2021 Universal Registration Document

INCLUDING THE ANNUAL FINANCIAL REPORT

CIC

Building the future in a changing world

cic.fr

CONTENTS

Building the future in a changing world

2021 Universal registration document

including the annual financial report

A leading bank both in France and abroad, CIC promotes a universal banking model that combines businesses covering all areas of finance and insurance, financial solidity and a long-term growth strategy.

A technologically advanced bank within reach of its customers, CIC listens to its customers to provide products and services best tailored to their needs.

Flexible tools and adaptable products and services combined with the proximity of the networks allow CIC to offer the responsiveness that customers expect, regardless of their location.

Through its commitment to the economy and society, and with a strong corporate governance system, CIC acts as a responsible bank in a rapidly changing world.

High entrepreneurial standards with operations built around five areas of activity:

RETAIL BANKING,
CORPORATE BANKING,
CAPITAL MARKETS,
PRIVATE BANKING,
PRIVATE EQUITY

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The universal registration document was filed on April 13, 2022, with the AMF, as the competent authority under Regulation (EU) 2017/1129, without prior approval, in accordance with Article 9 of the regulation. The universal registration document can be used for the purposes of a public offering of financial instruments or for the admission of financial instruments to trading on a regulated market if it is supplemented by a note on the financial instruments and, where relevant, a summary and all amendments to the universal registration document are included. These are approved by the AMF in accordance with Regulation (EU) 2017/1129.

This universal registration document is a reproduction of the official version of the universal registration document including the 2021 annual financial report which has been prepared in ESEF (European Single Electronic Format) and is available on our website www.cic.fr.

Our business lines

CIC deploys solutions adapted to the needs of all its customers, whether individuals, professionals or non-profit organizations, through five areas of expertise. As a benefit corporation whose entrepreneurial dimension is at the heart of its DNA, CIC relies on its employees to develop, diversify and pool its resources in the interests of all its customers.

RETAIL BANKING

offers a range of products and services for a diversified clientele of individuals, professionals, farmers, non-profit organizations and companies. It includes:

- the **banking network**: CIC network in Île-de-France[1] and the five regional banks: CIC Est, CIC Lyonnaise de Banque, CIC Nord Ouest, CIC Ouest, CIC Sud Ouest

- the **specialized business lines** whose offers are marketed by the network:

Insurance
CIC Assurances

Equipment leasing
CIC Leasing

Real estate leasing
CIC Real Estate Lease

Factoring
CIC Factoring Solutions

Asset management
Crédit Mutuel Asset Management
Crédit Mutuel Investment Managers

Employee savings
CIC Épargne Salariale

Real estate
CIC Immobilier

International support
CIC Aidexport

PRIVATE BANKING

has expertise in asset and wealth management, with dedicated subsidiaries

CIC Banque Privée[2]
Banque Transatlantique
Banque de Luxembourg
Banque CIC (Suisse)

CORPORATE BANKING

supports large corporate customers and institutional investors through specialized financing and development solutions, in France and abroad.
CIC Corporate is the point of contact for large corporate customers.

CAPITAL MARKETS

advises corporate customers, institutional investors and asset management companies on their investment, market financing, investment, risk hedging and asset servicing needs[3].

CIC Marchés and CIC Market Solutions are in charge of market and post-trade activities.

PRIVATE EQUITY

combines equity investments, mergers & acquisitions advisory services and capital support for senior management in France and abroad.

Crédit Mutuel Equity supports start-ups, SMEs and mid-sized companies.

(1) CIC, the network's holding company and leading bank, is also a regional bank in Île-de-France.
(2) CIC Banque Privée is part of the CIC network and its five regional banks.
(3) Custodian and depositary for undertakings for collective investment.

Words from senior management

EDITORIAL NICOLAS THÉRY & DANIEL BAAL

Nicolas Théry
Chairman

Daniel Baal
Chief Executive Officer

What do you take away from CIC's 2021 results?

In 2021, CIC generated net profit, at an unprecedented level, of €2.1 billion. While this performance can be explained by the strong growth in revenues in all our businesses, combined with tight control of general operating expenses and a very significant reduction in the cost of risk, it is above all the result of the collective commitment of our 20,000 employees, whom we would like to thank most sincerely.

Thanks to this mobilization, CIC remains more than ever the reference player in corporate finance. It is pursuing its multi-service strategy and its commitment to the local economy and strives to support all its customers.

Despite the uncertainties generated by the pandemic, we were able to respond to the needs of all the actors in the business world, thereby further strengthening the relationship of trust between us and our customers. CIC's results confirm the relevance of our choices, starting with that of adopting the status of a benefit corporation.

How does the status of a benefit corporation meet current societal challenges?

Our status as a benefit corporation has taken on its full meaning in the context of the health and economic crisis we have been facing. We were led to review our priorities. This crisis has made us face up to our duty: to support our customers and, more generally, the economy and all those who undertake.

We have defined 12 commitments that illustrate our role as a responsible bank. They place our customers at the heart of our actions: fight against all forms of discrimination, protect the digital privacy of our customers, act for the development of territories and contribute to building a fairer and more sustainable society. In 2021, CIC began to implement this transformation. In a world profoundly changed by the pandemic, CIC has demonstrated its ability to adapt and has taken a number of strong measures.

Last November, CIC became the first insurer to abolish the health questionnaire for its loyal customers when financing their primary residence with CIC Assurances. It is our view that health should not be a barrier to home ownership.

Because we are determined to strengthen our proximity to non-profit organizations and support local initiatives, we have decided to offer civil liability coverage to the senior management of CIC customer associations. We are particularly keen to protect those who get involved. CIC also continued to support the cultural and musical world, notably by consolidating its partnership with the Aix-en-Provence Easter Festival.

On the environmental front, we have chosen not to finance any new coal, oil or gas projects. Through this landmark initiative, we are demonstrating our desire to build a more sustainable world.

How do you see the future?

After two years of health crisis, we are entering a new period of uncertainty with the geopolitical crisis. We are vigilant and mobilized. With all our teams, we will continue to pursue the path outlined by our raison d'être and our social, societal and environmental commitments, and continue to accompany our customers and society towards a sustainable and inclusive world.

2021 Key figures

5.5 MILLION CUSTOMERS

19,400 EMPLOYEES[1]

1,781 BRANCHES

INTERNATIONAL

5 BRANCHES

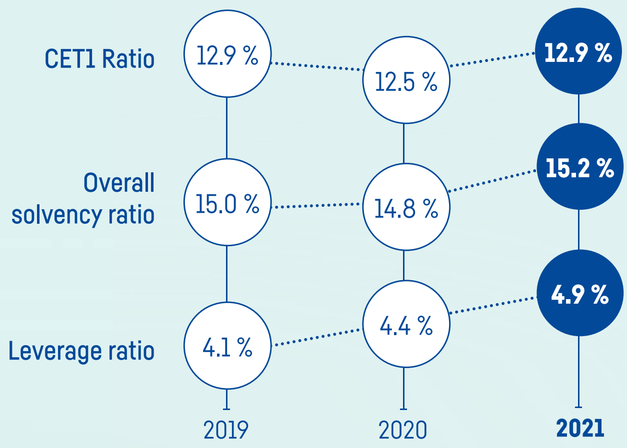
37 REPRESENTATIVE OFFICES

[1] *Full-time equivalent for consolidated entities.*

INCOME STATEMENT

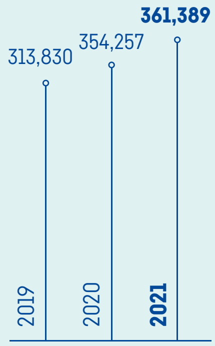
(in € millions)	DECEMBER 2019	DECEMBER 2020	**DECEMBER 2021**
Net banking income	5,213	5,139	**6,000**
Gross operating income	1,962	1,914	**2,654**
Net profit/(loss)	1,468	662	**2,116**
Cost/income ratio	62.4%	62.8%	**55.8%**

CAPITAL

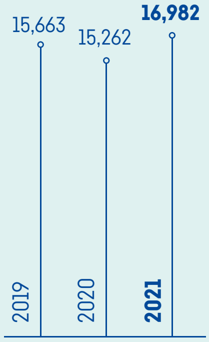


Data calculated without transitional measures.

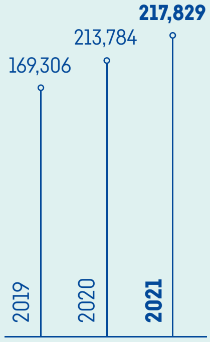
BALANCE SHEET



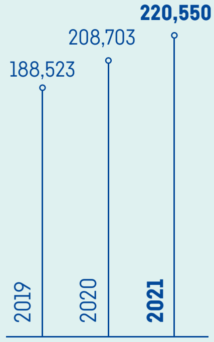
BALANCE SHEET TOTAL
(in € millions)



SHAREHOLDERS' EQUITY
(in € millions)



CUSTOMER DEPOSITS
(in € millions)

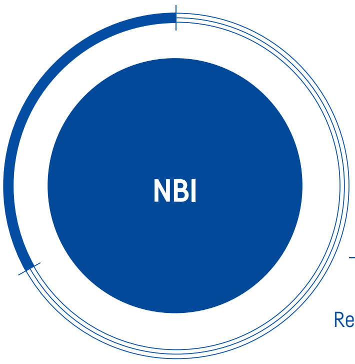


CUSTOMER LOANS
(in € millions)

BREAKDOWN OF NBI AND NET PROFIT/(LOSS) BY ACTIVITY

34%
Specialized business lines

Private Banking: **12%**
Corporate Banking: **7%**
Capital Markets: **6%**
Private Equity: **9%**



66%
Retail Banking

46%
Specialized business lines

Private Banking: **9%**
Corporate Banking: **12%**
Capital Markets: **5%**
Private Equity: **20%**

54%
Retail Banking

RATINGS

	Standard & Poor's At 12/16/2021	Moody's At 12/10/2021	Fitch Ratings At 11/17/2021*
Issuer/ Senior debt preferred LT	A+	Aa3	AA-
Outlook	Stable	Stable	Stable
ST Preferred senior debt	A-1	P-1	F1+

Standard & Poor's:
Crédit Mutuel group rating.
Moody's:
Crédit Mutuel Alliance Fédérale/BFCM and CIC rating.
Fitch Ratings:
Crédit Mutuel Alliance Fédérale rating.

** The "Issuer Default Rating" is stable at A+.*

Our business model

OUR RAISON D'ÊTRE *"Ensemble, écouter et agir"*
(Listening and acting together)

CIC,
BENEFIT CORPORATION

As a subsidiary of a cooperative and mutualist organization, we support our customers in their best interests.

As a bank for all, customers and employees, we act for everyone and refuse any discrimination.

OUR RESOURCES AND ASSETS

Our customers

5.5 million individual, professional, corporate and non-profit customers

Our human capital

- 19,400 employees[1]
- 5.6% of payroll invested in training

Our locations

- 1,700+ branches in France via 6 regional banks
- Internationally, 5 branches and 37 representative offices

Our financial structure

- Shareholders' equity: €17 billion
- CET1 ratio: 12.9%

Our shareholding structure

Crédit Mutuel Alliance Fédérale, a banking and insurance company recognized for its solid financial structure, its capacity for innovation and its sustainable commitment

#ENSEMBLE NOUVEAUMONDE Plus vite, plus loin !

4 STRATEGIC PRIORITIES 2019-2023

Our multi-service banking and insurance activities

RETAIL BANKING

CORPORATE BANKING

CAPITAL MARKETS

PRIVATE BANKING

PRIVATE EQUITY

Respectful of everyone's privacy, we place technology and innovation at the service of people.

As a solidarity-based company, we contribute to regional development.

As a responsible company, we actively work for a fairer and more sustainable society.

RELATIONSHIP, COMMITMENT, INNOVATION, SOLIDITY

Accompanying all those who build in a changing world

FINANCING

CONSULTING

INSURANCE

SAVINGS AND INVESTMENTS

MULTI-SERVICE OFFER (remote monitoring, telephony, service platform).

VALUES CREATED FOR OUR STAKEHOLDERS

For our customers

- €221 billion in outstanding customer loans
- Start Innovation Scheme
- No. 1 in Customer Relations 2022[2]

For our employees

- Almost 38 hours of training per trained employee
- 46.6% of women among managerial staff or equivalent

In the regions where we operate

- 93.4% of loans granted locally[3]
- + €3 billion invested in equity in the real economy through private equity
- €13.4 million sponsorship budget

For the environment

- October 2021: stopped funding new oil and gas projects (exploration, production and infrastructure)
- Strengthening the "Hydrocarbons" sectoral policy
- By 2030: coal phase-out plan

For our shareholder

- NBI: €6 billion
- Net profit: €2.1 billion

[1] Full-time equivalent for consolidated entities.
[2] BearingPoint study - Kantar.
[3] Retail network.
Data as of December 31, 2021.

CIC's 12 commitments

to build the future in a changing world

Fight against all forms of discrimination, provide digital protection to all our customers, act for the development of the regions and a fairer and more sustainable society: as a benefit corporation, **CIC is committed.**

01
Guarantee to each customer a dedicated, non-commissioned advisor.

02
Train all our employees and directors in the fight against discrimination.

03
Recruit 25% of work-study students from priority neighborhoods and rural areas.

04
Defend gender pay equality at all levels of the bank.

05
Guarantee the privacy of our customers' data by processing 99.9% of their information in our infrastructures and systems located in France.

06
Invest productivity gains from artificial intelligence in employment and development.

07
Anchor decision-making centers in the regions with more than 90% of our lending decisions taken at branches.

08
Offer the Pay Asso digital payment solution to our associations and civil liability coverage to their managers.

09
Invest 5% of the group's equity mainly in innovative French companies.

10
Reduce the group's carbon emissions by 20% and the carbon footprint of our investment portfolios by 12% by the end of 2022[1].

11
Immediately stop funding for new oil and gas projects.

12
Insure the real estate loans of our loyal customers without any medical formalities.

[1] Reduction compared to 2018.

4 strong strategic priorities

CIC deploys on a daily basis the commitments of the 2019-2023 strategic plan *ensemble#nouveaumonde, plus vite, plus loin ! [together#today's world, faster, further!]* initiated by its parent company, Crédit Mutuel Alliance Fédérale.

RELATION

Be the reference relational bank in an omnichannel world

INNOVATION

Be a multi-service innovative bank

COMMITMENT

Be a committed bank in tune with a changing world

SOLIDITY

Use our robustness to drive the Crédit Mutuel Alliance Fédérale's mutualist model

Relation

- A **dedicated advisor** with a strengthened role, pivotal to a constantly accelerating omnichannel relationship: in person, telephone or digital, at the customer's discretion
- Optimized **local networks** for a tailored response to customer expectations and increased operational efficiency in each region
- Continued **development** of proprietary **offers** (insurance, leasing, etc.) and the launch of a platform of services offered to customers with partner companies
- An even **more efficient** organization to market the multi-service offer
- **Strengthening synergies** between local networks and all of the group's business lines and support functions

Innovation

- Increased **customer orientation** in IT project management
- **Simplified** offers and **processes**, supported by powerful cognitive tools
- Maintaining our **technological lead** in the service of development, security and data protection (digital privacy)

Commitment

- Strengthened commitments to **support and protect** customers weakened by the crisis, and to support regional development players
- **Strong social, societal and environmental commitments**, emphasized in the context of a demanding policy of "corporate social responsibility"
- **Increased** employee **training** to keep pace with changes in the business lines, in a climate of trusting and responsible social dialog
- Pooling of resources for greater **collective efficiency**

Solidity

- Increased **selectivity** in the allocation of capital and liquidity
- **Development** focused on banking, insurance and financial and technological services in the Eurozone
- Increased **profitability** through the development of new business synergies that serve the networks

In 2021, CIC sponsored the Normandy Channel Race for the first time, renamed CIC Normandy Channel Race on the occasion of the partnership. This nautical race brings together Class40 boats that compete on a 1,000-mile loop starting and returning from the city of Caen. CIC is also a partner of The Transat CIC and *La Route du Rhum - Destination Guadeloupe.*

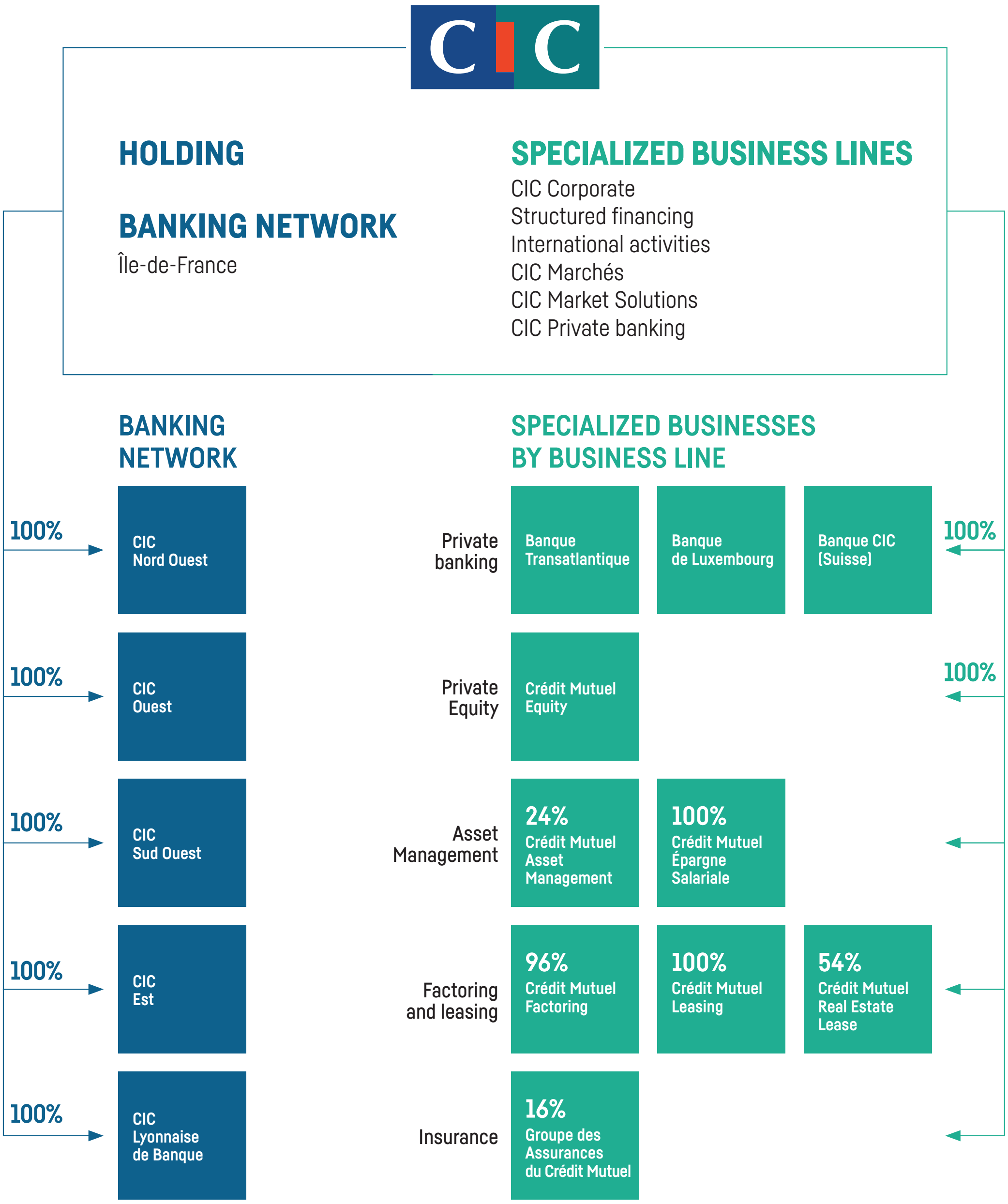
1. PRESENTATION OF CIC

1.1 ORGANIZATION OF CIC

CIC consists of:

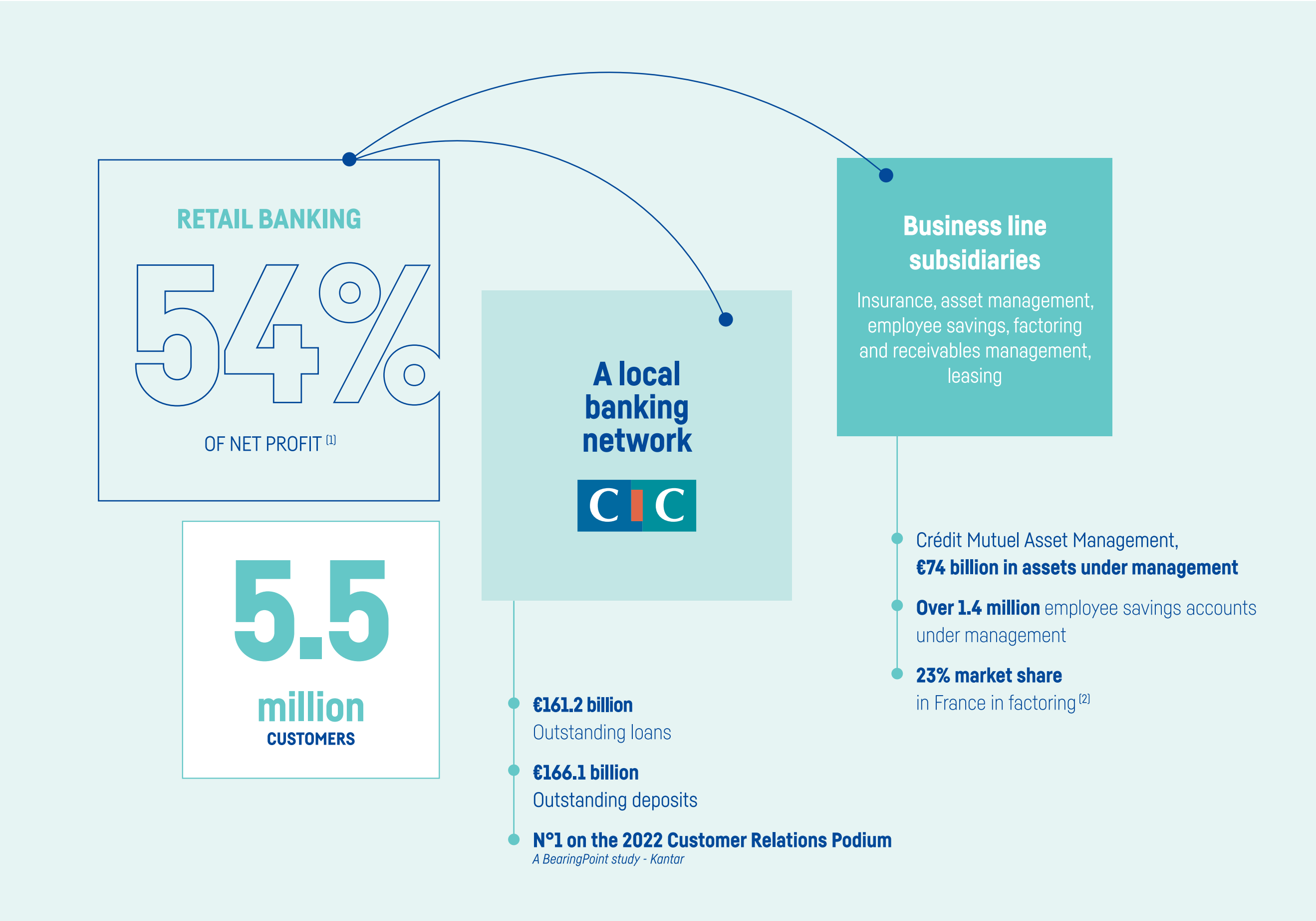
- CIC (Crédit Industriel et Commercial), the holding and head-of-network bank, which is also a regional bank in Île-de-France, which carries out investment, financing and market activities for all of Crédit Mutuel Alliance Fédérale;
- five regional banks, each which conducts business within a fixed geographic area;
- institutions specialized by business line and shared-service companies in Crédit Mutuel Alliance Fédérale.

2021 SIMPLIFIED ORGANIZATION CHART



1.2 BUSINESS LINES

1.2.1 Retail Banking



(1) Share of CIC's net profit excluding the Holding segment.
(2) Source: French Association of Financial Companies.

Retail Banking, the core business line of CIC, accounted for 66% of its net banking income at the end of 2021. CIC is organized into six regional banks, including CIC Île-de-France, which is also the holding and head-of-network bank. It also relies on business line subsidiaries whose products and services are marketed by the network. CIC meets needs in insurance, real estate and equipment leasing, factoring, asset management, employee savings, and real estate sales and management. Thanks to the know-how of its employees, Retail Banking meets the needs and expectations of 5.46 million customers.

Committed to establishing a close relationship with its customers, CIC offers them an efficient, effective and modern omnichannel organization. Each customer has an advisor in 1,781 branches in France. Many procedures are also accessible at any time *via* the websites and mobile apps.

The CIC business model aims for excellence in customer service, an ambition that is regularly rewarded. In 2021, CIC won six out of six possible awards at the *Trophées de la Banque*[3]. It obtained the best score in four categories: Daily Banking Advisor, Project Advisor, Website and Remote Customer Service. In addition, at the beginning of 2022, for the second time in four years, CIC took first place in the customer relations barometer published each year by the reference institutes Kantar and BearingPoint: CIC was ranked the best French bank in terms of customer experience as well as No. 1 in digital experience among 200 major brands in all segments.

In 2021, the network provided continuous support for customers and their project financing activities. Outstanding loans reached €161.2 billion, up 5.9% year-on-year. Outstanding deposits amounted to €166.1 billion at the end of 2021, up by 4.1%. In the diversification sectors, sale of products and services to customers continued their commercial momentum. The number of contracts signed rose by 7.6% for remote banking, by 4.1% for the Homiris remote monitoring offer and by 2.6% for mobile telephony.

(3) Study "Les Trophée de la Banque 2022 – Qualité" by MoneyVox.fr.

1.2.1.1 Network markets

CIC Retail Banking offers a range of products and services to a diverse range of retail customers, professionals, farmers, non-profit organizations and businesses.

1.2.1.1.1 Retail market

The retail market meets the demand of non-professional natural persons. As a partner of everyone's ambitions and projects, CIC continues its growth momentum with the aim of offering adapted services at the cutting edge of innovation. CIC offers its 4.34 million individual customers offers dedicated to current account management, savings, insurance and financing solutions. To facilitate their daily life, a range of complementary products including a cell phone offer or an Internet and TV package is also proposed. Thanks to its multi-service positioning and its customer service skills, CIC is constantly growing in this customer segment year after year.

The need for customer immediacy and the appeal of the mobile app are reflected in a 0.5% increase in online banking subscribers. The service totaled around 784 million (+8% vs. 2020) connections over the year, including 614 million (+15% vs. 2020) through mobile apps and 170 million through websites.

In 2021, customers could support organizations active in the social and solidarity economy by making a donation from their Sustainable Development and Solidarity Passbook Account. This concept of social and solidarity economy refers to cooperatives, mutuals, non-profit organizations or foundations whose operation is based on a principle of solidarity and social utility, by adopting democratic and participative management methods. As part of its commitment to social and environmental solidarity and its local involvement, CIC is part of this approach and proposes to support organizations that share these same values.

To support its customers, but also to welcome new ones, the CIC teams rewarded young graduates with honors.

1.2.1.1.2 Professional market

The professional market is aimed at a customer base of nearly 783,000 craftsmen, traders, self-employed professionals and SMEs. It has a complete range of solutions to meet their needs in terms of financing, account management, insurance and savings. It also offers solutions for senior management and employees in terms of employee savings, personal protection insurance and healthcare.

In order to respond appropriately to the needs of the various segments of this market, CIC has more than 2,200 account managers specializing in the management of professional customers. Thanks to targeted and adapted marketing operations, the number of professional customers grew by 4.1%. In 2021, CIC continued to support its customers to meet their needs in terms of cash flow and professional and personal investments. As a result, €5.5 billion of investment loans were granted and 23% of home loans granted were to professional customers. Senior management was also assisted in setting up measures to help their employees, with more than 4,800 employee savings contracts taken out.

In 2021, CIC continued to develop products and services to meet the needs of professional customers and facilitate their daily lives. To adapt to new behaviors and uses, the Visio appointment, a videoconferencing solution, is offered. The digitization of loans makes it possible to sign loan agreements remotely. With the Service Kiosk, CIC offers its customers access to a service platform and connects them with partners to facilitate their daily lives. CIC Assurances continued to develop insurance offers for professionals. At the same time, CIC continued to take appropriate measures to support its customers whose activities were affected by the crisis.

Throughout the year, CIC maintained its presence alongside young entrepreneurs through its partnerships with Moovjee, WorldSkills and the Union des auto-entrepreneurs.

1.2.1.1.3 Agriculture market

CIC meets the needs of all farmers, with dedicated offers adapted to their business lines and risks. It supports farmers from installation to transmission, with specific financing, account management and insurance offers.

CIC has around one hundred account managers specialized in managing farmer customers. Thanks to the offers designed for them, and driven by a desire to win new customers, CIC has more than 47,900 farmer customers, up 5.8%.

2021 was marked by the continued deployment of the CICAGRI digitization project (financing of equipment at equipment dealerships). The project is also being finalized for CIC-APPRO (financing of supply purchases directly from agro-suppliers). These processes make it possible to secure and develop relationships with partners.

1.2.1.1.4 Non-profit market

The CIC has a full range of services for associations, foundations, social and economic councils and non-profit organizations (NPO), regardless of their size. The products offered cover their needs in account management (including the monitoring and collection of donations and contributions), savings, financing, insurance and employee savings. CIC also assists its customers who wish to financially support non-profit organizations whose social purpose is to help and support people in need.

Driven by a dynamic of conquest partly targeted at co-ownership associations and local associations, growth in the NPO market increased in 2021. The total number of customers in this segment increased by 3.5% and now stands at over 138,900 customers.

The year 2021 was marked by changes in the revenue from donations and Pay Asso contributions, with the introduction of an interface facilitating management by customers. In order to better support them during the crisis, customers with Pay Asso benefited from a total exemption of fees.

Throughout the year, CIC also worked to support its partners by offering its products and services to clubs and licensees of sports federations such as the French Cycling Federation, and the French Swimming Federation. This same support approach has resulted in support for its music and culture partners (Easter Festival in Aix-en-Provence, *Musée de l'Armée* at *Les Invalides*).

1.2.1.1.5 Corporate market

CIC is a long-standing corporate partner. It provides businesses with solutions built around their needs: daily management of the business, development strategy, human resources, transmission, startups/innovative companies and real estate professionals. In addition to offers intended for businesses, a range of products dedicated to the asset management of executives is also proposed. CIC has more than 600 account managers dedicated to this market, at the heart of its loyalty and winning customer strategy. Their expertise, their capacity for innovation and the quality of their follow-up convince more and more businesses to join the network. In 2021, customer acquisition continued, enabling this market to total more than 148,800 corporate customers, up 4.2%.

In terms of credit, the year was marked by the launch of the Industrial Transition Loan to finance company relocation projects and the Participative Recovery Loan for companies with strong growth potential. On the international front, the offer was enriched with more qualitative Aidexport services and the launch of the International Club, an association of internationally oriented business leaders, whose purpose is to promote exchanges and the sharing of information and experiences.

As part of the diversification of activities, new corporate insurance offers for vehicle fleets and group insurance were deployed. A telecommunication services offer was launched as part of a partnership with Bouygues Télécom Entreprises, as well as an electronic invoice management solution, CIC e-invoices.

Finally, as part of the digitization of the relationship with companies, the deployment of legal authority management in Filbanque now makes it possible to expand the use of remote electronic signatures. In addition, for the first time in 2021, data science techniques were used to better meet the needs of companies in the field of factoring.

1.2.1.2 Support services for Retail Banking

1.2.1.2.1 Insurance

For 50 years, Insurance has been carried out by Groupe des Assurances du Crédit Mutuel (GACM). A major player in this field in France, it covers the needs of retail, professional and corporate customers. GACM's activity has been fully integrated since it was created from a commercial and technological standpoint in Crédit Mutuel Alliance Fédérale. Distribution is carried out through CIC network. Other subsidiaries located in France, Spain, Belgium and Luxembourg are also responsible for marketing.

GACM supports its policyholders on a day-to-day basis to protect their families, property, professional activity and their businesses. In life insurance, GACM offers a wide range of products that can be adapted to the customer's objectives: financing projects, preparing for retirement or passing on capital. Customers have a range of management services at their disposal, including packaged formulas, controlled management and arbitrage mandates. As part of its policy of social and mutualist responsibility, GACM has been offering, since the end of 2020, the Pack Environnement 50, which gives policyholders the opportunity to invest their savings in account units that finance sustainable development.

The property insurance marketed by GACM makes it possible, in particular through property and automotive insurance, to cover property and assets of private individuals. GACM also offers insurance covering all risks related to the activity of professionals and companies: premises, equipment, vehicles, professional civil liability and legal protection.

In personal insurance, the complementary health insurance offer is modular, so as to meet the profile and needs of each customer. In addition, all contracts benefit from access to the Avance Santé card for the payment of healthcare costs without immediate debit. GACM offers a complete range of insurance products for retail customers, professionals and businesses.

Lastly, GACM's loan insurance covers the loans contracted by retail customers, professionals and businesses in the event of death, incapacity for work or loss of activity. In 2021, GACM eliminated loan insurance medical formalities for loyal Crédit Mutuel Alliance Fédérale customers when financing their primary residences.[1] As a result, loyal customers are no longer subject to additional premiums or exclusions related to their state of health. This system is one of Crédit Mutuel Alliance Fédérale's commitments as part of its status as a benefit corporation.

In 2021, the insurance activity covered more than 12.8 million policyholders, an increase of 2.2%.[2] GACM's consolidated revenue amounted to €12.3 billion, up 17.6% of which €3.5 billion – or 29% – were generated in the CIC network. This development was mainly driven by strong growth in gross life insurance premium income, after a sharp decline in 2020 due to the lockdown and volatility of equity markets. The strategy of diversifying investment vehicles is continuing, with account units representing nearly 43% of total premium income, almost doubling in two years.

In property insurance, revenue continued to rise, driven by growth in the automotive and home portfolios, as well as in multi-risk business insurance, under the impetus of the new Multi Pro offer launched in September 2020. Personal insurance also recorded sustained revenue.

In 2021, GACM continued to equip banking network customers with covering offers and powerful services. In order to accelerate development in the professional and corporate markets, new offers have been deployed in group insurance and for non-profit organizations. GACM has also simplified distribution by providing the networks with a new pre-sales tool and specialized teams to assist account managers in marketing these products. Finally, GACM offers a wide range of e-services to its individual and professional policyholders, including e-declaration, which allows them to declare their automotive, home and work stoppage claims at any time and in a few clicks.

1.2.1.2.2 Asset Management

Crédit Mutuel Asset Management is an asset management company of Crédit Mutuel Alliance Fédérale. It offers a wide range of funds and asset management solutions on behalf of third parties for retail customers, businesses and institutions. Present in all listed asset classes and management styles, its strategy is based primarily on the balance between the search for performance and risk control.

A major player in asset management, with €74 billion of assets under management in France, Crédit Mutuel Asset Management offers its customers high-performance, innovative and sustainable investment solutions. It is particularly well known for its short-term flexible cash solutions as an alternative to money market funds, as well as for its long-term conviction solutions in direct bond and equity management in all geographical areas and all capitalization sizes. Its global and specialized expertise in fixed income management, equity management, diversified management and quantitative management is reflected in the management of nearly 400 dedicated funds representing more than €10 billion in assets under management.

(1) Offer subject to cumulative conditions, reserved for the purchase of the primary residence, to customers that have their main revenues for at least 7 years with Crédit Mutuel or CIC, aged under 62 years, up to the insured capital of €500,000 per borrower, for the first subscription to the ACM of a borrower insurance contract for their principal residence, or for all other customers that already hold an ACM borrower insurance for their principal residence. Detailed conditions in the CIC branches that offer these services.

(2) Pro forma change, following the update of the number of GACM policyholders in Spain.

Its priority is to implement a responsible and sustainable approach in each of its activities and areas of expertise. Its range of products meets everyone's needs and helps finance virtuous solutions for a fair ecological and energy transition for all. Its management processes and teams of experts affirm its convictions in terms of responsible finance.

Crédit Mutuel Asset Management aims to fully integrate ESG issues at three levels: issuer analysis, investment decisions and portfolio construction. The offer includes a total of 23 SRI funds with nearly €17 billion in assets under management. In 2021, eight additional Crédit Mutuel Asset Management funds received the SRI label including CM-AM Global Climate Change, labelled GreenFin. This fund invests in companies actively involved in the fight against global warming, the energy transition and sustainable development. These offers are also made available to external employee savings plans. In 2021, 89% of Crédit Mutuel Asset Management's actively managed funds were classified as Article 8 or Article 9 under SFDR regulations and Category 1 or Category 2 under French AMF regulations.

In 2021, Crédit Mutuel Asset Management received several awards in recognition of the expertise of its nearly 250 employees, including some 50 managers. It was awarded the *Transparence de la gestion financière* label distributed by *L'Agefi*. *Le Revenu* magazine also awarded three gold trophies – for the best management company, the best range of funds invested in European equities and the best range of diversified funds. In 2021, several funds were also awarded. CM-AM PME-ETI Actions was awarded a "*Globe de la gestion*" prize by *Globe de Fortune* magazine and a *Pyramide de la performance* award by *Investissement Conseils* magazine. CM-AM Pierre was awarded three Refinitiv Lipper Fund Awards in 2021 in France, Germany and Austria. The *L'Agefi* Asset Management Award was awarded to the CM-AM Flexible Euro fund. Finally, the employee savings plan was awarded the *Corbeille d'or* long term award by the magazine *Mieux Vivre Votre Argent* for its performance over five years.

As a committed player in responsible finance, Crédit Mutuel Asset Management donates part of the investment income from the CM-AM France Emploi fund to the France Active association. This year, an amount equivalent to 50% of the fund's management fees was donated as part of a solidarity-based approach and to give meaning to its customers' savings. In December 2021, Crédit Mutuel Asset Management launched CM-AM Engagement solidaire, its first specialized professional fund invested in socially responsible companies (ESUS-accredited companies). The fund's investment policy aims to support solidarity organizations that serve social and/or environmental objectives in line with those of the UN Millennium Development Goals and that are consistent with the values of Crédit Mutuel Alliance Fédérale. In particular, it is about serving/facilitating: integration through employment, access to health, access to a roof over one's head, inclusion through activity, access to training, preservation of the environment and biodiversity, etc. The analysis of investment opportunities includes a complete non-financial section, covering all of the organization's commitments in terms of ESG, CSR, and the entire measurement of Impact. At the end of December 2021, CM-AM Engagement Solidaire had outstandings of €42 million.

In 2021, Crédit Mutuel Asset Management implemented its SMR action plan in line with the ambitions of Crédit Mutuel Alliance Fédérale. Employees were made aware of this through conferences on responsible finance. They also took part in Eco Clean Up Week, which consists of sorting files and emails to free up storage space and reduce energy consumption. Crédit Mutuel Asset Management has published three White Papers for customers and employees. These publications, in line with current issues, contribute to a reflection on the themes of responsible and sustainable finance. The topics covered were hydrogen, biodiversity and CO_2 capture.

Crédit Mutuel Asset Management has published new educational videos on LinkedIn and on its website for the network, employees and member customers. They provide an educational approach to the concepts of responsible and sustainable finance.

A subsidiary of Crédit Mutuel Asset Management, **Crédit Mutuel Gestion** which operates at CIC under the CIC Gestion brand, is the management company for CIC banks, including CIC Private Banking. It offers various management services for financial assets held in securities accounts, equity savings plans, life insurance policies or capitalization. Retail customers, professionals, companies or non-profit organizations can benefit from the expertise of CIC Gestion's asset managers. They can opt either for a delegation of the management of their assets via discretio*nary* management, arbitrage mandate and dedicated funds, or for an accompaniment of the follow-up of their assets via advised m*ana*gement and arbitrage board.

Working in close collaboration with the networks, Crédit Mutuel Gestion has opted for proximity by distributing its 170 employees over six regional divisions to which 21 management centers belong. Crédit Mutuel Gestion also supports the networks in developing their financial offering. In 2021, the focus was on more responsible investments.

Since early 2020, Crédit Mutuel Asset Management has relied on **Crédit Mutuel Investment Managers**, Crédit Mutuel Alliance Fédérale's dedicated asset management business center. This entity is in charge of marketing Crédit Mutuel Asset Management's offering. In 2021, the number of sub-funds in the French SICAV was increased by six new products. Among them, CM-AM Objectif Environnement selects companies committed to sustainable development and social responsibility. Four existing sub-funds have received the SRI label to facilitate their international marketing. Despite the volatility of the markets, the main funds in the range have performed well against their benchmarks.

1.2.1.2.3 Employee savings

Crédit Mutuel Épargne Salariale is Crédit Mutuel Alliance Fédérale's specialized business center for the custody account keeping and management of employee savings accounts. It offers dedicated and personalized support to companies and their employees to assist them in setting up employee savings and retirement savings plans. The offers are distributed by Crédit Mutuel banks and CIC branches under their own brands, as well as by a network of accounting firms. Crédit Mutuel Épargne Salariale is active on all markets but stands out through its turnkey offer for companies with less than 50 employees.

Crédit Mutuel Épargne Salariale has more than 1.38 million employee savings accounts and nearly 65,000 corporate customers. The total amount of assets under management is €11.1 billion. The distribution of new contracts amounted to 13,457 contracts, of which 9,961 were funded in the first year. Gross premium income reached a new high of €1,516.9 million, up 5.6%, including €231.7 million (+28.3%) for payments on new contracts. Net premium income amounted to €219.1 million.

In terms of activity, the year allowed us to continue supporting customers and networks with the new offers introduced by the PACTE law. The crisis situation has highlighted, for many companies, the interest in equipping themselves with value-sharing, motivation and loyalty devices for their employees.

In addition to the robo-advisor launched in 2019, human support is now offered to investors to guide them in their fund choices. Proof of the quality of its range of funds, Crédit Mutuel Épargne Salariale was awarded the "Corbeille Long terme Epargne Salariale" by the magazine *Mieux Vivre Votre Argent*.

1.2.1.2.4 Financing and management of trade receivables

Crédit Mutuel Factoring is the factoring subsidiary of Crédit Mutuel Alliance Fédérale. Specializing in the management and financing of trade receivables and suppliers, Crédit Mutuel Factoring has around 400 employees. This entity is involved in the short-term financing of more than 7,600 corporate and professional customers in France and abroad.

Crédit Mutuel Factoring offers a number of factoring and notified business receivables management solutions known as Dailly. These offers are accompanied by additional services in terms of trade receivables monitoring, collections and guarantees against insolvency. Crédit Mutuel Factoring deploys digital offers such as debt dematerialization and online financing. All of these offers, when they concern the CIC branch network, are offered under the CIC Factoring Solutions brand by a sales team located throughout France. When they concern the Crédit Mutuel network, they are offered under the Crédit Mutuel Factoring brand.

After a decline in activity in 2020 due to the health crisis, the volume of receivables purchased increased by 7.5% in 2021 to €41.9 billion. Outstandings totaled €6 billion, up 2.8%.

According to the latest customer satisfaction survey conducted in December 2021, the satisfaction rate was 96%. It underlines the excellent interpersonal skills of agents in terms of availability and responsiveness to requests. In 2021, Crédit Mutuel Factoring expanded its scope of intervention internationally to support customer development, particularly in multi-jurisdictional transactions. Lastly, Crédit Mutuel Factoring is fully committed to working alongside the CIC branch network. Commitments focused on supporting customers in anticipating their cash flow needs and promoting financing and working capital management solutions adapted to each situation.

1.2.1.2.5 Real estate leasing

Crédit Mutuel Real Estate Lease is a major player in the French real estate leasing market. It meets the real estate investment needs of Crédit Mutuel Alliance Fédérale customers. It covers companies, professionals, social economy players and institutions. Crédit Mutuel Real Estate Lease offers adapted financing for the acquisition or construction of commercial buildings. Projects may involve commercial, logistics or industrial premises, as well as healthcare facilities, offices or hotels. The entity relies on the technical, legal, tax, financial and regulatory expertise of its regional specialists. Its financing is distributed under the Crédit Mutuel Real Estate Lease brand in Crédit Mutuel branches and under the CIC Real Estate Lease brand in CIC branches.

Thanks to its expertise and the dynamism of its networks, Crédit Mutuel Real Estate Lease ended 2021 with more than €1 billion in financing granted. Its total outstandings are growing and stand at more than €6 billion. With this historic level of production, Crédit Mutuel Real Estate Lease is once again positioned in 2021 as one of the leading real estate lessors in France.

The development and implementation of digital tools to characterize projects in the banking networks have made it possible to respond quickly to customer expectations. Numerous financing studies are carried out instantaneously, enabling the teams to work as closely as possible with the customers. Continued work on digitalization should accelerate the deployment of electronic signatures for financing offers to all customers.

Finally, Crédit Mutuel Real Estate Lease has integrated the environmental performance of the projects in its analysis of the financing considered and thus favors renovation works and buildings with high energy performances, labeled or with electrical production processes.

1.2.1.2.6 Equipment leasing

Crédit Mutuel Leasing is the subsidiary of Crédit Mutuel Alliance Fédérale specialized in the financing of capital goods through leasing and rental. For more than 50 years, it has offered leasing solutions adapted to the investment projects of retail customers, non-profit organizations, professionals and businesses. The products are distributed under Crédit Mutuel Leasing brand within the Crédit Mutuel network and under CIC Leasing brand within the CIC network.

In France, Crédit Mutuel Leasing's organization is largely decentralized. As close as possible to the networks and its customers, it relies on cutting-edge technology, comprehensive expertise and quality advice. Internationally, it is present in Benelux, Germany and Spain. Crédit Mutuel Leasing finances the investments of French companies with subsidiaries or their parent company abroad. It also meets the needs of foreign companies that have entities or their parent company in France. The bilingual and bicultural teams put their know-how at the service of customers through dedicated rental solutions or through framework agreements.

In 2021, activity increased by 16% reaching €4.3 billion. With nearly €760 million, international production was also up by 19%. Business generated by the Group's networks made it possible to offset the slowdown in the activity of short-term rental companies since 2020. Driven by the recovery in activity, Crédit Mutuel Alliance Leasing's outstandings increased by 2% to reach €9.9 billion.

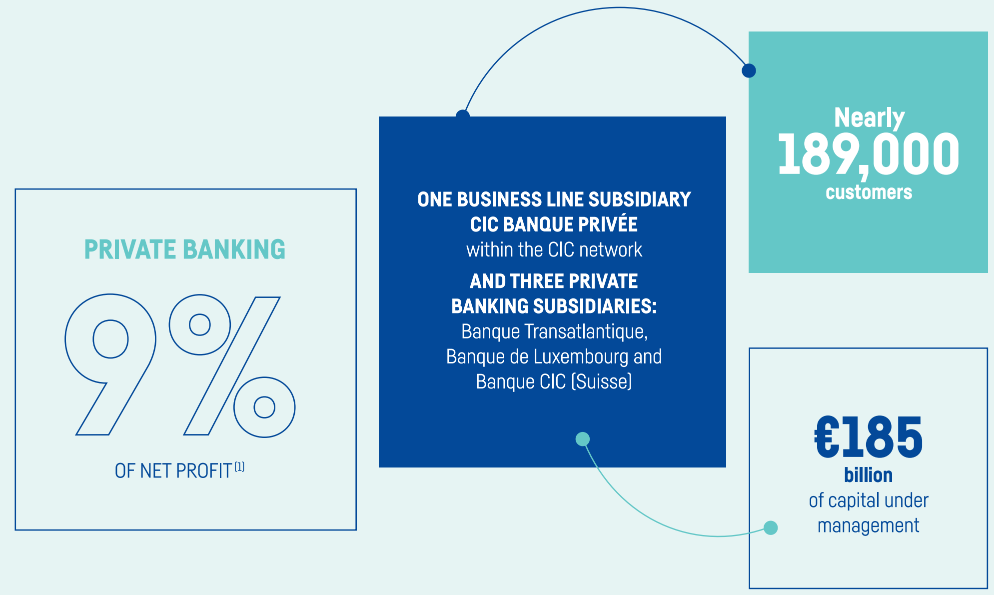
Always seeking to improve its relationship with its customers, both internal and external, Crédit Mutuel Leasing conducted a satisfaction survey in 2021 among the Crédit Mutuel and CIC networks. This 100% digital survey collected a satisfaction rate of over 80% and helped identify areas for improvement in its services.

Committed, Crédit Mutuel Leasing carried out several communication actions around its Eco-mobility rental offer, promoting the environmental transition. These communication actions highlighted the advantages of hybrid and electric vehicles. They are also intended to make customers aware of the changes in mobility policy brought about by the Mobility Orientation law and the Climate and Resilience law. Crédit Mutuel Leasing also continued to digitize its service offering by extending the electronic signature to professionals. This offer is accompanied by borrower insurance without medical formalities.

At the same time, Crédit Mutuel Leasing continued to invest in technological innovation. Cognitive and robotic solutions (RPA) have been deployed. In day-to-day operations, operational processes are optimized to increase availability.

Finally, the sector is fully involved in Crédit Mutuel Alliance Fédérale's social project. In this context, it has signed a partnership agreement with the Restos du Cœur to help them renew their fleet of utility vehicles.

1.2.2 Private Banking



(1) Share of CIC's net profit excluding the Holding segment. Excluding CIC Banque Privée (activity within the CIC network and its five regional banks).

Crédit Mutuel Alliance Fédérale's Private Banking focused on providing quality customer service, in accordance with the profession's best practices. It relies on several entities each with a unique positioning. In France, the activity is provided by CIC Private Banking and the Banque Transatlantique. CIC Private Banking, a branch business line integrated into the CIC network, addresses first of all the needs of business owners. Banque Transatlantique offers custom private banking services and stock-options. It also offers services dedicated to French customers living abroad. Internationally, the group has private banking entities in zones presenting strong growth potential such as Luxembourg, Switzerland and Belgium.

These outlets offer, in France as well as abroad, a large range of services with high added value to nearly 190,000 customers. Depending on its market and its capabilities, each entity may intervene in other customer segments than just the private clientele.

Private Banking[2] totaled €185 billion in assets under management and €28 billion in loans.

1.2.2.1 Private Banking in France

1.2.2.1.1 CIC Banque Privée

For more than 150 years, CIC Banque Privée has supported wealthy families and business leaders in the development of their personal and professional assets. CIC Banque Privée has more than 300 employees in 45 branches in France who offer high value-added services in the fields of financial and wealth engineering, asset allocation and financial management.

Alongside the wealth management engineers, the private bankers meet with business owners to identify their needs and define their business and wealth strategy. Solutions are then proposed in synergy with the network's business lines, which are experts in supporting companies. CIC Banque Privée benefits from the national presence of CIC network and its representation offices worldwide.

In 2021, CIC Banque Privée continued its development by offering new structured products and investment funds in unlisted assets. A positive impact fund, WCP Impact Dev# 1, is made available to customers. This fund invests in French companies whose products and services have a positive societal and/or environmental impact, or which are committed to a project with a similar impact. The outperformance commission earned by this fund is paid to Télémaque. This non-profit organization provides professional support to deserving and motivated young people from modest backgrounds. The marketing momentum has enabled CIC Banque Privée to be included in the *Décideurs* magazine rankings in the *"Excellent"* category of affiliated private banks in 2021.

(2) Data on all private banking business (CIC Private Banking, Banque Transatlantique Group, Banque de Luxembourg and Banque CIC (Suisse)).

In addition, the simplification of processes is accelerating. Thus, management operations on life insurance policies will be paperless and the asset allocation process will be integrated into the IT system. Other projects were carried out as part of the strategic plan and commitments related to the status of a benefit corporation. A customer reporting tool has just been deployed and the employee training plan has been completely overhauled.

1.2.2.1.2 Banque Transatlantique

A private bank since 1881, Banque Transatlantique is a subsidiary of Crédit Mutuel Alliance Fédérale. Unique among private banks, Banque Transatlantique has earned the trust of its customers through the specificity of its services and business lines: executive management, large families, expatriates, senior government officials, and tech entrepreneurs.

Demanding in the quality of its know-how, Banque Transatlantique combines a transgenerational and cross-border approach. Its priority is to build a coherent long-term wealth strategy according to the customer's objectives, investor profile and family context. Banque Transatlantique has also positioned itself for a century on the market of diplomats and more generally of French expatriates, present in 170 countries.

Banque Transatlantique is the leader in France in shareholding plan management and its expertise in private banking is well known and recognized. Asset allocation and management are handled by its subsidiaries Transatlantique Private Wealth and Dubly Transatlantique Gestion. In 2021, the latter integrated the new Crédit Mutuel Alliance Fédérale sectoral investment policies and ratified the Principles for Responsible Investment. Banque Transatlantique also supports its customers who wish to give meaning to their money through the Transatlantic Endowment Fund.

Banque Transatlantique continues to expand in France through its ten branches and abroad in Geneva, London, Luxembourg, Brussels, Hong Kong, Singapore, Montreal, New York, Boston and San Francisco. Its 413 employees provide and guarantee local private asset management expertise. Thanks to the sustained development of activities in 2021, the amount of assets under management rose by 15.1% to €55.6 billion.

In 2021, Banque Transatlantique was ranked as a Notable Bank in the Wealth Management – Affiliated Banks category, as well as Excellent in the Wealth Management – Multi-Family Offices category by *Décideurs* magazine. The results of a customer satisfaction survey conducted at the end of the fiscal year revealed a Net Promoter Score of 26. Nearly nine out of ten customers say they are satisfied with Banque Transatlantique's services. At the same time, the 3rd edition of the Banque Transatlantique Expatriation Observatory was launched in partnership with the *Union des Français de l'Étranger* association and Opinionway. This observatory, based on a survey of a large number of French people living abroad, shows the main trends and reasons for expatriation.

The bank is also continuing its transformation project through 22 projects under the *"Nouvel R"* program. This project aims to restore the appeal of the registered office premises and rethink workspaces, promoting the autonomy of employees, and facilitating the appropriation by customers of the bank's offer and its expertise.

1.2.2.2 International private banking network

1.2.2.2.1 Banque de Luxembourg

Founded in 1920, Banque de Luxembourg is one of the largest banks in Luxembourg. With more than 1,000 employees, it serves local and international retail customers, entrepreneurs and professionals in the asset management business.

It offers private customers tailor-made support in the management, valuation and transmission of their assets and the financing of their projects. It also supports families on issues of governance or the implementation of philanthropic projects. It relies on its subsidiary Banque de Luxembourg Investments (BLI) to offer its clients expertise in asset management through a diversified range of investment funds.

Banque de Luxembourg also assists entrepreneurs and real estate developers with project financing and financial management. In addition, as a pioneer in the development of a center of expertise dedicated to investment funds, it provides a wide range of services to fund initiators. Support ranges from the creation of investment vehicles to central administration and international distribution. The independent asset managers benefit from custodian banking services. They can thus delegate their administrative tasks fully devote themselves to the management and development of their business.

In 2021, Banque de Luxembourg was named Best Private Bank in Luxembourg in the Next Generation category by Euromoney, the leading publication in international finance. It has also received several awards for its asset management and fund performance through its asset management company BLI. It received the 2021 European Funds Trophy awarded by Fundclass in the category of "Best Asset Management Company" in Luxembourg. BLI was also named fund boutique of the year by *Goldener Bulle* in Germany. BL-Global Flexible EUR was awarded three times as best fund in its category by the Lipper Fund Awards (UK), L'Echo/Tijd Fund Awards (Belgium) and the *Trophée d'Or du Revenu* (France).

In 2021, Banque de Luxembourg launched a 4th private equity fund in collaboration with Ardian and EQT. In addition, discretionary management, the primary investment product, is now enriched with an ESG offer for customers.

Banque de Luxembourg is accelerating the development of digital tools to improve the customer experience. It deploys new technologies such as digital signatures. Electronic document management is now used to achieve efficiencies and better serve customers. A new technological base must be created to optimize account opening. The bank continues to roll out offerings that simplify the banking experience for customers in the area of payments and digital. Itsme, a digital authentication solution in Belgium, and Apple Pay are now available.

On the innovation side, the bank is extending so-called agile practices to the implementation and management of projects. An information management system based on a single, cross-functional and secure data warehouse has been set up. It makes it possible to capitalize on the bank's data.

Finally, as part of its BLU 2025 plan, Banque de Luxembourg places the interests of its stakeholders at the heart of its development strategy through ESG criteria. In 2021, it initiated its request for BCorp certification. In this context, it has defined its areas of commitment, particularly in the social and societal fields, the concrete actions of which will emerge in 2022.

1.2.2.2.2 Banque CIC (Suisse)

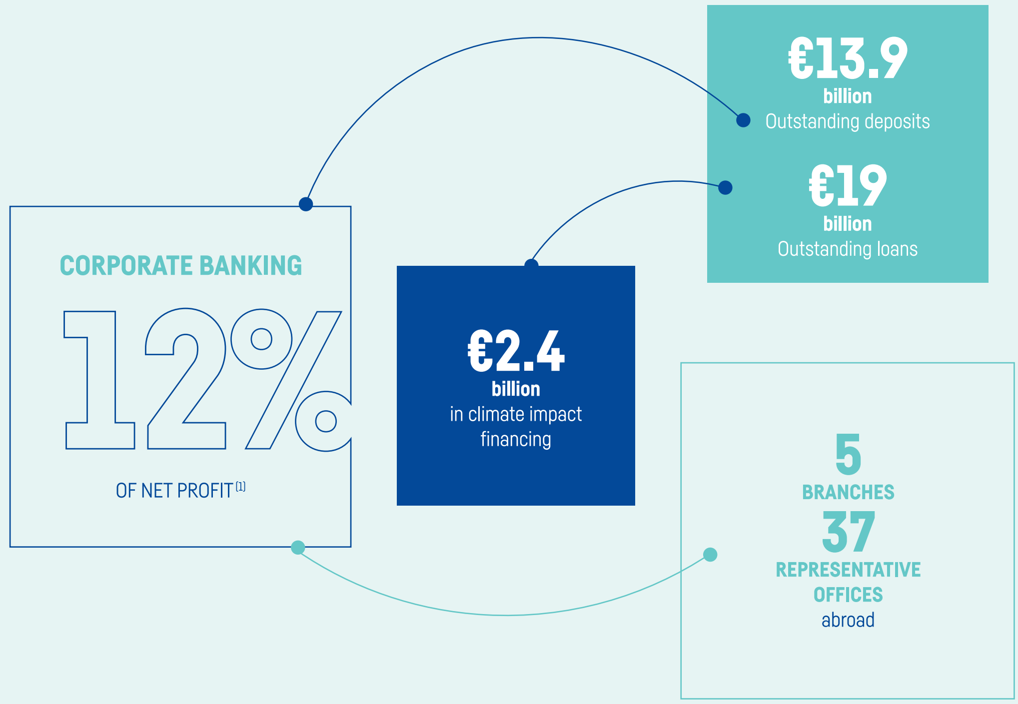
Established for more than 100 years in Switzerland, Banque CIC (Suisse) aims to meet the financial needs of businesses, entrepreneurs and private individuals. This omnichannel bank combines tradition and a spirit of innovation, efficiency and flexibility. Banque CIC (Suisse) sets itself apart from other Swiss banks by its commitment to entrepreneurial action, its short decision circuits, its financial stability, its advice focused on added value and its custom-made solutions.

In serving its customers, Banque CIC (Suisse) supports them by giving priority to the human aspect throughout the relationship. Dedicated customer advisors provide personalized support to best meet customer needs. In addition, customers benefit from access to various digital solutions enabling them to interact with the bank 24 hours a day, seven days a week.

In 2021, Banque CIC (Suisse) opened its 10th site in Lucerne, Switzerland. It continues its targeted growth and is now present in central Switzerland, an economically important region. With a balance sheet total of over €12 billion and more than 420 employees, Banque CIC (Suisse) is a long-term component of the Swiss banking landscape. It leverages its omnichannel approach by combining personal support and customer proximity with the eLounge solution.

In order to meet the changing needs of customers and adapt to new consumption patterns, Banque CIC (Suisse) offers Cleverinvest. This digital product for continuous wealth development allows customers to easily invest their money according to their interests. The self onboarding is another innovative digital solution. In five minutes, the customer can open a banking relationship and register without any paperwork.

1.2.3 Corporate banking



(1) Share of CIC's net profit excluding the Holding segment.

Corporate banking meets the strategic challenges of Crédit Mutuel Alliance Fédérale's large corporate and institutional customers. It intervenes as part of a global approach to their needs. Its teams are based both in France and in CIC branches in London, Brussels, New York, Singapore and Hong Kong. Corporate banking offers specialized financing and development solutions. It also supports the action of the business' networks for their large customers.

1.2.3.1 CIC Corporate: large companies and institutional investors

CIC Corporate is the point of entry and contact for Crédit Mutuel Alliance Fédérale's major customer accounts. It assists large French or foreign industrial companies, whether listed or not, with revenue of more than €500 million. It also offers its solutions to institutional investors such as insurance companies and pension funds. Finally, it meets the needs of public/semi-public organizations such as large non-pro or social organizations.

Organized by economic sector, the CIC Corporate team is made up of sales associates with a customer portfolio. They advise and propose financing solutions adapted to needs or the activity. Employees also draw on the expertise of Crédit Mutuel Alliance Fédérale's various business lines in France and abroad, which they coordinate.

In 2021, a team of four employees, dedicated to structuring and sustainable finance, was created. Responsible for structuring impact financing for customers, it supports CIC Corporate sales staff and the medium and large corporate teams of CIC regional banks. It also responds to requests from BECM, the bond structuring department and the specialized lending department.

1.2.3.2 Structured financing

CIC's structured financing department supports the projects of Crédit Mutuel Alliance Fédérale's corporate customers. It comprises four business lines: acquisition financing, project financing, asset financing and securitization. CIC offers support solutions adapted to each type of transaction. The teams operate in France and internationally, with branches in New York, London, Brussels, Hong Kong and Singapore. Finally, the asset management company CIC Private Debt, a subsidiary of CIC, offers third-party management services.

CIC's acquisitions financing business line supports customers' projects for corporate transfer, external growth and development. Its expertise and know-how in structuring allow it to offer customized financing.

In terms of project financing, after performing in-depth analysis of the project, CIC prepares tailor-made financial packages. It draws on the expertise and experience of a dedicated team of project analysts. CIC is notably involved in project financing in the energy and infrastructure fields. It has specific expertise in renewable energies. Financing with a positive climate impact totaled €2.5 billion. Europe continues to dominate the geographical distribution of outstandings with more than 70% of authorizations granted. The other projects originated in Asia Pacific and the Americas.

The asset financing business line offers its expertise in France and abroad. It operates in the aeronautics sector for the financing of aircraft fleets. In maritime transport, it offers to finance transport vessels, passengers and containers. It also covers the energy sector, with the financing of LNG carriers and, since 2019, the rail sector.

The securitization business line is responsible for the sale of marketable securities. Since 2019, CIC has had a "Satellite" securitization vehicle. It refinances the bank's securitization transactions with its corporate customers.

CIC Private Debt is a leading player in disintermediated financing for European SMEs and ISEs. It offers a range of private debt products comprising four financing solutions: Mezzanine and Unitranche, Senior Mid Cap Debt, Senior Large Cap Debt and Infrastructure Debt. With nine funds under management, this entity manages €2.5 billion in assets. In 2021, CIC Private Debt won P*rivate Equity Magazine*'s Private Debt Lender Award in the smid category.

1.2.3.3 International operations and activities

CIC, through its international activities department supports corporate customers in carrying out their international projects. The support of these customers and the development of their activities abroad is achieved thanks to the support of Crédit Mutuel Alliance Fédérale networks in Germany, Spain and Switzerland, CIC branches and representative offices and strategic partnerships.

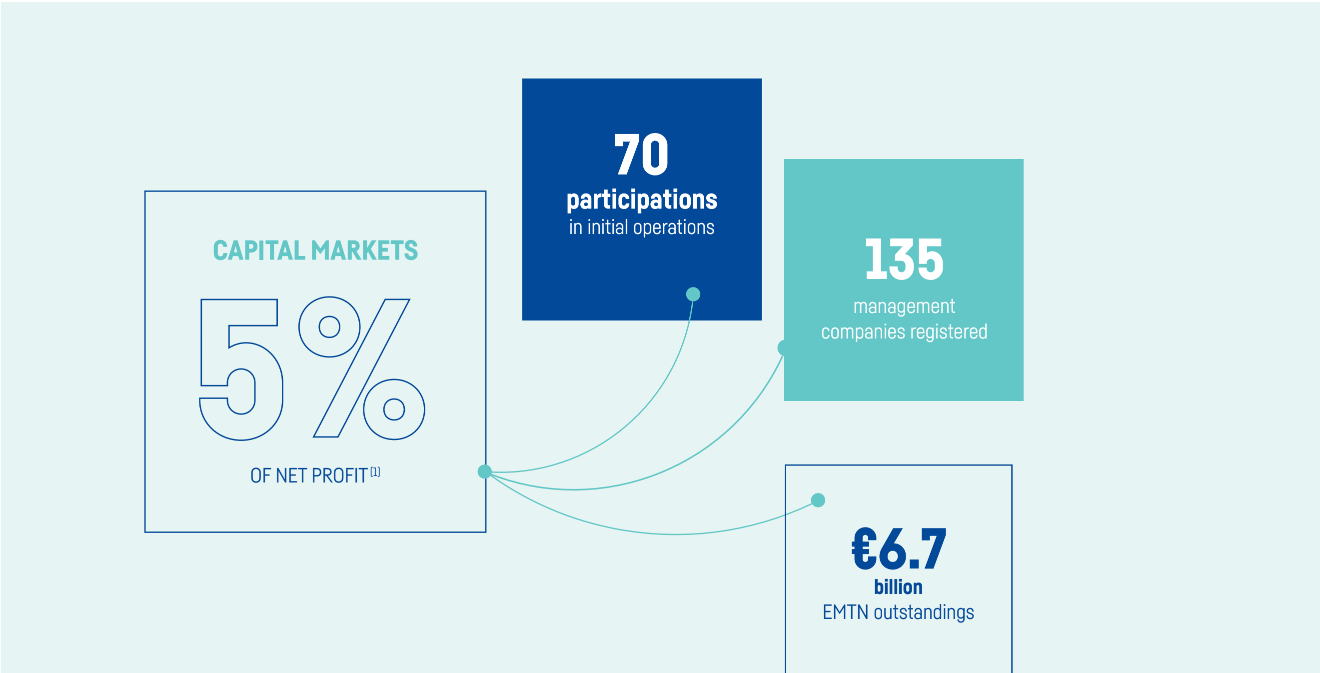
CIC's five branches in Great Britain, the United States, Hong Kong, Singapore and Belgium aim to support and finance corporate customers in strategic areas of the world. The mission of the 37 representative offices – including the five international development offices located in these branches – is to assist Crédit Mutuel Alliance Fédérale's customers in their development projects. They respond to requests from customers seeking information on markets or looking for a distributor, supplier or sales agent. Locally, these representative offices maintain effective relationships with the customers' banks and subsidiaries. They also work on behalf of other Crédit Mutuel Alliance Fédérale business lines, in close collaboration with the CIC Aidexport subsidiary. International customers support is also based on strategic partnerships: in Canada with Desjardins, in China with Bank of East Asia, in the Maghreb with Bank of Africa BMCE Group and Banque de Tunisie. Overall, through its various networks, more than fifty countries are covered.

The international activities department provides its customers with a full range of offers to address development issues outside France. It offers banking products and services designed to guarantee, safeguard and finance international business transactions. Customers thus have access to documentary letters of credit, international guarantees, cash-flow and currency risk management, export financing and working capital requirements.

Managed by a single ISO 9001-certified business center, the processing of international documentary transactions and guarantees is spread across France in five regional hubs to ensure close collaboration with corporate banking branches.

In addition to the traditional roles of trusted intermediary in international business transactions, CIC offers companies international support. Through its specialized subsidiary, CIC Aidexport, customers receive personalized assistance and advice for their international development. Dedicated employees work closely with the network's account managers, branches and representative offices. Their role is to develop multi-market targeting, select partners, assist in the commercial or industrial implantation and offer a detailed and realistic analysis of the target market. In 2021, nearly 425 companies were supported by CIC Aidexport, an increase of 94% compared to 2020. The teams in the representative offices acted as ambassadors for customers, providing an effective relay during a pandemic that affected travel.

1.2.4 Capital Markets



(1) Share of CIC's net profit excluding the Holding segment.

CIC Marchés groups together the market commercial activities – under the CIC Market Solutions brand – for corporate customers and financial institutions, the investment activity as well as the post-market services for these activities.

In July 2021, a new governance structure was implemented within CIC Marchés in order to increase the sharing of expertise and synergies between its various business lines and with the other business lines and entities of Crédit Mutuel Alliance Fédérale.

In a still deteriorating health context, CIC Marchés achieved a very good performance with €379 million in IFRS NBI, compared to €319 million last year. That is, a level of activity not reached since 2016. The results of CIC Marchés contribute to strengthening the Group's equity.

1.2.4.1 Commercial activities (CIC Market Solutions)

CIC Market Solutions assists corporate customers with their needs for access to market financing, interest rate, currency and commodity risk hedging and corporate brokerage; and financial institutions with their market access and asset servicing needs. By connecting issuers and investors, CIC Market Solutions enables the successful completion of the financial transactions entrusted to it.

CIC Market Solutions thus advises and accompanies corporate customers and financial institutions in their risk hedging issues in terms of interest rates, exchange rates and commodities. CIC Market Solutions provides both standardized hedging solutions and fully customized solutions adapted to the identified risk issue. In 2021, more than 80,000 hedging transactions were processed on behalf of more than 5,000 customers. CIC Market Solutions operates in the euro interest rate market, foreign exchange markets and the main commodity categories: energy, industrial metals and agricultural commodities. In 2021, the commodities offering was extended to new underlyings (steel, natural gas, ethanol).

CIC Market Solutions carries out transactions on financial instruments for its customers: bonds, equities, ETFs and derivatives on regulated markets.

CIC Market Solutions is Crédit Mutuel Alliance Fédérale's business center for financial transactions in Capital Markets and other financial operations and was involved in 70 primary operations in 2021. CIC Market Solutions supported around fifty French issuers on the bond market and took part in five IPOs and three capital increases, marking a clear rebound after a sluggish year in 2020. CIC Market Solutions also proposes corporate brokerage solutions to businesses (liquidity agreement, share buyback, corporate execution, reclassification of shareholdings), securities services for issuers (keeping the shareholders' register, preparing and holding Shareholders' Meetings, financial services for security transactions), financial communication (financial communication services, sponsor listing) as well as sponsored research, and evaluation and diagnosis.

With €6.7 billion of structured EMTNs outstanding at the end of 2021 (€2.5 billion issued in 2021) and 1,500 products issued, CIC Market Solutions provides Crédit Mutuel Alliance Fédérale's corporate and financial institution customers with an effective range of investment products as part of CIC's issuance program, through its distribution networks.

CIC Market Solutions also offers range of dedicated services to support and advise financial institutions whether they are asset management companies or institutional investors: investment decision assistance solutions, execution and post-market solutions, custody account keeping and depository solutions for UCIs. With over 135 deposited management companies and over 35,000 administered customer accounts, CIC Market Solutions is the leader on the portfolio management companies and independent UCI's segment for custody account keeping and the depository function. In particular, 2021 saw the strong development of the Table Buy-Side business, a high value-added outsourced execution offer that enables management company customers to improve the performance of their funds while reducing their costs. CIC Market Solutions also supports its customers internationally through its presence in the United States (CIC Market Solutions Inc.).

Drawing on the expertise of its analysts – economic and strategy, equity and credit – and its partners (M.M.Warburg & Co and ESN LLP – European Securities Network), CIC Market Solutions offers a broad equity research coverage of more than 550 European companies. In 2021, CIC Market Solutions' research office was included in the Top five of the Institutional Investor Research France ranking, testifying to the expertise of the equity research and sales teams and confirming the research office's strong position.

In 2021, CIC Market Solutions continued its strategy of digitizing its offering. The financial and strategic analysis videos were viewed more than 60,000 times over the period, an increase of 60% compared to the previous year. This digital content is accessible on the go thanks to the mobile app.

CIC Market Solutions has also developed its range of products and services related to the environmental transition and in line with the strategy of Crédit Mutuel Alliance Fédérale: creation of a Sustainable Research unit to complete the Global Research offering for investor customers, support for issuers in their ESG bond transactions (six Sustainability-Linked Bonds, five Green Bonds and two Social Bonds; *i.e.* 25% of mandates in ESG format by 2021), support for two companies in the transition sector in their IPO, implementation of six EMTN issues indexed on the Solactive France Transition index, completion of the first interest rate swap transaction with an ESG component (Sustainability-Linked Swap).

1.2.4.2 Fixed income-equity-loans business line

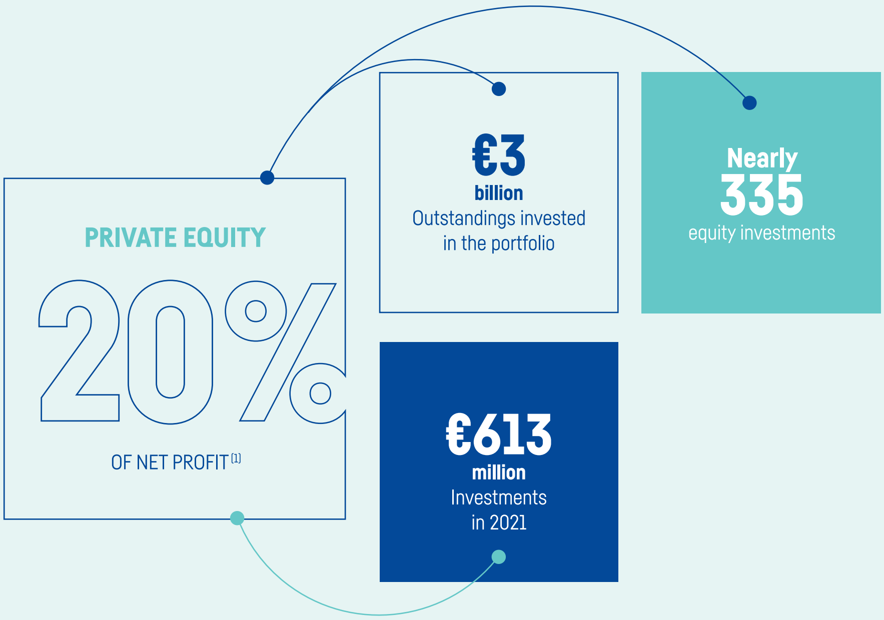
The investment activity essentially covers the buying and selling of securities acquired with the intention of holding them long-term, as well as transactions on financial instruments related to them. These transactions performed by CIC Marchés in CIC's balance sheet, give Crédit Mutuel Alliance Fédérale control over the main market products which are necessary for its customers and itself. The investment strategy is to achieve positive performance by limiting the volatility of the financial results from these activities.

The investment business line covers a wide range of financial instruments. It is divided into three desks: rate desk (fixed income), equities desk (M&A special and hybrid operations) and credit desk (ABS/MBS, corporate loans, financial institutions, treasury securities). These activities are organized into specialties defined by the body of rules. The teams in charge of these activities conduct these transactions according to a strict framework of limitations. In 2021, these limits were lowered and recurring hedges were put in place to reduce the volatility observed during the first wave of the health crisis.

In 2021, the Investment business line adjusted its portfolios to the changes in Crédit Mutuel Alliance Fédérale's sectoral policies, reflecting the Group's commitment to supporting the environmental transition.

The expertise deployed is also used for Crédit Mutuel Alliance Fédérale's alternative management company, Cigogne Management SA, which CIC provides investment advice for. Cigogne Management SA's outstandings at the end of 2021 amounted to €2 billion.

1.2.5 Private equity



(1) Share of CIC's net profit excluding the Holding segment.

Crédit Mutuel Equity groups all Crédit Mutuel Alliance Fédérale's capital investment activities: private equity, capital transmission, capital innovation. For nearly 40 years, this entity has provided capital support to senior management. At all stages of their business development, it gives them the resources and time necessary to implement their transformation projects. Crédit Mutuel Equity is present in France through eight offices: Paris, Lyon, Nantes, Bordeaux, Lille, Strasbourg, Marseille and Toulouse. It is also established internationally through its subsidiaries in Germany, Switzerland and Canada.

Crédit Mutuel Equity brings together more than 350 senior managers of start-ups, SMEs and ISEs, who share their convictions and questions within a real network of entrepreneurs. It offers everyone, whatever the nature of their project, the assurance of benefiting from the experience of others. Crédit Mutuel Equity invests its own capital, which enables it to finance companies' projects according to time horizons adapted to their development strategy.

2021 was marked by very strong business momentum and the resilience of the portfolio, demonstrating great overall strength. A total of €612.9 million was invested in proprietary trading, of which nearly two-thirds in new operations.

In 2021, Crédit Mutuel Equity has made 23 new investments, including: Charles & Alice (fruit dessert specialist), Minafin (finished chemicals – pharmaceutical), Activ Medical Disposable (manufacturer of adult incontinence protection), INTM (information systems consultant), Groupe Santé Victor Pauchet (health facilities, network of nurseries and senior residences), PKF Arsilon (accounting and CAC firm), Expondo (e-commerce platform), Roth Gerüste (range of scaffolding services), Grain de Sail (coffee roaster and chocolate maker), Maisons Pierre (construction of individual houses).

Crédit Mutuel Equity reinvested in Lim Group (design, manufacture and distribution of high-end saddles and equestrian accessories), Visible Patient (3D image-guided surgery) and Norac (manufacture of pastries and cold catering).

Portfolio rotation is once again very active. Divestments generated a total of historical capital gains of more than €355 million. The main divestments were in NGE (infrastructure, public works and railways), La Compagnie des Vétérinaires (pet cremation), Dodo (manufacture and marketing of comforters, pillows, mattress protectors, etc.), Universign (electronic signature, time-stamping and evidence management solutions), Factory Systèmes (software and hardware solutions to manage and optimize industrial and tertiary processes), Edison Software (personal assistant application and e-mail management) and Armafina (construction and public works sector – concrete reinforcements).

At the end of 2021, the proprietary trading portfolio had more than €3 billion of outstandings invested in over 335 diversified interests.

In third-party management, Crédit Mutuel Capital Privé finalized the launch of the Siloé Infrastructures fund, with €500 million in capital. It provides equity financing for infrastructure projects that meet the challenges of ecological, energy, demographic and digital transitions. Its long-term approach makes it possible to respond to the need for structural investments linked to these changes in order to generate positive, concrete and measurable impacts for the benefit of the territories. To this end, the projects supported by Crédit Mutuel Capital Privé *via* Siloé Infrastructures must meet one of these three requirements:

- ensure the transition to low-carbon energy and develop decentralized and flexible electricity production;

- support the aging of the population and facilitate future mobility;
- develop new infrastructures and digital services that promote the economic development of the regions.

At the balance sheet date, more than €100 million had been deployed in these projects, mainly in the energy transition.

Outstanding funds under management amounted to €199.5 million.

For its part, CIC Conseil completed 23 transactions, enabling it to achieve a record year in commission income.

In 2020, Crédit Mutuel Equity also accelerated the structuring of support for its investments. The objective is to implement a sustainable transformation of the investments in terms of their human values and their economic and environmental approach. This orientation aims to make them more financially and non-financially sound. This requires, in particular, the definition of a responsible and sustainable roadmap using governance as a lever or the implementation of impact monitoring tools.

Finally, in response to the need for companies to rethink their business model and innovate in order to sustain their activities, Crédit Mutuel Equity gives them access to a platform dedicated to innovation. This collaborative workspace brings together several thousand start-ups, research centers and incubators. In this way, each manager can identify the best technologies to meet their transformation needs and publish bidding processes related to these themes.

1.3 HISTORY OF CIC

CIC, the oldest custodian bank in France, developed internationally and in France before combining insurance and banking businesses.

1859. On May 7, creation of Société Générale de Crédit Industriel et Commercial by imperial decree of Napoléon III.

1864-1896. CIC's participation in the creation of banks in France and around the world.

1917. The shares of regional subsidiaries appear on CIC's balance sheet.

1918. Equity stakes in regional banks.

1927. Creation of the Group of Affiliated Banks (GBA) formed by regional banks.

1929. Creation of the Union des Banques Régionales pour le Crédit Industriel (UBR) bringing together 18 regional and local banks around CIC. CIC founded the Mutual Aid Society.

1968. Takeover of CIC by the Suez-Union des Mines group.

1971-1982. Majority ownership of CIC (72%) by Compagnie Financière de Suez.

1982. Nationalization of CIC and its nine regional banks grouped under the Affiliated Banks Group.

1983. Restructuring of CIC: the parent company holds a 51% stake in the regional banks.

1984. Creation of CIC Union européenne, International et Cie and Compagnie Financière du CIC.

1985. The insurance company GAN enters the capital of Compagnie Financière du CIC.

1987. The regional banks are now wholly owned by Compagnie Financière du CIC.

1989. GAN's stake is increased to 51%.

1990. Merger of Compagnie Financière du CIC and Banque de l'Union Européenne, giving rise to Union européenne du CIC, CIC's bank and holding company, holding 100% of the capital of the regional banks.

1998. Acquisition of Union européenne du CIC by Crédit Mutuel, creation of the Crédit Mutuel-CIC group.

1999. Creation of Crédit Industriel et Commercial (CIC), a new structure and name, both head-of-network bank and a regional bank resulting from the merger of Union européenne du CIC (the group's holding company) with CIC Paris (regional bank in Île-de-France).

2001. Purchase of shares in Gan (23%) by Crédit Mutuel.

2004. Regional organization around six divisions: Île-de-France, Nord Ouest, Est, Sud Est, Sud Ouest and Ouest.

2016. On January 1, merger of CM-CIC Securities, the investment firm subsidiary, into CIC, integrating the business lines under the CM-CIC Market Solutions brand.

2017. On August 11, delisting of CIC shares after the takeover by BFCM and Mutuelle Investissement. On December 2, sale of the private banking business in Asia to the Crédit Agricole Indosuez Wealth Management Group.

2019. Crédit Mutuelle Alliance Fédérale completes a new stage in its 2019-2023 strategic plan *ensemble#nouveaumonde* (together#today's world) by modifying its brand architecture. The purpose is to increase visibility of the two main networks, Crédit Mutuel and CIC, and its business lines.

2020. Launch of Crédit Mutuel Investment Managers, Crédit Mutuel Alliance Fédérale's asset management business center.

Adoption by CIC and Caisse Fédérale de Crédit Mutuel at the Extraordinary Shareholders' Meeting on September 7 of the *raison d'être Ensemble, écouter et agir* (Listening and acting together) and the status of a benefit corporation provided for in the 2019 PACTE law.

Approval, on December 3 for Crédit Mutuel Alliance Fédérale and all its subsidiaries, of the revised strategic plan *ensemble#nouveaumonde, plus vite, plus loin!* (together#today's world, faster, further!) consistent with the previously adopted *raison d'être* and missions.

Merger of CIC Iberbanco with CIC.

2021. Creation and official launch of the Fondation Crédit Mutuel Alliance Fédérale, which aims to unite all the networks, subsidiaries, including CIC, employees and elected representatives of Crédit Mutuel Alliance Fédérale around major and collective philanthropic actions in two areas: the environment and the territories.

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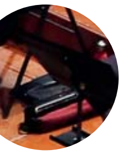
Despite the health restrictions affecting the 2021 edition, the Aix-en-Provence Easter Festival teams, the artists and CIC, a founding partner since 2013, mobilized to maintain a 100% digital and free edition. CIC is proud to be involved with an international classical music festival considered to be one of the best in Europe.



BUSINESS REPORT

2.1 ECONOMIC AND REGULATORY ENVIRONMENT IN 2021

2.1.1 Economic environment

2021: recovery continues despite inflation and the pandemic

In the wake of the year 2020, 2021 was conditioned by the evolution of the health situation. The period fluctuated between strong economic rebounds thanks to progress in vaccination and slowdowns due to the appearance of new variants. Central banks and governments initially continued their fiscal and monetary support policies to stimulate economic recovery. However, inflation, previously considered transitory, proved to be more persistent than expected, causing concern. Fueled by soaring commodity prices and tensions on supply chains, inflationary pressures have led institutions to react. The Fed, the Bank of England and, to a lesser extent, the European Central Bank (ECB) were less accommodating. However, investors' appetite for risk remained, convinced by the prospects of future growth and an improvement in the health situation thanks to the effectiveness of vaccination. This confidence enabled the equity markets to reach new all-time highs.

In **the Eurozone**, the beginning of the year was marked by the resurgence of the epidemic, weighing on growth because of the health restrictions put in place by the countries. However, optimism returned at the end of the spring with the gradual reopening of economies and the resumption of activity, driven in particular by household consumption. The ECB's very accommodating monetary policy largely contributed to maintaining favorable financing conditions in the Eurozone. This has enabled States to remain supportive of the economy despite successive epidemic waves. Thanks to the ramp-up of vaccination, the impact of the epidemic on activity is now decreasing despite the appearance of the Omicron variant at the end of the year. However, the health crisis continues to exacerbate inflationary pressures. As a result, the ECB had to begin monetary tightening by confirming that its pandemic-related asset purchase program will end in 2022. This contributed to the rise in European sovereign rates even if the movement remained limited overall. The European equity markets held up well, in particular the CAC 40, which recorded an increase of +29% in 2021 to reach a new all-time high of 7,153 points at the end of 2021.

The **United Kingdom** began the year with the entry into force of the trade agreement resulting from Brexit. However, the negative consequences of leaving the EU were partly obscured by the health situation, which led Boris Johnson to take strict measures to halt the spread of the epidemic. Vaccination proved its worth, allowing the economy to reopen at the beginning of the summer. However, political tensions related to Brexit and rising inflation have gradually clouded the country's economic outlook. Soaring inflation led the Bank of England to announce a key rate hike. This had the impact of strengthening the appreciation of the pound sterling against the euro, by +7% in 2021.

In the **United States**, the proactive fiscal policy implemented by Joe Biden at the beginning of the year contributed significantly to the strength of the dollar. The exchange rate strengthened by +7% against the euro and rose against all currencies. With its narrow majority in the Senate, the Democratic Party endorsed a $1,900 billion recovery plan in response to the epidemic, and approved an infrastructure plan at the end of the year. This support for demand, coupled with the gradual improvement in the health situation, fueled a very rapid economic recovery. Equity markets were able to maintain an upward momentum throughout the year reaching a new all-time high of nearly 4,800 points for the S&P 500. However, supply chain problems, soaring energy prices and the slower-than-expected normalization of the labor market led to an increase in inflation, which the Fed considered worrisome. To curb these inflationary pressures, the Fed announced a reduction in its asset purchases and envisaged increases in key rates in 2022. These announcements had an impact on the rise in US sovereign rates, both on the short and long ends of the curve.

China was one of the first countries to see its health situation improve and return to its pre-crisis level of GDP. This economic momentum gradually faded due to several factors. The zero-covid strategy had a heavy impact on activity. Diplomatic tensions with the United States persisted. The authorities have tightened the regulatory stranglehold on many sectors of activity in order to strengthen the common prosperity policy and thus restore purchasing power to the middle classes. The default of the real estate developer Evergrande also added to this climate of uncertainty. This led to a clear underperformance of Chinese assets compared to the rest of the developed world. Faced with these headwinds, the Chinese authorities have nevertheless sent signals about their determination to contain any risk of contagion from the real estate sector to the rest of the economy. This position was also reflected in the partial recovery of the economy in the fourth quarter.

The spread of the Delta variant has posed great difficulties for **emerging countries**, penalized by a shorter vaccination period than in developed countries. Supply issues and accelerating inflation are pushing central banks to raise their key rates. Their responsiveness is all the more rapid as they find themselves constrained by the Fed's monetary tightening.

The year 2021 has been a good year for black gold, with Brent crude oil rising by almost 57%. OPEC+ strengthened its grip on the oil market. This has resulted in a slower increase in production than the recovery in demand. In addition, it has not yielded to US pressure for a rapid increase in supply. Finally, the surge in the price of gas and electricity is explained by tensions over production resources, in a tense geopolitical context between Russia and NATO. This factor is likely to fuel inflation.

2.1.2 Regulatory environment

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

The year 2021 is marked by numerous regulatory changes impacting various activities. They concern:

Credit risks

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

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

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

In June, the EBA guidance on lending and monitoring went into effect. The EBA is strengthening the loan granting criteria and monitoring parameters in order to prevent the occurrence of non-performing loans.

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

IT risks

The Council of the European Union, the European Parliament and the European Commission are continuing their discussions initiated in 2020. This relates to the proposed DORA regulation on digital operational resilience in the financial sector. This regulation aims to improve the IT operational resilience of financial services players by setting up a strengthened governance and internal control framework in this area.

On December 31, the EBA guidelines on outsourcing entered into force. They provide, in particular, for the strengthening of requirements and controls concerning outsourcing agreements with essential service providers.

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

Climate risks

The European climate package continues to be rolled out. Certain provisions of the Corporate Sustainability Reporting Directive (CSRD) and Sustainable Finance Disclosure Regulation (SFDR), known as Disclosure, regarding sustainability reporting in the financial services sector have been implemented. The requirements for monitoring climate risks have also been strengthened with the adoption of delegated acts of the Taxonomy Regulation. A new ratio, the Green Asset Ratio (GAR), which calculates the proportion of a bank's assets invested in sustainable economic activities, as well as a classification of assets according to six sustainability criteria, will be gradually implemented from 2022. These regulations will also strengthen reporting requirements from 2022.

The ECB, in its supervisory priorities for the next three years, includes a strengthening of the prudential assessment of climate risks. In 2022, it will conduct a thematic review on climate in different banks. The ECB will also conduct a prudential climate stress test. This is to assess the readiness of banks to face climate risks.

The fight against money laundering and the financing of terrorism (AML-CTF)

The Decree of January 6, 2021 strengthens the regulatory requirements in terms of AML-CTF and asset freezing. The text increases the measures and the internal control system in terms of AML-CFT as well as the independence of the associated control functions.

On March 1, the EBA guidelines on the assessment of AML-CFT risk factors were published. They set out the factors that institutions must take into account in their AML-CFT risk assessments.

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

Governance

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

The French Decree of February 25, 2021 revised the November 3, 2014 Decree on internal control of banking institutions. The requirements in terms of internal control, governance, risk measurement systems and procedures and IT risk management are strengthened.

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

Insurance activities and financial conglomerate risk

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

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

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

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

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

Central banks and several regulatory bodies are continuing their reflections on crypto-assets and central bank digital currencies (CBDC). In particular, they are working on the draft European regulation on crypto-asset markets (MiCA).

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

2.2 ACTIVITIES AND CONSOLIDATED EARNINGS

2.2.1 Accounting principles

Pursuant to Regulation (EC) 1606/2002 on the application of international accounting standards and Regulation (EC) 1126/2008 on their adoption of said standards, the consolidated financial statements have been drawn up in accordance with IFRS as adopted by the European Union at December 31, 2019.[1]

The group's activities are not subject to seasonal or cyclical fluctuations. Estimates and assumptions may have been made in the measurement of certain balance sheet items.

Information on risk management is provided in a dedicated section of the management report.

2.2.2 Changes in the consolidation scope

Changes in scope are:

- the merger of Banque de Luxembourg Investments with Coventum AM;
- the merger of CIC Lyonnaise de Banque with BECM Monaco.

2.2.3 Analysis of the consolidated balance sheet

The main changes in the consolidated balance sheet are as follows:

- outstanding deposits amounted to €217.8 billion at the end of 2021, up by 1.9%. This increase should be seen in the context of an exceptional year in 2020 in terms of deposit inflows due to increased household availability in a context of public aid and spending limited by lockdowns. In 2021, growth in outstanding deposits remains strong on current accounts (+6%), while term deposits are in net outflow (-20.6%);
- at the end of 2021, outstanding loans reached €220.6 billion, up 5.7% year-on-year. In 2020, the sharp 10.7% increase in outstandings was driven by short-term loans, which tripled following the release of guaranteed loans to businesses. In 2021, activity was very strong in the main loan categories:
  - +10.2% for outstanding home loans to €100.1 billion,
  - +2.9% for outstanding equipment loans to €64 billion, reflecting the recovery in activity and the high level of customer support,
- the "net customer loans/deposits" ratio stood at 101.2% at December 31, 2021, compared with 97.6% the previous year;
- book equity attributable to the group amounted to €16,939 million (compared to €15,224 million at December 31, 2020). Without transitional measures, the Basel III regulatory capital Common Equity Tier 1 (CET1) amounted to €15.5 billion, the Common Equity Tier 1 solvency ratio to 12.9%[2] and the overall ratio to 15.2%. The leverage ratio with the application of the delegated act without transitory measures came to 4.9%, compared to 4.4% in 2020. The leverage ratio published in 2019 was 4.1%, without exemption of the centralized regulated savings assets, which is now admitted under the decision of the EU court of July 13, 2018.

(1) The entire framework is available on the European Commission's website.: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en#ifrs-financial-statements.
(2) Without transitory measures.

2.2.4 Analysis of the consolidated income statement

(in € millions)	2021	2020	Change	2019	2021/2019 change
Net banking income	**6,000**	**5,139**	**+16.8%**	**5,213**	**+15.1%**
General operating expenses	-3,346	-3,225	+3.7%	-3,250	+2.9%
including contribution to the Single Resolution Fund, supervision costs and contributions to the DGF[1]	*-166*	*-151*	*+9.8%*	*-115*	*+43.7%*
Gross operating income/(loss)	**2,654**	**1,914**	**+38.7%**	**1,962**	**+35.3%**
Cost of risk	-70	-1,074	-93.5%	-311	-77.4%
cost of proven risk	*-98*	*-274*	*-64.2%*	*-275*	*-64.3%*
cost of non-proven risk	*28*	*-801*	*ns*	*-36*	*ns*
Operating income	**2,584**	**839**	**x 3**	**1,651**	**+56.5%**
Net gains and losses on other assets and ECC[2]	136	75	+80.1%	211	-35.8%
Profit/(loss) before tax	**2,720**	**914**	**x 2.9**	**1,862**	**+46.0%**
Income tax	-604	-252	x 2.3	-395	+52.9%
Net profit/(loss)	**2,116**	**662**	**x 3.1**	**1,468**	**+44.2%**
Non-controlling interests	11	0	ns	11	+8.3%
Net profit attributable to the group	**2,105**	**662**	**x 3.1**	**1,457**	**+44.4%**

(1) Deposit guarantee fund.
(2) ECC = Equity consolidated companies = share of net profit/(loss) from equity consolidated companies.

In 2021, CIC's net banking income (NBI) rose sharply by 16.8% compared to 2020, to €6 billion, driven by the good performance of the banking network (+7.2%) and by the strong growth in NBI of the specialized business lines (+32.8%). NBI is also 15.1% higher than its pre-crisis level (€5.2 billion in 2019).

Retail Banking NBI, at €3.9 billion, represents 66% of the NBI of the Group's operating businesses. In 2021, it rose by 7.7% thanks to the good activity of the banking network, which generated an increase of nearly 7% in fees and commissions and an increase in the interest margin.

Private banking, buoyed by dynamic premium income in a context of high valuations, generated NBI of €677 million, up 8.2%.

Net banking income for corporate banking rose significantly by 14.9% to €421 million, thanks to a recovery in business, both in structured finance and in support for large companies.

The two Capital Markets segments (investment and commercial) performed well in a buoyant environment, particularly in the first half of the year, with annual NBI of €379 million, up nearly 19% year-on-year.

A quality portfolio, a good investment policy and the strong rebound in economic activity have been favorable to the NBI of the private equity sector (€518 million compared to €190 million in 2020).

General operating expenses were up by 3.7% due to salary measures, support for growth and continued investments in the Group's digital transformation.

They were impacted by the continuous increase in contributions to the Single Resolution Fund (+11.6% to €136 million) and contributions to the Deposit Guarantee Fund (+21.7% to €11.3 million).

The favorable jaws effect led to a sharp improvement in the cost/income ratio to 55.8% from 62.8% in 2020.

Gross operating income increased by 38.7% year-on-year to €2,654 million.

The cost of risk fell sharply to €70 million compared to €1.1 billion in 2020:

- the cost of proven risk stood at €98 million, down by €176 million; the allocations to provisions for the year partly reflect the effects of measures to support economic agents to face the health crisis (sharp decrease in the level of bankruptcies observed in France compared to 2019);
- the cost of non-proven risk was a net reversal of €28 million compared with an allocation of €801 million in 2020, a year marked by an increase in provisions in anticipation of a future deterioration in risks in the context of the health crisis. In 2021, the methods for calculating sectoral provisions and the IFRS 9 scenario assumptions remained unchanged compared to 2020 and the sectoral provisions, made in 2020, remained at a high level.

The rate of non-performing loans was down slightly – year-on-year – to 2.4% at the end of 2021 compared to 2.5% at the end of 2020, and the coverage ratio stood at 42.6%.

As a percentage of outstanding loans, the cost of customer risk reached a low level of three basis points at the end of 2021 compared to 38 at the end of 2020 (and 16 at the end of 2019).

Operating income tripled to €2.6 billion.

After a share of profit from equity consolidated companies (mainly that of Groupe des Assurances du Crédit Mutuel) of €130 million compared to €80 million in 2020, profit before tax was €2.7 billion compared to €914 million in 2020.

Net profit amounted to a high level of €2.1 billion compared to €662 million in 2020.

After deducting minority interests (€11 million), net profit attributable to the group was €2.105 billion (x3.1).

2.2.5 Rating

CIC's ratings replicate those of Crédit Mutuel Alliance Fédérale – Banque Fédérative du Crédit Mutuel, which holds its share capital.

The financial strength and relevance of the business model are recognized by the three rating agencies:

	LT/ST counterparty**	Issuer/ LT preferred senior debt	Outlook	ST Preferred senior debt	Intrinsic rating***	Date of most recent publication
Standard & Poor's[1]	AA-/A-1+	A+	Stable	A-1	a	12/16/2021
Moody's[2]	Aa2/P-1	Aa3	Stable	P-1	a3	12/10/2021
Fitch Ratings[3]*	AA	AA-	Stable	F1+	a+	11/17/2021

** The "Issuer Default Rating" is stable at A+.*

*** The counterparty ratings represent ratings from the following agencies: Resolution Counterparty at Standard & Poor's, Counterparty Risk Rating at Moody's, and Derivative Counterparty Rating at Fitch Ratings.*

****The intrinsic rating corresponds to the Stand Alone Credit Profile (SACP) rating from Standard & Poor's, the Adjusted Baseline Credit Assessment (Adj. BCA) rating from Moody's, and the Viability Rating from Fitch.*

(1) Standard & Poor's: Crédit Mutuel group rating.

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

(3) Fitch Ratings: Crédit Mutuel Alliance Fédérale rating.

On June 24, 2021, Standard & Poor's (S&P) raised the outlook for Crédit Mutuel group's ratings from negative to stable, as well as for several French and European banks, considering that the improvement in the economic environment reduced the risk of a significant deterioration in asset quality and capitalization.

On December 16, 2021, S&P upgraded Crédit Mutuel's long-term issuer credit rating from A to A+, with a stable outlook, as a result of an additional notch reflecting an ALAC ratio higher than the threshold required by the agency under its new rating methodology. In addition, S&P decided to confirm the SACP intrinsic rating ("a"), highlighting the recurrence of Crédit Mutuel's results and the strength of its balance sheet.

On October 28, 2021, Fitch Ratings upgraded Crédit Mutuel Alliance Fédérale's outlook from negative to stable, given the resilience of its profitability, asset quality and capitalization indicators in a more favorable economic environment. This improvement follows a change in the agency's methodology that recently came into effect. The central Issuer Default rating remained unchanged at A+.

For the record, the negative outlooks at Fitch Ratings and S&P had been assigned, between March and April 2020, following the development of the pandemic and as part of grouped rating actions on European banks.

For its part, Moody's confirmed, on October 12, 2021, the ratings and stable outlook of Crédit Mutuel Alliance Fédérale, given its very resilient financial fundamentals in the context of the health crisis.

2.2.6 Analysis of results by business line

2.2.6.1 Description of the areas of activity

The activities selected correspond to CIC organization, as it appears in the organization chart in the universal registration document.

Retail Banking, CIC's core business line, concentrates all banking or specialized activities whose products are marketed by the network of regional banks, organized around five regional divisions and that of CIC in Île-de-France: life insurance and non-life insurance, equipment leasing and leasing with option to purchase, real estate leasing, factoring, collective management, employee savings, real estate.

Private banking develops expertise in financial management and wealth organization, serving families of entrepreneurs and private investors both in France and abroad.

Corporate banking includes financing of large companies and institutional customers, value-added financing (exports, projects and assets, etc.), international and foreign branches.

Capital Markets include investments in interest rate, equity and credit activities as well as stock market intermediation.

Private equity combines equity investments, merger and acquisition advising and financial and stock market engineering.

The holding business line includes all specific structural costs/products not assignable to other activities.

Each consolidated company is included in only one business segment, corresponding to its core business in terms of contribution to the group's results, with the exception of CIC, whose annual financial statements are allocated on a cost accounting basis.

2.2.6.2 Retail Banking

(in € millions)	2021	2020	Change
Net banking income	**3,931**	**3,649**	**+7.7%**
General operating expenses	-2,413	-2,312	+4.4%
Gross operating income	**1,518**	**1,337**	**+13.5%**
Cost of risk	-69	-797	-91.3%
Cost of proven risk	*-72*	*-192*	*-62.6%*
Cost of non-proven risk	*3*	*-605*	*ns*
Operating income	**1,449**	**540**	**x 2.6**
Net gains and losses on other assets and ECC[1]	135	71	-90.2%
Profit/(loss) before tax	**1,584**	**611**	**x 2.5**
Income tax	-450	-234	x 1.9
Net profit/(loss)	**1,134**	**378**	**x 3**
Non-controlling interests	6	-3	ns
Net profit attributable to the group	**1,128**	**380**	**x 2.9**

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

The number of customers in the banking network stood at 5,463 million at the end of December 2021, up 2.1% year-on-year, representing an increase of nearly 110,000 customers. In the market for professionals and businesses (nearly one million customers), the increase was 4.1% and in the retail market (79% of the stock) it was 1.5%.

Outstanding deposits amounted to €166.4 billion at the end of 2021, up by 4.2%. This increase should be seen in the context of an exceptional year in 2020 in terms of deposit inflows *i.e.* +€31.4 billion due to increased household availability in a context of public aid and spending limited by lockdowns.

In 2021, growth in outstanding deposits remained strong on current accounts (+10.9%) and passbook accounts (+10.5%), while term deposits were in net outflow (-37.5%).

At the end of 2021, outstanding loans reached €164.4 billion, up 5.8% year-on-year. In 2020, the sharp 14.6% increase in outstandings was driven by short-term loans, which tripled following the release of guaranteed loans to businesses.

Retail Banking net banking income rose by 7.7% compared to 2020 to €3,931 million. This represents 66% of the operational business lines' revenues.

General operating expenses increased by 4.4% in line with salary measures. The cost/income ratio for Retail Banking improved by 200 basis points to 61.4% and gross operating income, at €1,518 million, compared with €1,337 million in 2020, was up 13.5%.

The cost of risk fell sharply by €728 million (-91.3%) to €69 million, including €608 million in the cost of non-proven risk, which fell from €605 to a reversal of €3 million.

Net profit from Retail Banking tripled to €1,134 million in 2021 compared to €378 million in 2020.

2.2.6.2.1 Banking network

(in € millions)	2021	2020	Change
Net banking income	**3,669**	**3,423**	**+7.2%**
General operating expenses	-2,238	-2,150	+4.1%
Gross operating income	**1,431**	**1,272**	**+12.4%**
Cost of risk	-65	-758	-91.4%
cost of proven risk	*-68*	*-178*	*-61.7%*
cost of non-proven risk	*3*	*-580*	*ns*
Operating income	**1,366**	**515**	**x 2.6**
Net gains and losses on other assets and ECC[1]	-6	-11	-40.1%
Profit/(loss) before tax	**1,359**	**504**	**x 2.6**
Income tax	-404	-218	x 1.8
Net profit/(loss)	**956**	**286**	**x 3.3**

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

CIC's banking network generated net banking income of €3.7 billion in 2021, up 7.2%. Both the interest margin, in a context of increasing loan volumes, and commissions contributed to this increase in revenue.

General operating expenses increased by 4.1% to €2.2 billion. Employee benefits expense rose as a result of salary measures (general increases, exceptional purchasing power bonus) implemented in a context of stabilization of the workforce. The efforts made for IT developments and equipment as well as for communication also explain the increase in general operating expenses.

The cost/income ratio improved by 1.8 percentage points to 61% and gross operating income increased by 12.4% to €1.4 billion.

The sharp decrease in the cost of risk (€65 million in 2021 compared to €758 million in 2020) is a major component of the improvement in results:

- the cost of proven risk fell by €110 million, with a sharp drop in provisions for the year, reflecting the good quality of the portfolio and the measures taken to support economic agents in response to the health crisis;
- the cost of non-proven risk was a net reversal of €3 million, compared with -€580 million in 2020; a year marked by an increase in provisions in anticipation of a future deterioration in risks in the context of the health crisis.

Net profit amounted to €956 million in 2021, multiplied by 3.3 compared to 2020 (€286 million), and up 25% compared to its pre-crisis level (€766 million in 2019).

The number of customers in the banking network stood at 5,463 million at the end of December 2021, up 2.1% year-on-year, representing an increase of nearly 110,000 customers. In the market for professionals and businesses (nearly one million customers), the increase was 4.1% and in the retail market (79% of the stock) it was 1.5%.

Outstanding deposits amounted to €166.4 billion at the end of 2021, up by 4.2%. This increase should be seen in the context of an exceptional year in 2020 in terms of deposit inflows *i.e.* +€31.,4 billion due to increased household availability in a context of public aid and spending limited by lockdowns.

In 2021, growth in outstanding deposits remained strong on current accounts (+10.9%) and passbook accounts (+10.5%), while term deposits were in net outflow (-37.5%).

At the end of 2021, outstanding loans reached €164.4 billion, up 5.8% year-on-year. In 2020, the sharp 14.6% increase in outstandings was driven by short-term loans, which tripled following the release of guaranteed loans to businesses.

In 2021, activity was very strong in the main loan categories:

- +9.4% for outstanding home loans to €91.4 billion;
- +5.3% for outstanding investment loans to €45.1 billion, reflecting the recovery in activity and the high level of customer support. Disbursements were also at a high level at €12.7 billion (+22.8%);
- +2.2% for outstanding consumer loans (compared to +0.6% in 2020) to €6 billion.

The multiservice strategy is reflected in our customers' increasing equipment levels:

- the stock of property and personal insurance policies (excluding life insurance) reached 6.1 million, up 4.5% year-on-year;
- mobile telephony contracts increased by 2.6%, *i.e.* 572,900 contracts;
- the number of remote surveillance subscriptions increased by 4.1% to 114,528 contracts.

2.2.6.2.2 Support services for Retail Banking

The support services for Retail Banking comprise the specialized subsidiaries that market their products through their own channels and/or through the local CIC banks or branches: factoring and receivables management, leasing, fund management, employee savings and real estate.

Within Retail Banking, the support services generated net banking income of €262 million (+15.8%) after transfer to the network and a net profit of €178 million (against €92 million in 2020) after taking into account the proportionate share in the profit of Groupe des Assurances du Crédit Mutuel of €131 million (€80 million in 2020).

2.2.6.3 Private banking

In 2021, private banking represented 11% of the revenues of CIC's operating business lines. The table below presents the elements constituting the profit/(loss) of the private banking business line for the fiscal years 2020 and 2021.

(in € millions)	2021	2020	Change
Net banking income	**677**	**626**	**+8.2%**
General operating expenses	-433	-413	+5.0%
Gross operating income	**244**	**213**	**+14.3%**
Cost of risk	-8	-32	-73.8%
Profit/(loss) before tax	**236**	**181**	**+30.1%**
Income tax	-46	-39	+16.3%
Net profit/(loss)	**190**	**142**	**+33.9%**

In the private banking market, 2021 was marked by a large number of company disposals, high valuations, excellent financial market performance and an increased search for new investment solutions by customers.

In this context, premium income was dynamic with an increase in savings deposits of 13.5% to €154 billion at the end of 2021. Outstanding loans also grew strongly (+10.3%) to reach €17 billion at the end of 2021.

The net banking income increased by 8.2% to €677 million. General operating expenses increased by 5% and the cost of risk fell to €8 million in 2021 from €32 million in 2020. Net profit at €190 million improved by 33.9% and exceeded its pre-crisis level by €57 million.

These data do not include the private banking activity within the CIC network and its five regional banks, *i.e.* €224.1 million in NBI (+20.8%) and €104.5 million in net profit (+48%).

2.2.6.4 Corporate banking and Capital Markets

In 2021, corporate banking and Capital Markets represented 13% of the revenues of CIC's operating business lines. The table below presents the items making up the profit/(loss) of the corporate banking and Capital Markets business line for the 2020 and 2021 fiscal years.

(in € millions)	2021	2020	Change
Net banking income	**800**	**686**	**+16.7%**
General operating expenses	-365	-345	+5.6%
Gross operating income	**435**	**340**	**+28.0%**
Cost of risk	29	-245	ns
Operating Income	**464**	**95**	**x 4.8**
Net gains and losses on other assets and ECC[1]	-	4	ns
Profit/(loss) before tax	**464**	**100**	**x 4.6**
Income tax	-106	-16	x 6.6
Net profit/(loss)	**358**	**84**	**x 4.2**

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

2.2.6.4.1 Corporate banking

(in € millions)	2021	2020	Change
Net banking income	**421**	**367**	**+14.9%**
General operating expenses	-125	-121	+3.9%
Gross operating income	**296**	**246**	**+20.2%**
Cost of risk	32	-243	ns
Cost of proven risk	*-0*	*-64*	*ns*
Cost of non-proven risk	*32*	*-180*	*ns*
Operating income	**328**	**3**	**ns**
Net gains and losses on other assets and ECC[1]	-	4	ns
Profit/(loss) before tax	**328**	**7**	**ns**
Income tax	-73	9	ns
Net profit/(loss)	**255**	**16**	**x 16.2**

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

Corporate banking outstandings increased by nearly 1% to €55 billion. Outstandings drawn from corporate banking were stable at €20.6 billion.

Net banking income rose by nearly 15% to €421 million.

General operating expenses remained under control (+3.9%), enabling a cost/income ratio of less than 30% to be achieved.

The cost of risk was down sharply compared to 2020: the cost of proven risk was zero (compared to an allocation of €64 million in 2020), and the non-proven risk was a net reversal of €32 million after the strong allocations to performing loans in 2020.

Net profit at €255 million has doubled compared to its pre-crisis level in 2019.

The structured financing activities (acquisition financing, project financing, asset financing and securitization) remained buoyant, with total loan production of €2.9 billion and stable outstandings up by nearly 3% to €12 billion. NBI continued to rise, general operating expenses were stable and the cost of risk was down sharply, with reversals over the year.

The large corporate activity (CIC Corporate) assists large French or foreign industrial companies, whether listed or not, with revenue of more than €500 million, in their development and in the framework of a long-term relationship. The year 2021 was marked by a resumption of customers' investment operations and medium-term projects with good loan production (excluding SGL and Covid facilities) of €4.5 billion compared with €2.8 billion in 2020. The cost of proven risk is under control and, overall, the cost of risk is down sharply compared to 2020, which was marked by prudent provisions on performing loans.

The international activities department assists corporate clients in carrying out their international projects. In 2021, outstandings were down slightly to €3.5 billion. In the branches, net banking income increased, particularly in New York on acquisition financing and in London on acquisitions and corporate.

2.2.6.4.2 Capital Markets

(in € millions)	2021	2020	Change
Net banking income	**379**	**319**	**+18.8%**
General operating expenses	-239	-225	+6.4%
Gross operating income	**139**	**94**	**+48.3%**
Cost of risk	-3	-1	ns
Profit/(loss) before tax	**136**	**93**	**+46.7%**
Income tax	-33	-25	+34.2%
Net profit/(loss)	**103**	**68**	**+51.3%**

In a still deteriorating health context, CIC Marchés achieved a very good performance with €379 million in NBI (+18.8%), a level of activity not achieved since 2016.

CIC Market Solutions enjoyed solid overall momentum in 2021. Net banking income thus amounted to €127 million compared to €95 million at the end of 2020 (+34%), after €64 million in commission expense to the network. This growth is mainly driven by EMTN issues (with €2.5 billion issued) and the primary equity and bond issuance activities of CIC customers (more than 70 financial transactions supported in 2021).

The Investment business line (including France, the New York and Singapore branches and Cigogne Management SA) generated net banking income of €252 million in 2021 compared to €223 million in 2020. This performance was largely due to the first half of the year, driven by the very accommodative policies of the various central banks, which were more difficult to interpret in the second half of the year.

Net profit from Capital Markets totaled €103 million, up 51.3%.

2.2.6.5 Private equity

In 2021, private equity represented 9% of the revenues of CIC'soperating business lines. The table below presents the elements constituting the profit/(loss) of Private Equity for the fiscal years 2020 and 2021.

(in € millions)	2021	2020	Change
Net banking income	**518**	**190**	**x 2.7**
General operating expenses	-77	-65	+18.2%
Gross operating income	**442**	**126**	**x 3.5**
Cost of risk	-21	-1	ns
Profit/(loss) before tax	**420**	**125**	**x 3.3**
Income tax	-4	3	ns
Net profit/(loss)	**416**	**128**	**x 3.2**

As a unique player in its market, Crédit Mutuel Equity, by investing mainly its own capital, makes a long-term commitment alongside executives to enable them to develop, transform, and enrich themselves with experience, know-how and career paths. Proof of this commitment: more than a quarter of its 335 investments have been held for more than ten years. However, the rotation of the portfolio remains very dynamic and reveals the strike force of Crédit Mutuel Equity: more than €1 billion on average are invested and divested every two years.

Fiscal year 2021 was favorable for the Private Equity thanks to the strong rebound in economic activity. The level of investment is up with €613 million invested, of which two-thirds in new projects.

The outstanding invested portfolio exceeds €3 billion, demonstrating the strong momentum of these business lines in all segments.

Revenue, at €518 million compared with €190 million a year earlier, included a very high level of €408 million in capital gains generated. Net profit reached a historic level of €416 million, as a result of sustained activity in growth opportunities and mergers.

With a comprehensive and flexible offer to support the development and transformation of companies, Crédit Mutuel Equity is certainly a shareholder that assumes a position of proximity and long-term investor, putting the challenges of our society and the world of tomorrow at the heart of its concerns.

2.2.6.6 Structure and holding company

(in € millions)	2021	2020	Change
Net banking income	**73**	**-12**	**n.s.**
General operating expenses	-58	-90	-36.2%
Gross operating income	**16**	**-102**	**n.s.**
Profit/(loss) before tax	**16**	**-102**	**n.s.**
Income tax	3	34	n.s.
Net profit/(loss)	**19**	**-69**	**n.s.**

At December 31, 2021, the NBI of the holding structure mainly includes:

- €92 million for Group treasury and the financing of the cost of securities (€8 million in 2020);
- -€19 million in financing for the network development plan (-€20 million in 2020).

Finally, NBI increased by €85 million between 2020 and 2021 mainly due to the improvement in the financial margin.

General operating expenses decreased from -€90 million at the end of 2020 to €58 million at the end of 2021.

Profit before tax was €16 million compared to a loss of -€102 million at the end of 2020.

Income tax recorded an income of €3 million compared to €34 million in 2020.

Net profit attributable to the group amounted to €19 million compared to a loss of -€69 million in 2020.

2.2.7 Alternative performance indicators

2.2.7.1 Definitions of alternative performance indicators

Name	Definition/calculation method	For ratios, reason for use
Cost/income ratio	Ratio calculated from items of the consolidated income statement: ratio of general operating expenses (sum of "general operating expenses" and "movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets") and "net banking income".	Measure of the bank's operational efficiency.
Overall cost of customer risk related to the outstanding loans (expressed in% or in basis points)	Cost of customer risk from the notes to the consolidated financial statements related to gross outstanding loans at the end of the period.	Enables assessment of the level of risk as a percentage of credit commitments on the balance sheet.
Cost of risk	The "cost of counterparty risk" item on the publishable consolidated income statement.	Measurement of the level of risk.
Customer loans	The "loans and receivables to customers" on the assets side of the consolidated balance sheet.	Measurement of customer loan activity.
Cost of proven risk	Impaired assets (S3) see note "cost of counterparty risk".	Measures the level of proven risk (non-performing loans).
Cost of non-proven risk	Expected losses at 12 months (S1) + expected losses at maturity (S2) – See note to the financial statements. Application of IFRS 9.	Measurement of the level of unrealized risk (performing loans).
Customer deposits; Accounting deposits	The "Amounts due to customers at amortized cost" item of the liabilities side of the consolidated balance sheet.	Measurement of customer activity in terms of balance sheet resources.
Insurance savings	Life insurance outstandings held by our customers – management data (insurance company).	Measurement of customer activity in matters of life insurance.
Financial savings; Managed savings, held in custody	Off-balance sheet savings outstandings held by our customers or held in custody (securities accounts, UCITS, etc.) – management data (group entities).	Representative measure of activity in terms of off-balance sheet funds (excluding life insurance).
Total savings	Sum of account deposits, insurance savings and bank financial savings.	Measurement of customer activity in matters of savings.
General operating expenses; General operating expenses; Management expenses	Sum of "general operating expenses" and "movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets" lines from the publishable consolidated income statement.	Measure the level of general operating expenses.
Interest margin; Net interest revenue; Net interest income	Calculated from the items on the consolidated income statement: Difference between interest received and interest paid: ■ interest received = "interest and similar income" item of the publishable consolidated income statement; ■ interest paid = "interest and similar expenses" item of the publishable consolidated income statement.	Representative measurement of profitability.
Net customer loans/deposits ratio; Coefficient of commitment	Ratio calculated using consolidated balance sheet items: ratio expressed as a percentage between total customer loans and customer deposits	Measurement of dependence on external refinancing.
Coverage ratio	Determined by calculating the ratio of credit risk provisions (S3 impairments) to the gross outstandings identified as in default in accordance with regulations (gross receivables subject to an S3 individual impairment).	This hedge rate measures the maximum residual risk associated with loans in default ("non-performing").
Share of non-performing loans in gross loans	Ratio between gross outstanding receivables subject to individual impairment (S3) and gross customer loans (calculated from the notes "loans and receivables due from customers" to the consolidated financial statements: gross receivables + finance leases).	Asset quality indicator.

2.2.7.2 Alternative performance indicators, reconciliation with the financial statements

(in € millions)

Cost/income ratio	2021	2020
General operating expenses	-3,346	-3,225
Net banking income	6,000	5,139
COST/INCOME RATIO	**55.8%**	**62.8%**

Loans/deposits	2021	2020
Net customer loans	220,550	208,703
Customer deposits	217,829	213,784
LOANS/DEPOSITS	**101.2%**	**97.6%**

Coverage ratio	2021	2020
Impairment of customers on non-performing loans	-2,260	-2,418
Non-performing loans (S3)	5,300	5,307
COVERAGE RATIO	**42.6%**	**45.6%**

Rate of non-performing loans	2021	2020
Non-performing loans (S3)	5,300	5,307
Gross loans to customers	224,028	212,333
RATE OF NON-PERFORMING LOANS	**2.4%**	**2.5%**

Cost of customer risk related to outstanding loans	2021	2020
Total cost of customer risk	-71	-814
Gross loans to customers	224,028	212,333
TOTAL COST OF CUSTOMER RISK IN RELATION TO OUTSTANDING LOANS (IN BPS)	**3**	**38**

2.2.8 Information on entities included in the consolidation scope

Information on the locations included in the consolidation scope is provided in accordance with Article 7 of law 2013-672 of July 26 of the French Monetary and Financial Code, amending Article L.511-45 and order No. 2014-1657 of December 29, 2014.

2021: Locations by country	Business line
Germany	
Crédit Mutuel Leasing Gmbh	Subsidiaries of the banking network
CIC Capital Deutschland GmbH	Private equity
Belgium	
Banque Transatlantique Belgium	Private banking
Crédit Mutuel Leasing Benelux	Subsidiaries of the banking network
CIC Bruxelles (branch)	Corporate banking
Canada	
CIC Capital Canada Inc.	Private equity
CIC Capital Ventures Quebec	Private equity
Spain	
Crédit Mutuel Leasing Spain (branch)	Subsidiaries of the banking network
USA	
CIC New York (branch)	Corporate banking and Capital Markets
France	
Banque Transatlantique	Private banking
CIC Est	Retail Banking
CIC Lyonnaise de Banque	Retail Banking
CIC Nord Ouest	Retail Banking
CIC Ouest	Retail Banking
CIC Participations	Structure and logistics
CIC Sud Ouest	Retail Banking
Crédit Mutuel Asset Management	Subsidiaries of the banking network
Crédit Mutuel Leasing	Subsidiaries of the banking network
Crédit Mutuel Capital	Private equity
CIC Conseil	Private equity
Crédit Mutuel Épargne Salariale	Subsidiaries of the banking network
Crédit Mutuel Factoring	Subsidiaries of the banking network
Crédit Mutuel Innovation	Private equity
Crédit Mutuel Equity	Private equity
Crédit Mutuel Equity SCR	Private equity
Crédit Mutuel Real Estate Lease	Subsidiaries of the banking network
Crédit Industriel et Commercial – CIC	Banks
Dubly Transatlantique Gestion	Private banking
Gesteurop	Structure and logistics
Groupe des Assurances du Crédit Mutuel (GACM)	Insurance companies
Satellite	Corporate banking
Hong Kong	
CIC Hong Kong (branch)	Corporate banking

2021: Locations by country	Business line
Luxembourg	
Banque de Luxembourg	Private banking
Banque de Luxembourg Investments SA	Private banking
Banque Transatlantique Luxembourg	Private banking
Cigogne Management	Capital Markets
The Netherlands	
Crédit Mutuel Leasing Nederland (branch)	Subsidiaries of the banking network
United Kingdom	
Banque Transatlantique London (branch)	Private banking
CIC London (branch)	Corporate banking
Singapore	
CIC Singapore (branch)	Corporate banking, Capital Markets and private banking
Switzerland	
Banque CIC (Suisse)	Private banking
CIC Capital Suisse SA	Private equity

Country	Net banking income	Income (loss) before tax	Current taxes	Deferred taxes	Other taxes	Public grants	Workforce
Germany	13	8	0	0	-1		11
Belgium	39	18	-4	0	-3		81
Canada	22	20	0	-2	0		9
Spain	3	0	0	0	0		7
United States of America	87	44	-2	-1	-11		92
France	5,168	2,370	-507	-45	-751		17,585
Hong Kong	10	6	0	0	-1		18
Luxembourg	348	119	-21	1	-33		983
Monaco	6	3	-1	0	0		20
The Netherlands	1	0	0	0	0		1
United Kingdom	51	38	-8	0	-4		69
Singapore	85	46	-8	1	-5		130
Switzerland	167	48	-7	0	-13		395
TOTAL	**6,000**	**2,720**	**-558**	**-46**	**-822**		**19,401**

Excluding workforce, the data presented are in millions of euros.

2.2.9 Recent developments and outlook

Post-balance sheet events

Subsequent to the December 31, 2021 closing, the ongoing conflict between Russia and Ukraine is likely to cause a shock to the global economy and a slowdown in activity. This could accentuate certain risks, particularly those related to macroeconomic conditions and potentially unfavorable market trends, as well as cyber security risks. Due to the still uncertain geopolitical, economic, financial and social consequences of this conflict and the uncertainties concerning its spread to the various parts of the global economy, at this stage, it is not possible to estimate the exact impact for CIC and its subsidiaries.

Strictly speaking, in terms of risks in Russia and Ukraine, CIC does not have a direct presence (via a subsidiary or joint venture) in these two countries. Overall, CIC's exposure to these countries is extremely limited.

Prospects

Since September 2020, CIC has the status of a benefit corporation.

In this context, its societal and environmental project for a more sustainable and inclusive society was validated. It is based on 12 evidence-based, concrete commitments to be achieved by the end of 2022, aimed at improving CIC's impact on the environment around it. These 12 concrete commitments form the social and environmental project. They reflect CIC's commitment to ethics and solidarity with its customers and the regions.

2.2.10 Significant changes

No significant change in the commercial or financial position of CIC has occurred since the end of the last fiscal year for which audited financial statements have been published.

2.2.11 Financial risks related to climate change

See section of Chapter 3 "Social and environmental responsibility".

2.3 ACTIVITIES AND PARENT COMPANY RESULTS

The annual financial statements were the subject of a report by the statutory auditors.

2.3.1 Accounting principles

The annual financial statements are prepared in accordance with ANC Regulation 2014-03 relating to the general accounting plan as amended by ANC Regulation 2015-06 and Regulation 2014-07 relating to the financial statements of companies in the banking sector.

2.3.2 Highlights of 2021

Nil.

2.3.3 Developments in CIC network in Île-de-France

At December 31, 2021, the Île-de-France network consisted of 321 branches.

The number of customers totaled 905,268, an increase of 2.9%.

Outstanding loans were up by 6.8% compared to 2020. They reached €28.2 billion, including €18.6 billion in home loans (+12.0%). Deposits were up by 5.6% with outstandings at €37.1 billion. Financial savings totaled €13.1 billion (+11.0%).

2.3.4 Developments in corporate banking and Capital Markets

Outstanding loans totaled €20.5 billion, up by 0.1%.

Deposits reached €14.2 billion, compared with €16.8 billion in 2020, down 15.2%.

2.3.5 Parent company results in 2021

Net banking income (NBI) rose from €1,999 million in 2020 to €2,068 million in 2021, including +€91 million in the interest margin, and NBI on Capital Markets rose by €131 million. Dividends received from subsidiaries and equity investments amounted to €646.6 million compared to €787.6 million in 2020, *i.e.* -17.9%. They mainly come from regional banks and CIC subsidiaries.

Net commissions amounted to €428 million compared to €391 million in 2020.

General operating expenses increased by 4.7% to €886 million (€846 million in 2020) with the average full-time equivalent workforce falling from 3,854 in 2020 to 3,742 in 2021.

Gross operating income (EBITDA) amounted to €1,181 million compared to €1,153 million in 2020 (+2.4%).

The cost of risk decreased by €159 million. It amounted to €8 million at the end of 2021 compared to €167 million a year earlier.

Income tax includes income tax relating to CIC activities as well as the tax consolidation income of CIC. It was €83 million in 2021 compared to €43 million in 2020.

Net corporate profit stood at €1,087 million, compared with €918 million in 2020, an increase of 18.3%.

Shareholders' equity stood at €10,202 million at December 31, 2021 (€9,606 million at December 31, 2020).

For the compensation paid to senior management, please refer to the consolidated management report.

For shareholdings at December 31, 2021, the changes made during the fiscal year as well as the dividends paid are shown in Chapter 8 "Capital and legal information".

Activity of the subsidiaries is shown in the tables presented in Section "7.4 Activities and financial results of subsidiaries and equity investments".

2.3.6 LME law – Payment terms

Articles L.441-6-1 and D.441-4 of the French Commercial Code provide for companies whose financial statements are certified by a statutory auditor to provide specific information on the payment terms of suppliers and customers.

Given the status as a credit institution, the information communicated relative to payment deadlines specified by Article D.441-4 of the French Commercial Code does not include the bank transactions and ancillary transactions governed by the French Monetary and Financial Code.

- The status of unpaid invoices received and issued but not paid (Article D.441-4 § I), is as follows at the end of December 2021:

	Article D.441-4 1°: Invoices received and not paid at the reporting date of the fiscal year which are overdue						Article D.441-4 2°: Invoices issued but not paid at the reporting date of the fiscal year which are overdue					
	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) LATE PAYMENT INSTALLMENTS												
Number of invoices concerned	235	-	-	-	-	138	193	-	-	-	-	135
Total amount of invoices concerned (incl. VAT)	1,623,136.05	336,643.93	91,013.94	125,609.39	73,000.00	626,267.26	1,049,930.57	218,364.37	49,228.04	139,908.63	264,203.35	671,704.39
Percentage of total purchases (incl. VAT) for the fiscal year	0.87%	0.18%	0.05%	0.07%	0.04%	0.33%	-	-	-	-	-	-
Percentage of revenue (incl. VAT) for the fiscal year	-	-	-	-	-	-	-	0%	0%	0%	0%	0%
(B) INVOICES EXCLUDED FROM (A) RELATING TO DISPUTED OR UNRECOGNIZED DEBTS AND RECEIVABLES												
Number of invoices excluded	-						-					
Total amount of excluded invoices	-						-					
(C) REFERENCE PAYMENT TERMS USED (CONTRACTUAL OR LEGAL DEADLINE – ARTICLE L.441-6 OR ARTICLE L.443-1 OF THE FRENCH COMMERCIAL CODE)												
Reference payment terms used to calculate late payments	■ Contractual period of payment: 30 days ■ Statutory period of payment: unless otherwise stipulated in the conditions of sale or agreed between the parties, payment is due on the 30th day following receipt of the goods or performance of the service.						■ Contractual period of payment: 30 days ■ Statutory period of payment: unless otherwise stipulated in the conditions of sale or agreed between the parties, payment is due on the 30th day following receipt of the goods or performance of the service.					

- The statement of invoices received and issued that were subject to late payment during the fiscal year (Article D.441-4 § II):

There were no (non-banking) transactions significant in amount subject to late payment during the year.

The few outstanding debts at the end of 2021, which are not significant in amount, with a maturity of more than 61 days, represent amounts still due following litigation, omission, or in some cases, debts representing notary fees and taxes due to the authorities in connection with the acquisition or construction of buildings.

Committed to numerous actions in favor of music and heritage, CIC has been a major supporter of the *Musée de l'Armée des Invalides* in Paris for many years. CIC has been recognized as a major partner of the museum since 2003. It participates in the financing of numerous restorations and acquisitions of works, the development of temporary exhibitions and the promotion of the museum's musical season.

.3 CORPORATE SOCIAL RESPONSIBILITY

3.1 PREAMBLE

This Non-Financial Performance Statement is prepared on a voluntary basis. It incorporates, in particular, the information required by Articles L.225-102-1, R.225-105-1 and R.225-105 of the French Commercial Code. It also refers to Articles 70 and 173 of the law on the energy transition for green growth of August 17, 2015, to Article 14 of the law on the fight against food waste of February 11, 2016, to the law Sapin 2 No. 2016-1691 of December 9, 2016, Article L.225-102-4 of the law on the duty of care of parent companies and ordering companies of March 27, 2017, Article 8 of the Taxonomy regulation 2020/852 (NFRD), the SFDR regulation (known as *Disclosure*) of December 9, 2019 and Article 29 of the Energy Climate Act.

The Crédit Mutuel group's actions in terms of social and environmental responsibility are reported by Confédération Nationale du Crédit Mutuel (on voluntary basis) and by Crédit Mutuel Alliance Fédérale. Those of Crédit Mutuel Alliance Fédérale are published in its registration document.

The figures refer to the scopes described in the methodological note (chapter 3.10) for each type of data. When this is not the case, the scope is specified with regard to the data.

In addition, certain section headings include MA, R/O, SOCXX, SOTXX, ENVXX codes to facilitate reconciliation with a cross-reference table at the end of this statement.

3.2 PRESENTATION

3.2.1 Business model (BM)

For more than a century and a half, CIC has distinguished itself by relying on a spirit of initiative, a capacity for innovation, a taste for challenges, an entrepreneurial mindset and a search for simplicity.

The primary subsidiary of Crédit Mutuel Alliance Fédérale, CIC is a universal bank organized around five business lines – bank insurance, corporate banking, Capital Markets, private banking, private equity.

CIC's business model is described in the introduction section of its universal registration document.

Follow-up on the effects of the COVID-19 pandemic

In an economic and health context that remains uncertain, CIC continued to support its customers in 2021 by being proactive and adapting to each individual's situation. CIC's priority remained the continuation of customer activity, support for the most vulnerable, their protection as well as that of employees and third parties.

3.2.2 A *raison d'être* at the heart of the challenges

In 2020, CIC, within Crédit Mutuel Alliance Fédérale and with all its subsidiaries, adopted the following *raison d'être*: *"Ensemble, écouter et agir"* (listening and acting together). It adopted the status of a benefit corporation bank and pursues the following social and environmental objectives:

- as a subsidiary of a cooperative and mutualist organization, we support our customers in their best interests;
- as a bank for all, customers and employees, we act for everyone and refuse any discrimination;
- respectful of everyone's privacy, we place technology and innovation at the service of people;
- as a solidarity-based company, we contribute to regional development;
- as a responsible company, we actively work for a fairer and more sustainable society.

These missions have been broken down into 12 concrete commitments applicable from 2022.

The monitoring of the execution of these missions is entrusted to a Mission Committee which will present an annual report attached to the management report to the Shareholders' Meeting. The implementation of social and environmental objectives is verified by an independent third party (OTI), which issues an opinion attached to the Mission Committee's report.

These commitments enhance more specifically commitments 10 and 11 related to the group's Climate strategy and its environmental ambition to align its activities with the trajectory of the Paris Agreements[1].

CIC'S 12 COMMITMENTS FOR 2022

Mission 1: As a subsidiary of a cooperative and mutualist organization, we support our customers in their best interests;	1. Guarantee to each customer a dedicated, non-commissioned advisor
Mission 2: As a bank for all, customers and employees, we act for everyone and refuse any discrimination	2. Train all our employees and directors in the fight against discrimination
	3. Recruit 25% of work-study students from priority neighborhoods and rural areas.
	4. Defend gender equality at all levels of the bank
Mission 3: Respectful of everyone's privacy, we place technology and innovation at the service of people;	5. Guarantee the privacy of our customers' data by processing 99.9% of their information in our infrastructures and systems located in France
	6. Invest productivity gains from artificial intelligence in employment and development
Mission 4: As a solidarity-based company, we contribute to regional development	7. Anchor decision-making centers in the regions with more than 90% of our lending decisions taken at branches
	8. Offer the PayAsso digital payment solution to our associations and civil liability coverage to their managers
	9. Invest 5% of the group's equity mainly in innovative French companies
Mission 5: As a responsible company, we actively work for a fairer and more sustainable society.	**10. Reduce the group's carbon emissions by 20% and the carbon footprint of our investment portfolios by 12% by the end of 2022**
	11. Immediately stop funding for new oil and gas projects
	12. Insure the real estate loans of our loyal customers without any medical formalities

(1) A cross-reference table between the commitments of the benefit corporation bank, the objectives of the 2019-2023 strategic plan and those of the CSR policy can be found in Chapter 3.3.

3.2.3 A group committed to social and environmental issues

CIC is involved in the policy defined at Crédit Mutuel Alliance Fédérale level, based on the values of proximity, responsibility and solidarity.

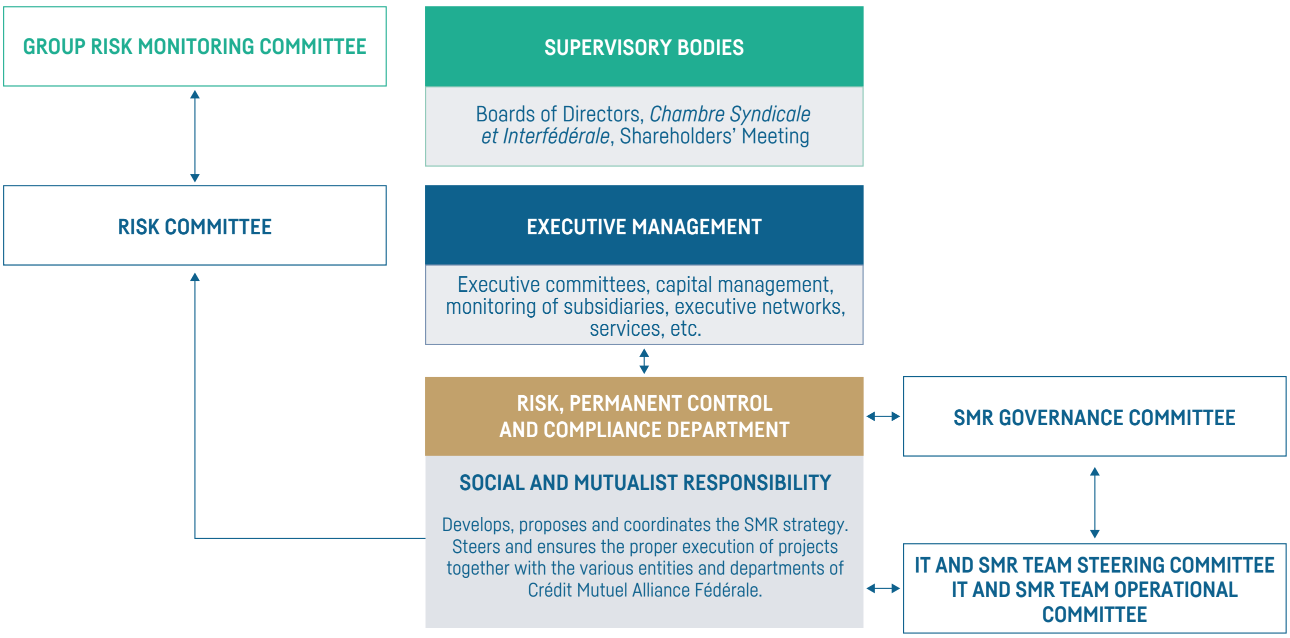
Governance

CIC's corporate governance system in terms of corporate social responsibility is integrated into that of Crédit Mutuel Alliance Fédérale. This system brings together all group functions and relies on the SMR (Social and Mutualist Responsibility) department, which reports to the risk, permanent control and compliance department. This strategic positioning reflects Crédit Mutuel Alliance Fédérale's desire to make sure that social, societal and environmental issues are identified as risk factors which are addressed to ensure the proper execution of its development strategy.

The approach is based on responsible and committed governance.

In 2021, due to the increasing number of SMR issues, an SMR Governance Committee was set up to strengthen the governance in place. The SMR Governance Committee, coordinated by the risk department, is made up of the group's main senior executives and business managers. It is presided over by the Chief Executive Officer of Crédit Mutuel Alliance Fédérale with the Chairman in attendance as a guest. This committee recommends strategic orientations, approves the roadmap and ensures its proper execution.

Governance structure



Note: CIC's Board of Directors is one of its supervisory bodies.

The main missions and objectives of the SMR division include:

- defining and implementing Crédit Mutuel Alliance Fédérale's SMR policy for all Crédit Mutuel Alliance Fédérale entities and business lines;
- steering Crédit Mutuel Alliance Fédérale's ESG risk management system together with the Confédération Nationale du Crédit Mutuel (CNCM) risk department. This is so that it meets the prudential regulations and requirements in force, in particular by implementing appropriate procedures for the decision-making and reporting tools used by group entities (in particular sectoral policies);
- coordinating and ensuring the proper execution of SMR projects alongside of business line experts (HR, logistics, IT, sales, compliance, etc.);
- reporting on the actions carried out to the SMR Governance Committee and to the executive and supervisory bodies;
- attending various specialized committees: Fragile or Vulnerable Customer Committee, Customer Claims Committee, New Products Committee, Corporate Banking SMR Committee, Operations and Steering Committees with Euro-Information;
- monitoring and ensuring relations with non-financial rating agencies and other stakeholders;
- coordinating the network of CSR contacts responsible, within the various Crédit Mutuel Alliance Fédérale's entities and structures, for disseminating the group's policy to social and environmental responsibility;
- communicating and training group employees to improve the appropriation of policies and action plans related to ESG issues.

Role and responsibilities of the SMR division

SOCIAL AND MUTUALIST RESPONSIBILITY

Environmental & climate risk management	Coordination of SMR projects	Development of SMR performance	Coordination of the SMR approach

Regulatory, economic, technical and prospective monitoring

Stakeholders in the SMR strategy: **SMR contacts** **Business experts**

SPECIALIZED COMMITTEES

Fragile or Vulnerable Customer Committee	New Products Committee	Corporate Banking SMR Committee	Customer Claims Committee
Steers the implementation of the action plan	Rules on the consistency of new products in connection with the SMR approach	Issues an advisory opinion on ESG criteria for lending decisions	Monitoring of customer claim management systems

Strategic orientations

[ENV01] Crédit Mutuel Alliance Fédérale is developing its CSR approach with a goal of creating innovation, wealth and sustainable growth. This approach is based on five ambitions comprising 15 commitments.

GOAL	COMMITMENTS
MEMBERS AND CUSTOMERS	1 – Listen to our customers and members
	2 – Promote banking inclusion
	3 – Manage risks in the conduct of business
GOVERNANCE	4 – Support the effectiveness of governance bodies
	5 – Empower cooperative governance
SOCIETAL	6 – Formalize a responsible purchasing policy
	7 – Maintain responsible relationships with our partners
	8 – Contribute to regional development
	9 – Promote our local initiatives
SOCIAL	10 – Promote diversity and equal opportunities
	11 – Strengthening career support, synergies in the development of internal mobility and skills development
	12 – Make work life and internal communication processes a strategic lever for employee commitment
	13 – Strengthen the dynamics of social dialog
ENVIRONMENTAL	14 – Reduce our environmental impact
	15 – Promote quality products and responsible services

Following work to match these ambitions with the United Nations Sustainable Development Goals (SDGs) with the voluntary participation of all Crédit Mutuel Alliance Fédérale entities (France scope), six SDGs were selected (# 3, 4, 5, 8, 9 and 13) whose challenges are consistent with the commitments of the group's SMR approach.

The SMR approach is included in Crédit Mutuel Alliance Fédérale's revised 2019-2023 strategic plan: *ensemble#nouveaumonde, plus vite, plus loin!* (together # today's world, faster, further!) which, in the face of stakeholder expectations and the acceleration of societal, digital and environmental transformations, promotes sustainable and responsible development.

This plan includes three objectives for combating climate change:

- reduce Crédit Mutuel Alliance Fédérale's CO_2 emissions by 30%[1] (as an institution);
- reduce the carbon footprint of its corporate, asset management and insurance portfolios and investment portfolios in asset management and insurance by 15%;
- increase by 30% the financing for projects with high climate impacts, again by 2023 (ENV56).

In 2021, Crédit Mutuel Alliance Fédérale stepped up its commitments to combat global warming. It also decided to stop all financing of new exploration,[2] production and infrastructure projects in oil and gas, as a natural extension to its previous commitments to phase out the coal sector. Through these various measures and objectives, Crédit Mutuel Alliance Fédérale aims to meet the guidelines of the Paris Climate Agreements, which aim to limit the increase in temperatures by between 1.5 and 2 °C by 2100.

In addition, Crédit Mutuel Alliance Fédérale endorses the commitment signed by Confédération Nationale du Crédit Mutuel to join the Net Zero banking alliance organized by the United Nations, empowered by the strength of the collective actions to carry out in order to support the global transition of the real economy towards net zero emissions.

The strategic plan also includes two social and governance objectives:

- 100% of employees trained in transformation;
- gender equality in management and governance positions.

Implementation of commitments at CIC

Each entity adapts the commitments to its business lines and deploys them throughout its region.

The correspondents in each of the group's entities work in collaboration with the SMR department.

In 2021, they received training on the concepts of sustainable development as well as on the CSR policy implemented within the group. A focus was placed on climate policy and sectoral policies. The objective in 2022 is to roll out these training courses to all employees through these correspondents and training e-learning training courses.

A dedicated universe, "Being an eco-citizen at work!", on the intranet encourages employees to take simple and effective actions to protect their environment and help reduce the energy footprint. This universe also disseminates the initiatives carried out within the Group.

In addition to the group's approach, dedicated working groups and committees may be set up in some entities, depending on the themes and actions carried out. Networks may also be created in banks or subsidiaries. This is the case of CIC Lyonnaise de Banque, which has CSR Ambassadors throughout the bank who, on a voluntary basis, disseminate the CSR culture and develop best practices. At CIC Ouest, a 2021/2023 action plan was defined with the help of a team of ten volunteer employees and approved by Executive Management.

Initiatives and commitments in this area may be implemented by certain group entities. As an example, the Banque de Luxembourg is a member of the IMS Luxembourg business network, the national branch of Europe's CSR organization, which works in developing CSR policies in Luxembourg. In particular, it participates in the ABBL CSR Working Group. A CSR Committee under the responsibility of the Bank's Secretary General, in which the Bank, Human Resources, Facility, Communication, Compliance and its subsidiary Banque de Luxembourg Investments take part, coordinates existing initiatives within the bank and carries out actions to fully integrate CSR into the overall strategy (definition of a materiality matrix, key objectives, etc.). The bank also started the process to obtain B-Corp (Benefit Corporation) certification. This international certification, which is awarded to commercial companies meeting environmental, societal and governance criteria, is established with a view to having a beneficial effect on the world.

(1) France Scope according under the GHG protocol methodology – ISO 14,064 scope 1, 2 & 3 concerning energy consumption, refrigerants, fixed assets related to the vehicle fleet and business travel. The objectives are calculated based on the results of the 2018 fiscal year, which is the reference year.

(2) Excluding the shipping sectoral policy.

Objectives of the revised 2019-2023 strategic plan[1]	CIC contribution
100% of employees trained in transformation	81.5%
Gender equality in management and governance positions	Managers: 47.1%
	Management Committee: 25.3%
Reduction of 30% in the group's carbon footprint	-21%
30% increase in financing for projects with a high climate impact[2]	+53%
15% reduction in the carbon footprint of the customer portfolio	Percentage change in the carbon footprint of CIC's corporate portfolio/not available. Reduction in the carbon footprint of the Crédit Mutuel Alliance Fédérale portfolio including CIC's corporate portfolio: -28% between 2018 and 2021

(1) The objectives are calculated based on profit (loss) for the period 2018, which is the reference year.

(2) "Project funding" is understood here as a very specific category of corporate financing, called specialized financing (defined in particular by Article 147.8 of European Regulation No. 575/2013) and which meets very specific criteria. These criteria, such as approved by the ACPR in October 2012, are used to set eligibility for deals in CM CIC Project Financing portfolio.

Non-financial information ratings

Each year, Crédit Mutuel Alliance Fédérale responds to questionnaires from non-financial rating agencies to assess its environmental and social actions and its governance model following a continuous improvement approach. Since 2020, the group has obtained a C rating from ISS Oekom and has been awarded the "prime" status reserved for the best-rated companies in their industry. In addition, with a score of 65/100, Vigeo Eiris's assessment confirms Crédit Mutuel Alliance Fédérale's ranking as the fifth best-rated European bank. Lastly, Sustainanalytics consolidated the group's position with a moderate ESG risk with a score of 21.8.

Rating agencies	Ratings[1] as of April 5, 2022
VIGEO EIRIS	65
ISS OEKOM	C
MSCI	AA
SUSTAINALYTICS[2]	28

(1) BFCM ratings taking into account the entire Crédit Mutuel Alliance Fédérale scope for VIGEO EIRIS, SUSTAINALYTICS, MSCI, and Crédit Mutuel group rating for ISS OEKOM.

(2) The rating scale of Sustainanalytics has been modified with a view to favoring a risk analysis methodology (0 to 10: negligible; 10 to 20: low; 20 to 30: medium 30 to 40: high; > 40: severe).

3.3 NON-FINANCIAL RISKS AND OPPORTUNITIES FOR THE GROUP (R/O)

The primary non-financial risks/opportunities identified result from the challenges confronted by the group as previously described and from relationships that it is developing with its stakeholders (ENV02):

- relationships with shareholders and executives: involvement of CIC and its subsidiaries in the process of corporate social responsibility described below (validation of sectoral policies by the Boards of Directors, etc.);
- at the level of employees and their representative bodies: refer to chapter 3.6 “Responsible management of human resources”;
- with private customers, professionals, associations, businesses: this concerns communication at the time a service or product is designed, signing of contracts, response to the bidding process, response to questionnaires (see Chapter 3.4 “A responsible economic agent”);
- suppliers, sub-contractors, firms providing jobs for the unemployed or appropriate companies: relationships are established at the level of the group’s business line centers for certain supplier relationships (logistics, IT) and at the level of each entity for other suppliers. These are described in the vigilance plan (Section 3.9);
- associations, foundations, partnerships, universities, civil society: see chapter 3.5: “A player in culture and society”;
- professional organizations in the field of activity of each of CIC’s entities: regular contacts as part of country-wide animation;
- public authorities, supervisory and regulatory authorities, rating agencies: transmission of information;

Relations with non-financial ratings agencies and NGOs when controversies arise are handled at the level of Crédit Mutuel Alliance Fédérale and the Confédération Nationale du Crédit Mutuel (CNCM).

A mapping of the group’s environmental, social and governance risks

The risk department has a mapping of group risks that makes it possible to apprehend all of the factors that might affect activities and their performance. This mapping is the starting point for the work led by a dedicated team to identify, assess and prioritize the ESG implications for the group. The approach established in 2018 (inspired by the CSR Reporting Methodological Guide published by MEDEF), draws on the collaborative work of the group’s risks and SMR teams, which consists of identifying risk factors, provided by experts, for each ESG area.

In 2020, the risk rating procedure (provided by experts) had been reviewed based on quantitative indicators common to all Crédit Mutuel Alliance Fédérale entities, including those of CIC. This procedure is designed to grade risks based on the probability of their occurrence, their level of impact and the possibility of not detecting them. Accordingly, climate risks are deliberately included in the mapping of significant ESG risks, upstream of the work on integrating climate risks into the group’s general risk mapping, in line with the work carried out at CNCM.

The rating scale ranges from 1 (very significant risk) to 5 (very low risk). The score achieved may be adjusted upwards or downwards by one notch only and based on expert advice. This quantified methodology was also used to review the ratings of the ESG risk mapping. The results did not lead to any changes to the classification of significant ESG risks previously identified.

The mapping of significant ESG risks also features risk prevention and mitigation measures as well as the main performance indicators. It is approved by Crédit Mutuel Alliance Fédérale’s Risk Committee (executive body) and the Risk Monitoring Committee (deliberative body).

Note that, reputational risk (like legal risk) is non-quantifiable given that a negative perception of the group may result in a breach of trust that could modify the behavior of its various partners (customers, investors, suppliers, employees, regulators, etc.) and be seen as the consequence of other risks (financial, operational, credit and commercial in particular). Crédit Mutuel Alliance Fédérale manages reputational risk through other risks. However, the threat of damage to reputation may have significant consequences. That is why Crédit Mutuel Alliance Fédérale carefully evaluates the possible consequences of various risks (preventive measures) and ensures proper functioning of a crisis unit when a proven risk to reputation arises.

The summary of risks presented covers all the risks identified other than governance risks or elements specific to Crédit Mutuel Alliance Fédérale.

The performance indicators specified sometimes cover a broader scope than CIC’s insofar as they are indicators stemming from Crédit Mutuel Alliance Fédérale business line centers.

Non-financial information category	Significant non-financial risks	Prevention measures
GOVERNANCE		
Lack of advice for customers Unsuitable goods and services sold	■ Risk of losing customers	■ Regular quality measurements ■ Satisfaction survey ■ Adaptation of offerings
SOCIAL		
Transformation of skills Lack of employee training	■ Risk of non-compliance of banking and insurance operations	■ Significant training budget (% of payroll expense) ■ Specific training related to insurance products ■ Support for all employees in the digital transformation
Demotivation of staff (management, professional recognition, QLW, etc.)	■ Risk of non-respect of procedures ■ Risk of failure to advise customers/ prospects – Loss of NBI	■ Internal employee support system (regular interviews, group charters and agreements, measures to improve QLW, etc.)
SOCIETAL		
Lack of awareness of the ESG issues in the group purchasing policy	■ Risk of non-respect of the vigilance plan	■ Compliance with the purchasing policy ■ Signing of the supplier charter
Malice in the handling of customer/ prospect banking operations	■ Risk of internal and/or external fraud ■ Risk of conflicts of interest ■ Risk of information theft	■ Strengthening of control procedures for banking and insurance transactions
Breakdown in IT security	■ Risk of downtime in bank IT systems ■ Risk of cybercrime ■ Risk of non-respect of General Regulation on the protection of customer data	■ IT Security Committee ■ ISO 27001 certification ■ Employee training on GDPR (General Data Protection Regulation)
FIGHT AGAINST CORRUPTION		
Non-respect of procedures	■ Risk of corruption	■ Regular employee training ■ Internal control
HUMAN RIGHTS		
Controversies over the non-respect of human rights	■ Risk of exposure through banking and insurance activities ■ Risk of non-respect of the vigilance plan	■ Contractual clauses ■ Crisis management system ■ Monitoring assisted by a scoring tool ■ Monthly reporting and establishment of a list of excluded securities for asset management ■ Communication of the vigilance plan
ENVIRONMENTAL		
Absence of dedicated SMR governance	■ Regulatory risk (poor application of regulatory texts)	■ CSR commitments of Crédit Mutuel Alliance Fédérale ■ Approval of decisions by the Boards of Directors of the umbrella bodies ■ Dedicated organization with correspondents in each entity
Lack of consideration for the carbon footprint of the group's entities in the exercise of their activities	■ Risk to reputation ■ Regulatory risk	■ Carbon footprint offsetting mechanism ■ ISO 50001 certification process (energy management)
Failure to take into account specific rules governing high greenhouse gas-emitting sectors in lending and investment management	■ Risk of losing customers and attractiveness (impact on NBI)	■ Sectoral policies & inclusion of ESG criteria when granting loans and in investment operations
Absence of prevention measures to reduce the carbon footprint of banking and investment transactions	■ Financial risk (depreciation of controversial securities in the portfolio)	■ Deployment of the Climate strategy for coal and unconventional hydrocarbon activities
Lack of consideration for risks associated with climate change	■ Transition risk ■ Physical risk	■ Exploratory approach to climate risk assessment: Implementation of limits by country including climate and ESG risks

(1) The indicator includes employees who have been certified for the digital passport as in 2020, as well as those who have undergone training for the digital passport and network employees who have passed the relationship visa.

