Financial Report

CRÉDIT MUTUEL GROUP - 2020

2021 Edition

Crédit Mutuel

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of the board of directors of Confederation Nationale du Crédit Mutuel on the 2020 consolidated financial statements

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ECONOMIC AND FINANCIAL CONTEXT

2020: A YEAR MARKED BY THE PANDEMIC

The unprecedented health crisis hit the global economy hard in 2020. The trend in coronavirus infections set the pace of economic activity throughout the year. The strict lockdown measures implemented in many countries in the first half caused businesses to shut down and had a powerful impact on global growth. Despite a post-lockdown rebound, the difficulty in controlling the pandemic due to a lack of medical solutions forced some countries to impose new restrictions in the fall. Against this backdrop, governments, working with central banks, had to intervene on a massive scale, introducing fiscal support plans and ultra-accommodative monetary policies to support businesses and households. The launch of vaccination campaigns, better political visibility with the election of Joe Biden in the United States, the Brexit agreement and approval of the European recovery plan offered a few glimmers of hope at the end of the year.

GOVERNMENTS AND CENTRAL BANKS KEEPING ECONOMIES AFLOAT IN THE FACE OF THE PANDEMIC

In the euro zone, the first lockdown triggered a sharp drop in activity and a historic recession in the first half of the year. Despite a strong uptick in growth after lockdown measures were lifted in the summer, the recovery was only short-lived. The return of the pandemic in the fall led to a tightening of health restrictions through the end of the year. However, the European economies were able to adapt to these restrictions. The impact was much lower than in the spring, with more pronounced differences among the various business sectors. To limit bankruptcies and layoffs, governments provided unprecedented fiscal support through emergency measures and new forms of cooperation among the member countries. The €750 billion European recovery plan included loans, subsidies and joint debt. However, these actions will inevitably increase the public debt. For this reason, the European Central Bank implemented a large-scale ultra-accommodative monetary policy to limit the impacts on interest rates. A new asset purchase program (PEPP) was launched, and increased several times, to ensure extremely favorable financing terms and maintain liquidity for banks and investors.

In the United States, the health measures implemented in the first half of the year were less strict than in the euro zone, resulting in a smaller economic dip. However, the health situation varied considerably from state to state, and several successive waves of infection caused restrictions to remain in effect. The US economy nevertheless showed surprising resilience, with assistance programs for households and businesses playing a crucial role. The economic effects of the first massive relief plan approved in the spring (over $3 trillion, approximately 15% of GDP) were felt through the fourth quarter, thanks in part to consumption fueled by the resulting rise in household income. However, faced with the gradual evaporation of this fiscal support and the risk of a downturn in growth due to a post-holiday season resurgence of the pandemic, the US Congress approved a new $892 billion relief package in December. The Federal Reserve also provided historic monetary support with a reduction in key interest rates (-150 bp to [0%; 0.25%]), massive asset purchases and unprecedented programs for funding businesses and local governments. Although the Fed did not have to ease its monetary policy further in the second half, it will provide long-term support.

The first country affected by the pandemic, China has gradually reclaimed its role as a driver of global growth thanks to strong health management and growing global demand. A gradual return to normal allowed China to reach its pre-crisis GDP level starting in the second quarter and finish the year with a positive growth rate. The country also helped support the industrial sectors of developed countries and its neighbors, including the member countries of the new Asia-Pacific free trade agreement (RCEP) signed in mid-November. For other emerging countries, controlling the pandemic remains very difficult. However, their economies are less severely impacted by health restrictions than those of developed countries. Although not all emerging countries benefited equally from the momentum provided by China, they did benefit from the increase in confidence in the second half, still substantial fiscal support and the recovery in commodity prices.

After a sharp decline through April, fueled by the temporary fall of the US WTI benchmark into negative territory, storage capacity shortages and a collapse in demand, oil prices recovered. This recovery was driven by the gradual reopening of economies and the sharp reduction in global production. Buoyant demand in Asia, and especially in China, contributed to the steep rise in Brent prices to around $50/barrel at the end of the year. This increase was mainly due to the determination of OPEC+ (OPEC + Russia) to support prices over the long term by taking a flexible approach to its production cuts.

THE YEAR 2020 BROUGHT GREATER VISIBILITY OVER THE INTERNATIONAL POLITICAL LANDSCAPE

In the United States, Democrat Joe Biden won the presidential election. The Democratic Party retained its majority in the House of Representatives before eventually winning the Senate following the elections in Georgia on January 5, 2021. Biden's top priorities will be fighting the pandemic, approval of a new relief plan, massive investments in infrastructure and tackling climate change. On the international front, the focus is on reducing trade risks, particularly with developed countries. China will remain the focal point of Washington's foreign policy.

In Europe, after a year of chaotic discussions that raised the specter of the United Kingdom's "hard Brexit" from the European Union, an agreement was reached on December 24, seven days before the end of the Brexit transition period. In order to approve a free trade treaty on goods that avoids customs duties, London and Brussels made compromises on several sticking points, including fishing and maintaining a level playing field. However, several factors prevented a positive impact on the British pound. Border controls will continue to be necessary, the agreement does not cover services, and the emergence of a new Covid-19 variant forced the country to impose another lockdown. The economic and logistical cost will be high for the UK and for businesses.

IN FRANCE, A HISTORIC RECESSION AMID THE PANDEMIC

In France, the lockdown measures imposed on March 17 led to a sharp fall in GDP in the first half of the year. In the euro zone, France was one of the hardest-hit countries in terms of growth due to a longer lockdown period that resulted in a loss of activity of approximately 30% in April. The end of the lockdown, as of mid-May, and government support measures allowed a significant upturn in growth during the summer. To preserve employment and household purchasing power and limit bankruptcies, the government implemented reduced working hours, government-backed loans and solidarity funds, pending the roll-out of the €100 billion recovery plan to prepare for the post-crisis phase. The fall, however, spelled the end of the economic rebound with the resurgence of the pandemic and new health restrictions, which led to a second lockdown in late October. Although it did not hit the economy as hard as the first lockdown (12% loss of business in November), some sectors, such as services, were seriously impacted. The decline in the rate of new Covid-19 cases was lower than expected, which led to a delay in the reopening program for some businesses after the lockdown was lifted on December 15.

The year 2021 will continue to be marked by the evolving pandemic and its impact on economic activity. The scale-up of vaccinations – if vaccines prove effective against the variants of the virus – will be key to a rebound in global growth in the second half and then a gradual return to its pre-crisis level. However, recovery will take place at various speeds depending on the country. China will remain the global driver, followed by the United States, buoyed by the fiscal relief plans that may be approved by the new Congress, while Europe will lag behind, with only a very gradual lifting of restrictions. Control over the virus and the ramp-up of recovery plans will be crucial to an economic bounceback in Europe. The European Central Bank will therefore continue to provide support, which should prevent sharp rises in European sovereign yields.

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, 2020 at its meeting on March 4, 2021 and presented them, together with this report, to the Shareholders' Meeting for its approval.

The main changes in the consolidation scope arose from:
- the sale of EI Telecom to Bouygues,
- the deconsolidation of Younited Crédit (loss of significant influence),
- the sale of La Française Investment Solutions (LFIS),
- the consolidation, due to the increase in their size, of four private equity entities already owned by the CIC group (CIC Capital Canada Inc, CIC Capital Suisse SA, CIC Capital Deutschland GmbH, CIC Capital Ventures Quebec).

THE INTEREST MARGIN (€8.379 BILLION) INCREASED BY 5.3% (+€420 MILLION)

The decrease in refinancing costs was the main reason for this change, as the customer margin fell slightly (-0.8%) and volumes (excluding PGE government-backed loans) did not offset the rate effect.
The cost of transactions with credit institutions/central banks decreased as a result of tiering and TLTRO mechanisms and the rate effect, which also impacted the cost of securities issued as volumes rose slightly.

CUSTOMER DEPOSITS (€522.1 BILLION, +18.8%)

Changes were very significant in certain categories:
- Current accounts in credit rose by €56.7 billion to €236.0 billion as a result of PGE loans and precautionary saving by customers due to the lockdown and in anticipation of the economic crisis;
- For the same reasons, regulated demand savings deposits increased (+€147.2 billion, +9.1%), particularly Livret Bleu and Livret A passbook savings accounts (€54.2 billion, +11.7%), and LDD accounts (€19.0 billion, +10.7%). The rate at which regulated deposits (Livret Bleu, Livret A, LDD, LEP) were centralized at the CDC was 55.6% compared with 50.4% in 2019;
- Ordinary passbook accounts were also up sharply (€50.3 billion, +9.5%);
- Term deposits rose by 5.8% to €127.2 billion, including in particular home savings plans (up 4.3% to €47.0 billion).

CUSTOMER LOANS AND ADVANCES (€530.6 BILLION) (UP 8.3%, EXCLUDING PGE LOANS: 4.0%)

Total outstanding loans grew by 8.3% (+€40.4 billion) to €530.6 billion thanks to PGE loans (€20.6 billion), without which the increase was half that amount but still significant (+4.0%). This increase stemmed mainly from home loans (€271.1 billion, +7.6%) and equipment loans (€121.7 billion, +4.5%).

Home loans (€271.1 billion, i.e. 51% of loans) grew at the same rate as in 2019 (+7.6%), amid a slowdown in activity in this market linked to the health crisis and implementation of the recommendations of the French Financial Stability Board (HCSF).
Equipment loans, which accounted for 23% of total loans, were up 4.5% to €121.7 billion (+7.3% in 2019).
Cash flow loans saw an exceptional increase of 89.5% to €38.5 billion as a result of PGE loans (€20.6 billion).
Consumer credit loans were up 2.6% to €50.7 billion due to the lockdown and changes in customer behavior (risk aversion, precautionary saving). Outstanding loans issued through the networks decreased slightly (-0.9%) while the subsidiaries' loans increased (+4.5%).
The loan-to-deposit ratio was 101.6%, an improvement of 987 bp (111.5% at end-2019), given the steep increase in deposits.

Commission income was up slightly (+1%). Several effects offset each other: commission income was down mainly for customers and services as a result of the lockdowns, while commissions on securities rose by more than 13% as a result of strong market activity on the part of customers. Commissions on foreign exchange transactions and customer guarantees also rose.

SECURITIES AND DERIVATIVES PORTFOLIOS

The "financial assets at fair value through equity" portfolio (€48.1 billion) increased by €5.0 billion (fixed-income securities). Securities at amortized cost rose by €0.2 billion to €4.2 billion.
The "fair value through profit or loss – FVPL" portfolio fell by €4.2 billion, €3.9 billion of which was related to the reduction in repurchase agreements.

The net gain on the FVPL portfolio (€78 million) was down sharply (-€766 million) due to financial market trends (derivatives/securities/foreign exchange). Investment valuations (private equity in particular) were therefore conservative despite strong capital gains. The net gain on the portfolio was also down because capital gains on bonds were high in 2019.

NET INCOME ON OTHER ACTIVITIES fell by €143 million (-3.0%) to €4.642 billion, mainly in insurance (€3.281 billion, -8.4%) as a result of the measures taken to support policyholders (*prime de relance mutualiste* recovery bonus). Insurance also saw a decrease in activity. Premiums fell, with life insurance down and non-life insurance up, but to a lesser extent. Net income from other activities (excluding insurance, €1.361 billion) increased by 12.9% as a result of lower provisions for risks and growth in the EI division.

THIS LED TO A 2.9% DECREASE IN NET BANKING INCOME TO €17.5 BILLION.

GENERAL OPERATING EXPENSES FELL BY 2.7% TO €11.3 BILLION.

The changes were mixed depending on the components: the employee benefits expense and other general operating expenses decreased while net depreciation, amortization and provisions for non-current assets increased.

The **EMPLOYEE BENEFITS EXPENSE** fell by €92 million to €6.710 billion. Employee profit-sharing and incentives were down as a result of the decrease in net income. The signing of a new supplementary retirement agreement for a regional group, as provided by law, also had a positive effect, as benefits are no longer vested before retirement. These decreases were partly offset by the increase in salaries related to general pay raises and "Covid" bonuses.

The Crédit Mutuel Group **EMPLOYED AN AVERAGE** of 83,194 people in 2020 (on a full-time equivalent basis), up 0.5%.

OTHER OPERATING EXPENSES fell by €329 million as a result of the crisis (enforced or voluntary reductions in travel/shareholders' meetings, fewer events/communication, postponement of projects) and the decrease in lease payments (€43 million) linked to the application of IFRS 16 (offset by an increase in depreciation and amortization). Taxes and duties rose by €73 million (including the SRF, +€50 million to €235 million, and the FGDR: +€17 million).

DEPRECIATION, AMORTIZATION AND PROVISIONS (€919 million, +12.6%) increased by €103 million, including €74 million for property, plant and equipment in connection with IFRS 16 (additional depreciation). Intangible assets also increased (+€28 million) as a result of IT development (mainly digitization).

Overall, the **COST-TO-INCOME RATIO** was virtually flat at 64.3% versus 64.2% in 2019.

Given the health crisis and in anticipation of defaults and portfolio deterioration, **PROVISIONS FOR LOAN LOSSES (€2.635 BILLION)** more than doubled as a result of the provisions for performing loans (€1.507 billion, an increase of €1.378 billion), with proven risk up by only €57 million (+5.3%). S1 provisions grew by €1.169 billion due to the increase in the pessimistic scenario for individuals, the higher weighting of the pessimistic scenario, specific provisioning for vulnerable sectors and regional requirements. S1 provisions increased by €209 million (1.5 times) to €324 million as a result of new lending and especially the tightening of the parameters mentioned above. In terms of risk quality:
- the proportion of non-performing loans was 2.82% compared with 3.00% at end-2019,
- the individual coverage ratio was 52.3% vs. 53.7% at end-2019,
- the overall coverage ratio was 67.0% compared with 62.3% at end-2019.

NET GAINS ON OTHER ASSETS came to €687 million (+€368 million) and were mainly due to the disposal of EI Telecom and the loss of significant influence over Younited, compared with the capital gains on the disposal of Primonial, RMA, Leasecom and CD Partenaires in 2019.

The **SHARE OF EQUITY CONSOLIDATED COMPANIES** was -€16 million in 2020 vs. €3 million. The €19 million decrease stemmed mainly from Banque de Tunisie and from the deconsolidation of RMA at the end of 2019.

The **CHANGE IN GOODWILL** was -€13 million (0 in 2019) due to impairment charges.

The **TAX EXPENSE** fell by €575 million (-33.0%) to €1.167 billion as a result of the decrease in net profit, low tax on capital gains and deferred taxes.

THIS LED TO AN 18.7% DECREASE IN NET PROFIT (ATTRIBUTABLE TO THE GROUP) TO €3.070 BILLION.

SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP INCREASED FURTHER, UP 5.1% TO €62.149 BILLION.

This increase was due mainly to:
- a €299 million capital increase to €11.090 billion (+2.8%),
- the transfer to reserves of the 2019 annual profit, excluding the capitalized portion,
- the 2020 profit: €3.070 billion, and
- the group's net unrealized capital gains (€1.531 billion, virtually unchanged compared with €1.526 billion in 2019), which mask certain disparities. The bond and equity portfolios increased while the translation reserves and post-employment benefits decreased. The group therefore more than recovered the losses incurred in the financial markets in 2020.

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.
The return on assets, calculated in accordance with the requirements of Article R. 511-16-1 of the Monetary and Financial Code, was 0.30% compared with 0.41% in 2019.

This financial strength was confirmed by Standard & Poor's, which assigned the Crédit Mutuel Group long-term ratings of "A" (senior debt) and "A+" (counterparty). A negative outlook was assigned in April 2020 as a result of the health and economic crisis and the grouped ratings of European banks.

ANALYSIS BY SECTOR OF ACTIVITY

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

Retail Banking omprises 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)	2020	2019	CHANGE 2020/2019
Net banking income	13,260	13,325	(0.5%)
Gross operating income	4,545	4,256	6.8%
Profit/(loss) before tax	2,288	3,415	(33.0%)
Net profit/(loss) attributable to the group	1,452	2,203	(34.1%)

Net banking income in retail banking fell by €65 million to €13.260 billion (-0.5%). This decrease was mainly due to the lower interest margin and lower net gains on the fair value through equity portfolios, offset by the increase in commission income.

The group had 34.6 million **customers** at the end of 2020, a 1.2% increase.

General operating expenses fell by €354 million to €8.715 billion, down 3.9%. The employee benefits expense decreased as a result of the reduction in profit-sharing and incentives and the crystallization of a CM group's supplementary pension scheme (Article 39) under the Pacte law. General operating expenses also fell as a result of the decision to control costs in the current environment and the enforced spending freeze (reduced travel, shareholders' meetings, events, etc.).

The cost/income ratio was therefore 65.7% compared with 68.1% a year earlier.

Net additions to provisions for loan losses rose by €1.273 billion to €2.328 billion, mainly for non-proven risk related to the health crisis, in anticipation of defaults and portfolio deterioration in the future.

It should be noted that **net gains on other assets and equity consolidated companies** decreased by €143 million, mainly due to the deconsolidation of Younited Credit in 2020 vs. the disposal of Primonial in 2019.

Corporate income tax fell by €351 million to €798 million (-30.5%).

All in all, **net profit attributable to the group** fell by €751 million to €1.452 billion.
Retail banking accounted for 47.3% of profit attributable to the group in 2020, compared with 58.4% in 2019.

INSURANCE

(IN € MILLIONS)	2020	2019	CHANGE 2020/2019
Net banking income	1,856	2,237	(17.0%)
Gross operating income	1,097	1,485	(26.1%)
Profit/(loss) before tax	1,097	1,582	(30.7%)
Net profit/(loss) attributable to the group	736	1,097	(32.9%)

Net banking income was €1.856 billion, down 17.0% compared with 2019 (€2.237 billion), mainly as a result of the measures taken to support policyholders (prime de relance mutualiste recovery bonus). Insurance also saw a decrease in activity. Premiums fell, with life insurance down and non-life insurance up, but to a lesser extent. However, benefit costs remained stable.

In 2020, the Crédit Mutuel Group's **premium income** totaled €14.9 billion (-15.5%). Like the market as a whole, it was impacted by the life insurance class in the context of the health and economic crisis; the property and casualty class (property and personal insurance) continued to grow, with premium income up 3.1%.

The **number of policyholders** was 16.5 million (+1.4%), representing 42.9 million policies in the portfolio (+1.8%).

General operating expenses remained stable at €759 million. The employee benefits expense increased, as did provisions, amortization and depreciation, offset by the decrease in general operating expenses.

Net gains on other assets and equity consolidated companies (€0 million) fell by €97 million, mainly as a result of the disposal in 2019 of Royale Marocaine d'Assurances.

Overall, **net profit attributable to the group** came to €736 million (-32.9%).
Insurance accounted for 24% of net profit attributable to the group (29.0% in 2019).

CORPORATE AND INVESTMENT BANKING

(IN € MILLIONS)	2020	2019	CHANGE 2020/2019
Net banking income	953	1,029	(7.4%)
Gross operating income	537	627	(14.4%)
Profit/(loss) before tax	271	490	(44.7%)
Net profit/(loss) attributable to the group	238	471	(49.5%)

Net banking income fell by €76 million (-7.4%) to €953 million in the three business lines: private equity, capital markets and corporate banking. In private equity, the decrease was due to the fair value through profit or loss portfolio, as a result of the conservative valuation of the portfolios, despite capital gains.

General operating expenses rose by 3.5% (+€14 million) to €416 million for private equity and corporate banking, but fell for capital markets.

Net additions to provisions for loan losses came to €270 million (+€132 million), with the increase primarily in corporate banking (+€147 million). Non-proven risk rose by €167 million while proven risk fell by €35 million due to a major loan default in 2019.

Corporate income tax came to €33 million compared with €19 million in 2019.

Net profit attributable to the group was down by €233 million to €238 million.

ASSET MANAGEMENT AND PRIVATE BANKING

(IN € MILLIONS)	2020	2019	CHANGE 2020/2019
Net banking income	893	867	3.0%
Gross operating income	284	235	20.9%
Profit/(loss) before tax	267	261	2.3%
Net profit/(loss) attributable to the group	209	209	0.0%

Bank savings products (excluding life insurance) increased by 3.5% to €291 billion, benefiting from high inflows and the rise in stock market indices, despite the reduction caused by the deconsolidation of La Française Investment Solutions.

Net banking income increased by €26 million (+3.0%) to €893 million. Private Banking rose by €54 million (particularly the margin and commission income as a result of the growth in financial savings). Asset management fell by €28 million as a result of the changes in the scope of consolidation.

General operating expenses were down 3.6% (-€23 million) to €609 million due to the changes in scope. This decline was attributed to Private Banking (-€0.7 million) and Asset Management (-€22.9 million).

Net additions to provisions for loan losses were €35 million in 2020 vs. a €6 million net reversal in 2019.

Net gains on other assets and equity consolidated companies totaled €18 million vs. €20 million.

The **"Taxes and other"** line item (€55 million) includes:
- income tax, which increased by €8 million to €59 million,
- net gains on discontinued operations related to LFIS.

All in all, **net profit attributable to the group** held steady at €209 million.

