2020 Universal registration document

including the annual financial report

Building the future in a changing world

CONTENTS

Building the future in a changing world

2020 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

This is a translation into English of the (universal) registration document of the Company issued in French and it is available on the website of the Issuer. The English language version of this report is a free translation from the original, which was prepared in French. All possible care has been taken to ensure that the translation is an accurate presentation of the original. However, in all matters of interpretation, views or opinion expressed in the original language version of the document in French take precedence over the translation.

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The universal registration document was filed on April 21, 2021, 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.

> As a responsible bank, CIC is strengthening its environmental and societal commitments.

EDITORIAL

Nicolas Théry & Daniel Baal

In the context of the health crisis, what can we say about CIC's 2020 results?

The results reflect sustained activity with the increase in the number of customers (+1.3%) and growth in outstanding deposits (+26.3%) and loans (+10.7%). They show the strength of our sales momentum and the relevance of our multi-service strategy. They also reflect the commitment of our 20,000 employees to adapt to the context and offer our customers an adapted offering at the cutting edge of innovation. More than ever, CIC has invested in the regional economies to help all of its customers through the crisis.

The combined effects of the crisis and the high level of uncertainty generated by the pandemic resulted in a decrease in net profit, which was affected by the sharp increase in the cost of non proven risk.

What did the commitment of CIC and its employees concretely translated into in 2020?

The health crisis brought us back to what really matters. All the teams mobilized to support our customers and ensure business continuity. The employees of our 1,837 branches maintained quality relations with our 5.4 million customers, even remotely. As the bank of one in three SMEs in France, CIC has stepped up its support for companies and professionals, particularly in terms of cash flow with the arrangement of State-guaranteed loans. The fiscal year was also marked by the strong commitment of CIC Assurances to support professionals through the payment of the cooperative recovery bonus or the freezing of contributions.

In this disrupted context, CIC also mobilized to support young people: payment of an exceptional bonus of €150, a deferral of our customers' student loan payments, as well as a zero interest loan to help with computer equipment.

To support sports, CIC strengthened its relations with the clubs of federations (cycling, swimming). For culture, it maintained its partnerships (Aix-en-Provence Festival, Musée de l'Armée des Invalides) in all circumstances.

Lastly, for its employees, CIC has taken measures in line with their mobilization: exceptional mobilization bonus, general increase of 0.5% of the payroll, budget of 1.5% dedicated to individual increase measures, signature of an agreement on quality of life at work, in particular to define the procedures for implementing remote working.

CIC saw transformation in 2020… What are its strengths to face the new situation and build in a changing world?

2020 was marked by further transformation, the development of the multi-service strategy and increased lending as close as possible to the regions. It is fully in line with the ambitions of the new strategic plan of its parent company, Crédit Mutuel Alliance Fédérale: *ensemble#nouveaumonde, plus vite, plus loin !* (together#today's world, faster, further!)

CIC's strengths are also based on our powerful entrepreneurial values and the collective commitment of our employees. As a responsible bank, CIC continues to address its social, societal and environmental objectives and confirms its commitment by adopting the benefit corporation status: a strong commitment, which translates into quality customer service and the desire to contribute to the common good.

Nicolas Théry
Chairman

Daniel Baal
Chief executive officer

CIC is a partner of the Fédération Française de Cyclisme.

2020 Key figures

5.4 million
CUSTOMERS

19,809
EMPLOYEES*

1,837
BRANCHES IN FRANCE

International

5
BRANCHES

37
REPRESENTATIVE OFFICES

Income statement

(in € millions)	December 2018	December 2019	December 2020
Net banking income	5,021	5,213	**5,139**
Gross operating income/(loss)	1,885	1,962	**1,914**
Net profit/(loss)	1,395	1,468	**662**
Cost/income ratio	63.1%	62.4%	**62.8%**

Capital

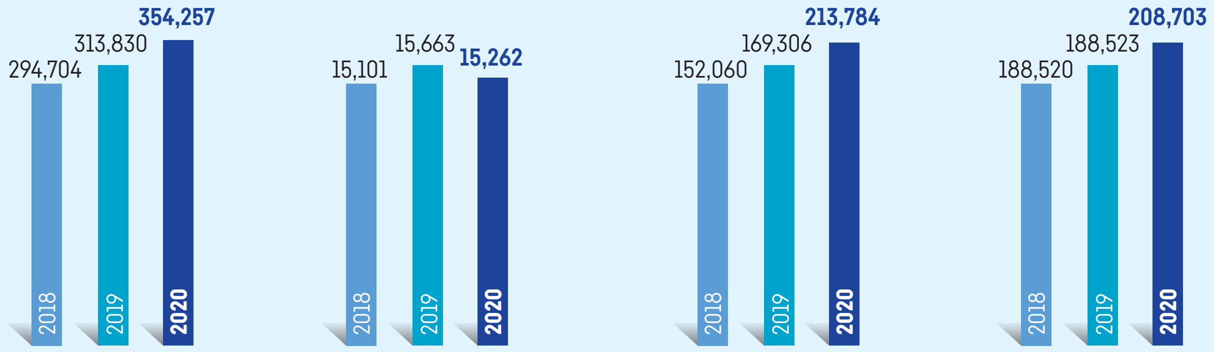
	2018	2019	**2020**
CET1 Ratio	13.0%	12.9%	**12.5%**
Overall solvency ratio	15.3%	15.0%	**14.8%**
Leverage ratio	4.2%	4.1%	**4.4%**

Data calculated without transitional measures.

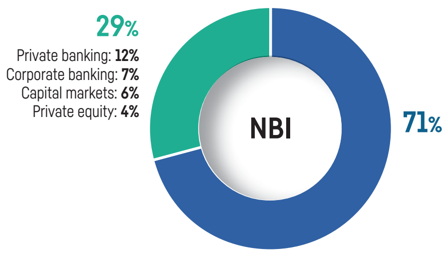
** Full-time equivalent.*

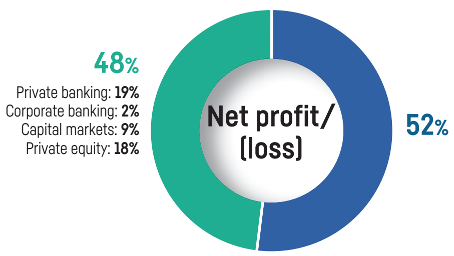
Balance sheet

BALANCE SHEET TOTAL *(in € millions)* | **EQUITY** *(in € millions)* | **CUSTOMER DEPOSITS** *(in € millions)* | **CUSTOMER LOANS** *(in € millions)*



Breakdown of NBI and net profit/(loss) by activity





● Retail banking ● Specialized business

Ratings

	Standard & Poor's At 11/17/2020	Moody's At 11/18/2020	Fitch Ratings At 12/15/2020*
LT/ST counterparty**	A+/ A-1	Aa2/ P-1	AA-
Issuer/ LT Preferred Senior Debt	A	Aa3	AA-
Outlook	Negative	Stable	Negative
ST preferred senior debt	A-1	P-1	F1+
Intrinsic rating***	a	a3	a+

* *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 Ratings.*

Standard & Poor's: Crédit Mutuel group rating.

Moody's: rating for Crédit Mutuel Alliance Fédérale/BFCM and CIC.

Fitch Ratings: Crédit Mutuel Alliance Fédérale rating.

Strategic plan

#ENSEMBLE NOUVEAUMONDE
Plus vite, plus loin !

Faced with the economic and social disruption accentuated by the health crisis, Crédit Mutuel Alliance Fédérale, CIC's parent company, decided to review its strategic plan, at the end of 2020. The Group is thus demonstrating its ambition to accelerate its transformation in order to overcome the crisis and reaffirm the relevance of its decentralized, relational mutual banking model anchored in the regions. CIC fully supports these ambitions and deploys the commitments of the *ensemble#nouveaumonde*, *plus vite, plus loin !* (together#today's world, faster, further!) strategic plan on a daily basis.

Be the reference relational bank in a digital world

Offer an **account manager** to all, attentive and close, even online

Optimize local networks to address customer expectations in an appropriate manner

Deploy an **ever more efficient** organization

Strengthen synergies within the group

Be a committed bank in tune with a changing world

Make Crédit Mutuel Alliance Fédérale **the environmental and societal reference**

Support business development through increased training for elected members and employees

Increase collective efficiency by pooling resources

Be a multi-service innovative bank

Strengthen customer focus in IT project management

Simplify offers and processes, notably *via* powerful cognitive tools

Maintain technological lead at the service of development, security and data protection

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

Increase selectivity in the allocation of capital and liquidity

Focus development in banking, insurance and financial and technological services in the eurozone

Increase profitability *via* new business synergies at the service of networks

CIC is committed to encouraging the creation of companies and start-ups in the City Policy Priority Neighborhoods (QPPV).

Crédit Mutuel Alliance Fédérale's goals for 2023

Human development cooperative goals

100% of employees trained in transformation

Gender equality in management and governance positions

Membership rate > **90%**

Reduction of the Group's carbon footprint: **-30%** *vs* end 2019

Increased funding for projects with a high climate impact: **+30%** *vs* end 2019

Reduction of customer portfolio carbon footprint[1]: **-15%** *vs* end 2019

Financial objectives

NBI: **€14.6bn**

Cost/income ratio: **61%**

Net profit > **€3.1bn**

Profitability on regulatory assets: between **1.2** and **1.4%**

CET 1: between **17** and **18%**[2]

Technological indicators

100% of current applications available online

IT processing performed on our systems > **99.99%**

(1) Corporate customer portfolio, asset management and insurance.
(2) In a constant regulatory environment.

Our *raison d'être* *Ensemble, écouter et agir,*
(Listening and acting together)

AT THE CORE OF OUR SUPPORT DURING THE HEALTH CRISIS

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), and adopted the benefit corporation status. This strong commitment showed what this really means during the health crisis. All teams stood alongside the customers.

Together

Because CIC, within Crédit Mutuel Alliance Fédérale and with all its subsidiaries, is an organization where everyone works with the same objectives: from the local CIC branch to the regional bank, from support duties to subsidiaries.

Listen

Because CIC, within Crédit Mutuel Alliance Fédérale and with all its subsidiaries, is attentive to the needs of its members and customers, open to the major changes in the world, and strives to reconcile each individual's interests with the success of all.

Act

To put to work the collective strength and spirit of innovation of its employees in order to make the banking and insurance businesses serve the life paths and aspirations of all, from individuals to companies.

3 WORDS THAT UNITE US

To affirm our identity and our values and mobilize skills and energies around shared action

CIC is a partner of the Union des Auto-Entrepreneurs.

Our *raison d'être* in motion in 2020

Maintaining ties with our customers & adapt our offerings and solutions

Video appointments set up to stay as close as possible to our customers

Contactless payment up to €50 on all bank cards

Implementation of e-pick up, allowing customers without a bank card to withdraw cash from the Group's ATMs

Simplified processing of applications with enhanced access to the **selectronic signature** thereby enabling to answer State-guaranteed loan (SGL) applications within five days

Support our customers

940,000 deferrals of loan installments granted for €2.1 billion

Companies and professionals:

***Prime de relance mutualiste* (mutual stimulus bonus) €7,000** granted to policyholders of professional multi-risk insurance, with business interruption coverage

82,200 SGLs granted (€14.6 billion committed)

***Protection Homme Clé* (key employee protection) granted free of charge** for six months for any subscription to the Company's Professional Protection contract

Free Pay Asso solution for **associations**

Students and apprentices:

€150 of **exceptional bonus** for student loan holders with current deductibles

Automatic deferral of student loan installments[1]

***Prêt Connexion Jeunes*,** an interest-free offer with no application fees to help with IT equipment[2]

Total exemption of and charges for incidents[3] for **fragile customers**

Calling campaign in November for customers with **Senior Assistance** contracts

Support for our employees[4]

Exceptional bonus of €2,000 paid to all employees to reward their exceptional commitment

Signature of an agreement on quality of life at work defining the procedures for implementing remote work

(1) For customers holding a student loan taken out before or on April 30, 2020, for which the amortization period began between May 15, 2020, and December 31, 2020.
(2) For young people under the age of 28.
(3) Subscribers of the CIC Service Accueil offer. Details of the relevant charges available on www.cic.fr
(4) Scope of Crédit Mutuel and CIC single status.

Since 2019, CIC has been the official partner of the Fédération Française de Cyclisme. Through this commitment, CIC wishes to show its commitment to the values of cycling. CIC is associated with the cyclo-cross, BMX, mountain biking, road and track championships, but also with the French teams when they are involved in international competitions.

1

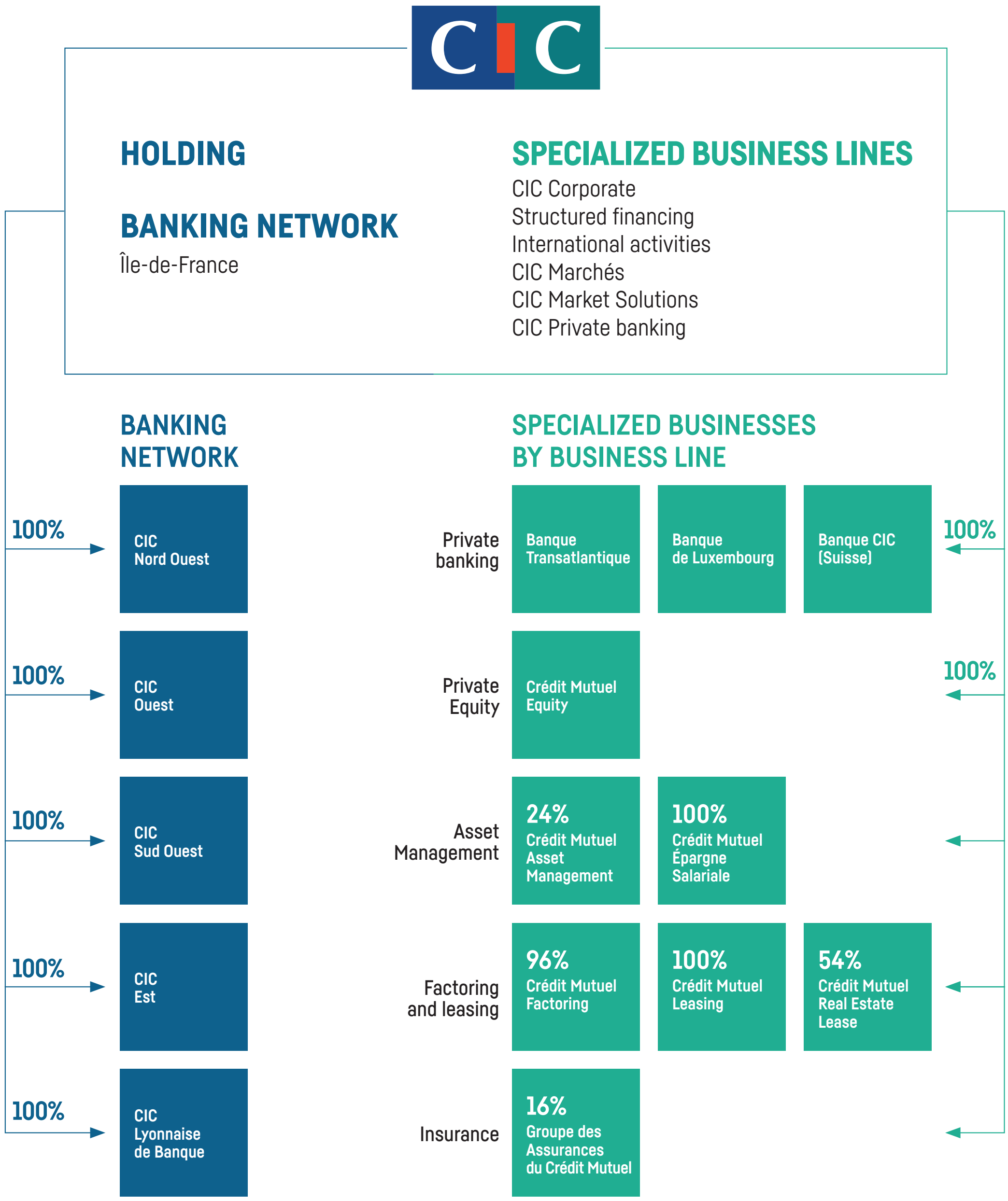
PRESENTATION OF CIC

1.1 ORGANIZATION OF CIC

CIC consists of:

- CIC (Crédit Industriel et Commercial), the holding and head-of-network bank and also a regional bank in Île-de-France, which carries out investment, financing and capital 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 within Crédit Mutuel Alliance Fédérale.

2020 SIMPLIFIED ORGANIZATION CHART

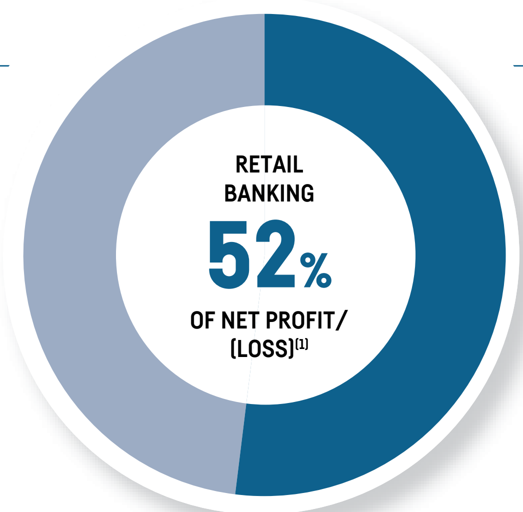


1.2 BUSINESS LINES

1.2.1 Retail banking

A local banking network

CIC

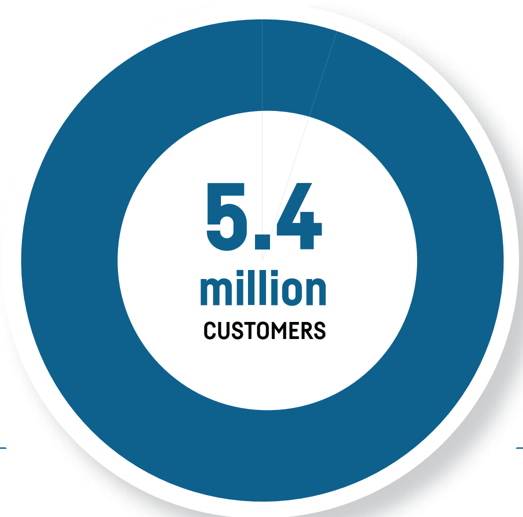


Business line subsidiaries

Insurance, asset management, employee savings, factoring and receivables management, leasing

€152.2 billion
Outstanding loans

€159.5 billion
Outstanding deposits



Crédit Mutuel Asset Management, **the fourth largest French asset management company**[2]

Over 1.4 million employee savings accounts under management

23% market share in France in factoring[3]

(1) Port of CIC net income excluding the Holding segment.
(2) Source: Six, December 2020.
(3) Source: French Association of Financial Companies.

Retail banking, the core business of CIC, represented 71% of its net banking income at the end of 2020. It includes the banking network (composed of regional banks and CIC in Île-de-France) and the specialized activities whose products are marketed by the network: insurance brokerage, real estate and equipment leasing, factoring, asset management, employee savings plans and real estate. Relying on the know-how of its employees, retail banking meets the needs and expectations of 5.35 million customers.

CIC establishes a close relationship with its customers through an efficient, effective and modern omni-channel organization. Customers can therefore choose between obtaining advice at one of the 1,837 branches in France or using more independent technological tools (websites and mobile apps).

CIC business model aims for excellence in customer service, an ambition that is regularly rewarded. In 2020, CIC won six out of six possible awards at the 2021 Banking – Quality Awards, with the highest score in the Online Customer Service category.

In 2020, the network provided continuous support for its customers and their project financing activities. The network's commitments increased by almost 14%, driven by home loans (+6.3%), investment loans (+5.3%) and, above all, operating loans (through state-guaranteed loans – SGL), which tripled. Outstanding deposits grew by 16.7% due to credit accounts, passbook accounts and term deposits, which are mainly held by companies and professionals. In the diversification sectors, sales of products and services to customers continued their commercial momentum with increases in the number of contracts for online banking (+4%), Homiris theft protection (+2.3%) and mobile telephony (+4.3%).

2020 was marked by the merger of CIC Iberbanco with CIC, including that of IT systems. The 65,748 customers benefit from the same services and keep their advisor, branch and online banking. A bank open on two worlds, CIC Iberbanco meets the needs of the Spanish, Portuguese and Latin American communities in France, as well as French people who invest in the Iberian peninsula.

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

CIC's core business, 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. In addition to products dedicated to current account management, savings, insurance and financing solutions, CIC offers its 4.27 million retail customers services to make their daily lives easier, such as mobile telephony and internet and TV boxes. 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 an increase in online banking subscribers (+6.2% in 2020). The service totaled around 725 million connections over the year, of which 535 million through mobile apps and 190 million *via* websites.

During this year marked by the health crisis, CIC particularly mobilized to support young people through numerous measures. This took the form of an exceptional bonus of €150, a deferral of our customers' student loan payments, as well as a zero interest loan to help with computer equipment through the Connexion jeunes CIC loan.

In addition, since October 1, 2020, it is possible to support social and solidarity economy (SSE) players by making a donation from the Sustainable Development and Solidarity Passbook. The social and solidarity economy brings together cooperatives, mutuals, non-profit organizations or foundations based on a principle of solidarity and social utility by adopting democratic and participative management methods. On the strength of its solidarity, societal and environmental commitment, CIC is part of this approach and proposes to support organizations that share these same values.

1.2.1.1.2 Professional market

The professional market is aimed at a customer base of more than 751,000 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 2,250 account managers specializing in the management of professional customers. Thanks to targeted and adapted marketing operations, the number of professional customers grew by 3.6% in 2020. Despite the turbulent context, we continued to support our customers in meeting their needs, both in terms of cash flow, with the implementation of SGLs, and in terms of professional and personal investments. As a result, nearly 3.6 billion of investment loans were granted and more than 23% of home loans granted were to our professional customers. Senior management was also assisted in setting up measures to help their employees, with more than 32,000 employee savings contracts taken out.

2020 was marked by the availability of new offers to meet the new needs of our professional customers. For example, Lyf Pro allows for remote payment by telephone, Pay Pro allows for online payment without a website, while the Lyf Pay Click & Collect functionality makes it possible to receive customer orders quickly and easily. Throughout the crisis, account managers remained in contact with customers to support their day-to-day needs (financing, insurance, savings, services) and quickly and efficiently distribute the various government measures such as SGLs.

The fiscal year was also marked by the strong commitment of CIC Assurances to support professionals through the payment of the cooperative recovery bonus or the freezing of contributions.

CIC continued its communication actions and supported its partners in the organization of virtual exhibitions. As a result, many franchisees and business creators have been able to see their projects come to fruition thanks to the support of CIC.

1.2.1.1.3 Agriculture market

CIC responds to the specific needs of cereal farmers, breeders and wine growers, with a dedicated offer and products adapted to best meet the needs related to their business lines and their specific risks. It has products in the areas of financing, account management, savings and insurance. In addition to current offers, solutions to insure harvests or build up precautionary savings are proposed.

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 45,300 customers, up 3.3%.

2020 was marked by the 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.

In 2020, CIC benefited from the French National Initiative for French Agriculture (INAF) guarantee for agricultural customers in conjunction with the European Investment Fund (EIF). In the renewable energy sector, CIC is pursuing its development, particularly in methanization with the financing of approximately €71 million in agricultural loans.

1.2.1.1.4 Non-profit market

CIC has a full range of services for non-profit organizations, foundations, works councils 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 strong growth in co-ownership associations but also, to a lesser extent, by local non-profit organizations, growth in the NPO market increased in 2020. The total number of customers in this segment increased by 6.5% and now stands at over 134,000 customers.

The year 2020 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 for the second semester. 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, the French Athletics Federation (in some regions) and the French Swimming Federation. This same support-driven approach has resulted in support for its music and culture partners (the Easter Festival in Aix-en-Provence, the Musée de l'Armée at Les Invalides) and its partners working alongside young entrepreneurs (Moovjee, WorldSkills, Union des auto-entrepreneurs).

1.2.1.1.5 Corporate market

CIC is a long-standing corporate partner. It provides businesses with solutions built specifically 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 2020, the number of CIC corporate customers continued to grow and stood at more than 143,000 at the end of the year.

2020 was marked by the launch of a plan to develop life and property insurance, resulting in a complete overhaul of the corporate offer. This resulted in the launch of the retirement savings plan (PER), as well as a new borrower insurance offer. During the year, the first edition of the national call for projects CIC Start Innovation Business Awards took place with more than 900 participating startups despite the constraints of the health situation. Finally, a new offer for securing customer and supplier relations was developed, including the renewal of a partnership with Altarès for commercial information.

In terms of technology, the deployment of electronic signatures continued, notably with an extension to finance leasing contracts. The digitization of credits has been enriched by the possibility of requesting the release of credit envelopes in Filbanque.

1.2.1.2 Support services for retail banking

1.2.1.2.1 Insurance

Groupe des Assurances du Crédit Mutuel (GACM) is a major player in property and personal protection insurance in France, covering the needs of retail, professional and corporate customers. Backed by nearly 50 years of experience in banking and insurance, the business of GACM is fully integrated in Crédit Mutuel Alliance Fédérale on commercial and technological levels. Distribution is carried out through CIC network. GACM supports its policyholders on a day-to-day basis to protect their families, property, professional activity and their businesses.

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In life insurance, GACM offers its customers solutions to diversify their savings, finance projects, prepare for retirement or transfer capital. They have a range of management services at their disposal, including packaged formulas, controlled management and "arbitrage mandates".

It markets personal insurance products covering personal property (auto insurance, home insurance) as well as business activity (premises, equipment, vehicle, civil liability and legal protection). The e-declaration is a quick way to file a home or auto claim in a few clicks, 24/7. In 2020, more than one in four claims were made online.

In personal insurance, health coverage is in line with the profiles and needs of policyholders. All contracts benefit from access to the Avance Santé card for the payment of healthcare costs without immediate debit. The personal risk insurance offer anticipates the consequences of dependency or funeral arrangements with a range of products which includes an annuity or assistance payments.

GACM's loan insurance covers the loans contracted by retail customers, professionals and businesses against unforeseeable circumstances. Thanks to the maintenance of medical acceptance, people insured for a first loan for their main residence no longer have to prove their state of health when they want to take out insurance cover for the loans of their future main residences.

In 2020, the insurance business line covered more than 12.8 million policyholders, an increase of 2.2%. It generated revenue of €10.4 billion, down 14.8%, of which €2.9 billion or 28% generated in CIC network. Gross premium income in life insurance fell sharply due to the health crisis, but also to measures put in place to improve the diversification of savings in a very low interest rate environment. In 2020, as part of the PACTE law, the GACM launched new offers: an individual retirement savings plan (PER), allowing policyholders to build up a supplementary pension, and a mandatory company PER rolled out at the end of the year.

In property insurance, revenue continued to grow, driven by growth in the automotive and home portfolios, despite the difficult context. The GACM also continues to grow in the professional and corporate market with the deployment of Multi Pro, a new multi-risk professional offer. Personal insurance is a key area of development and a growth driver for GACM. Revenues recorded a more limited increase over the year, mainly due to the end of the Individual Complementary Health Assistance (ACS) scheme. Loan insurance also benefited from the launch at the end of 2020 of a new professional and corporate offer, fully integrated into the loan sales process.

Finally, for all lines of business, GACM continued to implement its strategy of improving its products and services for policyholders. The search for ever simpler online customer service has thus become a reality, notably through the deployment of electronic signatures and e-declaration of medical leave. The provision of a new insurance portal on the Internet dedicated to professionals also supports GACM's development strategy in the professional and corporate market. Bringing together all of the consultations and actions in a single, easy-to-use interface. This portal gives professional and corporate policyholders a clearer and more comprehensive view of their coverage.

1.2.1.2.2 Asset Management

Crédit Mutuel Asset Management is the 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. Crédit Mutuel Asset Management covers all listed asset classes and all management styles. Its strategy is based primarily on the balance between the search for performance and risk management. It also has a wide range of employee savings funds. With more than €70 billion in assets at the end of 2020, Crédit Mutuel Asset Management confirms its position as France's fourth largest asset management company[1].

Crédit Mutuel Asset Management integrates non-financial criteria – environmental, social and corporate governance – into its management strategy with an offer of 20 SRI, solidarity and sharing funds. A signatory of the Principles for Responsible Investment since 2012, Crédit Mutuel Asset Management obtained an A+ rating in 2020 for its commitment to sustainable and responsible finance. This expertise in non-financial criteria led Crédit Mutuel Asset Management to create a department dedicated to responsible and sustainable finance in 2020. On the back of these investments, the new range of SRI, GreenFin and ESG-labeled funds amounted to nearly €2.5 billion at the balance sheet date.

In 2020 Crédit Mutuel Asset Management received several awards, in France and abroad, recognizing the expertise of teams made up of nearly 250 employees, including around fifty asset managers. The CM-AM Conviction Euro fund was awarded by Sello FundsPeople, the CM-AM Small & Midcap Euro fund won the third prize of the *Globe de la Gestion* and the CM-AM Europe Growth and CM-AM Tempéré International funds received the *Mieux Vivre Votre Argent* performance label. In addition to its funds, Crédit Mutuel Asset Management was also recognized as the most responsible fund manager in France for 2020 by *CFI.co* magazine[2]. It also received the *Transparence de la Gestion Financière 2020* label awarded by *L'Agefi* magazine. In addition, Crédit Mutuel Asset Management obtained the *Relance* label from the French Ministry of the Economy and Finance for its CM-AM Entrepreneurs fund and the *Tibi* qualification for the CM-AM Global Innovation fund.

As a committed player in responsible finance, Crédit Mutuel Asset Management donates part of the investment income from the CM-AM France Emploi fund each year to the France Active association. This year, an amount equivalent to 50% of the fund's management fees was donated to this association as part of a solidarity-based approach and to give meaning to its customers' savings.

In 2020, Crédit Mutuel Asset Management finalized its MSR action plan in line with Crédit Mutuel Alliance Fédérale's ambitions in the field, in particular by raising employee awareness of the digital footprint and eco-friendly office policies. They also took part in Cleanup Days, workshops and conferences on the topic of climate risks.

The informational mini-series "Corentin and responsible finance", launched at the end of 2019, was enhanced by seven new videos produced in 2020. These videos offer an instructive approach to responsible finance. They are published on LinkedIn and available on the Crédit Mutuel Asset Management website.

Since early 2020, Crédit Mutuel Asset Management has relied on Crédit Mutuel Investment Managers, Crédit Mutuel Alliance Fédérale's dedicated asset management business center, for the marketing of its offering. To this end, Crédit Mutuel Asset Management has created a new French sub-fund Sicav to facilitate international marketing. In 2020, the main funds in the range performed very well against their benchmarks. Crédit Mutuel Investment Managers' mission is to promote the investment solutions of Crédit Mutuel Alliance Fédérale's six management structures (including Crédit Mutuel Asset Management) totaling more than €112 billion of outstandings *via* a "multi-entity" platform.

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 set up employee savings and retirement 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 over 1.36 million employee savings accounts and 62,053 corporate customers with overall managed outstandings of €10 billion. The distribution of new contracts remained above the threshold of 15,000 contracts, amounting to 15,148 new subscriptions, down by 3.8%. Gross premium income remained high at €1,437 million (-3.2%) including €180.6 million (-44.5%) for payments on new contracts. Net premium income reached an all-time high of €534.6 million, an increase of 38.1%.

In terms of activity, the year was marked by the end of the marketing of the inter-company collective retirement savings plan, or PERCOI, in favor of other savings products. This end of year recorded a boost in sales in the third quarter. 2020 was also marked by the adaptation of offerings and tools as part of the application of the PACTE law.

(1) Source: Six, December 2020.
(2) Capital Finance International.

Launched in 2019, the robo-advisor management model that delivers personalized asset allocation advice based on the investor's profile is fully operational. The provision of a virtual employee savings and retirement assistant, based on IBM's artificial intelligence technologies, now enables Crédit Mutuel bank and CIC branch advisors to quickly and easily obtain answers to their main questions and those of their customers.

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. It is involved in the short-term financing of more than 8,500 corporate and professional customers in France and abroad. Crédit Mutuel Factoring offers a wide range of factoring and notified business receivables (Dailly) management solutions.

These offers are accompanied by additional services, particularly in terms of trade receivables monitoring, collections and guarantees against insolvency. Crédit Mutuel Factoring deploys digital offers such as e-defact debt dematerialization and e-mediat online financing. All offers are marketed in Crédit Mutuel banks (under the Crédit Mutuel Factoring brand) and CIC branches (under CIC Factoring Solutions brand) by a sales team located throughout France.

In 2020, after a sharp decline in the factoring market (-8.8%[1] at September 30, 2020), the volume of receivables purchased was down by 6.8%, despite an increase in international volume of around 19.3%. At the balance sheet date, outstandings stood at €5.9 billion (-7.2%).

In terms of innovations, the sector multiplied its initiatives in 2020:

- launch of the Premium Pack guarantee option for factoring contracts with integrated insolvency guarantees. It allows the automation of guarantee requests up to €15,000 associated with contractual financing of buyers regardless of the approval defined (offer subject to eligibility);
- launch of the State-guaranteed order financing product in collaboration with the factors. System extended until June 30, 2021.

At the same time, it has strengthened its proximity to its customers through specific support measures for conditions and financing to meet exceptional needs related to the context. This approach was approved by 90% of customers according to a survey carried out after the first lockdown.

Finally, we note a strong presence within the distribution networks through the deployment of many dematerialized events such as webinars or online classes.

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 businesses, professionals, social economy players and institutions, and customers of Crédit Mutuel Alliance Fédérale. It offers financing adapted to the acquisition or construction of business premises: commercial, logistics, industrial premises, healthcare institutions, offices or hotels. Crédit Mutuel Real Estate Lease relies on the technical, legal, tax, financial and regulatory expertise of its regional specialists. Its products are distributed under the Crédit Mutuel Real Estate Lease brand in Crédit Mutuel banks and under CIC Real Estate Lease brand in CIC branches.

On the strength of its expertise and the dynamism of its banks and branch networks, Crédit Mutuel Real Estate Lease granted €767 million in financing in 2020. At the end of the fiscal year, outstandings were up reaching €5.49 billion.

In 2020, Crédit Mutuel Real Estate Lease continued to set up and develop digital tools in the banking networks. The instantaneous realization of real estate leasing financing assessments thus allows faster access to customer expectations. Significant work was also undertaken during the year to accelerate the digitization of the processes for setting up real estate leasing transactions. In addition, Crédit Mutuel Real Estate Lease defined the appropriate financing methods for projects involving High Environmental Quality buildings or integrating electricity production processes.

1.2.1.2.6 Equipment leasing

Crédit Mutuel Leasing is a subsidiary that has specialized for more than 50 years in the financing of capital goods through leasing and rental. It offers leasing solutions adapted to the investment projects of retail customers, non-profit organizations, professionals and businesses, in France and abroad. It distributes its products mainly under CIC Leasing brand within CIC network and under the Crédit Mutuel Leasing brand within the Crédit Mutuel network.

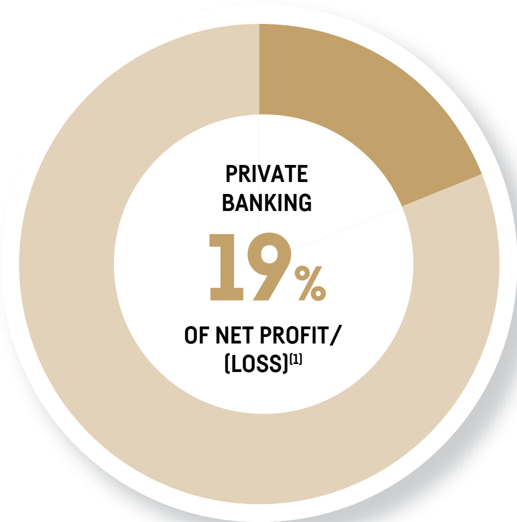
In France, Crédit Mutuel Leasing relies on a largely decentralized organization, as close as possible to the networks and customers, making available cutting-edge technology, thorough comprehensive appraisals and quality advice. In the Benelux, Germany and Spain, its bilingual and bi-cultural teams put their expertise to work for business customers thanks to dedicated leasing solutions but also through framework agreements.

Crédit Mutuel Leasing's production was affected by the decline in business activity in the first half of 2020. However, business recovered in the second half of the year, particularly in France. International production suffered more from the drop in activity of short-term leasing companies.

Finally, global production amounted to more than €3.7 billion, down by 24% compared to 2019. International production only represented 17% of the activity, compared with 20% in 2019. Outstandings were resilient and reached €9.6 billion at the end of 2020, an increase of 3%.

(1) Source: French Association of Financial Companies (ASF).

1.2.2 Private banking



A CIC Private Banking business line within the CIC network **and three subsidiaries:** Banque Transatlantique Group, Banque de Luxembourg and CIC Suisse

Nearly 184,000 customers

€162 billion of capital under management

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

The private banking business of Crédit Mutuel Alliance Fédérale is 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 CIC network, addresses first of all the needs of business owners. Banque Transatlantique offers bespoke private banking and stock option services. It also offers dedicated services to French customers 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 184,000 customers. Depending on its market and its capabilities, each entity may intervene in other customer segments than just the private clientele.

The private banking business[1] totaled €162 billion in assets under management and €25 billion in loans.

1.2.2.1 Private banking in France

1.2.2.1.1 CIC Private Banking

With 400 employees in more than 50 cities in France, CIC Private Banking has been working with wealthy estates households and business executives to develop their personal and professional wealth for more than 150 years.

CIC Private Banking offers high added value services in the financial engineering and wealth, asset allocation and financial management fields. Alongside the wealth management engineers, the private bankers meet with business owners to identify their needs. They support them in defining their entrepreneurial and asset strategy and offer them tailored solutions in synergy with the network's expert business support. CIC Private Banking benefits from the national presence of CIC network and its representation offices worldwide.

In 2020, a new reporting tool was deployed allowing customers to have a real-time overview of their assets and their evolution. Always concerned with being attentive to its customers, a perception survey was conducted among them. It shows their level of satisfaction with the quality of the services provided and the relationship maintained with their private banker.

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

The year was also marked by the organization of a philanthropic competition, *Les Lauréats du Cœur*. The involvement of CIC Private Banking employees has enabled six regional associations and foundations to raise funds.

1.2.2.1.2 Banque Transatlantique Group

Banque Transatlantique Group is one of Crédit Mutuel Alliance Fédérale entities responsible for the private management of Crédit Mutuel Alliance Fédérale's customers. For more than a century, it has earned, through the distinctiveness of its services and business lines, the confidence of its customers: executive management, entrepreneurs, French citizens working abroad, private investors, large foundations and non-profit organizations.

As a leading player, Banque Transatlantique assists customers in the management, optimization and transmission of their assets. It has recognized expertise in private banking and asset management through its subsidiary Dubly Transatlantique Gestion. With its strong expertise in shareholding mechanisms and plan management, Banque Transatlantique meets the needs of French and international companies of all sizes. It also offers comprehensive support to French nationals living abroad in the management of their assets, thanks to its expertise in taxation and international law. Banque Transatlantique also advises its customers in carrying out their projects by integrating their philanthropic approach into their wealth management strategy.

Its 420 employees, including around a hundred abroad, bring their expertise to the Banque Transatlantique Group's customers both in France, through its 11 offices in Paris and in other regions, and abroad. Banque Transatlantique has a network of ten international offices to support its long-standing customers in the expatriate world. This network, made up of banking subsidiaries, branches and representative offices, is thus established in Geneva, London, Luxembourg, Brussels, Hong Kong, Singapore, Montreal and New York, Boston and San Francisco.

In 2020, Banque Transatlantique was ranked as a leading bank in the Wealth Management – Affiliated Private Banks category by *Décideurs Magazine*. Its asset management subsidiary, Dubly Transatlantique Gestion, was ranked seventh in the *Corbeille d'Or* category of the French magazine *Mieux vivre votre argent*.

During the year, Banque Transatlantique launched the first edition of the *Observatoire de l'Expatriation – Banque Transatlantique* in partnership with Union des Français de l' Etranger (UFE) 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.

At the end of the year, a participatory project called *Nouvel R* was launched, involving all employees in 21 structural projects for the coming years. These must address three issues: restoring the appeal of the head office premises and rethinking workspaces, promoting the autonomy of employees and facilitating the appropriation by customers of the bank's offer and its expertise.

Finally, Banque Transatlantique is pursuing its philanthropic activities in two areas. For the benefit of its customers, it is developing the Transatlantic Endowment Fund, which facilitates and encourages its customers' initiatives. Working for associations, it allows Banque Transatlantique and Dubly Transatlantique Gestion employees to get involved in the Solidarity Days.

1.2.2.2 International private banking network

1.2.2.2.1 Banque de Luxembourg

With more than 1,000 employees, Banque de Luxembourg is a benchmark bank for private banking services in Europe, particularly in Luxembourg and Belgium. Specializing in asset management, wealth management, financing and banking services, it serves three types of customers: private customers, corporates and entrepreneurs as well as professional customers from the asset management sector.

Banque de Luxembourg offers its private customers a comprehensive and tailor-made solution to meet their needs in terms of the preservation, management and transmission of family assets. It also advises families on issues related to governance or the creation of philanthropic projects. Asset management is provided by BLI – Banque de Luxembourg Investments, the bank's management company, and by the private banking investments teams. The financing activity offers customers a complete range of solutions for private, professional or entrepreneurial projects.

Banque de Luxembourg also advises real estate entrepreneurs and professionals active in Luxembourg on project financing and financial management. In addition, a pioneer in the development of a skills division devoted to investment funds, it provides fund initiators with all the services required for creating their investment vehicles, their central administration and their international distribution. It also offers complete support to independent managers who delegate their administrative tasks, thus being able to focus entirely on management and growth of their business capital.

Banque de Luxembourg was rewarded on several occasions in 2020 for its asset management through its BLI management company and for the performance of its funds. In particular, it received the 2020 European Funds Trophy awarded by Fundclass in the category of "Best Asset Management Company" in Luxembourg. Three in-house funds were also certified sustainable and responsible, BL – Equities Europe and BL – Equities America completing the BL – Sustainable Horizon under the French SRI Label, thus testifying to the expertise of the teams in this area.

Advisors remain the cornerstone of an omnichannel relationship, whose importance has been accentuated by the health crisis. Thus, Banque de Luxembourg continued to develop its digital tools to improve the customer experience. In particular, it enriched the advisor tool and launched a project to create a new technological base to optimize account opening. A Portfolio Management System was also put in place to solidify the infrastructure that supports discretionary management. At the same time, Banque de Luxembourg deployed new technologies such as digital signatures, robotization and electronic document management to gain efficiency and thus better serve customers.

In addition, the bank continues to innovate through the extension of so-called agile practices in project management and the implementation of digital projects. For example, the implementation of an information management system based on a single, cross-functional and secure data warehouse to capitalize on the bank's data.

Finally, as a responsible and committed bank, taking into account the interests of all its stakeholders is an integral part of its *raison d'être*. In 2020 it consulted stakeholders to build an initial materiality matrix. As a result, it was able to define its areas of commitment, the implementation of which will ultimately generate value for its customers, employees, the bank itself, the group and society. In this context, it has notably set up a commitment policy, extended its SRI investment product offering and also participated in the Luxembourg government's stabilization program in the context of the health crisis.

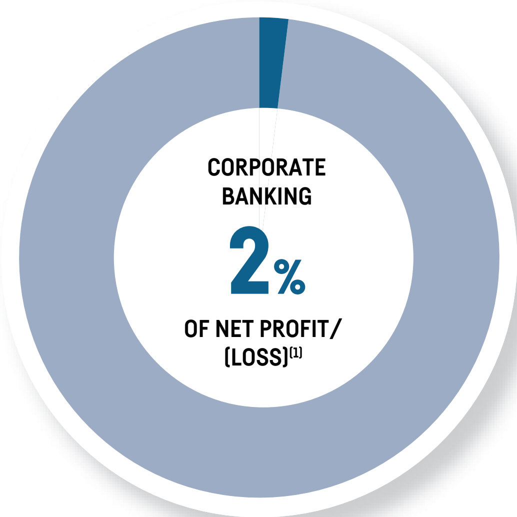
1.2.2.2.2 Banque CIC (Suisse)

Established in Switzerland for more than 100 years and present in nine locations, Banque CIC (Suisse) is an omnichannel bank combining tradition and innovation, efficiency and flexibility. It aims to meet the financial needs of businesses, entrepreneurs and private individuals. Banque CIC (Suisse) sets itself apart from other 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. These include Clevercircles, an asset management platform, and CIC eLounge, an e-banking solution. CIC eLounge, which launched in 2019, is getting rave reviews from customers and experts alike, who have given it two awards in 2020. It received bronze in the "Technology" category at the Best of Swiss Web Award and bronze in the "Functionality" category at the Best of Swiss Apps 2020.

Banque CIC (Suisse) recorded remarkable growth in 2020. It leverages its omnichannel approach by combining personal support and customer proximity with the eLounge solution. The entrepreneurial commitment of customers combined with their confidence in the strength of Banque CIC (Suisse) has enabled the bank to substantially expand its investment and lending activities. The continued increase in the number of customers with complex and new needs in the areas of business succession, documentary and foreign exchange transactions and specific investment opportunities contributed to the good development of Banque CIC (Suisse) during the year.

1.2.3 Corporate banking



€16.7 billion
in outstanding deposits

€19.2 billion
in outstanding loans

€2.2 billion
in climate impact financing

5 branches and 37 representative offices
abroad

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

The corporate banking business line meets the strategic challenges of Crédit Mutuel Alliance Fédérale's key account and institutional customers with 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. The corporate banking business line offers specialized financing and development solutions tailored to the needs of each customer in France and abroad. 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, in their development and in the framework of a long-term relationship. It also offers its solutions to institutional investors (insurance companies or pension funds), public/semi-public bodies such as large non-profit or social organizations. Organized by economic sector, CIC Corporate team is made up of sales associates with a customer portfolio. They advise and provide financing solutions tailored to each need, activity and sector, by drawing on and coordinating the expertise of Crédit Mutuel Alliance Fédérale's business lines in France and abroad.

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 which fit each type of transaction in France and abroad through its subsidiaries in New York, London, Brussels, Hong Kong and Singapore. CIC also offers a management activity to third parties through CIC Private Debt management company.

CIC's acquisitions financing business line supports customers' projects for corporate transfer, external growth and development. Its expertise and know-how in structuring enable it to offer financing adapted to each type of transaction.

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. While Europe predominates in the geographical breakdown of assets under management (more than 70% of authorizations in 2020), CIC is also involved in projects in Asia Pacific and the Americas. Financing with a positive climate impact was up and totaled €2.2 billion at the end of 2020.

The asset financing business line offers its expertise both in France and abroad. It operates in the aeronautics sector for the financing of aircraft fleets or in maritime transport 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 that 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. CIC Private Debt offers a complete range of private debt with four financing solutions: Mezzanine and Unitranche, Senior Mid Cap Debt, Senior Large Cap Debt and Infrastructure Debt. CIC Private Debt, which has nine funds under management, managed €2.5 billion of assets at the end of 2020. As a signatory to the Principles for Responsible Investment and the France Invest charter, CIC Private Debt strengthened its social and environmental commitments in 2020 through CIC Private Debt Philanthropy, a fund supporting public interest projects.

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.

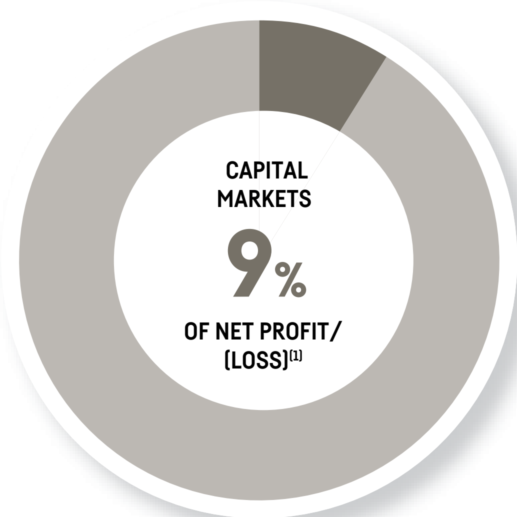
CIC's five branches in Great Britain, the United States, Hong Kong, Singapore and Belgium aim to support and finance corporate customers in strategic areas of the world. The mission of the 37 representative offices – including the five international development offices located in these branches – is to assist Crédit Mutuel Alliance Fédérale's customers in their development projects. In addition, these representative offices maintain effective relationships with local banks, with local customer branches, and respond to customer requests and needs (market information, search for a distributor, supplier, a commercial agent, etc.) and intervene locally on behalf of Crédit Mutuel Alliance Fédérale's other business lines, in close collaboration with CIC Aidexport branch. 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 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 and flexible 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 2020, CIC Aidexport has simplified its offer and divided it into four areas: launch, development, sourcing optimization and implantation. In total, nearly 220 companies received support in 2020, including through CIC Aidexport, in addition to the companies supported by the representative offices alone.

1.2.4 Capital Markets



€6.3 billion
in outstanding EMTNs

+60 participations
in initial operations

+135 management
companies registered

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

1.2.4.1 Capital markets serving Crédit Mutuel Alliance Fédérale customers

CIC Market Solutions is the department within CIC in charge of capital markets and post-market on behalf of the customers of Crédit Mutuel Alliance Fédérale. CIC Market Solutions offers corporate customers and financial institutions solutions within the scope of their overall relationship with Crédit Mutuel Alliance Fédérale.

With €6.3 billion of structured EMTNs outstanding at the end of 2020, CIC Market Solutions enables its corporate customers and financial institutions to subscribe to an original and efficient range of investment products, thanks to its CIC issue program. Underlying these products may be rate instruments, credit instruments or equity instruments.

CIC Market Solutions also advises and accompanies corporate customers and financial institutions in their risk hedging issues in terms of interest rates, exchange rates and commodities. After analyzing their needs, CIC Market Solutions provides both standardized hedging solutions and customized solutions that are totally adapted to the identified risk. In 2020, more than 100,000 hedging transactions were processed with more than 5,000 customers. CIC Market Solutions mainly operates in the euro interest rate market, in the foreign exchange market with an offer in thirty major currencies, and in the main categories of raw materials: energy, industrial metals and agricultural commodities.

CIC Market Solutions is the group's business center for financial transactions in capital markets and other financial operations and was involved in 60 primary bond and equity operations in 2020. CIC Market Solutions also proposes corporate brokerage solutions to corporates (liquidity contract, 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) and financial communication (financial communication advice, sponsor listing) and sponsored research and evaluation and diagnosis.

CIC Market Solutions also has a 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 UCITs and AIFs. With over 135 deposited management companies and over 32,000 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.

Drawing on the expertise of its analysts (economics and strategy, equity and credit) and its partners, CIC Market Solutions assists financial institutions in their investment decisions, in particular by offering them extensive coverage of 550 European companies. In 2020, CIC signed a cooperation agreement with M.M.Warburg & Co which extends its offer to Germany, in addition to the pre-existing European partnership, ESN LPP (European Securities Network). The partnership with M.M.Warburg & Co aims to extend CIC's offering to companies and investors in Germany and France. Lastly, CIC Market Solutions carries out transactions on financial instruments for its customers: bonds, equities, ETFs and derivatives on regulated markets.

CIC Market Solutions also assists its customers internationally through its presence in the United States (CIC Market Solutions Inc., a subsidiary of CIC and chaperone broker for equity intermediation activities) and in Asia through its trading room activities in Singapore (CIC Market Solutions Asia offers risk hedging and asset management solutions for the Asian subsidiaries of its European customers and for local corporate customers and financial institutions).

1.2.4.2 Fixed income-equities-credit investments (ITAC)

The fixed income-equities-credit 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 its 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 expertise deployed is also used for Crédit Mutuel Alliance Fédérale's alternative management company, Cigogne Management SA, which CIC provides investment advice for.

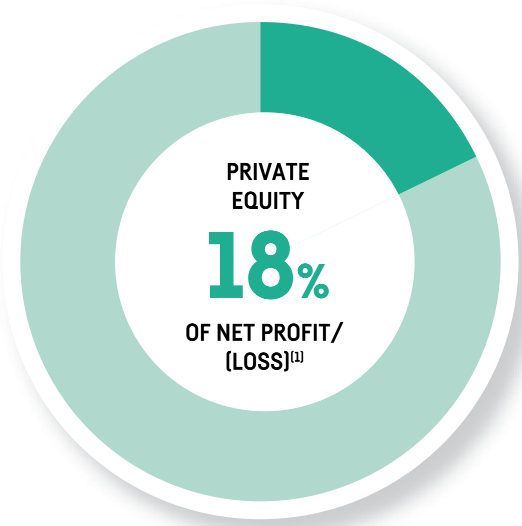
The investment business line covers a wide range of financial instruments. It is divided into three desks: rate desk (fixed income), equities desk (M&A special and hybrid operations) and credit desk (ABS/MBS, corporate loans, financial institutions, treasury securities). These activities are organized 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.

Despite the health crisis, the investment business line, which includes activity in France and the New York and Singapore branches, achieved results in 2020 that were above budget and better than in 2019, excluding the exceptional income on New York in 2019.

Cigogne Management SA's performance is down compared to 2019, but is in line with comparable industry indexes.

The performance in 2020 of the alternative management fund Stork, the main investment vehicle, is at the level of its target, *i.e.* Euribor +2 to 3%.

1.2.5 Private equity



€2.8 billion of assets invested in the portfolio

Over 340 shareholdings

Investments of **€580 million in 2020**

(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 – from start-up to transmission – it gives them the resources and time necessary to implement their transformation projects. Crédit Mutuel Equity is present in France through eight regional offices, and internationally in Germany, Switzerland, Canada and the United States.

Crédit Mutuel Equity brings together more than 350 senior managers of startups, SMEs and ISEs, sharing 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.

2020 was marked by very strong business momentum and the resilience of the portfolio, demonstrating great overall strength.

To support their growth, €580.1 million was invested in proprietary trading, of which nearly 60% in portfolio companies. This year, Crédit Mutuel Equity made twenty new investments, including Chausson Matériaux (building materials trading), Ogeu (bottling and distribution of regional water and soft drinks), Planity (online beauty appointments), Exceet Card Group (provider of comprehensive smart card services), Étoile Secours (medical transport and funeral services), Verpack (packaging in luxury markets) and Makila (cloud-based tool powered by artificial intelligence and machine learning). More than €110 million were dedicated to the infrastructure sector, notably through Siloé Infrastructures and Aventron. Siloé Infrastructures is an infrastructure investment fund for which Crédit Mutuel Equity is the sponsor and main subscriber. Aventron is a company positioned in the operation of hydroelectric plants and solar and wind farms.

Portfolio rotation is once again active in 2020. Divestments freed up €350.9 million of gains including reversal of provisions on disposal. The main divestments relate to Agta Record (design, manufacture and sale of automatic doors, security, fire and smoke protection systems), Septeo (software publisher specializing in the legal and real estate world), Proplast (food packaging for local authorities and sealing machines), Biscuit International (cookie manufacturer), Index Éducation (publisher of educational software), Clinique Développement (healthcare establishments), Financière Saturne/Fortier Beaulieu (leather goods), Holding GS3/Systam (manufacture of mattresses, cushions and anti-bedsore accessories), Potager City (online trading of fresh produce-fruit and vegetables) and Le Calvez (road transport). At the end of 2020 the proprietary trading portfolio had more than €2.8 billion of outstandings invested in over 340 diversified interests.

The deployment outside France continues. The investments in Crédit Mutuel Equity's seven international sites represented nearly €250 million in assets invested at the balance sheet date.

In third-party management, Crédit Mutuel Capital Privé finalized the launch of the Siloé Infrastructures fund. This fund, with a capital of €500 million, serves infrastructure projects that meet the challenges of green and energy, demographic and digital transitions. With a long-term approach, its mission is to meet the structural investment needs related to these changes and generate positive, tangible and measurable impacts for the benefit of the regions. Indeed, the projects supported by Crédit Mutuel Capital Privé through Siloé Infrastructures meet this need:

- to ensure the transition to low-carbon energy and develop decentralized and flexible electricity production;
- to support the aging of the population and facilitate future mobility;
- to develop new infrastructures and digital services that promote the economic development of the regions.

Outstanding funds under management amounted to €120.7 million.

For its part, CIC Conseil carried out 25 consulting operations in 2020, enabling it to carry out a record year in terms of the number of transactions.

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 based on their people-oriented values and their economic and environmental approach in order to make them more financially and non-financially sound (CSR). This requires, in particular, the definition of a responsible and sustainable roadmap using governance as a lever or the implementation of impact monitoring tools.

Lastly, to respond to the need for companies to rethink their business models and innovate in order to sustain their activities, Crédit Mutuel Equity finalized the development of a platform dedicated to innovation in 2020. Intended for the senior managers of the companies it supports, this collaborative workspace brings together several thousand startups, 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

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 a network head 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, 2017, 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 Mutuel Alliance Fédérale reached a new milestone in its strategic 2019/2023 plan *ensemble#nouveaumonde* (together#today's world) by modifying its brand architecture. The purpose is to increase visibility of its two main networks, Crédit Mutuel and CIC, and its business lines.

2020. Launch, in January, of Crédit Mutuel Investment Managers, dedicated to the asset management of Crédit Mutuel Alliance Fédérale, organized according to a "multi-entity" model. Crédit Mutuel Investment Managers promotes the investment solutions of Crédit Mutuel Alliance Fédérale's asset management entities, including CIC for structured product issues conducted by CIC Market Solutions and CIC Private Debt.

Adoption by CIC and Caisse Fédérale de Crédit Mutuel at the extraordinary shareholders' meeting on September 7 of the *raison d'être* and the status of a benefit corporation provided for in the 2019 PACTE law. Five missions reflecting the identity of a cooperative, inclusive, ethical, supportive and responsible company are validated.

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!) in line with the *raison d'être* and missions previously adopted. Faced with the economic and social upheavals accentuated by the health crisis, this plan reaffirms four priorities, realistic ambitions and strong commitments.

Merger of CIC Iberbanco with CIC (bank code 30066) in the last quarter.

2021. Creation and official launch on March 30 of the Fondation Crédit Mutuel Alliance Fédérale. Housed at the Fondation de France, this foundation aims to unite all the networks, subsidiaries, including CIC, employees and elected representatives of Crédit Mutuel Alliance Fédérale around strong and collective philanthropic actions in two areas: the environment and the territories.

Every year, the city of Aix-en-Provence echoes with the sound of the Festival de Pâques. As a founding partner since 2013, CIC is proud to be involved with an international festival considered to be one of the top five classical music festivals in Europe. Thanks to the involvement of enthusiasts, classical music is reinventing itself and becoming more accessible.

2

BUSINESS REPORT

2.1 ECONOMIC AND REGULATORY ENVIRONMENT IN 2020

2.1.1 Economic environment

2020 marked by the pandemic

The unprecedented health crisis hit the global economy in 2020. The evolution of COVID-19 contamination punctuated economic activity throughout the year. The strict lockdown measures put in place in the first half of the year in several countries led to the cessation of activities and a powerful impact on global growth. While this rebounded with the lifting of lockdown measures, the difficulty of controlling the pandemic in the absence of medical solutions forced some countries to impose further restrictions during the autumn. In this context, the States associated with the central banks had to intervene massively. To support businesses and households, they implemented budget support schemes or ultra-accommodating monetary policies. The launch of vaccination campaigns, the improvement in political visibility with the election of Joe Biden in the United States, the Brexit agreement and the validation of the European recovery plan brought, at the end of the year, some glimmers of hope.

Governments and central banks assisting economies in the face of the pandemic

In the euro zone, the first lockdown led to a sharp drop in activity and a historic recession in the first half of the year. While growth rebounded sharply thanks to lifting of lockdown measures during the summer, the upturn was short-lived. The return of the pandemic in the autumn led to increased health constraints until the end of the year. European economies have been able to adapt to these restrictions. The impact was much weaker than in the spring, with a greater decoupling of the various business sectors. In order to limit bankruptcies and layoffs, governments deployed unprecedented budgetary support using emergency measures and cooperation between member countries never seen before. The approved intra-European recovery plan of €750 million consists of loans, subsidies and a common debt. However, these actions will inevitably increase the public debt. This is why the European Central Bank implemented an ultra-accommodating monetary policy, which has been greatly strengthened, to limit the impact on interest rates. A new asset purchase envelope was rolled out – and raised several times – to ensure extremely favorable financing conditions and to support liquidity for banks and investors.

In the United States, the health measures implemented in the first half of the year were less stringent than in the euro zone, resulting in a smaller economic downturn. However, the health situation has remained very uneven across the states, and several pandemic waves of have occurred, requiring restrictions to be maintained. The US economy has been surprisingly resilient, with support for households and businesses playing a crucial role. The first massive stimulus package, approved in the spring (more than US$3,000 million, or about 15% of GDP), continued to have an impact on the economy through the fourth quarter, thanks to consumption driven by the lag effect of rising household income. However, in view of the gradual dissipation of this budgetary support and the risk of a relapse in growth in the midst of the resurgence of the pandemic following the holidays, the US Congress approved a new stimulus package of US$892 million in December. The Fed also provided historic monetary support with the cut in its key interest rates (-150 bps. to [0%; 0.25%]), massive asset purchases and unprecedented programs for the financing of businesses and local authorities. While the institution did not have to ease its monetary policy further in the second half of the year, it did provide support over time.

The first country affected by the pandemic, China has gradually regained its role as a global growth driving force thanks to good health management and the increase in global demand. A gradual return to normalcy enabled China to return to its pre-crisis GDP level in the second quarter and end the year with a positive growth rate. The country has also helped to boost the industrial sectors of developed countries and its neighbors, including the member countries of the new Asia-Pacific free trade agreement "RCEP" concluded in mid-November. For other emerging countries, controlling the pandemic remains very difficult. However, the health constraints put in place weigh less heavily on the economy than in developed countries. While they did not all benefit equally from the Chinese powerhouse, emerging countries were able to take advantage of renewed confidence in the second half of the year, continued strong budget support and the recovery in commodity prices.

After a very sharp fall until April, due to the US benchmark WTI temporarily going negative and tensions over storage capacity and the collapse of demand, oil prices have recovered. This recovery was driven by the gradual reopening of economies and the sharp reduction in global production. Strong demand in Asia, and especially in China, contributed to the sharp rise in Brent prices, which settled at around $50 per barrel at the end of the year. The increase is mainly due to the determination of OPEC+ (OPEC + Russia) to sustainably support prices, by showing flexibility in its production cuts.

Better visibility on the international political context

In the United States, Democrat Joe Biden won the presidential election. The Democratic Party retained its majority in the House of Representatives, before finally winning the Senate, following the elections in Georgia on January 5, 2021. Joe Biden will prioritize the fight against the pandemic, the validation of a new recovery plan, massive investments in infrastructure and the fight against global warming. Internationally, the focus is on reducing commercial risks, particularly with developed countries. China will remain at the heart of Washington's foreign policy.

In Europe, after a year of chaotic discussions leading to a sudden exit of the United Kingdom from the European Union, an agreement was reached on December 24, seven days before the end of the Brexit transition period. In order to validate a free trade agreement on goods that avoids the introduction of customs duties, London and Brussels made compromises on blocking points such as fishing and the maintenance of a fair level of competition. However, several factors have slowed the positive impact on the pound sterling: border controls will remain necessary, the agreement does not cover services, and the arrival of a new variant of COVID-19 has forced the country to go back into lockdown. The economic and logistical cost will be significant for the UK and businesses.

In France, historic recession against the backdrop of a pandemic

In France, the lockdown measures, in place from March 17, led to a very marked fall in GDP in the first half of the year. In the euro zone, France was one of the countries most affected in terms of growth due to a longer lockdown period resulting in a loss of activity of around -30% in April. The lifting of lockdown measures, from mid-May, and the government support measures allowed growth to rebound very strongly during the summer. To preserve employment, the purchasing power of households and limit bankruptcies, the government introduced short-time working, state-guaranteed loans and solidarity funds, pending the deployment of the recovery plan of €100 million to prepare for the post-crisis period. However, the autumn marked the end of the economic upturn with the strong resumption of the pandemic and the return of health restrictions, leading to a second lockdown at the end of October. Although it was less damaging to activity than the first (-12% loss of activity in November), it hit certain sectors such as services hard. The decline in the pace of new COVID-19 cases was not as strong as expected, leading to a delay in the program to reopen certain activities after the lockdown was lifted on December 15.

2.1.2 Regulatory environment

The banking regulatory framework has been considerably expanded since the financial crisis of 2008. The measures issued by the various authorities at the international, European level or in the countries in which Crédit Mutuel Alliance Fédérale operates are likely to have a significant impact. 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.

2020 is marked by numerous regulatory changes related to the COVID-19 pandemic, the completion of projects launched in previous years, and the strengthening of the framework in new risk areas. The main changes are as follows:

- the global spread of COVID-19 early in the year led to a massive response from central banks, regulators and supervisors at all levels. Several regulatory adjustments have been adopted to enable banks to support the economy and withstand the economic and financial shocks caused by this pandemic:
  - postponing by one year, starting in 2023, the entry into force of the prudential measures planned as part of the finalization of the Basel III agreements, including the Fundamental Review of the Trading Book (FRTB),
  - European Banking Authority (EBA) guidelines on loan repayment moratoria applied in the context of the health crisis. The EBA authorized banks not to automatically reclassify as restructured loans that benefited from maturity extensions during the first wave of the pandemic,
  - amendments to the second European Regulation on capital requirements (CRR2) in response to the COVID-19 crisis – so-called "quick fix" amendments. They aim to increase the capacity of banks to lend and finance the economy, and to absorb losses related to the pandemic. In particular, they introduced transitional provisions regarding the application of IFRS 9, a revised prudential treatment of investments in software and specific measures on the leverage ratio,
  - postponement or relaxation of several regulatory requirements and/or regulatory reports to be produced under the Single Supervisory Mechanism (SSM), in particular the streamlining associated with the Supervisory Review and Assessment Process (SREP) in 2020. It is also worth noting the postponement by the EBA of the stress tests for European banks, initially planned for 2020, and the removal of the counter-cyclical cushion set by the High Council for Financial Stability (HCFS);
- changes were incorporated under the European Banking Package (CRR 2/CRD 5/BRRD 2) and the revision of the order of November 3, 2014, which is currently being finalized, on the internal control of banking institutions. They concern:
  - risk management,
  - governance,
  - capital management, in particular the extension of the so-called "Danish compromise" system relating to the prudential treatment of investments in insurance subsidiaries,
  - the terms of resolution, including the setting of requirements in terms of the MREL ratio;

- several guidelines, principles and guides from European authorities – including those of the European Central Bank (ECB) and the EBA – were published or entered into force this year to strengthen the regulatory framework relating to certain risk areas. They concern in particular:
  - IT and cybersecurity risk management with the entry into force of the EBA guidelines on information and communication technology (ICT) risk management and security,
  - climate risk management through the publication of the ECB's guide to climate and environmental risks and the conduct by the ACPR of a stress test on climate-related risks,
  - the management of outsourcing with the entry into force of the EBA guidelines on this topic,
  - the prudential consolidation, which was the subject of the publication of a revised guide in January 2021 following the consultation launched in 2020 by the ECB;
- the United Kingdom officially left the European Union (EU) on January 31, 2020. A transition period then elapsed until December 31, 2020, when the United Kingdom finally withdrew from the Single Market. The post-Brexit rules entered into force on January 1, 2021. For banks, this withdrawal had several operational consequences, in particular the repatriation within the EU of exposures recognized in the United Kingdom for EU customers without local needs;
- in December 2020, the HCSF strengthened its recommendation on the criteria for granting home loans and warned of the legally binding nature of the measures from the summer of 2021;
- several regulations relating to banking compliance, including those governing the fight against money laundering and terrorist financing (AML/CTF), were published in 2020: the French transposition of the fifth AML/CTF Directive and orders strengthening the asset freeze mechanism. In January 2021, the results of the work on the new order on the AML/CTF and asset freezing mechanism and internal control were published. At European level, a set of guidelines on AML/CTF cooperation and information exchange have entered into force.

In 2021, several regulatory issues remain at the center of discussions:

- the transposition into European law (CRR 3/CRD 6) of the finalized Basel III agreements, in particular the basis for calculating the output floor;
- requirements for monitoring so-called "emerging" risks, including IT risks (IT Operational Resilience Directive, DORA), and climate risks (implementation of a sustainable European taxonomy and revision of the European Directive on non-financial information);
- new regulatory reports on financial conglomerates, in particular on risk concentration and intra-group exposures;
- preparation for the implementation of IFRS 17 which has a particular impact on insurance companies;
- the international reform of reference interest rates (IBOR) coming into force gradually from 2021. Within the European Union, the €STR will replace the EONIA at the end of the reform involving work on the management of contracts and offsetting as well as accounting changes.

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 the 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 entry of CIC Capital Canada Inc.;
- the entry of CIC Capital Suisse SA;
- the entry of CIC Capital Ventures Quebec;
- the entry of CIC Capital Deutschland GmbH;
- the merger of CIC Iberbanco with Crédit Industriel and Commercial;
- the merger of Grand Cayman (branch) with Crédit Industriel et Commercial New York (branch).

2.2.3 Analysis of the consolidated balance sheet

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

- customer deposits amounted to €213.8 billion, an increase of 26.3%[2] compared with 2019, given the sustained growth in current accounts (+34.6%) and passbook accounts (+9.0%);
- total net outstanding customer loans totaled €208.7 billion, up 10.7%[3] compared to the outstanding amounts in 2019. Outstanding equipment loans rose by 4.6% to €62.3 billion and home loans by 8.4% to €90.9 billion;
- the "net customer loans/deposits" ratio stood at 97.6% at December 31, 2020, compared with 111.4% the previous year;
- book equity attributable to the group amounted to €15,224 million (compared to €15,616 million at December 31, 2019). Without transitional measures, the Basel III regulatory capital Common Equity Tier 1 (CET1) amounted to €14.1 billion, the Common Equity Tier 1 solvency ratio to 12.5%[4] and the overall ratio to 14.8%. The leverage ratio with the application of the delegated act without transitional measures came to 4.4%, compared to 4.1% in 2019. 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.
- The transposition into national law of the European BRRD 2 directive (Bank Recovery and Resolution Directive) entails new measures and obligations concerning the bank resolution mechanism. With regard to the issue of resolution, CIC is not part of the solidarity mechanism specific to Crédit Mutuel, and is not an affiliate of the Confédération Nationale du Crédit Mutuel (CNCM). However, as a subsidiary of Banque Fédérative du Crédit Mutuel (BFCM), CIC is part of the resolution group comprising the CNCM, the entities affiliated with the CNCM and all their subsidiaries ("Resolution Group"). BFCM is affiliated with the CNCM and as a subsidiary of BFCM, CIC, in particular, is subject to these obligations, according to the terms of the directive. The MREL (Minimum Requirement for own funds and Eligible Liabilities) ratio requirements could be tightened. The Crédit Mutuel group's MREL requirements also de facto constrains the structure of CIC's debt and will require it to instead fund through the subordinated debt markets, impacting the cost, strategy and potentially CIC financing capacity. CIC has received notification of the Minimum Requirement for Own Funds and Eligible Liabilities ("MREL"). On an individual basis, the MREL level amounts to 15.82% of the total nominal risk exposure and to 5.92% of the leverage ratio exposure. CIC is well above the requirements set by the regulator.

(1) 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.
(2) Canges calculated excluding pensions – please refer to the methodological details at the end of this chapter.
(3) Without transitory measures.
(4) Without transitory measures.

2.2.4 Analysis of the consolidated income statement

(in € millions)	2020	2019	Change
Net banking income	**5,139**	**5,213**	**-1.4%**
General operating expenses	-3,225	-3,250	-0.8%
including contribution to the single resolution fund and supervision fees	*-151*	*-115*	*+30.8%*
Gross operating income/(loss)	**1,914**	**1,962**	**-2.5%**
Cost of risk	-1,074	-311	x3.5
Cost of proven risk	*-274*	*-275*	*-0.4%*
Cost of non-proven risk	*-801*	*-36*	*x22.2*
Operating income	**839**	**1,651**	**-49.2%**
Net gains and losses on other assets and ECC[1]	75	211	-64.3%
Profit/(loss) before tax	**914**	**1,862**	**-50.9%**
Income tax	-252	-395	-36.2%
Net profit/(loss)	**662**	**1,468**	**-54.9%**
Non-controlling interests	0	11	NS
Net profit/(loss) attributable to the group	**662**	**1,457**	**-54.6%**

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

CIC's net banking income totaled €5,139 million in 2020, down by 1.4% year-on-year.

Except for private banking (+9.5%) and corporate banking (+0.4%), the context of the global health and economic crisis weighed on the group's revenues.

Due to the pressure of low interest rates on the interest margin and despite the maintenance of commissions, net banking income for retail banking decreased by 2.1% year-on-year and reached €3,649 million in 2020. It represents the largest share (71%) of the revenues of the operating business lines.

After a very active year in terms of both inflows and asset management, net banking income for private banking rose by 9.5% year-on-year to €626 million.

A good level of revenues from structured financing enabled the net banking income of the corporate banking business to be maintained (+0.4%) at €367 million in 2020.

Despite a strong increase in commercial activity, due to non-recurring capital gains in 2019, capital markets generated net banking income of €319 million in 2020, down 5.4% year-on-year. After payment of commissions to other group entities of €81 million, it increased 7%.

The private equity activity achieved a good level of investment and divestment activity, but its net banking income of €190 million in 2020 was down 28.2%. It is affected by the decrease in the valuation at fair value through profit or loss of part of the portfolio investments.

General operating expenses were under control at €3,225 million, down by 0.8% compared to 2019. They are largely impacted by contributions to the Single Resolution Fund and supervision fees, which amounted to €151 million in 2020 compared to €115 million in 2019, *i.e.* an increase of 30.8% year-on-year.

The cost/income ratio stood at 62.8%, slightly unfavorable compared to 2019 (62.4%).

Adjusted for contributions to the single resolution fund and supervision fees, it benefited from a positive jaws effect of 30 basis points.

Gross operating income contracted by 2.5% year-on-year to €1,914 million.

The cost of risk for CIC amounted to €1,074 million in 2020, more than three times that of 2019 at €311 million.

The increase in provisioning for performing loans (cost of non-proven risk – status 1 & 2) which rose from €36 million in 2019 to €801 million in 2020 accounts for the entire year-on-year increase in the total cost of risk. It reflects a policy of prudence in anticipation of a future deterioration of risks based on the adaptation of provisioning rates to the context and to lump-sum allocations to the economic sectors deemed the most sensitive.

In view of the uncertainties concerning the evolution of the situation and to take into account the more lasting consequences on the economy, the group has maintained and strengthened the provisioning efforts made in the first-half accounts. The weightings aimed at reinforcing the pessimistic scenario have been retained and an additional provision for vulnerable sectors has been recorded.

The cost of proven risk (status 3) was down by 0.4%. It reflects good asset quality from a diversified loan portfolio consisting mainly of home loans (44%) and investment and operating loans to businesses (49%).

The rate of non-performing loans was down year-on-year to 2.5% at the end of 2020 compared to 2.7% at the end of 2019. The coverage ratio is 45.6%.

As a percentage of outstanding loans, the cost of risk reached 51 basis points at the end of 2020 compared to 16 at the end of 2019.

This sharp increase in the cost of risk and the non-recurrence of gains and losses on other assets led to a decrease of 50.9% in profit before tax, which stood at €914 million.

Net profit for 2020 was €662 million compared to €1,468 million in 2019 (-54.9%).

This decline reflects the crisis context affecting revenues and, above all, the high level of uncertainty caused by the COVID-19 pandemic on risks, which has led to the prudent allocation of a large share of performing loans.

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	A+/A-1	A	Negative	A-1	a	11/17/2020
Moody's	Aa2/P-1	Aa3	Stable	P-1	a3	11/18/2020
Fitch Ratings*	AA-	AA-	Negative	F1+	a+	12/15/2020

* *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 Ratings.*

Standard & Poor's: Crédit Mutuel group rating.

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

Fitch Ratings: Crédit Mutuel Alliance Fédérale rating.

In November/December 2020, the three main agencies published comprehensive analyzes on Crédit Mutuel Alliance Fédérale (Fitch Ratings and Moody's) and the Crédit Mutuel group (Standard & Poor's), in which the resilience of their fundamentals was highlighted, leading to a confirmation of all their ratings.

As a reminder, the negative prospects at Fitch Ratings and Standard & Poor's were assigned between March and April 2020, as part of bundled rating actions of European banks, following the development of the pandemic. On the other hand, the outlook remained stable at Moody's.

Furthermore, on March 30, 2020, Fitch Ratings upgraded the long term (LT) and short term (ST) Preferred Senior Debt ratings by one notch from A+/F1 to AA-/F1+ and the Derivative Counterparty rating from A+ to AA-, considering that Crédit Mutuel should be able to meet its MREL (Minimum Requirement for Own Funds and Eligible Liabilities) requirement without recourse to preferred senior debt within a three-to-five-year horizon. At end-December 2020, the Crédit Mutuel Group is well above the MREL ratio requirements set by the regulator.

This improvement follows a change in the agency's methodology that recently came into effect. The central Issuer Default rating remained unchanged at A+.

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 individual accounts are allocated on a cost accounting basis.

2.2.6.2 Retail banking

(in € millions)	2020	2019	Change
Net banking income	**3,649**	**3,762**	**-3.0%**
General operating expenses	-2,312	-2,362	-2.1%
Gross operating income/(loss)	**1,337**	**1,400**	**-4.5%**
Cost of risk	-797	-180	x4,4
Cost of proven risk	*-192*	*-155*	*+23.5%*
Cost of non-proven risk	*-605*	*-25*	*x24.4*
Operating income	**540**	**1,220**	**-55.7%**
Net gains and losses on other assets and ECC[1]	71	145	-51.0%
Profit/(loss) before tax	**611**	**1,365**	**-55.2%**
Income tax	-234	-382	-38.8%
Net profit/(loss)	**378**	**983**	**-61.6%**
Non-controlling interests	-3	5	NS
Net profit/(loss) attributable to the group	**380**	**978**	**-60.1%**

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

As for the group as a whole, the net profit of retail banking was affected by the sharp increase in the cost of risk of €617 million, of which €37 million for the cost of proven risk and €580 million for the cost of non-proven risk.

The line "Net gains and losses on other assets and ECC" records the decrease in the share of the Crédit Mutuel group's income.

The number of customers in the banking network stood at 5,354 million at end-December 2020. The overall increase of 1.3% was more pronounced in the professional and corporate market which increased 3.8%..

Outstanding deposits rose sharply by 27.1% to €162.4 billion, the increase being particularly marked on current accounts in credit (+€24 billion). The share of current accounts in deposits increased to 57%, compared to 51% in 2019.

The 14.6% increase in outstanding loans to €172.6 billion reflects the good level of business in both home loans (+6.3%) and investment loans (+5.3%). Outstandings at the end of December 2020 include €12.6 billion of state-guaranteed loans.

Retail banking net banking income fell by 3.0% compared to 2019 to €3,649 million. This represents 71% of the operational business lines' revenues.

The control of general operating costs resulted in a decrease of 2.1% due to the ongoing digital transformation of customer relations and the modernization of the network. The cost/income ratio for retail banking deteriorated by 70 basis points to 63.4%, and gross operating income at €1,337 million, compared with €1,400 million in 2019, was down 4.5%.

The cost of risk increased by €617 million (x4.4) to €797 million, including €580 million for the cost of non-proven risk, which rose from €25 to €605 million.

The net profit of retail banking decreased by 61.6% to €378 million in 2020, compared to €983 million in 2019.

2.2.6.2.1 Banking network

(in € millions)	2020	2019	Change
Net banking income	**3,423**	**3,540**	**-3.3%**
General operating expenses	-2,150	-2,206	-2.5%
Gross operating income/(loss)	**1,272**	**1,335**	**-4.6%**
Cost of risk	-758	-182	x4.2
Operating income	**515**	**1,153**	**-55.4%**
Net gains and losses on other assets and ECC[1]	-11	-12	-14.5%
Profit/(loss) before tax	**504**	**1,141**	**-55.8%**
Income tax	-218	-369	-40.8%
Net profit/(loss)	**286**	**772**	**-63.0%**

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

All figures quoted are *pro forma, i.e.* including CIC Iberbanco[1] in 2019 and 2020.

The number of customers in the banking network stood at 5,354 million at the end of December 2020. The overall increase of 1.3% was more pronounced in the professional and corporate market, which reached 3.8%.

Outstanding deposits rose sharply by 23.6%, with the increase being particularly marked on current accounts in credit (+€24 billion). The share of current accounts in deposits increased to 57% compared to 51% in 2019.

The increase in outstanding loans (+13.6%) reflects the good level of business in both home loans (+6.3%) and investment loans (+5.3%). Outstandings at the end of December 2020 include €12.6 billion of state-guaranteed loans.

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

- the stock of property and personal insurance policies (excluding life insurance) reached 5.8 million, up 3.1% year-on-year;
- mobile telephony contracts increased by 4.3%, *ie* 558,400 contracts;
- the number of remote surveillance subscriptions increased by 2.3% to 110,000 contracts.

With respect to the income statement, the net banking income from CIC's banking and insurance network fell by -3.3% to €3,423 million. In this context of health and economic crisis, CIC branch network contained the decline in its interest margin (-3.7%). Commissions fell slightly by 1.4% as a result of financial commissions.