(2) TP: Transaction Processing – Major applications used by the banking network and customers.

Non-financial information category	Performance indicators
GOVERNANCE	
■ Complaints monitoring indicator *(section 3.4.2.3.3 – 3.4.2.3.5)*	■ Complaints monitoring indicator: 12,274 claims recorded in 2021 (CIC banks and Banque Transatlantique).
SOCIAL	
■ Training indicators *(section 3.7.2.2 – SOC46, SOC47, SOC48, SOC50)* ■ Percentage of employees who have validated training courses for insurance products *(section 3.7.2.2)* ■ Transformation training rate *(section 3.7.2.2 – SOC122)*	■ Training indicators (scope indicated in methodological note 3.10) SOC46: total payroll expense invested in training: €52.1 million (€41.6 million in 2020); SOC47: percentage of payroll expense dedicated to training: 5.6%; SOC50: number of hours devoted to training: 742,390, *i.e.* more than five days per employee all contracts. ■ Percentage of employees from CIC entities registered by the Cap Compétence training organization who have validated training courses on insurance products: more than 95% of insurance training courses were certified in 2021 (9,016 training courses delivered). ■ Percentage of employees trained in transformation: 81.5% of employees of CIC entities located in France registered by Cap Compétence have benefited from transformation support, thanks to the digital passport and relationship visa systems since 2019.
■ Rate of job rotation *(section 3.7.3.2.1 – SOC27)* ■ Absenteeism indicator: Change in the number of days of absence *(section 3.7.3.1.1 and 3.7.5 – SOC124; SOC38; SOC39; SOC40)*	■ Job turnover rate (scope indicated in methodological note 3.10): 6.7% which includes internal mobility. Excluding internal mobility, the rate amounted to 4.1% compared to 5.2% in 2020. ■ Absenteeism indicator – Change in the number of days of absence (scope indicated in note 3.10) between 2020 and 2021: 203,975 days in 2021 compared to 221,899 days in 2020, *i.e.* a decrease of 8% (-1 day per employee on permanent contracts – number of days of absence compared to the number of employees on permanent contracts).
SOCIETAL	
■ Number of supplier charters signed *(section 3.9.3.5)*	■ Number of supplier charters signed: over 4,000 charters signed by CCS and Euro-Information suppliers in 2021.
■ Percentage of total claims for the year related to external fraud or internal fraud *(section 3.4.3.1)*	■ Percentage of total claims for the year related to external fraud or internal fraud: internal and external fraud amounted to €21.5 million in 2021 and represented 50% of total claims.
■ Availability rate of primary TP applications[1] *(section 3.9.3.3)* ■ Impact of claims > €1,000 *(section 3.9.3.3)* ■ Rate of training in GDPR *(section 3.9.3.3)*	■ Availability rate of primary TP applications[2]: 99.72% (scope managed by Euro-Information) ■ Impact of claims > €1,000: 173 claims (269 in 2020) (scope managed by Euro-Information). ■ Rate of training in GDPR: in 2021, 59% of targeted employees have completed an e-learning course on the GDPR and the CNIL.
FIGHT AGAINST CORRUPTION	
■ Percentage of employees trained in the fight against corruption *(section 3.9.3.3)*	■ Percentage of CIC entity employees trained in the fight against corruption: 78% of training was performed by employees of CIC entities registered in 2021.
HUMAN RIGHTS	
■ Number of alerts from the “Option to report” tool *(section 3.6.3.1)*	■ Number of alerts from the “Option to report” monitoring tool: Audited but unpublished data
ENVIRONMENTAL	
■ Three SMR indicators included in the 2019-2023 strategic plan *ensemble#nouveaumonde, plus vite, plus loin!* (together#today'sworld, faster, further!): Human and Cooperative indicators *(section 3.2.3)*	
■ GHG emissions: 5-year goal of 30% reduction in the group's carbon footprint *(section 3.7.1.1)*	Percentage change in the group's office life scope carbon footprint in France concerning energy, refrigerant gas leaks, business travel and vehicle fleets: -21% between 2018 and 2020[3]
■ Growth rate of renewable energy project financing commitments[4] *(section 3.7.4.3)*	Percentage change in renewable energy project financing commitments: +53% between 2018 and 2021
■ GHG emissions of the corporate asset management and insurance portfolio: five-year target of a 30% reduction in the carbon footprint *(section 3.7.3.1)*	Percentage change in the carbon footprint of CIC's corporate portfolio: not available. Reduction in the carbon footprint of the Crédit Mutuel Alliance Fédérale portfolio including CIC's corporate portfolio: -28% between 2018 and 2022
■ Monitoring of exposures eligible for sectoral policies	
■ Quarterly monitoring of limits by country	

(3) Change partly related to measures taken during the Covid-19 crisis.

(4) “Project funding” is understood here as a very specific category of corporate financing, called specialized financing (defined in particular by Article 147.8 of European Regulation No. 575/2013) and which meets very specific criteria. These criteria, such as approved by the ACPR in October 2012, are used to set eligibility for deals in CM CIC Project Financing portfolio.

Integration of climate risks

Definition: Climate and environmental risks are commonly considered to include two main risk factors: physical risk and transition risk[1] (source: ECB):

- physical risk refers to direct losses caused by climate change (including the increase in extreme weather events and gradual changes in climate) and environmental deterioration (such as air, water and soil pollution, water stress, biodiversity loss and deforestation);
  - physical risk can be described as "acute" when it results from extreme events, such as drought, floods and storms, and as "chronic" when it results from gradual changes, such as rising temperatures, sea level rise, water stress, biodiversity loss and resource scarcity;
  - it may have direct consequences, such as damage to property or reduced productivity, or indirect consequences, such as disruption of supply chains;
- transition risk refers to the financial losses that an institution may incur, directly or indirectly, as a result of the process of adapting to a low-carbon economy and more sustainable from an environmental point of view. It may arise, for example, from the relatively sudden adoption of climate and environmental policies, technological progress or changes in market sentiment and preferences.

During the first half of 2021, climate risks were included in Crédit Mutuel Alliance Fédérale's general risk mapping:

- physical risk: this risk has been classified as level 4 (low risk), because the exposures are generally located in areas deemed to be significantly vulnerable with regard to currently available climate change scenarios, mainly in France where there is an effective risk-taking system taking into account natural disasters. Insurance coverage also limits the risk for the bank;
- transition risk: this risk was classified as level 4 (low risk), in view of an estimate of limited losses over the next 2-3 years (forward-looking aspect of the mapping, in line with the ICAAP[2]).

The assessment of the impacts of climate risks is reviewed annually to ensure that the level selected is consistent with the various exposure analyzes of these risks in the portfolio.

(1) ECB Guide to climate and environmental risks: Prudential risk management and reporting requirements: https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.202011finalguideonclimate-relatedandenvironmentalrisks~58213f6564.fr.pdf
(2) ICAAP: Internal Capital Adequacy Assessment Process.

Focus on climate risks included in Crédit Mutuel Alliance Fédérale and CIC's mapping of significant ESG risks

During the 2021 fiscal year, an initial analysis of climate risks was initiated using an expert methodological approach recommended by the Risk and SMR teams of the risk department. It aims to identify risk factors, risk impacts, their probability of occurrence on a time scale as well as measures to prevent and mitigate these risks. This step, necessary for the proper appropriation of climate risks, is a projection of the monitoring indicators to be developed. This is to ensure an appropriate climate risk monitoring system. This analysis will also be fine-tuned following additional work in connection with that carried out at CNCM during the 2022 fiscal year.

WORK TO IDENTIFY THE IMPACTS OF CLIMATE RISKS: TRANSITION RISK

IDENTIFICATION OF RISK FACTORS	RISK QUALIFICATION AND IMPACTS	MEASUREMENT OF THE RISK IMPACT AND TIMEFRAME	RISK MITIGATION MEASURE
■ No definition of the climate trajectory:			■ Coal phase-out plan ■ Stop funding any new oil and gas exploration, production and infrastructure projects. ■ Target to reduce the carbon footprint of the corporate, asset management and insurance portfolios by 15% between 2019 and 2023. ■ Application of sectoral policies (analysis grids including non-financial ratings of counterparties and controversies).
→ Non-inclusion of climate criteria in lending/investment decisions	→ Financial risk Impact on equity (regulatory requirements) → Solvency, regulatory and reputational risk, operational risk	2 to 5 years	
→ Financing/investment on a controversial counterparty	■ Risk of impairment of existing assets for non-compliance with environmental regulations ■ Risk of impact on provisions → Credit risk/market risk/ liquidity risk	2 to 5 years	
■ Lack of environmental products and services offers due to lack of knowledge/skills to structure offers	■ Loss of customers → Strategic and financial risk	< 2 years	■ Creation of a range of loans to promote eco-mobility and the energy transition of professionals, companies, farmers and individuals.
	■ Lack of external attractiveness → Risk to reputation	2 to 5 years	
■ Non-application of regulatory and supervisory mechanisms	■ Regulatory default that could pose a threat to the environment and populations → Legal liability risk leading to an operational risk	< 2 years	■ ISO 50001 AFNOR certification of the group's EMS. ■ Search for appropriate technical skills in the group's various business lines.
■ Non-compliance with environmental and climate commitments	■ Failure to meet the environmental objectives of the strategic plan. → Risk to reputation	2 to 5 years	■ Objectives of the climate strategy: Alignment of activities with the climate trajectory.
■ Inadaptation of customers' business models and technology to new climate challenges	■ Defaults and decrease in value of guarantees → Credit risk ■ Impact on provisions ■ Loss of net banking income leading to a decline in financial results → Financial risk ■ Devaluation of portfolio value (equities, bonds, etc.) → Market risk, liquidity risk	< 2 years	■ Identification of sectors with exposures sensitive to climate risks. ■ Application of sectoral policies. ■ Process for integrating climate risks into the risk mapping and risk appetite framework ■ Integration of ESG criteria in lending decisions and identification of energy performance diagnostics (DPE) on real estate assets.

Scale - impact measurement: Very low   Low   Average   Substantial   Very substantial

IDENTIFICATION OF RISK FACTORS	RISK QUALIFICATION AND IMPACTS	MEASUREMENT OF THE RISK IMPACT AND TIMEFRAME	RISK MITIGATION MEASURE
■ High exposure to sectors or companies highly exposed to physical risk	■ Increase in the number of claims and the type of claims in connection with climate change → Insurance risk	2 to 5 years	■ Insurance: Identification in the portfolio of securities and bonds held in companies most exposed to physical risk. ■ Monitoring the expected evolution of losses related to natural disasters. ■ Physical risk mapping of the real estate portfolio.
	■ Withdrawal of deposits and savings by customers following a claim → Liquidity risk	2 to 5 years	
	■ Loss of NBI due to the reduction in financing (reorientation of the offer policy) and refusal to process certain transactions → Strategic risk	2 to 5 years	
	■ Inaccurate pricing of insurance policies → Insurance risk	2 to 5 years	
	■ Decline in value of real estate collateral ■ Weakening of the financial position of certain customers → Credit risk	2 to 5 years	
■ Lack of anticipation or inadequate response by the authorities to take this risk into account	■ Defaults of payment and decrease in value of real estate property collateral → Credit risk ■ Impact on accounting provisions ■ Devaluation of portfolios (equities, bonds, government bonds) → Market risk ■ Decrease in financial income ■ Loss of NBI	> 5 years	■ Follow-up of a regulatory watch ■ Work in progress to identify the impact of physical risks by business segment and geographic area
■ High physical exposure of the group due to the frequency and intensity of climatic events (natural disasters)	■ Supply chain disruptions, unavailability of tools and the production process due to the occurrence of a natural disaster → Operational risks	2 to 5 years	■ Group internal procedure for business continuity
	■ Physical damage to production and processing assets → Operational risks		■ Monitoring of claims related to natural disasters
	■ Endangering customers and employees → Operational risks		→ Participation in the ECB stress test 2022

Scale - impact measurement: Very low Low Average Substantial Very substantial

Commitments of the benefit corporation bank/mapping of significant ESG risks/objectives of the 2019-2023 strategic plan – Cross-reference table

The purpose of this exercise is to illustrate the relationship between the company's commitments, the SMR policy, the objectives of the strategic plan, and their performance indicators, which contribute to strengthening the control of significant ESG risks identified within the risk mapping.

This work on consistency also ensures better understanding and clarity of the actions of the benefit corporation bank at the heart of CIC's business development plan.

"*ENSEMBLE, ÉCOUTER ET AGIR*" (LISTENING AND ACTING TOGETHER): 5 MISSIONS	COMMITMENTS OF THE SMR POLICY	SIGNIFICANT ESG RISKS	AMBITIONS – OBJECTIVES	PERFORMANCE INDICATORS
Name of the mission	Identification of the SMR commitment in connection with the mission	Identification of ESG risks related to the mission	Articulation of joint actions Mission/SMR/ESG risks	Measurement of indicators Mission/SMR/ESG risks

Measurement of performance indicators:
Strategic plan: Annual measurement. Achievement of the target by 2023.
Benefit corporation bank: Annual measurement. Achievement of the target by 2022.

MISSION 1: **As a subsidiary of a cooperative and mutualist organization, we support our customers in their best interests.**	**CUSTOMER AMBITION** **Listening to customers**		■ Guarantee to each customer a dedicated, non-commissioned advisor (Commitment 1 - mission 1)	■ Monitoring of the networks' customer portfolios to meet the objective ■ No commissions paid to advisors
		■ Risk of losing customers (lack of customer advice, unsuitable goods and services sold)	■ Process and analyze complaints/satisfaction questionnaires	■ Number of claims
		■ Risk of internal and external fraud (malice in the handling of customer/prospect banking operations)	■ Securing banking transactions	■ Total internal and external claims for the year, ■ Percentage compared to the total amount of claims.
		■ Risk of downtime in bank IT system (failure of information systems security)	■ Providing quality service	■ Rate of availability of primary TP applications

"ENSEMBLE, ÉCOUTER ET AGIR" (LISTENING AND ACTING TOGETHER): 5 MISSIONS	COMMITMENTS OF THE SMR POLICY	SIGNIFICANT ESG RISKS	AMBITIONS – OBJECTIVES	PERFORMANCE INDICATORS
MISSION 2: **As a bank for all, customers and employees, we act for everyone and refuse any discrimination.**	SOCIAL AMBITION **Diversity and equal opportunities**		■ Recruit 25% of work-study students from priority neighborhoods and rural areas (Commitment 3 - mission 2)	■ % of work-study students recruited from neighborhoods and rural areas between 2019 and 2024. → Objective: 25% of work-study students recruited from neighborhoods and rural areas ■ % of work-study students recruited on permanent contracts
			■ Train all our employees and directors in the fight against discrimination (Commitment 2 - mission 2)	■ % of employees trained in the fight against discrimination → Objective: 100% of employees trained in the fight against discrimination
			■ Defend gender pay equality at all levels of the bank (Commitment 4 - mission 2)	■ Difference between the average compensation of men and women in France by classification level and by age group → Objective: equal pay for men and women by age group and classification level [1]
	SOCIAL AMBITION **Support careers and mobility**	■ Risks of non-compliance of banking and insurance operations (skills transformation, lack of employee training)	■ Developing the employability and skills of employees through training	■ % of payroll expense dedicated to training ■ Number hours dedicated to training ■ % of certified insurance training courses ■ % of employees enrolled in the "digital passport" training course certified. → Target 100% of employees
	SOCIAL AMBITION **Promote QWL**	■ Risk of non-respect of procedures ■ Risk of failure to advise ■ Loss of NBI (demobilization of employees)	■ Implement the framework agreement on quality of life at work and remote work in each entity concerned	■ Rate of job rotation ■ Number of days of absence
	SOCIAL AMBITION **Promoting social dialog**		■ Maintain an ongoing dialogue with trade unions	■ Number of group agreements signed during the year

(1) Average gap strictly less than 3% at the end of 2020 in both directions, for women and for men

"ENSEMBLE, ÉCOUTER ET AGIR" (LISTENING AND ACTING TOGETHER): 5 MISSIONS	COMMITMENTS OF THE SMR POLICY	SIGNIFICANT ESG RISKS	AMBITIONS – OBJECTIVES	PERFORMANCE INDICATORS
MISSION 3: **Respectful of everyone's privacy, we place technology and innovation at the service of people.**	**CUSTOMER AMBITION** **Risk management**	■ Risk of non-respect of general regulation on the protection of customer data	■ Guarantee the privacy of our customers' data by processing 99.9% of their information in our infrastructures and systems located in France (Commitment 5 - mission 3)	■ % of employees trained in GDPR ■ % of information processed on infrastructures and systems located in France and operated by Euro Information → Target: 99.9% of customer information processing on infrastructures and systems located in France
	CUSTOMER AMBITION **Listening to customers**		■ Invest productivity gains from artificial intelligence in employment and development (Commitment 6 - mission 3)	■ Time savings achieved through the use of AI (in number of FTEs) and increase in headcount between 2019 and 2022 ■ % of sales generated with the support of AI and big data in the CM and CIC networks
MISSION 4: **As a solidarity-based company, we contribute to regional development.**	**SOCIETAL AMBITION** **Regional development**		■ Anchor decision-making centers in the regions with more than 90% of our lending decisions taken at branches (Commitment 7 - mission 4)	■ % of decisions taken at branch-level → Objective: more than 90% of credit decisions taken at banks and branches
			■ Supporting the associative fabric	■ Change in the number of NPO customers
			■ Offer the Pay Asso digital payment solution to our associations and civil liability coverage to their managers (Commitment 8 - mission 4)	■ Number of multi Asso insurance policies taken out during the year with legal protection ■ Number of Pay Asso contracts subscribed
			■ Invest 5% of the group's equity mainly in innovative French companies (Commitment 9 - mission 4)	■ % of equity invested in innovative or growing SMEs and mid-sized companies. → Objective: 5% equity invested in innovative or growing SMEs and mid-sized companies
	SOCIETAL AMBITION **Promote local initiatives**		■ Encourage microloans ■ Sign partnerships in favor of projects for education, sport, music, culture, and professional reintegration	■ Patronage and sponsorship budget

"ENSEMBLE, ÉCOUTER ET AGIR" (LISTENING AND ACTING TOGETHER): 5 MISSIONS	COMMITMENTS OF THE SMR POLICY	SIGNIFICANT ESG RISKS	AMBITIONS – OBJECTIVES	PERFORMANCE INDICATORS
MISSION 5 : **As a responsible company, we actively work for a fairer and more sustainable society.**	ENVIRONMENTAL AMBITION **Reduce CIC's environmental impact**	■ Regulatory risk ■ Risk to reputation	■ Reduce the group's carbon emissions by 20% (Commitment 10 - mission 5)	■ Internal carbon footprint ➔ Objective: 20% reduction in the group's internal carbon footprint for the energy leakage of refrigerant gases, vehicle fleet, business travel scope
		■ Regulatory risk ■ Risk to reputation	■ Reduce the carbon footprint of our investment portfolios by 12% by the end of 2022[2] (Commitment 10 - mission 5)	■ Carbon footprint of the Corporate insurance and asset management portfolios ➔ Objective: 12% reduction in the carbon footprint of the Corporate, insurance and asset management portfolios.
		■ Financial/climate risk	■ Immediately stop funding for new oil and gas projects (Commitment 11 - mission 5)	■ Monitoring of exposures eligible for sectoral policies ➔ Objective: no new projects in oil and gas. Totally eliminate the financing of coal.
		■ Climate risks	■ Apply exposure limits by country that include climate risks	■ Quarterly monitoring of limits by country
	ENVIRONMENTAL AMBITION **Strengthen solutions and high-quality offers and responsible service**	■ Risk of losing customers	■ Increase renewable energy financing between 2019 and 2023	■ Change in outstanding amounts of cumulative renewable energy authorizations through project financing ➔ Objective: 30% increase in renewable energy financing between 2019 and 2023
	CUSTOMER AMBITION **Banking inclusiveness**		■ Supporting customers in vulnerable situation	■ Number of customers equipped with the Fragile Customer Offer (OCF) ■ Number of employees trained to handle vulnerable customers ■ Number of customers detected
			■ Insure the real estate loans of our loyal customers without any medical formalities[3] (Commitment 12 - mission 5)	■ Number of customers benefiting from the elimination of the health questionnaire

(2) Reduction compared to 2018.

(3) This scheme is reserved for customers whose main income has been with the Group for seven years. The insured amount is up to €500,000 per borrower and the policyholder must be under the age of 62 at the time of subscription.

"ENSEMBLE, ÉCOUTER ET AGIR" (LISTENING AND ACTING TOGETHER): 5 MISSIONS	COMMITMENTS OF THE SMR POLICY	SIGNIFICANT ESG RISKS	AMBITIONS – OBJECTIVES	PERFORMANCE INDICATORS
MISSION 5: **As a responsible company, work for a fairer and more sustainable society.**	CUSTOMER AMBITION **Listening to customers**	■ Risk of corruption (non-compliance with procedures)	■ Fight against corruption	■ % of employees trained in the fight against corruption
		■ Risk of exposure through banking and insurance activities	■ Respect human rights	■ Number of alerts
		■ Risk of non-respect of the vigilance plan (controversies over the non-respect of human rights)		
	SOCIETAL AMBITION **ESG purchasing policy**	■ Risk of non-respect of the vigilance plan (lack of awareness of the ESG issues in the group purchasing policy)	■ Applying the ESG purchasing policy ■ Have suppliers sign the sustainable purchasing charter	■ Number of supplier charters signed

3

3.4 CUSTOMER AMBITION – A RESPONSIBLE ECONOMIC AGENT

3.4.1 Listening to our customers (SOT73)

CIC is keen to establish a long-term relationship with its customers and makes every effort to ensure that its organization and offerings meet their expectations.

3.4.1.1 An agile organization

An effective and proactive approach

The decentralized organization of the banking network allows optimal response time to customer requests. In 2021, 93.4% of decisions to grant loans were made locally by branches in the retail network.

Customer account managers have a central role in physical, telephone or digital relations with customers. Facilitating tools are made available to optimize contacts: an e-mail analyzer, documentary searches on the intranet, through dialog in natural language. The “Mon Allié Digital” intranet program facilitates the adoption by all employees of innovations in digital tools and services. It enables them to be more proactive and relevant in their responses to customers. Simplification work was launched this year to improve operational processes and thus provide more time for customer relations. Solutions have already been implemented (smoother processing of certain loans, optimized management of bank cards and of the process of entering into relationships with new customers, etc.).

Omnichannel proximity in relationships

CIC is adapting to new lifestyles by offering customers a fluid and ongoing relationship through the means of communication that they prefer in their relations with the bank. Video appointments between advisors and their clients are accessible directly from the mobile app. This strengthens proximity and presence in the field, alongside all customers. In 2021, nearly 3.1 million appointments with customers of the banking network were conducted in branches, by telephone, by video conference or by email.

An increasing number of digital transactions can now be carried out online and on mobile apps. The objective is to make 100% of customer functionalities accessible on the website and mobile app for all markets. Among the new functionalities rolled out in 2021, the provision of a simulator allowing customers to estimate the amount of their retirement income in one click.

The use of remote electronic signatures is growing (the percentage of contracts signed electronically in CIC banks, when possible, is close to 60% in 2021) and applies to many types of contracts in the fields of lending, insurance, electronic banking, savings, credit, mobile telephony, day-to-day banking, remote home security systems.

Innovative and secure service offerings that simplify customers’ lives

LAB CIC is a platform for discussion between the bank and its customers, but also between customers themselves on given topics. Its purpose is to collect the opinions of customers and to co-innovate with them, to understand their needs, to co-construct offers, products and services, and to anticipate the needs of the future. The lab is private and accessible upon invitation. At the end of 2021, 450,000 customers had been asked about what they expect in their relationship with CIC.

The offers provided are based on the technological advances of the group’s IT infrastructures such as online claims reporting by policyholders from the online insurance area (accessible from web and mobile). For the development, security and protection of customer data, these are based solely in France and are internal.

In addition, to strengthen new service offerings, long-term partnerships are forged. In 2021, the Service Kiosk was launched. It offers affordable, high-quality and competitive non-bank offers to individuals and professionals *via* online banking.

Measuring quality

As part of the quality approach, a survey is now systematically conducted among customers after exchanges with an advisor. It aims to measure customer satisfaction, collect their feedback and identify the priorities to be implemented to improve the customer experience. A Net Promoter Score – NPS is then calculated. Branch managers are informed of dissatisfied customers (NPS less than six out of 10). They have the client’s verbatim assessment and are invited to contact them. Action plans have also been put in place. At branches, a scoreboard – involvement and mobilization for the quality action plan (IMPAQ) – allows us to consult various quantitative and qualitative indicators related to the quality of customer relationships and helps us to identify failings or alerts when there are sensitive situations.

Surveys are also carried out among new retail and professional customers and also in the event of a breakdown in relations.

This work also makes it possible to adapt responses to identified customer expectations. Targeted surveys and studies are also carried out in parallel.

CIC also participates in external satisfaction surveys. For the 2022 Bank Quality Awards[1], in the network banking category, CIC stood out in all categories with six awards and the best score on four themes: day-to-day banking advisor, project advisor, website and mobile app.

(1) OpinionWay survey conducted for MoneyVox from September 27 to October 15, 2021 on a sample of 5,010 French bank users taken from a representative sample of the French population aged 18 and over. The sample was interviewed online using the CAWI (Computer Assisted Web Interview) system.

The subsidiaries that support the network are also committed to a quality approach, such as Crédit Mutuel Leasing with the Service Attitude. Other activities benefit from ISO 9001 certification such as CCS payment methods[1], Crédit Mutuel Épargne Salariale or AFEDIM, and the ETS customer relations center of AFNOR's NF 345 Customer Relation department quality standard. In addition, CCS monitors the quality of its services through a monthly dashboard made available to its members and sets annual improvement objectives by business line.

Processing of claims

A relationship based on clarity is the guarantee of customer trust and loyalty. CIC has always been committed to this transparency, by providing clear information on how its products and services work. Despite the constant concern to provide the best quality of service, difficulties may arise. Customers have the possibility to file claims and, if necessary, recourse is possible. Claims are monitored as part of the vigilance plan (see Section 3.9.3.3). In 2021, a biannual satisfaction survey on the quality of complaint processing and response time was rolled out.

3.4.1.2 Financing offers and actions to develop entrepreneurship (SOT09) in all regions

As a leading player in corporate finance, CIC plays an essential role in financing the economic fabric of the regions.

CIC mobilized in 2021 to support all its customers towards a sustainable economic recovery. Outstanding investment loans in the network thus increased by more than 5%, with the total amount of loans released in 2021 up by nearly 23%.

As well as the measures related to the health crisis, solutions are offered to provide a tangible response to project leaders in their quest for advice, banking services and products such as the CréaCIC offer. A company creation charter supplements these measures. It is based on a compelling and effective onboarding process and frequent routine monitoring during the first three years of the future company. Business creation on the www.CIC.fr website and an "Entreprenons.fr" discussion platform are made available to business creators and all entrepreneurs (microenterprises, artisans, retailers, self-employed entrepreneurs, etc.)

CIC also encourages entrepreneurship among young people. It offers to support students under the age of 29 who have a business project during the reflection period as well as with the initial procedures, with the Start Étudiants Entrepreneurs CIC loan with 0% rate.

CIC is also a major partner of WorldSkills France for the Olympiades des métiers (professions Olympics), which brings together, every two years, young talents in more than 50 technical, crafts and service professions.

3.4.1.2.1 Fostering innovation

In order to preserve the French Tech ecosystem and its growth potential, CIC has implemented specific measures to help start-ups weather the crisis and deal with economic difficulties that may arise, particularly in terms of fundraising.

Support for the direct development of start-ups and innovative companies is performed in various ways:

- a specific channel dedicated to start-ups and innovative companies has been in existence for two years, with business managers specializing in banking networks and with specific offers and measures. At the national level, around fifty corporate customer relationship managers are dedicated to the start-up segment;
- specific services to respond to the various problems encountered by these start-ups;
- a community of business leaders, business experts and partners such as BPI, the Carnot Institutes, MoovJee, *Réseau Entreprendre*;
- "CIC Place de l'innovation" venues and events dedicated to innovation;
- calls for projects and competitions.

Loans granted in CIC network to start-ups and innovative companies totaled €479 million at December 31, 2021.

In addition, Crédit Mutuel Innovation, a subsidiary of Crédit Mutuel Equity, invests – and often reinvests – its own capital to support innovative companies and structure their development through seed capital (finalization of a prototype), creation capital (first sales completed) and private equity (growth, international). Crédit Mutuel Innovation is once again stepping up its support for innovation, particularly for start-ups in the digital sector and the digital world. At the end of 2021, assets invested amounted to €169.7 million (+21.6% compared to 2020) in 37 innovative companies in all regions.

For its part, Crédit Mutuel Asset Management launched the CM-AM Global Innovation fund in 2018, which focuses on innovative companies around the world for investors.

CIC also seeks to promote gateways among entrepreneurs, investors, institutional investors and large groups, through local partnerships. For example:

Beneficiaries	Activity	Partners
La Cantine	Brings together web and digital innovation players in the Pays de la Loire region.	CIC Ouest
La Cuisine du Web	Fostering web and digital entrepreneurship	CIC Lyonnaise de Banque
Grand Nancy Innovation	Promote academic and research assets, and combine them with the growth of companies in the city	CIC Est
Euratechnologies	Center of excellence and innovation dedicated to digital technology of the European metropolis of Lille	CIC Nord Ouest
French Tech Bordeaux and French Tech Méditerranée	Support the innovations of local communities that develop and step up French Tech	CIC Sud Ouest
Paris Business Angels	Supporting French start-ups seeking financing	CIC in IDF

It also participates in major innovation events.

(1) Group business line center involved in banking production, logistics and network support.

3.4.1.2.2 Supporting companies in their digital and industrial transformation and their sustainable development strategy

Several factors (regulatory, economic, etc.) are driving companies to initiate or strengthen their digital, industrial and energy transformation and their CSR approach.

Transition loans enable companies of all sizes (VSEs, SMEs and GMEs) and from any sector to finance investments supporting their transformation. They have the particularity of offering a subsidized rate and the possibility of a deferred amortization of up to two years.

The Digital Transition Loan finances tangible and intangible investments related to the digitization of the activities of professionals and companies. The objective is to upgrade the tools and/or the transformation of the business model of each company through digital technology. In addition, CIC offers its customers a range of digital tools adapted to their needs. CIC e-invoices by Epithète, a complete online invoicing and payment service, is aimed at all economic players and professionals at large (associations, self-employed entrepreneurs, VSEs, SMEs/SMIs, large companies). It allows them to easily collaborate with their customers and suppliers, even if they are not themselves subscribers to the service and to exchange orders, quotes, invoices, payments, etc.

The health crisis revealed the industrial and technological dependence of the French economy. For this reason, the State launched a recovery plan based on four areas: (re)localize strategic activities, decarbonize the industry, modernize the production system and innovate (R&D). As a response, the Industrial Transition Loan was created in 2021 to finance companies wishing to invest in tangible or intangible assets in the spirit of this recovery plan. Its outstandings at December 31, 2021 amounted to €24.3 million.

For companies and professionals wishing to make investments to strengthen their CSR approach, CIC proposes (after submitting a CSR audit to the bank justifying the investments to be financed) the CSR Transition Loan. It may include:

- at the social level, to improve working conditions, train teams and provide them with equipment;
- at the commercial level, to create new products that use less energy;
- to invest in exclusively hybrid or electric vehicles;
- to find solutions for recycling waste, reducing paper consumption, and implementing processes to comply with regulations, solutions for reducing greenhouse gas emissions, setting up analysis tools to measure the impact of actions on the environment, etc.

For large companies, impact loans (sustainability linked loans) may be offered whose interest rate is indexed to non-financial objectives. These ESG objectives are defined in advance and are audited annually. If the objectives are not achieved, the interest rate is increased. The additional interest paid is then paid to a non-profit organization. If the objectives are achieved, the interest rate is reduced.

CIC also supports its customers in their energy transition, notably through the Energy Transition Loan (see Section 3.7.4.2).

3.4.1.2.3 A responsible and active stakeholder for development of SMEs over the long term

Crédit Mutuel Equity and its subsidiaries support companies over the long term, at all stages of their development. The average capital holding period ranges between eight and nine years. Crédit Mutuel Equity, Crédit Mutuel Innovation and Crédit Mutuel Capital Privé are signatories of the charter of Investors' Commitments for Growth of France Invest and are therefore committed, beyond the rules already set in the profession's code of conduct and in the context of the regulatory framework defined by the AMF in terms of economic, social and human, environmental and good governance issues.

As of December 31, 2021, the capital invested of its own equity amounts to €3 billion in 335 investments, 88% of which are unlisted companies. €613 million were invested in 2021, an increase of 6% compared to the amounts invested in 2020.

Crédit Mutuel Equity proposes the “Expansion SME” offering, intended to meet the needs of SMEs for equity and quasi-equity of less than €1 million in their plans for growth or transfer. As for the global CIC Conseil offering, it helps executive shareholders wishing to sell their small cap business (value of business less than or equal to €7 million).

The transfer and takeover of businesses are major economic challenges, both in terms of growth and employment and in terms of the country's appeal. CIC offers a support service to its customers who wish to transfer their company(ies) at all stages of the project.

In the case of the takeover of a family business, CIC has set up and is a partner in training courses for company directors to facilitate the handover between the different generations, with a particular emphasis on the exchange of good practices in the transfer of the family business:

- in Nantes, CIC Ouest and Crédit Mutuel Equity participate in the Audencia “Family entrepreneurship and society” chair. Its specific ongoing training program for young people from families working in the family business called the “Certificate of Future Family Business Owner”;
- Banque de Luxembourg is a partner of the chair in family businesses created at HEC Liège. as in Audencia in Nantes;
- CIC Ouest also supports research programs at the *Institut d'études avancées de Nantes*;

Events are regularly organized to raise awareness among entrepreneurs about strategic issues for their business.

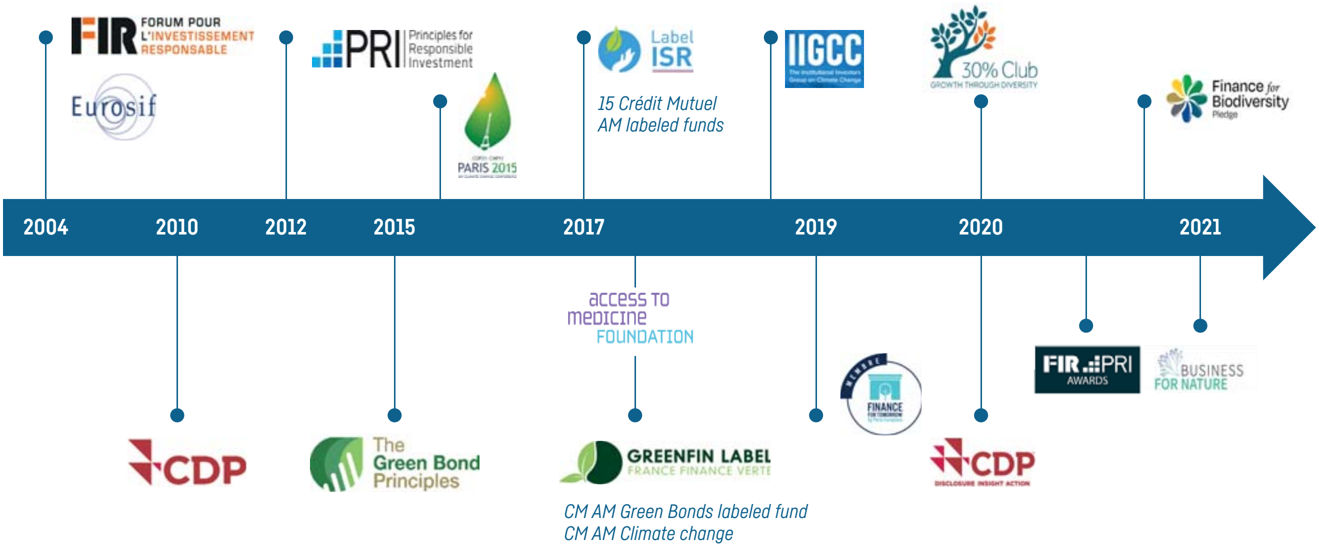
To ensure the long-term success of companies which often rely on the know-how and expertise of their managers, partners, employees, CIC offers a Company Protection insurance range. This offer enables to compensate for the financial losses linked to the disappearance or temporary absence of a “key person” and for partners to not lose control of the company in the event of the death of one of them, and provides better coverage of occupational risks.

In addition, the CM-AM Entrepreneurs fund was awarded Relance certification at the end of November 2020. This certification allows savers and professional investors to identify undertakings for collective investment (UCIs) that provide a response to the financing needs of French companies, whether listed or not, and thus to mobilize savings with a view to contributing to economic recovery. It recognizes funds that undertake to rapidly mobilize new resources to support the equity and quasi-equity of listed or non-listed French companies (SMEs and ISEs) in the context of the health crisis.

3.4.1.3 A responsible product and service offering

3.4.1.3.1 Promotion of Socially Responsible Investment (SOT28)

Crédit Mutuel Asset Management has been committed to responsible finance for more than 20 years:



The Crédit Mutuel Asset Management range is structured according to two aspects:

- ESG integration: comprising all funds whose management is based on non-financial criteria alongside financial criteria, to identify market opportunities while respecting environmental, social and governance principles and limiting risk (physical, financial and market, regulatory and reputation). This system is accompanied by regular dialog with issuers to encourage them to change their practices;
- SRI: comprising funds managed according to the principles of the State SRI label, including being highly selective of the securities in the portfolio and improving transparency through dedicated reports.

Crédit Mutuel Asset Management has thus committed to an SRI certification strategy for a set of eight additional funds, including five for which the label was effective as of December 31, 2021. These labels come in addition to those already granted on 15 funds in the range. In total, the outstandings of SRI-certified funds thus represented €12.9 billion at December 31, 2021, *i.e.* 17.4% of Crédit Mutuel Asset Management's outstandings.

Banque de Luxembourg Investments (BLI), the assetmanagement subsidiary of the Banque de Luxembourg is a signatory of the United Nations charter on Principles of Responsible Investment (UNPRI) since 2017. Its over-arching ESG approach includes the commitment to avoid the most controversial entities in ESG terms, the systematic consideration of sustainability risks and opportunities, and the promotion of best practices. These principles are applicable to all asset classes, bearing in mind that different types of assets, different regions and different strategies require adapted ESG approaches. One of the highlights of this year was the awarding of the French SRI label to the BL-Equities America and BL-Equities Europe funds. In addition, the Luxembourg label LuxFlag and the SRI label have been extended for an additional year for the BL-Sustainable Horizon fund. Thus, 22% of BLI's assets under management[1] are now certified, which is gratifying recognition of the efforts made in the development and implementation of an ESG approach.

Responsible funds are also offered under life insurance, some of which benefit from labels. Turnkey solutions such as the "Environment Pack 50" enable policyholders to invest their savings 50% in euro funds and 50% in unit-linked products in the "CM-AM Objectif Environnement" SRI-certified fund.

In addition, in 2021, CIC private banking offered its customers the possibility to subscribe to an "impact" fund: WCP Impact Dev. 1, invested in unlisted French companies whose products and services have a positive societal and/or environmental impact, or which are committed to implementing a positive societal and/or environmental impact project. In addition, the outperformance commission due to the asset management company is paid to the Institut Télémaque, which provides professional support to deserving and motivated young people from modest backgrounds.

Awareness-raising actions among employees and savers on responsible and sustainable finance are regularly carried out, such as the broadcasting of a series of animated videos for educational purposes entitled "Corentin and sustainable finance" by Crédit Mutuel Asset Management.

3.4.1.3.2 Promoting socially responsible savings

For customers wishing to give meaning to their savings, CIC offers several possibilities. CIC thus solicits the savings of its customers holding a Livret de Développement Durable et Solidaire (LDDS) passbook account to finance ten associations that were selected: *Famille Rurale*, *Habitat et Humanisme*, Emmaüs Connect, 60,000 Rebonds, *France Active*, *Nos Quartiers ont des Talents* (NQT), *ATD Quart Monde, La Croix-Rouge Française, Les Restos du Cœur*, ADIE.

(1) Funds managed by BLI.

CIC also offers the *livret d'épargne pour les autres* ("for others" savings passbook account), which is Finansol certified. The holders of this passbook account retain full control over the availability and use of their savings, while paying all or part of the interest (50, 75 or 100% of the annual interest) to between one and four humanitarian partner associations. They work in the field of humanitarian emergencies (Action Against Hunger, *Secours Catholique*, *Médecins du Monde*), childhood development (*Association Petits Princes* and UNICEF), social housing (*Fondation Abbé Pierre, Habitat et Humanisme*) or medical research (Institut Curie). The Card for Others (*Carte pour les autres*) makes it possible to pay donations to these same partners in the context of purchases made with said card.

CIC customers can also subscribe to the CM-AM Partage shared fund (also Finansol certified), which supports employment. Half of the income from this fund is donated to the France Active association. This association supports and finances solidarity-based companies that generate or consolidate employment, as well as people with employment difficulties who create their own business.

Among the SRI range dedicated to "Active Social" employee savings, certified by the *Comité intersyndical de l'épargne salariale* (CIES), there are several solidarity-based funds. They thus contribute to the development and support of social and solidarity-based economy structures such as: ADIE, *Autonomie & Solidarité, Croix-Rouge Française, Entreprendre pour Humaniser la Dépendance, invESS Île-de-France, Initiative France, SIEL Bleu, France Active Investissement*. In 2021, solidarity financing was the subject of an action plan aimed at broadening the investment universe by studying the implementation of new investment vehicles (associative securities, associative bonds, shares, etc.) in order to better support solidarity-based issuers. This work led to the creation of CM-AM *Engagement solidaire* fund, a fund dedicated to solidarity-based investment for all of Crédit Mutuel Asset Management's eponymous funds. Similarly, the entire decision-making process for this type of Issuer has been reviewed and strengthened through an updated solidarity-based investment policy, which is the basis for the development of this asset class.

In terms of life insurance, the Funds For Good – Global Flexible Sustainable fund managed by Banque de Luxembourg Investments SA, is offered to customers of Assurances du Crédit Mutuel. In 2020, this fund donated half of its net profits to the Funds For Good Philanthropy foundation. The latter pursues an objective of combating poverty, by offering loans and support to disadvantaged people with a business project. Funds for Good (distribution coordinator of this fund), whose approach is certified by Forum Ethibel, donates the largest amount between 50% of its net profits and 10% of its revenue to the social project that it has set up and that it leads: Funds For Good Philanthropy. This project aims to combat poverty and create jobs, by allocating honorary loans and by supporting disadvantaged people with a business project.

3.4.1.3.3 Services to support associations (SOT40)

The number of customers from non-profit organizations (NPOs) in the banking network grew by 3.5% in 2021 compared to 2020.

To support the projects of associations, CIC offers adapted solutions, notably:

- the easy-to-use and secure CIC Pay Asso payment solution, with no subscription fees or subscription. It allows subscribers, donors or participants in associative events to pay directly online for subscriptions, contributions, ticketing and donations, and to sell the association's items and services. CIC Pay Asso does not require the creation of a website; an association simply has to send the link to the dedicated page. During the period of membership renewal, this solution enables associations to maintain close relations with their members. To support the associations that, for many of them, had to limit or even suspend their actions during the health crisis, the billing related to the use of CIC Pay Asso was cancelled from May 3, 2021 as had already been the case in the second half of 2021;
- the Lyf Pro mobile application, a secure online solution for payments, money pots and donations. This app also allows associations to create and develop their relationship with their donor by using the mobile device as a new channel of communication, to simplify and manage their events thanks to a solution that covers tickets sales, collection and payment;
- Multi Asso CIC insurance, which provides coverage for the activities, property and members of associations with guarantees adapted to their needs, including optional guarantees in terms of business continuity and legal protection. Since the beginning of 2022, to support the commitment of the heads of associations, civil liability coverage has been offered to the managers of sports and cultural associations.[1] This is to protect them from the financial consequences of injury, property and intangible damage caused to third parties in the event of an incident or accident;
- the service kiosk provides partner offers for managing the accounting of non-profit organizations and managing community life.

As indicated in the previous paragraph, some associations also benefit from the *Pour les autres* passbook account and savings card as well as from the sustainable development and solidarity passbook accounts that CIC offers to its customers.

In addition, CIC forges partnerships with associations in various areas (see Chapter 3.5).

(1) Up to a maximum annual coverage of €50,000.

3.4.2 Banking inclusion and supporting fragile populations (SOT39)

3.4.2.1 Banking services for fragile or vulnerable customers[1]

CIC ensures that it supports customers who are going through difficult life situations, whether structural, social or short-term. The banking mechanisms put in place are described in the vigilance plan in section 3.9.3.3.3. The *Service Accueil* offer is specially designed by CIC for customers in a financially vulnerable situation. It includes a number of products and services, which allow them to manage their accounts and pay for day-to-day expenses. It offers reduced fees for payment incidents.

Two initiatives were carried out in 2021 with 63,502 customers to provide with them this offer. 10,235 meetings were held during these two actions. At December 31, 2021, the number of packages subscribed by customers identified as fragile at CIC level increased by 10% between 2020 and 2021 (*i.e.* an increase of 27% in two years).

3.4.2.2 Insurance and fragile populations

In order to offer all customers access to home ownership with no health-related discrimination, CIC has set up an unprecedented solidarity system from November 9, 2021 under certain conditions[2]:

Loyal customers no longer have to complete a health questionnaire for the acquisition of their main residence:

- as a result, they no longer have any medical formalities to carry out;
- and thus, they are no longer subject to additional premiums or exclusions related to their health condition.

For customers already holding borrower insurance (who meet the conditions required) and subject to an additional premium, this was canceled as of December 1, 2021.

In line with the objective of accessible health coverage to all, policyholders of the complementary health policies of Assurances du Crédit Mutuel (ACM) benefit, at no additional cost, from “100% health” provisions. This mechanism provides access to quality care, which is fully covered, in the field of optics, dentistry and audiology.

CIC also offers long-term care insurance that enables vulnerable populations to finance their future needs in this area. Access to funeral coverage gives isolated populations the opportunity to find a solution for financing their funeral through an insurance mechanism that guarantees that the funeral will be organized according to their desires.

3.4.2.3 Budget management assistance

CIC also strives to offer solutions that enable customers to manage their budget:

- “CIC Alerts,” which sends alert messages by email or SMS related to account(s) (balance, transactions, etc.), payment transactions and payment instruments (bank card outstandings, etc.). The receiving frequency, thresholds and manner of activation are parameters set by the customer;
- the “Budget Management” functionality offered by mobile solutions and on CIC.fr, gives a summary and graphic view of expenses and income and includes an aggregation function for accounts from secondary institutions internal or external to the group;
- credit simulators are available on all of the sites of CIC banks;
- after review, consolidation of several existing loans into a single loan may also be suggested, which can facilitate monitoring one single monthly payment and one single contact person;
- moreover, a sectoral policy on consumer credit sets the rules to respect with regard to marketing and business practices, approval and financing, collection, preventing and combating money laundering and financing terrorism, processing of personal data and processing claims;
- concerning credit in reserve, the rate set according to the purpose is fixed and it is possible to benefit from the best available rates for the part not yet made available. The amount and monthly payment are adapted to the customer’s budget as long as it is not used. The loan can be repaid at any time free of charge;
- in the "Assur Prêt" offering, a borrower’s insurance, calculation of the premium is determined at the time of enrollment so that the borrower knows in advance about all the annual premiums;
- lastly, contingency plans to maintain one’s level of income in the event of a work stoppage are also offered.

Regional initiatives supplement measures such as CIC Ouest’s partnership in 2021 with the association CRESUS for the defense of people in financial difficulties to enable vulnerable customers to benefit from assistance, notably in the management of their budget.

(1) Protected adults and people facing the death of a relative.
(2) This scheme is reserved for customers whose main income has been with CIC for seven years. The insured amount is up to €500,000 per borrower and the policyholder must be under the age of 62 at the time of subscription.

3.4.2.4 Responsible offers in terms of health and safety (SOT80)

In terms of health, through its banking and insurance business, CIC offers health, provident, and personal long-term care insurance products for retail customers and non-salaried workers, and group insurance for companies.

In order to support the purchasing power of their policyholders and to address the economic and social consequences of the health crisis, CIC Assurances has decided not to make any price increases in 2021[1] on all its personal, professional and corporate health insurance policies.

Policyholders benefit from services that simplify procedures:

- the *Avance Santé* card, a contactless card that facilitates access to healthcare by paying healthcare costs without having to make an advance. Policyholders have the possibility of transmitting estimates and invoices, which are not transmitted electronically, from a mobile device (by sending photos) and thus obtaining a quick response as to what expenses are covered;
- the pure and simple elimination of medical formalities for its loyal customers for the purchase of the main residence under certain conditions (see Section 3.4.2.2). Enrollment request for borrower's insurance is subject to medical formalities (declaration of state of health, health questionnaire, medical analysis, medical report, etc.) the medical e-approval device makes a secure site available to the borrower on the Internet where he or she can fill out medical paperwork. The customer may thus fill out the paperwork when and where it is most convenient and obtain a quick response;
- access, *via* online banking, to *MédecinDirect* offers an Internet medical advice service for policyholders and access to psychological teleconsultations with the Psya psychological assistance service (prevention and management of psychosocial risks);
- the Senior Assistance CIC remote assistance service.

For its part, CIC Lyonnaise de Banque supports customers who wish to carry out adaptation work so that they can continue to live at home through its CSR CONSO financing offer at a subsidized rate.

In terms of physical security, CIC offers a property and personal protection service that includes a remote-monitored carbon monoxide detector. Carbon monoxide gas poisoning is one of the main causes of accidental death by poisoning.

In terms of property insurance, home and auto claims can be quickly filed from a computer and/or smartphone 24 hours a day. In the event of severe inclement weather in a geographical area, an appropriate support system is put in place. Thus, CIC experts provide all the necessary support in a personalized manner in the declaration of claims, the implementation of compensation and the immediate release of down payments according to the degree of urgency.

In the field of IT security, significant resources are deployed to secure banking transactions and fight against cybercrime. Since the entry into force of the revised European Directive on payment services (PSD2), strong authentication solutions have been offered to customers. As part of the fight against fraud in relation to online card transactions, customers can, from their personal online space or from mobile applications, suspend the use of payment cards for remote sales transactions for the period of their choice. Customers can also take out a dynamic security card on the back of which the three digits of the printed security code are replaced by a small screen generating a new code every hour.

3.4.3 Risk management for a stronger relationship of trust (SOT79)

CIC ensures the use of best practices in terms of transparency and fair practices in order to guarantee the principles of integrity and honesty in its relations with its stakeholders and in particular its customers.

In addition to the systems below, CIC implements a vigilance plan (see section 3.9) which aims to identify and prevent risks and serious violations in respect of human rights, the environment, health and safety resulting from its activities. Risk mitigation and prevention actions are presented, including those aimed at customers.

3.4.3.1 Actions undertaken to prevent corruption

Code of conduct

It is implemented by each Crédit Mutuel Alliance Fédérale entity, including those of CIC. This reference document, annexed to the internal rules, contains the main provisions of applicable agreements, regulations and laws in terms of ethics. It's a reminder of the general principles that must be respected by all group employees in exercising their duties such as:

- the rules and regulations, procedures and internal standards;
- the protection of information (professional secrecy and confidentiality);
- the duty of quality of service to customers (duty to provide advice and information);
- the duty of vigilance in the context of performing transactions for customers;
- integrity and probity;
- the prevention of conflicts of interest;
- the fight against corruption.

It refers to the obligations of employees who hold positions deemed "sensitive", especially in Capital Markets, corporate banking, portfolio management and financial analysis. These positions expose their holders to possible situations of conflicts of interest or to possessing confidential and privileged information. To that extent, they are subject to the rules that regulate and limit their personal transactions on financial instruments.

The latest version of the code of conduct, updated in early 2020, was adopted at the end of the legal consultation process with the trade unions. Since 2018, the code includes a chapter dedicated to the fight against corruption, which constitutes the code of conduct in this area.

(1) Excluding changes related to age, and excluding changes in collective bargaining agreements.

The management is asked to monitor the respect for these principles whose application is subject to regular verification by the control and compliance departments.

Regarding internal and external fraud, it should be noted that the amount of claims for CIC entities reached €21.5 million in 2021 [SOT101].

The anti-corruption system

CIC has set up a system for detecting, preventing and combating corruption in accordance with the law No. 2016-1691 of December 9, 2016, on transparency, the fight against corruption and the modernization of economic life (the "Sapin 2" law) which draws on a number of internal procedures and specific actions:

- risk mappings for corruption and conflicts of interest;
- a code of conduct;
- personnel training on respecting good business practices and combating corruption and influence-peddling;
- the obligation to declare gifts and benefits received or given;
- an internal whistleblowing system for employees;
- a system for processing customer claims;
- an internal control and evaluation plan on the application of these measures.

This provision furthermore relies on a disciplinary system incorporated into the internal rules, which allows for sanctioning company employees in the event of violating internal rules.

All employees, customers and business partners are informed of the commitment to combat all kinds of corruption in the group and of the zero tolerance for corrupt behavior. This is set out in the "combating corruption policy" which applies to all employees whether technicians or managers, all senior directors and to external staff seconded to the company.

The compliance department is responsible in particular for deploying procedures to prevent and combat corruption, verifications to ensure compliance, organizing any investigations, together with the competent services, in the event of suspicion and responding to inquiries by employees about real or potential situations of corruption. The compliance department has the independence and the resources required to carry out its task with complete impartiality.

Fight against money laundering and terrorism financing

CIC has also implemented a mechanism to combat money laundering and the financing of terrorism in accordance with legal and regulatory requirements and adapted to the risks generated by the various activities exercised across the national territory and abroad. This mechanism, including a set of procedures and tools, is implemented by employees trained to detect suspect operations. It is itself subject to thorough internal controls and regular evaluation on the part of supervisory authorities.

CIC therefore strives to respect the regulatory requirements in this context which involve:

- knowing customers and their operations better and assessing the risk of money laundering with the aim of avoiding any relationship whose character or activities could be unclear;
- exercising vigilance in proportion to the risks, based on the type of clientele, the installation, the products and distribution channels, and the origin of funds deposited and/or the flow of such funds in order to detect unusual or atypical operations;
- mobilizing all employees in the fight against money laundering through regular training and awareness activities.

CIC prohibits all direct or indirect relationships with offshore domiciliation companies or consulting firms offering offshore structures. It is also prohibited to advise such companies or firms.

The fight against tax evasion (SOT91)

CIC implements, both in France and in the foreign countries where it is established, all regulations aimed at improving compliance with tax obligations at the international level and allowing for tax transparency, including Directive 2011/16/EU of February 15, 2011 on administrative cooperation on tax matters ("DAC 1 Directive") as amended, notably, by Directive 2014/107/EU of December 9, 2014 on the automatic exchange of information (AEI) on financial statements according to a common reporting standard ("DAC 2 Directive") and by Directive 2018/822/EU of May 25, 2018 concerning the automatic and mandatory exchange of information on tax matters in relation with cross-border arrangements that must be declared ("DAC 6 Directive").

CIC also implements the American regulation known as FATCA (Foreign Account Tax Compliance Act) under the terms of the intergovernmental agreements (Intergovernmental Agreement – IGA) signed by the United States with other countries, including the IGA between France and the United States signed on November 14, 2013 to improve compliance with tax obligations at the international level and to implement the law on compliance with tax obligations concerning foreign accounts.

Moreover, CIC has several sectoral policies, including a policy for private banking customers:

- which reiterates that operations involving structuring customers' assets must not favor the concealment, fraud or evasion of tax and more broadly that cross-border activities, notably advice and commercialization, must be performed in strict compliance with the laws and standards in force in the customer's country of residence; and
- requires the respect of "Know Your Customer" (KYC) procedures which are reinforced for non-resident customers with a requirement for a tax compliance certificate in their country of residence.

CIC also prohibits any dealings with a person who is domiciled in a state which does not implement the automatic exchange of information as stated above, apart from an exception which has been properly validated in accordance with a strictly controlled procedure. New relationships with politically exposed persons (PEP) residing in such a country are not authorized in any case.

No branches in non-cooperative States or territories for tax purposes

CIC has no establishments and does not conduct any business activity in a non-cooperative State or territory, for tax purposes, whether as listed by France under Article 238-0 A of the French General Tax Code or by the European Union.

Respect of transfer pricing regulations

CIC applies all the regulations both in France and in the countries where it is located in relation to transfer pricing, *i.e.* the obligation under the principle established by the OECD of applying a "fully competitive" price to transactions realized between the group's entities in different countries:

- the establishment of the declaration country by country in accordance with OECD standards (see Article 223 *quinquies* C of the French General Tax Code), which the tax authorities can automatically exchange by applying the multilateral agreement signed by France on January 27, 2016;
- annual establishment of transfer pricing documentation in accordance with the OECD's recommendations and the requirements of the tax legislation of the State of establishment (see Article L.13 AA of the French General Tax Code).

3.4.3.2 Criteria for beginning a new customer relationship

Crédit Mutuel Alliance Fédérale has an internal policy for entering into customer relationships which applies to all its entities in France and abroad.

Thus, CIC supports its customers in the realization of their projects by being attentive to the management of risks, particularly the risk of reputation. In view of this, it refuses on principle any relationship with third parties about which one may reasonably believe they carry out or promote, explicitly or implicitly, illegal practices or practices contrary to the group's values, such as:

- the advocacy or incitement to terrorism;
- the call to hatred, violence or attacks on the human person;
- discrimination, particularly of a racist or homophobic nature;
- pedophilia, pimping;
- active or passive corruption, money laundering;
- undeclared labor or fiscal fraud.

In addition, for the specific risks they create for the bank, relationships with natural or legal persons with ties to certain activities are not acceptable, such as prostitution or pornography, sects, fortune telling or astrology, arms trade, etc.

More generally, the bank does not pursue relationships with third parties when the economic or social interests and/or local or regional proximity do not seem obvious, but also when conditions of transparency or trust are not (or no longer) present.

3.4.3.3 New relationships and customers of so-called "sensitive" countries

The mechanism that exists in terms of managing operations and customers located in countries deemed "sensitive" has been strengthened since 2016.

The compliance department is responsible for identifying, establishing and disseminating lists of countries at Crédit Mutuel Alliance Fédérale according to their degree of sensitivity: green (low risk), orange (standard risk) and red (high risk and reinforced procedure).

The purpose is to define progressive procedures or bans pertaining to new relationships with customers who reside in the concerned countries.

In addition to the regulatory criteria used under the classification system (countries listed by the FATF, high-risk third countries listed by the EU, etc.), countries that do not automatically exchange information according to OECD standards are classified in the red list. For these countries, new relationships are not authorized with the exception of those duly validated by a strictly controlled procedure. New relationships with politically exposed persons (PEP) residing in a country on the red list are subject to a strict acceptance procedure by exception.

It is forbidden to maintain direct or indirect relations with offshore domiciliation companies, with consultancy firms offering offshore structures, or to advise them to customers.

3.4.3.4 Representatives of interests

The Sapin 2 Law created a specific regime for representatives of special interests, supervised by the Haute autorité pour la transparence de la vie publique (HATVP – High Authority for Transparency in Public Life), providing for:

- the obligation to apply a strict code of conduct;
- the obligation to report oneself on an *ad hoc* digital directory intended to inform citizens about one's activities;
- the establishment of an annual report.

These provisions entered into force on July 1, 2017. The group's framework procedure pertaining to special interest representatives, established under the aegis of the CNCM, is the registration document, which applies uniformly to all the various regional groups of which it is comprised. Thus, for Crédit Mutuel Alliance Fédérale, some entities are potentially concerned. The general secretariat of the CNCM looks after the registration of entities that meet the required criteria on the digital directory of the HATVP as well as sending the respective annual reports.

3.4.4 Indicators

BANKING NETWORK, BANQUE TRANSATLANTIQUE, BANQUE DE LUXEMBOURG AND BANQUE DE LUXEMBOURG INVESTMENTS SA

Publication indicators	Title	2021	2020	Comment
REGIONAL, ECONOMIC AND SOCIETAL IMPACT				
Regional impact				
SOT01	Number of Banking network points of sale	1,781	1,837	-
SOT01A	Other points of sale in France	1	1	Banque Transatlantique (scope covered by the NFPS)
SOT01B	Other points of sale abroad	3	3	Banque de Luxembourg (scope covered by the NFPS)
Associations				
SOT40	Number of NPO customers (associations, labor organizations, works councils, etc.)	138,985	134,328	Banking networks and Banque Transatlantique
Environmental impact				
SOT63	Number of interest-free eco-loans granted during the year	4,088	2,760	-
SOT65	Total amount of interest-free eco-loans granted during the year *(in € millions)*	51,208	35,147	Annual production (end-of-month outstandings). Number of loans granted to customers in the form of interest-free loans to finance new buildings, under certain conditions, to renovate and refurbish as new, to conduct extension or heightening work.
SOT69	Number of renewable energy projects financed (professionals and farmers)	380	264	Financing projects for renewable energy installations or systems actually carried out over the calendar year with professionals, farmers and small businesses. These include projects to improve energy efficiency.
	Total amount of loans for green vehicles *(in € millions)*	992	-	-
Intermediate professional microloan – ADIE				
SOT16	Number of applications handled	2,222	1,710	-
SOT17	Amount of lines of credit made available *(in €)*	6,725,000	5,800,000	-
RESPONSIBLE FINANCIAL SAVINGS				
SRI and ESG (CM Asset Management and Banque de Luxembourg Investments SA)				
SOT28LNOV	SRI outstandings with SRI, Luxflag or Towards Sustainability label *(in € millions)*	16,731	4,970	-
	Number of products classified as SFDR Article 8 (products taking into account the promotion of social or environmental characteristics in their investment process)	111	-	-
	Outstandings of products classified as SFDR Article 8 (products taking into account the promotion of social or environmental characteristics in their investment process) *(in € millions)*	56,985	-	-
	Number of products classified as SFDR Article 9 (products pursuing a sustainable investment objective)	4	-	-
	Outstanding products classified as SFDR Article 9 (products pursuing a sustainable investment objective)	537	-	-
	Share of outstandings classified as SFDR Articles 8 or 9	63.7%	-	-
SOT29	SRI – Voting policy – Resolution approval rate	86%	71%	-

Publication indicators	Title	2021	2020	Comment
SOT29-RP	SRI – Voting policy – Number of resolutions handled	18,672	17,699	-
SOT29-RA	SRI – Voting policy – Number of resolutions approved	16,100	12,499	-
SOT30	SRI – Voting policy – Number of Shareholders' Meetings in which the company participated	1,381	1,053	-
Socially-responsible *(in € thousands)*				
SOT37LCIES	Outstanding amount of employee solidarity savings with the CIES label	500,174	387,135	-
Socially-responsible *(in € thousands)*				
SOT36	Outstandings in LDDS passbook accounts	-	-	-
SOT33LFinansol	Savings outstanding on products with the FINANSOL label	56,704	47,895	-
SOT35	Amount from solidarity products paid to associations	372	99	-
QUALITY OF SERVICE AND CUSTOMER RELATIONS				
Mediation				
SOT75	Number of cases eligible for banking mediation	192	201	Cases received by the customer relations department in France whose settlement should be completed through regulatory mediation
SOT77	Number of decisions favorable to the customer in banking mediation	85	98	Data based on cases processed at January 31, 2021
SOT78	Percentage of decisions favorable or partially favorable to the customer consistently applied in banking mediation	52.5%	45.0%	Statistics from the handling of cases transmitted to the mediator whose outcome is favorable to the customer, i.e. consistently after the decision of the mediator.
Economic impact indicators *(in € millions)*				
SOT84	Home loan	95,638	87,768	-
	Of retail customers	*69,021*	*63,698*	-
SOT85	Consumer loan	6,288	6,181	-
	Of retail customers	*5,069*	*4,987*	-
SOT86	Equipment loan	45,925	43,616	-
	Of which corporates	*22,957*	*22,065*	-
	Of which professionals	*16,840*	*15,747*	-
	Of which farmers	*2,018*	*1,799*	-
	Of which NPOs	*831*	*833*	-
	Of which retail customers	*2,959*	*2,933*	-

3.5 SOCIETAL AMBITION – A PLAYER IN SOCIETY AND CULTURE

3.5.1 A responsible commitment (SOT53)

3.5.1.1 Supplier relations

A group purchasing policy governs CIC's relations with its suppliers. A sustainable and responsible purchasing charter is submitted to suppliers for signature. The entire system is described in the presentation of the vigilance plan in section 3.9.

3.5.1.2 Human rights (SOT82)

CIC is committed to respecting human rights, in particular the rights covered by the main ILO Conventions, notably in the promotion of equal opportunities as an employer and in the context of the protection personal data.

Other actions in the fields of solidarity, health, social and education were undertaken in 2021 by CIC (see section 3.5.1.4).

3.5.1.3 Contributing to regional economic development

Promoting integration and reintegration (SOT45)

CIC approach is in line with that of Crédit Mutuel Alliance Fédérale, an active member of the *Collectif d'entreprises* (French corporate community) for a more inclusive economy in France (see section 3.5.4.1). In addition, partnerships promoting integration have been renewed or developed, including:

3

Beneficiaries	Objectives	Partners
ARELI	Emergence program for educational support and funding of higher education scholarships	CIC Nord Ouest
Alliance Network	Support the "Squad Emploi" job search assistance and network coaching system for young people	CIC Nord Ouest
Association Sport dans La Ville	Support young people in their social and professional integration	CIC Lyonnaise de Banque
Association Clubhouse France	Work for the social and professional integration of people with mental disabilities.	CIC Ouest
Break Poverty Foundation	Support projects in the fight against extreme poverty by offering young people access to education, training or the implementation of an economic project so they can become independent. BECOMTECH project which educates and trains young women in digital professions.	CIC Ouest

Support entrepreneurial initiatives

In 2021, CIC launched the 2nd edition of CIC Start Innovation Business Awards, a multi-regional call for projects with regional finals and then a national final. The aim is to encourage the emergence and promotion of start-ups and SMEs with the best innovative projects. Three prizes were awarded by each regional jury, then three at the national level: Scale[1] (for companies with revenue of more than €500 thousand or that raised funds in excess of €1 million), Impact (for companies with a positive impact on the ecosystem or the environment) and Start (for start-ups). In addition to the prizes, this competition is an opportunity for participants to grow and make themselves known, notably through direct exchanges with the jury (made up of major customers and influential players in the ecosystem), experts (such as Crédit Mutuel Equity investors), and among peers, as regional innovation ecosystem players are present.

CIC also launched the 4th edition of its call for projects in the field of e-sports and gaming: CIC Esport Business Awards. Their aim is to help new players in the sector develop their business and raise awareness of the e-sport business among the general public.

Support microloans

The total amount of credit lines made available to ADIE by the six banks to finance micro-entrepreneurs was €6,725 million in 2021, an increase of 16% compared to 2020. In the Hauts-de-France region, CIC is the leading refinancing agency for ADIE's activity. In addition, CIC supported and relayed communication campaigns to support entrepreneurship.

CIC maintains a special relationship with Initiative France and actively participates in actions at both the national and local levels. The six banks support the projects of entrepreneurs by supplementing honorary loans. CIC is also a partner of France Active.

For its part, Banque de Luxembourg supports ADA (*Appui au développement autonome* – Support for Autonomous Development), which plays a leading role in the promotion of microfinance in the Grand Duchy.

Developing infrastructure – project financing[2]

In 2021, among the projects financed by CIC's Project Financing department, ten were infrastructure projects: four projects in France (a heating network, a fiber network, a waste-to-energy plant, an airport project), three projects in Australia (two hospitals and a tram line), one project in the Netherlands (fiber network), one project in the United Kingdom (rail network) and one project in Singapore (educational infrastructure). CIC also financed two telecom projects: a project in the Netherlands and a project in the United Kingdom.

Renewable energy and grid & storage financed projects are described in section 3.7.4.3.

All projects financed strictly comply with the environmental standards of the host country.

This financing is subject to an internal vetting procedure, including the ESG criteria described in the vigilance plan (section 3.9.3.3).

3.5.1.4 Supporting multiple social and solidarity-based projects

CIC is involved in social and solidarity-based initiatives.

Examples in various areas include:

- **Health** (prevention, support for research, patient care)

Beneficiaries	Objectives	Partners
Fondation Hospices Civils de Lyon	Accelerate medical research and innovation, improve reception and comfort at hospitals, and support patients and their families.	CIC Lyonnaise de Banque (founding member)
Fondation d'entreprise thérapie génique en Pays de Loire	Developing research in gene therapy.	CIC Ouest (founding member)
Institut Curie	Multi-year support for the general public awareness-raising and collection campaign for the fight against cancer.	Banque Transatlantique and Dubly Transatlantique Gestion

- **Social**

Beneficiaries	Objectives	Partners
Association Toit à Moi	Helping the homeless by providing housing and supporting their reintegration.	CIC Ouest
Friendship Luxembourg	Support the most disadvantaged communities living in the most isolated areas of Bangladesh: medical aid, education and good governance program, sustainable economic development, prevention of natural disasters and emergency aid, preservation of river heritage.	Banque de Luxembourg
FC Basel 1893 DreamTeam	Enabling people with motor or mental disabilities to play football and take part in community life	CIC Suisse

(1) The "scalability" of a company or start-up is its ability to produce more and achieve economies of scale.
(2) "Project funding" is understood here as a very specific category of corporate financing, called specialized financing (defined in particular by Article 147.8 of European Regulation No. 575/2013) and which meets very specific criteria. These criteria, such as approved by the ACPR in October 2012, are used to set eligibility for deals in CIC Project Financing portfolio.

The Group's companies sometimes go beyond partnerships, by making donations (for the purchase of new toys for hospitals, for example) or fund raising, with a desire to involve employees in the events organized by associations by participating in marathons, such as the Foulées du Sourire race, of which CIC Est is a partner, which supports victims of domestic violence.

For its part, CIC Lyonnaise de Banque has set up a top-up system to complement employee donations, whether in terms of donations of days or time. Paid leave donations were rolled out in 2019. Each day donated by an employee is valued and matched in cash; these are then paid to the *l'Entreprise des possibles* (companies of the possible) endowment fund (a collective of companies in the Lyon metropolitan area, for homeless people or people in very vulnerable situations).

- **Education** (promotion of equal opportunities)

Beneficiaries	Objectives	Partners
Fondation de Lille	Support deserving students experiencing financial difficulties so they can continue or complete their studies with the *bourses de l'espoir* (Scholarships of Hope).	CIC Nord Ouest
Association Coup de Pouce	Fostering academic success for all.	CIC Lyonnaise de Banque
Institut Télémaque	Acting for equal opportunities in education by supporting young people from low-income backgrounds as from middle school.	Banque Transatlantique

CIC also supports numerous higher education institutions (SOT44). These partnerships can be strengthened by teaching students useful skills: advice on job interviews, information meetings on business creation.

CIC Sud Ouest provided funding for the University of Montpellier for the launch of the first diploma exclusively dedicated to Green Finance in France. The bank wanted to be involved in this climate finance project and to be a player in the global transition to a low-carbon economy. This commitment is reflected in the cross-participation of experts in the courses offered by the university, but also in the reinforcement of the links between the bank and the university.

CIC also takes part in job forums, submits internship proposals to higher education institutions and trains apprentices and work-study trainees.

- **Support for philanthropy**
  - Banque de Luxembourg devotes most of its patronage budgets to promoting philanthropy, social entrepreneurship and impact investing in the countries where it operates. This action is expressed mainly through a strong dialog with the Government of Luxembourg about the measures to be put in place to develop an environment in the Grand Duchy that encourages the commitment of each resident to projects of general interest but also information campaigns nationwide. The bank is a partner of the Fondation UP, a Luxembourg foundation dedicated to non-formal education, in the Luxembourg launch of the Design for Change method of philanthropic engagement in schools.
  - Created in 2012, the Transatlantic Endowment Fund (FDT) is the first endowment fund founded by a French bank to feature dedicated and sustainable compartments on behalf of philanthropists, retail customers or corporates. Its role is to participate in the development of philanthropy: it finances projects of excellence in the fields of health, solidarity and culture and offers a vehicle for structuring the generosity of philanthropists in order to facilitate their commitment to the general interest. Banque Transatlantique also organizes events to promote exchanges between philanthropists and between them and foundations and associations. It also mobilizes its employees. As part of its Employee Awards, the Fonds de Dotation Transatlantique makes a donation to a project elected by the Banque Transatlantique teams. The projects in contention are each led by ambassadors, who are themselves bank employee. In 2021, the *Enfants du Mékong* association was selected. It aims to educate, train and support children and young people, to improve their material living conditions and to build themselves up, mentally, emotionally and morally.
  - Moreover, events are held to raise awareness among banking network customers about philanthropy (creation of endowment funds, shared funds, etc.). Every year, CIC private banking launches a philanthropic competition called *Les lauréats du cœur* for associations that support patients and their caregivers. Employees of the business line, spread across the six CIC banks, were invited to submit projects led by associations or foundations on a health topic to a regional jury. Three projects per region were selected, then submitted to the vote of employees to select only one per region. The six winning projects benefit from fundraising, *via* a CIC private banking philanthropic fund within the Fonds de Dotation Transatlantique (Transatlantic Endowment Fund).

In addition to these initiatives, CIC supports Crédit Mutuel Alliance Fédérale foundation, launched in 2021, whose purpose is to encourage and promote general interest initiatives aimed at combating global warming and its impacts on health or promoting social inclusion and access to culture for all.

3.5.1.5 Committed employees

Skills sponsorship is part of the group's activities: several entities are active with the association *Nos quartiers ont des talents*, which individually and effectively supports young graduates from modest social backgrounds in their search for employment.

Executive employees of CIC Lyonnaise de Banque sponsor young people through the *L dans la Ville* program.

Banque de Luxembourg employees who are involved in solidarity and education projects can ask the bank's *hëllef hëlleffen* (help to help) committee for support. As a general rule, Banque de Luxembourg ensures that it always maintains a balance between financial support and skills sponsorship in its partnerships. The following associations have particularly benefited from this approach in terms of governance, communication, fundraising and risk management: the Luxembourg Red Cross, the EME (*Écouter pour mieux s'entendre*) Foundation and the NGO Friendship Luxembourg.

3.5.2 Patronage, cultural partnerships (SOT57)

CIC continues its mobilization to help maintain the access to culture for all.

3.5.2.1 Long-term support for cultural and heritage-preservation projects

Since 2003, CIC has been the major partner of the *Hôtel national des Invalides* (*Musée de l'armée*), whose heritage activities (restoration work), cultural activities (concerts and musical seasons) and temporary exhibitions (in 2021, "Napoléon is no more and Napoléon *? Encore"*) it actively supports.

Moreover, through CIC patronage, the so-called France Forever installation at Croix de Lorraine, created by the American sculptor Alexander Calder in the autumn of 1942 and recognized as a work of major heritage interest, became a part the collections of the army museum two years ago. This acquisition, which marks the opening of the Museum to modern and contemporary art, will be exhibited in the Historial Charles de Gaulle museum.

CIC is also a founding sponsor of the Aix-en-Provence Easter Festival, which has achieved international recognition and has a strong local economic impact.

3.5.2.2 Supporting young artists

CIC's partnership with the Victoires de la Musique Classique (classical music awards) makes it possible to introduce young virtuosos to the general public by giving them the opportunity to perform at the Hôtel national des Invalides and on numerous stages in France.

Since 2005, CIC has provided Ophélie Gaillard with a Francesco Goffriller cello made in 1737.

At the regional level, CIC Est initiated a partnership this year with the *Théâtre national de Strasbourg* (TNS) during the *L'industrie magnifique* (LIM) event, which brings together companies, artists and public authorities. Its aim is to promote and develop artistic creation, the culture of invention and the industrial heritage. More than 30 works were exhibited on the squares of Strasbourg, including the Glass River produced by students of the TNS school. They collaborated with master glass craftspeople from the Center International d'Art Verrier in Meisenthal on the theme of light bulbs. The production of the work was carried out in the set design workshop of the TNS.

As part of its partnership with the *Biennale de Lyon pour l'art contemporain*, CIC Lyonnaise de Banque supports the production of an artist's work every two years, which is then exhibited at the bank's head office as an associated exhibition of the Biennale.

3.5.2.3 Patronages and sponsorships throughout France

Examples of regional cultural or sports projects funded in 2021	Beneficiaries	Patrons/Partners
Fine arts		
Museum support – Participation in temporary exhibitions	*Ville de Roubaix – La Piscine, musée d'art et d'industrie André Diligent*	CIC Nord Ouest
Scientific and cultural project of the museum	*Musée de Pont-Aven*	CIC Ouest
Preservation of heritage and enhancement of the *Musée des Beaux-Arts de Lyon collections*	*Musée Saint-Pierre/Musée des Beaux-Arts de Lyon*	CIC Lyonnaise de Banque
Music		
Musical projects	*Orchestre National de Lille*	CIC Nord Ouest
Besançon Franche-Comté music festival	*Festival international de musique Besançon Franche-Comté*	CIC Est
Jazz music festival	Nancy Jazz Pulsation	CIC Est
International festival of lyrical art of Aix en Provence	*Association pour le Festival d'Aix-en-Provence*	CIC Lyonnaise de Banque
Classical music concerts for social, cultural and educational purposes	*La Folle journée de Nantes*	CIC Ouest
Off-site program	*Opéra national de Bordeaux*	CIC Sud Ouest
Theater		
Théâtre impérial de Compiègne	*Centre d'animation culturelle de Compiègne et du Valois*	CIC Nord Ouest
Support for the creation and organization of artistic and cultural events.	*Le Nouveau Grenier – Grenier de Toulouse*	CIC Sud Ouest
History and cultural events		
Les Rendez-vous de l'histoire (a rendezvous with history) festival – Governance – "The economy meets history" cycle of meetings – Historical novel prize – *Coup de cœur* (personal favorite) award from the bank's readers	*Fonds de dotation des rendez-vous de l'histoire*	CIC Ouest
Nantes Utopiales International Science Fiction Festival	*Nantes Utopiales*	CIC Ouest

Examples of regional cultural or sports projects funded in 2021	Beneficiaries	Patrons/Partners
Architecture and heritage preservation		
Cultural events on the themes of architecture, engineering, urban planning, the history of architecture and heritage, as well as other disciplines involved in the act of building	Luxembourg Center for Architecture	Banque de Luxembourg
Support for the conservation of the Fourvière site.	*Fondation Fourvière*	CIC Lyonnaise de Banque
Cinema		
Festival du film de Sarlat	*Festival du film de Sarlat*	CIC Sud Ouest
"*Sport, Literature and Cinema*" festival	*Institut Lumière*	CIC Lyonnaise de Banque
Nantes Spanish Film Festival	*Nantes Spanish Film Festival*	CIC Iberbanco

3.5.2.4 Promoting access to culture and sports

Initiatives have been launched and partnerships forged to facilitate access to cultural life for all:

- CIC Est contributes to the promotion of classical music through its partnership with Radio Accent 4. The radio opens its branches to musical groups and associations in Alsace by means of local musical information broadcast every four hours, *i.e.* five times a day, and by the recording and broadcasting of local concerts;
- after the cancellation of the 2020 edition, due to the health situation, the Aix-en-Provence Easter Festival, of which CIC is a founder, took place in 2021 in a digital and free of charge format. In parallel, the Festival en Partage consists of interviews with artists and players in the classical music world, meetings, concerts and dedicated master classes;
- Banque de Luxembourg supports the EME (*Écouter pour mieux s'entendre*) Foundation, whose mission is to give greater access to music to people who are often excluded from cultural life (elderly people, the sick, people with disabilities, the socially disadvantaged) through participation in workshops and attendance at concerts and shows.

In addition, both nationally and regionally, employees can get free or discounted tickets to performances, museums and concerts. Partnerships can also offer the opportunity to host an exhibition or a work of art in the bank or to give employees access to works of art through private visits. Lastly, events can also be organized for employees with associations.

CIC is also committed to the values promoted by sports and supports numerous regional events or sporting organizations. Partnerships have been signed with national structures including the French Swimming Federation for its missions in education, safety and development of well-being for the general public, and the French Cycling Federation, as bicycling is considered to be a major social issue both in terms of health and ecology. Partnerships have been signed in the regions: that with the CIC-Mont Ventoux race was renewed this year by CIC Lyonnaise de Banque. CIC Nord Ouest supports the "*quatre jours de Dunkerque*" race and CIC Ouest the "*quatre jours de Plouay*" race.

CIC Ouest is also involved in basketball, in the form of employee and volunteer training partnerships, partnerships with players that help families in difficulty fund their dreams, sports activities with the Basketball Pays de la Loire regional league, and partnerships for various projects with ADA Blois Basket, including the organization of educational actions and social integration through sports.

In addition, this year, CIC Nord Ouest made a three-year commitment with CIC for Normandy Channel Race.

3.5.2.5 Societal indicators

Banks CIC, Banque Transatlantique, Banque de Luxembourg and Banque de Luxembourg Investments SA

Publication indicators	Title	2021	2020	Comment
REGIONAL, ECONOMIC AND SOCIETAL IMPACT				
Patronage and sponsorship				
SOT52	Total budget dedicated to patronage and sponsorship *(in € millions)*	13.4	10.7	-
MICROLOAN				
Intermediate professional microloan – ADIE				
SOT16	Number of applications handled	2,222	1,710	-
SOT17	Amount of lines of credit made available *(in €)*	6,725,000	5,800,000	-
Intermediate professional microloan – France Active Garantie (FAG)				
SOT19A	Number of new microloans financed	706	573	-
SOT20A	Guaranteed amounts (FAG + FGIF) *(in €)*	15,779,507	14,612,013	-
Intermediate professional microloan – Initiative France				
SOT22	Number of additional bank loans granted	ND	1,613	-
SOT23	Amount of additional bank loans granted	175,344,297	120,777,032	-

3.6 SOCIAL AMBITION – RESPONSIBLE MANAGEMENT OF HUMAN RESOURCES

At December 31, 2021, CIC had 19,751[1] registered employees.

The commitment and involvement of employees is a key factor in CIC's successful development and financial performance. CIC's social policy aims at creating conditions to better support profound changes that impact its various business lines, and which make it possible to address financial, regulatory and behavioral challenges while promoting career advancement and well-being at work.

The following information relates to CIC entities in France, unless otherwise stated.

3.6.1 Promoting equal opportunities and diversity

Equal opportunity for all at work is a top priority for CIC, from onboarding and throughout the career path. In December 2021, a group agreement in favor of employees with disabilities and caregiver employees was signed. This agreement, which is applicable to CIC banks, reaffirms management's commitment to Diversity and Inclusion and is in line with the charter on the fight against discrimination, the promotion of diversity and the inclusion and retention in employment of workers with disabilities within the group, which has been in place since June 2016.

The prohibition of and fight against all forms of discrimination (SOC69) and respect for gender equality in the workplace (SOC56) are among CIC's commitments.

As part of the new agreement entered into in 2020 on the management of jobs and career paths, in companies covered by the group agreement (GEPP) including those of CIC, Crédit Mutuel Alliance Fédérale has reaffirmed its commitments in terms of workplace equality, disability, end-of-career support, and consideration of social and cultural origins.

3.6.1.1 Actions to promote diversity and workplace equality (SOC 56)

In order to diversify talent, CIC contributes to the achievement of the ambitious objectives defined by Crédit Mutuel Alliance Fédérale, a signatory of the *Pacte Avec les Quartiers pour Toutes les Entreprises* (PAQTE – Neighborhoods Pact for all Companies), to promote the economic inclusion of young people from priority neighborhoods as defined by the city government (QPV – *Quartiers prioritaires de la politique de la ville*). The PACTE is a three-year program based on the following commitments:

- "Raising awareness": to give young people a better understanding of the business world, entrepreneurship, business lines and professions, with increased access to internships. To be as close as possible to stakeholders on the ground and to relaunch the social lift for young people, partnerships with associations such as *Nos Quartiers ont du Talent*, *Sport dans la Ville*, *Tous en Stage*, *l'Agence pour l'Education par le Sort* have been signed and allow pupils or students to be mentored on a long-term basis by a company tutor;
- "Train": facilitate access to work-study programs to enable young people from priority neighborhoods to find work. As part of the strategic plan, CIC is contributing to Crédit Mutuel Alliance Fédérale's commitment to increase the number of work-study trainees by 40% (from 900 to 1,300 per year) with a proposal for a permanent role at the end of the contract for 80% of them. In addition, special focus in placed on young people from priority areas of the city and municipalities with less than 5,000 inhabitants, with 25% of intern and work-study positions specially reserved for them. In 2021, nearly 500 work-study students were recruited, including 39% from priority areas or rural municipalities. This year, CIC Est supported the training of young people more than ever by welcoming 145 work-study students throughout the country in 2021;
- "Recruit": promote non-discrimination recruitment practices. An employee awareness-raising campaign on non-discrimination was carried out through a video reiterating the group's values. In addition, a "non-discrimination recruitment process" training course for recruiters is available in the training catalog. To diversify the possibilities of recruiting new employees, CIC benefits from the expertise of Pôle Emploi (French unemployment office) as part of a national partnership signed in 2019 with Crédit Mutuel Alliance Fédérale. This highly operational partnership has made it possible to establish a close relationship between CIC entities and the regional or territorial departments of Pôle Emploi. Human resources teams were thus able to participate in online fairs organized with Pôle Emploi in the Paris region, Strasbourg, Nantes and Marseille. Partnerships are also forged with associations such as Mozaïc RH. Crédit Mutuel Alliance Fédérale is also committed to the *Collectif d'entreprises pour une économie plus inclusive*, a French corporate community for a more inclusive economy created in December 2018. CIC is actively involved in a number of initiatives to promote the inclusion of young people in ten regions: Seine-Saint-Denis, Strasbourg, Lyon, Marseille, Bordeaux, Rouen, Lille, Toulouse, Nantes and Grenoble. Accordingly, in November 2021, CIC Est hosted the *Forum pour l'Avenir du Collectif d'entreprises pour une économie plus inclusive* to help young people build their future.

Since 2019, in order to ensure that the group's diversity policy is more effective, HR diversity correspondents have been appointed within each HR team. These correspondents are the closest contacts in the regions for the actions rolled out to promote diversity and inclusion.

Beyond the integration of young people, other initiatives to promote diversity are being carried out. Banque de Luxembourg[2] is a signatory of the Lëtzebuerg diversity charter, which aims to encourage companies to respect and promote diversity.

With respect to equality, measures have been taken to favor gender equality. The feminization of managerial positions is a major objective of the group which translates into one of the human and mutualist indicators of the strategic plan. The ambition is to achieve equality between men and women by 2023 in management positions (notably executives such as bank manager positions in branches) and governance positions (members of the Management Committees in group entities included the common social base).

(1) HR data for a scope including consolidated and non-consolidated entities of CIC group.
(2) CIC entity abroad.

Since 2020, companies with 50 or more employees must measure and report their situation against a series of indicators, from which an overall rating out of 100 points is obtained; below the 75-point threshold, they must implement corrective measures. For the majority of CIC banks, the rating in 2021 ranged from 78 to 92 points.

The commitment to respect the principle of equal treatment between women and men is consolidated by the signing of agreements at the entity level. Appropriate concrete actions are defined to continue the fight against stereotypes and prejudices and to guarantee equality in terms of recruitment, compensation, professional development, training and the link between family responsibility and professional life.

Accordingly, in 2021, 47.3%[1] of executives or managers promoted were women compared to 43.8% in 2020 and 4,047 women are executives or managers on open-ended contracts (*i.e.* 46.6% of the managerial workforce).

The 2019-2023 strategic plan *ensemble#nouveaumonde, plus vite, plus loin!* (together # today's world, faster, further!) is aimed at gender equality in management and governance positions. At the level of the French entities under the common social base, women represented 25.3% of the members of the Management Committees and 47.1% of executives at December 31, 2021.

The breakdown of the workforce by age and gender is shown in section 3.6.5.

3.6.1.2 Employment and integration of people with disabilities (SOC70)

In June 2016, a group charter on the fight against discrimination, the promotion of diversity, and the integration and retention in employment of workers with disabilities was signed. The charter takes the form of regular mobilization actions to facilitate the recruitment and inclusion of workers with disabilities and to ensure that they benefit from conditions identical to those of any other employee.

In addition to this charter, agreements relating to the integration and retention in employment of disabled workers were signed or specific commitments made as part of broader agreements on workplace equality and non-discrimination and quality of life at work.

At the end of 2021, a group agreement in favor of employees with disabilities and caregiver employees was signed. This agreement reaffirms the shared desire of Management and trade union representatives to be part of a positive and ambitious momentum which promotes integration of and job for security of people with disabilities and caregiver employees.

In order to guarantee a better effectiveness of this policy, the local disability officer aim in particular to communicate and raise awareness among employees about the perception of disability, to explain the value of the Recognition of Disabled Worker Status process for maintaining employment, to assist employees in obtaining recognition as disabled workers, to provide advice on how to deal with the issue of disability and, in some entities, to take action to promote the direct recruitment of disabled employees.

Several CIC entities take part in the Hello Handicap virtual recruitment fairs and in the Duo Day activities, an immersion day for young people with disabilities in the professional world.

Several events were held in different entities during the 2021 European Disability Employment Week to raise employee awareness of invisible disability through online workshops, on-site presentations, and specific actions to allow employees to exchange and obtain information in complete confidence.

An awareness-raising campaign based on articles and videos on disability was carried out on the internal communication space – intranet.

At the regional level, CIC Ouest is continuing its partnership with the *Osons l'égalité* association in the joint construction of actions promoting the choice of career paths and the professionalization of young people with disabilities. This partnership should help to facilitate their progress to training that meets tomorrow's needs and facilitate their social and professional integration. In addition, the challenge is to make its employees aware of disability situations in order to promote the best possible integration of those who work at CIC Ouest.

3.6.1.3 Promotion and respect for provisions of the fundamental conventions of the International Labor Organization

- Respect for freedom of association and the right to collective bargaining (SOC67): CIC entities organize their annual workplace elections as required (barring exceptions due to size). They regularly bring together their employee representatives (Social and Economic Committee, Health, Safety and Working Conditions Committee) and other mandatory SEC committees that may be set up on an optional basis. The employers of the entities in the scope of the indicators have not been convicted of any obstruction offenses. Several agreements (group agreement on trade union rights; group and company agreements on the operation of CSEs) set out the resources made available to employee representatives and union representatives and specify the rules for professional development of employee representatives.
- Elimination of discrimination in terms of employment and profession (SOC64): in accordance with the law, CIC is attentive, in its social policy, to the promotion of the elimination of this type of discrimination, notably through the actions described in section 3.6.1.
- Elimination of forced or compulsory labor (SOC65) and effective abolition of child labor (SOC66): CIC does not use forced or compulsory labor or child labor in its foreign branches and subsidiaries.

(1) Entities located in France, Banque de Luxembourg and Banque de Luxembourg Investments SA

3.6.2 Adapting skills and jobs to the group's transformation strategy

An agreement on the management of jobs and career paths (GEPP) in companies covered by the group agreement was signed in 2020. This agreement applies to CIC entities.

The purpose of the GEPP is to anticipate foreseeable changes in jobs and professions, skills and qualifications, linked to foreseeable economic, demographic and technological changes, with regard to the strategy of Crédit Mutuel Alliance Fédérale and CIC. All of these measures aim to support all employees in their professional development.

The forward-looking management of jobs and skills, internal mobility within the company, professional training, and support for career paths are among the themes and systems included in this agreement.

3.6.2.1 Forward-looking management of jobs and skills

This management involves:

- **Anticipating changes in jobs**

The agreements signed in 2017 form the common standards for Crédit Mutuel Alliance Fédérale employees. A single job reference guide was defined, including specific functions performed in CIC companies. It is subject to updates, as well as the classification of functions, by incorporating new jobs and skills identified as essential for the future. Actions are taken based on the needs of companies in terms of positions or skills, as well as the training or development needs of employees whose positions are changing. These measures may include workforce adjustment, mobility, adaptation training or retraining, while respecting workplace equality objectives. The group is also attentive to jobs that present significant and recurring recruitment difficulties in order to anticipate needs and deal with these difficulties.

- **Recruitment**

New hires on open-ended contracts are mainly made in the CIC network in France. In 2020, the launch of a new career site highlights CIC's job offers, business lines, employee testimonials and Human Resources commitments. In addition, employer brand communication campaigns support the recruitment process throughout the year.

Since October 2021, a new modernized internal career space has boosted mobility within the group.

In order to better support employees in the case of intra- and inter-company mobility, two framework agreements were signed with MUTER-LOGER and CSE Executive Relocations. If there is no obligation for both the employer and the employee to call on any of these companies, as professionals, they have experience, recognized competence and know-how in job mobility assistance services.

Although priority is given to internal recruitment, internal promotion does not always meet the needs identified. The hiring of young talent at CIC involves the use of work-study programs and apprenticeships, for which a proactive policy is implemented. Since 2019, Cap Compétences has been the apprentice training center – CFA of Crédit Mutuel Alliance Fédérale. The objective is to hire these young people at the end of their contract. CIC also continues to develop partnerships with numerous higher education institutions.

3,387 employees were hired in 2021 on open-ended or fixed-term contracts, *i.e.* 18% of the workforce. The proportion of employees under the age of 30 is fairly stable and represents 18.3% of the total workforce.

New employees are supported by integration mechanisms: career paths in the network combining theoretical training, immersion and practice days in an agency and self-training, specific training or tutoring in other professions.

- **Identifying and supporting key talent**

CIC is part of a global approach to detecting and supporting potential employees. The development of succession plans within companies makes it possible to anticipate departures, to identify and prepare employees with high potential, and to put in place appropriate support according to the short, medium or long-term needs of entities. Internal pathways make it possible to support future executive managers as well as high-potential profiles identified by each entity during succession plans.

- **Mobility**

As regards functional mobility, tools have been developed to ensure that all employees are at the heart of their professional career. The "JOBS" application, a job exchange, allows employees to define and manage their profile, to search for and consult job offers within the group, to apply for available jobs or to send unsolicited applications and consult monitoring tables (applications, alerts, etc.). The "TalentSoft" platform also enables employees to express their desire for mobility at any time.

A group agreement on geographical mobility harmonizes the mobility rules and conditions across all companies and regions. And in order to better support employees in the event of mobility within and between the group's companies, framework contracts have been signed with companies recognized for their skills and know-how in professional mobility assistance services.

3.6.2.2 Training, a factor in the employability and development of employees

The aim of training is to help employees adapt to the rapid changes in their profession and therefore to prevent one of the significant non-financial risks: that of non-compliance of banking operations in a context of transformation. It is a major lever for the success of the group's transformation strategy.

CIC invests heavily in the training of its employees. In 2021, the training budget[1] represented 5.6% of the payroll expense for a total of more than 742,000 hours of training, or close to 38 hours per employee, including the postponement to 2021 of some of the training courses of 2020. More than 80% of training took place remotely in order to comply with health constraints (69% of training *via* remote training in 2020).

(1) Entities located in France, Banque de Luxembourg and Banque de Luxembourg Investments SA.

These training courses are provided by CAP Compétences, Crédit Mutuel Alliance Fédérale's training organization. In addition to regulatory, strategic and skills-building training, each year, CIC sales representatives and branch managers receive career-path training, adapted to their future profession. These systems enable regular career development within our networks.

2021 was marked by a very strong recovery in career paths delayed in 2020 due to the pandemic. In addition, the entire training and support offer for managers was rolled out this year. It is designed for both beginner-level and experienced managers.

All employees have access to a remote training platform, which offers a wider range of modules.

The objective of the 2019-2023 revised strategic plan *ensemble#nouveaumonde, plus vite, plus loin!* (together#today'sworld, faster, further!) is to support 100% of employees in the transformation. The digital passport launched in 2019 enables each employee to gauge their level of knowledge of office automation and digital tools. The assessment concerned knowledge of the digital environment, data and information processing, safety in a digital environment, communication and collaboration tools (social networks, online conferencing, online discussions etc.). Employees are therefore able to acquire new skills based on a diagnostic performed using a questionnaire and an in-situ case, and progress at their own pace. This passport also includes a certificate to validate the level attained. This certificate is therefore evidence of the employees' skills and enables Cap Compétences to define actions for improving the employees' mastery of digital tools.

Furthermore, a relational visa enables network employees to position their level of knowledge of tools such as the electronic signature, email analyzer, chatbots, online banking and video appointments.

At the end of December 2021, 81.5% of registered CIC employees benefited from transformation support, thanks to the digital passport and relationship visa systems (SOC122).

Quantitative data on training can be found at the end of the chapter (SOC46 to SOC50 indicators).

3.6.3 Long-term employee involvement

Employee involvement is a strategic objective for Crédit Mutuel Alliance Fédérale entities and failure to achieve this objective has been identified as a significant non-financial risk. CIC's commitment is reflected in responsible social practices that are respectful of employees and the search for quality working conditions and living conditions.

3.6.3.1 A company concerned about the conditions and quality of life at work (SOC45)

Reconciling the improvement both in employees' working conditions and the overall performance of the group in a rapidly changing environment remains a priority.

This commitment depends on several factors: work content, professional development opportunities and quality of management, customer-member satisfaction and the smooth running of the company. In order to establish such conditions over time, these topics are included in the strategic agenda (revised 2019-2023 strategic plan *ensemble#nouveaumonde, plus vite, plus loin!* (together#today'sworld, faster, further!)) and in the company's technical, social and organizational projects.

In an increasingly complex environment and a context of health crisis, it is becoming increasingly essential to take quality of life at work into account. In particular, remote working can reduce the complications related to the use of transport to get to work, improve work-life balance or acquire more autonomy in work.

A framework agreement was signed on October 28, 2020 on quality of life at work and remote work. It constitutes a common basis applicable to all entities subject to the group Agreement. These then implemented it as closely as possible to their organization in a logic of proximity and responsibility.

Strong measures to promote Quality of Life at Work

The common measures of the QLW framework agreement aim to:

- optimize the day-to-day organization of work: regular analysis of tasks, establishment of a constructive dialog with managers on the subject of QLW and, more specifically, the inclusion of workload as a specific topic of appraisal interviews;
- promote health at work: setting up a health platform to simplify and expand existing services, improve the layout of premises and workstations, fight against psycho-social risks and the prevention of depression and encourage sport activities at the workplace;
- improve employees' mobility between home and work: adoption of a "sustainable mobility" package of €400 for all employees, which promotes "soft" modes of transport. This measure is part of the group's eco-responsible approach;
- encourage the development of a "responsible" management model and encourage employees to get involved, notably through the company social network and commitment surveys and promote employee engagement in solidarity-based activities;
- facilitate work-life balance: promotion of the right to disconnect, development of employee and facilitator services.

Remote working at the heart of the group's commitments

In addition to the measures described above, the framework agreement of October 28, 2020 provides for the introduction of regular and voluntary remote work according to two possible schemes – a maximum of 22 days of remote work per year and/or a minimum of one day of remote work per week.

This system allows volunteer employees to work remotely either from home or from another group site closer to their home.

Many tools are made available to employees and their managers to support them in this new working method.

Several implementation methods were left to the companies' discretion, in particular, the positions eligible for remote working, the applicable remote working arrangements and the resources provided to employees. Negotiations within the entities began as soon as the framework agreement was signed and have all resulted in the signature of agreements or implementation of charters within the entities and the implementation of remote work within the entities on a regular basis.

These strong measures enhance the current systems described below.

Actions to prevent and monitor employee health and safety

The health and safety of employees in the face of the pandemic remained a major priority for CIC in 2021. CIC has also made it easier for employees to have access to vaccination during their working hours. A psychological support service is available to all employees free of charge, 24/7 in an anonymous and confidential manner.

In addition to these measures, other preventive actions on employee health and safety are applicable to all companies covered by the group agreement:

- a plan for the prevention of stress at work. The actions proposed for preventing, reducing and eliminating stress on the job take into account the work done by the task force and the survey conducted with employees by an outside firm. Preventive measures concern workstation design and equipment, adaptation of the intranet site, use of messaging, the role and training of the manager, training and support for employees, the organization of work;
- a charter pertaining to the prevention of and fight against harassment and violence.

In addition to the whistleblowing procedure set out in the charter related to the prevention and fight against harassment and violence at the entities covered by the group agreement, including those of CIC, employees can also report any failure to comply with legal and regulatory obligations as well as with professional or internal standards that they may observe in the course of their activities.

As regards incivility from customers, a computer application makes it possible to identify the incivilities reported by employees. It also contains recommendations on the action to be taken with the employees involved. Training in the management of incivility has been rolled out, notably among reception staff in branches.

In each company, the Single Risk Assessment Document and the working conditions assessment grid are updated regularly (at least once a year).

Furthermore, to prevent certain risks specific to business: armed attack, physical aggression, incivility, an update and reminder of safety instructions are done regularly.

Various documents such as the security booklet and security at CIC branches information are available to employees on the intranet. Self-training modules, awareness-raising actions, evacuation simulation exercises in the event of fire and risk prevention exercises are regularly carried out.

CIC[1] declared 79 work-related accidents leading to medical leave (including relapses).

Absenteeism (SOC38) excluding maternity/paternity leave represented 203,975 working days of absence during the fiscal year (-7.7% compared to 2020) (SOC124), *i.e.* 11.4 days per employee.

CIC actively contributes to its employees' health, provident and retirement insurance (see section 3.6.3.2.4).

All systems are published in the "Employee universe" menu on the intranet.

the Social and Economic Committee, through the health, safety and working conditions commission (CSSCT), contributes to the protection of the health and safety of employees and to improving working conditions.

The search for work-life balance

While the introduction of remote working, endorsed by the new framework agreement described above, may help to better reconcile work and personal life, other agreements are also in place:

- the working time agreement allows signatory entities, including those of CIC, to adapt their organization to the behavioral changes of customers and to adjust the reduction of working hours flexibly. In view of the diversity of the activities and the organizational constraints of the companies covered by the agreement, several possible working arrangements are defined with the acquisition of rest days when the working week is longer than 35 hours (off-cycle)[2]. The proportion of part-time employees is 5.2% (SOC29 to SOC32 indicators)[3];
- the group agreement on support for employees in the use of digital tools and the right to disconnect (SOC84) notably reiterates the right of employees not to address e-mails read outside working hours except in the case of a proven emergency. A code of good conduct for communication tools is included in this agreement in order to ensure the reasonable, useful and effective use of said tools. A management document entitled "I respect the right to disconnect" aims to provide managers with best practices in this area;
- the agreement on the donation of days provides for establishment of a mutual fund in order to pool donations made by employees at the group level and not only, as prescribed by law, donating days for employees of the same company. Employees who need a donation are entitled to the same benefits regardless of the size of the company in which they work. The possibility of using a donation was extended, as a first stage, in the event of illness, disability or accident of particular seriousness of a spouse or civil partner. In 2021, it was also extended to employees helping a dependent or disabled person.

During the work-review meeting, the issue of articulating the different work-life periods may be approached and solutions sought in the event of difficulties. Measures may also be taken to allow the employee to deal with constraints related to geographic mobility apart from moving expenses, according to agreements in force within the signatory companies.

(1) Entities located in France, Banque de Luxembourg and Banque de Luxembourg Investments SA.

(2) Company activity may require cycle management. For example, working hours of 35 hours spread over two calendar weeks, with one 39-hour working week and one 31-hour week.

(3) Entities located in France, Banque de Luxembourg and Banque de Luxembourg Investments SA.

Initiatives are also carried out to set up facilitating services such as CIC Ouest, which signed a partnership with a network of nurseries in 2021 for the allocation of cradles.

3.6.3.2 A responsible social framework

3.6.3.2.1 Long-term employment

Total workforce[1] of CIC entities decreased by 1.4% compared to the end of 2020 with a reduction in the number of bank employees (-2%). The workforce of the French subsidiaries was virtually stable (-0.4%). The share of institutions located abroad increased by 3.4%.

Within the scope used for the indicators (entities located in France, Banque de Luxembourg and Banque de Luxembourg Investments SA), which has 18,777 employees (natural persons), 95.2% are on open-ended contracts.

CIC posted a turnover rate (SOC27) of 4.1% excluding internal mobility. Data on hires and layoffs are included in the table of corporate indicators. The average length of service of group employees is over 14 years.

3.6.3.2.2 A policy of transparent and incentivized compensation

Since 2018, Crédit Mutuel Alliance Fédérale regional group has adopted a common compensation policy that is intended above all to be reasonable and responsible, and is reflected in:

- the decision to prioritize fixed compensation in keeping with its mutualist values and its responsibilities toward its customers and members. Accordingly, for the majority of the group's employees, particularly those working for the networks, the group has chosen not to set individual sales targets for customers that may generate variable compensation;
- respect for gender equality in terms of pay based on classification, and more broadly fighting all forms of discrimination;
- restrictions on additional compensation components (benefits in kind, variable compensation, etc.) which only concern specific situations in certain business lines or functions when justified by particular considerations. The variable compensation practices for specialized business lines within the group are therefore generally consistent with those of other banking groups: trading floor, specialized financing, asset management, private equity, private banking and consumer credit.

For employees in France, the components of fixed compensation are described in the appendix of the group's new agreement available on the intranet. Each job is placed in a classification grid, on one or several levels. Each classification level corresponds to a base salary bracket. The classification grid, base salary grid for the year, rules on changing levels, decision criteria and minimum amount of individual raises are published on the Internet. No discrimination is allowed as regards positions and compensation.

Moreover, an annual electronic individual social report (ISR) allows the employee to be knowledgeable about the components of his or her overall compensation for the preceding year and any changes.

Employees have access to various tools and documents through the "employee universe" intranet space.

An annual report on compensation policies and practices for employees whose professional activities have substantial impact on the company's risk profile is communicated to the *Autorité de contrôle prudentiel et de résolution* (ACPR – French Prudential Supervisory and Resolution Authority) and published on CIC's Internet site.

The gross payroll expense for employees[2] on open-ended contracts amounted to €926.2 million (-0.3% compared to 2020). In 2021, all employees covered by the group agreement and who are bound by an employment contract at the date of payment of the said bonus, benefited from an exceptional purchasing power bonus (PEPA).

Quantitative data on compensation can be found at the end of the chapter (SOC73, SOC80, SOC107 to 109 indicators).

3.6.3.2.3 Employees associated with overall performance

This year, the overall rate of profit-sharing and incentive scheme benefits paid in 2021 in respect of 2020 was raised to 13.1162% of payroll expense (10.1216% for profit-sharing and a 2.9946% for incentive scheme). Thus, for CIC entities falling under the unique status, 21,342 employees for this reason received an overall amount of €110.4 million. In addition, the top-up contribution to the group savings plan for 2020 was €750 for voluntary savings of €250. The amount of the top-up contribution paid was €12.6 million.

The calculation of profit-sharing is based on Crédit Mutuel Alliance Fédérale's consolidated income under IFRS, including the performance of all the companies that have signed the agreements. Among the salaries used as a basis for the calculation, the lowest salaries are subsidized. New agreements were signed in 2021 for three years, which demonstrate the desire to even better recognize the contribution of employees to Crédit Mutuel Alliance Fédérale's results.

Comprehensive information on employee savings is made available to all employees on the intranet (video, self-training, documentation).

In addition, there are no stock option plans for CIC executives.

3.6.3.2.4 An advanced social protection policy

With regard to supplemental health coverage, the general plan's contribution paid by CIC exceeds that prescribed by law. This system with contributions proportional to salary favors the lowest incomes. Families also benefit from other measures in addition to the provisions stipulated in the collective agreement. In terms of health insurance, employees also benefit from quality protection financed to a large extent by the group, particularly concerning maintenance of salary for three years in the case of long-term illness and a level of income maintained until retirement in the case of disability. The employee benefit plans also include:

- for beneficiaries of the death benefit, the payment of the top-up per dependent child paid directly to dependent children, which takes account of changes in family circumstances;
- calculation formulas of the annuity of a spouse adjusted to actual age at time of retirement to allow spouses of older employees to receive a lifetime annuity;
- the payment of the education allowance for children who continue their studies or with disabilities up to the age of 28.

(1) HR data for a scope including consolidated and non-consolidated entities of CIC group.
(2) Entities located in France, Banque de Luxembourg and Banque de Luxembourg Investments SA.

For their retirement, in addition to the mandatory basic social security and complementary ARRCO-AGIRC plans, CIC employees benefit from a supplementary pension plan by capitalization. Since January 1, 2021, a new supplementary pension scheme: the PERO[1] Groupe Assurance Retraite has replaced the points-based pension contract called CIC Retraite, which is entirely financed by the employer and whose management is individualized. They can make voluntary payments and allocate rights stemming from the time-saving account (*compte épargne temps*) to the scheme. Similarly, on January 1, 2021 the PERCOG from which all employees benefited became the PERECOL[2], the second scheme that allows employees to build up a supplementary pension by contributing to it through the payment of incentives or profit-sharing, by voluntary payments or by monetizing compensatory time or paid leave into savings with no effect on income tax.

3.6.4 Social dialog

3.6.4.1 Professional relations and overview of collective agreements (SOC78)

The organization of social dialog, collective bargaining and the procedures for reporting, negotiating and consulting with staff respond to the desire to work in close collaboration with all the company's stakeholders and to ask the group's priority questions about the strategic topics.

This commitment is reiterated in the new strategic plan, which clearly includes high-quality, local social dialog as a key driver to achieve the group's goals.

These changes require high-quality social dialog. A certain number of subjects give rise to framework agreements at group level but most of the dialog must take place locally, in a responsible manner and as close as possible to the field. Employee representatives are closely involved in decisions.

Within CIC companies, local social dialog is built mainly with the following bodies and contacts:

- The Social and Economic Committee (SEC) and any commissions, including the CSSCT, dedicated to health, safety and working conditions.

  The main responsibilities of the SEC are:

  - to ensure that employees voices are heard, that their interests are taken into account at all times in decisions relating to the management and economic and financial development of the company, the organization of work, professional training and production techniques.
  - to promote health, safety and the improvement of working conditions in the company;
  - to present to the employer individual and collective complaints relating to wages, the application of the Labor Code and other legal provisions concerning social protection in particular, as well as conventions and agreements applicable in the company.

  In this respect, the SEC is informed and consulted on the following areas and topics:

  - the company's strategy;
  - the company's economic and financial position;
  - the company's social policy, working conditions and employment; and
  - one-off basis on the subjects which come within its remit such as reorganization plans, the introduction of new technologies, the internal rules, collective working hours.
- Local representatives set up in various geographies or multi-site companies to maintain proximity to the field. They support the SEC and can, in particular, convey the local concerns of employees and contribute to the resolution of local issues.
- The union representatives, who are the employer's preferred contacts for negotiating company agreements.

In addition to all these bodies set up locally in the companies, union representatives are also appointed at group level (group agreement scope). The group union representatives are the contacts for executive management to negotiate group agreements. Their role is specified in the group agreement on trade union rights of December 5, 2018.

In 2021, numerous group agreements were signed, including (SOC83):

- the compensation agreement;
- the amendment to the agreement to transform the group's PERCO regulation of March 31, 2011 into group PERECOL;
- the amendment to the group agreement on profit-sharing;
- the group agreement relating to profit-sharing;
- the amendment to the framework agreement on Quality of Life at Work and remote work;
- the amendment to the agreement on the donation of leave days within the group;
- the group agreement to support employees with disabilities and caregiver employees.

Specific agreements have been signed at the level of certain CIC entities.

3.6.4.2 Employee satisfaction (SOC87)

Employee listening surveys are conducted to measure stress and concerns related to business, but also to the health crisis.

In addition, new team coordination formats and new tools such as IDNOV are being rolled out to enable everybody to voice their concerns and ensure reporting.

In the 2022 "Best Employer" awards of the French magazine *Capital*,[3] CIC is ranked second among network banks in the banking and financial services sector behind its parent company Crédit Mutuel, based on ratings given by its own employees but also by those working in the same field. This ranking illustrates CIC's performance and proactive human resources policy.

(1) *Mandatory retirement savings plan.*
(2) *Group company retirement savings plan.*
(3) *Survey conducted in the autumn of 2021 by the Statista Institute among a panel of 20,000 employees working in companies with more than 500 people in France.*

3.6.5 Social indicators

Entities located in France owned by Banque de Luxembourg and Banque de Luxembourg Investments SA

Publication indicators	Title	2021	2020 adjusted*	2020 reported	Comment
WORKFORCE					
SOC01_ bis	Registered workforce (individuals)	18,777	19,078	19,062	-
SOC06	*Of which men*	*7,684*	*7,765*	*7,762*	-
SOC07	*Of which women*	*11,093*	*11,313*	*11,300*	-
	Of which managers or equivalents	*8,689*	*8,741*	*8,734*	-
SOC05	*Of which non-managers or equivalents*	*10,088*	*10,334*	*10,328*	-
SOC08	*of which open-ended contract workforce*	*17,885*	*18,248*	*18,232*	-
SOC08_ NCadre	*Of which non-manager open-ended contract employees or equivalent*	*9,210*	*9,524*	*9,515*	-
SOC12	*% open-ended contract employees*	*95.2%*	*95.6%*	*95.6%*	-
Age pyramid (NP workforce)		**18,777**	**19,078**	**19,062**	**-**
SOC88	Under 25 years old	1,137	1,159	1,159	-
	of which men	*478*	*449*	*449*	-
SOC89	*of which women*	*659*	*710*	*710*	-
SOC90	25 to 29 years old	2,300	2,379	2,379	-
	of which men	*902*	*931*	*931*	-
SOC91	*of which women*	*1,398*	*1,448*	*1,448*	-
SOC92	30 to 34 years old	2,553	2,665	2,663	-
	of which men	*970*	*990*	*989*	-
SOC93	*of which women*	*1,583*	*1,675*	*1,674*	-
SOC94	35 to 39 years old	2,951	3,094	3,091	-
	of which men	*1,079*	*1,134*	*1,133*	-
SOC95	*of which women*	*1,872*	*1,960*	*1,958*	-
SOC96	40 to 44 years old	3,001	2,845	2,843	-
	of which men	*1,127*	*1,083*	*1,083*	-
SOC97	*of which women*	*1,874*	*1,762*	*1,760*	-
SOC98	45 to 49 years old	2,203	2,167	2,162	-
	of which men	*928*	*930*	*930*	-
SOC99	*of which women*	*1,275*	*1,237*	*1,232*	-
SOC100	50 to 54 years old	1,635	1,616	1,614	-
	of which men	*749*	*737*	*736*	-
SOC101	*of which women*	*886*	*879*	*878*	-
SOC102	55 to 59 years old	1,969	2,178	2,176	-
	of which men	*895*	*983*	*983*	-
SOC103	*of which women*	*1,074*	*1,195*	*1,193*	-
SOC104	60 years old and older	1,028	975	975	-
	of which men	*556*	*528*	*528*	-
SOC105	*of which women*	*472*	*447*	*447*	-
Data in FTE					
SOC01	Total FTE workforce	18,532	18,820	18,805	FTE (full-time equivalent) employees in and outside France enrolled in the workforce as of December 31: ■ Regardless of the nature of the employment contract (fixed-term contract/open-ended contract/work-study program/holiday auxiliary), ■ Even if “suspended”, without compensation paid, – excluding interns under internship agreements ■ Excluding temporary workers, excluding external service providers. People on disability leave are included.
SOC02	*France*	*17,545*	*17,837*	*17,837*	-
	Non-France	*987*	*984*	*968*	-

* *With Conventum AM.*

Publication indicators	Title	2021	2020 adjusted*	2020 reported	Comment
WORKFORCE – MOVEMENTS					
New hires – Recruitment					
SOC13	Total number of NP hires	3,387	3,057	3,056	All types of contracts (fixed-term contracts – open-ended contracts – work-study program – holiday auxiliary). Including the conversion of fixed-term contracts or temporary contracts into open-ended contracts. Excluding trainees and temporary workers.
SOC14	*of which men*	*1,352*	*1,196*	*1,196*	-
SOC15	*of which women*	*2,035*	*1,861*	*1,860*	-
SOC16	*of which open-ended contracts*	*1,234*	*1,260*	*1,259*	-
SOC17	*of which fixed-term contracts*	*2,153*	*1,797*	*1,797*	-
Layoffs and their reasons					
SOC19	Number of employees with open-ended contracts that quit the organization – NP	1,586	1,920	1,919	Types of open-ended contract "exits": resignations, end of trial period (mutually by employer and employee), mutually agreed contract termination, dismissal, group mobility, retirement. Including deaths.
SOC20	*of which dismissals*	173	152	152	Whatever the reason: disciplinary (serious reason, for gross or serious misconduct)/economic/personal (professional inadequacy). Including transactional departures preceded by layoff. Excluding mutually agreed contract termination.
SOC27	*Turnover*	6.7%	8.4%	8.4%	Resignations + layoffs + end of probationary period + mutually agreed contract termination/end-of-year total permanent employees. Transfer in 2020 of employee contracts from CIC banks to Caisse Fédérale de Crédit Mutuel (group support functions) and transfer of CIC Iberbanco staff by CIC (absorption of the entity).
	Turnover excluding group mobility	*4.1%*	*5.2%*	*5.2%*	-
ORGANIZATION, WORKING HOURS AND ABSENTEEISM					
Organization of work time					
SOC29	Number of full-time NP employees	17,794	18,053	18,044	Employees on open-ended or fixed-term contracts whose working time is equal to the legal period of the country. France: ■ 35 hours per week or 151.67 hours per month for non-managers; ■ full-time day package (not reduced) for a manager.
SOC30	Number of part-time NP employees	983	1,025	1,018	Employees on open-ended or fixed-term contracts whose working time is less than the legal period of the country. France: ■ less than 35 hours per week or 151.67 hours per month for non-managers; ■ full-time day package (reduced) for a manager.
SOC31	% of full-time employees	94.8%	94.6%	94.7%	-
SOC32	% of part-time employees	5.2%	5.4%	5.3%	-
Absenteeism and reasons					
SOC38	Total number of working days of absence	203,975	221,899	221,686	Concerns the days of absence of the overall workforce regardless of the employment contract (open-ended contract/fixed-term contract/work-study program) – Excluding interns and temporary workers. Excluding days of paid leave or contractual days (reduced working hours – seniority – etc.). Absenteeism includes sick leave and absences due to workplace/commuting accidents. Maternity/paternity leave is excluded.
SOC39	*of which Illnesses*	*201,219*	*218,111*	*217,898*	*Excluding occupational illnesses*
SOC40	*of which workplace accidents*	*2,756*	*3,788*	*3,788*	*Including commuting accidents and occupational illnesses.*

Publication indicators	Title	2021	2020 adjusted*	2020 reported	Comment
COMPENSATION AND CHANGES IN COMPENSATION					
SOC73	Gross payroll expense *(in €)*	926,195,915	930,053,614	928,564,761	Cumulative gross compensation of employees in the institution (excluding employer contributions). Compensation corresponds to salaries and bonuses paid during the fiscal year to all employees.
SOC107	Total gross annual compensation *(in €)* of open-ended contract employees	906,404,042	914,207,313	912,718,461	Open-ended contract only – all statuses including executive management.
SOC108	Total gross annual compensation *(in €)* – non-executive open-ended contract employees	318,725,447	326,203,437	325,554,213	-
SOC109	Total gross annual compensation *(in €)* – open-ended contracts: executives	587,678,595	588,003,876	587,164,248	-
SOCIAL SECURITY CONTRIBUTIONS					
SOC80	Total amount of social security contributions paid *(in €)*	570,100,227	568,225,453	568,022,331	Employer social security contributions only.
TRAINING					
SOC46	Amount of payroll expense invested in training *(in €)*	52,140,384	41,621,282	41,606,295	-
SOC47	% of payroll expense dedicated to training	5.6%	-	4.5%	-
SOC50	Total number of hours allocated to employee training	742,390	548,882	548,640	Including face-to-face, e-learning hours as a prerequisite or postrequisite for face-to-face training, and e-learning hours only.
	Average number of training days per employee (all contracts)	5	4	4	-
EQUAL OPPORTUNITIES					
Workplace gender equality					
SOC59	Number of women managers or equivalent on open-ended + fixed-term contracts	4,047	4,045	4,040	Working in France or abroad.
	Number of male managers or equivalent on open-ended + fixed-term contracts	4,642	4,696	4,694	-
SOC60	% of women among managers or equivalent on open-ended + fixed-term contracts	46.6%	46.3%	46.3%	-
SOC61	Number of managers or equivalent promoted in the year to a higher level of function	592	454	454	-
SOC62	of which number of women	280	199	199	-
	of which number of men	312	255	255	-
SOC63	% of women among managerial promotions or equivalents	47.3%	43.8%	43.8%	-
Employment and integration of workers with disabilities					
SOC68	Number of workers with disabilities	377	438	438	Number of people with disabilities (declared and recognized disability) within the entity, as a number of “individuals”, not FTEs or “beneficiary units”, defined in the mandatory declaration of employment of workers with disabilities. Management rules harmonized in 2021 across all entities.
SOC71	% of people with disabilities in the total workforce	2.0%	2.3%	2.3%	-
SOCIAL DIALOG					
Promotion and respect for provisions of the fundamental conventions of the International Labor Organization					
SOC67	Number of convictions for obstruction (in France)	0	0	0	Final judgments only (not subject to appeal).

3.7 ENVIRONMENTAL AMBITION – A STRENGTHENED APPROACH TO THE ENVIRONMENT

3.7.1 Reducing the direct carbon footprint

3.7.1.1 Calculation of the office life carbon footprint

CIC contributes to the objective of reducing Crédit Mutuel Alliance Fédérale's internal carbon footprint by 30% between 2019 and 2023. As is the case of Crédit Mutuel Alliance Fédérale, CIC assesses its carbon footprint in France based on 2020 data and on the "office life" scope for scopes 1, 2 and 3 according to ISO 14064 (see table below). The purpose of this estimate is to identify issues and implement measures to reduce the footprint. Work to finetune the method used for calculating emission items and to make certain data more reliable continued in 2021.

As most of the purchases or services are carried out at Crédit Mutuel Alliance Fédérale business line centers whose scope is studied at the level of Crédit Mutuel Alliance Fédérale, the analysis at CIC level covers the other items.

With the exception of emissions related to non-current assets, all emissions by scope in 2020 were down compared to those of 2019.

The impact of the pandemic with the use of remote working and the reduction in travel contributed significantly to the reduction in emissions related to business travel by 56%, commuting by 25%, downstream freight (customer travel) by 30% and waste (-21%).

Emissions related to cash-in-transit and upstream mail freight also decreased by 10% and those related to refrigerant gases by 38%.

Emissions from non-current assets were virtually stable at +1%. The 14% increase in emissions from the IT base (equipment for employees to work from home) and the 1% increase in emissions from the real estate portfolio was partially offset by the reduction in emissions from the automotive fleet, which fell by 17% (choice of gasoline, hybrid or electric vehicles).

Emissions from energy consumption excluding the automotive fleet were down by 6% with a decrease in gas (-14%) and electricity (-7%) consumption. As the automotive fleet emits less emissions, its emissions decreased by 18%.

Title of item (GHG Protocol)	2020 emissions *(tCO_2e)*	2019 emissions *(tCO_2e)*	2020/2019 change *(%)*	2020/2018 change *(%)*
Scope 1 – direct emissions	**7,860**	**8,590**	**-8.5%**	**-9.9%**
Scope 2 – indirect energy emissions	**4,130**	**4,270**	**-3.3%**	**-4.0%**
Scope 3 excluding purchases – other indirect emissions	**57,930**	**69,540**	**-16.7%**	**-18.9%**
Fixed assets (IT, buildings, vehicle fleet)	*14,300*	*14,100*	*1.4%*	*0.0%*
Fuel and energy emissions	*3,700*	*4,070*	*-9.1%*	*-16.1%*
Upstream freight (mail, cash-in-transit)	*17,100*	*19,000*	*-10.0%*	*-14.1%*
Waste generated	*2,680*	*3,380*	*-20.7%*	*-21.4%*
Business travel	*1,680*	*3,790*	*-55.7%*	*-63.2%*
Home-work travel	*11,700*	*15,600*	*-25.0%*	*-25.0%*
Downstream freight (customer travel)	*6,770*	*9,600*	*-29.5%*	*-26.9%*

Based on their direct carbon footprint linked to energy and business travel, CIC entities contribute to financing Crédit Mutuel Alliance Fédérale Foundation, which supports high-impact climate projects. In addition, there is a second level of contribution linked to the carbon footprint of the portfolio of corporate clients, asset management and insurance segments. CIC participates in this second level of contribution in respect of its cooperate customer portfolio emissions *(see section 3.7.3.1)*.

Moreover, in 2019, CIC (unconsolidated scope), CIC Sud Ouest, CIC Nord Ouest, CIC Ouest, CIC Lyonnaise de Banque and CIC Est published, on the ADEME website, pursuant to regulations, a third BEGES (*Bilan gaz à effet de serre* – greenhouse gas emissions report) based on the 2018 database. Operational control[1] is the method used for all entities involved that are members of Crédit Mutuel Alliance Fédérale.

3.7.1.2 Measuring and reducing or optimizing energy consumption in buildings (ENV03)

ISO 50001 certification

The energy management system, set up by the CCS business line subsidiary and certified ISO 50001 in December 2020, was subject to a new audit in October 2021. The report of this latest audit attests to the completion of numerous improvement actions and the strengthening of the coordination of the energy management team.

- the Energy Management System monitors the continuous improvement cycle provided for by the standard and significant work on the structuring and reliability of the data has been carried out;

(1) Deferral of emissions from sites over which the company exercises operational control.

- its annual review took into account the requirements of the Tertiary decree and is in line with Crédit Mutuel Alliance Fédérale's strategy;
- as a result, meetings were organized with all CIC banks involving CSR players. Particular attention was paid to the most energy-intensive buildings as well as those subject to the Tertiary decree so that each entity includes these buildings in their real estate strategy;
- the internal communication proposed to the networks promotes best practices to be adopted and in particular, the application of temperature instructions in offices.

In 2022, the areas for improvement selected will focus on:

- the improvement of performance indicators;
- enhanced consideration of local factors in the diagnosis of changes in consumption;
- more robust methods for measuring the effectiveness of the improvement actions undertaken.

During major renovations, standards or regulations in force are applicable and new energy systems are installed. To this end, oil-fired boilers and the old air-conditioning equipment are replaced by high-efficiency reversible air conditioning systems. Work on heating distribution, roof insulation, roofing repair, the installation of dual-flow ventilation and centralized technical management is planned.

Systems are tested, such as heat recovery on air conditioning systems (dry coolers[1] to air handling units). When moving, the ecological footprint of new buildings is also taken into consideration.

An automatic shutdown of certain electrical circuits (lighting, electrical outlets, etc.) has been programmed at night and on weekends at registered office buildings and at points of sale. Replacing standard lighting sources by LEDs in new developments as well as existing buildings is under way. Presence detection (to manage lighting) is installed during renovation works. The night lighting of buildings complies with the obligation to extinguish illuminated devices (Order No. 2012-118 of January 30, 2012 on outdoor advertising, signage and pre-signage) (ENV45).

Monitoring of IT equipment consumption

As regards IT equipment, the automatic switching off and starting of workstations at branches and head offices is operational. Monitoring is carried out to measure the impact of this measure.

The equipment, referenced and validated by Euro-Information, is monitored and compared with regard to energy consumption.

Raising employee awareness on best practices

In 2021, employees were encouraged to take part in the "Eco clean up week" as part of Sustainable Development Week. The aim for them was to reduce their digital footprint by removing old or unnecessary files and emails. At the level of CIC banks and subsidiaries, the count was extended to the level of the repertoires concerned and nearly 9.5 million digital files were deleted from the servers, saving nearly 90 tons of CO_2. This operation was supplemented in 2021 by an anti-waste recipe competition and a CSR quiz. In 2021, Crédit Mutuel Factoring took part in the *Usages Bâtiment Efficace* competition through the registration of the building that the company occupies. This general interest action aims to help users of tertiary buildings or collective housing to effectively reduce their consumption. This was done by acting on the levers of use, better management and operation, by implementing a fun competition between candidates.

Use of renewable energies

(ENV40) Furthermore, the consumption of renewable or "green" energy is mainly increasing through new connections to district heating and cooling systems. At Banque de Luxembourg, almost all of the energy in the buildings comes from renewable sources (hydroelectric and wind), and at CIC Lyonnaise de Banque head office, geothermal equipment is regularly serviced to improve its efficiency (ENV38). As part of the European H2020 mySMARTLife project in partnership with Nantes Métropole, 571 m^2 of photovoltaic panels were installed on the roofs of CIC Ouest's head office this year. This installation will prevent the emission, locally, of 10 metric tons of CO_2 per year. CIC Ouest head office is one of the pilot sites in terms of energy transition.

The use of green electricity will also increase following the exclusive partnership entered into in December 2019 between Crédit Mutuel Alliance Fédérale and Voltalia, a renewable energy company, with a view to implementing a first corporate PPA[2] that will supply a minimum of 10 megawatts of green electricity over a period of 25 years.

3

Trends in energy consumption

In 2021, overall energy consumption decreased by 2% compared to 2020. This was the case in a context of a pandemic leading, on the one hand, to over-ventilation of buildings and, on the other hand, to an increase in heating in cold periods to compensate for the decrease in temperature due to reduced use of office equipment (increased use of remote working).

3.7.1.3 Optimizing travel (ENV37)

Home-work travel

The framework agreement on QLW and remote work signed in 2020 led to negotiations at the level of the group's entities on the terms and conditions of remote working. The introduction of remote work reduced travel in a sustainable manner and made virtual meetings become more widespread. Accordingly, the number of kilometers avoided resulting from the use of videoconferences between 2020 and 2021 increased by 4%. 82,000 video appointments took place in 2021 at CIC and Banque Transatlantique banks.

Promotion of soft mobility transport

As part of the improvement of the mobility of employees between their home and their workplace, a commitment included in the framework agreement mentioned above, several concrete actions were implemented to showcase the schemes in place to encourage alternative modes of transport known as soft mobility, in particular:

- the introduction of a sustainable mobility package of €400 for employees who regularly use sustainable modes of transport for commuting such as a personal bicycle or electric bicycle, or carpooling – as a driver or passenger -, public passenger transport under certain conditions and certain other shared mobility services. In 2021, 1,336[3] employees were able to benefit from this package;

(1) Air coolers.
(2) Power Purchase agreement.
(3) HR data including consolidated and non-consolidated entities in France.

- actions to promote the use of bicycles. CIC offered its employees a *Remise En Selle* (Back in the Saddle) training course to learn or re-learn how to use a two-wheeler in an urban environment. This training course was provided by trainers approved by the French Cycling Federation with which CIC has signed a partnership;
- the launch of a digital service dedicated to carpooling scheduled for 2022.

Other initiatives supplement these systems: mobility workshops with employees from all levels of staff and types of branches (urban, rural, mountain, etc.) to develop projects promoting sustainable mobility and the installation of new bicycle parking facilities at the head office of CIC Lyonnaise de Banque, installation of electric terminals in car parks for electric or plug-in hybrid vehicles in bank head offices and dedicated universes on the intranet.

Use of modes of transport with lower CO2 emissions for business travel

The ISO 50001-certified Energy Management System includes not only the buildings but also the automotive fleets managed by CCS. In order to promote the energy transition of the automotive fleets managed for its members, almost all management vehicles are composed of hybrid, plug-in hybrid or electric vehicles. The group's company car charter aims to reduce the carbon footprint of vehicles by 30% between 2019 and 2023. Orders for diesel vehicles were stopped at the end of 2019 and those for gasoline vehicles will be stopped in 2022, with only a few rare exceptions. The number of kilometers traveled by the fleet, all types of vehicles combined,[1] fell by 8% in 2021, while in the case of the fleet's diesel vehicles the reduction amounted to 31%. 17% of the vehicle fleet is now made up of hybrid or electric vehicles.

A group travel policy was defined in 2020 for all employees in order to minimize the environmental impact of business travel. It encourages employees to use public transport (bus, tram, RER, metro) and rail services. For certain train journeys, the plane is no longer offered in the travel booking tool.

With regard to the network's shuttles, the organization has been reviewed in certain regions in order to reduce the number of kilometers traveled. The frequency of mail rounds is also being reduced.

3.7.1.4 Reducing resource consumption (ENV39)

In respect of its activities, CIC's actions aim to:

- **Reduce or optimize the consumption of:**
  - **water,** by replacing waste-water air conditioning systems whenever possible and by continuing to roll out other devices: presence detectors, water flow limitation, water fountains connected to tap water in place of tanks requiring transport, installation of diffusers on taps, installation of automatic watering systems with humidity sensors to optimize watering in all green spaces, etc. Raising employee awareness of abnormal water consumption (reporting and prompt repair of leaks, reporting abnormally high bills) is also one of the means used. Water consumption fell by 10% between 2020 and 2021;
  - **paper and ink**:
    - internally, with document printing default settings of black and white and double-sided printing, electronic document management, passing from individual printers to network, printers and the equipment of certain workstations with dual screens to work directly on digital documents. Employees are also encouraged to use recycled paper through intranet messages. This is highlighted in the catalog of the group's purchasing center, SOFEDIS. The roll-out of WATCHDOC, a software program to control printing peripherals at the level of multifunction copiers and network printers, was continued. It aims to simplify the management of the printer fleet, but also to measure the ecological footprint of this activity, which consumes natural resources, and to make users accountable for their environmental impacts by providing personalized information,
    - by digitizing documents (ENV43): most of the group's employees have opted for an electronic pay slip (96.7% are now paperless compared to 96.1% a year earlier), while the individual social report, restaurant vouchers and #Initiatives internal reviews are also paperless. Invoices from intra-group suppliers are also digitized, as are those from public sector customers (State, local authorities, public institutions). For other suppliers, the digitization of invoices is under way. The transition from paper statements to electronic bank statements is further encouraged through dedicated campaigns. Subscription to online statements (rather than paper statements) is automatic when opening a customer account. The replacement of paper extracts and statements with digital versions thereof, available on the Internet, generated a paper saving of 63% at the end of December 2021. Lastly, customers who wish to keep paper account statements are encouraged to group together the dispatch of the statements of all family members or a third party or group of third parties in a single envelope and to optimize the frequency of the mailing of account statements. The proportion of optimized postal envelopes totaled 66% for the banking network at the end of 2021. Certain customer communication materials are also digitized and available on customers' online accounts. Paper invitations are also being replaced by e-mail and SMS notifications. Euro TVS, the group's IT subsidiary specializing in digitization in all areas, has set up an ISO 14001-certified environmental management system. In addition, CIC offers digital solutions for professionals and companies such as CIC e-invoices service by Épithète for the digital invoicing of their suppliers or customers,
    - by increasing the number of remote services and the possibility of using electronic signatures, including in branches. This year, there were 6 million electronic signatures on tablets or remotely in CIC banks and Banque Transatlantique. The signed documents and appendices are then archived electronically and accessible in the customer's online banking space ("documents and contracts"). Around 60% of contracts that eligible for the electronic signature were signed electronically at banks.

    In 2021, CIC Lyonnaise de Banque renewed the *Mon agence CIC, Solidaire et Engagée* (My CIC branch, united and involved) operation. The aim of this competition is to participate in local solidarity-based and social actions and to develop an eco-responsible attitude (reduction in paper consumption thanks to electronic signatures, travel by making video appointments, etc.). It was awarded to the best performing branches in terms of electronic signatures, whether in terms of progression or absolute value. 33 branches, which each received €1,500, donated to a local association working on CSR-related issues.

(1) *Portfolio of consolidated CIC entities located in France and Luxembourg.*

Paper consumption decreased by 11% between 2020 and 2021;

- **plastic cups and bottles**, by replacing plastic cups at the central sites managed by CCS with biodegradable cups and plastic bottles with water coolers with recyclable cups;

3.7.1.5 Waste management and upcycling (ENV39)

Purchasing of recycled or sustainable resources

Initiatives have been conducted to increase the use of recycled or PEFC-certified or FSC-certified paper, such as the production of small-format checkbooks made from mixed FSC paper (representing 153 metric tons of mixed FSC paper in 2021, or 7% of the paper consumption).

The use of mugs in hot drink dispensers and of biodegradable cups for cold drinks is being rolled out across group entities.

Moreover, the lifespan of products can guide Euro-Information's choices in IT equipment purchases. Thus, laptops that have reached the end of their useful life can be replaced by lightweight workstations with a longer lifespan.

Euro-Information Services uses spare parts from end-of-life equipment to extend the life of older equipment still in use.

For phones sold to customers, a recycling solution is provided.

Waste sorting

All entities continued to roll out a policy for optimizing waste and equipment recycling at collection points. Selective and participatory waste sorting with recycling is now in place at 94% of the central sites with more than 250 employees managed by CCS. The recycling rate at the end of December 2021 varies depending on the material processed (paper, wood, metal, glass, plastic) from 44% for glass to 93% for paper.

Waste electrical and electronic equipment is managed in accordance with the obligations laid down in Order 2016-288 of March 10, 2016. The recycling obligation is also a priority area for CCS Immobilier, which has included it in standard contracts for the maintenance of lifting equipment. The service provider must provide the reprocessing slip for waste from electrical and electronic equipment (WEEE), special industrial waste, and service provider waste (packaging of new equipment, aerosol cans, glues and sealants, residual paint).

An experiment was launched in 2021 at the Paris-Provence and Strasbourg offices concerning the recycling of disposable masks. Given the significant logistics means to be put in place and the high number of kilometers traveled to transport the masks to the recycling plant, the initiative was not rolled out to other sites. Local recycling solutions will be implemented whenever possible on request.

For its part, Banque de Luxembourg is once again certified *SuperDreckskëscht* with regard to waste management (annual audit). This quality certification is recognized by the European Commission, which awarded it "best practice" certification in the field of the preservation of natural resources and climate protection.

Food waste: from restaurants in central buildings, it is mostly managed by collective catering services. Different types of bins are clearly identified and made available to employees for waste sorting. At CIC Est, organic waste is now processed through vermicomposting, and at Banque de Luxembourg a take away service is now available at the company restaurant with the national ecobox system (plastic box deposit system).

Recycling of IT and telecommunication equipment

As regards IT equipment, the end-of-life management of all equipment is monitored annually by Euro-Information by type of action taken: resale, destruction, reconditioning, pending allocation.

Between the fleet in 2020 and that of 2021, the percentage of equipment resold increased from 39% to 60% of the fleet, while the share of refurbished defective equipment decreased (20% in 2021 compared to 41% in 2020). The percentage of equipment destroyed or awaiting assignment is stable (20% of the fleet). This change is explained by the share of smartphones and telephones which has practically doubled (32% of the customer base in 2021 compared to 17% in 2020) following the switch from telephony to soft telephony (telephony on the workstation without a physical telephone) due to the introduction of remote work. Promoting the reuse (second life) of equipment is one of the pillars of the digital sobriety strategy developed by Euro-Information.

3.7.1.6 Environmental indicators

ENTITIES LOCATED IN FRANCE OWNED BY BANQUE DE LUXEMBOURG AND BANQUE DE LUXEMBOURG INVESTMENTS SA

Publication indicators	Title	2021	2020	Comment
RESOURCE CONSUMPTION				
ENV04	Water consumption *(in m³)*	152,537	169,942	-
ENV05	Total energy consumption *(in kWh)*	111,593,087	114,410,344	-
ENV06	*of which electricity (in kWh)*	*86,996,005*	*90,503,506*	-
ENV07	*of which gas (in kWh)*	*18,093,628*	*16,966,057*	-
ENV08	*of which fuel oil (in kWh)*	*960,730*	*977,635*	-
ENV05_1	*of which urban network steam water heating (in kWh)*	*4,753,211*	*4,404,374*	-
ENV05_2	*of which urban network chilled water (in kWh)*	*789,512*	*1,558,772*	-
ENV09	Overall paper consumption *(in metric tons)*	2,142	2,399	Including all paper-based supplies (white paper, calendars, etc.) or cardboard supplies (dividers, file storage boxes, etc.) with the exception of the cardboard packaging of these supplies (included in waste).
MEASURES TO REDUCE ENVIRONMENTAL IMPACT AND GREENHOUSE GAS EMISSIONS				
ENV15R	Consumption of purchased recycled paper *(in metric tons)*	420	349	-
ENV15	Recycled used paper as output (waste) *(in metric tons)*	2,504	2,613	-
ENV16	Used toner cartridges recycled after use *(in number)*	20,656	22,153	-
ENV20	Business travel – vehicle fleets *(in kilometers)*	34,660,083	37,845,271	-
	of which automotive fleet – number of kilometers in gasoline vehicle	*13,119,333*	*11,782,332*	-
	of which automotive fleet – number of kilometers in diesel vehicle	*17,839,078*	*26,001,341*	-
	of which automotive fleet – number of kilometers in hybrid vehicle	*3,630,495*	-	-
	of which automotive fleet – number of kilometers in electric vehicle	*71,177*	*61,598*	-
ENV23	Business travel with personal vehicle *(in kilometers)*	5,081,184	6,485,485	-
ENV18	Business travel by plane *(in kilometers)*	854,578	1,802,542	2020 revised
ENV19	Business travel by train *(in kilometers)*	5,352,519	5,967,085	2020 revised
ENV24	Business travel by public transport (excluding train)	356,000	386,095	-
	Business travel by rental car and taxi	208,280	471,927	-
ENV32K	Number of km avoided by videoconferences	101,417,895		Excluding Banque de Luxembourg and BLI
ENV34	Digitized documents *(in metric tons of paper avoided)*	2,135	1,526	-
ENV47	Amount of provisions and guarantees for environmental risk	-	-	-

3.7.2 Measures taken to develop and preserve biodiversity (ENV50)

CIC contributes internally to the protection of biodiversity through its purchasing policy (use of recyclable paper, use of green products for the household), the reduction of resource consumption (water management, digitization of documents) and recycling (notably paper, ink cartridges, recovery of used phones from customers in branches).

This protection of biodiversity can also be reflected in the management of its real estate portfolio, such as at Banque de Luxembourg (green roof on the Royal site, late mowing of green spaces, etc.) or at CIC Lyonnaise de Banque (planting of native species with low water requirements on its Marseille Prado site) or the installation of beehives or vegetable gardens on the roofs of buildings (CIC, CIC Lyonnaise de Banque with Euro-Information Production, CIC Ouest, etc.).

At the level of the business lines, social and environmental criteria are taken into account when financing major projects (compliance with protected areas) and in the investments made by Crédit Mutuel Equity and its subsidiaries. The latter, through the France Invest charter, are committed to promoting the implementation of best practices in the protection of ecosystems and biodiversity in companies.

In addition, in 2021, Crédit Mutuel Asset Management joined Business For Nature and Finance for Biodiversity, to support commitments in favor of biodiversity.

Some funds contribute to the preservation of biodiversity, such as the CM-AM Objectif Environnement SRI equity fund and the green bond fund with Greenfin certification.

In addition, CIC also participates in the preservation and development of biodiversity through partnerships:

Beneficiaries	Objectives	Partners
Fondation Bassin Nature	Support the development of activities that contribute to the implementation of the management plan of the Arcachon Basin Natural Marine Park in the areas of marine ecosystem protection, knowledge, sustainable development of sea-related activities, awareness-raising and environmental education, the protection and transmission of cultural heritage related to the sea	CIC Sud Ouest (founding member)
Fondation de la mer	Contribute to the study and protection of the ocean by supporting numerous initiatives and developing in-house programs for protecting biodiversity, fighting against pollution, supporting research, fostering education, raising awareness, etc. Launch of the platform *un geste pour la mer* (a gesture for the sea) to fight plastic pollution at sea.	Banque Transatlantique
Cœur de Forêt	Support the MASOALA park reforestation project in Madagascar	CIC Lyonnaise de Banque
Voies navigables de France	Replanting trees along the Canal du Midi.	CIC Sud Ouest
Research and conservation work	*Association Beauval Nature*	CIC Ouest

This year, in private banking, Banque Transatlantique organized a meeting of philanthropists to present the project to extend a vegetable garden on the Chambord estate to permaculture. This project, partly funded by private partners, is part of an innovation and experimentation approach that draws on cutting-edge agricultural practices from other major organic farms around the world. Chambord aims to serve as a laboratory for the reinvention of a regional model that could inspire other villages and medium-sized towns.

3.7.3 Reducing the carbon footprint of CIC's activities (ENV51)

3.7.3.1 Carbon footprint of the corporate loan portfolio

Due to its activities, CIC is a significant player in corporate financing at Crédit Mutuel Alliance Fédérale.

As part its new strategic plan, Crédit Mutuel Alliance Fédérale is strengthening its environmental ambitions and committing to reduce the carbon footprint of its corporate and investment credit portfolio by 15% between 2019 and 2023.

To achieve this objective, Crédit Mutuel Alliance Fédérale calculates the carbon footprint of the financing granted within its financing portfolio for large companies and on its financial investments in the context of its insurance and asset management activities. The purpose of this assessment is to integrate "carbon" challenges into the group's investment policy and to measure activities with high admissions in order to establish a constructive dialog with the businesses concerned in order to reflect the group's climate strategy[1].

Crédit Mutuel Alliance Fédérale selects La Française Sustainable Investment Research[2] (LF SIR) to measure the carbon footprint of its credit and investment portfolios (excluding Crédit Mutuel Asset Management). LF SIR is a team of sustainable investment research experts that has established a proprietary methodology to quantify carbon emissions.

Analysis methods:

- scope restricted to companies (excluding retail and SCIs);
- exclusions: central governments, local authorities, sovereigns and project financing from *ad hoc* companies;
- outstandings used in the corporate loan portfolio excluding off-balance sheet items.

The results distinguish three types of carbon indexes expressed in tons of CO_2 per million euros. The first indicator is the carbon footprint. It provides information on the amount of carbon that the company generates in proportion to the amount of loans granted by the bank. The second, carbon intensity, gives a relative indication of the quantity of carbon generated per million euros of revenue realized. Accordingly, it makes it possible to report the degree of CO_2 emissions that the company generates, in particularly in comparison to its competitors in the sector or in different sectors. The third, the weighted average carbon intensity, makes it possible to determine the degree of the portfolio's CO_2 emissions according to the weight of assets by counterparty in the portfolio.

Overall, the carbon footprint of financing issued decreased by 2% between 2020 and 2021 on the basis of a wider scope (+63% of counterparties hedged), and by 12% between 2019 and 2021. This decrease is due, on the one hand, to an improvement in the coverage of the portfolio by carbon data from low-emission French companies and, on the other, the reduction in credit lines attributed to companies which are identified as being the worst emitters although their business activities are not in fossil fuels (which account for approximately 4% of the carbon footprint). The geographical distribution matches the profile of Crédit Mutuel Alliance Fédérale's corporate customers which is focused on accompanying French companies: 56% of the carbon footprint is focused on French companies.

(1) A cross-reference table between the commitments of the benefit corporation bank, the objectives of the 2019-2023 strategic plan and those of the SMR policy can be found in Chapter 3.3.
(2) https://www.la-francaise.com/fr/nous-connaitre/nos-expertises/linvestissement-durable/

CARBON FOOTPRINT OF THE CORPORATE FINANCING PORTFOLIO

	2021	2020	2019	2018
Carbon footprint (tCO_2/€m lent)	251.3	256.6	286.0	348.6
Carbon intensity of the portfolio (total emissions/total revenue)	175.5	209.3	288.0	351.0
Weighted average carbon intensity (Portfolio weight * Carbon intensity)	281	299.1	286.9	387.1

The sectors with the highest emissions are Travel & leisure (including airlines), Public Buildings and Works, and Industrial transportation, which account for 52.6% of the portfolio's carbon footprint. The Oil and gas sector is only in ninth place with a contribution of 4.2%.

The breakdown of the portfolio's coverage in 2021 changed significantly with a sharp decrease in the weight of Travel and Leisure business sector by 7.1 points. However, it was offset by the increase in the construction and industrial transport sectors. As a result, the decrease in the portfolio's carbon footprint was more limited this year. Once again this year, the improvement in the coverage of the portfolio mainly benefited French companies. Thus, the share of French companies increased from 52% in 2020 to 55.6% of the carbon footprint of the portfolio analyzed.

3.7.3.2 CIC is signatory of the Poseidon Principles (ENV44)

CIC is a signatory to the *Poseidon Principles* for the decarbonization of maritime transport. These provide for the integration of climate assessment criteria in lending decisions in the shipping industry. The *Poseidon Principles* help measure their impact and encourage operators towards significantly decarbonizing the shipping industry.

They form part of the strategy to reduce greenhouse gas emissions adopted by the Member States of the International Maritime Organization (IMO) in April 2018. This strategy aims to reduce total greenhouse gas emissions from maritime transport by at least 50% by 2050. Its long-term goal is zero emissions.

CIC has set itself the objective of being below the curve of the International Maritime Organization from 2025. This is part of its maritime transport policy, which excludes the financing of all vessels carrying oil and dedicated to the transport of unconventional gas. As a signatory of the *Poseidon Principles* through CIC in 2019, Crédit Mutuel Alliance Fédérale has set itself the objective of dipping below the International Maritime Organization (IMO) curve by 2025, as part of its maritime transport policy. The portfolio score dedicated to this segment, for the data as of December 31, 2020 was -6.98 below the IMO curve. This analysis was validated by Bureau Véritas which was appointed for this purpose.

3.7.4 Adapting to the consequences of climate change (ENV53)

Supporting clients in the climate transition on a personal basis or through their professional activities and the development of financing with a high climate impact (-30% over the duration of the 2019-2023 strategic plan *ensemble#nouveaumonde, plus vite, plus loin!* (together#today'sworld, faster, further!)) are powerful responses by CIC to the consequences of climate change.

3.7.4.1 Retail customer support (SOT59)

This support takes the form of financing offers for the energy renovation of homes, financing and insurance offers which promote eco-mobility, savings products and responsible services:

- Concerning housing:

Energy saving work or work related to renewable energies can, in particular, be financed by the interest-free eco-loan, for certain works aimed at improving the energy performance of the main residence, and more broadly by the Sustainable Development Loan. These outstandings amounted to €133.2 million and €10.1 million respectively at December 31, 2021.

In 2022, CIC will also distribute the *Avance Rénovation* loan, which aims to support homeowners in the energy renovation of their properties identified as "poorly insulated homes" (homes classified as "F" or "G" on the energy performance diagnostic scale). This loan will supplement existing public aid. It will be repayable upon the disposal of the property or the death of its occupant. Interest will be repaid over time or upon maturity. Thus, households, particularly the most modest, will benefit from a solution to reduce their energy bill and gain comfort without weighing too much on their budget in the short and medium term.

In addition, CIC offers home insurance that covers renewable energy systems (heat pumps, geothermal, aero thermal, photovoltaic solar panels, etc.) along with the property on which they were installed. Civil liability cover is also provided for electricity production in the event of the resale of electricity when photovoltaic panels are declared. In addition, to combat the planned obsolescence of household appliances, repair rather than replacement is encouraged under the five-year warranty extension option.

As regards prevention, natural disasters (flooding, mudslides, avalanches, landslides, land subsidence) are covered by the multi-risk home insurance policies offered.

- As regards means of transport:

Eco-Mobility offers with favorable conditions are provided for hybrid or electric vehicles and attractive conditions for gasoline-powered vehicles without an ecological penalty. The same applies to the financing of Electrically-Assisted Bicycles (EAB). Outstanding loans for the acquisition of new or second hand hybrid and electric vehicles amounted to €992 million at December 31, 2021. Crédit Mutuel Leasing's leasing production of all types of hybrid and electric vehicles practically doubled in 2021 compared to 2020 (+92%).

In terms of auto insurance, the offers include several benefits for policyholders who favor more sustainable modes of transport: the Mobility Advantage provides policyholders free coverage for travel to and from work, even if they use public transport or bicycles, by automatically extending the driver's physical damage cover to these modes of transport. The "Carpool Taxi" benefit also promotes eco-sharing by providing, in the event of the car being immobilized, a taxi to continue the journey, which the policyholder can carpool as driver or passenger. In addition, the -6,000 km option makes it possible to apply an advantageous rate to policyholders who choose to limit the usage of their car every year. In addition, in the case of electric vehicles, car insurance coverage is extended to the battery and power cable. Lastly, since 2021, specific bicycle insurance has also been offered to cover the theft, breakage and physical damage for conventional bicycles and electric bicycles.

