value through equity - loans	0	0	0	0	0
<b>Total</b>	<b>(10,357)</b>	<b>(3,148)</b>	<b>2,863</b>	<b>(43)</b>	<b>(10,684)</b>

IFRS 9	12/31/2018	Addition <sup>(1)</sup>	Reversal <sup>(2)</sup>	Other	31/12/2019
<b>Loans and receivables - Credit institutions</b>	<b>(5)</b>	<b>(3)</b>	<b>3</b>	<b>0</b>	<b>(5)</b>
- of which assets impaired (S3) at origination	0	0	0	0	0
- 12-month expected losses (S1)	(5)	(3)	3	0	(5)
- expected losses at termination (S2)	0	0	0	0	0
- expected losses on impaired assets (S3) at end of period but not impaired on initial recognition	0	0	0	0	0
- expected losses on impaired assets (S3) at end of period and at origination	0	0	0	0	0
<b>Loans and receivables due from customers</b>	<b>(10,114)</b>	<b>(3,126)</b>	<b>2,849</b>	<b>(87)</b>	<b>(10,478)</b>
- of which assets impaired (S3) at origination	0	0	0	0	0
- 12-month expected losses (S1)	(1,024)	(397)	301	(18)	(1,138)
- expected losses at termination (S2)	(1,240)	(630)	580	1	(1,289)
- of which customer receivables under IFRS 15	0	0	0	0	0
- expected losses on impaired assets (S3) at end of period but not impaired on initial recognition	(7,712)	(2,097)	1,940	(42)	(7,911)
- expected losses on impaired assets (S3) at end of period and at origination	(138)	(2)	0	0	(140)
<b>Financial assets at amortized cost - securities</b>	<b>(218)</b>	<b>(5)</b>	<b>2</b>	<b>44</b>	<b>(176)</b>
- of which assets impaired (S3) at origination	0	0	0	0	0
- 12-month expected losses (S1)	(1)	(2)	1	0	(2)
- expected losses at termination (S2)	0	0	0	(1)	(1)
- expected losses on impaired assets (S3) at end of period but not impaired on initial recognition	(217)	(2)	1	45	(173)
- expected losses on impaired assets (S3) at end of period and at origination	0	0	0	0	0
<b>Financial assets at fair value through equity - debt securities</b>	<b>(20)</b>	<b>(14)</b>	<b>9</b>	<b>0</b>	<b>(25)</b>
- of which assets impaired (S3) at origination	0	0	0	0	0
- 12-month expected losses (S1)	(19)	(12)	9	0	(22)
- expected losses at termination (S2)	0	(2)	0	0	(2)
- expected losses on impaired assets (S3) at end of period but not impaired on initial recognition	(1)	0	0	0	(1)
- expected losses on impaired assets (S3) at end of period and at origination	0	0	0	0	0
<b>Total</b>	<b>(10,357)</b>	<b>(3,148)</b>	<b>2,863</b>	<b>(43)</b>	<b>(10,684)</b>

(1) of which transfer between buckets. (2) of which transfer between buckets.

	01/01/2018	Charges	Write-backs	Other	12/31/2018
Financial assets at amortized cost - loans and receivables - credit institutions	(7)	(1)	3	0	(5)
Financial assets at amortized cost - loans and receivables due from customers	(10,290)	(2,469)	2,677	(32)	(10,114)
Financial assets at amortized cost - securities	(84)	(8)	8	(134)	(218)
Financial assets at fair value through equity - debt securities	(16)	(11)	8	0	(20)
Financial assets at fair value through equity - loans	0	0	0	0	0
<b>Total</b>	<b>(10,397)</b>	<b>(2,489)</b>	<b>2,696</b>	<b>(166)</b>	<b>(10,357)</b>

IFRS 9	01/01/2018	Charges	Write-backs	Other	12/31/2018
<b>Loans and receivables - Credit institutions</b>	<b>(7)</b>	<b>(1)</b>	<b>3</b>	<b>0</b>	<b>(5)</b>
- of which assets impaired (S3) at origination	0	0	0	0	0
- 12-month expected losses (S1)	(4)	(1)	2	(2)	(5)
- expected losses at termination (S2)	(3)	0	1	2	0
- expected losses on impaired assets (S3) at end of period but not impaired on initial recognition	0	0	0	0	0
- expected losses on impaired assets (S3) at end of period and at origination	0	0	0	0	0
<b>Loans and receivables due from customers</b>	<b>(10,290)</b>	<b>(2,469)</b>	<b>2,677</b>	<b>(32)</b>	<b>(10,114)</b>
- of which assets impaired (S3) at origination	0	0	0	0	0
- 12-month expected losses (S1)	(934)	(377)	368	(81)	(1,024)
- expected losses at termination (S2)	(1,199)	(626)	482	103	(1,240)
- of which customer receivables under IFRS 15	0	0	0	0	0
- expected losses on impaired assets (S3) at end of period but not impaired on initial recognition	(8,001)	(1,460)	1,803	(54)	(7,712)
- expected losses on impaired assets (S3) at end of period and at origination	(156)	(6)	24	0	(138)
<b>Financial assets at amortized cost - securities</b>	<b>(84)</b>	<b>(8)</b>	<b>8</b>	<b>(134)</b>	<b>(218)</b>
- of which assets impaired (S3) at origination	0	0	0	0	0
- 12-month expected losses (S1)	(1)	(1)	0	1	(1)
- expected losses at termination (S2)	(2)	0	1	1	0
- expected losses on impaired assets (S3) at end of period but not impaired on initial recognition	(81)	(7)	7	(136)	(217)
- expected losses on impaired assets (S3) at end of period and at origination	0	0	0	0	0
<b>Financial assets at fair value through equity - debt securities</b>	<b>(16)</b>	<b>(11)</b>	<b>8</b>	<b>0</b>	<b>(20)</b>
- of which assets impaired (S3) at origination	0	0	0	0	0
- 12-month expected losses (S1)	(15)	(11)	8	0	(19)
- expected losses at termination (S2)	0	0	0	0	0
- expected losses on impaired assets (S3) at end of period but not impaired on initial recognition	(1)	0	0	0	(1)
- expected losses on impaired assets (S3) at end of period and at origination	0	0	0	0	0
<b>Total</b>	<b>(10,397)</b>	<b>(2,489)</b>	<b>2,696</b>	<b>(166)</b>	<b>(10,357)</b>

## NOTE 6 - FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

### 6a - Financial assets at fair value through profit or loss

	12/31/2019				12/31/2018			
	Trading	Fair value option	Other FVPL	Total	Trading	Fair value option	Other FVPL	Total
<b>Securities</b>	<b>11,376</b>	<b>800</b>	<b>7,145</b>	<b>19,321</b>	<b>10,478</b>	<b>880</b>	<b>6,889</b>	<b>18,247</b>
- Government securities	941	323	15	1,279	774	385	16	1,175
- Bonds and other debt securities	9,788	477	1,836	12,101	9,158	495	1,967	11,620
. Listed	9,788	137	409	10,334	9,135	159	606	9,900
. Unlisted	0	340	1,427	1,767	23	336	1,361	1,720
of which collective investment undertakings	1		1,414	1,415	30		1,597	1,627
- Shares and other equity instruments	647		4,135	4,782	546		3,705	4,251
. Listed	647		1,221	1,868	546		1,076	1,622
. Unlisted	0		2,914	2,914	0		2,629	2,629
- Long-term investments			1,159	1,159			1,201	1,201
. Investments in associates			419	419			440	440
. Other long-term investments			369	369			293	293
. Investments in subsidiaries and associates			341	341			433	433
. Other long-term investments			30	30			35	35
<b>Derivative instruments</b>	<b>3,691</b>			<b>3,691</b>	<b>3,797</b>			<b>3,797</b>
<b>Loans and receivables</b>	<b>12,163</b>	<b>9</b>	<b>1</b>	<b>12,173</b>		<b>17</b>	<b>1</b>	<b>18</b>
of which repurchase agreements	12,163	0		12,163		0		0
<b>TOTAL</b>	<b>27,230</b>	<b>809</b>	<b>7,146</b>	<b>35,185</b>	<b>14,275</b>	<b>897</b>	<b>6,890</b>	<b>22,062</b>

The maximum exposure to credit risk on assets classified at fair value through profit or loss amounted to €818 million during the period.

### 6b - Financial liabilities at fair value through profit or loss

	12/31/2019	12/31/2018
Financial liabilities held for trading	19,536	4,947
Financial liabilities at fair value through profit or loss	686	484
<b>TOTAL</b>	<b>20,222</b>	<b>5,431</b>

## Financial liabilities held for trading

	31/12/2019	12/31/2018
Short sales of securities	979	1,227
- Government securities	0	3
- Bonds and other debt securities	357	585
- Shares and other equity instruments	622	639
Liabilities representing securities delivered under repurchase agreements <sup>(1)</sup>	15,085	0
Trading derivatives	3,467	3,715
Other financial liabilities held for trading	5	5
<b>TOTAL</b>	<b>19,536</b>	<b>4,947</b>

(1) The change in the management model for some repurchase agreements led the group to classify transactions initiated on or after January 1, 2019 in the fair value through profit or loss portfolio. This change does not affect transactions that correspond to a trading strategy or are intended to refinance a trading book. Banking book transactions continue to be recorded in the portfolio at amortized cost (3a and 3b).

## Financial liabilities at fair value through profit or loss

	12/31/2019			12/31/2018		
	Carrying Amount	Amount due at maturity	Difference	Carrying Amount	Amount due at maturity	Difference
. Securities issued	679	669	10	476	490	(14)
	0	0	0	0	0	0
. Interbank debt	2	2	0	2	2	0
. Due to customers	5	5	0	6	6	0
<b>Total</b>	<b>686</b>	<b>676</b>	<b>10</b>	<b>484</b>	<b>498</b>	<b>(14)</b>

## 6c - Analysis of trading derivatives

Trading derivatives	12/31/2019			12/31/2018 restated <sup>(1)</sup>		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
<b>Interest rate instrument</b>	<b>304,002</b>	<b>2,406</b>	<b>2,211</b>	<b>401,098</b>	<b>2,431</b>	<b>2,361</b>
Swaps	169,583	2,250	1,952	82,039	2,022	2,215
Other firm contracts (1)	97,408	2	1	283,811	6	4
Options and conditional instruments	37,011	154	258	35,248	403	142
<b>Foreign exchange instruments</b>	<b>124,159</b>	<b>1,030</b>	<b>848</b>	<b>126,510</b>	<b>989</b>	<b>888</b>
Swaps	88,135	40	38	89,317	37	44
Other firm contracts	10,688	915	741	9,310	846	740
Options and conditional instruments	25,336	75	71	27,883	106	105
<b>Other than interest rate and currency instruments</b>	<b>27,007</b>	<b>255</b>	<b>408</b>	<b>27,350</b>	<b>377</b>	<b>466</b>
Swaps	11,057	112	171	10,668	93	130
Other firm contracts	11,014	12	101	8,401	15	90
Options and conditional instruments	4,936	131	136	8,281	269	246
<b>Total</b>	<b>455,168</b>	<b>3,691</b>	<b>3,467</b>	<b>554,958</b>	<b>3,797</b>	<b>3,716</b>

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. Moreover, the value of derivatives takes counterparty risk into account.

(1) To improve the data used in FINREP reporting, the group conducted a review of the chart of accounts. This review resulted in the creation of new notional accounts and the reclassification of some accounts from the Trading category to the Hedging category. The published notional amount at December 31, 2018 was €283.811 billion and was restated accordingly.

## NOTE 7 - HEDGING

### 7a - Hedging derivative instruments

	12/31/2019			12/31/2018 restated <sup>(1)</sup>		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
<b>Hedging derivative instruments</b>						
Fair value hedges	324,361	3,568	3,444	210,818	3,408	2,872
Swaps	106,335	3,572	3,437	103,526	3,414	2,869
Other firm contracts	215,896	0	0	104,484	0	0
Options and conditional instruments	2,130	(4)	7	2,808	(6)	3
Cash flow hedges	746	0	25	683	1	22
Swaps	746	0	25	683	1	22
Other firm contracts	0	0	0	0	0	0
Options and conditional instruments	0	0	0	0	0	0
<b>Total</b>	<b>325,107</b>	<b>3,568</b>	<b>3,469</b>	<b>211,501</b>	<b>3,409</b>	<b>2,894</b>

- Hedge ineffectiveness recognized in profit or loss negatively impacted the financial statements (-€27 million recognized under “Net gains on financial instruments at fair value through profit or loss”) (see Note 22).
- The amount arising on the remeasurement of cash flow hedging derivatives reclassified to profit or loss was immaterial.

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. Moreover, the value of derivatives takes counterparty risk into account.