The general operating expenses were very well controlled (-2.5%).

The cost of risk was up, multiplied by 4.2 (+€576 million year-on-year). The cost of proven risk increased by €27 million and the cost of non-proven risk by €549 million.

The profit before tax fell by 55.8% to €504 million.

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 €226 million after transfer to the network and a net profit of €92 million after taking into account the proportionate share in the profit of Groupe des Assurances du Crédit Mutuel of €80 million.

(1) At the end of 2020, the CIC Iberbanco branches were integrated into the CIC Île-de-France network.

2.2.6.3 Private banking

In 2020, private banking represented 12% 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 2019 and 2020.

(in € millions)	2020	2019	Change
Net banking income	**626**	**572**	**+9.5%**
General operating expenses	-413	-413	-0.1%
Gross operating income/(loss)	**213**	**159**	**+34.3%**
Cost of risk	-32	6	NS
Operating income	**181**	**165**	**+10.0%**
Net gains and losses on other assets and ECC[1]	0	2	NS
Profit/(loss) before tax	**181**	**166**	**+9.0%**
Income tax	-39	-33	+18.9%
Net profit/(loss)	**142**	**133**	**+6.5%**

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

Private banking subsidiaries' business was strong in 2020, posting a very healthy level of fund inflows, bringing savings deposits to €135.9 billion at the end of the year, up 9.2%. This increase was in both deposits (+4.8%) and financial savings (+10.3%).

Outstanding loans reached €15.7 billion, an increase of 7.6%.

Private banking revenues (€626 million) increased by 9.5% compared with 2019 due to the good level of commercial activity.

The general operating expenses totaled €413 million, stable compared to 2019.

The cost of risk posted a net provision of €32 million in 2020, compared to a net reversal of €6 million in 2019.

The operating income therefore increased by 10.0% to €181 million and net profit by 6.5% to €142 million.

2

2.2.6.4 Corporate banking and capital markets

In 2020, corporate banking and capital markets activities 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 2019 and 2020 fiscal years.

(in € millions)	2020	2019	Change
Net banking income	**686**	**702**	**-2.4%**
General operating expenses	-345	-344	+0.5%
Gross operating income/(loss)	**340**	**359**	**-5.1%**
Cost of risk	-245	-139	+76.0%
Profit/(loss) before tax	**100**	**219**	**-54.6%**
Income tax	-16	-14	+12.6%
Net profit/(loss)	**84**	**205**	**-59.3%**

2.2.6.4.1 Corporate banking

(in € millions)	2020	2019	Change
Net banking income	**367**	**365**	**+0.5%**
General operating expenses	-121	-117	+2.8%
Gross operating income/(loss)	**246**	**248**	**-0.6%**
Cost of risk	-243	-136	+78.5%
Cost of proven risk	*-64*	*-126*	*-49.4%*
Cost of non-proven risk	*-180*	*-14*	*x13.3*
Profit/(loss) before tax	**7**	**111**	**-93.9%**
Income tax	9	14	-34.5%
Net profit/(loss)	**16**	**125**	**-87.4%**

Net banking income was stable, but the significant allocations to the cost of risk on performing loans (€180 million) led to a sharp drop in net profit.

Outstanding deposits rose by more than €6 billion to €16.7 billion at the end of 2020, and outstanding loans increased by 1.7% to €19.2 billion.

The net banking income from corporate banking increased by 0.5% in 2020, amid low interest rates that weighed on margins, deposit-taking and lending conditions.

Expenses increased. General operating expenses increased by 2.8%. The significant allocations to the cost of risk on performing loans (€167 million, *i.e.* 128 basis points) led to a sharp drop in net profit to €16 million compared to €125 million in 2019.

2.2.6.4.2 Capital markets

(in € millions)	2020	2019	Change
Net banking income	**319**	**337**	**-5.4%**
General operating expenses	-225	-226	-0.7%
Gross operating income/(loss)	**94**	**111**	**-15.2%**
Cost of risk	-1	-3	-53.0%
Profit/(loss) before tax	**93**	**108**	**-14.2%**
Income tax	-25	-28	-10.6%
Net profit/(loss)	**68**	**80**	**-15.5%**
Non-controlling interests	3	6	-42.1%
Net profit/(loss) attributable to the group	**65**	**75**	**-13.5%**

At the end of December 2020, CIC Marchés' net banking income was €319 million, *versus* €337 million at the end of December 2019.

The investment business line (including France, the New York and Singapore branches, and Cigogne Management SA) generated IFRS net banking income of €223 million, an improvement on December 31, 2019, excluding the exceptional net banking income in New York of US$34 million in 2019.

The commercial activity (CIC Market Solutions and Singapore) was very active and achieved IFRS net banking income of €95 million, up €8 million compared with December 31, 2019, after €81 million in commissions paid, up 7%.

2.2.6.5 Private equity

In 2019, private equity represented 4% of CIC's operating business line revenue. The table below presents the elements constituting the profit/(loss) of the private equity business line for the fiscal years 2019 and 2020.

(in € millions)	2020	2019	Change at constant scope[1]
Net banking income	**190**	**265**	**-34.1%**
General operating expenses	-65	-51	+9.3%
Gross operating income/(loss)	**126**	**214**	**-44.5%**
Cost of risk	-1	-	ns
Profit/(loss) before tax	**125**	**214**	**-44.9%**
Income tax	3	-1	ns
Net profit/(loss)	**128**	**213**	**-43.1%**
Net profit/(loss) attributable to the group	**128**	**213**	**-43.1%**

(1) Excluding additions to the consolidation scope in 2020: CIC Capital Suisse SA, CIC Capital Canada Inc., CIC Capital Ventures Quebec and CIC Capital Deutschland GmbH.

Despite an economic context that has been severely affected by the health crisis, which has impacted the valuations of some of the holdings, 2020 was nevertheless a record year in terms of disposals.

At the same time, €580 million were invested, up 37% compared to the previous year, including 20 new transactions representing €238.5 million.

2.2.6.6 Structure and holding

(in € millions)	2020	2019	Change
Net banking income	**-12**	**-53**	**+76.7%**
General operating expenses	-90	-106	-14.8%
Gross operating income/(loss)	**-102**	**-159**	**+35.4%**
Cost of risk	-	1	NS
Operating income	**-102**	**-157**	**+34.9%**
Net gains and losses on other assets and ECC[1]	0	64	NS
Profit/(loss) before tax	**-102**	**-93**	**-9.9%**
Income tax	34	32	+4.0%
Net profit/(loss)	**-69**	**-61**	**-13.1%**

At December 31, 2020, the NBI of the holding structure mainly includes:

- €8.4 million for Group treasury and the financing of the cost of securities (-€19 million in 2019);
- -€20.7 million in financing for the network development plan (-€34 million in 2019).

In all, NBI rose by €41 million between 2019 and 2020, mainly as a result of the improvement in the financial margin and a reduction in the cost of the network financing plan.

General operating expenses decreased from -€106 million at the end of 2019 to -€90 million at the end of 2020.

Loss before tax was -€102 million compared to -€93 million at the end of 2019.

Income tax recorded an income of €34 million compared to €32 million in 2019.

Net loss attributable to the group amounted to -€69 million compared to -€61 million in 2019.

2.2.7 Alternative performance indicators

2.2.7.1 Definition 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 "allocations/reversals of depreciation, amortization and provisions for property, plant and equipment and intangible assets" items of the consolidated income statement) to "IFRS net banking income".	Measure of the bank's operational efficiency
Overall cost of customer risk related to the outstanding loans (expressed in% or in basis points)	Cost of customer risk from the notes to the consolidated financial statements related to gross outstanding loans at the end of the period.	Enables assessment of the level of risk as a percentage of credit commitments on the balance sheet.
Cost of risk	The "cost of counterparty risk" item on the publishable consolidated income statement.	Measurement of the level of risk
Customer loans	The "loans and receivables to customers" on the assets side of the consolidated balance sheet.	Measurement of customer loan activity
Cost of non-proven risk	Expected losses at 12 months (S1) + expected losses at maturity (S2) – See note to the financial statements. Application of IFRS 9. Impairment is recognized for all financial assets that have not been objectively indicated as individual losses.	Measurement of the level of unrealized risk
Customer deposits; Accounting deposits	The "amounts due to customers" item on 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; Management expenses	Sum of "general operating expenses" and "allocations to/reversals of depreciation, amortization and provisions for property, plant and equipment and intangible assets" lines from the publishable consolidated income statement.	Measure the level of general operating expenses
Interest margin; Net interest revenue; Net interest income	Calculated from the items on the consolidated income statement: Difference between interest received and interest paid: ■ interest received = "interest and similar income" item of the publishable consolidated income statement; ■ interest paid = "interest and similar expenses" item of the publishable consolidated income statement.	Representative measurement of profitability
Net customer loans/deposits ratio; Commitment coefficient	Ratio calculated using consolidated balance sheet items: ratio expressed as a percentage of total customer loans ("loans and receivables to customers" item of the asset side of the consolidated balance sheet) to customer deposits ("due to customers" item of the liabilities side of the consolidated balance sheet).	Measurement of dependence on external refinancing
Coverage ratio	Determined by calculating the ratio of 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 to 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	2020	2019
General operating expenses	-3,225	-3,250
Net banking income	5,139	5,213
COST/INCOME RATIO	**62.8%**	**62.4%**

Cost/income ratio excluding contribution to the single resolution fund and supervision fees	2020	2019
General operating expenses	-3,225	-3,250
Contribution to the single resolution fund and supervision fees	-151	-115
General operating expenses excluding contribution to the single resolution fund and supervision fees	-3,074	-3,135
Net banking income for retail banking	5,139	5,213
COST/INCOME RATIO EXCLUDING CONTRIBUTION TO THE SINGLE RESOLUTION FUND AND SUPERVISION FEES	**59.8%**	**60.1%**

Loans/deposits	2020	2019
Net customer loans	208,703	188,523
Customer deposits	213,784	169,306
LOANS/DEPOSITS	**97.6%**	**111.4%**

Coverage ratio	2020	2019
Impairment of customers on non-performing loans	2,418	2,421
Non-performing loans (S3)	5,307	5,207
COVERAGE RATIO	**45.6%**	**46.5%**

Rate of non-performing loans	2020	2019
Non-performing loans (S3)	5,307	5,207
Gross loans to customers	212,333	191,535
RATE OF NON-PERFORMING LOANS	**2.5%**	**2.7%**

Rate of non-performing loans	2020	2019
Non-performing loans (S3)	-1,074	-311
Gross loans to customers	212,333	191,535
RATE OF NON-PERFORMING LOANS	**51**	**16**

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.

2020: Locations by country	Business line
Germany	
Crédit Mutuel Leasing GmbH	Banking network – subsidiaries
CIC Capital Deutschland GmbH	Private equity
Belgium	
Banque Transatlantique Belgium	Private banking
Crédit Mutuel Leasing Benelux	Banking network – subsidiaries
CIC Bruxelles (branch)	Corporate banking
Banque de Luxembourg Belgique (branch)[1]	Corporate banking
Canada	
CIC Capital Canada Inc.	Private equity
CIC Capital Ventures Quebec	Private equity
Spain	
Crédit Mutuel Leasing Spain (branch)	Banking network – subsidiaries
United States	
CIC New York (branch)	Corporate banking and capital markets
France	
Adepi	Structure and logistics
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	Banking network – subsidiaries
Crédit Mutuel Leasing	Banking network – subsidiaries
Crédit Mutuel Capital	Private Equity
CIC Conseil	Private Equity
Crédit Mutuel Épargne Salariale	Banking network – subsidiaries
Crédit Mutuel Factoring	Banking network – subsidiaries
Crédit Mutuel Innovation	Private equity
Crédit Mutuel Equity	Private equity
Crédit Mutuel Equity SCR	Private equity
Crédit Mutuel Real Estate Lease	Banking network – subsidiaries
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

2020: 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
Monaco	
CIC Lyonnaise de Banque Monaco[2]	Retail banking
Netherlands	
Crédit Mutuel Leasing Nederland (branch)	Banking network – subsidiaries
UK	
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

(1) Entity included in the annual financial statements of Banque de Luxembourg in 2019.
(2) Entity included in the annual financial statements of CIC Lyonnaise de Banque in 2019.

Country	Net banking income	Income (loss) before tax	Current tax	Deferred tax	Other taxes	Public subsidies	Workforce
Germany	6	2	0	0	-1	-	7
Belgium	34	14	-3	0	-3	-	75
Canada	9	5	0	0	0	-	3
Spain	2	0	0	0	0	-	6
United States of America	104	23	-5	4	-10	-	92
France	4,369	681	-399	185	-719	-	18,043
Hong Kong	8	2	-1	0	-1	-	19
Luxembourg	311	84	-17	-1	-29	-	971
Monaco	5	3	-1	0	0	-	12
Netherlands	0	0	0	0	0	-	1
UK	46	17	-3	0	-4	-	70
Singapore	78	41	-6	-1	-5	-	132
Switzerland	167	42	-6	2	-13	-	378
TOTAL	**5,139**	**914**	**-441**	**189**	**-785**	**-**	**19,809**

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

2.2.9 Recent developments and prospects

Post-balance sheet events

None.

Prospects

In response to the economic and social upheavals accentuated by the health crisis, Crédit Mutuel Alliance Fédérale, together with its subsidiaries, including CIC, revised its 2019-2023 strategic plan at the end of 2020 to accelerate its investments in technology and human capital in line with its environmental and societal commitments.

This plan is the basis for going faster and further, and for gaining the trust of our customers, members and prospective customers every day by remaining faithful to our cooperative ideals. It is based on four priorities:

- be the reference relationship-driven bank in a digital world;
- be a committed bank in tune with a changing world;
- be an innovative, multi-service bank;
- put solidity at the service of the development of the cooperative model.

To affirm its identity and values, and to mobilize its skills and energies around a common dynamic, in October 2020 CIC, like its parent company Crédit Mutuel Alliance Fédérale, adopted its raison d'être Ensemble, écouter et agir (listening and acting together). Crédit Mutuel Alliance Fédérale and CIC were the first banks to adopt the status of benefit corporation.

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 2020

None.

2.3.3 Developments in CIC network in Île-de-France

At December 31, 2020, the Île-de-France network consisted of 326 branches, including CIC Iberbanco branches which were integrated into CIC Île-de-France network at the end of 2020.

The number of customers totaled 879,809, an increase of 10.3%.

Outstanding loans were up by 28.8% compared to 2019. They reached €26.4 billion, including €16.6 billion in home loans (+18.8%). Deposits were up by 25.6% with outstandings at €35.1 billion. Financial savings totaled €11.8 billion (+2.4%).

2.3.4 Developments in corporate banking and capital markets

Outstanding loans totaled €20.5 billion, down by 0.2%.

Deposits reached €16.8 billion, compared with €10.7 billion in 2019, an increase of 56.7%.

2.3.5 Parent company results in 2020

Net banking income (NBI) rose from €1,974 million in 2019 to €1,999 million in 2020, including +€89 million in the interest margin, and NBI on capital markets fell by €74 million. Dividends received from subsidiaries and equity investments amounted to €787.6 million compared to €778.8 million in 2019, *i.e.* +1.1%. They mainly come from regional banks and CIC subsidiaries.

Net commissions amounted to €391 million compared to €375 million in 2019.

General operating expenses decreased by 0.9% to €846 million (€854 million in 2019) with the average full-time equivalent workforce falling from 3,841 in 2019 to 3,854 in 2020.

Gross operating income (EBITDA) amounted to €1,153 million compared to €1,120 million in 2019 (+2.9%).

The cost of risk increased by €49 million. It amounted to €167 million at the end of 2020 compared to €118 million a year earlier.

The net loss on non-current assets was -€16 million compared to +€843 million in 2019 mainly due to net disposals of long-term investment securities (+€850 million in 2019).

Income tax includes income tax relating to CIC activities as well as the tax consolidation income of CIC. It was €43 million in 2020 compared to €19 million in 2019.

Net corporate profit stood at €918 million, compared with €1,823 million in 2019, a decrease of -49.6%.

Shareholders' equity stood at €9,606 million at December 31, 2020 (€9,640 million at December 31, 2019).

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

For shareholdings at December 31, 2020, 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 2020:

	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	203	-	-	-	-	126	445	-	-	-	-	113
Total amount of invoices concerned incl. VAT	1,548,197.16	677,673.61	65,011.61	11,715.34	19,257.74	773,658.30	1,920,943.46	323,522.89	496,332.01	70,498.12	318,057.46	1,208,860.48
Percentage of total purchases (incl. VAT) for the fiscal year	0.95%	0.41%	0.04%	0.01%	0.01%	0.47%	-	-	-	-	-	-
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 2020, 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.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3

CORPORATE SOCIAL RESPONSIBILITY

3.1 PREAMBLE

This non-financial performance statement is drawn up on a voluntary basis and incorporates in particular information required by Articles L.225-102-1, R.225-105-1 and R.225-105, Articles 70 and 173 of the energy transition for green growth law of August 17, 2015, Article 14 of the law pertaining to combating food waste of February 11, 2016, Sapin 2 law No. 2016-1691 of December 9, 2016, Article L.225-102-4 of the law of March 27, 2017, pertaining to the duty of vigilance by parent companies and sourcing companies.

Crédit Mutuel's actions in terms of social and environmental responsibility are reported in non-financial performance statements (NFPS) 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 universal 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 A SOLID VALUE CREATION 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.

3.2.1 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 adopts the status of a benefit corporation and pursues the following social and environmental objectives:

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

3.2.2 Resources at the service of customers and the regions

A community bank, CIC, a holding and retail banking network in the Paris region, brings together five regional banks and specialized subsidiaries in all the finance and insurance business lines, in France and abroad.

It relies on a physical network of nearly 1,800 branches in France, foreign branches, representation offices and private banking locations abroad covering 50 countries worldwide.

A digital bank that's 100% human, CIC is diversifying the way it creates relationships: branches, social media, collaborative platforms, etc.

It is run by 20,000 employees in the service of more than five million customers.

CIC's solid financial balance sheet underpins its development strategy in proposing multiple offers in banking, insurance, telephony, remote surveillance, etc.

This presentation is supplemented by a description of CIC's activities and the group's financial information which can be found at the beginning of this universal registration document.

3.2.3 A group committed to social and environmental issues

CIC is involved in the policy defined at Crédit Mutuel Alliance Fédérale level. This policy is based on the values of proximity, responsibility and solidarity. It is also associated with Crédit Mutuel's adherence, *via* the CNCM, to the Principles for a Responsible Bank of the United Nations Environment Program Financial Initiative (UNEP FI). These Principles define a framework, developed in partnership between banks around the world and UNEP FI, for a sustainable banking industry.

(ENV01) Crédit Mutuel Alliance Fédérale is developing its CSR approach – known as social and mutualist responsibility (SMR) – with a goal of creating innovation, wealth and sustainable growth. Based on a relationship of mutual trust by all, this policy has five goals broken down into fifteen 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 opportunity
	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

Work was carried out to match these ambitions with the UN Sustainable Development Goals with the voluntary participation of all Crédit Mutuel Alliance Fédérale entities (France scope). Following a survey, six SDGs (3, 4, 5, 8, 9 and 13) for which an analysis of the issues they address identified them as consistent with the commitments of the group's SMR approach, were selected.

Furthermore, in 2015 Crédit Mutuel Alliance Fédérale adhered to Committee 21, a network of stakeholders involved in the operational implementation of sustainable development and at the end of 2018, it committed itself alongside other businesses to initiatives regarding inclusive access to products and services concerning training and learning in 2019 and 2020, in conjunction with governmental measures taken in favor of purchasing power (see section 3.7).

Implementation of commitments at CIC

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

Correspondents are present in each of the group's entities. They work in collaboration with the SMR team integrated into the risk, permanent control and compliance department of Crédit Mutuel Alliance Fédérale.

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 appointed in 2020 CSR Ambassadors throughout the bank, on a voluntary basis, to disseminate the CSR culture and develop best practices.

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. Notably, it participates in the ABBL CSR working group. A CSR Committee under the responsibility of the bank's general secretary, including the bank's business lines, human resources, facility, communication, compliance as well as its subsidiary Banque de Luxembourg Investments. This committee 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 decided to start 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.

3.2.4 A strategic plan and exceptional measures to address economic, social and environmental challenges

3.2.4.1 Review of the 2019-2023 *ensemble#nouveaumonde* (together#today's world) strategic plan

In 2020 CIC was involved in the review of Crédit Mutuel Alliance Fédérale's strategic plan for 2019-2023. In the face of economic and social upheaval, the *ensemble#nouveaumonde, plus vite, plus loin !* (together#today's world, faster, further!) plan promotes the acceleration of technological and human investments at the service of development and transformation. The priority remains to be the reference, multi-service and innovative relationship-driven bank in a digital world with a view to an enhanced relationship between account managers and customers. The aim is to create an ecosystem of trust while adapting to the new challenges brought about by the crisis, in addition to other pre-existing factors:

- a complex macroeconomic environment with historically low interest rates;
- an economic and social crisis with an increased number of company insolvencies and growing unemployment, which will weigh heavily on purchasing power;
- eased regulatory pressure with enhanced supervision;
- technological developments (digital revolution) that impact customer relations (internal processes, IT security) and lead to the arrival of new competitors;
- climate change and scarcity of resources;
- health issues.

Crédit Mutuel Alliance Fédérale is strengthening its goals in the fight against climate change. It included a new target to reduce the carbon footprint of its corporate, asset management and insurance portfolios by 15%. This new objective supplements those already included in the initial strategic plan for a low-carbon policy: a 30% reduction in CO_2 emissions (as an institution) and a 30% increase in financing for projects with high climate impacts, also by 2023 (ENV56).

The strategic plan also includes two social and governance objectives:

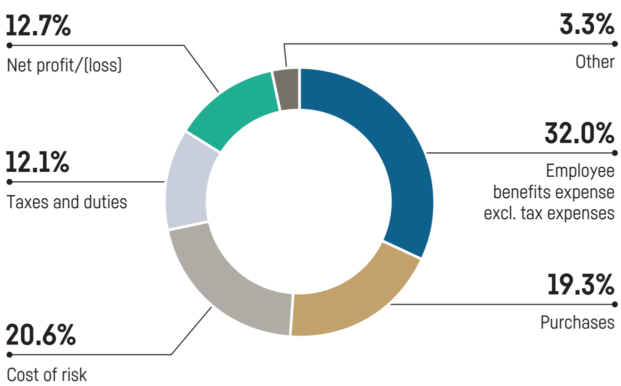
- 100% of employees trained in transformation;
- gender equality in management and governance positions.

3.2.4.2 Supporting customers during the health and economic crisis

Thanks to the mobilization of employees and bank network which remained open during the health crisis, CIC continued to serve the general interest throughout 2020. CIC's priority has been to support all its customers so they can continue their business and support the most vulnerable and ensure their protection, as well as protecting employees and third parties. A summary of the measures implemented is presented in the introductory section of CIC universal registration document.

3.2.5 Shared created value

Allocation of NBI and other results for 2020



At employee level:

- 4.5% of payroll expense invested in training;
- more than 12,000 new hires (open-ended + fixed-term contracts) between 2018 and 2020;
- 46% of women among managerial staff.

At customer level:

- €90.8 billion in home loan outstandings (+8.4% compared to 2019);
- €62.2 billion in equipment loan outstandings (+4.6%);
- €1.8 billion in outstandings[1] on renewable energy projects to finance projects in France or abroad;
- +33% in the number of renewable energy projects financed by professionals, agricultural workers and small businesses;
- 301 proprietary trading equity investments in unlisted companies.

At a regional level:

- 85.1% of NBI is generated in France;
- +45.5% in passbook savings accounts outstandings for the others between 2019 and 2020;
- nearly €11 million for patronage and sponsorship budget;
- 12.1% of revenues donated to local authorities.

At a financial level:

- 71% of NBI generated by retail banking;
- high long-term financial ratings.

(1) Cumulative authorizations.

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 on the basis of continuous improvement. This year the group obtained a C rating from ISS Oekom and acquired the "prime" status reserved for the best-rated companies in their sector. In addition, with a score of 65/100, Vigeo's assessment confirms Crédit Mutuel Alliance Fédérale's ranking as the fifth best-rated European bank. Lastly, Sustainalytics consolidated the group's position with a moderate ESG risk with a score of 21.8.

As of April 13, 2021	Ratings[1]
VIGEO EIRIS	65
ISS OEKOM	C
MSCI	AA
SUSTAINALYTICS[2]	21.8

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

(2) The rating scale of Sustainalytics 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 THE GROUP'S NON-FINANCIAL RISKS AND OPPORTUNITIES (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 described below (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 3.7 "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 3.5 "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 detailed in chapter 3.4 of the vigilance plan, "Being a trusted partner";
- associations, foundations, partnerships, universities, civil society: see chapter 3.6: "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 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

A mapping of environmental, social and governance (ESG) risks was outlined for all of Crédit Mutuel Alliance Fédérale.

- Methodology applied to create a mapping of environmental, social and governance risks (ESG)

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 carried out by a dedicated team to identify, assess and prioritize the group's ESG issues. The approach in place 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 for each ESG area.

In 2020, the risk rating procedure (provided by experts) was reviewed based on quantitative indicators common to all Crédit Mutuel Alliance Fédérale entities. This procedure makes it possible to grade risks based on the probability of occurrence, their seriousness in terms of impacts and their possibility of non-detection.

The rating scale ranges from 1 (very significant risk) to 5 (very low risk). The score obtained may be adjusted upwards or downwards by one notch only and on the basis of an expert opinion. 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.

The mapping of significant ESG risks 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.

Integration of climate risks

The mapping of ESG risks also addresses environmental risks, which include the challenges of assessing climate risks (physical and transition risk). This section will be supplemented by a specific mapping dealing with the assessment and management of climate risks within the scope of Crédit Mutuel Alliance Fédérale's activities. A preparatory project was initiated in FY 2020 to understand the challenges of physical and transition risks on the business model.

In addition, this work is being carried out in close collaboration with the risk department of the Confédération Nationale du Crédit Mutuel and will be completed during FY 2021.

FIRST IMPACT ANALYSIS OF CLIMATE RISKS: A DOUBLE RISK WITH MULTIPLE CONSEQUENCES

PHYSICAL RISK: direct impacts of climate change on individuals, companies, banks and sovereigns

Impairment and destruction of assets = credit risk	Valuation of Corporate, State debt = market risk	Increase in claims and compensation = insurance risk	Impact of claims on infrastructure and employees = operational risk

TRANSITION RISK: indirect impacts related to changes in consumers, business models and the regulatory and tax environment resulting from climate change

Loss of customers and drop in profitability of companies with business models which are too carbon-intensive	Refinancing cost dependent on non-financial performance	Increase in energy and transport costs	Additional capital requirement on carbon financing

The summary of risks presented below 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		
Poor customer advice Unsuitable goods and services sold	■ Risk of losing customers	■ Routine quality measures ■ Satisfaction surveys ■ Adaptation of proposed offerings
SOCIAL		
Transformation of skills Lack of employee training	■ Risk of non-compliance of banking and insurance operations	■ Significant training budget (> 6% of the payroll expense) ■ Specific training related to insurance products ■ Support for all employees in 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 support mechanism for employees (regular interviews, group charters and agreements, measures for improving QLW, etc.)
SOCIETAL		
Lack of awareness of the ESG issues in the group purchasing policy	■ Risk of non-respect of the vigilance plan	■ Respect of purchasing policy ■ Signing of supplier charter
Malice in the handling of customer/ prospect banking operations	■ Risk of internal or external fraud ■ Risk of conflicts of interest ■ Risk of information theft	■ Strengthening of the control procedures of banking and insurance operations
IT systems security failure	■ Risk of downtime in bank IT systems ■ Risk of cybercrime ■ Risk of non-respect of General Regulations on the protection of customer data	■ IT Systems Security Committee ■ ISO 27001 certification ■ Training of employees in GDRP (General Data Protection Regulation)
FIGHT AGAINST CORRUPTION		
Non-respect of procedures	■ Risk of corruption	■ Regular training of employees ■ Internal controls
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 mechanism ■ Scoring tool-assisted monitoring ■ Monthly reporting and compilation of a list of excluded securities for asset management purposes ■ Communication of the vigilance plan
ENVIRONMENTAL		
Absence of dedicated SMR governance	■ Regulatory risk (poor application of regulatory texts)	■ Crédit Mutuel Alliance Fédérale's CSR commitment ■ Validation of decisions by the boards of directors of the umbrella bodies ■ Dedicated organization with contacts 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 offset 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 & integration of ESG criteria into lending and investment management
Absence of prevention measures to reduce the carbon footprint of banking and investment operations	■ Financial risk (impairment of controversial securities in the portfolio)	■ Roll-out of the climate strategy for coal and non-conventional hydrocarbon activities
Lack of consideration for risks associated with climate change	■ Risk of transition ■ Physical risk	■ Exploratory approach to climate risk assessment: Implementation of limits per country integrating climate and ESG risks

Non-financial information category	Performance indicators
GOVERNANCE	
■ Complaints monitoring indicator *(section 3.4.2.3.3 – 3.4.2.3.5)*	■ Complaints monitoring indicator: 12,240 claims recorded in 2020.
SOCIAL	
■ Training indicators *(section 3.7.2.2 – SOC46, SOC47, 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 SOC46: total payroll expense invested in training: €41.6 million (€60.4 million in 2019);SOC47: percentage of payroll expense dedicated to training: 4.5%;SOC50: number of hours dedicated to training: 548,640, *i.e.* more than four days per employee on open-ended contracts. ■ Percentage of employees who have validated training courses for insurance products: 94% of insurance training courses were certified in 2020 (9,175 training courses delivered). ■ Transformation training rate: 47% of employees enrolled in the "digital passport" training course have been certified.
■ 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)*	■ Rate of job rotation: 8.4% which in 2020 included internal mobility and notably the transfer of employee contracts to Caisse Fédérale de Crédit Mutuel (group support functions) and from Iberbanco CIC to CIC. Excluding internal mobility, the rate amounted to 5.2% compared to 4.2% in 2019. ■ Absenteeism indicator – Change in number of days of absence: +2 days per employee.
SOCIETAL	
■ Number of supplier charters signed *(section 3.4.3.2.5)*	■ Number of supplier charters signed: over 3,300 charters were signed by CCS and Euro-Information suppliers.
■ Percentage of total claims for the year related to external fraud or internal fraud *(section 3.4.1.1)*	■ Percentage of total claims for the year related to external fraud or internal fraud: Internal and external fraud amounted to €12.1 million in 2020 and represented 46% of total claims.
■ Rate of availability of primary TP applications[1] *(section 3.4.2.3.3)* ■ Impact of claims > €1,000 *(section 3.4.2.3.3)* ■ Rate of training in GDPR *(section 3.4.2.3.2)*	■ Rate of availability of primary TP applications[2]: the rate was 99.43% (99.54% in 2019). ■ Impact of claims > €1,000: 269 claims (298 in 2019). ■ Rate of training in GDPR: Almost 81% of employees have completed an e-learning course on the GDPR in its entirety.
FIGHT AGAINST CORRUPTION	
■ Percentage of employees trained in the fight against corruption *(section 3.4.2.3.5)*	■ Percentage of employees trained in the fight against corruption: 72% of training was performed by the employees in question in 2020.
HUMAN RIGHTS	
■ Number of reports from the "Option to Report" monitoring tool *(section 3.4.2.3.4)*	■ Number of alerts from the "Option to Report" monitoring tool: Unpublished data.
ENVIRONMENTAL	
■ Five SMR indicators included in the *ensemble#nouveaumonde, plus vite, plus loin !* (together#today's world, faster, further!) strategic plan: Human and Cooperative Indicators *(section. 3.2.4.1)*	■ The progress of projects is detailed in the chapters identified, in particular chapter 3.8.
■ GHG emissions: five-year goal of 30% reduction in the group's carbon footprint *(section. 3.4.2.3.3 and 3.8.1)*	
■ Growth rate of renewable energy project financing commitments *(section. 3.5.3.3 and 3.4.2.3.5)*	
■ Monitoring of exposures eligible for sectoral policies	
■ Quarterly monitoring of limits by country	

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

3.4 BEING A TRUSTED PARTNER

3.4.1 Trustworthy practices (SOT79)

CIC is part of Crédit Mutuel Alliance Fédérale whose development model is based on the values of solidarity, proximity and social responsibility.

3.4.1.1 Actions undertaken to prevent corruption

Code of Conduct (recueil de déontologie)

It is implemented by each Crédit Mutuel Alliance Fédérale entity, including those of CIC. This reference document, annexed to the internal rules, resumes the primary contractual, regulatory and statutory provisions in force with regard to the code of conduct. 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 quality of service owed 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, exposing their holders to possible situations of conflict of interest or to possessing 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, which has been in force since early 2020, was adopted at the end of the legal consultation process with the social partners. In particular, it includes a chapter dedicated to combating corruption, which constitutes the code of conduct on the matter.

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

It should be noted that the amount of claims related to internal and external fraud for CIC entities reached €12.1 million in 2020 (SOT101) compared to €15.3 million in 2019.

The anti-corruption system

CIC has set up a system for detecting, preventing and combating corruption in accordance with 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 mapping 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 in-house 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 for deploying procedures to prevent and combat corruption, verifications to ensure compliance, organizing any investigations in the event of suspicion and responding to inquiries by employees about real or potential situations of corruption. Compliance possesses the necessary independence and means to fulfill its mission in total 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 regulatory requirements and adapted to the risks generated by the various activities exercised across the national territory and abroad. This mechanism includes a set of procedures and tools which are implemented by employees trained and assigned to detect suspect operations. It is subject to thorough internal controls and is subject to regular evaluation on the part of supervisory authorities.

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

- knowing each customer and their operations as well as possible 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 customers, 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;
- involving 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 enabling 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.

In addition, CIC has adopted sectoral policies, including a policy for private banking customers, which i) states that operations linked to the structuring of customers' assets must not encourage concealment, fraud or tax evasion and, more generally, that cross-border activities, in particular advice and marketing, must be carried out in strict compliance with the laws and standards in force in the customer's country of residence, and ii) requires compliance with enhanced Know Your Customer (KYC) procedures in the case of non-resident customers, with a requirement for a certificate of tax compliance 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. Entries in relation to politically exposed persons (PEPs) domiciled in such a country are not authorized in all cases.

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 pursuant to 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 "Base Erosion and Profit Shifting – BEPS action 13" – 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).

3.4.1.2 Criteria for beginning a new customer relationship

Crédit Mutuel Alliance Fédérale has an internal policy for entering into relations 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 does not seem obvious, but also when conditions of transparency or trust are not (or no longer) present.

3.4.1.3 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 strengthen 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.

Countries that do not practice automatic exchange of information according to the OCDE standards are classified on 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 not authorized in any case.

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.

3.4.1.4 Representatives of interests

The Sapin 2 law created a specific regime for representatives of special interests, supervised by the High Authority for Transparency in Public Life (HATVP), 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 Crédit Mutuel framework procedure pertaining to special interest representatives, established under the aegis of the CNCM, is the reference 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 takes care of the registration of entities that meet the required criteria on the digital directory of the HATVP as well as sending the respective annual reports.

3.4.2 Vigilance plan

3.4.2.1 Introduction

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 compels 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 document is submitted to the group Control and Compliance Committee and Auditing and Accounting Committee, which represents the supervisory authority of Crédit Mutuel Alliance Fédérale.

It is accessible to the employees of each entity, notably *via* the PIXIS intranet. 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].

3.4.2.2 Presentation of the vigilance plan

3.4.2.2.1 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), as well as of the status of a benefit corporation for Caisse Fédérale de Crédit Mutuel and CIC.

3.4.2.2.2 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 the 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 "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.

(1) *https://www.cic.fr/fr/banques/institutionnel/publications/responsabilite-societale-de-l-entreprise.html*

b) Examples of risks to health and safety 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.

d) 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 (the impact of the environment on human health).

3.4.2.2.3 People concerned by the vigilance plan

All those people likely to be affected by a risk or an infringement of a social of environmental nature are those who are involved in the context of the company'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.

3.4.2.3 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.

3.4.2.3.1 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 dangerous 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;
- implementation of 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 suitablemechanism (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 or waste.

The mapping is likely to evolve as progress is accomplished in each area.

3.4.2.3.2 Assessment procedures concerning the status of suppliers and subcontractors

Regular assessment of the status of subcontractors and suppliers, notably 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. At Euro-Information, suppliers are listed in categories, the main ones being "essential suppliers" and/or "sensitive suppliers" (economic or strategic importance for Euro-Information or for its customers). 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 executive[2] approval 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, NAF, 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;

(1) Gross risk is defined without taking into account the control environment.
(2) National Council on Private Security Activities (Conseil national des activités privées de sécurité).

- For capital markets, the group establishes a policy 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 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 (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, combatting money laundering,
  - established 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 procedural framework for controlling the outsourcing of so-called "critical or important" activities, drawn up by t Crédit Mutuel Alliance Fédérale's compliance department, comprises the policy, the procedure and its annexes. These documents are updated as needed.

The procedural framework stipulates that each entity setting up a subcontracting system must draw up 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 is required to obtain the signature of the supplier relations charter (CSR/RSM requirements) for each essential service outsourced.

The outsourcing section of the internal control report is updated every year.

3.4.2.3.3 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 within 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.

- The 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 from May 25, 2018, strengthened 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 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 2020, almost 81% of CIC employees completed an e-learning course on the General Data Protection Regulation (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 makes changes every year to adapt to new risks and strengthen defenses. Thus, based on the ISO 27001:2013 standard, an Information Security Management System (ISMS) is deployed on all of the production sites. The ISMS takes into account the external context, the internal context, and the needs and expectations of interested parties.

(1) General Data Protection Regulation.

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,
  - carrying out security monitoring taking into account new threats and IS developments,
  - 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, 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 in the security teams.

Various monitoring indicators have been implemented, such as:

- the rate of availability of primary TP applications[1] was close to 100% in 2020 as in 2019 (SOT102);
- the number of IT claims costing more than €1,000. The latter was down in 2020 with 269 claims (including 39 related to the COVID-19 pandemic) compared to 298 in 2019 (SOT103).

Employees are also informed of the most common frauds and the ethics rules applicable especially to the use of IT tools and email. An Infos Sécurité (security information) tab on the intranet home page publishes information relating to the security of banking transactions, people and property, IT security, "fraud" alerts, warnings, etc. A security newsletter is also published by Euro-Information on the intranet used by all employees.

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, including 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. It has structured its banking inclusion system to ensure that the relevant legislation and related commitments are properly implemented:

- by adopting a commitment policy for fragile or vulnerable customers. Thus, 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 (OIB-BDF-ACPR);
- by setting up a dedicated central governance body, the Fragile or Vulnerable Customer Committee. This Committee ensures 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, it is under the aegis of the Fragile or Vulnerable Customer Committee that 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 in 2019 concerning fragile customers and the cap on bank charges were implemented (to review of the most impactful changes):

- keep customers identified as fragile because they are eligible for the over-indebtedness procedure throughout the period they are registered in the *Fichier des incidents de remboursements des crédits aux particuliers* (National Database on Household Credit Repayment Incidents – FICP);
- register a customer in more timely manner, in the detection of situations of fragility, in the *Fichier central des chèques* (Central Check Register – FCC): the Governor indicated that this measure would become optional (meeting with the MINEFI 02/21/2020);
- take into account average incidents over three months: Crédit Mutuel Alliance Fédérale applies the regulation which stipulates adding incidents over three consecutive months;
- publish the criteria to detect fragility. At Crédit Mutuel Alliance Fédérale, this publication was made in June 2020 as part of the commitment policy for fragile or vulnerable customers. At the same time, it was updated to incorporate the advances made in the operational system for banking inclusion;
- roll out:
  - a spontaneous detection system was integrated in the internal management tool. It allows the customer relationship manager to create a file for a financially vulnerable customer without any automated detection,
  - a predictive financial fragility detection system;

(1) P: Transactional Processing (major applications used by the banking network).

- include in the bank criteria:
  - theoretical fees and not only fees charged to alleviate the mechanical outputs of the fragility,
  - the nine fees included in the scope of the ceiling;
- activate the new bank detection criterion based on the accumulation of five incidents during the same month.

Changes are under way:

- capping on banking incident fees:
  - cap on the month of entry into fragility,
  - cap on the date the expense is recognized and not on the transaction date,
  - cap on the third party and not per account held (a cap of €25/month or €20/month and €200/year per customer on all accounts).

  The changes concerning the cap on banking incident require a complete overhaul of the existing management rules based on prior information on fees. Their feasibility required a prior impact study by the IT teams concerned and they will not be able to go into production until July 2021;
- promoting support for vulnerable people: a partnership agreement has been signed with CRESUS and three departments are in the "pilot" phase.

In addition, under the emergency measures adopted during the COVID-19 health crisis:

- specific measures were adopted to support vulnerable customers during the first lockdown:
  - a total exemption from incident fees was implemented for customers signed up to the fragile customer offer[1],
  - for other vulnerable customers, the cap on incident fees was reduced from €25 to €20/month;
- at the request of the Banque de France's individual customers department, a centralized entry point for DAC (*droit au compte* – the right to have an account) designations during the health crisis was set up within the Customer Protection Division.

In 2020, 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 to OIB as regards customer protection).

In addition, following the measures taken by the public authorities during the first half of 2020, Crédit Mutuel Alliance Fédérale defined a specific processing and monitoring procedure:

- from the opening in February of the public website "SIGNAL CONSO" of the DGCCRF[2] allowing consumers to report on difficulties encountered with a professional, including banks, in particular those relating to bank fees, contracts, advertising and any other topic;
- also, from the moment a whistleblowing unit was set up in May 2020 at Banque de France's individual customers department, intended for vulnerable customers. This unit may be referred to by a consumer association or Points Conseil Budget (PCB – budget management advice network) in the event of difficulties related to banking inclusion and/or the need for explanations concerning the failure to detect a situation of fragility, access to specific services, the absence of capping of banking fees.

(1) *This measure was then made permanent on June 11, 2020.*
(2) *French Competition, Consumer and Fraud regulator.*

f) Accessibility of banking services

Since the beginning of the health crisis, CIC has continuously adapted its prevention system and measures to ensure a maximum protection of its customers while guaranteeing its mission of providing essential services. The measures taken (masks worn by both customers and employees, access to hydro-alcoholic gel, protection screens, hygiaphones, etc.) made it possible to welcome customers. On April 1, a system was put in place to provide cash assistance to customers who do not have an active card to make a cash withdrawal at an ATM and who cannot make an e-withdrawal through online banking. This "e-withdrawal bank" system also addresses the issue of avoiding physical contact among staff at branches by exceptionally offering remote processing of customer requests.

As part of the regulations on the accessibility of institutions open to the public (ERP – *établissements recevant du public*) for people with disabilities, a public accessibility register was set up at all points of sale. This was done to inform the public of the degree of accessibility of the site as well as the arrangements made to enable everyone, notably people with disabilities, to benefit from branch services. In addition, CIC provides nearly 2,200 ATMs in all regions where it operates, of which 99% are accessible to the visually impaired.

Account statements in Braille are made available. For several years now, CIC has been committed to an accessibility approach to make its sites and applications accessible to everyone, including senior citizens or people with disabilities or functional limitations, on any type of device (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 application during discussions in the branch. 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, a 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 rate information.

g) Processing of customer claims

CIC offers its customers a three-level complaint processing system for filing a claim.

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 his/her situation;
2. the customer relations department (level 2) if they are not satisfied with the response provided at level 1;
3. the mediator (level 3), only after exhaustion of internal remedies at the bank and provided that the dispute falls within its area of competence.

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 an online banking contract, email, mail, face-to-face and single telephone number dedicated to complaints.

Complete information on complaints specifying the preferred contacts, the means and possible remedies is provided to customers through:

- the claims page of CIC website;
- complaints 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 has adopted the new classification of complaints, 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, it set up Crédit Mutuel Alliance Fédérale Customer Complaints Committee, drawing members at the highest decision-making level, with a view to proposing actions deemed as necessary on the basis of a qualitative and quantitative analysis of complaints.

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) Inclusion of ESG criteria in the business lines (SOT88)

Sectoral policies

In 2015, sectoral policies were 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.

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 in promote of the fight against global warming.

In 2020, Crédit Mutuel Alliance Fédérale reinforced its environmental commitment to support the energy transition of the economy through the implementation of three new sectoral policies:

- carbon policy: Crédit Mutuel Alliance Fédérale decided to reduce the exposure of its finance and investment portfolios to coal to zero by 2030 for all countries in the world. This includes the end of the financing of coal-fired power plants and coal-fired mining and the freezing of financial support for companies identified as developing new coal capacities and the exit of positions taken by those developing new coal capacities. In addition, relative and absolute thresholds have been put in place to support the coal phase-out plan by 2030 (see section 3.8.3.1.2);
- unconventional hydrocarbon policy: Crédit Mutuel Alliance Fédérale has decided to stop financing projects related to the exploration, production, transport infrastructure or transformation of shale oil or shale gas, oil from tar sands, heavy and extra-heavy oil and gas extraction in the Arctic;
- mobility policy: Crédit Mutuel Alliance Fédérale has decided to strictly limit the financing granted to assets with the lowest carbon emissions. This policy 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).

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 when the decisions to grant banking and financial transactions are taken.

In addition, a general analysis grid has been put in place for all sectors that are not subject to sectoral policies.

Other policies related to the private banking, consumer loans, purchasing and supplier relations and even the commitment policy supporting fragile or vulnerable customers complete this list.

They are all available on CIC website.

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 heterogeneous, irreversible and unprecedented impacts. These projects are subject to enhanced 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 recommend measures to minimize, mitigate and offset 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, but 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.

(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.

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 half-yearly portfolio review.

Projects are selected on the basis of a set of parameters including social, environmental and ethical criteria, depending on the business sectors 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 satisfaction of the KYC procedures, and upon certification issued by a trusted third party (independent technical expert), is an effective means of control over the compliance of expenditure. 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 funds projects in countries where the political and solvency risks are contained (i.e. "designated countries" in the sense 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 respect standards and their evolution 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 certain companies in its portfolio. This questionnaire is used when reviewing any new investment project. Identified points of improvement are subject to monitoring during the detention period of participation.

As part of a harmonious regional development approach, Crédit Mutuel Capital Privé has adopted a responsible investor charter in line with Crédit Mutuel Equity's goals and Crédit Mutuel Alliance Fédérale's Social and Mutualist Responsibility commitments.

Responsible and sustainable finance

The investment strategies of the group's asset management subsidiaries are based on the active and rigorous selection of sovereign and corporate issuers. In 2019, Crédit Mutuel Asset Management began work to redesign its Responsible Finance range in order to increase the visibility of its offer, both for ESG (Environment, Social, Governance) and SRI (Socially Responsible Investment) integrated management. In line with this segmentation, Crédit Mutuel Asset Management clarified, at the end of 2020, its classification in terms of market practices and regulatory changes[1]. As a result, Crédit Mutuel Asset Management's responsible funds are now classified as follows:

- funds significantly committed to the ESG criteria, with reference to the approaches based on a significant commitment in management defined in recent AMF doctrine. This classification includes funds with responsible finance certification (SRI, Greenfin, CIES and Finansol);
- funds committed to ESG criteria, with reference to non-significant approaches defined in recent AMF Doctrine.

Accordingly, in support of its corporate project, Crédit Mutuel Asset Management published a new responsible investment policy in early 2020 covering its SRI management and ESG integration activities. In particular, Crédit Mutuel Asset Management's SRI approach is consistent with the principles of French State certification.

Crédit Mutuel Asset Management received the 2020 award for "Most Responsible Fund Manager"[2] (France) by *Capital Finance International* magazine (*CFI.co*).

BLI-Banque de Luxembourg Investments, an asset management subsidiary of Banque de Luxembourg, has also strengthened its Sustainable and Responsible Investment (SRI) policy through:

- an in-depth analysis of the controversies as well as the commitment and voting policies defined in order to fulfill its responsibility as an active shareholder;
- the integration of ESG factors integrated into the investment processes for all equity and mixed strategies as well as for the majority of our fixed income strategies;
- the development of proprietary ESG scoring for the valuation of sovereign bonds.

An internal Socially Responsible Investment Committee (SRIC) is responsible for the ESG approach.

2/ In relations 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. 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.

(1) At European level, application of the "Disclosure" Regulation and in France the implementation of the AMF (Autorité des marchés financiers) 2020-03 doctrine.
(2) "Most responsible fund manager in France for the year 2020".

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.

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.

The management of the supplier relationship within the Euro-Information structure is part of the ISO 9001 V2015 certified quality 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 recovery/updating of CSR reports from service providers (the signing of the supplier charter replacing the collection of these documents for other suppliers since this year).

Euro TVS, 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 employee relations

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 defined by internal rules, its three appendices and the code of conduct;
- the new code of conduct (*recueil de déontologie*), 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;
- reporting on the application of the code of conduct (*recueil de déontologie*), which is addressed, among other people, to branch managers as well as to a certain number of CIC head office department and business line managers. Its scope was extended in 2020 to all Crédit Mutuel Alliance Fédérale entities in France and abroad, including CIC's. For FY 2020, the questionnaire used to support this report was revised and adapted bearing in mind the new code of conduct. The dedicated tool, ETHIK, was completely transformed and made more comprehensive and user-friendly;
- 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, rolled out in 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, risk to the environment) that employees may suffer or that they may cause in the context of their activity.

a) Prevention of the infringement of 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: CHSCT (Health, Safety and Working Conditions Committee), occupational physician, 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 integration and retention in employment of disabled workers within the group.

b) Prevention of direct environmental impact generated by the activity of employees within the company

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 82.1% to 97.9% as at the end of November 2020. During the environmental assessment of the paper policy of banks and insurance companies carried out by Riposte Verte with WWF France as part of the PAP50 barometer[1], the group was ranked in fourth place;
- waste management: “collection of used printer cartridges” procedure, selective sorting mechanism (paper recycling, recovery of used batteries, etc.).

3.4.2.3.4 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 whistleblowing employee 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.

3.4.2.3.5 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[2].

Assessment of the application of the “ETHIK 2020” code of conduct

As in 2019, the 2020 assessment was marked by high participation, of 98.7% of the 3,800 managers concerned. It made it possible to verify that the rules of good conduct set out in the code of conduct (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 4.3 to 4.9 on a rising graduated scale of 0 to 5 and an overall average of 4.7 out of 5). It highlighted the relative difficulties of implementation which could be encountered for some subjects such as training (adequacy and management of agendas) and areas for possible improvement.

The rules addressed in the assessment 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.

Monitoring of self-training modules

In addition, in 2020, CIC employees completed 72% of e-learning courses on professional ethics, in which the fight against corruption is mentioned. In addition, in the effort to combat money laundering and the financing of terrorism, 87% of training courses were completed by CIC employees.

Processing of claims and mediation

The group’s claims processing system enables customers to submit all types of claims, whether they concern accounts, savings or non-financial matters.

(SOT106) At the level of CIC banks, in 2020, the number of claims was 12,240. As regards claims from CIC banking network, the number of claims handled by the customer relations department (level 2) was 0.66 for every 1,000 customers.

With regard to mediation, the number of referrals to the group’s mediator fell by 16.8% in 2020. For their part, the proportion of admissible cases (eligible for mediation) remained stable, representing 18.4% of referrals in 2020 (19.6% in 2019).

As in previous years, half of the cases were not admissible on the grounds that prior internal remedial options had not been exhausted.

It should be noted that disputes relating to means of payment became the main subject of referral in 2020.

(1) This barometer is dedicated to the 50 largest banks and insurance companies.
(2) 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.

Fragile customers

The quarterly monitoring carried out by Crédit Mutuel Alliance Fédérale lists the number of third parties detected and the number of packages subscribed. The number of packages subscribed by customers identified as fragile at CIC level increased by 17% between 2019 and 2020 (i.e. an increase of 43% in two years).

Other indicators (non-exhaustive list)

Suppliers charter

3,209 charters were signed by CCS suppliers and more than 100 by Euro-Information (SOT100) suppliers as at the end of December 2020.

Project financing

Of the 31 projects funded in 2020, 26 are classified in category B, four in category C and one in category A. The latter corresponds to the financing of a gas liquefaction unit in Australia, in which the department participates alongside banks that have signed the Equator Principles and those of the OECD export credit agencies, and for which an environmental and social risk management plan was adopted.

SRI

In 2020, Crédit Mutuel Asset Management obtained the renewal of SRI certification for 15 funds:

- CM-AM Objectif Environnement;
- CM-AM Moné ISR;
- CM-AM Obli ISR;
- as well as the 12 funds of the Active Social range: these cover all asset classes (equities/fixed income) and five of them are solidarity investment funds, thus contributing to the development of structures of the social and solidarity economy (ADIE, Autonomie & Solidarité, Croix-Rouge Française, Entreprendre pour Humaniser la Dépendance, InvESS Île-de-France, Initiative France, SIEL Bleu, France Active Investissement).

  The SRI certification allows savers to identify SRI products that meet demanding specifications not only on the transparency and quality of SRI management but also on proof of their concrete impact on the environment or society. These SRI-certified funds totaled outstandings of €2 billion at December 31, 2020.

As regards the funds managed by BLI (Banque de Luxembourg Investments), the SRI fund BL Sustainable Horizon was awarded the ESG LuxFLAG certification by the Luxembourg-based non-profit organization and obtained French SRI certification in March 2020. The BL Equities Europe and BL Equities America funds also received SRI certification in early 2021. At the end of December 2020, BLI-certified outstandings amounted to €2.9 billion.

3.4.2.4 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 various stakeholders: the compliance department, business line centers. The vigilance plan and its report are integrated into the group risk management and monitoring system.

In 2020, 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 creation of a SMR Operational Committee with social and cooperative goals (the “Committee”) at the level of corporate banking. Its 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 improve SMR analysis methods for corporate banking projects;
- the creation of a user guide for the ISS platform to complete the sectoral policy analysis grids;
- the overhaul of the operating mode of the analysis grids for the oil and gas, civil nuclear energy, coal, defense and security, mining and transport sectors as well as other sectors of activity;
- the formalization of a product governance and monitoring policy.

In addition, the commitment policy for fragile and vulnerable customers was also reviewed in order to incorporate the new measures.

In the relationship with employees, the actions carried out were as follows:

- with regard to the code of conduct: extension of the assessment to a wider scope of entities and roll-out of the interactive and bilingual ETHIK tool (French and English);
- signing of the framework agreement on QLW (quality of life at work), health at work (psycho-social risks, etc.) and related subjects (organization, transport, responsible management, etc.). Agreement providing for the introduction of monitoring indicators.

In the relationship with subcontractors and suppliers:

- the procedure for outsourcing activities and identifying and qualifying services was reviewed. In particular, it includes “other sensitive services” that are not subject to any regulations but require the application of stricter internal requirements according to the risk analysis carried out. Two CSR risk criteria were included in the risk analysis, the risk of CSR reputation and the risk of CSR non-compliance (in line with sectoral policies).

DOCUMENTS AVAILABLE ON THE INTERNET

Title	Ref/link
Law no. 2017-399 of March 27, 2017 on the duty of vigilance of parent companies and order-giving companies	https://www.legifrance.gouv.fr/eli/loi/2017/3/27/2017-399/jo/texte
Sector policies	https://www.cic.fr/fr/banques/institutionnel/publications/responsabilite-societale-de-l-entreprise.html

3.5 A RESPONSIBLE ECONOMIC AGENT

CIC is a committed player in the development of an economic and social ecosystem in the countries where it operates. This commitment translates by providing financing, offering products and services, responding to the needs of all, while taking into account the challenges and principles of sustainable development, especially in terms of ethics and code of conduct.

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

As the bank for one in three entrepreneurs, CIC plays an essential role in financing the economic fabric of the regions.

CIC actively works to support its customers and participate in the recovery of the economy. In 2020, 82,200 State-guaranteed loans were appraised for an amount of €14.6 billion and 940,647 maturities were postponed for a total amount of €1.1 billion.

Professionals and companies have also benefited from:

- an immediate lump sum recovery premium corresponding to a lump sum estimate of loss of income for each economic sector during this period for any CIC professional multi-risk and business interruption insurance policyholder. This premium was granted in addition to all aid granted by the State and other group commitments;
- deferral of insurance premiums and maintenance of cover for property and personal protection insurance contracts with maintenance of cover and handling of claims;
- the removal of banking charges for refused transactions (direct debits, checks and bills);
- a personalized response to each case by the customer service managers within a maximum of five days.

In July 2020, a partnership was signed between the European Investment Bank (EIB) and Crédit Mutuel Alliance Fédérale, as part of the post-COVID-19 emergency program to support European companies weakened by the crisis. This partnership led to the establishment of two credit lines for a total amount of €600 million granted by the EIB to Crédit Mutuel Alliance Fédérale. These €600 million allow Crédit Mutuel Alliance Fédérale to lend more than €1.2 billion to SMEs and ISEs, weakened by the health crisis, on attractive terms through its networks, including that of CIC, and thus to contribute to the economic revival of the regions.

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.

At constant scope:

Professionals* and companies of the banking network	12/31/2020	12/31/2019	Change
Number of customers	1,080,787	1,041,509	3.8%
Equipment loans outstanding *(in billions of euros)*	40.7	38.5	5.6%

* *Including farmers and NPOs.*

3.5.1.1 Fostering innovation

In order to preserve the French Tech ecosystem and its growth potential, CIC has implemented specific measures to help them 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:
  - after several regional editions, CIC start innovation Business awards call for projects became multi-regional in 2020 and took place in a fully digital format. The goal of this edition was to foster start-ups across France and to promote innovative regional initiatives at the national level. Three winners received an award from each regional jury: Main Prize, International Award and *Coup de Coeur* (“personal favorite”) Award. The top two winners in each region (a total of 12) were also selected to participate in the national final. 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,

- at a time when e-sport has established itself as a true social phenomenon that addresses current challenges, CIC confirmed its involvement in the field by launching the third edition of 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. This year, CIC strengthened its partnership with the French league of legends (LFL), the leading gaming competition in France of the League of legend game, as well as launching a new program called CIC Esport Infinity for young people.

At the end of 2020, loans granted in CIC network to start-ups and innovative companies totaled nearly €400 million.

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), private equity (growth, international). Over the year, Crédit Mutuel Innovation continued to strengthen its support for innovation, notably for start-ups in the digital sector and the digital world. At the end of 2020, assets invested amounted to €152.8 million in 38 innovative companies in all regions.

For its part, Crédit Mutuel Asset Management launched the CM-AM Global Innovation fund, 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:

2020 beneficiaries	Activity	Partners
La Cantine	Brings together web and digital innovation players in the Pays de la Loire region.	CIC Ouest
Minalogic Partenaires	Global competitiveness cluster for digital technologies in the Auvergne-Rhône-Alpes region	CIC Lyonnaise de Banque
Grand E-nov	Accelerates the development of start-ups in the Grand Est region	CIC Est
GIE Eurasanté	Supports the creation and development of innovative companies working in the field of health	CIC Nord Ouest
French Tech Bordeaux and French Tech Méditerranée	Supports the innovations of local communities that develop and step up French Tech	CIC Sud Ouest
Paris Business Angels	Provides financing and consulting for innovative French start-ups	CIC en IDF

3.5.1.2 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. They 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, 2020, the capital invested of its own equity amounts to €2.8 billion in 340 investments, 89% of which are unlisted companies. €580 million were invested in 2020, an increase of 37% compared to the amounts invested in 2019.

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 CIC Conseil "In the Regions" 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, such as:

- Audencia in Nantes: participation of CIC Ouest and Crédit Mutuel Equity in the Family Entrepreneurship and Society Chair with a specific ongoing training program for young people from families working in the family business called the "Certificate of Future Family Business Owner". CIC Ouest also supports research programs at the *Institut d'études avancées de Nantes*;
- EM Strasbourg: CIC Est is involved in the Young Family Business Ownership program implemented by the Family Business Governance and Transfers Chair. It is a partner of the Repreneurship master's program at Mines de Nancy;
- HEC Liège in partnership with Banque de Luxembourg: creation of a chair in family businesses.

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

In addition, 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 makes it possible to offset the financial losses stemming from the loss or temporary absence of a "key person". It enables 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 2020, CIC fully committed to helping companies and professionals overcome the crisis in the best possible conditions by enabling its corporate and professional customers to benefit from the "Key Person" protection free of charge for any subscription to the Company Protection contract.

3.5.2 Supporting the transformation of companies in digitalization and CSR

The purpose of the digital transition loan is to facilitate the digitization projects of companies by financing tangible and intangible investments related to the digitization of their activities. The objective is to upgrade the tools and/or the transformation of the business model of each company through digital technology. Like all other loans in this range, it benefits from subsidized rates.

In terms of digital tools, CIC offers its customers a range of products tailored to their needs. CIC e-factures by Épithète is a comprehensive online invoicing and payment service. It is intended for all economic and professional players in the broadest sense (associations, self-employed entrepreneurs, microenterprises, small and medium-sized companies, ETIs, large companies) and allows them to work easily with their customers and suppliers, even if they are not themselves subscribers to the service, and to exchange orders, estimates, invoices, payments, etc.

The CSR Transition Loan supports companies and professionals investing in sustainable development. 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, etc.;
- 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.;

A subsidy is granted after two years of amortization if the company presents an improved CSR audit compared to the one communicated to the bank when the loan was granted.

3.5.3 Financing, investments and services to facilitate the energy transition (ENV53)

3.5.3.1 Retail customer support (SOT59)

Playing an active role in the energy transition, CIC supports its customers in the financing of energy saving or renewable energy work with:

- the interest-free eco-loan, for certain types of work to improve the energy performance of housing in buildings completed before 01/01/1990 (for which the outstandings amounted to €114.3 million at the end of 2020);
- more broadly, the sustainable development loan. Access to this loan was facilitated this year with more attractive pricing conditions and more flexible granting conditions. At the end of December 2020, the outstanding amount of sustainable development loans reached €6.5 million.

CIC Lyonnaise de Banque signed a partnership agreement with four other banks to encourage and finance the energy renovation of private housing with the Auvergne-Rhône-Alpes region, the French State and ADEME. With these partners, the bank participated in the creation of a webinar for its network employees on supporting the energy transition of their customers. It will be rolled out in 2021.

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.

As regards means of transport:

- eco-mobility offers with very favorable conditions are provided for hybrid or electric vehicles, as well as with attractive conditions for eco-friendly gasoline-powered vehicles. The same applies to the financing of electrically-assisted bicycles (EAB). In support of government measures for the recovery plan for the automotive sector, the long-term lease of hybrid, electric or low-emission vehicles (thermal vehicles < 116 g/km of CO_2) in the second half of 2020 benefited from three months of deferred payment. Customers were also able to benefit from promotional conditions on three vehicle models (hybrid, electric, low-emission) offered for long-term lease. Loan production for the acquisition of hybrid and electric vehicles represented nearly 14% of car loans. And the finance-leasing production increased by 11%;
- as regards car insurance, rate reductions are applied in the case of a hybrid vehicle, advantageous rates in the case of an electric vehicle, while the batteries and the charging cable of the electric vehicle are covered under the guarantees of the contract. People who adopt environmentally-friendly behavior also benefit from attractive offers: if the vehicle travels less than 6,000 km per year; if a driver under the age of 28 takes a driving course. The personal injury cover for drivers is extended if they use other means of land transport (public transport or bicycles rather than their car for commuting). Bicycle damage is also covered. In addition, automotive legal protection covers disputes concerning transport subscriptions or bicycle rentals. For vehicles that are three years old and over, the subscriber who accepts the use of guaranteed re-use parts, in the event of a claim to have their car repaired, also benefits from a price reduction;
- CIC offers insurance for new mobility solutions:
  - for users of scooters, gyropods, hoverboards, gyrowheels, a package includes a civil liability cover and a criminal defense and recourse cover,
  - with regard to carpooling, in addition to the vehicle assistance cover, their carpoolers benefit from a taxi to complete the carpool trip in the event that the vehicle is immobilized (following an accident or breakdown and within a certain limit). Insured customers can also benefit from this service if they take a seat in a carpool crew whose vehicle is damaged or breaks down.

3.5.3.2 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 new portfolio of investment loans with subsidized rates.

Three years ago, CIC also signed an agreement with the BEI aimed at establishing a refinancing package, valid for four years, on wind or photovoltaic projects. In addition to refinancing, the EIB has a 50% stake in the projects selected. In the regions, the projects financed for companies and professionals in 2020 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, 282 company and professional projects were financed in 2020 for an amount of nearly €105 million.

Experts are helping farmers more and more with high-performance renewable energy equipment projects. In 2020, photovoltaic projects and those of agricultural workers' methanization units represented respectively 25% and 72% of the amounts financed in renewable energies.

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.).

3.5.3.3 Financing of "major projects" in renewable energy (SOT60) and project financing[1]

In 2020, CIC's project finance department financed 31 projects, including 12 in renewable energies: eight onshore wind farm projects, totaling nearly 1,500 MW (five projects in France, two in the USA and one in Canada), three offshore wind farm projects in Europe representing nearly 2,900 MW (Fécamp wind farm in France and Dogger Bank wind farm in the United Kingdom), and a portfolio of methanization units in France. The outstandings for renewable energy projects (cumulative authorizations) at the end of December 2020 reached €1.8 billion, comprised mainly of onshore and offshore wind projects, solar and biomass, which represents a 14% increase compared to the end of 2019.

CIC also financed 14 infrastructure projects, including two heating networks and several fiber networks in France, motorways in Croatia, Portugal and Australia, and a metro in Spain and Australia. All projects financed strictly comply with the environmental standards of the host country;

The group's strategic plan for 2019-2023, *ensemble#nouveaumonde, plus vite, plus loin !* (together#today's world, faster, further!), sets the increase in the financing of projects with a strong 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 vetting procedure, including the ESG criteria described in the vigilance plan (section 3.4.2.3.3).

A number of these projects contributed to the 2020 green bond issue by Banque Fédérative du Crédit Mutuel (BFCM). This issue was included in the Bloomberg Barclays MSCI Green Bond Index for December 2020.

3.5.3.4 Investment in "major projects" in renewable energy (SOT60)

In 2020 Crédit Mutuel Capital Privé launched an investment fund dedicated to infrastructure. The Siloé Infrastructures fund aims to contribute equity or equity equivalents to projects which help promote regional development in France, the euro zone and Switzerland. The investment strategy of this fund provides for an investment of at least 50% of capital in projects related to the energy transition. On December 16, 2020, Crédit Mutuel Capital Privé, as lead investor, participated in the creation, with TTR Energy, Banque des Territoires, Amundi Transition Énergétique, Generali Global Infrastructure and Mirova, of Hexagon Renewable Energy SA (Hexagon Energy). This independent electricity producer, managed by TTR Energy, which has been a developer, operator and investor in renewable energies for the past 12 years, has just acquired a portfolio of 19 wind projects across France, for a potential power of more than of 770 MW of which 112 MW were operational at the date of this document. Ultimately, the production of green energy generated by Hexagon should cover the electricity consumption of over 360,000 inhabitants.

(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.

3.5.4 A responsible product and service offering

3.5.4.1 Promotion of Socially Responsible Investment (SRI) (SOT28)

Crédit Mutuel Asset Management, a committed player in responsible finance for more than 20 years, 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). The company was already:

- a member of FIR (Forum for Responsible Investment) since 2004, and EuroSIF (the European Association of FIR);
- a member of the CDP water project (formerly Carbon Disclosure Project) since 2010, associated with its carbon program since 2011 and with its forest program since 2013;
- a member since 2011 of the ICGN (International Corporate Governance Network);
- a member of the Green Bonds Principles since 2015;
- a signatory to the PRI (United Nations Principles for Responsible Investment) since 2012 (with a rating of A+, the highest since the beginning);
- a signatory of the Paris appeal on climate since December 2015 as part of COP21;
- a signatory to Access to Medicine Index since July 2017;
- a signatory to the declaration "Towards generalization of non-financial rating" since 2017;
- a signatory to the Global Investor statement to governments on climate change since 2018; and
- a signatory of Finance For Tomorrow since 2019.

In 2020, Crédit Mutuel Asset Management took part in the CDP Science Based Target campaign calling on more than 1,800 companies to set science-based climate targets in line with the international goal to limit global warming to 1.5°C.

Crédit Mutuel is also a signatory of the United Nations Global Compact. This globally recognized initiative is based on international conventions (human rights, environment) and concerns all industrial sectors.

In detail, Crédit Mutuel Asset Management's offer can be broken down as follows:

- SRI funds significantly committed over the long term:
  - CM-AM Objectif Environnement (which in particular aims to play an active role in protecting people and the environment), CM-AM Obli ISR and CM-AM Moné ISR for private investors and institutional investors,
  - CM-AM France Emploi, a solidarity mutual fund now managed according to best-in-class SRI principles and an approach that excludes the coal and tobacco sectors;
- the "Social Active" range of inter-company SRI funds, created by Crédit Mutuel Asset Management and Crédit Mutuel Épargne Salariale and accredited by the *Comité intersyndical de l'épargne salariale* (CIES). Dedicated SRI funds are also offered;
- a green bond fund: the CM-CIC Green Bonds fund, which has obtained the Greenfin government label. Intended for individual retail and institutional customers, its objective is to contribute to the financing of the energy transition by adopting an approach focused on projects with high environmental benefits. At December 31, 2020, 98.4% of its outstandings where made up of investments in green bonds. These bonds are chosen with respect to Green Bonds Principles and environmental, social and governance criteria, and interest in the project being financed;
- the commitment to greener finance is reflected in a willingness to diversify funds. In 2019, a new fund with a formula indexed to the STOXX. Global ESG Leaders Select 50 EUR index, Performance Monde Avenir 2025, was launched for retail customers. The selection of the companies included in this index takes into account non-financial criteria to assess the extent to which sustainable development and long-term issues are taken into account in their strategy.

Certified funds must also comply with a set of environmental, social and good governance (ESG) criteria, including the prohibition of the financing of coal activities and the monitoring of an ESG rating or indicator.

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.

Customers can also direct their savings towards responsible funds or projects through life insurance or retirement savings vehicles which offer to invest in SRI funds.

Crédit Mutuel Asset Management is also actively involved in raising awareness on responsible and sustainable finance among its employees and savers. This theme is also the subject of a dedicated communication aimed at customers and on the networks' intranet site through *Le billet de la Finance Responsable*, which is published bi-monthly and an informative video series called "Corentin and sustainable financing".

Banque de Luxembourg Investments (BLI), the subsidiary of asset management of the Banque de Luxembourg signed the United Nations charter on Principles of Responsible Investment (UNPRI) in 2017. Its responsible investment approach, Business-Like Investing, involves managers not just trading securities, but adopting an entrepreneurial mindset when investing in a company. To this end, the asset management company focuses on companies, bond issuers and third-party funds committed to creating sustainable long-term yields, respecting not only the financial interests of shareholders (or debtors in the case of a bond investment), but also the interests of employees, suppliers, customers, communities and the environment. The 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.

3.5.4.2 Promoting socially responsible savings

For customers wishing to give meaning to their savings, CIC offers several possibilities. This year, customers holding a Livret de Développement et Solidaire (LDDS – development and solidarity passbook account) were able to make a donation from their LDDS to associations active in the social and solidarity economy (SSE), in accordance with Order No. 2019-1297 of December 4, 2019. CIC thus solicits the savings of its customers to finance ten selected associations: 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.

CIC also offers the *Livret d'Épargne Pour les Autres* ("for others" savings passbook account), which is Finansol certified. Holders of this savings passbook account retain full control over the availability and use of their savings, while donating all or part of the interest (50, 75 or 100% of the annual interest) to one to four partners humanitarian associations working in the field of humanitarian emergencies (Action contre la Faim, Secours Catholique, Médecins du Monde), childhood (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 France Emploi 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 range of SRI products dedicated to the "Social Active" employee savings plan, labelled by the Inter-Union Employee Savings Plan Committee (CIES), several mutual funds (FCPEs) are also solidarity plans: Social Active Tempéré Solidaire, Social Active Équilibre Solidaire, Social Active Dynamique Solidaire, Social Active Obli Solidaire.

3.5.4.3 Services to support associations (SOT40)

The number of customers from non-profit organizations (NPOs) in the banking network grew by 6.5% in 2020 compared to 2019.

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

- Pay Asso, an easy-to-use and secure payment solution with no subscription fees, or membership. 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. Easy to use, the Pay Asso solution does not require the creation of a website; an association simply has to send the link to the dedicated page. From July 1, 2020, to support associations affected by the health crisis, all pricing related to the use of Pay Asso was removed, making it completely free until the end of the fiscal year. During this period of membership renewal, Pay Asso also enables associations to maintain close relations with their members;
- Lyf Pay app, 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;
- flexible services that allow associations to delegate the management of donation collection: administrative and financial processing, cashing checks, setting up direct debits, processing coupon data, loading their donor database, etc.

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.

Partnerships have also been formed with associations in various fields (see chapter 3.6). In 2020, more than 330 associations were able to benefit from an SGL for a total amount of €89.3 million.

3.5.4.4 Supporting fragile populations (SOT39)

For retail customers, exceptional solidarity actions were carried out in 2020:

- for students, apprentices or young workers aged 18 to 28, CIC Youth Connection Loan, a 0% offer with no service fees, for a maximum period of 24 months, to enable them to acquire or renew their IT equipment. For an amount of up to €1,500, this loan is issued at a CIC branch upon presentation of proof of purchase and is subject to no other conditions;
- the payment of daily allowances for vulnerable people on medical leave during the entire lockdown period, or the maintenance of guarantees for contracts that were not up to date with contributions;
- a call campaign among customers who have subscribed to Senior Assistance, a service that promotes home care and the autonomy of isolated or vulnerable people. During this unprecedented health crisis, senior citizens represent a particularly high-risk population. In addition, lockdown entailed a strong risk of isolation. During this challenging period, Senior Assistance called its subscribers to check on them make sure everything was ok. It reported to designated contacts or the emergency services where necessary, provided reminders of the barrier gestures, connected the subscriber who so wished it with their advisor for any question relating to the bank. Following the success of the first operation, the call campaign was renewed when the new lockdown was decreed in October.

3.5.4.4.1 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 cyclical. The banking mechanisms put in place are described in the vigilance plan in section 3.4.2.3.3. For people in financial difficulties and holding CIC Reception Service offer, in June 2020, CIC introduced a total exemption from incident fees.

(1) *Protected adults and people facing the death of a relative.*

3.5.4.4.2 Insurance and fragile populations

In line with the objective of accessible health coverage for all, policyholders under the complementary health policies of Assurances du Crédit Mutuel (ACM) insurers have benefited, as of January 1, 2020, at no additional cost, from new “100% health” provisions. This mechanism provides access to quality care, which is fully covered, in the field of optics, dentistry and audiology (from January 1, 2021).

In addition, all customers who have taken out loan insurance with CIC, regardless of their risk profile, benefit from high-level insurance coverage for their loans at affordable rates, enabling them to face all long-term risks. This is notably reflected in the absence of exclusions in relation to professions, or the practice of a sport. More recently, ACM insurers signed a Solidarity Real Estate Guarantee agreement with the Île-de-France region which enables first-time buyers in the Paris region, with an aggravated health risk, to borrow at no additional cost.

CIC complies with the “AERAS” (Insurance and Borrowing with Aggravated Health Risk) agreement designed to facilitate access to insurance and credit for persons with an aggravated health risk. The Health law of January 26, 2016, specifies the provisions on the right to oblivion which should allow people who have presented a cancerous pathology to be exempted, under certain conditions, from declaring their former illness when applying for insurance for a loan.

The personal risk offered enables fragile populations to finance their future needs in this area. Furthermore, isolated populations may find in the funeral coverage a solution for financing their funeral through an insurance mechanism, but also, thanks to the provisions, the guarantee that the funeral will be organized according to their desires.

3.5.4.4.3 Budget management assistance

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

- the “CIC Alerts,” which sends alert messages by email or SMS related to the account(s) (balance, transactions, etc.), payment transactions, 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. It includes an account aggregation function of secondary institutions inside or outside the group;
- credit simulators are also 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. It is possible to benefit from the best available rates for the part not yet made available. The budget is free of charge as long as remains unused, the amount and the monthly payment are adapted to the customer’s budget, and the repayment of the loan can be made at any time without 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 complement these measures. Thus, at the end of the year, CIC Ouest set up a partnership, in two pilot departments, 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.

3.5.4.5 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. Some of the services offered demonstrated theirs strengths during the pandemic:

- The Avance Santé card allows insured persons to pay their health care expenses without doing so in advance. Health insurance subscribers 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;
- access, *via* online banking, to MédecinDirect, which offers an Internet medical advice service for policyholders, and other functionalities such as reimbursement requests with a photo receipt, reimbursement monitoring, an assistance service, etc.;
- the Psya psychological assistance service (prevention and management of psychosocial risks): Whatever the insurance policy held (insurance of property, people, etc., whether individual or collective), the insured party enjoys this service free of charge;
- 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.

Employees in the private sector can benefit from a complementary health insurance for all offer, which is flexible for companies, as well as supplementary health insurance. The latter aims to supplement the benefits paid by the basic and supplementary schemes, which are often insufficient for employees and their families.

As regards home loan insurance, CIC borrowers who are covered by ACM insurers for a loan linked to their principal residence may benefit from continued medical approval. By subscribing to ACM borrowers’ insurance, they can also be covered in the future, under the same medical acceptance conditions, for a new loan in the event of a change of principal residence, without any additional medical formalities, even if they have since encountered a health problem. Furthermore, when an 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.

In terms of physical security CIC offers Theft Protection (protection for property and persons), which was complemented by an offer of a remotely-monitored carbon monoxide detector. Carbon monoxide gas poisoning is one of the main causes of accidental death by poisoning. Moreover, the e-declaration is a quick way to file a home or auto claim by computer and/or a smartphone, which is available to individuals 24/7. In the event of severe inclement weather in a given geographical area, an adequate support system is set up by CIC employees and experts, to provide all necessary and personalized support in declaring damage, providing compensation, immediately releasing down-payments according to the degree of urgency.

In the field of IT security, significant resources are deployed to secure banking transactions. As the pandemic is conducive to cybercrime, Euro-Information has taken measures and further raised customer awareness, notably by disseminating, on the personal spaces of online banking, numerous messages on good practices in terms of purchasing on the Internet.

Since the entry into force of the revised European Directive on payment services (PSD2), strong authentication solutions have been offered to customers, including Mobile confirmation. They allow customers to remotely access their accounts and make payments.

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. Equally, customers can 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.

3.5.5 A relationship mindful of customer respect – a desire to establish a quality service (SOT73)

Thanks to the commitment and professionalism of its employees, CIC has implemented a series of measures to meet the challenges of the unprecedented health and economic crisis. A new work organization was quickly rolled out to ensure stakeholder protection, business continuity and customer support through an adapted solution offering.

3.5.5.1 An effective and proactive approach

The decentralized organization of the banking network ensures quick response to customer requests. Between 85.5% and 95.8% of decisions to grant loans are made locally, at branch level.

CIC opted for proximity by simplifying the organization of regional hierarchical structures with local branches in mind, to allow them to provide a more responsive to service. In 2020, loan-granting delegations were increased to respond more effectively and quickly to requests for State-guaranteed loans.

Customer account managers have a central role in physical, telephone or digital relations with customers.

Facilitating tools are made available to optimize contacts, such as the e-mail analyzer rolled out in branches. A search assistant, whose knowledge is gradually expanding, also supports documentary searches on the intranet, through dialog in natural language. An intranet program called *Mon Allié Digital* (My Digital Ally) helps employees understand how innovations in digital tools and services affect their jobs and for them to be more proactive and relevant when answering customers. In order to improve operational processes, simplification work was launched this year to improve operational processes and thus provide more time for customer relations.

3.5.5.2 An omnichannel relationship

The crisis has accelerated the increasing use of remote services. 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 with customers are conducted directly through their mobile app, reinforcing proximity and presence in the field, alongside all customers. In 2020, nearly three million meetings 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 all customer functionalities accessible online and on mobiles for all markets (by 2023 for all current apps). Among the new functionalities rolled out in 2020, it is worth highlighting the presentation of financing budgets to professionals on mobile phones, which gives them an overview of their budget and of the remaining balance available, as well as the possibility asking an advisor, directly from their mobile, to release of funds.

The use of remote electronic signatures was extended in 2020 to many types of contracts in the fields of insurance, e-banking, savings, credit, mobile telephony, day-to-day banking and remote monitoring.

Among its subsidiaries, Banque CIC (Suisse) provides its customers with a new e-banking solution, CIC eLounge. This app won a Best of Swiss Apps 2020 bronze medal, in the “Functionality” category. The prize rewards apps that stand out in their category through outstanding individual features or compelling ideas.

The cic.fr website allows enhanced personalization of advice and content based on customer profiles. Customers can bookmark all the transactions they use the most, and customize their profile with display preferences.

Modularity is also one of the criteria considered when designing a new offer.

It should be noted that customer service managers do not receive commissions on the sales of the products they offer, which contributes to customers being recommended the most appropriate offers.

3.5.5.3 Innovative and secure service offerings that simplify customers' lives

In 2020, LAB CIC was launched. It 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. In November, a first campaign was launched on the relationship that customers would like to have with CIC.

In order to offer professional policyholders more autonomy in their procedures, but also a better responsiveness of our management services in the event of a serious difficulty, policyholders can now report and monitor their claim from the online insurance area (accessible online and on mobiles).

The offers proposed are based on the technological advances of the group's IT infrastructures. 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.