OTHER

(IN € MILLIONS)	2020	2019	CHANGE 2020/2019
Net banking income	1,607	1,688	(4.8%)
Gross operating income	(209)	(142)	(47.2%)
Profit/(loss) before tax	354	(165)	NS
Net profit/(loss) attributable to the group	435	(205)	NS

Net banking income fell by €81 million (-4.8%) to €1.607 billion.

General operating expenses stood at €1.816 billion (-0.8%).

Net additions to provisions for loan losses were down (€2 million vs. €13 million in 2019).

Net gains on other assets and equity consolidated companies totaled €565 million vs. a €10 million net loss in 2019, with the increase mainly due to the disposal of EIT.

Income tax and gains/losses on discontinued operations produced net income of €84 million in 2020 vs. a net expense of €39 million in 2019.

All in all, the **net profit attributable to the group** generated by the business line was €435 million compared with a €205 million loss in 2019, an increase of €640 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**

Pursuant 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 (the «Capital Requirements Regulation»), 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 shareholders' equity 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, following 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 a risk weighting to the value attributed using the equity method to investments in the group's insurance subsidiaries, 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)	31.12.2020	31.12.2019
COMMON EQUITY TIER 1 CAPITAL (CET 1)	55,711	52,682
Capital	11,094	10,805
Eligible reserves before adjustments	50,936	48,606
Regulatory adjustments to CET1	(6,319)	(6,728)
ADDITIONAL TIER 1 (AT1) CAPITAL	490	782
TIER 2 (CET2) CAPITAL	9,029	8,724
TOTAL CAPITAL	65,229	62,188
Risk weighted assets - credit risk	270,379	261,269
Risk weighted assets - market risk	3,605	3,017
Risk weighted assets - operational risk	24,376	23,646
TOTAL RISK-WEIGHTED ASSETS	298,360	287,932
SOLVENCY RATIOS		
Common Equity Tier 1 (CET1) ratio	18.7%	18.3%
Capital ratio	18.8%	18.6%
Total capital ratio	21.9%	21.6%

Taking into account transitional arrangements allowing for the inclusion of net income.

TARGET

SOLVENCY RATIOS		
Common Equity Tier 1 (CET1) ratio	18.6%	18.2%
Capital ratio	18.6%	18.3%
Total capital ratio	21.8%	21.5%

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, risk inherent to the activity of the conglomerate's activity (particularly insurance risk) and non-financial risk.

CREDIT 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 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. 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 risk weighting calculations map credit risks, thus enabling the analysis of commitments according to the main categories defined in the internal rating system. The mappings are complemented 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	31.12.2020	31.12.2019
Loans and receivables		
Credit institutions	61,587	52,961
Customers	541,789	500,151
Gross exposure	**603,376**	**553,112**
Impairment	**(11,679)**	**(10,496)**
Credit institutions	(5)	(5)
Customers	(11,674)	(10,491)
Net exposure	**591,697**	**542,616**

CREDIT RISK EXPOSURE ON COMMITMENTS GIVEN

EXPOSURE	31.12.2020	31.12.2019
Financing commitments given	**94,703**	**86,523**
Credit institutions	1,560	957
Customers	93,143	85,566
Guarantee commitments given	**30,947**	**27,430**
Credit institutions	5,333	4,609
Customers	25,614	22,821
Provisions for risk on commitments given	**394**	**167**

EXPOSURE TO CREDIT RISK ON DEBT SECURITIES

EXPOSURE	31.12.2020	31.12.2019
Debt securities		
Government securities	48,260	49,142
Bonds	127,591	123,037
Derivative instruments	6,676	7,259
Repurchase agreements and securities lending	5,269	4,504
Gross exposure	**187,796**	**183,942**
Provisions for impairment	(236)	(222)
Net exposure	**187,560**	**183,720**

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

12/31/2020 By 12-month PD range - IFRS 9	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
< 0.1	0	118,934	804	0	0
0.1 - 0.25	0	147,492	730	0	0
0.26 - 0.99	1	104,156	1,141	0	0
1 - 2.99	3	72,605	8,766	0	0
3 - 9.99	6	41,842	12,816	0	0
≥ 10	204	7,639	10,033	0	15,099
Total	**214**	**492,669**	**34,289**	**0**	**15,099**

12/31/2019 By 12-month PD range - IFRS 9	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
< 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
Total	**204**	**463,502**	**26,937**	**0**	**14,829**

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

12/31/2020 by external rating	Gross carrying amount of SPPI assets
AAA to AA+	11.5%
AA to AA-	32.7%
A+ to A	14.0%
A-	8.6%
BBB+ to BBB	19.0%
BBB-	1.8%
BB+ to BB	1.0%
BB- TO B+	0.4%
B to B- and CCC+ to CCC-	0.5%
NR *	10.5%
Total	**100%**

** Not rated.*

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%
NR *	11.3%
Total	**100%**

** Not rated.*

RATING STRUCTURE GEOGRAPHIC BREAKDOWN OF INTERBANK LOANS

	12/31/2020 As a %	12/31/2019 As a %
Structure of interbank loans by rating (A-IRB scope - gross performing loans)		
A+	27.8%	12.5%
A-	16.7%	37.3%
B+	24.0%	19.0%
B-	24.0%	23.6%
C and below (excluding default rating)	7.6%	7.7%

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, 2020, with more than 90% of these exposures rated between A and B.

	12/31/2020 As a %	12/31/2019 As a %
Geographic breakdown of interbank loans		
France	53.33%	59.67%
Germany	5.54%	3.03%
Rest of Europe	23.54%	21.60%
Rest of world	17.59%	15.69%

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

CUSTOMER CREDIT RISK

	12/31/2020 As a %	12/31/2019 As a %
Breakdown of loans by type of customers		
A - Central governments and banks	26.5%	20.7%
B - Credit institutions	6.2%	7.6%
C - Corporates	20.4%	21.5%
D - Retail	46.9%	50.2%

Source: Crédit Mutuel Group consolidated scope - Basel calculator.

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

GEOGRAPHIC BREAKDOWN OF CUSTOMER RISK

	12/31/2020 As a %	12/31/2019 As a %
Geographic breakdown of customer risk		
France	82.98%	81.56%
Germany	5.90%	6.26%
Rest of Europe	6.31%	6.85%
Rest of world	4.82%	5.33%

CONCENTRATION OF GROSS CUSTOMER RISK

	12/31/2020	12/31/2019
Concentration of gross customer risk		
Commitments exceeding €300 million		
Number	97	109
Balance sheet commitments (€m)	39,434	40,497
Off-balance sheet commitments (€m)	29,199	26,675
Commitments of between €200 million and €300 million		
Number	73	54
Balance sheet commitments (€m)	11,914	8,594
Off-balance sheet commitments (€m)	6,037	4,616

Taking all commitments into account, the average unit amount of the 98 largest risks exceeding €300 million was €873 million (€890 million in 2019) while the average unit amount of the 73 largest risks between €200 million and €300 million was €246 million (€245 million in 2019).

QUALITY OF RISK

	12/31/2020	12/31/2019
Gross loans and advances subject to individual provisions	15,296	15,034
Individual provisions	(2,257)	(1,285)
Collective provisions	(7,996)	(8,077)
Overall rate of coverage	**52.3%**	**53.7%**
Coverage ratio (individual provisions only)	**67.0%**	**62.3%**

PAST DUE AND IMPAIRED LOANS FOR WHICH GUARANTEES WERE RECEIVED

12/31/2020 IN €M	Past due amounts (S1+S2) TO 30 DAYS	 >30 DAYS ≤ 90 DAYS	 > 3 MONTHS	Carrying amount of impaired assets TOTAL	Total past due amounts and impaired assets
Debt instruments	**0**	**0**	**0**	**0**	**0**
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
Loans and advances	**5,194**	**1,292**	**176**	**5,400**	**12,062**
Central governments	136	59	0	26	221
Credit institutions	14	8	0	1	23
Other financial entities	80	5	2	114	201
Non-financial entities	3,577	846	152	3,062	7,637
Private individuals	1,387	374	22	2,197	3,980
Total	**5,194**	**1,292**	**176**	**5,400**	**12,062**

12/31/2019 IN €M	Past due amounts (S1+S2) TO 30 DAYS	 >30 DAYS ≤ 90 DAYS	 > 3 MONTHS	Carrying amount of impaired assets TOTAL	Total past due amounts and impaired assets
Debt instruments	**0**	**0**	**0**	**0**	**0**
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
Loans and advances	**3,924**	**1,490**	**250**	**5,150**	**10,814**
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
Total	**3,924**	**1,490**	**250**	**5,150**	**10,814**

BREAKDOWN OF RISK EXPOSURES BY ECONOMIC SECTOR

BREAKDOWN OF GROSS EXPOSURES BY ECONOMIC SECTOR	12/31/2020 As a %	12/31/2019 As a %
Private individuals	40.0%	42.4%
Public administrations and central banks	24.9%	19.8%
Banks and financial institutions	4.8%	5.7%
Other real estate (including leasing and property companies)	3.0%	2.9%
Real estate development	1.4%	1.2%
Retail trade	2.7%	2.8%
Sole traders	2.5%	2.7%
Construction and building materials	2.3%	2.3%
Agriculture	1.6%	1.7%
Other financial activities	1.9%	1.8%
Industrial goods and services	1.9%	1.9%
Holding companies and conglomerates	1.5%	1.6%
Food processing and beverages	1.1%	1.2%
Industrial transport	1.3%	1.3%
Travel and leisure	1.1%	1.1%
Oil, gas and commodities	0.7%	0.8%
High technology	0.8%	0.7%
Automobile industry	0.8%	0.8%
Utilities	0.5%	0.5%
Health	0.6%	0.6%
Media	0.4%	0.4%
Associations	0.3%	0.4%
Household products	0.5%	0.5%
Other group subsidiaries (*)	2.7%	4.2%
Sundry	0.3%	0.3%
Telecommunications	0.2%	0.2%
Chemicals	0.3%	0.3%

Source: Crédit Mutuel group consolidated data – Basel calculator.
(*) includes leasing and factoring entities purchased from General Electric for exposures other than public administrations, banks and private individuals.

EXPOSURES RELATED TO THE FINANCIAL CRISIS (FSB DATA)

SECURITIZATION

The amounts presented are in € millions.

SUMMARY	CARRYING AMOUNT 12/31/2020	CARRYING AMOUNT 12/31/2019
RMBS	1,163	1,562
CMBS	6	662
CDO/CLO	3,448	3,561
Other ABS	2,214	2,185
CLO hedged by CDS	0	0
Other ABS hedged by CDS	0	0
Liquidity lines – ABCP programs	0	0
Total	**6,831**	**7,971**

Unless otherwise indicated, securities are not hedged by CDS.

Exposures at December 31, 2020

CARRYING AMOUNT	RMBS	CMBS	CLO	OTHER ABS	TOTAL
FVPL	309	-	65	329	704
Amortized cost	45	-	355	598	998
FV Others	1	-	-	-	1
FVOCI	808	6	3,027	1,287	5,128
TOTAL	**1,163**	**6**	3,448	**2,214**	6,831
France	532	-	545	590	1,668
Spain	97	-	-	252	349
United Kingdom	47	-	281	116	445
Rest of Europe	317	-	256	895	1,468
USA	25	6	2,365	232	2,628
Other	145	-	-	128	273
TOTAL	**1,163**	**6**	**3,448**	**2,214**	**6,831**
US Agencies	-	-	-	-	-
AAA	992	6	3,242	1,248	5,487
AA	144	-	144	458	746
A	12	-	51	-	63
BBB	7	-	-	-	7
BB	5	-	-	-	5
Less than or equal to B	3	-	-	7	10
Not rated	-	-	11	502	513
TOTAL	**1,163**	**6**	**3,448**	**2,214**	**6,831**

Exposures at December 31, 2019

CARRYING AMOUNT	RMBS	CMBS	CLO	OTHER ABS	TOTAL
FVPL	487	-	65	506	1,058
Amortized cost	55	-	300	534	889
FV Others	8	-	-	-	8
FVOCI	1,013	662	3,196	1,145	6,016
TOTAL	**1,562**	**662**	3,561	**2,185**	7,971
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
TOTAL	**1,562**	**662**	**3,561**	**2,185**	**7,971**
US Agencies	194	658	-	-	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
TOTAL	**1,562**	**662**	**3,562**	**2,185**	**7,971**

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.

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 ACPR, Crédit Mutuel Group will continue to measure claims on sovereign governments and local authorities using the standardized method over 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.

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.

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

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 in 2018, the retail businesses and partnerships portfolio in 2019 and the banks and large corporate accounts portfolios in 2020.

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.

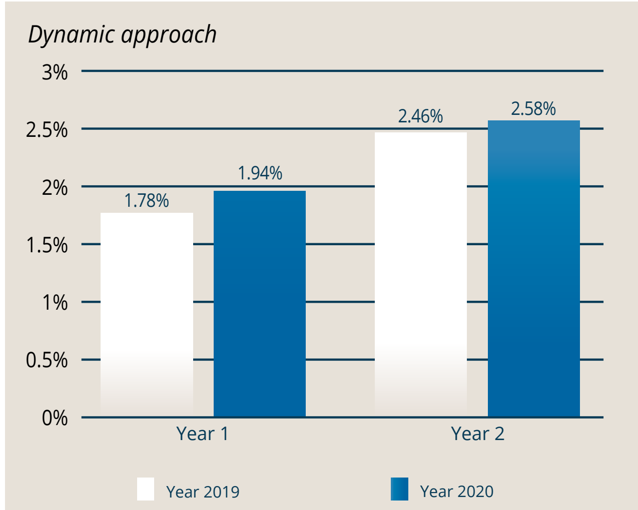
Interest rate risk is analyzed and hedged globally, if appropriate, by entering into so-called macro-hedging transactions. These transactions are accounted for in accordance with IAS 39 as adopted by the European Union, i.e. in accordance with the carved out version. High-value or special-purpose customer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

At the national level

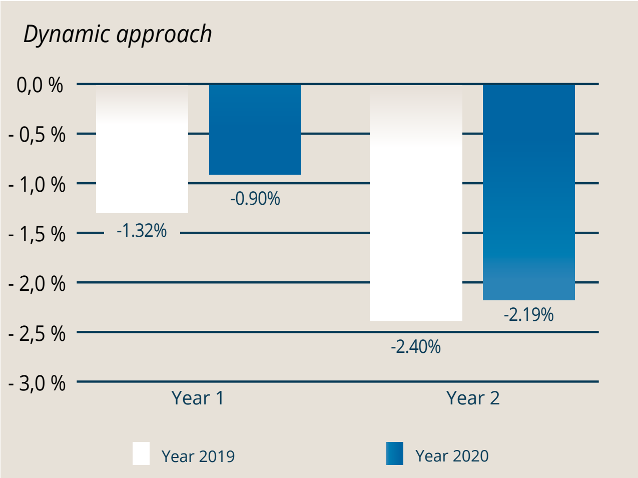
Interest rate risk is measured quarterly using two indicators:
- risk relating to future income, analyzed in terms of the sensitivity of the margin over the short to medium term (one to five years); and
- risk relating to the instant value of the entity, measured as the sensitivity of net present value 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).

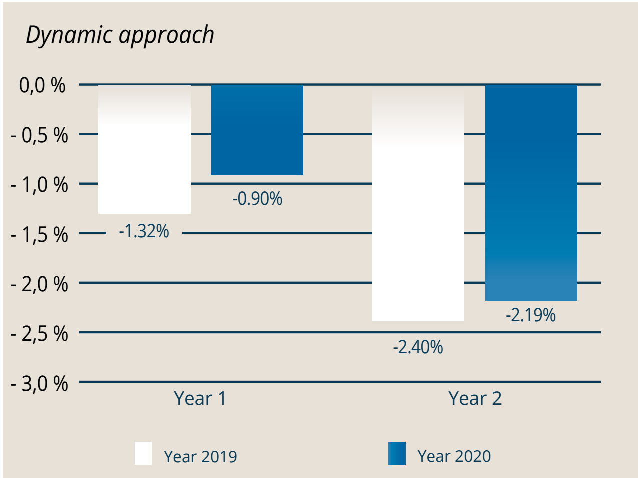
Sensitivity of net banking income to a differentiated rise in interest rates



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



Sensitivity of the economic value of capital



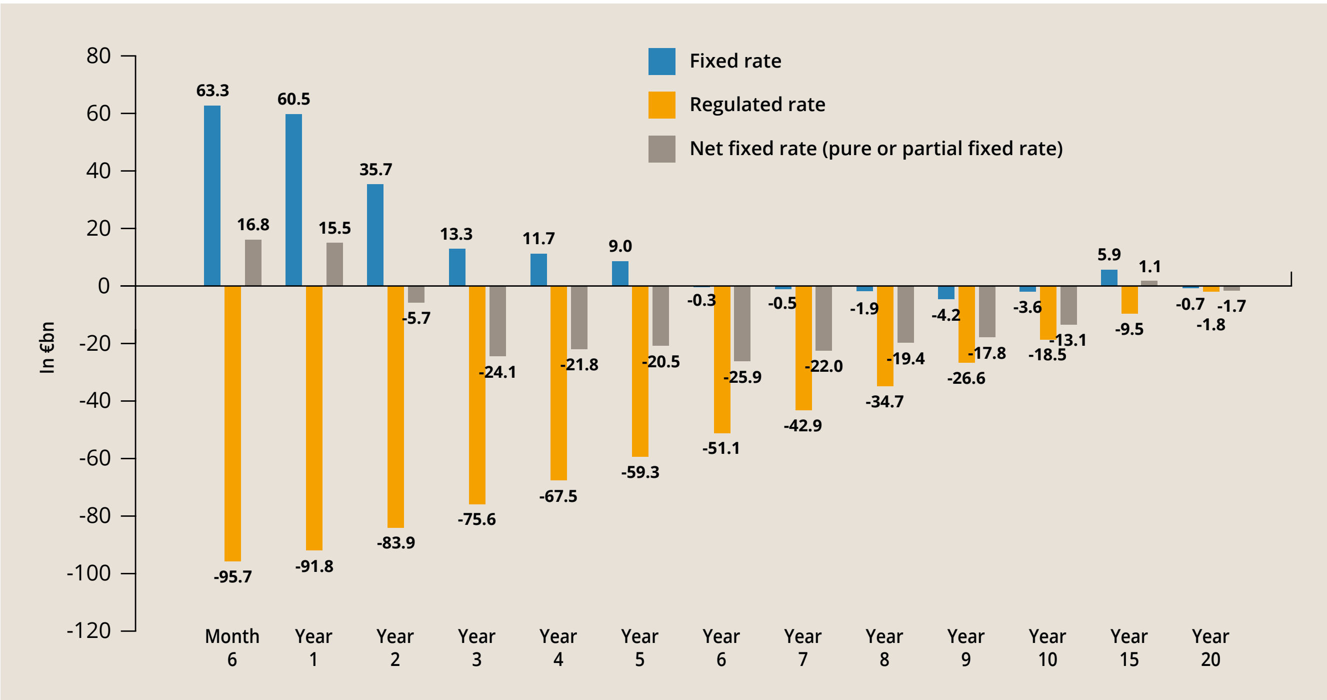
The sensitivity of Crédit Mutuel Group to an increase or decrease in interest rates is moderate. Other scenarios, including stress scenarios, are modeled under the supervision of CNCM.

In accordance with regulatory requirements, 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.

In addition to these indicators, Crédit Mutuel Group monitors, at the national level, static gaps at fixed rates and regulated rates by time horizon for loans at end of period.

Fixed rate - regulated rate gaps

Crédit Mutuel - Static gaps (Assets-Liabilities) in outstandings end of period at 12/31/2020



FINANCIAL INSTRUMENTS SUBJECT TO BENCHMARK REFORM

The table below shows a summary at 12/31/2020 of financial instruments that are expected to transition to a new benchmark rate in the course of benchmark reform. (For more details on the transition, see Group accounting policies).

The data presented is from the management databases after elimination of the Crédit Mutuel Group's internal operations.

IN €M	Financial assets – Carrying amount	Financial liabilities – Carrying amount	Derivatives – Notional amount	Hedging derivatives
Eonia	760	6,160	2,230	1,372
Euribor	44,402	12,707	242,624	186,838
GBP-Libor	941	10	2,934	203
USD-Libor	8,836	748	14,310	3,823

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 172.5% at December 31, 2020, 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 12/31/2020

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	> 5 years	No set maturity	TOTAL
Assets								
Cash in hand and balances with central banks	129,800	-	-	-	-	-	-	129,800
Demand deposits - Credit institutions	3,675	-	-	-	-	-	-	3,675
Held-for-trading financial assets	6,292	1,788	5,011	2,446	3,909	4,437	1,458	25,341
Financial assets at fair value through profit or loss	30	14	68	70	320	309	7,064	7,875
Financial assets at fair value through equity - recyclable	2,928	3,178	5,802	5,611	15,782	13,591	1	46,893
Financial assets at fair value through equity - non-recyclable	-	-	-	-	-	-	1,231	1,231
Securities at amortized cost	390	98	247	1,012	1,171	2,465	112	5,495
Loans and advances (including finance leases)	57,283	18,736	63,194	50,894	124,767	269,477	4,106	588,457
Liabilities								
Central bank deposits	575	-	-	-	-	-	-	575
Financial liabilities held for trading	5,484	3,871	4,885	260	2,177	1,543	9	18,229
Financial liabilities at fair value through profit or loss	2	4	53	-	-	701	-	760
Financial liabilities valued at amortized cost	444,634	35,222	80,540	36,177	93,972	54,809	1,902	747,256

The amounts shown are as reported under IFRS for entities in the prudential scope of consolidation. Maturities are determined as follows:
- *The table shows a breakdown of the amounts as shown in the balance sheet under IFRS.*
- *Maturities are the contractual maturities for repayment of the principal.*
- *Shares are recorded under «no set maturity», as are undated loans and notes.*
- *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". Receivables in litigation are also shown under "No set maturity".*
- *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;
- 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, 2020, 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 172.3%.