(1) To improve the data used in FINREP reporting, the group conducted a review of the chart of accounts. This review resulted in the creation of new notional accounts and the reclassification of some accounts from the Trading category to the Hedging category. The published notional amount at December 31, 2018 was €104.484 billion and was restated accordingly.

### Analysis of the nominal value of hedging derivatives

	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	12/31/2019
<b>Hedging derivatives</b>					
Fair value hedges	10,138	31,876	151,560	130,787	324,361
Swaps	5,038	19,743	46,844	34,710	106,335
Other firm contracts	5,028	11,815	103,339	95,714	215,896
Options and conditional instruments	72	318	1,377	363	2,130
Cash flow hedges	91	179	176	300	746
Swaps	91	179	176	300	746
Other firm contracts	0	0	0	0	0
Options and conditional instruments	0	0	0	0	0
<b>Total</b>	<b>10,229</b>	<b>32,055</b>	<b>151,736</b>	<b>131,087</b>	<b>325,107</b>

	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	12/31/2018
<b>Hedging derivatives</b>					
Fair value hedges	8,261	19,492	88,371	94,694	210,818
Swaps	6,862	12,759	54,592	29,313	103,526
Other firm contracts	1,327	6,516	31,976	64,665	104,484
Options and conditional instruments	72	217	1,803	716	2,808
Cash flow hedges	0	202	182	299	683
Swaps	0	202	182	299	683
Other firm contracts	0	0	0	0	0
Options and conditional instruments	0	0	0	0	0
<b>Total</b>	<b>8,261</b>	<b>19,694</b>	<b>88,553</b>	<b>94,993</b>	<b>211,501</b>



## 7b - Remeasurement adjustment on interest-rate hedged portfolios

	12/31/2019	12/31/2018	Change
Fair value of interest rate risk by portfolio			
of financial assets	2,967	1,518	95.45%
of financial liabilities	281	88	219.32%

## 7c - Micro-hedged items under fair value hedges

### Hedged assets

	12/31/2019				12/31/2018			
	Carrying amount	Of which remeasurement related to hedging	Of which remeasurement for the period	Accumulated FV adjustments remaining on the balance sheet (hedged item that has ceased to be adjusted)	Carrying amount	Of which remeasurement related to hedging	Of which remeasurement for the period	Accumulated FV adjustments remaining on the balance sheet (hedged item that has ceased to be adjusted)
Loans and receivables due from credit institutions at amortized cost	282	0	0	0	443	0	0	0
Loans and receivables due from customers at amortized cost	129,839	2,078	17	0	155,753	1,190	(3)	53
Securities at amortized cost	1,972	105	37	0	1,589	72	(20)	3
Financial assets at fair value through equity	23,792	960	38	0	20,109	163	31	0
<b>Total</b>	<b>155,885</b>	<b>3,143</b>	<b>92</b>	<b>0</b>	<b>177,894</b>	<b>1,425</b>	<b>8</b>	<b>56</b>

### Hedged liabilities

	12/31/2019				12/31/2018			
	Carrying amount	Of which remeasurement related to hedging	Of which remeasurement for the period	Accumulated FV adjustments remaining on the balance sheet (hedged item that has ceased to be adjusted)	Carrying amount	Of which remeasurement related to hedging	Of which remeasurement for the period	Accumulated FV adjustments remaining on the balance sheet (hedged item that has ceased to be adjusted)
Debt securities	70,753	2,010	111	0	65,424	1,520	(27)	0
Due to credit institutions	14,909	930	2	0	15,434	828	2	0
Due to customers	45,382	28	4	0	45,048	8	0	0
<b>Total</b>	<b>131,044</b>	<b>2,968</b>	<b>117</b>	<b>0</b>	<b>125,906</b>	<b>2,356</b>	<b>-25</b>	<b>0</b>

Overall hedge ineffectiveness recognized in profit or loss amounted to a loss of €27 million reported under “Net gains on financial instruments at fair value through profit or loss” (see Note 22).

## NOTE 8 - INVESTMENTS/ASSETS AND LIABILITIES RELATED TO POLICIES OF THE INSURANCE ACTIVITIES (IAS 39)

### 8a - Investments by the insurance activities and reinsurers’ share of technical reserves

	12/31/2019	12/31/2018	Change
<b>Financial assets</b>			
Fair value through profit or loss	57,118	49,962	14.3%
- Trading	0	0	0.0%
- Fair value option - debt securities	11,849	10,951	8.2%
- Fair value option - equity instruments	45,269	39,011	16.0%
Available-for-sale (1)	109,835	101,139	8.6%
- Government and equivalent securities	27,141	27,575	(1.6%)
- Bonds and other debt securities	64,511	59,248	8.9%
- Shares and other equity instruments	16,061	12,535	28.1%
- Investments in subsidiaries and associates and other long-term investments	2,122	1,781	19.1%
Loans and receivables	6,364	3,522	80.7%
Held-to-maturity	9,063	11,988	(24.4%)
<b>Subtotal financial assets</b>	<b>182,380</b>	<b>166,611</b>	<b>9.5%</b>
<b>Investment property</b>	<b>3,854</b>	<b>3,724</b>	<b>3.5%</b>
<b>Reinsurers’ share of technical reserves and other assets</b>	<b>1,239</b>	<b>1,221</b>	<b>1.3%</b>
<b>Total</b>	<b>187,473</b>	<b>171,556</b>	<b>9.3%</b>

The fair value of property recognized at amortized cost was €5.089 billion at 12/31/2019.

### 8b - Liabilities related to policies of the insurance activities

	12/31/2019	12/31/2018	Change
<b>Insurance technical reserves</b>			
Life	133,217	124,548	7.0%
Non-life	4,915	4,235	16.1%
Unit-linked	27,075	22,971	17.9%
Other	480	463	3.7%
<b>Total</b>	<b>165,687</b>	<b>152,217</b>	<b>8.8%</b>
Of which: Deferred profit-sharing - liability	20,909	14,355	45.7%
Deferred profit-sharing - asset	0	0	0.0%
Reinsurers' share of technical reserves	541	436	24.1%
<b>Net technical provisions</b>	<b>165,146</b>	<b>151,781</b>	<b>8.8%</b>
<b>Financial liabilities</b>			
Fair value through profit or loss	7,421	6,110	21.5%
- Trading	115	102	12.7%
- Fair value option	7,306	6,008	21.6%
Hedging derivatives	0	0	0.0%
Due to credit institutions	1,178	1,463	(19.5%)
Debt securities	0	0	0.0%
Subordinated debt	150	151	(0.7%)
<b>Subtotal</b>	<b>8,749</b>	<b>7,724</b>	<b>13.3%</b>
<b>Other liabilities</b>	<b>6,374</b>	<b>3,447</b>	<b>84.9%</b>
<b>Total financial liabilities</b>	<b>15,123</b>	<b>11,171</b>	<b>35.4%</b>
<b>Total liabilities related to policies of the insurance activities</b>	<b>180,810</b>	<b>163,388</b>	<b>10.7%</b>

**NOTE 9 - FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE IN THE BALANCE SHEET**

12/31/2019	Level 1	Level 2	Level 3	Total
<b>Financial assets - IFRS 9</b>				
Fair value through equity	36,572	4,904	1,613	43,089
- Government and equivalent securities	14,280	670	0	14,950
- Bonds and other debt securities	21,870	4,223	1,000	27,093
- Shares and other equity instruments	122	10	12	144
- Investments in subsidiaries and other long-term investments	301	0	538	839
- Investments in subsidiaries and associates	0	0	63	63
Trading / Fair value option / Other	11,681	18,003	5,501	35,185
- Government and equivalent securities - Trading	688	201	52	941
- Government and equivalent securities - Fair value option	323	0	0	323
- Government and equivalent securities - Other FVPL	16	0	0	16
- Bonds and other debt securities - Trading	8,079	1,510	199	9,788
- Bonds and other debt securities - Fair value option	73	0	404	477
- Bonds and other debt securities - Other FVPL	510	1,063	263	1,836
- Shares and other equity instruments - Trading	647	0	0	647
- Shares and other equity instruments - Other FVPL	1,228	0	2,906	4,134
- Investments in subsidiaries and other long-term investments - Other FVPL	1	1	786	788
- Investments in subsidiaries and associates - Other FVPL	0	0	371	371
- Loans and receivables due from credit institutions - Fair value option	0	2	0	2
- Loans and receivables due from credit institutions - Other FVPL	0	0	0	0
- Loans and receivables due from customers - Fair value option	0	7	0	7
- Loans and receivables due from customers - Other FVPL	0	1	0	1
- Loans and receivables due from customers - Trading	0	12,163	0	12,163
- Derivatives and other financial assets - Trading	115	3,056	520	3,691
Hedging derivatives	0	3,566	2	3,568
<b>Total</b>	<b>48,253</b>	<b>26,473</b>	<b>7,116</b>	<b>81,842</b>
<b>IAS 39 financial assets - Investments by the insurance activities</b>				
Fair value through profit or loss	35,213	16,050	5,845	57,118
- Trading	0	0	0	0
- Fair value option - debt securities	1,999	9,075	775	11,849
- Fair value option - equity instruments	33,213	6,986	5,070	45,269
Hedging derivatives	0	0	0	0
Available-for-sale assets	101,589	5,249	2,997	109,835
- Government and equivalent securities	26,936	205	0	27,141
- Bonds and other debt securities	60,684	2,027	1,800	64,511
- Shares and other equity instruments	12,970	3,017	74	16,061
- Investments in subsidiaries and associates and other long-term investments	999	0	1,123	2,122
<b>Total</b>	<b>136,802</b>	<b>21,299</b>	<b>8,842</b>	<b>166,953</b>

12/31/2019	Level 1	Level 2	Level 3	Total
<b>Financial liabilities - IFRS 9</b>				
Trading / Fair value option	125	19,634	463	20,222
- Due to credit institutions - Fair value option	0	2	0	2
- Due to customers - Fair value option	0	5	0	5
- Debt securities - Fair value option	0	679	0	679
- Subordinated debt - Fair value option	0	0	0	0
- Derivatives and other financial liabilities - Trading	125	3,863	463	4,451
- Liabilities - Trading	0	15,085	0	15,085
Hedging derivatives	0	3,449	20	3,469
<b>Total</b>	<b>125</b>	<b>23,053</b>	<b>483</b>	<b>23,691</b>
<b>Financial liabilities related to policies of the insurance activities IAS 39</b>				
Fair value through profit or loss	1	7,420	0	7,421
- Trading	1	114	0	115
- Fair value option	0	7,306	0	7,306
Hedging derivatives	0	0	0	0
<b>Total</b>	<b>1</b>	<b>7,420</b>	<b>0</b>	<b>7,421</b>

There was no transfer between levels 1 and 2 in an amount exceeding 10% of the amount of the "Total" line for the respective asset or liability category.

- level 1: quoted price in an active market.
- level 2: prices in active markets for similar instruments and valuation techniques for which all significant data is based on observable market information,
- level 3: valuation based on internal models containing significant non-observable data.

**Fair Value Hierarchy - Level 3 in detail**

12/31/2019	Opening balance	Purchases	Issues	Sales	Repayments	Transfers	Gains and losses to P&L	Gains and losses to equity	Other movements	Closing balance
<b>Financial assets - IFRS 9</b>										
Shares and other equity instruments - Other FVPL	2,455	557	0	(386)	(14)	0	291	0	3	2,906

## NOTE 10 - NETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

31/12/2019	AMOUNTS LINKED BUT NOT NETTED IN BALANCE SHEET						
	Gross value of financial assets	Gross value of financial liabilities netted in balance sheet	Net amounts shown on balance sheet	Impact of master netting agreements	Financial instruments received as guarantee	Cash collateral received	Net amount
<b>Financial assets</b>							
Derivatives	10,729	(3,483)	7,246	(2,356)	0	(4,640)	250
Repurchase agreements	22,159	0	22,159	(206)	(16,579)	(155)	5,218
<b>Total</b>	<b>32,888</b>	<b>(3,483)</b>	<b>29,405</b>	<b>(2,562)</b>	<b>(16,579)</b>	<b>(4,795)</b>	<b>5,468</b>

31/12/2019	AMOUNTS LINKED BUT NOT OFFSET IN BALANCE SHEET						
	Gross value of financial liabilities	Gross value of financial assets netted in balance sheet	Net amounts shown on balance sheet	Impact of master offsetting agreements	Financial instruments given as guarantee	Cash collateral	Net amount
<b>Financial liabilities</b>							
Derivatives	10,521	(3,483)	7,038	(2,356)	0	(3,536)	1,145
Repurchase agreements	42,735	0	42,735	(206)	(34,981)	(150)	7,398
<b>Total</b>	<b>53,256</b>	<b>(3,483)</b>	<b>49,773</b>	<b>(2,562)</b>	<b>(34,981)</b>	<b>(3,686)</b>	<b>8,544</b>