3.5.5.4 Measuring quality

As part of the quality approach, customer surveys are conducted after exchanges with an advisor. They aim, notably, to measure customer satisfaction with the various methods of reaching an advisor, to collect customer feedback and *verbatim* continuously, to identify the priorities to be implemented, and to improve the customer experience. Since October 2020, each retail or professional customer who has been seen by their advisor may receive a satisfaction survey by email. A Net Promoter Score (NPS) is then calculated and the customer's assessment in *verbatim* form is analyzed. Branch managers are informed of dissatisfied customers. They are invited to contact them and action plans are put in place.

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

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.

This work also makes it possible to adapt responses to identified customer expectations. Focused surveys and studies are conducted simultaneously, and CIC also participates in external satisfaction surveys. CIC won six out of six possible awards, with the highest score, in the remote customer service category at the Bank Quality Awards in 2021[1].

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 the CCS[2], Crédit Mutuel Épargne Salariale or AFEDIM means of payment, and the ETS customer relations center, which has been awarded the AFNOR quality standard NF Service Relation Client 345. In addition, CCS monitors the quality of its services through a monthly dashboard made available to its members and sets annual improvement targets by business line.

3.5.6 Indicators

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

Publication indicators	Title	2020	2019 scope 2020	Comment
REGIONAL, ECONOMIC AND SOCIETAL IMPACT				
Regional impact				
SOT01	Number of Banking network points of sale	1,837	1,900	-
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.)	134,723	126,532	Banking networks and Banque Transatlantique

(1) Survey conducted by MoneyVox.fr from September 30 to October 19, 2020 on a sample of 5,070 French bank users taken from a representative sample of the French population aged 18 and over.
(2) Group business line center involved in banking production, logistics and network support.

Publication indicators	Title	2020	2019 scope 2020	Comment
Environmental impact				
SOT63	Number of interest-free eco-loans granted during the year	2,760	2,654	-
SOT65	Total amount of interest-interest eco-loans granted during the year *(in € thousands)*	35,147	35,044	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)	264	199	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.
RESPONSIBLE FINANCIAL SAVINGS				
SRI and ESG (CM Asset Management and Banque de Luxembourg Investments SA)				
SOT28LNOV	SRI outstandings with SRI or Luxflag label *(in € millions)*	4,970	1,443	-
SOT29	SRI – Voting policy – Resolution approval rate	71%	80%	-
SOT29-RP	SRI – Voting policy – Number of resolutions handled	17,699	14,874	-
SOT29-RA	SRI – Voting policy – Number of resolutions approved	12,499	11,829	-
SOT30	SRI – Voting policy – Number of shareholders' meetings in which the company participated	1,053	1,128	-
Socially-responsible employee savings				
SOT37LCIES	Outstanding amount *(in € thousands)* of employee solidarity savings with the CIES label	387,135.0	317,618.7	-
Socially-responsible *(in € thousands)*				
SOT33LFinansol	Savings outstanding on products with the FINANSOL label	47,895	33,003	-
SOT35	Amount from solidarity products paid to associations	99	107	-
Quality of service				
SOT75	Number of cases eligible for banking mediation	166	199	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	82	78	Data based on cases processed at January 31, 2020
SOT78	Percentage of decisions favorable or partially favorable to the customer consistently applied in banking mediation	45.6%	48.1%	Statistics from the handling of cases transmitted to the mediator whose outcome is favorable to the customer, either consistently or after the decision of the mediator.
Economic impact indicators *(in € millions)*				
SOT86	Equipment loan (microenterprises)	43,616	41,389	-
	retail customers	*2,933*	*2,858*	-
	farmers	*1,799*	*1,657*	-
	professionals	*15,747*	*15,029*	-
	businesses	*22,065*	*20,821*	-
	NPOs	*833*	*810*	-

The 2019 data include CIC Iberbanco data.

3.6 A PLAYER IN CULTURE AND SOCIETY

3.6.1 Patronage, cultural partnerships (SOT57)

During the challenging lockdown period, CIC actively worked to help maintain access to culture for all.

3.6.1.1 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, musical seasons) and temporary exhibitions (in 2020, *Comme en 40*) it actively supports. It renewed its support until 2021.

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 in June 2019, became a part the collections of the army museum. 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. Canceled this year due to the health crisis, the new edition of the festival is scheduled for the spring of 2021.

3.6.1.2 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. In the 2020 edition, held at the Arsenal de Metz, the talented winners Gabriel Pidoux and Marie Perbost distinguished themselves in the Instrumental Soloist Revelation (oboe) and Lyrical Artist Revelation (soprano) categories.

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

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.

This year, CIC Sud Ouest became a partner of the Transrock/le Krakatoa association, which focuses a significant part of its activities on supporting local musicians who, through La Pépinière and Fil Sonore, helps professionalize emerging contemporary music artists (residencies, rehearsals, training sessions, advice).

3.6.1.3 Patronages and sponsorships throughout France

Although some projects were interrupted, canceled or postponed, CIC maintained its commitments to its partners.

Examples of regional cultural or sports projects funded in 2020	Beneficiaries	Patrons/Partners
Fine arts		
Support for the museum – 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
Cultural development	*La Biennale de Lyon*	CIC Lyonnaise de Banque
Music		
Support for "Falstaff" and *Les Pêcheurs de Perles*	*Opéra de Lille*	CIC Nord Ouest
Musical projects	*Opéra national du Rhin in Strasbourg*	CIC Est
Besançon Franche-Comté music festival	*Festival internationl de musique Besançon Franche-Comté*	CIC Est
Classical music festival and cultural events	*Les Flâneries musicales de Reims*	CIC Est
Support for the "Young People at the Opera" actions and video transmission project in the Auvergne Rhône-Alpes region	*Opéra de Lyon*	CIC Lyonnaise de Banque
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
Maguelone music festival	*Les amis du Festival de Maguelone*	CIC Sud Ouest
Concerts	*Philharmonie – Orchestre Philharmonique de Luxembourg*	Banque de Luxembourg

Examples of regional cultural or sports projects funded in 2020	Beneficiaries	Patrons/Partners
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
Architecture and heritage preservation		
Preservation of D*omaine national de Chambord*	*Domaine national de Chambord*	Banque Transatlantique
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
Original "sound and light" audiovisual creations highlighting the modern heritage of Reims	*Ville de Reims*	CIC Est
Cinema		
"Sport, Literature and Cinema" festival	Institut Lumière	CIC Lyonnaise de Banque
Sports		
World tennis tournament for those 14 and under	Les Petits As	CIC Sud Ouest
Support for the Nancy basketball team	SLUC Nancy Basket	CIC Est

3.6.1.4 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, which opens its stations to musical groups and associations in Alsace through local musical information broadcasts every four hours, *i.e.* five times a day, and by recording and broadcasting local concerts on its airwaves;
- CIC Lyonnaise de Banque participates in the *Tous au Balcon* ("everyone on the balcony") initiative with the Opera of Lyon, which promotes access for 500 young people aged 18 to 28 through a preferential rate of €10;
- the 2021 Aix-en-Provence Easter Festival will have a program that aims to be accessible to all: families, young people, residents, associations. Live concert broadcasts for people in hospital will also be offered. In addition, to promote the artistic excellence of the festival and focus on people and the regions, a shared festival was created. No less than six concerts relocated in partnership with Région Sud will be offered to the most remote people and for the benefit of associations, notably in Nice, Avignon, Aix-en-Provence, Gap, Marseille and Digne-les-Bains;
- CIC Suisse contributes to the Caritas CarteCulture Suisse, which allows people on the brink of poverty to participate in Switzerland's cultural and other offerings;
- 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.

This is why CIC Ouest is 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. Partnerships were also formed with national structures. This year, CIC made a commitment to the French Cycling Federation, as cycling is recognized as a major social issue in terms of both health and ecology. Since 2012, CIC is also a partner of *4 jours de Plouay* (4 days of Plouay). Furthermore, it supports the French Swimming Federation in its educational, safety and well-being missions for the public.

3.6.2 A responsible commitment (SOT53)

3.6.2.1 Supporting multiple social, solidarity-based and economic projects

CIC provides financial support to many 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 Les Foulées du Sourire	Fight against domestic violence.	CIC Est
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

The group's companies sometimes go beyond partnerships, donations (for the purchase of new toys for hospitals and other causes) and collection of donations. They want to involve employees in events organized by associations by participating in marathons or races. Due to the COVID-19 crisis, many competitions which had been scheduled in several French cities were canceled. As humanitarian missions were more essential than ever, employees were able to participate in a connected sporting challenge for Action contre la Faim.

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 donations are then paid to the *L'Entreprise des Possibles* (companies of the possible) endowment fund (a collective of companies in the Lyon metropolitan area launched in 2019, for homeless people or people in very vulnerable situations).

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

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

CIC also supports 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, 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.

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:

Beneficiaries	Objectives	Partners
AJIR Hauts de France avec les jeunes impliqués pour réussir	Promoting the integration, training and citizenship of young people from the region.	CIC Nord Ouest
ARELI	Emergence program for educational support and funding of higher education scholarships	CIC Nord Ouest
Association Sport dans La Ville	Support young people in their social and professional integration and the *L dans la Ville program*, which supports young girls in their personal development and helps them find a job.	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 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 and 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.
- The mission of Banque Transatlantique's endowment fund is to contribute to the rise of philanthropy. It finances projects for excellence in the fields of health, solidarity and culture. It offers a vehicle for structuring the generosity of philanthropists in order to facilitate the commitment of philanthropists in the service of the general interest. The bank also organizes events to promote exchanges between philanthropists and between philanthropists 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 2020, the L'enfant@l'hôpital association, which aims to continue school life and maintain the emotional, social and cultural life of sick, hospitalized or disabled children, was chosen.

Moreover, events are held to raise awareness among banking network customers about philanthropy (creation of endowment funds, shared funds, etc.). A philanthropic competition *Les lauréates du cœur* was launched at CIC Private Banking for the benefit of associations supporting 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 this 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).

3.6.2.2 Support for environmental protection (SOT46)

CIC also forms partnerships for the protection of the environment, for example:

Beneficiaries	Objectives	Partners
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 "a gesture for the sea" to fight plastic pollution at sea.	Banque Transatlantique
Association Ruptur	Organize the Blue Day, the objective of which is to mobilize and encourage companies, local authorities and students to reflect on the blue economy based on the principles of the circular economy, and to promote responsible, sustainable and ecological growth.	CIC Ouest
Voies Navigables de France	Replanting trees along the Canal du Midi.	CIC Sud Ouest

CIC's commitments to support these associations can be relayed to customers through initiatives such as those of CIC Lyonnaise de Banque, which supports the Cœur de Forêt association's reforestation project for the MASOALA park in Madagascar.

3.6.2.3 Skills sponsorship

Skills sponsorship is part of the group's activities. 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.

3.6.2.4 Taking action against banking exclusion by supporting microfinance

The total amount of credit lines made available to ADIE by the six banks to finance micro-entrepreneurs was €5.8 million in 2020. This year, CIC communicated on the micro-credit week on social networks and joined the ADIE recovery plan *via* its subsidiary Crédit Mutuel Equity, which supplemented the honorary loan fund to boost the recovery.

CIC is actively involved on both a national and local level in the Initiative France network. It contributes to the sustainability of loan funds and helps to finance support for business creators. A certain number of employees also actively involved in the various bodies of the platforms. CIC is also a partner of France Active.

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

3.6.2.5 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 solidarity, health, social and education actions were initiated in 2020 by CIC (see section 3.6.2 – A player in culture and society). CIC Est supports the *Regards d'enfants* association, whose purpose is to inform, train and educate children about citizenship and human rights. Every year, the bank supports the creation competition organized by the association, open to all young people between the ages of 6 and 26, on a dedicated theme.

3.6.3 Societal indicators

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

Publication indicators	Title	2020	2019 scope 2020	Comment
REGIONAL, ECONOMIC AND SOCIETAL IMPACT				
Patronage and sponsorship				
SOT52	Total budget dedicated to patronage and sponsorship *(in € millions)*	10.7	20.7	-
MICROLOAN				
Intermediate professional microloan – ADIE				
SOT16	Number of applications handled	1,710	1,787	-
SOT17	Amount of lines of credit made available *(in €)*	5,800,000	5,800,000	-
Intermediate professional microloan – France Active Garantie (FAG)				
SOT19A	Number of new microloans financed	561	669	Market for professionals and businesses
SOT20A	Guaranteed amounts (FAG + FGIF) *(in €)*	14,352,667	16,003,197	-
Intermediary-based professional microloan – France Active (zero-interest loan from *Caisse des dépôts*)				
SOT19B	Number of Caisse des Dépôts interest-free loans disbursed with a supplementary loan from the group	53	136	Market for professionals and businesses
SOT20B	Amounts lent *(in €)*	250,000	776,110	Total amount of corresponding bank loans: €1,780,900 for 2020
Intermediate professional microloan – Initiative France				
SOT22	Number of additional bank loans granted	1,613	1,904	-
SOT23	Amount of additional bank loans granted	120,777,032	153,500,000	-

The 2019 data include CIC Iberbanco data.

3.7 RESPONSIBLE MANAGEMENT OF HUMAN RESOURCES

At December 31, 2020, CIC had 20,028[1] registered employees, broken down as follows:

- banks: 16,674;
- French subsidiaries: 1,388;
- branches/offices and subsidiaries abroad: 1,966.

The commitment and involvement of employees are key factors 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.

3.7.1 A company that promotes equal opportunity and diversity

Equal opportunity for all at work is a top priority for CIC, from onboarding and throughout the career path. A charter on the fight against discrimination, the promotion of diversity and the inclusion and retention in employment of workers with disabilities within the group was set up in 2016.

The prohibition of and fight against any form of discrimination (SOC69) and respect for gender equality in the workplace (SOC56) are among the commitments of the managers and are featured on the intranet: "Manage: best practices".

As part of the new agreement 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.

3.7.1.1 Actions to promote diversity (SOC69)

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 tous les entreprises* (PAQTE – Neighborhoods Pact for all Companies), a partnership 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*). This partnership is a three-year program based on the following commitments:

- "raising awareness": aims to give young people a better understanding of the business world, entrepreneurship, business lines and professions, with increased access to internships. As a result, more than 50% of third (junior)-year students enrolled in internships in several CIC entities come from REP and REP+ high-schools. As part of this work, this year CIC Est welcomed 123 students mainly from priority education networks and rural areas to introduce them to banking jobs. Also, for the first time, the bank joined forces with the *Tous en stage* (everyone in an internship) initiative, which helps third (junior)-year students from REP+ city policy neighborhoods. This internship has the distinction of being shared by several companies: each one receives a group of young people for one day;
- "train", facilitate access to work-study programs to enable young people from priority neighborhoods to find work. As part of the *#ensmeblenouveaumonde, plus vite, plus loin !* (together#today's world, faster, further!)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 contract at the end of the contract for 80% of them. 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 2020, nearly 400 work-study trainees were recruited, including 30% from priority areas or rural municipalities;
- "recruit", aims to promote non-discrimination recruitment practices. An employee awareness-raising campaign on non-discrimination was carried out through a video reiterating the company's values. A "non-discrimination recruitment process" training course for recruiters is available in the training catalog. To diversify its sourcing, CIC benefits from the expertise of Pôle Emploi (French National Employment Agency) as part of a national partnership signed by Crédit Mutuel Alliance Fédérale in 2019. 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.

Crédit Mutuel Alliance Fédérale is also committed to the *Collectif d'entreprises*, a French corporate community for a more inclusive economy created in December 2018. CIC is actively involved in a number of initiatives in six regions: Seine Saint Denis, Strasbourg, Lyon, Marseille, Bordeaux and Rouen.

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 relays 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. To this end, Banque de Luxembourg is a signatory of the Lëtzebuerg diversity charter, which aims to encourage companies to respect and promote diversity.

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

3.7.1.2 Policy to promote workplace equality (SOC 56)

With respect to equality, measures have been taken to favor gender equality. The feminization of managerial positions is a major objective of the group. It translates into one of the human and cooperative indicators of the entire strategic plan *ensemble#nouveaumonde*: the ambition to achieve equality between men and women in management positions, notably bank manager positions in CIC network and governance positions (members of the management committees in the group's entities satisfying the regulatory conditions and/or significant entities in the group) by 2023.

Budgets for specific individual allocations for reducing identified pay gaps was defined as part of the agreements on mandatory annual negotiations (NAO).

Pursuant to Order No. 2019-15 of January 8, 2019, implementing, *inter alia*, the provisions aimed at eliminating the gender pay gap in the workplace, CIC banks published their Gender Equality Index. For the majority of them, the score in 2020 was 87 or 88 points. This 100-point Index is calculated by taking into account the gender pay gap, the distribution gap of individual increases, the distribution gap of promotions, the number of female employees receiving an increase upon return from maternity leave, the number of people of the under-represented sex in the 10 highest compensation packages.

Banque de Luxembourg conducts awareness-raising campaigns for its employees on unconscious bias and stereotypical judgments. It also ensures that gender equality is showcased in photos and employee testimonials on LinkedIn.

Lastly, the REV REM application (for REVision of REMuneration) provides specific information on the history and the positioning of compensation of each employee and makes it possible for managers to define salary proposals in the context of the package allocated annually. REV REM reproduces summaries that make it possible to verify that proposals preserve or improve gender equality.

Thus, 4,040 women are managers or supervisors with open-ended contracts They represent 46.3% of the manager or supervisor workforce on open-ended contracts (46.4% in 2019). 43.8% of managers or supervisors promoted were women in 2020 compared to 41.7% in 2019.

The breakdown of the workforce by age and gender is shown in section 3.1.5.

The commitment to workplace equality is also reflected in the support of associations such as CIC Ouest, which is a partner of the Femmes du Digital de l'Ouest association, which promotes gender diversity in the digital and tech sectors, in Pays de la Loire.

3.7.1.3 Employment and integration of people with disabilities (SOC70)

A group charter on the fight against discrimination, the promotion of diversity and the inclusion and retention in employment of workers with disabilities was set up in June 2016. 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, such as at CIC Nord Ouest and at CIC Lyonnaise de Banque.

The GEPP agreement (*Gestion des emplois et des parcours professionnels* – Management of Jobs and Professional Careers) signed this year reaffirmed the desire to ensure the professional integration of people with disabilities in the group's companies. It includes the following commitments:

- encourage and promote the recruitment of employees with disabilities;
- improve the employment conditions of said employees;
- change views on disability through enhanced communication;
- support managers in the gradual and sustainable integration of workers with disabilities;
- train and develop said employees;
- include the disability specificities Human Resources management policies.

In 2020, a consultancy review was carried out by a specialized firm commissioned by AGEFIPH (*Association de Gestion du Fond pour l'insertion de personnes handicapées* – Management Association of the Fund for the integration of disabled people) for Crédit Mutuel Alliance Fédérale entities. This review will serve as the basis for a disability action plan.

In order to ensure a better implementation of the policy, "HR disability" officers have been appointed within each company. Their objective is to communicate and raise awareness among employees about the perception of disability, to explain the value of the RQTH[1] 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.

This year, in Île-de-France, CIC continued to raise awareness among employees of invisible disabilities with online workshops (E-stays in Hand'E Passport initiated in 2019) and sending employees daily e-mails during European Disability Week containing unusual information to help them better understand disability in the workplace.

Several CIC entities notably take part in the Hello Handicap virtual recruitment fair and in Duo Day activities, an immersion day for young people with disabilities in the professional world (this year, virtually in most cases).

CIC Ouest is committed to the association *Osons l'égalité* (Dare to be equal) in the joint construction of actions promoting the choice of orientation 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.

(1) Recognition of Disabled Worker Status.

3.7.1.4 Promotion and respect for provisions of the fundamental conventions of the International Labour Organization

- Respect for freedom of association and the right to collective bargaining (SOC67): CIC entities (barring exceptions due to size) meet regularly with their employee representatives (Economic and Social Committee, Health, Safety and Working Conditions Committee). The employers of the entities in the scope of the indicators have not been convicted of any obstruction offenses. The agreements in force: on the one hand, the group's agreement on union negotiation, and on the other hand, the agreement on the duties of CIC's union representative and on union and social communication, which describe in particular the means made available to union representatives of the group and CIC, measures for the protection and development of careers from which the latter benefit, and the means made available for union and social communication.
- 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 3.7.1.
- 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.

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

As an extension to the group agreement on the forward-looking management of jobs and skills (GPEC – *gestion prévisionnelle des emplois et des compétences*) concluded in 2016 and now expired, an agreement on the management of jobs and career paths in companies covered by the group agreement (GEPP) was signed this year. In a context of transformation and change of the business lines, this agreement aims to guarantee employees the maintenance, security and development of their skills as well as of their employability.

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.

3.7.2.1 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, which includes 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, where appropriate, 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.

Work started in 2020 to better adapt the skills framework to the strategic challenges and needs of employees and organizations.

- **Recruitment**

Any position open to recruitment is published internally on the dedicated platform (JOBS).

Employees hired under fixed-term or temporary contracts have access to the JOBS platform under the same conditions and can therefore apply for vacant positions.

The professional interview is a privileged moment of exchange between managers and employees. It may involve a component of functional and/or geographic mobility. Modern and interactive, the "Talentsoft" tool stimulates discussions, helps prepare for job interviews and promotes and manages the skills of group employees.

Although priority is given to internal recruitment, internal promotion does not always meet the needs identified. In particular, the recruitment of young talent at CIC involves the use of work-study programs and apprenticeships for which a proactive policy has been implemented (since 2019, Cap Compétences is Crédit Mutuel Alliance Fédérale apprenticeship training center), based on the quality of candidates, while ensuring that the conditions for their reception are optimal. 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.

Certain social networks are also used when they prove to be relevant, notably with regard to the desired profile. Collaborative platforms were made available to CIC and CIC OUEST employees to co-opt people in their entourage and also to share job offers on social networks.

A new website, *www.recrutement.cic.fr*, was rolled out in the last quarter of 2020 to highlight job offers, professions, testimonials about them and HR commitments, and to improve the candidacy experience. The group's companies have undertaken to systematically respond to all applications received.

3,056 employees were hired in 2020 on open-ended or fixed-term contracts, *i.e.* 16% of the workforce. The proportion of employees under the age of 30 is fairly stable and represents nearly 19% of the total workforce.

Integration mechanisms make it possible to support new employees. In this way, recently hired employees in the network benefit from a career path combining theoretical training, days of immersion and application in an office as well as self-learning. In addition, in the subsidiaries, specific training or tutorials are also in place for new employees.

- **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 courses are used to train future executives and new members of the executive committees.

- **Mobility**

As regards functional mobility, tools have been developed to enable employees to be at the heart of their professional journey. They have access to the "JOBS" application. This job exchange allows them to define and manage their profile, to search for and consult job ads within the group, to apply for available positions or to send unsolicited applications, and to consult monitoring tables (candidacies, 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.

3.7.2.2 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 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.

In 2020, despite the context, the training budget represented 4.5% of the payroll expense for a total of nearly 549,000 hours of training, or close to 29 hours per employee.

To meet the training needs during these long lockdowns, 250 modules were adapted for remote training purposes. This educational investment has made it possible to support professional development and to carry out all the certifying training courses which are key in conducting business. Over the year, the number of hours of distance learning (including network classes) for CIC entities amounted to more than 375,000 hours, *i.e.* 69% of the total number of training hours (more than 122,000 hours in 2019, *i.e.* 17.5% of the total number of training hours).

The vast majority of training is provided by Cap Compétences, a structure dedicated entirely to training Crédit Mutuel Alliance Fédérale employees. Career paths are systematically developed based on a progressive learning process, to support employees as closely as possible. These courses include technical knowledge and alternate sessions devoted to role play, experimentation and consolidation. They are developed regularly in terms of content and duration.

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

Moreover, the majority of CIC branch managers followed the "school for directors" module, which took place over a period of four to five months.

The goal of the group's strategic plan *ensemble#nouveaumonde, plus vite, plus loin !* (together#today's world, faster, further!) is to train 100% of employees in the transformation.

The mastery and use of digital tools to consolidate human relations are a necessity for all employees. The digital passport was launched a year ago, to enable each employee to gauge their level of proficiency in 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 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.

At the end of December 2020, 47% of the employees concerned had completed their certification (SOC122).

A relational visa enables the network's employees to position their level of proficiency of tools such as the electronic signature, email analyzer, search engines and online banking.

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

3.7.3 An employer that promotes 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.

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

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

This commitment depends on several factors: work content, professional development opportunities and quality of management, as well as customer satisfaction and the smooth running of the company. In order to establish such conditions over the long term, these issues are included in the agenda of the strategic plan *ensemble#nouveaumonde, plus vite, plus loin !* (together#today's world, 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.

Negotiations were initiated in May on Quality of Life at Work, including the introduction of remote working. In particular, remote working can reduce the nuisance associated with the use of transport to get to work, improve work-life balance or increase autonomy in work. In addition, remote working is a mechanism that is highly popular with employees, as highlighted by the *#youavelaparole!* survey conducted in 2019.

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 the entities that fall under the group agreement, which must then implement it as closely as possible to their organization bearing in mind proximity and responsibility.

Strong measures to promote Quality of Life at Work

Numerous measures have been negotiated, including:

- measures to optimize the organization of day-to-day work: the main actions include the regular analysis of tasks, the establishment of privileged exchanges with managers on the subject of Quality of Life at Work and, more specifically, the inclusion of workload as a specific topic of the work-review meeting;
- measures to 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 the practice of sport in the workplace;
- measures to improve employee home-work mobility. As a result, a "sustainable mobility" package of €400 was introduced for all employees who promote "soft" modes of transport. This particularly innovative measure is fully in line with the group's eco-responsible approach;
- measures to encourage participation and the promotion of responsible management, notably through the company social network and engagement surveys;
- measures to promote work-life balance, such as the promotion of the right to disconnect and the 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 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 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 way of working.

Several implementation methods were left to the companies to negotiate, in particular, the positions eligible for remote working, the applicable remote working arrangements and the resources provided to employees. Negotiations at companies began as soon as the framework agreement was signed.

These strong measures enhance the current systems described below.

3.7.3.1.1 Actions to prevent and monitor employee health and safety

The health and safety of employees in the face of the spread of COVID-19 was a major priority for CIC this year. The system put in place brought about many changes in the way people work, as well as new rules for working life. CIC has also made it easier for employees to access and carry out screening tests by organizing screening days on-site and by covering the cost of serological tests carried out, while PCR tests are covered by the health insurance. An anonymous and confidential psychological support service is available to all employees free of charge, at all times (24/7).

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

- an action 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;

- as well as the internal rules of each company concerned, there is:
  - a security charter with rules applying to all employees and to any person with authorized access to facilities, IT resources or information made available to or used,
  - a charter pertaining to the prevention of and fight against harassment and violence.

In addition to the whistleblowing procedure as part of 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.

For the companies concerned, the single occupational risk assessment document and the working conditions assessment grid are updated annually. 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 OUEST invited its employees to discover a series of very informative tutorials launched by its partner Union cycliste Nantes Atlantique (UCNA) on how to ride a bicycle in complete safety. Public health initiatives are regularly carried out, such as providing an online medical library at CIC.

CIC declared 83 work-related accidents leading to medical leave (including relapses).

Absenteeism (SOC38) excluding maternity/paternity leave represented 221,686 working days of absence during the fiscal year (+16.1% compared to 2019 with the impact of the health crisis) (SOC124), *i.e.* 12.2 days per employee compared to 10.6 days in 2019.

CIC actively contributes to its employees' health, provident and retirement insurance (see section 3.1.3.2.4). All systems are published in the "Employee universe" menu on the intranet.

Present in all group institutions with at least 50 employees, 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.

3.7.3.1.2 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. It takes into account employees' health and safety obligations and must enable employees to reconcile their private and professional lives. In view of the diversity of the activities and the organizational constraints of the companies covered by the new agreement, several possible working arrangements have been defined with the acquisition of rest days when the working week is longer than 35 hours (off-cycle). Practices within all signatory entities are harmonized and streamlined, such as the reference period for the vesting of paid leave rights. The proportion of part-time employees is 5.3% (SOC29 to SOC32 indicators);
- 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 in the event of illness, disability or accident of particular seriousness of a spouse or civil partner.

During the work-review meeting, the issue of articulating the different work-life periods may be asked 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.

3.7.3.2 A responsible social framework

3.7.3.2.1 Long-term employment

Total workforce[1] of CIC entities decreased by 3.2% compared to the end of 2019 on a like-for-like basis, with a reduction in the number of bank employees (-4.3%) mainly due to the fact that group support functions, in part exercised at CIC banks to date, were transferred to Caisse Fédérale de Crédit Mutuel. The French subsidiaries saw their workforce increase by 30 employees (+2.2%). The workforce of institutions based abroad also increased by 58 employees (+3%).

Within the scope used for the indicators (entities located in France, Banque de Luxembourg and Banque de Luxembourg Investments SA), which has 19,062 employees (natural persons), 95.6% are on open-ended contracts.

CIC posted a turnover rate (SOC27) of 5.2% excluding internal mobility, compared with 4.2% in 2019. 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.

It should be noted that since the beginning of the health crisis, for all entities falling under the single status, the use of unemployment on special grounds has been excluded. A work exemption policy (fully paid) was implemented under certain conditions for employees who could under no circumstances work remotely.

3.7.3.2.2 A policy of transparent and incentivized compensation

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. 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 ACPR and published on CIC's Internet site.

The gross payroll expense for employees on open-ended contracts amounted to €928.6 million (-0.4% compared to 2019). In 2020, all employees covered by the group agreement, and who were bound by an employment contract at the date of payment of the said bonus, benefited from an exceptional purchasing power bonus (PEPA) paid in three installments.

Quantitative data on compensation can be found at the end of the chapter (SOC73, SOC80, SOC107 to 109 indicators).

3.7.3.2.3 Employees associated with overall performance

This year, the overall rate of profit-sharing and incentive scheme benefits paid in 2020 in respect of 2019 was raised to a historically high level of 15.5926% of payroll expense (12.8030% for profit-sharing and a 2.7896% for incentive scheme). Thus, for CIC entities falling under the unique status, 20,524 employees for this reason received an overall amount of €132.8 million. In addition, the top-up contribution to the group savings plan for 2020 was increased to €750 for voluntary savings of €250. The amount of the top-up contribution paid was €12.8 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. These agreements illustrate the desire to fully recognize the contribution of employees to the results of Crédit Mutuel Alliance Fédérale.

Comprehensive information on employee savings has been made available to all employees on the intranet (video, self-training, documentation).

In addition, there are no stock option plans for CIC executives.

3.7.3.2.4 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.

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, "CIC Retraite", which is entirely funded by the employer. They can make voluntary payments and allocate rights stemming from the time-saving account (*compte épargne temps*) to the scheme. A second scheme allows employees to build up a pension supplement by contributing to a collective retirement savings plan (PERCOG – *plan d'épargne pour la retraite collectif)* through profit-sharing, or through voluntary contributions, or by transferring rights from the time-saving account (CET – *compte épargne temps*).

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

3.7.4 Social dialog

3.7.4.1 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 our goals.

These changes require 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 takes place mainly through 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, 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
    - on a 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.

    As part of this area of responsibility, the entities in question consulted their respective SECs in 2020 on the new *ensemble#nouveaumonde* (together#today's world) strategic plan;
  - 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;
- local representatives set up in certain dispersed or multi-site companies to maintain proximity to the field. They support the SEC and can, notably, relay employees' local concerns and help resolve local problems; and
- 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), namely the group union representatives. 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 2020, the following group agreements were signed (SOC83):

- agreement on jobs and career path management in companies covered by the group agreement;
- framework agreement on quality of life at work and remote work;
- agreement to close the points-based supplementary pension plan of January 1, 2008 and to set up a new supplementary pension plan from January 1, 2021;
- agreement to transform the group's PERCO regulation of March 31, 2011 into a GROUP PERCOL;
- wage agreements;
- amendments to the agreement on the payment of a bonus to support purchasing power.

Specific agreements have been signed at the level of certain CIC entities.

3.7.4.2 Employee satisfaction (SOC87)

In the 2021 "Best Employer" awards of the French magazine *Capital*, 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.

In 2019, Crédit Mutuel Alliance Fédérale launched a commitment survey *#vousavezlaparole !* (#youhavethefloor!) in which CIC banks and subsidiaries in France took part. The purpose of this survey was to obtain the employees' views on subjects connected with the company in which they work, their working conditions and environment and Crédit Mutuel Alliance Fédérale as a whole. 76% of employees answered this survey. In particular, they were very satisfied with the introduction of remote working.

Two other employee surveys were conducted during the health crisis, in April and September 2020, to better support them.

3.7.5 Social indicators

ENTITIES LOCATED IN FRANCE OWNED BY BANQUE DE LUXEMBOURG AND BANQUE DE LUXEMBOURG INVESTMENTS SA

Publication indicators	Title	2020	2019 scope 2020*	Comment
WORKFORCE				
SOC01_ *bis*	Registered workforce (individuals)	19,062	19,854	-
SOC06	*men*	*7,762*	*8,071*	-
SOC07	*women*	*11,300*	*11,783*	-
	managers or equivalents	*8,734*	*9,087*	-
SOC05	*non-managers or equivalents*	*10,328*	*10,767*	-
SOC08	*open-ended contract employees*	*18,232*	*18,883*	-
SOC08_NCadre	*non-manager open-ended contract employees or equivalent*	*9,515*	*9,812*	-
SOC09	*of which fixed-term workforce*	*830*	*971*	-
SOC12	*% open-ended contract employees*	*95.6%*	*95.1%*	-
Age pyramid (NP workforce)		**19,062**	**19,854**	**-**
SOC88	Under 25 years old	1,159	1,363	-
	men	*449*	*524*	-
SOC89	*women*	*710*	*839*	-
SOC90	25 to 29 years old	2,379	2,546	-
	men	*931*	*1,012*	-
SOC91	*women*	*1,448*	*1,534*	-
SOC92	30 to 34 years old	2,663	2,852	-
	men	*989*	*1,027*	-
SOC93	*women*	*1,674*	*1,825*	-
SOC94	35 to 39 years old	3,091	3,228	-
	men	*1,133*	*1,203*	-
SOC95	*women*	*1,958*	*2,025*	-
SOC96	40 to 44 years old	2,843	2,744	-
	men	*1,083*	*1,054*	-
SOC97	*women*	*1,760*	*1,690*	-
SOC98	45 to 49 years old	2,162	2,103	-
	men	*930*	*902*	-
SOC99	*women*	*1,232*	*1,201*	-
SOC100	50 to 54 years old	1,614	1,725	-
	men	*736*	*773*	-
SOC101	*women*	*878*	*952*	-
SOC102	55 to 59 years old	2,176	2,375	-
	men	*983*	*1,064*	-
SOC103	*women*	*1,193*	*1,311*	-
SOC104	60 years old and older	975	918	-
	men	*528*	*512*	-
SOC105	*women*	*447*	*406*	-

Publication indicators	Title	2020	2019 scope 2020*	Comment
Data in FTE				
SOC01	Total FTE workforce	18,805	19,549	FTE (full-time equivalent) employees 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*	*17,837*	*18,565*	-
	Non-France	*968*	*984*	-
WORKFORCE – MOVEMENTS				
New hires – Recruitment				
SOC13	Total number of NP hires	3,056	4,475	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	*men*	*1,196*	1,756	-
SOC15	*women*	*1,860*	2,719	-
SOC16	*of which open-ended contracts*	*1,259*	1,284	-
SOC17	*of which fixed-term contracts*	*1,797*	3,191	-
Layoffs and their reasons				
SOC19	Number of employees with open-ended contracts that quit the organization – NP	1,919	1,227	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	*layoffs*	*152*	*193*	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	8.4%*	4.3%	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). After restatement, the rate for 2020 was 5.2%.
ORGANIZATION, WORKING HOURS AND ABSENTEEISM				
Organization of work time				
SOC29	Number of full-time NP employees	18,044	18,757	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	1,018	1,097	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	94.7%	94.5%	-
SOC32	% of part-time employees	5.3%	5.5%	-
Absenteeism and reasons				
SOC38	Total number of working days of absence	221,686	190,921	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 takes includes sick leave and absences due to workplace/commuting accidents. Maternity/paternity leave is excluded.
SOC39	*Illnesses*	*217,898*	*184,273*	*Excluding occupational illnesses*

Publication indicators	Title	2020	2019 scope 2020*	Comment
SOC40	*workplace accidents*	*3,788*	*6,648*	*Including commuting accidents and occupational illnesses.*
COMPENSATION AND CHANGES IN COMPENSATION				
SOC73	Gross payroll expense *(in €)*	928,564,761	932,653,401	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	912,718,461	918,783,306	Open-ended contract only – all statuses including executive management.
SOC108	Total gross annual compensation *(in €)* – non-executive open-ended contract employees	325,554,213	329,532,079	-
SOC109	Total gross annual compensation *(in €)* – open-ended contracts: executives	587,164,248	589,251,227	-
SOCIAL SECURITY CONTRIBUTIONS				
SOC80	Total amount of social security contributions paid *(in €)*	568,022,331	559,605,587	Employer social security contributions only.
TRAINING				
SOC46	Amount of payroll expense invested in training *(in €)*	41,606,295	60,361,816	-
SOC47	% of payroll expense dedicated to training	4.5%	6.5%	-
SOC50	Total number of hours allocated to employee training	548,640	746,003	Including hours of e-learning required for classroom training, but excluding e-learning training hours only.
	Average number of training days per employee on open-ended contracts	4	6	-
EQUAL OPPORTUNITY				
Workplace gender equality				
SOC59	Number of women managers or equivalent on open-ended + fixed-term contracts	4,040	4,223	Working in France or abroad.
	Number of male managers or equivalent on open-ended + fixed-term contracts	4,694	4,864	-
SOC60	% of women among managers or equivalent on open-ended + fixed-term contracts	46.3%	46.5%	-
SOC61	Number of managers or equivalent promoted in the year to a higher level of function	454	549	-
SOC62	*number of women*	*199*	*229*	-
	number of men	*255*	*320*	-
SOC63	% of women among managerial promotions or equivalents	43.8%	41.7%	-
Employment and integration of workers with disabilities				
SOC68	Number of workers with disabilities	438	449	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.
SOC71	% of people with disabilities in the total workforce	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	Final judgments only (not subject to appeal).

* *With CIC Iberbanco.*

3.8 A STRENGTHENED APPROACH FOR ENVIRONMENTAL PROTECTION

3.8.1 Direct carbon footprint reduction

3.8.1.1 Calculation of office life carbon footprint

The target of reducing the group's carbon footprint by 30% between 2018 and 2023 has been maintained in the new strategic plan. As was the case of Crédit Mutuel Alliance Fédérale, this year CIC estimated its footprint in France on the basis of 2019 data and on the "office life" scope for all scopes. 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 in order to make certain data more reliable continued in 2020.

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.

The optimization of cash-in-transit and the reduction in postage costs (linked to digitization) led to a 4.5% decrease in emissions.

The reduction in kilometers traveled by plane and private car (travel policy) explains the 17.1% decrease in business trips.

Emission reductions linked to the diesel vehicle fleet (policy to promote lower-emission vehicles) and electricity consumption resulted in a 7.7% reduction in fuel and energy emissions.

Emissions grew for one item, downstream freight, which was up +3.7%. Emissions depend on the number of trips made by customers to points of sale (with an increase in the number of customers).

Title of item (GHG Protocol)	Emissions in 2019 *(in tCO_2e)*	Emissions in 2018 *(in tCO_2e)*	2019/2018 change *(%)*
Scope 1 – direct emissions	**8,590**	**8,720**	**-1.5%**
Scope 2 – indirect energy emissions	**4,270**	**4,300**	**-0.7%**
Scope 3 excluding purchases – other indirect emissions	**69,540**	**71,450**	**-2.7%**
Fixed assets (IT, buildings, car fleet)	*14,100*	*14,300*	*-1.4%*
Fuel and energy emissions	*4,070*	*4,410*	*-7.7%*
Upstream freight (mail, cash-in-transit)	*19,000*	*19,900*	*-4.5%*
Waste generated	*3,380*	*3,410*	*-0.9%*
Business travel	*3,790*	*4,570*	*-17.1%*
Home-work travel	*15,600*	*15,600*	*0.0%*
Downstream freight (customer travel)	*9,600*	*9,260*	*3.7%*

Based on their direct carbon footprint linked to energy and business travel, CIC entities will contribute to financing Crédit Mutuel Alliance Fédérale Foundation, which will support high-impact climate projects from 2021. 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.

As well as these procedures, internal initiatives are carried out at CIC entities to raise employee awareness during professional meetings or through messages and videos on the intranet or in internal newsletters.

Moreover, in 2019, CIC (unconsolidated scope), CIC Sud Ouest, CIC Nord 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" is the method used for all entities involved that are members of Crédit Mutuel Alliance Fédérale.

3.8.1.2 Measuring and reducing or optimizing energy consumption in buildings (ENV03)

CIC has ISO 50001 certification from AFNOR Certification, obtained at the end of 2020 by Crédit Mutuel Alliance Fédérale. This certification certifies that the company is committed to a continuous improvement in its energy performance through more effective monitoring and action plans, and to improved maintenance.

This certification highlights the necessary mobilization of each contributor to reduce energy consumption and the work carried out:

- identification of the most energy-intensive buildings and implementation of corrective measures;
- optimization of the energy performance of buildings;
- reduction of consumption and awareness-raising of eco-friendly actions;
- improvement of the car fleet.

Employees are asked to contribute to the optimization of the energy consumption of the buildings they occupy by adapting their behavior and adopting good habits: switching the lights of in premises that are no longer occupied, promptly reporting any air conditioning issues, referring to the rules regarding aid-conditioned offices, etc.

Building temperature guidelines have been adopted in all buildings managed by CCS. They are based on the energy code and the NF EN ISO 7730 standard relating to thermal comfort, which specifies a temperature threshold of 20 to 22°C in offices (23 to 26°C in summer) and will enable more than 90% of employees to be in a comfort zone. The expected gain is an average of 1°C over the year (by factoring in the possibility of varying by ±2°C).

During major renovations, standards or regulations in force are applicable and new energy systems are installed. To this end, oil-fired boilers 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 head-office buildings and at points of sale. Replacing standard lighting sources by LEDs in new developments as well as existing buildings. Presence detection (to manage lighting) is installed during renovation works (toilets, corridors, etc.). 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).

(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 (the Nantes metropolitan area), photovoltaic panels are installed on three terraces of CIC Ouest head office. This installation will prevent the emission, locally, of 10 metric tons of CO_2 per year.

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.

As regards IT equipment, the automatic switching off and starting 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.

Employees are also made aware of best Internet and e-mail practices in order to limit the resulting electricity consumption. In 2020, they 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 CIC level, more than 800,000 digital files were deleted from servers, generating space of over 1 billion MB, representing 15.7 metric tons of CO_2.

In 2020, overall energy consumption decreased by 8% compared to 2019, although this decrease should be put into perspective given increased use of remote work due to the health crisis.

3.8.1.3 Optimizing travel (ENV37)

2020 was marked by massive use of online conferencing and unified communication tools, such as the use of Skype to organize and participate in videoconferences directly from home, through the workstation. Accordingly, the number of kilometers avoided resulting from the use of videoconferences tripled between 2019 and 2020.

Self-training modules are made available to employees to receive training without having to travel. The framework agreement on Quality of Life at Work and remote working signed in 2020 led to negotiations, at the level of the group's entities, on the methods for implementing remote working and therefore of reducing travel over the long term.

In addition, mobility plans already exist in several CIC entities, including CIC Ouest for the head office in Nantes (company travel plan (CTP) jointly set up with other Crédit Mutuel Alliance Fédérale entities), CIC Nord Ouest CTP for the Lille metropolitan area, CIC Lyonnaise de Banque, CIC Sud Ouest and in the greater Nantes area.

Initiatives are rolled out to provide soft mobility solutions: the presence of electric terminals in car parks for electric or rechargeable hybrid vehicles in bank head offices, the construction of autonomous bicycle shelters equipped with charging stations for bicycles and scooters at Banque de Luxembourg, "universe on the intranet" at CIC Est. This universe is partly dedicated to the CTP and initiatives to promote cycling, public transport (covering up to 50% of subscriptions), carpooling (reserved parking spaces), free shuttles between the head office and the station, free allocation of a book of tram tickets for cyclists, possibility of having their bicycle repaired on-site once a month, and labor costs paid by the employer. Elsewhere, for home/work travel, the use of public transport, cycling and carpooling is encouraged.

In addition to buildings, the scope of the energy management system includes the car fleets managed by CCS, which has undertaken to promote the energy transition of its members' car fleets. 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. The number of kilometers traveled by the fleet, all types of vehicles combined, fell by 15% in 2020, while in the case of the fleet's diesel vehicles the reduction amounted 32%.

The frequency of mail rounds is also being reduced.

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.

(1) Air coolers.
(2) Power Purchase Agreement.

3.8.1.4 Reducing resource consumption (ENV39)

In respect of its activities, CIC's actions aim to reduce or optimize:

- water consumption, 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;
- paper and ink consumption: 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;
- the consumption of 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;
- digitization operations are ongoing within the group (ENV43). Most of the group's employees have opted for an electronic pay slip (96.1% are now paperless compared to 95.6% 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 for both customers and employees 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 64% at the end of December 2020 compared to 57.5% at the end of December 2019. 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 63.8% for the banking network at the end of 2020. 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;
- the proliferation of remote services and the possibility of using electronic signatures, including in branches, provide new possibilities for reducing paper consumption. The signed documents and appendices are then archived electronically and accessible in the customer's online banking space ("documents and contracts"). In 2020, CIC Lyonnaise de Banque renewed the "My CIC branch, united and involved" operation. The aim of this competition is to take part in local solidarity-based and social initiatives and to develop the use of electronic signatures. It was awarded to the best performing branches in terms of electronic signatures, whether in terms of progression or absolute value. Twenty-seven branches, which each received €1,500, donated to a local association working on CSR-related issues. At the end of 2020, 58% of contracts were signed electronically in banks. CIC also offers digital solutions for professionals and companies to reduce paper consumption, such as CIC e-invoices service by Epithète for the digital invoicing of their suppliers or customers.

Water and paper consumption posted significant reductions in 2020 (respectively: -20% and -16%). The impact of remote working contributed to these reductions, notably in central buildings.

3.8.1.5 Waste management and upcycling (ENV39)

3.8.1.5.1 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 (which represented 159 metric tons of mixed FSC paper in 2020).

It should be noted that, through its contribution to CITEO, CIC also participates in the circular economy of the paper industry. In 2020, it financed the collection of paper among 38,800 inhabitants, which enabled the recycling of 653 metric tons of paper.

The IP landline telephones purchased by Euro-Information Services are used telephones from a company which also repairs and reconditions them.

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.

3.8.1.5.2 Elimination of plastic

The use of mugs in hot drink dispensers and of biodegradable cups for cold drinks is being rolled out across group entities.

3.8.1.5.3 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.

By comparison, the reconditioning of defective equipment increased significantly between 2019 and 2020. The percentage of reconditioned equipment increased by 13%, from 28% to 41% of the base. The percentage of equipment destroyed fell by 12% and that of equipment resold by 1%.

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.

3.8.1.5.4 Waste sorting

All entities continued to roll out a policy for optimizing waste and equipment recycling at collection points. Recycling and waste sorting (paper, ink cartridges, metal, glass, plastic) or collective waste sorting sessions are now in place at the central sites managed by CCS with more than 250 employees. At CIC Sud Ouest, sorting is now supervised to achieve better results.

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).

For its part, Banque de Luxembourg is certified *SuperDrecksKëscht* with regard to waste management renewed (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, 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).

3.8.1.6 Environmental indicators

ENTITIES LOCATED IN FRANCE OWNED BY BANQUE DE LUXEMBOURG AND BANQUE DE LUXEMBOURG INVESTMENTS SA

Publication indicators	Title	2020	2019 scope 2020*	Comment
RESOURCE CONSUMPTION				
ENV04	Water consumption *(in m3)*	169,942	213,555	-
ENV05	Total energy consumption *(in kWh)*	114,410,344	125,327,578	-
ENV06	*of which electricity (in kWh)*	*90,503,506*	*98,531,434*	-
ENV07	*of which gas (in kWh)*	*16,966,057*	*18,927,115*	-
ENV08	*of which fuel oil (in kWh)*	*977,635*	*1,049,009*	-
ENV05_1	*of which urban network steam water heating (in kWh)*	*4,404,374*	*4,602,903*	-
ENV05_2	*of which urban network chilled water (in kWh)*	*1,558,772*	*2,217,117*	-
ENV09	Overall paper consumption *(in metric tons)*	2,399	2,841	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)*	349	284	-
ENV15	Recycled used paper as output (waste) *(in metric tons)*	2,613	3,319	-
ENV16	Used toner cartridges recycled after use *(in number)*	22,153	30,402	-
ENV20	Business travel – Car fleets *(in kilometers)*	37,845,271	44,343,272	-
	of which car fleet (number of kilometers in gasoline vehicle)	*11,782,332*	*6,220,478*	-
	of which vehicle fleet (number of kilometers in diesel vehicle)	*26,001,341*	*38,079,216*	-
	of which car fleet (number of kilometers in electric vehicle)	*61,598*	*43,578*	-
ENV23	Business travel with personal vehicle *(in kilometers)*	6,485,485	11,266,985	-
ENV18	Business travel by plane *(in kilometers)*	1,679,832	5,861,675	-
ENV19	Business travel by train *(in kilometers)*	5,049,450	13,704,244	-
	Business travel by public transport (excluding train)	386,095	1,149,067	-
ENV24	Business travel by rental car	216,801	549,644	-
ENV32K	Number of km avoided by videoconferences	97,773,432	37,682,228	Excluding Banque de Luxembourg
ENV34	Digitized documents *(in metric tons of paper avoided)*	1,526	1,192	
ENV47	Amount of provisions and guarantees for environmental risk	-	-	-
ENV48	Amount of damages paid during the fiscal year pursuant to a court decision regarding environmental matters and the remedial actions taken to address the damage caused by said matters	-	-	-

* *With CIC Iberbanco.*

3.8.2 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, etc.).

At the level of the business lines, social and environmental criteria are taken into account when financing major projects (respect of protected areas) and in the investments made by Crédit Mutuel Equity and its subsidiaries, which are committed, through the France Invest charter, to promoting the implementation of best practices in the protection of ecosystems and biodiversity in companies.

In addition, the CM-AM Objectif Environnement SRI action fund and the Green Bonds fund described in section 3.8.3.3 below, also contribute to the preservation of biodiversity.

3.8.3 Climate change and CIC activities

CIC is involved in the approach taken by the Paris financial market players on climate change and contributes to the Crédit Mutuel Alliance commitments in the field.

3.8.3.1 Greenhouse gas emissions generated by operations (ENV51)

3.8.3.1.1 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% by 2023.

To achieve this objective, Crédit Mutuel Alliance Fédérale calculates the carbon footprint of the financing granted on 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.

Crédit Mutuel Alliance Fédérale selects La Française Sustainable Investment Research[1] (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 index, the carbon footprint, gives an indication of the amount of carbon that the company generates in proportion to the bank's contribution to the amount of loans granted to it by the bank. The second, carbon intensity, gives a relative indication of the amount of carbon generated per million euros of revenue generated, and thus makes it possible to account for the degree of carbon emissions generated by the company, notably compared to its competitors in the sector or from one sector to another. 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 -10.3% between 2019 and 2020 on the basis of a wider scope thanks to the collection of information allowing the estimation of carbon emissions for non-reporting companies. 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 less than 6% of the carbon footprint). The geographical distribution matches the profile of Crédit Mutuel Alliance Fédérale's business customers which is focused on accompanying French companies: 52% of the carbon footprint is focused on French companies.

CARBON FOOTPRINT OF THE CORPORATE CREDIT PORTFOLIO

	2020	2019	2018
Carbon footprint (tCO_2/€M lent)	256.6	286.0	348.6
Carbon intensity of the portfolio (total emissions/total revenue)	209.3	288.0	351.0
Weighted average carbon intensity (Portfolio weight x Carbon intensity)	299.1	286.9	387.1

The main emitting sectors are: travel and leisure (including airlines), building and construction materials, and industrial transport, which account for 52.2% of the portfolio's carbon footprint. The oil and gas sector is only in eighth place, with a contribution of 5.6%. The share of French and German companies in 2020 was close to 52% and 10% respectively, while that of American companies was 6%.

(1) https://www.la-française.com/fr/nous connaitre/nos-expertises/l'Investissement durable/

3.8.3.1.2 A policy to reduce greenhouse gas emissions for financing and investment operations (ENV44)

1/ CIC is signatory of the Poseidon Principles

CIC is a signatory of 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 nudge 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 (IMO) by 2025, as part of its maritime transport policy, which excludes the financing of all vessels carrying oil and dedicated to the transport of unconventional gas.

2/ More stringent sectoral policies

CIC participates in the development of the group's sectoral policies and oversees their implementation. These policies (Coal, Mining, Hydrocarbons, Civil Nuclear Energy, Defense and Security, Mobility: air, maritime and road sectors) are part of the ESG risk management system (see section 3.4.2.3.3). The sectoral policies reinforce Crédit Mutuel Alliance Fédérale's commitments to meet the Paris Agreement on climate change as quickly as possible, which aims to limit the increase in temperatures by 1.5 to 2°C by 2100 and make it possible to support customers in the transformation of their business model.

From the first quarter of 2021, exposures related to sectors eligible for a sectoral policy are subject to dedicated monitoring.

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.

Previously, special attention was paid to certain business sectors. The sectors monitored concerned the chemicals and derived products industries (including the pharmaceutical industry), the tobacco industry, forestry, the food industry, agricultural commodities, transport, the iron and steel industries and the building and public works sector.

Today, the group has developed a general analysis grid reinforcing its requirements for all sectors that are not part of the sectoral policies and enabling the sales teams to ensure compliance with the commitments of the group's SMR approach. 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 have an opposing ESG 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 can present the project under review to the corporate banking SMR Committee for an opinion. This committee was specially created to deal with ESG issues and to analyze controversies with a view to a 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 an objective 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 SMR strategy may 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 SMR policy or its ethical and responsible values, particularly those promoting sustainable development issues.

- **Coal Policy**

1/ Companies included in the Global Coal Exit List (417 companies):

- immediate freezing of banking transactions, financing of projects and investments;
- immediate disposal of investments in 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.

- **Non-Conventional Hydrocarbons Policy**

1/ In the case of project financing or an investment dedicated to non-conventional hydrocarbons:

Financing and investment dedicated to exploration, production, transport infrastructure (oil pipeline, gas pipeline and storage units) or processing (oil refineries, gas liquefaction terminals) are prohibited in the following cases:

- shale oil or shale gas;
- oil from bituminous sands;
- heavy and extra heavy oil;
- deep water oil;
- oil extracted in the Arctic.

2/ In the case of a banking or financial transaction and from the publication of the P&G list of the NGO Urgewald, restrictive criteria will be put in place such as:

- small proportion of revenue generated by unconventional hydrocarbon;
- the company does not undertake exploration of new oil fields (conventional or not) and new unconventional gas fields.

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 (IMO) 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 (LCVs) 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.

From 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).

3/ 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, and notably, as part of the "Environment" section, on the measurement of greenhouse gas emissions of the assets in the portfolio.

3.8.3.2 Financial risks related to climate change (ENV52)

CIC follows Crédit Mutuel Alliance Fédérale's commitment to take into account climate imperatives in the conduct of all its activities in order to meet the trajectory of the Paris Agreement on climate change. The aim is to limit the increase in temperatures by 1.5 to 2°C by 2100.

The governance of climate risk management is based on three pillars which are currently being rolled out:

1/ Strategy

- governance at the highest level;
- consideration in financial risk management;
- sectoral policies as the key to the strategy.

2/ Organization

- major risk management function in coordination with other departments (legal, commercial, etc.);
- dedicated tools and workforce;
- integration into risk monitoring in the same way as other risks.

3/ Tools

- climate strategy performance indicators (emissions, outstandings, etc.);
- integration limits/alert thresholds in the RAF[1];
- comprehensive, reliable and granular carbon footprint data;
- projections *via* ICAAP stress tests[2];
- appropriate controls and audits.

The management of the risks connected to climate change (physical risk and transition risk) is integrated into Crédit Mutuel Alliance Fédérale's financial risk management system. All projects developed are presented to the Risk Committee (executive body) and then to the Risk Monitoring Committee (deliberative body) of Crédit Mutuel Alliance Fédérale for validation and are part of the strategic monitoring of risks, in direct liaison with the Chairman and Executive Management.

In addition, this work is carried out in close collaboration with the risk department of Confédération Nationale du Crédit Mutuel.

Like the entire financial sector, climate change exposes CIC to:

- physical risks resulting from natural risks (flood, storm, hurricane, tornado, typhoon, earthquake) and environmental or accidental risks occurring as a result of a natural risk (pollution, dam failure, major fire, Seveso, nuclear disaster);
- transition risks that include the risks of transitioning to a low-carbon economy and are sectoral in nature;

The risks related to climate change, mainly analyzed in the context of operational risks (whose potential consequences can be minimized thanks to the EBCP), have evolved.

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 in 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[3], 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. The limits are calculated dynamically and are reviewed at least in accordance with the annual updates of the index.

Specific adjustments can be made to the system to rapidly take any new project into account which is specifically linked to combating climate change which is implemented in a country, in order to avoid penalizing proactive countries which are trying to improve their capacity to withstand climate change now and in the future.

This system is part of an iterative approach to evaluate how climate risks are monitored and is adjusted in accordance with the advances made by the connected projects within Crédit Mutuel Alliance Fédérale.

In addition, Crédit Mutuel Alliance Fédérale took part in the ACPR and EBA climate pilot exercises in 2020. The purpose of these exercises 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 Confédération Nationale du Crédit Mutuel coordinated the entire process for the two fiscal years and proposed the creation of a dedicated working group composed of members of the risk and CSR department of each of the regional groups.

3.8.3.3 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 of 30% over the duration of the strategic plan *ensemble#nouveaumonde, plus vite, plus loin !* (together#today's world, faster, further!) are powerful responses by CIC to the consequences of climate change.

In terms of support, CIC provides individuals with financing solutions to reduce their energy consumption, use renewable energy for their homes, individual modes of transport (e-bikes, hybrid or electric vehicles) and insurance offers to reduce fuel consumption (see section 3.5.3.1).

CIC also offers SRI funds to savers, notably through employee savings (see paragraph 3.5.4.1) and equally through:

- the CM-AM Objectif Environnement fund, which invests in companies that are attentive to the environmental footprint of their production methods and to the "green" added value of their products and services as well as their governance and social issues (this fund is also present in the "Pack Environnement 50" life insurance contract to the tune of 50%);
- the TEEC-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.

As regards prevention, natural disasters (flooding, mudslides, avalanches, landslides, land subsidence) are covered by the multi-risk home insurance policies offered.

For companies, CIC finances projects for microenterprises and SMEs or large companies that involve renewable energies or generate energy and fuel savings (see sections 3.5.3.2 to 3.5.3.4).

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.

(1) Risk Appetite Framework.
(2) Internal Capital Adequacy Assessment Process.
(3) https://gain.nd.edu/

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.

The application of Article 173 of the energy transition for green growth law is also a factor that reinforces the actions of Crédit Mutuel Asset Management and the ACMs toward companies so that they improve their environmental practices.

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. ACM insurers are committed to developing their capacity to assess climate change risks and opportunities. They are signatories to the "Global Investor Statement on Climate Change" of 2014, the sustainable development charter of the French Insurance Federation and the charter for energy efficiency in public and private tertiary buildings established by the Sustainable Building Plan. Their ESG policy is based on two main axes: promoting sustainable investments and encouraging their partners to engage in a sustainable approach through dialog and voting policy. Thus, ACM insurers invested more than €500 million in green bonds in 2020, *i.e.* 10% of net bond purchases over the year. These investments bring the total amount of green bonds in the portfolio to nearly €2 billion as at the end of 2020.

Institutional investor customers have the option of investing in SRI funds (like non-profit organizations) and in the CM-AM Objectif Environnement and CM-AM Green Bonds funds.

As regards the development of high-climate-impact financing, project financing for equipment to develop renewable energy is increasing (see section 6.3.3).

And, in 2020, some of these assets were mobilized as part of the Banque Fédérative de Crédit Mutuel green bond issue.

Through its investment choices in innovative companies, Crédit Mutuel Equity and its subsidiaries also support companies involved in the energy transition and participate, through the Siloé Infrastructures investment fund, in the execution of major renewable energy projects.

3.9 GOVERNANCE

In 2020, CIC adopted a *raison d'être "Ensemble, écouter et agir"* (listening and acting together) and the status of benefit corporation.

The monitoring of the performance 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, which issues an opinion attached to the Mission Committee's report.

Please refer to the "corporate governance" chapter of this registration document.

CIC HOLDING COMPANY

Publication indicators	Title	2020	2019
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*	4	3
GOUV9-01	Number of directors on the board of directors or supervisory board by age group	8	8
GOUV9-02	< 40	0	1
GOUV9-03	40/49	1	0
GOUV9-04	50/59	1	3
GOUV9-05	> 60	6	4
GOUV25	Total turnover rate of boards during the year (new members elected out of total members)	12.50%	12.50%
GOUV26	Board attendance rate	83%	76%

* *Excluding director representing employees.*

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.

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;
- 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.

Reference periods for data collected

The data correspond to the calendar year. In some cases, they may refer to a previous fiscal year (2019 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

As regards the scope, CIC Iberbanco was absorbed by CIC in 2020. The data for 2019 have been restated, as this entity was not previously part of CIC consolidated scope.

Social indicators

The entities included in the scope are:

- CIC métropole;
- consolidated French banks and subsidiaries;
- Banque de Luxembourg and its subsidiary BLI.

This scope represents 95% of CIC 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 energy: as information relating to the monitoring of the consumption of certain forms of energy and water consumptions 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 m2 multiplied by the surface area of the building). The data published cover, in most cases, the period from November 1, 2019 to October 31, 2020;
- 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, are 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 car 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;
- the fight against food insecurity;
- respect for animal welfare;
- responsible, fair and sustainable food.

3

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 For the performance indicators, please refer to the table on pages 322 and 323 of this statement.	-
1° SOCIAL INFORMATION:	
a) Employment:	
■ total workforce and breakdown of employees by gender, age and geographic area	SOC01_ *bis*, SOC01, SOC02, SOC05 to SOC09, 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	
■ 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

Articles R.225-105 and L.225-102-1 of the French Commercial Code	CIC indicators included in the CSR report (text and tables)
■ energy consumption, measures taken to improve energy efficiency and the use of renewable energies	ENV05 to ENV08, ENV40
■ 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, ENV24, 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, SOT59 to SOT60, SOT63, SOT65, SOT69
■ impact of the company's activity on neighboring or local populations[2]	SOT16, SOT17, SOT19A, SOT20A, SOT19B, SOT20B, SOT22, SOT23, SOT28LNOV to 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) Trustworthy practices:	
■ measures taken to promote consumer health and safety	SOT80

** Indicators not adapted to CIC's banking activity.*

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 Labour 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	SOT91
■ the fight against food insecurity	NC
■ respect for animal welfare	NC
■ responsible, fair and sustainable food	NC

** Indicators not adapted to CIC's banking activity.*
(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.

3.12 REPORT OF THE INDEPENDENT AUDITOR ON THE CONSOLIDATED NON-FINANCIAL PERFORMANCE STATEMENT IN THE MANAGEMENT REPORT

To Executive Management,

Pursuant to the request made to us and in our capacity as independent auditor, member of the network of statutory auditors of your company (hereinafter, the "entity"), we hereby present our report on the Consolidated Non-Financial Performance Statement for the fiscal year ended December 31, 2020 (hereinafter, the "Statement"), that the entity has chosen to prepare and present in its management report, by reference to the legal and regulatory provisions of Articles L.225-102-1, R.225-105 and R.225-105-1 of the French Commercial Code.

The entity's responsibility

Within the scope of this voluntary approach, the company is responsible for 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.

The Statement was prepared in application of the entity's procedures (hereinafter the "Guidelines"), the significant items of which are presented in the Statement (or available on request at the entity's headquarters).

Independence and quality control

Our independence is defined by the profession's code of conduct. 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.

Responsibility of the independent auditor

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 the information 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 (hereinafter the "Information").

However, it is not our responsibility to express an opinion on the entity's compliance with any other applicable legal and regulatory provisions, particularly those concerning anticorruption and combating tax evasion, nor on the compliance of the products and services with the applicable regulations.

Nature and scope of the work

Our work described below was carried out in accordance with the provisions of Articles A.225-1 *et seq.* off the French Commercial Code, the professional doctrine of the *Compagnie nationale des commissaires aux comptes* relating to this intervention and the international standard ISAE 3000:

- 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 of the French Commercial Code on social and environmental matters as well as the information provided for in Article L.22-10-36 on 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 of the French Commercial Code 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 of the French Commercial Code 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, and
  - corroborate the qualitative information (actions and results) that we considered most significant, as presented in Appendix 1. For the risk: lack of consideration for risks associated with climate change, 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 Nord Ouest;
- 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 of the French Commercial Code and where applicable, with the limits specified in the Statement;
- 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 based on sampling, consisting of verifying the proper application of definitions and procedures, and of reconciling data with supporting documents. This work was conducted with a selection of contributing entities listed above and below and covers 13% of the workforce and 15% of the group's 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.

We consider that the work that we conducted in exercising our professional judgment enables us to formulate a conclusion of moderate assurance; a higher level of assurance would have required more extensive verification work.

Means and resources

Our work was conducted by a skilled team of six persons, took place between November 2020 and March 2021 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.

Conclusion

Based on our work, we did not observe any significant misstatement likely to call into question the consolidated statement's compliance with the applicable regulatory requirements or the true and fair presentation of the Information, taken as a whole, in accordance with the Guidelines.

Paris-La Défense, April 8, 2021

The independent auditor

EY & Associés

Abder Aoud	Caroline Delérable
Partner	Partner, Sustainable development

Appendix 1: Information considered to be the most important

SOCIETAL AND GOVERNANCE INFORMATION	
Quantitative information (including key performance indicators)	**Qualitative information (actions or results)**
■ Number of claims	■ Actions implemented to process customer claims
SOCIAL INFORMATION	
Quantitative information (including key performance indicators)	**Qualitative information (actions or results)**
■ Employees with open-ended contracts at 12/31/2020 ■ Share of employees trained in digital transformation ■ Number of employees who have had at least one training session, total number of training hours ■ Rate of job rotation ■ Total number of days of absence	■ Employee digital training plan, including the Digital Passport ■ Actions taken to promote gender equality ■ Actions to encourage employee engagement
ENVIRONMENTAL AND BUSINESS INFORMATION	
Quantitative information (including key performance indicators)	**Qualitative information (actions or results)**
■ Building energy consumption ■ Financing approvals for renewable energy projects carried out by the specialized financing team ■ Number of renewable energy projects funded by networks	■ Reduction of the carbon footprint of the group's buildings, clean travel policy ■ Sectoral policies for the integration of non-financial rules when financing ■ Actions to integrate ESG ratings when granting financing ■ Actions to take account of climate risk in investments *via* country limits

3

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Every two years, more than 1,000 young professionals from over 50 countries come together for the world's largest trades competition, WorldSkills. For more than 10 years, CIC has been a major partner of the French delegation at the WorldSkills, made up of young enthusiasts who have chosen vocational training. The next edition of WorldSkills should be held in Lyon in 2024.

4

CORPORATE GOVERNANCE

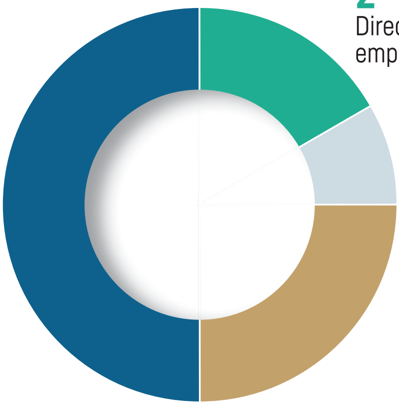
KEY FIGURES OF CIC'S GOVERNANCE

BOARD OF DIRECTORS

6
Meetings

83.43%
Attendance rate of Directors

59
Average age of Directors
(as of 04/21/2021)



** Deliberative votes.*
*** Advisory votes.*

EXECUTIVE MANAGEMENT

1
CHIEF EXECUTIVE OFFICER, EFFECTIVE MANAGER

1
DEPUTY CHIEF EXECUTIVE OFFICER, EFFECTIVE MANAGER

1
DEPUTY CHIEF EXECUTIVE OFFICER

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 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;
- any restrictions that the Board of Directors may impose on the powers of the chief executive officer;
- 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 limitations that the Board of Directors places 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. To that end, it should be noted that the European Banking Authority (EBA) issued guidelines on internal governance on September 26, 2017 (EBA/GL/2017/11) as well as joint guidelines with the European Securities and Markets Authority (ESMA) on assessments of the suitability of members of the management body and holders of key positions on September 26, 2017 (EBA/GL/2017/12). In its compliance notice of June 4, 2018, the *Autorité de contrôle prudentiel et de résolution* (ACPR – French Prudential Supervisory and Resolution Authority) explained to the entities audited that it intended to comply fully with the internal governance guidelines and partially with the suitability assessment guidelines.

An excerpt from the ACPR's compliance notice on how to apply the suitability assessment guidelines is reproduced below:

"Without prejudice to the powers of the European Central Bank, the ACPR intends to comply partially with the fitness assessment guidelines of September 26, 2017. The ACPR intends to comply with the guidelines, with the exception of provisions for assessment by the supervisory authority of the fitness of holders of key positions at each appointment or renewal. The declaration of non-compliance applies to paragraphs 162 and 176 (transmission of results to the competent authority and documentation relating to internal assessment) and paragraphs 171 and 172 (assessment of the fitness of persons responsible for internal control functions and of the chief financial officer by the competent authority). 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:

- *formal independence is not an obligatory test of fitness under the regulations, which would be enforceable in the context of a review 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;*
- *mere non-compliance with one or more of the criteria listed in the guidelines (paragraph 91) does not disqualify a member from being defined as independent. These assumptions alone do not define independence and analysis of this attribute must also take into account other criteria, especially ones that might be developed by French companies pursuant to the French Commercial Code that could make it possible to achieve the same goal.*

Pursuant to paragraph 89) b) of the fitness assessment guidelines, the ACPR also intends not to require the attendance of independent members in CRD institutions wholly owned by a CRD institution and in CRD institutions that are of insignificant importance that are investment firms."

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, 2020

Presentation of the Board of Directors

	Nationality	Age[1]	Start of term	Committees[2]	Attendance
Nicolas Théry *Chairman*		55	2014	GRMC	100%
Catherine Allonas-Barthe *Permanent representative of Banque Fédérative de Crédit Mutuel, director*		66	2017	-	100%
Éric Charpentier *Director*		60	2015	-	67%
Gérard Cormorèche *Director*		63	2019	GAAC	100%
Étienne Grad *Director*		68	2019	GAAC	84%
Catherine Millet *Director*		60	2017	-	100%
Ségolène Denavit *Director, representing employees*		40	2017	-	33%
Pascale Girot *Director, representing employees*		60	2020	-	-[3]
Guy Cormier *Non-voting director*		51	2017	-	0%
Damien Lievens *Non-voting director*		50	2015	-	100%
Lucien Miara *Non-voting director*		72	2014	-	100%

(1) Age on April 21, 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 remuneration committee.

3) Not applicable given the date of appointment at the last board meeting held in 2020.

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;
- Philippe Vidal, deputy chief executive officer and effective manager;
- Claude Koestner, deputy chief executive officer.

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 affairs and then international and European affairs. 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 affairs. 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 at 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 CEO of CIC Est from 2012 to 2016.

Since 2014, he has been Chairman of the 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.

Nicolas Théry is a graduate of Science Po Paris and the École Nationale d'Administration (ENA) – top of the *Liberté, Égalité, Fraternité* class, and holds a master's degree in Law, Economics and Management – with a specialization in Business Law.

Chairman of CIC's Board of Directors
First appointment to the board: 2014
Term expires: 2022

Other offices

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
Banque CIC Nord Ouest
Assurances du Crédit Mutuel VIE SA
Assurances du Crédit Mutuel VIE SAM
ACM IARD SA
Chairman of the Supervisory Board
Groupe des Assurances du Crédit Mutuel
Banque Européenne du Crédit Mutuel
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

Offices held over the past five years

Member of the Management Board
Euro-Information
Chief executive officer
Banque CIC Est
Chairman of the executive board
Groupe des Assurances du Crédit Mutuel
Member of the Supervisory Board
Cofidis
Cofidis Participations
Deputy chief executive officer
Caisse Fédérale de Crédit Mutuel
Banque Fédérative du Crédit Mutuel
Groupe des Assurances du Crédit Mutuel
Director
TARGOBANK Spain
Banque Publique d'Investissement
Permanent representative of BECM, director
Fédération du Crédit Mutuel Centre Est Europe
Permanent representative of GACM, director
ACM IARD SA

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).

Since 2015, she has been 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 is also chief executive officer of ACM VIE SAM and deputy chief executive officer of ACM VIE SA, life insurance companies that operate mainly in France.

Within Groupe des Assurances du Crédit Mutuel, she also holds the positions of Finance and Real Estate director and chief risk officer.

Permanent representative of BFCM, Member of the Board of Directors
First appointment to the board: 2017
Term expires: 2023

Other offices

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

Permanent representative of ACM VIE SAM, member of the Board of Directors

ACM GIE

Permanent representative of ACM VIE SA, member of the Board of Directors

Serenis Assurances

Valinvest Gestion

Permanent representative of ACM VIE, member of the Board of Directors

Covivio

Permanent representative of Placinvest, member of the Board of Directors

Crédit Mutuel Asset Management

Permanent representative of Groupe des Assurances du Crédit Mutuel SA, member of the Board of Directors

GACM Spain

Permanent representative of EFSA, member of the Board of Directors

Crédit Mutuel Investment Managers

Offices held over the past five years

Member of the Board of Directors

Crédit Industriel et Commercial

Permanent representative of ACM VIE SAM, director

Foncière de Paris

Permanent representative of ADEPI, member of the Board of Directors

Creatis Crédit Mutuel Asset Management

Éric Charpentier

Born on October 6, 1960
Nationality: French

Business address:
Crédit Mutuel Nord Europe
4, place Richebé
59800 Lille

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. Éric Charpentier has been chief executive officer of Crédit Mutuel Nord Europe since 2006.

Director
First appointed to the board: 2015
Term expires: 2021

Other offices

Chief executive officer
Caisse Fédérale du Crédit Mutuel Nord Europe
Chairman of the Board of Directors
Beobank NV
Banque de Tunisie
Member of the Supervisory Board
Groupe La Française
Director
Société Foncière et Immobilière Nord Europe
Euratechnologies
Permanent representative of CFCM Nord Europe, member of the Supervisory Board
Groupe des Assurances du Crédit Mutuel
Permanent representative of CFCM Nord Europe, member of the Management Board
Euro-Information
Permanent representative of BFCM, member of the Board of Directors
Astree Assurances

Offices held over the past five years

Chairman of the Board of Directors
BKCP Banque (SA-Belgium) – merger of Beobank
Permanent representative of Caisse Fédérale du Crédit Mutuel Nord Europe, director
Caisse Centrale du Crédit Mutuel
Director
Confédération Nationale du Crédit Mutuel
Caisse Centrale du Crédit Mutuel
Crédit Mutuel Nord Europe Belgium

4

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 the Cormorèche SARL specializing in the processing of red beetroot. He was awarded the insignia of *Chevalier du mérite agricole* in 1999.

In 1993, he was elected Chairman of a local Crédit Mutuel bank. He holds offices within Crédit Mutuel at local, regional and national levels. Since 1995, he has been Chairman of the Fédération and the 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 appointment to the board: 2019
Term expires: 2022

Other offices

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
SICA d'habitat Rural du Rhône et de la Loire

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

Non-voting director
CIC Lyonnaise de Banque

Managing partner
SCEA CORMORECHE Jean-Gérard
SARL CORMORECHE

Offices held over the past five 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 Etienne GRAD Conseil et Développement.

He began his career at Technal as manager of the East region before going on to Sopromal as sales manager. In 1992, he founded Bureau d'Étude Étienne Grad before creating the company Étienne Grad Conseil et Développement in 2011.

Since 1992 he has been the 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 appointment to the board: 2019
Term expires: 2021

Other offices

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

Offices held over the past five 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 appointment to the board: 2017
Term expires: 2023

Other offices

Chairwoman
Filaction

Member of the Board of Directors
Euro Automatic Cash
AXXES

Sole director/chief executive officer
Centre de Conseil et de Service – CCS

Permanent representative of BFCM, member of the Management Board
Euro-Information
Sofedis

Permanent representative of CCS, member of the Management Board
Euro-Information Épithète

Permanent representative of Impex Finance, director
CIC Est

Offices held over the past five years

Member of the Supervisory Board
Cofidis Participations
Cofidis SA
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

Employee directors

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 licence 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 appointment to the board: 2017
Term expires: 2023

Other offices

None.

Offices held over the past five 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 2011, the director representing employees on the Board of Directors of CIC.

Director, representing employees
First appointment to the board: 2020
Term expires: 2023

Other offices held as of December 31, 2020

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 Executive Management

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 the 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 appointment: 2017
Term expires: 2021

Other offices

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

Offices held over the past five years

Chairman
SAS Les Gâtines
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

Philippe Vidal

Born on August 26, 1954

Nationality: French

Business address:

Crédit Industriel et Commercial
6 avenue de Provence
75009 Paris

Summary of main areas of expertise and experience

Philippe Vidal began his career at SNVB bank in 1987, which became CIC Est, where he was appointed Chairman and chief executive officer in 1993, a position he held until 2012. He is a member of the Board of Directors of Saint-Gobain PAM and Lanson BCC.

A member of the executive board of Crédit Industriel et Commercial between 2002 and 2011, he has been deputy chief executive officer since 2012, in charge of corporate banking, capital markets, development capital, private banking and asset management. He serves as Chairman of the Board of Directors of several Crédit Mutuel Alliance Fédérale institutions, including CIC Lyonnaise de Banque, Banque de Luxembourg and CIC (Suisse).

Philippe Vidal is a graduate of École Polytechnique (1974) and École des Ponts et Chaussées de Paris (1979).

Deputy chief executive officer and effective manager
First appointment: 2017
Unlimited term of office

Other offices

Chairman of the Board of Directors
Lyonnaise de Banque
Crédit Mutuel Factoring
Crédit Mutuel Gestion
CIC Suisse
Banque de Luxembourg
Crédit Mutuel Investment Managers
Chairman of the Supervisory Board
Crédit Mutuel Equity
Permanent representative of CIC, director
Creatis Crédit Mutuel Asset Management
Permanent representative of Crédit Mutuel Equity, director
Lanson BCC

Offices held over the past five years

Director
Batipart Invest
Saint-Gobain PAM

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 workings of the are governed by Articles 10 to 16 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 composed of a minimum of three and a maximum of 18 members, whether natural or legal persons, representing the members, elected for a renewable three-year term.

The Board of Directors also includes two directors representing employees in accordance with Article L.225-27-1 of 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 individual age limit is set at seventy for each director and seventy-five for each non-voting director. When those ages are reached, terms of office shall end at the Shareholders' Meeting following the date of the birthday.

Cumulative validity with an employment contract

No director shall have an employment contract with the company and its controlled subsidiaries (with the exception of employee directors, 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, 2020, the CIC Board of Directors had two 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 built around 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 the training experience while controlling our carbon footprint;
- **the cooperative ecosystem** that mobilizes all stakeholders around a shared plan.

It has set up several 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, thanks to the support of distance learning. For elected members who are subject to an individual training requirement within a time limit set by a supervisory authority (ACPR/BCE), this course can also be deployed or completed remotely in the form of personalized support (remote coaching) organized by the training department for elected members. This course is completed by occasional training sessions and webinars, led by senior managers or experts, depending on current events and strategic orientations.

(1) Determination of this difference does not include directors representing employees.

The plan also includes the creation of a "Mutualist Bank Director" university degree in the fall of 2021, in partnership with the Faculty of Law, Political Science and Management at University of Strasbourg. The plan will enable, mostly remotely, to train a balanced and diversified promotion (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.

Conflicts of interest concerning the administrative, management and supervisory bodies

Members of the board and Executive Management are subject to the legal and regulatory obligations applicable to conflicts of interest. Each of the CIC senior managers, directors and non-voting members adheres to the values and commitments of Crédit Mutuel Alliance Fédérale described in its code of conduct (*recueil de déontologie*). The purpose of this compendium is to prevent and, where necessary, manage situations of conflict of interest.

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 Board of Directors 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 board 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.

4.4.2 Work of the board in 2020

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 18, 2020

The Board of Directors meeting of February 18, 2020 focused on the following topics in particular:

- presentation of CIC's annual and consolidated financial statements as of December 31, 2019;
- presentation of network activity;
- presentation of specialized business line and market activities;
- liquidity and interest rate risk management;
- group audit and accounting committee reports;
- observations of the Statutory Auditors;
- approval of the CIC annual and consolidated financial statements as of December 31, 2019;
- presentation of the results of Crédit Mutuel Alliance Fédérale;
- report from the Group Risk monitoring committee;
- relations with regulators and follow-up letters;
- approval of 2020 bodies of rules of CIC Marchés, Group Treasury;
- Social and Mutualist Responsibility: sectoral policies, actions to reduce the carbon footprint by 30%;
- regulated agreements;
- information on the acquisition by BFCM of shares in GACM held by CIC.