Crédit Mutuel Group had total assets of €1.0216 billion at December 31, 2020, broken down by business line as follows:

BREAKDOWN OF BALANCE SHEET 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
12/31/2020	1,226,103	201,438	92,816	35,505	135,245	**1,691,107**	(69,497)	**1,021,610**
Total assets	72.5%	11.9%	5.5%	2.1%	8.0%	**100.0%**		

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.

Since December 31, 2016, control of the conglomerate's intra-group transactions (banking and insurance) has been carried out 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 €2.048 billion at December 31, 2020 (i.e. 5% of the conglomerate's solvency requirements at December 31, 2020, which amounted to €40.968 billion).

OUTLOOK

After a year marked by the health and economic crisis, Crédit Mutuel Group will pursue its development in 2021 by building on its banking and insurance model and by continuing to support all its customers and members.

Its strategy is based on the commercial performance of its retail banking and insurance networks, coupled with the development of its business subsidiaries. It also includes careful management of its costs and close monitoring of its risks at a time of uncertainty and economic crisis, so as to further ensure the group's financial strength.

FINANCIAL STATEMENTS
at December 31, 2020

BALANCE SHEET (ASSETS)

IN € MILLIONS	12/31/2020	12/31/2019	NOTE
Cash and amounts due from central banks	129,800	86,726	1
Financial assets at fair value through profit or loss	30,968	35,185	6a, 6c, 9,10
Hedging derivatives	3,157	3,568	7, 9, 10
Financial assets at fair value through equity	48,127	43,089	4a, 4b, 5, 7.9
Securities at amortized cost	4,193	3,969	2c, 5, 7
Loans and receivables due from credit and similar institutions at amortized cost	60,032	50,585	2a, 5, 7
Loans and receivables due from customers at amortized cost	530,608	490,161	2b, 5, 7
Remeasurement adjustment on interest-rate hedged portfolios	3,523	2,967	
Investments by the insurance activities and reinsurers' share of technical provisions	185,891	187,473	8,9
Current tax assets	1,824	2,107	11a
Deferred tax assets	2,135	1,855	11b
Accruals and other assets	9,768	11,094	12a
Non-current assets classified as held for sale	95	777	12c
Deferred profit-sharing	0	0	
Investments in companies accounted for using the equity method	344	359	13
Investment property	531	493	14
Property, plant and equipment	4,591	4,400	15a
Property, plant and equipment [(1)]	1,222	1,211	15b
Goodwill	4,801	4,897	16
Total assets	**1,021,610**	**930,916**	

(1) The retroactive application of the IFRIC decision resulted in an increase in right-of-use assets and lease obligations of €302M at 1/01/2019 and €259M at 12/31/2019; this increase was not recognized as it did not have a material impact on the Crédit Mutuel group.

BALANCE SHEET - LIABILITIES AND EQUITY

IN € MILLIONS	12/31/2020	12/31/2019	NOTE
Due to central banks	575	715	1
Financial liabilities at fair value through profit or loss	16,742	20,222	6b, 6c, 9,10
Hedging derivatives	3,435	3,469	7, 9, 10
Amounts due to credit and similar institutions at amortized cost	51,777	44,284	3a, 7
Amounts due to customers at amortized cost	522,129	439,636	3b, 7
Debt securities at amortized cost	151,545	147,621	3c, 7
Remeasurement adjustment on interest-rate hedged portfolios	255	281	7
Current tax liabilities	874	1,028	11a
Deferred tax liabilities	1,456	1,489	11b
Accruals and other liabilities	16,289	15,154	12b
Debt related to non-current assets held for sale	94	758	12c
Liabilities related to policies of the insurance activities	179,033	180,810	8
Provisions	4,523	4,207	17
Subordinated debt at amortized cost	10,656	11,542	3d
Total shareholders' equity	**62,227**	**59,700**	
Shareholders' equity - attributable to the group	**62,149**	**59,146**	
Capital and capital reserves	11,121	10,822	18a
Consolidated reserves	46,427	43,023	18a
Gains or losses recognized directly in equity	1,531	1,526	18b, 32, 33
Profit (loss) for the period	3,070	3,775	
Shareholders' equity – Non-controlling interests	**78**	**554**	**18c**
Total liabilities and shareholders' equity	**1,021,610**	**930,916**	

INCOME STATEMENT

IN € MILLIONS	12/31/2020	12/31/2019 published	NOTES
Interest and similar income	15,612	17,046	20
Interest and similar expense	(7,233)	(9,087)	20
Fees and commissions (income)	5,724	5,742	21
Fees and commissions (expense)	(1,331)	(1,394)	21
Net gains on financial instruments at fair value through profit or loss	78	844	22
Net gains/(losses) on financial assets at fair value through equity	41	121	23
Net gains/(losses) resulting from derecognition of financial assets at amortized cost	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	
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	
Net income from insurance activities	3,281	3,580	25
Income from other activities	2,495	2,465	26
Expenses on other activities	(1,134)	(1,260)	26
Net banking income	**17,534**	**18,058**	
General operating expenses	(10,361)	(10,781)	27
Movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets	(919)	(816)	27
Gross operating income	**6,254**	**6,461**	
Net additions to/reversals from provisions for loan losses	(2,635)	(1,200)	28
Operating income	**3,619**	**5,261**	
Share in net profit or loss of companies accounted for using the equity method	(16)	3	13
Gains or losses on other assets	687	319	29
Changes in goodwill	(13)	0	30
Profit/(loss) before tax	**4,277**	**5,583**	
Corporate income tax	(1,167)	(1,742)	31
Gains & losses on discontinued operations, net of tax	**4**	**17**	**12c**
Net profit/(loss)	**3,114**	**3,858**	
Profit/loss - Non-controlling interests	44	83	
Net income (loss) attributable to the group	**3,070**	**3,775**	

STATEMENT OF NET INCOME AND GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY

IN € MILLIONS	12/31/2020	12/31/2019
Net profit/(loss)	**3,114**	**3,858**
Translation adjustments	(109)	35
Remeasurement of financial assets at fair value through equity - debt instruments	3	13
Reclassification of financial assets from fair value through equity to fair value through profit or loss		
Remeasurement of insurance business line investments	167	464
Remeasurement of hedging derivatives	(1)	(1)
Share of unrealized or deferred gains and losses of companies accounted for using the equity method	(3)	4
Total gains that may be recycled subsequently to profit or loss	**57**	**516**
Remeasurement of financial assets at fair value through equity - equity instruments at the reporting date	73	397
Remeasurement of financial assets at fair value through equity - equity instruments sold during the period	(23)	(71)
Difference arising on remeasurement of own credit risk on financial liabilities under the fair value option	(18)	(6
Remeasurement of non-current assets		
Actuarial gains (losses) on defined benefit plans	(70)	(144)
Share of non-recyclable gains or losses of companies accounted for using the equity method	(13)	7
Total gains and losses that may not be recycled subsequently to profit or loss	**(51)**	**183**
Net profit and gains recognized directly in equity	**3,120**	**4,557**
Of which attributable to the group	3,068	4,473
Of which non-controlling interests	52	85

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(€ MILLIONS)	CAPITAL AND CAPITAL RESERVES		CONSOLIDATED RESERVES	UNREALIZED OR DEFERRED GAINS/LOSSES (AFTER TAX)								
						Changes in the value of financial instruments						
	Capital	Capital reserves	Consolidated reserves	Translation differences	Revaluation differences (excluding financial instruments)	Changes in fair value of financial assets at fair value through equity	Difference arising on remeasurement of own credit risk on financial liabilities under the fair value option	Changes in the fair value of derivative hedging instruments	Net profit/(loss) attributable to the group	Shareholders' equity attributable to the group	Shareholders' equity attributable to non-controlling interests	Total consolidated shareholders' equity
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
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
2019 net income									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
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 December 31, 2019	**10,791**	**31**	**43,023**	**26**	**(504)**	**2,019**	**(6)**	**(10)**	**3,775**	**59,145**	**555**	**59,700**
Shareholders' equity at January 1, 2020	**10,791**	**31**	**43,023**	**26**	**(504)**	**2,019**	**(6)**	**(10)**	**3,775**	**59,145**	**555**	**59,700**
Capital increase	299									299		299
Appropriation of income for 2019			3,775						(3,775)	-		-
Dividends paid in 2020 in respect of 2019			(133)							(133)	(4)	(137)
Changes in investments in subsidiaries without loss of control			1							1	(1)	-
Subtotal of movements related to relations with shareholders	**299**	**-**	**3,643**	**-**	**-**	**-**	**-**	**-**	**(3,775)**	**167**	**(5)**	**162**
Changes in gains/(losses) recognized directly in equity			2	(112)	(70)	246		(1)		65	(1)	64
of which transferred to reserves (equity instruments)			2			(23)					-	
Changes in the value of financial instruments and non-current assets reclassified to profit or loss						(25)				(25)	-	(25)
Difference arising on remeasurement of own credit risk on financial liabilities under the fair value option transferred to reserves							(18)			(18)		(18)
2020 net income									3,070	3,070	44	3,114
Subtotal	**-**	**-**	**2**	**(112)**	**(70)**	**221**	**(18)**	**(1)**	**3,070**	**3,092**	**43**	**3,135**
Impact of acquisitions and disposals on non-controlling interests			(210)							(210)	(498)	(708)
Changes in accounting methods			-							-	-	-
Share of changes in the shareholders' equity of associates and joint ventures accounted for using the equity method			39			(13)				26	-	26
Other changes			(70)							(70)	(18)	(88)
Shareholders' equity at December 31, 2020	**11,090**	**31**	**46,427**	**(86)**	**(574)**	**2,227**	**(24)**	**(11)**	**3,070**	**62,150**	**77**	**62,227**

STATEMENT OF CASH FLOWS

(€ MILLIONS)	12/31/2020	12/31/2019
Net profit/(loss)	3,114	3,858
Tax	1,167	1,742
Profit/(loss) before tax	**4,281**	**5,600**
=+/- Net provision for depreciation of property and equipment and intangible assets	912	823
- Impairment of goodwill and other non-current assets	32	(3)
+/- Net charges to provisions and impairment	3,245	5,615
+/- Share of profit/(loss) of companies accounted for using the equity method	(16)	(7)
+/- Net loss/gain from investing activities	(23)	27
+/- (Income)/expenses on financing activities	0	0
+/- Other movements	1,546	8,633
= Total non-monetary items included in net profit/(loss) before tax and other adjustments	**5,696**	**15,088**
+/- Flows related to transactions with credit institutions (a)	(475)	(20,102)
+/- Flows related to transactions with customers (b)	35,892	21,267
+/- Flows related to other transactions affecting financial assets or liabilities (c)	3,253	(10,315)
+/- Cash flows relating to other transactions affecting non-financial assets or liabilities	(4,503)	2,462
- Tax paid	(1,072)	(1,404)
= Net reduction/(increase) in assets and liabilities from operating activities	**33,094**	**(8,093)**
TOTAL NET CASH FLOW GENERATED BY OPERATING ACTIVITIES (A)	**43,071**	**12,595**
+/- Flows related to financial assets and investments (d)	**4,666**	**181**
+/- Flows related to investment property (e)	**(206)**	**(178)**
+/- Flows related to property, plant and equipment and intangible assets (f)	**(1,140)**	**(772)**
TOTAL NET CASH FLOW FROM INVESTMENT ACTIVITIES (B)	**3,320**	**(769)**
+/- Flows from or to shareholders (g)	**144**	**242**
+/- Other net cash flows from financing activities (h)	**(2,283)**	**8,981**
TOTAL NET CASH FLOW FROM FINANCING ACTIVITIES (C)	**(2,139)**	**9,223**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS (D)	**(105)**	**88**
Net increase/(reduction) in cash and cash equivalents (A + B+ C + D)	**44,146**	**21,138**
Net cash flow from operating activities (A)	43,071	12,595
Net cash flow from investment activities (B)	3,320	(769)
Net cash flow from financing activities (C)	(2,139)	9,223
Effect of exchange rate changes on cash and cash equivalents (D)	(105)	88
Cash and cash equivalents at beginning of period	**84,043**	**62,905**
Cash and central banks (assets and liabilities)	86,012	63,674
Accounts (assets and liabilities) with and demand loans/borrowings from credit institutions	(1,969)	(769)
Cash and cash equivalents at end of period	**128,018**	**84,043**
Cash and central banks (assets and liabilities)	129,227	86,012
Accounts (assets and liabilities) with and demand loans/borrowings from credit institutions	(1,209)	(1,969)
CHANGE IN NET CASH AND CASH EQUIVALENTS	**43,975**	**21,138**

(€ MILLIONS)	12/31/2020	12/31/2019
(a) Flows related to transactions with credit institutions break down as follows:		
+/- Inflows and outflows linked to loans and advances to credit institutions (other than items included in cash and cash equivalents), excluding accrued interest	(9,579)	(3,178)
+/- Inflows and outflows linked to amounts due to credit institutions, excluding accrued interest	9,104	(16,924)
(b) Flows related to transactions with customers break down as follows:		
+/- Inflows and outflows linked to loans and advances to customers, excluding accrued interest	(42,271)	(21,443)
+/- Inflows and outflows linked to amounts due to customers, excluding accrued interest	78,173	42,714
(c) Flows related to other transactions affecting financial assets or liabilities break down as follows:		
+/- Inflows and outflows linked to financial assets at fair value through profit or loss	6,721	(20,325)
+/- Inflows and outflows linked to financial liabilities at fair value through profit or loss	(2,790)	16,357
- Outflows related to acquisitions of fixed-income available-for-sale financial assets*	(7,473)	(8,140)
+ 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	6,796	1,792
(d) Flows related to financial assets and investments break down as follows:		
- 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	(44)	(52)
+ Inflows linked to sales of securities of companies accounted for using the equity method	0	11
+ Inflows linked to dividends received	5	7
- Outflows linked to acquisitions of held-to-maturity financial assets	(1,343)	(2,822)
+ Inflows linked to sales of held-to-maturity financial assets	5,996	2,786
- Outflows linked to acquisitions of variable-income available-for-sale financial assets	(72)	(63)
+ Inflows linked to sales of variable-income available-for-sale financial assets	124	314
+/- Other cash flows linked to investment transactions	0	0
+ Inflows linked to interest received, excluding accrued interest not yet due	0	0
(e) Flows related to investment property break down as follows:		
- Outflows linked to acquisitions of investment property	(260)	(212)
+ Inflows linked to sales of investment property	54	33
(f) Flows related to property, plant and equipment and intangible assets break down as follows:		
- Outflows linked to acquisitions of property and equipment and intangible assets	(1,389)	(1,086)
+ Inflows linked to sales of property and equipment and intangible assets	249	314
(g) Cash flows from or to shareholders break down as follows:		
+ Inflows from issuance of shares and similar securities	299	491
+ Inflows from disposals of shares and similar securities	(23	(40)
- Outflows linked to dividends paid	(137	(206)
- Outflows linked to other payments	5	(4)
+ 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
(h) Other net cash flows from financing activities break down as follows:		
+ Inflows linked to issuance of bonds and debt securities	13,432	20,249
- Outflows linked to repayment of bonds and debt securities	(14,214)	(13,113)
+ Inflows linked to issuance of subordinated debt	0	1,849
- Outflows linked to repayment of subordinated debt	(1,501)	(4)
- Outflows linked to interest paid, excluding accrued interest not yet due	0	0

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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[1]. They comply with the international accounting standards adopted by the European Union.

Since January 1, 2020, the group has applied the amendments adopted by the EU and the IFRIC decision presented below:

• 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. Pursuant to this amendment, information is material (i.e. relatively important) if omitting, misstating or obscuring it could reasonably be expected to influence the 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.

• Amendment to IFRS 3
This amendment clarifies the definition of a business. It introduces a two-step analysis approach, which aims to facilitate the distinction between an acquisition of a business and an acquisition of a group of assets (the latter being accounted for according to the standard applicable to it). This amendment would impact the group in the event of the acquisition of control or the acquisition of an interest in a joint operation as of January 1, 2020. The group has not completed any such transactions since January 1, 2020.

• Amendment to IFRS 16 – Covid-19-related rent concessions
This amendment introduces a simplification measure for lessees benefiting from rent concessions in connection with the Covid-19 crisis.

It gives lessees the option not to assess whether a lease modification has occurred if the rent concessions are a direct consequence of the Covid-19 pandemic and the following conditions have been met:
- the amended rent is substantially the same or lower than the rent specified in the original lease;
- the reduction in lease payments applies only to payments due on or before June 30, 2021;
- there are no substantive changes to the other terms and conditions of the lease.

If the lessee opts for this exemption, rent concessions will generally be recognized in the same way as negative variable lease payments. They will be recorded in profit or loss for the period during which the trigger event occurs, with a reduction in the corresponding liability.
Finally, the amendment does not directly impact the measurement of the right-of-use asset of the lease.

The Crédit Mutuel Group is not impacted by these provisions.

For any rent concessions granted as lessor with respect to finance leases, the group applies the provisions of IFRS 9 (see section 3.1.7).

(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

• Interest rate benchmark reform and Phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

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 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 and, for some LIBOR terms (LIBOR USD), possibly until June 30, 2023 (consultation in progress). Eventually, the old benchmark indices (LIBOR, EONIA, EURIBOR, etc.) will cease to be used unless they comply with the new regulation or an exceptional extension is granted.

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 and is ensuring that the risks associated with this transition are covered.

Regarding the accounting aspects, the work carried out by the IASB on the effects of benchmark rate reform on financial information has been divided into two phases:
- 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).

Since January 1, 2019, the group has applied the Phase 1 amendment to IAS 39, IFRS 9 and IFRS 7 published by the IASB, 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.

The group believes that there will continue to be uncertainties regarding the Eonia, Euribor and Libor rates until the European Commission formally designates, based on the recommendations of the US ARRC for Libor or the RFR Group for Eonia and Euribor, replacement indices for contracts that do not have a robust fallback clause. This final position will be formalized by an amendment to the BMR regulation ("BMR Review"), which will be published in 2021. It will establish the permanency of the reformed Euribor and the status of the €STR as the successor to the Eonia.

Following its adoption by the European Union on January 14, 2021, the group decided to apply the Phase 2 amendment to IAS 39, IFRS 9, IFRS 7, IFRS 4 and IFRS 16 early.

This amendment introduces a special accounting treatment for financial assets/liabilities for which IBOR reform results in a change in the basis for determining contractual cash flows and those changes are made on an economically equivalent basis. Under this treatment, the effective interest rate of the modified financial asset or liability is revised prospectively; its carrying amount remains unchanged.

This amendment also provides for flexibility in hedge accounting for changes related to IBOR reform (after replacement indices are defined), including:

- updating the designation of the hedged risk and documentation, with no impact on the continuity of hedging relationships;
- a temporary exception to the "separately identifiable" nature of a hedged risk component not specified contractually. Such a risk component indexed to a replacement rate will be considered separately identifiable if it can reasonably be expected to be identifiable within 24 months from designation, in the context of development of replacement index markets.

Regarding existing contracts, the group has begun work on transitioning to replacement rates by:

- adding fallback clauses to over-the-counter derivative contracts, repurchase agreements and lending-borrowing agreements by adhering to the ISDA protocol (which will become effective on January 25, 2021) or by updating clearing houses' rules books for cleared derivatives. However, these clauses will only be activated in case of trigger events, particularly the permanent cessation of publication of the indices;
- starting in 2021, including a "technical amendment related to events on benchmark indices" in FBF agreements entered into with corporate clients or banking counterparties, thereby ensuring the compliance of unexpired interest rate transactions concluded before February 2020;
- starting in 2021, updating contracts through bilateral negotiations between parties or by updating commercial terms (i.e. change in the benchmark rate through an amendment). The transition to new replacement indices for existing contracts is already planned for the retail banking scope.

Lastly, the group's interest rate risk management strategy was not impacted at the reporting date, as transactions on the new indices represent marginal exposures.

Exposures that do not mature in 2021 and will be subject to the changes related to IBOR reform are presented in the information regarding risk management.

• IFRIC decision of November 26, 2019 on lease terms

This decision concerns the rule that a contract is no longer enforceable when the lessee or the lessor can terminate it without permission from the other party with no more than an insignificant penalty. It clarifies that:

- the notion of penalty is not limited to contractual termination penalties, but includes the economic incentives of the lessee not to terminate the contract. It provides clarification on the link between the lease term and the useful life of material non-removable leasehold improvements.