31/12/2018	AMOUNTS LINKED BUT NOT NETTED IN BALANCE SHEET						
	Gross value of financial assets	Gross value of financial liabilities offset in balance sheet	Net amounts shown on balance sheet	Impact of master offsetting agreements	Financial instruments received as guarantee	Cash collateral received	Net amount
<b>Financial assets</b>							
Derivatives	8,792	(1,586)	7,206	(1,719)	0	(3,518)	1,969
Repurchase agreements	20,668	0	20,668	(358)	(19,942)	(177)	191
<b>Total</b>	<b>29,460</b>	<b>(1,586)</b>	<b>27,874</b>	<b>(2,077)</b>	<b>(19,942)</b>	<b>(3,695)</b>	<b>2,160</b>

31/12/2018	AMOUNTS LINKED BUT NOT NETTED IN BALANCE SHEET						
	Gross value of financial liabilities	Gross value of financial assets offset in balance sheet	Net amounts shown on balance sheet	Impact of master offsetting agreements	Financial instruments given as guarantee	Cash collateral	Net amount
<b>Financial liabilities</b>							
Derivatives	8,297	(1,586)	6,711	(1,750)	0	(3,307)	1,654
Repurchase agreements	44,718	0	44,718	(359)	(43,551)	(798)	10
<b>Total</b>	<b>52,987</b>	<b>(1,586)</b>	<b>51,429</b>	<b>(2,109)</b>	<b>(43,551)</b>	<b>(4,105)</b>	<b>1,664</b>

These disclosures, required by an amendment to IFRS 7, seek to provide a basis for comparison with the treatment under generally accepted accounting principles in the United States (US GAAP), which are less restrictive than IFRS. The amounts in the second column correspond to the netting under IAS 32 of transactions that go through a clearing house. The column entitled “impact of master netting agreements” corresponds to outstanding transactions under enforceable contracts that are not netted for accounting purposes. These include transactions for which the right to netting is exercised in case of the default, insolvency or bankruptcy of one of the parties to the contracts. They relate to derivatives and repurchase agreements, whether or not processed via clearing houses. The “Financial instruments received/given in guarantee” column comprises the market value of securities exchanged as collateral. The “Cash collateral received/paid” column includes guarantee deposits received or given in respect of positive or negative market values of financial instruments. They are recognized as “Other assets or liabilities” in the balance sheet.

## NOTE 11 - TAXES

### 11a - Current taxes

	12/31/2019	12/31/2018
Assets (through profit or loss)	2,107	2,365
Liabilities (through profit or loss)	1,028	887

Following the application as of January 1, 2019 of IFRIC 23 – Uncertainty over income tax treatments, the group reclassified €150 million from “Provisions” (Note 17a) to “Current taxes” (Note 11a).

### 11b - Deferred taxes

	12/31/2019	12/31/2018
Assets (through profit or loss)	1,499	1,536
Assets (through equity)	356	271
Liabilities (through profit or loss)	704	685
Liabilities (through equity)	785	497

### Breakdown of deferred taxes by main category

	12/31/2019		12/31/2018	
	Assets	Liabilities	Assets	Liabilities
. Tax losses carried forward	9	0	12	0
. Temporary differences	2,331	1,974	2,047	1,434
- Remeasurement of financial instruments (excluding insurance)	663	1,066	482	681
- Insurance business line	57	181	75	169
- Provisions	1,048	0	1,063	1
- Hidden finance leasing reserve	0	421	0	379
- Earnings of tax-transparent entities	0	0	0	0
- Other temporary differences	563	306	426	204
. Netting	(485)	(485)	(252)	(252)
<b>Total deferred tax assets and liabilities</b>	<b>1,855</b>	<b>1,489</b>	<b>1,807</b>	<b>1,182</b>

*Deferred taxes are calculated using the liability method.*



## NOTE 12 - ACCRUALS AND OTHER ASSETS AND LIABILITIES

### 12a - Prepayments, accrued income and other assets

	12/31/2019	12/31/2018
<b>Accruals - assets</b>		
Securities collection accounts	624	635
Currency adjustment accounts	392	282
Accrued income	701	688
Misc. accruals	4,427	4,285
<b>Subtotal</b>	<b>6,144</b>	<b>5,890</b>
<b>Other assets</b>		
Securities settlement accounts	184	202
Miscellaneous debtors	4,658	4,548
Inventories and similar	55	48
Other	53	84
<b>Sub-total</b>	<b>4,950</b>	<b>4,882</b>
<b>Total</b>	<b>11,094</b>	<b>10,772</b>

### 12b - Accrued charges, deferred income and other liabilities

	12/31/2019	12/31/2018
<b>Accrued charges and deferred income</b>		
Blocked accounts on collection transactions	441	435
Currency adjustment accounts	144	94
Accrued expenses	1,904	1,864
Deferred income	1,891	1,990
Misc. accruals	6,379	6,610
<b>Subtotal</b>	<b>10,759</b>	<b>10,993</b>
<b>Other liabilities</b>		
Lease obligations - Property <sup>(1)</sup>	852	0
Lease obligations - Other <sup>(1)</sup>	30	0
Securities settlement accounts	787	735
Payments to be made on securities	223	336
Miscellaneous creditors	2,503	2,608
<b>Subtotal</b>	<b>4,395</b>	<b>3,679</b>
<b>Total</b>	<b>15,154</b>	<b>14,672</b>

(1) As of January 1, 2019 and pursuant to IFRS 16 "Leases", the group has recognized a lease liability representing the lease payment obligation in "Other liabilities".

### 12c - Non-current assets and liabilities held for sale

Pursuant to IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the following are classified as "Net gains/ (losses) on activities held for sale":

- In 2019: the impact on profit or loss refers to entities of the La Française group. Nord Europe Life Luxembourg is also shown on the balance sheet.
- In 2018: the impact on profit or loss refers to entities of the La Française group. The Leasecom group is also included in the balance sheet.

### 12d - Lease obligations by remaining term

	1 year or less	1-3 years	3-6 years	6-9 years	9 years or more	TOTAL
Lease obligations	207	190	207	174	103	881
- Property	194	175	206	174	103	852
- Other	13	15	1	0	0	29

## NOTE 13 - INVESTMENTS IN COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

### 13a - Share in net profit or loss of companies accounted for using the equity method

12/31/2019	Country	% interest	Investment value	Share of net profit/(loss)	Dividends received <sup>(1)</sup>	Fair value of investment (if listed)
<b>Entities over which significant influence is exercised</b>						
Banque de Tunisie	Tunisia	35	172	9	5	180
LYF S.A. (formerly Fivory)	France	45	(9)	(13)	0	UL*
NEW PORT	France	30	34	2	0	0
Younited Credit	France	22	18	(3)	0	0
Groupe Cholet Dupont	France	34	16	3	1	UL*
Astree	Tunisia	30	14	1	1	19
Royale Marocaine d'Assurance (formerly RMA Watanya)**	Morocco	N/A	130	17	12	UL*
Other		0	(116)	(23)	1	0
<b>Total <sup>(1)</sup></b>			<b>259</b>	<b>(7)</b>	<b>20</b>	
<b>Joint ventures</b>						
Banque Casino	France	50	75	7	-	UL*
Euro Automatic Cash	SPAIN	50	8	(11)	-	UL*
Bancas	France	50	1	-	-	UL*
<b>Total <sup>(2)</sup></b>			<b>84</b>	<b>(4)</b>	<b>-</b>	
<b>TOTAL <sup>(1) + (2)</sup></b>			<b>343</b>	<b>(11)</b>	<b>20</b>	

(1) in cash and shares.

\* UL: unlisted.

\*\* Deconsolidation of RMA in 2019 following the sale of the shares held by GACM.

12/31/2018	Country	% interest	Investment value	Share of net profit/(loss)	Dividends received <sup>(1)</sup>	Fair value of investment (if listed)
<b>Entities over which significant influence is exercised</b>						
Banque Marocaine du Commerce Extérieur (BMCE)**	Morocco	N/A	-	56	19	-
Banque de Tunisie	Tunisia	34	160	16	6	171
LYF S.A. (formerly Fivory)	France	46	8	(1)	-	UL*
NEW PORT	France	31	31	2	-	
Younited Credit	France	26	10	(4)	-	
Groupe Cholet Dupont	France	34	14	1	1	UL*
Astree	Tunisia	30	14	1	1	19
Royale Marocaine d'Assurance (formerly RMA Watanya)	Morocco	22	130	17	12	UL*
Other		-	41	(34)	7	0
<b>Total <sup>(1)</sup></b>			<b>408</b>	<b>54</b>	<b>46</b>	
<b>Joint ventures</b>						
Banque Casino	France	50	55	5	-	UL*
Bancas	France	50	1	-	-	UL*
<b>Total <sup>(2)</sup></b>			<b>56</b>	<b>5</b>	<b>-</b>	
<b>Total <sup>(1) + (2)</sup></b>			<b>464</b>	<b>59</b>	<b>46</b>	

(1) in cash and shares.

\* UL: unlisted.

\*\* Deconsolidation of BMCE in 2018 following the loss of significant influence.

### 13b - Data of main entities accounted for using the equity method

12/31/2019	Balance sheet total	NBI or revenue	Gross operating income	Net profit/(loss)	OCI	Shareholders' equity in foreign currency
<b>Entities over which significant influence is exercised</b>						
Banque de Tunisie <sup>(2)</sup>	5,999	328	161	111	NC*	839
Royale Marocaine d'Assurance (formerly RMA Watanya) <sup>(1)</sup>	333,002	18,604	4,264	973	3,800	6,194
Groupe Cholet Dupont	303	28	12	9	-	49
Astrée Assurance <sup>(2)</sup>	607	131	59	52	21	185
<b>Joint ventures</b>						
Banque Casino	1,427	164	79	14	0	151

(1) Individual financial data in local currency, i.e. Moroccan dirham.

(2) Individual financial data in local currency, i.e. Tunisian dinar.

\* NC: not communicated.

12/31/2018	Total assets	NBI or revenue	Gross operating income	Net profit/(loss)	OCI	Shareholders' equity in foreign currency
<b>Entities over which significant influence is exercised</b>						
Banque de Tunisie <sup>(2)</sup>	5,279	269	164	136	NC	801
Royale Marocaine d'Assurance (formerly RMA Watanya) <sup>(1)</sup>	351,720	18,695	4,630	1,119	3691	6,558
Groupe Cholet Dupont	278	23	7	4	-	42
Astrée Assurance <sup>(2)</sup>	525	122	22	17	55	179
<b>Joint ventures</b>						
Banque Casino	1,198	136	63	9	0	112

### NOTE 14 - INVESTMENT PROPERTY

	12/31/2018	Increase	Decrease	Other	12/31/2019
Historical cost	436	149	(33)	103	656
Depreciation and impairment	(163)	(13)	7	6	(163)
<b>Net amount</b>	<b>273</b>	<b>136</b>	<b>(26)</b>	<b>109</b>	<b>493</b>

The fair value of property recognized at cost was €786 million at December 31, 2019.

### NOTE 15 - PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

#### 15a - Property, plant and equipment

	12/31/2018	Increase	Decrease	Other	12/31/2019
<b>Historical cost</b>					
Land used in operations	623	9	(9)	1	624
Buildings used in operations	6,106	260	(163)	12	6,215
Right-of-use assets - Property <sup>(1)</sup>	0	111	(34)	942	1,019
Right-of-use assets - Other <sup>(2)</sup>	0	0	0	42	42
Other property, plant and equipment	3,316	438	(357)	(85)	3,312
<b>Total</b>	<b>10,045</b>	<b>818</b>	<b>(563)</b>	<b>912</b>	<b>11,212</b>
<b>Depreciation and impairment</b>					
Land used in operations	(8)	(2)	0	0	(10)
Buildings used in operations	(3,901)	(223)	121	(8)	(4,011)
Right-of-use assets - Property <sup>(3)</sup>	0	(162)	4	(8)	(166)
Right-of-use assets - Other	0	(13)	0	0	(13)
Other property, plant and equipment	(2,526)	(244)	157	0	(2,613)
<b>Total</b>	<b>(6,435)</b>	<b>(644)</b>	<b>282</b>	<b>(16)</b>	<b>(6,813)</b>
<b>Net amount</b>	<b>3,610</b>	<b>174</b>	<b>(281)</b>	<b>896</b>	<b>4,400</b>

(1) Of which €933 million impact of first-time application of IFRS 16.

(2) Of which €42 million impact of first-time application of IFRS 16.

(3) Of which €8 million impact of first-time application of IFRS 16.

