



FINANCIAL REPORT

CRÉDIT MUTUEL GROUP 2021

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EDITION

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Management Report

of the Board of Directors of Confédération Nationale du Crédit Mutuel on the 2021 consolidated financial statements

Financial and non-financial information

Economic and financial context

2021: a sufficiently robust recovery in the face of risks

In the wake of 2020, the year 2021 was shaped by the change in the health situation. The period fluctuated between strong economic rebounds thanks to advances in vaccines and slowdowns caused by the emergence of new variants. Central banks and governments initially continued their fiscal and monetary support policies to stimulate economic recovery. However, inflation, which at first was thought to be temporary, persisted longer than expected, raising concerns. Fueled by soaring commodity prices and supply chain problems, inflationary pressures led institutions to respond. The Fed, the Bank of England and, to a lesser extent, the European Central Bank (ECB) were less accommodative. However, investors, convinced of the prospects of future growth and an improvement in the health situation thanks to the effectiveness of vaccines, continued to have an appetite for risk. This confidence helped stock markets set new record highs.

Governments and central banks continue to provide support but say they will reduce it

In the euro zone, the start of the year was marked by a new surge in the pandemic, which weighed on growth due to the health restrictions put in place by countries. However, there was renewed optimism in late spring with the gradual reopening of economies and an upturn in business driven mainly by household consumption. The ECB's very accommodative monetary policy largely helped to maintain favorable financing conditions in the euro zone.

This enabled governments to continue to support the economy despite successive waves of the pandemic. Thanks to the ramp-up of vaccination, the impact of the pandemic on business is now on a downward trend despite the emergence of the Omicron variant at the end of the year. Nevertheless, the health crisis continues to exacerbate inflationary pressures. As a result, the ECB had to begin monetary tightening by confirming the end of its pandemic-related asset purchase program in 2022. This contributed to the rise in European sovereign yields even though the movement remained limited overall.

The United Kingdom began the year with the entry into force of the Brexit trade agreement. However, the negative impacts of leaving the EU were partly eclipsed by the health situation which led Boris Johnson to take strict measures to stop the spread of the pandemic, if only temporarily. Nevertheless, political tensions related to Brexit and rising inflation gradually clouded the country's economic outlook. Soaring inflation led the Bank of England to announce a hike in key interest rates.

In the United States, the proactive fiscal policy introduced by Joe Biden early in the year helped to strengthen the dollar significantly. The exchange rate strengthened by 7% against the euro and rose against all currencies. With its narrow majority in the Senate, the Democratic Party passed a \$1.9 trillion stimulus plan in response to the pandemic and approved an infrastructure plan at the end of the year. This support for demand, coupled with the gradual improvement in the health situation, contributed to a very rapid economic recovery. However, supply chain problems, soaring energy prices and the slower-than-expected normalization of the labor market caused inflation to climb, raising concerns for the Fed. To curb these inflationary pressures, the Fed announced a reduction in its asset purchases and contemplated increases in key rates in 2022.

These announcements had an impact on the rise in US sovereign yields, on both the short and long part of the curve.

China was one of the first countries to see its health situation improve and return to its pre-crisis GDP level. This economic momentum gradually waned due to several factors. The zero-Covid strategy had a severe impact on economic activity. Diplomatic tensions with the United States persisted. The authorities tightened the regulatory stranglehold on a number of business sectors to strengthen the common prosperity policy and thus restore purchasing power to the middle classes. Real estate developer Evergrande's payment default also added to this climate of uncertainty. This resulted in a significant underperformance of Chinese assets compared with the rest of the developed world. Faced with these headwinds, the Chinese authorities nevertheless signaled their determination to contain any risk of contagion from the real estate sector to the rest of the economy. This position was reflected in the partial economic rebound in the fourth quarter. In addition, the spread of the Delta variant posed serious problems for other emerging countries, where vaccination campaigns were smaller and came later than in developed countries. Supply issues and accelerating inflation drove central banks to raise their key rates. Their response is all the more rapid as they find themselves constrained by the Fed's monetary tightening.

The year 2021 was good for oil, with Brent crude up by nearly 57%. OPEC+ strengthened its grip on the oil market, which resulted in a slower increase in production than the rise in demand. In addition, it did not yield to US pressure to rapidly increase supply.

Finally, the surge in gas and electricity prices was due to constraints on means of production, in a tense geopolitical context between Russia and NATO. This is likely to fuel inflation.

France, Europe's champion in the recovery

In France, the partial restrictive measures introduced at the beginning of the year delayed the economic recovery. However, the gradual reopening, closely tied to the increase in vaccinations in the spring, paved the way for a strong recovery, driven in particular by the services sector and consumer optimism. The growth trend did peter out somewhat at the end of the year, but GDP managed to return to its pre-crisis level amid the limited reintroduction of measures related to the Delta and Omicron variants. Budgetary efforts were also made to hold down the increase in energy costs.

For the time being, the year 2022 is marked by a reduction in the health risk, which has nevertheless given way to more geopolitical concerns and fears of excessively high price increases. Risks are still increasing on this second point, which has caught the attention of investors and central banks. The latter have largely responded by adjusting their message in order to prepare the ground for a reduction in inflation, which will influence their decisions, is dependent on several factors, including problems in the supply of goods and energy (related to tensions with Russia) and the link between inflation and wages. Overall, between faster monetary tightening and higher, more lasting inflation, the risks to global growth are decreasing even if the catch-up phase is not over.

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, 2021 at its meeting on March 2, 2022 and presented them, together with this report, to the Shareholders' Meeting for its approval.

The main changes in the consolidation scope arose from:

- the acquisition outside the group of Arkéa Real Estate;
- the creation of the FCT Factofrance entity;
- the acquisition outside the group of Protection 24;
- the sale outside the group of Finanseble;
- the sale outside the group of JKC Capital Management Ltd.

The interest margin (€8.540 billion) increased by 1.9% (+€161 million)

The decrease in refinancing costs was the main reason for this change, as the customer margin rose slightly (+1.2%) and volumes offset the decrease in rates. The cost of transactions with credit institutions/central banks resulted in net income of €107 million compared with €661 million as a result of tiering and TLTRO mechanisms and the rate effect. As this income and the inflow of liquidity limited refinancing needs (drop in volumes), the cost of securities issued also fell by 27.2%.

Customer deposits (€547.7 billion, +4.9%)

Changes were very significant in certain categories:

- Current accounts in credit continued to rise, up by €29.2 billion to €265.2 billion;
- Regulated demand savings deposits increased (+€153.8 billion, +4.5%), particularly Livret Bleu and Livret A passbook savings accounts (€58.2 billion, +7.3%), and LDDS accounts (€26.8 billion, +4.6%). The rate at which regulated deposits (Livret Bleu, Livret A, LDDS, LEP) were centralized at the CDC was 54.5% compared with 55.6% in 2020;
- Ordinary passbook accounts were also up sharply (€57.2 billion, +13.7%);
- Term deposits fell by 7.0% to €118.2 billion, including in particular term accounts (-€10.8 billion, -17.0%) due to the fall in interest rates, while home savings plans continued to grow (€48.4 billion, +2.9%).

Customer loans and advances (€564.9 billion) up 6.5%, excluding PGE loans: +7.5%

Changes were significant in certain categories:

- Cash flow loans/commercial loans excluding PGE (€19.1 billion, +6.9%). PGE loans decreased by 19.8% to €16.6 billion as a result of repayments and the lack of significant new loan production;
- Consumer loans/revolving loans (€53.5 billion, +5.7%);
- Home loans (€296.1 billion, +9.2%);

- Equipment loans (€126.8 billion, +4.2%);
- Finance leases and operating leases (€20.7 billion, +7.4%);
- Factoring picked up significantly after a difficult year in 2020 (€15.2 billion, +21.0%).

The loan-to-deposit ratio was 103.2%, a deterioration of 1.5 bp (101.6% at end-2020), given the higher increase in loans than deposits.

Securities and derivatives portfolios

The “financial assets at fair value through equity – FVOCI” portfolio (€42.8 billion) decreased by €5.3 billion (11% drop in fixed-income securities, effect of Central Bank remuneration). Securities at amortized cost rose by €0.5 billion to €4.7 billion (+11.7%).

The “fair value through profit or loss – FVPL” portfolio fell by €6.1 billion to €24.9 billion as a result of the reduction in repurchase agreements (-€1.7 billion) and collective investment undertakings (-€0.5 billion).

On the liabilities side, the “fair value through profit or loss - FVPL” portfolio fell by €3.2 billion (-19.4%) to €13.5 billion, €5.6 billion of which was related to repurchase agreements, partly offset by derivatives (+€0.6 billion) and short selling (+€0.8 billion).

The net gain on the FVPL portfolio (€1.223 billion) was up sharply (€1.145 billion) due to financial market trends, foreign exchange and FVPL investments (particularly in private equity entities), portfolio revaluation following the caution taken at the end of 2020 and excellent realized capital gains. The “FVOCI” portfolio also increased (€103 million, +€62 million) due to the increase in dividends and capital gains on bonds.

Net income on other activities (€5.054 billion) rose by €412 million (+8.9%, +5.6% vs. 2019), mainly as a result of insurance (€3.854 billion, +17.5%, +7.7% vs. 2019), thanks to an upturn in business and improvement in the markets. Premiums rose sharply by 18.2%, with life insurance up significantly (+23.9%) while non-life insurance rose by 4.0%. Net investment income increased by €2.5 billion. The year 2020 had also been negatively impacted by the measures taken to support policyholders (prime de relance mutualiste) and other support measures. Benefit costs were virtually unchanged. These various factors were offset by the change in technical provisions. On the liabilities side, they grew by €8.3 billion (€177.0 billion).

Net income from other activities apart from insurance (€1.2 billion) fell by 11.8% (-€161 million, -0.4% vs. 2019) following the sale in 2020 of EI Telecom and the decrease in investment property income (lower capital gains on disposal), despite the increase for the La Française group (performance fees) and the Media division (+€19 million), and the entry of Arkéa Real Estate (+€9 million).

This led to a 12.9% increase in net banking income to €19.8 billion

General operating expenses rose by 4.6% to €11.8 billion

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

The **employee benefits expense** rose by €381 million, +5.7%, to €7.091 billion as a result of the increase in salaries and salary-related costs stemming from general increases and primes de pouvoir d'achat (purchasing power bonuses), incentives and profit-sharing (including employer contributions, €565 million, up 29.4% due to the increase in profit and renegotiations of agreements with certain groups) and a new supplementary retirement agreement in 2020 for a regional group.

The Crédit Mutuel group **effectif moyen** of 83,141 people in 2021 (on a full-time equivalent basis), roughly the same as the previous year, with 84% of the workforce based in France.

Other operating expenses (€3.8 billion, +4.1%, -4.5% vs. 2019) rose by €149 million as a result of the increase in external services related to regulatory and technological changes and the increase in SRF/FGDR contributions, partially offset by the decrease in the Business Contribution on Added Value (Cotisation sur la Valeur Ajoutée des Entreprises - CVAE) and other taxes and duties.

Depreciation, amortization and provisions fell by €7 million to €912 million, -0.8% (EI Telecom exit).

Overall, the **cost-to-income ratio** fell below 60% (59.6% vs. 64.3% in 2020 and 64.2% in 2019).

Provisions for loan losses (€892 million, -66.1%, -25.7% vs. 2019)

The decrease in provisions for loan losses includes both proven risk (-€465 million, -41.2% -38.0% vs. 2019) and non-proven risk (-€1.278 billion). It resulted from the large amount provisioned in 2020 (€1.5 billion), particularly the sectoral provision (€888 million), as well as the increase in the pessimistic scenario for individuals and the higher weighting of the pessimistic

scenario. The lack of portfolio deterioration and the continuous decrease in defaults also explains this situation.

In terms of risk quality:

- the proportion of non-performing loans was 2.5% compared with 2.82% at end-2020,
- the individual coverage ratio was 50.6% vs. 52.3% at end-2020,
- the overall coverage ratio was 67.3% compared with 67.0% at end-2020.

Net gains on other assets were zero (-€687 million). In 2020, the main factors were the sale of EI Telecom and the loss of significant influence over Younited.

The **share of equity consolidated companies** was -€19 million in 2021 vs. -€16 million. The €3 million difference was due mainly to the decrease in Banque de Tunisie's contribution and the classification of FLOA under IFRS 5.

The **change in goodwill** was -€847 million as a result of the goodwill impairment of Targobank Germany (€775 million) and Factofrance (€68 million).

The **tax expense** increased by €766 million (+65.6%) to €1.933 billion due to the increase in profit and despite the decrease in the current tax rate from 31% to 27.5% in accordance with the approved trajectory.

This led to a 39.0% increase in net profit (attributable to the group) to €4.266 billion

Shareholders' equity (attributable to the group) increased further, up 7.8% to €66.996 billion

This increase was due mainly to:

- a €321 million capital increase to €11.411 billion (2.9%);
- the transfer to reserves of the 2020 annual profit, excluding the distributed portion (€115 million);
- the 2021 profit: €4.266 billion;
- the group's net unrealized capital gains (€1.632 billion compared with €1.531 billion in 2020), which mask certain disparities. Equities and translation reserves increased as a result of record-high markets, as did post-employment benefits, while the bond portfolios decreased.

Analysis by sector of activity

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

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

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

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

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

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

Results by activity and reporting by country

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

Retail banking

(IN € MILLIONS)	2021	2020	CHANGE 2021/2020
Net banking income	13,913	13,260	4.9%
Gross operating income	4,653	4,545	2.4%
Profit/(loss) before tax	3,754	2,288	64.1%
Net profit/(loss) attributable to the group	2,567	1,452	76.8%

Net banking income in retail banking grew by €653 million to €13.913 billion (+4.9%). The growth in net banking income resulted mainly from commissions and the net interest margin.

The group had 36.1 million **customers** at the end of 2021, including 33.2 million individual customers.

General operating expenses rose by €545 million to €9.260 billion, up 6.3%. The employee benefits expense increased by €306 million (+6.1%) as a result of the provisions set up following the new profit-sharing and incentives agreement for certain entities and the crystallization in 2020 of a CM group's supplementary pension scheme (Article 39) under the Pacte law.

Other general operating expenses also rose by €211 million, mainly due to the contribution to the SRF, supervision costs and external services.

The cost/income ratio was therefore 66.5% compared with 65.7% a year earlier.

Provisions for loan losses fell significantly to €895 million (-€1.433 billion). Non-proven risk was down by €1.064 billion compared with 2020 to €250 million, while proven risk fell by €369 million.

It should be noted that **net gains on other assets and equity consolidated companies** decreased by €75 million, mainly due to the deconsolidation of Younited Credit in 2020 and the goodwill impairment of Pumpkin.

Income tax rose by €367 million to €1.165 billion (+46%) given the increase in profit.

All in all, **net profit attributable to the group** rose by €1.115 billion to €2.567 billion.

Retail banking accounted for 60% of profit attributable to the group in 2021, compared with 47% in 2020.

Insurance

(IN € MILLIONS)	2021	2020	CHANGE 2021/2020
Net banking income	2,340	1,856	26.1%
Gross operating income	1,532	1,097	39.7%
Profit/(loss) before tax	1,530	1,097	39.5%
Net profit/(loss) attributable to the group	1,093	736	48.5%

Net banking income rose from €1.856 billion to €2.340 billion in 2020. Premiums increased by 18.22%, including both life insurance (€12.877 billion, +€2.484 billion or 24%) and non-life insurance (€4.340 billion, +€169 million or 4%) and net investment income rose by €2.459 billion to €5.844 billion.

In 2021, the Crédit Mutuel group's **insurance premium income** jumped by 17.9% year-on-year to €17.5 billion thanks to the strength of the recovery in the life insurance division. Life insurance premium income (€11.0 billion) increased by 28.0%, with more than 50% of income coming from unit-linked policies. Savings in life insurance products amounted to €151.7 billion at the end of 2021, an increase of 4.3%. Property and casualty insurance continued to grow, with a 4.2% rise in premium income to €6.5 billion.

The **number of policyholders** was 16.7 million (+1.5%), representing 44 million policies in the portfolio (+2.7%).

General operating expenses increased (€808 million), as did the employee benefits expense, other operating expenses and depreciation, amortization and provisions.

The **share of income** of equity consolidated companies (-€2 million) fell by €2 million.

Overall, **net profit attributable to the group** came to €1.093 billion (+€357 million vs. 2020).

Insurance accounted for 26% of net profit attributable to the group (24% in 2020).

Corporate and Investment Banking

(IN € MILLIONS)	2021	2020	CHANGE 2021/2020
Net banking income	1,690	953	77.3%
Gross operating income	1,243	537	131.5%
Profit/(loss) before tax	1,260	271	364.9%
Net profit/(loss) attributable to the group	1,096	238	360.5%

Net banking income rose by €737 million to €1.69 billion in the three business lines: private equity, capital markets and corporate banking.

General operating expenses increased by €31 million to €447 million for corporate banking, capital markets and private equity.

Net provisions for loan losses decreased by €287 million, yielding a net reversal of €17 million. The decrease mainly related to financing activities (-€310 million). Provisions for both proven and non-proven risk decreased, by €78 million and €209 million, respectively.

Income tax rose by €131 million to €164 million.

Net profit attributable to the group was up by €858 million to €1.096 billion.

Asset Management and Private Banking

(IN € MILLIONS)	2021	2020	CHANGE 2021/2020
Net banking income	1,045	893	17.0%
Gross operating income	350	284	23.2%
Profit/(loss) before tax	339	267	27.0%
Net profit/(loss) attributable to the group	265	209	26.8%

Bank savings products (excluding life insurance) increased by 14.8% to €334 billion, benefiting from the rise in stock market indices and high inflows at the networks and subsidiaries.

Net banking income increased by €152 million to €1.045 billion (+17%) for both Private Banking (mainly commission income) and Asset Management as a result of the recovery in the financial markets.

General operating expenses rose by €86 million (+14.1%) to €695 million, mainly in Asset Management (up €65 million).

Net additions to provisions for loan losses fell by €21 million to €13.6 million (€35 million in 2020).

Net gains on other assets and equity consolidated companies totaled €3 million vs. €18 million.

The **“Taxes and other”** line item (€73 million) includes:
- income tax, which increased by €13 million to €72 million;
- net losses on discontinued operations of €1 million.

All in all, **net profit attributable to the group** came to €265 million, up 26.8%.

Other

(IN € MILLIONS)	2021	2020	CHANGE 2021/2020
Net banking income	2,006	1,607	24.8%
Gross operating income	207	-209	-199.0%
Profit/(loss) before tax	-656	354	-285.3%
Net profit/(loss) attributable to the group	-755	435	-273.6%

Net banking income rose by €399 million (+24.8%) to €2.006 billion.

General operating expenses were €1.799 billion (-0.9%).

Net additions to provisions for loan losses came to €0 compared with €2 million in 2020.

Net losses on other assets and equity consolidated companies totaled €863 million vs. a net gain of €565 million

in 2020, with the change mainly due to the goodwill impairment of Targobank Germany (€775 million) and Factofrance (€68 million) in 2021 and the sale of EIT in 2020.

The **“Income tax and other”** line increased by €180 million to -€96 million (+€84 million in 2020).

All in all, the **net loss attributable to the group** generated by the business line was €755 million compared with a €435 million profit in 2020, a decrease of €1.190 billion.

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 the Crédit Mutuel group are identical to those used for the group’s consolidated financial statements. Only the consolidation method differs, 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 (including, on a transitional basis, a portion of 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 dependent on future profitability but unrelated to timing differences, etc.).

The 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 to ensure that the sum of the capital adequacy requirements of the banking activities and the solvency margin requirements of the insurance companies is covered by consolidated capital.

The Crédit Mutuel group complies with all the applicable regulatory ratios.

Solvency ratios

Transition phase

(IN € MILLIONS)	12/31/2021	12/31/2020
COMMON EQUITY TIER 1 CAPITAL (CET1)	60,996	55,711
Capital	11,382	11,094
Eligible reserves before adjustments	55,454	50,936
Regulatory adjustments to CET1	-5,841	-6,319
ADDITIONAL TIER 1 (AT1) CAPITAL	247	490
TIER 2 (CET2) CAPITAL	9,334	9,029
TOTAL CAPITAL	70,577	65,229
Risk weighted assets - credit risk	283,657	270,379
Risk weighted assets - market risk	3,341	3,605
Risk weighted assets - operational risk	25,196	24,376
TOTAL RISK-WEIGHTED ASSETS	312,193	298,367
SOLVENCY RATIOS		
Common Equity Tier 1 (CET1) ratio	19.5%	18.7%
Tier One ratio	19.6%	18.8%
Total capital ratio	22.6%	21.9%
Taking into account transitional arrangements allowing for the inclusion of net income.		
TARGET		
SOLVENCY RATIOS		
Common Equity Tier 1 (CET1) ratio	19.5%	18.6%
Tier One ratio	19.5%	18.6%
Total capital ratio	22.6%	21.8%

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), climate and environmental 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 the 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.