Meeting of April 2, 2020

The Board of Directors meeting of April 2, 2020 focused on the following topics in particular:

- managing the COVID-19 crisis;
- presentation and review of the annual internal control report;
- approval of the AML/CFT annual internal control report;
- follow-up of SREP recommendation on Brexit;
- preparation and convening of the Ordinary Shareholders' Meeting of May 6, 2020;
- closure of CIC's Grand Cayman branch;
- merger of CIC Iberbanco.

Meeting of July 8, 2020

The Board of Directors meeting of July 8, 2020 focused on the following topics in particular:

- report of the Board of Directors on the proposed CIC Iberbanco merger;
- convening of the Extraordinary Shareholders' Meeting.

Meeting of July 29, 2020

The Board of Directors meeting of July 29, 2020 focused on the following topics in particular:

- presentation of the CIC consolidated financial statements as of June 30, 2020;
- presentation of the Crédit Mutuel Alliance Fédérale consolidated financial statements;
- presentation of network activities;
- presentation of specialized business lines and market activities;
- group audit and accounting committee reports;
- observations of the Statutory Auditors;

- approval of the CIC consolidated financial statements;
- report from the Group Risk monitoring committee;
- breaches of alert thresholds and risk appetite limits;
- exceptional claims;
- risk mapping;
- presentation of ICAAP and ILAAP reports and systems;
- relations with regulators and follow-up letters.

Meeting of November 4, 2020

The Board of Directors meeting of November 4, 2020 focused on the following topics in particular:

- information on the health crisis and its operational consequences.

Meeting of November 19, 2020

The Board of Directors meeting of November 19, 2020 focused on the following topics in particular:

- key points of the Crédit Mutuel Alliance Fédérale consolidated financial statements;
- CIC consolidated earnings as of September 30, 2020;
- presentation of network activities;
- presentation of specialized business line and market activities;
- group audit and accounting committee reports;
- interest rate and liquidity risk management at the end of September 2020;
- revised strategic plan: opinion of the social and economic committee on the updating of the strategic plan and approval of the revised strategic plan;
- report from the Group Risk monitoring committee;
- relations with regulators and follow-up letters;
- appointment of a new group inspector general and appointment of an assistant inspector general;
- report of the remuneration committee and approval of the compensation policy;
- end of term and replacement of an employee director;
- end of term of a non-voting director.

4.4.3 Executive Management

Composition and prerogatives of Executive Management

In accordance with Article L.511-13 para. 2 of the French Monetary and Financial Code, banking regulations require the separation of the functions of Chairman of the Supervisory Body and effective manager of the institution. The effective management of the institution is assumed by at least two people. The effective management enjoys all powers attached to it by banking and financial laws and regulations, both internally and with respect to third parties.

Composition of Executive Management

CIC's Executive Management is comprised of:

- Mr. Daniel Baal, chief executive officer and effective manager;
- Mr. Philippe Vidal, deputy chief executive officer and effective manager;
- Mr. Claude Koestner, deputy chief executive officer.

Prerogatives of Executive Management

The board meetings of December 11, 2014 and May 24, 2017 did not limit the powers of the two effective managers as defined by law and the articles of association and internal rules.

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

Crédit Mutuel Alliance Fédérale's code of conduct (*recueil de déontologie*) 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 the 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 values and texts, respect for the individual, duty of good management, duty of confidentiality, duty of reserve, voluntary work and independence of elected representatives, duty of training and conflicts of interest.

4.5 PRINCIPLES AND RULES OF COMPENSATION OF 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:

- ensuring consistency between employee behavior and Crédit Mutuel Alliance Fédérale's long-term objectives, in particular with respect to developing risk management control;
- promoting career advancement through internal training and encouraging employees' long-term commitment;
- 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;
- ensuring equal pay for men and women, based on classification, and more broadly fighting all forms of discrimination;
- making sure that shareholders' equity 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 therefore does not encourage risk-taking in excess of the level of risk defined by Crédit Mutuel Alliance Fédérale. It is guided 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 Article 104 of the Order of November 3, 2014, Articles L.511-89 *et seq.* of the French Monetary and Financial Code, and Commission Delegated Regulation (EU) No. 604/2014 of March 4, 2014, 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 of Caisse Fédérale de Crédit Mutuel on November 20, 2020.

The federations to which Caisse Fédérale de Crédit Mutuel belongs are committed to the principle of voluntary directorship within the various bodies that make up Crédit Mutuel Alliance Fédérale. The corollary of this principle is to ensure that the directors have the necessary resources to perform their responsibilities, with the sole aim of ensuring the development, durability and respect of the values of Crédit Mutuel. A charter governing the exercise of offices of the members of the boards of directors or Supervisory Boards has been in place since January 1, 2019. It sets the terms and conditions for the application of the principle of voluntary work by the elected representatives of Crédit Mutuel Alliance Fédérale, in particular by strictly defining the terms and conditions under which indemnities are allocated to ensure the exercise of certain strategic functions in the federations and umbrella entities of Crédit Mutuel Alliance Fédérale. It supplements the code of conduct that applies to all elected officials.

For all persons at Crédit Mutuel Alliance Fédérale who meet the above criteria, the overall amount of compensation for 2020 as set out in the aforementioned Article L.511-73 was €132,500,000.

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 and the chief executive officer.

On February 20, 2019, the Board of Directors of Caisse Fédérale du Crédit Mutuel decided, on the proposal of the remuneration 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, 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. 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, 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. 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 Mr. 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 19, 2020, the Board of Directors of Caisse Fédérale de Crédit Mutuel decided to maintain the same levels of compensation for 2020.

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.

However, the two corporate officers of Caisse Fédérale de Crédit Mutuel did not receive any other specific benefits.

The Chairman of the Board of Directors and the chief executive officer of Caisse Fédérale du Crédit Mutuel do not benefit from any variable component in their compensation, in accordance with the principles of Crédit Mutuel Alliance Fédérale's compensation policy.

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, 2020, Nicolas Théry and Daniel Baal hold such loans.

COMPENSATION RECEIVED BY THE GROUP'S KEY EXECUTIVES FROM JANUARY 1 TO DECEMBER 31, 2020

2020 (in €)[a]	Origin	Fixed portion	Variable portion[b]	Benefits[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 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).

2019 (in €)[a]	Origin	Fixed portion	Variable portion[b]	Benefits[c]	Employer contributions for supplementary benefits	Total
Nicolas Théry	Crédit Mutuel	711,462[1]		11,748	10,462	733,672
	CIC	104,167[1]			505	104,672
Daniel Baal	Crédit Mutuel	808,961[2]		3,881	9,447	822,289

(1) Annual compensation of €725,510 over five months (€475,510 for the Crédit Mutuel part and €250,000 for the CIC part) and annual compensation of €880,000 over seven months for the Crédit Mutuel part.

(2) Annual compensation of €709,506 over five months and annual compensation of €880,000 over seven months.

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Since 2003, CIC has been a major partner of the Musée de l'Armée des Invalides as part of the enhancement of its heritage and cultural development. It supports numerous projects, notably the financing of various restorations and acquisitions of works, the development of temporary exhibitions and the promotion of the museum's musical season.

5

RISKS AND CAPITAL ADEQUACY – PILLAR 3

INTRODUCTION

The purpose of the 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 primarily serve to meet the guidelines on reporting requirements found in part 8 of EU Regulation No. 575/2013 on capital requirements and the guidelines of the European Banking Authority on reporting liquidity coverage ratios (LCR).

Since the 2008 crisis, the Basel Committee, whose directives have been largely transposed into European law, the regulatory authority and the European supervisor have sought to make banks stronger and more able to absorb economic shocks, notably by a stricter definition of capital, more homogeneous rules for calculating weighted assets, and the introduction of a leverage ratio, a short-term liquidity coverage ratio (LCR) and a long-term one (NSFR or Net Stable Funding Ratio), a Single Supervisory Mechanism and a Single Resolution Mechanism.

CIC has incorporated all of the regulatory changes and, from a solvency level already high before the crisis, continued to add to its capital and its risk measurement and monitoring system, as evidenced by the items listed in this section on Pillar 3.

5.1 KEY FIGURES

5.1.1 Solvency

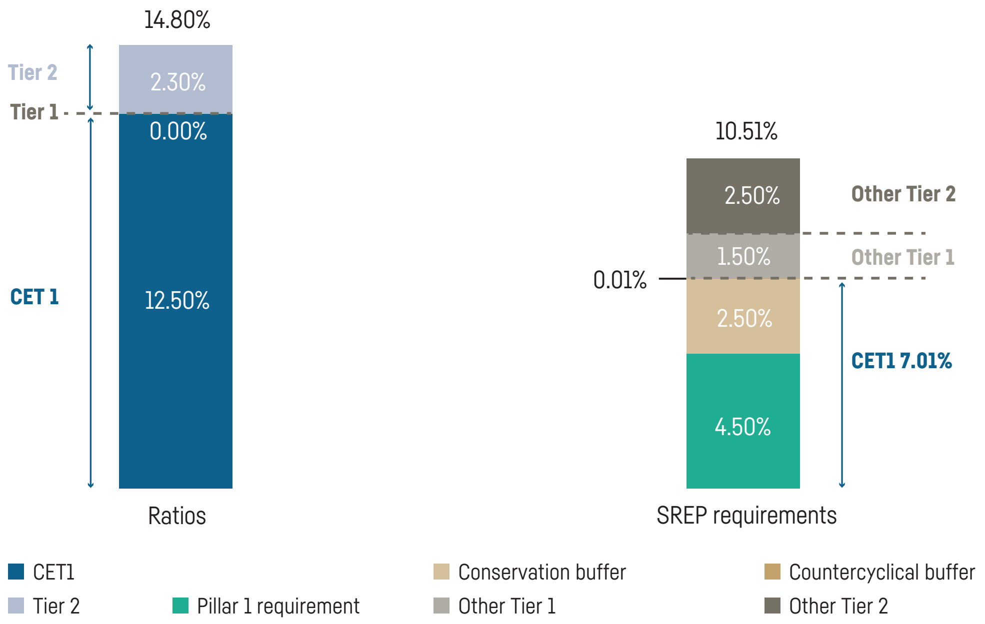
Solvency ratio

TABLE 1: SOLVENCY RATIOS

(in € millions)	12/31/2020	12/31/2019
Common Equity Tier 1 (CET 1) capital	14,141	13,636
Additional Tier 1 (AT1) capital	0	0
Tier 2 (T2) capital	2,640	2,284
TOTAL REGULATORY CAPITAL	**16,781**	**15,921**
TOTAL RISK-WEIGHTED ASSETS	**113,410**	**105,951**
Common Equity T1 (CET1) ratio	12.47%	12.87%
Tier 1 ratio	12.47%	12.87%
Overall ratio	14.80%	15.03%

Transitional measures have no effect on the ratios of CIC group. Accordingly, the information is identical with or without transitional measures.

GRAPH 1: REGULATORY REQUIREMENTS AND SOLVENCY RATIOS

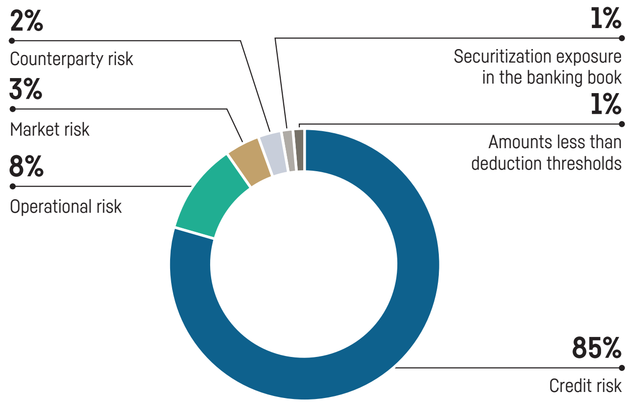


Since March 1, 2019 CIC group no longer has any capital requirements under Pillar 2.

TABLE 2: RISK-WEIGHTED ASSETS (RWAS) BY TYPE OF RISK (VALUE)

(in € millions)	12/31/2020	12/31/2019
Credit risk	96,155	91,067
Operational risk	9,695	9,179
Market risk	2,973	2,254
Counterparty risk	2,140	1,861
Securitization exposure in the banking book	1,272	953
Settlement risk	0	0
Amounts less than deduction thresholds (risk weighting of 250%)	1,175	638
TOTAL RISK-WEIGHTED ASSETS	**113,410**	**105,951**

GRAPH 2: RISK-WEIGHTED ASSETS (RWAS) BY TYPE OF RISK *(percentage)*



Credit risk

TABLE 3: EXPOSURES AT DEFAULT (EAD) BROKEN DOWN BY CATEGORY *(value)*

(in € millions)	12/31/2020	12/31/2019
Corporates	91,942	86,238
Retail customers	131,252	122,342
Equities	5,130	4,808
Institutions (banks)	26,748	24,819
Central governments and similar, and central banks	88,073	56,175
Other assets	3,776	3,706
TOTAL EAD	**346,920**	**298,088**

Excluding counterparty credit risk and securitization exposure in the banking book.

CHART 3: EXPOSURES AT DEFAULT (EAD) BY CATEGORY *(percentage)*

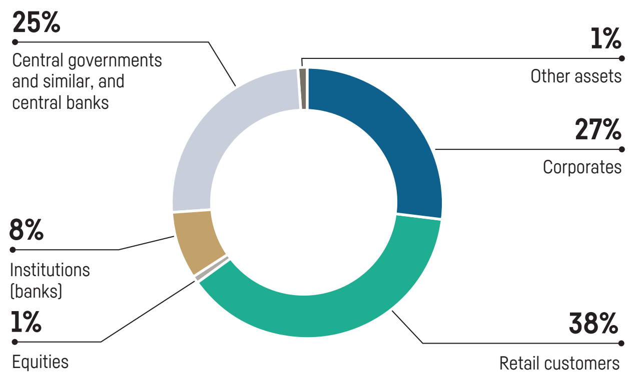


TABLE 4: EXPOSURES AT DEFAULT (EAD) BY GEOGRAPHIC AREA

(in € millions)	12/31/2020	12/31/2019
Europe zone	**315,767**	**267,822**
France	296,213	249,245
Germany	2,588	2,502
Others countries	16,967	16,075
Rest of World	**31,153**	**30,266**
United States	8,614	9,013
Others countries	22,539	21,253
TOTAL EAD	**346,920**	**298,088**

Excluding counterparty credit risk and securitization exposure in the banking book.

CHART 4: EXPOSURES AT DEFAULT (EAD) BY GEOGRAPHIC AREA *(percentage)*

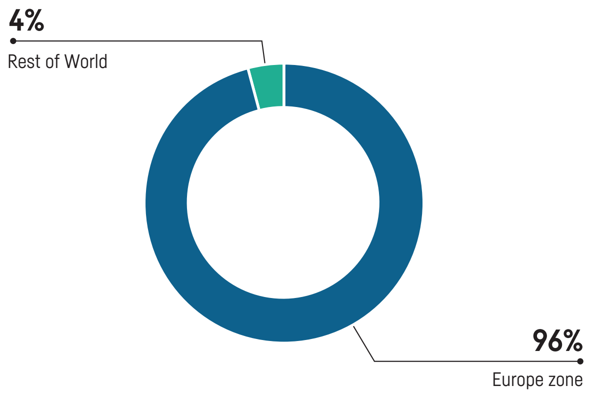


CHART 5: EXPOSURES AT DEFAULT (EAD) BY GEOGRAPHIC AREA – EUROPE *(percentage)*

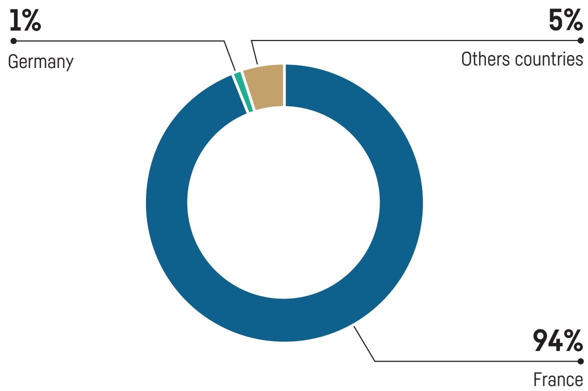


TABLE 5: RISK-WEIGHTED ASSETS (RWAS) BY CATEGORY *(value)*

(in € millions)	12/31/2020	12/31/2019
Corporates	54,211	51,899
Retail customers	22,074	20,367
Equities	13,396	12,398
Institutions (banks)	3,647	3,432
Central governments and similar, and central banks	967	391
Other assets	3,249	3,218
TOTAL RISK-WEIGHTED ASSETS	**97,544**	**91,705**

Excluding counterparty credit risk and securitization exposure in the banking book.

GRAPH 6: RISK-WEIGHTED ASSETS (RWAS) BY CATEGORY *(percentage)*

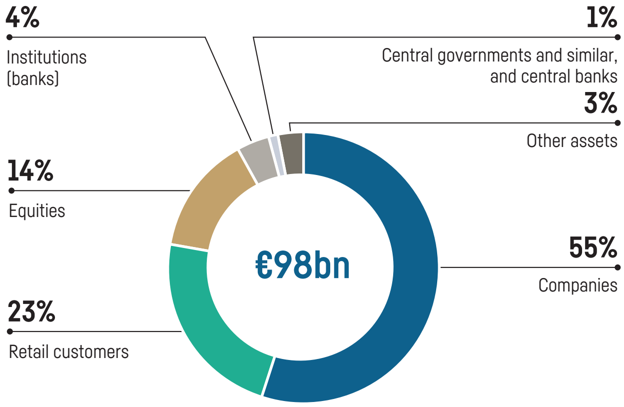


TABLE 6: RISK-WEIGHTED ASSETS (RWAS) BY GEOGRAPHIC AREA *(value)*

(in € millions)	12/31/2020	12/31/2019
Europe zone	**83,357**	**77,295**
France	72,902	66,421
Germany	1,666	1,559
Others countries	8,789	9,315
Rest of World	**14,187**	**14,512**
United States	3,653	3,519
Others countries	10,533	10,993
TOTAL RISK-WEIGHTED ASSETS	**97,544**	**91,807**

Excluding counterparty credit risk and securitization exposure in the banking book.

CHART 7: RISK-WEIGHTED ASSETS (RWAS) BY GEOGRAPHIC AREA *(percentage)*

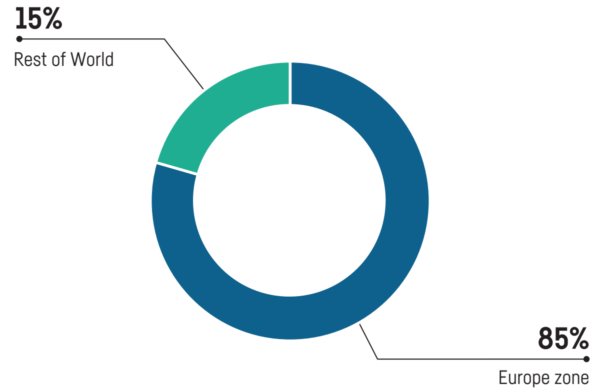
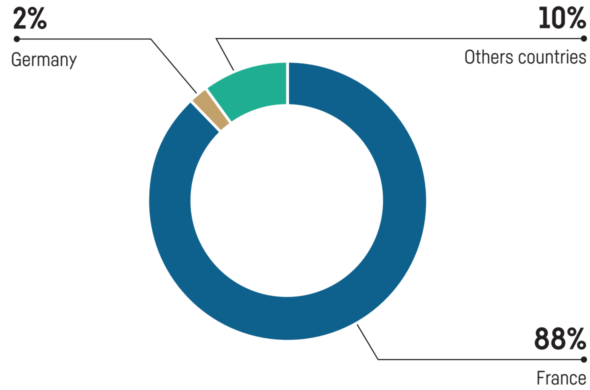


CHART 8: RISK-WEIGHTED ASSETS (RWA) BY GEOGRAPHIC AREA – EUROPE *(percentage)*



Leverage ratio

TABLE 7: LEVERAGE RATIOS

	12/31/2020		
(in € millions)	With COVID-19 transitional measures [1]	Without COVID-19 transitional measures	12/31/2019
Tier 1 capital	14,141	14,141	13,637
TOTAL LEVERAGE EXPOSURES *(Total exposure measure)*	**322,556**	**381,510**	**329,005**
Leverage ratio	4.38%	3.71%	4.14%

(1) Includes the periodic exclusion of Central Bank exposure in light of the COVID-19 pandemic, in accordance with Article 500 ter of the CCR. "Quick Fix" measure.

Transitional measures have no effect on the ratios of CIC group. Accordingly, the information is identical with or without transitional measures.

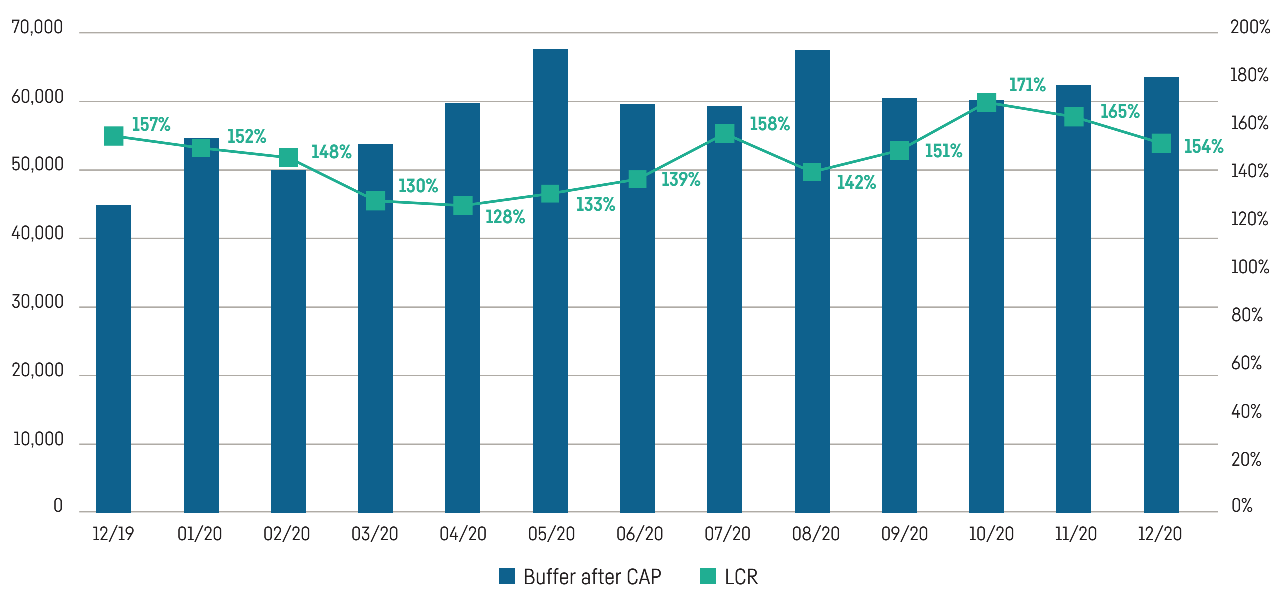
5.1.2 Liquidity

TABLE 8: LIQUIDITY COVERAGE RATIOS (LCR)

Annual and average LCR *(in € millions)*	Annual LCR (end of month)		Average ratio at end of half-year (over 12 sliding months) [2]			
	12/31/2020	12/31/2019	06/30/2020	12/31/2020	06/30/2019	12/31/2019
Liquidity buffer (after weighting)	**63,467**	**44,873**	**51,204**	**59,883**	**42,148**	**43,459**
o/w Central Bank exposures and collections	55,792	36,473	42,165	51,387	34,358	34,982
o/w other HQLA [1]	7,675	8,401	9,039	8,496	7,790	8,477
Net cash outflows	41,209	28,522	37,598	40,910	33,516	33,501
Liquidity Coverage Ratio (LCR)	**154%**	**157%**	**137%**	**148%**	**126%**	**130%**

(1) High Quality Liquid Assets.
(2) Number of data points used in the calculation of averages: 12.

GRAPH 9: CHANGE IN THE LCR AND THE LIQUIDITY BUFFER



5.2 RISK FACTORS

This section describes the principal risks to which CIC (hereinafter "the group") is exposed.

The group is exposed to a numerous risks related to its retail banking activities, insurance business, corporate banking, private banking, capital markets and private equity activities. 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. This mapping is based on a qualitative scale to assess the probability of occurrence of risks and their potential impacts. It factors in both the group's balance sheet structure (exposure by type of risk, associated RWAs, etc.) and its revenue structure.

Below are the main factors that can significantly influence the main risks of the group. Major risks are formalized first within each category.

The COVID-19 pandemic and its spread worldwide caused a shock to the world economy and a marked slowdown in activity. Generally speaking, this health crisis has accentuated the potential impact of our various risk factors on the financial position of the group. Details of these impacts are specified for each relevant risk factor.

5.2.1 Risks related to banking activities

Because of its business model, **the group's primary risk is credit risk.** Gross exposures (balance sheet, off-balance sheet, derivatives and repurchase agreements) to credit risk represented €410 billion at December 31, 2020, and mobilized about 90% of the group's Pillar 1 capital requirements pursuant to the Basel III regulations.

Bank and government support measures have had the effect of numbing conventional credit risk indicators. For example, corporate defaults fell sharply in France, even though the pandemic has brought certain industries to a halt such as hotels and restaurants or led to unprecedented declines in other industries and a massive recourse to borrowing. 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 impact 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 current crisis is generating massive recourse to debt to cope with sharp drops in activity and cash inflows observed during periods of lockdown. The counterparties may be banks, financial institutions, industrial or commercial companies, States, investment funds or natural persons. This risk concerns the financing activities, which appear on the balance sheet, 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. At December 31, 2020, the NPL ratio (NPL/gross loans) of CIC was 2.5% and the cost of risk was €1,074 million. As a fraction of gross outstanding loans, the cost of customer risk was 0.51%. This amount partly contains provisions of a forward-looking nature. 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 the group, 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 increases this risk, in view of the increased indebtedness of economic agents and the decline in their financial income, which is particularly high in certain sectors of activity such as air transport, leisure activities or hotels and restaurants, sectors where the group is exposed.

c. Due to the size of its portfolio of real estate loans, 55% of customer loans of €84 billion (for the network in France), **the group is exposed to a potential downturn in the real estate market**. A scenario of this type, for which the current pandemic could increase the probability of occurrence, following a fall in demand linked to a deterioration in the financial situation of households or a rise in the unemployment rate, would impact the cost of risk through an increase in defaults but also, in the case of mortgage-backed financing, by the decrease in the value of the housing pledged as collateral, if the latter were to be significantly and lastingly affected by a downturn in the property market. 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 during two years in 2009 and 2010. It reached 0.01% of housing loans on the balance sheet 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.

d. The group has unitary exposure that is relatively high to certain sovereign States, to bank counterparties or to large groups, mainly French. **The default of one or more of the group's largest customers could degrade its profitability.** Concerning sovereign States, the group is principally exposed to France, mainly the Banque de France – member of the euro system – and to the Caisse des Dépôts et Consignations (equivalent to French sovereign risk, due to the mechanism for centralizing deposits from regulated savings). Other than sovereign States, on December 31, 2020, single exposures, on- and off-balance-sheet, exceeding €300 million to banks represented €2.6 billion to four counterparties. For companies it represented €24.1 billion to 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 environment are defined as risks related to macroeconomic conditions, which are affected in particular by existing or expected economic conditions and those related to a change in market conditions, in particular those affecting income and price levels.

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 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 precautionary savings by individuals and businesses resulted in an increase of the liquidity reserve and the level of LCR.

The group is part of the centralized cash management system and is fully incorporated into the Crédit Mutuel Alliance Fédérale system. One good way to assess the group's liquidity risk is the regulatory Liquid Coverage Ratio (LCR), which shows highly liquid assets against net cash outflows for 30 days under a stress scenario. The group's average LCR was 147.6% in 2020, representing an average surplus of €19 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 ECB), securities and available receivables which are eligible for central bank refinancing. Crédit Mutuel Alliance Fédérale's liquidity reserve totals €189.1 billion as of December 31, 2020.

The accounting loans/deposits ratio or commitment complements the set of liquidity indicators. Subject to the regulatory treatment (leak rate in particular) of deposits counted in the calculation of the LCR, the improvement in this ratio contributes positively to the LCR. The group's loans/deposits ratio stood at 97.6% as of December 31, 2020.

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

Short-, medium-term market funds are an essential source for preserving 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 the group 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 of BFCM's ratings could have a large impact on CIC's cost of financing, profitability and the capacity to develop the group's 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. Its ratings are based primarily on a review, within the Crédit Mutuel Alliance Fédérale scope, of the governance, strategy, quality and diversity of the revenue sources, the adequacy of capital, the quality and structure of the balance sheet, the risk management and risk appetite. Long-term ratings (Senior Preferred) of BFCM as of December 31, 2020:

- AA- / negative outlook for Fitch;
- Aa3 / stable outlook for Moody's;
- A / negative outlook for Standard & Poor's (this last agency rates the Crédit Mutuel group and its main issuers).

A decrease in these credit ratings could have an impact on the refinancing of Crédit Mutuel Alliance Fédérale and subsequently CIC group. It 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 (such as passbook accounts, term deposits, etc.). The latter due to unattractive interest rates.

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 (such as passbook accounts or term accounts) or in insurance or asset management-type funds. This potential volatility for deposits could therefore affect the group'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 Claim) - type transactions could reduce the level of the Crédit Mutuel Alliance Fédérale 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 the 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 therefore have an impact on Crédit Mutuel Alliance Fédérale's long-term interest rate levels and are likely to have a significant impact on its profitability.

The net present value (or "NPV") sensitivity of the group's balance sheet, determined according to six regulatory scenarios, is below the 15% threshold for Common Equity Tier 1 capital. The group is sensitive to an increase in short-term rates, with an NPV sensitivity of -4.25% relative to Common Equity Tier 1 capital at December 31, 2020. 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 sustained fall in short and long rates). The "sustained fall in short and long rates" scenario is the most unfavorable scenario for the group, with a two-year impact on NBI of -7.19%, or -€370 million at December 31, 2020.

a. A prolonged low interest rate environment carries risks which could affect the group's revenues or profitability.

A large portion of the group'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 the group 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*, *Livret Bleu* passbook savings accounts, 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 the group.

This low interest rate situation will tend to persist due to the measures put in place by the ECB in the context of the current crisis. This environment could adversely affect CIC because 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*, *Livret Bleu* passbook savings accounts, 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. The group must also deal with a new production of loans with particularly low rates. In addition, in order to comply with its regulatory liquidity constraints, the group must place excess liquidity with the central bank at negative interest rates. 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 the group's net banking income and its profitability.

The end of a prolonged period of low rates, especially if it comes as a result of a tightening of monetary policy, carries risks for the banking industry in general and for the group in particular. An abrupt exit from these interest rate levels (in particular in relation to an increase in inflation) could have an unfavorable impact on the bank's revenues and profitability. In particular, such a rise in rates could significantly affect the cost of refinancing on the banking sector's markets in terms of issuing short- and medium-long-term debt. In addition, the group could have difficulty in immediately passing on these higher interest rates in producing real estate loans and other fixed-rate loans for private individuals and businesses, whereas the cost of customer deposits would tend to increase more quickly. Some current non-interest bearing demand deposits are volatile and might be turned into more costly deposits such as term deposits and passbook accounts. 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 markets 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 financial 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 conditions in the financial markets insofar as it operates in particular in a perspective of improvement in the economy normally reflected by the rise in the equity markets and by a better credit rating 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.**

   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 the CIC Marchés division is exposed is weak. The capital allocated to CIC Marchés is €555 million, which represents 3.3% of overall regulatory capital, which stood at €17 billion. As of December 31, 2020, this amount had been used in the amount of €378 million.

2020 was marked by an unprecedented financial crisis, which severely affected asset valuations. The debt and equity markets fell sharply at the end of February. This led CIC Marchés to post a decline in IFRS NBI at June 30, 2020. Since then, the markets have bounced back with a recovery in equity indexes and a tightening of credit spreads. CIC Marchés ended the year with an IFRS NBI of €299 million and a pre-tax income of €92 million against €312 million and €104 million in 2019 respectively.

5.2.3 Risks related to the 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 1.1 on credit risk, a large majority of the group's exposures are approved by the supervisor for calculation using the internal risk weighting model. However, changes to the "finalization of Basel III" regulations will adversely impact the calculation of risk weightings and therefore the solvency ratio of the group. The probability of the occurrence of this risk is almost certain but effective implementation will gradually occur between 2023 and 2028. Further, its impact will depend on the 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 IRBA 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 the group, this will concern counterparties that are "banks" and "large corporates" (groups having more than €500 million in consolidated revenue), representing about €65 billion of balance-sheet and off-balance-sheet exposure on December 31, 2020.

b. **From 2023, 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. About 68% of the group's exposures have a risk weighting taken from internal models, most of which are well below the standard weighting. The application of the output floor will be done gradually between 2023 (50%) and 2028 (72.5%) and will adversely impact the solvency ratio.

c. As indicated in the section on credit risks, the group's exposure to real estate risks is significant. **They will also be unfavorably affected by the regulations when the new standard method applies in 2023.** 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.* €92 billion at December 31, 2020 – is 35% and 12% using the internal method. This new methodology will also have the consequence of making capital requirements relative to portfolios of property receivables more sensitive to a drop in property prices (portfolios using the standard method and portfolios using an internal method *via* the output floor mechanism mentioned above).

d. **The aim of the Targeted Review of Internal Models or TRIM** carried out by the European Central Bank (ECB) with European banking institutions **may result in a decline of the level of CET1**, because of additional requirements on the RWAs or additional prudential margins on Basel parameters (PD, LGD, CCF).

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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 EU Regulation 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 EU Regulation 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 2020, €775 billion 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 21 representing €775 million of capital allocated for proven loss of €36.44 million. The main risks of potential loss are (i) fraud (external and internal) and (ii) risks related to the policy towards customers, products and commercial practices including legal risk.

The risks with the greatest impact on proven loss in 2020 were (i) fraud, (iii) practices in matters of employment and safety at work related to the COVID-19 pandemic, and (iv) policy towards customers, products and commercial practices.

Fraud represented 36% of the group's proven loss in 2020 of which 34% for external fraud and 43% of potential loss (the portion relative to capital requirements for operational risks). The group's total loss experience (excluding any insurance recoveries) in 2020 represented about 0.71% 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 the group'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 group would be detrimental to its financial position. Such circumstances would necessarily entail adjustments to the arrangements for continuation of activity, with resulting additional costs.

The COVID-19 pandemic and the prolonged lockdown of the population decided by the government led to the restriction of access for both customers and employees to the group's sales outlets and central services, which had a *de facto* impact on the conditions under which the activity is carried out. As the risk of a new wave of the pandemic cannot be ruled out, and new constraints on demand and the continuation of activities could affect the group.

By way of illustration, the COVID-19 pandemic resulted in a loss ratio estimated at around €5 million.

5.2.4.3 Climate risks

Climate change exposes the group 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. **The group'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. **The group's business model could be impacted by transition risks resulting in:**
   - a loss of customers and drop in profitability of companies with business models which are too carbon-intensive;
   - a refinancing cost more dependent on non-financial performance;
   - an increase in energy and transport costs;
   - a potential capital surcharge according to the carbon taxonomy of financing.

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 group-wide and are monitored at Crédit Mutuel Alliance Fédérale level. The monitoring of exposures eligible for sectoral policies thus 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. At December 31, 2020, €39.5 billion in outstandings were eligible for sectoral policies compared to €38.6 billion at December 31, 2019 at Crédit Mutuel Alliance Fédérale level.

5.3 RISK MANAGEMENT (EU OVA)

The Chapter “Risk Management” describes the risks to which the group is exposed and provides the list of major risks that might have a significant unfavorable effect on our business.

5.3.1 Risk profile

CIC group is a subsidiary of Crédit Mutuel Alliance Fédérale, a cooperative bank, not listed for trading and owned wholly by its members. It is not on the list of Global Systemically Important Financial Institutions (G-SIFIs)[1] as of December 31, 2020.

The group’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 in its total capital requirements and the predominance of the retail book in its total exposures. The group operates predominantly in France and in European countries.

The group strives to maintain and regularly add to the financial strength from which its derives its soundness and durability. Its Common Equity Tier 1 (CET1) solvency ratio is 12.47%.

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 the group’s desire to have a general framework setting out its core principles with regard to risk.

In summary, the aim of the group’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 the group’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 the group and its risk management.

The policy as to risk tolerance establishes a coherent framework in which the group’s various businesses can develop in accordance with the values of CIC and its shareholder. 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.

The group 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 the 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). The Crédit Mutuel Alliance Fédérale’s liquidity risk tolerance policy is extremely cautious, with the aim of guaranteeing the re-financing 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 group’s asset-liability management (ALM) and 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).

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(1) The indicators resulting from QISs dedicated to their identification are published in the group’s corporate site in a document entitled “Indicateurs de systémicité” (Systemicity Indicators).

5.3.3 Risk governance

CIC's internal control and risk management system is integrated into that of Crédit Mutuel Alliance Fédérale. As a reminder, Crédit Mutuel Alliance Fédérale includes the entities placed under a collective banking licence, that of Caisse Fédérale de Crédit Mutuel (the entities of Crédit Mutuel Centre Est Europe, Île-de-France, Sud Est, Savoie-Mont Blanc, Midi-Atlantique, Loire-Atlantique and Centre Ouest, Centre, Normandie, Dauphiné-Vivarais, Méditerranéen, Anjou, Massif Central and Antilles-Guyane) together with all the subsidiaries and companies included in its consolidated financial statements, including CIC, the head of the network, and its regional banks.

The purpose of internal control and risk management work is to ensure compliance with all rules defined by supervisory authorities for the conduct of the group's operations, by using the internal and professional standards, tools, guidelines and procedures put in place to that end.

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 the 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 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

- Collect and process the risk data concerning all of the banking and non-banking 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.
- Identify and analyze emerging risks in respect of the structural or economic contexts of the activities, 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

- Assess the risks, as well as the 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.
- Set up a system to measure risks and track indicators for each category of risks (credit, liquidity, interest rate, market, solvency, operational, non-compliance, insurance, etc.), in line with the risk appetite of Crédit Mutuel Alliance Fédérale.
- Establish a detection system involving early warning (alert threshold) 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.
- Produce, in coordination with the risk department of CNCM, a risk map assessing the materiality of each group risk, covering the relevant scope.

Monitor

- Track the activities involving risk-taking and risk exposures, in respect of the risk appetite, the risk limits defined, and the ensuing capital and liquidity requirements.
- Monitor any breaches of limits and ensure they are managed in accordance with applicable measures and procedures.
- Ensure that identified risks are effectively monitored, measured and controlled by the operational units and that the risk mitigation measures are properly implemented.

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 Management (group risk committee) and supervisory bodies (Risk monitoring committee).
- Prepare support material, notes and analyses of major or emerging risks for executive and supervisory bodies, in particular Executive Management, the risk committee and the board of directors.
- Notify the executive 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 and supervisory bodies, in particular Executive Management, the risk committee and the board of directors, in the event of any malfunctions detected within the framework of its risk monitoring mission, in particular the exceeding of alert thresholds and limits.
- Advise the executive and supervisory bodies, in particular Executive Management, the risk committee and the board of directors, on the measures that could be taken to reduce risks, in line with the group's risk appetite and strategy.
- Take action as often as necessary to guide decisions that may generate significant risks, or even call into question decisions 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 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 indicators and risk limits.
- Steer, in coordination with the risk department of CNCM, the annual measures involved in the Supervisory Review and Evaluation Process (SREP) conducted by the ECB, including the risk appetite framework, the ICAAP and the ILAAP.
- Coordinate the network of risk officers in charge of the measurement, monitoring and management of risks within the different entities and structures of Crédit Mutuel Alliance Fédérale, in order to disseminate the risk culture and risk appetite of Crédit Mutuel Alliance Fédérale.
- 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).

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 and supervisory interviews, 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, and 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;
- defining and implementing the policy of Crédit Mutuel Alliance Fédérale in terms of social and cooperative responsibility (SCR), in particular concerning sector policies.

5.3.3.1.2 Oversight of internal control processes

Group Risk monitoring committee (GRMC)

It is made up of directors representing all the Crédit Mutuel federations that belong to the 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 the Caisse Fédérale de Crédit Mutuel (committee member), the chief executive officer, the chief financial officer, the chief lending officer and the director of risks, 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 six times in 2020 (January 10, April 9, April 30, June 24, September 23 and November 17). These meetings were the subject of minutes 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 SMR issues and risks related to the group's specialized business lines such as insurance, consumer credit, private banking, factoring, etc.

The GRC met four times in 2020 (March 20, June 17, September 17 and December 18). These sessions were supplemented with weekly updates on the risks from March to May and then monthly updates from June given the context of the COVID-19 crisis.

5.3.3.2 Risk management and monitoring

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. It describes in particular the system for granting loans. It contains attachments relating to capital markets activities as well as to 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 market activities 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 management 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.

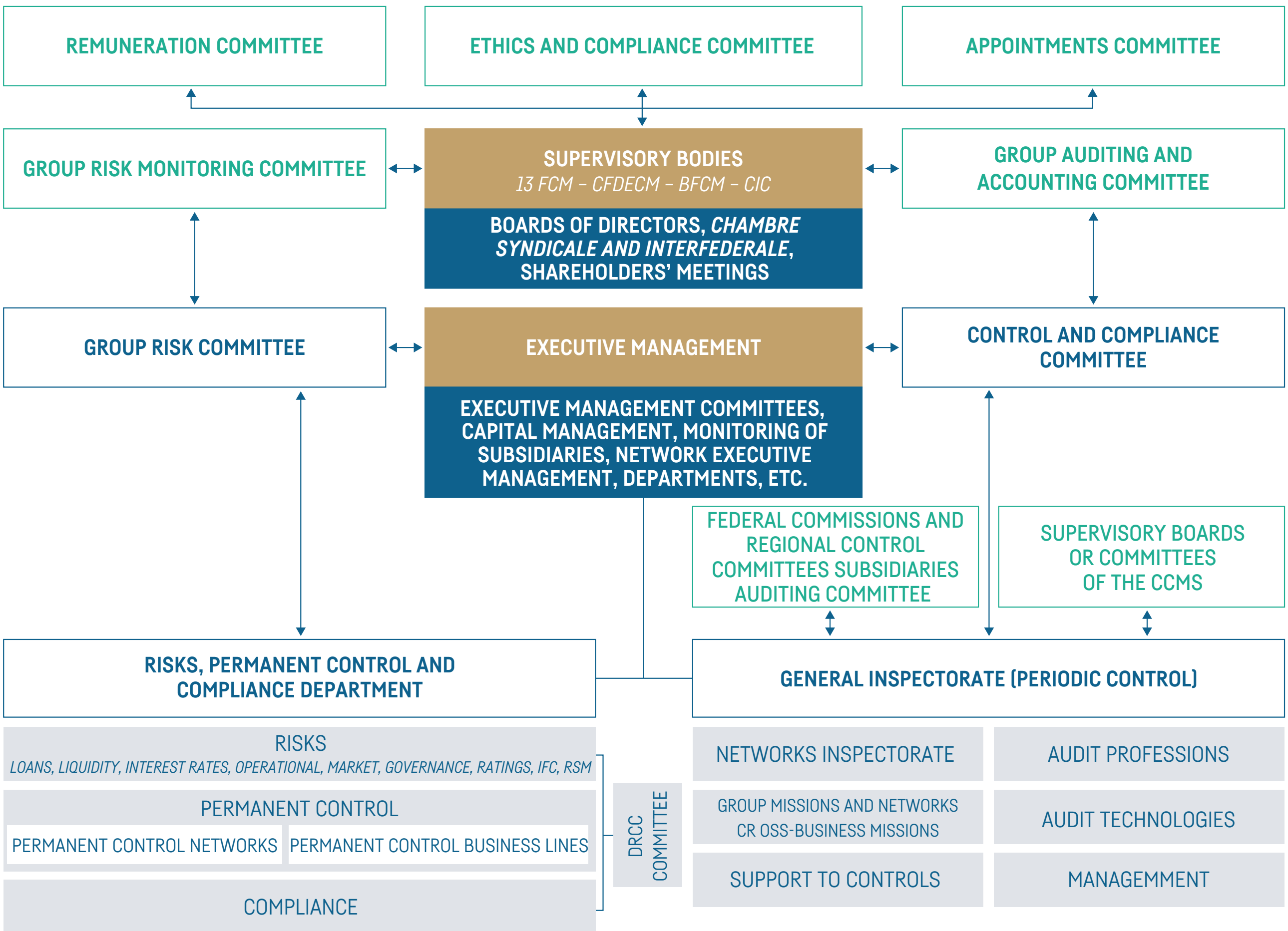
In this context, it has various regulatory tools used to identify, monitor, control and report on risks: in particular, risk mapping, the risk appetite framework and the system for monitoring alert thresholds and associated limits, the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal 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.

THE GROUP'S INTERNAL CONTROL AND RISK MONITORING SYSTEM



5.3.4.1.1 Regulatory framework

As the basis of sound management of banking activities, the principles and methods applicable in the area of internal control and risk measurement are governed by numerous French and European legislative and regulatory provisions, supplemented by a number of international standards.

In this respect, the main regulatory text applicable to the Crédit Mutuel Alliance Fédérale's internal control system is the ministerial Order of November 3, 2014. 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, the group issues an annual report in the format recommended by the *Autorité de contrôle prudentiel et de résolution* (ACPR – French Prudential Supervisory and Resolution Authority), on internal control and on risk measurement and monitoring, in light of which a detailed review of control processes is carried out.

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 operations 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;
- 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, the system comprises three functions:

- periodic control;
- permanent control;
- compliance.

The last two, which are brought together under a single department (risk management, permanent control and compliance department), are subject to periodic control by the former. The consistency of the overall system is ensured by a control and compliance committee chaired by a Group Executive Manager. This committee reports to the Group auditing and accounting committee, which represents the group's supervisory bodies.

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 operational activities, controls are performed by:

- periodic control staff, for in-depth, 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 activities 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 management committee).

Chaired by the chief executive officer, the 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 requirements 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,
- validating the annual internal control report (AICR) and its half-yearly implementation before its presentation to the Group auditing and accounting committee (GAAC);
- 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 2020 on March 6, June 16, September 30 and December 1.

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 cooperative 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 company 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 principles and methods 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 2020.

The Group auditing and accounting committee met four times in 2020 (February 17, April 27, July 29 and September 21) and twice with a more limited number of members (March 31 and December 4). These meetings were the subject of minutes intended for the deliberative bodies of the different federations.

It examined the financial statements for the year ended December 31, 2020 in its meeting of February 12, 2021 and had no particular observations to make.

Remuneration 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 remuneration committee, the scope of which extends to all its subsidiaries. It gives its opinions on the proposals made by the board of directors after consulting the risk and compliance departments 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 remuneration 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

These are aimed at providing a mapping of network risks, by consolidating all types of assignments based on a common catalog of points of control. They are regularly updated. Access to the information necessary for carrying out the controls is provided by the IT system.

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 on the network 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 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 to 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 also 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

They are distributed over the intranet and are permanently accessible *via* search engines to all employees. The control applications refer to them and links have been created to facilitate consultation and use. Framework procedures have been established at group level (central control functions) in a number of areas, in particular compliance and periodic control, as well as permanent control of the networks, governed by the central function of Crédit Mutuel Alliance Fédérale.

5.3.4.3 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.

5.3.4.3.1 Control of the annual financial statements

The accounting system

The accounting architecture

This is based on an IT platform shared throughout 15 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 departments 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 bank (branches and central departments) is broken down into branches, which represent 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 (personnel costs 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 department responsible for it. Reporting per department ensures that the results of the controls performed are collected.

5.3.4.3.2 Controls on 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.

Individual company 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. The statutory auditors are regularly invited to attend meetings of the board of directors to approve the financial statements and to the meetings of the auditing committee (see below).

Each time a closing involves the publication of financial data, this information is presented to executive management and the board of directors by the finance department. 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

Pursuant to EU Regulation 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 but how they are consolidated is not.

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 at December 31, 2020 is as follows.

The consolidation methods as between the prudential and accounting consolidations are identical. The Eu LI3 table is therefore not presented.

TABLE 9: DIFFERENCES BETWEEN THE ACCOUNTING AND REGULATORY CONSOLIDATIONS AND CORRESPONDENCE BETWEEN THE FINANCIAL STATEMENTS AND REGULATORY RISK CATEGORIES (EU LI1)

			Carrying amounts of items				
12/31/2020 *(in € millions)*	Carrying amounts as per the published financial statements	Carrying amounts under the regulatory consolidation	subject to the credit risk framework	subject to the counter-party 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	57,823	57,823	57,823	-	-	-	-
Financial assets at fair value through profit or loss	28,376	28,376	3,826	13,233	1	24,549	-
Hedging derivatives – Assets	805	805	-	805	-	-	-
Financial assets at fair value through other comprehensive income	12,715	12,715	7,587	-	5,128	-	-
Securities at amortized cost	2,768	2,768	2,768	-	-	-	-
Loans and receivables to credit institutions and similar at amortized cost	31,959	31,959	25,022	5,940	997	-	-
Loans and receivables due from customers at amortized cost	208,703	208,703	207,431	1,193	-	-	79
Revaluation adjustment on rate-hedged books	892	892	-	-	-	-	892
Short-term investments in the insurance business line and reinsurers' share of technical provisions	-	-	-	-	-	-	-
Current tax assets	557	557	557	-	-	-	-
Deferred tax assets	531	531	531	-	-	-	-
Accruals and other assets	5,467	5,467	5,467	-	-	-	-
Non-current assets held for sale	-	-	-	-	-	-	-
Deferred profit-sharing	-	-	-	-	-	-	-
Investment in associates	1,677	1,677	1,624	-	-	-	52
Investment property	49	49	49	-	-	-	-
Property, plant and equipment and finance leases	1,708	1,708	1,708	-	-	-	-
Intangible assets	193	193	-	-	-	-	193
Goodwill	33	33	-	-	-	-	33
TOTAL ASSETS	**354,257**	**354,257**	**314,393**	**21,172**	**6,126**	**24,549**	**1,249**

* *Certain items may be subject to capital requirements for counterparty risk and market risk.*

12/31/2020 *(in € millions)*	Carrying amounts as per the published financial statements	Carrying amounts under the regulatory consolidation	Carrying amounts of items: subject to the credit risk framework	subject to the counter-party 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
LIABILITIES							
Central banks – Liabilities	-	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss	17,308	17,308	-	16,177	-	17,286	22
Hedging derivatives – Liabilities	1,753	1,753	-	1,753	-	-	-
Liabilities to credit institutions	67,389	67,389	-	2,506	-	-	64,883
Due to customers	213,784	213,784	-	-	-	-	213,784
Debt securities	28,000	28,000	-	-	-	-	28,000
Revaluation adjustment on rate-hedged books	13	13	-	-	-	-	13
Current tax liabilities	222	222	-	-	-	-	222
Deferred tax liabilities	244	244	244	-	-	-	-
Accruals and other liabilities	6,864	6,864	-	1,470	-	-	5,394
Liabilities on assets held for sale	-	-	-	-	-	-	-
Technical provisions	-	-	-	-	-	-	-
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 cos.	-	-	-	-	-	-	-
Provisions for risks and expenses	1,186	1,186	-	-	-	-	1,186
Subordinated debt issued by bank	2,232	2,232	-	-	-	-	2,232
Total shareholders' equity	15,262	15,262	-	-	-	-	15,262
Shareholders' equity attributable to the group	15,224	15,224	-	-	-	-	15,224
Share capital and related pay-ins	1,784	1,784	-	-	-	-	1,784
Consolidated reserves – Group	12,815	12,815	-	-	-	-	12,815
Unrealized gains and (losses) recognized directly in equity – Group	-37	-37	-	-	-	-	-37
Net profit – Group	662	662	-	-	-	-	662
Shareholders' equity – Non-controlling interests	38	38	-	-	-	-	38
TOTAL LIABILITIES	**354,257**	**354,257**	**244**	**21,906**	**-**	**17,286**	**330,997**

** Certain items may be subject to capital requirements for counterparty risk and market risk.*

5

TABLE 10: MAIN SOURCES OF DIFFERENCES IN THE FINANCIAL STATEMENTS BETWEEN CARRYING AND REGULATORY AMOUNTS OF EXPOSURE (EU LI2)

12/31/2020 *(in € millions)*	Total	Items subject to: credit risk framework	counterparty risk framework	securitization provision	market risk framework
1 – CARRYING AMOUNTS OF ASSETS IN THE REGULATORY CONSOLIDATION	**366,241**	**314,393**	**21,172**	**6,126**	**24,549**
2 – Carrying amounts of liabilities in the regulatory consolidation	30,899	244	13,369	-	17,286
3 – Net total in the regulatory consolidation	**335,342**	**314,149**	**7,804**	**6,126**	**7,263**
4 – Off-balance-sheet commitments	**60,177**	**60,164**	**-**	**14**	**-**
OBO valuation diff.	**-32,272**	**-32,272**	**-**	**-**	**-**
5 – Valuation diff.	*1,889*	-	*1,889*	-	-
6 – Diff. due to differing rules for offsetting other than those already in line 2	*-1,685*	-	-	-	*-1,685*
7 – Diff. from the inclusion of provisions	*4,006*	*4,006*	-	-	-
8 – Diff. due to prudential filters	-	-	-	-	-
9 – Other	*848*	*862*	-	*-14*	-
10 – REGULATORY AMOUNT OF EXPOSURES	**368,305**	**346,908**	**9,692**	**6,126**	**5,578**

5.5 REGULATORY CAPITAL

5.5.1 Components of regulatory capital (EU CC1)

Since January 1, 2014, regulatory capital has been determined in accordance with section 1 of EU Regulation 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 EU Regulation No. 648/2012 (referred to as the "CRR"), supplemented by technical standards (EU Delegated Regulations and 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 regulatory 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 11: RECONCILIATION OF THE FINANCIAL BALANCE SHEET, THE REGULATORY BALANCE SHEET AND SHAREHOLDERS' EQUITY (EU CC2)

12/31/2020 *(in € millions)*	CET1	AT1	AT2	TOTAL Prudential
Shareholders' equity – attributable to the group	**-**	**-**	**-**	**-**
Capital called up & paid in	612	-	-	612
(-) Indirect investments in CET1 instruments	-	-	-	-
Issue premiums	1,172	-	-	1,172
Prior year earnings not distributed	13,078	-	-	13,078
Profit or loss (attributable to the group)	662	-	-	662
(-) Share of interim profits or ineligible closing date profits	-662	-	-	-662
Shareholders' equity – Non-controlling interests	**-**	**-**	**-**	**-**
Eligible non-controlling interests	26	-	6	32
Accumulated other comprehensive income	**-300**	**-**	**-**	**-300**
o/w equity instruments	*-86*	-	-	*-86*
o/w debt instruments	*-101*	-	-	*-101*
Other balance sheet items put into the calculation of capital	**-**	**-**	**-**	**-**
(-) Gross amount of other intangible assets, incl. DTL on intangible assets (a) – (b)	-193	-	-	-193
(-) Goodwill on intangible assets	-107	-	-	-107
(-) DTA dependent on future profits and not arising from temporary differences net of related tax liabilities	-	-	-	-
(-) Deductible deferred tax assets dependent on future profits and resultant from temporary differences	-	-	-	-
Subordinated debt	-	-	2,229	2,229
(-) Securitization positions that can, optionally, be weighted 1,250%	-12	-	-	-12
(-) Instruments of relevant entities in which the institution does not have a material investment	-	-	-	-
(-) Instruments of relevant entities in which the institution has a material investment	-	-	-	-
Other adjustments	**-**	**-**	**-**	**-**
Prudential filter: Reserve for cash flow hedges	-	-	-	-
Prudential filter: Value adjustments due to requirements for conservative valuation	-66	-	-	-66
Prudential filter: Total gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	-	-	-
Prudential filter: Gains or losses in the JV resulting from own credit risk on derivative liability instruments	-1	-	-	-1
Transitional adjustments to capital instruments due to grandfather clauses	-	-	-	-
Transitional adjustments to additional non-controlling interests, due to grandfather clauses	-	-	-	-
Transitional adjustments to capital instruments for capital gains & losses	86	-	-	86
Transitional adjustments to debt instruments for capital gains & losses	101	-	-	101
Other transitional adjustments	-187	-	-	-187
Using the IRB approach, the negative difference between provisions and expected losses	-68	-	-	-68
Using the IRB approach, the positive difference between provisions and expected losses	-	-	404	404
Credit risk adjustments – Standard approach	-	-	-	-
Excess deduction of T2 items impacting AT1	-	-	-	-
Excess deduction of AT1 items impacting CET1	-	-	-	-
TOTAL	**14,141**	**-**	**2,639**	**16,780**

Likewise, detailed information on capital in the format of Appendix VI to EU implementing Regulation No. 1423/2013 of December 20, 2013 are presented in Appendix 1.

The principal characteristics of capital instruments in the format of Appendix II to EU implementing Regulation No. 1423/2013 of December 20, 2013 are presented in Appendix 2.

5.5.2 Capital requirements

TABLE 12: OVERVIEW OF RISK-WEIGHTED ASSETS (EU OV1)

CURRENT CAP APPLICABLE TO CET1 INSTRUMENTS SUBJECT TO GRADUAL EXCLUSION

	Risk-Weighted Assets		Minimum capital requirements
(in € millions)	2020	2019	2020
Amount excluded from CET1 due to cap (cap excess after redemptions and maturities)	-	-	-
Current cap applicable to AT1 instruments subject to gradual exclusion	**-**	**-**	**-**
Amount excluded from AT1 due to cap (cap excess after redemptions and maturities)	**96,262**	**91,067**	**7,701**
Current cap applicable to T2 instruments subject to gradual exclusion	15,785	16,440	1,263
Amount excluded from T2 due to cap (cap excess after redemptions and maturities)	9,527	8,910	762
4 o/w advanced internal ratings-based approach	*59,200*	*54,463*	*4,736*
5 o/w advanced internal ratings-based approach	*11,750*	*11,253*	*940*
6 Counterparty risk	**2,033**	**1,861**	**163**
7 o/w market value	*1,663*	*1,520*	*133*
8 o/w initial exposure	-	-	-
9 o/w standard approach applied to counterparty risk (SA – CCR)	-	-	-
10 o/w internal models method (IMM)	-	-	-
11 o/w amount of risk exposure for contributions to the default fund of an SPC	*107*	*102*	*9*
12 o/w CVA	*262*	*239*	*21*
13 Settlement risk	**-**	**1**	**-**
14 Securitization exposure in the banking book	**1,272**	**953**	**102**
15 o/w internal ratings-based approach (IR)	*1,206*	*750*	*96*
16 o/w supervisory formula method	-	-	-
17 o/w internal valuation approach	-	-	-
18 o/w standard approach (SA)	*67*	*203*	*5*
19 Market risk	**2,973**	**2,253**	**238**
20 o/w standard approach (SA)	*2,973*	*2,253*	*238*
21 o/w approaches based on the internal models method (IMM)	-	-	-
22 Major Risks	**-**	**-**	**-**
23 Operational risk	**9,695**	**9,179**	**776**
24 o/w base indicator approach	*270*	*242*	*22*
25 o/w standard approach	*89*	*85*	*7*
26 o/w advanced measurement approach	*9,336*	*8,852*	*747*
27 Amounts less than deduction thresholds (with risk weighting of 250%)	**1,175**	**638**	**94**
28 Floor adjustment	**-**	**-**	**-**
29 TOTAL	**113,410**	**105,951**	**9,073**

5.6 PRUDENTIAL METRICS

5.6.1 Solvency ratio (EU CC1)

The group's solvency ratios at December 31, 2020, after consolidation of net profit/(loss) after estimated dividend distribution, amounted to:

TABLE 13: SOLVENCY RATIOS

(in € millions)	2020	2019
COMMON EQUITY TIER 1 (CET1) CAPITAL	**14,141**	**13,636**
Capital	1,784	1,696
Eligible reserves before adjustments	13,078	12,645
Deductions from Common Equity Tier 1 capital	-721	-708
ADDITIONAL TIER 1 (AT1) CAPITAL	**0**	**0**
TIER 2 (T2) CAPITAL	**2,640**	**2,284**
TOTAL REGULATORY CAPITAL	**16,781**	**15,921**
Risk-weighted assets for purposes of credit risk	100,480	94,518
Risk-weighted assets for purposes of market risk	3,236	2,254
Risk-weighted assets for purposes of operational risk	9,695	9,179
TOTAL RISK-WEIGHTED ASSETS	**113,410**	**105,951**
SOLVENCY RATIOS – Transitional method		
Common Equity T1 (CET1) ratio	12.47%	12.87%
Tier 1 ratio	12.47%	12.87%
Overall ratio	14.80%	15.03%

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, the group 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 December 31, 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 December 29, 2020, 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.

During the year, the following changes had been expected:

- from January 1, 2020, exposures in Luxembourg were to be subject to a countercyclical capital buffer of 0.25%;
- from July 1, 2020, exposures in Germany were to be subject to a countercyclical capital buffer of 0.25%;
- from July 1, 2020, exposures in Belgium were to be subject to a countercyclical capital buffer of 0.5%, requiring a recognition decision on the part of the HSCF.

However, in the light of the COVID-19 crisis, the following decisions were taken:

- 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 is maintained throughout 2020;
- 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 is maintained throughout 2020;

(1) CRR: part 3/title 1/chapter 1/section 1/Article 92.

- FPC, for exposures in the United Kingdom, fully eased the countercyclical capital buffer from March 24, 2020;
- CSSF did not announce any ease in Luxembourg, in 2020 and the capital buffer for exposures in Luxembourg will be subject to a rate of 0.50% from January 1, 2021.

The group's specific countercyclical capital buffer ratio is calculated as the weighted average of countercyclical buffer ratios applied in the countries where the group's relevant credit exposures are located.

The group is not subject to the OSII (Other Systemically Important Institutions) buffer, which applies solely at the nationally consolidated level.

TABLE 14: AMOUNT OF COUNTERCYCLICAL CAPITAL BUFFER SPECIFIC TO THE INSTITUTION (EU CCY-B2)

(in € millions)	2020	2019
010 Total risk-weighted assets	113,410	105,951
020 Countercyclical buffer ratio specific to the institution	0.0146%	0.2244%
030 Required countercyclical buffer specific to the institution	16.606	237.777

TABLE 15: 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					
12/31/2020 *(in € millions)*	Amount exposed to risk using standard approach	Amount exposed to risk using IR 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 IR approach	Of which: general credit exposures	Of which: trading book exposures	Of which: securi-tization exposures	Total	Weighting of capital require-ments	Counter-cyclical buffer ratio
Luxembourg	2,893.939	1,378.717	16.105	0.0	0.000	10,000	262.829	0.235	0.861	263.926	3.38%	0.250%
Hong Kong	22.196	965.785	78.879	0.0	0.000	0.000	38.195	1.328	0.000	39.523	0.51%	1,000%
Norway	16.490	94.574	23.573	0.0	0.000	0.000	7.101	0.462	0.000	7.563	0.10%	1,000%
Czech Republic	19.470	4.730	0.000	0.0	0.000	0.000	1.321	0.000	0.000	1.321	0.02%	0.500%
Slovakia	6.384	1.503	0.000	0.0	0.000	0.000	0.491	0.000	0.000	0.491	0.01%	1,000%
Bulgaria	0.770	0.328	0.000	0.0	0.000	0.000	0.074	0.000	0.000	0.074	0.00%	0.500%

	General credit exposures		Trading book exposures		Securitization exposures		Capital requirements					
12/31/2019 *(in € millions)*	Amount exposed to risk using standard approach	Amount exposed to risk using IR 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 IR approach	Of which: general credit exposures	Of which: trading book exposures	Of which: securi-tization exposures	Total	Weighting of capital require-ments	Counter-cyclical buffer ratio
France	6,350.866	180,409.130	1,871.468	0.000	521.779	828.843	5,162.653	47.914	12.229	5,222.796	71.07%	0.003%
UK	199.551	2,501.053	282.635	0.000	27.405	333.522	139.263	4.570	5.887	149.720	2.04%	0.010%
Ireland	50.017	788.267	82.946	0.000	26.070	35.946	41.881	0.887	0.630	43.398	0.59%	0.010%
Hong Kong	4.743	803.907	90.947	0.000	0.000	83.551	29.958	1.813	0.496	32.267	0.44%	0.020%
Sweden	30.012	315.993	19.386	0.000	0.000	0.000	18.955	0.448	0.000	19.403	0.26%	0.025%
Norway	21.844	158.259	22.035	0.000	0.000	0.000	10.082	0.382	0.000	10.464	0.14%	0.025%

5.6.2 Major risks

Banks must measure and limit their exposures to a single recipient, customer or group of customers.

Article 395 of EU Regulation 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 EU Regulation 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.

The group does not have a large gross outstanding with a single recipient (customer or customer group) reaching the threshold of 10% or 5% of the bank's capital.

TABLE 16: MAJOR RISKS

CORPORATES

Customer risk concentration	2020	2019
Commitments in excess of €300 million		
Number of counterparty groups	39	38
Total commitments in € millions	**24,093**	**23,478**
o/w total balance in € million	*7,669*	*8,515*
o/w total off-balance sheet in € million	*16,424*	*14,964*
Commitments in excess of €100 million		
Number of counterparty groups	143	136
Total commitments in € millions	**41,015**	**38,884**
o/w total balance in € million	*15,708*	*16,267*
o/w total off-balance sheet in € million	*25,307*	*22,617*

Commitments: balance-sheet + off-balance-sheet uses.
Public administrations, central banks and intra-group exposures are not considered to be single "customer" recipients.

BANKS

Customer risk concentration	2020	2019
Commitments in excess of €300 million		
Number of counterparty groups	4	3
Total commitments in € millions	**2,643**	**2,113**
o/w total balance in € million	*2,238*	*1,708*
o/w total off-balance sheet in € million	*405*	*406*
Commitments in excess of €100 million		
Number of counterparty groups	12	12
Total commitments in € millions	**4,020**	**3,484**
o/w total balance in € million	*3,340*	*2,747*
o/w total off-balance sheet in € million	*680*	*737*

Commitments: balance-sheet + off-balance-sheet uses.
Public administrations, central banks and intra-group exposures are not considered to be single "customer" recipients.

5.6.3 Leverage ratio

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 the group;
- an internal limit has been defined at the group 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 the group.

TABLE 17: LEVERAGE RATIO – JOINT STATEMENT (EU LR2-LRCOM)

Exposures *(in € millions)*	2020	2019
BALANCE SHEET (EXCLUDING DERIVATIVES AND TEMPORARY SALES OF SECURITIES)		
1 – Balance-sheet items (excluding derivatives, temporary sales of securities, fiduciary assets, but including collateral)	339,762	294,802
2 – (Assets deducted to determine Tier 1)	-68	-178
3 – Total balance-sheet exposures (excl. derivatives, temporary sales of securities and fiduciary assets) – sum of lines 1 and 2	**339,694**	**294,625**
DERIVATIVES		
4 – Replacement cost for all derivatives (*i.e.* net of eligible margin calls received)	1,287	1,078
5 – Add-on for future potential exposures associated with derivatives (mark-to-market method)	1,885	2,025
7 – (Deductions of cash margin calls paid as part of transactions in derivatives)	-2,822	-2,421
8 – Effective notional amount adjusted for credit derivatives sold	4,781	8,474
10 – (Adjusted effective notional offsets and deductions of add-ons for credit derivatives sold)	-3,017	-6,315
11 – Total exposures from derivatives – sum of lines 4 to 10	**2,114**	**2,841**
EXPOSURES FROM TEMPORARY SALES OF SECURITIES		
12 – Gross assets equal to temporary sales of securities (without offset) after adjusting for transactions accounted as sales	13,911	15,424
14 – Exposures to counterparty credit risk from assets related to temporary sales of securities	3	13
16 – Total exposures from temporary sales of securities – sum of lines 12 to 15a	**13,914**	**15,436**
OTHER OFF-BALANCE-SHEET EXPOSURES		
17 – Off-balance-sheet exposures in gross notional amount	65,118	57,192
18 – (Adjustments and equivalent credit risk amounts)	-39,331	-34,064
19 – Other off-balance-sheet exposures – sum of lines 17 to 18	**25,787**	**23,128**
EXEMPT EXPOSURE UNDER ARTICLES 429.7 AND 429.14 OF THE CRR (ON AND OFF BALANCE SHEET)		
EU-19a – (Exemption of intra-group exposures (individual basis) per Article 429.7 of the CRR (on and off balance sheet))	-	-
EU-19b – (Exempt exposures under Article 429.14 of the CRR (on- and off-balance-sheet))[1]	-58,954	-7,026
CAPITAL AND TOTAL EXPOSURE		
20 – Tier 1	**14,141**	**13,637**
21 – Total exposures – sum of lines 3, 11, 16, 19, EU-19a and EU-19b	**322,556**	**329,005**
LEVERAGE RATIO		
22 – Leverage ratio	**4.38%**	**4.14%**
22A – Leverage ratio (excluding the impact of temporary exclusions)	**3.71%**	**4.06%**
TRANSITIONAL ARRANGEMENTS CHOSEN AND AMOUNTS OF DE-RECOGNIZED FIDUCIARY ITEMS		
EU-23 – Transitional arrangements chosen to define the measurement of capital	YES	YES

(1) Starting January 1, 2019 the group is allowed to deduct from its leverage exposure the centralized savings in the Caisse des Dépôts et Consignations. This deduction was not integrated into the figures presented above.

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TABLE 18: SUMMARY OF RECONCILIATION BETWEEN ACCOUNTING ASSETS AND EXPOSURES FOR LEVERAGE RATIO PURPOSES (EU LR1-LRSUM)

Exposures *(in € millions)*	**2020**	**2019**
1 – CONSOLIDATED ASSETS IN THE REPORTED FINANCIAL STATEMENTS	**354,257**	**313,830**
2 – Adjustments for entities in the accounting consolidation but outside the regulatory consolidation	-	-
4 – Adjustments for derivatives	-1,325	-652
5 – Adjustments for temporary sales of securities (SFTs)	633	-420
6 – Adjustments for off-balance-sheet items (converted to credit equivalents)	25,787	23,128
EU-6a – (Adjustments for intra-group exposures left out of the leverage ratio calculation, in accordance with Article 429.7 of the CRR)	-	-
EU-6b – (Adjustments for exposures left out of the leverage ratio calculation, in accordance with Article 429.14 of the CRR) – CDC receivable	-58,954	-7,026
7 – Other adjustments	2,158	143
TOTAL LEVERAGE RATIO EXPOSURE	**322,556**	**329,005**

TABLE 19: BREAKDOWN OF EXPOSURES ON THE BALANCE SHEET – EXCLUDING DERIVATIVES, SFTS AND EXEMPT EXPOSURES (EU LR3-LRSPL)

Exposures *(in € millions)*	**2020**	**2019**
EU-1 – TOTAL BALANCE SHEET EXPOSURES* O/W:	**277,986**	**285,356**
EU-2 – Trading book exposures	**14,154**	**13,788**
EU-3 – Banking book exposures, o/w:	**263,833**	**271,567**
EU-4 – Covered bonds	437	621
EU-5 – Exposures treated as sovereign	28,464	48,355
EU-6 – Exposures from regional governments, multilateral development banks, international organizations and public sector entities not treated as sovereign	222	355
EU-7 – Institutions	24,743	22,824
EU-8 – Covered by a real estate mortgage	103,708	94,804
EU-9 – Retail exposures	30,221	29,627
EU-10 – Corporate exposures	58,218	57,060
EU-11 – Exposures in default	2,813	2,633
EU-12 – Other exposures (stock, securitizations and other assets unrelated to credit exposures)	15,007	15,289

* *Excluding derivatives, temporary sales of securities and exempt exposures.*

5.7 CAPITAL ADEQUACY

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, the group 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 framework, which can be understood as having the following stages:

- 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, the group 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/2016/10, 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 group, 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 macro-economic 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 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 in an isolated way, but within the group *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), the group 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, the group 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 Crédit Mutuel Alliance Fédérale, 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 banking

Given its business model, CIC's primary risk is credit risk.

Historically, CIC was originally more focused on corporate market but gradually expanded in the retail customer segment. 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 group 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 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 the group, 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.

The risk policy is circulated through all entities in CIC group consolidation by means of an intranet deployed in the group's French and foreign entities.

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, monitoring 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, monitoring 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 the 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 EU Regulation 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 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 that 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 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, the group 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 their 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 group 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. 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 group rolled out the EBA's new definition of default for all exposures approved using the internal method. The roll-out continued in 2020 for entities using the standardized method and should be completed in 2021.

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 group 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 oversight 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 controls carried out by the risks, 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 chapter 5.3 "Risk management".

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5.8.2 Exposures

CIC group has focused on the most advanced forms of the Basel III Accord, beginning with its core business, retail customers.

The *Autorité de contrôle prudentiel et de résolution* (ACPR – French Prudential Supervisory and Resolution Authority) 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 advanced method, as from March 31, 2018, for the real estate development book.

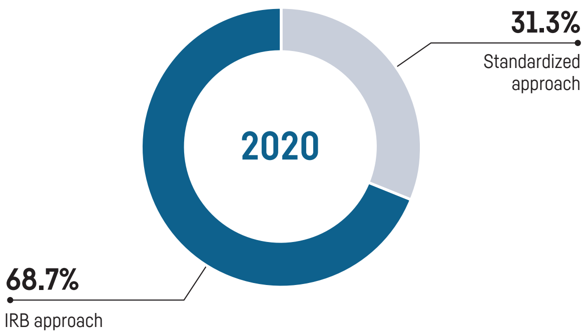
As part of the TRIM (Targeted review of internal models) process, the European Central Bank confirmed the authorization given to the group, for retail customer home loans book in 2018, for the retail businesses

and non-trading companies books in 2019 as well as the banking and key corporate portfolios in 2020.

For CIC group, the percentage of exposures approved under the advanced internal rating method was almost 69% at December 31, 2020.

GRAPH 10: FRACTION OF GROSS EXPOSURES UNDER THE ADVANCED AND STANDARDIZED METHODS (EU CR6-A)

MEASURE ON THE SCOPE OF INSTITUTIONS, CORPORATE AND RETAIL CUSTOMERS



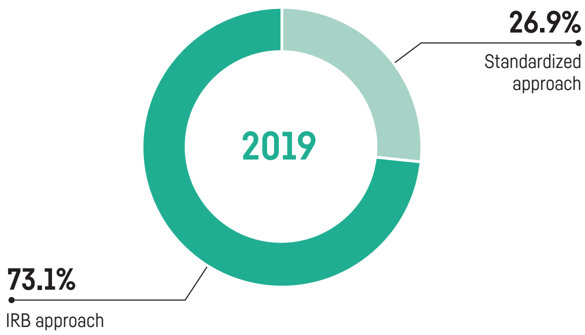


TABLE 20: TOTAL AND AVERAGE NET AMOUNT OF EXPOSURES (EU CRB-B)

(in € millions)	2020		2019	
	Net exposure at end of period	Average net exposures over the year	Net exposure at end of period	Average net exposures over the year
1 – Governments and central banks	**0**	**0**	**0**	**0**
2 – Institutions (banks)	**20,959**	**16,819**	**19,118**	**17,561**
3 – Corporates	**109,590**	**106,260**	**95,545**	**93,659**
*4 – o/w in slotting criteria**	*8,757*	*8,389*	*8,232*	*8,050*
5 – o/w: SMEs	*24,680*	*22,784*	*19,647*	*19,151*
6 – Retail customers	**133,260**	**128,092**	**121,055**	**118,721**
7 - o/w: Secured by real estate mortgages	*87,203*	*84,196*	*80,957*	*79,460*
*8 – o/w: SMEs***	*14,091*	*13,517*	*12,889*	*12,520*
9 – o/w: Non-SMEs	*73,112*	*70,679*	*68,068*	*66,940*
10 – o/w: revolving	*7,343*	*7,180*	*6,909*	*6,760*
11 – o/w: Other retail customers	*38,713*	*36,716*	*33,190*	*32,500*
12 – o/w: SMEs	*23,342*	*21,809*	*18,452*	*18,158*
13 – o/w: Non-SMEs	*15,371*	*14,907*	*14,738*	*14,342*
14 – Equities	**4,230**	**4,192**	**4,227**	**4,385**
14a – Other assets	**3,327**	**3,227**	**3,127**	**3,251**
15 – TOTAL IRB	**271,366**	**258,591**	**243,072**	**237,578**
16 – Central governments (sovereign borrowers) and central banks	69,736	64,710	48,595	45,363
17 – Regional or local authorities	320	327	355	374
18 – Public sector (public organizations excluding central governments)	9,639	9,014	7,443	7,138
19 – Multilateral development banks	274	291	0	0
20 – International organizations	176	171	0	0
21 – Banks	6,666	7,388	5,946	5,828
22 – Corporates	10,195	10,231	12,307	11,181
23 – o/w: SMEs	*2,072*	*2,762*	*1,873*	*1,694*
24 – Retail customers	2,574	2,387	3,182	3,078
25 – o/w: SMEs	*1,482*	*1,452*	*2,464*	*2,330*
26 – Exposures secured by real estate mortgages	7,577	7,412	5,669	6,198
27 – o/w: SMEs	*103*	*1,599*	*0*	*0*
28 – Exposures in default	929	709	446	444
29 – Exposures presenting an especially high risk	1,179	877	772	439
30 – Covered bonds	0	6	36	33
31 – Exposures from institutions and corporates given a short-term credit evaluation	0	0	0	0
32 – Exposures in the form of UCIT shares or equities	59	58	4	4
33 – Equity exposures	101	138	133	139
34 – Other assets	615	659	729	764
35 – Total standardized approach	110,039	104,379	85,617	80,983
36 – TOTAL	**381,405**	**362,970**	**328,689**	**318,561**

* *Slotting Criteria: Specialized lending algorithm.*

** *Small- and medium-size enterprise.*

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Exposures by geographic area

CIC is fundamentally a French and European firm. The geographic breakdown of net exposures at December 31, 2020 reflects that, with 94% of commitments in the European region.