Work aimed at implementing this decision began in project mode in 2020.
The assumptions for determining the terms of 3/6/9 commercial leases and tacitly extended leases were re-examined to assess the reasonable certainty of the lease continuing beyond its non-cancellable period, based on the characteristics of the assets concerned (bank branches, media division, administrative offices).

The main impact of the IFRIC decision was the capitalization of tacitly extended leases[2]. This resulted in right-of-use assets and lease liabilities of €297 million at December 31, 2020.

The impacts of retroactive application of the IFRIC decision were immaterial at January 1, 2019 and December 31, 2019. The group has therefore not restated comparative amounts for prior periods.

(2) On first-time adoption of IFRS 16 at January 1, 2019, the group considered tacitly extended contracts as benefiting from the short-term lease exemption.

• Amendment to IFRS 4 on extension of the exemption from applying IFRS 9 for all insurance undertakings

This amendment moves the date of temporary exemption from IFRS 9 to January 1, 2023, following deferral of the effective date of IFRS 17.

Health crisis related to Covid-19

The 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 business and corporate customers that may be experiencing difficulties, particularly small and medium-sized companies.

• Government-backed loans (PGE)

The group is participating in the government's economic support program. It offers government-backed loans[3] (PGE) to help its business and corporate customers maintain their cash flow.

This financing is in the form of 12-month bullet loans that include a deferred repayment clause over a period of one to five years. On the date on which the loan is obtained, the interest rate is 0%, plus the cost of the government guarantee of 0.25% to 0.50% (charged to the customer through a fee).

At the end of the first 12 months, the recipient of a PGE loan has the option to set a new loan term (limited to a total of six years) and repayment terms. In accordance with the announcements made by the government on January 14, 2021, borrowers may obtain an "additional one-year deferral" to start repaying the principal.

The Crédit Mutuel Group believes that this deferred repayment measure forms part of the legal framework of the PGE (i.e. adjustment of the contractual repayment schedule, with a first annual repayment period). The "deferral" is not, in itself, an indicator of the borrower's heightened credit risk or probable default (i.e. unlikely to pay).

These loans, which are held to collect cash flows and meet the "basic loan" criterion, are recognized at amortized cost using the interest rate method. On the date of initial recognition, they are recognized at their nominal value, which represents their fair value.

At December 31, 2020, government-backed loans issued by the group totaled €20.6 billion. Loans downgraded to stage 3 are immaterial.

The measurement of expected credit losses on these loans takes into account the effect of the government guarantee (implemented by Bpifrance) of 70% to 90% of the principal and interest due. At December 31, 2020, the impairment amount of these loans was immaterial.

• Loan repayment extension (moratoria)

In the first half of 2020, the Crédit Mutuel Group took broad-based measures to support businesses and individuals.

For example, it offered automatic loan repayment deferrals, mainly to companies, for up to six months[4] (suspension of interest payments and/or deferral of principal repayment), with no additional costs or interest.

All loans subject to moratoria have been repaid, restructured or had their final payment deferred, with interest charged. The group did not record significant cash flow losses on the loans that benefited from these flexibility measures between March and September 2020.

(3) The main characteristics of government-backed loans and the mechanism for activating the guarantee are summarized in Article 2 of the Decree of March 23, 2020 granting the government guarantee to credit institutions and financing companies, and to the lenders mentioned in Article L. 548-1 of the French Monetary and Financial Code.
(4) Ou jusqu'à 12 mois pour les entreprises du secteur touristique.

Outstanding loans subject to moratoria at December 31, 2020 mainly relate to the most recent support measures offered since September 2020 and total €51.1 billion (of which €846 million relates to EBA moratoria).

• Credit risk

The Crédit Mutuel Group considered the publications issued in late March 2020[5] by the IASB and the ESMA. It exercises judgment in recognizing expected credit losses in the special context of the Covid-19 crisis.

In particular, the payment deferrals granted on or before September 30, 2020 as part of the banking mechanism are not automatically an indicator of a significant increase in the credit risk of the financial assets in question or of reclassification as restructured (forborne) assets.

The payment deferrals granted after that date represent individual support measures.
A transfer to stage 2 or 3 or to restructured assets may occur in accordance with the group's rules.

With respect to provisions for performing loans, the Crédit Mutuel Group took into account the unprecedented and brutal effect of the Covid-19 crisis on the macroeconomic environment.

The weighting of the pessimistic scenario was increased in line with the Banque de France's macroeconomic projections[6] to calculate the forward-looking probabilities of default for all portfolios using the internal ratings-based approach. This measure was accompanied by an increase in the pessimistic scenario for individuals and individual business owners.

In addition to its direct impact on the amount of impairment, this increase also resulted in an increase in transfers to stage 2 linked to the higher probabilities of default at the reporting date.
The overall impact at December 31, 2020 is estimated at €343 million.
This provides protection against a future doubling of default rates for professional customers/retail businesses, a 75% rise in default rates for individuals and a more than 50% increase for companies other than large corporates.

Based on the authorities' recommendations, an additional provision was set up in anticipation of the increase in losses in sectors considered the most vulnerable to the health crisis (tourism, gambling, leisure, hotels, restaurants, automotive and aviation excluding manufacturers, clothing, alcoholic beverage establishments, light vehicle rentals, commercial passenger transport, airlines).

This provision adheres to a group methodology defined at the national level which takes into account the impacts related to successive lockdowns. It was calculated based on the probabilities of default at termination, as all performing exposures in vulnerable sectors were transferred to stage 2.
Its impact at December 31, 2020 is estimated at €907 million.

All in all, these impacts represent €1.4 billion, including additional local measures in specific areas.

The group performed a sensitivity test on net additions to/reversals from provisions for loan losses. A 10 point increase for the IRB entities and a five point increase for the entities using the standardized approach would result in an additional provision of €129 million, i.e. 3.5% of expected losses.

Regarding the impacts of the Covid-19 crisis other than those on financial instruments, see Section 3.4.

(5) These are the IASB communication of March 27, 2020 on IFRS 9 and Covid-19, and the ESMA statement on the accounting implications of the Covid-19 outbreak on the calculation of expected credit losses in accordance with IFRS 9 (March 25, 2020).
(6) As its main exposure is in France, the group referred to the Banque de France's monthly publications to define its macroeconomic outlook in addition to those of the OECD.

Targeted longer-term refinancing operations – TLTRO III

Since September 2019, the TLTRO III program has allowed banks to benefit from seven new refinancing tranches, each with a maturity of three years, at an interest rate that varies depending on the period.

The TLTRO III amount that the Crédit Mutuel Group can borrow depends on the percentage of outstanding loans granted to non-financial companies and households at the end of February 2019.

The TLTRO III interest rate is set according to market conditions defined by the ECB and banks may benefit from a lower rate depending on their lending performance.

The rate is equal to the ECB's deposit facility rate ("DFR") if the volume of loans granted between March 1, 2020 and March 31, 2021 is at least stable. If this is not the case, the TLTRO III rate will be between the ECB's main refinancing operations ("MRO") rate and the DFR, subject to a stable or increasing volume of loans granted between April 1, 2019 and March 31, 2021. Otherwise, it will be equal to the MRO rate.

In the context of the health crisis, the ECB has eased the conditions of these refinancing operations twice to support the distribution of loans to households and businesses.

Banks' borrowing capacity has been increased to 50% of eligible outstanding loans (vs. 30% previously) and the period for exercising the repayment option on each operation has been shortened to 12 months[7].

The TLTRO III interest rate was reduced by 50 bp (i.e. additional special interest rate) for the period from June 2020 to June 2021[8].

At December 31, 2020, the Crédit Mutuel Group had borrowed €26.1 billion under TLTRO III refinancing operations. They involved variable-rate financial instruments recognized at amortized cost.

The effective interest rate on these operations is calculated based on the refinancing rate obtained by the Crédit Mutuel Group after it achieves the lending performance threshold set by the ECB for the period from March 1, 2020 to March 31, 2021; it takes into account the spreading of the special interest rate over the term of the operation and the spreading of the 0.50% additional special interest rate over one year.

Information on risk management

They appear in the group's management report.

(7) Decision (EU) 2020/407 (03/17/2020).
(8) Decision (EU) 2020/614 of the European Central Bank of April 30, 2020 amending Decision (EU) 2019/1311 on a third series of targeted longer-term refinancing operations (ECB/2020/25).

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 entityte

At December 31, 2020, 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 Central 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 partnership, which is either a jointly-controlled 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 the net assets in the event of liquidation and other capital 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 Closing 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 corresponds 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. Any reversal of this impairment loss is recognized 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 instruments depend on the business model and the contractual characteristics of the financial 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, in particular those that could alter the timing or amount of 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[9] 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[10] 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 non-discounted contractual cash flows of the financial asset and those of the reference instrument is significant, or may become so, the financial asset cannot be considered 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.

Note that:
- financial assets are considered non-basic and are 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 the instruments are managed 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;

(9) SPPI: Solely Payments of Principal and Interest.
(10) 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.

- 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 estimated life of the financial instrument to obtain the net carrying amount of the financial asset or liability. It takes account of estimated cash flows without taking account of future losses on loans, and includes commissions paid or received when these are treated as interest, as well as directly related transaction costs, and all premiums and discounts.

For securities, the amortized cost takes account of the amortization of premiums and discounts, and of 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.

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*".

Income received or accrued on financial instruments at fair value through profit or loss is 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" to ensure consistency with regulatory reports sent to the ECB as part of the Short-Term Exercise (STE).

In 2019, to better reflect interest income and expense on trading instruments, the group 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".

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 as follows:
- at fair value through profit or loss, or
- at fair value through equity (non-recyclable), irrevocably on initial recognition, where 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 in 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 classified in one of the following two categories:

• Financial liabilities measured 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, TLTRO[11] II and III refinancing lines, 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 investors. 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 schemes, 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).

(11) Targeted Longer-Term Refinancing Operations.

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 Foreign currency transactions

Financial assets and 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 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" 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 carried 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 Determining the 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 embedded derivatives relating to 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

Risks hedged

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 depends on the nature of the risk being hedged.

- A fair value hedge hedges the exposure to changes in the fair value of financial assets or financial liabilities.
- A cash flow hedge is a hedge of the exposure to variability in cash flows relating to financial assets or financial liabilities, firm commitments or forward transactions.
- 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 outs 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. 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 hedged, valuation adjustments are amortized over their remaining life. If the hedged item has been derecognized in the balance sheet, 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 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 a djustment 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 credit losses" approach.
Under this model, impairment provisions are recognized for financial assets for which there is no objective evidence of losses on an individual basis, 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 the lifetime expected credit losses (resulting from the 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.

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 boards 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 implemented the new definition of default based on the two-step approach proposed by the EBA:
- Step 1 – This involved 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 de fault (status 3) with those for prudential default. This revision represented a change in estimates, the non-material impact of which was recognized in profit or loss in 2019.

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/(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 or not the financial instrument is traded in a market considered as active.

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 are 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 Conglomerates Directive may defer the application of IFRS 9 until 2023, as provided by the amendments 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(12). 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. Investment properties are also affected by the reclassification.
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 criteriat

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

(12) 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.

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 of valuation and recognition of income and expenses

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 of valuation and recognition of income and expenses

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 "*Gains or losses recognized directly in equity*", 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. 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.

Long-term investment 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 of valuation and recognition of income and expenses

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, they 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 – lessorr

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 in respect of existing temporary differences 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 the interest income they give rise to is recognized in the income statement. Differences between the actual yield and theoretical interest income generated by these assets 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.
Since such plans do not represent a commitment for the group they are not subject to a provision. The charges are recognized in the period in which the contribution 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 (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 (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. 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. This represents as a minimum the non-cancellable period of the lease and may be extended to take into account any renewal/extension option that the group is reasonably certain to exercise. Based on the operational implementation of the group methodology, all new 3/6/9 commercial leases will be capitalized over a nine-year term by default (with other types of lease being capitalized over their non-cancellable period). The term of any tacitly extended lease will be extended until the end date of the medium-term plan, which is a reasonable period for continuing the lease[13]. By way of exception, extended 3/6/9 leases will be capitalized over a 12-year term, since the group has no economic incentive to continue beyond this period once the lease payments are no longer capped.
- 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.

(13) Of regional groups that carry the leases directly.

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.

• Uncertainty over income tax treatments

In accordance with IFRIC 23, the group assesses the likelihood that the tax authorities will accept or not accept a particular position. It then determines the impacts on taxable income, tax bases, unused tax losses, unused tax credits and taxation rates.
In case of an uncertain tax position, the amounts payable are estimated on the basis of the most likely amount or the expected value using the method that best predicts the amount that will be paid or received.

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 requires the formulation of assumptions in order to effect the necessary measurements, which carries risks and uncertainties concerning these assumptions' future realization, particularly in the context of the Covid-19 pandemic.

The future outcome of such assumptions may be influenced by several factors, in particular:
- the activities of national and international markets,
- 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 (see section 3.1.8 "Measurement of credit risk"),
- provisions,
- impairment of intangible assets and goodwill.

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 other 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.

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 Contractse

IFRS 17 will replace IFRS 4, which allows insurance companies to maintain most of 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, particularly among international operators.

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 for measuring liabilities. The workings of the income statement are changed as a result of amortization of the contractual service margin, which represents the expected results over the duration of the contracts.

Under the amendments to IFRS 17 published by the IASB in June 2020, the application date of IFRS 17, originally scheduled for 2021, was postponed by two years to January 1, 2023. The application of IFRS 9 for insurance entities that have opted for deferral (such as Crédit Mutuel Group) has also been postponed until 2023 through an IASB amendment.

IFRS 17 as published in 2017 and amended in 2020 is currently being adopted by the European authorities.

In late February 2020, the IASB confirmed that the requirements regarding the granularity of provision calculations would be maintained and that contracts would be grouped by underwriting year (annual cohorts). These requirements remain unchanged, despite incompatibility with the principle of mutualization. On September 30, 2020, EFRAG published a favorable draft opinion on the adoption of IFRS 17, except as regards annual cohorts on which a consensus could not be reached.

The group's insurance divisions are continuing to analyze and prepare for the implementation of the provisions of IFRS 17. The group is continuing its internal discussions on financial communication at the conglomerate level based on the IASB's discussions about primary financial statements.

• Amendments to IFRS 3 – Reference to the conceptual framework

This amendment updates the reference to the updated version of the 2018 Conceptual Framework (replacing the reference to its earlier 1989 version).

It adds an exception to prevent inconsistencies with the existing consequences of asset and liability recognition from arising at the time of a business combination.
Under this exception, an acquirer should refer to the definitions provided in IAS 37 - Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 - Levies, rather than those provided in the new Conceptual Framework.

An acquirer should not recognize contingent assets acquired at the time of a business combination.

• Amendments to IAS 37 - Cost of Fulfilling a Contract

This amendment clarifies the notion of "unavoidable costs" used in the definition of an onerous contract.
Unavoidable costs comprise costs that relate directly to the contract. They include both incremental costs and an allocation of other costs directly related to the performance of the contract.
It applies to contracts for which the group has not fulfilled its obligations as of January 1, 2022.

• Amendments to IAS 16 - Proceeds before Intended Use

This amendment prohibits deducting from the cost of an item of property, plant and equipment the net proceeds from selling items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
The proceeds from the sale of such items should be recognized immediately in profit or loss. The cost of these items should be measured in accordance with IAS 2 - Inventories.

• Improvements to IFRS – 2018-2020 cycle

The amendments modify the following standards:
- **IFRS 1 – First-time Adoption of IFRS:** simplifies the application of IFRS 1 by a subsidiary that adopts IFRS after its parent;
- **IFRS 9 – Financial Instruments:** clarifies which fees should be included in the 10% test for determining whether to derecognize a financial liability. Only fees paid or received between the borrower and the lender, including fees paid or received on the other's behalf, should be included.
- **IFRS 16 – Leases:** modifies Illustrative Example 13 in order to remove any confusion regarding the treatment of lease incentives received by the lessor;
- **IAS 41 – Agriculture:** aligns fair value measurement under IAS 41 with that under other IFRS standards.

NOTE 7 - EVENTS AFTER THE REPORTING PERIOD

None.

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	12/31/2020			12/31/2019			Comments
		Percentage		Method	Percentage		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	-	-	NC	100.00	100.00	FC	Merged into Crédit Mutuel Alliance Fédérale
Crédit Mutuel Alliance Fédérale * **								
Bancas	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	35.33	35.33	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)	-	-	NC	100.00	100.00	FC	Cessation of activity
CCLS Leasing Solutions	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	-	-	NC	100.00	100.00	FC	Merger
CIC Lyonnaise de Banque (LB)	France	100.00	100.00	FC	100.00	100.00	FC	
CIC Lyonnaise de Banque Monaco (branch of CIC)	Monaco	100.00	100.00	FC	-	-	NC	Branch included in previous years in CIC Lyonnaise de Banque
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	France	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Caution Habitat	France	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Epargne Salariale	France	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Factoring	France	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Gestion	France	99.99	99.99	FC	99.99	99.99	FC	
Crédit Mutuel Home Loan SFH	France	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Immobilier	France	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Leasing	France	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel 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	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	100.00	100.00	FC	
Crédit Mutuel Real Estate Lease	France	100.00	100.00	FC	100.00	100.00	FC	
Cofidis Belgium	Belgium	100.00	79.99	FC	100.00	70.63	FC	
Cofidis Spain (branch of Cofidis France)	Spain	100.00	79.99	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	12/31/2020			12/31/2019			Comments
		Percentage		Method	Percentage		Method	
		Control	Interest	*	Control	Interest	*	
Cofidis France	France	100.00	79.99	FC	100.00	70.63	FC	
Cofidis Hungary (branch of Cofidis France)	Hungary	100.00	79.99	FC	100.00	70.63	FC	
Cofidis Italy	Italy	100.00	79.99	FC	100.00	70.63	FC	
Cofidis Portugal (branch of Cofidis France)	Portugal	100.00	79.99	FC	100.00	70.63	FC	
Cofidis Czech Republic	Czech Republic	100.00	79.99	FC	100.00	70.63	FC	
Cofidis SA Poland (branch of Cofidis France)	Poland	100.00	79.99	FC	100.00	70.63	FC	
Cofidis SA Slovakia (branch of Cofidis France)	Slovakia	100.00	79.99	FC	100.00	70.63	FC	
Creatis	France	100.00	79.99	FC	100.00	70.63	FC	
Factofrance	France	100.00	100.00	FC	100.00	100.00	FC	
FLOA (formerly Banque du Groupe Casino)	France	50.00	50.00	EM	50.00	50.00	EM	
Gesteurop	France	100.00	100.00	FC	100.00	100.00	FC	
LYF SA	France	43.75	43.75	EM	43.75	43.75	EM	
Margem-Mediação Seguros, Lda	Portugal	100.00	79.99	FC	100.00	70.63	FC	
Monabanq	France	100.00	79.99	FC	100.00	70.63	FC	
Paysurf	France	100.00	100.00	FC	100.00	100.00	FC	
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	100.00	100.00	FC	
Budget Insight	France	100.00	100.00	FC	100.00	100.00	FC	
Caisse de Bretagne de Crédit Mutuel Agricole	France	93.46	93.46	FC	93.30	93.30	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	100.00	100.00	FC	
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	97.85	97.82	FC	97.78	97.75	FC	
Financo	France	100.00	100.00	FC	100.00	100.00	FC	
Finansemble	France	30.44	30.44	EM	30.44	30.44	EM	
GICM	France	100.00	97.82	FC	100.00	97.75	FC	
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	
Leetchi SA	France	100.00	100.00	FC	100.00	100.00	FC	
Linxo Group	France	-	-	NC	29.82	29.82	EM	Sold outside group
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	