In accordance with 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	12/31/2021	12/31/2020
Loans and receivables		
Credit institutions	64,536	61,587
Customers	575,562	541,789
Gross exposure	640,098	603,376
Impairment	-11,253	-11,679
Credit institutions	-5	-5
Customers	-11,248	-11,674
Net exposure	628,845	591,697

Credit risk exposure on commitments given

EXPOSURE	12/31/2021	12/31/2020
Financing commitments given	101,302	94,703
Credit institutions	1,575	1,560
Customers	99,727	93,143
Guarantee commitments given	30,905	30,947
Credit institutions	5,750	5,333
Customers	25,155	25,614
Provision for risks on commitments given	360	394

Exposure to credit risk on debt securities

EXPOSURE	12/31/2021	12/31/2020
Debt securities		
Government securities	45,842	48,260
Bonds	118,082	127,027
Derivative instruments	6,466	6,676
Repurchase agreements and securities lending	4,713	5,269
Gross exposure	175,103	187,232
Provisions for impairment	-130	-236
Net exposure	174,973	186,996

Gross carrying amount of exposures by category and by range of PD (customer loans)

12/31/2021	Of which assets impaired at origination	Subject to 12-month expected losses	Subject to expected losses at termination	Of which receivables under IFRS 15	Subject to expected losses on impaired assets at end of period but not impaired at origination
By 12-month PD range - IFRS 9					
< 0.1	0	131,457	2,742	0	0
0.1 - 0.25	0	156,504	607	0	0
0.26 - 0.99	1	102,837	4,471	0	0
1 - 2.99	6	72,464	9,688	0	0
3 - 9.99	10	37,560	16,627	0	0
≥ 10	666	13,803	12,970	0	13,788
Total	683	514,624	47,105	0	13,788

Gross carrying amount of the insurance entities' SPPI exposures by external rating

12/31/2021	Gross carrying amount of SPPI assets
By external rating	
AAA to AA+	13.0%
AA to AA-	38.4%
A+ to A	12.6%
A-	11.7%
BBB+ to BBB	17.6%
BBB-	1.8%
BB+ to BB	1.1%
BB- to B+	0.7%
B to B- and CCC+ to CCC-	0.3%
NN *	2.7%
Total	100 %

* Not rated.

Rating structure and geographic breakdown of interbank loans

	12/31/2021 As a %	12/31/2020 As a %
Structure of interbank loans by rating (A-IRB scope - gross performing loans)		
A+	14.0%	16.7%
A-	31.4%	27.8%
B+	18.7%	24.0%
B-	28.6%	24.0%
C and below (excluding default rating)	7.4%	7.6%

Source: Crédit Mutuel group consolidated scope - Basel calculator.

The structure of the Crédit Mutuel group's interbank exposures, based on internal ratings, continued to be of good quality at December 31, 2021, with more than 92% of these exposures rated between A and B.

	12/31/2021 As a %	12/31/2020 As a %
Geographic breakdown of interbank loans		
France	49.98%	53.33%
Germany	5.81%	5.54%
Rest of Europe	17.05%	23.54%
Rest of world	27.16%	17.59%

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

Customer credit risk

	12/31/2021 As a %	12/31/2020 As a %
Breakdown of loans by type of customers		
A - Central governments and banks	27.5%	26.5%
B - Credit institutions	5.6%	6.2%
C - Corporates	20.1%	20.4%
D - Retail	46.9%	46.9%

Source: Crédit Mutuel group consolidated scope - Basel calculator.

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

Geographic breakdown of customer risk

	12/31/2021 As a %	12/31/2020 As a %
Geographic breakdown of customer risk		
France	82.72%	82.98%
Germany	5.74%	5.90%
Rest of Europe	5.77%	6.31%
Rest of world	5.77%	4.82%

Concentration of gross customer risk

	12/31/2021	12/31/2020
Concentration of gross customer risk		
Loans exceeding €300 million		
Number	103	97
Balance sheet commitments (€m)	40 189	39 434
Off-balance sheet commitments (€m)	28 553	29 199
Commitments of between €200 million and €300 million		
Number	72	73
Balance sheet commitments (€m)	10 976	11 914
Off-balance sheet commitments (€m)	6 279	6 037

Taking all commitments into account, the average unit amount of the 103 largest risks exceeding €300 million was €667 million (€708 million in 2020) while the average unit amount of the 73 largest risks between €200 million and €300 million was €240 million (€246 million in 2020).

Quality of risk

	12/31/2021	12/31/2020
Loans impaired individually (S3)	14,424	15,296
Expected losses at termination (S2)	-2,416	-2,257
Expected losses on impaired assets (S3)	-7,295	-7,996
Individual coverage ratio	50.6%	52.3%
Total coverage ratio	67.3%	67.0%

Past due and impaired loans for which guarantees were received

12/31/2021				Carrying amount of impaired assets	Total past due amounts and impaired assets
IN €M	Past due amounts (\$1+\$2)				
	≤ 30 DAYS	> 30 DAYS ≤ 90 DAYS	> 3 MONTHS	TOTAL	
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	5,841	1,303	181	4,721	12,046
Central governments	69	45	19	15	148
Credit institutions	8	7	0	2	17
Other financial entities	48	7	1	99	155
Non-financial entities	3,943	876	137	2,667	7,623
Retail customers	1,773	368	24	1,938	4,103
Total	5,841	1,303	181	4,721	12,046

12/31/2020	Past due amounts (S1+S2)			Carrying amount of impaired assets	Total past due amounts and impaired assets
IN €M	≤ 30 DAYS	> 30 DAYS ≤ 90 DAYS	> 3 MONTHS	TOTAL	
Debt instruments	0	0	0	-3	-3
Central governments	0	0	0	0	0
Credit institutions	0	0	0	0	0
Other financial entities	0	0	0	-3	-3
Non-financial entities	0	0	0	0	0
Loans and advances	5,194	1,292	176	5,399	12,061
Central governments	136	59	0	26	221
Credit institutions	14	8	0	1	23
Other financial entities	80	5	2	113	200
Non-financial entities	3,577	846	152	3,062	7,637
Retail customers	1,387	374	22	2,197	3,980
Total	5,194	1,292	176	5,396	12,058

Breakdown of risk exposures by economic sector

BREAKDOWN OF GROSS EXPOSURES BY ECONOMIC SECTOR	12/31/2021 As a %	12/31/2020 As a %
Private individuals	40.5%	40.0%
Public administrations and central banks	25.9%	24.9%
Banks and financial institutions	4.3%	4.8%
Other real estate (including leasing and property companies)	3.1%	3.0%
Real estate development	1.4%	1.4%
Retail trade	2.4%	2.7%
Sole traders	2.5%	2.5%
Construction and building materials	2.1%	2.3%
Agriculture	1.5%	1.6%
Other financial activities	1.9%	1.9%
Industrial goods and services	1.8%	1.9%
Holding companies and conglomerates	1.4%	1.5%
Food processing and beverages	1.1%	1.1%
Transport	1.1%	1.3%
Travel and leisure	1.1%	1.1%
Oil, gas and commodities	0.7%	0.7%
High technology	0.6%	0.8%
Automobile industry	0.9%	0.8%
Utilities	0.6%	0.5%
Health	0.6%	0.6%
Media	0.3%	0.4%
Associations	0.3%	0.3%
Household products	0.4%	0.5%
Other group subsidiaries (*)	2.7%	2.7%
Sundry	0.0%	0.3%
Telecommunications	0.2%	0.2%
Chemicals	0.2%	0.3%

Source: Crédit Mutuel group consolidated scope - 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.

SYNTHÈSE	CARRYING AMOUNT 12/31/2021	VALEUR COMPTABLE 12/31/2020
RMBS	1,260	1,163
CMBS	0	6
CDO/CLO	3,137	3,448
Other ABS	3,260	2,214
CLO hedged by CDS	0	0
Other ABS hedged by CDS	0	0
Liquidity lines	0	0
Total	7,656	6,831

Unless otherwise indicated, securities are not hedged by CDS.

Exposures at December 31, 2021

CARRYING AMOUNT	RMBS	CMBS	CLO	OTHER ABS	TOTAL
FVPL	253	-	9	374	635
Amortized cost	33	-	338	1,176	1,547
FV Others	1	-	-	-	1
FVOCI	973	-	2,790	1,710	5,473
TOTAL	1,260	-	3,137	3,260	7,656
France	565	-	359	942	1,866
Spain	111	-	-	358	469
United Kingdom	22	-	110	277	409
Rest of Europe	413	-	189	1,236	1,837
USA	29	-	2,479	339	2,847
Other	120	-	-	108	228
TOTAL	1,260	-	3,137	3,260	7,656
US Agencies	-	-	-	-	-
AAA	1,126	-	2,911	1,391	5,428
AA	112	-	156	814	1,082
A	13	-	70	4	86
BBB	1	-	-	-	1
BB	5	-	-	-	5
Less than or equal to B	3	-	-	7	10
Not rated	-	-	-	1,044	1,044
TOTAL	1,260	-	3,137	3,260	7,656

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

Basel III Framework – Credit risk

To better take into account the quality of the borrower, capital adequacy 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 the 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 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 applicable risk weightings 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, the Crédit Mutuel group will continue to measure exposures to 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 following four 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.

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

As part of the TRIM exercise (targeted review of internal models), the European Central Bank confirmed the authorizations obtained.

- As a cooperative bank owned by its members and customers, the 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.

The 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.

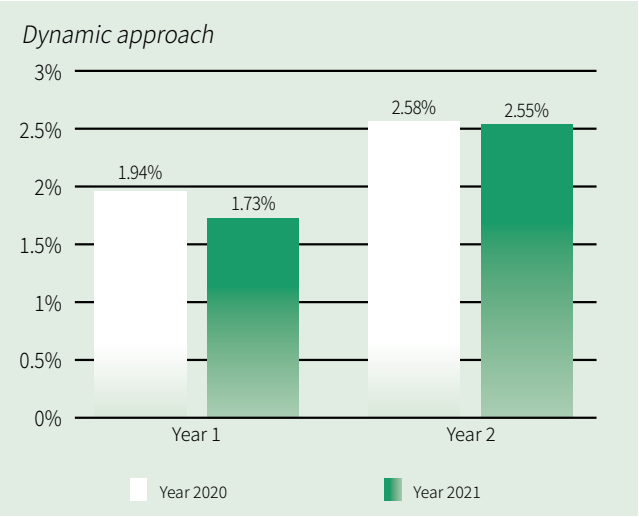
Interest rate risk is analyzed and hedged globally, if appropriate, by entering into so-called macro-hedging transactions. These transactions are accounted for in accordance with IAS 39 as adopted by the European Union, i.e. in accordance with the carved out version. High-value or special-purpose customer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

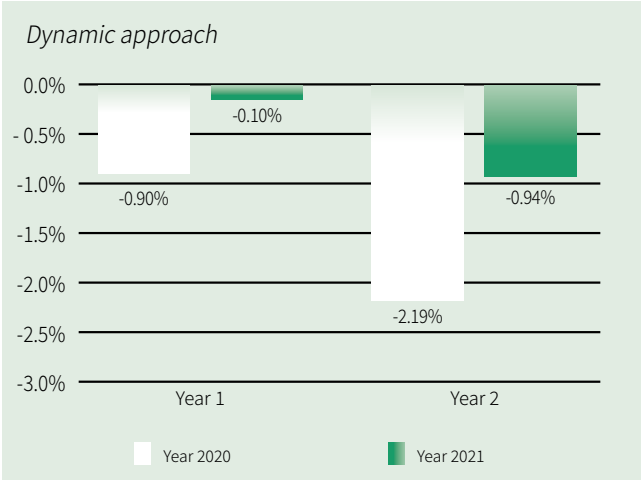
At the national level, the sensitivity limit for net banking income over one or two years includes new loan production based on scenarios of moderate changes in interest rates (+/- 1% for variable rates and +/- 0.5% for regulated interest rates).

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



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

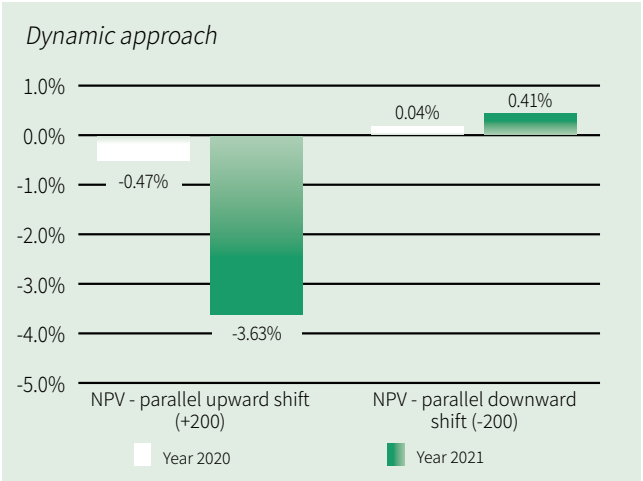
**Sensitivity of net banking income
to a differentiated decrease in interest rates**



The sensitivity of the 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 the Crédit Mutuel group's national system of limits.

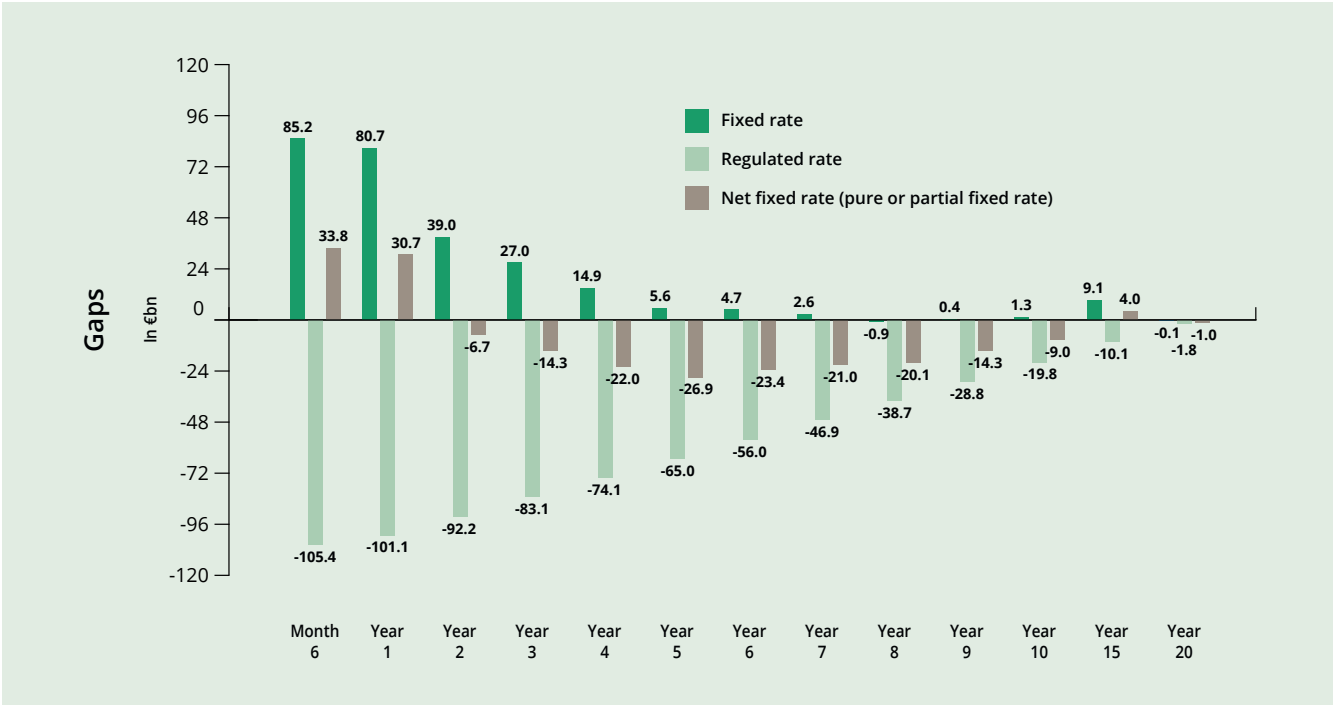
**Sensitivity of the economic value
of capital to a parallel shift of +/-200 bps**



In addition to these indicators, the 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 group - Static gaps (Assets-Liabilities) in end of period outstandings at 12/31/2021



**Financial instruments
subject to benchmark reform**

The table below shows a summary at 12/31/2021 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	547	731	697	395
Euribor	23,095	11,731	93,470	65,576
GBP-Libor	47	5	21	0
USD-Libor	248	683	2	0

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 183.55% at December 31, 2021, the 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 12/31/2021

Residual contractual maturities (€m)	≤ 1 MONTH	>1 MONTH ≤ 3 MONTHS	>3 MONTHS ≤ 1 YEAR	>1 YEAR ≤ 2 YEARS	> 2 YEARS ≤ 5 YEARS	> 5 YEARS	NO SET MATURITY	TOTAL
Assets								
Cash in hand and balances with central banks	157,145	-	-	-	-	-	-	157,145
Demand deposits - Credit institutions	5,410	-	-	-	-	-	-	5,410
Financial assets held for trading	5,817	606	2,114	1,433	3,450	3,178	670	17,268
Financial assets at fair value through profit or loss	17	12	36	49	240	494	6,925	7,772
Financial assets at fair value through equity - recyclable	1,436	2,289	3,791	5,516	15,751	12,804	1	41,587
Financial assets at fair value through equity - non-recyclable	-	-	-	-	-	-	1,253	1,253
Securities at amortized cost	264	54	763	1,340	1,939	1,593	89	6,040
Loans and advances (including finance leases)	54,879	20,769	50,719	57,113	140,147	292,860	7,664	624,152
Liabilities								
Central bank deposits	603	2	-	-	-	-	-	605
Financial liabilities held for trading	4,318	1,480	1,338	269	2,755	2,286	23	12,467
Financial liabilities at fair value through profit or loss	1	-	125	2	1	929	-	1,057
Financial liabilities valued at amortized cost	487,644	37,127	69,786	51,861	98,329	50,090	1,677	796,513

The amounts shown are as reported under IFRS for entities in the prudential scope of consolidation. The maturity rules used are:

- 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 performances.

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 the Crédit Mutuel group

The 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, risk type and risk context in close collaboration with the functional departments. These departments define a standardized framework for analyzing incurred losses and potential risks in compliance with common procedures and regulatory requirements.

For serious risks, they draw up expert-based modeling for comparison against scenario-based, probabilistic assessments.

For frequent risks, modeling is based on the national database of internal loss events. This database is updated according to the rules defined in the national data collection procedure. All losses over the uniform threshold of €1,000 must be entered. The loss events database is reconciled with the accounting information.

The Crédit Mutuel group also subscribes to an external database which it uses to enhance the mappings and, more generally, the operational risk measurement system.

Main objectives

The implementation of the operational risk management policy has the following objectives:

- contribute to group management through the control of risks and their costs;
- 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.

Climate and environmental risks

Definition

Climate change and environmental damage are sources of structural changes that could have an effect on economic activity and consequently on the financial system. Climate and environmental risks are commonly viewed as including two main risk factors: physical risk and transition risk:

- physical risk refers to the direct losses caused by climate change (in particular, the proliferation of extreme climate events and gradual shifts in the climate) and environmental damage (such as air, water and ground pollution, water stress, the loss of biodiversity and deforestation);
- transition risk refers to the financial losses an institution may incur as a direct or indirect result of the process of adapting to a low-carbon, more environmentally sustainable economy.

The matrix aspect of climate and environmental risks requires greater involvement of all the Crédit Mutuel group's risk teams (credit risk, operational risk, overall risk management, etc.) in order to:

- identify and measure the impacts of climate risk on these risks;
- adapt existing tools and processes, if necessary;
- implement management indicators.

Climate and environmental risk management systems

To effectively monitor its commitments, Crédit Mutuel has created a national governance structure and roadmap for CSR and climate and environmental risks that ensures consistency and encourages collective mobilization while respecting the principle of subsidiarity.

This has resulted in a number of projects overseen by a CSR and climate risk steering committee which includes representatives of all the regional groups and reports to the executive and supervisory bodies, with help from multidisciplinary working groups.

The Crédit Mutuel group's CSR roadmap, approved by its executive and supervisory bodies, is centered around three priorities:

- SUSTAINABILITY - Take a long-term approach
- REPORTING - Develop relevant and tangible measurement tools
- CLIMATE - Align our activities with the climate goals of the Paris Agreement

The aim of this consolidated roadmap is to build collectively on the initiatives undertaken and oversee common issues (regulatory in particular).

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 and 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, personal insurance, property insurance and third-party liability insurance products, predominantly through the banking networks of the Crédit Mutuel group.

At December 31, 2021, coverage of the solvency requirements related to banking activities or investment and insurance services by the own funds of the Crédit Mutuel group acting as financial conglomerate was 178.0%.

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 €2.168 billion at December 31, 2021 (i.e. 5% of the conglomerate's solvency requirements at December 31, 2021, which amounted to €43.359 billion).

Outlook

After a year 2021 marked by exceptional business performance and earnings in a context of uncertainty and recovery following the health and economic crisis, the Crédit Mutuel group is confirming its mutualist development goals. In 2022, it will pursue its development by building on its banking and insurance model in order to best serve all its customers and members.

Its strategy is based on the commercial performance of its retail banking and insurance networks, which will continue to meet customers' needs, coupled with the development of its business subsidiaries. The group aims to maintain its operational efficiency through a carefully managed risk and cost policy and in-depth knowledge of its customers. These strengths will enable it to face the future with confidence.

Since the Crédit Mutuel group does not operate in Ukraine and Russia, it has no employees in the conflict zones, and direct exposures in these two countries, as well as in Belarus, are immaterial. Moreover, the group has no assets at the Russian Central Bank.

The group is committed to implementing and complying with the restrictive measures and the personal and economic sanctions imposed by the European Union in response to Russia's military aggression against Ukraine. In particular, it has a robust risk governance and management system that enables it to closely monitor its customers' transactions with Russia to combat money laundering, tax fraud and terrorist financing. The group is also taking additional caution in terms of cybersecurity.