Lastly, assistance solutions for energy renovation works, the supply of renewable energy and the charging of electric vehicles have been offered this year in the service kiosk.

3.7.4.2 Assisting professionals and companies

Financing investments dedicated to the energy economy and high-energy performance may be achieved with the energy Transition Loan from the portfolio of investment loans with subsidized rates.

In the regions, the projects financed for companies and professionals in 2021 almost exclusively related to methanization installations and photovoltaic parks.

Furthermore, professionals and companies benefit from specific financing offers in long-term leasing for the acquisition of hybrid, electric and public transportation vehicles.

As regards renewable energy equipment projects, 380 company and professional projects were financed in 2021 for an amount of nearly €97 million.

Experts are helping farmers more and more with high-performance renewable energy equipment projects. In 2021, methanization unit projects accounted for 77% of the amounts financed in renewable energies.

In order to support farmers in an agroecological transition, a support policy has been defined (see section 3.7.6).

For prevention, "crop insurance" is offered to farmers to enable them to continue their activity in the event of climatic hazard from multiple perils (drought, hail, storms, frost, excess water) or hail and storms.

For large and medium-sized companies, there are also loans with interest rates indexed to the achievement or not of sustainable development objectives in terms of environmental, social and/or governance (ESG), previously defined in the agreement.

The support for companies in relation to the energy transition is also reflected in partnerships with competitiveness clusters. Thus, CIC Ouest is a partner of the Pôle Mer Bretagne Atlantique competitiveness cluster, whose objectives include:

- promoting research into clean technologies to further develop the naval sector while respecting the environment;
- helping shift fishing and aquaculture towards a reasoned activity based on a better understanding of biological resources;
- promoting balanced and integrated coastal development.

Crédit Mutuel Equity and its subsidiaries also participate in the development of projects by investing in companies whose products are environmentally-friendly and energy-efficient (manufacture of biomass boilers, distribution of photovoltaic equipment, etc.).

3.7.4.3 Financing of projects[1] in renewable energy (SOT60)

In addition to infrastructure and telecom financing, in 2021 CIC's project financing department[2] financed:

- 18 renewable energy projects: six onshore wind farms projects, totaling nearly 1,097 MW (five in France and one in the United States), two offshore wind farms projects in Europe representing nearly 1,650 MW (Courseulles-sur-Mer wind farm in France and Dogger Bank C wind farm in the United Kingdom), a biomass plant representing nearly 100 MW located in France, a geothermal plant representing nearly of 135 MW located in the United States and eight solar plants totaling nearly 495 MW according to available data (seven in France and one in the United States). The aggregate authorizations for renewable energy projects totaled €2.1 billion at the end of December 2021, an increase of 15% compared to the end of 2020. Excluding sub-participations, the aggregate authorizations for renewable energy projects amounted to €2 billion at the end of December 2021, up 20% compared to the end of 2020;
- a network and storage project: electricity storage battery project totaling nearly 188 MW in France.

All projects financed strictly comply with the environmental standards of the host country.

The 2019-2023 strategic plan *ensemble#nouveaumonde, plus vite, plus loin!* (together # today'sworld, faster, further!) of the group sets the increase in the financing of projects with a high climate impact at 30%. This objective initially concerns the corporate banking activity, notably through project financing.

All projects financed strictly comply with the environmental standards of the host country.

This financing is subject to an internal assessment procedure that includes the ESG criteria described in the vigilance plan (section 3.9.3.3).

A number of these projects contributed to the issuance of a first green bond in 2020 and a second[3] in 2021 by Banque Fédérative du Crédit Mutuel (BFCM) for a cumulative amount of €1.5 billion. As the Green Bond issued in 2020 included in the Bloomberg Barclays MSCI Green Bond Index of December 2020, the one issued in 2021 was included in the Bloomberg Barclays MSCI Green Bond Index of December 2021.

(1) "Project funding" is understood here as a very specific category of corporate financing, called specialized financing (defined in particular by Article 147.8 of European Regulation No. 575/2013) and which meets very specific criteria. These criteria, such as approved by the ACPR in October 2012, are used to set eligibility for deals in CIC Project Financing portfolio.
(2) Including CIC Sud Ouest, which directly manages certain projects.
(3) Information available at https://www.bfcm.creditmutuel.fr/fr/programmes/obligations-vertes-et-sociales.html

3.7.4.4 Transition funds

In 2021, Crédit Mutuel Capital Privé continued to roll out Siloé Infrastructures, an investment fund dedicated to infrastructure. This fund aims to provide equity or quasi-equity in projects contributing to the regional development in France, the euro zone, the United Kingdom and Switzerland. The investment strategy of this fund provides for at least 50% of the capital to be invested in projects related to the energy transition. In addition to the Hexagon Renewable Energy operation carried out at the end of 2020 alongside TTR Energy (development of wind farms with a potential power of more than 770 MW), Siloé has invested in two other wind projects developed by Voltalia (power: 35 MW) and in two photovoltaic power stations developed by TSE (power: 95 MW). It should be noted that, for these last two investments, specific measures have been implemented to contribute to the recovery of biodiversity.

Lastly, Siloé is providing capital support to two developers, Solveo in Toulouse on wind and photovoltaic projects representing a green energy potential of 1,200 MW, and TSE in Sophia Antipolis alongside Banque des Territoires *via* a solar project development platform Aphaia, representing a green energy production potential of more than 1,000 MW.

All these projects will represent, if all investments are made, a renewable energy production of nearly 3,000 MW. Crédit Mutuel Capital Privé will continue to roll out the Siloé fund in 2022 by maintaining its strategy of supporting projects related to energy, digital and demographic transitions.

In addition, Crédit Mutuel Asset Management joined the "Finance for Tomorrow" initiative launched by Paris Europlace in 2019, thereby committing to help redirect financial flows towards a low-carbon and inclusive economy, in line with the Paris Accord and the UN's Sustainable Development Goals (SDGs). In 2021, still within Finance for Tomorrow, Crédit Mutuel Asset Management joined the alliance for a fair transition, the objective of which is threefold:

- encourage companies to integrate the fair transition into their environmental strategy by holding regular discussions with them;
- promote best practices in the business segments most affected by the environmental transition;
- facilitate collaboration between investors and companies.

As part of COP26, Crédit Mutuel Asset Management supported the declaration of support for the development of Impact finance just as it took part in the work of the Impact working group.

In 2021, Crédit Mutuel Asset Management also joined CDP Science Based Target (alliance calling on more than 1,800 companies to define science-based climate targets in line with the international ambition to limit global warming to 1.5 ° C) and Business For Nature and Finance for Biodiversity, to support commitments in favor of biodiversity.

For Crédit Mutuel Asset Management (signatory of the PRI and the Global Investor Statement to Governments on Climate Change, and member of the CDP water program, formerly the Carbon Disclosure Project, associated with its carbon program and its forest program), this is reflected in particular through a process of dialogue and in-depth shareholder engagement with climate and environmental issues.

CIC also offers SRI funds to savers, notably through employee savings (see paragraph 3.4.1.3.1) and also through:

- the new CM-AM Global Climate Change fund with Greenfin certification which is an international equity fund focused on the climate transition and whose management philosophy is based on four themes of sustainable growth investments: sustainable mobility, renewable energies and energy efficiency, the preservation of ecosystems and agents of change;
- the European CM-AM Objectif Environnement fund, which invests in companies that are attentive to the environmental footprint of their production methods and the green added value of their products and services as well as their governance and social issues;
- the Greenfin-certified CM-AM Green Bonds fund for which Crédit Mutuel Asset Management has defined its own analysis model that incorporates ESG criteria to select its bonds in compliance with the Green Bonds Principles.

Institutional investor clients can invest in SRI funds (such as non-profits) and the three funds mentioned above.

3.7.5 Climate risk management (ENV52)

In a world increasingly concerned with combating climate change and environmental degradation, Crédit Mutuel Alliance Fédérale is committed to taking into account climate imperatives in the conduct of all its activities in order to meet the trajectory of the Paris on Climate Change Agreements. The aim is to limit the increase in temperatures by 1.5 to 2°C by 2100.

The management of risks connected to climate change (physical risk and transition risk) is integrated into the financial risk management system (see Section 3.3 "Non-financial risks and opportunities"). All projects developed are presented to the Risk Committee (executive body) and then to the Risk Monitoring Committee (deliberative body). They are part of the strategic monitoring of risks, in direct liaison with the Chairman and executive management.

CIC participates in achieving the ambitious objectives of the group's policy, which consists of:

- financing projects with a significant impact on the climate;
- assisting companies in transforming their business models;
- adding more environmental requirements to the rules for providing financing;
- aligning sectoral policies to combat the use of carbon and conventional and unconventional hydrocarbons by means of the climate strategy;
- including direct and indirect impacts of climate risk of the group's activities in Crédit Mutuel Alliance Fédérale's risk mapping[1].

Climate change exposes CIC to physical and transition risks, the definition of which is provided in Section 3.3 Non-financial risks and opportunities.

(1) *Work in progress described in Section 3.3.*

The risks related to climate change, mainly analyzed in the context of operational risks (whose potential consequences can be minimized thanks to the EBCP[1]), have evolved.

Qualitative integration of climate risk in the risk appetite framework

The risk appetite framework (RAF) is presented in Chapter 5 of this universal registration document.

In the area of environmental and climate-related risks, CIC ensures that these risks are fully integrated into the development of its activities, with a long-term vision. This translates into:

- the integration of the monitoring of environmental and climate risks, as well as their transmission mechanisms to other risks (particularly credit), into the risk management system;
- the implementation of dedicated tools to identify, measure, manage and monitor all of these risks (both physical and transition);
- the deployment of measures to mitigate the impact of environmental risks and measures to adapt to climate change.

Accordingly, risks related to the environment and climate are qualitatively included in Crédit Mutuel Alliance Fédérale's risk appetite framework, which is also used within CIC entities, for the 2022 annual review.

At the same time, working groups and a Steering Committee were set up to define and validate the metrics used to identify indicators relating to climate risk. After an observation period of several quarterly, half-yearly or even annual closings, the governance body may decide on the inclusion of some of these indicators in the risk appetite framework. In the long term, alert thresholds and appetite limits will be set according to CIC's risk appetite. Corrective actions will also be determined if the alert threshold or appetite limit is exceeded.

Climate risks and country limits

In the context of the rise in risks related to climate change that could impact countries and their economies, research into the assessment of climate risks has made it possible to include an ESG component in the definition of country limits. These limits consist of capping the exposure level that the group authorizes to take on the counterparties with which it deals in each country.

Thus, the calculation of the country limit takes the Notre Dame Global Adaptation Index – or ND-GAIN – limit into account,[2] which reflects:

- the vulnerability of the countries to climate change, based on 36 quantitative and qualitative criteria (principal themes: health, food, ecosystems, habitat, access to water and infrastructure);
- the readiness to adapt to these changes, based on nine economic, social and governance criteria.

The limit is affected by a penalty which differs depending on the level of the index.

During the 2021 fiscal year, the calculation of country limits taking into account the ND-GAIN index was deliberately not updated. Indeed, country ratings of financial agencies increasingly include the environmental aspect. In order not to penalize Crédit Mutuel Alliance Fédérale's country limits using a dual approach, an additional study will be carried out in 2022 to assess the best option to implement.

First climate stress test exercises

In 2020, Crédit Mutuel Alliance Fédérale took part in the first pilot climate stress test exercise proposed by the ACPR and coordinated by Confédération Nationale du Crédit Mutuel. The purpose of this exercise was to raise financial institutions' awareness of climate risk (by 2050), to measure the vulnerabilities of institutions and the cost of non-compliance with the objectives of the Paris Agreement, and to develop methods for monitoring and managing the risk assessment of climate change risks.

The methodology used by the ACPR serves as a basis for the 2022 climate stress test for banks directly supervised by the ECB. Since November 2021, a dedicated working group led by CNCM has been dedicated to the completion of the three modules proposed for the exercise:

- the first one concerns a qualitative questionnaire relating to the integration of climate risks in stress test exercises;
- the second one concerns the collection of carbon and financial data from the top 15 customers for each of the 22 segments monitored;
- the third one analyzes the impact of transition and physical risks based on four scenarios predetermined by the NGFS (Network of Central Banks and Supervisors for Greening the Financial System).

The ECB will publish the results of the stress test at the end of July 2022.

Taxonomy

The Taxonomy regulation[3] is part of the European Union Green Deal[4], with the aim of harmonizing standards and directing investments and financing towards sustainable activities.

It is a set of sustainability criteria for companies, investors and governments, and identifies economic activities that can be considered as sustainable or eco-responsible. Accordingly, this regulation enables financial players and companies to speak the same language and facilitate investments and sustainable financing in order to achieve the net zero carbon objective by 2050 in Europe.

The taxonomy thus proposes a standardized classification to assess the sustainability of nearly 70 economic activities. They are primarily divided into nine macro segments: forestry, industry, energy (electricity, gas, steam and air conditioning), water management, sewerage, waste and sanitation, transport, Public Buildings and Works and real estate, information and communication technologies, engineering, accounting for 93% of greenhouse gas (GHG) emissions in the European Union.

(1) Emergency and business continuity plans.
(2) https://gain.nd.edu/
(3) Regulation (EU) 2020/852
(4) Green pact.

For an activity to be classified as sustainable, it must meet four conditions:

- the economic activity must be able to demonstrate that it provides a substantial benefit to at least one of the six environmental objectives: climate change mitigation, climate change adaption, sustainable use and protection of aquatic and marine resources, transition to a circular economy, pollution prevention and reduction, biodiversity protection and restoration;
- it must do no significant harm to any other environmental objective;
- it must respect the minimum social guarantees;
- it must comply with the technical performance thresholds.

In addition, to meet the objective climate change mitigation, *i.e.* reducing the impact of an organization on the environment, the activity can be classified within three levels of qualification:

- sustainable activities: compatible with the Paris Agreement (example: low-carbon transport);
- transition activities: which contribute to reducing greenhouse gas emissions when there are no currently available sustainable alternative activities such as the renovation of buildings;
- enabling activities that make it possible to transition, "green" or reduce emissions from other activities/ segments (*e.g.* wind turbine manufacturing plant).

In addition, the taxonomy also refers to the following regulations:

- SFDR – Sustainable Finance Disclosure Regulation[1] which requires institutional investors to inform their clients of sustainability risks impacting investments and the main negative impacts of their investments on sustainability factors. The Taxonomy specifies what is considered a sustainable investment product in the regulations through the disclosure of detailed information on sustainable finance;
- The NFRD regulation – Non Financial Reporting Directive – which regulates the disclosure of a company's policies in terms of environmental protection, social responsibility, treatment of employees, human rights, anti-corruption and influence peddling. The taxonomy modifies the non-financial information reporting obligations of companies regarding the information in their financial statements pursuant to with the directive. Companies subject to this regulation will have to disclose the percentage of revenue, capital expenditure and operating expenses aligned with the taxonomy in their Non-Financial Performance Statement in 2023 for non-financial companies and in 2024 for financial companies.

In accordance with the regulations, Crédit Mutuel Alliance Fédérale has identified the portion of its assets eligible for the first two objectives of the European taxonomy (mitigation and adaptation to climate change) in its customer portfolio based on the data as of December 31, 2021.

Crédit Mutuel Alliance Fédérale publishes its ratios in its non-financial performance statement[2] on a so-called mandatory basis, for which exposures to non-financial companies are not included in the calculation, because the available NACE code does not fully reflect the business activity. It is therefore an estimate.

Work will continue in 2022 to fine-tune data collection and improve data quality, integrate the other four environmental objectives and identify the alignment of funded activities with the taxonomy regulation.

The eligibility indicators for GACM assets for the European taxonomy are also published in Crédit Mutuel Alliance Fédérale's NFPS. And the eligibility indicators of Crédit Mutuel Asset Management's assets will be included in this entity's ESG report.

ESG issues and investment policy for insurance and asset management activities

Since 2017, pursuant to Article 173 IV of the energy transition for green growth law, Groupe des Assurances du Crédit Mutuel (GACM) and Crédit Mutuel Asset Management report, in a timely manner, to policyholders and in their annual report, on how they take into account ESG issues (environmental, social and good governance) in their investment policy, notably, as part of the "Environment" section, on the measurement of greenhouse gas emissions of the assets in the portfolio.

In addition, Crédit Mutuel Asset Management and BLI now classify their funds according to the SFDR regulation, which strengthens communication to investors on sustainability risk[3] (consideration of environmental, social and governance criteria in the funds' investment strategy). The funds must be classified according to the following categories:

- so-called "Article 6" funds: general communication rule common to all funds in the pre-contractual documentation (prospectus), regarding whether or not sustainability risk is taken into account;
- so-called "Article 8" funds: the funds covered by this article systematically incorporate environmental and social characteristics. They promote these characteristics insofar as the companies in which the investments are made apply best governance practices;
- so-called "Article 9" funds: the funds covered by this article contribute to the achievement of a defined and quantifiable environmental and/or social objective, *e.g.* in terms of carbon emission reduction. They are also products with a social objective, such as impact funds.

This new regulatory framework was an opportunity for Crédit Mutuel Asset Management to redefine its objectives regarding the inclusion of non-financial criteria in the management of its funds. Crédit Mutuel Asset Management's ambition is to classify 100% of open-ended funds under active management[4] in Article 8 or in Article 9. At December 31, 2021, Crédit Mutuel Asset Management's outstandings were as follows:

- Art. 9 funds – Class AMF I: €117 million;
- Art. 8 funds – Class AMF I and II: €53,264 million.

These classifications represented 71.8% of Crédit Mutuel Asset Management's outstandings at December 31, 2021.

At that date, the outstandings of Banque de Luxembourg Investments (BLI) classified as Art. 9 amounted to €421 million, and those classified Art. 8 to €321 million.

(1) Sustainability Information Disclosure Regulation.
(2) https://www.bfcm.creditmutuel.fr/fr/investisseurs/information-financiere-reglementee.html
(3) https://www.creditmutuel-am.eu/partage/fr/CSD-CM/CMAM/telechargements/sfdr/fonds-sfdr-amf-juin-2021.pdf
(4) Excluding index-based UCIs or formula funds whose objective is to follow or invest in a given index, regardless of whether sustainability risk is taken into account.

3.7.6 More stringent sectoral policies (ENV44)

CIC participates in the development of the group's sectoral policies and oversees their implementation. These policies are part of the ESG risk management system (see Section 3.9.3.3). These sectoral policies aim to define a scope of intervention for CIC and to set criteria for conducting business in areas where the social and environmental impacts are the most significant.

The measures resulting from these policies apply to all entities subject to compliance with the legal and regulatory provisions specific to each entity. They may be revised whenever necessary. Sector policies and their changes are systematically submitted to the Boards of Directors of Caisse Fédérale de Crédit Mutuel, BFCM and CIC for approval.

In addition, since the first quarter of 2021, exposures related to sectors eligible for a sector policy are subject to dedicated monitoring. This specific reporting includes the existing risk monitoring system presented to the Risk Committee (executive body) and the group Risk Monitoring Committee (deliberative body).

In 2021, the hydrocarbon policy was strengthened and an agricultural policy was established.

ESG rating and inclusion of criteria in the granting of financing

Specific analysis grids for the business sectors subject to sectoral policies strengthen the rules for the application of said policies. These documents are to be completed by the teams examining the file and presented to the Commitments Committee. These analysis grids integrate counterparties' non-financial ratings which are analyzed when the decisions to grant banking and financial transactions are taken.

A general analysis grid has also been developed reinforcing the group's requirements for all sectors that are not part of sectoral policies. It enables the sales teams to ensure compliance with the Group's CSR commitments. This decision support grid also includes the study of the counterparty's ESG policy as well as the consideration of controversies related to human rights, labor rights, the environment, and the fight against corruption.

In order to obtain a contradictory analysis, the analysts and teams in charge of granting financing have access to ESG data provided by the non-financial rating agency ISS-OEKOM. In addition, the teams have the opportunity to submit the file under review to the Corporate Banking SMR Committee for an opinion. This committee was specially created to deal with ESG challenges and analysis of controversies for decision by the Commitments Committee. Thus, CIC values ethical business relationships and proposes to supplement the financial analysis of the companies financed with an objective analysis of their non-financial performance and more specifically of their commitment to environmental, social and governance issues. This is a committed approach to financing the environmental transition that promotes the non-financial performance of customers as a decision-making element. It is also a source of dialog with customers enabling the group to provide them better support in their sustainable growth projects.

In addition, the reputational risk related to the non-application of the commitments of the CSR strategy could generate a significant financial risk for CIC. The image and integrity of the group could be tarnished by controversies linked to financing and/or investments granted to counterparties that are not in line with the group's sustainable development policy or its ethical and responsible values.

In 2021, CIC Lyonnaise de Banque took part in the integration of ESG criteria in the decision-making process to grant financing to customers of SMEs and mid-sized companies in the regions. The system deployed within the corporate banking scope has been adapted. Using the same procedure, an application grid was prepared including the study of ESG criteria, the analysis of any controversies and eligibility for sectoral policies.

Once again, the completion of the grids is the responsibility of the project managers upstream of the presentation of the file to the Commitments Committee to decide on the granting of financing. This pilot project team is responsible for validating the smooth operational functioning of the system before rolling it out to CIC regional banks and the Crédit Mutuel Alliance Fédérale federations by 2023.

Focus on sector policies

- **Coal Policy**

1/ Companies included in the Global Coal Exit List:

- immediate freezing of banking transactions, financing of projects and investments;
- immediate disposal of investments in insurance, asset management and trading room activities.

2/ Absolute threshold:

- annual coal production < 10 MT;
- coal-based installed capacities < 5 GW.

3/ Relative application threshold:

- share of coal in revenue < 20%;
- share of coal in the energy mix < 20%.

These criteria are not cumulative. They are intended to totally eliminate the financing of energy derived from coal by 2030. They will be revised every year to become increasingly demanding.

CIC will make the continuity of its financial support to customer companies exposed to the coal sector dependent upon the publication of a dated and detailed to a plan to close all their coal assets by 2030. These requests may be subject to an escalation procedure with executive management.

- **Hydrocarbons policy**

In October 2021, CIC stopped all financing of new exploration, production or infrastructure projects[1] (oil pipeline, gas pipeline and storage units) or processing (oil refineries, gas liquefaction terminals) in oil and gas.

This decision reinforces the decision initially taken in February 2020 to no longer finance unconventional hydrocarbon projects, including projects in the Arctic.

(1) Excluding the shipping sectoral policy.

Similarly, CIC will refrain from providing banking and financial services to companies listed in the Global Oil & Gas Exit List (GOGEL) reference list of the NGO Urgewald, whose share of unconventional hydrocarbon production exceeds a defined threshold[1].

Scope of unconventional hydrocarbons:

- shale oil or shale gas;
- oil from bituminous sands;
- heavy[2] and extra heavy oil[3];
- deep water oil[4];
- oil extracted in the Arctic[5].
- coal bed methane.

In addition, CIC undertakes to exchange with the companies in its portfolio in order to convince them to give up developing new oil and gas fields within a short deadline, failing which they risk being excluded from future support.

CIC reserves the right to maintain its financing for companies in the fossil energy sector that are publicly committed to a strategy of adapting their activities that promotes the energy transition and in particular through financing and/or investment in setting up renewable energy infrastructure.

- **Mobility Policy**

The objective of this policy is to strictly limit the financing granted to the most low-carbon assets. It concerns air transport (financing of airlines, financing of aircraft acquisitions), maritime transport (financing of ship building and dismantling activities) and road transport (financing of light commercial and industrial vehicles).

1/ Air transport

CIC will reserve its financing solely for the latest generation models from Airbus, Boeing, ATR, Embraer and Bombardier manufacturers. To ensure renewal within aircraft fleets, and until 2025, only aircraft whose age does not exceed eight years may be financed. Beyond 2025, this age will be reduced to five years. Similarly, CIC limits its financing to companies whose average fleet age does not exceed 15 years, reduced to 12 years from 2025.

2/ Maritime transport

As a signatory of the *Poseidon Principles* from 2019, CIC has set itself the objective of dipping below the International Maritime Organization curve by 2025, as part of its maritime transport policy. CIC excludes the financing of all vessels transporting oil and dedicated to the transport of unconventional gas.

3/ Road transport

CIC focuses its financing on the corporate market in leasing, credit and the financing of rail freight and passenger assets on assets with the lowest carbon emissions. Only light commercial vehicles (LCV) and industrial vehicles (IV) meeting at least the Euro 6 standard are eligible for financing.

- **Mining Policy**

This policy is applicable to all financial transactions intended for mining companies irrespective of the mining resource and method of extraction employed. This covers the entire sector from ore exploration to shipping.

CIC undertakes to no longer intervene in the financing or in investments that are directly assigned related to the development, construction or extension of mining or metallurgical facilities if one of the following characteristics is present: project for asbestos mines, small-scale mines, critical impact on a protected zone or a wet zone that is on the Ramsar Convention list, and UNESCO world Heritage sites.

- **Civil Nuclear Energy Policy**

This policy governs operations and advice provided to companies in the civilian nuclear sector. CIC ensures that all requests fall within the framework of the laws in force and comply with the standards and/or recommendations issued by independent organizations in the nuclear sector.

An internal decision-making process is defined and follows a reference framework which notably takes into account the host country, the type of financing of the projects in question and the international financing rules.

- **Defense and Security Policy**

This sectoral policy relates to transactions with companies in the defense and security sector. It recognizes the existence of conventions, treaties, agreements and regulations specific to the armaments industry.

CIC refuses to take any part in controversial weapons operations and respects drastic principles regarding unconventional weapons as well as countries affected by such funding.

- **Agricultural Policy**

The objective of this policy is to support efficient, sustainable and low-carbon agriculture through the implementation of a comprehensive system: subsidies to support the completion of a carbon assessment and to support certification procedures, range of subsidized dedicated loans.

These schemes encourage operators to invest to reduce greenhouse gas emissions, improve the potential for carbon storage in the soil and preserve biodiversity.

In addition, an objective analysis of the action plans carried out by farmers in environmental, social and governance (ESG) matters, based on the condition-based principles of the Common Agricultural Policy (CAP), strengthens the lending decision-making system of banking transactions for the agricultural market.

It is a committed approach promoting the agroecological transition and confirmed through a constructive dialog with farmers to better support them in their projects.

(1) Threshold in the process of being approved.
(2) Density between 22.3° and 10° API (American Petroleum Institute).
(3) Density less than 10° API.
(4) Deep-water oil: deep-water oil, which refers to exploration, development and production operations of offshore, the depth of which exceed 5,000 feet (1,500 m).
(5) Scope of the Arctic Monitoring and Assessment Program (AMAP) Zone covering eight countries bordering the Arctic Ocean: Canada, Denmark (with Greenland), Finland, Iceland, Norway, Russia, Sweden and the United States (Alaska), with associated marine areas, for a total area of approximately 18 million km2.

3.8 GOVERNANCE

Since the adoption of a *"Ensemble, écouter et agir"* (Listening and acting together) raison d'être and the status of benefit corporation bank for CIC in 2020, a Mission Committee monitors the execution of these missions and reports, at least once a year, to the Board of Directors on the proper execution and follow-up of its work. An independent body verifies the implementation of social and environmental objectives. Its opinion is attached to the Mission Committee's report.

Please refer to the "corporate governance" chapter of this universal registration document.

CIC HOLDING COMPANY

Publication indicators	Title	2021	2020
GOUV01	Number of members on the Board of Directors or Supervisory Board	8	8
GOUV02	Number of women on the Board of Directors or Supervisory Board	3	4
GOUV9-01	Number of directors on the Board of Directors or Supervisory Board by age group	8	8
GOUV9-02	< 40 years	0	0
GOUV9-03	40/49 years	1	1
GOUV9-04	50/59 years	2	1
GOUV9-05	> 60 years	5	6
GOUV25	Total turnover rate of boards during the year (new members elected out of total members)	12.50%	12.50%
GOUV26	Board attendance rate	94%	83%

* *Excluding director representing employees.*

3.9 VIGILANCE PLAN

3.9.1 Introduction

The law No. 2017-399 of March 27, 2017, pertaining to the responsibility of parent companies and initiating companies is the law known as "duty of vigilance".

This law obliges large companies to establish and implement a "vigilance plan", intended to prevent serious harm to human rights and the environment as part of their activities and those of subcontractors or suppliers with which they have a lasting business relationship.

This obligation, which applies to companies (subsidiaries included) employing at least 5,000 employees in France or at least 10,000 employees in France and abroad, concerns in particular Crédit Mutuel Alliance Fédérale and the entities which comprise it, including CIC and its subsidiaries.

This vigilance plan is submitted to the Control and Compliance Committee and Auditing and Accounting Committee, which represents the supervisory authority of Crédit Mutuel Alliance Fédérale.

It may be subject to modifications as the group makes progress in the matter and incorporates the particularities of certain professions.

The vigilance plan and its implementation are made public through the non-financial performance statement (NFPS), which can be consulted on the dedicated website[1].

3.9.2 Presentation of the vigilance plan

3.9.2.1 Definition of the vigilance plan

"The plan contains reasonable vigilance measures adequate to identify risks and prevent serious harm to human rights and the fundamental freedoms, health and safety of persons as well as the environment, resulting from the company's activities and those of the companies it controls within the meaning of II of Article L.233-16, directly or indirectly, as well as the activities of subcontractors or suppliers with which there is an established commercial relationship, when these activities are related to this relationship" (See Article 1 of law No. 2017-399).

The vigilance plan is part and parcel of the Social and Mutualist Responsibility process – SMR – which has been implemented for several years by Crédit Mutuel Alliance Fédérale. This approach was strengthened in 2020 by the adoption of a raison d'être, *"Ensemble, écouter et agir"* (Listening and acting together), supplemented by the benefit corporation bank status of Caisse Fédérale de Crédit Mutuel and CIC.

(1) available in the URD at the following address: https://www.cic.fr/fr/banques/institutionnel/publications/responsabilite-societale-de-l-entreprise.html

3.9.2.2 Scope of the vigilance plan

The vigilance plan makes it possible to identify risks and prevent serious harm in the following areas:

1/ Human rights and fundamental freedoms

There are several categories:

- **inherent human rights**: meaning equality, freedom, property, safety and freedom from oppression;
- **rights that are aspects or consequences of the preceding**:
  - from the principle of equality, for example, ensues universal suffrage, gender equality, and also equality before the law, employment, taxes, justice, access to culture,
  - the principle of freedom elicits the existence of individual freedom, of opinion, of expression, of assembly, of worship, of the right to unionize and to strike,
  - the right of property implies the freedom to dispose of personal property and entrepreneurial freedom,
  - the right to safety justifies the preclusion of arbitrariness, the presumption of innocence, respect for the rights of defense, the protection of individual freedom by justice;
- **social rights**, meaning services that are the responsibility of the collectivity: we can cite the right to work, protection of health, free public education;
- **rights related to the environment,** which affirm the right of everyone to live in a balanced environment that's respectful of health and which enshrine the notion of sustainable development and the precautionary principle.

The vigilance plan covers infringements on human rights and fundamental freedoms generated by the activities of CIC (subsidiaries and employees) or its partners (suppliers and intermediaries) on their stakeholders within the context of established commercial relationships.

2/ Health and safety of individuals

a) Definitions

- The WHO defines **health** as "the complete state of physical, mental and social well-being, which does not only consist of the absence of illness or infirmity";
- **Safety** designates all of the provisions intended to ensure the protection of persons and property in a manner such that the situation in which one finds his or herself has an acceptable level of risk.

b) Examples of risks to safety and health at work

Physical activity (working on a screen, lumbago, etc.), noise, occupational or chemically-caused cancers (asbestos, etc.), travel, psycho-social risks (aggression, external violence, occupational exhaustion or burn out, harassment and internal violence, stress, suicide), etc.

c) The vigilance plan covers infringements of health and safety inside and outside the company

- Internally, the employer should ensure safety and protect the health of employees. The employer should take the necessary preventive measures against occupational risks and inform and train employees about these risks. The employer should also respect certain rules in the layout and utilization of the work premises;
- Externally, the employer should also ensure that the company's activities like those of its suppliers do not have negative repercussions on the health and safety of the supplier's employees, customers or any other persons.

3/ Environment

Risks related to the environment are industrial or technological risks generated by the group or partners, which have an impact on the environment: water, air, sites and soils, noise, etc. Risks related to financing and investment activities are also included, the goal being to reduce as much as possible the environmental consequences resulting from these activities.

They concern:

- the vitality of the ecosystem (protection of the ecosystem, resource management, pollution);
- management of water, agricultural, fishing and forest resources, but also climate change and biodiversity and the air;
- environmental health (impact of the environment on human health).

3.9.2.3 People concerned by the vigilance plan

All those people likely to be affected by a risk or an infringement of a social or environmental nature are those who are involved in the context of the group's activities or in the context of a commercial relationship, particularly with suppliers and subcontractors.

That means employees, temporary workers, staff (detached or not) of suppliers, subcontractors, customers and any other persons involved.

These people may be the cause of a violation of social or environmental rights; they may also be accomplices (active or passive) or even victims.

Put simply, it is necessary to distinguish:

- the risks generated by the entity/subsidiary on employees;
- the risks generated by the entity/subsidiary on customers *via* activities, financing granted, investments made, products and services offered;
- the risks generated by the entity/subsidiary on its partners (suppliers and subcontractors, intermediaries. etc.) and third parties;
- the risks generated by partners (suppliers, intermediaries, etc.) with which the entity/subsidiary has an established commercial relationship, when activities are related to this relationship, on their employees and third parties.

3.9.3 Measures of the vigilance plan

In accordance with the law, it includes the following five principal measures:

- a mapping of risks intended to identify, analyze and prioritize them;
- regular assessment procedures of the situation of subsidiaries, subcontractors or suppliers with which there is an established commercial relationship, in terms of the mapping of risks;
- appropriate measures to mitigate or prevent serious harm;
- a whistleblowing system and procedure for reporting the existence or occurrence of risks;
- a mechanism to monitor any measures put in place and to assess their effectiveness.

3.9.3.1 Mapping of social and environmental risks

The mapping of risks covers the areas evoked above based on an awareness of employees' work situation, relationships with customers and partners, activities exercised by the company and those of subcontractors and suppliers.

The objectives sought consist of:

1/ Identifying the risks

This means identifying all the dangers to which employees (of the company or suppliers), customers or third parties may be exposed.

2/ Analyzing the risks

The risk incurred for each situation identified as dangerous is to be defined and evaluated based on:

- the nature of the danger;
- the means of prevention already existing (technical, organizational, human).

3/ Classifying risks

The classification of risks is designed to:

- determine the priorities of the action plan based on the potential seriousness and probability of occurrence;
- implement preventive measures.

For each area (human rights, fundamental freedoms, health and safety of people, environment), work has been done to identify the primary risks. These risks were the subject of analysis (by experts) leading to a two-part assessment based on the concept of gross risk and then that of residual risk.

Gross risk[1] considers the probability of the risk's occurrence and its frequency as well as the impact that the particular case may have on the entity's activities and services it provides to customers. Scoring is established based on the following five levels:

Scoring	1	2	3	4	5
Degree of risk	**Very substantial**	**Substantial**	**Average**	**Low**	**Very low**

For each case, **residual risk** is then valued according to the extent to which there is coverage for the observed risk based on the existence and relevance of preventive or mitigation measures in place. Its scoring is established based on the five following levels of risk:

Scoring	1	2	3	4	5
Degree of risk coverage	**Inadequate coverage**: Risk not covered and remedial measures need to be quickly implemented.	**Insufficient coverage**: Risk partially covered with significant points for improvement identified.	**Average coverage**: Risk covered but with one or more points for improvement identified.	**Satisfactory coverage**: Risk covered by a suitable mechanism (organization, procedures, controls, etc.).	**Very satisfactory coverage**: Risk covered by a controlled mechanism.

On this basis, Crédit Mutuel Alliance Fédérale has identified the following primary potential risks:

- concerning human rights and fundamental freedoms: discrimination, undermining equality, breach of a person's right to respect for their private and family life; the right to strike, the right to freedom of assembly and of association as well as on the freedom of expression;
- concerning the health and safety of individuals: health risks, non-respect for legal working conditions, infringement on the safety of workers and inequality of access to the right to health;
- concerning the environment, the risk of pollution, undermining the fight against global warming, biodiversity and the management of waste.

The mapping is likely to evolve as progress is accomplished in each area.

(1) Gross risk is defined without taking into account the control environment.

3.9.3.2 Assessment procedures concerning the status of suppliers and subcontractors

Regular assessment of the status of subcontractors and suppliers, particularly external, with which there is a commercial relationship is conducted with the help of various operational procedures within Crédit Mutuel Alliance Fédérale.

1/ Bidding process procedures

Most purchases are made by internal business line centers.

Certain business lines have defined procedures for the bidding process in view of the importance of negotiations. Thus, at Euro-Information, services have been classified into categories, the main ones being "essential" and/or "sensitive" services. This classification is made within the framework of the rules relating in particular to the identification of the outsourcing of services according to the rules defined by the group. For the bidding process and in regular fashion, purchasing teams ask these suppliers to provide documents that can attest to their CSR procedures (or to provide the link to the document on the Internet) in order to know the content. This operation is applied in the purchasing process of equipment/software, but also in the context of buying immaterial computer services from DSC (Digital Services Companies) suppliers. Euro-Information conducts a regular review of it.

The assessment of suppliers is also done through policies established by the group (sectoral policies, purchasing policy and charter with suppliers, essential outsourced services; see below). For example, Euro-Information includes the supplier charter in its bidding process procedures.

2/ Collection of documentation and information on external suppliers

Numerous elements that make it possible to check on the identity of the supplier, its repute and the quality of service provided are collected as part of the group's procedures.

- Information collected on suppliers and service providers are the following:
  - with regard to combating undeclared labor (Article L.8222-5 of the Labor Code), vigilance obligations required of all suppliers with revenues in excess of €5,000 include a Kbis extract (certificate of incorporation), an URSSAF (French social security contributions collections agency) declaration, an URSSAF authentication, the list of foreign workers (LNTE) and a certificate of vigilance,
  - other documents requested by certain business line centers depending on their activity: E&O insurance, proof of ten-year liability insurance, license for domestic transport, CNAPS approval[1] for private security companies, professional licenses of security agents, etc.,
  - INSEE (French National Institute of Statistics and Economic Studies) files and legal information that may be consulted with the BILI (companies, associations, sole traders) app,
  - for accredited suppliers in the CONTRACT application: contracts, maintenance records, operational elements,
  - the supplier charter which is signed by every new entry in relation with internal business line centers;
- the regulatory data from the supplier (legal structure, address, SIRET number, NAF code, legal category, etc.) are reported in the application – PIEFOU – a management tool for supplier invoices,
- when the supplier is also a customer, elements related to the fight against money laundering and the financing of terrorism (AML/CFT) are requested of the supplier or service provider.

3/ Selection of intermediaries and collection of information

- For Retail Banking, the PRESC application for IOBSPs (intermediaries in banking operation and payment services) makes it possible to identify the following documents: ORIAS (France's official register of insurance, banking, and finance intermediaries) registration, civil liability insurance, financial security, mandate, etc.;
- In addition, each retail bank or specialized business line establishes a referencing procedure for IOBSPs, which allows for the formalizing of the collection of required information and the implementation of certain controls;
- For Capital Markets, a policy is implemented for the selection of financial institutions or other intermediaries to which customer orders are entrusted for execution on French or foreign markets. The chosen entities must dispose of procedures and mechanisms to execute orders that correspond to the objectives set in the group's execution policy (available on the Internet) and particularly to certain criteria (rules of good conduct, terms and conditions of transmission and execution, security of processing). The selection of intermediaries may be modified depending on the evaluation grid and controls carried out;
- In addition, each retail bank, business line or entity concerned (management companies in particular) is responsible for the approval of the financial instrument brokers they deal with and for monitoring their relationship with them. In this regard, the entity:
  - formalizes a procedure for initiating a new relationship, including, in particular, combating money laundering,
  - establishes and keeps current a formal list of authorized brokers who are authorized to work with it,
  - established an evaluation grid of brokers, which allows for regular assessment based on qualitative criteria.

4/ Outsourcing of critical or material services

The framework procedure for controlling the outsourcing of the "critical or material" activities, drawn up by the Compliance department of Crédit Mutuel Alliance Fédérale includes the policy, procedure and its annexes. These documents are updated as needed.

This framework procedure states that each entity which sets up a subcontracting mechanism establishes a written contract with the service provider. When dealing with critical or material services, the entity must ensure that the contractual commitment covers the regulatory requirements notably concerning the level of quality, backup mechanisms, the protection of entrusted data, ACPR (or AMF) access to information connected to the outsourcing, and generally complies with the laws and regulations which apply to the entity.

Each entity must ensure that the supplier charter (CSR/RSM requirements) is signed for each essential outsourced activity.

The outsourcing section of the internal control report is updated every year.

(1) National Council on Private Security Activities (Conseil national des activités privées de sécurité).

3.9.3.3 Actions to mitigate and prevent risks

A set of measures aimed at reducing and preventing these risks is implemented vis-à-vis customers, suppliers and employees. These measures are presented below.

1/ In customer relations

a) Relationships based on ethics and the code of conduct

Rules of proper conduct exist to prevent risks to which customers could be subject. They are defined by internal rules that apply to all entities and to which are appended the security charter, the code of conduct, and the charter on preventing and combating harassment and violence in the workplace. This mechanism is supplemented by the code of conduct which is a public document.

b) Protection of personal data

Knowing customers and the relationship they have with the bank requires gathering, using and storing a certain amount of information about them. The collection, use and processing of this data are protected and also covered by professional secrecy:

- Crédit Mutuel Alliance Fédérale entities concerned comply with the principle of relevance and proportionality of the data collected regarding the purpose of data processing, in order to comply with legal provisions.
- Customer information is handled in a clear and instructional manner, particularly concerning:
  - the identity of the person responsible for processing;
  - the purpose of data processing, avoiding unduly generic wording;
  - the obligatory or optional nature of answers and the consequences of failure to reply;
  - the recipients of this information;
  - the right of access, to object and to correct.

Information on the protection of personal data is disseminated to customers who use remote banking as well as account opening agreements.

On April 27, 2016, the European Parliament and the Council adopted the regulation on the protection of natural persons with regard to the processing of personal data and the free movement of such data. This regulation, which was enforceable beginning from May 25, 2018, strengthens protection of personal data.

CIC has adapted its tools and guidelines to incorporate the regulatory changes stemming from GDPR.[1] These adjustments concern the following points:

- creation of a register of data processing activities;
- realization of an impact analysis for data processing likely to present an elevated risk to the rights and freedoms of private individuals;
- implementation of internal mechanisms and procedures that show respect for rules pertaining to data protection;
- establishment of a Data Protection Officer;
- application of the principle of protection of personal data in the design of the processing operation;
- the rights of individuals.

In addition, CIC has adopted a security charter concerning personal data management, which is published on its website.

In 2021, 59% of CIC employees (SOT105) fully completed an e-learning course on the General Data Protection Regulation (GDPR) and the CNIL. In 2020, almost 81% of employees had fully completed an e-learning course on the GDPR.

c) IT security management system

Considering the processing of sensitive banking data and the numerous offers of services proposed, Euro-Information (the IT subsidiary of Crédit Mutuel Alliance Fédérale) pays very special attention to all aspects of the IT system. It is updated each year to adapt to new risks and strengthen security. Thus, based on the ISO 27001:2013 standard, an Information Security Management System (ISMS) is deployed on all of the production sites. The ISO 27001: 2013 standard provides a framework for implementing, maintaining and improving an Information Security Management System over time. The ISMS takes into account the external context, the internal context, and the needs and expectations of concerned parties.

Its challenges are:

- to bring tangible improvements to the Information System by:
  - putting in place an operational governance of security,
  - adopting a risk approach to manage security,
  - defining security rules,
  - ensuring the application of these rules;
- to continuously improve the security of the Information System by:
  - measuring the security levels achieved,
  - performing a security watch,
  - taking into account new threats and developments in the IS,
  - reducing the impact and frequency of security incidents.

Euro-Information's certification was renewed in 2020 as part of a first combined ISO 9001 (Quality Management System) – ISO 27001 (Information Security Management System) audit. This certification (No. 2017/77568.10) thus validates the Information Security Management System implemented on the IT production centers.

The basic principles remain the following:

- availability: provide a reliable system with permanent accessibility;
- confidentiality: secure access, processing and data;
- integrity: guarantee reliability of data.

To which the following have been added:

- traceability of information;
- identification/authentication of people accessing the information.

In 2020 and in 2021, the pandemic resulted an increased number of cyber attacks. Security has been strengthened, both through actions to raise employee awareness of current risks, technical detection and protection measures, as well as organizational measures within the security teams. A Red Team whose main missions are to identify potential security breaches, to test the means of detection and response to attacks, and to bring the vision of "ethical hackers" to the development teams.

(1) General Data Protection Regulation.

Various monitoring indicators have been implemented, such as:

- the rate of availability of primary TP applications[1] which was close to 100% in 2021 as in 2020 (SOT102);
- the number of IT claims costing more than €1,000. The latter was down in 2021 with 173 claims (including five related to the COVID-19 pandemic) compared to 269 in 2020 (SOT103).

Employees are also informed of the most common frauds and the ethics rules applicable especially to the use of IT tools and email. This information is located in the *Infos Sécurité* (security information) tab on the homepage of the Intranet provides information on the security of bank transactions, people and property, IT security, "fraud" alerts, warnings, security newsletters, etc.

d) Customer protection in the design of new products and services

Crédit Mutuel Alliance Fédérale's entities have specific procedures to examine the compliance of new products or major transformations to existing products. They include a written opinion from the head of compliance or a designated representative, as well as for any system which is intended to advise or assist customers. New products can be examined by Crédit Mutuel Alliance Fédérale's New Products Committee or delegated to the entity concerned after informing the compliance department.

The opinion of Crédit Mutuel Alliance Fédérale's New Products Committee must be sought for a new product that is to be marketed in the network or by several entities. When marketing is restricted to a single business line, the business line's assessment is communicated to Crédit Mutuel Alliance Fédérale's New Products Committee for information. The Committee may, if it sees fit, issue its own recommendations. Crédit Mutuel Alliance Fédérale's New Products Committee validates the business line's control processes beforehand.

e) Fragile or vulnerable customers

CIC's policy is in line with that of Crédit Mutuel Alliance Fédérale, which has structured its banking inclusiveness system to ensure that the relevant legislation and related commitments are properly implemented:

- by adopting a commitment policy for fragile or vulnerable customers: it describes the ongoing actions together with those within Crédit Mutuel Alliance Fédérale since the end of 2017 to promote banking inclusion, to protect fragile and financially vulnerable customers (especially protected adults) and to highlight how they are assisted in response to the requirements of the public authorities (Observatory of banking inclusion – Banque de France – ACPR);
- by setting up a dedicated central governance body, the Fragile or Vulnerable Customer Committee, to ensure that the legislative obligations and best practices to protect fragile or vulnerable customers and to promote banking inclusion are properly implemented.

As in previous years, under the aegis of the Fragile or Vulnerable Customer Committee, the implementation of the recommendations of the OIB – Banque de France, the expectations of the public authorities and the recommendations of the ACPR resulting from the due diligence performed in 2019 and 2020 concerning vulnerable customers and the cap on bank fees continued.

Review of the changes with the greatest impact:

- roll-out of the new mechanism to cap incident fees, making it possible to set the cap the month in which fragility is detected and on the whole third party;
- following the signature of a partnership agreement with CRESUS, the pilot system continued in three departments. The aim is to support customers in a financially vulnerable situation.

Work is underway to finalize the implementation of a mechanism for the statistical detection of predictive fragility, the customer files thus detected will be proposed to the customer service managers, *via* the debtor management application, in order to implement the appropriate support measures for the customers identified.

In 2021, CIC entities concerned produced regulatory reports which included quantitative and qualitative data on fragile and vulnerable customers devoted to the ACPR (in the questionnaire on business practices and customer protection) and to OIB.

f) Accessibility of banking services

In the context of regulations on the accessibility of establishments open to the public (ERPs) to persons with disabilities, a public accessibility register (RPA) exists in all branches in order to inform the public about the level of accessibility of the location as well as provisions made to allow all persons, especially those with disabilities, to benefit from branch services. In addition, CIC has more than 2,100 ATMs installed in all the regions where it operates, of which 99% are accessible to the visually impaired.

Account statements in Braille are available. CIC has been committed for several years to an accessibility approach to make its sites and applications accessible to everyone, including seniors or people with disabilities or functional limitations, on any type of medium (computer, smartphone, tablet, etc.). Thus, a remote interpretation service in sign language is available to hearing-impaired customers. Operators assist customers for free, by chat or by video-conference link with the services they need. Customers can use this assistance from the mobile app during discussions in the branch. Moreover, deaf or hearing-impaired customers with telephone subscriptions can now take advantage of one free hour per month of translation, in accordance with regulations.

Simultaneously, regular technology watch is conducted on technical devices and raising awareness about accessibility was incorporated into internal training courses taken by the teams in charge of IT development. Certain employees are now experts on accessibility. They help with projects at all stages, audit sites or applications upon request and process customer feedback. The level of accessibility of the cic.fr site is specified on the home page.

In another area, CIC respects the generic terms of primary banking fees and services defined in the Order of March 27, 2014, which aims at simplifying consumer access to fee-related information.

g) Processing of customer claims

CIC offers its customers a three-level complaint processing system for filing a claim.

(1) TP: Transactional Processing (major applications used by the banking network).

In the event of dissatisfaction, customers are invited to contact:

1. their advisor or the manager of their bank/branch (level 1) in order to find the solution best suited to their situation;
2. the customer relationship department (level 2) if they are not satisfied with the answer provided at level 1;
3. the mediator (level 3), only after all internal remedies have been investigated by the bank and provided that the dispute falls within its remit.

The means proposed for filing a complaint through levels 1 and 2 have been diversified since 2019: online form accessible after authentication *via* the online banking service, complete online form for non-holders of a remote banking contract, email, mail, face-to-face and single telephone number dedicated to complaints.

Comprehensive information on claims specifying the contacts persons, the means and possible remedies is provided to customers through:

- the claims page of CIC website;
- claim information leaflets available at branches.

The group has chosen a unique tool for entering and managing claims, which enables to monitor them and trace the audit information. Since December 2020, this tool uses the new classification for claims, making it possible to precisely fill in the new ACPR Banking and Insurance questionnaires.

Customer satisfaction is a top priority in all circumstances, thereby reflecting Crédit Mutuel Alliance Fédérale's key focus on the continuous improvement of the customer claim process and monitoring. In January 2019, the "group complaints" department was created, which reports directly to the Deputy Chief Executive Officer of Crédit Mutuel and the Deputy Chief Executive Officer of CIC, in order to manage complaints and coordinate the customer relations departments of the various entities. In early 2020, this system was strengthened by the creation of Crédit Mutuel Alliance Fédérale customer claims committee. The main mission of this committee is to define the actions to be implemented on the one hand based on a comprehensive qualitative and quantitative analysis of the claims, and on the other hand based on a summary of the areas of improvement identified in the processing of claims.

Lastly, since the end of April 2021, a satisfaction survey is sent to each customer at the end of their claim procedure in order to know what they think about the processing of their claim and how it could be improved.

h) Mediation process (SOT74)

Consumer mediation, in place since January 1, 2016, resulted in the introduction of a dedicated website, featuring the mediation mechanism and providing customers with online access (at the address: https://www.lemediateur-cic.fr/). The mediator's annual report is also available to view. The mediator is registered on the list of mediators; the European Commission is notified by the Assessment and Mediation Control Commission.

In 2017, the group's mediator and the AMF's mediator signed an agreement giving customers the possibility of presenting any claim within the scope of the AMF to either the AMF mediator or the group mediator, with the understanding that the choice is irrevocable.

i) Integration of ESG criteria in the business lines (SOT88)

Sectoral policies[1]

Sectoral policies, formalized to define the methods of intervention with regard to the activities of coal-fired power plants, defense and security, civil nuclear energy and mining are applicable within CIC entities.

All of these policies are regularly reviewed to take into account the various commitments made by Crédit Mutuel Alliance Fédérale, notably with a view to aligning its activities which aim to promote of the fight against global warming.

To this end, in 2021, Crédit Mutuel Alliance Fédérale strengthened its commitment to support the environmental transition of the economy through the strengthening of its hydrocarbon policy and the implementation of an agricultural policy:

- hydrocarbons policy: Crédit Mutuel Alliance Fédérale strengthened its commitments on October 26, 2021 through a press release aimed at stopping the financing of all new oil and gas exploration, production and infrastructure projects. In addition, Crédit Mutuel Alliance Fédérale undertook to exchange with the companies in its portfolio in order to convince them to give up developing new oil and gas fields within a short deadline, failing which they risk being excluded from future support;
- agricultural policy: Through this policy, Crédit Mutuel Alliance Fédérale is strengthening its environmental ambitions and supporting its farming customers towards a sustainable agroecological operating model. Thus, Crédit Mutuel Alliance Fédérale has put in place a document to help with customer knowledge, when making the decision to grant financing, incorporating ESG criteria. These ESG criteria, based on the conditions for CAP aid, allow an objective analysis and a better understanding of the actions carried out by farmers in order to support them in their efforts. Accordingly, to support farmers in their environmental approaches, Crédit Mutuel Alliance Fédérale proposes two strong measures:
  - a €200 subsidy to finance the remainder of the cost of the carbon assessment proposed as part of the France Relance plan,
  - a support bonus of €500 to finance the certification costs for HVE level 3 environmental labels of excellence[2] and organic agriculture.

The group has also decided to reinforce the rules for applying its sectoral policies by developing specific analysis grids for each business sector. These analysis grids integrate counterparties' non-financial ratings which are analyzed (environmental, social and governance criteria) when the decisions to grant banking and financial transactions are taken.

An overall analysis grid has been implemented for all segments that are not subject to sectoral policies.

In 2021, a pilot project on the integration of ESG criteria in the decision-making process to grant financing within the networks and branches was launched with Lyonnaise de Banque. An application grid was established including the ESG criteria and the criteria related to the various sectoral policies in order to analyze the ESG commitment of SMEs and large companies.

Other policies related to private banking, consumer loans, purchasing and supplier relations and even the commitment policy supporting fragile or vulnerable customers complete this list.

They can all be consulted on CIC website.

(1) The policies are available at the following address: https://www.cic.fr/fr/banques/institutionnel/publications/responsabilite-societale-de-l-entreprise.html
(2) High Environmental Value.

Project financing[1]

CIC has an internal assessment methodology based on the "Equator Principles" classification scale:

- category A projects – Projects presenting serious potential adverse environmental and social risks, and/or likely to generate mixed, irreversible and unprecedented impacts. These projects are subject to stricter environmental and social due diligence. The objective of the assessment process is to analyze the environmental and social impacts and risks associated with the proposed project, and to propose measures to minimize, mitigate and compensate the risks and adverse impacts in a manner that is relevant and appropriate to the nature and scale of the proposed project;
- category B projects – Projects presenting limited negative social or environmental impacts, less numerous, generally specific to one site, largely reversible and easy to address with mitigation measures;
- category C projects – Projects presenting minimal or no negative social or environmental impacts.

Any new project financing is subject to external due diligence, including a component relating to its environmental impact. The latter is also monitored as part of the annual portfolio review.

Projects are selected on the basis of a set of criteria including social, environmental and ethical criteria, depending on the business segments and countries selected. Much attention is thus paid to criteria of social utility (for example, the more or less strategic nature of the project for a country; the alignment of the interests of the various stakeholders; the overall economic rationality), local acceptability (for example, known opposition from environmental groups or the local population, noise pollution, impact on the landscape, etc.) and compliance with environmental criteria (compliance with current and foreseeable standards).

In the energy segment, CIC supports its customers in financing the energy transition and is committed to reducing greenhouse gas emissions through its financing choices.

With regard to the fight against corruption, the disbursement which takes place after the successful completion of KYC procedures, and upon certification issued by a trusted third party (independent technical expert), is an effective way of keeping expenditure compliance under control. The department's internal strategy is to focus on sectors with which it is familiar and whose collective utility is based on meeting basic needs (supply or production of energy, means of communication, telecommunication, public service concessions).

The department typically funds projects in countries where the political and solvency risks are contained (*i.e.* "designated countries" within the meaning of the Equator Principles). When the department intervenes in the most fragile countries, both politically and in terms of environmental standards, it is in consideration of the project's economic necessity and in participation with banks that have signed the Equator Principles or multilateral bodies. In each of these projects, the social and environmental impacts are not only taken into account when the operation is chosen, but also throughout the life of the project (for example: obligation of monitoring the construction phase and its environmental impact by an independent engineer if the size of the project warrants it, contractual obligation of the borrower to comply with standards and any changes to them throughout the life of the project).

Private equity and ESG criteria

The social responsibility of Crédit Mutuel Equity, which groups all Crédit Mutuel Alliance Fédérale's capital investment activities, is included in its investment doctrine. An assessment questionnaire on the policy in terms of corporate social responsibility is submitted to the companies in its portfolio. This questionnaire is used for any new investment project review. Identified points of improvement are subject to monitoring during the detention period of participation. In 2021, a study on the overhaul of the entire questionnaire was launched and a new version should be available in 2022.

Committed to a harmonious regional development approach, Crédit Mutuel Capital Privé has adopted a responsible investor charter in line with the ambitions of Crédit Mutuel Equity and the Social and Mutualist Responsibility commitments of Crédit Mutuel Alliance Fédérale.

Responsible and sustainable finance

On March 10, 2020, the European SFDR regulation came into force, requiring asset managers to provide information on the environmental, social and governance risks of their investments, and their impact on society and the planet. The funds are classified in one of the three categories, Articles 6, 8 or 9, depending on the sustainability objective:

- Article 6: transparency article, with the prospectus specifying whether or not the fund includes sustainability risk;
- Article 8: products that promote environmental and social sustainability by integrating sustainability in a binding way;
- Article 9: impact funds that set non-financial objectives (sustainable investment or reduction of carbon emissions).

This regulation aims to provide greater transparency and a comparison grid for the offering of investment funds, in terms of their environmental, governance and social (ESG) approach. In this way, investors can more easily identify products and have access to non-financial documentation with minimum standards at European level.

For asset management companies, the implementation of the SFDR regulation is an opportunity to confirm their commitments and strong actions to promote responsible finance.

Responsible investment is being gradually extended to all Crédit Mutuel Asset Management's activities, through an ESG integration system for most funds and an SRI approach for a range of specifically designed funds.

Today, it aims for the majority of its open-ended funds to comply with the criteria of Article 8 or Article 9 of the European SFDR Regulation.

BLI – Banque de Luxembourg Investments has strengthened the place of ESG within its investment solutions offering. The classification provided by the SFDR regulation is part of this dynamic and formalizes existing practices. Several funds in the BLI range already meet the requirements of Article 8 or 9 of the SFDR regulations. The aim is for most of the range to be included in these classifications in the future.

(1) *"Project funding" is understood here as a very specific category of corporate financing, called specialized financing (defined in particular by Article 147.8 of European Regulation No. 575/2013) and which meets very specific criteria. These criteria, such as approved by the ACPR in October 2012, are used to set eligibility for deals in CIC Project Financing portfolio.*

2/ In the relationship with subcontractors and suppliers (SOT81)

a) Group purchasing policy

A purchasing policy applies to all purchases by entities of Crédit Mutuel Alliance Fédérale.

The purchasing of goods and/or services is an act of management and is part of the operational implementation of the group's strategy. This policy incorporates economic, quality and respect of technical requirements criteria as well as ESG factors.

All contracts with suppliers and/or service providers include a clause dedicated to respect for provisions in force in terms of labor law. In the context of the charter of supplier relations, suppliers and/or service providers are committed to respecting the reference texts on human rights and labor law.

Other measures supplement this policy and promote responsible behavior by suppliers and/or service providers. Thus, the group favors relationships with suppliers and/or service providers, though equal on the technical and financial services level, which adopt an environmental approach that incorporates ESG criteria and which respect a social policy combating discrimination.

A delegation of authority was signed by the buyers of Euro-Information reminding them of the respect linked to obligations in terms of sectoral purchasing policy.

b) Charter on supplier and service provider relations for sustainable procurement

This charter describes all of the commitments, notably in terms of human rights, vigilance (access to the "Option to report") and the fight against corruption, to be respected by suppliers and service providers contracting with one or more Crédit Mutuel Alliance Fédérale entities, including those of CIC. Particular attention is paid to respecting best practices in professional ethics and in particular to strictly respecting principles pertaining to corruption under any form, notably concerning practices in terms of gifts and other benefits.

c) Supplier professions centers

A large part of purchases is done by the group's supplier professions centers, such as CCS, SOFEDIS and Euro-Information.

Incorporation of CSR criteria in the relationship with CCS's general resources department with suppliers is materialized by:

- inclusion of the company's obligations of vigilance and CSR policy in drafting specifications for a bidding process;
- existence of an analysis grid for responses to bid solicitation, which prescribes the weight of responses by companies on environmental and social aspects in the overall rating by type of activity (household, recycling, hospitality);
- incorporating into the program reviews of accounts that monitor and audit social aspects under the French Labor Code (especially in the context of combating undeclared labor);
- inclusion of *ad hoc* paragraphs on CSR aspects in standard contracts;
- annual obligation for all managers in the central services sector having decision-making authority regarding suppliers, to declare gifts of any amount whatsoever.

Supplier relationship management within the Euro-Information structure is part of the certified Quality ISO 9001 V2015 processes monitored and audited by AFNOR. In addition, this process also falls within the scope of the ISO 27001 Information Security Management System certification.

In addition, a Supplier Monitoring Committee ensures:

- the implementation and updating of procedures for entering into relations with suppliers;
- the monitoring thereof;
- the recovery of ratings (contract quality and quality of services) for essential and sensitive suppliers;
- the gathering of "financial ratings" for essential and sensitive suppliers established in France and expanded to foreign suppliers in 2019;
- the gathering/updating of CSR reports from service providers (the signing of the supplier charter replacing the collection of these documents for other suppliers since 2020);
- the consistency of practices used within other Euro-Information subsidiaries, *i.e.* EIS, EPS, ETVS, EP3C et EIDS, for any specific purchases.

The legal, purchasing, operational risks, periodic control and permanent control teams are represented on the Suppliers Monitoring Committee, with a person from the Euro-Information internal audit department as a regular guest.

Euro-Information's management is informed of the "Suppliers follow-up" Committee.

A form is used to rate the quality of the service. Since 2020, it has included escalation criteria and/or action plans to be carried out based on the scores obtained.

As part of the process of identifying services, CSR reputation risk and the risk of CSR non-compliance (in connection with sectoral policies) have also been included in the risk analysis since 2020.

Financial and quality ratings are carried out each year.

Euro TVS, a subsidiary of Euro-Information, dedicated to the digitalization and computer processing of documents and means of payment, also introduced environmental management and is certified ISO 14001.

3/ In the relationship with employees

Relationships based on ethics and the code of conduct

Crédit Mutuel Alliance Fédérale promotes certain values and principles such as solidarity, freedom, responsibility and protection of the environment, and asserts its commitments as well as the rules of good behavior and good conduct resulting from them.

This culture which is common to all employees is implemented across a set of actions involving:

- the fundamental principles in terms of rules of good conduct, which are set out in the internal rules and its three appendices, including the code of ethics;
- the new code of conduct, which entered into force on December 5, 2019. It sets the rules and principles to be followed by all employees, including those of CIC, in the performance of their duties and highlights the group's values and commitments:
  - acting as a socially responsible company, for a more united society, committed to the preservation of the environment,
  - fighting against discrimination and promoting gender equality and diversity,
  - listening to customers, advising them, helping them with their projects and difficulties,
  - supporting fragile customers,
  - establishing ethical governance of personal data,

- fighting against tax fraud and corruption;
- the report on the application of the code of conduct, which is intended, *inter alia*, for branch managers as well as a certain number of heads of CIC's head offices and business lines. Since 2020, its scope has been extended to all Crédit Mutuel Alliance Fédérale entities in France and abroad, including CIC's. In 2020, the questionnaire used to support this report was revised and adapted to the new code of conduct. ETHIK, the dedicated tool, was completely transformed and made more comprehensive and user-friendly. It was enhanced in 2021 with a focus on the fight against corruption;
- Crédit Mutuel Alliance Fédérale's training program complements and enhances the culture of employees in terms of respect for human rights, in particular:
  - the new "ethics" module, intended for all employees, which was rolled out since 2019/2020,
  - the "work well together/fight discrimination" module,
  - the modules on "invisible disability".

Measures implemented

There are multiple procedures and preventive measures depending on the type of risk (infringement of Human Rights, risks relating to health and safety risks and the environment) that employees may suffer or that they may cause in the context of their activity.

a) Prevention of infringement to employees' rights and measures put in place:

- Violence and harassment: internal rules and the "charter on preventing and fighting harassment and violence in the group";
- Health and safety: CSSCT (Health, Safety and Working Conditions Committee), occupational physician, signing of a framework agreement on quality of life at work in October 2020, etc.;
- Group agreement on supporting employees in the use of digital tools and the right to disconnect;
- Incivilities: procedure for combating incivilities and INCIV application;
- Assaults and hold-ups: "armed robbery" procedure;
- Trade union freedoms: the group's agreement on union negotiations, the bank's collective agreement, etc.;
- Labor law: labor legislation, the bank's collective agreement, etc.;
- Right to notify: "Option to report" procedure;
- Protection of personal data: the group's code of conduct, procedures pertaining to CNIL;
- Protection of private life: protocols for recordings and phone tapping, protocol for video surveillance, GDPR, etc.;
- Corruption and influence peddling: the group's internal anti-corruption mechanism;
- Fight against discrimination: charter on the fight against discrimination, the promotion of diversity and the inclusion and retention in employment of workers with disabilities within the group.

b) Prevention of direct environmental impact generated by the activity of employees within the company

CIC contributes to Crédit Mutuel Alliance Fédérale's commitment as part of its 2019-2023 strategic plan ensemble#nouveaumonde, plus vite, plus loin! (together#today'sworld, faster, further!), to reduce its internal carbon footprint in France by 30%. Accordingly, a methodical energy management approach was put in place (ISO 5001 certification issued by AFNOR in 2020 and confirmed in 2021).

Based on its activity, the prevention measures essentially address reduction of paper consumption and waste recycling:

- paper waste: dematerialization of numerous documents (simulation of credit or estimates and subscription to products online, electronic signature, electronic messaging, etc.). The percentage of digitized documents in the banking network, depending on the type of document, ranges from 81.7% to 98.1% as at the end of December 2021;
- waste management: "collection of used printer cartridges" procedure, selective sorting mechanism (paper recycling, recovery of used batteries, etc.);
- reduction of digital consumption: in 2020 and 2021, completion of the Eco Clean Up Week operation which contributed to reducing the carbon footprint of employees through the deletion of obsolete files and the clean-up of electronic mailboxes. In 2021, two editions took place. Accordingly, nearly 90 tons of CO_2 were saved at the level of CIC banks.

3.9.3.4 Option to report (SOT109)

The "Option to report" is an occupational warning system available to internal, external or occasional staff, which encourages them, in addition to the entity's normal warning methods, to report to their employer any serious failure to respect professional or legal obligations.

Reporting extends to all areas (corruption, fraud, etc.) and particularly to human rights and fundamental freedoms, personal health and safety as well as the environment.

In accordance with rules and regulations, this procedure guarantees strict confidentiality of the identity of the originators and of persons targeted by the reporting. The whistleblower runs no risk of sanction when the reporting is done in good faith. Moreover, the rules provide for recourse to outside authorities in an emergency situation. This mechanism is overseen by the compliance department, which ensures regular reporting.

3.9.3.5 Monitoring mechanism

Monitoring actions that have been implemented hinge on all the indicators and on the collection of figures touching on the previously mentioned themes[1].

2021 assessment of the application of the ETHIK code of conduct

The 2021 results were marked by sustained participation of 97.8% of the 3,825 Crédit Mutuel Alliance Fédérale managers concerned, despite a slight decrease (98.7% in 2020). It made it possible to verify that the rules of good conduct set out in the code of ethics (respect for values and texts, duty of confidentiality, duty of discretion, respect for individuals, prevention of conflicts of interest, etc.) were met, with ratings ranging from 4.4 to 5 on an increasing scale from 0 to 5 and an overall average of 4.7 out of 5. It highlighted the relative difficulties regarding implementation that could be encountered on certain themes

(1) Concerning the Option to Report, the monitoring indicator, overseen by the compliance department, is verified by an independent third party, but not published for reasons of confidentiality.

such as protection and respect for the environment or training (adequacy and management of agendas) and enabled to identify possible areas for improvement.

The rules discussed in the report are as follows:

- respect for people;
- gender balance and openness;
- protection and respect for the environment;
- duty of good management;
- duty of confidentiality and data protection;
- duty of reserve;
- duty of training;
- conflicts of interest and independence of elected members;
- respect of values and texts.

In addition, a focus makes it possible to develop a theme related to one of these rules. For 2021, it is dedicated to the fight against corruption.

Monitoring of self-training modules

In addition, in 2021, CIC employees completed 78% of e-learning courses on professional ethics (SOT104), in which the fight against corruption is mentioned. In addition, in the effort to combat money laundering and the financing of terrorism, 82% of training courses were completed by CIC employees at the end of 2021.

Processing of claims and mediation

The group's system for processing claims enables customers to submit all types of claims, whether they concern accounts, savings or non-financial matters.

(SOT106) At the level of CIC and Banque Transatlantique banks, in 2021, the number of claims was 12,274. As regards claims from CIC banking network, the number of claims handled by the customer relations department (level 2) was 0.49 for every 1,000 customers.

With regard to mediation, the number of referrals to the group's mediator fell by 17% in 2021. On the other hand, the proportion of eligible cases increased and represented 21% of referrals.

Fragile customers

The quarterly monitoring carried out by Crédit Mutuel Alliance Fédérale lists the number of third parties identified and the number of packages subscribed. The number of packages subscribed by customers identified as fragile customers at CIC level increased by 10% between 2020 and 2021.

Other indicators (non-exhaustive list)

Suppliers charter

3,882 charters were signed by CCS suppliers and more than 200 by Euro-Information suppliers (SOT100) at the end of December 2021.

Project financing

Among the 31 projects financed in 2021, 25 are classified in category B, six in category C and none in category A.

SRI

Overall and according to the classifications of the European SFDR regulation, Crédit Mutuel Asset Management's outstandings break down as follows at December 31, 2021:

- Art. 9 funds – Class AMF I: €117 million;
- Art. 8 funds – Class AMF I and II: €53,264 million.

These classifications represented 71.8% of Crédit Mutuel Asset Management's outstandings at December 31, 2021.

The SRI label enables to indicate to savers significantly committed products that meet demanding specifications not only in terms of transparency and quality of ESG management but also in terms of demonstrating the concrete impact on the environment or society. Crédit Mutuel Asset Management has 20 SRI-certified funds, including five obtained in 2021:

- CM-AM GLOBAL SELECTION SRI;
- CM-AM EUROPE DIVIDENDS;
- CM-AM OBLI CORPO ISR;
- CM-AM CASH;
- CM-AM SELECTION RESPONSABLE ISR.

Overall, SRI-certified funds represent 17.4% of Crédit Mutuel Asset Management's outstandings. These funds totaled €12,914 million at December 31, 2021, an increase of €10.5 billion over the year.

As regards the funds managed by BLI (Banque de Luxembourg Investments), the SRI fund BL Sustainable Horizon has the ESG LuxFLAG label awarded by the non-profit organization based in Luxembourg and obtained the French SRI label in 2020. The BL Equities Europe and BL Equities America funds also received the SRI label in early 2021. At the end of December 2021, outstandings with BLI label totaled €3.8 billion.

The assets under management with BLI break down as follows at December 31, 2021:

- Art. 9 funds: 421 million;
- Art. 8 funds: 3,721 million.

3.9.4 Report on the effective implementation of the vigilance plan

The SMR team of the risk department draws up the vigilance plan and its monitoring system in conjunction with the various stakeholders: compliance department, business centers. The vigilance plan and its report are included in group risk management and monitoring system.

In 2021, CIC continued to strengthen its prevention, mitigation and risk management systems.

In the relationship with customers, the main measures concern risk management in the business lines:

- the formalization of an agricultural sectoral policy based on support for the agroecological transition and the integration of ESG criteria in the granting of financing;
- the creation of a grid incorporating ESG criteria for financing requests from corporate customers in the network;
- the review of the hydrocarbon sector policy;
- the creation of a SMR Operational Committee with a social and mutual benefit at the level of corporate banking, whose role is to issue opinions on matters that raise or are likely to raise social, environmental and/or governance issues in order to secure decision-making when granting financing or renewing credit lines. It also aims to optimize SMR analysis methods for corporate banking projects;
- the distribution of the ISS platform user guide to complete the sectoral policy analysis grids.

In the relationship with employees, the actions carried out were as follows:

- regarding the code of conduct: the ETHIK application is now available in five languages. In addition to French and English, three new languages have been available since 2021: Spanish, German and Belgian Dutch. Moreover, a history has been created in order to be able to consult the previous reports since the 2020 fiscal year. And from 2021, additional questions are asked on a different topic each year, related to one of the rules of conduct. This year, the focus of the ETHIK report is on the rule relating to the duty of good management and in particular the fight against corruption;
- the implementation at the level of the entities of the 2020 framework agreement on QLW (quality of life at work), health at work (psycho-social risks, etc.) and related subjects (organization, transport, responsible management, etc.);
- the signing of a group agreement to support employees with disabilities and caregiver employees.

In the relationship with subcontractors and suppliers:

- creation of a service quality form for intra-group services, in particular for Euro-Information and CCS;
- work in progress on better understanding of suppliers and subcontractors with integration of data into the tools planned for 2022.

DOCUMENTS AVAILABLE ON THE INTERNET

Title	Ref/link
Law No. 2017-399 of March 27, 2017 pertaining to the responsibility of parent companies and initiating companies	https://www.legifrance.gouv.fr/eli/loi/2017/03/27/2017-399/jo/texte
Sectoral policies	https://www.cic.fr/fr/banques/institutionnel/publications/responsabilite-societale-de-l-entreprise.html

3.10 METHODOLOGICAL NOTE

The production of CSR indicators is part of a desire to understand and report on the behavior and contributions of CIC entities to society in general.

CIC uses the measurement and reporting methodology initially developed, and updated, by a national CSR working group bringing together the various Crédit Mutuel regional federations and the main subsidiaries of Crédit Mutuel group.

This methodology organizes the rules for collecting, calculating and consolidating indicators, their scope, and the controls performed.

The approach adopted in the methodology is based in particular on:

- Article 225 of the Grenelle II law as amended by the Order of July 19, 2017, and the Decree of August 9, 2017, following the transposition of the European Directive of October 22, 2014, on the publication of non-financial information;
- the Order of July 12, 2017, respecting various measures to simplify and clarify the information obligations of the company;
- the NRE Act;
- Article 173 of the energy transition for green growth law;
- the law of March 27, 2017 pertaining to the responsibility of parent companies and initiating companies;
- the Sapin 2 Law of December 9, 2016 on transparency, the fight against corruption and the modernization of the economy;
- the preparation of greenhouse gas emissions assessments (Decree 2011-829 of July 11, 2011);
- the ILO;
- Article 8 of Taxonomy Regulation 2020/852;
- the Sustainable Finance Disclosure Regulation (SFDR) of December 9, 2019;
- Article 29 of the Energy and Climate Act;
- the guiding principles of the OECD;
- the Global Reporting Initiative (GRI);
- the Global Compact;
- the Principles for Responsible Investment (PRI);
- the French Financial Management Association – Forum for Responsible Investment (AFG-FIR) transparency code;
- the Inter-Union Employee Savings Plan Committee (CIES) certification;
- public certification (SRI);
- the Finansol certification for solidarity products;
- regular discussions with stakeholders.

3

Reference periods for data collected

The data correspond to the calendar year. In some cases, they may refer to a previous fiscal year (for microloans) or be subject to reporting on a rolling year basis and in this case be subject to a note.

Scopes and main management rules

Social indicators

The entities included in the scope are:

- CIC métropole;
- consolidated French banks and subsidiaries;
- Banque de Luxembourg and its subsidiary Banque de Luxembourg Investments (BLI). In 2021, the two subsidiaries of Banque de Luxembourg BLI and Conventum Asset Management merged under the BLI banner. Conventum Asset Management was not within CIC's consolidated scope.

This scope represents 95% of CIC group workforce consolidated for accounting purposes.

The corporate data comes from the group HR information system, except for Banque de Luxembourg and its subsidiary BLI.

The majority of workforce indicators are expressed in terms of registered employees.

They incorporate all types of employment contracts, including summer auxiliary contracts and contracts for AFB service employees not subject to collective bargaining agreements.

Societal indicators

The scope includes the banking network, Banque Transatlantique and Banque de Luxembourg.

The figures are based on the CGW management control group information system, except for microloan data (source: Adie, France Active Garantie and Initiative France), data tracked by the savings department of Euro-Information Développement (donations to associations (LEA), and data on mediation from the SARA tool).

Patronage and sponsorship budgets were monitored by the various entities.

Environmental indicators

The scope is as follows:

- CIC métropole;
- consolidated French banks and subsidiaries;
- Banque de Luxembourg and its subsidiary BLI.

Data:

- consumption of electricity and gas for heating and cooling from urban networks: consumption data was provided by suppliers. Only the data concerning control rooms are still entered manually into the CONSOS collection tool and an extrapolation made for water consumption and other energies;
- consumption of water and other energies: as information relating to the monitoring of the consumption of certain forms of energy and water consumption is not available for all CIC buildings and in particular at the branch level, a calculation system was deployed by CCS making it possible to estimate consumption levels when necessary. This information is extrapolated to complete:
  - missing monthly consumption data (in proportion to the number of months entered in the CONSOS tool),
  - consumption data missing from some meters (average consumption at m^2 multiplied by the surface area of the building). In most cases, published data covers the period from November 1 of year n-1 to October 31 of year n;
- consumption of paper for internal use: this is the combination of information provided by SOFEDIS (the central purchasing agency of Crédit Mutuel Alliance Fédérale), CCS for reprographics, as well as external suppliers if necessary and the service in charge of magazine subscriptions for Crédit Mutuel;
- consumption of paper for external use: data, except for SOFEDIS, is provided by the entities of the group's IT segment: Euro-Information Production and Euro P3C (consignments of checkbooks, credit cards and bank statements) and other suppliers, particularly for the preparation of documents for communication purposes;
- travel: the number of kilometers traveled by vehicle fleets and the number of liters of diesel fuel and gasoline consumed by those fleets are estimated based on the information provided by CCS in charge of fleet management, on the basis of data obtained from fuel payment cards or on the basis of the internal monitoring of the consuming entities.

Exclusions

With regard to the activities of CIC, the following subjects are not published in this statement:

- sustainable use of resources: land use;
- actions to combat food waste;
- fight against food insecurity;
- respect for animal welfare;
- responsible, fair and sustainable nutrition.

3.11 CROSS-REFERENCE TABLES

Articles R.225-105 and L.225-102-1 of the French Commercial Code	CIC indicators included in the CSR report (text and tables)
Business model	BM
Non-financial risks	R/O
Policies implemented/results of these policies	R/O
1° SOCIAL INFORMATION:	-
a) Employment:	-
■ total workforce and breakdown of employees by gender, age and geographic area	SOC01_ bis, SOC01, SOC02, SOC05 to SOC08, SOC12 and SOC88 to SOC105
■ hires and layoffs	SOC13 to SOC17, SOC19, SOC20, SOC27
■ compensation and its evolution	SOC73, SOC80 and SOC107 to SOC109
b) Work organization:	-
■ organization of work time	SOC29 to SOC32
■ absenteeism	SOC38 to SOC40
c) Health and safety:	-
■ health and safety conditions at work	SOC45
■ occupational accidents, notably their frequency and severity, as well as occupational illnesses[1]	SOC40
d) Labor relations:	-
■ organization of social dialog, notably the procedures for informing and consulting employees and negotiating with them	SOC78, SOC87
■ review of collective agreements, notably as regards occupational health and safety	SOC83, SOC84
e) Training:	-
■ policies implemented for training, in particular with regard to the protection of the environment	SOC46, SOC47, ENV37, ENV43
■ total number of training hours	SOC50
f) Equal treatment:	-
■ measures taken to promote gender equality	SOC56, SOC59 to SOC63
■ measures taken to promote the employment and integration of people with disabilities	SOC68, SOC70, SOC71
■ anti-discrimination policy	SOC69
2° ENVIRONMENTAL INFORMATION:	-
a) General environmental policy:	-
■ organization of the company to take into account environmental issues and, where applicable, environmental assessment or certification procedures	ENV01 to ENV03, ENV52, ENV56
■ resources devoted to the prevention of environmental risks and pollution	ENV44
■ amount of the provisions and guarantees for environmental risks, provided that this information is not likely to cause serious damage to the company in litigation in progress	ENV47*
b) Pollution:	-
■ measures to prevent, reduce or repair air, water and soil discharges that seriously affect the environment	ENV32K, ENV37
■ consideration of any form of pollution specific to an activity, especially noise and light pollution	ENV45
c) Circular economy:	-
■ waste prevention and management	ENV39
■ prevention, recycling, reuse, other forms of recovery and waste disposal	ENV39, ENV43
■ actions to combat food waste	-
■ sustainable use of resources	ENV39
■ water consumption and water supply based on local constraints	ENV04, ENV39
■ consumption of raw materials and measures taken to improve efficiency in their use	ENV09, ENV15R, ENV39, ENV43
■ energy consumption, measures taken to improve energy efficiency and the use of renewable energies	ENV05 to ENV08, ENV40

Articles R.225-105 and L.225-102-1 of the French Commercial Code	CIC indicators included in the CSR report (text and tables)
■ land use	-
d) Climate change:	-
■ significant greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces	ENV18 to ENV20, ENV23, ENV37, ENV51
■ measures taken to adapt to the consequences of climate change	ENV38, ENV39, ENV52, ENV53
■ voluntary medium-term reduction targets to reduce greenhouse gas emissions and the resources used for that purpose	ENV56
e) Protection of biodiversity:	-
■ measures taken to preserve or restore biodiversity	ENV 50
3° SOCIETAL INFORMATION	-
a) Societal commitments to promote sustainable development:	-
■ impact of the company's activity on employment and local development	SOT01, SOT09, ENV53, SOT63, SOT65, SOT69
■ impact of the company's activity on neighboring or local populations(2)	SOT16, SOT17, SOT19A, SOT20A, SOT22, SOT23, SOT28LNOV à SOT37LCIES, SOT39, SOT40, SOT74, SOT75, SOT77, SOT78, SOT86
■ relations maintained with the stakeholders of the company and terms of dialog with them	SOT44, SOT45
■ partnership or patronage actions	SOT46, SOT52, SOT53, SOT57
b) Subcontracting and suppliers:	-
■ consideration of social and environmental issues in purchasing policy	SOT81
■ consideration in relations with suppliers and subcontractors of their corporate social responsibility;	SOT81
c) Fair practices:	-
■ measures taken to promote consumer health and safety	SOT80

* *Indicators not adapted to the banking activity of the CIC.*

Additional information	-
1° INFORMATION ON THE FIGHT AGAINST CORRUPTION:	-
■ actions undertaken to prevent corruption	SOT79
2° INFORMATION ON ACTIONS TO PROMOTE HUMAN RIGHTS	-
a) Promotion and compliance with the provisions of the fundamental conventions of the International Labor Organization relating to:	-
■ respect for the freedom of association and the right to collective bargaining	SOC67, SOC78
■ the elimination of discrimination in terms of employment and occupation	SOC64
■ the elimination of forced or compulsory labor	SOC65
■ the effective abolition of child labor	SOC66
b) Other actions undertaken to promote human rights	**SOT82**
3° OTHER INFORMATION	-
Societal commitments to promote:	-
■ the fight against tax evasion(3)	SOT91
■ the fight against food insecurity	NC
■ respect for animal welfare	NC
■ responsible, fair and sustainable food	NC

* *Indicators not adapted to the banking activity of the CIC.*

(1) The frequency and severity of workplace accidents are not reported explicitly, but the data needed for the calculations are published.

(2) CIC expresses its territorial impact through its local presence. However, its activity has no impact on local populations.

(3) Given the late publication of the law (October 23, 2018), the topic of tax evasion is not detailed in the document. On the other hand, CIC complies with its regulatory obligations in tax matters and ensures greater vigilance in the tax compliance of its customers.

3.12 REPORT OF THE INDEPENDENT THIRD PARTY ON THE CONSOLIDATED NON-FINANCIAL PERFORMANCE STATEMENT IN THE MANAGEMENT REPORT

Fiscal year ended on December 31, 2021

To the Shareholders' Meeting

In our capacity as an independent third party ("third party"), accredited by COFRAC (Accréditation COFRAC Inspection, n° 3-1681, scope available on www.cofrac.fr) and member of the network of one of the statutory auditors of your company (hereinafter "entity"), we have carried out work designed to provide a reasoned opinion expressing a conclusion of moderate assurance on the compliance of the consolidated non-financial performance statement for the fiscal year ended December 31, 2021 (hereinafter the "Statement") with the provisions of Article R. 225-105 of the French Commercial Code and on the fairness of the historical information (whether observed or extrapolated) provided pursuant to 3° of I and II of Article R. 225-105 of the French Commercial Code (hereinafter the "Information") prepared in accordance with the entity's procedures (hereinafter the "Reporting Criteria"), presented in the management report pursuant to the provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

Conclusion

Based on the procedures we performed, as described in the "Nature and scope of our work" section, and on the information we obtained, nothing has come to our attention that causes us to believe that the consolidated statement of non-financial performance is not in compliance with the applicable regulatory requirements and that the information, taken as a whole, is presented fairly in accordance with the Reporting Criteria.

Preparation of the non-financial performance statement

The absence of a generally accepted and commonly used framework or established practices on which to base the assessment and measurement of information allows for the use of different, but acceptable, measurement techniques that may affect comparability across entities and over time.

Therefore, the Information should be read and understood with reference to the Reporting Criteria, the significant elements of which are presented in the Statement.

Limitations inherent in the preparation of the Information

As stated in the Statement, the Information may be subject to uncertainty inherent in the state of scientific or economic knowledge and in the quality of the external data used. Certain information is sensitive to the methodological choices, assumptions and/or estimates made in preparing it and presented in the Statement.

The Entity's responsibility

The Board of Directors is responsible for:

- selecting or establishing appropriate criteria for the preparation of the Information;
- preparing a statement in accordance with the legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied in respect of these risks and the results of these policies, including key performance indicators; and
- for implementing such internal control procedures as it determines are necessary to enable it to produce information that is free from material misstatement, whether due to fraud or error.

The Statement was prepared by applying the entity's Reporting Criteria as mentioned above.

Responsibility of the independent third party

Based on our work, our role is to formulate a reasoned opinion expressing moderate assurance as to:

- the Statement's compliance with the provisions stipulated in Article R.225-105 of the French Commercial Code;
- the truthfulness of historical information (recorded or extrapolated) provided in application of paragraph 3 of sections I and II of Article R.225-105 of the French Commercial Code, namely the results of the policies, including key performance indicators, and the actions relating to the main risks.

As it is our responsibility to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information, as this could compromise our independence.

It is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory provisions (particularly in terms of the vigilance plan and the fight against corruption and tax evasion);
- compliance of products and services with applicable regulations.

Regulatory requirements and applicable professional doctrine

Our work described below was carried out in accordance with the provisions of Articles A. 225-1 et seq. of the French Commercial Code, the professional doctrine of the Compagnie Nationale des Commissaires aux Comptes relating to this intervention in lieu of an audit program and the international standard ISAE 3000 (revised)[1].

Independence and quality control

Our independence is defined by the provisions of Article L.822-11 of the French Commercial Code and the profession's code of ethics. Furthermore, we have implemented a quality control system that includes documented policies and procedures intended to ensure compliance with ethical rules, professional standards and applicable regulations and legislation.

Means and resources

Our work was conducted by a skilled team of six persons, took place between November 2021 and March 2022 and lasted for approximately fifteen weeks.

We carried out approximately ten interviews with the persons responsible for preparing the Statement representing in particular the departments in charge of defining policies, deploying them and collecting information.

Nature and scope of the work

We planned and performed our work taking into account the risks of material misstatement of the Information.

We believe that the procedures we conducted in the exercise of our professional judgment enable us to provide a moderate assurance engagement:

- we took due note of the businesses of all entities included in the consolidation scope and of their exposure to the main risks;
- we assessed the appropriateness of the Guidelines with respect to their relevance, completeness, reliability, neutrality and comprehensibility, taking into account, if applicable, best practices in the sector;
- we verified that the Statement covers each category of information provided for in section III of Article L.225-102-1 on social and environmental matters as well as the information concerning the respect for human rights, anticorruption and combating tax evasion;
- we verified that the Statement contains the information provided in section II of Article R.225-105 where relevant to the main risks and that it includes, where applicable, an explanation of the reasons why the information required by the 2nd subparagraph of section III of Article L.225-102-1 is not included;
- we verified that the Statement presents the business model and the main risks related to the activity of all the entities included within the consolidation scope, including, whenever relevant and proportionate, the risks created by its business relations, products or services as well as the policies, procedures and results, including key performance indicators;
- we consulted documentary sources and conducted interviews to:
  - assess the identification, ranking and validation process for the main risks and the consistency of the results, including the key performance indicators selected with respect to the main risks and policies presented,
  - corroborate the qualitative information (actions and results) that we considered most significant, as presented in Appendix 1. For the risk related to climate change: lack of consideration for this risk, our work was conducted at the level of the consolidating entity, for other risks, work was conducted at the level of the consolidating entity and in a selection of entities listed below: CIC Est;

(1) ISAE 3000 (revised) - Assurance engagements other than audits or reviews of historical financial information

- we verified that the Statement covers the consolidation scope, *i.e.* all the entities included in the scope of consolidation in accordance with Article L.233-16:
- we took due note of the procedures for internal control and risk management implemented by the entity and assessed the collection process aimed at ensuring the completeness and veracity of the Information;
- for the key performance indicators and the other quantitative results that we considered to be the most significant presented in Appendix 1, we implemented:
  - analytical procedures consisting of verifying the correct consolidation of collected data as well as the consistency of changes to them,
  - detailed tests on the basis of sampling or other selection methods, consisting of verifying the proper application of definitions and procedures and reconciling the data with the supporting documents. This work was conducted with a selection of contributing entities listed above and covers 16.07% of the workforce and 20.36% of energy consumption;
- we assessed the overall consistency of the Statement in relation to our knowledge of all of the entities included in the consolidation scope.

The procedures performed for a moderate assurance engagement are less extensive than those required for a reasonable assurance engagement performed in accordance with professional doctrine; a higher level of assurance would have required more extensive audit work.

Paris-La Défense, April 5, 2022

Independent third party

EY & Associés

Caroline Delérable

Partner, Sustainable development

3.13 MISSION COMMITTEE REPORT

In 2020, CIC adopted a raison d'être in line with its values, "*Ensemble, écouter et agir*" (Listening and acting together), and the status of a benefit corporation. In line with the provisions of the PACTE Act, CIC has set up a Mission Committee to ensure that the company has the necessary resources, governance and ambition to progress in its missions. This Committee will draw on the expertise of its members to propose possible medium-term initiatives and new commitments.

Article 210-10 of the French Commercial Code provides for the annual publication of a Report of the Mission Committee, attached to the management report, and verified by an independent third party. The 1st report of the Mission Committee established in April 2022 is presented below, as well as the related report of the ITO.

This Mission Committee Report is published as a separate document on the CIC website.

To facilitate the reading of this Report, the following table presents the pagination correspondence within this universal registration document:

Entreprise à mission
1ère BANQUE

3

MISSION COMMITTEE'S REPORT

April 2022

To build a fairer and more sustainable society

Building the future in a changing world

EDITORIAL

A pioneering and innovative approach

Faced with economic, social and climate challenges, the company must position itself as a real driver of change. Innovation, experimentation, generalization, this is the triptych that makes it possible to transform, with the ambition to contribute to the common good.

The business models of yesterday are no longer those of today: in addition to economic performance, the company must now develop a real social and environmental project. With its status as a benefit corporation, CIC, a subsidiary of Crédit Mutuel Alliance Fédérale, clearly shows its desire to participate in the transition of our economies towards a more inclusive and sustainable development model.

I am very honored to take part in this major project by chairing the Mission Committee. In addition to the role of monitoring and verification overseen by the legislator, our committee is part of a collective and permanent progress approach. We want to be a source of proposals and contribute to the solid success of CIC as a benefit corporation.

On January 19, 2022, the Mission Committee met for the first time. We were able to compare our points of view and build our roadmap for the year 2022. I am convinced that the plurality of backgrounds and the expertise of each member will provide a valuable openness to the coming discussions and debates on future commitments.

This report from the Mission Committee presents an innovative approach, developed over more than two years, in which we are pleased to participate. In this report, you will find a detailed progress update for the end of 2021 on the 12 concrete commitments that CIC has set for 2022. Next year, we will take stock of these commitments in our second report.

Fleur Pellerin

Chairwoman of the Mission Committee

CONTENTS

SHAKING THINGS UP

Joint interview with Nicolas Théry and Daniel Baal

Chairman and Chief Executive Officer of Crédit Mutuel Alliance Fédérale

CIC key figures

19,400 employees

5.5 million customers

1,781 points of sale

As of December 31, 2021

Why be a benefit corporation[1]?

Nicolas Théry: "Democracy and solidarity are the two pillars of our group's DNA. They make us a recognized corporate citizen bank. But, faced with the acceleration of social and environmental transformations, what do our customers expect from us? What concrete contribution can we make?"

Daniel Baal: "To these two questions, our response was to initiate a participatory reflection in 2019 on benefit corporations with our employees. Building on this collective desire, in 2020 we naturally adopted our raison d'être "*Ensemble, écouter et agir*" (Listening and acting together), and the status of benefit corporation with five missions[2]. This makes it possible to drive and structure a dynamic of change."

In practice, what does it mean to be a benefit corporation?

Nicolas Théry: "While our primary mission is to serve our customers according to their needs and to protect their savings, we are convinced that the performance of the company can no longer be limited to financial performance alone. We must act faster against global warming, go further in regional development and in the fight against social inequalities. It is the alliance of economic performance and the common good that will guarantee the sustainability of companies."

Daniel Baal: "This status allows us to question and challenge our business model internally to give more meaning to our actions, in terms of innovation, proximity and relationships. It unites us around a shared common ambition and strengthens collective pride. It is also a real source of attractiveness for our customers, prospects or young job candidates."

What does being a benefit corporation actually change?

Nicolas Théry: "Let's take the example of the ecological transition and the reduction of carbon emissions. We started from an observation: what will our balance sheets be worth with a three degree increase? Looking at things in this way, after ending the financing of coal and unconventional hydrocarbons, we decided to end the financing of new oil and gas projects. This exemplary commitment, made at the end of 2021, is indicative of our desire to fight against global warming."

Daniel Baal: "The fight against discrimination is also one of our priorities. It seemed unacceptable to us that customers suffering from chronic diseases such as diabetes, or customers who had overcome disease, could not access property ownership. So we decided to insure the real estate loans of our loyal customers for their main residence, without any medical formalities. This pioneering choice to eliminate the medical questionnaire has enabled us to take an additional step towards a fairer society. Today, more than 30,000 of our customers are already benefiting from this commitment."

[1] *In the whole Report, benefit corporation is used for "société à mission" in the sense of the French PACTE law.*
[2] *The five missions are detailed on page 7.*

Dates clés

A participatory and collaborative approach

By adopting the status of a benefit corporation, CIC has opted for long-term collective action. All employees, customers and "key observers" of the company, were consulted at each decisive stage of the project: definition of the raison d'être, its missions and concrete commitments.

2019

December
Decision of Crédit Mutuel Alliance Fédérale's parliament *(Chambre syndicale et interfédérale)* **to adopt a raison d'être and the status of a benefit corporation**

2020

February-May
Consultation of employees on a draft *raison d'être* and five missions

2020

June, July and September
Validation of the *raison d'être "Ensemble, écouter et agir"* (Listening and acting together) and its five missions
by the parliament, the Board of Directors and the Shareholders' Meeting of CIC

2020

October
Incorporation of the *raison d'être* and the five missions in CIC's articles of association

2021

April-June
Consultation of employees, customers and key observers on initial commitments

2021

September-November
Adoption of the first 12 commitments by CIC's Board of Directors

2022

January
First Mission Committee meeting chaired by Fleur Pellerin - launch of the committee and discussions

2022

April-May
Presentation of **the Mission Committee's first report** to the CIC Board of Directors and Shareholders' Meeting

WHAT IS THE PURPOSE OF A BENEFIT CORPORATION

Rethinking the place of companies in society

Adopted in April 2019, the Pacte law (Action Plan for the Growth and Transformation of Companies) aims to rethink the place of companies in society. It thus enables companies to include clear and sustainable social and environmental ambitions in their articles of association.
The highest level of commitment defined by law is to become a benefit corporation. For this, companies must comply with several conditions:
- Adopt a *raison d'être* and include it in their articles of association;
- Specify in their articles of association several social and environmental objectives in line with this *raison d'être*;
- Create a Mission Committee to oversee the progress made in achieving these objectives;
- Appoint an independent third party to verify the proper execution of the mission.

Nearly two out of three French people believe that companies have the power to improve the world in which we live.
70% of people under the age of 35 think so (2020 ELABE survey for the Institut de l'Entreprise).
Beyond the search for profit, companies should be a place where value is both created and shared.

Reaffirming the group's identity and raison d'être

Following a participatory discussion with its elected members and employees, Crédit Mutuel Alliance Fédérale* adopted a *raison d'être* and the status of benefit corporation at the end of 2020. CIC, a subsidiary of Crédit Mutuel Alliance Fédérale, has committed to this approach by adopting the *raison d'être* "*Ensemble, écouter et agir*" (Listening and acting together) as well as the status of benefit corporation. This raison d'être is intended to guide strategic and operational decisions.

Together, because collective action has been in CIC's DNA since its creation.

Listening, because CIC is open and attentive to major changes in the world and to the needs of its customers.

Acting, to transform the collective ability to listen into action and serve the life trajectories and ambitions of everyone, from individuals to companies.

Nicolas Théry
Chairman of CIC

"A benefit corporation simply Means: knowing how to sustainably create an effective, innovative and differentiating results-based mutualist company."

"The benefit corporation is a collective and concrete approach to develop and virtuously transform our company, as closely as possible to the expectations of our customers and society."

Daniel Baal
Chief Executive Officer of CIC

The various scopes concerned are shown in the commitment monitoring table on page 24.

Transforming the company and the world around it

By becoming the first benefit corporation bank, Crédit Mutuel Alliance Fédérale and its subsidiary CIC are demonstrating their irreversible desire to dedicate the strength of the mutualist model to the transformation of the company and the world around it. Five missions are now part of their corporate purpose. They reflect what Crédit Mutuel Alliance Fédérale is: a mutualist, inclusive, ethical, supportive and responsible group.

Through these missions, CIC reaffirms the relevance of its entrepreneurial model to address the major challenges of tomorrow. To give life to these five major ambitions, 12 concrete commitments applicable from 2022 have already been made.

Five missions

Mission 1

"As a subsidiary of a cooperative and mutualist organization, we support our customers in their best interests"

Mission 2

"As a bank for all, customers and employees, we act for everyone and refuse any discrimination"

Mission3

"Respectful of everyone's privacy, we place technology and innovation at the service of people"

Mission 4

"As a solidarity-based company, we contribute to regional development"

Mission 5

"As a responsible company, we actively work for a fairer and more sustainable society"

AN ENGAGED MISSION COMMITTEE: THE CHOICE OF COLLECTIVE UTILITY

Nine complementary areas of expertise make up the Mission Committee: one-third experts, one-third directors and elected members and one-third employee representatives.

The tripartite composition of the Mission Committee (customer representatives, employees and independent experts) makes it possible to share perspectives and enrich discussions. The Chair of the Mission Committee was entrusted to someone from outside the company, Fleur Pellerin. The nine members of the Mission Committee were selected for their complementary expertise and their sensitivity to social, environmental and technological issues. They all share the same desire to contribute to the success of CIC's virtuous approach.

From left to right: Nicolas Théry, Chairman of CIC, Fleur Pellerin, Chairwoman of the Mission Committee, and Daniel Baal, Chief Executive Officer of CIC in Paris on January 19, 2022 during the first Mission Committee meeting.

Three independent experts

Three independent experts provide an external and complementary perspective on the commitments made and those to be made:

- **Fleur Pellerin,** former minister, founder and CEO of Korelya Capital,
- **Christophe Robert,** Delegate General of the Fondation Abbé Pierre,
- **Xavier Jaravel,** professor at the London School of Economics (LSE and member of the Conseil d'Analyse Economique (CAE).

Three directors

Three directors sit on the Mission Committee. Their duties on the Boards of Directors and the Mission Committee ensure a proper connection between these governance bodies: :

- **Sandrine Pelletier,** Chairwoman and Chief Executive Officer of the APLIX Group and director of CIC Ouest,
- **Jean-Louis Maitre,** Chairman of Fédération du Crédit Mutuel Savoie-Mont Blanc,
- **Marie-Jean Boog,** Chairwoman of the Sarrebourg district (Fédération Crédit Mutuel Centre Est Europe).

Three employees

Lastly, in the interests of a fair balance, three representatives of the group's employees sit on the Mission Committee. Their in-depth knowledge of the company provides relevant insight into the discussions:

- **Ségolène Denavit,** director representing the employees of CIC (FO),
- **Laurent Torre,** director representing the employees of Caisse Fédérale de Crédit Mutuel (CFDT),
- **Audrey Hammerer,** director representing the employees of Caisse Fédérale de Crédit Mutuel (SNB).

The Mission Committee


Fleur Pellerin


Christophe Robert


Xavier Jaravel


Sandrine Pelletier


Jean-Louis Maitre


Marie-Jean Boog


Ségolène Denavit


Audrey Hammerer


Laurent Torre

Monitor and guide the approach

The status of a benefit corporation implies the creation of a governance body: the Mission Committee. This committee has two ambitions:

- **Verifying the proper fulfillment of the commitments** made by Crédit Mutuel Alliance Fédérale. In concrete terms, the Mission Committee must monitor the evolution of the indicators and ensure that the company puts in place the necessary Means: to progress and live up to the ambitions set.
- **Supporting CIC in its strategic thinking and choices relating to the status of a benefit corporation.** The role of the Mission Committee is to question the strategy and actions implemented by the company, as part of a continuous improvement process. The wealth of expertise of its members should enable the Mission Committee to steer CIC towards new initiatives and avenues of work.

Regular interactions with the group's governance

To carry out its duties, the Mission Committee will meet in plenary session at least three times a year. The Chairman and the Chief Executive Officer will be invited to attend. The Mission Committee will present its thoughts and proposals to the group's Strategy Board and parliament (*Chambre syndicale et interfédérale*). CIC's Board of Directors will be kept regularly informed of the progress of the work. Each year, a report from the Mission Committee will be submitted to CIC's Board and Shareholders' Meeting.

2022 roadmap

The Mission Committee met for the first time in Paris on **January 19, 2022** in the presence of Nicolas Théry and Daniel Baal. This meeting allowed everyone to introduce themselves, then to review the work in progress and associated schedules. The Committee **reviewed the progress on the first 12 commitments and approved its roadmap for 2022.** On this occasion, the nine members of the committee opened discussions on new commitments. They first discussed equal opportunities, gender equality, discrimination and banking inclusion. Their discussions then focused on climate, environment and biodiversity; technology, innovation and the digital divide. Lastly, they discussed regional development; young people and their perspective on banking. The next committee will meet in June 2022 with proposals for new ways to achieve results. In the meantime, interim work and discussions will continue with the committee.

A RESULTS-BASED MUTUALIST COMPANY: 12 CONCRETE AND MEASURABLE COMMITMENTS

By becoming a benefit corporation, like its parent company Crédit Mutuel Alliance Fédérale, CIC is making the same choice: a results-based mutualist company by setting itself the first 12 concrete commitments, applicable from 2022. Results that put its customers at the heart of its daily action, to fight against all forms of discrimination, to put technology at the service of people, to act in favor of regional development and to contribute to a fairer and more sustainable society.

CIC, A BENEFIT CORPORATION, MAKES 12 COMMITMENTS TO BUILD IN A CHANGING WORLD.

1. Guarantee to each customer a dedicated, non-commissioned advisor.
2. Train all our employees and directors in the fight against discrimination.
3. Recruit 25% of work-study students from priority neighborhoods and rural areas.
4. Defend gender pay equality at all levels of the bank.
5. Guarantee the privacy of our customers' data by processing 99.9% of their information in our infrastructures and systems located in France
6. Invest productivity gains from artificial intelligence in employment and development.
7. Anchor decision-making centers in the regions with more than 90% of our lending decisions taken at branches.
8. Offer the Pay Asso digital payment solution to our associations and civil liability coverage to their managers.
9. Invest 5% of the group's equity mainly in innovative French companies.
10. Reduce the group's carbon emissions by 20% and the carbon footprint of our investment portfolios by 12% by the end of 2022*.
11. Immediately stop funding for new oil and gas projects.
12. Insure the real estate loans of our loyal customers without any medical formalities.

*Reduction compared to 2018

Commitment

#1

GUARANTEE TO EACH CUSTOMER A DEDICATED, NON-COMMISSIONED ADVISOR

Because customers expect personalized advice and solutions adapted to their needs, CIC guarantees them a dedicated, non-commissioned advisor. This historic commitment is reaffirmed as part of the new status of a benefit corporation.

The relationship of trust based on the spirit of initiative, the capacity for innovation and the desire to be entrepreneurial makes CIC the reference relationship bank. The changing needs of customers mean we have to go further in terms of proactivity and the quality of advice and services. Without commercial incentives, without individual variable compensation, the advisor meets the needs of their clients in the clients' best interests.

CIC is convinced that collective performance to serve its customers is worth more than the sum of individual performance. CIC employees benefit from a fixed salary, with no variable compensation.

People remain a strong marker of trust for customers. To obtain a precise answer to a particular need, seven out of ten customers prefer to contact their usual advisor, whom they trust, rather than a more specialized expert who does not know their personal profile.

Source: 2020 Deloitte "Bank-Customer Relations" survey

"Having a dedicated advisor allows us to build and maintain a lasting relationship with all our clients. Thanks to the absence of a commission system, this relationship is based on trust from the outset. Our expertise is valued because our approach is that of consulting.
This credibility really marks our difference."

Audrey Hammerer
Director representing employees, member of the Mission Committee

RESULTS

→ Out of more than 5.5 million CIC customers,
99.1%
had a dedicated advisor
as of December 31, 2021

→ 0 **commission paid in 2021**
to CIC advisors

Commitment

#2

TRAIN ALL OUR EMPLOYEES AND DIRECTORS IN THE FIGHT AGAINST DISCRIMINATION

3

Because belonging to a mutualist group commits us collectively in 2022, CIC will train 100% of its employees, as well as all its directors, in the fight against discrimination.

From 2022, CIC will set up more comprehensive and educational training against discrimination (adapted content: representations and stereotypes, behavior, etc.). This training module will be mandatory for all employees. It is part of Crédit Mutuel Alliance Fédérale's "Diversity and Inclusion"* policy. Specific modules will also be offered to human resources experts and managers.

The new training module will also cover Board Directors. By the end of 2022, all boards will be required to organize an awareness-raising session on the fight against discrimination.

In addition to this training, actions will be carried out to overhaul the whistleblowing and monitoring system. A whistleblowing system will be installed on the business lines' desktop, enabling witnesses or victims to report any situation of discrimination, harassment or human rights violations.

"The strength of a company lies in its ability to welcome and promote all talents, to make differences a complementarity, a wealth and a lever of creativity. Equal opportunities and the fight against all forms of discrimination remain major pillars of our corporate strategy."

Laurent Torre
Director representing employees, member of the Mission Committee.

ONGOING

→ **Mandatory training** for all employees

→ **Overhaul of the whistleblowing system**

*See 2021 Non-Financial Performance Statement for a detailed description of the actions taken

Commitment

#3

RECRUIT 25% WORK-STUDY STUDENTS FROM PRIORITY NEIGHBORHOODS AND RURAL AREAS

Because we need everyone to build the future, CIC recruits at least 25% of work-study students from urban priority neighborhoods and rural areas.

Deeply rooted in the regions, CIC is committed to equal opportunities, diversity and access to employment. As such, it is a signatory of the PAQTE (Pact with Neighborhoods for All Companies), which aims in particular to increase the share of work-study students.

In 2022, CIC will recruit at least 25% of new work-study students from urban priority neighborhoods and rural areas.

RESULTS

→ 38.7% **of work-study students recruited** (481 young people) from priority urban neighborhoods and rural areas as of December 31, 2021

"In a complicated economic context, young people sometimes have difficulty finding an internship or work-study contract. It is the responsibility of companies to take concrete action for young people. As a subsidiary of a mutualist group and thanks to its regional presence, CIC is committed to supporting them regardless of their background or origins."

Jean-Louis Maitre
Chairman of the Fédération du Crédit Mutuel Savoie-Mont Blanc, member of the Mission Committee.

Commitment

#4

DEFENDING GENDER PAY EQUALITY AT ALL LEVELS OF THE BANK

Because it defends equality and merit, CIC makes gender pay at all levels of the bank a priority.

In accordance with its status as a benefit corporation and its strategic plan *ensemble#nouveaumonde, plus vite, plus loin !* (together#today's world, faster, further!), CIC makes women's careers a central element of its action.

Today the CIC network's school of directors does not commence courses without gender balance in the classroom. For all appointments to senior management and executive positions, women candidacies are examined, with the aim of rapidly achieving parity.

As part of the group agreement negotiated with representatives of the trade unions in 2021, and following an analysis of the existing situation concerning pay differentials carried out in 2021, CIC will correct the collective wage differentials between women and men. In addition to these measures, substantive medium- and long-term actions will continue: sourcing of potential talent, support for talent by accelerating certain careers, monitoring of new positions (coaching, mentoring, immersion), leadership program, etc.

"Parity within CIC is not only based on reducing wage inequalities. It is above all a sum of long-term commitments to promote and support the careers of women."

Ségolène Denavit
Director representing employees,
member of the Mission Committee.

RESULTS

→ **More women in management positions**
46.6% women managers

→ **In two out of the 5** regional banks, Executive Management is carried out by a woman

ONGOING

→ 0.5% **of payroll**
dedicated to correcting the gender pay gaps in 2022

3

Commitment

#5

GUARANTEE THE PRIVACY OF OUR CUSTOMERS' DATA BY PROCESSING 99.9% OF THEIR INFORMATION IN OUR INFRASTRUCTURES AND SYSTEMS LOCATED IN FRANCE

Because all data is not for moneymaking, CIC is mirroring its parent company's commitment, which guarantees the privacy of its customers' data and a commitment to processing, by the end of 2022, 99.9% of their information in its infrastructures and systems located in France.

CIC acts as a trusted third party to its customers by guaranteeing the protection of their data and by undertaking not to sell it. Through Euro-Information, the technology subsidiary of Crédit Mutuel Alliance Fédérale, it is investing heavily in its IT infrastructure via highly secure data centers and a private cloud.

Two new data centers in Côte-d'Or will complement existing sites to meet the needs generated by the development of activities. Meeting **the best environmental and security standards**, they will enable the group to have an integrated and efficient private cloud platform and thus process 99.9% of customer information on its own sites in France.

"In an increasingly digital world, data protection is a major concern for society. Faced with this, CIC is taking concrete action and focusing on a short digital circuit. It gives itself the technical and financial resources to preserve the integrity and confidentiality of the data entrusted to it, thanks to an infrastructure that is managed completely in-house and based in France."

Fleur Pellerin
Chairwoman of
the Mission Committee.

ONGOING

Crédit Mutuel Alliance Fédérale group indicators

- **99.9%** of processing performed on the infrastructures hosted in the company's data centers by the end of 2022
- **Establishment of two new IT data centers owned exclusively by Euro-Information,** a subsidiary of Crédit Mutuel Alliance Fédérale.

Commitment

#6

INVEST PRODUCTIVITY GAINS FROM ARTIFICIAL INTELLIGENCE IN EMPLOYMENT AND DEVELOPMENT

Because technology must always serve people, CIC is part of the commitment of its parent company, which aims to measure the productivity gains resulting from technology and artificial intelligence and to invest them in employment and development.

Technological innovation is at the heart of CIC's strategy. It is deployed with two imperatives: efficiency and added human value for employees. It is a way of freeing up administrative time for advisors who can thus focus on where their added value is essential: supporting clients in their projects.

To do this, CIC develops technological solutions that assist advisors on a daily basis in listening, expertise and proactivity and which enable them to establish an "enhanced" relationship with their customers: email analyzer, interactive voice server, virtual assistant, optical character recognition, etc. The resulting productivity gains (900 ftes in 2021) also enable the group to improve working conditions and customer relations.

In addition, as part of its HR policy, the group intends to keep all its employees in employment through skills training and internal promotion. The recruitment of new expertise regularly complements the group's various components. As such, in 2021, the group recruited 1,600 employees* on permanent contracts.

"Innovation is a driver for employment. Whether technological or organizational, for example, innovation contributes to the company's performance. Reinvesting these productivity gains in employment then triggers a virtuous circle favorable to the sustainability and competitiveness of the company."

RESULTS

Crédit Mutuel Alliance Fédérale group indicators

→ 900 **FTE:** productivity gains from the use of technology in 2021

→ 1 600 **permanent contract** hires in 2021

Xavier Jaravel
Professor at the London School of Economics, member of the Mission Committee.

*Social base scope

Commitment

#7

ANCHOR DECISION-MAKING CENTERS IN THE REGIONS WITH MORE THAN 90% OF OUR LENDING DECISIONS TAKEN AT BRANCHES

Because customers expect rapid responses tailored to their needs, CIC is committed to ensuring that more than 90% of lending decisions will be made in branches by the end of 2022.

CIC is based on a decentralized organization that relies on a network of 1,780 points of sale and the expertise of its 10,500 advisors. This organization allows each decision to be made as close as possible to the field.

This short decision-making circuit is a real asset on a daily basis, for managers and employees as well as for customers. An agreement sent quickly to the customer, accompanied by quality advice, greatly facilitates the choice of banking partner.

RESULTS

→ **89.2%** of lending decisions were made locally within the CIC network in 2021.

"Today, the customers of a banking institution appreciate the quality of service with regard to the performance of the digital tools at their disposal. But technology is not everything, they also want an expert and responsive advisor. By guaranteeing decision-making at the heart of its branches by its advisors, CIC is giving itself all the Means: to forge and maintain lasting commercial relationships."

Ségolène Denavit
Director representing employees, member of the Mission Committee.

Commitment

#8

OFFER THE PAY ASSO DIGITAL PAYMENT SOLUTION TO OUR ASSOCIATIONS AND CIVIL LIABILITY COVERAGE TO THEIR MANAGERS

3

Because those who make a commitment must be protected, CIC offers civil liability cover to the managers of associations as well as the free digital payment solution Pay Asso.

In the context of the health crisis, CIC wanted to strengthen its support for associations. The Pay Asso dematerialized payment solution - which makes it possible to pay memberships, subscriptions, tickets, donations and sell the association's items and services directly online by credit card - was made free at the start of the pandemic. This free service was made permanent in early 2022.*

In addition, the banking group has decided to offer civil liability coverage* to the managers of sports and cultural associations in order to protect them from the financial consequences of bodily injury, property damage and immaterial damage caused to third parties in the event of the occurrence of a potential incident or accident in such a framework.

CIC thus wishes to support those who bring the regions alive through their sports, cultural and associative projects. These schemes enrich a range of products and services adapted and dedicated to associations.

"Non-profits are a real lever for action in the service of regional dynamics and the creation of social ties. As a major banking partner of associations, we are strengthening our commitment to those who develop the life of associations and the vitality of the regions."

Marie-Jean Boog
Chairwoman of the Sarrebourg district, member of the Mission Committee.

RESULTS

→ **100%** of sports and cultural associations can benefit from the **Pay Asso solution***

→ **Free civil liability insurance***

*See monitoring of commitments on page 25

Commitment

#9

INVEST 5% OF THE GROUP'S EQUITY MAINLY IN INNOVATIVE FRENCH COMPANIES

Because a bank that supports those who undertake must be the driving force of the French economy, CIC is part of the commitment of its parent company, which aims to invest, in 2022, 5% of its equity mainly in innovative French companies.

Innovation is decisive in the development and competitiveness of companies. It is not just technological. It is also commercial, social, organizational or environmental.

As of December 31, 2021, €2.7 billion had been invested in nearly 300 interests in long-term strategic value-creating projects. The innovative nature of each investment is monitored according to the nature of the projects (CSR impact, product innovation, IS optimization, organizational structuring, etc.). It is assessed according to a grid established on **five levels of innovation maturity:**

- "Under pressure" (regulatory, digital, etc.)
- "Customers" (response to a specific need)
- "Anticipated" (identified projects)
- "Organized" (monitoring and R&D set up and coordinated)
- "Integrated" (strategic vision guaranteeing a sustainable approach to innovation within the organization).

RESULTS

Crédit Mutuel Alliance Fédérale group indicators

- **5.05%** of the group's equity invested mainly in innovative French companies (within the meaning of the maturity levels indicated opposite), as of December 31, 2021
- Implementation of a dynamic mapping of innovative companies covering **94%** of the scope

Sandrine Pelletier
Director of CIC Ouest,
member of the Mission Committee.

"A company cannot grow without innovating. Its sustainability is at stake. CIC, through its subsidiary Crédit Mutuel Equity, supports innovative initiatives and projects for sustainable growth. This commitment, amounting to 5% of equity, contributes to the economic development of our regions."

Commitment

#10

REDUCE THE GROUP'S CARBON EMISSIONS BY 20% AND THE CARBON FOOTPRINT OF OUR INVESTMENT PORTFOLIOS BY 12% BY THE END OF 2022

Because energy efficiency is a priority, CIC is part of its parent company's commitment to reduce its carbon emissions by 20% and the carbon footprint of its investment portfolios by 12% by the end of 2022.

Strongly committed to respecting the carbon trajectory of the Paris Agreements by limiting warming to +1.5 °C, CIC is committed to respecting the group's ambitious objectives in terms of ecological and climate transition as part of the 2019-2023 strategic plan *ensemble#nouveaumonde, plus vite, plus loin !* [together#today's world, faster, further!].

In addition, CIC undertakes to comply with the group's sectoral policies governing transactions offered to companies operating in sectors that emit high amounts of greenhouse gases, as well as with social, environmental or health impacts. To date, there are seven sectoral policies, the most recent concerning agriculture. More generally, CIC offers its customers a range of green products.

"The group's climate strategy is in line with the Paris Climate Agreement. It is our responsibility as a benefit corporation to take strong, concrete and ambitious measures for future generations and the continuity of our business today and tomorrow."

RESULTS

Crédit Mutuel Alliance Fédérale group indicators

→ **27.9%** reduction in the carbon footprint of the corporate loan portfolio between June 2018 and June 2021*

→ **21%** reduction in the group's carbon footprint [**Scope**: energy - refrigerants - vehicle fleet - business travel between the end of 2018 and the end of 2020]*

Audrey Hammerer
Director representing employees, member of the Mission Committee.

See the 2021 Non-Financial Performance Statement

Commitment

#11

IMMEDIATELY STOP FUNDING FOR NEW OIL AND GAS PROJECTS

Because the climate is everyone's business, CIC is now stopping funding for new oil and gas projects.

With the acceleration of climate change calling for the mobilization of all, CIC has chosen to be a pioneer in this area, led by its parent company Crédit Mutuel Alliance Fédérale, by voluntarily renouncing revenues from the most polluting sectors.

Hailed in February 2020 by non-governmental organizations for its decision to completely phase out funding and investments in coal and unconventional hydrocarbons (shale gas and oil, Arctic), the group continued its climate transition policy in 2021. In this context, in October 2021 CIC committed to refrain from funding any new oil and gas exploration, production and infrastructure projects likely to lead to an increase in carbon emissions.

At the same time, it is stepping up its investments in renewable energies.

"Faced with climate change, the transition to a low-carbon economy is imperative. Business models must undergo profound changes for the economy and its companies to successfully meet the challenges of the energy transition."

Fleur Pellerin
Chairwoman of the Mission Committee.

RESULT

→ 0 **new funding for oil and gas projects** since October 2021

Commitment

#12

INSURE THE REAL ESTATE LOANS OF OUR LOYAL CUSTOMERS WITHOUT ANY MEDICAL FORMALITIES

3

Because health should not be a barrier to home ownership, CIC insures its loyal customers' real estate loans for their main residence, without any medical formalities.

More than ever since the start of the pandemic, CIC has remained close to its customers by launching the one-off recovery bonus to support craftspeople, retailers, professionals and smes in order to offset part of the losses in their incomes.
As a benefit corporation, CIC is committed to promoting access to home ownership for as many people as possible. As of November 2021, it eliminated the health questionnaire and medical formalities for borrower insurance for the main residence of its loyal customers*, and put an end to health-related discrimination: it ended tariffs based on pathologies or a client's body mass index, or exclusions of specific risks for these same health reasons. A borrower's state of health is no longer a specific exclusion or pricing criterion (additional premium) for borrower insurance.

CIC has thus contributed to a change in legislation for more inclusive and solidarity-based insurance, which favors the pooling of risks over consumerist measures.

RESULTS

→ **24,000 customers** benefited from an increase in their coverage and/or removal of additional premiums as of December 1, 2021

→ **No** medical formality (up to €500,000 per borrower and for policyholders under the age of 62)

"The removal of the health questionnaire is a perfect illustration of the leverage available to companies vis-à-vis public authorities. By getting the law changed, CIC is shifting the insurance approach of individualization of risk towards one of risk pooling. It thus contributes to ending health-related discrimination in home ownership. I am delighted that companies such as CIC and its parent company, Crédit Mutuel Alliance Fédérale, are committed to a solidarity and responsible performance approach."

Ségolène Denavit
Director representing employees, member of the Mission Committee.

*See monitoring of commitments on page 25

MONITORING OF COMMITMENTS

Methodological reminder: the objectives of the 12 commitments have been set for the end of 2022. Eight commitments are monitored specifically at CIC level. For the other four, CIC is committed to contributing to the achievement of objectives set by the Crédit Mutuel Alliance Fédérale group. The scopes concerned are those of the entities that have adopted the status of benefit corporation, namely Caisse Fédérale de Crédit Mutuel and CIC.
The figures below, audited by KPMG in February-March 2022, constitute a progress report as of December 31, 2021 in the implementation trajectory. At this stage, they do not constitute the final results. The final results as of December 31, 2022 will be published in early 2023 in the second report of the Mission Committee.

Summary table
Progress report as of December 31, 2021

1 Guarantee to each customer a dedicated, non-commissioned advisor

Means:	CIC Indicator:	Scope:
• Human resources policy: no commercial incentives or individual variable compensation.	• **99.1%** of clients assigned to a dedicated advisor in 2021. *This data covers all policyholders, professionals and individuals, adults and minors, including inactive.*	French banking network, CIC branches and corporate business centers.

2 Train all our employees and directors in the fight against discrimination

Means:	CIC Indicator:	Périmètre :
• Mandatory training module in 2022 for all employees. • Overhaul of the whistleblowing and monitoring system.	• To be implemented in the first half of 2022.	CIC.

3 Recruit 25% of work-study students from priority neighborhoods and rural areas

Means:	CIC Indicator:	Scope:
• Participation in dedicated "job dating" sessions. • Strengthening partnerships with associations. • Testing of new measures to develop integration actions.	• **38.7%** of work-study students recruited in 2021 come from urban priority neighborhoods and rural areas.	CIC.

4 Defend gender pay equality at all levels of the bank

Means:	CIC Indicator:	Scope:
• Negotiation of a group agreement with representatives of the trade unions. • Inventory of pay gaps. • 0.5% of payroll allocated to correcting the gender pay gap in 2022.	• Average pay gap (less than 3%) for the same classification level and the same age bracket. Checkpoint: June 2022.	CIC.

5 Guarantee the privacy of our customers' data by processing 99.9% of their information in our infrastructures and systems located in France

Means:	Group indicators:	Scope:
• Strong growth in investments in the group's IT infrastructures, via highly secure data centers and a private cloud. • Establishment of two new IT data centers owned exclusively by Euro-Information, a subsidiary of Crédit Mutuel Alliance Fédérale.	• Indicator under construction.	Crédit Mutuel and CIC France networks.

6 Invest productivity gains from artificial intelligence in employment and development

Means:	Group indicators:	Scope:
• High-growth investments in technology and artificial intelligence. • Social policy that favors training, career development and job creation.	• Productivity gains as of December 31, 2021 = 900 ftes: indicator taking into account the time savings related to projects under development (estimated gains) and projects deployed (actual gains in 2021). • Recruitment: 1,596 permanent contracts in 2021.	• Scope of FTE gains: Crédit Mutuel and CIC France networks. • Scope of recruitment: group social base.

7 Anchor decision-making centers in the regions with more than 90% of our lending decisions taken at branches

Mean:	Indicateur CIC :	Scope:
• Decentralized organization with predominantly local lending decisions.	• **89.2%** of lending decisions made locally in 2021.	CIC network.

8 Offer the Pay Asso digital payment solution to our associations and civil liability coverage to their managers

Means:	Indicateurs CIC :	Scope:
• Free use of the Pay Asso solution for associations governed by the law of July 1, 1901 or under the local law of Alsace-Moselle, with an exclusively sporting or cultural purpose and non-profit, with an annual budget of less than €500,000, current account holders with CIC. • Free civil liability coverage for managers of sports and cultural customer associations, up to a maximum annual coverage of €50,000.	• **Pay Asso:** 100% of sports and cultural associations have benefited from the Pay Asso solution since January 2022. • **Civil liability coverage:** 100% of managers of sports and cultural customer associations are eligible for free coverage.	CIC network.

9 Invest 5% of the group's equity mainly in innovative French companies

Means:	Indicateur groupe :	Scope:
• Dedicated capital structure. • Implementation of a dynamic mapping of investments.	• **5.05%** of the group's equity invested mainly in French companies that have been subject to an innovation maturity analysis.	Crédit Mutuel Equity.

10 Reduce the group's carbon emissions by 20% and the carbon footprint of our investment portfolios by 12% by the end of 2022

Means:	Group indicators:	Scope:
• Sectoral policies (coal, mobility, agriculture, hydrocarbons, etc.). • Green products (eco-mobility offer, transition range, sustainable development and solidarity passbook, energy credit, etc.).	• **27.9%** reduction in the carbon footprint of the corporate loan portfolio between June 2018 and June 2021 • **21%** reduction in the group's carbon footprint (Scope: energy - refrigerants - vehicle fleet - business travel between the end of 2018 and the end of 2020)	See scope and methodology notes concerning these indicators in the group's 2021 Non-Financial Performance Statement.

11 Immediately stop funding for new oil and gas projects

Means:	CIC Indicator:	Scope:
• Coal and non-conventional hydrocarbon sector policy. • Acceleration of investments in renewable energy projects.	• 0 funding for new oil & gas exploration, production and infrastructure projects since October 2021.	CIC.

12 Insure the real estate loans of our loyal customers without any medical formalities

Means:	CIC Indicator:	Scope:
• Elimination of the health questionnaire for loyal customers. • End of pricing based on the client's pathology or body mass index. • End of exclusions of specific risks.	• No more medical formalities required since December 1, 2021. *Eligibility: customers who have domiciled their main income for seven years; amount insured up to €500,000 per borrower for the purchase of their main residence; policyholder aged under 62 at the time of subscription.*	CIC network.

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REPORT BY THE INDEPENDENT THIRD PARTY ON THE VERIFICATION OF THE EXECUTION OF SOCIAL AND ENVIRONMENTAL OBJECTIVES

This is a free English translation of the Statutory Auditor's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended December 31, 2021

To the Annual General Meeting,

In our capacity as independent third party ("third party") of your company (hereinafter "entity"), having filed an application for accreditation whose admissibility was accepted by the accreditation body , we have undertaken a limited assurance engagement on the historical financial information (actual or extrapolated) related to the execution of the social and environmental objectives that your entity has set on the scope concerned by the quality of mission-led company as presented in the report of the Mission Committee for the period from January 1 to December 31, 2021, including in the entity's management report pursuant to the requirements of Article L.210-10 of the French Commercial Code.

Conclusion

Based on the procedures performed, as set out in the "Nature and scope of our work" section of this report, and the information collected, nothing has come to our attention that would call into question, for the scope concerned by the quality of mission-led company and at the end of the period covered by our audit:

- the fact that the entity has achieved the operational objectives that it has defined for each social or environmental objective pursuant to paragraph 2 of Article L.210-10 and included in its articles of association, and
- consequently, Crédit Industriel et Commercial complies with each of the social and environmental objectives that it has set itself the task of pursuing, in accordance with its raison d'être and activities and with regard to its social and environmental challenges.

Comments

Without modifying our conclusion above, we make the following comments:

- As indicated in the Mission Committee's report, the results relating to the operational objective "Double the number of members voting at the Shareholders' Meetings of Crédit Mutuel banks" will probably be impacted in 2022 by the restrictions imposed by the health crisis;
- The scope of each of the operational objectives has been adapted in relation to the strict scope of the mission-led company, depending on the nature of the commitments made or resulting from the historical management of certain objectives before the adoption of the quality of mission-led company by Crédit Mutuel Alliance Fédérale, parent company of Crédit Industriel et Commercial. The scopes relating to each operational objective are presented in the methodological note of the Mission Committee's report;
- As indicated in the Mission Committee's report, the indicators relating to the objectives "Reduce the group's carbon emissions by 20% by the end of 2022 compared to 2018" and "Reduce the carbon footprint of our investment portfolios by 12% by the end of 2022 compared to 2018" are presented for a non-calendar civil year, respectively for the year ended December 30, 2020 and June 30, 2021.

Preparation of information related to the execution of social and environmental objectives

The absence of a commonly used generally accepted reporting framework or of established practices on which to draw to evaluate and measure the information related to the execution of social and environmental objectives allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time.
Consequently, information related to the execution of social and environmental objectives needs to be read and understood together with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Report of the Mission Committee (or available on request at the entity's registered office).

Inherent limitations in preparing the information related to the execution of the social and environmental objectives

The Information may be subject to inherent uncertainty because of incomplete scientific and economic knowledge and the quality of external data used. Some information is sensitive to the methodological choices, assumptions and/or estimates used to prepare it. In particular, certain information is presented on a different scope compared to the scope concerned by the quality of mission-led company, as indicated in the Mission Committee's report.

Responsibility of the entity

The entity is responsible for:

- setting up a Mission Committee responsible for preparing an annual report in accordance with the provisions of Article L.210-10 of the French Commercial Code;
- selecting or establishing appropriate criteria and procedures to prepare the entity's Guidelines;
- designing, implementing and maintaining internal control over the information relevant for the preparation of the Mission Committee's report as well as implementing the internal control that it deems necessary for the preparation of information related to the execution of social and environmental objectives that is free from material misstatements, whether due to fraud or error;
- preparing information related to the execution of social and environmental objectives in accordance with the Guidelines and made available to the Mission Committee.

It is the responsibility of the Mission Committee to prepare its report on the basis of the information related to the execution of the social and environmental objectives provided by the entity and carrying out any verification it deems appropriate.
This report is attached to the Board of Directors' management report.

Responsibility of the independent third party

Pursuant to the provisions of Article R.210-21 of the French Commercial Code, it is our responsibility, on the basis of our work, to issue a report expressing a limited assurance conclusion on the entity's respect of the social and environmental objectives that it set for itself on the scope concerned by the quality of mission-led company.
As it is our responsibility to provide an independent conclusion on the information related to the execution of the social and environmental objectives, we are not authorized to help prepare said information, as that could compromise our independence.

Regulatory provisions and applicable professional doctrine

Our work described below was carried out in accordance with the provisions of Article R.210-21 of the French Commercial Code and the professional doctrine of the Compagnie Nationale des Commissaires aux Comptes relating to this intervention in lieu of a verification program.

Means and resources

Our work was carried our by a team of four people and between February and April 2022 and took a total of seven weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted about twenty interviews with the people responsible for preparing the information related to the execution of the social and environmental objectives.

Nature and scope of our work

We planned and performed our work to address the areas where we identified that a material misstatement was likely to arise regarding the information relating to the execution of the social and environmental objectives that the entity has set itself the mission of pursuing on the scope concerned by the company's quality as a mission-led company.

We believe that the work carried out, based on our professional judgment, is sufficient to provide a a basis for our limited assurance conclusion.

We obtained an understanding of the entity's activities in the scope concerned by the quality as a mission-led company, the formulation of its raison d'être as well as its social and environmental issues.

Our work focused:

- on the one hand, on the consistency of the social and environmental objectives adopted pursuant to paragraph 2 of Article L.210 10 and included in its articles of association, and the raison d'être of the entity specified in its articles of association (hereinafter: "raison d'être") and its activity with regard to its social and environmental issues;
- on the other hand, on the execution of these objectives.

Concerning the consistency of the entity's objectives, raison d'être and activity with regard to its social and environmental issues:

- we conducted interviews to assess the commitment of the entity's management and members of governance with regard to the expectations of the main internal or external stakeholders affected by the entity's activity.
- we assessed the processes implemented to structure and formalize this approach by relying on:
  - the information available in the entity (for example, minutes of Board meetings, discussions with the Social and Economic Committee, minutes or documentation for meetings with internal or external stakeholders, risk analyses);
  - the roadmap of the mission-led company and the last report of the Mission Committee;
  - where applicable, its publications (for example, sales brochures, management report, integrated report, non-financial performance statement, on the website).
- we thus assessed, considering the activity of the entity with regard to its social and environmental issues, the consistency between:
  - the information collected;
  - the *raison d'être* and
  - the social and environmental objectives set out in the articles of association.

With regard to the execution of social and environmental objectives, we investigated the existence of operational objectives and key monitoring and measurement indicators to assess their achievement by the entity at the end of the period covered by the verification for each social and environmental objective, and we verified whether the operational objectives had been achieved with regard to the trajectories defined by the entity on the scope concerned by the quality of mission-led company.

To do this, we carried out the following procedures:

- we obtained an understanding of the documents prepared by the entity to report on the implementation of its mission, in particular the provisions specifying the operational objectives and the related monitoring procedures, as well as the report of the Mission Committee;
- we investigated the Mission Committee's assessment of the execution of the social and environmental objectives, and we corroborated the information collected with the perception that the stakeholders have of the effects and impacts of the entity. In addition, we reviewed the analysis presented in the Mission Committee's report and the end results achieved for the operational objectives in relation to their defined trajectories, to enable us to assess respect of the social and environmental objectives;
- we asked the entity's Executive Management about the financial and non-financial resources implemented to meet the social and environmental objectives;
- we verified the presence in the Mission Committee's report of indicators consistent with the operational objectives and able to demonstrate the positioning of the operational objectives on their defined trajectories;
- we assessed the appropriateness of the resources implemented to meet operational objectives in relation to their trajectories, in view of the development of business over the period;
- we verified the fairness of all these indicators, and in particular, we:
  - assessed the appropriateness of the entity's Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability;
  - verified that the indicators cover the entire scope concerned by the quality of mission-led company;
  - obtained an understanding of the internal control procedures implemented by the entity and assessed the collection process aimed at ensuring the fairness of these indicators;
  - implemented controls and analytical procedures to verify the proper consolidation of the data collected and the consistency of any change in those data ;
  - performed tests of details, using sampling tchniques or other selection methods, in order to verify the proper application of definitions and procedures and reconcile the data with the supporting documents. This work was carried out on site at the entity's registered office and covers 100% of the data used to calculate the indicators;
  - assessed the overall consistency of the Mission Committee's report with regard to our knowledge of the entity and the scope concerned by the quality of mission-led company.

The procedures performed in a limited assurance engagement are less in extent than for a reasonable assurance engagement performed in accordance with the professional guidance issued by the French Institute of Statutory Auditors; a higher level of assurance would have required us to carry out more extensive procedures.

Paris-La Défense, April 8, 2022
KPMG S.A.

Anne Garans
Sustainability
Services Partner

Arnaud Bourdeille
Partner

Appendix

1. Guarantee to each customer a dedicated, non-commissioned advisor
2. Train all our employees and elected members in the fight against discrimination
3. Recruit 25% of work-study students from priority neighborhoods and rural areas
4. Defend gender pay equality at all levels of the bank
5. Guarantee the privacy of our customers' data by processing 99.9% of their information in our infrastructures and systems located in France
6. Invest productivity gains from artificial intelligence in employment and development
7. Anchor decision-making centers in the regions with more than 90% of our lending decisions taken at banks and branches
8. Offer the Pay Asso digital payment solution to our associations and civil liability coverage to their managers
9. Invest 5% of our equity mainly in innovative French companies
10. Reduce the group's carbon emissions by 20% and the carbon footprint of our investment portfolios by 12% by the end of 2022 compared with 2018
11. Immediately stop funding for new oil and gas projects
12. Insure the real estate loans of our loyal customers without any medical formalities

[1]*Pursuant to article 5 of the decree of 2nd January 2020 regarding mission-led companies ("sociétés à mission")* [2]*"Mission-led company" in this report by the independent third party refers to the "société à mission" quality as defined in the French "PACTE Law"* [3]*Presented in the Appendix of this report*

3

CIC - *Société anonyme* (French Limited Company) with share capital of €611,858,064 - 6, avenue de Provence - 75009 Paris ▪ Swift CMCIFRPP - Tel.: +33 (0)1 45 96 96 96 - RCS Paris 542 016 381 - ORIAS no. 07 025 723 (www.orias.fr). Bank governed by Articles L.511-1 et seq. Of the French Monetary and Financial Code. ▪ For transactions carried out as intermediaries in insurance transactions (registrations available at www.orias.fr), insurance contracts of ACM VIE SA and ACM IARD SA, companies governed by the French Insurance Code and distributed under the CIC Assurances brand. ▪ **Design and production:** Caillé associates ▪ **Photo credits:** Crédit Mutuel Alliance Fédérale, Nicolas Reitzaum, Antoine Doyen, Julien de Fontenay ▪ April 2022 ▪ **Printed in France on certified paper.** ▪

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Since 2020, CIC has been a partner of the 171-kilometer *Mont Ventoux Dénivelé Challenges* professional race with 4,100 meters of ascent. CIC is also a loyal partner of the French Cycling Federation, supporting the French teams, participating in international competitions and encouraging cycling for all.

4 CORPORATE GOVERNANCE

KEY FIGURES OF CIC'S GOVERNANCE

BOARD OF DIRECTORS

4
MEETINGS

91%
ATTENDANCE RATE OF DIRECTORS

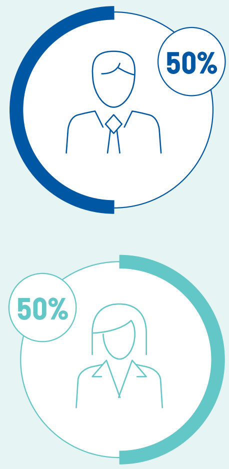
59
AVERAGE AGE OF DIRECTORSS

6
DIRECTORS
(voting rights)

2
DIRECTORS REPRESENTING EMPLOYEES
(voting rights)

2
NON-VOTING DIRECTORS
(advisory votes)

1
ESC REPRESENTATIVE
(advisory vote)



EXECUTIVE MANAGEMENT

1
CHIEF EXECUTIVE OFFICER, EFFECTIVE MANAGER
Mr. Daniel Baal

1
DEPUTY CHIEF EXECUTIVE OFFICER, EFFECTIVE MANAGER
Mr. Éric Charpentier

1
DEPUTY CHIEF EXECUTIVE OFFICER,
Mr. Claude Koestner

Scope of attendance rate and average age: directors including employee directors.
Average age at December 31, 2021.
Parity scope: directors excluding employee directors.

4.1 INTRODUCTION

The provisions of Article L.225-37 of the French Commercial Code state that the Board of Directors shall present to the Ordinary Shareholders' Meeting a corporate governance report alongside the management report.

In accordance with Articles L.225-37-4 and L.22-10-10 of the French Commercial Code, this report shall include:

- a list of all of the terms and duties exercised in any company by each corporate officer during the fiscal year;
- the composition of the Board and the conditions for the preparation and organization of its work;
- agreements entered into, directly or through an intermediary, between, on the one hand, one of the corporate officers or one of the shareholders holding more than 10% of the voting rights of a company and, on the other hand, another company controlled by the former within the meaning of Article L.233-3, with the exception of agreements relating to current transactions and entered into under normal conditions;
- a summary table of the current delegations of authority granted by the Shareholders' Meeting in respect of capital increases, pursuant to Articles L.225-129-1 and L.225-129-2, showing the use made of these delegations during the fiscal year;
- at the time of the first report or in the event of any change, the method elected between the two options for Executive Management provided for in Article L.225-51-1;
- a description of the diversity policy applied to the members of the Board of Directors with regard to criteria such as age, gender or qualifications and professional experience, and a description of the objectives of such a policy, its implementation procedures and the results obtained during the past fiscal year. This description shall be supplemented by information on the manner in which the company seeks a balanced representation of women and men within the committee established, if any, by Executive Management to assist it regularly in the performance of its general duties and on the results in terms of gender balance in the 10% of positions with the highest level of responsibility. If the company does not apply such a policy, the report shall include an explanation of the reasons for not doing so;
- any restrictions that the Board of Directors may impose on the powers of the Chief Executive Officer;
- where a company voluntarily refers to a Corporate Governance Code drawn up by a professional organization, the provisions that have been disregarded and the reasons why, as well as the place where this code can be consulted, or, in the absence of such a reference to a code, the reasons why the company has decided not to refer to it, as well as, where applicable, the rules adopted in addition to the requirements laid down by law.

As it is not a company whose shares are admitted to trading on a regulated market, Crédit Industriel et Commercial (herein after referred to as CIC) does not refer to the Afep-Medef Code.

CIC complies with the corporate governance regulations applicable to credit institutions. In this respect, it is recalled that the European Banking Authority (EBA) has issued guidance on internal governance (EBA/GL/2021/05) as well as guidance on the assessment of the suitability of members of the management body and holders of key positions (EBA/GL/2021/06) dated July 2, 2021. In its compliance notices of December 7, 2021, the *Autorité de contrôle prudentiel et de résolution* (ACPR – French Prudential Supervisory and Resolution Authority) declared itself compliant with the guidance on internal governance and partially compliant with the guidance on suitability assessment.

An excerpt from the ACPR's compliance notice on how to apply the suitability assessment guidelines is reproduced below:

"This notice specifies the paragraphs of EBA guidance EBA/GL/2021/06 with which the ACPR (i) intends to comply: i.e. paragraphs 1 to 162; 164 to 171; 174 to 176; 178 to 207 of the guidance and (ii) therefore expects the aforementioned institutions to comply with those paragraphs.

Indeed, the ACPR does not intend to comply with the provisions of paragraphs 172 and 173 (assessment of the suitability of the heads of internal control functions and of the Chief Financial Officer by the competent authority) as well as paragraphs 163 and 177 (transmission to the competent authority of the results and documentation relating to the internal assessment of the heads of internal control functions and the Chief Financial Officer). This statement does not call into question the procedures already in place, which will continue to apply for the assessment of persons responsible for internal control at approval and in the event of a change of control.

In addition, the ACPR intends to apply the guidelines relating to attendance and the definition of independent members in the supervisory bodies with two reservations of interpretation:

- *the formal independence of the members of the management body and of the members of the Risk Committee and the Appointments Committee does not constitute a criterion of suitability under current French laws and regulations, which would be enforceable in the context of the examination of an individual application. In French law, the implementation of the guidelines cannot therefore result in the rejection on this sole basis of an individual application for "fit and proper" reasons; [...] the ACPR considers the presence of independent members on supervisory bodies and other specialized committees to be good practice and not a legal or regulatory requirement;*
- *as a matter of law, failure to meet one or more of the criteria listed in the guidelines (paragraph 89) does not constitute a presumption that a member is not independent. Non-compliance with these criteria does not exhaust the notion of independence and the analysis of this quality must also take into account other measures, in particular those developed by French institutions within the framework of the laws and regulations in force and which could make it possible to achieve the same objective of independence.*

Pursuant to paragraph (88) (b) of the suitability assessment guidance, the ACPR also intends not to require independent members in relevant institutions that are wholly owned by a relevant institution, and in investment firms that meet the criteria set out in Article 32(4)(a) of Directive 2019/2034/EU or other criteria laid down by a relevant Member State in accordance with Article 32(5) and (6) of Directive No 2019/2034/EU."

This corporate governance report explains how CIC has implemented the guidelines in accordance with the ACPR Notice and its own interpretation.

The report was also prepared in accordance with Annex I of Delegated Regulation 2019/980 of March 14, 2019.

4.2 COMPOSITION OF THE MANAGEMENT BODIES AS OF DECEMBER 31, 2021

Presentation of the Board of Directors

	Age[1]	Start of term of office	End of term of office	Committees[2]	Attendance
Nicolas THÉRY *Chairman*	56	2014	2022	GRMC	100%
Catherine ALLONAS-BARTHE *Permanent representative of Banque Fédérative de Crédit Mutuel, director*	66	2017	2023	-	100%
Gérard CORMORECHE *Director*	64	2019	2022	GAAC	100%
Étienne GRAD Director	69	2019	2024	GAAC	100%
Catherine LAMBLIN MESSIEN *Director*	57	2021	2024	-	100%
Catherine MILLET *Director*	61	2017	2023	-	100%
Ségolène DENAVIT *Director representing employees*	41	2017	2023	-	25%
Pascale GIROT *Director representing employees*	61	2020	2023	-	100%
Guy CORMIER *Non-voting director*	52	2017	2023	-	0%
Damien LIEVENS *Non-voting director*	51	2015	2024	-	50%

(1) Age at 12/31/2021

(2) CIC is a member of the four specialized committees of Caisse Fédérale de Crédit Mutuel: the Group Risk Monitoring Committee (GRMC), the Group Auditing and Accounting Committee (GAAC), the Appointments Committee, and the Compensation Committee.

In 2021, the terms of office of Éric Charpentier and Lucien Miara as director and non-voting director, respectively, ended.

Other participants

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

Executive Management

- Daniel Baal, Chief Executive Officer and effective manager;
- Éric Charpentier, Deputy Chief Executive Officer and effective manager (appointed on July 28, 2021 effective September 1, 2021);
- Claude Koestner, Deputy Chief Executive Officer.

In 2021, the term of office of Philippe Vidal as Deputy Chief Executive Officer and effective manager ended.

4.3 POSITIONS AND FUNCTIONS HELD BY THE MEMBERS OF THE MANAGEMENT BODIES

4.3.1 Board of Directors

Nicolas Théry

Born on December 22, 1965
Nationality: French

Business address:
Crédit Industriel et Commercial
6 avenue de Provence
75009 Paris

Summary of main areas of expertise and experience

Nicolas Théry began his career in the financial inspection department in 1989 before joining the treasury department in 1993. From 1997 to 2000, he was an adviser in the office of the Minister of the Economy and Finance in charge of monetary and financial topics and then international and European topics. In 2000, he became director of the Private Office of Florence Parly, Secretary of State for the Budget. From 2000 to 2002, he was Confederal Secretary of the CFDT in charge of economic issues. He helped create the Inter-union Committee for employee savings schemes and the Vigeo rating agency created by Nicole Notat. From 2002 to 2009, he worked at the European Commission as director of cabinet of Pascal Lamy, Commissioner for International Trade before joining the Directorate-general for Enterprise and becoming director in the directorate general for the Environment, where he worked on climate change. In 2009, he joined Crédit Mutuel after holding various positions within the banking group. He was Chairman and Chief Executive Officer of CIC Est from 2012 to 2016.

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

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

Chairman of the Board of Directors
First appointed to the board: 2014
Term expires: 2022

Other offices held as of December 31, 2021

Chairman of the Board of Directors
Confédération Nationale du Crédit Mutuel
Caisse Centrale du Crédit Mutuel
Fédération du Crédit Mutuel Centre Est Europe
Caisse Fédérale de Crédit Mutuel
Banque Fédérative du Crédit Mutuel
Banque CIC Est
Assurances du Crédit Mutuel Vie SA
Assurances du Crédit Mutuel Vie SAM
ACM IARD SA
Musée Rodin
Chairman of the Supervisory Board
Groupe des Assurances du Crédit Mutuel
Banque Européenne du Crédit Mutuel
Chairman
Fédération Bancaire Française – French Banking Federation
Director
Caisse de Crédit Mutuel Strasbourg Vosges
Permanent representative of Groupe des Assurances du Crédit Mutuel, director
ACM GIE
Permanent representative of Fédération du Crédit Mutuel Centre Est Europe, member of the Management Board
Euro-Information
Member
Defense Ethics Committee

Terms of office expired over the past five fiscal years

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

4

Catherine Allonas Barthe

Born on January 18, 1955
Nationality: French

Business address:
94/96, boulevard Haussmann
75008 Paris

Summary of main areas of expertise and experience

Catherine Allonas Barthe holds a master's degree in mathematics and is a graduate of the *École Nationale de la Statistique et de l'Administration Économique* (ENSAE).

From 2015 to 2021, she was a member of the Executive Board and Deputy Chief Executive Officer of Groupe des Assurances du Crédit Mutuel, a holding company for insurance companies.

She was also Chief Executive Officer of Assurances of Crédit Mutuel Vie SAM and Chief Operating Officer of Assurances du Crédit Mutuel Vie SA, life insurance companies operating mainly in France, between 2006 and 2021.

Within Groupe des Assurances du Crédit Mutuel, she also held the positions of Finance and Real Estate director and Chief Risk Officer.

Permanent representative of Banque Fédérative de Crédit Mutuel, director
First appointed to the Board: 2017
Term expires: 2023

Other offices held as of December 31, 2021

Permanent representative of Assurances du Crédit Mutuel Vie SA, director
Valinvest Gestion

Terms of office expired over the past five fiscal years

Chairwoman
Foncière Massena
Mutuelles Investissement
Member of the Executive Board – Deputy Chief Executive Officer
Groupe des Assurances du Crédit Mutuel
Chief Executive Officer
Assurances du Crédit Mutuel Vie SAM
Chief Operating Officer
Assurances du Crédit Mutuel Vie SA
Director
Crédit Industriel et Commercial
Permanent representative of Assurances du Crédit Mutuel Vie SA, director
Foncière de Paris
ACM GIE
Permanent representative of Assurances du Crédit Mutuel Vie SA, director
Serenis Assurances
Covivio
Permanent representative of ADEPI, Director
Crédit Mutuel Asset Management
Permanent representative of Placinvest, director
Crédit Mutuel Asset Management
Permanent representative of Groupe des Assurances du Crédit Mutuel SA, director
Groupe des Assurances du Crédit Mutuel Spain
Permanent representative of EFSA, director
Crédit Mutuel Investment Managers

Gérard Cormorèche

Born on July 3, 1957
Nationality: French

Business address:
8 rue Rhin et Danube
69009 Lyon

Summary of main areas of expertise and experience

Holder of an Engineering degree from the *École Supérieure d'Agriculture d'Angers*, Gérard Cormorèche is the manager of a cereal and vegetable farm and of CORMORÈCHE SARL specializing in the processing of red beetroot. He was awarded the insignia of Knight of Agricultural Merit in 1999.

In 1993, he was elected Chairman of a local Crédit Mutuel bank. He holds offices within Crédit Mutuel at local, regional and national levels. Since 1995, he has been Chairman of Fédération and Caisse de Crédit Mutuel du Sud Est. He has also been Chairman of the Board of Directors of Caisse Agricole du Crédit Mutuel since 2004 and Vice-Chairman of CNCM (Confédération Nationale du Crédit Mutuel).

Director
First appointed to the Board: 2019
Term expires: 2022

Other offices held as of December 31, 2021

Chairman of the Board of Directors
Fédération du Crédit Mutuel du Sud Est
Caisse de Crédit Mutuel du Sud Est
Caisse Agricole Crédit Mutuel (CACM)
CECAMUSE
Caisse de Crédit Mutuel Neuville-sur-Saône
Vice-Chairman of the Board of Directors
Confédération Nationale du Crédit Mutuel
Caisse Centrale du Crédit Mutuel
Fédération du Crédit Mutuel Agricole et Rural
MTRL
Assurances du Crédit Mutuel pour l'éducation et la prévention en santé
Director
Banque Fédérative du Crédit Mutuel
Caisse Fédérale de Crédit Mutuel
Permanent representative of Caisse de Crédit Mutuel du Sud Est, director
Assurance du Crédit Mutuel Vie SAM
SICA d'habitat Rural du Rhône et de la Loire
Non-voting director
CIC Lyonnaise de Banque
Managing partner
SCEA CORMORÈCHE Jean-Gérard
SARL CORMORECHE

Terms of office expired over the past five fiscal years

Non-voting director
Crédit Industriel et Commercial

Étienne Grad

Born on December 26, 1952
Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

A graduate of the Karlsruhe Chamber of Commerce and Industry in Germany, Étienne Grad is the Chairman of Étienne Grad Conseil et Développement.