#### Of which buildings leased under finance leases

	12/31/2018	Increase	Decrease	Other	12/31/2019
Gross carrying amount	141	0	0	0	141
Depreciation and impairment	(27)	(2)	0	0	(27)
<b>Total</b>	<b>114</b>	<b>(2)</b>	<b>0</b>	<b>0</b>	<b>114</b>

## 15b - Intangible assets

	12/31/2018	Increase	Decrease	Other	12/31/2019
<b>Historical cost</b>					
Non-current assets produced internally	480	40	(1)	22	541
Non-current assets acquired	2,847	228	(154)	(4)	2,917
- Software	1,012	43	(110)	9	954
- Other <sup>(1)</sup>	1,835	185	(44)	(13)	1,963
<b>Total</b>	<b>3,327</b>	<b>268</b>	<b>(155)</b>	<b>18</b>	<b>3,458</b>
<b>Depreciation and impairment</b>					
Non-current assets produced internally	(359)	(54)	1	(1)	(413)
Non-current assets acquired	(1,802)	(126)	114	(20)	(1,834)
- Software	(917)	(41)	108	(1)	(851)
- Other <sup>(2)</sup>	(885)	(85)	6	(19)	(983)
<b>Total</b>	<b>(2,161)</b>	<b>(180)</b>	<b>115</b>	<b>(21)</b>	<b>(2,247)</b>
<b>Net amount</b>	<b>1,165</b>	<b>88</b>	<b>(40)</b>	<b>(2)</b>	<b>1,211</b>

## NOTE 16 - GOODWILL

	12/31/2018	Increase	Decrease	Other	12/31/2019
Gross goodwill	5,372	8	(1)	27	5,406
Impairment	(509)	0	0	0	(509)
<b>Net goodwill</b>	<b>4,863</b>	<b>8</b>	<b>(1)</b>	<b>27</b>	<b>4,897</b>

SUBSIDIARIES	Goodwill at 12/31/2018	Increase	Decrease	Impairment	Other	Goodwill at 06/30/2019
Targobank Germany	2,851					2,851
CIC Group	515					515
Cofidis Group	466					466
o/w Cofidis Participations	457					457
o/w Cofidis SGPS	0					0
o/w Cofidis Italy	9					9
Targobank Spain	0					0
Groupe La Française	178				(2)	175
Procapital	63					63
Arkea Direct Bank (formerly Fortuneo)	166					166
Monext	100					100
Factofrance SAS	68					68
El Télécom	78					78
Heller GmbH and Targo Leasing GmbH	0					0
Amgen Seguros Generales Compañía de Seguros y Reaseguros SA	53					53
CFCAL Banque	38					38
Leasecom	0					0
Leetchi	26					26
Keytrade Bank (formerly Fortuneo Belgium)	94					94
Veritas Portfolio	8	8				17
Budget Insight		28				28
Other	159					159
<b>Total</b>	<b>4863</b>	<b>37</b>	<b>0</b>	<b>0</b>	<b>(2)</b>	<b>4897</b>

## NOTE 17 - PROVISIONS AND CONTINGENT LIABILITIES

### 17a - Provisions

	12/31/2018	Provisions during the year	Reversals during the year (used)	Reversals during the year (not used)	Other changes	12/31/2019
<b>Provisions for risks</b>	<b>520</b>	<b>254</b>	<b>(98)</b>	<b>(243)</b>	<b>55</b>	<b>488</b>
Guarantee commitments	223	107	(7)	(95)	2	230
of which 12-month expected losses (S1)	37	24	0	(19)	0	42
of which expected losses at termination (S2)	40	27	0	(27)	0	39
Financing commitments	107	88	0	(78)	0	115
of which 12-month expected losses (S1)	61	62	0	(53)	(1)	71
of which expected losses at termination (S2)	12	25	0	(23)	1	15
Country risks	0	0	0	0	0	0
Tax	38	1	(2)	(17)	(11)	9
Litigation	99	25	(18)	(22)	(3)	81
Misc. receivables risk	54	34	(71)	(31)	67	53
<b>Other provisions</b>	<b>1,633</b>	<b>475</b>	<b>(141)</b>	<b>(80)</b>	<b>(237)</b>	<b>1,649</b>
Provision for mortgage saving agreements	261	83	(1)	0	1	342
Misc. contingencies	960	242	(106)	(37)	(124)	935
Other provisions <sup>(1)</sup>	412	150	(34)	(43)	(112)	372
<b>Retirement commitments</b>	<b>1,771</b>	<b>162</b>	<b>(38)</b>	<b>(14)</b>	<b>188</b>	<b>2,070</b>
<b>Total</b>	<b>3,924</b>	<b>891</b>	<b>(277)</b>	<b>(337)</b>	<b>6</b>	<b>4,207</b>

(1) includes disclosure impact of IFRIC 23 (€120m).

Following the application as of January 1, 2019 of IFRIC 23 – Uncertainty over income tax treatments, the group reclassified €150 million from “Provisions” (Note 17a) to “Current taxes” (Note 11a).

	31/12/2017	Provisions during the year	Reversals during the year (used)	Reversals during the year (not used)	Other changes	12/31/2018
<b>Provisions for risks</b>	<b>821</b>	<b>206</b>	<b>(39)</b>	<b>(225)</b>	<b>(243)</b>	<b>520</b>
Guarantee commitments	229	102	(3)	(106)	1	223
of which 12-month expected losses (S1)	37	21	1	(21)	(1)	37
of which expected losses at termination (S2)	49	27	(2)	(34)	0	40
Financing and guarantee commitments	113	54	(4)	(57)	1	107
of which 12-month expected losses (S1)	59	37	(3)	(33)	1	61
of which expected losses at termination (S2)	19	11	(1)	(17)	0	12
Country risks	0	0	0	0	0	0
Tax	49	4	(10)	(5)	0	38
Litigation	146	25	(20)	(48)	(5)	98
Misc. receivables risk	284	21	(2)	(9)	(240)	54
<b>Other provisions</b>	<b>1,234</b>	<b>443</b>	<b>(99)</b>	<b>(45)</b>	<b>100</b>	<b>1,633</b>
Provision for mortgage saving agreements	230	35	0	(4)	0	261
Misc. contingencies	638	295	(79)	(24)	130	960
Other provisions	366	113	(20)	(17)	(30)	412
<b>Retirement commitments</b>	<b>1,765</b>	<b>104</b>	<b>(40)</b>	<b>(17)</b>	<b>(41)</b>	<b>1,771</b>
<b>Total</b>	<b>3,820</b>	<b>753</b>	<b>(178)</b>	<b>(287)</b>	<b>(184)</b>	<b>3,924</b>



#### Provisions for home savings schemes and accounts

	0-4 years	4-10 years	+10 years	Total
Deposits taken on home savings schemes during the savings phase	3,964	26,713	14,501	45,179
Provisions for home savings schemes	39	197	105	340
Deposits taken on home savings accounts during the savings phase				(1,715)
Provisions for home savings accounts				0
Provisions set aside for home savings products				(83)
Reversal of provisions set aside for home savings products				1
Outstanding loans granted in respect of home savings schemes and accounts				(42)
Provisions for home savings loans				2

Deposits in respect of home savings schemes excluding the Capital range.

#### Retirement commitments and similar benefits

	12/31/2018	Provisions during the year	Reversals during the year	Other changes	12/31/2019
Commitments related to defined benefit and similar retirement plans, excluding pension funds					
Retirement benefits	1,122	102	(40)	225	1,409
Supplementary pensions	351	58	(17)	(59)	333
Long service awards (other long-term benefits)	198	18	(5)	10	221
<b>Total recognized</b>	<b>1,671</b>	<b>146</b>	<b>(51)</b>	<b>197</b>	<b>1,963</b>
Supplementary defined benefit retirement plans covered by the group's pension funds					
Commitments to employees and retired employees	23	0	(1)	(5)	17
Fair value of assets					
<b>Total recognized</b>	<b>23</b>	<b>0</b>	<b>(1)</b>	<b>(5)</b>	<b>17</b>
<b>Other commitments</b>	<b>77</b>	<b>17</b>	<b>0</b>	<b>(4)</b>	<b>90</b>
<b>Total recognized</b>	<b>77</b>	<b>17</b>	<b>0</b>	<b>(4)</b>	<b>90</b>
<b>TOTAL</b>	<b>1,771</b>	<b>163</b>	<b>(52)</b>	<b>188</b>	<b>2,070</b>

	31/12/2017	Provisions during the year	Reversals during the year	Other changes	12/31/2018
Commitments related to defined benefit and similar retirement plans, excluding pension funds					
Retirement benefits	1,150	48	(33)	(43)	1,122
Supplementary pensions	341	39	(19)	(10)	351
Long service awards (other long-term benefits)	192	11	(5)	0	198
<b>Total recognized</b>	<b>1,683</b>	<b>98</b>	<b>(57)</b>	<b>(53)</b>	<b>1,671</b>
Supplementary defined benefit retirement plans covered by the group's pension funds					
Commitments to employees and retired employees	11	1	(1)	12	23
Fair value of assets					
<b>Total recognized</b>	<b>11</b>	<b>1</b>	<b>(1)</b>	<b>12</b>	<b>23</b>
<b>Other commitments</b>	<b>71</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>77</b>
<b>Total recognized</b>	<b>71</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>77</b>
<b>TOTAL</b>	<b>1,765</b>	<b>105</b>	<b>(58)</b>	<b>(41)</b>	<b>1,771</b>

#### Defined benefit plan: Main actuarial assumptions

	12/31/2019	12/31/2018
Discount rate <sup>(1)</sup>	0.62% to 0.75%	1.50% to 1.63%
Expected rate of increase in salaries	0.7% to 3.88%	0.66% to 3.83%

(1) The discount rate is determined by reference to the long-term interest rate for private-sector loans and estimated based on the iBoxx index.

#### Retirement indemnities

Change in actuarial liability	12/31/2018	Interest charges	Cost of services rendered during the period	Cost of past services	Plan contributions	Actuarial differences arising from changes in demographic assumptions	Actuarial differences arising from changes in financial assumptions	Payment to beneficiaries	Translation differences	Other (business combinations, liquidations)	12/31/2019
Commitments	1,785	26	71	(1)	0	11	205	(64)	0	(39)	1,992
Insurance contract outside the group and assets managed externally	663	10	0	0	(7)	0	42	(9)	0	(116)	583
<b>Provision</b>	<b>1,122</b>	<b>16</b>	<b>71</b>	<b>(1)</b>	<b>7</b>	<b>11</b>	<b>162</b>	<b>(55)</b>	<b>0</b>	<b>77</b>	<b>1,409</b>

Change in actuarial liability	31/12/2017	Interest charges	Cost of services rendered during the period	Cost of past services	Plan contributions	Actuarial differences arising from changes in demographic assumptions	Actuarial differences arising from changes in financial assumptions	Payment to beneficiaries	Translation differences	Other (business combinations, liquidations)	12/31/2018
Commitments	1,825	22	69	(2)	0	(1)	(71)	(65)	0	8	1,785
Insurance contract outside the group and assets managed externally	674	5	0	(1)	25	0	(27)	(14)	0	0	663
<b>Provision</b>	<b>1,150</b>	<b>17</b>	<b>69</b>	<b>(1)</b>	<b>25</b>	<b>(1)</b>	<b>(45)</b>	<b>(51)</b>	<b>0</b>	<b>8</b>	<b>1,122</b>

A 50-basis point increase in the discount rate would lead to a €123 million decrease in commitments, while a 50-basis point decrease would lead to a €164 million increase in commitments.

Changes in fair value of plan assets	12/31/2018	Discounting effect	Yield on plan assets in excess of interest income	Insurance premiums	Payment to beneficiaries	Translation differences	Other (business combinations, liquidations)	12/31/2019
Fair value of plan assets	1,146	63	75	23	(27)	0	5	1,284

Changes in fair value of plan assets	12/31/2017	Discounting effect	Yield in plan assets in excess of interest income	Insurance premiums	Payment to beneficiaries	Translation differences	Other (business combinations, liquidations)	12/31/2018
Fair value of plan assets	1,125	(14)	33	74	(45)	0	(27)	1,146

Breakdown of fair value of plan assets	31/12/2019			
	Debt instruments	Equity instruments	Real estate	Other
Assets listed in an active market	75%	12%	0%	8%
Assets not listed in an active market	1%	0%	2%	3%
<b>Total</b>	<b>76%</b>	<b>12%</b>	<b>2%</b>	<b>11%</b>

Breakdown of fair value of plan assets	31/12/2018			
	Debt instruments	Equity instruments	Real estate	Other
Assets listed in an active market	67%	16%	0%	11%
Assets not listed in an active market	1%	0%	2%	3%
<b>Total</b>	<b>68%</b>	<b>16%</b>	<b>2%</b>	<b>14%</b>

Retirement commitments arising from defined benefit plans	Average duration *
Retirement benefits	16.79

\* Excluding foreign entities of the Crédit Mutuel Alliance Fédérale group.

## 17b - Contingent liabilities

None.