In addition, the Crédit Mutuel group is fully committed to addressing the impacts of the crisis in Ukraine and the growing economic uncertainty.

As a credit institution, the Crédit Mutuel group is offering its full support at the local level to its professional and business customers that are experiencing difficulties (particularly small and medium-sized companies) and to its individual customers who may be directly or indirectly affected by the rising cost of energy, agricultural raw materials and metals, as well as underlying inflation.

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

The accounting and prudential impacts of this situation can only be assessed later, in light of geopolitical developments and their impact on the economy. The crisis in Ukraine could result in deterioration in the quality of the loan portfolio and an increase in provisioning, which already rose significantly during the health crisis. The group is also impacted by the financial market situation, which could reduce the value of its portfolios of financial instruments (bonds, equities and derivatives), and by the effect of inflation on its general operating expenses. The effects on the interest margin will depend, among other things, on the repercussions of inflation and the ECB's monetary policy on the yield curve and regulated savings rates. In any case, based on early analysis of the macroeconomic impact of the crisis, the group is confident of its ability to absorb the effects without difficulty.

As during the Covid-19 health crisis, there is no need to make forced disposals and realize capital losses on assets. The group's financial strength enables it to confront this crisis, thanks to its shareholders' equity, capital and the resulting ratios (at 12/31/2021, overall solvency ratio of 22.61% (SREP requirement of 12.76%, including buffers and P2R), leverage ratio of 7.98% (regulatory threshold calculated according to Article 429a (7) of the CRR: 3.25%) and liquidity coverage ratio (LCR) (183.6%, regulatory threshold: 100%)). As a reminder, the liquidity buffer was €181 billion at the end of December and €175 billion at the end of February.

The Crédit Mutuel group had total assets of €1.080 billion at December 31, 2021, broken down by business line as follows:

In € billions	Retail banking	Insurance	Corporate and Investment Banking	Asset Management / Private Banking	Other	Total	Intra-group elimination	Total
12/31/2021	1,301,534	209,174	97,725	39,948	149,194	1,797,575	-717,084	1,080,491
Balance sheet total	72.4%	11.6%	5.4%	2.2%	8.3%	100.0%		

Financial statements

at December 31, 2021

Balance sheet (assets)

IN € MILLIONS	12/31/2021	12/31/2020	NOTES
Cash and amounts due from central banks	157,145	129,800	1
Financial assets at fair value through profit or loss	24,909	30,968	6a, 6c, 9, 10
Hedging derivatives	2,271	3,157	7, 9, 10
Financial assets at fair value through equity	42,833	48,127	4a, 4b, 5, 7, 9
Securities at amortized cost	4,684	4,193	2c, 5, 7
Loans and receivables due from credit and similar institutions at amortized cost	62,191	60,032	2a, 5, 7
Loans and receivables due from customers at amortized cost	564,925	530,608	2b, 5, 7
Remeasurement adjustment on interest-rate hedged portfolios	1,746	3,523	
Short-term investments in the insurance business line and reinsurers' share of technical provisions	194,196	185,891	8, 9
Current tax assets	1,570	1,824	11a
Deferred tax assets	2,097	2,135	11b
Accruals and other assets	11,153	9,768	12a
Non-current assets classified as held for sale	215	95	12c
Deferred profit-sharing	0	0	
Investments in companies accounted for using the equity method	213	344	13
Investment property	551	531	14
Property, plant and equipment	4,586	4,591	15a
Intangible assets	1,284	1,222	15b
Goodwill	3,922	4,801	16
Total assets	1,080,491	1,021,610	

Balance Sheet - Liabilities and Equity

IN € MILLIONS	12/31/2021	12/31/2020	NOTES
Due to central banks	605	575	1
Financial liabilities at fair value through profit or loss	13,492	16,742	6b, 6c, 9, 10
Hedging derivatives	2,898	3,435	7, 9, 10
Amounts due to credit and similar institutions at amortized cost	83,934	51,777	3a, 7
Amounts due to customers at amortized cost	547,660	522,129	3b, 7
Debt securities at amortized cost	141,725	151,545	3c, 7
Remeasurement adjustment on interest-rate hedged portfolios	466	255	7
Current tax liabilities	943	874	11a
Deferred tax liabilities	1,297	1,456	11b
Accruals and other liabilities	16,812	16,289	12b
Debt related to non-current assets held for sale	345	94	12c
Liabilities related to policies of the insurance activities	187,453	179,033	8
Provisions	4,450	4,523	17
Subordinated debt at amortized cost	11,343	10,656	3d
Total shareholders' equity	67,068	62,227	
Shareholders' equity - Attributable to the group	66,996	62,149	
Capital and capital reserves	11,442	11,121	18a
Consolidated reserves	49,656	46,427	18a
Gains or losses recognized directly in equity	1,632	1,531	18b, 32, 33
Profit (loss) for the period	4,266	3,070	
Shareholders' equity - Non-controlling interests	72	78	18c
Total liabilities and shareholders' equity	1,080,491	1,021,610	

Income statement

IN € MILLIONS	12/31/2021	12/31/2020	NOTES
Interest and similar income	14,754	15,612	20
Interest and similar expense	-6,214	-7,233	20
Fees and commissions (income)	6,355	5,724	21
Fees and commissions (expense)	-1,492	-1,331	21
Net gains on financial instruments at fair value through profit or loss	1,223	78	22
Net gains/(losses) on financial assets at fair value through equity	103	41	23
Net gains (losses) resulting from the derecognition of financial assets at amortized cost	5	1	24
Net income from insurance activities	3,854	3,281	25
Income from other activities	2,093	2,495	26
Expenses on other activities	-893	-1,134	26
Net banking income	19,788	17,534	
General operating expenses	-10,891	-10,361	27
Movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets	-912	-919	27
Gross operating income	7,985	6,254	
Net additions to/reversals from provisions for loan losses	-892	-2,635	28
Operating profit/(loss)	7,093	3,619	
Share in net profit or loss of companies accounted for using the equity method	-19	-16	13
Gains or losses on other assets	0	687	29
Changes in goodwill	-847	-13	30
Profit/(loss) before tax	6,227	4,277	
Corporate income tax	-1,933	-1,167	31
Gains & losses on discontinued operations, net of tax	8	4	12c
Net profit/(loss)	4,302	3,114	
Profit/loss - Non-controlling interests	36	44	
Net profit/(loss) attributable to the group	4,266	3,070	

Statement of net income and gains and losses recognized directly in equity

IN € MILLIONS	12/31/2021	12/31/2020
Net profit/(loss)	4,302	3,114
Translation adjustments	135	-109
Remeasurement of financial assets at fair value through equity - debt instruments	0	3
Reclassification of financial assets from fair value through equity to fair value through profit or loss		
Remeasurement of insurance business line investments	-488	167
Remeasurement of hedging derivatives	6	-1
Share of unrealized or deferred gains or losses of companies accounted for using the equity method	0	-3
Total gains that may be recycled subsequently to profit or loss	-347	57
Remeasurement of financial assets at fair value through equity - equity instruments at the reporting date	416	73
Remeasurement of financial assets at fair value through equity - equity instruments sold during the period	-27	-23
Difference arising on remeasurement of own credit risk on financial liabilities under the fair value option	6	-18
Remeasurement of non-current assets		
Actuarial gains (losses) on defined benefit plans	47	-70
Share of non-recyclable gains or losses of companies accounted for using the equity method	3	-13
Total gains and losses that may not be recycled subsequently to profit or loss	445	-51
Net profit and gains recognized directly in equity	4,400	3,120
Of which attributable to the group	4,367	3,068
Of which non-controlling interests	33	52

Statement of changes in shareholders' equity

IN € MILLIONS	CAPITAL AND CAPITAL RESERVES		CONSOLIDATED RESERVES	UNREALIZED OR DEFERRED GAINS/LOSSES (AFTER TAX)								Total consolidated shareholders' equity	
	Capital	Capital reserves		Consolidated reserves	Translation differences	Revaluation differences (excluding financial instruments)	Changes in the value of financial instruments			Net profit/(loss) attributable to the group	Shareholders' equity attributable to the group		Shareholders' equity attributable to non-controlling interests
							Changes in the fair value of financial assets at fair value through equity	Remeasurement adjustment related to own credit risk on financial liabilities under the fair value option	Changes in the fair value of derivative hedging instruments				
Shareholders' equity at December 31, 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 and losses recognized directly in equity			2	-112	-70	246		-1		65	-1	64	
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	
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	
Shareholders' equity at January 1, 2021	11,090	31	46,427	-86	-574	2,227	-24	-11	3,070	62,150	77	62,227	
Capital increase	321									321		321	
Appropriation of income for 2020			3,070						-3,070	-		-	
Dividends paid in 2021 in respect of 2020			-115							-115	-3	-118	
Changes in investments in subsidiaries without loss of control			1							1	-1	-	
Subtotal of movements related to relations with shareholders	321	-	2,956	-	-	-	-	-	-3,070	207	-4	203	
Changes in gains/(losses) recognized directly in equity; amount thereof transferred to reserves (equity instruments)			1	135	52	-73	18	5		138		138	
			1			-27							
Changes in the value of financial instruments and non-current assets reclassified to profit or loss						-46		-		-46		-46	
Difference arising on remeasurement of own credit risk on financial liabilities under the fair value option transferred to reserves							6			6		6	
2021 net income									4,266	4,266	36	4,302	
Subtotal	-	-	1	135	52	-119	24	5	4,266	4,364	36	4,400	
Impact of acquisitions and disposals on non-controlling interests			-14							-14	-45	-59	
Changes in accounting methods			-							-		-	
Share of changes in the shareholders' equity of associates and joint ventures accounted for using the equity method			30			3				33		33	
Other changes			256							256	8	264	
Shareholders' equity at December 31, 2021	11,411	31	49,656	49	-522	2,111	-	-6	4,266	66,996	72	67,068	

Statement of cash flows

IN € MILLIONS	31.12.2021	12/31/2020
Net profit/(loss)	4,302	3,114
Tax	1,933	1,167
Profit/(loss) before tax	6,236	4,281
=+/- Net provision for depreciation of property, plant and equipment and intangible assets	912	912
- Impairment of goodwill and other non-current assets	962	32
+/- Net charges to provisions and impairment	2,779	3,245
+/- Share of profit/(loss) of companies accounted for using the equity method	-19	-16
+/- Net loss/gain from investing activities	-14	-23
+/- (Income)/expenses on financing activities	0	0
+/- Other movements	9,576	1,546
= Total non-monetary items included in net profit/(loss) before tax and other adjustments	14,197	5,696
+/- Flows related to transactions with credit institutions (a)	28,990	-475
+/- Flows related to transactions with customers (b)	-7,659	35,892
+/- Flows related to other transactions affecting financial assets or liabilities (c)	-9,751	3,253
+/- Cash flows relating to other transactions affecting non-financial assets or liabilities	1,800	-4,503
- Tax paid	-1,561	-1,072
= Net reduction/(increase) in assets and liabilities from operating activities	11,819	33,094
TOTAL NET CASH FLOW GENERATED BY OPERATING ACTIVITIES (A)	43,018	43,071
+/- Flows related to financial assets and investments (d)	-2,654	4,666
+/- Flows related to investment property (e)	-104	-206
+/- Flows related to property, plant and equipment and intangible assets (f)	-908	-1,140
TOTAL NET CASH FLOW FROM INVESTMENT ACTIVITIES (B)	-3,666	3,320
+/- Cash flows from or to shareholders (g)	348	144
+/- Other net cash flows from financing activities (h)	-1,359	-2,283
TOTAL NET CASH FLOW FROM FINANCING ACTIVITIES (C)	-1,011	-2,139
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS (D)	188	-105
Net increase/(reduction) in cash and cash equivalents (A + B + C + D)	27,761	44,146
Net cash flow from operating activities (A)	32,251	43,071
Net cash flow from investment activities (B)	-3,666	3,320
Net cash flow from financing activities (C)	-1,011	-2,139
Effect of exchange rate changes on cash and cash equivalents (D)	188	-105
Cash and cash equivalents at beginning of period	128,018	84,043
Cash and central banks (assets and liabilities)	129,227	86,012
Accounts (assets and liabilities) and demand loans/borrowings from credit institutions	-1,209	-1,969
Cash and cash equivalents at end of period	155,710	128,018
Cash and central banks (assets and liabilities)	156,541	129,227
Accounts (assets and liabilities) and demand loans/borrowings from credit institutions	-831	-1,209
CHANGE IN NET CASH AND CASH EQUIVALENTS	27,692	43,975

IN € MILLIONS	31.12.2021	12/31/2020
(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	-1,494	-9,579
+/- Inflows and outflows linked to amounts due to credit institutions, excluding accrued interest	30,484	9,104
(b) Flows related to transactions with customers break down as follows:		
+/- Inflows and outflows linked to loans and advances to customers, excluding accrued interest	-32,921	-42,271
+/- Inflows and outflows linked to amounts due to customers, excluding accrued interest	25,261	78,173
(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	1,366	6,721
+/- Inflows and outflows linked to financial liabilities at fair value through profit or loss	-5,487	-2,790
- Outflows related to acquisitions of fixed-income available-for-sale financial assets*	1,166	-7,473
+ 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	-6,810	6,796
(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	-18	-44
+ Inflows linked to sales of securities of companies accounted for using the equity method	1	0
+ Inflows linked to dividends received	10	5
- Outflows linked to acquisitions of held-to-maturity financial assets	-9,898	-1,343
+ Inflows linked to sales of held-to-maturity financial assets	6,983	5,996
- Outflows linked to acquisitions of variable-income available-for-sale financial assets	-83	-72
+ Inflows linked to sales of variable-income available-for-sale financial assets	350	124
+/- 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	-130	-260
+ Inflows linked to sales of investment property	26	54
(f) Flows related to property, plant and equipment and intangible assets break down as follows:		
- Outflows linked to acquisitions of property, plant and equipment and intangible assets	-1,202	-1,389
+ Inflows linked to sales of property, plant and equipment and intangible assets	294	249
(g) Cash flows from or to shareholders break down as follows:		
+ Inflows from issuance of shares and similar securities	321	299
+ Inflows from disposals of shares and similar securities	169	-23
- Outflows linked to dividends paid	-118	-137
- Outflows linked to other payments	-24	5
+ 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	12,556	13,432
- Outflows linked to repayment of bonds and debt securities	-15,164	-14,214
+ Inflows linked to issuance of subordinated debt	1,253	0
- Outflows linked to repayment of subordinated debt	-5	-1,501
- Outflows linked to interest paid, excluding accrued interest not yet due	0	0

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Notes to the financial statements

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 International Financial Reporting Standards as adopted by the European Union.

Since January 1, 2021, the group has applied the amendments adopted by the EU and the IFRIC decision presented below:

• Amendments to IFRS 16 - Rent concessions
This amendment extends the simplification measures for lessees benefiting from rent concessions until June 30, 2022 (instead of June 30, 2021) in connection with the Covid-19 crisis.

Lessees can choose 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, 2022;
- 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.

This amendment calls for consistent methods relative to the initial amendment.

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).

• IFRIC decision of April 20, 2021 on the principles for attributing post-employment benefits to periods of service

This decision clarifies the rules for determining commitments related to post-employment benefit schemes for which rights depend on the length of service and are capped at a specified number of years of service, while also being conditional on the employee’s presence at the company on the retirement date.

For such a scheme, the pension commitment will apply only for the period preceding the retirement age up until the cap is reached (or between the employee’s start date at the company and the retirement date if this period is less than the cap).

This puts an end to the approach previously taken, i.e. spreading the cost of the benefit between the employee’s date of hire and retirement date.

For the Crédit Mutuel group, the main impact of the IFRIC decision was the recognition of an over-financed scheme, resulting from the decrease in the commitments under certain retirement benefit schemes implemented by some Crédit Mutuel groups.

At the Crédit Mutuel group, the impacts of retroactive application of the IFRIC decision were immaterial at January 1, 2020, at December 31, 2020 and at December 31, 2021. The group has therefore not restated comparative amounts for prior periods.

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⁽²⁾ (PGE) to help its business and corporate customers maintain their cash flow.

PGE loans are 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 effective interest rate method.

On the date of initial recognition, they are recognized at their nominal value, which represents their fair value. At the subscription anniversary date, PGEs may be eligible for a grace period. The revision of flows related to the recognition of guarantee commissions over the repayment period is recognized as an adjustment to the carrying amount of PGEs with a positive and immediate impact on profit or loss. This impact was not material at the reporting date.

At December 31, 2021, government-backed loans issued by the group amounted to €17.3 million, of which 77.7% were extended for an average of 4.5 years and 22.4% were repaid in full (17.8%) or in part (4.6%). Loans downgraded to status 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, 2021, the impairment amount of these loans was immaterial, amounting to €155 million, of which 39.3% in status 2 and 55.5% in status 3.

• Credit risk

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

It allows for a prolonged crisis scenario, linked to the fifth wave, with a more pronounced impact for companies belonging to identified business sectors.

Since the first half of 2020, the group has adapted its credit risk early detection and measurement approach and updated its parameters to take into account the uncertainties of the health crisis offset by government support measures.

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

2) 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

This methodological approach was maintained for the preparation of the 2021 financial statements.

As a reminder, the changes in the expected credit loss impairment model are centered around four areas:

• **Overweighting of the pessimistic scenario**

Since June 2020, the weighting of the pessimistic scenario has increased in line with the Banque de France's macro-economic projections³⁾ to calculate the forward-looking probabilities of default for all portfolios using the internal ratings-based approach. At December 31, 2021, the adverse scenario was weighted at 75%, the neutral scenario at 24% and the optimistic scenario at 1% (weightings unchanged compared with December 31, 2020).

• **Increase in the pessimistic scenario for individuals and individual business owners**

The pessimistic scenario was increased for individuals and individual business owners, which resulted in the recalibration of the related probabilities of default.

• **Sector adjustment**

An additional provision has been set up since 2020 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 is based on a phased analysis of credit risk deterioration.

Identification of vulnerable sectors

All NACE codes (Statistical Classification of Economic Activities in the European Union) were reviewed in light of the impact of the pandemic on economic sectors and government economic support measures.

Following this expert-based review, 59 sectors were identified and divided into three groups based on the negative impact of future government restrictions. Exposures in vulnerable sectors were transferred in full to status 2. No changes were made in 2021 to the list of sectors used in 2020.

Methodology for determining the sector adjustment

The relevant sectors are subject to specific monitoring based on two approaches:

- an expert opinion approach with the creation of an ad hoc committee responsible for providing an economic overview of the business sectors and expressing opinions justifying the identification or elimination of vulnerable sectors,
- a quantitative approach with monthly monitoring of internal indicators, such as the ratio of performing loans that are more than 30 days past due to total performing loans. This makes it possible to define a minimum provisioning rate for each sector group at the national level, which can be adjusted based on expert opinion.

Transfer to status 2

Performing exposures in vulnerable sectors are transferred in full to status 2.

• **Additional credit risk deterioration criterion for loans benefiting from a second repayment extension**

The group tightened its credit risk deterioration criteria for loans benefiting from a second repayment extension when repayment was not made after the first extension. The application of this criterion resulted in additional transfers to restructured assets and an increase in expected credit losses (linked to a transfer to status 2 or to a lower valuation of already downgraded loans).

At December 31, 2021, expected credit losses (excluding the impact of the sector adjustment) amounted to €301 million, a difference of €318 million compared with December 31, 2020.

The sector adjustment at December 31, 2021 is estimated at -€72 million compared with +€888 million at December 31, 2020.

The change in sector provision for the year is linked to the transfer of loans to status 3 following the deterioration in counterparty credit risk.

Sensitivity analysis

The group performed a sensitivity test on net additions to/ reversals from provisions for loan losses (including sector adjustment). A 10 point increase in the weighting of the pessimistic scenario for the IRB entities and a five point increase for the entities using the standardized approach would result in an additional provision of €131.5 million, i.e. 4.7% of expected losses.

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

• **Relance equity loan scheme**

The Crédit Mutuel group is participating in the “Relance” equity loan scheme (Prêts participatifs relance – PPR), which aims to provide SMEs and mid-caps with access to loans similar to quasi-equity.

Through its branch network, the group will distribute PPRs (meeting strict eligibility criteria set by the financial scheme). PPRs are eight-year fixed-rate loans with an optional four-year interest-only period and an early repayment option that can be exercised from the fourth year.

The group will transfer 90% of the PPRs to a market fund (known as the PPR fund) and retain 10% on its balance sheet.

The PPR fund is structured in such a way that there are no sub-funds in its liabilities. The securities issued by the fund provide remuneration representative of all the PPRs transferred (principal and interest) after taking into account the 30% government guarantee.

10% of PPRs are retained to encourage the collection of cash flows. They meet the “basic loan” criterion and are recognized at amortized cost using the effective interest rate method.

On the date of initial recognition, they are recognized at their nominal value, which represents their fair value.

At December 31, 2021, PPR loans on the group's balance sheet were immaterial.

The mechanism for the transfer of 90% of the PPRs and the financial scheme are defined in accordance with IFRS 9 derecognition criteria.

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

IBOR reform

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

All indices must now comply with the BMR regulation. Existing indices were used until December 31, 2021 and, for some LIBOR terms (USD LIBOR)⁴⁾ may possibly be used until June 30, 2023. Eventually, the old benchmark indices 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 began work in project mode in the first quarter of 2019 and is ensuring that

3) 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.