He began his career at Technal as manager of the East region before going on to Sopromal as sales manager. In 1992, he founded Bureau d'Études Étienne Grad before creating the company Étienne Grad Conseil et Développement in 2011.

In 1992 he was appointed Chairman of the Board of Directors of Caisse de Crédit Mutuel du cours de l'Andlau. Since 2010 he has been Chairman of the *Communauté Urbaine de Strasbourg* District of the Fédération du Crédit Mutuel Centre Est Europe.

Director
First appointed to the Board: 2019
Term expires: 2024

Other offices held as of December 31, 2021

Chairman
SAS GRAD Étienne Conseil et Développement
Chairman of the Board of Directors
Caisse de Crédit Mutuel Cours de l'Andlau
Vice-Chairman of the Board of Directors and Chairman of the District of the Urban Community of Strasbourg
Fédération du Crédit Mutuel Centre Est Europe
Director
Caisse Fédérale de Crédit Mutuel

Terms of office expired over the past five fiscal years

Director
Banque Fédérative du Crédit Mutuel

Catherine Millet

Born on July 31, 1960
Nationality: French

Business address:
Centre de Conseil et de Service CCS -
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

A graduate of *Hautes Études Commerciales*, Catherine Millet began her career in 1983 with Banque Indosuez Paris. In 1990, she joined the trading room of Crédit Industriel d'Alsace Lorraine (now CIC Est) before becoming head of the Caisse Fédérale du Crédit Mutuel International Business Center in 2005. In 2009, she became head of the payment methods department at CM-CIC Services. Since 2013, she has been Chief Executive Officer.

Director
First appointed to the Board: 2017
Term expires: 2023

Other offices held as of December 31, 2021

Chairwoman
Filaction
Director
Euro Automatic Cash
Member of the Supervisory Board
TARGOBANK AG
Targo Deutschland GmbH
Sole Director/Chief Executive Officer
Centre de Conseil et de Service – CCS
Permanent representative of Banque Fédérative du Crédit Mutuel, Chairman
Sofedis
Permanent representative of Banque Fédérative du Crédit Mutuel, member of the Management Board
Euro-Information
Permanent representative of CCS, member of the Management Board
Euro-Information Épithète
Permanent representative of Impex Finance, director
CIC Est

Terms of office expired over the past five fiscal years

Member of the Supervisory Board
Cofidis Group
Cofidis
Euro-Information Production
Chairwoman of the Management Committee
CMCIC Centre de Services et de Traitement
Chairwoman of the Board of Directors
Cemcice Servicios España (CSE)
Member of the Management Board
Centre de Conseil et de Service – CCS
Euro Télé Services
Euro-Information Développements
Director
AXXES

Catherine Lamblin Messien

Born on August 17, 1964
Nationality: French

Business address:
Crédit Mutuel Nord Europe
4, place Richebé
59011 Lille

Summary of main areas of expertise and experience

After preparing and obtaining in 1987 a diploma of higher education in accounting and finance (DESCF) at the Institute of Chartered Accountancy of La Catho Lille, Catherine Lamblin Messien began her career in the Cabinet Lecat as an accounting assistant. In 1990, she joined Declercq before obtaining her diploma as a chartered accountant (DEC) in 1992. In the same year, she joined Cofidine – Conseil Fiduciaire, Audit & Finance, as a chartered accountant.

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

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

Other offices held as of December 31, 2021

Chairwoman of the Board of Directors
Caisse de Crédit Mutuel de Cambrai
Vice-Chairwoman of the Board of Directors
Caisse Fédérale du Crédit Mutuel Nord Europe
Fédération du Crédit Mutuel Nord Europe
Director
Confédération Nationale du Crédit Mutuel
Caisse Centrale du Crédit Mutuel
Cautionnement Mutuel de l'Habitat
Treasurer
Association Femmes Chefs d'Entreprise (FCE) Association of Women Entrepreneurs
Manager
Cofidine Conseil Fiduciaire Audit & Finance
Groupement forestier du Bois de la Chassagne

Terms of office expired over the past five fiscal years

None

Directors representing employees

Ségolène Denavit

Born on July 27, 1980
Nationality: French

Business address:
CIC Lyonnaise de Banque
80, cours de la Liberté
69003 Lyon

Summary of main areas of expertise and experience

Ségolène Denavit holds a French license and a master's degree in History from the University of Lyon 3. She has been in charge of professional affairs for the Lyon Guillotière Branch since June 2017. From 2008 to 2017, she worked as a private customer manager.

Since 2017, she has been a director representing employees on CIC's Board of Directors and was previously an employee representative from 2013 to 2017.

Director representing employees
First appointed to the Board: 2017
Term expires: 2023

Other offices held as of December 31, 2021

None

Terms of office expired over the past five fiscal years

None

Pascale Girot

Born on September 19, 1960
Nationality: French

Business address:
Place de la Halle
60300 Senlis

Summary of main areas of expertise and experience

Holder of a DEUG in law, Pascale Girot began her career in 1982 as an advisor at Crédit Lyonnais, where she worked until she joined SNVB in 1999 and then HSCB in 2002. In 2004, she joined CIC Nord Ouest as a branch manager and now holds the position of Savings and Wealth Advisor. Since 2018, she has also been a special advisor to the Labor Tribunal of Creil.

Since 2016, she has been director representing employees on the Board of Directors of CIC Nord Ouest and, since 2020, the director representing employees on the Board of Directors of CIC.

Director representing employees
First appointed to the Board: 2020
Term expires: 2023

Other offices held as of December 31, 2021

Director representing employees
CIC Nord Ouest

Labor tribunal advisor
Labor Tribunal of Creil

Terms of office expired over the past five fiscal years

None

4.3.2 Group's key executives

Daniel Baal

Born on December 27, 1957
Nationality: French

Business address:
Crédit Industriel et Commercial
6 avenue de Provence
75009 Paris

Summary of main areas of expertise and experience

Daniel Baal began his career in 1979 as a credit records manager at the head office of Banque Fédérative du Crédit Mutuel in Strasbourg and went on to hold various head office and network positions in Strasbourg, Colmar and Mulhouse. In 1995, he became director of commitments at the Southern Regional Division of Caisse Fédérale du Crédit Mutuel Centre Est Europe, then director of Caisse de Crédit Mutuel Mulhouse-Europe in 2001. He was Deputy Chief Executive Officer of Société du Tour de France and director of "cycling" activities for Sport Amaury Organisation from 2001 to 2004. In 2004, he became Manager of Caisse Fédérale de Crédit Mutuel Centre Est Europe before being appointed Chief Executive Officer of the Fédération and Caisse Régionale du Crédit Mutuel Île-de-France. Then, in 2010, he was appointed Deputy Chief Executive Officer of Confédération Nationale du Crédit Mutuel, then Deputy Chief Executive Officer of Crédit Industriel et Commercial in 2014 and Chief Executive Officer of Caisse Centrale de Crédit Mutuel in 2015.

Since 2017, he has been Chief Executive Officer of Caisse Fédérale de Crédit Mutuel, Chief Executive Officer of Banque Fédérative du Crédit Mutuel, Chief Executive Officer of Crédit Industriel et Commercial, Chief Executive Officer of Fédération du Crédit Mutuel Centre Est Europe and a member of the Executive Board of Groupe des Assurances du Crédit Mutuel.

Daniel Baal is a graduate of EDC Paris Business School, majoring in Financial Management.

Chief Executive Officer and effective manager
First appointed: 2017
Term expires: 2024

Other offices held as of December 31, 2021

Chief Executive Officer
Fédération du Crédit Mutuel Centre Est Europe
Caisse Fédérale de Crédit Mutuel
Banque Fédérative du Crédit Mutuel
Member of the Executive Board
Groupe des Assurances du Crédit Mutuel
Chairman of the Supervisory Board
Cofidis
Cofidis Participations
Euro-Information Production
Vice-Chairman of the Board of Directors
Banque de Luxembourg

Terms of office expired over the past five fiscal years

Chairman of the Board of Directors
CIC Sud Ouest
CIC Ouest
Chairman of the Supervisory Board
CIC Iberbanco
Vice-Chairman of the Supervisory Board
Targo Deutschland GmbH
TARGOBANK AG
Targo Management AG
Director
Fivory SA
Fivory SAS
Permanent representative of Caisse régionale du Crédit Mutuel Île-de-France, member of the Management Board
Euro-Information

Éric Charpentier

Born on October 6, 1960
Nationality: French

Business address:
Crédit Industriel et Commercial
6 avenue de Provence
75009 Paris

Summary of main areas of expertise and experience

Éric Charpentier is a graduate of the *École Normale Supérieure* with an agrégation in Mathematics, a DEA in Operational Research and a specialized master's degree in Financial Techniques from the ESSEC business school. He began his career in 1987 with the Société Financière des Sociétés de Développement Régional – Finansder, of which he became Chief Executive Officer. He joined Crédit Mutuel Nord Europe in 1998 as Deputy Chief Executive Officer in charge of the finance and corporate division, then became Chief Executive Officer of Crédit Mutuel Nord Europe in 2006.

Since 2021, Éric Charpentier has been Deputy Chief Executive Officer and effective manager of Crédit Industriel et Commercial. He serves as Chairman of the Board of Directors in several Crédit Mutuel Alliance Fédérale bodies in France and abroad.

Deputy Chief Executive Officer and effective manager
First appointed: July 28, 2021 effective September 1, 2021
Unlimited term

Other offices held as of December 31, 2021

Chief Executive Officer
Caisse Fédérale du Crédit Mutuel Nord Europe
Chairman of the Board of Directors
Beobank NV
Banque de Tunisie
CIC Suisse
Crédit Mutuel Investment Managers
Sciences Po Lille
Chairman of the Supervisory Board
Crédit Mutuel Equity
Member of the Supervisory Board
Groupe La Française
Director
Banque de Luxembourg
Société Foncière et Immobilière Nord Europe
Euratechnologies
UFR3S (Faculty of Sport and Health of the University of Lille)
Representative of VTP -1 Investissements, member of the Supervisory Board
Banque Transatlantique
Representative of CFCM Nord Europe, member of the Supervisory Board
Groupe des Assurances du Crédit Mutuel
Representative of CFCM Nord Europe, member of the Management Board
Euro-Information
Permanent representative of BFCM, director
Astree Assurances

Terms of office expired over the past five fiscal years

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

4

4.4 PREPARATION AND ORGANIZATION OF THE WORK OF THE BOARD

4.4.1 Operation of the Board of Directors

Rules of operation of the Board of Directors

The work of the Board of Directors is governed by Title IV of the articles of association.

Powers of the Board of Directors

The Board of Directors sets the course of the company's business and ensures its implementation. Subject to the powers expressly granted by Shareholders' Meetings and within the limits of the corporate purpose, it tackles any issues concerning the smooth running of the company and regulates those matters concerning it *via* its deliberations.

Composition of the Board of Directors

The company is administered by a Board of Directors comprised of no fewer than three and no more than 18 members, who may be natural persons or legal entities, elected for a renewable three-year term.

The Board of Directors also includes two directors representing employees in accordance with the French Commercial Code, elected for a renewable term of six years.

The Board of Directors may appoint non-voting directors for three-year terms. They participate in the deliberations of the Board of Directors in an advisory capacity. They may, by a decision of the majority of non-voting directors present or represented, request a second deliberation by the Board.

Age limit

The age limit is set at seventy for directors and seventy-five for non-voting directors. When those ages are reached, terms of office shall end at the Shareholders' Meeting following the date of the birthday for the directors and at the Board meeting following the anniversary date for the non-voting directors.

Cumulative validity with an employment contract

No director shall have an employment contract with the company and its controlled subsidiaries (with the exception of directors representing employees, who are not affected by the rules for combining a directorship with an employment contract).

Application of the principle of balanced representation of women and men on the Board of Directors

The Copé-Zimmermann Law, No. 2011-103, of January 27, 2011, amended in 2014 and effective January 1, 2017, applies to CIC. When the Board of Directors is composed of no more than eight members, the difference between the number of directors of each gender may not be greater than two.[1]

As of December 31, 2021, the CIC Board of Directors had three women out of a total of six members.

The Board can also count on the participation of two directors representing employees.

Director skills and training

CIC attaches great importance to the skills of its directors.

In accordance with the joint guidelines of the European Banking Authority (EBA) and the European Securities and Markets Authority (ESMA) and the provisions of the French Monetary and Financial Code, and with a view to continuously strengthening governance mechanisms, a new regulatory training program was introduced in 2019.

This course was redesigned and supplemented in 2020 by a skills development plan for Crédit Mutuel Alliance Fédérale's elected members and directors. This plan is centered on four core challenges:

- **skills** necessary for elected members to fulfill roles through training delivered by elected members and employees;
- **diversity** promoted by instructive and digital tools in line with individual professional situations;
- **digitalization** by facilitating and improving training experience while controlling our carbon footprint;
- **the mutualist ecosystem** that mobilizes all stakeholders around a shared plan.

The skills development plan includes a number of courses to support each director in the fundamentals of his or her term of office, and in particular the "Initiation and regulatory training" course designed to support elected members of the umbrella structures, including CIC, in their role. For elected members and directors who are subject to an individual training requirement within a time limit set by a supervisory authority (ACPR/BCE), this course can also be rolled-out or completed remotely in the form of personalized support (remote coaching) organized by the training department for elected members. This course is supplemented by periodic training courses and webinars, delivered by senior managers or experts, depending on current events and strategic orientations.

(1) Determination of this difference does not include directors representing employees.

As part of this plan, a “Mutualist Bank Director” university degree, in partnership with the Faculty of Law, Political Science and Management at University of Strasbourg, was created in 2021. The plan enables to train a balanced and diversified class (men/women, age groups, geographic area, experience) of 60 to 70 mutualist elected members per year on the legal, regulatory, strategic and mutualist challenges of a bank director and recognize their expertise through a certified diploma, within a professional context and within their role as director. The first class of 69 mutualist elected members began on October 22, 2021 and will graduate on May 24, 2022.

Conflicts of interest concerning the administrative, management and supervisory bodies

To date, there has been no mention of potential conflicts of interest between the duties of any of the members of the Board of Directors and Executive Management with respect to CIC and its private interests and/or other duties.

Members of the Board and Executive Management are subject to the legal and regulatory obligations applicable to conflicts of interest. Each of the key executives, directors and non-voting directors of CIC adheres to the values and commitments of Crédit Mutuel Alliance Fédérale described in its code of conduct. The purpose of this code is to prevent and, where necessary, manage conflict of interest cases.

Service contracts

There are no service contracts linking any member of the Board of Directors or Executive Management to, and providing benefits to, CIC or any of its subsidiaries.

Statement as to legal and criminal sanctions

During the past five years, no member of the Board of Directors has been convicted of fraud, no member of the Executive Management has gone into bankruptcy or been associated with a court-ordered protection, receivership or liquidation procedure; and no charge or official public sanction has been upheld against a member of the Board of Directors or Executive Management by statutory or regulatory authorities (including designated professional bodies). Furthermore, during the past five years no member of said Boards has been disqualified by a court from acting as a member of an administrative, management or supervisory body of an issuer of securities or from acting in the management or business dealings of any issuer of securities.

Independence of directors

Some members of the Board of Directors may be classified as independent after a review of their situation by the Appointments Committee. This review does not take into account the representing employees.

This review must verify that there is no relationship between the director and CIC, whether financial, family or personal.

- More specifically, a director can be classified as independent only if he or she meets the following conditions: he or she has not been a voting or non-voting director of the Board of Directors of a federation, an umbrella banking entity of Crédit Mutuel Alliance Fédérale or the Confederation for more than 12 years;
- He or she has not received an indemnity or compensation, in any form whatsoever (excluding reimbursement of expenses), within the Crédit Mutuel group in excess of an annual amount set in the charter governing the exercise of office of members of the Boards of Crédit Mutuel Alliance Fédérale and in the provisions set forth by Confédération Nationale du Crédit Mutuel.

CIC has determined the proportion of independent members in accordance with the guidelines of the EBA, which considers the presence of independent members as a good practice and therefore does not impose a number of independent directors.

In the light of these rules, of the six directors of CIC at December 31, 2021, one director, *i.e.* 16.6% of the directors (excluding directors representing employees), is considered independent.

4.4.2 Work of the Board in 2021

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

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

Meeting of February 16, 2021

The Board of Directors meeting of February 16, 2021 focused on the following topics in particular:

- key points of Crédit Mutuel Alliance Fédérale’s results;
- presentation of CIC’s annual and consolidated financial statements as of December 31, 2020;
- presentation of network activity;
- presentation of specialized business lines and market activities, including issue authorizations;
- liquidity and interest rate risk management;
- group Auditing and Accounting Committee report;
- observations of the statutory auditors;
- approval of the CIC annual and consolidated financial statements as of December 31, 2020;
- group Auditing and Accounting Committee report;
- observations of the statutory auditors;
- approval of the CIC annual and consolidated financial statements as of December 31, 2020;
- report from the Group Risk Monitoring Committee;
- validation of coal, non-conventional hydrocarbon and mobility sectoral policies;
- regulated agreements;
- CIC contribution to the Crédit Mutuel Alliance Fédérale foundation;
- report of the Compensation Committee.

4

Meeting of April 9, 2021

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

- follow-up letters received;
- exceptional claims;
- information letter on the code of conduct for Board members;
- report of the Auditing and Accounting Committee of March 29, 2021;
- presentation and review of the annual internal control report;
- approval of the AML/CFT annual internal control report;
- report of the Group Risk Monitoring Committee of March 25, 2021;
- report of the Compensation Committee of April 7, 2021 and presentation of the report on compensation policy and practices for 2020;
- approval of the list of risk-takers and the overall compensation package paid to risk-takers;
- management reports and corporate governance reports;
- preparation and convening of the Ordinary Shareholders' Meeting of May 12, 2021;
- renewal of the Chief Executive Officer's term of office.

Meeting of July 28, 2021

The Board of Directors meeting of July 28, 2021 focused on the following topics in particular:

- presentation of CIC's consolidated financial statements;
- presentation of Crédit Mutuel Alliance Fédérale's consolidated financial statements;
- presentation of network activities;
- presentation of specialized business lines and market activities; securities issuance program;
- group Auditing and Accounting Committee report;
- observations of the statutory auditors;
- approval of CIC's consolidated financial statements;
- report of the Group Risk Monitoring Committee;
- breaches of alert thresholds and risk appetite limits;
- exceptional claims;
- relations with regulators;
- risk mapping;
- presentation of the ICAAP report;
- corporate unit limits;
- adoption of the internal rules of the Mission Committee;
- appointment of Mr. Éric Charpentier as Deputy Chief Executive Officer and effective manager effective from September 1, 2021;
- recognition of the resignation of Mr. Éric Charpentier as a director at the end of the Board meeting;
- reappointment of Damien Lievens as non-voting director;
- recognition of the resignation of Lucien Miara as non-voting director;
- equal Pay Policy;
- Board preparation time and training time for representing employees;
- report of the Compensation Committee.

Meeting of November 24, 2021

The Board of Directors meeting of November 24, 2021 focused on the following topics in particular:

- presentation of Crédit Mutuel Alliance Fédérale consolidated financial statements;
- presentation of CIC's consolidated earnings at September 30, 2021;
- presentation of network activities;
- presentation of specialized business lines and market activities;
- report of the Group Auditing and Accounting Committee;
- interest rate and liquidity risk management at the end of September 2021;
- summary of the GRMC of September 30, 2021 and November 18, 2021;
- exceeding the risk appetite framework;
- exceptional operational claims;
- summary of relations with regulators;
- presentation of Crédit Mutuel Alliance Fédérale's anti-corruption system;
- report of the Compensation Committee of November 23, 2021;
- validation of the new compensation policy of Crédit Mutuel Alliance Fédérale;
- co-option of a director;
- appointment of members and chairwoman of the Mission Committee;
- validation of the commitments made within the framework of the benefit corporation;
- validation of the Charter for the protection of personal data of customers and members.

4.4.3 Executive Management

Composition and prerogatives of Executive Management

In accordance with Article L.511-58 of the French Monetary and Financial Code, Crédit Industriel et Commercial has opted for the separation of the functions of Chairman of the Board of Directors and Chief Executive Officer. The effective management of the institution, which is carried out by at least two people, has all the powers attached to it by banking and financial laws and regulations, both internally and with regard to third parties.

Composition of Executive Management

CIC's Executive Management is comprised of:

- Mr. Daniel Baal, Chief Executive Officer and effective manager;
- Mr. Éric Charpentier, Deputy Chief Executive Officer and effective manager;
- Mr. Claude Koestner, Deputy Chief Executive Officer.

In 2021, the term of office of Mr. Philippe Vidal as Deputy Chief Executive Officer and effective manager ended.

Prerogatives of Executive Management

The articles of association do not provide for any particular limitation on the powers of the effective managers.

4.4.4 Membership in the regulatory committees of Crédit Mutuel Alliance Fédérale

Since joining, after the CIC Board of Directors meeting of November 17, 2017, the Appointments and Remuneration Committees of Caisse Fédérale de Crédit Mutuel and, more broadly, all Crédit Mutuel Alliance Fédérale regulatory committees, the umbrella committees of Crédit Mutuel Alliance Fédérale report on their work to the CIC Board of Directors (see section 4.1.5.3 of the corporate governance report of Caisse Fédérale de Crédit Mutuel relating to the regulatory committees of Caisse Fédérale de Crédit Mutuel).

4.4.5 Ethics

Code of conduct

Crédit Mutuel Alliance Fédérale's code of conduct was approved in June 2018.

This registration document, which includes all regulatory and legal requirements relating to conduct, reiterates the principles that each entity and employee of the group should abide by in the exercise of their activities. It is part of the group's overall objectives in terms of quality of customer service, integrity and rigor in the processing of transactions and compliance with regulations. It applies to all group entities in France and abroad, in accordance with local regulations.

In particular, the code of conduct contains provisions on preventing conflicts of interests, combating corruption and rules applicable to persons in possession of inside information.

The code of conduct is circulated to all employees and must be consulted by all on the Intranet of each group entity.

This code is supplemented by another code of conduct, which applies to all elected representatives and employees as well as to all Crédit Mutuel Alliance Fédérale entities. Its purpose is to introduce the group's commitments and the resulting rules of behavior in terms of respect for the individual, parity and openness, protection of and respect for the environment, the duty of good management, the duty of confidentiality and data protection, the duty to act in a reserved manner, the duty to educate, conflicts of interest, and the duty to abide by the group's values and regulations.

4.5 COMPENSATION PRINCIPLES AND RULES FOR THE IDENTIFIED INDIVIDUALS (ARTICLES L.511-71 ET SEQ. OF THE FRENCH MONETARY AND FINANCIAL CODE)

The compensation policy of Crédit Mutuel Alliance Fédérale, which belongs to its customers and members, is designed primarily to be sound and responsible and gives priority to aligning the interests of Crédit Mutuel Alliance Fédérale with those of its employees and to protecting the interests of its members and customers. It therefore takes its duty to advise very seriously.

Crédit Mutuel Alliance Fédérale believes that a company's compensation policy is an important aspect of consistency in its strategy and risk management. Against this backdrop, Crédit Mutuel Alliance Fédérale has remained true to its mutualist values and has defined a policy whose principles are in accordance with the regulatory requirements and with industry practices, with the aim of:

- promoting its mutualist values with respect for all stakeholders: members, customers and employees;
- promoting career advancement through internal training and encouraging employees' long-term commitment;
- not encouraging excessive risk-taking and avoiding the introduction of incentives that could lead to conflicts of interest and not encouraging or inducing unauthorized activities;
- ensuring consistency between employee behavior and Crédit Mutuel Alliance Fédérale's long-term objectives, in particular with respect to risk management control;
- ensuring fair pay for work and retaining talented employees by offering them appropriate compensation that takes into consideration the competitive environment and is based on their level of seniority, expertise and professional experience;
- respect for gender equality in terms of pay based on classification, and more broadly fighting all forms of discrimination;
- making sure that the capital base is regularly strengthened.

The compensation policy builds on the Crédit Mutuel Alliance Fédérale risk appetite framework, which states that the compensation of employees must not encourage excessive risk-taking and aims to avoid all conflicts of interest.

In that context, the overall compensation policy does not encourage risk-taking in excess of the level of risk defined by Crédit Mutuel Alliance Fédérale. It is guided, therefore, by the principles of restraint and prudence implemented by Crédit Mutuel Alliance Fédérale, including for risk-takers.

Variable compensation is strictly limited to a few business lines and functions and is not an incentive for employees to take risks that would not be in line with the guidelines from Executive Management and the Board of Directors, in particular for those employees whose activities are likely to have a significant impact on the institution's risk exposure.

The Board of Directors of Caisse Fédérale de Crédit Mutuel approved the Crédit Mutuel Alliance Fédérale compensation policy, including the overall compensation policy for staff whose professional activities are likely to have a significant impact on the institution's risk profile.

This general policy takes account of the Order of November 3, 2014, Articles L.511-71 *et seq.* of the French Monetary and Financial Code, and Commission Delegated Regulation (EU) No. 2021/923 of March 25, 2021, which sets out the appropriate qualitative and quantitative criteria for identifying these categories of staff.

The latest version of the note on the compensation policy for risk takers was approved by the Board of Directors on November 25, 2021.

For all persons at Crédit Mutuel Alliance Fédérale who meet the above criteria, the overall amount of compensation for 2021 as set out in Article L.511-73, was €147,580,214.

The report on the compensation policies and practices referred to in Article 266 of the Order of November 3, 2014 concerning the internal control of companies in the banking, payment services and investment services sector is published every year.

It gathers the approved quantitative information mentioned in Article 450 h) and 450 g) of EU Regulation 575/2013.

4.6 PRINCIPLES FOR DETERMINING THE COMPENSATION GRANTED TO CORPORATE OFFICERS

As part of the implementation of a compensation and termination benefits package for the Chairman and the Chief Executive Officer of Caisse Fédérale de Crédit Mutuel starting June 1, 2019, the CIC Board of Directors decided, on February 19, 2019, that the duties of Chairman of the Board of Directors would no longer be remunerated as of June 1, 2019.

Implementation

The officers concerned are the Chairman of the Board of Directors and the Chief Executive Officer.

On February 20, 2019, the Board of Directors of Caisse Fédérale de Crédit Mutuel decided, on the proposal of the Compensation Committee meeting of February 18, 2019, to allocate to:

- for Mr. Nicolas Théry, as compensation for his appointment as Chairman of the Board of Directors, an annual compensation of €880,000 starting June 1, 2019. Said compensation shall be paid by Caisse Fédérale de Crédit Mutuel.

It was also decided to change the termination benefit to two years' compensation as a corporate officer instead of one year previously, calculated on the basis of the average of the last twelve months preceding the end of his term of office.

The payment of these benefits is subject to the achievement of a performance condition relating to an increase in the overall consolidated equity of the group for the period from January 1, 2019 to the date of termination of his term of office and subject to the absence of misconduct or proven fault.

For that term of office, the benefits set above are without prejudice to the benefits he may receive as an employee pursuant to the contractual provisions in force within the group.

To that end, it should be noted that Nicolas Théry has been an employee of the group since September 1, 2009 and that his employment contract was suspended with effect from November 14, 2014;

- for Mr. Daniel Baal, as compensation for his appointment as Chief Executive Officer, an annual compensation of €880,000 starting June 1, 2019. Said compensation shall be paid by Caisse Fédérale de Crédit Mutuel.

It was also decided to change the termination benefit to two years' compensation as a corporate officer instead of the one year previously, calculated on the basis of the average of the last twelve months preceding the end of his term of office.

The payment of these benefits is subject to the achievement of a performance condition relating to an increase in the overall consolidated equity of the group for the period from January 1, 2019 to the date of termination of his term of office and subject to the absence of misconduct or proven fault.

For that term of office, the benefits set above are without prejudice to the benefits he may receive as an employee pursuant to the contractual provisions in force within the group.

To that end, it should be noted that Daniel Baal was an employee of Caisse Fédérale du Crédit Mutuel from July 1, 1979 to September 30, 2001, then from February 2, 2004 to this day, and that his employment contract was suspended effective June 1, 2017.

At its meeting on February 12, 2021, the Board of Directors of Caisse Fédérale de Crédit Mutuel decided to maintain the same levels of compensation for 2021.

The other positions and functions of the Chairman of the Board of Directors and the Chief Executive Officer within the entities of Crédit Mutuel Alliance Fédérale are exercised on a voluntary basis as of that date.

The compensation received by both corporate officers is detailed in the tables below.

During the fiscal year, they also benefited from the group's collective insurance and supplementary pension plans.

On the other hand, the two corporate officers of Caisse Fédérale de Crédit Mutuel did not benefit from any other specific variable compensation, in accordance with the principles of the compensation policy of Crédit Mutuel Alliance Fédérale.

No capital securities or securities giving access to share capital or the right to acquire capital securities of BFCM or CIC were allocated to them. In addition, they do not receive attendance fees because of their office, whether in group companies or in other companies, but because of their functions within the group.

The group's key executives may hold assets or loans with the group's banks, under the conditions offered to all employees.

As of December 31, 2021, only Nicolas Théry held loans of this nature.

COMPENSATION RECEIVED BY THE GROUP'S KEY EXECUTIVES FROM JANUARY 1 TO DECEMBER 31, 2021

2021 *(in €)*[a]	**Origin**	**Fixed portion**	**Variable portion**	**Benefits in kind**[c]	**Employer contributions for supplementary benefits**	**Total**
Nicolas Théry	Crédit Mutuel	880,000.08		12,341.94	8,664.24	901,006.26
Daniel Baal	Crédit Mutuel	880,000.08		4,769.40	8,664.24	893,433.72

(a) These are gross amounts corresponding to amounts paid during the fiscal year.
(c) Company cars and/or senior executive insurance policy (GSC).

2020 *(in €)*[a]	**Origin**	**Fixed portion**[b]	**Variable portion**	**Benefits in kind**[c]	**Employer contributions for supplementary benefits**	**Total**
Nicolas Théry	Crédit Mutuel	836,000.07		11,441.14	9,589.80	857,031.01
Daniel Baal	Crédit Mutuel	836,000.07		3,684.99	9,589.80	849,274.86

(a) These are gross amounts corresponding to amounts paid during the fiscal year.
(b) The difference between the projected envelope in 2020 and the amount paid on the fixed portion is related to a personal decision by the two officers, in connection with the health crisis, to withhold 20% over a three-month period.
(c) Company cars and/or senior executive insurance policy (GSC).

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Since its creation, CIC has been a major partner of the French League of Legends, bringing together professional teams competing in the video game of the same name. In addition to this partnership, CIC continues to be involved in the esports community by supporting and promoting esports entrepreneurs. Each year, CIC organizes a call for projects, the CIC Esport Business Awards, which reward innovative and promising projects in esport and gaming.

RISKS AND CAPITAL ADEQUACY – PILLAR 3

INTRODUCTION

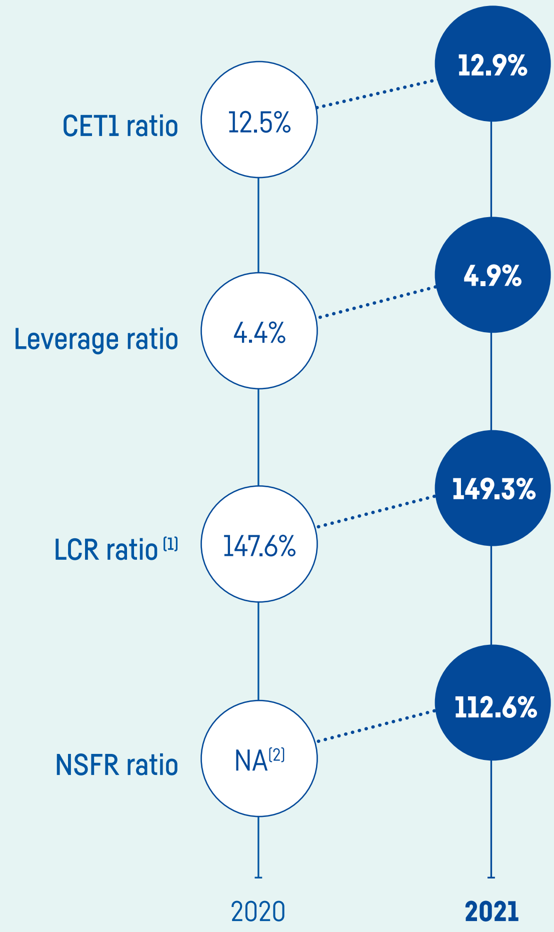
The purpose of CIC Pillar 3 report is to supply information supplementary to the minimum regulatory requirements concerning capital and risks called for in Pillars 1 and 2 of the Basel Accords, in the form of additional data concerning capital and risks. These supplements meet the guidelines relating to the publication requirements under section 8 of Regulation (EU) No. 575/2013 of June 26, 2013 and Regulation (EU) No. 2019/876 (CRR2) of May 20, 2019, amending Regulation (EU) No. 575/2013.

CIC, through its Pillar 3, provides relevant, consistent and comparable regulatory information to interested parties. This is done in compliance with the five principles laid down by the Basel Committee: clear, comprehensive, relevant information for users, consistent over time and comparable from one bank to another.

CIC is continuing its prudential momentum by strengthening its capital and its ability to withstand any crisis regardless of its origin: financial, economic, health, etc. This is reflected in the constant strengthening of the risk management and monitoring system, as evidenced by the items listed in this Pillar 3 section.

This section includes in particular the disclosures required by IFRS 7 "Financial instrument disclosures" on credit risk, Capital Markets and Asset-liability management.

KEY RISK INDICATORS AND CAPITAL ADEQUACY



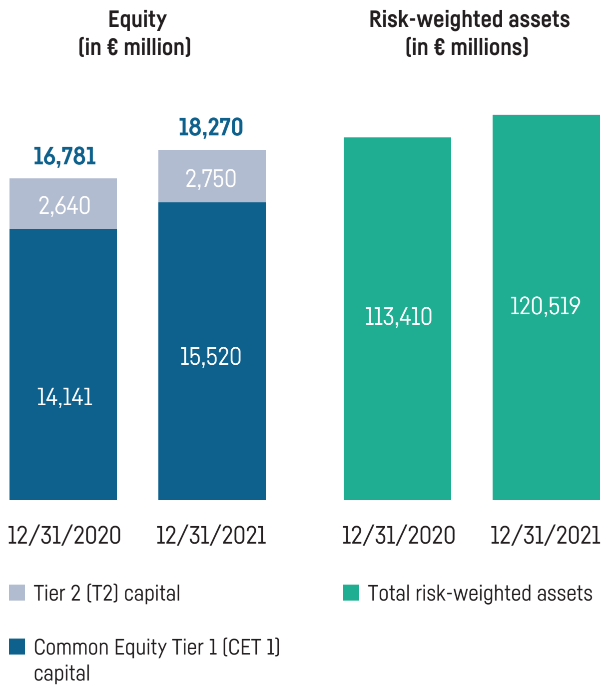
(1) Average LCR.
(2) Ratio applicable since June 30, 2021: data not previously published.

5.1 KEY FIGURES

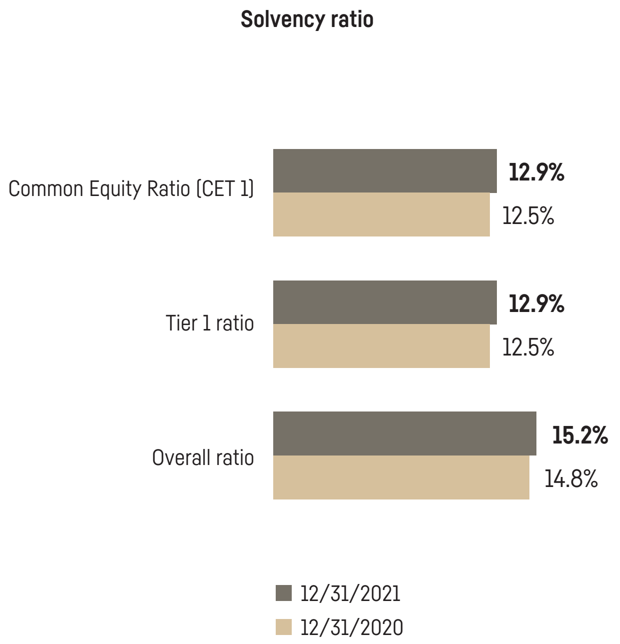
5.1.1 Solvency

Solvency ratio

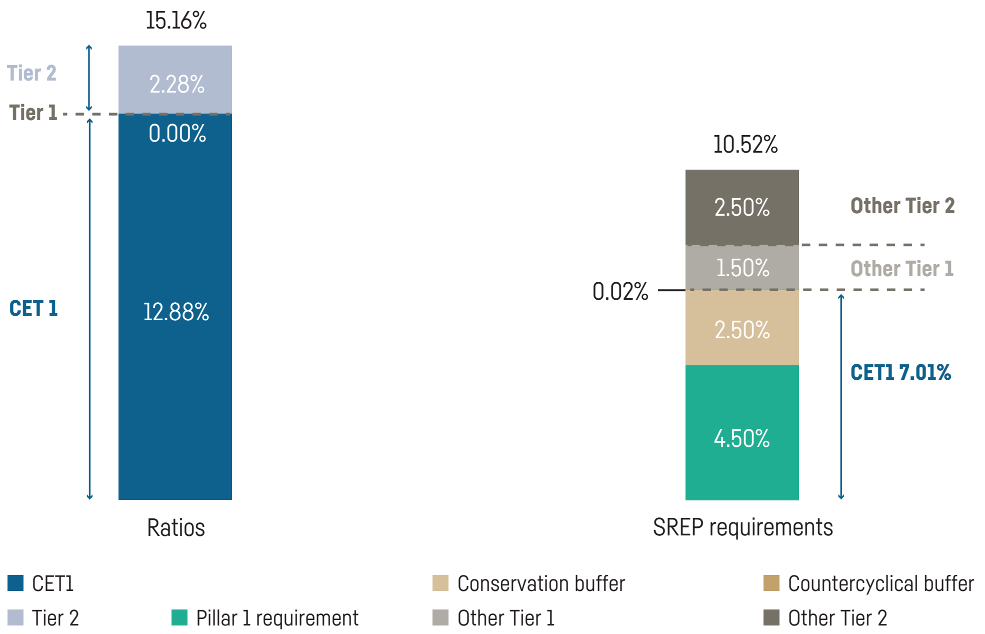
GRAPH 1: REGULATORY CAPITAL AND WEIGHTED RISKS



GRAPH 2: SOLVENCY RATIOS

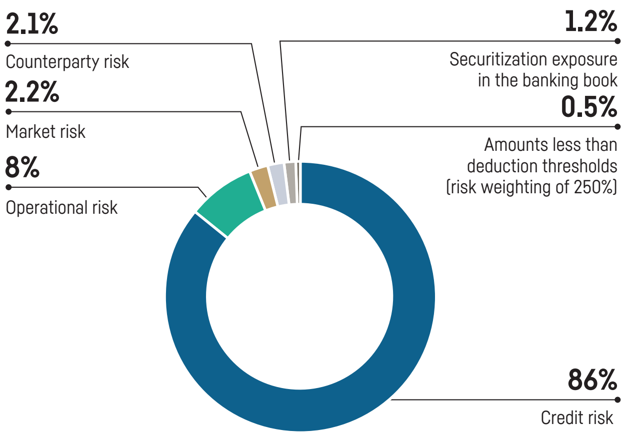


GRAPH 3: REGULATORY REQUIREMENTS AND SOLVENCY RATIOS

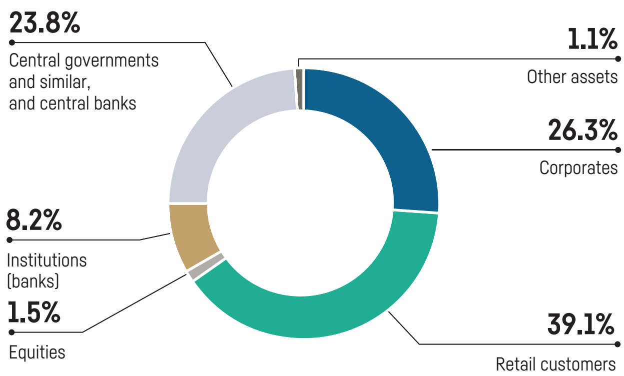


Since March 1, 2019 CIC group no longer has any capital requirements under Pillar 2.

GRAPH 4: RISK-WEIGHTED ASSETS (RWAS) BY TYPE OF RISK
(percentage)



GRAPH 5: EXPOSURES AT DEFAULT (EAD) BY CATEGORY
(percentage)



Credit risk

TABLE 1: EXPOSURE AT DEFAULT (EAD) BY GEOGRAPHIC AREA

(in € millions)	12/31/2021	12/31/2020
Europe zone	**322,512**	**315,767**
France	303,014	296,213
Germany	2,825	2,588
Other countries*	16,673	16,967
Rest of World	**41,023**	**31,153**
United States	12,018	8,614
Other countries	29,005	22,539
TOTAL EAD	**363,535**	**346,920**

Excluding counterparty risk and securitization exposures in the banking book.

*FOCUS ON UKRAINE AND RUSSIA

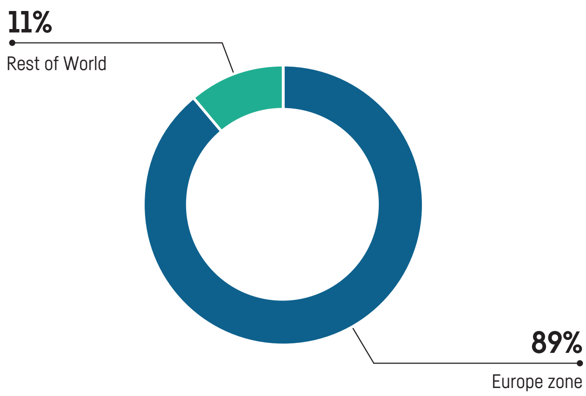
	Ukraine			Russia		
At 12/31/2021 *(in € millions)*	EAD before substitution	Guarantee received[1]	EAD	EAD before substitution	Guarantee received	EAD
Retail customers	4.6	0.0	4.6	19.4	-	19.4
Corporates	0.4	0.0	0.4	2.0	-	2.0
Central governments and similar, and central banks	87.1	51.0	36.1	0.0	-	0.0
Institutions (banks)	0.4	0.0	0.4	15.0	-	15.0
Equities	0.0	0.0	0.0	0.0	-	0.0
Other assets	0.0	0.0	0.0	0.0	-	0.0
TOTAL EXPOSURES	**92.5**	**51.0**	**41.5**	**36.4**	**-**	**36.4**

(1) BPI France counter-guarantee

Exposures to these two countries represent approximately 0.02% of CIC's total exposures.

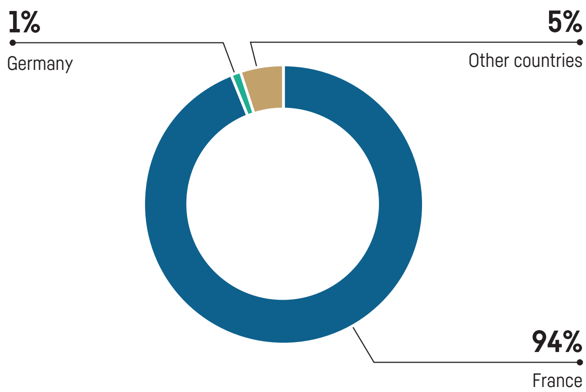
GRAPH 6: EXPOSURE AT DEFAULT (EAD) BY GEOGRAPHIC AREA *(percentage)*

Excluding counterparty risk and securitization exposure in the banking book



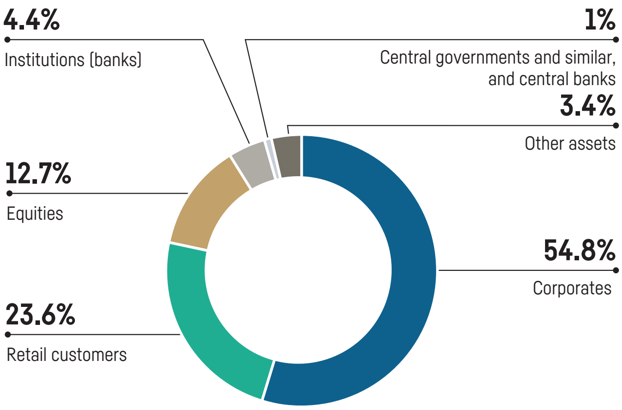
GRAPH 7: EXPOSURE AT DEFAULT (EAD) BY GEOGRAPHIC AREA – EUROPE *(percentage)*

Excluding counterparty risk and securitization exposure in the banking book



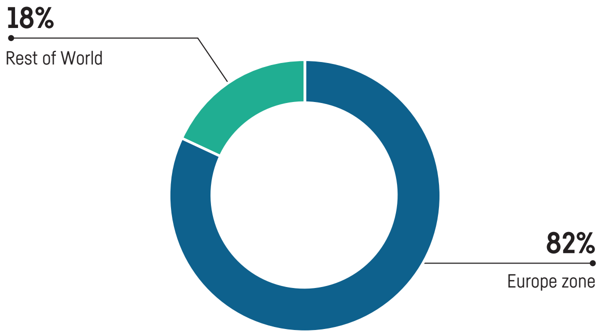
GRAPH 8: RISK-WEIGHTED ASSETS (RWAS) BY CATEGORY *(percentage)*

Excluding counterparty risk and securitization exposure in the banking book



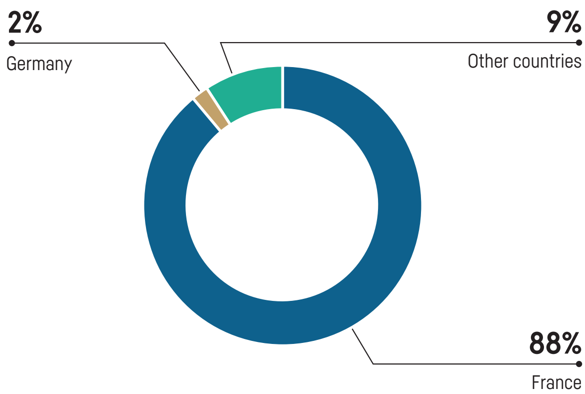
GRAPH 9: RISK-WEIGHTED ASSETS (RWAS) BY GEOGRAPHIC AREA *(percentage)*

Excluding counterparty risk and securitization exposure in the banking book



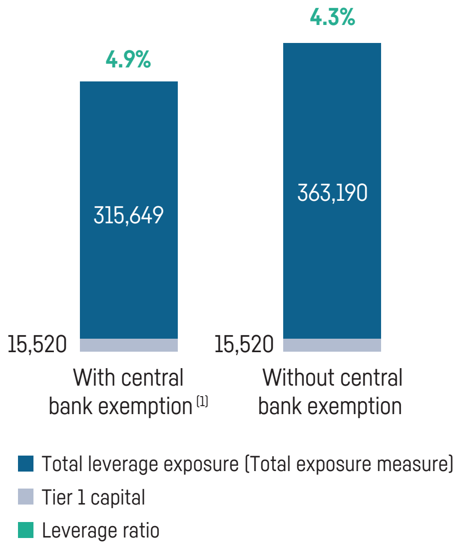
GRAPH 10: RISK-WEIGHTED ASSETS (RWA) BY GEOGRAPHIC AREA – EUROPE *(percentage)*

Excluding counterparty risk and securitization exposures in the banking book



Leverage ratios

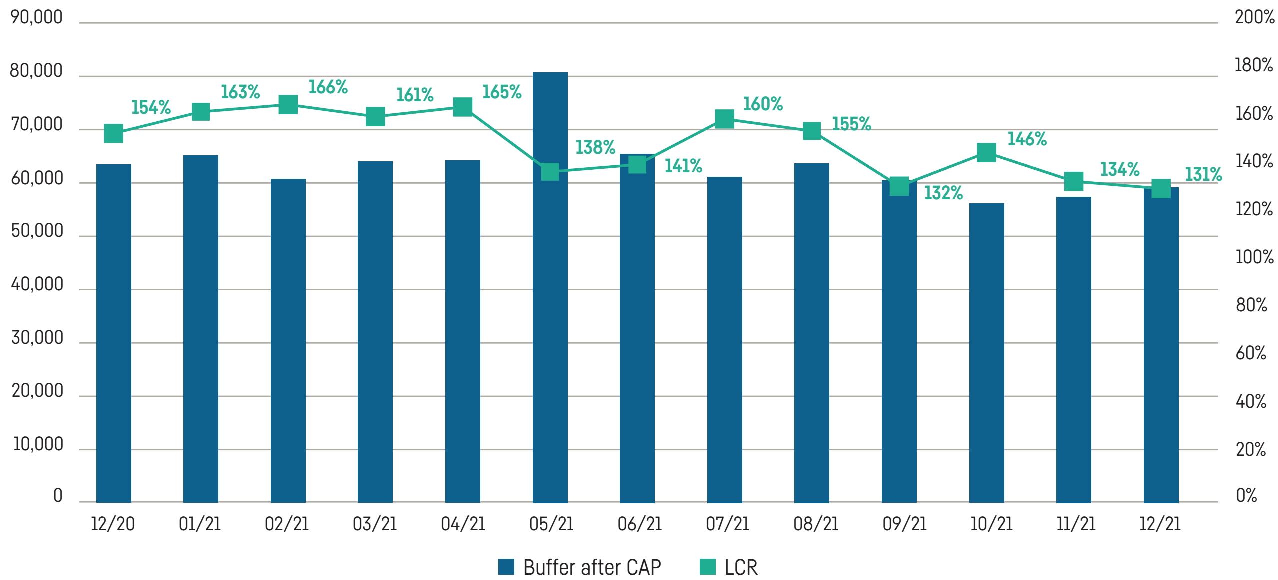
GRAPH 11: LEVERAGE RATIO



(1) Includes the periodic exclusion of Central Bank exposure in light of the COVID-19 pandemic, in accordance with Article 426 bis *of the CCR2.*

5.1.2 Liquidity

GRAPH 12: CHANGE IN LCR AND LIQUIDITY BUFFER IN 2021



5.1.3 Key indicators (EU KM1)

TABLE 2: KEY INDICATORS (EU KM1)

(in € millions or as a percentage)	12/31/2021	09/30/2021	06/30/2021	03/31/2021	12/31/2020
AVAILABLE EQUITY					
1 – Common Equity Tier 1 (CET 1) capital	15,520	14,358	14,343	14,382	14,141
2 – Tier 1 capital	15,520	14,359	14,344	14,382	14,141
3 – Total equity	18,270	17,011	16,947	17,041	16,781
RISK-WEIGHTED ASSETS					
4 – Total amount of risk-weighted assets	120,519	116,813	116,577	113,342	113,410
CAPITAL RATIOS (AS A PERCENTAGE OF THE RISK-WEIGHTED EXPOSURE AMOUNT)					
5 – Common Equity Tier 1 capital ratio	12.9%	12.3%	12.3%	12.7%	12.5%
6 – Tier 1 capital ratio	12.9%	12.3%	12.3%	12.7%	12.5%
7 – Total equity ratio	15.2%	14.6%	14.5%	15.0%	14.8%
ADDITIONAL SREP CAPITAL REQUIREMENTS (PILLAR 2 AS A PERCENTAGE OF RISK-WEIGHTED ASSETS)					
EU 7a – Pillar 2 capital requirements	N/A	N/A	N/A	N/A	N/A
EU 7b – of which: to be met with CET1 capital	N/A	N/A	N/A	N/A	N/A
EU 7c – of which: to be met with Tier 1 capital	N/A	N/A	N/A	N/A	N/A
EU 7d – Total SREP capital requirements	8.0%	8.0%	8.0%	8.0%	8.0%
TOTAL BUFFER REQUIREMENT AND TOTAL CAPITAL REQUIREMENT (AS A PERCENTAGE OF THE RISK-WEIGHTED ASSETS)					
8 – Capital conservation buffer	2.5%	2.5%	2.5%	2.5%	2.5%
9 – Countercyclical capital buffer	0.0%	0.0%	0.0%	0.0%	0.0%
11 – Total buffer requirement	2.5%	2.5%	2.5%	2.5%	2.5%
EU 11a – Total capital requirements	10.5%	10.5%	10.5%	10.5%	10.5%
12 – CET1 capital available after compliance with the total SREP capital requirements	2.4%	1.8%	1.8%	2.2%	2.0%
LEVERAGE RATIO					
13 – Total exposure measurement	315,649	306,348	308,643	325,269	322,556
14 – Leverage ratio	4.9%	4.7%	4.6%	4.4%	4.4%
ADDITIONAL CAPITAL REQUIREMENTS TO ADDRESS THE RISK OF EXCESSIVE LEVERAGE (AS A PERCENTAGE OF THE EXPOSURE MEASURE)					
EU 14a – Additional capital requirements to address the risk of excessive leverage	N/A	N/A	N/A	N/A	N/A
EU 14c – Total SREP leverage ratio requirements	3.5%	3.3%	3.3%	N/A	N/A
LEVERAGE RATIO BUFFER REQUIREMENT AND TOTAL LEVERAGE RATIO REQUIREMENT (AS A PERCENTAGE OF THE EXPOSURE MEASURE)					
EU 14d – Leverage ratio buffer requirement	0.0%	0.0%	0.0%	N/A	N/A
EU 14e – Total leverage ratio requirement	3.3%	3.3%	3.3%	N/A	N/A
LIQUIDITY COVERAGE RATIO (LCR)[1]					
15 – Total liquid assets (HQLA)	63,201	64,311	64,470	62,522	59,883
EU 16a – Cash outflows	62,816	62,109	61,587	60,915	59,839
EU 16b – Cash inflows	20,175	20,484	19,953	19,555	18,930
16 – Total net cash outflows	42,641	41,626	41,634	41,360	40,910
17 – Liquidity coverage ratio (LCR)	149.3%	155.9%	156.2%	152.5%	147.6%
NET STABLE FUNDING RATIO – NSFR					
18 – Total available stable funding	227,742	225,183	225,049	N/A	N/A
19 – Total required stable funding	202,295	198,362	195,234	N/A	N/A
20 – Net stable funding ratio (NSFR)	112.6%	113.5%	115.3%	N/A	N/A

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

5.2 RISK FACTORS (EU OVA)

This section describes the principal risks to which CIC (hereinafter "the group") is exposed.

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

Russia – Ukraine conflict – After the closing on December 31, 2021, the ongoing conflict between Russia and Ukraine risks causing a shock to the global economy and a slowdown in business. This could increase some of the risk factors described below, in particular those related to macroeconomic conditions and potentially unfavorable market developments as well as cybersecurity risks. Due to the still uncertain geopolitical, economic, financial and social consequences of this conflict and the uncertainties concerning its spread to the various parts of the global economy, at this stage, it is not possible to estimate the exact impact for the group. Strictly speaking, in terms of risks in Russia and Ukraine, CIC has no direct presence (*via* a subsidiary or joint venture) in these two countries. Overall, CIC's exposure to these countries is extremely limited (see Pillar 3 – Table 1 "Exposure to default, Focus on Ukraine and Russia").

Below are the main factors that can significantly influence the main risks of the group. Major risks are formalized first within each category.

5.2.1 Credit risks related to the group's banking activities

Because of its Business Model, CIC's primary risk is credit risk. Gross exposures (balance sheet, off-balance sheet, derivatives and repurchase agreements) to credit risk represented €428 billion as of December 31, 2021, and mobilized about 86% of the group's Pillar 1 capital requirements pursuant to the Basel III regulations.

The extension of the COVID-19 pandemic could have significant impacts on CIC's profitability and solvency. Taking the consequences of the 2008 crisis on CIC's financial statements as an example, the current health crisis could have four types of significant impacts on the group's credit risk exposures.

a. The first impact would be related to the **risk of financial loss due to the inability of counterparties to meet their contractual obligations** (risk of default) especially since the COVID-19 crisis generated massive recourse to debt to cope with sharp drops in activity and cash inflows during periods of lockdown, particularly in France *via* State-guaranteed loans, whose outstandings amounted to €11.2 billion as of December 31, 2021. Counterparties may be banks, financial institutions, industrial or commercial companies, States, investment funds or natural persons (details of exposures by type of counterparty are available in tables 26 "Performing and non-performing exposures and related provisions – EU CR1" and 24 "Credit quality of loans and advances to non-financial corporations by industry – EU CQ5" of Pillar 3). This risk concerns the financing activities (which appear on CIC's balance sheet) or guarantee activities (which appear off balance sheet) as well as other activities exposing the group to a risk of counterparty default, notably its activities related to the trading and settlement/delivery of financial instruments on the Capital Markets, and to insurance. The risk of default would immediately take the form of more non-performing loans (NPL, an indicator of default risk) and a major point of concern to European regulators and supervisors. It would also be reflected in a higher cost of risk due to the provisioning of those non-performing loans. As of December 31, 2020, the NPL ratio (NPL/gross loans) of CIC was 2.4% and the cost of risk was €70 million (compared to gross outstanding loans, the cost of risk was 0.03%). CIC has a stock of provisions for non-proven risks (provisions for performing loans) of more than €1.2 billion which could prove insufficient if the consequences of the COVID-19 crisis prove to be more serious than those anticipated at the time of their creation. During the 2008 crisis, the NPL ratio rose to 3.9% (at December 31, 2013), spiking the cost of proven risk to 0.70% of gross loans at the time – over a more restricted scope given the acquisitions made by CIC since 2009.

b. The second impact would depend on the **method used to calculate weighted risks in the denominator of the solvency ratio**. Under the standard method, the change in credit quality has little impact on the calculation of weighted risks and therefore on the solvency ratio. But if the credit portfolios have been authorized by the supervisor to use internal models to calculate weighted risks, any deterioration of the affected portfolios increase the denominator of the solvency ratio. Within CIC, nearly 73% of the total exposures to credit risk are given an internal rating[1], the quality of which affects the calculation of the credit risk-related capital requirements under Basel III and therefore the solvency ratio. Lower ratings on all or part of the portfolio would consequently entail lower solvency of the group in terms of risk of changed ratings. The current pandemic may increase this risk, once again given the increase in the indebtedness of economic agents and the decline in their financial income, which is particularly significant in certain business sectors (for example air transport, leisure activities or hotels and restaurants) to which the group is exposed (see Pillar 3 – Table 24 "EU CQ5").

c. Due to the size of its portfolio of real estate loans (45% of net customer loans or around €100 billion), mainly in France, the group is exposed to a **downturn in the real estate market**, the probability of occurrence of which may be increased by the current pandemic (following a fall in demand linked to a deterioration in households' financial situation or a rise in unemployment rate). A scenario of that type would impact the cost of risk through higher defaults and also, in terms of mortgage-backed financing, through a drop in the value of dwellings given as collateral if the real estate market was affected for a considerable period of time. Following the crisis of 2008, the cost of risk on the network's portfolio of property loans reached 0.10% of the balance sheet commitments for two years in 2009 and 2010. It was 0.02% of home loans on the balance sheet in 2021 compared to 0.01% in 2020.

(1) According to the level of estimated risk associated with a counterparty, an internal rating is assigned to it, which will influence the capital requirements for credit risk.

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d. CIC has unitary exposure that is relatively high to certain Sovereigns, bank counterparties or large groups, mainly French, some of which have benefited from support measures implemented by public authorities (*i.e.* guaranteed loans). **The default of one or more of the group's largest customers could degrade its profitability**. Concerning Sovereign States (€87 billion in gross exposure as of December 31, 2021), the group is principally exposed to France (€70 billion), mainly to the Banque de France (€47 billion), member of the eurosystem, and to Caisse des Dépôts et Consignations (€10 billion, equivalent to French sovereign risk, due to the mechanism for centralizing deposits from regulated savings). Other than Sovereign States, as of December 31, 2021, single exposures, on- and off-balance sheet, exceeding €300 million represented €47.8 billion to banks for five counterparties (mainly off-balance sheet on Crédit Logement, which guarantees part of the home loan portfolio) and €24.1 billion on businesses for 39 counterparties. The probability of several of these counterparties being downgraded or even defaulting simultaneously cannot be ruled out and would affect the profitability of the group.

5.2.2 Risks related to the group's activities and macroeconomic conditions

Financial risks related to the macroeconomic and market environments are defined as risks related to the changes in market conditions and in particular those affecting income, price levels and the macroeconomic environment such as the existing or anticipated economic environment.

5.2.2.1 Liquidity risk

Liquidity risk means the capacity for a bank to find the funds necessary for financing its commitments at a reasonable price at any time. Thus, a credit institution which is unable to honor its net outflows of cash because of a scarcity of its financial resources in the short-, medium- and long-term has a liquidity risk.

The COVID-19 pandemic has created an unprecedented market situation that has required exceptional measures by European and national authorities. Within the context of liquidity risk, these measures have increased the spread of liquidity in the banking sector. In addition, the increased amount of deposits recorded in the French banking system linked to the precautionary savings by retail and corporate customers resulted in an increase of the liquidity reserve and the level of short-term liquidity (LCR – Liquidity Coverage Ratio). This situation continued throughout 2021 and is still reflected in the levels of the main indicators. From March 31, 2020 to December 31, 2021, deposits increased by €38.3 billion within CIC scope, *i.e.* an increase of 21% (from March 31, 2020 to December 31, 2020, these deposits increased by €33.5 billion, *i.e.* an increase of 19%).

CIC is part of the centralized cash management system and is fully incorporated into Crédit Mutuel Alliance Fédérale system. CIC's liquidity risk can in particular be assessed through the regulatory LCR ratio, which compares highly liquid assets to net liquidity outflows at thirty days in a stress scenario. CIC's average LCR was 149.3% in 2021, representing an average surplus of €21 billion over the minimum regulatory requirements. The liquidity reserve is managed at Crédit Mutuel Alliance Fédérale level and consists of deposits with central banks (primarily the European Central Bank), securities and available receivables which are eligible for central bank refinancing. It amounted to €190.6 billion as of December 31, 2021.

The loan-to-deposit ratio or commitment ratio is an accounting indicator, not a regulatory indicator, but complements the series of liquidity indicators. This indicator reached a level of 101.2% as of December 31, 2021 for CIC.

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

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

b. A significant deterioration in the rating of BFCM and CIC could have a significant impact on CIC's capacity to develop business.

BFCM, as the refinancing center of Crédit Mutuel Alliance Fédérale, is the principal issuer of bonds, from which CIC benefits as a subsidiary. CIC also issues, through its London branch, certificates of deposit whose ratings are linked to that of BFCM, by which it is over 93% owned. Accordingly, BFCM obtains ratings on behalf of the group. The ratings are based in particular on the review of governance, strategy, quality and diversity of revenue sources, capital adequacy, balance sheet quality and structure, risk management and appetite for risk. As of December 31, 2021 BFCM's Senior Preferred ratings were are AA- stable with Fitch Ratings, Aa3 stable with Moody's and A+ stable with Standard & Poor's (the latter agency rates the Crédit Mutuel group and its main issuers).

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

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

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

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

d. The increase in the Banque de France's discounts for pledged securities in TRICP (data processing of private loans, or *traitement informatique des créances privées*) – or ACC (Additional Credit Claims) – type transactions could reduce the level of Crédit Mutuel Alliance Fédérale's and CIC's liquidity reserve.

Crédit Mutuel Alliance Fédérale's liquidity reserve is mainly comprised of overnight deposits with central banks, a portfolio of highly liquid securities and eligible collateral with central banks.

This collateral mainly includes loans whose nature, composition and quality permits them to be pledged and to be eligible for ECB financing. The Banque de France sets a discount rate for each type of receivable which it can revise upwards or downwards at any time.

The upward change in discounts used for pledged securities in TRICP (data processing of private loans, or *traitement informatique des créances privées*) – or ACC (Additional Credit Claims) – type transactions could reduce the level of Crédit Mutuel Alliance Fédérale's liquidity reserve.

5.2.2.2 Interest rate risk

Interest rate risk is defined as the difference in the profit/(loss) of a bank when interest rates vary upwards or downwards. As the value of an institution is directly related to its earnings, changes in interest rates also mean changes in its asset value with an impact on the balance of on- and off-balance-sheet items.

The exceptional measures implemented by the European and national authorities due to the COVID-19 pandemic will have an impact on Crédit Mutuel Alliance Fédérale's long-term interest rate levels and could impact its profitability.

The net present value (or "NPV") sensitivity of CIC's balance sheet, determined according to six regulatory scenarios, is below the 15% threshold for Common Equity Tier 1 capital. CIC is sensitive to an increase in short-term rates, with an NPV sensitivity of -4.70% relative to Common Equity Tier 1 capital as of December 31, 2021. The sensitivity of net banking income at one and two years is determined according to several scenarios (increase and decrease of rates by 100 bps., increase and decrease of rates by 200 bps. with a floor) and two stress scenarios (flattening/inversion of the yield curve and a stagnation/inflation shock in short and long rates). The "stagflation with alternative backing" is the most unfavorable scenario for CIC with an impact of -4.30% over two years, *i.e.* -€235 million as of December 31, 2021.

a. A prolonged low interest rate environment carries risks which could affect CIC's revenues or profitability.

A large portion of CIC's revenues are tied to the net interest margin, which directly impacts the group's profitability. Interest rate fluctuations are caused by a number of factors over which CIC has no control, such as the level of inflation, the monetary policies of States, including that of the French State, in particular the level of regulated rates (*Livret A*, PEL (mortgage savings plans), etc.). Thus the group's revenues and profitability are impacted by the changes in interest rates at different points on the yield curve. The low interest rate environment in the markets for several years has significantly impacted the profitability of banks including CIC.

This low interest rate situation will likely persist due to the measures put in place by the ECB in the context of the current crisis. Accordingly, the impact for CIC could be that it may be unable to sufficiently offset the fall in revenues related to granting loans at market levels with the level of interest rates for customer resources and regulated savings products (*Livret A*, PEL (mortgage savings plans)) remunerated at rates above the market rate. This situation is increasing early repayments and renegotiations of real estate loans and other fixed-rate loans to individuals and businesses seeking to benefit from the low interest rates. CIC must also deal with a new production of loans with particularly low rates. In addition, in order to comply with its regulatory liquidity constraints, CIC must place excess liquidity with the central bank at negative interest rates. Most customers meanwhile are not charged for bank deposits which contributes to reducing the interest margin and the bank's profitability. All these factors could markedly impact the group's activity, financial position and results.

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

The end of a prolonged period of low interest rates, particularly from a tightening of monetary policy, brings risks for the banking sector in general and for CIC in particular. An abrupt rise in these levels (in particular in relation to an increase in inflation) could have an unfavorable impact on the bank's revenues and profitability. This hike could have a marked impact on the cost of refinancing in the banking sector markets for short- and medium-term debt issues. In addition, CIC could have difficulty in immediately passing on the interest rate hike to housing loans and other fixed-rate loans granted to individuals and businesses, while the cost of customer deposits would tend to increase more rapidly. Some current non-interest bearing demand deposits are volatile and might be turned into more costly deposits (term deposits and passbook accounts for example). A portion of the volatile deposits might also be shifted by investors to off-balance-sheet vehicles such as UCITS and life insurance.

5.2.2.3 Market risks

This is the risk of loss of value caused by any unfavorable change in market parameters such as interest rates, the prices of securities, exchange rates or commodities prices. Market risk concerns activities of several business lines of the bank, including the Capital Market businesses of CIC Marchés subsidiary, the asset-liability management activity and the asset management business of the group's management companies.

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

The main risk factors associated with market risks are:

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

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

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

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

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

b. **Monetary policy** is another factor with a strong impact on market risks (cf. the section on interest rate risk above). The ECB's accommodative monetary policy *via* its asset buyback component supports the valuation of capital (equities) and debt (bonds) instruments which could result in overvaluation.

The market risk to which CIC Marchés division is exposed is weak. The capital allocated to CIC Marchés is €580 million, which represents 3.2% of CIC's overall regulatory capital, which stood at €18.3 billion. As of December 31, 2021, this amount had been used in the amount of €399.3 million. During the 2021 fiscal year, the historical VaR (one-day, 99%) of the trading book amounted to €8.3 million on average for CIC Marchés.

The markets recovered during the 2021 fiscal year with a recovery in equity indices and a tightening of credit spreads. CIC Marchés ended the year with an IFRS NBI of €366.4 million and a profit before tax of €135.1 million (compared with €299 million and €92 million in 2020 respectively).

5.2.3 Risks related to the group's regulatory environment

CIC's regulatory environment is described in the above dedicated section "2.1.2 Regulatory environment" of chapter 2. The group is subject to a great many banking regulations, some of which are not reflected in its prudential ratios but could have a significant effect on them. As specified in the risk factor related to credit risk, a large majority of the group's exposures are approved by the supervisor for calculation using the internal risk weighting model. However, changes to the "finalization of Basel III" regulations will adversely impact the calculation of risk weightings and therefore the solvency ratio of CIC. The probability of this risk occurring is almost certain but its occurrence would probably occur gradually from 2023 (according to the Basel Committee's timetable). Further, its impact will depend on how this regulation is actually transposed into national and European law.

a. The finalization of the Basel III agreements specifies that for portfolios with a low risk of default authorized for the IRB-A method (notably the internal calculation of the parameters covering probability of default and loss given default), **the internal parameter "loss given default" may no longer be used for calculating weighted risk**. It will be replaced by a standard value fixed at 40% for all establishments from January 1, 2023, which will increase the capital requirements on exposures. For CIC, this will concern counterparties that are "banks" and "large corporates" (groups having more than €500 million in consolidated revenue), representing about €75 billion of balance-sheet and off-balance-sheet exposure as of December 31, 2021.

b. **From 2023, according to the Basel timetable, an "output floor" will gradually be put in place, the aim of which is to limit the gains in capital arising from internal models** for calculating risk weightings in the denominator of the solvency ratio. 73% of CIC's exposures have a risk weighting taken from internal models (89% for Corporate and Retail customer exposures), most of which are well below the standard weighting. According to the Basel Committee timetable, the application of the output floor will be done gradually between 2023 (50%) and 2028 (72.5%) and will adversely impact the solvency ratio. The timetable and the exact methods of application of the output floor will depend on the transposition of this regulatory measure into national and European law.

c. As indicated in the risk factor relating to credit risks, CIC's exposure to real estate risks is significant. **They will also be adversely impacted by regulations when the new standard method is applied (no earlier than 2023 according to the Basel Committee).** This new approach will use the Loan-To-Value indicator (LTV, the ratio between the amount of the loan and the market value of the property) to weight the risk of exposures. The higher the LTV, the higher the risk weighting, up to 100%, while the weighting in the current standard weighting method for exposures guaranteed by a mortgage or an equivalent surety – *i.e.* €100 billion as of December 31, 2021 – is 35% (and around 13% using the internal method). This new methodology will also make the capital requirements relating to real estate mortgage portfolios more sensitive to the deterioration in real estate prices.

d. **Finalization of internal model review missions or TRIM** (Targeted Review of Internal Models) conducted by the European Central Bank (ECB) with European banking institutions **may lead to a deterioration in Crédit Mutuel Alliance Fédérale's CET1 solvency ratio** due to additional requirements on RWAs or additional conservatism on Basel parameters (PD, LGD, CCF). Similarly, the launch of the ECB's new targeted surveys on internal models as part of the implementation of the program IRB Repair of the European Banking Authority, may also result in a review of the Basel parameters of the internal models and an increase in risk-weighted assets (RWA).

5.2.4 Risks related to the group's business operations

5.2.4.1 Operational risks

In accordance with point 52, Article 4 of Regulation (EU) No. 575/2013, operational risk is defined as the risk of loss or gain resulting from inadequate or failed internal processes, people and systems or from external events, and includes legal risk. The Order of November 3, 2014 states that operational risk includes risks from events with a low probability of occurrence but a high impact, risks of internal and external fraud as defined in Article 324 of Regulation (EU) No. 575/2013 cited above, and model risks.

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

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

The main risk factors associated with operational risks are:

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

b. **Legal risks** to which the group is exposed and which could have unfavorable effect on its financial situation and its profit/loss.

c. **Shortcomings or delays by the group in the full compliance** of its activities with the rules related to financial or banking activities, whether they are of a legislative or regulatory nature, professional and ethical standards, instructions or ethics in professional behavior. The adoption by different countries of multiple and sometimes divergent legal or regulatory requirements exacerbates this risk.

d. **Any failure of, or attack against, the IT systems of the group**, which could cause lost earnings, losses and sporadically weaken the customer protection system.

At the end of 2021, €772 million of capital were allocated to cover the losses generated by this risk. At that same date, the ratio between the allocation of capital (potential loss) and losses (proven loss) stood at 18 representing €772 million of capital allocated for proven loss of €42.5 million.

The risks with the greatest impact on the 2021 proven claims experience for CIC were (i) fraud, (ii) execution, delivery and process management, and (iii) the policy toward customers, products and business practices. Fraud accounted for 50% of proven claims for CIC in 2021. CIC's total loss experience (excluding any insurance recoveries) in 2021 represented about 0.83% of the group's net banking income.

5.2.4.2 Business interruption risk

The unavailability of employees, premises or infrastructure could lead to a partial or complete shutdown of CIC's activity, resulting in a decline in its earnings depending on the extent of the shutdown. Similarly, the inability of customers to have access to the services offered by CIC would be detrimental to its financial position. Such circumstances would necessarily entail adjustments to the arrangements for continuation of activity, with resulting additional costs.

After a year in 2020 marked by the start of the COVID-19 pandemic and strong lockdown measures that had an impact on CIC's activities, 2021 also gave rise to various restrictive measures (including lockdown at the beginning of the year, then a return to mandatory remote working at the end of the year). As an indication, the COVID-19 pandemic resulted in a total operational loss ratio estimated at approximately €6.8 million for CIC, including €1.6 million in 2021 (note: the method used for recording the loss experience related to the COVID-19 crisis evolved over the course of the pandemic).

5.2.4.3 Climate risks

Climate change exposes CIC to:

- physical risks resulting from natural hazards (100-year floods, storms, hurricanes, tornados, typhoons, earthquakes) and environmental or accidental risks arising from natural hazards (pollution, dam ruptures, major fires, nuclear catastrophes);
- transition risks that include the risks of transitioning to a low-carbon economy and are sectoral in nature. They are mainly linked to the more or less rapid changes in consumer behavior, Business Models, and the regulatory and tax environment related to climate change.

a. **CIC's Business Model could be impacted by physical risks resulting in:**
   - impairment and destruction of assets increasing credit risk;
   - a drop in the valuation of debt and financial securities increasing market risk;
   - an increase in claims and associated insurance damages payments increasing the risk related to insurance activities;
   - an increase in claims on the group's infrastructures and/or employees, increasing operational risks.

b. **CIC's Business Model could be impacted by transition risks resulting in:**
   - a loss of customers and drop in profitability of companies with Business Models which are too carbon-intensive;
   - a refinancing cost more dependent on non-financial performance;

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- an increase in energy and transport costs;
- a potential capital surcharge, depending on the carbon taxonomy of the financing and securities in the portfolio.

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

CIC's direct and indirect carbon footprint is included in the data calculated at Crédit Mutuel Alliance Fédérale level. Crédit Mutuel Alliance Fédérale's direct carbon footprint in France (related to the group's energy consumption, refrigerants, vehicle fleet and business travel) decreased by 20% between 2020 and 2021. While the indirect carbon footprint of the financing in the corporate portfolio (measured in tons of CO_2 per million euros lent) decreased by 2.1% between 2020 and 2021. More information concerning the non-financial performance and climate commitments of Crédit Mutuel Alliance Fédérale and CIC are available in Crédit Mutuel Alliance Fédérale universal registration document in chapter 3 Social and Mutualist Responsibility.

5.3 RISK MANAGEMENT (EU OVA & EU OVB)

5.3.1 Risk profile

Only the Crédit Mutuel group is listed by the ACPR among the Other Systemically Important Institutions (O-SII), in accordance with Article L.511-41-1 A of the French Monetary and Financial Code..

CIC's strategy is based on long-term values which promote controlled, sustainable and profitable growth.

Retail Banking is its core business, as demonstrated by the share of credit risk (90% as of December 31, 2020) in its total capital requirements and the importance of the retail book in its total exposures.

CIC operates predominantly in France and in neighboring European countries (Germany, Belgium, Luxembourg, Switzerland and Spain).

CIC strives to maintain and add to the financial strength from which its derives its soundness and durability. Regular allocations to reserves also shore up its financial health.

Its Common Equity Tier 1 (CET1) solvency ratio of 12.9%, applying transitional measures, as of December 31, 2021 positions it among the safest of European banks.

The group's approach to risk management is designed around its risk profile, its strategy and the appropriate risk management systems.

5.3.2 Risk appetite

CIC's risk appetite framework evolved from CIC's desire to have a general framework setting out its core principles with regard to risk. These result from its mutualist character and its choice of retail bank insurance.

In summary, the aim of CIC's risk tolerance policy is to:

- give Executive Management and the Board of Directors an acceptable level of confidence and comfort as regards the understanding and management of the full range of risks in line with the achievement of CIC's objectives;
- be implemented at all levels within the group so as to provide a comprehensive view and enable best practice to be harmonized;
- identify the potential events likely to affect CIC and its risk management.

The policy as to risk tolerance establishes a coherent framework in which CIC's various businesses can develop in accordance with its values.

It is intended to promote a strong and proactive culture regarding risk management. It is based on a medium-and long-term view and incorporated into our decision-making processes.

The group audit, compliance and risk management department monitors and oversees how the risk tolerance principles are applied.

The risk tolerance policy is taken into account when setting the strategic, financial and marketing objectives to benefit our members and customers.

The risk tolerance policy follows from the strategic guidelines set by Executive Management and the Board of Directors. It enables the group to:

- conduct business activities for which it is confident that the risks are adequately understood, controlled and managed;
- aim to achieve a level of profitability within a specified timescale which would not be detrimental to sound risk management;
- present the business lines' and entities' risk profiles with regard to earnings, capital consumption and financing requirements generated;
- identify risks in advance and manage them proactively, always adhering to the company's prudential profile.

CIC has based its risk policy on three main pillars:

- ICAAP (Internal Capital Adequacy Assessment Process): At the conclusion of the risk analysis process, the capital level is deemed to be sufficient to cover the risk exposure. The ICAAP report, prepared in accordance with Confédération Nationale du Crédit Mutuel (CNCM) methodology, and the economic capital projections and capital adequacy ratio over a three-year horizon, are updated annually and presented to the Group Risk Committee and the Group Risk Monitoring Committee;
- ILAAP (Internal Liquidity Adequacy Assessment Process). CIC's liquidity risk tolerance policy is extremely cautious, with the aim of guaranteeing the refinancing of its activities over the long term; it is monitored by the control committees, the monitoring committees and the operational committees. To identify, measure and manage liquidity risk while meeting the needs of the entities and business lines, the asset-liability management (ALM) and group treasury staff have established management indicators together with warning limits and alert thresholds; the reliability of operating procedures is checked on a regular basis using regulatory and internal stress scenarios;
- a comprehensive limits process: Several limits systems cover the majority of activities and risks, *i.e.* limits on credit risk (unit concentration limits, sector limits, country, sovereign and geographical limits, limits specific to each special-area lending committee, and as regards the network, decentralized limits in each regional group), limits on interest rate, liquidity and ALM risks, limits on Capital Markets (specific limits by business line and set of rules, and exhaustive risk indicators and warning levels).

5.3.3 Risk governance

5.3.3.1 Risk monitoring system

5.3.3.1.1 Risk management function

The risk department of Crédit Mutuel Alliance Fédérale covers the activities of all of its entities, networks, business lines and French and foreign subsidiaries and branches, excluding non-financial activities (press, domotics, etc.). It is responsible for risk management, as defined in the Order of November 3, 2014 concerning the internal control of banking institutions, at the central level of Crédit Mutuel Alliance Fédérale for every organizational unit.

It works closely with the risk department of Confédération Nationale du Crédit Mutuel (CNCM) and with the risk officers appointed in each entity of Crédit Mutuel Alliance Fédérale, pursuant to the procedure defining the role of risk officers.

The risk department is independent of the line managers and is tasked with detecting, measuring, and monitoring risks throughout Crédit Mutuel Alliance Fédérale and with reporting to executive governance and supervisory bodies, in particular Executive Management and the Board of Directors. It forms an integral part of the internal control and risk management system of Crédit Mutuel Alliance Fédérale and relies on the work of the teams from the permanent control and compliance departments, with whom it forms the risk, permanent control and compliance department.

More specifically, the missions and objectives of the risk department are to:

Detect

- Assess the risks, operations, results, level and type of exposure of Crédit Mutuel Alliance Fédérale and its different components, in order to detect major risks and emerging risks, taken individually and on the global scale.
- Collect and process the risk data concerning all of the activities of Crédit Mutuel Alliance Fédérale in France and abroad.
- Have data collection tools with the required granularity level to measure and analyze the risks of Crédit Mutuel Alliance Fédérale.
- Put in place the information collection and receipt channels required in order to detect Crédit Mutuel Alliance Fédérale's risks, including from stakeholders outside the risk department or even outside the group.
- Identify and analyze emerging risks in respect of the structural or economic contexts of the activities, counterparties, sectors or geographic areas concerned.
- Ensure the good quality of the data produced and disseminated, and the implementation of the regulatory BCBS 239 principles regarding risk data management, aggregation and reporting through the defining and deployment of a data quality management framework.

Measure

- Map all the risks to which Crédit Mutuel Alliance Fédérale is exposed, based on the various risks laid down in the regulations and the group's activity, by coupling this with a system for measuring and assessing the probability and magnitude of risks.
- Produce, in coordination with the risk department of CNCM, a risk map assessing the materiality of each group risk, covering the relevant scope.
- Set up a system to measure risks and track indicators for each category of risks (credit, liquidity, interest rate, market, solvency, operational, non-compliance, IT, insurance, climate, etc.), in line with the risk appetite of Crédit Mutuel Alliance Fédérale.
- Establish a detection system involving early warning (alert threshold and limit) in the event of a breach of the risk appetite of Crédit Mutuel Alliance Fédérale or one of its entities, and define an associated escalation procedure.

Monitor and control

- Track the activities of Crédit Mutuel Alliance Fédérale involving risk-taking and risk exposures, in respect of the group's risk appetite, the risk limits defined, and the ensuing capital or liquidity requirements.
- Monitor Crédit Mutuel Alliance Fédérale's risk appetite and ensure that any overruns of limits are managed in accordance with the escalation procedures in force, including by monitoring the effectiveness of any corrective measures decided to reduce an overrun.
- Ensure that identified risks are effectively monitored, measured and controlled by the operational units and that the risk mitigation measures are properly implemented.
- Ensure that Crédit Mutuel Alliance Fédérale's business is carried out in compliance with the regulations in force in terms of risk management. Where applicable, recommend the necessary changes and monitoring to comply with regulations.

Report and alert

- Produce a risk dashboard at least every three months focused on analyzing the risks that Crédit Mutuel Alliance Fédérale and its different components are facing.
- Steer and coordinate the Risk Committees within executive governance (Group Risk Committee) and supervisory (Group Risk Monitoring Committee) bodies.
- Prepare support material, notes and analyses of major or emerging risks for executive governance and supervisory bodies, in particular Executive Management, the Risk Committee and the Board of Directors.
- Notify the executive governance and supervisory bodies, in particular Executive Management, the Risk Committee and the Board of Directors, of all significant risks of which they need to be informed across all Crédit Mutuel Alliance Fédérale entities.
- Alert the executive governance and supervisory bodies, in particular Executive Management, the Risk Committee and the Board of Directors, in the event of malfunctions noted in the context of its risk monitoring mission, in particular when a risk is exceeded alert threshold or appetite limit or when a major risk or exceptional disaster is identified.
- Advise the executive governance and supervisory bodies, in particular Executive Management, the Risk Committee and the Board of Directors, on the measures to be considered to further manage or reduce the risks of Crédit Mutuel Alliance Fédérale, in line with the group's risk appetite and strategy.

- Take action as often as necessary to guide decisions that may generate significant risks, particularly during the development of a new activity or strategic change, or even call into question decisions that generate excessive risk-taking and that do not comply with the risk appetite defined by Crédit Mutuel Alliance Fédérale.
- Where appropriate, report any risks deemed highly significant to the Board of Directors of CNCM and ultimately to the supervisory authorities.

Governance

- Define and implement, subject to the Board of Directors' scrutiny and approval, the risk governance framework and management policy of Crédit Mutuel Alliance Fédérale, in particular the risk appetite underpinning the group's indicators and risk limits.
- Steer, in conjunction with the CNCM risk department, the annual procedures making up the prudential supervision and assessment process (SREP) conducted by the ECB, including the risk appetite framework, the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP).
- Draft the various regulatory reports on risks, in particular the risk sections of the annual internal control report (RACI), the risk factors and the Pillar 3 report of the group's universal registration document (URD).
- Manage, in coordination with CNCM's risk department, the operational risk management system, and implement the crisis management system and the appropriate Emergency and Business Continuity Plans (EBCP) for the business activities involved.
- Steer, in coordination with CNCM's risk department, the Crédit Mutuel group's Prevention and Recovery Plan (PRP) and the work concerning the group's resolution in respect of the requests of the Single Resolution Board (SRB).
- Ensure, alongside with the human resources department (HR) and the related governance bodies, that Crédit Mutuel Alliance Fédérale's compensation policy complies with applicable regulations – in particular with regard to the management of employee compensation known as "risk takers".
- Coordinate the network of risk correspondents responsible, within the various Crédit Mutuel Alliance Fédérale entities and structures, for measuring, monitoring and controlling risks.
- Ensure, together with the network of risk correspondents, the dissemination of the risk culture throughout Crédit Mutuel Alliance Fédérale, in particular *via* awareness-raising and training on risk topics, as well as the drafting and sharing of best practices in this area.
- Ensure that the risk department has the sufficient resources, tools and staff to carry out all of the missions described in the charter. If necessary, issue an alert to the executive governance and supervisory bodies.

Moreover, Executive Management has also tasked the risk department with:

- Handling all relations with supervisory authorities (ECB, ACPR, AMF, BDF, etc.) in France and abroad and coordinating the monitoring of audits, supervisory interviews, questionnaires and specific requests as well as the implementation and fulfilment of the recommendations issued;
- Ensuring an economic and prudential watch over all issues relating to the regulatory environment pertaining to banking and insurance as well as benchmarks concerning the group's positioning in relation to its main competitors' ranking, changes in strategy and results;
- Handling relations with financial and non-financial rating agencies;
- Performing internal analyses and internal ratings of banks in OECD countries, Covered, insurance companies and local authorities.
- Defining and implementing Crédit Mutuel Alliance Fédérale's Social and Mutualist Responsibility (SMR) policy, in particular *via* the development of sectoral policies, the drafting of the Non-Financial Performance Statement (NFPS), and the various work on Environmental, Social and Governance (ESG) issues.

5.3.3.1.2 Management of internal control system

Group Risk Monitoring Committee (GRMC)

It is made up of directors representing all the Crédit Mutuel federations that belong to Caisse Fédérale de Crédit Mutuel. Besides the members appointed by the deliberative bodies, others taking part in the work of the Group Risk Monitoring Committee (GRMC) are: the Chairman of Caisse Fédérale de Crédit Mutuel (committee member), the Chief Executive Officer, the Chief Financial Officer, the Chief Lending Officer and the director of risk, permanent control and compliance of Crédit Mutuel Alliance Fédérale.

The GRMC is a specialized committee of the Board of Directors. It assists the supervisory body and issues recommendations aimed at preparing the decisions of the Board of Directors concerning the general risk policy and the risk management thresholds and limits for all entities of Crédit Mutuel Alliance Fédérale. It examines the risks and supervises the work of the risk department and Group Risk Committee (GRC) based on the files and dashboards prepared and presented by the Chief Risk Officer. The Chief Risk Officer prepares the documents, files and performance indicators submitted to the committee for review and leads the meetings. The members of the GRMC have all the sources of information and documentation that they need from the bank auditors, internal and external control staff, the statutory auditors and the finance and risk departments.

The members of the GRMC, assisted by the risk department, report to their respective deliberative body on the information and decisions that come out of their meetings. A report detailing the main monitored risk indicators is presented and discussed at each meeting. The summaries of the Risk Committee meetings are sent to the secretaries of the Boards of Directors.

The GRMC met eight times in 2021 (January 13, February 12, March 25, April 21, June 24, July 23, September 30 and November 16). These meetings were the subject of minutes and summaries intended for the supervisory bodies of the different federations.

Group Risk Committee (GRC)

It is chaired by the Chief Executive Officer of Crédit Mutuel Alliance Fédérale and is made up of the group's main senior executives and business managers. The GRC helps the executive body to examine the risks in all banking and non-banking activities of Crédit Mutuel Alliance Fédérale's consolidated scope.

It issues opinions and recommendations aimed at assisting the executive body concerning the general policy of Crédit Mutuel Alliance Fédérale and its risk management thresholds and limits. It examines the risks to which the group is exposed based on the files and dashboards prepared and presented by the Chief Risk Officer and subsequently examined by the GRMC. This independent oversight is based on standardized, periodic reports (risk dashboard) providing exhaustive information on credit risks, market risks, operational risks, interest rate risks, liquidity risks, non-compliance, IT risks, risks related to Social and Mutualist Responsibility and risks related to the group's specialized business lines (insurance, consumer credit, private banking, factoring, etc.).

The GRC met four times in 2021 (March 22, June 14, September 13 and December 16).

5.3.3.2 Risk management and oversight

5.3.3.2.1 Risk management

Credit risk management is organized into two structures: one focusing on the granting of loans and the other on risk measurement and the monitoring of commitments.

A set of commitments guidelines summarizes the internal procedures of the lending arm of Crédit Mutuel Alliance Fédérale in accordance with applicable statutory, organizational and regulatory provisions. In particular, it describes the credit granting system. It contains appendices relating to Capital Markets and the subsidiaries directly concerned.

A set of guidelines for the measurement and monitoring of credit risk summarizes all internal management rules and practices for the proper management of credit risk within the framework of the regulatory, accounting, statutory and organizational requirements applicable within Crédit Mutuel Alliance Fédérale. It particularly describes the procedures for credit risk measurement and monitoring, the management of at-risk items, reporting and communications.

The management of liquidity and interest-rate risks of the group's banks is centralized at the level of the BFCM. Hedges are allocated to the entities concerned, in accordance with their needs. They are no longer authorized to take hedging decisions individually.

Overall measurement of market risk is based on the regulatory framework. Capital Markets are monitored in accordance with procedures that are formally recorded and independent in terms of organization and control.

The management of operational risk is performed and controlled in accordance with group procedures, coordinated by dedicated units. In particular, the security of the information systems and the putting in place of business continuity plans form part of the work carried out in this area.

The risk management of the subsidiaries, Crédit Mutuel Alliance Fédérale's business lines, relies on a network of local risk officers within each entity, including internationally. The role of risk officers is to ensure the appropriate risk management for their entity and to disseminate Crédit Mutuel Alliance Fédérale's risk culture to the business units. They report to their management and the risk department as soon as possible on any risks that meet the significance criterion of their entity or that they deem significant in relation to the activities within their scope.

5.3.3.2.2 Risk monitoring

This is carried out by dedicated, independent teams, which have at their disposal tools designed on the one hand to provide a comprehensive aggregate overview of commitments, and on the other to carry out ongoing monitoring of risk, in particular by means of an advance detection system for anomalies and monitoring of adherence to limits as well as changes in internal ratings.

Information for assessing trends in credit, market, ALM and operational risks is provided regularly to the management bodies and other responsible persons concerned. The risk department is responsible for the general management of the regulatory capital consumed by each activity by reference to the risks incurred and the return obtained.

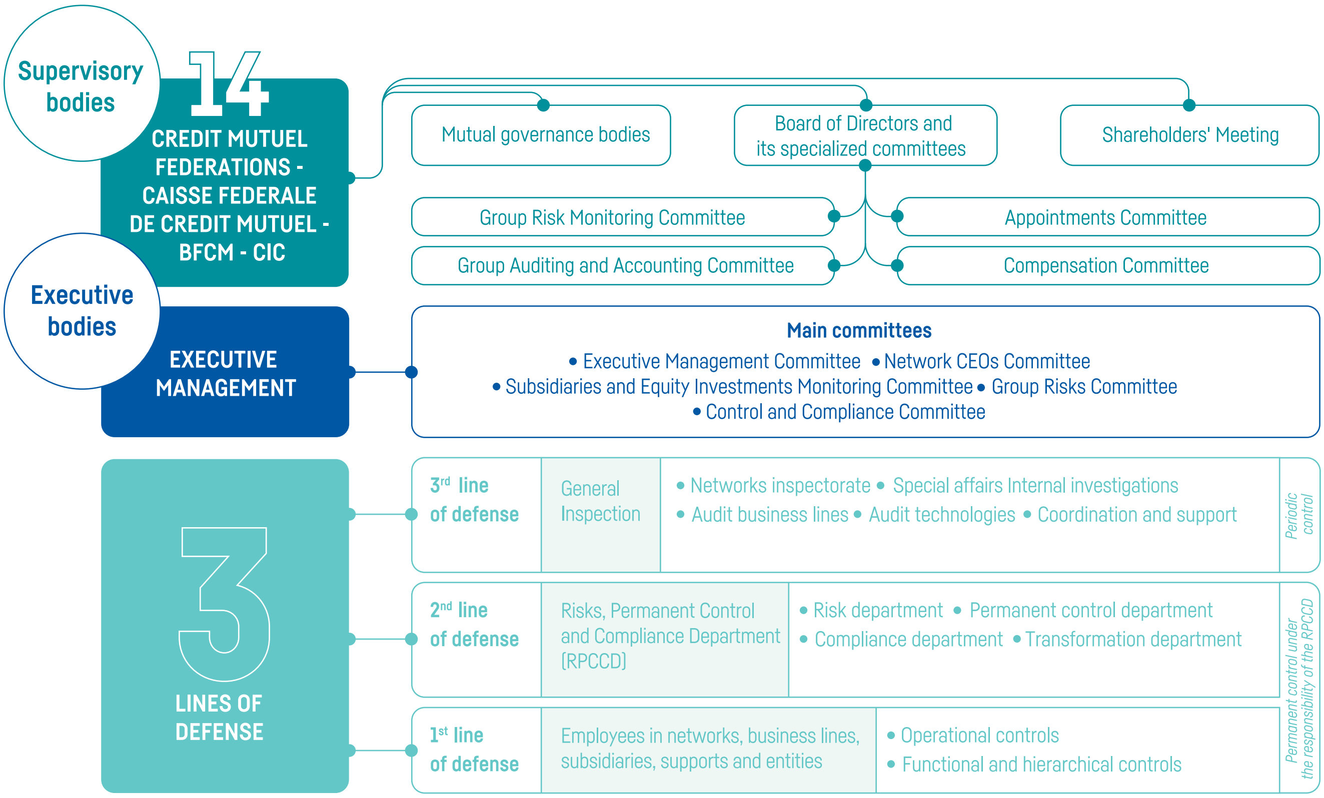
In this context, it has various regulatory tools used to identify, monitor, control and report on risks: in particular, risk mapping, the risk appetite framework and the system for monitoring alert thresholds and associated limits, the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP), as well as the preventive recovery plan.

5.3.4 Internal control system

5.3.4.1 General framework

Internal control and risk management are fully integrated into the group's organization with the aim of ensuring compliance with regulatory requirements and proper risk control and operational security, as well as improved performance.

CRÉDIT MUTUEL ALLIANCE FÉDÉRALE CREDIT RISK CONTROL AND MANAGEMENT SYSTEM



5.3.4.1.1 Regulatory framework

The principles of internal control and risk monitoring and their application methods are governed by various legislative and regulatory provisions, both French and European, supplemented by international professional standards.

In this respect, the main regulatory text applicable to Crédit Mutuel Alliance Fédérale's internal control system is the ministerial Order of November 3, 2014 (amended by the Order of February 25, 2021). This order defines the conditions for the implementation and monitoring of internal control in credit institutions and investment companies and transposes into French regulations the requirements of the European Directive 2013/36/EU dated July 26, 2013 known as the "CRD4 Directive".

5.3.4.1.2 A shared system

In accordance with the provisions of the in the above-mentioned Order, the group ensures that its internal control system is adapted to its size and operations.

In the same way, it ensures that it is suited to the size of the risks incurred by its activities and that the employees involved in internal control can carry out their work to meet regulatory requirements.

Within the group, the principles governing internal control are reflected in the guidelines issued by Executive Management and rolled out using shared methods and tools that ensure the development of quality standards.

The internal control system is designed in particular to:

- fully cover the full range of the group's banking and insurance operations;
- list, identify, aggregate and track risks on a consolidated basis in a consistent manner;
- communicate clear and reliable information (particularly accounting and financial information), both internally and externally;
- ensure compliance with applicable laws and regulations, internal standards, and instructions and guidelines established by Executive Management;
- ensure the proper operation of internal processes and the safeguarding of assets.

More broadly, the processes in place are aimed at helping to ensure proper control of activities while at the same time improving the effectiveness of processes and organization.

5.3.4.1.3 A structured system

One of the key purposes of the organization is to ensure the quality and completeness of the internal control system. Both for itself and the businesses it controls, the group ensures that this system is underpinned by a set of procedures and operational limits that match regulatory requirements and applicable internal and professional standards. To ensure the high quality of its internal control system, the group steers a policy of ongoing improvement, which is also designed to adapt it to regulatory developments.

The identification and control of key risks by means of benchmarks, mapping of controls, and monitoring of risks using appropriate limits, formal procedures and dedicated tools are constant objectives for the group's internal control and risk management departments. Analytical tools and tracking dashboards make it possible to perform regular reviews of the various risks to which the group is exposed, including counterparty, market, asset-liability management and operational risks. In accordance with regulatory requirements, a report on internal control and on risk measurement and monitoring is prepared each year, based on the framework recommended by the Autorité de contrôle prudentiel et de résolution (ACPR – French Prudential Supervisory and Resolution Authority) and results from the detailed review of the systems.

5.3.4.1.4 An integrated and independent system

In line with the group's values, the control system put in place is designed to develop a prudent and top quality risk management culture throughout the group.

Within this framework, the first level of risk management and control is performed by the operational managers, who are responsible for the processes they carry out. As the first level of control, operational management is an integral part of the system with responsibility for preventing risk as well as for putting in place the corrective measures designed to correct and prevent the dysfunctions identified.

The group's entities also have a second level of control, identified within dedicated teams. To ensure the necessary independence of these second-level controls, employees assigned to control tasks have no operational responsibilities and report to the central staff departments, which thereby ensures their independent judgment and assessment.

The central staff departments are responsible for defining, overseeing and coordinating all the local and cross-group systems. They organize and supervise the control work. In addition, they use their expertise and independence to help define standard controls.

5.3.4.2 Organization of the system

The process has a threefold objective:

- to separate the periodic, permanent and compliance controls into distinct functions in accordance with regulatory requirements;
- to standardize internal control work throughout the group by creating an organization based on standardized methods and tools, and on the same principles of complementarity, subsidiarity and independence of controls;
- to have an overall and transversal view of risks of all kinds to ensure reliable, regular and comprehensive reporting to Executive Management and to the deliberative body.

5.3.4.2.1 Organization of controls

In accordance with the Order of November 3, 2014 (amended by the Order of February 25, 2021), the system has three functions:

- periodic control;
- permanent control;
- compliance.

The last two functions, which are brought together under a single department (risk, permanent control and compliance department), are subject to control by the former.

The consistency of the overall system is ensured by the Control and Compliance Committee (CCC), chaired by an effective manager. This committee itself reports to the Group Auditing and Accounting Committee (GAAC), representing the supervisory bodies of Crédit Mutuel Alliance Fédérale.

To perform their functions, the control departments have permanent and unrestricted access to individuals, premises, hardware, software and information of any kind useful to the performance of their work throughout the group.

Breakdown by type of control

Independently of the controls performed by management teams as part of their operating activities, controls are performed by:

- periodic control staff, for audit-based assignments, carried out under an intervention plan over several fiscal years;
- permanent control staff, for all work of a recurring nature using mainly remote applications;
- compliance staff, in particular for the application of regulations and internal and professional standards including those designed to combat money laundering and financing of terrorism.

The periodic control department is responsible for supervising the overall quality of the internal control system, the effectiveness of risk monitoring and management as well as the sound application of permanent and compliance controls.

Breakdown by business line

The control functions are structured by business line, with teams dedicated to the control of Retail Banking and other teams dedicated to the control of specialized business lines (corporate banking, Capital Markets, asset management, financial services, cash management, etc.), with managers appointed for both at the group level.

A common support unit for the various kinds of control

The periodic control, permanent control and compliance functions are assisted by a common support unit which is responsible for:

- developing the tools and keeping them up to date and in good working order;
- developing the reporting tools required for monitoring control operations and assignments, and centralizing information for the management bodies, at the central and local (regional and subsidiary) levels;
- ensuring that control tools are complementary between the various functions so as to provide optimal cover of group risks.

5.3.4.2.2 Management of internal control system

Group Control and Compliance Committee

The Control and Compliance Committee (CCC) issues opinions, assists and advises the executive body on all matters related to the internal control system comprising the inspectorate and internal audit, permanent control, compliance assurance and risk management functions (in connection with the work of the Group Risk Committee).

Chaired by the Chief Executive Officer, the Control and Compliance Committee holds regular meetings with the staff responsible for periodic, permanent and compliance controls and risk management, with the following objectives:

- approving the internal audit plans, and any subsequent adjustments made to them, and examining the results of the assignments carried out and the critical recommendations issued by the General Inspectorate;
- reviewing the summaries of the permanent control and compliance works as well as the recommendations and proposed corrective actions;
- analyzing the summary of relations with supervisors, in particular the results of inspections and interviews conducted by the supervisory authorities;
- alerting the executive body of any major failure identified during an internal or external audit, proposing the implementation of corrective measures and ensure the effective deployment of actions validated by the committee or the executive body;
- monitoring the implementation and closure of recommendations made during internal and external audits;
- ensuring that the actions and missions of the various internal control players complement each other in order to ensure efficiency and overall risk coverage. This complementarity must be implemented through efficient detection, control, monitoring and reporting tools;
- ensuring the adequacy of the internal control system with the regulatory provisions in force, the risk areas identified in the risk mapping and the risk appetite system, as well as with Crédit Mutuel Alliance Fédérale's strategy;
- ensuring the adequacy of the resources and resources of the various internal control functions with regard to their missions;
- adopting the changes governing the organization and missions of the internal control functions represented on this committee as well as the associated framework documents;
- validating any new procedure governing the internal control system as well as any major changes made to existing procedures;
- deciding on any action or measure aimed at strengthening the internal control system, in particular seeking external advice;
- more generally, taking note of all the topics put on the agenda by its members in connection with its missions.

The CCC reports on its work to the Group Auditing and Accounting Committee (GAAC).

The Control and Compliance Committee met four times in 2021 (March 8, June 8, September 6 and December 6).

Group Auditing and Accounting Committee

In order to meet regulatory requirements and rules of governance, Crédit Mutuel Alliance Fédérale has an Auditing and Accounting Committee. It is composed of voluntary and independent directors from the mutualist base of the group. Several of its members have particular skills in accounting and finance. Executive Management and the heads of the control departments and the finance department attend meetings. Training seminars help members to keep up to date with new developments.

This committee reviews the internal audit plan;

- is informed of the conclusions of inspections carried out by the periodic control function and of the results of the permanent and compliance controls;
- takes due note of the conclusions of external controls, particularly of any recommendations made by the supervisory authorities;
- is informed of actions carried out to give effect to the main recommendations issued in internal and external control reports;
- assesses the effectiveness of the internal control systems;
- receives up-to-date information on the group's risk position;
- proposes to the various deliberative bodies such improvements as it deems necessary in view of the findings of which it has been made aware.

In the area of financial reports, it:

- is responsible for monitoring the process for preparing financial information;
- examines the annual and consolidated financial statements;
- assesses the manner in which they have been drawn up and satisfies itself as to the appropriateness and consistency of the accounting policies and principles applied;
- participates in the selection of statutory auditors;
- supervises the statutory audit of the accounts.

The Group Auditing and Accounting Committee implements a process of self-assessment of its activities, aimed at improving its operations based on past experiences. The last self-assessment was carried out in November 2021.

The Group Auditing and Accounting Committee met five times in 2021 (February 12, March 29, July 26, September 22 and December 2). These meetings were the subject of minutes intended for the deliberative bodies of the different federations.

It also examined the annual financial statements for the year ended December 31, 2021 in its meeting of February 3, 2022 and had no major observations to make.

Compensation Committee

In accordance with Articles L.511-89, 102 and 103 of the French Monetary and Financial Code and 104 of the internal control order, Crédit Mutuel Alliance Fédérale has set up a single Compensation Committee, the scope of which extends to all its subsidiaries. It gives its opinions on the proposals made by the Executive Management after consulting the risk, permanent control and compliance department and reviews and approves the compensation policy on an annual basis. This committee also verifies that the principles defined by the deliberative body have been effectively implemented. The Compensation Committee reports regularly on it work to the group's Executive Management.

Group Ethics and Compliance Committee

Created within the scope of consolidation of Crédit Mutuel Alliance Fédérale, this committee has been instrumental in establishing a code of conduct for the group. Each year it draws up a report on the group's implementation of and compliance with ethical principles and the code of conduct.

5.3.4.3 Methods and tools

5.3.4.3.1 Tools

The harmonization of methods and tools for controlling risks was continued. Common tools were developed, which include functionalities dedicated to management.

Periodic control applications

Control assignments are carried out using risk mapping and operational management tools of all kinds, on the basis of common reference systems of control points that are regularly updated. The information required to carry out controls is accessible by consulting the information system applications and decision-making tools.

Software is used for monitoring the implementation of recommendations issued in their audits by the group's various periodic control departments and the supervisory authorities.

Permanent control applications

Permanent controls are performed remotely, essentially by using data from the information system. They supplement the first-level controls which are performed daily by the managers of the operational entities (in particular the managers in the networks of Crédit Mutuel branches and banks) and by regional coordination, support and control functions. They are implemented in the "internal control portals", which structure and plan the various work to be done concerning risk coverage.

The automated detection of cases that raise a "risk alert" according to predetermined malfunction criteria are an essential element in the proper control of credit risk. Other types of controls make it possible to assess the quality of all types of processing. The analysis of the results obtained, carried out during the control reviews ("supervision") also aims to allocate resources or direct the control missions accordingly.

Compliance applications

Work continued on the implementation of systems for legal and regulatory surveillance and monitoring of compliance risk. The compliance function has its own control areas within the "internal control portals" allowing it to check that regulatory requirements are being applied, in particular with regard to business and professional ethics, protecting customers' interests, performing investment services and combating money laundering and the financing of terrorism.

5.3.4.3.2 Procedures

"Framework procedures" have been defined at the level of the group's central control functions in a number of areas. They are posted on the group's intranet and are accessible to all employees on a permanent basis. The control applications refer to them and links have been created to facilitate consultation and use.

5.3.4.4 Accounting data and means of control at the group level

The finance department of Crédit Mutuel Alliance Fédérale is in charge of running the general accounts of the group's main credit institutions and, in this respect, carries out accounting checks.

The preparation of the group's consolidated financial statements and financial communication is also the responsibility of the finance department, which submits them to the Group Auditing and Accounting Committee, then presents them to the deliberative bodies.

5.3.4.4.1 Control of the annual financial statements

The accounting system

The accounting architecture

This is based on an IT platform shared throughout 16 Crédit Mutuel federations and CIC's regional banks, which includes accounting and regulatory functions, in particular for:

- the chart of accounts, the structure of which is identical for all institutions of the same type managed through this platform;
- defining the automated templates and procedures shared by all the banks (means of payment, deposits and credits, day-to-day transactions, etc.);
- reporting tools (SURFI, consolidation software input, etc.) and monitoring tools (management control).

The administration of the common accounting information system is entrusted to the "Accounting Procedures and Systems division".

The latter is more specifically in charge of:

- managing the shared chart of accounts (creating accounts, defining the characteristics of the accounts, etc.);
- defining shared accounting procedures and systems, in accordance with tax and regulatory requirements; if necessary, the division concerned consults the tax department and the systems are validated by a procedure involving various operational managers.

The "Accounting Procedures and Systems" division is independent, both hierarchically and operationally, from the accounting production services themselves, thus allowing a separation between the functions of design and administration of the accounting architecture and the other operational departments.

Within the group, all accounts are obligatorily allocated to an operational department which is responsible for maintaining and verifying the accounts. The organization and procedures in place make it possible to comply with Article 85 of the Order of November 3, 2014 and to guarantee the existence of the audit trail.

Chart of accounts

This is divided into two broad sections: third-party captions, showing payables and receivables for individual third parties, and the general accounting captions.

Dedicated accounts are used for third party deposits and loans, enabling them to be monitored. For custody of negotiable securities, a "stock" accounting system distinguishes between securities owned by third parties and those owned by the bank.

The chart of accounts for all the credit institutions using the shared IT platform contains unique identifiers and is managed by the "Accounting Procedures and Systems division".

The chart of accounts defines the following account properties:

- regulatory characteristics (link to the chart of accounts of credit institutions associated with the prudential regulatory statements – PCEC, link to the publishable financial statements item, etc.);
- certain tax aspects (VAT position, etc.);
- management characteristics (whether compulsory or not, link to the consolidated chart of accounts, length of time online transactions are stored, IFRS characteristics, etc.).

Processing tools

Those for the accounting information are essentially based on internal applications prepared by the group's IT services. There are also specialized applications, external or internal, particularly software for producing management reporting, balances or account statements, a utility for processing file requests, software for consolidation, processing regulatory statements, and managing capital assets and tax returns.

Procedure for data aggregation

In accordance with the model defined by Crédit Mutuel Alliance Fédérale, accounting data is aggregated for the following entities:

- the group (*e.g.* CIC);
- the federation made up of one or more banks or other legal entities;
- the bank belonging to a federation. The entire bank (branches and central services) is broken down into counters that constitute the basic unit of the accounting system. It is at this level that accounting entries are recorded.

Accounting consistency of management data

Each branch comprises an external branch for recording financial accounting data. The first records the general accounts entries and the second records the analytical accounting. At the individual branch level, the figures used for management accounting purposes are obtained by combining the internal and external data. The group result is obtained by adding together the balances of the branches. Links are established between financial accounting captions and the codes attributed to the products marketed by the bank. Cost accounting data are used to determine the results by business segment.

Control methods

Automated controls

A series of automated controls are carried out when accounting records are processed and before transactions are allocated to ensure that records are balanced and valid, and to update the audit trail of the captions affected by the transaction. In-house tools are used to control accounting transactions on a daily basis and to detect any discrepancies.

A dedicated automatic account control application has been in use since 2010 to manage limit amounts for accounting allocation, differentiated by type of account (third party/general accounts), by direction (debit/credit), by IT application code, by entity and by sector of activity within the entity. The tool has two levels of control:

- an alert threshold;
- a maximum amount.

The control applies to real-time or batch processing from all applications which do not require validation of movements according to the "four eyes" principle. When the alert threshold is exceeded an event is sent to the customer relationship manager. When the maximum amount is exceeded the accounting flow is blocked, which is then diverted to an accrual account and assumes validation according to the "four eyes" principle before definitive accounts allocation.

In all cases, movements above the alert threshold (automatically when processing files and after forcing for real-time) are logged and archived in the event management system.

Closing process controls

At the time of each closing, the accounting results are compared with the forecast administrative data for validation. The forecast administrative data is prepared by independent divisions of the accounting production departments (management and budgetary control).

This analysis particularly concerns:

- interest margins; for interest rate instruments, including deposits, loans and off-balance-sheet transactions, the management accounting department calculates expected yields and costs based on average historical data. These are then compared with the interest rates actually recognized, for validation business segment by business segment;
- level of fees; based on business volume indicators, the management accounting department estimates the volume of fees received and payable, compared with recognized data;
- general operating expenses (employee benefits expense and other general operating expenses);
- net additions to provisions for loan losses (level of provisioning and recognized losses).

Procedures put in place

Accounting procedures and templates are documented. For the network, procedures are posted on the bank's intranet.

Levels of control

Daily accounting controls are performed by the appropriate employees within each branch.

The accounting control departments also have a general mission covering, in particular, regulatory controls, the monitoring of substantiating documentation for internal accounts and branch identifiers, control of the foreign currency positions, control of NBI per activity, the accounting plans and procedures in relation to Crédit Mutuel Alliance Fédérale and the interface between the back offices and the statutory auditors for half-yearly and annual closures.

Furthermore, the control departments (periodic, permanent and compliance) also perform accounting work. A dedicated accounting control portal has been put in place.

Applying controls

Automated accounting controls

An automated daily control procedure based on the bank's daily balance allows the verification of balance-sheet and off-balance-sheet positions, asset/liability balances by branch and by currency, and the monitoring of technical accounts. This procedure is also applied to the general ledger at the end of each month.

Evidencing the accounts

All the accounts on the balance sheet are justified either by an automated control or by a validation of the account performed by the service responsible for it. Reporting per service ensures that the results of the controls performed are collected.

5.3.4.4.2 Control of the consolidated financial statements

Accounting policies and principles

Adapting to regulatory developments

The system is periodically updated in line with regulatory developments (IFRS) or to improve the reliability of financial statement preparation.

IFRS compliance

The accounting principles fixed by the IFRS standards have been applied in the group's entities since January 1, 2005. A summary of this is included in the consolidated financial statements.

Foreign subsidiaries apply the principles and methods defined by the group for the transition from local standards to French and international standards in the consolidation packages and their financial reporting.

The annual financial statements prepared in accordance with IFRS are documented in the central information system for the entities using the common information system.

The accounting managers of the various Crédit Mutuel Alliance Fédérale entities meet twice a year to prepare the half-yearly and annual closings.

Annual financial statements in accordance with IFRS are prepared for the relevant entities in the central IT system, using the same organization and team as for those drawn up in accordance with French (CNC) standards.

Reporting and consolidation

Consolidation process

The group uses a consolidation chart of accounts. Within the shared information system, each account in the chart of accounts is linked to the consolidation chart of accounts, in an identical way for all companies using the shared chart. This link is unique to each account, with regard to all companies managed under this chart.

The consolidated financial statements are prepared in accordance with a timetable distributed to all the subsidiaries and the statutory auditors, which includes, where applicable, changes in procedures and standards to be incorporated. Each consolidated subsidiary has one person in charge of its closing process and another in charge of reporting intercompany transactions between fully consolidated companies. In accordance with their professional standards, the statutory auditors for the consolidation also give the statutory auditors of the consolidated companies instructions aimed at ensuring that the subsidiary complies with the various rules.

A dedicated software package, one of the main standard tools on the market, is used to consolidate the accounts. Data input (consolidation packages) is partially automated, using an interface developed on the accounting information system. This system makes it possible to automatically retrieve balances and ensure that company-only and consolidated data are consistent.

Reporting and data control

Companies cannot submit their consolidation package before a number of consistency checks that are programed into the input software have been carried out. These control checks, established by the consolidation departments, cover a large number of aspects (changes in shareholders' equity, provisions, non-current assets, cash flows, etc.). "Blocking" controls prevent a package from being transmitted by the subsidiary and can only be overridden by the central consolidation departments.

Consistency checks against company-only data are also performed by the consolidation department upon receipt of the consolidation packages (level of results, intermediate balances, etc.). Finally, systematic reconciliation statements between company-only and consolidated data are generated for shareholders' equity and earnings. This process, which ensures consistency in the transition between the statutory and consolidated series, is carried out without using the consolidation software, thus leading to validation of the consolidated data.

Analysis of accounting and financial information

The consolidated financial statements are analyzed compared to the previous fiscal year and compared to the budget and the quarterly accounting and financial reporting. These are organized by themes (cost of risk, progress of outstanding loans and deposits, etc.). The changes observed are corroborated by the departments concerned, such as the lending department and the management control for the various entities.

Each entity's contribution to the consolidated financial statements is also analyzed.

The accounting principles used, which have a significant impact, were first reviewed and validated by the statutory auditors. They are regularly invited to attend meetings of the Board of Directors to approve the financial statements and meetings of the Auditing Committee (see below).

Each time a closing involves the publication of financial data, this information is presented by the finance department to Executive Management and the Board of Directors. This report presents the breakdown of income, the balance sheet position and the current business situation, including the reconciliation of non-accounting data (rates, average capital, etc.).

The accounting work is regularly presented to the Group Auditing and Accounting Committee.

Conclusion

Drawing on common methods and tools, the internal control and risk monitoring mechanism fits into Crédit Mutuel Alliance Fédérale's system of controls, forming a coherent whole, appropriately adapted to the group's different activities in France and internationally. It meets banking and finance regulatory requirements and conforms to the operational principles established by the group. It is our ongoing objective to consolidate and further improve efficiency.

5.4 SCOPE OF REGULATORY FRAMEWORK (EU LIA & EU LIB)

Pursuant to Regulation (EU) No. 575/2013 of the European Parliament and the European Council relative to capital requirements applicable to credit institutions and investment firms (referred to as the "CRR"), the accounting and regulatory entities are the same.

The entities included in the scope are listed in note 2a to the consolidated financial statements.

The composition of the prudential scope of consolidation scope as compared to the accounting consolidation of CIC as of December 31, 2021 is as follows.

TABLE 3: DIFFERENCES BETWEEN THE ACCOUNTING AND REGULATORY CONSOLIDATIONS AND CORRESPONDENCE BETWEEN THE FINANCIAL STATEMENTS AND REGULATORY RISK CATEGORIES (EU LI1)

			Carrying amounts of items:				
12/31/2021 *(in € millions)*	Carrying amounts as per the published financial statements	Carrying amounts under the regulatory scope of consolidation	subject to the credit risk framework	subject to the counterparty risk framework*	subject to provisions relating to securitization	subject to the market risk framework	not subject to capital requirements or subject to deduction from capital
ASSETS							
Cash, central banks – Assets	56,241	56,241	56,241	-	-	-	-
Financial assets at fair value through profit or loss	20,817	20,817	4,204	10,344	-	16,606	-
Hedging derivatives – Assets	504	504	-	504	-	-	-
Financial assets at fair value through shareholders' equity	13,969	13,969	8,496	-	5,474	-	-
Securities at amortized cost	3,444	3,444	3,444	-	-	-	-
Loans and receivables due from credit institutions and similar at amortized cost	35,143	35,143	29,406	4,350	1,387	-	-
Loans and receivables due from customers at amortized cost	220,550	220,550	219,389	1,122	-	-	39
Revaluation adjustment on interest rate-hedged portfolios	434	434	-	-	-	-	434
Short-term investments in Insurance and reinsurers' share of technical provisions	-	-	-	-	-	-	-
Current tax assets	612	612	612	-	-	-	-
Deferred tax assets	497	497	497	-	-	-	-
Accruals and other assets	5,730	5,730	5,730	-	-	-	-
Non-current assets held for sale	-	-	-	-	-	-	-
Deferred profit-sharing	-	-	-	-	-	-	-
Investment in associates	1,569	1,569	1,517	-	-	-	52
Investment property	30	30	30	-	-	-	-
Property, plant and equipment and finance leases	1,631	1,631	1,631	-	-	-	-
Intangible assets	184	184	-	-	-	-	184
Goodwill	33	33	-	-	-	-	33
TOTAL ASSETS	**361,389**	**361,389**	**331,196**	**16,319**	**6,861**	**16,606**	**743**

* *Certain items may be subject to capital requirements for counterparty risk and market risk.*

12/31/2021 *(in € millions)*	Carrying amounts as per the published financial statements	Carrying amounts under the regulatory scope of consolidation	Carrying amounts of items: subject to the credit risk framework	subject to the counterparty risk framework*	subject to provisions relating to securitization	subject to the market risk framework*	subject to the credit risk framework
LIABILITIES							
Central banks – Liabilities	4	4	-	-	-	-	4
Financial liabilities at fair value through profit or loss	12,008	12,008	-	9,976	-	11,842	159
Hedging derivatives – Liabilities	1,242	1,242	-	1,242	-	-	-
Liabilities to cred. inst.	78,187	78,187	-	4,799	-	-	73,388
Due to customers	217,829	217,829	-	577	-	-	217,252
Debt securities	24,549	24,549	-	-	-	-	24,549
Revaluation adjustment on interest rate-hedged portfolios	7	7	-	-	-	-	7
Current tax liabilities	264	264	-	-	-	-	264
Deferred tax liabilities	261	261	261	-	-	-	0
Accruals and other liabilities	6,594	6,594	-	-	-	-	6,594
Liabilities on assets held for sale	-	-	-	-	-	-	-
Technical provisions	0	0	-	-	-	-	-
Liabilities to credit institutions – JV	-	-	-	-	-	-	-
Debt securities – JV	-	-	-	-	-	-	-
Trading derivatives	-	-	-	-	-	-	-
Liabilities to cred. inst.	-	-	-	-	-	-	-
Hedging derivatives – Liabilities	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-
Subordinated debt issued by insurance companies	-	-	-	-	-	-	-
Provisions for risks and expenses	1,169	1,169	-	-	-	-	1,169
Subordinated debt issued by bank	2,293	2,293	-	-	-	-	2,293
Total shareholders' equity	16,982	16,982	-	-	-	-	16,982
Shareholders' equity attributable to the group	16,939	16,939	-	-	-	-	16,939
Share capital and related pay-ins	1,784	1,784	-	-	-	-	1,784
Consolidated reserves – Group	12,943	12,943	-	-	-	-	12,943
Unrealized gains and (losses) recognized directly in equity – Group	107	107	-	-	-	-	107
Net profit/(loss) – Group	2,105	2,105	-	-	-	-	2,105
Shareholders' equity – Non-controlling interests	43	43	-	-	-	-	43
TOTAL LIABILITIES	**361,389**	**361,389**	**261**	**16,595**	**-**	**11,842**	**342,661**

* *Certain items may be subject to capital requirements for counterparty risk and market risk.*

TABLE 4: MAIN SOURCES OF DIFFERENCES BETWEEN CARRYING AND REGULATORY AMOUNTS OF EXPOSURE (EU LI2)

12/31/2021 *(in € millions)*	Total	Items subject to: credit risk framework	counterparty risk framework	securitization provision	market risk framework
1 – CARRYING AMOUNT OF ASSETS WITHIN THE REGULATORY SCOPE OF CONSOLIDATION	**370,983**	**331,196**	**16,319**	**6,861**	**16,606**
2 – Carrying amount of liabilities and equity in the regulatory consolidation (as per Table LI1)	28,698	261	16,595	-	11,842
3 – Net total in the regulatory consolidation	**342,285**	**330,935**	**-276**	**6,861**	**4,765**
4 – Off-balance-sheet commitments	**69,594**	**69,435**	**-**	**160**	**-**
– OBO valuation diff	**-39,534**	**-39,534**	**-**	**-**	**-**
5 – Valuation diff.	-	-	-	-	-
6 – Diff. due to differing rules for offsetting other than those already in line 2	*4,299*	-	*3,455*	-	*844*
7 – Diff. from the inclusion of provisions	*3,720*	*3,719*	-	*1*	-
8 – Diff. due to prudential filters	-	-	-	-	-
9 – Other	-	-	-	-	-
10 – Differences arising from risk-transferred securitizations	-	-	-	-	-
11 – Other	*-1,021*	*-1,020*	-	*-1*	-
12 – REGULATORY AMOUNT OF EXPOSURES	**379,343**	**363,535**	**3,179**	**7,020**	**5,609**

Differences between the net carrying amounts of the regulatory consolidated balance sheet and the regulatory value of exposures relate to off-balance sheet commitments less valuation differences on the carrying amount of off-balance sheet items.

TABLE 5: DESCRIPTION OF THE DIFFERENCES BETWEEN THE SCOPES OF CONSOLIDATION (EU LI3)

The consolidation methods as between the prudential and accounting consolidations are identical. The Eu LI3 table is therefore not presented.

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TABLE 6: VALUE ADJUSTMENTS FOR CONSERVATIVE VALUATION PURPOSES (EU PV1)

Data at 12/31/2021 *(in € millions)*	Risk category					Category AVA – Valuation uncertainty				
Category AVA	Equities	Interest rate	Currency trans-actions	Credit	Commo-dities	AVA relating to prepaid credit spreads	AVA relating to invest-ment and financing costs	Total Category AVA after diversi-fication	Of which: Total principal approach in the trading book	Of which: Total main approach in the banking book
Market price uncertainties	-	4	-	57	-	-	-	30	-	30
Liquidation costs	-	73	1	-	-	19	-	56	-	56
Concentrated positions	-	-	-	1	-	-	-	1	-	1
Early termination	-	-	-	-	-	-	-	-	-	-
Model-based risk	-	-	-	-	-	-	-	-	-	-
Operational risk	-	-	-	-	-	-	-	-	-	-
Future administrative expenses	-	-	-	-	-	-	-	-	-	-
TOTAL ADDITIONAL VALUE ADJUSTMENTS (AVA)	**-**	**77**	**1**	**58**	**-**	**19**	**-**	**88**	**-**	**88**

5.5 REGULATORY CAPITAL

5.5.1 Composition of regulatory capital

Since January 1, 2014, regulatory capital has been determined in accordance with section 1 of 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 (referred to as the "CRR"), supplemented by technical standards (Delegated Regulations and EU implementing regulations of the European Commission).

Capital is the sum of:

- Tier 1 capital: consisting of Common Equity Tier 1 (CET1) capital net of deductions and Additional Tier 1 (AT1) capital net of deductions;
- Tier 2 capital net of deductions.

The European regulations allow credit institutions a transitional period to achieve compliance with these requirements. Therefore, transitional provisions still applied to certain components of capital.

Tier 1 capital

Common Equity Tier 1 (CET 1) capital consists of share capital instruments and the associated issue premiums, reserves (including those relating to accumulated other comprehensive income) and retained earnings. Total flexibility of the payments is required and the instruments must be perpetual. Additional Tier 1 (AT1) capital consists of perpetual debt instruments with no incentive or obligation to redeem (in particular step-ups in interest rates). AT1 instruments are subject to a loss absorption mechanism which is triggered when the CET1 ratio is below a minimum threshold of 5.125%. The instruments can be converted into equity or reduced in nominal value. Total payment flexibility is required, and coupon payments may be canceled at the issuer's discretion.

Common Equity Tier 1 capital is determined using the shareholders' equity carried on the group's accounting statements[1], calculated on the regulatory consolidation after applying "prudential filters" and a certain number of regulatory adjustments.

Beginning January 1, 2018, due to the end of the transitional clauses applied to unrealized gains arising from the equity-accounting of investments in associates (excluding securities used as cash flow hedges), those investments are no longer filtered and are now fully incorporated into common equity capital.

Conversely, unrealized gains and losses recognized for accounting purposes directly in equity due to a cash flow hedge and those relating to other financial instruments, including debt instruments, continue to be eliminated.

The other adjustments to CET1 mainly involve:

- anticipation of dividend distributions;
- deducting goodwill and other intangible assets;
- the negative difference between provisions and expected losses as well as expected losses on equities;
- value adjustments due to requirements for conservative valuation;
- deferred tax assets that rely on future profitability and do not arise from temporary differences net of related tax liabilities;
- gains or losses recorded by the institution on liabilities measured at fair value and that result from changes in the institution's credit standing;
- gains and losses at fair value on derivatives recognized as liabilities on the institution's statement of financial position and that result from changes in the institution's credit standing.

In addition, direct, indirect and synthetic holdings in CET1 instruments of financial sector entities are included in full in the threshold and are not therefore deducted from CET1.

Tier 2 capital

Tier 2 capital consists of subordinated debt instruments with a minimum maturity of five years. Incentives for early redemption are prohibited.

The amount of "eligible capital" is more limited. This concept is used to calculate large exposure thresholds and non-financial investments weighted at 1,250%. This is the sum of:

- Tier 1 capital; and
- Tier 2 capital, capped at 1/3 of Tier 1 capital.

(1) See table: "Reconciliation of the financial balance sheet, the regulatory balance sheet and shareholders' equity".

TABLE 7: DETAILED INFORMATION ABOUT CAPITAL (EU CC1)

(in € millions)	12/31/2021	12/31/2020	Source based on reference numbers/ letters of the balance sheet according to the regulatory scope of consolidation (EU CC2)
COMMON EQUITY TIER 1 (CET1) CAPITAL: INSTRUMENTS AND RESERVES	**-**	**-**	
1 – Capital instruments and related issue premium accounts	1,784	1,784	3
of which: shares	*612*	*612*	
of which: issue premiums	*1,172*	*1,172*	
2 – Retained earnings	13,199	13,078	4
3 – Accumulated other comprehensive income (and other reserves)	-148	-300	
3a – Funds for general banking risks	-	-	
4 – Amount of qualifying items referred to in Art. 484(3) and related share premium accounts subject to gradual exclusion from CET1	-	-	
5 – Non-controlling interests eligible for CET 1	29	26	5
5a – Intermediate profits, net of any foreseeable expense and distribution of dividends, subject to independent control	1,059	-	5
6 – Common Equity Tier 1 (CET1) capital before regulatory adjustments	15,923	14,588	
COMMON EQUITY TIER 1 (CET1) CAPITAL: REGULATORY ADJUSTMENTS	**-**	**-**	
7 – Additional value adjustments (negative amount)	-50	-66	
8 – Intangible assets (net of related tax liabilities) (negative amount)	-291	-300	1
9 – Empty value set in the EU	-	-	
10 – Deferred tax assets that rely on future profits, excluding those arising from temporary differences (net of related tax liabilities when the conditions in Art. 38(3) are met) (negative amount)	-	-	
11 – Fair value reserves related to gains and losses on cash flow hedges	-	-	
12 – Negative amounts resulting from the calculation of expected losses	-60	-68	
13 – Any increase in equity resulting from securitized assets (negative amount)	-	-	
14 – Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-1	-1	
15 – Defined benefit pension fund assets (negative amount)	-	-	
16 – Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	-	-	
17 – Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to artificially inflate the own funds of the institution (negative amount)	-	-	
18 – Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	-	-	
19 – Direct, indirect and synthetic holdings by the institution of CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	-	-	
20 – Empty value set in the EU	-	-	
20a – Exposure amount of the following items which qualify for a risk weight of 1,250%, where the institution opts for the deduction alternative	-	-12	
20b – of which: qualifying holdings outside the financial sector (negative amount)	-	-	
20c – of which: securitization positions (negative amount)	-	*-12*	
20d – of which: free deliveries (negative amount)	-	-	
21 – Deferred tax assets arising from temporary differences (amount above the 10% threshold, net of related tax liabilities when the conditions in Art. 38(3) are met) (negative amount)	-	-	
22 – Amount exceeding the 17.65% threshold (negative amount)	-	-	

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(in € millions)	12/31/2021	12/31/2020	Source based on reference numbers/ letters of the balance sheet according to the regulatory scope of consolidation (EU CC2)
23 – of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	-	
24 – Empty value set in the EU	-	-	
25 – of which: deferred tax assets arising from temporary differences	-	-	
25a – Losses for the current fiscal year (negative amount)	-	-	
25b – Foreseeable tax charges relating to CET1 items (negative amount)	-	-	
26 – Empty value set in the EU	-	-	
27 – Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	-	-	
27a – Other regulatory adjustments	-2	-	
28 – Total regulatory adjustments Common Equity Tier (CET 1) capital	-403	-447	
29 – Common Equity Tier 1 (CET 1) capital	15,520	14,141	
ADDITIONAL TIER 1 (AT1) CAPITAL: INSTRUMENTS	**-**	**-**	
30 – Capital instruments and related issue premium accounts	-	-	2
31 – of which: classified as equity under applicable accounting basis	-	-	
32 – of which: classified as liabilities under applicable accounting basis	-	-	
33 – Amount of qualifying items referred to in Art. 484(4) and related issue premium accounts subject to gradual exclusion from AT1	-	-	2
33a – Amount of qualifying items referred to in Art. 494a (1) of the CRR, gradually excluded from AT1	-		
33b – Amount of qualifying items referred to in Art. 494b (1) of the CRR, gradually excluded from AT1	-		
34 – Qualifying Tier 1 capital included in consolidated AT1 capital (including non-controlling interests not included in line 5) issued by subsidiaries and held by third parties	-	-	
35 – of which: instruments issued by subsidiaries subject to gradual exclusion	-	-	
36 – Additional Tier 1 (AT1) capital before regulatory adjustments	-	-	
ADDITIONAL TIER 1 (AT1) CAPITAL: REGULATORY ADJUSTMENTS	**-**	**-**	
37 – Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	-	-	
38 – Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to artificially inflate the institution's own funds (negative amount)	-	-	
39 – Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	-	-	
40 – Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	-	-	
41 – Empty value set in the EU	-	-	
42 – Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)	-	-	
43 – Total regulatory adjustments to Additional Tier 1 (AT1) capital	-	-	
44 – Additional Tier 1 (AT1) capital	-	-	
45 – Tier 1 capital (T1 = CET1 + AT1)	15,520	14,141	
ADDITIONAL TIER 2 (T2) CAPITAL: INSTRUMENTS AND PROVISIONS	**-**	**-**	
46 – Capital instruments and related issue premium accounts	2,285	2,229	2
47 – Amount of qualifying items referred to in Art. 484(5) and related issue premium accounts subject to gradual exclusion from T2	-	-	2

(in € millions)	12/31/2021	12/31/2020	Source based on reference numbers/ letters of the balance sheet according to the regulatory scope of consolidation (EU CC2)
47a – Amount of qualifying items referred to in Art. 494a (2) of the CRR, gradually excluded from AT1	-		
47b – Amount of qualifying items referred to in Art. 494b (2) of the CRR, gradually excluded from AT1	-		
48 – Qualifying capital instruments included in consolidated T2 capital (including non-controlling interests and AT1 instruments not included in line 5) issued by subsidiaries and held by third parties	28	6	
49 – of which: instruments issued by subsidiaries subject to gradual exclusion	-	-	
50 – Credit risk adjustments	437	404	
51 – Tier 2 capital before regulatory adjustments	2,750	2,640	
ADDITIONAL TIER 2 (T2) CAPITAL: INSTRUMENTS AND PROVISIONS	**-**	**-**	
52 – Direct and indirect holdings by an institution of T2 own instruments and subordinated loans (negative amount)	-	-	
53 – Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to artificially inflate the own funds of the institution (negative amount)	-	-	
54 – Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (amount above the threshold of 10% net of eligible short positions) (negative amount)	-	-	
54a – Empty value set in the EU	-	-	
55 – Direct holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	-	
56 – Regulatory adjustments applied to Tier 2 capital in respect of amounts subject to pre-CRR treatment and transitional treatments subject to gradual exclusion as prescribed in Regulation (EU) No. 575/2013 (*i.e.* CRR residual amounts)	-	-	
56a – Acceptable deductions of qualifying liabilities that exceed the institution's qualifying liability items (negative amount)	-	-	
56b – Other regulatory adjustments to T2 capital	-	-	
57 – Total regulatory adjustments to Tier 2 (T2) capital	-	-	
58 – Tier 2 (T2) capital	2,750	2,640	
59 – Total capital (TC = T1 + T2)	18,270	16,781	
60 – Total risk-weighted assets	120,519	113,410	
CAPITAL RATIOS AND BUFFERS	**-**	**-**	
61 – Common Equity Tier 1 capital (as a percentage of total risk exposure amount)	12.88%	12.47%	
62 – Tier 1 capital (as a percentage of total risk exposure amount)	12.88%	12.47%	
63 – Total capital (as a percentage of total risk exposure amount)	15.16%	14.80%	
64 – Institution-specific buffer requirement (CET1 requirement in accordance with Art. 92(1)(a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution, expressed as a percentage of risk exposure amount)	2.53%	2.53%	
65 – of which: capital conservation buffer requirement	*2.50%*	*2.50%*	
66 – of which: countercyclical buffer requirement	*0.03%*	*0.03%*	
67 – of which: systemic risk buffer requirement	*0.00%*	*0.00%*	
67a – of which global systemically important institution (G-SII) or other systemically important institution (O-SII) buffer	0.00%	0.00%	
67b – of which: additional capital requirements to address risks other than the risk of excessive leverage	0.00%	0.00%	
68 – Common Equity Tier 1 capital available to meet buffer requirements (as a percentage of risk exposure amount)	8.38%	7.97%	

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(in € millions)	12/31/2021	12/31/2020	Source based on reference numbers/ letters of the balance sheet according to the regulatory scope of consolidation (EU CC2)
LOWER LIMITS TO THRESHOLDS FOR DEDUCTION (BEFORE WEIGHTING)	**-**	**-**	
72 – Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below the 10% threshold and net of eligible short positions)	334	-	
73 – Direct and indirect holdings of the capital of financial sector entities where the institution has a significant investment in those entities (amount below the 10% threshold and net of eligible short positions)	232	-	
75 – Deferred tax assets arising from temporary differences (amount below the 10% threshold, net of related tax liabilities when the conditions in Art. 38(3) are met)	70	-	
UPPER LIMITS APPLICABLE FOR INCLUSION OF PROVISIONS IN TIER 2 CAPITAL	**-**	**355**	
76 – Credit risk adjustments included in T2 in respect of exposures subject to standardized approach (prior to the application of the cap)	-	184	
77 – Cap on inclusion of credit risk adjustments in T2 under standardized approach	-	-	
78 – Credit risk adjustments included in T2 in respect of exposures subject to the internal ratings approach (prior to the application of the cap)	-170	104	
79 – Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	437	-	
EQUITY INSTRUMENTS SUBJECT TO PROGRESSIVE EXCLUSION (APPLICABLE BETWEEN JANUARY 1, 2014 AND JANUARY 1, 2022 ONLY)	**-**	**-**	
80 – Current cap applicable to CET1 instruments subject to gradual exclusion	-	-	
81 – Amount excluded from CET1 due to cap (cap excess after redemptions and maturities)	-	-143	
82 – Current cap applicable to AT1 instruments subject to gradual exclusion	-	404	
83 – Amount excluded from AT1 due to cap (cap excess after redemptions and maturities)	-	-	
84 – Current cap applicable to T2 instruments subject to gradual exclusion	-	-	
85 – Amount excluded from T2 due to cap (cap excess after redemptions and maturities)	-	-	

The principal characteristics of capital instruments in the format of Appendix VIII to EU Implementing Regulation No. 2021/637 of March 15, 2021 are presented in Appendix 2 (EU CCA).

TABLE 8: RECONCILIATION BETWEEN THE CONSOLIDATED ACCOUNTING BALANCE SHEET AND THE PRUDENTIAL BALANCE SHEET (EU CC2)

(in € millions)	Carrying amounts as per the published financial statements	Carrying amounts under the regulatory scope of consolidation	Reference to regulatory capital table (EU CC1)
ASSETS			
Cash, central banks – Assets	56,241	56,241	
Financial assets at fair value through profit or loss	20,817	20,817	
Hedging derivatives – Assets	504	504	
Financial assets at fair value through shareholders' equity	13,969	13,969	
Securities at amortized cost	3,444	3,444	
Loans and receivables due from credit institutions and similar at amortized cost	35,143	35,143	
Loans and receivables due from customers at amortized cost	220,550	220,550	
Revaluation adjustment on interest rate-hedged portfolios	434	434	
Short-term investments in Insurance and reinsurers' share of technical provisions	-	-	
Current tax assets	612	612	
Deferred tax assets	497	497	
Accruals and other assets	5,730	5,730	
Non-current assets held for sale	-	-	
Deferred profit-sharing	-	-	
Investment in associates	1,569	1,569	
Investment property	30	30	
Property, plant and equipment and finance leases	1,631	1,631	
Intangible assets	184	184	1
Goodwill	33	33	1
TOTAL ASSETS	**361,389**	**361,389**	

(in € millions)	Carrying amounts as per the published financial statements	Carrying amounts under the regulatory consolidation	Reference with the regulatory capital table (EU CC1)
LIABILITIES			
Central banks – Liabilities	4	4	
Financial liabilities at fair value through profit or loss	12,008	12,008	
Hedging derivatives – Liabilities	1,242	1,242	
Liabilities to cred. inst.	78,187	78,187	
Due to customers	217,829	217,829	
Debt securities	24,549	24,549	2
Revaluation adjustment on rate-hedged books	7	7	
Current tax liabilities	264	264	
Deferred tax liabilities	261	261	
Accruals and other liabilities	6,594	6,594	
Liabilities on assets held for sale	-	-	
Technical provisions and other insurance liabilities	0	0	
Provisions for risks and expenses	1,169	1,169	
Subordinated debt issued by bank	2,293	2,293	2
Total shareholders’ equity	**16,982**	**16,982**	
Shareholders’ equity attributable to the group	16,939	16,939	
Share capital and related pay-ins	*1,784*	*1,784*	*3*
Consolidated reserves – Group	*12,943*	*12,943*	*4*
Unrealized gains and (losses) recognized directly in equity – Group	*107*	*107*	
Net profit/(loss) – Group	*2,105*	*2,105*	*4*
Shareholders’ equity – Non-controlling interests	43	43	5
TOTAL LIABILITIES	**361,389**	**361,389**	

5.5.2 Capital requirements

TABLE 9: OVERVIEW OF RWAS – MINIMUM CAPITAL REQUIREMENTS (EU OV1)

(in € millions)	RWAs (Risk-weighted assets)		Minimum capital requirements
	12/31/2021	06/30/2021	12/31/2021
Credit risk (excl. counterparty risk – CCR)	**103,660**	**100,009**	**8,293**
of which standard approach	18,125	18,205	1,450
of which IRB simple approach (F-IRB)	2,973	2,801	238
of which referencing approach	6,976	6,924	558
of which equities under the simple weighting method	11,124	12,008	890
of which advanced IRB approach (A-IRB)	64,461	60,071	5,157
Counterparty credit risk (CCR)	**2,488**	**2,351**	**199**
of which standard approach	1,849	1,972	148
of which internal model method (IMM)	-	-	-
of which exposure on a CCP	18	8	1
of which credit valuation adjustment – CVA	235	331	19
of which other RCCs	385	40	31
Settlement risk	**0**	**0**	**0**
Securitization exposure in the banking book	**1,447**	**1,358**	**116**
of which SEC-IRBA approach	-	-	-
of which SEC-ERBA approach	1,309	1,259	105
of which standard approach	138	99	11
of which 1,250%/ deduction	-	-	-
Market risk	**2,684**	**2,899**	**215**
of which standard approach	2,684	2,899	215
of which internal model-based approaches (IMM)	-	-	-
Major Risks	**-**	**-**	**-**
Operational risk	**9,651**	**9,382**	**772**
of which base indicator approach	300	300	24
of which standard approach	81	81	6
of which advanced measurement approach	9,271	9,002	742
Amounts less than deduction thresholds (subject to 250% risk weighting)	**589**	**577**	**-**
TOTAL	**120,519**	**116,577**	**9,594**

5.6 PRUDENTIAL METRICS

5.6.1 Solvency ratio

CIC's solvency ratios as of December 31, 2021, after consolidation of net profit/(loss) after estimated dividend distribution, are presented in the following table.

TABLE 10: SOLVENCY RATIOS

(in € millions)	2021	2020
COMMON EQUITY TIER 1 (CET1) CAPITAL	**15,520**	**14,141**
Capital	1,784	1,784
Eligible reserves before adjustments	14,258	13,078
Deductions from Common Equity Tier 1 capital	-522	-721
ADDITIONAL TIER 1 (AT1) CAPITAL	**0**	**0**
TIER 2 (T2) CAPITAL	**2,750**	**2,640**
TOTAL REGULATORY CAPITAL	**18,270**	**16,781**
Risk-weighted assets for credit risk	108,184	100,742
Risk-weighted assets for market risk	2,684	2,973
Risk-weighted assets for operational risk	9,651	9,695
TOTAL RISK-WEIGHTED ASSETS	**120,519**	**113,410**
SOLVENCY RATIOS – Transitional method		
Common Equity T1 (CET1) ratio	12.9%	12.5%
Tier 1 ratio	12.9%	12.5%
Overall ratio	15.2%	14.8%

Under the CRR[1], the total capital requirement is set at 8% of risk-weighted assets (or RWAs).

In addition to the minimum CET1 requirement, CIC has since January 1, 2016 gradually become subject to extra capital requirements which take the form of:

- a capital conservation buffer, mandatory for all institutions equal to 2.5% of risk-weighted assets at January 1, 2020;
- a countercyclical capital buffer specific to each institution.

The counter-cyclical buffer, established in case of excessive credit growth (notably a deviation from the loans-to-NBI ratio), applies nationally when so decided by a designated authority and, because of reciprocity agreements, covers the exposures located in that country regardless of the nationality of the bank. In France, the counter-cyclical capital buffer rate is set by the French Financial Stability Board (*Haut Conseil de stabilité financière* – HCSF).

On July 1, 2019, the HSCF set the countercyclical capital buffer rate at 0.25% for exposures in France.

On April 3, 2019, the HCSF published its decision to raise the countercyclical capital buffer rate to 0.5%, applicable from April 2, 2020. This decision was confirmed by the HSCF on January 13, 2020.

However, in its press release of March 18, 2020, the HCSF decided to fully ease the banks' countercyclical capital buffer rate and to set it at 0% until further notice. The aim of this move is to support small and medium-size businesses, who depend on bank financing.

In its latest press release of January 6, 2022, the HCSF decided to maintain its countercyclical capital buffer rate at 0%.

From January 1, 2019, the mandatory recognition of countercyclical capital buffer rates set in other countries is capped at 2.5%. Any ratios above that must be explicitly recognized by the French Financial Stability Board.

In the light of the COVID-19 crisis, the following decisions were taken and are set to last:

- BaFin, for exposures in Germany, in its press release of March 18, 2020 fully eased the countercyclical capital buffer which was due to come into effect on July 1, 2020, this decision was maintained throughout 2021. From February 1, 2023, exposures in Germany should be subject to a countercyclical capital buffer of 0.75%;
- NBB, for exposures in Belgium, in its decision of March 10, 2020 fully eased the countercyclical capital buffer which was due to come into effect on July 1, 2020, this decision was maintained throughout 2021;
- FPC, for exposures in the United Kingdom, fully relaxed the countercyclical capital buffer as of March 24, 2020, this decision being maintained throughout 2021.

The group's specific countercyclical capital buffer ratio is calculated as the weighted average of countercyclical buffer ratios applied in the countries where CIC's relevant credit exposures are located.

CIC is not subject to the OSII (Other Systemically Important Institutions) buffer, which applies solely at the nationally consolidated level.

(1) CRR: part 3/title 1/chapter 1/section 1/Article 92.

TABLE 11: AMOUNT OF COUNTERCYCLICAL CAPITAL BUFFER SPECIFIC TO THE INSTITUTION (EU CCY-B2)

(in € millions)	12/31/2021	12/31/2020
010 Total risk-weighted assets	120,519	113,410
020 Countercyclical buffer ratio specific to the institution	0.0244%	0.0146%
030 Required countercyclical buffer specific to the institution	29	17

TABLE 12: GEOGRAPHICAL BREAKDOWN OF RELEVANT CREDIT EXPOSURES FOR THE CALCULATION OF COUNTERCYCLICAL CAPITAL BUFFER (EU CCY-B1)

	General credit exposures		Trading book exposures		Securitization exposures		Capital requirements						
12/31/2021 *(in € millions)*	Amount exposed to risk using standard approach	Amount exposed to risk using IRB approach	Sum of long and short positions in the trading book	Value of trading book exposures using internal models	Amount exposed to risk using standard approach	Amount exposed to risk using IRB approach	Of which: general credit exposures	Of which: trading book exposures	Of which: securitization exposures	Total	Risk-weighted exposure amounts	Weighting of capital requirements	Counter-cyclical buffer ratio
Luxembourg	3,928	1,301	12	-	-	11	288	-	-	289	3,605	3.48%	0.5%
Hong Kong	32	1,058	44	-	-	-	48	1	-	49	600	0.59%	1.0%
Norway	21	197	-	-	-	-	6	-	-	6	80	0.08%	1.0%
Czech Republic	42	5	-	-	-	-	3	-	-	3	37	0.04%	0.5%
Slovakia	20	1	-	-	-	-	1	-	-	1	19	0.02%	1.0%
Bulgaria	1	-	-	-	-	-	-	-	-	-	1	0.00%	0.5%

	General credit exposures		Trading book exposures		Securitization exposures		Capital requirements					
12/31/2020 *(in € millions)*	Amount exposed to risk using standard approach	Amount exposed to risk using IRB approach	Sum of long and short positions in the trading book	Value of trading book exposures using internal models	Amount exposed to risk using standard approach	Amount exposed to risk using IRB approach	Of which: general credit exposures	Of which: trading book exposures	Of which: securitization exposures	Total	Weighting of capital requirements	Counter-cyclical buffer ratio
Luxembourg	2,894	1,379	16	-	-	10	263	-	1	264	3.38%	0.25%
Hong Kong	22	966	79	-	-	-	38	1	-	40	0.51%	1.00%
Norway	16	95	24	-	-	-	7	-	-	8	0.10%	1.00%
Czech Republic	19	5	-	-	-	-	1	-	-	1	0.02%	0.50%
Slovakia	6	2	-	-	-	-	-	-	-	-	0.01%	1.00%
Bulgaria	1	-	-	-	-	-	-	-	-	-	0.00%	0.50%

5.6.2 Major risks

Banks must measure and limit their exposures to a single recipient, customer or group of customers.

Article 395 of Regulation (EU) No. 575/2013 of June 26, 2013 states that net outstandings to a single recipient may not be greater than 25% of the bank's capital.

Article 392 of Regulation (EU) No. 575/2013 of June 26, 2013 states that gross outstandings to a single recipient greater than 10% of the bank's capital must be reported as a major risk.

CIC does not have a large gross or net outstanding with a single recipient[1] (customer or customer group) reaching the threshold of 10% or 5% of the bank's capital.

TABLE 13: MAJOR RISKS

CORPORATES

Customer risk concentration	12/31/2021	12/31/2020
Commitments in excess of €300 million		
Number of counterparty groups	39	39
Total commitments *(in € millions)*	**24,066**	**24,093**
of which balance sheet total (in € millions)	*7,388*	*7,669*
of which total off-balance sheet guarantee and financing uses (in € millions)	*16,678*	*16,424*
Commitments in excess of €100 million		
Number of counterparty groups	154	143
Total commitments *(in € millions)*	**42,421**	**41,015**
of which total balance sheet (in € millions)	*15,903*	*15,708*
of which total off-balance sheet guarantee and financing uses (in € millions)	*26,518*	*25,307*

Commitments: balance-sheet + off-balance-sheet uses.

BANKS

Customer risk concentration	12/31/2021	12/31/2020
Commitments in excess of €300 million		
Number of counterparty groups	5	4
Total commitments *(in € millions)*	**47,830**	**2,643**
of which balance sheet total (in € millions)	*45,731*	*2,238*
of which total off-balance sheet guarantee and financing uses (in € millions)	*2,100*	*404*
Commitments in excess of €100 million		
Number of counterparty groups	11	12
Total commitments *(in € millions)*	**48,786**	**4,020**
of which balance sheet total (in € millions)	*46,427*	*3,340*
of which total off-balance sheet guarantee and financing uses (in € millions)	*2,359*	*680*

Commitments: balance-sheet + off-balance-sheet uses.

(1) Public administrations, central banks and intra-group exposures are not considered to be single "customer" recipients.

5.6.3 Leverage ratio (EU LRA)

The procedures for managing excessive leverage risk have been validated by Caisse Fédérale de Crédit Mutuel's Board of Directors and concern the following points:

- the leverage ratio is one of the key indicators of solvency, and monitoring it is the responsibility of the Risk Committees of CIC;
- an internal limit has been defined at CIC level;
- if the limit set by the supervisory body is breached, a specific procedure has been laid out, involving the Executive Management of the group in question and the Boards of Directors of CIC.