## NOTE 18 - SHAREHOLDERS' EQUITY AND RESERVES

### 18a - Shareholders' equity attributable to the group (excluding net profit/(loss) and unrealized gains and losses)

	12/31/2019	12/31/2018
Capital and capital reserves	10,822	10,331
- Share capital	10,791	10,300
- Share premium and other similar amounts	31	31
Consolidated reserves	43,023	39,507
- Legal reserve	0	0
- Regulatory and contractual reserves	0	0
- Regulated reserves	9	11
- Other reserves (including impact of first-time application)	42,865	39,397
- of which gains/(losses) on disposal of equity instruments	(40)	(3)
- Retained earnings	149	99
<b>Total</b>	<b>53,845</b>	<b>49,838</b>

### 18b - Unrealized or deferred gains and losses - attributable to the group

	12/31/2019	12/31/2018
Unrealized or deferred gains or losses* related to:		
- investments by the insurance activities (available-for-sale assets)	1,788	1,126
- financial assets at fair value through recyclable equity - debt instruments	22	7
- financial assets at fair value through equity (non-recyclable) - equity instruments	204	69
- cash flow hedging derivatives	(11)	(11)
- own credit risk on financial liabilities - fair value option	(1)	5
- other	(476)	(371)
<b>Total</b>	<b>1,526</b>	<b>825</b>

\* Net of income tax and after adjustment for shadow accounting.

### 18c - Fully consolidated entities with significant non-controlling interests

31/12/2019	Amounts attributable to non-controlling interests in the consolidated financial statements				Financial information regarding the fully consolidated entity*			
	% interest	Net profit/(loss) attributable to non-controlling interests	Non-controlling interests recognized in shareholders' equity	Dividends paid to non-controlling interests	Balance sheet total	Net profit/(loss)	Hidden reserves	NBI
Cofidis Group	69.30%	62	479	0	14,911	214	(6)	1,355

\* Amounts before elimination of intercompany balances and transactions.

31/12/2018	Amounts attributable to non-controlling interests in the consolidated financial statements				Financial information regarding the fully consolidated entity*			
	% interest	Net income (loss) attributable to non-controlling interests	Non-controlling interests recognized in shareholders' equity	Dividends paid to non-controlling interests	Balance sheet total	Net profit/(loss)	Hidden reserves	NBI
Cofidis Group	70.63%	59	442	0	13,191	212	(2)	1,295

\* Amounts before elimination of intercompany balances and transactions.

## NOTE 19 - COMMITMENTS GIVEN AND RECEIVED

Commitments given	12/31/2019	12/31/2018
<b>Financing commitments</b>	<b>86,523</b>	<b>81,625</b>
Commitments given to credit institutions	957	1,226
Commitments given to customers	85,566	80,399
<b>Guarantee commitments</b>	<b>27,430</b>	<b>26,038</b>
Commitments given on behalf of credit institutions	4,609	4,680
Commitments given on behalf of customers	22,821	21,358
<b>Securities commitments</b>	<b>3,076</b>	<b>4,135</b>
Optional resale agreements	0	0
Other commitments given	3,076	4,135

Commitments received	12/31/2019	12/31/2018
<b>Financing commitments</b>	<b>24,644</b>	<b>25,030</b>
Commitments received from credit institutions	24,637	25,022
Commitments received from customers	7	8
<b>Guarantee commitments</b>	<b>127,207</b>	<b>121,732</b>
Commitments received from credit institutions	56,395	53,923
Commitments received from customers	70,812	67,809
<b>Securities commitments</b>	<b>2,772</b>	<b>3,113</b>
Optional repurchase agreements	0	0
Other commitments received	2,772	3,113

Securities sold under repurchase agreements	12/31/2019	12/31/2018
Assets sold under repurchase agreements	41,846	44,772
Related liabilities	42,726	44,677

Assets given as collateral for liabilities	12/31/2019	12/31/2018
Loaned securities	201	274
Guarantee deposits for market transactions	5,166	5,168
<b>Total</b>	<b>5,367</b>	<b>5,442</b>

For its refinancing activity, the group assigns debt instruments and/or equity instruments under repurchase agreements. This results in the transfer of ownership of securities which the transferee may in turn lend. Coupons and dividends accrue to the borrower. These transactions are subject to margin calls and the group is exposed to the risk that these securities may not be returned.

The other assets given as guarantees for liabilities concern derivatives for which margin calls are paid when their fair value is negative. These amounts include the initial margins and those paid subsequently.

## 2. NOTES TO THE INCOME STATEMENT

### NOTE 20 - INTEREST AND SIMILAR INCOME AND EXPENSE

	12/31/2019		12/31/2018 restated	
	Income	Expense	Income	Expense
. Credit institutions and central banks <sup>(1)</sup>	559	(711)	513	(743)
. Customers	11,996	(2,935)	11,797	(2,891)
- of which leasing	735	(280)	702	(240)
- of which lease obligation	0	(8)	0	0
. Hedging derivatives	3,116	(3,235)	3,360	(2,993)
. Financial instruments at fair value through profit or loss	788	(21)	707	(693)
. Financial assets at fair value through equity / Available-for-sale assets	484	0	405	0
. Securities at amortized cost	103	0	141	0
. Debt securities	0	(2,183)	0	(1,983)
. Subordinated debt	0	(10)	0	(15)
<b>TOTAL</b>	<b>17,046</b>	<b>(9,095)</b>	<b>16,922</b>	<b>(9,318)</b>
<i>o/w interest income and expense calculated at the effective interest rate</i>	<i>13,142</i>	<i>(5,839)</i>	<i>12,856</i>	<i>(5,632)</i>
<i>o/w interest on liabilities at amortized cost</i>		<i>(5,839)</i>		<i>(5,632)</i>

<sup>(1)</sup> of which - € 338 million impact of negative interest rates on revenues and € 168 million on expenses as of 12/31/2019, and of which - € 319 million impact of negative interest rates on products and € 191 million in expenses as of 12/31/2018.

Since 2018, income received or accrued on financial instruments at fair value through profit or loss has been shown in the income statement under interest income or expense. Previously, this interest was presented under "Net gains (losses) on financial instruments at fair value through profit or loss". This change was made to ensure consistency with regulatory reports sent to the ECB as part of the Short-Term Exercise (STE) and to have a better understanding of interest received and paid. In 2019, to better reflect interest income and expense on trading instruments, the group also reviewed the procedure for recognizing the interest income and expense on some of these financial instruments, which are measured at fair value through profit or loss, and for presenting such income and expense in net banking income. As a result, the following restatements were made: (i) recognition of interest on the paying and receiving legs of trading swaps as a single net figure, and (ii) reclassification of interest on hedging derivatives from "Interest income and expense on hedging derivatives". The group also reviewed the presentation of the leasing activity's income and expense and now presents this activity's figures in net form under interest income rather than breaking it down into interest income and expense as it previously did.

As a result, and for the purpose of comparability with the interest income and expense at December 31, 2019 presented according to this definition, the figures published at December 31, 2018 have been restated and are shown below:

	12/31/2018 restated		12/31/2018 published	
	Income	Expense	Income	Expense
. Credit institutions and central banks	513	(743)	513	(743)
. Customers	11,797	(2,891)	15,934	(7,028)
- of which leasing	702	(240)	4,839	(4,377)
- of which lease obligation	0	0		0
. Hedging derivatives	3,360	(2,993)	3,360	(3,012)
. Financial instruments at fair value through profit or loss	707	(693)	5,138	(5,162)
. Financial assets at fair value through equity / Available-for-sale assets	405	0	405	
. Securities at amortized cost	141	0	141	
. Debt securities	0	(1,983)		(1,983)
. Subordinated debt	0	(15)		-15
<b>TOTAL</b>	<b>16,922</b>	<b>(9,318)</b>	<b>25,491</b>	<b>(17,943)</b>
<i>o/w interest income and expense calculated at the effective interest rate</i>	<i>12,856</i>	<i>(5,632)</i>	<i>16,993</i>	<i>(9,769)</i>
<i>o/w interest on liabilities at amortized cost</i>		<i>(5,632)</i>		<i>(9,769)</i>



## NOTE 21 - FEES AND COMMISSIONS

	12/31/2019		12/31/2018	
	Income	Expense	Restated Income	Expense
Credit institutions	26	(39)	20	(18)
Customers	1,995	(36)	2,028	(33)
Securities	1,044	(47)	1,033	(48)
<i>o/w activities managed on behalf of third parties</i>	745	0	723	0
Derivative instruments	18	(11)	13	(9)
Foreign exchange	27	(2)	28	(2)
Financing and guarantee commitments	74	(6)	68	(6)
Services rendered	2,558	(1,253)	2,755	(1,434)
<b>TOTAL</b>	<b>5,742</b>	<b>(1,394)</b>	<b>5,945</b>	<b>(1,550)</b>

## NOTE 22 - NET GAINS ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	12/31/2019	12/31/2018 restated
Trading instruments	325	252
Instruments under the fair value option	(45)	137
Hedge ineffectiveness	(27)	(19)
. On cash flow hedges	0	0
. On fair value hedges	(27)	(19)
. Change in fair value of hedged items	806	169
. Change in fair value of hedging items	(833)	(188)
Foreign exchange gain (loss)	164	92
Other instruments at fair value through profit or loss	427	250
<b>Total changes in fair value</b>	<b>844</b>	<b>712</b>

Since 2018, interest received or accrued on financial instruments at fair value through profit or loss has been shown in the income statement under interest income or expense. Previously, this interest was presented under "Net gains (losses) on financial instruments at fair value through profit or loss". This change was made to ensure consistency with regulatory reports sent to the ECB as part of the Short-Term Exercise (STE) and to have a better understanding of interest received and paid. In 2019, the group also fine-tuned the presentation of income and expenses on these instruments (see Note 20).

For information purposes, the data published and restated at December 31, 2018 is shown below:

	12/31/2018 restated	12/31/2018 published
Trading instruments	252	252
Instruments under the fair value option	137	71
Hedge ineffectiveness	(19)	(19)
. On cash flow hedges	0	0
. On fair value hedges	(19)	(19)
. Change in fair value of hedged items	169	169
. Change in fair value of hedging items	(188)	(188)
Foreign exchange gain (loss)	149	92
Other instruments at fair value through profit or loss	316	316
<b>Total changes in fair value</b>	<b>769</b>	<b>712</b>

## NOTE 23 - NET GAINS/(LOSSES) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH EQUITY (2018)/AVAILABLE-FOR-SALE ASSETS (2017)

	12/31/2019	12/31/2018
Dividends	24	24
o/w resulting from instruments derecognized during the period	0	0
Realized gains and losses on debt instruments	97	203
<b>Total</b>	<b>121</b>	<b>227</b>

## NOTE 24 - NET GAINS (LOSSES) ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT AMORTIZED COST

	12/31/2019	12/31/2018
Financial assets at amortized cost		
Gains/losses on:	1	1
Government securities	0	0
Bonds and other fixed-income securities	1	1
Loans	0	0
Financial liabilities at amortized cost - gains (losses) on	0	0
Unsubordinated notes issued	0	0
Issued subordinated debt	0	0
<b>Total</b>	<b>1</b>	<b>1</b>

## NOTE 25 - NET INCOME FROM INSURANCE ACTIVITIES

	12/31/2019	12/31/2018
<b>Insurance contracts</b>		
Earned premiums	17,225	16,705
Cost of benefits	(8,861)	(8,866)
Changes in reserves	(5,250)	(1,582)
Other technical and non-technical income and expenses	(5,827)	(4,800)
Net investment income	6,299	2,008
<b>Net income on insurance policies</b>	<b>3,586</b>	<b>3,465</b>
Net interest/commission income	(51)	(35)
Net gains on financial instruments at fair value through profit or loss	7	4
o/w changes in fair value	0	(6)
Net gains (losses) on available-for-sale financial assets	23	29
Net gains (losses) on held-to-maturity assets	0	0
<b>Net income on financial assets</b>	<b>(21)</b>	<b>(2)</b>
<b>Other net income*</b>	<b>15</b>	<b>17</b>
<b>Net income from insurance activities</b>	<b>3,580</b>	<b>3,480</b>

\* of which investment property.

## NOTE 26 - INCOME AND EXPENSES ON OTHER ACTIVITIES

	31/12/2019	31/12/2018
<b>Income from other activities</b>		
Investment property:*	8	14
- Provisions and impairment losses reversed	0	0
- Capital gains on disposals	8	14
Rebilled expenses	109	108
Other income	2,348	2,210
<b>Subtotal</b>	<b>2,465</b>	<b>2,332</b>
<b>Expenses on other activities</b>		
Investment property:*	(13)	(21)
- Provisions and depreciation	(13)	(14)
- Capital losses on disposals	0	(7)
Other expenses	(1,247)	(1,205)
<b>Subtotal</b>	<b>(1,260)</b>	<b>(1,226)</b>
<b>Total net other income and expenses</b>	<b>1,205</b>	<b>1,106</b>

\* excluding insurance activities.