4) On March 5, 2021, the UK regulator, the Financial Conduct Authority, announced that it would stop publishing:
- LIBOR rates for all GBP, JPY, CHF and EUR settings, and the 1-week and 2-month USD settings as of December 31, 2021;
- US LIBOR rates for all other settings (1-month, 3-month, 6-month and 12-month) as of June 30, 2023.

the risks (legal, commercial, organizational, tools and financial/accounting) associated with this transition are covered.

The EONIA had been defined as a €STR tracker from October 2019 until its disappearance. The €STR was definitively designated by the European Commission as the successor to the EONIA⁵⁾, for all contracts still outstanding at the beginning of January 2022 that did not include a robust fallback clause.

In addition, the SARON plus a maturity-based spread adjustment will, by default, be the statutory replacement index⁶⁾ of the CHF LIBOR.

Since the change in its calculation methodology in July 2019, the Euribor has complied with the BMR regulation.

Finally, in November 2021 the UK regulator, the Financial Conduct Authority, announced the publication of summary GBP and JPY LIBOR until the end of 2022 which may be used for contracts that are difficult to manage in terms of legal transition (no fallback clauses). The successor to the GBP LIBOR is SONIA; however, unlike the CHF LIBOR or EONIA, this index will not have a “regulatory” transition.

In light of this, the group believes that there are still uncertainties regarding USD and GBP LIBOR rates for existing non-capital markets contracts not yet amended.

The group has continued work on transitioning existing contracts to the replacement rates.

For capital markets, fallback clauses have been added to over-the-counter derivative contracts, repurchase agreements and lending-borrowing agreements by adhering to the ISDA protocol (which has been in effect since January 25, 2021) or by updating clearing houses’ rules books for cleared derivatives. They have been activated for cleared derivatives

as of October 2021, and will be activated for ISDA contracts by no later than the permanent cessation of publication of the indices.

In 2021, a “technical amendment related to events on benchmark indices” in FBF agreements entered into with corporate clients or banking counterparties was included to ensure the compliance of unexpired interest rate transactions concluded before February 2020.

The group has also updated contracts through bilateral negotiations between parties or by updating commercial terms (i.e. change in the benchmark rate through an amendment).

In particular, for the retail banking and Large Corporates business lines, the transitions to the new replacement indices based on market standards for existing contracts have been completed. The impact of transitioning these contracts is considered immaterial (to be confirmed by the groups).

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

In terms of accounting, the group applies the Phase 1 amendments to IAS 39, IFRS 9, IFRS 7, IFRS 4 and IFRS 16 for the period leading up to the reform and the Phase 2 amendments for the period of transition to the new indices once they are defined. For the accounting treatments and reliefs introduced by these standards, see Section 3.1.

Exposures that had not matured at December 31, 2021 and will be subject to the changes related to IBOR reform are presented in the information regarding risk management. Exposures on derivatives indexed to Eonia and GBP LIBOR, cleared or in the form of ISDA contracts, will transition to the replacement indices starting in early January 2022.

	Financial assets – Carrying amount	Financial liabilities – Carrying amount	Derivatives – Notional amount	Hedging derivatives
Eonia	547	731	697	395
Euribor	23,095	11,731	93,470	65,576
GBP-Libor	47	5	21	0
USD-Libor	248	683	2	0

Targeted longer-term refinancing operations – TLTRO III

The TLTRO III program has allowed banks to benefit from seven refinancing tranches since September 2019, each with a maturity of three years and at an interest rate that varies depending on the period, and from three additional tranches since January 2021.

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. In the context of the health crisis, the ECB has eased the conditions of these refinancing operations to support the distribution of loans to households and businesses. Some target parameters have been recalibrated ⁷⁾:

- banks’ borrowing capacity was increased to 55% of eligible outstanding loans as of March 2021 (vs. 50% previously);
- the first seven TLTRO III tranches can be repaid early on a quarterly basis, one year after the launch of each transaction, and the last three starting in June 2022;

- the more favorable interest rate conditions were extended in the event the performance objectives are met over an additional period. The TLTRO III interest rate is thus reduced by 50 bps (i.e. additional special interest rate) for the “special” period from June 2020 to June 2022 (vs. June 2021 initially).⁸⁾

At December 31, 2021, the Crédit Mutuel group had borrowed €53.8 billion under TLTRO III refinancing operations (vs. €26 billion at December 31, 2020). They involved adjustable-rate financial instruments recognized at amortized cost.

The group achieved the lending performance threshold set by the ECB for all the program’s reference periods. Therefore, the effective interest rate on TLTRO financing operations is calculated based on the ECB cash deposit rate (“DFR rate”) and takes into account the spreading of the 0.50% special interest rate over the “special” interest period.

The Crédit Mutuel group has continued to analyze the potential impacts of the IFRIC 2021 provisional decision on the accounting treatment of TLTRO III operations. This will be discussed at the next IFRS IC meeting in February 2022.

Information related to risk management

This information is provided in the group’s management report.

5) European Regulation 2021/1848 of October 21, 2021.

6) European Regulation 2021/1847 of October 14, 2021.

7) Decision (EU) 2021/124 of the ECB of January 29, 2021 amending Decision (EU) 2019/1311 on a third series of targeted longer-term refinancing operations (ECB/2021/3 published in the Official Journal of the European Union on February 3, 2021).

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).

I/ Accounting policies

Note 1 - Consolidation scope

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

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

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

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

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

1.1 Consolidating entity

At December 31, 2021, the consolidating entity for the Crédit Mutuel group was composed of all the local mutual banks, federal banks (general purpose and farming/rural) and regional federations of the six Crédit Mutuel groups, Caisse Centrale du Crédit Mutuel, the Confédération Nationale du Crédit Mutuel and 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 Principles for inclusion in the consolidation scope

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

All the entities included in the consolidation scopes of the regional groups are included in the national consolidation scope. Jointly held companies, not consolidated at regional level, are excluded from the national consolidation scope if their total assets or earnings have an impact of 1% or less on the consolidated equivalent.

However, an entity that does not reach this threshold may be consolidated if its activity or intended development result in it being considered a strategic investment. The consolidation scope comprises:

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

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

- *a joint operation* is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the entity. The joint operator recognizes its assets, liabilities, revenue and expenses in relation to its interest in the joint operation.
- *a joint venture* is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the entity's net assets. The joint venturer recognizes its interest in the entity using the equity method.

All entities over which the group exercises joint control are joint ventures within the meaning of IFRS 11.

- *Entities over which significant influence is exercised*: entities where the group does not have control but has the power to participate in the entity's financial and operational policy. 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 consolidation methods used are the following:

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 under joint control, classified as joint ventures or for all entities under significant influence.

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

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

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 statements of foreign subsidiaries are translated into euros at the average exchange rate for the fiscal year.

The resulting translation differences are recognized directly in "Translation reserves". On liquidation or disposal of some or all of the interests held in a foreign entity, these amounts are recognized through the income statement.

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 correspond to the difference between the carrying amount and fair value.

• 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 the goodwill is positive, it is recognized as an asset and, if negative, it is recognized immediately in the income statement under "Changes in value of goodwill".

If 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, or 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 related 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 are 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.

Benchmark reform

In accordance with the Phase 2 amendment to IAS 39, IFRS 9, IFRS 7, IFRS 4 and IFRS 16, the group applies the 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.

• 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 certain financial instruments 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⁾ 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

11) Targeted Longer-Term Refinancing Operations.

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).

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 hedging 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 which 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 the income statement under “*Net gains/(losses) on financial instruments at fair value through profit or loss*”.

• Hedge accounting

Risks hedged

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

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

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

In the case of a fair value hedge, derivatives are remeasured at their fair value, with any change being recognized in profit or loss under “*Net gains (losses) on financial instruments at fair value through profit or loss*”. The revaluation of the hedged items, in connection with the hedged risk, is treated in the same way and results in a charge or credit to profit or loss. This rule also applies if the hedged item is recognized at amortized cost or is a debt instrument classified under “Financial assets at fair value through equity”. Changes in the fair value of the hedging instrument and the hedged risk component will offset each other partially or totally; only the ineffective portion of the hedge is recognized in profit or loss. It may result from:

- the “counterparty risk” component included in the value of derivatives;
- the difference in the valuation curve between the hedged items and hedging instruments. 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 adjustment on interest-risk hedged investments*”, the counterpart being an income statement line item.

• **Cash flow hedges**

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

Amounts recognized in shareholders’ equity are reclassified to profit or loss under “Interest income and charges” in the same period or periods during which the cash flows attributable to the hedged item affect profit or loss.

The hedged items continue to be recognized in accordance with the rules specific to their accounting category. If the hedging relationship is broken or no longer fulfills the hedge effectiveness criteria, hedge accounting is discontinued.

The cumulative amounts recorded in shareholders’ equity for the remeasurement of the hedging derivative are maintained in shareholders’ equity until such time as the hedged transaction itself impacts profit or loss or until the transaction is no longer expected to occur, at which point said amounts are transferred to profit or loss.

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

• **Benchmark reform**

Within the framework of IBOR reform, the group is applying the flexibility in hedge accounting for changes related to this reform:

- *before replacement indices are defined:*
 - maintaining existing hedging relationships in this exceptional and temporary context, and until the uncertainty created by IBOR rate reform regarding the choice of a new index and the effective date of this change is resolved.
- *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.

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 likely.

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.

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 loans: 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 the Crédit Mutuel group's decentralized organizational structure, the supervisory and executive bodies are divided into two levels – the national level and the regional level.

The principle of subsidiarity, applied across the Crédit Mutuel group, governs the breakdown of roles between national and regional levels, both on a project basis and for the ongoing implementation of the asset impairment calculation methodology.

- At the national level, the Basel 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 contract by contract. 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 the 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 for the calculation of expected losses.

• Probability of default

This is based:

- for high default portfolios, on the models approved under the A-IRB 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 macro-economic 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 EBA guidelines 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 default (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;

- 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 9¹²⁾. 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 “banking insurance” headings. When they are relevant, the disclosures under IFRS 7 are provided separately for the insurance divisions.

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.

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 also apply to reinsurance contracts issued or subscribed, and to financial contracts with discretionary participation features.

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

3.2.1 Financial Instruments

Under IAS 39, the financial instruments of insurers may be classified in one of the following categories:

- financial assets/liabilities at fair value through profit or loss;
- available-for-sale financial assets;
- held-to-maturity financial assets; or
- loans and receivables;
- financial liabilities at amortized cost.

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

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

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

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

• Classification criteria

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

a) Instruments held for trading:

Securities are classified as held for trading if they were acquired principally for the purpose of selling them in the

near term or if they are part of a globally managed portfolio for which there is evidence of a recent actual pattern of short-term profit-taking.

b) Instruments designated as at fair value through profit or loss:

Financial instruments may be designated as at fair value through profit or loss upon initial recognition. Once designated as such, they cannot be reclassified. This classification is permitted in the following circumstances:

- financial instruments containing one or several separable embedded derivatives,
- instruments for which the accounting treatment would be inconsistent with that applied to another related instrument, were the fair value option not applied, and
- instruments belonging to a pool of financial assets measured and accounted for at fair value.

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

• Basis 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 Passifs non financiers

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.

Insurance contracts with discretionary participation features are subject to "shadow accounting".

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

At the end of the reporting period, an adequacy test is performed on the liabilities recognized on these contracts (net of related other assets and liabilities such as deferred acquisition costs and acquired portfolios). This test ensures that the recognized insurance liabilities are adequate to cover estimated future cash flows under insurance contracts. 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 Contrats de location

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

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

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

3.3.1.1 Finance leases - lessor

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

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

- removal of the leased asset from the balance sheet;
- recognition of a receivable in "Financial assets at amortized cost" in respect of the net present value of the lease payments receivable and any unguaranteed residual value accruing to the lessor, discounted at the interest rate implicit in the lease;
- recognition of deferred taxes 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 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 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:

<u>Property, plant and equipment:</u>	
- 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

<u>Intangible assets:</u>	
- 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,
- in the income statement, straight-line depreciation of the asset, with interest expenses recognized 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.

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.

13) Des groupes régionaux qui portent en direct les baux.

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 loanss

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 impairment loss on such assets and liabilities is recognized in profit or loss.

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

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,
- climate and environmental change,
- 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*”). At present, environmental risks are not assessed using the group’s expected credit loss impairment models.
- 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 Contracts

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.

Published in May 2017 and amended in June 2020, this new standard will take effect on January 1, 2023. The date of first-time application 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 the Crédit Mutuel group) has also been postponed until 2023 through an IASB amendment.

IFRS 17 (and the 2020 amendments) published by the IASB maintains the requirements regarding the granularity of provision calculations and the aggregation of contracts by year of issue (annual cohorts), despite incompatibility with the principle of intergenerational sharing of profits from financial assets for life insurance contracts with profit-sharing.

IFRS 17 was adopted by the European Union in November 2021, offering the possibility of exemption from the annual cohorts requirement for direct participating contracts. The scope of the portfolios of contracts to which the entity applies the exemption must be disclosed in the notes.

IFRS 17 applies to insurance contracts issued, reinsurance contracts held and investment contracts with discretionary participation features. It defines the level of aggregation of contracts to be used to assess the liabilities of insurance contracts and their profitability.

The first step is to identify portfolios of insurance contracts (contracts subject to similar risks and managed together). Each portfolio is then divided into three groups:

- contracts that are onerous at initial recognition,
- contracts that at initial recognition have no significant possibility of becoming onerous subsequently, and
- the remaining contracts in the portfolio.

Under IFRS 17, contracts are measured using a current value model where the general measurement model is based on a general building block approach comprising:

- les contrats déficitaires dès leur comptabilisation initiale
- les contrats qui n'ont pas, lors de leur comptabilisation initiale, de possibilité significative de devenir déficitaires ;
- et les autres contrats du portefeuille.
- probability-weighted estimates of future cash flows, as well as an adjustment to reflect the time value of money (by discounting these future cash flows) and the financial risks associated with the future cash flows;
- an adjustment for non-financial risk;
- the contractual service margin.

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

Insurance contracts in subsequent periods are remeasured and represent the sum of the liability for remaining coverage and the liability for incurred claims.

Insurance contracts with discretionary participation features must be measured based on the “Variable Fee” approach. They are defined as insurance contracts for which:

- the contractual terms stipulate that the insured receives a portion of a pool of clearly identified underlying items,
- the entity pays the policyholder a substantial portion of the returns resulting from the fair value of the underlying items,
- the entity expects a substantial portion of the amounts paid to the policyholder to vary according to changes in the fair value of the underlying items.

For these contracts, the contractual service margin is mainly adjusted for the portion accruing to the entity based on the fair value of the underlying assets (equivalent to the insurer's income).

Lastly, the standard offers the option to use a simplified approach, known as the “Premium Allocation Approach”, when:

- the coverage period of the insurance contracts does not exceed one year, or
- the measurement of the remaining coverage under this approach is a reasonable approximation of the measurement that would have been obtained by applying the general building block approach.

IFRS 17 must be applied retrospectively unless it is impracticable, in which case two options are possible:

- the modified retrospective approach: based on reasonable and supportable information that is available without undue cost or effort for the entity, certain changes may be applied, insofar as full retrospective application is not

possible, yet with the objective of achieving the closest possible result to that of the retrospective application;

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

The group's insurance divisions are continuing their work on the operational implementation of the provisions of IFRS 17 along the following lines:

- mapping the insurance contracts according to the granularity required by the standard (aggregation of contracts subject to similar risks and managed together, with a comparable level of profitability, issued less than one year apart);
- defining the methodology for actuarial calculations of provisions for insurance contracts and implementing it in the computer systems;
- updating the accounting system and policies in line with the provisions of IFRS 17 and IFRS 9, as well as the process for producing IFRS financial statements for the relevant scope;
- adapting financial communication at the conglomerate level based on the IASB's discussions about primary financial statements.

• Amendment 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.

• Amendment to IAS 37 - Cost of fulfilling a contract

This amendment clarifies the notion of “unavoidable costs” used in the definition of an onerous contract. It applies to contracts for which the group has not fulfilled its obligations as of January 1, 2022.

• Amendment 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 generated during functional testing of the asset. The proceeds from the sale of such items should be recognized immediately in profit or loss.

• Improvements to IFRS – 2018-2020 cycle

The minor amendments mainly concern 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;

6.2 Standards and interpretations not yet adopted by the European Union

• Amendments to IAS 1 - Disclosures of accounting policies

This amendment clarifies disclosures of “material” accounting policies. Accounting policies are material when, taken together with other information in the financial statements, they can reasonably be expected to influence the decisions of key users of the financial statements.

• Amendments to IAS 8 - Definition of an accounting estimate

This amendment is intended to facilitate the distinction between changes in accounting policies and changes in accounting estimates by introducing an explicit definition of the notion of accounting estimates.

Such estimates represent amounts in the financial statements whose value is uncertain.

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

This amendment generalizes the recognition of deferred taxes for leases and decommissioning obligations. The impact of this amendment is currently being analyzed.

• Amendments to IFRS 17 - Initial application of IFRS 17 and IFRS 9 – comparative information

This amendment applies to financial assets for which there were no restatements of comparative periods under IFRS 9 when IFRS 17 and IFRS 9 were first applied at the same time (where assets are derecognized in 2022 or the entity opts for the exemption from restatement of prior periods offered by IFRS 9).

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

Note 7: Events after the reporting period

Since the Crédit Mutuel group does not operate in Ukraine and Russia, it has no employees in the conflict zones, and direct exposure in these two countries, as well as in Belarus, is immaterial. Moreover, the group has no assets at the Russian Central Bank.

The group is committed to implementing and complying with the restrictive measures and the individual and economic sanctions imposed by the European Union in response to Russia’s military aggression against Ukraine. In particular, it has a robust risk governance and management system that enables it to closely monitor its customers’ transactions with Russia to combat money laundering, tax fraud and terrorist financing. The group is also taking additional caution in terms of cybersecurity.

In addition, the Crédit Mutuel group is fully committed to addressing the impacts of the crisis in Ukraine and the growing economic uncertainty. As a credit institution, the Crédit Mutuel group is offering its full support at the local level to its professional and business customers that are experiencing difficulties (particularly small and medium-sized companies) and to its individual customers who may be directly or indirectly affected by the rising cost of energy, agricultural raw materials and metals, as well as underlying inflation.

The group continuously monitors the quality of its credit commitments, the value of its portfolios, interest rate risk management and its liquidity. The accounting and prudential impacts of this situation can only be assessed later, in light of geopolitical developments and their impact on the economy.

The crisis in Ukraine could result in deterioration in the quality of the loan portfolio and an increase in provisioning, which already rose significantly during the health crisis. The group is also impacted by the financial market situation, which could reduce the value of its portfolios of financial instruments (bonds, equities and derivatives), and by the effect of inflation on its general operating expenses. The effects on the interest margin will depend, among other things, on the repercussions of inflation and the ECB’s monetary policy on the yield curve and regulated savings rates. In any case, based on early analysis of the macroeconomic impact of the crisis, the group is confident of its ability to absorb the effects without difficulty.