TABLE 21: GEOGRAPHICAL DISTRIBUTION OF EXPOSURES (EU CRB-C)

12/31/2020	Net amount					
(in € millions)	Europe zone	France	Germany	Belgium	Spain	Luxembourg
1 – Governments and central banks	-	-	-	-	-	-
2 – Institutions (banks)	19,458	16,004	253	28	129	9
3 – Corporates	96,789	85,615	1,099	1,154	541	1,684
4 – Retail customers	132,479	131,184	64	241	70	76
5 – Equities	4,226	4,136	-	22	-	62
Other assets	3,241	3,240	-	-	-	-
6 – TOTAL IRB	**256,194**	**240,179**	**1,415**	**1,445**	**739**	**1,830**
7 – Governments (sovereign borrowers) central banks	62,878	58,035	229	222	75	1,310
8 – Regional or local authorities	269	247	20	-	-	1
9 – Public sector (public organizations excluding central governments)	9,639	9,638	-	-	-	1
10 – Multilateral development banks	-	-	-	-	-	-
11 – International organizations	-	-	-	-	-	-
12 – Banks	6,528	5,175	221	137	5	694
13 – Corporates	9,733	4,204	646	450	257	1,368
14 – Retail customers	2,482	1,506	72	127	53	215
15 – Exposures secured by real estate mortgages	7,379	251	34	143	1	1,500
16 – Exposures in default	873	339	187	9	19	25
17 – Exposures presenting an especially high risk	1,040	435	51	-	-	62
18 – Covered bonds	-	-	-	-	-	-
19 – Exposures from institutions and corporates given a short-term credit evaluation	-	-	-	-	-	-
20 – Exposures in the form of UCIT shares or equities	59	-	-	-	-	59
21 – Equity exposures	101	17	-	3	-	20
22 – Other assets	611	90	132	88	11	173
23 – Standard total	101,590	79,937	1,594	1,181	420	5,427
24 – TOTAL	**357,784**	**320,116**	**3,010**	**2,626**	**1,159**	**7,258**

Net amount								
Netherlands	Switzerland	UK	Other	Rest of World	USA	Canada	Other	Total
-	-	-	-	-	-	-	-	-
47	2,147	647	194	1,500	175	282	1,043	20,959
1,906	719	2,503	1,569	12,801	6,032	184	6,584	109,590
26	357	286	175	780	179	44	557	133,260
-	3	-	4	5	4	-	1	4,230
-	-	2	-	85	62	-	24	3,327
1,979	**3,226**	**3,438**	**1,941**	**15,172**	**6,452**	**511**	**8,209**	**271,366**
123	2,699	1	185	6,858	3,520	4	3,333	69,736
-	-	-	1	51	-	37	14	320
-	-	-	-	-	-	-	-	9,639
-	-	-	-	274	-	-	274	274
-	-	-	-	176	-	-	176	176
21	90	112	73	138	69	37	32	6,666
124	1,979	154	552	463	96	42	324	10,195
1	402	33	73	92	-	-	91	2,574
14	5,200	181	54	199	18	-	181	7,577
8	251	20	14	56	2	-	54	929
-	487	-	5	139	27	113	-	1,179
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	59
-	61	-	-	-	-	-	-	101
11	105	-	-	4	-	4	-	615
301	11,273	501	954	8,449	3,733	238	4,479	110,039
2,281	**14,500**	**3,939**	**2,895**	**23,621**	**10,185**	**749**	**12,688**	**381,405**

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12/31/2019 *(in € millions)*	Europe zone	France	Germany	Belgium	Spain	Luxembourg
1 – Governments and central banks	-	-	-	-	-	-
2 – Institutions (banks)	17,296	14,905	138	48	86	20
3 – Corporates	83,231	72,603	881	888	662	1,711
4 – Retail customers	120,265	118,965	69	234	63	74
5 – Equities	4,223	4,144	-	15	-	57
Other assets	3,033	3,023	-	-	-	-
6 – TOTAL IRB	**228,049**	**213,642**	**1,088**	**1,184**	**811**	**1,863**
7 – Governments (sovereign borrowers) central banks	41,130	36,737	369	298	6	1,210
8 – Regional or local authorities	329	295	33	-	-	1
9 – Public sector (public organizations excluding central governments)	7,443	7,438	-	-	-	5
10 – Multilateral development banks	-	-	-	-	-	-
11 – International organizations	-	-	-	-	-	-
12 – Banks	5,699	5,290	100	9	2	66
13 – Corporates	11,729	4,236	799	611	236	1,702
14 – Retail customers	3,161	1,593	19	66	65	148
15 – Exposures secured by real estate mortgages	5,608	251	14	125	9	1,391
16 – Exposures in default	419	273	13	7	13	9
17 – Exposures presenting an especially high risk	663	253	33	1	-	67
18 – Covered bonds	36	36	-	-	-	-
19 – Exposures from institutions and corporates given a short-term credit evaluation	-	-	-	-	-	-
20 – Exposures in the form of UCIT shares or equities	4	-	-	-	-	4
21 – Equity exposures	133	16	-	4	-	77
22 – Other assets	729	93	259	122	-	194
23 – Standard total	77,083	56,511	1,638	1,244	332	4,875
24 – TOTAL	**305,132**	**270,152**	**2,726**	**2,428**	**1,143**	**6,738**

Netherlands	Switzerland	UK	Other	Rest of World	USA	Canada	other	Total
-	-	-	-	-	-	-	-	-
17	1,311	571	202	1,821	309	288	1,224	19,118
1,846	613	2,383	1,643	12,314	5,473	203	6,637	95,545
21	378	288	172	790	210	38	543	121,055
-	3	-	4	4	4	-	-	4,227
-	-	10	-	94	75	-	18	3,127
1,884	**2,305**	**3,251**	**2,020**	**15,024**	**6,073**	**529**	**8,422**	**243,072**
153	2,132	21	202	7,465	4,319	20	3,126	48,595
-	-	-	-	25	-	25	-	355
-	-	-	-	-	-	-	-	7,443
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	111	114	8	246	189	18	> 40	5,946
93	3,430	153	470	579	117	38	423	12,307
1	1,243	13	12	22	1	1	20	3,182
-	3,753	21	44	61	1	-	59	5,669
6	63	23	12	27	4	-	23	446
-	309	-	-	109	1	109	-	772
-	-	-	-	-	-	-	-	36
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	4
-	35	-	-	-	-	-	-	133
2	59	-	-	-	-	-	-	729
255	11,136	345	748	8,534	4,632	211	3,691	85,617
2,139	**13,440**	**3,596**	**2,769**	**23,557**	**10,705**	**740**	**12,113**	**328,689**

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Exposures by type of industry or counterparty

CIC group has traditionally shown a good diversity in its exposures. Such great diversity enables it to reduce the risk of concentration that might exist with heavy exposure to one sector.

The two most significant sectors are private individuals (29%) and public administration (17%).

TABLE 22: CONCENTRATION OF EXPOSURES BY TYPE OF INDUSTRY OR COUNTERPARTY (EU CRB-D)

12/31/2020 *(in € millions)*	Public administration	Banks and financial institutions	Individuals	Sole traders	Farmers	Non-profit organizations
1 – Governments and central banks	0	0	0	0	0	0
2 – Institutions (banks)	0	20,959	0	0	0	0
3 – Corporates	0	0	0	122	923	739
4 – Retail customers	0	0	99,106	8,643	2,719	215
5 – Equities	0	0	0	0	0	0
Other assets	0	0	0	0	0	0
6 – TOTAL INTERNAL RATINGS-BASED APPROACH	**0**	**20,959**	**99,106**	**8,765**	**3,642**	**954**
Governments and central banks	69,736	0	0	0	0	0
Regional or local authorities	320	0	0	0	0	0
Public sector (public organizations excluding central governments)	9,639	0	0	0	0	0
Multilateral development banks	274	0	0	0	0	0
International organizations	176	0	0	0	0	0
Institutions	0	6,666	0	0	0	0
Corporates	0	0	6	0	3	46
Retail customers	0	0	1,053	21	13	3
Exposures secured by real estate mortgages	0	0	3,730	0	0	0
Exposures in default	22	13	190	2	2	0
Exposures presenting an especially high risk	0	0	0	0	0	0
Covered bonds	0	0	0	0	0	0
Exposures from institutions and corporates given a short-term credit evaluation	0	0	0	0	0	0
Exposures in the form of UCIT shares or equities	0	0	0	0	0	0
Equities	0	0	0	0	0	0
Other assets	0	0	0	0	0	0
23 – TOTAL STANDARDIZED APPROACH	**80,167**	**6,679**	**4,979**	**23**	**18**	**9**
24 – TOTAL	**80,167**	**27,638**	**104,085**	**8,788**	**3,660**	**963**

* *CIC Suisse, Banque de Luxembourg.*

	Other group subsidiaries*	Travel & leisure	Chemistry	Distribution	Automotive	Construction & building materials	Manufacturing goods and services	Healthcare	Other financial activities
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	164	4,728	1,381	8,317	3,366	10,395	9,306	2,624	7,247
	0	2,324	48	3,713	737	3,085	2,219	349	1,605
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	164	**7,052**	**1,429**	**12,030**	**4,103**	**13,480**	**11,525**	**2,973**	**8,852**
	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	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
	2	358	64	1,577	561	545	673	221	1,383
	0	261	10	363	50	567	206	19	11
	0	134	2	86	13	51	68	80	224
	0	14	1	56	178	80	95	3	32
	0	1	1	83	4	18	34	2	2
	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	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	2	**768**	**78**	**2,165**	**806**	**1,261**	**1,076**	**325**	**1,652**
	166	**7,820**	**1,507**	**14,195**	**4,909**	**14,741**	**12,601**	**3,298**	**10,504**

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12/31/2020 *(in € millions)*	Industrial transportation	Household products	Real estate development	Other real estate (incl. rental and RE invest.)	Utilities	Food & beverages
1 – Governments and central banks	0	0	0	0	0	0
2 – Institutions (banks)	0	0	0	0	0	0
3 – Corporates	6,595	3,103	4,764	5,623	2,983	5,756
4 – Retail customers	1,195	341	0	1,419	153	499
5 – Equities	0	0	0	0	0	0
Other assets	0	0	0	0	0	0
6 – TOTAL INTERNAL RATINGS-BASED APPROACH	**7,790**	**3,444**	**4,764**	**7,042**	**3,136**	**6,255**
Governments and central banks	0	0	0	0	0	0
Regional or local authorities	0	0	0	0	0	0
Public sector (public organizations excluding central governments)	0	0	0	0	0	0
Multilateral development banks	0	0	0	0	0	0
International organizations	0	0	0	0	0	0
Institutions	0	0	0	0	0	0
Corporates	758	157	28	681	241	264
Retail customers	64	26	0	27	10	32
Exposures secured by real estate mortgages	14	4	0	3,340	35	9
Exposures in default	17	13	1	131	1	7
Exposures presenting an especially high risk	9	2	1	1	2	2
Covered bonds	0	0	0	0	0	0
Exposures from institutions and corporates given a short-term credit evaluation	0	0	0	0	0	0
Exposures in the form of UCIT shares or equities	0	0	0	0	0	0
Equities	0	0	0	0	0	0
Other assets	0	0	0	0	0	0
23 – TOTAL STANDARDIZED APPROACH	**862**	**202**	**30**	**4,180**	**289**	**314**
24 – TOTAL	**8,652**	**3,646**	**4,794**	**11,222**	**3,425**	**6,569**

Media	Holdings companies, Conglomerates	High technology	Oil & gas commodities	Telecom-munications	Miscellaneous	Equities	Other assets	Total
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	20,959
2,489	9,105	5,054	4,971	1,177	8,659	0	0	109,590
262	715	287	94	22	3,508	0	0	133,260
0	0	0	0	0	0	4,230	0	4,230
0	0	0	0	0	0	166	3,161	3,327
2,751	**9,820**	**5,341**	**5,065**	**1,199**	**12,167**	**4,396**	**3,161**	**271,366**
0	0	0	0	0	0	0	0	69,736
0	0	0	0	0	0	0	0	320
0	0	0	0	0	0	0	0	9,639
0	0	0	0	0	0	0	0	274
0	0	0	0	0	0	0	0	176
0	0	0	0	0	0	0	0	6,666
72	302	191	84	144	2,192	0	0	10,195
25	15	29	10	3	53	0	0	2,574
18	59	13	12	0	-315	0	0	7,577
23	6	2	4	0	36	0	0	929
3	1	1	6	0	434	574	0	1,179
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	59	0	59
0	0	0	0	0	0	101	0	101
0	0	0	0	0	0	0	0	615
141	**383**	**236**	**116**	**147**	**2,400**	**734**	**0**	**110,040**
2,892	**10,203**	**5,577**	**5,181**	**1,346**	**14,567**	**5,130**	**3,161**	**381,406**

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12/31/2019 *(in € millions)*	Public administration	Banks and financial institutions	Individuals	Sole traders	Farmers	Non-profit organizations
1 – Governments and central banks	0	0	0	0	0	0
2 – Institutions (banks)	0	19,118	0	0	0	0
3 – Corporates	0	0	0	120	764	744
4 – Retail customers	0	0	92,560	7,865	2,485	189
5 – Equities	0	0	0	0	0	0
Other assets	0	0	0	0	0	0
6 – TOTAL INTERNAL RATINGS-BASED APPROACH	**0**	**19,118**	**92,560**	**7,985**	**3,250**	**933**
Governments and central banks	48,595	0	0	0	0	0
Regional or local authorities	355	0	0	0	0	0
Public sector (public organizations excluding central governments)	7,443	0	0	0	0	0
Multilateral development banks	0	0	0	0	0	0
International organizations	0	0	0	0	0	0
Institutions	0	5,946	0	0	0	0
Corporates	0	0	0	0	14	4
Retail customers	0	0	640	5	15	5
Exposures secured by real estate mortgages	0	0	3,441	0	0	0
Exposures in default	28	0	70	1	0	1
Exposures presenting an especially high risk	0	0	9	0	1	0
Covered bonds	0	36	0	0	0	0
Exposures from institutions and corporates given a short-term credit evaluation	0	0	0	0	0	0
Exposures in the form of UCIT shares or equities	0	0	0	0	0	0
Equities	0	0	0	0	0	0
Other assets	0	0	0	0	0	0
23 – Total standardized approach	**56,420**	**5,982**	**4,160**	**6**	**30**	**11**
24 – TOTAL	**56,420**	**25,100**	**96,720**	**7,991**	**3,280**	**944**

* *CIC Suisse, Banque de Luxembourg.*

Other group subsidiaries*	Travel & leisure	Chemistry	Distribution	Automotive	Construction & building materials	Manufacturing goods and services	Healthcare	Other financial activities
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
133	4,103	1,337	6,707	2,659	8,752	7,583	2,499	6,147
0	1,590	34	2,626	503	2,350	1,619	277	1,597
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
133	**5,693**	**1,371**	**9,333**	**3,162**	**11,102**	**9,202**	**2,776**	**7,744**
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	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
5,398	48	52	1,265	624	356	412	115	44
898	27	8	318	25	593	226	19	12
2,194	0	0	0	0	0	0	0	0
86	6	0	47	4	56	42	4	2
269	13	1	69	7	19	36	1	4
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	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
8,845	**94**	**60**	**1,699**	**661**	**1,024**	**715**	**140**	**62**
8,978	**5,786**	**1,432**	**11,032**	**3,823**	**12,126**	**9,916**	**2,916**	**7,806**

12/31/2019 *(in € millions)*	Industrial transportation	Household products	Real estate development	Other real estate (incl. rental and RE invest.)	Utilities	Food & beverages
1 – Governments and central banks	0	0	0	0	0	0
2 – Institutions (banks)	0	0	0	0	0	0
3 – Corporates	6,242	2,327	4,401	4,958	2,786	5,107
4 – Retail customers	1,019	266	0	1,143	124	401
5 – Equities	0	0	0	0	0	0
Other assets	0	0	0	0	0	0
6 – TOTAL INTERNAL RATINGS-BASED APPROACH	**7,261**	**2,594**	**4,401**	**6,101**	**2,910**	**5,509**
Governments and central banks	0	0	0	0	0	0
Regional or local authorities	0	0	0	0	0	0
Public sector (public organizations excluding central governments)	0	0	0	0	0	0
Multilateral development banks	0	0	0	0	0	0
International organizations	0	0	0	0	0	0
Institutions	0	0	0	0	0	0
Corporates	233	91	23	95	205	244
Retail customers	72	32	0	36	11	34
Exposures secured by real estate mortgages	0	0	0	0	0	0
Exposures in default	9	14	1	20	3	6
Exposures presenting an especially high risk	7	3	3	2	3	11
Covered bonds	0	0	0	0	0	0
Exposures from institutions and corporates given a short-term credit evaluation	0	0	0	0	0	0
Exposures in the form of UCIT shares or equities	0	0	0	0	0	0
Equities	0	0	0	0	0	0
Other assets	0	0	0	0	0	0
23 – Total standardized approach	**321**	**141**	**27**	**154**	**222**	**295**
24 – TOTAL	**7,582**	**2,735**	**4,428**	**6,255**	**3,132**	**5,804**

Media	Holdings companies, Conglomerates	High technology	Oil & gas commodities	Telecom-munications	Miscellaneous	Equities	Other assets	Total
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	19,118
2,165	8,050	4,104	4,684	1,075	8,097	0	0	95,545
134	680	157	85	13	3,338	0	0	121,055
0	0	0	0	0	0	4,227	0	4,227
0	0	0	0	0	0	151	2,976	3,127
2,299	**8,730**	**4,261**	**4,769**	**1,088**	**11,435**	**4,378**	**2,976**	**243,072**
0	0	0	0	0	0	0	0	48,595
0	0	0	0	0	0	0	0	355
0	0	0	0	0	0	0	0	7,443
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	5,946
55	119	265	91	108	2,446	0	0	12,307
27	34	28	15	4	99	0	0	3,182
0	0	0	0	0	34	0	0	5,669
5	5	8	1	2	25	0	0	446
3	3	2	4	2	7	292	0	772
0	0	0	0	0	0	0	0	36
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	4	0	4
0	0	0	0	0	0	133	0	133
0	0	0	0	0	0	0	729	729
90	**161**	**302**	**112**	**116**	**2,611**	**428**	**729**	**85,617**
2,389	**8,891**	**4,563**	**4,881**	**1,204**	**14,045**	**4,806**	**3,705**	**328,689**

5

Maturity of exposures

TABLE 23: MATURITY OF GROSS EXPOSURES – BROKEN DOWN BY REMAINING MATURITY (EU CRB-E)

Category of gross exposure 12/31/2020 *(in € millions)*	< 1 month	1 month < D < 3 months	3 months < D < 1 year	1 year < D < 2 years	2 years < D < 5 years	D > 5 years	Indefinite	Total
BALANCE SHEET								
Governments and central banks	59,417	1,162	3,584	537	1,299	12,598	528	79,125
Institutions	11,178	5,230	2,151	2,136	2,622	792	36	24,145
Corporates	16,439	6,000	13,863	7,645	20,220	17,330	0	81,497
Retail customers	8,096	2,837	15,527	12,050	28,205	59,976	0	126,691
BALANCE SHEET TOTAL	**95,130**	**15,229**	**35,125**	**22,368**	**52,346**	**90,696**	**564**	**311,458**
OFF-BALANCE SHEET								
Governments and central banks	6	7	110	43	592	42	1	801
Institutions	2,752	48	120	329	165	29	306	3,749
Corporates	11,830	1,132	6,587	4,329	15,178	2,404	4,120	45,580
Retail customers	6,963	575	467	1,666	272	4,235	799	14,977
TOTAL OFF-BALANCE SHEET	**21,551**	**1,762**	**7,284**	**6,367**	**16,207**	**6,710**	**5,226**	**65,107**

Category of gross exposure 12/31/2019 *(in € millions)*	< 1 month	1 month < D < 3 months	3 months < D < 1 year	1 year < D < 2 years	2 years < D < 5 years	D > 5 years	Indefinite	Total
BALANCE SHEET								
Governments and central banks	39,339	967	1,820	889	1,331	10,757	115	55,218
Institutions	10,935	4,708	2,071	1,789	2,511	781	13	22,808
Corporates	17,820	5,474	6,556	6,942	20,306	16,500	0	73,598
Retail customers	7,831	2,831	8,932	11,111	27,897	56,127	0	114,729
BALANCE SHEET TOTAL	**75,925**	**13,980**	**19,379**	**20,731**	**52,045**	**84,165**	**128**	**266,353**
OFF-BALANCE SHEET								
Governments and central banks	48	0	55	93	300	357	0	853
Institutions	1,804	1	237	2	346	3	264	2,657
Corporates	7,261	506	4,817	3,850	14,814	1,603	5,725	38,576
Retail customers	6,464	711	687	1,691	601	3,730	1,101	14,985
TOTAL OFF-BALANCE SHEET	**15,577**	**1,218**	**5,796**	**5,636**	**16,061**	**5,693**	**7,090**	**57,071**

5.8.3 Credit quality of assets (EU CRB-A)

5.8.3.1 Impaired and overdue exposures

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 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 for Retail, €500 for 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;
- the minimum probation period is three months before the return of non-restructured assets to a performing loan status.

The group CIC chose to roll out the new definition of default in line with the two-step approach proposed by the EBA:

- step 1 – This consists in presenting a self-assessment and an authorization request to the supervisor. CIC group 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 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 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”.

5.8.3.2 Impairment for credit risk

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 the group 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 in the balance sheet, 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.

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 group uses the models developed for prudential purposes and has therefore applied a similar breakdown of its outstanding loans:

- 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 involves measuring the risk at the level of the borrower, where the counterparty rating system of the Crédit Mutuel group 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 into Status 2 does not entail transferring all of the customer's outstanding loans or those of related parties (absence of contagion).

Note that CIC group 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. The CIC group does not use the operational simplification offered by the standard, which allows outstanding loans with low risk at the reporting date to be maintained in Status 1.

Qualitative criteria

To these quantitative criteria CIC group adds qualitative ones such as installments unpaid or late by more than 30 days, the fact that a loan has been restructured, etc.

Methods based exclusively on qualitative criteria are used for entities or small portfolios that are classified for prudential purposes under the standardized approach and do not have a rating system.

Statuses 1 and 2 – Calculating expected losses

Expected credit losses are measured by multiplying the outstanding amount of the loan at the contract rate by its probability of default (PD) and by the loss given default (LGD). The off-balance-sheet exposure is converted into a balance-sheet equivalent based on the probability of a drawdown. The one-year probability of default is used for Status 1, while the probability of default at termination (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.

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 – likely to 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 used.

COVID-19 health crisis

The CIC group is committed to the government support system for the economy in response to the COVID-19 health crisis. This system resulted in the granting of maturity extensions to business and corporate customers and State-guaranteed loans to support their cash flow.

As part of the financial market mechanisms, maturity extension measures granted until September 30, 2020 did not automatically constitute an indicator of significant deterioration of the credit risk of financial assets concerned or the reclassification to restructured assets (forborne). Maturity extensions granted beyond this date represent individual support measures, as a result of which the transfer to Status 2, 3 or restructured assets takes place in compliance with group rules.

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.

CIC group took into account the unprecedented and brutal nature of the COVID-19 crisis on the macroeconomic environment to remodel the forward-looking aspect of its policies for provisions.

Given the highly uncertain context, the weights of the scenarios were revised in line with the Banque de France's macroeconomic projections. The weighting of the pessimistic scenario was increased on the Order of June 30, 2020 and remains in force as of December 31, 2020.

This first measure was accompanied by a hardening of the pessimistic scenario for the portfolios with high default rates of individuals and sole traders at December 31, 2020.

Lastly, in accordance with the authorities' recommendations, CIC group has set aside an additional provision to anticipate the increase in claims experienced in the sectors considered to be the most vulnerable to the health crisis: tourism, gaming, leisure, hotels, restaurants, automotive and aeronautics (excluding manufacturers) industries, clothing, beverage sales, light vehicle rental, industrial passenger transport and air transport. This provision was established in accordance with a group methodology, defined at national level and which takes into account the impacts of successive lockdowns.

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 ranges 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, 2020 benefit from a State guarantee of up to 90%.

TABLE 24: CREDIT QUALITY OF STATE-GUARANTEED LOANS

	a	b	c	d
	Gross carrying amount		Maximum amount of guarantee that may be taken into consideration	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	12	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

The Group 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 group chose to massively support its corporate and professional customers by granting automatic extensions of maturities.

TABLE 25: CREDIT QUALITY OF LOANS AND ADVANCES SUBJECT TO REPAYMENT MORATORIA APPLIED DUE TO THE COVID-19 PANDEMIC

	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		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		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	**0**	0	0	0	0	0	0	0	0	0	0	0	0	0	0
of which: secured by residential real estate	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
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, 2020. The remaining amount due is €0.4 billion at as of December 31, 2020.
(2) Excluding additional provisions on sensitive sectors related to the COVID-19 crisis.

TABLE 26: VOLUME OF LOANS AND ADVANCES SUBJECT TO STATUTORY AND NON-LEGISLATIVE MORATORIA BY RESIDUAL MATURITY

	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	0	35,548	-	-	-	-	-	-	-
Loans and advances subject to moratoriums (granted)	0	**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

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 the group 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.

The following tables break down the non-performing and litigated loans and the provisions related to them as at December 31, 2020 by business sector or type of counterparty, their Basel treatment and their geographic area.

TABLE 27: CREDIT QUALITY OF EXPOSURES BY CATEGORY OF EXPOSURE AND BY INSTRUMENT (EU CR1-A)

	b	a		c	d	g
	Gross exposures		Provisions (for non-performing loans and IAS 39)			Net exposure
12/31/2020 *(in € millions)*	Performing exposures	Exposures in default		Specific provisions	Collective provisions	(a+b-c-d)
1 – Governments and central banks	**0**	**0**	**0**	**0**	**0**	**0**
2 – Institutions (banks)	**20,962**	**1**	**4**	**0**	**0**	**20,959**
3 – Corporates	**109,601**	**2,095**	**2,106**	**0**	**0**	**109,590**
4 – o/w: Specialized lending	*8,670*	*137*	*50*	*0*	*0*	*8,757*
5 – o/w: SMEs	*24,384*	*741*	*445*	*0*	*0*	*24,680*
6 – Retail customers	**132,238**	**2,812**	**1,791**	**0**	**0**	**133,260**
7 – Exposures secured by real estate mortgages	*86,674*	*1,188*	*658*	*0*	*0*	*87,203*
8 – SMEs	*13,949*	*350*	*209*	*0*	*0*	*14,091*
9 – Non-SMEs	*72,724*	*838*	*450*	*0*	*0*	*73,112*
10 – Revolving	*7,340*	*66*	*62*	*0*	*0*	*7,343*
11 – Other – retail customers	*38,225*	*1,559*	*1,071*	*0*	*0*	*38,713*
12 – SMEs	*22,936*	*1,242*	*835*	*0*	*0*	*23,342*
13 – Non-SMEs	*15,289*	*317*	*235*	*0*	*0*	*15,371*
14 – Equities	**4,230**	**0**	**0**	**0**	**0**	**4,230**
14a – Other assets	**3,327**	**0**	**0**	**0**	**0**	**3,327**
15 – TOTAL IRB APPROACH	**270,358**	**4,908**	**3,901**	**0**	**0**	**271,366**
16 – Governments and central banks	**69,741**	**0**	**5**	**0**	**0**	**69,736**
17 – Regional or local authorities	**320**	**0**	**0**	**0**	**0**	**320**
18 – Public sector (public organizations excluding central governments)	**9,639**	**0**	**0**	**0**	**0**	**9,639**
19 – Multilateral development banks	**274**	**0**	**0**	**0**	**0**	**274**
20 – International organizations	**176**	**0**	**0**	**0**	**0**	**176**
21 – Institutions (banks)	**6,668**	**0**	**3**	**0**	**0**	**6,666**
22 – Corporates	**10,208**	**0**	**13**	**0**	**0**	**10,195**
23 – o/w: SMEs	*2,073*	*0*	*0*	*0*	*0*	*2,072*
24 – Retail customers	**2,580**	**0**	**7**	**0**	**0**	**2,574**
25 – o/w: SMEs	*1,482*	*0*	*0*	*0*	*0*	*1,482*
26 – Exposures secured by real estate mortgages	**7,580**	**0**	**3**	**0**	**0**	**7,577**
27 – o/w: SMEs	*103*	*0*	*0*	*0*	*0*	*103*
28 – Exposures in default	**0**	**1,060**	**131**	**0**	**0**	**929**
29 – Exposures presenting an especially high risk	**1,179**	**0**	**0**	**0**	**0**	**1,179**
30 – Covered bonds	**0**	**0**	**0**	**0**	**0**	**0**
31 – Exposures from institutions and corporates given a short-term credit evaluation	**0**	**0**	**0**	**0**	**0**	**0**
32 – Exposures in the form of UCIT shares or equities	**59**	**0**	**0**	**0**	**0**	**59**
33 – Equity exposure	**101**	**0**	**0**	**0**	**0**	**101**
34 – Other assets	**615**	**0**	**0**	**0**	**0**	**615**
35 – TOTAL STANDARDIZED APPROACH	**109,141**	**1,060**	**162**	**0**	**0**	**110,039**
36 – TOTAL	**379,499**	**5,969**	**4,063**	**0**	**0**	**381,405**

	b	a	c	d	f	g
	Gross exposures				Provisions for the period	Net exposure
12/31/2019 *(in € millions)*	performing	in default	Specific provisions	Collective provisions		(a+b-c-d)
1 – Governments and central banks	**0**	**0**	**0**	**0**	**0**	**0**
2 – Institutions (banks)	**19,118**	**1**	**1**	**0**	**0**	**19,118**
3 – Corporates	**94,950**	**1,920**	**1,325**	**0**	**0**	**95,545**
4 – o/w: Specialized lending	*8,133*	*128*	*29*	*0*	*0*	*8,232*
5 – o/w: SMEs	*19,339.*	*717*	*409*	*0*	*0*	*19,647*
6 – Retail customers	**119,932**	**2,902**	**1,779**	**0**	**0**	**121,055**
7 – Exposures secured by real estate mortgages	*80,307*	*1,284*	*634*	*0*	*0*	*80,957*
8 – SMEs	*12,714*	*372*	*197*	*0*	*0*	*12,889*
9 – Non-SMEs	*67,593*	*912*	*437*	*0*	*0*	*68,068*
10 – Revolving	*6,905*	*64*	*60*	*0*	*0*	*6,909*
11 – Other – retail customers	*32,720*	*1,554*	*1,084*	*0*	*0*	*33,190*
12 – SMEs	*18,081.*	*1,210*	*839*	*0*	*0*	*18,452*
13 – Non-SMEs	*14,639*	*343*	*245*	*0*	*0*	*14,738*
14 – Equities	**4,229**	**0**	**2**	**0**	**0**	**4,227**
14a – Other assets	**3,127**	**0**	**0**	**0**	**0**	**3,127**
15 – TOTAL IRB APPROACH	**241,355**	**4,824**	**3,107**	**0**	**0**	**243,072**
16 – Governments and central banks	**48,607**	**0**	**12**	**0**	**0**	**48,595**
17 – Regional or local authorities	**355**	**0**	**0**	**0**	**0**	**355**
18 – Public sector (public organizations excluding central governments)	**7,443**	**0**	**0**	**0**	**0**	**7,443**
19 – Multilateral development banks	**0**	**0**	**0**	**0**	**0**	**0**
20 – International organizations	**0**	**0**	**0**	**0**	**0**	**0**
21 – Institutions (banks)	**5,947**	**0**	**1**	**0**	**0**	**5,946**
22 – Corporates	**12,314**	**0**	**6**	**0**	**0**	**12,307**
23 – o/w: SMEs	*1,873*	*0*	*0*	*0*	*0*	*1,873*
24 – Retail customers	**3,184**	**0**	**2**	**0**	**0**	**3,182**
25 – o/w: SMEs	*2,466*	*0*	*2*	*0*	*0*	*2,464*
26 – Exposures secured by real estate mortgages	**5,678**	**0**	**9**	**0**	**0**	**5,669**
27 – o/w: SMEs	*0*	*0*	*0*	*0*	*0*	*0*
28 – Exposures in default	**0**	**555**	**109**	**0**	**0**	**446**
29 – Exposures presenting an especially high risk	**772**	**0**	**0**	**0**	**0**	**772**
30 – Covered bonds	**36**	**0**	**0**	**0**	**0**	**36**
31 – Exposures from institutions and corporates given a short-term credit evaluation	**0**	**0**	**0**	**0**	**0**	**0**
32 – Exposures in the form of UCIT shares or equities	**4**	**0**	**0**	**0**	**0**	**4**
33 – Equity exposure	**133**	**0**	**0**	**0**	**0**	**133**
34 – Other assets	**729**	**0**	**0**	**0**	**0**	**729**
35 – TOTAL STANDARDIZED APPROACH	**85,201**	**555**	**139**	**0**	**0**	**85,617**
36 – TOTAL	**326,556**	**5,379**	**3,246**	**0**	**0**	**328,689**

TABLE 28: CREDIT QUALITY OF EXPOSURES BY INDUSTRY OR COUNTERPARTY TYPES (EU CR1 B)

12/31/2020 *(in € millions)*	Gross exposures		Provisions (for non-performing loans and IAS 39)	Specific provisions	Collective provisions	Net exposure
	Performing exposures	Exposures in default				
	a	b		c	d	(a+b-c-d)
1 – Public administration	80,150	23	7	-	-	80,166
2 – Banks and financial institutions	27,630	16	9	-	-	27,637
3 – Individuals	103,365	1,534	813	-	-	104,086
4 – Sole traders	8,737	179	127	-	-	8,789
5 – Farmers	3,608	127	75	-	-	3,660
6 – Non-profit organizations	966	6	8	-	-	964
7 – Other group subsidiaries	165	-	-	-	-	165
8 – Travel & leisure	7,693	335	209	-	-	7,819
9 – Chemistry	1,508	11	12	-	-	1,507
10 – Distribution	13,967	637	408	-	-	14,196
11 – Automotive	4,712	249	52	-	-	4,909
12 – Construction & building materials	14,397	519	176	-	-	14,740
12 – Manufacturing goods and services	12,414	350	163	-	-	12,601
14 – Healthcare	3,318	19	39	-	-	3,298
15 – Other financial activities	10,409	325	230	-	-	10,504
16 – Industrial transportation	8,546	215	110	-	-	8,651
17 – Household products	3,599	96	49	-	-	3,646
18 – Real estate development	4,773	107	86	-	-	4,794
19 – Other real estate (incl. rental and RE invest.)	11,067	279	124	-	-	11,222
20 – Utilities	3,390	48	13	-	-	3,425
21 – Food & beverages	6,545	118	95	-	-	6,568
22 – Media	2,860	61	29	-	-	2,892
23 – Holdings companies, Conglomerates	10,062	294	153	-	-	10,203
24 – High technology	5,556	45	25	-	-	5,576
25 – Oil & gas, Commodities	5,149	67	35	-	-	5,181
26 – Telecommunications	1,327	28	8	-	-	1,347
27 – Miscellaneous	15,295	282	1,010	-	-	14,567
28 – Equities	5,130	-	-	-	-	5,130
29 – Other assets	3,161	-	-	-	-	3,161
30 – TOTAL	**379,499**	**5,969**	**4,063**	**-**	**-**	**381,405**

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12/31/2019 *(in € millions)*	Gross exposures – Performing exposures	Gross exposures – Exposures in default	Provisions (for non-performing loans and IAS 39)	Specific provisions	Collective provisions	Net exposure
	a	b		c	d	(a+b-c-d)
1 – Public administration	56,404	28	12	-	-	56,420
2 – Banks and financial institutions	25,101	2	2	-	-	25,101
3 – Individuals	95,992	1,514	787	-	-	96,719
4 – Sole traders	7,934	191	134	-	-	7,991
5 – Farmers	3,235	111	67	-	-	3,279
6 – Non-profit organizations	944	6	7	-	-	943
7 – Other group subsidiaries	8,929	116	67	-	-	8,978
8 – Travel & leisure	5,689	271	173	-	-	5,787
9 – Chemistry	1,432	8	9	-	-	1,431
10 – Distribution	10,795	586	349	-	-	11,032
11 – Automotive	3,808	61	46	-	-	3,823
12 – Construction & building materials	11,943	322	139	-	-	12,126
12 – Manufacturing goods and services	9,802	250	135	-	-	9,917
14 – Healthcare	2,921	19	24	-	-	2,916
15 – Other financial activities	7,738	286	218	-	-	7,806
16 – Industrial transportation	7,471	202	91	-	-	7,582
17 – Household products	2,699	86	51	-	-	2,734
18 – Real estate development	4,394	103	69	-	-	4,428
19 – Other real estate (incl. rental and RE invest.)	6,206	129	80	-	-	6,255
20 – Utilities	3,066	80	14	-	-	3,132
21 – Food & beverages	5,760	132	88	-	-	5,804
22 – Media	2,375	38	24	-	-	2,389
23 – Holdings companies, Conglomerates	8,739	294	142	-	-	8,891
24 – High technology	4,540	47	24	-	-	4,563
25 – Oil & gas, Commodities	4,858	127	104	-	-	4,881
26 – Telecommunications	1,177	34	6	-	-	1,205
27 – Miscellaneous	14,090	335	380	-	-	14,045
28 – Equities	4,808	-	2	-	-	4,806
29 – Other assets	3,705	-	-	-	-	3,705
30 – TOTAL	**326,556**	**5,379**	**3,246**	**-**	**-**	**328,689**

TABLE 29: CREDIT QUALITY OF EXPOSURES BY GEOGRAPHIC AREA (EU CR1-C)

12/31/2020	Gross exposures				
	Performing exposures	Exposures in default	Specific provisions	Collective provisions	Net exposure
(in € millions)	b	a	c	d	(a+b-c-d)
1 – EUROPE	**356,029**	**5,678**	**3,923**	**0**	**357,784**
2 – France	318,851	4,979	3,714	0	320,116
3 – Germany	2,835	193	19	0	3,010
4 – Belgium	2,618	52	44	0	2,626
5 – Spain	1,138	34	13	0	1,159
6 – Luxembourg	7,241	54	37	0	7,258
7 – Netherlands	2,278	9	7	0	2,281
8 – Switzerland	14,252	310	63	0	14,500
9 – UK	3,930	29	20	0	3,939
10 – Other	2,885	16	6	0	2,895
11 – REST OF WORLD	**23,470**	**291**	**140**	**0**	**23,621**
12 – United States	10,183	58	57	0	10,185
13 – Canada	751	0	3	0	749
14 – Other	12,536	232	80	0	12,688
15 – TOTAL	**379,499**	**5,969**	**4,063**	**0**	**381,405**

12/31/2019	Gross exposures				
	Performing exposures	Exposures in default	Specific provisions	Collective provisions	Net exposure
(in € millions)	b	a	c	d	(a+b-c-d)
1 – EUROPE	**303,163**	**5,099**	**3,130**	**0**	**305,132**
2 – France	268,345	4,802	2,995	0	270,152
3 – Germany	2,717	18	8	0	2,726
4 – Belgium	2,388	52	12	0	2,428
5 – Spain	1,131	19	7	0	1,143
6 – Luxembourg	6,732	28	23	0	6,738
7 – Netherlands	2,136	8	4	0	2,139
8 – Switzerland	13,381	116	57	0	13,440
8 – UK	3,574	38	17	0	3,596
8 – Other	2,760	16	7	0	2,769
11 – REST OF WORLD	**23,393**	**281**	**116**	**0**	**23,557**
12 – United States	10,679	73	48	0	10,705
13 – Canada	740	1	1	0	740
14 – Other	11,973	207	67	0	12,113
15 – TOTAL	**326,556**		**3,246**	**0**	**328,689**

TABLE 30: MATURITY OF PAST-DUE EXPOSURES (EU CR1-D)

12/31/2020 *(in € millions)*	Gross carrying amount – Performing loans: No arrears or in arrears ≤ 30 days	Gross carrying amount – Performing loans: > 30 days ≤ 90 days	Gross carrying amount – Loans in default: Probability of arrears or in arrears ≤ 90days	Loans in default: > 90 days ≤ 180 days	Loans in default: > 180 days ≤ 1 year	Loans in default: > 1 year
1 – Loans	228,674	1,836	253	341	2,637	896
2 – Debt securities	15,749	178	-	-	-	-
3 – TOTAL	**244,423**	**2,014**	**253**	**341**	**2,637**	**-**

12/31/2019 *(in € millions)*	Gross carrying amount – Performing loans: No arrears or in arrears ≤ 30 days	Gross carrying amount – Performing loans: > 30 days ≤ 90 days	Gross carrying amount – Loans in default: Probability of arrears or in arrears ≤ 90 days	Loans in default: > 90 days ≤ 180 days	Loans in default: > 180 days ≤ 1 year	Loans in default: > 1 year
1 – Loans	253,130	337	1,347	97	79	3,645
2 – Debt securities	15,110	-	41	-	-	136
3 – TOTAL	**268,240**	**337**	**1,389**	**97**	**79**	**3,781**

TABLE 31: NON-PERFORMING AND FORBORNE EXPOSURES (EU CR1-E)

12/31/2020 *(in € millions)*	Gross carrying amount of exposures	o/w performing loans with arrears > 30 days and ≤ 90 days	o/w performing restructured loans	o/w loans in default	o/w loans in default: o/w loans downgraded on the books	o/w loans in default: o/w restructured loans	Accumulated impairment and negative adjustment of fair value attributable to credit risk: o/w which performing loans	o/w which performing loans: o/w restructured loans	Accumulated impairment: o/w loans in default	o/w loans in default: o/w restructured loans	Sureties and guarantees received: o/w loans in default	Sureties and guarantees received: o/w restructured loans
010 – Debt securities	15,927	-	-	386	178	-	125	-10	-	-161	-	-
020 – Loans and advances	234,638	655	282	4,959	5,308	-	1,166	-1,214	-12	-2,418	-429	1,338
of which: small and medium-sized enterprises	*68,997*	-	*11*	*270*	*270*	-	*15*	*273*	*0*	*112*	-	*29*
of which: Households – loans secured by residential real estate	-	-	-	-	-	-	-	-	-	-	-	-
of which: Households – consumer credit	-	-	-	-	-	-	-	-	-	-	-	-
030 – Off balance sheet	-	-	-	-	-	-	-	-	-	-	-	-

12/31/2019 *(in € millions)*	Gross carrying amount of exposures	o/w performing loans with arrears > 30 days and ≤ 90 days	o/w performing restructured loans	o/w loans in default	o/w loans in default: o/w loans downgraded on the books	o/w loans in default: o/w restructured loans	Accumulated impairment and negative adjustment of fair value attributable to credit risk: o/w which performing loans	o/w which performing loans: o/w restructured loans	Accumulated impairment: o/w loans in default	o/w loans in default: o/w restructured loans	Sureties and guarantees received: o/w loans in default	Sureties and guarantees received: o/w restructured loans
010 – Debt securities	15,287	-	-	388	178	178	136	-10	-	-161	-	-
020 – Loans and advances	258,674	337	222	4,959	5,207	5,207	912	-593	-9	-2,421	-419	1,427
of which: small and medium-sized enterprises	*60,562*	-	*6*	*255*	*255*	-	*1*	*95*	*0*	*103*	-	*26*
of which: Households – loans secured by residential real estate	-	-	-	-	-	-	-	-	-	-	-	-
of which: Households – consumer credit	-	-	-	-	-	-	-	-	-	-	-	-
030 – Off-balance sheet	-	-	-	-	-	-	-	-	-	-	-	-

TABLE 32: CREDIT QUALITY OF FORBORNE EXPOSURES (EU TEMPLATE 1)

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	
	Performing loans	Non-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**
Due to central banks	0	0	0	0	0	0	0	0
Public administration	0	2	2	2	0	0	2	2
Credit institutions	0	0	0	0	0	0	0	0
Other financial institutions	2	110	110	110	0	-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	**0**	**125**	**125**	**125**	**0**	**0**	**0**	**0**
Loan commitments given	**11**	**15**	**15**	**15**	**0**	**0**	**14**	**0**
TOTAL	**292**	**1,306**	**1,306**	**1,306**	**-12**	**-429**	**872**	**606**

12/31/2019 *(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	
	Performing loans	Non-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	**222**	**912**	**912**	**912**	**-9**	**-419**	**607**	**426**
Due to central banks	0	0	0	0	0	0	0	0
Public administration	0	0	0	0	0	0	0	0
Credit institutions	0	0	0	0	0	0	0	0
Other financial institutions	17	81	81	81	-1	-54	43	28
Non-financial corporations	154	676	676	676	-6	-314	425	301
Households	50	155	155	155	-2	-51	139	97
Debt instruments	**0**	**136**	**136**	**136**	**0**	**0**	**0**	**0**
Loan commitments given	**6**	**1**	**1**	**1**	**0**	**0**	**4**	**0**
TOTAL	**228**	**1 050**	**1 050**	**1 050**	**-9**	**-419**	**612**	**426**

TABLE 33: CREDIT QUALITY OF PERFORMING AND NON-PERFORMING EXPOSURES BY REMAINING MATURITY (EU TEMPLATE 3)

	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
LOANS AND ADVANCES	**162,202**	**161,547**	**655**	**5,308**	**1,180**	**253**	**341**	**2,032**	**606**	**302**	**595**	**5,308**
Due to central banks	-57,478	-57,478	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	11,455	11,451	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**
Due to 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**
Due to 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	**246,677**	**177,295**	**655**	**5,756**	**1,359**	**253**	**341**	**2,032**	**606**	**302**	**595**	**5,756**

	Gross carrying amount/nominal amount											
	Performing loans			Non-performing loans								
12/31/2019 *(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
LOANS AND ADVANCES	**205,728**	**205,391**	**337**	**5,207**	**1,347**	**97**	**79**	**3,584**	**61**	**26**	**13**	**5,207**
Due to central banks	1	1	0	0	0	0	0	0	0	0	0	0
Public administration	1,670	1,669	1	25	9	0	0	16	0	0	0	25
Credit institutions	17,489	17,489	0	1	0	0	0	0	0	0	0	1
Other financial institutions	8,301	8,297	4	159	54	0	1	103	0	0	0	159
Non-financial corporations	114,521	114,238	283	4,223	1,130	69	63	2,896	34	25	6	4,223
o/w: SMEs	77,071	76,838	233	3,027	521	65	56	2,324	31	24	6	3,027
Households	63,747	63,697	50	800	154	28	15	569	27	0	7	800
DEBT INSTRUMENTS	**15,110**	**15,110**	**0**	**178**	**41**	**0**	**0**	**136**	**0**	**0**	**0**	**178**
Due to central banks	823	823	0	0	0	0	0	0	0	0	0	0
Public administration	5,415	5,415	0	0	0	0	0	0	0	0	0	0
Credit institutions	4,627	4,627	0	1	1	0	0	0	0	0	0	1
Other financial institutions	838	838	0	139	3	0	0	136	0	0	0	139
Non-financial corporations	3,407	3,407	0	38	38	0	0	0	0	0	0	38
OFF-BALANCE SHEET COMMITMENTS	**60,307**	**0**	**0**	**255**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**255**
Due to central banks	45	-	-	0	-	-	-	-	-	-	-	0
Public administration	812	-	-	0	-	-	-	-	-	-	-	0
Credit institutions	5,558	-	-	23	-	-	-	-	-	-	-	23
Other financial institutions	2,792	-	-	2	-	-	-	-	-	-	-	2
Non-financial corporations	42,533	-	-	223	-	-	-	-	-	-	-	223
Households	8,567	-	-	6	-	-	-	-	-	-	-	6
TOTAL	**281,145**	**220,501**	**337**	**5,640**	**1,389**	**97**	**79**	**3,721**	**61**	**26**	**13**	**5,640**

TABLE 34: PERFORMING AND NON-PERFORMING EXPOSURES AND RELATED PROVISIONS (EU TEMPLATE 4)

12/31/2020 *(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			Partial cumulative reversals	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			
LOANS AND ADVANCES	**162,202**	**204,107**	**25,222**	**5,308**	**0**	**5,308**	**-1,214**	**-271**	**-942**	**-2,418**	**0**	**-2,418**	**0**	**149,366**	**1,948**
Due to central banks	57,478	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	11,455	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**
Due to 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**
Due to 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	**246,677**	**282,235**	**31,068**	**5,756**	**0**	**5,756**	**-1,497**	**-357**	**-1,140**	**-2,691**	**0**	**-2,691**	**0**	**162,458**	**2,012**

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12/31/2019 *(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			Partial cumulative reversals	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			
LOANS AND ADVANCES	**205,728**	**195,585**	**10,142**	**5,207**	**0**	**5,207**	**-593**	**-246**	**-347**	**-2,421**	**0**	**-2,421**	**0**	**127,590**	**1,791**
Due to central banks	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Public administration	1,670	1,639	30	25	0	25	-7	-7	0	-1	0	-1	0	1,205	14
Credit institutions	17,489	17,489	0	1	0	1	-1	-1	0	0	0	0	0	106	0
Other financial institutions	8,301	8,175	126	159	0	159	-15	-12	-3	-80	0	-80	0	2,793	71
Non-financial corporations	114,521	107,271	7,250	4,223	0	4,223	-464	-198	-266	-1,994	0	-1,994	0	69,543	1,320
o/w: SMEs	*77,071*	*71,254*	*5,817*	*3,027*	*0*	*3,027*	*-337*	*-121*	*-216*	*-1,524*	*0*	*-1,524*	*0*	*54,458*	*1,056*
Households	63,747	61,011	2,736	800	0	800	-106	-28	-78	-346	0	-346	0	53,941	386
DEBT INSTRUMENTS	**15,110**	**14,484**	**55**	**178**	**0**	**178**	**-10**	**-10**	**0**	**-161**	**0**	**-161**	**0**	**0**	**0**
Due to central banks	823	823	0	0	0	0	0	0	0	0	0	0	0	0	0
Public administration	5,415	5,414	0	0	0	0	-3	-3	0	0	0	0	0	0	0
Credit institutions	4,627	4,578	0	1	0	1	-3	-3	0	-1	0	-1	0	0	0
Other financial institutions	838	722	0	139	0	139	0	0	0	-137	0	-137	0	0	0
Non-financial corporations	3,407	2,948	55	38	0	38	-4	-4	0	-23	0	-23	0	0	0
OFF-BALANCE SHEET COMMITMENTS	**60,307**	**59,404**	**903**	**255**	**0**	**255**	**-95**	**-58**	**-37**	**-103**	**0**	**-103**	**0**	**10,268**	**82**
Due to central banks	45	45	0	0	0	0	0	0	0	0	0	0		0	0
Public administration	812	812	0	0	0	0	0	0	0	0	0	0		654	0
Credit institutions	5,558	5,556	2	23	0	23	-1	-1	0	-17	0	-17		156	4
Other financial institutions	2,792	2,772	20	2	0	2	-4	-4	-1	-1	0	-1		343	0
Non-financial corporations	42,533	41,833	700	223	0	223	-86	-51	-35	-84	0	-84		7,367	76
Households	8,567	8,386	181	6	0	6	-3	-2	-1	0	0	0		1,747	2
TOTAL	**281,145**	**269,474**	**11,101**	**5,640**	**0**	**5,640**	**-698**	**-314**	**-384**	**-2,685**	**0**	**-2,685**	**0**	**137,857**	**1,873**

TABLE 35: COLLATERAL OBTAINED BY TAKING POSSESSION AND EXECUTION PROCESSES (EU TEMPLATE 9)

12/31/2020 *(in € millions)*	Collateral obtained by taking possession (accumulated)	
	Value at initial recognition	Cumulative negative change
Property, plant and equipment	6,304	0
Other than property, plant and equipment	1,249	-280
Residential real estate property	*6,201*	*0*
TOTAL	**7,553**	**-280**

12/31/2019 *(in € millions)*	Collateral obtained by taking possession (accumulated)	
	Value at initial recognition	Cumulative negative change
Property, plant and equipment	0	0
Other than property, plant and equipment	0	0
Residential real estate property	*0*	*0*
TOTAL	**0**	**0**

5.8.4 Reconciliation of adjustments for credit risk

The following table shows the change over time in the balance of adjustments for credit risk.

TABLE 36: CHANGE IN THE BALANCE OF ADJUSTMENTS FOR CREDIT RISK (EU CR2-A)

12/31/2020 *(in € millions)*	Accumulated adjustments due to specific credit risk	Accumulated adjustments due to overall credit risk
OPENING BALANCE	**-3,185**	**-**
Increases due at origination and on acquisition	-783	-
Decreases due on derecognition	164	-
Changes due to changes in (net) credit risks	-219	-
Changes due to (net) amendments without derecognition	-21	-
Change due to updating the models	-	-
Reversals of provisions due to classification in loss	233	-
Currency translation adjustment	-	-
Recombination of companies, including acquisitions/disposals of subsidiaries	-	-
Other	8	-
CLOSING BALANCE	**-3,803**	**-**
Recovery of loans previously written off	8	-
Write-offs	-276	-

12/31/2019 *(in € millions)*	Accumulated adjustments due to specific credit risk	Accumulated adjustments due to overall credit risk
OPENING BALANCE	**-3,109**	**-**
Increases due at origination and on acquisition	-240	-
Decreases due on derecognition	77	-
Changes due to changes in (net) credit risks	-101	-
Changes due to (net) amendments without derecognition	-69	-
Change due to updating the models	-	-
Reversals of provisions due to classification in loss	211	-
Currency translation adjustment	-	-
Recombination of companies, including acquisitions/disposals of subsidiaries	-	-
Other	46	-
CLOSING BALANCE	**-3,185**	**-**
Recovery of loans previously written off	12	-
Write-offs	-240	-

5.8.5 Standardized approach

Exposures treated using the standard method is given in the table below.

CIC group 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 37: BREAKDOWN OF EXPOSURES UNDER THE STANDARDIZED APPROACH (EU CR5)

12/31/2020 *(in € millions)*	Weighting																
Category of exposure	**0%**	**2%**	**4%**	**10%**	**20%**	**35%**	**50%**	**70%**	**75%**	**100%**	**150%**	**250%**	**370%**	**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 an especially 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**	**-**

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.

12/31/2019 *(in € millions)* Category of exposure	Weighting 0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1,250%	Other	Deduc-ted	Total	o/w not rated
1 – Governments and central banks	46,957	-	-	-	296	-	105	-	-	59	-	87	-	-	-	47,505	47,505	-
2 – Regional or local authorities	-	-	-	-	357	-	-	-	-	-	-	-	-	-	-	357	357	-
3 – Public sector (public organizations excluding central governments)	8,313	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,313	8,313	-
4 – Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5 – International organizations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 – Institutions (banks)	5,176	-	-	-	771	-	3	-	-	-	-	-	-	-	-	5,950	5,950	-
7 – Corporates	-	-	-	-	392	-	1,335	-	-	9,327	71	-	-	-	-	11,125	11,125	-
8 – Retail customers	-	-	-	-	-	-	-	-	2,021	-	-	-	-	-	-	2,021	2,021	-
9 – Exposures secured by real estate mortgages	-	-	-	-	-	4,355	1,259	-	-	-	-	-	-	-	-	5,614	5,614	-
10 – Exposures in default	4	-	-	-	-	-	-	-	-	91	316	-	-	-	-	411	411	-
11 – Exposures presenting an especially high risk	-	-	-	-	-	-	-	-	-	-	720	-	-	-	-	720	720	-
12 – Covered bonds	-	-	-	36	-	-	-	-	-	-	-	-	-	-	-	36	36	-
13 – Exposures from institutions and companies given a short-term credit evaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 – Exposures in the form of UCIT shares or equities	-	-	-	-	-	-	-	-	-	4	-	-	-	-	-	4	4	-
15 – Equity exposure	-	-	-	-	-	-	-	-	-	133	-	-	-	-	-	133	133	-
16 – Other assets	-	-	-	-	-	-	-	-	-	729	-	-	-	-	-	729	729	-
17 – TOTAL	**60,451**	**-**	**-**	**36**	**1,815**	**4,355**	**2,702**	**-**	**2,021**	**10,343**	**1,107**	**87**	**-**	**-**	**-**	**82,917**	**82,917**	**-**

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5.8.6 Internal rating system

5.8.6.1 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. LDG 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.

5.8.6.2 Model mapping

Modeled parameter	Category of exposure	Portfolios	Number of models	Methodology
PD	**Institutions**	Financial institutions	Two models: Banks, Covered Bonds	Expert-type model based on a grid containing qualitative and quantitative variables
	Corporates	Large Corporates (LCs) (Revenue > €500 million)	Six models depending on the type of counterparty and sector	Expert-type model based on a grid containing qualitative and quantitative variables
		"Mass" corporate (Revenue < €500 million)	Three models	Quantitative-type models with qualitative grids provided by experts
		Acquisition financing, Large Corporates	One model	Expert-type model based on grid containing qualitative and quantitative variables
		Corporate acquisition financing	One model	Quantitative-type models combined with qualitative grids provided by experts
		Specialized lending	Spec. asset lending: six models according to the asset type,	Expert-type model based on a grid containing qualitative and quantitative variables
			Spec. project lending: four models according to the industry,	
			Spec. real estate lending: one model	
		Others Corporates	Two models: RE Invest. Cos., Insurance	Expert-type model based on a grid containing qualitative and quantitative variables
	Retail	Individuals	Six models depending on the type of loan (real estate, personal, etc.)	Quantitative-type models
		Legal Entities	Four models depending on type of customer	Quantitative-type models
		Sole traders	Three models depending on type of business (merchants, artisans, etc.)	Quantitative-type models
		Farmers	Six models depending on the condition of the account and type of operation (cyclical or not)	Quantitative-type models
		Non-profit organizations	One model	Quantitative-type models
		SCIs (RE partnerships)	One model	Quantitative-type models
LGD	**Institutions**	Financial institutions	One 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	One model with sector parameters	Expert-type model dependent on the counterparty and the contract, based on qualitative and quantitative information
		"Mass" corporate	One model applied to eight segments according to the type of loan and nature of security	Quantitative-type models based on internal collection flows
	Retail	-	One model applied to ten segments according to the type of loan and nature of security	Quantitative-type models based on internal collection flows
CCF	**Corporates**	"Mass" corporate	One model applied to four segments according to the type of loan	Quantitative model, calibration of CCFs based on internal data
	Retail	-	One model applied to eight segments according to the type of loan	Quantitative model, calibration of CCFs based on internal data

TABLE 38: IRB APPROACH – CREDIT RISK EXPOSURES BY EXPOSURE CLASS AND PD RANGE (EU CR6)

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
Governments and central banks	**Subtotal**	**-**	**-**	**-**	**-**
Institutions (banks)					
	0.00 to < 0.15	17,159	2,650	29%	19,537
	0.15 to < 0.25	152	116	46%	206
	0.25 to < 0.50	15	231	44%	118
	0.50 to < 0.75	-	-	-	-
	0.75 to < 2.50	74	221	73%	235
	2.50 to < 10.00	121	138	27%	158
	10.00 to < 100.00	6	14	37%	12
	100 (default)	1	-	-	1
	Subtotal	**17,528**	**3,369**	**33%**	**20,267**
Corporates					
	0.00 to < 0.15	5,431	11,201	47%	9,758
	0.15 to < 0.25	-	1	-	-
	0.25 to < 0.50	4,402	13,939	44%	10,478
	0.50 to < 0.75	12,608	3,168	42%	13,933
	0.75 to < 2.50	18,708.	8,891	47%	22,861
	2.50 to < 10.00	12,453	3,846	46%	14,239
	10.00 to < 100.00	2,148	602	55%	2,478
	100.00 (default)	1,617	340	54%	1,799
	Subtotal	**57,368**	**41,988**	**46%**	**75,547**
o/w: Specialized lending					
	Subtotal	**-**	**-**	**-**	**-**
o/w: SMEs					
	0.00 to < 0.15	-	-	-	-
	0.15 to < 0.25	-	-	-	-
	0.25 to < 0.50	-	-	-	-
	0.50 to < 0.75	6,840	902	45%	7,244
	0.75 to < 2.50	7,427	1,323	41%	7,974
	2.50 to < 10.00	4,579	1,020	57%	5,163
	10.00 to < 100.00	660	76	48%	697
	100.00 (default)	673	68	88%	733
	Subtotal	**20,180**	**3,388**	**48%**	**21,811.**
Retail customers					
	0.00 to < 0.15	38,414	4,643	35%	39,255
	0.15 to < 0.25	13,909	1,319	38%	14,412
	0.25 to < 0.50	20,560	2,035	35%	21,264
	0.50 to < 0.75	10,788	1,676	33%	11,336
	0.75 to < 2.50	17,432	2,886	38%	18,530.
	2.50 to < 10.00	9,853	1,324	38%	10,357
	10.00 to < 100.00	2,520	175	38%	2,587
	100.00 (default)	2,648	75	81%	2,708
	Subtotal	**116,124**	**14,133**	**36%**	**120,450**

	Average PD	Number of debtors	Average LGD	Average maturity *(in years)*	RWAs	RWA density	EL	Corrected values & provisions
	0%	**-**	**0%**	**-**	**-**	**-**	**-**	**-**
	0.03%	2,825	39%	2.5	2,476	13%	2	5
	0.23%	36	43%	2.5	138	67%	-	-
	0.39%	33	30%	2.5	74	62%	-	-
	0.00%	-	0%	-	-	-	-	-
	1.02%	25	30%	2.5	203	86%	1	-
	2.79%	40	45%	2.5	272	172%	2	1
	21.67%	19	41%	2.5	32	277%	1	1
	100.19%	4	45%	2.5	-	-	-	-
	0.09%	**2,982**	**39%**	**2.5**	**3,194**	**16%**	**7**	**8**
	0.10%	242	27%	2.5	1,845	19%	3	8
	0.00%	-	0%	-	-	-	-	-
	0.35%	239	28%	2.5	4,246	41%	10	11
	0.65%	8,262	22%	2.5	4,970	36%	20	13
	1.39%	9,780	27%	2.5	13,708	60%	83	53
	4.26%	6,534	26%	2.5	11,402	80%	152	730
	18.48%	1,143	26%	2.5	3,342	135%	119	212
	100.00%	1,460	61%	2.5	1,008	56%	1,072	1,025
	4.39%	**27,660**	**27%**	**2.5**	**40,521**	**54%**	**1,459**	**2,051**
	0.00%	**-**	**0%**	**-**	**-**	**-**	**-**	**-**
	0.00%	-	0%	-	-	-	-	-
	0.00%	-	0%	-	-	-	-	-
	0.00%	-	0%	2.5	-	-	-	-
	0.65%	4,989	21%	2.5	2,080	29%	10	5
	1.47%	6,597	21%	2.5	2,997	38%	25	18
	4.16%	3,960	22%	2.5	2,731	53%	47	38
	19.55%	690	22%	2.5	585	84%	29	25
	100.00%	931	66%	2.5	553	76%	439	359
	5.72%	**17,167**	**23%**	**2.5**	**8,946**	**41%**	**550**	**445**
	0.07%	1,122,568	14%	-	985	3%	4	5
	0.20%	325,885	14%	-	828	6%	4	5
	0.35%	382,890	16%	-	1,902	9%	11	11
	0.61%	320,822	18%	-	1,485	13%	12	13
	1.47%	607,729	16%	-	3,864	21%	45	62
	5.12%	289,259	17%	-	3,766	36%	91	168
	20.56%	128,943	17%	-	1,657	64%	91	157
	100.00%	78,084	55%	-	998	37%	1,418	1,351
	3.52%	**3,256,180**	**16%**	**-**	**15,485**	**13%**	**1,676**	**1,772**

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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: exposures secured by real estate mortgages					
	0.00 to < 0.15	33,334	1,062	41%	33,768
	0.15 to < 0.25	11,806	348	41%	11,949
	0.25 to < 0.50	15,338	362	41%	15,487
	0.50 to < 0.75	6,141	153	42%	6,204
	0.75 to < 2.50	10,752	423	41%	10,927
	2.50 to < 10.00	5,283	146	42%	5,344
	10.00 to < 100.00	1,504	22	42%	1,513
	100.00 (default)	1,186	2	41%	1,187
	Subtotal	**85,344**	**2,518**	**41%**	**86,380**
o/w: SMEs					
	0.00 to < 0.15	-	-	-	-
	0.15 to < 0.25	840	25	41%	851
	0.25 to < 0.50	3,873	77	42%	3,905
	0.50 to < 0.75	3,645	85	42%	3,680
	0.75 to < 2.50	2,842	101	42%	2,884
	2.50 to < 10.00	1,800	73	43%	1,831
	10.00 to < 100.00	580	9	42%	583
	100.00 (default)	350	-	38%	350
	Subtotal	**13,930**	**369**	**42%**	**14,085**
o/w: Non-SMEs					
	0.00 to < 0.15	33,334	1,062	41%	33,768
	0.15 to < 0.25	10,966	323	41%	11,098
	0.25 to < 0.50	11,465	285	41%	11,582
	0.50 to < 0.75	2,496	68	41%	2,524
	0.75 to < 2.50	7,910	322	41%	8,043
	2.50 to < 10.00	3,483	73	41%	3,513
	10.00 to < 100.00	925	13	41%	930
	100.00 (default)	836	2	42%	837
	Subtotal	**71,414**	**2,148**	**41%**	**72,294**
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**

Average PD	Number of debtors	Average LGD	Average maturity *(in years)*	RWA	RWA density	EL	Corrected values & provisions
0.07%	240,993	13%	-	827	2%	3	4
0.20%	80,045	14%	-	683	6%	3	4
0.36%	99,576	15%	-	1,414	9%	8	8
0.60%	29,299	16%	-	828	13%	6	7
1.40%	72,580	15%	-	2,447	22%	23	36
4.91%	31,520	15%	-	2,501	47%	39	96
20.15%	10,200	15%	-	1,206	80%	46	93
100.00%	10,290	48%	-	387	33%	540	411
2.37%	**574,503**	**15%**	**-**	**10,294**	**12%**	**668**	**658**
0.00%	-	0%	-	-	-	-	-
0.19%	5,736	14%	-	38	5%	-	-
0.34%	21,311	17%	-	327	8%	2	1
0.60%	17,693	17%	-	451	12%	4	4
1.61%	13,943	17%	-	677	23%	8	10
5.04%	8,915	17%	-	830	45%	15	29
19.93%	3,407	16%	-	421	72%	19	37
100.01%	2,600	51%	-	139	40%	168	128
4.56%	**73,605**	**17%**	**-**	**2,882**	**20%**	**216**	**209**
0.07%	240,993	13%	-	827	2%	3	4
0.20%	74,309	14%	-	645	6%	3	4
0.36%	78,265	14%	-	1,087	9%	6	6
0.61%	11,606	15%	-	378	15%	2	3
1.33%	58,637	14%	-	1,770	22%	15	26
4.83%	22,605	14%	-	1,671	48%	24	68
20.30%	6,793	14%	-	785	84%	27	56
100.00%	7,690	47%	-	249	30%	372	283
1.94%	**500,898**	**14%**	**-**	**7,413**	**10%**	**452**	**450**
0.09%	210,733	30%	-	25	2%	-	-
0.20%	38,602	30%	-	12	3%	-	-
0.31%	73,981	30%	-	26	5%	-	1
0.55%	65,936	30%	-	34	8%	1	1
1.57%	113,475	30%	-	120	17%	3	3
4.84%	47,608	30%	-	108	38%	4	4
17.21%	24,572	30%	-	93	77%	6	6
99.98%	10,769	56%	-	15	23%	34	46
2.96%	**585,676**	**31%**	**-**	**433**	**11%**	**50**	**62**

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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: 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**

Average PD	Number of debtors	Average LGD	Average maturity *(in years)*	RWAs	RWA density	EL	Corrected values & provisions
0.08%	670,842	14%	-	133	3%	-	1
0.20%	207,238	15%	-	133	6%	1	1
0.33%	209,333	17%	-	461	9%	3	3
0.62%	225,587	18%	-	623	13%	5	6
1.56%	421,674	18%	-	1,297	19%	19	23
5.39%	210,131	19%	-	1,156	24%	48	67
21.62%	94,171	19%	-	358	38%	39	58
100.00%	57,025	61%	-	596	41%	843	894
6.89%	**2,096,001**	**19%**	**-**	**4,758**	**16%**	**958**	**1,052**
0.00%	-	0%	-	-	-	-	-
0.19%	28,213	19%	-	30	6%	-	-
0.31%	38,855	18%	-	234	8%	2	2
0.64%	69,454	19%	-	468	13%	4	4
1.60%	79,475	19%	-	875	19%	14	16
5.52%	75,320	19%	-	925	24%	41	57
23.08%	23,996	19%	-	252	36%	30	46
100.00%	25,566	61%	-	519	45%	660	692
9.45%	**340,879**	**22%**	**-**	**3,304**	**19%**	**751**	**817**
0.08%	670,842	14%	-	133	3%	-	1
0.20%	179,025	14%	-	103	6%	-	1
0.34%	170,478	15%	-	228	9%	1	1
0.57%	156,133	17%	-	154	14%	1	1
1.49%	342,199	15%	-	422	19%	5	7
4.80%	134,811	17%	-	230	26%	7	11
17.75%	70,175	18%	-	106	41%	8	12
100.00%	31,459	60%	-	77	24%	184	201
3.52%	**1,755,122**	**16%**	**-**	**1,454**	**11%**	**207**	**235**
0.00%	**-**	**0%**	**-**	**-**	**-**	**-**	**-**
3.50%	**3,286,822**	**22%**	**2.5**	**59,200**	**27%**	**3,142**	**3,832**

12/31/2019 *(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**
Governments and central banks					
	Subtotal	**-**	**-**	**-**	**-**
Institutions (banks)					
	0.00 to < 0.15	15,972	1,906	34%	17,938
	0.15 to < 0.25	111	280	57%	294
	0.25 to < 0.50	318	152	51%	402
	0.50 to < 0.75	-	-	-	-
	0.75 to < 2.50	1	51	36%	20
	2.50 to < 10.00	129	82	31%	156
	10.00 to < 100.00	3	34	38%	22
	100.00 (default)	1	-	-	1
	Subtotal	**16,536**	**2,506**	**37%**	**18,834**
Corporates					
	0.00 to < 0.15	5,731	11,857	46%	10,072
	0.15 to < 0.25	-	43	-	-
	0.25 to < 0.50	8,982	11,666	43%	13,953
	0.50 to < 0.75	6,099	1,146	42%	6,575
	0.75 to < 2.50	20,851	8,141	44%	24,452
	2.50 to < 10.00	7,914	2,667	48%	9,152
	10.00 to < 100.00	1,185	391	48%	1,366
	100.00 (default)	1,622	170	81%	1,760
	Subtotal	**52,384**	**36,081**	**45%**	**67,330**
o/w: Specialized lending					
	Subtotal	**-**	**-**	**-**	**-**
o/w: SMEs					
	0.00 to < 0.15	-	-	-	-
	0.15 to < 0.25	-	-	-	-
	0.25 to < 0.50	2,553	341	48%	2,716
	0.50 to < 0.75	3,673	521	45%	3,905
	0.75 to < 2.50	7,650	1,242	46%	8,227
	2.50 to < 10.00	2,489	429	56%	2,728
	10.00 to < 100.00	382	59	39%	405
	100.00 (default)	643	74	94%	712
	Subtotal	**17,390**	**2,666**	**49%**	**18,693**
Retail customers					
	0.00 to < 0.15	33,460	3,980	35%	34,528
	0.15 to < 0.25	14,034	1,744	37%	14,677
	0.25 to < 0.50	19,363	1,540	35%	19,895
	0.50 to < 0.75	8,440	1,562	32%	8,936
	0.75 to < 2.50	17,019	2,860	37%	18,090
	2.50 to < 10.00	11,016	1,489	37%	11,560
	10.00 to < 100.00	3,225	199	35%	3,294
	100.00 (default)	2,813	89	85%	2,889
	Subtotal	**109,373**	**13,461**	**36%**	**113,868**

Average PD	Number of debtors	Average LGD	Average maturity *(in years)*	RWAs	RWA density	EL	Corrected values & provisions
0%	**-**	**0%**	**-**	**-**	**-**	**-**	**-**
0.03%	858	39%	2.5	2,356	13%	3	2
0.23%	37	42%	2.5	190	65%	-	-
0.43%	39	38%	2.5	323	80%	1	-
0.00%	-	0%	-	-	-	-	-
1.02%	25	43%	2.5	25	126%	-	-
2.82%	43	40%	2.5	235	150%	2	-
21.61%	27	41%	2.5	61	278%	2	-
99.98%	1	45%	2.5	-	-	-	-
0.10%	**1,030**	**39%**	**2.5**	**3,190**	**17%**	**8**	**3**
0.11%	255	25%	2.5	1,927	19%	3	5
0.00%	-	0%	-	-	-	-	-
0.34%	3,124	26%	2.5	5,019	36%	12	11
0.54%	3,814	21%	2.5	2,230	34%	8	4
1.28%	11,478	27%	2.5	14,901	61%	82	44
4.38%	4,035	28%	2.5	8,419	92%	107	131
17.70%	1,032	29%	2.5	2,097	154%	65	119
100.00%	1,494	61%	2.5	901	51%	1,044	980
4.17%	**25,232**	**27%**	**2.5**	**35,495**	**53%**	**1,321**	**1,293**
0.00%	**-**	**0%**	**-**	**-**	**-**	**-**	**-**
0.00%	-	0%	-	-	-	-	-
0.00%	-	0%	-	-	-	-	-
0.31%	1,732	21%	2.5	661	24%	2	1
0.54%	2,777	21%	2.5	1,218	31%	4	3
1.27%	6,820	21%	2.5	3,499	43%	22	17
4.44%	2,221	22%	2.5	1,751	64%	26	27
17.68%	593	22%	2.5	395	97%	16	15
100.00%	952	65%	2.5	547	77%	422	346
5.55%	**15,095**	**23%**	**2.5**	**8,070**	**43%**	**492**	**409**
0.07%	1,011,452	14%	-	865	3%	3	3
0.20%	451,652	15%	-	841	6%	4	4
0.36%	256,229	15%	-	1,821	9%	11	7
0.59%	284,728	18%	-	1,160	13%	10	7
1.42%	616,919	16%	-	3,711	21%	43	41
5.05%	358,873	17%	-	4,169	36%	101	132
20.51%	117,337	17%	-	2,108	64%	115	151
100.00%	82,613	53%	-	1,103	38%	1,451	1,435
4.02%	**3,179,803**	**16%**	**-**	**15,779**	**14%**	**1,738**	**1,778**

12/31/2019 *(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: exposures secured by real estate mortgages					
	0.00 to < 0.15	29,054	865	41%	29,408
	0.15 to < 0.25	10,902	300	41%	11,025
	0.25 to < 0.50	15,310	349	41%	15,454
	0.50 to < 0.75	4,248	98	42%	4,289
	0.75 to < 2.50	10,854	346	41%	10,997
	2.50 to < 10.00	5,845	155	42%	5,910
	10.00 to < 100.00	1,953	29	41%	1,965
	100.00 (default)	1,280	4	41%	1,282
	Subtotal	**79,445**	**2,146**	**41%**	**80,329**
o/w: SMEs					
	0.00 to < 0.15	-	-	-	-
	0.15 to < 0.25	740	20	42%	748
	0.25 to < 0.50	3,651	76	42%	3,683
	0.50 to < 0.75	2,758	63	42%	2,784
	0.75 to < 2.50	2,584	92	42%	2,623
	2.50 to < 10.00	1,896	67	42%	1,924
	10.00 to < 100.00	757	12	42%	762
	100.00 (default)	371	1	40%	371
	Subtotal	**12,756**	**330**	**42%**	**12,895**
o/w: Non-SMEs					
	0.00 to < 0.15	29,054	865	41%	29,408
	0.15 to < 0.25	10,163	280	41%	10,277
	0.25 to < 0.50	11,659	273	41%	11,771
	0.50 to < 0.75	1,490	36	41%	1,505
	0.75 to < 2.50	8,270	255	41%	8,374
	2.50 to < 10.00	3,950	87	41%	3,986
	10.00 to < 100.00	1,196	17	41%	1,203
	100.00 (default)	909	3	41%	910
	Subtotal	**66,690**	**1,816**	**41%**	**67,434**
o/w: revolving					
	0.00 to < 0.15	831	1,965	20%	1,225
	0.15 to < 0.25	449	653	20%	580
	0.25 to < 0.50	229	261	20%	282
	0.50 to < 0.75	324	367	20%	398
	0.75 to < 2.50	660	525	20%	765
	2.50 to < 10.00	349	175	20%	384
	10.00 to < 100.00	95	23	20%	99
	100.00 (default)	62	2	20%	63
	Subtotal	**2,998**	**3,971**	**20%**	**3,796**

Average PD	Number of debtors	Average LGD	Average maturity *(in years)*	RWAs	RWA density	EL	Corrected values & provisions
0.07%	217,345	14%	-	724	2%	3	2
0.19%	77,112	14%	-	617	6%	3	2
0.37%	103,329	15%	-	1,432	9%	8	6
0.58%	20,280	17%	-	573	13%	4	3
1.33%	76,595	15%	-	2,391	22%	22	24
4.71%	35,798	15%	-	2,727	46%	42	76
19.49%	12,825	15%	-	1,563	80%	58	88
100.00%	10,924	46%	-	433	34%	560	433
2.75%	**554,208**	**15%**	**-**	**10,460**	**13%**	**698**	**634**
0.00%	-	0%	-	-	-	-	-
0.16%	5,158	14%	-	30	4%	-	-
0.36%	20,949	17%	-	311	8%	2	1
0.58%	13,256	17%	-	346	12%	3	2
1.57%	13,158	17%	-	607	23%	7	6
4.86%	9,671	17%	-	860	45%	16	22
19.08%	4,407	16%	-	553	73%	24	37
100.00%	2,723	49%	-	152	41%	170	129
5.29%	**69,322**	**17%**	**-**	**2,859**	**22%**	**221**	**197**
0.07%	217,345	14%	-	724	2%	3	2
0.19%	71,954	14%	-	587	6%	3	2
0.37%	82,380	14%	-	1,121	10%	6	5
0.57%	7,024	16%	-	227	15%	1	1
1.26%	63,437	14%	-	1,784	21%	15	18
4.64%	26,127	14%	-	1,867	47%	26	55
19.75%	8,418	14%	-	1,010	84%	34	51
100.00%	8,201	45%	-	280	31%	390	303
2.27%	**484,886**	**14%**	**-**	**7,601**	**11%**	**477**	**437**
0.08%	184,194	30%	-	20	2%	-	-
0.21%	77,117	30%	-	21	4%	-	-
0.38%	32,240	30%	-	16	6%	-	-
0.51%	61,111	30%	-	29	7%	1	1
1.51%	119,193	30%	-	127	17%	3	3
5.29%	63,977	30%	-	154	40%	6	5
19.72%	19,134.	30%	-	84	84%	6	5
100.00%	10,921	55%	-	15	23%	33	47
3.15%	**567,887**	**31%**	**-**	**465**	**12%**	**50**	**60**

12/31/2019 *(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: Other retail customers					
	0.00 to < 0.15	3,576	1,150	56%	3,894
	0.15 to < 0.25	2,683	790	49%	3,071
	0.25 to < 0.50	3,824	930	36%	4,160
	0.50 to < 0.75	3,869	1,096	35%	4,249
	0.75 to < 2.50	5,506	1,989	41%	6,327
	2.50 to < 10.00	4,822	1,159	38%	5,266
	10.00 to < 100.00	1,178	147	36%	1,231
	100.00 (default)	1,471	82	89%	1,545
	Subtotal	**26,930**	**7,344**	**43%**	**29,743**
o/w: SMEs					
	0.00 to < 0.15	2	-	-	-
	0.15 to < 0.25	937	193	32%	999
	0.25 to < 0.50	1,990	598	28%	2,158
	0.50 to < 0.75	3,030	843	28%	3,265
	0.75 to < 2.50	3,744	910	30%	4,018
	2.50 to < 10.00	3,960	809	33%	4,226
	10.00 to < 100.00	943	122	30%	980
	100.00 (default)	1,133	77	91%	1,203
	Subtotal	**15,739**	**3,552**	**31%**	**16,849**
o/w: Non-SMEs					
	0.00 to < 0.15	3,574	1,150	56%	3,894
	0.15 to < 0.25	1,746	597	55%	2,073
	0.25 to < 0.50	1,834	332	51%	2,002
	0.50 to < 0.75	839	253	57%	985
	0.75 to < 2.50	1,762	1,079	51%	2,309
	2.50 to < 10.00	862	350	51%	1,040
	10.00 to < 100.00	235	26	60%	250
	100.00 (default)	338	5	65%	341
	Subtotal	**11,191**	**3,792**	**54%**	**12,895**
Shares					
	Subtotal	**-**	**-**	**-**	**-**
TOTAL		**178,293**	**52,048**	**42%**	**200,032**

	Average PD	Number of debtors	Average LGD	Average maturity *(in years)*	RWAs	RWA density	EL	Corrected values & provisions
	0.08%	609,913	14%	-	122	3%	-	-
	0.20%	297,423	16%	-	203	7%	1	1
	0.34%	120,660	17%	-	372	9%	2	1
	0.61%	203,337	18%	-	558	13%	5	3
	1.56%	421,131	18%	-	1,193	19%	17	14
	5.42%	259,098	19%	-	1,288	24%	53	51
	22.20%	85,378	19%	-	461	37%	51	58
	100.00%	60,768	59%	-	656	42%	859	955
	7.57%	**2,057,708**	**19%**	**-**	**4,854**	**16%**	**989**	**1,084**
	0.00%	-	0%	-	-	-	-	-
	0.20%	33,578	19%	-	65	7%	-	-
	0.32%	40,568	18%	-	182	8%	1	1
	0.63%	48,967	19%	-	423	13%	4	2
	1.64%	67,727	19%	-	767	19%	12	10
	5.54%	79,990	19%	-	1,008	24%	44	42
	22.71%	31,898	19%	-	354	36%	42	48
	100.00%	26,604	59%	-	567	47%	668	736
	10.42%	**329,332**	**22%**	**-**	**3,366**	**20%**	**772**	**839**
	0.08%	609,913	14%	-	122	3%	-	-
	0.21%	263,845	15%	-	138	7%	1	-
	0.37%	80,092	15%	-	190	10%	1	1
	0.53%	154,370	17%	-	135	14%	1	1
	1.43%	353,404	15%	-	426	18%	5	4
	4.92%	179,108	17%	-	280	27%	9	9
	20.20%	53,480	18%	-	107	43%	9	10
	100.00%	34,164	58%	-	89	26%	191	219
	3.85%	**1,728,376**	**16%**	**-**	**1,487**	**12%**	**217**	**245**
	0.00%	**-**	**0%**	**-**	**-**	**-**	**-**	**-**
	3.70%	**3,206,065**	**22%**	**2.5**	**54,463**	**27%**	**3,067**	**3,075**

5.8.6.3 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.

The monitoring of the mass rating models focuses on three main aspects: stability assessment, performance assessment and 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.

5.8.6.4 Permanent and periodic control

The permanent control plan of the Crédit Mutuel group's regulatory system 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, it acts as guidance, coordination and standardization for the entire Crédit Mutuel group control function, covering the controls relating to the overall suitability of the internal rating system, the operational aspects related to the production and calculation of ratings, the credit risk management procedures directly related 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.

5.8.6.5 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 39: RWA FLOW STATEMENTS OF CREDIT RISK EXPOSURES UNDER THE IRB APPROACH (EU CR8)

The information associated with this table is treated at the national level in the Crédit Mutuel group's Pillar 3 report.

TABLE 40: IRB APPROACH – BACKTESTING OF PD 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 41: IRB – SPECIALIZED LENDING AND EQUITIES (EU CR10)

12/31/2020 *(in € millions)* Regulatory categories	Remaining maturity	On-balance sheet amount	Off-balance sheet amount	Weighting	Exposure amount	RWAs	Expected losses
Category 1	Less than 2.5 years	588	81	50%	642	335	-
	2.5 years or more	4,384	446	70%	4,672	3,408	19
Category 2	Less than 2.5 years	175	45	70%	184	134	1
	2.5 years or more	1,771	467	90%	2,049	1,921	16
Category 3	Less than 2.5 years	24	17	115%	34	41	1
	2.5 years or more	363	160	115%	463	555	13
Category 4	Less than 2.5 years	12	110	250%	94	246	8
	2.5 years or more	16	-	250%	17	45	1
Category 5	Less than 2.5 years	9	1	-	11	-	6
	2.5 years or more	88	-	-	115	-	58
TOTAL	**LESS THAN 2.5 YEARS**	**808**	**254**	**-**	**966**	**756**	**15**
	2.5 YEARS OR MORE	**6,622**	**1,073**	**-**	**7,316**	**5,929**	**107**

EQUITIES UNDER THE SIMPLE WEIGHTING METHOD

Categories *(in € millions)*	On-balance sheet amount	Off-balance sheet amount	Weighting	Exposure amount	RWAs	Capital requirements
Private equity exposures	1,790	-	190%	1,790	3,401	272
Exchange-traded equity exposures	233	-	290%	233	675	54
Other equity exposure	2,374	-	350%	2,374	8,300	664
TOTAL	**4,396**	**-**	**-**	**4,396**	**12,375**	**990**

Equity exposures under the standardized approach amounted to €428 million at December 31, 2019.

