

2022 Universal Registration Document

INCLUDING
THE ANNUAL FINANCIAL REPORT OF BFCM



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2022 Universal registration document

including the annual financial
report of BFCM

This overall presentation document was prepared by the Banque Fédérative du Crédit Mutuel (BFCM) in connection with widening its investor base, in order to respond to the specific features of some of the markets in which it operates.

In order to provide the same level of information to all investors on the European continent, in North America and in the Asia-Pacific region, BFCM has decided, for greater clarity and readability, to introduce a single universal registration document containing the financial information of Crédit Mutuel Alliance Fédérale (which offers a complete economic view of the group's activities) and that of BFCM (the issuer). This document will be useful for all BFCM refinancing programs (Euro Medium-Term Notes Program; U.S. Medium-Term Notes Program; Euro Commercial Paper; Negotiable debt securities)

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.



The universal registration document was filed on April 13, 2023, with the AMF, as the competent authority under Regulation (EU) 2017/1129, without prior approval, in accordance with Article 9 of the regulation. The universal registration document can be used for the purposes of a public offering of financial instruments or for the admission of financial instruments to trading on a regulated market if it is supplemented by a note on the financial instruments and, where relevant, a summary and all amendments to the universal registration document are included. These are approved by the AMF in accordance with Regulation (EU) 2017/1129.

This universal registration document is a reproduction of the official version of the universal registration document including the 2022 annual financial report which has been prepared in ESEF (European Single Electronic Format) and is available on our website bfc.m.creditmutuel.fr

Words from senior management

QUESTIONS TO NICOLAS THÉRY & DANIEL BAAL

How did you experience 2022?

2022 was a strange year in several respects. We were gradually emerging from the health crisis, which was a period marked by the exceptional commitment of the group and its employees to support our customers, when the return of war in Europe once again upset the balance.

From February, the Russian offensive in Ukraine and its impact on energy prices significantly amplified price increases. While disruptions in supply chains were maintained by the continued zero-Covid policy in Asia.

Faced with this uncertain context, Crédit Mutuel Alliance Fédérale has met the expectations of its 30 million customers and 6 million members. The group's 77,000 employees mobilized in the Crédit Mutuel and CIC networks as well as in all its business lines and specialized subsidiaries, for the benefit of all customers and prospects.

How did this mobilization take shape?

From the beginning of the year, strong actions were initiated in favor of the customers most affected by inflation, in all regions. Particularly attentive to the repercussions of inflation on low income households, our banking advisors have, since April 2022, taken strong initiatives such as the 100,000 emergency inflation meetings or the active promotion of regulated passbook savings accounts, to best protect their savings. In 2022, openings of *Livrets d'Épargne Populaire (LEP)* were multiplied by 3.5, and inflows were particularly high on *Livret A* savings accounts (+10.5% year-on-year, to more than €47 billion in outstandings). To protect the most vulnerable people, the group also launched the first banking offer at €1 net per month, without the possibility of incident fees - an original initiative on the French banking market.



Nicolas Théry
◀ Chairman

Has the economic situation had an impact on the financing granted?

Despite a slowdown in the economic situation in the second half of the year, Crédit Mutuel Alliance Fédérale was more than ever alongside all members and customers in their projects. This support was able to take place effectively thanks to decisions made as close as possible to the field: more than nine out of ten credit decisions were made locally, within the Crédit Mutuel and CIC networks.

This resulted in an increase in our outstanding loans: outstanding home loans reached €254.4 billion (+6.9%), consumer credit activities increased by +7.6% to €51 billion while agricultural, professional and corporate customers benefited from the strong increase in equipment loans (+13.4%) to €115.2 billion.

What is your outlook for the group in 2023?

2022 was a year of overall performance for our group, from a commercial, environmental, societal and financial point of view. As the first banking group to adopt the status of a mission-driven company, Crédit Mutuel Alliance Fédérale intends to increase its commitments in 2023. First of all, by strengthening its presence with our members, customers and prospects. The group is also transforming the way in which value is shared through the societal dividend mechanism. Launched in January 2023, the societal dividend will support the financing of the environmental and solidarity revolution. This will result, on the one hand, in the launch of an environmental and solidarity

revolution fund whose added value will be ecological, and on the other hand, with the deployment of inclusive banking and insurance services or by the multiplication of actions of sponsorship throughout the regions.

And of course, we are building the future. 2023 is the last year of the *ensemble#nouveaumonde, plus vite, plus loin !* [together#today's world faster, further!] strategic plan. As of today, work has begun to develop the next plan!

Daniel Baal

Chief Executive Officer ►



2022 Key figures

6
MILLION
MEMBERS

30.1
MILLION
CUSTOMERS

77,450
EMPLOYEES

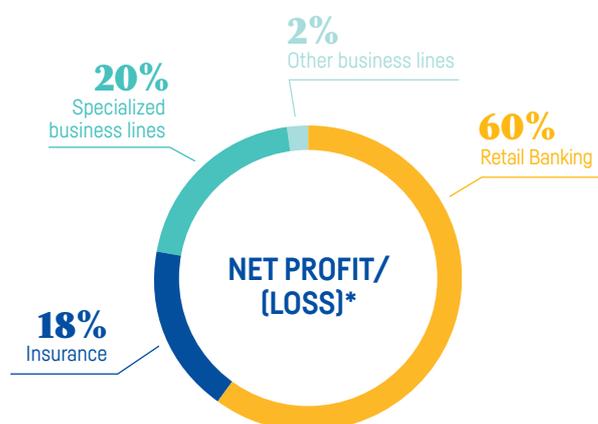
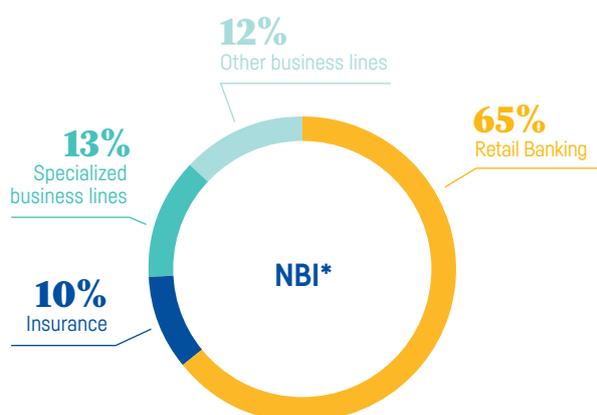
NEARLY
4,500
BRANCHES



INCOME STATEMENT

<i>(in € millions)</i>	DECEMBER 2020	DECEMBER 2021	DECEMBER 2022
Net banking income	14,238	15,923	17,340
Gross operating income	5,371	6,787	7,012
Net profit/(loss)	2,595	3,527	3,502
Cost/income ratio	62.3%	57.4%	59.6%

BREAKDOWN OF NBI AND NET PROFIT BY BUSINESS LINE



* Excluding the Holding segment.

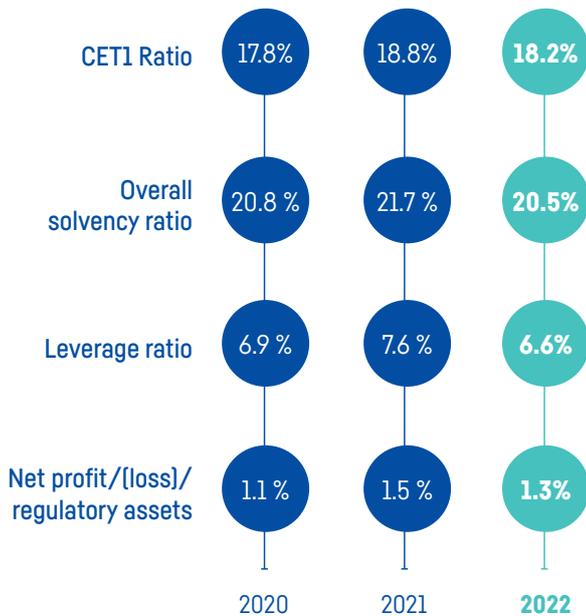


BALANCE SHEET

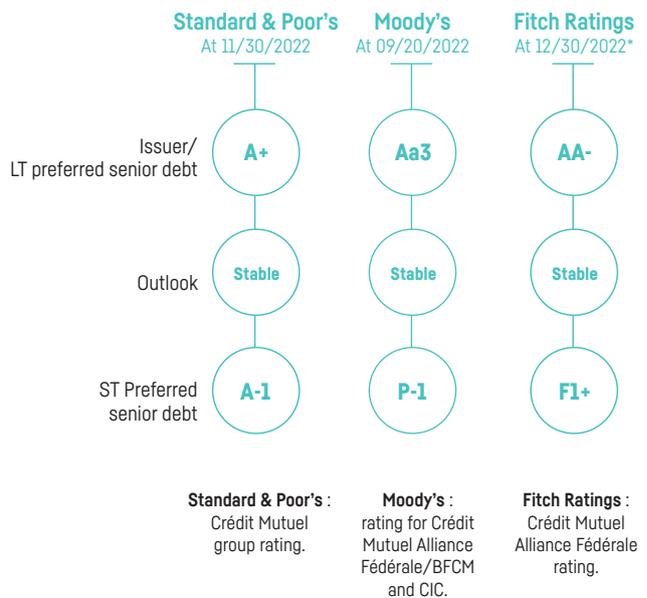


CAPITAL

Data calculated without transitional measures.



RATINGS



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

Our business model

A
RAISON
D'ÊTRE

CRÉDIT MUTUEL ALLIANCE FÉDÉRALE,
BENEFIT CORPORATION

4 strategic priorities 2019 - 2023

OUR RESOURCES AND ASSETS

A solid bank that belongs to its customers

6 million members
15,500 elected members
One member = one vote

A regional and omnichannel bank

Nearly 4,500 branches
30,000 customer account managers
€3,3 billion invested in the real economy through private equity

A bank committed to its customers

77,450 employees serving
30.1 million customers

Powerful brands

Crédit Mutuel, CIC, TARGOBANK, Cofidis

A technological and innovative bank

Euro-Information, a technological subsidiary dedicated to the development of solutions for today and tomorrow

A solid bank

CET1 ratio of 18.2%
€56.7 billion in shareholders' equity

OUR BUSINESS LINES

MULTI-SERVICE
BANKING AND
INSURANCE

RETAIL BANKING

Our networks:
Crédit Mutuel, CIC, BECM, Beobank

Consumer loan:
Cofidis Group, TARGOBANK in Germany

Business line subsidiaries:
Factoring and receivables mobilization, real estate and equipment leasing, real estate

60%⁽¹⁾

INSURANCE

Property and personal insurance

Life insurance

Borrower insurance

18%⁽¹⁾

SPECIALIZED BUSINESS LINES

Asset Management and Private Banking

Corporate Banking

Capital Markets

Private Equity

20%⁽¹⁾

OUR OTHER BUSINESS LINES

IT and logistics

Press

2%⁽¹⁾

⁽¹⁾ Contribution of the operational business lines to net profit 2022 excluding the "Holding" segment.

⁽²⁾ Crédit Mutuel and CIC networks.

⁽³⁾ Including group mobility (including integration of CMNE).

⁽⁴⁾ French banking groups.

⁽⁵⁾ See Mission Committee report - chapter 3.

The data for this business model are at the end of 2022.

“ENSEMBLE, ÉCOUTER ET AGIR”

(LISTENING AND
ACTING TOGETHER)

5 missions that guide our actions on behalf of our members and customers and contribute to the common good.



 Relation

 Commitment

 Innovation

 Solidity

**OUR VALUE
CREATION**
SUSTAINABLE
COLLECTIVE
PERFORMANCE

OUR OFFERS

CONSULTING

Our offer is based on specific advice for each of our customers' needs



FINANCING

Financing adapted to the life and development projects of our customers



INSURANCE

Daily protection for our customers and their families, their assets, their professional activity or their company



SAVINGS & INVESTMENTS

Solutions to anticipate and prepare for the future



MULTI-SERVICE OFFER

Local partner and facilitator of our customers' projects



A long-term commitment to our customers

€502.1 billion in outstanding loans
9 out of 10 credit decisions taken locally⁽²⁾

Omnichannel close relations

A dedicated account manager for each customer
100,000 urgent inflation meetings and active promotion of regulated savings accounts

Concrete actions for the climate

Carbon footprint reduction for loan and investment portfolios
Plan for coal phase-out by 2030
End of funding for all new oil and gas projects

A company that acts in the interest of society

77% of NBI generated in France
More than 9,100 hires with open-ended contracts⁽³⁾

A sustainable and efficient company

NBI: €17.3 billion
Net profit: €3.5 billion
Industry leading operational efficiency⁽⁴⁾ with a cost/income ratio of 59.6%

Financial performance serving collective utility: the societal dividend

Mobilization of 15% of consolidated net profit
Financing of environmental and solidarity-based transformation projects⁽⁵⁾

CRÉDIT MUTUEL ALLIANCE FÉDÉRALE, THE FIRST **benefit corporation** BANK



A mutualist, ethical, supportive and responsible bank, Crédit Mutuel Alliance Fédérale stands out as a benefit corporation.

Our **5** missions



Fleur Pellerin Chairwoman of the Mission Committee of Crédit Mutuel Alliance Fédérale

"With the creation of the societal dividend, Crédit Mutuel Alliance Fédérale is once again a pioneer and has taken a further step in its commitment to its values of solidarity. We are collectively committed to a candid approach."

Commitments assessed and verified by a Mission Committee^[1]

which draws on the expertise of ten members to propose possible work paths and initiatives in the medium term.

[1] See the Mission Committee report inserted in chapter 3.

1

AS A COOPERATIVE AND MUTUALIST ORGANIZATION, WE SUPPORT OUR CUSTOMERS AND MEMBERS WITH THEIR BEST INTERESTS

2

AS A BANK FOR ALL, MEMBERS AND CUSTOMERS, EMPLOYEES AND ELECTED MEMBERS, WE ACT FOR EVERYONE AND REFUSE ANY DISCRIMINATION

3

RESPECTFUL OF EVERYONE'S PRIVACY, WE PLACE TECHNOLOGY AND INNOVATION AT THE SERVICE OF PEOPLE

4

AS A SOLIDARITY-BASED COMPANY, WE CONTRIBUTE TO REGIONAL DEVELOPMENT

5

AS A RESPONSIBLE COMPANY, WE ACTIVELY WORK FOR A FAIRER AND MORE SUSTAINABLE SOCIETY

15

concrete commitments^{1/}

to be achieved by the end of 2022,
to improve our impact on the environment
around us

- 1 | Bring democracy to life in the bank by doubling the number of members voting at Shareholders' Meetings
- 2 | Guarantee to each customer a dedicated, non-commissioned advisor
- 3 | Give more room to young people and move closer to parity in the Board of Directors from 2022
- 4 | Train all our employees and elected members in the fight against discrimination
- 5 | Recruit 25% of work-study students from priority neighborhoods and rural areas
- 6 | Defend gender pay equality at all levels of the bank
- 7 | Guarantee the privacy of our customers' data in processing 99.9% of their information in our infrastructures and systems located in France
- 8 | Invest productivity gains from artificial intelligence in employment and development
- 9 | Anchor decision-making centers in the regions with more than 90% of our lending decisions taken at banks and branches
- 10 | Offer the Pay Asso digital payment solution to our associations and civil liability coverage to their managers
- 11 | Invest 5% of our equity mainly in innovative French companies
- 12 | Reduce the group's carbon emissions by 20% and the carbon footprint of our investment portfolios by 12% by the end of 2022⁽²⁾
- 13 | Immediately stop funding for new oil and gas projects
- 14 | Insure the real estate loans of our loyal customers without any medical formalities
- 15 | Committing to customers in financial difficulty with an account at €1 net per month with no incident fees.

MAKING A DIFFERENCE
FOR THE CLIMATE,
BIODIVERSITY
AND SOLIDARITY

The societal dividend: a new stage in mutualism through proof

In January 2023, Crédit Mutuel Alliance Fédérale created the societal dividend⁽³⁾ to build a more sustainable and united world through three pillars:

50% invested in an impact fund to amplify the transformation of production models

35% dedicated to customers and members to support them in the service of the climate and inclusion

15% to support major solidarity and environmental preservation projects as close as possible to the regions

⁽²⁾ Reduction compared to 2018.
⁽³⁾ 15% of consolidated net profit.

Our strategic plan ^{1/}₋

The 2019-2023 strategic plan, *ensemble#nouveaumonde, plus vite, plus loin !* [together#today's world, faster, further!] revised in 2020 in the context of the health crisis, is a major catalyst for development and transformation to achieve sustainable and responsible performance.



RELATION

Be the reference relational bank in an omnichannel world

A **dedicated advisor** with a strengthened role, pivotal to a constantly accelerating omnichannel relationship: physical, telephone or digital, at the customer's discretion

Optimized local networks for a tailored response to customer expectations and increased operational efficiency in each region

Continued development of **proprietary offers** (insurance, leasing, etc.) and the launch of a platform of services offered to customers with partner companies

An even **more efficient** organization to market the multi-service offer

Strengthening synergies between local networks and all of the group's business lines and support functions



COMMITMENT

Be a committed bank in tune with a changing world

Strengthened commitments to **support and protect** members and customers weakened by the crisis, and to support regional development players

Strong social, societal and environmental commitments, emphasized in the context of a demanding policy of "social and mutualist responsibility"

Increased training for elected members and employees to support the development of the business lines, in a confident and responsible social dialog

Pooling of resources for greater **collective efficiency**



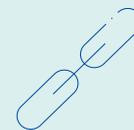
INNOVATION

Be a multi-service innovative bank

Increased **customer orientation** in IT project management

Simplified offers and processes, supported by powerful cognitive tools

Maintaining our **technological lead** in the service of development, security and data protection [digital privacy]



SOLIDITY

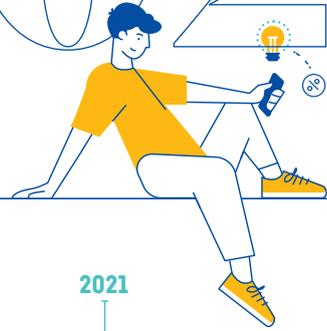
Putting solidity to work for the development of the mutualist model

Increased **selectivity** in the allocation of capital and liquidity

Development focused on banking, insurance and financial and technological services in the Eurozone, in particular through its subsidiaries TARGOBANK and Cofidis

Increased **profitability** through the development of new business synergies that serve networks

Our ambitions for 2023



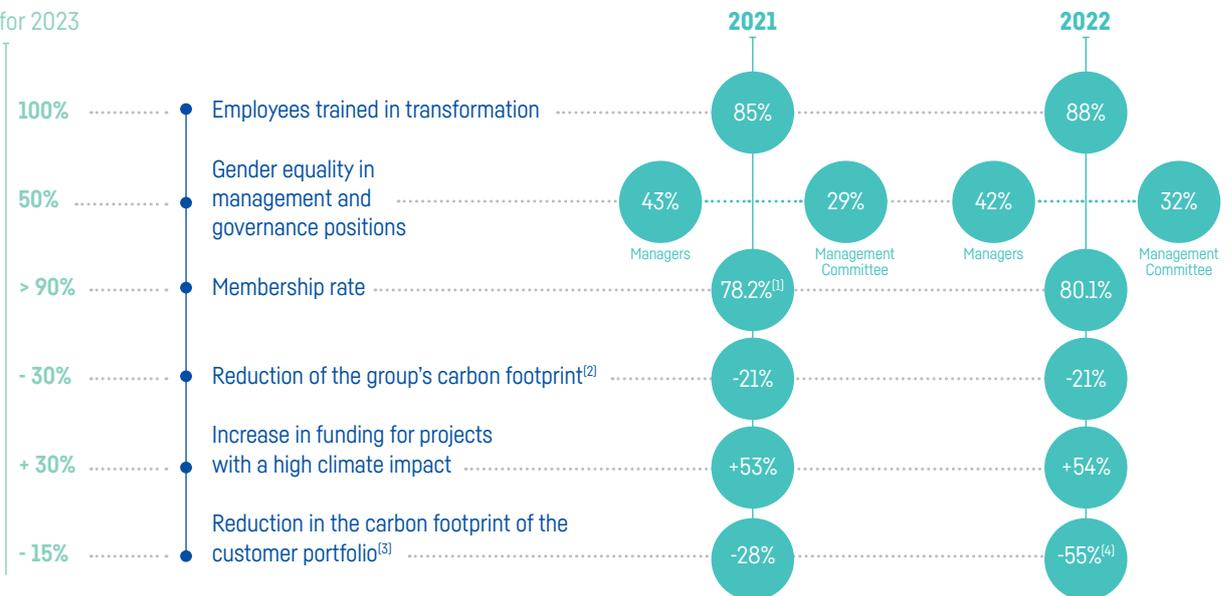
FINANCIAL OBJECTIVES

Target for 2023



GOALS AND HUMAN AND MUTUALIST DEVELOPMENT

Target for 2023



TECHNOLOGICAL INDICATORS



[1] Republished.
 [2] Scope France, emissions related to energy consumption, refrigerant gas leaks, business travel and the car fleet at 12/31/2021.
 [3] Corporate customer portfolio, asset management and insurance.
 [4] The decrease indicated concerns the carbon footprint of the corporate customer portfolio. The calculations were made on the basis of 2020 greenhouse gas emissions, which were strongly impacted by the Covid crisis.

Our business lines

Crédit Mutuel Alliance Fédérale, a leading bank-insurer, provides a multi-service offering to its individual and professional customers and its members adapted to their projects.



Crédit Mutuel Alliance Fédérale's core business line

Retail banking includes **Crédit Mutuel Alliance Fédérale's banking and insurance networks** through the local Crédit Mutuel banks of the 14 federations, **CIC** branches and points of sale, **Banque Européenne du Crédit Mutuel** (BECM) and **Beobank**. Crédit Mutuel Alliance Fédérale offers specific banking products and services to a customer base of individuals, professionals, farmers, associations and companies adapted to the realization of their projects.

Through **Cofidis Group** and **TARGOBANK** in Germany, specialists in **consumer credit**, Crédit Mutuel Alliance Fédérale offers its individual and corporate customers personalized advice in revolving credit and personal loans, payment solutions, insurance, in-store and online receivables and financing, factoring and leasing.

Drawing on the expertise and know-how of its **business line subsidiaries**, Crédit Mutuel Alliance Fédérale offers a range of products and services mainly marketed by the networks: factoring (Crédit Mutuel Factoring and FactoFrance), equipment and real estate leasing (Crédit Mutuel Leasing, CCLS, Crédit Mutuel Real Estate Lease), real estate sales and management (Crédit Mutuel Immobilier).

4 local banking networks



Consumer loan



Business line subsidiaries

Factoring and receivables mobilization, real estate and equipment leasing, real estate

RETAIL BANKING OFFERING RECOGNIZED



Crédit Mutuel **n°1**
in customer relations ^[1]



[1] Bearing point-Kantar 2023 customer relationship podium.



INSURANCE

Insuring each customer in each of their needs

As major player in insurance and social protection in France, Crédit Mutuel Alliance Fédérale via the **Assurances du Crédit Mutuel** (GACM), covers the needs of individual, professional and corporate customers by offering them everyday insurance solutions to protect their families, their assets, their professional activity or their business.

In life insurance, the wide range of products can be adapted to the customer's objectives: financing projects, preparing for retirement or passing on capital.

Crédit Mutuel No. 1 in the Insurance barometer^[1] which places Assurances du Crédit Mutuel as the trusted insurer of the French.

SPECIALIZED BUSINESS LINES

Supporting more specific needs

In addition to the bank-insurance offering, Crédit Mutuel Alliance Fédérale meets the strategic challenges of large corporate customers, institutional customers and corporate executives through offers in four business lines:

- ▶ **Asset Management and Private Banking** organized around Crédit Mutuel Investment Managers, which brings together seven asset management entities, the La Française group, which brings together four asset management companies and a distribution platform, and three private banks: Banque Transatlantique, Banque de Luxembourg and Banque CIC (Suisse).
- ▶ **Corporate Banking** (structured financing activity, large co - CIC Corporate - and an international activities department)
- ▶ **Market Activities** (commercial markets activity, Investment and back office activity)
- ▶ **Private Equity** via Crédit Mutuel Equity

IT, LOGISTICS, PRESS

Key areas of expertise

Euro-Information, the technological subsidiary of Crédit Mutuel Alliance Fédérale, provides customers and employees with innovative and efficient tools and services and places data protection at the heart of its strategy.

With the **EBRA group**, Crédit Mutuel Alliance Fédérale is the leading regional daily press group in France.

[2] 2022 edition of the OpinionWay benchmark survey for the Argus de l'Assurance.





Presentation of Crédit Mutuel Alliance Fédérale and BFCM

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Preamble

As of December 31, 2022, Crédit Mutuel Alliance Fédérale had 30.1 million customers, around 4,500 branches and 77,500 staff.

On January 1, 2022, Fédération Crédit Mutuel Nord Europe [CMNE] joined Crédit Mutuel Alliance Fédérale. Crédit Mutuel Nord Europe and Crédit Mutuel Alliance Fédérale have thus completed their merger and strengthened their synergies for the benefit of their customers and members.

A local mutualist bank, Crédit Mutuel Alliance Fédérale is now an alliance of 14 federations and has more than 30 million members and customers. Caisse Fédérale de Crédit Mutuel is the technical and financial cooperative tool shared by 1,487 Crédit Mutuel banks. Thus as at December 31, 2022, Crédit Mutuel Alliance Fédérale is made up of 1,487 Crédit Mutuel local banks, 13 regional banks, 14 federations, Caisse Fédérale de Crédit Mutuel [CFCM], Banque Fédérative de Crédit Mutuel [BFCM] and its subsidiaries.

Crédit Mutuel Alliance Fédérale is affiliated with the Confédération Nationale du Crédit Mutuel, a central body whose purpose is to represent the rights and common interests of the Crédit Mutuel group to the public authorities. The Confédération Nationale du Crédit Mutuel is responsible for ensuring the coherence of the Crédit Mutuel network and the proper functioning of the institutions and companies affiliated with it.

Crédit Mutuel Alliance Fédérale is an important marketing network for the products and services of the specialized subsidiaries directly or indirectly owned by BFCM. The latter reward the business flows brought in through the payment of commissions to the local banks.

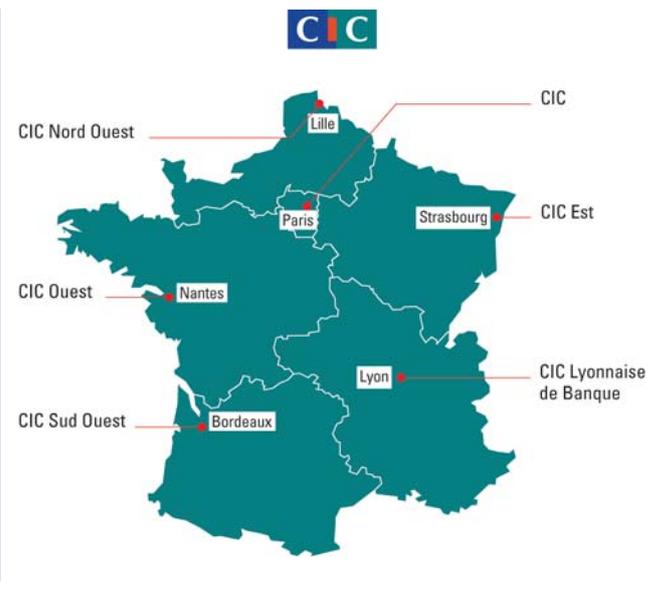
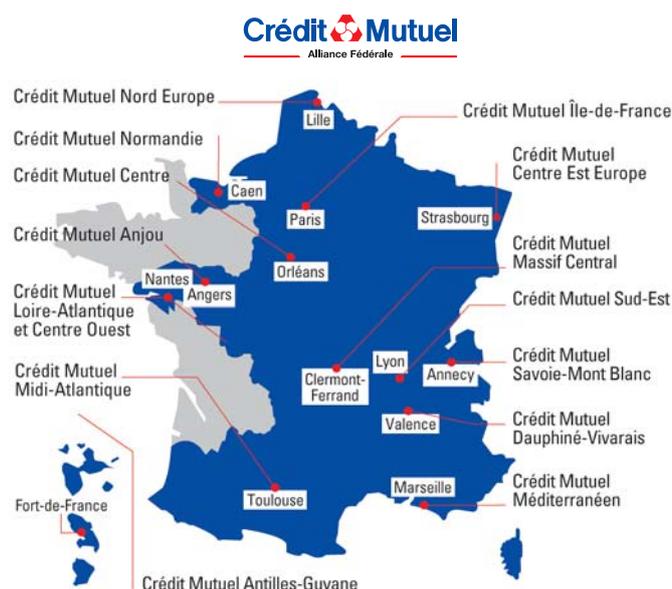
Crédit Mutuel Alliance Fédérale's consolidated financial statements provide a comprehensive overview of the Group's activities. They include entities not included in the consolidation scope of BFCM alone, in particular the network of local banks, ACM VIE SAM (mutual insurance company), IT subsidiaries and the GIE Centre de Conseil et de Services [CCS].

1.1 ORGANIZATION OF CRÉDIT MUTUEL ALLIANCE FÉDÉRALE

Crédit Mutuel Alliance Fédérale's organization reflects its status as a cooperative bank and its local presence close to its customers and members.

The territorial network favors at each level – local, regional, national – a greater involvement of employees and elected officials to ensure a high level of responsiveness and better service to customers and members.

It allows for a short decision-making circuit, a good distribution of risks and quality control. The various levels of Crédit Mutuel Alliance Fédérale operate according to the principle of subsidiarity: at the level closest to the member, the local bank is a genuine local player, with the other levels carrying out the tasks that a local bank cannot itself assume.



1.1.1 Crédit Mutuel banks or local banks

The banks of Crédit Mutuel, which are either cooperative associations depending on their geographical location (departments 57 – Moselle, 67 – Bas-Rhin, 68 – Haut-Rhin) or cooperative credit companies with variable capital (all other departments), form the basis of Crédit Mutuel Alliance Fédérale. They are credit institutions under the French Monetary and Financial Code.

These local banks are legally autonomous, in compliance with banking regulations, and perform the functions of a retail bank: they collect savings, grant loans and offer various financial services. This autonomy promotes responsiveness and quality of service. Caisse Fédérale de Crédit Mutuel (see below) centralizes all the banks' deposits and ensures their refinancing.

Their capital is held by the members, who are both partners and customers: any customer can subscribe to an A share – amounting to €15 – and thus become a member of the cooperative that is their local bank and vote at its Shareholders' Meeting according to the "one person, one vote" principle. Each member can therefore take part in decisions and elect their representative directors. These elected volunteers, operating at the three levels of Crédit Mutuel – local, regional and national – assume responsibility and control of the Group. They represent the members, are attentive to their needs and their projects.

At December 31, 2022, the banking and insurance network of Crédit Mutuel's banks had 1,487 local banks and 2,174 branches, as well as 8.7 million customers, of which 6 million members.

1.1.2 Federations

The federations are entities with the status of associations to which the local banks must belong. Political bodies, they determine the group's main strategic orientations, and organize the solidarity between the banks. They represent Crédit Mutuel in their region.

As at December 31, 2022, Crédit Mutuel Alliance Fédérale had 14 member federations: Crédit Mutuel Centre Est Europe (Strasbourg), Crédit Mutuel Île-de-France (Paris), Crédit Mutuel Midi-Atlantique (Toulouse), Crédit Mutuel Savoie-Mont Blanc (Annecy), Crédit Mutuel Sud-Est (Lyon), Crédit Mutuel Loire-Atlantique et Centre-Ouest

(Nantes), Crédit Mutuel du Centre (Orléans), Crédit Mutuel Normandie (Caen), Crédit Mutuel Méditerranéen (Marseille), Crédit Mutuel Dauphiné-Vivarais (Valence) Crédit Mutuel Anjou (Angers), Crédit Mutuel Massif Central (Clermont-Ferrand), Crédit Mutuel Antilles-Guyane (Fort de France) and Crédit Mutuel Nord Europe (Lille).

These federations have gradually established partnerships approved by the supervisory bodies, which have resulted in Caisse Fédérale du Crédit Mutuel Centre Est Europe becoming a joint bank: Caisse Fédérale de Crédit Mutuel (CFCM).

1.1.3 Caisse Fédérale de Crédit Mutuel

Caisse Fédérale de Crédit Mutuel (CFCM) is a corporation with the status of a cooperative banking company (*société anonyme à statut de société coopérative de banque*). It is responsible for all services common to the network and ensures its coordination. CFCM centralizes all the local banks' deposits and in parallel ensures their refinancing, while fulfilling regulatory requirements on their behalf (compulsory reserves, allocated deposits, etc.).

CFCM has used its financial and logistical support resources on behalf of the banks of the 13 other federations through partnership agreements signed between 1993 and 2022.

On a regulatory, technical and financial level, CFCM holds a collective license to operate as a credit institution that benefits all the local banks affiliated to it in line with the French Monetary and Financial Code.

In addition, it is responsible for the solvency and liquidity of the regulatory perimeter and for Group-wide compliance with banking and financial regulations, pursuant to Article R.511-3 of the French Monetary and Financial Code.

In this way, CFCM provides local banks with financial functions such as liquidity management as well as technical, legal and IT services, either directly or through BFCM subsidiaries (insurance, leasing).

CFCM is held jointly by the Crédit Mutuel banks, ACM VIE, SA in mutual form and the federations.

On September 7, 2020, an Extraordinary Shareholders' Meeting approved several statutory amendments, including the adoption of a *raison d'être* and the qualification as a **benefit corporation** in its company purpose.

"*Ensemble, écouter et agir*" (listening and acting together) has become the *raison d'être* for the five missions now included in the articles of association of Caisse Fédérale de Crédit Mutuel and CIC. Crédit Mutuel Alliance Fédérale has thus become the first bank to adopt the status of a benefit corporation.

1.1.4 Banque Fédérative du Crédit Mutuel

BFCM has several key business activities:

- it carries the group's subsidiaries and coordinates their activities. It directly and indirectly holds 100% of Crédit Industriel et Commercial, the holding company of the CIC and network head which also performs investment, corporate and market activities, a 50.04% stake in GACM SA, which controls the ACM IARD SA and ACM VIE SA companies, and which designs and manages product ranges in property and liability insurance, life insurance and health insurance. Finally it holds specialist banks in France and abroad, in particular Banque Européenne du Crédit Mutuel (BECM), Cofidis Group, TARGOBANK in Germany and Spain, Crédit Mutuel Asset Management, Crédit Mutuel Factoring;
- It also serves as the refinancing facility for Crédit Mutuel Alliance Fédérale and thus acts on the financial markets as an issuer of financial instruments in the short-term and medium long-term. Crédit Mutuel Alliance Fédérale's central cash management is based on appropriate calibration of resources in the short, medium and long terms with the objective of refinancing the Group in an efficient and prudent manner. This is ensured *via* public issues and private placements on national and international markets as well as by holding a liquidity reserve that complies with regulatory liquidity ratios and the Group's resistance to severe stress. BFCM also hedges interest rate risks on behalf of the Group and its subsidiaries.

In the context of the accession of Crédit Mutuel Nord Europe on January 1, 2022, a partial transfer of assets from Caisse Fédérale du Crédit Mutuel Nord Europe (CFCMNE), subject to the spin-off regime, was carried out for the benefit of BFCM, resulting in the universal transfer of the assets and liabilities concerned. This partial contribution of assets had the effect of transferring the status of issuer to BFCM for all of CFCMNE's bond issues. In accordance with the law, this transaction was carried out after obtaining the required regulatory authorizations, consultations with bondholders and approval by the extraordinary Shareholders' Meetings of CFCMNE and BFCM.

- BFCM acts as custodian mainly for Undertakings for Collective Investment (UCI) of Crédit Mutuel Alliance Fédérale's management companies. The role of the custodian consists in preserving the interest of the unit-holders of UCIs by ensuring the regularity of the management decisions. In this respect, BFCM carries out three regulatory missions: (i) custody of assets, *i.e.* the safekeeping and record-keeping of other securities (forward financial instruments and other pure registered financial instruments); (ii) ensuring the regulatory compliance of management decisions of UCIs; (iii) cash flow monitoring or Cash Monitoring. BFCM contractually performs liability management for the UCIs, if the management has been entrusted by the management company.

BFCM is affiliated with Confédération Nationale du Crédit Mutuel.

1.1.5 Governance within Crédit Mutuel Alliance Fédérale

Crédit Mutuel Alliance Fédérale does not have one single deliberative body. Each Crédit Mutuel bank appoints a Board of Directors composed of voluntary members elected by the members at a Shareholders' Meeting. The banks then elect their representative at the federation level from among these members. The Chairman of the Federation (or of a District for the Fédération du Crédit Mutuel Centre Est Europe) may become a member of the Board of Directors of Caisse Fédérale de Crédit Mutuel and its subsidiary, BFCM.

Bearing these factors in mind, the "Corporate Governance" chapter will present two reports on corporate governance: one for the CFCM as a representative of the consolidating parent company and one for BFCM.

Furthermore, the internal control procedures and those to combat money laundering and the financing of terrorism are homogeneous within Crédit Mutuel Alliance Fédérale.

1.2 THE CRÉDIT MUTUEL GROUP

The Crédit Mutuel group which is a leading supplier of banking and insurance services in France for the Crédit Mutuel network and all its subsidiaries is grouped under the network's umbrella body: Confédération Nationale du Crédit Mutuel (CNCM). CNCM is responsible for defending the interests of the Crédit Mutuel group, whose central bank acts as its financing tool.

Crédit Mutuel is a cooperative bank which is governed by the law of September 10, 1947. It belongs to its members who hold its capital and direct its strategy under a democratic functioning method.

1.2.1 Regional groups

The Crédit Mutuel group comprises the Crédit Agricole et Rural (CMAR) federation – and four regional groups comprising 18 federations:

- Crédit Mutuel Alliance Fédérale comprising 14 regional federations grouped around Caisse Fédérale de Crédit Mutuel;
- the Crédit Mutuel Arkéa group and its two regional federations, together forming Caisse Interfédérale Crédit Mutuel Arkéa: Bretagne (Brest), and Sud Ouest (Bordeaux);
- the Crédit Mutuel Maine-Anjou, Basse-Normandie regional group (Laval);
- the Crédit Mutuel Océan regional group (La Roche-sur-Yon).

This federal bank may be inter-federal, as is the case for Caisse Fédérale de Crédit Mutuel and for Caisse Interfédérale Crédit Mutuel Arkéa. The local banks and the federal bank, in which they are shareholders, are members of the regional federation. The federation is the strategy and control body which represents Crédit Mutuel in its region. The federal bank provides financial functions such as liquidity management and technical and IT services. The federations and the federal banks are managed by boards elected by the local banks.

1.2.2 Confédération Nationale du Crédit Mutuel

Confédération Nationale du Crédit Mutuel (CNCM) is the network's central body in respect of the French Monetary and Financial Code. The 18 regional federations, the Crédit Mutuel Agricole et Rural (CMAR) federation, the Caisse Centrale du Crédit Mutuel (CCCM) are members of the CNCM. The Crédit Mutuel local banks and the BFCM are affiliated

to it. CCCM, a national financial body structured as a credit institution, manages the intervention fund intended to be used in the event that Crédit Mutuel's financial solidarity is called into question. Its capital is held by all of Crédit Mutuel's federal or inter-federal banks.

1.2.3 Solidarity links within the Crédit Mutuel group and Crédit Mutuel Alliance Fédérale

The Crédit Mutuel solidarity scheme aims to ensure the continuous liquidity and solvency of all establishments affiliated to CNCM, in order to prevent defaults. It is based on a set of rules and mechanisms set up at regional group level and at confederal level.

There is unlimited solidarity between CNCM affiliates including Crédit Mutuel Alliance Fédérale, CFCM and BFCM.

1.2.4 Provisions applicable at regional group level

Crédit Mutuel Alliance Fédérale's solidarity mechanism is based on Article R.511-3 of the French Monetary and Financial Code, independently of the statutory provisions relating to the joint and several liability of members up to the nominal value of the members' shares subscribed by the member.

Each federation must set up a solidarity mechanism between the local banks within its territorial jurisdiction.

This mechanism must enable a local bank to avoid a long-term deficit and/or restructure a deteriorated situation. It ensures the equalization

of the earnings of member banks through a federal fund maintained by contributions and subsidies. The obligation to contribute applies to all funds (including the federal or inter-federal fund), or only to funds with positive results, depending on the rules of the relevant federal fund in force. Contributions, which preserve equalization, and subsidies are meant to cover losses recognized during the year and any tax losses carried forward. Equalization subsidies must include the amounts needed to pay for the compensation of shares. Subsidies from the federal fund are normally repayable.

Implementation of restructuring measures at regional group level

A mechanism that is reviewed and updated annually enables the regional group to monitor a number of key indicators included in the risk appetite framework adopted by the CNCM Board of Directors and implement the corrective measures stated in the restructuring plan should the indicators be exceeded.

In the event of difficulty, under the oversight of the CNCM, a regional group may request the assistance of another regional group for the implementation of the restructuring plan and for other reasons.

If no regional solidarity solution has been put in place or has not restored compliance with the key indicators within the timeframe set out in the restructuring plan, or if objective evidence suggests in advance that the implementation of such solutions would prove insufficient, the national solidarity mechanism shall be implemented.

1.2.5 Provisions applicable at national level

Confédération Nationale du Crédit Mutuel is in particular responsible for ensuring the coherence of its network and the proper functioning of the institutions affiliated to it. To this end, it must take all necessary measures, specifically to ensure the liquidity and solvency of each of said institutions, as well as the entire network (Article L.511-31 of the French Monetary and Financial Code).

According to the terms set by the decisions of general nature, interventions required can be decided by the CNCM Board of Directors if ultimately the mechanisms at regional group level are insufficient to deal with the potential difficulties that a group or any CNCM affiliate may face.

1.3 PRESENTATION OF CRÉDIT MUTUEL ALLIANCE FÉDÉRALE'S BUSINESS LINES

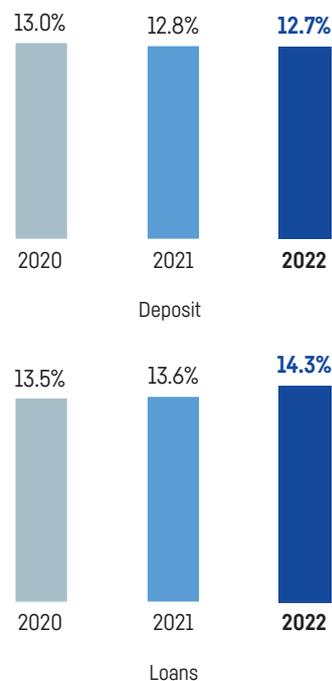


(1) Excluding the Holding segment.

Through the 14 Crédit Mutuel federations that control it, Crédit Mutuel Alliance Fédérale is a member of Confédération Nationale du Crédit Mutuel, the central body whose mission is to represent the Group before public authorities, to promote and defend its interests and to exercise control over the federations.

Competitive positioning⁽²⁾ is analyzed in terms of Crédit Mutuel Alliance Fédérale, whose retail banking and insurance business lines make it a major player in retail banking and insurance in France. Crédit Mutuel Alliance Fédérale's market shares in deposits and bank loans stood at 12.7% and 14.3% respectively. Overall, the Crédit Mutuel group has 17.8% market share in bank loans and 15.8% market share in deposits.

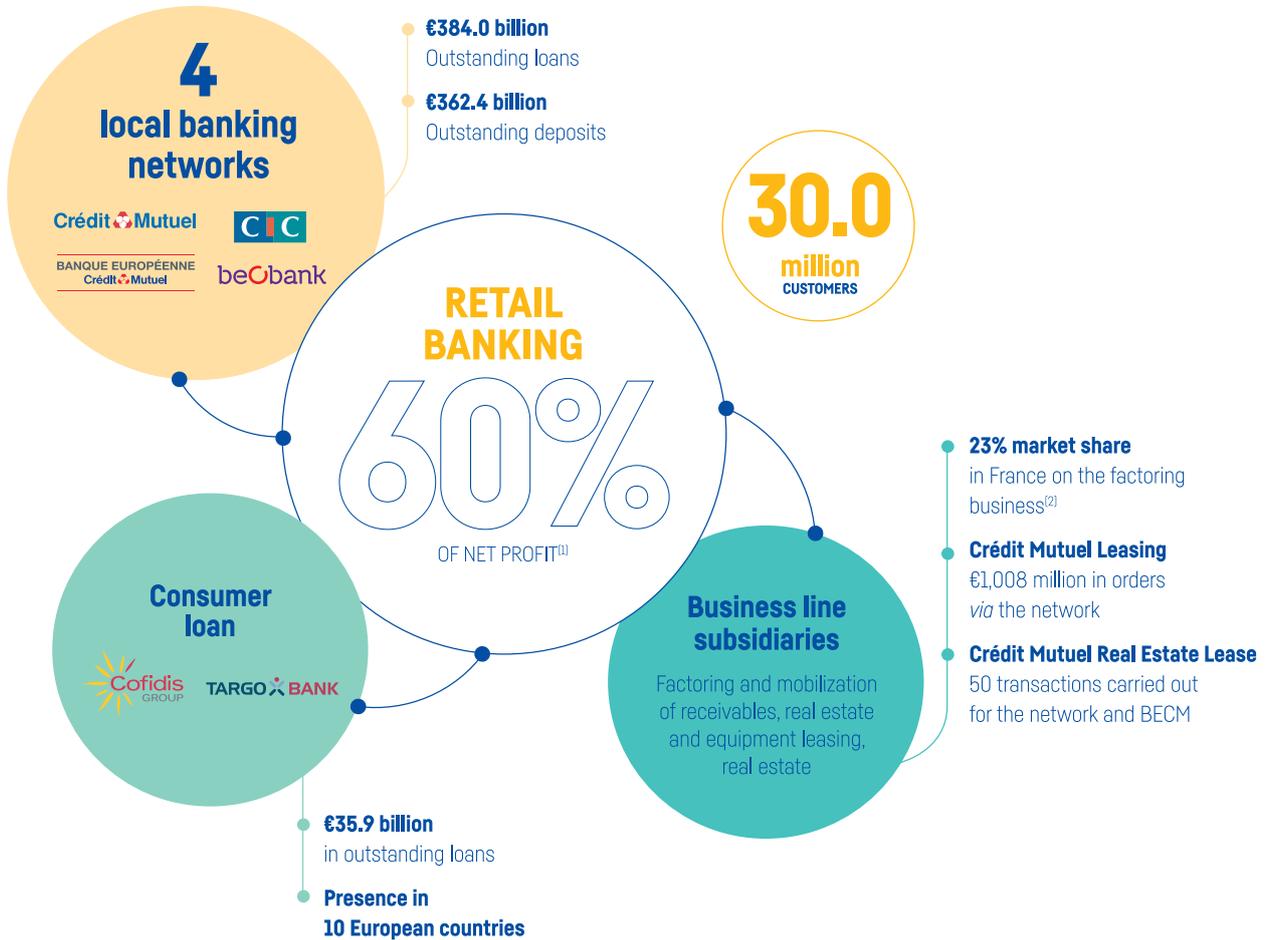
MARKET SHARE⁽³⁾



(3) Source: Centralisations Financières Territoriales - Banque de France.

(2) The sources of the rankings are explicitly mentioned; otherwise, the information is from an internal source.

1.3.1 Retail banking and consumer credit in France and Europe



⁽¹⁾ Share of Crédit Mutuel Alliance Fédérale net profit excluding the Holding segment.
⁽²⁾ Source: internal calculations based on the ASF database.

Retail banking is the core business line of Crédit Mutuel Alliance Fédérale and accounted for 65% of its net banking income in 2022. It includes the Crédit Mutuel local banks, the CIC banking and insurance network, Beobank, Banque Européenne du Crédit Mutuel, TARGOBANK in Germany, the Cofidis Group and all specialized activities, whose products are marketed by networks dedicated to insurance brokerage, equipment leasing, leasing with a purchase option, real estate leasing, factoring, and real estate sales and management.

In 2022, the business activity of the retail banking network was sustained due to strong commercial momentum and cross-selling extended to new products and services to adapt both to customer needs. The retail bank's commercial activity increased over the year as a whole. Inflows of €399 billion were recorded in 2022 [+6.6%]. Outstanding loans to customers stood at €460 billion in 2022, up over 13% over a year.

1.3.1.1 Banking networks

1.3.1.1.1 Crédit Mutuel, Beobank and BECM banking and insurance network

Crédit Mutuel banking and insurance network

Since January 1, 2022, the banking and insurance network of Crédit Mutuel banks has included Crédit Mutuel Nord Europe. The network, made up of 1,487 local banks, including 132 for Crédit Mutuel Nord Europe, helps 8.7 million retail customers, businesses, farmers and associations carry out their projects (c. 1 million customers for Crédit Mutuel Nord Europe). The retail bank covers all these customers' needs for current accounts, means of payment, savings, financing and insurance. In order to establish a local relationship, 2,174 branches - including 280 for Crédit Mutuel Nord Europe - are available to customers, complemented by a dedicated omnichannel system. Access to the services offered can be made at any time by telephone, via the mobile app or from the website.

Outstanding deposits attained €174.9 billion in 2022, an increase of 14.7%. They include the outstandings of the Crédit Mutuel Nord Europe network, i.e. €15.7 billion. Deposits rose by 4.4% at constant scope. Inflows were particularly high on *Livret Bleu* and *Livret A* passbook accounts, whose outstandings increased by 9.1% year-on-year, due to the revaluation of their interest rate. This interest rate environment also benefited other passbook accounts with growth of 9.8%.

Outstanding loans increased by 13.6% to €179.8 billion. They include the outstandings of Crédit Mutuel Nord Europe, i.e. €10.8 billion. Outstanding loans rose by 6.7% at constant scope. This growth was driven by an 11.8% increase in equipment loans and home loans, which increased by 6.7%. Consumer loans rose slightly by +1.9%.

Revenue diversification continued during the year, as illustrated by the increase in inventories of complementary services sold. As a result, the number of property and personal insurance policies increased by 2.6%. The number of remote surveillance subscriptions (Homiris) was up by 3.2% while mobile telephone service contracts were down slightly.

Retail market

Crédit Mutuel's core business, the retail market meets the demand of non-professional natural persons. Crédit Mutuel offers its 7.5 million individual customers specific products adapted to each stage of their lives, such as financing for their driver's license, renting or buying their first apartment or taking out life insurance. It also meets daily needs with a range of practical services including mobile telephony, Internet subscription and remote monitoring.

To meet customers' demand for immediacy, Crédit Mutuel offers 24-hour access to accounts and contracts from a computer or smartphone thanks to its online banking service.

2022 was marked by the support of young customers in their career planning via *Objectif Emploi Orientation* and the Option Innovation partnership. As part of its commitment to social and environmental solidarity and its local involvement, Crédit Mutuel gives customers the opportunity to support organizations involved in the social and solidarity economy by making a donation from their sustainable development and solidarity passbook accounts. This concept of social and solidarity economy refers to cooperatives, mutuals, non-profit organizations or foundations whose operation is based on a principle of solidarity and social utility, by adopting democratic and participative management methods.

Professional market

The 668,000 craftsmen, traders and self-employed professionals who make up the professional customers also benefit from dedicated solutions. Crédit Mutuel offers them a complete range of solutions to meet their financing, account management, savings and insurance needs. It also supports their senior management or employees with appropriate protection and health coverage. The protection of business premises can be ensured thanks to Homiris Pro, a remote monitoring solution that includes the on-site intervention of a security officer in the event of a breach.

During the year, the group won new professional customers with a portfolio that increased by 5.0%. Crédit Mutuel meets both cash requirements and financing requests. In 2022, almost €3.0 billion in investment loans were granted. In addition, the development of products and services to facilitate customers in their daily lives (virtual appointments, digitization of loans, etc.) continued. The service

platform, the *Kiosque à Services* (Service Kiosk), allows access a range of trusted and responsible partners. Assurances du Crédit Mutuel (ACM) also continued to develop a range of insurance policies adapted to customers' needs.

In 2022, Crédit Mutuel continued its communication actions and supported its partners in the organization of trade fairs. As a result, many franchisees and business creators have been able to see their projects come to fruition thanks to dedicated support.

Agriculture market

Thanks to offers specifically adapted to farmers' businesses and risks, the Crédit Mutuel supports farmers from installation to transmission, with specific financing, account management and insurance offers. As a long-standing partner of the agricultural sector, Crédit Mutuel has specialized account managers to advise over 108,000 customers.

The 2022 fiscal year was marked by the deployment of the agriculture sector policy allowing an objective analysis of the action plans carried out by farmers in environmental, social and governance matters, based on the condition-based principles of the Common Agricultural Policy (CAP). This committed approach promotes the agro-ecological transition and allows a constructive dialog with farmers to better support them in their projects.

This policy is supported by measures to encourage operators to invest to reduce greenhouse gas emissions, improve the potential for carbon storage in the soil and preserve biodiversity. In support of these methods, the range of Transition Loans is enriched by an offer dedicated to the farmers' sector to encourage innovative projects by farmers and the investments necessary for the transformation of agriculture towards agro-ecology.

In 2022, the digitization of processes will continue. After being rolled out on ACTIMAT - an equipment financing offer from equipment dealers - in 2021, the digitization of Crédit Mutuel APPRO - supply financing offer - was completed in 2022.

Non-Profit Market

The retail bank also covers the specific needs of associations, foundations, social and economic committees and non-profit organizations, which together represent 5.3% of its customers. Crédit Mutuel offers account management, savings, financing, insurance and employee savings solutions. The collection of donations or contributions is also facilitated thanks to the dedicated solutions offered.

Driven by targeted sales momentum, activity in the non-profit market intensified in 2022 with over 326,700 customers. As part of its status as a benefit corporation, Crédit Mutuel offers its Pay Asso solution, as well as director liability insurance, to sports and cultural associations with a budget of less than €500,000.

Beobank

Beobank, a subsidiary of Crédit Mutuel Alliance Fédérale since Crédit Mutuel Nord Europe and its subsidiaries joined the latter on January 1, 2022, offers bancassurance products in Belgium. With 203 branches, it supports more than 742,000 individual, professional and small business customers in carrying out their projects. Beobank provides solutions to the personal and professional needs of its customers through a range of banking and non-banking products and services that are based on the values of responsibility and respect. It offers a wide range of services ranging from asset building to credit granting and remote surveillance.

In a context of monetary tightening and rising interest rates, Beobank is continuing its development in its main business lines and its growth drivers. Outstanding loans thus stood at €8 billion at the end of 2022, up 14.1%, including consumer credit (+3.5%), cards (+6.3%), mortgage loans (+20.3%), loans to professionals (+12.9%). The property & casualty insurance portfolio grew by +33%. At the same time, outstanding deposits amounted to €7.0 billion (+4.8%) at the balance sheet date.

In 2022, Beobank is pursuing its "Vision Canaux 2025" (Vision Channels 2025) project, which aims to provide personalized and omnichannel experiences to customers and prospects. Beobank also maintains its four priority axes of digital transformation with the enrichment of the Beobank Mobile application with new features, the development of online banking for professionals, the launch of a chatbot and the implementation of feeds to enable 100% online customer acquisition. On the other hand, new tools are deployed allowing asset managers to finalize their advisory sessions and execute their transactions more quickly. On the customer side, the range of products offered has been enriched with a private life accident insurance for individuals and two pension savings insurance policies for professionals.

Beobank also continues to invest in maintaining its brand awareness at 85%^[1], placing it among the strongest banking brands. The Beobank Mobile application is ranked 6th in Belgium in the annual Sia Partners ranking and 3rd in the Belgian ranking of best rated banking applications on the stores^[2].

Banque Européenne du Crédit Mutuel (BECM)

BECM is the subsidiary of Crédit Mutuel Alliance Fédérale serving the regional economies, the business market and real estate professionals. A bank on a human scale whose values are based on proximity and responsiveness, it brings technical expertise and high added value to all businesses. It operates as a partner for developers and real estate companies on the real estate market.

To support its 20,650 customers, BECM relies on its 321 employees and the services of Crédit Mutuel Alliance Fédérale's business centers. Consisting of 45 branches, it is organized on a market basis, with 31 branches serving the general business market and 14 serving the real estate market.

In 2022, to increase Crédit Mutuel Alliance Fédérale's capacity to develop its corporate activities in Germany, BECM sold its activities and its ten branches in this country to TARGOBANK.

On a like-for-like basis^[3] and measured in average monthly capital, customer loans increased by 17.5% to €18 billion at the end of 2022. Accounting resources decreased by 15.1% to €10.2 billion.

In 2022, in addition to the transition of BECM's activities in Germany to the TARGOBANK brand, BECM is integrating ESG criteria in the granting of loans and is setting up a Social and Mutualist Responsibility Committee. For real estate professionals, it is implementing a development plan on the real estate market and is launching the marketing of an Immo'Responsable financing offer for real estate agents for older homes.

1.3.1.1.2 CIC banking and insurance network

Retail Banking, the core business line of CIC, accounted for 61% of its net banking income at the end of 2022. CIC is organized into six regional banks, including CIC Île-de-France, which is also the holding and the head-of-network bank, based on business line subsidiaries for which the products and services are marketed by the network. CIC meets needs in insurance, real estate and equipment leasing, factoring, asset management, employee savings, and real estate sales and management. Thanks to the know-how of its employees, Retail Banking meets the needs and expectations of 5.54 million customers.

Committed to establishing a close relationship with its customers, CIC offers them an efficient, effective and modern omnichannel organization. Each customer has an advisor in 1,749 branches in France. Many procedures are also accessible at any time *via* the websites and mobile apps.

The CIC business model aims for excellence in customer service, an ambition that is regularly rewarded. In 2022, CIC won five out of six possible awards at the *Trophées de la Banque*^[4]. It ranks first in two categories: Project Advisor and Mobile App.

In 2022, the network continued to provide support for customers and their project financing activities. Outstanding loans reached €178 billion, up 8.3% year-on-year. Outstanding deposits amounted to €168.6 billion at the end of 2022, up by 1.3%. Inflows were particularly high in passbook accounts and term deposits, which benefited from the context of rising rates and customers' search for liquid and secure products. In the diversification sectors, sales of products and services to customers continued their commercial momentum. The number of contracts signed rose by 7.1% for online banking, by 2.2% for the Homiris remote surveillance offer, with mobile telephone services down slightly.

CIC reinforced its offers for each customer segment in 2022:

- the *Kiosque à Services* (Service Kiosk), a service platform that connects customers with partners to facilitate their daily lives;
- the remote signature of loan contracts for businesses;
- the implementation of the digitization of CIC-APPRO allowing the financing of purchases of supplies directly from agro-suppliers;
- the launch of the Transition Impact Loan;
- a new group healthcare offer in the field of corporate insurance.

Throughout the year, CIC has worked to support its sports partners, including the *Fédération française de cyclisme* (French Cycling Federation), and the *Fédération française de natation* (French Swimming Federation). This same support 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] IPSOS study June 2022.

[2] Sia Partners study, based on ratings given by users on the App Store and Play Store.

[3] By neutralizing, in the 2021 data, the figures for discontinued operations in 2022.

[4] Study "Les Trophées de la Banque 2022 - Qualité" by MoneyVox.fr.

1.3.1.2 Consumer credit

1.3.1.2.1 Cofidis Group

Cofidis Group is Crédit Mutuel Alliance Fédérale's business center specializing in online banking and consumer credit. It operates through three commercial brands: Cofidis, Créatis and Monabanq. Established in nine countries in Europe – France, Belgium, Spain, Italy, Portugal, the Czech Republic, Hungary, Slovakia and Poland – Cofidis Group employs over 5,700 people to serve its customers.

In 2022, a year marked by 40 years of existence, Cofidis Group continued to grow with financing, including payment facilities, up 19% compared to 2021. This growth is due to the diversification of products and acquisition channels initiated in recent years. New products, particularly dedicated to personal loans and buybacks, are marketed. The retail, e-commerce and motor partnership activities are also developing. Growth is accelerating, particularly in Italy and the four Central European countries.

The strategy to accelerate the development of Monabanq's online banking activity is bearing fruit with the opening of current and savings accounts up 54% compared with 2021. Deposits increased by 15% and the number of customers by 8%.

2022 confirms the success of Cofidis Group's strategy, driven by the ambitions of the Experience First project. Implemented in 2019, it aims to improve customer relations and the employee experience thanks to the collaboration and synergies between the 12 entities of the group.

Cofidis Group's subsidiaries have received numerous awards testifying to their continuous investment in the quality of customer relations, a major area of differentiation for the group. Cofidis Espagne and Monabanq retained their Customer Service of the Year labels in 2022 for the 8th and 5th time respectively. Cofidis Italy and Portugal also received an award for their customer relations. Cofidis France and Monabanq won the Qualiweb award for their customer relationship management by email and on social networks. For the second year in a row, Cofidis France has been awarded the Happy Team, Happy Customers label, in recognition of its strategy based on the symmetry of attention between employees and customers, as well as the Happy Team, Happy Partners label.

Cofidis Group is committed to its customers and partners, and is also strongly committed to its employees. Cofidis and Monabanq thus appear in the ranking Best Workplaces France 2022 Great Place To Work at the 5th and 28th place. Synergie, Cofidis Spain, Italy, Belgium, Hungary, Slovakia and the Czech Republic are at their level certified Great Places To Work 2022. To strengthen the quality of life at work and the inclusion of all, Créatis, Monabanq and Synergie signed the Diversity charter in 2022, thus joining Cofidis France, a signatory since 2010. These same entities have also signed the LGBT+ Commitment charter and obtained the Happy Trainees label in recognition of the quality of the integration and support of some 200 work-study students on the Villeneuve d'Ascq campus. To celebrate its 40th anniversary and reinforce its commitment to inclusion, Cofidis France has launched the Missions Booster allowing employees to get involved with 40 associations in the Hauts de France during three days offered on working time. With the Future Makers program, Cofidis Espagne employees put their experience to good use to facilitate access to work for people, especially young people who are not in the job market.

Finally, as part of the #LikeMyPlanet approach, many actions around sustainable development were launched again this year. These include the installation of solar panels on Cofidis Belgium's buildings, the launch of a sustainable mobility package in France and the strengthening of Monabanq's Green offer.

[1] Source: internal calculations based on the ASAF database.

1.3.1.2.2 TARGOBANK in Germany

Established in over 250 German cities, TARGOBANK meets the needs of 3.6 million retail customers and businesses by offering banking, insurance, factoring and leasing solutions. With a strong presence in the consumer credit and factoring markets, TARGOBANK combines the advantages of an online bank with those of a network bank. This complementarity offers an efficient and personalized service both remotely and in the 332 branches.

Since October 2022, TARGOBANK's corporate activities have been expanded with the integration of the German branch of Banque Européenne du Crédit Mutuel SAS, which now operates under the new brand name TARGOBANK Corporate & Institutional Banking (TARGOBANK CIB). The range of services includes corporate financing, special financing, commercial real estate property financing, as well as payment transactions and investment products.

During the fiscal year, the range of motor financing products was extended to the financing of motorhomes and caravans. In addition, since June, customers have been able to pay, in stores or online, with their credit card *via* Apple Pay.

At the end of 2022, the production of repayable personal loans amounted to nearly €6 billion, up sharply compared to 2021. In terms of retail banking, outstanding loans grew by 9.9% to €19.7 billion, and customer deposit volumes reached €22.9 billion. The corporate sector has recovered significantly, with growth in the factoring and leasing business lines.

In terms of customer relations, TARGOBANK was once again rewarded for the quality of its service by being ranked 1st in the Kundenmonitor barometer in the category of customer satisfaction in branches among network banks. Each year, this customer survey summarizes key figures on satisfaction and the main consumption trends.

TARGOBANK applies Crédit Mutuel Alliance Fédérale's sectoral policies contributing to the decarbonization of the economy and excluding the financing of certain goods and companies. Since the 3rd quarter, customer advisory on investment products integrates environmental, social and governance sustainability factors, and the first recycled PVC cards have been issued and delivered to customers. Conscious of its social and societal responsibility, TARGOBANK and its employees have, once again this year, supported numerous projects, both financially and in the form of volunteer days.

For the 17th time in a row, TARGOBANK has been named a Top Employer by the Top Employers Institute. In particular, the jury recognized the consistency of the actions implemented in terms of health, the company's values and its commitment in terms of CSR.

1.3.1.3 Business line subsidiaries

1.3.1.3.1 Factoring and receivables

Crédit Mutuel Alliance Fédérale's factoring sector, dedicated to companies and professionals, consists of two entities in France: Crédit Mutuel Factoring and Factofrance. These two complementary distribution models represent 22.8% of the factoring market share^[1] at September 30, 2022. Crédit Mutuel Factoring, the Group's long-standing business center, markets its solutions through the Crédit Mutuel and CIC networks. Factofrance distributes its products directly through dedicated sales representatives and providers such as credit insurance brokers, accountants, etc. In Germany, factoring activities are carried out by TARGOBANK under the TARGO Factoring and TARGO Factoring & Equipment Finance brands.