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	12/31/2021			12/31/2020			Comments	
		Percentage		Method	Percentage		Method		
		Control	Interest	*	Control	Interest	*		
A. Retail Banking									
Consolidating entity									
CConfédération Nationale du Crédit Mutuel	France	100.00	100.00	FC	100.00	100.00	FC	Merger	
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		
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			NC	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		
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 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	100.00	100.00	FC		
CIC Nord Ouest	France	100.00	100.00	FC	100.00	100.00	FC		
CIC Ouest	France	100.00	100.00	FC	100.00	100.00	FC		
CIC Sud Ouest	France	100.00	100.00	FC	100.00	100.00	FC		
Crédit Mutuel Asset Management	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	79.99	FC		
Cofidis Spain (branch of Cofidis France)	Spain	100.00	79.99	FC	100.00	79.99	FC		
Cofidis France	France	100.00	79.99	FC	100.00	79.99	FC		
Cofidis Hungary (branch of Cofidis France)	Hungary	100.00	79.99	FC	100.00	79.99	FC		

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

FINANCIAL INFORMATION
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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	12/31/2021			12/31/2020			Comments
		Percentage		Method	Percentage		Method	
		Control	Interest	*	Control	Interest	*	
Cofidis Italy	Italy	100.00	79.99	FC	100.00	79.99	FC	Created
Cofidis Portugal (branch of Cofidis France)	Portugal	100.00	79.99	FC	100.00	79.99	FC	
Cofidis Czech Republic	Czech Republic	100.00	79.99	FC	100.00	79.99	FC	
Cofidis SA Poland (branch of Cofidis France)	Poland	100.00	80.00	FC	100.00	79.99	FC	
Cofidis SA Slovakia (branch of Cofidis France)	Slovakia	100.00	79.99	FC	100.00	79.99	FC	
Creatis	France	100.00	79.99	FC	100.00	79.99	FC	
Factofrance	France	100.00	100.00	FC	100.00	100.00	FC	
FCT Factofrance	France	100.00	100.00	FC	-	-	NC	
FLOA	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	79.99	FC	
Monabanq	France	100.00	79.99	FC	100.00	79.99	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 Tréfilère	France	100.00	100.00	FC	100.00	100.00	FC	
CM Arkéa ***								
AArkéa	France	85.75	85.75	FC	-	-	NC	Created
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	94.83	94.83	FC	93.46	93.46	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 Banque (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	99.68	99.67	FC	97.85	97.82	FC	
Financo	France	100.00	100.00	FC	100.00	100.00	FC	
Finansemble	France	-	-	NC	30.44	30.44	EM	Sold outside group
GICM	France	100.00	99.67	FC	100.00	97.82	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	
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	

* Method: FC = Full Consolidation, EM = Equity Method, NC = Not Consolidated.
** Federal Banks, regional banks, interfederal bank, 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	12/31/2021			12/31/2020			Comments
		Percentage		Method	Percentage		Method	
		Control	Interest	*	Control	Interest	*	
NovNovelia	France	100.00	100.00	FC	100.00	100.00	FC	
Procapital	France/Belgium	99.98	99.97	FC	99.98	99.97	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 Investissement	France	34.00	34.00	EM	34.00	34.00	EM	
Yomoni	France	34.20	34.20	EM	34.20	34.20	EM	
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	
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 ***								
Volney Assurances (formerly 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	100.00	100.00	FC	
CIC Capital Deutschland GmbH	Germany	100.00	100.00	FC	100.00	100.00	FC	
CIC Capital Suisse SA	Switzerland	100.00	100.00	FC	100.00	100.00	FC	
CIC Capital Ventures Quebec	Canada	100.00	100.00	FC	100.00	100.00	FC	
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	

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

FINANCIAL INFORMATION
NOTES TO THE FINANCIAL STATEMENTS

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	12/31/2021			12/31/2020			Comments
		Percentage		Method	Percentage		Method	
		Control	Interest	*	Control	Interest	*	
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	
Crédit Mutuel Innovation	France	100.00	100.00	FC	100.00	100.00	FC	
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	100.00	100.00	FC	99.67	99.67	FC	
Siparex XAnge Venture	France	23.85	23.85	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	100.00	100.00	FC	
Banque de Luxembourg Investments SA	Luxembourg	100.00	100.00	FC	100.00	100.00	FC	
Banque Transatlantique (BT)	France	100.00	100.00	FC	100.00	100.00	FC	
Banque Transatlantique Belgium	Belgium	100.00	100.00	FC	100.00	100.00	FC	
Banque Transatlantique London (branch of BT)	United Kingdom	100.00	100.00	FC	100.00	100.00	FC	
Banque Transatlantique Luxembourg	Luxembourg	100.00	100.00	FC	100.00	100.00	FC	
CIC Suisse	Switzerland	100.00	100.00	FC	100.00	100.00	FC	
Dubly Transatlantique Gestion	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	
Arkéa Real Estate	France	71.40	71.40	FC	-	-	NC	
Arkéa REIM	France	71.40	71.40	FC	-	-	NC	
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	-	-	NC	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	-	-	NC	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	

* Method: FC = Full Consolidation, EM = Equity Method, NC = Not Consolidated.
** Federal Banks, regional banks, interfederal bank, 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	12/31/2021			12/31/2020			Comments
		Percentage		Method	Percentage		Method	
		Control	Interest	*	Control	Interest	*	
La Française Systematic Asset Management GmbH (formerly 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	100.00	100.00	FC	
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	
La Française Group 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	91.00	91.00	FC	
La Française Group UK Ltd	United Kingdom	100.00	100.00	FC	100.00	100.00	FC	
LF REPI UK German Branch (branch of La Française 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)	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	Dissolution
La Française Forum Securities Services Inc	United States	-	-	NC	100.00	100.00	FC	
La Française Forum Securities SG PTE Limited	Singapore	100.00	100.00	FC	100.00	100.00	FC	Wound up
La Française Global Real Estate Investment Management Limited	United Kingdom	-	-	NC	100.00	100.00	FC	
La Française Real Estate Managers	France	100.00	100.00	FC	100.00	100.00	FC	
La Française Real Estate Partners Limited	United Kingdom	100.00	100.00	FC	100.00	100.00	FC	
New Alpha Asset Management	France	48.13	48.05	FC	48.32	48.32	FC	Deconsolidation
PU Retail Luxembourg Management Company SARL	Luxembourg	100.00	100.00	FC	100.00	100.00	FC	
Veritas institutionnel	Germany	-	-	NC	100.00	100.00	FC	
D. Multi-sector								
Crédit Mutuel Alliance Fédérale ***								
Banque Fédérative du Crédit Mutuel (BFCM)	France	100.00	100.00	FC	100.00	100.00	FC	
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 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	
Agrupacio 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	
Agrupacio 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 Avanzada 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	
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	

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

FINANCIAL INFORMATION
NOTES TO THE FINANCIAL STATEMENTS

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	12/31/2021			12/31/2020			Comments
		Percentage		Method	Percentage		Method	
		Control	Interest	*	Control	Interest	*	
Foncière Massena	France	100.00	100.00	FC	100.00	100.00	FC	Merger
GACM España	Spain	100.00	100.00	FC	100.00	100.00	FC	
GACM Seguros, Compañía 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	
Partners	Belgium	100.00	100.00	FC	100.00	100.00	FC	
ACM Courtage (formerly 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	64.68	64.68	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, Entidad Gestor de Fondos de Pensiones, S.A	Spain	100.00	95.22	FC	100.00	95.22	FC	
Targoseguros Mediación S.A	Spain	-	-	NC	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	
F. Other								
Crédit Mutuel Alliance Fédérale ***								
AcActimut	France	100.00	100.00	FC	100.00	100.00	FC	Initial consolidation, already held
Affiches d'Alsace Lorraine	France	100.00	98.70	FC	100.00	98.70	FC	
Alsacienne de Portage des DNA	France	100.00	98.70	FC	100.00	98.70	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 Group (formerly Cofidis Participations)	France	79.99	79.99	FC	79.99	79.99	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	99.03	FC	
Ebra Medias Lorraine Franche Comté	France	100.00	99.43	FC	100.00	99.43	FC	
Ebra Production	France	100.00	100.00	FC	-	-	NC	
EBRA Services	France	100.00	100.00	FC	100.00	100.00	FC	Initial consolidation, already held
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	
Est info TV	France	100.00	100.00	FC	-	-	NC	
Euro Automatic Cash	Spain	50.00	50.00	EM	50.00	50.00	EM	
Euro Protection Surveillance	France	89.00	89.00	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	98.70	FC	
GEIE Synergie	France	100.00	79.99	FC	100.00	79.99	FC	Merger
Groupe Dauphiné Media	France	100.00	99.99	FC	100.00	99.99	FC	
Groupe Républicain Lorrain Communication (GRLC)	France	-	-	NC	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	

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*** 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	12/31/2021			12/31/2020			Comments	
		Percentage		Method	Percentage		Method		
		Control	Interest	*	Control	Interest	*		
Journal de la Haute Marne	France	50.00	49.98	EM	50.00	49.98	EM	Acquired outside group	
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	98.70	98.70	FC		
Les Editions du Quotidien	Luxembourg	100.00	100.00	FC	-	-	NC		
L'Est Républicain	France	99.96	99.96	FC	99.96	99.96	FC		
Lummedia	Luxembourg	50.00	50.00	EM	50.00	50.00	EM		
LYF SAS	France	49.07	49.07	EM	49.07	49.07	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	Acquired outside group	
NEWCO04	France	100.00	100.00	FC	100.00	100.00	FC		
Publprint 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		
Protection 24	France	100.00	89.00	FC	-	-	NC		
Républicain Lorrain Communication	France	-	-	NC	100.00	100.00	FC		
Républicain Lorrain - TV News	France	-	-	NC	100.00	100.00	FC		
SA AGIR	France	100.00	100.00	FC	-	-	NC		
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	-	-	NC	100.00	100.00	FC	Merger	
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	Initial consolidation, already held	
Targo Deutschland GmbH	Germany	100.00	100.00	FC	100.00	100.00	FC		
Targo Dienstleistungs GmbH	Germany	100.00	100.00	FC	100.00	100.00	FC		
Targo Technology GmbH	Germany	100.00	100.00	FC	100.00	100.00	FC		
Targo Technology GmbH Singapore Branch (branch of Targo Technology GmbH)	Singapore	-	-	NC	100.00	100.00	FC		
CM Arkéa ***									
Arkéa Bourse Retail	France	99.99	99.99	FC	99.99	99.99	FC	Merger	
Izimmo Holding	France	-	-	NC	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	39.67	39.67	EM		
Actéa Environnement	France	100.00	100.00	FC	100.00	100.00	FC		
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		
SCI Centre Gare	France	100.00	100.00	FC	100.00	100.00	FC		
CMMABN ***									
SSAS 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		

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** Federal Banks, regional banks, interfederal bank, local banks, federations.
*** Presentation by majority-owning Crédit Mutuel group.

Entities consolidated through simplified consolidation pursuant to IFRS 10

Consolidated UCITS, REITs and “OPCIs” (property investment mutual funds) under IFRS 10	Country	2021		2020	
		Percentage of control	Percentage of interest	Percentage of control	Percentage of interest
CM Arkéa					
AIS Mandarine Active	France	80.6%	80.6%	79.4%	79.4%
AIS Mandarine Entrepreneurs	France	83.2%	83.2%	80.7%	80.7%
AIS Mandarine Multi-Assets	France	100.0%	100.0%	100.0%	100.0%
Ais Protect ⁽¹⁾	France	85.5%	85.5%	-	-
Arkéa Capital 1	France	100.0%	100.0%	100.0%	100.0%
Arkéa Capital 2	France	38.5%	38.5%	46.0%	46.0%
Autofocus Croissance Décembre 2019	France	95.1%	95.1%	95.2%	95.2%
Autofocus Croissance Juillet 2019	France	99.2%	99.2%	99.2%	99.2%
Autofocus Croissance Juin 2015 ⁽³⁾	France	-	-	93.9%	93.9%
Autofocus Croissance Mai 2017 ⁽³⁾	France	-	-	97.2%	97.2%
Autofocus Croissance Mars 2015 ⁽³⁾	France	-	-	85.0%	85.0%
Autofocus Croissance Novembre 2018 ⁽³⁾	France	-	-	80.3%	80.3%
Autofocus ESG Décembre 2020 ⁽¹⁾	France	88.0%	88.0%	-	-
Autofocus ESG Juillet 2020 ⁽¹⁾	France	99.0%	99.0%	-	-
Autofocus Rendement Avril 2020 ⁽¹⁾	France	99.7%	99.7%	-	-
Autofocus Rendement Février 2020 ⁽¹⁾	France	98.2%	98.2%	-	-
Autofocus Rendement Janvier 2018 ⁽³⁾	France	-	-	99.3%	99.3%
Autofocus Rendement Janvier 2019 ⁽³⁾	France	-	-	99.4%	99.4%
Autofocus Rendement Juin 2018 ⁽³⁾	France	-	-	98.4%	98.4%
Autofocus Rendement Décembre 2014 ⁽³⁾	France	-	-	93.5%	93.5%
Autofocus Rendement Mars 2015 ⁽³⁾	France	-	-	93.9%	93.9%
Autofocus Rendement Mars 2017 ⁽³⁾	France	-	-	97.2%	97.2%
Autofocus Rendement Mars 2019	France	99.1%	99.1%	99.0%	99.0%
Brehat	France	20.7%	20.7%	75.1%	75.1%
Breizh Armor Capital	France	50.0%	50.0%	50.0%	50.0%
Diapazen Climat Septembre 2016	France	97.6%	97.6%	97.6%	97.6%
FCPR Breizh Ma Bro ⁽¹⁾	France	77.2%	77.2%	-	-
FCT Ardian Suravenir Private Debt	France	100.0%	100.0%	100.0%	100.0%
FCT Merius Suravenir	France	100.0%	100.0%	100.0%	100.0%
FCT Obligation Baux AC 2019	France	100.0%	100.0%	100.0%	100.0%
FCT Pytheas ⁽²⁾	France	-	-	100.0%	100.0%
FCT Pytheas 56 ⁽¹⁾	France	88.6%	88.6%	-	-
FCT Pytheas Baux Reg 2018	France	100.0%	100.0%	100.0%	100.0%
FCT Residential Dutch Mortgage Fund Largo D	France	100.0%	100.0%	100.0%	100.0%
FCT SCOR Suravenir Euro Loans	France	100.0%	100.0%	100.0%	100.0%
FCT SP Eurocréances	France	43.4%	43.4%	43.4%	43.4%
FCT SPG Dette Privée	France	100.0%	100.0%	100.0%	100.0%
FCT Suravenir Conso Fund	France	100.0%	100.0%	100.0%	100.0%
FCT Sur Priv Debt I	France	100.0%	100.0%	100.0%	100.0%
FCT SUR PRIV DEBT II	France	100.0%	100.0%	100.0%	100.0%
FCT TIKEHAU SPD III	France	100.0%	100.0%	100.0%	100.0%
Federal Ambition Climat	France	99.3%	99.3%	99.3%	99.3%
Federal Capital Investissement	France	100.0%	100.0%	100.0%	100.0%
Federal Conviction Grande Asie	France	99.8%	99.8%	99.9%	99.9%
Federal Conviction Green Bonds	France	46.3%	46.3%	40.1%	40.1%
Federal Indiciel Apal (formerly Federal Apal)	France	72.1%	72.1%	75.0%	75.0%
Federal Indiciel Japon	France	77.7%	77.7%	67.0%	67.0%

Consolidated UCITS, REITs and “OPCIs” (property investment mutual funds) under IFRS 10	Country	2021		2020	
		Percentage of control	Percentage of interest	Percentage of control	Percentage of interest
Federal Indiciel US	France	60.7%	60.7%	58.3%	58.3%
Federal Multi Actions Europe	France	75.1%	75.1%	75.9%	75.8%
Federal Multi L/S	France	100.0%	100.0%	67.2%	67.2%
Federal Multi Or et Matières 1 ^{ères}	France	90.0%	90.0%	90.1%	90.1%
Federal Multi Patrimoine	France	99.4%	99.4%	99.5%	99.5%
Federal Optimal Gestion Privée ESG ⁽¹⁾	France	88.6%	88.6%	-	-
Federal Support Court Terme ESG	France	39.9%	39.9%	37.2%	37.2%
Federal Transition Equilibre (formerly Federal Opportunité Equilibre ESG)	France	83.0%	83.0%	85.4%	85.4%
Federal Transition Modéré (formerly Federal Opportunité Modéré ESG)	France	56.4%	56.4%	64.5%	64.5%
Federal Transition Oxygène (formerly Federal Oxygène)	France	94.7%	94.7%	94.2%	94.2%
Federal Transition Territoires (formerly Federal Impact Territoires)	France	45.0%	45.0%	56.2%	56.2%
Federal Transition Tonique (formerly Federal Opportunité Tonique ESG)	France	99.1%	99.1%	99.1%	99.1%
Flexpertise	France	74.6%	74.6%	71.4%	71.4%
FPS Suravenir Actions Internationales Protect	France	100.0%	100.0%	100.0%	100.0%
FPS Suravenir Shares Low Vol	France	100.0%	100.0%	100.0%	100.0%
FPS Suravenir Actions Mid Caps	France	100.0%	100.0%	100.0%	100.0%
FPS Suravenir Actions Protect	France	100.0%	100.0%	100.0%	100.0%
FPS Suravenir Overlay Low Vol Actions	France	100.0%	100.0%	100.0%	100.0%
FPS UBS Archmore Infrastructure Debt Platform II	France	100.0%	100.0%	100.0%	100.0%
Mandarine Equity Income ⁽¹⁾	France	97.4%	97.4%	-	-
OPCI Club France Retail	France	46.3%	46.3%	46.3%	46.3%
OPCI Preim Défense 2	France	37.5%	37.5%	37.5%	37.5%
OPCI Preim Euros	France	100.0%	100.0%	98.1%	98.1%
OPCI Preim Euros 2	France	100.0%	100.0%	100.0%	100.0%
OPCI Preimum	France	67.1%	67.1%	73.0%	73.0%
OPCI Tikehau Ret Pro	France	39.3%	39.3%	39.3%	39.3%
Ouessant	France	44.3%	44.3%	38.7%	38.7%
Primo Elite	France	100.0%	100.0%	100.0%	100.0%
S.C.I Progrès Pierre	France	100.0%	100.0%	100.0%	100.0%
S.C.I Surav Pierre	France	100.0%	100.0%	100.0%	100.0%
SC Novaxia R ⁽¹⁾	France	58.2%	58.2%	-	-
SC Pythagore ⁽¹⁾	France	46.4%	46.4%	-	-
Schelcher Convertibles ESG (formerly SP Convertibles)	France	22.5%	22.5%	20.4%	20.4%
Schelcher Convertibles Mid Cap ESG (formerly SP Convertibles Mid Cap ESG)	France	32.9%	32.9%	22.5%	22.5%
Schelcher Global High Yield (formerly SP Haut Rendement)	France	40.2%	40.2%	43.2%	43.2%
Schelcher Ivo Global Yield 2024	France	47.4%	47.4%	45.9%	45.9%
Schelcher Multi Asset (formerly SP Croissance)	France	92.2%	92.2%	91.6%	91.6%
Schelcher Optimal Income ESG (formerly SP Opportunités Européennes)	France	30.6%	30.6%	30.5%	30.5%
SCI Cloverhome	France	50.0%	50.0%	50.0%	50.0%
SCI Le Vinci Holding	France	100.0%	100.0%	100.0%	100.0%
SCI Pr2 Preim Ret 2	France	38.0%	38.0%	38.0%	38.0%
SCI Silver Avenir	France	90.4%	90.4%	100.0%	100.0%
SCI Usufruitmo	France	100.0%	100.0%	100.0%	100.0%
SCPI Primofamily	France	-	-	37.7%	37.7%
Suravenir Initiative Actions	France	100.0%	100.0%	100.0%	100.0%
Synergie Finance Investissement	France	100.0%	100.0%	100.0%	100.0%
We Positive Invest	France	100.0%	100.0%	100.0%	100.0%
Yomoni Allocation	France	47.5%	47.5%	-	-

(1) Companies first consolidated in 2021. (2) Sold. (3) Wound up.

0b - Locations and activities by country

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

Its main 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	1,706	672	-208	30	-126	5,636	0
Belgium	493	137	-15	0	-67	1,917	0
Canada	22	20	0	-2	0	9	0
Spain	375	8	-7	11	-24	2,172	0
United States	87	56	-3	-1	-11	93	0
France	16,053	7,642	-1,635	-26	-2,451	69,854	0
Hong Kong	10	6	-1	0	-1	18	0
Hungary	38	5	-1	0	-2	351	0
Italy	96	5	0	0	-4	319	0
Luxembourg	389	158	-22	3	-35	1,112	0
Monaco	3	3	-1	0	0	8	0
Netherlands	1	0	0	0	0	1	0
Poland	5	-3	0	0	-1	80	0
Portugal	182	113	-33	0	-8	717	0
Republic of Korea	1	0	0	0	0	2	0
Czech Republic	11	-2	0	0	-2	167	0
United Kingdom	56	42	-8	1	-4	82	0
Saint Martin [Dutch part]	0	0	0	0	0	0	0
Singapore	85	51	-7	1	-5	132	0
Slovakia	7	-2	0	0	-1	68	0
Switzerland	169	61	-7	1	-13	404	0
Tunisia	0	11	0	0	0	0	0
TOTAL	19,788	8,982	-1,948	15	-2,755	83,141	0

1. Notes to the balance sheet

Note 1 - Cash, Central banks (assets/liabilities)

	12/31/2021	12/31/2020
Cash and amounts due from central banks (assets)		
Central banks	155,513	128,077
of which mandatory reserves	3,602	4,498
Cash	1,632	1,723
Total	157,145	129,800
Due to central banks (liabilities)	605	575

Note 2 - Financial assets at amortized cost

	12/31/2021	12/31/2020
Loans and receivables due from credit institutions	62,191	60,032
Loans and receivables due from customers	564,925	530,608
Securities at amortized cost	4,684	4,193
Total	631,800	594,833

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

	12/31/2021	12/31/2020
. Performing loans (S1/S2)	61,517	59,661
Crédit Mutuel network accounts ⁽¹⁾	46,649	44,130
Other current accounts	4,586	3,270
Loans	2,173	2,183
Other receivables	4,982	5,994
Repurchase agreements	3,127	4,084
. Accrued interest	679	376
. Impairment of performing loans (S1/S2)	-5	-5
Total	62,191	60,032

(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

	12/31/2021	12/31/2020
Performing loans (S1/S2)	541,001	507,671
. Commercial loans	16,083	13,403
. Other customer loans and advances	524,098	493,493
- Home loans	295,793	270,779
- Other loans and receivables ⁽¹⁾	227,131	221,634
- Repurchase agreements	1,174	1,082
. Accrued interest	820	775
Gross receivables subject to individual impairment (S3)	13,822	14,691
Gross receivables	554,823	522,362
Impairment of performing loans (S1/S2)	-3,746	-3,468
Other impairment (S3)	-7,077	-7,771
SUBTOTAL I	544,000	511,125
Finance leases (net investment)	20,728	19,293
. Equipment	14,637	13,673
. Real estate	6,091	5,620
Gross receivables subject to individual impairment (S3)	602	605
Impairment of performing loans (S1/S2)	-187	-188
Other impairment (S3)	-218	-225
Subtotal II	20,925	19,485
Total	564,925	530,608
of which subordinated loans	13	13

(1) Includes guarantee deposits paid which represent the payment commitments made to the Single Resolution Fund (€203 million) and Fonds de Garantie des Dépôts (€289 million), which are themselves contingent liabilities.