12/31/2019 *(in € millions)* Regulatory categories	Remaining maturity	On-balance sheet amount	Off-balance sheet amount	Weighting	Exposure amount	RWAs	Expected losses
Category 1	Less than 2.5 years	609	203	50%	757	394	-
	2.5 years or more	4,485	271	70%	4,628	3,376	19
Category 2	Less than 2.5 years	124	92	70%	191	140	1
	2.5 years or more	1,144	167	90%	1,196	1,122	10
Category 3	Less than 2.5 years	19	17	115%	33	39	1
	2.5 years or more	524	337	115%	757	907	21
Category 4	Less than 2.5 years	12	100	250%	87	226	7
	2.5 years or more	17	-	250%	21	54	2
Category 5	Less than 2.5 years	17	1	-	19	-	10
	2.5 years or more	93	-	-	94	-	47
TOTAL	**LESS THAN 2.5 YEARS**	**780**	**413**	**-**	**1,087**	**799**	**18**
	2.5 YEARS OR MORE	**6,263**	**775**	**-**	**6,696**	**5,459**	**98**

EQUITIES UNDER THE SIMPLE WEIGHTING METHOD

Categories *(in € millions)*	On-balance sheet amount	Off-balance sheet amount	Weighting	Exposure amount	RWAs	Capital requirements
Private equity exposures	2,185	-	190%	2,185	4,152	332
Exchange-traded equity exposures	7	-	290%	7	20	2
Other equity exposure	2,186	-	350%	2,186	7,651	612
TOTAL	**4,378**	**-**	**-**	**4,378**	**11,824**	**946**

5.9 COUNTERPARTY RISK

Qualitative information reporting 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)** the signing of netting agreements with certain counterparties for certain products (see close out netting in the event of counterparty default);
- **(ii)** the netting of 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 42: CCR EXPOSURE ANALYSIS BY APPROACH (EU CCR1)

12/31/2020 *(in € millions)*	Notional amounts	Replacement cost/current market value	Potential future credit exposure	Effective positive exposure anticipated	Multiplier	EAD (Value exposed to post-CRM risk)	RWAs
1 – Method using market prices	-	3,081	1,608	-	-	2,881	1,589
2 – Initial exposure	-	-	-	-	-	-	-
3 – Standardized approach	-	-	-	-	-	-	-
4 – IMM (for derivatives and SFTs)*	-	-	-	-	-	-	-
5 – o/w equity financing transactions	-	-	-	-	-	-	-
6 – o/w derivatives and deferred settlement transactions	-	-	-	-	-	-	-
7 – o/w exposure from a cross-product clearing agreement	-	-	-	-	-	-	-
8 – Simple method based on financial collateral (for SFTs)	-	-	-	-	-	-	-
9 – General method based on financial collateral (for SFTs)	-	-	-	-	-	1,741	66
10 – VaR for SFTs	-	-	-	-	-	-	-
11 – TOTAL	**-**	**-**	**-**	**-**	**-**	**-**	**-**

* *Securities financing transactions-temporary disposals of securities.*

12/31/2019 *(in € millions)*	Notional amounts	Replacement cost/current market value	Potential future credit exposure	Effective positive exposure anticipated	Multiplier	EAD (Value exposed to post-ARC risk)	RWA
1 – Method using market prices	-	3,652	1,710	-	-	2,791	1,431
2 – Initial exposure	-	-	-	-	-	-	-
3 – Standardized approach	-	-	-	-	-	-	-
4 – IMM (for derivatives and SFT)	-	-	-	-	-	-	-
5 – o/w equity financing transactions	-	-	-	-	-	-	-
6 – o/w derivatives and deferred settlement transactions	-	-	-	-	-	-	-
7 – o/w exposure from a cross-product clearing agreement	-	-	-	-	-	-	-
8 – Simple method based on financial collateral (for SFTs)	-	-	-	-	-	-	-
9 – General method based on financial collateral (for SFTs)	-	-	-	-	-	1,657	80
10 – VaR for SFTs	-	-	-	-	-	-	-
11 – TOTAL	**-**	**-**	**-**	**-**	**-**	**-**	**-**

TABLE 43: CVA CAPITAL REQUIREMENTS (EU CCR2)

	2020		2019	
(in € millions)	Amount of exposure	RWAs	Amount of exposure	RWAs
1 – Total portfolios subject to advanced CVA requirement	**0**	**0**	**0**	**0**
2 – i) VaR component (including 3x multiplier)	-	0	-	0
3 – ii) SVaR component under stress (including the x3 multiplier)	-	0	-	0
4 – Total portfolios subject to standard CVA requirement	**799**	**262**	**841**	**239**
EU4 – Total of method based on original exposure	**0**	**0**	**0**	**0**
5 – TOTAL SUBJECT TO CREDIT VALUATION ADJUSTMENT (CVA) CAPITAL REQUIREMENTS	**799**	**262**	**841**	**239**

TABLE 44: STANDARDIZED APPROACH – CCR EXPOSURES BY REGULATORY PORTFOLIO AND RISK WEIGHTING (EU CCR3)

12/31/2020 *(in € millions)* Category of exposure	Weighting												
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Other	Total	o/w not rated
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**	**-**

12/31/2019 *(in € millions)* Category of exposure	Weighting												
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Other	Total	o/w not rated
1 – Governments and central banks	-	-	-	-	-	-	-	-	-	-	-	-	-
2 – Regional or local authorities	5	-	-	-	-	-	-	-	3	-	-	8	-
3 – Public sector (public organizations excluding central governments)	1	-	-	-	-	-	-	-	2	-	-	4	-
4 – Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
5 – International organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
6 – Institutions (banks)	-	567	-	-	46	-	-	-	-	-	-	612	-
7 – Corporates	-	-	-	-	-	-	-	-	133	-	-	133	-
8 – Retail customers	-	-	-	-	-	-	-	22	-	-	-	22	-
9 – Institutions and corporates given a short-term credit evaluation	-	-	-	-	-	-	-	-	-	-	-	-	-
10 – Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-
11 – TOTAL	**6**	**567**	**-**	**-**	**46**	**-**	**-**	**22**	**139**	**-**	**-**	**779**	**-**

TABLE 45: IRB APPROACH – CCR EXPOSURES BY PORTFOLIO AND PD SCALE (EU CCR4)

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								
	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%**
o/w: exposures secured by real estate mortgages								
	Subtotal	**-**	**-**	**-**	**-**	**-**	**-**	**-**
o/w: SMEs								
	Subtotal	**-**	**-**	**-**	**-**	**-**	**-**	**-**
o/w: Non-SMEs								
	Subtotal	**-**	**-**	**-**	**-**	**-**	**-**	**-**
o/w: revolving								
	Subtotal	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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: 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%**

12/31/2019 *(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								
	Subtotal	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Institutions (banks)								
	0.00 to <0.15	6,473	0.06%	124	14%	2	192	3%
	0.15 to <0.25	556	0.23%	24	12%	2	62	11%
	0.25 to <0.50	41	0.44%	4	0%	2	12	30%
	0.50 to <0.75	-	-	-	-	-	-	-
	0.75 to <2.50	-	-	-	-	-	-	-
	2.50 to <10.00	-	-	-	-	-	-	-
	10.00 to <100.00	-	-	-	-	-	-	-
	100.00 (default)	-	-	-	-	-	-	-
	Subtotal	**7,070**	**0.07%**	**152**	**14%**	**2**	**266**	**4%**
Corporates								
	0.00 to <0.15	2,147	0.05%	134	13%	2	182	8%
	0.15 to <0.25	-	-	-	-	-	-	-
	0.25 to <0.50	157	0.36%	643	36%	3	83	53%
	0.50 to <0.75	99	0.55%	665	29%	2	50	51%
	0.75 to <2.50	339	1.10%	1,357	48%	3	368	109%
	2.50 to <10.00	165	3.79%	454	25%	3	128	77%
	10.00 to <100.00	6	19.39%	128	41%	3	15	229%
	100.00 (default)	2	100.00%	46	45%	3	-	-
	Subtotal	**2,914**	**0.54%**	**3,427**	**20%**	**2**	**825**	**28%**
o/w: Specialized lending								
	Subtotal	**-**	**-**	**-**	**-**	**-**	**-**	**-**
o/w: SMEs								
	Subtotal	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Retail customers								
	0.00 to <0.15	3	0.08%	94	45%	-	-	2%
	0.15 to <0.25	2	0.23%	40	45%	-	-	5%
	0.25 to <0.50	-	-	-	-	-	-	-
	0.50 to <0.75	-	0.51%	17	45%	-	-	8%
	0.75 to <2.50	-	1.63%	18	45%	-	-	14%
	2.50 to <10.00	-	5.97%	9	45%	-	-	19%
	10.00 to <100.00	-	18.21%	1	45%	-	-	25%
	100.00 (default)	-	-	-	-	-	-	-
	Subtotal	**6**	**0.55%**	**179**	**45%**	**-**	**-**	**5%**
o/w: exposures secured by real estate mortgages								
	Subtotal	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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: SMEs								
	Subtotal	**-**	**-**	**-**	**-**	**-**	**-**	**-**
o/w: Non-SMEs								
	Subtotal	**-**	**-**	**-**	**-**	**-**	**-**	**-**
o/w: revolving								
	Subtotal	**-**	**-**	**-**	**-**	**-**	**-**	**-**
o/w: Other retail customers								
	0.00 to <0.15	3	0.08%	94	45%	-	-	2%
	0.15 to <0.25	2	0.23%	40	45%	-	-	5%
	0.25 to <0.50	-	-	-	-	-	-	-
	0.50 to <0.75	-	0.51%	17	45%	-	-	8%
	0.75 to <2.50	-	1.63%	18	45%	-	-	14%
	2.50 to <10.00	-	5.97%	9	45%	-	-	19%
	10.00 to <100.00	-	18.21%	1	45%	-	-	25%
	100.00 (default)	-	-	-	-	-	-	-
	Subtotal	**6**	**0.55%**	**179**	**45%**	**-**	**-**	**5%**
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	-	6.69%	-	50%	-	-	57%
	10.00 to <100.00	-	-	-	-	-	-	-
	100.00 (default)	-	-	-	-	-	-	-
	Subtotal	**-**	**6.69%**	**-**	**50%**	**-**	**-**	**57%**
o/w: Non-SMEs								
	0.00 to <0.15	3	0.08%	94	45%	-	-	2%
	0.15 to <0.25	2	0.23%	40	45%	-	-	5%
	0.25 to <0.50	-	-	-	-	-	-	-
	0.50 to <0.75	-	0.51%	17	45%	-	-	8%
	0.75 to <2.50	-	1.63%	18	45%	-	-	14%
	2.50 to <10.00	-	6.08%	9	46%	-	-	17%
	10.00 to <100.00	-	18.21%	1	45%	-	-	25%
	100.00 (default)	-	-	-	-	-	-	-
	Subtotal	**6**	**0.55%**	**179**	**45%**	**-**	**-**	**5%**
Shares								
	Subtotal	**-**	**-**	**-**	**-**	**-**	**-**	**-**
		9,990	**0.21%**	**3,758**	**15%**	**2**	**1,091**	**11%**

TABLE 46: CREDIT DERIVATIVE EXPOSURES (EU CCR6)

	2020			2019		
	a	b	c	a	b	c
	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	6,837	3,259	-	10,638	6,695	-
Index credit default swaps	2,083	1,522	-	2,294	1,779	-
Total index credit default swaps	-	-	-	-	-	-
Credit options	0	0	-	0	0	-
Other credit derivatives			-			-
TOTAL NOTIONALS	**8,921**	**4,781**	**-**	**12,932**	**8,474**	**-**
Fair values						
Positive fair value (asset)	0	77	-	0	111	-
Negative fair value (liability)	88	46	-	117	37	-

TABLE 47: RWA FLOW STATEMENTS OF CCR EXPOSURES UNDER THE INTERNAL MODEL METHOD (EU CCR7)

The information associated with this table is treated at the national level in the Crédit Mutuel group's Pillar 3 report.

TABLE 48: EXPOSURES TO CENTRAL COUNTERPARTIES (EU CCR8)

12/31/2020 *(in € millions)*	EAD post-CRM	RWAs
Exposures to QCCPs (total)		
Trade exposures with QCCPs (excluding initial margin and default fund contributions); of which	-	-
(i) Over-the-counter derivatives	268	5
(ii) Listed derivatives	147	3
(iii) SFTs	120	2
(iv) Netting sets in which cross-product netting has been approved	-	-
Segregated initial margin	1,877	-
Non-segregated initial margin	-	-
Pre-funded default fund contributions	96	2
Alternative calculation of capital requirements for exposures	-	-
Exposures to non-QCCPs (total)		
Trade exposures with non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
(i) Over-the-counter derivatives	-	-
(ii) Listed derivatives	-	-
(iii) SFTs	-	-
(iv) Netting sets in which cross-product netting has been approved	-	-
Segregated initial margin	-	-
Non-segregated initial margin	-	-
Pre-funded default fund contributions	-	-
Unfunded default fund contributions	-	-

12/31/2019 *(in € millions)*	EAD post-CRM	RWAs
Exposures to QCCPs (total)		
Trade exposures with QCCPs (excluding initial margin and default fund contributions); of which	-	-
(i) Over-the-counter derivatives	3,567	7
(ii) Listed derivatives	119	2
(iii) SFTs	92	2
(iv) Netting sets in which cross-product netting has been approved	-	-
Segregated initial margin	1,196	-
Non-segregated initial margin	-	-
Pre-funded default fund contributions	80	2
Alternative calculation of capital requirements for exposures	-	-
Exposures to non-QCCPs (total)		
Trade exposures with non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
(i) Over-the-counter derivatives	-	-
(ii) Listed derivatives	-	-
(iii) SFTs	-	-
(iv) Netting sets in which cross-product netting has been approved	-	-
Segregated initial margin	-	-
Non-segregated initial margin	-	-
Pre-funded default fund contributions	-	-
Unfunded default fund contributions	-	-

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.

The use of guarantees as risk mitigation techniques 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 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 and litigious loans. 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;
- equities 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.

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 49: CREDIT RISK MITIGATION (CRM) – GENERAL OVERVIEW (EU CR3)

12/31/2020 *(in € millions)*	Unsecured exposures – Carrying amount	Guaranteed exposures[1]	Exposures secured by collateral[2]	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1 – Total loans	350,761	13,251	12,086	1,165	0
2 – Total debt securities	8,488	0	0	0	0
3 – TOTAL EXPOSURES	**359,249**	**13,251**	**12,086**	**1,165**	**0**
4 – o/w: defaulted	3,295	109	88	21	0

(1) 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.

(2) Includes guarantees related to State-guaranteed Loans (SGLs) excluding moratorium periods.

12/31/2019 *(in € millions)*	Unsecured exposures – Carrying amount	Guaranteed exposures*	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1 – Total loans	307,987	6,020	4,975	1,045	0
2 – Total debt securities	6,171	0	0	0	0
3 – TOTAL EXPOSURES	**314,158**	**6,020**	**4,975**	**1,045**	**0**
4 – o/w: defaulted	2,784	48	23	26	0

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 50: STANDARDIZED APPROACH – CREDIT RISK EXPOSURE AND CRM EFFECTS (EU CR4)

12/31/2020 *(in € millions)* Category of exposure	Pre-CCF and CRM exposures		Post-CCF and CRM exposures		RWAs and RWA density	
	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 an especially 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%**

12/31/2019 *(in € millions)* Category of exposure	Pre-CCF and CRM exposures		Post-CCF and CRM exposures		RWAs and RWA density	
	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWAs	RWA density
1 – Governments and central banks	47,848	746	47,284	221	389	1%
2 – Regional or local authorities	350	5	355	2	71	20%
3 – Public sector (public organizations excluding central governments)	7,336	106	8,096	217	-	-
4 – Multilateral development banks	-	-	-	-	-	-
5 – International organizations	-	-	-	-	-	-
6 – Institutions (banks)	5,800	146	5,876	74	156	3%
7 – Corporates	11,147	1,160	10,492	633	10,147	91%
8 – Retail customers	1,704	1,478	1,470	551	1,231	61%
9 – Exposures secured by real estate mortgages	5,557	112	5,557	57	2,154	38%
10 – Exposures in default	427	19	394	17	565	137%
11 – Exposures presenting an especially high risk	747	26	707	13	1,077	150%
12 – Covered bonds	36	-	36	-	4	10%
13 – Exposures from institutions and corporates given a short-term credit evaluation	-	-	-	-	-	-
14 – Exposures in the form of UCIT shares or equities	4	-	4	-	4	100%
15 – Equity exposure	133	-	133	-	133	100%
16 – Other assets	729	-	729	-	729	100%
17 – TOTAL	**81,819**	**3,798**	**81,133**	**1,784**	**16,659**	**20%**

TABLE 51: 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 group.

TABLE 52: IMPACT OF NETTING AND COLLATERAL HELD ON EXPOSURE VALUES (EU CCR5-A)

12/31/2020 *(in € millions)*	Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held*	Net credit exposure
1 – Derivatives	7,310	4,888	2,422	1,135	1,287
2 – Repurchase agreements	13,638	-208	13,846	8,621	5,225
3 – Cross-product netting	-	-	-	-	-
4 – TOTAL	**20,948**	**4,680**	**16,268**	**9,756**	**6,512**

* *Note that, in the internal ratings-based approach, net exposures to repurchase and loan-to-loan transactions do not take into account the collateral held, as it is taken into account in the calculation of the loss given default (LGD) method adopted by the Crédit Mutuel group in accordance with Article 228 § 2 of the CRR.*

12/31/2019 *(in € millions)*	Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held*	Net credit exposure
1 – Derivatives	7,113	4,954	2,159	1,081	1,078
2 – Repurchase agreements	16,220	806	15,414	8,631	6,783
3 – Cross-product netting	-	-	-	-	-
4 – TOTAL	**23,332**	**5,759**	**17,573**	**9,712**	**7,861**

TABLE 53: COMPOSITION OF COLLATERAL FOR CCR EXPOSURES (EU CCR5-B)

12/31/2020 *(in € millions)*	Collateral used in derivative transactions				Collateral used for temporary disposals of securities	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Non-segregated	Segregated	Non-segregated		
Variation margin	-	1,336	-	2,900	140	136
Initial margin	-	-	975	-	13,447	17,803
TOTAL	**-**	**1,336**	**975**	**2,900**	**13,587**	**17,939**

* *Segregated = refers to collateral that is protected from default.*

12/31/2019 *(in € millions)*	Collateral used in derivative transactions				Collateral used for temporary disposals of securities	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Non-segregated	Segregated	Non-segregated		
Variation margin	-	1,323	-	2,473	154	140
Initial margin	-	-	1,168	-	14,793	17,962
TOTAL	**-**	**1,323**	**1,168**	**2,473**	**14,947**	**18,102**

5.11 SECURITIZATION (EU SECA)

5.11.1 Objectives

In connection with its capital market activities, 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 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 market activities

Market risks on securitization positions are monitored by the risk and results control 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 body of rules strictly governs the investment and risk portfolios.

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.

Lastly, the capital market activities have an application for measuring the impact of various scenarios on the positions (notably changes in prepayments, defaults and 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 result.

5.11.3 Quantified data related to capital market activities

In the 2020 fiscal year, group securitization investments decreased by €1,137 billion (down 14%), and represented a carrying amount of €6,820 billion as of December 31, 2020. The investments of the capital market arm of Crédit Mutuel Alliance Fédérale – called CIC Marchés – account for 83% of its securitization outstandings. The statistics in the tables presented in this section do not include the tranches sponsored by the American agencies Ginnie-Mae (Government National Mortgage Association) and SBA (Small Business Administration) for a total of €2.2 billion (€2.52 billion in 2019). 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 of the figures are investment grade (97%), most of which are classified as AAA. Tranches in the non-investment grade category are closely monitored and, in the case of Greece, provisioned. The portfolios are diversified, both in terms of type of exposure (RMBS, CMBS, CLO, ABS auto loans, ABS consumer loans, ABS credit cards) and geographical exposure (United States, France, United Kingdom, Italy and Germany).

TABLE 54: BEAKDOWN OF SECURITIZATION OUTSTANDINGS (EU SEC1)

Breakdown of assets by portfolio *(in € millions)*	12/31/2020	12/31/2019
Banking book	6,126	6910
Trading book	694	1,047
TOTAL OUTSTANDINGS*	**6,820**	**7,957**

**These outstandings do not include the tranches sponsored by the US branches Ginnie-Mae and SBA.*

Breakdown of outstandings Inv. Grade/Non-Inv. Grade	12/31/2020	12/31/2019
Investment Grade category (of which AAA 78%)	92%	93%
Non-Investment Grade category	0%	0%
Not rated externally equivalent to full consolidation	7%	6%
TOTAL	**100%**	**100%**

Geographic breakdown of outstandings	12/31/2020
United States	40.56%
France	24.44%
Germany	8.80%
UK	4.69%
Netherlands	4.10%
Italy	4.82%
Spain	4.98%
Australia	3.79%
Hong Kong	0.00%
Ireland	1.42%
Austria	0.32%
Switzerland	0.00%
Finland	1.36%
Portugal	0.11%
Belgium	0.24%
South Korea	0.21%
Greece	0.02%
Luxembourg	0.15%
Norway	0.00%
TOTAL	**100%**

Since 2008, the New York branch has been holding a portfolio of American RMBS issued before the 2008 crisis. This portfolio is managed on a run-off basis. At end-2019, the portfolio was practically extinguished.

At end-2020, the portfolio was practically extinguished. The remaining investments amount to $33,000.

5.11.4 Capital market activity credit risk hedging policies

Capital market activities 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 1 to the financial statements.

5.11.7 Global exposures (capital market activities + specialized lending) 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 revises existing approaches (internal rating, standard approach) and introduces a new approach based on external ratings.

The exposures are net of provisions and the exposures measured using the internal ratings method and weighted at 1,250% are deducted from capital.

TABLE 55: SECURITIZATION BY TYPE COVERED BY REGULATION (EU) 2017/2401 (EU SEC2)

Balance sheet: EAD *(in € millions)*	2020			
	Banking book		Trading book	Correlation book
	New standard approach	External ratings approach	External ratings approach	External ratings approach
Investor				
On-balance sheet				
Classic securitization	489	5,612	704	
Synthetic securitization	0	0	0	0
Off-balance sheet				
Classic securitization	14	0	0	
Synthetic securitization	0	0	0	0
Derivatives				
Classic securitization	0	0	0	
Synthetic securitization	0	0	0	463
TOTAL	**502**	**5,612**	**704**	**463**

Balance sheet: EAD *(in € millions)*	2019			
	Banking book		Trading book	Correlation book
	New standard approach	External ratings approach	External ratings approach	External ratings approach
Investor				
On-balance sheet				
Classic securitization	435	1,611	598	
Synthetic securitization	0	0	0	0
Off-balance sheet				
Classic securitization	67	55	0	
Synthetic securitization	0	0	0	0
Derivatives				
Classic securitization	0	0	0	
Synthetic securitization	0	0	0	0
TOTAL	**502**	**1,666**	**598**	**0**

TABLE 56: BREAKDOWN OF OUTSTANDINGS BY CREDIT QUALITY STEP, COVERED BY REGULATION (EU) 2017/2401 (EU SEC3)

EAD (in € millions) Credit quality levels	2020 Banking book External ratings approach	2020 Trading book External ratings approach	2019 Banking book External ratings approach	2019 Trading book External ratings approach
E1	5,084	403	1,485	409
E2	70	110	-	58
E3	148	29	104	48
E4	234	154	63	84
E5	6	-	-	-
E6	57	-	14	-
E7	-	-	-	-
E8	6	-	-	-
E9	1	-	-	-
E10	-	-	-	-
E11	-	-	-	-
E12	-	-	-	-
E13	-	-	-	-
E14	7	-	-	-
E15	-	-	-	-
E16	-	-	-	-
E17	1	-	-	-
Positions weighted at 1,250%	-	-	-	-
TOTAL	**5,612**	**704**	**1,666**	**598**

The external organizations used are Standard & Poor's, Moody's and Fitch Ratings.

EAD (in € millions) Rw%	2020 Banking book New standard approach	2019 Banking book New standard approach
=<20%	502	175
>20% to 50%	0	73
>50% to 100%	0	254
>100% to 1,250%	0	0
Positions weighted at 1,250%	0	0
TOTAL	**502**	**502**

TABLE 57: CAPITAL REQUIREMENTS COVERED BY REGULATION (EU) 2017/2401 (EU SEC4)

Capital requirements (in € millions)	Banking book New standard approach	Banking book External ratings approach	Trading book External ratings approach	Correlation book External ratings approach
TOTAL	**5.3**	**96.5**	**11.0**	**6.6**

Capital requirements (in € millions)	2019 Banking book New standard approach	2019 Banking book External ratings approach	2019 Trading book External ratings approach	2019 Correlation book External ratings approach
TOTAL	**14.0**	**27.2**	**9.2**	**0.0**

5.12 CAPITAL MARKET RISK (EU MRA)

5.12.1 General structure

CIC Marchés includes the activities of the Investment/Interest Rate/Currency/Equity/Credit business line and the CM-CIC Market Solutions commercial business line. The management of these business lines is "sound and prudent".

Group activities are concentrated in France and in branches in London (group treasury), New York (investment activities) and Singapore (investment and commercial activities.)

Commercial

CM-CIC Market Solutions is the department responsible for commercial activities. 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 Global Fixed-income/Forex/Commodities Execution Solutions team, which operates from Paris or within the regional banks, and is responsible for marketing OTC interest rate and forex hedging products.

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 Investment Solutions (IS) team markets investment products such as *Libre Arbitre* and Stork 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 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 market activities including those applied by CIC group. 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 group.

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 group 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 CIC's finance department, which supervises accounting procedures and templates and is responsible for accounting and regulatory controls.

A third level of controls is 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 activities, 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 group. The market risk committee is chaired by the member of Executive Management in charge of CIC Marchés and includes the chief executive officer of CIC and BFCM, the front office managers, the post-market team managers and the managers of the risk department, group compliance and the group permanent control department. It approves the operational limits established as part of the general limits set by the boards of directors of CIC group, 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 BFCM and comprises the heads of the group treasury and the group ALM departments, as well as the post-market team manager and the manager of the 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 market activities.

TABLE 58: MARKET RISK UNDER THE STANDARDIZED APPROACH (EU MR1)

	12/31/2020		12/31/2019	
(in € millions)	Risk-weighted assets	Capital Requirements	Risk-weighted assets	Capital Requirements
Outright products				
1 – Interest rate risk (general and specific)	1,168	93	959	77
2 – Equity risk (general and specific)	1,645	132	938	75
3 – Foreign exchange risk	-	-	-	-
4 – Commodity risk	-	-	-	-
Options				
5 – Simplified approach	-	-	-	-
6 – Delta-plus method	23	2	33	3
7 – Scenario approach	-	-	-	-
8 – Securitization (specific risk)	138	11	208	17
9 – TOTAL	**2,973**	**238**	**2,138**	**171**

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 measurement, broken down by desk, and by 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 2020 for the fixed-income-equity-credit investment and commercial business lines was stable compared to 2019. For 2021, the limits for these activities have been revised upwards to take into account the impact of the new regulations on securitization. The capital allocated for the CVA expense is also calculated for the risk monitoring system.

Crédit Mutuel Alliance Fédérale's VaR was €15.7 million at the end of 2020. A general stress test policy and a stress mechanism also help to manage risk, and there is an escalation procedure if limits are exceeded. For 2021, a stressed VaR limit has been added within the context of CIC's risk appetite.

Capital market activities 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 2021, 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 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). Over the course of the year, capital consumption at CNC decreased overall from €82.4 million to €79 million at the end of the year, with a high in March of €143.1 million.

The changes over the year stem mainly from the European capital adequacy on-balance-sheet items and are attributable to the use of bank DCs purchases as part of a market support system for asset management companies in the context of COVID-19.

Hybrid instruments

Capital consumption was €61.5 million on average in 2020, and €52 million at the end of the year. The convertible bond inventory reached €2 billion at the end of 2020.

Credit

These positions correspond to securities/CDS arbitrage (credit default swaps) or ABS (asset backed securities). For the corporate and financial credit portfolio, after a high of €68.2 million in March 2020, capital consumption fluctuated around €65.3 million during the year before reaching €36.8 million at the end of 2020. The variations in activity are explained in particular by the maturity of Itraxx tranches. Regarding the ABS portfolio, capital risk consumption totaled around €57 million (€48.1 million at year-end) due to prudent risk management in peripheral countries and scaled-back positions in these countries.

M&A and other activities

Capital consumption averaged €47.9 million in 2019, reaching a high of €66 million in December. This increase follows the changes of outstandings in the M&A. The outstanding amount of the latter stood at €579 million in December 2020 (the highest level reached during the year), compared to €265 million at the end of 2019.

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 at the end of the year were around €22 million and have remained low since the redemption of €1.7 billion in September 2014. Total outstanding government securities amounted to €1.2 billion at the end of 2019 against €878 million at the end of 2020, of which €0.6 billion in France.

5.12.4 Model-based risk

CIC Marchés' risks and results control (RRC) team is in charge of developing the specific models used for valuing its positions.

In 2020, 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 permanent control teams of the business lines 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 structure

For CIC group, 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 group 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 group 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 risk governance and monitoring

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 group. 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 group, 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 regulatory net banking income;
4. 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.

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: sustained drop in short- and long-term rates combined with regulated rates remaining at significantly higher 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 scenario S2, at December 31, 2020, CIC's net interest income was exposed to a decrease in one-year rates of -€223 million (-4.33%), and to a decrease in two-year rates of -€242 million (-4.70%) within the risk limits.

TABLE 59: NBI SENSITIVITY INDICATORS OF CIC (EU IRRBB1)

	12/31/2020		12/31/2019	
	Sensitivity as a% of NBI		Sensitivity as a% of NBI	
Normalized interest rate shocks	1 year	2 years	1 year	2 years
Scenario S1	6.65%	6.29%	4.97%	4.82%
Scenario S2	-4.33%	-4.70%	-4.17%	-4.51%
Scenario S3	14.44%	13.56%	10.41%	9.94%
Scenario S4	-2.10%	-1.94%	-0.53%	0.64%
Scenario S1 constant balance sheet	6.91%	6.91%	4.74%	4.47%
Scenario S2 constant balance sheet	-4.61%	-5.36%	-3.65%	-3.91%

	12/31/2020		12/31/2019	
	Sensitivity as a% of NBI		Sensitivity as a% of NBI	
Stress scenarios	1 year	2 years	1 year	2 years
Scenario S5	3.24%	4.87%	-0.21%	-3.32%
Scenario S5 *bis**	-0.07%	4.54%	-1.71%	-0.44%
Scenario S6	-2.55%	-7.19%	-1.88%	-4.61%
Scenario S6 *bis**	-4.31%	-6.33%	-3.11%	-3.22%

* *Alternate hedging rule.*

5.13.2.3 Regulatory indicator

The sensitivity of the net present value (NPV) is calculated in accordance with the EBA's recommendations:

- exclusion of capital and maturity of fixed 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, the NPV sensitivity of CIC group is below the 20% alert thresholds for Tier 1 and Tier 2 capital:

- a 200 bp. drop in interest rates makes for +1.39% in Tier 1 and Tier 2 capital (+€227 million in absolute value);
- a 200 bp. rise in interest rates makes for +1.04% (+€171 million).

The sensitivities for the six EBA scenarios are below the alert threshold of 15% of Tier 1 capital:

TABLE 60: NPV SENSITIVITY (EU IRRBB1)

	12/31/2020	12/31/2019
NPV sensitivity	**In% of Tier 1 capital**	**In% of Tier 1 capital**
Decrease of 200 bps.	4.30%	4.30%
Increase of 200 bps.	-3.87%	-3.87%
Reduction in short-term rates	3.51%	3.51%
Increase in short-term rates	-11.27%	-11.27%
Sloping	9.29%	9.29%
Flattening	-13.56%	-13.56%

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 CFCM, CIC group and the other entities of Crédit Mutuel Alliance Fédérale (regional banks, BECM, etc.).

5.13.3 Liquidity risk management

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 group. Non-financial entities are excluded.

The entire system is based on a number of liquidity indicators with alert thresholds and limits:

- monitoring the Liquidity Coverage Ratio (LCR), which is representative of the group's 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 (resources/jobs) are calculated for maturities of three months to five years and are subject to alert thresholds or limits;
- 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 *pro rata* to the cumulative needs.

TABLE ON QUALITATIVE/QUANTITATIVE INFORMATION OF LIQUIDITY RISK IN ACCORDANCE WITH ARTICLE 435(1) OF REGULATION (EU) NO. 575/2013 (EU LIQA)

See information on Pillar 3 reported by Crédit Mutuel Alliance Fédérale.

Regulatory liquidity indicators

Since March 2014, credit institutions in the euro zone have been required to report their liquidity levels to their supervisory body as defined by the EBA 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 provisions relating to the Net Stable Funding Ratio (NSFR) were published in the new European Regulation (CRR2) of June 7, 2019. It will come into effect in June 2021. The EBA is tasked with defining the implementing technical standards and regulatory technical standards (ITS/RTS) aimed at clarifying the CRR2 provisions. Based on current developments and from what we have seen, Crédit Mutuel Alliance Fédérale already complies with this ratio.

The liquidity situation of the consolidated scope of CIC group is as follows:

- an average LCR of 147.6% for 2020 (130.5% for 2019);
- an average HQLAs totaling €55.7 billion, of which 92% deposited with central banks (mainly the ECB).

The total liquidity reserves over the consolidated perimeter break down as follows:

TABLE 61: SHORT-TERM LIQUIDITY COVERAGE RATIO (LCR) (EU LIQ1.18)

12/31/2020 (in € millions)	Total unweighted value				Total weighted value			
	03/31/2020	06/30/2020	09/30/2020	12/31/2020	03/31/2020	06/30/2020	09/30/2020	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	65,459	65,258	65,239	36,154	37,570	37,508	37,974
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	44,133	44,733	45,715	28,779	29,533	29,722	30,221
8 – Unsecured debt	3,180	3,881	3,801	4,059	3,180	3,881	3,801	4,059
9 – Secured wholesale funding	0	0	0	0	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	97	89	83	101	96	89	83
15 – Other contingent funding obligations	311	235	159	77	16	12	8	4
16 – TOTAL CASH OUTFLOWS	**-**	**-**	**-**	**-**	**51,976**	**54,109**	**54,564**	**55,379**
Cash inflows								
17 – Secured lending (such as reverse repurchase agreements)	8,911	6,559	4,429	2,429	3,363	2,689	1,909	1,002
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**	**25,404**	**23,332**	**21,775**	**17,408**	**16,509**	**15,742**	**15,263**
EU-20a – Fully exempt cash inflows	-	-	-	-	-	-	-	-
EU-20b – Cash inflows subject to 90% cap		-	-	-	-	-	-	-
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%**	**144%**	**149%**

TABLE 62: DETAILS OF LIQUIDITY BUFFER – LCR

Amount after ECB weighting *(in € millions)*	12/31/2020	12/31/2019
Tier 1	58,249	40,394
■ Cash deposited in central banks	1,909	35,212
■ HQLAs	55,995	3,921
■ Cash deposits	345	353
Tier 2a	2,679	401
Tier 2b	2,539	4,078
TOTAL BUFFER	**63,467**	**44,873**

TABLE 63: BREAKDOWN OF CIC GROUP'S CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY RESIDUAL MATURITY OF FUTURE CONTRACTUAL CASH FLOWS (PRINCIPAL AND INTEREST)

2020 *(in € millions)*	≤1months[1]	>1 month ≤3months	>3 months ≤1 year	>1 year ≤2 years	>2 years ≤5 years	>5 years	Indefinite[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**
Central bank deposits	*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) Includes 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

2019 *(in € millions)*	≤1months[1]	>1 month ≤3months	>3 months ≤1 year	>1 year ≤2 years	>2 years ≤5 years	>5 years	Indefinite[2]	Total
Assets								
Cash, central banks	38,811	-	-	-	-	-	-	38,811
Demand deposits, credit institutions	9,281	-	-	-	-	-	-	9,281
Financial assets held for trading	8,643	2,898	6,101	2,467	4,406	2,915	644	28,075
Financial assets at fair value through profit or loss	14	17	11	56	214	191	3,063	3,566
Financial assets at fair value through equity	625	601	433	1,095	4,620	4,628	188	12,190
Securities at amortized cost	247	5	199	280	1,016	770	28	2,544
Loans and receivables due from credit institutions	6,481	864	2,144	1,243	3,748	4,919	0	19,398
Customer loans	25,962	7,742	15,867	18,554	47,168	73,230	0	188,523
Liabilities								
Central bank deposits	4	0	0	0	0	0	0	4
Financial liabilities held for trading	8,272	3,891	3,974	214	1,578	1,068	2	18,999
Financial liabilities at fair value through profit or loss	0	179	0	0	0	0	0	179
Derivatives used for hedging purposes (liabilities)	8	31	387	157	740	335	0	1,658
Financial liabilities carried at amortized cost	**150,187**	**20,710**	**34,553**	**15,670**	**28,043**	**20,271**	**163**	**269,597**
Central bank deposits	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Deposits, public administration	*1,342*	*24*	*144*	*71*	*62*	*8*	*0*	*1,650*
Deposits, credit institutions	*10,167*	*7,316*	*12,945*	*6,407*	*18,289*	*11,778*	*0*	*66,902*
Deposits, other financial companies	*13,921*	*1,822*	*1,292*	*522*	*521*	*343*	*0*	*18,421*
Deposits, non-financial corporations	*64,967*	*2,841*	*5,080*	*6,969*	*3,833*	*762*	*0*	*84,452*
Deposits, individuals	*54,674*	*1,812*	*1,563*	*838*	*3,946*	*1,948*	*0*	*64,782*
of which debt securities, including bonds	*3,645*	*6,895*	*13,528*	*862*	*1,385*	*3,369*	*0*	*29,684*
of which subordinated liabilities	*0*	*0*	*0*	*0*	*7*	*2,062*	*163*	*2,233*

(1) Includes 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 accrued interest 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.

Liquidity concentration – Currency mismatch in the LCR

Given its commercial activities and the domestic markets on which it operates, CIC group 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.

5.13.3.4 Derivative exposures and collateral calls (EU LIQ1.19)

Crédit Mutuel Alliance Fédérale's approach to interest rate and liquidity risk management includes appropriate hedging arrangements for CIC group.

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 Liquidity concentration – Currency mismatch in the LCR (EU LIQ1.19)

Given its commercial activities and the domestic markets on which it operates, CIC group 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.

5.13.3.6 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 subject to at least one review per year by the boards of directors of Caisse Fédérale de Crédit Mutuel (CFCM), BFCM, CIC group and other entities (regional banks, etc.).

5.13.4 Currency risk management

The group automatically centralizes the foreign currency positions of each CIC entity via BFCM and CIC holding company on a daily basis for commercial transfers and cash flows, both income and expenses, denominated 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 market activities of CIC Marchés and group treasury (which are housed at BFCM) have a specific limit for foreign exchange 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 group 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, Crédit Mutuel has been authorized to use its advanced financial information about the measurement approach used by the BFCM consolidated scope 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 on internal control), 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 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.

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.

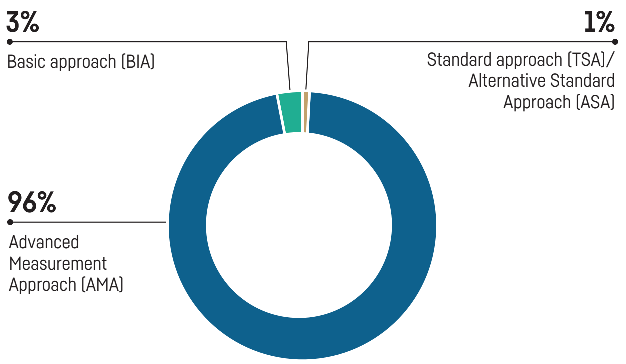
5.14.2.2 Authorized scope for AMA method

CIC group 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 at December 31, 2020).

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.

CHART 11: BREAKDOWN OF OPERATIONAL RWA RISKS BY APPROACH (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 reference 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 group 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 *Autorité de contrôle prudentiel et de résolution* (ACPR – French Prudential Supervisory and Resolution Authority) authorized CIC group 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 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 group's insurance programs comply with the provisions of Articles 323 of EU Regulation No. 575/2013 of the European Parliament and Council of June 26, 2013 concerning the deduction of insurance under the advanced method approach (AMA).

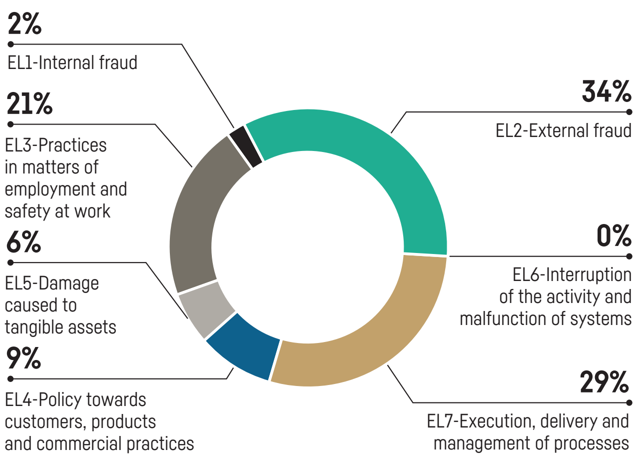
Insurance cover included in the deduction process covers damage to real and personal property (multi-risk), fraud and damage to valuables (overall insurance for banking risks), as well as professional third-party liability and cyber-risks (cyber policy).

5.14.8 Inventory of Crédit Mutuel Alliance Fédérale losses

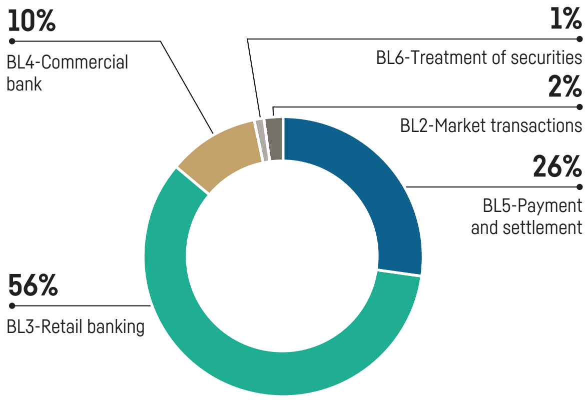
Total claims of CIC group amounted to €36.4 million in 2020, €39.6 million in losses, €8.4 million in provisions and €11.6 million in reversals of provisions for previous claims. They broke down as follows:

CHART 12: ANNUAL LOSS EXPERIENCE BY BUSINESS LINE AND BY RISK EVENT (EU OR1)

Loss experience in 2020 by EL (risk event)



Loss ratio in 2020 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.

5.15 INFORMATION ON ENCUMBERED AND UNENCUMBERED ASSETS (TEMPLATE D)

Since December 31, 2014, and pursuant to Article 100 of the CRR, CIC group reports to the competent authorities on the quantity of unencumbered assets at its disposal and their principal characteristics. These assets may serve as sureties 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.

At December 31, 2020, the level and characteristics of encumbered and unencumbered assets for CIC group were as follows:

TABLE 64: ENCUMBERED AND UNENCUMBERED ASSETS (EU TEMPLATE A)

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 unencum-bered assets	o/w HQLA and EHQLA	Fair value of unencum-bered assets	o/w HQLA and EHQLA
010 – Institution assets	**45,682**	**6,386**	-	-	**301,273**	**8,658**	-	-
030 – Capital 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 covered 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 institutions	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 65: COLLATERAL RECEIVED (EU TEMPLATE B)

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 – Capital instruments	938	643	504	298
160 – Debt securities	12,280	8,772	5,026	2,249
170 – of which covered 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 companies	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 66: CARRYING AMOUNT OF ENCUMBERED ASSETS/COLLATERAL RECEIVED AND LIABILITIES BACKED (EU TEMPLATE C)

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 group is of different kinds.

5.16.1 Financial assets at fair value through profit or loss

Equity portfolios held for trading amounted to €1,489 million at December 31, 2020 compared to €647 million at December 31, 2019 and were related exclusively to CIC capital markets activities (see note 5a to the consolidated financial statements).

Equities recognized as other fair value through profit or loss were mainly related to the private equity business line, with €2,802 million (see note 5a to the consolidated financial statements).

Long-term investments recognized as other fair value through profit or loss amounted to €399 million at December 31, 2020, of which €45 million in equity investments and €114 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 €4 million and €226 million, respectively.

Long-term investments included:

- equity investments for €69 million;
- other long-term investments for €99 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.

Proprietary trading investments were spread over approximately 320 lines, primarily covering small and medium-sized enterprises.

TABLE 67: RISKS RELATED TO THE PRIVATE EQUITY BUSINESS

	12/31/2020	12/31/2019
Number of listed lines	19	27
Number of unlisted lines	301	308
Number of funds	23	24
Portfolio revalued for proprietary trading *(in € millions)*	2,906	2,873
Capital managed on behalf of third parties *(in € millions)*	121	98

Source: risk monitoring.

5.18 REMUNERATION (EU REMA)

5.18.1 Remuneration supervisory bodies

CIC group, which is subject to supervision by the *Autorité de contrôle prudentiel et de résolution* (ACPR – French Prudential Supervisory and Resolution Authority) on a consolidated basis, decided at the meeting of the board of directors on February 27, 2015 to set up a remuneration 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 taken as the parent company of the consolidated Crédit Mutuel Alliance Fédérale group, 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 remuneration 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, 2020 to April 2, 2020, the remuneration committee was composed of:

- Mr. Gérard Bontoux, Chairman;
- Mr. Gérard Oliger;
- Ms. Christine Leenders;
- Ms. Annie Virot;
- Mr. Jean-François Jouffray;
- Mr. François Troillard.

From April 3, 2020 to December 31, 2020, the remuneration committee was composed of:

- Ms. Annie Virot, chairwoman;
- Mr. Philippe Galienne;
- Ms. Audrey Hammerer;
- Mr. Jean-François Jouffray;
- Mr. Gérard Oliger;
- Ms. 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 2020, the remuneration committee met four times, on February 17, March 26, July 28 and November 18.

The group did not commission any external consultations in 2020 concerning the compensation system.

The group 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 remuneration, 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.

Thus, in 2020, the amount of variable compensation amounted to nearly 4% of total compensation within Crédit Mutuel Alliance Fédérale.

The quantitative and qualitative criteria were applied to the structures whose consolidated balance sheet total under IFRS is greater than €10 billion:

- first consolidated level: Caisse Fédérale de Crédit Mutuel as consolidating body. The criteria are applied to the consolidated scope taking into account the entire sub-consolidation scope;
- second sub-consolidated level: structures, on a consolidated or individual basis, with a total N-1 balance sheet of more than €10 billion: 11 identified institutions for which the criteria are applied in the same way as the first consolidated level: Caisse Fédérale de Crédit Mutuel, BFCM, TARGOBANK in Germany, Cofidis, BECM, CIC, CIC Est, CIC Nord Ouest, CIC Ouest, CIC Sud Est, CIC Lyonnaise de Banque and Banque de Luxembourg.

The identification was carried out on an individual and consolidated basis.

In terms of quantitative criteria, risk takers correspond to employees:

- with a total compensation greater than or equal to €500,000;
- belonging to the 0.3% of employees (number rounded up) who received the highest total compensation during the previous fiscal year;
- were awarded, during the previous fiscal year, a total compensation equal to or greater than the lowest total compensation awarded during the same fiscal year to a member of Executive Management or fulfilling one of the criteria set out in points 1), 3), 5), 6), 8), 11), 12), 13) or 14) of Article 3 [of Delegated Regulation No. 604/2014].

Risk takers identified under the quantitative criteria may benefit from exemptions. A request was made to the ACPR on December 1, 2020 concerning 26 employees, some of whom work in foreign branches.

For qualitative criteria, the list includes:

- members of the chairmanship and Executive Management of Crédit Mutuel Alliance Fédérale and its subsidiaries;
- the heads of compliance, periodic control, permanent control and risks, at Crédit Mutuel Alliance Fédérale level;
- risk managers and managers of major business units (*i.e.* operational units to which at least 2% of the internal capital of Crédit Mutuel Alliance Fédérale has been allocated);
- employees with powers to make proposals or commit Crédit Mutuel Alliance Fédérale, 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;
- 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;
- the heads of major support functions at Crédit Mutuel Alliance Fédérale level: legal affairs, finance, taxation, budgeting, human resources and compensation policy, information technology and economic analysis;
- with regard to the category of directors, due to the voluntary nature of this function and the umbrella role of the remuneration committee and the organization of the institution's internal control, Crédit Mutuel Alliance Fédérale chose to first select members of umbrella structures and specialized committees (*i.e.* members of Caisse Fédérale du Crédit Mutuel, Banque Fédérative du Crédit Mutuel and Banque Européenne de Crédit Mutuel), as well as members of the supervisory bodies of entities whose balance sheet total consolidated under IFRS is over €10 billion.

As part of the recent transposition into French law of the CRD 5 Directive, the criteria for identifying the population of risk takers will change in 2021.

5.18.2 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, the group has set up a compensation system in line with its values while ensuring that its employees receive a 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 in 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, 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 18, 2020 the remuneration committee proposed to the board of directors to update the compensation policy based on the following elements:

- changes resulting from the Internal Audit mission:
  - reiterate the documentation requirements for the allocation and determination of variable compensation,
  - indicate that certain foreign entities, due to the local regulatory context, have their own remuneration committees (TARGOBANK in Germany, Banque de Luxembourg, CIC Switzerland, BT Belgium, TARGOBANK in Spain and Banque Casino);
- changes following the review by the risk and compliance department, including:
- in order to monitor the appropriate consistency of the policy with the risk appetite framework, an indicator to monitor the variable portion in relation to the total compensation is in place since 2020.

These changes were proposed, excluding draft amendments in France to the Order of November 3, 2014 (Articles 199 to 201) and the provisions of the CMF communicated by the DGT to the market groups to transpose CRD 5.

At its first annual meeting, the remuneration 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.

5.18.3 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;
- 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;
- 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;
- promoting career advancement through internal training and fostering employees' long-term commitment;
- making sure that the capital base is regularly strengthened.

Thus, in 2020, the amount of variable compensation amounted to almost 4% of total compensation within Crédit Mutuel Alliance Fédérale, 2.5% of general operating expenses and 0.4% of CET1 capital.

With regard to identified personnel, the amount of variable compensation awarded represents 27% of the compensation within the scope of CIC.

5.18.4 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.);
- alignment with risk and prior adjustment: the amount of the package is also set by taking into account performance criteria adapted to the risks: yield on assets, capital resources required for operational risk, 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.

5.18.5 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.

In 2020, the variable compensation of risk-takers provides, in the event the variable compensation is greater than €100,000 the implementation of a deferred payment over a three-year period. This deferred payment represents at least 40% of the variable compensation. In addition, if the variable compensation exceeds a certain amount, up to 60% must be deferred.

Crédit Mutuel Alliance Fédérale has defined the following specific rules for a deferred payment as from the first euro combined with a deferred portion set at least at 40%:

- from €1 to €250,000, payments of 60% in N+1;
- above €250,000 and up to €500,000, payment of 40% of the variable portion of this tranche in N+1;
- and beyond, payment of 20% in N+1.

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.

In 2021, in the new regulatory context and the transposition of CRD 5 in France, the rules will evolve with the integration of blocked cash, indexed to a composite indicator reflecting the performance of the entity.

The activities concerned by the request to exceed the 100% threshold are the trading floor activities (investment business) in France and New York.

Indeed, the activity is 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;
- economic results of the activity to which the operators are attached;
- risks taken;
- compliance with limits and delegations;
- behavior within teams;
- initiatives with a positive 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.

TABLE 68: SUMMARY OF COMPENSATION AWARDED DURING THE FISCAL YEAR (EU REM1)

in € millions		Management	Other members of the identified population
Fixed compensation awarded during the year	**Number of employees**	141	242
	Total fixed compensation	**23.37**	**42.58**
	o/w: compensation in cash	23.37	42.58
	o/w: shares and equivalent ownership rights	0	0
	o/w: other instruments linked to shares and other equivalent non-cash instruments	0	0
	o/w: other types of compensation	0	0
Variable compensation awarded during the year	**Number of employees**	39	156
	Total variable compensation	**4.81**	**19.11**
	o/w: compensation in cash	1.60	6.67
	o/w: deferred compensation	0	0
	o/w: shares and equivalent ownership rights	0	0
	o/w: deferred compensation	0	0
	o/w: other instruments linked to shares and other equivalent non-cash instruments	0	0
	o/w: deferred compensation	0	0
	o/w: other types of compensation	0	0
	o/w: deferred compensation	0	0
Total compensation allocated during the fiscal year	**Total compensation allocated during the fiscal year**	**28.18**	**61.69**

TABLE 69: SPECIAL PAYMENTS DURING THE FISCAL YEAR (EU REM2)

(in € millions)		Management	Other members of the identified population
Guaranteed premiums *(paid during the year)*	Number of employees	0	0
	Total amount	0	0
Arrival bonus *(paid at the time of recruitment, during the year)*	Number of employees	0	0
	Total amount	0	0
Severance pay *(paid upon departure, during the year)*	Number of employees	1	1
	Total amount	0.59	0.12

TABLE 70: DEFERRED COMPENSATION SUBJECT TO A LOCK-UP PERIOD (EU REM3)

	Deferred compensation not yet paid at reporting date (acquired in respect of previous years N-1 and before)		Movements that took place in year N (including compensation that will not be paid in N)		Compensation paid in year N
(in € millions)	Total amount of deferred compensation outstanding	*Of which:* Total amount of deferred compensation outstanding subject to a lock-up period that may be subject to an implicit or explicit *ex-post* adjustment	Total amount of changes during the year related to explicit *ex-post* adjustments	Total amount of changes during the year related to implicit *ex-post* adjustments	Total amount of deferred compensation paid during the year
MANAGEMENT	**2.71**	**2.71**	**0.05**	**0**	**1.12**
Cash	2.71	2.71	0.05	0	1.12
Shares and equivalent ownership rights	0	0	0	0	0
Other instruments linked to shares and other equivalent non-cash instruments	0	0	0	0	0
Other	0	0	0	0	0
OTHER MEMBERS OF THE IDENTIFIED POPULATION	**12.35**	**12.35**	**0**	**0**	**6.64**
Cash	12.35	12.35	0	0	6.64
Shares and equivalent ownership rights	0	0	0	0	0
Other instruments linked to shares and other equivalent non-cash instruments	0	0	0	0	0
Other	0	0	0		0
TOTAL	**15.06**	**15.06**	**0.05**	**0**	**7.76**

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TABLE 71: HIGH LEVELS OF COMPENSATION (EU REM4)

Number of people	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	6
Between 1.5 million and 2 million not included	0
Between 2 million and 2.5 million not included	0
Between 2.5 million and 3 million not included	0
Between 3 million and 3.5 million not included	0
Between 3.5 million and 4 million not included	0
Between 4 million and 4.5 million not included	0
Between 4.5 million and 5 million not included	0
Between 5 million and 6 million not included	0
Between 6 million and 7 million not included	0
Between 7 million and 8 million not included	0

TABLE 72: BREAKDOWN OF THE IDENTIFIED POPULATION BY AREA OF ACTIVITY (EU REM5)

	Area of activity							
	Management	Investment banking	Retail banking	Asset management	Internal control functions	"Corporate functions"	Other	Total
Total number of members from the identified population								**383**
Including members of the management body	141	-	-	-	-	-	-	-
Including members of Executive Management	-	21	40	3	7	15	0	-
Including other members of the identified population	-	56	48	10	21	21	0	-
Total compensation of the identified population	**28.18**	**17.05**	**28.26**	**5.20**	**4.93**	**5.76**	**0.49**	**-**
Of which variable compensation	4.81	0.00	13.42	3.32	0.99	0.88	0.49	-
Of which fixed compensation	23.37	17.05	14.84	1.88	3.94	4.88	0.00	-

APPENDICES

Appendix 1: Detailed information about capital

12/31/2020 *(in € millions)*	Amount at date of publication	Amount subject to pre-Regulation (EU) No. 575/2013 treatment or residual amount pursuant to Regulation (EU) No. 575/2013
COMMON EQUITY TIER 1 (CET1) CAPITAL: INSTRUMENTS AND RESERVES	-	-
1 – Capital instruments and related issue premium accounts	1,784	-
of which shares	*612*	-
of which issue premiums	*1,172*	-
2 – Retained earnings	13,078	-
3 – Accumulated other comprehensive income (and other reserves)	-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 – Funds for general banking risks	26	-
5a – Intermediate profits, net of any foreseeable expense and distribution of dividends, subject to independent control	**-**	**-**
6 – Common Equity Tier 1 (CET1) capital before regulatory adjustments	**-**	**-**
COMMON EQUITY TIER 1 (CET1) CAPITAL: REGULATORY ADJUSTMENTS	-	-
7 – Additional value adjustments (negative amount)	-66	-
8 – Intangible assets (net of related tax liabilities) (negative amount)	-300	-
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)	-0	-
11 – Fair value reserves related to gains and losses on cash flow hedges	-0	-
12 – Negative amounts resulting from the calculation of expected losses	-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	-
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: 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 15% threshold (negative amount)	-	-

12/31/2020 *(in € millions)*	Amount at date of publication	Amount subject to pre-Regulation (EU) No. 575/2013 treatment or residual amount pursuant to Regulation (EU) No. 575/2013
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 – Losses for the current fiscal year (negative amount)	-	-
26 – Regulatory adjustments applied to Common Equity Tier 1 capital in respect of amounts subject to pre-CRR treatment	-	-
26a – Regulatory adjustments relating to unrealized gains and losses pursuant to Articles 467 and 468	-	-
of which filter for unrealized loss on equity instruments	-	-
of which filter for unrealized loss on debt instruments	-	-
of which filter for unrealized gain on equity instruments	-	-
of which filter for unrealized gain on debt instruments	-	-
26b – Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre-CRR	-	-
27 – Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	-	-
28 – Total regulatory adjustments Common Equity Tier (CET 1) capital	**-447**	**-**
29 – Common Equity Tier 1 (CET 1) capital	**14,141**	**-**
ADDITIONAL TIER 1 (AT1) CAPITAL: INSTRUMENTS	**-**	**-**
30 – Capital instruments and related issue premium accounts	-	-
31 – of which: classified as liabilities under applicable accounting standards	-	-
32 – of which: classified as liabilities under applicable accounting standards	-	-
31 – Amount of qualifying items referred to in Art. 484(4) and related issue premium accounts subject to gradual exclusion 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	0	-
35 – of which: instruments issued by subsidiaries subject to gradual exclusion	-	-
36 – Additional Tier 1 (AT1) capital before regulatory adjustments	**0**	**-**
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 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 – Regulatory adjustments applied to Additional Tier 1 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)	-	-
41a – Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to Art. 472 of Regulation (EU) No. 575/2013	-	-
41b – Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to Art. 475 of Regulation (EU) No. 575/2013	-	-
41c – Amount to be deducted from or added to Additional Tier 1 capital with regard to additional filters and deductions required pre-CRR	-	-
42 – Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)	-	-
43 – Total regulatory adjustments to Additional Tier 1 (AT1) capital	**-**	**-**

12/31/2020 *(in € millions)*	Amount at date of publication	Amount subject to pre-Regulation (EU) No. 575/2013 treatment or residual amount pursuant to Regulation (EU) No. 575/2013
44 – Additional Tier 1 (AT1) capital	**0**	**-**
45 – Tier 1 capital (T1 = CET1 + AT1)	**14,140**	**-**
TIER 2 (T2) CAPITAL: INSTRUMENTS AND PROVISIONS	**-**	**-**
46 – Capital instruments and related issue premium accounts	2,229	-
47 – Amount of qualifying items referred to in Art. 484(5) and related issue premium accounts subject to gradual exclusion from T2	-	-
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	6	-
49 – of which: instruments issued by subsidiaries subject to gradual exclusion	-	-
50 – Credit risk adjustments	404	-
51 – Tier 2 capital before regulatory adjustments	**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 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 – of which: new holdings not subject transitional arrangements	-	-
54b – of which: holdings existing before January 1, 2013 and subject to transitional arrangements	-	-
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 – Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to Art. 472 of Regulation (EU) No. 575/2013	-	-
56b – Residual amounts deducted from Tier 2 capital with regard to deduction from Additional Tier 1 capital during the transitional period pursuant to Art. 475 of Regulation (EU) No. 575/2013	-	-
56c – Amount to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre-CRR	-	-
of which subsidies received by leasing companies	-	-
of which unrealized gains on equity instruments reported as additional capital	-	-
of which restatement for holding of capital instruments	-	-
57 – Total regulatory adjustments to Tier 2 (T2) capital	**-**	**-**
58 – Tier 2 (T2) capital	**2,640**	**-**
59 – Total capital (TC = T1 + T2)	**16,781**	**-**
59a – Risk-weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to gradual exclusion as prescribed in Regulation (EU) No. 575/2013	-	-
of which items not deducted from CET1 (Regulation (EU) No. 575/2013, residual amounts) (items to be detailed line by line, for example, deferred tax assets that rely on future profits net of related tax liabilities, indirect holding of own CET1, etc.)	-	-
of which items not deducted from AT1 (Regulation (EU) No. 575/2013, residual amounts) (items to be detailed line by line, for example, reciprocal cross holdings of AT1 capital instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc.)	-	-
of which items not deducted from T2 (Regulation (EU) No. 575/2013, residual amounts) (items to be detailed line by line, for example, indirect holdings of own T2 instruments, indirect holdings of non-significant investments in the capital of other financial sector entities, etc.)	-	-
60 – Total risk-weighted assets	**113,410**	**-**

12/31/2020 *(in € millions)*	Amount at date of publication	Amount subject to pre-Regulation (EU) No. 575/2013 treatment or residual amount pursuant to Regulation (EU) No. 575/2013
CAPITAL RATIOS AND BUFFERS		
61 – Common Equity Tier 1 capital (as a percentage of total risk exposure amount)	**12.47%**	-
62 – Tier 1 capital (as a percentage of total risk exposure amount)	**12.47%**	-
63 – Total capital (as a percentage of total risk exposure amount)	**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)	**2.51%**	-
65 – of which: capital conservation buffer requirement	**2.50%**	-
66 – of which: countercyclical buffer requirement	**0.01%**	-
67 – of which: systemic risk buffer requirement	**0.00%**	-
67a – of which global systemically important institution (G-SII) or other systemically important institution (O-SII) buffer	**0.00%**	-
68 – Common Equity Tier 1 capital available to meet buffer requirements (as a percentage of risk exposure amount)	**7.97%**	-
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)	247	-
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)	184	-
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)	286	-
UPPER LIMITS APPLICABLE FOR INCLUSION OF PROVISIONS IN TIER 2 CAPITAL	-	-
76 – Credit risk adjustments included in T2 in respect of exposures subject to standardized approach (prior to the application of the cap)	-	-
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)	-143	-
79 – Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	404	-
CAPITAL 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)	-	-
82 – Current cap applicable to AT1 instruments subject to gradual exclusion	-	-
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)	-	-

Appendix 2: 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 non-consolidated	Solo and non-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 buyback price	■ 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 an 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	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)	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 non-consolidated	Solo and non-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 buyback price	■ 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 an any related index	Average of the last twelve 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	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 non-consolidated	Solo and non-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 buyback price	■ 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 an 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	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 non-consolidated	Solo and non-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 buyback price	■ 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 an 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	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 non-consolidated	Solo and non-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 buyback price	■ 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 an 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	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 non-consolidated	Solo and non-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	9/11/2015	03/24/2016
12	Perpetual or dated	Dated	Dated
13	Initial maturity	9/11/2025	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 buyback price	■ 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 an 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	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 Sud Ouest**
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 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 non-consolidated	Solo and non-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	€37.33 million
9	Nominal value of instrument	€3.00 million	€37.33 million
9a	Issue price	€3.00 million	€37.33 million
9b	Redemption amount	€3.00 million	€37.33 million
10	Accounting classification	Liabilities – amortized cost	Liabilities – amortized cost
11	Initial issue date	03/31/2017	03/24/2016
12	Perpetual or dated	Dated	Dated
13	Initial maturity	03/31/2027	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 buyback price	■ 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 (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 Suisse	CIC Sud Ouest
COUPONS/DIVIDENDS			
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate an any related index	EURIBOR 3 months +1.97%	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	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 non-consolidated	Solo and non-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	€18.00 million
9	Nominal value of instrument	€10.00 million	€18.00 million
9a	Issue price	€10.00 million	€18.00 million
9b	Redemption amount	€10.00 million	€18.00 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 buyback price	■ 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 an 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	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 Sud Ouest	CIC Lyonnaise de Banque
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 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 non-consolidated	Solo and non-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)	€11.00 million	€80.97 million
9	Nominal value of instrument	€11.00 million	€80.97 million
9a	Issue price	€11.00 million	€80.97 million
9b	Redemption amount	€11.00 million	€80.97 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 buyback price	■ 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 Lyonnaise de Banque
COUPONS/DIVIDENDS			
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate an 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	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 non-consolidated	Solo and non-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	€36.00 million
9	Nominal value of instrument	€18.00 million	€36.00 million
9a	Issue price	€18.00 million	€36.00 million
9b	Redemption amount	€18.00 million	€36.00 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 buyback price	■ 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 an 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	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	Crédit Mutuel Real Estate Lease
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 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 non-consolidated	Solo and non-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)	€21.00 million	€18.11 million
9	Nominal value of instrument	€21.00 million	€18.11 million
9a	Issue price	€21.00 million	€18.11 million
9b	Redemption amount	€21.00 million	€18.11 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 buyback price	■ 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	Crédit Mutuel Real Estate Lease
COUPONS/DIVIDENDS			
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate an 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	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 non-consolidated	Solo and non-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)	€4.00 million	€7.00 million
9	Nominal value of instrument	€4.00 million	€7.00 million
9a	Issue price	€4.00 million	€7.00 million
9b	Redemption amount	€4.00 million	€7.00 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 buyback price	■ 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 an 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	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 Factoring
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 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 non-consolidated	Solo and non-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)	€4.00 million	€17.77 million
9	Nominal value of instrument	€4.00 million	€17.77 million
9a	Issue price	€4.00 million	€17.77 million
9b	Redemption amount	€4.00 million	€17.77 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 buyback price	■ 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 Factoring
COUPONS/DIVIDENDS			
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate an 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	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 non-consolidated	Solo and non-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)	€4.00 million	€6.00 million
9	Nominal value of instrument	€4.00 million	€6.00 million
9a	Issue price	€4.00 million	€6.00 million
9b	Redemption amount	€4.00 million	€6.00 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 buyback price	■ 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 an 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	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 Leasing
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 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 non-consolidated	Solo and non-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)	€5.00 million	€9.04 million
9	Nominal value of instrument	€5.00 million	€9.04 million
9a	Issue price	€5.00 million	€9.04 million
9b	Redemption amount	€5.00 million	€9.04 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 buyback price	■ 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 Leasing
COUPONS/DIVIDENDS			
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate an 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	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 non-consolidated	Solo and non-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	€3.00 million
9	Nominal value of instrument	€3.00 million	€3.00 million
9a	Issue price	€3.00 million	€3.00 million
9b	Redemption amount	€3.00 million	€3.00 million
10	Accounting classification	Liabilities – amortized cost	Liabilities – amortized cost
11	Initial issue date	03/31/2017	05/25/2018
12	Perpetual or dated	Dated	Dated
13	Initial maturity	03/31/2027	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 buyback price	■ 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 an any related index	EURIBOR 3 months +1.97%	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	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 non-consolidated	Solo and non-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)	€38.34 million	€10.00 million
9	Nominal value of instrument	€38.34 million	€10.00 million
9a	Issue price	€38.34 million	€10.00 million
9b	Redemption amount	€38.34 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 buyback price	■ 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 an 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	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	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 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	French
REGULATORY TREATMENT				
4	Transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital	Equity Tier 2 capital
5	Post-transitional CRR rules	Equity Tier 2 capital	Equity Tier 2 capital	Equity Tier 2 capital
6	Eligible at solo/(sub-)consolidated/ solo and (sub-)consolidated level	Solo and non-consolidated	Solo and non-consolidated	Solo and non-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	■ Subordinated notes ■ Article 62 *et seq.* of CRR
8	Amount recognized in regulatory capital (currency in millions as of most recent reporting date)	€19.00 million	€12.00 million	€50.58 million
9	Nominal value of instrument	€19.00 million	€12.00 million	€50.58 million
9a	Issue price	€19.00 million	€12.00 million	€50.58 million
9b	Redemption amount	€19.00 million	€12.00 million	€50.58 million
10	Accounting classification	Liabilities – amortized cost	Liabilities – amortized cost	Liabilities – amortized cost
11	Initial issue date	11/15/2017	05/25/2018	03/24/2016
12	Perpetual or dated	Dated	Dated	Dated
13	Initial maturity	11/15/2027	05/25/2028	03/24/2026
14	Issuer buyback option subject to the prior approval of the supervisory authority	Yes	Yes	Yes
15	Optional call date, contingent call date and buyback price	■ 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	■ 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	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

	Issuer	CIC Nord Ouest	CIC Nord Ouest	CIC Ouest
COUPONS/DIVIDENDS				
17	Fixed or floating dividend/coupon	Floating	Floating	Floating
18	Coupon rate an any related index	EURIBOR 3 months +1.02%	EURIBOR 3 months +1.55%	EURIBOR 3 months +2.05%
19	Existence of a dividend payout suspension clause (dividend stopper)	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A	N/A	N/A
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	N/A	N/A
21	Existence of a step-up or other redemption incentive	No	No	No
22	Cumulative or non-cumulative	N/A	N/A	N/A
23	Convertible or non-convertible	No	No	No
24	If convertible, conversion trigger	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, type of instrument converted into	N/A	N/A	N/A
29	If convertible, issuer of instrument convertible into	N/A	N/A	N/A
30	Write-down features	No	No	No
31	If write-down, write-down trigger	N/A	N/A	N/A
32	If write-down, full or partial	N/A	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	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	Instrument subordinated to the payment of all unsecured creditors
36	Existence of non-compliant features	No	No	No
37	If yes, specify non-compliant characteristics	N/A	N/A	N/A

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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 non-consolidated	Solo and non-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 buyback price	■ 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 an 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	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 non-consolidated	Solo and non-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 buyback price	■ 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 an 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	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**
2	Sole issuer (such as CUSIP, ISIN or Bloomberg for private placements)	Subordinated loan agreement between CIC Est and Banque Fédérative du Crédit Mutuel
3	Law governing the instrument	French
REGULATORY TREATMENT		
4	Transitional CRR rules	Equity Tier 2 capital
5	Post-transitional CRR rules	Equity Tier 2 capital
6	Eligible at solo/(sub-)consolidated/solo and (sub-)consolidated level	Solo and non-consolidated
7	Instrument type (to be specified by each jurisdiction)	■ 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
9	Nominal value of instrument	€13.00 million
9a	Issue price	€13.00 million
9b	Redemption amount	€13.00 million
10	Accounting classification	Liabilities – amortized cost
11	Initial issue date	03/31/2017
12	Perpetual or dated	Dated
13	Initial maturity	03/31/2027
14	Issuer buyback option subject to the prior approval of the supervisory authority	Yes
15	Optional call date, contingent call date and buyback price	■ 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
COUPONS/DIVIDENDS		
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate an any related index	EURIBOR 3 months +1.97%
19	Existence of a dividend payout suspension clause (dividend stopper)	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A
21	Existence of a step-up or other redemption incentive	No
22	Cumulative or non-cumulative	N/A
23	Convertible or non-convertible	No
24	If convertible, conversion trigger	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, type of instrument converted into	N/A
29	If convertible, issuer of instrument convertible into	N/A
30	Write-down features	No
31	If write-down, write-down trigger	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	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
36	Existence of non-compliant features	No
37	If yes, specify non-compliant characteristics	N/A

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

1	Issuer	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
3	Law governing the instrument	French
REGULATORY TREATMENT		
4	Transitional CRR rules	Equity Tier 2 capital
5	Post-transitional CRR rules	Equity Tier 2 capital
6	Eligible at solo/(sub-)consolidated/solo and (sub-)consolidated level	Solo and non-consolidated
7	Instrument type (to be specified by each jurisdiction)	■ Subordinated notes ■ Article 62 *et seq.* of CRR
8	Amount recognized in regulatory capital (currency in millions as of most recent reporting date)	€25.00 million
9	Nominal value of instrument	€25.00 million
9a	Issue price	€25.00 million
9b	Redemption amount	€25.00 million
10	Accounting classification	Liabilities – amortized cost
11	Initial issue date	11/15/2017
12	Perpetual or dated	Dated
13	Initial maturity	11/15/2027
14	Issuer buyback option subject to the prior approval of the supervisory authority	Yes
15	Optional call date, contingent call date and buyback price	■ 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
COUPONS/DIVIDENDS		
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate an any related index	EURIBOR 3 months +1.02%
19	Existence of a dividend payout suspension clause (dividend stopper)	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A
21	Existence of a step-up or other redemption incentive	No
22	Cumulative or non-cumulative	N/A
23	Convertible or non-convertible	No
24	If convertible, conversion trigger	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, type of instrument converted into	N/A
29	If convertible, issuer of instrument convertible into	N/A
30	Write-down features	No
31	If write-down, write-down trigger	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	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
36	Existence of non-compliant features	No
37	If yes, specify non-compliant characteristics	N/A

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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 non-consolidated	Solo and non-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 buyback price	■ 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 an 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	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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For over 10 years, CIC has been committed to young entrepreneurs by supporting the Moovjee association. Network of mutual aid, exchange and mentoring, the association accompanies entrepreneurs and self-employed entrepreneurs from 18 to 30 years old. Through this historic partnership, CIC aims to help young people create or take over a business during or after their studies.

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CONSOLIDATED FINANCIAL STATEMENTS

6.1 FINANCIAL STATEMENTS

6.1.1 Balance sheet (assets)

(in € millions)	Notes	12/31/2020	12/31/2019
Cash, central banks	4	57,823	38,811
Financial assets at fair value through profit or loss	5a	28,376	31,641
Hedging derivatives	6a	805	635
Financial assets at fair value through other comprehensive income	7a	12,715	12,190
Securities at amortized cost	8a	2,768	2,544
Loans and receivables to credit institutions and similar at amortized cost	8b	31,959	28,679
Loans and receivables due from customers at amortized cost	8c	208,703	188,523
Revaluation differences on interest-rate hedged portfolios	6b	892	803
Current tax assets	10a	557	687
Deferred tax assets	10b	531	333
Accruals and other assets	11	5,467	5,568
Non-current assets held for sale		0	0
Investments in equity consolidated companies	12	1,677	1,577
Investment property	13	49	49
Property, plant and equipment	14a	1,709	1,578
Intangible assets	14b	193	179
Goodwill	15	33	33
TOTAL ASSETS		**354,257**	**313,830**

6.1.2 Balance sheet (liabilities)

(in € millions)	Notes	12/31/2020	12/31/2019
Central banks	18a	0	4
Financial liabilities at fair value through profit or loss	16	17,308	19,178
Hedging derivatives	6a	1,753	1,658
Due to credit and similar institutions at amortized cost	18a	67,389	68,374
Amounts due to customers at amortized cost	18b	213,784	169,306
Debt securities at amortized cost	18c	28,000	29,684
Revaluation differences on interest-rate hedged portfolios	6b	13	-22
Current tax liabilities	10a	222	290
Deferred tax liabilities	10b	244	246
Deferred income, accrued charges and other liabilities	19	6,864	6,237
Debt related to non-current assets held for sale		0	0
Provisions	20a	1,186	979
Subordinated debt at amortized cost	21	2,232	2,233
Total shareholders' equity		**15,262**	**15,663**
Shareholders' equity attributable to the group		**15,224**	**15,616**
Capital subscribed		612	608
Issue premiums		1,172	1,088
Consolidated reserves		12,815	12,410
Gains and losses recognized directly in equity	22a	-37	53
Profit (loss) for the period		662	1,457
Shareholders' equity – Non-controlling interests		**38**	**47**
TOTAL LIABILITIES		**354,257**	**313,830**

6.1.3 Income statement

(in € millions)	Notes	12/31/2020	12/31/2019
Interest and similar income	24	4,820	5,543
Interest and similar expenses	24	-2,028	-3,101
Commissions (income)	25	2,681	2,640
Commissions (expenses)	25	-538	-550
Net gains on financial instruments at fair value through profit or loss	26	161	623
Net gains or losses on financial assets at fair value through other comprehensive income	27	24	34
Net gains or losses resulting from derecognition of financial assets at amortized cost	28	0	2
Income from other activities	29	173	167
Expenses on other activities	29	-154	-145
Net banking income		**5,139**	**5,213**
Employee benefits expense	30a	-1,809	-1,835
Other general operating expenses	30c	-1,209	-1,243
Movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets	30d	-208	-173
Gross operating income/(loss)		**1,913**	**1,962**
Cost of counterparty risk	31	-1,074	-311
Operating income		**839**	**1,651**
Share of net profit/(loss) of equity consolidated companies	12	81	158
Net gains/(losses) on disposals of other assets	32	-6	54
Profit/(loss) before tax		**914**	**1,863**
Income tax	33	-252	-395
Net profit/(loss)		**662**	**1,468**
Net profit/(loss) – Non-controlling interests		0	11
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP		**662**	**1,457**
Earnings per share *(in €)*	34	17.47	38.55
Diluted earnings per share *(in €)*	34	17.47	38.55

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

(in € millions)	12/31/2020	12/31/2019
Net profit/(loss)	**662**	**1,468**
Translation adjustments	-108	33
Revaluation of financial assets at fair value through other comprehensive income – capital instruments	-35	-7
Revaluation of hedging derivatives	0	-0
Share of unrealized or deferred gains and losses of associates	29	49
Total recyclable gains and losses recognized directly in equity	**-114**	**75**
Revaluation of financial assets at fair value through other comprehensive income – capital instruments at closing	29	12
Revaluation of financial assets at fair value through equity – capital instruments sold during the fiscal year	0	-0
Actuarial gains and losses on defined benefit plans	-4	-16
Share of non-recyclable gains and losses of equity consolidated companies	-0	12
Total non-recyclable gains and losses recognized directly in equity	**25**	**8**
Net profit/(loss) and gains and (losses) recognized directly in equity	**573**	**1,551**
o/w attributable to the group	*573*	*1,540*
o/w percentage of non-controlling interests	*0*	*11*

The items 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

	Shareholders' equity, attributable to the group											
					Gains and losses recognized directly in equity							
(in € millions)	Capital	Premiums	Elimination treasury stock	Reserves[1]	Translation adjust-ments	Assets at FVOCI[2]	Instr. for hedging	Actuarial gains and losses	Net profit/(loss)	Total	Non-con-trolling interests	Total conso-lidated share-holders' equity
BALANCE ON 01/01/2019	**608**	**1,088**	**-56**	**12,057**	**31**	**-12**		**-49**	**1,385**	**15,052**	**49**	**15,101**
Appropriation of earnings from previous year	-	-	-	1,385	-	-	-	-	-1,385	0	-	0
Distribution of dividends	-	-	-	-994	-	-	-	-	-	-994	-13	-1,007
Acquisition of additional shareholdings or partial disposals	-	-	-	36	-	-36	-	-	-	0	-	0
Subtotal of movements related to relations with shareholders	**0**	**0**	**0**	**427**	**0**	**-36**	**0**	**0**	**-1,385**	**-994**	**-13**	**-1,007**
Consolidated income for the period			-	-	-	-	-	-	1,457	1,457	11	1,468
Changes in gains and (losses) recognized directly in equity	-	-	-	-30	33	102	-	-17	-	88	-	88
Subtotal	**0**	**0**	**0**	**-30**	**33**	**102**	**0**	**-17**	**1,457**	**1,545**	**11**	**1,556**
Other changes	-	-	-	12	-	1	-	-	-	13	-	13
BALANCE ON 12/31/2019	**608**	**1,088**	**-56**	**12,466**	**64**	**55**	**0**	**-66**	**1,457**	**15,616**	**47**	**15,663**
BALANCE ON 01/01/2020	**608**	**1,088**	**-56**	**12,466**	**64**	**55**	**0**	**-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**

(1) As of December 31, 2020, the reserves consist of the legal reserve for €61 million, the special long-term capital gains reserve for €287 million and retained earnings for €154 million, other CIC reserves amounting to €6,320 million and consolidated reserves amounting to €6,049 million.

(2) FVOCI: Fair value through other comprehensive income.

CIC capital as at December 31, 2020 consisted of 38,241,129 shares of a nominal value of €16, of which 231,711 were treasury shares.