In 2022, more than 12,400 customers, *i.e.* an increase of 12%, of Crédit Mutuel Factoring and Factofrance, in France and abroad, benefited from short-term financing. With over 880 employees, the sector offers factoring and notified business receivables management solutions known as Dailly. These offers are accompanied by additional services in the area of trade receivables (dunning, collection, payment collection and lettering) and guarantees against the risk of insolvency. Factofrance also has an inventory financing product backed by the factoring contract.

After a 12% rebound in 2021 following the health crisis, the volume of receivables purchased by Crédit Mutuel Factoring and Factofrance reached a record level of €98.5 billion in 2022, up by 17.1%. International business accounts for approximately 32.6% of overall revenue. At the balance sheet date, factoring outstandings amounted to €14.1 billion, up 17.3%.

The year 2022 was marked by a reorganization of the customer relations department, which is now divided into market segments (Very Small Businesses, Businesses and Large Companies/International) to respond more effectively to customer expectations. The year was also marked by innovations in the offer, including the Flash Dailly product for Crédit Mutuel Factoring's retail customers, which was successfully launched. Finally, the survey conducted among the sector's customers in the last quarter of 2022 shows an overall satisfaction rate of 95.5%, which is very stable compared to 2021.

1.3.1.3.2 Finance Leasing

Equipment Leasing

Crédit Mutuel Alliance Fédérale's leasing sector is a major player in equipment leasing with a market share of over 16%^[1] in France. It is organized around three entities, each operating in distinct markets: Crédit Mutuel Leasing, CCLS and, since January 1, 2022, Bail Actea.

Crédit Mutuel Leasing offers rental financing tailored to the investment projects of individuals, associations, professionals and companies. The products are distributed under Crédit Mutuel Leasing brand within the Crédit Mutuel network and under CIC Leasing brand within the CIC network. In France, Crédit Mutuel Leasing's organization is largely decentralized. As close as possible to the networks and customers, this subsidiary relies on cutting-edge technology, comprehensive expertise and quality advice. Internationally, it is present in Benelux, Germany and Spain. It finances the investments of French companies with subsidiaries or their parent company locally. It also meets the needs of foreign companies that have entities or their parent company in France.

CCLS offers rental financing solutions for their sales to its network of partner distributors or equipment manufacturers. It thus enables them to develop their sales thanks to customized financing programs, while maintaining the exclusivity of their commercial relationship. CCLS generally operates in the office automation, IT, rolling stock and medical markets.

Bail Actea joined the leasing sector on January 1, 2022 when Crédit Mutuel Nord Europe joined the Caisse Fédérale de Crédit Mutuel. It offers customers of its network of regional branches and specialized divisions leasing solutions based on proximity, responsiveness and expertise.

In 2022, the sector's activity across the entire scope grew by 23%, exceeding €6.6 billion. As a result, the sector's outstandings were up and stood at €14.5 billion. On a like-for-like basis, excluding the inclusion of Bail Actea in the scope of consolidation, the volume remained up by more than 9% and reached nearly €6 billion. With more than €700 million, international production represents 11% of the sector's total production.

The integration of Bail Actea completes the multi-channel offer and develops synergies in the leasing business line. This integration took place while preserving the commercial momentum and value proposition of the company, which achieved its highest production since its creation and a growth of nearly 20% compared to 2021.

In 2022, the subsidiary continued to roll out the four priorities of the Crédit Mutuel Alliance Fédérale's strategic plan. CCLS is finalizing the overhaul of its organization to promote quality of service and proximity. Within Crédit Mutuel Leasing, the surveys carried out make it possible to monitor the quality of the customer relationship throughout the production chain, from the commercial offering to after-sales service, including claims and restitution services. The NPS scores obtained vary between 46 and 80.

To meet the Group's ambitions in the field of mobility, Crédit Mutuel Leasing is setting up a department dedicated to the motor sector. It began by strengthening its pricing process and its management of relations with manufacturers and suppliers. It has also tested several used vehicle financing solutions to facilitate access to mobility. The solutions designed by these experiments will be rolled out in 2023. The company is renewing its communication actions around its Eco-mobility rental offering promoting the environmental transition. The share of electric and hybrid vehicles financed by private individuals exceeded 40% in 2022.

Finally, as part of its societal commitment, the sector is continuing its actions to support the *Restos du Cœur* for the renewal of their commercial vehicle fleet and is forging a new partnership with the Fratries association. This association provides coliving residences allowing young disabled people and young workers to live together under the same roof.

Real estate leasing

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

Thanks to its expertise and the dynamism of its networks, Crédit Mutuel Real Estate Lease ended 2022 with €946 million in financing granted. Its total outstandings increased by 6% to €6.3 billion. With this level of production, Crédit Mutuel Real Estate Lease is once again positioned in 2022 as one of the leading real estate lessors in France.

[1] Source ASF for market outstandings.

The development and implementation of digital tools to characterize projects in the banking networks make it possible to respond quickly to expectations. Numerous financing studies are carried out instantaneously, enabling our teams to work as closely as possible with our customers. The continuation of the digitization work during this fiscal year has made it possible to deploy the electronic signature of financing offers to all customers and should lead in 2023 to the creation of a website dedicated to real estate leasing.

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

1.3.1.3.3 Other

Crédit Mutuel Immobilier

Crédit Mutuel Immobilier and its eight subsidiaries^[1] make up Crédit Mutuel Alliance Fédérale's real estate network. It covers all real estate activities in France and had 340 employees at the balance sheet date.

Crédit Mutuel Immobilier:

- acquires land to develop concerted development zones, produces building land and offers land charges to real estate developers;
- develops and markets real estate programs of main residences and buy-to-let investments;
- carries out real estate programs as a joint developer with the developer customers of Crédit Mutuel Alliance Fédérale's banking networks;
- participates in financing rounds in real estate development projects with the group's customer developers;
- sells new real estate assets to Crédit Mutuel Alliance Fédérale customers through AFEDIM. AFEDIM, which celebrates its 30th anniversary in 2022, relies on AFEDIM Gestion for its real estate property leasing and management activities. Almost 50% of investors/lessors *via* AFEDIM signed a management agreement with AFEDIM Gestion;
- markets existing homes *via* AFEDIM Transactions, which rolled out its offer to new territories in 2022.

The Crédit Mutuel Aménagement Foncier subsidiary continues to market its building plots *via* AFEDIM, which alone will account for 50% of the marketing volume in 2022. This year, Crédit Mutuel Aménagement Foncier won two awards from the *Union Nationale des Aménageurs*:

- the *Sobriété Foncière* award with the Quartier Lizé program in Montigny-Lès-Metz in the Moselle region. This eco-neighborhood project aims to redevelop a former military barracks;

- the Low Carbon Trophy for the *Clos des Vignes* project in Marly (Moselle), where a number of measures have been taken to reduce the carbon footprint, including soft mobility, efficient rainwater management, optimization of electrical equipment and night-time lighting, use of low-emission materials, in-situ soil treatment, use of recycled materials, on-site management of excavated and backfilled materials, implementation of a green worksite charter, and reduction of supply distances.

Crédit Mutuel Aménagement Foncier has also signed a cooperation charter with Action Logement. By signing this charter, the subsidiary is committed to putting its expertise at the service of low-income households, by developing land and sustainable housing that respects the environment and the region.

Ataraxia, the real estate development subsidiary, won the Pyramid Competition of the Federation of Real Estate Developers of Brittany in 2022 in the category of industrial innovation for its construction program of a wooden building, *L'Ile Ô Bois*.

During the month of October, Crédit Mutuel Aménagement Foncier and Ataraxia Promotion joined the national Pink October campaign to raise awareness of breast cancer screening. Their commitments focused on two major actions: the participation of employees in solidarity races and the payment of donations to the *Ligue contre le cancer* for all sales contracts signed during this month.

Crédit Mutuel Home Loan SFH

Crédit Mutuel Home Loan SFH, a subsidiary of Banque Fédérative du Crédit Mutuel, is responsible for raising funds from international investors. It borrows on the financial markets by issuing residential-mortgage backed securities rated AAA by the rating agencies when they are guaranteed by the network's home loans.

The main highlight of 2022 was the surge in inflation to levels not seen for nearly 40 years. This inflationary shock coupled with the energy crisis and the tightening of monetary policies led to high volatility in the financial markets. Although the return of inflation was evident as early as 2021 with the recovery of the post-pandemic economy, the conflict in Ukraine, a source of strong pressure on energy and food prices, quickly caused high and sustained inflation to spread to the entire global economy. To combat the latter, central banks (led by the FED and ECB) had to raise their interest rates very quickly and sharply. These restrictive policies seem, at the beginning of 2023, to have slowed the rise in inflation without weighing too much on growth. However, the continuing high levels of inflation indicate that this battle is not yet completely won.

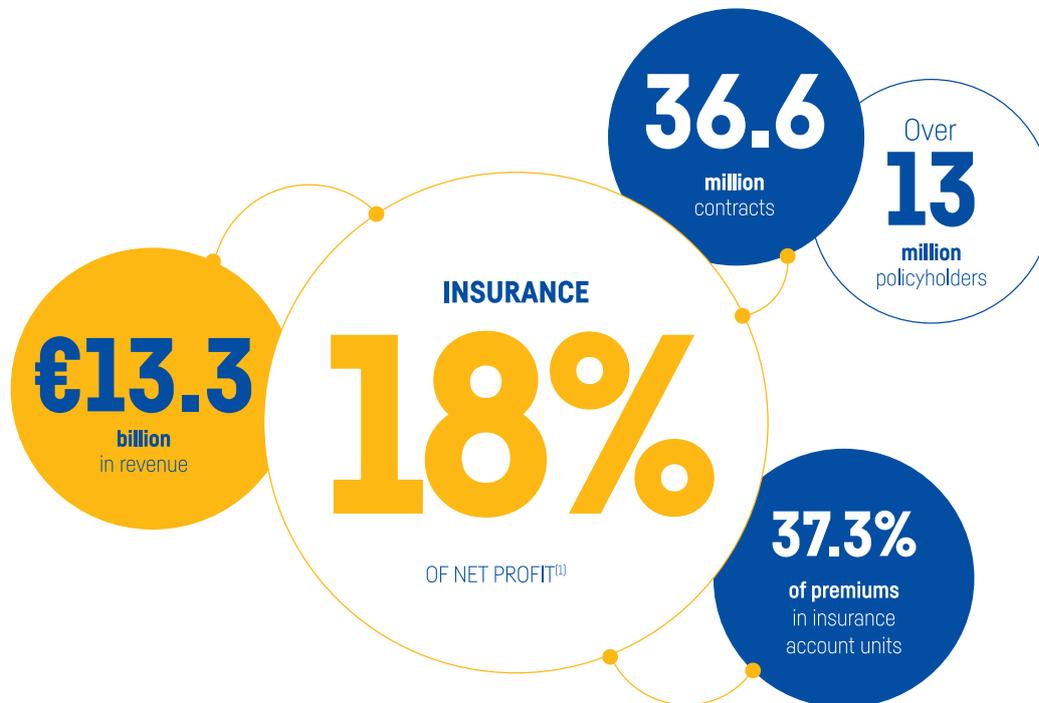
Nonetheless, despite very volatile market conditions, bond markets have remained resilient.

In this context, Crédit Mutuel Home Loan SFH issued five major issues in 2022:

- in February: €1,500 million at five years (coupon rate of 0.625%);
- in February: €500 million at ten years (coupon rate of 0.875%);
- in June: €1,250 million at five years (coupon rate of 2.375%);
- in October: €1,000 million at seven years (coupon rate of 3.25%).
- in November: €1,000 million at five years (coupon rate of 2.5%).

[1] List of eight subsidiaries: development/subdivisions: Crédit Mutuel Aménagement Foncier; distribution of real estate property and services: AFEDIM and AFEDIM Gestion; real estate development: ATARAXIA Promotion; real estate co-development: Crédit Mutuel Réalisations Immobilières; financing rounds: Crédit Mutuel Participations Immobilières; real estate valuation: Valorisation Immobilière; distribution of existing properties: AFEDIM Transactions.

1.3.2 Insurance



For over 50 years, Insurance has been carried out by Groupe des Assurances du Crédit Mutuel (GACM). A major player in this field in France, it covers the needs of retail, professional and corporate customers. GACM's activity has been fully integrated since it was created from a commercial and technological standpoint in Crédit Mutuel Alliance Fédérale. The banking networks are the heart of GACM's activity in France and abroad, with distribution mainly through the Crédit Mutuel, CIC and Cofidis banking networks. In Belgium, GACM also relies on the Beobank network and its own network of branches.

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

The property & casualty insurance marketed makes it possible, notably through motor and multi-risk property insurance policies, to cover personal property and civil liability. GACM also offers insurance covering all risks related to the activity of professionals and companies: premises, equipment, vehicle, professional civil liability and legal protection.

In health insurance, all contracts benefit from access to the *Avance Santé* card for the payment of healthcare costs without immediate debit. GACM offers a complete range of insurance products for retail customers, professionals and businesses.

Lastly, GACM's loan insurance covers the loans contracted by retail customers, professionals and businesses in the event of death, incapacity for work or loss of activity. Since 2021, GACM has eliminated loan insurance medical formalities for loyal customers when financing their primary residence.^[1] Crédit Mutuel Alliance Fédérale thus allows loyal customers to no longer be subject to additional premiums or exclusions related to their state of health.

In 2022, with 36.6 million contracts, the insurance activity covered over 13 million policyholders. Written premiums, generated mainly in France, were €13.3 billion, up 9.7% compared to 2021. This increase was mainly driven by the 12.5% growth in gross premiums in savings & retirement insurance, pensions and capitalization, which reached €7.0 billion. Gross unit-linked premiums represented 37.3% of total premiums in France. Net premiums, at €1.5 billion, were largely positive. This included €1.6 billion in net premiums into unit-linked products and net premiums into euro-denominated funds, which were almost at break-even.

[1] Offer subject to cumulative conditions, reserved for the purchase of the main residence, to customers who have domiciled their main income for at least seven years with Crédit Mutuel or CIC, aged less than 62 years, within the limit of an insured capital of €500,000 per borrower, for any first underwriting to ACM of a borrower insurance policy for their main residence, or for any customer. As a reminder, as of 2017, there is no longer any medical screening as of the second underwriting under the medical acceptance retention.

In addition, in 2022, GACM increased the rates paid to its policyholders in France by one point, bringing the average rate paid to 2.30%. This increase policy is made possible by the financial strength of GACM. The compensation reserves built up over the years amount to 7.8% of life insurance reserves⁽¹⁾, a level among the highest in the market. The financial assets making up the general funds remain in overall unrealized capital gain.

P&C and protection insurance underwritten premiums amounted to €6.3 billion. Property & Casualty insurance increased by 2.9% (including +1.4% in motor insurance and +5.2% in property damage & liability) and personal insurance by 4.7% (including +1.6% in health, +4.1% in protection and +6.6% in creditor insurance), driven by the growth of the contract portfolios.

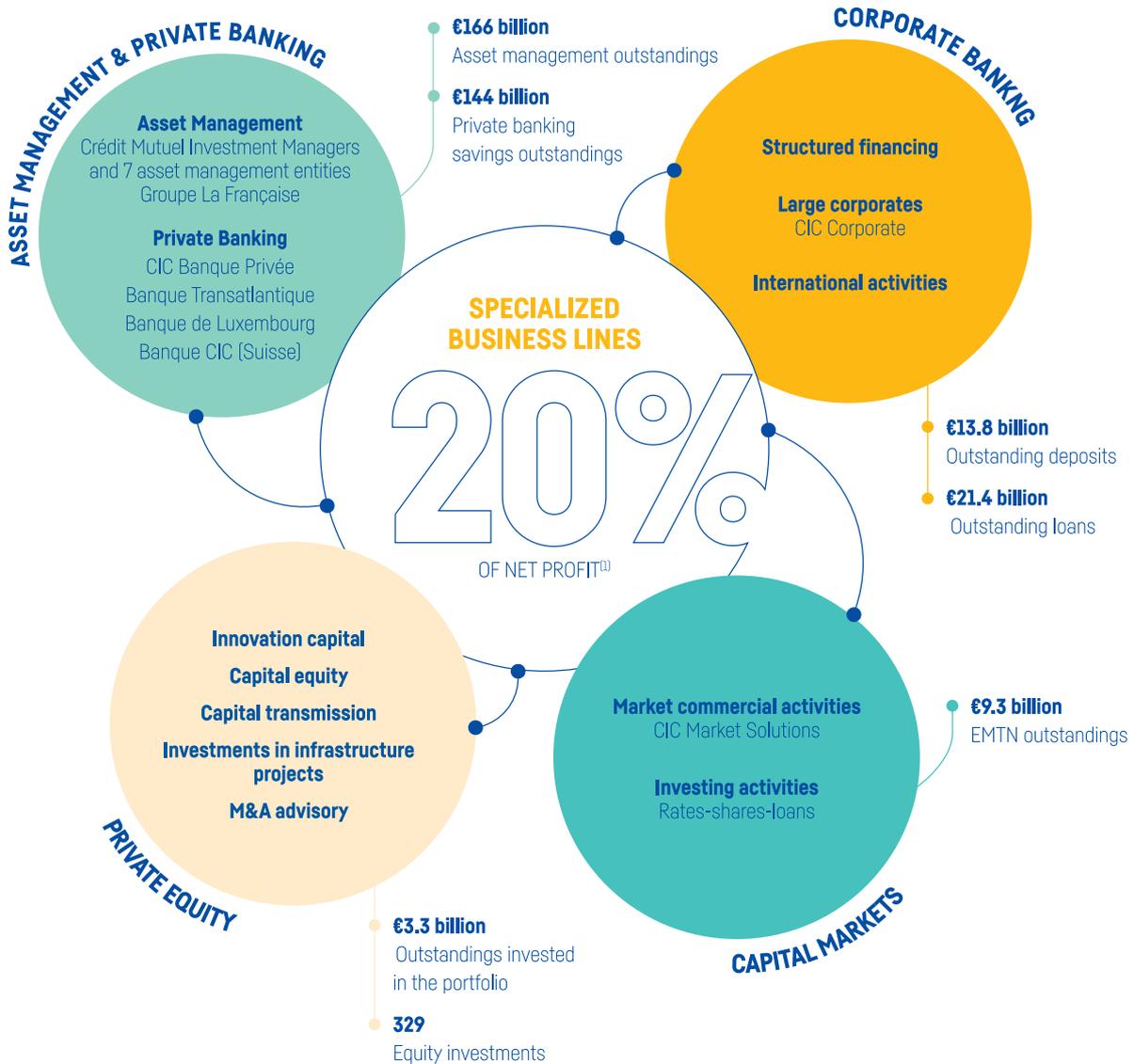
Revenue generated by the international subsidiaries was €607 million, comprising €192 million in Belgium and €403 million in Spain. At the end of 2022, GACM and Axa Spain signed an agreement for the sale by GACM SA of 100% of the capital of GACM España to Axa Spain, for a sale price of €311.7 million. This proposed disposal is expected to be finalized in the second quarter of 2023 subject to obtaining the required regulatory approvals.

In line with its strategic development ambitions in the professional and corporate market, GACM rolled out a new group health offer in the first quarter. At the same time, a partnership strategy is being deployed to complete the offer to professionals and companies of the Crédit Mutuel and CIC networks. GACM also continued to expand its range of digital services with, among other things, the addition of new functionalities to the e-declaration. With nearly 50% of motor and property damage & liability claims reported online in the second half of the year, the e-declaration reflects GACM's ability to simplify procedures for policyholders and improve service quality.

Thanks to this constant commitment, Crédit Mutuel finished first in the overall ranking of insurers in the 2022 edition of the OpinionWay/Argus insurance barometer on the image, attractiveness and reputation of insurers. A result obtained thanks to the strong relationship of trust created with policyholders as well as the relevance of the mutualist bank-insurance model.

(1) Provision ratio for profit sharing/mathematical reserves at the end of 2022.

1.3.3 Specialized business lines



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

1.3.3.1 Asset management & private banking

Crédit Mutuel Alliance Fédérale's asset management and private banking business line comprises:

- Crédit Mutuel Investment Managers, comprising seven asset management entities;
- Groupe La Française, which contains four management companies and a distribution platform;
- Banque Transatlantique, Banque de Luxembourg and Banque CIC (Suisse).

1.3.3.1.1 Asset management

Crédit Mutuel Investment Managers

Crédit Mutuel Investment Managers, launched in early 2020, is Crédit Mutuel Alliance Fédérale's dedicated asset management business center. It brings together the sales teams of all Crédit Mutuel Alliance Fédérale management entities. The teams market all the investment solutions offered by these entities, which retain their management autonomy and independence.

Through a multi-entity model, this center of expertise promotes the investment solutions of seven Crédit Mutuel Alliance Fédérale management structures: Crédit Mutuel Asset Management, Banque de Luxembourg Investments, CIC Market Solutions for structured products, Cigogne Management for alternative funds, Crédit Mutuel Capital Privé for private equity funds, CIC Private Debt for private debt funds and

Dubly Transatlantique Gestion. They totaled €119 billion in outstandings in 2022.

Crédit Mutuel Investment Managers supports the Crédit Mutuel Alliance Fédérale networks, external distributors (private banks, fund selectors, etc.), institutional investors and large companies. It offers them a wide range of products and solutions adapted to their needs. With 54 employees, Crédit Mutuel Investment Managers, based in France and Luxembourg, operates in six countries in Europe.

In 2022, the network coordination teams supported the deployment of controlled management and developed several multi-media animation tools.

In addition, Crédit Mutuel Investment Managers continued its international development by multiplying events with producers and with a new sales representative in French-speaking Switzerland.

Business in 2022 was conducted amid a complex overall environment marked by the start of the war in Ukraine. This affected the course of all economic, geopolitical and financial factors, leading to high inflation, interest rate rises, substantial volatility in the financial markets, a downgrading of the outlook for economic growth and a further increase in the urgency of the climate and energy transition prompted by the need for European sovereignty.

The year was marked by net inflows of €4.9 billion in non-money market funds and structured EMTNs. Equity funds recorded positive net inflows of €550 million after a volatile first half. At the end of the year, with the return of positive rates, bond maturity funds regained their appeal to investors. As a result, these funds attracted €800 million, reflecting the importance of this category. Money market funds, for their part, after a sharp decline in inflows at the beginning of the year, recorded a net outflow of €1.4 billion.

Customer interest in structured EMTNs increased in 2022, both in France and in Germany, with the return of capital-protected products and the success of a dedicated product offering for external distributors.

Crédit Mutuel Investment Managers coordinated the work on SFDR for all producers in the face of the new constraints imposed by distributors. In addition, consideration is being given to expanding and adapting the responsible finance range so that it can be better distributed.

In September 2022, Crédit Mutuel Alliance Fédérale launched a study with a view to setting up an asset management division grouping together all third-party management structures within a multi-boutique model. This study, called "*Ensemble Gestion*", will lead to a large-scale project with the objective of co-constructing a customer-oriented organization so that Crédit Mutuel Alliance Fédérale becomes a major player in asset management in France and Europe, committed and responsible.

Crédit Mutuel Asset Management

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

A major player in asset management, with €69.3 billion of assets under management in France in 2022, Crédit Mutuel Asset Management offers its customers high-performance, innovative and sustainable investment solutions. It is particularly well known for its short-term flexible cash solutions as an alternative to money market funds, as well as for its long-term conviction solutions in direct bond and equity management in all geographical areas and all capitalization sizes. Its global and specialized expertise in fixed income management, equity management, diversified management and quantitative management is reflected in the management of more than 500 dedicated funds representing nearly €10 billion in assets under management.

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

Crédit Mutuel Asset Management aims to fully integrate ESG issues at three levels: issuer analysis, investment decisions and portfolio construction. The offer includes 49 SRI funds with assets under management of nearly €22 billion, of which 28 funds have received the SRI label in 2022. CM-AM Global Climate Change has renewed its GreenFin label. This fund invests in companies actively involved in the fight against global warming, the energy transition and sustainable development. These offers are also made available to external employee savings plans. In 2022, 98% of Crédit Mutuel Asset Management's actively managed funds were classified as Article 8 or Article 9 under SFDR regulations and Category 1 or Category 2 under French AMF regulations.

In 2022, Crédit Mutuel Asset Management received several awards in recognition of the expertise of its nearly 278 employees, including 45 managers. It was awarded the Performance label for the CM-AM PME ETI Actions fund, in addition to two Regularity labels for the CM-AM Global Leaders and CM-AM Tempéré International funds awarded by *Mieux Vivre Votre Argent. Le Revenu* also rewarded Crédit Mutuel Asset Management with two trophies – Trophy for the best diversified fund range and a trophy for the CM-AM Global Gold fund. CM-AM PME-ETI Actions received a Pyramide de la performance from Investissement Conseils. Crédit Mutuel Asset Management was once again ranked in the top 50 asset management companies by Funds magazine.

A player committed to responsible finance, it retrocedes part of the investment income of the CM-AM Partage fund in the form of donations to the France Active association. In 2022, 50% of the fund's management fees was donated as part of a solidarity-based approach and to give meaning to its customers' savings.

In 2022, Crédit Mutuel Asset Management launched eight new funds, including CM-AM Objectif Emploi France, which targets companies that create jobs in France, and CM-AM Global City Zen, which supports companies by providing new solutions for the cities of tomorrow. In addition, an Impact finance offer is being developed.

In addition, it is developing its SMR action plan in line with the ambitions of Crédit Mutuel Alliance Fédérale. For example, conferences on responsible finance have been organized for employees. The latter also took part in Eco Clean Up Week, which consists of sorting files and emails to free up storage space and reduce energy consumption. It has published three "White paper" for clients and employees on the transportation of green gas, inflation, and the transformation of waste into raw materials, thus contributing to the debate on responsible and sustainable finance.

In January, by publishing a glossary of "100 definitions of responsible finance", it anchored its educational positioning with the desire to enable everyone to become familiar with definitions centered on ESG topics. In addition, it continues to publish new educational videos on responsible and sustainable finance on LinkedIn and on its website, intended for the network, employees and customer members.

Crédit Mutuel Gestion

A subsidiary of Crédit Mutuel Asset Management, Crédit Mutuel Gestion is the management company for the federations and banks of Crédit Mutuel Alliance Fédérale. It offers various management services for financial assets held in securities accounts, equity savings plans, life insurance policies or capitalization. Retail customers, professionals, companies or non-profit organizations can benefit from the expertise of Crédit Mutuel Gestion's asset managers. They can opt either for a delegation of the management of their assets via discretionary management, arbitration mandate or dedicated funds, or for an accompaniment of the follow-up of their assets via advised management or arbitration board.

Working in close collaboration with the networks, Crédit Mutuel Gestion has opted for proximity by distributing its 179 employees over 6 regional divisions to which 21 management centers belong. Crédit Mutuel Gestion also supports the networks in developing their financial offering. For example, it is involved in fund selection and allocation advice for certain Crédit Mutuel insurance portfolios and certain securities accounts and equity savings plans of federations and banks.

In 2022, the commercial activity led to the opening of 7,370 new policies, resulting in a gross contribution of €3.2 billion. Thanks to net capital injections of €1.3 billion, assets under management reached €17.4 billion.

To support members and customers in their responsible investment choices, Crédit Mutuel Gestion incorporates environmental, social and governance criteria into its investment policy, adapting to a demanding regulatory environment. The consideration of ESG criteria alongside financial indicators aims to identify companies that are both efficient and innovative and offer solutions to meet environmental and social challenges.

In 2022, Crédit Mutuel Gestion also supported the networks in their development and in changing their financial offerings. As part of the implementation of the new pricing of Crédit Mutuel Alliance Fédérale securities for all its members and customers, the pricing of the various services delegated to Crédit Mutuel Gestion was reviewed, with the ever-increasing desire for transparency and simplicity.

In discretionary management, the new international 70-100 profile is now offered, enabling investments mainly in equities outside the euro zone.

Groupe La Française

Groupe La Française is a management company and a wholly-owned subsidiary of Crédit Mutuel Nord Europe (CMNE), which joined Caisse Fédérale de Crédit Mutuel on January 1, 2022. La Française deploys a multi-boutique model for institutional and wealth management customers in France and abroad. Its activity is organized around two pillars: "real estate assets" and "financial assets". With 549 employees, La Française managed €49.6 billion in assets at December 31, 2022. Thanks to varied expertise and adapted investment offers, its sales teams offer solutions that meet the challenges and needs of its customers. Investment solutions are also deployed internationally. In

addition to its presence in Paris, La Française has offices in Frankfurt, Hamburg, London, Luxembourg, Madrid, Milan, Singapore and Seoul. Outside France, assets under management on behalf of third parties represented 27%. Committed player, groupe La Française takes into account the impact of its decisions and activities on society and the environment; CSR is one of its strategic axes for creating long-term value. It is reflected in the desire to combine performance and sustainability through the design of appropriate investment solutions.

In September 2022, Crédit Mutuel Alliance Fédérale launched a project to set up an asset management division grouping together all third-party management structures within a multi-boutique model in which the groupe La Française participates.

A key player in the real estate asset class under a single brand, La Française Real Estate Managers (REM), La Française meets the needs of customers, institutional investors and individuals. It is present across the entire value chain of real estate management with teams of experts dedicated to each stage of the investment, management and development of real estate assets. At the end of 2022, La Française REM posted more than €32.7 billion in assets under management, up 9% compared to 2021, including 23% outside France. The financial assets division, through its subsidiary La Française Asset Management, provides niche expertise with resolutely sustainable fixed income and equity solutions, cross-asset management as well as quantitative offerings and expertise in private equity and innovative managers. As a committed player, it has a proprietary SRI research center that feeds all the management teams, enabling it to offer a range of products with high sustainability standards.

In accordance with its medium-term plan, La Française continued its strategy on its two pillars of activity: real estate and financial assets.

In 2022, La Française Real Estate Managers reaffirms its position as a key player in the European real estate market by pursuing its real estate strategy structured around sustainability, services and location. The year 2022 also marks an important stage in the group's international development. On the back of a significant increase in demand from Asian investors, particularly for European real estate, La Française REM opened a second office in Asia, in Singapore, to fuel this growth.

On the financial assets pillar, La Française is pursuing its strategy structured around niche expertise that integrates the sustainable dimension. In the fall, La Française AM launched the LF crédit innovation fund, the quintessence of its expertise in fixed income, trend capture and sustainability. NewAlpha Asset Management, a subsidiary of the La Française group, continued its development with the closing of the Emergence techs for good fund for €100 million and the winning of an advisory mandate from the LACERA pension fund (Los Angeles County pension fund).

In 2022, groupe La Française continued its efforts in the area of sustainable investment: two investment funds in La Française AM's Climate Transition range were awarded the three-star Forum Nachhaltige Geldanlagen label, a recognized quality standard for sustainable investments in the German-speaking financial markets. It has also advanced and formalized a number of research projects, including a climate-oriented strategic asset allocation model and a climate stress test tool. Finally, the SCPI LF Avenir Santé, created at the end of 2021, has found its place in the Group's real estate savings offer thanks to an adapted sustainable investment strategy, which has enabled it to obtain the SRI label.

Cigogne Management

Founded and owned by Crédit Mutuel Alliance Fédérale, Cigogne Management is a Luxembourg-based asset management company specializing in alternative management. Its particularity is to offer investors absolute return products in a context of controlled risk. Cigogne Management manages thematic or diversified alternative investment funds, a UCITS fund as well as indexed structured products. It benefits from the alternative asset management experience of CIC, which advises it. The products created are offered to customers with a view to long-term investment with a recommended holding period of between three and five years minimum.

The team of 10 Luxembourg-based managers manages €1.7 billion of assets for its investors through a range of eight funds.

Despite a complicated year in 2022, the Stork Fund DMS fund of funds, Cigogne Management's core vehicle, posted a good annual performance (+1.24%), particularly in comparison with traditional asset classes. This performance has particularly benefited from the dynamic reallocation between the various underlying sub-funds. At the same time, the numerous investment opportunities set up in a volatile environment, coupled with the quality of the stock selection, suggest a significant potential for 2023.

The year also saw an increase in Cigogne Management's commitment to Crédit Mutuel Alliance Fédérale's corporate priorities and objectives, particularly with regard to environmental and societal aspects.

As far as its products are concerned, Cigogne Management has thus committed to a transformation process that will enable it to increase its ESG commitment *via* their classification as Article 8 under the SFDR regulation. Indeed, until now, the specificity of the company's core business, *i.e.* alternative management, seemed incompatible with the adoption of ESG labels or guidelines. The in-depth analysis of the regulatory and competitive framework was an opportunity for the company to intensify discussions in this area. The company aims to convert part of its range to the so-called Article 8 category by the end of fiscal year 2023, allowing its products to promote environmental and social characteristics with a minimum proportion of sustainable investments.

CIC Private Debt

For the past 20 years, CIC Private Debt has been a leading player in disintermediated financing for European SMEs and ISEs. CIC Private Debt benefits from a dense business flow thanks to its historical presence in the private debt market, with a team of 34 professionals whose expertise is recognized in the market. Its activities are structured around four investment divisions to address a large number of financing opportunities: Mezzanine and Unitranche, Senior Mid Cap Debt, Senior Large Cap Debt and Infrastructure Debt. As a responsible investor, CIC Private Debt integrates ESG issues throughout the investment process, particularly during the pre-investment phase in order to include ESG in the decision-making process and during the post-investment phase. This is done in order to raise awareness and support portfolio companies in their ESG approach.

CIC Private Debt is committed to adopting a responsible investor policy covering environmental, social/societal and governance issues, through the establishment of a Responsible Investor charter that applies to the entire team and the funds under management. CIC Private Debt is also a signatory of the Principles for Responsible Investment (PRI) and the France Invest charter.

With twelve funds under management, this entity manages €3 billion in assets.

In 2022, CIC Private Debt launched a new impact fund: CIC Transition Infra Debt 2, classified as an Article 9 SFDR. Its purpose is to support, in France and abroad, the development of infrastructures dedicated to the production of renewable energy and the fight against climate change.

Crédit Mutuel Épargne Salariale

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 savings plans. The offers are distributed by Crédit Mutuel banks and CIC branches under their own brands, as well as by a network of accounting firms. Crédit Mutuel Épargne Salariale is active on all markets but stands out through its turnkey offer for companies with less than 50 employees.

Crédit Mutuel Épargne Salariale has more than 1.25 million employee savings accounts and nearly 67,100 corporate customers. The total amount of assets under management is €10.6 billion. The distribution of new contracts amounted to 15,276 contracts, of which 8,906 were funded in the first year. Gross inflows reached a new high of €1,752.0 million, up 15.5%, including €178.2 million for payments on new contracts. Net inflows amounted to €413.7 million (+88.9%). The year was marked by the government's measure to protect purchasing power, authorizing savers to release up to €10,000 exempt from social security contributions and income tax. The withdrawals related to this measure represented €142.8 million, *i.e.* 6.54% of eligible outstandings and 1.36% of total outstandings.

In terms of activity, the year saw continued support for customers and networks, in particular through the implementation of facilitators for the account managers of the local banks and branches. The crisis situation has highlighted, for many companies, the interest in equipping themselves with value-sharing, motivation and loyalty devices for their employees.

In addition to the robo-advisor, human support is now offered to investors to guide them in their fund choices. As proof of the quality of its systems and support, Crédit Mutuel Épargne Salariale was ranked "Incontournable" – the best position in the ranking – by *Décideurs*, the reference magazine for the HR profession.

1.3.3.1.2 Private banking

Crédit Mutuel Alliance Fédérale's private banking 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 Banque Privée and Banque Transatlantique. CIC Banque privée, a branch business line integrated into the CIC network, addresses first of all the needs of business owners. Banque Transatlantique offers custom private banking services and stock-options. It also offers services dedicated to French customers living abroad. Internationally, the group has private banking entities in zones presenting strong growth potential such as Luxembourg, Switzerland and Belgium.

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

Private banking^[1] totaled €178 billion in assets under management and €31 billion in loans.

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

CIC Banque Privée

For more than 150 years, CIC Banque Privée has supported wealthy families and business leaders in the development of their personal and professional assets. CIC Banque Privée has 310 employees in 45 branches in France who offer high value-added services in the fields of financial and wealth engineering, asset allocation and financial management.

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

In 2022, CIC Banque Privée continued its development by offering new structured products, investment funds in unlisted assets and delegated management. For example, the Bagan Acti City fund invests in so-called urban logistics properties, while the Convert Hotel fund illustrates a new generation of hotels that combine traditional hotel services with a number of innovative services. In delegated management, the deployment of controlled management and a new management mandate in life insurance rounds out the range of services offered.

In addition, key private bankers have been appointed in each region to assist customers whose wealth level requires a quasi-institutional approach. Similarly, private bankers with expertise in the field of innovation are trained to support customers who are managers of start-ups and innovative companies.

Banque Transatlantique

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

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

Banque Transatlantique is the leader in France in shareholding plan management and its expertise in private banking is well known and recognized. Asset allocation and management are handled by its subsidiaries Transatlantique Private Wealth and Dubly Transatlantique Gestion. Banque Transatlantique also supports its customers who wish to give meaning to their money through the Fonds de Dotation Transatlantique, which celebrated its 10th anniversary in 2022 and distributed more than €2 million in 2022.

Banque Transatlantique continues to expand in France through its ten branches and abroad in Geneva, London, Luxembourg, Brussels, Hong Kong, Singapore, Montreal, New York, Boston and San Francisco. Its subsidiary BT Belgium has opened a new office in Kortrijk to get closer to its Flemish Belgian customers.

Its 445 employees provide and guarantee local private asset management expertise. Despite an uncertain economic context, the activity of Banque Transatlantique continued to grow in 2022 to reach €197.7 million in net banking income.

In 2022, Banque Transatlantique is once again ranked as an "Essential Bank" in the Affiliated Banks category, by *Décideurs Magazine*.

At the same time, the 4th edition of the Banque Transatlantique Expatriation Observatory was launched in partnership with the *Union des Français de l'Étranger* association and OpinionWay. This observatory, based on a survey of a large number of French people living abroad, shows the main trends and reasons for expatriation.

Banque de Luxembourg

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

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

Banque de Luxembourg also supports entrepreneurs – with particular attention to their families – as well as real estate developers, both in the financing of their projects and in their cash management. In terms of governance, a particular know-how in business transmission has been developed, including the integration of the rising generation, with the dual objective of perpetuating the company and preserving family harmony.

In addition, as a pioneer in the development of a pole of competence dedicated to investment funds, it provides initiators with a wide range of services, both in the area of liquid assets and private assets, with enhanced ESG expertise. Support ranges from the creation of investment vehicles to central administration and international distribution. Independent advisors and asset managers benefit from a wide range of customized products and services, allowing them to delegate their administrative tasks and focus fully on their core business: advising their customers and developing their business.

In 2022, the Universal Investment Group acquired the entire capital of European Fund Administration (EFA), in which Banque de Luxembourg held 31.51% of the shares. EFA is one of the main independent fund administration players in Luxembourg. The sale of its stake and the related commercial agreements enable Banque de Luxembourg to maintain its business, operational and pricing model in the area of investment fund services.

Banque de Luxembourg also acquired a stake in i-Hub SA, a service provider specializing in the management of customer documentation in the context of KYC obligations – Know Your Customer –, which enables customers and the bank to simplify and streamline repetitive business relationship documentation processes.

Banque de Luxembourg has received several awards in 2022 for its asset management and the performance of its funds through its management company BLI. It was named Best Regional Company in the Allocation category by Quantalys Awards in France. In addition, several sub-funds of the BL SICAV were awarded first place in their respective categories by L'Echo/Tijd Fund Awards (Belgium), Nordics Lipper Fund Awards and *Globes de la Gestion* (France). BL Fund Selection Smart Evolution won third place in the one-year flexible-custodian category of the *Österreichischer Dachfonds-Award 2022*.

Banque de Luxembourg is particularly committed to the digitization of its processes in order to optimize the customer experience and increase the productivity of its teams. As such, a new web banking platform has been available to all customers since 2022. A document platform incorporating electronic signature functionalities is also in place as part of the paperless policy. On the innovation front, Banque de Luxembourg is extending so-called agile practices to the implementation of its projects and is reviewing its approach to the definition, monitoring and management of its project portfolio.

In 2022, Banque de Luxembourg continued to deliver on its sustainability ambitions by launching numerous initiatives. It thus meets the expectations of its stakeholders, the requirements of B Corp certification and regulations in this area. From an environmental standpoint, in 2022 it carried out its first carbon assessment and defined actions dedicated to reducing its carbon footprint. With the entry into force of MiFID 2 ESG during the year, Banque de Luxembourg now collects the ESG preferences of its customers and adapts its offer accordingly. Finally, Banque de Luxembourg has set up an Ethics Committee, a Diversity, Equity and Inclusion Committee and a third member of the Board of Directors.

Banque CIC (Suisse)

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

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

In 2022, Banque CIC combined its digital offering under the name CIC ON. CIC ON is a hybrid banking offer combining traditional and digital banking. Its operation is completely modular, so that customers can individually compose their banking package according to their needs. This offer targets new, younger customer segments and meets the needs of modern banking customers.

With a balance sheet total of over €13.3 billion and more than 445 employees, Banque CIC (Suisse) is a long-term component of the Swiss banking landscape. It takes advantage of its omnichannel approach by combining personal support and proximity to customers with its e-banking solution, CIC eLounge.

1.3.3.2 Corporate banking

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

1.3.3.2.1 CIC Corporate: large companies and institutional investors

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

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

The year was marked by a very good level of activity supported by the implementation of new financing, with outstandings rising to their highest level in five years. Actions focused on emblematic financings related to the M&A activity of customers or major asset transactions. Despite the difficult market context, CIC Corporate confirmed its leading role in several bond issues. In terms of coverage, achievements have mainly concerned the factoring and real estate leasing sectors. Trading floor activities (derivatives) and leasing also saw an increase in their production.

In 2022, the team dedicated to structuring and sustainable finance was strengthened. In charge of structuring impact financing for customers, it assists CIC Corporate sales representatives in arranging financing for their customers. It supports the medium- and large-sized corporate teams of CIC's regional banks. It also responds to requests from BECM for its medium and large corporate customers, from the bond structuring department and from the specialized financing department and other specialized business lines that request it.

1.3.3.2.2 Structured finance

CIC's structured financing department supports the projects of Crédit Mutuel Alliance Fédérale's corporate customers. Comprised of four business lines: acquisition financing, project financing, asset financing and securitization, it offers solutions adapted to each type of transaction. Its teams operate in France and internationally, with branches in New York, London, Brussels, Hong Kong and Singapore.

The acquisitions financing business line helps its customers to carry out their corporate transfer, external growth and development projects. Its expertise and know-how in structuring allow it to offer customized financing.

In terms of project financing, after performing in-depth analysis of the project, CIC prepares tailor-made financial packages. It draws on the expertise and experience of a dedicated team of project analysts. CIC is notably involved in project financing in the energy and infrastructure fields. It has specific expertise in renewable energies. Financing with a positive climate impact totaled €2.5 billion. Europe continues to dominate the geographical distribution of outstandings with 75% of authorizations granted. The other projects originated in Asia Pacific and the Americas.

The asset financing business line offers its expertise in France and abroad. It operates in the aeronautics sector for the financing of aircraft fleets. In maritime transport, it offers to finance transport vessels, passengers and containers. It also covers the energy sector, with the financing of LNG carriers and, since 2019, the rail sector. The team in charge of maritime financing stood out in 2022 with the arrangement and financing of two cargo vessels for TOWT and Neoline. At the end of June, CIC was awarded the Leasing Deal of the Year prize by Marine Money magazine for its major involvement in the \$970 million financing of a fleet of six LNG carriers for the French subsidiary of the Norwegian shipowner Knutsen, Knutsen France LNG.

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.

1.3.3.2.3 International activities and foreign branches

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. They also enable them to access other Group business lines, such as financing for acquisitions, assets, projects or capital markets. The mission of the 36 representative offices – including the five international development offices located in these branches – is to assist Crédit Mutuel Alliance Fédérale's customers in their development projects. They respond to requests from customers seeking information on markets or looking for a distributor, supplier or sales agent. Locally, these representative offices maintain effective relationships with the customers' banks and subsidiaries. They also work on behalf of other Crédit Mutuel Alliance Fédérale business lines, in close collaboration with the CIC Aidexport subsidiary. International customers support is also based on strategic partnerships: in Canada with Desjardins, in China with Bank of East Asia, in the Maghreb with Bank of Africa BMCE Group and Banque de Tunisie. Overall, through its various networks, more than 50 countries are covered.

The international activities department provides its customers with a full range of offers to address development issues outside France. It offers banking products and services designed to guarantee, safeguard and finance international business transactions. Customers thus have access to documentary letters of credit, international guarantees, cash flow and currency risk management, export financing and working capital requirements. Against a backdrop of geopolitical stress and lack of visibility, the volume of confirmed documentary credits rose by 16.79%, confirming the desire to support exporting companies by securing their payments.

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

In addition to the traditional roles of trusted intermediary in international business transactions, CIC offers companies international support. Through its specialized subsidiary, CIC Aidexport, customers receive personalized assistance and advice for their international development. Dedicated employees work closely with the network's account managers, branches and representative offices. Their role is to develop multi-market targeting, select partners, assist in the commercial or industrial implantation and offer a detailed and realistic analysis of the target market. In 2022, nearly 302 companies were supported by CIC Aidexport. During this period of various tensions (economic, geopolitical...), the teams of the representative offices played, for the customers, a role of ambassadors constituting an effective relay.

1.3.3.3 Capital Markets

1.3.3.3.1 Commercial activities [CIC Market Solutions]

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

CIC Market Solutions thus advises and accompanies corporate customers and financial institutions in their risk hedging issues in terms of interest rates, exchange rates and commodities. CIC Market Solutions provides both standardized hedging solutions and fully customized solutions adapted to the identified risk issue. More than 100,000 hedging transactions were processed on behalf of more than 6,000 customers. CIC Market Solutions operates in the euro interest rate market, foreign exchange markets and the main commodity categories: energy, industrial metals and agricultural commodities. In 2022, the commodities offer was enriched with an electricity hedging product.

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

With €9.3 billion in structured EMTNs outstanding at the end of 2022 (€4 billion issued in 2022) and 1,800 products issued, CIC Market Solutions offers corporate clients and wealthy or institutional investors, customers of the Group's networks or its external partners, a high-performance range of investment products as part of CIC's issue program.

As Crédit Mutuel Alliance Fédérale's business line for market financing and other financial transactions, CIC Market Solutions took part in 48 primary transactions in 2022, including 44 bond issues on behalf of corporate issuers or the financial sector and four transactions, including two initial public offerings, despite a very unfavorable market environment for fundraising due to high volatility, rising interest rates and spread widening. CIC Market Solutions also proposes corporate brokerage solutions to businesses (liquidity agreement, share buyback, corporate execution, reclassification of shareholdings, sponsor listing), securities services for issuers (keeping the shareholders' register, preparing and holding Shareholders' Meetings, financial services for security transactions) as well as sponsored research, and evaluation and diagnosis.

CIC Market Solutions also offers range of dedicated services to support and advise financial institutions whether they are asset management companies or institutional investors: investment decision assistance solutions, execution and post-market solutions, custody account keeping and depository solutions for UCIs. With over 130 deposited management companies and over 36,000 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. CIC Market Solutions also supports its customers internationally, thanks in particular to the Market Solutions Asia teams in Singapore and the USA (CIC Market Solutions Inc.).

Drawing on the expertise of its analysts – economic and strategy, equity and credit – and its partners (M.M.Warburg & Co and ESN LLP – European Securities Network), CIC Market Solutions offers a broad equity research coverage of more than 550 European companies.

CIC Market Solutions has also developed its range of products and services related to the environmental transition and in line with Crédit Mutuel Alliance Fédérale's strategy: strengthening of its Sustainable Research division to complete the global research offer for investor customers, support for issuers in their ESG bond operations (issuance of Sustainability-Linked Bonds, Green Bonds, Social Bonds), and support for its customers in their ecological transition process by offering them hedging products that respond to a transition problem.

1.3.3.3.2 Investing activities

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

The investment business line covers a wide range of financial instruments. It is divided into three desks: rate desk (fixed income), equities desk (M&A special and hybrid operations) and credit desk (ABS/MBS, corporate loans, financial institutions, treasury securities). These activities are organized into specialties defined by the body of rules. The teams in charge of these activities conduct these transactions according to a strict framework of limitations. In 2022, the recurring hedges put in place to reduce volatility made it possible to mitigate the variations related to the war in Ukraine and the British draft budget.

The expertise deployed is also used for Crédit Mutuel Alliance Fédérale's alternative management company, Cigogne Management SA, which CIC provides investment advice for. Cigogne Management SA's outstandings at the end of 2022 amounted to €1.7 billion.

In 2022, the Investment business line continued to adjust its portfolios to the changes in Crédit Mutuel Alliance Fédérale's sectoral policies, reflecting the group's commitment to supporting the environmental transition. In addition, the business line supports a "Finance and Environmental Issues" research chair created in September 2022 with the Fondation Université de Strasbourg.

1.3.3.4 Private equity

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

Crédit Mutuel Equity invests Crédit Mutuel Alliance Fédérale's shareholders' equity on a long-term basis and works alongside its managers to help them create financial and extra-financial value, and to help them reach new levels of economic, social and environmental development. Proof of this commitment: more than a quarter of its 329 investments have been held for more than ten years. Portfolio turnover remains, however, very dynamic and indicative of the structure's strength: more than €1 billion on average are invested and divested every two years.

2022 was again marked by strong business momentum and the resilience of the portfolio, demonstrating great overall strength. A total of €436.5 million was invested in proprietary trading, of which nearly half in new operations.

In 2022, Crédit Mutuel Equity is making 27 new investments, including: Poclain (design, manufacture and marketing of hydrostatic transmissions), Prevote (transport, courier and vehicle rental solutions), Au Forum du Bâtiment (distributor of materials and tools for building tradesmen), Fareneit (construction and maintenance of technical building installations), Athome (insulation and thermal renovation), Axess (expert in digital transformation for companies and administrations), CES Technology (design and manufacture of high-end embedded electronic cards and systems), Elydan (design, manufacture and distribution of tubes and solutions in extruded polymer). In terms of innovation capital, investments were made in Néobrain (a software platform for skills management), Implicity (remote cardiac monitoring), Latitude (space launchers and rocket engines), and Therapixel (AI for breast cancer detection).

Crédit Mutuel Equity is also reinvesting in Frenehard & Michaux (roofing hardware, galvanization, scaffolding access), Rand Frères (distribution of costume jewelry and accessories) and Devialet (acoustic engineering).

Portfolio rotation is once again very active. Divestments generated total capital gains of over €331 million. The main divestments include Altrad Investment Authority (industrial services and equipment for industry and construction), Paprec (recycling and waste recovery), Itesa (distributor of security products, video surveillance alarms, access control, fire protection) and Financière Grimonprez (logistics).

At the end of 2022 the proprietary trading portfolio had €3.3 billion of outstandings invested in nearly 330 diversified interests.

In third-party management, Crédit Mutuel Capital Privé uses shareholders' equity to finance infrastructure projects that meet the challenges of ecological and energy, demographic and digital transitions. Its long-term approach makes it possible to respond to the need for structural investments linked to these changes in order to

generate positive, concrete and measurable impacts for the benefit of the territories. To this end, the projects supported by Crédit Mutuel Capital Privé via its Siloé Infrastructures fund, of which Crédit Mutuel Equity is the sponsor and main subscriber, must meet one of these three requirements:

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

At the balance sheet date, more than €168 million had been deployed in these projects, mainly in the energy transition. Outstanding funds under management amounted to €189.8 million.

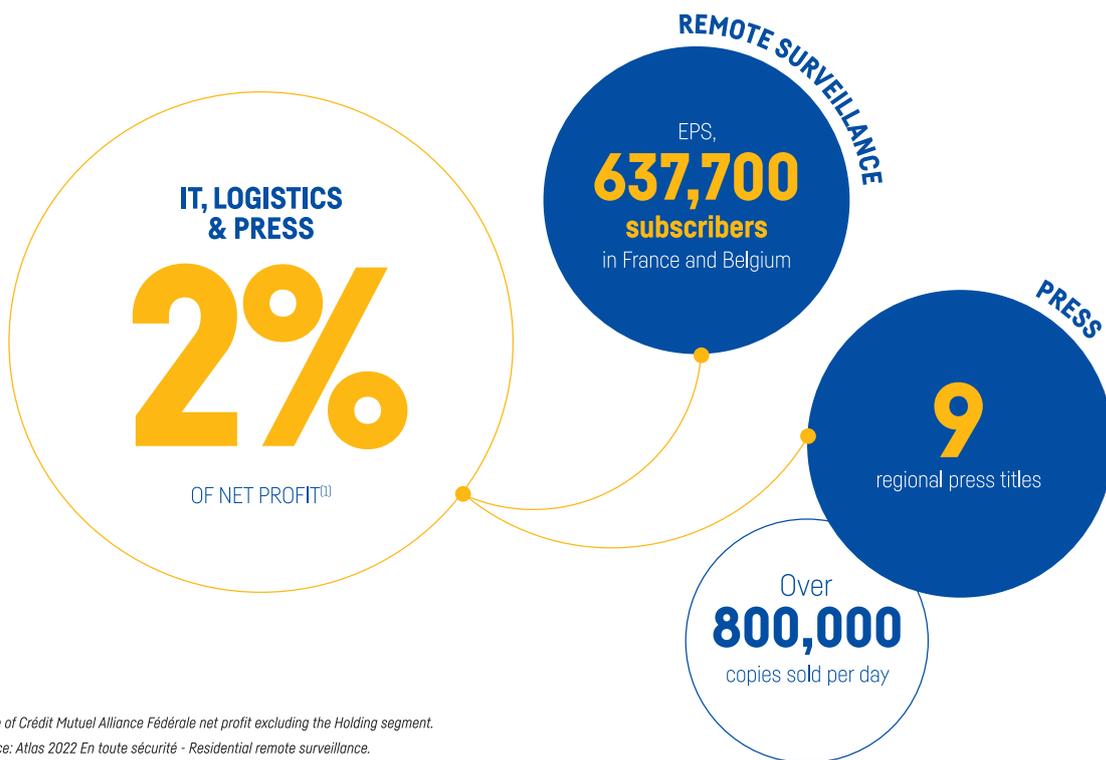
For its part, CIC Conseil, a subsidiary of Crédit Mutuel Equity specializing in mergers and acquisitions, completed 39 transactions, enabling it to achieve a record year in commissions.

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

Crédit Mutuel Equity has also signed a three-year sponsorship agreement with the French Institute of Corporate Governance (IFGE) and participates, with the managers of its subsidiaries, in research work on responsible governance.

Crédit Mutuel Equity is thus positioned as a player in the field of finance focused on the common interest, concerned with sharing value creation among all stakeholders, including employees, as a shareholder that assumes its position as a local player at the service of regional development, and as an investor committed to the long term through its model for deploying its own capital.

1.3.4 IT, logistics and the press



This division comprises Crédit Mutuel Alliance Fédérale's IT companies, logistic structures and press activities.

Euro-Information

Euro-Information acts as the IT sub-holding company for the group. In particular, it provides financing for all IT and peri-IT investments and for the group's technical subsidiaries.

In 2022, its revenue amounted to €1.5 billion.

Euro-Information Développements

Euro-Information Développements is in charge of all the group's IT developments and is responsible for the development of the information system shared by 16 Crédit Mutuel Fédérations, the CIC banks and the various Crédit Mutuel and CIC business lines. The needs are taken care of according to guiding principles: quality of the service provided, security, data protection and control of technologies and developments. In 2022, the activity of EID development teams was stable: -0.34% of man-days produced compared to 2021.

Some of the 2022 achievements are presented below, in line with the commitments of the Benefit corporation:

- as part of commitment 10 of mission 4, "As a solidarity-based company, we contribute to regional development", the Pay Asso digital payment solution was offered to associations and civil liability coverage to their directors;
- in addition to commitment 14 of mission 5 "As a responsible company, we are working for a fairer and more sustainable society", the Euro-Information Développement insurance sector was mobilized to implement the abandonment of medical formalities in the context of borrower insurance in 2021 and continued in 2022;
- in addition, for the commitment 15 of the same mission for customers in financial difficulty, an account at €1 net per month with no incident fees was set up during 2022 and concerns 51,673 beneficiaries as of December 31, 2022.

The IT transformation project, a sub-set of projects of the revised strategic plan, contributes to commitment 7 "Guaranteeing the privacy of our customers' data by processing 99.9% of their information in our infrastructures and systems located in France" and commitment 8 "Investing the productivity gains from artificial intelligence in employment and development" of mission 3 "Respectful of everyone's privacy, we put technology and innovation at the service of the human".

Concerning commitment 7, Euro-Information has infrastructures in France: the data center in Verlinghem delivered in December 2021 obtained several awards. Tier certifications, carried out by a private external American organization, the Uptime Institute, validate the very high level of resilience of the new data center. After being the second in France to obtain Tier IV TCDD (Tier Certification of Design Documents) certification, the new Verlinghem datacenter is the first to obtain Tier IV TCCF (Tier Certification of Constructed Facility) construction certification. issued on August 16, 2021. Our certification was published on the Uptime Institute website.

In addition, other constructions such as the East France data center (DCEF) are underway and comply with maximum Apsad R7, D2, R13, R4, R81 security from the design stage and a respectful environmental approach with the target of ISO 50001 certification, and EcoJardin and Biodiversity labels.

Finally, a private cloud has been deployed in data centers in France. This cloud hosts around 50 applications in production and is ultimately dedicated to supporting all eligible applications, such as the business application dedicated to accounting movements and intended for customer service managers and member-customers for which the transformation took place in 2022.

As part of commitment 8, the Cognitive and OCR Factory and the Data Factory are important contributors. For examples:

- artificial intelligence is a way of freeing up administrative time for advisors in the fight against fraud on means of payment with the PLATON program (example: reduction in the volume of "fraudulent transfers" alerts to be processed by networks by 70% - representing false positive results - while maintaining the level of fraud detection);
- thanks to the contributions of OCR, cognitive solutions and the simplification project, 2.4 million hours were freed up for the networks in 2022, with productivity gains reinvested in the development of customer relationships.

Following developments in 2022, the group's mobile applications compete with those of all competitors (retail banks, online banks, new banks). Users indicated this through the score of 4.7 obtained on Android.

Euro Protection Surveillance (EPS)

Euro Protection Surveillance offers residential and business remote security services under the Homiris brand. The service is mainly marketed through the banking and insurance networks in France and Belgium, under an "all-inclusive" subscription. Homiris offers are also marketed by BNPP in France and BNPP Fortis in Belgium.

EPS is a leader in residential remote surveillance in France^[1] with a market share of around 34% in terms of number of connections.

In 2022, EPS continued its development with the signature of more than 73,000 new contracts and now has more than 637,700 subscribers.

The quality of service of EPS through Homiris was once again rewarded by the magazine *Capital* by being designated Best Brand of the Year 2023^[2] in the remote monitoring category.

The Lyf Pay electronic wallet

Lyf is the first French fintech to simplify payment and reinvent the daily shopping experience thanks to cell phones. Its application, Lyf Pay, integrates more and more innovative and secure services and has over 3 million registered users.

Lyf assists major retailers and independent professionals in streamlining and diversifying the shopping experience in the omnichannel era, as well as digitizing and facilitating customer relationships.

Free and secure, the Lyf Pay application offers a wide variety of payment services. It enables individuals to:

- pay between friends by sending and receiving money or the pooling service;
- pay in-store and online (payment and loyalty are combined and the receipt is digitized);
- pay without going to the cash register with Scan & Go, Click & Collect or pay at the table.

[1] Source: "Atlas 2022 En toute sécurité - Télésurveillance Résidentielle".

[2] Online survey conducted by Statista among 20,000 consumers in 2022 from June 28 to July 13, 2022, and published in Capital magazine in November 2022.

The health crisis has accelerated the need for digitization to meet new consumption habits, health and distancing rules, and staff recruitment issues. Faced with these challenges, Lyf has fully met expectations with the evolution of its offer for the catering sector. Lyf is now able to address all types of restaurant owners regardless of their payment system and for all their customers, whether or not they are users of the Lyf Pay app.

This approach has been strengthened by the establishment of a partnership with the *Association Française des Maîtres Restaurateurs*. It aims to support restaurant owners in their digital transformation thanks to table ordering, table payment and dematerialized tipping.

In 2022, Lyf is giving back purchasing power to its users thanks to its e-Vouchers feature. Thanks to a partnership with Walleo, Lyf allows you to buy dematerialized vouchers in a hundred stores, at a preferential rate, and to manage them directly from the Lyf Pay application.

In order to achieve its development, Lyf is supported in its growth by leading shareholders in the banking, payment and retail sectors such as BNP Paribas, Crédit Mutuel,^[1] Auchan, the Casino group, Mastercard and Oney.

Press

The EBRA group, which brings together the press activities of Crédit Mutuel Alliance Fédérale, is the leading regional daily press group in France with more than 800,000 copies sold every day. Its main titles – *Le Dauphiné Libéré*, *L'Est Républicain*, *Vosges Matin*, *Le Républicain Lorrain*, *Les Dernières Nouvelles d'Alsace*, *L'Alsace*, *Le Progrès*, *Le Journal de Saône et Loire* and *Le Bien Public* – cover information for 23 departments in France. In addition to print, these publications have websites and mobile applications that are increasingly consulted. As an example, in July 2022, more than 4 million daily visits were recorded and 18.7 million pages were viewed per day.

Although facing a complex environment with soaring paper, energy and transport costs, as well as structural erosion of its print business, the EBRA group continues its digital transformation.

In 2022, the EBRA group is implementing its strategic plan around four priority areas:

- strengthen content and services that create value and engagement;
- develop a growing, profitable and sustainable revenue model;
- invest in new high-contribution growth drivers;
- support the personal development of its employees and affirm its culture of excellence.

This plan supports the group's *raison d'être*: "Act to strengthen local ties and trust between players in our regions", accompanied by a new brand strategy. In order to give life to this transformation, the graphic identity of the group and its subsidiaries has been completely revised to gain in power, harmony and recognition.

The EBRA group continued its diversification with the acquisition of Humanoid, a company composed of three pure player brands (*Frandroid*, *Numérama*, *Madmoizelle*) which exceed 30 million monthly visits. This contributes to the development and rejuvenation of its audiences.

Actively committed to a socially responsible approach, and the first PQR group to be awarded the CSR Positive Workplace® label, the EBRA Group has carried out a carbon assessment of all its business lines. This assessment made it possible to define a carbon trajectory with the aim of reducing its carbon footprint by 10% within two years.

[1] Crédit Mutuel Alliance Fédérale (Crédit Mutuel Centre Est Europe, Sud-Est, Île-de-France, Savoie-Mont Blanc, Midi-Atlantique, Loire-Atlantique and Centre-Ouest, Centre, Normandie, Dauphiné-Vivaraïs, Méditerranéen, Anjou, Massif Central, Antilles-Guyane and Nord Europe federations), Crédit Mutuel Maine-Anjou, Basse-Normandie and Crédit Mutuel Océan.

1.4 HISTORY

1.4.1 Origins of Crédit Mutuel

At the end of the 19th century, the farming communities in Germany's Rhineland region were impoverished as a result of usury.

Frédéric-Guillaume Raiffeisen (1818-1888) then developed a new concept to combat poverty. The idea was to arrange loans to finance the resources needed for farming (seeds, livestock, etc.) based on the savings and responsibility of all villagers – the shareholding members. Interest was paid on the savings collected. The foundations of Crédit Mutuel had been laid:

- loans were only granted to shareholding members;
- limited (after originally being unlimited) joint and several liability of shareholding members;
- a democratic organization: one person equals one vote, voluntary membership, no remuneration for directors;
- limited geographic areas;
- no pay-out of financial surpluses;
- indivisible reserves.

Such was the foundation on which Crédit Mutuel was built and which continues to underpin the company to this day...