Finance leases with customers

	12/31/2020	Increase	Decrease	Other	12/31/2021
Gross carrying amount	19,898	4,018	-3,189	603	21,330
Impairment of uncollectible lease payments	-413	-140	149	-1	-405
Net carrying amount	19,485	3,878	-3,040	602	20,925

2c - Securities at amortized cost

	12/31/2021	12/31/2020
.Securities	4,752	4,366
- Government securities	2,177	2,180
- Bonds and other debt securities	2,575	2,186
. Listed	971	997
. Unlisted	1,604	1,189
. Accrued interest	15	16
Gross total	4,767	4,382
of which impaired assets (S3)	110	211
Impairment of performing loans (S1/S2)	-2	-2
Other impairment (S3)	-81	-187
Net total	4,684	4,193

NOTE 3 - Financial liabilities at amortized cost

3a - Amounts due to central banks and credit institutions

	12/31/2021	12/31/2020
Due to central banks	605	575
Due to credit institutions	83,934	51,777
Other current accounts	3,574	3,365
Loans	18,239	14,418
Other debt	3,147	2,981
Repurchase agreements	59,014	30,964
Accrued interest	-40	49

3b - Amounts due to customers at amortized cost

	12/31/2021	12/31/2020
. Regulated savings deposit accounts	212,560	204,098
- Demand	153,614	146,983
- Term	58,946	57,115
. Accrued interest on savings accounts	219	219
Subtotal	212,779	204,317
. Demand accounts	275,614	247,788
. Term accounts and borrowings	58,996	69,618
. Repurchase agreements	14	146
. Accrued interest	201	245
. Other debt	56	15
Subtotal	334,881	317,812
Total	547,660	522,129

3c - Debt securities at amortized cost

	12/31/2021	12/31/2020
Certificates of deposit	179	212
Interbank market securities and negotiable debt securities	56,509	66,314
Bonds	74,877	77,994
Non-preferred senior securities	9,574	6,225
Accrued interest	586	800
Total	141,725	151,545

3d - Subordinated debt at amortized cost

	12/31/2021	12/31/2020
Subordinated debt	9,928	9,253
Participating loans	27	30
Perpetual subordinated debt	1,248	1,236
Accrued interest	138	137
TOTAL	11,343	10,656

Principal subordinated debt

In € millions	Type	Issue date	Issue amount	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	Subordinated, redeemable	November-21	750	750	November-31
Crédit Industriel et Commercial	Participating	May-85	137	8	(1)
Banque Fédérative du Crédit Mutuel	Super-subordinated	December-04	750	734	Unspecified
Banque Fédérative du Crédit Mutuel	Super-subordinated	February-05	250	250	Unspecified
Crédit Mutuel Nord Europe	Super-subordinated, undated	2004	150	150	Unspecified
Crédit Mutuel Nord Europe	Subordinated, redeemable	2014	42	42	July-05
Crédit Mutuel Nord Europe	Subordinated, redeemable	2014	175	175	July-05
Crédit Mutuel Nord Europe	Subordinated, redeemable	2015	55	55	July-05
Crédit Mutuel Nord Europe	Subordinated, redeemable	2015	40	40	July-05
Crédit Mutuel Nord Europe	Subordinated, redeemable	2015	50	50	July-05
Crédit Mutuel Nord Europe	Subordinated, redeemable	2016	300	300	July-05
Crédit Mutuel Arkéa	Super-subordinated, undated	July 2004	97	96	Unspecified
Crédit Mutuel Arkéa	Subordinated, redeemable	June-16	500	499	June-26
Crédit Mutuel Arkéa	Subordinated, redeemable	February-17	500	497	February-29
Crédit Mutuel Arkéa	Subordinated, redeemable	October-17	500	497	October-29
Crédit Mutuel Arkéa	Subordinated, redeemable	March-19	750	745	March-31

(1) Non-amortizable, but repayable at the borrower's request as of 05/28/1997 at 130% of the nominal value adjusted by 1.5% per annum for subsequent years.

NOTE 4 - Financial assets at fair value through equity

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

	12/31/2021	12/31/2020
. Government securities	15,251	16,942
. Bonds and other debt securities	26,199	29,787
- Listed	24,888	26,699
- Unlisted	1,311	3,088
. Accrued interest	160	198
Gross subtotal debt securities	41,610	46,927
Of which impaired debt securities (S3)	0	1
Impairment of performing loans (S1/S2)	-26	-25
Other impairment (S3)	0	-1
Net subtotal debt securities	41,584	46,901
Gross subtotal loans and receivables	0	0
Net subtotal loans and receivables	0	0
Shares and other equity instruments	325	105
- Listed	105	85
- Unlisted	220	20
Long-term investments	923	1,120
- Investments in associates	467	513
- Other long-term investments	399	542
- Non-performing current account advances to property investment companies	56	65
Accrued interest	1	1
Subtotal equity instruments	1,249	1,226
TOTAL	42,833	48,127
Of which unrealized capital gains or losses recognized in equity	313	165
Of which listed non-consolidated companies	120	133

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 €306.5 million during the year. Capital losses recognized in equity amounted to €26.8 million.

4b – List of main non-consolidated investments

		% held	Shareholders' equity	Balance sheet total	Net banking income or revenue	Profit (loss)
Ardian Holding	Unlisted	<20%	529	1,218	570	139
Covivio (formerly Foncière des Régions)	Listed	<10%	12,568	27,380	776	392
Covivio Hôtels (formerly Foncière des Murs)	Listed	<10%	3,118	6,806	133	-335
Desjardins ⁽¹⁾	Unlisted	10%	3,683	10,452	5,726	623
Bank of Africa (formerly BMCE) ⁽²⁾	Listed	<30%	27,981	331,912	14,002	1,364
Crédit Logement	Unlisted	10%	1,665	11,931	201	99
Caisse de Refinancement de l'Habitat (CRH)	Unlisted	<35%	563	25,352	2	0

(1) in millions of Canadian dollars.

(2) Bank of Africa (formerly BMCE) is not consolidated due to the group's lack of significant influence. Its securities are therefore recognized at fair value through profit or loss. Figures in millions of Moroccan dirhams.

The above information, except for percentages held, relates to 2020.

NOTE 5 - Gross value and impairment analysis

5a. Gross values subject to impairment

	12/31/2020	Acquisition/ production	Sale/ repayment	Transfert ⁽²⁾	Other ⁽¹⁾	12/31/2021
Financial assets at amortized cost	60 037	23 324	- 21 165	0	0	62 196
- loans and receivables credit institutions	60,037	23,324	-21,165	0	0	62,196
- 12-month expected losses (S1)	60,036	23,323	-21,165	0	0	62,194
- expected losses at termination ^(S2)	1	1	0	0	0	2
Financial assets at amortized cost	492 680	155 002	- 121 831	- 10 349	- 874	514 628
- loans and receivables due from customers (1)	542,263	167,854	-133,733	0	-229	576,155
- 12-month expected losses (S1)	492,680	155,002	-121,831	-10,349	-874	514,628
- expected losses at termination (S2)	34,289	11,229	-7,510	8,597	500	47,105
- expected losses on impaired assets (S3) at end of period but not impaired at origination	15,097	1,341	-4,546	1,752	143	13,787
- expected losses on impaired assets (S3) at end of period and at origination	197	282	154	0	2	635
Financial assets at amortized cost - securities	4,382	7,316	-6,932	0	0	4,766
- subject to 12-month expected losses (S1)	4,154	7,281	-6,794	-6	0	4,635
- subject to expected losses at termination (S2)	17	4	-5	4	0	20
- expected losses on impaired assets (S3) at end of period but not impaired at origination	211	31	-131	0	0	111
- expected losses on impaired assets (S3) at end of period and at origination	0	0	-2	2	0	0
Financial assets at fair value through equity - debt securities	46,927	19,558	-24,876	0	0	41,609
- 12-month expected losses (S1)	46,827	19,446	-24,805	29	0	41,497
- expected losses at termination (S2)	99	112	-70	-29	0	112
- expected losses on impaired assets (S3) at end of period but not impaired at origination	1	0	-1	0	0	0
Financial assets at fair value through equity - loans	0	0	0	0	0	0
Total	653,609	218,052	-186,706	0	-229	684,726

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

5b. Impairment analysis

	12/31/2020	Addition	Reversal	Other	12/31/2021
Financial assets at amortized cost	-5	-2	2	0	-5
- loans and receivables credit institutions					
Financial assets at amortized cost	-11,655	-2,936	3,392	-29	-11,228
- loans and receivables due from customers					
Financial assets at amortized cost - securities	-189	-25	138	-7	-83
Financial assets at fair value through equity - debt securities	-26	-18	17	1	-26
Total	-11,875	-2,981	3,549	-35	-11,342

IFRS 9	12/31/2020	Addition ⁽¹⁾	Reversal ⁽¹⁾	Other	12/31/2021
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	-11,655	-2,936	3,392	-29	-11,228
- 12-month expected losses (S1)	-1,400	-543	396	31	-1,516
- expected losses at termination (S2)	-2,257	-836	716	-39	-2,416
- expected losses on impaired assets (S3) at end of period but not impaired on initial recognition	-7,891	-1,542	2,264	-22	-7,191
- expected losses on impaired assets (S3) at end of period and at origination	-107	-15	17	1	-104
Financial assets at amortized cost - securities	-189	-25	138	-7	-83
- 12-month expected losses (S1)	-2	0	1	0	-1
- expected losses at termination (S2)	0	-1	0	0	-1
- expected losses on impaired assets (S3) at end of period but not impaired on initial recognition	-187	-24	137	-7	-81
Financial assets at fair value through equity - debt securities	-26	-18	17	1	-26
- 12-month expected losses (S1)	-22	-11	11	0	-22
- expected losses at termination (S2)	-3	-7	6	0	-4
- expected losses on impaired assets (S3) at end of period but not impaired on initial recognition	-1	0	0	1	0
Financial assets at fair value through equity - loans	0	0	0	0	0
Total	-11,875	-2,981	3,549	-35	-11,342

(1) including transfer between buckets.

	31.12.2019	Addition	Reversal	Other	12/31/2020
Financial assets at amortized cost	-5	-2	2	0	-5
- loans and receivables credit institutions					
Financial assets at amortized cost	-10,429	-3,974	2,839	-90	-11,655
- loans and receivables due from customers					
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	31.12.2019	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.

5c. Concentration of credit risk in sensitive sectors

31.12.2021	Gross receivables***			Impairment			Net receivables
	S1	S2	S3	S1	S2	S3	
Business sector							
Specialized distribution	18	1,547	166	-1	-57	-121	1,553
Hotels, restaurants	17	5,345	429	0	-503	-79	5,208
Automobile industry	28	2,273	114	-1	-83	-92	2,239
Vehicle rental	0	1,477	29	0	-34	-21	1,451
Tourism, gambling, leisure*	7	1,614	291	-	-107	-125	1,680
Industrial transport	5	478	49	0	-8	-10	513
Airlines	0	457	14	-	-26	-4	441
Aviation industry**	0	397	45	-	-11	-14	416
TOTAL	75	13,588	1,136	-2	-831	-467	13,500

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

31.12.2020	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

	12/31/2021				12/31/2020			
	Trading	Fair value option	Other FVPL	Total	Trading	Fair value option	Other FVPL	Total
Securities	6,338	588	7,166	14,092	11,316	547	7,319	19,182
- Government securities	730	13	0	743	408	12	0	420
- Bonds and other debt securities	4,875	575	1,389	6,839	9,418	535	1,993	11,947
. Listed	4,875	90	322	5,287	9,418	136	399	9,954
. Unlisted	0	485	1,067	1,552	0	399	1,594	1,993
of which collective investment undertakings	0		1,086	1,086	0		1,587	1,587
- Shares and other equity instruments	732		4,614	5,346	1,489		4,089	5,578
. Listed	732		1,185	1,917	1,489		1,002	2,491
. Unlisted	0		3,429	3,429	0		3,087	3,087
- Long-term investments			1,163	1,163			1,236	1,236
. Investments in associates			441	441			436	436
. Other long-term investments			327	327			409	409
. Investments in associates			365	365			361	361
. Other long-term investments			30	30			30	30
Derivative instruments	4,195			4,195	3,519			3,519
Loans and receivables	6,597	12	14	6,623	8,249	9	10	8,268
of which repurchase agreements	6,597	0		6,597	8,249	0		8,249
TOTAL	17,129	600	7,180	24,909	23,083	556	7,328	30,968

The maximum exposure to credit risk on assets classified at fair value through profit or loss amounted to €625 million during the period.

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

	12/31/2021	12/31/2020
Financial liabilities held for trading	12,435	16,027
Financial liabilities at fair value through profit or loss	1,057	715
TOTAL	13,492	16,742

Financial liabilities held for trading

	12/31/2021	12/31/2020
Short sales of securities	1,808	1,077
- Bonds and other debt securities	921	242
- Shares and other equity instruments	887	835
Liabilities representing securities delivered under repurchase agreements	6,483	11,447
Trading derivatives	4,080	3,470
Other financial liabilities held for trading	64	33
TOTAL	12,435	16,027

Financial liabilities at fair value through profit or loss

	Carrying amount	12/31/2021 Amount due at maturity	Difference	Carrying amount	12/31/2020 Amount due at maturity	Difference
Securities issued	906	909	-3	710	700	10
Interbank debt	124	124	0	0	0	0
Due to customers	27	29	-2	5	5	0
Total	1,057	1,062	-5	715	705	10

6c - Analysis of trading derivatives

Trading derivatives	12/31/2021			12/31/2020		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Interest rate instruments	258,080	3,084	3,029	180,012	2,566	2,432
Swaps	87,097	2,790	2,712	110,349	2,315	2,106
Other firm contracts	46,578	0	0	36,113	0	0
Options and conditional instruments	124,405	294	317	33,550	251	326
Foreign exchange instruments	152,805	852	773	140,226	761	689
Swaps	105,875	52	80	96,676	64	59
Other firm contracts	13,761	663	562	12,165	582	513
Options and conditional instruments	33,169	137	131	31,385	115	117
Other than interest rate and currency instruments	18,408	260	278	19,429	191	350
Swaps	7,086	69	108	7,972	78	134
Other firm contracts	7,863	132	122	6,731	64	153
Options and conditional instruments	3,459	59	48	4,726	49	63
Total	429,293	4,196	4,080	339,667	3,518	3,471

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 derivatives

Trading derivatives	12/31/2021			12/31/2020		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Hedging derivatives						
<i>Fair value hedges</i>	254,011	2,271	2,886	225,768	3,157	3,418
Swaps	97,489	2,272	2,882	104,007	3,159	3,408
Other firm contracts	155,564	0	0	120,277	0	0
<i>Options and conditional instruments</i>	958	-1	4	1,484	-2	10
<i>Cash flow hedges</i>	300	0	12	456	0	17
Swaps	300	0	12	456	0	17
Total	254,311	2,271	2,898	226,224	3,157	3,435

Hedge ineffectiveness recognized in profit or loss amounted to a gain of €8 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	12/31/2021
Hedging derivatives					
<i>Fair value hedges</i>	18,251	25,031	119,024	91,706	254,011
Swaps	4,642	11,824	40,841	40,182	97,489
Other firm contracts	13,527	13,072	77,725	51,240	155,564
Options and conditional instruments	82	135	458	284	958
<i>Cash flow hedges</i>	0	0	0	300	300
Swaps	0	0	0	300	300
Total	18,251	25,031	119,024	92,006	254,311

	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	12/31/2020
Hedging derivatives					
<i>Fair value hedges</i>	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
<i>Cash flow hedges</i>	0	156	0	300	456
Swaps	0	156	0	300	456
Total	14,509	83,969	55,838	71,907	226,224

7b - Remeasurement adjustment on interest-rate hedged portfolios

	12/31/2021	12/31/2020	Change
Fair value of interest rate risk by portfolio			
. of financial assets	1,746	3,523	-50.44%
. of financial liabilities	466	255	82.75%

7c - Hedged items under fair value hedges

Hedged assets

	12/31/2021				12/31/2020			
	Carrying amount	Of which remeasurement related to hedging	Of which remeasurement for the period	Accumulated FV adjustments remaining on the balance sheet (hedged item that has ceased to be adjusted)	Carrying amount	Of which remeasurement related to hedging	Of which remeasurement for the period	Accumulated FV adjustments remaining on the balance sheet (hedged item that has ceased to be adjusted)
Loans and receivables due from credit institutions at amortized cost	573	0	0	0	272	0	0	0
Loans and receivables due from customers at amortized cost	124,013	1,080	-33	0	150,087	2,442	27	0
Securities at amortized cost	2,567	71	-51	0	2,629	122	17	0
Financial assets at fair value through equity	24,586	976	-60	0	25,904	1,036	52	0
Total	151,739	2,127	-144	0	178,892	3,600	96	0

Hedged liabilities

	12/31/2021				12/31/2020			
	Carrying amount	Of which remeasurement related to hedging	Of which remeasurement for the period	Accumulated FV adjustments remaining on the balance sheet (hedged item that has ceased to be adjusted)	Carrying amount	Of which remeasurement related to hedging	Of which remeasurement for the period	Accumulated FV adjustments remaining on the balance sheet (hedged item that has ceased to be adjusted)
Debt securities	76,784	1,491	-551	0	75,014	2,428	145	0
Due to credit institutions	46,200	523	0	0	21,083	929	1	0
Due to customers	53,557	11	-4	0	50,756	26	1	0
Total	176,541	2,025	-555	0	146,853	3,383	147	0

Overall hedge ineffectiveness recognized in profit or loss amounted to a loss of €8 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

	12/31/2021	12/31/2020	Variation
Financial assets			
Fair value through profit or loss	60,763	55,472	9.5%
- Fair value option - debt securities	11,000	11,253	-2.2%
- Fair value option - equity instruments	49,763	44,219	12.5%
Available-for-sale	116,090	112,183	3.5%
- Government and equivalent securities	24,713	25,127	-1.6%
- Bonds and other debt securities	67,885	67,630	0.4%
- Shares and other equity instruments	20,845	17,210	21.1%
- Investments in subsidiaries and associates and other long-term investments	2,647	2,216	19.4%
Loans and receivables	6,417	6,307	1.7%
Held-to-maturity	6,346	7,578	-16.3%
Subtotal financial assets	189,616	181,540	4.4%
Investment property	3,062	3,064	-0.1%
Reinsurers' share of technical reserves and other assets	1,518	1,287	-82.0%
Total	194,196	185,891	4.5%

The fair value of property recognized at amortized cost was €4.558 billion at 12/31/2021.

8b - Liabilities related to policies of the insurance activities

	12/31/2021	12/31/2020	Variation
Insurance technical reserves			
Life	133,829	132,231	1.2%
Non-life	5,954	5,506	8.1%
Unit-linked	36,747	30,541	20.3%
Other	481	478	0.6%
TOTAL	177,011	168,756	4.9%
Of which: Deferred profit-sharing - liability	21,908	20,943	4.6%
Reinsurers' share of technical reserves	539	571	-5.6%
Net technical reserves	176,472	168,185	4.9%
Financial liabilities			
Fair value through profit or loss	6,567	7,209	-8.9%
- Trading	86	106	-18.9%
- Fair value option	6,481	7,103	-8.8%
Due to credit institutions	639	611	4.6%
Subordinated debt	849	150	466.0%
Subtotal	8,055	7,970	1.1%
Other liabilities	2,387	2,307	3.4%
Total financial liabilities	10,442	10,277	1.6%
Total liabilities related to policies of the insurance activities	187,453	179,033	4.7%

NOTE 9 - Fair value hierarchy for financial instruments measured at fair value in the balance sheet

12/31/2021	Level 1	Level 2	Level 3	Total
Fair value through equity	33,850	6,861	2,122	42,833
- Government and equivalent securities	15,039	202	84	15,325
- Bonds and other debt securities	18,585	6,657	1,017	26,259
- Shares and other equity instruments	105	3	217	325
- Investments in subsidiaries and other long-term investments	120	0	748	868
- Investments in subsidiaries and associates	0	0	56	56
Trading / Fair value option / Other	5,576	12,328	7,004	24,908
- Government and equivalent securities - Trading	666	14	50	730
- Government and equivalent securities - Fair value option	13	0	0	13
- Government and equivalent securities - Other FVPL	0	0	0	0
- Bonds and other debt securities - Trading	2,590	2,053	233	4,876
- Bonds and other debt securities - Fair value option	25	0	549	574
- Bonds and other debt securities - Other FVPL	319	780	290	1,389
- Shares and other equity instruments - Trading	732	0	0	732
- Shares and other equity instruments - Other FVPL	1,209	0	3,405	4,614
- Investments in subsidiaries and other long-term investments - Other FVPL	2	0	766	768
- Investments in subsidiaries and associates - Other FVPL	0	0	394	394
- Loans and receivables due from credit institutions - Fair value option	0	0	0	0
- Loans and receivables due from credit institutions - Other FVPL	0	0	0	0
- Loans and receivables due from customers - Fair value option	0	12	0	12
- Loans and receivables due from customers - Other FVPL	0	14	0	14
- Loans and receivables due from customers - Trading	0	6,597	0	6,597
- Derivatives and other financial assets - Trading	21	2,856	1,318	4,195
Hedging derivatives	0	2,270	1	2,271
Total	39,426	21,458	9,128	70,012
IAS 39 financial assets - Investments by the insurance activities				
Fair value through profit or loss	38,212	17,028	5,523	60,763
- Trading	0	0	0	0
- Fair value option - debt securities	1,314	8,150	1,536	11,000
- Fair value option - equity instruments	36,898	8,878	3,987	49,763
Hedging derivatives	0	0	0	0
Available-for-sale assets	105,775	6,533	3,782	116,090
- Government and equivalent securities	24,697	16	0	24,713
- Bonds and other debt securities	64,262	1,443	2,180	67,885
- Shares and other equity instruments	15,707	5,063	75	20,845
- Investments in subsidiaries and associates and other long-term investments	1,109	11	1,527	2,647
Total	143,987	23,561	9,305	176,853

12/31/2021	Level 1	Level 2	Level 3	Total
Financial liabilities - IFRS 9				
Trading / Fair value option	1,837	10,520	1,135	13,492
- Due to credit institutions	0	124	0	124
- Fair value option	0	124	0	124
- Due to customers - Fair value option	0	27	0	27
- Debt securities - Fair value option	0	906	0	906
- Subordinated debt - Fair value option	0	0	0	0
- Derivatives and other financial liabilities - Trading	1,837	2,980	1,135	5,952
- Liabilities - Trading	0	6,483	0	6,483
Hedging derivatives	0	2,876	22	2,898
Total	1,837	13,396	1,157	16,390
Financial liabilities related to policies of the insurance activities IAS 39				
Fair value through profit or loss	0	6,567	0	6,567
- Trading	0	86	0	86
- Fair value option	0	6,481	0	6,481
Hedging derivatives	0	0	0	0
Total	0	6,567	0	6,567

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.