** 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	12/31/2020			12/31/2019			Comments
		Percentage		Method	Percentage		Method	
		Control	Interest	*	Control	Interest	*	
Procapital	France/Belgium	99.98	99.97	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	
Vivienne Invesment	France	34.00	34.00	EM	34.40	34.40	EM	
Yomoni	France	34.20	34.20	EM	33.98	33.98	EM	
Younited Credit	France	-	-	NC	22.28	22.28	EM	Deconsolidation
CMNE * **								
Bail Actea	France	100.00	100.00	FC	100.00	100.00	FC	
Bail Actea Immobilier	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	97.25	97.25	FC	
CMNE Grand Paris	France	100.00	100.00	FC	100.00	100.00	FC	
Cumul SCI	France	100.00	100.00	FC	100.00	100.00	FC	
FCT LFP Créances Immobilières	France	-	-	NC	68.11	68.11	FC	Wound up
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 RICHEBE 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	
Transactimmo	France	100.00	100.00	FC	100.00	100.00	FC	
CMO * **								
SCI 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 * **								
Acman	France	100.00	100.00	FC	100.00	100.00	FC	
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	100.00	100.00	FC	
B. Corporate and Investment Banking								
Crédit Mutuel Alliance Fédérale * **								
CIC Capital Canada Inc	Canada	100.00	100.00	FC	-	-	NC	Initial consolidation, already held
CIC Capital Deutschland GmbH	Germany	100.00	100.00	FC	-	-	NC	Initial consolidation, already held
CIC Capital Suisse SA	Switzerland	100.00	100.00	FC	-	-	NC	Initial consolidation, already held
CIC Capital Ventures Quebec	Canada	100.00	100.00	FC	-	-	NC	Initial consolidation, already held
CIC Conseil	France	100.00	100.00	FC	100.00	100.00	FC	
CIC Hong Kong (branch of CIC)	Hong Kong	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	France	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Equity	France	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Equity SCR	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	12/31/2020			12/31/2019			Comments
		Percentage		Method	Percentage		Method	
		Control	Interest	*	Control	Interest	*	
Crédit Mutuel Innovation	France	100.00	100.00	FC	100.00	100.00	FC	
FCT CM-CIC HOME LOANS	France	-	-	NC	100.00	100.00	FC	Wound up
Satellite	France	100.00	100.00	FC	100.00	100.00	FC	
CM Arkéa * **								
Arkéa Capital Investissement	France	100.00	100.00	FC	100.00	100.00	FC	
ARKEA 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	
CMNE * **								
Nord Europe Partenariat	France	99.67	99.67	FC	99.65	99.65	FC	
Siparex XAnge Venture (formerly 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 Belgium (branch of Banque de Luxembourg)	Belgium	100.00	100.00	FC	-	-	NC	Branch included in previous years in Banque de Luxembourg
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	France	100.00	100.00	FC	100.00	100.00	FC	
CM Arkéa * **								
Arkéa Capital	France	100.00	100.00	FC	100.00	100.00	FC	
Federal Finance	France	100.00	100.00	FC	100.00	100.00	FC	
Fédéral Finance Gestion	France	100.00	100.00	FC	100.00	100.00	FC	
Schelcher Prince Gestion	France	100.00	100.00	FC	100.00	100.00	FC	
CMNE * **								
Augur PM Beteiligungs	Germany	100.00	100.00	FC	100.00	100.00	FC	
Groupe Cholet	France	33.73	33.73	EM	33.73	33.73	EM	
Groupe La Française	France	100.00	100.00	FC	100.00	100.00	FC	
Inflection Point by La Française	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	100.00	100.00	FC	
La Française AM Iberia	Spain	100.00	100.00	FC	66.00	66.00	FC	
La Française AM International	Luxembourg	-	-	NC	100.00	100.00	FC	Merger
La Française Global Investments	France	-	-	NC	100.00	100.00	FC	Merger
La Française Real Estate Partners International Korea Limited	South Korea	100.00	100.00	FC	100.00	100.00	FC	
La Française Real Estate Partners International Investments	United Kingdom	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	12/31/2020			12/31/2019			Comments
		Percentage		Method	Percentage		Method	
		Control	Interest	*	Control	Interest	*	
La Française GROUP UK Finance Ltd (formerly La Française Forum Real Estate Partners UK Finance Ltd)	United Kingdom	100.00	100.00	FC	100.00	100.00	FC	
La Française Real Estate Partners International Lux SARL	Luxembourg	91.00	91.00	FC	100.00	100.00	FC	
La Française GROUP UK Ltd (formerly 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 Italian Branch (branch of La Française AM Finance Services) (formerly LFI Italy - branch of La Française AM International)	Italy	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	-	-	NC	56.04	47.57	FC	Deconsolidation
La Française Real Estate Managers	France	100.00	100.00	FC	100.00	100.00	FC	
La Française Real Estate Partners	France	-	-	NC	100.00	100.00	FC	Merger
La Française Real Estate Partners Limited	United Kingdom	100.00	100.00	FC	100.00	100.00	FC	
New Alpha Asset Management	France	48.32	48.32	FC	49.10	49.10	FC	
PU Retail Luxembourg Management Company SARL	Luxembourg	100.00	100.00	FC	100.00	100.00	FC	
Tages Capital LLP	United Kingdom	-	-	NC	19.00	19.00	EM	Sold outside group
Union Générale des Placements	France	-	-	NC	63.33	30.13	FC	Deconsolidation
Veritas institutionnel	Germany	100.00	100.00	FC	100.00	100.00	FC	
Veritas management	Germany	-	-	NC	100.00	100.00	FC	Merger
Veritas Portfolio GmbH & Co. KG	Germany	-	-	NC	100.00	100.00	FC	Wound up
D. Multisecteurs								
Crédit Mutuel Alliance Fédérale * **								
Banque Fédérative du Crédit Mutuel (BFCM)	France	100.00	100.00	FC	100.00	100.00	FC	
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	100.00	100.00	FC	
CIC Grand Cayman (branch of CIC) (1)	Cayman Islands	-	-	NC	100.00	100.00	FC	Merger
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 * **								
ACM 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	
ACM Services	France	100.00	100.00	FC	100.00	100.00	FC	
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	
ASTREE Assurances	Tunisia	30.00	30.00	EM	30.00	30.00	EM	

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	12/31/2020			12/31/2019			Comments
		Percentage		Method	Percentage		Method	
		Control	Interest	*	Control	Interest	*	
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, Compañia de Seguros y Reaseguros, SAU	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	-	-	NC	100.00	100.00	FC	Merger
Partners	Belgium	100.00	100.00	FC	100.00	100.00	FC	
Procourtage	France	100.00	100.00	FC	100.00	100.00	FC	
SCI ACM	France	100.00	100.00	FC	100.00	100.00	FC	
SCI Cotentin	France	64.68	64.68	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	99.77	99.77	FC	
Targopensiones, Entitad Gestor de Fondos de Pensiones, S.A	Spain	100.00	95.22	FC	100.00	95.22	FC	
Targoserguros Mediación, S.A	Spain	90.00	90.00	FC	90.00	90.00	FC	
CM Arkéa * **								
Suravenir	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	-	-	NC	100.00	100.00	FC	Deconsolidation
F. Autres								
Crédit Mutuel Alliance Fédérale * **								
Actimut	France	100.00	100.00	FC	100.00	100.00	FC	
Affiches d'Alsace Lorraine	France	100.00	98.70	FC	100.00	98.67	FC	
Alsacienne de Portage des DNA	France	100.00	98.70	FC	100.00	98.67	FC	
Advice and Service Center	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	79.99	79.99	FC	70.63	70.63	FC	
EBRA Events	France	100.00	100.00	FC	100.00	100.00	FC	
EBRA Medias Alsace	France	100.00	99.03	FC	100.00	99.00	FC	
Ebra Medias Lorraine Franche Comté	France	100.00	99.43	FC	100.00	99.43	FC	
EBRA Services	France	100.00	100.00	FC	100.00	100.00	FC	
EI Telecom	France	-	-	NC	95.00	95.00	FC	Sold outside group
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	
Euro Protection Surveillance	France	99.98	99.98	FC	99.98	99.98	FC	
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	100.00	99.99	FC	
France Régie	France	100.00	98.70	FC	100.00	98.67	FC	
GEIE Synergie	France	100.00	79.99	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	12/31/2020			12/31/2019			Comments
		Percentage		Method	Percentage		Method	
		Control	Interest	*	Control	Interest	*	
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	98.70	98.70	FC	98.67	98.67	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	49.07	49.07	EM	45.45	45.45	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	100.00	100.00	FC	
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'Edition 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	Singapore	100.00	100.00	FC	100.00	100.00	FC	
CM Arkéa * **								
Arkéa Bourse Retail	France	99.99	99.99	FC	99.99	99.99	FC	
Izimmo Holding	France	100.00	100.00	FC	100.00	100.00	FC	
New Port	France	29.89	29.89	EM	29.89	29.89	EM	
SMSPG	France	100.00	100.00	FC	100.00	100.00	FC	
CMNE * **								
2A	France	39.67	39.67	EM	31.15	31.15	EM	
Actéa Environnement	France	100.00	100.00	FC	100.00	100.00	FC	
Financière Nord Europe	France	-	-	NC	100.00	100.00	FC	Merger
Fininmad	France	-	-	NC	100.00	100.00	FC	Merger
Newtown Square	France	100.00	100.00	FC	100.00	100.00	FC	
Nord Europe Participations et Investissements	France	100.00	100.00	FC	100.00	100.00	FC	
Nouvelles Expertises et Talents AM	France	-	-	NC	100.00	100.00	FC	Merger
SCI Centre Gare	France	100.00	100.00	FC	100.00	100.00	FC	
CMMABN * **								
SAS Helloasso	France	89.53	89.53	FC	89.53	89.53	FC	
SAS Volney Habitat	France	100.00	100.00	FC	100.00	100.00	FC	
SCI Volney Chaptal	France	100.00	100.00	FC	100.00	100.00	FC	
SCI Volney Patrimoine	France	100.00	100.00	FC	100.00	100.00	FC	
SCI Volney Sainte Anne	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.*

0b - Locations and activities by country

The Retail Banking, Insurance, Corporate Banking and Asset Management/Private Banking activities in France account for 78% 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 branch banking subsidiaries have been acquired primarily in Belgium, Germany and Spain. Other subsidiaries or branch offices have been started up to support the international expansion of the group's corporate customers.

Country	Net banking income	Profit/(loss) before tax	Current tax	Deferred tax	Other tax	Workforce	Government grants
Germany	1,705	535	(152)	17	(118)	5,914	0
Belgium	488	136	(22)	4	(64)	1,915	0
Canada	9	5	0	0	0	3	0
Spain	428	8	(15)	7	(22)	2,291	0
United States	104	33	(6)	4	(10)	94	0
France	13,827	5,872	(1,166)	219	(2,359)	69,547	0
Hong Kong	8	2	(1)	0	(1)	19	0
Hungary	36	4	(1)	0	(2)	346	0
Italy	67	(7)	1	0	(5)	300	0
Luxembourg	344	119	(20)	2	(31)	1,080	0
Morocco	0	0	0	0	0	0	0
Monaco	5	3	(1)	0	0	10	0
Netherlands	0	0	0	0	0	1	0
Poland	3	(2)	0	0	(1)	75	0
Portugal	190	81	(26)	0	(7)	760	0
Republic of Korea	1	0	0	0	0	2	0
Czech Republic	10	(4)	0	0	(2)	148	0
United Kingdom	51	22	(3)	0	(4)	89	0
Saint Martin (Dutch part)	2	0	0	0	0	5	0
Singapore	83	45	(7)	(1)	(5)	140	0
Slovakia	5	(2)	0	0	(1)	63	0
Switzerland	170	56	(6)	2	(13)	392	0
Tunisia	0	16	0	0	0	0	0
TOTAL	**17,534**	**6,922**	**(1,423)**	**256**	**(2,645)**	**83,194**	**0**

1. NOTES TO THE BALANCE SHEET

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

	12/31/2020	12/31/2019
Cash and amounts due from central banks (assets)		
Central banks	128,077	85,042
of which mandatory reserves	4,498	3,768
Cash	1,723	1,684
Total	**129,800**	**86,726**
Due to central banks (liabilities)	**575**	**715**

NOTE 2 - FINANCIAL ASSETS AT AMORTIZED COST

	12/31/2020	12/31/2019
Loans and receivables due from credit institutions	60,032	50,585
Loans and receivables due from customers	530,608	490,161
Securities at amortized cost	4,193	3,969
Total	**594,833**	**544,715**

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

	12/31/2020	12/31/2019
. Performing loans (S1/S2)	59,661	50,200
Crédit Mutuel network accounts (1)	44,130	36,022
Other current accounts	3,270	3,382
Loans	2,183	2,078
Other receivables	5,994	5,408
Repurchase agreements	4,084	3,310
. Accrued interest	376	390
. Impairment of performing loans (S1/S2)	(5)	(5)
Total	**60,032**	**50,585**

(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

	12/31/2020	12/31/2019
Performing loans (S1/S2)	507,671	467,018
. Commercial loans	13,403	15,490
. Other customer loans and advances	493,493	450,731
- Home loans	270,779	251,742
- Other loans and receivables (1)	221,634	197,926
- Repurchase agreements	1,082	1,063
. Accrued interest	775	797
Gross receivables subject to individual impairment (S3)	14,691	14,422
Gross receivables	**522,362**	**481,440**
Impairment of performing loans (S1/S2)	(3,468)	(2,266)
Other impairment (S3)	(7,771)	(7,857)
Subtotal I	**511,125**	**471,317**
Finance leases (net investment)	19,293	18,588
. Equipment	13,673	13,001
. Real estate	5,620	5,587
Gross receivables subject to individual impairment (S3)	605	612
Impairment of performing loans (S1/S2)	(188)	(135)
Other impairment (S3)	(225)	(221)
Subtotal II	**19,485**	**18,844**
Total	**530,608**	**490,161**
of which subordinated loans	13	14

(1) Includes guarantee deposits paid which represent the payment commitments made to the Single Resolution Fund (€157 million) and Fonds de Garantie des Dépôts (€244 million).

Finance leases with customers

	12/31/2019	Increase	Decrease	Other	12/31/2020
Gross carrying amount	19,200	3,825	(2,806)	(321)	19,898
Impairment of uncollectible lease payments	(356)	(179)	123)	(1)	(413)
Net carrying amount	**18,844**	**3,646**	**(2,683)**	**(322)**	**19,485**

2c - Securities at amortized cost

	12/31/2020	12/31/2019
.Securities	4,366	4,130
- Government securities	2,180	2,214
- Bonds and other debt securities	2,186	1,916
. Listed	997	910
. Unlisted	1,189	1,006
. Accrued interest	16	14
Gross total	**4,382**	**4,144**
of which impaired assets (S3)	211	189
Impairment of performing loans (S1/S2)	(2)	(2)
Other impairment (S3)	(187)	(173)
Net total	**4,193**	**3,969**

NOTE 3 - FINANCIAL LIABILITIES AT AMORTIZED COST

3a - Amounts due to central banks and credit institutions

	12/31/2020	12/31/2019
Due to central banks	**575**	**715**
Due to credit institutions	**51,777**	**44,284**
Other current accounts	3,365	2,673
Loans	14,418	17,956
Other debt	2,981	4,366
Repurchase agreements	30,964	19,266
Accrued interest	49	23

3b - Amounts due to customers at amortized cost

	12/31/2020	12/31/2019
. Regulated savings deposit accounts	204,098	190,221
- Demand	146,983	134,737
- Term	57,115	55,483
. Accrued interest on savings accounts	219	260
Subtotal	**204,317**	**190,479**
. Demand accounts	247,788	184,504
. Term accounts and borrowings	69,618	64,244
. Repurchase agreements	146	55
. Accrued interest	245	290
. Other debt	15	64
. Insurance and reinsurance debts	0	0
Subtotal	**317,812**	**249,157**
TOTAL	**522,129**	**439,636**

3c - Debt securities at amortized cost

	12/31/2020	12/31/2019
Certificates of deposit	212	233
Interbank market securities and negotiable debt securities	66,314	64,800
Bonds	77,994	79,507
Non-preferred senior securities	6,225	2,111
Accrued interest	800	970
TOTAL	**151,545**	**147,621**

3d - Subordinated debt at amortized cost

	12/31/2020	12/31/2019
Subordinated debt	9,253	10,131
Participating loans	30	30
Perpetual subordinated debt	1,236	1,235
Accrued interest	137	146
TOTAL	**10,656**	**11,542**

Principal subordinated debt

In €m	Type	Date Issue	Amount Issue	Amount at year-end	Maturity
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	2014	42	42	2024
Crédit Mutuel Nord Europe	Subordinated, redeemable	2014	175	175	2026
Crédit Mutuel Nord Europe	Subordinated, redeemable	2015	55	55	2025
Crédit Mutuel Nord Europe	Subordinated, redeemable	2015	40	40	2027
Crédit Mutuel Nord Europe	Subordinated, redeemable	2015	50	50	2030
Crédit Mutuel Nord Europe	Subordinated, redeemable	December-16	300	300	July-26
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

	12/31/2020	12/31/2019
. Government securities	16,942	14,862
. Bonds and other debt securities	29,787	27,003
- Listed	26,699	25,486
- Unlisted	3,088	1,517
. Accrued interest	198	204
Gross subtotal debt securities	**46,927**	**42,069**
Of which impaired debt securities (S3)	1	2
Impairment of performing loans (S1/S2)	(25	(24)
Other impairment (S3)	(1	(1)
Net subtotal debt securities	**46,901**	**42,044**
. Loans	0	0
. Accrued interest	0	0
Gross subtotal loans and receivables	**0**	**0**
Impairment of performing loans (S1/S2)	0	0
Other impairment (S3)	0	0
Net subtotal loans and receivables	**0**	**0**
Shares and other equity instruments	105	144
- Listed	85	113
- Unlisted	20	31
Long-term investments	1,120	900
- Investments in associates	513	405
- Other long-term investments	542	433
- Investments in subsidiaries and associates	65	62
- Loaned securities	0	0
- Non-performing current account advances to property investment companies	0	0
Accrued interest	1	1
Subtotal equity instruments	**1,226**	**1,045**
TOTAL	**48,127**	**43,089**
Of which unrealized capital gains or losses recognized in equity	165	264
Of which listed non-consolidated companies	133	108

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.
Disposals of equity instruments totaled €64.2 million during the year. Capital losses recognized in equity amounted to €22.8 million.

4b – List of main non-consolidated investments

		% held	Shareholders' equity	Balance sheet total	Net banking income or revenue	Profit (loss)
Ardian Holding	Non coté	< 20 %	450	1 096	522	164
Banque Marocaine du Commerce Extérieur [(1)]	Coté	< 30 %	27 796	315 749	13 861	2 576
Covivio (ex Foncière des Régions)	Coté	< 10 %	12 358	25 720	889	1 262
Covivio Hôtels (ex Foncière des Murs)	Coté	< 10 %	3 486	6 813	240	392
Desjardins	Non coté	< 30 %	2 646	13 861	5 536	259
Crédit Logement	Non coté	< 10 %	1 566	11 385	211	103
CRH (Caisse de Refinancement de l'Habitat)	Non coté	< 20 %	563	26 290	2	0

(1) in millions of Moroccan dirhams.

The above information, except for percentages held, relates to 2019.

NOTE 5 - GROSS VALUE AND IMPAIRMENT ANALYSIS

5a. Gross values subject to impairment

As a precaution, the Group has chosen to fully transfer healthy exposures to vulnerable sectors to status 2 and thus assess the impairments on the basis of the probabilities of default on completion (see Note 5c).

	12/31/2019	Acquisition/ production	Sale/ repayment	Transfer[2]	Other[1]	12/31/2020
Financial assets at amortized cost - loans and receivables credit institutions subject to	50,590	126,261	(116,814)	0	0	60,037
- 12-month expected losses (S1)	50,585	126,170	(116,719)	0	0	60,036
- expected losses at termination (S2)	5	91	(95)	0	0	1
Financial assets at amortized cost - loans and receivables to customers subject to[1]	500,639	217,485	(175,242)	0	(619)	542,263
- 12-month expected losses (S1)	458,668	211,431	(167,353)	(9,687)	(379)	492,680
- expected losses at termination (S2)	26,937	5,785	(5,878)	7,683	(238)	34,289
- expected losses on impaired assets (S3) at end of period but not impaired at origination	14,829	238	(1,972)	2,004	(2)	15,097
- expected losses on impaired assets (S3) at end of period and at origination	205	31	(39)	0	0	197
Financial assets at amortized cost - securities	4,144	3,590	(3,352)	0	0	4,382
- subject to 12-month expected losses (S1)	3,928	3,499	(3,273)	0	0	4,154
- subject to expected losses at termination (S2)	27	0	(10)	0	0	17
- expected losses on impaired assets (S3) at end of period but not impaired at origination	189	91	(69)	0	0	211
- expected losses on impaired assets (S3) at end of period and at origination	0	0	0	0	0	0
Financial assets at fair value through equity - debt securities	42,068	12,365	(7,506)	0	0	46,927
- 12-month expected losses (S1)	41,928	12,357	(7,398)	(60)	0	46,827
- expected losses at termination (S2)	138	8	(107)	60	0	99
- expected losses on impaired assets (S3) at end of period but not impaired at origination	2	0	(1)	0	0	1
Financial assets at fair value through equity - loans	0	0	0	0	0	0
Total	597,441	359,701	(302,914)	0	(619)	653,609

(1) includes modification of cash flows not resulting in derecognition.
(2) including transfer between buckets.