## NOTE 27 - GENERAL OPERATING EXPENSES

	12/31/2019	12/31/2018
Payroll costs	(6,801)	(6,631)
Other expenses	(4,796)	(4,701)
<b>TOTAL</b>	<b>(11,597)</b>	<b>(11,332)</b>

### 27a - Employee benefits expense

	12/31/2019	12/31/2018
Wages and salaries	(4,145)	(4,119)
Social security contributions	(1,633)	(1,598)
Short-term employee benefits	(2)	(3)
Employee profit-sharing and incentives	(518)	(452)
Payroll and other similar taxes	(454)	(459)
Other	(49)	0
<b>TOTAL</b>	<b>(6,801)</b>	<b>(6,631)</b>

### Average number of employees

	12/31/2019	12/31/2018
Operational staff	47,431	47,478
Executives	35,363	34,420
<b>Total</b>	<b>82,794</b>	<b>81,898</b>
France	69,133	68,448
Rest of the world	13,661	13,450

### 27b - Other operating expenses

	12/31/2019	12/31/2018
Taxes and duties <sup>(1)</sup>	(610)	(608)
Leasing	(376)	(526)
- short-term leasing of assets <sup>(2)</sup>	(182)	(351)
- leasing of low value/substitutable assets <sup>(3)</sup>	(174)	(157)
- other leasing	(20)	(18)
Other external services	(2,866)	(2,805)
Other miscellaneous expenses	(128)	(136)
<b>Total</b>	<b>(3,980)</b>	<b>(4,075)</b>

(1) "Taxes and duties" includes an expense of €185 million in respect of the contribution to the Single Resolution Fund in 2019 vs. €166 million in 2018.

(2) includes property leases automatically renewed.

(3) includes computer hardware.

### 27c - Depreciation, amortization and provisions for property, plant and equipment and intangible assets recognized and reversed

	12/31/2019	12/31/2018
Depreciation and amortization:	(817)	(625)
- Property, plant and equipment	(642)	(470)
of which right-of-use assets <sup>(1)</sup>	(173)	0
- Intangible assets	(175)	(155)
Impairment:	1	(1)
- Property, plant and equipment	(1)	0
- Intangible assets	2	(1)
<b>Total</b>	<b>(816)</b>	<b>(626)</b>

(1) Impact of first application of IFRS 16.

NOTE 28 - NET ADDITIONS TO/REVERSALS FROM PROVISIONS FOR LOAN LOSSES

	12/31/2019	12/31/2018
- 12-month expected losses (S1)	(115)	(105)
- expected losses at termination (S2)	(14)	(90)
- impaired assets (S3)	(1,071)	(793)
<b>Total</b>	<b>(1,200)</b>	<b>(988)</b>

12/31/2019	Additions	Reversals	Irrecoverable receivables covered	Irrecoverable receivables not covered	Recovery of receivables previously written off	TOTAL
<b>12-month expected losses (S1)</b>	<b>(509)</b>	<b>394</b>				<b>(115)</b>
- Loans and receivables due from credit institutions at amortized cost	(3)	4				1
- Loans and receivables due from customers at amortized cost	(397)	300				(97)
- of which finance leases	(32)	25				(7)
- Financial assets at amortized cost - securities	(2)	1				(1)
- Financial assets at fair value through equity - debt securities	(12)	9				(3)
- Financial assets at fair value through equity - loans	0	0				0
- Commitments given	(95)	80				(15)
<b>expected losses at termination (S2)</b>	<b>(686)</b>	<b>671</b>				<b>(15)</b>
- Loans and receivables due from credit institutions at amortized cost	0	0				0
- Loans and receivables due from customers at amortized cost	(630)	580				(50)
- of which finance leases	(22)	24				2
- Financial assets at amortized cost - securities	0	0				0
- Financial assets at fair value through equity - debt securities	(2)	0				(2)
- Financial assets at fair value through equity - loans	0	0				0
- Commitments given	(54)	91				37
<b>impaired assets (S3)</b>	<b>(2,077)</b>	<b>1,920</b>	<b>(744)</b>	<b>(320)</b>	<b>150</b>	<b>(1,070)</b>
- Loans and receivables due from credit institutions at amortized cost	0	0	0	(1)	0	(1)
- Loans and receivables due from customers at amortized cost	(1,951)	1,804	(739)	(314)	149	(1,051)
- of which finance leases	(26)	30	(12)	(4)	3	(9)
- Financial assets at amortized cost - securities	(2)	2	0	0	0	0
- Financial assets at fair value through equity - debt securities	(3)	3	0	(3)	1	(2)
- Financial assets at fair value through equity - loans	0	0	0	0	0	0
- Commitments given	(120)	111	(5)	(2)	0	(16)
<b>Total</b>	<b>(3,271)</b>	<b>2,985</b>	<b>(744)</b>	<b>(320)</b>	<b>150</b>	<b>(1,200)</b>

12/31/2018	Additions	Reversals	Irrecoverable receivables covered	Irrecoverable receivables not covered	Recovery of receivables previously written off	TOTAL
<b>12-month expected losses (S1)</b>	<b>(561)</b>	<b>456</b>				<b>(105)</b>
- Loans and receivables due from credit institutions at amortized cost	(3)	2				(1)
- Loans and receivables due from customers at amortized cost	(487)	389				(98)
- of which finance leases	(43)	35				(8)
- Financial assets at amortized cost - securities	(1)	0				(1)
- Financial assets at fair value through equity - debt securities	(11)	8				(3)
- Financial assets at fair value through equity - loans	0	0				0
- Commitments given	(59)	57				(2)
<b>expected losses at termination (S2)</b>	<b>(754)</b>	<b>664</b>				<b>(90)</b>
- Loans and receivables due from credit institutions at amortized cost	0	3				3
- Loans and receivables due from customers at amortized cost	(657)	606				(52)
- of which finance leases	(44)	46				2
- Financial assets at amortized cost - securities	0	1				1
- Financial assets at fair value through equity - debt securities	0	0				0
- Financial assets at fair value through equity - loans	0	0				0
- Commitments given	(97)	54				(43)
<b>impaired assets (S3)</b>	<b>(1,512)</b>	<b>1,742</b>	<b>(763)</b>	<b>(413)</b>	<b>153</b>	<b>(793)</b>
- Loans and receivables due from credit institutions at amortized cost	0		0	(1)	0	(1)
- Loans and receivables due from customers at amortized cost	(1,405)	1,656	(753)	(403)	143	(762)
- of which finance leases	(47)	47	(11)	(9)	3	(17)
- Financial assets at amortized cost - securities	(9)	6	0	0	0	(3)
- Financial assets at fair value through equity - debt securities	(3)	1	(2)	(7)	10	(1)
- Financial assets at fair value through equity - loans	0	0	0	0	0	0
- Commitments given	(95)	79	(8)	(3)	0	(26)
<b>Total</b>	<b>(2,827)</b>	<b>2,861</b>	<b>(762)</b>	<b>(413)</b>	<b>153</b>	<b>(988)</b>



## NOTE 29 - GAINS OR LOSSES ON OTHER ASSETS

	12/31/2019	12/31/2018
Property, plant and equipment and intangible assets	(12)	18
. Capital losses on disposals	(40)	(25)
. Capital gains on disposals	28	43
Net gains/(losses) on consolidated securities <sup>(1)</sup>	331	77
<b>TOTAL</b>	<b>319</b>	<b>95</b>

(1) Of which impact of sale of Primonial and RMA.

## NOTE 30 - CHANGES IN GOODWILL

	12/31/2019	12/31/2018
Impairment of goodwill	0	(12)
Negative goodwill charged to profit and loss	0	19
<b>TOTAL</b>	<b>0</b>	<b>7</b>

## NOTE 31 - INCOME TAX

### Breakdown of tax expense

	12/31/2019	12/31/2018
Current tax	(1,813)	(1,767)
Deferred tax	(47)	(84)
Adjustments for prior years	118	41
<b>TOTAL</b>	<b>(1,742)</b>	<b>(1,810)</b>

### Reconciliation of actual tax expense and theoretical tax expense

	12/31/2019	12/31/2018
Theoretical tax rate	34.43%	34.43%
Impact of special tax regime for venture capital companies (SCR) and commercial real property leasing companies (SICOMI)	(1.11%)	(1.47%)
Impact of reduced tax rate on long-term capital gains	(1.38%)	(1.07%)
Impact of specific tax rates paid by foreign entities	(0.89%)	(0.77%)
Impact of the carryback	0.00%	(0.06%)
Permanent differences	3.75%	2.71%
Other	(3.67%)	0.33%
<b>Effective tax rate</b>	<b>31.13%</b>	<b>34.10%</b>
Taxable income	5,597	5,308
<b>Tax expense</b>	<b>31.13%</b>	<b>34.10%</b>

## 3. NOTES TO THE STATEMENT OF NET INCOME AND GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY

### NOTE 32 - RECLASSIFICATION OF GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY

	31/12/2019 Movements	31/12/2018 restated Movements
<b>Translation adjustments</b>		
Reclassification to income	0	0
Other movements	35	42
<b>Subtotal</b>	<b>35</b>	<b>42</b>
<b>Remeasurement of financial assets at fair value through equity</b>		
Reclassification to profit and loss*	(98)	(6)
Other movements	439	(127)
<b>Subtotal</b>	<b>341</b>	<b>(133)</b>
<b>Remeasurement of hedging derivatives</b>		
Reclassification to income	0	0
Other movements	(1)	2
<b>Subtotal</b>	<b>(1)</b>	<b>2</b>
<b>Remeasurement of insurance business line investments (available-for-sale financial assets)</b>		
Reclassification to income	0	0
Other movements	464	(350)
<b>Subtotal</b>	<b>464</b>	<b>(350)</b>
<b>Remeasurement of non-current assets</b>		
Difference arising on remeasurement of own credit risk on financial liabilities under the fair value option transferred to reserves	(6)	5
Actuarial gains/(losses) on defined benefit plans	(144)	(4)
Share of unrealized or deferred gains and losses of equity consolidated companies	11	(22)
<b>TOTAL</b>	<b>700</b>	<b>(460)</b>

\* on debt instruments.

### NOTE 33 - TAX IN RESPECT OF EACH CATEGORY OF GAINS AND LOSSES RECOGNIZED DIRECTLY TO EQUITY

	12/31/2019			12/31/2018		
	Gross amount	Tax	Net amount	Gross amount	Tax	Net amount
Translation adjustments	35	0	35	42	0	42
Remeasurement of financial assets at fair value through equity	428	(90)	338	(192)	59	(133)
Remeasurement of insurance business line investments	638	(172)	466	(434)	152	(282)
Remeasurement of hedging derivatives	(1)	0	(1)	3	(1)	2
Remeasurement of non-current assets	0	0	0	0	0	0
Difference arising on remeasurement of own credit risk on financial liabilities under the fair value option transferred to reserves	(8)	3	(5)	7	(2)	5
Actuarial gains/(losses) on defined benefit plans	(211)	67	(144)	(3)	(1)	(4)
Share of unrealized or deferred gains and losses of equity consolidated companies	11	0	11	(23)	0	(23)
<b>Total change in gains and losses recognized directly in equity</b>	<b>892</b>	<b>(192)</b>	<b>700</b>	<b>(733)</b>	<b>273</b>	<b>(460)</b>

## 4. INFORMATION CONCERNING UNCONSOLIDATED STRUCTURED ENTITIES

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only or when the relevant activities are directed by means of contractual arrangements.

The group has relations with unconsolidated structured entities in the course of its activities and to meet the needs of its customers.

The main categories of unconsolidated structured entities sponsored by the group are:

- Special-purpose vehicles (SPV): the group has no significant unconsolidated special-purpose vehicles.
- Asset financing: the group grants loans to structured entities solely for the purpose of the latter holding assets for lease and using the related lease payments to repay its loans. These entities are dissolved when the financing operation is completed. The group is generally the sole shareholder.

For these two categories, the maximum loss exposure on the structured entities is the carrying amount of the asset being financed.

- Collective investment undertakings and funds: the group acts as an asset manager and custodian. It offers funds to customers in which it does not invest itself. The group markets and manages these funds, which may be special investors' funds or general public funds, for which it is remunerated in the form of fees.

An interest in an unconsolidated structured entity, whether or not on a contractual basis, exposes the group to variability of returns associated with the entity's performance.

The group's risk is mainly an operational risk of failure to perform its management or custodial mandate and, where applicable, includes risk exposure in the amount of the sums invested.

No financial support was given to the group's structured entities during the year.

The main categories of unconsolidated structured entities sponsored by the group are provided in the table below.