1.4.2 Main dates

- | | | | |
|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1882 | Creation of Crédit Mutuel's first bank in La Wantzenau. | 2002 | Partnership between CMCEE, CMCSE and Crédit Mutuel Île-de-France. |
| 1885 | Creation of the first federations: Basse-Alsace and Haute-Alsace. | 2004 | Creation by Euro-Information, in partnership with Banque de Tunisie, which is 20%-owned by CIC, of two subsidiaries in Tunisia specializing in information systems development (IID) and outgoing calls (Direct Phone Services). |
| 1897 | Creation of the Lorraine federation. | 2006 | Fédération Crédit Mutuel Savoie-Mont Blanc joins the Caisse Interfédérale, bringing the number of member federations to four. |
| 1905 | Creation of the Alsace-Lorraine federation. | 2007 | Acquisition of the Groupe Républicain Lorrain.
Creation of the subsidiary CM-CIC Covered Bonds, and launch of a €15 billion EMTN (Euro Medium Term Notes) program. |
| 1933 | Creation of Banque Fédérative du Crédit Mutuel under the name Banque Mosellane on June 1. | 2008 | Acquisition of 100% of the capital of the French subsidiary of Groupe Banco Popular Español by BFCM.
Acquisition of the majority of the capital in l'Est Républicain by BFCM through France Est by BFCM.
Acquisition of 100% of the capital of Citibank Germany by BFCM. |
| 1958 | Crédit Mutuel obtains legal status at national level. Fédération d'Alsace-Lorraine becomes Fédération du Crédit Mutuel d'Alsace et de Lorraine. Banque Mosellane becomes Banque Centrale des Caisses de Lorraine. In 1966, its name is changed to Banque du Crédit Mutuel Lorrain (BCML). | 2009 | Fédération Crédit Mutuel Midi-Atlantique joins the Caisse Interfédérale, bringing the number of member federations to five.
Acquisition of majority control of Cofidis Participations by BFCM and Trois Suisses International ("3SI"): acquisition of 51% of Cofidis Participations by a holding company jointly owned by BFCM and 3SI and 67%-controlled by BFCM. |
| 1971 | Creation of Assurances du Crédit Mutuel. Opening of the Bischenberg training center. | 2010 | Creation with Banco Popular of a network that strengthens the Group's network in France and neighboring countries particularly in Spain. |
| 1972 | Expansion of the scope to Franche-Comté; the group is renamed Fédération du Crédit Mutuel d'Alsace, de Lorraine et de Franche-Comté. | 2011 | The Crédit Mutuel Loire-Atlantique et Centre-Ouest, Crédit Mutuel du Centre, Crédit Mutuel Normandie, Crédit Mutuel Dauphiné-Vivaraïis and Crédit Mutuel Méditerranéen Federations join Caisse Fédérale de Crédit Mutuel, bringing the number of member federations to ten.
A partnership between the group and Groupe Casino to market financial products through Banque Casino. |
| 1992 | Restructuring of the head office entities: merger of the former Banque Fédérative du Crédit Mutuel (BFCM) and Expansion Rurale et Urbaine (ERU) to form Caisse Fédérale Centre Est Europe; transfer of the Commercial Banking of the former BFCM to Banque de l'Économie Crédit Mutuel (BECM), of the holding company activity of the former BFCM to Banque du Crédit Mutuel Lorrain (BCML), of the Commercial Banking of BCML to BECM; change of name of BCML to BFCM.
Crédit Mutuel Centre Est Europe (CMCEE) is formed through the merger of two federations – Fédération d'Alsace, de Lorraine et de Franche-Comté and Fédération de Bourgogne-Champagne. | | |
| 1993 | Partnership between CMCEE and Crédit Mutuel du Sud-Est (CMSE). | | |
| 1998 | BFCM acquires 67% of CIC's capital for €2 billion. | | |
| 2001 | BFCM acquires the remaining 23% stake in CIC held by Groupama. | | |

- 2012** Fédération du Crédit Mutuel Anjou joins Caisse Fédérale du Crédit Mutuel, bringing the number of member federations to 11.
- 2013** Crédit Mutuel CM11 Group and Mouvement Desjardins – Canada’s leading cooperative financial group – create Monético International.
- Signature of several agreements allowing BFCM to directly or indirectly hold 54.63% of the capital of Cofidis Participations.
- Partnership agreement, through Euro-Information, with Banco Popular Español SA to create a 50%-owned joint venture to manage a fleet of ATMs in Spain.
- 2014** Increase in Crédit Mutuel CM11 group’s stake in Banque de Tunisie to 34%.
- 2015** Acquisition of Atlantis by Groupe des Assurances du Crédit Mutuel following the consolidation of Agrupació in 2012.
- Cofidis Participations Group acquires Banif, a Portuguese company specializing in used car loans and Centax, an Italian company specializing in guaranteeing payments by check or card in the distribution sector.
- Partnership with Bouygues enabling the group’s operator, El Télécom, to be the only mobile virtual network operator to have signed three full MVNO 4G contracts (SFR, Orange and Bouygues).
- 2016** BFCM holds a 51.02% interest in TARGOBANK in Spain.
- Sale of Banque Pasche to the Luxembourg bank Havilland.
- BFCM acquires General Electric’s leasing and factoring activities in France under the names “CM-CIC Leasing Solutions” and “Factofrance”, and in Germany under the name “Targo Commercial Finance”.
- 2017** BFCM acquires 16% of Cofidis Participations’ capital, increasing its interest to 70.63%.
- Creation of Lyf Pay from the merger of the electronic wallets backed by the Crédit Mutuel CM11 Group (Fivory) and BNP Paribas (Wa!).
- BFCM acquires 48.98% of the capital in TARGOBANK in Spain from Banco Popular.
- BFCM sells its entire stake (3.95%) in Banco Popular Español to Banco Santander.
- Delisting of the CIC share in August after the company’s takeover by BFCM and Mutuelles Investissement following a simplified tender offer.
- Sale by CIC of the private banking activity in Asia to Groupe Crédit Agricole Indosuez Wealth Management.
- 2018** Merger-absorption, on January 1, of Nord Europe Assurances and its subsidiaries by Groupe des Assurances du Crédit Mutuel.
- The change of name of Groupe Crédit Mutuel CM11 which becomes Crédit Mutuel Alliance Fédérale on November 9.
- Crédit Mutuel Alliance Fédérale launches its strategic plan for 2019-2023, *ensemble#nouveaumonde* (together#today’sworld).
- 2019** Modification to the brand architecture of Crédit Mutuel Alliance Fédérale to increase the visibility of the two main networks, Crédit Mutuel and CIC, and the business lines.
- 2020** Crédit Mutuel Antilles-Guyane and Crédit Mutuel Massif Central join Crédit Mutuel Alliance Fédérale on January 1.
- Launch of Crédit Mutuel Investment Managers, Crédit Mutuel Alliance Fédérale’s asset management business center.
- BFCM acquires 9.36% of Cofidis Participations’ capital, increasing its interest to 80%.
- Caisse Fédérale de Crédit Mutuel (CFCM) and CIC have set up a purpose: “*Ensemble, écouter et agir*” (Listening and acting together), and a status as a benefit corporation. The strategic plan becomes *ensemble#nouveaumonde, plus vite, plus loin !* (together#today’sworld, faster, further!) in line with the *raison d’être* and missions previously adopted.
- Merger of CIC Iberbanco with CIC.
- Sale of 100% of the share capital of Euro-Information Télécom to Bouygues Télécom and implementation of a long-term distribution agreement for the distribution of Bouygues Télécom’s fixed and mobile products and services.
- 2021** Creation of the Crédit Mutuel Alliance Fédérale Foundation, under the aegis of the Fondation de France, whose objective is to act for the environment and the regions by associating elected representatives, employees, networks and subsidiaries.
- Signature of a strategic and industrial partnership agreement in the field of remote surveillance with BNP Paribas, consolidating EPS’s position as the leader in the remote surveillance market in France and enabling BNP Paribas to propose EPS Homiris offers to its customers in France and Belgium.
- 2022** Crédit Mutuel Nord Europe (CMNE) joins Caisse Fédérale de Crédit Mutuel on January 1. CMNE has a solid regional network in seven departments in northern France (Aisne, Ardennes, Marne, Nord, Oise, Pas-de-Calais, Somme) serving nearly one million customers and members in five markets: individuals, businesses, companies, agriculture and associations. By joining Crédit Mutuel Alliance Fédérale, Crédit Mutuel Nord Europe gives new impetus to its actions and those of its subsidiaries: Beobank (banking and insurance in Belgium) and the La Française group (asset management).
- Entry into exclusive negotiations for the acquisition by AXA Spain of GACM España, the Spanish subsidiary of Assurances du Crédit Mutuel.
- Entry into exclusive negotiations for the acquisition by ABANCA of Targobank, the Spanish subsidiary of BFCM.
- 2023** Creation of the societal dividend which will mobilize 15% of the net profit each year to build a more sustainable and united world.





Crédit Mutuel Alliance Fédérale and BFCM business report

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INTRODUCTION

The activity report covers both Crédit Mutuel Alliance Fédérale (point 2.2) and BFCM (points 2.3 and 2.4).

The activity report of Crédit Mutuel Alliance Fédérale – in which BFCM is integrated – provides a more complete economic view of the group's activities. It includes entities not included in the consolidation scope of

BFCM alone such as the network of local banks, ACM Vie SAM (mutual insurance company), IT subsidiaries and the GIE CCS (Centre de Conseil et de Services).

The activity report of the BFCM perimeter is also presented to meet the publication requirements of the annual financial report.

2.1 ECONOMIC AND REGULATORY ENVIRONMENT IN 2022

2.1.1 Economic environment

2022: inflation returns

The year was marked by the Russian invasion of Ukraine and continued inflationary pressures. The significant increase in risk aversion on the financial markets and the surge in commodity prices, in particular energy and food prices, reflected the uncertainty caused by the conflict and the sanctions taken in particular by European countries and the United States of America against Russia. On the health front, although the European and American States managed to limit the impacts of the new waves of Covid-19 contamination, China continued to apply strict health restriction measures until November. The combination of the inflationary shock, geopolitical tensions and supply difficulties resulted in a significant acceleration in cost and price increases, forcing central banks to considerably tighten financial conditions. The latter, first and foremost the European Central Bank (ECB) and the Fed, rapidly raised their key rates in order to combat inflation and the loss of inflation expectations. In parallel with the rise in sovereign rates on both sides of the Atlantic, equity indices experienced a major decline in 2022. Against this backdrop, growth steadily slowed and the risks of recession emerged, particularly in Europe, although the increased fiscal support from governments limited the extent of the economic shock.

In the **Eurozone**, the outbreak of war in the Ukraine in February quickly tempered the positive economic outlook associated with the easing of health constraints and the reopening of economies. The European Union (EU) has adopted numerous sanctions against Russia, including an embargo on coal and oil imports by sea that came into force in December. Energy prices, especially gas prices, rose substantially until the summer. This is due to the reduction in Russian gas supplies, in particular *via* the Nord Stream 1 pipeline, which has been closed since the summer, and the replenishment of gas reserves to prepare for the winter, leading to strong demand from member states. European energy prices then fell again thanks to above-normal seasonal temperatures and the end of the filling of reserves in Europe. In addition, at the EU level, the States adopted targets for reducing gas consumption in preparation for the winter and, at the end of the year, a mechanism to cap gas prices at €180/MWh. This energy crisis has weighed on growth, as shown by the evolution of the PMI (Purchasing Manager's Index) activity indices, which are now in contraction territory. However,

the budget support from European countries (around 4.5% of the Eurozone's GDP), particularly in Germany, made it possible to mitigate the shock for households and companies. The supply difficulties inherited from the global health crisis – which have, however, improved significantly as a result of the drop in sea freight prices –, the still resilient demand, the rise in wages and the energy situation indeed contributed to the strong inflation in the Eurozone, of +9.2% year-on-year in December. In order to curb this rise in prices and the risk of an inflation-wage spiral, the ECB significantly tightened its monetary policy by raising its key rates by +250 bp to 2% for the deposit rate. It also began to reduce the size of its balance sheet *via* in particular the tightening of conditions for low-cost long-term financing operations for banks (TLTRO). As a result, European sovereign rates rose significantly, contributing to the sharp decline in equity indices this year. The risk of financial fragmentation in the Eurozone, reflected in the more pronounced tightening of financial conditions in the peripheral countries, temporarily increased due to the uncertainties in Italy. However, the action of the ECB with the announcement of a new tool, the Transmission Protection Instrument, and the first decisions of Giorgia Meloni reassured and limited the risk of a new Italian debt crisis. The euro, due to fears about the availability of energy and the deterioration in external accounts, depreciated sharply, falling below the parity threshold against the dollar, before rebounding at the end of the year. This is due to a less bleak economic and political outlook.

In **France**, due to the lower dependence of the economy on Russian hydrocarbons, compared to its European neighbors, and measures taken by the government such as the tariff shield on gas and electricity prices extended until 2023, inflation accelerated to a lesser extent compared to the rest of the Eurozone. Political issues also marked the year: although Emmanuel Macron was re-elected President of the Republic, his party did not obtain an absolute majority in the legislative elections, limiting visibility on the policies that will be implemented during the five-year term. Activity benefited from the rebound in tourism during the summer period but slowed at the end of the year to +0.2% quarter-on-quarter growth in Q3. Finally, fears of energy rationing increased as nuclear production dropped significantly due to the maintenance of many reactors. Nevertheless, efforts to reduce demand and a mild climate made it possible to avoid sudden cuts.

In the **United Kingdom**, accelerating inflation weighed on economic growth at -0.3% quarter-on-quarter in Q3. The Bank of England continued to increase its key rates by +325 bps to 3.5% and began to reduce its balance sheet, in particular through active sales of sovereign securities. After a political crisis and a period of major financial instability that saw Boris Johnson, Liz Truss and Rishi Sunak take over as Prime Minister, the latter's government presented a fiscal plan at the end of the year to support households and businesses while putting the country back on a credible fiscal path, reassuring financial investors.

In the **United States of America**, although more moderate, the impact of the war in Ukraine resulted in a rise in energy prices, which accentuated US inflation. Faced with the risk of expectations becoming unanchored and the tensions in the labor market, the Fed substantially raised its key rates by +425 bps to 4.25% -4.5%, initiated the reduction of its balance sheet and adopted an offensive stance for the future, which heavily penalized the financial markets. Despite fears of a hard landing for growth, economic activity has been robust, particularly in the services sector, while inflation is showing signs of slowing after peaking in June. In addition, Joe Biden's administration passed measures to support the economy, including an Inflation Reduction Act investment plan for energy transition of nearly \$500 billion over 10 years, which was not enough for Democrats to retain a majority in Congress after the mid-term elections. The Democratic Party retained its majority in the Senate but not in the House of Representatives, opening a period of cohabitation for the next two years.

2.1.2 Regulatory environment

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

After the crisis linked to the Covid-19 pandemic, the war in Ukraine constitutes a new major exogenous shock for financial stability. 2022 is also marked by numerous regulatory changes that have had to take into account this particular economic and geopolitical context, impacting various activities.

Credit risks

In a context of high inflation and driven by the normalization of monetary policies, the rise in interest rates in the Eurozone is the major factor influencing credit risk in 2022. It leads to a tightening of the rules for granting credit by banks, in order to prevent the occurrence of non-performing loans.

The Council of the EU and the European Parliament reached a provisional agreement on the revision of the Consumer Credit Directive in December 2022. This directive aims to ensure the proper functioning

In **China**, the application of strict health restrictions as part of the zero-Covid-19 strategy weighed heavily on economic activity throughout the year. Despite the reappointment of President Xi Jinping and his policies in October, large-scale public protests at the end of the year and fears about growth led the authorities to do an about-face and abandon this strategy. Faced with a very intense wave of infections at the end of the year and in the absence of effective vaccination, the contraction in activity worsened despite the reopening, but the latter could constitute a major support to growth in 2023. The crisis in the real estate sector, the historical engine of Chinese growth, has also dampened activity. On the back of more moderate inflation, like in the rest of the world, the authorities tried to limit the impact of the health policy on the economy by strengthening monetary and budgetary support to the economy. For other **emerging countries**, inflationary pressures began to ease in the second half of the year, in particular thanks to commodity prices, facilitated by the monetary tightening of central banks. In **Brazil**, the lack of a majority in Congress for Lula, who was elected president against Jair Bolsonaro, risks reducing his ability to implement his economic program, the scale of which is causing concern among investors.

With regard to **commodities**, the war in Ukraine has sharply increased prices, particularly for energy and food, given the zone's weight in world production. The resumption of wheat exports in the spring *via* the Black Sea, the economic slowdown and favorable factors at the end of the year nonetheless contributed to the sharp decline in commodity prices, particularly those of gas and oil. In addition, the G7 countries, Australia and the EU have set a cap on the price of Russian oil at \$60 per barrel.

of credit markets, while guaranteeing a high level of consumer protection. The text provides for stricter rules in terms of consumer information and advertising in favor of online loans, as well as a more rigorous assessment of the solvency of creditors.

In addition, in order to control the negative fallout from the pandemic and ensure the resilience of the banking sector, the supervision priorities of the European Central Bank (ECB) remain, to a significant extent, focused on credit risk and in particular:

- the monitoring of operational capacity to manage distressed debtors and monitor credit risks;
- the strengthening of surveillance and regular monitoring of exposures to the so-called "vulnerable" sectors most affected by the pandemic, in particular commercial real estate but now also residential real estate;
- the strengthening of leverage financing supervision. The ECB intends to intensify its efforts to avoid the accumulation of gross risks in this area.

The ECB has also launched targeted investigations of internal models as part of the implementation of the European Banking Authority's (EBA) "IRB Repair" program.

Market risks

The regulatory and prudential framework for securitization is being revised to adapt to the imperatives of financing the economy, in particular the label on Simple, Transparent and Standardized (STS) securitizations, and to sustainability requirements (Green Bonds Standard).

The EBA also provided regulatory clarifications on the application by banks of their internal risk management system (Interest Rate Risk in Banking Book – IRRBB and Credit Spread Risk in Banking Book – CSRBB) to strengthen their overall interest rate risk management policy.

Prudential risks: shareholders' equity and solvency

The finalization of the implementation of Basel III, as part of the banking package, through its regulatory transposition in Europe – the ongoing negotiation of CRR3^[1] and CRD6^[2], as well as the review of Solvency 2 – contribute to the strengthening of European financial stability, by adjusting the prudential requirements applicable to both credit institutions and insurance organizations.

In addition, EBA launched a new EU-wide stress test for 2023 to assess the resilience of the European banking sector in the currently volatile macroeconomic environment. The assumptions of the adverse scenario are more severe than for the previous stress tests. The results, published at the end of July 2023, will be used in setting banks' Pillar 2 requirements, including those for Pillar 2 Guidance.

IT risks

Cyber threats, whose probability of occurrence is increased by the geopolitical crisis, are among the ECB's supervision priorities. The Council and the Parliament adopted the draft Digital Operational Resilience Act (DORA) regulation on operational resilience applicable at the beginning of 2025. DORA constitutes a harmonized framework to prevent and limit cyber vulnerabilities. At the same time, the new NIS2^[3] directive, which aims to harmonize and strengthen cybersecurity in the European market, taken to replace Directive 2016/1148, will come into force in the second half of 2024. The European Insurance and Occupational Pensions Authority (EIOPA) recommends that insurance organizations study cover for cyber risk. The digital operational resilience of the financial sector involves changes to systems guaranteeing the reliability and integrity of data (risks related to information and communication technologies).

The draft European regulation on crypto-asset markets is currently being validated by the European authorities. Regulation 2015/847 on information accompanying fund transfers is also being amended and strengthened to extend traceability to crypto-assets.

The EBA guidelines on outsourcing were implemented during the year, in particular through the strengthening of requirements and internal controls (registers and declarations) concerning outsourcing agreements with essential service providers.

Climate risks

Measures to prevent risks related to climate change are accelerating at the European and international levels, in particular the prudential and supervisory framework for the greening of the financial system (Financial Stability Board^[4] – Basel Committee^[5] – ECB^[6]). The ECB has incorporated these measures into its supervisory priorities and announced in July 2022 that it would integrate environmental considerations into its monetary policy, collateral policy, risk management and transparency requirements.

The ECB's climate stress test exercise demonstrates that a long process of evaluation and calculation of assets invested in sustainable economic activities must be gradually deployed by the financial sector. Obligations to monitor climate risks are being strengthened (double materiality criterion) in terms of reporting and data, and are gradually integrating all aspects of prudential management of banking risks (Supervisory Review and Evaluation Process – SREP).

The EBA has published new technical implementation standards (ITS), covering Pillar 3 disclosures for environmental, social and governance (ESG) risks. The text provides quantitative information on transition risks and physical risks related to climate change. It also includes the calculation of a Green Asset Ratio and a Banking Book Taxonomy Alignment Ratio which identify the share of bank financing aligned with the European taxonomy applicable in June 2024. Finally, the text requires qualitative information on how institutions integrate ESG considerations into their governance, business model, strategy and risk management framework.

In addition, the Corporate Sustainability Reporting Directive on corporate sustainability reporting was adopted on November 28, 2022. It will considerably strengthen the requirements for information on ESG issues from 2024. In addition, an amendment, applicable on January 1, 2023, completes the climate delegated act of the Taxonomy regulation now covering certain activities in the gas and nuclear sectors.

Compliance risks

Work on the marketing of financial instruments to individuals is underway at the European level. The challenge is the possible modification of the compensation system for players, particularly distributors such as banks, and the protection of any potential risk of conflict of interest. In addition, the new requirements of the European directive on Markets in Financial Instruments regarding the assessment of adequacy came into force in August.

Banks offering investment advice or portfolio management services must collect the sustainability preferences of customers in relation to:

- investments aligned with Taxonomy (EU) 2020/852;
- sustainable investments according to SFDR (EU) 2019/2088; and
- the main negative impacts of customers.

[1] CRR3: Capital Requirements Regulation.

[2] CRD6: Capital Requirements Directive.

[3] Network and Information Security – December 2022.

[4] Report on regulatory and supervisory approaches to climate-related risks – October 2022.

[5] Principles for effective management and supervision of climate-related financial risks – June 2022.

[6] Guide to climate and environmental risks – November 2022.

In July, the AMF supplemented its General Regulation with all of the sustainability obligations imposed on producers, distributors of financial products and management companies.

Regarding the fight against money laundering and terrorist financing (AML/CFT) and financial sanctions, the crisis in Ukraine has led the EU to adopt financial sanctions. This mainly concerns the freezing of assets and the exclusion of Russian banking groups from interbank messaging networks, including SWIFT, which have been subject to enhanced monitoring and *ad-hoc* reporting.

The legislative package to strengthen EU AML/CFT rules is still under arbitration and is expected to establish a new European AML/CFT supervisory authority that will end the EBA's supervisory jurisdiction.

Insurance risks

Several regulatory projects initiated in 2021 continued in 2022:

- the implementation of the new technical implementation standards (ITS) under the Financial Conglomerates Directive published in December. These standards concern the reporting of intra-group transactions and conglomerate risk concentration;

- preparation for the implementation in 2023 of the IFRS 17 accounting standard, which leads to significant changes in terms of the measurement of insurance liabilities and the results of insurance companies;
- the proposed recast of the Solvency II Directive on the solvency requirements of insurance companies;
- the implementation of the Lemoine law, which opens the possibility of canceling and changing borrower insurance at any time, free of charge. In effect since June 1 for new loans, this measure applies since September 1 for all contracts in progress on that date.

Other regulatory issues are under discussion

Work on the future digital euro is progressing and is experiencing reluctance from regulators in some EU countries. The right to an instant transfer is being prepared. A new payment services directive (DPS3) is being considered. Finally, internationally coordinated regulation of crypto-assets is necessary to contain potential systemic risk. To this end, two projects are being developed at the level of the Financial Stability Board and the Basel Committee.

2.2 ACTIVITIES AND RESULTS OF CRÉDIT MUTUEL ALLIANCE FÉDÉRALE

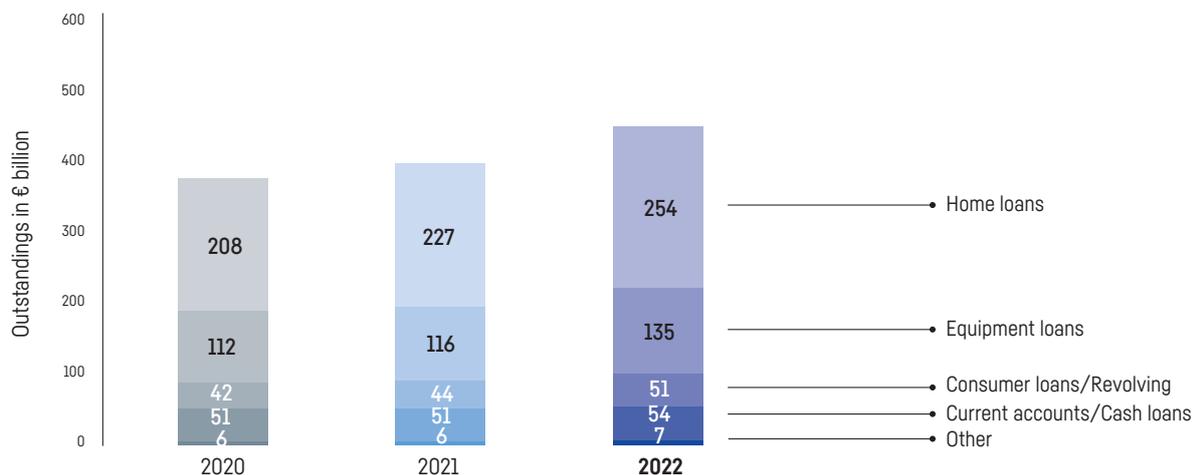
2.2.1 Description of certain factors affecting the results and the financial situation

Structure and sectors of activity

The results and the financial situation of Crédit Mutuel Alliance Fédérale reflect the significant weight of retail banking and insurance within its activities. Retail banking regularly contributes more than two-thirds of the net banking income of Crédit Mutuel Alliance Fédérale's operating business lines (65% in 2022). Generally, corporate and investment banking, including proprietary trading, as well as asset management, private banking and private equity, represent a lower share of net banking income. In addition, customers in the insurance and private banking sectors are often retail banking customers; the group's banking

networks market the group's insurance products, often in connection with the provision of another service by the retail bank or simply through contacts with the banking network. It strives to develop relationships with customers and offer them the maximum amount of services. Thus, the acquisition of customers by these sectors is a means of improving the results of the retail bank through the payment of commissions to the distribution networks and cross sales of products.

Home loans represent half of the total loans granted to customers by Crédit Mutuel Alliance Fédérale. The chart below illustrates the types of loans granted for 2020, 2021 and 2022.



Administrative costs

Crédit Mutuel Alliance Fédérale pays particular attention to controlling its general operating expenses by seeking to industrialize, if possible, the processes used by retail banking, in order to achieve improvements in operational efficiency. Almost all Crédit Mutuel Alliance Fédérale entities use the same information system, generating significant efficiency savings. Furthermore, the retail banking personnel are encouraged to promote all products and services of the group, rather than specializing by type of product. As a result of the efforts made by Crédit Mutuel Alliance Fédérale and despite the unfavorable effects of expenses related to tax and social regulations, the cost/income ratio stood at 59.6% and remains in line with the objectives of the 2019-2023 plan.

Cost of risk

The cost of Crédit Mutuel Alliance Fédérale's proven risk is relatively limited due to the nature of its economic model based on retail banking, its prudent approach in matters of risk-taking and the rigor adopted to manage and monitor risk. In particular, as Crédit Mutuel Alliance

Fédérale's activities are mainly exercised in France, the provisions for country risk are of little significance. Crédit Mutuel Alliance Fédérale's cost of proven risk is also the reflection of the consumer credit activities of TARGOBANK in Germany and Cofidis, which have a cost of risk greater than that of the networks of Crédit Mutuel and CIC.

Capital structure

Due to the status of Crédit Mutuel Alliance Fédérale as a mutualist bank, its capital is held by the local banks, which are held by their members. The net profit/(loss) of Crédit Mutuel Alliance Fédérale is mainly booked to reserves, with the members receiving fixed compensation determined each year for their shares of category B (the "B shares").

The group encourages regular subscription to new shares through marketing campaigns. The shares represent a means of improving customer loyalty while constituting a regular source of new capital. However, as the group is not listed on the stock market, it cannot raise capital through public offers. Information on the regulatory capital requirements of the group is presented in chapter 5 "Risks and Capital adequacy - Pillar 3".

2.2.2 Activities and results of Crédit Mutuel Alliance Fédérale

2.2.2.1 Change in activities in 2022

Deposits amounted to €457 billion at the end of 2022, up 7.5% year-on-year. As from January 1, 2022, this figure includes outstanding loans for Crédit Mutuel Nord Europe, which stood at €22.7 billion at end-2022. Deposits rose by 2.1% at constant scope.

In 2022, inflows were particularly strong in the Livret Bleu and Livret A passbook accounts, where outstandings rose by 10.5% at constant

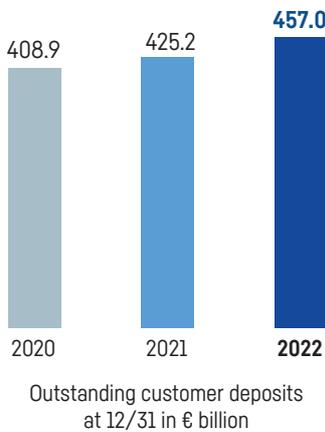
scope over one year to nearly €48 billion. Regulated savings benefited from particularly favorable circumstances in 2022: the rate of return on Livret Bleu and Livret A passbook accounts and LLDS increased fourfold, from 0.5% in January to 2% in August, and the context of unstable financial markets led customers to turn to products that are both liquid and secure. This interest rate environment also benefited other passbook accounts (+4.7% at constant scope) and term deposits (+8.6% at constant scope). On the other hand, current accounts experienced a strong outflow of over 9 billion at constant scope.

<i>[outstanding loans in € billions]</i>	12/31/2022	12/31/2021	Change	Change at constant scope ⁽¹⁾	12/31/2020
Current accounts	221.7	223.5	-0.8%	-4.3%	199.2
"Livrets Bleu & A"	47.6	39.9	+19.3%	+10.5%	36.8
Other saving accounts	78.0	66.5	+17.3%	+4.7%	65.6
Mortgage savings	42.0	39.2	+7.0%	+0.2%	38.3
Negotiated deposits ⁽²⁾	52.4	48.5	+8.0%	+7.2%	59.6
Others	15.3	7.6	ns	ns	9.4
Customer deposits	457.0	425.2	+7.5%	+2.1%	408.9

⁽¹⁾ After neutralizing the entries into the scope of consolidation in 2022: Caisses du Crédit Mutuel Nord Europe, Beobank, Bail Actéa and Bail Actéa Immobilier.

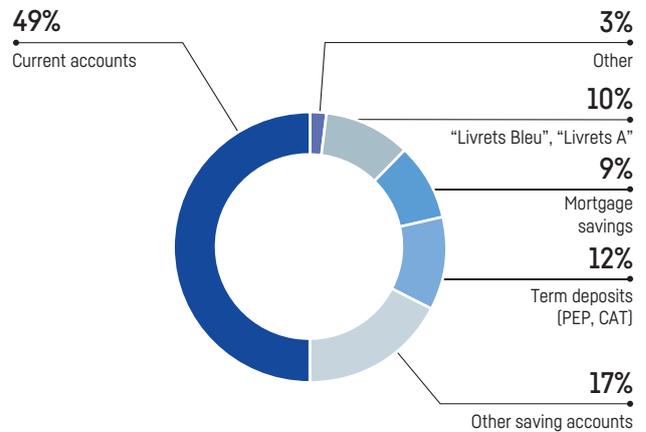
⁽²⁾ PEP & term deposits.

CUSTOMER DEPOSITS



At the end of December 2022, outstanding loans exceeded €500 billion at €502.1 billion up 12.9% year-on-year. As from January 1, 2022, this figure includes outstanding loans for Crédit Mutuel Nord Europe, i.e. €20.5 billion at end-2022. Outstanding loans rose by 8.2% at constant scope.

STRUCTURE OF DEPOSITS ON 12/31/2022



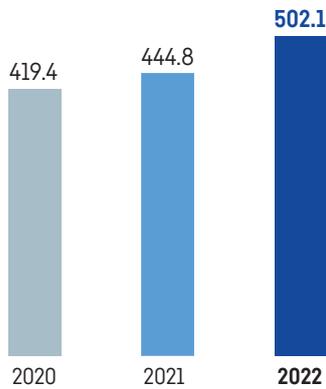
After a year of recovery in 2021, the growth in outstanding loans remains favorable for the main categories of loans (changes at constant scope):

- +6.9% for outstanding home loans to €254.4 billion;
- outstanding consumer credit rose by 7.6% to €51 billion;
- equipment loans and leasing rose by 12.2% to €134.8 billion.

Outstandings (in € billions)	12/31/2022	12/31/2021	Change	Change at constant scope ⁽¹⁾	12/31/2020
Habitat	254.4	227.1	+12.0%	+6.9%	208.3
Consumption	51.0	44.2	+15.5%	+7.6%	41.5
Equipment and leasing	134.8	116.2	+16.0%	+12.2%	112.1
Operation ⁽²⁾	54.5	51.5	+5.8%	+3.7%	51.2
Other	7.4	5.9	+25.4%	+20.5%	6.3
Customer loans	502.1	444.8	+12.9%	+8.2%	419.4

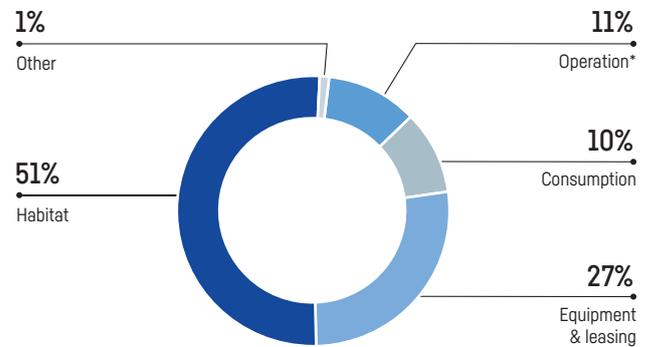
(1) After neutralization of entries into the scope in 2022: Crédit Mutuel Nord Europe local banks, Bébobank, Bail Actea and Bail Actea Immobilier, La Française group, FCT CM Factoring.
 (2) Current accounts in debit and cash loans.

CUSTOMER LOANS



Outstanding loans to customers on 12/31 in € billions

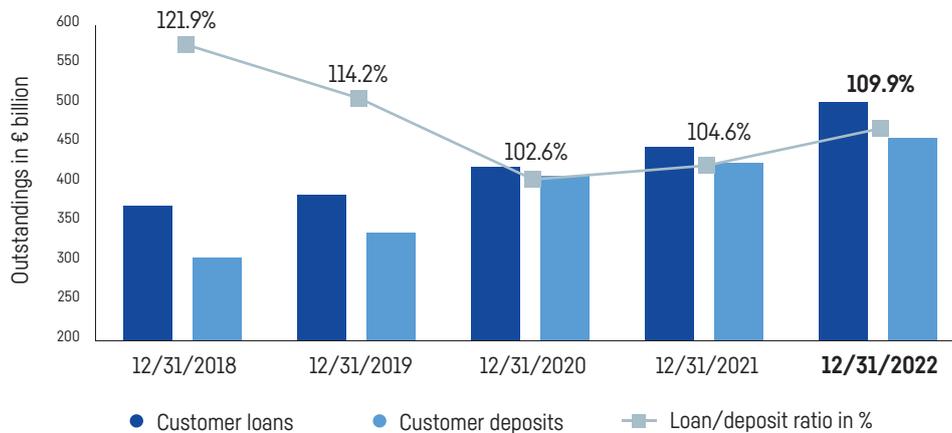
STRUCTURE OF LOANS ON 12/31/2022



* Current accounts receivable and cash credits.

In 2022, the growth in outstanding deposits, which was lower than that of outstanding loans (+7.5% versus +12.9%) led to a 5.3-point increase in the loan/deposit ratio, which stood at 109.9% at the end of December 2022.

CHANGE IN LOANS/DEPOSITS RATIO

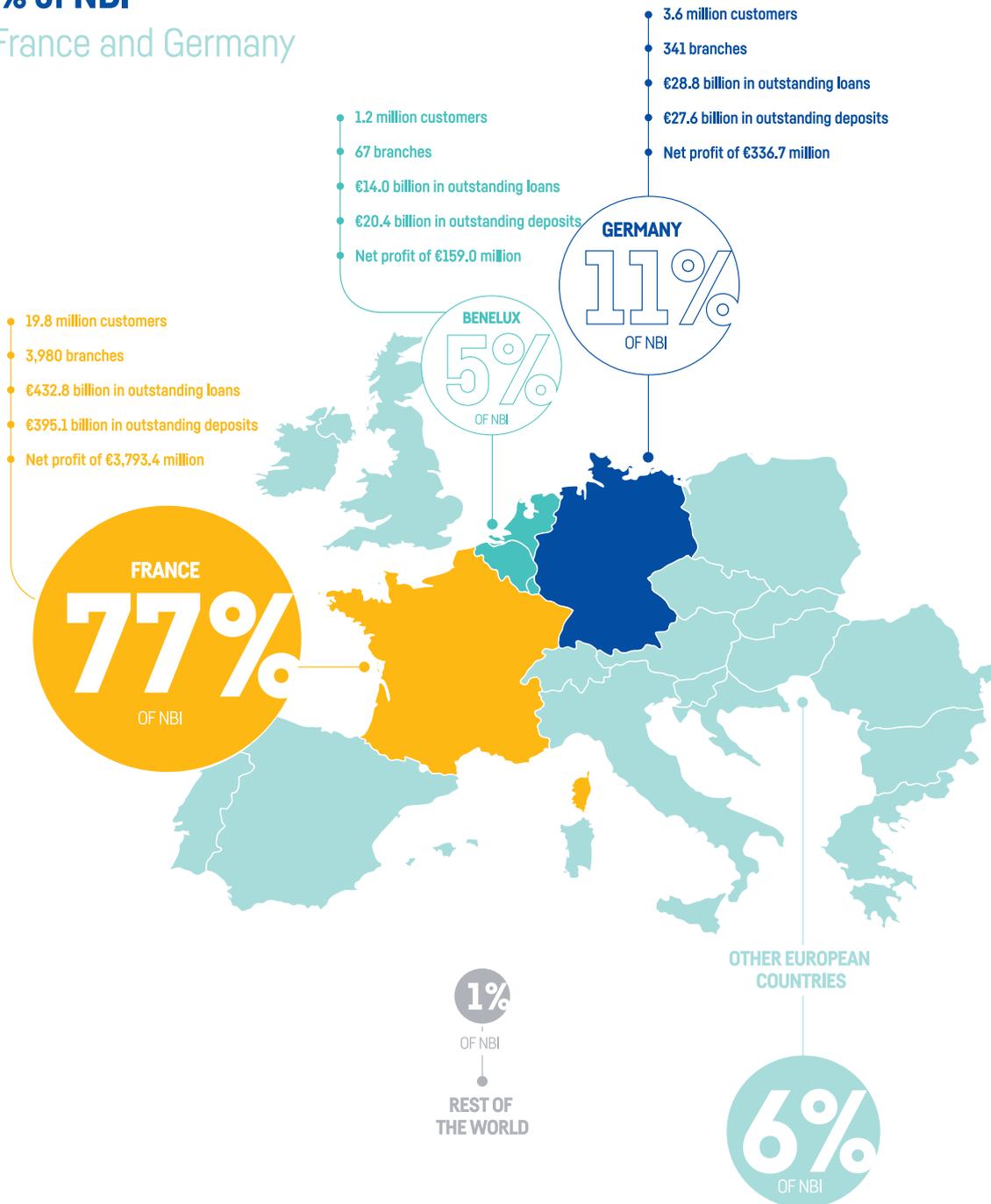


2.2.2.2 Geographical breakdown of revenues

The group's activity in France represents more than three-quarters of the net banking income of the group's commercial⁽¹⁾ business lines (77% in 2022). Internationally, the group has significant activities in Germany and, to a lesser extent, Benelux. CIC also has international subsidiaries in London, Brussels, New York, Hong Kong and Singapore, and representative offices in several other countries. These international activities represent nearly a quarter (23%) of the net banking income of the group's commercial business lines.

GEOGRAPHICAL BREAKDOWN OF NBI ON 12/31/2022

88% of NBI
 in France and Germany



(1) Excluding group holding companies.

Proportion of NBI	France	Abroad
12/31/2022	77%	23%
12/31/2021	78%	22%
12/31/2020	75%	25%
12/31/2019	76%	24%

2.2.2.3 Results of Crédit Mutuel Alliance Fédérale

(in € millions)	2022	2021	Change at constant scope	Change at constant scope ⁽¹⁾
Net banking income	17,340	15,923	+8.9%	+3.2%
General operating expenses	-10,329	-9,136	+13.0%	+5.3%
<i>including contribution to the Single Resolution Fund, supervision costs and contributions to the DGF</i>	-421	-314	+34.1%	+30.7%
Gross operating income/(loss)	7,012	6,787	+3.3%	+0.4%
Cost of risk	-768	-699	+9.9%	+5.6%
<i>cost of proven risk</i>	-891	-587	+51.6%	+49.8%
<i>cost of non-proven risk</i>	123	-111	ns	ns
Operating income	6,244	6,088	+2.6%	-0.2%
Net gains and losses on other assets and equity affiliates	-1,185	-866	+36.9%	+37.4%
Profit/(loss) before tax	5,059	5,222	-3.1%	-6.4%
Income tax	-1,556	-1,703	-8.6%	-12.2%
Post-tax gains/(losses) on discontinued operations	-0	9	ns	ns
Net profit/(loss)	3,502	3,527	-0.7%	-3.6%
Non-controlling interests	174	284	-38.9%	-38.9%
NET PROFIT ATTRIBUTABLE TO THE GROUP	3,329	3,243	+2.6%	-0.5%

(1) Neutralization of new entrants in 2022 (CMNE, CM Investment Managers, CIC Private Debt) and exits in 2021 (Floo) – see methodology notes in section 2.2.2.6.2.

Net banking income

Despite a sudden and profound change in economic conditions, Crédit Mutuel Alliance Fédérale's net banking income continues to perform well and exceeds €17 billion for the first time, versus €16 billion in 2021. It rose by nearly 9% year-on-year to €17.3 billion and by 3.2% at constant scope.

(in € millions)	2022	2021	Change at constant scope	Change at constant scope ⁽¹⁾
Retail banking	12,139	10,811	+12.3%	+5.9%
<i>o/w banking networks</i>	8,539	7,390	+15.5%	+6.6%
<i>o/w consumer loans</i>	2,960	2,840	+4.2%	+4.2%
Insurance	1,815	1,915	-5.2%	-5.2%
Specialized business lines	2,361	2,211	+6.8%	-2.1%
Asset management & private banking	1,119	911	+22.8%	+1.1%
Corporate banking	471	430	+9.4%	+9.4%
Capital Markets	342	351	-2.7%	-2.7%
Private equity	430	518	-17.1%	-17.1%
Other business lines	1,026	987	+3.9%	+3.0%
TOTAL NBI CRÉDIT MUTUEL ALLIANCE FÉDÉRALE	17,340	15,923	+8.9%	+3.2%

(1) Neutralization of new entrants in 2022 (CMNE, CM Investment Managers, CIC Private Debt) and exits in 2021 (Floo) – see methodology notes in section 2.2.2.6.2.

Thanks to good commercial activity, **retail banking** revenues rose by 5.9% overall, with both the networks (+6.6%) and the specialized consumer credit subsidiaries (+4.2%) reporting positive growth.

The **insurance** activity was affected by the decline in the financial markets, unprecedented expenses related to weather-related claims and the rise in repair costs due to inflation. Net insurance income, at €1.8 billion, was down by 5.2%.

Net banking income from **asset management & private banking** rose by 1.1% at constant scope to €1.1 billion in 2022 compared with 2021. At current scope, it is up 22.8%, benefiting from the inclusion in the scope, in the first half of 2022, of Groupe La Française (€161 million in NBI) following the membership of Crédit Mutuel Nord Europe as well as Crédit Mutuel Investment Managers and CIC Private Debt.

A good level of activity in corporate loans and project finance enabled **corporate banking** to post a sharp rise in NBI (+9.4%) to €471 million.

Against a backdrop of volatile financial markets, activity in the last quarter enabled **Capital Markets** to post a robust level of NBI (€342 million), slightly down on 2021 (-2.7%), an exceptional year of post-Covid-19 recovery.

Net banking income from **private equity** (€430 million, compared with €518 million in 2021) reached the second highest level in history after 2021.

General operating expenses and gross operating income

In 2022, general operating expenses amounted to €10.3 billion, up 5.3% at constant scope.

Employee benefits expense include general salary increases (3.2% in 2022) and the €3,000 value-sharing premium paid in December 2022. Other operating expenses were impacted by the strong growth in contributions to the Single Resolution Fund (SRF), supervision fees and contributions to the Deposit Guarantee Fund (DGF) for an amount of €421 million in 2022 (including €319 million for the contribution to the SRF alone, up by 38% compared to 2021). Overall, the increase in contributions to the SRF and the supervisory authorities is six times

higher than the increase in general operating expenses. Excluding contributions to the SRF, supervision costs and contributions to the DGF and at constant scope, the increase in general operating expenses was 4.4%.

The cost/income ratio deteriorated by 2.2 points compared to 2021, to 59.6%, but remains in line with the objectives of the 2019-2023 plan.

Gross operating income rose slightly at constant scope (+0.4%) to €7 billion.

Cost of risk and operating income

The overall cost of risk, at €768 million, was up 5.6% year-on-year at constant scope and reflects two trends:

- an increase in the cost of proven risk for network and consumer credit customers, as well as in corporate banking, due to the downgrading of market files. This deterioration, reflecting uncertain economic conditions, is still measured at 18 basis points (compared with 13 at the end of 2021), a level that remains lower than in 2019;
- a slight recovery in the cost of non-proven risk following the discontinuation of sectoral provisions recorded during the health crisis, offset by the tightening of our economic scenario assumptions. A post-model adjustment was also implemented, aimed at covering uncertainties related to the current economic environment, in particular on leveraged transactions. This mechanism allows us to better understand the macroeconomic variables in our prospective provisioning.

The rate of non-performing loans was stable at 2.6%. The coverage ratio on non-performing loans was 47.6% and the overall coverage ratio was 72.6% at the end of December 2022.

As a percentage of outstanding loans, the cost of customer risk remained at a low level of 17 basis points compared with 16 at the end of 2021 (28 at the end of 2019 before the crisis).

As a result of this increase in the cost of risk, operating income fell by 0.2% over the year to €6.2 billion.

<i>(in € millions)</i>	12/31/2022	12/31/2021	12/31/2020
Customer loans (net outstandings on the balance sheet)	502,097	444,825	419,413
Gross loans	511,668	454,020	429,024
Gross non-performing loans	13,181	11,723	12,497
Provisions for impairment of receivables	9,571	9,195	9,611
<i>of which provisions for impairments on non-performing loans (Status 3)</i>	6,278	5,949	6,509
<i>of which provisions for impairments on performing loans (Status 1 & 2)</i>	3,293	3,246	3,102
Share of non-performing loans in gross loans	2.6%	2.6%	2.9%

Other items

The item "Net gains and losses on other assets and investments", at €1.2 billion, includes an adjustment to the value of goodwill (-958 million) of TARGOBANK in Germany linked to the increase in the discount rate and an additional provision (-270 million) linked to the potential sale of TARGOBANK in Spain to ABANCA, announced by the Group on December 22, 2022.

Profit/(loss) before tax

Profit before tax was down 6.4% year-on-year to €5.1 billion in 2022, compared to €5.2 billion in 2021.

Net profit/(loss)

In a turbulent economic environment, net profit was relatively stable at €3.5 billion (-0.7%); it fell by 3.6% at constant scope, restated for the consolidation of Crédit Mutuel Nord Europe in 2022.

Net profit attributable to the group amounted to €3.3 billion (+2.6% and -0.5% at constant scope).

2.2.2.4 Crédit Mutuel Alliance Fédérale results by business line

2.2.2.4.1 Retail banking and consumer credit in France and Europe

In 2022, retail banking represented 65% of the revenues of Crédit Mutuel Alliance Fédérale's operating business lines.

<i>(in € millions)</i>	2022	2021	Change	Change at constant scope ⁽¹⁾
Net banking income	12,139	10,811	+12.3%	+5.9%
General operating expenses	-7,490	-6,680	+12.1%	+4.0%
<i>of which contributions to the single resolution fund, supervision costs and contributions to the FGD⁽²⁾</i>	-283	-224	+26.1%	+21.5%
Gross operating income	4,648	4,131	+12.5%	+8.8%
Cost of risk	-752	-705	+6.7%	+2.4%
<i>cost of proven risk</i>	-837	-567	+47.5%	+45.6%
<i>cost of non-proven risk</i>	85	-137	ns	ns
Operating income	3,896	3,426	+13.7%	+10.1%
Net gains and losses on other assets and ECC ⁽³⁾	12	-5	ns	ns
Profit/(loss) before tax	3,908	3,421	+14.2%	+10.6%
Income tax	-1,110	-1,067	+4.1%	-0.2%
Post-tax gains/(losses) on discontinued operations	-	9	ns	ns
NET PROFIT/(LOSS)	2,798	2,363	+18.4%	+15.5%

(1) Neutralizing the entries in 2022 (Crédit Mutuel Nord Europe) and the exits in 2021 (FLOA) – see methodology notes in point 2.2.2.6.2.

(2) DGF = Deposit guarantee fund.

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

The retail banking segment comprises three business lines:

- the branch banking network, comprising the Crédit Mutuel local banks of the 14 federations, the CIC branch network, Banque Européenne du Crédit Mutuel, Beobank and TARGOBANK in Spain⁽¹⁾;
- consumer credit, comprising Cofidis Group and TARGOBANK Germany;
- specialized business line subsidiaries whose products are marketed by the branch networks: equipment leasing and hire purchase, real estate leasing, factoring, and real estate sales and management.

Net profit from retail banking rose sharply by 15.5% to €2,798 million. This change is the result of good revenue growth (+5.9%).

Bank networks

The banking and insurance network of Crédit Mutuel and Beobank benefited from the consolidation of Crédit Mutuel Nord Europe and Beobank in Belgium in 2022, with combined NBI of €664 million and net profit of €75 million.

At constant scope, *i.e.* excluding the effects of the change in scope in 2022, net banking income rose by 2.9% to €4.1 billion, driven by commissions.

General operating expenses increased by 6.6% to nearly €3 billion.

The cost of risk was down by €16 million, so profit before tax was almost stable (-1.3%), at €1.1 billion.

Net profit therefore rose by 4.5% to €769 million.

Business activity: Crédit Mutuel local banks

At the end of December 2022, the number of customers in the Crédit Mutuel banking and insurance network stood at 8.7 million, a 14% rise (+101,000). Since January 1, 2022, it includes the customers of Crédit Mutuel Nord Europe (c. 1 million). At constant scope, the increase is 1.2%.

Deposits amounted to €174.9 billion at the end of 2022, up 14.7% year-on-year. As from January 1, 2022, this figure includes outstanding loans for the Crédit Mutuel Nord Europe network, which stood at €15.7 billion at the end of 2022. Deposits rose by 4.4% at constant scope.

In 2022, inflows were particularly high on Livret Bleu and Livret A passbook accounts, whose outstandings increased by 9.1% year-on-year to nearly €35 billion. Regulated savings benefited from particularly favorable circumstances in 2022: the rate of return on Blue and A passbook accounts and LLDS increased fourfold, from 0.5% in January to 2% in August, and the context of unstable financial markets led customers to turn to products that are both liquid and secure. This interest rate environment also benefited other passbook accounts (+9.8%).

The interest rate environment was less favorable to bank financial savings and life insurance, whose outstandings remained stable.

In total, savings entrusted by customers of the Crédit Mutuel local bank network reached nearly €247 billion at the end of 2022.

At the end of 2022, outstanding loans totaled €179.8 billion, up 13.6% year-on-year. As from January 1, 2022, this figure includes outstanding loans for Crédit Mutuel Nord Europe local banks, which stood at €10.8 billion at the end of 2022. At constant scope, the increase in loans is 6.7%.

(1) TARGOBANK in Spain is classified under IFRS 5 (assets held for sale) as of 12/31/2022 following the announcement by the group, on December 22, 2022, of its potential sale to ABANCA.

After a year of recovery in 2021, the growth in outstanding loans remains favorable for the main categories of loans (changes at constant scope):

- +6.7% for outstanding home loans to €139.2 billion, of which cumulative releases were down compared to 2021 following the slowdown in activity in the second half;
- Outstanding consumer credit rose by 1.9% to €8.5 billion;
- +11.8% for equipment loans, whose activity was buoyant in 2022.

The multiservice strategy is reflected in increasing customer equipment levels:

- the number of property & casualty and personal insurance policies (excluding borrower insurance) reached €12.9 million, up 2.6% year-on-year;
- there were 832,000 mobile telephone contracts, down slightly over one year;
- the number of remote home surveillance subscriptions rose 3.2% to 212,680 at the end of 2022.

In terms of income, the banking and insurance network of Crédit Mutuel local banks generated net banking income of €3.8 billion in 2022, up 14.8% including the entry into the scope of consolidation on January 1, 2022, of Crédit Mutuel Nord Europe local banks (NBI of €395 million in 2022). At constant scope, NBI rose by 2.9% thanks to good growth in commissions.

General operating expenses increased by 6.6% at constant scope, to €2.8 billion.

The cost of risk fell to €26 million, including an increase in the cost of proven risk and a net reversal of the cost of non-proven risk.

Net profit was €740 million, up 4.5% at constant scope and 11.4% in actual terms.

Business activity: Beobank

During the year, Beobank recorded very good results across all product lines, in particular consumer credit and credit cards. Against a strained backdrop of tightening monetary policy and rate rises, Beobank continued to expand along its various avenues of growth, namely the markets for home loans (20.3% rise in outstanding receivables), loans to self-employed professionals (12.9% rise in investment loans) and property & casualty insurance (portfolio up 33% year-on-year).

At the end of 2022, outstanding loans stood at €8 billion (+14.1% year-on-year) while outstanding deposits were €7.0 billion (+4.8%).

Beobank reported net banking income of €269 million for the 2022 fiscal year and net profit of €29 million.

Banque Européenne du Crédit Mutuel (BECM)

BECM is the subsidiary of Crédit Mutuel Alliance Fédérale serving the regional economies, the business market and real estate professionals. Drawing on the expertise of its employees and all the services of Crédit Mutuel Alliance Fédérale's business centers, BECM supports 20,650 customers. Consisting of 45 branches, it is organized on a market basis, with 31 branches serving the general business market and 14 serving the real estate market.

In order to increase the development capacity of Crédit Mutuel Alliance Fédérale's corporate activities in Germany, BECM sold its activities and its 10 branches in this country to TARGOBANK in 2022.

Investment loan production in 2022 represented €3.1 billion for companies and €1.9 billion for real estate companies and real estate investors. Short-term loan agreements for real estate professionals reached €3 billion.

At constant scope⁽¹⁾ and measured in average monthly capital, customer loans increased by 17.5% to €18 billion at the end of 2022. Accounting resources decreased by 15.1% to €10.2 billion.

Net banking income, for the same scope, was up 20% to €353.4 million and net profit was €183.2 million, up 22.5% compared to 2021.

CIC banking and insurance network

The number of customers in the banking network stood at 5.5 million at the end of December 2022, up 1.4% year-on-year, representing an increase of nearly 74,000 customers. The number of business and corporate customers increased by 1.8% to 1.1 million and the number of retail customers (79% of the total) rose by 1.2%.

Outstanding deposits amounted to €168.6 billion at the end of 2022, up by 1.3%.

In 2022, inflows were particularly high in passbook accounts (+4.6%) and term deposits (+49.5%), which benefited from the context of rising interest rates and customers' search for liquid and secure products in an unstable financial market environment.

At the end of 2022, outstanding loans reached €178 billion, up 8.3% year-on-year. After a year of recovery in 2021, the growth in outstanding loans remains favorable for the main categories of loans:

- +7.9% for outstanding home loans to €98.7 billion; over the year, the amount of cumulative releases was down slightly, by 1.8% to €19.9 billion, following the slowdown observed in the second half;
- +14.4% for outstanding investment loans, to €51.6 billion; demand for project support from professional customers remained high with an increase of 38.2% to €17.6 billion;
- +4.3% for outstanding consumer loans to €6.2 billion;

The multi-service strategy led to an increase in products sold to our customers:

- the number of property and personal insurance policies (excluding life insurance) reached 6.3 million, up 3.6% year-on-year;
- there were 553,000 mobile telephone contracts, down slightly over one year;
- the number of remote home surveillance subscriptions rose 2.2% to over 117,000 contracts.

In terms of income, CIC's banking network recorded strong growth in its net banking income (+8.9%), which reached nearly €4 billion. It benefited on the one hand from the increase in the interest margin, thanks in particular to the increase in income from loans, and on the other hand from the strong growth in commissions (+10.2%).

General operating expenses increased by 3.1% to €2.3 billion.

The cost/income ratio improved by 3.2 percentage points to 58.0% and gross operating income increased by nearly 18% to €1.7 billion.

The cost of risk was a net reversal of €74 million compared to a net provision of €65 million in 2021, while profit before tax rose by 30% to €1.7 billion.

(1) By neutralizing, in the data for 2021, the figures for the discontinued operations in 2022.

Net profit was €1.3 billion in 2022, up 35.8% year-on-year.

Consumer credit

Cofidis Group

Cofidis Group operates through three commercial brands: Cofidis, Créatis and Monabanq. Present in nine European countries (France, Belgium, Spain, Italy, Portugal, the Czech Republic, Hungary, Slovakia and Poland), it employs more than 5,700 people.

In terms of activity, Cofidis Group has had a very good year with production of €10.1 billion, *i.e.* €1.6 billion more than at the end of December 2021. This good level of activity was visible in both the direct business channel, which rose by 22%, and in referral business, which was up by 26%. Only online business was down, by 6% relative to last year, supported by the health crisis. Outstanding loans rose by 13% compared with the end of 2021 to €18.2 billion.

The strategy to accelerate the development of Monabanq's online banking activity is bearing fruit with the opening of current and savings accounts up 54% compared with 2021. Deposits increased by 15% and the number of customers by 8%.

The highlight of the year was the sharp rise in refinancing rates, which had a significant negative impact on NBI, with an additional charge of nearly €70 million compared with 2021. The significant increase in outstandings and the development of fees and commissions led to an increase in NBI of €72 million, despite the interest rate environment.

General operating expenses increased by €36 million due to the resumption of activity, for the most part, and employee benefits expense, which, despite being below budget, was affected by higher salary costs linked to measures to increase purchasing power in the context of inflation.

The cost of risk remained under control, at 2.2% in terms of the rate on outstandings, a level 20 basis points higher than the previous year. Delinquency entries remain low and collection performance is better or close to the pre-Covid-19 period. The 2022 risk increases compared to 2021, but it still benefited from the Covid-19 period with historically low delinquencies.

Net profit is 12% lower than in 2021, at €134 million.

TARGOBANK in Germany

Established in over 250 German cities, TARGOBANK meets the needs of 3.6 million retail customers and businesses by offering banking, consumer credit, insurance, factoring and leasing solutions.

Since October 2022, TARGOBANK's corporate activities have been expanded with the integration of the German branch of Banque Européenne du Crédit Mutuel SAS, which now operates under the new brand name TARGOBANK Corporate & Institutional Banking (TARGOBANK CIB). The range of services includes corporate financing, special financing, commercial real estate property financing, as well as payment transactions and investment products. In addition, the range of motor financing products has been extended to the financing of motorhomes and caravans.

The production of repayable personal loans amounted to nearly €6 billion in 2022, up sharply compared to the 2021 fiscal year.

In terms of retail banking, outstanding loans grew by 9.9% to €19.7 billion, and customer deposits reached €22.9 billion.

TARGOBANK's contribution to the net profit of the consumer credit business line was €293 million, down slightly due to the increase in the cost of risk, while the more favorable interest rate environment and portfolio growth in retail banking enabled net banking income to grow by 3.1%.

Corporate activities (classified in the "banking network" and "business line subsidiaries") saw a clear recovery, with an increase in the factoring and leasing business lines.

Business line subsidiaries

The supporting business lines within retail banking – *i.e.* factoring, real estate and equipment leasing, real estate – generated net banking income of €639.5 million (+10.2%) and net profit of €128.0 million (as compared with €152.8 million in 2021).

Factoring and receivables in France

Crédit Mutuel Alliance Fédérale's factoring division is made up of Crédit Mutuel Factoring, the group's business center, which markets its solutions through the Crédit Mutuel and CIC networks (under the CIC Factoring Solutions brand), and Factofrance, which relies both on direct sales to companies and on a network of suppliers such as credit insurance brokers, financial advisors and certified accountants. The complementary nature of the distribution channels and the diversity of the operating cycle financing offers, such as traditional or reverse factoring and the mobilization of Daily receivables, enable the sector to cover 100% of the receivables financing market and to achieve a market share of 23%.

After an upturn in activity in 2021 following the health crisis, the volume of receivables purchased reached a record level in 2022 at €98.5 billion, up 17.1%, for more than 12,400 customers. International business accounts for approximately 32.6% of overall revenue. During the year, the factoring division marketed new offers, particularly for retail customers.

Net banking income grew by 17% year-on-year, to €307 million, due to the increase in the volume of receivables purchased and an increase in benchmarks. General operating expenses remain under control. The cost of risk increased while remaining at a very low level, well below budget.

In total, the sector's net profit contributed €98 million, a significant increase (+44%).

Equipment and real estate leasing

Crédit Mutuel Leasing and CCLS (Leasing Solutions)

Crédit Mutuel Alliance Fédérale's leasing division is a major player in equipment leasing with a market share of over 16%^[1] in France. It is organized around three entities, each operating in different markets: Crédit Mutuel Leasing, CCLS and, since January 1, 2022, Bail Actea.

Bail Actea joined the leasing division following Crédit Mutuel Nord Europe's membership of Caisse Fédérale de Crédit Mutuel. It offers customers of its network of regional branches and specialized divisions leasing solutions based on proximity, responsiveness and expertise.

[1] Source ASF for market outstandings.

In 2022, the sector's activity across the entire scope grew by 23%, exceeding €6.6 billion. As a result, the sector's outstandings were up and stood at €14.5 billion. At constant scope, excluding the inclusion of Bail Actea in the scope of consolidation, the volume remained up by more than 9% and reached nearly €6 billion. With more than €700 million, international production represents 11% of the sector's total production.

The integration of Bail Actea completes the multichannel offer and develops synergies in the leasing business line. This integration took place while preserving the commercial momentum and value proposition of the company, which achieved its highest production since its creation and a growth of more than 20% compared to 2021.

Net banking income (after commissions paid to the group's networks) rose by nearly 19% to €256 million. Net profit amounted to €19 million.

2.2.2.4.2 Insurance

In 2022, insurance represented 18% of the revenues of Crédit Mutuel Alliance Fédérale's operating business lines. The table below details the elements making up the net profit/(loss) of the Insurance business line for the fiscal years 2021 and 2022.

(in € millions)	2022	2021	Change
Net insurance income	1,815	1,915	-5.2%
General operating expenses	-725	-670	+8.3%
Gross operating income	1,089	1,245	-12.5%
Net gains and losses on other assets and ECC ⁽¹⁾	-4	-2	ns
Profit/(loss) before tax	1,085	1,243	-12.7%
Income tax	-253	-358	-29.4%
NET PROFIT/(LOSS)	832	884	-6.0%

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

Insurance, which has been operated for more than 50 years by Groupe des Assurances du Crédit Mutuel (GACM), is fully integrated into Crédit Mutuel Alliance Fédérale in sales and technology terms. With 36.6 million policies at the end of 2022, GACM protects more than 13 million policyholders.

Written premiums, generated mainly in France, were €13.3 billion, up 9.7% compared to the first half of 2021. This increase was mainly driven by the 12.5% growth in gross premiums in savings & retirement insurance, pensions and capitalization, which reached €7.0 billion. Gross unit-linked premiums represented 37.3% of total premiums in France. Net premiums, at €1.5 billion, were largely positive. It includes €1.6 billion in net premiums into unit-linked products and almost balanced net premiums into the euro fund, compared with €0.5 billion in outflows from the latter in 2021.

In addition, in 2022, GACM significantly increased the rates paid to its policyholders on the euro fund in France (+1 point), bringing the average rate paid to 2.30%. This increase policy is made possible by the financial strength of GACM. The compensation reserves built up over the years amount to 7.8% of life insurance reserves⁽¹⁾, a level among the highest in the market. The financial assets making up the general funds remain in overall unrealized capital gain.

Crédit Mutuel Real Estate Lease

Crédit Mutuel Real Estate Lease is a major player in the French real estate leasing market. It meets the real estate investment needs of companies, professionals, players in the social economy or institutions, customers of Crédit Mutuel Alliance Fédérale. It offers financing adapted to the acquisition or construction of professional buildings: commercial, logistics and industrial premises, as well as health facilities, offices and hotels. Its products are distributed under the Crédit Mutuel Real Estate Lease brand in the Crédit Mutuel local banks and under the CIC Real Estate Lease brand in CIC branches.

In 2022, Crédit Mutuel Real Estate Lease was again positioned as one of the leading national real estate leasing companies with almost €1 billion granted.

Total outstandings increased by 6% to €6.3 billion.