5b. Impairment analysis

	12/31/2019	Addition	Reversal	Other	12/31/2020
Financial assets at amortized cost - loans and receivables credit institutions	(5)	(2)	2	0	(5)
Financial assets at amortized cost - loans and receivables due from customers	(10,429)	(3,974)	2,839	(90)	(11,655)
Financial assets at amortized cost - securities	(176)	(131)	100	18	(189)
Financial assets at fair value through equity - debt securities	(25)	(14)	13	0	(26)
Total	**(10,635)**	**(4,121)**	**2,954**	**(72)**	**(11,875)**

IFRS 9	12/31/2019	Addition[1]	Reversal[1]	Other	12/31/2020
Loans and receivables - Credit institutions	**(5)**	**(2)**	**2**	**0**	**(5)**
- 12-month expected losses (S1)	(5)	(2)	2	0	(5)
Loans and receivables due from customers	**(10,429)**	**(3,974)**	**2,839**	**(90)**	**(11,655)**
- 12-month expected losses (S1)	(1,138)	(688)	388	38	(1,400)
- expected losses at termination (S2)	(1,246)	(1,573)	597	(34)	(2,257)
- expected losses on impaired assets (S3) at end of period but not impaired on initial recognition	(7,905)	(1,707)	1,829	(108)	(7,891)
- expected losses on impaired assets (S3) at end of period and at origination	(140)	(6)	25	14	(107)
Financial assets at amortized cost - securities	**(176)**	**(131)**	**100**	**18**	**(189)**
- 12-month expected losses (S1)	(2)	(4)	5	(1)	(2)
- expected losses at termination (S2)	(1)	0	1	0	0
- expected losses on impaired assets (S3) at end of period but not impaired on initial recognition	(173)	(127)	94	19	(187)
Financial assets at fair value through equity - debt securities	**(25**	**(14)**	**13**	**0**	**(26)**
- 12-month expected losses (S1)	(22)	(11)	11	0	(22)
- expected losses at termination (S2)	(2)	(3)	2	0	(3)
- expected losses on impaired assets (S3) at end of period but not impaired on initial recognition	(1)	0	0	0	(1)
Financial assets at fair value through equity - loans	**0**	**0**	**0**	**0**	**0**
Total	(10,635)	(4,121)	2,954	(72)	(11,875)

(1) including transfer between buckets.
(2) including transfer between buckets.

	12/31/2018	Charges	Write-backs	Other	12/31/2019
Financial assets at amortized cost - loans and receivables credit institutions	(5)	(3)	3	0	(5)
Financial assets at amortized cost - loans and receivables due from customers	(10,114)	(3,126)	2,849	(87)	(10,478)
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)
Total	(10,357)	(3,148)	2,863	(43)	(10,684)

IFRS 9	12/31/2018	Charges (1)	Write-backs (1)	Other	12/31/2019
Loans and receivables - Credit institutions	**(5)**	**(3)**	**3**	**0**	**(5)**
- 12-month expected losses (S1)	(5)	(3)	4	0	(5)
Loans and receivables due from customers	**(10,114)**	**(3,126)**	**2,849**	**(87)**	**(10,478)**
- 12-month expected losses (S1)	(1,024)	(397)	301	(18)	(1,138)
- expected losses at termination (S2)	(1,240)	(630)	580	1	(1,289)
- 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)
Financial assets at amortized cost - securities	**(218)**	**(5)**	**2**	**44**	**(176)**
- 12-month expected losses (S1)	(1)	(2)	1	0	(2)
- expected losses at termination (S2)	0	0	0	0	(1)
- expected losses on impaired assets (S3) at end of period but not impaired on initial recognition	(217)	(2)	1	45	(173)
Financial assets at fair value through equity - debt securities	**(20)**	**(14)**	**9**	**0**	**(25)**
- 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)
Financial assets at fair value through equity - loans	**0**	**0**	**0**	**0**	**0**
Total	(10,357)	(3,148)	2,863	(43)	(10,684)

(1) including transfer between buckets.

5c. Concentration of credit risk in sensitive sectors

	Gross receivables***			Impairment			Net receivables
	S1	S2	S3	S1	S2	S3	
Business sector							
Specialized distribution	27	1,588	189	0	(60)	(75)	1,613
Hotels, restaurants	76	5,157	399	0	(487)	(161)	4,833
Automobile industry	68	2,047	113	2	(71)	(42)	2,049
Vehicle rental	52	2,079	78	0	(44)	(18)	2,139
Tourism, gambling, leisure*	44	1,657	142	0	(110)	(100)	1,599
Industrial transport	18	659	32	0	(8)	(9)	689
Airlines	1	389	19	0	(37)	(3)	366
Aviation industry**	19	457	28	0	(8)	(9)	484
TOTAL	304	14,033	1,001	3	(826)	(418)	13,773

**Including "tourism sector protocol" not covered at June 30, 2020. **Subcontractors. ***EAD net of guarantees on PGE government-guaranteed loans.*

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

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

	12/31/2020				12/31/2019			
	Trading	Fair value option	Other FVPL	Total	Trading	Fair value option	Other FVPL	Total
Securities	**11,316**	**547**	**7,319**	**19,182**	**11,376**	**800**	**7,145**	**19,321**
- Government securities	408	12	0	420	941	323	15	1,279
- Bonds and other debt securities	9,418	535	1,993	11,947	9,788	477	1,836	12,101
. Listed	*9,418*	*136*	*399*	*9,954*	*9,788*	*137*	*409*	*10,334*
. Unlisted	*0*	*399*	*1,594*	*1,993*	*0*	*340*	*1,427*	*1,767*
of which collective investment undertakings	*0*		*1,587*	*1,587*	*1*		*1,414*	*1,415*
- Shares and other equity instruments	1,489		4,089	5,578	647		4,135	4,782
. Listed	*1,489*		*1,002*	*2,491*	*647*		*1,221*	*1,868*
. Unlisted	*0*		*3,087*	*3,087*	*0*		*2,914*	*2,914*
- Long-term investments			1,236	1,236			1,159	1,159
. Investments in associates			*436*	*436*			*419*	*419*
. Other long-term investments			*409*	*409*			*369*	*369*
. Investments in associates			*361*	*361*			*341*	*341*
. Other long-term investments			*30*	*30*			*30*	*30*
Derivative instruments	**3,519**			**3,519**	**3,691**			**3,691**
Loans and receivables	**8,249**	**9**	**10**	**8,268**	**12,163**	**9**	**1**	**12,173**
of which repurchase agreements	*8,249*	*0*		*8,249*	*12,163*	*0*		*12,163*
TOTAL	23,083	556	7,328	30,968	27,230	809	7,146	35,185

The maximum exposure to credit risk on assets classified at fair value through profit or loss amounted to €562 billion during the period.

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

	12/31/2020	12/31/2019
Financial liabilities held for trading	16,027	19,536
Financial liabilities at fair value through profit or loss	715	686
TOTAL	16,742	20,222

Financial liabilities held for trading

	12/31/2020	12/31/2019
Short sales of securities	1,077	979
- Bonds and other debt securities	242	357
- Shares and other equity instruments	835	622
Liabilities representing securities delivered under repurchase agreements	11,447	15,085
Trading derivatives	3,470	3,467
Other financial liabilities held for trading	33	5
TOTAL	16,027	19,536

Financial liabilities at fair value through profit or loss

	12/31/2020			12/31/2019		
	Carrying amount	Amount due at maturity	Difference	Carrying amount	Amount due at maturity	Difference
. Securities issued	710	700	10	679	669	10
. . Interbank debt	0	0	0	2	2	0
. Due to customers	5	5	0	5	5	0
Total	715	705	10	686	676	10

6c - Analysis of trading derivatives

Trading derivatives	12/31/2020					12/31/2019		
	Notional	Assets	Liabilities	Notional after correction	Correction	Notional	Assets	Liabilities
Interest rate instruments	**180,012**	**2,566**	**2,432**	**210,285**	**-93,717**	**304,002**	**2,406**	**2,211**
Swaps	110,349	2,315	2,106	119,271	-50,312	169,583	2,250	1,952
Other firm contracts	36,113	0	0	54,003	-43,405	97,408	2	1
Options and conditional instruments	33,550	251	326	37,011		37,011	154	258
Foreign exchange instruments	**140,226**	**761**	**689**	**124,159**		**124,159**	**1,030**	**848**
Swaps	96,676	64	59	88,135		88,135	40	38
Other firm contracts(1)	12,165	582	513	10,688		10,688	915	741
Options and conditional instruments	31,385	115	117	25,336		25,336	75	71
Other than interest rate and currency instruments	**19,429**	**191**	**350**	**27,007**		**27,007**	**255**	**408**
Swaps	7,972	78	134	11,057		11,057	112	171
Other firm contracts	6,731	64	153	11,014		11,014	12	101
Options and conditional instruments	4,726	49	63	4,936		4,936	131	136
Total	**339,667**	**3,518**	**3,471**	**361,451**	**-93,717**	**455,168**	**3,691**	**3,467**

(1) As of December 31, 2020, it was decided to publish only the notional amount of the paying leg of interest rate swaps cleared through a clearinghouse. December 31, 2019 was corrected by restating the receiving leg.

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.

NOTE 7 - HEDGING

7a - Hedging derivative instruments

Hedging derivatives	12/31/2020					12/31/2019		
	Notional	Assets	Liabilities	Notional after correction	Correction	Notional	Assets	Liabilities
Instruments dérivés de couverture								
Fair value hedges	225,768	3,157	3,418	217,428	(106,933)	324,361	3,568	3,444
Swaps	104,007	3,159	3,408	106,335		106,335	3,572	3,437
Other firm contracts(1)	120,277	0	0	108,963	(106,933)	215,896	0	0
Options and conditional instruments	1,484	(2)	10	2,130		2,130	(4)	7
Cash flow hedges	456	0	17	746		746	0	25
Swaps	456	0	17	746		746	0	25
Total	**226,224**	**3,157**	**3,435**	**218,174**	**(106,933)**	**325,107**	**3,568**	**3,469**

(1) As of December 31, 2020, it was decided to publish only the notional amount of the paying leg of interest rate swaps cleared through a clearinghouse. December 31, 2019 was corrected by restating the receiving leg..

Overall hedge ineffectiveness recognized in profit or loss amounted to a loss of €15 million reported under "Net gains on financial instruments at fair value through profit or loss" (see Note 22).

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	12/31/2020
Hedging derivatives					
Fair value hedges	14,509	83,813	55,838	71,607	225,768
Swaps	10,317	53,295	9,308	31,087	104,007
Other firm contracts	3,976	30,063	46,046	40,192	120,277
Options and conditional instruments	216	455	484	328	1,484
Cash flow hedges	0	156	0	300	456
Swaps	0	156	0	300	456
Total	**14,509**	**83,969**	**55,838**	**71,907**	**226,224**

	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	12/31/2019
Hedging derivatives					
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
Total	**10,229**	**32,055**	**151,736**	**131,087**	**325,107**

7b - Remeasurement adjustment on interest-rate hedged portfolios

	12/31/2020	12/31/2019	Change
Fair value of interest rate risk by portfolio			
of financial assets	3,523	2,967	18.74%
in financial liabilities	255	281	(9.25%)

7c - Hedged items under fair value hedges

Hedged assets

	12/31/2020				12/31/2019			
	Carrying amount	Of which remeasurement relating 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 relating 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	272	0	0	0	282	0	0	0
Loans and receivables due from customers at amortized cost	150,087	2,442	27	0	129,839	2,078	17	0
Securities at amortized cost	2,629	122	17	0	1,972	105	37	0
Financial assets at fair value through equity	25,904	1,036	52	0	23,792	960	38	0
Total	178,892	3,600	96	0	155,885	3,143	92	0

Hedged liabilities

	12/31/2020				12/31/2019			
	Carrying amount	Of which remeasurement relating 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 relating 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	75,014	2,428	145	0	70,753	2,010	111	0
Due to credit institutions	21,083	929	1	0	14,909	930	2	0
Due to customers	50,756	26	1	0	45,382	28	4	0
Total	**146,853**	**3,383**	**147**	**0**	**131,044**	**2,968**	**117**	**0**

Overall hedge ineffectiveness recognized in profit or loss amounted to a loss of €15 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

	12/31/2020	12/31/2019	Change
Financial assets			
Fair value through profit or loss	55,472	57,118	(2.9%)
- Fair value option - debt securities	11,253	11,849	(5.0%)
- Fair value option - equity instruments	44,219	45,269	(2.3%)
Available-for-sale (1)	112,183	109,835	2.1%
- Government and equivalent securities	25,127	27,141	(7.4%)
- Bonds and other debt securities	67,630	64,511	4.8%
- Shares and other equity instruments	17,210	16,061	7.2%
- Investments in subsidiaries and associates and other long-term investments	2,216	2,122	4.4%
Loans and receivables	6,307	6,364	(0.9%)
Held-to-maturity	7,578	9,063	(16.4%)
Subtotal financial assets	**181,540**	**182,380**	**(0.5%)**
Investment property	**3,064**	**3,854**	**(20.5%)**
Reinsurers' share of technical reserves and other assets	**1,287**	**1,239**	**(96.1%)**
Total	**185,891**	**187,473**	**(0.8%)**

The fair value of property recognized at amortized cost was €4.322 billion at 12/31/2020.

8b - Liabilities related to policies of the insurance activities

	12/31/2020	12/31/2019	Variation
Insurance technical reserves			
Life	132,231	133,217	(0.7%
Non-life	5,506	4,915	12.0%
Unit-linked	30,541	27,075	12.8%
Other	478	480	(0.4%
TOTAL	**168,756**	**165,687**	**1.9%**
Of which: Deferred profit-sharing - liability	20,943	20,909	0.2%
Deferred profit-sharing - asset	571	541	5.5%
Reinsurers' share of technical reserves	168,185	165,146	1.8%
NET TECHNICAL PROVISIONS	**165,146**	**151,781**	**8.8%**
Financial liabilities			
Fair value through profit or loss	**7,209**	**7,421**	**(2.9%)**
- Trading	106	115	(7.8%)
- Fair value option	7,103	7,306	(2.8%)
Due to credit institutions	611	1,178	(48.1%)
Subordinated debt	150	150	0.0%
Subtotal	**7,970**	**8,749**	**(8.9%)**
Other liabilities	**2,307**	**6,374**	**(63.8%)**
Total financial liabilities	**10,277**	**15,123**	**(32.0%)**
Total liabilities related to policies of the insurance activities	**179,033**	**180,810**	**(1.0%)**

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

12/31/2020	Level 1	Level 2	Level 3	Total
Fair value through equity	38,149	8,091	1,888	48,128
- Government and equivalent securities	16,899	126	0	17,025
- Bonds and other debt securities	20,825	7,957	1,094	29,876
- Shares and other equity instruments	85	8	13	106
- Investments in subsidiaries and other long-term investments	340	0	716	1,056
- Investments in subsidiaries and associates	0	0	65	65
Trading / Fair value option / Other	9,608	15,181	6,179	30,968
- Government and equivalent securities - Trading	227	181	0	408
- Government and equivalent securities - Fair value option	12	0	0	12
- Government and equivalent securities - Other FVPL	0	0	0	0
- Bonds and other debt securities - Trading	6,380	2,714	325	9,419
- Bonds and other debt securities - Fair value option	64	0	471	535
- Bonds and other debt securities - Other FVPL	397	1,281	316	1,994
- Shares and other equity instruments - Trading	1,489	0	0	1,489
- Shares and other equity instruments - Other FVPL	997	0	3,092	4,089
- Investments in subsidiaries and other long-term investments - Other FVPL	8	0	837	845
- Investments in subsidiaries and associates - Other FVPL	0	0	390	390
- Loans and receivables due from credit institutions - Fair value option	0	0	0	0
- Loans and receivables due from credit institutions - Other FVPL	0	0	0	0
- Loans and receivables due from customers - Fair value option	0	9	0	9
- Loans and receivables due from customers - Other FVPL	0	10	0	10
- Loans and receivables due from customers - Trading	0	8,249	0	8,249
- Derivatives and other financial assets - Trading	34	2,737	748	3,519
Hedging derivatives	0	3,157	0	3,157
Total	**47,757**	**26,429**	**8,067**	**82,253**
IAS 39 financial assets - Investments by the insurance activities				
Fair value through profit or loss	34,504	16,744	4,224	55,472
- Trading	0	0	0	0
- Fair value option - debt securities	1,406	8,598	1,249	11,253
- Fair value option - equity instruments	33,098	8,146	2,975	44,219
Hedging derivatives	0	0	0	0
Available-for-sale assets	102,359	6,294	3,529	112,182
- Government and equivalent securities	25,037	90	0	25,127
- Bonds and other debt securities	63,823	1,784	2,023	67,630
- Shares and other equity instruments	12,695	4,411	104	17,210
- Investments in subsidiaries and associates and other long-term investments	804	9	1,402	2,215
Total	**136,863**	**23,038**	**7,753**	**167,654**

12/31/2020	Level 1	Level 2	Level 3	Total
Financial liabilities - IFRS 9				
Trading / Fair value option	1,150	14,950	641	16,741
- Due to credit institutions - Fair value option	0	0	0	0
- Due to customers - Fair value option	0	5	0	5
- Debt securities - Fair value option	0	710	0	710
- Subordinated debt - Fair value option	0	0	0	0
- Derivatives and other financial liabilities - Trading	1,150	2,788	641	4,579
- Liabilities - Trading	0	11,447	0	11,447
Hedging derivatives	0	3,408	27	3,435
Total	**1,150**	**18,358**	**668**	**20,176**
Financial liabilities related to policies of the insurance activities IAS 39				
Fair value through profit or loss	0	7,209	0	7,209
- Trading	0	106	0	106
- Fair value option	0	7,103	0	7,103
Hedging derivatives	0	0	0	0
Total	**0**	**7,209**	**0**	**7,209**

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

12/31/2020	Opening balance	Purchases	ISSUES	Sales	Repayments	Transfers	Gains and losses to P&L	Gains and losses to equity	Other movements	Closing balance
Financial assets - IFRS 9										
- Shares and other equity instruments - Other FVPL	2 906	830	0	(807)	(6)	(134)	107	0	196	3 092

12/31/2019	Level 1	Level 2	Level 3	Total
Financial assets - IFRS 9				
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
- Loans and receivables due from credit institutions - Fair value through equity	0	0	0	0
- Loans and receivables due from credit institutions - Fair value through equity	0	0	0	0
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
Total	**48,253**	**26,473**	**7,116**	**81,842**
IAS 39 financial assets				
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
Investments by the insurance activities (available-for-sale)	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
Total	**136,802**	**21,299**	**8,842**	**166,953**

12/31/2019	Level 1	Level 2	Level 3	Total
Financial liabilities - IFRS 9				
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
Total	**125**	**23,053**	**483**	**23,691**
Financial liabilities related to policies of the insurance activities IAS 39				
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
Total	**1**	**7,420**	**0**	**7,421**

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

12/31/2020	Opening balance	Purchases	ISSUES	Sales	Repayments	Transfers	Gains and losses to P&L	Gains and losses to equity	Other movements	Closing balance
Financial assets - IFRS 9										
- 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

12/31/2020	Gross value of financial assets	Gross value of financial liabilities netted in balance sheet	Net amounts shown on balance sheet	AMOUNTS LINKED BUT NOT NETTED IN BALANCE SHEET: Impact of master netting agreements	Financial instruments received as guarantee	Cash collateral received	Net amount
Financial assets							
Derivatives	11,013	(4,338)	6,675	(2,102)	0	(1,559)	3,014
Repurchase agreements	19,226	0	19,226	0	(18,921)	(180)	125
Total	**30,239**	**(4,338)**	**25,901**	**(2,102)**	**(18,921)**	**(1,739)**	**3,139**

12/31/2020	Gross value of financial liabilities	Gross value of financial assets netted in balance sheet	Net amounts shown on balance sheet	AMOUNTS LINKED BUT NOT NETTED IN BALANCE SHEET: Impact of master netting agreements	Financial instruments given as guarantee	Cash collateral paid	Net amount
Financial liabilities							
Derivatives	11,349	(4,338)	7,011	(2,094)	0	(4,185)	733
Repurchase agreements	50,104	0	50,104	0	(49,968)	(128)	8
Total	**61,453**	**(4,338)**	**57,115**	**(2,094)**	**(49,968)**	**(4,313)**	**741**

12/31/2019	Gross value of financial assets	Gross value of financial liabilities netted in balance sheet	Net amounts shown on balance sheet	AMOUNTS LINKED BUT NOT NETTED IN BALANCE SHEET: Impact of master netting agreements	Financial instruments received as guarantee	Cash collateral received	Net amount
Financial assets							
Derivatives	10,742	(3,483)	7,259	(2,356)	0	(2,944)	1,959
Repurchase agreements	22,155	0	22,155	(206)	(21,671)	(155)	123
Total	**32,897**	**(3,483)**	**29,414**	**(2,562)**	**(21,671)**	**(3,099)**	**2,082**

12/31/2019	Gross value of financial liabilities	Gross value of financial assets netted in balance sheet	Net amounts shown on balance sheet	AMOUNTS LINKED BUT NOT NETTED IN BALANCE SHEET: Impact of master netting agreements	Financial instruments given as guarantee	Cash collateral paid	Net amount
Financial liabilities							
Derivatives	10,534	(3,483)	7,051	(2,357)	0	(3,074)	1,621
Repurchase agreements	42,735	0	42,735	(206)	(42,340)	(150)	39
Total	**53,269**	**(3,483)**	**49,786**	**(2,562)**	**(42,340)**	**(3,223)**	**1,660**

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 clearinghouse.
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

	12/31/2020	12/31/2019
Assets (through profit or loss)	1,824	2,107
Liabilities (through profit or loss)	874	1,028

11b - Deferred taxes

	12/31/2020	12/31/2019
Assets (through profit or loss)	1,739	1,499
Assets (through equity)	396	356
Liabilities (through profit or loss)	667	704
Liabilities (through equity)	789	785

Breakdown of deferred taxes by main category

	12/31/2020		12/31/2019	
	Assets	Liabilities	Assets	Liabilities
. Tax losses carried forward	31	0	9	0
. Temporary differences	2,461	1,814	2,331	1,974
- Remeasurement of financial instruments (excluding insurance)	634	943	663	1,066
- Insurance business line	77	154	57	181
- Provisions	1,316	(3)	1,048	0
- Hidden finance leasing reserve	0	380	0	421
- Earnings of tax-transparent entities	0	0	0	0
- Other temporary differences	434	339	563	306
. Netting	(358)	(358)	(485)	(485)
Total deferred tax assets and liabilities	**2,135**	**1,456**	**1,855**	**1,489**

Deferred taxes are calculated using the liability method.