12/31/2020	Level 1	Level 2	Level 3	Total
Financial assets - IFRS 9				
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
- 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	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
Investments by the insurance activities (available-for-sale)	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

12/31/2021	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	3,092	211	0	-554	0	-1	627	0	30	3,405
- Other FVPL										

NOTE 10 - Netting of financial assets and financial liabilities

12/31/2021	AMOUNTS LINKED BUT NOT NETTED IN BALANCE SHEET						
	Gross value of financial assets	Gross value of financial liabilities netted in balance sheet	Net amounts shown on balance sheet	Impact of master netting agreements	Financial instruments received as guarantee	Cash collateral received	Net amount
Financial assets							
Derivatives	9,491	-3,052	6,439	-2,607	0	-1,762	2,070
Repurchase agreements	19,868	-2,643	17,225	0	-15,936	-144	1,144
Total	29,359	-5,695	23,664	-2,607	-15,936	(1,906)	3,214

12/31/2021	AMOUNTS LINKED BUT NOT NETTED IN BALANCE SHEET						
	Gross value of financial liabilities	Gross value of financial assets netted in balance sheet	Net amounts shown on balance sheet	Impact of master netting agreements	Financial instruments given as guarantee	Cash collateral paid	Net amount
Financial liabilities							
Derivatives	10,094	-3,052	7,042	-2,605	0	-2,789	1,649
Repurchase agreements	75,035	-2,643	72,392	0	-71,893	-381	118
Total	85,129	-5,695	79,434	-2,605	-71,893	-3,170	1,767

12/31/2020	AMOUNTS LINKED BUT NOT NETTED IN BALANCE SHEET						
	Gross value of financial assets	Gross value of financial liabilities netted in balance sheet	Net amounts shown on balance sheet	Impact of master netting agreements	Financial instruments received as guarantee	Cash collateral received	Net amount
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	AMOUNTS LINKED BUT NOT NETTED IN BALANCE SHEET						
	Gross value of financial liabilities	Gross value of financial assets netted in balance sheet	Net amounts shown on balance sheet	Impact of master 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

These disclosures, required by an amendment to IFRS 7, seek to provide a basis for comparison with the treatment under generally accepted accounting principles in the United States (US GAAP), which are less restrictive than IFRS.

The amounts in the second column correspond to the netting under IAS 32 of transactions that go through a clearing house.

The column entitled “Impact of master offsetting agreements” corresponds to outstanding transactions under enforceable contracts that are not offset 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

	12/31/2021	12/31/2020
Assets (through profit or loss)	1,570	1,824
Liabilities (through profit or loss)	943	874

11b - Deferred taxes

	12/31/2021	12/31/2020
Assets (through profit or loss)	1,724	1,739
Assets (through equity)	373	396
Liabilities (through profit or loss)	643	667
Liabilities (through equity)	654	789

Breakdown of deferred taxes by main category

	12/31/2021		12/31/2020	
	Assets	Liabilities	Assets	Liabilities
. Tax losses carried forward	91	75	31	0
. Temporary differences	2,292	1,508	2,461	1,814
- Remeasurement of financial instruments (excluding insurance)	286	121	634	943
- Insurance business line	143	154	77	154
- Provisions	1,179	-4	1,316	-3
- Hidden finance leasing reserve	0	386	0	380
- Earnings of tax-transparent entities	556	805	0	0
- Other temporary differences	128	46	434	339
. Netting	-286	-286	-358	-358
Total deferred tax assets and liabilities	2,097	1,297	2,135	1,456

Deferred taxes are calculated using the liability method.

NOTE 12 - Accruals and other assets and liabilities

12a - Prepayments, accrued income and other assets

	12/31/2021	12/31/2020
Prepayments and accrued income		
Securities collection accounts	301	326
Currency adjustment accounts	374	67
Accrued income	847	795
Misc. accruals	4,644	3,805
Subtotal	6,166	4,993
Other assets		
Securities settlement accounts	111	124
Miscellaneous debtors	4,788	4,580
Inventories and similar	37	31
Other	51	40
Subtotal	4,987	4,775
Total	11,153	9,768

12b - Accrued charges, deferred income and other liabilities

	12/31/2021	12/31/2020
Accrued charges and deferred income		
Blocked accounts on collection transactions	483	416
Currency adjustment accounts	57	978
Accrued expenses	2,194	1,924
Deferred income	1,600	1,704
Misc. accruals	7,215	5,797
Subtotal	11,549	10,819
Other liabilities		
Lease obligations - Property	1,107	1,107
Lease obligations - Other	5	16
Securities settlement accounts	1,165	1,507
Outstanding amounts payable on securities	268	386
Miscellaneous creditors	2,718	2,454
Subtotal	5,263	5,470
Total	16,812	16,289

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 2021: the impact on profit or loss refers to the Bancas and FLOA entities. Keytrade Bank Luxembourg SA, FLOA, Groupe Cholet-Dupont, Groupe La Française and 2A are included in the balance sheet.
- In 2020: the impact on profit or loss refers to entities of the La Française group. Strateo is included in the balance sheet.

12d - Lease obligations by remaining term

	1 year or less	1-3 years	3-6 years	6-9 years	9 years or more	TOTAL
Lease obligations	179	296	338	136	163	1,112
- Property	177	294	337	136	163	1,107
- Other	2	2	1	0	0	5

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

12/31/2021	Country	% interest	Investment value	Share of net profit/(loss)	Dividends received ⁽¹⁾	Fair value of investment (if listed)
Entities over which significant influence is exercised						
Banque de Tunisie	Tunisia	35	135	-22	8	133
LYF S.A. (formerly Fivory)	France	44	7	0	0	UL*
New Port	France	30	31	1	0	UL*
Astree	Tunisia	30	16	2	2	31
Other		0	13	-8	1	0
Total (A)			202	-27	11	
Joint ventures						
FLOA (formerly Banque Casino) ⁽²⁾	France	50	0	0	0	UL*
Euro Automatic Cash	Spain	50	11	8	0	UL*
Bancas	France	50	0	0	0	UL*
Total (B)			11	8	0	
Total (A)+(B)			213	-19	11	

⁽¹⁾ In cash and shares.

⁽²⁾ Treatment under IFRS 5 in 2021.

* UL: unlisted.

12/31/2020	Country	% interest	Investment value	Share of net profit/(loss)	Dividends received ⁽¹⁾	Fair value of investment (if listed)
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 (A)			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 (B)			88	1	0	
Total (A)+(B)			344	-16	5	

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

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

12/31/2021	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⁾	6,286	373	182	102	NC*	1,021
Astrée Assurance ⁽¹⁾	679	117	20	21	20	177
Joint ventures						
FLOA (formerly Banque Casino)	2,143	216	108	18	0	214

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

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	24	5	-	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.

NOTE 14 - Investment property

	12/31/2020	Increase	Decrease	Other	12/31/2021
Historical cost	696	64	-27	-5	728
Depreciation and impairment	-165	-18	6	0	-177
Net amount	531	46	-21	-5	551

The fair value of property recognized at cost was €803 million at December 31, 2021.

NOTE 15 - Property, plant and equipment and intangible assets

15a - Property, plant and equipment

	12/31/2020	Increase	Decrease	Other	12/31/2021
Historical cost					
Land used in operations	626	20	-3	-1	642
Buildings used in operations	6,235	216	-166	5	6,290
Right-of-use assets - Property	1,498	237	-45	22	1,712
Right-of-use assets - Other	42	1	0	1	44
Other property, plant and equipment	3,390	402	-337	-10	3,445
Total	11,791	876	-551	17	12,133
Depreciation and impairment					
Land used in operations	-12	-2	0	0	-14
Buildings used in operations	-4,108	-213	139	32	-4,150
Right-of-use assets - Property	-391	-237	18	1	-609
Right-of-use assets - Other	-26	-13	0	0	-39
Other property, plant and equipment	-2,663	-227	172	-17	-2,735
Total	-7,200	-692	329	16	-7,547
Net amount	4,591	184	-222	33	4,586

Including buildings leased under finance leases as follows

	12/31/2020	Increase	Decrease	Other	12/31/2021
Gross carrying amount	141	0	0	0	141
Depreciation and impairment	-29	-2	0	0	-31
Total	112	-2	0	0	110

15b - Intangible assets

	12/31/2020	Increase	Decrease	Other	12/31/2021
Historical cost					
. Non-current assets produced internally	985	126	-1	217	1,327
. Non-current assets acquired	2,621	199	-129	-193	2,499
- Software	878	31	-60	-150	699
- Other	1,743	168	-69	-43	1,800
Total	3,606	325	-130	24	3,826
Depreciation and impairment					
. Non-current assets produced internally	-720	-129	0	-183	-1,032
. Non-current assets acquired	-1,664	-91	59	186	-1,510
- Software	-788	-51	60	182	-597
- Other	-876	-40	-1	4	-913
Total	-2,384	-220	59	3	-2,542
Net amount	1,222	105	-71	27	1,284

NOTE 16 - Goodwill

	12/31/2020	Increase	Decrease	Other	12/31/2021
Gross goodwill	5,325	51	0	17	5,393
Impairment	-524	-947	0	0	-1,471
Net goodwill	4,801	-896	0	17	3,922

SUBSIDIARIES	Goodwill at 12/31/2020	Increase	Decrease	Impairment	Other	Goodwill at 12/31/2021
Targobank Germany	2,851			-875		1,976
CIC Group	515					515
Cofidis Group	466					466
<i>o/w Cofidis Participations</i>	<i>457</i>					<i>457</i>
<i>o/w Cofidis SGPS</i>	<i>0</i>					<i>0</i>
<i>o/w Cofidis Italy</i>	<i>9</i>					<i>9</i>
Targobank Spain	0					0
Groupe La Française	175					175
Procapital	63					63
Arkéa Direct Bank (formerly Fortuneo)	166					166
Monext	100					100
FactoFrance SAS	68			-68		0
El Télécom	0					0
Heller GmbH and Targo Leasing GmbH	0					0
Amgen Seguros Generales	49			-4		45
Compañía de Seguros y Reaseguros SA						
Leasecom	0					0
Leetchi	26					26
Keytrade Bank (formerly Fortuneo Belgium)	94					94
Veritas Portfolio	17					17
Budget Insight	23					23
Protection 24	0	51				51
Arkéa Real Estate	0				17	17
Other	150					150
Total	4,801	51	0	-947	17	3,922

The Arkéa Real Estate entity was acquired in January 2021. The allocation of the purchase price was finalized in the second half of 2021. This resulted in goodwill of €17 million. Goodwill resulting from the acquisition of the Protection 24 entity was €51 million.

Impairment in the amount of €875 million was recorded for Targobank Germany at December 31, 2021 due to the capping of fees and commissions in Germany starting in 2022. An impairment loss of €68 million was also booked for all the goodwill of FactoFrance as of that same date.

NOTE 17 - Provisions and contingent liabilities

17a - Provisions

	12/31/2020	Provisions during the year	Reversals during the year (used)	Reversals during the year (not used)	Other changes	12/31/2021
Provisions for risks	718	371	-32	-353	-2	702
On guarantee commitments	444	111	-1	-189	-1	364
<i>of which 12-month expected losses (S1)</i>	<i>49</i>	<i>28</i>	<i>0</i>	<i>-28</i>	<i>-1</i>	<i>48</i>
<i>of which expected losses at termination (S2)</i>	<i>234</i>	<i>6</i>	<i>0</i>	<i>-88</i>	<i>-1</i>	<i>151</i>
On financing commitments	138	182	-2	-120	3	201
<i>of which 12-month expected losses (S1)</i>	<i>87</i>	<i>82</i>	<i>0</i>	<i>-80</i>	<i>1</i>	<i>90</i>
<i>of which expected losses at termination (S2)</i>	<i>24</i>	<i>78</i>	<i>0</i>	<i>-33</i>	<i>2</i>	<i>71</i>
Tax	10	2	0	-11	1	2
Litigation	88	48	-15	-27	-1	93
Misc. receivables risk	37	28	-14	-6	-4	41
Other provisions	1,681	407	-249	-54	-33	1,752
Provision for mortgage saving agreements	384	2	0	-17	0	369
Misc. contingencies	925	252	-169	-23	-22	963
Other provisions	372	154	-80	-14	-12	420
Retirement commitments	2,124	82	-75	-29	-106	1,996
Total	4,523	860	-356	-436	-141	4,450

	31.12.2019	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
<i>of which 12-month expected losses (S1)</i>	<i>42</i>	<i>36</i>	<i>0</i>	<i>-29</i>	<i>0</i>	<i>49</i>
<i>of which expected losses at termination (S2)</i>	<i>39</i>	<i>221</i>	<i>0</i>	<i>-26</i>	<i>0</i>	<i>234</i>
Loan and guarantee commitments	115	127	0	-102	-2	138
<i>of which 12-month expected losses (S1)</i>	<i>71</i>	<i>80</i>	<i>0</i>	<i>-64</i>	<i>0</i>	<i>87</i>
<i>of which expected losses at termination (S2)</i>	<i>15</i>	<i>36</i>	<i>0</i>	<i>-26</i>	<i>-1</i>	<i>24</i>
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

Provisions for home savings schemes and accounts

	0-4 years	4-10 years	+10 years	Total
Deposits taken on home savings schemes during the savings phase	3,585	31,696	13,116	48,397
Provisions for home savings schemes	25	230	114	369
Deposits taken on home savings accounts during the savings phase				4,773
Provisions for home savings accounts				0
Provisions set aside for home savings products				-2
Reversal of provisions set aside for home savings products				17
Outstanding loans granted in respect of home savings schemes and accounts				64
Provisions for home savings loans				1

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

Retirement commitments and similar benefits

	12/31/2020	Provisions during the year	Reversals during the year	Other changes	12/31/2021
Commitments related to defined benefit and similar retirement plans, excluding pension funds					
Retirement benefits	1,527	55	-71	-61	1,450
Supplementary pensions	244	11	-25	-30	200
Long service awards (other long-term benefits)	229	13	-8	-2	232
Total comptabilisé	2 000	79	- 104	- 93	1 882
Supplementary defined benefit retirement plans covered by the group's pension funds					
Commitments to employees and retired employees	22	0	-1	-10	11
Fair value of assets					
Total recognized	22	0	-1	-10	11
Other commitments	102	2	0	-2	102
Total recognized	102	2	0	-2	102
Total	2,124	81	-105	-105	1,995

	31.12.2019	Dotations de l'exercice	Reprises de l'exercice	Autres variations	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 comptabilisé	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

Defined benefit plan: main actuarial assumptions

	12/31/2021	12/31/2020
Discount rate ⁽¹⁾	0.0% to 1.21%	0.45% to 0.48%
Expected rate of increase in salaries	1.0% to 4.39%	0.5% to 4.30%

(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	12/31/2020	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)	12/31/2021
Commitments	2,097	13	82	-1	0	-9	-5	-67	0	-73	2,037
Insurance contract outside the group and assets managed externally	570	4	0	0	11	0	17	-7	0	0	595
Provision	1,527	9	82	-1	-11	-9	-22	-60	0	-73	1,442

A 25-basis point increase in the discount rate would lead to a €79 million decrease in commitments, while a 25-basis point decrease would lead to an €89 million increase in commitments.

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	2,097
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

Change in fair value of plan assets	12/31/2020	Discounting effect	Return on plan assets in excess of interest income	Plan contributions	Payment to beneficiaries	Translation differences	Other (business combinations, liquidations)	12/31/2021
Fair value of plan assets	1,287	14	32	51	-40	0	-29	1,315

Change in fair value of plan assets	12/31/2019	Discounting effect	Return on plan assets in excess of interest income	Plan contributions	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

Breakdown of fair value of plan assets	12/31/2021			
	Debt instruments	Equity instruments	Real estate	Other
Assets listed in an active market	74%	13%	0%	6%
Assets not listed in an active market	1%	0%	2%	4%
Total	75%	13%	2%	10%

Breakdown of fair value of plan assets	12/31/2020			
	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%

Retirement commitments arising from defined benefit plans	Average duration*
Retirement benefits	16.58
Supplementary pensions (Art. 39)	

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

17b - Contingent liabilities

None, except payment commitments made to the Single Resolution Fund (€203 million) and Fonds de Garantie des Dépôts (€289 million), which are fully collateralized in cash. See Note 2b.

NOTE 18 - Shareholders' equity and reserves

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

	12/31/2021	12/31/2020
Capital and capital reserves	11,442	11,121
- Share capital	11,411	11,090
- Share premium and other similar amounts	31	31
Consolidated reserves	49,656	46,427
- Regulated reserves	9	9
- Other reserves (including impact of first-time application)	49,474	46,239
- of which gains/(losses) on disposal of equity instruments	169	-23
- Retained earnings	173	179
Total	61,098	57,548

18b - Unrealized or deferred gains and losses

	12/31/2021	12/31/2020
Unrealized or deferred gains or losses* related to:		
- investments by the insurance activities (available-for-sale assets)	1,859	1,969
- financial assets at fair value through recyclable equity - debt instruments	25	25
- financial assets at fair value through non-recyclable equity - equity instruments	240	227
- Cash flow hedging derivatives	-6	-11
- own credit risk on financial liabilities - fair value option	-13	-19
- Other	-473	-660
Total	1,632	1,531

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

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

12/31/2021	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%	37	395	0	15,670	150	-7	1,327

* Amounts before elimination of intercompany balances and transactions.

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.

NOTE 19 - Commitments given and received

Commitments given	12/31/2021	12/31/2020
Financing commitments	101,302	94,703
Commitments given to credit institutions	1,575	1,560
Commitments given to customers	99,727	93,143
Guarantee commitments	30,905	30,947
Commitments given on behalf of credit institutions	5,750	5,333
Commitments given on behalf of customers	25,155	25,614
Securities commitments	2,423	3,958
Other commitments given	2,423	3,958

Commitments received	12/31/2021	12/31/2020
Financing commitments	22,537	35,606
Commitments received from credit institutions	22,530	35,599
Commitments received from customers	7	7
Guarantee commitments	167,817	156,834
Commitments received from credit institutions	63,405	59,874
Commitments received from customers	104,412	96,960
Securities commitments	3,805	3,645
Other commitments received	3,805	3,645

Securities given under repurchase agreements	12/31/2021	12/31/2020
Assets given under repurchase agreements	72,098	49,740
Related liabilities	72,484	50,130

Other assets given as collateral for liabilities	12/31/2021	12/31/2020
Loaned securities	1	0
Guarantee deposits for market transactions	4,419	5,635
Total	4,420	5,635

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. 2. Notes to the income statement

NOTE 20 - Interest and similar income and expense

	12/31/2021		31.12.20	
	Income	Expense	Income	Expense
. Credit institutions and central banks ⁽¹⁾	19	88	202	-263
. Customers	11,389	-2,274	11,459	-2,471
- of which leasing	745	-266	689	-234
- of which lease obligation	0	-8	0	-8
. Hedging derivatives	2,569	-2,627	2,864	-2,576
. Financial instruments at fair value through profit or loss	470	-40	625	-54
. Financial assets at fair value through equity / Available-for-sale assets	264	0	380	0
. Securities at amortized cost	43	0	82	0
. Debt securities	0	-1,287	0	-1,794
. Subordinated debt	0	-74	0	-75
Total	14,754	-6,214	15,612	-7,233
<i>o/w interest income and expense calculated at the effective interest rate</i>	<i>11,715</i>	<i>-3,547</i>	<i>12,123</i>	<i>-4,603</i>
<i>o/w interest on liabilities at amortized cost</i>		<i>-3,547</i>		<i>-4,603</i>

(1) of which -€777 million impact of negative rates in income and €659 million in expenses at 12/31/2021, and -€472 million impact of negative rates in income and €266 million in expenses at 12/31/2020.