P&C and protection insurance underwritten premiums amounted to €6.3 billion. Property & Casualty insurance increased by 2.9% (including +1.4% in motor insurance and +5.2% in property damage & liability) and personal insurance by 4.7% (including +1.6% in health, +4.1% in protection and +6.6% in creditor insurance), driven by the growth of the contract portfolios.

Revenue generated by the international subsidiaries was €607 million, comprising €192 million in Belgium and €403 million in Spain. At the end of 2022, GACM and Axa Spain⁽²⁾ signed an agreement for the sale by GACM SA of 100% of the capital of GACM España to Axa Spain, for a sale price of €311.7 million⁽³⁾. This proposed disposal is expected to be finalized mid-2023⁽⁴⁾ subject to obtaining the required regulatory approvals.

Commissions paid to the branch networks rose to €1.9 billion including €1.6 billion for Crédit Mutuel Alliance Fédérale entities.

Net contributory profit was down 6.0% compared to 2021, at €832 million. This change is due in particular to the fall in the financial markets in 2022, after a sharp rise in 2021, which, through the revaluation of assets classified at fair value through profit or loss, leads to a decline in IFRS financial income.

(1) Provision ratio for profit sharing/mathematical reserves at the end of 2022.

(2) Axa Seguros Generales, SA de Seguros y Reaseguros.

(3) An earn-out payment of up to €20 million may be made, payable at €2 million per year, for each year that GACM España continues to benefit from the existing distribution agreement with TARGOBANK.

(4) The creditor insurance policies marketed by Cofidis Espagne (€47 million in revenue at the end of 2022) are excluded from this transaction and will be subject to prior transfer to ACM IARD SA and ACM Vie SA.

In addition, GACM, like the market, experienced a very high level of weather-related claims in 2022 (hailstorms and drought), representing an unprecedented expense of €469 million compared to €162 million in 2021. The reinsurance program covering the GACM for the year 2022 allows for the cession of a claims expense of €164 million, or 35% of the gross expense recorded.

In addition, the rise in inflation in France is making motor and property insurance repair costs more expensive. To preserve the purchasing power of its policyholders, GACM is committed to keeping average premium increases below inflation for the years 2022 and 2023.

Conversely, the increase in the technical rates used in the commitment calculations, as a result of the sharp rise in interest rates over the period, has a positive impact on the result. However, this increase in interest rates contributed to a sharp decline in the value of bonds, which had a negative impact on GACM's IFRS shareholders' equity at the end of 2022. With €9.1 billion of shareholders' equity, GACM continues to enjoy a solid balance sheet structure that enables it to face this new economic environment without fear or concern.

2.2.2.4.3 Asset Management and Private Banking

In 2022, asset management and private banking represented 5% of the revenues of Crédit Mutuel Alliance Fédérale's operating business lines.

<i>(in € millions)</i>	2022	2021 ⁽¹⁾	Change	Change at constant scope ⁽²⁾
Net banking income	1,119	911	+22.8%	+1.1%
General operating expenses	-794	-571	+38.9%	+10.1%
Gross operating income	326	340	-4.1%	-14.0%
Cost of risk	-33	-9	ns	ns
Operating income	293	331	-11.6%	-21.7%
Net gains and losses on other assets and ECC ⁽³⁾	15	0	ns	ns
Profit/(loss) before tax	307	331	-7.2%	-21.8%
Income tax	-67	-73	-8.2%	-27.5%
NET PROFIT/(LOSS)	241	259	-6.9%	-20.2%

[1] Comparable scope - See methodology notes in point 6.3.1.

[2] Neutralization of entries into the scope of consolidation in 2022: Crédit Mutuel Investment Managers, CIC Private Debt, Groupe La Française - See methodology notes in section 6.3.2.

[3] ECC = Equity consolidated companies = share of net profit/(loss) of equity consolidated companies.

Crédit Mutuel Alliance Fédérale's Asset Management and Private Banking business line comprises:

- Crédit Mutuel Investment Managers, comprising seven asset management entities;
- Groupe La Française, which contains four management companies and a distribution platform;
- Banque Transatlantique, Banque de Luxembourg and Banque CIC (Suisse).

At €1.1 billion, the net banking income from asset management and private banking accounts for 6% of the NBI of Crédit Mutuel Alliance Fédérale's operational business lines and increased by 1.1% at constant scope in a difficult economic environment and tight financial markets.

In 2022, it benefited from the contribution of the newly consolidated subsidiaries: groupe La Française (€161.4 million in NBI), Crédit Mutuel Investment Managers (€16.6 million in NBI after remuneration of the networks) and CIC Private Debt (€19.4 million in NBI).

General operating expenses increased by 10.1%, leading to a fall of 14% in gross operating income to €326 million.

Net gains/(losses) on other assets and ECC comprises non-recurring income related to the first-time consolidation of Crédit Mutuel Investment Managers and CIC Private Debt.

In line with its strategic development ambitions in the professional and corporate market, GACM rolled out a new group health offering in the first quarter. At the same time, a strategy of partnerships is being developed to address more offers adapted to professionals and companies in the Crédit Mutuel and CIC networks. GACM also continued to expand its range of digital services with, among other things, the addition of new functionalities to the e-declaration. With nearly 50% of motor and property damage & liability claims reported online in the second half of the year, the e-declaration reflects GACM's ability to simplify procedures for policyholders and improve service quality.

Thanks to this constant commitment, Crédit Mutuel finished first in the overall ranking of insurers in the 2022 edition of the OpinionWay/Argus insurance barometer on the image, attractiveness and reputation of insurers. A result obtained thanks to the strong relationship of trust created with policyholders as well as the relevance of the mutualist banking and insurance model.

The net profit amounted to €241 million in 2022, compared to a profit of €259 million in 2021.

These data do not include private banking within the CIC network and its five regional banks, i.e. €235.8 million in NBI (+5.2%) and €105.5 million in net profit (+11.9%).

Asset Management

Crédit Mutuel Alliance Fédérale's asset management is structured around Crédit Mutuel Investment Managers, the asset management business center of Crédit Mutuel Alliance Fédérale, which brings together seven management entities. Since the integration of Crédit Mutuel Nord Europe into Crédit Mutuel Alliance Fédérale on January 1, 2022, groupe La Française, a subsidiary of Crédit Mutuel Nord Europe, which includes four management companies and a distribution platform, has completed the asset management business line. A wide range of products and services is offered to a diversified French and international clientele: institutional investors, large corporations, external distributors - third-party distribution networks, private banks, fund selectors, asset management advisors (CGP), etc. The asset management entities also support the group's networks in all markets, including international markets. The sector is present through various locations in Europe and Asia.

Crédit Mutuel Alliance Fédérale aims to become a major player in asset management in France and Europe, committed and responsible, by creating an asset management division grouping together all third-party management structures within a multi-boutique model.

Business activity in 2022 took place in a complex general context; total asset management revenues amounted to €579 million with an adjusted result of €202 million. Assets under management were €166 billion at end-December 2022.

Money market funds, an important activity for Crédit Mutuel Alliance Fédérale, recovered thanks to the rise in ECB interest rates, bringing the net outflow over the year to €3.6 billion with €33.6 billion outstanding. Net inflows into asset management, excluding money-market, totaled €6.6 billion, amid very high volumes of business. Interest in non-money market funds continued despite a return of risk aversion. Certain sectors were particularly sought after, such as gold, dividends and flexible funds. The sustainable dimension is becoming a priority in investors' choices, which is reflected in the interest shown in the entire Carbon Impact range, which now totals €1 billion in assets.

After a difficult first half, equity fund management recorded positive net inflows of €550 million.

At the end of the year, with the return of positive rates, bond maturity funds regained their appeal to investors. CM-AM OBLI IG 2025 and CM-AM HIGH YIELD 2026 attracted €1 billion, bringing the total bond funds under management to more than €10 billion, reflecting the importance of this category.

With net inflows of €2.2 billion from retail customers, groupe La Française Real Estate Managers, a key player in the groupe La Française's real estate asset class, maintains its leading position in the French collective real estate market with €32.7 billion in assets under management. The various SCPIs continue to gain in interest due to their attractive yields from all retail networks. The popularity of unit-linked real estate investments remains undimmed, a trend in which Groupe La Française is participating.

In a volatile environment, structured products – EMTNs created by CIC under the CIC Market Solutions brand – were highly successful, with an increase in outstandings of €2.6 billion for the retail, corporate and private banking networks as well as for external customers, with new products being issued at a steady pace. This expertise is also deployed as a white label through calls for tenders from major retailers.

Private debt, offered by CIC Private Debt, was attractive to investors: net inflows amounted to €200 million, bringing the total amount under management to €2.9 billion.

NewAlpha, a management company and subsidiary of groupe La Française, continued to expand and now has €2.9 billion in assets under management.

As of December 31, 2022, the offer of all management entities includes 267 responsible finance funds, 232 funds promoting environmental and/or social characteristics [article 8] and 35 funds with a sustainable investment objective [article 9]. 76 funds have been awarded a label by external organizations. New thematic impact funds will be created to meet the new needs of investors. Lastly, internationally, in addition to its presence in the European countries of Germany, Belgium, Spain, Italy and Luxembourg, groupe La Française has drawn up a new

development plan for Asia, with additional staff in Korea and a new office in Singapore, with the aim of providing better coverage of the entire region, in particular Australia.

Private Banking

Despite strong economic uncertainties, 2022 was marked by good results for the **Banque Transatlantique Group**. Net banking income increased by 1.5% (€197.7 million against €194.8 million at the end of 2021). This increase is linked to the business volumes of all Group entities in France and abroad. In addition, a decrease in the performance and outperformance fees received from its subsidiary, Dubly Transatlantique Gestion, was noted compared to the level of those of 2021 (very favorable stock market activity in 2021). Net profit is down slightly by 7% (€60.6 million versus €65.5 million in 2021). The cost/income ratio stood at 57.3% (+3.5 basis points compared to 2021).

Customer funds invested in savings amounted to €52 billion, up in the second half of the year. Capital inflows remained strong.

The lending activity, particularly real estate loans, remained strong despite the rise in interest rates. Outstandings stood at €4.7 billion at December 31, 2022, with production of €1 billion over the year 2022, up nearly 20% compared to 2021.

Banque Transatlantique has strengthened its leading position in the stock option and free share allocation market, with 16 corporate plans integrated this year, now including the management of unlisted companies, notably start-ups.

The philanthropy activity also continues to grow and has donated nearly €2 million *via* the Transatlantic Endowment Fund (€14 million since its creation in 2012), which celebrated its tenth anniversary.

In 2022, **Banque de Luxembourg** achieved a solid performance across all its business lines, thanks to good commercial momentum in the individual, corporate and professional asset management segments, and a strong increase in the net interest margin.

Net banking income amounted to €354.1 million at the end of 2022, up 9%, while net profit reached €98 million, up 11% compared to the end of 2021. This was due to a 69% increase in net interest margin to €100.1 million, while net fees and commissions fell slightly by 3% to €244 million, against the backdrop of unfavorable stock market conditions. In this context, customer outstandings also fell slightly, to €122 billion at the end of the year.

Banque de Luxembourg also continued to deliver on its sustainability ambitions. It intends to meet the expectations of its stakeholders, the requirements of the B Corp certification as well as the regulations in this area, by launching numerous initiatives to be deployed over the coming years.

In 2022, **Banque CIC (Suisse)** continued its development with a balance sheet total of €13.3 billion and over 445 employees. It takes advantage of its omnichannel approach by combining personal support and proximity to customers with the e-banking solution, CIC eLounge. In order to target a younger customer segment and meet the needs of modern banking customers, a new offer was launched. CIC ON combines the best of traditional banking and digital banking, allowing customers to individually compose their banking package according to their needs.

In the course of 2022, volumes increased significantly: savings rose by 3.7% to €17.3 billion and loan volumes grew by 8.0% to €9.8 billion.

NBI, up 24%, stood at around €200 million. Revenues were more broadly diversified and refinancing through customer funds was particularly

stable. Financial income, at €33.4 million, was down compared to 2021, following the recording of an increase in provisions.

2.2.2.4.4 Corporate Banking and Capital Markets

In 2022, Corporate Banking and Capital Markets represented 7% of the revenues of Crédit Mutuel Alliance Fédérale's operating business lines.

<i>(in € millions)</i>	2022	2021	Change
Net banking income	813	782	+4.0%
General operating expenses	-383	-360	+6.3%
Gross operating income	430	422	+2.0%
Cost of risk	7	35	-80.8%
Operating income	437	457	-4.4%
Profit/(loss) before tax	437	457	-4.4%
Income tax	-100	-106	-5.5%
NET PROFIT/(LOSS)	337	351	-4.1%

Corporate Banking

Corporate Banking provides services to large corporate and institutional customers, based on a comprehensive approach to their requirements, with teams based in both France and at CIC's foreign subsidiaries (London, Brussels, New York, Singapore and Hong Kong). It also relies on the action of the "corporate" networks for their large customers and contributes to the development of international business and to the implementation of specialized financing (acquisitions, assets, projects).

Corporate banking commitments rose by €4.3 billion to €60.2 billion on both drawn and undrawn credit lines, including €3.4 billion in France and €0.96 billion in the branches.

Net banking income rose by 9.4% to €471 million in 2022. It benefited from a sharp increase in revenues from the large corporates activity thanks to good loan production and increased commissions, in the face of a decline in the structured finance NBI.

The cost of risk was a net reversal of €7 million compared to a reversal of €39 million in 2021.

Net income therefore fell slightly by 1.6% to €260 million in 2022 from €264 million in 2021.

Structured finance activity (acquisition finance, project finance, asset finance and securitization) was marked by a sharp slowdown in underwriting transactions in acquisition finance, offset by good momentum in project finance, asset finance and securitization. Overall, loan production remained solid and totaled €4.2 billion for the year, a figure comparable to last year. Like-for-like results were 14% lower than last year, which was an exceptional year, in particular due to a negative cost of proven risk (reversal of provisions) over the period. Profit before tax was €171 million. NBI reached €222 million.

The large corporates (CIC Corporate) activity supports the development of listed and unlisted major French and foreign industrial companies and institutions with revenue of more than €500 million as part of a long-term relationship. The year 2022 was marked by the continuation of investment operations and customers' medium-term projects despite a disrupted bond market and unfavorable macroeconomic factors. Income was up significantly thanks in particular to good loan production

and an increase in commissions following several profitable and strategic capital transactions.

The international business department helps corporate customers carry out their international projects. In an environment marked by geopolitical instability and economic tensions, the volume of confirmed documentary credits increased by 16.8%, confirming the desire to support exporting companies by securing their transactions and payments.

This commitment is also reflected in the support of French companies that want to develop their activities internationally. 302 companies were supported, with the teams of the representative offices playing their role as ambassadors for customers abroad and constituting an effective relay.

Capital Markets

CIC Marchés comprises the commercial capital markets business – under the CIC Market Solutions brand – for corporate customers and financial institutions, investment activity et the post-market services that support these activities.

Despite a deterioration in market conditions, the last quarter, marked by a strong rebound, enabled the capital markets business to post a robust level of NBI (€342 million), down from 2021 (-2.7%), an exceptional year of post-Covid-19 recovery.

Gross operating income amounted to €106 million. Total net profit from capital markets activities was €77 million.

CIC Market Solutions enjoyed solid overall momentum in 2022. IFRS net banking income thus amounted to €169 million, compared to €127 million at the end of 2021, i.e. an increase of 33%. This growth is mainly driven by EMTN issues and fixed-income/FX/Commodity hedging activities.

The Investment business line (including France, the New York, London and Singapore branches) generated NBI of €173 million in 2022 compared to €224 million in 2021. Despite the sharp decline in benchmark indices for the business lines (equities, loans), the last quarter, marked by a strong rebound, posted robust results, down compared to 2021 (an exceptional year of post-Covid-19 recovery).

2.2.2.4.5 Private Equity

In 2022, Private Equity represented 7% of the revenues of Crédit Mutuel Alliance Fédérale's operating business lines.

	2022	2021	Change
Net banking income	430	518	-17.1%
General operating expenses	-75	-77	-2.0%
Gross operating income	355	442	-19.7%
Cost of risk	2	-21	ns
Profit/(loss) before tax	357	420	-15.2%
Income tax	-17	-4	ns
NET PROFIT/(LOSS)	340	416	-18.3%

Crédit Mutuel Alliance Fédérale provides capital financing for start-ups, SMEs and mid-sized companies via its Crédit Mutuel Equity entity, which brings together all of the group's equity business lines: capital innovation, private equity, capital transmission, but also investments in infrastructure projects and mergers and acquisitions. Crédit Mutuel Equity finances development projects mainly in France through its eight sites in the regions – Paris, Lyon, Nantes, Bordeaux, Lille, Strasbourg, Marseille and Toulouse – but also internationally through its subsidiaries in Germany, Switzerland or Canada.

Crédit Mutuel Equity invests Crédit Mutuel Alliance Fédérale's equity and makes a long-term commitment alongside executives to enable them to develop, transform and enrich themselves with experience, know-how and career paths.

Proof of this commitment over time: more than a quarter of its 329 investments have been held for more than ten years. Portfolio turnover remains, however, very dynamic and indicative of the structure's strength: more than €1 billion on average are invested and divested every two years.

In 2022, more than €436.5 million were invested with the required prudence given the geopolitical uncertainties, their economic consequences on the expected growth of companies and the resulting valuation multiples. Over four years, more than €2 billion have been deployed to finance new projects or to support portfolio companies.

The outstanding invested portfolio reached €3.3 billion, demonstrating the strong momentum of these business lines in all segments.

In 2022, "other business line" entities represented 2% of the revenues of Crédit Mutuel Alliance Fédérale's operating business lines.

<i>(in € millions)</i>	2022	2021	Change	change at constant scope ⁽²⁾
Net banking income	1,026	987	+3.9%	+3.0%
General operating expenses	-862	-779	+10.7%	+10.6%
Gross operating income	164	208	-21.3%	-25.6%
Cost of risk	8	0	ns	ns
Operating income	172	208	-17.3%	-21.7%
Net gains and losses on other assets and ECC ⁽¹⁾	-1,207	-859	+40.6%	+39.2%
Profit/(loss) before tax	-1,035	-651	+59.1%	+58.7%
Income tax	-10	-95	-89.8%	-91.4%
NET PROFIT/(LOSS)	-1,045	-746	+40.0%	+39.5%

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

(2) Neutralization of the entry into the scope of CMNE's "holding" entities.

At €430 million, total revenues, three quarters of which were generated by capital gains, reached the second highest level in history after 2021, an exceptional post-Covid-19 year.

Net profit was a high €340 million, resulting from growth opportunities and mergers within the portfolio that were assessed with caution, particularly in sectors affected by the crisis. CIC Conseil achieved a historic level of activity in terms of commissions invoiced on mergers/acquisitions.

As a socially committed investor, Crédit Mutuel Equity has a useful, sustainable and human vision of its business lines, favoring balanced financial packages and respecting the timeframe of projects, with a constant concern for a fair redistribution of value.

2.2.2.4.6 Other business lines: IT, logistics, media and others

This segment mainly comprises:

- the "logistics" business line, which includes the Group's IT companies and logistics organizations;
- the regional daily newspaper business, which comprises nine titles: *Vosges Matin*, *Le Dauphiné Libéré*, *Le Bien Public*, *L'Est Républicain*, *Les Dernières Nouvelles d'Alsace*, *L'Alsace*, *Le Progrès de Lyon*, *Le Républicain Lorrain*, and *Le Journal de Saône et Loire*. These regional press titles are distributed in 23 départements in eastern France;
- holding company activities.

Net banking income amounted to €1,026 million, compared to €987 million in 2021, mainly including the increase in revenue from the group's IT companies.

Operating income was positive at €172 million, down compared to 2021, marked by:

- a slight decrease in the logistics sector (€183 million), where expenses grew faster than revenues;
- a slight deterioration in the "press" activity (-€14 million) due to the increase in costs;
- a decrease in net income of €3 million for the "holding company" activities.

The net profit is a net expense of €1,045 million compared to a net expense of €746 million in 2021. It is mainly impacted by the item "Gains and losses on other assets" which recognizes an adjustment to the value of the goodwill of TARGOBANK in Germany linked to the increase in the discount rate and an additional provision linked to the potential sale of TARGOBANK in Spain to ABANCA, announced by the Group on December 22, 2022.

Focus on the media business

Although facing a complex environment with an explosion in paper, energy and transport costs, as well as the structural erosion of its print activity, the EBRA Group continues its digital transformation. Digital subscriptions grew by 26% and digital advertising by more than 3 percentage points, from 15.6% to 18.7% of group advertising revenue.

2.2.2.5 Financial position of Crédit Mutuel Alliance Fédérale

2.2.2.5.1 Balance sheet

The structure of the balance sheet is the reflection of Commercial Banking of Crédit Mutuel Alliance Fédérale and the measures taken by the group to strengthen its financial structure in order to meet the new regulatory requirements that will be applicable in the forthcoming years. In particular:

- Crédit Mutuel Alliance Fédérale finances a greater proportion of customer loans through deposits. This change is an extension of the strategy rolled out in recent years. The loans/deposits ratio has gradually improved: 109.9% as of December 31, 2022 compared to 119.6% in 2017;
- Crédit Mutuel Alliance Fédérale's liquidity risk was strictly managed under a system controlled by BFCM based on a centralized risk management system, described in chapter 5 "Risks and Capital adequacy – Pillar 3". Significant progress was made concerning the Basel III liquidity ratios which are beyond the threshold of 100%; the LCR stood at 153.3% on average over 2022.

On December 31, 2022, shareholders' equity came to €56.7 billion and Common Equity Tier 1 to €50.9 billion. The ratio of Common Equity Tier 1 stood at 18.2%, one of the best at the European level. The overall ratio stood at 20.6% and the leverage ratio at 6.6% compared to 7.6% in 2021.

Assets

Summary. The consolidated assets of the group stood at €885.1 billion on December 31, 2022, up from €843.9 billion as of December 31, 2021 (up 4.9%).

This 4.9% increase in total assets (+€41.2 billion) was mainly due to the increase in loans and receivables due from customers (+€57.2 billion, i.e. +12.9%), partially offset by the drop in investments in the insurance business line (-€12.9 billion).

In 2022, the EBRA group is implementing its strategic plan around four priority areas:

- strengthen content and services that create value and engagement;
- develop a growing, profitable and sustainable revenue model;
- invest in new high-contribution growth drivers;
- support the personal development of its employees and affirm its culture of excellence.

This plan supports the group's *raison d'être*: "Act to strengthen local ties and trust between players in our regions".

In order to give life to this transformation, the graphic identity of the group and its subsidiaries has been completely revised to gain in power, harmony and recognition.

The EBRA group continued its diversification with the acquisition of the company Humanoid, composed of three pure player brands (*Frandroid*, *Numerama*, *Madmoizelle*) which exceed 30 million monthly visits. This contributes to the development and rejuvenation of its audiences.

Despite stable revenues and its efforts to control expenses to partially offset the increase in material costs, the EBRA group generated a net loss in 2022.

Financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss include financial instruments held for trading (including derivative instruments) and certain financial assets designated by the group at fair value through profit or loss on the date of their acquisition (including securities held by private equity). These assets are revalued at their fair value during each closure.

The total amount of financial assets at fair value through profit or loss was €29.3 billion at December 31, 2022 compared to €22.4 billion at December 31, 2021. Financial assets at fair value through profit or loss represented 3% of the total assets of the group on December 31, 2022.

Financial assets at fair value through shareholders' equity. Financial assets at fair value through shareholders' equity mainly include bonds and other debt securities for €22.8 billion and government securities for €10.9 billion.

Loans and receivables due from credit institutions. Loans and receivables due from credit institutions are composed of demand deposits, inter-bank loans and securities subject to repurchase agreements. Loans and receivables due from credit institutions reached €57.2 billion as of December 31, 2022, compared to €60.9 billion on December 31, 2021.

Loans and receivables due from customers. Loans and receivables due from customers stood at €502.1 billion on December 31, 2022, versus €444.8 billion on December 31, 2021, a gross increase of 12.9%.

Liabilities (excluding shareholders' equity)

Summary. The group's consolidated liabilities excluding shareholders' equity stood at €828.3 billion as of December 31, 2022, up from €790.7 billion on December 31, 2021 (+4.8%). These liabilities include subordinated debt at €9.0 billion on December 31, 2022 and €8.1 billion on December 31, 2021. The increase in liabilities excluding shareholders' equity recorded in 2022 is mainly due to the increase in debts due to customers of €31.8 billion (+7.5%) and debt securities of €14.0 billion.

Financial liabilities at fair value through profit or loss. The total amount of financial liabilities at fair value through profit or loss (held for trading) was €18.8 billion at December 31, 2022, compared with €12.1 billion at December 31, 2021.

Debts due to credit institutions. Debts due to credit institutions decreased by €8.5 billion (-11.9%) to €63.2 billion as of December 31, 2022.

Debts due to customers. Debts due to customers are mainly composed of demand deposits, term deposits, regulated savings accounts and securities subject to repurchase agreements. Debts due to customers amounted to €457.0 billion as of December 31, 2022, versus €425.2 billion on December 31, 2021. This increase is mainly due to the increase in special regime demand savings accounts and term deposits and loans.

Debt securities at amortized cost. Debt securities are composed of negotiable certificates of deposit and bond issues. Debt securities stood at €135.1 billion as of December 31, 2022, up 11.5% compared to December 31, 2021.

Liabilities related to contracts of Insurance. Liabilities related to contracts of Insurance stood at €120.1 billion as of December 31, 2022, compared to €131.4 billion on December 31, 2021, i.e. a decrease of 8.6%.

Consolidated equity

The consolidated equity attributable to the group stood at €55.0 billion on December 31, 2022, versus €50.2 billion on December 31, 2021; this change primarily corresponds to net carryover.

Non-controlling interests went from €3,059 million on December 31, 2021 to €1,724 million on December 31, 2022.

2.2.2.5.2 Liquidity and refinancing

The central treasury management of Crédit Mutuel Alliance Fédérale rests on prudent rules and an efficient system to access market resources.

Commercial banking gaps are covered by medium-and long-term resources, while the liquidity buffer makes use of money market refinancing. Crédit Mutuel Alliance Fédérale has a number of well-adapted issue programs providing access to investors in the main international zones for public and private issues. This mechanism is supported by a comfortable liquidity reserve, adapted to comply with regulatory ratios and withstand severe stress.

The year 2022 was marked by the willingness of central banks to counter unprecedented and lasting inflation by means of strong and rapid rate hikes.

Indeed, from the end of 2021, the gradual reopening of post-pandemic economies had already led to a strong imbalance between supply and demand as well as disruptions in supply chains that caused inflationary tensions. However, in 2021, the bond markets proved resilient despite some volatility in interest rates and offered issuers good refinancing conditions.

The invasion of Ukraine by Russia at the end of February accelerated this phenomenon with record increases in energy and food prices. This

double shock resulted in structurally high inflation. Global central banks had no choice but to adopt very restrictive monetary policies. A race against time began to quickly bring down this persistent inflation with a rapid and sustained rise in interest rates: the FED raised its rates from 0.25% to 4.50% and the ECB from -0.50% to 2% in a few months.

These changes in monetary policy weighed on the economic outlook, creating the risk of a generalized global recession.

In the financial markets, these abrupt changes created a lot of volatility, making it difficult for issuers to operate with smaller issue windows.

Similarly, investors had a very difficult year, with very negative valuations due to the sharp rise in rates but also to the poor performance of credit spreads.

However, BFCM, through all of its issue programs, fared well with an increased refinancing program to anticipate the end of the TLTRO in 2023 and 2024.

In total, the outstanding amount of external funding raised on the markets amounted to €156.8 billion at the end of December 2022, an increase of 8.3% compared to the end of 2021.

The average LCR ratio for the year 2022 was 153.3% (compared to 181.3% in average annual 2021).

Short-term funding (less than one year) amounted to €50.7 billion at the end of 2022, an increase of 17.7% compared with the previous year. It represents 32% of all market funding raised, up 2 points compared to 2021.

Medium-and long-term funding totaled €106.1 billion at end-2022, up 4.3% on 2021. In 2022, Crédit Mutuel Alliance Fédérale raised €20.7 billion in MLT funds primarily *via* BFCM, and to a lesser degree *via* its subsidiary Crédit Mutuel Home Loan SFH, which issues covered bonds and benefits from the best agency ratings. 82.7% of these MLT resources were raised in euros and the balance in foreign currencies (US dollar, yen, pound sterling, Swiss franc and Norwegian krone), illustrating the good diversification of the investor base.

Public issues and private placements accounted for 91% and 9% of the total, respectively. The average maturity of the MLT funding raised in 2022 was 6.1 years, comparable to that seen in 2021.

2022 refinancing program

In 2022, public issues raised amounted to an equivalent of €18.8 billion and broke down as follows:

- BFCM by way of senior European Medium-Term Notes (EMTNs):
 - €750 million in social bonds over 7 years issued in November,
 - €5.25 billion in 3, 5 and 10-year senior debt issued in March, September and November,
 - GBP 1.05 billion at 3 and +6 years, issued in January and November,
 - CHF 175 million at 5 years issued in June,
 - \$1.7 billion at 3 and 5 years, issued in July in US144A format,
 - JPY 52.2 billion at 5, 7 and 10 years, issued in October in Samurai format;

- BFCM non-preferred senior EMTNs: €3.0 billion in issues of 10, +6 and +7 years in January and May in connection with MREL management;
- BFCM Tier2 EMTNs: €1.25 billion at 5 years, issued in June;
- Crédit Mutuel Home Loan SFH: €5.25 billion at 5, +5, 7 and 10 years completed in March, June, October and December.

The total liquidity reserves over the consolidated perimeter break down as follows:

Crédit Mutuel Alliance Fédérale (in € billions)	12/31/2022
Cash deposited in central banks	105.1
LCR securities (after LCR haircut)	24.9
o/w HQLA Level 1 securities	21.6
Other eligible assets, central banks (after ECB haircut)	60.0
TOTAL LIQUIDITY RESERVES	190.0

The liquidity reserve largely covers market resources due at 12 months.

Targeted refinancing operations

The various budgets allocated by the European Investment Bank (EIB) continued to be allocated to the final beneficiaries of the Crédit Mutuel Alliance Fédérale network in 2022, and some were drawn down by BFCM.

Thus, the allocation of the “Young Farmers & Climate Action” envelope is about to be finalized. A new contract was signed in November 2022 allowing for the continuation of this type of support for the agricultural sector in 2023 up to €80 million.

The SME & ETI customers monitored by the corporate network can be supported within the framework of an “EIB SME & ETI III” package. It was drawn down for an amount of €250 million over a five-year period at a fixed rate.

Lastly, BFCM drew down the first tranche of the “Loans to the medical professions” envelope for €150 million over 7 years at a fixed rate. It is intended for professionals and/or SMEs active in the pharmaceutical and health sectors, particularly in regions where access to medical experts is sub-optimal or poorly served.

2.2.2.5.3 Solvency

As of December 31, 2022, Crédit Mutuel Alliance Fédérale's shareholders' equity amounted to €56.7 billion, compared to €53.2 billion at the end of December 2021, an increase of €3.5 billion due to carryforwards.

Crédit Mutuel Alliance Fédérale reported very solid solvency with a Common Equity Tier 1 (CET1) ratio of 18.2%^[1], a decrease of 60 basis points relative to December 31, 2021. This fall is attributable to the loss of approval for the internal method on major accounts. The Tier 1 ratio was 18.2%^[1] at the end of 2022 and the overall solvency ratio was 20.6%^[1].

Regulatory capital CET1 reached almost €50.9 billion^[1], up 10.6% due to retained earnings and the issue of shares.

LCR and liquidity buffer

The liquidity situation of the consolidated scope of Crédit Mutuel Alliance Fédérale was as follows:

- an average LCR of 153.3% for 2022 (vs. 181.3% for 2021);
- average high quality liquidity assets (HQLA) totaling €132.8 billion, 81% of which is deposited with central banks (mainly the ECB).

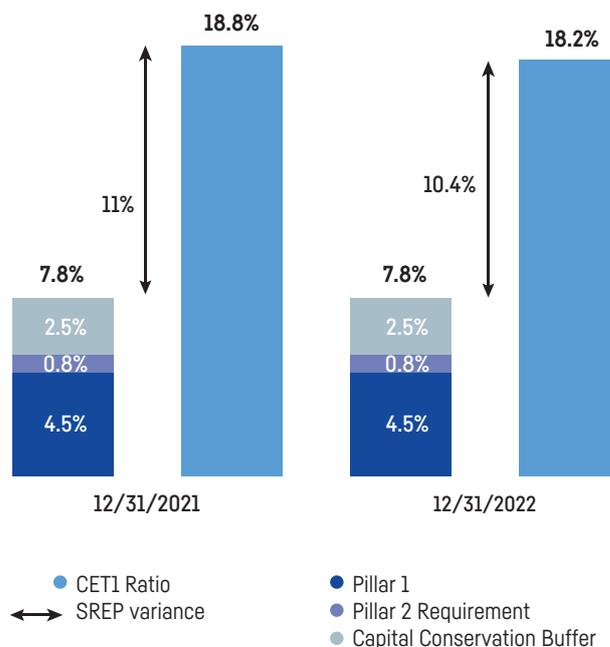
Risk-weighted assets (RWAs) stood at €280.1 billion^[1] on December 31, 2022 (compared to €245.1 billion at the end of December 2021, up 14.3%). RWAs in terms of credit risk accounted for 91% of the total, at €254.3 billion^[1].

The leverage ratio at the end of December 2022 was 6.6%^[1].

The return on risk-weighted assets (RoRWA) was 1.33% at end-December 2022, as compared with 1.47% at end-2021.

According to initial estimates, the entry into force of IFRS 17 (insurance policies) on January 1, 2023 will have a very limited impact in terms of the solvency ratio (less than 10 basis points).

SREP CET1 REQUIREMENTS AND ACTUAL DIFFERENCE (in%)



[1] Without transactional arrangements.

2.2.2.5.4 External ratings

The solid financial position and suitability of the group's business model are recognized by the three rating agencies that rate Crédit Mutuel Alliance Fédérale and the Crédit Mutuel group:

	LT/ST counterparty**	Issuer/ LT Preferred senior debt	Outlook	ST Preferred senior debt	Intrinsic rating****	Date of most recent publication
Standard & Poor's ⁽¹⁾	AA-/A-1+	A+	Stable	A-1	a	11/30/2022
Moody's ⁽²⁾	Aa2/P-1	Aa3	Stable	P-1	a3	09/20/2022
Fitch Ratings ⁽³⁾	AA-	AA-	Stable	F1+	a+	12/30/2022

* 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.

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

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

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

The external ratings and stable outlook assigned to Crédit Mutuel Alliance Fédérale and Crédit Mutuel group were confirmed by the three main financial rating agencies in 2022, reflecting the recurrence of their results and the strength of their financial fundamentals.

On December 16, 2021, Standard & Poor's (S&P) had raised its long-term issuer credit rating for Crédit Mutuel group from A to A+ with a stable outlook, the extra notch reflecting the fact that its additional loss-absorbing capacity (ALAC ratio) was above the level required by the agency under its new rating methodology.

2.2.2.6 Methodology notes

2.2.2.6.1 Change in segmentation

With effect from the first half of 2022, the income statement is now subdivided into four segments, namely retail banking, Insurance, Specialized business lines and Other business lines. The segments are themselves split into business lines as shown in the organization chart in chapter 1-1.3 Presentation of the business lines.

The main changes in the 2021 data published are detailed below:

BREAKDOWN OF THE INCOME STATEMENT BY BUSINESS SEGMENT – NEW SEGMENTATION

12/31/2021 (in € millions)	Retail banking	Insurance	Specialized business lines	Other business lines	Total
Net banking income	10,811	1,915	2,211	987	15,923
General operating expenses	-6,680	-670	-1,008	-778	-9,136
Gross operating income	4,131	1,245	1,203	208	6,787
Cost of counterparty risk	-705	-	6	0	-699
Gains on other assets	-5	-2	0	-859	-866
Profit/(loss) before tax	3,421	1,243	1,209	-650	5,222
Income tax	-1,067	-358	-183	-95	-1,703
Post-tax gains and losses on discontinued assets	9	-	-	-	9
NET PROFIT/(LOSS)	2,363	884	1,026	-746	3,527
Non-controlling interests	-	-	-	-	284
NET INCOME ATTRIBUTABLE TO THE GROUP	-	-	-	-	3,243

BREAKDOWN OF THE INCOME STATEMENT BY BUSINESS SEGMENT – FORMER SEGMENTATION –
PAGE 443 OF THE 2021 UNIVERSAL REGISTRATION DOCUMENT

12/31/2021 (in € millions)	Retail banking	Insurance	Financing and markets	Private banking	Private equity	Logistics and Holding company services	Inter activities	Total
Net banking income	11,014	1,915	809	677	518	2,010	-1,020	15,923
General operating expenses	-6,806	-670	-367	-434	-77	-1,803	1,020	-9,136
Gross operating income	4,208	1,245	442	244	442	207	0	6,787
Cost of counterparty risk	-705	-	35	-8	-21	0	-0	-699
Gains on other assets	-5	-2	-	0	-	-859	-0	-866
Profit/(loss) before tax	3,499	1,243	477	235	420	-653	0	5,222
Income tax	-1,089	-358	-111	-46	-4	-95	-	-1,703
Post-tax gains and losses on discontinued assets	9							9
NET PROFIT/(LOSS)	2,418	884	367	190	416	-748	0	3,527
Non-controlling interests	-	-	-	-	-	-	-	284
NET INCOME ATTRIBUTABLE TO THE GROUP	-	-	-	-	-	-	-	3,243

- Retail banking: specialized subsidiaries have been transferred to the “Specialized business lines” segment/“Asset management and private banking” business line on the one hand, and to the “Other business lines” segment/“Holding” business line on the other;
- Insurance: no change;
- the new “Specialized business lines” segment encompasses the former “Financing and markets”, “Private banking” and “private equity” segments as well as some entities previously reported under “Retail banking”;
- “Other business lines” covers the former “Logistics and holding company services” and “Intra-group elimination” columns as well as one entity formerly reported under “Retail banking”.

Additional details on the business lines in the “Other business lines” segment are provided in the tables below:

DETAILS FOR THE “SPECIALIZED BUSINESS LINES” SEGMENT – NEW SEGMENTATION

12/31/2021 (in € millions)	Asset management & private banking	Corporate banking	Capital Markets	Private equity	Specialized business lines
Net banking income	911	430	351	518	2,211
General operating expenses	-571	-128	-232	-77	-1,008
Gross operating income	340	303	119	442	1,203
Cost of counterparty risk	-9	39	-3	-21	6
Profit/(loss) before tax	331	341	116	420	1,209
Income tax	-73	-77	-28	-4	-183
NET PROFIT/(LOSS)	259	264	87	416	1,026

DETAILS FOR THE “SPECIALIZED BUSINESS LINES” SEGMENT – FORMER SEGMENTATION

12/31/2021 (in € millions)	Private banking	Corporate banking	Capital Markets	Private equity	Specialized business lines
Net banking income	678	430	379	518	2,004
General operating expenses	-434	-128	-239	-77	-877
Gross operating income	244	303	139	442	1,127
Cost of counterparty risk	-9	39	-3	-21	6
Profit/(loss) before tax	236	341	136	420	1,133
Income tax	-46	-77	-33	-5	-161
NET PROFIT/(LOSS)	190	264	103	416	972

- The new “Asset management & private banking” business line includes:
 - all subsidiaries previously included in “Private banking”;
 - Crédit Mutuel Asset Management and Crédit Mutuel Épargne Salariale, which were previously reported under “Retail banking”/“Subsidiaries of the banking network”, and Cigogne Management, which was previously reported under “Capital Markets”;
- entities consolidated for the first time in the first half-year: Groupe La Française, Crédit Mutuel Investment Managers and CIC Private Debt;
- “Capital Markets”: one entity previously reported under this business line was transferred to the new “Asset management & private banking” business line: Cigogne Management.

2.2.2.6.2 Changes at constant scope

Changes at constant scope are calculated by neutralizing:

- for 2022: data for newly consolidated entities, namely Crédit Mutuel Nord Europe, Crédit Mutuel Investment Managers and CIC Private

Debt [affects “Retail banking”, “Asset management and private banking” and “Other business lines”];

- for 2021: data for Floa Bank, which was deconsolidated in January 2022 [affects the “Retail banking” segment].

Crédit Mutuel Alliance Fédérale (in € millions)	2022	chg. scope ⁽¹⁾	2022 excl. chg. scope	2021	chg. scope	2021 excl. chg. scope	2022/2021	2022/2021 at constant scope
Net banking income	17,340	902	16,439	15,923	-	15,923	+8.9%	+3.2%
General operating expenses	-10,329	-704	-9,624	-9,136	-	-9,136	+13.0%	+5.3%
o/w supervisory and resolution expenses	-421	-11	-410	-314	-	-314	+34.1%	+30.7%
Gross operating income/(loss)	7,012	198	6,814	6,787	-	6,787	+3.3%	+0.4%
Cost of risk	-768	-30	-738	-699	-	-699	+9.9%	+5.6%
Cost of proven risk	-891	-11	-880	-587	-	-587	+51.6%	+49.8%
Cost of non-proven risk	123	-19	142	-111	-	-111	ns	ns
Operating income	6,244	168	6,076	6,088	-	6,088	+2.6%	-0.2%
Net gains and losses on other assets and ECC	-1,185	4	-1,189	-866	-0	-866	+36.9%	+37.4%
Profit/(loss) before tax	5,059	172	4,887	5,222	-0	5,222	-3.1%	-6.4%
Income tax	-1,556	-62	-1,495	-1,703	-	-1,703	-8.6%	-12.2%
Post-tax gains/(losses) on discontinued operations	-0	-0	-	9	9	-	ns	ns
NET PROFIT/(LOSS)	3,502	110	3,392	3,527	9	3,519	-0.7%	-3.6%
Non-controlling interests	174	-	174	284	-	284	-38.9%	-38.9%
NET PROFIT ATTRIBUTABLE TO THE GROUP	3,329	110	3,218	3,243	9	3,234	+2.6%	-0.5%

(1) Crédit Mutuel Nord Europe, Crédit Mutuel Investment Managers, CIC Private Debt.

Retail banking (in € millions)	2022	chg. scope ⁽¹⁾	2022 excl. chg. scope	2021	chg. scope	2021 excl. chg. scope	2022/2021	2022/2021 at constant scope
Net banking income	12,139	695	11,444	10,811	-	10,811	+12.3%	+5.9%
General operating expenses	-7,490	-540	-6,950	-6,680	-	-6,680	+12.1%	+4.0%
o/w supervisory and resolution expenses	-283	-10	-272	-224	-	-224	+26.1%	+21.5%
Gross operating income/(loss)	4,648	155	4,493	4,131	-	4,131	+12.5%	+8.8%
Cost of risk	-752	-30	-722	-705	-	-705	+6.7%	+2.4%
Cost of proven risk	-837	-11	-826	-567	-	-567	+47.5%	+45.6%
Cost of non-proven risk	85	-19	104	-137	-	-137	ns	ns
Operating income	3,896	125	3,772	3,426	-	3,426	+13.7%	+10.1%
Net gains and losses on other assets and ECC	12	1	11	-5	-0	-5	ns	ns
Profit/(loss) before tax	3,908	126	3,782	3,421	-0	3,421	+14.2%	+10.6%
Income tax	-1,110	-46	-1,064	-1,067	-	-1,067	+4.1%	-0.2%
Post-tax gains/(losses) on discontinued operations	-	-	-	9	9	-	ns	ns
NET PROFIT/(LOSS)	2,798	80	2,718	2,363	9	2,354	+18.4%	+15.5%

(1) Crédit Mutuel Nord Europe.

Asset management and private banking (in € millions)	2022	chg. scope ⁽¹⁾	2022 excl. chg. scope	2021	chg. scope	2021 excl. chg. scope	2022/2021	2022/2021 at constant scope
Net banking income	1,119	198	922	911	-	911	+22.8%	+1.1%
General operating expenses	-794	-164	-629	-571	-	-571	+38.9%	+10.1%
Gross operating income/(loss)	326	33	292	340	-	340	-4.1%	-14.0%
Cost of risk	-33	0	-33	-9	-	-9	x3.8	x3.8
Operating income	293	34	259	331	-	331	-11.6%	-21.7%
Net gains and losses on other assets and ECC	15	15	0	0	-	0	ns	ns
Profit/(loss) before tax	307	48	259	331	-	331	-7.2%	-21.8%
Income tax	-67	-14	-53	-73	-	-73	-8.2%	-27.5%
Post-tax gains/(losses) on discontinued operations	-0.0	-0	-	-	-	-	ns	ns
NET PROFIT/(LOSS)	241	34	206	259	-	259	-6.9%	-20.2%

(1) Crédit Mutuel Nord Europe (groupe La Française), Crédit Mutuel Investment Managers, CIC Private Debt.

2.2.2.7 Alternative performance indicators

ALTERNATIVE PERFORMANCE INDICATORS (API) – ARTICLE 223-1 OF THE AMF GENERAL REGULATION/ESMA GUIDANCE (ESMA/20151415)

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 “employee benefit expense”, “other operating expenses” and “movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets”) and the “net banking income”	Measure of the bank’s operational efficiency
Overall cost of customer risk related to the outstanding loans <i>(expressed in % or in basis points)</i>	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 due from customers at amortized cost” item in consolidated balance sheet assets	Measurement of customer loan activity
Cost of proven risk	Impaired assets (S3) see note “cost of counterparty risk”	Measures the level of proven risk (non-performing loans)
Cost of non-proven risk	12-month expected losses (S1) + expected losses at maturity (S2) see note “cost of counterparty risk”. Application of IFRS 9	Measurement of the level of non-proven risk (performing loans)
Customer deposits; deposit accounting	The “amounts due to customers at amortized cost” item in consolidated balance sheet liabilities	Measurement of customer activity in terms of balance sheet resources
Insurance savings	Life insurance assets held by our clients ■ 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 fees	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	Measures 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
Loan/deposit ratio; commitment coefficient	Ratio calculated on the basis of consolidated balance sheet items: ratio expressed as a percentage between total customer loans and customer deposits	Measurement of dependence on external refinancing
Coverage ratio on non-performing loans	Determined by calculating the ratio of provisions for credit risk (S3 impairment) to the gross outstandings identified as in default in accordance with regulations (gross receivables subject to individual impairment S3). An overall coverage ratio is calculated by adding to the numerator the provisions for performing loans (S1 and S2)	This hedge rate measures the maximum residual risk associated with loans in default (“non-performing”).
Share of non-performing loans in gross loans	Ratio between gross outstanding receivables subject to individual impairment (S3) and gross customer loans (calculated from the notes “Loans and receivables due from customers” to the consolidated financial statements: gross receivables + finance leases)	Indicator of asset quality

ALTERNATIVE PERFORMANCE INDICATORS (API): RECONCILIATION WITH THE FINANCIAL STATEMENTS (in € millions)

Cost/income ratio	2022	2021	2020
General operating expenses	-10,329	-9,136	-8,867
Net banking income	17,340	15,923	14,238
COST/INCOME RATIO	59.6%	57.4%	62.3%
Net profit/(loss)/average regulatory assets (RoRWA)	2022	2021	2020
Total net profit/(loss) (including non-controlling interests)	3,502	3,527	2,595
Average regulatory assets (RWA)	262,611	239,460	229,769
NET PROFIT/(LOSS)/AVERAGE REGULATORY ASSETS	1.33%	1.47%	1.13%
Loans/deposits	12/31/2022	12/31/2021	12/31/2020
Net customer loans	502,097	444,825	419,413
Customer deposits	456,983	425,197	408,901
LOANS/DEPOSITS	109.9%	104.6%	102.6%
Coverage ratio on non-performing loans	12/31/2022	12/31/2021	12/31/2020
Provisions for impairment of non-performing loans	-6,278	-5,949	-6,509
Individually-impaired receivables, gross [S3]	13,181	11,723	12,497
COVERAGE RATIO ON NON-PERFORMING LOANS	47.6%	50.8%	52.1%
Total coverage ratio	12/31/2022	12/31/2021	12/31/2020
Provisions for impairment of non-performing [S3] and performing [S1 and S2] loans	-9,571	-9,195	-9,611
Individually-impaired receivables, gross [S3]	13,181	11,723	12,497
TOTAL COVERAGE RATIO	72.6%	78.4%	76.9%
Rate of non-performing loans	12/31/2022	12/31/2021	12/31/2020
Individually-impaired receivables, gross [S3]	13,181	11,723	12,497
Gross loans to customers	511,668	454,020	429,024
RATE OF NON-PERFORMING LOANS	2.6%	2.6%	2.9%
Cost of customer risk related to outstanding loans	2022	2021	2020
Cost of customer risk	-833	-701	-2,008
Average gross loans to customers	482,844	441,522	411,002
TOTAL COST OF CUSTOMER RISK RELATED TO OUTSTANDING LOANS	0.17%	0.16%	0.49%

2.2.3 Recent developments and outlook

2.2.3.1 Events after the reporting period

Crédit Mutuel Alliance Fédérale (the group) is fully mobilized to face the impacts of the Ukrainian crisis, and the context of heightened economic uncertainties related to interest rate rises, the increase in the price of materials, high inflation and the tightening of monetary policies. In March 2023, confidence in the financial markets was further weakened by the bankruptcies of several US banks (including the Silicon Valley Bank), the takeover of Crédit Suisse by UBS and the volatility of the price of bank securities.

The group's exposures to SVB, UBS and Crédit Suisse remain insignificant at group level.

In this context, the group constantly monitors the status of its credit commitments, the value of its portfolios, the management of its interest rate risk, and its liquidity. It has a robust governance and risk management system.

The accounting and prudential impacts of this situation can only be assessed at a later date. The group has maintained its prudent provisioning policy. It takes into account the macroeconomic context, which could lead to a deterioration in the quality of the loan portfolio, and increase the level of coverage of expected credit losses, already significantly increased during the health crisis. The persistence of tensions on the financial markets could lead to a lower valuation of its financial instrument portfolios (bonds, equities and derivatives).

By announcing on January 5, 2023, the creation of the societal dividend, Crédit Mutuel Alliance Fédérale is once again a pioneer and has taken a further step in its commitment to its values of solidarity. Crédit Mutuel Alliance Fédérale has undertaken to devote 15% of its consolidated net profit each year to supporting and financing ecological and inclusive projects with added environmental and social value.

Based on the 2022 results, the societal dividend will amount to €525 million, enabling action to be taken on three pillars:

- 50% will be invested in an impact fund, with no financial profitability target, the first “Environmental and solidarity revolution fund”;
- 35% will be allocated to the deployment of inclusive banking and insurance services;
- 15% will be mobilized to support general interest actions through philanthropy.

2.2.3.2 Outlook

In 2023, the strategic plan, *ensemble#nouveau monde, plus vite, plus loin!* [*together#today's world, faster, further!*], started in 2019 and revised in 2020, will come to an end. This year will therefore be an opportunity to complete the work to define the future strategic plan intended to build an ambitious roadmap for 2027. This plan will be an opportunity to affirm the strategic orientations reflecting our *raison d'être* and our commitments as a different bank:

- a fully mutualist bank around the benefit corporation and the societal dividend;
- a technological bank that knows how to combine innovation and industrialization;
- a bank that meets the challenges of the environmental transformation.

2.3 BFCM ACTIVITIES AND CONSOLIDATED EARNINGS

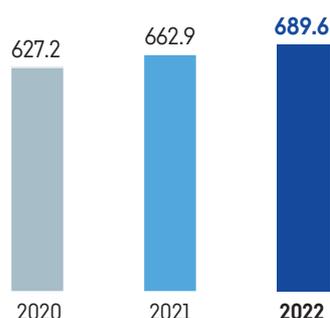
2.3.1 BFCM activities and earnings – consolidated scope

2.3.1.1 Key figures

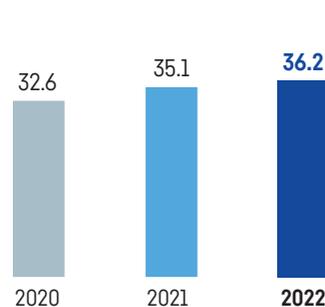
<i>(in € millions)</i>	2022	2021	2020
Net banking income	12,670	11,902	10,262
Operating income	5,011	4,906	2,091
Net profit/(loss)	2,636	2,842	1,508
Net profit attributable to the group	2,288	2,487	1,284
Cost/income ratio*	54.6%	53.3%	59.2%

* General operating expenses as a percentage of net banking income.

TOTAL BALANCE SHEET *(in € billions at December 31)*



SHAREHOLDERS' EQUITY *(in € billions at December 31)*



<i>(outstanding loans in €bn)</i>	12/31/2022	12/31/2021	Change	Change at constant scope ^[1]	12/31/2020
Habitat	115.2	103.1	+11.8%	+7.2%	93.7
Consumption	40.4	37.2	+8.7%	+8.7%	34.5
Equipment & leasing	108.0	94.0	+14.9%	+14.9%	90.3
Operation ^[2]	52.0	46.9	+11.0%	+11.0%	46.5
Other	6.6	5.4	+22.8%	+22.8%	5.7
Customer loans	322.3	286.5	+12.5%	+9.0%	270.8

[1] After neutralizing the entries into the consolidation scope in 2022: Beobank, Bail Actea and Bail Actea Immobilier, FCT CM Factoring.

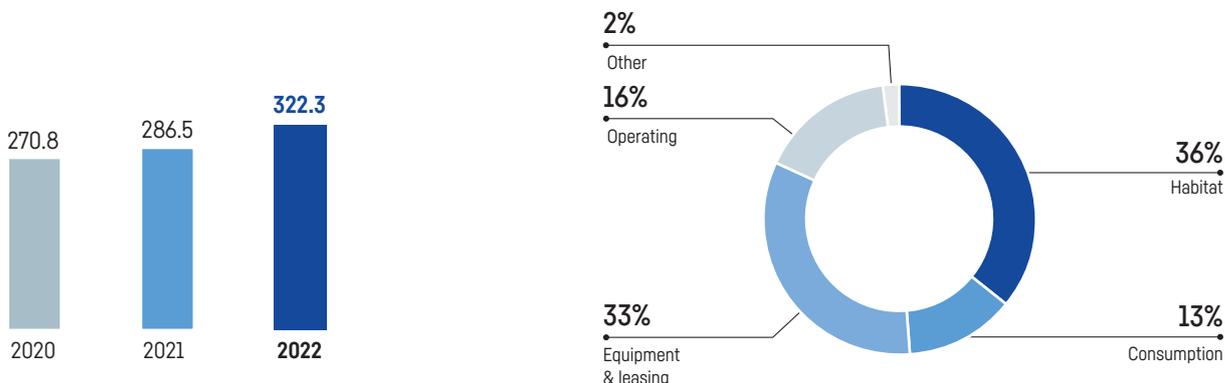
[2] Current accounts receivable and cash credits.

<i>(outstanding loans in €bn)</i>	12/31/2022	12/31/2021	Change	Change at constant scope ^[1]	12/31/2020
Current accounts	160.3	169.5	-5.4%	-6.7%	151.1
"Livrets Bleu & A"	13.0	11.4	+14.0%	+14.0%	10.3
Other saving accounts	40.5	35.7	+13.5%	+0.3%	38.4
Mortgage savings	12.4	12.4	-0.3%	-0.3%	12.2
Negotiated deposits ^[2]	42.3	37.8	+12.0%	+12.0%	47.5
Other	15.2	7.5	+103.2%	-100.0%	9.3
Customer deposits	283.7	274.3	+3.4%	+0.9%	268.8

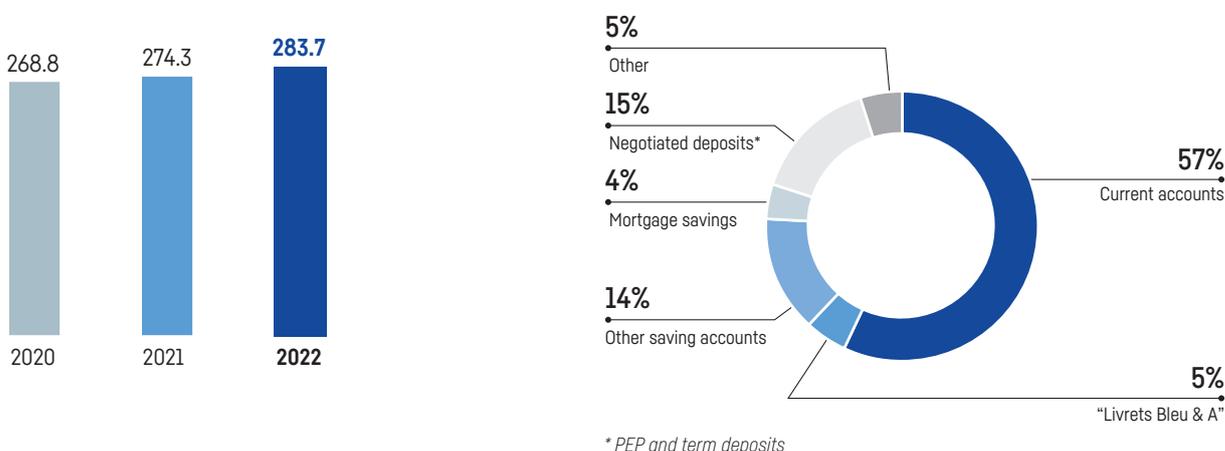
[1] After neutralizing the entries into the consolidation scope in 2022: Beobank, Bail Actea and Bail Actea Immobilier.

[2] PEP & term deposits.

NET CUSTOMER LOANS (in € billions at December 31)



CUSTOMER DEPOSITS (in € billions at December 31)



2.3.1.2 Analysis of the consolidated balance sheet

The total BFCM consolidated balance sheet was €689.6 billion at the end of 2022, compared to €662.9 billion (+4.0%) at December 31, 2021.

On the asset side, total net outstanding customer loans at amortized cost were up by 9.0% to €322.3 billion. This increase was driven by home loans (+7.2%) at €115.2 billion and equipment loans (+13.9%) at €88.4 billion. Consumer credit and cash loans were also up with an increase of 8.7% and 4.1% respectively. Finance leasing continued its recovery that began in 2021 with an increase of 4.9% to €19.6 billion, in line with the high level of customer support.

Investments in insurance activities and reinsurers' shares were down -10.1% to €108.8 billion.

The "Due to customers" item on the liabilities side of the balance sheet is made up of customer savings deposits, including related receivables. Outstanding customer bank deposits amounted to €283.7 billion at the end of December 2022, up 3.4% compared to 2021 (+0.9% at constant scope). Of this total, CIC entities alone accounted for around 78% (compared to 79% in 2021), whereas TARGOBANK in Germany contributed for 9.7% (€27.4 billion), BEOBANK for 2.5% (€7.0 billion) and BECM for 3.7% (€10.4 billion).

In 2022, the growth in outstanding deposits remains strong on Livret A and Livret Bleu passbook accounts (+14.0%), as well as term deposits (+12.1%) whereas current accounts showed a net outflow (-6.7%).

Financial liabilities measured at fair value through profit or loss amounted to €18.8 billion in 2022, compared to €12.1 billion at December 31, 2021.

Issues of securities other than those measured at fair value through profit or loss totaled €135.2 billion, up 11.3% year-on-year. Bonds accounted for most of this, with outstanding amounts of €71.1 billion, followed by interbank market securities and negotiable debt instruments (€55.3 billion). The balance of the item consists of certificates of deposit and related debt.

Debts due to credit institutions were virtually stable at €74.3 billion.

Liabilities relating to insurance policies, representing commitments to policyholders, amounted to €106.5 billion (-9.4%).

The bulk of non-controlling interests recognized as liabilities (€3.8 billion at the end of 2022) concerned other Crédit Mutuel groups belonging to Groupe des Assurances du Crédit Mutuel (GACM) and external shareholders of the Cofidis Group.

Shareholders' equity attributable to the group totaled €32.4 billion, up 3.7% year-on-year (+€1.2 billion).

On the assets side, investments on the interbank market comprised assets in cash and with the Central Bank in the amount of €111.4 billion and with credit institutions in the amount of €58.0 billion.

74% of all loans are granted through CIC entities (€240.0 billion). TARGOBANK in Germany's loan portfolio (€26.3 billion) accounted for 8% of total outstanding loans, followed by BECM (€17.8 billion) and the Cofidis Group (€16.2 billion).

Financial assets measured at fair value through profit or loss amounted to €28.6 billion compared to €21.9 billion the previous year.

Goodwill in the amount of €2.1 billion resulted mainly from the acquisition of TARGOBANK Germany securities in December 2008

(€1.0 billion), the acquisition of a stake in the Cofidis Group (€378 million) and Cofidis France (€79 million) at the beginning of March 2009, and the purchase of CIC securities (residual goodwill of €506 million).

2.3.1.3 Analysis of the consolidated income statement

<i>(in € millions)</i>	2022	2021	Change	Change 2022/2021 at constant scope
Net banking income	12,670	11,902	+6.4%	+3.6%
General operating expenses	-6,916	-6,349	+8.9%	+4.8%
<i>including contribution to the Single Resolution Fund, supervision costs and contributions to the DGF⁽¹⁾</i>	-329	-242	+35.7%	+31.4%
Gross operating income	5,754	5,553	+3.6%	+2.3%
Cost of risk	-743	-647	+14.8%	+11.8%
<i>cost of proven risk</i>	-823	-557	+47.8%	+46.9%
<i>cost of non-proven risk</i>	81	-90	ns	ns
Operating income	5,011	4,906	+2.1%	+1.1%
Net gains and losses on other assets and ECC ⁽²⁾	-1,141	-793	+44.0%	+45.7%
Profit/(loss) before tax	3,870	4,113	-5.9%	-7.6%
Income tax	-1,234	-1,280	-3.6%	-4.6%
Post-tax gains/(losses) on discontinued operations	-	9	ns	ns
Net profit/(loss)	2,636	2,842	-7.3%	-8.9%
Non-controlling interests	347	356	-2.5%	
NET INCOME ATTRIBUTABLE TO THE GROUP	2,288	2,487	-8.0%	

(1) Deposit guarantee fund.

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

Net banking income (NBI)

Despite a sudden and profound change in economic conditions, BFCM's net banking income continued to show good momentum and reached €12.7 billion compared to €11.9 billion in 2021, driven by solid commercial performance in the networks. It increased by 6.4% on a consolidated basis and by 3.6% at constant scope.

NBI from **retail banking** was €8.3 billion. In 2022, it rose by 7.2% thanks to the good activity of the banking networks.

The **asset management and private banking** activity, boosted by the contribution of newly consolidated subsidiaries, generated NBI of €958 million, up 8.0%.

Net banking income from **corporate banking and Capital Markets** was up significantly by 4.0% to €813 million thanks to good loan production and higher fees, in the face of a decline in NBI from structured financing and a deterioration in market conditions.

At €430 million, total **private equity** income, three-quarters of which came from capital gains, reached the second highest level in history after 2021, an exceptional post-Covid-19 year.

General operating expenses and gross operating income

Over 2022, general operating expenses were up by 4.8% to €6.9 billion, due in particular to the increase in employee benefits expense including general salary increases (3.2% in 2022) as well as the sharing premium of the value of €3,000. Other general operating expenses were impacted by the strong growth in contributions to the Single Resolution Fund (SRF), supervision fees and contributions to the Deposit Guarantee

Fund (DGF) for an amount of €329 million in 2022. Overall, the increase in contributions to the SRF and supervision costs is six times greater than the increase in general operating expenses. Excluding the FRU contribution and supervision costs and at constant scope, the increase in general operating expenses was 3.7%.

The cost/income ratio deteriorated by 1.2 points to 54.6%.

Gross operating income rose by 2.3% at constant scope to €5.8 billion.

Cost of risk and non-performing loans

The overall cost of risk, at €743 million, was up 11.8% year-on-year at constant scope and reflects two trends:

- an increase in the cost of proven risk for network and consumer credit customers, as well as in corporate banking, due to the downgrading of market files. This deterioration reflecting uncertain economic conditions, however, remains measured at 25 basis points, a level that remains lower than in 2019;
- a slight recovery in the cost of non-proven risk following the discontinuation of sectoral provisions recorded during the health crisis, offset by the tightening of our economic scenario assumptions. A post-model adjustment was also implemented, aimed at covering uncertainties related to the current economic environment, in particular on leveraged transactions. This mechanism allows us to better understand the macroeconomic variables in our prospective provisioning.

The non-performing loan ratio was stable – over one year – at 3.3% at the end of 2022 and the coverage ratio was 49% compared to 52% in 2021.