12/31/2019	Special-purpose vehicles (SPV)	Asset management (UCITS/REITs) <sup>(1)</sup>	Other structured entities <sup>(**)</sup>
Balance sheet total	322	27,668	2,350
Carrying amount of financial assets <sup>(1)</sup>	82	12,974	943
Carrying amount of financial liabilities <sup>(1)</sup>	0	0	0
Maximum exposure to risk of loss	82	1,012	0

12/31/2018	Special-purpose vehicles (SPV)	Asset management (UCITS/REITs) <sup>(1)</sup>	Other structured entities <sup>(**)</sup>
Balance sheet total	285	27,702	1,974
Carrying amount of financial assets <sup>(1)</sup>	74	12,946	949
Carrying amount of financial liabilities <sup>(1)</sup>	0	0	0
Maximum exposure to risk of loss	74	984	0

(1) Carrying amount of the assets recognized by the reporting entity in respect of these structured entities.

(\*) Mainly UCITS under management by the group

(\*\*) Other structured entities correspond to asset financing entities.

## 5. SEGMENT REPORTING

### BREAKDOWN OF TOTAL ASSETS BY BUSINESS LINE

In €m	Retail banking	Insurance	Corporate and Investment Banking	Asset Management / Private Banking	Other	Total	Intra-group elimination	Total
12/31/2019	1,127,265	202,551	98,445	34,320	100,548	1,563,129	(632,213)	930,916
<b>Balance sheet total</b>	<b>72.1%</b>	<b>13.0%</b>	<b>6.3%</b>	<b>2.2%</b>	<b>6.4%</b>	<b>100.0%</b>		
12/31/2018	1,045,748	183,359	97,052	33,437	92,710	1,452,306	(599,742)	852,564
<b>Balance sheet total</b>	<b>72.0%</b>	<b>12.6%</b>	<b>6.7%</b>	<b>2.3%</b>	<b>6.4%</b>	<b>100.0%</b>		

### ANALYSIS OF INCOME STATEMENT BY BUSINESS LINE

12/31/2019	Retail banking	Insurance	Corporate and Investment Banking	Asset Management / Private Banking	Other	Inter-businesses	Total
Net banking income	13,325	2,237	1,029	867	1,688	(1,088)	18,058
General operating expenses	(9,069)	(752)	(402)	(632)	(1,830)	1,088	(11,597)
<b>Gross operating income</b>	<b>4,256</b>	<b>1,485</b>	<b>627</b>	<b>235</b>	<b>(142)</b>		<b>6,461</b>
Net additions to/reversals from provisions for loan losses	(1,055)	0	(138)	6	(13)		(1,200)
Gains (losses) on other assets <sup>(1)</sup>	214	97	1	20	(10)		322
<b>Profit/(loss) before tax</b>	<b>3,415</b>	<b>1,582</b>	<b>490</b>	<b>261</b>	<b>(165)</b>		<b>5,583</b>
Income tax	(1,149)	(484)	(19)	(34)	(39)		(1,725)
<b>Net profit/(loss)</b>	<b>2,266</b>	<b>1,098</b>	<b>471</b>	<b>227</b>	<b>(204)</b>		<b>3,858</b>
Non-controlling interests	63	1	0	18	1		83
<b>Net profit/(loss) attributable to the group</b>	<b>2,203</b>	<b>1,097</b>	<b>471</b>	<b>209</b>	<b>(205)</b>		<b>3,775</b>

(1) Including net profit or loss of companies accounted for using the equity method and goodwill impairment.

12/31/2018	Retail banking	Insurance	Corporate and Investment Banking	Asset Management / Private Banking	Other	Inter-businesses	Total
Net banking income	13,080	2,238	1,074	809	1,326	(1,001)	17,526
General operating expenses	(8,962)	(697)	(380)	(572)	(1,722)	1,001	(11,332)
<b>Gross operating income</b>	<b>4,118</b>	<b>1,541</b>	<b>694</b>	<b>237</b>	<b>(396)</b>		<b>6,194</b>
Net additions to/reversals from provisions for loan losses	(955)	0	12	(15)	(30)		(988)
Gains (losses) on other assets <sup>(1)</sup>	65	16	0	34	46		161
<b>Income before tax</b>	<b>3,228</b>	<b>1,557</b>	<b>706</b>	<b>256</b>	<b>(380)</b>		<b>5,367</b>
Income tax	(1,127)	(521)	(121)	(45)	25		(1,789)
<b>Net profit/(loss)</b>	<b>2,101</b>	<b>1,036</b>	<b>585</b>	<b>211</b>	<b>(355)</b>		<b>3,578</b>
Non-controlling interests	59	1	0	13	1		74
<b>Net profit/(loss) attributable to the group</b>	<b>2,042</b>	<b>1,035</b>	<b>585</b>	<b>198</b>	<b>(356)</b>	<b>0</b>	<b>3,504</b>

(1) Including net profit or loss of companies accounted for using the equity method and goodwill impairment.

## BREAKDOWN OF TOTAL ASSETS BY GEOGRAPHIC AREA

ASSETS	12/31/2019				12/31/2018			
	France	Europe excluding France	Other countries*	Total	France	Europe excluding France	Other countries*	Total
Cash and amounts due from central banks	78,164	6,895	1,667	86,726	55,997	6,342	1,684	64,023
Financial assets at fair value through profit or loss	31,875	473	2,837	35,185	19,015	571	2,476	22,062
Hedging derivatives	3,562	2	4	3,568	3,395	9	5	3,409
Financial assets at amortized cost	480,707	54,892	9,116	544,715	464,351	50,575	7,670	522,596
of which loans and receivables due from credit institutions	47,130	1,718	1,737	50,585	47,967	2,267	847	51,081
o/w loans and advances to customers	432,240	50,544	7,377	490,161	414,901	45,877	6,661	467,439
Financial assets at fair value through equity	34,485	1,604	7,000	43,089	33,956	1,958	5,636	41,550
Investments by the insurance activities and reinsurers' share of technical provisions	183,815	3,658	0	187,473	167,260	4,296	0	171,556
Investments in equity consolidated companies	255	8	96	359	211	20	233	464
LIABILITIES	12/31/2019				12/31/2018			
	France	Europe excluding France	Other countries*	Total	France	Europe excluding France	Other countries*	Total
Due to central banks	710	0	5	715	350	0	0	350
Financial liabilities at fair value through profit or loss	19,642	135	445	20,222	5,082	173	176	5,431
Hedging derivatives	3,383	78	8	3,469	2,803	89	2	2,894
Due to credit institutions	34,398	2,126	7,760	44,284	48,356	3,265	8,266	59,887
Due to customers	376,663	60,994	1,979	439,636	342,951	52,865	882	396,698
Debt securities	131,840	6,717	9,064	147,621	126,346	5,132	7,206	138,684

\* United States, Singapore, Morocco and Tunisia.

## ANALYSIS OF INCOME STATEMENT BY GEOGRAPHIC AREA

	12/31/2019				12/31/2018			
	France	Europe excluding France	Other countries*	Total	France	Europe excluding France	Other countries*	Total
Net banking income	14,390	3,473	195	18,058	14,042	3,304	180	17,526
General operating expenses	(9,383)	(2,120)	(94)	(11,597)	(9,168)	(2,081)	(84)	(11,332)
Gross operating income	5,007	1,304	150	6,461	4,874	1,224	96	6,194
Net additions to/reversals from provisions for loan losses	(734)	(454)	(12)	(1,200)	(613)	(376)	1	(988)
Gains on other assets**	311	(9)	20	322	(7)	77	91	161
Profit/(loss) before tax	4,585	841	158	5,583	4,255	924	188	5,367
Total net profit/(loss)	3,145	611	102	3,858	2,745	660	173	3,578
<b>Net profit attributable to the group</b>	<b>3,096</b>	<b>578</b>	<b>102</b>	<b>3,775</b>	<b>2,717</b>	<b>617</b>	<b>170</b>	<b>3,504</b>

\* United States, Singapore, Morocco and Tunisia.

\*\* including net profit/(loss) of equity consolidated companies and goodwill impairment.

## 6. OTHER INFORMATION

### NOTE I.1 - FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS VALUED AT AMORTIZED COST OR COST ON THE BALANCE SHEET

The fair values presented are estimates based on observable data at Tuesday, December 31, 2019. They are obtained by calculating estimated discounted future cash flows using a yield curve that includes the signature cost inherent to the debtor.

The financial instruments presented in this note are loans and borrowings. They do not include non-monetary instruments (equities), trade payables, other assets, other liabilities and accruals. Non-financial instruments are not covered by this note.

The fair value of financial instruments payable on demand and of regulated customer savings contracts is

the amount due to the customer, i.e. the carrying amount. Some group entities may also apply assumptions, for example that the market value is the carrying amount for contracts indexed on a variable rate or whose residual life is one year or less.

Note that, except for held-to-maturity financial assets, financial instruments carried at amortized cost are not, in practice, sold before maturity. Accordingly, gains or losses are not recognized.

However, if financial instruments carried at amortized cost were to be sold, the selling price could be significantly different from the fair value calculated at December 31.

Montants en M€	12/31/2019						
	Market value	Balance sheet value	Unrealized capital gains or losses	Level 1 of hierarchy	Level 2 of hierarchy	Level 3 of hierarchy	Total
<b>Assets</b>	<b>667,671</b>	<b>646,868</b>	<b>20,802</b>	<b>12,159</b>	<b>163,911</b>	<b>491,601</b>	<b>667,671</b>
Financial assets at amortized cost - IFRS 9	652,244	631,441	20,802	3,096	157,547	491,601	652,244
Loans and receivables due from credit institutions	137,987	137,311	675	0	137,987	0	137,987
Loans and receivables due from customers	510,108	490,161	19,947	0	18,507	491,601	510,108
Securities	4,149	3,969	180	3,096	1,053	0	4,149
Insurance business line investments at amortized cost	15,427	15,427	0	9,063	6,364	0	15,427
Loans and receivables	6,364	6,364	0	0	6,364	0	6,364
Held-to-maturity	9,063	9,063	0	9,063	0	0	9,063
<b>Liabilities</b>	<b>653,675</b>	<b>644,412</b>	<b>7,844</b>	<b>806</b>	<b>399,383</b>	<b>253,486</b>	<b>653,675</b>
Financial liabilities at amortized cost - IFRS 9	652,346	643,083	7,844	806	398,055	253,486	652,346
Due to credit institutions	44,762	44,284	477	0	44,762	0	44,762
Due to customers	442,992	439,636	1,937	0	189,507	253,486	442,992
Debt securities	152,004	147,621	4,384	0	152,004	0	152,004
Subordinated debt	12,588	11,542	1,046	806	11,782	0	12,588
<b>Liabilities from the insurance activities at amortized cost</b>	<b>1,328</b>	<b>1,328</b>	<b>0</b>	<b>0</b>	<b>1,328</b>	<b>0</b>	<b>1,328</b>
Due to credit institutions	1,178	1,178	0	0	1,178	0	1,178
Debt securities	0	0	0	0	0	0	0
Subordinated debt	150	150	0	0	150	0	150

- Level 1: quoted price in an active market.

- Level 2: prices in active markets for similar instruments and valuation techniques for which all significant data is based on observable market information,

- Level 3: valuation based on internal models containing significant non-observable data.



## NOTE I.2 - DIVIDENDS

The consolidating entity intends to pay €133 million in dividends outside Crédit Mutuel Group.

## NOTE I.3 - RELATED PARTIES

Amounts in €m	12/31/2019 Entities consolidated using the equity method	12/31/2018 Entities consolidated using the equity method
<b>Assets</b>		
Assets at fair value through profit or loss	0	20
<b>Financial assets at fair value through equity</b>	<b>0</b>	<b>0</b>
<b>Financial assets at amortized cost</b>	<b>1,298</b>	<b>1,164</b>
<i>o/w current accounts</i>	66	0
Hedging derivatives	0	0
Investments by the insurance activities	0	0
<b>Miscellaneous assets</b>	<b>28</b>	<b>55</b>
<b>Liabilities</b>	<b>0</b>	<b>0</b>
Due to credit institutions	50	62
<i>o/w current accounts</i>	43	55
Hedging derivatives	0	0
Liabilities at fair value through profit or loss	0	0
Due to customers	30	61
Debt securities	0	0
Subordinated debt	0	0
Interest income	9	18
Interest and similar expense	1	0
Fees and commissions (income)	1	2
Fees and commissions (charges)	0	0
Net gains/(losses) on financial assets at fair value through equity and FVPL	5	31
Net income from insurance activities	(18)	(41)
Other income and expenses	53	50
<b>NBI</b>	<b>51</b>	<b>60</b>
<b>General operating expenses</b>	<b>2</b>	<b>3</b>
Financing commitments pledged	67	115
Guarantee commitments given	0	0
Financing commitments received	0	0
Guarantees received	0	0

## NOTE I.4 - REMUNERATION OF CORPORATE OFFICERS

€ thousands	Salary Fixed component	Salary Variable component	Employer contributions for supplementary benefits	Benefits in kind	Total
Main corporate officers*	584	-	14	6	604

\* Chief Executive Officer, Deputy Chief Executive Officer.