NOTE 21 - Fees and commissions

	12/31/2021		12/31/2020	
	Income	Expense	Income	Expense
Credit institutions	17	-38	22	-35
Customers	2,056	-47	1,908	-41
Securities	1,422	-101	1,212	-79
<i>o/w activities managed on behalf of third parties</i>	<i>985</i>	<i>0</i>	<i>779</i>	<i>0</i>
Derivative instruments	26	-10	21	-11
Foreign exchange	35	-2	34	-2
Financing and guarantee commitments	158	-58	101	-6
Services rendered	2,641	-1,236	2,426	-1,157
TOTAL	6,355	-1,492	5,724	-1,331

NOTE 22 - Net gains on financial instruments at fair value through profit or loss

	12/31/2021	12/31/2020
Trading instruments	205	3
Instruments under the fair value option	-58	7
Hedge ineffectiveness	-8	-15
. On fair value hedges	-8	-15
. Change in fair value of hedged items	-38	322
. Change in fair value of hedging items	30	-337
Foreign exchange gain (loss)	64	-34
Other instruments at fair value through profit or loss	1,020	117
Total changes in fair value	1,223	78

NOTE 23 - Net gains/(losses) on financial assets at fair value through equity / Available-for-sale assets

	12/31/2021	12/31/2020
Dividends	40	22
Realized gains and losses on debt instruments	63	19
Total	103	41

NOTE 24 - Net gains (losses) on financial assets and financial liabilities at amortized cost

	12/31/2021	12/31/2020
Financial assets at amortized cost		
Gains/losses on:	5	1
. Bonds and fixed-income securities	1	1
Total	5	1

NOTE 25 - Net income from insurance activities

	12/31/2021	12/31/2020
Earned premiums	17,217	14,564
Cost of benefits	-8,792	-8,945
Changes in reserves	-5,032	-1,244
Other technical and non-technical income and expenses	-5,272	-4,338
Net investment income	5,780	3,310
Net income on insurance policies	3,901	3,347
Net interest/commission income	-71	-57
Net gains on financial instruments at fair value through profit or loss o/w changes in fair value	1	2
Net gains (losses) on available-for-sale financial assets	-6	3
Net gains (losses) on held-to-maturity assets	3	2
	-	-
Net income on financial assets	-67	-53
Other net income*	20	-13
Net income from insurance activities	3,854	3,281

* includes investment property

NOTE 26 - Income and expenses on other activities

	12/31/2021	12/31/2020
Income from other activities		
. Investment property*	5	24
- Capital gains on disposals	5	24
. Rebilled expenses	113	120
. Other income	1,975	2,351
Subtotal	2,093	2,495
Expenses on other activities		
. Investment property*	-18	-15
- Provisions and depreciation	-18	-15
. Other expenses	-875	-1,119
Subtotal	-893	-1,134
Total net other income and expenses	1,200	1,361

* excluding insurance activities.

NOTE 27 - General operating expenses

	12/31/2021	12/31/2020
Employee benefits expense	-7,091	-6,710
Other expenses	-4,712	-4,570
Total	-11,803	-11,280

27 a - Employee benefits expense

	12/31/2021	12/31/2020
Wages and salaries	-4,417	-4,294
Social security contributions	-1,659	-1,610
Short-term employee benefits	-2	-2
Employee profit-sharing and incentives	-527	-400
Payroll-based taxes	-493	-477
Other	7	73
Total	-7,091	-6,710

Average number of employees

	12/31/2021	12/31/2020
Operational staff	46,442	47,234
Executives	36,699	35,960
Total	83,141	83,194
France	69,854	69,547
Rest of world	13,287	13,647

27 b - Other operating expenses

	12/31/2021	12/31/2020
Taxes and duties ⁽¹⁾	-654	-683
Leasing	-355	-331
- short-term leasing of assets (2)	-126	-120
- leasing of low value/substitutable assets (3)	-207	-188
- other leasing	-22	-23
Other external services	-2,682	-2,475
Other miscellaneous expenses	-109	-162
Total	-3,800	-3,651

⁽¹⁾ "Taxes and duties" includes an expense of €276 million in respect of the contribution to the Single Resolution Fund in 2021 vs. €235 million in 2020.

⁽²⁾ Includes property leases automatically renewed.

⁽³⁾ Includes computer hardware.

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

	12/31/2021	12/31/2020
Depreciation and amortization:	-908	-912
- Property, plant and equipment	-692	-716
of which right-of-use assets	-251	-249
- Intangible assets	-216	-196
Impairment:	-4	-7
- Property, plant and equipment	-3	-3
- Intangible assets	-1	-4
Total	-912	-919

NOTE 28 - Net additions to/reversals from provisions for loan losses

	12/31/2021	12/31/2020
- 12-month expected losses (S1)	-144	-323
- expected losses at termination (S2)	-84	-1,182
- impaired assets (S3)	-664	-1,130
Total	-892	-2,635

12/31/2021	Additions	Reversals	Irrecoverable receivables covered	Irrecoverable receivables not covered	Recovery of receivables previously written off	TOTAL
12-month expected losses (S1)	-663	519				-144
- Loans and receivables due from credit institutions at amortized cost	-3	2				-1
- Loans and receivables due from customers at amortized cost	-537	395				-142
- of which finance leases	-33	30				-3
- Financial assets at amortized cost - securities	0	1				1
- Financial assets at fair value through equity - debt securities	-11	11				0
- Commitments given	-112	110				-2
Expected losses at termination (S2)	-929	845				-84
- Loans and receivables due from customers at amortized cost	-835	716				-119
- of which finance leases	-47	47				0
- Financial assets at amortized cost - securities	-1	0				-1
- Financial assets at fair value through equity - debt securities	-8	7				-1
- Commitments given	-85	122				37
Impaired assets (S3)	-1,618	2,384	-1,264	-312	146	-664
- Loans and receivables due from credit institutions at amortized cost	0	0	0	-2	0	-2
- Loans and receivables due from customers at amortized cost	-1,472	2,150	-1,127	-308	146	-611
- of which finance leases	-23	34	-15	-4	1	-7
- Financial assets at amortized cost - securities	-21	137	-5	0	0	111
- Financial assets at fair value through equity - debt securities	0	0	-132	0	0	-132
- Commitments given	-125	97	0	-2	0	-30
Total	-3,210	3,748	-1,264	-312	146	-892

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	-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

NOTE 29 - Gains or losses on other assets

	12/31/2021	12/31/2020
Property, plant and equipment and intangible assets	-1	-2
. Capital losses on disposals	-30	-46
. Capital gains on disposals	29	44
Net gains/(losses) on consolidated securities ⁽¹⁾	1	689
TOTAL	0	687

(1) Including the impact of the sale of El Telecom in 2020.

NOTE 30 - Changes in goodwill

	12/31/2021	12/31/2020
Impairment of goodwill	-847	-13
TOTAL	-847	-13

See Note 16.

NOTE 31 - Income tax

Breakdown of tax expense

	12/31/2021	12/31/2020
Current tax	-1,972	-1,438
Deferred tax	15	256
Adjustments for prior years	24	15
TOTAL	-1,933	-1,167

Reconciliation of actual tax expense and theoretical tax expense

	12/31/2021	12/31/2020
Theoretical tax rate	28.41%	32.02%
Impact of special tax regime for venture capital companies (SCR) and commercial real property leasing companies (SICOMI)	-2.59%	-0.74%
Impact of reduced tax rate on long-term capital gains	-0.40%	-5.35%
Impact of specific tax rates paid by foreign entities	-0.05%	0.51%
Impact of the carryback	-0.62%	0.00%
Permanent differences	4.41%	2.26%
Other	1.75%	-1.53%
Effective tax rate	30.91%	27.17%
Taxable income	6,254	4,297
Tax expense	30.91%	27.17%

3. 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

	12/31/2021 Movements	12/31/2020 Movements
Translation adjustments		
Reclassification to profit or loss	0	0
Other movements	135	-109
Subtotal	135	-109
Remeasurement of financial assets at fair value through equity		
Reclassification to profit and loss*	-45	-25
Other movements	56	78
Subtotal	11	53
Remeasurement of hedging derivatives		
Reclassification to profit or loss	0	0
Other movements	6	-1
Subtotal	6	-1
Remeasurement of insurance business line investments (available-for-sale financial assets)		
Reclassification to profit or loss	-18	-1
Other movements	-92	168
Subtotal	-110	167
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	6	-18
Actuarial gains (losses) on defined benefit plans	47	-70
Share of unrealized or deferred gains or losses of companies accounted for using the equity method	3	-16
TOTAL	98	6

* on debt instruments.

NOTE 33 - Tax in respect of each category of gains and losses recognized directly to equity

	12/31/2021			12/31/2020		
	Gross amount	Tax	Net amount	Gross amount	Tax	Net amount
Translation adjustments	135	0	135	-109	0	-109
Remeasurement of financial assets at fair value through equity	14	-3	11	21	32	53
Remeasurement of insurance business line investments	-231	121	-110	182	-14	168
Remeasurement of hedging derivatives	8	-2	6	-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	9	-3	6	-26	7	-19
Actuarial gains (losses) on defined benefit plans	56	-9	47	-108	38	-70
Share of unrealized or deferred gains or losses of companies accounted for using the equity method	3	0	3	-16	0	-16
Total change in gains and losses recognized directly in equity	-6	104	98	-57	63	6

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 exposure to losses in respect of the structured entities corresponds to the carrying amount of the structured entity's financed asset.

- 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.

12/31/2021	Special-purpose vehicles (SPV)	Asset management (UCITS/REITS) ^(*)	Other structured entities ^(**)
Balance sheet total	377	44,587	2,188
Carrying amount of financial assets ⁽¹⁾	100	49,221	733
Carrying amount of financial liabilities ⁽¹⁾	0	0	0
Maximum exposure to risk of loss	100	33,207	0

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

(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 € millions)	Retail banking	Insurance	Corporate and Investment Banking	Asset management/ Private banking	Other	Total	Intra-group elimination	Total
12/31/2021	1,301,534	209,174	97,725	39,948	149,194	1,797,575	-717,084	1,080,491
Balance sheet total	72.4%	11.6%	5.4%	2.2%	8.3%	100.0%		
12/31/2020	1,226,103	201,438	92,816	35,505	135,245	1,691,107	-669,498	1,021,610
Balance sheet total	72.5%	11.9%	5.5%	2.1%	8.0%	100.0%		

Analysis of income statement by business line

12/31/2021	Retail banking	Insurance	Corporate and Investment Banking	Asset Management / Private Banking	Other	Intra-group elimination	Total
Net banking income	13,913	2,340	1,690	1,045	2,006	-1,206	19,788
General operating expenses	-9,260	-808	-447	-695	-1,799	1,206	-11,803
Gross operating income	4,653	1,532	1,243	350	207		7,985
Net additions to/reversals from provisions for loan losses	-895	0	17	-14	0		-892
Gains (losses) on other assets ⁽¹⁾	-4	-2	0	3	-863		-866
Profit/(loss) before tax	3,754	1,530	1,260	339	-656		6,227
Income tax	-1,165	-436	-164	-72	-96		-1,933
Net profit/(loss)	2,598	1,094	1,096	266	-752		4,302
Non-controlling interests	31	1	0	1	3		36
Net profit/(loss) attributable to the group	2,567	1,093	1,096	265	-755		4,266

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

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	0	-270	-35	-2		-2,635
Gains (losses) on other assets ⁽¹⁾	71	0	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	0	0	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.

Breakdown of total assets by geographic area

ACTIF	12/31/2021				12/31/2020			
	France	Europe excluding France	Other countries*	Total	France	Europe excluding France	Other countries*	Total
Cash and amounts due from central banks	139,771	14,051	3,323	157,145	118,062	10,534	1,204	129,800
Financial assets at fair value through profit or loss	23,340	508	1,061	24,909	27,230	425	3,313	30,968
Hedging derivatives	2,261	4	6	2,271	3,143	8	6	3,157
Financial assets at amortized cost	559,739	62,390	9,671	631,800	529,031	56,734	9,068	594,833
of which loans and receivables due from credit institutions	58,145	1,583	2,463	62,191	56,806	1,314	1,912	60,032
of which loans and receivables due from customers	499,283	58,434	7,208	564,925	470,645	52,808	7,155	530,608
Financial assets at fair value through equity	35,001	889	6,943	42,833	40,080	1,174	6,873	48,127
Investments by the insurance activities and reinsurers' share of technical provisions	190,939	3,257	0	194,196	182,411	3,480	0	185,891
Investments in companies accounted for using the equity method	92	11	110	213	240	3	101	344
PASSIF	12/31/2021				12/31/2020			
	France	Europe excluding France	Other countries*	Total	France	Europe excluding France	Other countries*	Total
Central banks	601	1	3	605	574	1	0	575
Financial liabilities at fair value through profit or loss	12,647	214	631	13,492	15,606	202	934	16,742
Hedging derivatives	2,854	43	1	2,898	3,335	84	16	3,435
Due to credit institutions	73,534	2,428	7,972	83,934	44,046	1,406	6,325	51,777
Due to customers	476,691	68,617	2,352	547,660	455,959	64,217	1,953	522,129
Debt securities	128,905	4,153	8,667	141,725	139,242	2,551	9,752	151,545

* United States, Singapore, Morocco and Tunisia.

Analysis of income statement by geographic area

	12/31/2021				12/31/2020			
	France	Europe excluding France	Other countries*	Total	France	Europe excluding France	Other countries*	Total
Net banking income	16,053	3,531	204	19,788	13,827	3,503	204	17,534
General operating expenses	-9,542	-2,168	-93	-11,803	-9,117	-2,066	-97	-11,280
Gross operating income	6,511	1,363	111	7,985	4,710	1,437	107	6,254
Net additions to/reversals from provisions for loan losses	-445	-452	5	-892	-1,846	-752	-37	-2,635
Gains (losses) on other assets**	-879	3	10	-866	644	-1	14	658
Profit/(loss) before tax	5,187	914	126	6,227	3,508	684	84	4,277
Total net profit/(loss)	3,537	652	113	4,302	2,571	467	75	3,114
Net profit/(loss) attributable to the group	3,512	642	112	4,266	2,539	456	75	3,070

* 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, 2021. 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	12/31/2021						
	Market value	Carrying amount	Unrealized gains or losses	Level 1 of hierarchy	Level 2 of hierarchy	Level 3 of hierarchy	Total
Assets	820,086	801,707	18,379	9,525	241,672	568,890	820,086
Financial assets at amortized cost - IFRS 9	807,323	788,944	18,379	3,178	235,255	568,890	807,323
Cash and amounts due from central banks	157,145	157,145	0	0	157,145	0	157,145
Loans and receivables due from credit institutions	63,144	62,191	954		63,144	0	63,144
Loans and receivables due from customers	582,199	564,925	17,274		13,309	568,890	582,199
Securities	4,835	4,684	152	3,178	1,657	0	4,835
Insurance business line investments at amortized cost	12,763	12,763	0	6,346	6,417	0	12,763
Loans and receivables	6,417	6,417	0		6,417	0	6,417
Held-to-maturity	6,346	6,346	0	6,346	0	0	6,346
Liabilities	795,115	786,148	8,966	864	521,195	273,056	795,115
Financial liabilities at amortized cost - IFRS 9	793,626	784,660	8,966	864	519,707	273,056	793,626
Due to credit institutions	84,586	83,934	652		84,586	0	84,586
Due to customers	552,463	547,659	4,804		279,407	273,056	552,463
Debt securities	144,206	141,725	2,482		144,206	0	144,206
Subordinated debt	12,371	11,343	1,029	864	11,508	0	12,371
Liabilities from the insurance activities at amortized cost	1,488	1,488	0	0	1,488	0	1,488
Due to credit institutions	639	639	0		639		639
Debt securities	0	0	0	0	0	0	0
Subordinated debt	849	849	0	0	849	0	849

- 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 €126 million in dividends outside the Crédit Mutuel group.

Note I.3 - Related parties

Amounts in €m	12/31/2021 Entities consolidated using the equity method	12/31/2020 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	20
Financial assets at amortized cost	1,842	1,661
<i>o/w current accounts</i>	<i>0</i>	<i>0</i>
Hedging derivatives	0	0
Investments by the insurance activities	0	0
Other assets	0	0
Liabilities		
Due to credit institutions	126	148
<i>o/w current accounts</i>	<i>126</i>	<i>148</i>
Hedging derivatives	0	0
Liabilities at fair value through profit or loss	0	0
Due to customers	17	42
Debt securities	0	0
Subordinated debt	0	0
Interest income	7	7
Interest paid	0	0
Fees and commissions (income)	1	0
Fees and commissions (expense)	0	0
Net gains/(losses) on financial assets at fair value through equity and FVPL	8	0
Net income from insurance activities	-37	-27
Other income and expenses	27	65
NBI	6	45
General operating expenses	1	1
Financing commitments given	35	60
Guarantee commitments given	0	0
Financing commitments received	0	0
Guarantee commitments 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*	659	0	14	2	675

* 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 12/31/2021	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	9/18/2015	11/29/2017	2/14/2012	4/15/2013	4/1/2014	9/16/2015	9/16/2016	7/1/2017
Exercise period	HY1 2021	Q1 2021	Minimum 2 years following the 2-year vesting period					Q2 2022
Impact on income	0.3	-0.3	0.0	0.0	0.0	0.0	0.0	0.5
Liabilities on balance sheet	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.2

AT 12/31/2021	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	11/1/2017	11/1/2019	1/1/2021	9/4/2017	9/6/2018	9/6/2019	12/20/2019
Exercise period	Q1 2020 / Q1 2023	2022/2024	2026	Minimum 2 years following the 2-year vesting period			
Impact on income	-0.2	2.8	-0.1	-0.7	0.0	0.0	0.4
Liabilities on balance sheet	0.0	5.1	0.0	4.9	0.0	0.0	1.1

Note I6 - Statutory auditors' fees

Amount in € millions excluding VAT	12/31/2021			
	ERNST & YOUNG et Autres		MAZARS	
	Amount	%	Amount	%
Audit of the financial statements	4.05	85%	3.04	100%
Non-audit services*	0.72	15%	0.01	0%
Total	4.77	100%	3.04	100%
of which fees paid to the statutory auditors in France for auditing of the financial statements	3.59		2.83	
of which fees paid to the statutory auditors in France for non-audit services	0.46		0.20	

* In 2021, non-audit services included comfort letters in connection with market transactions and reports and certifications required for regulatory purposes.

Amount in € millions excluding VAT	12/31/2020			
	ERNST & YOUNG et Autres		MAZARS	
	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.

REPORT OF THE STATUTORY AUDITORS
ON THE CONSOLIDATED
FINANCIAL STATEMENTS

CRÉDIT MUTUEL GROUP
Year ended December 31, 2021

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
Commissaire aux Comptes
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, 2021, 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 specified in the French Commercial Code and in the
code of ethics for statutory auditors, for the period from January 1,
2021 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.

BASIS FOR OUR ASSESSMENTS

Due to the global crisis related to the Covid-19 pandemic, the
financial statements for this fiscal year were prepared and audited
under unique conditions.
This crisis and the exceptional measures taken in response to
the health emergency had many consequences for companies,
in particular for their business and their financing, and led to

heightened uncertainty about their future outlook. Some of these
measures, such as travel restrictions and remote work, also had an
impact on companies’ internal organization and on the procedures
for carrying out audits.
It is in this complex and changing environment that, pursuant
to Articles L. 823-9 and R. 823-7 of the French Commercial Code
regarding the basis for our assessments, we inform you of the
following assessments which, in our professional judgment, were
the most significant for the audit of the annual financial statements,
as well as our responses to these risks.
These matters were addressed in the context of our audit of the
consolidated financial statements as a whole, and in forming our
opinion thereon. We do not provide a separate opinion on specific
elements of the consolidated financial statements.

- The group uses internal models and methodologies to measure
financial instruments that are not traded on active markets and to
set up certain provisions, as described in Note 3.1.9.2 to the
consolidated financial statements. We have examined the control
system used for these models and methodologies, the parameters
used and the identification of the financial instruments to which
they apply.
- The group records impairment provisions to cover the credit and
counterparty risks inherent to its activities (Notes 3.1.8.6 and 3.2.1
to the consolidated financial statements). We have examined the
control system applicable to the monitoring of credit and
counterparty risk, the impairment methodologies and the
coverage of losses in value by individual impairment provisions.
- The group carried out impairment tests on goodwill and
investments which may, where relevant, result in the recognition
of impairment provisions in respect of this year (Note 2.5 to
the consolidated financial statements). We have examined the
procedures for conducting these tests, the main assumptions and
parameters used, as well as the resulting estimates that led, where
applicable, to impairment losses.
- The group records provisions for employee obligations (Note 3.3.2
to the consolidated financial statements). We have examined the
method used to assess these obligations, as well as the main
assumptions and calculation methods used.

SPECIFIC VERIFICATIONS

In accordance with professional standards applicable in France, we
have also completed the specific verifications, as required by laws
and regulations, of information regarding the group provided in the
Board of Directors’ management report.
We have no matters to report regarding the fair presentation of this
information or its consistency with the consolidated financial
statements.

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, the statutory auditor:
• identifies and assesses the risks that the annual financial
statements contain material misstatements, whether such
misstatements result from 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 for a material misstatement
resulting from an error, as fraud may involve collusion, forgery,
deliberate omissions, false statements or the circumvention 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 17, 2022

The Statutory Auditors

MAZARS

Pierre Masieri Anne Veaute

ERNST & YOUNG ET AUTRES

Hassan Baaj

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INSTITUTIONAL COMMUNICATIONS
CONFÉDÉRATION NATIONALE DU CRÉDIT MUTUEL
46, RUE DU BASTION - 75017 PARIS
+ 33 153 488 794