<i>(in € millions)</i>	12/31/2022	12/31/2021	12/31/2020
Customer loans (net outstandings on the balance sheet)	322,279	286,482	270,836
Gross loans	330,281	294,206	278,953
Gross non-performing loans	10,828	9,740	10,451
Provisions for impairment of receivables	8,003	7,724	8,117
of which provisions for impairments on non-performing loans (Status 3)	5,302	5,068	5,576
of which provisions for impairments on performing loans (Status 1 & 2)	2,701	2,656	2,541
Share of non-performing loans in gross loans	3.3%	3.3%	3.7%

Other items

The item "Net gains and losses on other assets and ECC", at €1.1 billion, includes an adjustment to the value of goodwill [-958 million] of TARGOBANK in Germany linked to the increase in the discount rate and an additional provision [-270 million] linked to the potential sale of TARGOBANK in Spain to ABANCA, announced by the group on December 22, 2022.

Profit/(loss) before tax

Profit before tax was down by 7.6% compared with 2021, at €3.9 billion.

Net profit/(loss)

In a disrupted economic environment, net profit amounted to €2.6 billion compared to €2.8 billion in 2021.

After deducting non-controlling interests (€347 million, mainly in GACM), net profit attributable to the group amounted to €2.3 billion, compared with €2.5 billion a year earlier.

Transactions with Crédit Mutuel Alliance Fédérale entities

BFCM's consolidated gross operating loss in 2022 was -€551 million related to transactions carried out with Crédit Mutuel Alliance Fédérale entities that are not part of the BFCM consolidation scope (mainly local banks and CFCM).

Net interest income from these transactions totaled €241 million in 2022 compared to €390 million in 2021. Net commissions increased to -€40 million. Net expenses on other activities recognized by these entities stood at €674 million in 2022, compared to €553 million in 2021.

As of December 31, 2021, the outstanding loans granted to the Crédit Mutuel Alliance Fédérale entities that are not part of the BFCM consolidation scope totaled €33.9 billion.

2.3.1.4 Analysis of results by business line

The activities mentioned below correspond to the organizational structure of Crédit Mutuel Alliance Fédérale. The reader may also refer to note 2 to the financial statements "Analysis of income statement by business segment and geographic area" and to note 3 "Consolidation scope", which presents the business combinations retained.

2.3.1.4.1 Retail banking

<i>(in € millions)</i>	2022	2021	Change at constant scope
Net banking income	8,323	7,482	+7.2%
General operating expenses	-4,728	-4,366	+2.9%
Gross operating income	3,595	3,116	+13.4%
Cost of risk	-726	-653	+8.4%
<i>cost of proven risk</i>	-769	-537	+42.3%
<i>cost of non-proven risk</i>	43	-116	ns
Operating income	2,868	2,463	+14.7%
Net gains and losses on other assets and ECC ⁽¹⁾	5	-8	ns
Profit/(loss) before tax	2,873	2,455	+15.2%
Income tax	-816	-765	+5.2%
Post-tax gains/(losses) on discontinued operations	-	9	ns
NET PROFIT/(LOSS)	2,057	1,699	+19.7%

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

Net banking income from retail banking amounted to €8.3 billion (+7.2%).

General operating expenses increased by 2.9% to €4.7 billion.

The cost of risk rose by €55 million to €726 million, of which €769 million for proven risk (+42.3%). The non-proven risk was a net reversal of €43 million.

Net profit came to €2.1 billion (+19.7%).

2.3.1.4.2 Insurance

<i>(in € millions)</i>	2022	2021	Change
Net insurance income	1,720	1,810	-5.0%
General operating expenses	-699	-649	+7.7%
Gross operating income	1,021	1,161	-12.0%
Net gains and losses on other assets and ECC ⁽¹⁾	-4	-0	ns
Profit/(loss) before tax	1,018	1,161	-12.3%
Income tax	-235	-326	-28.0%
NET PROFIT/(LOSS)	782	834	-6.2%

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

At €782 million, the contributory net profit of Groupe des Assurances du Crédit Mutuel (GACM) was down by 6.2% compared to 2021.

This change is due in particular to the fall in the financial markets in 2022, after a sharp rise in 2021, which, through the revaluation of assets classified at fair value through profit or loss, led to a decline in IFRS financial income.

In addition, GACM, like the market, experienced a very high level of weather-related claims in 2022 (hailstorms and drought), representing an unprecedented expense of €469 million compared to €162 million in 2021.

2.3.1.4.3 Asset management and private banking

<i>(in € millions)</i>	2022	2021	Change at constant scope
Net banking income	958	911	+1.1%
General operating expenses	-656	-571	+10.1%
Gross operating income	302	340	-14.0%
Cost of risk	-33	-9	x3.8
Gross operating income	269	331	-21.7%
Net gains and losses on other assets and ECC	13	0	ns
Profit/(loss) before tax	282	331	-21.8%
Income tax	-55	-73	-27.5%
NET PROFIT/(LOSS)	227	259	20.2%

At €958 million, the net banking income from asset management and private banking represented 8% of the NBI of Crédit Mutuel Alliance Fédérale's operational business lines in a difficult economic environment and under pressure on the financial markets.

In 2022, it benefited from the contribution of the newly consolidated subsidiaries: Crédit Mutuel Investment Managers (NBI of €16.6 million after remuneration of the networks) and CIC Private Debt (NBI of €19.4 million).

General operating expenses increased by 10.1%, leading to a fall of 14.0% in gross operating income to €302 million.

The cost of risk, at €33 million in 2022 compared to €9 million in 2021, recorded this year provisions for non-proven risk set up in accordance with the principles of IFRS 9.

Net gains/(losses) on other assets and ECC comprises non-recurring income related to the first-time consolidation of Crédit Mutuel Investment Managers and CIC Private Debt.

The net profit amounted to €227 million in 2022, compared to a profit of €259 million in 2021. These data do not include private banking within the CIC network and its five regional banks, i.e. €235.8 million in NBI (+5.2%) and €105.5 million in net profit (+11.9%).

2.3.1.4.4 Corporate banking and Capital Markets

<i>(in € millions)</i>	2022	2021	Change
Net banking income	813	782	+4.0%
General operating expenses	-383	-360	+6.3%
Gross operating income	430	422	+2.0%
Cost of risk	7	35	-80.8%
Operating income	437	457	-4.4%
Net gains and losses on other assets and ECC ⁽¹⁾	-	-	ns
Profit/(loss) before tax	437	457	-4.4%
Income tax	-100	-106	-5.5%
NET PROFIT/(LOSS)	337	351	-4.1%

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

Corporate banking

The net banking income increased by 9.4% to €471 million in 2022. It benefited from a sharp rise in revenues from the corporate activity thanks to good loan production and higher fees, in the face of a decline in NBI from structured financing.

The cost of risk fell sharply to €7 million compared to €39 million in 2021.

Net profit therefore fell slightly by 1.6% to €260 million in 2022 from €264 million in 2021.

Capital Markets

Despite a deterioration in market conditions, the last quarter, marked by a strong rebound, enabled Capital Markets to post a robust level of NBI (€342 million), down from 2021 [-2.7%], an exceptional year of post-Covid-19 recovery.

CIC Market Solutions enjoyed solid overall momentum in 2022. IFRS net banking income thus amounted to €169 million, compared to €127 million at the end of 2021, *i.e.* an increase of 33%. This growth is mainly driven by EMTN issues and fixed-income/FX/commodity hedging activities.

The Investment business line (including France, the New York, London and Singapore branches) generated NBI of €173 million in 2022 compared to €224 million in 2021. Despite the sharp decline in benchmark indices for the business lines (equities, loans), the last quarter, marked by a strong rebound, posted robust results, down compared to 2021 (an exceptional year of post-Covid-19 recovery).

Gross operating income amounted to €106 million.

Total net profit from Capital Markets activities was €77 million.

2.3.1.4.5 Private equity

(in € millions)

	2022	2021	Change
Net banking income	430	518	-17.1%
General operating expenses	-75	-77	-2.0%
Gross operating income	355	442	-19.7%
Cost of risk	2	-21	ns
Profit/(loss) before tax	357	420	-15.2%
Income tax	-17	-4	x3.6
NET PROFIT/(LOSS)	340	416	-18.3%

In 2022, more than €436.5 million were invested with the required prudence given the geopolitical uncertainties, their economic consequences on the expected growth of companies and the resulting valuation multiples.

The outstanding invested portfolio reached €3.3 billion, demonstrating the strong momentum of these business lines in all segments.

At €430 million, total income, three-quarters of which came from capital gains, reached the second highest level in history after 2021, an exceptional post-Covid-19 year.

Net profit was a high €340 million, resulting from growth opportunities and mergers within the portfolio that were assessed with caution, particularly in segments affected by the crisis. CIC Conseil achieved a historic level of activity in terms of commissions invoiced on mergers/acquisitions.

2.3.1.4.6 IT, logistics, press and holding company

(in € millions)

	2022	2021	Change
Net banking income	426	399	+6.8%
General operating expenses	-375	-326	+15.0%
Gross operating income	51	73	-30.1%
Cost of risk	8	0	ns
Operating income	59	73	-19.0%
Net gains and losses on other assets and ECC ⁽¹⁾	-1,155	-784	+47.2%
Profit/(loss) before tax	-1,096	-711	+54.0%
Income tax	-12	-5	x2.1
NET PROFIT/(LOSS)	-1,107	-717	+54.5%

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

The IT, logistics and press business line generated a net banking income of €426 million in 2022, versus €399 million in 2021.

The net loss amounted to €1,107 million in 2022, compared to €717 million in 2021.

2.3.1.5 Alternative performance indicators

ALTERNATIVE PERFORMANCE INDICATORS (API) – ARTICLE 223-1 OF THE AMF GENERAL REGULATION/ESMA GUIDANCE [ESMA/20151415]

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 “employee benefit expense”, “other operating expenses” and “movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets”) and the “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 due from customers at amortized cost” item in consolidated balance sheet assets	Measurement of customer loan activity
Cost of proven risk	Impaired assets [S3] see note “cost of counterparty risk”	Measures the level of proven risk (non-performing loans)
Cost of non-proven risk	12-month expected losses [S1] + expected losses at maturity [S2] see note “cost of counterparty risk”. Application of IFRS 9	Measurement of the level of non-proven risk (performing loans)
Customer deposits; deposit accounting	The “amounts due to customers at amortized cost” item in consolidated balance sheet liabilities	Measurement of customer activity in terms of balance sheet resources
Insurance savings	Life insurance reserves held by our clients ■ 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 fees	Sum of “employee benefit expense”, “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	Measures 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
Loan/deposit ratio; commitment coefficient	Ratio calculated on the basis of consolidated balance sheet items: ratio expressed as a percentage between total customer loans and customer deposits	Measurement of dependence on external refinancing
Coverage ratio on non-performing loans	Determined by calculating the ratio of provisions for credit risk [S3 impairment] to the gross outstandings identified as in default in accordance with regulations (gross receivables subject to individual impairment S3) An overall coverage ratio is calculated by adding to the numerator the provisions for performing loans [S1 and S2].	This hedge rate measures the maximum residual risk associated with loans in default (“non-performing”)
Share of non-performing loans in gross loans	Ratio between gross outstanding receivables subject to individual impairment [S3] and gross customer loans (calculated from the notes “Loans and receivables due from customers” to the consolidated financial statements: gross receivables + finance leases)	Indicator of asset quality

ALTERNATIVE PERFORMANCE INDICATORS (API): RECONCILIATION WITH THE FINANCIAL STATEMENTS (in € millions)

Cost/income ratio	2022	2021	2020
General operating expenses	-6,916	-6,349	-6,077
Net banking income	12,670	11,902	10,262
COST/INCOME RATIO	54.6%	53.3%	59.2%
Loans/deposits	12/31/2022	12/31/2021	12/31/2020
Net customer loans	322,279	286,482	270,836
Customer deposits	283,698	274,257	268,802
COST OF CUSTOMER RISK RELATED TO OUTSTANDING LOANS	113.6%	104.5%	100.8%
Coverage ratio on non-performing loans	12/31/2022	12/31/2021	12/31/2020
Provisions for impairment of non-performing loans	-5,302	-5,068	-5,576
Individually-impaired receivables, gross (S3)	10,828	9,740	10,451
COVERAGE RATIO ON NON-PERFORMING LOANS	49.0%	52.0%	53.4%
Rate of non-performing loans	12/31/2022	12/31/2021	12/31/2020
Individually-impaired receivables, gross (S3)	10,828	9,740	10,451
Gross loans to customers	330,281	294,205	278,953
RATE OF NON-PERFORMING LOANS	3.3%	3.3%	3.7%
Cost of customer risk related to outstanding loans	2022	2021	2020
Cost of customer risk	-806	-643	-1,749
Gross loans to customers	330,281	294,205	278,953
TOTAL COST OF CUSTOMER RISK RELATED TO OUTSTANDING LOANS	0.24%	0.22%	0.63%

2.3.2 Recent developments and outlook

2.3.2.1 Events after the reporting period

Crédit Mutuel Alliance Fédérale (the group), of which BFCM owns the main subsidiaries and performs the refinancing function, is fully mobilized to face the impacts of the Ukrainian crisis and the context of heightened economic uncertainties related to interest rate rises, the increase in the price of materials, high inflation and the tightening of monetary policies. In March 2023, confidence in the financial markets was further weakened by the bankruptcies of several US banks (including the Silicon Valley Bank), the takeover of Crédit Suisse by UBS and the volatility of the price of bank securities.

The group's exposures to SVB, UBS and Crédit Suisse remain insignificant at group level.

In this context, the group constantly monitors the status of its credit commitments, the value of its portfolios, the management of its interest rate risk, and its liquidity. It has a robust governance and risk management system.

The accounting and prudential impacts of this situation can only be assessed at a later date. The group has maintained its prudent provisioning policy. It takes into account the macroeconomic context, which could lead to a deterioration in the quality of the loan portfolio, and increase the level of coverage of expected credit losses, already significantly increased during the health crisis. The persistence of tensions on the financial markets could lead to a lower valuation of its financial instrument portfolios (bonds, equities and derivatives).

By announcing on January 5, 2023, the creation of the societal dividend, Crédit Mutuel Alliance Fédérale is once again a pioneer and has taken a further step in its commitment to its values of solidarity. Crédit Mutuel Alliance Fédérale has undertaken to devote 15% of its consolidated net profit each year to supporting and financing ecological and inclusive projects with added environmental and social value.

Based on the 2022 results, the societal dividend will amount to €525 million, enabling action to be taken on three pillars:

- 50% will be invested in an impact fund, with no financial profitability target, the first "Environmental and solidarity revolution fund";
- 35% will be allocated to the deployment of inclusive banking and insurance services;
- 15% will be mobilized to support general interest actions through philanthropy.

2.3.2.2 Outlook

In 2023, the strategic plan, *ensemble#nouveau monde, plus vite, plus loin ! [together#today's world, faster, further!]*, started in 2019 and revised in 2020, will come to an end. This year will therefore be an opportunity to complete the work to define the future strategic plan intended to build an ambitious roadmap for 2027. This plan will be an opportunity to affirm the strategic orientations reflecting our *raison d'être* and our commitments as a different bank:

- a fully mutualist bank around the benefit corporation and the societal dividend;
- a technological bank that knows how to combine innovation and industrialization;
- a bank that meets the challenges of the environmental transformation.

2.4 BFCM ACTIVITIES AND PARENT COMPANY RESULTS

2.4.1 BFCM business activities

BFCM has several key business activities:

- central refinancing for Crédit Mutuel Alliance Fédérale;
- depository for Crédit Mutuel Alliance Fédérale's undertakings for collective investments;
- parent company of Crédit Mutuel Alliance Fédérale's subsidiaries and coordination of their activities.

Central refinancing

Please refer to section "2.2.2.5.2 Liquidity and refinancing" in this chapter.

Depository for undertakings for collective investment (UCIs)

Building on the strength of the Crédit Mutuel Alliance Fédérale group, the custodian plays the essential role of preserving the interests of unitholders. In this framework, it implements its system through the following regulatory missions:

- custody of assets: custody (mainly traditional securities) and register-keeping (forward financial instruments and other financial instruments), which are provided by the specialized structures of Crédit Mutuel Alliance Fédérale;
- ensuring the regulatory compliance of management decisions;
- cash flow monitoring.

It may also perform the contractual duty of liability management, when this is delegated by the management company.

At end December 2022, BFCM was the custodian of 1,069 UCIs totaling €74.2 billion in assets. The number of UCIs increased by 92 units. The outstanding amount deposited decreased by 5.4% compared to the end of 2021 following the decline in the equity markets and the outflows of monetary UCI funds.

The large majority of UCIs deposited at BFCM (93.9% in outstandings) are managed by the Crédit Mutuel Alliance Fédérale's management companies notably Crédit Mutuel Asset Management, as well as Crédit Mutuel Gestion, Crédit Mutuel Capital Privé, CIC Private Debt and Dubly Transatlantique Gestion.

The other UCIs are deposited by 26 management companies outside of the Crédit Mutuel Alliance Fédérale.

The highlights of 2022 are as follows:

- BFCM was part of the panel of five custodians subject to the SPOT mission of the AMF on the entry and monitoring of the relationship with management companies;
- the custodian's control plan and the internal control plan were fully covered for all the topics concerned;
- the new EBA and ESMA guidelines and financial regulations have made it necessary to strengthen the "Outsourcing" system which measures and monitors the risks related to the outsourcing of activities;
- ISAE 3402 Type 2 certification of custodian supervision was renewed for the period from October 1, 2021 to September 30, 2022. The coverage of the control plan reached 100%, no reservations were issued;
- BFCM took part in marketplace meetings, in particular of the Custodian Group and the Legal Observatory of France Post Marché (formerly AFTI, the French Association of Securities Professionals);
- the number of customers increased with new relationships.

2.4.2 Management report on BFCM's annual financial statements

2.4.2.1 Balance sheet

The balance sheet adopted on December 31, 2022 totals €246.1 billion, up by 6.6% compared to the previous fiscal year.

On the liability side, the debts to credit institutions totaled €111.6 billion and mainly consisted of term loans to organizations of the group, demand accounts (€23.7 billion) and securities given under repurchase agreements in the context of TLTRO (€32.2 billion). Term loans to organizations of the group stand at €48.7 billion, the majority of which come from resources collected by its subsidiary Crédit Mutuel Home Loan SFH (€29.8 billion) and by CIC and its regional banks (€18 billion).

Amounts due to customers totaled €13.3 billion. This item is mainly composed of demand accounts in credit (€11.9 billion) and term deposits and borrowing from financial customers (€1.4 billion).

Securities liabilities totaled €93 billion and are composed of securities in the interbank market (€2.1 billion), negotiable debt instruments (€33.9 billion), bonds and monetary EMTNs (€57 billion).

The amount of deeply subordinated notes was €0.6 billion. BFCM did not issue any new securities but the increase of €150 million is correlative to the transfer of deeply subordinated notes during the convergence of Crédit Mutuel Nord Europe in early January 2022. In addition, there were €0.5 billion in repayments over the fiscal year.

The funds for general banking risks, amounting to €61.6 million remained stable from one fiscal year to the other. All of the shareholders' equity and equivalent stood at €14.3 billion on December 31, 2022 (including the 2022 profit of €913.6 million), against €13.3 billion at the end of 2021.

On the asset side, the central treasury of Crédit Mutuel Alliance Fédérale was reflected by receivables held on credit institutions at €150 billion. The refinancing granted to Caisse Fédérale de Crédit Mutuel (CFCM) represents €28.5 billion, in order to supply the loans distributed by the Crédit Mutuel banks and to ensure the liquidity of Caisse Fédérale de Crédit Mutuel. Banque Fédérative's term refinancing activity also extends to Banque Européenne de Crédit Mutuel

(€5.4 billion), CIC and its leasing and factoring subsidiaries (€82.5 billion) the Cofidis group (€13.5 billion), the FactoFrance group (€5.7 billion), Beobank (€0.8 billion), Bail Actea (€1.6 billion) and the foreign subsidiaries TARGOBANK (€2.6 billion). BFCM also refinances €2.1 billion of requirements from other groups of Crédit Mutuel.

Client transactions totaled €2.2 billion. This amount corresponds to interventions in credit, mainly oriented towards large companies, and to the refinancing of special purpose acquisition entities for BFCM's long-term equity investments. In addition, included in this item is the net amount of non-performing loans of €8.4 million after deducting provisions of €16.6 million.

Short-term investment securities, investment securities and those ancillary to transactions constitute the other uses of cash (€23.4 billion).

Investments in associates, which stand at €16 billion, are mainly composed of equity investments in TARGOBANK in Germany (€5.7 billion), CIC (€4.1 billion), FactoFrance (€1.5 billion), Groupe des Assurances du Crédit Mutuel (€1.3 billion) and the Cofidis group (€1.6 billion).

The equity investments in listed non-consolidated companies were stable at €0.4 billion.

2.4.2.2 Information on customer and supplier payment terms

Articles L.441-6-1 and D.441-4 of the French Commercial Code provide for specific information on the maturity dates of debts with regard to suppliers and receivables with regard to customers.

In accordance with subparagraph 8 of Article L.441-6 of the French Commercial Code, the maturity dates of debts with regard to suppliers and receivables with regard to customers of our company do not exceed 45 days from the end of the month or 30 days from the date of issue of the invoice.

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 do not include the bank transactions and ancillary transactions governed by the French Monetary and Financial Code.

INVOICES RECEIVED AND NOT PAID ON THE REPORTING DATE OF THE FISCAL YEAR FOR WHICH THE DEADLINE IS EXPIRED (in €)

	0 days	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	TOTAL
Number of invoices	5	1				6
Amount	2,020.40	26,582.26	0.00	0.00	0.00	28,602.66
Percentage of total liabilities	0.00%	0.02%	0.00%	0.00%	0.00%	0.02%

INVOICES RECEIVED THAT WERE SUBJECT TO LATE PAYMENT DURING THE FISCAL YEAR (ARTICLE D.441-4 § II)

There were no significant transactions that were subject to late payment during 2022.

2.4.2.3 Income statement

Interest and similar income amounted to €4.3 billion (€3.9 billion consisting of transactions with credit institutions) and interest and similar expenses stood at €4.2 billion (€2.8 billion in interest paid to credit institutions and €1.4 billion on securities issued), representing a net interest margin of €101.6 million, against €23.5 million in 2021.

Income from variable-income securities (shares) for €1.3 billion mainly consists of dividends received from subsidiaries of BFCM (€1.2 billion).

The negative impacts on trading books for -€40.3 million are mainly due to foreign exchange losses on assets denominated in foreign currencies (-€30.4 million). In addition, the foreign exchange and arbitration activity on forward financial instruments recorded a loss of -€9.9 million.

Charges (net of reversals) to provisions for impairment (-€139.2 million) and net losses on disposals (-€9 million) account for most of the gains and losses on investment portfolios (-€148.2 million).

After accounting for commissions and other operating items, net banking income was €1.3 billion compared to €1.5 billion in 2021.

General operating expenses were up significantly (+24.8%), totaling €92.9 million (compared with €74.4 million in 2021).

In 2022, the cost of risk recorded an amount (net provision) of -€6 million.

The balance of gains and losses on non-current assets of -€305 million consists of:

- realized and unrealized capital gains and losses on equity investments, mainly corresponding to valuation adjustments.

There is no corporate tax payable for the fiscal year. The income tax item of €4.2 million corresponds to a tax credit on previous years.

2.4.2.4 The Board's proposals to the meeting

Finally, in 2022 BFCM recorded profit of €913.6 million.

The appropriation proposed to the Shareholders' Meeting covers the following amounts:

- 2022 profit: €913,623,423.18;
- retained earnings: €317,935.04;
- representing a total of: €913,941,358.22.

It is, therefore, proposed:

- to pay a dividend of €5.34 to each of the 34,225,594 shares existing at December 31, 2022, *i.e.* a total distribution of €182,764,671.96. These dividends are eligible for the allowance specified by Article 158 of the French General Tax Code (*Code général des impôts* - CGI);
- to pay an amount of €2,275,020 to the legal reserve in order to reach the regulatory ceiling of 10% of the share capital;
- to allocate €728,000,000 to the optional reserve;
- to allocate €901,666.26 to retained earnings.

In accordance with the legal provisions in force, we remind you that the dividends paid per share for the last three fiscal years were as follows:

	2019	2020	2021
Amount in euros	€8.90	€3.02	€6.72
Dividend eligible for the deduction provided for in Article 158 of the French General Tax Code (<i>Code général des impôts</i> - CGI)	Yes	Yes	Yes

2.4.2.5 Financial results of the company over the last five fiscal years

(in €)	2018	2019	2020	2021	2022
1. CAPITAL AT THE BALANCE SHEET DATE					
a) Share capital	1,688,529,500.00	1,688,529,500.00	1,688,529,500.00	1,688,529,500.00	1,711,279,700.00
b) Number of ordinary shares outstanding	33,770,590	33,770,590	33,770,590	33,770,590	34,225,594
c) Nominal value of shares	€50	€50	€50	€50	€50
2. TRANSACTIONS AND PROFIT (LOSS) FOR THE PERIOD					
a) Net banking income, income from the securities portfolio and miscellaneous	1,105,048,350.22	1,998,597,811.55	901,303,696.79	1,537,311,765.31	1,313,378,453.56
b) Profit/(loss) before tax, employee share ownership and allocations to depreciation, amortization and provisions	1,606,289,203.09	1,866,736,070.27	952,920,846.80	738,192,649.26	1,271,627,782.10
c) Income tax	-1,955,240.36	-141,414.89	70,286.50	-30,957,764.70	4,173,644.70
d) Employee share ownership due pursuant to the fiscal year	112,693.25	164,089.45	172,342.04	253,920.45	250,684.28
e) Profit/(loss) after tax, employee share ownership and allocations to depreciation, amortization and provisions	991,617,934.79	2,003,541,913.11	679,724,686.90	1,229,991,596.22	913,623,423.18
f) Distributed profit	130,016,771.50	300,558,251.00	101,987,181.80	229,995,991.68	182,764,671.96
3. EARNINGS PER SHARE					
a) Profit/(loss) after tax and employee share ownership but before allocations to depreciation, amortization and provisions	47.50	55.27	28.21	21.14	37.27
b) Profit/(loss) after tax, employee share ownership and allocations to depreciation, amortization and provisions	29.36	59.33	20.13	36.42	26.69
c) Dividend assigned to each share over the full year	3.85	8.90	3.02	6.72	5.34
d) Dividend allocated to the new share issued as part of the capital increase of January 6, 2022				6.72	
4. STAFF					
a) Average workforce employed during the fiscal year	67	69	71	72	81
b) Amount of the payroll expense for the fiscal year	7,933,548.00	7,815,574.59	8,657,266.62	7,798,169.22	8,095,927.91
c) Amounts paid pursuant to social benefits for the fiscal year (Social Security, social work)	3,528,052.07	3,521,611.95	4,066,721.55	3,665,573.31	3,868,942.46

NB: The amount of corporate income tax indicated also includes tax due pursuant to the fiscal year, with movements on provisions relating to these taxes. This change results from the application of the principles defined by CRC Regulation No. 2000-03, which applies from the 2001 fiscal year.





Social and Mutualist Responsibility

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3.1 PREAMBLE

Under Article L.225-102-1 of the French Commercial Code, Crédit Mutuel Alliance Fédérale is responsible for preparing, for the 2022 fiscal year, a consolidated non-financial performance statement in accordance with the legal and regulatory requirements, 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.

This statement incorporates information required by Articles L.225-102-1, R.225-105-1 and R.225-105, Articles 70 and 173 of the law pertaining to energy transition for green growth 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, Article 8 of the Taxonomy Regulation 2020/852 (NFRD), SFDR regulation (known as Disclosure) of December 9, 2019, Article 29 of the French Energy and Climate law.

3.2 PRESENTATION

3.2.1 Crédit Mutuel Alliance Fédérale scope

Grouped under the name Crédit Mutuel Alliance Fédérale, the mutual banking division (or regulatory perimeter) and the Banque Fédérative du Crédit Mutuel (BFCM) and its subsidiaries are complementary and linked. BFCM is the group's holding company. Its capital is held by the local banks and Caisse Fédérale de Crédit Mutuel (CFCM). It manages Crédit Mutuel Alliance Fédérale's cash and operates on the financial markets. It works with companies and local authorities in the processing of flows, credit and specialized financing transactions and deals with relations with international partners. It manages the equity investments held in all the specialized subsidiaries that support the banks' operations.

In view of this organization, the information required in the non-financial performance statement is given below in the name of CFCM on behalf of Crédit Mutuel Alliance Fédérale. CFCM holds the collective accreditation (banking code 10,278) for all the affiliated local banks and is the head of the group comprising BFCM and its subsidiaries as defined in Articles L.233-3 and L.233-16 of the French Commercial Code.

Crédit Mutuel Alliance Fédérale includes companies that are not individually obliged to publish a specific report:

- for the regional banks of CIC and CIC, a specific report is published in their annual financial report;
- for the technology division:
 - Euro-Information Services,
 - Euro-Information Développements,
 - Euro-Information Production,
 - Euro-Information,
 - Euro-Protection Surveillance;

■ for the press division, mainly:

- *Le Dauphiné Libéré,*
- *Groupe Progrès,*
- *L'Est Républicain,*
- *Dernières Nouvelles d'Alsace,*
- *Est Bourgogne Médias,*
- *L'Alsace,*
- *Le Républicain Lorrain,*
- *Liberté de l'Est.*

In line with Crédit Mutuel Alliance Fédérale's organization, the companies in the technology division and the press division are the subject of a separate declaration, available in this document.

The complete list of Crédit Mutuel Alliance Fédérale entities, press and technology divisions taken into account for the NFPS is provided at the end of the report.

The scope used for the collection and consolidation of this report represents 97% of the consolidated scope in terms of workforce on the payroll at December 31, 2022. In general, entities that are excluded from the scope are those which do not consume energy and have no employees as well as CIC's foreign subsidiaries other than Banque de Luxembourg and Banque de Luxembourg Investments SA.

The federations, Caisse Fédérale de Crédit Mutuel and the subsidiaries

The local banks belong to a federation. Depending on where the local banks are located, the federation is either an association governed by the law of July 1, 1901, or, for those located in the French departments of Haut-Rhin, Bas-Rhin and Moselle, an association subject to the locally applicable Civil Code.

As a strategic planning and control body, the federation represents Crédit Mutuel in its region.

Regarding regulatory, technical and financial aspects, CFCM, holds the collective banking accreditation that benefits all affiliated local banks, in accordance with the French Monetary and Financial Code.

CFCM is responsible for the group's solvency and liquidity, as well as its compliance with banking and financial regulations.

On behalf of the local banks, CFCM therefore performs financial functions such as liquidity management and also provides technical, legal and IT services either directly or through insurance, IT or leasing subsidiaries.

Pursuant to the French Monetary and Financial Code, each Crédit Mutuel regional group is organized around a federation, a regional bank and all the local banks that are affiliated to the federation and use the same banking code (CIB) as CFCM.

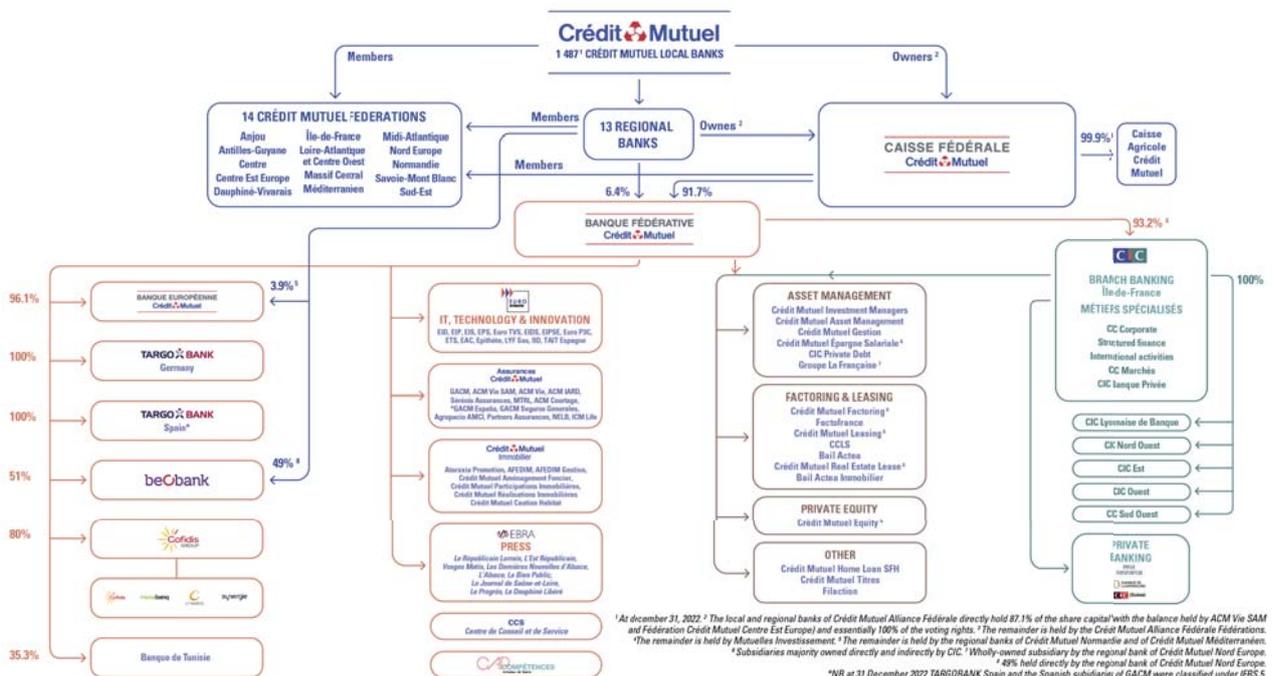
On January 1, 2022, Fédération Crédit Mutuel Nord Europe and its subsidiaries joined Crédit Mutuel Alliance Fédérale. As such, the figures for 2021 have been restated.

The regulatory scope now comprises 14 Crédit Mutuel federations that have forged partnerships authorized by the *Autorité de contrôle prudentiel et de résolution* (ACPR – French Prudential Supervisory and Resolution Authority) and grouped within CFCM:

- Crédit Mutuel Centre Est Europe – CMCEE – (Strasbourg);
- Crédit Mutuel Île-de-France – CMIDF – (Paris);
- Crédit Mutuel Midi-Atlantique – CMMA – (Toulouse);
- Crédit Mutuel Savoie-Mont Blanc – CMSMB – (Annecy);
- Crédit Mutuel Sud-Est – CMSE – (Lyon);
- Crédit Mutuel Loire-Atlantique et Centre-Ouest – CMLACO – (Nantes);
- Crédit Mutuel Normandie – CMN – (Caen);
- Crédit Mutuel Méditerranéen – CMM – (Marseille);
- Crédit Mutuel Dauphiné-Vivarois – CMDV – (Valence);
- Crédit Mutuel Centre – CMC – (Orléans);
- Crédit Mutuel Anjou – CMA – (Angers);
- Crédit Mutuel Antilles-Guyane – CMAG – (Fort-de-France);
- Crédit Mutuel Massif-Central – CMMC – (Clermont-Ferrand);
- Crédit Mutuel Nord Europe – CMNE – (Lille).

Each local bank is a member of the federation of its geographic region and each federation is autonomous within its territory.

SIMPLIFIED ORGANIZATION CHART OF CRÉDIT MUTUEL ALLIANCE FÉDÉRALE



3.2.2 Crédit Mutuel Alliance Fédérale's business model

As a cooperative and mutualist bank, Crédit Mutuel Alliance Fédérale is committed to responsibility, proximity and solidarity and demonstrates its ability to build collectively for the common good. Capitalizing on the proven power of technology, Crédit Mutuel Alliance Fédérale's business model is decentralized, relationship-driven and integrated across the regions.

Crédit Mutuel Alliance Fédérale's business model is described in the introduction of this universal registration document.

Monitoring the effects of price increases

In 2022, Crédit Mutuel Alliance Fédérale was actively committed to providing support to each of its members and customers, particularly those most vulnerable to inflation, and to supporting the purchasing power of its employees.

3.2.3 Crédit Mutuel Alliance Fédérale: the first benefit corporation bank

In 2020, Crédit Mutuel Alliance Fédérale adopted a *raison d'être* in line with its values: "*Ensemble, écouter et agir*" (Listening and acting together).

Pursuant to a collaborative initiative launched with its mutualist elected members and employees, it became the first benefit corporation bank, with five long-term commitments that aim to assert its identity and its values, and to mobilize expertise and energy around a shared momentum:

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

These five missions are based on 15 concrete commitments to be achieved by the end of 2022.

The monitoring of the execution of these commitments is entrusted to a Mission Committee which will ensure that the company implements the resources, governance and ambition necessary to advance in its missions. It draws on the expertise of its members in order to formulate recommendations on areas for work and possible medium-term initiatives.

The Mission Committee presents 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.

These commitments enhance those of Crédit Mutuel Alliance Fédérale's SMR (Social and Mutualist Responsibility) approach and, more specifically, commitments #12 and #13 related to the group's climate strategy and its environmental ambition to align its activities with the trajectory of the Paris Agreements.^[1]

[1] A cross-reference table between the commitments of the benefit corporation, the objectives of the 2019-2023 strategic plan and those of the SMR policy can be found at the end of section 3.3 of this chapter.

THE 15 COMMITMENTS FOR 2022

In 2022, Crédit Mutuel Alliance Fédérale joined the Community of Benefit Corporations. This move will help to strengthen the role of the benefit corporation in France and accelerate the transformation of companies towards a more caring and sustainable society.

**MISSION 1**

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

- # 1** Bring democracy to life in the bank **by doubling the number of members voting at Shareholders' Meetings**
- # 2** Guarantee to each customer **a dedicated, non-commissioned advisor**
- # 3** Give more place to young people and get closer to parity on boards of directors from 2022

MISSION 2

A bank for all, members and customers, employees and elected representatives, we act for everyone and refuse any discrimination.

- # 4** Train all our employees and elected members in **the fight against discrimination**
- # 5** Recruit **25% work-study students** in priority **neighborhoods and rural areas**
- # 6** Defend **gender equality** at all levels of the bank

MISSION 3

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

- # 7** Guarantee the privacy of our customers' data **by processing 99.9% of their information in our infrastructures and systems located in France**
- # 8** Invest **productivity gains** from artificial intelligence in employment and development

MISSION 4

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

- # 9** Anchor decision-making centers in the regions **with more than 90% of our lending decisions taken at branches**
- # 10** Offer the PayAsso digital payment solution to our associations and civil liability coverage to their managers
- # 11** Invest 5% of our equity mainly in innovative French companies

MISSION 5

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

- # 12** Reduce the group's carbon emissions by 20% and the carbon footprint of our investment portfolios by 12% by the end of 2022
- # 13** Immediately stop funding for new oil and gas projects
- # 14** Insure the real estate loans of our loyal customers without any medical formalities
- # 15** Commit to customers in financial difficulty with an account at €1 net per month without any incident fees

3.2.4 Governance and strategic orientation of Crédit Mutuel Alliance Fédérale

Crédit Mutuel Alliance Fédérale is a group of strong values. Its CSR policy, deliberately renamed Social and Mutualist Responsibility (SMR) in 2016, is in line with its identity, which consists of democracy, proximity, economic and social development, mutual assistance and solidarity. Crédit Mutuel has been a member of the United Nations Global Compact since 2003.

Crédit Mutuel Alliance Fédérale's SMR policy is focused on five goals including 15 commitments. This strategy supplements the group's development goals by incorporating social, societal and environmental issues into the activities of the group's entities.

In order to consolidate the group's SMR strategy, work was undertaken to draw a parallel between these five ambitions and the UN's Sustainable Development Goals (SDGs) adopted in 2015. This work led to the selection of the SDGs which correspond to the strategic objectives of Crédit Mutuel Alliance Fédérale and those where significant leverage is possible. All of Crédit Mutuel Alliance Fédérale's entities (France perimeter) were asked to participate in this project on a voluntary basis.

The methodology involved creating a questionnaire to correlate the categories of the 17 SDGs with the SMR actions in order to evaluate the contribution made to each SDG.

The results enabled to select six SDGs (numbers 3, 4, 5, 8, 9 and 13), whose challenges correspond to the group's SMR commitments.



Since 2019, Crédit Mutuel has also been a signatory of the Principles for Responsible Banking (PRB) of the UNEP FI (Financial Initiative of the United Nations Environment Program). It then joined two thematic initiatives carried out as part of the PRB: the Net-Zero Banking Alliance (NZBA) on climate and universal financial inclusion.

3.2.4.1 Crédit Mutuel Alliance Fédérale's SMR governance

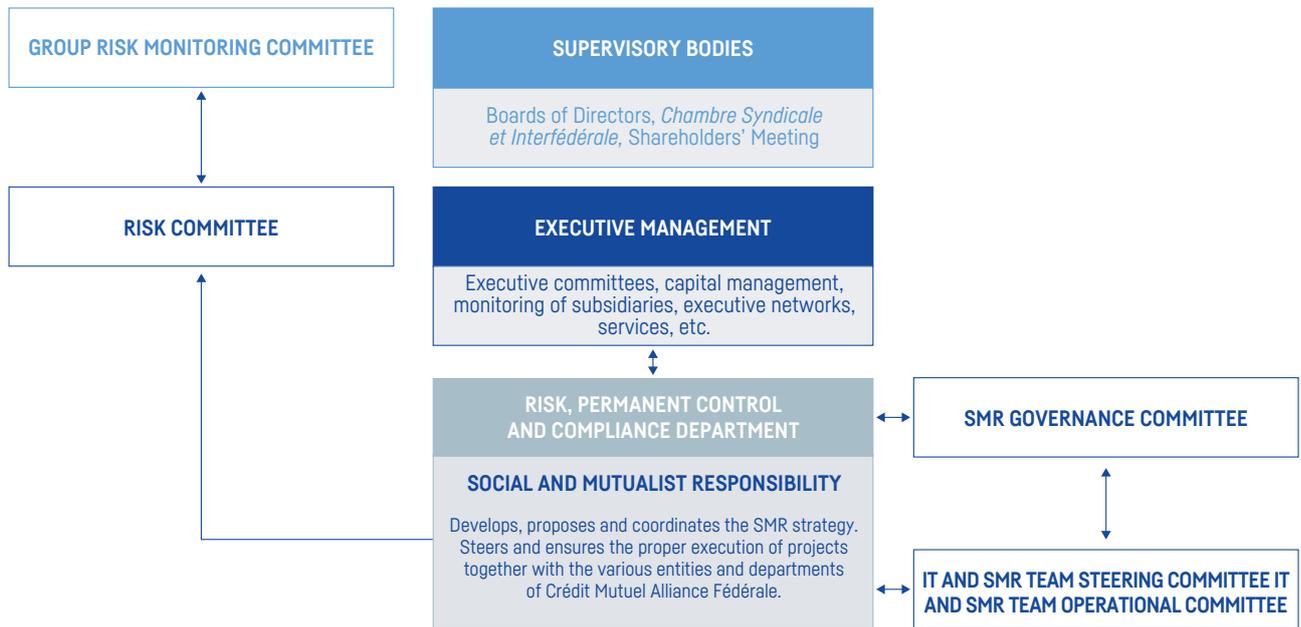
Crédit Mutuel Alliance Fédérale's corporate governance system in terms of CSR brings together all group functions and relies on the SMR department, which reports to the risk, permanent control and compliance department. This strategic positioning reflects the desire of Crédit Mutuel Alliance Fédérale's governance to identify social, societal and environmental issues as risk factors whose treatment will ensure the proper execution of the SMR strategy.

Crédit Mutuel Alliance Fédérale's SMR policy is based on responsible and committed governance. Its volunteer directors actively contribute to the life of the group in accordance with the rules of independence, ethics and integrity. The SMR action plan is validated by a dedicated working group of the *Chambre syndicale et interfédérale*, a decision-making body that brings together the elected chairpersons of the local and regional banks and federations, and the managing directors at least twice a year. This working group is presided over by the Chairman of Crédit Mutuel Alliance Fédérale.

In 2021, due to the increasing number of SMR issues, an SMR Governance Committee was set up. It is coordinated by the risk department and includes the group's main effective managers and business managers. It is presided over by the Chief Executive Officer of Crédit Mutuel Alliance Fédérale and the Chairman of Crédit Mutuel Alliance Fédérale participates as a guest.

This committee recommends strategic orientations, approves the roadmap and ensures its proper execution.

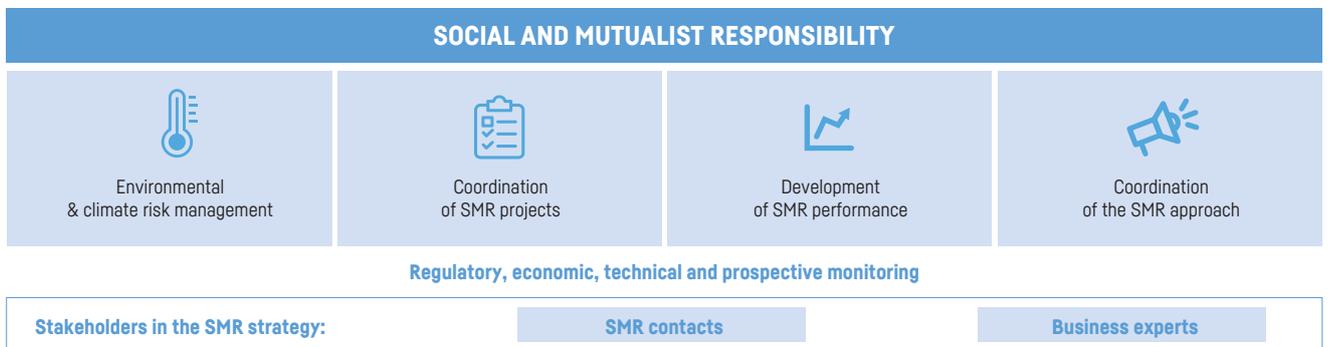
GOVERNANCE STRUCTURE



Role and responsibilities of the SMR division

The main missions and objectives of the SMR division include:

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



3.2.4.2 Structured SMR policy based on five ambitions



- Members and customers ambition;
- Governance ambition;
- Societal ambition;
- Social ambition;
- Environmental ambition.

The SMR policy, which is based on five ambitions comprising 15 commitments, reflects Crédit Mutuel Alliance Fédérale's values and highlights its environmental, social and societal priorities. Each entity deploys these SMR commitments and adapts them to its business lines. By drawing on this collective mobilization based on responsibility and autonomy, the development of the SMR strategy guarantees the coherence of group actions at the regional level.

Crédit Mutuel Alliance Fédérale strengthened its ambitions in the fight against climate change by setting a target to reduce the carbon footprint of its corporate, asset management and insurance portfolios by 15% by 2023. This target, which is part of the review of its *ensemble#nouveau monde, plus vite, plus loin!* [together#today's world, faster, further!] strategic plan, has been added to those already included in the initial strategic plan.

After deciding to withdraw from the coal sector and to stop financing new oil and gas exploration, production and infrastructure projects^[1], Crédit Mutuel Alliance Fédérale has stepped up its commitment to combat global warming by defining, in 2022, the share of unconventional fossil fuel production in the activity of its counterparties above which all financing is excluded. This threshold, included in the hydrocarbons sectoral policy from January 1, 2023, is scalable over time.

In addition, the group announced in 2022 that it would commit to the fight against deforestation.^[2]

Through these various measures and objectives, Crédit Mutuel Alliance Fédérale aims to meet the guidelines of the Paris Climate Agreements, which aim to limit the increase in temperatures by between 1.5 and 2°C by 2100.

Furthermore, Crédit Mutuel Alliance Fédérale endorses the commitment signed by CNCM to join the Net Zero Banking Alliance organized by the United Nations^[3] to support the global transition of the real economy towards net zero emissions.

The SMR policy integrated in the strategic plan, is a vehicle for performance and sustainable solidity. It translates into quantitative goals:

- 100% of employees trained in transformation;
- gender equality in management and governance positions;
- membership rate in excess of 90%;
- reduction of more than 30%^[4] in the group's carbon footprint;^[5]
- increase in funding for projects with a high climate impact (renewable energies) of 30%;
- reduction in the carbon footprint of customer portfolios^[6] of 15%.

In 2022, Crédit Mutuel Alliance Fédérale continued to implement the strategic plan for its human and mutualist development indicators. At December 31, 2022, the results are as follows:

- 88% of employees are trained in digital transformation;
- the rate of representation of women in management and governance positions is 42% for managers^[7] and 32% for Management Committees;
- the membership rate was 80.07%.

Strongly committed to respecting the guidelines of the Paris Agreements on Climate change, Crédit Mutuel Alliance Fédérale has included three ambitious objectives in terms of ecological and climate transition in its strategic plan. At December 31, 2022,^[8] the results were as follows:

- the direct carbon footprint (without offsetting) decreased by 21% between 2018 and 2021;
- the corporate portfolio's carbon footprint decreased by 55% between 2018 and 2022, exceeding the target of -15%. It should be noted that the calculation was made on the basis of GHG emissions in 2020, which were strongly impacted by the Covid-19 crisis;
- financing of projects with a high climate impact (renewable energies) increased by 54%, exceeding the target set at +30% over the duration of the plan.

[1] Excluding the shipping sectoral policy:

https://www.bfcm.creditmutuel.fr/partage/fr/CC/BFCM/assets/articles/rsm-politiques-sectorielles/Politique_Mobilite_Secteur_Maritime.pdf

[2] Press release of December 9, 2022 <https://presse.creditmutuelalliancefederale.fr/biodiversite-et-lutte-contre-le-dereglement-climatique-credit-mutuel-alliance-federale-annonce-la-fin-du-financement-des-importations-de-produits-issus-de-la-deforestation/?lang=fr>

[3] <https://presse.creditmutuel.com/credit-mutuel-devient-la-premiere-banque-mutualiste-francaise-a-rejoindre-lalliance-bancaire-net-zero-organisee-par-les-nations-unies/>

[4] France scopes 1, 2 & 3 energy consumption, refrigerants, motor fleet and business travel.

[5] Calculation method: GHG protocol – ISO 14 064 standard.

[6] Corporate loans and investment portfolios in asset management and insurance.

[7] Permanent contracts present under the single status as of 12/31/2022.

[8] The objectives are calculated based on the results of the 2018 fiscal year, which is the reference year.

The 2019-2023 strategic plan



(1) France scope, emissions related to energy consumption, refrigerant gas leaks, business travel and the car fleet at 12/31/2021.

(2) Corporate customer portfolio, asset management and insurance.

(3) The decrease indicated concerns the carbon footprint of the corporate customer portfolio. The calculations were made on the basis of 2020 GHG emissions, which were strongly impacted by the COVID crisis.

THE SMR POLICY

 <p>MEMBERS & CUSTOMERS AMBITION</p>	<ul style="list-style-type: none"> • Listening to Members & Customers • Banking inclusiveness • Risk management 	 
 <p>GOVERNANCE AMBITION</p>	<ul style="list-style-type: none"> • Effectiveness of governance bodies • Strong cooperative governance 	 
 <p>SOCIETAL AMBITION</p>	<ul style="list-style-type: none"> • ESG purchasing policy • Responsible relationships • Regional development • Promote local initiatives 	 
 <p>SOCIAL AMBITION</p>	<ul style="list-style-type: none"> • Diversity and equal opportunities • Support careers and mobility • Promote QWL • Promote strong social dialog 	   
 <p>ENVIRONMENTAL AMBITION</p>	<ul style="list-style-type: none"> • Reduce the environmental impact of the group • Strengthen solutions and high-quality offers and responsible service 	 

Change in non-financial rating

Each year, Crédit Mutuel Alliance Fédérale responds to questionnaires from non-financial rating agencies to assess its environmental and social actions and its governance model following a continuous improvement approach. Since 2020, the group has obtained a C rating from ISS ESG and has been awarded the “prime” status reserved for the best-rated companies in their industry. In addition, with a score of 65/100, Moody’s ESG assessment confirms Crédit Mutuel Alliance Fédérale’s ranking as the sixth best-rated European bank. Lastly, Sustainalytics consolidated the group’s position with a moderate ESG risk: score of 21.2.

	Moody's ESG	SUSTAINALYTICS	MSCI	ISS ESG
Scale	Assessment of ESG criteria 0 100	Assessment of ESG risk ⁽¹⁾ 0 40	Assessment of ESG criteria CCC AAA	Assessment of ESG criteria D- A+
2019	63	30.6	AA	C-
2020	65	21.8	AA	C
2021	65	21.2	AA	C

(1) Non-financial rating agencies rate the BFCM entity taking into account the full scope of Crédit Mutuel Alliance Fédérale.

(2) The rating scale of the Sustainalytics agency has been modified in favor of a risk analysis methodology (0 to 10: negligible; 10 to 20: low; 20 to 30: medium; 30 to 40: high; > 40: severe).

3.3 NON-FINANCIAL RISKS AND OPPORTUNITIES 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 work led by a dedicated team to identify, assess and prioritize the ESG implications for the group. 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, provided by experts, 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 is designed to grade risks based on the probability of their occurrence, their level of impact and the possibility of not detecting them.

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

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

In addition, climate risks are voluntarily included in the mapping of significant ESG risks, in line with those carried out at Confédération Nationale du Crédit Mutuel level.

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.

MAPPING OF SIGNIFICANT ESG RISKS

SUMMARY

Non-financial information category	Significant non-financial risks	Prevention measures
GOVERNANCE		
Lack of training of elected members	<ul style="list-style-type: none"> Risk of decisions incoherent with the strategy of the group 	<ul style="list-style-type: none"> Training plan designed for each profile of elected members
Lack of attractiveness of membership	<ul style="list-style-type: none"> Risk of compromise of the mutualist model 	<ul style="list-style-type: none"> Coordination of cooperative life Encouraging the involvement of elected officials in local life
Lack of advice for customers Unsuitable goods and services sold	<ul style="list-style-type: none"> Risk of losing customers 	<ul style="list-style-type: none"> Regular quality measurements Satisfaction survey Adaptation of offerings
SOCIAL		
Transformation of skills Lack of employee training	<ul style="list-style-type: none"> Risk of non-compliance of banking and insurance operations 	<ul style="list-style-type: none"> Significant training budget (> 6% of payroll expense) Specific training related to insurance products Support for all employees in the digital transformation
Demotivation of staff (management, professional recognition, QLW, etc.)	<ul style="list-style-type: none"> Risk of non-respect of procedures Risk of failure to advise customers/prospects – Loss of NBI 	<ul style="list-style-type: none"> Internal employee support system (regular interviews, group charters and agreements, measures to improve QLW, etc.)
SOCIETAL		
Lack of awareness of the ESG issues in the group purchasing policy	<ul style="list-style-type: none"> Risk of non-respect of the vigilance plan 	<ul style="list-style-type: none"> Compliance with the purchasing policy Signing of the supplier charter
Malice in the handling of customer/prospect banking operations	<ul style="list-style-type: none"> Risk of internal and/or external fraud Risk of conflicts of interest Risk of information theft 	<ul style="list-style-type: none"> Strengthening of control procedures for banking and insurance transactions
Breakdown in IT security	<ul style="list-style-type: none"> Risk of downtime in bank IT systems Risk of cybercrime Risk of non-respect of General Regulation on the protection of customer data 	<ul style="list-style-type: none"> IT Security Committee ISO 27001 certification Employee training on GDPR
FIGHT AGAINST CORRUPTION		
Non-respect of procedures	<ul style="list-style-type: none"> Risk of corruption 	<ul style="list-style-type: none"> Regular employee training Internal control
HUMAN RIGHTS		
Controversies over the non-respect of human rights	<ul style="list-style-type: none"> Risk of exposure through banking and insurance activities Risk of non-respect of the vigilance plan 	<ul style="list-style-type: none"> Contractual clauses Crisis management system Monitoring assisted by a scoring tool Monthly reporting and establishment of a list of excluded securities for asset management Communication of the vigilance plan
ENVIRONMENTAL		
Absence of dedicated SMR governance	<ul style="list-style-type: none"> Regulatory risk (poor application of regulatory texts) 	<ul style="list-style-type: none"> CSR commitments of Crédit Mutuel Alliance Fédérale Approval of decisions by the Boards of Directors of the umbrella bodies Dedicated organization with correspondents in each entity
Lack of consideration for the carbon footprint of the group's entities in the exercise of their activities	<ul style="list-style-type: none"> Reputation risk Regulatory risk 	<ul style="list-style-type: none"> Carbon footprint offsetting mechanism ISO 50001 certification process (energy management)
Failure to take into account specific rules governing high greenhouse gas-emitting sectors in lending and investment management	<ul style="list-style-type: none"> Risk of losing customers and attractiveness (impact on NBI) 	<ul style="list-style-type: none"> Sectoral policies & inclusion of ESG criteria when granting loans and in investment operations
Absence of prevention measures to reduce the carbon footprint of banking and investment transactions	<ul style="list-style-type: none"> Financial risk (depreciation of controversial securities in the portfolio) 	<ul style="list-style-type: none"> Deployment of the Climate strategy for coal and unconventional hydrocarbon activities
Lack of consideration for risks associated with climate change	<ul style="list-style-type: none"> Transition risk Physical risk 	<ul style="list-style-type: none"> Exploratory approach to climate risk assessment: Implementation of limits by country including climate and ESG risks

[1] Posternak Ifop barometer: <https://www.creditmutuel.com/actualites/prix-et-recompenses/barometre-posternak-ifop/credit-mutuel-banque-preferee-francais-novembre-2022.html>

[2] The claims recorded are only those of Crédit Mutuel Alliance Fédérale's scope in France, which are the only ones subject to ACPR requirements.

Non-financial information category	Performance indicators
GOVERNANCE	
<ul style="list-style-type: none"> Training rate of elected members [Chapter 3.5.2] 	<ul style="list-style-type: none"> Training rate of local elected members: 95.8%
<ul style="list-style-type: none"> Membership rate [Chapter 3.5.2 – GOUV62; GOUV63; GOUV65] 	<ul style="list-style-type: none"> Membership rate: 80.07%
<ul style="list-style-type: none"> Posternak Ifop barometer⁽¹⁾ [Chapter 3.4.1] Complaints monitoring indicator [Chapter 3.4.1] 	<ul style="list-style-type: none"> Complaints monitoring indicator: 51,788⁽²⁾ claims recorded in 2022 At constant scope, the number of claims decreased by 1% compared to 2021.
SOCIAL	
<ul style="list-style-type: none"> Training indicators [Chapter 3.7 – SOC46; SOC47; SOC48; SOC50] Percentage of employees who have validated training courses for insurance products Transformation training rate [Chapter 3.7.2.] 	<ul style="list-style-type: none"> Training indicators (i) SOC46: amount of payroll expense invested in training: €175.8 million; (ii) SOC47: percentage of payroll expense dedicated to training: 5.0%; (iii) SOC50: number of hours devoted to training: 2.5 MH. Rate of employees having completed insurance product training: 90% of registered employees completed their insurance training in 2022 Transformation training rate: 88% of employees trained in digital transformation
<ul style="list-style-type: none"> Rate of job rotation [Chapter 3.7] Absenteeism indicator: number of days of absence [Chapter 3.7 – 3.9.1 – 3.10.1 – SOC38; SOC39; SOC40; SOC41] 	<ul style="list-style-type: none"> Rate of job rotation: 4.9%, excluding foreign entities and group mobility Absenteeism indicator – number of days of absence: 932,114
SOCIÉTAL	
<ul style="list-style-type: none"> Number of supplier charters signed [Chapter 3.6.1] 	<ul style="list-style-type: none"> Number of supplier charters signed: nearly 4,250 charters were signed by CCS and Euro-Information suppliers.
<ul style="list-style-type: none"> Percentage of total claims for the year related to external fraud or internal fraud [Chapter 3.4.3] 	<ul style="list-style-type: none"> Percentage of total claims for the year related to external fraud or internal fraud: internal and external fraud amounted to €31.6 million and represented 23.5% of total claims. At ACM level: 1,147 fraudulent files in France.
<ul style="list-style-type: none"> Availability rate of primary TP⁽³⁾ applications Impact of claims > €1,000 [Chapter 3.11.3.3 – 3.9.2] Rate of training in GDPR [Chapter 3.11.3.3] 	<ul style="list-style-type: none"> Availability rate of primary TP applications: 99.88% Impact of claims > €1,000: 324 claims (331 in 2021) Rate of training in GDPR: 63% of employees have completed an e-learning course on the GDPR and CNIL in its entirety.
FIGHT AGAINST CORRUPTION	
<ul style="list-style-type: none"> Percentage of employees trained in the fight against corruption [Chapter 3.11.3.5] 	<ul style="list-style-type: none"> Percentage of employees trained in the fight against corruption: 86% of training was performed by the employees in question in 2022.
HUMAN RIGHTS	
<ul style="list-style-type: none"> Number of alerts from the “Option to report” tool [Chapter 3.11.3.4 – Audited but unpublished data] 	<ul style="list-style-type: none"> Number of alerts from the “Option to report” monitoring tool: Audited but unpublished data
ENVIRONMENTAL	
<ul style="list-style-type: none"> Three SMR indicators included in the 2019-2023 <i>ensemble#nouveau monde</i> (together#today's world) strategic plan: Human and Mutualist indicators [Chapter 3.2.4.2]: 	
<ul style="list-style-type: none"> GHG emissions: five-year goal of 30% reduction in the group's carbon footprint [Chapter 3.2.4.2 and 3.8.1] 	<ul style="list-style-type: none"> Percentage change in the group's office life scope carbon footprint in France concerning energy, refrigerant gas leaks, business travel and vehicle fleets: decrease of 21% between 2018 and 2021.
<ul style="list-style-type: none"> Growth rate of renewable energy project financing commitments [Chapter 3.8.3] 	<ul style="list-style-type: none"> Percentage change in renewable energy project financing commitments: overall increase of 54% between 2018 and 2022
<ul style="list-style-type: none"> GHG emissions of the corporate asset management and insurance portfolios: five-year target of a 15% reduction in the carbon footprint of customer portfolios [Chapter 3.2.4.2 and 3.8.1] 	<ul style="list-style-type: none"> Percentage change in the corporate portfolio's carbon footprint: 55% decrease between 2018 and 2022.
<ul style="list-style-type: none"> Monitoring of exposures eligible for sector policies Quarterly monitoring of limits by country 	

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

Integration of climate risks

Definitions

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

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

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

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

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

(1) ECB Guide to climate and environmental risks: Prudential risk management and reporting requirements: <https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.202011finalguideonclimate-relatedandenvironmentalrisks-58213f6564.fr.pdf>

(2) ICAAP : Internal Capital Adequacy Assessment Process - Processus d'évaluation de l'adéquation du capital interne.

Projection of climate risks included in Crédit Mutuel Alliance Fédérale’s mapping of significant ESG risks

In order to refine the assessment of the significance of Crédit Mutuel’s climate risks, Crédit Mutuel Alliance Fédérale took part in a working group in 2022 to develop a national materiality matrix. Crédit Mutuel Alliance Fédérale then applied it to its own scope.

This materiality matrix aims to propose an appropriate detection and measurement process to assess the materiality of the climate-related and environmental risks that weigh on its business. The study of the significance of climate risks is carried out in light of Crédit Mutuel

Alliance Fédérale’s risk appetite and the relative nature of its risk exposures.

Thus, an assessment of the impact of physical and transition risks was established on:

- three time horizons (short-term, medium-term, long-term);
- all risk categories in the global risk mapping;
- a three-level scale (level 1: low risk; level 2: medium risk; level 3: high risk).