## NOTE I.5 - SHARE-BASED PAYMENTS

IFRS 2 covers transactions for which payments are share-based, particularly payments to employees in return for services provided. Excluded from the scope are transactions whereby the company acquires goods that represent net assets at the time of business combinations, which are covered by IFRS 3, and certain transactions covered by IAS 32 and IAS 39 relating to financial instruments (contracts for the purchase and sale of non-financial assets)

IFRS 2 defines three categories of transactions for which payment is share-based:

- transactions settled in equity instruments of the entity (for example, shares or share options);
- transactions settled in cash whereby the entity acquires goods or services by incurring a debt that represents the obligation to transfer cash or other assets to the

supplier of such goods or services in amounts based on the price (or value) of the entity's shares or any other equity instrument; and

- transactions settled either in equity instruments or in cash, at the discretion of the entity or the supplier of the goods or services, depending on the agreements

The main payments applicable to the group involve cash-settled transactions. For these transactions, the fair value of the liability, measured initially on the grant date, must be remeasured on each closing date until the settlement date of the debt. Changes in fair value are recognized through profit or loss until the debt is settled.

For transactions settled in equity, an expense is recognized through equity. This expense is spread out over the vesting period.

AT 12/31/2019	Plan 1	Plan 2	Plan 3	Plan 4	Plan 5	Plan 6	Plan 7	Plan 8
Type of plan	<i>Cash-settled</i>	<i>Cash-settled</i>	<i>Cash-settled</i>	<i>Cash-settled</i>	<i>Cash-settled</i>	<i>Cash-settled</i>	<i>Cash-settled</i>	<i>Cash-settled</i>
Grant date	10/15/15	09/18/15	06/30/15	02/14/12	04/15/13	04/01/14	09/16/15	09/16/16
Exercise period	Q1 2018 / Q1 2020	HY1 2021	Q4 2020	Minimum 2 years following the 2-year vesting period				
Impact on 2019 income	0.5	0.9	(0.9)	0.0	0.0	0.0	6.2	(0.4)
Liabilities on balance sheet	5.6	4.7	23.8	0.0	0.0	0.0	0.0	6.4

AT 12/31/2019	Plan 9	Plan 10	Plan 11	Plan 12	Plan 13	Plan 14	Plan 15	Plan 16
Type of plan	<i>Cash-settled</i>	<i>Cash-settled</i>	<i>Cash-settled</i>	<i>Cash-settled</i>	<i>Cash-settled</i>	<i>Cash-settled</i>	<i>Cash-settled</i>	<i>Cash-settled</i>
Grant date	11/29/17	07/01/17	11/01/17	11/01/19	09/04/17	09/06/18	09/06/19	12/20/19
Exercise period	Q1 2021	Q3 2020	Q1 2020 / Q1 2023	2022/2024	Minimum 2 years following the 2-year vesting period			
Impact on 2019 income	(0.8)	(1.1)	(2.6)	(0.4)	(2.5)	(3.8)	(0.5)	0.2
Liabilities on balance sheet	6.8	1.7	4.3	6.3	6.1	5.1	0.5	0.2

## NOTE I6 - STATUTORY AUDITORS' FEES

Amount in € millions excluding VAT	12/31/2019			
	ERNST & YOUNG et Autres		MAZARS	
	Amount	%	Amount	%
Audit of the financial statements	4.04	97%	3.72	99%
Non-audit services*	0.14	3%	0.03	1%
<b>Total</b>	<b>4.18</b>	<b>100%</b>	<b>3.75</b>	<b>100%</b>
of which fees paid to the statutory auditors in France for auditing of the financial statements	3.55		3.33	
of which fees paid to the statutory auditors in France for non-audit services	0.49		0.39	

\* In 2019, non-audit services included comfort letters in connection with market transactions and reports and certifications required for regulatory purposes.

Amount in € millions excluding VAT	12/31/2018			
	ERNST & YOUNG et Autres		MAZARS	
	Amount	%	Amount	%
Certification of the financial statements	4.41	97%	4.26	100%
Non-audit services*	0.12	3%	0.01	0%
<b>Total</b>	<b>4.53</b>	<b>100%</b>	<b>4.27</b>	<b>100%</b>
of which fees paid to the statutory auditors in France for auditing of the financial statements	3.36		3.61	
of which fees paid to the statutory auditors in France for non-audit services	1.05		0.65	

\* In 2018, non-audit services included comfort letters in connection with market transactions and reports and certifications required for regulatory purposes.

## REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

CRÉDIT MUTUEL GROUP  
Year ended December 31, 2019

**MAZARS**  
Tour Exaltis  
61, rue Henri Regnault  
92400 Courbevoie  
Joint-stock company with an Executive Board  
and a Supervisory Board  
and capital of €8,320.000  
Nanterre Trade and Companies Register 784 824 153  
Statutory Auditors  
Member of the Versailles  
regional institute of accountants

**ERNST & YOUNG ET AUTRES**  
Tour First  
TSA 14444  
92037 Paris-La Défense Cedex  
Simplified joint-stock company with variable capital  
Nanterre Trade and Companies Register 438 476 913  
Statutory Auditors  
Member of the Versailles  
regional institute of accountants

To the Shareholders' Meeting of Confédération Nationale du  
Crédit Mutuel,

### OPINION

In fulfillment of the assignment entrusted to us by your  
Shareholders' Meetings, we have  
audited the consolidated financial statements of Confédération  
Nationale du Crédit Mutuel for the year ended December 31, 2019,  
as appended to this report. These financial statements were  
approved by the Board of Directors on March 4, 2020 based on  
the information available at that time in the context of the evolving  
COVID-19-related health crisis.

In our opinion, the consolidated financial statements give a  
true and fair view of the results of the operations during the  
year under review and of the financial position and assets and  
liabilities, at year-end, of the group, in accordance with  
International Financial Reporting Standards as adopted by  
the European Union

### BASIS OF OUR OPINION

#### Audit standards

We have conducted our audit in accordance with auditing  
standards applicable in France. We believe that the audit  
evidence we have obtained is sufficient and appropriate to provide  
a basis for our audit opinion.

Our responsibilities pursuant to these standards are indicated  
in the section of this report entitled "Responsibilities of the  
statutory auditors regarding the audit of the consolidated  
financial statements".

### Independence

We have conducted our audit in compliance with the rules  
regarding independence applicable to us, for the period  
from January 1, 2019 to the date of issuance of our report and,  
in particular, we have not provided any of the services prohibited  
by the code of ethics for statutory auditors.

### OBSERVATIONS

Without qualifying the opinion expressed above, we draw  
your attention to the changes in accounting policies related to  
the application of the new IFRS 16 "Leases" as of January 1, 2019  
and to the presentation in the income statement of interest  
income and expense on certain financial instruments at fair  
value through profit or loss and on finance and operating leases  
as described in Note 1 "Accounting policies and principles" and  
in the other notes presenting the quantified data related  
to these changes in accounting policies.

### BASIS FOR OUR ASSESSMENTS

In accordance with the provisions of Articles L. 823-9 and  
R. 823-7 of the French Commercial Code relating to the basis for  
our assessments, we inform you of the following assessments  
which, in our professional judgment, were the most significant  
for the audit of the consolidated financial statements.

These assessments formed part of the audit of the consolidated  
financial statements as a whole as approved under the  
aforementioned conditions, and enabled us to form our opinion  
expressed above. We have no opinion regarding elements  
of these consolidated financial statements taken separately.

The notes to the consolidated financial statements describe the change in accounting policy related to the application of the new IFRS 16 “Leases” and the change in policy related to the presentation of interest income and expense on finance and operating leases. As part of our assessment of the accounting principles applied by your group, we have verified the validity of these changes and their presentation.

The group uses internal models and methods for valuing financial instruments that are not traded in an active market and for determining certain provisions, as described in Note I-3 to the consolidated financial statements. We examined the control systems applied to these models and methods, the parameters used and the identification of the financial instruments to which they apply.

The group recognizes impairment losses and provisions to cover the credit and counterparty risks inherent to its business (Notes I-3, II-2, II-4a, II-5, II-17a and II-28 to the consolidated financial statements).

We examined the control systems applicable to the monitoring of credit and counterparty risk, the impairment methodologies and the coverage of losses in value by individual impairment provisions.

The group carried out impairment tests on goodwill and investments held, which resulted, where relevant, in the recognition of impairment provisions in respect of this year (Notes II-2, II-13a, II-16 and II-30 to the consolidated financial statements). We examined the methods used to implement these tests, the main assumptions and parameters used and the resulting estimates that led, where applicable, to impairment losses.

As explained in Note I-3 “Accounting policies and principles” and Note II-17a to the consolidated financial statements, the group records provisions for employee benefit obligations. We examined the method used to assess these obligations, as well as the main assumptions and calculation methods used.

SPECIFIC VERIFICATIONS

In accordance with professional standards applicable in France, we have also completed the specific verifications, as required by laws and regulations, of information regarding the group provided

in the Board of Directors’ management report of April 8, 2020. With regard to the events that have occurred and the information known subsequent to the reporting date about the effects of the COVID-19-related crisis, management has informed us that they will be communicated at the shareholders’ meeting called to approve the financial statements.

We have no comments regarding the fairness of this information or its consistency with the consolidated financial statements.

We certify that the consolidated statement of non-financial performance required by Article L. 225-102-1 of the French Commercial Code is included in the information regarding the group provided in the management report, it being noted that, in accordance with the provisions of Article L. 823-10 of this code, we did not verify the fairness of the information contained in the statement or its consistency with the consolidated financial statements, and the information must be the subject of a report by an independent third party.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH CORPORATE GOVERNANCE REGARDING THE CONSOLIDATED FINANCIAL STATEMENTS

It is the responsibility of management to prepare consolidated financial statements that give a true and fair view in accordance with the IFRS as adopted by the European Union and to implement internal control as it deems necessary for the preparation of consolidated financial statements that contain no material misstatements, whether such misstatements are the result of fraud or errors.

When preparing the consolidated financial statements, management must assess the association’s ability to continue to operate, present in its financial statements, where applicable, the necessary information regarding continued operation and apply the going concern accounting convention, unless there are plans to liquidate the association or discontinue its business.

The consolidated financial statements have been approved by the Board of Directors.

RESPONSIBILITIES OF THE STATUTORY AUDITORS REGARDING THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to prepare a report regarding the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements, as a whole, contain no material misstatements. Reasonable assurance is a high level of assurance, yet without guaranteeing that an audit conducted in accordance with generally accepted auditing standards always leads to the detection of all material misstatements. Misstatements may result from fraud or errors and are considered material when there is a reasonable expectation that they can, when taken individually or combined, influence the economic decisions made by users of the financial statements on the basis of these financial statements.

As set out in Article L. 823-10-1 of the French Commercial Code, our task of certifying the financial statements does not entail guaranteeing the viability or quality of your association’s management.

When conducting an audit in accordance with auditing standards applicable in France, the statutory auditor exercises his/her professional judgment throughout the audit.

Moreover, he/she:

- identifies and assesses the risk that the consolidated financial statements contain material misstatements, whether such misstatements are the result of fraud or errors, defines and implements audit procedures to address these risks, and collects information that he/she considers a sufficient and appropriate basis for such opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that of a material misstatement resulting from an error, as fraud may involve collusion, forgery, deliberate omissions, false statements or the override of internal control;

- reviews internal control relevant to the audit in order to define appropriate audit procedures under the circumstances, and not to express an opinion on the effectiveness of internal control;
- assesses the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as related information provided in the consolidated financial statements;
- assesses the appropriateness of management’s application of the going concern accounting convention and, based on the information collected, whether or not significant uncertainty exists regarding events or circumstances likely to call into question the association’s ability to continue to operate. This assessment is based on information collected up to the date of his/her report, it being noted however that subsequent circumstances or events could call into question the association’s continued operation. If the statutory auditor concludes that significant uncertainty exists, he/she brings the information provided in the consolidated financial statements regarding such uncertainty to the attention of readers of his/her report or, if such information is not provided or is not relevant, the statutory auditor issues a qualified opinion or a denial of opinion;
- assesses the overall presentation of the consolidated financial statements and determines whether they fairly reflect the underlying transactions and events;
- concerning the financial information on persons and entities included in the consolidation scope, the statutory auditor gathers the information he/she deems sufficient and appropriate to express an opinion on the consolidated financial statements. He/she is responsible for the management, supervision and performance of the audit of the consolidated financial statements, as well as the opinion expressed on the financial statements.

Courbevoie and Paris-La Défense, May 19, 2020

The Statutory Auditors

MAZARS  
Pierre Masieri      Anne Veaute

ERNST & YOUNG ET AUTRES  
Hassan Baaj



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