TABLE 14: LEVERAGE RATIO – JOINT STATEMENT (EU LR2-LRCOM)

	Leverage ratio exposures under the CRR	
(in € millions)	12/31/2021	06/30/2021
ON-BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES AND SFTS)		
1 – Balance sheet items (excluding derivatives, SFTs and fiduciary assets, including collateral)	349,835	343,684
2 – Addition of the amount of collateral provided for derivatives, when collateral is deducted from balance sheet assets in accordance with the applicable accounting framework	0	0
3 – (Deduction of receivables recognized as assets for cash margin call adjustments provided under derivative transactions)	-1,966	-2,097
4 – (Adjustment for securities received as part of securities financing transactions that are recognized as assets)	0	0
5 – (Adjustment for general credit risk of balance sheet items)	0	0
6 – (Amounts of assets deducted when determining Tier 1 capital)	-60	-67
7 – Total balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)	**347,809**	**341,520**
DERIVATIVES EXPOSURES		
8 – Replacement cost of all derivative transactions (net of cash margin call adjustments)	1,348	1,257
EU-8a – Derogation for derivatives: contribution of replacement costs under the simplified standardized approach	0	0
9 – Mark-up amounts for potential future exposure associated with SA-CCR derivative transactions	2,331	2,391
EU-9a – Derogation for derivatives: contribution of potential future exposure under the simplified standardized approach	0	0
EU-9b – Exposure determined by applying the initial exposure method	166	445
10 – (CCP leg exempted from client-cleared trade exposures – SA CCR)	0	0
EU-10a – (CCP leg exempted from client-cleared trade exposures – simplified standardized approach)	0	0
EU-10b – (CCP leg exempted from client-cleared trade exposures – initial exposure method)	0	0
11 – Effective notional amount adjusted for credit derivatives sold	5,428	5,238
12 – (Adjusted effective notional differences and deductions from mark-ups for credit derivatives sold)	-3,212	-3,258
13 – Total derivative exposures	**6,061**	**6,073**
SFT EXPOSURES		
14 – Gross SFT assets (excluding netting) after adjustment for transactions recognized as sales	9	16,879
15 – (Net value of cash payables and receivables of gross SFT assets)	8,522	-5,664
16 – Counterparty risk exposure for SFTs	0	1
EU-16a – Derogation for SFTs: exposure to counterparty risk in accordance with Article 429e (5) and Article 222 of the CRR	0	0
17 – Exposures when the institution acts as agent	0	0
EU-17a – (CCP leg exempted from client-cleared SFTs)	0	0
18 – Total exposures from securities financing transactions	**8,531**	**11,216**
OTHER OFF-BALANCE-SHEET EXPOSURES		
19 – Off-balance sheet exposures in gross notional amount	67,369	64,209
20 – (Adjustments for conversion to credit equivalent amounts)	-39,505	-37,921
21 – (General provisions deducted when determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	0	0
22 – Total other off-balance sheet exposures	**27,864**	**26,289**

(in € millions)	Leverage ratio exposures under the CRR 12/31/2021	06/30/2021
EXPOSURES EXEMPTED UNDER ARTICLE 429 (7) AND (14) OF REGULATION (EU) NO. 575/2013 (ON-BALANCE SHEET AND OFF-BALANCE SHEET EXPOSURES)		
EU-22a – (Exposures excluded from the total exposure measure pursuant to Article 429a (1) (c) of the CRR)	-17,075	-12,483
EU-22b – (Exposures exempted under Article 429a (1) (j) of the CRR – on and off-balance sheet)	-57,541	-9,968
EU-22k – Total exempted exposures	-74,616	-22,451
CAPITAL AND TOTAL EXPOSURE MEASUREMENT		
23 – Tier 1 capital	**15,520**	**14,344**
24 – Total exposure measurement	**315,649**	**308,643**
LEVERAGE RATIO		
25 – Leverage ratio *(%)*	4.9%	4.6%
25a – Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) *(%)*	4.3%	0.0%
26 – Minimum leverage ratio regulatory requirement *(%)*	3.5%	0.0%
EU-26a – Additional capital requirements to address the risk of excessive leverage *(%)*	0.0%	0.0%
EU-26b – of which: to be constituted with CET1 capital	0.0%	0.0%
27 – Leverage ratio buffer requirement *(%)*	0.0%	0.0%
EU-27a – Overall leverage ratio requirement *(%)*	3.5%	3.3%
CHOICE OF TRANSITIONAL ARRANGEMENTS AND RELEVANT EXPOSURES		
EU-27 – Transitional arrangements chosen to define the measurement of capital	N/A	N/A
PUBLICATION OF AVERAGE VALUES		
28 – Average daily values of gross SFT assets, after adjustment for transactions recognized as sales and net of related cash payables and receivables	15,913	17,445
29 – Quarterly value of gross SFT assets, adjusted for transactions recognized as sales and net of related cash payables and receivables	8,530	11,215
30 – Total exposure measure (including the impact of any applicable temporary exemption from central bank reserves) incorporating the average values of gross SFT assets on line 28 (after adjustment for transactions recognized as sales and net of amounts in cash payables and receivables)	323,031	314,874
30a – Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating the average values of gross SFT assets on line 28 (after adjustment for transactions recognized as sales and net of amounts in cash payables and receivables)	370,572	368,877
31 – Leverage ratio (including the impact of any applicable temporary exemption from central bank reserves) incorporating the average values of gross SFT assets on line 28 (after adjustment for transactions recognized as sales and net of amounts in cash payables and receivables)	4.8%	4.6%
31a – Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating the average values of gross SFT assets on line 28 (after adjustment for transactions recognized as sales and net of amounts in cash payables and receivables)	4.8%	3.9%

TABLE 15: SUMMARY OF RECONCILIATION BETWEEN ACCOUNTING ASSETS AND EXPOSURES FOR LEVERAGE RATIO PURPOSES (EU LR1-LRSUM)

(in € millions)	12/31/2021	06/30/2021
1 – TOTAL ASSETS UNDER THE REPORTED FINANCIAL STATEMENTS	**361,389**	**363,418**
2 – Adjustment for entities consolidated from an accounting point of view but not within the scope of prudential consolidation	-	-
3 – (Adjustment for securitized exposures that meet significant risk transfer requirements)	-	-
4 – (Adjustment for temporary exemption of exposures to central banks)	-47,541	-54,003
5 – (Adjustment for fiduciary assets recognized on the balance sheet in accordance with the applicable accounting framework but excluded from the total exposure measure under Article 429a (1) (i) of the CRR)	-	-
6 – Adjustment for normalized purchases and sales of financial assets recognized at the trade date	-	-
7 – Adjustment for qualifying centralized cash management system transactions	-	-
8 – Adjustment for derivative financial instruments	1,874	2,649
9 – Adjustment for securities financing transactions (SFT)	-348	-5,663
10 – Adjustment for off-balance sheet items (resulting from the translation of off-balance sheet exposures into credit equivalent amounts)	27,864	26,289
11 – (Adjustment for valuation adjustments for prudent valuation purposes and specific and general provisions deducted from Tier 1 capital)	-	-67
EU-11a – (Adjustment for exposures excluded from the total exposure measure pursuant to Article 429a (1) (c) of the CRR)	-17,075	-12,483
EU-11b – (Adjustment for exposures excluded from the total exposure measure pursuant to Article 429a (1) (j) of the CRR)	-10,000	-9,968
12 – Other adjustments	-515	-1,528
TOTAL LEVERAGE RATIO EXPOSURE	**315,649**	**308,643**

TABLE 16: BREAKDOWN OF EXPOSURES ON THE BALANCE SHEET – EXCLUDING DERIVATIVES, SFTS AND EXEMPT EXPOSURES (EU LR3-LRSPL)

	12/31/2021	06/30/2021
(in € millions)	Leverage ratio exposures under the CRR	Leverage ratio exposures under the CRR
EU-1 – TOTAL BALANCE SHEET EXPOSURES* OF WHICH:	**273,583**	**265,158**
EU-2 – Trading book exposures	**9,296**	**13,083**
EU-3 – Banking book exposures, of which:	**264,287**	**252,075**
EU-4 – Secured bonds	326	431
EU-5 – Exposures treated as sovereigns	28,428	25,769
EU-6 – Exposures from regional governments, multilateral development banks, international organizations and public sector entities not treated as sovereign	230	233
EU-7 – Institutions	11,232	10,050
EU-8 – Secured by real estate mortgages	111,578	108,479
EU-9 – Retail exposures	30,744	30,138
EU-10 – Corporate exposures	62,952	57,864
EU-11 – Exposures in default	2,482	2,917
EU-12 – Other exposures (equities, securitizations and other assets unrelated to credit exposures)	16,315	16,194

* *Excluding derivatives, temporary sales of securities and exempt exposures.*

5

5.7 CAPITAL ADEQUACY (EU OVC)

Pillar 2 of the Basel Accord requires banks to carry out their own assessment of their economic capital and to use stress scenarios to assess their capital requirements in the event of an economic downturn. The effect of this Pillar is to structure the dialog between the bank and the supervisor on the adequacy of the institution's capital.

5.7.1 Governance and approach

The work done by the Crédit Mutuel group to bring it into compliance with the requirements of Pillar 2 fits into the improvements made to the credit risk measuring and monitoring procedures. During 2008, CIC introduced its internal capital assessment process in accordance with the Internal Capital Adequacy Assessment Process (ICAAP). This assessment approach has since been gradually enhanced and is now formalized by a national framework process, validated by the Board of Directors of CNCM on March 2, 2016 as part of the general risk appetite framework and applies at all levels of the Crédit Mutuel group.

The ICAAP approach is fully integrated into the risk governance plan. It is assessed through the following steps:

- identification of the significant risks incurred by the bank and the associated procedures, tied directly to risk monitoring;
- assessment of the capacity of these risks to be absorbed on an ongoing basis by the regulatory capital adequacy requirements in Pillar 1;
- determination of the level of any additional economic capital to be allocated.

Every year, CIC updates its capital adequacy assessment process based on a set of measures applicable throughout the Crédit Mutuel group. It identifies the risks to which it is exposed through its activities; it maps them out and checks that the regulatory capital requirements effectively cover the potential risks to its capital position and, if such is not the case, determines the additional amount to be taken into account in respect of its economic capital requirements. Following this process, it ensures that the trajectories of the regulatory and economic ratios (in terms of central scenario and adverse scenarios) are in line with the alert thresholds set by the Board of Directors of CIC, within the scope of the quantitative risk appetite.

The process firstly rests on the identification of the risks and the associated risk appetite, and on the calculation – in accordance with national methodologies – of the minimum economic capital requirements, with the understanding that:

- economic capital requirements are the same as regulatory capital requirements (top quality at the national level since they mainly consist of CET1 and reserves). When the economic assessment of stresses affects the value of capital, economic capital is equal to the difference between regulatory capital and the impact of the stress on capital (in accordance with Principle 5§68 of the ECB Guide to the Internal Capital Adequacy Assessment Process (ICAAP);
- economic capital requirements are equal to the regulatory requirements (where applicable) combined with the economic allowances decided by the governing bodies.

The impacts measured focus on the accounting and prudential figures rather than on the economic value of Crédit Mutuel Alliance Fédérale (EBA/CP/2016/10, section 6.1, §29.d). The results are integrated in the three-year regulatory capital and risk forecasts (EBA/CP/20165/10, section 6.1, §29.e), in a central scenario and under stress conditions.

The methodologies for the identification of risks and quantification of capital requirements are defined within the framework of the Crédit Mutuel group's national governance. Their implementation and the allocation of economic capital to supplement the regulatory capital in the subsidiaries is the responsibility of their executive officers. At the end of the fiscal year, the information compiled must be sufficient to enable the governing bodies to determine the capital adequacy of CIC.

In general, and in keeping with its very low risk appetite, the methodologies developed are robust and based on a high level of conservatism, at least equivalent to that used in Pillar 1 models. The assessment of the economic capital requirements to cover identified risks is thus primarily based on the internal models developed for the calculation of regulatory capital requirements (whether approved or not). In all cases, the outstandings measured using internal models are compared with the regulatory capital requirements declared to the supervisor (which may be measured in the standard way if the models used have not been approved).

For risks covered by the Internal Capital Adequacy Assessment Process (ICAAP) and for which there is no specific capital requirement under Pillar 1, the economic capital requirement is assessed either by extending the models used in Pillar 1 beyond the regulatory perimeter (such is the case for CVA, for example), or on the basis of the difference between a stress situation and a central scenario (such is the case for interest rate risks or sovereign spread risks).

The economic vision is then integrated into the solvency ratio projection exercise (capital and risk-weighted forecasts), which is carried out in a central scenario (the same as the one used for SREP reporting) and according to two stressed approaches over a three-year horizon.

The results cover the consolidated scope of CIC, and the subsidiaries adapt them to their own scope. The defining of specific methodologies (particularly for areas with risks which are specific to an entity or a business line) is also requested where justified, in transparency with the national risk management bodies.

5.7.2 Stress scenarios

The stress methodologies are defined and validated on the national level to determine economic capital requirements (by the same bodies, irrespective of the objective of the stress test, (EBA/GL/2016/10, section 5.4, §27.b and c) and apply to the entire scope covered by the ICAAP.

The stress scenarios are developed in connection with the global mapping of risks making it possible to identify material risks for the group.

Thus, the risks identified as significant and principal in the mapping are taken into account in the stress scenarios in order to quantify their potential impact on Crédit Mutuel Alliance Fédérale under stressed conditions.

The stresses are calibrated on the basis of plausible assumptions. They are based on potential future macroeconomic scenarios (three years), in connection with interest rates or historical scenarios, in connection with the cost of risk, etc.

The rationale behind the definition of relevant stress scenarios with regards to ICAAP takes account of the fact that CIC could be subjected to an external shock, which could be systemic or isolated (idiosyncratic affecting a single entity), whether internal or external.

In general, a hypothetical future shock could come from:

- a severe economic downturn, potentially for a long period; or
- or in a more isolated way, a crisis outside the group in connection with volatile markets or the collapse of a major economic player (a business, a bank or even a country); or
- lastly, in an isolated way, but within CIC *via* the materialization of a specific risk, essentially concerning operations (at group level, operational risks particularly include legal and compliance risks).

The developed stresses are typical for a banking group largely focused on Retail Banking. With regard to solvency, this concerns the risk of default and changed ratings (or credit risk), interest rate and exchange rate risk, operational and market risks.

The stress test methodology is applied taking into account the regional risk mapping, notably by analyzing the relevance of enriching the common foundation with specific scenarios related to vulnerabilities specific to the subsidiaries.

In accordance with the regulatory requirements (EBA/GL/2018/04 Art. 84), CIC also conducts reverse stress tests within its stress test program, sharing the same internal governance as other types of stress tests.

Through these reverse stress tests, CIC measures the bank's distance from a situation placing it beyond its risk appetite, or even under administration, and determines the starting point and circumstance(s) under which the graduated risk management system put in place on the decision of the Board of Directors would require an increasingly detailed action plan in order to return to the risk appetite set by CIC, and the analysis of the adequacy of its stress tests, in particular the ICAAP and ILAAP stress tests, in view of these results.

The results of the implementation of all ICAAP stress tests on the key solvency indicators (particularly on earnings, capital, weighted risks, and *in fine*, the three-year solvency ratios) are the main basis of the capital adequacy report and form an essential tool to determine the economic capital allocations.

Finally, the results of the ICAAP are presented on a quarterly basis to the Crédit Mutuel group's key executives, demonstrating that the group has adequate capital to cover its exposure in line with its risk appetite.

5.8 CREDIT RISK

5.8.1 General qualitative information on credit risk (EU CRA)

5.8.1.1 A business model centered on retail customers

CIC's primary risk is credit risk, because of its business model.

Since its consolidation into Crédit Mutuel Alliance Fédérale, CIC has focused its development on individual customers as well. It still remains on the corporate market, however.

5.8.1.2 A credit policy aimed at prudent development

The credit risk policy identifies the markets and type of financing with which each network and specialized department of CIC may be involved.

It sets the lending criteria by type of customer or product, based mainly on the solvency of the borrowers and explicitly mentions the possible restrictions on the distribution of credit, either through the general policy (including specific or prohibited markets and products, "unbankable" persons, old lawsuits, bad ratings, etc.) or through sector policies that match the group's commitment to the environment and to financing energy transition. These policies are reviewed regularly for a further analysis of ESG (Environmental, Social and Governance) risks, primarily by incorporating into the lending process a non-financial scoring of the counterparties being studied.

This risk policy supports several objectives:

- help manage the business by keeping loan commitments within limits and in line with the group's risk appetite;
- reduce the cost of risk over the long term;
- measure capital requirements;
- provide an effective response to Basel III and to the regulations as to internal control, and ensure a return on the investment made in regulatory compliance.

The risk policy is worked out within the framework of the group's risk appetite as approved by the Board of Directors of CIC, by means of a system of limits and alert thresholds, particularly as to concentration of loans by borrower, by sector and by geography. These limits use the Crédit Mutuel group rating system described in the Risk Management portion of the management report.

5.8.1.3 Reinforced risk management system

In accordance with the regulations in effect, the risk management organization separates the following processes:

- granting of loans;
- assessing risks, overseeing loans and managing at-risk items.

These two functions are independent of each other and report to different management lines. The granting of loans comes under the lending department while the assessment of risks, oversight of loans and management of at-risk items comes under the risk, permanent control and compliance department.

5.8.1.3.1 Loan origination system

Loan origination is a sequence based on customer knowledge, risk assessment and the decision to lend.

Customer knowledge

Knowledge of the customer and the targeting of prospects depend on close ties with the economic environment. The segmentation of customers into different risk categories guides the commercial prospecting. A credit file supports the decision to lend.

Risk assessment

Risk assessment is based on the analyses conducted at several stages, using formalized processes, including:

- customer ratings;
- risk groups;
- weighting of outstandings in line with the type of product and the collateral taken.

Employees receive regularly reviewed training in risk containment.

Customer rating: a single system for the whole group

In accordance with the regulations, the rating is central to the credit risk system: origination, payment, pricing and tracking. Accordingly, all delegations of lending authority rely on rating the counterparty. Generally speaking, the lending arm approves the internal rating of all applications it deals with.

Rating algorithms and expert models have been developed to improve the group's credit risk assessment and to comply with the regulatory requirements concerning internal rating approaches.

This rating system is used throughout the Crédit Mutuel group.

The definition of rating methodologies is done under the responsibility of Confédération Nationale du Crédit Mutuel (CNCM) for all portfolios. Nevertheless, the regional entities are directly involved in carrying out and approving working parties' assignments on specific subjects and the work related to data quality and applications acceptance tests.

The group's counterparties eligible for internal approaches are rated by a single system.

Models (algorithms or matrices) are used to differentiate and correctly classify risk. The value scale reflects the manner in which the risk changes and is broken down into nine non-default positions (A+, A-, B+, B-, C+, C-, D+, D- and E+) and three default positions (E-, E= and F).

The monitoring of the mass rating models focuses on three main aspects: stability assessment, performance assessment and additional analyses. This monitoring is conducted under the aegis of CNCM for each rating model.

Risk groups (counterparties)

A "group of related customers" means the natural persons or legal entities who fit together in terms of risk because one of them holds direct or indirect control over the other(s) or because there are connections between them such that it is likely that if one of them ran into financial difficulty, particularly financing or repayment problems, the others would experience financing or repayment problems.

The risk groups are put together based on a written procedure that includes the provision of sub-paragraph 39 of paragraph 1 of Article 4 of Regulation (EU) No. 575/2013.

Weighting of income and guarantees

To evaluate the counterparty risk, a weighting may apply to the nominal commitment. This combines the type of loan and type of collateral.

The lending decision

The lending decision is principally based on:

- a formal risk analysis of the counterparty;
- a rating of the counterparty or group of counterparties;
- the level of delegations;
- the "four eyes" principle;
- the not-to-exceed rules of the existing authorizations depending on capital;
- the yield suited to the risk profile and the consumption of capital.

The decision-making channels are automated and managed in real time: as soon as the investigation phase of a loan request is complete, the electronic application is transmitted to the right decision-making level.

Levels of delegation

Customer relationship managers are responsible for the comprehensiveness, quality and reliability of the information collected. In accordance with Article No. 107 of the Order dated November 3, 2014, they prepare credit files intended to formalize all information of a qualitative and quantitative nature on each counterparty. They check the relevance of elements collected either from customers or from external tools (sector-specific reviews, annual reports, legal information, rating agencies) or internal tools made available to them. Each customer relationship manager is responsible for the decisions they take or instruct and has an *intuitu personae* delegation.

For cases for which the amount exceeds the *intuitu personae* delegations, the decision is taken by a Commitments Decision Committee, for which the rules of functioning are the subject of procedures.

The delegations are based on flexible lending caps that vary according to:

- the rating;
- the total amount of loans to one counterparty or risk group, possibly weighted by the type of loan involved or by the eligible security;
- exclusions from the delegation.

Role of the lending unit

Each regional bank has a lending team, which reports directly to Executive Management and is independent of the operational departments. Its main mission is ensuring the appropriateness of lending decisions by means of the second review of credit applications and checking that the yield on the loans are in keeping with the risk.

5.8.1.3.2 System for assessing risks, monitoring credit risks and managing at-risk items

In accordance with regulatory requirements, loans are monitored by national and regional organizational units.

Risk assessment

To measure risks, CIC has various tools enabling an aggregate, static and dynamic approach:

- exposure to one counterparty or group of counterparties;
- production and outstandings according to key elements tailored to the business lines concerned (rating, market, loan products, business segment, yield).

Each commercial entity uses informational software and so can check on a daily basis that caps allocated to each of its counterparties are being respected.

Monitoring credit risks

The risk unit, along with other interested parties, contributes to the formal quarterly monitoring of the quality of credit risks in each business line.

The risk unit's monitoring system becomes involved independently from loan origination, as a supplement to and in coordination with other actions taken, primarily by first-tier control and permanent control teams. The objective is to detect at-risk situations as far in advance as possible, based on criteria defined by customer segment, either computer assisted or through the relevant operating and lending managers.

Under the CRBF 93-05 regulation, the corporate regulatory limits of CIC are determined according to the regulatory capital and internal ratings of counterparties.

Regulatory limits are monitored according to specific conditions (including frequencies) defined in dedicated procedures.

The monitoring of overruns and account functioning anomalies is done through advanced risk detection tools (management of debtors/sensitive risks/automatic reports in negotiated collection, etc.), based both on external and internal criteria, notably the rating and the functioning of accounts. These indicators aim to identify and deal with credit files as far in advance as possible. This detection is automated, systematic and exhaustive.

Permanent control of credit risks

Network permanent control is independent of lending. It provides second-level control of credit risks. Counterparties that show warning signals are reviewed, and entities accumulating negative indicators are identified. The objective of the control is to see that appropriate risk strategies are applied and that suitable corrective measures are taken.

In this way extra security is added to the management of credit risk.

Management of at-risk items

A unified definition of default compliant with Basel and accounting requirements.

A unified definition of default has been adopted for the entire Crédit Mutuel group. It is based on the alignment of prudential standards on the accounting service (Regulation ANC No. 2014-07 dated November 26, 2014/Regulation (EU) No. 575/2013). It is expressed by the correspondence between the Basel concept of debt in default and the accounting concept of disputed and non-performing loans. The computer software factors in contagion, extending the downgrading to related outstandings.

Detection of at-risk items

The practice consists of comprehensively identifying receivables to be placed "under at-risk items" then assigning them to the category corresponding to their situation: sensitive (non-downgraded), non-performing, irrevocable non-performing or disputed. All receivables are subject to an automated monthly identification process using internal and external indicators that have been configured in the information system. Downgrading, in accordance with the prevailing regulatory criteria, is carried out automatically.

Transition to default, provisioning, reclassification as performing

Processing the transition to default, provisioning and the reclassification as performing comply with prudential rules in force, with automation on a monthly basis, which keeps the process comprehensive. In November 2019, CIC rolled out the EBA's new definition of default for all exposures approved using the internal method.

The deployment was then extended to entities using the standardized method.

Management of customers downgraded to non-performing or disputed

The counterparties concerned are managed differently according to the gravity of the situation: in the branch by the customer relationship manager or by dedicated teams specialized by market, type of counterparty or collection mode.

5.8.1.4 Relationship among the management functions for credit risk, risk monitoring, compliance assurance and internal auditing

CIC is careful to separate loan writing and loan management from operational control and auditing. This separation is ensured primarily by having these functions report to different and independent departments:

- originating and managing loans, located in the group lending department;
- monitoring and controlling the risk and compliance of transactions, located in the risk, control and compliance department;
- internal audit, located in the General Inspection division – network auditing for third-level control of transactions carried out in the networks and in the General Inspection division – business line auditing for third-level control of loans handled by specialized business lines.

The risk, permanent control and compliance department coordinates the credit monitoring system, mainly through the quarterly meetings of the Commitments Monitoring Committee and the at-risk items committees for the monitoring of doubtful risks in particular and the allocation of the group's main commitments to the proper risk classes. The department, working with the lending department, suggests the alert thresholds and internal limits on credit risk and ensures that the credit risk system is operating smoothly and that executive and deliberative bodies are kept informed of risk levels. Its permanent controls office performs second-level controls of credit transactions and verifies that the first-level control tasks have been properly performed by the operational staff and by the lending officers.

The General Inspection division ensures that the entire system is operating correctly, including the second-level system carried out by the risk, permanent control and compliance department, through general or specific inspections of loans.

The credit risk, risk monitoring, compliance assurance and internal auditing management system is described in detail in section 5.3 "Risk management".

5.8.2 Exposures

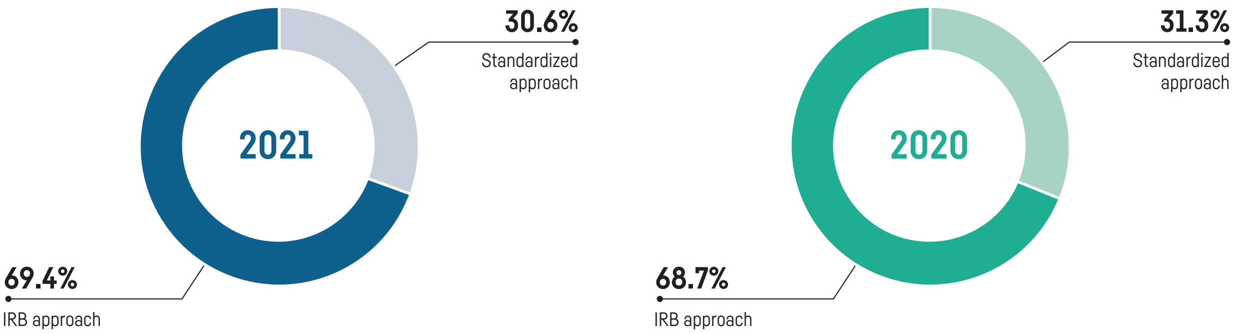
CIC has focused on the most advanced forms of the Basel II Accord, beginning with its core business, retail customers.

The ACPR has authorized the group to use its internal ratings system to calculate its regulatory capital requirements in respect of credit risk:

- using the advanced method, as from June 30, 2008, for the retail customer book;
- using the foundation method, as from December 31, 2008, for the banking book;
- using the advanced method, as from December 31, 2012, for the corporate and banking books;
- using the internal method, as from March 31, 2018, for the real estate development book.

For CIC group, the percentage of exposures approved under the advanced internal rating method was almost 69% as of December 31, 2021.

GRAPH 13: SHARE OF GROSS EXPOSURES UNDER THE ADVANCED AND STANDARDIZED METHODS



5.8.3 Credit quality of assets

5.8.3.1 Impaired and overdue exposures (EU CRB-a)

A unified definition of default has been adopted for the entire Crédit Mutuel group. Based on the principle of aligning prudential information with accounting information (CRC 2002-03), this definition matches the Basel concept of loans in default and the accounting concept of non-performing loans and loans in litigation. The computer software factors in contagion, extending the downgrading to related outstandings. The controls carried out by internal audit and by the statutory auditors ensure the reliability of the procedures for identifying defaults used to calculate capital requirements.

Since November 2019, CIC has been applying the new definition of regulatory default in accordance with EBA guidelines and the regulations' technical standards on applicable materiality thresholds.

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

- the analysis of the default now focuses on the borrower rather than on the contract;
- the number of days of unpaid or late installments is appraised for each borrower (obligor) or group of borrowers (joint obligors) in the case of a joint commitment;
- the default is triggered after 90 consecutive days of unpaid or late installments on the part of an obligor or joint obligors. The days are counted from the moment that thresholds of absolute materiality (€100 Retail, €500 Corporate) and relative materiality (over 1% for past due balance sheet commitments) are crossed simultaneously. The countdown is reset when this is no longer the case for one of the two thresholds;
- the default contagion scope extends to all receivables of the borrower, and all individual commitments of borrowers participating in a joint credit obligation;
- the minimum probation period is three months before the return of non-restructured assets to a performing loan status.

CIC has opted to roll out the new definition of default using the EBA's two-step approach:

- step 1 – This consists in presenting a self-assessment and an authorization request to the supervisor. CIC obtained a deployment agreement in October 2019;
- step 2 – This consists in implementing the new definition of default, and then adjusting the models after an observation period of 12 months for new defaults.

CIC deems that the new definition of default, as laid down by the EBA, is representative of an objective proof of impairment in accounting terms. The group has thus aligned the definitions of default in accounting terms (Status 3) and regulatory terms.

The definitions and financial information concerning payment arrears are provided in the part of the financial report titled "Payment arrears" (EU CRB-B).

5.8.3.2 Impairment for credit risk (EU CRB-c)

IFRS 9 went into mandatory effect on January 1, 2018 and replaced IAS 39 "Financial instruments: Recognition and Measurement". It laid out new rules in terms of:

- classification and measurement of financial instruments (Phase 1);
- impairment of the credit risk of financial assets (Phase 2);
- hedge accounting, apart from macro-hedging transactions (Phase 3).

It should be noted that CIC does not apply the transitional arrangements related to IFRS 9 (own funds, capital ratios and leverage ratios that already reflect the total impact of IFRS 9).

Pursuant to IFRS 9, the Crédit Mutuel group divides all debt instruments measured at amortized cost or at fair value through equity into three categories:

- Status 1: provisioned 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: provisioned on the basis of the lifetime expected credit losses (resulting from default risks over the entire remaining life of the instrument) if the credit risk has increased significantly since initial recognition; and
- Status 3: category comprising credit-impaired financial assets for which there is an objective indication of impairment related to an event that has occurred since the loan was granted.

This category is equivalent to the set of outstandings currently impaired individually under IAS 39.

Consequently and in accordance with the position of the EBA, all the group's write-downs for credit risk are the result of specific impairments.

Definition of the boundary between Status 1 and Status 2

CIC uses models developed for regulatory purposes and so segregates its outstandings in that manner:

- Low Default Portfolios (LDPs);
- High Default Portfolios (HDPs).

A significant increase in credit risk, which entails transferring a loan out of Status 1 into Status 2, is assessed by:

- taking into account all reasonable and justifiable information; and
- comparing the risk of default on the financial instrument at the reporting date with the risk of default at the initial recognition date.

For the group, this means measuring the risk at the borrower level since the Crédit Mutuel system for rating its counterparties is the same throughout the group.

All of the group's counterparties eligible for internal approaches are rated by the system. This system is based on:

- statistical algorithms or "mass ratings" based on one or more models, using a selection of representative and predictive risk variables (HDPs); or
- rating grids developed by experts (LDPs).

The change in risk since initial recognition is measured on a contract-by-contract basis.

Unlike Status 3, transferring a customer's contract into Status 2 does not entail transferring all of the customer's outstanding loans or those of related parties (absence of contagion).

It should be noted that CIC immediately puts into Status 1 any performing exposure that no longer meets the criteria for Status 2 classification (both qualitative and quantitative).

Quantitative criteria

For LDP portfolios, the boundary is based on an allocation matrix that relates the internal ratings at origination and at the reporting date. Thus, the riskier the rating of the loan, the less the relative tolerance of the group towards significant deterioration of the risk.

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

Qualitative criteria

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

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

Statuses 1 and 2 – Calculating expected losses

Expected credit losses are measured by multiplying the outstanding balance present-discounted at the contract rate by its probability of default (PD) and by the loss given default (LGD) ratio. The off-balance-sheet exposure is converted into a balance sheet equivalent based on the probability of a drawdown. The one-year probability of default is used for Status 1, while the probability of default at termination (one to ten year curve) is used for Status 2.

These parameters are based on the same values as prudential models and adapted to meet IFRS 9 requirements. They are used both for assigning loans to a status and for calculating expected losses.

Probability of default

For portfolios with a high default rate, they are based on models approved under the IRB-A method, and for portfolios with a low default rate, on an external probability of default scale established on history of more than 30 years.

Loss given default

For portfolios with a high default rate, they are based on recovery flows observed over a long period of time, discounted at the interest rates of the contracts, segmented by type of product and type of guarantee and for portfolios with a low default rate, on flat-rate levels (60% for sovereigns and 40% for the remainder).

Conversion factors

For all products, including revolving loans, they are used to convert off-balance-sheet exposure to a balance sheet equivalent and are mainly based on prudential models.

Forward-looking aspect

To calculate expected credit losses, the standard requires taking reasonable and justifiable information into account, including forward-looking information. The development of the forward-looking aspect requires anticipating changes 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 dimension included in the probability of default combines three scenarios – optimistic, neutral and pessimistic – which are weighted to reflect the group's five-year forecast of the business cycle, approved by the Chief Executive Officers of the regional groups and of the Crédit Mutuel group. The group mainly relies on macroeconomic data (GDP, unemployment rate, inflation rate, short-term and long-term interest rates, etc.) available from the OECD. The forward-looking approach is adjusted to include elements that were not captured by the scenarios because:

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

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

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

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

Status 3 – Non-performing loans

In Status 3, impairment is recognized whenever there is objective proof of impairment due to one or more events occurring after a loan or group of loans have been made that might generate a loss. An analysis is done at each closing contract by contract. The impairment is equal to the difference between the carrying amount and the estimated future cash flows, allowing for collateral or other guarantees, present-discounted at the interest rate of the original loan. In the event of a variable rate, it is the most recent contractual rate that is booked.

COVID-19 health crisis

CIC has been and continues to be fully mobilized to address the COVID-19 health crisis.

CIC is committed to the government's system to support the economy by offering State-guaranteed loans to support the cash flow of its corporate and professional customers, but also by granting maturity extensions.

Provisions for State-guaranteed loans are made in accordance with the principles of the standard, taking into account the specific nature of the product and the guarantee.

In this exceptional context of crisis and from the first half of 2020, the group used judgment in accounting for expected credit losses.

The credit risk measurement system has been adapted to take into account the uncertainties of the health crisis offset by government support measures.

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

In particular:

- The weighting of Forward-Looking scenarios were adapted and strengthened, taking into account the unprecedented and brutal nature of the COVID-19 crisis on the macroeconomic environment;
- Initially and as part of the financial market mechanism, maturity extensions granted until September 30, 2020 had not automatically constituted an indicator of a significant deterioration in the credit risk of the financial assets concerned or of reclassification into restructured assets (forbone). Beyond this date, the transfer to Status 2 or 3 or restructured assets of loans benefiting from the new individual support measures applied in accordance with group rules.

However, the group has taken new measures by applying an additional credit risk deterioration criterion for loans that have benefited from a second maturity extension, without having repaid the first maturity.

Its implementation led to additional transfers to restructured assets, and an increase in expected credit losses (linked to a transfer to Status 2 or a lower valuation of already downgraded loans).

- In 2020, a lump-sum provision was made in 2020 to anticipate the increase in the claims rate in the sectors considered to be the most vulnerable to the health crisis (tourism, gaming, leisure, hotels, restaurants, automotive and aerospace industry excluding manufacturers, clothing, beverage trade, light vehicle rentals, industrial passenger transport, air carriers). It was created in accordance with a group methodology defined at national level, which is based on the full transfer of the exposures concerned in Status 2 and the application of a minimum provisioning rate defined by group of sectors.

Performing exposures in vulnerable sectors were transferred in full to Status 2. No changes were made to the list of sectors selected during the 2020 fiscal year.

A methodology for determining the sectoral adjustment has been defined and approved at national level.

"Vulnerable" sectors are specifically monitored in two ways:

- an expert report with the establishment of a special committee responsible for providing an economic overview of the business sectors and formulating opinions justifying the identification or elimination of vulnerable sectors;
- a quantitative aspect with the monthly monitoring of internal indicators such as the ratio of performing loans with arrears of more than 30 days in relation to total performing loans.

This makes it possible to define a minimum provisioning ratio by group of sectors at national level, which may be subject to adjustment by experts.

5.8.3.3 Exposures covered by a State guarantee in the context of the health crisis

As part of the government scheme to support the economy in response to the health crisis COVID-19 the State guarantee covers a percentage of the amount of the principal, interest and ancillaries remaining due on the receivable until the end of its term, unless it is called beforehand in the event of a credit event. This percentage varies from 70% to 90%.

Given the composition of the portfolio, which is mainly geared towards microenterprises/SMEs, most of the EMPs distributed as of December 31, 2021 benefit from a State guarantee of up to 90%.

TABLE 17: CREDIT QUALITY OF STATE-GUARANTEED LOANS

			Maximum amount of guarantee that may be taken into consideration	Gross carrying amount
12/31/2021 *(in € millions)*	Gross carrying amount	of which: renegotiated	Public guarantees received	Inflows from non-performing exposures
New loans and advances issued subject to public guarantee schemes	**11,212**	**226**	**10,007**	**271**
of which: households	0	-	-	0
of which: secured by residential real estate	0	-	-	0
of which: non-financial corporations	11,203	223	9,999	271
of which: small and medium-sized enterprises	9,336	-	-	175
of which: secured by commercial real estate	82	-	-	0

			Maximum amount of guarantee that may be taken into consideration	Gross carrying amount
12/31/2020 *(in € millions)*	Gross carrying amount	of which: renegotiated	Public guarantees received	Inflows from non-performing exposures
New loans and advances issued subject to public guarantee schemes	**13,140**	**126**	**11,718**	**75**
of which: households	0	-	-	0
of which: secured by residential real estate	0	-	-	0
of which: non-financial corporations	13,133	123	11,712	75
of which: small and medium-sized enterprises	10,629	-	-	51
of which: secured by commercial real estate	68	-	-	0

5.8.3.4 Exposures subject to a legal moratorium in the context of the health crisis

CIC applies the EBA guidelines concerning legislative and non-legislative moratoriums on loan repayments applied due to the COVID-19 pandemic (EBA/GL/2020/02).

The guidelines apply from April 2, 2020. This measure was introduced for the first time for three months and then extended to September 2020 and finally renewed from December 2020 until March 2021.

During the first wave of COVID-19, CIC chose to massively support its corporate and professional customers by granting automatic extensions of maturities.

TABLE 18: CREDIT QUALITY OF LOANS AND ADVANCES SUBJECT TO MORATORIUMS ON LOAN REPAYMENTS APPLIED DUE TO THE COVID-19 PANDEMIC

12/31/2021 *(in € millions)*	Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk[2]							Gross carrying amount
		Performing			Non-performing				Performing			Non-performing			
			Of which: exposures subject to renegotiation measures	Of which: Instruments with a significant increase in credit risk since initial recognition but not impaired (step 2)		Of which: exposures subject to renegotiation measures	Of which: unlikely payment, not past due or past due ≤ 90 days			Of which: exposures subject to renegotiation measures	Of which: Instruments with a significant increase in credit risk since initial recognition but not impaired (step 2)		Of which: exposures subject to renegotiation measures	Of which: unlikely payment, not past due or past due ≤ 90 days	Inflows from non-performing exposures
Loans and advances subject to moratoriums[1]	25,928	25,677	68	4,574	251	73	45	-344	-263	-5	-225	-81	-28	-14	66
of which: households	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of which: secured by residential real estate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of which: non-financial corporations	25,875	25,624	68	4,574	250	73	45	-344	-263	-5	-225	-81	-28	-14	66
of which: small and medium-sized enterprises	23,244	23,004	53	3,281	240	72	44	-315	-236	-4	-206	-79	-28	-14	62
of which: secured by commercial real estate	460	459	9	84	1	1	-	-2	-2	-	-1	-	-	-	-

(1) Repayments of moratoriums granted since 2020 amounted to €25.9 billion as of December 31, 2021.
(2) Excluding additional provisions on sensitive sectors related to the COVID-19 crisis.

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12/31/2020 *(in € millions)*	Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk[2]							Gross carrying amount
		Performing			Non-performing				Performing			Non-performing			
			Of which: exposures subject to renegotiation measures	Of which: Instruments with a significant increase in credit risk since initial recognition but not impaired (step 2)		Of which: exposures subject to renegotiation measures	Of which: unlikely payment, not past due or past due ≤ 90 days			Of which: exposures subject to renegotiation measures	Of which: Instruments with a significant increase in credit risk since initial recognition but not impaired (step 2)		Of which: exposures subject to renegotiation measures	Of which: unlikely payment, not past due or past due ≤ 90 days	Inflows from non-performing exposures
Loans and advances subject to moratoriums[1]	35,548	35,300	82	3,930	248	90	51	-326	-256	-4	-86	-70	-28	-13	81
of which: households	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of which: secured by residential real estate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of which: non-financial corporations	35,487	35,239	82	3,930	248	90	51	-325	-256	-4	-86	-70	-28	-13	81
of which: small and medium-sized enterprises	31,672	31,460	74	726	212	84	50	-284	-223	-4	-78	-60	-27	-13	73
of which: secured by commercial real estate	626	620	6	0	6	5	0	-3	-2	0	0	-1	-1	0	1

(1) Repayments of moratoriums granted in 2020 amounted to €35.1 billion as of December 31, 2021. The remaining amount due is €0.4 billion at as of December 31, 2021.
(2) Excluding additional provisions on sensitive sectors related to the COVID-19 crisis.

TABLE 19: VOLUME OF LOANS AND ADVANCES SUBJECT TO STATUTORY AND NON-LEGISLATIVE MORATORIUM BY RESIDUAL MATURITY

12/30/2021 *(in € millions)*	Number of debtors	Gross carrying amount							
			Of which: legislative moratoriums	Of which: expired	Residual maturity of moratoriums				
					≤ 3 months	> 3 months ≤ 6 months	> 6 months ≤ 9 months	> 9 months ≤ 12 months	> 1 year
Loans and advances for which a moratorium has been proposed	184,338	25,928	-	-	-	-	-	-	-
Loans and advances subject to moratoriums (granted)	184,338	25,928	-	25,928	-	-	-	-	-
of which: households		-	-	-	-	-	-	-	-
of which: secured by residential real estate		-	-	-	-	-	-	-	-
of which: non-financial corporations		25,875	-	25,875	-	-	-	-	-
of which: small and medium-sized enterprises		23,244	-	23,244	-	-	-	-	-
of which: secured by commercial real estate		460	-	460	-	-	-	-	-

12/31/2020 *(in € millions)*	Number of debtors	Gross carrying amount							
			Of which: legislative moratoriums	Of which: expired	Residual maturity of moratoriums				
					≤ 3 months	> 3 months ≤ 6 months	> 6 months ≤ 9 months	> 9 months ≤ 12 months	> 1 year
Loans and advances for which a moratorium has been proposed	248,351	35,548	-	-	-	-	-	-	-
Loans and advances subject to moratoriums (granted)	248,351	35,548	0	35,139	410	0	0	0	0
of which: households		0	0	0	0	0	0	0	0
of which: secured by residential real estate		0	0	0	0	0	0	0	0
of which: non-financial corporations		35,487	0	35,077	410	0	0	0	0
of which: small and medium-sized enterprises		31,672	0	31,274	397	0	0	0	0
of which: secured by commercial real estate		626	0	626	0	0	0	0	0

5.8.3.5 Restructured exposures (EU CRB-d)

An exposure is restructured after a debtor encounters financial difficulties. This takes the form of concessions made to the debtor by the group, *e.g.* changing the terms of the loan agreement such as the interest rate or the maturity, partial forgiveness or additional financing that would not have been granted in absence of the difficulties. In its information systems CIC has ways to identify the restructured exposures in its performing and non-performing books, as defined by the principles enunciated by the EBA on October 23, 2013. Restructuring does not automatically mean classification in default (Status 3) but does mean classification in Status 2 at least.

TABLE 20: MATURITY OF NET ON- AND OFF-BALANCE SHEET EXPOSURES (EU CR1-A)

12/31/2021 *(in € millions)*	Net value of exposures					
	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No maturity stated	Total
Loans and advances	112,851	45,797	109,929	106,599	8,050	383,227
Debt securities	517	1,549	3,116	4,773	5,384	15,340
TOTAL	**113,369**	**47,346**	**113,045**	**111,372**	**13,434**	**398,567**

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TABLE 21: CREDIT QUALITY OF FORBORNE EXPOSURES (EU CQ1)

12/31/2021 *(in € millions)*	Gross restructured performing loans				Total write-downs, total changes in fair value of credit risk and provisions		Collateral and financial guarantees received on restructured exposure	
	Gross restructured performing loans	Restructured non-performing loans	Of which defaulted	Of which impaired	On performing exposures benefiting from restructuring measures	Total on non-performing loans		collateral and financial guarantees received on non-performing exposures with restructuring measures
Demand accounts with central banks and other demand deposits	-	-	-	-	-	-	-	-
LOANS AND ADVANCES	**1,420**	**1,378**	**1,378**	**1,378**	**-109**	**-466**	**1,668**	**749**
Central banks	-	-	-	-	-	-	-	-
Public administration	-	4	4	4	-	-	3	3
Credit institutions	-	-	-	-	-	-	-	-
Other financial institutions	24	90	90	90	-1	-56	45	33
Non-financial corporations	1,153	1,116	1,116	1,116	-100	-357	1,298	608
Households	243	169	169	169	-9	-53	322	105
DEBT INSTRUMENTS	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
LOAN COMMITMENTS GIVEN	**38**	**6**	**6**	**6**	**-**	**-**	**7**	**-**
TOTAL	**1,458**	**1,384**	**1,384**	**1,384**	**-110**	**-466**	**1,675**	**749**

12/31/2020 *(in € millions)*	Gross carrying amount/ nominal amount of restructured exposure				Accumulated impairment and negative fair value associated with credit risk		Collateral and financial guarantees received on restructured exposure	
		Non-performing loans						
	Performing loans		o/w loans in default	o/w impaired loans	On restructured performing loans	On restructured non-performing loans		o/w collateral and guarantees on restructured exposure
LOANS AND ADVANCES	**282**	**1,166**	**1,166**	**1,166**	**-12**	**-429**	**858**	**606**
Central banks	-	-	-	-	-	-	-	-
Public administration	-	2	2	2	-	-	2	2
Credit institutions	-	-	-	-	-	-	-	-
Other financial institutions	2	110	110	110	-	-55	49	48
Non-financial corporations	208	897	897	897	-7	-327	646	455
Households	72	157	157	157	-4	-47	161	101
DEBT INSTRUMENTS	**-**	**125**	**125**	**125**	**-**	**-**	**-**	**-**
LOAN COMMITMENTS GIVEN	**11**	**15**	**15**	**15**	**-**	**-**	**14**	**-**
TOTAL	**292**	**1,306**	**1,306**	**1,306**	**-12**	**-429**	**872**	**606**

TABLE 22: CREDIT QUALITY OF PERFORMING AND NON-PERFORMING EXPOSURES BY REMAINING MATURITY (EU CQ3)

	Gross carrying amount/nominal amount											
	Performing loans			Non-performing loans								
12/31/2021 *(in € millions)*		No arrears or in arrears ≤ 30 days	In arrears > 30 days ≤ 90 days		Probability of arrears or in arrears ≤ 90 days	In arrears > 90 days ≤ 180 days	In arrears > 180 days ≤ 1 year	In arrears > 1 year	In arrears > 2 years ≤ 5 years	In arrears > 5 years ≤ 7 years	In arrears > 7 years	o/w loans in default
DEMAND ACCOUNTS WITH CENTRAL BANKS AND OTHER DEMAND DEPOSITS	**67,124**	**67,124**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
LOANS AND ADVANCES	**242,662**	**241,975**	**688**	**5,300**	**1,578**	**137**	**176**	**1,872**	**674**	**242**	**621**	**5,300**
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
Public administration	1,572	1,522	50	14	4	-	-	1	8	-	-	14
Credit institutions	22,469	22,466	3	1	1	-	-	-	-	-	-	1
Other financial institutions	8,978	8,975	3	174	15	1	40	34	77	1	6	174
Non-financial corporations	135,136	134,551	585	4,395	1,371	106	110	1,667	494	180	468	4,395
o/w: SMEs	*112,421*	*112,012*	*409*	*3,682*	*969*	*102*	*110*	*1,454*	*408*	*176*	*464*	*3,682*
Households	74,506	74,460	47	715	187	29	26	170	94	61	147	715
DEBT INSTRUMENTS	**17,742**	**17,742**	**-**	**84**	**84**	**-**	**-**	**-**	**-**	**-**	**-**	**84**
Central banks	980	980	-	-	-	-	-	-	-	-	-	-
Public administration	5,611	5,611	-	-	-	-	-	-	-	-	-	-
Credit institutions	4,958	4,958	-	1	1	-	-	-	-	-	-	1
Other financial institutions	4,871	4,871	-	2	2	-	-	-	-	-	-	2
Non-financial corporations	1,322	1,322	-	81	81	-	-	-	-	-	-	81
OFF-BALANCE-SHEET COMMITMENTS	**69,605**			**345**								**345**
Central banks	19			-								-
Public administration	1,000			-								-
Credit institutions	7,451			42								42
Other financial institutions	2,690			1								1
Non-financial corporations	48,608			296								296
Households	9,837			5								5
TOTAL	**330,009**	**259,717**	**688**	**5,728**	**1,662**	**137**	**176**	**1,872**	**674**	**242**	**621**	**5,728**

	Gross carrying amount/nominal amount											
	Performing loans			Non-performing loans								
12/31/2020 *(in € millions)*		No arrears or in arrears ≤ 30 days	In arrears > 30 days ≤ 90 days		Probability of arrears or in arrears ≤ 90 days	In arrears > 90 days ≤ 180 days	In arrears > 180 days ≤ 1 year	In arrears > 1 year	In arrears > 2 years ≤ 5 years	In arrears > 5 years ≤ 7 years	In arrears > 7 years	o/w loans in default
Demand accounts with central banks and other demand deposits	**67,135**	**67,135**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
LOANS AND ADVANCES	**229,337**	**228,681**	**655**	**5,308**	**1,180**	**253**	**341**	**2,032**	**606**	**302**	**595**	**5,308**
Central banks	0	0	0	0	0	0	0	0	0	0	0	0
Public administration	1,547	1,507	40	28	12	1	1	1	13	0	0	28
Credit institutions	21,111	21,108	4	1	0	0	0	0	0	0	0	1
Other financial institutions	8,596	8,591	5	186	22	8	6	126	14	6	5	186
Non-financial corporations	129,466	128,904	562	4,307	990	192	292	1,691	457	230	455	4,307
o/w: SMEs	*103,059*	*102,674*	*386*	*3,697*	*723*	*152*	*163*	*1,539*	*448*	*220*	*452*	*3,697*
Households	68,616	68,571	45	786	157	52	41	214	122	66	135	786
DEBT INSTRUMENTS	**15,749**	**15,749**	**0**	**178**	**178**	**0**	**0**	**0**	**0**	**0**	**0**	**178**
Central banks	978	978	0	0	0	0	0	0	0	0	0	0
Public administration	5,718	5,718	0	0	0	0	0	0	0	0	0	0
Credit institutions	4,458	4,458	0	1	1	0	0	0	0	0	0	1
Other financial institutions	932	932	0	129	129	0	0	0	0	0	0	129
Non-financial corporations	3,662	3,662	0	48	48	0	0	0	0	0	0	48
OFF-BALANCE-SHEET COMMITMENTS	**68,727**	**0**	**0**	**270**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**270**
Central banks	29			0								0
Public administration	793			0								0
Credit institutions	7,603			34								34
Other financial institutions	2,679			3								3
Non-financial corporations	48,501			227								227
Households	9,121			6								6
TOTAL	**313,812**	**244,430**	**655**	**5,756**	**1,359**	**253**	**341**	**2,032**	**606**	**302**	**595**	**5,756**

TABLE 23: CREDIT QUALITY OF EXPOSURES BY GEOGRAPHIC AREA (EU CQ4)

12/31/2021 (in € millions)	Total outstandings/gross nominal amount	Of which non-performing loans	Of which loans in default	Of which loans subject to impairment	Accumulated impairment	Impairment of off-balance sheet commitments and financial guarantees given	Cumulative negative changes in fair value due to credit risk on non-performing exposures
BALANCE SHEET EXPOSURE	**265,788**	**5,384**	**5,384**	**265,195**	**-3,555**	**-**	**0**
France	213,902	4,708	4,708	213,391	-3,181	-	0
Germany	3,030	8	8	3,030	-21	-	0
Luxembourg	7,845	49	49	7,827	-71	-	0
Belgium	1,782	45	45	1,747	-42	-	0
United Kingdom	3,582	45	45	3,582	-23	-	0
Switzerland	8,795	200	200	8,791	-47	-	0
United States of America	6,980	17	17	6,973	-58	-	0
Spain	1,214	13	13	1,214	-11	-	0
The Netherlands	1,692	24	24	1,692	-7	-	0
Canada	591	3	3	573	-4	-	0
Italy	752	3	3	752	-1	-	0
Singapore	2,486	14	14	2,486	-6	-	0
Australia	1,685	0	0	1,685	-4	-	0
Ireland	1,690	42	42	1,690	-5	-	0
Portugal	194	4	4	194	-1	-	0
Japan	1,199	34	34	1,199	-10	-	0
Sweden	195	0	0	195	-2	-	0
Hong Kong	1,093	0	0	1,093	-1	-	0
Austria	171	0	0	171	0	-	0
Monaco	390	1	1	390	-2	-	0
Other countries	6,518	173	173	6,518	-58	-	0
OFF-BALANCE SHEET EXPOSURE	**69,949**	**345**	**345**	**0**	**0**	**355**	**0**
France	51,271	331	331	0	0	313	0
Germany	746	0	0	0	0	3	0
Luxembourg	1,676	1	1	0	0	4	0
Belgium	764	0	0	0	0	1	0
United Kingdom	2,033	12	12	0	0	4	0
Switzerland	3,433	0	0	0	0	2	0
United States of America	4,161	0	0	0	0	4	0
Spain	314	0	0	0	0	1	0
The Netherlands	1,198	0	0	0	0	7	0
Canada	104	0	0	0	0	0	0
Italy	65	0	0	0	0	1	0
Singapore	456	0	0	0	0	0	0
Australia	868	0	0	0	0	1	0
Ireland	139	0	0	0	0	0	0
Portugal	15	0	0	0	0	0	0
Japan	1	0	0	0	0	0	0
Sweden	353	0	0	0	0	0	0
Hong Kong	361	0	0	0	0	0	0
Austria	8	0	0	0	0	0	0
Monaco	33	0	0	0	0	1	0
Other countries	1,950	1	1	0	0	12	0
TOTAL	**335,737**	**5,728**	**5,728**	**265,195**	**-3,555**	**355**	**0**

TABLE 24: CREDIT QUALITY OF LOANS AND ADVANCES GRANTED TO NON-FINANCIAL COMPANIES BY INDUSTRY (EU CQ5)

12/31/2021 *(in € millions)*	Gross carrying amount					
		Of which non-performing				
			Of which defaulted	Of which loans and advances subject to impairment	Accumulated impairment	Cumulative negative changes in fair value due to credit risk on non-performing exposures
Agriculture, forestry and fishing	3,360	124	124	3,360	-72	0
Extractive industries	571	26	26	571	-23	0
Manufacturing industry	11,063	542	542	11,063	-275	0
Production and distribution of electricity, gas, steam and air conditioning	2,396	53	53	2,396	-23	0
Water production and distribution	674	12	12	674	-11	0
Building	7,844	306	306	7,844	-185	0
Retail	12,569	664	664	12,569	-440	0
Transport and storage	6,373	206	206	6,369	-84	0
Hospitality and catering	4,247	351	351	4,247	-398	0
Information and communication	2,398	67	67	2,398	-45	0
Financial and insurance activities	41,638	905	905	41,638	-532	0
Real estate activities	9,994	309	309	9,994	-240	0
Professional, scientific and technical activities	12,662	336	336	12,662	-222	0
Administrative and support service activities	5,187	191	191	5,182	-131	0
Public administration and defense, mandatory social security	83	0	0	83	0	0
Findings	855	20	20	855	-10	0
Human healthcare and social action	4,505	49	49	4,505	-40	0
Arts, shows and entertainment	914	49	49	914	-63	0
Other services	12,200	186	186	12,200	-127	0
TOTAL	**139,532**	**4,395**	**4,395**	**139,523**	**-2,921**	**0**

TABLE 25: COLLATERAL OBTAINED BY TAKING POSSESSION AND EXECUTION PROCESSES (EU CQ7)

	12/31/2021		12/31/2020	
	Collateral obtained by taking possession (accumulated)			
(in € millions)	Value at initial recognition	Cumulative negative change	Value at initial recognition	Cumulative negative change
Property, plant and equipment	0	0	0	0
Other than property, plant and equipment	8	-1	8	0
Residential real estate property	*8*	*-1*	*6*	*0*
Commercial property	*0*	*0*	*0*	*0*
Real estate property	*0*	*0*	*0*	*0*
Equity and debt instruments	*0*	*0*	*0*	*0*
Other	*0*	*0*	*1*	*0*
TOTAL	**8**	**-1**	**8**	**0**

TABLE 26: PERFORMING AND NON-PERFORMING EXPOSURES AND RELATED PROVISIONS (EU CR1)

12/31/2021 *(in € millions)*	Gross carrying amount/nominal amount						Accumulated impairment and negative adjustment of fair value attributable to credit risk							Collateral and financial guarantees received	
	Performing loans			Non-performing loans			Accumulated impairment and adjustment of fair value on performing loans			Accumulated impairment and adjustment of fair value on non-performing loans					
		o/w Status 1	o/w Status 2		o/w Status 2	o/w Status 3		o/w Status 1	o/w Status 2		o/w Status 2	o/w Status 3	Partial cumulative reversals	On performing loans	On non-performing loans
DEMAND ACCOUNTS WITH CENTRAL BANKS AND OTHER DEMAND DEPOSITS	**67,124**	**67,123**	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**4**	**0**
LOANS AND ADVANCES	**242,662**	**220,213**	**22,436**	**5,300**	**0**	**5,300**	**-1,220**	**-270**	**-950**	**-2,260**	**0**	**-2,260**	**0**	**170,114**	**2,359**
Central banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Public administration	1,572	1,566	6	14	0	14	0	0	0	-1	0	-1	0	1,120	10
Credit institutions	22,469	22,466	0	1	0	1	-2	-2	0	0	0	0	0	608	0
Other financial institutions	8,978	8,561	412	174	0	174	-22	-12	-11	-81	0	-81	0	5,233	87
Non-financial corporations	135,136	116,888	18,240	4,395	0	4,395	-1,044	-221	-823	-1,876	0	-1,876	0	95,502	1,916
of which: small and medium-sized enterprises	*112,421*	*96,967*	*15,454*	*3,682*	*0*	*3,682*	*-876*	*-166*	*-710*	*-1,647*	*0*	*-1,647*	*0*	*81,614*	*1,560*
Households	74,506	70,731	3,776	715	0	715	-151	-35	-115	-300	0	-300	0	67,651	346
DEBT INSTRUMENTS	**17,742**	**17,080**	**82**	**84**	**0**	**84**	**-15**	**-11**	**-5**	**-60**	**0**	**-60**	**0**	**0**	**0**
Central banks	980	980	0	0	0	0	0	0	0	0	0	0	0	0	0
Public administration	5,611	5,611	0	0	0	0	-2	-2	0	0	0	0	0	0	0
Credit institutions	4,958	4,928	0	1	0	1	-4	-4	0	-1	0	-1	0	0	0
Other financial institutions	4,871	4,870	2	2	0	2	-3	-3	0	-1	0	-1	0	0	0
Non-financial corporations	1,322	692	81	81	0	81	-6	-2	-4	-59	0	-59	0	0	0
OFF-BALANCE SHEET OUTSTANDINGS	**69,605**	**64,041**	**5,563**	**345**	**0**	**345**	**-243**	**-77**	**-166**	**-112**	**0**	**-112**	**0**	**14,106**	**57**
Central banks	19	19	0	0	0	0	0	0	0	0	0	0	0	0	0
Public administration	1,000	999	0	0	0	0	0	0	0	0	0	0	0	814	0
Credit institutions	7,451	5,819	1,632	42	0	42	-2	-2	0	-10	0	-10	0	107	3
Other financial institutions	2,690	2,270	420	1	0	1	-11	-5	-6	-1	0	-1	0	480	0
Non-financial corporations	48,608	45,358	3,249	296	0	296	-226	-68	-158	-101	0	-101	0	10,305	52
Households	9,837	9,574	262	5	0	5	-4	-2	-1	0	0	0	0	2,400	1
TOTAL	**397,133**	**368,457**	**28,083**	**5,728**	**0**	**5,728**	**-1,478**	**-358**	**-1,120**	**-2,432**	**0**	**-2,432**	**0**	**184,224**	**2,416**

12/31/2020 *(in € millions)*	Gross carrying amount/nominal amount						Accumulated impairment and negative adjustment of fair value attributable to credit risk						Partial cumulative reversals	Collateral and financial guarantees received	
	Performing loans			Non-performing loans			Accumulated impairment and adjustment of fair value on performing loans			Accumulated impairment and adjustment of fair value on non-performing loans				On performing loans	On non-performing loans
		o/w Status 1	o/w Status 2		o/w Status 2	o/w Status 3		o/w Status 1	o/w Status 2		o/w Status 2	o/w Status 3			
Demand accounts with central banks and other demand deposits	**67,135**	**67,134**	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**2**	**0**
LOANS AND ADVANCES	**229,337**	**204,107**	**25,222**	**5,308**	**0**	**5,308**	**-1,214**	**-271**	**-942**	**-2,418**	**0**	**-2,418**	**0**	**149,366**	**1,948**
Central banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Public administration	1,547	1,547	0	28	0	28	0	0	0	-1	0	-1	0	1,129	12
Credit institutions	21,111	21,108	4	1	0	1	-2	-2	0	0	0	0	0	1,245	0
Other financial institutions	8,596	8,373	224	186	0	186	-17	-12	-5	-84	0	-84	0	3,279	60
Non-financial corporations	129,466	107,766	21,693	4,307	0	4,307	-1,049	-218	-831	-1,995	0	-1,995	0	85,139	1,501
o/w: SMEs	*103,059*	*88,285*	*14,775*	*3,697*	*0*	*3,697*	*-730*	*-167*	*-562*	*-1,750*	*0*	*-1,750*	*0*	*74,264*	*1,332*
Households	68,616	65,314	3,302	786	0	786	-145	-38	-107	-338	0	-338	0	58,574	374
DEBT INSTRUMENTS	**15,749**	**15,201**	**45**	**178**	**0**	**178**	**-10**	**-10**	**-1**	**-161**	**0**	**-161**	**0**	**0**	**0**
Central banks	978	978	0	0	0	0	0	0	0	0	0	0	0	0	0
Public administration	5,718	5,703	15	0	0	0	-2	-2	0	0	0	0	0	0	0
Credit institutions	4,458	4,410	16	1	0	1	-4	-3	-1	-1	0	-1	0	0	0
Other financial institutions	932	929	3	129	0	129	-1	-1	0	-127	0	-127	0	0	0
Non-financial corporations	3,662	3,180	11	48	0	48	-3	-3	0	-33	0	-33	0	0	0
OFF-BALANCE-SHEET COMMITMENTS	**68,727**	**62,927**	**5,801**	**270**	**0**	**270**	**-273**	**-76**	**-197**	**-112**	**0**	**-112**	**0**	**13,092**	**63**
Central banks	29	29	0	0	0	0	0	0	0	0	0	0	-	0	0
Public administration	793	793	0	0	0	0	0	0	0	0	0	0	-	644	0
Credit institutions	7,603	6,830	773	34	0	34	-3	-2	0	-4	0	-4	-	108	4
Other financial institutions	2,679	2,632	47	3	0	3	-6	-5	-1	-1	0	-1	-	292	2
Non-financial corporations	48,501	43,767	4,734	227	0	227	-260	-66	-195	-107	0	-107	-	10,041	57
Households	9,121	8,875	246	6	0	6	-4	-2	-1	0	0	0	-	2,006	1
TOTAL	**313,812**	**282,235**	**31,068**	**5,756**	**0**	**5,756**	**-1,497**	**-357**	**-1,140**	**-2,691**	**0**	**-2,691**	**0**	**162,458**	**2,012**

TABLE 27: CHANGES IN THE STOCK OF NON-PERFORMING LOANS AND ADVANCES (EU CR2)

12/31/2021 *(in € millions)*	Gross carrying amount
INITIAL STOCK OF NON-PERFORMING LOANS AND ADVANCES	**5,308**
Additions to non-performing portfolios	2,283
Exits from non-performing portfolios	-2,290
Exits due from losses	*-287*
Exits due to other reasons	*-2,003*
FINAL STOCK OF NON-PERFORMING LOANS AND ADVANCES	**5,300**

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5.8.4 Standardized approach (EU CRD)

Exposures treated using the standard method is given in the table below.

CIC uses the evaluations of rating agencies to measure the sovereign risk in its exposures linked to central governments and central banks. Since September 2017, it has relied primarily on the estimates provided by the Banque de France with regard to its corporate exposures.

The cross-reference table used to match the credit quality steps to the external ratings adopted is the one called for by regulation.

TABLE 28: BREAKDOWN OF EXPOSURES UNDER THE STANDARDIZED APPROACH (EU CR5)

12/31/2021 *(in € millions)*	Weighting																	
Category of exposure	**0%**	**2%**	**4%**	**10%**	**20%**	**35%**	**50%**	**70%**	**75%**	**100%**	**150%**	**250%**	**370%**	**1,250%**	**Other**	**Deducted**	**Total**	**o/w not rated**
Governments and central banks	73,551	-	-	-	494	-	136	-	-	245	-	236	-	-	-	-	74,662	-
Regional or local authorities	26	-	-	-	221	-	-	-	-	-	-	-	-	-	-	-	247	-
Public sector (public organizations excluding central governments)	11,124	-	-	-	22	-	-	-	-	-	-	-	-	-	-	-	11,146	-
Multilateral development banks	410	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	410	-
International organizations	188	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	188	-
Institutions (banks)	4,843	-	-	-	1,203	-	12	-	-	25	-	-	-	-	-	-	6,083	-
Corporates	-	-	-	-	369	-	1,020	-	-	8,083	2	-	-	-	-	-	9,474	-
Retail customers	-	-	-	-	-	-	-	-	2,273	-	-	-	-	-	-	-	2,273	-
Exposures secured by real estate mortgages	-	-	-	-	-	5,689	2,167	-	208	541	-	-	-	-	-	-	8,606	-
Exposures in default	4	-	-	-	-	-	-	-	-	207	221	-	-	-	-	-	432	-
Exposures presenting a particular high risk	-	-	-	-	-	-	-	-	-	-	1,397	-	-	-	-	-	1,397	-
Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures from institutions and corporates given a short-term credit evaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of UCIT shares or equities	37	-	-	-	-	-	1	-	-	170	154	-	-	19	-	-	381	-
Equity exposure	-	-	-	-	-	-	-	-	-	100	-	-	-	-	-	-	100	-
Other assets	-	-	-	0	3	-	4	-	-	554	-	-	-	-	8	-	569	-
TOTAL	**90,182**	**-**	**-**	**0**	**2,312**	**5,689**	**3,341**	**-**	**2,481**	**9,926**	**1,774**	**236**	**-**	**19**	**8**	**-**	**115,968**	**-**

Totals include outstandings weighted at 250%, which are deferred assets.

The exposure to governments and central banks is nearly entirely weighted at 0%. The capital requirements for this book demonstrate a sovereign risk for CIC group limited to high-quality counterparties.

12/31/2020 *(in € millions)* Category of exposure	Weighting 0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1,250%	Other	Deducted	Total	o/w not rated
1 – Governments and central banks	76,056	-	-	-	469	-	96	-	-	51	-	286	-	-	-	-	76,958	-
2 – Regional or local authorities	77	-	-	-	213	-	13	-	-	1	-	-	-	-	-	-	304	-
3 – Public sector (public organizations excluding central governments)	10,361	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,361	-
4 – Multilateral development banks	274	-	-	-	-	-		-	-	-	-	-	-	-	-	-	274	-
5 – International organizations	176	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	176	-
6 – Institutions (banks)	4,932	-	-	-	1,505	-	29	-	-	15	-	-	-	-	-	-	6,481	-
7 – Corporates	-	-	-	-	354	-	982	-	-	6,775	1	-	-	-	-	-	8,112	-
8 – Retail customers	-	-	-	-	-	-	-	-	1,922	-	-	-	-	-	-	-	1,922	-
9 – Exposures secured by real estate mortgages	-	-	-	-	-	4,223	2,524	-	157	567	-	-	-	-	-	-	7,471	-
10 – Exposures in default	5	-	-	-	-	-	-	-	-	308	506	-	-	-	-	-	819	-
11 – Exposures presenting a particular high risk	-	-	-	-	-	-	-	-	-	-	1,164	-	-	-	-	-	1,164	-
12 – Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 – Exposures from institutions and corporates given a short-term credit evaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 – Exposures in the form of UCIT shares or equities	-	-	-	-	-	-	-	-	-	59	-	-	-	-	-	-	59	-
15 – Equity exposure	-	-	-	-	-	-	-	-	-	101	-	-	-	-	-	-	101	-
16 – Other assets	-	-	-	-	3	-	7	-	-	588	-	-	-	-	17	-	615	-
17 – TOTAL	**91,881**	**-**	**-**	**-**	**2,544**	**4,223**	**3,651**	**-**	**2,079**	**8,465**	**1,671**	**286**	**-**	**-**	**17**	**-**	**114,817**	**-**

5.8.5 Internal rating systems (EU CRE)

5.8.5.1 Rating procedures and parameters

Rating algorithms and expert models have been developed to improve the group's credit risk assessment and to comply with the regulatory requirements concerning internal rating approaches.

Confédération Nationale du Crédit Mutuel is responsible for defining the rating methodologies for all portfolios. Nevertheless, the regional entities are directly involved in carrying out and approving working parties' assignments on specific subjects and the work related to data quality and applications acceptance tests. Therefore, in carrying out the accreditation work, the subsidiaries draw support from the expertise of the entity concerned, the staff employed by their parent company (risk and finance) and the Confédération Nationale staff.

The counterparty rating system is common to the entire Crédit Mutuel group.

Probability of default (PD) is the likelihood that a counterparty of the bank will default within a one-year period. The group's counterparties eligible for internal approaches are rated by a single system which is based on:

- statistical algorithms or "mass ratings" reliant on one or more models based on a selection of variables that are representative and predictive of risk;
- rating grids developed by experts.

These models are used to differentiate and correctly classify risk. The value scale reflects the manner in which the risk changes and is broken down into eleven positions including nine performing positions (A+, A-, B+, B-, C+, C-, D+, D- and E+) and two default positions (E- and F).

In the so-called "mass" corporate and retail scopes, following the internal rating process, each borrower is given a score. Based on this score as well as other characteristics, performing borrowers are grouped into homogeneous risk classes, prior to measuring the regulatory PD parameter. The grouping analyses are performed on the segments defined for the purposes of modeling the algorithms. A risk class' probabilities of default are then estimated on the basis of the historical default rates observed on the exposures belonging to this class, based on a record of more than ten years of observations. Margins of conservatism are added to reflect the uncertainty of estimates.

In the other scopes, too few defaults are available to ensure the relevance and reliability of statistical estimates. The probabilities of default associated with the internal ratings are calibrated on the basis of external data.

Loss Given Default (LGD) is the ratio of the loss on an exposure in the event of a counterparty default to the amount of exposure at the time of default, including also additional drawdowns made after the transfer to non-performing.

Internal models for estimating LGD have been developed by the group and approved for the corporate and Retail Banking exposure classes.

In the "mass" corporate and retail scopes, LGD is calculated separately for each class, the classes being defined according to the type of loan and nature of the collateral. LGD is estimated based on the updated monthly collections observed for each class.

Margins of conservatism are added to reflect the uncertainty of estimates and the "downturn" nature of LGD. The calculations are based on an internal record of defaults and losses covering more than ten years.

In the other scopes, for which there are too few defaults to ensure the relevance and reliability of statistical estimates, LGDs are estimated on the basis of quantitative information provided by experts, benchmarks and external data and a conservative approach (the downturn effect is taken into account).

The credit conversion factor (CCF) is the ratio of the portion currently undrawn of a credit line that could be drawn and would therefore be exposed in the event of default and the portion of said credit currently undrawn.

In the case of the corporate and retail customers books, the Crédit Mutuel group calculates the credit conversion factors (CCFs) using an internal method approved for financing commitments. In the case of secured loans and banking exposures, regulatory values (standardized approach) are applied.

In the corporate and retail scopes, the internal CCFs are estimated based on average historical CCFs weighted by the number of contracts, using a product-focused segmentation. They are calibrated on the basis of internal data.

The parameters used to calculate weighted risks are national and apply to all group entities.

5.8.5.2 Model mapping

Modeled parameter	Category of exposure	Portfolios	Number of models	Methodology
PD	**Institutions**	Financial institutions	2 models: Banks, Covered Bonds	Expert-type models based on a grid containing qualitative and quantitative variables
	Corporates	Large Corporates (LC) (Revenue > €500 million)	6 models depending on the type of counterparty and sector	Expert-type models based on a grid containing qualitative and quantitative variables
		“Mass” corporate (Revenue < €500 million)	3 models	Quantitative-type models with qualitative grids provided by experts
		Large Corporates acquisition financing	1 model	Expert-type model based on grid containing qualitative and quantitative variables
		Corporate acquisition financing	1 model	Quantitative-type models combined with qualitative grids provided by experts
		Specialized lending	Spec. asset lending: 6 models according to the asset type,	Expert-type models based on a grid containing qualitative and quantitative variables
			Spec. project lending: 4 models according to the industry,	
			Spec. real estate lending: 1 model	
		Others Corporates	2 models: RE Invest. Cos., Insurance	Expert-type models based on a grid containing qualitative and quantitative variables
	Retail	Individuals	6 models depending on the type of loan (real estate, personal, etc.)	Quantitative-type models
		Legal Entities	4 models depending on type of customer	Quantitative-type models
		Sole traders	3 models depending on type of business (merchants, artisans, etc.)	Quantitative-type models
		Farmers	6 models depending on the condition of the account and type of operation (cyclical or not)	Quantitative-type models
		Non-profit organizations	1 model	Quantitative-type models
		SCIs (RE partnerships)	1 model	Quantitative-type models
LGD	**Institutions**	Financial institutions	1 model	Expert-type model dependent on the counterparty and the contract, based on qualitative and quantitative information
	Corporates	Large Corporates (LCs), Acquisition financing, RE Invest. cos. and Insurance	1 model with sector parameters	Expert-type model dependent on the counterparty and the contract, based on qualitative and quantitative information
		“Mass” corporate	1 model applied to 8 segments according to the type of loan and nature of security	Quantitative-type models based on internal collection flows
	Retail		1 model applied to 10 segments according to the type of loan and nature of security	Quantitative-type models based on internal collection flows
CCF	**Corporates**	“Mass” corporate	1 model applied to 4 segments according to the type of loan	Quantitative model, calibration of CCFs based on internal data
	Retail		1 model applied to 8 segments according to the type of loan	Quantitative model, calibration of CCFs based on internal data

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TABLE 29: IRB APPROACH – CREDIT RISK EXPOSURES BY EXPOSURE CLASS AND PD RANGE (EU CR6)

12/31/2021 *(in € millions)*	PD range	Initial gross exposures on balance sheet	Pre-CCF off-balance-sheet exposures	Weighted average CCF	Post-CCF and CRM exposures
Governments and central banks					
	Subtotal	**-**	**-**	**-**	**-**
Institutions (banks)					
	0 to < 0.15	20,210	2,488	28	22,605
	0.15 to < 0.25	194	138	35	244
	0.25 to < 0.50	70	162	30	120
	0.50 to < 0.75	0	0	0	0
	0.75 to < 2.50	199	206	71	344
	2.50 to < 10.00	110	373	65	353
	10.00 to < 100.00	31	22	45	41
	100.00 (default)	1	1	51	2
	Subtotal	**20,816**	**3,390**	**34**	**23,709**
Corporates					
	0 to < 0.15	6,211	11,456	50	11,012
	0.15 to < 0.25	0	1	0	0
	0.25 to < 0.50	4,296	12,487	46	9,998
	0.50 to < 0.75	13,014	3,413	45	14,538
	0.75 to < 2.50	18,556	9,926	50	23,521
	2.50 to < 10.00	12,049	4,297	48	14,094
	10.00 to < 100.00	2,306	570	50	2,589
	100.00 (default)	1,634	315	65	1,838
	Subtotal	**58,067**	**42,465**	**48**	**77,589**
O/w: Specialized lending					
	Subtotal	**0**	**0**	**0**	**0**
O/w: SMEs					
	0 to < 0.15	0	0	0	0
	0.15 to < 0.25	0	0	0	0
	0.25 to < 0.50	0	0	0	0
	0.50 to < 0.75	7,307	1,053	49	7,820
	0.75 to < 2.50	7,576	1,334	46	8,192
	2.50 to < 10.00	4,643	879	53	5,110
	10.00 to < 100.00	758	75	50	796
	100.00 (default)	680	71	87	741
	Subtotal	**20,963**	**3,413**	**50**	**22,659**

	Weighted average PD *(in %)*	Number of debtors	Weighted average LGD *(in %)*	Weighted average maturity *(in years)*	Risk-weighted exposure amount after additional factors	Risk-weighted exposure density	Amount of expected losses	Corrected values & provisions
	-	-	-	-	-	-	-	-
	0.03	3,284	40	3	2,888	13%	3	3
	0.23	38	45	3	170	70%	0	0
	0.42	28	50	3	125	104%	0	0
	-	0	0	0	0	0%	0	0
	1.13	37	43	3	453	132%	2	1
	3.21	27	44	2	604	171%	5	1
	18.53	41	44	3	118	288%	3	1
	97.88	3	44	3	0	0%	1	1
	0.14	**3,458**	**40**	**3**	**4,358**	**18%**	**15**	**8**
	0.10	275	25	3	1,924	17%	3	8
	-	0	0	0	0	0%	0	0
	0.35	254	32	3	4,701	47%	11	37
	0.65	8,950	22	3	5,116	35%	20	23
	1.38	9,731	28	3	15,026	64%	90	104
	4.25	5,927	25	3	11,281	80%	149	212
	18.62	1,191	25	3	3,369	130%	120	350
	100.00	1,446	56	3	823	45%	1,041	1,021
	4.36	**27,774**	**27**	**3**	**42,240**	**54%**	**1,434**	**1,755**
	-	**0**	**0**	**0**	**0**	**0%**	**0**	**0**
	-	0	0	0	0	0%	0	0
	-	0	0	0	0	0%	0	0
	-	0	0	0	0	0%	0	0
	0.65	5,501	20	3	2,160	28%	10	11
	1.45	6,665	21	3	3,001	37%	24	43
	4.11	3,668	20	3	2,426	47%	41	87
	18.39	745	21	3	632	79%	30	64
	100.00	945	58	3	509	69%	394	369
	5.59	**17,524**	**21**	**3**	**8,728**	**39%**	**500**	**573**

12/31/2021 *(in € millions)*	PD range	Initial gross exposures on balance sheet	Pre-CCF off-balance-sheet exposures	Weighted average CCF	Post-CCF and CRM exposures
Retail customers					
	0 to < 0.15	41,682	5,167	35	42,544
	0.15 to < 0.25	15,576	1,539	40	16,186
	0.25 to < 0.50	22,321	2,255	35	23,111
	0.50 to < 0.75	11,904	1,962	33	12,553
	0.75 to < 2.50	18,574	3,115	39	19,775
	2.50 to < 10.00	10,148	1,319	38	10,650
	10.00 to < 100.00	2,705	198	39	2,781
	100.00 (default)	2,455	68	82	2,510
	Subtotal	**125,365**	**15,622**	**36**	**130,110**
O/w: exposures secured by real estate mortgages					
	0 to < 0.15	36,478	1,242	39	36,967
	0.15 to < 0.25	13,398	428	39	13,566
	0.25 to < 0.50	17,177	444	40	17,353
	0.50 to < 0.75	6,879	206	40	6,962
	0.75 to < 2.50	11,662	471	40	11,849
	2.50 to < 10.00	5,895	174	40	5,965
	10.00 to < 100.00	1,679	31	40	1,691
	100.00 (default)	1,076	4	40	1,078
	Subtotal	**94,245**	**3,000**	**40**	**95,432**
O/w: SMEs					
	0 to < 0.15	0	0	0	0
	0.15 to < 0.25	1,004	31	40	1,016
	0.25 to < 0.50	4,479	97	41	4,518
	0.50 to < 0.75	4,072	113	41	4,118
	0.75 to < 2.50	3,056	119	41	3,105
	2.50 to < 10.00	1,951	80	41	1,984
	10.00 to < 100.00	604	17	41	611
	100.00 (default)	321	1	40	322
	Subtotal	**15,487**	**460**	**41**	**15,674**
O/w: Non-SMEs					
	0 to < 0.15	36,478	1,242	39	36,967
	0.15 to < 0.25	12,394	397	39	12,550
	0.25 to < 0.50	12,698	346	39	12,835
	0.50 to < 0.75	2,807	92	40	2,844
	0.75 to < 2.50	8,606	352	39	8,745
	2.50 to < 10.00	3,944	94	40	3,982
	10.00 to < 100.00	1,075	14	39	1,080
	100.00 (default)	755	3	40	756
	Subtotal	**78,758**	**2,540**	**39**	**79,758**

Weighted average PD *(in %)*	Number of debtors	Weighted average LGD *(in %)*	Weighted average maturity *(in years)*	Risk-weighted exposure amount after additional factors	Risk-weighted exposure density	Amount of expected losses	Corrected values & provisions
0.07	1,177,499	15	0	1,097	3%	4	5
0.20	344,700	15	0	957	6%	5	7
0.35	395,098	17	0	2,222	10%	13	16
0.61	334,914	20	0	1,873	15%	15	33
1.46	617,029	18	0	4,499	23%	53	107
5.08	289,216	19	0	4,367	41%	103	267
20.53	133,958	19	0	1,957	70%	106	243
100.00	72,302	56	0	891	35%	1,334	1,242
3.17	**3,364,716**	**17**	**0**	**17,863**	**14%**	**1,634**	**1,919**
0.07	254,773	14	0	929	3%	3	4
0.20	85,938	14	0	792	6%	4	5
0.36	106,543	16	0	1,666	10%	10	9
0.60	31,685	18	0	1,029	15%	7	11
1.40	74,413	16	0	2,816	24%	26	45
4.90	33,098	16	0	2,989	50%	47	121
20.21	10,718	16	0	1,436	85%	54	116
100.00	9,284	48	0	338	31%	494	363
2.13	**606,452**	**15**	**0**	**11,995**	**13%**	**645**	**675**
-	0	0	0	0	0%	0	0
0.19	6,519	14	0	47	5%	0	1
0.34	24,239	19	0	418	9%	3	2
0.60	19,379	18	0	561	14%	5	8
1.61	14,898	19	0	813	26%	9	16
5.04	9,218	19	0	1,012	51%	19	45
19.63	3,403	18	0	490	80%	21	50
100.01	2,352	49	0	125	39%	149	111
4.04	**80,008**	**19**	**0**	**3,466**	**22%**	**206**	**234**
0.07	254,773	14	0	929	3%	3	4
0.20	79,419	14	0	745	6%	3	4
0.36	82,304	15	0	1,249	10%	7	7
0.61	12,306	17	0	467	16%	3	3
1.32	59,515	14	0	2,002	23%	17	28
4.83	23,880	15	0	1,977	50%	28	76
20.54	7,315	15	0	946	88%	32	67
100.00	6,932	48	0	213	28%	345	251
1.75	**526,444**	**15**	**0**	**8,528**	**11%**	**439**	**441**

12/31/2021 *(in € millions)*	PD range	Initial gross exposures on balance sheet	Pre-CCF off-balance-sheet exposures	Weighted average CCF	Post-CCF and CRM exposures
O/w: revolving					
	0 to < 0.15	945	2,555	20	1,459
	0.15 to < 0.25	272	428	20	358
	0.25 to < 0.50	435	614	20	559
	0.50 to < 0.75	352	425	20	437
	0.75 to < 2.50	620	530	20	726
	2.50 to < 10.00	270	151	20	300
	10.00 to < 100.00	128	39	20	136
	100.00 (default)	62	3	20	63
	Subtotal	**3,085**	**4,743**	**20**	**4,038**
O/w: Other retail customers					
	0 to < 0.15	4,258	1,370	59	4,119
	0.15 to < 0.25	1,906	683	52	2,262
	0.25 to < 0.50	4,709	1,198	41	5,199
	0.50 to < 0.75	4,673	1,332	36	5,153
	0.75 to < 2.50	6,292	2,115	43	7,199
	2.50 to < 10.00	3,983	994	40	4,385
	10.00 to < 100.00	898	128	44	954
	100.00 (default)	1,316	61	88	1,370
	Subtotal	**28,035**	**7,879**	**45**	**30,641**
O/w: SMEs					
	0 to < 0.15	10	1	0	0
	0.15 to < 0.25	442	149	32	490
	0.25 to < 0.50	2,550	663	30	2,747
	0.50 to < 0.75	3,759	1,011	29	4,051
	0.75 to < 2.50	4,468	900	31	4,749
	2.50 to < 10.00	3,280	650	35	3,505
	10.00 to < 100.00	664	78	32	690
	100.00 (default)	1,032	57	89	1,083
	Subtotal	**16,206**	**3,510**	**32**	**17,315**
O/w: Non-SMEs					
	0 to < 0.15	4,248	1,369	59	4,119
	0.15 to < 0.25	1,464	534	58	1,772
	0.25 to < 0.50	2,159	534	55	2,452
	0.50 to < 0.75	914	320	59	1,102
	0.75 to < 2.50	1,823	1,215	52	2,450
	2.50 to < 10.00	703	343	51	879
	10.00 to < 100.00	234	50	62	265
	100.00 (default)	284	4	68	287
	Subtotal	**11,829**	**4,369**	**56**	**13,326**
Equities					
	Subtotal	**0**	**0**	**0**	**0**
TOTAL		**204,247**	**61,477**	**44**	**231,408**

Weighted average PD *(in %)*	Number of debtors	Weighted average LGD *(in %)*	Weighted average maturity *(in years)*	Risk-weighted exposure amount after additional factors	Risk-weighted exposure density	Amount of expected losses	Corrected values & provisions
0.09	223,110	31	0	26	2%	0	0
0.20	41,466	31	0	13	3%	0	0
0.31	75,915	31	0	28	5%	1	1
0.55	66,094	31	0	35	8%	1	1
1.57	116,043	31	0	126	17%	4	3
4.86	49,886	31	0	116	39%	4	5
17.36	26,904	31	0	107	79%	7	7
99.96	10,270	54	0	14	22%	33	43
2.93	**609,688**	**31**	**0**	**464**	**11%**	**50**	**60**
0.08	699,616	15	0	142	3%	1	1
0.20	217,296	17	0	153	7%	1	1
0.33	212,640	20	0	528	10%	3	6
0.62	237,135	22	0	809	16%	7	21
1.56	426,573	21	0	1,557	22%	23	59
5.34	206,232	22	0	1,262	29%	52	141
21.53	96,336	22	0	414	43%	45	119
100.00	52,748	62	0	539	39%	807	836
6.46	**2,148,576**	**22**	**0**	**5,405**	**18%**	**938**	**1,184**
-	0	0	0	0	0%	0	0
0.19	30,977	23	0	37	7%	0	1
0.32	39,535	23	0	284	10%	2	5
0.64	80,559	23	0	644	16%	6	20
1.58	80,496	23	0	1,090	23%	17	52
5.48	70,177	23	0	1,021	29%	45	131
22.95	23,652	23	0	305	44%	36	107
100.00	24,315	62	0	473	44%	632	646
8.92	**349,711**	**25**	**0**	**3,852**	**22%**	**739**	**962**
0.08	699,616	15	0	142	3%	1	1
0.20	186,319	15	0	116	7%	1	1
0.34	173,105	16	0	245	10%	1	1
0.56	156,576	18	0	165	15%	1	1
1.52	346,077	15	0	467	19%	6	7
4.78	136,055	17	0	241	27%	7	9
17.84	72,684	18	0	110	41%	9	13
100.01	**28,433**	**63**	**0**	**66**	**23%**	**174**	**190**
3.26	**1,798,865**	**17**	**0**	**1,552**	**12%**	**199**	**222**
-	**0**	**0**	**0**	**0**	**0%**	**0**	**0**
3.26	**3,395,948**	**23**	**3**	**64,461**	**28%**	**3,082**	**3,682**

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		a	b	c	d
12/31/2020 *(in € millions)*	**PD range**	**Gross exposures initially on balance sheet**	**Exposures Pre-CCF off balance sheet**	**Average CCF**	**Value exposed to post-CRM and post-CCF risk**
o/w: Revolving					
	0.00 to < 0.15	938	2,335	20%	1,407
	0.15 to < 0.25	261	385	20%	338
	0.25 to < 0.50	424	584	20%	541
	0.50 to < 0.75	352	413	20%	435
	0.75 to < 2.50	598	510	20%	701
	2.50 to < 10.00	256	138	20%	284
	10.00 to < 100.00	113	34	20%	120
	100.00 (default)	63	3	20%	64
	Subtotal	**3,005**	**4,401**	**20%**	**3,889**
o/w: Other retail customers					
	0.00 to < 0.15	4,143	1,247	58%	4,080
	0.15 to < 0.25	1,842	586	48%	2,125
	0.25 to < 0.50	4,799	1,090	40%	5,236
	0.50 to < 0.75	4,295	1,110	36%	4,697
	0.75 to < 2.50	6,081	1,953	42%	6,902
	2.50 to < 10.00	4,314	1,040	40%	4,729
	10.00 to < 100.00	903	118	43%	954
	100.00 (default)	1,399	70	84%	1,458
	Subtotal	**27,776**	**7,214**	**44%**	**30,180**
o/w: SMEs					
	0.00 to < 0.15	9	-	-	-
	0.15 to < 0.25	427	139	33%	473
	0.25 to < 0.50	2,601	616	29%	2,779
	0.50 to < 0.75	3,362	822	29%	3,601
	0.75 to < 2.50	4,364	834	32%	4,631
	2.50 to < 10.00	3,599	713	36%	3,853
	10.00 to < 100.00	668	78	32%	693
	100.00 (default)	1,088	65	86%	1,144
	Subtotal	**16,118**	**3,268**	**33%**	**17,174**
o/w: Non-SMEs					
	0.00 to < 0.15	4,134	1,247	58%	4,080
	0.15 to < 0.25	1,414	447	53%	1,653
	0.25 to < 0.50	2,198	474	55%	2,457
	0.50 to < 0.75	934	288	57%	1,096
	0.75 to < 2.50	1,718	1,120	49%	2,271
	2.50 to < 10.00	715	327	49%	876
	10.00 to < 100.00	235	40	64%	260
	100.00 (default)	311	5	67%	314
	Subtotal	**11,658**	**3,947**	**54%**	**13,007**
Equities					
	Subtotal	**-**	**-**	**-**	**-**
	TOTAL	**191,021**	**59,490**	**42%**	**216,263**

e	f	g	h	i	j	k	l
Average PD	Number of debtors	Average LGD	Average maturity *(in years)*	RWAs	RWA density	EL	Corrected values & provisions
0%	210,733	30%	-	25	2%	-	-
0%	38,602	30%	-	12	3%	-	-
0%	73,981	30%	-	26	5%	-	1
1%	65,936	30%	-	34	8%	1	1
2%	113,475	30%	-	120	17%	3	3
5%	47,608	30%	-	108	38%	4	4
17%	24,572	30%	-	93	77%	6	6
100%	10,769	56%	-	15	23%	34	46
3%	**585,676**	**31%**	**-**	**433**	**11%**	**50**	**62**
0%	670,842	14%	-	133	3%	-	1
0%	207,238	15%	-	133	6%	1	1
0%	209,333	17%	-	461	9%	3	3
1%	225,587	18%	-	623	13%	5	6
2%	421,674	18%	-	1,297	19%	19	23
5%	210,131	19%	-	1,156	24%	48	67
22%	94,171	19%	-	358	38%	39	58
100%	57,025	61%	-	596	41%	843	894
7%	**2,096,001**	**19%**	**-**	**4,758**	**16%**	**958**	**1,052**
0%	-	0%	-	-	-	-	-
0%	28,213	19%	-	30	6%	-	-
0%	38,855	18%	-	234	8%	2	2
1%	69,454	19%	-	468	13%	4	4
2%	79,475	19%	-	875	19%	14	16
6%	75,320	19%	-	925	24%	41	57
23%	23,996	19%	-	252	36%	30	46
100%	25,566	61%	-	519	45%	660	692
9%	**340,879**	**22%**	**-**	**3,304**	**19%**	**751**	**817**
0%	670,842	14%	-	133	3%	-	1
0%	179,025	14%	-	103	6%	-	1
0%	170,478	15%	-	228	9%	1	1
1%	156,133	17%	-	154	14%	1	1
1%	342,199	15%	-	422	19%	5	7
5%	134,811	17%	-	230	26%	7	11
18%	70,175	18%	-	106	41%	8	12
100%	31,459	60%	-	77	24%	184	201
4%	**1,755,122**	**16%**	**-**	**1,454**	**11%**	**207**	**235**
0%	**-**	**0%**	**-**	**-**	**-**	**-**	**-**
4%	**3,286,822**	**22%**	**2.5**	**59,200**	**27%**	**3,142**	**3,832**

5.8.5.3 Backtesting

The quality of the ratings system is monitored using national procedures which specify the topics to be reviewed, the warning thresholds and responsibilities of the personnel involved. These documents are updated by the Confédération Nationale du Crédit Mutuel risk department if necessary as decisions are ratified.

Reporting of the monitoring of the mass rating models focuses on three main aspects: stability assessment, performance assessment and various additional analyses. These reports are created for each mass rating model on a quarterly basis and supplemented by reviews and annual and half-yearly audits at a deeper level of detail, in that all of the elements making up each models are analyzed.

As regards the expert grids, the approach includes comprehensive annual monitoring based on performance tests, with an analysis of rating concentrations, of transition matrices and of consistency with the external rating system.

The annual review of default probabilities is carried out before new estimates are made of that regulatory parameter. Depending on the portfolio, the annual review is supplemented by an intermediate review, conducted semi-annually.

The procedures for tracking LGD and CCFs are implemented on an annual basis, their main objective being to validate, at the segment level, the values used by these parameters. In the case of loss given default, this validation is carried out mainly by verifying the strength of the calculation methods for the margins of conservatism and by reconciling the LGD estimators with the most recent data and actual figures. As regards the CCF, it is validated by reconciling the estimators with the most recent CCFs observed.

Since a nation-wide procedure has been established for monitoring the parameters, the quantitative elements relating to the backtesting of the parameters and to the change in RWAs under the internal ratings-based approach are presented in the confederal Pillar 3 report.

5.8.5.4 Permanent and periodic control

The Crédit Mutuel group’s Basel regulatory permanent control plan comprises two levels. At the national level, permanent control is involved, on the one hand, in validating new models and significant adjustments made to existing models and, on the other, the ongoing monitoring of the internal ratings system, especially its parameters.

At the regional level, the role of CNCM permanent control is to lead, coordinate and standardize all the Crédit Mutuel permanent control function, group-wide.

It controls the overall appropriation of the internal rating system, the operational aspects related to the production and calculation of ratings, the credit risk management procedures directly linked to the internal rating system and the quality of the data.

As for periodic control, the Crédit Mutuel group’s audit unit carries out an annual review of the internal rating system. A framework procedure defines the type of assignments to be carried out on an ongoing basis on the Basel procedures as well as the breakdown of responsibilities between the regional and national audit units.

5.8.5.5 Additional quantitative information

The risk-weighted assets of equity exposures are obtained using the simple risk-weighted approach, which involves applying specific risk weighting to the carrying amounts of the exposures.

The risk-weighted assets of “specialized financing” exposures are obtained using the slotting criteria method.

TABLE 30: IRB APPROACH – SCOPE OF USE OF STANDARDIZED AND IRB APPROACHES (EU CR6A)

12/31/2021 *(in € millions)*	Performing loans				
	Within the meaning of Article 166 of the CRR for exposures under the IRB approach	Total exposures under the standardized approach and the IRB approach	Percentage of total value at risk subject to permanent partial utilization of SA *(%)*	Percentage of total value at risk subject to the IRB approach *(%)*	Percentage of total value at risk subject to a roll-out plan *(%)*
Governments and central banks	0	76,748	100	0	0
of which regional or local authorities	*0*	*257*	*100*	*0*	*0*
of which Public sector entities	*0*	*10,513*	*100*	*0*	*0*
Institutions (banks)	21,938	28,024	21	78	1
Corporates	92,223	103,594	5	89	6
of which Corporates – Specialized financing excluding slotting criteria	*0*	*0*	*0*	*0*	*0*
of which Corporates – Specialized slotting criteria	*8,472*	*8,472*	*0*	*100*	*0*
Retail customers	135,649	146,989	7	92	1
of which Retail customers – Real estate – SMEs	*15,674*	*17,728*	*12*	*88*	*0*
of which Retail customers – Real estate – non-SMEs	*79,758*	*86,352*	*8*	*92*	*0*
of which Retail customers – Revolving	4,038	4,038	0	100	0
of which Retail customers – SMEs	21,919	23,401	0	94	6
of which Retail customers – Other non-SMEs	14,259	15,469	8	92	0
Equities	3,979	5,178	23	77	0
Other assets	3,708	4,277	11	87	2
TOTAL	**257,496**	**364,810**	**27**	**71**	**2**

TABLE 31: RWA FLOW STATEMENTS OF CREDIT RISK EXPOSURES UNDER THE IRB APPROACH (EU CR8)

(in € millions)	RWAs	Capital requirements
1 – RWAS DECEMBER 2020	**65,885**	**5,271**
2 – Asset amount	3,033	243
3 – Asset quality	2,189	175
4 – Model upgrades	0	0
5 – Methodology and policy	0	0
6 – Acquisitions and disposals	0	0
7 – Currency movements	0	0
8 – Other	0	0
9 – RWAS DECEMBER 2021	**71,107**	**5,689**

TABLE 32: IRB APPROACH – PD BACKTESTING BY EXPOSURE CLASS (EU CR9)

The information associated with this table is treated at the national level in the Crédit Mutuel group's Pillar 3 report.

TABLE 33: IRB APPROACH – PD BACKTESTING BY EXPOSURE CLASS – (ONLY FOR PD ESTIMATION) (EU CR9.1)

12/31/2021 *(in € millions)* Category of exposure	PD range	Equivalent external rating	Number of debtors at the end of the previous year	of which number of debtors who defaulted during the year	Average observed default rate *(%)*	Average PD *(%)*	Average historical annual default rate *(%)*
	0.00 to < 0.15	1 to 2	312	1	0.04	0.06	0.07
	0.15 to < 0.50	3	113	-	0.15	0.33	0.13
	0.50 to < 10	4	29	-	0.70	1.90	0.37
	10.00 to < 100.00	5 to 6	14	3	3.24	21.61	2.1
Banks	100.00 (default)		-	-	100.00	100.00	100.00
	0.00 to < 0.15	1 to 2	1,324	-	0.49	0.07	0.10
	0.15 to < 1.50	3	3,711	7	0.43	0.62	0.20
	1.50 to < 10	4	2,353	20	1.28	2.60	0.84
	10.00 to < 100.00	5 to 6	244	26	10.72	16.58	8.54
Large corporates	100.00 (default)		-	-	100.00	100.00	100.00

TABLE 34: IRB – SPECIALIZED FINANCING – PROJECTS (EU CR10.1)

12/31/2021 *(in € millions)* Regulatory categories	Remaining maturity	On-balance-sheet amount	Off-balance-sheet amount	Weighting	Exposure amount	RWAs	Expected losses
	Less than 2.5 years	166	90	50%	220	115	-
Category 1	2.5 years or more	2,045	332	70%	2,265	1,653	9
	Less than 2.5 years	128	82	70%	181	132	1
Category 2	2.5 years or more	946	480	90%	1,291	1,210	10
	Less than 2.5 years	14	2	115%	14	17	0
Category 3	2.5 years or more	333	142	115%	440	527	12
	Less than 2.5 years	-	-	0%	-	-	-
Category 4	2.5 years or more	9	-	250%	8	21	1
	Less than 2.5 years	11	-	0%	12		6
Category 5	2.5 years or more	7	-	0%	6		3
	LESS THAN 2.5 YEARS	**319**	**175**	**-**	**427**	**264**	**7**
TOTAL	**2.5 YEARS OR MORE**	**3,340**	**954**	**-**	**4,010**	**3,411**	**36**

TABLE 35: IRB – SPECIALIZED LENDING – REAL ESTATE (EU CR10.2)

12/31/2021 *(in € millions)* Regulatory categories	Remaining maturity	Balance sheet exposure	Off-balance sheet exposure	Risk weighting	Value at risk	Risk-weighted exposure amounts	Expected losses
		a	b	c	d	e	f
Category 1	Less than 2.5 years	131	40	50%	161	84	-
	2.5 years or more	78	35	70%	104	76	0
Category 2	Less than 2.5 years	38	0	70%	38	28	0
	2.5 years or more	39	-	90%	39	37	0
Category 3	Less than 2.5 years	-	-	0%	-	-	-
	2.5 years or more	5		115%	5	6	0
Category 4	Less than 2.5 years	-	-	0%	-	-	-
	2.5 years or more	6		250%	6	16	0
Category 5	Less than 2.5 years	-	-	0%	-	-	-
	2.5 years or more	-	-	0%	-	-	-
TOTAL	**LESS THAN 2.5 YEARS**	**169**	**40**		**199**	**112**	**0**
	2.5 YEARS OR MORE	**128**	**35**	**-**	**155**	**135**	**1**

TABLE 36: IRB – SPECIALIZED LENDING – ASSETS (EU CR10.3)

12/31/2021 *(in € millions)* Regulatory categories	Remaining maturity	Balance sheet exposure	Off-balance sheet exposure	Risk weighting	Value at risk	Risk-weighted exposure amounts	Expected losses
		a	b	c	d	e	f
Category 1	Less than 2.5 years	248	1	50%	243	127	
	2.5 years or more	2,736	159	70%	2,787	2,032	11
Category 2	Less than 2.5 years	3		70%	3	2	0
	2.5 years or more	362		90%	336	315	3
Category 3	Less than 2.5 years	9		115%	9	11	0
	2.5 years or more	96	70	115%	148	178	4
Category 4	Less than 2.5 years	13		250%	13	33	1
	2.5 years or more	40		250%	12	32	1
Category 5	Less than 2.5 years	40	1	0%	41		21
	2.5 years or more	91		0%	91		46
TOTAL	**LESS THAN 2.5 YEARS**	**313**	**2**		**309**	**173**	**22**
	2.5 YEARS OR MORE	**3,326**	**228**		**3,375**	**2,557**	**64**

TABLE 37: IRB – SPECIALIZED FINANCING – COMMODITIES (EU CR10.4)

CIC has no specialized lending exposure to commodities.

TABLE 38: SPECIALIZED LENDING: EQUITIES (EUR CR10.5)

12/31/2021 *(in € millions)* Categories	Balance sheet exposure	Off-balance sheet exposure	Risk weighting	Value at risk	Risk-weighted exposure amounts	Amount of expected losses
Private equity exposures	1,800	0	0	1,800	3,420	14
Exposures to listed equities	267	0	0	267	775	2
Other equity exposure	1,873	0	0	1,873	6,930	45
TOTAL	**3,940**	**0**	**0**	**3,940**	**11,124**	**61**

5.9 COUNTERPARTY RISK (EU CCRA)

Qualitative information disclosure requirements on CCR (EU CCRA)

Objectives and risk management policies regarding CCR

In terms of Capital Market counterparty risk, the objective in managing it is to estimate the economic loss that the group would suffer in the event of instant default by a counterparty before applying a recovery rate.

Method used to allocate internal capital operating limits for counterparty credit risk exposures

The limits on credit risk and Capital Market counterparty risk are internal ratings of the counterparties and of the type of exposure to them, such as money market instruments, investment in equity or debt securities, derivative products and repurchase agreements.

Policies concerning guarantees and other risk mitigation techniques and counterparty risk assessment

In keeping with what is indicated in the CCR1 statement, trading floor counterparty transactional risk is calculated (i) using the market price method accompanied by an add-on for exposures through derivatives and (ii) using the general method based on financial collateral for exposures through repurchase transactions. Margin call flows (collateralization) mitigate the risks of these exposures.

Hedging through CDSs may also be used to manage credit risk for certain large corporate counterparties. Lastly, as regards the mitigation of counterparty risk, the measures applied are:

- **(i)** signing netting contracts with certain counterparties for certain products (see close out netting in the event of default by a counterparty);
- **(ii)** netting transactions on certain over-the-counter derivatives with a central counterparty.

The policies applied as regards exposure to correlation risk

The risk of unfavorable correlation, known as wrong way risk, is monitored for both of its components, specific risk and general risk.

A procedure for monitoring specific correlation risk is in place to detect transactions that might create exposure.

General correlation risk is calculated by combing a scenario where the probabilities of default (historical and market) deteriorate and a scenario where the primary risk factors to which the portfolio is sensitive are altered.

TABLE 39: CCR EXPOSURE ANALYSIS BY APPROACH (EU CCR1)

12/31/2021 *(in € millions)*	Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha factor used to calculate regulatory exposure	Value at risk before CRM	Value at risk after CRM	Value at risk	Risk-weighted exposure amount (RWEA)
EU – Initial exposure method (for derivatives)	10	108	-	1.4	166	166	1.4	49
EU – Simplified SA-CCR (for derivatives)	-		-	1.4	-	-	1.4	-
SA-CCR (for derivatives)	970	1,665	-	1.4	3,706	3,689	1.4	1,857
IMM (for derivatives and SFTs)	-	-	-	-	-	-	-	-
of which securities financing transactions	-	-	-	-	-	-	-	-
of which derivatives and deferred settlement transactions	-	-	-	-	-	-	-	-
of which resulting from netting sets of multi-product agreements	-	-	-	-	-	-	-	-
Simple method based on financial collateral (for SFTs)	-	-	-	-	-	-	-	-
General method based on financial collateral (for SFTs)	-	-	-	-	-	-	-	288
VaR for SFTs	-	-	-	-	-	-	-	-
TOTAL	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,194**

TABLE 40: CVA CAPITAL REQUIREMENTS (EU CCR2)

	12/31/2021		12/31/2020	
(in € millions)	Amount of exposure	RWAs	Amount of exposure	RWAs
Total portfolios subject to advanced CVA requirement	**-**	**-**	**-**	**-**
i) VaR component (including x3 multiplier)	-	-	-	-
ii) SVaR component under stress (including x3 multiplier)	-	-	-	-
Total portfolios subject to standard CVA requirement	**867**	**235**	**799**	**262**
Total of method based on original exposure	**-**	**-**	**-**	**-**
TOTAL SUBJECT TO CREDIT VALUATION ADJUSTMENT (CVA) CAPITAL REQUIREMENTS	**867**	**235**	**799**	**262**

TABLE 41: STANDARDIZED APPROACH – CCR EXPOSURES BY REGULATORY PORTFOLIO AND RISK WEIGHTING (EU CCR3)

12/31/2021 *(in € millions)* Category of exposure	Weighting 0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Other	Total
Governments and central banks	-	-	-	-	-	-	-	-	-	-	-	-
Regional or local authorities	0	-	-	-	-	-	-	-	3	-	-	3
Public sector (public organizations excluding central governments)	1	-	-	-	-	-	-	-	3	-	-	4
Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
International organizations	-	-	-	-	-	-	-	-	-	-	-	-
Institutions (banks)	-	324	-	-	179	24	-	-	4	-	-	531
Corporates	-	-	-	-	-	0	-	-	365	-	-	365
Retail customers	-	-	-	-	-	-	-	3	-	-	-	3
Institutions and corporates given a short-term credit evaluation	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	0	-	-	0
TOTAL	**1**	**324**	**-**	**-**	**179**	**24**	**-**	**3**	**375**	**-**	**-**	**906**

12/31/2020 *(in € millions)* Category of exposure	Weighting 0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Other	Total
1 – Governments and central banks	-	-	-	-	-	-	-	-	-	-	-	-
2 – Regional or local authorities	4	-	-	-	-	-	-	-	3	-	-	7
3 – Public sector (public organizations excluding central governments)	-	-	-	-	-	-	-	-	2	-	-	3
4 – Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5 – International organizations	-	-	-	-	-	-	-	-	-	-	-	-
6 – Institutions (banks)	-	535	-	-	45	27	-	-	1	-	-	608
7 – Corporates	-	-	-	-	-	-	-	-	82	-	-	82
8 – Retail customers	-	-	-	-	-	-	-	33	-	-	-	33
9 – Institutions and corporates given a short-term credit evaluation	-	-	-	-	-	-	-	-	-	-	-	-
10 – Other assets	-	-	-	-	-	-	-	-	-	-	-	-
11 – TOTAL	**4**	**535**	**-**	**-**	**45**	**27**	**-**	**33**	**89**	**-**	**-**	**733**

TABLE 42: IRB APPROACH – CCR EXPOSURES BY PORTFOLIO AND PD SCALE (EU CCR4)

12/31/2021 *(in € millions)*	PD range	EAD post-CRM	Average PD *(%)*	Number of debtors	Average LGD *(%)*	Average maturity *(in years)*	Risk-weighted exposure amount (RWEA)	RWA density
Governments and central banks	**Subtotal**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Institutions (banks)								
	0 to < 0.15	3,292	0.06%	115	24%	2	207	6%
	0.15 to < 0.25	502	0.23%	18	12%	2	55	11%
	0.25 to < 0.50	31	0.44%	5	8%	2	1	3%
	0.50 to < 0.75	-	-	-	-	-	-	-
	0.75 to < 2.50	17	1.02%	2	3%	2	2	9%
	2.50 to < 10.00							
	10.00 to < 100.00	-	-	-	-	-	-	-
	100.00 (default)	-	-	-	-	-	-	-
	Subtotal	**3,843**	**0.09%**	**140**	**22%**	**2**	**264**	**7%**
Corporates								
	0 to < 0.15	3,701	0.05%	127	13%	2	270	7%
	0.15 to < 0.25	-	-	-	-	-	-	-
	0.25 to < 0.50	342	0.35%	87	23%	3	112	33%
	0.50 to < 0.75	133	0.65%	1,063	44%	3	110	83%
	0.75 to < 2.50	260	1.26%	881	43%	3	270	104%
	2.50 to < 10.00	288	3.74%	544	40%	3	371	129%
	10.00 to < 100.00	20	18.67%	87	31%	3	34	174%
	100.00 (default)	21	100%	48	44%	3	-	-
	Subtotal	**4,765**	**0.89%**	**2,837**	**18%**	**2**	**1,167**	**24%**
o/w: Specialized lending								
	0 to < 0.15	-	-	-	-	-	-	-
	Subtotal	**-**	**-**	**-**	**-**	**-**	**-**	**-**
o/w: SMEs								
	0 to < 0.15	-	-	-	-	-	-	-
	Subtotal	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Retail customers								
	0 to < 0.15	2	0.10%	39	45%	-	0	3%
	0.15 to < 0.25	-	-	-	-	-	-	-
	0.25 to < 0.50	2	0.25%	24	45%	-	0	5%
	0.50 to < 0.75	0	0.54%	8	45%	-	0	8%
	0.75 to < 2.50	1	1.56%	15	45%	-	0	13%
	2.50 to < 10.00	0	4.20%	2	44%	-	0	16%
	10.00 to < 100.00	0	10.52%	6	45%	-	0	19%
	100.00 (default)	-	-	-	-	-	-	-
	Subtotal	**6**	**0.63%**	**94**	**45%**	**-**	**0**	**6%**
o/w: exposures secured by real estate mortgages								
	0 to < 0.15	-	-	-	-	-	-	-
	Subtotal	**-**	**-**	**-**	**-**	**-**	**-**	**-**
o/w: SMEs								
	0 to < 0.15	-	-	-	-	-	-	-
	Subtotal	**-**	**-**	**-**	**-**	**-**	**-**	**-**
o/w: Non-SMEs								
	0 to < 0.15	-	-	-	-	-	-	-
	Subtotal	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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12/31/2021 *(in € millions)*	PD range	EAD post-CRM	Average PD *(%)*	Number of debtors	Average LGD *(%)*	Average maturity *(in years)*	Risk-weighted exposure amount (RWEA)	RWA density
o/w: revolving								
	0 to < 0.15	-	-	-	-	-	-	-
	Subtotal	**-**	**-**	**-**	**-**	**-**	**-**	**-**
o/w: Other retail customers								
	0 to < 0.15	2	0.10%	39	45%	-	0	3%
	0.15 to < 0.25	-	-	-	-	-	-	-
	0.25 to < 0.50	2	0.25%	24	45%	-	0	5%
	0.50 to < 0.75	0	0.54%	8	45%	-	0	8%
	0.75 to < 2.50	1	1.56%	15	45%	-	0	13%
	2.50 to < 10.00	0	4.20%	2	44%	-	0	16%
	10.00 to < 100.00	0	10.52%	6	45%	-	0	19%
	100.00 (default)	-	-	-	-	-	-	-
	Subtotal	**6**	**0.63%**	**94**	**45%**		**0**	**6%**
o/w: SMEs								
	0 to < 0.15	-	-	-	-	-	-	-
	Subtotal	**-**	**-**	**-**	**-**	**-**	**-**	**-**
o/w: Non-SMEs								
	0 to < 0.15	2	0.10%	39	45%	-	0	3%
	0.15 to < 0.25	-	-	-	-	-	-	-
	0.25 to < 0.50	2	0.25%	24	45%	-	0	5%
	0.50 to < 0.75	0	0.54%	8	45%	-	0	8%
	0.75 to < 2.50	1	1.56%	15	45%	-	0	13%
	2.50 to < 10.00	0	4.20%	2	44%	-	0	16%
	10.00 to < 100.00	0	10.52%	6	45%	-	0	19%
	100.00 (default)	-	-	-	-	-	-	-
	Subtotal	**6**	**0.63%**	**94**	**45%**		**0**	**6%**
Equities								
	0 to < 0.15	-	-	-	-	-	-	-
	Subtotal	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL		**8,613**	**0.54%**	**3,071**	**20%**	**2**	**1,432**	**17%**

12/31/2020 *(in € millions)*	PD range	EAD post-CRM	Average PD	Number of debtors	Average LGD	Average maturity *(in years)*	RWAs	RWA density
Governments and central banks								
	0.00 to < 0.15	-	-	-	-	-	-	-
	0.15 to < 0.25	-	-	-	-	-	-	-
	0.25 to < 0.50	-	-	-	-	-	-	-
	0.50 to < 0.75	-	-	-	-	-	-	-
	0.75 to < 2.50	-	-	-	-	-	-	-
	2.50 to < 10.00	-	-	-	-	-	-	-
	10.00 to < 100.00	-	-	-	-	-	-	-
	100.00 (default)	-	-	-	-	-	-	-
	Subtotal	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Institutions (banks)								
	0.00 to < 0.15	4,236	0.07%	123	19%	2.0	192	5%
	0.15 to < 0.25	256	0.23%	13	15%	2.0	48	19%
	0.25 to < 0.50	233	0.44%	9	6%	2.0	10	4%
	0.50 to < 0.75	-	-	-	-	-	-	-
	0.75 to < 2.50	21	1.02%	2	2%	2.0	1	5%
	2.50 to < 10.00	-	-	-	-	-	-	-
	10.00 to < 100.00	-	-	-	-	-	-	-
	100.00 (default)	-	-	-	-	-	-	-
	Subtotal	**4,745**	**0.10%**	**147**	**18%**	**2.0**	**251**	**5%**
Corporates								
	0.00 to < 0.15	2,982	0.04%	121	10%	2.0	132	4%
	0.15 to < 0.25	-	-	-	-	-	-	-
	0.25 to < 0.50	160	0.35%	97	29%	3.0	67	42%
	0.50 to < 0.75	123	0.65%	1,178	43%	3.0	101	82%
	0.75 to < 2.50	395	1.42%	1,052	43%	3.0	429	109%
	2.50 to < 10.00	138	4.03%	734	39%	3.0	186	135%
	10.00 to < 100.00	17	20.03%	103	44%	3.0	41	246%
	100.00 (default)	11	100.00%	46	37%	3.0	-	-
	Subtotal	**3,827**	**0.72%**	**3,331**	**17%**	**2.0**	**956**	**25%**
o/w: Specialized lending								
	Subtotal	**-**	**-**	**-**	**-**	**-**	**-**	**-**
o/w: SMEs								
	Subtotal	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Retail customers								
	0.00 to < 0.15	1	0.08%	57	45%	-	-	2%
	0.15 to < 0.25	-	-	-	-	-	-	-
	0.25 to < 0.50	1	0.25%	28	45%	-	-	5%
	0.50 to < 0.75	-	0.54%	18	45%	-	-	9%
	0.75 to < 2.50	-	1.36%	15	45%	-	-	13%
	2.50 to < 10.00	-	4.46%	2	44%	-	-	22%
	10.00 to < 100.00	-	10.11%	1	43%	-	-	19%
	100.00 (default)	-	-	-	-	-	-	-
	Subtotal	**2**	**0.46%**	**121**	**45%**	**-**	**-**	**6%**

12/31/2020 *(in € millions)*	PD range	EAD post-CRM	Average PD	Number of debtors	Average LGD	Average maturity *(in years)*	RWAs	RWA density
o/w: Exposures secured by real estate mortgages								
	Subtotal	-	-	-	-	-	-	-
o/w: SMEs								
	Subtotal	-	-	-	-	-	-	-
o/w: Non-SMEs								
	Subtotal	-	-	-	-	-	-	-
o/w: Revolving								
	Subtotal	-	-	-	-	-	-	-
o/w: Other retail customers								
	0.00 to < 0.15	1	0.08%	57	45%	-	-	2%
	0.15 to < 0.25	-	-	-	-	-	-	-
	0.25 to < 0.50	1	0.25%	28	45%	-	-	5%
	0.50 to < 0.75	-	0.54%	18	45%	-	-	9%
	0.75 to < 2.50	-	1.36%	15	45%	-	-	13%
	2.50 to < 10.00	-	4.46%	2	44%	-	-	22%
	10.00 to < 100.00	-	10.11%	1	43%	-	-	19%
	100.00 (default)	-	-	-	-	-	-	-
	Subtotal	**2**	**0.46%**	**121**	**45%**	**-**	**-**	**6%**
o/w: SMEs								
	0.00 to < 0.15	-	-	-	-	-	-	-
	0.15 to < 0.25	-	-	-	-	-	-	-
	0.25 to < 0.50	-	-	-	-	-	-	-
	0.50 to < 0.75	-	-	-	-	-	-	-
	0.75 to < 2.50	-	-	-	-	-	-	-
	2.50 to < 10.00	-	5.02%	1	37%	-	-	57%
	10.00 to < 100.00	-	-	-	-	-	-	-
	100.00 (default)	-	-	-	-	-	-	-
	Subtotal	**-**	**5.02%**	**1**	**37%**	**-**	**-**	**57%**
o/w: Non-SMEs								
	0.00 to < 0.15	1	0.08%	57	45%	-	-	2%
	0.15 to < 0.25	-	-	-	-	-	-	-
	0.25 to < 0.50	1	0.25%	28	45%	-	-	5%
	0.50 to < 0.75	-	0.54%	18	45%	-	-	9%
	0.75 to < 2.50	-	1.36%	15	45%	-	-	13%
	2.50 to < 10.00	-	4.35%	1	46%	-	-	17%
	10.00 to < 100.00	-	10.11%	1	43%	-	-	19%
	100.00 (default)	-	-	-	-	-	-	-
	Subtotal	**2**	**0.45%**	**120**	**45%**	**-**	**-**	**6%**
Equities								
	Subtotal	-	-	-	-	-	-	-
TOTAL		**8,574**	**0.38%**	**3,599**	**17%**	**2**	**1,208**	**14%**

TABLE 43: CREDIT DERIVATIVE EXPOSURES (EU CCR6)

	12/31/2021			12/31/2020		
	Credit derivative hedges			Credit derivative hedges		
(in € millions)	Protection bought	Protection sold	Other credit derivatives	Protection bought	Protection sold	Other credit derivatives
Notional amounts						
Single-name credit default swaps	4,606	2,702		6,837	3,259	-
Index credit default swaps	2,322	2,726		2,083	1,522	-
Total index credit default swaps	-	-	-	-	-	-
Credit options	-	-	-	0	0	-
Other credit derivatives	-	-	-	-	-	-
TOTAL NOTIONAL AMOUNTS	**6,929**	**5,428**	**-**	**8,921**	**4,781**	**-**
Fair values						
Positive fair value (asset)	15	102	-	0	77	-
Negative fair value (liability)	128	11	-	88	46	-

TABLE 44: RWA FLOW STATEMENTS OF CCR EXPOSURES UNDER THE INTERNAL MODEL METHOD (EU CCR7)

(in € millions)	RWA *(in € millions)*	Capital requirements *(in € millions)*
1 – RWAS DECEMBER 2020	**1,516**	**121**
2 – Asset amount	206	16
3 – Asset quality	40	3
4 – Model upgrades	0	0
5 – Methodology and policy	0	0
6 – Acquisitions and disposals	0	0
7 – Currency movements	0	0
8 – Other	0	0
9 – RWAS DECEMBER 2021	**1,762**	**141**

TABLE 45: EXPOSURES TO CENTRAL COUNTERPARTIES (EU CCR8)

	2021		2020	
(in € millions)	Value at risk	Risk-weighted exposure amount (RWEA)	Value at risk	Risk-weighted exposure amount (RWEA)
Exposures to eligible central counterparties (total)	**0**	**18**	**-**	**13**
Trade exposures with QCCPs (excluding initial margin and default fund contributions); of which	339	9	535	11
(i) Over-the-counter derivatives	235	7	268	5
(ii) Trading derivatives	23	0	147	3
(iii) Equity financing transactions	81	2	120	2
(iv) Netting sets in which cross-product netting has been approved	0	0	0	0
Segregated initial margin	1,210	0	1,877	-
Non-segregated initial margin	6	1	0	0
Pre-funded default fund contributions	54	7	96	2
Unfunded default fund contributions	0	0	0	0
Exposures to non-eligible central counterparties (total)	**0**	**0**	**-**	**0**
Trade exposures with non-QCCPs (excluding initial margin and default fund contributions); of which	0	0	0	0
(i) Over-the-counter derivatives	0	0	0	0
(ii) Trading derivatives	0	0	0	0
(iii) Equity financing transactions	0	0	0	0
(iv) Netting sets in which cross-product netting has been approved	0	0	0	0
Segregated initial margin	0	0	0	-
Non-segregated initial margin	0	0	0	0
Pre-funded default fund contributions	0	0	0	0
Unfunded default fund contributions	0	0	0	0

5.10 CREDIT RISK MITIGATION TECHNIQUES (EU CRC)

Financial, personal and physical collateral may be used directly to reduce the calculation of capital requirements measured for credit risk and included in the calculation of the group's solvency ratio.

It should be noted that in the event of a three-notch downgrade in its credit rating, the impact on the amount of collateral provided by the group would not be significant, it would be limited to +2.5%.

The use of guarantees as a risk mitigation technique is, however, subject to compliance with the eligibility and minimum requirement conditions imposed by the regulations.

5.10.1 Netting and collateralization of repurchase transactions and over-the-counter derivatives

When a framework agreement is entered into with a counterparty, the signatory entity nets the latter's exposure.

With credit institution counterparties, the group supplements these agreements with collateralization agreements (CSA). The operational management of these agreements is based on the TriOptima platform.

Regular margin calls significantly reduce the residual net credit risk on over-the-counter derivatives and repurchase transactions.

5.10.2 Description of the main categories of collateral taken into account by the institution

The Crédit Mutuel group uses guarantees in different ways when calculating weighted risks, depending on the type of borrower, the calculation method applied for the exposure covered and the type of guarantee.

For Retail Banking customer contracts based on an advanced IRB approach, the guarantees are used as an element for segmenting the loss in the event of default, calculated statistically on all the group's non-performing loans and loans in litigation. For this scope, the group therefore does not use risk mitigation techniques in its capital requirements calculation.

For contracts concerning the Sovereign and Institution books and, to some extent, the Corporate book, personal collateral and financial collateral are used as risk mitigation techniques, as defined by regulations:

- personal collateral corresponds to the undertaking made by a third party to replace the primary debtor in the event of default by the latter. By extension, credit derivatives (protective calls) fall into this category;
- financial collateral is defined by the group as a right of the institution to liquidate, retain or obtain the transfer or ownership of certain amounts or assets such as pledged cash deposits, debt securities, shares or convertible bonds, gold, UCITS shares, life insurance policies and instruments of any kind issued by a third party and repayable on request.

Use of the guarantee is only effective if said guarantee meets the legal and operational criteria laid down by the regulations. Downstream processing to calculate weighted risks taking into account risk mitigation techniques is largely automated. Verification of compliance with the eligibility and minimum requirements conditions imposed by the regulations must be conducted and formalized when the guarantee is processed.

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5.10.3 Procedures applied to the valuation and management of instruments constituting physical collateral

The valuation procedures for guarantees vary depending on the type of instrument comprising the physical collateral. Generally speaking, research carried out within the Crédit Mutuel group is based on statistical estimation methodologies, integrated directly into the applications, using external indices with potential discounts applied depending on the type of asset accepted as collateral (for example, the valuation of assets financed under finance leases takes into account the economic obsolescence of the asset). For real-estate collateral, the initial valuation is generally calculated using the acquisition cost or construction value of the asset.

On an exceptional basis, specific procedures include expert valuations, particularly in cases where the limits set for outstandings are exceeded. These procedures are drawn up at the national level.

To perform the controls necessary for compliance with the conditions related to the guarantee agreements and the guarantors, the identification of guarantees in the information systems, and compliance with the standards and rules on eligibility in force at the Crédit Mutuel group, the regional groups use common tools and dedicated operational procedures that list the types of guarantees that are deemed eligible, present the IT mechanisms developed in the guarantee management applications to define eligibility, and detail the questions the asset manager must answer to determine the eligibility of the guarantee when it is processed.

These procedures are regularly updated by CNCM and submitted for validation by the Basel III governance bodies. The permanent control department is involved in second-level controls to verify the eligibility and its justification.

The guarantee is periodically revalued over its lifetime in accordance with the rules set out in the procedure.

5.10.4 Main categories of protection providers

With the exception of intra-group guarantees, the main categories of protection providers taken into account are mutual guarantee companies such as Crédit Logement.

TABLE 46: CREDIT RISK MITIGATION (CRM) – GENERAL OVERVIEW (EU CR3)

12/31/2021 *(in € millions)*	Unsecured exposures – Carrying amount	Guaranteed exposures	Of which collateralized exposures*	Of which exposures secured by financial guarantees	Of which exposures secured by credit derivatives
1 – Loans and advances	142,601	172,486	139,391	33,094	0
2 – Debt securities	17,826	0	0	0	
3 – TOTAL	**160,426**	**172,486**	**139,391**	**33,094**	**0**
4 – Of which non-performing exposures	5,300	2,359	1,416	943	0
5 – Of which defaulted	5,300	0			

* *Column containing secured exposures subject to a credit risk mitigation technique as defined by FINREP reporting. The guaranteed exposure amount includes retail customer contracts that are treated under the Advanced IRB method and for which guarantees are used as a basis for segmentation of loss in the event of default.*

Under the standardized approach, small discrepancies between exposure amounts pre-and post-CRM show that the impact of the collateral is not material.

Potential concentrations resulting from CRM measures (by guarantor and by sector) are monitored as part of credit risk management and included in the quarterly report, in particular the monitoring of compliance with concentration limits (monitoring carried out after guarantors are taken into account). No specific concentration has resulted from implementation of CRM techniques.

TABLE 47: STANDARDIZED APPROACH – CREDIT RISK EXPOSURE AND CRM EFFECTS (EU CR4)

12/31/2021 *(in € millions)*	Pre-CCF and CRM exposures		Post-CCF and CRM exposures		RWAs and RWA density	
Category of exposure	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWAs	RWA density
1 – Governments and central banks	64,949	850	74,383	278	1,001	1%
2 – Regional or local authorities	256	0	247	0	44	18%
3 – Public sector (public organizations excluding central governments)	10,470	169	10,952	195	4	
4 – Multilateral development banks	410	-	410	-	-	-
5 – International organizations	188	-	188	-	-	-
6 – Institutions (banks)	6,006	165	6,003	80	272	4%
7 – Corporates	9,824	1,849	8,897	577	8,228	87%
8 – Retail customers	2,260	747	1,960	313	1,466	64%
9 – Exposures secured by real estate mortgages	8,476	284	8,476	129	3,770	44%
10 – Exposures in default	428	25	408	24	539	125%
11 – Exposures presenting a particular high risk	1,316	183	1,306	91	2,088	149%
12 – Covered bonds	-	-	-	-	-	-
13 – Exposures from institutions and corporates given a short-term credit evaluation	-	-	-	-	-	-
14 – Exposures in the form of UCIT shares or equities	381	-	381	-	643	169%
15 – Equity exposure	100	-	100	-	100	100%
16 – Other assets	569	-	569	-	559	98%
17 – TOTAL	**105,633**	**4,272**	**114,279**	**1,689**	**18,714**	**16%**

12/31/2020 *(in € millions)*	Pre-CCF and CRM exposures		Post-CCF and CRM exposures		RWAs and RWA density	
Category of exposure	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWAs	RWA density
1 – Governments and central banks	69,048	688	76,763	195	909	1%
2 – Regional or local authorities	297	23	299	6	50	17%
3 – Public sector (public organizations excluding central governments)	9,527	112	10,129	232	-	-
4 – Multilateral development banks	274	-	274	-	-	-
5 – International organizations	176	-	176	-	-	-
6 – Institutions (banks)	6,314	352	6,314	167	331	5%
7 – Corporates	8,331	1,865	7,566	546	7,005	86%
8 – Retail customers	1,823	750	1,630	292	1,218	63%
9 – Exposures secured by real estate mortgages	7,373	204	7,373	98	3,423	46%
10 – Exposures in default	730	199	709	110	1,067	130%
11 – Exposures presenting a particular high risk	1,154	25	1,152	12	1,742	150%
12 – Covered bonds	-	-	-	-	-	-
13 – Exposures from institutions and corporates given a short-term credit evaluation	-	-	-	-	-	-
14 – Exposures in the form of UCIT shares or equities	59	-	59	-	59	100%
15 – Equity exposure	101	-	101	-	101	100%
16 – Other assets	615	-	615	-	597	97%
17 – TOTAL	**105,822**	**4,218**	**113,158**	**1,659**	**16,501**	**14%**

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TABLE 48: IRB APPROACH – EFFECT ON THE RWAS OF CREDIT DERIVATIVES USED AS CRM TECHNIQUES (EU CR7)

The effect of credit derivatives as a CRM technique (EU CR7) is not material for CIC.

TABLE 49: IRBA SECURED EXPOSURES (EU CR7-A)

		Credit risk mitigation techniques											Credit risk mitigation techniques in the calculation of RWEAs	
		Funded credit protection									Funded credit protection *			
				Portion of exposures hedged by other eligible collateral *(as a%)*										
12/31/2021 *(in € millions)* **IRBA exposures**	**Total exposures**	**Portion of exposures hedged by financial collateral** *(as a%)*			**Portion of exposures hedged by loans to be recovered** *(as a%)*	**Portion of exposures hedged by other actual collateral** *(as a%)*		**Portion of exposures hedged by cash deposits** *(as a%)*	**Portion of exposures hedged by life insurance policies** *(as a%)*		**Portion of exposures hedged by guarantees (as a%)**	**Portion of exposures hedged by credit derivatives** *(as a%)*	**RWEA without substitution effects (reduction effects only)**	**RWEA with substitution effects (reduction and substitution effects)**
1 - Governments and central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2 - Institutions	21,938	-	-	-	-	-	-	-	-	-	1	-	4,398	4,358
3 - Corporates	83,755	-	-	-	-	-	-	-	-	-	8	-	46,022	42,240
3.1 - Of which corporates – SMEs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.2 - Of which corporates – Specialized lending	24,945	-	-	-	-	-	-	-	-	-	9	-	9,501	8,728
3.3 - Of which corporates – Other	58,810	-	-	-	-	-	-	-	-	-	7	-	36,521	33,512
4 - Retail customers	135,615	-	1	1	-	-	-	-	-	-	3	-	18,886	17,863
4.1 - Of which Retail customers – Real estate – SMEs	15,674	-	-	-	-	-	-	-	-	-	-	-	3,466	3,466
4.2 - Of which Retail customers – non-SME real estate	79,758	-	-	-	-	-	-	-	-	-	-	-	8,528	8,528
4.3 - Of which Retail customers – eligible revolving exposures	4,038	-	-	-	-	-	-	-	-	-	-	-	464	464
4.4 - Of which Retail customers – Other SMEs	21,886	-	-	-	-	-	-	-	-	-	21	-	4,874	3,852
4.5 - Of which Retail customers – Other non-SMEs	14,259	-	7	7	-	-	-	-	-	-	-	-	1,553	1,552
5 - TOTAL	**241,308**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5**	**-**	**69,306**	**64,461**

* *Column only includes secured exposures that are subject to a credit risk mitigation technique in the regulatory sense. The small amount of secured exposures reflects the fact that for retail customer contracts based on an advanced IRB approach the guarantees are used as an element for segmenting the loss in the event of default and, as such, CRM techniques are not used.*

12/31/2021 *(in € millions)* IRBF exposures	Total exposures	Credit risk mitigation techniques											Credit risk mitigation techniques in the calculation of RWEAs	
		Funded credit protection									Unfunded credit protection			
			Portion of exposures hedged by other eligible collateral *(as a%)*				Portion of exposures hedged by other forms of financed credit protection *(as a%)*							
		Portion of posures hedged by inancial ollateral *(as a%)*		Portion of exposures hedged by real estate collateral *(as a%)*	Portion of exposures hedged by guarantees *(as a%)*	Portion of exposures hedged by other actual collateral *(as a%)*		Portion of exposures hedged by cash deposits *(as a%)*	Portion of exposures hedged by life insurance policies *(as a%)*	Portion of exposures hedged by instru-ments held by third parties *(as a%)*	Portion of exposures hedged by guarantees *(as a%)*	Portion of exposures hedged by credit derivatives *(as a%)*	RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (reduction and substitution effects) 0 0
1 - Governments and central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2 - Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3 - Corporates	8,472	2	-	-	-	-	-	-	-	-	-	-	6,645	6,645
3.1 - Of which corporates – SMEs	8,472	2	-	-	-	-	-	-	-	-	-	-	6,645	6,645
3.2 - Of which corporates – Specialized lending	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.3 - Of which corporates – Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4 - TOTAL	**8,472**	**2**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6,645**	**6,645**

TABLE 50: COMPOSITION OF COLLATERAL FOR CCR EXPOSURES (EU CCR5)

12/31/2021 *(in € millions)* Type of collateral	Collateral used in derivative transactions				Collateral used in SFTs			
	Fair value of collateral received		Fair value of collateral provided		Fair value of collateral received		Fair value of collateral provided	
	Subject to segregation	Not subject to segregation	Subject to segregation	Not subject to segregation	Subject to segregation	Not subject to segregation	Subject to segregation	Not subject to segregation
Cash – national currency	8	918	744	1,741	-	173	-	191
Cash – other currencies	11	370	138	645	-	107	-	17
National sovereign debt	-	-	-	-	-	3,448	346	3,926
Other sovereign debt	-	-	-	-	-	2,592	-	2,842
Public administration debt	-	-	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	1,177	-	1,314
Equities	-	-	-	-	-	1,014	-	7
Other collateral	-	-	-	-	-	2,965	-	4,046
TOTAL	**18**	**1,287**	**882**	**2,385**	**-**	**11,476**	**346**	**12,343**

5.11 SECURITIZATION (EU SECA)

5.11.1 Objectives

In connection with its Capital Markets, the group carries out operations on the securitization market by taking up investment positions with three objectives: achieving returns, taking risks and diversifying. The risks primarily concern credit risk on the underlying assets and liquidity risk, particularly with the changes in the European Central Bank's eligibility criteria.

The activity is exclusively an investor activity with senior or mezzanine tranches, which always have external ratings.

For specialized financing facilities, the group supports its customers as a sponsor (arranger or co-arranger) or sometimes as an investor with the securitization of commercial loans. The conduit used is called Satellite, set up in November 2019. It subscribes for senior units in securitization vehicles and issues commercial paper.

Satellite is a securitization company set up in the form of a *société par actions simplifiée* (simplified joint stock company) sponsored by the Crédit Industriel et Commercial bank. The ABCP issuance programs of the Satellite are rated A-1 (sf) by S&P Global Ratings and P-1 (sf) by Moody's France SAS. The ABCP issuance programs of the Satellite conduit will enable Crédit Mutuel Alliance Fédérale to build an alternative source of short-term financing and, in particular, refinance the bank's securitization transactions with its corporate customers.

GFL benefits from a liquidity line granted by the group guaranteeing it will place the conduit's commercial paper. The group is exposed mainly to credit risk on the portfolio of transferred loans and to the risk of the Capital Markets drying up.

5.11.2 Control and monitoring procedures for Capital Markets

Market risks on securitization positions are monitored by the risk and results control (CRR) function, focusing on various areas, with day-to-day procedures making it possible to monitor changes in market risks.

The CRR analyzes changes in the results of securitization strategies each day and explains them in relation to the risk factors. It monitors compliance with the limits set by the body of rules and approved by the group lending department.

The limits are reviewed at least once a year.

The group also observes the credit quality of the securitization tranches on a daily basis by monitoring the ratings set by the external credit rating agencies Standard & Poor's, Moody's and Fitch Ratings.

The actions taken by these agencies (upgrades, downgrades or watches) are analyzed. In addition, a quarterly summary of rating changes is drawn up.

In connection with the procedure for managing counterparty limits, the following work is carried out: in-depth analysis of securitizations that have reached the level of delegation for group commitments, analysis of certain sensitive securitizations (from the Eurozone's peripheral countries or subject to significant downgrades). The purpose of these analyses is notably to assess the position's level of credit and the underlying performances.

In addition, each securitization tranche, irrespective of the delegation level, is covered by a form. These forms incorporate the main characteristics of the tranche held, as well as the structure and the underlying portfolio.

For securitizations issued from January 1, 2011, information on the underlying asset's performances has been added. This information is updated once a month.

The branches' pre-sales documentation and the issue prospectuses are also recorded and made available with the forms, in addition to the investor reports for securitizations issued from January 1, 2011.

A stress test system is also deployed with the aim of measuring the impact of various scenarios on the tranches held. During 2021, the system was enhanced and entirely revised.

The main parameters to which the scenarios apply variations are prepayments, defaults and recovery rates (recovery rates).

Monthly stress tests are also carried out on the portfolios. An asset quality review (AQR) was conducted by the European Central Bank in 2014 and completed by stress tests in 2014, 2016 and again in 2018, with very satisfactory results.

5.11.3 Quantified data related to Capital Markets

In the 2021 fiscal year, group securitization investments increased by €703 million (up 10%), and represented a carrying amount of €7,648 billion as of December 31, 2021.

The investments of the Capital Market arm of Crédit Mutuel Alliance Fédérale – called CIC Marchés – account for 77% of its securitization outstandings.

The 2021 statistics in the tables presented in this section do not include the tranches sponsored by the American agencies Ginnie-Mae (Government National Mortgage Association), Freddie Mac (Federal Home Loan Mortgage Corporation), Fannie Mae (Federal National Mortgage Association) and SBA (Small Business Administration) for a total of €2.3 billion (€2.2 billion in 2020).

These tranches are fully, unconditionally and irrevocably guaranteed by the American government. They are thus treated as sovereign exposures and classed under US government exposures.

These investments are thus no longer recognized under the Basel regulatory framework's "Securitization" classification.

Securitization portfolios are managed on a prudent basis and comprise mainly senior securities with high credit ratings. Almost all figures are Investment grade (86%), most of which are rated AAA, Tranches located in the Non Investment Grade are subject to increased supervision and, in the case of Greece, to provisions.

The portfolios are diversified, both in terms of type of exposure (RMBS, CLO, ABS auto loans, ABS consumer loans, ABS credit cards) and geographical exposure (United States, France, Germany, Italy and Spain).

TABLE 51: BREAKDOWN OF SECURITIZATION OUTSTANDINGS

Breakdown of assets by portfolio *(in € millions)*	12/31/2021	12/31/2020
Banking book	7,021	6,126
Trading book	626	694
TOTAL OUTSTANDINGS*	**7,647**	**6,820**

* *These outstandings do not include the tranches sponsored by the US branches Ginnie-Mae and SBA.*

Breakdown of outstandings Inv. Grade/Non Inv. Grade	12/31/2021	12/31/2020
Investment Grade category (of which AAA 78%)	86%	92%
Non-Investment Grade category	0%	0%
Not rated externally equivalent to full consolidation	14%	7%
TOTAL	**100%**	**100%**

Geographic breakdown of outstandings	12/31/2021
USA	37%
France	24%
Germany	7%
Italy	6%
Spain	6%
The Netherlands	6%
United Kingdom	6%
Australia	3%
Ireland	1%
Finland	1%
Austria	1%
Portugal	1%
Belgium	1%
Luxembourg	0%
Greece	0%
Hong Kong	0%
Switzerland	0%
South Korea	0%
Norway	0%
TOTAL	**100%**

5.11.4 Capital Markets credit risk hedging policies

Capital Markets traditionally involve the purchase of securities. However purchases of credit default swaps for hedging purposes may be authorized and, as applicable, are governed by Capital Market procedures.

5.11.5 Prudential approaches and methods

Entities included in the scope for approval of the credit risk internal rating approach apply the ratings-based method. Otherwise, the standardized approach is retained.

5.11.6 Accounting policies and principles

Securitization securities are recognized on the basis of their accounting classification in the same way as for other debt securities. The accounting policies and principles are presented in note 1a to the financial statements.

5.11.7 Exposures by type of securitization

Since January 1, 2019, securitization risks are covered by Regulation (EU) 2017/2401, amending Regulation (EU) 575/2013 (CRR).

This regulation revised existing approaches (internal rating, standard approach) and introduced a new approach based on external ratings for the calculation of capital requirements, which have been strengthened.

The exposures indicated above are net of provisions and the exposures measured using the internal ratings method and weighted at 1,250% are deducted from capital.

TABLE 52: SECURITIZATION EXPOSURES IN THE NON-TRADING BOOK (EU SEC1)

12/31/2021 *(in € millions)*	The institution acts as investor			
	Classic			
	STS	Non STS	Summarized	Subtotal
Total exposures	**2,430**	**4,591**	**0**	**7,021**
Retail customers (total)	1,837	787	0	2,624
Residential mortgages	627	380	0	1,007
Credit cards	116	10	0	126
Other retail customer exposures	1,094	397	0	1,491
Resecuritization	0	0	0	0
Wholesale customers (total)	593	3,804	0	4,397
Corporate loans	0	3,128	0	3,128
Commercial mortgages	0	0	0	0
Lease payments and receivables	593	676	0	1,269
Other wholesale customer exposures	0	0	0	0
Resecuritization	0	0	0	0

CIC does not act as initiator or as sponsor.

TABLE 53: SECURITIZATION EXPOSURES IN THE TRADING BOOK (EU SEC2)

12/31/2021 *(in € millions)*	The institution acts as investor			
	Classic			
	STS	Non STS	Summarized	Subtotal
Total exposures	**498**	**137**	**823**	**1,458**
Retail customers (total)	466	128	0	594
Residential mortgages	124	128	0	253
Credit cards	0	0	0	0
Other retail customer exposures	341	0	0	341
Resecuritization	0	0	0	0
Wholesale customers (total)	32	9	0	41
Corporate loans	0	9	0	9
Commercial mortgages	0	0	0	0
Lease payments and receivables	32	0	0	32
Other wholesale customer exposures	0	0	0	0
Resecuritization	0	0	0	0

CIC does not act as initiator or as sponsor

TABLE 54: SECURITIZATION POSITIONS AND RISK-WEIGHTED ASSETS – ORIGINATOR AND SPONSOR (EU SEC3)

CIC does not act as initiator or as sponsor

TABLE 55: SECURITIZATION POSITIONS AND RISK-WEIGHTED ASSETS – INVESTORS (EU SEC4)

12/31/2021 *(in € millions)*	Securities at risk (by weighting range/deductions)					Value at risk (by regulatory approach)				RWEA (by regulatory approach)				Capital requirement after application of the cap			
	Weighting ≤ 20%	Weighting > 20% and ≤ 50%	Weighting > 50% and ≤ 100%	Weighting > 100% and < 1,250%	Weighting 1,250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC- SA	Weighting 1,250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC- SA	Weighting 1,250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC- SA	Weighting 1,250%/ deductions
Total exposures	**6,537**	**229**	**29**	**226**	**-**	**-**	**5,976**	**1,044**	**-**	**-**	**1,309**	**138**	**-**	**-**	**105**	**11**	**-**
Classic securitization	6,537	229	29	226	-	-	5,976	1,044	-	-	1,309	138	-	-	105	11	-
Securitization	6,537	229	29	226	-	-	5,976	1,044	-	-	1,309	138	-	-	105	11	-
Retail underlying	2,378	227	18	1	-	-	2,624	-	-	-	398	-	-	-	32	-	-
Of which STS	1,784	51	2	-	-	-	1,837	-	-	-	215	-	-	-	17	-	-
Wholesale customers	4,158	2	11	225	-	-	3,352	1,044	-	-	911	138	-	-	73	11	-
Of which STS	590	2	-	-	-	-	218	375	-	-	24	38	-	-	2	3	-
Resecuritization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Synthetic securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wholesale customers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Resecuritization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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TABLE 56: EXPOSURES SECURITIZED BY THE INSTITUTION – EXPOSURES IN DEFAULT AND SPECIFIC CREDIT RISK ADJUSTMENTS (EU SEC5)

CIC does not act as initiator or as sponsor

5.12 RISK OF CAPITAL MARKETS (EU MRA)

5.12.1 General organization

The group's Capital Markets are organized around three business lines: group treasury (transactions which are mainly recognized in BFCM's balance sheet), commercial, and fixed-income, equity and credit products (recognized on CIC's balance sheet), with the last two business lines constituting CIC Marchés. The management of these three business lines is "sound and prudent".

Activities are carried out in France and in branches in London (group treasury), New York (investment) and Singapore (investment and commercial).

Group treasury

This business line is organized into three teams, one of which is dedicated to cash and liquidity management. It centralizes all of Crédit Mutuel Alliance Fédérale's refinancing activities and ensures the regulatory management of liquidity assets. It seeks to diversify its investor base in Paris and London, as well as in the United States (US 144A format), Asia (Samurai format) and in Australia (Kangaroo format), and its refinancing tools, including Crédit Mutuel – CIC Home Loan SFH. A second team is dedicated to collateral management and monitoring and a third to the bank's settlement activities (including the various risks which are integrated into the business line risks).

Most of these products are monetary or debt instruments (money market and bonds) and futures used to hedge interest rates and exchange rates.

In addition to pure refinancing positions, this business line also includes a portfolio of available-for-sale securities which are held mainly for use in the event of a liquidity crisis.

Commercial

CIC Market Solutions is the division in charge of commercial activities within CIC Marchés. It is a comprehensive platform of market solutions for customers on all primary and secondary markets that also offer depository solutions (UCI depository and securities account keeping). This notably enables the group to better assist customers with their market financing.

The sales teams have access to a unified range of tools and products. They are organized into five activities.

The Secondary Market Solutions team, which comprises the Global Fixed-income/Currency/Commodity Execution Solutions and operates from Paris or within the regional banks, is responsible for marketing OTC hedging products (interest rate, currency, equity, commodity). It aims to optimize prices, preserve commercial margins and reverse positions on exchange rate and interest rate instruments.

The Global Execution Solutions offering also markets underlying equities, bonds and derivatives. In parallel, the Execution teams are assisted by the Solution Sales teams.

The Equity Sales activity, carried out in Paris, is also carried out through the subsidiary CIC Market Solutions Inc., broker-dealer regulated by FINRA, wholly owned by CIC, whose operational headquarters are located at CIC NY with a clientele of professional investors in the United States and Canada.

The Investment Solutions (IS) team uses CIC's issue programs to market investment products such as CIC and Stork Acceptance EMTN, resulting directly from the expertise of the investment business and aimed at the customers of Crédit Mutuel's and CIC's different networks, as well as institutional, corporate and retail customers. In the event of partial marketing or early exit by customers, the IS team may have to temporarily carry capital-consuming securities.

The other three commercial activities do not present any market or credit risk. These include Global Research, Primary Market Solutions and Custody Solutions.

Regarding CIC Market Solution scope, agricultural commodities present no market risk as these operations involve pure back-to-back transactions.

These are carried out at the request of the customer on over-the-counter derivative instruments. CIC Market Solutions has no influence over commodity prices.

Fixed Income-Equities-Credit Investments

This business line, also included in CIC Marchés, is organized around desks specialized in investments in equities/hybrid instruments, credit spreads and fixed income. These activities mainly involve purchases and sales of financial securities acquired with the view to holding them for a long period of time, as well as for trading in related financial instruments. These activities must create value in a disciplined risk environment in order to drive commercial development and provide expertise or services to other group entities.

5.12.2 Internal control system

The control mechanism is underpinned by a reference framework and a dedicated organizational structure.

The reference framework integrates a unified system of limits that structure Capital Markets including those applied by CIC branches. This reference framework is formalized in two "bodies of rules".

A CIC Marchés body of rules for the commercial and investment business lines and a group treasury body of rules. Regular updates are carried out throughout the year, to include the introduction of new products and risk-measurement monitoring improvements, and a complete formal validation conducted at least once a year.

The group has adopted a trading policy that describes the rules governing the assignment of market transactions to one of the two prudential books, the banking book and the trading book.

This policy covers both the investment and commercial business lines (CIC Marchés) and the transactions carried out by group treasury. For the investment business line, an appendix to the policy provides a granular definition – by investment specialty – of the holding period for positions, the prudential classification and the justification for the classification.

Both the reference framework and the application of the trading policy are subject to specific controls within the context of the first-level permanent control process.

The organization structure is underpinned by the players, functions and a comitology procedure dedicated to Capital Markets.

The front-office units that execute transactions are separated from those responsible for monitoring risks and results (control function) and from those in charge of transaction validation, settlement and recording (back office function).

Internal control teams operate under the responsibility of the group risk department, which compiles scorecards summarizing risk exposures and presents the levels of capital allocated/consumed to be approved by the Board of Directors of CIC.

The permanent control system is based on first-level controls performed by three post-market teams: (i) the risks and results control team which validates production, monitors results on a daily basis and ensures compliance with limits, (ii) the post-market accounting and regulatory team responsible for reconciling accounting and economic results, as well as regulatory matters, and (iii) the legal and tax team in charge of first-level legal and tax compliance.

Second level controls are organized around (i) the group Capital Market permanent control function, which reports to the permanent controls function, supervises first-level permanent controls carried out by CIC Marchés and conducts its own direct controls on activities, (ii) the group lending department, which monitors at-risk outstandings for each counterparty group, (iii) the group legal and tax department, which works with CIC Marchés' legal and tax teams, and (iv) CIC's finance department, which supervises accounting procedures and templates and is responsible for accounting and regulatory controls.

Third level of controls are organized around (i) periodic controls of Crédit Mutuel Alliance Fédérale performed retrospectively by a team of specialist auditors who carry out audits, controls and compliance checks in respect of Capital Markets, and (ii) the General Inspectorate of Confédération Nationale du Crédit Mutuel (CNCM) which supplements the audits performed by periodic business-line controls.

A Market Risk Committee that meets monthly and a group treasury Risk Committee that meets quarterly monitor the strategy, results and risks of CIC Marchés (in France and at the branches) and group treasury, respectively, within the limits set by the Board of Directors of CIC.

The Market Risk Committee is chaired by the member of the Executive Management in charge of CIC Marchés, it brings together the Chief Executive Officer of CIC and BFCM, the Head of the finance division of Crédit Mutuel Alliance Fédérale and the Deputy Chief Executive Officer of BFCM in charge of Group Liquidity and Treasury, front office managers, the Heads of the post-market teams, the group risk department and the lending department, the group compliance department and the permanent control department. It approves the operational limits established as part of the general limits set by the Boards of Directors of CIC and BFCM, which are kept regularly informed on the risks and results of these activities.

The group treasury Risk Committee is chaired by the Chief Executive Officer of CIC and BFCM; it includes the Deputy Chief Executive Officer of BFCM in charge of Group Liquidity and Treasury, front office group treasury, the head of the group ALM, the heads of the post-market teams and the head of the group risk department. The committee analyzes transactions relating to market refinancing, refinancing of group entities and liquidity assets.

The Group Risk Committee (executive level) and the Group Risk Monitoring Committee (specialized committee of the deliberative body), both of which are supervised by the group risk department, conduct quarterly analyses of all the risks to which the group is exposed, including market risks. They review outstandings, risks, results, consumption of capital (regulatory and internal), regulatory developments and ongoing projects and audits (internal and external) for Capital Markets.

TABLE 57: MARKET RISK UNDER THE STANDARDIZED APPROACH (EU MR1)

	12/31/2021		12/31/2020	
(in € millions)	Risk-weighted assets	Capital Requirements	Risk-weighted assets	Capital Requirements
Outright products				
1 – Interest rate risk (general and specific)	1,105	88	1,168	93
2 – Equity risk (general and specific)	1,278	102	1,645	132
3 – Foreign exchange risk	-	-	-	-
4 – Commodity risk	-	-	-	-
Options				
5 – Simplified approach	-	-	-	-
6 – Delta-plus method	64	5	23	2
7 – Scenario approach	-	-	-	-
8 – Securitization (specific risk)	238	19	138	11
9 – TOTAL	**2,684**	**215**	**2,973**	**238**

5.12.3 Risk management

The system used to set exposure limits for market risk is based on:

- a global limit for regulatory capital (CAD/European capital adequacy) based on a standard internal measurement close to the regulatory value, broken down by desk, and by VaR (or stressed VaR);
- internal rules and scenarios (CAD risks, historical VaR and stress tests) which convert exposures into potential losses.