WORK TO IDENTIFY THE IMPACTS OF CLIMATE RISKS: PHYSICAL RISK 1/2						
RISK FACTORS	RISK QUALIFICATION	RISK CATEGORY	MEASUREMENT OF THE RISK IMPACT AND TIMEFRAME			RISK MITIGATION MEASURE
			SHORT TERM < 3 YEARS	MEDIUM TERM 3-10 YEARS	LONG TERM > 10 YEARS	
<ul style="list-style-type: none"> ■ High exposure to sectors or companies highly exposed to physical risk ■ Lack of anticipation or inadequate response by the authorities and the group to take this risk into account 	<ul style="list-style-type: none"> ■ Payment default ■ Deterioration of the financial situation of certain customers ■ Decline in value of real estate collateral ■ Deterioration in the quality of the portfolio, resulting in a drop in the price of the portfolio 	CREDIT RISKS				<ul style="list-style-type: none"> ■ Work to identify the impact of physical risks by business sector and geographic area ■ ICAAP process and stress tests
<ul style="list-style-type: none"> ■ High physical exposure of the group due to the frequency and intensity of climatic events (natural disasters) ■ Lack of anticipation or inadequate response to customer needs and stakeholder expectations 	<ul style="list-style-type: none"> ■ Supply chain disruptions, unavailability of tools and the production process due to the occurrence of a natural disaster ■ Physical damage to production and processing assets ■ Risk of losing customers if they consider that the company is not doing enough for the environment - failure to advise, unintentional failure ■ Risk of fines/lawsuits for climate inaction 	OPERATIONAL RISKS				<ul style="list-style-type: none"> ■ Group internal procedure for business continuity ■ Monitoring of claims related to natural disasters ■ Work in progress to create a repository of financed or guaranteed real estate property assets that will make it possible to identify assets that are highly exposed to physical risk ■ Group decarbonization commitments ■ Sectoral policies ■ Integration of climate risk in the risk appetite framework

Scale - impact measurement: Low Average Substantial

WORK TO IDENTIFY THE IMPACTS OF CLIMATE RISKS: PHYSICAL RISK 2/2

RISK FACTORS	RISK QUALIFICATION	RISK CATEGORY	MEASUREMENT OF THE RISK IMPACT AND TIMEFRAME			RISK MITIGATION MEASURE
			SHORT TERM < 3 YEARS	MEDIUM TERM 3-10 YEARS	LONG TERM > 10 YEARS	
<ul style="list-style-type: none"> High exposure to sectors or companies highly exposed to physical risk 	<ul style="list-style-type: none"> Devaluation of portfolios (equities, bonds, government bonds) 	MARKET RISKS				<ul style="list-style-type: none"> Strict market risk limit system Regulatory watch Work to identify the impact of physical risks by business sector and geographic area
<ul style="list-style-type: none"> High exposure to sectors or companies highly exposed to physical risk 	<ul style="list-style-type: none"> ECB intervention in the markets 	INTEREST RATE RISK				<ul style="list-style-type: none"> Steering by the BFCM central treasury
<ul style="list-style-type: none"> High exposure to sectors or companies highly exposed to physical risk 	<ul style="list-style-type: none"> Withdrawal of deposits and savings by customers following a claim, increase in balance sheet imbalance, decrease in liquidity buffers 	LIQUIDITY RISK				<ul style="list-style-type: none"> Risk limitation policy for liquidity and refinancing management based on risk aversion through indicators, some with limits and thresholds specified in the ILAAP
<ul style="list-style-type: none"> High exposure to sectors or companies highly exposed to physical risk 	<ul style="list-style-type: none"> Increase in the number of claims and the type of claims in connection with climate change Inaccurate pricing of insurance policies 	CONGLOMERATE INSURANCE RISKS				<ul style="list-style-type: none"> Activity diversified between life and non-life insurance business Identification in the portfolio of securities, bonds held in companies most exposed to physical risk Monitoring of the expected evolution of losses related to natural disasters Work to identify the impact of physical risks on the real estate portfolio
<ul style="list-style-type: none"> Lack of anticipation or inadequate response by the authorities to take this risk into account 	<ul style="list-style-type: none"> Devaluation of the group's portfolio 	EQUITY AND INVESTMENT RISKS				<ul style="list-style-type: none"> Work to identify the impact of physical risks by geographic area
<ul style="list-style-type: none"> Lack of anticipation or inadequate response by the authorities to take this risk into account 	<ul style="list-style-type: none"> Decrease in NBI, financial income and increase in accounting provisions Financial impact following changes in regulations 	STRATEGIC AND BUSINESS RISK				<ul style="list-style-type: none"> Regulatory watch Work to identify the impact of physical risks by business sector and geographic area ICAAP process

Scale - impact measurement: Low Average Substantial

WORK TO IDENTIFY THE IMPACTS OF CLIMATE RISKS: TRANSITION RISK 1/3

RISK FACTORS	RISK QUALIFICATION	RISK CATEGORY	MEASUREMENT OF THE RISK IMPACT AND TIMEFRAME			RISK MITIGATION MEASURE
			SHORT TERM < 3 YEARS	MEDIUM TERM 3-10 YEARS	LONG TERM > 10 YEARS	
<ul style="list-style-type: none"> Inadequacy of customers' business models and technology to address emerging climate issues Financing on a controversial counterparty 	<ul style="list-style-type: none"> Risk of payment default Risk of impairment of existing assets Risk of deterioration in the value of collateral Deterioration in the quality of the portfolio, resulting in a drop in the price of the portfolio 	CREDIT RISKS				<ul style="list-style-type: none"> Identification of sectors with exposures sensitive to climate risks Integration of ESG criteria in lending decisions and identification of energy performance diagnostics (DPE) on real estate assets Process for integrating climate risk into the risk mapping and risk appetite framework Credit policy with alert thresholds and/or limits Coal phase-out plan Stop funding any new oil and gas exploration, production and infrastructure projects Reduction of the carbon footprint Application of sectoral policies (analysis grids including non-financial ratings of counterparties and controversies) ICAAP process and stress tests

Scale - impact measurement: Low Average Substantial

WORK TO IDENTIFY THE IMPACTS OF CLIMATE RISKS: TRANSITION RISK 2/3

RISK FACTORS	RISK QUALIFICATION	RISK CATEGORY	MEASUREMENT OF THE RISK IMPACT AND TIMEFRAME			RISK MITIGATION MEASURE
			SHORT TERM < 3 YEARS	MEDIUM TERM 3-10 YEARS	LONG TERM > 10 YEARS	
<ul style="list-style-type: none"> Lack of environmental products and services offers due to lack of knowledge/skills to structure offers Financing or investment on a controversial counterparty Non-inclusion of climate criteria in lending/investment decisions Non-compliance with environmental and climate commitments 	<ul style="list-style-type: none"> Risk of losing customers if they consider that the company is not doing enough for the environment - failure to advise, unintentional failure Lack of external attractiveness Legal risks Damage to trust that modifies the behavior of the various partners (customers, investors, suppliers, employees, regulators, etc.) towards the bank Failure to meet the environmental objectives of the strategic plan 	OPERATIONAL RISKS				<ul style="list-style-type: none"> Creation of a range of loans to promote eco-mobility and the energy transition of professionals, companies, farmers and individuals Development of impact loans Strengthening employee skills Coal phase-out plan Stop funding any new oil and gas exploration, production and infrastructure projects Reduction of the carbon footprint Application of sectoral policies (analysis grids including non-financial ratings of counterparties and controversies) Alignment of activities with the climate trajectory
<ul style="list-style-type: none"> Devaluation of portfolio value (equities, bonds, etc.) Inadequacy of customers' business models and technology to address emerging climate issues 	<ul style="list-style-type: none"> Risk of impairment of existing assets for non-compliance with environmental regulations Devaluation of portfolio value (equities, bonds, etc.) 	MARKET RISKS				<ul style="list-style-type: none"> Exclusion policy Application of sectoral policies Strict market risk limit system
<ul style="list-style-type: none"> Accentuation over time of regulatory requirements and investor requirements with regard to issuers and the selection of assets eligible for issuance 	<ul style="list-style-type: none"> Issue success uncertain 	INTEREST RATE RISK				<ul style="list-style-type: none"> Regulatory watch Incentive commercial policy in favor of the energy transition of customers

Scale - impact measurement: Low Average Substantial

WORK TO IDENTIFY THE IMPACTS OF CLIMATE RISKS: TRANSITION RISK 3/3

RISK FACTORS	RISK QUALIFICATION	RISK CATEGORY	MEASUREMENT OF THE RISK IMPACT AND TIMEFRAME			RISK MITIGATION MEASURE
			SHORT TERM < 3 YEARS	MEDIUM TERM 3-10 YEARS	LONG TERM > 10 YEARS	
<ul style="list-style-type: none"> Financing or investment on a controversial counterparty Inadequacy of customers' business models and technology to address emerging climate issues 	<ul style="list-style-type: none"> Risk of asset impairment Devaluation of portfolio value (equities, bonds, etc.) 	LIQUIDITY RISK				<ul style="list-style-type: none"> Exclusion policy Application of sectoral policies Strict market risk limit system IIAAP process
<ul style="list-style-type: none"> Financing on a controversial counterparty Increasingly restrictive regulatory impact on the real estate sector 	<ul style="list-style-type: none"> Devaluation of portfolio value (equities, bonds, etc.) Weakening of mortgage repayment capacity (potential claims) 	CONGLOMERATE INSURANCE RISK				<ul style="list-style-type: none"> ESG policy and sustainability policy Monitoring the weight of investments in emissive sectors Diversification of the activity between life insurance, savings products, protection insurance, borrower insurance
<ul style="list-style-type: none"> Inadequacy of business models and technology to address emerging climate issues for portfolio companies Financing on a controversial counterparty 	<ul style="list-style-type: none"> Devaluation of the group's portfolio 	EQUITY AND INVESTMENT RISKS				<ul style="list-style-type: none"> Group ESG policy
<ul style="list-style-type: none"> Lack of environmental products and services offers due to lack of knowledge/skills to structure offers Lack of definition of the climate trajectory: Non-inclusion of climate criteria in the granting of loans/investment decisions Rapid changes in standards and regulations Disruption of the competitive environment and strategic disruption Non-application of regulatory and supervision systems due to regulatory pressure 	<ul style="list-style-type: none"> Loss of customers: strategic and financial risk Impact on shareholders' equity and consequently on the solvency ratio Strengthening of teams, use of service providers, development of tools to comply with new regulatory requirements and new standards Changes in the business model that may affect profitability standards Regulatory default that could pose a threat to the environment and populations 	STRATEGIC AND BUSINESS RISK				<ul style="list-style-type: none"> Development of an offer meeting customer support needs Process for integrating climate risk into the risk mapping and risk appetite framework ISO 50001 certification Search for appropriate technical skills in the group's various business lines

Scale - impact measurement: Low Average Substantial

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

The purpose of this exercise is to illustrate the relationship between the benefit corporation’s commitments, the SMR policy, the objectives of the strategic plan, and their performance indicators, which contribute to strengthening the control of significant ESG risks identified within the risk mapping. This work on consistency also ensures better understanding and clarity of the actions of the benefit corporation at the heart of Crédit Mutuel Alliance Fédérale’s business development plan.

ANALYSIS GRID

“ENSEMBLE, ÉCOUTER ET AGIR” (LISTENING AND ACTING TOGETHER): 5 MISSIONS	COMMITMENTS OF THE SMR APPROACH	SIGNIFICANT ESG RISKS	SMR AMBITIONS – BENEFIT CORPORATION OBJECTIVES	PERFORMANCE INDICATORS
Name of the mission	Identification of the SMR commitment in connection with the mission	Identification of ESG risks related to the benefit corporation	Benefit corporation mission/SMR ambition/ ESG risks	Measurement of indicators Benefit corporation mission/ SMR ambition/ESG risks

Measurement of performance indicators:

Strategic plan: Annual measurement. Achievement of the target by 2023.

Benefit corporation: Annual measurement. Achievement of the target by 2023.

<p>MISSION 1: As a cooperative and mutualist organization, support customers and members in their best interests.</p>	<p>MEMBERS & CUSTOMERS AMBITION Listening to customers</p>	<ul style="list-style-type: none"> ■ Risk of losing customers (lack of customer advice, unsuitable goods and services sold) ■ Risk of internal and external fraud (malice in the handling of customer/prospect banking operations) ■ Risk of downtime in bank IT system (failure of information systems security) 	<ul style="list-style-type: none"> ■ Guarantee to each customer a dedicated, non-commissioned advisor (Commitment #2 – mission 1) ■ Process and analyze complaints/satisfaction questionnaires ■ Secure banking transactions ■ Provide quality service 	<ul style="list-style-type: none"> ■ Monitoring of the networks’ customer portfolios to meet the objective ■ No commissions paid to advisors ■ Number of claims ■ Total internal and external claims for the year ■ Percentage compared to the total amount of claims ■ Rate of availability of primary TP applications
	<p>GOVERNANCE AMBITION Strong cooperative governance</p>	<ul style="list-style-type: none"> ■ Risk of unattractive membership ■ Risk of compromise of the mutualist model 	<ul style="list-style-type: none"> ■ Bring democracy to life in the bank by doubling the number of members voting at Shareholders’ Meetings (Commitment#1 – mission 1) ■ Mobilize members ■ Give more room to young people and move closer to parity on the Boards of Directors from 2022 (Commitment # 3 – mission 1) 	<ul style="list-style-type: none"> ■ Change in the number of members voting at the Shareholders’ Meetings of the local banks: x2 compared to 2020 ■ Membership rate Objective: rate of 90% ■ Number of connections to AGORA ■ Number of young people elected during the year ■ Change in the number of members voting at the Shareholders’ Meetings of the local banks → Objective: increase the number of young people X 2 compared to 2020

<p>“ENSEMBLE, ÉCOUTER ET AGIR” (LISTENING AND ACTING TOGETHER): 5 MISSIONS</p> 	<p>COMMITMENTS OF THE SMR APPROACH</p> 	<p>SIGNIFICANT ESG RISKS</p> 	<p>SMR AMBITIONS – BENEFIT CORPORATION OBJECTIVES</p> 	<p>PERFORMANCE INDICATORS</p> 
<p>MISSION 2: As a bank for all, members and customers, act for everyone and refuse any discrimination.</p>	<p>SOCIAL AMBITION Diversity and equal opportunities</p>		<ul style="list-style-type: none"> Recruit 25% work-study students in priority neighborhoods and rural areas (Commitment #5 – mission 2) Train all our employees and elected members in the fight against discrimination (Commitment # 4 – mission 2) Defend gender pay equality at all levels of the bank (Commitment # 6 – mission 2) 	<ul style="list-style-type: none"> % of work-study students recruited from neighborhoods and rural areas between 2019 and 2024. → Objective: 25% of work study students recruited from neighborhoods and rural areas % of work-study students recruited on permanent contracts % of employees trained in the fight against discrimination → Objective: 100% of employees trained in the fight against discrimination Difference between the average compensation of men and women in France by classification level and by age group → Objective: equal pay for men and women by age group and classification level
	<p>SOCIAL AMBITION Support careers and mobility</p>	<ul style="list-style-type: none"> Risks of non-compliance of banking and insurance operations (skills transformation, lack of employee training) 	<ul style="list-style-type: none"> Develop the employability and skills of employees through training 	<ul style="list-style-type: none"> % of payroll expense dedicated to training Number of hours dedicated to training % of certified insurance training courses % of employees enrolled in the “digital passport” training course are certified → Target 100% of employees
	<p>SOCIAL AMBITION Promote QWL</p>	<ul style="list-style-type: none"> Risk of non-respect of procedures Risk of failure to advise Loss of NBI (demobilization of employees) 	<ul style="list-style-type: none"> Implement the framework agreement on quality of life at work and remote working in each entity concerned 	<ul style="list-style-type: none"> Rate of job rotation Number of days of absence Number of entities that have set up remote work
	<p>SOCIAL AMBITION Promoting social dialog</p>		<ul style="list-style-type: none"> Maintain an ongoing dialog with trade unions 	<ul style="list-style-type: none"> Number of group agreements signed during the year
	<p>GOVERNANCE AMBITION Effectiveness of governance bodies</p>	<ul style="list-style-type: none"> Risk of decisions inconsistent with the group’s strategy (lack of training for elected members) 	<ul style="list-style-type: none"> Train all our employees and elected members in the fight against discrimination (Commitment # 4 – mission 2) 	<ul style="list-style-type: none"> Number of mechanisms and training courses available for elected members by level of office (umbrella bodies, local banks, Board Chairs) Number of training hours Training rate of local elected members % of elected members trained in the fight against discrimination. → Target 100%

<p>“ENSEMBLE, ÉCOUTER ET AGIR” (LISTENING AND ACTING TOGETHER): 5 MISSIONS</p> 	<p>COMMITMENTS OF THE SMR APPROACH</p> 	<p>SIGNIFICANT ESG RISKS</p> 	<p>SMR AMBITIONS – BENEFIT CORPORATION OBJECTIVES</p> 	<p>PERFORMANCE INDICATORS</p> 
<p>MISSION 3: Respectful of everyone’s privacy, place technology and innovation at the service of people.</p>	<p>MEMBERS & CUSTOMERS AMBITION Risk management</p>	<ul style="list-style-type: none"> ■ Risk of non-respect of General Regulation on the protection of customer data 	<ul style="list-style-type: none"> ■ Guarantee the privacy of our customers’ data in processing 99.9% of their information in our infrastructures and systems located in France (Commitment #7 – mission 3) 	<ul style="list-style-type: none"> ■ % of employees trained in GDPR ■ % of information processed on infrastructures and systems located in France and operated by Euro-Information → Target: 99.9% of customer information processing on infrastructures and systems located in France
	<p>MEMBERS & CUSTOMERS AMBITION Listening to customers</p>		<ul style="list-style-type: none"> ■ Invest productivity gains from artificial intelligence in employment and development (Commitment #8 – mission 3) 	<ul style="list-style-type: none"> ■ Time savings achieved through the use of AI (in number of FTEs) and increase in headcount between 2019 and 2022
<p>MISSION 4: As a solidarity-based company, contribute to regional development.</p>	<p>SOCIETAL AMBITION Regional development</p>		<ul style="list-style-type: none"> ■ Anchor decision-making centers in the regions with more than 90% of our lending decisions taken at banks and branches (Commitment #9 – mission 4) 	<ul style="list-style-type: none"> ■ % of decisions taken at branch-level → Objective: more than 90% of credit decisions taken at banks and branches
		<ul style="list-style-type: none"> ■ Support the associative fabric 		<ul style="list-style-type: none"> ■ Change in the number of NPO customers
		<ul style="list-style-type: none"> ■ Offer the Pay Asso digital payment solution to our associations and civil liability coverage to their managers (Commitment #10 – mission 4) 	<ul style="list-style-type: none"> ■ Invest 5% of our equity mainly in innovative French companies (Commitment # 11 – mission 4) 	<ul style="list-style-type: none"> ■ Number of multi Asso insurance taken out during the year with legal protection ■ Number of Pay Asso contracts subscribed
<p>SOCIETAL AMBITION Promoting local initiatives</p>		<ul style="list-style-type: none"> ■ Encourage microloans ■ Sign partnerships in favor of projects for education, sport, music, culture, and professional reintegration 	<ul style="list-style-type: none"> ■ % of equity invested in innovative or growing SMEs and mid-sized companies. → Objective: 5% equity invested in innovative or growing SMEs and mid-sized companies 	

<p>“ENSEMBLE, ÉCOUTER ET AGIR” (LISTENING AND ACTING TOGETHER): 5 MISSIONS</p> 	<p>COMMITMENTS OF THE SMR APPROACH</p> 	<p>SIGNIFICANT ESG RISKS</p> 	<p>SMR AMBITIONS – BENEFIT CORPORATION OBJECTIVES</p> 	<p>PERFORMANCE INDICATORS</p> 
<p>MISSION 5: As a responsible company, actively work for a fairer and more sustainable society.</p>	<p>ENVIRONMENTAL AMBITION Reduce the environmental impact of the group</p>	<ul style="list-style-type: none"> Regulatory risk Reputation risk 	<ul style="list-style-type: none"> Reduce the group's carbon emissions by 20% and the carbon footprint of our investment portfolios by 12% by the end of 2022 (Commitment # 12 – mission 5) 	<ul style="list-style-type: none"> Internal carbon footprint → Objective: 20% reduction in the group's internal carbon footprint for the energy leakage of refrigerant gases, motor fleet, business travel scope
		<ul style="list-style-type: none"> Regulatory risk Reputation risk 	<ul style="list-style-type: none"> Reduce of the carbon footprint of corporate insurance portfolios 	<ul style="list-style-type: none"> Carbon footprint of the corporate insurance and asset management portfolios → Objective: 12% reduction in the carbon footprint of the corporate, insurance and asset management portfolios
		<ul style="list-style-type: none"> Financial/climate risk 	<ul style="list-style-type: none"> Immediately stop funding for new oil and gas projects (Commitment #13 – mission 5) 	<ul style="list-style-type: none"> Monitoring of exposures eligible for sectoral policies → Objective: no new projects in oil and gas. Totally eliminate the financing of coal
		<ul style="list-style-type: none"> Climate risks 	<ul style="list-style-type: none"> Apply exposure limits by country that include climate risks 	<ul style="list-style-type: none"> Quarterly monitoring of limits by country
	<p>ENVIRONMENTAL AMBITION Strengthen solutions and high-quality offers and responsible service</p>	<ul style="list-style-type: none"> Risk of losing customers 	<ul style="list-style-type: none"> Increase renewable energy financing between 2019 and 2023 	<ul style="list-style-type: none"> Change in outstanding amounts of cumulative renewable energy authorizations through project financing → Objective: 30% increase in renewable energy financing between 2019 and 2023

<p>“ENSEMBLE, ÉCOUTER ET AGIR” (LISTENING AND ACTING TOGETHER): 5 MISSIONS</p> 	<p>COMMITMENTS OF THE SMR APPROACH</p> 	<p>SIGNIFICANT ESG RISKS</p> 	<p>SMR AMBITIONS – BENEFIT CORPORATION OBJECTIVES</p> 	<p>PERFORMANCE INDICATORS</p> 
<p>MISSION 5: As a responsible company, actively work for a fairer and more sustainable society.</p>	<p>MEMBERS & CUSTOMERS AMBITION Banking inclusiveness</p>		<ul style="list-style-type: none"> Be the bank for all customers: supporting customers in vulnerable situations Insure the real estate loans of our loyal customers without any medical formalities⁽¹⁾ (Commitment# 14 – mission 5) Commit to customers in financial difficulty with an account at €1 net per month with no incident fees (Commitment # 15 – mission 5) 	<ul style="list-style-type: none"> Number of customers equipped with the Fragile Customer Offer (OCF) Number of employees trained to handle vulnerable customers Number of customers detected Number of customers benefiting from the elimination of the health questionnaire Number of customers in financial difficulty benefiting from the service
	<p>MEMBERS & CUSTOMERS AMBITION Listening to customers</p>	<ul style="list-style-type: none"> Risk of corruption (non-compliance with procedures) Risk of exposure through banking and insurance activities Risk of non-respect of the vigilance plan (controversies over the non-respect of human rights) 	<ul style="list-style-type: none"> Fight against corruption Respect human rights 	<ul style="list-style-type: none"> % of employees trained in the fight against corruption Number of alerts
	<p>SOCIETAL AMBITION ESG purchasing policy</p>	<ul style="list-style-type: none"> Risk of non-respect of the vigilance plan (lack of awareness of the ESG issues in the group purchasing policy) 	<ul style="list-style-type: none"> Applying the ESG purchasing policy Have suppliers sign the sustainable purchasing charter 	<ul style="list-style-type: none"> Number of supplier charters signed

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



3.4 MEMBER AND CUSTOMER AMBITIONS

3.4.1 Being attentive to members and customers

The group's objective is to create a lasting relationship with its customers and members. The objective is to ensure that members and customers receive the best advice so that they are always offered the products and services they need.

Ensuring the coherence of offers and control of all advertising messages, as well as providing contractual explanations, respecting members' customers' rights in all circumstances and during collection operations and the rules related to canvassing operations and processing complaints, are issues that concern all team members of the group's entities regardless of their profession.

To measure and enhance the quality of customer relations, the teams in the marketing and sales departments carry out analyses *via* a multi-channel, customer-oriented approach, where clients are asked to voice their opinions throughout their customer experience and encouraged to take part in product creation discussions.

A system including a series of customer satisfaction measures has been rolled out across all Crédit Mutuel Alliance Fédérale entities. This system, managed and coordinated by the sales department, is based primarily on two pillars:

- measuring customer satisfaction *via* multi-year surveys. In 2022, 30,000 individual and professional customers of the Crédit Mutuel and CIC networks took part in a relationship NPS survey. For the first time, customers were asked about a more general and lasting perception of their satisfaction and not as part of an offer or an action. The results provide a barometer of customer relations at all points of contact (local bank/branch, telephone platform, app, etc.) and in various markets (high net worth, professionals, young people, etc.). With extensive local coverage, each federation and each bank also has its own results in order to be able to situate itself and work on its own areas for improvement. Customer recommendation level (NPS score)^[1] is established at a high level, particularly in the banking sector, regardless of the contact channel;

- measurement of customer satisfaction through immediate surveys. After each appointment, customers are asked to answer a single question on the bank's recommendation rating. If the rating obtained is less than 6/10, a call is scheduled to understand the areas for improvement, correct the expected service and thus improve the customer experience. In addition, the network's branches have a dedicated reporting tool which enables to consult various quantitative indicators, identify problems in the relationship with their customers and implement corrective actions. An additional application is also made available to view customer feedback. These resources deployed in the network's branches serve a single purpose: make quality at top priority in customer relationships.

In addition, the Posternak-Ifop^[2] barometer, a quarterly ranking of companies' corporate image, confirmed Crédit Mutuel's leadership ranking in the banking sector with a score of 47/100 in the fourth quarter of 2022 in a difficult economic context. In addition, the Crédit Mutuel and CIC networks again won awards at the 2023 Bank Quality Awards^[3]. Out of the six customer relations channels observed, Crédit Mutuel was on the podium six times, and even obtained the best satisfaction rating on four occasions, for the quality of its branches, its remote customer service, its advisors for everyday needs and its website. CIC won five awards, including two first places.

CIC won the Podium de la Relation Client^[4] 2022 for the banking sector.

[1] The NPS or Net Promoter Score is a loyalty indicator measuring customer recommendation. It is calculated by taking the percentage of promoters (score from 9 to 10) and subtracting the percentage of detractors (score from 0 to 6). The NPS is thus expressed via a number between -100 and +100.

[2] The Posternak-Ifop barometer was created to help companies analyze citizen reactions and consumer behavior. <https://www.creditmutuel.com/fr/actualites/prix-et-recompenses/barometre-posternak-ifop-credit-mutuel-banque-preferee-francais-novembre-2022.html>

[3] OpinionWay survey for MoneyVox conducted from September 26 to October 19, 2022 among a sample of 5,013 French bankers recruited from a representative sample of the French adult population. <https://www.moneyvox.fr/banque/trophees-de-la-banque/qualite.php>

[4] Survey conducted by BearingPoint and Kantar in partnership with Salesforce, among a representative national sample of 4,000 French customers aged 18 and over, interviewed online at the end of 2021 on the quality of the relationship between them and companies in 11 business sectors. An additional study asks 1,000 employees of private and public companies about their perception of their company and the means implemented to improve customer relations.

Listening to members and customers of Assurances du Crédit Mutuel

In 2021, Assurances du Crédit Mutuel (ACM) conducted satisfaction surveys on the six lines of business, for their policyholders who had suffered a claim. The overall satisfaction rate is over 90%, highlighting the high quality of service provided. In addition, a “Customer Voice” function for digital services is available to customers in the online insurance space. It collected more than 20,000 reviews for an overall rating of 4.6/5 in 2021: customers valued the access to e-services and the user experience, in particular thanks to the ease of navigation and use, the speed of declaring a claim and the simplicity of managing the documents to be provided. In 2022, the quality of service provided by ACM was also recognized by the labels of excellence awarded by *Les Dossiers de l'épargne* for five of its products: motor insurance and multi-risk property insurance, followed by life accident insurance, the life insurance plan (privilege offer) and the PER company pension insurance.

3.4.2 Banking inclusion

Crédit Mutuel Alliance Fédérale is the bank for all customers and is attentive to supporting all those going through difficult life situations, be they structural, social or short-term. The diversity of situations of vulnerability can lead to financial precariousness requiring the implementation of a strategy that is attentive to the populations concerned.

As part of this approach, the entities of Crédit Mutuel Alliance Fédérale undertake, by way of a practical action plan, to respect mutualist values and the professional codes of ethics and compliance. Crédit Mutuel Alliance Fédérale has published a policy in favor of fragile or vulnerable customers.

This policy describes all of the specific commitments made by Crédit Mutuel Alliance Fédérale to promote banking inclusion for customers in a situation of fragility and supplements other customer protection measures designed to foster behavior that is respectful of the interests of customers and good business practices.

A fragile or vulnerable customer committee guarantees the effective implementation of regulatory obligations and best practices concerning the protection of fragile or vulnerable customers and promotes banking inclusion.

As in previous years, under the aegis of the Fragile or Vulnerable Customer Committee, the implementation of the recommendations of the OIB – Banque de France, the expectations of the public authorities and the recommendations of the ACPR resulting from the due diligence performed in 2019, 2020 and 2021 concerning vulnerable customers and the cap on bank fees continued as part of the review of the changes with the greatest impact:

- deployment in 2022 of a model-based statistical detection system for predictive fragility. Customer files identified this way are handed over to customer relationship managers, *via* the debtor management application, in order to implement the appropriate support measures;

Processing of claims

In 2022, Crédit Mutuel Alliance Fédérale recorded 51,788⁽¹⁾ claims within its entities located in France against 41,418 in 2021. At constant scope, the number of claims decreased by 1% compared to 2021.

For the 14 federations belonging to Caisse Fédérale de Crédit Mutuel and to CIC banks, the number of claims totaled 39,108 in 2022. Claims handled by level 2 represent 0.57 claims per 1,000 customers.

- establishment of a network of vulnerable and fragile Customer Referents to meet the expectations of the joint ACPR-AMF division. As the main contact for the branches, the referent contributes to the dissemination and implementation of good practices with regard to vulnerable and fragile customers (in particular, isolated vulnerable seniors, protected third parties), particularly concerning the marketing of financial savings; he or she also ensures that the commercial proposals and equipment are appropriate to the needs of the customers concerned.

In 2022, as in previous years, Crédit Mutuel Alliance Fédérale entities concerned carried out regulatory reporting incorporating quantitative and qualitative data concerning fragile or vulnerable customers for the ACPR (under the questionnaire on commercial practices and customer protection) and the Observatory for Banking Inclusion.

In addition, customers insured with ACM benefit from services that simplify their procedures:

- the *Avance Santé* card exempts ACM policyholders from having to advance their health expenses and thus facilitates access to care. Spouses and children over the age of 15, also covered by the contracts, can obtain this card at no additional cost. The functionalities are regularly enhanced and contactless payment is possible up to €50. In 2022, nearly one million cards were in circulation and nearly half a billion euros in health costs were advanced to policyholders. That same year, the design of the *Avance Santé* card was revised with the addition of a notch for the visually impaired and this new card is made of more than 85% recycled materials;

(1) The claims recorded are only those of Crédit Mutuel Alliance Fédérale's scope in France, which are the only ones subject to ACPR requirements.

- the pure and simple abolition of medical formalities was put in place in borrower insurance for loyal customers, on real estate loans, within the framework of the purchase of the principal residence in November 2021 (under conditions). At the same time, loyal customers already in the portfolio saw any additional premiums or exclusions related to their health condition waived. Bank customers who have domiciled their main income with Crédit Mutuel Alliance Fédérale for at least seven years, or who already have borrower insurance with ACM for their main residence, for an amount of up to €500,000 per borrower and for a policyholder aged less than 62 years at the time of underwriting, are eligible for this solidarity-based scheme to eliminate medical formalities. This ACM scheme complements the one subsequently introduced by the so-called Lemoine law which, since 2022, has abolished the health questionnaire for loans of up to €200,000 per borrower for a total repayment scheduled before the policyholder's 60th birthday. In this respect, Crédit Mutuel Alliance Fédérale was awarded the *Grand Prix 2022 de la Good Économie* for having pioneered the elimination of the health questionnaire in access to home loan insurance. This prize rewards the best initiatives of companies committed to an ecological, social and solidarity-based transformation of their activities. The group also received the *Prix d'Or 2022 de la Good Économie* in the Ensuring Access to Sustainable Products and Services category for this same solidarity initiative.

Finally, in order to support the associations in their commitment, ACM is mobilizing by offering directors' civil liability insurance to the managers of customer cultural and sports associations, under certain conditions.

3.4.3 Risk management

Crédit Mutuel Alliance Fédérale provides a high level of continuous training to its employees to ensure them an in-depth understanding of prevention measures related to the fight against money laundering and the financing of terrorism and develops technological solutions, in particular cognitive solutions, to make them even more efficient. Added to this is the willingness of the group to prevent the employees concerned from finding themselves in a situation of conflict of interest and/or corruption by knowing the active and/or passive practices of private players and public agents.

In addition to the measures already in place since 2019, Crédit Mutuel Alliance Fédérale has implemented a vigilance plan^[1] to prevent serious violations of human rights and health and safety, and of the security of people and the environment within the framework of its activities. Actions related to the proper application of the vigilance plan are identified in particular with regard to customers – project financing, sectoral policies, etc. – suppliers – group purchasing policy, supplier relations charter, etc. – and employees – internal procedures and preventive measures.

A whistleblowing system and procedure for reporting the existence or occurrence of risks is in place and a monitoring mechanism to analyze actions has been implemented. The monitoring indicator, overseen by the compliance department, is verified by an independent third party, but not published for reasons of confidentiality.

[1] Details of the vigilance plan are presented in section 3.11 of this chapter.

FIGURES ON ACTIONS IN FAVOR OF FRAGILE AND VULNERABLE CUSTOMERS



The group's code of conduct

It is implemented by each entity in the group. This registration document, appended to the internal rules, contains the main provisions of applicable agreements, regulations and laws in terms of ethics. It is a reminder of the general principles that must be respected by all group employees in exercising their duties such as:

- the rules and regulations, procedures and internal standards;
- the protection of information (professional secrecy and confidentiality);
- the duty of quality of service to customers (duty to provide advice and information);
- the duty of vigilance in the context of performing transaction 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 and investment banking, portfolio management and financial analysis, exposing their holders to possible situations of conflict of interest or to possessing confidential and privileged information. To that extent, they are subject to the rules that regulate and limit their personal transactions on financial instruments.

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

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

Regarding internal and external fraud at Crédit Mutuel Alliance Fédérale, it should be noted that the amount of claims totaled €31.6 million in 2022. The breakdown of claims compared to total claims is 0.9% for internal fraud and 22.5% for external fraud.

Focus on the anti-corruption system

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

- risk mappings for corruption and conflicts of interest;
- a code of conduct;
- personnel training on respecting good business practices and combating corruption and influence-peddling;
- the obligation to declare gifts and benefits received or given;
- taking into account the risk of corruption in the assessment of the customer's risk profile;
- 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 internal rules and regulations, which allows for sanctioning company employees in the event of violating internal rules.

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

In 2022, 86% of training courses on rules of conduct, including the fight against corruption and/or the fight against money laundering and the financing of terrorism were completed by Crédit Mutuel Alliance Fédérale employees. The compliance department is responsible in particular for deploying procedures to prevent and combat corruption, verifications to ensure compliance, organizing any investigations, together with the competent services, in the event of suspicion and responding to inquiries by employees about actual or potential situations of corruption. The compliance department which reports to Crédit Mutuel Alliance Fédérale's risk department has the independence and the resources required to carry out its task with complete impartiality.

Focus on the mechanism for fighting money laundering and terrorism financing

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

Crédit Mutuel Alliance Fédérale therefore strives to respect the regulatory requirements in this context which involve:

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

Crédit Mutuel Alliance Fédérale 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.

Focus on the system to fight tax evasion

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

Crédit Mutuel Alliance Fédérale also implements the American regulation known as FATCA Foreign Account Tax Compliance Act, under the terms of the Inter-Governmental Agreements - IGAs, signed by the United States with other countries, including the IGA between France and the United States signed on November 14, 2012 to improve compliance with tax obligations at the international level and to implement the law on compliance with tax obligations concerning foreign accounts.

Moreover, Crédit Mutuel Alliance Fédérale has several sectoral policies including a policy for private banking customers:

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

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

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

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

Respect of transfer pricing regulations

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

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

Criteria for beginning a new customer relationship

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

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

The mechanism that exists in terms of managing operations and customers located in countries deemed sensitive has been strengthened since 2016. The compliance department is responsible for identifying, establishing and disseminating within the group lists of countries according to their degree of sensitivity: green (low risk), orange (standard risk), red (high risk and reinforced procedure) and black (very high risk). The purpose is to define progressive procedures or bans pertaining to new relationships with customers who reside in the concerned countries.

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

Representatives of interests

The Sapin 2 Law of December 9, 2016 created a special regime for interest representatives, modified by the law of February 21, 2022 known as "3DS", supervised by the *Haute autorité pour la transparence de la vie publique* (HATVP -High Authority for Transparency in Public Life), providing for:

- the obligation to apply a strict code of conduct;
- the obligation to register on the HATVP digital directory, which provides information to citizens on relations between interest representatives and public authorities;
- the annual statement of activities within three months of the end of the fiscal year.

The Crédit Mutuel group's framework procedure, which applies the regulations in force on interest representatives and was drawn up under the aegis of the CNCM, is the registration document that applies uniformly to the various regional groups in the group. The General Secretariat of CNCM is responsible for registering entities that meet the required criteria in the HATVP digital directory as well as sending the respective annual reports to this authority.



3.5 GOVERNANCE AMBITIONS

3.5.1 Effectiveness of the governance bodies

The purpose of the data presented under governance ambitions is to reflect the operating model of Crédit Mutuel Alliance Fédérale. This data is taken from several sources:

- the mutualist reporting, entered from February 1 to March 2, 2023, by the local banks of Crédit Mutuel Alliance Fédérale (excluding CMNE). The local bank managers enter this information at a Board of Directors' meeting in conjunction with the elected members. The aim of this reporting is to analyze, for the previous year, the institutional issues of the local banks. For information entered in early 2023 corresponding to fiscal year 2022, 1,328 out of 1,350 local banks responded and approved the questionnaire, *i.e.* a response rate of 98.37%;
- the administrative data of elected members: offices, functions, age etc. This data is entered by the local bank managers throughout the year as necessary and notably when terms of office are renewed;
- training of elected members: a common application is used across the 14 federations. It provides data on the training courses taken, including length and attendance. For the federations that do not use this tool, the same data is managed by the General Secretariat's office at each federation. The code of conduct applicable to all the group's elected members and employees stipulates that "elected members and employees must regularly update their knowledge in order to improve their skills and better fulfill their responsibilities." In this respect, a training catalog is available to elected members, with multiple themes, and in particular sessions that reiterate the fundamental duties and responsibilities for the appropriate exercise of their office. A skills development plan for mutualist elected members was put in place to enable the professional and academic careers of elected members to be recognized. This system, set up in 2020, provides each elected member with an extensive and diversified range of training courses adapted to their role and responsibility within the mutualist organization;
- post-Shareholders' Meeting report: the local bank managers are invited to enter information about the organization of their Shareholders' Meeting after it has been held. The information provided pertains to the length and cost of Shareholders' Meetings, the attendance rate and the issues raised, etc.;
- in addition, certain data is gathered from the management control IT system, notably information concerning the number of members.

Membership, voluntary membership

As of December 31, 2022, the percentage of customer members of the 14 federations represents 80.07% of eligible customers.^[1]

In 2022, Crédit Mutuel Alliance Fédérale's banks welcomed 437,042 new members and saw the departure of 218,398 members. These members elect the directors of the various local banks, at the Shareholders' Meeting.

Welcoming new members

When entering into relationships with new members, the mutualist model, a differentiating factor in its mode of operation is explained in 74.7%^[2] of cases. At the same time, employees are trained in mutualist governance and 79.07%^[2] of bank employees have completed this training.

To increase the number of member customers in the banks, 39.08% of them carry out specific actions such as welcome meetings to present the role and responsibility of a member [8.2%]^[3] and/or send specific information, notably on the information addressed during the Shareholders' Meeting [26.58%]^[2].

Boards – Democratic control

In 2022, 821 newly elected members joined the boards of the local banks following the elections at the local banks' Shareholders' Meetings. The average term of an appointment has increased slightly and is eight years and four months for directors on Supervisory Boards and seven years and ten months for Boards of Directors.

This data is entered by the local bank managers throughout the year as necessary and notably when terms of office are renewed. The average age of directors is 59 [57 for women and 60 for men].

In addition, 34.41%^[2] of local banks carry out actions to feminize their Boards of Directors and/or Supervisory Boards. For some local banks this is a priority [457 local banks]^[2].

[1] Definition of the membership rate: number of members / (number of adult individual customers + legal person customers).

[2] This indicator does not include the CMNE federation.

[3] The percentage is down sharply due to the health context.

SOCIOPROFESSIONAL CATEGORIES OF ELECTED MEMBERS IN 2022

	2022	2021
Farmers	772	806
Trades people – merchants – business owners	1,848	1,786
Senior executives	4,014	4,005
Intermediary professions	1,785	1,808
Employees	1,530	1,643
Workers	269	262
Retired individuals	4,939	5,110
Other persons not actively employed	370	321

3.5.2 Membership momentum

The smooth running of cooperative activities is underpinned by the wealth of opinions and expectations of the members. The aim is to enhance the attractiveness of mutualist values, particularly among young employees, and to take advantage of the Shareholders' Meetings of local banks, which is the basis of the democratic mutual model, as real opportunities for dialog and discussion. In addition, the role of the Boards of Directors is to validate the strategic choices of the local banks and to represent the community of members.

The key actions to be carried out are:

- to increase the attractiveness of the Shareholders' Meetings of the local banks, which are the basis of the democratic model, particularly among young working people, and turn them into genuine opportunities for dialog and discussion; to reinforce the role of the Boards of Directors in choosing the orientations of the local bank and in representing the community of members. To this end, Crédit Mutuel Alliance Fédérale has made a commitment as part of its status as a benefit corporation to increase the representation of young people on the Boards of Directors from 2022.
- to promote diversity, in all its aspects, of members and their elected members on the Boards of Directors and Supervisory Boards;
- to develop the skills of elected members by offering differentiated and customizable training programs;
- to promote the involvement of the elected members alongside the manager and employees of the local bank in local events.

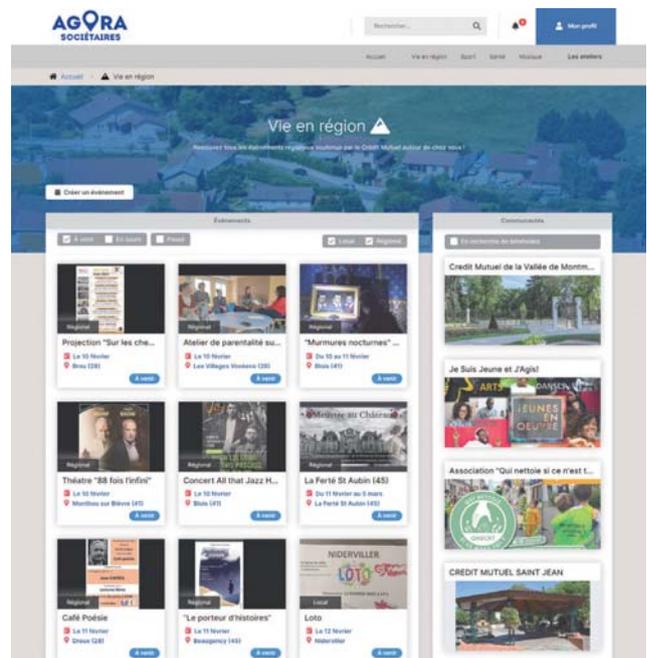
To boost mutualist life and facilitate interactions between members, in 2020 Crédit Mutuel Alliance Fédérale created Member Agora – a social network and collaborative exchange platform – whose main objectives are to:

- promote the operating model of the cooperative bank among customers through the commitment of elected representatives, members and employees;
- build relationships based on shared areas of interest and enable members to play an active role in their bank, to support and promote the local actions of their bank;
- inform members, and share and promote local initiatives carried out by the regions around different themes: health, music, good deals, etc.;
- allow each federation to create its own community and run a news feed that is commented on, relayed and shared by members. Likewise, the local banks can create their own communities to boost the role of members by directly involving them in these events.

Member Agora was rolled out in 2021 across all Crédit Mutuel Alliance Fédérale federations and since, over 324,000 users shared their opinions and comments on the platform around events or communities related to music, health, local life and sports activities. 908 local bank communities have already been created by elected members to promote the actions of their local bank, the partnerships forged and the support provided to associations and offer direct exchanges with members.

Since the beginning, 3,899 events shared on the Member Agora platform and 1,334 communities around passions or associations have been created by Crédit Mutuel Alliance Fédérale members and employees.

In order to improve the user experience of elected members and members, the platform benefits from permanent ergonomic improvements based on member feedback. Thus, in 2022, the option of announcing a search for volunteers was added, as well as a mileage cursor enabling the member to choose the posting rules, the priority of visibility to local actions before regional actions, the transfer of management of a community at the initiative of its creator. All the elected members now also have access to a portal that brings together all the information on Member Agora as well as a follow-up of each local bank.



Training courses and support for the elected members

The members of the Boards of Directors and Supervisory Boards of banking institutions are subject to the skills requirements imposed by European banking regulations. In addition to these requirements, Cr dit Mutuel Alliance F d rale ensures that the members of the boards can carry out their duties under the best possible conditions and as such, has adopted a skills development plan for mutualist elected members and directors based on three objectives:

- the first is to develop the skills of the elected members and provide customized, targeted training programs delivered by mutualist members and employees. These paths must be broken down according to the different levels of office of each elected member, board members of umbrella structures and federations, the chairs of Boards of Directors and/or Supervisory Boards, and elected members of local banks of Cr dit Mutuel Alliance F d rale. These courses are supplemented by themes that reflect the *ensemble#nouveau monde, plus vite, plus loin!* [together#today's world, faster, further!] strategic plan;
- the development of elected members' skills structures the second objective, the aim of which is to encourage members to become elected members, to promote diversity among elected members, through multiple educational and digital systems (face-to-face training, webinars, micro-training courses during board meetings, online self-training programs), supplemented by certification modules allowing elected members to showcase their mutualist commitment in a professional context. The group pays particular attention to supporting young elected members during the first years of their term of office by providing in-depth training on the group's activities. The key challenge is to ensure that young members are successfully integrated into mutualist life and to retain them over time;

- the third objective is to deliver digital tools to improve and facilitate the experience of elected members in training. Thanks to an information system shared by all the 14 federations, elected members are provided assistance throughout the training process: training catalog, online registration, evaluation of the quality of training, self-training portal, and soon the electronic signature to sign the attendance sheet and the reimbursement of expenses.

These actions are part of a mutualist ecosystem, which aims to build a community plan mobilizing all stakeholders in the training ecosystem for elected members: correspondents in each local bank, federal and inter-federal commissions, elected leaders and employees and implemented by each federation under the principle of subsidiarity.

In 2022, the percentage of local elected members trained was 95.8% (GOUV 56) with 14,879 local elected members having followed at least one training course (GOUV 55), with 43,177 training sessions delivered, up 32.5% compared to 2021. This increase is due to the effectiveness of the multi-channel strategy adopted for the training of elected members and directors, backed by a high level of participant satisfaction. A university degree was created in partnership with the University of Strasbourg and a first cohort of 64 elected members and directors graduated in July; a second cohort of 62 students is underway. This diploma aims to recognize the achievements of their volunteer commitment on the Board of Directors or Supervisory Board of a Cr dit Mutuel local bank, and to promote their skills in order to support their professional development.

In addition, 2022 was marked by the commitment to train each elected member to fight against any discrimination as part of the status of a benefit corporation: all the local banks were mobilized in this effort, with more than 14,240 elected members trained, *i.e.* 91% of elected members. Elected members who were absent due to illness, maternity, or other reasons that prevented them from completing this training within the allotted time will be able to make up for it in 2023 when they resume their term of office.

Quantitative data^[1]

Code	Indicator description	Data at the end of 2022	Data at the end of 2021
GOUV63	Total number of members	6,039,460	5,818,868
GOUV62	Number of adult individual customers and legal person customers	7,542,840	7,439,674
GOUV65	Percentage of members among adult individual customers and legal person customers	80.07%	78.21%

Boards – Democratic control

COMPOSITION

	Data at the end of 2022	
	Women	Men
Number of elected members in local banks – Women/Men distinction	6,198	9,329
	Board of Directors	Supervisory Board
Number of elected members in local banks in 2022 – Board of Directors/Supervisory Board distinction	11,309	4,218

[1] 2021 data restated by integrating the CMNE federation.

The Shareholders' Meeting (SM)

The Shareholders' Meetings of the local banks are the foundation of mutualist governance, and illustrate the strength of this model thanks to these key moments for exchange, information and expression of mutualist democracy.

Since the health crisis of 2020, the Shareholders' Meetings of the banks have mainly been held in the form of video broadcasting on the website www.creditmutuel.fr.

As a result, traditional figures (members present and represented at Shareholders' Meetings, attendance rate, average cost, etc.) were not monitored in 2021.

In general, the organization of the AGM took place in two stages:

- 1- members were invited to vote on the resolutions of the Shareholders' Meeting in their online banking area and on tablets at the local banks;
- 2- the Shareholders' Meeting was subsequently broadcast by video on the website www.creditmutuel.fr.

A total of 1,511 digital Shareholders' Meetings were held, with 1,299 videos of Shareholders' Meetings posted online and distributed. The information relating to the Shareholders' Meetings was provided through the sending of 5,110,644 invitations, either by post (2,346,002 invitations) or by e-mail from the online banking space (2,764,642 invitations). All of the functionalities put in place enabled 263,485 votes to be cast.

Crédit Mutuel Alliance Fédérale's technology teams have developed functionalities enabling members to be informed in advance of the conditions for conducting their Shareholders' Meeting, to have access to all the documents presented and to vote securely on the proposed resolutions thanks to the provision of these elements on the online banking personal space. Members were notified on their online banking space providing them with all the useful information relating to the Shareholders' Meetings in order to guide them in voting on the resolutions presented.

Education and training⁽¹⁾

MEMBERSHIP DEVELOPMENT

When initiating relationships with new customers, is the mutualist difference presented?	Yes for 992 local banks (74.6%)
Are documents provided?	Yes for 618 local banks (46.6%)
Have you organized a meeting for new members?	Yes for 109 local banks (8.2%)
Have you informed them that they will be invited to the SM?	Yes for 353 local banks (26.6%)

TRAINING OF ELECTED MEMBERS

Training course reports provided at board meetings	Yes for 1,192 local banks (89.76%)
Training courses met expectations	Yes for 1,257 local banks (94.65%)
Are suggestions for new training topics sent to the Chairman of the Elected Members Committee?	Yes for 374 local banks (28.16%)

Intercooperation

ASSOCIATIONS

Association-customers of Crédit Mutuel local banks	Initiatives directed at associations: number of local banks that allocate a budget
260,862	1,184 local banks (89.16% of respondents)

OTHER GOVERNANCE INDICATORS

Indicator code	Indicator	2022	2021
GOUV14	Number of newly elected members in local banks	821	663
GOUV15	Number of newly elected women members in local banks	424	334
GOUV56	Number of director training hours – local banks	40,012	29,875

(1) Data excluding CMNE.



3.6 SOCIETAL AMBITION

3.6.1 ESG purchasing policy

Purchasing goods and/or services is an act of management and is part of the operational implementation of the strategy. Crédit Mutuel Alliance Fédérale's purchase policy, deployed with all entities, incorporates economic criteria of quality, respect of technical requirements and ESG factors.

3.6.2 Responsible relationships

Crédit Mutuel Alliance Fédérale has reinforced this initiative by requesting that all its suppliers sign a sustainable and responsible purchasing charter incorporating the internal commitments of the purchasing policy to ensure long-term commercial relations with partners committed to a process of compliance with the challenges of sustainable development.

By signing the charter, the supplier undertakes, in the context of activities carried out with Crédit Mutuel Alliance Fédérale entities, to respect the human rights and fundamental freedoms, health and safety of people and the environment, as well as the rights of employees. The supplier undertakes to respect the laws applicable to the protection of

Crédit Mutuel Alliance Fédérale favors relations with suppliers and/or service providers whose contracts include the specific clauses from the reference texts on human rights and principles of combating all forms of corruption. It fosters long-term, local relations.

personal data and to implement all measures necessary to ensure the security and confidentiality of the information provided by the entities of Crédit Mutuel Alliance Fédérale. The supplier undertakes to implement internal procedures to ensure its activity is in compliance with the laws and regulations relating to the fight against corruption. In addition, suppliers can report any infringements to Crédit Mutuel Alliance Fédérale by using the dedicated email address.

In 2022, 4,033 charters were signed by CCS suppliers (suppliers whose revenue is greater than €5,000) and over 220 by Euro-Information suppliers (SOT100) (suppliers whose revenue is greater than €1 million).

3.6.3 Regional development

The group, which is a leading employer with a strong regional presence due to the stability of its network, bases its strategy on the demand for long-term investment to develop the economic and social ecosystem of each region. It pursues, either directly or in partnership, the distribution of personal and professional micro-loans to foster the development of activities in the regions.

Promote the distribution of personal and professional micro-loans

Crédit Mutuel Alliance Fédérale enables customers in financially fragile situations to benefit from financial support by developing partnerships with associations such as ADIE, Initiative France and France Active to promote the granting of micro-loans. The purpose of granting micro-loans is to create and consolidate jobs for those who are excluded from the job market (job seekers, recipients of the minimum welfare benefits, people with disabilities, etc.).

Thus, the partnership with the eight Initiative France platforms located in the Crédit Mutuel Dauphiné-Vivaraï (CMVD) territory was renewed in 2022 with an allocation of €60,000. This partnership, initiated in 2006, is a concrete expression of CMDV's commitment to the regions and is designed to promote and support the creation and takeover of activities with a view to job creation and inclusion.

Promote job security and the return to employment

Promoting job security and the return to employment are key priorities for Crédit Mutuel Alliance Fédérale in its quest to support people in vulnerable situations. Regional conventions have been signed throughout the country with social integration association networks such as CCAS, Secours Catholique, UDAF, Secours Populaire, Restaurants du Cœur and county councils to support our customers and receive advice adapted to each situation.

This commitment to foster access to employment in the regions has translated into new partnerships at the national and/or local levels so as to supplement the mechanisms already in place within Crédit Mutuel Alliance Fédérale entities.

At Crédit Mutuel de Loire-Atlantique et Centre Ouest, support for employment and actions to promote inclusion are carried out, in particular, through the Crédit Mutuel Solidaire structure, which has three main missions: the distribution of professional micro-loans to project holders who create or safeguard jobs, support for business start-up networks (Initiative, Entreprendre, ADIE, etc.) and personalized support for members facing difficulties in life.

In 2022, professional micro-loans were set up for an amount of €628,100, creating or saving 112 jobs.

335 cases of members/customers in difficulty were also managed, and a network training program to deal with fragile situations was also set up, with 50 employees trained in 2022.

3.6.4 Promoting local initiatives

By drawing on its cooperative and mutualist model, the group notably supports customer-member associations by forging partnerships (financial or material) involving elected members and employees. It also participates in patronage and sponsorship operations that promote projects in the fields of education, sports, music, culture and professional reintegration. In addition to the initiatives supported at local level by the local banks and branches or at regional level by each of the group's entities and subsidiaries, the Fondation Crédit Mutuel Alliance Fédérale strengthens Crédit Mutuel Alliance Fédérale's commitment to solidarity by supporting projects in the general interest.

Launched on March 31, 2021, it received in 2022 the Grand Prix de la Philanthropie, created by the Ficade group, in the Solidarity category for its support to the Fratries project. This project creates, in the heart of the city, inclusive colivings between active young people with and without mental disabilities and autism spectrum disorders (ASD). Alongside the financial support of the foundation, many Crédit Mutuel Alliance Fédérale entities have mobilized to implement complementary initiatives in order to give the project every opportunity to spread.

The overall budget earmarked for patronage and sponsoring was €55.3 million for the 2022 fiscal year (SOT52) and €40.2 million for the 14 Federations of Crédit Mutuel Alliance Fédérale.

The group aims to support associations in their development and their public interest mission. Local sports and cultural associations with a budget of less than €500,000 benefit from the Pay Asso solution free of charge. This service allows members to pay their membership fees and make donations by credit card to associations, even those that do not have a website.

Crédit Mutuel Alliance Fédérale also offers the Lyf Pro mobile app, a secure and dematerialized mobile payment and donation collection solution, which also allows associations to forge and develop relationships with their donors, using mobile phones as a new communication channel, to simplify the organization and management of their events thanks to a solution ranging from ticket sales to collection and payment.

Focus on some of the partnerships of Crédit Mutuel Alliance Fédérale's entities

Fédération de Crédit Mutuel Méditerranée (CMM)

In partnership with the "Agence nationale de lutte contre l'illettrisme" (ANLCI), Fédération de Crédit Mutuel Méditerranée is supporting six associations that are particularly involved in the fight against illiteracy in their territories so that they can obtain the double label of "agir ensemble contre l'illettrisme" (working together against illiteracy) and "lecture grande cause nationale" (literacy a national cause). In addition, ten employees from head office and the Marseilles local branches are mentoring young teenagers as part of the Télémaque program, which promotes equal opportunities in education.

Solidarity commissions have also been set up by the Boards of Directors of the local banks to support member-customers in difficulty.

Fédération du Crédit Mutuel Centre Est Europe (CMCEE)

A patronage agreement between the districts of the Fédération du Crédit Mutuel located in the Grand Est region, the Entreprendre pour apprendre association and the Académie de Strasbourg allows students from the fourth grade to BTS level, through the creation of mini-companies, to discover the economic and professional world, to develop their sense of commitment and initiative and to elaborate their school and professional orientation project. The students, accompanied by their teachers and a company advisor, carry out an economic activity to learn about the daily life of a company. In 2022, 52 teams for 52 mini-companies revealed their business creation projects to a jury composed of personnel from the education and business worlds. The Crédit Mutuel local banks provide an account for each mini-company.

Fédération du Crédit Mutuel Nord Europe (CMNE)

In 2022, employees were involved in several skills sponsorship operations: Squad emploi in Lille and Arras (12 employees coached young graduates looking for work), the Etincelle network (educational program for young people who have dropped out of school), the Integrated Study Program (PEI) at Sciences Po Lille (three participants in talks on success with young high school students).

Fédération du Crédit Mutuel Anjou (CMA)

The Crédit Mutuel Anjou association Créavenir Anjou has been supporting social and solidarity-based economy associations in Maine-et-Loire for ten years. During this period, it supported 40 associations, 51 projects and €660,200 were redistributed throughout the country. The association launched its first call for applications in September 2022 to support new projects. 13 project leaders were supported to help them make their projects a reality, and thus work for a fairer and more sustainable society with a total budget of €72,400.

Fédération du Crédit Mutuel Centre (CMC)

The CMC Federation is a partner of the regional action plan for women's entrepreneurship, which aims to promote:

- access to and development of a support offer for the creation/takeover and growth of businesses run by women;
- increased financing for women entrepreneurs who take over businesses;
- the fight against gender stereotypes that can affect the players in the entrepreneurial ecosystem;



- the mobilization of all stakeholders in business creation and the promotion of actions in favor of women's entrepreneurship;
- the involvement of Crédit Mutuel du Centre has resulted in 2022 in financial and operational support.

Cofidis

To mark the 40th anniversary of Cofidis in 2022, Cofidis France launched an unprecedented solidarity initiative to support 40 associations in its region: Booster missions! The company offered each of its 1,500 employees three days of volunteering to get involved with associations in its region, i.e. 4,500 days offered to non-profit organizations.

Assurances du Crédit Mutuel (ACM)

ACM is continuing its partnerships with innovative players in France to provide Crédit Mutuel Alliance Fédérale policyholders with the latest medical technologies. The partnership with NeuroCoach allows the screening of risk factors for stroke. The Visible Patient technology provides policyholders and their medical specialists with a 3D organ modeling tool that allows for more precise preparation of surgical procedures. To ensure that health care is accessible throughout the country, policyholders also have access to a medical teleconsultation service with MédecinDirect and psychological support with PSYA-Stimulus.

3.6.5 Actions to develop entrepreneurship over all the territories and to support innovation

Crédit Mutuel and CIC networks undertake to promote the development of innovative companies and start-ups to serve the real economy and the territories. For instance, Fédération du Crédit Mutuel Sud-Est remains a founding partner and the exclusive partner in the banking and insurance sector for H7, Lyon's center for start-ups and innovation. H7's mission is to accompany and accelerate start-ups by providing a federating space open to all entrepreneurs.

To consolidate this system a specific dedicated branch for start-ups and innovative businesses has been set up with account managers trained to support innovation and growth inside the Crédit Mutuel and CIC banking networks including offers and specific measures.

At the national level, 30 corporate customer relationship managers for innovative companies and 60 specially trained innovation advisors work daily to facilitate the development of customers and members with projects by generating synergies with players in the innovation ecosystem. In 2022, the innovation sector supported 3,500 innovative start-ups, representing an increase of 40% compared to 2021.

In addition, two communication systems specific to CIC and Crédit Mutuel were deployed, *via* calls for tenders, to reward the best initiatives: Start Innovation CIC and *Semeur d'innovation* for Crédit Mutuel.

Also in this approach to accessibility, in 2022, ACM took a financial stake in the health tech TokTokDoc. Thanks to a team of nurses and their mobile polyclinic kit, TokTokDoc brings medicine to dependent or handicapped people living in EHPAD. ACM is also committed to resource centers that support people with cancer and their families. All of these partnerships aim to support policyholders in risk prevention and to provide innovative solutions to improve the chances of recovery.

Lastly, in addition to health, ACM is also developing other prevention actions. It has formed a partnership with the SDEA (*Syndicat des eaux et de l'assainissement d'Alsace-Moselle*) to prevent the risk of flooding in homes.

Beobank

Beobank is a long-standing partner of United Fund For Belgium (UFB), a Belgian non-profit organization that has been supporting social inclusion by combating exclusion and poverty for more than 50 years. It helps people with disabilities and contributes to the well-being of each child. In particular, UFB supports charities involved in the well-being of children, poverty reduction, support for people with disabilities and social integration. Beobank participates in the fundraising by supporting UFB financially and also by giving employees the opportunity to spend a day volunteering in Belgium for a Belgian charity supported by UFB during working hours. In addition, every year, several employees take up a sporting and solidarity challenge by running the 20km of Brussels while supporting one or two organizations selected by UFB.

Semeur d'innovation [Sower of innovation]

In 2022, all Crédit Mutuel Alliance Fédérale federations took part in the second edition of the 4S *Semeur d'innovation* competition. Participants were invited to present a project in one of the following four areas: environment, culture, solidarity and territory. A total of 1,159 applications were received from entrepreneurs, community leaders and individuals; 170 projects were shortlisted and supported by coaching sessions and 68 winners were rewarded. Each winner received €4,000, i.e. for a total of €272,000 for this project.

Start Innovation Business Awards

CIC also deployed the 3rd national edition of the "Start Innovation Business Awards" which is a genuine business accelerator for these companies. This call for projects represents overall grants in the amount of €200,000, with 18 regional winners and 3 national winners for 2022.

In addition, a partnership was signed with BGE in 2022 to more effectively support entrepreneurship in France. Note: BGE is a network of private structures that has been supporting the creation and takeover of companies for 40 years.

In addition, Crédit Mutuel Alliance Fédérale is a partner of ABF Décisions to encourage companies to relocate to France.

3.6.6 BFCM's inaugural Social Bond issue

Faced with economic, social and climate challenges, Crédit Mutuel Alliance Fédérale has positioned itself as a player determined to support the urgent transformation of the economic system. This is why, after issuing green bonds in 2020 and 2021, *via* BFCM, Crédit Mutuel Alliance Fédérale issued its first social bond of €750 million in 2022^[1]. The assets financed for this issue are loans to Small and Medium Enterprises (SME), professionals and farmers located in counties with

unemployment rates higher than the national average and student loans and degree programs. This issue was a great success with bond investors.

The system for identifying and monitoring eligible assets is described in Section 3.8.3.

QUANTITATIVE DATA

The data for 2021 have been restated to include CMNE and its subsidiaries.

Indicator	Indicator code	Unit	2022	2021 restated	2021
SRI outstandings with SRI, FNG, Luxflag label	SOT28	€ billions	30.9	26.7	16.7
Total assets under management by the management company	SOT28BASE	€ billions	127.6	145.6	75.3
Assets under management in socially responsible employee savings plans	SOT37	€ millions	1,297	1,431	1,428
Amount from solidarity products paid to associations	SOT35	€	513,402	ND	469,827
NPO customers (associations, labor organizations, works councils, etc.)	SOT40	No.	455,135	461,387	428,927
Total budget dedicated to patronage and sponsorship	SOT52	€	55,327,530	43,516,559	42,342,559
Applications processed – ADIE	SOT16	No.	4,249	3,855	3,855
Amount of lines of credit made available – ADIE	SOT17	€ millions	13.8	12.1	12.1
New micro-loans financed – France Active	SOT19A	No.	1,391	1,489	1,348
Amount guaranteed – France Active	SOT20A	€ millions	34.9	36.09	33.39
Additional loans issued – Initiative France	SOT22	No.	3,730	ND	ND
Amount of additional bank loans granted – Initiative France	SOT23	€ millions	319.6	ND	ND

Indicator description	Publication code	Unit	2022	2021 restated	2021 published
Crédit Mutuel Alliance Fédérale sales outlets	SOT01	No.	4,488	ND	4,205
Loans on preferential terms (< €3,000) granted	SOT27	No.	1,288,761	ND	1,138,013
Amount of loans on preferential terms (< €3,000) granted	SOT26	€	1,205,692,345	ND	991,805,056
Assets under management excl. capitalization of <i>livrets d'épargne pour les autres</i> (savings account that benefits humanitarian organizations)	SOT33	€	236,222,177	208,128,757	205,238,847
Amount of micro-loans granted	SOT13	€	746,741	663,624	663,624
Eco-loans: loans granted during the year	SOT63	No.	20,487	14,911	14,324
Total amount of interest-free loans granted during the year	SOT65	€	278,467,276	188,651,423	182,138,956
Amount of loans for renewable energy granted to business customers and farmers	SOT68	€ millions	269.4	193.1	149.1
Outstanding customer loans	SOT83	€ billions	502.1	ND	444.8
Outstanding home loans	SOT84	€ billions	254.4	ND	227.1
Outstanding consumer credit	SOT85	€ billions	51.0	ND	44.2

[1] <https://www.bfcm.creditmutuel.fr/fr/programmes/obligations-vertes-et-sociales.html>



3.7 SOCIAL AMBITION

The information and figures concern Crédit Mutuel Alliance Fédérale entities in France.