6.1.6 Net cash flow statement

(in € millions)	2020	2019
Net profit/(loss)	662	1,468
Income tax	252	395
Profit/(loss) before tax	**914**	**1,863**
+/- Net depreciation and amortization of property, plant and equipment and intangible assets	204	173
- Impairment of goodwill and other fixed assets	3	0
+/- Net provisions and impairments	801	60
+/- Share of income from companies consolidated using the equity method	-81	-158
+/- Net loss/gain from investing activities	6	33
+/- (Income)/expenses from financing activities	-	-
+/- Other movements	-337	-595
Total non-monetary items included in profit/(loss) before tax and other adjustments	**596**	**-487**
+/- Flows related to transactions with credit institutions	-3,249	-13,084
+/- Flows related to client transactions	23,662	17,367
+/- Flows related to other transactions affecting financial assets or liabilities	-432	1,476
+/- Flows related to other transactions affecting non-financial assets or liabilities	48	181
- taxes paid	-268	-229
Net decrease/(increase) in assets and liabilities from operating activities	**19,761**	**5,711**
TOTAL NET CASH FLOW GENERATED BY OPERATING ACTIVITY (A)	**21,271**	**7,087**
+/- Flows related to financial assets and investments	-319	151
+/- Flows related to investment property	2	13
+/- Flows related to property, plant and equipment and intangible assets	-328	-142
TOTAL NET CASH FLOW GENERATED FROM INVESTING ACTIVITIES (B)	**-645**	**22**
+/- Cash flow to or from shareholders[1]	-964	-659
+/- Other net cash flows from financing activities[2]	336	848
TOTAL NET CASH FLOW RELATED TO FINANCING TRANSACTIONS (C)	**-628**	**189**
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS (D)	**-107**	**88**
Net increase/(decrease) in cash and cash equivalents (A + B+ C + D)	**19,891**	**7,386**
Net cash flow generated by operating activities (A)	21,271	7,087
Net cash flow generated from investing activities (B)	-645	22
Net cash flow related to financing transactions (C)	-628	189
Effect of foreign exchange rate changes on cash and cash equivalents (D)	-107	88
Cash and cash equivalents at opening	**45,504**	**38,118**
Cash, central banks (assets & liabilities)	38,807	31,710
Accounts (assets and liabilities) with and demand loans/borrowings from credit institutions	6,697	6,408
Cash and cash equivalents at closing	**65,395**	**45,504**
Cash, central banks (assets & liabilities)	57,824	38,807
Accounts (assets and liabilities) with and demand loans/borrowings from credit institutions	7,571	6,697
CHANGE IN NET CASH POSITION	**19,891**	**7,386**

*(1) **Cash flow to or from shareholders includes:***
- *dividends paid by CIC to its shareholders for -€1,044 million for 2019;*
- *dividends paid to non-controlling interests for -€9 million;*
- *dividends received from companies consolidated using the equity method for €1 million;*
- *the CIC capital increase for an amount of €88 million.*

*(2) **Other net cash flows from financing activities include:***
- *issues and repayments of bonds for a net amount of €336 million.*

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6.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SUMMARY OF NOTES

Explanatory notes are presented in millions of euros.

Note 1a 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 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, 2020[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.

Since January 1, 2020, the group has been applying the amendments adopted by the European Union and the IFRIC decision as presented below:

- Amendment to IAS 1 and IAS 8

  It aims to modify the definition of the term "significance" in order to clarify and align it with the conceptual framework and IFRS standards. According to that amendment, information is of a significant nature (that is to say, it is relatively important) if it is reasonable to expect that its omission, inaccuracy or obfuscation would influence decisions made by primary users based on these financial statements in the general usage of such statements, which contain financial information on a given accounting entity;

- Amendment to IFRS 3

  This amendment clarifies the definition of an activity. It introduces a two-step analysis approach, which aims to facilitate the distinction between an acquisition of a business and an acquisition of a group of assets (the latter being accounted for in accordance with the standard applicable to it).

This amendment would have an impact on the group in the event of a change of control or the acquisition of an interest in a joint venture. The group has not carried out any such operations since January 1, 2020;

- Amendment to IFRS 16 – COVID-19-related rent concessions

  This amendment introduces a simplification measure for lessees receiving concessions within the context of the COVID-19 crisis.

  It offers the option to dispense with analysis of lease amendments if the lease adjustments are a direct consequence of the COVID-19 pandemic, and if 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, 2021;
  - 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.

  The group 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).

- Benchmark rate reform and Phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

  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.

  The indices created from January 1, 2018 should now be compliant with the BMR regulation and be validated by the regulator. Existing benchmarks may continue to be used until December 31, 2021 and for some LIBOR (USD LIBOR) terms possibly until June 30, 2023 (consultation in progress). Eventually, it will no longer be possible to use the former benchmark indices (LIBOR, EONIA, EURIBOR, etc.) unless they are compliant with the new regulations or benefit from an exceptional contribution extension.

  In order to ensure a smooth transition, the group has listed the impacts in the legal, commercial, organizational, tools and financial/accounting areas. It therefore began the work in project mode from the first quarter of 2019, and is ensuring that the risks associated with this transition are covered.

  On accounting aspects, the IASB's work on the effects of the reform of benchmark rates on financial information was divided into two phases:

  - phase 1, for the preparatory period of the reform: handling any potential impact on the existing hedging relationships (due to uncertainties concerning future indices);
  - phase 2, for the period of transition towards the new indices as soon as they are defined: notably, the handling of questions related to the derecognition and documentation of hedging relationships (notably the ineffective part).

  Since January 1, 2019, the group has applied the Phase 1 amendment to IAS 39, IFRS 9 and IFRS 7, published by the IASB, meaning that existing hedging relationships could be maintained 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.

  The group believes that there are still uncertainties about the Eonia, Euribor and Libor rates as long as the European Commission has not formally appointed, according to the recommendations of the US ARRC for Libor or the RFR Group for Eonia and Euribor, substitution indexes for contracts that do not have a robust fallback clause. This final position will be formalized by an amendment to the BMR Regulation ("BMR Review"), which will be published in 2021. It will establish the sustainability of the reformed Euribor and the status of the € STR as a successor to the EONIA.

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

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(1) 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.

This introduces a derogatory accounting treatment of financial assets/liabilities, for which the changes in the basis for determining contractual cash flows result from 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.

This amendment also provides for flexible hedge accounting for changes related to the IBOR reform (after definition of proxy indexes), 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.

With regard to contracts in inventory, the group began its work on the transition to replacement rates by:

- including fallback clauses in over-the-counter derivative contracts, repurchase agreements and loans and borrowings through adherence to the ISDA protocol (the application of which will be effective on January 25, 2021) or by updating the rules books of clearing houses for cleared derivatives. However, these clauses will only be activated in the event of triggering events, in particular in the event of a permanent cessation of listing of the indexes;
- incorporating from 2021 a "technical amendment relating to benchmark events" in the FBF agreements with corporate customers or bank counterparties, thereby ensuring the compliance of unmatured rate transactions entered into prior to February 2020;
- from 2021, updating contracts by bilateral negotiations between the parties or by updating commercial terms and conditions in 2021. (*i.e.* change in the reference rate by amendment). The switch-over to the new replacement indexes for contracts in stock is already planned for retail banking.

Lastly, as of the reporting date, the group's interest rate risk management strategy has not been impacted, as transactions processed on the new indexes represent exposures considered as marginal.

Exposures not maturing in 2021 and which will be subject to the changes related to the IBOR reform are presented below:

in € millions	Financial assets – Carrying amounts	Financial liabilities – Carrying amounts	Derivatives – Notional amount	Of which hedging derivatives
Eonia	385	2,311	671	0
Euribor	27,765	38,667	94,143	57,790
GBP – Libor	904	70	2,867	155
USD – Libor	8,973	4,281	11,373	846

- IFRIC decision of November 26, 2019 on the term of leases

  It recalls that a contract is no longer enforceable when either the lessee or the lessor can terminate without the other's permission, subject at most to a negligible penalty. It clarifies that the notion of penalty is not limited to contractual termination indemnities but takes into account the economic incentives of the lessee not to terminate the contract. It clarifies the relationship between the term of the lease and the useful life of substantial inseparable fixtures.

  A work site was launched in project mode in 2020 to implement this decision.

  The assumptions used to determine the terms of 3/6/9 commercial leases and contracts with automatic extension have been reviewed in order to assess the reasonable certainty of continuation of the contract beyond its non-cancellable period, with regard to the specific characteristics of the assets concerned (bank branches, administrative premises).

  The main impact of the IFRIC decision was the activation of leases with automatic extensions. It generated usage rights and lease liabilities of €124 million at December 31, 2020.

  The impacts of a retroactive application of the IFRIC decision are not significant on January 1, 2019 and on December 31, 2019. The group has therefore not restated the comparative fiscal years.

- Amendment to IFRS 4 relating to the extension of the exemption period from the application of IFRS 9 for all insurance companies

  It postpones the date of temporary exemption from IFRS 9 to January 1, 2023, following the postponement of the entry into force of IFRS 17.

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 (SGL)

  The group is committed to the government's plan to support the economy. It offers state-guaranteed loans (SGL) to support the cash flow of its business and corporate customers.

  This financing represents 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 December 31, 2020, state guaranteed-loans issued by the group amounted to €13,140 million. Outstandings downgraded to status 3 are not material.

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 repayment deferral (moratorium)

In the first half of 2020, the group embarked on general support measures for businesses and individuals.

It has granted automatic deferrals of loan repayments mainly to businesses for up to six months (suspension of interest payments and/or deferral of capital repayments), with no additional charges or interest.

All the moratoriums were repaid, adjusted or deferred to the final maturity, with interest charged.

The group did not recognize any significant cash flow losses for the loans that benefited from these easing measures between March and September 2020.

- Credit risk

The group has reviewed the publications issued at the end of March 2020 by the IASB and ESMA.

It uses judgment in accounting for expected credit losses in the exceptional context of the COVID-19 crisis.

In particular, the expiry of maturities granted until September 30, 2020 under the financial market system does not automatically constitute an indicator of a significant deterioration in the credit risk of the financial assets concerned or of reclassification as restructured assets (*forbone*).

Extensions of deadlines granted beyond this date represent individual support measures.

The transfer to Status 2 or 3 or to a restructured asset could take place in compliance with group rules.

As part of the provisioning of performing loans, the group took into account the unprecedented and brutal nature of COVID-19 crisis on the macro-economic environment.

The weighting of the pessimistic scenario has been increased in line with the Banque de France's macroeconomic projections, to calibrate the probabilities of forward looking defaults on all portfolios using the internal ratings-based method. This measure was accompanied by a hardening of the pessimistic scenario for individuals and individual business owners.

In addition to its direct impact on the amount of impairments, this increase also results in an increase in Stage 2 transfers linked to the increase in the probability of default at the balance sheet date.

It makes it possible to hedge against a future doubling of default rates for business customers/retail customers, a 75% increase in default rates for individuals and more than 50% for corporate customers excluding large corporates.

In accordance with the recommendations of the authorities, a lump-sum provision was made 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 nationally defined group methodology, which takes into account the impacts of successive lockdowns. It was over-calculated on the basis of the probabilities of default at completion, as the healthy exposures to vulnerable sectors were transferred in full in Stage 2.

Its impact as of December 31, 2020 is estimated at -€633 million.

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

Non-controlling interests correspond to interests that do not confer control as defined by IFRS 10 and include partnership interests that entitle their holders to a share in net assets in the event of liquidation and other capital instruments issued by subsidiaries that are not held by the group.

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. As allowed by IFRS 1, the balance of cumulative translation adjustments was reset to zero in the opening balance sheet at January 1, 2004.

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 according to 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 or debt securities acquired

The asset is classified:

- at amortized cost, if it is held in order to collect contractual cash flows and if its characteristics are similar to those of a "basic" contract, see the section below "Characteristics of cash flows" (hold to collect model);
- at fair value through other comprehensive income if the instrument is held with a view to collecting contractual cash flows and selling it when the opportunity arises, yet without holding it for trading, and if its characteristics are similar to those of a basic contract implicitly entailing a high predictability of associated cash flows ("hold to collect and sell" model);
- at fair value through profit or loss:
  - if it is not eligible for the two aforementioned categories (as it does not meet the "basic" criterion and/or is managed in accordance with the "other" business model), or
  - if the group initially opts to classify it as such, in an irrevocable way. This option is used to reduce accounting mismatch in relation to another associated instrument.

Cash flow characteristics

Contractual cash flows which solely represent repayments of principal and the payment of interest on outstanding principal are compatible with a "basic" contract. In a basic contract, interest mainly represents the consideration for the time value of money (including in the event of negative interest) and credit risk. Interest may also include the liquidity risk, administrative fees to manage the asset and a profit margin.

All contractual clauses must be analyzed, in particular those that could alter the timing or amount of contractual cash flows. The option, under the agreement, for the borrower or lender to repay the financial instrument early is compatible with the SPPI (Solely Payments of Principal and Interest) criterion of contractual cash flows, provided that the amount repaid essentially represents the outstanding principal and accrued interest, as well as, where applicable, early repayment compensation of a reasonable amount.

The compensation for early repayment is deemed reasonable if, for example:

- it is expressed as a percentage of the principal repaid and is below 10% of the nominal amount repaid; or
- it is determined according to a formula aimed at compensating the difference in the benchmark interest rate between the date on which the loan was granted and its early repayment date.

The analysis of contractual cash flows may also require their comparison with those of a reference instrument when the time value of money included in the interest is likely to change due to the contractual clauses of the instrument. Such is the case, for example, if the interest rate of the financial instrument is revised periodically, but the frequency of such revisions is unrelated to the period for which the interest rate was established (e.g. monthly revision of an annual interest rate), or if the interest rate of the financial instrument is revised periodically based on an average interest rate.

If the difference between the non-discounted contractual cash flows of the financial asset and those of the reference instrument is significant, or may become so, the financial asset cannot be considered as basic.

Depending on the case, the analysis is either qualitative or quantitative. The materiality or immateriality of the difference is assessed for each fiscal year and cumulatively over the life of the instrument. The quantitative analysis takes into account a range of reasonably possible scenarios. To this effect, the group has used yield curves going back to the year 2000.

Moreover, a specific analysis is conducted in the case of securitization where there is priority of payment among holders and credit risk concentrations in the form of tranches. In that case, the analysis requires the examination of the contractual characteristics of the tranches in which the group has invested and of the underlying financial instruments, as well as the credit risk of the tranches in relation to the credit risk of the underlying financial instruments.

Note that:

- financial assets are considered non-basic and are recognized at fair value through profit or loss;
- units in UCITS or "OPCIs" (property investment mutual funds) 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.

Financial assets at fair value through other comprehensive income

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).

In 2019, in order to better reflect the interest income and expenses of the transaction instruments, the group revised the recognition and presentation scheme in the net banking income of the interest income and expenses of some of these financial instruments at fair value through profit or loss and notably proceeded with the following restatements: (i) recording of interest as overall offsets on the lending and borrowing legs of transaction swaps, and (ii) reclassification of interest from hedging derivatives in the "Income and expenses from hedging derivatives" section.

Purchases and sales of securities measured at fair value through profit or loss are recognized on the settlement date. Changes in fair value between the transaction date and the settlement date are recognized in profit or loss.

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 other comprehensive income

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 "1.3.1.7 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 other comprehensive income".

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, where the fair value option is not applied, the accounting treatment would be inconsistent with that applied to another related instrument,
    - instruments belonging to a pool of financial instruments measured and managed at fair value.
- 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 PEL and CEL. The impacts on profit/(loss) are recorded as 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 other comprehensive income.

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.

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 other comprehensive income”. 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 revaluation difference 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 revaluation 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.

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 other comprehensive income: the unrealized gains or losses previously recognized under equity are taken to the income statement, as well as any capital gains/losses on disposal;
- an equity instrument at fair value through other comprehensive income: the unrealized gains or losses previously recognized under other comprehensive income, as well as any capital gains/losses on disposal are recognized in consolidated reserves without going through the income statement.

The group derecognizes a financial liability when the contractual obligation is extinguished, is canceled or expires. A financial liability may also be derecognized in the event of a material change in its contractual terms and conditions, or an exchange with the lender for an instrument whose contractual terms and conditions are substantially different.

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 IRFS 9 provisions within their entities, under the responsibility and control of their respective executive and supervisory bodies.

3.1.8.2 Definition of the boundary between Statuses 1 and 2

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

- low default portfolios (LDP), for which the rating model is based on an expert assessment: large accounts, banks, local governments, sovereigns, specialized financing. These portfolios are composed of products such as operating loans, short-term operating loans, current accounts, etc.;
- high default portfolios (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 (HDP); or
- rating grids developed by experts (LDPs).

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

Note that the group immediately puts into Status 1 any performing exposure that no longer meets the criteria for Status 2 classification (both qualitative and quantitative).

The group has demonstrated that a significant correlation exists between the probabilities of default at 12 months and at termination, which allows it to use 12-month credit risk as a reasonable approximation of the change in risk since initial recognition, as the standard permits.

Quantitative criteria

For LDP portfolios, the boundary is based on an allocation matrix that relates the internal ratings at origination and at the reporting date. Thus, the riskier the rating at origination, the lower the group's relative tolerance to a significant risk deterioration.

For HDP portfolios, a continuous and growing boundary curve relates the probability of default at origination and the probability of default at the reporting date. The group does not use the operational simplification offered by the standard, which allows outstanding loans with low risk at the reporting date to be maintained in Status 1.

Qualitative criteria

To these quantitative criteria the group adds qualitative ones such as installments unpaid or late by more than 30 days, the fact that a loan has been restructured, etc. Methods based exclusively on qualitative criteria are used for entities or small portfolios that are classified for prudential purposes under the standardized approach and do not have a rating system.

3.1.8.3 Statuses 1 and 2 – Calculating expected credit losses

Expected credit losses are measured by multiplying the outstanding amount of the loan at the contract rate by its probability of default (PD) and by the loss given default (LGD). The off-balance-sheet exposure is converted into a balance sheet equivalent based on the probability of a drawdown. The one-year probability of default is used for Status 1, while the probability of default at termination (1 to 10 year curve) is used for Status 2. These parameters are based on the same values as prudential models and adapted to meet IFRS 9 requirements. They are used both for assigning loans to a status and for calculating expected losses.

Probability of default

This is based:

- for high default portfolios, on the models approved under the IRB-A approach;
- for low default portfolios, on an external probability of default scale based on a history dating back to 1981.

Loss given default

This is based:

- for high default portfolios, on the collection flows observed over a long period of time, discounted at the interest rates of the contracts, segmented according to types of products and types of guarantees;
- for low default portfolios, on fixed ratios (60% for sovereign and 40% for the rest).

Conversion factors

For all products, including revolving loans, they are used to convert off-balance-sheet exposure to a balance sheet equivalent and are mainly based on prudential models.

Forward-looking aspect

To calculate expected credit losses, the standard requires taking reasonable and justifiable information into account, including forward-looking information. The development of the forward-looking aspect requires anticipating changes in the economy and relating these anticipated changes to the risk parameters. This forward-looking aspect is determined at the group level and applies to all the parameters.

For high default portfolios, the forward-looking aspect included in the probability of default takes into account three scenarios (optimistic, neutral 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 default is now done during daily processing at the level of the borrower and no longer at the level of the contract;
- the number of days of delay is assessed at the level of a borrower (obligor) or a group of borrowers (joint obligor) having a common commitment;
- default is triggered when 90 consecutive days of arrears are recorded by a borrower/group of borrowers. The count of the number of days begins at the simultaneous crossing of the absolute materiality threshold (€100 Retail, €500 Corporate) and the relative materiality threshold (more than 1% of balance sheet commitments in arrears). The borrower arrears are reinitialized as soon as one of these two thresholds are crossed in a downwards direction;
- the default contagion scope extends to all receivables of the borrower, and all individual commitments of borrowers participating in a joint credit obligation;
- there is a minimum three-month probationary period before non-restructured assets can return to healthy status.

The group rolled 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 – Consists of implementing the new definition of default within systems and then, where necessary, recalibrating models after a 12-month period of observing the new defaults.

The group believes that the new definition of default, as required by the EBA, is representative of objective proof of impairment in an accounting sense of the word. The group has aligned its definitions of accounting (Status 3) and prudential default. This change 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 Financial instruments traded in an active market

When financial instruments are traded in an active market, fair value is determined by reference to their quoted price as this represents the best possible estimate of fair value. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available (from a stock exchange, dealer, broker or pricing service) and those prices represent actual market transactions regularly occurring on an arm’s length basis.

3.1.9.2 Financial instruments traded in an inactive market

Observable market data are used provided they reflect the reality of a transaction at arm’s length on the valuation date and there is no need to make an excessive adjustment to said value. In other cases, the group uses non-observable data (mark-to-model).

When observable data is not available or when market price adjustments require the use of non-observable data, the entity may use internal assumptions relating to future cash flows and discount rates, comprising adjustments linked to the risks the market would factor in. Said valuation adjustments facilitate the inclusion, in particular, of risks not taken into account by the model, as well as liquidity risks associated with the instrument or parameter concerned, and specific risk premiums designed to offset certain additional costs that would result from the dynamic management strategy associated with the model under certain market conditions. When establishing valuation adjustments, each risk factor is considered individually and no effect of diversification between risks, parameters or models of a different nature are taken into account. A portfolio approach is most often used for a given risk factor.

In all cases, adjustments are made by the group in a reasonable and appropriate manner, based on judgment.

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 activities, debt securities quoted by a single contributor and derivatives using mainly non-observable parameters. The instrument is classified at the same hierarchical level as the lowest level of the input having an important bearing on fair value considered as a whole. Given the diversity and volume of the instruments measured at level 3, the sensitivity of the fair value to a change in parameters would be immaterial.

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 pursuant to the time differences existing throughout the life of the finance lease transaction;
- the recognition as net interest margin, of net revenue from the lease, this being representative of the constant periodic rate of return on the amounts outstanding.

Credit risk related to financial receivables is measured and recognized under IFRS 9 (see Section 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 benefits 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, these are valued at fair value and their expected return impact profit (loss). Differences between actual and expected yields also constitute actuarial gains or losses. Actuarial gains and losses are recognized in equity, within unrealized or deferred gains and losses. 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 within the pension funds

The AFB transitional agreement dated September 13, 1993, modified the pension plans of 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 quantified 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,
  - computer equipment: 3-5 years;
- intangible assets:
  - software purchased or developed in-house: 1-10 years,
  - business goodwill acquired: 9-10 years (if customer contract portfolio acquired).

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

If an indication of impairment exists, the recoverable amount of the asset is compared to its net carrying amount. In the event of loss of value, a write-down is recognized on the income statement; it changes the depreciable or amortizing amount of the asset prospectively. The write-down is repaid in the event of changes to the estimated recoverable amount or if the indications of impairment disappear. The net carrying amount following the reversal of an impairment provision cannot exceed the net carrying amount that would have been calculated if no impairment had been recognized.

Impairment charges and reversals on operating assets are recognized under "Movements in depreciation, amortization and provisions for operating assets" in the income statement. Impairment charges and reversals on investment property are recognized in the income statement under "Expenses on other activities" and "Income from other activities", respectively.

Capital gains or losses on disposals of operating assets are recorded in the income statement on the line "Net gains/(losses) on other assets".

Gains and losses on the disposal of investment property are recorded on the income statement on the line "Income from other activities" or "Expenses from other activities".

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 the 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 primarily includes its real estate leases. 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:

- 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 companies consolidated using the equity method.

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 andutstandings 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;
  - align the measurement of fair value under IAS 41 with that of other IFRS standards. Note 1b First application of IFRS 16.

Note 2a Consolidation scope

Incoming companies:

- CIC Capital Canada Inc.;
- CIC Capital Suisse SA;
- CIC Capital Ventures Quebec;
- CIC Capital Deutschland Gmbh.

Merger:

- CIC Iberbanco with Crédit Industriel et Commercial;
- CIC Grand Cayman (branch) with CIC New York (branch).

			12/31/2020			12/31/2019		
			Percentage			Percentage		
Companies	Currency	Country	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 Grand Cayman (branch)	USD	Cayman Islands	-	-	FU	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	United States	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)[2]		Monaco	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. Banking network subsidiaries								
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)		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 (Switzerland)	CHF	Switzerland	100	100	FC	100	100	FC
Banque de Luxembourg		Luxembourg	100	100	FC	100	100	FC
Banque de Luxembourg Belgique (branch)[3]		Belgium	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	12/31/2020			12/31/2019		
			Percentage			Percentage		
			Control	Interest	Method[1]	Control	Interest	Method[1]
E. Private equity								
CIC Capital Canada Inc.	CAD	Canada	100	100	FC	-	-	-
CIC Capital Deutschland Gmbh		Germany	100	100	FC	-	-	-
CIC Capital Suisse SA	CHF	Switzerland	100	100	FC	-	-	-
CIC Capital Ventures Quebec	CAD	Canada	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)[4]		France	16	16	EM	16	16	EM

(1) Method: FU = merger; FC = full consolidation; EM = equity method; NC = not consolidated.
(2) Entity included in the annual financial statements of CIC Lyonnaise de Banque in 2019.
(3) Entity included in the annual financial statements of Banque de Luxembourg in 2019.
(4) 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 January 6, 2009

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	6	2	0	0	-1	-	7
Belgium	34	14	-3	0	-3	-	75
Canada	9	5	0	0	0	-	3
Spain	2	0	0	0	0	-	6
United States of America	104	23	-5	4	-10	-	92
France	4,369	681	-399	185	-719	-	18,043
Hong Kong	8	2	-1	0	-1	-	19
Luxembourg	311	84	-17	-1	-29	-	971
Monaco	5	3	-1	0	0	-	12
Netherlands	0	0	0	0	0	-	1
United Kingdom	46	17	-3	0	-4	-	70
Singapore	78	41	-6	-1	-5	-	132
Switzerland	167	42	-6	2	-13	-	378
TOTAL	**5,139**	**914**	**-441**	**189**	**-785**	**-**	**19,809**

Note 2b Fully consolidated entities with significant non-controlling interests

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 income (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.

12/31/2019	Percentage of non-controlling interests in the consolidated financial statements				Financial information regarding fully-consolidated entities[1]			
	Percentage of voting rights	Net income (loss) attributable to non-controlling interests	Amount in shareholders' equity of non-controlling interests	Dividends paid to non-controlling interests	Balance sheet total	OCI	NBI	Net profit/ (loss)
Crédit Mutuel Real Estate Lease	46%	4	23	-6	5,038	-0	34	9
Cigogne Management	40%	6	7	-6	59	0	26	14
Crédit Mutuel Factoring	5%	1	6	-1	8,180	-1	100	17

(1) Amounts before elimination of intercompany balances and transactions.

Note 2c Equity investments in structured non-consolidated entities

	12/31/2020			12/31/2019		
	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	98	2,475	0	84	2,350
Carrying amount of financial assets[1]	0	44	881	0	45	943
Carrying amount of financial liabilities[1]	0	4	0	0	4	0
Maximum exposure to risk of loss	0	40	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 in respect of the structured entities corresponds to the carrying amount of the structured entity's financed asset.

Collective investment undertakings or funds

The group acts as fund manager and custodian. It offers its customers funds in which its purpose is not to invest. The group markets and manages these funds, dedicated or public, and is paid for this by commissions. For certain funds offering guarantees to unit holders, the group may be the counterparty to swaps put in place. 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 risk of the group is essentially an operational risk of breach of its management mandate or its mandate as custodian and, where applicable, the group is also exposed to risk up to the amounts invested.

Note 3 Analysis of the balance sheet and income statement by business segment and geographic area

Business segment analysis principles

- Retail banking comprises:
  - **a)** the banking network comprising regional banks and the CIC network in the Paris region; and
  - **b)** specialized business lines whose products are marketed by the banking network: real estate and equipment leasing, factoring, collective management on behalf of third parties, employee savings, real estate. The insurance business line – which is consolidated using the equity method – is included in this business segment.
- 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 segment, corresponding to its core business in terms of contribution to the group's results, with the exception of CIC, whose individual accounts are allocated on a cost accounting basis.

BREAKDOWN OF ASSETS BY BUSINESS SEGMENT

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 other comprehensive income	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 to credit institutions[1]	*10,054*	*3,120*	*6,009*	*6*	*12,770*	*31,959*
of which loans and receivables to customers	*172,629*	*20,166*	*15,703*	*2*	*203*	*208,703*
Investment in associates	1,624	-	-	-	53	1,677

(1) Including €13,675 million with respect to BFCM.

12/31/2019	Retail banking	Corporate banking and capital markets	Private banking	Private equity	Holding company services	Total
Cash, central banks	343	1,661	3,151	-	33,656	38,811
Financial assets at fair value through profit or loss	123	27,905	123	2,880	610	31,641
Hedging derivatives	8	512	2	-	113	635
Financial assets at fair value through other comprehensive income	58	12,058	62	-	12	12,190
Financial assets at amortized cost	161,588	22,920	22,600	15	12,623	219,746
of which loans and receivables to credit institutions[1]	*7,579*	*2,622*	*6,024*	*1*	*12,453*	*28,679*
of which loans and receivables to customers	*153,975*	*19,783*	*14,598*	*2*	*165*	*188,523*
Investment in associates	1,577	-	-	-	-	1,577

(1) Including €12,955 million with respect to BFCM.

BREAKDOWN OF LIABILITIES BY BUSINESS SEGMENT

12/31/2020	Retail banking	Corporate banking and capital markets	Private banking	Private equity	Holding company services	Total
Due to 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.

12/31/2019	Retail banking	Corporate banking and capital markets	Private banking	Private equity	Holding company services	Total
Due to central banks	-	4	-	-	-	4
Financial liabilities at fair value through profit or loss	-	19,041	129	-	8	19,178
Hedging derivatives	247	1,225	73	-	113	1,658
Due to credit and similar institutions at amortized cost[1]	32,659	3,964	209	70	31,472	68,374
Amounts due to customers at amortized cost	130,864	13,690	23,723	-	1,029	169,306
Debt securities at amortized cost	1,635	22,461	16	-	5,572	29,684

(1) Including €53,961 million with respect to BFCM.

BREAKDOWN OF THE INCOME STATEMENT BY BUSINESS SEGMENT

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/(loss)	**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) from associates (companies accounted for using the equity method) and impairment losses on goodwill.

12/31/2019	Retail banking	Corporate banking and capital markets	Private banking	Private equity	Holding company services	Total
Net banking income	3,726	702	572	265	-52	5,213
General operating expenses	-2,337	-344	-413	-51	-106	-3,251
Gross operating income/(loss)	**1,389**	**358**	**159**	**214**	**-158**	**1,962**
Cost of counterparty risk	-178	-139	5	-	1	-311
Gains on other assets[1]	146	-	2	-	64	212
Profit/(loss) before tax	**1,357**	**219**	**166**	**214**	**-93**	**1,863**
Income tax	-379	-14	-33	-1	32	-395
Net profit/(loss)	**978**	**205**	**133**	**213**	**-61**	**1,468**

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

BALANCE SHEET BREAKDOWN BY GEOGRAPHIC AREA

ASSETS

	12/31/2020				12/31/2019			
	France	Europe outside France	Other countries	Total	France	Europe outside France	Other countries	Total
Cash, central banks	52,871	3,749	1,203	57,823	34,000	3,150	1,661	38,811
Financial assets at fair value through profit or loss	24,769	294	3,313	28,376	28,686	118	2,837	31,641
Hedging derivatives	791	8	6	805	629	2	4	635
Financial assets at fair value through other comprehensive income	5,758	84	6,873	12,715	5,130	60	7,000	12,190
Financial assets at amortized cost	211,512	23,116	8,802	243,430	188,280	22,695	8,771	219,746
of which loans and receivables to credit institutions	*24,225*	*5,824*	*1,910*	*31,959*	*20,941*	*5,998*	*1,740*	*28,679*
of which loans and receivables to customers	*186,682*	*15,129*	*6,892*	*208,703*	*166,945*	*14,547*	*7,031*	*188,523*
Investment in associates	1,677	0	0	1,677	1,577	0	0	1,577

LIABILITIES

	12/31/2020				12/31/2019			
	France	Europe outside France	Other countries	Total	France	Europe outside France	Other countries	Total
Due to central banks	0	0	0	0	0	0	4	4
Financial liabilities at fair value through profit or loss	16,157	217	934	17,308	18,426	308	444	19,178
Hedging derivatives	1,657	80	16	1,753	1,577	73	8	1,658
Liabilities to credit institutions	58,369	2,695	6,325	67,389	57,796	2,833	7,745	68,374
Due to customers	191,039	20,792	1,953	213,784	147,337	20,033	1,936	169,306
Debt securities	15,704	2,544	9,752	28,000	13,912	6,709	9,063	29,684

BREAKDOWN OF INCOME STATEMENT ITEMS BY GEOGRAPHIC AREA

	12/31/2020				12/31/2019			
	France	Europe outside France	Other countries	Total	France	Europe outside France	Other countries	Total
Net banking income	4,374	567	198	5,139	4,507	519	187	5,213
General operating expenses	-2,768	-367	-91	-3,226	-2,808	-356	-87	-3,251
Gross operating income/(loss)	**1,606**	**200**	**107**	**1,913**	**1,699**	**163**	**100**	**1,962**
Cost of counterparty risk	-993	-45	-36	-1,074	-294	-5	-12	-311
Gains on other assets[1]	71	4	0	75	210	2	0	212
Profit/(loss) before tax	**684**	**159**	**71**	**914**	**1,615**	**160**	**88**	**1,863**
Income tax	-215	-28	-9	-252	-367	-25	-3	-395
Total net profit/(loss)	**469**	**131**	**62**	**662**	**1,248**	**135**	**85**	**1,468**

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

NOTES TO THE BALANCE SHEET – ASSETS

Note 4 Cash and central banks

	12/31/2020	12/31/2019
Cash, central banks		
Due to central banks	57,478	38,458
of which mandatory reserves	*1,738*	*1,402*
Cash	345	353
TOTAL	**57,823**	**38,811**

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

Note 5a Financial assets at fair value through profit or loss

	12/31/2020				12/31/2019			
	Transaction	Fair value option	Other FVPL	Total	Transaction	Fair value option	Other FVPL	Total
Securities	**11,315**	**496**	**3,324**	**15,135**	**11,356**	**437**	**3,129**	**14,922**
Government securities	408	0	0	408	941	0	0	941
Bonds and other debt securities	9,418	496	123	10,037	9,768	437	133	10,338
■ Listed	9,418	97	17	9,532	9,768	97	25	9,890
■ Non-listed	0	399	106	505	0	340	108	448
of which UCIs	*0*	-	*116*	*116*	*1*	-	*116*	*117*
Shares and other capital instruments	1,489	-	2,802	4,291	647	-	2,619	3,266
■ Listed	1,489	-	270	1,759	647	-	335	982
■ Non-listed	0	-	2,532	2,532	0	-	2,284	2,284
Long-term investments	-	-	399	399	-	-	377	377
■ Equity investments	-	-	45	45	-	-	47	47
■ Other long-term investments	-	-	114	114	-	-	109	109
■ Investments in associates	-	-	239	239	-	-	220	220
■ Other long-term investments	-	-	1	1	-	-	1	1
Derivative instruments	**2,632**	**-**	**-**	**2,632**	**2,850**	**-**	**-**	**2,850**
Loans and receivables	**10,602**	**0**	**7**	**10,609**	**13,869**	**0**	**0**	**13,869**
■ *of which pensions*	*10,602*	*0*	-	*10,602*	*13,869*	*0*	-	*13,869*
TOTAL	**24,549**	**496**	**3,331**	**28,376**	**28,075**	**437**	**3,129**	**31,641**

Note 5b Analysis of trading derivatives

	12/31/2020			12/31/2019		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Trading derivatives						
Rate instruments	105,606	1,706	1,500	194,071	1,694	1,352
Swaps[1]	42,588	1,601	1,297	66,539	1,655	1,240
Other firm contracts[1]	35,543	0	0	96,648	2	1
Options and conditional instruments	27,475	105	203	30,884	37	111
Foreign exchange instruments	95,780	707	674	85,982	884	798
Swaps	54,307	64	59	51,825	40	37
Other firm contracts	10,747	529	502	9,439	777	694
Options and conditional instruments	30,726	114	113	24,718	67	67
Other derivatives	19,465	219	371	27,078	272	427
Swaps	7,972	78	134	11,057	112	171
Other firm contracts	6,731	64	153	11,014	12	101
Options and conditional instruments	4,762	77	84	5,007	148	155
TOTAL	**220,851**	**2,632**	**2,545**	**307,131**	**2,850**	**2,577**

(1) The change in the notional between December 31, 2019 and December 31, 2020 is due in particular to the decision to publish only the lending leg of IRS cleared in chambers. Until December 31, 2019, the figures included the lending and borrowing legs of these transactions. The amount relating to the borrowing leg of these transactions amounted to €6,700 million for swaps and €43,025 million for other firm contracts.

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

	12/31/2020			12/31/2019		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Hedging derivatives						
Fair Value Hedges	77,739	805	1,753	119,654	635	1,654
Swaps	46,427	806	1,753	51,945	637	1,654
Other firm contracts[1]	30,566	0	0	66,516	0	0
Options and conditional instruments	746	-1	0	1,193	-2	0
Cash Flow Hedges	0	0	0	267	0	4
Swaps	0	0	0	267	0	4
Other firm contracts	0	0	0	0	0	0
Options and conditional instruments	0	0	0	0	0	0
TOTAL	**77,739**	**805**	**1,753**	**119,921**	**635**	**1,658**

(1) The change in the notional between December 31, 2019 and December 31, 2020 is due in particular to the decision to publish only the lending leg of IRS cleared in chambers. Until December 31, 2019, the figures included the lending and borrowing legs of these transactions. The amount relating to the borrowing leg of these transactions amounted to €33,258 million at December 31, 2019.

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	12/31/2020
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**

	Less than 3 months	3 months to less than 1 year	1 to 5 years	Over 5 years	12/31/2019
Hedging derivatives					
Fair Value Hedges	5,511	15,185	70,260	28,698	119,654
Swaps	4,067	9,584	29,184	9,110	51,945
Other firm contracts	1,332	5,265	40,332	19,587	66,516
Options and conditional instruments	112	336	744	1	1,193
Cash Flow Hedges	89	178	0	0	267
Swaps	89	178	0	0	267
Other firm contracts	0	0	0	0	0
Options and conditional instruments	0	0	0	0	0
TOTAL	**5,600**	**15,363**	**70,260**	**28,698**	**119,921**

Note 6b Revaluation differences on interest-risk hedged portfolios

	12/31/2020	12/31/2019
Fair value of portfolio interest rate risk		
■ in financial assets	892	803
■ in financial liabilities	13	-22

Note 6c Items micro-hedged under Fair Value Hedging

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
Customer loans 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**

12/31/2019	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	8	0	0
Customer loans at amortized cost	68,344	830	6
Securities at amortized cost	1,287	54	3
Financial assets at FVOCI	1,139	0	0
TOTAL	**70,778**	**884**	**9**

Note 7 Financial assets at fair value through other comprehensive income

Note 7a Financial assets at fair value through other comprehensive income, by type of product

	12/31/2020	12/31/2019
Government securities	2,921	2,351
Bonds and other debt securities	9,540	9,619
Listed	9,218	9,211
Non-listed	322	408
Accrued interest	33	41
Debt securities subtotal, gross	**12,494**	**12,011**
of which impaired debt securities (S3)	*0*	*1*
Impairment of performing loans (S1/S2)	-9	-9
Other impairment (S3)	0	0
Debt securities subtotal, net	**12,485**	**12,002**
Loans	0	0
Accrued interest	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 capital instruments	4	24
Listed	4	16
Non-listed	0	8
Long-term investments	226	164
Equity investments	69	45
Other long-term investments	99	64
Investments in associates	58	55
Loaned securities	0	0
Non-performing current account advances to non-trading real estate company	0	0
Accrued interest	0	0
Subtotal, capital instruments	**230**	**188**
TOTAL	**12,715**	**12,190**
of which unrealized capital gains or losses recognized under equity	*-231*	*-117*
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%	1,566	11,385	211	103

The figures (except the percentage held) relate to fiscal year 2019.

Note 7c Fair value hierarchy of financial instruments carried at fair value

12/31/2020	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS				
Fair value through shareholders' 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 capital 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 capital 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.

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

12/31/2020	Opening	Purchases	Sales	Transfers	Gains and losses in the income statement	Other movement	Closing
Shares and other capital instruments – Other FVPL	2,330	758	-710	-134	154	195	2,593

12/31/2019	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS				
Fair value through shareholders' equity	8,138	2,888	1,164	12,190
■ Government and equivalent securities	2,366	0	0	2,366
■ Bonds and other debt securities	5,748	2,888	1,000	9,636
■ Shares and other capital instruments	24	0	0	24
■ Investments and other long-term securities	0	0	109	109
■ Investments in subsidiaries and associates	0	0	55	55
Trading/Fair value option/Other	9,955	17,965	3,721	31,641
■ Government securities and similar instruments – Trading	689	201	52	942
■ 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	8,079	1,489	199	9,767
■ Bonds and other debt securities – Fair value option	33	0	404	437
■ Bonds and other debt securities – Other FVPL	85	0	48	133
■ Shares and other equity instruments – Trading	647	0	0	647
■ Shares and other capital instruments – Other FVPL	288	0	2,330	2,618
■ Investments and other long-term securities – Other FVPL	1	0	156	157
■ Investments in subsidiaries and associates – Other FVPL	0	0	221	221
■ 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	0	0	0
■ Loans and receivables – Trading	0	13,869	0	13,869
■ Derivatives and other financial assets – Trading	133	2,406	311	2,850
Hedging derivatives	0	635	0	635
TOTAL	**18,093**	**21,488**	**4,885**	**44,466**
FINANCIAL LIABILITIES				
Trading/Fair value option	144	18,751	283	19,178
■ Due to credit institutions – Fair value option	0	179	0	179
■ 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	15,437	0	15,437
■ Derivatives and other financial liabilities – Trading	144	3,135	283	3,562
Hedging derivatives	0	1,658	0	1,658
TOTAL	**144**	**20,409**	**283**	**20,836**

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 other comprehensive income 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	12/31/2020	12/31/2019
RMBS	1,162	1,561
CMBS	6	662
CLO	3,448	3,561
Other ABS	2,214	2,185
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	**6,830**	**7,969**

Unless otherwise indicated, securities are not hedged by CDS.

EXPOSURES TO RMBS, CMBS, CLO AND OTHER ABS

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 shareholders' 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 United Kingdom	317	-	256	895	1,468
United States of America	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**

12/31/2019	RMBS	CMBS	CLO	Other ABS	Total
Fair value through profit or loss	487	-	65	507	1,059
Amortized cost	53	-	300	533	886
Fair value – Others	8	-	-	-	8
Fair value through shareholders' equity	1,013	662	3,196	1,145	6,016
TOTAL	**1,561**	**662**	**3,561**	**2,185**	**7,969**
France	334	-	571	606	1,511
Spain	113	-	-	188	301
United Kingdom	256	-	136	84	476
Europe excluding France, Spain and the United Kingdom	470	-	246	774	1,490
United States of America	198	662	2,608	254	3,722
Others	190	-	-	279	469
TOTAL	**1,561**	**662**	**3,561**	**2,185**	**7,969**
US Branches	194	659	-	-	853
AAA	1,163	3	3,410	1,069	5,645
AA	168	-	96	582	846
A	17	-	44	-	61
BBB	7	-	-	25	32
BB	8	-	-	7	15
B or below	4	-	-	-	4
Not rated	-	-	11	502	513
TOTAL	**1,561**	**662**	**3,561**	**2,185**	**7,969**
Origination 2005 and earlier	39	51	-	-	90
Origination 2006-2008	94	-	-	20	114
Origination 2009-2011	65	4	-	-	69
Origination 2012-2019	1,363	607	3,561	2,165	7,696
TOTAL	**1,561**	**662**	**3,561**	**2,185**	**7,969**

Note 8 Financial assets at amortized cost

	12/31/2020	12/31/2019
Securities at amortized cost	2,768	2,544
Loans and receivables to credit institutions	31,959	28,679
Loans and receivables to customers	208,703	188,523
TOTAL	**243,430**	**219,746**

Note 8a Securities at amortized cost

	12/31/2020	12/31/2019
Securities	2,916	2,693
Government securities	1,413	1,452
Bonds and other debt securities	1,503	1,241
■ Listed	572	513
■ Non-listed	931	728
Accrued interest	13	12
TOTAL GROSS	**2,929**	**2,705**
of which impaired assets (S3)	*178*	*176*
Impairment of performing loans (S1/S2)	0	0
Other impairment (S3)	-161	-161
TOTAL NET	**2,768**	**2,544**

Note 8b Loans and receivables to credit institutions at amortized cost

	12/31/2020	12/31/2019
Performing loans (S1/S2)	31,900	28,645
Current accounts	15,512	14,684
Loans	9,971	8,518
Other receivables	4,745	4,374
Pensions	1,672	1,069
Individually-impaired receivables, gross (S3)	0	0
Accrued interest	61	36
Impairment of performing loans (S1/S2)	-2	-2
Other impairment (S3)	0	0
TOTAL	**31,959**	**28,679**

Note 8c Loans and receivables due from customers at amortized cost

	12/31/2020	12/31/2019
Performing loans (S1/S2)	194,382	173,940
Commercial loans	5,908	6,861
Other customer receivables	188,261	166,856
■ home loans	90,843	83,830
■ other loans and receivables	96,445	82,114
■ pensions	973	912
Accrued interest	213	223
Individually-impaired receivables, gross (S3)	4,959	4,849
Receivables, gross	**199,341**	**178,789**
Impairment of performing loans (S1/S2)[1]	-1,127	-530
Other impairment (S3)	-2,294	-2,297
Subtotal I	**195,920**	**175,962**
Finance leases (net investment)	12,643	12,388
Equipment	8,208	7,917
Real estate	4,435	4,471
Individually-impaired receivables, gross (S3)	349	358
Impairment of performing loans (S1/S2)	-85	-61
Other impairment (S3)	-124	-124
Subtotal II	**12,783**	**12,561**
TOTAL	**208,703**	**188,523**
of which equity loans	*1*	*2*
of which subordinated loans	*13*	*13*

(1) In 2020, the group has taken into account the effects of the COVID-19 crisis as part of the provisioning of performing loans - see note 1 Accounting principles.

STATE GUARANTEED LOANS

At December 31, 2020, state guaranteed-loans issued by the group amounted to €13,140 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		
	S1	S2	S3	S1	S2	S3
Amount	10,268	2,680	192	-6	-5	-25

FINANCE LEASE TRANSACTIONS WITH CUSTOMERS

	12/31/2019	Increase	Decrease	Other	12/31/2020
Gross carrying amount	12,746	1,854	-1,287	-321	12,992
Impairment of non-recoverable lease payments	-185	-84	60	0	-209
Net carrying amount	12,561	1,770	-1,227	-321	12,783

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	3,357	7,092	2,931	13,380
Present value of future lease payments	3,247	6,957	2,925	13,129
Unearned financial income	110	135	6	251

Note 9 Gross values and movements in impairment provisions

Note 9a Gross values subject to impairment

	12/31/2019	Acquisition/ production	Sales/ repayments	Transfer[1]	Other	12/31/2020
Financial assets at amortized cost – loans and receivables due from credit institutions, subject to	**28,681**	**32,313**	**-29,313**	**0**	**280**	**31,961**
■ 12-month expected losses (S1)	28,677	32,222	-29,219	0	280	31,960
■ expected losses at termination (S2)	4	91	-94	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	**191,535**	**74,055**	**-54,445**	**0**	**1,188**	**212,333**
■ 12-month expected losses (S1)	175,899	72,186	-52,142	-13,839	455	182,559
■ expected losses at termination (S2)	10,429	1,837	-1,942	13,443	699	24,466
■ expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	5,207	32	-361	396	34	5,308
■ 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 – securities	**2,705**	**3,099**	**-2,872**	**0**	**-3**	**2,929**
■ 12-month expected losses (S1)	2,529	3,029	-2,804	0	-3	2,751
■ with 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	176	70	-68	0	0	178
■ 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 other comprehensive income – debt securities	**12,011**	**6,862**	**-5,787**	**0**	**-592**	**12,494**
■ 12-month expected losses (S1)	11,955	6,854	-5,757	-11	-592	12,449
■ expected losses at termination (S2)	55	8	-29	11	0	45
■ expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	1	0	-1	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 other comprehensive income – 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	**234,932**	**116,329**	**-92,417**	**0**	**873**	**259,717**

(1) Of which Buckets transfers.

GROSS CARRYING AMOUNT OF EXPOSURES BY CATEGORY AND BY PROBABILITY OF DEFAULT INTERVAL (CUSTOMER LOANS)

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 SEGMENT

In line with the authorities' recommendations, the group recorded a segment impairment in relation to the cost of counterparty risk of €633 million on the segments deemed to be the most vulnerable to the COVID-19 crisis.

Outstandings, as well as impairments for these segments, are presented by status.

	Gross amount*			Write-downs			Net amount
Segments	S1	S2	S3	S1	S2	S3	
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**

* *EAD net of SGL guarantees.*

Note 9b Movements in impairment provisions

	12/31/2019	Addition	Reversal	Other	12/31/2020
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	**-3,012**	**-1,486**	**872**	**-4**	**-3,630**
■ of which originated credit-impaired assets (S3)	0	0	0	0	0
■ 12-month expected losses (S1)	-244	-184	158	0	-270
■ expected losses at termination (S2)	-347	-804	211	-2	-942
■ expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	-2,421	-498	503	-2	-2,418
■ 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**	**-64**	**45**	**19**	**-161**
■ 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	-161	-64	45	19	-161
■ 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**	**-4**	**3**	**1**	**-9**
■ of which originated credit-impaired assets (S3)	0	0	0	0	0
■ 12-month expected losses (S1)	-9	-3	3	0	-9
■ expected losses at termination (S2)	0	-1	0	1	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
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	**-3,184**	**-1,555**	**921**	**16**	**-3,802**

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Note 10 Taxes

Note 10a Current tax

	12/31/2020	12/31/2019
Assets (through profit or loss)	557	687
Liabilities (through profit or loss)	222	290

Note 10b Deferred tax

	12/31/2020	12/31/2019
Assets (through profit or loss)	464	279
Assets (through shareholders' equity)	67	54
Liabilities (through profit or loss)	235	241
Liabilities (through shareholders' equity)	9	5

ANALYSIS OF DEFERRED TAXES (BY NET PROFIT/(LOSS)) BY MAJOR CATEGORIES

	12/31/2020		12/31/2019	
	Assets	Liabilities	Assets	Liabilities
Temporary differences in:				
Provisions	412	-	306	-
Finance leasing reserve	-	212	-	303
Earnings of flow-through entities	1	-	1	-
Revaluation of financial instruments	206	235	270	308
Accrued expenses and accrued income	83	-	110	-
Other temporary differences	104	130	80	118
Offsets	-342	-342	-488	-488
TOTAL DEFERRED TAX ASSETS AND LIABILITIES	**464**	**235**	**279**	**241**

Deferred taxes are calculated according to the variable carry-forward principles.

Note 11 Accruals and other assets

	12/31/2020	12/31/2019
Accruals		
Collection accounts	27	108
Currency adjustment accounts	48	46
Accrued income	431	409
Other accruals	2,179	1,924
Subtotal	**2,685**	**2,487**
Other assets		
Securities settlement accounts	56	102
Miscellaneous receivables	2,704	2,943
Inventories and similar	15	26
Other	7	10
Subtotal	**2,782**	**3,081**
TOTAL	**5,467**	**5,568**

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 debt obligations.

Note 12 Investments in equity consolidated companies

Note 12a Share of net profit/(loss) of equity consolidated companies

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**

12/31/2019	Country	% interest	Value of equity consolidation[1]	Share of net profit/(loss)	Dividends received
Groupe ACM	France	16.06%	1,563	156	348
Crédit Mutuel Asset Management	France	23.54%	14	2	0
TOTAL			**1,577**	**158**	**348**

(1) Comprises goodwill of €52 million for Groupe ACM.

Note 12b Data of the main equity consolidated companies

12/31/2020	Balance sheet total	NBI or Revenue	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

12/31/2019	Balance sheet total	NBI or Revenue	GOI	Net profit/(loss)	OCI	Shareholders' equity
Groupe ACM	125,068	1,723	1,125	843	1,479	9,828
Crédit Mutuel Asset Management	94	72	10	7	0	62

Note 13 Investment property

	12/31/2019	Increase	Decrease	Other	12/31/2020
Historical cost	82	2	-6	4	82
Depreciation and impairment	-33	-2	2	-0	-33
NET AMOUNT	**49**	**0**	**-4**	**4**	**49**

The fair value of investment property carried at amortized cost is comparable to its carrying amount.

Note 14 Property, plant and equipment and intangible assets

Note 14a Property, plant and equipment

	12/31/2019	Increase	Decrease	Others[1]	12/31/2020
Historical cost					
Operating sites	332	0	0	2	334
Operating buildings	2,635	41	-74	23	2,625
Usage rights – Real estate	368	261	-8	-2	619
Other property, plant and equipment	518	36	-31	1	524
TOTAL	**3,853**	**338**	**-113**	**24**	**4,102**
Depreciation and impairment					
Operating sites	0	0	0	0	0
Operating buildings	-1,791	-78	65	-14	-1,818
Usage rights – Real estate	-53	-92	3	0	-142
Other property, plant and equipment	-431	-20	19	-1	-433
TOTAL	**-2,275**	**-190**	**87**	**-15**	**-2,393**
NET AMOUNT	**1,578**	**148**	**-26**	**9**	**1,709**

(1) The other movements relate to the property, plant and equipment obtained as a result of the merger with CIC Iberbanco.

(2) The retroactive application of the IFRIC decision relating to IFRS 16 would have generated an increase in rights-of-use and lease obligations of €164 million on January 1, 2019 and of €145 million on December 31, 2019, not recognized due to the non-materiality of the impact.

Note 14b Intangible fixed assets

	12/31/2019	Increase	Decrease	other	12/31/2020
Historical cost					
Internally developed intangible assets	0	0	0	0	0
Purchased intangible assets	355	15	-14	-13	343
■ software	125	14	-0	1	140
■ other	230	1	-14	-14	203
TOTAL	**355**	**15**	**-14**	**-13**	**343**
Depreciation and impairment					
Internally developed intangible assets	0	0	0	0	0
Purchased intangible assets	-176	-17	10	33	-150
■ software	-88	-12	0	0	-100
■ other	-88	-5	10	33	-50
TOTAL	**-176**	**-17**	**10**	**33**	**-150**
NET AMOUNT	**179**	**-2**	**-4**	**20**	**193**

Note 15 Goodwill

	12/31/2019	Increase	Decrease	Other	12/31/2020
Gross goodwill	33	0	0	0	33
Write-downs	0	0	0	0	0
NET GOODWILL	**33**	**0**	**0**	**0**	**33**

Subsidiaries	12/31/2019	Increase	Decrease	Other	12/31/2020
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, 2020, the discount rate used was 8%.

NOTES TO THE BALANCE SHEET – LIABILITIES

Note 16 Financial liabilities at fair value through profit or loss

	12/31/2020	12/31/2019
Financial liabilities held for trading	17,286	18,999
Financial liabilities at fair value through profit or loss on option	22	179
TOTAL	**17,308**	**19,178**

Note 16a Financial liabilities held for trading

	12/31/2020	12/31/2019
Short sales of securities	1,076	980
■ Government securities	0	0
■ Bonds and other debt securities	241	357
■ Shares and other capital instruments	835	623
Debts in respect of securities sold under repurchase agreements	13,632	15,437
Trading derivatives	2,545	2,577
Other financial liabilities held for trading	33	5
TOTAL	**17,286**	**18,999**

Note 16b Financial liabilities at fair value through profit or loss on option

	12/31/2020			12/31/2019		
	Securities issued	Amount due	Difference	Securities issued	Amount due	Difference
Securities issued	0	0	0	0	0	0
Subordinated debt	0	0	0	0	0	0
Interbank debt	22	22	0	179	179	0
Due to customers	0	0	0	0	0	0
TOTAL	**22**	**22**	**0**	**179**	**179**	**0**

Note 17 Netting of financial assets and liabilities

12/31/2020	Gross value of financial assets	Gross amounts offset in balance sheet	Net amounts shown on balance sheet	Related amounts not offset in balance sheet: Impact of master netting 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: Impact of master netting 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**			**1,046**

12/31/2019	Gross value of financial assets	Gross amounts offset in balance sheet	Net amounts shown on balance sheet	Related amounts not offset in balance sheet: Impact of master netting agreements	Financial instruments received as guarantee	Cash received (cash collateral)	Net amount
Financial assets							
Derivatives	5,067	-1,582	3,485	-1,323	0	-1,221	941
Pensions	15,861	0	15,861	0	-15,682	-153	26
TOTAL	**20,928**	**-1,582**	**19,346**	**-1,323**			**967**

12/31/2019	Gross amount of financial liabilities	Gross amounts offset in balance sheet	Net amounts shown on balance sheet	Related amounts not offset in balance sheet: Impact of master netting agreements	Financial instruments pledged as collateral	Cash collateral paid (cash collateral)	Net amount
Financial liabilities							
Derivatives	5,817	-1,582	4,235	-1,323	0	-2,139	773
Pensions	18,410	0	18,410	0	-18,269	-140	0
TOTAL	**24,227**	**-1,582**	**22,645**	**-1,323**			**773**

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 shown in the 2nd column correspond to accounting offsetting, under IAS 32, for transactions processed going through a clearing house.

The "impact of master netting agreements" column corresponds to the outstanding transaction amounts pursuant to enforceable contracts that are not subject to accounting offsetting. 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 collateral received/paid" 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

	12/31/2020	12/31/2019
Due to central banks	**0**	**4**
Liabilities to credit institutions	**67,389**	**68,374**
Current accounts	1,863	1,507
Borrowings	61,392	62,144
Other debt	1,608	1,687
Pensions	2,505	2,960
Related debt	21	76

CIC has benefited, via BFCM, from €5,414 million in borrowings under TLTRO III, the interest rate on which is set at -0.98% for the first year and 0.48% for the following two years.

Note 18b Amounts due to customers at amortized cost

	12/31/2020	12/31/2019
Special savings accounts	52,545	48,734
■ on demand	38,692	35,204
■ in the future	13,853	13,530
Related liabilities on savings accounts	1	1
Subtotal	**52,546**	**48,735**
Demand accounts	123,805	88,403
Term deposits and borrowings	37,267	32,081
Pensions	89	3
Other debt	8	7
Related debt	69	77
Subtotal	**161,238**	**120,571**
TOTAL	**213,784**	**169,306**

Note 18c Debt securities at amortized cost

	12/31/2020	12/31/2019
Certificates of deposit	49	42
Interbank certificates and negotiable debt instruments	21,589	23,422
Bonds	6,292	6,060
Non-preferred senior securities	0	0
Related debt	70	160
TOTAL	**28,000**	**29,684**

Note 18d Items micro-hedged under Fair Value Hedging

12/31/2020	Carrying amount	Of which revaluation relating to hedging	Of which revaluation for the fiscal year
Debt securities	332	0	0
Liabilities to credit institutions	18,930	3	0
Due to customers	27,731	10	0
TOTAL	**46,993**	**13**	**0**

12/31/2019	Carrying amount	of which revaluation relating to hedging	of which revaluation for the fiscal year
Debt securities	332	0	0
Liabilities to credit institutions	14,873	0	0
Due to customers	25,521	10	3
TOTAL	**40,726**	**10**	**3**

Note 19 Accruals and other liabilities

	12/31/2020	12/31/2019
Accruals		
Accounts unavailable due to recovery procedures	75	43
Currency adjustment accounts	301	104
Accrued expenses	771	783
Deferred income	377	406
Other accruals	4,102	4,058
Subtotal	**5,626**	**5,394**
Other liabilities		
Lease obligations – Real estate	482	318
Securities settlement accounts	64	124
Outstanding amounts payable on securities	271	52
Sundry creditors	421	349
Subtotal	**1,238**	**843**
TOTAL	**6,864**	**6,237**

Note 19a Lease obligations by residual term

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

12/31/2019	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	20	60	69	85	84	318

Note 20 Provisions and contingent liabilities

Note 20a Provisions

	12/31/2019	Additions for the year	Reversals for the year (utilized provisions)	Reversals for the year (surplus provisions)	Other changes	12/31/2020
Provisions for risks	**234**	**296**	**-41**	**-115**	**40**	**414**
On guarantee commitments	163	246	0	-75	1	335
of which 12-month expected losses (S1)	*29*	*29*	*0*	*-21*	*0*	*37*
of which expected losses at termination (S2)	*31*	*176*	*0*	*-21*	*0*	*186*
On financing commitments	35	39	-0	-23	-1	50
of which 12-month expected losses (S1)	*29*	*29*	*0*	*-19*	*-0*	*39*
of which expected losses at termination (S2)	*6*	*10*	*0*	*-4*	*-1*	*11*
Provisions for taxes	10	1	0	0	0	11
Provisions for claims and litigation	12	7	-2	-8	-0	9
Provision for risk on miscellaneous receivables	14	3	-39	-9	40	9
Other provisions	**528**	**101**	**-3**	**-28**	**-43**	**555**
Provision for mortgage saving agreements	76	11	0	0	0	87
Provisions for miscellaneous contingencies	147	25	-4	-8	-2	158
Other provisions[1]	305	65	1	-20	-41	310
Provisions for retirement commitments	**217**	**11**	**-5**	**-6**	**-0**	**217**
TOTAL	**979**	**408**	**-49**	**-149**	**-3**	**1,186**

(1) Other provisions relate to provisions for French economic interest groups (GIE) totaling €310 million.

Note 20b Retirement and other employee benefits

	12/31/2019	Additions for the year	Reversals for the year	Other changes	12/31/2020
Defined-benefit plans not covered by pension funds					
Retirement benefits	107	2	-3	0	106
Supplementary pensions	31	5	-6	-1	29
Obligations for long service awards (other long-term benefits)	62	1	-1	-0	62
Total amount recognized	**200**	**8**	**-10**	**-1**	**197**
Supplementary defined-benefit pensions covered by pension funds					
Commitments to employees and retirees[1]	17	3	0	0	20
Total amount recognized	**17**	**3**	**0**	**0**	**20**
TOTAL	**217**	**11**	**-10**	**-1**	**217**

(1) The provisions covering shortfalls in pension funds relate to entities located abroad.

Defined-benefit plans: Main actuarial assumptions	12/31/2020	12/31/2019
Discount rate[1]	0.45%	0.75%
Expected increase in salaries	Minimum 0.5%	Minimum 1.0%

(1) The discount rate, which is determined by reference to the long-term rate on private-sector borrowings, is based on the Iboxx index.

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RETIREMENT BENEFITS

Change in actuarial debt	12/31/2019	Effect of discounting	Financial income	Cost of services rendered	Transfers	Change in actuarial gains and losses[1]	Payment to beneficiaries	Insurance contributions	12/31/2020
Commitments	235	1	-	14	-9	4	-12	-	233
Non-group insurance policies and externally-managed assets	141	-	9	-	-6	-	-7	3	140
Sub-total of banks insured with ACMs	**94**	**1**	**-9**	**14**	**-3**	**4**	**-5**	**-3**	**93**
Foreign entities	13	-	-	-	-	-	-	-	13
TOTAL	**107**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**106**

[1] Including €1 million for financial assumptions.

Additional information for French entities insured with ACMs

- The duration of the commitments is 19 years;
- A cost for services rendered of €13 million and a financial cost of €1 million is expected for the coming fiscal year.

SENSITIVITY ANALYSIS OF COMMITMENTS TO THE DISCOUNT RATE

Discount rate	-0.05%	0.45%	0.95%
Commitments	250	233	219

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	67	51	50	73	92	82	100	515	220

	12/31/2020			
Breakdown of fair value of plan assets	Debt securities	Capital instruments	Real estate	Othe
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%**

	12/31/2019			
Breakdown of fair value of plan assets	Debt securities	Capital instruments	Real estate	Other
Assets quoted on an active market	54%	38%	1%	3%
Assets not quoted on an active market	1%	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 €19 million at December 31, 2020, compared to €20 million at December 31, 2019.

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

	12/31/2020	12/31/2019
Mortgage saving plans (PEL)		
Maturity between 0-4 years	872	942
Maturity between 4-10 years	6,368	5,746
> 10 years	4,262	4,354
TOTAL	**11,502**	**11,042**
Amounts outstanding under mortgage saving accounts (CEL)	694	654
TOTAL MORTGAGE SAVING AGREEMENTS (ACCOUNTS AND PLANS)	**12,196**	**11,696**

Loans under mortgage saving agreements	12/31/2020	12/31/2019
Loans under mortgage saving agreements for which provisions for risks have been recognized in assets	13	18

Provisions on mortgage saving agreements	Opening	Net allocations/ reversals	Other changes	Closing
On mortgage saving accounts	0	-	-	0
On mortgage saving plans	76	11	-	87
On loans under mortgage saving agreements	0	-	-	0
TOTAL	**76**	**11**	**0**	**87**
Provisions for mortgage saving plans, by maturity				
Maturity between 0-4 years	10	-	-	9
Maturity between 4-10 years	45	-	-	52
> 10 years	21	-	-	26
TOTAL	**76**	**-**	**-**	**87**

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 PEL. The impacts on profit/(loss) are recorded as interest paid to customers.

The change in the provision mainly results from the decline in market rates.

Note 21 Subordinated debt at amortized cost

	12/31/2020	12/31/2019
Subordinated debt	0	0
Participating loans	153	153
Perpetual subordinated debt	26	26
Other debt	2,051	2,052
Related debt	2	2
TOTAL	**2,232**	**2,233**

SUBORDINATED DEBT REPRESENTING MORE THAN 10% OF TOTAL SUBORDINATED DEBTS

	Date issuance	Amount issuance	Currency	Rate	Term
Participating loan	5/28/1985	€137m	EUR	(1)	(2)
Redeemable subordinated notes	3/24/2016	€414m	EUR	EURIBOR 3 months +2.05%	03/24/2016
Redeemable subordinated notes	11/4/2016	€700m	EUR	EURIBOR 3 months +1.70%	11/04/2026

(1) Minimum 85% (TAM+TMO)/2 Maximum 130% (TAM+TMO)/2.
(2) Non-depreciable, but reimbursable at borrower's discretion as of 05/28/1997 at 130% of the nominal value revalued by 1.5% per year for future years.

Note 22 Unrealized or deferred gains and losses

Note 22a Unrealized or deferred gains and losses

	12/31/2020	12/31/2019
Unrealized or deferred gains or losses[1] relating to:		
■ translation adjustments	-44	64
■ financial assets at fair value through recyclable other comprehensive income – debt instruments	-101	-65
■ financial assets at fair value through non-recyclable other comprehensive income – equity instruments	-86	-116
■ hedging derivatives (CFH)	0	0
■ share of unrealized or deferred gains and losses of associates	263	235
■ actuarial gains and losses on defined benefit plans	-69	-65
TOTAL	**-37**	**53**

(1) Balance net of corporate tax.

Note 22b Recycling of gains and losses directly recognized in shareholders' equity

	12/31/2020 Operations	12/31/2019 Operations
Translation adjustments		
Reclassification in income	0	0
Other movement	-108	33
Subtotal	**-108**	**33**
Revaluation of financial assets at FVOC		
Reclassification in income	0	0
Other movement	-6	5
Subtotal	**-6**	**5**
Revaluation of hedging derivatives		
Reclassification in income	0	0
Other movement	0	0
Subtotal	**0**	**-0**
Actuarial gains and losses on defined benefit plans	-4	-16
Share of unrealized or deferred gains and losses of associates	29	61
TOTAL	**-89**	**83**

Note 22c Tax related to each category of gains and losses recognized directly in shareholders' equity

	12/31/2020			12/31/2019		
	Gross amount	Tax	Net amount	Gross amount	Tax	Net amount
Translation adjustments	-108	0	-108	33	0	33
Revaluation of financial assets at FVOC	-14	8	-6	0	5	5
Revaluation of hedging derivatives	0	-0	0	-0	0	-0
Actuarial gains and losses on defined benefit plans	-5	1	-4	-17	1	-16
Share of unrealized or deferred gains and losses of associates	30	-1	29	87	-26	61
TOTAL CHANGES IN GAINS AND (LOSSES) RECOGNIZED DIRECTLY IN EQUITY	**-97**	**8**	**-89**	**103**	**-20**	**83**

Note 23 Commitments given and received

Commitments given	12/31/2020	12/31/2019
Funding commitments	**45,088**	**40,399**
Liabilities due to credit institutions	335	364
Commitments to customers	44,753	40,035
Guarantee commitments	**20,065**	**17,136**
Credit institution commitments	2,992	2,366
Customer commitments	17,073	14,770
Securities commitments	**3,413**	**2,362**
Securities acquired with option to repurchase	0	0
Other commitment given	3,413	2,362

Commitments received	12/31/2020	12/31/2019
Funding commitments	**193**	**464**
Commitments received from credit institutions	193	464
Commitments received from customers	0	0
Guarantee commitments	**86,536**	**69,392**
Commitments received from credit institutions	53,497	49,431
Commitments received from customers	33,039	19,961
Securities commitments	**1,468**	**964**
Securities sold with option to repurchase	0	0
Other commitments received	1,468	964

Securities sold under repurchase agreements	12/31/2020	12/31/2019
Assets sold under repurchase agreements	16,309	18,492
Related liabilities	16,208	18,371

Other assets given as collateral for liabilities	12/31/2020	12/31/2019
Loaned securities	0	0
Security deposits on market transactions	4,331	4,063
TOTAL	**4,331**	**4,063**

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

	12/31/2020		12/31/2019	
	Income	Expenses	Income	Expenses
Credit institutions and central banks[1]	55	-302	370	-739
Customers	3,632	-638	3,881	-783
■ of which finance leasing	287	-47	284	-44
■ of which lease obligations	-	-5	-	-5
Hedging derivatives	544	-744	478	-997
Financial assets at fair value through profit or loss	412	-60	565	-16
Financial assets at fair value through other comprehensive income	148	0	219	0
Securities at amortized cost	29	0	30	0
Debt securities	0	-282	0	-566
Subordinated debt	0	0	0	0
TOTAL	**4,820**	**-2,028**	**5,543**	**-3,101**
of which interest income and expense calculated at the effective interest rate	*3,864*	*-1,222*	*4,500*	*-2,088*

(1) Including -€311 million in income from negative interest rates and €135 million in expenses for the fiscal year 2020, compared to -€223 million in negative interest rates in income and €101 million in expenses for the fiscal year 2019.

Note 25 Commission income and expense

	12/31/2020		12/31/2019	
	Income	Expenses	Income	Expenses
Credit institutions	4	-4	2	-5
Customers	885	-14	915	-12
Securities	599	-36	548	-25
Derivative instruments	9	-9	6	-9
Currency transactions	18	-1	15	-1
Funding and guarantee commitments	11	-2	6	-2
Services provided	1,155	-472	1,148	-496
TOTAL	**2,681**	**-538**	**2,640**	**-550**

Note 26 Net gains on financial instruments at fair value through profit or loss

	12/31/2020	12/31/2019
Trading instruments	-29	271
Instruments accounted for under the fair value option	-5	8
Ineffective portion of hedges	9	-2
On cash flow hedges (CFH)	0	0
On fair value hedges (FVH)	9	-2
■ Change in the fair value of hedged items	227	348
■ Change in fair value of hedging instruments	-218	-350
Foreign exchange gains/(losses)	-6	89
Other financial instruments at fair value through profit or loss[1]	192	257
TOTAL CHANGES IN FAIR VALUE	**161**	**623**

(1) Of which €158 million came from private equity business as at December 31, 2020, compared to €214 million as at December 31, 2019.

Note 27 Net gains or losses on financial assets at fair value through other comprehensive income

	12/31/2020	12/31/2019
Dividends	8	10
Realized gains and losses on debt instruments	16	24
TOTAL	**24**	**34**

Note 28 Net gains or losses on financial assets and liabilities at amortized cost

	12/31/2020	12/31/2019
Financial assets at amortized cost		
Gains/(losses) on:	0	2
■ Government securities	0	0
■ Bonds and other fixed-income securities	0	2
■ Loans	0	0
Financial liabilities at amortized cost – Gains/(losses) on:	0	0
■ Unsubordinated notes issued	0	0
■ Subordinated notes issued	0	0
TOTAL	**0**	**2**

Note 29 Income/expenses generated by other activities

	12/31/2020	12/31/2019
Income from other activities		
Investment property:	0	3
■ reversal of provisions/depreciation	0	0
■ capital gains on disposals	0	3
Rebilled expenses	92	87
Other income	81	77
Subtotal	**173**	**167**
Expenses on other activities		
Investment property:	-2	-2
■ additions to provisions/depreciation	-2	-2
■ capital losses on disposals	0	0
Other expenses	-152	-143
Subtotal	**-154**	**-145**
NET TOTAL OF OTHER INCOME AND EXPENSES	**19**	**22**

Note 30 General operating expenses

	12/31/2020	12/31/2019
Employee benefits expense	-1,809	-1,835
Other general operating expenses	-1,209	-1,243
Movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets	-208	-173
TOTAL	**-3,226**	**-3,251**

Note 30a Employee benefits expense

	12/31/2020	12/31/2019
Wages and salaries	-1,106	-1,089
Social security contributions	-447	-474
Short-term employee benefits	-0	-0
Employee profit-sharing and incentive schemes	-114	-138
Payroll-based taxes	-140	-135
Other	-2	1
TOTAL	**-1,809**	**-1,835**

Note 30b Average workforce

	12/31/2020	12/31/2019
Bank technical staff	10,462	10,550
Managers	9,347	9,433
TOTAL	**19,809**	**19,983**
France	*18,055*	*18,268*
Rest of the world	*1,754*	*1,715*

Note 30c Other general operating expenses

	12/31/2020	12/31/2019
Taxes and duties[1]	-237	-189
Leases		
■ short-term asset leases	-19	-54
■ low value/substitutable asset leases[2]	-53	-52
■ other leases	-7	-3
Other external services	-927	-974
Other miscellaneous expenses	34	29
TOTAL	**-1,209**	**-1,243**

(1) The entry "Taxes and duties" includes an expense of -€122 million as part of the contribution to the Single Resolution Fund on December 31, 2020, compared to -€95 million on December 31, 2019.

(2) Includes computer equipment.

Note 30d Fees paid to the Statutory Auditors

	12/31/2020					
Amount excluding taxes	PricewaterhouseCoopers		Ernst & Young et Autres		KPMG	
Audit of the accounts						
■ Issuer	0.46	23%	0.45	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	-	-	-	-	-	-

	12/31/2019					
Amount excluding taxes	PricewaterhouseCoopers		Ernst & Young et Autres		KPMG	
Audit of the accounts						
■ Issuer	0.46	16%	0.45	41%	0.46	13%
■ Fully consolidated subsidiaries	1.39	50%	0.61	55%	1.98	55%
Non-audit services						
■ Issuer	-	-	-	-	-	-
■ Fully consolidated subsidiaries	0.96	34%	0.04	4%	1.13	32%
TOTAL	**2.81**	**100%**	**1.10**	**100%**	**3.57**	**100%**
of which fees paid to the Statutory Auditors in France for the statutory audit of the financial statements	*1.49*	-	*0.96*	-	*1.19*	-
of which fees paid to the Statutory Auditors in France for services other than the statutory audit of the financial statements	*0.15*	-	*0.03*	-	*0.09*	-

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

	12/31/2020	12/31/2019
Depreciation and amortization:	-205	-173
■ Property, plant and equipment	-191	-159
including usage rights	*-92*	*-57*
■ Intangible assets	-14	-14
Write-downs:	-3	0
■ Property, plant and equipment	0	0
■ Intangible assets	-3	0
TOTAL	**-208**	**-173**

Note 31 Cost of counterparty risk

	12/31/2020	12/31/2019
■ 12-month expected losses (S1)	-44	-34
■ Expected losses at termination (S2)	-756	-2
■ Impaired assets (S3)	-274	-275
TOTAL	**-1,074**	**-311**

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
■ Customer loans 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 other comprehensive income – debt securities	-3	3	-	-	-	0
■ Financial assets at fair value through other comprehensive income – 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
■ Customer loans 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 other comprehensive income – debt securities	-1	0	-	-	-	-1
■ Financial assets at fair value through other comprehensive income – 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
■ Customer loans 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 other comprehensive income – debt securities	0	0	-60	0	0	-60
■ Financial assets at fair value through other comprehensive income – 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**

12/31/2019	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)	**-194**	**160**	**-**	**-**	**-**	**-34**
■ Loans and receivables due from credit institutions at amortized cost	-1	1	-	-	-	-0
■ Customer loans at amortized cost	-150	128	-	-	-	-22
of which finance leases	*-20*	*22*	-	-	-	*2*
■ Financial assets at amortized cost – securities	-0	0	-	-	-	-0
■ Financial assets at fair value through other comprehensive income – debt securities	-4	3	-	-	-	-1
■ Financial assets at fair value through other comprehensive income – Loans	0	0	-	-	-	0
■ Commitments given	-39	28	-	-	-	-11
Expected losses at termination (S2)	**-252**	**250**	**-**	**-**	**-**	**-2**
■ Loans and receivables due from credit institutions at amortized cost	-0	0	-	-	-	0
■ Customer loans at amortized cost	-226	204	-	-	-	-22
of which finance leases	*-16*	*20*	-	-	-	*4*
■ Financial assets at amortized cost – securities	0	0	-	-	-	0
■ Financial assets at fair value through other comprehensive income – debt securities	-0	0	-	-	-	-0
■ Financial assets at fair value through other comprehensive income – Loans	0	0	-	-	-	0
■ Commitments given	-26	46	-	-	-	20
Impaired assets (S3)	**-592**	**515**	**-185**	**-25**	**12**	**-275**
■ Loans and receivables due from credit institutions at amortized cost	-0	0	0	-0	0	-0
■ Customer loans at amortized cost	-542	464	-185	-22	11	-274
of which finance leases	*-3*	*6*	*-5*	*-1*	*1*	*-2*
■ Financial assets at amortized cost – securities	-0	2	0	0	0	2
■ Financial assets at fair value through other comprehensive income – debt securities	0	0	0	-3	1	-2
■ Financial assets at fair value through other comprehensive income – Loans	0	0	0	0	0	0
■ Commitments given	-50	49	0	-0	0	-1
TOTAL	**-1,039**	**926**	**-185**	**-25**	**12**	**-311**

Note 32 Gains/(losses) on disposals of other assets

	12/31/2020	12/31/2019
Property, plant and equipment and intangible assets	-6	-10
Capital losses on disposals	-15	-16
Capital gains on disposals	9	6
Net gains/(losses) on disposals of shares in consolidated entities[1]	0	64
TOTAL	**-6**	**54**

(1) Of which €64 million in 2019 with respect to the sale of 2.4% of GACM shares to BFCM.

Note 33 Income tax

	12/31/2020	12/31/2019
Current taxes	-442	-486
Deferred tax expense/income	189	31
Adjustments in respect of prior years	1	60
TOTAL	**-252**	**-395**

Of which -€215 million for securities in companies located in France and -€37 million for companies located outside France.

RECONCILIATION BETWEEN THE RECOGNIZED INCOME TAX EXPENSE AND THE THEORETICAL INCOME TAX EXPENSE

	12/31/2020	12/31/2019
Theoretical tax rate	32.0%	34.4%
Impact of changes in tax rates	6.5%	-0.2%
Impact of specific SCR schemes	-4.7%	-3.7%
Impact of permanent differences	4.1%	0.1%
Impact of different tax rates paid by foreign subsidiaries	-3.1%	-1.9%
Impact of the tax consolidation effect	-3.1%	-0.4%
Impact of reduced rate on long-term capital gains	-1.0%	-2.1%
Impact of tax credits	-0.6%	-0.7%
Impact of corrections relating to prior fiscal years	0.2%	-0.6%
Impact of tax provisions	-0.1%	-0.9%
Other items	0.1%	-0.8%
EFFECTIVE TAX RATE	**30.3%**	**23.2%**
Taxable result	833	1,705
INCOME TAX EXPENSE	**-252**	**-395**

Note 34 Profit (loss) per share

	12/31/2020	12/31/2019
Net profit/(loss) attributable to the group	662	1,457
Number of shares at beginning of year	37,795,782	37,795,782
Number of shares at end of year	38,009,418	37,795,782
Weighted average number of shares	37,902,600	37,795,782
BASIC EARNINGS PER SHARE *(in €)*	**17.47**	**38.55**
Weighted average number of shares that may be issued	0	0
DILUTED EARNINGS PER SHARE *(in €)*	**17.47**	**38.55**

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, 2020. They are the result of a discounting calculation for future cash flows estimated using a risk-free interest-rate curve to which, for the calculation of assets, is added a credit spread calculated overall 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, 2020.