The limits system covers various types of market risk (interest rate, currency, equity and counterparty risks). The aggregate limit is broken down into sub-limits for each type of risk for each activity.

If the overall limit and/or the limit assigned to each business line is exceeded, the group risk department is responsible for monitoring and managing the excess exposure.

Risks are monitored on the basis of first-tier indicators such as sensitivity to various market risk factors (mainly for traders), and second-tier indicators such as potential losses, to give decision-makers an overview of Capital Market exposures.

The capital allocated in 2021 for the fixed-income-equity-credit investment and commercial business lines was up compared to 2020 in order to take into account the greater use of the banking book compared to the trading book. For 2022, the limits have been slightly lowered for the investment business, even if the calculations will be subject to a slightly more stringent methodology, since the use of internal LGDs will no longer be authorized. The capital allocated for the CVA expense is also calculated for the risk monitoring system.

Crédit Mutuel Alliance Fédérale's VaR was €4.8 million at the end of 2021. A general stress test policy and a stress mechanism also help to manage risk, and there is an escalation procedure if limits are exceeded. In addition, a stressed VaR limit is monitored.

The most strategic indicators and limits are included in the Risk Appetite Framework of Crédit Mutuel Alliance Fédérale and CIC, overseen by the group risk department.

Capital Market carried out in the New York and Singapore branches are subject to limits under the supervision of CIC Marchés.

The day-to-day cash position of CIC and BFCM must not exceed a limit of €1 billion for 2022, with an intermediate alert level defined by management and validated by the Boards of Directors of CIC and BFCM. The refinancing period for portfolio assets is also subject to monitoring and limits.

The principal CIC Marchés and group treasury trading floor risks are as follows:

Refinancing

BFCM's capital consumption mainly relates to the HQLA portfolio. It is calculated based on the CAD and the European capital adequacy ratio (very close to regulatory definitions).

During the year 2021, capital consumption at CNC increased overall from €79 million to €88 million at the end of the year, the highest level reached during the year.

The changes over the year mainly relate to the RES balance sheet and are explained by the purchase of securities during the period.

Hybrids

Capital consumption was €53.9 million on average in 2021, and €55.6 million at the end of the year. The stock of convertible bonds was stable at €2 billion at the end of 2021.

Credit

The positions correspond to securities in corporate entities financial or securities/CDS arbitrage (credit default swap), as well as to secured paper (securitization, covered bonds).

On the loan corporate portfolio capital consumption started the year at €43.2 million and gradually increased throughout the year, reaching €70.1 million and the end of 2021. The changes in activity are mainly due to the increase in the relative share of the positions in the banking book during the year. For the secured paper portfolio, risk consumption was relatively stable, with a very large proportion of securities with a very good external rating (AAA), and fluctuated around €48.7 million (€50 million at the end of the year).

M&A and other activities

Capital consumption averaged €50.6 million in 2021, reaching a high of €57.7 million in June. These movements follow the evolution of M&A outstandings.

The outstanding amount of the latter amounted to €423 million in June 2021, compared to €320 million at the end of 2021, close to the level at the beginning of the year.

Fixed income

These positions mainly concern directional investments and yield-curve arbitrage, typically with European underlying government securities.

Positions on peripheral countries are very limited. In Italy, outstandings ended the year at around €117 million and remained low throughout the year. Total outstanding government securities amounted to €1.2 billion at the end of 2021 compared to €878 million at the end of 2020, of which €0.5 billion in France.

5.12.4 Model-based risk

CIC Marchés' risks and results control (CRR) team is in charge of developing the specific models used for valuing its positions.

In 2021, there were four of these models (unchanged from the previous year). These models are governed by a general policy validated annually by the Market Risk Committee.

The policy provides for development and documentation by the CRR, monitoring of model performance also produced by the CRR and reviewed by the group permanent control and the group risk department, for presentation to the Market Risk Committee. These models are also included in the audit program undertaken by the General Inspectorate – business line audits.

5.12.5 Credit derivatives

These products are used by CIC Marchés and recognized in its trading book.

CIC Marchés monitors risk limits by issuer or counterparty for all types of products. Outstandings are tracked daily and governed by limits periodically reviewed by the bodies designated for that purpose (commitments committees, market Risk Committees).

5.13 ASSET-LIABILITY MANAGEMENT (ALM) RISK

5.13.1 General organization

For CIC, asset-liability management (ALM) mainly involves the management of liquidity and interest rate risks. This management is centralized at Crédit Mutuel Alliance Fédérale level, which manages the processes.

The decision-making committees of Crédit Mutuel Alliance Fédérale and CIC or matters concerning liquidity and interest rate risk management comprise the following decision-making levels:

- technical committees focused on the analysis of risks, in particular liquidity and interest rate risks, as well as coordination among business lines for optimized management to support decision-making;
- monitoring committees who conduct regular reviews of the technical committees' decisions and set alert thresholds and limits. They provide important support in the global management of risks, in keeping with the group's risk profile;
- control committees tasked with overseeing the procedures and reporting to the governance bodies.

Hedging decisions are made to maintain the risk indicators (NII and NPV sensitivity and gaps) within the limits and alert thresholds set at the global level for CIC and the group's subsidiaries. The hedges are assigned to the banks concerned, in accordance with their needs.

Analyses concerning liquidity and interest rate risks are presented quarterly to the group Risk Committee.

Interest rate risk and liquidity risk are also reviewed every six months by the Boards of Directors of CIC and other entities (CIC regional banks, etc.).

5.13.2 Managing interest rate risk (EU IRRBBA)

5.13.2.1 Interest rate risk governance and management

Interest rate risk is governed and monitored by the asset-liability management (ALM) function of Crédit Mutuel Alliance Fédérale.

The role and principles governing asset-liability management are defined as follows:

- asset-liability management is a distinct function from that of the trading floor and has its own resources;
- the primary objective of asset-liability management is to shield commercial margins from the effects of interest and exchange rate fluctuations and to ensure that the bank has sufficient liquidity to meet its obligations and protect it from a liquidity crisis;
- asset-liability management does not operate as a profit center but as a function that serves the bank's profitability and development strategy, as well as the management of liquidity risk and interest rate risk arising from network activity.

The interest rate risk is managed by the ALM Technical Committee which meets on a quarterly basis. The committee manages this risk in accordance with the risk limits applied within Crédit Mutuel Alliance Fédérale and for CIC.

The ALM Monitoring Committee, which holds half-yearly meetings, examines changes in asset-liability management risks and validates the risk limits and alert thresholds.

5.13.2.2 Measurement and monitoring systems and hedging mechanism

Interest rate risk arising from the group's commercial activities stems from interest rate differentials and differences in benchmark lending and borrowing rates.

Analysis of this risk also takes into account the volatility of outstandings on products with no contractual maturity date and embedded options (early repayment and roll-over options for loans and confirmed credit line draw-downs, etc.).

The interest rate risk situation for all transactions resulting from the network's activities is analyzed and globally hedged for the residual balance sheet position by so-called macro-hedging transactions.

Transactions of a high amount or specific structure may be hedged in specific ways. The ALM technical committee decides which hedges to put in place and allocates them *pro rata* to the needs of each entity.

Risk limits and alert thresholds are set in relation to the global level of Crédit Mutuel Alliance Fédérale.

Like CIC, certain entities have a specific set of limits and alert thresholds within the scope of their Risk Appetite Framework (RAF). For the other entities, the alert thresholds are of the same level as the global limits of Crédit Mutuel Alliance Fédérale.

Interest rate risk analysis is based on the following indicators, which are updated each quarter:

1. the fixed-rate static gap, which corresponds to the on- and off-balance-sheet items whose flows are considered certain over a period of one month to 20 years, as governed by limits or alert thresholds of three to seven years and measured by an NBI ratio;
2. the "passbook and inflation rate" static gap over a period of one month to 20 years;
3. the sensitivity of the net interest margin calculated for domestic scenarios and governed by limits or alert thresholds. This is measured in annual stages, over a two-year horizon and expressed as a percentage of each entity's last three regulatory NBI;

Several interest rate scenarios are analyzed. The central scenario used for the calculation of ALM indicators rests on the interest rate forecasts used by the management control unit for earnings forecasts.

These forecasts are made quarterly under the aegis of CNCM.

The other interest rate scenarios are the following:

Normalized interest rate shocks

- S1 scenario: a 100-bp. increase in the yield curve (used for limits/alert thresholds);
- S2 scenario: a 100-bp. decrease in the yield curve, with no floor rate (used for limits/alert thresholds);
- S3 scenario: a 200-bp. increase in the yield curve;
- S4 scenario: a 200-bp. decrease in the yield curve, with a tiered floor rate ranging between a spot rate of -1% to a 20-year rate of 0%.

Stress scenarios

- S5 scenario: flattening/inversion of the yield curve due to a 50-bp. increase in short-term rates every six months over two years (cumulative shock of 200 bps.);
- S6 scenario: stagflation scenario: strong inflation shock at ST with maintained at a high level, gradual increase in long rates;
- Two scenarios are examined relative to funding the liquidity gap:
  - 100% Euribor three-month hedge;
  - alternative funding applicable to relevant scenarios (non-linear and non-progressive evolution of interest rate scenarios), based on a distinct indexation of positions in stock (indexation at short-term rates maintained), and of positions resulting from new business (based on the intrinsic characteristics of the underlying positions).

Under S2 scenario, as of December 31, 2021, CIC's net interest income was exposed to a decrease in one-year rates of -€131 million (-2.40%), and to a decrease in two-year rates of -€180 million (-3.30%) within the risk limits.

TABLE 58: NBI SENSITIVITY INDICATORS

	12/31/2021		12/31/2020	
	Sensitivity as a% of NBI		Sensitivity as a% of NBI	
Normalized interest rate shocks	1 year	2 years	1 year	2 years
Scenario S1	5.02%	5.78%	6.65%	6.29%
Scenario S2	-2.40%	-3.30%	-4.33%	-4.70%
Scenario S3	11.82%	12.67%	14.44%	13.56%
Scenario S4	-1.30%	-2.47%	-2.10%	-1.94%
Scenario S1 constant balance sheet	5.02%	5.84%	6.91%	6.91%
Scenario S2 constant balance sheet	-2.39%	-3.27%	-4.61%	-5.36%

	12/31/2021		12/31/2020	
	Sensitivity as a% of NBI		Sensitivity as a% of NBI	
Stress scenarios	1 year	2 years	1 year	2 years
Scenario S5	1.48%	1.50%	3.24%	4.87%
Scenario S5 *bis**	-1.88%	1.85%	-0.07%	4.54%
Scenario S6	-2.39%	-0.53%	-2.55%	-7.19%
Scenario S6 *bis**	-1.66%	-4.30%	-4.31%	-6.33%

* *Alternate hedging rule.*

The basis risk, associated with correlated assets and liabilities on different indices, corresponds to the risk of a change in relations between the different market rates (financial assets at variable rate financed by resources at variable rate but not linked to the same index). The basis risk is covered by a limit on the average one-year outstandings at the Euribor three-month rate financed by Eonia resources.

5.13.2.3 Regulatory indicators

The sensitivity of the net present value (NPV) is calculated in accordance with the EBA's recommendations:

- exclusion of capital and maturity of non-current assets on D+1;
- discounting of flows using a swap rate curve (with no liquidity spread and no credit spread);
- application of an incremental floor ranging between a spot rate of -1% to a 20-year rate of 0% for market rates;
- since the average duration of non-maturity deposits is less than five years, the five-year cap required by regulations is not applicable.

NPV sensitivities are determined using six EBA interest-rate scenarios:

- parallel upward shift;
- parallel downward shift;
- steepening of the yield curve;
- flattening of the yield curve;
- rise in short-term rates;
- fall in short-term rates.

Overall, CIC's NPV sensitivity is below the limit of 20% of Tier 1 and Tier 2 capital, at:

- a 200-bp. drop in interest rates makes for +0.93% (+€159 million);
- a 200-bp. rise in interest rates makes for -3.67% (-€624 million).

The sensitivities for the six EBA scenarios are below the alert threshold of 15% of Tier 1 capital:

TABLE 59: NPV SENSITIVITY AT +200 BPS. AND -200 BPS.

	12/31/2021	12/31/2020
NPV sensitivity	**In % of Tier 1 capital**	**In % of Tier 1 capital**
Decrease of 200 bps.	1.10%	4.30%
Increase of 200 bps.	-4.35%	-3.87%
Reduction in short-term rates	3.16%	3.51%
Increase in short-term rates	-4.70%	-11.27%
Sloping	3.94%	9.29%
Flattening	-4.33%	-13.56%

The calculation of the EVE corresponding to the sensitivity of the NPV EBA (also called Supervisory Outlier Test), provides for a weighting of 50% of positive changes upon currency netting.

Overall, CIC has an EVE sensitivity below the limit of 20% of Tier 1 and Tier 2 capital, at:

- a 200-bp. drop in interest rates makes for +0.44% (+€74 million);
- a 200-bp. rise in interest rates makes for -3.67% (-€624 million).

The sensitivities for the six EBA scenarios are below the alert threshold of 15% of Tier 1 capital:

TABLE 60: EVE SENSITIVITY

	12/31/2021
NPV sensitivity	**In % of Tier 1 capital**
Decrease of 200 bps.	0.52%
Increase of 200 bps.	-4.35%
Reduction in short-term rates	1.58%
Increase in short-term rates	-4.70%
Sloping	1.57%
Flattening	-4.52%

TABLE 61: INTEREST RATE RISK IN THE BANKING BOOK (EU IRRBB1)

12/31/2021 *(in € millions)*	EVE		NII	
	12/31/2021	**12/31/2020**	**12/31/2021**	**12/31/2020**
Parallel upward shift (+200 bps)	-442	171	646	743
Parallel downward shift (-200 bps)	74	227	-71	-108
Steepening of the yield curve	226	777		
Flattening of the yield curve	-650	-555		
Increase in short-term rates	-675	-598		
Reduction in short-term rates	227	70		

	12/31/2021	12/31/2020
Tier 1 capital	**14,359**	**14,075**

5.13.2.4 Statement

Crédit Mutuel Alliance Fédérale certifies that its interest rate risk management arrangements are appropriate to the risk profile of the commercial activities and the risk appetite defined by the governance bodies.

The interest risk management, measurement, oversight, control and monitoring arrangements have been approved by the management body.

These are consistent with the group's risk profile and were approved by Executive Management and the governing bodies. It is tailored to the risk profile, nature and size of the group's activities.

The interest rate risk and the liquidity risk are reviewed every six months by the Boards of Directors of Caisse Fédérale de Crédit Mutuel, CIC and the other entities of Crédit Mutuel Alliance Fédérale (regional banks, BECM, etc.)

5.13.3 Liquidity risk management (EU LIQA)

5.13.3.1 Liquidity risk governance and management

CIC's liquidity risk management system is fully integrated into Crédit Mutuel Alliance Fédérale system. This system is based on the following factors:

- liquidity risk governance that ensures its centralized monitoring and decision-making in technical monitoring and control committee;
- determining liquidity gaps that are subject to limits and alert thresholds to secure and optimize the refinancing policy;
- monitoring the Liquidity Coverage Ratio (LCR), which is representative of the group's short-term liquidity situation;
- steering and monitoring the commitment coefficient (loan-to-deposit ratio);
- determining and monitoring liquidity needs under normal circumstances and under stress.

5.13.3.2 Measurement and monitoring systems and hedging mechanism

The risk monitoring and measurement systems are comprehensive and cover the entire scope of CIC. Non-financial entities are excluded.

The entire system is based on a number of liquidity indicators with alert thresholds and limits:

- the monitoring of the LCR, representative of the short-term liquidity situation;
- monitoring of the ratio of credits to deposits;
- determination of the static liquidity gap based on contractual schedules that incorporate off-balance-sheet commitments.

  Transformation ratios (sources/applications of funds) are calculated at maturities ranging from three months to five years and are subject to limits and alert thresholds;
- the calculation of the liquidity gap in a Basel III stress scenario, whose estimated future cash flows are based on net stable funding ratio (NSFR) weightings.

  Transformation ratios (sources/applications of funds) are calculated at maturities ranging from three months to seven years and are subject to limits and alert thresholds in order to secure and optimize the refinancing policy.
- the calculation of the dynamic liquidity gap over five years, incorporating new loans granted, thus facilitating the measurement of future financing needs related to the development of commercial activity.

The ALM Technical Committee decides on the liquidity hedges to be put in place in light of all these indicators. These hedges are allocated *prorata* to the cumulative needs.

Table of qualitative/quantitative information on liquidity risk in accordance with Article 435 (1) of Regulation (EU) 575/2013 (EU LIQA)

See information on Pillar 3 reported by Crédit Mutuel Alliance Fédérale.

5.13.3.3 Regulatory indicators and liquidity reserve

Since March 2014, credit institutions in the Eurozone have been required to report their liquidity levels to their supervisory body as defined by the EBA (European Banking Authority) which takes into account:

- the short-term liquidity ratio, or LCR (Liquidity Coverage Ratio), on a monthly basis; and
- and the long-term structural liquidity ratio, or NSFR (Net Stable Funding Ratio), on a quarterly basis.

The LCR is designed to ensure the resilience of banks' liquidity risk profile in the short term by requiring that they maintain sufficient unencumbered high quality liquid assets (HQLAs) that can be easily and immediately converted to cash on private markets in the event of a liquidity crisis lasting up to 30 calendar days.

The LCR liquidity reserve is funded through short-term debt (maturing in up to one year).

The NSFR came into force in June 2021 and aims to limit the bank's transformation into liquidity by requiring a ratio of more than 100% between the amount of stable funding available and the amount of stable funding required.

Transformation measured and carried out over a one-year horizon. As of its entry into force, CIC presented a level of NSFR well above the regulatory minimum.

The liquidity situation of the consolidated scope of CIC is as follows:

- an average LCR of 149.3% for 2021 (147.6% for 2020);
- an average HQLAs totaling €63.2 billion, of which 88% deposited with central banks (mainly the ECB).

TABLE 62: SHORT-TERM LIQUIDITY COVERAGE RATIO (LCR) (EU LIQ1)

	Total unweighted value				Total weighted value			
(in € millions)	03/31/2021	06/30/2021	09/30/2021	12/31/2021	03/31/2021	06/30/2021	09/30/2021	12/31/2021
High-quality assets								
1 – TOTAL HIGH-QUALITY LIQUID ASSETS (HQLAs)	-	-	-	-	**62,522**	**64,470**	**64,311**	**63,201**
Cash outflows								
2 – Retail deposits and deposits from small business customers, of which:	111,919	115,068	117,150	117,291	8,463	8,725	8,934	9,055
3 – Stable deposits	70,753	72,662	73,541	72,416	3,538	3,633	3,677	3,621
4 – Less stable deposits	39,007	40,328	41,632	43,014	4,912	5,078	5,244	5,421
5 – Unsecured wholesale funding	78,782	80,689	81,935	83,344	43,384	44,327	45,182	45,970
6 – Operational deposits (all counterparties) and deposits in networks of cooperative banks	13,824	13,174	12,995	13,150	3,314	3,169	3,140	3,184
7 – Non-operational deposits (all counterparties)	61,274	63,610	65,061	66,652	36,386	37,253	38,163	39,245
8 – Unsecured debt	3,684	3,905	3,879	3,542	3,684	3,905	3,879	3,542
9 – Secured wholesale funding	0	0	0	0	3,357	2,708	2,221	2,014
10 – Additional requirements	45,575	46,545	46,975	47,544	5,649	5,768	5,717	5,722
11 – Outflows related to derivative exposures and other collateral requirements	742	740	736	676	742	740	736	676
12 – Outflows related to loss of funding on debt products	0	0	0	0	0	0	0	0
13 – Credit and liquidity facilities	44,833	45,805	46,239	46,867	4,907	5,027	4,981	5,046
14 – Other contractual funding obligations	59	56	52	51	58	56	51	50
15 – Other contingent funding obligations	57	57	61	62	3	3	3	3
16 – TOTAL CASH OUTFLOWS	-	-	-	-	**60,915**	**61,587**	**62,109**	**62,816**
Cash inflows								
17 – Secured lending (such as reverse repurchase agreements)	9,758	9,806	10,214	10,486	4,848	4,675	4,536	4,327
18 – Inflows from fully performing exposures	18,782	19,410	20,044	20,043	13,523	14,023	14,619	14,504
19 – Other cash inflows	1,185	1,255	1,329	1,344	1,185	1,255	1,329	1,344
EU-19a – (Difference between total weighted cash inflows and total weighted cash outflows resulting from transactions in third countries where transfer restrictions apply or transactions are denominated in a non-convertible currency)	0	0	0	0	0	0	0	0
EU-19b – (Excess cash inflows from a specialized credit institution)	0	0	0	0	0	0	0	0
20 – TOTAL CASH INFLOWS	**29,724**	**30,471**	**31,587**	**31,874**	**19,555**	**19,953**	**20,484**	**20,175**
EU-20a – Fully exempt cash inflows	-	-	-	-	-	-	-	-
EU-20b – Cash inflows subject to 90% cap	-	-	-	-	-	-	-	-
EU-20c – Cash inflows subject to 75% cap	29,724	30,471	31,587	31,874	19,555	19,953	20,484	20,175
21 – LIQUIDITY BUFFER	-	-	-	-	**62,522**	**64,470**	**64,311**	**63,201**
22 – TOTAL NET CASH OUTFLOWS	-	-	-	-	**41,360**	**41,634**	**41,626**	**42,641**
23 – LIQUIDITY COVERAGE RATIO *(%)******		-	-	-	**153%**	**156%**	**156%**	**149%**

* *For each reference date, the average ratio is equal to the ratio of the average liquidity buffers the average net cash outflows over the 12 months preceding the considered date.*

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(in € millions)	Total unweighted value 03/31/2020	Total unweighted value 06/30/2020	Total unweighted value 09/30/2020	Total unweighted value 12/31/2020	Total weighted value 03/31/2020	Total weighted value 06/30/2020	Total weighted value 09/30/2020	Total weighted value 12/31/2020
High-quality assets								
1 – TOTAL HIGH-QUALITY LIQUID ASSETS (HQLAs)	-	-	-	-	**46,330**	**51,204**	**55,760**	**59,883**
Cash outflows								
2 – Retail deposits and deposits from small business customers, of which:	94,752	98,416	102,726	107,283	6,950	7,285	7,679	8,099
3 – Stable deposits	61,398	63,407	65,703	68,222	3,070	3,170	3,285	3,411
4 – Less stable deposits	33,335	34,441	35,892	37,389	3,861	4,097	4,378	4,672
5 – Unsecured wholesale funding	63,834	68,224	71,536	75,643	36,154	38,785	40,214	42,388
6 – Operational deposits (all counterparties) and deposits in networks of cooperative banks	17,630	17,444	16,724	15,464	4,195	4,156	3,985	3,694
7 – Non-operational deposits (all counterparties)	43,024	46,898	51,011	56,120	28,779	30,748	32,427	34,635
8 – Unsecured debt	3,180	3,881	3,801	4,059	3,180	3,881	3,801	4,059
9 – Secured wholesale funding	-	-	-	-	3,525	3,921	3,882	3,682
10 – Additional requirements	40,435	41,318	42,843	44,316	5,231	5,226	5,397	5,538
11 – Outflows related to derivative exposures and other collateral requirements	647	688	721	738	647	688	721	738
12 – Outflows related to loss of funding on debt products	0	0	0	0	0	0	0	0
13 – Credit and liquidity facilities	39,788	40,630	42,123	43,579	4,584	4,538	4,677	4,800
14 – Other contractual funding obligations	101	112	120	130	101	111	120	129
15 – Other contingent funding obligations	311	235	159	77	16	12	8	4
16 – TOTAL CASH OUTFLOWS	-	-	-	-	**51,976**	**55,340**	**57,300**	**59,839**
Cash inflows								
17 – Secured lending (such as reverse repurchase agreements)	8,911	9,329	9,638	9,702	3,363	3,922	4,382	4,669
18 – Inflows from fully performing exposures	18,191	17,839	17,809	18,170	13,173	12,814	12,739	13,085
19 – Other cash inflows	873	1,005	1,094	1,176	873	1,005	1,094	1,176
EU-19a – (Difference between total weighted cash inflows and total weighted cash outflows resulting from transactions in third countries where transfer restrictions apply or transactions are denominated in a non-convertible currency)					0	0	0	0
EU-19b – (Excess cash inflows from a specialized credit institution)		-	-	-	0	0	0	0
20 – TOTAL CASH INFLOWS	**27,974**	**28,174**	**28,541**	**29,048**	**17,408**	**17,742**	**18,215**	**18,930**
EU-20a – Fully exempt cash inflows	zero value at GCM	-	-	-	-	-	-	-
EU-20b – Cash inflows subject to 90% cap	zero value at GCM	-	-	-	-	-	-	-
EU-20c – Cash inflows subject to 75% cap	27,974	28,174	28,541	29,048	17,408	17,742	18,215	18,930
21 – LIQUIDITY BUFFER	-	-	-	-	**46,330**	**51,204**	**55,760**	**59,883**
22 – TOTAL NET CASH OUTFLOWS	-	-	-	-	**34,568**	**37,598**	**39,086**	**40,910**
23 – LIQUIDITY COVERAGE RATIO *(%)***		-	-	-	**134%**	**136%**	**143%**	**146%**

* *For each reference date, the average ratio is equal to the ratio of the average liquidity buffers the average net cash outflows over the 12 months preceding the considered date.*

TABLE 63: DETAILS OF LIQUIDITY BUFFER – LCR

Amount after ECB weighting *(in € millions)*	12/31/2021	12/31/2020
Tier 1	55,557	58,249
■ Cash deposited in central banks	3,957	1,909
■ HQLAs	51,259	55,995
■ Cash deposits	341	345
Tier 2a	904	2,679
Tier 2b	2,722	2,539
TOTAL BUFFER	**59,183**	**63,467**

TABLE 64: BREAKDOWN OF CIC'S CONSOLIDATED BALANCE SHEET ACCORDING TO THE RESIDUAL MATURITY OF FUTURE CONTRACTUAL CASH FLOWS (PRINCIPAL AND INTEREST)

2021 *(in € millions)*	≤ 1 month[1]	> 1 month ≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 2 years	> 2 years ≤ 5 years	> 5 years	Perpetual[2]	Total
Assets								
Cash - Central banks	56,241							56,241
Demand deposits, credit institutions	11,224							11,224
Financial assets held for trading	5,815	601	2,098	1,413	3,179	2,836	670	16,613
Financial assets at fair value through profit or loss	5	4	24	32	177	334	0	574
Financial assets at fair value through equity	561	992	474	1,115	5,109	5,474	0	13,726
Securities at amortized cost	63	54	192	1,235	779	1,094	28	3,444
Loans and receivables due from credit institutions	5,186	1,134	1,789	1,233	1,888	12,689	0	23,920
Customer loans	27,107	8,974	21,576	23,751	54,253	84,885	4	220,550
Liabilities								
Central bank deposits	3	0	0	0	0	0	0	4
Financial liabilities held for trading	4,318	1,478	1,324	260	2,525	1,924	19	11,848
Financial liabilities at fair value through profit or loss	35	0	124	0	0	0	0	159
Derivatives used for hedging purposes (liabilities)	2	5	12	113	1,029	80	0	1,242
Financial liabilities carried at amortized cost	**205,879**	**15,460**	**33,167**	**18,947**	**27,664**	**21,771**	**409**	**323,297**
Deposits, central bank	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Deposits, public administration	*1,488*	*560*	*460*	*100*	*187*	*2*	*0*	*2,797*
Deposits, credit institutions	*14,104*	*4,852*	*10,988*	*13,352*	*17,333*	*15,766*	*124*	*76,519*
Deposits, other financial companies	*18,427*	*1,259*	*1,348*	*488*	*697*	*249*	*0*	*22,468*
Deposits, non-financial corporations	*97,175*	*3,551*	*8,130*	*2,266*	*2,745*	*418*	*0*	*114,285*
Deposits, individuals	*71,073*	*746*	*1,343*	*899*	*3,615*	*569*	*2*	*78,247*
of which debt securities, including bonds	*1,899*	*4,403*	*10,806*	*1,815*	*1,609*	*4,018*	*0*	*24,549*
of which subordinated liabilities	*0*	*0*	*0*	*0*	*1,464*	*665*	*163*	*2,293*

(1) Including receivables and related debt, securities given and received with repurchase agreements.

(2) Including perpetual debt securities, equities, non-performing loans, loans in litigation and impairment losses. For marked-to-market financial instruments the differences between fair value and redemption value.

When it is impossible to provide an accurate maturity, the carrying amount is stated in the "no fixed maturity" column.

5

2020 *(in € millions)*	≤ 1 month[1]	> 1 month ≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 2 years	> 2 years ≤ 5 years	> 5 years	Perpetual[2]	Total
Assets								
Cash - Central banks	57,823	-	-	-	-	-	-	57,823
Demand deposits, credit institutions	9,656	-	-	-	-	-	-	9,656
Financial assets held for trading	6,332	1,849	5,077	2,422	3,482	3,928	1,459	24,549
Financial assets at fair value through profit or loss	16	10	26	24	255	178	3,317	3,827
Financial assets at fair value through equity	466	866	589	1,508	3,695	5,360	230	12,715
Securities at amortized cost	288	67	175	266	889	1,056	27	2,768
Loans and receivables due from credit institutions	6,705	1,210	2,135	1,517	2,204	8,530	0	22,303
Customer loans	26,546	7,915	31,102	19,855	46,742	76,544	0	208,703
Liabilities								
Central bank deposits	0	0	0	0	0	0	0	0
Financial liabilities held for trading	5,484	3,867	4,878	236	1,814	1,003	5	17,286
Financial liabilities at fair value through profit or loss	0	0	22	0	0	0	0	22
Derivatives used for hedging purposes (liabilities)	0	3	30	38	1,520	162	0	1,753
Financial liabilities carried at amortized cost	**188,742**	**14,850**	**36,636**	**16,137**	**34,455**	**20,600**	**467**	**311,887**
Deposits, central bank	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Deposits, public administration	*1,585*	*260*	*572*	*10*	*61*	*6*	*0*	*2,494*
Deposits, credit institutions	*9,326*	*5,479*	*5,666*	*8,977*	*23,816*	*12,554*	*99*	*65,917*
Deposits, other financial companies	*20,528*	*732*	*1,177*	*479*	*525*	*296*	*0*	*23,738*
Deposits, non-financial corporations	*91,380*	*4,798*	*9,923*	*5,470*	*3,917*	*599*	*0*	*116,087*
Deposits, individuals	*60,481*	*1,002*	*3,423*	*637*	*4,774*	*1,146*	*0*	*71,463*
of which debt securities, including bonds	*3,886*	*2,576*	*15,862*	*551*	*1,274*	*3,852*	*0*	*28,000*
of which subordinated liabilities	*0*	*0*	*0*	*0*	*22*	*2,047*	*163*	*2,232*

(1) Including receivables and related debt, securities given and received with repurchase agreements.

(2) Including perpetual debt securities, equities, non-performing loans, loans in litigation and impairment losses. For marked-to-market financial instruments the differences between fair value and redemption value.

When it is impossible to provide an accurate maturity, the carrying amount is stated in the "no fixed maturity" column.

Comments:

The tables above present the carrying amounts in IFRS based on the prudential scope. The following maturity rules used concern:

- the contractual principal repayment terms;
- equities with an unspecified duration as for perpetual loans and securities;
- payables and related receivables broken down according to their actual contractual duration and entered in the "< 1 month" column by default;
- provisions broken down in line with the assets concerned;
- non-performing loans broken down according to their contractual date when it has not lapsed and are entered under the "no fixed maturity" column when it has lapsed, similar to loans in litigation;
- derivatives: their market value is entered under the corresponding flow on the contract expiry date.

Qualitative LCR information template to supplement the LCR publication template (EU LIQ1.19)

See information on Pillar 3 reported by Crédit Mutuel Alliance Fédérale.

TABLE 65: NET STABLE FUNDING RATIO – NSFR (EU LIQ2)

12/31/2021 *(in € millions)*		Unweighted value by residual maturity				
		No maturity	**< 6 months**	**6 months to < 1 year**	**≥ 1 year**	**Weighted value**
STABLE FUNDING AVAILABLE						
1	Capital items and instruments	15,923	0	0	2,285	18,208
2	*Shareholders' equity*	15,923	0	0	2,285	18,208
3	*Other capital instruments*	-	0	0	0	0
4	Retail customer deposits	-	114,842	12	37	106,812
5	*Stable deposits*	-	68,125	0	0	64,719
6	*Less stable deposits*	-	46,717	12	37	42,093
7	Wholesale financing	-	136,431	14,418	55,451	100,484
8	*Operational deposits*	-	14,567	0	0	7,283
9	*Other wholesale financing*	-	121,864	14,418	55,451	93,201
10	Interdependent commitments	-	10,000	0	0	0
11	Other commitments:	744	6,655	204	2,136	2,238
12	*Derivative commitments affecting the NSFR*	744	-	-	-	0
13	*All other capital commitments and instruments not included in the above categories*	-	6,655	204	2,136	2,238
14	**Total available stable funding**	**-**	**-**	**-**	**-**	**227,742**
STABLE FUNDING REQUIREMENTS						
15	Total High Quality Liquid Assets (HQLA)	-	-	-	-	1,555
EU-15a	Assets encumbered with a residual maturity of one year or more in a cover pool	-	962	975	17,289	16,342
16	Deposits held with other financial institutions for operational purposes	-	0	0	0	0
17	Performing loans and securities:	-	57,978	18,579	171,788	171,253
18	*Financing transactions on performing securities with financial clients secured by high-quality liquid assets of level 1 subject to a haircut of 0%*	-	3,920	2,340	0	2,001
19	*Financing transactions on performing securities with financial clients secured by other assets and loans and advances to financial institutions*	-	21,357	1,594	9,764	13,406
20	*Performing loans to non-financial corporations, performing loans to retail customers and small businesses, and performing loans to sovereigns and public sector entities of which:*	-	23,154	11,345	77,055	86,709
21	*With a risk weighting lower or equal to 35% under the standardized Basel II approach for credit risk*	-	1,112	753	60	948
22	*Performing residential mortgages, of which:*	-	2,569	2,668	69,432	53,503
23	*With a risk weighting lower or equal to 35% under the standardized Basel II approach for credit risk*	-	2,569	2,668	69,432	53,503
24	*Other loans and securities that are not in default and are not considered high quality liquid assets, including equities traded on exchanges and on-balance sheet commercial credit products*	-	6,977	632	15,536	15,634
25	Interdependent assets	-	10,000	0	0	0
26	Other assets	3,691	7,860	19	6,299	10,518
27	*Raw materials physically exchanged*	-	0	0	0	0
28	*Assets provided as initial margin in derivative contracts and as contributions to CCP default funds*	-			895	761
29	*Derivative assets affecting the NSFR*	-			375	375
30	*Derivative commitments affecting the NSFR before deduction of the variation margin provided*	-			2,421	121
31	*All other assets not falling within the above categories*	-	7,860	19	6,299	9,261
32	*Off-balance sheet items*	-	49,843	86	48	2,626
33	**Total required stable funding**	**-**	**-**	**-**	**-**	**202,295**
34	**Net stable funding ratio** *(as a%)*	**-**	**-**	**-**	**-**	**112.58%**

5.13.3.4 Exposures to derivatives and collateral calls

Crédit Mutuel Alliance Fédérale's approach to interest rate and liquidity risk management includes appropriate hedging arrangements for CIC.

The group tracks the collateral calls of the various existing contracts to monitor its LCR flows. It also calculates additional cash outflows corresponding to the collateral needs that may result from an adverse market scenario.

5.13.3.5 Concentration of liquidity sources – Currency mismatches in the RCL

Given its commercial activities and the domestic markets on which it operates, CIC is highly concentrated on the euro. The US dollar is the only foreign currency that exceeds the 5% representation threshold for the total consolidated balance sheet.

5.13.3.8 Statement

Crédit Mutuel Alliance Fédérale certifies that its liquidity risk management arrangements are appropriate to the risk profile of its commercial activities and the risk appetite defined by the governance bodies.

Liquidity risk management, measurement, oversight, control and monitoring arrangements have been approved by the management body.

These are consistent with the group's risk profile and were approved by Executive Management and the governing bodies. Arrangements are also tailored to the risk profile, nature and size of the group's activities and take into account economic and market conditions.

Liquidity risk is reviewed at least by the Boards of Directors of Caisse Fédérale de Crédit Mutuel, BFCM, CIC and other group entities (regional banks, etc.).

5.13.4 Currency risk management

The foreign currency positions of each CIC entity are automatically centralized on the structure holding company CIC and BFCM. This centralization is carried out on a daily basis for commercial transfers and for the receipt and disbursement of income and expenses in foreign currencies.

All unrealized foreign currency gains and losses are translated into euros at the end of every month and the resulting foreign currency position is also centralized.

Accordingly, with the exception of certain long-term private equity transactions in foreign currencies, no group entity bears currency risk at its own level. The holding structure is responsible for clearing foreign currency positions on a daily and monthly basis on the market.

Only the Capital Markets of CIC Marchés and group treasury (which are housed at BFCM) have a specific limit for foreign currency positions.

The structural foreign currency positions resulting from foreign currency allowances to foreign branches are not hedged.

Foreign exchange gains or losses are recognized in the asset or liability translation accounts and are not booked in the income statement.

The profits or losses of the foreign branches are retained in the branches and thus add to the structural foreign currency position.

5.14 OPERATIONAL RISK (EU ORA)

In the context of the Basel II capital adequacy regulations, CIC has implemented a comprehensive operational risk management mechanism that is under the responsibility of the management bodies and governed by a single set of risk standards and shared quantitative evaluation methods.

The group has an overall operational risk management function that is clearly identified and split in practice between the national function and the regional functions. This function covers operational risks, emergency and business continuity plans (EBCPs) and insurance policies taken out to cover these risks.

The system used to measure and monitor operational risk is based on a common platform that is applied across the group and uses an approach for identifying and modeling risks so as to calculate the level of capital required to be held for operational risk.

Since January 1, 2010, CIC has been authorized to use its advanced measurement approach to calculate its regulatory capital requirements related to operational risk, with the exception of expected losses on capital requirements, for the consolidated scope excluding foreign subsidiaries, the Cofidis group and Crédit Mutuel Factoring.

Approval was extended to Crédit Mutuel Factoring from January 1, 2012 and to Banque de Luxembourg from September 30, 2013.

5.14.1 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;
- from a human perspective, to protect staff, develop responsibility, autonomy and control, and capitalize on expertise across the group;
- from an economic standpoint, to protect margins by effectively managing risk across all activities, and adapt insurance policies to the risks identified;
- from a regulatory standpoint: meet the requirements of Basel II and the supervisory authorities, draw on the internal control system (Order of November 3, 2014), optimize emergency and business continuity plans for essential activities, and adapt financial reporting (Pillar 3 of Basel III).

5.14.2 Measurement and control procedure

The system used to measure and monitor operational risk is based on a common platform that is applied across CIC and uses an approach for identifying and modeling risks so as to calculate the level of capital required to be held for operational risk.

5.14.2.1 Description of the advanced measurement approach (AMA)

Regarding the implementation of the advanced measurement approach (AMA) used to assess capital requirements for operational risks, a dedicated service within the risk department is tasked with managing the operational risk.

The operational risk control and measurement mechanism is underpinned by a risk mapping carried out by business line, purpose and risk type, in close liaison with the functional departments and day-to-day risk management procedures. In particular, these mappings define a standard framework for analyzing the loss experience and serve for risk modeling based on expert opinions which are compared with scenario-based probabilistic estimates.

For modeling purposes, the group relies mainly on the national internal loss database. This database is populated in accordance with the rules defined in the national data collection procedure. Each loss above the uniform threshold of €1,000 must be recorded. Reconciliations are carried out between the loss database and the accounting information.

Moreover, the Crédit Mutuel group subscribes to an external database, the analysis of which helps to enhance risk mapping and the operational risk measurement system as a whole.

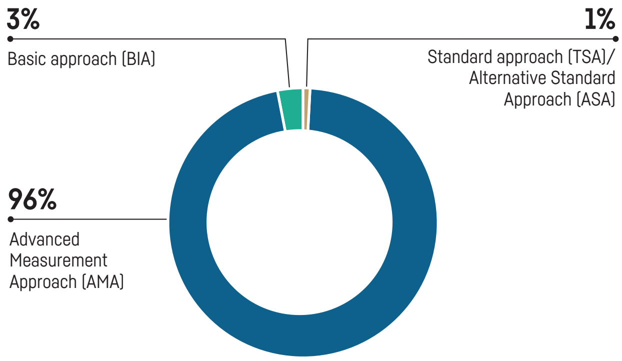
5.14.2.2 Authorized scope for AMA method

CIC is authorized to use its advanced measurement approach (internal models) to calculate its regulatory capital requirements in respect of operational risk (96% of the scope as of December 31, 2021).

This authorization took effect on January 1, 2010 for the group's consolidated scope, then extended to:

- Crédit Mutuel Factoring as of the reporting period ended March 31, 2012;
- Banque de Luxembourg as of the reporting period ended September 30, 2013;

GRAPH 14: BREAKDOWN OF OPERATIONAL RISK RWAS BY APPROACH AS OF DECEMBER 31, 2021 (EU OR2)



5.14.2.3 Operational risk mitigation and hedging policy

The general guidelines for reducing operational risks include:

- effective preventive actions identified during the mapping process and implemented directly by operational staff or permanent control;
- safeguard initiatives primarily focused on the implementation of emergency and business continuity plans for the business lines, logistics and IT so as to limit the extent of the loss in the event of a crisis.

A consistent crisis-management process implemented across the group, in line with the market system for interbank operations, covers crisis communication and the three stages of emergency and business continuity plans: namely, the rescue, continuity and recovery plans.

5.14.3 Reporting and general management

The application of the operational risk management policy and the risk profile are monitored with key indicators, thresholds and alerts that cover the assessment of potential risks, changes in losses, the effectiveness of reduction measures and financing decided. The relevant senior executives and supervisory bodies are regularly informed on these issues, including the requirements of the Order dated November 3, 2014.

5.14.4 Documentation and procedures

The group consistently applies a set of procedures that are approved by the managing bodies and regularly updated. These cover:

- governance: procedures dealing with the roles and responsibilities of the various managing, decision-making and supervisory bodies, the national function, report frequency and recipients, the monitoring scope for group entities, and the methodology for subsidiary consolidation;
- collection of claims: procedures setting out rules for the collection and audit of internal losses;
- measurement system: procedures concerning, in particular, probabilistic modeling and modeling based on the work of experts, the rules for gathering Key Risk Indicators (KRIs), the basis for allocating capital adequacy requirements and COREP reports.

These procedures are subject to regular verification procedures.

5.14.5 Emergency and business continuity plans (EBCPs)

These cover protection actions set up to limit the severity of a disaster, as part of its operational risk management program.

The “EBCP guidelines”, Crédit Mutuel’s registration document in this respect, may be consulted by all teams concerned and are applied at the level of the regional banks.

EBCPs fall into two types:

- business-line EBCPs cover a given banking function, related to one of the Basel II business lines;
- cross-functional EBCPs concern business lines whose purpose is to provide other business lines with the means to operate (Logistics, HR, IT EBCP).

They center around three phases:

- the emergency response plan is rolled out immediately, and consists of actions intended to deal with emergencies and to implement a degraded treatment solution;
- the continuity plan corresponds to the resumption of activity under deteriorated conditions;
- the recovery plan, which is prepared shortly after the business continuity plan is launched, the implementation time of which will depend on the extent of the damage.

5.14.6 Organization of crisis management

The mechanism in place at CIC level covers the most efficient communications and organization systems implemented to deal with the three stages of the procedure: emergency, business continuity and recovery plans.

It is based on:

- the crisis committee, chaired in the regions by the Chief Executive Officer of the bank and at national level by the group Chief Executive Officer, which takes substantive decisions, prioritizes actions and ensures internal and external communication;
- crisis units of regional banks which pool information, implement decisions and provide follow-up;
- one crisis point per business line that coordinates field operations in relation with the crisis cells, specifically the activation of EBCPs until the return to normal.

5.14.7 Use of insurance techniques

The ACPR authorized CIC to take into account the impact of insurance as a mitigation factor for the calculation of capital requirements in respect of operational risk under the advanced measurement approach (AMA) as of the reporting period ended June 30, 2012.

The principles applied for financing operational risks within the Crédit Mutuel group depend on the frequency and severity of each potential risk. These involve:

- setting up insurance cover or financing by withholding amounts on the operating account for non-severe frequency risks (Expected Loss);
- insuring major risks *via* external insurers and reinsurers;
- developing self-insurance for losses below insurers' deductible thresholds;
- allocating reserves of regulatory capital or writing provisions financed by underlying assets for serious risks that cannot be insured.

CIC's insurance programs comply with the provisions of Articles 323 of Regulation (EU) No. 575/2013 of the European Parliament and Council of June 26, 2013 concerning the deduction of insurance under the advanced method approach (AMA).

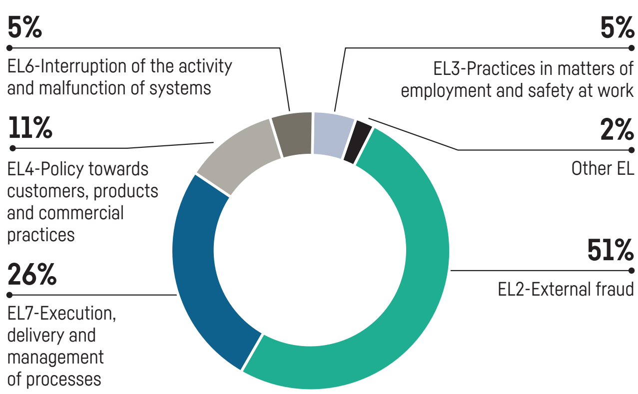
Insurance cover included in the deduction process covers damage to real and personal property (multi-risk), fraud and damage to valuables (overall insurance for banking risks), as well as professional third-party liability and cyber-risks (cyber policy).

5.14.8 CIC claims inventory

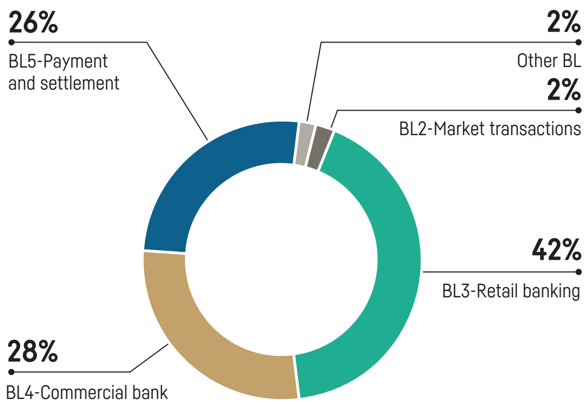
Total claims of CIC amounted to €42.5 million in 2021, €148.8 million in losses, €24.3 million in provisions and €130.6 million in reversals of provisions for previous claims. They broke down as follows:

GRAPH 15: ANNUAL LOSS EXPERIENCE BY BUSINESS LINE AND BY RISK EVENT (EU OR1)

Loss experience in 2021 by EL (risk event)



Loss ratio in 2021 by BL (business line)



5.14.9 Specific operational risks

Legal risks

Incorporated into operational risks, these involve, among other things, exposure to fines, penalties and damages for fault attributable to the company with respect to its operations.

Industrial and environmental risks

Included into operational risks, these are analyzed from the perspective of system malfunctions and the occurrence of natural disasters (100-year floodplains, floods, earthquakes, pollution, etc.), their impact on the business and the means of prevention and protection to be put in place, notably crisis management and EBCPs.

Concerning the management of social and environmental risks, the approach undertaken is described in the societal section of the CSR section.

5

5.15 INFORMATION ON ENCUMBERED AND UNENCUMBERED ASSETS (EU AE4)

Since December 31, 2014, and pursuant to Article 100 of the CRR, CIC reports to the competent authorities on the quantity of unencumbered assets at its disposal and their principal characteristics. These assets may serve as collateral to obtain other financing on the secondary markets or from the central bank, and hence constitute additional sources of liquidity.

An asset is considered to be "encumbered" if it serves as a guarantee, or can be used contractually, to secure, collateralize or enhance a transaction from which it cannot be separated. In contrast, an asset is "unencumbered" if it is free of any legal, regulatory, contractual or other limitations to its possible liquidation, sale, transmission or disposal.

For illustrative purposes, the following types of contracts satisfy the definition of encumbered assets:

- secured financial transactions, including repurchase agreements, securities lending and other forms of loans;
- collateralization agreements;
- collateralized financial guarantees;
- collateral placed in clearing systems, clearing houses and other institutions as a condition for accessing the service. This includes initial margins and funds against the risk of insolvency;
- facilities given to central banks. Assets already in position should not be considered encumbered, unless the central bank does not authorize the withdrawal of these assets without its prior agreement;
- underlying assets of securitization entities when these assets have not been derecognized by the entity. Underlying assets of retained securities are not recognized as being encumbered, unless the securities in question are used to pledge or guarantee a transaction in some way;
- collateral pools put together to issue secured bonds. These assets are recognized as encumbered assets except in certain situations where the entity holds the secured bonds (self-issued bonds).

Assets placed in financing mechanisms that are unused and can be easily withdrawn are not recognized as being encumbered.

As of December 31, 2021, the level and characteristics of encumbered and unencumbered assets for CIC were as follows:

TABLE 66: ENCUMBERED AND UNENCUMBERED ASSETS (EU AE1)

12/31/2021 *(in € millions)*	Carrying amount of encumbered assets	o/w HQLA and EHQLA	Fair value of encumbered assets	o/w HQLA and EHQLA	Carrying amount of unencumbered assets	o/w HQLA and EHQLA	Fair value of unencumbered assets	o/w HQLA and EHQLA
010 – Institution assets	**60,557**	**4,950**	-	-	**304,621**	**8,027**	-	-
030 – Equity instruments	4	0	4	0	4,798	1	4,811	0
040 – Debt securities	8,177	4,700	9,226	4,700	16,317	7,973	15,755	7,973
050 – of which secured bonds	210	210	210	210	100	100	100	100
060 – of which asset-backed securities	2,138	1,214	2,415	1,225	1,304	521	901	521
070 – of which issued by public administrations	2,647	2,372	2,647	2,372	4,058	3,890	4,099	3,890
080 – of which issued by financial institutions	4,099	1,462	5,131	1,474	7,277	2,816	5,786	2,816
090 – of which issued by non-financial corporations	1,824	1,092	1,824	1,092	4,679	237	4,667	237
120 – Other assets	52,428	114	-	-	282,891	0	-	-

All the figures presented are calculated based on median values of end-of-quarter data for the elapsed year.

12/31/2020 *(in € millions)*	Carrying amount of encumbered assets	o/w HQLA and EHQLA	Fair value of encumbered assets	o/w HQLA and EHQLA	Carrying amount of unencumbered assets	o/w HQLA and EHQLA	Fair value of unencumbered assets	o/w HQLA and EHQLA
010 – Institution assets	**45,682**	**6,386**	-	-	**301,273**	**8,658**	-	-
030 – Equity instruments	40	20	40	20	4,040	134	4,040	134
040 – Debt securities	11,759	6,263	11,897	6,283	15,696	8,525	15,440	8,525
050 – of which secured bonds	584	536	584	536	76	52	76	52
060 – of which asset-backed securities	2,965	1,023	2,965	1,027	757	134	872	246
070 – of which issued by public administrations	3,037	2,730	3,045	2,738	4,366	4,200	4,343	4,200
080 – of which issued by financial institutions	6,427	1,818	6,521	1,958	4,129	2,857	3,957	2,857
090 – of which issued by non-financial corporations	2,770	1,613	2,770	1,613	5,949	217	6,000	217
120 – Other assets	34,348	122	-	-	281,600	0	-	-

All the figures presented are calculated based on median values of end-of-quarter data for the elapsed year.

TABLE 67: COLLATERAL RECEIVED (2) (EU AE2)

12/31/2021 *(in € millions)*	Fair value of the encumbered guarantee received or of encumbered own-debt securities issued	o/w HQLA and EHQLA	Fair value of the guarantee received or of own-debt securities issued available for pledging	o/w HQLA and EHQLA
130 – Collateral received	**13,098**	**7,980**	**7,209**	**2,184**
140 – Loans on demand	0	0	0	0
150 – Equity instruments	1,062	425	627	86
160 – Debt securities	11,841	7,407	5,263	1,767
170 – of which secured bonds	63	21	49	49
180 – of which asset-backed securities	1,446	284	2,452	1,072
190 – of which issued by public administrations	8,495	6,255	651	477
200 – of which issued by financial institutions	2,513	306	3,586	1,142
210 – of which issued by non-financial corporations	893	473	1,075	116
220 – Loans and advances other than loans on demand	0	0	0	0
230 – Other collateral received	0	0	1,200	0
240 – Own-debt securities issued other than own secured bonds or asset-backed securities	**0**	**0**	**0**	**0**
241 – Own covered bonds and asset-backed securities issued and not yet pledged	**0**	-	**0**	**0**
250 – TOTAL ASSETS, COLLATERAL RECEIVED AND OWN-DEBT SECURITIES ISSUED	**71,738**	**12,722**	-	-

All the figures presented are calculated based on median values of end-of-quarter data for the elapsed year.

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12/31/2020 *(in € millions)*	Fair value of the encumbered guarantee received or of encumbered own-debt securities issued	o/w HQLA and EHQLA	Fair value of the guarantee received or of own-debt securities issued available for pledging	o/w HQLA and EHQLA
130 – Collateral received	**13,274**	**9,467**	**6,591**	**2,435**
140 – Loans on demand	0	0	0	0
150 – Equity instruments	938	643	504	298
160 – Debt securities	12,280	8,772	5,026	2,249
170 – of which secured bonds	138	138	17	14
180 – of which asset-backed securities	1,932	904	1,936	1,067
190 – of which issued by public administrations	7,398	6,709	351	326
200 – of which issued by financial institutions	3,489	1,149	3,266	1,364
210 – of which issued by non-financial corporations	1,442	976	1,428	308
220 – Loans and advances other than loans on demand	0	0	0	0
230 – Other collateral received	0	0	1,072	0
240 – Own-debt securities issued other than own secured bonds or asset-backed securities	**0**	**0**	**0**	**0**
241 – Own covered bonds and asset-backed securities issued and not yet pledged	**-**	**-**	**0**	**0**
250 – TOTAL ASSETS, COLLATERAL RECEIVED AND OWN-DEBT SECURITIES ISSUED	**57,508**	**15,853**	**-**	**-**

* *All the figures presented are calculated based on median values of end-of-quarter data for the elapsed year.*

TABLE 68: CARRYING AMOUNT OF ENCUMBERED ASSETS/COLLATERAL RECEIVED AND LIABILITIES BACKED (EU AE3)

12/31/2021 *(in € millions)*	Associated liabilities, contingent liabilities or securities loaned	Assets, guarantees received and own-debt securities issued other than guaranteed bonds and securities backed by encumbered assets
010 – Carrying amount of the financial liabilities selected	**19,894**	**20,647**

All the figures presented are calculated based on median values of end-of-quarter data for the elapsed year.

12/31/2020 *(in € millions)*	Associated liabilities, contingent liabilities or securities loaned	Assets, guarantees received and own-debt securities issued other than guaranteed bonds and securities backed by encumbered assets
010 – Carrying amount of the financial liabilities selected	**25,338**	**26,341**

All the figures presented are calculated based on median values of end-of-quarter data for the elapsed year.

5.16 EQUITY RISK

The equity risk run by CIC is of different kinds.

5.16.1 Financial assets at fair value through profit or loss

Equity portfolios held for trading amounted to €732 million as of December 31, 2021 compared to €1,489 million as of December 31, 2020 and were related exclusively to CIC Capital Markets (see note 5a to the consolidated financial statements).

Equities recognized as other fair value through profit or loss mainly related to the private equity business line, with €2,951 million (see note 5a to the consolidated financial statements).

Long-term investments recognized as other fair value through profit or loss amounted to €440 million as of December 31, 2021, of which €43 million in equity investments and €119 million in long-term securities holdings.

5.16.2 Financial assets at fair value through equity

Outstanding equities and long-term investments classified as assets at fair value through shareholders' equity amounted to €3 million and €241 million, respectively.

Long-term investments included:

- equity investments for €73 million;
- other long-term investments for €119 million.

5.17 PRIVATE EQUITY

This activity is carried out through entities dedicated to the business line with a portfolio fully valued at fair value through options.

TABLE 69: RISKS RELATED TO PRIVATE EQUITY

	12/31/2021	12/31/2020
Number of listed lines	20	19
Number of unlisted lines	291	301
Number of funds	24	23
Portfolio revalued for proprietary trading *(in € millions)*	3,226	2,906
Capital managed on behalf of third parties *(in € millions)*	200	121

Source: Crédit Mutuel Equity.

Proprietary trading investments were spread over approximately 311 lines (excluding investments in funds), primarily covering small- and medium-sized enterprises.

5.18 COMPENSATION (EU OVB & EU REMA)

5.18.1 Management functions

Number of positions held by members of the management body

Name	Status	Term of office in the group	Non-group offices
BOARD OF DIRECTORS			
Nicolas THÉRY	Chairman of the Board of Directors	15 non-executive offices	3 non-executive offices
Catherine ALLONAS-BARTHE	Permanent representative of BFCM	1 non-executive office	1 non-executive office
Gérard CORMORECHE	Director	14 non-executive offices	1 non-executive office 2 executive offices
Étienne GRAD	Director	4 non-executive offices	1 executive office
Catherine MILLET	Director	1 executive office 9 non-executive offices	
Catherine LAMBLIN MESSIEN	Director	7 non-executive offices	1 non-executive office 2 executive offices
Ségolène DENAVIT	Director representing employees	1 non-executive office	
Pascale GIROT	Director representing employees	2 non-executive offices	
EFFECTIVE MANAGEMENT			
Daniel BAAL	Chief Executive Officer - effective manager	4 non-executive offices 5 executive offices	
Éric CHARPENTIER	Deputy Chief Executive Officer - effective manager	2 executive offices 12 executive offices	3 non-executive offices

Information concerning the recruitment policy for the selection of members of the management body as well as their knowledge, skills and expertise

Pursuant to Article L.511-91 of the French Monetary and Financial Code, since January 1, 2018, the Appointments Committee covers the entities of Crédit Mutuel Alliance Fédérale that have delegated their appointment prerogatives to it, in France and abroad. In accordance with the appendix on the Appointments Committee to the internal rules of the Board of Directors of Caisse Fédérale de Crédit Mutuel and in compliance with the provisions of the French Monetary and Financial Code, the Appointments Committee examines the training, experience, competence, availability and good repute of the candidates for the positions of director or executive and then ensures that they always have the necessary aptitude to carry out their duties.In addition, the Appointments Committee periodically, and at least once a year for Caisse Fédérale de Crédit Mutuel, assesses: the structure, size, composition and effectiveness of the Board of Directors with respect to its missions, as well as the knowledge, skills and experience of the members of the Board of Directors, both individually and collectively.

Diversity of the Board of Directors

Gender balance

The Copé-Zimmermann law (law No. 2011-103 of January 27, 2011, as amended in 2014) is applicable to Caisse Fédérale de Crédit Mutuel and has been implemented *via* the appointment of seven female directors in 2017 and two female directors in 2018.

In 2021, the representation of women on the Board of Directors of Caisse Fédérale de Crédit Mutuel was 44%.

Regional representation

The directors of Caisse Fédérale de Crédit Mutuel come from all of the federations throughout the territory within the scope of Crédit Mutuel Alliance Fédérale.

Representation of society

The diversity of the directors of Caisse Fédérale de Crédit Mutuel in terms of sociology, age, origin and gender tends to result in a Board of Directors that is representative of customers and society.

Strategic plan

The work launched as part of Crédit Mutuel Alliance Fédérale's strategic plan, *ensemble#nouveaumonde, plus vite, plus loin!* (together#today's world, faster, further!), reaffirms the group's ambition to strengthen diversity in the composition of its governance, in particular with the objective of achieving equal representation of men and women in management and governance positions.

Information on the diversity policy applicable to the selection of members of the management body

In line with its status as a benefit corporation and its strategic plan, Crédit Mutuel Alliance Fédérale attaches great importance to the careers of women. Today the network's school of directors does not commence courses without gender balance in the classroom. For all appointments to senior management and executive positions, women are nominated, with the aim of achieving parity quickly. In one year, 30 women joined the group's Management Committees.

In 2022, Crédit Mutuel Alliance Fédérale will correct the collective pay gap between women and men. In addition to these measures, substantive medium- and long-term actions will continue with the training of all employees and elected members to combat all forms of discrimination.

In 2021, Crédit Mutuel had 42% women managers in France, 33% women Chief Executive Officers and 26% women members of an Executive Committee.

As part of its 2023 strategic plan, Crédit Mutuel Alliance Fédérale has set itself the goal of gender equality in management and governance positions.

In addition to the actions carried out to promote and support women at all levels of the company, an approach aimed at working on diversity in all its forms has been initiated: integration of people with disabilities, implementation of a Generational pact: young people, work-study programs and seniors citizens, disadvantaged neighborhoods, etc.

Through all of these actions, Crédit Mutuel Alliance Fédérale wishes to embody a group whose governance refuses all forms of discrimination by acting on a daily basis to build an inclusive, fairer and more sustainable society: proof of mutual action.

5.18.2 Compensation supervisory bodies

Crédit Mutuel Alliance Fédérale, which is subject to supervision by the ACPR on a consolidated basis, decided at the meeting of the Board of Directors on February 27, 2015 to set up a Compensation Committee in accordance with Article L.511-89 of the French Monetary and Financial Code.

At its meeting of November 17, 2017, the Board of Directors of Caisse Fédérale de Crédit Mutuel decided to set up an umbrella committee at the level of Caisse Fédérale de Crédit Mutuel covering the entire scope of Crédit Mutuel Alliance Fédérale.

Consequently, since that date, the committee has the following scope of competence:

- all credit institutions and finance companies;
- the group's entities consolidated by Caisse Fédérale de Crédit Mutuel (CIB 10278) taken as the parent company of the consolidated Crédit Mutuel Alliance Fédérale, which by virtue of their size, internal organization and the nature, scale, complexity and cross-border nature of their activity fall within the scope of consolidation by decision of the Board of Directors;
- with the exception of entities which, because of their activity, size or specific nature, have a committee that complies with legal and regulatory provisions. In this case, this individual committee reports to the Compensation Committee of Caisse Fédérale de Crédit Mutuel on the work carried out and the information communicated;
- asset management companies and insurance and reinsurance companies.

From January 1, 2021 to December 31, 2021, the Compensation Committee was composed of:

- Mrs. Annie Virot, chairwoman;
- Mr. Philippe Galienne;
- Mrs. Audrey Hammerer;
- Mr. Jean-François Jouffray;
- Mr. Gérard Oliger;
- Mrs. Christine Leenders.

The committee is composed of three to six members of the Board of Directors of Caisse Fédérale de Crédit Mutuel, selected for their expertise and skills in the areas covered by the committee, and an employee director.

In addition to these members, associate members may be non-voting directors of Caisse Fédérale du Crédit Mutuel, directors or non-voting directors of Banque Fédérative du Crédit Mutuel, directors or non-voting directors of BECM, or directors of the federations in the federal alliance.

The members of the Committee have at all times the good character, knowledge, skills and experience necessary to understand the activities of Crédit Mutuel Alliance Fédérale, including the main risks to which it is exposed.

The members are appointed by the Board of Directors on the proposal of its Chairman for a term of three years.

Crédit Mutuel Alliance Fédérale commissioned an external study in 2021 on the compensation of management and Management Committee members in Retail Banking in France. The conclusions were presented at the meeting of July 27, 2021.

In 2021, the Compensation Committee met four times, on February 12, April 7, July 27 and November 23.

The agenda of the meetings is set by the Chairwoman of the Committee or by the Chairman of the Board of Directors when the latter is the originator of the convocation. It is sent to Committee members in advance of the meeting, along with a file containing highlights of banking and financial news on compensation and useful information for their discussions.

Crédit Mutuel Alliance Fédérale has decided to prioritize fixed compensation in keeping with its mutualist values and its responsibilities toward its customers and members. It incorporates its constant concern for sustainable development and employee career advancement into its policy.

For the majority of the group's employees, particularly those working for the networks, the group has chosen (with a few rare exceptions) not to set individual sales targets for customers that may generate variable compensation.

Generally speaking, the components of additional compensation (benefits in kind, variable compensation, etc.) are subject to restrictions and concern only specific situations in certain business lines or functions when justified by particular considerations. The variable compensation practices for specialized business lines within the group are therefore generally consistent with those of other banking groups: trading floor, specialized financing, asset management, private equity, private banking and consumer credit.

If applicable, this compensation requires documentation on the rules for the allocation and determination of the amounts awarded.

The total compensation of Crédit Mutuel Alliance Fédérale employees is made up of various elements:

- fixed compensation;
- annual variable compensation;
- collective compensation in the form of incentives and profit-sharing and shareholding in France;
- the supplementary pension plan and health insurance plan;
- benefits in kind (company car, etc.).

Depending on the business line, the responsibilities exercised and the performance achieved, employees benefit from all or some of these elements.

Thus, variable compensation may be granted for certain business lines only and under certain strictly defined conditions. This variable portion takes into account a specific contribution to the development and results of Crédit Mutuel Alliance Fédérale as well as compliance with ethical rules. The variable compensation base includes financial and non-financial targets assigned to employees and teams. In the calculation of the amount to be distributed and to better control risk factors, the costs attributable to the activities are deducted, in particular the costs of risk and liquidity.

Crédit Mutuel Alliance Fédérale's 2021 compensation policy provides for specific compensation conditions for employees identified as risk takers.

Thus, in 2021, the amount of variable compensation amounted to nearly 5% of total compensation within Crédit Mutuel Alliance Fédérale.

Crédit Mutuel Alliance Fédérale applies all regulatory provisions for managing compensation.

Employees falling within the risk takers category at Crédit Mutuel Alliance Fédérale level in 2021 have been identified in accordance with the regulations in force. The identification was carried out on an individual and consolidated basis.

Thus, in accordance with Article 199 of the Order of November 3, 2014 (as amended by the Order of December 22, 2020), as long as they are not large within the meaning of point 146 of paragraph 1 of Article 4 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26, 2013, credit institutions, finance companies, investment firms as well as the groups mentioned in III of Article L.511-57 of the French Monetary and Financial Code are not subject to the provisions of Articles L.511-81 and L.511-82 and of the second paragraph of Article L.511-84 of the French Monetary and Financial Code on an individual basis and, where applicable, on a consolidated basis when they are in one or other of the following situations:

a) their balance sheet total is less than or equal to an average of €5 billion over the four-year period immediately preceding the current fiscal year;

b) their balance sheet total is less than or equal to an average, of €10 billion over the four-year period immediately preceding the current fiscal year and they cumulatively meet the criteria set out in c, d and e of Article 4, paragraph 1, point 145 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26, 2013.

Given the size of Crédit Mutuel Alliance Fédérale and some of its constituent entities, risk takers are identified not only at consolidated level but also at individual level.

Crédit Mutuel Alliance Fédérale's human resources department, in conjunction with the risk and compliance department, submits a list to Executive Management which is validated by the Compensation Committee and the Board of Directors.

At consolidated level

The scope therefore concerns Caisse Fédérale de Crédit Mutuel, Banque Fédérative du Crédit Mutuel, CIC, Cofidis and TARGOBANK AG.

In terms of qualitative criteria, the list of MRTs (Material Risk Takers) therefore includes:

- the members of Chairmanship and Executive Management
- the directors and all members of the specialized committees of the umbrella structures;
- the head of Compliance, Periodic Control, Permanent Control and Risk Management, at group level;
- the directors of a function in charge of legal affairs, finance (including tax and budget), human resources, compensation policy, anti-money laundering and combating the financing of terrorism, information technology, business analysis or the outsourcing of essential functions, at group level;
- the risk managers and managers of major business units (i.e. operational units to which at least 2% of the group's internal capital has been allocated), given that the managers of Crédit Mutuel Alliance Fédérale include the managers and employees that report directly to them;
- employees with powers to make proposals or commit the group, individually or collectively as a committee, up to the regulatory threshold of 0.5% of Tier 1 capital, *i.e.* either through loan origination or through equity investments;
- employees who may expose the credit institution to a market risk equal to or greater than 0.5% of CET1 or 5% of the internal limit in risk value;
- employees managing a group of people who, cumulatively, may meet the thresholds for credit or market risk commitments;
- the members of the committees responsible for managing a specific risk: ALM Committee, Group Risk Committee, Operational Risk/Permanent Control Committee, Control/Compliance Committee, New Products Committee;

With regard to quantitative criteria, employees should be considered as risk takers:

- with a total compensation greater than or equal to €750,000;
- with compensation of €500,000 or more as well as the average compensation of members of the management body and Executive Management, in order to identify personnel whose activities have a significant impact on the risk profile of a major business unit.

For the application of quantitative criteria, compensation is based on a gross and full-time equivalent basis (reconstitution of full-time compensation over the full year for a part-time employee or an employee recruited during the year), awarded during the fiscal year N-1.

In addition to the group's effective managers and the managers of credit institutions, finance companies and investment firms identified on an individual basis (see below), Crédit Mutuel Alliance Fédérale has decided to consider as risk takers all the effective managers of its subsidiaries and all staff members whose compensation exceeds the threshold of €500,000.

At individual level

An identification of risk takers are also carried out at the level of credit institutions, finance companies and investment firms that meet the criteria for application on an individual basis set out in Delegated Regulation No. 604/2014 (amended by the Order of December 22, 2020, Articles 198, 199 and 200)

Each year, the list of institutions concerned within the scope of Crédit Mutuel Alliance Fédérale is drawn up by the group human resources department and the Compensation Committee is informed.

In terms of qualitative criteria, the list therefore includes:

- the members of Chairmanship and Executive Management;
- directors;
- the heads of Compliance, Periodic Control, Permanent Control and Risk Management, at the individual level and in the major operational units identified;
- the directors of a function in charge of legal affairs, finance (including tax and budget), human resources, compensation policy, anti-money laundering and combating the financing of terrorism, information technology, business analysis or outsourcing of key functions, at the institutional level and at the level of the major business unit where these activities are delegated locally;
- the managers of the major business units not previously identified (*i.e.* operational units to which at least 2% of the group's internal capital has been allocated), bearing in mind that the managers for Crédit Mutuel Alliance Fédérale include the managers and the employees reporting directly to it;
- employees with powers to make proposals or commit the group, individually or collectively as a committee, up to the regulatory threshold of 0.5% of Tier 1 capital, *i.e.* either through loan origination or through equity investments;
- employees who may expose the credit institution to a market risk equal to or greater than 0.5% of CET1 or 5% of the internal limit in risk value;
- employees managing a group of people who, cumulatively, may meet the thresholds for credit or market risk commitments;
- the members of the committees responsible for managing a specific risk: ALM Committee, Group Risk Committee, Operational Risk/Permanent Control Committee, Control/Compliance Committee, New Products Committee.

In terms of quantitative criteria, the list includes:

- employees with total compensation greater than or equal to €750,000;
- employees with fixed compensation of €500,000 or more, as well as the average compensation of members of the management body and Executive Management in order to identify employees whose activities have a significant impact on the risk profile of a major business unit;
- where the institution has more than 1,000 employees, they are among the 0.3% of employees (rounded up to the nearest whole number) who received the highest total compensation within the institution during the previous year or for the previous year on an individual basis.

5.18.3 Design and structure of compensation processes

Given the specific features of its business lines, its legal entities and the national and international legislation in which it operates, Crédit Mutuel Alliance Fédérale has set up a compensation system in line with its values while ensuring that its employees receive compensation in line with reference markets, in order to attract and retain the talent it needs.

The Executive Management of Crédit Mutuel Alliance Fédérale defines the strategic guidelines for compensation (for example, the choice to favor fixed compensation, except for limited exceptions in some specialized activities) or operational (for example in the context of annual negotiations) and then examines the compensation policy prepared by Crédit Mutuel Alliance Fédérale HR department together with the heads of Crédit Mutuel Alliance Fédérale business lines and entities.

The risk, permanent control and compliance department of Crédit Mutuel Alliance Fédérale checks that the proposed policy:

- is in line with Crédit Mutuel Alliance Fédérale's business strategy, objectives, values and long-term interests;
- takes into account measures to avoid conflicts of interest;
- is designed to promote sound and effective risk management;
- complies with regulations;
- is applied in an appropriate manner within Crédit Mutuel Alliance Fédérale and reports non-compliance issues to the effective managers and the supervisory body.

The Board of Directors adopts and regularly reviews the general principles of the compensation policy and monitors their implementation.

The total compensation of Crédit Mutuel Alliance Fédérale employees includes several components:

- fixed compensation, which remunerates the employee's skills, experience, level of qualification and commitment. It is set according to the market and a principle of internal consistency at Crédit Mutuel Alliance Fédérale in line with the group agreement implemented on January 1, 2018 for France;

- variable compensation, for certain categories of employees: for certain business lines and under certain conditions, a variable portion may be granted. It takes into account a specific contribution to the development and results of Crédit Mutuel Alliance Fédérale. The variable compensation base includes financial and non-financial targets explicitly assigned to employees and teams. For certain activities, in the calculation of the amount to be distributed and to better control risk factors, the costs attributable to the activities are deducted, in particular the costs of risk and liquidity. Variable compensation does not constitute a right and is set each year in accordance with the compensation policy applied by Crédit Mutuel Alliance Fédérale for the year in question and the governance principles in force;
- collective compensation in the form of incentives and profit-sharing in France: such compensation will be possible, where applicable, depending on the size and agreements in place within each entity;
- a supplementary pension plan and health insurance;
- benefits in kind (company car, etc.).

Depending on the entities, business lines and responsibilities incurred and according to the performance achieved, employees benefit from all or part of these components.

The operational procedures implementing Crédit Mutuel Alliance Fédérale's compensation policy are documented so as to ensure, through permanent or periodic control, the understanding of the system and the traceability of decisions in relation to the principles and procedures in force.

As part of the regular review of the implementation of the principles of Crédit Mutuel Alliance Fédérale's compensation policy, on November 25, 2021 the Compensation Committee proposed to the Board of Directors to update the compensation policy based on the following elements:

- taking into account the confederal framework on compensation for the risk-taker population established in early 2021 at the request of JST. The Confederation guarantees the proper functioning, solvency and cohesion of the Crédit Mutuel group and must also ensure that its affiliates comply with the regulations. The operational implementation of this framework does not add to the work already done by our regional group, which has been involved in the co-construction of this framework since the beginning;
- the inclusion in our compensation policy of a reference to our commitments made within the framework of the benefit corporation in terms of compensation and the absence of discrimination in this area;
- the modification of all rules governing the payment of variable compensation to risk takers. A unique and homogeneous application of the new rules was sought in all countries while taking into account local and market constraints. And this is in line with the implementation since 2017 of the group compensation policy and the parent Compensation Committee. As a reminder, Crédit Mutuel Alliance Fédérale had not opted to pay a portion of its variable compensation in the form of financial instruments until 2021. The implementation of this system provided for within the confederal framework is mandatory for the entire scope. Crédit Mutuel Alliance Fédérale has defined a common indicator at group level that applies to the entities that collectively contribute to the consolidated performance and overall solvency. The development of a specific indicator for each unit is therefore not desired and is not in line with the founding principles of our compensation policy, which advocates the strength of the group.

The Compensation Committee was informed of the impacts for many of the group's institutions and employees. The entities/business lines affected have been informed throughout the process that began nearly a year ago.

At its first annual meeting, the Compensation Committee of Crédit Mutuel Alliance Fédérale examined the compensation of senior executives in the risk, compliance, permanent control and periodic control functions.

The employees concerned have not received variable compensation linked to individual performance for many years.

This compensation is under the supervision and decision of the group human resources department.

5.18.4 Consideration for risks in the compensation process

The compensation policy implemented by Crédit Mutuel Alliance Fédérale is intended above all to be reasonable and responsible and seeks to align the interests of Crédit Mutuel Alliance Fédérale with those of its employees. Crédit Mutuel Alliance Fédérale believes that a company's compensation policy is an important aspect of consistency in its strategy and risk management. In this context, Crédit Mutuel Alliance Fédérale, in keeping with its mutualist values, has defined a policy that complies with regulatory requirements with the aim of:

- promoting its mutualist values with respect for all stakeholders: members, customers and employees;
- promoting career advancement through internal training and encouraging employees' long-term commitment;
- not encouraging excessive risk-taking and avoiding the introduction of incentives that could lead to conflicts of interest and not encouraging or inducing unauthorized activities;
- ensuring consistency between employee behavior and Crédit Mutuel Alliance Fédérale's long-term objectives, in particular with respect to risk management control;
- ensuring fair pay for work and retaining talented employees by offering them appropriate compensation that takes into consideration the competitive environment and is based on their level of seniority, expertise and professional experience;
- respecting gender equality in terms of pay based on classification, and more broadly fighting all forms of discrimination;
- making sure that the capital base is regularly strengthened.

Thus, in 2021, the amount of variable compensation amounted to almost 5% of total compensation within Crédit Mutuel Alliance Fédérale, 1.7% of general operating expenses and 0.33% of CET1 capital.

With regard to identified personnel, the amount of variable compensation awarded represents 26% of the compensation within the scope of CIC.

5.18.5 Performance-based compensation

The variable compensation package for each business line is subject to a proposal by the management of these business lines to the human resources department and the Executive Management of Crédit Mutuel Alliance Fédérale, clearly stating:

- the consistency of the change in the package with the quantitative performance of the unit (sales performance, financial performance, etc.);
- the compliance with internal control rules (compliance with control rules, limits, ethics, conflicts of interest, etc.);
- the consistency of the package with the financial fundamentals of the unit: the package does not reduce the financial fundamentals of the institution and preserves long-term interests (weight on general operating expenses, weight on net income, etc.);
- the consistency with risk and prior adjustment: the budget is also set taking into account risk-adjusted performance criteria: return on assets, consumption of capital required for business risks, liquidity risk, etc. The level of the package is not the result of excessive risk-taking;;
- the comparison with market practices where necessary.

The packages set for each of the entities/units are distributed among the various activities according to criteria specific to each business or team. The distribution of bonuses takes into account various aspects such as:

- performance measurement;
- risk measurement;
- behavior in terms of team spirit and responsiveness;
- professional behavior in relation to the values, ethics and procedures of Crédit Mutuel Alliance Fédérale.

5.18.6 Variable and deferred compensation

As indicated in its compensation policy, variable compensation is limited to certain specialized business lines in France and abroad. If a system is in place, the forms of allocation are standardized and deferral methods are governed by the group's policy for identified personnel.

Until 2021, Crédit Mutuel Alliance Fédérale did not use payment in the form of financial instruments for deferred variable compensation. This practice is correlated to the mutualist status of the group, which is made up of members. As a result, there is no share capital held by shareholders. There is therefore no variable compensation indexed to Crédit Mutuel Alliance Fédérale shares or securities, all of which is paid in cash.

At its meeting on November 23, 2021, the Compensation Committee reviewed the changes to the compensation policy and, in particular the taking into account of the Confederal Framework on compensation for the risk-takers population established at the beginning of 2021 at the request of the JST.

As a result, changes have been made to the rules governing the payment of variable compensation to risk takers from 2022 onwards. The variable compensation of risk takers must comply with the following criteria, provided that the variable compensation exceeds €50,000 or represents more than one-third of their total annual compensation:

- 50% of the variable compensation is deferred when the amount awarded is less than €500,000 and 60% when the amount awarded is higher;
- 50% of the variable compensation is paid in the form of financial instruments. For Crédit Mutuel Alliance Fédérale, the financial instrument-based payment obligation cannot be applied as is and involves the use of non-cash instruments equivalent to ownership rights. These instruments consist of the allocation of blocked cash, indexed to a composite indicator reflecting the performance of the entities to which the beneficiary belongs. Crédit Mutuel Alliance Fédérale has chosen to use a common indicator for the entire regional group, based on a moving average over the last three years of the RORWA (return on risk-weighted assets). This indicator meets the following objectives:
  - integrate a long-term approach with a consideration of solvency over time,
  - integrate a performance approach linked to changes in the regional group's net profit/(loss),
  - take into account the principles of the compensation policy, which above all advocates the strength of the group, by limiting variable compensation to specialized business lines..

The conditions set out in this way are applied to all of the group's risk takers, regardless of their parent entity.

Take into account the principles of the compensation policy, which promotes, above all, the strength of the collective, by limiting variable compensation to the specialized business lines.

The activities concerned by the request to exceed the 100% threshold are the trading floor activities (investment business) in France and New York.

These activities are composed of 56 operators, including seven abroad. Almost two-thirds can benefit from a ratio above 100%.

Individual distribution to employees is decided by line mangers on the basis of an overall assessment of individual and collective performance, including quantitative and qualitative criteria. There is no direct and automatic link between the level of an employee's commercial and financial results and his or her level of variable compensation in order to prevent any risk of conflict of interest or failure to take into account Crédit Mutuel Alliance Fédérale interests and those of its customers.

Individual allocations are carried out and decided by management based on:

- the performance of the team to which the person concerned belongs;
- individual performance measured according to the result-risk ratio;
- individual assessments taking into account the qualitative achievements in relation to the objectives set.

For example, for market operators, the overall allocation is made according to the following quantitative and qualitative performance criteria:

- economic results of the activity to which the operators are attached;
- risks taken;
- compliance with limits and delegations;

- behavior within teams;
- initiatives with a motive impact on the success of operations;
- team management (according to hierarchical position);
- in addition, the actual payment of the deferred portion is conditional and subject to a penalty clause relating to the results of the activity. Deferred compensation may therefore be substantially reduced or even not be paid in the event of failure to control risks resulting in losses. This clause makes it possible to make employees accountable for the medium-term risks they may impose on the institution. In addition, the payment of these amounts is subject to a continued employment condition.

Guaranteed variable compensation is prohibited, except in the context of the hiring of financial market professionals, excluding intra-group transfers. In this case, the guarantee is limited to one year.

In the event of forced departure due to serious misconduct or gross negligence, these "post-departure" compensation components may be reduced or eliminated, in particular by application of the provisions provided for by the company and in particular in France under Articles L.511-84 and L.511-84-1 of the French Monetary and Financial Code.

TABLE 70: SUMMARY OF COMPENSATION AWARDED DURING THE FISCAL YEAR (EU REM1)

(in € millions) **At 12/31/2021**		Management			Other members of the identified population
		Management body – Supervisory function	Management body – Management function	Other Executive Management members	
Fixed compensation awarded during the year	**Number of members of the identified population (who received fixed compensation)**	**75**	**75**	**75**	**183**
	Total fixed compensation	**2**	**24**	**17**	**33**
	O/w: compensation in cash	2	22	15	30
	O/w: shares and equivalent ownership rights	-	-	-	-
	O/w: other instruments linked to shares and other equivalent non-cash instruments	-	-	-	-
	O/w: other instruments	-	-	-	-
	O/w: other types of compensation	0	2	2	3
Variable compensation awarded during the year	**Number of members of the identified population (who received variable compensation)**	**-**	**62**	**67**	**175**
	Total variable compensation	**-**	**5**	**6**	**15**
	O/w: compensation in cash	-	5	6	15
	O/w: deferred compensation included in this compensation in cash	-	-	-	-
	O/w: shares and equivalent ownership rights	-	-	-	-
	O/w: deferred compensation included in this compensation in shares and equivalent property rights	-	-	-	-
	O/w: other instruments linked to shares and other equivalent non-cash instruments	-	-	-	-
	O/w: deferred compensation included in this compensation in equity-linked instruments and other equivalent non-cash instruments	-	-	-	-
	O/w: other instruments	-	-	-	-
	O/w: deferred compensation included this compensation in other instruments	-	-	-	-
	O/w: other types of compensation	-	-	-	-
	O/w: deferred compensation included in these other forms of compensation	-	-	-	-
	TOTAL COMPENSATION ALLOCATED DURING THE FISCAL YEAR	**2**	**29**	**22**	**48**

TABLE 71: SPECIAL PAYMENTS DURING THE FISCAL YEAR (EU REM2)

(in € millions) **At 12/31/2021**		Management: Management body – Supervisory function	Management: Management body – Management function	Management: Other Executive Management members	Other members of the identified population
Guaranteed variable compensation awarded during the year Including arrival bonuses, guaranteed variable compensation following the arrival of an employee, etc.	Number of members of the identified population	**0**	**0**	**0**	**0**
	Total amount	**-**	**-**	**-**	**-**
	Of which paid during the year and which are not included in the capping of bonuses	-	-	-	-
Severance payments paid during the fiscal year, awarded in previous periods	**Number of members of the identified population**	**0**	**0**	**0**	**0**
	Total amount	**-**	**-**	**-**	**-**
Severance payments awarded during the fiscal year	**Number of members of the identified population**	**0**	**2**	**1**	**0**
	Total amount	**-**	**1**	**1**	**-**
	Of which paid during the year	-	1	1	-
	Of which paid during the year and which are not included in the capping of bonuses	-	-	-	-
	Of which deferred	-	-	-	-
	Of which the highest indemnities awarded to a single person	-	-	-	-

TABLE 72: DEFERRED COMPENSATION SUBJECT TO A LOCK-UP PERIOD (EU REM3)

(in € millions) At 12/31/2021	Deferred compensation acquired in respect of previous fiscal years Y-1 and prior			Movements that took place in year Y (including compensation that will not be paid in Y+1)			Compensation vested in Y	
	Total amount of deferred compensation granted in respect of previous performance periods	Of which: vesting during/at the end of the fiscal year	Of which: vesting during/at the end of the following fiscal years	Amount of the performance adjustment applied during the fiscal year to deferred compensation that were to vest during the fiscal year	Amount of the performance adjustment applied during the fiscal year to deferred compensation that were to vest in future performance years	Total amount of adjustment during the fiscal year due to implicit ex-post adjustments	Total amount of deferred compensation granted before the fiscal year actually paid during the fiscal year	Total amount of deferred compensation granted in respect of previous performance periods that have vested but are subject to retention periods
MANAGEMENT BODY – SUPERVISORY FUNCTION	-	-	-	-	-	-	-	-
Cash	-	-	-	-	-	-	-	-
Shares and equivalent ownership rights	-	-	-	-	-	-	-	-
Other instruments linked to shares and other equivalent non-cash instruments	-	-	-	-	-	-	-	-
Other instruments	-	-	-	-	-	-	-	-
Other forms	-	-	-	-	-	-	-	-
MANAGEMENT BODY – MANAGEMENT FUNCTION	3	2	1	-	-	-	2	-
Cash	3	2	1	-	-	-	2	-
Shares and equivalent ownership rights	-	-	-	-	-	-	-	-
Other instruments linked to shares and other equivalent non-cash instruments	-	-	-	-	-	-	-	-
Other instruments	-	-	-	-	-	-	-	-
Other forms	-	-	-	-	-	-	-	-
OTHER EXECUTIVE MANAGEMENT MEMBERS	4	2	2	-	-	-	2	-
Cash	4	2	2	-	-	-	2	-
Shares and equivalent ownership rights	-	-	-	-	-	-	-	-
Other instruments linked to shares and other equivalent non-cash instruments	-	-	-	-	-	-	-	-
Other instruments	-	-	-	-	-	-	-	-
Other forms	-	-	-	-	-	-	-	-
OTHER MEMBERS OF THE IDENTIFIED POPULATION	10	5	5	0	-	-	5	-
Cash	10	5	5	0	-	-	5	-
Shares and equivalent ownership rights	-	-	-	-	-	-	-	-
Other instruments linked to shares and other equivalent non-cash instruments	-	-	-	-	-	-	-	-
Other instruments	-	-	-	-	-	-	-	-
Other forms	-	-	-	-	-	-	-	-
TOTAL	**17**	**10**	**8**	**0**	**-**	**-**	**10**	**-**

TABLE 73: HIGH LEVELS OF COMPENSATION (EU REM4)

(in number of people) **At 12/31/2021**	**Members of the identified population who received a high level of compensation within Article 450(i) of the CRR**
Between 1 million and 1.5 million not included	5
Between 1.5 million and 2 million not included	2
Between 2 million and 2.5 million not included	-
Between 2.5 million and 3 million not included	-
Between 3 million and 3.5 million not included	-
Between 3.5 million and 4 million not included	-
Between 4 million and 4.5 million not included	-
Between 4.5 million and 5 million not included	-
Between 5 million and 6 million not included	-
Between 6 million and 7 million not included	-
Between 7 million and 8 million not included	-

TABLE 74: BREAKDOWN OF THE IDENTIFIED POPULATION BY FIELD OF ACTIVITY (EU REM 5)

	Management			**Area of activity**					
(in € millions) **At 12/31/2021**	**Management body – Supervisory function**	**Management body – Management function**	**Management body as a whole**	**Investment banking**	**Retail Banking**	**Asset management**	**Independent internal control functions**	**Cross-functional functions**	**Other**
TOTAL NUMBER OF MEMBERS FROM THE IDENTIFIED POPULATION				**408**					
Including members of management body	75	75	150						
Including members of Executive Management				16	37	7	0	15	0
Including other members of the identified population				59	46	2	52	24	0
TOTAL COMPENSATION OF THE IDENTIFIED POPULATION	**2**	**29**	**32**	**36**	**16**	**2**	**9**	**7**	**0**
Of which variable compensation	-	5	5	17	2	1	1	1	0
Of which fixed compensation	2	24	27	19	14	1	8	7	0

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APPENDICES

Qualitative information about capital instruments

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

1	Issuer	Crédit Industriel et Commercial	Lyonnaise de Banque
2	Sole issuer (such as CUSIP, ISIN or Bloomberg for private placements)	FR0000047805	FR0000047789
3	Law governing the instrument	French	French
REGULATORY TREATMENT			
4	Transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
5	Post-transitional CRR rules	Ineligible from January 1, 2022	Ineligible from January 1, 2022
6	Eligible at solo/(sub-)consolidated/solo and (sub-)consolidated level	Solo and sub-consolidated	Solo and sub-consolidated
7	Instrument type (to be specified by each jurisdiction)	■ Non-voting loan stock ■ Article 62 *et seq.* of CRR	■ Non-voting loan stock ■ Article 62 *et seq.* of CRR
8	Amount recognized in regulatory capital (currency in millions as of most recent reporting date)	€137.20 million	€15.43 million
9	Nominal value of instrument	€137.20 million	€15.43 million
9a	Issue price	€137.20 million	€15.43 million
9b	Redemption amount	€178.37 million if call exercised on 05/28/1997 then annual revaluation of 1.5% after 05/28/1997	€20.06 million if call exercised on 06/01/1997 then annual revaluation of 1.5% after 06/01/1997
10	Accounting classification	Liabilities – amortized cost	Liabilities – amortized cost
11	Initial issue date	05/28/1985	06/01/1985
12	Perpetual or dated	Perpetual	Perpetual
13	Initial maturity	Perpetual	Perpetual
14	Issuer buyback option subject to the prior approval of the supervisory authority	Yes	Yes
15	Optional call date, contingent call date and redemption amount	■ Partial or full call at issuer's discretion: 05/28/1997 at 130% of par value	■ Partial or full call at issuer's discretion: 06/01/1997 at 130% of par value
16	Subsequent buyback option call dates, if any	On each interest payment date after 05/28/1997	On each interest payment date after 06/01/1997

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

	Issuer	Crédit Industriel et Commercial	Lyonnaise de Banque
COUPONS/DIVIDENDS			
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	40% x TAM +43% x TAM x (net profit/(loss) year N-1/net profit/(loss) year 1984) with the following as limits: ■ minimum 85% of (TAM+TMO)/ 2 ■ maximum 130% (TAM+TMO)/ 2	35% x TMO +35% x TMO x (net profit/(loss) year N-1/net profit/(loss) year 1984) with the following as limits: ■ minimum of 85% of TMO ■ maximum 130% TMO
19	Existence of a dividend payout suspension clause (dividend stopper)	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory
21	Existence of a step-up or other redemption incentive	No	No
22	Cumulative or non-cumulative	N/A	N/A
23	Convertible or non-convertible	No	No
24	If convertible, conversion trigger	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, type of instrument converted into	N/A	N/A
29	If convertible, issuer of instrument convertible into	N/A	N/A
30	Capital write-down features	No	No
31	If write-down, write-down trigger	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Rank of instrument in the event of liquidation (indicate the type of instrument of immediately higher rank)	Instrument subordinated to the payment of all unsecured creditors	Instrument subordinated to the payment of all unsecured creditors
36	Existence of non-compliant features	No	No
37	If yes, specify non-compliant characteristics	N/A	N/A

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MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

1	Issuer	Crédit Industriel et Commercial	Crédit Industriel et Commercial
2	Sole issuer (such as CUSIP, ISIN or Bloomberg for private placements)	FR0000584377	FR0000165847
3	Law governing the instrument	French	French
REGULATORY TREATMENT			
4	Transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
5	Post-transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
6	Eligible at solo/(sub-)consolidated/solo and (sub-)consolidated level	Solo and sub-consolidated	Solo and sub-consolidated
7	Instrument type (to be specified by each jurisdiction)	■ Perpetual subordinated notes ■ Article 62 *et seq.* of CRR	■ Perpetual progressive-interest subordinated notes ■ Article 62 *et seq.* of CRR
8	Amount recognized in regulatory capital (currency in millions as of most recent reporting date)	€18.96 million	€7.25 million
9	Nominal value of instrument	€18.96 million	€7.25 million
9a	Issue price	€18.96 million	€7.25 million
9b	Redemption amount	€19.15 million	€7.25 million
10	Accounting classification	Liabilities – amortized cost	Liabilities – amortized cost
11	Initial issue date	07/20/1987	12/26/1990
12	Perpetual or dated	Perpetual	Perpetual
13	Initial maturity	Perpetual	Perpetual
14	Issuer buyback option subject to the prior approval of the supervisory authority	Yes	Yes
15	Optional call date, contingent call date and redemption amount	■ Partial or full call at issuer's discretion: for a period of 45 days as of 07/20/1994 at 101% of par value + accrued interest	■ Partial or total buyback option from the issuer: 12/26/1999 at par
16	Subsequent buyback option call dates, if any	During a 45-day period from each interest payment date after 07/20/1994	On each interest payment date after 12/26/1999

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

	Issuer	Crédit Industriel et Commercial	Crédit Industriel et Commercial
COUPONS/DIVIDENDS			
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	Average of the last 12 TMEs +0.25%	P1C +1.75% for interest payable every year since 2006
19	Existence of a dividend payout suspension clause (dividend stopper)	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Partially discretionary	Partially discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory
21	Existence of a step-up or other redemption incentive	No	No
22	Cumulative or non-cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	No	No
24	If convertible, conversion trigger	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, type of instrument converted into	N/A	N/A
29	If convertible, issuer of instrument convertible into	N/A	N/A
30	Capital write-down features	No	No
31	If write-down, write-down trigger	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Rank of instrument in the event of liquidation (indicate the type of instrument of immediately higher rank)	Instrument subordinated to the payment of all unsecured creditors	Instrument subordinated to the payment of all unsecured creditors
36	Existence of non-compliant features	No	No
37	If yes, specify non-compliant characteristics	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

1	Issuer	Crédit Industriel et Commercial	Crédit Industriel et Commercial
2	Sole issuer (such as CUSIP, ISIN or Bloomberg for private placements)	Subordinated loan agreement between CIC and Banque Fédérative du Crédit Mutuel	Subordinated loan agreement between CIC and Banque Fédérative du Crédit Mutuel
3	Law governing the instrument	French	French
REGULATORY TREATMENT			
4	Transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
5	Post-transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
6	Eligible at solo/(sub-)consolidated/solo and (sub-)consolidated level	Solo and sub-consolidated	Solo and sub-consolidated
7	Instrument type (to be specified by each jurisdiction)	■ Subordinated notes ■ Article 62 *et seq.* of CRR	■ Subordinated notes ■ Article 62 *et seq.* of CRR
8	Amount recognized in regulatory capital (currency in millions as of most recent reporting date)	€414.48 million	€700.00 million
9	Nominal value of instrument	€414.48 million	€700.00 million
9a	Issue price	€414.48 million	€700.00 million
9b	Redemption amount	€414.48 million	€700.00 million
10	Accounting classification	Liabilities – amortized cost	Liabilities – amortized cost
11	Initial issue date	03/24/2016	11/04/2016
12	Perpetual or dated	Dated	Dated
13	Initial maturity	03/24/2026	11/04/2026
14	Issuer buyback option subject to the prior approval of the supervisory authority	Yes	Yes
15	Optional call date, contingent call date and redemption amount	■ Call for the entire issue in case of tax events (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par	■ Call for the entire issue in case of tax events (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par
16	Subsequent buyback option call dates, if any	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

	Issuer	Crédit Industriel et Commercial	Crédit Industriel et Commercial
COUPONS/DIVIDENDS			
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	EURIBOR 3 months +2.05%	EURIBOR 3 months +1.7%
19	Existence of a dividend payout suspension clause (dividend stopper)	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A	N/A
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	N/A
21	Existence of a step-up or other redemption incentive	No	No
22	Cumulative or non-cumulative	N/A	N/A
23	Convertible or non-convertible	No	No
24	If convertible, conversion trigger	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, type of instrument converted into	N/A	N/A
29	If convertible, issuer of instrument convertible into	N/A	N/A
30	Capital write-down features	No	No
31	If write-down, write-down trigger	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Rank of instrument in the event of liquidation (indicate the type of instrument of immediately higher rank)	Instrument subordinated to the payment of all unsecured creditors	Instrument subordinated to the payment of all unsecured creditors
36	Existence of non-compliant features	No	No
37	If yes, specify non-compliant characteristics	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

1	Issuer	Crédit Industriel et Commercial	Crédit Industriel et Commercial
2	Sole issuer (such as CUSIP, ISIN or Bloomberg for private placements)	Subordinated loan agreement between CIC and Banque Fédérative du Crédit Mutuel	Subordinated loan agreement between CIC and Banque Fédérative du Crédit Mutuel
3	Law governing the instrument	French	French
REGULATORY TREATMENT			
4	Transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
5	Post-transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
6	Eligible at solo/(sub-)consolidated/solo and (sub-)consolidated level	Solo and sub-consolidated	Solo and sub-consolidated
7	Instrument type (to be specified by each jurisdiction)	■ Subordinated notes ■ Article 62 *et seq.* of CRR	■ Subordinated notes ■ Article 62 *et seq.* of CRR
8	Amount recognized in regulatory capital (currency in millions as of most recent reporting date)	€91.00 million	€153.00 million
9	Nominal value of instrument	€91.00 million	€153.00 million
9a	Issue price	€91.00 million	€153.00 million
9b	Redemption amount	€91.00 million	€153.00 million
10	Accounting classification	Liabilities – amortized cost	Liabilities – amortized cost
11	Initial issue date	03/31/2017	11/15/2017
12	Perpetual or dated	Dated	Dated
13	Initial maturity	03/31/2027	11/15/2027
14	Issuer buyback option subject to the prior approval of the supervisory authority	Yes	Yes
15	Optional call date, contingent call date and redemption amount	■ Call for the entire issue in case of tax events (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par	■ Call for the entire issue in case of tax events (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par
16	Subsequent buyback option call dates, if any	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

	Issuer	Crédit Industriel et Commercial	Crédit Industriel et Commercial
COUPONS/DIVIDENDS			
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	EURIBOR 3 months +1.97%	EURIBOR 3 months +1.02%
19	Existence of a dividend payout suspension clause (dividend stopper)	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A	N/A
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	N/A
21	Existence of a step-up or other redemption incentive	No	No
22	Cumulative or non-cumulative	N/A	N/A
23	Convertible or non-convertible	No	No
24	If convertible, conversion trigger	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, type of instrument converted into	N/A	N/A
29	If convertible, issuer of instrument convertible into	N/A	N/A
30	Capital write-down features	No	No
31	If write-down, write-down trigger	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Rank of instrument in the event of liquidation (indicate the type of instrument of immediately higher rank)	Instrument subordinated to the payment of all unsecured creditors	Instrument subordinated to the payment of all unsecured creditors
36	Existence of non-compliant features	No	No
37	If yes, specify non-compliant characteristics	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

1	**Issuer**	**Crédit Industriel et Commercial**	**CIC Suisse**
2	Sole issuer (such as CUSIP, ISIN or Bloomberg for private placements)	Subordinated loan agreement between CIC and Banque Fédérative du Crédit Mutuel	Subordinated loan agreement between CIC Suisse and Banque Fédérative du Crédit Mutuel
3	Law governing the instrument	French	French
REGULATORY TREATMENT			
4	Transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
5	Post-transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
6	Eligible at solo/(sub-)consolidated/solo and (sub-)consolidated level	Solo and sub-consolidated	Solo and sub-consolidated
7	Instrument type (to be specified by each jurisdiction)	■ Subordinated notes ■ Article 62 *et seq.* of CRR	■ Subordinated notes ■ Article 62 *et seq.* of CRR
8	Amount recognized in regulatory capital (currency in millions as of most recent reporting date)	€54.00 million	€7.00 million
9	Nominal value of instrument	€54.00 million	€7.00 million
9a	Issue price	€54.00 million	€7.00 million
9b	Redemption amount	€54.00 million	€7.00 million
10	Accounting classification	Liabilities – amortized cost	Liabilities – amortized cost
11	Initial issue date	05/25/2018	07/01/2014
12	Perpetual or dated	Dated	Dated
13	Initial maturity	05/25/2028	05/21/2024
14	Issuer buyback option subject to the prior approval of the supervisory authority	Yes	Yes
15	Optional call date, contingent call date and redemption amount	■ Call for the entire issue in case of tax events (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par	■ Call for the entire issue in case of tax events at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par
16	Subsequent buyback option call dates, if any	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

	Issuer	Crédit Industriel et Commercial	CIC Suisse
COUPONS/DIVIDENDS			
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	EURIBOR 3 months +1.55%	EURIBOR 3 months +1.645%
19	Existence of a dividend payout suspension clause (dividend stopper)	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A	N/A
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	N/A
21	Existence of a step-up or other redemption incentive	No	No
22	Cumulative or non-cumulative	N/A	N/A
23	Convertible or non-convertible	No	No
24	If convertible, conversion trigger	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, type of instrument converted into	N/A	N/A
29	If convertible, issuer of instrument convertible into	N/A	N/A
30	Capital write-down features	No	No
31	If write-down, write-down trigger	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Rank of instrument in the event of liquidation (indicate the type of instrument of immediately higher rank)	Instrument subordinated to the payment of all unsecured creditors	Instrument subordinated to the payment of all unsecured creditors
36	Existence of non-compliant features	No	No
37	If yes, specify non-compliant characteristics	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

1	Issuer	CIC Suisse	CIC Suisse
2	Sole issuer (such as CUSIP, ISIN or Bloomberg for private placements)	Subordinated loan agreement between CIC Suisse and Banque Fédérative du Crédit Mutuel	Subordinated loan agreement between CIC Suisse and Banque Fédérative du Crédit Mutuel
3	Law governing the instrument	French	French
REGULATORY TREATMENT			
4	Transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
5	Post-transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
6	Eligible at solo/(sub-)consolidated/solo and (sub-)consolidated level	Solo and sub-consolidated	Solo and sub-consolidated
7	Instrument type (to be specified by each jurisdiction)	■ Subordinated notes ■ Article 62 *et seq.* of CRR	■ Subordinated notes ■ Article 62 *et seq.* of CRR
8	Amount recognized in regulatory capital (currency in millions as of most recent reporting date)	€15.00 million	€11.52 million
9	Nominal value of instrument	€15.00 million	€11.52 million
9a	Issue price	€15.00 million	€11.52 million
9b	Redemption amount	€15.00 million	€11.52 million
10	Accounting classification	Liabilities – amortized cost	Liabilities – amortized cost
11	Initial issue date	09/11/2015	03/24/2016
12	Perpetual or dated	Dated	Dated
13	Initial maturity	09/11/2025	03/24/2026
14	Issuer buyback option subject to the prior approval of the supervisory authority	Yes	Yes
15	Optional call date, contingent call date and redemption amount	■ Call for the entire issue in case of tax events at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par	■ Call for the entire issue in case of tax events at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par
16	Subsequent buyback option call dates, if any	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

	Issuer	CIC Suisse	CIC Suisse
COUPONS/DIVIDENDS			
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	EURIBOR 3 months +2.15%	EURIBOR 3 months +2.05%
19	Existence of a dividend payout suspension clause (dividend stopper)	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A	N/A
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	N/A
21	Existence of a step-up or other redemption incentive	No	No
22	Cumulative or non-cumulative	N/A	N/A
23	Convertible or non-convertible	No	No
24	If convertible, conversion trigger	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, type of instrument converted into	N/A	N/A
29	If convertible, issuer of instrument convertible into	N/A	N/A
30	Capital write-down features	No	No
31	If write-down, write-down trigger	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Rank of instrument in the event of liquidation (indicate the type of instrument of immediately higher rank)	Instrument subordinated to the payment of all unsecured creditors	Instrument subordinated to the payment of all unsecured creditors
36	Existence of non-compliant features	No	No
37	If yes, specify non-compliant characteristics	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

1	**Issuer**	**CIC Suisse**	**CIC Suisse**
2	Sole issuer (such as CUSIP, ISIN or Bloomberg for private placements)	Subordinated loan agreement between CIC Suisse and Banque Fédérative du Crédit Mutuel	Subordinated loan agreement between CIC Suisse and Banque Fédérative du Crédit Mutuel
3	Law governing the instrument	French	French
REGULATORY TREATMENT			
4	Transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
5	Post-transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
6	Eligible at solo/(sub-)consolidated/solo and (sub-)consolidated level	Solo and sub-consolidated	Solo and sub-consolidated
7	Instrument type (to be specified by each jurisdiction)	■ Subordinated notes ■ Article 62 *et seq.* of CRR	■ Subordinated notes ■ Article 62 *et seq.* of CRR
8	Amount recognized in regulatory capital (currency in millions as of most recent reporting date)	€3.00 million	€60,00 million
9	Nominal value of instrument	€3.00 million	€60,00 million
9a	Issue price	€3.00 million	€60,00 million
9b	Redemption amount	€3.00 million	€60,00 million
10	Accounting classification	Liabilities – amortized cost	Liabilities – amortized cost
11	Initial issue date	03/31/2017	12/20/2021
12	Perpetual or dated	Dated	Dated
13	Initial maturity	03/31/2027	12/31/2031
14	Issuer buyback option subject to the prior approval of the supervisory authority	Yes	Yes
15	Optional call date, contingent call date and redemption amount	■ Call for the entire issue in case of tax events at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par	■ Call for the entire issue in case of tax events at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par
16	Subsequent buyback option call dates, if any	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

	Issuer	CIC Suisse	CIC Suisse
COUPONS/DIVIDENDS			
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	EURIBOR 3 months +1.97%	EURIBOR 3 months +1.15%
19	Existence of a dividend payout suspension clause (dividend stopper)	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A	N/A
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	N/A
21	Existence of a step-up or other redemption incentive	No	No
22	Cumulative or non-cumulative	N/A	N/A
23	Convertible or non-convertible	No	No
24	If convertible, conversion trigger	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, type of instrument converted into	N/A	N/A
29	If convertible, issuer of instrument convertible into	N/A	N/A
30	Capital write-down features	No	No
31	If write-down, write-down trigger	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Rank of instrument in the event of liquidation (indicate the type of instrument of immediately higher rank)	Instrument subordinated to the payment of all unsecured creditors	Instrument subordinated to the payment of all unsecured creditors
36	Existence of non-compliant features	No	No
37	If yes, specify non-compliant characteristics	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

1	Issuer	CIC Sud Ouest	CIC Sud Ouest
2	Sole issuer (such as CUSIP, ISIN or Bloomberg for private placements)	Subordinated loan agreement between CIC Sud Ouest and Banque Fédérative du Crédit Mutuel	Subordinated loan agreement between CIC Sud Ouest and Banque Fédérative du Crédit Mutuel
3	Law governing the instrument	French	French
REGULATORY TREATMENT			
4	Transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
5	Post-transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
6	Eligible at solo/(sub-)consolidated/solo and (sub-)consolidated level	Solo and sub-consolidated	Solo and sub-consolidated
7	Instrument type (to be specified by each jurisdiction)	■ Subordinated notes ■ Article 62 *et seq.* of CRR	■ Subordinated notes ■ Article 62 *et seq.* of CRR
8	Amount recognized in regulatory capital (currency in millions as of most recent reporting date)	€37.33 million	€10.00 million
9	Nominal value of instrument	€37.33 million	€10.00 million
9a	Issue price	€37.33 million	€10.00 million
9b	Redemption amount	€37.33 million	€10.00 million
10	Accounting classification	Liabilities – amortized cost	Liabilities – amortized cost
11	Initial issue date	03/24/2016	03/31/2017
12	Perpetual or dated	Dated	Dated
13	Initial maturity	03/24/2026	03/31/2027
14	Issuer buyback option subject to the prior approval of the supervisory authority	Yes	Yes
15	Optional call date, contingent call date and redemption amount	■ Call for the entire issue in case of tax events (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par	■ Call for the entire issue in case of tax events (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par
16	Subsequent buyback option call dates, if any	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

	Issuer	CIC Sud Ouest	CIC Sud Ouest
COUPONS/DIVIDENDS			
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	EURIBOR 3 months +2.05%	EURIBOR 3 months +1.97%
19	Existence of a dividend payout suspension clause (dividend stopper)	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A	N/A
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	N/A
21	Existence of a step-up or other redemption incentive	No	No
22	Cumulative or non-cumulative	N/A	N/A
23	Convertible or non-convertible	No	No
24	If convertible, conversion trigger	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, type of instrument converted into	N/A	N/A
29	If convertible, issuer of instrument convertible into	N/A	N/A
30	Capital write-down features	No	No
31	If write-down, write-down trigger	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Rank of instrument in the event of liquidation (indicate the type of instrument of immediately higher rank)	Instrument subordinated to the payment of all unsecured creditors	Instrument subordinated to the payment of all unsecured creditors
36	Existence of non-compliant features	No	No
37	If yes, specify non-compliant characteristics	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

1	Issuer	CIC Sud Ouest	CIC Sud Ouest
2	Sole issuer (such as CUSIP, ISIN or Bloomberg for private placements)	Subordinated loan agreement between CIC Sud Ouest and Banque Fédérative du Crédit Mutuel	Subordinated loan agreement between CIC Sud Ouest and Banque Fédérative du Crédit Mutuel
3	Law governing the instrument	French	French
REGULATORY TREATMENT			
4	Transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
5	Post-transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
6	Eligible at solo/(sub-)consolidated/solo and (sub-)consolidated level	Solo and sub-consolidated	Solo and sub-consolidated
7	Instrument type (to be specified by each jurisdiction)	■ Subordinated notes ■ Article 62 *et seq.* of CRR	■ Subordinated notes ■ Article 62 *et seq.* of CRR
8	Amount recognized in regulatory capital (currency in millions as of most recent reporting date)	€18.00 million	€11.00 million
9	Nominal value of instrument	€18.00 million	€11.00 million
9a	Issue price	€18.00 million	€11.00 million
9b	Redemption amount	€18.00 million	€11.00 million
10	Accounting classification	Liabilities – amortized cost	Liabilities – amortized cost
11	Initial issue date	11/15/2017	05/25/2018
12	Perpetual or dated	Dated	Dated
13	Initial maturity	11/15/2027	05/25/2028
14	Issuer buyback option subject to the prior approval of the supervisory authority	Yes	Yes
15	Optional call date, contingent call date and redemption amount	■ Call for the entire issue in case of tax events (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par	■ Call for the entire issue in case of tax events (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par
16	Subsequent buyback option call dates, if any	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

	Issuer	CIC Sud Ouest	CIC Sud Ouest
COUPONS/DIVIDENDS			
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	EURIBOR 3 months +1.02%	EURIBOR 3 months +1.55%
19	Existence of a dividend payout suspension clause (dividend stopper)	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A	N/A
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	N/A
21	Existence of a step-up or other redemption incentive	No	No
22	Cumulative or non-cumulative	N/A	N/A
23	Convertible or non-convertible	No	No
24	If convertible, conversion trigger	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, type of instrument converted into	N/A	N/A
29	If convertible, issuer of instrument convertible into	N/A	N/A
30	Capital write-down features	No	No
31	If write-down, write-down trigger	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Rank of instrument in the event of liquidation (indicate the type of instrument of immediately higher rank)	Instrument subordinated to the payment of all unsecured creditors	Instrument subordinated to the payment of all unsecured creditors
36	Existence of non-compliant features	No	No
37	If yes, specify non-compliant characteristics	N/A	N/A

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MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

1	Issuer	CIC Lyonnaise de Banque	CIC Lyonnaise de Banque
2	Sole issuer (such as CUSIP, ISIN or Bloomberg for private placements)	Subordinated loan agreement between CIC Lyonnaise de Banque and Banque Fédérative du Crédit Mutuel	Subordinated loan agreement between CIC Lyonnaise de Banque and Banque Fédérative du Crédit Mutuel
3	Law governing the instrument	French	French
REGULATORY TREATMENT			
4	Transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
5	Post-transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
6	Eligible at solo/(sub-)consolidated/solo and (sub-)consolidated level	Solo and sub-consolidated	Solo and sub-consolidated
7	Instrument type (to be specified by each jurisdiction)	■ Subordinated notes ■ Article 62 *et seq.* of CRR	■ Subordinated notes ■ Article 62 *et seq.* of CRR
8	Amount recognized in regulatory capital (currency in millions as of most recent reporting date)	€80.97 million	€18.00 million
9	Nominal value of instrument	€80.97 million	€18.00 million
9a	Issue price	€80.97 million	€18.00 million
9b	Redemption amount	€80.97 million	€18.00 million
10	Accounting classification	Liabilities – amortized cost	Liabilities – amortized cost
11	Initial issue date	03/24/2016	03/31/2017
12	Perpetual or dated	Dated	Dated
13	Initial maturity	03/24/2026	03/31/2027
14	Issuer buyback option subject to the prior approval of the supervisory authority	Yes	Yes
15	Optional call date, contingent call date and redemption amount	■ Call for the entire issue in case of tax events (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par	■ Call for the entire issue in case of tax events (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par
16	Subsequent buyback option call dates, if any	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

	Issuer	CIC Lyonnaise de Banque	CIC Lyonnaise de Banque
COUPONS/DIVIDENDS			
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	EURIBOR 3 months +2.05%	EURIBOR 3 months +1.97%
19	Existence of a dividend payout suspension clause (dividend stopper)	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A	N/A
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	N/A
21	Existence of a step-up or other redemption incentive	No	No
22	Cumulative or non-cumulative	N/A	N/A
23	Convertible or non-convertible	No	No
24	If convertible, conversion trigger	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, type of instrument converted into	N/A	N/A
29	If convertible, issuer of instrument convertible into	N/A	N/A
30	Capital write-down features	No	No
31	If write-down, write-down trigger	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Rank of instrument in the event of liquidation (indicate the type of instrument of immediately higher rank)	Instrument subordinated to the payment of all unsecured creditors	Instrument subordinated to the payment of all unsecured creditors
36	Existence of non-compliant features	No	No
37	If yes, specify non-compliant characteristics	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

1	Issuer	CIC Lyonnaise de Banque	CIC Lyonnaise de Banque
2	Sole issuer (such as CUSIP, ISIN or Bloomberg for private placements)	Subordinated loan agreement between CIC Lyonnaise de Banque and Banque Fédérative du Crédit Mutuel	Subordinated loan agreement between CIC Lyonnaise de Banque and Banque Fédérative du Crédit Mutuel
3	Law governing the instrument	French	French
REGULATORY TREATMENT			
4	Transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
5	Post-transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
6	Eligible at solo/(sub-)consolidated/solo and (sub-)consolidated level	Solo and sub-consolidated	Solo and sub-consolidated
7	Instrument type (to be specified by each jurisdiction)	■ Subordinated notes ■ Article 62 *et seq.* of CRR	■ Subordinated notes ■ Article 62 *et seq.* of CRR
8	Amount recognized in regulatory capital (currency in millions as of most recent reporting date)	€36.00 million	€21.00 million
9	Nominal value of instrument	€36.00 million	€21.00 million
9a	Issue price	€36.00 million	€21.00 million
9b	Redemption amount	€36.00 million	€21.00 million
10	Accounting classification	Liabilities – amortized cost	Liabilities – amortized cost
11	Initial issue date	11/15/2017	05/25/2018
12	Perpetual or dated	Dated	Dated
13	Initial maturity	11/15/2027	05/25/2028
14	Issuer buyback option subject to the prior approval of the supervisory authority	Yes	Yes
15	Optional call date, contingent call date and redemption amount	■ Call for the entire issue in case of tax events (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par	■ Call for the entire issue in case of tax events (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par
16	Subsequent buyback option call dates, if any	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

	Issuer	CIC Lyonnaise de Banque	CIC Lyonnaise de Banque
COUPONS/DIVIDENDS			
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	EURIBOR 3 months +1.02%	EURIBOR 3 months +1.55%
19	Existence of a dividend payout suspension clause (dividend stopper)	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A	N/A
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	N/A
21	Existence of a step-up or other redemption incentive	No	No
22	Cumulative or non-cumulative	N/A	N/A
23	Convertible or non-convertible	No	No
24	If convertible, conversion trigger	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, type of instrument converted into	N/A	N/A
29	If convertible, issuer of instrument convertible into	N/A	N/A
30	Capital write-down features	No	No
31	If write-down, write-down trigger	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Rank of instrument in the event of liquidation (indicate the type of instrument of immediately higher rank)	Instrument subordinated to the payment of all unsecured creditors	Instrument subordinated to the payment of all unsecured creditors
36	Existence of non-compliant features	No	No
37	If yes, specify non-compliant characteristics	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

1	**Issuer**	**Crédit Mutuel Real Estate Lease**	**Crédit Mutuel Real Estate Lease**
2	Sole issuer (such as CUSIP, ISIN or Bloomberg for private placements)	Subordinated loan agreement between Crédit Mutuel Real Estate Lease and Banque Fédérative du Crédit Mutuel	Subordinated loan agreement between Crédit Mutuel Real Estate Lease and Banque Fédérative du Crédit Mutuel
3	Law governing the instrument	French	French
REGULATORY TREATMENT			
4	Transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
5	Post-transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
6	Eligible at solo/(sub-)consolidated/solo and (sub-)consolidated level	Solo and sub-consolidated	Solo and sub-consolidated
7	Instrument type (to be specified by each jurisdiction)	■ Subordinated notes ■ Article 62 *et seq.* of CRR	■ Subordinated notes ■ Article 62 *et seq.* of CRR
8	Amount recognized in regulatory capital (currency in millions as of most recent reporting date)	€18.11 million	€4.00 million
9	Nominal value of instrument	€18.11 million	€4.00 million
9a	Issue price	€18.11 million	€4.00 million
9b	Redemption amount	€18.11 million	€4.00 million
10	Accounting classification	Liabilities – amortized cost	Liabilities – amortized cost
11	Initial issue date	03/24/2016	03/31/2017
12	Perpetual or dated	Dated	Dated
13	Initial maturity	03/24/2026	03/31/2027
14	Issuer buyback option subject to the prior approval of the supervisory authority	Yes	Yes
15	Optional call date, contingent call date and redemption amount	■ Call for the entire issue in case of tax events (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par	■ Call for the entire issue in case of tax events (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par
16	Subsequent buyback option call dates, if any	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

	Issuer	Crédit Mutuel Real Estate Lease	Crédit Mutuel Real Estate Lease
COUPONS/DIVIDENDS			
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	EURIBOR 3 months +2.05%	EURIBOR 3 months +1.97%
19	Existence of a dividend payout suspension clause (dividend stopper)	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A	N/A
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	N/A
21	Existence of a step-up or other redemption incentive	No	No
22	Cumulative or non-cumulative	N/A	N/A
23	Convertible or non-convertible	No	No
24	If convertible, conversion trigger	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, type of instrument converted into	N/A	N/A
29	If convertible, issuer of instrument convertible into	N/A	N/A
30	Capital write-down features	No	No
31	If write-down, write-down trigger	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Rank of instrument in the event of liquidation (indicate the type of instrument of immediately higher rank)	Instrument subordinated to the payment of all unsecured creditors	Instrument subordinated to the payment of all unsecured creditors
36	Existence of non-compliant features	No	No
37	If yes, specify non-compliant characteristics	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

1	Issuer	Crédit Mutuel Real Estate Lease	Crédit Mutuel Real Estate Lease
2	Sole issuer (such as CUSIP, ISIN or Bloomberg for private placements)	Subordinated loan agreement between Crédit Mutuel Real Estate Lease and Banque Fédérative du Crédit Mutuel	Subordinated loan agreement between Crédit Mutuel Real Estate Lease and Banque Fédérative du Crédit Mutuel
3	Law governing the instrument	French	French
REGULATORY TREATMENT			
4	Transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
5	Post-transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
6	Eligible at solo/(sub-)consolidated/solo and (sub-)consolidated level	Solo and sub-consolidated	Solo and sub-consolidated
7	Instrument type (to be specified by each jurisdiction)	■ Subordinated notes ■ Article 62 *et seq.* of CRR	■ Subordinated notes ■ Article 62 *et seq.* of CRR
8	Amount recognized in regulatory capital (currency in millions as of most recent reporting date)	€7.00 million	€4.00 million
9	Nominal value of instrument	€7.00 million	€4.00 million
9a	Issue price	€7.00 million	€4.00 million
9b	Redemption amount	€7.00 million	€4.00 million
10	Accounting classification	Liabilities – amortized cost	Liabilities – amortized cost
11	Initial issue date	11/15/2017	05/25/2018
12	Perpetual or dated	Dated	Dated
13	Initial maturity	11/15/2027	05/25/2028
14	Issuer buyback option subject to the prior approval of the supervisory authority	Yes	Yes
15	Optional call date, contingent call date and redemption amount	■ Call for the entire issue in case of tax events (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par	■ Call for the entire issue in case of tax events (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par
16	Subsequent buyback option call dates, if any	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

	Issuer	Crédit Mutuel Real Estate Lease	Crédit Mutuel Real Estate Lease
COUPONS/DIVIDENDS			
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	EURIBOR 3 months +1.02%	EURIBOR 3 months +1.55%
19	Existence of a dividend payout suspension clause (dividend stopper)	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A	N/A
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	N/A
21	Existence of a step-up or other redemption incentive	No	No
22	Cumulative or non-cumulative	N/A	N/A
23	Convertible or non-convertible	No	No
24	If convertible, conversion trigger	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, type of instrument converted into	N/A	N/A
29	If convertible, issuer of instrument convertible into	N/A	N/A
30	Capital write-down features	No	No
31	If write-down, write-down trigger	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Rank of instrument in the event of liquidation (indicate the type of instrument of immediately higher rank)	Instrument subordinated to the payment of all unsecured creditors	Instrument subordinated to the payment of all unsecured creditors
36	Existence of non-compliant features	No	No
37	If yes, specify non-compliant characteristics	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

1	**Issuer**	**Crédit Mutuel Factoring**	**Crédit Mutuel Factoring**
2	Sole issuer (such as CUSIP, ISIN or Bloomberg for private placements)	Subordinated loan agreement between Crédit Mutuel Factoring and Banque Fédérative du Crédit Mutuel	Subordinated loan agreement between Crédit Mutuel Factoring and Banque Fédérative du Crédit Mutuel
3	Law governing the instrument	French	French
REGULATORY TREATMENT			
4	Transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
5	Post-transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
6	Eligible at solo/(sub-)consolidated/solo and (sub-)consolidated level	Solo and sub-consolidated	Solo and sub-consolidated
7	Instrument type (to be specified by each jurisdiction)	■ Subordinated notes ■ Article 62 *et seq.* of CRR	■ Subordinated notes ■ Article 62 *et seq.* of CRR
8	Amount recognized in regulatory capital (currency in millions as of most recent reporting date)	€17.77 million	€4.00 million
9	Nominal value of instrument	€17.77 million	€4.00 million
9a	Issue price	€17.77 million	€4.00 million
9b	Redemption amount	€17.77 million	€4.00 million
10	Accounting classification	Liabilities – amortized cost	Liabilities – amortized cost
11	Initial issue date	03/24/2016	03/31/2017
12	Perpetual or dated	Dated	Dated
13	Initial maturity	03/24/2026	03/31/2027
14	Issuer buyback option subject to the prior approval of the supervisory authority	Yes	Yes
15	Optional call date, contingent call date and redemption amount	■ Call for the entire issue in case of tax events (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par	■ Call for the entire issue in case of tax events (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par
16	Subsequent buyback option call dates, if any	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

	Issuer	Crédit Mutuel Factoring	Crédit Mutuel Factoring
COUPONS/DIVIDENDS			
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	EURIBOR 3 months +2.05%	EURIBOR 3 months +1.97%
19	Existence of a dividend payout suspension clause (dividend stopper)	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A	N/A
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	N/A
21	Existence of a step-up or other redemption incentive	No	No
22	Cumulative or non-cumulative	N/A	N/A
23	Convertible or non-convertible	No	No
24	If convertible, conversion trigger	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, type of instrument converted into	N/A	N/A
29	If convertible, issuer of instrument convertible into	N/A	N/A
30	Capital write-down features	No	No
31	If write-down, write-down trigger	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Rank of instrument in the event of liquidation (indicate the type of instrument of immediately higher rank)	Instrument subordinated to the payment of all unsecured creditors	Instrument subordinated to the payment of all unsecured creditors
36	Existence of non-compliant features	No	No
37	If yes, specify non-compliant characteristics	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

1	**Issuer**	**Crédit Mutuel Factoring**	**Crédit Mutuel Factoring**
2	Sole issuer (such as CUSIP, ISIN or Bloomberg for private placements)	Subordinated loan agreement between Crédit Mutuel Factoring and Banque Fédérative du Crédit Mutuel	Subordinated loan agreement between Crédit Mutuel Factoring and Banque Fédérative du Crédit Mutuel
3	Law governing the instrument	French	French
REGULATORY TREATMENT			
4	Transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
5	Post-transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
6	Eligible at solo/(sub-)consolidated/solo and (sub-)consolidated level	Solo and sub-consolidated	Solo and sub-consolidated
7	Instrument type (to be specified by each jurisdiction)	■ Subordinated notes ■ Article 62 *et seq.* of CRR	■ Subordinated notes ■ Article 62 *et seq.* of CRR
8	Amount recognized in regulatory capital (currency in millions as of most recent reporting date)	€6.00 million	€5.00 million
9	Nominal value of instrument	€6.00 million	€5.00 million
9a	Issue price	€6.00 million	€5.00 million
9b	Redemption amount	€6.00 million	€5.00 million
10	Accounting classification	Liabilities – amortized cost	Liabilities – amortized cost
11	Initial issue date	11/15/2017	05/25/2018
12	Perpetual or dated	Dated	Dated
13	Initial maturity	11/15/2027	05/25/2028
14	Issuer buyback option subject to the prior approval of the supervisory authority	Yes	Yes
15	Optional call date, contingent call date and redemption amount	■ Call for the entire issue in case of tax events (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par	■ Call for the entire issue in case of tax events (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par
16	Subsequent buyback option call dates, if any	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

	Issuer	Crédit Mutuel Factoring	Crédit Mutuel Factoring
COUPONS/DIVIDENDS			
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	EURIBOR 3 months +1.02%	EURIBOR 3 months +1.55%
19	Existence of a dividend payout suspension clause (dividend stopper)	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A	N/A
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	N/A
21	Existence of a step-up or other redemption incentive	No	No
22	Cumulative or non-cumulative	N/A	N/A
23	Convertible or non-convertible	No	No
24	If convertible, conversion trigger	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, type of instrument converted into	N/A	N/A
29	If convertible, issuer of instrument convertible into	N/A	N/A
30	Capital write-down features	No	No
31	If write-down, write-down trigger	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Rank of instrument in the event of liquidation (indicate the type of instrument of immediately higher rank)	Instrument subordinated to the payment of all unsecured creditors	Instrument subordinated to the payment of all unsecured creditors
36	Existence of non-compliant features	No	No
37	If yes, specify non-compliant characteristics	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

1	**Issuer**	**Crédit Mutuel Leasing**	**Crédit Mutuel Leasing**
2	Sole issuer (such as CUSIP, ISIN or Bloomberg for private placements)	Subordinated loan agreement between Crédit Mutuel Leasing and Banque Fédérative du Crédit Mutuel	Subordinated loan agreement between Crédit Mutuel Leasing and Banque Fédérative du Crédit Mutuel
3	Law governing the instrument	French	French
REGULATORY TREATMENT			
4	Transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
5	Post-transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
6	Eligible at solo/(sub-)consolidated/solo and (sub-)consolidated level	Solo and sub-consolidated	Solo and sub-consolidated
7	Instrument type (to be specified by each jurisdiction)	■ Subordinated notes ■ Article 62 *et seq.* of CRR	■ Subordinated notes ■ Article 62 *et seq.* of CRR
8	Amount recognized in regulatory capital (currency in millions as of most recent reporting date)	€9.04 million	€3.00 million
9	Nominal value of instrument	€9.04 million	€3.00 million
9a	Issue price	€9.04 million	€3.00 million
9b	Redemption amount	€9.04 million	€3.00 million
10	Accounting classification	Liabilities – amortized cost	Liabilities – amortized cost
11	Initial issue date	03/24/2016	03/31/2017
12	Perpetual or dated	Dated	Dated
13	Initial maturity	03/24/2026	03/31/2027
14	Issuer buyback option subject to the prior approval of the supervisory authority	Yes	Yes
15	Optional call date, contingent call date and redemption amount	■ Call for the entire issue in case of tax events (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par	■ Call for the entire issue in case of tax events (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par
16	Subsequent buyback option call dates, if any	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

	Issuer	Crédit Mutuel Leasing	Crédit Mutuel Leasing
COUPONS/DIVIDENDS			
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	EURIBOR 3 months +2.05%	EURIBOR 3 months +1.97%
19	Existence of a dividend payout suspension clause (dividend stopper)	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A	N/A
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	N/A
21	Existence of a step-up or other redemption incentive	No	No
22	Cumulative or non-cumulative	N/A	N/A
23	Convertible or non-convertible	No	No
24	If convertible, conversion trigger	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, type of instrument converted into	N/A	N/A
29	If convertible, issuer of instrument convertible into	N/A	N/A
30	Capital write-down features	No	No
31	If write-down, write-down trigger	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Rank of instrument in the event of liquidation (indicate the type of instrument of immediately higher rank)	Instrument subordinated to the payment of all unsecured creditors	Instrument subordinated to the payment of all unsecured creditors
36	Existence of non-compliant features	No	No
37	If yes, specify non-compliant characteristics	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

1	Issuer	Crédit Mutuel Leasing	CIC Nord Ouest
2	Sole issuer (such as CUSIP, ISIN or Bloomberg for private placements)	Subordinated loan agreement between Crédit Mutuel Leasing and Banque Fédérative du Crédit Mutuel	Subordinated loan agreement between CIC Nord Ouest and Banque Fédérative du Crédit Mutuel
3	Law governing the instrument	French	French
REGULATORY TREATMENT			
4	Transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
5	Post-transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
6	Eligible at solo/(sub-)consolidated/solo and (sub-)consolidated level	Solo and sub-consolidated	Solo and sub-consolidated
7	Instrument type (to be specified by each jurisdiction)	■ Subordinated notes ■ Article 62 *et seq.* of CRR	■ Subordinated notes ■ Article 62 *et seq.* of CRR
8	Amount recognized in regulatory capital (currency in millions as of most recent reporting date)	€3.00 million	€38.34 million
9	Nominal value of instrument	€3.00 million	€38.34 million
9a	Issue price	€3.00 million	€38.34 million
9b	Redemption amount	€3.00 million	€38.34 million
10	Accounting classification	Liabilities – amortized cost	Liabilities – amortized cost
11	Initial issue date	05/25/2018	03/24/2016
12	Perpetual or dated	Dated	Dated
13	Initial maturity	05/25/2028	03/24/2026
14	Issuer buyback option subject to the prior approval of the supervisory authority	Yes	Yes
15	Optional call date, contingent call date and redemption amount	■ Call for the entire issue in case of tax events (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par	■ Call for the entire issue in case of tax events (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par
16	Subsequent buyback option call dates, if any	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

	Issuer	Crédit Mutuel Leasing	CIC Nord Ouest
COUPONS/DIVIDENDS			
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	EURIBOR 3 months +1.55%	EURIBOR 3 months +2.05%
19	Existence of a dividend payout suspension clause (dividend stopper)	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A	N/A
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	N/A
21	Existence of a step-up or other redemption incentive	No	No
22	Cumulative or non-cumulative	N/A	N/A
23	Convertible or non-convertible	No	No
24	If convertible, conversion trigger	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, type of instrument converted into	N/A	N/A
29	If convertible, issuer of instrument convertible into	N/A	N/A
30	Capital write-down features	No	No
31	If write-down, write-down trigger	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Rank of instrument in the event of liquidation (indicate the type of instrument of immediately higher rank)	Instrument subordinated to the payment of all unsecured creditors	Instrument subordinated to the payment of all unsecured creditors
36	Existence of non-compliant features	No	No
37	If yes, specify non-compliant characteristics	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

1	**Issuer**	**CIC Nord Ouest**	**CIC Nord Ouest**
2	Sole issuer (such as CUSIP, ISIN or Bloomberg for private placements)	Subordinated loan agreement between CIC Nord Ouest and Banque Fédérative du Crédit Mutuel	Subordinated loan agreement between CIC Nord Ouest and Banque Fédérative du Crédit Mutuel
3	Law governing the instrument	French	French
REGULATORY TREATMENT			
4	Transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
5	Post-transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
6	Eligible at solo/(sub-)consolidated/solo and (sub-)consolidated level	Solo and sub-consolidated	Solo and sub-consolidated
7	Instrument type (to be specified by each jurisdiction)	■ Subordinated notes ■ Article 62 *et seq.* of CRR	■ Subordinated notes ■ Article 62 *et seq.* of CRR
8	Amount recognized in regulatory capital (currency in millions as of most recent reporting date)	€10.00 million	€19.00 million
9	Nominal value of instrument	€10.00 million	€19.00 million
9a	Issue price	€10.00 million	€19.00 million
9b	Redemption amount	€10.00 million	€19.00 million
10	Accounting classification	Liabilities – amortized cost	Liabilities – amortized cost
11	Initial issue date	03/31/2017	11/15/2017
12	Perpetual or dated	Dated	Dated
13	Initial maturity	03/31/2027	11/15/2027
14	Issuer buyback option subject to the prior approval of the supervisory authority	Yes	Yes
15	Optional call date, contingent call date and redemption amount	■ Call for the entire issue in case of tax events (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par	■ Call for the entire issue in case of tax events (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par
16	Subsequent buyback option call dates, if any	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

	Issuer	CIC Nord Ouest	CIC Nord Ouest
COUPONS/DIVIDENDS			
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	EURIBOR 3 months +1.97%	EURIBOR 3 months +1.02%
19	Existence of a dividend payout suspension clause (dividend stopper)	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A	N/A
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	N/A
21	Existence of a step-up or other redemption incentive	No	No
22	Cumulative or non-cumulative	N/A	N/A
23	Convertible or non-convertible	No	No
24	If convertible, conversion trigger	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, type of instrument converted into	N/A	N/A
29	If convertible, issuer of instrument convertible into	N/A	N/A
30	Capital write-down features	No	No
31	If write-down, write-down trigger	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Rank of instrument in the event of liquidation (indicate the type of instrument of immediately higher rank)	Instrument subordinated to the payment of all unsecured creditors	Instrument subordinated to the payment of all unsecured creditors
36	Existence of non-compliant features	No	No
37	If yes, specify non-compliant characteristics	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

1	**Issuer**	**CIC Nord Ouest**	**CIC Ouest**
2	Sole issuer (such as CUSIP, ISIN or Bloomberg for private placements)	Subordinated loan agreement between CIC Nord Ouest and Banque Fédérative du Crédit Mutuel	Subordinated loan agreement between CIC Ouest and Banque Fédérative du Crédit Mutuel
3	Law governing the instrument	French	French
REGULATORY TREATMENT			
4	Transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
5	Post-transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
6	Eligible at solo/(sub-)consolidated/solo and (sub-)consolidated level	Solo and sub-consolidated	Solo and sub-consolidated
7	Instrument type (to be specified by each jurisdiction)	■ Subordinated notes ■ Article 62 *et seq.* of CRR	■ Subordinated notes ■ Article 62 *et seq.* of CRR
8	Amount recognized in regulatory capital (currency in millions as of most recent reporting date)	€12.00 million	€50.58 million
9	Nominal value of instrument	€12.00 million	€50.58 million
9a	Issue price	€12.00 million	€50.58 million
9b	Redemption amount	€12.00 million	€50.58 million
10	Accounting classification	Liabilities – amortized cost	Liabilities – amortized cost
11	Initial issue date	05/25/2018	03/24/2016
12	Perpetual or dated	Dated	Dated
13	Initial maturity	05/25/2028	03/24/2026
14	Issuer buyback option subject to the prior approval of the supervisory authority	Yes	Yes
15	Optional call date, contingent call date and redemption amount	■ Call for the entire issue in case of tax events (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par	■ Call for the entire issue in case of tax events (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par
16	Subsequent buyback option call dates, if any	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

	Issuer	CIC Nord Ouest	CIC Ouest
COUPONS/DIVIDENDS			
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	EURIBOR 3 months +1.55%	EURIBOR 3 months +2.05%
19	Existence of a dividend payout suspension clause (dividend stopper)	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A	N/A
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	N/A
21	Existence of a step-up or other redemption incentive	No	No
22	Cumulative or non-cumulative	N/A	N/A
23	Convertible or non-convertible	No	No
24	If convertible, conversion trigger	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, type of instrument converted into	N/A	N/A
29	If convertible, issuer of instrument convertible into	N/A	N/A
30	Capital write-down features	No	No
31	If write-down, write-down trigger	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Rank of instrument in the event of liquidation (indicate the type of instrument of immediately higher rank)	Instrument subordinated to the payment of all unsecured creditors	Instrument subordinated to the payment of all unsecured creditors
36	Existence of non-compliant features	No	No
37	If yes, specify non-compliant characteristics	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

1	**Issuer**	**CIC Ouest**	**CIC Ouest**
2	Sole issuer (such as CUSIP, ISIN or Bloomberg for private placements)	Subordinated loan agreement between CIC Ouest and Banque Fédérative du Crédit Mutuel	Subordinated loan agreement between CIC Ouest and Banque Fédérative du Crédit Mutuel
3	Law governing the instrument	French	French
REGULATORY TREATMENT			
4	Transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
5	Post-transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
6	Eligible at solo/(sub-)consolidated/solo and (sub-)consolidated level	Solo and sub-consolidated	Solo and sub-consolidated
7	Instrument type (to be specified by each jurisdiction)	■ Subordinated notes ■ Article 62 *et seq.* of CRR	■ Subordinated notes ■ Article 62 *et seq.* of CRR
8	Amount recognized in regulatory capital (currency in millions as of most recent reporting date)	€12.00 million	€21.00 million
9	Nominal value of instrument	€12.00 million	€21.00 million
9a	Issue price	€12.00 million	€21.00 million
9b	Redemption amount	€12.00 million	€21.00 million
10	Accounting classification	Liabilities – amortized cost	Liabilities – amortized cost
11	Initial issue date	03/31/2017	11/15/2017
12	Perpetual or dated	Dated	Dated
13	Initial maturity	03/31/2027	11/15/2027
14	Issuer buyback option subject to the prior approval of the supervisory authority	Yes	Yes
15	Optional call date, contingent call date and redemption amount	■ Call for the entire issue in case of tax events (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par	■ Call for the entire issue in case of tax events (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par
16	Subsequent buyback option call dates, if any	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

	Issuer	CIC Ouest	CIC Ouest
COUPONS/DIVIDENDS			
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	EURIBOR 3 months +1.97%	EURIBOR 3 months +1.02%
19	Existence of a dividend payout suspension clause (dividend stopper)	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A	N/A
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	N/A
21	Existence of a step-up or other redemption incentive	No	No
22	Cumulative or non-cumulative	N/A	N/A
23	Convertible or non-convertible	No	No
24	If convertible, conversion trigger	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, type of instrument converted into	N/A	N/A
29	If convertible, issuer of instrument convertible into	N/A	N/A
30	Capital write-down features	No	No
31	If write-down, write-down trigger	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Rank of instrument in the event of liquidation (indicate the type of instrument of immediately higher rank)	Instrument subordinated to the payment of all unsecured creditors	Instrument subordinated to the payment of all unsecured creditors
36	Existence of non-compliant features	No	No
37	If yes, specify non-compliant characteristics	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

1	**Issuer**	**CIC Ouest**	**CIC Est**
2	Sole issuer (such as CUSIP, ISIN or Bloomberg for private placements)	Subordinated loan agreement between CIC Ouest and Banque Fédérative du Crédit Mutuel	Subordinated loan agreement between CIC Est and Banque Fédérative du Crédit Mutuel
3	Law governing the instrument	French	French
REGULATORY TREATMENT			
4	Transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
5	Post-transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
6	Eligible at solo/(sub-)consolidated/solo and (sub-)consolidated level	Solo and sub-consolidated	Solo and sub-consolidated
7	Instrument type (to be specified by each jurisdiction)	■ Subordinated notes ■ Article 62 *et seq.* of CRR	■ Subordinated notes ■ Article 62 *et seq.* of CRR
8	Amount recognized in regulatory capital (currency in millions as of most recent reporting date)	€12.00 million	€58.73 million
9	Nominal value of instrument	€12.00 million	€58.73 million
9a	Issue price	€12.00 million	€58.73 million
9b	Redemption amount	€12.00 million	€58.73 million
10	Accounting classification	Liabilities – amortized cost	Liabilities – amortized cost
11	Initial issue date	05/25/2018	03/24/2016
12	Perpetual or dated	Dated	Dated
13	Initial maturity	05/25/2028	03/24/2026
14	Issuer buyback option subject to the prior approval of the supervisory authority	Yes	Yes
15	Optional call date, contingent call date and redemption amount	■ Call for the entire issue in case of tax events (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par	■ Call for the entire issue in case of tax events (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par
16	Subsequent buyback option call dates, if any	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

	Issuer	CIC Ouest	CIC Est
COUPONS/DIVIDENDS			
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	EURIBOR 3 months +1.55%	EURIBOR 3 months +2.05%
19	Existence of a dividend payout suspension clause (dividend stopper)	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A	N/A
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	N/A
21	Existence of a step-up or other redemption incentive	No	No
22	Cumulative or non-cumulative	N/A	N/A
23	Convertible or non-convertible	No	No
24	If convertible, conversion trigger	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, type of instrument converted into	N/A	N/A
29	If convertible, issuer of instrument convertible into	N/A	N/A
30	Capital write-down features	No	No
31	If write-down, write-down trigger	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Rank of instrument in the event of liquidation (indicate the type of instrument of immediately higher rank)	Instrument subordinated to the payment of all unsecured creditors	Instrument subordinated to the payment of all unsecured creditors
36	Existence of non-compliant features	No	No
37	If yes, specify non-compliant characteristics	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

1	Issuer	CIC Est	CIC Est
2	Sole issuer (such as CUSIP, ISIN or Bloomberg for private placements)	Subordinated loan agreement between CIC Est and Banque Fédérative du Crédit Mutuel	Subordinated loan agreement between CIC Est and Banque Fédérative du Crédit Mutuel
3	Law governing the instrument	French	French
REGULATORY TREATMENT			
4	Transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
5	Post-transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
6	Eligible at solo/(sub-)consolidated/solo and (sub-)consolidated level	Solo and sub-consolidated	Solo and sub-consolidated
7	Instrument type (to be specified by each jurisdiction)	■ Subordinated notes ■ Article 62 *et seq.* of CRR	■ Subordinated notes ■ Article 62 *et seq.* of CRR
8	Amount recognized in regulatory capital (currency in millions as of most recent reporting date)	€13.00 million	€25.00 million
9	Nominal value of instrument	€13.00 million	€25.00 million
9a	Issue price	€13.00 million	€25.00 million
9b	Redemption amount	€13.00 million	€25.00 million
10	Accounting classification	Liabilities – amortized cost	Liabilities – amortized cost
11	Initial issue date	03/31/2017	11/15/2017
12	Perpetual or dated	Dated	Dated
13	Initial maturity	03/31/2027	11/15/2027
14	Issuer buyback option subject to the prior approval of the supervisory authority	Yes	Yes
15	Optional call date, contingent call date and redemption amount	■ Call for the entire issue in case of tax events (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par	■ Call for the entire issue in case of tax events (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par
16	Subsequent buyback option call dates, if any	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

	Issuer	CIC Est	CIC Est
COUPONS/DIVIDENDS			
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	EURIBOR 3 months +1.97%	EURIBOR 3 months +1.02%
19	Existence of a dividend payout suspension clause (dividend stopper)	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A	N/A
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	N/A
21	Existence of a step-up or other redemption incentive	No	No
22	Cumulative or non-cumulative	N/A	N/A
23	Convertible or non-convertible	No	No
24	If convertible, conversion trigger	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, type of instrument converted into	N/A	N/A
29	If convertible, issuer of instrument convertible into	N/A	N/A
30	Capital write-down features	No	No
31	If write-down, write-down trigger	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Rank of instrument in the event of liquidation (indicate the type of instrument of immediately higher rank)	Instrument subordinated to the payment of all unsecured creditors	Instrument subordinated to the payment of all unsecured creditors
36	Existence of non-compliant features	No	No
37	If yes, specify non-compliant characteristics	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

1	Issuer	CIC Est	Banque Transatlantique
2	Sole issuer (such as CUSIP, ISIN or Bloomberg for private placements)	Subordinated loan agreement between CIC Est and Banque Fédérative du Crédit Mutuel	Subordinated loan agreement between Banque Transatlantique and Banque Fédérative du Crédit Mutuel
3	Law governing the instrument	French	French
REGULATORY TREATMENT			
4	Transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
5	Post-transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital
6	Eligible at solo/(sub-)consolidated/solo and (sub-)consolidated level	Solo and sub-consolidated	Solo and sub-consolidated
7	Instrument type (to be specified by each jurisdiction)	■ Subordinated notes ■ Article 62 *et seq.* of CRR	■ Subordinated notes ■ Article 62 *et seq.* of CRR
8	Amount recognized in regulatory capital (currency in millions as of most recent reporting date)	€14.00 million	€3.71 million
9	Nominal value of instrument	€14.00 million	€3.71 million
9a	Issue price	€14.00 million	€3.71 million
9b	Redemption amount	€14.00 million	€3.71 million
10	Accounting classification	Liabilities – amortized cost	Liabilities – amortized cost
11	Initial issue date	05/25/2018	03/24/2016
12	Perpetual or dated	Dated	Dated
13	Initial maturity	05/25/2028	03/24/2026
14	Issuer buyback option subject to the prior approval of the supervisory authority	Yes	Yes
15	Optional call date, contingent call date and redemption amount	■ Call for the entire issue in case of tax events (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par	■ Call for the entire issue in case of tax events (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital (capital event) at any time at par
16	Subsequent buyback option call dates, if any	N/A	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

	Issuer	CIC Est	Banque Transatlantique
COUPONS/DIVIDENDS			
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	EURIBOR 3 months +1.55%	EURIBOR 3 months +2.05%
19	Existence of a dividend payout suspension clause (dividend stopper)	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A	N/A
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	N/A
21	Existence of a step-up or other redemption incentive	No	No
22	Cumulative or non-cumulative	N/A	N/A
23	Convertible or non-convertible	No	No
24	If convertible, conversion trigger	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, type of instrument converted into	N/A	N/A
29	If convertible, issuer of instrument convertible into	N/A	N/A
30	Capital write-down features	No	No
31	If write-down, write-down trigger	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Rank of instrument in the event of liquidation (indicate the type of instrument of immediately higher rank)	Instrument subordinated to the payment of all unsecured creditors	Instrument subordinated to the payment of all unsecured creditors
36	Existence of non-compliant features	No	No
37	If yes, specify non-compliant characteristics	N/A	N/A

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Because one young person in three is tempted to create his or her own business, CIC has been supporting the Moojvee association for over ten years. A network of mutual aid, exchange and mentoring, Moojvee accompanies 18-30 year olds who wish to create or take over a company during or after their training.

.6 CONSOLIDATED FINANCIAL STATEMENTS

6.1 FINANCIAL STATEMENTS

6.1.1 Balance sheet (assets)

(in € millions)	Notes	12/31/2021	12/31/2020
Cash, central banks	4	56,241	57,823
Financial assets at fair value through profit or loss	5a	20,817	28,376
Hedging derivatives	6a	504	805
Financial assets at fair value through equity	7a	13,970	12,715
Securities at amortized cost	8a	3,444	2,768
Loans and receivables due from credit institutions and similar at amortized cost	8b	35,143	31,959
Loans and receivables due from customers at amortized cost	8c	220,550	208,703
Revaluation adjustment on rate-hedged books	6b	434	892
Current tax assets	10a	612	557
Deferred tax assets	10b	497	531
Accruals and other assets	11	5,730	5,467
Non-current assets held for sale		0	0
Investments in equity consolidated companies	12	1,569	1,677
Investment property	13	30	49
Property, plant and equipment	14a	1,631	1,709
Intangible assets	14b	184	193
Goodwill	15	33	33
TOTAL ASSETS		**361,389**	**354,257**

6.1.2 Balance sheet (liabilities)

(in € millions)	Notes	12/31/2021	12/31/2020
Central banks	18a	4	0
Financial liabilities at fair value through profit or loss	16	12,008	17,308
Hedging derivatives	6a	1,242	1,753
Due to credit and similar institutions at amortized cost	18a	78,187	67,389
Amounts due to customers at amortized cost	18b	217,829	213,784
Debt securities at amortized cost	18c	24,549	28,000
Revaluation adjustment on rate-hedged books	6b	7	13
Current tax liabilities	10a	264	222
Deferred tax liabilities	10b	261	244
Deferred income, accrued charges and other liabilities	19	6,594	6,864
Debt related to non-current assets held for sale		0	0
Provisions	20a	1,169	1,186
Subordinated debt at amortized cost	21	2,293	2,232
Total shareholders' equity		**16,982**	**15,262**
Shareholders' equity - Attributable to the group		**16,939**	**15,224**
Capital subscribed		612	612
Issue premiums		1,172	1,172
Consolidated reserves		12,943	12,815
Gains and losses recognized directly in equity	22a	107	-37
Profit (loss) for the period		2,105	662
Shareholders' equity – Non-controlling interests		**43**	**38**
TOTAL LIABILITIES		**361,389**	**354,257**

6.1.3 Income statement

(in € millions)	Notes	12/31/2021	12/31/2020
Interest and similar income	24	4,396	4,820
Interest and similar expenses	24	-1,517	-2,028
Commissions (income)	25	2,963	2,681
Commissions (expenses)	25	-633	-538
Net gains on financial instruments at fair value through profit or loss	26	763	161
Net gains or losses on financial assets at fair value through equity	27	10	24
Net gains or losses resulting from derecognition of financial assets at amortized cost	28	1	0
Income from other activities	29	177	173
Expenses on other activities	29	-160	-154
Net banking income		**6,000**	**5,139**
Employee benefit expense	30a	-1,877	-1,809
Other general operating expenses	30c	-1,268	-1,209
Movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets	30e	-201	-208
Gross operating income		**2,654**	**1,913**
Cost of counterparty risk	31	-70	-1,074
Operating income		**2,584**	**839**
Share of net profit/(loss) of equity consolidated companies	12	142	81
Net gains/(losses) on disposals of other assets	32	-6	-6
Profit/(loss) before tax		**2,720**	**914**
Income tax	33	-604	-252
Net profit/(loss)		**2,116**	**662**
Net profit/(loss) – Non-controlling interests		11	0
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP		**2,105**	**662**
Earnings per share *(in €)*	34	55.37	17.47
Diluted earnings per share *(in €)*	34	55.37	17.47

6.1.4 Statement of net profit/(loss) and gains and losses recognized in equity

(in € millions)	12/31/2021	12/31/2020
Net profit/(loss)	**2,116**	**662**
Translation adjustments	133	-108
Revaluation of financial assets at fair value through equity – debt instruments	-8	-35
Remeasurement of hedging derivatives	0	0
Share of unrealized or deferred gains and losses of associates	-63	29
Total recyclable gains and losses recognized directly in equity	**62**	**-114**
Revaluation of financial assets at fair value through equity – equity instruments at closing	18	29
Revaluation of financial assets at fair value through equity – equity instruments sold during the fiscal year	0	0
Actuarial gains and losses on defined benefit plans	10	-4
Share of non-recyclable gains and losses of equity consolidated companies	55	-0
Total non-recyclable gains and losses recognized directly in equity	**83**	**25**
Net profit/(loss) and gains and losses recognized directly in equity	**2,261**	**573**
o/w attributable to the group	*2,249*	*573*
o/w value of non-controlling interests	*12*	*0*

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

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6.1.5 Changes in shareholders' equity

(in € millions)	Shareholders' equity, attributable to the group											
					Gains and losses recognized directly in equity							
	Capital	Premiums	Elimination treasury shares	Reserves[1]	Translation adjust-ments	Assets at FVOCI[2]	Instr. for hedging	Actuarial gains and losses	Net profit/ (loss)	Total	Non-controlling interests	Total consolidated shareholders' equity
BALANCE AT 01/01/2020	**608**	**1,088**	**-56**	**12,466**	**64**	**55**	**-**	**-66**	**1,457**	**15,616**	**47**	**15,663**
Appropriation of earnings from previous year	-	-	-	1,457	-	-	-	-	-1,457	0	-	0
Capital increase	4	84	-	-	-	-	-	-	-	88	-	88
Distribution of dividends	-	-	-	-1,044	-	-	-	-	-	-1,044	-9	-1,053
Subtotal of movements related to relations with shareholders	**4**	**84**	**0**	**413**	**0**	**0**	**0**	**0**	**-1,457**	**-956**	**-9**	**-965**
Consolidated income for the period	-	-	-	-	-	-	-	-	662	662	-	662
Changes in gains and losses recognized directly in equity	-	-	-	3	-108	23	-	-4	-	-86	-	-86
Subtotal	**0**	**0**	**0**	**3**	**-108**	**23**	**0**	**-4**	**662**	**576**	**0**	**576**
Effects of acquisitions and disposals on non-controlling interests	-	-	-	-2	-	-	-	-	-	-2	-	-2
Other changes	-	-	-	-9	-	-	-	-1	-	-10	-	-10
BALANCE AT 12/31/2020	**612**	**1,172**	**-56**	**12,871**	**-44**	**78**	**0**	**-71**	**662**	**15,224**	**38**	**15,262**
BALANCE AT 01/01/2021	**612**	**1,172**	**-56**	**12,871**	**-44**	**78**	**0**	**-71**	**662**	**15,224**	**38**	**15,262**
Appropriation of earnings from previous year	-	-	-	662	-	-	-	-	-662	0	-	0
Distribution of dividends	-	-	-	-493	-	-	-	-	-	-493	-6	-499
Subtotal of movements related to relations with shareholders	**0**	**0**	**0**	**169**	**0**	**0**	**0**	**0**	**-662**	**-493**	**-6**	**-499**
Consolidated income for the period	-	-	-	-	-	-	-	-	2,105	2,105	11	2,116
Changes in gains and losses recognized directly in equity	-	-	-	-42	132	2	-	10	-	102	-	102
Subtotal	**0**	**0**	**0**	**-42**	**132**	**2**	**0**	**10**	**2,105**	**2,207**	**11**	**2,218**
Other changes	-	-	-	1	1	-1	-	-	-	1	-	1
BALANCE AT 12/31/2021	**612**	**1,172**	**-56**	**12,999**	**89**	**79**	**0**	**-61**	**2,105**	**16,939**	**43**	**16,982**

(1) As of December 31, 2021, the reserves consist of the legal reserve for €61 million, the special long-term capital gains reserve for €287 million and retained earnings for €80 million, other CIC reserves amounting to €6,820 million and consolidated reserves amounting to €5,751 million.