3.7.1 Diversity and equal opportunities

Crédit Mutuel Alliance Fédérale has a proactive and ambitious diversity and inclusion policy to combat discrimination and promote equal opportunities and treatment.

This approach is at the heart of Crédit Mutuel Alliance Fédérale's mutualist values and its *raison d'être*, "*Ensemble, écouter et agir*" (listening and acting together), and is embodied in the mission statement "As a bank for all, members and customers, employees and elected members, we act on behalf of everyone and refuse to discriminate".

Equal opportunities and youth employment

Crédit Mutuel Alliance Fédérale is positioned as a committed and active player in favor of young people by developing initiatives throughout the region to promote work-study programs and access for these young people to the world of business.

In four years, Crédit Mutuel Alliance Fédérale has gone from recruiting 900 work-study students in 2018 to more than 1,500 in 2022, a 60% increase.

As a founding member of the Business Collective for a More Inclusive Economy, Crédit Mutuel Alliance Fédérale, alongside 38 major companies, has been carrying out actions to promote the inclusion of young people in the ten territories of Seine-Saint-Denis, Strasbourg, Lyon, Marseille, Bordeaux, Rouen, Lille, Toulouse, Nantes and Grenoble since 2018. In each of them, Crédit Mutuel Alliance Fédérale representatives are present to actively participate in a number of initiatives, such as the Forum for the Future organized in Strasbourg in June 2022. This day enabled more than a hundred young people, between the ages of 16 and 30, from urban priority neighborhoods (QPV) or rural areas, to benefit from advice in their steps to access the professional world.

Committed to neighborhoods and regions, Crédit Mutuel Alliance Fédérale continues to support local players with associations such as *Nos quartiers ont des talents*, *Télémaque*, and *Sport dans la ville*. Actions have been put in place in the group's companies to:

- raise awareness among young people about the corporate world through internships (1,500 paid internships for the 2021/22 school year), discoveries of professions and interventions by professionals in schools;
- facilitate access to work-study programs to enable young people from priority neighborhoods and rural areas to enter the workforce. In 2022, 46% of work-study hires came from disadvantaged and rural areas.

Equal opportunities and non-discrimination

Committed to equal opportunities, Crédit Mutuel Alliance Fédérale continues to provide training in non-discrimination to recruiters and, more broadly, has undertaken to train 100% of its employees in non-discrimination by 2022. A training module, Preventing discrimination and promoting diversity, was deployed in the last quarter of 2022, including a self-diagnosis and e-learning. 94% of registered employees completed their training in 2022.

In August 2022, Crédit Mutuel Alliance Fédérale strengthened its whistleblowing system to enable all employees to exercise their right to alert in order to protect their interests and/or those of the company. This system is in line with the legal and regulatory provisions as well as Crédit Mutuel Alliance Fédérale code of conduct. A dedicated messaging service with a small team has been set up at group HR level to process the reports received.

Equality of treatment

With respect to equality, measures have been taken to favor gender equality. Equal pay is one of the levers of gender parity, associated with a career development plan for women. For several years now, Crédit Mutuel Alliance Fédérale has attached great importance to the need for parity in appointments to senior management and executive positions. Where training is concerned, no session of the School for directors starts without parity.

The feminization of managerial positions is a major objective of Crédit Mutuel Alliance Fédérale which translates into one of the human and mutualist indicators of the revised strategic plan *ensemble#nouveau monde plus vite, plus loin!* (together#today's world faster, further!) The ambition is to achieve equality between men and women by 2023 in management positions (notably executives such as bank manager positions in the banks of the Crédit Mutuel network and/or the branches in CIC network) and governance positions (members of the Management Committees in group entities included the common social base).

In addition, and for the third consecutive year, nearly three-quarters of the group's companies posted a score above 85 points for the gender equality index. For example, Cofidis and Crédit Mutuel Nord-Europe achieved scores of 97 and 94 points out of 100, respectively.

Disability

Crédit Mutuel Alliance Fédérale is fully committed to helping people with disabilities.

This commitment was strengthened as part of the Disability and caregivers group agreement, signed in December 2021. All of the group's companies have a policy of promoting and supporting the social and professional integration of people with disabilities and their caregivers.

All stakeholders have a shared desire to be part of a positive and ambitious dynamic in favor of disability. The main areas of the policy implemented are:

- development and retention in employment within the group, thanks in particular to support in the process of obtaining or renewing the recognition of the status of disabled worker, support in career development and in the professional career, or in the training of the employees concerned;
- the recruitment of employees with disabilities, their integration and securing their employment;
- guaranteeing equal opportunities throughout the career with enhanced support and equal pay in comparable situations;
- training, awareness-raising and communication actions on disability;

- consideration of the issue of disability in the personal and professional life of caregivers;
- the development of relations with the protected and adapted work sector.

A group disability mission was set up at the beginning of the year to support the deployment of the group agreement and all players in the disability policy.

In each of the group's companies, a local disability referent assists people with disabilities or their caregivers throughout their career with the company, in conjunction with human resources managers, managers and occupational health services. In addition, each social and economic committee (SEC) has appointed a disability referent from among its members.

Crédit Mutuel Alliance Fédérale entities also participated in the two online forums organized by Hello Handicap in 2022.

Finally, on the occasion of the European Disability Employment Week 2022, several events were held in the various entities to raise employee awareness of invisible disabilities through online workshops and on-site activities. More than 20 group entities took part in the Duoday operation, which provides an opportunity for employees to meet disabled people who are less likely to be employed. These meetings are opportunities to learn more about a profession, to raise awareness on disability and to identify skills.

3.7.2 Support career development and mobility

Agreement on the Gestion des emplois et des parcours professionnels (GEPP – Management of Jobs and Career Paths) of June 30, 2020

The purpose of the GEPP is to anticipate foreseeable changes in jobs and professions, skills and qualifications, linked to economic, demographic and technological changes, with regard to Crédit Mutuel Alliance Fédérale's strategy. In order to strengthen its dynamism and attractiveness, it is essential that Crédit Mutuel Alliance Fédérale entities constantly adapt to changes in the markets and the expectations of member customers. Thus, a constructive GEPP approach represents a real opportunity to support all employees in their professional development while supporting the transformation of the business lines of the bank and its subsidiaries.

Crédit Mutuel Alliance Fédérale's latest agreement signed unanimously in June 2020 by the trade unions is in line with this objective. This agreement is based mainly on the following themes:

- forward-looking management of jobs and skills;
- professional training and career path advisory services;
- internal mobility conditions within the company;
- consideration of diversity in employment management;
- the career development of employees holding appointments or elected offices;
- skills-based sponsorship for employees at the end of their career.

All of these measures aim to ensure professional development for all employees. This strategy for developing employee skills enabled the largest subsidiaries to be recognized as *Meilleurs employeurs* (Top Employers) 2022.



Crédit Mutuel Alliance Fédérale invests heavily in the training of its employees in order to develop their skills and enable them to move into other professions. Even with the first quarter of 2022 disrupted by yet another wave of Covid-19, 6% of payroll expense^[1] was devoted to training of Crédit Mutuel Alliance Fédérale employees. This investment represents over 260,000 participant days. After the last few years, which have been disrupted by the health crisis, with the majority of training courses organized remotely, the training offer is gradually evolving in order to find a new balance with 70% face-to-face training and therefore 30% remote training.

[1] Human resources scope including Crédit Mutuel Alliance Fédérale federations, CIC banks and social base subsidiaries.

Crédit Mutuel Alliance Fédérale has a structure that is entirely dedicated to employee training. Career paths are developed by systematically employing a progressive instructive approach to support employees as closely as possible. These customer relationship-focused courses include all the technical and commercial skills required to work in the Banking and Insurance. They alternate situational exercises with periods of experimentation and consolidation. Their contents and duration are subject to change. Each year, more than 5,000 Crédit Mutuel Alliance Fédérale employees receive career-path training, adapted to their future profession, which serves as a guarantee of their professional development within the company. In addition, all employees have access to a remote training platform, which offers a wider range of modules. A catalog is available on the Intranet.

In addition, many Crédit Mutuel and CIC local bank managers have followed the school of managers' training course (*École des directrices et directeurs*), which is carried out over a period of four to five months, it being specified that candidates for the position of manager are excused from any activity outside of the apprenticeship itself. Through this program, nearly 1,400 employees have been trained as managers of local banks or branches.

3.7.3 Promote Quality of Life at Work (QLW)

Crédit Mutuel Alliance Fédérale is committed to a QLW approach fostered by its mutualist values. Reconcile the improvement both in employees' working conditions and the overall performance in a rapidly changing environment remains a priority. This commitment focuses on work-related factors: work content, professional development opportunities and quality of management, customer-member satisfaction and the smooth running of the company. In order to establish such conditions over the long term, Crédit Mutuel Alliance Fédérale has included these issues in its strategic plan *ensemble#nouveau monde, plus vite, plus loin!* [together#today's world, faster, further!] and in the company's technical, social and organizational projects.

From the month of May 2020 Crédit Mutuel Alliance Fédérale sought to engage in new negotiations on QLW, including the introduction of remote working. Indeed, the management of Crédit Mutuel Alliance Fédérale considers that the use of remote working is a factor in the QLW for employees because it helps reduce the nuisance of using transportation to get to work, better reconcile work and personal life, and give people more autonomy in their work.

Management proposed to the trade unions to negotiate a framework agreement constituting a common series of measures applicable to all the entities that fall under the group agreement, which must then implement it within their organization through a logic of proximity and responsibility. The framework agreement on quality of life at work and remote working was signed by the majority of trade unions on October 28, 2020. This framework agreement provides for a series of basic measures that may be supplemented by specific commitments for each group entity. The common measures of the QLW framework agreement are as follows:

- optimize the day-to-day organization of work: regular analysis of tasks, establishment of a constructive dialog with managers on the subject of QLW and, more specifically, the inclusion of workload as a specific topic of appraisal interviews;

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

Furthermore, a relational visa enables the networks' employees to position their level of knowledge of tools such as the electronic signature, email analyzer, chatbots, online banking and video appointments. At the end of December, 88% of registered people benefited from digital transformation support, thanks to the digital passport and relationship visa systems within the scope of Crédit Mutuel Alliance Fédérale consolidated entities.

- promote health at work: setting up a health platform to simplify and expand existing services, improve the layout of premises and workstations, fight against psycho-social risks and the prevention of depression and encourage sport activities at the workplace;
- improve employee mobility between home and work: adoption of a Sustainable Mobility package of €400, which has been increased to €700 for the years 2022 and 2023, launch of an internal carpooling platform and proposal to sign up for refresher days to make cycling safer. These measures are part of Crédit Mutuel Alliance Fédérale's eco-responsible approach;
- encouraging the development of a responsible management model, encouraging employees to participate, in particular through the corporate social network and commitment surveys, and encouraging employee involvement in solidarity activities (blood donation) or civic activities (12 days granted to employee volunteer firefighters);
- facilitating the balance between professional and personal life: development of services for employees.

In addition to common measures, concrete actions are also implemented within the various group entities to improve the quality of life at work for employees. For example, CIC Ouest has set up the possibility for its employees to reserve places in daycare and in 2022 Crédit Mutuel Antilles Guyane launched a sports commission to combat the sedentary lifestyle of its employees.

Remote work

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.

Indeed, considering remote working as a factor of improvement of employees' QWL, this form of work organization has been set up by the said agreement, it is then up to the companies to ensure its local implementation.

All companies that fall under the group agreement, parties to the framework agreement of October 28, 2020, have therefore implemented remote working after negotiations and this, from 2021.

In May 2022, the second edition of the *#vousavelaparole!* (*#voicemyopinion!*) barometer was held to obtain the opinions of employees, in particular on their working conditions.

On this occasion, it emerged that the implementation of remote working was appreciated by the employees but was considered to be too formal in its access. Employees expressed the desire for greater flexibility and fluidity in the implementation of remote working.

In this context, Crédit Mutuel Alliance Fédérale wished to change the remote working system and therefore proposed to the representative trade unions to enter into discussions in order to revise the current agreement with the main aim of easing access to remote working for employees. An amendment to the framework agreement was signed on November 24, 2022, which provides for the following changes:

- reducing the length of service within the group to be eligible for regular remote working;
- the removal of the length of service condition in the position in the event of employee mobility;
- a new, broader definition of the remote worker's home.

These changes illustrate the group's commitment to the quality of life at work and the work-life balance of its employees.

3.7.4 Promoting strong social dialog

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 strategic plan, which clearly includes high-quality, local social dialog as a key driver to achieve our goals. A certain number of subjects give rise to framework agreements at group level but most of the dialog takes place locally, in a responsible manner and as close as possible to the field. Employee representatives are closely involved in decisions.

Within Crédit Mutuel Alliance Fédérale entities, local social dialog is built mainly with the following bodies and contacts:

- the Social and Economic Committee (SEC) and any commissions, including the CSSCT, dedicated to health, safety and working conditions. The main responsibilities of the SEC are:
 - to ensure that employees voices are heard, that their interests are taken into account at all times in decisions relating to the management and economic and financial development of the company, the organization of work, professional training and production techniques,
 - to promote health, safety and the improvement of working conditions in the company,
 - to present to the employer individual and collective complaints relating to wages, the application of the French Labor Code and other legal provisions concerning social protection in particular, as well as conventions and agreements applicable in the company;

In this respect, the SEC is informed and consulted on the following topics:

- the company's strategy,
- the company's economic and financial position,

- the company's social policy, working conditions and employment,
- from time to time, on topics falling within its remit, such as reorganization projects;
- local representatives set up in various geographies or multi-site entities to maintain proximity to the field. They support the SEC. In particular, they can convey the local concerns of employees and contribute to the resolution of local issues; and
- the union representatives, who are the employer's preferred contacts for negotiating company agreements.

In addition to all these bodies, union representatives are also appointed within the scope of the entities covered by the group agreement. These are the group union representatives (DSGs), who are responsible for negotiating the agreements applicable within the companies covered by the group agreement. Their role is specified in the group agreement on trade union rights of December 5, 2018, amended by addendum on June 23, 2022.

In 2022, numerous agreements were signed with the DSGs, proof of a strong social dialog within Crédit Mutuel Alliance Fédérale. These agreements include *inter alia* the following:

- group agreement on equal pay for women and men;
- amendment No. 10 to the group agreement on the provident and health insurance scheme;
- amendment No. 1 to the agreement on trade union rights in companies covered by the group agreement;
- amendment No. 2 to the framework agreement on QLW and remote working;
- wage agreement;
- group agreement on a value-sharing premium paid in 2022.

3.7.5 Employment

Total workforce

Crédit Mutuel Alliance Fédérale had 77,457^[1] employees at the end of 2022, including nearly 61,200 working in France.

Hires

New hires on open-ended contracts mainly take place in the Crédit Mutuel and CIC networks as well as in the Euro-Information subsidiary. Two dedicated career websites highlighting job offers, professions, employee testimonials and the commitments of Crédit Mutuel Alliance Fédérale's human resources. In addition, employer brand communication campaigns support the recruitment process throughout the year.

A career space dedicated to employees also makes it possible to boost and simplify mobility within the group. In order to better support employees in the case of intra- and inter-company mobility, Crédit Mutuel Alliance Fédérale's human resources department has signed two framework agreements with MUTER-LOGGER and CSE Executive Relocations. There is no obligation for both the employer and the employee to call on any of these companies, which, as professionals, have experience, recognized competence and know-how in job mobility assistance services.

Quantitative data^[2]

WORKFORCE

Indicator code	Indicator label (no.)	2022	2021 restated	2021 published
SOC01_BIS	Workforce on the payroll	74,723	74,071	69,981
SOC01_F201	Workforce: Female managers on open-ended contracts – France	11,635	11,230	10,771
SOC01_F202	Workforce: Women non-managers on open-ended contracts – France	20,898	20,974	20,010
SOC01_F203	Workforce: Women managers on fixed-term contracts – France	48	48	38
SOC01_F204	Workforce: Women non-managers on fixed-term contracts – France	1,745	1,612	1,539
SOC01_H211	Workforce: Men managers on open-ended contracts – France	14,966	14,920	14,028
SOC01_H212	Workforce: Men non-managers on open-ended contracts – France	10,318	10,229	9,682
SOC01_H213	Workforce: Men managers on fixed-term contracts – France	72	49	48
SOC01_H214	Workforce: Men non-managers on fixed-term contracts – France	1,481	1,389	1,328
SOC01_F205	Workforce: Women abroad	7,507	7,571	7,039
SOC01_FM205	<i>of which: Women in managerial functions</i>	1,211	970	896
SOC01_FNM205	<i>of which: Women without managerial functions</i>	6,296	6,601	6,143
SOC01_H215	Workforce: Men abroad	6,053	6,049	5,498
SOC01_HM215	<i>of which: Men in managerial functions</i>	1,714	1,439	1,309
SOC01_HNM215	<i>of which: Men without managerial functions</i>	4,339	4,610	4,189

[1] Entities managed by the human resources department including the consolidated and non-consolidated entities of Crédit Mutuel Alliance Fédérale.

[2] **2021 restated:** consolidation of CMNE (including subsidiaries); **2021 published:** publication NFPS 2021.

BREAKDOWN OF EMPLOYEES BY GENDER AND AGE

Indicator code	Indicator description	2022
SOC88	Workforce < 25 years old	5,029
	Men < 25 years old	2,309
SOC89	Women < 25 years old	2,720
SOC90	Workforce 25-29 years old	7,348
	Men 25-29 years old	3,186
SOC91	Women 25-29 years old	4,162
SOC92	Workforce 30-34 years old	9,216
	Men 30-34 years old	3,896
SOC93	Women 30-34 years old	5,320
SOC94	Workforce 35-39 years old	10,307
	Men 35-39 years old	4,159
SOC95	Women 35-39 years old	6,148
SOC96	Workforce 40-44 years old	11,335
	Men 40-44 years old	4,499
SOC97	Women 40-44 years old	6,836
SOC98	Workforce 45-49 years old	9,889
	Men 45-49 years old	4,369
SOC99	Women 45-49 years old	5,520
SOC100	Workforce 50-54 years old	8,585
	Men 50-54 years old	4,039
SOC101	Women 50-54 years old	4,546
SOC102	Workforce 55-59 years old	8,157
	Men 55-59 years old	3,772
SOC103	Women 55-59 years old	4,385
SOC104	Workforce 60 years old and older	4,857
	Men 60 years old and older	2,661
SOC105	Women 60 years old and older	2,196

HIRES⁽¹⁾

Code	Indicator description	2022	2021 restated	2021 published
SOC13	Recruitment: Total number of hires	19,026	14,138	13,481
SOC15	Women hired	10,120	7,503	7,135
SOC16	Hires with open-ended contracts	9,164	5,056	4,809

(1) Y compris mobilité groupe et intégration de CMNE.

DISMISSALS

Code	Indicator description	2022	2021 restated	2021 published
SOC19	Number of employees with open-ended contracts that left the organization (all French and foreign entities including group mobility)	6,385	5,766	5,412
SOC20	Of which number of employees with open-ended contracts that quit the organization (layoffs)	885	838	792

COMPENSATION AND CHANGES IN COMPENSATION

Code	Indicator description	2022	2021 restated	2021 published
SOC73	Gross payroll expense excluding employers' contributions	€3,482m	€3,393m	€3,158m
SOC107	Total gross annual compensation of employees with open-ended contracts	€3,370m	€3,284m	€3,053m
SOC108	Total gross annual compensation of employees with open-ended contracts – non-managerial level	€1,373m	€1,357m	€1,289m
SOC109	Total gross annual compensation of employees with open-ended contracts – managerial level	€1,997m	€1,926m	€1,764m
SOC80	Total amount of social security contributions paid	€1,941m	€1,811m	€1,705m

ORGANIZATION OF WORK TIME

Code	Indicator description	2022	2021 restated*	2021 published**
SOC29	Number of full-time employees with open-ended or fixed-term contracts (including full-time parental leave)	66,086	63,946	61,633
SOC30	Number of part-time employees with open-ended or fixed-term contracts and managers with reduced day package	8,637	8,619	8,281

* Excluding BECM, BEOBANK and the La Française France and abroad and CDS partners.

** Excluding BECM.

ABSENTEEISM⁽¹⁾

Code	Indicator description	2022	2021 restated	2021 published
SOC38	Total number of days of absence	932,114	816,972	785,093
SOC39	Number of days of absence due to illness	912,944	796,633	765,461
SOC40	Number of days of absence due to workplace accidents	19,170	20,339	19,632

(1) Excluding Beobank and Groupe La Française foreign entities (data not available).

TRAINING

Code	Indicator description	2022	2021 restated	2021 published
SOC46	Total payroll expense invested in training (payroll expense for training) in € millions	175.8	161.5	149.9
SOC47	Percentage of payroll expense allocated to training	5.0%	4.7%	4.7%
SOC48	Number of employees who received training	72,416	69,882	65,751
SOC49	Percentage of employees trained	96.9%	94.3%	94.0%
SOC50	Total number of hours allocated to employee training	2,517,875	2,411,361	2,302,635

EQUAL TREATMENT⁽¹⁾

Code	Indicator description	2022	2021 restated	2021 published
SOC68	Number of disabled workers in the total workforce	2,291	1,921	1,799
SOC39	Percentage of workers with disabilities in the total workforce	3.1%	2.6%	2.6%
SOC63	Percentage of women among managerial promotions	40.5%	43.5%	43.4%

(1) Excluding Groupe La Française entities abroad.



3.8 ENVIRONMENTAL AMBITION

3.8.1 Reduce the environmental impact of the group

Aware of its role in the service of the economy and development, Crédit Mutuel Alliance Fédérale is committed to conducting all of its activities in a responsible manner. Consideration of environmental issues in carrying out its business is one of the principle areas of focus of its sustainable development policy.

Calculation of the office life scope carbon footprint

Crédit Mutuel Alliance Fédérale has committed to reduce its carbon footprint by 30% by the time of the revised 2019-2023 *ensemble#nouveau monde, plus vite, plus loin!* (together#today's world faster, further!) strategic plan. The objective relates to emission items (France scope 1, 2 & 3: energy consumption, refrigerants, non-current assets related to the motor fleet and business travel) where concrete action levers are possible for the group entities.

In 2018, Crédit Mutuel Alliance Fédérale commissioned a specialized firm to support it and chose to apply the ISO 14064 standard, which provides a framework for accounting and verifying greenhouse gases in the office life scope for all scopes and also decided to publish the carbon footprint of the office life scope for the group's entities located in France in a transparent manner. The updating of the emission factors for each item requires the publication of the results with a one-year delay, which explains why the calculation of the carbon footprint for France is based on 2021 data.

During the 2022 fiscal year, the teams continued work on the reliability of data, in particular on purchases and business and customer travel.

With regard to the footprint related to purchases, the calculation basis consists of Crédit Mutuel Alliance Fédérale's consolidated general operating expenses after neutralization of rebilling within the group by entities and business centers. The methodology was revised for the calculation of the 2021 footprint to better take into account the impact of Crédit Mutuel Alliance Fédérale entities, which are not consolidated for accounting purposes but which provide services to all Crédit Mutuel Alliance Fédérale entities.

In addition, the travel footprint of employees was calculated on the basis of statistical data on the modes of transport used to get to the workplace and the average kilometers traveled by the mode of transport used. For trips made in 2021, the distance between the employees' home and workplace was measured using an application. As the average footprint of an employee per working day on site is used for the calculation of customer travel, the change in methodology also had an impact on the latter. The 2020 footprint was restated in the same way.

The year 2020 was marked by the health crisis and the introduction of remote working, with a significant decrease in carbon emissions related to travel (-54% for business travel). Emissions related to business travel continued to decrease in 2021 (-10% compared to 2020) with a travel policy in favor of the least CO₂-emitting modes of transport.

Emissions from employee commuting and the motor fleet remained stable despite an increase in kilometers traveled (+2% and +3% respectively). Employees have increased their use of public transportation to and from work. In terms of the motor fleet, diesel vehicles are gradually being replaced by electric or hybrid vehicles.

In addition, an internal tool for reporting the carbon footprint for each entity was finalized at the end of the year.

Business travel policy

The Centre de Conseil et de Service (CCS) subsidiary promotes the energy transition of its member' motor fleets.

After abandoning orders for diesel cars during the 2019-2023 strategic plan, the use of cleaner, more fuel-efficient vehicles has accelerated, resulting in ISO 50001 Energy Management certification for the group's motor fleet.

In terms of results related to the reduction in consumption between 2019 and 2021:

- the number of kilometers traveled decreased from 101.6 to 79.4 million, *i.e.* -22% over the period;
- fossil fuel consumption fell from 6,350 to 4,485 m³, *i.e.* -29% over the period.

The number of kilometers traveled by the diesel fleet decreased by 13% between 2021 and 2022.

These decisions have been supported by an internal advertising campaign to encourage a reduction in the number of kilometers traveled notably by producing reports and recommendations to restrict business travel. In addition, eco-driving training, which teaches people how to optimize energy consumption, is part of the group's 2023 training plan.

The travel policy, established in 2020, prioritizes public transport and carpooling and encourages the use of bicycles through the introduction of Corporate Travel Plans in certain group entities. It also encourages employees to reduce the environmental impact of their travel by incorporating restrictions on the use of air travel and promoting rail. For journey that can be completed by train, air travel is no longer available on the travel booking platform.

These guidelines aimed at reducing the environmental impact of business travel by reducing the use of air transport were continued with the adaptation, in November 2022, of the group travel policy and travel reservation tools, such as:

- the use of air travel is subject to hierarchical agreement for journeys that can be completed in less than five hours by train;
- it is recommended that meeting/training locations be accessible by rail for the majority of participants.

The group's strategy was rewarded at the Grands Prix de l'Ecomobilité⁽¹⁾ organized by TGV Intercités, with the Evolution award for the company with the greatest increase in sustainable mobility between 2020 and 2021. In particular, the jury was sensitive to the objective of reducing the carbon footprint by 30% between 2019 and 2023⁽²⁾, with the corollary of increasing the rate of train use in long-distance travel from 63% in 2018 to 76% in 2021.

In addition, Crédit Mutuel Alliance Fédérale introduced the sustainable mobility package for its employees, as part of the implementation of remote work, set by the framework agreement on quality of life at work signed in 2020. This system offers a wider choice of mobility solutions (personal bikes, light motorcycles, electric scooters for hire, carpooling) and promotes alternative modes to private cars, thus reducing the environmental impact of commuting. In 2022, the mobility package was paid to 7,938 people.

In addition, in 2022 Crédit Mutuel Alliance Fédérale launched its own inter-city carpooling platform. At the end of the year, more than 1,100 employees had registered and traveled more than 44,000km.

Upstream and downstream freight transport

The gradual switch from carriers managed by CCS to clean vehicles has begun with the integration in the calls for tenders of network shuttles (transport between branches and head offices) of greening criteria for their fleet. 80% of the Île-de-France network shuttles within Paris have been electrified. With the same objective of reducing the carbon footprint of its members' transportation, CCS has completed the reduction of the frequency of visits to the branches (5 days a week instead of 6 days a week). The CMCEE and CIC Est networks, the last networks concerned, completed this harmonization phase in September 2022.

Carbon contribution policy

Crédit Mutuel Alliance Fédérale is creating a virtuous circle by encouraging its entities to work to reduce their greenhouse gas emissions and developing a mechanism to offset the group's carbon footprint. A contribution is calculated for all entities according to their carbon footprint, based on emission items where improvement actions are possible. These voluntary contributions provide Crédit Mutuel Alliance Fédérale Foundation (created in early 2021) with funds to support in particular the financing of projects with a strong climate impact⁽³⁾. In addition, there is a second level of contribution linked to the carbon footprint of the corporate customers, asset management and insurance portfolios.

In 2022, Fondation Crédit Mutuel Alliance Fédérale joined forces with For My Planet – Act for the Future, which raises awareness among young people aged 12 to 17 of the impact of climate change on their immediate environment and organizes eco-citizen projects with them. Already present in secondary schools in Annecy, Toulon and Marseille, the Foundation's support will enable this young association to expand its activities to new areas.

With its new service, My Carbon Footprint, Monabanq provides its customers with a real-time estimate of their carbon footprint and enables them to act in favor of the environment. Accessible from the Monabanq mobile application and from the customer area on the remote banking website, the My Carbon Footprint feature calculates the greenhouse gas (GHG) emissions associated with expenses recorded at the start of the deposit account. Each expenditure is estimated in kg of CO₂. This calculation is defined according to lifestyles and spending sectors: housing (water, gas, electricity, etc.), transport (gasoline), daily services (telephone subscriptions, Internet, etc.) and daily expenses such as food. Once the results are in, users can improve their score by changing their consumption choices, for example.

(1) Prize awarded on September 13, 2022.

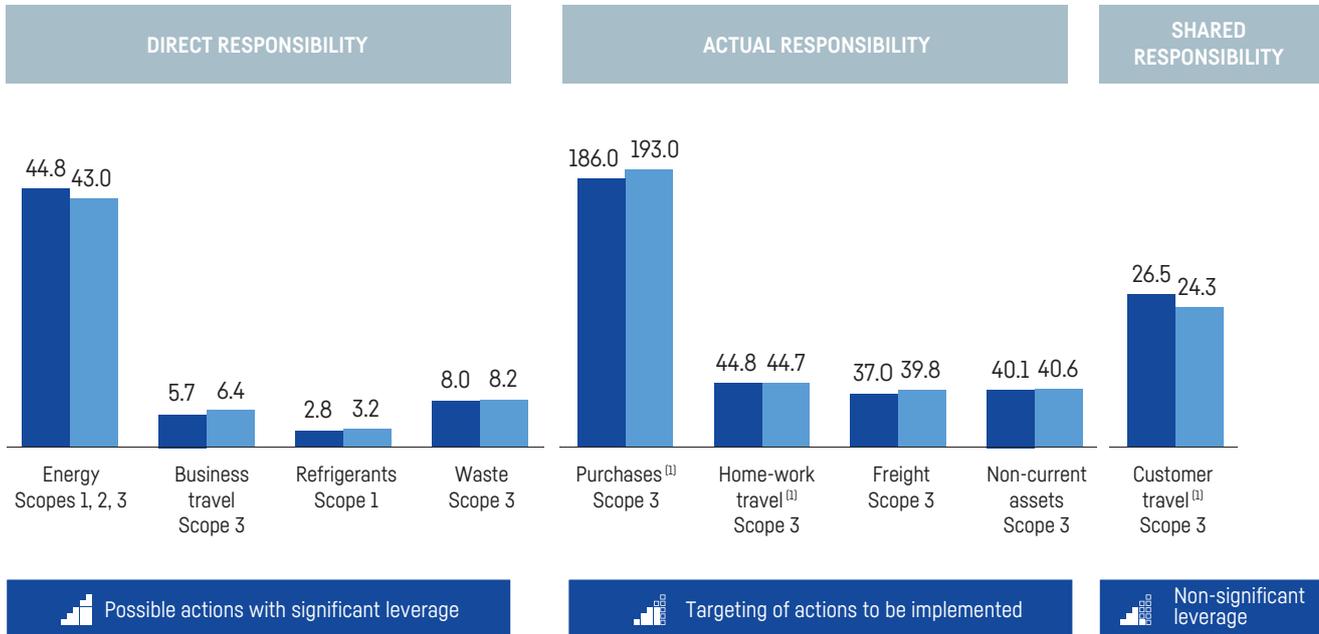
(2) Scope of business travel, motor fleet, energy and refrigerant gas leaks.

(3) <https://www.creditmutuelalliancefederale.fr/fr/fondation.html>

COMPARATIVE ANALYSIS OF FRANCE'S CARBON FOOTPRINT (in kTCO₂eq), OFFICE LIFE SCOPE



2021 : 396 kTCO₂eq
2020 : 403 kTCO₂eq



● 2021 ● 2020

[1] Management rule revised. The 2020 footprint has been recalculated.

Actions to reduce Crédit Mutuel Alliance Fédérale's carbon footprint

Launch of an energy sobriety plan

Faced with climate change and the risk of an energy shortage, in October 2022 Crédit Mutuel Alliance Fédérale launched an energy sobriety plan based on four major actions:

- heating reduced to a strict minimum: as heating is the main factor in reducing energy consumption (33% of a branch's energy consumption), the temperature of the premises is limited to 19°C, both in the head offices and in the Crédit Mutuel and CIC branches. Strict measures to limit air conditioning will also be taken;
- extinction of illuminated signs and office lighting outside working hours: all illuminated signs at the head office, the Crédit Mutuel local banks and CIC branches are switched off, day and night. This measure was applied by November 1 for structures requiring technical adaptations. In addition, the lights of the premises are switched off at the end of the service. Overall lighting represents 15% of the energy consumption of a bank branch;

- collective organization of eco-friendly actions: as reducing energy consumption is everyone's business, the group's employees are trained in eco-friendly actions and waste management. Together, they can implement impactful actions. As an example, the Christmas decorations have been revised to continue to celebrate the holiday season without the use of electric lights;
- reduction and adaptation of travel.

Walking, cycling, public transport, carpooling: an incentive campaign was carried out among employees to promote active mobility. Training, refresher courses are offered in partnership with the French Cycling Federation. The introduction of the sustainable mobility package for the second consecutive year encourages employees to adopt these modes of transport. It was revalued in 2022 from €400 to €700.

Each entity is called upon to appoint energy sobriety ambassadors to accelerate the implementation of the defined measures. The plan adopted extends the actions already undertaken by Crédit Mutuel Alliance Fédérale in favor of the energy transition and described below.

ISO 50001 certification

As part of the National Low-Carbon Strategy, the building sector must reduce its energy consumption by 60% by 2050. To help achieve this objective, Crédit Mutuel Alliance Fédérale has set up an energy management system.

This system, set up by the business line subsidiary CCS, certified ISO 50001 in December 2020, monitors the energy performance of all tertiary buildings (reference year 2018), its datacenters, as well as the motor fleet. It was the subject of the second control audit in October 2022. This audit covered both the overall management of energy performance and its integration into the daily life of central sites, datacenters and branches. The audit report cleared all minor non-compliance and thus confirmed the certification.

The energy management system continues to be integrated into all organizations. Significant work on the structuring and reliability of data continued and will be strengthened thanks to the arrival of a dedicated resource within the energy team. Overall performance targets are met in all areas covered by the certification. The involvement of banks and federations continues. Under the leadership of Executive Management, energy sobriety measures were reinforced in the fall of 2022 with the extinction of all illuminated signs and the adjustment of temperature settings. On this occasion, all the networks were reminded of the eco-friendly actions to adopt.

Work in 2023 will focus on the renewal of ISO 50001 certification by continuing the approach initiated in particular in terms of:

- knowledge and management of the energy performance of branches;
- increasingly active involvement of maintainers in monitoring and managing the energy performance of central sites and datacenters;
- simple retrieval of electrical consumption data for vehicles in the fleet.

Recommendations for temperatures and buildings

These recommendations are based on the energy code and the NF EN ISO 7730 standard and will enable more than 90% of employees to be in a comfort zone. To optimize the comfort of occupants, the temperature range can be adjusted by $\pm 2^{\circ}\text{C}$ using a remote control.

The new set points allow a gain of 1°C on average over the year, including the possibility of a $\pm 2^{\circ}\text{C}$ variation. For ADEME, this translates into 7% energy savings.

INDOOR TEMPERATURE SETTING

	Winter		Summer	
	Day	Night	Day	Night
	7 a.m.-7 p.m.	7 p.m.-7 a.m. and weekend	7 a.m.-7 p.m.	7 p.m.-7 a.m. and weekend
Office and meeting rooms	19°C	16°C (gradual rise in temperature at the end of the period)	25°C	Temperature drift limited to 30°C
IT room, telephony, security, electricity (LITSE)	Room to be heated if temperature < 17°C		Room to be cooled if temperature > 30°C	

Tertiary decree

The tertiary sector decree resulting from the Elan law requires companies to make energy savings in tertiary sector buildings of over 1,000m². It aims to ensure that owners and tenants act together to limit the energy consumption of buildings. Two paths are possible: reaching a threshold in absolute value set by order of the French Ministry of Ecological Transition or reducing energy consumption by 40% by 2030, 50% by 2040 and 60% by 2050.

Crédit Mutuel Alliance Fédérale has organized itself to meet these commitments. Of the 4,712 buildings monitored in its energy management system, 810 are subject to the tertiary sector decree and their 2020 and 2021 energy consumption has been declared no later than December 31, 2022 on ADEME's Observatory of Energy Performance, Renovation and Tertiary Sector Actions.

Partnership with Voltalia

Crédit Mutuel Alliance Fédérale has signed a 25-year contract with Voltalia, a French producer and reseller of renewable energies for the supply of green energy. The agreement provides for the construction in France of a solar energy production plant whose projected production volume will represent approximately 5% of the group's total electricity consumption. Installed in the PACA region, on salty land unsuitable for

agriculture, the park will be equipped with solar panels produced by Voltec Solar, an Alsatian company. Its commissioning is scheduled for the last quarter of 2024. This partnership illustrates Crédit Mutuel Alliance Fédérale's desire to reduce its carbon footprint and to be a responsible actor of change, from a social and environmental point of view.

Business travel policy

The Centre de Conseil et de Service (CCS) subsidiary promotes the energy transition of its members' motor fleets by choosing to no longer purchase vehicles with a diesel engine. The number of kilometers traveled by the diesel fleet decreased by 13% between 2021 and 2022.

The use of cleaner, more fuel-efficient vehicles has accelerated, resulting in the ISO 50001 Energy Management certification of the group's motor fleet.

This policy aimed at accelerating the energy transition and eliminating fossil fuels was continued with the adaptation, in September 2022, of the vehicle charter of the group's motor fleet. The choice of vehicles is now based on a selection of models that do not use fossil fuels exclusively and that have the best performance in terms of CO₂ emissions (the catalog consists only of autonomous hybrid, plug-in hybrid or electric vehicles).

Almost all orders for new vehicles are now for electric or hybrid vehicles.

In terms of results related to the reduction in consumption between 2019 and 2022:

- the number of kilometers traveled decreased from 101.6 to 79.4 million, *i.e.* -22% over the period;
- fossil fuel consumption fell from 6,350 to 4,485 m³, *i.e.* -30% over the period.

These decisions have been supported by an internal advertising campaign to encourage a reduction in the number of kilometers traveled notably by producing reports and recommendations to restrict business travel. In addition, eco-driving training, which teaches people how to optimize energy consumption, is part of the group's 2023 training plan.

The travel policy, awarded the *Grand Prix de l'écomobilité 2022* by the SNCF⁽¹⁾ prioritizes public transport and carpooling and encourages the use of bicycles through the introduction of corporate travel plans in certain group entities. It also encourages employees to reduce the environmental impact of their travel by incorporating restrictions on the use of air travel and promoting rail. For journey that can be completed by train, air travel is no longer available on the travel booking platform.

These guidelines aimed at reducing the environmental impact of business travel by reducing the use of air transport were continued with the adaptation, in November 2022, of the group travel policy and travel reservation tools, such as:

- the use of air travel is subject to hierarchical agreement for journeys that can be completed in less than five hours by train;
- it is recommended that meeting/training locations be accessible by rail for the majority of participants.

In addition, employees can benefit from the sustainable mobility package, which is part of the implementation of remote working set by the quality of life at work framework agreement signed in 2020. This system offers a wider choice of mobility solutions (personal bikes, light motorcycles, electric scooters for hire, carpooling) and promotes alternative modes to private cars, thus reducing the environmental impact of commuting. In 2022, the mobility package was paid to 7,938 people.

In addition, in 2022 Crédit Mutuel Alliance Fédérale launched its own inter-city carpooling platform. At the end of the year, more than 1,100 employees had registered and traveled more than 44,000km.

Upstream and downstream freight transport

The gradual switch from carriers managed by CCS to "clean" vehicles has begun with the integration in the calls for tenders of network shuttles (transport between branches and head offices) of "greening" criteria for their fleet. 80% of the Île-de-France network shuttles within Paris have been "electrified". With the same objective of reducing the carbon footprint of its members' transportation, CCS has completed the reduction of the frequency of visits to the branches (5 days a week instead of 6 days a week). The CM CEE and CIC Est networks, the last networks concerned, completed this harmonization phase in September 2022.

Management of resources

Selective and participatory sorting for recycling is implemented for all sites with more than 250 employees and was extended in 2022 to several head office sites with fewer than 250 occupants. This project satisfies the requirements of the law of August 17, 2015, on energy transition for green growth which requires companies to sort and recycle five flows: paper, plastic, metal, wood, glass.

A policy for managing emails, paper printing and videoconferencing has been in place since 2019 at all group entities. A procedure on the use of emails was drafted to encourage employees to reduce their number and limit the number of attachments. Software to enable a new method for managing shared peripheral printing equipment has been deployed. The goal is to measure the ecological footprint of prints, encourage users to be more responsible, and limit prints.

In 2022, Caisse Fédérale de Crédit Mutuel and Euro-Information continued to organize the Eco Clean-Up Week for all Crédit Mutuel Alliance Fédérale entities. This operation invites employees to optimize their digital carbon footprint by reducing and eliminating files and emails. This 4th operation made it possible to delete more than 180 million digital files for approximately 22.5 million MB, *i.e.* the equivalent of 427 metric tons of CO₂.

The fight against food waste

Strict management of raw materials and waste from the meals served each day has been set up on the inter-company restaurant on the Wacken site. Bio waste is recovered through composting with a local company. The number of dishes served is also adapted according to various criteria such as seasonality, number of people potentially present, taking into account HR data, including training, holidays and various hazards such as weather or other events likely to reduce the number of visitors to the restaurant.

Raising employee awareness

A dedicated PIXIS universe, "Being an eco-citizen at work!" is deployed on all employee workstations to encourage Crédit Mutuel Alliance Fédérale's staff members to take simple and effective actions to protect their environment and participate in reducing the energy footprint.

The tool also provides information on all initiatives: launch of gray recycled paper, use of certified envelopes, adoption of eco-friendly checkbooks on mixed FSC paper, calculation of the carbon footprint of printouts per employee, etc. The "Being an eco-citizen" universe is accessible to all elected members.

At the same time and in order to strengthen communication, a community, Being an Eco-citizen at work, was created on the company's social network. This new medium aims to make exchanges around the SMR approach more dynamic. Each employee can post their ideas, communicate best practices, publish an article, etc. This fun tool facilitates interactions and disseminates the group's communication and events more widely.

(1) *Grands Prix de l'Écomobilité presented by TGV-INTERCITES in September 2022.*

In addition, the construction of a training program dedicated to CSR knowledge and development issues mobilized the teams during the year. This system, made up of several modules of different duration, must enable SMR contacts and employees of all entities to master environmental topics, including climate, social and governance risks, as well as their strategic implementation within Crédit Mutuel Alliance Fédérale. Nearly 50 CSR/SMR contacts have already followed this eight-hour module. The training modules are adapted according to the level of expertise desired for the various teams of the group's entities.

Since 2022, specific training has been designed and delivered for future local bank managers. The School for directors includes a two-hour training module. The aim is to enable participants to:

- understand the challenges of CSR and sustainable development;
- be aware of the SMR approach so that they can raise awareness among their employees;
- mobilize employees around concrete actions and adopt eco-friendly actions in the office;
- communicate on Crédit Mutuel Alliance Fédérale's environmental policy;
- support customers in their ecological transition.

In 2022, a schedule was put in place to provide a significant number of training sessions and promote better knowledge of sustainable development issues for employees of the bank's various activities. In addition, following the deployment of ESG criteria at the lending stage, all CIC and BECM corporate customer relationship managers were trained. This training will be provided in the same way within Crédit Mutuel Alliance Fédérale federations in 2023.

An e-learning module has been included in the mandatory training course for employees. This training is a first awareness of the SMR approach in order to better understand the issues, the objectives of the sectoral policies and the ESG criteria. 39% of registered employees completed this module in 2022.

In addition, Crédit Mutuel Asset Management is also heavily involved in raising awareness among its employees, elected members of Crédit Mutuel Alliance Fédérale and savers about responsible and sustainable finance. Thus, the company regularly participates in conferences on the issues and practices of responsible and sustainable finance. This theme is also the subject of a dedicated communication for current/future holders and on the networks' intranet site through *Le billet de la Finance Responsable*, which is published twice a month. Internal training sessions have also made it possible to raise awareness and train managers on biodiversity and taxonomy.

For its part, on the occasion of World Clean Up Day, Cofidis Group in France launched the challenge of recycling 700 liters of cigarette butts into thermal insulation with TchaoMégot before the 2023 edition of the World Clean Up Day. Cofidis Group opted to rely on two cigarette butt collectors installed on the campus and its 2,500 French employees.

The objective is twofold:

- to recycle cigarette butts with TchaoMégot to transform them into thermal insulation for buildings and textiles;
- to offer one down jacket for every 100 liters recycled to an association that helps the homeless.

Actions to reduce Crédit Mutuel Alliance Fédérale's credit portfolios' carbon footprint

The majority of the CO₂ emissions produced by the activities of Crédit Mutuel Alliance Fédérale entities come from the products and/or services offered to customers. The advantage of calculating the carbon footprint of credit portfolios is to analyze the weight [CO₂ impact] of each financing in the choice of approach to decarbonize the economy and focus on the most virtuous companies in this area. Particular focus is placed on segments with high stakes for the energy and climate transition to define the strategies to be deployed.

As part of the revised 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. The purpose is to integrate carbon challenges into investment policies and to measure those with high emissions in order to establish a constructive dialog with the businesses concerned in order to reflect the group's climate strategy.

Crédit Mutuel Alliance Fédérale has selected La Française Asset Management [risk department] to measure the carbon footprint of its credit portfolios. The risk department has a team of ESG data analysts who have 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 greenhouse gas data of the companies used in the calculations are two years out of date, as the data for year n and n-1 were not yet available at the time the calculations were made.

The scope covered by carbon data, published or calculated by proxy, represents 65% of exposures, *i.e.* nearly 2,000 counterparties for which consolidated financial data were available. The results distinguish three types of carbon indexes expressed in metric tons of CO₂ per million euros.

The first index, the carbon footprint, provides information on the amount of greenhouse gas 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 quantity of greenhouse gases generated per million euros of revenue generated, and thus makes it possible to account for the degree of greenhouse gas emissions generated by the company, particularly in relation to its competitors in the sector or from one sector to another. The third, weighted average carbon intensity, shows the degree of greenhouse gas emissions of the portfolio as a function of the weight of the outstanding amounts per counterparty in the portfolio. This indicator allows for a detailed analysis of the financing choices to be made to support certain sectors to invest towards business models that respect the energy transition.

Results:

The carbon footprint of financing decreased by 37% between 2021 and 2022 on the basis of a wider scope [+42% of counterparties hedged]. This decrease is mainly explained by the decrease in activity of companies in 2020 due to the pandemic (the greenhouse gas data used correspond to the year 2020), but also by an improvement in the coverage of the portfolio by carbon data from low-emission French

companies. The geographic distribution matches the profile of Crédit Mutuel Alliance Fédérale's corporate customers which is focused on accompanying French companies: 68.5% of the carbon footprint is focused on French companies compared to 56% in 2021 and 52% in 2020.

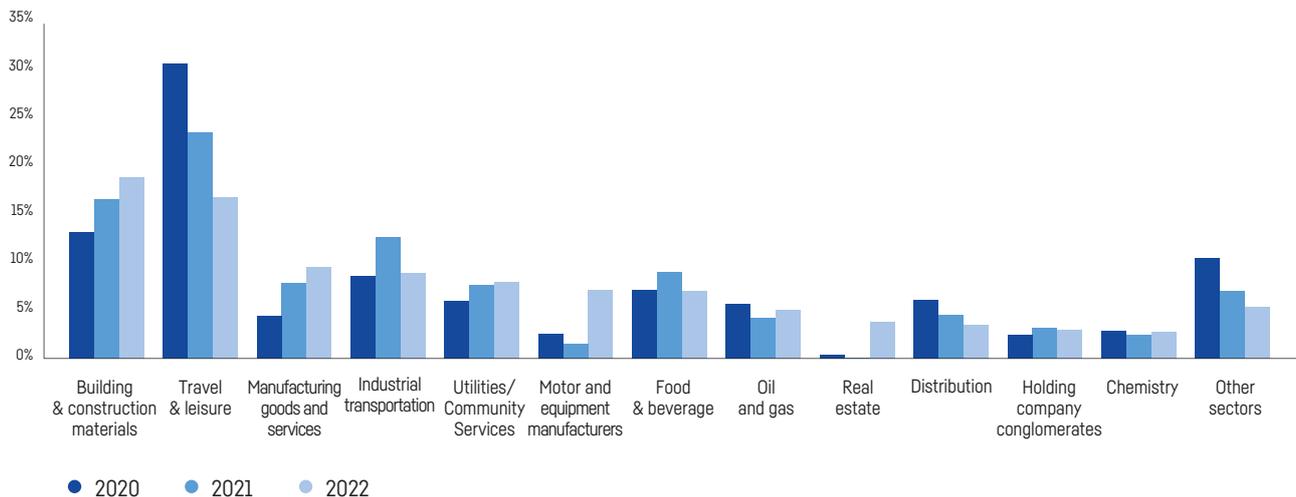
	2022	2021	2020	2019	2018
Carbon footprint (tCO2/€m lent)	158.2	251.3	256.6	286.0	348.6
Carbon intensity of the portfolio (Total emissions/Total revenue)	124.3	175.5	209.3	288.0	351.0
Weighted average carbon intensity (Portfolio weight x Carbon intensity)	268	281.0	299.1	286.9	387.1

As indicated above in the analysis methods, the greenhouse gas data used to calculate the carbon footprint indicators are those for the year 2020. A significant decrease in activity and therefore in greenhouse gas emissions was observed in 2020 in many sectors, and in particular in air transport, due to the pandemic, which is reflected in the financed

emissions indicators produced for the year 2022. In addition, the coverage rate increased from 56% to 65% thanks to the inclusion of French mid-sized institutions, which are generally less carbon intensive, in the calculation.



SECTOR BREAKDOWN OF THE CARBON FOOTPRINT



The most emissive sectors are construction and building materials, travel and leisure - including airlines - and manufacturing goods and services, which account for 45.1% of the portfolio's carbon footprint. The oil and gas sector is only in eighth place with a contribution of 5.1%.

The breakdown of the portfolio's carbon footprint in 2022 is mainly marked by a decrease in the relative weight of the travel and leisure business line of 7.1 points, due to the significant decline in air transport

activity in 2020 following the pandemic [greenhouse gas data for 2020]. This decrease in activity and therefore emissions in 2020 is generally observed in most sectors.

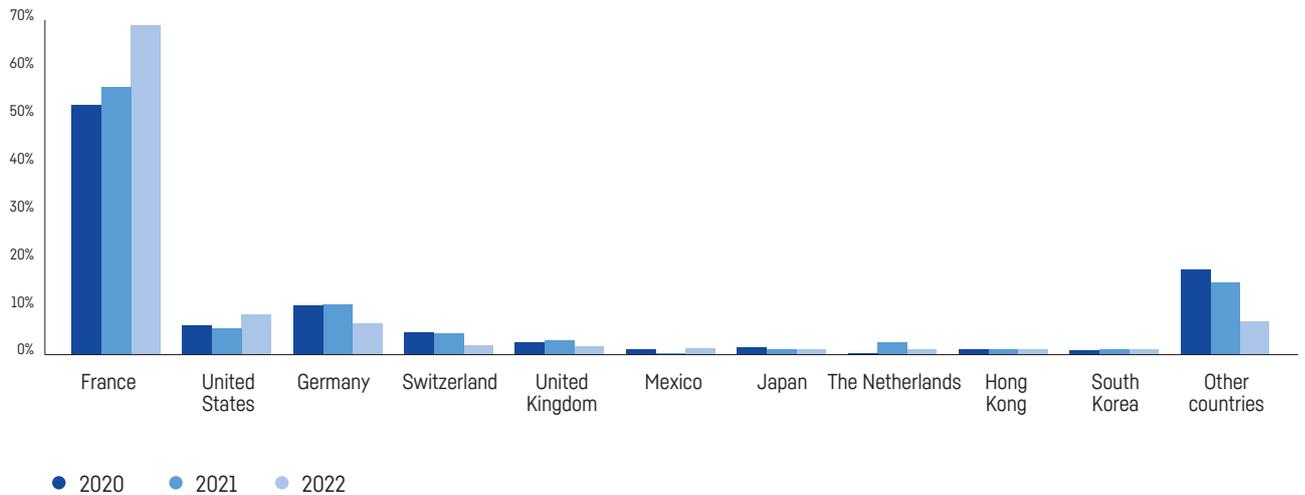
Conversely, there has been an increase in the weight of the construction and building materials, manufacturing goods and services and motor and real estate sectors.

COMPARISON OF THE THREE SECTORS WITH THE HIGHEST EMISSIONS

Segment	% in the hedged portfolio	% in the carbon footprint
Travel & leisure	8.0%	18.8%
Building & construction materials	6.5%	16.8%
Industrial transportation	10.8%	9.5%

NB: passenger transport, which was previously included in the "Industrial transportation" category, is now included in "Travel & leisure".

GEOGRAPHICAL BREAKDOWN OF THE CARBON FOOTPRINT



In 2022, the improvement in the coverage of the portfolio mainly benefited French companies. As a result, the share of French companies increased to 68.5% of the carbon footprint of the analyzed portfolio in 2022 (vs. 55.6% in 2021 and 52.0% in 2020).

Commitment to decarbonizing the shipping portfolio

CIC, a subsidiary of Crédit Mutuel Alliance Fédérale, is a signatory, since 2019, to the "Poseidon Principles". These provide for the integration of climate assessment criteria in lending decisions in the shipping industry. They help measure their impact and nudge operators towards significantly decarbonizing the shipping industry.

The Poseidon Principles form part of the strategy to reduce greenhouse gas emissions adopted by the Member States of the International Maritime Organization 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 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. The portfolio score for the data as at December 31, 2021 was -1.01 below the IMO curve. The results for 2021 are not comparable to those for 2020 due to the influence of Covid-19. This analysis was validated by Bureau Veritas.

3.8.2 Reinforce high quality and responsible service solutions and offers

The group provides specific offers and financing to support customer-members and businesses in their environmental approach. In addition to zero interest rate eco-loans, short-term and long-term energy saving loans, solidarity savings and the financing of renewable energy projects, Crédit Mutuel Alliance Fédérale offers subsidized loans to encourage growth and development of companies which have adopted a CSR approach or invested in practical measures to support sustainable finance and the energy transition.

Crédit Mutuel Alliance Fédérale therefore markets the Eco-Mobility offer for private individuals and professionals. The purpose is to accompany our customers and members in the ecological transition and to satisfy their needs for electrical or hybrid mobility and enable them to benefit from the subsidies for purchasing an electric vehicle (ecological bonus and/or conversion allowance). Over 126,000 hybrid and/or electrical or low-emission vehicles have been financed by the Crédit Mutuel and CIC networks since the offer was launched.

The group wishes to underline its commitment to supporting innovative projects in the sustainable development field through its range of Transition loans for businesses by financing investment to help the company transform to a more “responsible” and more efficient economy. The new Transition range satisfies three objectives:

- accelerate the ecological transition of companies. The “Energy Transition Loan” is designed for investments carrying energy savings, improved energy performance and reduced costs. Companies from all sectors are eligible for these investments (equipment, installation, devices, connected works, new products) which are sources of increased energy efficiency and a positive ecological effect;
- consolidate the CSR initiative of companies. The “CSR Transition Loan” finances all the tangible and intangible investments inherent in a company’s social responsibility. It is aimed at companies which have already undertaken a CSR approach (CSR audit required) to finance initiatives to improve employees’ working conditions, save energy, transport and, beyond this, any action which is beneficial for the environment;
- help transform economic models. The “Digital Transition Loan” assists customers with their digital transformation by financing investments to digitize the company’s activities. Companies can modernize their tools and/or transform their economic model with digital technology including by creating new products or services using new technologies: connected objects, artificial intelligence, robotics, etc.

To strengthen this system, the “Industrial Transition Loan”, available since 2021, has been added to the range to finance companies wishing to invest in property, plant and equipment or intangible assets that meet the spirit of the recovery plan initiated by the State based on four areas of focus: (re)locate strategic activities, decarbonize industry, modernize the production system and innovate by supporting investments in research and development.

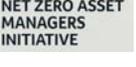
In summary, the total outstanding loans granted as part of the Transition range amounted to more than €720 million at December 31, 2022.

The group also encourages companies to improve their sustainability performance by implementing Sustainability-Linked Loans (SLL) whose financial characteristics change depending on whether the borrower achieves social, environmental or governance objectives.

At CIC Ouest, for example, impact loans for large and medium-sized companies (Transition and LLS loans) accounted for 52% of the amounts granted to FTEs in 2022, compared with 31% in 2021, for an overall production that has doubled. This can be explained by the economic situation, but also by the dedicated efforts of our teams to promote loans whose financial performance is correlated with CSR performance, and by the greater maturity of our customers in this area.

Sustainable finance

Crédit Mutuel Alliance Fédérale is asserting its responsible investment strategy through its management subsidiaries. This diagram shows the main commitments signed by the asset management companies:

	Forum for Responsible Investment (FIR) Promote and develop responsible investment and its best practices in France	2004	 
		2007	
	Principles for Responsible Investment Encourage the implementation of "Responsible Investment Practices" by asset management players, under the aegis of the United Nations	2010	  
		2012	
		2017	
	CDP- Carbon Disclosure Project Encourage companies to be transparent about environmental matters in order to create a common database	2010	 
		2013	
	Sustainable Real Estate Observatory (OID) Independent forum for the real estate sector on sustainable development	2012	
	Climate action 100+ Ensure that the world's largest emitters of greenhouse gases implement the necessary actions to combat climate change	2017	
	Institut de la finance durable Federate and accelerate the actions undertaken by the financial institutions of the financial market and French companies to achieve the energy and environmental transition.	2019	 
		2022	
	Science Based Target initiative (SBTi) Support companies in reducing greenhouse gas (GHG) emissions by setting a "science-based" GHG reduction target and providing technical support	2019	
	30% Club France Investor Group Promote gender parity in SBF 120 management bodies (at least 30% women on executive committees in 2025)	2020	 
		2022	
	Net Zero Asset Manager Alliance Support the target of net zero CO2 emissions by 2050 (or before) and support investments aligned with this target	2021	
	Finance for Biodiversity Pledge Commit to integrating biodiversity into asset management	2021	 
		2022	
	Business for Nature's call to Action Calling on governments to adopt policies that protect nature	2021	
	Global Impact Investing Network Develop impact investing	2022	

Crédit Mutuel Asset Management

Crédit Mutuel Asset Management continued its strategic project “Towards Responsible and Sustainable Finance” which is fully in line with the medium-term plan *ensemble#nouveau monde, plus vite, plus loin!* [together#today's world, faster, further!] of Crédit Mutuel Alliance Fédérale.

Within this framework, the range is structured in two parts:

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

Crédit Mutuel Asset Management is determined to shift all of its asset management to a sustainable and responsible finance approach, backed by its responsible commitment for more than 15 years. This initiative is structured around a proprietary non-financial analysis model which relies on several suppliers of ESG data and climate experts in order to expand its range of SRI funds and ESG integration.

Crédit Mutuel Asset Management has 49 SRI-certified funds, including 26 obtained in 2022: As of December 31, 2022, SRI-labeled funds totaled €21.5 billion, or 31% of total outstandings. This represents an increase of 67% compared to 2021.

The list of SRI funds and the responsible investment policy of Crédit Mutuel Asset Management are available on the website [creditmutuel-am.eu](https://www.creditmutuel-am.eu). Crédit Mutuel Asset Management assesses the exposure of its portfolios to climate risks, within the framework of Crédit Mutuel Alliance Fédérale's environmental goals, and published a climate policy setting out the challenges of such an analysis and the methodologies used to calculate the exposure of its portfolios to these risks.

Finally, bolstered by the informative approach of its asset management company, awareness-raising initiatives for investors have been set up *via* a series of videos aimed at raising awareness of sustainable and responsible finance. White papers^[1] are also published on the management company's website and publicly available on topical and high-stakes topics such as: biodiversity, CO₂ capture, green gas or waste recovery.

Groupe La Française

Groupe La Française is a sustainable investor, taking into account the impact of its decisions and activities on society and the environment. The group offers SRI-labeled funds ranging from equities to real estate, including credit and government bonds.

Groupe La Française presents and makes available on its website its corporate ambitions in terms of CSR and sustainable management through its document, the groupe La Française is committed^[2]. This presentation is completed by the Ethics & transparency code of Conduct^[3], which presents the priorities, the ethical values applied and the commitments for the protection of customers and employees.

The group manages 16 SRI-labeled funds, including four in real estate and 12 in securities, as well as an FNG label in securities:

- in real estate, SRI-labeled funds represent 8% of La Française Real Estate Management's assets under management;
- in securities, SRI-labeled funds represent 51% of the assets of La Française Asset Management and La Française Systematic Asset Management.

In total, labeled funds represent 17% of the group's outstandings.

Assurances du Crédit Mutuel

The range of savings products enables policyholders allows them to invest in financial products that take into account the impact of the ecological transition on companies, but also on the environment and society. Assurances du Crédit Mutuel applies an ESG policy to the financial management of its euro funds in savings & retirement insurance. In terms of units of account, more than 80 funds promoting environmental and social characteristics, or integrating a sustainable investment objective – in order to be classified in Article 8 or 9 according to the European Disclosure regulation – are offered to policyholders in savings & retirement insurance. More than 30 of these unit-linked products also have SRI, Greenfin or Finansol labels. All these funds have been rigorously selected for their environmental and/or social objectives.

Finally, savings & retirement insurance policyholders have access to a turnkey management offer, the Pack Environnement 50, 50% of which is invested in the Assurances du Crédit Mutuel euro fund and 50% in a unit-linked SRI fund, CM-AM Sustainable Planet, whose aim is to play an active role in protecting mankind and its environment.

In addition, the Funds For Good-Global Flexible Sustainable fund managed by Banque de Luxembourg is offered in savings & retirement insurance to Assurances du Crédit Mutuel customers. In 2022, this fund donated half of its net profits to the Funds for Good Philanthropy foundation, which aims to combat poverty by offering support to disadvantaged people with a business project.

[1] Technical notes produced internally that provide an analysis on a specific subject:

<https://www.creditmutuel-am.eu/fr/non-professionnels/actualites/white-paper/index.html>

[2] La Française is committed: https://www.la-francaise.com/fileadmin/user_upload/_imported/XX3533-La_Francaise_s_engage-maj_mars_2022.pdf

[3] Code of Conduct Ethics & Transparency:

https://www.la-francaise.com/fileadmin/docs/Actualites_reglementaires/XX3504-code_de_conduite_global_-sept_2020_FR_EXTERNE.pdf

In addition to its savings offers, Assurances du Crédit Mutuel encourages its customers to reduce their carbon footprint through other offers:

- the Assur Velo offer, which covers the breakage and theft of conventional or electrically-assisted bicycles as well as bodily injury to cyclists, in order to promote the development of soft mobility;
- the Mobility benefit, which covers motor policyholders free of charge for their home-to-work trips, even if they use public transportation or bicycles;

- the Carpooling Taxi benefit, which promotes eco-sharing by covering the cab costs of motor policyholders in the event of their vehicle being immobilized, whether the policyholder is carpooling as a driver or passenger;
- cover for renewable energy installations, through the basic package or the option for outdoor installations of the multi-risk property insurance;
- the option to extend the warranty on the repair of household appliances for property policyholders, in order to avoid replacing these goods for an additional five years.

3.8.3 Renewable energy financing trends

In 2022, CIC's Project finance department (including the regional banks)^[1] financed 14 renewable energy projects: three onshore wind farm projects located in France totaling nearly 125 MW, two offshore wind farm projects in Europe representing nearly 1,920 MW (Hornsea 2 wind farm in the United Kingdom and Gemini wind farm in The Netherlands), two biomass projects located in France representing nearly 209 MW, four solar projects totaling nearly 377 MW (three in France and one in Spain), and three methanization/biogas projects in France.

The aggregate authorizations for renewable energy projects totaled €2.2 billion at the end of December 2022, an increase of 3% compared to the end of 2021. Excluding sub-participations, the aggregate authorizations for renewable energy projects amounted to €2 billion at the end of December 2022, up 1% compared to 2021.