NOTE 12 - ACCRUALS AND OTHER ASSETS AND LIABILITIES

12a - Prepayments, accrued income and other assets

	12/31/2020	12/31/2019
Prepayments and accrued income		
Securities collection accounts	326	624
Currency adjustment accounts	67	392
Accrued income	795	701
Misc. accruals	3,805	4,427
Subtotal	**4,993**	**6,144**
Other assets		
Securities settlement accounts	124	184
Miscellaneous debtors	4,580	4,658
Inventories and similar	31	55
Other	40	53
Subtotal	**4,775**	**4,950**
Total	**9,768**	**11,094**

12b - Accrued charges, deferred income and other liabilities

	12/31/2020	12/31/2019
Accrued charges and deferred income		
Blocked accounts on collection transactions	416	441
Currency adjustment accounts	978	144
Accrued expenses	1,924	1,904
Deferred income	1,704	1,891
Misc. accruals	5,797	6,379
Subtotal	**10,819**	**10,759**
Other liabilities		
Lease obligations - Property (1)	1,107	852
Lease obligations - Other	16	30
Securities settlement accounts	1,507	787
Outstanding amounts payable on securities	386	223
Miscellaneous creditors	2,454	2,503
Subtotal	**5,470**	**4,395**
Total	**16,289**	**15,154**

(1) The additional lease liabilities recognized following the application of the IFRIC decision of November 26, 2019 amounted to €227 million at 12/31/2020. This IFRIC decision defines the determination of the enforceable duration of a rental contract and the depreciation period of irremovable fixtures. Its retroactive application would have generated an increase in rights of use of 302 million euros on 1/01/2019 and 259 million euros on 31/12/2019.

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 2020: the impact on profit or loss refers to entities of the La Française group. Strateo is included in the balance sheet.
- 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.

12d - Lease obligations by remaining term

12/31/2020	1 year or less	1-3 years	3-6 years	6-9 years	9 years or more	TOTAL
Lease obligations	77	304	**325**	**211**	**206**	**1123**
- Property	63	302	**324**	**211**	**206**	**1107**
- Other	14	2	1	0	0	16

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

12/31/2020	Country	% interest	Investment value	Share of net profit/(loss)	Dividends received(1)	Fair value of investment
Entities over which significant influence is exercised						
Banque de Tunisie	Tunisia	35	157	13	0	164
LYF S.A. (formerly Fivory)	France	44	7	0	0	UL*
New Port	France	30	23	1	0	UL*
Groupe Cholet Dupont	France	34	18	2	0	UL*
Astree	Tunisia	30	15	2	3	25
Other		0	36	(35)	2	0
Total (1)			**256**	**(17)**	**5**	
Joint ventures						
FLOA (formerly Banque Casino)	France	50	85	6	0	UL*
Euro Automatic Cash	Spain	50	3	(5)	0	UL*
Bancas	France	50	0	0	0	UL*
Total (2)			**88**	**1**	**0**	
TOTAL (1)+(2)			**344**	**(16)**	**5**	

(1) In cash and shares.
(2) UL: unlisted.

12/31/2019	Country	% interest	Investment value	Share of net profit/(loss)	Dividends received*	Fair value of investment (if listed)
Entities over which significant influence is exercised						
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
Total (1)			**259**	**(7)**	**20**	
Joint ventures						
FLOA (formerly Banque Casino)	France	50	75	7	0	UL**
Euro Automatic Cash	Spain	50	8	(11)	0	UL**
Bancas	France	50	1	0	0	UL**
Total (2)			**84**	**(4)**	**0**	
TOTAL (1)+(2)			**343**	**(11)**	**20**	

**in cash and shares. **UL: unlisted. ***Exit from RMA scope in 2019 following the sale of securities held by GACM*

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

12/31/2020	Balance sheet total	NBI or revenue	Gross operating income	Net profit/ (loss)	OCI	Shareholders' equity in foreign currency
Entities over which significant influence is exercised						
Banque de Tunisie (1)	6,023	361	199	135	NC*	918
Groupe Cholet Dupont	264	24	9	5	0	54
Astrée Assurance (1)	626	171	41	26	20	173
Joint ventures						
FLOA (formerly Banque Casino)	1,820	183	87	12	0	170

(1) Individual financial data in local currency, i.e. Tunisian dinar
** NC: not communicated.*

12/31/2019	Total bilan	PNB/CA	RBE	Résultat net	OCI	Capitaux propres en devise
Entities over which significant influence is exercised						
Banque de Tunisie (2)	5,999	328	161	111	NC*	839
Royale Marocaine d'Assurance (formerly RMA Watanya) (1)	333,002	18,604	4,264	973	3,800	6,194
Groupe Cholet Dupont	303	28	12	9	-	49
Astrée Assurance (2)	607	131	59	52	21	185
Joint ventures						
FLOA (formerly 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.*

NOTE 14 - INVESTMENT PROPERTY

	12/31/2019	Increase	Decrease	Other	12/31/2020
Historical cost	656	74	(31)	(3)	696
Depreciation and impairment	(163)	(15)	12	1	(165)
Net amount	**493**	**59**	**(19)**	**(2)**	**531**

The fair value of property recognized at cost was €732 million at December 31, 2020.

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

15a - Property, plant and equipment

	12/31/2019	Increase	Decrease	Other	12/31/2020
Historical cost					
Land used in operations	624	5	(3)	0	626
Buildings used in operations	6,215	172	(157)	5	6,235
Right-of-use assets - Property	1,019	470	(20)	29	1,498
Right-of-use assets - Other	42	1	(1)	0	42
Other property, plant and equipment	3,313	485	(331)	(77)	3,390
Total	**11,213**	**1,133**	**(512)**	**(42)**	**11,791**
Depreciation and impairment					
Land used in operations	(10)	(2)	0	0	(12)
Buildings used in operations	(4,011)	(216)	120	(1)	(4,108)
Right-of-use assets - Property (1)	(166)	(234)	7	2	(391)
Right-of-use assets - Other	(13)	(13)	0	0	(26)
Other property, plant and equipment	(2,613)	(251)	180	21	(2,663)
Total	**(6,813)**	**(716)**	**307**	**22**	**(7,200)**
Net amount	**4,400**	**417**	**(205)**	**(21)**	**4,591**

(1) The additional lease liabilities recognized following the application of the IFRIC decision of November 26, 2019 amounted to €227 million at 12/31/2020. This IFRIC decision defines the determination of the enforceable duration of a rental contract and the depreciation period of irremovable fixtures. Its application retroactive would have generated an increase in user rights of 302 million euros as of 01/01/2019 and of 259 million euros as of 12/31/2019.

Including buildings leased under finance leases as follows

	12/31/2019	Increase	Decrease	Other	12/31/2020
Gross carrying amount	141	0	0	0	141
Depreciation and impairment	(27)	0	(2)	0	(29)
Total	**114**	**0**	**(2)**	**0**	**112**

15b - Intangible assets

	12/31/2019	Increase	Decrease	Other	12/31/2020
Historical cost					
Non-current assets produced internally	541	123	0	321	985
Non-current assets acquired	2,917	132	-63	-364	2,621
- Software	954	27	-2	-101	878
- Other	1,963	105	-61	-262	1,743
Total	**3,458**	**255**	**-63**	**-43**	**3,606**
Depreciation and impairment					
Non-current assets produced internally	(413)	(123)	0	(184)	(720)
Non-current assets acquired	(1,834)	(78)	20	228	(1,664)
- Software	(851)	(36)	1	98	(788)
- Other	(983)	(42)	19	130	(876)
Total	**(2,247)**	**(201)**	**20**	**44**	**(2,384)**
Net amount	**1,211**	**54**	**(43)**	**1**	**1,222**

NOTE 16 - GOODWILL

	12/31/2019	Increase	Decrease	Other	12/31/2020
Gross goodwill	5,406	0	0	(81)	5,325
Impairment	(509)	(13)	0	(2)	(524)
Net goodwill	**4,897**	**(13)**	**0**	**(83)**	**4,801**

SUBSIDIARIES	Goodwill at 12/31/2019	Increase	Decrease	Impairment	Other	Goodwill at 12/31/2020
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	175					175
Procapital	63					63
Arkea Direct Bank (formerly Fortuneo)	166					166
Monext	100					100
Factofrance SAS	68					68
El Télécom	78				(78)	0
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	17					17
Budget Insight	28				(5)	23
Other	159			(13)		146
Total	**4,897**	**0**	**0**	**(13)**	**(83)**	**4,801**

NOTE 17 - PROVISIONS AND CONTINGENT LIABILITIES

17a - Provisions

	12/31/2019	Provisions during the year	Reversals during the year (used)	Reversals during the year (not used)	Other changes	12/31/2020
Provisions for risks	**488**	**501**	**(53)**	**(259)**	**41**	**718**
On guarantee commitments	230	319	(1)	(105)	1	444
of which 12-month expected losses (S1)	*42*	*36*	*0*	*(29)*	*0*	*49*
of which expected losses at termination (S2)	*39*	*221*	*0*	*(26)*	*0*	*234*
On financing commitments	115	127	0	(102)	(2)	138
of which 12-month expected losses (S1)	*71*	*80*	*0*	*(64)*	*0*	*87*
of which expected losses at termination (S2)	*15*	*36*	*0*	*(26)*	*(1)*	*24*
Tax	9	2	0	0	(1)	10
Litigation	81	37	(9)	(20)	(1)	88
Misc. receivables risk	53	17	(42)	(32)	41	37
Other provisions	**1,649**	**194**	**(81)**	**(80)**	**(1)**	**1,681**
Provision for mortgage saving agreements	342	43	0	(1)	0	384
Misc. contingencies	935	63	(55)	(59)	41	925
Other provisions	372	87	(26)	(20)	(41)	372
Retirement commitments	**2,070**	**96**	**(56)**	**(11)**	**25**	**2,124**
Total	**4,207**	**791**	**(190)**	**(350)**	**65**	**4,523**

	12/31/2018	Provisions during the year	Reversals during the year (used)	Reversals during the year (not used)	Other changes	12/31/2019
Provisions for risks	**520**	**254**	**(98)**	**(243)**	**55**	**488**
On 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*
Loan and guarantee 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*
Tax	38	1	(2)	(17)	(11)	9
Litigation	99	25	(18)	(22)	(3)	81
Misc. receivables risk	54	34	(71)	(31)	67	53
Other provisions	**1,633**	**475**	**(141)**	**(80)**	**(237)**	**1,649**
Provision for mortgage saving agreements	261	83	(1)	0	1	342
Misc. contingencies	960	242	(106)	(37)	(124)	935
Other provisions	412	150	(34)	(43)	(112)	372
Retirement commitments	**1,771**	**162**	**(38)**	**(14)**	**188**	**2,070**
Total	**3,924**	**891**	**(277)**	**(337)**	**6**	**4,207**

Provisions for home savings schemes

	0-4 years	4-10 years	+10 years	Total
Deposits taken on home savings schemes during the savings phase	3,909	28,996	14,128	47,033
Provisions for home savings schemes	38	230	117	385
Deposits taken on home savings accounts during the savings phase				4,624
Provisions for home savings accounts				0
Provisions set aside for home savings products				(43)
Reversal of provisions set aside for home savings products				1
Outstanding loans granted in respect of home savings schemes and accounts				95
Provisions for home savings loans				1

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

Retirement commitments and similar benefits

	12/31/2019	Provisions during the year	Reversals during the year	Other changes	12/31/2020
Commitments related to defined benefit and similar retirement plans, excluding pension funds					
Retirement benefits	1,409	54	(39)	103	1,527
Supplementary pensions	333	19	(23)	(85)	244
Long service awards (other long-term benefits)	221	8	(5)	5	229
Total recognized	**1,963**	**81**	**(67)**	**23**	**2,000**
Supplementary defined benefit retirement plans covered by the group's pension funds					
Commitments to employees and retired employees	17	3	0	2	22
Fair value of assets					
Total recognized	**17**	**3**	**0**	**2**	**22**
Other commitments	**90**	**12**	**0**	**0**	**102**
Total recognized	**90**	**12**	**0**	**0**	**102**
TOTAL	**2,070**	**96**	**(67)**	**25**	**2,124**

	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
Total recognized	**1,671**	**146**	**(51)**	**197**	**1,963**
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					
Total recognized	**23**	**0**	**(1)**	**(5)**	**17**
Other commitments	**77**	**17**	**0**	**(4)**	**90**
Total recognized	**77**	**17**	**0**	**(4)**	**90**
TOTAL	**1,771**	**163**	**(52)**	**188**	**2,070**

Defined benefit plan: Main actuarial assumptions

	12/31/2020	12/31/2019
Discount rate [1]	0.45% to 0.48%	0.62% to 0.75%
Expected rate of increase in salaries	0.5% to 4.30%	0.7% to 3.88%

(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 benefits

Change in actuarial liability	12/31/2019	Interest charges	Current service cost	Past service cost	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)	12/31/2020
Commitments	1,992	14	83	(1)	0	34	54	(55)	0	(25)	2097
Insurance contract outside the group and assets managed externally	583	4	0	0	(10)	0	(4)	(4)	0	0	570
Provision	**1,409**	**10**	**83**	**(1)**	**10**	**34**	**58**	**(51)**	**0**	**(26)**	**1,527**

A 50-basis point increase in the discount rate would lead to a €175 million decrease in commitments, while a 50-basis point decrease would lead to a €171 million increase in commitments.

Change in actuarial liability	12/31/2018	Interest charges	Current service cost	Past service cost	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
Provision	**1,122**	**16**	**71**	**(1)**	**7**	**11**	**162**	**(55)**	**0**	**77**	**1,409**

Changes in fair value of plan assets	12/31/2019	Discounting effect	Yield in plan assets in excess of interest income	Insurance premiums	Payment to beneficiaries	Translation differences	Other (business combinations, liquidations)	12/31/2020
Fair value of plan assets	1,284	10	(1)	34	(42)	0	2	1,287

Changes in fair value of plan assets	12/31/2018	Discounting effect	Yield in 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

	12/31/2020			
Breakdown of fair value of plan assets	Debt instruments	Equity instruments	Real estate	Other
Assets listed in an active market	76%	13%	0%	5%
Assets not listed in an active market	1%	0%	2%	3%
Total	**77%**	**13%**	**2%**	**8%**

	12/31/2019			
Breakdown of fair value of plan assets	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%
Total	**76%**	**12%**	**2%**	**11%**

Retirement commitments arising from defined benefit plans	Average duration*
Retirement benefits Supplementary pensions (Art. 39)	16.57

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

17b - Contingent liabilities

Not applicable.

NOTE 18 - SHAREHOLDERS' EQUITY AND RESERVES

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

	12/31/2020	12/31/2019
Capital and capital reserves	11,121	10,822
- Share capital	11,090	10,791
- Share premium and other similar amounts	31	31
Consolidated reserves	46,427	43,023
- Regulated reserves	9	9
- Other reserves (including impact of first-time application)	46,239	42,865
- of which gains/(losses) on disposal of equity instruments	(23)	(40)
- Retained earnings	179	149
Total	**57,548**	**53,845**

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

	12/31/2020	12/31/2019
Unrealized or deferred gains or losses* related to:		
- investments by the insurance activities (available-for-sale assets)	1,969	1,788
- financial assets at fair value through recyclable equity - debt instruments	25	22
- financial assets at fair value through non-recyclable equity - equity instruments	227	204
- Cash flow hedging derivatives	(11)	(11)
- own credit risk on financial liabilities - fair value option	(19)	(1)
- Other	(660)	(476)
Total	**1,531**	**1,526**

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

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

12/31/2020	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	80.00%	62	364	0	14,572	136	(10)	1,358

* *Amounts before elimination of intercompany balances and transactions.*

12/31/2019	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.*

NOTE 19 - COMMITMENTS GIVEN AND RECEIVED

Commitments given	12/31/2020	12/31/2019
Financing commitments	**94,703**	**86,523**
Commitments given to credit institutions	1,560	957
Commitments given to customers	93,143	85,566
Guarantee commitments	**30,947**	**27,430**
Commitments given on behalf of credit institutions	5,333	4,609
Commitments given on behalf of customers	25,614	22,821
Securities commitments	**3,958**	**3,076**
Other commitments given	3,958	3,076

Commitments received	12/31/2020	12/31/2019
Financing commitments	**35,606**	**24,644**
Commitments received from credit institutions	35,599	24,637
Commitments received from customers	7	7
Guarantee commitments	**156,834**	**127,207**
Commitments received from credit institutions	59,874	56,395
Commitments received from customers	96,960	70,812
Securities commitments	**3,645**	**2,772**
Other commitments received	3,645	2,772

Securities sold under repurchase agreements	12/31/2020	12/31/2019
Assets sold under repurchase agreements	49,740	41,846
Related liabilities	50,130	42,726

Other assets given as collateral for liabilities	12/31/2020	12/31/2019
Loaned securities	0	201
Guarantee deposits for market transactions	5,635	5,166
Total	**5,635**	**5,367**

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

	12/31/2020		12/31/2019	
	Income	Expense	Income	Expense
. Credit institutions and central banks [1]	202	(263)	559	(711)
. Customers	11,459	(2,471)	11,996	(2,935)
- of which leasing	689	(234)	735	(280)
- of which lease obligation	0	(8)	0	(8)
. Hedging derivatives	2,864	(2,576)	3,116	(3,235)
. Financial instruments at fair value through profit or loss	625	(54)	788	(21)
. Financial assets at fair value through equity / Available-for-sale assets	380	0	484	0
. Securities at amortized cost	82	0	103	0
. Debt securities	0	(1,794)	0	(2,183)
. Subordinated debt	0	(75)	0	(10)
TOTAL	**15,612**	**(7,233)**	**17,046**	**(9,095)**
o/w interest income and expense calculated at the effective interest rate	*12,123*	*(4,603)*	*13,142*	*(5,839)*
o/w interest on liabilities at amortized cost		*(4,603)*		*(5,839)*

(1) of which -€472 million impact of negative rates in income and €266 million in expenses at 12/31/2020, and -€338 million impact of negative rates in income and €168 million in expenses at 12/31/2019.