	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						
■ Liabilities 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

	12/31/2019					
	Market value	Carrying amount	Unrealized gains or losses	Level 1	Level 2	Level 3
Assets						
■ Financial assets at amortized cost	264,585	258,557	6,028	2,032	72,804	189,749
Loans and receivables due from credit institutions	67,717	67,490	227	0	67,717	0
Loans and receivables due from customers	194,286	188,523	5,763	0	4,741	189,545
Securities	2,582	2,544	38	2,032	346	204
Liabilities						
■ Liabilities to credit institutions	68,963	68,374	589	0	68,963	0
■ Due to customers	170,167	169,306	861	0	87,235	82,932
■ Debt securities	29,768	29,684	84	0	29,768	0
■ Subordinated debt	2,305	2,233	72	0	2,305	0

Note 36 Related party transactions

	12/31/2020		12/31/2019	
	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	1,975	299	1,391	324
■ Financial assets at FVOCI	0	0	0	0
■ Financial assets at amortized cost	102	14,978	25	14,333
■ Other assets	10	3	6	15
Liabilities				
■ Liabilities to credit institutions	95	56,896	51	54,877
■ Liabilities at fair value through profit or loss	1,922	307	353	200
■ Due to customers	220	836	69	195
■ Debt securities	1,964	1,734	1,304	1,657
■ Subordinated debt	0	2,191	0	2,188
Off-balance sheet				
■ Financing commitments given	0	0	0	0
■ Guarantees given	0	146	0	128
■ Financing commitments received	0	0	0	7
■ Guarantees received	0	6,401	0	4,770
	12/31/2020		12/31/2019	
■ Interest income	7	301	2	359
■ Interest expense	-18	-314	-6	-483
■ Commission income	505	5	482	14
■ Commission expense	-6	-93	0	-112
■ Net gains/(losses) on financial assets at FVOCI and FVPL	-51	-8	348	11
■ Other income and expenses	1	-3	1	-7
■ General operating expenses	-60	-479	-76	-452

The parent company consists of BFCM, majority shareholder of CIC, of Caisse Fédérale Crédit Mutuel, 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

(see Corporate governance – Chapter 4).

COMPENSATION PAID OVERALL TO KEY EXECUTIVES

	Wages fixed portion	Wages variable portion	Benefits in kind	Miscellaneous reinstatements	Total 12/31/2020	Total 12/31/2019
Key executives	0	0	0	0	0	0.1

During the year, the group's 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, 2020, they had borrowings of this type.

6.3 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

(Fiscal year ended December 31, 2020)

To the Shareholders' Meeting of Crédit Industriel et Commercial – CIC,

Opinion

In performance of the mission entrusted to us by your Shareholders' Meetings, we have audited the consolidated financial statements of Crédit Industriel et Commercial – CIC for the fiscal year ended December 31, 2020, 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, 2020 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. Indeed, 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 relating to the justification of our assessments, we bring to your attention the key audit matters relating to the risks of material misstatement which, in 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 consolidated financial statements taken as a whole, approved under the conditions referred to above, 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 IN THE CONTEXT OF THE COVID-19 CRISIS

Identified risk

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 COVID-19 health crisis and its economic consequences have affected the repayment capacity of borrowers, companies and natural persons, with contrasting situations depending on the business segment.

In this uncertain context, the classification of outstandings between the various statuses provided for by IFRS 9 and the measurement of expected credit losses for customer loan portfolios require the exercise of greater judgment and the taking into account of assumptions by the CIC group, in particular 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 expected 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, 2020, the total amount of gross customer loans outstanding amounted to €212,333 million and the total amount of impairment was €3,633 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.

Our response

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 Mutuel group on the methodological options and impairment models defined by management. This work covered in particular:
  - a review of the system put in place to classify the receivables between the various statuses and assess the amount of expected credit losses in order to assess whether the estimates used were based on methods that comply with the principles described in the notes to the consolidated financial statements and with IFRS 9,
  - a review of the methods and measures used for the various parameters and models for calculating expected credit losses,
  - an analysis of 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,
  - the performance of data quality tests as well as checks on the information systems used to determine expected credit losses;
- 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;
- carrying out data analysis work relating to the correct classification of outstandings by category (Status 1 and Status 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, 2019 and December 31, 2020 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 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.

VALUATION OF COMPLEX FINANCIAL INSTRUMENTS CLASSIFIED UNDER LEVELS 2 AND 3

Identified risk	Our response
As part of its ongoing operations 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 1.3.1.5 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 Statuses 2 and 3 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; ■ the analysis of any valuation differences with counterparties in connection with margin calls or sales of instruments.	We assessed the processes and controls implemented by the group to identify and value complex financial instruments, including: ■ the governance of valuation models and valuation 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; ■ we reviewed the main margin call variances and the losses and/or gains on sales of complex financial instruments in order to assess their consistency with previous valuations; ■ we 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.

MEASUREMENT OF THE PRIVATE EQUITY DIVISION'S COMPLEX OR LEVEL 3 INVESTMENTS

Identified risk	Our response
Through its private equity subsidiaries, your group has investments classified at inception 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. Due to the use of judgment in the determination of the fair value for unlisted financial instruments and the complexity of its modeling, particularly in the context of the evolving crisis related to COVID-19, we considered that the measurement of complex investments or those accounted for in level 3 of the private equity division was a key point of the audit.	We have reviewed the processes and controls implemented by your group pertaining to the valuation of private equity securities. 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 verify that the COVID-19 crisis context is taken into account in the valuation approaches used; ■ verifying that the valuation used by your Group is comparable to the price observed during a recent transaction for lines valued on the basis of a transaction price.

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.

We hereby certify that the consolidated statement of non-financial performance provided for in Article L.225-102-1 of the French Commercial Code has been included, it being specified that, in accordance with the provisions of Article L.823-10 of this Code, the information contained in this statement has not been verified by us as to its fair presentation or consistency with the consolidated financial statements, and must be reported on by an independent third party.

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 III of Article 222-3 of the AMF General Regulation, the management of your company has informed us of its decision to postpone the application of the single electronic reporting format as defined by the European Delegated Regulation No. 2019/815 of December 17, 2018 to fiscal years beginning on or after January 1, 2021. Consequently, this report does not contain any conclusions on compliance with this format in the presentation of the consolidated financial statements to be included in the annual financial report mentioned in section I of Article L. 451-1-2 of the French Monetary and Financial Code.

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 S.A., 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, 2020, KPMG S.A. was in the fifth year of its uninterrupted mission, PricewaterhouseCoopers Audit was in its thirty-third year and ERNST & YOUNG et Autres in the twenty-second 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

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 certification or a refusal to certify;
- 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 12, 2021

The statutory auditors

KPMG SA	PricewaterhouseCoopers Audit	ERNST & YOUNG et Autres
Sophie Sotil-Forgues	Nicolas Montillot	Hassan Baaj
Partner	Partner	Partner

As a partner of festivals and numerous classical music concerts, but also of projects and actions that provide access to this world, CIC is fully committed to this field. For several years now, CIC has been a partner of the Victoires de la musique classique, an event that rewards young and established artists in classical music.

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ANNUAL FINANCIAL STATEMENTS

7.1 FINANCIAL STATEMENTS

7.1.1 Assets

Assets

(in € millions)	Notes	12/31/2020	12/31/2019
Cash, central banks		53,814	35,386
Government and equivalent securities	2	2,595	2,703
Receivables on credit institutions	3	18,968	20,764
Customer transactions	4	54,876	48,991
Bonds and other fixed-income securities	5	19,446	19,768
Shares and other variable income securities	6	1,734	836
Equity investments and other securities held long-term	7	112	105
Investments in associates	8	6,074	6,078
Finance leasing and equivalent transactions		-	-
Intangible assets	9	69	49
Property, plant and equipment	10	473	474
Capital subscribed not paid		-	-
Treasury shares	11	10	10
Other assets	12	6,219	6,309
Accruals	13	4,653	4,637
TOTAL ASSETS		**169,043**	**146,110**

7.1.2 Off-balance sheet assets

(in € millions)	Notes	12/31/2020	12/31/2019
Commitments received		-	-
Funding commitments		-	-
Commitments received from credit institutions		183	232
Guarantee commitments		-	-
Commitments received from credit institutions		13,633	11,758
Securities commitments		-	-
Securities sold with option to repurchase		-	-
Other commitments received		1,467	961

7.1.3 Liabilities

(in € millions)	Notes	12/31/2020	12/31/2019
Due to central banks		-	4
Liabilities to credit institutions	14	57,899	51,387
Customer transactions	15	64,089	45,109
Debt securities	16	25,273	27,469
Other liabilities	12	3,558	3,705
Accruals	13	5,555	5,794
Provisions	17	1,107	1,045
Subordinated debt	18	1,577	1,578
Funds for general banking risks	19	379	379
Shareholders' equity	19	9,606	9,640
Capital subscribed		*612*	*608*
Issue premiums		*1,172*	*1,088*
Reserves		*6,668*	*6,015*
Revaluation differences		*44*	*44*
Untaxed provisions		*58*	*55*
Retained earnings		*134*	*6*
Profit (loss) for the period		*918*	*1,823*
TOTAL LIABILITIES		**169,043**	**146,110**

7.1.4 Off-balance sheet liabilities

(in € millions)	Notes	12/31/2020	12/31/2019
Commitments given		-	-
Funding commitments		-	-
Liabilities due to credit institutions		894	315
Commitments to customers		23,323	21,067
Guarantee commitments	**22**	-	-
Credit institution commitments		4,045	3,829
Customer commitments		9,758	8,770
Securities commitments		-	-
Securities acquired with option to repurchase		-	-
Other commitment given		3,412	2,359

7.1.5 Income statement

(in € millions)	Notes	12/31/2020	12/31/2019
+ Interest and similar income	27	1,374	2,110
+ Interest and similar expenses	27	-821	-1,647
+ Income from variable-income securities	28	788	779
+ Commissions (income)	29	538	513
+ Commissions (expenses)	29	-147	-138
+/- Profit/loss on the trading portfolio	30	282	364
+/- Profit/loss on transactions on short-term investment portfolio and similar	31	-65	-74
+ Other banking income	32	51	80
+ Other banking expenses	32	-1	-13
+/- Net income from other activities	32	-0	-0
= Net banking income		**1,999**	**1,974**
+ Employee benefits expense	33	-446	-463
+ Other administrative expenses		-377	-366
+ Additions to depreciation		-23	-25
= Operating expenses		**-846**	**-854**
= Gross operating income/(loss)		**1,153**	**1,120**
+ Cost of risk	34	-167	-118
= Operating income		**986**	**1,002**
+/- Profit or loss on non-current assets	35	-15	843
= Current profit/loss		**971**	**1,845**
+/- Extraordinary profit/loss	36	-7	-0
+ Income tax	37	-43	-19
+/- FGBR additions/reversals		-	-
+/- Additions/reversals to regulated provisions		-3	-3
= NET PROFIT/(LOSS)		**918**	**1,823**

7.1.6 Financial results over the last five fiscal years

Type of indications	2016	2017	2018	2019	2020
1. Financial position for the period					
Share capital	608,439,888	608,439,888	608,439,888	608,439,888	611,858,064
Total number of shares issued	38,027,493	38,027,493	38,027,493	38,027,493	38,241,129
"A" shares or ordinary shares	38,027,493	38,027,493	38,027,493	38,027,493	38,241,129
"D" shares or preferred shares	-	-	-	-	-
Preferred investment certificates	-	-	-	-	-
Ordinary investment certificates	-	-	-	-	-
2. Overall result of actual operations *(in € thousands)*					
Banking income	3,116,750	4,077,816	3,197,779	3,771,642	2,967,368
Income before tax, depreciation and amortization	1,145,569	969,406	823,025	1,900,944	1,023,093
Provisions and non-recurring income	-	-	-	-	-
Income tax	-171,757	-127,744	-48,884	-18,794	-42,875
Profit	881,555	853,171	771,727	1,823,285	918,466
Amount of profits distributed	342,247	950,687	1,000,123	1,049,939	496,370
3. Results of operations reduced to one share *(in €)*					
Profit/(loss) after tax, but before depreciation, amortization and provisions	25.76	22.27	20.48	49.80	25,79
Net profit or loss	23.32	22.57	20.42	48.24	24,16
Dividend paid for each "A" share	9.00	25.00	26.30	27.61	12,98
Dividend paid for each "D" share	-	-	-	-	-
and investment certificates	-	-	-	-	-
4. Personnel (Metropolis) *(in €)*					
Number of employees (average workforce FTE)	3,989	4,102	4,042	4,139	4,163
Amount of the payroll expense	203,033,140	211,970,715	224,306,407	229,340,756	225,341,153
Amount paid for employee benefits	103,616,417	109,410,329	111,730,198	115,198,884	110,897,962
(Social Security, Social Works, etc.)	-	-	-	-	-

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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 has never ceased to operate during lockdowns decided by the public authorities in 2020, adapting its operating systems to ensure the continuity of operations for its individual and professional customers. The opening of branches to the public was restricted during the first lockdown, customer contacts were made through remote banking channels, teleworking and prophylactic measures for employees remained on site. They have been adapted as the pandemic evolves, as well as the recommendations and regulations of the health and public authorities. On December 31, 2020, the branch network was reopened to the public and employees' work on site has partially resumed, with appropriate hygiene and distancing measures (provision of personal protective equipment, cleaning protocol for specific premises, etc.), but teleworking is preferred whenever possible.

The bank did not use state-funded short-time work or other public support schemes related to the COVID-19 crisis.

The latest estimates from INSEE on the loss of economic activity in France due to COVID-19 are a decrease of -9% of GDP in 2020. This decrease in activity could potentially have immediate or deferred repercussions on the bank's performance, but their quantitative consequences cannot be determined with relevance at this stage, due to:

- the persistence of the effects of measures to support the economy, in particular on the solvency of customers (in 2020, business failures fell and the rise in unemployment remained contained) and on the performance of the financial markets, which did not experience either stock market crisis nor interest rate tensions;
- the difficulty of objectively measuring the possible impacts of the event on the bank's various activities, which are also influenced by many other factors (monetary policy and interest rate levels, prudential constraints, the situation of the real estate market, financial hedging strategy of the institution, pricing policy for operations, etc.,);
- finally, the duration of the crisis and its still possible escalation, the vaccination schedule and its effectiveness, the extent and the date of the expected economic recovery remain largely unknown.

Under these conditions, in accordance with the recommendations of the French Accounting Standards Authority (ANC) 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, 2020, state guaranteed loans amounted to a total of €3.200 billion (amounts disbursed) and €3.558 billion taking into account loans under examination. The accounting treatment of these loans follows the same accounting principle as the other types of loans.

In addition, in a position to provide immediate support to its borrowers, 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, 2020, the total of deferred maturities amounted to €163.849 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:

- depreciation of debt and equity instruments;
- impairment tests performed on intangible assets;
- determining provisions, including commitments for pension plans and other future employee benefits;
- 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:

a) in exceptional market situations requiring a change of strategy;

b) 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 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 complies with ANC Regulation No. 2014 -07, according to which receivables of any kind are downgraded in the following situations 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 healthy 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 receivable".

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 healthy 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 plan savings accounts (Livret Bleu savings accounts, Livret A savings accounts, sustainable development and solidarity savings 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 savings account, the LDDS and the LEP 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, placement or investment securities; and shares and other variable-income securities are divided into trading, investment, portfolio, equity, shares in the portfolio and other long-term securities. Acquisition and disposal costs are an expense for the 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, 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 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.

Derivative instruments: interest rate and foreign exchange 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 foreign exchange 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 and 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 and 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 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 structured finance, by an average cost of risk such that it can be apprehended from a long-term perspective, *i.e.* 0.5% of performing customer loans;
- for the structured financing 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 a paid 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 period.

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 period. 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 period, 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 loss.

Curtailments and settlements of the plan produce a change in the commitment, which is recognized in the profit (loss) for the period.

Supplementary pensions within the pension funds

The AFB transitional agreement dated September 13, 1993, modified the pension plans of 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 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 contracts 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

	12/31/2020				12/31/2019			
	Transaction	Investment	Invest.	Total	Transaction	Investment	Invest.	Total
Securities held	408	1,651	521	2,580	941	1,227	520	2,688
Loaned securities	-	-	-	-	-	-	-	-
Translation adjustments	-	-	-	-	-	-	-	-
Accrued interest	-	1	14	15	-	1	14	15
Impaired securities	-	-	-	-	-	-	-	-
Gross value	**408**	**1,652**	**535**	**2,595**	**941**	**1,228**	**534**	**2,703**
Write-downs	-	-	-	-	-	-	-	-
Net amount	**408**	**1,652**	**535**	**2,595**	**941**	**1,228**	**534**	**2,703**
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 -€74 million.

There was no transfer of securities between categories for government securities.

Note 3 Receivables on credit institutions

	12/31/2020		12/31/2019	
	Demand	Term	Demand	Term
Current accounts	5,602	-	6,509	-
Loans, securities received under repurchase agreements[1]	3,197	5,421	2,312	6,013
Securities received under repurchase agreements delivered	143	4,567	188	5,713
Accrued interest	1	37	1	28
Non-performing loans	-	0	-	-
Write-downs	-	-	-	-
TOTAL	**8,943**	**10,025**	**9,010**	**11,754**
TOTAL RECEIVABLES ON CREDIT INSTITUTIONS	**-**	**18,968**	**-**	**20,764**
of which equity loans	-	*18*	-	*18*
of which subordinated loans	-	*169*	-	*168*

(1) €1.4 billion in demand deposits was offset against the item "Loans and advances to credit institutions", corresponding to the payment made to the Caisse de dépôts et de consignation in connection with the centralization of deposits. In 2019, the amount of the offset would have been €1.0 billion.

Non-performing loans do not include irrevocable non-performing loans.

Performing loans do not include restructured receivables.

Note 3 *bis* Breakdown by geographical sector of receivables on credit institutions

	Brussels	France	United States	Great Britain	Singapore	Hong Kong	Total
Total gross outstandings at 12/31/2020[1]	5	16,543	1,205	139	910	128	18,930
of which:							
Non-performing loans	-	-	-	-	-	-	-
Irrevocable non-performing loans	-	*0*	-	-	-	-	*0*
Write-downs:							
Inventories at 12/31/2019	-	0	-	-	-	-	0
Allowances	-	-	-	-	-	-	-
Reversals	-	0	-	-	-	-	0
Exchange rate effects	-	-	-	-	-	-	-
Inventories at 12/31/2020	-	0	-	-	-	-	0

(1) Excluding accrued interest.

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Note 4 Customer loans

	12/31/2020	12/31/2019
Commercial loans	53	86
Accrued interest	0	0
Other contests		
■ Loans and credits	44,333	37,989
■ Securities received under repurchase agreements delivered	9,326	9,688
■ Accrued interest	70	82
Overdrawn current accounts	516	605
Accrued interest	1	1
Non-performing loans	1,049	966
Write-downs	-471	-426
TOTAL	**54,876**	**48,991**
of which eligible receivables from the European Central Bank	*2,475*	*2,731*
of which subordinated loans	*11*	*11*

Non-performing loans include a write-down of irrevocable non-performing loans of €789 million and impairments of €259 million.

Customer loans include €451 million in restructured receivables, of which €408 million on non-performing loans.

Note 4 *bis* Breakdown of customer loans by geographical segment

	France	United States	Great Britain	Singapore	Hong Kong	Brussels	Total
Total gross outstandings at 12/31/2020[1]	47,010	2,898	1,280	2,988	1,081	90	55,347
of which:							
Non-performing loans	146	107	7	-	-	-	260
Irrevocable non-performing loans	789	-	-	-	-	-	789
Write-downs:							
Inventories at 12/31/2019	-397	-23	-6	-	-	-	-426
Allowances	-109	-19	-0	-	-	-	-128
Reversals	73	10	-	0	-	-	83
Effects of exchange rates and other	-6	-	6	-	-	-	-0
Inventories at 12/31/2020	-439	-32	-0	-	-	-	-471

(1) Excluding accrued interest.

Note 4 *ter* Impairment on non-performing loans

	12/31/2019	Allowances	Reversals	Other changes	12/31/2020
Assets					
Impairment on receivables on credit institutions	-0	-	-	-	-0
Impairment on customer loans	426	128	-83	-	471
Impairment on finance leases and operating leases	-	-	-	-	-
Impairment on bonds and other fixed-income securities	0	-	-	-	0
Impairment of other assets	-	-	-	-	0
TOTAL	**426**	**128**	**-83**	**-**	**471**

The total of non-performing loans on customers amounted to €1,049 million compared to €965 million on December 31, 2019. They are covered by asset impairments amounting to €471 million, *i.e.* 44.9% against 44% previously.

The coverage ratio of gross customer outstandings by all impairments and provisions covering credit risks stood at 1.56% compared to 1.54% in 2019.

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

	12/31/2020				12/31/2019			
	Transaction	Investment	Invest.	Total	Transaction	Investment	Invest.	Total
Listed securities held	9,414	9,295	6	18,715	9,760	9,268	12	19,040
Non-listed securities held	-	746	-	746	-	719	1	720
Loaned securities	-	-	-	-	-	-	-	-
Accrued interest	6	18	-	24	6	27	-	33
Non-performing loans[1]	-	142	2	144	-	137	-	137
Gross value	**9,420**	**10,201**	**8**	**19,629**	**9,766**	**10,151**	**13**	**19,930**
■ Write-downs	-	-164	-	-164	-	-162	-	-162
■ Provisions	-	-17	-2	-19	-	-	-	-
Net amount	**9,420**	**10,020**	**6**	**19,446**	**9,766**	**9,989**	**13**	**19,768**
Unrealized gains	-	-	-	-	-	-	-	-
of which subordinated bonds	-	-	-	-	-	-	-	-
of which securities issued by public organizations	-	-	-	2,760	-	-	-	3,139

(1) Non-performing loans include €125 million of irrevocable non-performing loans.

The positive or (negative) differences between the redemption price and the purchase price of short-term investment securities is €4 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 due to the deterioration of the global financial markets, CIC transferred securities out of the trading securities category and out of the short-term investment securities category. 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	721	1,287	566
■ Trading securities to short-term investment securities	349	2	2	0
■ Short-term investment securities to long-term investment securities	421	-	-	-
TOTAL	**19,213**	**723**	**1,289**	**566**

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Note 6 Shares & other variable-income securities

	12/31/2020				12/31/2019			
	Transaction	Investment	TAP	Total	Transaction	Investment	TAP	Total
Listed securities held	1,490	4	-	1,494	647	16	-	663
Non-listed securities held	-	281	-	281	-	244	-	244
Loaned securities	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-
Gross value	**1,490**	**285**	**-**	**1,775**	**647**	**260**	**-**	**907**
Write-downs of securities	-	-41	-	-41	-	-71	-	-71
TOTAL	**1,490**	**245**	**-**	**1,734**	**647**	**189**	**-**	**836**
Unrealized gains	-	-	-	-	-	-	-	-

No transfers between portfolios took place during fiscal year 2020.

Note 7 Equity investments and other long-term investments

	12/31/2019	Acquisitions Allowances	Disposals Reversals	Transfers	Other changes	12/31/2020
Other long-term investments						
■ listed	-	-	-	-	-	-
■ non-listed	103	-	-	-	7	110
Equity investments						
■ listed	0	-	-	-	-	0
■ non-listed	9	-	-	-	-1	8
Subtotal	**112**	**-**	**-**	**-**	**6**	**118**
Translation adjustments	-	-	-	-	-	-
Loaned securities	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-
Call for funds and current account advances in SCIs	-	-	-	-	-	-
GROSS VALUE	**112**	**-**	**-**	**-**	**6**	**118**
Write-downs						
■ listed securities	0	-	-	-	-	0
■ non-listed securities	-7	-	-	-	1	-6
Subtotal	**-7**	**-**	**-**	**-**	**1**	**-6**
NET AMOUNT	**105**	**-**	**-**	**-**	**7**	**112**

Note 8 Investments in subsidiaries and associates

	12/31/2019 Reversals	Acquisitions Allowances	Disposals Reversals	Transfers	Other changes	12/31/2020
Gross amount	6,218	16	-4	-	1	6,231
Translation adjustments	-3	-	-	-	0	-3
Loaned securities	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-
Call for funds and current account advances in SCIs	-	-	-	-	-	-
Write-downs	-137	-17	0	-	0	-154
NET AMOUNT	**6,078**	**-1**	**-3**	**-**	**1**	**6,074**
Gross carrying amount of shares in listed subsidiaries and associates	-	-	-	-	-	-
Gross carrying amount of shares in non-listed subsidiaries and associates	6,218	-	-	-	-	6,231
of which gross carrying amount of securities in non-listed credit institutions	3,388	-	-	-	-	3,389

Transaction with subsidiaries and associates

	12/31/2020 Subsidiaries and associates		12/31/2019 Subsidiaries and associates	
	Total	of which unsubordinated	Total	of which unsubordinated
ASSETS				
Receivables on credit institutions	12,773	169	11,806	168
Customer loans	156	-	190	-
Other miscellaneous receivables	438	-	469	-
Bonds and other fixed-income securities	-	-	-	-
Swaps purchases	1,357	-	1,381	-
LIABILITIES				
Liabilities to credit institutions	37,639	-	25,494	-
Deposits from customers	2,824	-	1,547	-
Other liabilities	1,508	-	1,674	-
Swaps sales	117	-	151	-
Debt securities	1,559	1,548	1,557	1,546
OFF-BALANCE-SHEET				
Commitments given				
Credit institutions[1]	1,209	-	1,616	-
Customers	1,708	-	1,728	-
Commitments received				
Credit institutions	3,127	-	1,533	-

(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

	12/31/2019	Acquisitions Allowances	Disposals Reversals	Other changes	12/31/2020
Gross amount					
■ Purchased goodwill	56	-	-	19	75
■ Start-up expenses	-0	-	-	-1	-1
■ Research and development expenses	-	-	-	-	-
■ Other intangible assets	69	2	-	1	72
GROSS VALUE	**125**	**2**	**-**	**19**	**146**
Amortizations					
■ Purchased goodwill	-53	-	-	-	-53
■ Start-up expenses	0	-	-	1	1
■ Research and development expenses	-	-	-	-	-
■ Other intangible assets	-23	-	-	-2	-25
Amount of depreciation	**-76**	**-**	**-**	**-1**	**-77**
NET AMOUNT	**49**	**2**	**-**	**18**	**69**

Note 10 Property, plant and equipment

Property, plant and equipment	12/31/2019	Acquisitions Allowances	Disposals Reversals	Other changes	12/31/2020
Gross amount					
■ Operating sites	200	-	-	2	202
■ Non-operating sites	0	-	-0	-	0
■ Operating buildings	787	5	-13	23	802
■ Non-operating buildings	1	-	-0	-	1
■ Other property, plant and equipment	116	7	-4	-	119
GROSS VALUE	**1,104**	**12**	**-17**	**25**	**1,124**
Amortizations					
■ Operating sites	-	-	-	-	-
■ Non-operating sites	-	-	-	-	-
■ Operating buildings	-529	-20	13	-14	-550
■ Non-operating buildings	-0	-	0	0	0
■ Other property, plant and equipment	-100	-2	2	-1	-101
Amount of depreciation	**-630**	**-22**	**15**	**-15**	**-651**
NET AMOUNT	**474**	**-**	**-**	**-**	**473**

Note 11 Treasury shares

	12/31/2020	12/31/2019
Number of securities held	231,711	231,711
Share in the capital	0.61%	0.61%
Securities issued	10	10

CIC treasury shares come from the partial contribution of CIAL assets made in 2006.

Note 12 Other assets and liabilities

	12/31/2020		12/31/2019	
	Assets	Liabilities	Assets	Liabilities
Option premiums	209	220	228	235
Securities settlement accounts	45	44	99	96
Debts representing borrowed securities	-	1,109	-	984
Deferred tax	-	-	-	-
Sundry debtors and creditors	5,964	2,184	5,982	2,389
Non-performing loans	1	-	1	-
Related debt	1	1	1	1
Write-downs	-1	-	-2	-
TOTAL	**6,219**	**3,558**	**6,309**	**3,705**

Note 13 Accruals

	12/31/2020		12/31/2019	
	Assets	Liabilities	Assets	Liabilities
Collection accounts	1	11	17	1
Currency and off-balance sheet adjustment accounts	3,580	2,562	3,836	2,796
Other accruals	1,070	2,982	784	2,997
TOTAL	**4,651**	**5,555**	**4,637**	**5,794**

The case concerning the check image transfer fees, whose impact on the accrual account is €21 million in respect of the income to be received, is before the Court of Cassation following the appeal of the banks in January 2018 against the decision of the Paris Court of Appeal of December 21, 2017 which validated the decision of the French Competition Authority of September 21, 2010 sanctioning banks including CIC. The Court of Cassation hearing of January 29, 2020 overturned the decision of the Court of Appeal and sent the case back to the same Court of Appeal in Paris on March 18, 2021.

Note 14 Liabilities to credit institutions

	12/31/2020		12/31/2019	
	Demand	Term	Demand	Term
Current accounts	26,461	-	17,723	-
Term deposits	-	16,032	-	16,065
Securities given under repurchase agreements	-	-	-	-
Securities given under repurchase agreements delivered	-	15,382	0	17,530
Related debt	-	24	-	69
TOTAL	**26,461**	**31,438**	**17,723**	**33,664**
TOTAL DEBTS TO CREDIT INSTITUTIONS	**-**	**57,899**	**-**	**51,387**

Note 15 Deposits from customers

	12/31/2020		12/31/2019	
	Demand	Term	Demand	Term
Special savings accounts[1]	6,650	2,439	7,275	2,326
Related debt	-	-	-	-
TOTAL – SPECIAL SAVINGS ACCOUNTS	**6,650**	**2,439**	**7,275**	**2,326**
Other debt	37,735	14,015	22,700	10,841
Securities given under repurchase agreements delivered	-	3,225	-	1,942
Related debt	-	25	-	25
TOTAL – OTHER DEBT	**37,735**	**17,265**	**22,700**	**12,808**
TOTAL DEMAND AND TERM DEPOSITS FROM CUSTOMERS	**-**	**64,089**	**-**	**45,109**

(1) €1.4 billion in demand deposits was offset against the item "Loans and advances to credit institutions", corresponding to the payment made to the Caisse de dépôts et de consignation in connection with the centralization of deposits. In 2019, the amount of the offset would have been €1.0 billion.

Note 15 *bis* Customer *dep*osits centralized with the Caisse des Dépôts et Consignations savings fund

	12/31/2020
Amount of deposits collected (Livret A passbook accounts, sustainable development and solidarity passbook accounts)	2,703,123
Amount of the receivable from the CDC savings fund (centralized deposit amount)	-1,399,962
Net amount of special savings accounts presented as liabilities on the balance sheet	1,303,161

At December 31, 2019, the amount of the receivable from the CDC savings fund amounted to €1.0 billion. The latter is not presented as an offset to special savings accounts in the 2019 summary statements but remains recorded as an asset, with the change in presentation not effective until 2020.

Note 16 Debt securities

	12/31/2020	12/31/2019
Certificates of deposit	21	21
Interbank market securities & negotiable debt securities	18,886	21,227
Bonds	6,292	6,061
Other debts represented by a security	6	2
Related debt	68	158
TOTAL	**25,273**	**27,469**

Note 17 Provisions

	12/31/2019	Allowances	Reversals	Other changes	12/31/2020
Provisions for counterparty risks					
■ on commitments by signature	19	5	-3	-	21
■ on off-balance sheet commitments	-	-	-	-	-
■ on country risks	-0	-	-	-	-0
■ general provisions for credit risks	315	56	-1	-7	363
■ other provisions for counterparty risks	-	-	-	-	-
Provisions for losses on forward financial instruments	**16**	**4**	**-**	**-1**	**19**
Provisions for subsidiaries and associates	**-0**	**-**	**-**	**-0**	**-0**
Provisions for risks and expenses excluding counterparty risks					
■ provisions for retirement expenses	51	1	-3	-	49
■ provisions for mortgage saving agreements	12	2	-	-	14
■ other provisions[1]	632	85	-72	-4	641
TOTAL	**1,045**	**153**	**-79**	**-12**	**1,107**

ANC Recommendation no. 2013-02 on the rules for valuing retirement commitments in accordance with IAS 19 R.
(1) As at December 31, 2020, the inventory of provisions included €490 million of provisions related to the temporary effects of tax consolidation.

Note 17 *bis* Provisions for risks on mortgage savings commitments

	12/31/2019	12/31/2020
Mortgage saving plans (PEL)	**-**	**-**
Maturity between 0-4 years	165	220
Maturity between 4-10 years	885	989
> 10 years	729	736
TOTAL	**1,779**	**1,945**
Amounts outstanding under mortgage saving accounts (CEL)	**88**	**94**
TOTAL MORTGAGE SAVING AGREEMENTS (ACCOUNTS AND PLANS)	**1,867**	**2,039**

LOANS UNDER MORTGAGE SAVING AGREEMENTS

	12/31/2019	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

	12/31/2019	12/31/2020
On mortgage saving accounts	-	-
On mortgage saving plans	12	14
On loans under mortgage saving agreements	-	-
TOTAL	**12**	**14**
Provisions for mortgage saving plans, by maturity		
Maturity between 0-4 years	2	2
Maturity between 4-10 years	7	8
> 10 years	3	4
TOTAL	**12**	**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	60	-6	-	-	3	-	4	-3	-	58
Insurance policies	36	-3	-	2	-	-0	0	-2	2	35
Surplus Assets/ Commitments	-	-	-	-	-	-	-	-	-	-
PROVISIONS	**24**	**-3**	**-**	**-2**	**3**	**0**	**4**	**-1**	**-2**	**23**

Note 18 Subordinated debt

	12/31/2019	Emissions	Repayments	Other changes	12/31/2020
Subordinated debt	1,413	-	-	-	1,413
Participating loans	-	-	-	-	-
Perpetual subordinated debt	163	-	-	-	163
Related debt	2	-	-	1	1
TOTAL	**1,578**	**-**	**-**	**1**	**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	3/24/2016	€414 million	€414 million	EURIBOR 3 months +2.05%	3/24/2016
Redeemable subordinated notes	11/4/2016	€700 million	€700 million	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 05/28/1997 at 130% of the nominal value revalued by 1.5% per year for future years.

Note 19 Shareholders' Equity and FGBR

	Capital	Premiums	Reserves[1]	Revaluation differences	Untaxed provisions	Retained earnings	Profit/ (loss) for the period	Total	Funds for general banking risks
Balance on 01/01/2019	**608**	**1,088**	**6,167**	**44**	**53**	**76**	**772**	**8,809**	**379**
Profit (loss) for the period	-	-	-	-	-		1,823	1,823	-
Appropriation of earnings from previous year	-	-	-	-	-	772	-772	-	-
Distribution of dividends	-	-	-152	-	-	-842	-	-994	-
Other changes	-	-	-	-	2	-	-	2	-
BALANCE ON 12/31/2019	**608**	**1,088**	**6,015**	**44**	**55**	**6**	**1,823**	**9,640**	**379**
Balance on 01/01/2020	**608**	**1,088**	**6,015**	**44**	**55**	**6**	**1,823**	**9,640**	**379**
Profit (loss) for the period	-	-	-	-	-	-	918	918	-
Appropriation of earnings from previous 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	-	-	-	-	-	-	-
Additional allocation for legal reserve – following the IBB CIC merger	-	-1	-	-	-	-	-	-	-
BALANCE AT 12/31/2020	**611**	**1,172**	**6,667**	**44**	**55**	**133**	**918**	**9,517**	**379**

(1) As of December 31, 2019, the reserves consist of a legal reserve for €61 million, a special long-term capital gains reserve for €287 million, a free reserve for €5,543 million, €124 million in statutory reserves and €1 million in the special art. 238 a) reserve.

As at December 31, 2020, CIC had a share capital of 38,241,129 shares with a nominal value of €16.

In 2020, a capital increase was carried out following the merger of CIC IBB for 213,636 shares.

CIC's corporate earnings amounted to €918,465,711.64.

It is proposed that the shareholders' meeting allocate the sum of €1,052 million from income (€918.5 million) and retained earnings (€134 million) as follows:

Dividends for fiscal year 2020	496.3
Allocation to the free reserve	500.0
Provision for retained earnings.	55.7
TOTAL DISTRIBUTABLE	**1,052.0**

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]	14,090	1,559	2,187	1,094	-	37	18,967
Customer loans[2]	11,387	9,250	15,901	17,690	-	71	54,299
Bonds and other fixed-income securities[3]	332	460	4,856	4,401	-	18	10,067
LIABILITIES							
Liabilities to cred. inst.[4]	44,956	3,787	8,710	422	-	24	57,899
Deposits from customers	51,644	7,470	4,531	419	-	25	64,089
Debt securities	-	-	-	-	-	-	-
■ Certificates of deposit	0	0	21	-	-	-	21
■ Interbank market securities and negotiable debt securities	5,337	13,487	62	0	-	30	18,916
■ Bonds	66	723	1,685	3,818	-	38	6,329
■ Other	1	5	-	-	-	-	6

(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 €37,801 million and €40,223 million at December 31, 2020.

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 customer loans distributed by CIC constitute assets given as collateral for these refinancing operations carried by third-party entities of the group. As of December 31, 2020, they amounted to €9,527 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 ON FIRM AND CONDITIONAL TRANSACTIONS)

	12/31/2020			12/31/2019		
	Hedging	Management activities	Total	Hedging	Management activities	Total
Firm transactions						
Organized markets						
■ Interest rate contracts	3,066	35,541	38,607	13,600	93,659	107,259
■ Foreign exchange contracts	-	-	-	-	-	-
■ Other transactions	-	5,731	5,731	-	10,350	10,350
Over-the-counter contracts						
■ Future rate agreements	-	30,151	30,151	-	69,301	69,301
■ Interest rate swaps	5,865	81,043	86,908	7,106	106,236	113,342
■ Financial swaps	1,031	17,410	18,441	663	13,879	14,542
■ Other transactions	-	608	608	-	456	456
■ Swaps – others	-	7,972	7,972	-	11,056	11,056
Conditional transactions						
Organized markets						
■ Rate options						
Purchased	-	-	-	-	597	597
Sold	-	-	-	-	661	661
■ Foreign currency options						
Purchased	-	-	-	-	-	-
Sold	-	-	-	-	-	-
■ Shares and other options						
Purchased	-	-	-	-	-	-
Sold	-	-	-	-	-	-
Over-the-counter contracts						
■ Rate cap and floor contracts						
Purchased	-	14,003	14,003	-	14,933	14,933
Sold	-	13,467	13,467	-	14,699	14,699
■ Interest rate, currency, equity and other options						
Purchased	-	15,325	15,325	-	12,325	12,325
Sold	-	15,325	15,325	-	12,325	12,325
TOTAL	**9,962**	**236,576**	**246,538**	**21,369**	**360,477**	**381,846**

BREAKDOWN OF OTC INTEREST RATE CONTRACTS BY PORTFOLIO TYPE

2020	Isolated open position	Micro-hedging	Total interest rate risk	Specialized management	Total
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
2019					
Firm transactions					
Purchases	-	-	-	34,881	34,881
Sales	-	-	-	34,876	34,876
Foreign exchange contracts	-	7,576	193	131,171	138,940
Conditional transactions					
Purchases	-	-	-	27,258	27,258
Sales	-	-	-	27,024	27,024

During fiscal year 2018, 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	14,566	13,518	6,019	34,103
■ Sales	1,574	2,873	57	4,504
Over-the-counter contracts				
■ Purchases	10,844	30,133	3,177	44,154
■ Sales	4,987	6,821	1,659	13,467
■ Interest rate swaps	19,775	49,325	17,808	86,908
Foreign exchange instruments	-	-	-	-
Organized markets	-	-	-	-
■ Purchases	-	-	-	-
■ Sales	-	-	-	-
Over-the-counter contracts				
■ Purchases	12,727	2,894	9	15,630
■ Sales	12,761	2,859	9	15,629
■ Financial swaps	2,831	7,659	7,950	18,440
Other forward financial instruments	-	-	-	-
Organized markets	-	-	-	-
■ Purchases	620	3,585	79	4,284
■ Sales	353	1,094	-	1,447
Over-the-counter contracts				
■ Purchases	-	-	-	-
■ Sales	-	-	-	-
■ Swaps	2,585	5,333	54	7,972
TOTAL	**83,623**	**126,094**	**36,821**	**246,538**

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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	12/31/2020	12/31/2019
Gross exposures		
Risks on credit institutions	954	1,112
Business risks	1,705	1,550
TOTAL	**2,659**	**2,662**

	12/31/2020		12/31/2019	
Fair value of forward financial instruments	Assets	Liabilities	Assets	Liabilities
Fair value of forward financial instruments	4,029	3,707	4,067	4,614

Note 26 Other off-balance sheet commitments

	12/31/2020	12/31/2019
Foreign currency transactions		
Currencies to be received	5,826	4,184
Currencies to be delivered	6,264	4,152
Commitments on forward financial instruments	**-**	**-**
Transactions on organized and equivalent markets	**-**	**-**
Forward foreign exchange transactions	-	-
■ Hedging	22,713	24,140
■ Other transactions	69,006	69,880
Financial currency swaps	-	-
■ Isolated open position	-	-
■ Micro-hedging	1,031	663
■ Global interest rate risk	-	-
■ Specialized management	17,410	13,879
Finance lease commitments	**-**	**-**
Fees outstanding on real estate leasing	-	-
Fees outstanding on equipment leasing	-	-

Note 27 Interest income and expenses

	Fiscal year 2020		Fiscal year 2019	
	Income	Expenses	Income	Expenses
Credit institutions	201	-309	655	-808
Customers	916	-144	1,065	-183
Finance and operating leases	-	-	-	-
Bonds and other fixed-income securities	171	-277	287	-568
Other	86	-91	103	-88
TOTAL	**1,374**	**-821**	**2,110**	**-1,647**
of which subordinated debt expenses	*-*	*-19*	*-*	*-20*

Note 28 Income from variable-income securities

	Fiscal year 2020	Fiscal year 2019
Short-term investment securities	8	3
Securities relating to portfolio activity	-	-
Equity investments and other long-term securities	7	20
Investments in associates	773	756
Income from SCI shares	-	-
TOTAL	**788**	**779**

Note 29 Commission income and expense

	Fiscal year 2020		Fiscal year 2019	
	Income	Expenses	Income	Expenses
Treasury & interbank transactions	2	-3	-	-4
Customer transactions	197	-3	187	-3
Security trades	3	-16	3	-6
Foreign currency transactions	3	-1	2	-1
Off-balance sheet transactions	-	-	-	-
■ Securities commitments	14	-	12	-
■ Forward financial commitments	9	-9	6	-9
■ Funding and guarantee commitments	1	-	-	-
Financial services	292	-35	291	-24
Commissions on means of payment	-	-66	-	-79
Other commissions (including retroceded income)	17	-14	12	-12
TOTAL	**538**	**-147**	**513**	**-138**

Note 30 Gains or losses on trading portfolio transactions

	Fiscal year 2020	Fiscal year 2019
On trading securities	352	505
On currency transactions	18	26
On forward financial instruments		
■ Interest rate	-83	-18
■ Exchange rate	14	9
■ On other financial instruments including shares	-15	-155
Subtotal	**286**	**367**
Provisions for impairment of financial instruments	-4	-3
Reversals of impairment of financial instruments	-	-
TOTAL	**282**	**364**

Note 31 Profit/loss on transactions on short-term investment portfolio and similar

	Fiscal year 2020	Fiscal year 2019
Trades on short-term investment securities		
■ Capital gains on sale	26	25
■ Capital losses on sale	-108	-32
■ Provisions for impairment	-52	-68
■ Reversals of impairment	69	1
Trades on portfolio securities		
■ Capital gains on sale	-	-
■ Capital losses on sale	-	-
■ Provisions for impairment	-	-
■ Reversals of impairment	-	-
TOTAL	**-65**	**-74**

Note 32 Other banking income and operating expenses

	Fiscal year 2020		Fiscal year 2019	
	Income	Expenses	Income	Expenses
Ancillary products	4	-	4	-
Expense transfers	-	-	-	-
Net provisions	44	-4	69	-5
Other income/expenses generated from banking operations	3	3	7	-8
Net income/expenses generated from other activities	-	-	-	-
TOTAL	**51**	**-1**	**80**	**-13**

Note 33 Employee benefits expense

	Fiscal year 2020	Fiscal year 2019
Wages & salaries	-267	-266
Social security contributions	-116	-121
Pension expenses	-2	-5
Employee profit-sharing and incentive schemes	-26	-31
Taxes, duties and equivalent payments on compensation	-38	-37
Net provisions for retirement	3	-3
Other net provisions	-	-
TOTAL	**-446**	**-463**

Note 34 Cost of risk

	Fiscal year 2020	Fiscal year 2019
Allowances for impairment of non-performing loans	-142	-184
Reversals of impairment of non-performing loans	80	76
Losses on irrecoverable loans covered by impairments	-43	-33
Losses on irrecoverable loans not covered by impairments	-6	-5
Recoveries on amortized receivables	1	1
Balance of receivables	**-110**	**-145**
Provisions	-61	-12
Reversals of provisions	4	39
Balance of risks	**-57**	**27**
TOTAL	**-167**	**-118**

Note 35 Gains or losses on non-current assets

	Fiscal year 2020					Fiscal year 2019
	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	0	4	-	-	4	850
■ Capital losses on sale	-	-	-	-4	-4	-61
■ Provisions for impairment	-	-	-	-18	-18	-8
■ Reversals of impairment	-	-	4	-	4	62
Subtotal	**0**	**4**	**4**	**-22**	**-14**	**843**
On property, plant and equipment and intangible assets						
■ Capital gains on sale	-	-	-	-	1	1
■ Capital losses on sale	-	-	-	-	-2	-1
Subtotal	**-**	**-**	**-**	**-**	**-1**	**-**
TOTAL	**0**	**4**	**4**	**-22**	**-15**	**843**

Note 36 Non-recurring income

	Fiscal year 2020	Fiscal year 2019
Provisions	-7	-0
TOTAL	**-7**	**-0**

Note 37 Income tax

	Fiscal year 2020	Fiscal year 2019
Current tax – Excluding tax consolidation effect	-84	-56
Current tax – Adjustment on prior fiscal years	8	25
Current tax – Effect of tax consolidation	33	12
TOTAL	**-43**	**-19**
On current activities	-43	-19
On non-recurring items	-	-
TOTAL	**-43**	**-19**

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	United States	Great Britain	Singapore	Hong Kong	Brussels	Total
NBI	1,777	93	44	73	7	0	1,994
General operating expenses	-755	-42	-11	-29	-4	0	-841
GOI	1,022	51	33	44	3	0	1,153
Cost of risk	-130	-24	-12	-2	1	-	-167
Operating income	892	27	21	42	4	0	986
Profit/loss on non-current assets	-16	-	-	-	-	-	-16
Current profit/(loss)	876	27	21	42	4	0	970
Non-recurring income	-7	-	-	-	-	-	-7
Income tax	-27	-5	-4	-6	-1	0	-43
Additions/reversals to regulated provisions	-3	-	-	-	-	-	-3
Net profit/(loss)	**840**	**22**	**17**	**36**	**4**	**0**	**918**

Note 38 *bis* Breakdown of the income statement by business segment

	Network	Private wealth management	Structure and holding company	Total
NBI	575	675	744	1,994
General operating expenses	-435	-354	-53	-841
GOI	140	321	691	1,153
Cost of risk	-51	-90	-26	-167
Operating income	89	231	665	986
Profit/loss on non-current assets	-0	-6	-10	-16
Current profit/(loss)	89	225	656	970
Non-recurring income	-	0	-7	-7
Income tax	-34	-48	39	-43
Additions/reversals to regulated provisions	-1	-	-2	-3
Net profit/(loss)	**55**	**177**	**686**	**918**

Note 39 Average workforce

	Fiscal year 2020	Fiscal year 2019
Bank technical staff	1,901	1,832
Managers	2,262	2,307
TOTAL	**4,163**	**4,139**

Note 40 Total compensation paid to key executives

	Wages fixed portion	Wages variable portion	Benefits in kind	Miscellaneous reinstatements	Total 2020	Total 2019
Key executives	0.0	-	-	-	0.0	0.1

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, 2020, 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.

A capital increase was carried out following the merger of CIC IBB for 213,636 shares.

As a result, for 2020, profit/(loss) per share amounted to €24.16 compared with €48.24 for 2019.

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	33,949	87,358,922.32
Deposited financial statements referred to in Article L.312-20 of the French Monetary and Financial Code	1,498	6,306,782.69

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

	12/31/2020					
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%**

	12/31/2019					
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.

Services other than the certification of financial statements correspond in particular to revenue and NBI attestations for CIC branches and transfer pricing.

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 2020 profit and loss	Share of capital held in%	Carrying amount of securities held – Gross	Carrying amount of securities held – Net	Advances granted by CIC	Deposits and guarantees given by CIC	Revenue excl. tax for the last fiscal year[1]	Net profit/(loss) for the last period	Dividends received in 2020 by CIC
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	465,845	100	366,583	366,583	0	-	481,923	97,831	113,103
CIC Nord Ouest – 33 avenue Le Corbusier, 59800 Lille – Siren 455 502 096	230,000	374,256	100	313,940	313,940	0	-	530,235	125,905	135,700
CIC Est – 31 rue Jean Wenger-Valentin, 67000 Strasbourg – Siren 754 800 712	225,000	439,255	100	231,132	231,132	0	-	638,674	163,240	173,925
Banque Transatlantique – 26 avenue Franklin D. Roosevelt, 75008 Paris – Siren 302 695 937	29,372	81,388	100	119,665	119,665	0	-	116,035	41,614	27,335
CIC Sud Ouest – 20 quai des Chartrons, 33000 Bordeaux – Siren 456 204 809	214,500	160,594	100	322,421	322,421	0	-	327,650	38,000	39,146
CIC Lyonnaise de Banque – 8 rue de la République, 69001 Lyon – Siren 954 507 976	260,840	468,372	100	341,811	341,811	0	-	822,622	178,030	206,989
Crédit Mutuel Leasing – 17 *bis* Place des Reflets Tour D2, 92988 Paris la Défense Cedex – Siren 642 017 834	35,353	15,327	100	453,728	453,728	0	-	2,293,240	1,777	0
Crédit Mutuel Épargne Salariale – 12 rue Gaillon, 75002 Paris – Siren 692 020 878	13,524	9,832	99.94	31,958	23,342	0	-	31,232	3,978	2,928
Crédit Mutuel Real Estate Lease – 4 rue Gaillon, 75002 Paris – Siren 332 778 224	64,399	31,005	54.08[2]	22,310	22,310	0	-	652,998	9,184	1,694
Foreign subsidiaries										
Banque de Luxembourg – 14 boulevard Royal L-2449 Luxembourg	104,784	891,655	100	902,299	902,299	0	45,952	265,434	59,271	52,667
Banque CIC (Switzerland) – 11-13 Marktplatz CH4001 Basel, Switzerland	CHF 125,000	CHF 334,428	100	CHF 338,951	CHF 338,951	0	CHF 3,321,806	CHF 169,427	CHF 34,178	0
CIC Market Solution INC – 520 Madison Avenue 37th Floor, New York 10022 United States	USD 0	USD 746	100	USD 8,251	USD 802	0	-	USD 1,680	USD 60	0

Companies and addresses *(in thousands of currency)*	Capital	Shareholders' equity less capital, excluding 2020 profit and loss	Share of capital held in%	Carrying amount of securities held Gross	Carrying amount of securities held Net	Advances granted by CIC	Deposits and guarantees given by CIC	Revenue excl. tax for the last fiscal year[1]	Net profit/ (loss) for the last period	Dividends received in 2020 by CIC
A.2 OTHER										
Crédit Mutuel Equity – 28 avenue de l'Opéra, 75002 Paris – Siren 562 118 299	1,655,178	96,367	100	1,912,745	1,912,745	0	-	9,863	11,710	15,172
CIC Participations – 4 rue Gaillon, 75002 Paris – Siren 349 744 193	8,375	14,891	100	40,268	23,266	0	-	0	5	0
CIC Associés – 4 rue Gaillon, 75002 Paris – Siren 331 719 708	15,576	1,837	100	19,788	17,413	0	-	0	1	0
Caroline 3 – 4 rue Gaillon, 75002 Paris – Siren 493 154 272	8,112	-8,027	100	8,112	76	0	-	0	-6	0
Caroline 4 – 4 rue Gaillon, 75002 Paris – Siren 493 154 140	7,712	-7,632	100	7,712	72	0	-	0	-8	0
Caroline 5 – 4 rue Gaillon, 75002 Paris – Siren 493 154 249	7,697	-7,536	100	7,697	153	0	-	0	-8	0
Caroline 6 – 4 rue Gaillon, 75002 Paris – Siren 493 154 264	7,437	-7,253	100	7,437	175	0	-	0	-8	0
Caroline 13 – 4 rue Gaillon, 75002 Paris – Siren 493 154 405	8,952	-8,421	100	8,952	474	0	-	7,575	-166	0
Caroline 24 – 4 rue Gaillon, 75002 Paris – Siren 501 427 223	7,712	-7,267	100	7,712	317	0	-	7,606	-158	0
Caroline 35 – 4 rue Gaillon, 75002 Paris – Siren 501 428 189	7,897	-6,420	100	7,897	1,017	0	-	6,820	-460	0
Caroline 75 – 4 rue Gaillon, 75002 Paris – Siren 824 197 370	11,433	3,213	100	11,433	6,815	0	-	10,884	-7,850	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	9,987,288	16	621,812	621,812	-	-	10,424,100	553,625	0
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	-	-	-	98,436	32,491	-	-	-	-	2,408
foreign subsidiaries	-	-	-	EUR 35	0	-	-	-	-	EUR 133
EQUITY INVESTMENTS										
in French companies	-	-	-	9,678	9,659	-	-	-	-	1,092
in foreign companies	-	-	-	1,322	1,322	-	-	-	-	6,050

(1) For banks, this is NBI.
(2) 27.88% directly by CIC, 26.20% indirectly by CIC.

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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)	2020 Parent company NWC	2019 Parent company NWC
Workforce on the payroll at 12/31	2,327	2,357
Balance sheet total	29,403	25,539
Shareholders' equity attributable to the group including FGBR	730	740
Customer deposits	22,304	19,173
Customer loans	24,421	21,546
Net profit/(loss)	**126**	**136**

Customer deposits are considered excluding customer certificates of deposit and repurchase agreements.

Customer loans are considered excluding repurchase agreements but including finance leasing transactions.

BANQUE CIC EST

(capital in millions of euros)	2020 Parent company NWC	2019 Parent company NWC
Workforce on the payroll at 12/31	2,998	3,040
Balance sheet total	31,869	29,370
Shareholders' equity attributable to the group including FGBR	827	838
Customer deposits	25,725	23,147
Customer loans	26,310	24,126
Net profit/(loss)	**163**	**174**

Customer deposits are considered excluding customer certificates of deposit and repurchase agreements.

Customer loans are considered excluding repurchase agreements but including finance leasing transactions.

CIC LYONNAISE DE BANQUE

(capital in millions of euros)	2020 Parent company NWC	2019 Parent company NWC
Workforce on the payroll at 12/31	3,481	3,726
Balance sheet total	43,794	38,619
Shareholders' equity attributable to the group including FGBR	907	936
Customer deposits	33,729	28,515
Customer loans	35,704	31,846
Net profit/(loss)	**178**	**207**

Customer deposits are considered excluding customer certificates of deposit and repurchase agreements.

Customer loans are considered excluding repurchase agreements but including finance leasing transactions.

BANQUE CIC SUD OUEST

(capital in millions of euros)	2020 Parent company NWC	2019 Parent company NWC
Workforce on the payroll at 12/31	1,678	1,740
Balance sheet total	20,514	17,235
Shareholders' equity attributable to the group including FGBR	413	414
Customer deposits	13,658	11,092
Customer loans	17,280	15,077
Net profit/(loss)	**38**	**39**

Customer deposits are considered excluding customer certificates of deposit and repurchase agreements.

Customer loans are considered excluding repurchase agreements but including finance leasing transactions.

BANQUE CIC OUEST

(capital in millions of euros)	2020 Parent company NWC	2019 Parent company NWC
Workforce on the payroll at 12/31	2,371	2,447
Balance sheet total	28,285	24,256
Shareholders' equity attributable to the group including FGBR	647	663
Customer deposits	21,318	18,168
Customer loans	23,238	20,393
Net profit/(loss)	**98**	**113**

Customer deposits are considered excluding customer certificates of deposit and repurchase agreements.

Customer loans 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)	2020 Parent company NWC	2019 Parent company NWC
Workforce on the payroll at 12/31	139	138
Balance sheet total	63	63
Shareholders' equity	23	23
Assets under management (excluding bank current accounts)	10,041	9,652
Net profit/(loss)	**4.0**	**3.1**

CRÉDIT MUTUEL LEASING

(capital in millions of euros)	2020 Consolidated[1]	2019 Consolidated[2]
Workforce on the payroll at 12/31	290	278
Balance sheet total[2]	10,391	10,726
Shareholders' equity[2]	954	932
Assets under management (excluding bank current accounts)[2]	9,901	9,696
Net profit/(loss)[2]	**21.2**	**15.0**

(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)	2020 Parent company NWC[1]	2019 Parent company NWC[1]
Workforce on the payroll at 12/31	56	55
Balance sheet total	5,090	5,112
Shareholders' equity	99	96
Assets under management (excluding bank current accounts)	4,556	4,481
Net profit/(loss)	**9.0**	**12.3**

(1) Financial data.

CRÉDIT MUTUEL FACTORING

(capital in millions of euros)	2020 Parent company NWC	2019 Parent company NWC
Workforce on the payroll at 12/31	406	386
Balance sheet total	7,474	8,111
Shareholders' equity	151	165
Volume of receivables purchased	38,935	41,766
Assets under management (excluding bank current accounts)[1]	6,145	7,030
Net profit/(loss)	**2.4**	**16.8**

(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)	2020 Consolidated IFRS	2019 Consolidated IFRS
Workforce on the payroll at 12/31	414	422
Balance sheet total	5,600	5,354
Shareholders' equity attributable to the group including FGBR	190	175
Managed savings, held in custody	44,456	36,065
Customer deposits	4,918	4,673
Customer loans	3,821	3,516
Consolidated net profit/(loss)/attributable to group	**42.5**	**35.0**

Customer deposits are considered excluding customer certificates of deposit and repurchase agreements.

Customer loans 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)	2020 Social	2019 Social
Workforce on the payroll at 12/31	418	393
Balance sheet total	11,605	10,081
Shareholders' equity	494	452
Conservation	5,956	5,453
Net profit/(loss)	**34.2**	**33.8**

BANQUE DE LUXEMBOURG

KEY FIGURES PREPARED IN ACCORDANCE WITH LOCAL ACCOUNTING BASIS

(capital in millions of euros)	2020 Social	2019 Social
Workforce on the payroll at 12/31	952	962
Balance sheet total	13,717	14,255
Shareholders' equity including FGBR[1]	1,046	1,043
Conservation and deposits	77,896	76,498
Net profit/(loss)	**59.3**	**58.5**

(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)	2020 Social	2019 Social
Workforce on the payroll at 12/31	44	50
Balance sheet total	55	44
Shareholders' equity including FGBR[1]	33	6
Conservation and deposits	-	-
Net profit/(loss)	**61.4**	**56.8**

(1) Shareholders' equity includes non-taxable provisions

7.4.4 Specialized subsidiaries – private equity

CRÉDIT MUTUEL EQUITY

(capital in millions of euros)	2020 Parent company NWC	2019 Parent company NWC
Workforce on the payroll at 12/31	44	41
Balance sheet total	1,966	1,864
Shareholders' equity	1,763	1,767
Valuation of the portfolio	1,891	1,593
Net profit/(loss)	**11.7**	**110.9**

CRÉDIT MUTUEL CAPITAL

(capital in millions of euros)	2020 Parent company NWC	2019 Parent company NWC
Workforce on the payroll at 12/31	10	10
Balance sheet total	890	452
Shareholders' equity	563	227
Valuation of the portfolio	786	484
Net profit/(loss)	**48.0**	**13.3**

CRÉDIT MUTUEL EQUITY SCR

(capital in millions of euros)	2020 Consolidated[1]	2019 Consolidated[1]
Workforce on the payroll at 12/31	58	54
Balance sheet total	2,651	2,287
Shareholders' equity	2,587	2,261
Valuation of the portfolio	2,526	2,511
Net profit/(loss)	**235.4**	**96.2**

(1) Crédit Mutuel Equity SCR + Crédit Mutuel Innovation.

CIC CONSEIL

(capital in millions of euros)	2020 Parent company NWC	2019 Parent company NWC
Workforce on the payroll at 12/31	25	25
Balance sheet total	17	16
Shareholders' equity	10	11
Valuation of the portfolio	-	-
Net profit/(loss)	**-0.7**	**-1.2**

7.5 STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

Fiscal year ended on December 31, 2020

To the shareholders' meeting of Crédit Industriel et Commercial – CIC,

Opinion

In performance of the mission entrusted to us by your shareholders' meetings, we have audited the accompanying financial statements of Crédit Industriel et Commercial – CIC for the fiscal year ended December 31, 2020.

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 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, 2020 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.

Observation

Without qualifying the opinion expressed above, we draw your attention to the change in the comparable method resulting from the application of Regulation No. 2020-10 of the French Accounting Standards Authority (Autorité des normes comptables) relating to the presentation of securities borrowings and regulated savings deposits centralized with the savings fund as set out in note 1, 1.6 and note 3 to the financial statements.

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. Indeed, 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 relating to the justification of our assessments, we bring to your attention the key audit matters relating to the risks of material misstatement which, in 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.

ASSESSMENT OF PROVISIONS FOR PROVEN CREDIT RISK ON OUTSTANDING CUSTOMER LOANS IN THE CONTEXT OF THE EVOLVING CRISIS RELATED TO COVID-19

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, 2020, non-performing customer loans amounted to €1,049 million and the associated write-downs and provisions amounted to €471 million and €21 million respectively, as presented in notes 4 and 17 to the 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 COVID-19 health crisis and its economic consequences have affected the repayment capacity of borrowers, companies and natural persons. In this uncertain context, 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 the assessment of credit risk and the determination of impairments on customer loans, we considered that the identification of receivables presenting a risk of non-recovery and the valuation of related impairments was a key audit matter 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; ■ where applicable, assessed the appropriateness of manual adjustments to internal credit ratings; ■ streamlined the annual change in the cost of risk; With regard to credit risk in retail banking, we have: ■ carried out analytical procedures by calculating the evolution over time of the following key indicators: ratio of non-performing receivables to total receivables and rate of coverage of non-performing receivables by impairment. Each time that an indicator differed from the average, we analyzed the differences observed.

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, derivative instruments 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; ■ derivative instruments 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; ■ the analysis of any valuation differences with counterparties in connection with margin calls or sales of instruments.	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 analyzes 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; ■ we reviewed the main margin call variances and the losses and/or gains on sales of complex financial instruments in order to assess their consistency with previous 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 call 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 III of Article 222-3 of the AMF General Regulation, the management of your company has informed us of its decision to postpone the application of the single electronic reporting format as defined by the European Delegated Regulation No. 2019/815 of December 17, 2018 to fiscal years beginning on or after January 1, 2021. Consequently, this report does not contain any conclusions on compliance with this format in the presentation of the annual financial statements to be included in the annual financial report mentioned in section I of Article L.451-1-2 of the French Monetary and Financial Code.

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, 2020, KPMG SA was in the fifth year of its uninterrupted mission, PricewaterhouseCoopers Audit was in its thirty-third year and ERNST & YOUNG et Autres in the twenty-second 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 12, 2021

The statutory auditors

KPMG SA	PricewaterhouseCoopers Audit	ERNST & YOUNG et Autres
Sophie Sotil-Forgues	Nicolas Montillot	Hassan Baaj

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Since 2018, CIC has continued to be involved in the esports community by supporting and promoting esports entrepreneurs. CIC is a sponsor of many events, organizer of the CIC Esport Business Awards call for projects and a major partner of the French League of Legends. This partnership - with the help of sports journalists and quality ambassadors - makes it possible to discover the jobs and economic aspects of tomorrow's esports.

8

CAPITAL AND LEGAL INFORMATION

8.1 SHARE CAPITAL

At December 31, 2020, 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 main shareholders of CIC do not hold different voting rights.

CHANGES IN SHARE CAPITAL OVER THE PAST FIVE FISCAL YEARS

	2016		2017		2018		2019		2020	
	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	38,027,493	608,439,888
TOTAL SHARE CAPITAL AT 12/31	**38,027,493**	**608,439,888**	**38,027,493**	**608,439,888**	**38,027,493**	**608,439,888**	**38,027,493**	**608,439,888**	**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 12/31/2018				Situation at 12/31/2019				Situation at 12/31/2020			
	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	35,417,871	93.14	35,417,871	93.71	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	6.25	2,377,911	6.29	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**	**38,027,493**	**100**	**37,795,782**	**100**	**38,241,129**	**100**	**38,009,418**	**100**

The 231,711 shares held by CIC at December 31, 2020 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, 2020, 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 utuelle, 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 BFCM and CIC are concluded at market conditions.

The Chairman of CIC's Board of Directors is also the Chairman of BFCM's Board of Directors, and CIC's CEO is also BFCM's CEO.

BFCM has a seat on CIC's Board of Directors that currently includes six directors appointed by the Shareholders' Meeting and two directors elected by employees.

8.3 DIVIDENDS

	2016	2017	2018	2019	2020*
Number of shares	38,027,493	38,027,493	38,027,493	38,027,493	38,241,129
Net dividend on shares *(in €)*	9	25	26.3	27.6	12.98
TOTAL DISTRIBUTED *(in € million)*	**342**	**951**	**1,000**	**1,050**	**496**
Consolidated net profit/(loss) attributable to the group *(in € million)*	1,352	1,275	1,385	1,457	662

* *Dividend distribution proposed by the Board of Directors to the Shareholders' Meeting of May 12, 2021.*

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 and 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.

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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 + 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 2021 – 2021 PR – is equal to:

$$\frac{\text{2020 PR} \times \text{2020 income as defined in the issue contract}}{\text{2019 income as defined in the issue contract}}$$

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 2020, as determined by applying identical accounting procedures and consolidation methods at constant scope, amounted to €662,150 thousand compared to €1,457,129 thousand for 2019.

The 2021 PR is therefore equal to:

$$\frac{\text{2020 PR} \times \text{€662,150 thousand}}{\text{€1,457,129 thousand}}$$

i.e. 19.191 × 0.45332 = 8.699.

Coupon

The interest calculated based on the income shown above, including both the fixed and variable components, came to -1.962%, 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 2021 will be 85% of (TAM + TMO)/ 2.

The rate is -0.172% on the basis of a TAM of -0.4738% and an average TMO of 0.0702%. This means that the gross coupon due in May 2020 will amount to -€0.26 per share with a nominal value of €152.45.

CIC decided to bring the coupon to €0 per share.

INTEREST PAID SINCE 2017 (YEAR OF PAYMENT)

	CP	TAM%	TMO%	Rate used%	Gross coupon paid
2017	18.751	-0.3476	0.7975	0.191	€0.29
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

NON-VOTING LOAN STOCK PRICE MOVEMENTS SINCE 2016

	High (€)	Low (€)	Last price (€)
2016	154.90	143.50	154.50
2017	141	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

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.

8.4.2 Statutory Auditors' report on the interest due on non-voting loan stock for the fiscal year ended December 31, 2020

Shareholders' Meeting of May 12, 2021

To the holders of non-voting loan stock,

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 12, 2021, we prepared our reports on the annual financial statements and the consolidated financial statements for the fiscal year ended December 31, 2020.

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.

The annual interest is determined as follows and includes:

- a portion equal to 40% of the annual monetary reference rate (TAM) based on the rates observed during the year preceding each maturity; and
- a portion equal to 43% of the TAM multiplied by a participation ratio (PR) which, for interest due in May 28, 2021, is as follows:

$$\text{PR 2021} = \text{PR 2020} \times \frac{\text{Consolidated earnings for the period 2020}}{\text{Consolidated earnings for the period 2019}}$$

The issue agreement provides for two limitations on this interest payment:

- a floor rate equal to 85% x (TAM + fixed-rate bond index or "TMO")/ 2;
- a cap rate equal to 130% x (TAM + TMO)/ 2.

The agreement further stipulates that adjustments are made to the 2021 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 2019 and 2020, 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 8.699 for 2021 *versus* 19.191 for 2020.

The rate of return resulting from the application of the formula described above stands at -1.962% before taking into account the floor and cap rates, while the floor and cap rates are respectively -0.172% and -0.262%.

Thus, according to the clauses provided for in the issue agreement, the gross interest paid in 2021 relating to fiscal year 2020 will be -€0.00 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 12, 2021

KPMG SA	ERNST & YOUNG et Autres	PricewaterhouseCoopers Audit
Sophie Sotil-Forgues	Hassan Baaj	Nicolas Montillot

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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 12, 2021

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, 2020, approves said financial statements as presented, which show an after-tax net profit of €918,465,711.64. The Shareholders' Meeting also approves the overall amount of expenses and charges not deductible from taxable profit totaling €38,650, as well as the tax liability of €12,377 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, 2020, approves said financial statements as presented.

Third resolution

The Shareholders' Meeting duly notes that:

- the company's net profit for the year amounts to: €918,465,711.64;
- retained earnings amount to: €133,570,415.48;
- as a result, distributable profit amounts to: €1,052,036,127.12.

The Shareholders' Meeting decides to allocate €500,000,000 to optional reserves.

The Shareholders' Meeting resolves to pay a dividend of €12.98 for each of the 38,241,129 shares that make up the share capital, *i.e.* a total amount of €496,369,854.42 to be paid on June 2, 2021. 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 €55,666,272.70 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:

	2017	2018	2019
Per share amount in €	25.00	26.30	27.61
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 involved carry out their duties or are market operators (21 employees identified for 2020 out of the 56 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 Éric Charpentier 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, 2023.

Eighth resolution

The Shareholders' Meeting renews the term of office of Étienne Grad 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, 2023.

8.6 SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED AGREEMENTS

(Shareholders' Meeting to approve the financial statements for the fiscal year ending December 31, 2020)

To the Shareholders' Meeting of Crédit Industriel et Commercial – CIC,

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

Agreements authorized and agreed during the past fiscal year

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

Pursuant to Article R.225-30 of the French Commercial Code, we have been informed that the following agreement, 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.

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.

The application of this agreement had no impact on the income statement of your company for the fiscal year 2020.

Executed in Neuilly-sur-Seine and Paris-La Défense, April 12, 2021

KPMG SA	ERNST & YOUNG et Autres	PricewaterhouseCoopers Audit
Sophie Sotil-Forgues Partner	Hassan Baaj Partner	Nicolas Montillot 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.

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.

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.

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(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.

8.7.4 Legal and arbitration proceedings

On January 29, 2020, the Court of Cassation overturned the judgment of the Paris Court of Appeal dated December 21, 2017 which had validated the French Competition Authority's (*Autorité de la concurrence*) decision on September 21, 2010 to sanction a number of banks, including CIC, concerning check image transfer fees. The case was referred back to the same Court of Appeal, otherwise composed. The hearing was held on March 18, 2021. The Court must set a date on which it will hand down its decision.

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, 2020 and the filing date of this universal registration document.

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Since 2017, CIC has been supporting the Fédération Française de Natation as a banking partner. Through this initiative, CIC supports the missions of this federation, namely education, safety and the development of well-being for all audiences. Working closely with license holders, departmental committees and regional leagues, CIC is also involved in events such as the Night of Water, a charity event organized for the benefit of Unicef.

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ADDITIONAL INFORMATION

9.1 DOCUMENTS AVAILABLE TO THE PUBLIC

(see also "Legal information")

This universal registration document as well as all reports and historical financial information are available on CIC's website (www.cic.fr) and the AMF's website. 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: frederic.monot@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 9e (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 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 21, 2021

Mr. Daniel Baal

Chief executive officer

9.3 STATUTORY AUDITORS

The statutory auditors, PricewaterhouseCoopers Audit and Ernst & Young et Autres and KPMG SA, belong to the Regional Institute of statutory auditors of Versailles (La c*ompagnie Régionale des commissaires aux comptes de Versailles*).

Principal statutory auditors

Name: PricewaterhouseCoopers Audit
Address: 63, rue de Villiers, 92208 Neuilly-sur-Seine Cedex, France
Represented by Nicolas Montillot
Start of first term of office: May 25, 1988
Current term of office: six years from May 4, 2018
Expiration of current term of office: at the end of the shareholders' meeting called to rule on the financial statements for the fiscal year ending December 31, 2023.

Name: Ernst & Young et Autres
Address: Tour First – 1, place des Saisons, 92400 Courbevoie, France
Represented by Hassan Baaj
Start of first term of office: May 26, 1999
Current term of office: six years from May 24, 2017
Expiration of current term of office: at the end of the shareholders' meeting called to rule on 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, France Represented by Sophie Sotil-Forgues
Start of first term of office: May 25, 2016
Current term of office: six years from May 25, 2016
Expiration of current term of office: at the end of the shareholders' meeting called to rule on 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

Sections of Appendix 1 of Delegated Regulation (EU) 2019/980: "Registration document for equity securities"		Page no. of the universal registration document filed with AMF on April 21, 2021
1.	**Persons responsible**	**436**
2.	**Statutory auditors**	**437**
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4.	**Information about the issuer**	**431**
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5.7	Investments	N/A
6.	**Organizational structure**	
6.1	Description of the group	12-25
6.2	Main subsidiaries	41-42; 334-335
7.	**Review of the financial position and of net profit or loss**	
7.1	Financial position	28-45
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8.	**Cash and equity**	
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8.2	Source and amount of the issuer's cash flows	317
8.3	Information on the borrowing conditions and the issuer's financing structure	N/A
8.4	Information concerning any restrictions on the use of equity that noticeably influences or may noticeably influence the issuer's transactions	N/A
8.5	Information on the expected financing sources necessary to honor the commitments set out in point 5.7.2	N/A
9.	**Regulatory environment**	**28**
10.	**Information on trends**	**43**
11.	Profit forecasts or estimates	N/A
12.	**Administrative, management, supervisory and executive bodies**	
12.1	Information concerning the members of CIC's administrative and management bodies	116-123
12.2	Conflicts of interest concerning the administrative, management, supervisory and executive bodies	125
13.	**Compensation and benefits**	**128-130**
14.	**Operation of the administrative and management bodies**	
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14.2	Service agreements binding the members of the administrative bodies to the issuer or to one of its subsidiaries	125
14.3	Information on the auditing committee and the remuneration committee	124-125
14.4	Declaration indicating whether or not the issuer is in compliance with the legal corporate governance framework in force in its country of origin	115
14.5	Potentially significant impacts on corporate governance	116-130
15.	**Employees**	
15.1	Number of employees	84
15.2	Interests in the issuer's share capital and directors' stock-options	N/A
15.3	Agreement providing for employee ownership of the issuer's shares	N/A

Sections of Appendix 1 of Delegated Regulation (EU) 2019/980: "Registration document for equity securities"		Page no. of the universal registration document filed with AMF on April 21, 2021
16.	**Major shareholders**	
16.1	Shareholders holding more than 5% of the share capital or voting rights	424
16.2	Existence of different voting rights of the aforementioned shareholders	428
16.3	Control of the issuer	425
16.4	Knowledge by the issuer of an agreement likely to result in a change in control at a later date	N/A
17.	**Related-party transactions**	**N/A**
18.	**Financial information on the issuer's assets and liabilities, financial position and results**	
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18.2	Interim and other financial information	N/A
18.3	Verification of the annual historical financial information	373-377; 417-420
18.4	*Pro forma* financial information	N/A
18.5	Dividend distribution policy	425
18.6	Legal and arbitration proceedings	432
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19.	**Additional information**	
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20.	**Major contracts**	**431**
21.	**Documents available to the public**	**431; 436**

Sections of Appendix 2 of Delegated Regulation (EU) 2019/980: "universal registration document"		Page no. of the universal registration document filed with AMF on April 21, 2021
1.	**Information to be disclosed about the issuer**	
1.1	Information required pursuant to Appendix 1 of Delegated Regulation (EU) 2019/980	See cross-reference table above
1.2	Issuer's statement	1

Pursuant to Article 19 of European Regulation No. 2017/1129 of June 14, 2017, the following items are included by way of reference:

- the annual and consolidated financial statements and the group management report for the 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 filed with AMF on April 27, 2020;
- the annual and consolidated financial statements and the group management report for the 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 and 207 to 273 and pages 313 to 315 and 274 to 277, respectively, of the universal registration document No. D. 19-0362 filed with AMF on April 18, 2019;
- the annual and consolidated financial statements and the group management report for the year ended December 31, 2017 and the statutory auditors' reports on the annual and consolidated financial statements as of December 31, 2017, presented on pages 270 to 308 and 64 to 263 and pages 309 to 313 and 264 to 269, respectively, of the universal registration document No. D. 18-0344 filed with AMF on April 18, 2018.

The chapters of the universal registration document No. D. 20-0363, No. D. 19-0362 and No. D. 18-0344 not mentioned above are either irrelevant for the investor or covered elsewhere in this universal registration document.

9.4.2 Cross-reference table for the annual financial report

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1	**Declaration by the person responsible for the registration document**					**436**
2	**Management report**					
2.1	Position of the company and group during the past fiscal year	L.232-1 II, L.233-26				199; 28-29; 44
2.2	Analysis of the changes in revenue, results and financial position of the company and group	L.225-100-1 I 1°				199; 28-29; 44
2.3	Key financial and non-financial performance indicators of the company and group	L.225-100-1 I 2°				199; 28-29; 44
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				43
	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				43
	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			41-42
	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				312
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°				141-146
	Financial risks associated with the effects of climate change and implementation of a low-carbon strategy	L.225-100-1 I 4°				146
	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°				147-155
	Objectives and policy regarding hedging of each major category of transactions of the company and group	L.225-100-1 I 6°				237-239
	Exposure to price, credit, liquidity and cash risks of the company and group	L.225-100-1 I 6°				172-186; 240-251
	Expenses and charges not deductible from taxable profits paid due to said expenses and charges			223 *quater*		428
	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				56-58; 83
	Consequences on climate change of the activity and use of the goods and services produced	L 225-102-1 III, R.225-105				99-101
	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				49-110
	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				91
	Business model	R.225-105				49-52
	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				52-55

		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 Regulations	Pages
2.7	Vigilance plan	L.225-102-4				58-68
3	**Opinion of the independent third party on the social and environmental information**	**L.225-102-1, R.225-105-2 II**				**108-110**
4	**Corporate governance report**	**L.225-37**				
4.1	Principles for determining the compensation granted to corporate officers (Section 13 of Appendix 1 of Delegated Regulation No. 2019/980)					129-130
4.2	Compensation principles and rules for the identified population		L.511-73			128
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				117-123
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				126
4.6	Composition of the board, and conditions of preparation and organization of the board's tasks	L.225-37-4				116; 124-126
4.7	Diversity policy	L.225-37-4				124
4.8	Any restrictions that the board of directors imposes on the CEO's powers	L.225-37-4				124
4.9	Statement indicating whether the company refers to a corporate governance code	L.225-37-4				115
4.10	Terms and conditions for shareholder participation in shareholders' meetings	L.225-37-4				428
5	**Information on the share capital**	**L.233-13**				**424**
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				424
5.2	Name of controlled companies and share in the capital of the company that they hold	L.233-13				410-411
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				430
6	**Other accounting, financial and legal information**					
6.1	Information on payment terms	L.441-6-1 and D. 441-4				45
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*		425
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					380-384
	including Company results over the past five fiscal years	R.225-102				383
7.2	Statutory auditors' report on the annual financial statements					417-420
7.3	Consolidated financial statements					311-372
	including Professional fees paid to the statutory auditors					409
7.4	Statutory auditors' report on the consolidated financial statements					373-377

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.

ARC ***Atténuation du risque de crédit*** Credit risk mitigation. See CRM.

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.

DTA Deferred tax assets.

EBA European Banking Authority See EBA.

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/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. See RWA.

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 Set of management techniques and tools aimed at measuring, controlling and analyzing overall on- 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 A. 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 has three complementary and interdependent pillars: – Pillar 1, the basis for minimum requirements: it aims to ensure minimum coverage of credit, market and operational risks; – Pillar 2 establishes the principle of structured dialog between institutions and supervisors; – 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. A dependent 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. 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 CRD 4/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.

(1) Source: https://acpr.banque-france.fr/glossaire-acpr and notice relative to the procedures for calculating prudential ratios within CRD 4.

CIU Collective investment undertaking 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.

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.

CRD 4 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 CRD 4), 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 remuneration. 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 Capital requirement Its amount is obtained by applying a rate of 8% to the weighted risks (or RWAs).

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.

(1) Source: https://acpr.banque-france.fr/glossaire-acpr and notice relative to the procedures for calculating prudential ratios within CRD 4.

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.

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 Measures indicating operational risks. Key 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 activities 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.

9

(1) Source: https://acpr.banque-france.fr/glossaire-acpr and notice relative to the procedures for calculating prudential ratios within CRD 4.

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 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 Public exchange offer[2] 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.

Option[1] 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 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 Company that assesses the financial solvency risk of a company, bank, national government, local government (municipality (*commune*), department (*département*), region (*région*)) or financial transaction. Their 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 Risk-Weighted 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.

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.

Security interest in real property Guarantee that pledges specific property on which the creditor may collect payment if the debtor defaults. (*e.g.* pledge on movable property or mortgage on real estate property).

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)[2] 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.

(1) Source: http://fbf.fr/fr/secteur-bancaire-francais/lexique.
(2) Source: https://acpr.banque-france.fr/glossaire-acpr and notice relative to the procedures for calculating prudential ratios within CRD 4.

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 CRD 4/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.

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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(1) Source: https://acpr.banque-france.fr/glossaire-acpr and notice relative to the procedures for calculating prudential ratios within CRD 4.

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