(2) FVOCI: Fair value through equity.

CIC capital as at December 31, 2021 consisted of 38,241,129 shares of a nominal value of €16, of which 231,711 were treasury shares.

6.1.6 Statement of net cash flows

(in € millions)	2021	2020
Net profit/(loss)	2,116	662
Income tax	604	252
Profit/(loss) before tax	**2,720**	**914**
+/- Net depreciation and amortization of property, plant and equipment and intangible assets	200	204
- Impairment of goodwill and other non-current assets	0	3
+/- Net provisions and impairments	-298	801
+/- Share of income from equity consolidated companies	-142	-82
+/- Net loss/gain from investing activities	2	6
+/- (Income)/expenses from financing activities	-	-
+/- Other movements	93	-336
Total non-monetary items included in profit/(loss) before tax and other adjustments	**-145**	**596**
+/- Flows related to transactions with credit institutions	5,939	-3,249
+/- Flows related to client transactions	-7,359	23,662
+/- Flows related to other transactions affecting financial assets or liabilities	-3,366	-432
+/- Flows related to other transactions affecting non-financial assets or liabilities	1,435	48
- taxes paid	-523	-268
Net decrease/(increase) in assets and liabilities from operating activities	**-3,874**	**19,761**
TOTAL NET CASH FLOW GENERATED BY OPERATING ACTIVITIES (A)	**-1,299**	**21,271**
+/- Flows related to financial assets and investments	-570	-319
+/- Flows related to investment property	13	2
+/- Flows related to property, plant and equipment and intangible assets	-107	-328
TOTAL NET CASH FLOW GENERATED FROM INVESTING ACTIVITIES (B)	**-664**	**-645**
+/- Cash flow to or from shareholders[1]	-258	-964
+/- Other net cash flows from financing activities	268	336
TOTAL NET CASH FLOW RELATED TO FINANCING TRANSACTIONS (C)	**10**	**-628**
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS (D)	**187**	**-107**
Net increase/(decrease) in cash and cash equivalents (A + B + C + D)	**-1,766**	**19,891**
Net cash flow generated by operating activities (A)	-1,299	21,271
Net cash flow generated from investing activities (B)	-664	-645
Net cash flow related to financing transactions (C)	10	-628
Effect of foreign exchange rate changes on cash and cash equivalents (D)	187	-107
Cash and cash equivalents at opening	**65,395**	**45,504**
Cash, central banks (assets and liabilities)	57,824	38,807
Accounts (assets and liabilities) with and demand loans/borrowings from credit institutions	7,571	6,697
Cash and cash equivalents at closing	**63,629**	**65,395**
Cash, central banks (assets and liabilities)	56,237	57,824
Accounts (assets and liabilities) with and demand loans/borrowings from credit institutions	7,392	7,571
CHANGE IN NET CASH POSITION	**-1,766**	**19,891**

(1) Cash flow to or from shareholders includes:

- *dividends paid by CIC to its shareholders for -€493 million for 2020,*
- *dividends paid to non-controlling interests for -€6 million,*
- *dividends received from equity consolidated companies for €242 million.*

6

6.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SUMMARY OF NOTES

Explanatory notes are presented in millions of euros.

Note 1 Accounting principles, methods of assessment and presentation

Pursuant to Regulation (EC) 1606/2002 on the application of international accounting standards and Regulation (EC) 1126/2008 on the adoption of said standards, the consolidated financial statements are drawn up in accordance with IFRS as adopted by the European Union.

The entire framework is available on the European Commission's website at: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en#ifrs-financial-statements.

The financial statements are presented in the format recommended by the *Autorité des normes comptables* (French Accounting Standards Authority) recommendation No. 2017-02 on IFRS summary statements.

The group's activities are not subject to seasonal or cyclical fluctuations. Estimates and assumptions may have been made in the measurement of certain balance sheet items.

Since January 1, 2021, the group has been applying the amendments adopted by the European Union and the IFRIC decision as presented below:

- **Amendments to IFRS 16 – Lease concessions**

This amendment extends the simplification measures for lessees benefiting from reduced rents until June 30, 2022 (instead of June 30, 2021) as a result of the COVID-19 health crisis.

It is possible for a lessee to exempt itself from a lease amendment analysis if the rent adjustments are a direct result of the COVID-19 pandemic, and the following conditions have been met:

- amended rents are materially identical to, or lower than, rents set by the initial lease;
- the reduction in lease payments only applies to payments due until June 30, 2022;
- there is no material change to the other terms and conditions of the contract.

Should the lessee opt for this exemption, rent concessions will generally be recognized in the same way as negative variable rents. They will be recognized in profit or loss over the period during which the event giving rise to the grant occurs, with a corresponding reduction in the debt.

Finally, the amendment has no direct impact on the valuation of the usage right of the lease concerned.

This amendment provides for the continuity of the methods compared to the initial amendment.

CIC is not impacted by these measures.

For any rent concessions granted as a 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 allocating post-employment benefits to periods of service**

It clarifies the methods for determining commitments relating to post-employment benefit plans, whose rights depend on seniority and are capped beyond a certain number of years of service, while being subject to the presence of the employee on the date of retirement.

For such a plan, the pension commitment will be constituted only for the period preceding the retirement age allowing the ceiling to be reached (or between the date of joining the company and the date of retirement if this period is less than the ceiling).

This ends the previous approach of spreading the cost of the benefit between the date of hire and the date of retirement of the employee.

The IFRIC decision had no impact on the group, as the rights are not capped.

COVID-19 health crisis

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

- State guaranteed loans (SGLs)

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

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

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

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

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

At the subscription anniversary date, SGLs may be subject to a grace period. The revision of flows related to the recognition of guarantee commissions over the duration of the grace period is recognized as an adjustment to the carrying amount of SGLs with an immediate and positive impact on profit.

At December 31, 2021, state guaranteed-loans issued by the group amounted to €11,212 million.

The valuation of the expected credit losses for these loans takes into account the effect of the state guarantee (implemented by the Banque Publique d'Investissement) for 70% to 90% of the outstanding capital and interest.

- Credit risk

As part of the provisioning of non-performing loans, the group takes into account the unprecedented nature of the COVID-19 crisis in the macroeconomic environment.

It provides for a prolonged crisis scenario, in line with the fifth wave, with a more pronounced impact for companies belonging to identified business lines.

Starting in the first half of 2020, the group adapted its early detection and credit risk measurement system and updated its parameters to take into account the uncertainties of the health crisis offset by state support measures. This methodological approach was maintained in the preparation of the 2021 financial statements.

As a reminder, the changes in the expected credit loss impairment model were broken down into four areas:

- **Overweight of the pessimistic scenario**

Since June 2020, the weighting of the pessimistic scenario has been increased in line with the macroeconomic projections of the Banque de France, to calibrate the probabilities of forward looking defaults on all portfolios using the internal rating method. As of December 31, 2021, the unfavorable scenario is weighted at 75%, the neutral scenario at 24% and the optimistic scenario at 1% (weights unchanged compared to December 31, 2020).

- **Hardening of the pessimistic scenario**

The pessimistic scenario has been tightened on individuals and sole traders, resulting in a recalibration of the related probability of default.

- **Sector adjustment**

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

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

Identification of vulnerable segments

All NACE codes (Statistical Classification of Economic Activities in the European Community) are being examined with regard to the impact of the pandemic on economic segments and government measures to support the economy. Based on this work, 59 segments were identified and divided into three groups according to the negative impact of future government restrictions. Exposures in vulnerable segments were fully transferred to stage 2. No changes were made in 2021 to the list of segments selected during the 2020 fiscal year.

Methodology for determining the sectoral adjustment

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

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

Transfer to stage 2

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

- **Additional credit risk deterioration criterion for loans that have received a second extension without the first one having been repaid**

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

As of December 31, 2021, expected credit losses amount to €655 million, varying by €22 million compared to December 31, 2020.

IBOR reform

The reform of IBOR rates forms part of the response to the weaknesses found in methodologies for the construction of indices and interbank rates, these being based on the declared data of banks and on a volume of underlying transactions that is significantly down.

In Europe, it is expressed by the "BMR" Benchmark regulation published in 2016 and applicable from the beginning of 2018. The major element of this reform is based on a calculation of rates based on actual transactions, to secure and improve the reliability of the indices used by the market.

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

In order to ensure a smooth transition, the group launched a workstream in project mode starting in the first quarter of 2019, and is making sure to cover the risks (legal, commercial, organizational, tools and financial/accounting) associated with this transition.

The EONIA had been defined as a tracker of the €STR since October 2019 and until its disappearance. The €STR has been definitively designated by the European Commission as the successor to the EONIA, for all contracts that do not expire at the beginning of January 2022 and do not include a robust fallback clause.

In addition, SARON plus a spread adjustment defined by maturity will, by default, represent the legal replacement index for CHF LIBOR.

Since the change in its calculation methodology in July 2019, the EURIBOR complies with the BMR regulation.

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

In this context, the group believes that uncertainties remain on the USD LIBOR and GBP rates for existing contracts not yet amended on the off-market perimeters.

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

In Capital Markets, fallback clauses have been included in over-the-counter derivatives, repurchase agreements and loans *via* adherence to the ISDA protocol (effective since January 25, 2021) or thanks to the updating of the 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 no later than the final cessation of index listing.

As of 2021, a "technical amendment relating to benchmark events" in the FBF agreements with corporate customers or bank counterparties has been incorporated in order to ensure the compliance of unmatured rate transactions entered into prior to February 2020.

The group has also updated contracts through bilateral negotiations between parties or by updating the sales conditions (*i.e.* change in the reference rate by amendment).

In particular, in the Retail Banking and large corporates segments, the switch to the new replacement indices according to market standards for in-stock contracts has been made. The impact of the transition of these contracts is not considered significant.

Lastly, as of the reporting date, the group's interest rate risk management strategy has not been impacted, as transactions processed on the new indices represent exposures considered as marginal.

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

Exposures that are not due as of December 31, 2021 and that will be subject to changes related to the IBOR reform are disclosed within the risk management information. Exposures to EONIA and GBP-LIBOR indexed derivatives cleared or in the form of ISDA contracts will be transferred to the replacement indices from the beginning of January 2022.

Exposures not due as of December 31, 2021 and subject to changes related to the IBOR reform are shown below:

(in € millions)	Financial assets – Carrying amounts	Financial liabilities – Carrying amounts	Derivatives – Notional amount	Of which hedging derivatives
EONIA	20	308	99	19
EURIBOR	6,607	4,928	13,448	2,513
GBP – LIBOR	0	0	0	0
USD – LIBOR	116	553	0	0

Targeted long-term refinancing operations – TLTRO III

The TLTRO III program has allowed banks to benefit since September 2019 from seven new refinancing tranches with a respective duration of three years, and with interest rates that vary according to periods, and since January 2021 from three additional tranches.

The amount of TLTRO III at which CIC 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 based on the market conditions defined by the ECB and may include a subsidy linked to the bank's credit performance.

In the context of the health crisis, the conditions of these refinancing operations were relaxed twice by the ECB to support lending to households and businesses. Some target parameters have been recalibrated:

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

At December 31, 2021, CIC was involved in the TLTRO III refinancing operations. These represent variable rate financial instruments recognized at amortized cost.

Given its outstandings at the end of 2021, the group is confident that it will achieve the credit performance growth targets set by the ECB. Accordingly, the effective interest rate is calculated from the ECB cash deposit rate ("DFR") and the over-spread of 0.50% over the "special" interest period.

1. Consolidation scope

Principles for inclusion in the consolidation scope

The general principles governing whether an entity is included in the consolidation scope are defined by IFRS 10, IFRS 11 and IAS 28R.

Entities controlled exclusively by the group are included in the consolidation scope when their full consolidation, taken individually, has an impact of at least 1% on the main items of the consolidated balance sheet and consolidated income statement. Moreover, all non-consolidated subsidiaries taken together must account for less than 5% of the main items of the consolidated balance sheet and consolidated income statement. However, smaller entities may be included in the consolidation scope in the following cases: if the group considers that they represent a strategic investment; if they are engaged in an activity which is one of the group's core business lines; or if they hold shares in consolidated companies.

The consolidation scope comprises:

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

- *Entities over which the group has significant influence*: these are entities that are not controlled by the consolidating entity, which may, however, participate in these entities' financial and operating policy decisions. Shareholdings in entities over which the group has significant influence are accounted for using the equity method. Companies that are owned by private equity companies and over which joint control or significant influence is exercised are excluded from the scope of consolidation and accounted for under the fair value through profit or loss option.

2. Consolidation methods and principles

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

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

2.1.2 Consolidation using the equity method

This method involves replacing the value of the shares held with the equity attributable to the group and net profit of the entities concerned.

2.2 Reporting date

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

2.3 Intercompany transactions and balances

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 Foreign currency translation

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

2.5 Goodwill

2.5.1 Fair value adjustments

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

2.5.2 Goodwill

In accordance with IFRS 3R, when CIC acquires a controlling interest in a new entity, said entity's identifiable assets, liabilities and contingent liabilities that meet the criteria for recognition under IFRS are measured at fair value as at the acquisition date, with the exception of non-current assets classified as assets held for sale (IFRS 5), which are recognized either at the fair value net of selling costs or their net carrying amount, whichever is the lowest. Goodwill corresponds to the sum of the consideration transferred and non-controlling interests, less the net amount recognized (generally at fair value) as identifiable assets acquired and liabilities assumed. IFRS 3R permits the recognition of full goodwill or partial goodwill and the choice of method is made separately for each business combination. In the case of full goodwill, non-controlling interests are measured at fair value, whereas in the case of partial goodwill, they are measured based on their share of the values attributed to the assets and liabilities of the acquired entity. If the goodwill is positive, it is recognized as an asset and, if negative, it is recognized immediately in the income statement under "Changes in value of goodwill".

If the group's stake in an entity it already controls, and which it continues to control, increases/decreases, the difference between the share acquisition cost/selling price and the portion of consolidated equity that said shares represent on the acquisition/sale date is recognized within equity.

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

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

3. Accounting policies and principles

3.1 Financial instruments under IFRS 9

3.1.1 Classification and measurement of financial instruments

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

3.1.1.1 Loans, receivables and debt securities acquired

The asset is classified:

- at amortized cost, if it is held in order to collect contractual cash flows and if its characteristics are similar to those of a "basic" contract, see the Section below "Characteristics of cash flows" ("hold to collect" model);
- at fair value through equity if the instrument is held with a view to collecting contractual cash flows and selling it when the opportunity arises, yet without holding it for trading, and if its characteristics are similar to those of a basic contract implicitly entailing a high predictability of associated cash flows ("hold to collect and sell" model);
- at fair value through profit or loss if:
  - if it is not eligible for the two aforementioned categories (as it does not meet the "basic" criterion and/or is managed in accordance with the "other" business model), or
  - the group initially opts to classify it as such, in an irrevocable way. This option is used to reduce accounting mismatch in relation to another associated instrument.

Cash flow characteristics

Contractual cash flows which solely represent repayments of principal and the payment of interest on outstanding principal are compatible with a "basic" contract.

In a basic contract, interest mainly represents the consideration for the time value of money (including in the event of negative interest) and credit risk. Interest may also include the liquidity risk, administrative fees to manage the asset and a profit margin.

All contractual clauses must be analyzed, in particular those that could alter the timing or amount of contractual cash flows. The option, under the agreement, for the borrower or lender to repay the financial instrument early is compatible with the SPPI (Solely Payments of Principal and Interest) criterion of contractual cash flows, provided that the amount repaid essentially represents the outstanding principal and accrued interest, as well as, where applicable, early repayment compensation of a reasonable amount.

The compensation for early repayment is deemed reasonable if, for example:

- it is expressed as a percentage of the principal repaid and is below 10% of the nominal amount repaid; or
- it is determined according to a formula aimed at compensating the difference in the benchmark interest rate between the date on which the loan was granted and its early repayment date.

The analysis of contractual cash flows may also require their comparison with those of a reference instrument when the time value of money included in the interest is likely to change due to the contractual clauses of the instrument. Such is the case, for example, if the interest rate of the financial instrument is revised periodically, but the frequency of such revisions is unrelated to the period for which the interest rate was established (e.g. monthly revision of an annual interest rate), or if the interest rate of the financial instrument is revised periodically based on an average interest rate.

If the difference between the non-discounted contractual cash flows of the financial asset and those of the reference instrument is significant, or may become so, the financial asset cannot be considered as basic.

Depending on the case, the analysis is either qualitative or quantitative. The materiality or immateriality of the difference is assessed for each fiscal year and cumulatively over the life of the instrument. The quantitative analysis takes into account a range of reasonably possible scenarios. To this effect, the group has used yield curves going back to the year 2000.

Moreover, a specific analysis is conducted in the case of securitization where there is priority of payment among holders and credit risk concentrations in the form of tranches. In that case, the analysis requires the examination of the contractual characteristics of the tranches in which the group has invested and of the underlying financial instruments, as well as the credit risk of the tranches in relation to the credit risk of the underlying financial instruments.

For financial assets whose compensation is indexed to the ESG criteria granted by the group, an analysis is carried out to demonstrate that the changes in expected cash flows reflect a change in credit risk that does not introduce leverage.

Note that:

- financial assets are considered non-basic and are recognized at fair value through profit or loss;
- units in UCITS or real estate UCI (OPCI) are not basic instruments and are recognized at fair value through profit or loss.

Business models

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

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

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

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

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

Such "authorized" sales are not included in the analysis of the significant and frequent nature of the sales made out of a portfolio. Frequent and/or significant sales would not be compatible with this business model. Moreover, sales related to changes in the regulatory or fiscal framework will be documented on a case-by-case basis to demonstrate the "infrequent" nature of such sales.

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

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

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

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

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

Financial assets at amortized cost

These mainly include:

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

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

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

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

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

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

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

Loan restructuring due to a borrower's financial problems – as defined by the European Banking Authority – has been integrated in the IT 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 at the end of each reporting period. It corresponds to the net present value of future cash flows estimated using a zero-coupon yield curve that includes an issuer cost inherent to the debtor.

Benchmark rate reform

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

Financial assets at fair value through equity

Since the group does not sell its loans, this category solely consists of securities. They are recognized at fair value in the balance sheet at the time of their acquisition, on the settlement date and at subsequent reporting dates until their disposal. Changes in fair value are shown on the "Unrealized or deferred gains and losses" line within a specific equity account, excluding accrued income. These unrealized gains or losses recognized in equity are transferred to the income statement only in the event of their disposal or impairment (see Section 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 are recognized at fair value upon their initial recognition in the balance sheet and at subsequent reporting dates until their disposal (see Section 3.1.7 "Derecognition of financial assets and liabilities"). Changes in fair value are taken to the income statement under "Net gains/(losses) on financial instruments at fair value through profit or loss".

Income received or accrued on financial instruments at fair value through profit or loss is recognized in the income statement under interest income/(expense).

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

Financial assets at fair value through equity

Shares and other equity instruments are recognized in the balance sheet at their fair value at the time of their acquisition and at subsequent reporting dates until their disposal. Changes in fair value are shown on the "Unrealized or deferred gains and losses" line within a specific equity account. These unrealized or deferred gains and losses booked to equity are never recognized in the income statement, even when they are sold (see section 3.1.7 "Derecognition of financial assets and liabilities"). Only dividends received on variable-income securities are recognized in the income statement, under "Net gains/(losses) on financial assets at fair value through equity".

Purchases and sales of securities are recognized at the settlement date.

Financial assets at fair value through profit or loss

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

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

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

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

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

- Regulated savings contracts

Liabilities at amortized cost include mortgage savings accounts (CEL) and mortgage savings plans (PEL). These are government-regulated retail products sold in France to natural persons. In the initial savings phase, account holders receive interest on amounts paid into these accounts, which subsequently entitle them to a mortgage loan (second phase). They generate two types of obligation for the distributing establishment:

- an obligation to pay interest on paid-in amounts at a fixed rate (in the case of PEL accounts only, as interest on CEL accounts is regularly revised on the basis of an indexation formula and is therefore treated as variable-rate interest);
- an obligation to grant loans to customers under predetermined terms (both PEL and CEL).

The cost represented by these obligations has been estimated on the basis of behavioral statistics and market data. A provision is recognized in liabilities to cover the future costs relating to the risk that the terms of such products may be potentially unfavorable, compared to the interest rates offered to retail customers on similar, but unregulated, products. This approach is carried out by homogeneous generation in terms of regulated conditions of PELs and CELs. The impact on profit or loss is included in interest paid to customers.

3.1.3 Debt-equity distinction

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

3.1.4 Foreign currency transactions

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

Monetary financial assets and liabilities

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

Non-monetary financial assets and liabilities

Foreign exchange gains or losses arising from such translations are recognized in the income statement under "Net gains/(losses) on portfolio at fair value through profit or loss" if measured at fair value through profit or loss, or recognized under "Unrealized or deferred capital gains/(losses)" if they are financial assets measured at fair value through 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 group has elected to continue to apply the provisions of IAS 39. However, in accordance with IFRS 7 (revised), additional information on the management of risks and the impacts of hedge accounting on the financial statements is provided in the notes or in the management report.

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

Derivatives are financial instruments which have the following three characteristics:

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

The group deals in simple derivative instruments (swaps, vanilla options), mainly interest rate instruments, which are essentially classified in level 2 of the value hierarchy.

All financial derivative instruments are recognized at fair value under financial assets or financial liabilities. They are recognized by default as trading instruments unless they can be classified as hedging instruments.

3.1.5.1 Determining the fair value of derivatives

Most over-the-counter derivatives, swaps, forward rate agreements, caps, floors and vanilla options are valued using standard, generally accepted models (discounted cash flow method, Black and Scholes model or interpolation techniques), based on observable market data such as yield curves. The valuations given by these models are adjusted to take into account the liquidity risk and the credit risk associated with the instrument or parameter concerned and specific risk premiums intended to offset any additional costs resulting from a dynamic management strategy associated with the model in certain market conditions, as well as the counterparty risk captured by the positive fair value of over-the-counter derivatives. The latter includes the counterparty risk itself present in the negative fair value of over-the-counter derivatives (see 3.1.9.3 "Fair value hierarchy").

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

Derivatives are recognized as financial assets when their market value is positive and as financial liabilities when their market value is negative.

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

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

– Embedded derivatives

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

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

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

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

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

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

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

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

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

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

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

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

- the hedging instrument and the hedged item must both qualify for hedge accounting;
- the relationship between the hedged item and the hedging instrument must be documented formally immediately upon inception of the hedging relationship. This documentation sets outs the risk management objectives determined by management, the nature of the risk hedged, the underlying strategy, and the methods used to measure the effectiveness of the hedge;
- the effectiveness of the edge must be demonstrated upon inception of the hedging relationship, subsequently throughout its life, and at the very least at each balance sheet date. The ratio of the change in value or gain/loss on the hedging instrument to that of the hedged item must be within a range of 80% to 125%.

Where applicable, hedge accounting is discontinued prospectively.

– Fair value hedge of identified financial assets or liabilities

In a fair value hedging relationship, derivatives are remeasured at fair value through profit or loss under "Net gains/(losses) on financial instruments at fair value through profit or loss" symmetrically with the revaluation of the hedged items to reflect the hedged risk. This rule also applies if the hedged item is recognized at amortized cost or is a debt instrument classified under "Financial assets at fair value through equity". Changes in the fair value of the hedging instrument and the hedged risk component offset each other partially or totally; only the ineffective portion of the hedge is recognized in profit or loss. It may be due to:

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

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

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

– Macro-hedging derivatives

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

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

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

Changes in the fair value of the hedged portfolios are recorded in the balance sheet under "Revaluation differences on interest-rate hedged portfolios", the counterpart being an income statement line item.

– Cash flow hedges

In the case of a cash flow hedging relationship, derivatives are remeasured at fair value in the balance sheet, with the effective portion recognized in equity. The portion considered as ineffective is recognized in the income statement under "Net gains/(losses) on financial instruments at fair value through profit or loss".

Amounts recognized in equity are reclassified to profit or loss under "Interest income/(expense)" at the same time as the cash flows attributable to the hedged item affect profit or loss.

The hedged items continue to be recognized in accordance with the rules specific to their accounting category. If the hedging relationship is broken or no longer fulfills the hedge effectiveness criteria, hedge accounting is discontinued. The cumulative amounts recorded in shareholders' equity for the remeasurement of the hedging derivative are maintained in shareholders' equity until such time as the hedged transaction itself impacts profit or loss or until the transaction is no longer expected to occur. At this point, said amounts are transferred to profit or loss.

If the hedged item no longer exists, the cumulative amounts recorded in equity are immediately transferred to profit or loss.

Benchmark rate reform

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

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

3.1.6 Financial guarantees and financing commitments

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

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

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

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

3.1.7 Derecognition of financial assets and liabilities

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

Upon derecognition of:

- a financial asset or liability at amortized cost or at fair value through profit or loss: a gain or loss on disposal is recognized in the income statement in an amount equal to the difference between the carrying amount of the asset or liability and the amount of the consideration received/paid;
- a debt instrument at fair value through equity: the unrealized gains or losses previously recognized under equity are taken to the income statement, as well as any capital gains/losses on disposal;
- an equity instrument at fair value through equity: the unrealized gains or losses previously recognized under equity, as well as any capital gains/losses on disposal are recognized in consolidated reserves without going through the income statement.

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The group derecognizes a financial liability when the contractual obligation is extinguished, is canceled or expires. A financial liability may also be derecognized in the event of a material change in its contractual terms and conditions, or an exchange with the lender for an instrument whose contractual terms and conditions are substantially different.

3.1.8 Measurement of credit risk

The IFRS 9 impairment model is based on an "expected credit loss" approach.

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

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

- Status 1 – non-downgraded performing loans: provisioning on the basis of 12-month expected credit losses (resulting from default risks over the following 12 months) as from initial recognition of the financial assets, provided that the credit risk has not increased significantly since initial recognition;
- Status 2 – downgraded performing loans: provisioning on the basis of the lifetime expected credit losses (resulting from default risks over the entire remaining life of the instrument) if the credit risk has increased significantly since initial recognition; and
- Status 3 – non-performing loans: category comprising the financial assets for which there is objective evidence of impairment related to an event that has occurred since the loan was granted.

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

As a subsidiary of Crédit Mutuel Alliance Fédérale, CIC has the same organizational structure as the Crédit Mutuel's other regional groups.

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

These bodies consist of the supervisory and executive board as defined by Article 10 of the French Decree of November 3, 2014 relative to internal control. Given the specificities of the Crédit Mutuel group's decentralized organizational structure, the supervisory and Management body are divided into two levels – the national level and the regional level.

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

- at the national level, the Basel III Working group approves the national procedures, models and methodologies to be applied by the regional groups;
- at the regional level, regional groups are tasked with the calculation of the IFRS 9 provisions within their entities, under the responsibility and control of their respective executive and supervisory bodies.

3.1.8.2 Definition of the boundary between Status 1 and Status 2

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

- *low default portfolios* (LDPs), for which the rating model is based on an expert assessment: large accounts, banks, local governments, sovereigns, specialized financing. These portfolios are composed of products such as operating loans, short-term operating loans, current accounts, etc.;
- *high default portfolios* (HDPs) for which the default data is sufficient to establish a statistical rating model: mass corporate and retail. These portfolios include products such as home loans, consumer credit, revolving loans, current accounts, etc.

A significant increase in credit risk, which entails transferring a loan out of Status 1 into Status 2, is assessed by:

- taking into account all reasonable and justifiable information; and
- comparing the risk of default on the financial instrument at the reporting date with the risk of default at the initial recognition date.

For the group, this involves measuring the risk at the level of the borrower, where the counterparty rating system is common to the entire group. All of the group's counterparties eligible for internal approaches are rated by the system. This system is based on:

- statistical algorithms or "mass ratings" based on one or more models, using a selection of representative and predictive risk variables (HDPs); or
- rating grids developed by experts (LDPs).

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

Note that the group immediately puts into Status 1 any performing exposure that no longer meets the criteria for Status 2 classification (both qualitative and quantitative).

The group has demonstrated that a significant correlation exists between the probabilities of default at 12 months and at termination, which allows it to use 12-month credit risk as a reasonable approximation of the change in risk since initial recognition, as the standard permits.

Quantitative criteria

For LDP portfolios, the boundary is based on an allocation matrix that relates the internal ratings at origination and at the reporting date. Thus, the riskier the rating of the loan, the less the relative tolerance of the group towards significant deterioration of the risk.

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

Qualitative criteria

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

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

3.1.8.3 Status 1 and 2 – Calculating expected credit losses

Expected credit losses are measured by multiplying the outstanding balance present-discounted by the contract rate by its probability of default (PD) and by the loss given default (LGD) ratio. The off-balance-sheet exposure is converted into a balance sheet equivalent based on the probability of a drawdown. The one-year probability of default is used for Status 1, while the probability of default at termination (one-to-ten year curve) is used for Status 2.

These parameters are based on the same values as prudential models and adapted to meet IFRS 9 requirements. They are used both for assigning loans to a status and for calculating expected losses.

Probability of default

This is based:

- for high default portfolios, on the models approved under the IRB-A approach;
- for low default portfolios, on an external probability of default scale based on a history dating back to 1981,

Loss given default

This is based:

- for high default portfolios, on the collection flows observed over a long period of time, discounted at the interest rates of the contracts, segmented according to types of products and types of guarantees;
- for low default portfolios, on fixed ratios (60% for sovereign and 40% for the rest).

Conversion factors

For all products, including revolving loans, they are used to convert off-balance-sheet exposure to a balance sheet equivalent and are mainly based on prudential models.

Forward-looking aspect

To calculate expected credit losses, the standard requires taking reasonable and justifiable information into account, including forward-looking information. The development of the forward-looking aspect requires anticipating changes in the economy and relating these anticipated changes to the risk parameters. This forward-looking aspect is determined at the group level and applies to all the parameters.

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

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

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

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

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

3.1.8.4 Status 3 – Non-performing loans

In Status 3, impairment is recognized whenever there is objective proof of impairment due to one or more events occurring after a loan or group of loans have been made that might generate a loss. The impairment is equal to the difference between the carrying amount and the estimated future cash flows, allowing for collateral or other guarantees, present-discounted at the interest rate of the original loan. In the event of a variable rate, it is the most recent contractual rate that is booked.

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

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

- the analysis of the default now focuses on the borrower rather than on the contract;
- the number of days of unpaid or late installments is appraised for each borrower (obligor) or group of borrowers (joint obligors) in the case of a joint commitment;
- the default is triggered after 90 consecutive days of unpaid or late installments on the part of an obligor or joint obligors. The count of the number of days begins at the simultaneous crossing of the absolute materiality threshold (€100 Retail, €500 Corporate) and the relative materiality threshold (more than 1% of balance sheet commitments in arrears). The countdown is reset when this is no longer the case for one of the thresholds;
- the default contagion scope extends to all receivables of the borrower, and all individual commitments of borrowers participating in a joint credit obligation;
- there is a minimum three-month probationary period before non-restructured assets can return to healthy status.

The group chose to roll out the new definition of default across IRB entities in line with the two-step approach proposed by the EBA:

- step 1 – This consisted in presenting a self-assessment and an authorization request to the supervisor. The deployment agreement was obtained by the group in October 2019;
- step 2 – This consists in implementing the new definition of default, and then adjusting the models after an observation period of 12 months for new defaults.

The group believes that the new definition of default, as required by the EBA, is representative of objective proof of impairment in an accounting sense of the word. The group has aligned its definitions of accounting (Status 3) and prudential default. This change represented a change in estimate, the impact of which was not significant in 2019.

3.1.8.5 Initially impaired financial assets

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

3.1.8.6 Recognition

Impairment charges and provisions are recorded in "Net provision allocations/reversals for loan losses". Reversals of impairment charges and provisions are recorded in "Net provision allocations/reversals for loan losses" for the portion relating to the change in risk and in "Net interest" for the portion relating to the passage of time. For loans and receivables, impairment is deducted from assets, and for financing and guarantee commitments, the provision is recorded in liabilities under "Provisions" (see Sections 3.1.6 "Financial guarantees and financing commitments" and 3.2.2 "Provisions"). For assets at fair value through equity, the impairment recognized in the cost of risk is offset under "Unrealized or deferred gains and losses".

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

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.

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

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

3.1.9.1 Instruments traded on an active market

When financial instruments are traded in an active market, fair value is determined by reference to their quoted price as this represents the best possible estimate of fair value. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available (from a stock exchange, dealer, broker or pricing service) and those prices represent actual market transactions regularly occurring on an arm's length basis.

3.1.9.2 Instruments traded on a non-active market

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

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

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

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

3.1.9.3 Fair value hierarchy

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

- level 1: price quoted in active markets for identical assets or liabilities; notably, debt securities quoted by at least three contributors and derivatives quoted on an organized market are concerned;
- level 2: data other than the level 1 quoted prices, which are observable for the asset or liability concerned, either directly (*i.e.* prices) or indirectly (*i.e.* data derived from prices). Included, in particular, in level 2 are interest rate swaps whose fair value is generally determined with the help of yield curves based on market interest rates observed at the end of the reporting period;
- level 3: data relating to the asset or liability that are not observable market data (non-observable data). The main constituents of this category are investments in non-consolidated companies held in venture capital entities or otherwise and, in the Capital Markets , debt securities quoted by a single contributor and derivatives using mainly non-observable parameters. The instrument is classified at the same hierarchical level as the lowest level of the input having an important bearing on fair value considered as a whole. Given the diversity and volume of the instruments measured at level 3, the sensitivity of the fair value to a change in parameters would be immaterial.

3.2 Non-financial instruments

3.2.1 Leases

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

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

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

3.2.1.1 Finance lease transactions – Lessor

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

And so, the analysis of the economic substance of the transaction results in:

- the leased asset exiting the balance sheet;
- the recognition of a receivable in "Financial assets at amortized cost", for a present value, at the implicit contract rates, of the rental payments to be received under the finance lease contract, increased by any residual value not guaranteed returning to the lessor;
- the recognition of deferred taxes for existing temporary differences throughout the life of the finance lease;

- the recognition as net interest margin, of net revenue from the lease, this being representative of the constant periodic rate of return on the amounts outstanding.

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

3.2.1.2 Finance lease transactions – Lessee

In accordance with IFRS 16, fixed assets are recorded on the balance sheet to offset a liability in “other liabilities”. Lease payments are broken down between interest expense and repayment of principal (see Section 3.2.4.2 entitled “Non-current assets of which the group is the lessee”).

3.2.2 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 3.2.3 “Employee benefits”);
- execution risk on signature commitments;
- litigation risk and guarantee commitments given;
- tax risks;
- risks related to mortgage saving agreements (see Section 3.1.2. “Classification and measurement of financial liabilities”).

3.2.3 Employee benefits

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

3.2.3.1 Post-employment benefits under a defined benefit plan

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

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

- a discount rate, determined by reference to the long-term rate on private-sector borrowings consistent with the term of the commitments;
- the salary increase rate, assessed in accordance with age brackets and employee categories;
- 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 3-year average for the ratio of resignations relative to the year-end number of employees under permanent contracts;
- retirement age: estimated on a case-by-case basis using the actual or estimated date of commencement of full-time employment and the assumptions set out in the law reforming pensions, with a ceiling set at 67 years of age;
- mortality according to the INSEE TH/TF 00-02 table.

Differences arising from changes in these assumptions and from differences between previous assumptions and actual experience constitute actuarial gains or losses. When the plan has assets, they are measured at fair value. The interest income they generate has an impact on profit or loss. The difference between the actual return and the interest income generated by these assets is also an actuarial gain and loss.

Actuarial gains and losses are recognized in equity, within unrealized or deferred gains and losses. Any plan curtailments or terminations generate a change in the obligation, which is recognized in the income statement when it occurs.

In France, retirement benefits in the group’s banks are at least 60% covered by insurance from ACM Vie – an insurance company which is part of the Crédit Mutuel group and is consolidated under the equity method.

3.2.3.2 Supplementary pensions covered by pension funds

The AFB interim agreement dated September 13, 1993, modified pension plans for banking institutions. Since January 1, 1994, banks affiliate with the national plans, Arrco and Agirc. The four pension funds to which the group’s banks contributed were merged. They pay the various benefits covered by the transitional agreement. In the event that fund assets are not sufficient to cover these benefit obligations, the banks are required to make additional contributions. The average contribution rate for the next ten years is capped at 4% of the payroll. The pension fund resulting from the mergers was converted into an IGRS (a French supplementary pension management institution) in 2009. It does not have an asset shortfall.

3.2.3.3 Post-employment benefits under a defined contribution plan

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

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

3.2.3.4 Other long-term benefits

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

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

Commitments in respect of long-service awards give rise to a provision.

3.2.3.5 Termination benefits

These are benefits granted by the group when an employment contract is terminated before the usual retirement age or following the employee’s decision to leave the group voluntarily in exchange for an indemnity.

The related provisions are discounted if payment is expected to take place more than 12 months after the reporting date.

3.2.3.6 Short-term benefits

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

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.

3.2.4 Non-current assets

3.2.4.1 Non-current assets of which the group is owner

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 property consists of real estate assets held to generate rental income and/or capital gains. The historical cost method is used to recognize both operating and investment properties.

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 amount of a non-current asset is determined after deducting its residual value, net of disposal costs. As the useful life of non-current assets is generally equal to their expected economic life, no residual value is recognized.

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

Depreciation and amortization charges on operating assets are recognized under "Movements in depreciation, amortization and provisions for operating assets" in the income statement.

Depreciation charges on investment property are recognized under "Expenses on other activities" in the income statement.

The following depreciation and amortization periods are used:

Property, plant and equipment:

- land and network improvements: 15-30 years;
- buildings – shell: 20-80 years (depending on type of building);
- buildings – equipment: 10-40 years;
- fixtures and fittings: 5-15 years;
- office furniture and equipment: 5-10 years;
- safety equipment: 3-10 years;
- rolling stock: 3-5 years;
- IT equipment: 3-5 years.

Intangible assets:

- software purchased or developed in-house: 1-10 years;
- business goodwill acquired: 9-10 years (if customer contract portfolio acquired).

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

If an indication of impairment exists, the recoverable amount of the asset is compared to its net carrying amount. In the event of loss of value, a write-down is recognized on the income statement; it changes the depreciable or amortizing amount of the asset prospectively. The write-down is repaid in the event of changes to the estimated recoverable amount or if the indications of impairment disappear. The net carrying amount following the reversal of an impairment provision cannot exceed the net carrying amount that would have been calculated if no impairment had been recognized.

Impairment charges and reversals on operating assets are recognized under "Movements in depreciation, amortization and provisions for operating assets" in the income statement.

Impairment charges and reversals on investment property are recognized in the income statement under "Expenses on other activities" and "Income from other activities", respectively.

Capital gains or losses on disposals of operating assets are recorded in the income statement on the line "Net gains/(losses) on other assets".

Gains and losses on the disposal of investment property are recorded on the income statement on the line "Income from other activities" or "Expenses from other activities."

The fair value of investment property 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).

3.2.4.2 Non-current assets of which the group is lessee

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

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

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

The group mainly activates its real estate contracts. Computer and safety equipment were not included due to the fact that they are replaceable, in accordance with the standard.

Other underlying assets were precluded through short-term or low value exemptions (set at €5,000). The group has no leases that give rise to recognition of intangible assets or investment properties.

Therefore, usage rights are recorded as "Property, plant and equipment", and lease obligations as "Other liabilities". Leasehold rights are reclassified as property, plant and equipment when they concern contracts that are not automatically renewable. Rights of use and lease obligations are the subject of deferred tax assets or liabilities for the net amount of taxable and deductible temporary differences.

On the income statement, interest charges appear in "Interest margin" while depreciation/amortization is presented under the heading dedicated to general operating expenses.

For calculating the lease obligation, we use:

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

3.2.5 Commissions

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

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

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

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

3.2.6 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 économique territoriale* – CET), which is composed of the Business Real Estate 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 expense 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 of an asset or liability on the consolidated balance sheet and its taxable value, with the exception of goodwill.

Deferred taxes are calculated using the liability method, applying the income tax rate known at the end of the fiscal year 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 an expense, except for that relating to unrealized or deferred gains or losses recognized in equity, for which the deferred tax is allocated directly to equity.

Deferred tax assets and liabilities are netted if they arise in the same entity or in the same tax group, are subject to the same tax authority and when there is a legal right to do so.

Deferred tax is not discounted.

Uncertainties over income tax treatment

In accordance with IFRIC 23, the group is assessing the probability of the tax authority accepting the tax position taken. It is assessing the likely effects on the result for tax purposes, tax bases, tax loss carryforwards, unused tax credits and rates of taxation.

In the event of an uncertain tax position, the amounts payable are estimated on the basis of the most likely amount or the expected amount according to the method that reflects the best estimate of the amount to be paid or received.

3.2.7 Non-current assets held for sale and discontinued operations

Non-current assets, or groups of assets, are classified as held for sale if they are available for sale and there is a high probability that their sale will take place within the next 12 months.

The related assets and liabilities are shown separately in the balance sheet, on the lines "Non-current assets held for sale" and "Liabilities associated with non-current assets held for sale". They are recognized at the lower of their carrying amount and their fair value less selling costs, and are no longer depreciated or amortized.

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

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

3.3 Judgments and estimates used in the preparation of the financial statements

Preparation of the group's financial statements requires the use of assumptions for the purpose of the necessary measurements, which entails risks and uncertainties as to whether these assumptions will materialize in the future 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;
- fluctuations in interest rates and foreign exchange rates;
- economic and political conditions in certain business sectors or countries;
- regulatory and legislative changes.

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

- the fair value of financial instruments not quoted on an active market, the definition of a forced transaction and the definition of observable data require the exercise of judgment; (see Section 3.1.9 "Determination of fair value of financial instruments");

- pension plans and other future employee benefits;
- impairment of assets, in particular expected credit losses (see Section 3.1.8 "Measurement of credit risk");
- provisions, impairment of intangible assets and goodwill.

4. Related-party information

CIC group's subsidiaries and associates are consolidated companies, including equity consolidated companies.

Transactions carried out between CIC and its subsidiaries and associates are carried out under normal market conditions, at the time these transactions are completed.

The list of the group's consolidated companies is presented in note 2a of quantified data, hereinafter. As transactions carried out and outstandings that exist at the end of the period between the group's fully consolidated companies are totally eliminated in consolidation, data pertaining to these reciprocal transactions is included in the attached tables only when concerning companies over which the group exercises joint control or significant influence, and is consolidated using the equity method.

5. Standards and interpretations adopted by the European Union and not yet applied

- **Amendments to IFRS 3 – Reference to the Conceptual framework**

This amendment updates IFRS 3 so that it refers to the updated 2018 version of the Conceptual framework (replacing the reference to its previous 1989 version).

It introduces an exception so as not to create discrepancies with the current consequences in terms of the recognition of assets and liabilities in business combinations.

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

Acquirers must not recognize any assets acquired in a business combination.

- **Amendments to IAS 37 – cost of fulfilling a contract**

It clarifies the concept of "unavoidable costs" used to define an onerous contract.

Unavoidable costs include costs directly related to the contract. They include both incremental costs and an allocation of other costs directly related to the fulfillment of the contract.

It applies to contracts for which the group would not have met its obligations on January 1, 2022.

- **Amendments to IAS 16 – Proceeds before intended use**

Prohibits deducting from the cost of an item of property, plant or equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The proceeds from selling such items must be recognized immediately in profit or loss. The cost of such items must be measured in accordance with IAS 2, Inventories.

- **Improvements to IFRS – 2018-2020 cycle**

Amendments modify the following standards:

  - IFRS 1 – First-time adoption of IFRS: simplifies the application of IFRS 1 for a subsidiary adopting IFRS after its parent;
  - IFRS 9 – Financial instruments: specifies the fees and costs to be included in the 10% test for derecognition of financial liabilities. These only include fees and costs paid, or received, by borrowers and lenders, including those paid, or received, on behalf of others;
  - IFRS 16 – Leases: amends illustrative example 13 to avoid any confusion regarding the treatment of benefits received by lessors.

6. Standards and interpretations not yet adopted by the European Union

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

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

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

Its objective is to facilitate the distinction between the changes in accounting methods and accounting estimates by introducing an explicit definition of the notion of accounting estimates.

They represent the amounts in the financial statements whose assessment is uncertain.

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

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

Note 2a Consolidation scope

Merger:

- Banque de Luxembourg Investments with Coventum AM;
- CIC Lyonnaise de Banque with BECM Monaco.

Companies	Currency	Country	12/31/2021			12/31/2020		
			Percentage			Percentage		
			Control	Interest	Method[1]	Control	Interest	Method[1]
Consolidated company: Crédit Industriel et Commercial – CIC								
CIC Bruxelles (branch)		Belgium	100	100	FC	100	100	FC
CIC Hong Kong (branch)	USD	Hong Kong	100	100	FC	100	100	FC
CIC London (branch)	GBP	United Kingdom	100	100	FC	100	100	FC
CIC New York (branch)	USD	USA	100	100	FC	100	100	FC
CIC Singapore (branch)	USD	Singapore	100	100	FC	100	100	FC
A. Banking network								
CIC Est		France (i)	100	100	FC	100	100	FC
CIC Lyonnaise de Banque		France (i)	100	100	FC	100	100	FC
CIC Lyonnaise de Banque Monaco (branch)		Monaco	100	100	FC	100	100	FC
CIC Nord Ouest		France (i)	100	100	FC	100	100	FC
CIC Ouest		France (i)	100	100	FC	100	100	FC
CIC Sud Ouest		France (i)	100	100	FC	100	100	FC
B. Subsidiaries of the banking network								
Crédit Mutuel Asset Management		France	24	24	EM	24	24	EM
Crédit Mutuel Épargne Salariale		France (i)	100	100	FC	100	100	FC
Crédit Mutuel Factoring		France (i)	95	95	FC	95	95	FC
Crédit Mutuel Leasing		France (i)	100	100	FC	100	100	FC
Crédit Mutuel Leasing Benelux		Belgium	100	100	FC	100	100	FC
Crédit Mutuel Leasing Spain (branch)		Spain	100	100	FC	100	100	FC
Crédit Mutuel Leasing Gmbh		Germany	100	100	FC	100	100	FC
Crédit Mutuel Leasing Nederland (branch)		The Netherlands	100	100	FC	100	100	FC
Crédit Mutuel Real Estate Lease		France	54	54	FC	54	54	FC
Gesteurop		France (i)	100	100	FC	100	100	FC
C. Corporate banking and Capital Markets								
Cigogne Management		Luxembourg	60	60	FC	60	60	FC
Satellite		France	100	100	FC	100	100	FC
D. Private Banking								
Banque CIC (Suisse)	CHF	Switzerland	100	100	FC	100	100	FC
Banque de Luxembourg		Luxembourg	100	100	FC	100	100	FC
Banque de Luxembourg Belgique (branch)		Belgium	100	100	FC	100	100	FC
Banque de Luxembourg Investments SA		Luxembourg	100	100	FC	100	100	FC
Banque Transatlantique		France (i)	100	100	FC	100	100	FC
Banque Transatlantique London (branch)	GBP	United Kingdom	100	100	FC	100	100	FC
Banque Transatlantique Belgium		Belgium	100	100	FC	100	100	FC
Banque Transatlantique Luxembourg		Luxembourg	100	100	FC	100	100	FC
Dubly Transatlantique Gestion		France (i)	100	100	FC	100	100	FC

Companies	Currency	Country	12/31/2021 Percentage Control	12/31/2021 Percentage Interest	12/31/2021 Method[1]	12/31/2020 Percentage Control	12/31/2020 Percentage Interest	12/31/2020 Method[1]
E. Private equity								
CIC Capital Canada Inc.	CAD	Canada	100	100	FC	100	100	FC
CIC Capital Deutschland Gmbh		Germany	100	100	FC	100	100	FC
CIC Capital Suisse SA	CHF	Switzerland	100	100	FC	100	100	FC
CIC Capital Ventures Quebec	CAD	Canada	100	100	FC	100	100	FC
CIC Conseil		France (i)	100	100	FC	100	100	FC
Crédit Mutuel Capital		France (i)	100	100	FC	100	100	FC
Crédit Mutuel Innovation		France	100	100	FC	100	100	FC
Crédit Mutuel Equity		France (i)	100	100	FC	100	100	FC
Crédit Mutuel Equity SCR		France	100	100	FC	100	100	FC
F. Structure and logistics								
CIC Participations		France (i)	100	100	FC	100	100	FC
G. Insurance companies								
Groupe des Assurances du Crédit Mutuel (GACM)[2]		France	16	16	EM	16	16	EM

(1) Method: ME = merger; FC = full consolidation; EM = equity method; NC = not consolidated.

(2) Based on the consolidated financial statements.

(i) = members of the tax consolidation group set up by CIC.

Information on the group's presence and activities in non-cooperative countries and territories included in the list established by the Order of February 26, 2021:

The group has no operations that meet the criteria defined by the Order of October 6, 2009.

In accordance with ANC Regulation 2016-09, the exhaustive list of controlled entities, jointly controlled and under significant influence excluded from the consolidation given their negligible nature for the preparation of the financial statements, and the list of equity investments are available in the Regulated Information section of the website: https://www.cic.fr/fr/institutionnel/actionnaires-et-investisseurs/information-reglementee.html

Information on entities included in the consolidation scope

Article L.511-45 of the French Monetary and Financial Code requires credit institutions to publish information on their establishments and their activities in each state or territory.

The country of each establishment is mentioned in the scope of consolidation (see table above).

Country	Net banking income	Income (loss) before tax	Current tax	Deferred tax	Other taxes	Public subsidies	Workforce
Germany	13	8	0	0	-1	-	11
Belgium	39	18	-4	0	-3	-	81
Canada	22	20	0	-2	0	-	9
Spain	3	0	0	0	0	-	7
United States of America	87	44	-3	-1	-11	-	92
France	5,169	2,370	-506	-45	-751	-	17,585
Hong Kong	10	6	-1	0	-1	-	18
Luxembourg	348	119	-20	1	-33	-	983
Monaco	6	3	-1	0	0	-	20
The Netherlands	1	0	0	0	0	-	1
United Kingdom	51	38	-8	0	-4	-	69
Singapore	85	46	-8	1	-5	-	130
Switzerland	166	48	-7	0	-13	-	395
TOTAL	**6,000**	**2,720**	**-558**	**-46**	**-822**	**-**	**19,401**

Note 2b Fully consolidated entities with significant non-controlling interests

12/31/2021	Percentage of non-controlling interests in the consolidated financial statements				Financial information regarding fully-consolidated entities[1]			
	Percentage of voting rights	Net profit/(loss) attributable to non-controlling interests	Amount in shareholders' equity of non-controlling interests	Dividends paid to non-controlling interests	Balance sheet total	OCI	NBI	Net profit/(loss)
Crédit Mutuel Real Estate Lease	46%	4	21	0	5,327	-0	38	8
Cigogne Management	40%	6	3	-6	49	0	18	8
Crédit Mutuel Factoring	5%	1	7	0	8,530	-1	100	16

(1) Amounts before elimination of intercompany balances and transactions.

12/31/2020	Percentage of non-controlling interests in the consolidated financial statements				Financial information regarding fully-consolidated entities[1]			
	Percentage of voting rights	Net profit/(loss) attributable to non-controlling interests	Amount in shareholders' equity of non-controlling interests	Dividends paid to non-controlling interests	Balance sheet total	OCI	NBI	Net profit/(loss)
Crédit Mutuel Real Estate Lease	46%	-3	24	-3	5,132	-0	30	-4
Cigogne Management	40%	3	6	-6	58	0	19	8
Crédit Mutuel Factoring	5%	0	7	-1	7,537	-1	91	3

(1) Amounts before elimination of intercompany balances and transactions.

Note 2c Equity investments in structured non-consolidated entities

	12/31/2021			12/31/2020		
	Securitization vehicle (SPV)	Asset management (UCITS/REIT)[2]	Other structured entities[3]	Securitization vehicle (SPV)	Asset management (UCITS/REIT)[2]	Other structured entities[3]
Balance sheet total	0	107	2,188	0	98	2,475
Carrying amount of financial assets[1]	0	44	733	0	44	881
Carrying amount of financial liabilities[1]	0	19	0	0	4	0
Maximum exposure to risk of loss	0	39	0	0	40	0

(1) Carrying amount of assets and liabilities that the reporting entity recognizes with respect to these structured entities.
(2) These are mainly UCITS managed by the group.
(3) The other structured entities correspond to asset financing entities.

Asset financing

The group grants loans to structured entities whose sole purpose is to hold assets to be leased; the rents received enable the structured entity to repay its borrowings. These entities are dissolved following the financing transaction. The group is generally the sole shareholder.

For this category, the maximum exposure to losses on SPEs is always less than the carrying amount of the financed asset of the SPE.

Collective investment undertakings or funds

Through its asset management entities, the group acts as fund manager and custodian. It markets dedicated or public funds to its customers, in which it does not invest. The group receives compensation for this management and marketing.

In the context of management, the group may be a counterparty to swap transactions set up.

In the exceptional cases where the group is both the manager and investor in such a way that it may be assumed to be acting primarily for proprietary trading, this entity would then be brought within the scope of consolidation.

The group's risk is essentially an operational risk of failure to meet its management obligations on behalf of third parties or as custodian and, where applicable, the group is exposed to the risk of loss to the extent of the sums invested for proprietary trading.

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Note 3 Analysis of the balance sheet and income statement by business line and geographic area

Business line analysis principles

- Retail Banking comprises:

a) the banking network comprising regional banks and the CIC network in the Paris region; and

b) the specialized business lines whose product marketing is performed by the network: real estate and equipment leasing, factoring, collective investment for third parties, employee savings plans and real estate. Insurance – which is consolidated using the equity method – is included in this business line.

- Corporate banking and Capital Markets include:

a) the financing of large companies and institutional customers, specialized finance and the international market; and

b) Capital Markets, which include investments in interest rate, equity and credit activities (ITAC) as well as stock market intermediation.

- Private Banking comprises all companies engaged primarily in wealth management, both within and outside France.
- Private equity includes proprietary trading and financial engineering services *via* dedicated entities. The entire portfolio is accounted for under the fair value option.
- The holding company covers all activities not assigned to another business.

Each consolidated company is included in only one business line, corresponding to its core business in terms of contribution to the group's results, with the exception of CIC, whose annual financial statements are allocated on a cost accounting basis.

BREAKDOWN OF ASSETS BY BUSINESS LINE

12/31/2021	Retail Banking	Corporate banking and Capital Markets	Private Banking	Private Equity	Holding company services	Total
Cash, central banks	333	3,324	5,900	-	46,684	56,241
Financial assets at fair value through profit or loss	129	16,684	295	3,323	386	20,817
Hedging derivatives	68	375	3	-	58	504
Financial assets at fair value through equity	99	13,762	85	-	24	13,970
Financial assets at amortized cost	195,017	25,277	25,142	64	13,637	259,137
of which loans and receivables due from credit institutions[1]	*12,035*	*3,697*	*6,096*	*3*	*13,312*	*35,143*
of which loans and receivables due from customers	*182,944*	*20,115*	*17,171*	*1*	*319*	*220,550*
Investments in equity consolidated companies	1,517	-	-	-	52	1,569

(1) Including €16,050 million with respect to BFCM.

12/31/2020	Retail Banking	Corporate banking and Capital Markets	Private Banking	Private Equity	Holding company services	Total
Cash, central banks	332	1,205	3,748	-	52,538	57,823
Financial assets at fair value through profit or loss	127	24,690	161	3,061	337	28,376
Hedging derivatives	5	712	8	-	80	805
Financial assets at fair value through equity	84	12,526	86	-	19	12,715
Financial assets at amortized cost	182,722	24,057	23,619	53	12,978	243,429
of which loans and receivables due from credit institutions[1]	*10,054*	*3,120*	*6,009*	*6*	*12,770*	*31,959*
of which loans and receivables due from customers	*172,629*	*20,166*	*15,703*	*2*	*203*	*208,703*
Investments in equity consolidated companies	1,624	-	-	-	53	1,677

(1) Including €13,675 million with respect to BFCM.

BREAKDOWN OF LIABILITIES BY BUSINESS LINE

12/31/2021	Retail Banking	Corporate banking and Capital Markets	Private Banking	Private Equity	Holding company services	Total
Central banks	-	4	-	-	-	4
Financial liabilities at fair value through profit or loss	-	11,916	89	-	3	12,008
Hedging derivatives	228	912	51	-	51	1,242
Due to credit and similar institutions at amortized cost[1]	28,533	7,194	1,386	200	40,874	78,187
Amounts due to customers at amortized cost	168,915	16,286	27,863	1	4,764	217,829
Debt securities at amortized cost	1,300	20,605	29	-	2,615	24,549

(1) Including €60,954 million with respect to BFCM.

12/31/2020	Retail Banking	Corporate banking and Capital Markets	Private Banking	Private Equity	Holding company services	Total
Central banks	-	-	-	-	-	0
Financial liabilities at fair value through profit or loss	-	17,106	195	-	7	17,308
Hedging derivatives	393	1,199	80	-	81	1,753
Due to credit and similar institutions at amortized cost[1]	23,418	8,021	539	100	35,311	67,389
Amounts due to customers at amortized cost	162,372	20,215	24,861	-	6,336	213,784
Debt securities at amortized cost	1,685	19,673	24	-	6,618	28,000

(1) Including €56,185 million with respect to BFCM.

BREAKDOWN OF THE INCOME STATEMENT BY BUSINESS LINE

12/31/2021	Retail Banking	Corporate banking and Capital Markets	Private Banking	Private Equity	Holding company services	Total
Net banking income	3,931	800	678	518	73	6,000
General operating expenses	-2,413	-365	-433	-77	-58	-3,346
Gross operating income	**1,518**	**435**	**245**	**441**	**15**	**2,654**
Cost of counterparty risk	-69	29	-9	-21	-	-70
Gains on other assets[1]	136	-	-	-	-	136
Profit/(loss) before tax	**1,585**	**464**	**236**	**420**	**15**	**2,720**
Income tax	-451	-106	-46	-4	3	-604
Net profit/(loss)	**1,134**	**358**	**190**	**416**	**18**	**2,116**

(1) including net profit/(loss) of entities accounted for using the equity method and impairment losses on goodwill.

12/31/2020	Retail Banking	Corporate banking and Capital Markets	Private Banking	Private Equity	Holding company services	Total
Net banking income	3,649	686	626	190	-12	5,139
General operating expenses	-2,313	-345	-413	-65	-90	-3,226
Gross operating income	**1,336**	**341**	**213**	**125**	**-102**	**1,913**
Cost of counterparty risk	-796	-245	-32	-1	-	-1,074
Gains on other assets[1]	71	4	-	-	-	75
Profit/(loss) before tax	**611**	**100**	**181**	**124**	**-102**	**914**
Income tax	-234	-16	-39	4	33	-252
Net profit/(loss)	**377**	**84**	**142**	**128**	**-69**	**662**

(1) including net profit/(loss) of entities accounted for using the equity method and impairment losses on goodwill.

BALANCE SHEET BREAKDOWN BY GEOGRAPHIC AREA

ASSETS

	12/31/2021				12/31/2020			
	France	Europe outside France	Other countries	Total	France	Europe outside France	Other countries	Total
Cash, central banks	47,017	5,901	3,323	56,241	52,871	3,749	1,203	57,823
Financial assets at fair value through profit or loss	19,257	499	1,061	20,817	24,769	294	3,313	28,376
Hedging derivatives	495	3	6	504	791	8	6	805
Financial assets at fair value through equity	6,944	83	6,943	13,970	5,758	84	6,873	12,715
Financial assets at amortized cost	224,847	24,620	9,670	259,137	211,512	23,116	8,802	243,430
of which loans and receivables due from credit institutions	*26,705*	*5,975*	*2,463*	*35,143*	*24,225*	*5,824*	*1,910*	*31,959*
of which loans and receivables due from customers	*196,886*	*16,456*	*7,208*	*220,550*	*186,682*	*15,129*	*6,892*	*208,703*
Investments in equity consolidated companies	1,569	0	0	1,569	1,677	0	0	1,677

LIABILITIES

	12/31/2021				12/31/2020			
	France	Europe outside France	Other countries	Total	France	Europe outside France	Other countries	Total
Central banks	0	0	4	4	0	0	0	0
Financial liabilities at fair value through profit or loss	11,127	249	632	12,008	16,157	217	934	17,308
Hedging derivatives	1,198	43	1	1,242	1,657	80	16	1,753
Due to credit institutions	69,143	1,073	7,971	78,187	58,369	2,695	6,325	67,389
Due to customers	192,479	22,998	2,352	217,829	191,039	20,792	1,953	213,784
Debt securities	11,735	4,148	8,666	24,549	15,704	2,544	9,752	28,000

BREAKDOWN OF INCOME STATEMENT BY GEOGRAPHIC AREA

	12/31/2021				12/31/2020			
	France	Europe outside France	Other countries	Total	France	Europe outside France	Other countries	Total
Net banking income	5,169	627	204	6,000	4,374	567	198	5,139
General operating expenses	-2,870	-383	-93	-3,346	-2,768	-367	-91	-3,226
Gross operating income	**2,299**	**244**	**111**	**2,654**	**1,606**	**200**	**107**	**1,913**
Cost of counterparty risk	-65	-10	5	-70	-993	-45	-36	-1,074
Gains on other assets[1]	136	0	0	136	71	4	0	75
Profit/(loss) before tax	**2,370**	**234**	**116**	**2,720**	**684**	**159**	**71**	**914**
Income tax	-551	-39	-14	-604	-215	-28	-9	-252
Total net profit/(loss)	**1,819**	**195**	**102**	**2,116**	**469**	**131**	**62**	**662**

(1) including net profit/(loss) of entities accounted for using the equity method and impairment losses on goodwill.

NOTES TO THE BALANCE SHEET – ASSETS

Note 4 Cash and central banks

	12/31/2021	12/31/2020
Cash, central banks	-	-
Central banks	55,900	57,478
of which mandatory reserves	*1,785*	*1,738*
Cash	341	345
TOTAL	**56,241**	**57,823**

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

Note 5a Financial assets at fair value through profit or loss

	12/31/2021				12/31/2020			
	Transaction	Fair value option	Other FVPL	Total	Transaction	Fair value option	Other FVPL	Total
Securities	**6,334**	**574**	**3,617**	**10,525**	**11,315**	**496**	**3,324**	**15,135**
Government securities	730	0	0	730	408	0	0	408
Bonds and other debt securities	4,872	574	226	5,672	9,418	496	123	10,037
■ Listed	4,872	90	166	5,128	9,418	97	17	9,532
■ Non-listed	0	484	60	544	0	399	106	505
of which UCIs	*0*	-	*220*	*220*	*0*	-	*116*	*116*
Shares and other equity instruments	732	-	2,951	3,683	1,489	-	2,802	4,291
■ Listed	732	-	269	1,001	1,489	-	270	1,759
■ Non-listed	0	-	2,682	2,682	0	-	2,532	2,532
Long-term investments	-	-	440	440	-	-	399	399
■ Equity investments	-	-	43	43	-	-	45	45
■ Other long-term investments	-	-	119	119	-	-	114	114
■ Investments in associates	-	-	277	277	-	-	239	239
■ Other long-term investments	-	-	1	1	-	-	1	1
Derivative instruments	**3,682**	**-**	**-**	**3,682**	**2,632**	**-**	**-**	**2,632**
Loans and receivables	**6,597**	**0**	**13**	**6,610**	**10,602**	**0**	**7**	**10,609**
■ *of which pensions*	*6,597*	*0*	-	*6,597*	*10,602*	*0*	-	*10,602*
TOTAL	**16,613**	**574**	**3,630**	**20,817**	**24,549**	**496**	**3,331**	**28,376**

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Note 5b Analysis of trading derivatives

	12/31/2021			12/31/2020		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Trading derivatives						
Rate instruments	202,235	2,623	2,474	105,606	1,706	1,500
Swaps	38,518	2,443	2,227	42,588	1,601	1,297
Other firm contracts	45,893	0	0	35,543	0	0
Options and conditional instruments	117,824	180	247	27,475	105	203
Foreign exchange instruments	103,722	803	758	95,780	707	674
Swaps	60,196	52	80	54,307	64	59
Other firm contracts	11,929	628	555	10,747	529	502
Options and conditional instruments	31,597	123	123	30,726	114	113
Other derivatives	17,490	256	258	19,465	219	371
Swaps	7,086	69	108	7,972	78	134
Other firm contracts	7,863	116	91	6,731	64	153
Options and conditional instruments	2,541	71	59	4,762	77	84
TOTAL	**323,447**	**3,682**	**3,490**	**220,851**	**2,632**	**2,545**

Swaps are valued with an OIS curve if they are collateralized or with a BOR curve otherwise. Hedged items are valued with a BOR curve.

The difference resulting from the use of different valuation curves for the hedged items and the hedging instruments is accounted for as hedge ineffectiveness. Furthermore, the value of derivatives takes into account the counterparty risk.

Note 6 Hedging

Note 6a Hedging derivatives

	12/31/2021			12/31/2020		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Hedging derivatives						
Fair Value Hedges	76,235	504	1,242	77,739	805	1,753
Swaps	43,534	504	1,242	46,427	806	1,753
Other firm contracts	32,383	0	0	30,566	0	0
Options and conditional instruments	318	0	0	746	-1	0
Cash Flow Hedges	0	0	0	0	0	0
Swaps	0	0	0	0	0	0
Other firm contracts	0	0	0	0	0	0
Options and conditional instruments	0	0	0	0	0	0
TOTAL	**76,235**	**504**	**1,242**	**77,739**	**805**	**1,753**

Swaps are valued with an OIS curve if they are collateralized or with a BOR curve otherwise. Hedged items are valued with a BOR curve.

The difference resulting from the use of different valuation curves for the hedged items and the hedging instruments is accounted for as hedge ineffectiveness. Furthermore, the value of derivatives takes into account the counterparty risk.

Hedging derivatives consist solely of interest rate instruments.

MATURITY SCHEDULE OF THE NOMINAL VALUE OF HEDGING DERIVATIVES

	Less than 3 months	3 months to less than 1 year	1 to 5 years	Over 5 years	12/31/2021
Hedging derivatives					
Fair Value Hedges	10,941	6,746	54,260	4,288	76,235
Swaps	4,590	3,598	32,550	2,796	43,534
Other firm contracts	6,235	2,965	21,691	1,492	32,383
Options and conditional instruments	116	183	19	0	318
Cash Flow Hedges	0	0	0	0	0
Swaps	0	0	0	0	0
Other firm contracts	0	0	0	0	0
Options and conditional instruments	0	0	0	0	0
TOTAL	**10,941**	**6,746**	**54,260**	**4,288**	**76,235**

	Less than 3 months	3 months to less than 1 year	1 to 5 years	Over 5 years	12/31/2020
Hedging derivatives					
Fair Value Hedges	2,243	13,008	57,195	5,293	77,739
Swaps	1,539	7,654	33,483	3,751	46,427
Other firm contracts	592	5,018	23,415	1,541	30,566
Options and conditional instruments	112	336	297	1	746
Cash Flow Hedges	0	0	0	0	0
Swaps	0	0	0	0	0
Other firm contracts	0	0	0	0	0
Options and conditional instruments	0	0	0	0	0
TOTAL	**2,243**	**13,008**	**57,195**	**5,293**	**77,739**

Note 6b Revaluation differences on interest-risk hedged portfolios

	12/31/2021	12/31/2020
Fair value of portfolio interest rate risk	-	-
■ in financial assets	434	892
■ in financial liabilities	7	13

Note 6c Items micro-hedged under Fair Value Hedging

12/31/2021	Carrying amount	Of which revaluation relating to hedging	Of which revaluation for the fiscal year
Loans and receivables due from credit institutions at amortized cost	1,046	0	0
Receivables from customers at amortized cost	45,115	434	0
Securities at amortized cost	1,771	26	-38
Financial assets at FVOCI	2,343	0	0
TOTAL	**50,275**	**460**	**-38**

12/31/2020	Carrying amount	Of which revaluation relating to hedging	Of which revaluation for the fiscal year
Loans and receivables due from credit institutions at amortized cost	305	0	0
Receivables from customers at amortized cost	55,652	892	0
Securities at amortized cost	1,800	64	10
Financial assets at FVOCI	754	0	0
TOTAL	**58,511**	**956**	**10**

Note 7 Financial assets at fair value through equity

Note 7a Financial assets at fair value through equity, by type of product

	12/31/2021	12/31/2020
Government securities	3,421	2,921
Bonds and other debt securities	10,282	9,540
Listed	9,692	9,218
Non-listed	590	322
Related receivables	37	33
Debt securities subtotal, gross	**13,740**	**12,494**
of which impaired debt securities (S3)	*0*	*0*
Impairment of performing loans (S1/S2)	-14	-9
Other impairment (S3)	0	0
Debt securities subtotal, net	**13,726**	**12,485**
Loans	0	0
Related receivables	0	0
Loans and receivables subtotal, gross	**0**	**0**
Impairment of performing loans (S1/S2)	0	0
Other impairment (S3)	0	0
Loans and receivables subtotal, net	**0**	**0**
Shares and other equity instruments	3	4
Listed	3	4
Non-listed	0	0
Long-term investments	241	226
Equity investments	73	69
Other long-term investments	119	99
Investments in associates	49	58
Loaned securities	0	0
Non-performing current account advances to non-trading real estate company	0	0
Related receivables	0	0
Subtotal, equity instruments	**244**	**230**
TOTAL	**13,970**	**12,715**
of which unrealized capital gains or losses recognized under equity	*-89*	*-231*
of which listed equity investments.	*0*	*0*

Note 7b List of main non-consolidated equity investments

	-	% held	Shareholders' equity	Balance sheet total	NBI or Revenues	Net profit/(loss)
Crédit Logement	Unlisted	5%	1,665	11,930	201	99

The figures (except the percentage held) relate to fiscal year 2020.

Note 7c Fair value hierarchy of financial instruments carried at fair value on the balance sheet

12/31/2021	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS				
Fair value through equity	7,466	5,191	1,313	13,970
■ Government and equivalent securities	3,320	33	84	3,437
■ Bonds and other debt securities	4,143	5,158	988	10,288
■ Shares and other equity instruments	3	0	0	3
■ Investments and other long-term securities	0	0	192	192
■ Investments in subsidiaries and associates	0	0	49	49
Trading/Fair value option/Other	4,439	11,204	5,174	20,817
■ Government securities and similar instruments – Trading	666	14	50	730
■ Government securities and similar instruments – Fair value option	0	0	0	0
■ Government securities and similar instruments – Other FVPL	0	0	0	0
■ Bonds and other debt securities – Trading	2,590	2,049	233	4,872
■ Bonds and other debt securities – Fair value option	25	0	549	574
■ Bonds and other debt securities – Other FVPL	170	44	11	225
■ Shares and other equity instruments – Trading	732	0	0	732
■ Shares and other equity instruments – Other FVPL	234	0	2,717	2,951
■ Investments and other long-term securities – Other FVPL	2	0	161	163
■ Investments in subsidiaries and associates – Other FVPL	0	0	278	278
■ 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	0	0	0
■ Loans and receivables due from customers – Other FVPL	0	13	0	13
■ Loans and receivables – Trading	0	6,598	0	6,598
■ Derivatives and other financial assets – Trading	20	2,486	1,175	3,681
Hedging derivatives	0	504	0	504
TOTAL	**11,905**	**16,899**	**6,487**	**35,291**
FINANCIAL LIABILITIES				
Trading/Fair value option	1,836	9,155	1,017	12,008
■ Due to credit institutions – Fair value option	0	159	0	159
■ Amounts due to customers – Fair value option	0	0	0	0
■ Debt securities – Fair value option	0	0	0	0
■ Subordinated debt – Fair value option	0	0	0	0
■ Debt – Trading	0	6,486	0	6,486
■ Derivatives and other financial liabilities – Trading	1,836	2,510	1,017	5,363
Hedging derivatives	0	1,242	0	1,242
TOTAL	**1,836**	**10,397**	**1,017**	**13,250**

There is no transfer between levels 1 and 2 whose amount exceeds 10% of the amount of the "Total" line for the concerned category of assets or liabilities.

Description of levels:

- level 1: price quoted in an active market;
- level 2: prices quoted in active markets for similar instruments, and valuation method in which all significant inputs are based on observable market information;
- level 3: valuation based on internal models containing significant unobservable inputs.

Instruments in the trading portfolio classified under Levels 2 or 3 mainly consist of derivatives and securities considered as illiquid.

All of these instruments include uncertainties of valuation, which give rise to adjustments in value reflecting the risk premium that a market player would incorporate in establishing the price.

These valuation adjustments make it possible to integrate, in particular, risks that would not be captured by the model, liquidity risks associated with the instrument or the parameter concerned, specific risk premiums intended to offset certain surcharges that would elicit the dynamic management strategy associated with the model in certain market conditions, and the counterparty risk present in the fair value of over-the-counter derivatives. The methods used may change. The latter include the counterparty risk itself present in the fair value of over-the-counter derivatives.

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

FAIR VALUE HIERARCHY – LEVEL 3

12/31/2021	Opening	Purchases	Sales	Transfers	Gains and losses in the income statement	Other movement	Closing
Shares and other equity instruments – Other FVPL	2,593	122	-443	0	438	7	2,717

12/31/2020	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS				
Fair value through equity	7,178	4,217	1,320	12,715
■ Government and equivalent securities	2,936	0	0	2,936
■ Bonds and other debt securities	4,237	4,217	1,094	9,548
■ Shares and other equity instruments	5	0	0	5
■ Investments and other long-term securities	0	0	168	168
■ Investments in subsidiaries and associates	0	0	58	58
Trading/Fair value option/Other	8,416	15,584	4,376	28,376
■ Government securities and similar instruments – Trading	226	181	0	407
■ Government securities and similar instruments – Fair value option	0	0	0	0
■ Government securities and similar instruments – Other FVPL	0	0	0	0
■ Bonds and other debt securities – Trading	6,381	2,712	326	9,419
■ Bonds and other debt securities – Fair value option	25	0	471	496
■ Bonds and other debt securities – Other FVPL	23	45	55	123
■ Shares and other equity instruments – Trading	1,490	0	0	1,490
■ Shares and other equity instruments – Other FVPL	209	0	2,593	2,802
■ Investments and other long-term securities – Other FVPL	1	0	158	159
■ Investments in subsidiaries and associates – Other FVPL	0	0	240	240
■ 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	0	0	0
■ Loans and receivables due from customers – Other FVPL	0	7	0	7
■ Loans and receivables – Trading	0	10,602	0	10,602
■ Derivatives and other financial assets – Trading	61	2,037	533	2,631
Hedging derivatives	0	805	0	805
TOTAL	**15,594**	**20,606**	**5,696**	**41,896**
FINANCIAL LIABILITIES				
Trading/Fair value option	1,170	15,657	481	17,308
■ Due to credit institutions – Fair value option	0	22	0	22
■ Amounts due to customers – Fair value option	0	0	0	0
■ Debt securities – Fair value option	0	0	0	0
■ Subordinated debt – Fair value option	0	0	0	0
■ Debt – Trading	0	13,632	0	13,632
■ Derivatives and other financial liabilities – Trading	1,170	2,003	481	3,654
Hedging derivatives	0	1,753	0	1,753
TOTAL	**1,170**	**17,410**	**481**	**19,061**

There is no transfer between levels 1 and 2 whose amount exceeds 10% of the amount of the “Total” line for the concerned category of assets or liabilities.

Note 7d Details of securitization outstandings

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

Trading and fair value securities portfolios through equity were valued at market price from external data coming from organized markets, primary brokers, or when no other price is available, from comparable securities listed on the market.

Summary	12/31/2021	12/31/2020
RMBS	1,260	1,162
CMBS	0	6
CLO	3,137	3,448
Other ABS	3,259	2,214
RMBS hedged by CDS	0	0
CLO hedged by CDS	0	0
Other ABS hedged by CDS	0	0
ABCP program liquidity lines	0	0
TOTAL	**7,656**	**6,830**

Unless otherwise indicated, securities are not hedged by CDS.

EXPOSURES TO RMBS, CMBS, CLO AND OTHER ABS

12/31/2021	RMBS	CMBS	CLO	Other ABS	Total
Fair value through profit or loss	253	-	9	373	635
Amortized cost	33	-	338	1,176	1,547
Fair value – Others	1	-	-	-	1
Fair value through equity	973	-	2,790	1,710	5,473
TOTAL	**1,260**	**0**	**3,137**	**3,259**	**7,656**
France	565	-	359	942	1,866
Spain	111	-	-	358	469
United Kingdom	22	-	110	277	409
Europe excluding France, Spain and the UK	413	-	189	1,235	1,837
USA	29	-	2,479	339	2,847
Other	120	-	-	108	228
TOTAL	**1,260**	**0**	**3,137**	**3,259**	**7,656**
US Branches	-	-	-	-	0
AAA	1,126	-	2,911	1,391	5,428
AA	112	-	156	814	1,082
A	13	-	70	3	86
BBB	1	-	-	-	1
BB	5	-	-	-	5
B or below	3	-	-	7	10
Not rated	-	-	-	1,044	1,044
TOTAL	**1,260**	**0**	**3,137**	**3,259**	**7,656**
Origination 2005 and earlier	13	-	-	-	13
Origination 2006-2008	31	-	-	7	38
Origination 2009-2011	17	-	-	-	17
Origination 2012-2021	1,199	-	3,137	3,252	7,588
TOTAL	**1,260**	**0**	**3,137**	**3,259**	**7,656**

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12/31/2020	RMBS	CMBS	CLO	Other ABS	Total
Fair value through profit or loss	309	-	65	329	703
Amortized cost	44	-	355	598	997
Fair value – Others	1	-	-	-	1
Fair value through equity	808	6	3,028	1,287	5,129
TOTAL	**1,162**	**6**	**3,448**	**2,214**	**6,830**
France	531	-	545	590	1,666
Spain	97	-	-	253	350
United Kingdom	47	-	281	116	444
Europe excluding France, Spain and the UK	317	-	256	895	1,468
USA	25	6	2,366	232	2,629
Other	145	-	-	128	273
TOTAL	**1,162**	**6**	**3,448**	**2,214**	**6,830**
US Branches	-	-	-	-	0
AAA	992	6	3,242	1,247	5,487
AA	143	-	144	458	745
A	12	-	51	-	63
BBB	7	-	-	-	7
BB	5	-	-	-	5
B or below	3	-	-	7	10
Not rated	-	-	11	502	513
TOTAL	**1,162**	**6**	**3,448**	**2,214**	**6,830**
Origination 2005 and earlier	19	-	-	-	19
Origination 2006-2008	42	-	-	8	50
Origination 2009-2011	34	6	-	-	40
Origination 2012-2020	1,067	-	3,448	2,206	6,721
TOTAL	**1,162**	**6**	**3,448**	**2,214**	**6,830**

Note 8 Financial assets at amortized cost

	12/31/2021	12/31/2020
Securities at amortized cost	3,444	2,768
Loans and receivables due from credit institutions	35,143	31,959
Loans and receivables due from customers	220,550	208,703
TOTAL	**259,137**	**243,430**

Note 8a Securities at amortized cost

	12/31/2021	12/31/2020
Securities	3,494	2,916
Government securities	1,403	1,413
Bonds and other debt securities	2,091	1,503
■ Listed	587	572
■ Non-listed	1,504	931
Related receivables	12	13
TOTAL GROSS	**3,506**	**2,929**
of which impaired assets (S3)	*84*	*178*
Impairment of performing loans (S1/S2)	-2	0
Other impairment (S3)	-60	-161
TOTAL NET	**3,444**	**2,768**

Note 8b Loans and receivables due from credit institutions at amortized cost

	12/31/2021	12/31/2020
Performing loans (S1/S2)	34,998	31,900
Current accounts	18,727	15,512
Loans	11,037	9,971
Other receivables	4,087	4,745
Pensions	1,147	1,672
Individually-impaired receivables, gross (S3)	0	0
Related receivables	147	61
Impairment of performing loans (S1/S2)	-2	-2
Other impairment (S3)	0	0
TOTAL	**35,143**	**31,959**

Note 8c Loans and receivables due from customers at amortized cost

	12/31/2021	12/31/2020
Performing loans (S1/S2)	205,110	194,382
Commercial loans	6,879	5,908
Other customer receivables	198,010	188,261
■ home loans	100,120	90,843
■ other loans and receivables	96,824	96,445
■ pensions	1,066	973
Related receivables	221	213
Individually-impaired receivables, gross (S3)	4,939	4,959
Gross receivables	**210,049**	**199,341**
Impairment of performing loans (S1/S2)	-1,134	-1,127
Other impairment (S3)	-2,140	-2,294
Subtotal I	**206,775**	**195,920**
Finance leases (net investment)	13,618	12,643
Equipment	8,785	8,208
Real estate	4,833	4,435
Individually-impaired receivables, gross (S3)	361	349
Impairment of performing loans (S1/S2)	-84	-85
Other impairment (S3)	-120	-124
Subtotal II	**13,775**	**12,783**
TOTAL	**220,550**	**208,703**
of which equity loans	*0*	*1*
of which subordinated loans	*13*	*13*

STATE-GUARANTEED LOANS

At December 31, 2021, state guaranteed-loans issued by the group amounted to €11,212 million.

The valuation of the expected credit losses for these loans takes into account the effect of the state guarantee (implemented by the Banque Publique d'Investissement) for 70% to 90% of the outstanding capital and interest.

	Outstandings			Write-downs		
12/31/2021	**S1**	**S2**	**S3**	**S1**	**S2**	**S3**
Amount	7,301	3,265	646	-4	-45	-59

	Outstandings			Write-downs		
12/31/2020	**S1**	**S2**	**S3**	**S1**	**S2**	**S3**
Amount	10,268	2,680	192	-6	-5	-25

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FINANCE LEASE TRANSACTIONS WITH CUSTOMERS

	12/31/2020	Increase	Decrease	Other	12/31/2021
Gross carrying amount	12,992	1,739	-1,366	614	13,979
Impairment of non-recoverable lease payments	-209	-63	68	0	-204
Net carrying amount	12,783	1,676	-1,298	614	13,775

MATURITY ANALYSIS OF MINIMUM FUTURE LEASE PAYMENTS RECEIVABLE UNDER FINANCE LEASES

	< 1 year	> 1 year and < 5 years	> 5 years	Total
Minimum future lease payments receivable	3,445	7,209	3,242	13,896
Present value of future lease payments	3,339	7,075	3,235	13,649
Unearned financial income	106	134	7.	247

Note 9 Gross values and movements in impairment provisions

Note 9a Gross values subject to impairment

	12/31/2020	Acquisition/ production	Sales/ repayments	Transfer[1]	Other	12/31/2021
Financial assets at amortized cost – loans and receivables due from credit institutions, subject to	**31,961**	**20,210**	**-17,327**	**0**	**301**	**35,145**
■ 12-month expected losses (S1)	31,960	20,210	-17,327	0	301	35,144
■ expected losses at termination (S2)	1	0	0	0	0	1
■ expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	0	0	0	0	0	0
■ expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0	0
Financial assets at amortized cost – loans and receivables due from customers, subject to	**212,333**	**72,888**	**-63,015**	**-2**	**1,824**	**224,028**
■ 12-month expected losses (S1)	182,559	65,751	-58,133	4,902	1,245	196,324
■ expected losses at termination (S2)	24,466	6,377	-3,284	-5,557	402	22,404
■ expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	5,308	739	-1,836	655	176	5,042
■ expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	21	238	-2	1	258
Financial assets at amortized cost – securities	**2,929**	**7,206**	**-6,644**	**0**	**15**	**3,506**
■ 12-month expected losses (S1)	2,751	7,175	-6,512	-16	15	3,413
■ with expected losses at termination (S2)	0	0	-5	14	0	9
■ expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	178	31	-125	0	0	84
■ expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	-2	2	0	0
Financial assets at fair value through equity – debt securities	**12,494**	**10,397**	**-9,725**	**0**	**574**	**13,740**
■ 12-month expected losses (S1)	12,449	10,325	-9,675	-5	574	13,668
■ expected losses at termination (S2)	45	72	-50	5	0	72
■ expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	0	0	0	0	0	0
■ expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0	0
Financial assets at fair value through equity – Loans	**0**	**0**	**0**	**0**	**0**	**0**
■ 12-month expected losses (S1)	0	0	0	0	0	0
■ expected losses at termination (S2)	0	0	0	0	0	0
■ expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	0	0	0	0	0	0
■ expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0	0
TOTAL	**259,717**	**110,701**	**-96,711**	**-2**	**2,714**	**276,419**

(1) of which Bucket transfers.

GROSS CARRYING AMOUNT OF EXPOSURES BY CATEGORY AND BY PROBABILITY OF DEFAULT INTERVAL (RECEIVABLES FROM CUSTOMERS)

12/31/2021 By probability of default interval 12 months IFRS 9	Of which originated credit-impaired assets	With 12-month expected losses	With expected losses at termination	With expected losses on assets credit-impaired at the reporting date but not credit-impaired on initial recognition
< 0.1	0	47,171	2,037	0
0.1-0.25	0	51,493	156	0
0.26-0.99	0	-46,665	1,903	0
1-2.99	2	34,146	5,028	0
3-9.99	3	13,609	7,780	0
>= 10	278	3,240	5,500	5,042
TOTAL	**283**	**196,324**	**22,404**	**5,042**

12/31/2020 By probability of default interval 12 months IFRS 9	Of which originated credit-impaired assets	With 12-month expected losses	With expected losses at termination	With expected losses on assets credit-impaired at the reporting date but not credit-impaired on initial recognition
< 0.1	0	46,484	1,361	0
0.1-0.25	0	46,180	521	0
0.26-0.99	0	44,754	2,780	0
1-2.99	1	30,832	5,477	0
3-9.99	4	13,257	8,406	0
>= 10	12	1,052	5,921	5,308
TOTAL	**17**	**182,559**	**24,466**	**5,308**

CONCENTRATION OF CREDIT RISK BY BUSINESS LINE

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

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

	Gross outstandings[1]			Write-downs			Net amount
12/31/2021	**S1**	**S2**	**S3**	**S1**	**S2**	**S3**	
Segments							
Aeronautics	-	282	48	-	-7	-13	310
Specialized distribution	-	1,029	107	-	-47	-80	1,009
Hotels, restaurants	-	3,287	256	-	-393	-133	3,017
Automotive	-	1,253	53	-	-63	-32	1,211
Vehicle hire	-	982	23	-	-28	-18	959
Tourism, games, leisure	-	948	131	-	-75	-80	924
Industrial transportation	-	347	17	-	-7	-6	351
Air transport	-	330	3	-	-46	-1	286
TOTAL	**-**	**8,458**	**638**	**-**	**666**	**-363**	**8,067**

(1) EAD net of SGL guarantees.

	Gross outstandings[1]			Write-downs			Net amount
12/31/2020	**S1**	**S2**	**S3**	**S1**	**S2**	**S3**	
Segments							
Aeronautics	-	347	24	-	-25	-7	339
Specialized distribution	-	1,053	106	-	-44	-29	1,086
Hotels, restaurants	-	3,293	221	-	-375	-111	3,029
Automotive	-	1,230	53	-	-57	-29	1,197
Vehicle hire	-	1,671	72	-	-31	-16	1,696
Tourism, games, leisure	-	1,031	78	-	-76	-54	979
Industrial transportation	-	409	11	-	-4	-3	413
Air transport	-	364	14	-	-21	-0	357
TOTAL	**-**	**9,398**	**579**	**-**	**-633**	**-249**	**9,096**

(1) EAD net of SGL guarantees.

Note 9b Movements in impairment provisions

	12/31/2020	Addition	Reversal	Other	12/31/2021
Loans and receivables due from credit institutions	**-2**	**-1**	**1**	**0**	**-2**
■ of which originated credit-impaired assets (S3)	0	0	0	0	0
■ 12-month expected losses (S1)	-2	-1	1	0	-2
■ expected losses at termination (S2)	-0	0	0	0	0
■ expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	0	0	0	0	0
■ expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0
Customer loans	**-3,630**	**-845**	**1,006**	**-9**	**-3,478**
■ of which originated credit-impaired assets (S3)	0	0	0	0	0
■ 12-month expected losses (S1)	-270	-156	155	3	-268
■ expected losses at termination (S2)	-942	-248	242	-2	-950
■ expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	-2,418	-441	609	-10	-2,260
■ expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0
Financial assets at amortized cost – Securities	**-161**	**-26**	**132**	**-7**	**-62**
■ of which originated credit-impaired assets (S3)	0	0	0	0	0
■ 12-month expected losses (S1)	0	-1	0	-0	-1
■ expected losses at termination (S2)	0	-1	0	0	-1
■ expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	-161	-24	132	-7	-60
■ expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0
Financial assets at FVOCI – Debt securities	**-9**	**-9**	**4**	**0**	**-14**
■ of which originated credit-impaired assets (S3)	0	0	0	0	0
■ 12-month expected losses (S1)	-9	-5	4	0	-10
■ expected losses at termination (S2)	0	-4	0	0	-4
■ expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	0	0	0	0	0
■ expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0
Financial assets at FVOCI – Loans	**0**	**0**	**0**	**0**	**0**
■ of which originated credit-impaired assets (S3)	0	0	0	0	0
■ 12-month expected losses (S1)	0	0	0	0	0
■ expected losses at termination (S2)	0	0	0	0	0
■ expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	0	0	0	0	0
■ expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0
TOTAL	**-3,802**	**-881**	**1,144**	**-16**	**-3,556**

Note 10 Taxes

Note 10a Current tax

	12/31/2021	12/31/2020
Assets (through profit or loss)	612	557
Liabilities (through profit or loss)	264	222

Note 10b Deferred tax

	12/31/2021	12/31/2020
Assets (through profit or loss)	434	464
Assets (through shareholders' equity)	63	67
Liabilities (through profit or loss)	248	235
Liabilities (through shareholders' equity)	13	9

ANALYSIS OF DEFERRED TAXES (BY NET PROFIT/(LOSS)) BY MAJOR CATEGORIES

	12/31/2021		12/31/2020	
	Assets	Liabilities	Assets	Liabilities
Temporary differences in:				
Provisions	332	-	412	-
Finance leasing reserve	-	190	-	212
Earnings of flow-through entities	-	-	1	-
Revaluation of financial instruments	194	211	206	235
Accrued expenses and accrued income	82	-	83	-
Other temporary differences	97	118	104	130
Offsets	-271	-271	-342	-342
TOTAL DEFERRED TAX ASSETS AND LIABILITIES	**434**	**248**	**464**	**235**

Deferred taxes are calculated according to the variable carry-forward principles.

Note 11 Accruals and other assets

	12/31/2021	12/31/2020
Accruals		
Collection accounts	27	27
Currency adjustment accounts	237	48
Accrued income	442	431
Other accruals	2,278	2,179
Subtotal	**2,984**	**2,685**
Other assets		
Securities settlement accounts	56	56
Miscellaneous receivables	2,669	2,704
Inventories and similar	14	15
Other	7	7
Subtotal	**2,746**	**2,782**
TOTAL	**5,730**	**5,467**

Accruals and miscellaneous receivables consist mainly of suspense accounts relating to interbank payment systems.

Expense accounts payable and receivables concern employee benefit expenses and general operating expenses and do not concern lending or borrowing for which accrued interest not yet due constitutes debts or related receivables.

Note 12 Investments in equity consolidated companies

Note 12a Share of net profit/(loss) of equity consolidated companies

12/31/2021	Country	% interest	Value of equity consolidation[1]	Share of net profit/(loss)	Dividends received
Groupe ACM	France	16.06%	1,545	132	241
Crédit Mutuel Asset Management	France	23.54%	24	10	1
TOTAL	**-**	**-**	**1,569**	**142**	**242**

12/31/2020	Country	% interest	Value of equity consolidation[1]	Share of net profit/(loss)	Dividends received
Groupe ACM	France	16.06%	1,662	80	0
Crédit Mutuel Asset Management	France	23.54%	15	1	1
TOTAL	**-**	**-**	**1,677**	**81**	**1**

(1) Comprises goodwill of €52 million for Groupe ACM.

Note 12b Data of the main equity consolidated companies

12/31/2021	Balance sheet total	NBI/Rev.	GOI	Net profit/(loss)	OCI	Shareholders' equity
Groupe ACM	131,499	1,810	1,160	817	1,609	9,779
Crédit Mutuel Asset Management	171	135	63	44	0	102

12/31/2020	Balance sheet total	NBI/Rev.	GOI	Net profit/(loss)	OCI	Shareholders' equity
Groupe ACM	126,933	1,360	757	499	1,658	10,486
Crédit Mutuel Asset Management	101	72	9	6	0	63

Note 13 Investment property

	12/31/2020	Increase	Decrease	Other	12/31/2021
Historical cost	82	0	-14	-4	64
Depreciation amortization and impairment	-33	-1	0	-0	-34
NET AMOUNT	**49**	**-1**	**-14**	**-4**	**30**

The fair value of investment property carried at amortized cost is comparable to its carrying amount.

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Note 14 Property, plant and equipment and intangible assets

Note 14a Property, plant and equipment

	12/31/2020	Increase	Decrease	Other	12/31/2021
Historical cost					
Operating sites	334	2	-1	-1	334
Operating buildings	2,625	65	-108	1	2,583
Usage rights – Real estate	619	55	-28	10	656
Other property, plant and equipment	524	39	-44	3	522
TOTAL	**4,102**	**161**	**-181**	**13**	**4,095**
Depreciation amortization and impairment					
Operating sites	0	0	0	0	0
Operating buildings	-1,818	-75	92	-1	-1,802
Usage rights – Real estate	-142	-91	10	-2	-225
Other property, plant and equipment	-433	-19	17	-2	-437
TOTAL	**-2,393**	**-185**	**119**	**-5**	**-2,464**
NET AMOUNT	**1,709**	**-24**	**-62**	**8**	**1,631**

Note 14b Intangible assets

	12/31/2020	Increase	Decrease	Other	12/31/2021
Historical cost					
Internally developed intangible assets	0	0	0	0	0
Purchased intangible assets	343	16	-7	4	356
■ software	140	14	-0	2	156
■ other	203	2	-7	2	200
TOTAL	**343**	**16**	**-7**	**4**	**356**
Depreciation amortization and impairment					
Internally developed intangible assets	0	0	0	0	0
Purchased intangible assets	-150	-16	-4	-2	-172
■ software	-100	-13	0	-3	-116
■ other	-50	-3	-4	1	-56
TOTAL	**-150**	**-16**	**-4**	**-2**	**-172**
NET AMOUNT	**193**	**-0**	**-11**	**2**	**184**

Note 15 Goodwill

	12/31/2020	Increase	Decrease	Other	12/31/2021
Gross goodwill	33	0	0	0	33
Write-downs	0	0	0	0	0
NET GOODWILL	**33**	**0**	**0**	**0**	**33**

Subsidiaries	12/31/2020	Increase	Decrease	Other	12/31/2021
Banque Transatlantique	6	-	-	-	6
Dubly Transatlantique Gestion	6	-	-	-	6
Crédit Mutuel Equity SCR	21	-	-	-	21
TOTAL	**33**	**0**	**0**	**0**	**33**

The cash generating units to which the goodwill is assigned are tested annually to ensure that they are recoverable. Impairment is ascertained by depreciation of goodwill when the recoverable amount is less than the carrying amount. The recoverable amount (value in use) is determined using the discounted future expected cash flow method. To determine the value in use, the cash flows are based on business plans determined by the management over a maximum period of five years, then on projection of a flow to infinity according to a long-term growth rate.

The cash flow discount rates correspond to the cost of capital, which is determined from a long-term riskless rate, to which a risk premium is added. The risk premium is determined by observation of the sensitivity of the price in relation to the market in the case of a listed asset, or by analyst's estimate in non-listed assets. At December 31, 2021, the discount rate used was 8%.

NOTES TO THE BALANCE SHEET – LIABILITIES

Note 16 Financial liabilities at fair value through profit or loss

	12/31/2021	12/31/2020
Financial liabilities held for trading	11,849	17,286
Financial liabilities at fair value through profit or loss	159	22
TOTAL	**12,008**	**17,308**

Note 16a Financial liabilities held for trading

	12/31/2021	12/31/2020
Short sales of securities	1,808	1,076
■ Government securities	0	0
■ Bonds and other debt securities	921	241
■ Shares and other equity instruments	887	835
Debts in respect of securities sold under repurchase agreements	6,487	13,632
Trading derivatives	3,490	2,545
Other financial liabilities held for trading	64	33
TOTAL	**11,849**	**17,286**

Note 16b Financial liabilities at fair value through profit or loss on option

	12/31/2021			12/31/2020		
	Carrying amount	Amount due	Difference	Carrying amount	Amount due	Difference
Securities issued	0	0	0	0	0	0
Subordinated debt	0	0	0	0	0	0
Interbank debt	159	159	0	22	22	0
Due to customers	0	0	0	0	0	0
TOTAL	**159**	**159**	**0**	**22**	**22**	**0**

Note 17 Netting of financial assets and liabilities

12/31/2021	Gross amounts of financial assets	Gross amounts offset in balance sheet	Net amounts shown on balance sheet	Related amounts not offset in balance sheet: Impacts of offsets framework agreements	Financial instruments received as guarantee	Cash received (cash collateral)	Net amount
Financial assets							
Derivatives	5,348	-1,162	4,186	-1,644	0	-1,240	1,302
Pensions	14,397	-5,518	8,879	0	-8,698	-139	42
TOTAL	**19,745**	**-6,680**	**13,065**	**-1,644**	**-8,698**	**-1,379**	**1,344**

	Gross amount of financial liabilities	Gross amounts offset in balance sheet	Net amounts shown on balance sheet	Related amounts not offset in balance sheet: Impacts of offsets framework agreements	Financial instruments pledged as collateral	Cash collateral paid (cash collateral)	Net amount
Financial liabilities							
Derivatives	5,894	-1,162	4,732	-1,641	0	-1,594	1,497
Pensions	15,152	-5,518	9,634	0	-9,521	-113	0
TOTAL	**21,046**	**-6,680**	**14,366**	**-1,641**	**-9,521**	**-1,707**	**1,497**

12/31/2020	Gross amounts of financial assets	Gross amounts offset in balance sheet	Net amounts shown on balance sheet	Related amounts not offset in balance sheet: Impacts of offsets framework agreements	Financial instruments received as guarantee	Cash received (cash collateral)	Net amount
Financial assets							
Derivatives	5,174	-1,737	3,437	-881	0	-1,177	1,379
Pensions	13,282	0	13,282	0	-13,101	-139	42
TOTAL	**18,456**	**-1,737**	**16,719**	**-881**	**-13,101**	**-1,316**	**1,421**

12/31/2020	Gross amount of financial liabilities	Gross amounts offset in balance sheet	Net amounts shown on balance sheet	Related amounts not offset in balance sheet: Impacts of offsets framework agreements	Financial instruments pledged as collateral	Cash collateral paid (cash collateral)	Net amount
Financial liabilities							
Derivatives	6,035	-1,737	4,298	-873	0	-2,379	1,046
Pensions	16,227	0	16,227	0	-16,091	-136	0
TOTAL	**22,262**	**-1,737**	**20,525**	**-873**	**-16,091**	**-2,515**	**1,046**

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 accounting offsets under IAS 32.

The "impact of offsets framework agreements" column corresponds to the outstanding transaction amounts pursuant to enforceable contracts that are not subject to accounting offsets. These include transactions for which the right to offset 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 shows the market value of securities exchanged as collateral.

The "Cash received/paid (cash collateral)" column shows the guarantee deposits received or given in respect of the positive or negative market values of financial instruments. They are recognized under "Other assets or liabilities" in the balance sheet.

Note 18 Financial liabilities at amortized cost

Note 18a Due to central banks and credit institutions

	12/31/2021	12/31/2020
Central banks	**4**	**0**
Due to credit institutions	**78,187**	**67,389**
Current accounts	2,503	1,863
Borrowings	70,433	61,392
Other debt	2,101	1,608
Pensions	3,131	2,505
Related debt	19	21

Note 18b Amounts due to customers at amortized cost

	12/31/2021	12/31/2020
Special savings accounts	56,915	52,545
■ on demand	42,497	38,692
■ term	14,418	13,853
Related liabilities on savings accounts	1	1
Subtotal	**56,916**	**52,546**
Demand accounts	131,209	123,805
Term deposits and borrowings	29,594	37,267
Pensions	14	89
Other debt	36	8
Related debt	60	69
Subtotal	**160,913**	**161,238**
TOTAL	**217,829**	**213,784**

Note 18c Debt securities at amortized cost

	12/31/2021	12/31/2020
Certificates of deposit	34	49
Interbank certificates and negotiable debt instruments	17,980	21,589
Bonds	6,499	6,292
Non-preferred senior securities	0	0
Related debt	36	70
TOTAL	**24,549**	**28,000**

Note 18d Items micro-hedged under Fair Value Hedging

12/31/2021	Carrying amount	Of which revaluation relating to hedging	Of which revaluation for the fiscal year
Debt securities	398	0	0
Due to credit institutions	24,018	0	0
Due to customers	28,003	7	0
TOTAL	**52,419**	**7**	**0**

12/31/2020	Carrying amount	Of which revaluation relating to hedging	Of which revaluation for the fiscal year
Debt securities	332	0	0
Due to credit institutions	18,930	3	0
Due to customers	27,731	10	0
TOTAL	**46,993**	**13**	**0**

Note 19 Accruals and other liabilities

	12/31/2021	12/31/2020
Accruals		
Accounts unavailable due to recovery procedures	108	75
Currency adjustment accounts	12	301
Accrued expenses	856	771
Deferred income	366	377
Other accruals	4,080	4,102
Subtotal	**5,422**	**5,626**
Other liabilities		
Lease obligations – Real estate	438	482
Securities settlement accounts	114	64
Outstanding amounts payable on securities	172	271
Miscellaneous creditors	448	421
Subtotal	**1,172**	**1,238**
TOTAL	**6,594**	**6,864**

Note 19a Lease obligations by residual term

12/31/2021	D ≤ 1 year	1 year < D < 3 years	3 years < D ≤ 6 years	6 years < D ≤ 9 years	D > 9 years	TOTAL
Lease obligations						
■ Real estate	87	134	109	65	43	438

12/31/2020	D ≤ 1 year	1 year < D < 3 years	3 years < D ≤ 6 years	6 years < D ≤ 9 years	D > 9 years	TOTAL
Lease obligations						
■ Real estate	18	146	82	90	147	482

Note 20 Provisions and contingent liabilities

Note 20a Provisions

	12/31/2020	Additions for the fiscal year	Reversals for the fiscal year (utilized provisions)	Reversals for the fiscal year (surplus provisions)	Other changes	12/31/2021
Provisions for risks	**414**	**177**	**-14**	**-212**	**13.**	**378**
On guarantee commitments	335	83	-0	-154	-1	263
of which 12-month expected losses (S1)	*37*	*20*	*0*	*-22*	*0*	*35*
of which expected losses at termination (S2)	*186*	*8*	*0*	*-78*	*-0*	*116*
On financing commitments	50	81	-1	-39	1	92
of which 12-month expected losses (S1)	*39*	*32*	*0*	*-29*	*1*	*43*
of which expected losses at termination (S2)	*11*	*48*	*0*	*-10*	*-0*	*49*
Provisions for taxes	11	1	0	-11	2	3
Provisions for claims and litigation	9	4	-1	-5	-0	7
Provision for risk on miscellaneous receivables	9	8	-12	-3	11	13
Other provisions	**555**	**99**	**-11**	**-23**	**-33**	**587**
Provisions for mortgage saving agreements	87	1	0	-3	0	85
Provisions for miscellaneous contingencies	158	42	-11	-6	-22	161
Other provisions[1]	310	56	0	-14	-11	341
Provisions for retirement commitments	**217**	**8**	**-6**	**-5**	**-10**	**204**
TOTAL	**1,186**	**284**	**-31**	**-240**	**-30**	**1,169**

(1) Other provisions relate to provisions for French economic interest groups (GIE) totaling €341 million.

Note 20b Retirement and other employee benefits

	12/31/2020	Additions for the fiscal year	Reversals for the fiscal year	Other changes	12/31/2021
Defined-benefit plans not covered by pension funds					
Retirement benefits	106	2	-2	-0	106
Supplementary pensions	29	5	-8	0	26
Obligations for long-service awards (other long-term benefits)	62	1	-1	0	62
Total amount recognized	**197**	**8**	**-11**	**0**	**194**
Supplementary defined-benefit pensions covered by pension funds					
Commitments to employees and retirees[1]	20	0	0	-10	10
Total amount recognized	**20**	**0**	**0**	**-10**	**10**
TOTAL	**217**	**8**	**-11**	**-10**	**204**

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

Defined-benefit plans: Main actuarial assumptions	12/31/2021	12/31/2020
Discount rate[1]	1.00%	0.45%
Expected increase in salaries	Minimum 0.5%	Minimum 0.5%

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

RETIREMENT BENEFITS

Change in actuarial debt	12/31/2020	Effect of discounting	Financial income	Cost of services rendered	Transfers	Change in actuarial gains and losses[1]	Payment to beneficiaries	Insurance contributions	12/31/2021
Commitments	233	2	-	13	-3	0	-13	-	232
Non-group insurance policies and externally-managed assets	140	-	-1	-	-2	0	-8	10	139
Sub-total of banks insured with ACMs	**93**	**2**	**1**	**13**	**-1**	**0**	**-5**	**-10**	**93**
Foreign entities	13	-	-	-	-	-	-	-	13
TOTAL	**106**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**106**

(1) of which €2 million for financial assumptions and -€2 million for demographic assumptions.

Additional information for French entities insured with ACMs

- The duration of the commitments is 18 years.
- A cost for services rendered of €13 million and a financial cost of €2 million is expected for the coming fiscal year.

SENSITIVITY ANALYSIS OF COMMITMENTS TO THE DISCOUNT RATE

Discount rate	0.75%	1.00%	1.25%
Commitments	242	232	227

RETIREMENT BENEFIT SCHEDULE

	Between 1 and 5 years	Between 6 and 10 years	Between 11 and 15 years	Between 16 and 20 years	Between 21 and 25 years	Between 26 and 30 years	Over 30 years	Total	Discounted total
Expected cash flows from IFCs	68	55	55	81	102	90	127	578	232

	12/31/2021			
Breakdown of fair value of plan assets	**Debt securities**	**Equity instruments**	**Real estate**	**Other**
Assets quoted on an active market	50%	40%	1%	2%
Assets not quoted on an active market	3%	1%	3%	0%
TOTAL	**53%**	**41%**	**4%**	**2%**

	12/31/2020			
Breakdown of fair value of plan assets	**Debt securities**	**Equity instruments**	**Real estate**	**Other**
Assets quoted on an active market	53%	38%	1%	3%
Assets not quoted on an active market	2%	1%	2%	0%
TOTAL	**55%**	**39%**	**3%**	**3%**

Assets are valued at fair value.

Defined contribution retirement commitments

Provisions for supplementary pensions

In the past, the group's French banks have set up supplementary defined benefit plans which are now closed.

The commitments of these plans for these banks amounted to €16 million at December 31, 2021, compared to €19 million at December 31, 2020.

The amount paid for services amounted to -€2 million.

Capitalization contract taken out with ACMs

A supplementary defined-contribution pension contract has been put in place with the ACMs for the French entities that are members of the social base. Under this contract, these entities paid €31 million during the fiscal year.

Note 20c Provisions for risks arising from commitments on mortgage saving agreements

	12/31/2021	12/31/2020
Mortgage saving plans (PEL)	-	-
Maturity between 0-4 years	601	872
Maturity between 4-10 years	7,012	6,368
Maturity > 10 years	4,093	4,262
TOTAL	**11,706**	**11,502**
Amounts outstanding under mortgage saving accounts (CEL)	711	694
TOTAL MORTGAGE SAVING AGREEMENTS (ACCOUNTS AND PLANS)	**12,417**	**12,196**

Loans under mortgage saving agreements	12/31/2021	12/31/2020
Loans under mortgage saving agreements for which provisions for risks have been recognized in assets	9	13.

Provisions on mortgage saving agreements	Opening	Net allocations/ reversals	Other changes	Closing
On mortgage saving accounts	0	-	-	0
On mortgage saving plans	87	-2	-	85
On loans under mortgage saving agreements	0	-	-	0
TOTAL	**87**	**-2**	**0**	**85**
Provisions for mortgage saving plans, by maturity				
Maturity between 0-4 years	9	-	-	5
Maturity between 4-10 years	52	-	-	53
Maturity > 10 years	26	-	-	27
TOTAL	**87**	**-**	**-**	**85**

Mortgage savings accounts ("CEL") and mortgage savings plans ("PEL") are government-regulated retail products available in France. In the initial savings phase, account holders receive interest on amounts paid into these accounts, which subsequently entitle them to a mortgage loan (second phase). They generate for the distributor institution two types of commitments:

- future compensation from savings at a fixed rate (only on PELs, the remuneration rate for CELs being akin to a variable rate, periodically revised based on an indexation formula);
- a loan agreement with customers who request it, under predefined conditions (PEL and CEL).

The cost represented by these obligations has been estimated on the basis of behavioral statistics and market data.

A provision is made as a liability on the balance sheet to cover future expenses relating to the potentially unfavorable conditions of these products, compared to the interest rates offered to individual customers for similar products, but which are not regulated in terms of compensation. This approach is carried out by homogeneous generation in terms of regulated conditions of PELs. The impact on profit or loss is included in interest paid to customers.

The change in the provision is mainly due to the increase in market rates and the change in outstandings.

Note 21 Subordinated debt at amortized cost

	12/31/2021	12/31/2020
Participating loans	153	153
Perpetual subordinated debt	26	26
Other debt	2,112	2,051
Related debt	2	2
TOTAL	**2,293**	**2,232**

SUBORDINATED DEBT REPRESENTING MORE THAN 10% OF TOTAL SUBORDINATED DEBTS

	Vesting Issue date	Issue Amount	Currency	Rate	Term
Participating loan	5/28/1985	€137 million	EUR	[1]	[2]
redeemable subordinated notes/TSR	3/24/2016	€414 million	EUR	EURIBOR 3 months +2.05%	3/24/2026
redeemable subordinated notes/TSR	11/4/2016	€700 million	EUR	EURIBOR 3 months +1.70%	11/4/2026

(1) Minimum 85% (TAM+TMO)/2 Maximum 130% (TAM+TMO)/2.

(2) Non-depreciable, but reimbursable at borrower's discretion as of May 28, 1997 at 130% of the nominal value revalued by 1.5% per year for future years.

* *For the purpose of calculating this rate, as of January 3, 2022, any reference to the monthly average money market rate will be deemed to be a reference to the €STR (Regulation (EU) 2021/1848 of October 21, 2021).*

Note 22 Unrealized or deferred gains and losses

Note 22a Unrealized or deferred gains and losses

	12/31/2021	12/31/2020
Unrealized or deferred gains or losses[1] relating to:		
■ translation adjustments	89	-44
■ financial assets at fair value through recyclable equity – debt instruments	-109	-101
■ financial assets at fair value through non-recyclable equity – equity instruments	-68	-86
■ hedging derivatives (CFH)	0	0
■ share of unrealized or deferred gains and losses of associates	255	263
■ actuarial gains and losses on defined benefit plans	-60	-69
TOTAL	**107**	**-37**

(1) Balances net of corporate tax.

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

	12/31/2021 Operations	12/31/2020 Operations
Translation adjustments	-	-
Reclassification in income	0	0
Other movement	133	-108
Subtotal	**133**	**-108**
Revaluation of financial assets at FVOC	-	-
Reclassification in income	0	0
Other movement	10	-6
Subtotal	**10**	**-6**
Remeasurement of hedging derivatives	-	-
Reclassification in income	0	0
Other movement	0	0
Subtotal	**0**	**0**
Actuarial gains and losses on defined benefit plans	10	-4
Share of unrealized or deferred gains and losses of associates	-8	29
TOTAL	**145**	**-89**

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

	12/31/2021			12/31/2020		
	Gross amount	Tax	Net amount	Gross amount	Tax	Net amount
Translation adjustments	133	0	133	-108	0	-108
Revaluation of financial assets at FVOCI	14	-4	10	-14	8	-6
Remeasurement of hedging derivatives	0	0	0	0	-0	0
Actuarial gains and losses on defined benefit plans	12	-2	10	-5	1	-4
Share of unrealized or deferred gains and losses of associates	-24	16	-8	30	-1	29
CHANGES IN GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY	**135**	**10**	**145**	**-97**	**8**	**-89**

Note 23 Commitments given and received

Commitments given	12/31/2021	12/31/2020
Funding commitments	**48,654**	**45,088**
Liabilities due to credit institutions	392	335
Commitments to customers	48,262	44,753
Guarantee commitments	**18,520**	**20,065**
Credit institution commitments	2,952	2,992
Customer commitments	15,568	17,073
Securities commitments	**2,185**	**3,413**
Securities acquired with option to repurchase	0	0
Other commitments given	2,185	3,413

Commitments received	12/31/2021	12/31/2020
Funding commitments	**220**	**193**
Commitments received from credit institutions	220	193
Commitments received from customers	0	0
Guarantee commitments	**90,026**	**86,536**
Commitments received from credit institutions	56,300	53,497
Commitments received from customers	33,726	33,039
Securities commitments	**1,805**	**1,468**
Securities sold with option to repurchase	0	0
Other commitments received	1,805	1,468

Securities sold under repurchase agreements	12/31/2021	12/31/2020
Assets sold under repurchase agreements	9,428	16,309
Related liabilities	9,624	16,208

Other assets given as collateral for liabilities	12/31/2021	12/31/2020
Loaned securities	0	0
Security deposits on market transactions	3,254	4,331
TOTAL	**3,254**	**4,331**

For the purposes of its refinancing activities, the group enters into repurchase agreements in respect of debt securities and/or equity securities. This results in the transfer of the ownership of securities that the transferee may in turn lend. Coupons and dividends are the property of the borrower. These transactions are subject to margin calls and the group is exposed to the non-recovery of the securities.

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

NOTES TO THE INCOME STATEMENT

Note 24 Interest income and expense

	12/31/2021		12/31/2020	
	Income	Expenses	Income	Expenses
Credit institutions and central banks[1]	-101	-65	55	-302
Customers	3,630	-559	3,632	-638
■ of which finance leasing	306	-47	287	-47
■ of which lease obligations	-	-5	-	-5
Hedging derivatives	390	-681	544	-744
Financial assets at fair value through profit or loss	365	-51	412	-60
Financial assets at fair value through equity	87	0	148	0
Securities at amortized cost	25	0	29	0
Debt securities	0	-161	0	-282
Subordinated debt	0	-0	0	-0
TOTAL	**4,396**	**-1,517**	**4,820**	**-2,028**
of which interest income and expense calculated at the effective interest rate	*3,640*	*-785*	*3,864*	*-1,222*

(1) Including -€412 million in income from negative interest rates and €234 million in expenses for the fiscal year 2021, compared to -€311 million in negative interest rates in income and €135 million in expenses for the fiscal year 2020.

Note 25 Commission income and expense

	12/31/2021		12/31/2020	
	Income	Expenses	Income	Expenses
Credit institutions	2	-5	4	-4
Customers	948	-17	885	-14
Securities	674	-70	599	-36
Derivative instruments	7	-8	9	-9
Currency transactions	21	-1	18	-1
Funding and guarantee commitments	36	-39	11	-2
Services provided	1,275	-493	1,155	-472
TOTAL	**2,963**	**-633**	**2,681**	**-538**

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

	12/31/2021	12/31/2020
Trading instruments	167	-29
Instruments accounted for under the fair value option	-35	-5
Ineffective portion of hedges	-7	9
On cash flow hedges (CFH)	0	0
On fair value hedges (FVH)	-7	9
■ Change in the fair value of hedged items	-587	227
■ Change in fair value of hedging instruments	580	-218
Foreign exchange gains/(losses)	44	-6
Other financial instruments at fair value through profit or loss[1]	594	192
TOTAL CHANGES IN FAIR VALUE	**763**	**161**

(1) of which €496 million came from private equity business as at December 31, 2021, compared to €158 million as at December 31, 2020.

Note 27 Net gains or losses on financial assets at fair value through equity

	12/31/2021	12/31/2020
Dividends	2	8
Realized gains and losses on debt instruments	8	16
TOTAL	**10**	**24**

Note 28 Net gains or losses on financial assets and liabilities at amortized cost

	12/31/2021	12/31/2020
Financial assets at amortized cost	-	-
Gains/(losses) on:	1	0
■ Government securities	0	0
■ Bonds and other fixed-income securities	1	0
■ Loans	0	0
Financial liabilities at amortized cost – Gains/(losses) on:	0	0
■ Unsubordinated notes issued	0	0
■ Subordinated notes issued	0	0
TOTAL	**1**	**0**

Note 29 Income/expenses generated by other activities

	12/31/2021	12/31/2020
Income from other activities		
Investment property:	0	0
■ reversal of provisions/depreciation	0	0
■ capital gains on disposals	0	0
Rebilled expenses	82	92
Other income	95	81
Subtotal	**177**	**173**
Expenses on other activities		
Investment property:	-2	-2
■ additions to provisions/depreciation	-2	-2
■ capital losses on disposals	0	0
Other expenses	-158	-152
Subtotal	**-160**	**-154**
NET TOTAL OF OTHER INCOME AND EXPENSES	**17**	**19**

Note 30 General operating expenses

	12/31/2021	12/31/2020
Employee benefit expense	-1,877	-1,809
Other general operating expenses	-1,268	-1,209
Movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets	-201	-208
TOTAL	**-3,346**	**-3,226**

Note 30a Employee benefit expense

	12/31/2021	12/31/2020
Wages and salaries	-1,130	-1,106
Social security contributions	-463	-447
Short-term employee benefits	0	-0
Employee profit-sharing and incentive schemes	-143	-114
Payroll-based taxes	-141	-140
Other	0	-2
TOTAL	**-1,877**	**-1,809**

Note 30b Average workforce

	12/31/2021	12/31/2020
Bank technical staff	10,201	10,462
Managers	9,200	9,347
TOTAL	**19,401**	**19,809**
France	*17,605*	*18,055*
Rest of the world	*1,796*	*1,754*

Note 30c Other general operating expenses

	12/31/2021	12/31/2020
Taxes and duties[1]	-238	-237
Leases	-	-
■ short-term asset leases	-23	-19
■ low value/substitutable asset leases[2]	-53	-53
■ other leases	-6	-7
Other external services	-982	-927
Other miscellaneous expenses	34	34
TOTAL	**-1,268**	**-1,209**

(1) The entry "Taxes and duties" includes an expense of -€136 million as part of the contribution to the Single Resolution Fund on December 31, 2021, compared to -€122 million on December 31, 2020.

(2) Includes IT equipment.

Note 30d Fees paid to the statutory auditors

	12/31/2021					
Amount excluding taxes	**PricewaterhouseCoopers**		**Ernst & Young et Autres**		**KPMG**	
Audit of the accounts						
▪ Issuer	0.46	26%	0.46	29%	0.46	12%
▪ Fully consolidated subsidiaries	1.25	72%	0.56	36%	2.30	58%
Non-audit services						
▪ Issuer	-	-	-	-	-	-
▪ Fully consolidated subsidiaries	0.04	2%	0.54	35%	1.22	30%
TOTAL	**1.75**	**100%**	**1.56**	**100%**	**3.98**	**100%**
of which fees paid to the statutory auditors in France for the statutory audit of the financial statements	*1.35*	-	*0.93*	-	*1.32*	-
of which fees paid to the statutory auditors in France for services other than the statutory audit of the financial statements	-	-	-	-	-	-

	12/31/2020					
Amount excluding taxes	**PricewaterhouseCoopers**		**Ernst & Young et Autres**		**KPMG**	
Audit of the accounts						
▪ Issuer	0.46	23%	0.46	46%	0.46	12%
▪ Fully consolidated subsidiaries	1.25	63%	0.56	54%	2.39	65%
Non-audit services	**-**	**-**	**-**	**-**	**-**	**-**
▪ Issuer	-	-	-	-	-	-
▪ Fully consolidated subsidiaries	0.27	14%	-	-	0.86	23%
TOTAL	**1.98**	**100%**	**1.02**	**100%**	**3.71**	**100%**
of which fees paid to the statutory auditors in France for the statutory audit of the financial statements	*1.44*	-	*0.94*	-	*1.22*	-
of which fees paid to the statutory auditors in France for services other than the statutory audit of the financial statements	-	-	-	-	-	-

The above amounts correspond to the amounts recognized as expenses during the fiscal year.

Note 30e Movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets

	12/31/2021	12/31/2020
Depreciation and amortization:	-201	-205
▪ Property, plant and equipment	-186	-191
including usage rights	*-92*	*-92*
▪ Intangible assets	-15	-14
Write-downs:	0	-3
▪ Property, plant and equipment	0	0
▪ Intangible assets	0	-3
TOTAL	**-201**	**-208**

Note 31 Cost of counterparty risk

	12/31/2021	12/31/2020
▪ 12-month expected losses (S1)	2	-44
▪ Expected losses at termination (S2)	26	-756
▪ Impaired assets (S3)	-98	-274
TOTAL	**-70**	**-1,074**

12/31/2021	Allowances	Reversals	Loan losses covered by pensions	Loan losses not covered by provisions	Recovery of loans written off in prior years	TOTAL
12-month expected losses (S1)	**-209**	**211**	**-**	**-**	**-**	**2**
■ Loans and receivables due from credit institutions at amortized cost	-1	1	-	-	-	0
■ Receivables from customers at amortized cost	-150	154	-	-	-	4
of which finance leases	*-16*	*16*	-	-	-	*0*
■ Financial assets at amortized cost – Securities	-0	0	-	-	-	-0
■ Financial assets at fair value through equity – debt securities	-5	4	-	-	-	-1
■ Financial assets at fair value through equity – Loans	0	0	-	-	-	0
■ Commitments given	-53	52	-	-	-	-1
Expected losses at termination (S2)	**-307**	**333**	**-**	**-**	**-**	**26**
■ Loans and receivables due from credit institutions at amortized cost	0	0	-	-	-	0
■ Receivables from customers at amortized cost	-245	243	-	-	-	-2
of which finance leases	*-28*	*29*	-	-	-	*1*
■ Financial assets at amortized cost – securities	-1	0	-	-	-	-1
■ Financial assets at fair value through equity – debt securities	-4	1	-	-	-	-3
■ Financial assets at fair value through equity – Loans	-0	0	-	-	-	-0
■ Commitments given	-57	89	-	-	-	32
Impaired assets (S3)	**-495**	**742**	**-334**	**-22**	**11**	**-98**
■ Loans and receivables due from credit institutions at amortized cost	-0	0	0	-0	0	-0
■ Receivables from customers at amortized cost	-411	552	-202	-22	11	-72
of which finance leases	*-4*	*3*	*-2*	*-2*	*1*	*-4*
■ Financial assets at amortized cost – securities	-21	132	0	0	0	111
■ Financial assets at fair value through equity – debt securities	0	0	-132	0	0	-132
■ Financial assets at fair value through equity – Loans	0	0	0	0	0	0
■ Commitments given	-63	58	0	0	0	-5
TOTAL	**-1,012**	**1,287**	**-334**	**-22**	**11**	**-70**

12/31/2020	Allowances	Reversals	Loan losses covered by pensions	Loan losses not covered by provisions	Recovery of loans written off in prior years	TOTAL
12-month expected losses (S1)	**-249**	**205**	**-**	**-**	**-**	**-44**
■ Loans and receivables due from credit institutions at amortized cost	-1	1	-	-	-	-0
■ Receivables from customers at amortized cost	-186	160	-	-	-	-26
of which finance leases	*-20*	*21*	-	-	-	*1*
■ Financial assets at amortized cost – securities	-0	0	-	-	-	0
■ Financial assets at fair value through equity – debt securities	-3	3	-	-	-	-0
■ Financial assets at fair value through equity – Loans	0	0	-	-	-	0
■ Commitments given	-59	41	-	-	-	-18
Expected losses at termination (S2)	**-992**	**236**	**-**	**-**	**-**	**-756**
■ Loans and receivables due from credit institutions at amortized cost	-0	0	-	-	-	-0
■ Receivables from customers at amortized cost	-805	211	-	-	-	-594
of which finance leases	*-45*	*20*	-	-	-	*-25*
■ Financial assets at amortized cost – securities	0	0	-	-	-	0
■ Financial assets at fair value through equity – debt securities	-1	0	-	-	-	-1
■ Financial assets at fair value through equity – Loans	-0	0	-	-	-	-0
■ Commitments given	-186	25	-	-	-	-161
Impaired assets (S3)	**-586**	**560**	**-230**	**-26**	**8**	**-274**
■ Loans and receivables due from credit institutions at amortized cost	-0	0	0	-0	0	-0
■ Receivables from customers at amortized cost	-476	471	-170	-26	8	-193
of which finance leases	*-4*	*3*	*-2*	*-1*	*0*	*-4*
■ Financial assets at amortized cost – securities	-65	45	0	0	0	-20
■ Financial assets at fair value through equity – debt securities	0	0	-60	0	0	-60
■ Financial assets at fair value through equity – Loans	0	0	0	0	0	0
■ Commitments given	-45	44	0	0	0	-1
TOTAL	**-1,827**	**1,001**	**-230**	**-26**	**8**	**-1,074**

Note 32 Gains/(losses) on disposals of other assets

	12/31/2021	12/31/2020
Property, plant and equipment and intangible assets	-6	-6
Capital losses on disposals	-16	-15
Capital gains on disposals	10	9
Gains/(losses) on disposals of shares in consolidated entities	0	0
TOTAL	**-6**	**-6**

Note 33 Income tax

	12/31/2021	12/31/2020
Current taxes	-579	-442
Deferred tax expense/income	-46	189
Adjustments in respect of prior fiscal years	21	1
TOTAL	**-604**	**-252**

Of which -€552 million for securities in companies located in France and -€52 million for companies located outside France.

RECONCILIATION BETWEEN THE INCOME TAX EXPENSE RECOGNIZED AND THE THEORETICAL INCOME TAX EXPENSE

	12/31/2021	12/31/2020
Theoretical tax rate	28.4%	32.0%
Impact of specific SCR schemes	-4.4%	-4.7%
Impact of the tax consolidation effect	-1.5%	-3.1%
Impact of changes in tax rates	1.3%	6.5%
Impact of different tax rates paid by foreign subsidiaries	-0.9%	-3.1%
Impact of tax provisions	0.8%	-0.1%
Impact of reduced rate on long-term capital gains	-0.7%	-1.0%
Impact of permanent differences	0.6%	4.1%
Impact of tax credits	-0.2%	-0.6%
Impact of corrections relating to prior fiscal years	0.0%	0.2%
Other items	0.0%	0.1%
EFFECTIVE TAX RATE	**23.4%**	**30.3%**
Taxable result	2,578	833
INCOME TAX EXPENSE	**-604**	**-252**

Note 34 Profit (loss) per share

	12/31/2021	12/31/2020
Net profit attributable to the group	2,105	662
Number of shares at beginning of year	38,009,418	37,795,782
Number of shares at end of year	38,009,418	38,009,418
Weighted average number of shares	38,009,418	37,902,600
BASIC EARNINGS PER SHARE *(in €)*	**55.37**	**17.47**
Weighted average number of shares that may be issued	0	0
DILUTED EARNINGS PER SHARE *(in €)*	**55.37**	**17.47**

CIC's share capital amounts to €611,858,064 made up of 38,241,129 shares with a par value of €16 each, including 231,711 treasury shares.

Note 35 Fair value hierarchy of financial instruments carried at amortized cost or at cost on the balance sheet

The estimated fair values presented are calculated based on observable parameters at December 31, 2021. They are derived from a discounted cash flow calculation based on a risk-free interest rate curve to which a liquidity spread curve is added, and for the calculation of customer assets, a credit spread calculated globally for Crédit Mutuel Alliance Fédérale and reviewed each year.

The financial instruments presented in this section include loans and borrowings. They do not include non-monetary items (shares), supplier accounts, other asset and liability accounts, or accruals. Non-financial instruments are not discussed in this section.

The fair value of financial instruments repayable on demand and regulated customer savings deposits equals the amount that may be requested by the customer, *i.e.* the carrying amount.

A number of group entities may also apply assumptions: the market value is the carrying amount for policies whose terms refer to a floating rate, or whose remaining term is less than or equal to one year.

Readers' attention is drawn to the fact that, except for held-to-maturity financial assets, financial instruments carried at amortized cost are not transferable or are not, in practice, sold prior to maturity. Consequently, capital gains or losses will not be recognized.

However, if financial instruments carried at amortized cost were to be sold, their sale price could differ significantly from the fair value calculated at December 31, 2021.

	12/31/2021					
	Market value	Carrying amount	Unrealized gains or losses	Level 1	Level 2	Level 3
Assets						
■ Financial assets at amortized cost	320,679	315,378	5,301	1,995	97,151	221,533
Loans and receivables due from credit institutions	91,618	91,384	234	0	91,618	0
Loans and receivables due from customers	225,587	220,550	5,037	0	4,263	221,324
Securities	3,474	3,444	30	1,995	1,270	209
Liabilities						
■ Due to credit institutions	78,659	78,187	472	0	78,659	0
■ Due to customers	218,465	217,829	636	0	129,471	88,994
■ Debt securities	24,559	24,549	10	0	24,559	0
■ Subordinated debt	2,369	2,293	76	0	2,369	0

	12/31/2020					
	Market value	Carrying amount	Unrealized gains or losses	Level 1	Level 2	Level 3
Assets						
■ Financial assets at amortized cost	309,802	301,253	8,549	1,993	94,606	213,203
Loans and receivables due from credit institutions	90,070	89,782	288	0	90,070	0
Loans and receivables due from customers	216,916	208,703	8,213	0	3,955	212,961
Securities	2,816	2,768	48	1,993	581	242
Liabilities						
■ Due to credit institutions	67,739	67,389	350	0	67,739	0
■ Due to customers	215,048	213,784	1,264	0	122,073	92,975
■ Debt securities	28,038	28,000	38	0	28,038	0
■ Subordinated debt	2,299	2,232	67	0	2,299	0

Note 36 Related party transactions

	12/31/2021		12/31/2020	
	Associates (companies accounted for using the equity method)	Parent company	Associates (companies accounted for using the equity method)	Parent company
Assets				
■ Financial assets at fair value through profit or loss	2,437	286	1,975	299
■ Financial assets at FVOCI	0	0	0	0
■ Financial assets at amortized cost	39	17,197	102	14,978
■ Other assets	18	1	10	3
Liabilities				
■ Due to credit institutions	205	61,476	95	56,896
■ Liabilities at fair value through profit or loss	2,326	310	1,922	307
■ Due to customers	169	47	220	836
■ Debt securities	2,464	1,392	1,964	1,734
■ Subordinated debt	0	2,253	0	2,191
Off-balance sheet				
■ Financing commitments given	0	0	0	0
■ Guarantees given	0	190	0	146
■ Financing commitments received	0	0	0	0
■ Guarantees received	0	6,027	0	6,401
	12/31/2021		12/31/2020	
■ Interest income	-4	337	7	301
■ Interest expense	-1	-255	-18	-314
■ Commission income	539	-1	505	5
■ Commission expense	-23	-104	-6	-93
■ Net gains/(losses) on financial assets at FVOCI and FVPL	259	43	-51	-8
■ Other income and expenses	1	-4	1	-3
■ General operating expenses	-73	-523	-60	-479

The parent company consists of BFCM, majority shareholder of CIC, of Caisse Fédérale Crédit Mutuel (CFCM), entity controlling BFCM and all their subsidiaries.

Relations with the parent company consist primarily of loans and borrowing as part of cash flow management, BFCM being the body for the group's refinancing and IT services invoiced with the Euro-Information entities.

Companies accounted for using the equity method comprise Crédit Mutuel Asset Management and Groupe des Assurances du Crédit Mutuel.

Relations with the group's key executives

COMPENSATION PAID OVERALL TO KEY EXECUTIVES

	Wages fixed portion	Wages variable portion	Benefits in kind	Miscellaneous reinstatements	Total 12/31/2021	Total 12/31/2020
Key executives	0	0	0	0	0	0

During the year, the group's key executives also benefited from the group's collective insurance and supplementary pension plans.

However, the group's key executives did not enjoy any other specific benefits.

No capital securities or securities giving access to share capital or the right to acquire capital securities of CIC was allocated to them.

In addition, they do not receive attendance fees in respect of their functions within the group.

The group's key executives may hold assets or loans with the group's banks, under the conditions offered to all employees. As at December 31, 2021, they had borrowings of this type.

6.3 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

(Fiscal year ended December 31, 2021)

To the Shareholders' Meeting

Opinion

In performance of the mission entrusted to us by your Shareholders' Meeting, we have audited the consolidated financial statements of Crédit Industriel et Commercial – CIC for the fiscal year ended December 31, 2021, as appended to this report.

We certify that in accordance with the IFRS as adopted in the European Union, the consolidated financial statements are accurate and sincere, and give a true and fair view of the results of transactions over the past fiscal year as well as the financial position and assets at the end of the fiscal year of the group composed of the persons and entities included within the scope of consolidation.

Basis of the opinion

Accounting basis

We conducted our audit according to applicable professional standards in France. We appraise that the items that we collected were of a sufficient and appropriate basis on which to form our opinion.

Our responsibilities pursuant to these standards are set out in the section of this report entitled "Responsibilities of the statutory auditors regarding the audit of the consolidated financial statements".

Independence

We performed our audit in compliance with the rules of independence provided for by the French Commercial Code and by the code of conduct of statutory auditors for the period from January 1, 2021 to the date of issuance of our report, and in particular we did not provide any services prohibited by Article 5, paragraph 1, of Regulation (EU) No. 537/2014.

Justification of the assessment – Key points of the audit

The global crisis linked to the COVID-19 pandemic creates special conditions for the preparation and audit of the financial statements for this fiscal year. This crisis and the exceptional measures taken within the framework of the state of health emergency have multiple consequences for companies, particularly on their activity and their financing, as well as increased uncertainties on their future outlook. Some of these measures, such as travel restrictions and remote working, have also had an impact on the internal organization of companies and on the way audits are carried out.

It is in this complex and evolving context that, pursuant to the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code pertaining to justification of our assessment, we bring to your attention key points of the audit as they pertain to the risk of material misstatements, which according to our professional judgment, were the most important for the audit of the consolidated financial statements, as well as our response in the face of these risks.

The assessments made in this way fall within the scope of the audit of the consolidated financial statements taken as a whole and the formation of our opinion as expressed above. We have no opinion regarding elements of these consolidated financial statements taken separately.

CREDIT RISK AND VALUATION OF IMPAIRMENTS ON CUSTOMER LOAN PORTFOLIOS

Identified risk	Our response

CIC group banks are exposed to credit risks inherent to their activities.
In this respect and as indicated in note 1 to the consolidated financial statements, the group recognizes impairments according to the IFRS 9 model:
■ For non-downgraded performing loans (Status 1) and downgraded performing loans (Status 2), provisioning is made on the basis of expected credit losses at twelve months and maturity, respectively, as soon as the financial assets are recognized.
■ For non-performing loans (Status 3), the impairment is equal to the difference between the carrying amount and the estimated future cash flows, allowing for collateral or other guarantees, present-discounted at the interest rate of the original loan.
The classification of outstandings between the various statuses provided for in IFRS 9 and the measurement of expected or actual credit losses for customer loan portfolios require the CIC group to exercise greater judgment and take into account assumptions, particularly in the context of the prolongation of the health crisis related to the COVID-19 pandemic and its economic consequences, notably to:
■ Determine the methods used to assess the significant deterioration in credit risk in order to classify the outstandings into Statuses 1 and 2 or the proven risk (Status 3), depending in particular on the business segments;
■ Estimate the amount of credit losses for the various statuses, in particular in the segments deemed to be the most vulnerable by management and taking into account the support mechanisms put in place.
As presented in note 9 to the consolidated financial statements, at December 31, 2021, the total amount of gross customer loans outstanding amounted to €224,028 million and the total amount of impairment was €3,478 million.
Given the importance of judgment in the assessment of credit risk and the determination of impairments on customer loans (Statuses 1 to 3), we considered that the classification of outstanding customer loans between the different categories provided for by IFRS 9 and the valuation of recognized impairments was a key audit matter.
	With regard to outstandings classified in Statuses 1 and 2, the work we carried out consisted of:
	■ Taking note, during a critical review, of the conclusions of the work carried out by the statutory auditors of the Crédit Industriel et Commercial group on the methodological options and impairment models defined by management. This work covered in particular:
	  ■ Reviewing the system in place to classify receivables between different statuses and assessing the amount of expected credit losses;
	  ■ Reviewing the methods and measures used for the various parameters and models for calculating expected credit losses;
	  ■ Analyzing how management takes into consideration the COVID-19 crisis in the various macroeconomic scenarios used to calculate value adjustments, as well as the related financial information;
	  ■ Examining Management's work and conclusions regarding the identification of business segments deemed vulnerable to the health crisis, as well as the main assumptions used to classify the outstandings of these segments by status and to estimate expected credit losses;
	  ■ Performing data quality tests as well as checks on the information systems used to determine expected credit losses;
	■ Carrying out data analysis work relating to the correct classification of outstandings by category (Status 1 and 2);
	■ Examining the reconciliations made between the data from the IT tools used to calculate expected losses and the accounts;
	■ Analyzing changes in the portfolio and levels of impairment, by status and for a selection of entities between December 31, 2020 and December 31, 2021 in order to assess their overall consistency.
	As regards outstandings classified in Status 3, we examined the processes and tested the controls put in place by your group to identify loans and receivables with a proven risk of default, as well as the procedures for estimating the corresponding impairments, in the context of the prolongation of the COVID-19 crisis. The work consisted mainly of examining:
	■ The application of the classification of outstandings under Status 3 in a sampling of loans;
	■ The systems that guarantee the quality of the data used by calling on out IT specialists;
	■ The credit risk monitoring process, by taking note of the conclusions of the specialized committees in charge of monitoring Status 3 receivables and the recognition of the related impairments;
	■ The main assumptions used to estimate individual impairments on a sample of the corporate bank's loan files, and check the documentation of the credit rating, taking into account, where applicable, the impact of the health crisis and support mechanisms on ratings or guarantees;
	■ Changes over time in key indicators: ratio of Status 3 outstandings to total outstandings and coverage ratio of Status 3 outstandings by impairment. Each time that an indicator differed from the average, we analyzed the differences observed.
	Finally, we streamlined the change in the cost of risk and ensured that the information presented in the notes to the consolidated financial statements was appropriate.

VALUATION OF COMPLEX FINANCIAL INSTRUMENTS CLASSIFIED AS LEVEL 2 AND LEVEL 3 FAIR VALUE

Identified risk	Our response
As part of its proprietary trading and group treasury activities and in connection with the services offered to customers, your group holds financial instruments for trading purposes. These instruments are financial assets or liabilities recognized at fair value, as mentioned in note 1.3.1 of the notes to the consolidated financial statements. The gain or loss on revaluation of these financial instruments in the balance sheet on the closing date is recognized in profit or loss. In our opinion, the valuation of complex financial instruments classified under levels 2 and 3 fair value was a key point of the audit as it entails a significant risk of material misstatements in the consolidated financial statements, requiring the exercise of judgment, particularly regarding: ■ The determination of valuation inputs not observable on the market and the categorization of the instruments according to the fair value hierarchy for financial assets and liabilities; ■ The use of internal valuation models; ■ The estimation of the main valuation adjustments, to take account of counterparty or liquidity risks.	We examined the processes and controls implemented by the group to identify and measure complex financial instruments, including: ■ The governance of valuation models and value adjustments; ■ The justification and independent validation of the results recorded on these transactions; ■ The controls related to the collection of the inputs needed to value complex financial instruments classified under levels 2 and 3. Our audit team included specialists in the valuation of complex financial instruments. With their assistance, we also: ■ Conducted our own valuation tests on a sample of complex financial instruments; ■ Analyzed the internal identification and validation processes of the primary value adjustments applied to financial instruments and their evolution over time. Our analyses dealt with the examination of methodologies retained on market reserves and value adjustments and the governance mechanism put in place to control the adjustments made; ■ Examined the main differences in margin calls, in order to assess the consistency of the valuations previously used; ■ Analyzed the criteria used in the fair value hierarchy as described in note 7c "Hierarchy of the fair value of financial instruments assessed at fair value carrying amount" in the notes to the consolidated financial statements.

VALUATION OF COMPLEX INVESTMENTS OR INVESTMENTS ACCOUNTED FOR IN LEVEL 3 OF THE PRIVATE EQUITY DIVISION

Identified risk	Our response
Through its private equity subsidiaries, your group has investments recognized at fair value through profit or loss. These instruments are recognized at fair value at the time of their initial recognition and subsequently up to the date of their disposal. Changes in fair value are taken to the income statement under "Net gains/(losses) on financial instruments at fair value through profit or loss". If the financial instrument is traded on an active market, its fair value is the quoted price. In order to estimate the fair value of securities when they are not listed on an active market, your group applies a mark-to-model approach based specifically on unobservable data, as outlined in the paragraph ["Determination of the fair value of financial instruments" in note 1.3 "Accounting policies and principles"] of the notes to the consolidated financial statements. Since judgment is used when determining the fair value for unlisted financial instruments, and given the complexity of its modeling, especially in the context of the evolving crisis related to COVID-19, we have estimated that the valuation of equity investments recognized in level 3 of the private equity division constitutes a key point of the audit.	We examined the processes and tested the controls put in place by your group associated with the valuation of equity investments recognized in level 3 from the private equity division. The work performed with our assessment and modelling based on a sampling, has consisted of: ■ Analyzing the valuation methods and unobservable valuation data used by your group for lines valued on the basis of a mark-to-model approach; and assess the inclusion of the COVID-19 crisis context in the data used for the valuation; and ■ where applicable, verifying that the valuation used by your group was comparable to the price observed during a recent transaction.

Specific checks

In accordance with the professional standards applicable in France, we have also performed the specific checks required by the legal and regulatory texts as regards information concerning the group, given in the management report by the Board of Directors.

We have no comment to make as to their accuracy or consistency with the consolidated financial statements.

Other verifications or information required by laws and regulations

Presentation format of the consolidated financial statements to be included in the annual financial report

In accordance with the professional standard on the due diligence of statutory auditors in relation to the annual and consolidated financial statements presented in accordance with the single European electronic reporting format, we have also verified compliance with this format, as defined by European Delegated Regulation No. 2019/815 of December 17, 2018, in the presentation of the consolidated financial statements intended for inclusion in the annual financial report referred to in I of Article L.451-1-2 of the French Monetary and Financial Code, which have been prepared under the responsibility of the Chief Executive Officer. With regard to consolidated financial statements, our procedures include verifying that the mark-up of these financial statements complies with the format defined by the aforementioned regulation.

Based on our work, we conclude that the presentation of the consolidated financial statements for inclusion in the annual financial report complies, in all material respects, with the single European electronic reporting format.

It is not our responsibility to verify that the consolidated financial statements that will be included by your company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

Appointment of statutory auditors

We were appointed as statutory auditors of Crédit Industriel et Commercial – CIC by your Shareholders' Meetings of May 25, 2016 for the firm KPMG SA, of May 25, 1988 for the firm PricewaterhouseCoopers Audit and of May 26, 1999 for the firm ERNST & YOUNG et Autres.

As of December 31, 2021, KPMG SA was in the sixth year of its uninterrupted mission, PricewaterhouseCoopers Audit was in the thirty-fourth year and ERNST & YOUNG et Autres in the twenty-third year.

Responsibilities of management and those in charge of 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 IFRS as adopted by the European Union and to implement internal control procedures 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.

During the preparation of consolidated financial statements, it is incumbent upon management to assess the company's ability to continue as a going concern, and as the case may be, the necessary information with regard to business continuity and to apply the standard accounting policy for a going concern, unless it is foreseen to liquidate the company or cease doing 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

Audit objective and approach

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 corresponds to a high level of assurance, without however guaranteeing that an audit conducted in accordance with professional standards may systematically detect every material misstatement. Misstatements may come from fraud or result from errors and are considered as significant when one can reasonably expect that they may, either individually or cumulatively, influence economic decisions made by users who make decisions based on the financial statements.

As specified by Article L.823-10-1 of the French Commercial Code, our mission of certification of financial statements does not consist of guaranteeing the viability or quality of your company's management.

In the context of an audit completed in accordance with professional standards applicable in France, the statutory auditors exercise their professional judgment throughout the audit process.

Furthermore:

- they identify and assess the risk that the consolidated financial statements contain material misstatements and that such misstatements result from fraud or errors, define and implement audit procedures to address these risks and collect information that they consider a sufficient and appropriate basis for such opinion. The risk of non-detection of a material misstatement from fraud is higher than a material misstatement resulting from any error, because fraud may involve collusion, falsification, deliberate omissions, false statements or circumventing internal controls;
- they acknowledge relevant internal control for the audit in order to determine the appropriate audit procedures for the circumstance, and not for the purpose of expressing an opinion on the effectiveness of internal control;
- they assess the appropriateness of the accounting methods used and the reasonableness of the accounting estimates made by management, as well as the related information provided in the consolidated financial statements;
- they assess the appropriateness of application by management of the accounting policy for a going concern and, depending on the items gathered, the existence or not of any significant uncertainty related to events or circumstances likely to call into question the company's ability to continue as a going concern. This assessment relies on the items collected up to the date of their report, however, with the reminder that subsequent circumstances or events could call into question business continuity. If the statutory auditors conclude that significant uncertainty exists, they bring the information provided in the consolidated financial statements regarding such uncertainty to the attention of readers of their report or, if such information is not provided or is not relevant, the statutory auditors issue a qualified opinion or a denial of opinion;
- they assess the overall presentation of the consolidated financial statements and assess whether or not the consolidated financial statements reflect the underlying transactions and events to provide a true and fair view thereof;
- regarding the financial information of the persons or entities included within the scope of consolidation, they gather items deemed sufficient and appropriate to express an opinion on the consolidated financial statements. The statutory auditors are responsible for the management, supervision and preparation of the audit of the consolidated financial statements, as well as the opinion expressed on these financial statements.

Executed in Neuilly-sur-Seine and Paris-La Défense, April 11, 2022

ERNST & YOUNG et Autres	PricewaterhouseCoopers Audit	KPMG S.A.
Hassan Baaj	Laurent Tavernier	Sophie Sotil-Forgues
Partner	Partner	Partner

As an official supplier, CIC has been supporting the French Swimming Federation since 2017 by supporting it in missions of education, safety and development of well-being among all audiences. CIC is also a banking partner and offers a range of products and services tailored to the Federation's members, departmental committees and regional leagues.

ANNUAL FINANCIAL STATEMENTS

7.1 FINANCIAL STATEMENTS

7.1.1 Assets

Assets

(in € millions)	Notes	12/31/2021	12/31/2020
Cash, central banks		50,077	53,814
Government and equivalent securities	2	3,554	2,595
Receivables on credit institutions	3	20,394	18,968
Customer transactions	4	53,435	54,876
Bonds and other fixed-income securities	5	15,679	19,446
Shares and other variable income securities	6	834	1,734
Equity investments and other securities held long-term	7	117	112
Investments in subsidiaries and associates	8	6,088	6,074
Finance leasing and equivalent transactions		-	-
Intangible assets	9	69	69
Property, plant and equipment	10	467	473
Capital subscribed not paid		-	-
Treasury shares	11	10	10
Other assets	12	5,489	6,219
Accruals	13	4,849	4,653
TOTAL ASSETS		**161,062**	**169,043**

7.1.2 Off-balance sheet assets

(in € millions)	Notes	12/31/2021	12/31/2020
Commitments received			
Financing commitments			
Commitments received from credit institutions		207	183
Guarantee commitments			
Commitments received from credit institutions		12,784	13,633
Securities commitments			
Securities sold with option to repurchase		-	-
Other commitments received		1,798	1,467

7.1.3 Liabilities

(in € millions)	Notes	12/31/2021	12/31/2020
Central banks		4	-
Due to credit institutions	14	57,337	57,899
Customer transactions	15	58,463	64,089
Debt securities	16	21,932	25,273
Other liabilities	12	4,092	3,558
Accruals	13.	5,956	5,555
Provisions	17	1,120	1,107
Subordinated debt	18	1,577	1,577
Funds for general banking risks	19	379	379
Shareholders' equity	19	10,202	9,606
Capital subscribed		*612*	*612*
Issue premiums		*1,172*	*1,172*
Reserves		*7,168*	*6,668*
Revaluation differences		*44*	*44*
Regulated provisions		*61*	*58*
Retained earnings		*59*	*134*
Profit (loss) for the period		*1,087*	*918*
TOTAL LIABILITIES		**161,062**	**169,043**

7.1.4 Off-balance sheet liabilities

(in € millions)	Notes	12/31/2021	12/31/2020
Commitments given			
Financing commitments			
Liabilities due to credit institutions		1,981	894
Commitments to customers		24,554	23,323
Guarantee commitments	**22**	**-**	**-**
Credit institution commitments		4,214	4,045
Customer commitments		9,008	9,758
Securities commitments			
Securities acquired with option to repurchase		-	-
Other commitments given		2,177	3,412

7.1.5 Income statement

(in € millions)	Notes	12/31/2021	12/31/2020
+ Interest and similar income	27	1,149	1,374
+ Interest and similar expenses	27	-505	-821
+ Income from variable-income securities	28	647	788
+ Commissions (income)	29	617	538
+ Commissions (expenses)	29	-189	-147
+/- Profit/loss on the trading portfolio	30	341	282
+/- Profit/loss on transactions on short-term investment portfolio and similar	31	7	-65
+ Other banking income	32	23	51
+ Other banking expenses	32	-23	-1
+/- Net income from other activities	32	0	0
= Net banking income		**2,068**	**1,999**
+ Employee benefit expense	33	-470	-446
+ Other administrative expenses		-394	-377
+ Additions to depreciation		-23	-23
= Operating expenses		**-886**	**-846**
= Gross operating income		**1,181**	**1,153**
+ Cost of risk	34	-8	-167
= Operating income		**1,173**	**986**
+/- Profit or loss on non-current assets	35	-0	-15
= Current profit/loss		**1,173**	**971**
+/- Extraordinary profit/loss	36	0	-7
+ Income tax	37	-83	-43
+/- FGBR additions/reversals		-	-
+/- Additions/reversals to regulated provisions		-3	-3
= NET PROFIT/(LOSS)		**1,087**	**918**

7.1.6 Financial results over the last five fiscal years

Type of indications	2017	2018	2019	2020	2021
1. Financial position for the period					
Share capital	608,439,888	608,439,888	608,439,888	611,858,064	611,858,064
Total number of shares issued	38,027,493	38,027,493	38,027,493	38,241,129	38,241,129
"A" shares or ordinary shares	38,027,493	38,027,493	38,027,493	38,241,129	38,241,129
"D" shares or preferred shares	-	-	-	-	-
Preferred investment certificates	-	-	-	-	-
Ordinary investment certificates	-	-	-	-	-
2. Overall result of actual operations *(in € thousands)*					
Banking income	4,077,816	3,197,779	3,771,642	2,967,368	2,783,927
Income before tax, depreciation and amortization	969,406	823,025	1,900,944	1,023,093	1,091,037
Provisions and non-recurring income	-	-	-	-	-
Income tax	-127,744	-48,884	-18,794	-42,875	-83,285
Profit	853,171	771,727	1,823,285	918,466	1,086,687
Amount of profits distributed	950,687	1,000,123	1,049,939	496,370	1,051,631
3. Results of operations reduced to one share *(in €)*					
Profit/(loss) after tax, but before depreciation, amortization and provisions	22.27	20.48	49.80	25.79	26.51
Net profit or loss	22.57	20.42	48.24	24.16	28.59
Dividend paid for each "A" share	25.00	26.30	27.61	12.98	27.50
Dividend paid for each "D" share	-	-	-	-	-
and investment certificates	-	-	-	-	-
4. Employees (Mainland) *(in €)*					
Number of employees (average workforce FTE)	4,102	4,042	4,139	4,163	4,050
Amount of the payroll expense	211,970,715	224,306,407	229,340,756	225,341,153	232,322,735
Amount paid for employee benefits (Social Security, Social Works, etc.)	109,410,329	111,730,198	115,198,884	110,897,962	114,884,926

7.2 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

SUMMARY OF NOTES

Explanatory notes are presented in millions of euros.