NOTE 21 - FEES AND COMMISSIONS

	12/31/2020		12/31/2019	
	Income	Expense	Income	Expense
Credit institutions	22	(35)	26	(39)
Customers	1,908	(41)	1,995	(36)
Securities	1,212	(79)	1,044	(47)
o/w activities managed on behalf of third parties	*779*	*0*	*745*	*0*
Derivative instruments	21	(11)	18	(11)
Foreign exchange	34	(2)	27	(2)
Financing and guarantee commitments	101	(6)	74	(6)
Services rendered	2,426	(1,157)	2,558	(1,253)
TOTAL	**5,724**	**(1,331)**	**5,742**	**(1,394)**

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

	12/31/2020	12/31/2019
Trading instruments	3	325
Instruments under the fair value option	7	(45)
Hedge ineffectiveness	(15)	(27)
. On fair value hedges	(15)	(27)
. Change in fair value of hedged items	322	806
. Change in fair value of hedging items	(337)	(833)
Foreign exchange gain (loss)	(34)	164
Other instruments at fair value through profit or loss	117	427
Total changes in fair value	**78**	**844**

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

	12/31/2020	12/31/2019
Dividends	22	24
Realized gains and losses on debt instruments	19	97
Total	**41**	**121**

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

	12/31/2020	12/31/2019
Financial assets at amortized cost		
Gains/losses on:	1	1
Bonds and other fixed-income securities	1	1
Total	**1**	**1**

NOTE 25 - NET INCOME FROM INSURANCE ACTIVITIES

	12/31/2020	12/31/2019
Insurance contracts		
Earned premiums	14,564	17,225
Cost of benefits	(8,945)	(8,861)
Changes in reserves	(1,244)	(5,250)
Other technical and non-technical income and expenses	(4,338)	(5,827)
Net investment income	3,310	6,299
Net income on insurance policies	**3,347**	**3,586**
Net interest/commission income	(57)	(51)
Net gains on financial instruments at fair value through profit or loss	2	7
o/w changes in fair value	3	0
Net gains (losses) on available-for-sale financial assets	2	23
Net income on financial assets	**(53)**	**(21)**
Other net income*	**(13)**	**15**
Net income from insurance activities	**3,281**	**3,580**

** includes investment propert*

NOTE 26 - INCOME AND EXPENSES ON OTHER ACTIVITIES

	12/31/2020	12/31/2019
Income from other activities		
Investment property:*	24	8
- Provisions and impairment losses reversed	24	8
- Capital gains on disposals	120	109
Rebilled expenses	2,351	2,348
Other income	2,495	2,465
Subtotal	**2,465**	**2,332**
Expenses on other activities		
Investment property:*	(15)	(13)
- Provisions and depreciation	(15)	(13)
Other expenses	(1,119)	(1,247)
Subtotal	**(1,134)**	**(1,260)**
Total net other income and expenses	**1,361**	**1,205**

** excluding insurance activities.*

NOTE 27 - GENERAL OPERATING EXPENSES

	12/31/2020	12/31/2019
Employee benefits expense	(6,710)	(6,801)
Other expenses	(4,570)	(4,796)
TOTAL	(11,280)	(11,597)

27a - Employee benefits expense

	12/31/2020	12/31/2019
Wages and salaries	(4,294)	(4,145)
Social security contributions	(1,610)	(1,633)
Short-term employee benefits	(2)	(2)
Employee profit-sharing and incentives	(400)	(518)
Payroll-based taxes	(477)	(454)
Other	73	(49)
TOTAL	(6,710)	(6,801)

Average number of employees

	12/31/2020	12/31/2019
Operational staff	47,234	47,431
Executives	35,960	35,363
Total	83,194	82,794
France	69,547	69,133
Rest of the world	13,647	13,661

27b - Other operating expenses

	12/31/2020	12/31/2019
Taxes and duties [1]	(683)	(610)
Leasing	(331)	(376)
- short-term leasing of assets [2]	(120)	(182)
- leasing of low value/substitutable assets [3]	(188)	(174)
- other leasing	(23)	(20)
Other external services	(2,475)	(2,866)
Other miscellaneous expenses	(162)	(128)
Total	(3,651)	(3,980)

(1) "Taxes and duties" includes an expense of €235 million in respect of the contribution to the Single Resolution Fund in 2020 vs. €185 million in 2019.
(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

	12/31/2020	12/31/2019
Depreciation and amortization:	(912)	(817)
- Property and equipment	(716)	(642)
of which right-of-use assets	(249)	(173)
- Intangible assets	(196)	(175)
Impairment:	(7)	1
- Property and equipment	(3)	(1)
- Intangible assets	(4)	2
Total	(919)	(816)

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

	12/31/2020	12/31/2019
- 12-month expected losses (S1)	(323)	(115)
- expected losses at termination (S2)	(1,182)	(14)
- impaired assets (S3)	(1,130)	(1,071)
Total	(2,635)	(1,200)

12/31/2020	Additions	Reversals	Irrecoverable receivables covered	Irrecoverable receivables not covered	Recovery of receivables previously written off	TOTAL
12-month expected losses (S1)	**(825)**	**502**				**(323**
- Loans and receivables due from credit institutions at amortized cost	(2)	2				0
- Loans and receivables due from customers at amortized cost	(690)	390				(300)
- of which finance leases	(36)	24				(12)
- Financial assets at amortized cost - securities	(5)	5				0
- Financial assets at fair value through equity - debt securities	(11)	11				0
- Commitments given	(117)	94				(23)
Expected losses at termination (S2)	**(1,855)**	**673**				**(1,182)**
- Loans and receivables due from customers at amortized cost	(1,596)	618				(978)
- of which finance leases	(71)	21				(50)
- Financial assets at amortized cost - securities	0	1				1
- Financial assets at fair value through equity - debt securities	(3)	2				(1)
- Commitments given	(256)	52				(204)
Impaired assets (S3)	**(1,847)**	**1,920**	**(996)**	**(371)**	**164**	**(1,130)**
- 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	(1,623)	1,741	(888)	(368)	164	(974)
- of which finance leases	(29)	31	(12)	(3)	3	(10)
- Financial assets at amortized cost - securities	(128)	94	0	0	0	(34)
- Financial assets at fair value through equity - debt securities	(2)	2	(102)	0	0	(102)
- Commitments given	(94)	83	(6)	(2)	0	(19)
Total	**(4,527)**	**3,095**	**(996)**	**(371)**	**164**	**(2,635)**

12/31/2019	Additions	Reversals	Irrecoverable receivables covered	Irrecoverable receivables not covered	Recovery of receivables previously written off	TOTAL
12-month expected losses (S1)	**(509)**	**394**				**(115)**
- 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)
- Commitments given	(95)	80				(15)
Expected losses at termination (S2)	**(686)**	**671**				**(15)**
- Loans and receivables due from customers at amortized cost	(630)	580				(50)
- of which finance leases	(22)	24				2
- Financial assets at fair value through equity - debt securities	(2)	0				(2)
- Commitments given	(54)	91				37
Impaired assets (S3)	**(2,077)**	**1,920**	**(744)**	**(320)**	**150**	**(1,070)**
- Loans and receivables due from credit institutions at amortized cost	0		0	(1)	0	(1)
- Loans and receivables due from customers at amortized cost	(1,951)	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)
- Commitments given	(120)	111	(5)	(2)	0	(16)
Total	**(3,271)**	**2,985**	**(744)**	**(320)**	**150**	**(1,200)**

NOTE 29 - GAINS OR LOSSES ON OTHER ASSETS

	12/31/2020	12/31/2019
Property and equipment and intangible assets	(2)	(12)
. Capital losses on disposals	(46)	(40)
. Capital gains on disposals	44	28
Net gains/(losses) on consolidated securities [1]	689	331
TOTAL	687	319

(1) Including the impact of the sale of El Telecom in 2020 and Primonial and RMA in 2019.

NOTE 30 - CHANGES IN GOODWILL

	12/31/2020	12/31/2019
Impairment of goodwill	(13)	0
TOTAL	(13)	0

NOTE 31 - INCOME TAX

Breakdown of tax expense

	12/31/2020	12/31/2019
Current tax	(1,438)	(1,813)
Deferred tax	256	(47)
Adjustments for prior years	15	118
TOTAL	(1,167)	(1,742)

Reconciliation of actual tax expense and theoretical tax expense

	12/31/2020	12/31/2019
Theoretical tax rate	32.02%	34.43%
Impact of special tax regime for venture capital companies (SCR) and commercial real property leasing companies (SICOMI)	(0.74%)	(1.11%)
Impact of reduced tax rate on long-term capital gains	(5.35%)	(1.38%)
Impact of specific tax rates paid by foreign entities	0.51%	(0.89%)
Impact of the carryback	0.00%	0.00%
Permanent differences	2.26%	3.75%
Other	(1.53%)	(3.67%)
Effective tax rate	**27.17%**	**31.13%**
Taxable income	4,297	5,597
Tax expense	**27.17%**	**31.13%**

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

	12/31/2020 Movements	12/31/2019 Movements
Translation adjustments		
Reclassification to profit or loss	0	0
Other movements	(109)	35
Subtotal	***(109)***	***35***
Remeasurement of financial assets at fair value through equity		
Reclassification to profit and loss*	(25)	-98
Other movements	78	439
Subtotal	***53***	***341***
Remeasurement of hedging derivatives		
Reclassification to profit or loss	0	0
Other movements	(1)	(1)
Subtotal	***(1)***	***(1)***
Remeasurement of insurance business line investments (available-for-sale financial assets)		
Reclassification to profit or loss	(1)	0
Other movements	168	464
Subtotal	***167***	***464***
Remeasurement of non-current assets	0	0
Difference arising on remeasurement of own credit risk on financial liabilities under the fair value option transferred to reserves	(18)	(6)
Actuarial gains (losses) on defined benefit plans	(70)	(144)
Share of unrealized or deferred gains and losses of companies accounted for using the equity method	(16)	11
TOTAL	6	700

** on debt instruments.*

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

	12/31/2020			12/31/2019		
	Gross amount	Tax	Net amount	Gross amount	Tax	Net amount
Translation adjustments	(109)	0	(109)	35	0	35
Remeasurement of financial assets at fair value through equity	21	32	53	428	(90)	338
Remeasurement of insurance business line investments	182	(14)	168	638	(172)	466
Remeasurement of hedging derivatives	(1)	0	(1)	(1)	0	(1)
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	(26)	7	(19)	(8)	3	(5)
Actuarial gains (losses) on defined benefit plans	(108)	38	(70)	(211)	67	(144)
Share of unrealized or deferred gains and losses of companies accounted for using the equity method	(16)	0	(16)	11	0	11
Total change in gains and losses recognized directly in equity	**(57)**	**63**	**6**	**892**	**(192)**	**700**

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 whose sole purpose is to hold assets for lease; with the entities repaying the loans from the associated lease payments. 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 its 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 up to 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.

12/31/2020	Special-purpose vehicles (SPV)	Asset management (UCITS/REITs)(*)	Other structured entities(**)
Balance sheet total	338	32,603	2,475
Carrying amount of financial assets (1)	88	15,900	881
Carrying amount of financial liabilities (1)	0	0	0
Maximum exposure to risk of loss	88	3,052	0

12/31/2019	Special-purpose vehicles (SPV)	Asset management (UCITS/REITs)(*)	Other structured entities(**)
Balance sheet total	322	27,702	1,974
Carrying amount of financial assets (1)	82	12,946	949
Carrying amount of financial liabilities (1)	0	0	0
Maximum exposure to risk of loss	82	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
12/31/2020	1,226,103	201,438	92,816	35,505	135,245	1,691,107	(669,497)	1,021,610
Balance sheet total	**72.5%**	**11.9%**	**5.5%**	**2.1%**	**8.0%**	**100.0%**		
12/31/2019	1,127,265	202,551	98,445	34,320	100,548	1,563,129	(632,213)	930,916
Balance sheet total	**72.1%**	**13.0%**	**6.3%**	**2.2%**	**6.4%**	**100.0%**		

ANALYSIS OF INCOME STATEMENT BY BUSINESS LINE

12/31/2020	Retail banking	Insurance	Corporate and Investment Banking	Asset Management / Private Banking	Other	Intra-group elimination	Total
Net banking income	13,260	1,856	953	893	1,607	(1,035)	17,534
General operating expenses	(8,715)	(759)	(416)	(609)	(1,816)	1,035	(11,280)
Gross operating income	**4,545**	**1,097**	**537**	**284**	(209)		**6,254**
Net additions to/reversals from provisions for loan losses	(2,328)	-	(270)	(35)	(2)		(2,635)
Gains (losses) on other assets (1)	71	-	4	18	565		658
Profit/(loss) before tax	**2,288**	**1,097**	**271**	**267**	354		**4,277**
Income tax	(798)	(361)	(33)	(59)	84		(1,167)
Net profit/(loss)	**1,490**	**736**	**238**	**212**	438		**3,114**
Non-controlling interests	38	-	-	3	3		44
Net profit/(loss) attributable to the group	**1,452**	**736**	**238**	**209**	435		**3,070**

(1) Including net profit or loss of companies accounted for using the equity method and goodwill impairment.

31.12.2019	Retail banking	Insurance	Corporate and Investment Banking	Asset Management / Private Banking	Other	Intra-group elimination	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)
Gross operating income	**4,256**	**1,485**	**627**	**235**	(142)		**6,461**
Net additions to/reversals from provisions for loan losses	(1,055)	0	(138)	6	(13)		(1,200)
Gains (losses) on other assets (1)	214	97	1	20	(10)		322
Profit/(loss) before tax	**3,415**	**1,582**	**490**	**261**	(165)		**5,583**
Income tax	(1,149)	(484)	(19)	(34)	(39)		(1,725)
Net profit/(loss)	**2,266**	**1,098**	**471**	**227**	(204)		**3,858**
Non-controlling interests	63	1	0	18	1		83
Net profit/(loss) attributable to the group	**2,203**	**1,097**	**471**	**209**	(205)		**3,775**

(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	12/31/2020				12/31/2019			
	France	Europe excluding France	Other countries*	Total	France	Europe excluding France	Other countries*	Total
Cash and amounts due from central banks	118,062	10,534	1,204	129,800	78,164	6,895	1,667	86,726
Financial assets at fair value through profit or loss	27,230	425	3,313	30,968	31,875	473	2,837	35,185
Hedging derivatives	3,143	8	6	3,157	3,562	2	4	3,568
Financial assets at amortized cost	529,031	56,734	9,068	594,833	480,707	54,892	9,116	544,715
of which loans and receivables due from credit institutions	56,806	1,314	1,912	60,032	47,130	1,718	1,737	50,585
of which loans and receivables due from customers	470,645	52,808	7,155	530,608	432,240	50,544	7,377	490,161
Financial assets at fair value through equity	40,080	1,174	6,873	48,127	34,485	1,604	7,000	43,089
Investments by the insurance activities and reinsurers' share of technical provisions	182,411	3,480	0	185,891	183,815	3,658	0	187,473
Investments in companies accounted for using the equity method	240	3	101	344	255	8	96	359
LIABILITIES	**12/31/2020**				**12/31/2019**			
	France	Europe excluding France	Other countries*	Total	France	Europe excluding France	Other countries*	Total
Central banks	574	1	0	575	710	0	5	715
Financial liabilities at fair value through profit or loss	15,606	202	934	16,742	19,642	135	445	20,222
Hedging derivatives	3,335	84	16	3,435	3,383	78	8	3,469
Due to credit institutions	44,046	1,406	6,325	51,777	34,398	2,126	7,760	44,284
Due to customers	455,959	64,217	1,953	522,129	376,663	60,994	1,979	439,636
Debt securities	139,242	2,551	9,752	151,545	131,840	6,717	9,064	147,621

** United States, Singapore, Morocco and Tunisia.*

ANALYSIS OF INCOME STATEMENT BY GEOGRAPHIC AREA

	12/31/2020				12/31/2019			
	France	Europe excluding France	Other countries*	Total	France	Europe excluding France	Other countries*	Total
Net banking income	13,827	3,503	204	17,534	14,390	3,473	195	18,058
General operating expenses	(9,117)	(2,066)	(97)	(11,280)	(9,383)	(2,120)	(94)	(11,597)
Gross operating income	4,710	1,437	107	6,254	5,007	1,304	150	6,461
Net additions to/reversals from provisions for loan losses	(1,846)	(752)	(37)	(2,635)	(734)	(454)	(12)	(1,200)
Gains on other assets**	644	(1)	14	658	311	(9)	20	322
Profit/(loss) before tax	3,508	684	84	4,277	4,585	841	158	5,583
Total net profit/(loss)	2,571	467	75	3,114	3,145	611	102	3,858
Net profit attributable to the group	**2,539**	**456**	**75**	**3,070**	**3,096**	**578**	**102**	**3,775**

** United States, Singapore, Morocco and Tunisia.*
*** including net profit/(loss) of companies accounted for using the equity method 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 December 31, 2020. 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, in addition to held-to-maturity financial assets, other 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.

Amounts in €m	12/31/2020						
	Market value	Balance sheet value	Unrealized capital gains or losses	Level 1 of hierarchy	Level 2 of hierarchy	Level 3 of hierarchy	Total
Assets	**771,372**	**738,518**	**32,854**	**10,810**	**219,512**	**541,050**	**771,372**
Financial assets at amortized cost - IFRS 9	757,487	724,633	32,854	3,232	213,205	541,050	757,487
Cash and amounts due from central banks	129,800	129,800	0	0	129,800	0	129,800
Loans and receivables due from credit institutions	62,706	60,032	2,674		62,706	0	62,706
Loans and receivables due from customers	560,684	530,608	30,075		19,634	541,050	560,684
Securities	4,298	4,193	105	3,232	1,066	0	4,298
Insurance business line investments at amortized cost	13,885	13,885	0	7,578	6,307	0	13,885
Loans and receivables	6,307	6,307	0		6,307	0	6,307
Held-to-maturity	7,578	7,578	0	7,578	0	0	7,578
Liabilities	**748,890**	**736,868**	**12,021**	**828**	**473,035**	**275,027**	**748,890**
Financial liabilities at amortized cost - IFRS 9	748,129	736,108	12,021	828	472,274	275,027	748,129
Due to credit institutions	51,846	51,777	69		51,846	0	51,846
Due to customers	527,790	522,129	5,661		252,763	0	252,763
Debt securities	156,593	151,545	5,047		156,593	275,027	431,619
Subordinated debt	11,900	10,656	1,244	828	11,072	0	11,900
Liabilities from the insurance activities at amortized cost	**761**	**761**	**0**	**0**	**761**	**0**	**761**
Due to credit institutions	611	611	0		611		611
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 €117 million in dividends outside Crédit Mutuel Group.

NOTE I.3 - RELATED PARTIES

Montants en M€	12/31/2020 Entities consolidated using the equity method	12/31/2019 Entities consolidated using the equity method
Assets		
Assets at fair value through profit or loss	0	0
Financial assets at fair value through equity	**20**	**0**
Financial assets at amortized cost	**1,661**	**1,298**
o/w current accounts	*0*	*66*
Hedging derivatives	0	0
Investments by the insurance activities	0	0
Miscellaneous assets	**0**	**28**
Liabilities	**0**	**0**
Due to credit institutions	148	50
o/w current accounts	*148*	*43*
Hedging derivatives	0	0
Liabilities at fair value through profit or loss	0	0
Due to customers	42	30
Debt securities	0	0
Subordinated debt	0	0
Interest income	7	9
Interest and similar expense	0	1
Fees and commissions (income)	0	1
Fees and commissions (expense)	0	0
Net gains/(losses) on financial assets at fair value through equity and FVPL	0	5
Net income from insurance activities	(27)	(18)
Other income and expenses	65	53
NBI	**45**	**51**
General operating expenses	**1**	**2**
Financing commitments pledged	60	67
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*	644	0	16	8	668

** 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 as part of the net assets acquired 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 stock 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 12/31/2020	Plan 1	Plan 2	Plan 3	Plan 4	Plan 5	Plan 6	Plan 7	Plan 8
Type of plan	*Cash-settled*	*Cash-settled*	*Cash-settled*	*Cash-settled*	*Cash-settled*	*Cash-settled*	*Cash-settled*	*Cash-settled*
Grant date	09/18/2015	06/30/2015	02/14/2012	04/15/2013	04/01/2014	09/16/2015	09/16/2016	11/29/2017
Exercise period	HY1 2021	Q4 2020	Minimum 2 years following the 2-year vesting period					Q1 2021
Impact on 2020 income	0.9	(0.7)	0.0	0.0	0.0	0.0	0.0	(0.9)
Liabilities on balance sheet	3.9	0.0	0.0	0.0	0.0	0.0	5.5	7.7

AT 12/31/2020	Plan 9	Plan 10	Plan 11	Plan 12	Plan 13	Plan 14	Plan 15
Type of plan	*Cash-settled*	*Cash-settled*	*Cash-settled*	*Cash-settled*	*Cash-settled*	*Cash-settled*	*Cash-settled*
Grant date	07/01/2017	11/01/2017	11/01/2019	09/04/2017	09/06/2018	09/06/2019	12/20/2019
Exercise period	Q3 2020	Q1 2020 / Q1 2023	2022/2024	Minimum 2 years following the 2-year vesting period			
Impact on 2020 income	(2.9)	(1.7)	(4.9)	(0.3)	(2.5)	(1.4)	(0.6)
Liabilities on balance sheet	4.6	0.7	11.6	5.6	0.0	1.9	0.6

NOTE I.6 - STATUTORY AUDITORS' FEES

	12/31/2020			
	ERNST & YOUNG et Autres		MAZARS	
Amount in € millions excluding VAT	**Amount**	**%**	**Amount**	**%**
Audit of the financial statements	4.51	93%	3.58	100%
Non-audit services*	0.33	7%	0.01	0%
Total	**4.84**	**100%**	**3.59**	**100%**
of which fees paid to the statutory auditors in France for auditing of the financial statements	3.79		3.33	
of which fees paid to the statutory auditors in France for non-audit services	0.72		0.25	

** In 2020, non-audit services included comfort letters in connection with market transactions and reports and certifications required for regulatory purposes.*

	31.12.2019			
	ERNST & YOUNG et Autres		MAZARS	
Amount in € millions excluding VAT	**Amount**	**%**	**Amount**	**%**
Audit of the financial statements	4.04	97%	3.72	99%
Non-audit services*	0.14	3%	0.03	1%
Total	**4.18**	**100%**	**3.75**	**100%**
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.*

REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

CRÉDIT MUTUEL GROUP
Year ended December 31, 2020

MAZARS
Tour Exaltis
61, rue Henri Regnault – 92400 Courbevoie
S.A. à directoire et conseil de surveillance
au capital de € 8 320 000
784 824 153 R.C.S. Nanterre
Membre de la compagnie régionale de Versailles

ERNST & YOUNG ET AUTRES
Tour First – TSA 14444
92037 Paris – La Défense Cedex
S.A.S. à capital variable – 438 476 913 R.C.S. Nanterre
Commissaire aux comptes
Membre de la compagnie régionale de Versailles

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, 2020, as appended to this report.
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, 2020 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.

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 adequate, the statutory auditor issues a qualified opinion or a disclaimer 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 7, 2021

The Statutory Auditors

MAZARS
Pierre Masieri Anne Veaute

ERNST & YOUNG ET AUTRES
Hassan Baaj

Learn more about the Crédit Mutuel Group:

www.creditmutuel.com

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