Note 1 Accounting principles, methods of assessment and presentation

The annual financial statements are prepared in accordance with ANC regulation 2014-03 relating to the general accounting plan as amended by ANC regulation 2015-06 and regulation 2014-07 relating to the financial statements of companies in the banking sector.

Crédit Industriel et Commercial – CIC is fully consolidated in the consolidated financial statements of CIC (as parent company) and Crédit Mutuel Alliance Fédérale.

COVID-19 health crisis

Faced with the exceptional and unprecedented crisis caused by the COVID-19 virus, Crédit Mutuel Alliance Fédérale entities have made it a priority to protect all their employees and provide maximum support to their customers.

The bank never ceased to operate during lockdowns decided by the public authorities in 2020 and 2021, adapting its operating systems to ensure the continuity of operations for its individual and professional customers. The operating systems were adapted as the pandemic evolved and as recommendations and regulations were issued by health and public authorities.

In 2021, the employees' on-site work resumed, with appropriate hygiene and distancing measures (provision of individual protective equipment, cleaning protocol for specific premises, etc.).

The use of remote working is part of the group and company "Quality of Life at Work" agreements or in the derogatory measures that may be requested by the public authorities.

The bank did not use state-funded short-time work or other public support schemes related to the COVID-19 crisis.

The numerical impact of the pandemic on the bank's business cannot be adequately determined due to:

- the magnitude and persistence of the effects of economic support measures, in particular on customer solvency (over the whole of 2021, business failures were down by almost 45% compared to 2019; unemployment was at its lowest level in France since 2012) and on the performance of financial markets, which have not experienced a stock market crisis or tensions on the interest rate markets;
- the difficulty of objectively measuring the possible impacts of the event on the various income statement items potentially affected in a credit institution (interest margin, commissions, cost of risk, etc.), variations in which may be due to many other factors (monetary policy and interest rate levels, prudential constraints, real estate market conditions, the institution's financial hedging strategy, pricing policy for operations, etc.);
- finally, the duration of a potential crisis and its possible worsening with the emergence of new variants, the effectiveness of vaccine coverage, the extent and date of an economic recovery, all of which remain largely unknown variables.

Under these conditions, in accordance with the recommendations of the *Autorité des normes comptables* (ANC – French Accounting Standards Authority) published on the "Taking into account the consequences of the COVID-19 event in the financial statements and situations established from January 1, 2020", only the quantified effects of the event must be provided in the notes, according to a targeted approach.

In this respect, it should be noted that our institution is committed to the government support system for the economy by offering state-guaranteed loans (SGL) to support the cash flow of its corporate and professional customers. This financing is carried out in the form of loans which comprise a deferred amortization of one year and a clause which can be activated by the borrower to allow him, at the end of the first year, to decide to amortize his credit over a period from one to five years. As of December 31, 2021, state guaranteed loans amounted to a total of €0.460 billion (amounts disbursed) and €3.248 billion taking into account loans under examination. The accounting treatment of these loans follows the same accounting principle as the other types of loans. On the other hand, the "Stimulus equity loan" is a new type of loan open since 2021 to small and medium-sized enterprises (SMEs) and medium-sized businesses (ETI – Entreprise de taille intermédiaire), intended to offer long-term financing that fits between shareholders' equity and traditional debt. No loans in this new category, which is still very new, were put into force during the fiscal year.

Finally, in a position to provide immediate support to its borrowers, from April 2020, the bank granted deferred repayments on the maturities of medium and long-term loans to businesses, professionals and farmers, without penalties or additional costs, until the end of September 2020. At the end of this deferral period, a final adjustment of the contracts was made. No depreciation was recorded for this first deferral of maturities as part of a market system, which did not result in losses for the bank but in a delay in the initial maturities to collect. When the borrowing company has requested a second extension of maturities at the end of the aforementioned procedure, the loan is qualified as restructured. At December 31, 2021, the total of deferred maturities amounted to €138.016 million.

Since the December 31, 2021 reporting date, CIC, following the example of other institutions in the market and of what is done in the IFRS accounts, offsets in its ANC balance sheet the repo transactions given/received with the same counterparty, the same maturity, the same currency and the same custodian. As of December 31, 2021, this offset amounted to €5,582 million.

Use of estimates in the preparation of financial statements

The preparation of the financial statements may require making assumptions and estimates which have an impact on the determination of income, expenses, assets and liabilities on the balance sheet and in the notes to the financial statements. In this case, the managers, based on their judgment and experience, use the information available on the date of preparation of the financial statements to make the necessary estimates. This is notably the case:

- of depreciation of debt and equity instruments;
- of impairment tests performed on intangible assets;
- when determining provisions, including commitments for pension plans and other future employee benefits;
- of valuations of financial instruments not listed on an organized market.

Reclassification of financial assets

Reclassification outside the category of trading securities towards the categories of long-term investment securities and short-term investment securities is possible in the following two cases:

- in exceptional market situations requiring a change of strategy;

- when following their acquisition fixed-income securities are no longer tradable on an active market and if the establishment has the intention and ability to hold them for the foreseeable future or until maturity.

Treatment of changes in accounting policy

Changes in accounting policies are applied retrospectively, *i.e.* as if this principle had always been applied. The impact of first-time application is charged to shareholders' equity as of January 1, correcting the opening balance sheet.

In accordance with ANC regulation 2015-06, for fiscal years beginning on or after January 1, 2016, the technical loss is no longer recognized in full under "goodwill" and not amortized.

It is recognized in the balance sheet by category of asset under other property, plant and equipment, intangible assets and financial assets.

This allocation makes it possible to apply the depreciation rules of the underlying assets to the technical loss (the loss allocated in whole or in part to a depreciable asset is now fully or partially amortized). On the other hand, the portion of the loss allocated to goodwill is still presumed not to be amortized.

Loans and receivables

Receivables on credit institutions and customers are booked to the balance sheet at their nominal value plus accrued interest not yet due.

Commissions received when granting loans and those paid to business contributors on loans are gradually booked to profit/loss according to a method that amounts to considering them equivalent to interest. This actuarial installment is recognized in income net of interest on the income statement. On the balance sheet, commissions received and marginal transaction costs that are subject to installments are included in the outstanding loans concerned.

Related accruals (accrued or outstanding interest due or payable) are combined with the corresponding asset and liability items.

Within all credit risks, a distinction is made between performing, non-performing and compromised non-performing loans.

The monitoring of receivables is based on the Crédit Mutuel group's internal credit risk rating system. The latter considers the probability of default of the counterparty using an internal rating and the loss rate according to the nature of the exposure. The scale of internal ratings comprises twelve levels, nine of which are for performing counterparties and three for non-performing counterparties.

Receivables and credit risk

The system for downgrading to non-performing loans is compliant. In accordance with ANC Regulation No. 2014-07, according to which receivables of any kind are downgraded to non-performing loans in the following cases:

- in the event of non-payment for more than nine months for loans to local authorities, more than six months for property loans to housing purchasers and more than three months for other loans;
- when the receivable is subject to litigation (over-indebtedness, reorganization, judicial liquidation, bankruptcy, etc.);
- when the receivable, apart from the existence of any arrears, presents other risks of total or partial non-collection.

In fact, processing of transitions to non-performing, provisioning and return to performing of customers are automated in accordance with the prudential rules (EU Delegated Regulation 2018/171) and the application guidelines EBA/GL/2016/07 of the European Banking Authority (EBA). Thus:

- the analysis of default (*i.e.* the event giving rise to the downgrading of the receivable) is carried out daily, at the level of all the commitments of a borrower, the assessment of the default being determined by borrower or group of borrowers with a common commitment;
- default is triggered when 90 consecutive days of arrears are recorded by a borrower/group of borrowers;
- the default contagion scope extends to all receivables of the borrower, and all individual commitments of borrowers participating in a joint credit obligation;
- the minimum probation period is three months before return to performing status for non-restructured assets and twelve months for restructured loans.

Non-performing loans are depreciated individually, loan by loan, recorded under cost of risk.

Interest on non-performing loans not paid and booked to the income statement is covered by depreciation for the whole of the amount recognized. Depreciation or reversals of depreciation and loan losses and recoveries on depreciated loans relating to interest on non-performing loans are booked to the item "Interest and similar income" on the income statement.

The principal of the loan is provisioned according to the most probable estimate of depreciation, in accordance with general principles of prudence. The calculation of the depreciation takes into account the value of realizing personal guarantees or collateral related to the loan.

With regard to non-performing loans to real estate professionals, the application of these rules means that the market value of buildings financed in the real estate sector is taken into account. Similarly, the calculation of the provisioning of real estate development transactions takes into account the additional financial costs incurred by the developer, due to the possible slowdown in the marketing of the programs.

The impairment loss recognized covers the projected loss converted to current value at the original credit interest rate. Projected losses are equal to the difference between the initial contractual flows and the projected flows for collection. The determination of collection flows is based on statistics for estimating average collection series over time from the date of downgrading of the loan. A recovery of the provision due to the passage of time is recognized in net banking income.

Non-performing receivables for which events of default have been pronounced or which have been classified for more than one year as non-performing loans are specifically identified in the category "irrevocable non-performing receivables".

The bank has defined internal rules, which presume the necessarily irrevocable character of the loan as soon as it has been classified for more than one year as a non-performing loan, unless it is categorically demonstrated that valid guarantees exist covering the entire risk. The recognition of interest on the loan ceases as soon as it is classified as an "irrevocable non-performing loan".

Article 2221-5 of the aforementioned ANC rule requires specific treatment of certain restructured outstanding amounts. When they are significant, non-performing loans that have become performing again following restructuring under non-market conditions are isolated in a specific category. In this case, write-offs of principal or interest, outstanding or accrued, as well as future interest differences, are immediately recognized as losses, then reintegrated as the loan is amortized. The number of loans concerned and the amounts in question are low and calculation of a discount would not have any significant impact on the financial statements for the fiscal year.

The impossibility of recovering all or part of the non-performing loans results in a loss. The impossibility of recovery is mainly due to:

- the certificate of uncollectibility issued by the collection agency stating the reasons for the failure;
- the lack of solvency of the debtor(s) of the claims in the file, noted after all internal procedures of the litigation department have been implemented;
- a judgment unfavorable to the bank leading to the impossibility of pursuing the recovery of its receivables or a court decision ordering the write-down of debts;
- an over-indebtedness plan including a partial debt write-down.

Segmentation of outstandings

Outstandings are presented in the notes to the financial statements according to the criteria of a breakdown by geographical segment. These represent the locations of CIC's fixed institutions.

Special savings accounts

The regulations governing special savings accounts (Livret Bleu passbook accounts, Livret A passbook accounts, sustainable development and solidarity passbook accounts) require credit institutions to pay part of this collection into the Caisse des Dépôts et consignation (CDC) savings fund. This centralization of deposits then results in a receivable from the CDC savings fund.

As of December 31, 2020, in the summary statements, the amount of the receivable on the CDC savings fund is no longer recorded under "Receivables from credit institutions" on the assets side of the balance sheet, but is instead presented as a deduction from outstanding customer deposits collected by the institution under the Livret A passbook account, the LDDS and the LEP passbook account appearing in its liabilities.

Security trades

Government notes, bonds and other fixed-income securities (interbank market securities, negotiable debt securities, marketable securities) are divided into trading, short-term investment or long-term investment securities; and shares and other variable-income securities are divided into trading, short-term investment, portfolio, equity, shares in the portfolio and other long-term securities. Acquisition and disposal costs are an expense for the fiscal year.

Trading securities

These are securities that were originally acquired or sold with the intention of reselling them or repurchasing them in the short term or held by the institution as a result of its activity as a market maker. They are recorded on the acquisition date and at their acquisition price excluding fees, including any accrued interest. At each balance sheet date, the securities held are valued at the market price of the most recent day. The overall balance of differences resulting from changes in price is recognized in the income statement as income or expenses.

Short-term investment securities

These are securities that are not recorded among trading securities, long-term investment securities or other long-term securities, equity securities or shares in the portfolio. They are recognized at their purchase price, excluding purchase costs. Any premiums or discounts are spread over their residual term.

At the end of the fiscal year, each line is estimated separately and, for bonds, the securities are grouped into homogeneous groups. When the carrying amount appears higher than the probable trading value, a write-down is accounted for in the amount of the unrealized loss, this calculation being made value by value or by homogeneous group.

Gains arising from hedges, within the meaning of Article 2514-1 of the ANC 2014-07, in the form of purchases or sales of forward financial instruments, are taken into account for the calculation of impairments.

Unrealized capital gains are not recognized and there is no offsetting between unrealized capital gains and losses. The probable trading value is, for shares listed in Paris, the average price of the last month and for shares listed abroad and bonds, the most recent price of the last month.

Long-term investment securities

These are securities acquired with the clear intention of holding them until maturity. They are recorded at their purchase price, excluding purchase costs. The difference between the purchase price and the redemption value is spread over their residual maturity. These securities are hedged in terms of resources or interest rates.

An impairment loss is recognized when the deterioration in the financial position of the Issuers is likely to jeopardize the repayment of the securities at maturity.

Securities relating to portfolio activity

They come from investments made on a regular basis with the sole objective of generating a medium-term capital gain with no intention of making a long-term contribution to the business or actively participating in its operational management. These investments are made within the framework of dedicated structures, on a significant and permanent basis and the profitability comes mainly from the realization of capital gains on sale.

These securities are recorded at their purchase price. Each investment is reassessed at the close of the fiscal year. When the carrying amount appears higher than their value in use, a write-down is accounted for in the amount of the unrealized loss. Unrealized capital gains are not recognized. The value in use is determined taking into account the Issuer's general prospects and the holding period. For listed securities, the average share price over a sufficiently long period may be used.

Other long-term investments, equity investments and investments in subsidiaries and associates

Other long-term investments are investments made with the intention of promoting the development of long-term professional relationships with the Issuer, but without exercising an influence in its management. Equity investments are those whose long-term ownership is deemed useful for the group's activity, in particular because it enables it to exercise influence over the Issuer, or to ensure control.

They are recorded at their purchase price, which may be revalued, or at their cost of merger and similar transactions. Each investment is reassessed at the close of the fiscal year. When the carrying amount appears higher than their value in use, a write-down is accounted for in the amount of the unrealized loss. Unrealized capital gains are not recognized. The going-concern value represents what the company would accept to disburse to obtain these securities if it had to acquire them, given its objective in holding them: it may be estimated by various criteria such as net assets possibly corrected, profitability and prospects for profitability, and average stock-market prices over the last few months.

Securities given under repurchase agreements delivered

They are maintained on the assets side of the balance sheet and the debt to the transferee is recorded as a liability. The principles for measuring and recognizing income from these securities remain those applicable to the category to which they belong.

Downgrading criteria and rules

In the event of a change in the intention or holding capacity, and provided that they meet the eligibility conditions and transfer rules, the securities may be downgraded. In the event of transfer, the securities are subject to a valuation on the day of the transfer according to their original portfolio.

Derivatives : interest rate and exchange rate forward instruments

The group performs proprietary trading on various organized and over-the-counter markets in interest rate and foreign exchange forward instruments in accordance with its strategy of managing the risks associated with the interest rate and exchange rate positions of its assets and liabilities.

Transactions on organized and equivalent markets

Contracts on forward financial instruments or contracts traded on organized and equivalent markets are valued in accordance with the rules set by the Banking Regulation Committee. Contracts are revalued at the end of the reporting period according to their scoring on the various markets. The gain or loss resulting from this revaluation is booked to the income statement.

Over-the-counter market transactions

In particular, interest rate and/or currency-rate swaps, forward rate agreements (FRA), option contracts (e.g. cap, floor...). Transactions are allocated from the outset in the various portfolios (open position, micro-hedging, overall balance sheet and off-balance sheet management, specialized management).

Contracts classified as open position portfolios are valued at the lower of their purchase price or their market value.

Income and expenses relating to contracts classified in micro-hedging portfolios are recognized in the income statement in a symmetrical manner to the recognition of the hedged item.

Income and expenses relating to contracts classified in the overall management of interest rate risk portfolios are recognized prorata temporis in the income statement.

Contracts registered in the specialized management portfolios are valued at market value. Changes in value are booked to net banking income after adjustment for counterparty risk and future management fees.

Payments of netting hedging derivatives are spread over the residual term of the hedged items.

Structured products

Structured products are financial packages offered to customers to meet their needs more precisely. They are built from basic products, generally options. CIC markets various categories of structured products based on traditional options, binary options, barrier options, Asian options, look back options, options on several assets, index swaps.

There are three main categories of valuation of these products: partial differential equation solving, discrete time tree solving and Monte Carlo solving. CIC uses the first and the last. The analytical methods applied are those used by the market for the modeling of the underlying assets used.

Income is recognized at market value. The parameters used for the valuation are those observed or deduced using a standard model of the values observed at the closing date. If there is no organized market, the values used are taken from the most active brokers for the corresponding products and/or extrapolated from the listed securities. All parameters used are logged.

Where the valuation of certain instruments is based on complex models, the market parameters used as a basis for their valuation are prudently adjusted to take into account, in particular, the level of liquidity of the markets concerned and their relevance over long maturities.

Valuation of non-listed forward financial instruments

These instruments are revalued on the basis of prices observable in the market, according to the so-called flashing procedure. The latter method consists of recording the prices offered and requested from several contributors every day at the same time using market flow software. A single price is used for each useful market parameter.

Property, plant and equipment and intangible assets

They are recognized at their acquisition cost, which may be revalued, 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.

The depreciable or amortizable amount is determined after deducting its residual value, net of disposal costs. As the useful life is generally equal to their expected economic life, no residual value is recognized.

Non-current assets are depreciated or amortized on a straight-line basis over their estimated useful life at rates reflecting the estimated consumption of the assets' economic benefits by the entity. Those with an indefinite useful life are not amortized. Depreciation charges are recognized under the item "Depreciation, amortization and impairment of property, plant and equipment and intangible assets" in the income statement.

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.

Depreciation periods for buildings are:

- 40-80 years for structural works;
- 15-30 years for closed and covered;
- 10-25 years for equipment;
- 10 years for fixtures and fittings.

Intangible assets:

- lease rights paid are not amortized but are subject to an impairment test;
- the initial charge paid to the landlord is amortized over the term of the lease as an additional rent;
- other business goodwill items are amortized over ten years (acquisition of customer contract portfolios).

Depreciable amortizable assets are tested for impairment when evidence exists at the reporting date that the items may be impaired. Non-depreciable assets are tested for impairment once a year.

If an indication of impairment exists, the recoverable amount of the asset is compared to its net carrying amount. In the event of loss of value, a write-down is recognized on the income statement; it changes the depreciable or amortizing amount of the asset prospectively. The write-down is repaid in the event of changes to the estimated recoverable amount or if the indications of impairment disappear. Impairment charges are recognized under the item "Depreciation, amortization and impairment of property, plant and equipment and intangible assets" in the income statement.

Capital gains or losses on disposals of operating assets are recorded in the income statement on the line "Net gains on other assets".

Gains and losses on the disposal of investment property are recorded on the income statement on the line "Income from other activities" or "Expenses from other activities".

Accruals

Issuance costs for borrowings issued until December 31, 1999 are amortized during the fiscal year of issue and, for issues subsequent to this date, are spread over the life of the loan.

Bond redemption premiums are amortized on a straight-line basis over the term of the loan.

Provisions for impairment

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

Provisions are valued at the amount corresponding to the best estimate of the outflow of resources required to settle the obligation determined as being the most probable assumption.

Provisions for country risks

Created to cover sovereign risks as well as risks on emerging countries, they were determined according to the economic situation of the borrowing countries. The affected portion of these provisions is deducted from the corresponding assets.

General provisions for credit risk (PGRC)

Since fiscal year 2000, general provisions for credit risks have been set up to cover risks arising but not yet proven on performing loans and commitments given to customers.

They are determined:

- for credit activities other than specialized lending, by an average cost of risk such that it can be apprehended from a long-term perspective, *i.e.* 0.5% of performing receivables from customers;
- for the specialized lending business as well as for foreign branches, by a cost of risk obtained from the rating of receivables to which is associated an average cost of default. This method makes it possible to take into account the lesser dispersion of risks, the unitary importance of the projects and therefore greater volatility.

These general provisions for credit risk will be reversed if the occurrences they are intended to cover materialize.

Since fiscal year 2003, they may include a general provision for the major risks of the group.

Regulated savings contracts

Mortgage savings accounts (CEL) and mortgage savings plans (PEL) are regulated products available to customers (natural persons) that combine an interest-bearing savings phase giving entitlement to a mortgage loan in a second phase. They generate for the distributor institution two types of commitments:

- future compensation from savings at a fixed rate (only on PELs, the remuneration rate for CELs being akin to a variable rate, periodically revised based on an indexation formula);
- a loan agreement with customers who request it, under predefined conditions (PEL and CEL).

When these commitments are potentially unfavorable, provisions are made. These cover the commitments on contracts existing at the date of the determination of the provision; future openings of mortgage savings plans and accounts are not taken into account.

Future outstandings related to mortgage savings agreements are estimated based on customer behavioral statistics in a given interest rate environment. PELs that are subscribed to as part of a global offer of related products and that do not meet the aforementioned behavioral laws are excluded from the projections. Provisions at risk are made up of:

- for PEL deposits, the difference between the probable savings outstandings and the minimum expected savings. The latter are determined with a confidence level of 99.5% on the basis of several thousand different rate scenarios;
- for mortgage savings loans, future volumes depending on the probable realization of acquired rights and loans already in force.

Future losses are valued in relation to the unregulated rates of term deposits for savings and ordinary home loans for loans. This approach is carried out by homogeneous generation of PELs and CELs in terms of regulated conditions, with no offsets between the different generations. The losses thus determined are discounted using the rates deducted from the average of the last twelve months of the zero coupon swap curve against 3-month EURIBOR. The amount of provisions is based on the average loss recorded from several thousand interest rate scenarios generated by stochastic modeling. The impacts on profit/(loss) are recorded as interest paid to customers.

Assets and liabilities denominated in foreign currencies

Assets and liabilities denominated in a currency other than the local currency are translated at the exchange rates prevailing on the balance sheet date. Unrealized foreign currency gains or losses resulting from these conversions are recognized in the income statement with the exchange differences realized or suffered on the transactions of the fiscal year.

However, translation adjustments of long-term investment securities and equity investments and subsidiaries denominated in foreign currencies and financed in euros are not recorded in the income statement. However, if the securities must be sold or redeemed, a provision is recognized for the unrealized foreign exchange loss.

Funds for general banking risks

Funds for general banking risks (FGBR) were created as a precautionary measure to cover general and indeterminate risks inherent in banking activity. Allocations and reversals of the FGBR are made by the executives and are recorded in the income statement.

Interest and commissions

Interest is recognized in the income statement prorata temporis. Commissions are recognized according to the collection criterion with the exception of those relative to financial transactions, which are recognized from closure of the issue or when they are invoiced.

Interest on irrevocable non-performing loans is not recognized as income.

Fees include income from banking transactions paying for services provided to third parties, with the exception of those having an interest nature, *i.e.* calculated according to the duration and amount of the receivable or of the commitment given.

Retirement and equivalent commitments

In accordance with ANC recommendation 2013.02, a provision is made for commitments, the change of which is recognized in profit/(loss) for the fiscal year. The following assumptions are used to calculate retirement and equivalent commitments:

- a discount rate determined by reference to the long-term rate on first-class corporate borrowings at the end of the fiscal year;
- a rate of increase in salaries estimated on the basis of a long-term estimate of inflation and real salary growth.

Post-employment benefits under a defined benefit plan

Commitments are calculated using the projected unit credit method to determine the present value of the commitment and the cost of services rendered for the fiscal year, based on assumptions. The differences generated by the changes in the latter and by the differences between the previous assumptions and what actually occurred constitute actuarial gains and losses.

When the plan has assets, these are valued at fair value and their expected return impact profit (loss). The difference between the actual and the expected return constitutes an actuarial gain and losses.

Curtailments and settlements of the plan produce a change in the commitment, which is recognized in the profit (loss) for the fiscal year.

Supplementary pensions covered by pension funds

The AFB interim agreement dated September 13, 1993, modified pension plans for banking institutions. Since January 1, 1994, banks affiliate with the national plans, Arrco and Agirc. The three CIC funds that were responsible for the payment of the various expenses provided for in the interim agreement merged on January 1, 2008 to pool their reserves.

After the merger, the reserves of the merged entity fully cover the commitments, which were fully estimated in 2008. In order to comply with the provisions of the Fillon Act of August 23, 2003 and the Social Security Financing Act 2008-1330 of December 17, 2008, the merged entity was transformed into an IGRS, with the corresponding transfer of reserves and commitments to an insurance company, in 2009.

Other post-employment benefits under a defined benefit plan

Future retirement benefits and supplementary pensions, including special schemes, are either covered by insurance policies or provisioned for the portion not covered by such contracts.

The premiums paid annually take into account the rights acquired on December 31 of each fiscal year, weighted by coefficients concerning staff turnover and the probability of survival of personnel.

Commitments are calculated using the projected unit credit method. Also taken into account are mortality, rates of personnel turnover, rates of salary increases, social security contribution rates in the specified cases and the financial discount rate.

Retirement benefits that are due and paid to employees during the year are reimbursed by the insurer for the portion covered by it.

The commitments for retirement benefits are determined based on the contractual benefits upon retirement at the initiative of the employee having reached his or her 62nd birthday.

Post-employment benefits under a defined contribution plan

Since 1994, a company agreement has been signed creating a supplementary pension plan by collective capitalization for the benefit of the group's employees, in particular former CIC Paris. This scheme was extended to employees of the former European Union of CIC when the two institutions were merged in 1999.

Other long-term benefits

Employees receive a bonus linked to the long service award obtained after 20, 30, 35 and 40 years of service. This commitment is fully provisioned in the company's financial statements and measured according to the same principles as those for retirement benefits.

Establishment in states or territories that are not cooperative in the fight against fraud and tax evasion

The bank has no direct or indirect establishment in states or territories covered by Article L.511-45 of the French Monetary and Financial Code, shown on the list fixed by the Order dated February 12, 2010.

Note 2 Government and equivalent securities

	12/31/2021				12/31/2020			
	Transaction	Placement	Invest.	Total	Transaction	Placement	Invest.	Total
Securities held	730	2,285	522	3,537	408	1,651	521	2,580
Loaned securities	-	-	-	-	-	-	-	-
Translation adjustments	-	-	-	-	-	-	-	-
Related receivables	-	3	14	17	-	1	14	15
Impaired securities	-	-	-	-	-	-	-	-
Gross amount	**730**	**2,288**	**536**	**3,554**	**408**	**1,652**	**535**	**2,595**
Write-downs	-	-	-	-	-	-	-	-
Net amount	**730**	**2,288**	**536**	**3,554**	**408**	**1,652**	**535**	**2,595**
Unrealized gains	-	-	-	-	-	-	-	-

The positive (or negative) differences between the redemption price and the purchase price of short-term and long-term investment securities are respectively €0 million and -€73 million.

There was no transfer of securities between categories for government securities.

Note 3 Receivables on credit institutions

	12/31/2021		12/31/2020	
	Demand	Term	Demand	Term
Current accounts	7,245	-	5,602	-
Loans, securities received under repurchase agreements[1]	2,363	8,173	3,197	5,421
Securities received under repurchase agreements delivered[2]	21	2,547	143	4,567
Related receivables	3	42	1	37
Non-performing loans	-	0	-	0
Write-downs	-	-	-	-
TOTAL	**9,632**	**10,762**	**8,943**	**10,025**
TOTAL RECEIVABLES ON CREDIT INSTITUTIONS	**-**	**20,394**	**-**	**18,968**
of which equity loans	-	*7*	-	*18*
of which subordinated loans	-	*208*	-	*169*

(1) €1.5 billion in demand deposits was offset against the item "Receivables on credit institutions", corresponding to the payment made to the Caisse des Dépôts et Consignations in connection with the centralization of deposits.

(2) Reciprocal receivables and payables arising from cross repurchase agreements are offset in the amount of €1.971 billion under "Due to credit institutions".

Non-performing loans do not include irrevocable non-performing loans.

Performing loans do not include restructured receivables.

In 2020, the amount of the offset was €1.4 billion.

Note 3 *bis* Breakdown by geographical sector of receivables on credit institutions

	Brussels	France	USA	Great Britain	Singapore	Hong Kong	Total
Total gross outstandings at 12/31/2021[1]	-	16,701	900	175	2,057	516	20,349
Of which:							
Non-performing loans	-	-	-	-	-	-	-
Irrevocable non-performing loans	-	*0*	-	-	-	-	*0*
Write-downs:							
Inventories at 12/31/2020	-	0	-	-	-	-	0
Allowances	-	-	-	-	-	-	-
Reversals	-	0	-	-	-	-	0
Exchange rate effects	-	-	-	-	-	-	-
Inventories at 12/31/2021	-	0	-	-	-	-	0

(1) excluding related receivables.

Note 4 Receivables from customers

	12/31/2021	12/31/2020
Commercial loans	100	53
Related receivables	0	0
Other contests		
■ Loans and credits	46,079	44,333
■ Securities received under repurchase agreements delivered[1]	5,958	9,326
■ Related receivables	67	70
Overdrawn current accounts	537	516
Related receivables	1	1
Non-performing loans	1,146	1,049
Write-downs	-453	-471
TOTAL	**53,435**	**54,876**
of which eligible receivables from the European Central Bank	*1,336*	*2,475*
of which equity loans	-	-
of which subordinated loans	*11*	*11*

(1) Reciprocal receivables and payables arising from cross repurchase agreements are offset in the amount of €3.547 billion in "Accounts payable to customers".

Non-performing loans include a write-down of irrevocable non-performing loans of €711 million and impairments of €354 million.

Receivables from customers include €580 million in restructured receivables, of which €411 million on non-performing loans.

Note 4 *bis* Breakdown of receivables from customers by geographical segment

	France	USA	Great Britain	Singapore	Hong Kong	Brussels	Total
Total gross outstandings at 12/31/2021[1]	45,089	2,921	1,409	3,151	1,218	99	53,887
Of which:							
Non-performing loans	303	41	22	69	-	-	435
Irrevocable non-performing loans	711	-	-	-	-	-	711
Write-downs:							
Inventories at 12/31/2020	-439	-32	-0	-	-	-	-471
Allowances	-94	-2	-4	-	-	-	-100
Reversals	108	17	-	0	-	-	125
Effects of exchange rates and other	-7	-	0	-	-	-	-7
Inventories at 12/31/2021	-432	-17	-4	-	-	-	-453

(1) Excluding related receivables.

Note 4 *ter* Impairment on non-performing loans

	12/31/2020	Allowances	Reversals	Other changes	12/31/2021
Assets					
Impairment on receivables on credit institutions	-0	-	-	-	-0
Impairment on receivables from customers	471	100	-125	7	453
Impairment on finance leases and operating leases	-	-	-	-	-
Impairment on bonds and other fixed-income securities	0	-	-	-	0
Impairment of other assets	-	-	-	-	-
TOTAL	**471**	**100**	**-125**	**7**	**453**

The total of non-performing loans on customers amounted to €1,146 million compared to €1,049 million at December 31, 2020. They are covered by asset impairments amounting to €453 million, *i.e.* 39.5% against 44.9% previously.

The coverage ratio of gross customer outstandings by all impairments and provisions covering credit risks stood at 1.55% compared to 1.56% in 2020.

Non-performing loans are covered by these provisions with the exception of provisions for country risks and general provisions for credit risks, which relate to performing loans.

Note 5 Bonds & other fixed-income securities

	12/31/2021				12/31/2020			
	Transaction	Placement	Invest.	Total	Transaction	Placement	Invest.	Total
Listed securities held	4,871	9,777	3	14,651	9,414	9,295	6	18,715
Non-listed securities held	-	1,047	-	1,047	-	746	-	746
Loaned securities	-	-	-	-	-	-	-	-
Related receivables	2	20	-	22	6	18	-	24
Non-performing loans[1]	-	17	2	19	-	142	2	144
Gross amount	**4,873**	**10,861**	**5**	**15,739**	**9,420**	**10,201**	**8**	**19,629**
■ Write-downs	-	-41	-	-41	-	-164	-	-164
■ Provisions	-	-17	-2	-19	-	-17	-2	-19
Net amount	**4,873**	**10,803**	**3**	**15,679**	**9,420**	**10,020**	**6**	**19,446**
Unrealized gains	-	-	-	-	-	-	-	-
of which subordinated bonds	-	-	-	-	-	-	-	-
of which securities issued by public organizations	-	-	-	2,120	-	-	-	2,760

(1) Non-performing loans include €1 million of irrevocable non-performing loans.

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The positive (or negative) differences between the redemption price and the purchase price of short-term investment securities is €5 million and zero for long-term investment securities.

Trading and short-term investment securities were valued at market prices based on external data from organized markets, or for over-the-counter markets, based on the prices of the principal brokers, or when no price was available, based on comparable securities listed on the market.

Note 5 *bis* Bonds & other fixed-income securities – Monitoring of category transfers in 2008 pursuant to CRC Regulation 2008-17 amending CRB Regulation 90-01

Due to the exceptional situation caused by the deterioration of the global financial markets, CIC made transfers of securities out of the category.

Trading securities, excluding Short-term investment securities.

These reclassifications were carried out on a basis of valuation on July 1, 2008.

	Securities issued on transfer date	Carrying amount in the balance sheet at closing date	Value at balance sheet date if transfers had not taken place	Unrealized gains or losses
Reclassified assets of:				
▪ Trading securities to long-term investment securities	18,443	722	1,160	438
▪ Trading securities to short-term investment securities	349	2	2	0
▪ Short-term investment securities to long-term investment securities	421	-	-	-
TOTAL	**19,213**	**724**	**1,162**	**438**

Note 6 Shares & other variable-income securities

	12/31/2021				12/31/2020			
	Transaction	Placement	TAP	Total	Transaction	Placement	TAP	Total
Listed securities held[1]	668	3	-	671	1,490	4	-	1,494
Non-listed securities held	-	176	-	176	-	281	-	281
Loaned securities	-	-	-	-	-	-	-	-
Related receivables	-	-	-	-	-	-	-	-
Gross amount	**668**	**179**	**-**	**847**	**1,490**	**285**	**-**	**1,775**
Write-downs of securities	-	-13	-	-13	-	-41	-	-41
TOTAL	**668**	**166**	**-**	**834**	**1,490**	**245**	**-**	**1,734**
Unrealized gains	-	-	-	-	-	-	-	-

(1) Reciprocal receivables and payables arising from cross repurchase agreements are offset in the amount of €0.06 billion under "Other assets and liabilities".

No transfers between portfolios took place during fiscal year 2021.

Note 7 Equity investments and other long-term investments

	12/31/2020	Acquisitions Allocations	Disposals Reversals	Transfers	Other changes	12/31/2021
Other long-term investments						
■ listed	-	-	-	-	-	-
■ non-listed	110	-	-	-	5	115
Equity investments	-	-	-	-	-	-
■ listed	0	-	-	-	-	0
■ non-listed	8	-	-	-	1	9
Subtotal	**118**	**-**	**-**	**-**	**6**	**124**
Translation adjustments	-	-	-	-	-	-
Loaned securities	-	-	-	-	-	-
Related receivables	-	-	-	-	-	-
Call for funds and current account advances in SCIs	-	-	-	-	-	-
GROSS AMOUNT	**118**	**-**	**-**	**-**	**6**	**124**
Write-downs						
■ listed securities	0	-	-	-	-	0
■ non-listed securities	-6	-	-	-	-1	-7
Subtotal	**-6**	**-**	**-**	**-**	**-1**	**-7**
NET AMOUNT	**112**	**-**	**-**	**-**	**5**	**117**

Note 8 Investments in subsidiaries and associates

	12/31/2020	Acquisitions Allocations	Disposals Reversals	Transfers	Other changes	12/31/2021
Gross amount	6,231	2	-31	-	16	6,218
Translation adjustments	-3	-	-	-	-2	-5
Loaned securities	-	-	-	-	-	-
Related receivables	-	-	-	-	-	-
Call for funds and current account advances in SCIs.	-	-	-	-	-	-
Write-downs	-154	-7	36	-	-	-125
NET AMOUNT	**6,074**	**-5**	**5**	**-**	**15**	**6,088**
Gross carrying amount of shares in listed subsidiaries and associates	-	-	-	-	-	-
Gross carrying amount of shares in non-listed subsidiaries and associates	6,231	-	-	-	-	6,217
of which gross carrying amount of securities in non-listed credit institutions	3,389	-	-	-	-	3,403

Transaction with subsidiaries and associates

	12/31/2021 Subsidiaries and associates		12/31/2020 Subsidiaries and associates	
	Total	of which subordinated	Total	of which subordinated
ASSETS				
Receivables on credit institutions	14,282	200	12,773	169
Receivables from customers	150	-	156	-
Other miscellaneous receivables	142	-	438	-
Bonds and other fixed-income securities	-	-	-	-
Swaps purchases	820	-	1,357	-
LIABILITIES				
Due to credit institutions	36,537	-	37,639	-
Deposits from customers	1,357	-	2,824	-
Other liabilities	1,014	-	1,508	-
Swaps sales	95	-	117	-
Debt securities	1,549	1,549	1,559	1,548
OFF-BALANCE SHEET				
Commitments given				
Credit institutions[1]	1,370	-	1,209	-
Customers	1,891	-	1,708	-
Commitments received				
Credit institutions	5,551	-	3,127	-

(1) Commitments given to subsidiaries and associates relate in particular to guarantees given to regional banks on their issuance of certificates of deposit and negotiable medium-term notes.

Transactions with businesses for which there is a shareholding link are not material.

Transactions with related parties

All transactions with related parties were concluded under normal market conditions, *i.e.* those usually practiced by the institution in its dealings with third parties, so that the beneficiary of the agreement does not derive an advantage over the conditions imposed on any third party of the company, taking into account the conditions of use in companies in the same sector.

Note 9 Intangible assets

	12/31/2020	Acquisitions Allocations	Disposals Reversals	Other changes	12/31/2021
Gross value					
▪ Purchased goodwill	75	-	-	-	75
▪ Start-up expenses	-1	-	-	-1	-2
▪ Research and development expenses	-	-	-	-	-
▪ Other intangible assets	72	2	-	-	74
GROSS AMOUNT	**146**	**2**	**-**	**-1**	**147**
Amortizations					
▪ Purchased goodwill	-53	-	-	-	-53
▪ Start-up expenses	1	-	-	1	2
▪ Research and development expenses	-	-	-	-	-
▪ Other intangible assets	-25	-	-	-2	-27
Amount of depreciation	**-77**	**-**	**-**	**-1**	**-78**
NET AMOUNT	**69**	**2**	**-**	**-2**	**69**

Note 10 Property, plant and equipment

Property, plant and equipment	12/31/2020	Acquisitions Allocations	Disposals Reversals	Other changes	12/31/2021
Gross value					
■ Operating sites	202	-	-	-	202
■ Non-operating sites	-0	-	-	-	-0
■ Operating buildings	802	15	-7	1	811
■ Non-operating buildings	1	-	-	-	1
■ Other property, plant and equipment	119	14	-15	-	118
GROSS AMOUNT	**1,124**	**29**	**-22**	**1**	**1,132**
Amortizations					
■ Operating sites	-	-	-	-	-
■ Non-operating sites	-	-	-	-	-
■ Operating buildings	-550	-19	6	-0	-563
■ Non-operating buildings	0	-	-	-	0
■ Other property, plant and equipment	-101	-2	1	-0	-102
Amount of depreciation	**-651**	**-21**	**7.**	**-0**	**-665**
NET AMOUNT	**473**	**-**	**-**	**-**	**467**

Note 11 Treasury shares

	12/31/2021	12/31/2020
Number of securities held	231,711	231,711
Share in the capital	0.61%	0.61%
Carrying amount	10	10

CIC treasury shares come from the partial contribution of CIAL assets made in 2006.

Note 12 Other assets and liabilities

	12/31/2021		12/31/2020	
	Assets	Liabilities	Assets	Liabilities
Option premiums	287	271	209	220
Securities settlement accounts	42	92	45	44
Debts representing borrowed securities[1]	-	1,831	-	1,109
Deferred tax	-	-	-	-
Miscellaneous debtors and creditors	5,159	1,897	5,964	2,184
Non-performing loans	1	-	1	-
Related debt	1	1	1	1
Write-downs	-1	-	-1	-
TOTAL	**5,489**	**4,092**	**6,219**	**3,558**

(1) Reciprocal receivables and payables arising from cross repurchase agreements are offset in the amount of €0.06 billion under "Equities and other variable-income securities".

Note 13 Accruals

	12/31/2021		12/31/2020	
	Assets	Liabilities	Assets	Liabilities
Collection accounts	2	40	1	11
Currency and off-balance sheet adjustment accounts	3,854	2,914	3,580	2,562
Other accruals	993	3,002	1,070	2,982
TOTAL	**4,849**	**5,956**	**4,651**	**5,555**

Following the banks' appeal in January 2018 against the Paris Court of Appeal's ruling of December 21, 2017, the case concerning check image transfer fees went before the Court of Cassation.

The judgment of 12/2/2021, said that the facts are not established and led to the restitution of the sums paid in execution of the decision, with interest at the legal rate.

Note 14 Liabilities to credit institutions

	12/31/2021		12/31/2020	
	Demand	Term	Demand	Term
Current accounts	26,447	-	26,461	-
Term deposits	-	21,771	-	16,032
Securities given under repurchase agreements	-	-	-	-
Securities given under repurchase agreements delivered[1]	-	9,098	-	15,382
Related debt	-	21	-	24
TOTAL	**26,447**	**30,890**	**26,461**	**31,438**
TOTAL DEBTS TO CREDIT INSTITUTIONS	**-**	**57,337**	**-**	**57,899**

(1) Reciprocal receivables and payables arising from cross repurchase agreements are offset in the amount of €1.971 billion under "Receivables on credit institutions".

Note 15 Deposits from customers

	12/31/2021		12/31/2020	
	Demand	Term	Demand	Term
Special savings accounts[1]	7,213	2,594	6,650	2,439
Related debt	-	-	-	-
TOTAL – SPECIAL SAVINGS ACCOUNTS	**7,213**	**2,594**	**6,650**	**2,439**
Other debt	35,709	11,977	37,735	14,015
Securities given under repurchase agreements delivered[2]	-	954	-	3,225
Related debt	1	15	-	25
TOTAL – OTHER DEBT	**35,710**	**12,946**	**37,735**	**17,265**
TOTAL ON DEMAND AND TERM DEPOSITS FROM CUSTOMERS	**-**	**58,463**	**-**	**64,089**

(1) €1.5 billion in demand deposits was offset against the item Receivables on credit institutions, corresponding to the payment made to the Caisse des Dépôts et Consignations in connection with the centralization of deposits.

(2) Reciprocal receivables and payables arising from cross repurchase agreements are offset in the amount of €3.547 billion under "Customer loans".

In 2020, the amount of the offset was €1.4 billion.

Note 15 *bis* Customer deposits centralized with the Caisse des Dépôts et Consignations savings fund

	12/31/2021	12/31/2020
Amount of deposits collected (Livret A passbook accounts, Livret d'épargne populaire passbook account, sustainable development and solidarity passbook accounts)	2,853,525	2,703,123
Amount of the receivable from the CDC savings fund (centralized deposit amount)	-1,532,496	-1,399,962
NET AMOUNT OF SPECIAL SAVINGS ACCOUNTS PRESENTED AS LIABILITIES ON THE BALANCE SHEET	**1,321,029**	**1,303,161**

Note 16 Debt securities

	12/31/2021	12/31/2020
Certificates of deposit	1	21
Interbank market securities & negotiable debt securities	15,397	18,886
Bonds	6,500	6,292
Other debts represented by a security	-	6
Related debt	34	68
TOTAL	**21,932**	**25,273**

Note 17 Provisions

	12/31/2020	Allowances	Reversals	Other changes	12/31/2021
Provisions for counterparty risks					
■ on commitments by signature	21	23	-19	1	25
■ on off-balance sheet commitments	-	-	-	-	-
■ on country risks	-0	-	-	-	-0
■ general provisions for credit risks	363	1	-14	8	358
■ other provisions for counterparty risks	-	-	-	-	-
Provisions for losses on forward financial instruments	**19**	**-**	**-15**	**2**	**6**
Provisions for subsidiaries and associates	**-0**	**-**	**-**	**-0**	**-0**
Provisions for risks and expenses excluding counterparty risks					
■ provisions for retirement expenses	49	1	-1	-	49
■ provisions for mortgage saving agreements	14	-	-	-	14
■ other provisions[1]	641	84	-56	-1	668
TOTAL	**1,107**	**109**	**-105**	**10**	**1,120**

ANC Recommendation No. 2013-02 on the rules for valuing retirement commitments in accordance with IAS 19 R.

(1) As at December 31, 2021, the inventory of provisions included €501 million of provisions related to the temporary effects of tax consolidation.

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Note 17 *bis* Provisions for risks on mortgage savings commitments

	12/31/2021	12/31/2020
Mortgage saving plans (PEL)		
Maturity between 0-4 years	258	220
Maturity between 4-10 years	1,017	989
> 10 years	706	736
TOTAL	**1,981**	**1,945**
Amounts outstanding under mortgage saving accounts (CEL)	**97**	**94**
TOTAL MORTGAGE SAVING AGREEMENTS (ACCOUNTS AND PLANS)	**2,078**	**2,039**

LOANS UNDER MORTGAGE SAVING AGREEMENTS

	12/31/2021	12/31/2020
Loans under mortgage saving agreements for which provisions for risks have been recognized in assets	1	1

PROVISIONS ON MORTGAGE SAVING AGREEMENTS

	12/31/2021	12/31/2020
On mortgage saving accounts	-	-
On mortgage saving plans	13.	14
On loans under mortgage saving agreements	-	-
TOTAL	**13**	**14**
Provisions for mortgage saving plans, by maturity		
Maturity between 0-4 years	2	2
Maturity between 4-10 years	8	8
> 10 years	3	4
TOTAL	**13**	**14**

Note 17 *ter* Provision for retirement benefits

RETIREMENT BENEFITS

	Opening	Transfers	Effect of discounting	Financial income	Cost of services rendered	Others (transfers, management expenses)	Change in actuarial gains and losses	Payment to beneficiaries	Insurance contributions	Closing
Commitments	58	-	-	3	-1	-	1	-4	-	58
Insurance policies	35	-	0	-	-1	0	0	-2	3	35
Surplus Assets/ Commitments	-	-	-	-	-	-	-	-	-	-
PROVISIONS	**23**	**-**	**0**	**3**	**-0**	**0**	**1**	**-1**	**-3**	**23**

Note 18 Subordinated debt

	12/31/2020	Emissions	Repayments	Other changes	12/31/2021
Subordinated debt	1,413	-	-	-	1,413
Participating loans	-	-	-	-	-
Perpetual subordinated debt	163	-	-	-	163
Related debt	1	-	-	-	1
TOTAL	**1,577**	**-**	**-**	**-**	**1,577**

PRINCIPAL SUBORDINATED DEBT

	Date issuance	Amount issuance	Amount at year-end	Rate	Term
Participating loan	5/28/1985	€137 million	€137 million	(1)	(2)
redeemable subordinated notes/TSR	3/24/2016	€414 million	€414 million	3 months EURIBOR +2.05%	3/24/2026
redeemable subordinated notes/TSR	11/4/2016	€700 million	€700 million	3 months EURIBOR +1.70%	11/4/2026

(1) Minimum 85% (TAM+TMO)/2 Maximum 130% (TAM+TMO)/2.

(2) Non-depreciable, but reimbursable at borrower's discretion as of May 28, 1997 at 130% of the nominal value revalued by 1.5% per year for future years.

* *For the purpose of calculating this rate, as of January 3, 2022, any reference to the monthly average money market rate will be deemed to be a reference to the EuroSTR (Regulation (EU) 2021/1848 of October 21, 2021).*

Note 19 Shareholders' equity and FGBR

	Capital	Premiums	Reserves[1]	Revaluation differences	Regulated provisions	Retained earnings	Profit/(loss) for the period	Total	Funds for general banking risks
Balance at 01/01/2020	**609**	**1,088**	**6,016**	**44**	**55**	**6**	**1,823**	**9,640**	**379**
Profit/(loss) for the period	-	-	-	-	-	-	918	918	-
Appropriation of earnings from previous fiscal year	-	-	-	-	-	1,823	-1,823	-	-
Distribution of dividends	-	-	652	-	-	-1,696	-	-1,044	-
Capital increase – CIC IBB merger	3	-	-	-	-	-	-	3	-
Premium – CIC IBB merger continuation	-	85	-	-	-	-	-	85	-
Additional allocation for legal reserve – following the IBB CIC merger	-	-1	-	-	-	-	-	-1	-
Impact of revaluations	-	-	-	-	-	-	-	-	-
Change of method	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	3	-	-	3	-
BALANCE AT 12/31/2020	**612**	**1,172**	**6,668**	**44**	**58**	**133**	**918**	**9,606**	**379**
Balance at 01/01/2021	**612**	**1,172**	**6,668**	**44**	**58**	**133**	**918**	**9,606**	**379**
Profit/(loss) for the period	-	-	-	-	-	-	1,087	1,087	-
Appropriation of earnings from previous year	-	-	-	-	-	918	-918	-	-
Distribution of dividends	-	-	500	-	-	-992	-	-492	-
Capital increase	-	-	-	-	-	-	-	-	-
Impact of revaluations	-	-	-	-	-	-	-	-	-
Change of method	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	3	-	-	-	-
BALANCE AT 12/31/2021	**612**	**1,172**	**7,168**	**44**	**61**	**59**	**1,087**	**10,202**	**379**

(1) As of December 31, 2021, the reserves consist of a legal reserve for €61 million, a special long-term capital gains reserve for €286 million, a free reserve for €6,696 million, €124 million in statutory reserves and €1 million in the special art. 238 a) reserve.

As at December 31, 2021, CIC had a share capital of 38,241,129 shares with a nominal value of €16.

CIC's corporate earnings amounted to €1,086,687,793.26.

It is proposed that the Shareholders' Meeting allocate the sum of €1,145 million from income (€1,086.7 million) and retained earnings (€58.7 million) as follows:

Dividends for fiscal year 2021	1,051.6
Allocation to the free reserve	0.0
Provision for retained earnings	93.7
TOTAL DISTRIBUTABLE	**1,145.4**

Note 20 Breakdown of certain assets/liabilities according to their residual maturity

	< 3 months and on demand	> 3 months < 1 year	> 1 year < 5 years	> 5 years	TBD	Related debts receivables	Total
ASSETS							
Receivables on credit institutions[1]	12,582	869	2,581	4,316	-	46	20,394
Receivables from customers[2]	10,617	5,158	17,292	19,607	-	68	52,742
Bonds and other fixed-income securities[3]	48	350	5,527	4,904	-	20	10,848
LIABILITIES							
Due to credit institutions[4]	44,570	2,485	7,729	2,530	-	22	57,337
Deposits from customers	51,174	6,145	839	291	-	14	58,463
Debt securities	-	-	-	-	-	-	-
■ Certificates of deposit	-	-	1	-	-	-	1
■ Interbank market securities and negotiable debt securities	5,570	9,820	7	-	-	5	15,402
■ Bonds	111	337	2,089	3,962	-	29	6,528
■ Other	-	-	-	-	-	-	-

(1) With the exception of non-performing loans and impairments.
(2) Excluding unallocated amounts, non-performing loans and provisions for impairment.
(3) Exclusively for short-term and long-term investment securities (excluding non-performing loans).
(4) With the exception of other amounts due.

Note 21 Equivalent value in millions of euros of foreign currency assets & liabilities

The equivalent value of assets and liabilities denominated in foreign currencies was €38,975 million and €45,736 million at December 31, 2021.

CIC has no significant operating positions in foreign currencies.

Note 22 Guarantee commitments given

As part of Crédit Mutuel Alliance Fédérale's refinancing operations (mortgage market and secured securities), certain receivables from customers distributed by CIC constitute assets given as collateral for these refinancing operations carried by third-party entities of the group. As of December 31, 2021, they amounted to €10,344 million.

Note 23 Commitments on forward financial instruments

TRANSACTIONS ON FORWARD FINANCIAL INSTRUMENTS
(ACCORDING TO THE NOTION OF MICRO/MACRO HEDGING TRANSACTIONS AND OPEN POSITION MANAGEMENT/SPECIALIZED MANAGEMENT OPERATIONS ON FIRM AND CONDITIONAL TRANSACTIONS)

	12/31/2021			12/31/2020		
	Hedging	Management activities	Total	Hedging	Management activities	Total
Firm transactions						
Organized markets						
■ Interest rate contracts	3,926	45,893	49,819	3,066	35,541	38,607
■ Foreign exchange contracts	-	-	-	-	-	-
■ Other transactions	-	5,236	5,236	-	5,731	5,731
Over-the-counter contracts						
■ Future rate agreements	-	30,340	30,340	-	30,151	30,151
■ Interest rate swaps	3,976	70,088	74,064	5,865	81,043	86,908
■ Financial swaps	842	15,901	16,743	1,031	17,410	18,441
■ Other transactions	-	489	489	-	608	608
■ Swaps – others	-	7,086	7,086	-	7,972	7,972
Conditional transactions						
Organized markets						
■ Rate options						
Purchased	-	1,000	1,000	-	-	-
Sold	-	750	750	-	-	-
■ Foreign currency options						
Purchased	-	-	-	-	-	-
Sold	-	-	-	-	-	-
■ Shares and other options						
Purchased	-	-	-	-	-	-
Sold	-	-	-	-	-	-
Over-the-counter contracts						
■ Rate cap and floor contracts						
Purchased	-	84,753	84,753	-	14,003	14,003
Sold	-	31,321	31,321	-	13,467	13,467
■ Interest rate, currency, equity and other options						
Purchased	-	15,796	15,796	-	15,325	15,325
Sold	-	15,796	15,796	-	15,325	15,325
TOTAL	**8,744**	**324,450**	**333,194**	**9,962**	**236,576**	**246,538**

BREAKDOWN OF OVER THE COUNTER INTEREST RATE CONTRACTS BY PORTFOLIO TYPE

2021	Isolated open position	Micro-hedging	Total interest rate risk	Specialized management	Total
Firm transactions					
Purchases	-	-	-	30,586	30,586
Sales	-	-	-	244	244
Foreign exchange contracts	-	4,486	332	93,075	97,893
Conditional transactions					
Purchases	-	-	-	100,549	100,549
Sales	-	-	-	47,116	47,116
2020					
Firm transactions					
Purchases	-	-	-	30,456	30,456
Sales	-	-	-	303	303
Foreign exchange contracts	-	6,563	332	106,425	113,321
Conditional transactions					
Purchases	-	-	-	29,328	29,328
Sales	-	-	-	28,792	28,792

During fiscal year 2021, there were no transfers between the swap hedging portfolio and the swap trading portfolio.

Note 24 Breakdown of forward instruments according to their residual maturity

	< 1 year	> 1 year < 5 years	> 5 years	Total
Rate instruments				
Organized markets				
■ Purchases	24,885	16,064	8,404	49,353
■ Sales	1,992	224	-	2,216
Over-the-counter contracts				
■ Purchases	82,488	30,161	2,444	115,093
■ Sales	20,674	9,447	1,201	31,322
■ Interest rate swaps	13,795	42,127	18,143	74,065
Foreign exchange instruments				
Organized markets				
■ Purchases	-	-	-	-
■ Sales	-	-	-	-
Over-the-counter contracts				
■ Purchases	14,375	1,666	-	16,041
■ Sales	14,374	1,665	-	16,039
■ Financial swaps	3,806	6,329	6,607	16,742
Other forward financial instruments				
Organized markets				
■ Purchases	372	2,443	178	2,993
■ Sales	604	1,606	34	2,244
Over-the-counter contracts				
■ Purchases	-	-	-	-
■ Sales	-	-	-	-
■ Swaps	2,488	4,538	60	7,086
TOTAL	**180,094**	**115,928**	**37,171**	**333,193**

Note 25 Forward financial instruments – Counterparty risk

The counterparty risk associated with forward financial instruments is estimated using the methodology used to calculate the prudential ratios.

Credit risks on forward financial instruments	12/31/2021	12/31/2020
Gross exposures		
Risks on credit institutions	836	954
Business risks	2,218	1,705
TOTAL	**3,054**	**2,659**

	12/31/2021		12/31/2020	
Fair value of forward financial instruments	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Fair value of forward financial instruments	4,422	4,401	4,029	3,707

Note 26 Other off-balance sheet commitments

	12/31/2021	12/31/2020
Foreign currency transactions		
Currencies to be received	6,378	5,826
Currencies to be delivered	6,594	6,264
Commitments on forward financial instruments		
Transactions on organized and equivalent markets		
Forward foreign exchange transactions		
■ Hedging	38,686	22,713
■ Other transactions	68,273	69,006
Financial currency swaps		
■ Isolated open position	-	-
■ Micro-hedging	842	1,031
■ Global interest rate risk	-	-
■ Specialized management	15,901	17,410
Finance lease commitments		
Fees outstanding on real estate leasing	-	-
Fees outstanding on equipment leasing	-	-

Note 27 Interest income and expenses

	Fiscal year 2021		Fiscal year 2020	
	Income	**Expenses**	**Income**	**Expenses**
Credit institutions	81	-134	201	-309
Customers	901	-130	916	-144
Finance and operating leases	-	-	-	-
Bonds and other fixed-income securities	102	-168	171	-277
Other	65	-73	86	-91
TOTAL	**1,149**	**-505**	**1,374**	**-821**
of which subordinated debt expenses	-	*-18*	-	*-19*

Note 28 Income from variable-income securities

	Fiscal year 2021	Fiscal year 2020
Short-term investment securities	5	8
Securities relating to portfolio activity	-	-
Equity investments and other long-term securities	16	7
Investments in associates	626	773
Income from SCI shares	-	-
TOTAL	**647**	**788**

Note 29 Commission income and expense

	Fiscal year 2021		Fiscal year 2020	
	Income	Expenses	Income	Expenses
Treasury & interbank transactions	-	-4	2	-3
Customer transactions	218	-3	197	-3
Security trades	3	-51	3	-16
Foreign currency transactions	3	-1	3	-1
Off-balance sheet transactions	-	-	-	-
■ Securities commitments	17	-	14	-
■ Forward financial commitments	7	-8	9	-9
■ Funding and guarantee commitments	7	-9	1	-
Financial services	210	-27	292	-35
Commissions on means of payment	137	-74	-	-66
Other commissions (including retroceded income)	15	-12	17	-14
TOTAL	**617**	**-189**	**538**	**-147**

Note 30 Gains or losses on trading portfolio transactions

	Fiscal year 2021	Fiscal year 2020
On trading securities	144	352
On currency transactions	40	18
On forward financial instruments		
■ Interest rate	118	-83
■ Exchange rate	15	14
■ On other financial instruments including shares	9	-15
Subtotal	**326**	**286**
Provisions for impairment of financial instruments	-	-4
Reversals of impairment of financial instruments	15	-
TOTAL	**341**	**282**

Note 31 Profit/loss on transactions on short-term investment portfolio and similar

	Fiscal year 2021	Fiscal year 2020
Trades on short-term investment securities		
■ Capital gains on disposals	38	26
■ Capital losses on disposals	-56	-108
■ Provisions for impairment	-14	-52
■ Reversals of impairment	39	69
Trades on portfolio securities		
■ Capital gains on disposals	-	-
■ Capital losses on disposals	-	-
■ Provisions for impairment	-	-
■ Reversals of impairment	-	-
TOTAL	**7**	**-65**

Note 32 Other banking income and operating expenses

	Fiscal year 2021		Fiscal year 2020	
	Income	Expenses	Income	Expenses
Ancillary products	1	-	4	-
Expense transfers	-	-	-	-
Net provisions	12	-4	44	-4
Other income/expenses generated from banking operations	10	-19	3	3
Net income/expenses generated from other activities	-	-	-	-
TOTAL	**23**	**-23**	**51**	**-1**

Note 33 Employee benefit expense

	Fiscal year 2021	Fiscal year 2020
Wages & salaries	-270	-267
Social security contributions	-121	-116
Pension expenses	-3	-2
Employee profit-sharing and incentive schemes	-37	-26
Taxes, duties and equivalent payments on compensation	-40	-38
Net provisions for retirement	1	3
Other net provisions	-	-
TOTAL	**-470**	**-446**

Note 34 Cost of risk

	Fiscal year 2021	Fiscal year 2020
Allowances for impairment of non-performing loans	-100	-142
Reversals of impairment of non-performing loans	253	80
Losses on irrecoverable loans covered by impairments	-170	-43
Losses on irrecoverable loans not covered by impairments	-3	-6
Recoveries on amortized receivables	2	1
Balance of receivables	**-18**	**-110**
Provisions	-23	-61
Reversals of provisions	33	4
Balance of risks	**10**	**-57**
TOTAL	**-8**	**-167**

Note 35 Gains or losses on non-current assets

	Fiscal year 2021					Fiscal year 2020
	Government and equivalent securities	Bonds and other fixed-income securities	Investments and other long-term securities	Investments in associates	Total	Total
On non-current financial assets						
■ Capital gains on sale	-	3	-	-	3	4
■ Capital losses on sale	-	-	-	-31	-31	-4
■ Provisions for impairment	-	-	-	-7	-7	-18
■ Reversals of impairment	-	-	-	36	36	4
Subtotal	**-**	**3**	**-**	**-2**	**1**	**-14**
On property, plant and equipment and intangible assets						
■ Capital gains on sale	-	-	-	-	-	1
■ Capital losses on sale	-	-	-	-	-1	-2
Subtotal	**-**	**-**	**-**	**-**	**-1**	**-1**
TOTAL	**-**	**-**	**-**	**-**	**-**	**-15**

Note 36 Non-recurring income

	Fiscal year 2021	Fiscal year 2020
Provisions	0	-7
TOTAL	**0**	**-7**

Note 37 Income tax

	Fiscal year 2021	Fiscal year 2020
Current tax – Excluding tax consolidation effect	-44	-84
Current tax – Adjustment on prior fiscal years	19	8
Current tax – Effect of tax consolidation	-58	33
TOTAL	**-83**	**-43**
On current activities	-83	-43
On non-recurring items	-	-
TOTAL	**-83**	**-43**

CIC has been the parent company of the tax consolidation group since January 1, 1995.

Each company consolidated for tax purposes is placed in the position it would have been in if it had been taxed separately.

The additional tax saving or expense resulting from the difference between the tax due by the consolidated subsidiaries and the tax resulting from the determination of the overall income is recorded by CIC.

Note 38 Breakdown of the income statement by geographical area

	France	USA	Great Britain	Singapore	Hong Kong	Brussels	Total
NBI	1,817	109	45	79	11	-	2,062
General operating expenses	-779	-53	-12	-34	-5	-	-882
GOI	1,038	56	33	45	6	-	1,180
Cost of risk	-22	17	-2	-1	-0	-	-8
Operating income	1,016	73	31	45	6	-	1,172
Profit/loss on non-current assets	1	-	-	-	-	-	1
Current profit/(loss)	1,018	73	31	45	6	-	1,173
Non-recurring income	0	-	-	-	-	-	0
Income tax	-66	-3	-6	-8	-1	-	-83
Additions/reversals to regulated provisions	-3	-	-	-	-	-	-3
Net profit/(loss)	**950**	**70**	**25**	**37**	**5**	**-**	**1,087**

Note 38 *bis* Breakdown of the income statement by business line

	Network	Private wealth management	Structure and holding company	Total
NBI	638	835	589	2,062
General operating expenses	-455	381	-46	-882
GOI	183	454	543	1,180
Cost of risk	-20	4	9	-8
Operating income	163	458	552	1,172
Profit/loss on non-current assets	-1	-3	4	1
Current profit/(loss)	162	455	556	1,173
Non-recurring income	-	0	0	0
Income tax	-61	-127	105	-83
Additions/reversals to regulated provisions	-1	-	-2	-3
Net profit/(loss)	**101**	**328**	**659**	**1,087**

Note 39 Average workforce

	Fiscal year 2021	Fiscal year 2020
Bank technical staff	1,842	1,901
Managers	2,208	2,262
TOTAL	**4,050**	**4,163**

Note 40 Total compensation paid to key executives

	Wages fixed portion	Wages variable portion	Benefits in kind	Miscellaneous reinstatements	Total 2021	Total 2020
Key executives	0	-	-	-	0	0

No compensation is paid to members of the Board of Directors.

No advances or credits were granted to any members of the Board of Directors during the fiscal year.

Note 41 Profit (loss) per share

At December 31, 2021, the share capital of CIC stood at €611,858,064, divided into 38,241,129 shares with a nominal value of €16, including 231,711 treasury shares, which are not taken into account in the calculation of profit/(loss) per share.

As a result, for fiscal year 2021, profit/(loss) per share amounted to €28.59 compared with €24.16 for 2020.

Note 42 Assets deposited with the Caisse des Dépôts et Consignations and inactive accounts

	Number of accounts	Amount *(in €)*
Financial statements mentioned in II of Article L.312-19 of the French Monetary and Financial Code	34,358	80,886,152.86
Deposited financial statements referred to in Article L.312-20 of the French Monetary and Financial Code	1,119	2,726,387.95

In accordance with law No. 2014-617 of June 13, 2014 on dormant bank accounts and dormant life insurance policies.

Note 43 Fees to statutory auditors

	12/31/2021					
Amount excluding taxes	PriceWaterhouseCoopers		Ernst & Young		KPMG	
Audit of the accounts	0.46	100%	0.46	100%	0.46	100%
Non-audit services	-	-	-	-	-	-
TOTAL	**0.46**	**100%**	**0.46**	**100%**	**0.46**	**100%**

	12/31/2020					
Amount excluding taxes	PriceWaterhouseCoopers		Ernst & Young		KPMG	
Audit of the accounts	0.46	100%	0.46	100%	0.46	100%
Non-audit services	-	-	-	-	-	-
TOTAL	**0.46**	**100%**	**0.46**	**100%**	**0.46**	**100%**

The above amounts correspond to the amounts recognized as expenses during the fiscal year.

7.3 INFORMATION ON SUBSIDIARIES AND EQUITY INVESTMENTS

The table is in thousands of currency.

Companies and addresses *(in thousands of currency)*	Capital	Shareholders' equity less capital, excluding 2021 profit and loss	Share of capital held in %	Carrying amount of securities held		Advances granted by CIC	Deposits and guarantees given by CIC	Revenue excl. tax for the last fiscal year*	Net profit/ (loss) for the last period	Dividends received in 2021 by CIC
				Gross	Net					
Detailed information on subsidiaries and equity investments held in French and foreign companies whose gross value exceeds 1% of CIC capital										
A/ SUBSIDIARIES (more than 50% of capital held by CIC)										
A.1 CREDIT INSTITUTIONS										
French subsidiaries										
CIC Ouest – 2 avenue Jean-Claude Bonduelle, 44000 Nantes – Siren 855 801 072	83,780	529,484	100	366,583	366,583	0	-	522,016	136,436	17,280
CIC Nord Ouest – 33 avenue Le Corbusier, 59800 Lille – Siren 455 502 096	230,000	355,070	100	313,940	313,940	0	-	574,287	152,802	77,337
CIC Est - 31 rue Jean Wenger-Valentin, 67000 Strasbourg – Siren 754 800 712	225,000	436,134	100	231,132	231,132	0	-	674,463	193,279	107,100
Banque Transatlantique 26 avenue Franklin D. Roosevelt, 75008 Paris – Siren 302 695 937	29,372	63,429	100	119,665	119,665	0	-	129,706	48,332	41,022
CIC Sud Ouest – 20 quai des Chartrons, 33000 Bordeaux – Siren 456 204 809	214,500	192,224	100	322,421	322,421	0	-	350,918	57,470	-
CIC Lyonnaise de Banque – 8 rue de la République, 69001 Lyon – Siren 954 507 976	260,840	521,834	100	341,811	341,811	0	-	860,220	250,025	69,081
Crédit Mutuel Leasing – 17 *bis* Place des Reflets Tour D2, 92988 Paris la Défense Cedex – Siren 642 017 834	35,353	-13,550	100	453,732	453,732	0	0	3,032,163	1,105	-
Crédit Mutuel Épargne Salariale – 12 rue Gaillon, 75002 Paris – Siren 692 020 878	13,524	9,978	99.94	31,958	23,489	0	0	37,718	8,241	3,830
Crédit Mutuel Real Estate Lease – 4 rue Gaillon, 75002 Paris – Siren 332 778 224	64,399	39,434	** 54.08	22,310	22,310	-	-	645,609	15,813	-
Foreign subsidiaries										
Banque de Luxembourg – 14 boulevard Royal L-2449 Luxembourg	104,784	935,848	100	902,299	902,299	0	111,294	278,100	78,572	53,331
Banque CIC (Suisse) – 11-13 Marktplatz CH4001 Basel, Switzerland	CHF 125,000	CHF 311,106	100	CHF 338,951	CHF 338,951	0	CHF 258,627	CHF 175,161	CHF 35,732	0
CIC Market Solution INC – 520 Madison Avenue 37th Floor, New York 10022 United States	-	USD 806	100	USD 8,251	USD 860	0	-	USD 1,547	USD 58	0

Companies and addresses *(in thousands of currency)*	Capital	Shareholders' equity less capital, excluding 2021 profit and loss	Share of capital held in %	Carrying amount of securities held		Advances granted by CIC	Deposits and guarantees given by CIC	Revenue excl. tax for the last fiscal year*	Net profit/ (loss) for the last period	Dividends received in 2021 by CIC
				Gross	Net					
A.2 OTHER										
Crédit Mutuel Equity – 28 avenue de l'Opéra, 75002 Paris – Siren 562 118 299	1,655,178	97,042	100	1,912,745	1,912,745	0	-	11,486	18,346	11,034
CIC Participations – 4 rue Gaillon, 75002 Paris – Siren 349 744 193	8,375	18,912	100	40,268	27,287	0	-	0	4,021	0
CIC Associés – 4 rue Gaillon, 75002 Paris – Siren 331 719 708	15,576	1,837	100	19,788	17,413	0	-	0	0	0
Caroline 13 – 4 rue Gaillon, 75002 Paris – Siren 493 154 405	8,952	-8,481	100	8,952	474	0	-	4,590	-59	0
Caroline 24 – 4 rue Gaillon, 75002 Paris – Siren 501 427 223	7,712	-7,390	100	7,712	317	0	-	-7,612	-123	0
Caroline 35 – 4 rue Gaillon, 75002 Paris – Siren 501 428 189	7,897	-6,880	100	7,897	1,017	0	-	6,819	-405	0
Caroline 75 – 4 rue Gaillon, 75002 Paris – Siren 824 197 370	11,433	-899	100	11,433	6,815	0	-	10,477	-5,012	0
Caroline 78 – 4 rue Gaillon, 75002 Paris – Siren 824 160 956	10,870	8,318	100	10,870	8,045	0	-	11,348	-11,248	0
B/ EQUITY INVESTMENTS (10 to 50% of the capital held by CIC)										
French investments										
Groupe des ACM SA – 4 rue Raiffeisen 67000 Strasbourg – Siren 352 475 529	1,241,035	1,716,782	16	621,812	621,812	0	0	0	548,752	240,908
Foreign equity investments	0	0	0	0	0	0	-	0	0	0
C/ Global information concerning other subsidiaries and equity investments (more than 10% of capital held by CIC and whose gross value does not exceed 1% of the capital of CIC)										
SUBSIDIARIES										
French subsidiaries	-	-	-	89,903	20,806	-	-	-	-	3,537
foreign subsidiaries	-	-	-	EUR 35	0	-	-	-	-	EUR 0
EQUITY INVESTMENTS										
in French companies	-	-	-	9,709	9,676	-	-	-	-	1,040
in foreign companies	-	-	-	1,322	1,322	-	-	-	-	6,400

* *For banks, this is NBI.*

** *27.88% directly by CIC, 26.20% indirectly by CIC.*

7.4 ACTIVITIES AND FINANCIAL RESULTS OF SUBSIDIARIES AND EQUITY INVESTMENTS

7.4.1 Regional banks

BANQUE CIC NORD OUEST

(capital in millions of euros)	2021 Social CNC	2020 Social CNC
Workforce on the payroll at 12/31	2,318	2,327
Balance sheet total	31,046	29,403
Shareholders' equity attributable to the group including FGBR	806	730
Customer deposits	23,484	22,304
Receivables from customers	26,175	24,421
Net profit/(loss)	**153**	**126**

Customer deposits are considered excluding customer certificates of deposit and repurchase agreements.

Receivables from customers are considered excluding repurchase agreements but including finance leasing transactions.

BANQUE CIC EST

(capital in millions of euros)	2021 Social CNC	2020 Social CNC
Workforce on the payroll at 12/31	3,018	2,998
Balance sheet total	32,812	31,869
Shareholders' equity attributable to the group including FGBR	914	827
Customer deposits	26,273	25,725
Receivables from customers	27,248	26,310
Net profit/(loss)	**193**	**163**

Customer deposits are considered excluding customer certificates of deposit and repurchase agreements.

Receivables from customers are considered excluding repurchase agreements but including finance leasing transactions.

CIC LYONNAISE DE BANQUE

(capital in millions of euros)	2021 Social CNC	2020 Social CNC
Workforce on the payroll at 12/31	3,294	3,481
Balance sheet total	46,819	43,794
Shareholders' equity attributable to the group including FGBR	1,088	907
Customer deposits	35,701	33,729
Receivables from customers	37,635	35,704
Net profit/(loss)	**250**	**178**

Customer deposits are considered excluding customer certificates of deposit and repurchase agreements.

Receivables from customers are considered excluding repurchase agreements but including finance leasing transactions.

BANQUE CIC SUD OUEST

(capital in millions of euros)	2021 Social CNC	2020 Social CNC
Workforce on the payroll at 12/31	1,663	1,678
Balance sheet total	20,901	20,514
Shareholders' equity attributable to the group including FGBR	471	413
Customer deposits	13,850	13,658
Receivables from customers	18,646	17,280
Net profit/(loss)	**57**	**38**

Customer deposits are considered excluding customer certificates of deposit and repurchase agreements.

Receivables from customers are considered excluding repurchase agreements but including finance leasing transactions.

BANQUE CIC OUEST

(capital in millions of euros)	2021 Social CNC	2020 Social CNC
Workforce on the payroll at 12/31	2,306	2,371
Balance sheet total	28,455	28,285
Shareholders' equity attributable to the group including FGBR	766	647
Customer deposits	21,301	21,318
Receivables from customers	24,455	23,238
Net profit/(loss)	**136**	**98**

Customer deposits are considered excluding customer certificates of deposit and repurchase agreements.

Receivables from customers are considered excluding repurchase agreements but including finance leasing transactions.

7.4.2 Specialized subsidiaries – Retail Banking

CRÉDIT MUTUEL ÉPARGNE SALARIALE

(capital in millions of euros)	2021 Social CNC	2020 Social CNC
Workforce on the payroll at 12/31	143	139
Balance sheet total	73	63
Shareholders' equity	23	23
Assets under management (excluding bank current accounts)	10,815	10,041
Net profit/(loss)	**8.2**	**4.0**

CRÉDIT MUTUEL LEASING

(capital in millions of euros)	2021 Consolidated[1]	2020 Consolidated[1]
Workforce on the payroll at 12/31	308	290
Balance sheet total[2]	10,338	10,391
Shareholders' equity[2]	981	954
Assets under management (excluding bank current accounts)[2]	9,847	9,901
Net profit/(loss)[2]	**28.6**	**21.2**

(1) Crédit Mutuel Leasing, Crédit Mutuel Leasing Benelux and Crédit Mutuel Leasing GmbH.
(2) Financial data.

CRÉDIT MUTUEL REAL ESTATE LEASE

(capital in millions of euros)	2021 Social CNC[1]	2020 Social CNC[1]
Workforce on the payroll at 12/31	62	56
Balance sheet total	5,337	5,090
Shareholders' equity	114	99
Assets under management (excluding bank current accounts)	4,916	4,556
Net profit/(loss)	**15.7**	**9.0**

(1) Financial data.

CRÉDIT MUTUEL FACTORING

(capital in millions of euros)	2021 Social CNC	2020 Social CNC
Workforce on the payroll at 12/31	396	406
Balance sheet total	8,476	7,474
Shareholders' equity	152	151
Volume of receivables purchased	41,851	38,935
Assets under management (excluding bank current accounts)[1]	6,937	6,145
Net profit/(loss)	**16.6**	**2.4**

(1) Including Dailly commercial loans. Assets under management are net of provisions.

7.4.3 Specialized subsidiaries – Private banking

BANQUE TRANSATLANTIQUE

(capital in millions of euros)	2021 Consolidated IFRS	2020 Consolidated IFRS
Workforce on the payroll at 12/31	409	414
Balance sheet total	6,677	5,600
Shareholders' equity attributable to the group including FGBR	214	190
Managed savings, held in custody	51,254	44,456
Customer deposits	5,844	4,918
Receivables from customers	4,312	3,821
Consolidated net profit/(loss)/attributable to the group	**65.5**	**42.5**

Customer deposits are considered excluding customer certificates of deposit and repurchase agreements.

Receivables from customers are considered excluding repurchase agreements but including finance leasing transactions.

CIC SUISSE

KEY FIGURES PREPARED IN ACCORDANCE WITH LOCAL ACCOUNTING BASIS

(capital in millions of Swiss francs)	2021 Social	2020 Social
Workforce on the payroll at 12/31	429	418
Balance sheet total	13,217	11,605
Shareholders' equity	538	494
Conservation	7,345	5,956
Net profit/(loss)	**35.7**	**34.2**

BANQUE DE LUXEMBOURG

KEY FIGURES PREPARED IN ACCORDANCE WITH LOCAL ACCOUNTING BASIS

(capital in millions of euros)	2021 Social	2020 Social
Workforce on the payroll at 12/31	956	952
Balance sheet total	14,178	13,717
Shareholders' equity including FGBR[1]	1,082	1,046
Conservation and deposits	86,303	77,896
Net profit/(loss)	**65.1**	**59.3**

(1) Shareholders' equity includes non-taxable provisions.

BANQUE DE LUXEMBOURG INVESTMENTS SA

KEY FIGURES PREPARED IN ACCORDANCE WITH LOCAL ACCOUNTING BASIS

(capital in millions of euros)	2021 Social	2020 Social
Workforce on the payroll at 12/31	62	44
Balance sheet total	79	55
Shareholders' equity including FGBR[1]	51	33
Conservation and deposits	-	-
Net profit/(loss)	**80.3**	**61.4**

(1) Shareholders' equity includes non-taxable provisions.

7.4.4 Specialized subsidiaries – Private equity

CRÉDIT MUTUEL EQUITY

(capital in millions of euros)	2021 Social CNC	2020 Social CNC
Workforce on the payroll at 12/31	44	44
Balance sheet total	2,019	1,966
Shareholders' equity	1,771	1,763
Valuation of the portfolio	1,976	1,891
Net profit/(loss)	**18.3**	**11.7**

CRÉDIT MUTUEL CAPITAL

(capital in millions of euros)	2021 Social CNC	2020 Social CNC
Workforce on the payroll at 12/31	12	10
Balance sheet total	923	890
Shareholders' equity	661	563
Valuation of the portfolio	909	786
Net profit/(loss)	**-2.5**	**48.0**

CRÉDIT MUTUEL EQUITY SCR

(capital in millions of euros)	2021 Consolidated[1]	2020 Consolidated[1]
Workforce on the payroll at 12/31	45	58
Balance sheet total	2,746	2,651
Shareholders' equity	2,663	2,587
Valuation of the portfolio	2,512	2,526
Net profit/(loss)	**308.5**	**235.4**

(1) Crédit Mutuel Equity SCR + Crédit Mutuel Innovation.

CIC CONSEIL

(capital in millions of euros)	2021 Social CNC	2020 Social CNC
Workforce on the payroll at 12/31	27	25
Balance sheet total	18	17
Shareholders' equity	12	10
Valuation of the portfolio	-	-
Net profit/(loss)	**1.7**	**-0.7**

7.5 STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

Fiscal year ended December 31, 2021

To the Shareholders' Meeting of Crédit Industriel et Commercial – CIC,

Opinion

In performance of the mission entrusted to us by your Shareholders' Meeting, we have audited the annual financial statements of Crédit Industriel et Commercial – CIC for the fiscal year ended December 31, 2021, as appended to this report.

We certify that the annual financial statements are, with regard to French accounting principles and rules, a fair presentation and give a true image of the profit or loss of the past fiscal year and the financial position and assets of the company at the end of this year.

Basis of the opinion

Accounting basis

We conducted our audit according to applicable professional standards in France. We appraise that the items that we collected were of a sufficient and appropriate basis on which to form our opinion.

The responsibilities incumbent upon us pursuant to these standards are expressed in the section "Responsibilities of statutory auditors relating to the audit of the annual financial statements" in this report.

Independence

We performed our audit in accordance with the rules of independence provided for in the Commercial Code and the code of conduct of the statutory auditors, during the period from January 1, 2021 to the date our report was issued, and in particular, we did not provide any services prohibited by Article 5, paragraph 1, of the Regulation (EU) No. 537/2014.

Justification of the assessment – Key points of the audit

The global crisis linked to the COVID-19 pandemic creates special conditions for the preparation and audit of the financial statements for this fiscal year. This crisis and the exceptional measures taken within the framework of the state of health emergency have multiple consequences for companies, particularly on their activity and their financing, as well as increased uncertainties on their future outlook. Some of these measures, such as travel restrictions and remote working, have also had an impact on the internal organization of companies and on the way audits are carried out.

It is in this complex and evolving context that, pursuant to the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code pertaining to justification of our assessment, we bring to your attention the key points of the audit as they pertain to the risk of material misstatements which, according to our professional judgment, were the most important for the audit of the annual financial statements, as well as our responses to these risks.

The assessments made in this way fall within the scope of the audit of the annual financial statements taken as a whole and the formation of our opinion as expressed above. We do not express an opinion on isolated items of the annual financial statements.

VALUATION OF WRITE-DOWNS AND PROVISIONS FOR PROVEN CREDIT RISKS ON OUTSTANDING CUSTOMER LOANS

Identified risk	Our response
Your company establishes impairments to cover proven risks of losses resulting from the inability of its customers to meet their financial commitments. Impairment of loans and receivables is recorded to cover these risks on an individual basis. Provisions are made for funding and guarantee commitments. Write-downs and provisions are recognized as soon as there is an objective indication of impairment. These write-downs and provisions correspond to the difference between the carrying amount of the loans and the sum of the discounted estimated future cash flows. As of December 31, 2021, non-performing customer loans amounted to €1,146 million and the associated write-downs and provisions amounted to €453 million and €25 million respectively, as presented in notes 4 and 17 to the annual financial statements. The principles followed in terms of credit risk provisioning are described in note 1 "Accounting principles, methods of assessment and presentation" to the annual financial statements. The valuation of write-downs and provisions requires the exercise of judgment to identify exposures presenting a risk of non-recovery, or to determine future recoverable flows and collection periods. Given the importance of judgment in assessing credit risk and determining write-downs on customer loans, particularly in the context of the prolonged health crisis related to the COVID-19 pandemic and its economic consequences, we considered the identification of receivables at risk of non-recovery and the valuation of related impairments to be a key audit issue due to: ■ the relative importance of outstanding loans in the balance sheet; ■ the complexity of estimating future recoverable cash flows.	We examined and tested the processes and controls relating to the loans and receivables that present a proven risk of default, as well as the procedures for quantifying the corresponding write-downs. We examined: ■ by calling on our IT specialists, the systems that guarantee the integrity of the data used by the rating and impairment models; ■ on a sample of receivables, the classification of outstandings between performing and non-performing loans. With regard to corporate credit risk, we have: ■ examined the credit risk monitoring process, by reviewing the reports of governance decisions on impairments; ■ on a sample basis, reviewed impaired credit files to check the documentation of the credit rating and the level of impairment used, taking into account, where applicable, the impact of the COVID-19 crisis on ratings or guarantees related to support schemes; ■ streamlined the annual change in the cost of risk; ■ where applicable, assessed the appropriateness of manual adjustments to internal credit ratings. With regard to credit risk in Retail Banking, we carried out analytical procedures by calculating the evolution over time of the following key indicators: ratio of non-performing loans to total outstandings and rate of coverage of non-performing loans by impairment. Each time that an indicator differed from the average, we analyzed the differences observed. Lastly, we verified the appropriateness of the information presented in the notes to the annual financial statements.

RISK RELATED TO THE VALUATION OF COMPLEX FINANCIAL INSTRUMENTS

Identified risk	Our response
As part of its proprietary Capital Markets trading activities and in connection with the services offered to customers, your company holds complex financial instruments. As indicated in note 1 "Accounting principles, methods of assessment and presentation" to the financial statements, derivatives and trading securities are recognized at their market value, the counterpart of this revaluation is entered in the income statement: ■ trading securities are valued at the market price on the most recent day. The overall balance of differences resulting from changes in price is recognized in the income statement as income or expenses; ■ derivatives are recognized at their market value. Where the valuation of certain instruments is based on complex models, the market parameters used as a basis for their valuation take into account in particular the level of liquidity of the markets concerned and their relevance over long maturities. We considered that the valuation of complex financial instruments was a key audit matter and entailed a significant risk of material misstatement in the annual financial statements as it requires the exercise of judgment, in particular concerning: ■ The determination of unobservable market valuation parameters for an instrument; ■ The use of internal and non-standard valuation models; ■ The estimation of the main valuation adjustments, to take account of risks such as counterparty or liquidity risks.	We assessed the processes and controls put in place by your company to identify and value complex financial instruments, including: ■ governance of valuation models; ■ independent explanation and validation of the results recorded on these transactions; ■ controls relating to the processes for collecting the parameters necessary for the valuation of complex financial instruments; Our audit team included specialists in risk modeling and quantitative techniques. With their assistance, we also: ■ performed counter-valuation tests on a sample of complex financial instruments; ■ analyzed the internal identification and validation processes of the primary value adjustments applied to financial instruments and their evolution over time. Our analyses dealt with the examination of methodologies retained on market reserves and value adjustments and the governance mechanism put in place by your company to control the adjustments made; ■ Lastly, we examined the main differences in existing margin calls in order to assess the consistency of the valuations.

Specific checks

In accordance with the professional standards applicable in France, we also made the specific legal and regulatory checks.

Information provided in the management report and in other documents on the financial position and the annual financial statements addressed to shareholders

We have no comments to make on the fairness and consistency with the annual financial statements of the information given in the management report from the Board of Directors and in the other documents sent to shareholders on the financial position and the annual financial statements, other than the point mentioned below.

The fair presentation and consistency with the annual financial statements of the information relating to payment terms mentioned in Article D. 441-6 of the French Commercial Code calls for the following observation: as indicated in the management report, this information does not include banking and related transactions, as your company considers that they do not fall within the scope of the information to be produced.

Corporate governance report

We certify the existence, in the Board of Directors' report on corporate governance, of the information required by Articles L.225-37-4 and L.22-10-10 of the French Commercial Code.

Other verifications or information required by laws and regulations

Presentation format of the annual financial statements to be included in the annual financial report

In accordance with the professional standard on the due diligence of statutory auditors in relation to the annual and consolidated financial statements presented in accordance with the single European electronic reporting format, we have also verified that the annual financial statements to be included in the annual financial report referred to in I of Article L.451-1-2 of the French Monetary and Financial Code, which are the responsibility of the Chief Executive Officer, comply with this format, as defined in European Delegated Regulation No. 2019/815 of December 17, 2018.

Based on our work, we conclude that the presentation of the financial statements for inclusion in the annual financial report complies, in all material respects, with the single European electronic reporting format.

It is not our responsibility to verify that the annual financial statements that will be included by your company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

Appointment of statutory auditors

We were appointed as statutory auditors of Crédit Industriel et Commercial – CIC by your Shareholders' Meeting of May 25, 2016 for the firm KPMG SA, of May 25, 1988 for the firm PricewaterhouseCoopers Audit and of May 26, 1999 for the firm ERNST & YOUNG et Autres.

As of December 31, 2021, KPMG SA was in the sixth year of its uninterrupted mission, PricewaterhouseCoopers Audit was in the thirty-fourth year and ERNST & YOUNG et Autres in the twenty-third year.

Responsibilities of management and persons comprising the corporate governance as regards the annual financial statements

It is the responsibility of management to prepare annual financial statements presenting a true and fair view, in accordance with French accounting rules and principles, as well as to implement the internal controls that it deems necessary for the preparation of annual financial statements without material misstatements, whether due to fraud or are the result of errors.

During the preparation of the annual financial statements, it is management's responsibility to assess the company's ability to continue as a going concern, and as the case may be, the necessary information with regard to business continuity and to apply the standard accounting policy for a going concern, unless it expects to liquidate the company or cease doing business.

The annual financial statements were approved by the Board of Directors.

Responsibilities of the statutory auditors relating to the audit of the annual financial statements

It is our responsibility to prepare a report on the annual financial statements. Our goal is to receive reasonable assurance that the annual financial statements taken as a whole do not contain any material misstatements. Reasonable assurance corresponds to a high level of assurance, without however guaranteeing that an audit conducted in accordance with professional standards may systematically detect every material misstatement. Misstatements may come from fraud or result from errors and are considered as significant when one can reasonably expect that they may, either individually or cumulatively, influence economic decisions made by users who make decisions based on the financial statements.

As specified by Article L.823-10-1 of the French Commercial Code, our assignment of certification of financial statements does not consist of guaranteeing the viability or quality of your company's management.

In the context of an audit completed in accordance with professional standards applicable in France, the statutory auditors exercise their professional judgment throughout the audit process. Furthermore:

- they identify and assess the risks that the annual financial statements contain material misstatements, whether they are due to fraud or result from errors, define and implement audit procedures faced with these risks and gather items that they believe are sufficient and appropriate on which to base their opinion. The risk of non-detection of a material misstatement from fraud is higher than a material misstatement resulting from any error, because fraud may involve collusion, falsification, deliberate omissions, false statements or circumventing internal controls;
- they acknowledge relevant internal control for the audit in order to determine the appropriate audit procedures for the circumstance, and not for the purpose of expressing an opinion on the effectiveness of internal control;
- they assess the appropriateness of the accounting methods used and the reasonableness of accounting estimates made by management, as well as information concerning estimates provided in the annual financial statements;
- they assess the appropriateness of application by management of the accounting policy for a going concern and, depending on the items gathered, the existence or not of any significant uncertainty related to events or circumstances likely to call into question the company's ability to continue as a going concern. This assessment relies on the items collected up to the date of their report, however, with the reminder that subsequent circumstances or events could call into question business continuity. If they conclude that significant uncertainty exists, they draw the attention of readers of their report to the information provided in the annual financial statements concerning this uncertainty or, if this information is not provided or is not relevant, express reservations about certification or refuse to certify them;
- they assess the overall presentation of the annual financial statements and assess whether the annual financial statements reflect the underlying transactions and events in a manner that presents a true and fair view.

Paris La Défense and Neuilly-sur-Seine, April 11, 2022

The statutory auditors

KPMG S.A.	PricewaterhouseCoopers Audit	ERNST & YOUNG et Autres
Sophie Sotil-Forgues	Laurent Tavernier	Hassan Baaj

WorldSkills Competition is the world's largest skills competition. Every two years, it brings together more than 1,000 young professionals from 60 different countries. CIC is a major partner of WorldSkills France, which organizes national competitions and supports the French delegation during international events.

CAPITAL AND LEGAL INFORMATION

8.1 SHARE CAPITAL

At December 31, 2021, CIC's share capital was €611,858,064. It is divided into 38,241,129 fully paid up shares with a nominal value of €16 each.

The amount of the share capital was increased by €3,418,176, bringing it to €611,858,064 (€608,439,888 at December 31, 2019) through the issue of 213,636 new shares, with a nominal value of €16 each, as part of the merger-absorption of CIC Iberbanco by CIC on October 19, 2020.

CIC has no unissued authorized capital or exchangeable or redeemable convertible bonds granting access to capital.

CIC shares are not listed or traded on any market.

Delegations of authority to the Board of Directors: there are no delegations of authority to the Board of Directors currently in use concerning capital increases.

CIC's articles of association include no stipulation that would delay, defer, impede or prevent a change of control, nor that would impose conditions more stringent than those required by law on changes in share capital.

The shareholders of CIC do not hold different voting rights.

CHANGES IN SHARE CAPITAL OVER THE PAST FIVE FISCAL YEARS

	2017		2018		2019		2020		2021	
	Number of shares	Amount (in €)	Number of shares	Amount (in €)	Number of shares	Amount (in €)	Number of shares	Amount (in €)	Number of shares	Amount (in €)
Situation at January 1	38,027,493	608,439,888	38,027,493	608,439,888	38,027,493	608,439,888	38,027,493	608,439,888	38,241,129	611,858,064
TOTAL SHARE CAPITAL AT 12/31	**38,027,493**	**608,439,888**	**38,027,493**	**608,439,888**	**38,027,493**	**608,439,888**	**38,241,129**	**611,858,064**	**38,241,129**	**611,858,064**

8.2 SHAREHOLDING STRUCTURE

On June 6, 2017, the BFCM and the company Mutuelles Investissement made a simplified tender offer on CIC's shares. The proposed price of €390 enabled shareholders to benefit from immediate liquidity. During the period of the offer 2,294,043 CIC shares were tendered, or 6.03% of the share capital and as many voting rights.

Following the tender offer, the co-initiators, holding 99.17% of the share capital of CIC, implemented the squeeze-out. This took place on August 11, 2017.

Pursuant to the merger-absorption of CIC Iberbanco by CIC on October 19, 2020, 213,636 new CIC shares with a nominal value of €16 each, fully paid up, with dividend rights on January 1, 2020, resulting from CIC's capital increase in the amount of €3,418,176, were allocated to BFCM in consideration for the contribution of CIC Iberbanco.

BREAKDOWN OF THE SHARE CAPITAL AT THE END OF THE LAST THREE FISCAL YEARS, IN SHARES AND VOTING RIGHTS

	Situation at 12/31/2019				Situation at 12/31/2020				Situation at 12/31/2021			
	Number of shares	%	Voting rights	%	Number of shares	%	Voting rights	%	Number of shares	%	Voting rights	%
Banque Fédérative du Crédit Mutuel	35,417,871	93.14	35,417,871	93.71	35,631,507	93.18	35,631,507	93.74	35,631,507	93.18	35,631,507	93.74
Mutuelles Investissement	2,377,911	6.25	2,377,911	6.29	2,377,911	6.22	2,377,911	6.26	2,377,911	6.22	2,377,911	6.26
Treasury shares (treasury shares and liquidity agreement)	231,711	0.61	-	0.00	231,711	0.61	-	0.00	231,711	0.61	-	0.00
TOTAL	**38,027,493**	**100**	**37,795,782**	**100**	**38,241,129**	**100**	**38,009,418**	**100**	**38,241,129**	**100**	**38,009,418**	**100**

The 231,711 shares held by CIC at December 31, 2021 are non-voting shares but do not create any significant changes between the allocation of capital and those of voting rights among shareholders such as stated above.

Mention of the natural or legal persons who alone, jointly or in collaboration may exercise control over CIC

At December 31, 2021, BFCM, a 93%-owned subsidiary of the Caisse Fédérale de Crédit Mutuel, directly held 93.18% of CIC's share capital. Mutuelles Investissement (a company whose share capital is 90%-owned by BFCM and 10%-owned by ACM VIE MUTUELLE, a mutual insurance company with fixed contributions) holds 6.22% of CIC's share capital. The remaining 0.61% corresponds to treasury shares held which have no voting rights.

Regarding methods for preventing any abusive control, it should be noted that all transactions between CIC and BFCM are concluded under normal market conditions. The Chairman of the Board of Directors of CIC is also Chairman of the Board of Directors of BFCM, and the Chief Executive Officer of CIC is also the Chief Executive Officer of BFCM.

The company believes that there is no risk of control being abused.

8.3 DIVIDENDS

In respect of the last five financial years, CIC distributed the following dividends:

	2017	2018	2019	2020	2021*
Number of shares	38,027,493	38,027,493	38,027,493	38,241,129	38,241,129
Net dividend on shares *(in €)*	25	26.3	27.6	12.98	27.5
TOTAL DISTRIBUTED *(in € million)*	**951**	**1,000**	**1,050**	**496**	**1,051**
Consolidated net profit/(loss) attributable to the group *(in € million)*	1,275	1,385	1,457	662	2,105

* *Dividend distribution proposed by the Board of Directors to the Shareholders' Meeting of May 10, 2022.*

The share capital is divided into 38,241,129 shares, including 231,711 treasury shares. The dividend allocated to treasury shares is recognized directly under "retained earnings".

CIC, whose parent company is BFCM, which has no individual minority shareholder, is aligned with Crédit Mutuel Alliance Fédérale's dividend distribution policy. As such, it pays its shareholders a reasonable dividend, while strengthening equity by transferring a substantial portion of its profits to reserves needed for its growth and to cover its risks in compliance with regulatory ratios.

8.4 NON-VOTING LOAN STOCK

8.4.1 Presentation of non-voting loan stock and interest due

The non-voting loan stock issued in 1985 by the Compagnie Financière de Crédit Industriel et Commercial, which has since become Crédit Industriel et Commercial, entitles holders to annual interest made up of fixed and variable components.

This interest, payable on May 28 of each year, cannot be less than 85% or more than 130% of the average (TAM[1] + TMO)/ 2:

- the fixed-rate bond index (TMO) is the arithmetic mean of the monthly average yields on the settlement dates for subscriptions of State-guaranteed bonds and equivalents. It is established by France's national Institute of statistics and economic studies (INSEE) for the period from April 1 to March 31 prior to each maturity date;
- the annual monetary reference rate (TAM) is the compound yield that would be earned on a monthly investment reinvested at the end of each month at the average monthly money market rate during the 12 months up to but not including March.

The participation ratio used to calculate the variable component of the coupon due in May 2022 – 2022 PR – is equal to:

$$\frac{\text{2021 PR} \times \text{2021 income as defined in the issue contract}}{\text{2020 income as defined in the issue contract}}$$

The contract stipulates that consolidated earnings are adjusted for changes in equity, CIC's scope of consolidation and consolidation methods.

CIC's adjusted net profit for 2021, as determined by applying identical accounting procedures and consolidation methods at constant scope, amounted to €2,104,589 thousand compared to €662,150 thousand for 2021.

The 2022 PR is therefore equal to:

$$\frac{\text{PR 2021 x €2,104,589 thousand}}{\text{€662,150 thousand}}$$

i.e. 8,699 x 3.17842 = 27,651

(1) *For the purpose of calculating this rate, as of January 3, 2022, any reference to the monthly average money market rate will be deemed to be a reference to the EuroSTR (Regulation (EU) 2021/1848 of October 21, 2021)*

8

Compensation

The interest calculated based on the income shown above, including both the fixed and variable components, came to 7.020%, which is lower than the floor provided for in the issue contract.

Accordingly, under the terms of the issue contract, the interest paid to holders of non-voting loan stock in May 2022 will be 85% of (TAM[1] + TMO)/2.

The rate is -0.067% on the basis of a TAM[1] of -0.5712% and an average TMO of 0.4142%. This means that the gross coupon due in May 2022 will amount to -€0.10 per share with a nominal value of €152.45.

CIC decided to bring the coupon to €0 per share.

INTEREST PAID SINCE 2018 (YEAR OF PAYMENT)

	CP	TAM%[1]	TMO%	Rate used%	Gross coupon paid
2018	17.655	-0.3614	1.0058	0.274	€0.42
2019	18.242	-0.3679	0.9250	0.237	€0.36
2020	19.191	-0.4183	0.2192	-0.129	€0
2021	8.699	-0.4738	0.0702	-0.261	€0
2022	27.651	-0.5712	0.4142	-0.102	€0

NON-VOTING LOAN STOCK PRICE MOVEMENTS SINCE 2017

	High *(€)*	Low *(€)*	Last price *(€)*
2017	141.00	106.20	129.75
2018	152.07	95.26	96.00
2019	104.53	90.80	104.53
2020	109.60	98.85	101.52
2021	138.50	101.00	137.20

Since October 18, 1999, CIC's non-voting loan stock with a nominal value of FRF 1,000 was converted into securities with a nominal value of €152.45.

(1) For the purpose of calculating this rate, as of January 3, 2022, any reference to the monthly average money market rate will be deemed to be a reference to the €STR (Regulation (EU) 2021/1848 of October 21, 2021).

8.4.2 Statutory auditors' report on the interest due on non-voting loan stock for the fiscal year ended December 31, 2021

Shareholders' Meeting to approve the financial statements for the fiscal year ended December 31, 2021

To the holders of non-voting loan stock of the Crédit Industriel et Commercial - CIC,

In our capacity as statutory auditor of Crédit Industriel et Commercial – CIC and pursuant to the mission provided for in Article L.228-37 of the French Commercial Code, we hereby present to you our report on the elements used to determine the interest due on non-voting loan stock.

On April 11, 2022, we prepared our reports on the annual financial statements and the consolidated financial statements for the fiscal year ended December 31, 2021.

The data used to calculate the interest due on non-voting loan stock was determined by the managers. It is our responsibility to comment on its compliance with the issue agreement and its consistency with the annual financial statements.

Since January 2022, the annual monetary reference rate (AMR) initially used to calculate the interest due on non-voting loan stock, under the terms of the issuance contract of May 1985, is no longer published by the Banque de France. At December 31, 2021, an equivalent substitution rate was used. This is the 12-month average of the daily €STER monetary rate published by the Banque de France. However, prior to the next annual closing and in accordance with the terms of the issuance contract, CIC will have to obtain the agreement of the Extraordinary Shareholders' Meeting of the holders of non-voting loan stock on a substitution rate that will ensure an equivalent compensation. The annual interest is determined as follows and includes:

- a portion equal to 40% of the annual monetary reference rate (TAM €STR) based on the rates observed during the year preceding each maturity; and
- a portion equal to 43% of the annual monetary reference rate (TAM €STR) multiplied by a participation ratio (PR) which, for interest due in May 28, 2022, is as follows:

$$\text{PR 2022} = \text{PR 2021} \times \frac{\text{Consolidated earnings for the period 2021}}{\text{Consolidated earnings for the period 2020}}$$

The issue agreement provides for two limitations on this interest payment:

- a floor rate equal to 85% x (TAM €STR + fixed-rate bond index or "TMO")/2;
- a cap rate equal to 130% x (TAM €STR + TMO)/2.

The agreement further stipulates that adjustments are made to the 2022 participation ratio (PR) to take into account changes in equity, group scope or consolidation methods between the last two fiscal years.

Your company has been preparing financial statements in accordance with IFRS since fiscal year 2005. In accordance with the resolution submitted to you, the calculation of interest is based on the net results for the fiscal years 2020 and 2021, attributable to the group, obtained from comparable accounting procedures, structure and method of consolidation. These data lead to the determination of a participation ratio (PR) of 27.651 for 2022 versus 18.699 for 2021.

The rate of return resulting from the application of the formula described above stands at -7.020% before taking into account the floor and cap rates, while the floor and cap rates are respectively -0.067% and -0.102%.

Thus, according to the clauses provided for in the issue agreement, the gross interest paid in 2022 relating to fiscal year 2021 will be €0 per share.

We performed the due diligence we considered necessary in light of the professional standards of the French national company of statutory auditors for this mission. These procedures consisted of verifying the compliance and consistency of the elements used to determine the interest due on non-voting loan stock with the issue agreement and the annual and consolidated financial statements that were audited.

We have no matters to report concerning the conformity and consistency of the data used to calculate the interest due on non-voting loan stock.

Paris La Défense and Neuilly-sur-Seine, April 11, 2022

The statutory auditors

ERNST & YOUNG et Autres	KPMG S.A.	PricewaterhouseCoopers Audit
Hassan Baaj	Sophie Sotil-Forgues	Laurent Tavernier
Partner	Partner	Partner

8.5 SHAREHOLDERS' MEETING

8.5.1 Shareholders' Meeting: general principles

Shareholders' Meetings are open to all shareholders. There are no double voting rights.

Shareholders are convened to an ordinary Shareholders' Meeting every year in accordance with the procedures and time frames laid down by applicable laws and regulations.

Any shareholder may vote by correspondence or appoint a proxy in accordance with regulatory procedures.

Decisions are adopted under the majority conditions laid down by law and are binding on all shareholders.

8.5.2 Policy for the appropriation of earnings

The profit for the year consists of the year's income minus general operating expenses and other company expenses, including depreciation, amortization and provisions.

From this net profit – less any previous losses – at least 5% is drawn to form the legal reserve. This is no longer necessary when the legal reserve amounts to one-tenth of the share capital.

The balance, after deducting and appropriating the amount of long-term capital gains, increased by retained earnings, constitutes the distributable profit.

From this profit, the Shareholders' Meeting may decide to draw any sums they consider appropriate for allocation to any optional reserve funds or to retained earnings. The balance, if any, is divided among all Shareholders in proportion to the number of shares they hold.

Dividends are paid on the date set by the Shareholders' Meeting or, failing that, on the date set by the Board of Directors.

8.5.3 Draft resolutions of the ordinary Shareholders' Meeting of May 10, 2022

First resolution

The Shareholders' Meeting, after having reviewed the Board of Directors' management report and the corporate governance report appended thereto, as well as the statutory auditors' report and the financial statements for the year ended December 31, 2021, approves said financial statements as presented, which show an after-tax net profit of €1,086,687,793.25. The Shareholders' Meeting also approves the overall amount of expenses and charges not deductible from taxable profit totaling €46,260, as well as the tax liability of €13,141 resulting from the aforementioned expenses and charges. The Shareholders' Meeting discharges the directors and the statutory auditors for the performance of their offices for the past fiscal year.

Second resolution

The Shareholders' Meeting, after having reviewed the Board of Directors' management report and the corporate governance report appended thereto, as well as the statutory auditors' report and the consolidated financial statements for the year ended December 31, 2021, approves said financial statements as presented.

Third resolution

The Shareholders' Meeting duly notes that:

- the company's net profit for the year amounts to: €1,086,687,793.25;
- retained earnings amount to: €58,673,881.48;
- as a result, distributable profit amounts to: €1,145,361,674.73.

The Shareholders' Meeting resolves to pay a dividend of €27.50 for each of the 38,241,129 shares that make up the share capital, *i.e.* a total amount of €1,051,631,047.50 to be paid on June 2, 2022. However, the dividend on shares that are not eligible for dividend under French law will be added to retained earnings.

The balance available after appropriation of €93,730,627.24 is allocated to retained earnings.

All of the dividend paid out is eligible for the 40% tax allowance provided for in Article 158-3, item 2, of the French General Tax Code [*Code général des impôts* – CGI].

In accordance with the applicable legal provisions, we remind you that the dividends per share paid in respect of the past fiscal years are as follows:

	2018	2019	2020
Per share amount in €	26.30	27.61	12.98
Dividend eligible for the deduction provided for in Article 158 of the French Tax Code (CGI)	Yes	Yes	Yes

Fourth resolution

The Shareholders' Meeting, after having reviewed the statutory auditors special report on the agreements mentioned in Article L.225-38 of the French Commercial Code, and ruling on this report, approves the agreements set out therein.

Fifth resolution

Pursuant to Article L.511-73 of the French Monetary and Financial Code, the Shareholders' Meeting approves the overall compensation package indicated in the Board's report. This package includes compensation of any kind paid during the past fiscal year to the current managers and the regulated categories of personnel referred to in Article L.511-71 of the same code.

Sixth resolution

Pursuant to Article L.511-78 of the French Monetary and Financial Code, the Shareholders’ Meeting resolves to increase the maximum amount of the variable portion of the persons referred to in Article L.511-71 of the same Code, to an amount equal to twice the amount of the fixed compensation, after having reviewed the information describing reasons and the impacts for the institution specified in the note made available to the Shareholders’ Meeting. The persons concerned carry out their activities in the investment business line in France and abroad within CIC, as activity managers or market operators (twenty-one employees identified for 2021 out of the fifty-six employees who make up the activity). The size of the activities in question and the weight of variable compensation are not likely to jeopardize the financial base of the institution.

Seventh resolution

The Shareholders’ Meeting renews the term of office of Mr. Nicolas Théry as a member of the Board of Directors for a period of three years, i.e. until the Shareholders’ Meeting called to approve the financial statements for the fiscal year ending December 31, 2024.

Eighth resolution

The Shareholders’ Meeting renews the term of office of Mr. Gérard Cormorèche as a member of the Board of Directors for a period of three years, i.e. until the Shareholders’ Meeting called to approve the financial statements for the fiscal year ending December 31, 2024.

Ninth resolution

The Shareholders' Meeting renews KPMG SA as statutory auditor for a period of six years, i.e. until the Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2027.

Tenth resolution

The Shareholders' Meeting notes that the term of office of alternate statutory auditor of KPMG AUDIT FS 1 SAS has expired and decides not to renew it.

Eleventh resolution

The Shareholders' Meeting gives full powers to the bearer of an original or a copy of an extract of the minutes of this meeting to carry out all necessary formalities.

8.6 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS

[Shareholders' Meeting to approve the financial statements for the fiscal year ending December 31, 2021]

To the Company's Shareholders' Meeting,

In our role as statutory auditors of your company, we present our report on the regulated agreements.

It is our responsibility, based on the information passed on to us, to outline the characteristics, essential terms and grounds justifying the company's interest in the agreements of which we have been informed, or which we have discovered during our mission, without having to comment on their utility or merits, nor to look for the existence of other agreements. Pursuant to Article R.225-31 of the French Commercial Code, it is your responsibility to assess the interest inherent in the conclusion of these agreements with a view to their approval.

In addition, it is our responsibility, where appropriate, to provide you with the information scheduled in Article R.225-31 of the French Commercial Code relating to the performance during the past fiscal year of the agreements already approved by the Shareholders' Meeting.

We performed the due diligence we considered necessary in light of the professional standards of the French national company of statutory auditors for this mission. These procedures consisted in verifying that the information provided to us is consistent with the source documents from which it has been extracted.

Agreements submitted to the Shareholders' Meeting for approval

We hereby inform you that we were not given notice of any agreement authorized and agreed during the past fiscal year to be submitted for the approval of the Shareholders' Meeting pursuant to the provisions of Article L.225-38 of the French Commercial Code.

Agreements already approved by the Shareholders' Meeting

Agreements approved during previous fiscal years

Pursuant to Article R.225-30 of the French Commercial Code, we have been informed that the following agreements, already approved by the Shareholders' Meeting in previous fiscal years, continued during the past year.

With Cigogne Fund for the functioning of Cigogne Fund accounts opened by Banque de Luxembourg with Euroclear Bank

Person involved

Mr. Philippe Vidal, Deputy Chief Executive Officer of your company and Chairman of the Board of Directors of Banque de Luxembourg, then Eric Charpentier, who succeeded him on July 28, 2021 as Deputy Chief Executive Officer of CIC and on August 25, 2021 as Chairman of the Board of Directors of Banque de Luxembourg.

Nature and purpose

Guarantee issued by CIC to Euroclear Bank in respect of the functioning of Cigogne Fund accounts opened by Banque de Luxembourg with Euroclear Bank.

Terms and conditions

Cigogne Fund is a Luxembourg-based fund. Banque de Luxembourg, in its capacity as custodian of Cigogne Fund, opened an account with Euroclear Bank.

At its meeting on December 14, 2006, the Supervisory Board authorized the signing of an agreement with Euroclear Bank with a view to:

- opening a credit line for $1 billion in favor of Cigogne Fund;
- granting a guarantee to Euroclear Bank for the same amount, for the functioning of Cigogne Fund accounts opened by Banque de Luxembourg with this sub-custodian.

Executed in Neuilly-sur-Seine and Paris-La Défense, April 11, 2022

ERNST & YOUNG et Autres	PricewaterhouseCoopers Audit	KPMG S.A.
Hassan Baaj	Laurent Tavernier	Sophie Sotil-Forgues
Partner	Partner	Partner

8.7 GENERAL INFORMATION

8.7.1 Legal information

Corporate name

Crédit Industriel et Commercial

Acronym: **CIC** (this abbreviation can be used on its own).

Registered office

6, avenue de Provence – Paris 9, France

Telephone number: +33 (0)1 45 96 96 96

Website: https://www.cic.fr[1]

Applicable legislation and legal form

Credit institution, organized as a *société anonyme* (French Limited Company) governed by the statutes and regulations in force and, in particular, by the provisions of the French Commercial Code governing limited companies and the provisions of the French Monetary and Financial Code.

A company governed by French law.

Incorporation date and expiry date

The company was incorporated on May 7, 1859 in France. Its term will expire on December 31, 2067, unless it is dissolved or its term is extended before that date.

Company purpose

(summary of Article 5 of the articles of association)

The purpose of the company, in France or abroad, is, in particular:

- to carry out all banking operations and related operations;
- to provide all investment services and related services;
- insurance brokerage in all sectors;
- realtor activity;
- all professional training activities relating to the above matters;
- to acquire, hold and manage interests in all banking, financial, real estate, industrial and commercial companies in France or abroad.

Raison d'être, Benefit corporation

CIC, within Crédit Mutuel Alliance Fédérale and with all its subsidiaries, adopted the following *raison d'être*: "*Ensemble, écouter et agir*" (Listening and acting together).

It adopts the status of a benefit corporation and pursues the following social and environmental objectives:

- as a subsidiary of a cooperative and mutualist organization, we support our customers in their best interests;
- as a bank for all, customers and employees, we act for everyone and refuse any discrimination;
- respectful of everyone's privacy, we place technology and innovation at the service of people;
- as a solidarity-based company, we contribute to regional development;
- as a responsible company, we actively work for a fairer and more sustainable society.

To this end, it entrusts the monitoring of the performance of these missions to the Mission Committee and to an independent third-party body, set up by Caisse Fédérale de Crédit Mutuel, whose reports are examined by the Board of Directors and the Shareholders' Meeting at least once a year.

The procedures for monitoring the performance of the assignments consist of monitoring by the Mission Committee and audits by the independent third party. The Mission Committee reports to the Board of Directors at least once a year on the proper execution of its monitoring.

Registration number, APE business Identifier Code and LEI Code

Paris Trade and Companies Register No. 542 016 381.

Business Identifier Code: 6419Z (other financial brokerage activities).

LEI Code: N4JDFKKH2FTD8RKFXO39.

Legal documents relating to the company

The articles of association, the minutes of the Shareholders' Meetings and the reports may be accessed at the registered office: 6, avenue de Provence, Paris 9, France (General Secretariat of Crédit Mutuel Alliance Fédérale).

Fiscal year

January 1 to December 31.

(1) *The information provided on the website does not form part of the prospectus, with the exception of any information included by reference in the universal registration document.*

8.7.2 Position of dependence

CIC is not dependent on any patent, license nor any industrial, commercial or financial supply contract.

8.7.3 Major contracts

As of the date of writing, CIC has not entered into any material contracts, other than those entered into during the normal course of its business, that create an obligation or a commitment that would have negative consequences for the group as a whole.

8.7.4 Legal and arbitration proceedings

In the context of the dispute following the French Competition Authority's decision of September 20, 2010 to sanction banks, including CIC, concerning check image transfer fees, the Court of Appeal of Paris, on a second referral from the Court of Cassation, following the judgment of December 2, 2021, ruled that there was no breach of competition rules and fully ruled in favor of the banks. The Competition Authority appealed to the Court of Cassation.

There are no other administrative, legal or arbitration proceedings (including pending or threatened proceedings of which the issuer is aware) that could have or have had in the last 12 months a material effect on the financial position or profitability of the company and/or the group.

8.7.5 Significant changes

There was no other significant change in CIC's financial performance between December 31, 2021 and the filing date of this universal registration document.

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For almost ten years, CIC has supported the *Victoires de la Musique Classique*, whose objective is to reward young revelations, to enable them to gain notoriety and to promote classical music to a wide audience. In addition to this major event, which is broadcast every year, CIC is also a partner in numerous classical music festivals and concerts and is involved in projects and actions that provide access to this world.

ADDITIONAL INFORMATION

9.1 DOCUMENTS AVAILABLE TO THE PUBLIC

(see also "Legal information")

This universal registration document is available on CIC's website (www.cic.fr) and the AMF's website. The same holds true for all reports and historical financial information. The information provided on the website does not form part of the universal registration document.

Any person wishing to obtain additional information on CIC can ask for the documents, with no obligation to commit:

- by postal mail: CIC – Relations extérieures 6, avenue de Provence – 75009 Paris, France;
- by email: charles.grossier@cic.fr

The charter, the articles of association, the minutes of the Shareholders' Meetings and the reports may be accessed at the registered office: 6, avenue de Provence in Paris 9th (General Secretariat).

9.2 PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

Person with overall responsibility for the universal registration document

Mr. Daniel Baal, Chief Executive Officer.

Declaration by the person responsible for the universal registration document

I hereby declare that, to the best of my knowledge, the information contained in this universal registration document is accurate and contains no omissions that could adversely affect its scope.

I hereby declare that, to best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, financial position and results of the company and all subsidiaries included in the scope of consolidation, and that the management report (of which the cross-reference table of the annual financial report appearing in Chapter 9 of this universal registration document indicates the content) presents an accurate view of the changes in the business, results and financial position of the company and all the subsidiaries included in the scope of consolidation and that it describes the main risks and uncertainties which they face.

Paris, April 13, 2022

Daniel Baal,

Chief Executive Officer

9.3 PERSONS RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

The statutory auditors, PricewaterhouseCoopers Audit, Ernst & Young et Autres and KPMG SA, belong to the Regional Institute of statutory auditors of Versailles (*La compagnie Régionale des commissaires aux comptes de Versailles*).

Principal statutory auditors

Name: PricewaterhouseCoopers Audit
Address: 63, rue de Villiers,
92208 Neuilly-sur-Seine Cedex
Represented by Laurent Tavernier
Start date of first term of office: May 25, 1988
Duration of current term of office: six fiscal years as of May 4, 2018
Expiry of term of office: at the end of the Shareholders' Meeting
called to approve the financial statements
for the year ending December 31, 2023.

Name: Ernst & Young et Autres
Address: Tour First -1, place des Saisons,
92400 Courbevoie
Represented by Hassan Baaj
Start date of first term of office: May 26, 1999
Duration of current term of office: six fiscal years as of May 24, 2017
Expiry of term of office: at the end of the Shareholders' Meeting
called to approve the financial statements
for the fiscal year ending December 31, 2022.

Name: KPMG SA
Address: Tour Eqho -2, avenue Gambetta,
92066 Paris La Défense Cedex
Represented by Sophie Sotil-Forgues
Start date of first term of office: May 25, 2016
Term of office: six fiscal years from May 25, 2016
Expiry of term of office: at the end of the Shareholders' Meeting
called to approve the financial statements
for the fiscal year ending December 31, 2021.

Alternate statutory auditors

KPMG AUDIT FS 1.

9.4 CROSS-REFERENCE TABLES

9.4.1 Cross-reference table of the universal registration document

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Pursuant to Article 19 of European Regulation No. 2017/1129 of June 14, 2017, the following items are included by way of reference:

- the annual and consolidated financial statements and the group management report for the fiscal year ended December 31, 2020 and the statutory auditors' reports on the annual and consolidated financial statements as of December 31, 2020, presented on pages 27 to 45, 133 to 309, 47 to 110, 311 to 372, 379 to 416, 373 to 377 and 417 to 420, respectively, of the universal registration document No. D.21-0335 (https://www.cic.fr/partage/fr/I14/telechargements/rapports-annuels/CIC_annual-report_2020.pdf) filed with the *Autorité des marchés financiers* (AMF – French Financial Markets Authority) on April 21, 2021;
- the annual and consolidated financial statements and the group management report for the fiscal year ended December 31, 2019 and the statutory auditors' reports on the annual and consolidated financial statements as of December 31, 2019, presented on pages 23 to 38, 127 to 291, 41 to 107 and 353 to 356, respectively, of the universal registration document No. D.20-0363 (https://www.cic.fr/partage/fr/I14/telechargements/rapports-annuels/CIC_annual-report_2019.pdf) filed with the *Autorité des marchés financiers* (AMF – French Financial Markets Authority) on April 27, 2020;
- the annual and consolidated financial statements and the group management report for the fiscal year ended December 31, 2018 and the statutory auditors' reports on the annual and consolidated financial statements as of December 31, 2018, presented on pages 278 to 312, 207 to 273, 313 to 315 and 274 to 277, respectively, of the universal registration document No. D.19-0362 (https://www.cic.fr/partage/fr/I14/telechargements/rapports-annuels/CIC_annual-report_2018.pdf) filed with the *Autorité des marchés financiers* (AMF – French Financial Markets Authority) on April 18, 2019.

The chapters of universal registration documents No. D.21-0335, No. D.20-0363 and of the registration document, No. D.19-0362 not mentioned above are either not applicable for the investor or covered elsewhere in this universal registration document.

9.4.2 Cross-reference table for the annual financial report

		Articles of the French Commercial Code	Articles of the French Monetary and Financial Code	Articles of the French General Tax Code	Articles of the AMF General Regula-tions	Pages
1	**Declaration by the person responsible for the univeral registration document**					**478**
2	**Management report**					
2.1	Position of the company and group during the past fiscal year	L.232-1 II, L.233-26				33-45; 46
2.2	Analysis of the changes in revenue, results and financial position of the company and group	L.225-100-1 I 1°				33-45; 46
2.3	Key financial and non-financial performance indicators of the company and group	L.225-100-1 I 2°				7; 63-67; 77-78; 83; 91-93
2.4	Other information on the position of the company and group					
	Foreseeable development of the company and group	L.232-1 II, L.233-26				45
	Significant events that occurred after the closing date of the fiscal year but before the publication date of this management report	L.232-1 II, L.233-26				45
	Research and development activities of the company and group	L.232-1 II, L.233-26				N/A
	Existing branches	L.232-1 II				21
	Information regarding establishments by state or territory		L.511-45, R.511-16-4			43-44
	Equity investment in or takeover of companies with registered offices in France during a fiscal year	L.233-6, L.247-1				N/A
	Activity and results of the entire company, subsidiaries of the company and the companies that it controls by branch of activity	L.233-6				351-420
2.5	Information on risks and internal control procedures					
	Main risks and uncertainties that the company and the group must face	L.225-100-1 I 3°				185-190
	Financial risks associated with the effects of climate change and implementation of a low-carbon strategy	L.225-100-1 I 4°				189-190
	Main characteristics of the internal control and risk management procedures implemented by the company and group relating to the preparation and processing of accounting and financial information	L.225-100-1 I 5°				191-200
	Objectives and policy regarding hedging of each major category of transactions of the company and group	L.225-100-1 I 6°				270-272
	Exposure to price, credit, liquidity and cash risks of the company and group	L.225-100-1 I 6°				223-235; 273-286
	Expenses and charges not deductible from taxable profits paid due to said expenses and charges			223 *quater*		470
	Amount and characteristics of the loans that they finance or distribute as defined in III of Article 80 of the planning law No. 2005-32 of January 18, 2005 on social cohesion, and as such benefiting from public guarantees		L.511-4-1			N/A
2.6	Non-Financial Performance Statement					
	Information on consideration of the social and environmental consequences of the company's activities, subsidiaries and controlled companies, the effects of such activities on respect for human rights and the fight against corruption and tax evasion	L.225-102-1 III, R.225-105				74-76; 79
	Consequences on climate change of the activity and use of the goods and services produced	L 225-102-1 III, R.225-105				94-106
	Societal commitments to promote sustainable development, the circular economy, responsible, fair and sustainable food and diversity, combat food waste and food insecurity and respect animal welfare	L.225-102-1 III, R.225-105, R.225-105-1				50-107
	Collective agreements entered into in the company and their impact on the economic performance of the company, subsidiaries and controlled companies and on the working conditions of employees	L.225-102-1 III				90
	Business model	R.225-105				6-7
	Description of the main non-financial risks related to the activity of the company, subsidiaries and controlled companies, the policies and the results of these risk prevention, identification and mitigation policies	R.225-105				57-67

		Articles of the French Commercial Code	Articles of the French Monetary and Financial Code	Articles of the French General Tax Code	Articles of the AMF General Regula-tions	Pages
2.7	Vigilance plan	L.225-102-4				107-118
3	**Opinion of the independent third party on the social and environmental information**	**L.225-102-1, R.225-105-2 II**				**123-125**
4	**Corporate governance report**	**L.225-37**				**157-176**
4.1	Principles for determining the compensation granted to corporate officers (Section 13 of Appendix 1 of Delegated Regulation No. 2019/980)					173-176
4.2	Compensation principles and rules for the identified population		L.511-73			172
4.3	List of all of the terms and duties exercised in any company by each corporate officer during the fiscal year	L.225-37-4				161-167
4.4	Summary table of the delegations for capital increases	L.225-37-4				N/A
4.5	Working methods of the Executive Management	L.225-37-4				171
4.6	Composition of the board, and conditions of preparation and organization of the Board's tasks	L.225-37-4				168-170
4.7	Diversity policy	L.225-37-4				291
4.8	Any restrictions that the Board of Directors imposes on the CEO's powers	L.225-37-4				168-171
4.9	Statement indicating whether the company refers to a Corporate Governance Code	L.225-37-4				159
4.10	Terms and conditions for shareholder participation in Shareholders' Meetings	L.225-37-4				470
5	**Information on the share capital**	**L.233-13**				**466**
5.1	Name of the natural persons or legal entities directly or indirectly holding more than 5% of the share capital or voting rights – changes made during the fiscal year	L.233-13				466
5.2	Name of controlled companies and share in the capital of the company that they hold	L.233-13				453-454
5.3	Employee share ownership	L.225-102				N/A
5.4	Information concerning the company's share buyback transactions during the fiscal year	L.225-211				N/A
5.5	Summary of the transactions carried out by corporate officers, managers, certain executives of the company and persons with whom they have close personal ties during the last fiscal year, if applicable		L.621-18-2 and R.621-43-1		223-26	N/A
5.6	Report of the statutory auditors on regulated agreements and commitments	R.225-31				472
6	**Other accounting, financial and legal information**					
6.1	Information on payment terms	L. 441-6-1 and D.441-4				47
6.2	Amount of dividends distributed with respect to the last three fiscal years and amount of income distributed eligible for the 40% allowance			243 bis		467
6.3	Information on the financial instruments whose underlying assets consist of agricultural commodities and resources implemented by the company to avoid exercising a significant effect on the price of such agricultural commodities		L.511-4-2			N/A
6.4	Amount and characteristics of the loans financed or distributed by the company as defined in III of Article 80 of the planning law No. 2005-32 of January 18, 2005 on social cohesion, and as such benefiting from public guarantees. If applicable		L.511-4-1			N/A
6.5	Yield on the company's assets		R.511-16-1			N/A
7.	**Financial statements**					
7.1	Annual financial statements					424-459
	including Company results over the past five fiscal years	R.225-102				425
7.2	Statutory auditors' report on the annual financial statements					460-463
7.3	Consolidated financial statements					352-414
	including professional fees paid to the statutory auditors					452
7.4	Statutory auditors' report on the consolidated financial statements					415-419
8	**Mission Committee report**					
8.1	Mission Committee report	L.210-10				126-151
8.2	Report of the Independent Third Party (ITO) on the Mission Committee Report	L.201-10				152-153

9.5 GLOSSARY

This glossary lists some of the technical terms and abbreviations in this document. This list is not exhaustive.

Acronyms

ACPR *Autorité de contrôle prudentiel et de résolution* - French Prudential Supervisory and Resolution Authority.

AMF *Autorité des marchés financiers* - French Financial Markets Authority.

BCE *Banque centrale européenne* - European Central Bank

CRBF *Comité de réglementation bancaire et financière* - Banking and Financial Regulation Committee.

CRD Capital Requirement Directive – European directive on regulatory capital.

CRM Credit risk mitigation.

DTA Deferred tax assets.

EBA European Banking Authority.

ESR European Solvency Ratio.

ETI *Entreprise de taille intermédiaire* - Medium-sized business.

FBF *Fédération bancaire française* - French Banking Federation.

FCPE *Fonds commun de placement entreprise* - Company employee investment fund.

FCPI *Fonds d'investissement de proximité dans l'innovation* - Local innovation investment fund. UCITS with significant vested tax benefits subject to holding the shares for at least five years.

FED Federal Reserve System - Central bank of the United States.

FRA Forward Rate Agreement.

FTE Full-time equivalent.

HQLA (level 1/level 2) High Quality Liquid Assets (level 1: extremely high liquidity and quality/level 2: liquidity and quality below level 1).

IARD *Incendie, accidents et risques divers* - Property and casualty insurance.

IAS International Accounting Standards.

IDD Insurance Distribution Directive.

IFRS International financial reporting Standards.

M&A Mergers and acquisitions.

NACE (Code) Statistical classification of economic activities in the European Community.

NII Net interest income.

NRE French law on New Economic Regulations.

OSTs *Opérations sur titres* - Security trades.

OTC Over-the-counter.

PACTE (law) *Plan d'action pour la croissance et la transformation des entreprises* - Action plan for business growth and transformation.

RWA Risk-weighted assets.

SCPI *Société civile de placement immobilier* - Real estate investment company.

TMO *Taux moyen obligataire* - Fixed-rate bond index.

UCITS Undertakings for Collective Investment in Transferable Securities.

Definitions

A

ABCP Asset-Backed Commercial Paper Money market security whose payments are derived from cash flows from a pool of underlying assets. ABCP conduits: off-balance sheet securitization vehicles used to finance a variety of bank assets through commercial paper with maturities of less than one year.

ABS Asset-Backed Securities Securities representing a pool of financial assets, excluding mortgage loans, whose cash flows are derived from the underlying asset or pool of assets.

Add-on[1] Additional requirement.

ALM Asset and Liability Management A set of management techniques and tools aimed at measuring, controlling and analyzing overall balance sheet and off-balance sheet financial risks (mainly liquidity risk and interest rate risk).

AQR Asset Quality Review includes the prudential risk assessment, the asset quality review and stress tests.

Arbitrage 1 - On a market, a transaction involving the sale of a security, financial product or currency to buy a different one. For a life insurance policy, a transaction that involves transferring some or all of the savings from one vehicle to another. 2 - Legal term for a form of alternative dispute settlement. The resolution of a dispute is referred to a third party, the arbitrator, who is selected by the parties and whose decision is binding thereon (as opposed to mediation).

AT1 Additional Tier 1 capital Instruments with no incentive or obligation to redeem (in particular step-ups in interest rates). The AT1 instruments are subject to a loss absorption mechanism that is triggered when the CET1 ratio falls below a certain threshold.

B

Banking book[1] Banking portfolio. All assets or off-balance sheet items that are not part of the trading portfolio.

Basel I (the Basel Accords) Prudential framework established in 1988 by the Basel Committee to ensure the solvency and stability of the international banking system by setting an international standard minimum limit on the amount of equity of banks. It introduces a minimum ratio of capital to total risks borne by the bank of 8%.

Basel II (the Basel Accords) Prudential framework for better assessment and limitation of the risks borne by credit institutions. It comprises three complementary and interdependent pillars: – Pillar 1, the foundation of the minimum requirements: it aims to ensure a minimum coverage of credit, market and operational risks by capital; – Pillar 2 establishes the principle of a structured dialogue between institutions and regulators; – Pillar 3 focuses on market discipline. It seeks to improve banks' financial transparency by requiring that they disclose the information third parties would need to understand their capital adequacy.

Basel III (the Basel Accords) In 2009, the Basel Committee announced several series of measures to reinforce financial regulation and supervision. New rules were published to reinforce Basel II on prudential coverage of market risks and securitization transactions, risk management under Pillar 2, transparency under Pillar 3.

BCBS 239 Basel Committee on Banking Supervision The Basel Committee issued its "14 principles for effective risk data aggregation and risk reporting" to enhance banks' ability to aggregate their risk data.

Benefit corporation Notion introduced by the Pacte law of 2019 allowing a company to declare its *raison d'être* in its articles of association through one or more social and environmental objectives. An independent third-party body must be appointed to verify the execution of the missions x stated in the articles of association.

Broker Stock market intermediary who buys and sells on behalf of his or her customers.

C

CAD Capital Adequacy Directive (minimum equity requirements) European Directive imposing capital requirements on investment firms and credit institutions.

Cash Flow Hedge Hedge of the exposure to variability in the cash flows of a recognized asset or liability or of a highly probable forecast transaction and that could affect profit or loss.

CCF Credit Conversion Factor. Conversion factor for off-balance sheet items. This is the ratio between (i) the unused amount of a commitment that could be drawn and at risk at the time of a default and (ii) the amount of the commitment not yet used. Under the standardized approach, the regulator determines this factor. Under the internal ratings-based (IRB) approach, the CCF is calculated by the bank based on a review of its own customers' behavior.

CCR Credit and counterparty risk Risk of loss due to the default of a counterparty. RWAs and capital requirements concerning the credit and counterparty risk include the amounts related to the hedging of CVAs inherent to over-the-counter derivatives other than credit derivatives recognized as reducing RWAs for credit risk, as well as RWAs and capital requirements pertaining to contributions to the default fund of a central counterparty.

CDS Credit Default Swap[1] Default hedging. Contract in which an institution that would like to protect against the risk of non-payment of a loan it holds makes regular payments to a third party in exchange for which it receives a predetermined amount should the default in fact occur.

CET1 Common Equity Tier 1 A component of Tier 1 capital consisting of share capital instruments and the associated issue premiums, reserves, retained earnings and the general banking risks reserve.

CET1 ratio Ratio between Common Equity Tier 1 and risk-weighted assets (RWAs), according to the CRD4/CRR rules.

CGU Cash-Generating Unit The smallest identifiable group of assets whose cash flow is largely independent of the cash flows generated by other assets or groups of assets, in accordance with IAS 36.

CIU Collective investment undertaking[1] Investment fund which pools the savings of a large number of investors in order to invest in marketable securities (shares, bonds, etc.) or in real estate (for OPCIs). This amount is invested by professionals (investment management firms) in a diversified range of assets according to a defined strategy.

CLO Collateralized Loan Obligations Securitization of loans of different sizes structured in multiple tranches.

CMBS Commercial Mortgage-Backed Securities Debt security backed by an asset portfolio of mortgage-backed corporate real estate loans.

(1) Source: https://acpr.banque-france.fr/glossaire-acpr and notice relative to the procedures for calculating prudential ratios within CRD4.

Collateral A transferable asset or guarantee provided as a pledge to repay a loan if the beneficiary of the loan is unable to meet its payment obligations.

COREP Common Solvency Ratio Reporting Name of the prudential reporting promoted by the Committee of European Banking Supervisors (CEBS).

Cost of non-proven risk Introduced by IFRS 9, which imposes a new impairment model based on the principle of provisioning all or part of the expected losses, meaning a statistical provisioning when the loan is granted.

Cost of proven risk Net provisions on impaired assets (non-performing loans).

Cost/income ratio Ratio indicating the proportion of NBI (net banking income) used to cover operating expenses (operating costs of the business). It is calculated by dividing operating expenses by NBI.

Covered bonds Simple securitization instruments. Covered bonds comparable with conventional bonds, with protection in the event of the bond issuer's insolvency. Covered bonds are backed by a pool of assets, allowing payments to be made to bondholders. Covered bonds are usually backed by mortgages or public sector (local government) debt.

CRD4 European directive that transposes the proposals of the Basel III Accords, which define the rules for bank capital. More specifically, it provides a harmonized definition of capital, proposes rules on liquidity, and seeks to address pro-cyclicality.

CRM Credit Risk Mitigation Mitigation of credit risk by taking into account real securities, personal sureties and credit derivatives, or clearing or novation mechanisms.

CRR (under Pillar 3) Capital Requirement Regulation European Capital Requirements Regulation (like CRD4), which aims to stabilize and strengthen the banking system by forcing banks to set aside more capital, including high-quality capital, to mitigate the effects of crises.

CVA Credit Valuation Adjustment Accounting adjustment to the fair value of over-the-counter derivatives (interest-rate swaps, whether or not they are collateralized). The adjustment involves incorporating a discount equal to the market value of the counterparty default risk into the valuation of products.

D

Derivatives[1] Financial instruments whose value depends on the price of another instrument (a stock, a bond, etc.) that professionals call the "underlying".

Desk Each desk on a trading floor specializes in a particular product or market segment.

DSN Deeply subordinated notes Perpetual subordinated issuance giving rise to perpetual compensation. Their indefinite duration is due to the absence of a contractual repayment commitment made at the option of the issuer. In the event of liquidation, they are repaid from other creditors.

E

EAD Exposure At Default Likely amount of exposure at risk at the time of default. This concerns the institution's on and off-balance sheet exposures in the event of counterparty default. Their indefinite term is the result of the absence of any contractual repayment commitment, which remains at the issuer's discretion.

EBA European Banking Authority European supervisory authority that replaced the Committee of European Banking Supervisors (CEBS). Its purpose is to promote harmonized and more reliable European standards and can override national supervisors in an emergency. In addition to the new stress tests, the EBA must ensure application of new international solvency and liquidity standards.

EFP *Éxigence en Fonds Propres*/Capital requirement. Its amount is obtained by applying a rate of 8% to the weighted risks (or RWA).

EL Expected Loss Loss expected in the event of default. It is determined by multiplying exposure at default (EAD) by probability of default (PD) and by loss given default (LGD).

EMTN Euro Medium Term Note Debt security generally maturing in five to ten years. These securities may have very different characteristics depending on the issuance programs, including more or less complex arrangements in terms of remuneration or guaranteed capital.

EONIA Euro Over Night Index Average The daily benchmark rate for unsecured (*i.e.* not backed by securities) interbank deposits made overnight in the eurozone.

ETF Exchange Traded Funds Funds that reproduce the changes in an index. When investors buy an ETF, they are exposed to rises and falls in the securities that make up the index in question without having to buy them. An ETF can be bought or sold on the stock market throughout the trading day just like "traditional" shares. ETFs are subject to approval by the AMF or another European authority.

EURIBOR Euro Interbank Offered Rate Inter-bank rate offered in euros. Euro area monetary market reference rate.

European Securities and Markets Authority "ESMA" The ESMA groups regulators of the financial markets of the European Union member states. This authority helps create standards and common practices on regulation and supervision.

F

Fair Value Hedge Hedge of exposure to changes in the fair value of a financial instrument that is attributable to a particular risk and could affect profit or loss.

FATF Financial Action Task Force Intergovernmental organization, the objectives of which are to set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system.

FIP *Fonds d'investissement de proximité*/Local Investment Fund. Fund whose assets are made up of at least 70% of unlisted French SMEs from four neighboring regions and created less than seven years ago.

Front office Traders on the trading floor who handle market, foreign currency and interest rate transactions.

FSB Financial Stability Board A body of 26 financial authorities, several international organizations and bodies that develop financial stability standards. It facilitates cooperation in the supervision and oversight of financial institutions.

G

GAAP Generally Accepted Accounting Principles[1] Accounting standards in force in the United States, defined by the Financial Accounting Standards Board.

Gross exposure Exposure before accounting for provisions, adjustments and risk mitigation techniques.

(1) Source: https://acpr.banque-france.fr/glossaire-acpr and notice relative to the procedures for calculating prudential ratios within CRD4.

H

Hybrid security Security that combines the characteristics of equity and debt (convertible bonds, equity notes, etc.).

I

IBoxx Index made up of bonds with a range of maturities.

ICAAP Internal Capital Adequacy Assessment Process Regulatory procedure for assessing whether banks have sufficient capital to cover all the risks to which they are exposed. The ICAAP must describe the procedures for calculating and stress-testing the institution's various risks. The supervisor approves the institution's ICAAP once a year.

ILAAP Internal Liquidity Adequacy Assessment Process Regulatory procedure which can assess whether the situation of the institution is sufficient to cover the liquidity risk. The principle involves finding out the measures that the institution uses to control and mitigate this risk.

Insurance savings product Life insurance outstandings held by our customers – management data (insurance company).

Investment grade Long-term rating assigned by an external agency ranging from AAA/Aaa to BBB-/Baa3 for a counterparty or an underlying issue. A rating of BB+/Ba1 or below signifies a Non-Investment Grade instrument.

IRB Internal Rating Based Internal rating system. The regulations have set a standard rating system but each institution may develop its own internal rating system.

Itraxx Credit derivatives market. It consists of the most liquid names in the European and Asian markets.

K

KRI Key Risk Indicators Key measures indicating operational risks. Elements for modeling the internal approaches (AMA – Advanced Measurement Approach) implemented by the banks. Identified through risk mapping carried out in advance. The indicators must be data that are objective, quantifiable and continuously monitored. Each indicator has a threshold above which systematic actions are triggered. The indicators must be reviewed periodically as their relevance depends on the effectiveness of the risk control measures put in place.

L

LCR Liquidity Coverage Ratio Short-term, 30-day ratio that requires banks to continuously hold enough high-quality liquid assets to bear an acute crisis. This monthly ratio is one of the provisions of Basel III.

LGD Loss Given Default Ratio of loss in the event of default expressed as a percentage of EAD.

LGD* (reads LGD star) A specific LGD for non-retail exposures using an internal rating method.

Liquidity buffer Buffer required to meet cash outflows assuming the markets are closed and there is no access to any liquidity.

Liquidity risk An institution's ability to secure the funds needed to finance its commitments at a reasonable price at any time.

Liquidity The ability to cover short-term maturities. A market or security is liquid when transactions (buy/sell) can be carried out seamlessly, without sharp price fluctuations, due to high trading volumes.

Loss given default (LGD) See LGD.

M

Market risk Risk related to Capital Markets and the volatility of markets (rates, foreign exchange, liquidity, counterparty), which presents a risk of loss on an instrument due to adverse movements in market prices, for the minimum period needed to liquidate the position (one day, one month, etc.).

Mark-to-model Valuation of a financial instrument at fair value based on a financial model, in the absence of a market price.

Mezzanine Form of financing that falls between equity and debt. In terms of rank, mezzanine debt is subordinate to "senior" debt but is senior to shares.

Micro-hedging Hedging of the interest-rate, foreign-exchange or credit risks of an asset portfolio on an asset-by-asset basis.

Mid-cap Medium-sized market capitalization.

MIF1/MIF2/MIFID2/MIFIR European directive on markets in financial instruments (MIF1), which entered into force on November 1, 2007 and defines the major guidelines for Capital Market in Europe. In 2018, MIF2 was introduced to complement MIF1. MIF2 aims to enhance the security, transparency and operation of financial markets while also strengthening investor protection.

MREL Minimum Requirement Eligible Liabilities Minimum level of debts eligible for "bail-in" (MREL), in a credit institution. A rate of about 8% of liabilities according to the Bank Recovery and Resolution Directive, but which the national resolution authority will set on a case-by-case basis.

N

NDI Negotiable debt instruments Short-term investments comprising negotiable medium-term notes, certificates of deposit or OTC commercial paper.

Netting/Offsets Netting systems are used to reduce the number of interbank settlements, the risks incurred on counterparties and the liquidity needs of participants.

New lending Amounts of new funds made available to customers – source: management data, sum of individual data for entities in the "Retail Banking – banking network" segment.

NSFR ratio (Net Stable Funding Ratio) One-year ratio that compares available stable funding and required stable funding. The one-year coverage ratio for resources must be 100%. Amounts to be funded are weighted by their liquidity and sources of funding by their stability. This quarterly ratio is part of the Basel III provisions.

O

OAT *Obligations Assimilables duTrésor*/Fungible treasury bonds[1] Government bonds issued by the French Treasury. These listed bonds are called "fungible" because each new series (tranche) issued is linked to an already existing series with the same characteristics: interest rate, nominal value, maturity, repayment terms.

OCI Other Comprehensive Income This corresponds to revenues, expenses, gains and losses and other similar items that contributed to an increase or decrease in equity but which are excluded from the income statement. It includes, among others, unrealized gains and losses on short-term investment securities recognized at fair value and unrealized foreign currency gains or losses.

OPE Offre Publique d'Échange/Public exchange offer Transaction in which an entity publicly announces to shareholders of a listed company (the target company) that it has agreed to acquire their securities. The entity offers to acquire the securities in exchange for existing securities or securities to be issued in the future.

(1) Source: http://fbf.fr/fr/secteur-bancaire-francais/lexique.

Option Financial instrument which enables an investor to obtain the right, at a future date, to purchase (call) or to sell (put), a financial asset (share, bond, currency) at a price fixed in advance. An option is a risky product.

P

PD Probability of Default Expressed as a percentage over a one-year horizon and calculated by the bank based on its observation of default rates over a long-term period. PD is calculated by type of borrower and type of loan.

PUPA *Plan d'urgence et de poursuite del'activité*/Contingency and Business Continuity Plan Series of measures aiming to ensure, under various crisis scenarios (including extreme shocks), the continuation of services or other vital or important operating tasks at the company concerned (where required, in a temporarily downgraded mode), as well as the planned resumption of activities and the mitigation of losses.

R

Raison d'être Notion integrated in the Pacte law of 2019, the *raison d'être* is a course of action that the company sets itself. It may be inserted in the articles of association. It provides "a framework for the most important decisions, in order to materialize the self-interest of society and the company, and social and environmental considerations" according to the Notat-Senard report.

Rating agency Agency that assesses the financial solvency risk of a company, bank, national government, local government (municipality (*commune*), department (*département*), region (*région*)) or financial transaction. Its role is to measure the risk of non-repayment of the debts that the borrower issues.

Rating Assessment by a financial rating agency (Moody's, Fitch Ratings, Standard & Poor's) of the financial solvency risk of a national government or another public authority or of a given transaction: bond issue, securitization, etc. The rating has a direct impact on the cost of raising capital.

Real security Guarantee that binds a specific asset on which the creditor may be paid in the event of default of his debtor (e.g. pledge on movable property or real estate mortgage).

Representative office[1] Office established by a bank in a foreign country where activity is limited to representation and information. This office may not carry out banking transactions.

Retail Retail banking.

RMBS Residential Mortgage-Backed Securities Securitization of residential mortgages.

RWA Risk-Weighted Assets The amount of assets are based on banks' exposures and their associated risk levels, which depend on the counterparties' creditworthiness, measured using the methods provided for in the Basel II framework.

S

Secondary market Market on which securities that have already been issued are traded, also known as the stock exchange.

Secured bond A bond whose interest payments and principal repayments are secured by investment grade mortgages or public sector loans on which investors have a preferential claim.

Securitization Financial technique which consists of transferring to investors financial assets such as debt (for example, unpaid invoices or outstanding loans), by transforming this debt, through an *ad hoc* company known as a Special Purpose Vehicle, into financial securities issued on the Capital Markets.

Senior (security) Security benefiting from specific guarantees and priority repayment.

SFH (*Société de financement de l'habitat*) Home loan financing firms. Subsidiaries of generalist banks, the objective of which is to grant or finance home loans.

Sponsor (in the context of securitization)[1] The sponsor is an institution, separate from the originator, which establishes and manages a program of asset backed commercial paper (ABCP) or any other operation, or securitization structure within which it purchases the exposures of third parties.

Spread The difference between the yield on the bond and the yield on a risk-free bond with the same maturity; the benchmark for the latter can be either the government bond rate or the swap rate.

SREP Supervisory Review and Evaluation Process The objective of the SREP is to ensure that entities have implemented adequate provisions, strategies, procedures and mechanisms and that they have sufficient capital and liquidity to ensure sound and prudent management of the risks they may face, in particular those identified by stress tests and systemic risks.

SRF Single Resolution Fund Fund designed to help failing banks refinance themselves during the resolution phase. This phase involves implementing the plan endorsed by the Single Resolution Board (SRB), during which the bank in question no longer has access to the interbank market.

SRI Socially Responsible Investment The process asset management companies use to select the marketable securities that make up their portfolio by systematically taking into account the issuer's environmental, social and governance (ESG) practices, in addition to financial criteria. This management is ideally accompanied by dialogs with the management companies and the active exercise of the voting rights attached to the securities.

Stressed Value at Risk (SVaR) It adjusts for the VaR procyclicality by applying scenarios that have been calibrated to a stress period, and not just to the continuous 12-month historical observation period, to portfolio positions at a given calculation date.

Stress-test Stress tests of earnings and capital seek to assess a company's ability to withstand various crisis scenarios and an economic downturn. Pillar 2 of Basel II requires that stress tests be conducted.

Swap Contract that is equivalent to swapping only the value differential.

T

Tier 1 capital This consists of Common Equity Tier 1 (CET1) capital and Additional Tier 1 (AT1) capital.

Tier 1 Ratio Ratio between Tier 1 capital and assets weighted by risks, according to the CRD4/CRR rules.

Tier 2 capital Tier 2 capital consists of subordinated debt instruments with a minimum maturity of five years. Incentives for early redemption are prohibited.

(1) Source: http://fbf.fr/fr/secteur-bancaire-francais/lexique.

TLTRO Targeted Long-Term Refinancing Operation Targeted Long-Term Refinancing Operations are part of the ECB's monetary policy. TLTRO grant long-term loans to banks to encourage them to increase their lending (for TILTRO II) up to three times the net amount of the loans granted to non-financial private agents (excluding home mortgages).

TRACFIN *Traitement du renseignement et action contre les circuits financiers clandestins* Unit for intelligence processing and action against illicit financial networks.

Trading Buy and sell transactions on various types of assets (shares, commodities, currencies) intended to make a profit. Trading is generally done by a trader who buys and sells financial income from the trading floor of a financial institution.

Treasury shares Shares of its own stock held by a company, in particular under share buyback programs. Treasury shares have no voting rights and are not included in the earnings per share calculation.

U

Underlying asset Financial instrument (share, bond, etc.) on which an investment is based. The change in the value of the underlying determines the change in the value of the investment.

V

Value at Risk (VaR)[1] This is defined as the maximum potential loss following an adverse change in market prices over a specified period of time and at a given level of probability (also called the confidence level). It is an aggregate and probabilistic measure of market risk.

Volatility Range of variation in the price of a security, fund, market or index over a given period. This degree gives an indication of the investment risk. The higher the degree of change, the greater the likelihood that the security, fund or index will undergo significant changes in the future.

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Edition

L'Agence ComFi by CIC Market Solutions,
CIC's financial communication agency

Graphic design
Covers, introductory booklet, graphics

O'communication

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Designed & published by LABRADOR INFORMATION DESIGN +33 (0)1 53 06 30 80

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Find various partnership actions carried out in 2021 in pictures throughout this document.

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