The group's 2019-2023 strategic plan *ensemble#nouveau monde, plus vite, plus loin !* (together#today's world, faster, further!) sets the increase in financing for projects with a high climate impact at 30%. This objective initially concerns the corporate banking activity, notably through project financing. All projects financed strictly comply with the environmental standards of the host country. This financing is subject to an internal evaluation procedure that includes the ESG criteria described in the compliance plan (paragraph 3.11.3.3).

At the same time, the number of renewable energy financing projects to support customers in the professional, individual, farming and business markets carried out by the Crédit Mutuel and CIC networks in 2022, *i.e.* nearly 4,000 cases, has almost doubled compared with 2021.

In 2022 Crédit Mutuel Capital Privé continued to roll out Siloé Infrastructures, an investment fund dedicated to infrastructure. This fund aims to provide shareholders' equity or quasi-equity in projects contributing to the regional development in France, the Eurozone, the United Kingdom and Switzerland. The investment strategy of this fund provides for at least 50% of the capital to be invested in projects related to the energy transition. In addition to the operations carried out in 2020 and 2021, Siloé has invested in a platform of photovoltaic projects developed by the Tenergy group alongside Banque des Territoires. At the end of 2022, the Hexagon investment vehicle, in which Siloé invested in 2020, finalized the commissioning of a 126 MW wind farm project in eastern France. All of these projects will ultimately represent a renewable energy production capacity of nearly 4 GW.

In addition, Siloé provided capital to a company specializing in the development of hydrogen generators and won calls for tenders in electric vehicle charging infrastructures.

Green Bond issue of BFCM

The group has a number of well-adapted issue programs, providing access to investors in the main regions at the international level through public and private issues. As part of Crédit Mutuel Alliance Fédérale's SMR strategy, backed by the goals of the strategic plan, the logical and voluntary decision to be part of a long-term Green Bond issuance program was taken to meet investors' expectations. After a first inaugural issue in 2020, a second issue was carried out in 2021, still focused on green assets (financing of renewable wind and solar projects and new residential buildings under the RT2012 standard). The aggregate amount of these two issues totaled €1.5 billion.

In addition, the team set up for this purpose chose to propose a reference framework defining assets eligible for "green" and social issues, enabling BFCM to strengthen its active approach to financing these business segments. Both these issues, whose implementation methods comply with the best market standards and which have been recognized for the transparency of the methodologies applied (calculation of emissions avoided, selection of eligible assets, etc.) were a great success among bond investors. As the Green Bond issued in 2020 included in the Bloomberg Barclays MSCI Green Bond Index of December 2020, the one issued in 2021 was included in the Bloomberg Barclays MSCI Green Bond Index of December 2021.

All documents are available on the website dedicated to investors: <https://www.bfcm.creditmutuel.fr/fr/investisseurs/presentation.html>

[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 CM CIC Project Financing portfolio.

GREEN, SOCIAL & SUSTAINABLE BOND



ENERGY CONSUMPTION

Code	Indicator description	2022*	Published 2021	Change 22/21**
ENV05	Total energy consumption kWh	383,148,360	401,153,059	-9.9%
ENV06	of which electricity kWh	308,098,346	313,717,882	-6.5%
ENV07	gas kWh	50,596,306	63,700,253	-29.6%
ENV08	fuel oil kWh	4,342,781	2,883,702	50.6%
ENV05_01	district heating network kWh	17,298,354	19,141,471	-9.6%
ENV05_02	district cooling network kWh	2,812,496	2,380,749	18.1%
ENV05_03	wood pellets kWh	78	39	ns

* 2022: excluding foreign entities of groupe la Française.

** At constant scope: excluding Beobank, the foreign entities of la Française, Bail Actéa, Bail Actéa Immobilier.

VISO CONFERENCES

Code	Indicator description	2022*	Published 2021	Change 22/21**
ENV32	Number of videoconferences	2,582,182	2,353,730	7.6%

* 2022: excluding entities of groupe la Française.

** At constant scope: excluding Beobank, the entities of La Française, Bail Actéa and Bail Actéa Immobilier.

RECYCLED PAPER AND TONER CARTRIDGES

Code	Indicator description	2022*	Published 2021	Change 22/21**
ENV15	Recycled used paper as output (waste)	16,631	5,266	-4.9%
ENV16	Number of used toner cartridges recycled after use	59,688	59,594	0.1%

* 2022: Recycled paper output: excluding foreign entities of groupe la Française and Beobank - Toner cartridges: 2022: excluding groupe La Française and Beobank entities.

** At constant scope: excluding CMNE and its subsidiaries.

WATER CONSUMPTION

Code	Indicator description	2022*	Published 2021	Change 22/21**
ENV32	water consumption (m ³)	468,512	437,343***	0.8%

* 2022: excluding foreign entities of groupe La Française.

** At constant scope: excluding Beobank, the entities of La Française and Bail Actéa, Bail Actéa Immobilier.

***2021: excluding TARGOBANK in Germany.

PAPER CONSUMPTION

Code	Indicator description	2022*	Published 2021	Change 22/21**
ENV09	Total paper consumption	9,474	5,761	-3.9%
ENV15R	Total recycled paper purchased	4,462	1,031	-6.3%

* 2022: excluding foreign entities of groupe La Française.

** At constant scope: excluding Beobank, the entities of La Française, Bail Actéa, Bail Actéa Immobilier.

3.8.4 Climate risk management

In a world increasingly concerned with combating climate change and environmental degradation, Crédit Mutuel Alliance Fédérale is committed to taking into account climate imperatives in the conduct of all its activities in order to meet the trajectory of the Paris Climate Change Agreements aimed at limiting 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:

Strategy	<ul style="list-style-type: none"> ▪ Governance at the highest level ▪ Inclusion in financial risk management ▪ Sectoral policies key to the strategy
Organization	<ul style="list-style-type: none"> ▪ Major risk management function in coordination with other departments (legal, sales, etc.) ▪ Dedicated tools and workforce ▪ Integration into risk monitoring in the same way as other critical risks
Tools	<ul style="list-style-type: none"> ▪ Climate strategy performance indicators (emissions, outstandings, etc.) ▪ Integration limits/alert thresholds in the RAF^[1] ▪ Comprehensive, reliable and granular carbon footprint data ▪ Projections via stress tests on the ICAAP^[2] ▪ Appropriate controls and audits

[1] Risk Appetite Framework.

[2] Internal Capital Adequacy Assessment Process.

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 SMR Governance Committee, the Risk Committee (executive body), and then to the Risk Monitoring Committee (deliberative body) of Crédit Mutuel Alliance Fédérale and are part of the strategic monitoring of risks, in direct liaison with the Chairman and Executive Management.

The ambitious objectives of the demanding Social and Mutualist Responsibility (SMR) policy contribute to improving long-term collective performance and are based on:

1. financing projects with a significant impact on the climate;
2. assisting companies in transforming their business models;
3. adding more environmental requirements to the rules for providing financing;
4. aligning sectoral policies to combat the use of carbon and conventional and unconventional hydrocarbons by means of the climate strategy;
5. including direct and indirect impacts of climate risk of the group's activities in Crédit Mutuel Alliance Fédérale's risk mapping^[1].

[1] The system is described in Chapter 3.3 "Non-financial risks and opportunities for Crédit Mutuel Alliance Fédérale".

Qualitative integration of climate risk in the risk appetite framework

The risk appetite framework (RAF) – or mechanism is presented in Chapter 5 of this universal registration document. In the area of environmental and climate-related risks, Crédit Mutuel Alliance Fédérale ensures that these risks are fully integrated into the development of its activities, with a long-term vision. This translates into:

- the integration of the monitoring of environmental and climate risks, as well as their transmission mechanisms to other risks – particularly credit -, into the risk management system;
- the implementation of dedicated tools to identify, measure, manage and monitor all of these risks, both physical and transition;
- the deployment of measures to mitigate the impact of environmental risks and measures to adapt to climate change.

Environmental and climate-related risks are specifically monitored as part of Crédit Mutuel Alliance Fédérale's risk appetite.

In 2023, two climate and environmental risk indicators were rolled out, in line with sectoral policies. These are exposures to the coal sector and the hydrocarbon sector of Crédit Mutuel Alliance Fédérale's customers operating in these sectors. Alert thresholds and limits have been set according to Crédit Mutuel Alliance Fédérale's risk appetite, with corrective actions if these levels are exceeded.

As a reminder, Crédit Mutuel Alliance Fédérale's sectoral policies set criteria for the exercise of activities with the highest social and environmental impacts – including climate risks.

Climate risks – country limit

In the context of the rise in risks related to climate change that could impact countries and their economies, research on the assessment of climate risks has made it possible to include an ESG component in the definition of these country limits. These limits consist of capping the exposure levels that the group authorizes to take on the counterparties with which it deals in each country. Thus, the calculation of the country limit takes into account the Notre Dame Global Adaptation Index – or ND-GAIN⁽¹⁾ 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. In fiscal year 2022, the calculation of country limits taking into account the ND-GAIN index was updated even though the country ratings of financial agencies are increasingly integrating the environmental aspect.

ECB stress test 2022

The ECB organized a climate stress test in 2022 for the banks directly supervised by it. Crédit Mutuel Alliance Fédérale participated in the dedicated working group led by the Confédération Nationale du Crédit Mutuel on the completion of the three modules:

- the first module concerned a qualitative questionnaire relating to the integration of climate risks in stress test exercises;
- the second module concerned the collection of carbon and financial data from the top 15 customers for each of the 22 segments monitored;
- the third module analyzed the impact of transition and physical risks based on four scenarios predetermined by the Network of Central Banks and Supervisors for Greening the Financial System (NGFS).

An analysis of the results shows that a system for controlling these risks has been put in place to ensure that they are managed and monitored in accordance with the consolidated roadmap. On the other hand, in the context of the ECB stress test on credit risk, it appears that climate risks do not cause a significant increase in short-term risks (provisions, transfer of buckets), either in terms of physical risk (one-year horizon) or transition risk (three-year horizon). At this stage, the group does not therefore allocate any additional shareholders' equity for climate risks.

(1) <https://gain.nd.edu/>

Taxonomy

Pursuant to European Commission Regulation (EU) 2020/852, Crédit Mutuel Alliance Fédérale publishes its balance sheet exposures to sectors eligible for the Taxonomy regulation.

The European Taxonomy is a set of sustainability criteria for companies, investors and governments. It identifies economic activities that can be considered sustainable or eco-responsible. It thus enables financial players and companies to have a common language and facilitate sustainable investments and financing.

It determines six environmental objectives to which the asset must correspond in order to be qualified as eligible or aligned.

<p>Climate change mitigation</p> 	<p>Climate change adaptation</p> 	<p>Sustainable use and protection of aquatic and marine resources</p> 
<p>Stabilization of greenhouse gas concentrations in line with the Paris Agreement target to limit the rise in temperatures</p>	<p>Reduction of the risk of negative impacts of the climate on economic activities, populations, nature or property</p>	<p>Maintaining the good condition of water resources and preventing the deterioration of marine and river waters or aquatic ecosystems</p>
<p>Transition to a circular economy</p> 	<p>Pollution prevention and reduction</p> 	<p>Protection and restoration of biodiversity and ecosystems</p> 
<p>Waste prevention, reduction, recovery and recycling</p>	<p>Prevention and reduction of emissions of pollutants other than CO₂ in the air, water and soil. Improvement of air, water or soil quality levels</p>	<p>Conservation of natural habitats, preservation of their deterioration, use and sustainable management of land and forests. Implementation of sustainable agricultural practices</p>

An economic activity is considered eligible if it is included in the evolving list of activities included in the delegated acts of the Taxonomy Regulation. These are the activities selected at this stage by the European Commission because they are likely to make a substantial contribution to at least one of the environmental objectives. This list will be gradually supplemented.

An activity is classified as sustainable or aligned if it meets four conditions:

- the economic activity must be able to demonstrate that it provides a substantial benefit to at least one of the six environmental objectives;
- it must do no significant harm to any of the other five environmental objectives;
- it must respect the minimum social guarantees;
- it must comply with the technical performance thresholds.

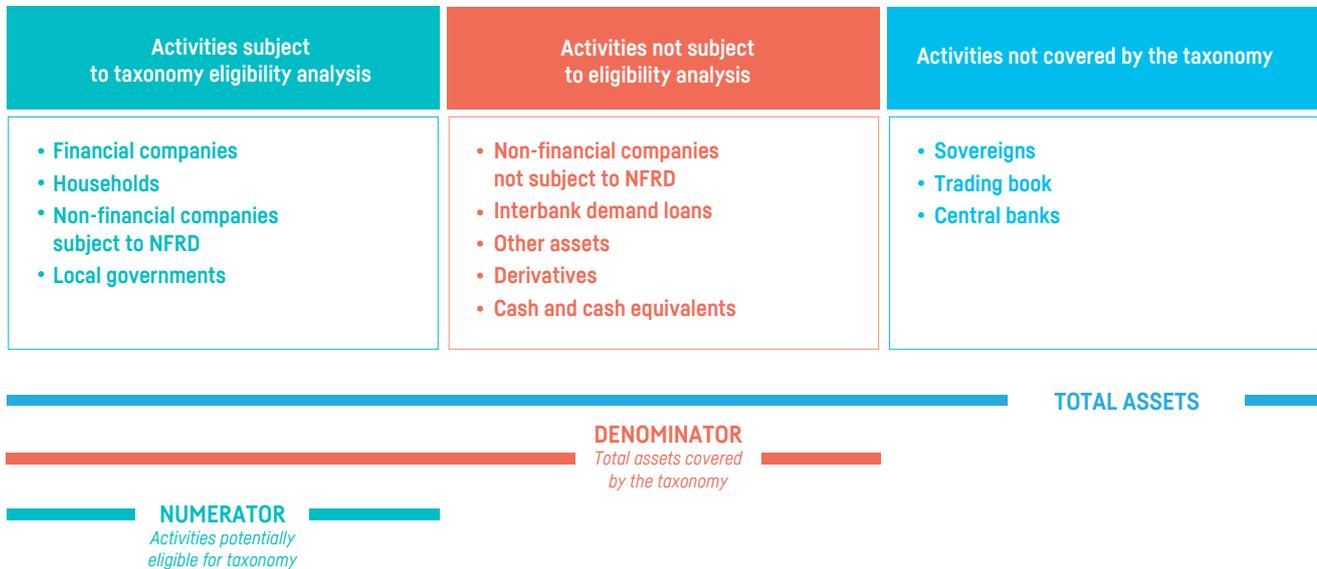
In addition, to meet the objective climate change mitigation, *i.e.* reducing the impact of an organization on the environment, the activity can be classified within three levels of qualification:

- sustainable activities: purely green carbon neutral or low-carbon activities, compatible with the Paris Agreement (example: low-carbon transport);
- transition activities which contribute to reducing greenhouse gas emissions when there are no alternative activities that are already sustainable, such as building renovation;
- enabling activities: those that make it possible to transition, “green” or reduce emissions from other activities/segments (e.g. wind turbine manufacturing plant).

Methodological presentation

Taxonomy reporting architecture

The diagram below specifies the scope of assets taken into account in the analysis of the balance sheet according to regulatory requirements (Article 8 of the Taxonomy Regulation).



Balance sheet asset analysis method

Crédit Mutuel Alliance Fédérale analyzed its exposures to determine the eligibility of its portfolio for the European Taxonomy by identifying the share of its assets eligible for the first two objectives of this regulation in the customer portfolio. This eligibility analysis was carried out according to several criteria.

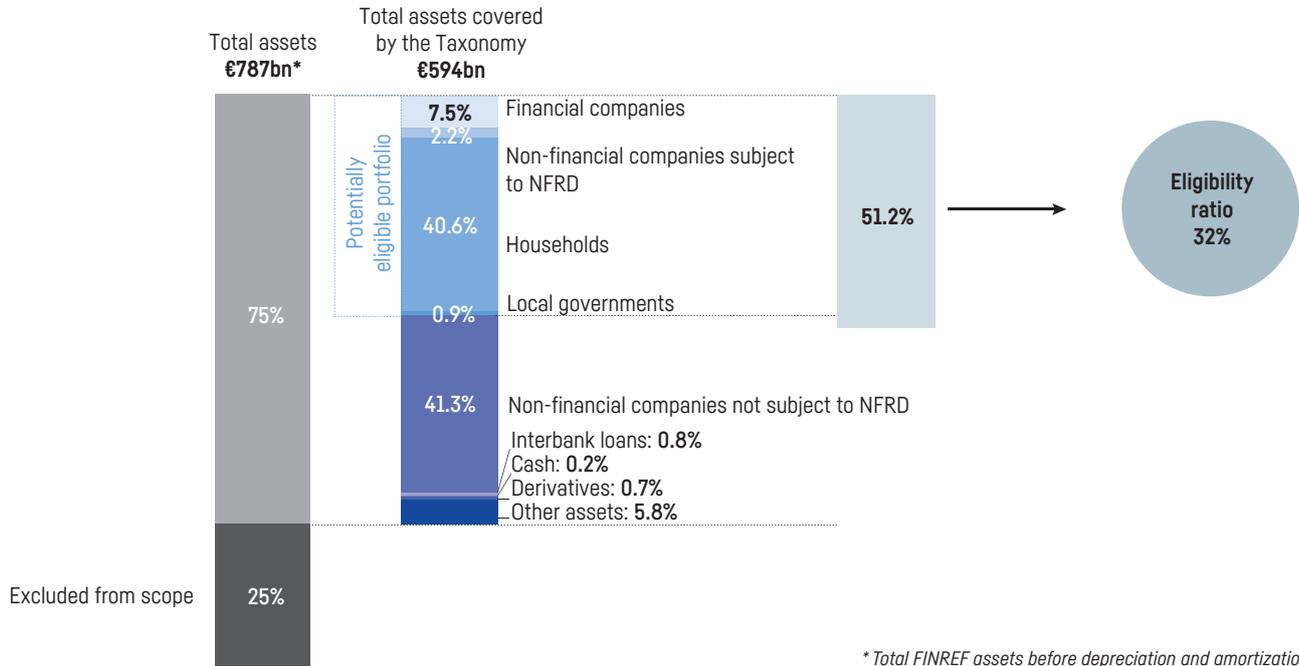
For the household financing part, all real estate loans and property renovation work were considered as fully eligible in accordance with delegated regulation 2021/2178 of July 6, 2021. This year, all vehicle loans made on or after January 1, 2022 were added.

Concerning the corporate financing part, the first step was to identify the customers subject to the European Non-financial reporting directive, the second was to collect the eligibility percentages for the Taxonomy of corporate revenue. This information comes from their universal registration document, management report or non-financial performance statement. The eligibility percentages thus published by the customers were used as a basis for weighting the outstandings relating to the latter. As a reminder, in the previous year, the voluntary Green Asset Ratio (GAR) took into account the eligibility of the activities of customers subject to NFRD on the basis of their main sector of activity (referenced by Delegated Regulation [EU] 2021/2139).

It should be noted that in the case of an exposure to a subsidiary, the choice was made to use the ratio published by its parent company.

Portfolio eligibility

Details of eligibility analysis results



The assets excluded from the scope correspond to exposures to central governments, central banks and supranational issuers, as well as to the trading book.

Note: exposures to CDC, a French public institution that benefits from the same rating as France and is considered to be equivalent to sovereign, are also excluded from the scope.

51.2% of the assets covered by the regulation were subject to the Taxonomy eligibility analysis.

As of December 31, 2022, the Green Asset Ratio of eligibility to the Taxonomy is 32%, which corresponds to the ratio of eligible assets to all assets covered by the regulation.

PRESENTATION OF REGULATORY RATIOS (MANDATORY BASIS)

Ratios	Denominator	2022
Share of exposures on economic activities eligible for the taxonomy	Total assets covered by the taxonomy	32.0%
Share of exposures on activities not eligible for the taxonomy	Total assets covered by the taxonomy	19.3%
Share of exposures to central governments, central banks and supranational issuers	Total assets	21.7%
Share of derivatives	Total assets	0.5%
Share of exposures to companies not required to disclose non-financial information under Article 19 bis or Article 29 bis of Directive 2013/34/EU (NFRD)	Total assets	31.1%
Share of trading book	Total assets	2.9%
Share of interbank demand loans	Total assets	0.6%

Nuclear energy and fossil gas activities

In accordance with delegated regulation EU 2022/1214, Crédit Mutuel Alliance Fédérale publishes the “Model 1 - Nuclear energy and fossil gas activities” required by the regulations. Concerning models 4 and 5, also subject to publication obligations under delegated regulation 2022/1214, Crédit Mutuel Alliance Fédérale is not in a position to publish data as of December 31, 2022 due to the unavailability of information, in particular due to the fact that they depend on the first publication of these tables by non-financial companies on which financial institutions rely for their own publication.

Nuclear energy activities		Fossil gas activities	
The company is engaged in, finances or is exposed to research, development, demonstration and deployment of innovative facilities for the production of electricity from nuclear processes with a minimum of waste from the fuel cycle.	Yes	The company is engaged in, finances or is exposed to construction or operation of facilities for the production of electricity from gaseous fossil fuels.	Yes
The company is engaged in, finances or is exposed to the construction and safe operation of new nuclear power or process heat facilities, including for district heating purposes or for industrial processes such as hydrogen production, including their safety upgrades, using the best available technology.	Yes	The company is engaged in, finances or is exposed to the construction, refurbishment and operation of combined heat/cooling and power generation facilities based on gaseous fossil fuels.	Yes
The company is engaged in, finances or is exposed to the safe operation of existing nuclear power or process heat production facilities, including district heating or industrial processes such as hydrogen production, based on nuclear energy, including their safety upgrades.	Yes	The company engages in, finances, or is exposed to the construction, rehabilitation, or operation of heat generation facilities that produce heat/cold from gaseous fossil fuels.	Yes

However, the financing of the aforementioned activities is governed by internal rules set out in dedicated sectoral policies. The sectoral policies are texts governing the financing and investments of Crédit Mutuel Alliance Fédérale which intervene in sensitive sectors with regard to social or environmental criteria. Thus, some of the above-mentioned financing that has been carried out in the past is no longer feasible due to the implementation of sectoral policies.

The “civil nuclear energy” sectoral policy provides a framework for operations and advice provided to companies in the civil nuclear sector. The group ensures that any request is within the framework of the laws in force as well as the standards 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. Like all sectoral policies of Crédit Mutuel Alliance Fédérale, the “civil nuclear energy” policy is publicly available.^[1]

Similarly, the “hydrocarbons” sectoral policy prohibits any financing of new exploration, production, infrastructure^[2] (oil and gas pipelines and storage units) or processing (oil refineries, gas liquefaction terminals) projects in oil and gas. This decision reinforces the decision initially taken in February 2020 to no longer finance unconventional hydrocarbon projects, including projects in the Arctic. Similarly, Crédit Mutuel Alliance Fédérale will refrain from providing banking and financial services to companies listed in the Global Oil & Gas Exit List (GOGEL) reference list of the NGO Urgewald, whose share of unconventional hydrocarbon production exceeds 25% (threshold that will be reduced to 20% on 01/01/2024)^[3].

Next steps

In 2023, Crédit Mutuel Alliance Fédérale will continue its work on Taxonomy reporting in order to calculate the alignment of its assets with the first two objectives (mitigation and adaptation to climate change).

Regarding financing to companies subject to NFRD, the alignment percentages calculated by customers will be taken into account both in terms of their revenue and their investments.

For purpose-built financing such as real estate assets, vehicles or financing dedicated to climate change mitigation and adaptation, an analysis of the technical criteria^[3] will be conducted to assess their alignment with the Taxonomy.

The four other environmental objectives will be included in the analysis, as soon as the complementary delegated acts of the European Commission are published in the Official Journal of the European Union.

Pillar 3 ESG

Additional detailed data on Crédit Mutuel Alliance Fédérale’s environmental, social and governance risks are available in Pillar 3 ESG chapter 5.

[1] <https://www.bfcm.creditmutuel.fr/fr/rsm/politiques-sectorielles/index.html>

[2] Excluding the shipping sectoral policy:

https://www.bfcm.creditmutuel.fr/partage/fr/CC/BFCM/assets/articles/rsm-politiques-sectorielles/Politique_Mobilite_Secteur_Maritime.pdf

[3] Technical criteria listed in Appendix II of Delegated Regulation [EU] 2021/2139 of June 4, 2021.

Obligations related to Article 29 of the energy-climate law for the activities of insurance companies and asset management companies

The energy-climate law and its implementing decree 2021-663 published on May 27, 2021 reinforce the ESG transparency requirements of investors whose assets and/or total balance sheet exceed €500 million.

The publication requirements cover three areas:

- climate: with the publication of the strategy to align with the temperature targets of the Paris Agreement (with quantitative targets for greenhouse gas emissions every five years until 2050) as well as the alignment of outstanding amounts (or the balance sheet) with the European Taxonomy sustainable activities and fossil fuel activities;
- biodiversity: through the publication of a strategy for alignment with international biodiversity conservation targets, with quantified targets;
- the integration of ESG factors in the risk management, governance and transition support systems (in particular shareholder engagement) of market players.

Since last year, these reports have been published on the website of each entity, sent to the competent authorities (including banking and financial supervisors) and to the Climate Transparency Platform (Climate Transparency Hub) of ADEME.

Publication of GACM asset eligibility indicators

In accordance with regulatory requirements, GACM publishes the eligibility indicators of its assets for the European taxonomy. The basis for calculating the published ratios is the total assets of GACM, including account units, but deducting exposures to central governments, local governments, central banks or supranational issuers.

The share of exposures to taxonomy (A) eligible activities at the end of 2022 includes real estate assets invested directly or *via* funds, as well as exposures to companies that have published their share of eligible revenue, pro rata to the latter. The latter represent 12% of the assets of the calculation base (E). The share of exposures to activities not eligible for taxonomy (B) represents 24%. The share of derivatives is close to 0%. Lastly, the share of exposures to companies not subject to the NFRD (D) is 12%.

No data estimated on the eligibility or non-eligibility of business activities for the taxonomy was used. The difference between the sum of the aggregates (A), (B), (C), (D), and the calculation base (E), corresponds to the assets for which the data is not available.

	As a percentage of the calculation basis	In market value as of 12/31/2022 <i>[in € millions]</i>
Share of exposures to activities eligible for taxonomy (A)	12%	11,943
Share of exposures to activities non-eligible for taxonomy (B)	24%	23,276
Share of exposures to derivatives (C)	0%	-141
Share of exposures to companies not subject to the NFRD (D)	12%	11,916
Calculation basis (E) = [1] - [2]	100%	98,457
Share of exposures to central governments, sovereigns, central banks or supranational issuers [2]		22,080
Total assets excluding account units [1]		120,537

Asset eligibility indicators of asset management companies subject to publication

In accordance with the requirement of the decree implementing Article 29 of the Energy-Climate law, since last year the management companies concerned have been publishing eligibility indicators for their assets as part of the publication of their Article 29 report in the first half of the year following the year-end.

Investment policies of insurance activities and asset management companies

The energy-climate law and its implementing decree 2021-663 published on May 27, 2021 reinforce the ESG transparency requirements of investors whose assets and/or total balance sheet exceed €500 million.

The publication requirements cover three areas:

- climate: with the publication of the strategy to align with the temperature targets of the Paris Agreement (with quantitative targets for greenhouse gas emissions every five years until 2050) as well as the alignment of outstanding amounts (or the balance sheet) with the European Taxonomy sustainable activities and fossil fuel activities;
- biodiversity: through the publication of a strategy for alignment with international biodiversity conservation targets, with quantified targets;
- the integration of ESG factors in the risk management, governance and transition support systems (in particular shareholder engagement) of market players.

Since last year, these reports have been published on the website of each entity, sent to the competent authorities (including banking and financial supervisors) and to the Climate Transparency Platform (Climate Transparency Hub) of ADEME.

Groupe des Assurances du Crédit Mutuel

Committed for several years to sustainable development, Groupe des Assurances du Crédit Mutuel (GACM) confirms its status as a responsible company through its investment policy.

As a selective investor, GACM has an ESG policy that is regularly updated and validated by the Finance Committee, a committee in which the Chief Financial Officer and Chief Executive Officer participate. This policy enables GACM to take into account the sustainability risks on its assets as well as the environmental or social impacts of its investments. It is based in particular on a policy of excluding issuers with a significant ESG risk. In practice, each time a share or bond is purchased, GACM's asset managers have access to an ESG analysis of the issuer using data provided by ISS ESG. This analysis constitutes an aid to decision-making in the investment process, in addition to the financial criteria that are usually analyzed. Accordingly, the GACM ESG policy encourages investment in accordance with the values of Crédit Mutuel Alliance Fédérale in terms of respect for human rights, the environment and the rules of good governance.

In addition, in order to limit its exposure to and support for certain activities with a high environmental or social impact, GACM has adopted ambitious sectoral policies, particularly in the fossil fuel (coal, oil and gas), tobacco and unconventional weapons sectors.

As an active shareholder, GACM attaches particular importance to shareholder dialog and the exercise of its shareholder rights in the companies in which it invests. In this way, GACM intends to defend the financial interests of policyholders on behalf of which it invests while encouraging the companies it finances in their approach to environmental and social responsibility and good governance. These changes in business practices should also enable GACM to achieve its goals of moving away from coal and reducing the carbon footprint of its investments (-33% by the end of 2029 compared to the end of 2018), with a net zero target, by 2050.

When investing *via* external funds, *ad hoc* ESG questionnaires are sent to asset management companies to ensure that they have an ESG policy compatible with that of GACM.

GACM is convinced that compliance with best ESG practices leads to a better long-term valuation of companies and the development of a more sustainable economy around the world.

Crédit Mutuel Asset Management

Crédit Mutuel Asset Management continued its strategic project "Towards Responsible and Sustainable Finance" in 2022, which is fully in line with the medium-term plan *ensemble#nouveau monde, plus vite, plus loin!* [together#today's world, faster, further!] of Crédit Mutuel Alliance Fédérale.

The funds are now classified according to the SFDR regulation, which reinforces communication with bearers on sustainability risk by taking into account environmental, social and governance criteria in the investment strategy. The funds must be classified according to the following categories:

- so-called Article 6 funds: general communication rule common to all funds in the pre-contractual documentation (prospectus), regarding whether or not sustainability risk is taken into account;
- so-called Article 8 funds: the funds covered by this article systematically incorporate environmental and social characteristics. They promote these characteristics insofar as the companies in which the investments are made apply best governance practices;

- so-called Article 9 funds: the funds covered by this article contribute to the achievement of a defined and quantifiable environmental and/or social objective, *e.g.* in terms of carbon emission reduction. They are also products with a social objective, such as impact funds.

This new regulatory framework was an opportunity for Crédit Mutuel Asset Management to redefine its objectives regarding the inclusion of non-financial criteria in the management of its funds. Crédit Mutuel Asset Management's ambition is to classify 100% of open-ended funds under active management in Article 8 or in Article 9.

Overall and according to the classifications of the European SFDR regulation, Crédit Mutuel Asset Management's outstandings break down as follows at December 31:

- Art. 9 funds: €195 million;
- Art. 8 funds: €58.4 billion.

These classifications represented 84.6% of Crédit Mutuel Asset Management's outstandings at December 31, 2022.

Crédit Mutuel Asset Management's responsible investment policy has been modified to take into account the implementation of the SFDR regulation. Thus, responsible investment gradually covers all Crédit Mutuel Asset Management's activities through an ESG integration system for most of the funds or an SRI approach for a range of targeted funds.



Since 2020, Crédit Mutuel Asset Management has been committed to implementing sectoral policies focused on managing sectors with high environmental and social risks, in accordance with Crédit Mutuel Alliance Fédérale's SMR policy. By way of illustration, Crédit Mutuel Asset Management has implemented a coal policy based on quantitative and qualitative analysis criteria. The qualitative review is carried out by a team of expert non-financial analysts who ensure the existence and credibility of a plan to exit the issuers' coal assets by 2030. An escalation process is put in place to monitor the commitments made by the issuers concerned over time.

In addition, Crédit Mutuel Asset Management has implemented a hydrocarbon sectoral policy by applying the criteria set by the group to its activities. Once again, this is in line with the objectives of Crédit Mutuel Alliance Fédérale, which is strongly committed to stopping the financing of fossil fuels. The policy calls for freezing the positions of issuers involved in unconventional hydrocarbon production above a threshold, set for fiscal year 2023 at 25%. This threshold will be set at 20% in 2024.

Finally, a defense & security policy covers both issuers involved in the development, production and distribution of anti-personnel mines as defined in the Ottawa Treaty which came into force in 1999, and cluster munitions as defined in the Oslo Convention adopted in 2008, but also excludes from its investment portfolios, companies involved in chemical, biological and nuclear weapons on behalf of countries not authorized to hold nuclear weapons according to the Nuclear Non-Proliferation Treaty. In addition, a strong vigilance is ensured within the company regarding the severe controversies concerning companies involved in military combat arms.

In order to make this responsible investment policy effective, Crédit Mutuel Asset Management has made the committed choice to build a proprietary ESG analysis model, for companies and governments, in collaboration with non-financial rating agencies [ISS ESG, Sustainalytics, Trucost].

This model is designed around a methodology consisting of 45 indicators, representative of the following four pillars: governance, societal, social and environmental, including climate. This non-financial quantitative approach compares companies within their own business segment to determine which companies are making the most progress in assessing risks (physical, market, financial, regulatory and reputation) and opportunities with regard to sustainable development issues as defined by the 17 United Nations sustainable development goals. In addition, a qualitative analysis, based on dialog with senior executives, is conducted internally by a team of experts on ESG topics. This approach aims to assess in terms of trends, at least over three years, the company's ability to integrate and innovate on the five ESG pillars that make up this approach. Ultimately, Crédit Mutuel Asset Management companies are classified into five groups reflecting both their historical and prospective non-financial performance. Managed by a team with more than 20 years of experience in responsible investment, this expertise is made available to all management teams.

Furthermore, as a player committed to the fight against global warming and to the reorientation of financial flows within an economy compatible with a scenario that limits temperature increases to +2°C, Crédit Mutuel Asset Management has deployed a climate risk assessment system. In this context, Crédit Mutuel Asset Management published a carbon policy in early 2020, updated in August 2022, presenting the challenges of such an analysis and the methodologies used to calculate the exposure of its portfolios to these risks. The proprietary tool is intended to be as integrated as possible, and also covers climate transition issues through analysis of issuers' CO₂ strategy, innovation and measurement of the 3-year trajectory of issuers' performance.

Finally, the exercise of voting rights and dialogue with issuers are essential elements of Crédit Mutuel Asset Management's responsibility as a responsible investor. The principle of the voting policy is to cover all shares held for all companies, regardless of size, nationality or share of voting rights held. Its principles are: respect for the rights of minority shareholders, fairness between shareholders, transparency and quality of information provided to shareholders, balance of power between management bodies, sustainability and integration of the long-term strategy of companies and support for best practices in corporate governance.

In addition, work on impact measurement also continued within the various WGs created for this purpose within F4T.

Groupe La Française

Groupe La Française, as a committed player, presents and makes available on its website its corporate ambitions in terms of CSR and sustainable management through its document, La Française commits^[1].

This presentation is supplemented by the ethics & transparency code of conduct^[2]. The latter aims to present the priorities, the ethical values applied and the commitments for the protection of customers and employees.

Each of the group's divisions, financial assets or real estate, classifies more than half of its outstandings under Article 8 or 9 SFDR, *i.e.* in funds that respect sustainability criteria or set environmental or social performance objectives.

As of December 31, 2022, groupe La Française had 51% of actively managed assets under management classified in Article 8 or 9.

As part of its work with the various stakeholders, the group has implemented a materiality matrix^[3] based on the "comply or explain" principle in order to report on its understanding of the various CSR or sustainability issues within the group. This approach also makes it possible to identify the various issues to which it is committed.

Finally, the sustainability risk policies^[4] on the securities and real estate scope complete the information provided to customers on how sustainability risk is taken into account in managing the funds under management.

In October 2010, to reinforce its commitment, groupe La Française signed the Principles for Responsible Investment as well as the numerous initiatives, charters and commitments listed below. In addition, in line with its commitment to the climate, the group supports the Paris Climate Agreement signed at COP21. In this regard, and in order to go further in defining its objectives, groupe La Française has committed to a new and demanding initiative in 2021, the Net Zero Asset Management initiative, and has validated the objectives of this commitment in 2022. The group also joined the Finance for Biodiversity Pledge and joined two Finance for Biodiversity Foundation working groups as well as the 30% Club France Investor Group.

[1] La Française s'engage: https://www.la-francaise.com/fileadmin/user_upload/_imported/XX3533-La_Francaise_s_engage-maj_mars_2022.pdf

[2] Code of Conduct Ethics & Transparency:

https://www.la-francaise.com/fileadmin/docs/Actualites_reglementaires/XX3504-code_de_conduite_global_-_sept_2020_FR_EXTERNE.pdf

[3] CSR policy and materiality matrix: https://www.la-francaise.com/fileadmin/user_upload/XX3570-Politique_RSE-nov_2021_1_.pdf

[4] Sustainability risk policy for securities:

https://www.la-francaise.com/fileadmin/docs/Actualites_reglementaires/20210309_GLF_Risque_de_durabilite_Val_Mob_art_34_FINAL.pdf

Sustainability risk policy in real estate:

https://www.la-francaise.com/fileadmin/docs/Actualites_reglementaires/20200309_GLF_Risque_de_durabilite_immobilier_art_34_FINAL.pdf

3.8.5 Crédit Mutuel Alliance Fédérale sectoral policies

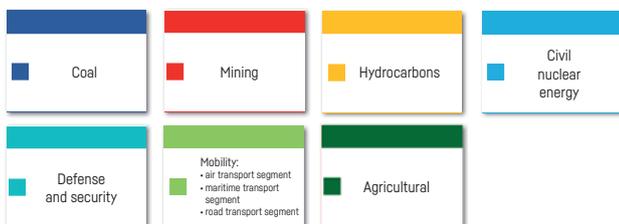
Crédit Mutuel Alliance Fédérale, in the conduct of its diversified business activities, may be involved in transactions, including on sensitive segments with social and environmental risks. As a benefit corporation, Crédit Mutuel Alliance Fédérale wants to work for a fairer and more sustainable society. As such, the group has undertaken to define sectoral policies the aim of which is to define a scope of intervention and to set criteria and principles for conducting business in areas where the social and environmental impacts are the most significant.

The measures resulting from these policies apply to all entities subject to compliance with the legal and regulatory provisions specific to each entity. They may be revised whenever necessary.

Crédit Mutuel Alliance Fédérale chooses responsible sector policies in line with its mutualist values. Its ambition is to support its customers in the transformation of their business model and thus contribute to the fight against global warming, the reduction of biodiversity and the deterioration of the environment. Sector policies and their changes are systematically submitted to the Boards of Directors of Caisse Fédérale de Crédit Mutuel, BFCM and CIC for approval.

In addition, since the first quarter of 2021, exposures related to sectors eligible for a sector policy are subject to dedicated monitoring. This specific reporting includes the risk monitoring system presented to the Risk Committee (executive body) and the group Risk Monitoring Committee (deliberative body). At December 31, 2022, €41.7 billion were eligible for sectoral policies compared to €36.2 billion at the end of 2021, of which €26.7 billion in the Corporate portfolio. In this portfolio, the share of exposures related to the coal and hydrocarbon sectoral policies amounted to 0.6% and 17% respectively.

SECTORAL POLICIES



Inclusion of criteria in the granting of financing

Crédit Mutuel Alliance Fédérale has chosen to strengthen the rules for the application of its sectoral policies by creating specific analysis grids for the business sectors subject to sectoral 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.

The group has developed an overall assessment grid to expand its requirements for all sectors that are not part of the sectoral policies, enabling the sales teams to ensure compliance with the commitments of the group's SMR approach. This decision support grid also integrates an analysis of the counterpart's ESG policy as well as the consideration of controversies related to human rights, labor rights, the environment, and the fight against corruption.

In order to obtain a contradictory ESG analysis, the analysts and teams in charge of granting financing have access to ESG data provided by the non-financial rating agency ISS ESG. In addition, the teams have the opportunity to submit the file under review to the corporate banking SMR Committee specially created to deal with issues relating to ESG challenges and analysis of controversies for decision by the Commitments Committee. In 2022, 41 projects were presented to the SMR Committee.

Thus, Crédit Mutuel Alliance Fédérale 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 to promote the non-financial performance of customers as an objective decision-making element. This makes it possible to engage in dialogue with customers to better support them in their sustainable growth project. In addition, the reputational risk associated with the non-application of its SMR strategy commitments could create a significant financial risk for Crédit Mutuel Alliance Fédérale. 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.

Integration of ESG criteria in lending in the networks

In 2021, Crédit Mutuel Alliance Fédérale started a dedicated working group with the regional bank CIC Lyonnaise de Banque to integrate ESG criteria into financing decisions for companies with revenues of over €100 million. In 2022, following this pilot, the approach was rolled out to all CIC regional banks as well as to BECM. An analysis based on ESG criteria is requested when entering into a relationship or when granting a loan for GE/GME customers. The purpose of this analysis is to:

- determine whether the counterparty is subject to a sectoral policy and verify its proper application;
- analyze any controversies and assess their risk;
- determine the maturity of the company in environmental, social and governance matters.

Through an exchange with the company, an ESG grid is completed at least once a year by the account manager in order to obtain a score. This rating corresponds to the CSR performance of the counterparty. The completion of the grids is the responsibility of the account managers upstream of the presentation of the file to the Commitments Committee to decide on the granting of financing. A CSR Committee has been created at the level of each regional bank and BECM. A consultative body, its mission is to issue opinions on projects that are likely to raise social, environmental or governance issues when entering into a relationship, granting financing or during the annual renewal of the bank's projects. It also aims to advance the methods of project analysis within the bank. Referral to the CSR Committee is mandatory for projects with a score of D- or lower on the ESG questionnaire. The roll-out will continue in 2023 in the federations.

Focus on sector policies

The sectoral policies enhance Crédit Mutuel Alliance Fédérale's commitments to meet the guidelines of the Paris Agreements on climate change as quickly as possible, which aim 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.



Coal sectoral policy

1. Companies on the Global Coal Exit List

- immediate freezing of banking transactions, financing of projects and investments,
- immediate disposal of investments in insurance, asset management and trading room activities;

2. Absolute threshold

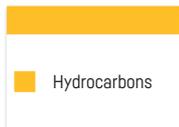
- annual coal production < 10 MT,
- coal-based installed capacities < 5 GW;

3. Relative application threshold

- coal share 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.

Crédit Mutuel Alliance Fédérale 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 plan to close all their coal assets by 2030. These requests may be subject to an escalation procedure with Executive Management.



Hydrocarbons sectoral policy

In October 2021, Crédit Mutuel Alliance Fédérale stopped all financing of new exploration, production or infrastructure projects^[1] (oil pipeline, gas pipeline and storage units) or processing (oil refineries, gas liquefaction terminals) in oil and gas.

Crédit Mutuel Alliance Fédérale reinforces its policy with restrictive thresholds and refrains from providing banking and financial services to companies listed in the NGO Urgewald's Global Oil & Gas Exit List whose:

- share of unconventional oil and gas production exceeds 25% as of January 1, 2023;
- share of unconventional oil and gas production exceeds 20% as of January 1, 2024.

[1] Excluding the shipping sectoral policy:

https://www.bfcm.creditmutuel.fr/partage/fr/CC/BFCM/assets/articles/rsm-politiques-sectorielles/Politique_Mobilite_Secteur_Maritime.pdf

[2] Density between 22.3 to 10° API (American Petroleum Institute).

[3] Density less than 10° API.

[4] Deep-water oil: deep-water oil, which refers to exploration, development and production operations of offshore, the depth of which exceed 5,000 feet (1,500 m).

[5] Scope of the Arctic Monitoring and Assessment Program (AMAP) Zone covering eight countries bordering the Arctic Ocean: Canada, Denmark (with Greenland), Finland, Iceland, Norway, Russia, Sweden and the United States (Alaska), with associated marine areas, for a total area of approximately 18 million km².

This voluntary trajectory is also in line with the objective of carbon neutrality by 2050.

The unconventional hydrocarbons concerned by the application of the threshold are:

- shale oil or shale gas;
- oil from bituminous sands;
- heavy^[2] and extra heavy^[3] oil;
- deep water oil;^[4]
- oil extracted in the Arctic^[5];
- coal bed methane.

Beyond the respect of the thresholds, Crédit Mutuel Alliance Fédérale conditions the continuity of its financial support to companies committed to respecting a public climate trajectory, detailed and consistent with the objectives of reducing the carbon footprint of its credit, investment and insurance portfolios.

Furthermore, Crédit Mutuel Alliance Fédérale maintains financing and investments for companies in the fossil fuel sector that are publicly committed to a strategy of adapting their activities to promote the energy transition through financing and/or investments dedicated to renewable energy infrastructures.



Mobility sectoral 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).

In terms of air transport

Crédit Mutuel Alliance Fédérale and its subsidiaries will reserve their 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, Crédit Mutuel Alliance Fédérale limits its financing to companies whose average fleet age does not exceed 15 years, reduced to 12 years from 2025.

In terms of maritime transport

As a signatory of the Poseidon Principles through CIC in 2019, Crédit Mutuel Alliance Fédérale has set itself the objective of dipping below the International Maritime Organization (IMO) curve by 2025, as part of its maritime transport policy. Crédit Mutuel Alliance Fédérale excludes the financing of all vessels transporting oil and dedicated to the transport of unconventional gas.

In terms of road transport

Crédit Mutuel Alliance Fédérale 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 and industrial vehicles meeting at least the Euro 6 standard are eligible for financing.



Agricultural Policy

The objective of this policy is to support efficient, sustainable and low-carbon agriculture through the implementation of a comprehensive system: subsidies to support the completion of a carbon assessment and to support certification procedures, range of subsidized dedicated loans.

These schemes encourage operators to invest to reduce greenhouse gas emissions, improve the potential for carbon storage in the soil and preserve biodiversity.

In addition, an objective analysis of the action plans carried out by farmers in environmental, social and governance matters, based on the condition-based principles of the Common Agricultural Policy (CAP), strengthens the lending decision-making system of banking transactions for the agricultural market.

This approach promotes the agro-ecological transition and allows a constructive dialogue with farmers to better support them in their projects.



Mining policy

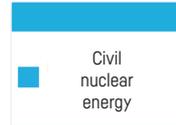
This policy is applicable to all financial transactions intended for mining companies irrespective of the mining resource and method of extraction employed. This covers the entire sector from ore exploration to shipping.

3.8.6 Biodiversity protection

Although Crédit Mutuel Alliance Fédérale is already helping to protect biodiversity through its actions to combat climate change, the group has decided to strengthen its commitments in this area.

Work was undertaken in 2022 to define an action plan and objectives, in particular to reduce Crédit Mutuel Alliance Fédérale's contribution to the erosion of biodiversity in its financing and investments and in its internal operations. A sectoral policy to combat deforestation will be adopted in 2023. This means excluding all financing that could contribute, directly or indirectly, to the destruction of forests, particularly irreplaceable tropical forests.

The group is committed to no longer intervening in the financing or in investments that are directly assigned or 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 list, and Unesco World Heritage sites.



Civil nuclear energy policy

This policy governs operations and advice provided to companies in the civilian nuclear sector. The group 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 weapons industry.

The group refuses to take any part in controversial weapon operations and respects drastic principles regarding unconventional weapons as well as countries affected by such funding.

In addition, in 2021, Crédit Mutuel Asset Management joined Business For Nature and Finance for Biodiversity, and signed the Finance for Biodiversity Pledge to support commitments in favor of biodiversity. Groupe La Française has also been a signatory to the Finance for Biodiversity Pledge since 2022 and has joined two Finance for Biodiversity Foundation working groups. These commitments to the protection, restoration and sustainable management of natural resources must be translated into a responsible investment strategy in this area, in particular by implementing tools to identify, measure and monitor the biodiversity impact of their investment portfolio and shareholder dialogue.

3.9 CSR OF THE TECHNOLOGY DIVISION

3.9.1 Quantitative data

Indicator code	Indicator description	Unit of expression	2022
ENV04	Water consumption	Cubic meter	30,420
ENV05	Total energy consumption	Kilo Watt Hour	74,314,742
ENV05_01	Steam water in urban networks	Kilo Watt Hour	3,962,359
ENV05_02	Chilled water in urban networks	Kilo Watt Hour	666,910
ENV06	Electrical energy consumption	Kilo Watt Hour	64,561,115
ENV07	Gas energy consumption	Kilo Watt Hour	3,638,615
ENV08	Fuel energy consumption	Liters	1,485,744
ENV09	Total paper consumption	Metric tons	76
ENV10	Total consumption of paper for internal use	Metric tons	19
ENV11	Total paper consumption for external use	Metric tons	57
ENV13	Consumption of toner cartridges	Whole number	1,906
ENV15	Recycled used paper as output (waste)	Metric tons	374
ENV15L	Total labeled paper purchased	Metric tons	58
ENV15R	Total recycled paper purchased	Metric tons	14
ENV16	Used toner cartridges recycled after use	Whole number	3,682
ENV18	Business travel – air	Kilometers	1,613,381
ENV19	Business travel – train	Kilometers	6,125,076
ENV20	Motor fleet of the entity – number of km all vehicles	Kilometers	21,881,141
ENV23	Business travel – employee vehicle	Kilometers	212,319
ENV24	Business travel – collective transport – bus-cars-metro-tram	Kilometers	158,592
ENV25	Business travel – taxi & car rental	Kilometers	612,039
ENV31	Number of videoconferencing equipment	Whole number	350
ENV32	Number of videoconferences	Whole number	596,393
ENV33	Total duration of videoconferences	Centesimal hours	862,336
ENV34	Documents digitized (paper avoided)	Metric tons	14
GOUV01	Total number of members of the Board of Directors of the structure (in the sense of capitalistic company)	Whole number	61
GOUV02	Number of women on the Board of Directors of the structure (in the sense of capitalistic company)	Whole number	19
GOUV09_02	Subsidiaries: number of directors from the Board of Directors or Supervisory Board aged < 40 years	Whole number	1
GOUV09_03	Subsidiaries: number of directors from the Board of Directors or Supervisory Board aged 40-49 years	Whole number	5
GOUV09_04	Subsidiaries: number of directors from the Board of Directors or Supervisory Board aged 50-59 years	Whole number	35
GOUV09_05	Subsidiaries: number of directors from the Board of Directors or Supervisory Board aged ≥60 years	Whole number	20
SOC01	Total workforce in FTE	Full-Time Equivalent	5,798
SOC01_BIS	Individual workforce on the payroll	Natural Persons	5,848
SOC01_F201	Female managers with open-ended contracts in France	Natural Persons	1,009
SOC01_F202	Female non-managers with open-ended contracts in France	Natural Persons	439
SOC01_F203	Female managers on fixed-term contracts in France	Natural Persons	4
SOC01_F204	Female non-managers with fixed-term contracts in France	Natural Persons	29
SOC01_H211	Male managers with open-ended contracts in France	Natural Persons	3,098
SOC01_H212	Male non-managers with open-ended contracts in France	Natural Persons	1,119
SOC01_H213	Male managers with fixed-term contracts in France	Natural Persons	2
SOC01_H214	Male non-managers with fixed-term contracts in France	Natural Persons	148
SOC02	Total workforce France (Open-ended + Fixed-term contracts) – Natural Persons	Natural Persons	5,848

Indicator code	Indicator description	Unit of expression	2022
SOC04	Total workforce with fixed-term + open-ended contracts – managers	Natural Persons	4,113
SOC05	Total workforce with fixed-term + open-ended contracts – non-managers	Natural Persons	1,735
SOC07	Individual workforce – Women	Natural Persons	1,481
SOC08	Workforce – open-ended contract	Natural Persons	5,665
SOC08_NCADRE	Workforce – open-ended contract – non-managers	Whole number	1,558
SOC08BIS	Workforce – open-ended contract – women	Whole number	1,448
SOC09	Workforce – fixed-term contract	Natural Persons	183
SOC12	% open-ended contract employees	Percentage rate	97
SOC13	Total hires	Natural Persons	992
SOC14	Men hired	Natural Persons	695
SOC15	Women hired	Natural Persons	297
SOC16	Hires with open-ended contracts	Natural Persons	806
SOC17	Hires with fixed-term employment contracts	Natural Persons	186
SOC19	Number of employees with open-ended contracts that quit the organization	Natural Persons	330
SOC20	Number of employees with open-ended contracts that quit the organization on dismissals	Natural Persons	19
SOC27	Turnover (resignations + layoffs + end of probationary period + conventional breach of contract)/ (individual workforce)	Percentage rate	5
SOC29	Number of full-time employees with open-ended or fixed-term contracts (including full-time parental leave)	Natural Persons	5,625
SOC30	Number of part-time employees with open-ended or fixed-term contracts and managers with reduced day package	Natural Persons	223
SOC31	% of full-time employees	Percentage rate	96
SOC32	% of part-time employees	Percentage rate	4
SOC38	Total number of days of absence	Working days	57,298
SOC39	Number of days of absence due to illness	Working days	55,825
SOC40	Number of days of absence due to workplace accidents	Working days	1,473
SOC41	Number of days of absence for maternity/paternity	Working days	10,637
SOC44	Number of declared workplace accidents with medical leave	Whole number	36
SOC46	Payroll invested in training (payroll expense for training in euros)	Euros	7,161,967
SOC47	% of payroll expense invested in training	Percentage rate	3
SOC48	Number of employees who have had at least one training session	Whole number	5,345
SOC49	% of trained employees	Percentage rate	91
SOC50	Total number of hours allocated to employee training	Centesimal hours	121,278
SOC52	Number of work-study trainings	Whole number	80
SOC53	Number of work-study trainings with professionalization contract	Whole number	11
SOC54	Number of work-study trainings with apprenticeship contract	Whole number	69
SOC59	Number of women among managerial staff	Whole number	1,013
SOC60	% of women among managerial staff	Percentage rate	25
SOC61	Number of managers promoted in the year to a higher level of function	Natural Persons	167
SOC62	Number of women among managerial promotions	Whole number	50
SOC63	% of women among managerial promotions	Percentage rate	30
SOC68	Number of disabled workers in the total workforce	Whole number	131
SOC71	% of disabled workers in the total workforce	Percentage rate	2
SOC73	Gross payroll excluding employers' contributions (in €)	Euros	255,467,268
SOC74	Average annual compensation of employees with open-ended contracts – all statuses	Euros	44,399
SOC75	Average annual compensation of employees with open-ended contracts – non-managers – all statuses	Euros	28,986
SOC76	Average annual compensation of employees with open-ended contracts – managers – all statuses	Euros	50,246
SOC81	Total amount of bonus (profit-sharing and shareholding) (in € – excluding employer contributions)	Euros	38,768,277
SOC82	Number of employees having received a profit-sharing and shareholding bonus	Whole number	5,579

Indicator code	Indicator description	Unit of expression	2022
SOC88	Workforce < 25 years old	Natural Persons	328
SOC89	Women < 25 years old	Natural Persons	58
SOC90	Workforce 25-29 years old	Natural Persons	619
SOC91	Women 25-29 years old	Natural Persons	153
SOC92	Workforce 30-34 years old	Natural Persons	795
SOC93	Women 30-34 years old	Natural Persons	210
SOC94	Workforce 35-39 years old	Natural Persons	912
SOC95	Women 35-39 years old	Natural Persons	204
SOC96	Workforce 40-44 years old	Natural Persons	818
SOC97	Women 40-44 years old	Natural Persons	213
SOC98	Workforce 45-49 years old	Natural Persons	925
SOC99	of which women 45-49 years old	Natural Persons	263
SOC100	Workforce 50-54 years old	Natural Persons	691
SOC101	Women 50-54 years old	Natural Persons	174
SOC102	Workforce 55-59 years old	Natural Persons	501
SOC103	Women 55-59 years old	Natural Persons	140
SOC104	Workforce 60 years old and older	Natural Persons	259
SOC105	Women 60 years old and older	Natural Persons	66
SOC107	Total gross annual compensation (<i>in €</i>) of employees with open-ended contracts	Euros	251,520,896
SOC108	Total gross annual compensation (<i>in €</i>) of non-managerial employees with open-ended contracts	Euros	45,159,629
SOC109	Total gross annual compensation (<i>in €</i>) of managerial employees with open-ended contracts	Euros	206,361,267

3.9.2 Specific report of the Technology division (Euro-Information, EI)

This document brings together the actions of the different entities working in the IT business. In 2022, Euro-Information's main subsidiaries are:

- Euro-Information Développements (EID) which develops the group's software tools;
- Euro-Information Production (EIP) which manages the group's technical infrastructure and production;
- Euro Protection Surveillance (EPS) which offers remote security services;
- Euro-Information Services (EIS) which installs, maintains and replaces IT equipment (workstations, ATMs, telephone, etc.).

The scope was reduced following the sale of Euro-Information Télécom at December 31, 2020.

These entities, whose legal form may vary, are all controlled by Crédit Mutuel Alliance Fédérale. As a result, they apply the rules and procedures particularly in their social, ethical and environmental responsibility aspects.

New regulations

In 2019, the regulations in force led Euro-Information to reflect on Corporate Social Responsibility, through an analysis of the main underlying risks. An ESG risk mapping has been drawn up containing the scenarios.

The main scenarios with which Euro-Information may be confronted are:

- the absence of dedicated SMR governance;
- the fact that social and environmental issues are not taken into account in the purchasing policy;
- the fact that the increasing greenhouse gas emissions contributing to climate change in the group's business activities are not taken into account;
- the absence of a waste prevention and management system at the internal level of the group's entities;
- the failure of the IT systems security mechanism;
- the absence of a policy to reduce resource consumption (water and paper related to a tertiary activity) at the internal level of the group's entities.

The non-financial performance statement therefore includes concrete actions to address these risks as well as indicators to address these scenarios and enable monitoring.

Actions by scenario

The absence of dedicated SMR governance

In 2018, the group defined a new strategic plan, *ensemble#nouveau monde* (together#today's world), which provides a full expression of SMR. The conditions of the health crisis forced Crédit Mutuel Alliance Fédérale to revise this strategic plan with the aim of accelerating its transformation and affirming the relevance of its mutualist model in the face of the crisis. It is now called *ensemble#nouveau monde, plus vite, plus loin!* (together#today's world, faster, further!). Euro-Information remains part of this strategic plan and has an additional objective aimed at providing the group with the IT resources necessary to this approach.

In addition to this revised strategic plan, Crédit Mutuel Alliance Fédérale has become the first benefit corporation in the banking sector. The group adopted the "*Ensemble, écouter et agir*" (Listening and acting together) *raison d'être* to successfully carry out five missions now integrated into the corporate purpose of Caisse Fédérale de Crédit Mutuel and CIC:

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

SMR is fully integrated into the group's governance and indicators on human and mutualist development have been defined and will be monitored. The Euro-Information subsidiaries contribute to the shared objective of reducing the carbon footprint by 30%.^[1] The group strengthened its ambitions in the fight against climate change by setting two new targets: increase financing projects with high climate impact by 30% and reduce the carbon footprint of its corporate, asset management and insurance portfolios by 15%.

Group management is carried out by a risk management team. In this context, meetings to exchange on actions with all of Crédit Mutuel Alliance Fédérale's SMR contacts in which the Euro-Information correspondent participates are organized and shared documents were created in 2020 to coordinate, reuse and optimize everyone's actions within the group. Euro-Information has announced the implementation of a responsible digital strategy and, in this context, is working on the implementation of indicators and launching specific projects. Decisions are made after validation by Euro-Information management.

[1] Scope France, concerns emissions related to energy consumption, refrigerant gas leaks, business travel and the motor fleet.

The fact that social and environmental issues are not taken into account in the purchasing policy

As a reminder, the supplier management relationship process is part of the certified Quality processes ISO 9001 V2015 monitored and audited by AFNOR. The last renewal took place in June 2022. This process also falls within the scope of the ISO 27001 Information Security Management System certification. The process is written, published and shows the different steps of a beginning relationship, contractualization and management of the supplier relationship.

As part of this process, suppliers have been classified by category, the main one being "Critical and/or Sensitive Suppliers". This classification is made within the framework of the rules relating in particular to the identification of the outsourcing of services according to the rules defined by the group. For the bidding process and in regular fashion, purchasing teams ask these suppliers to provide documents that can attest to their CSR procedures (or to provide the link to the document on the Internet) in order to know the content. This operation is applied in the purchasing process of equipment or software, but also in the context of buying immaterial computer services from DSC (Digital Services Companies) suppliers.

In addition, a sectoral purchasing policy has been developed for the group. It was implemented in 2017 and makes CSR practices easier to understand when it comes to purchasing. Euro-Information has taken this sectoral purchasing policy into account in its procedures. The purchasing policy includes the signing of a charter with suppliers. The group has decided to initiate this process with major current suppliers. This process of affiliation started at the beginning of September 2018, with the charter being sent to the suppliers concerned. Signing the charter is now also part of the policy of beginning a new relationship. Some suppliers refuse to sign the charter, sending us a "similar" internal policy. This charter replaces the collection of documents formalizing their CSR approach, except for suppliers of services (DSC).

Crédit Mutuel Alliance Fédérale has decided to review the sectoral purchasing policy. Euro-Information is associated with this revision. Work began in mid-2022 and will continue in 2023.

In addition, a new version of the internal rules issued at the end of 2018 recalls a certain number of elements concerning the Euro-Information policy with regard to relations with suppliers. A delegation of authority was signed by the buyers reminding them of the respect related to obligations in terms of sectoral purchasing policy. A "Suppliers follow-up" 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, this having been extended from 2019 to foreign suppliers;
- the retrieval or updating of CSR reports for these same suppliers, even though this functioning was abandoned in 2020 due to the signature of the charter by the suppliers;
- the application of consistent practices within other Euro-Information subsidiaries, namely Euro-Information Services (EIS), Euro Protection Surveillance (EPS), Euro-Traitement Valeurs Services (ETVS), Euro-Personnalisation Chèques Cartes et Composants (EP3C) and Euro-Information Direct Services (EIDS), when they have specific purchases to make.

The legal, purchasing, operational risks, security, periodic control and permanent control teams are represented on the Suppliers Monitoring Committee, with a person from the Euro-Information internal audit department as a regular guest. Euro-Information's management is informed of the "Suppliers follow-up" Committee. Two developments took place in 2020:

- the quality of services: the quality of service rating form (Appendix 7 under the process) has changed with escalation criteria and/or action plans to be carried out according to the scores obtained;
- the identification of services (named Appendix 5 under the process): two "CSR Risk" criteria were included in the risk analysis, "CSR reputation risk" and "CSR non-compliance risk" (linked with sector policies).

In 2021, these two forms were slightly modified and a quality of service form was created for intra-group services, in particular for Euro-Information, CCS and a few other community entities. This is a specific version of Appendix 7.

The financial and quality ratings as established above are carried out each year.

A CINT check makes it possible to ensure, for critical and sensitive suppliers, through a quality rating, that the work has been carried out in accordance with the contractual commitments and that the ratings granted contribute to the overall quality of the IS.

In addition, the review of new versions of equipment (workstations, printers, scanners, copiers) includes a CSR approach to energy consumption since 2013. The deployment of increasingly energy-efficient equipment continues. The constant renewal of the fleet (see section of equipment life-cycle) therefore contributes to reducing energy consumption.

A working group on the life cycle of equipment was launched at the end of 2021. The findings of this work will have an effect on the purchasing process next year if necessary. In addition, in 2021, Crédit Mutuel Alliance Fédérale decided, through its subsidiary Euro-Information, to donate just over 500 laptops to various associations and universities (Les Restos du Cœur, Emmaüs, etc.) in order to take action, alongside these associations, to support people in difficulty. This donation policy continued in 2022 and will continue in 2023.

Prevention measures for the "Not taking into account the increase in greenhouse gas emissions contributing to climate change in the group's business activities" scenario

Several tools have been put in place to deal with this scenario.

CSR tools for reporting and group carbon assessment monitoring tool

Each year the CSR reporting tool, as well as the reporting scope, evolves. This tool was once again the basis for the group's NFPS indicators related to SMR.

Work is underway to automate the calculation of home/work distance by taking into account the number of days worked on site.

A new reporting tool, SMR, was implemented in 2022. It enables to generate a detailed carbon footprint report, grouped by SCOPE – which can be found in the carbon footprint – for each group entity.

CSR data is also fed into the *Système d'information décisionnel unifié - SIDU* (Unified Decision Support Information System) in order to perform various extractions and reports.

Euro-Information participates in the calculation of the group 2021 carbon footprint. A project to automate the calculation is in the initialization phase.

Managing the impacts of sectoral policies and ESG regulations in the banking business

As part of the group's objective of reducing CO₂ emissions linked to its customer portfolio by 15%, Euro-Information has contributed by making several technical advances available:

- in 2022, a new information system application from Euro-Information provided the non-financial ESG rating of ISS-ESG. In 2023, the application will be enhanced to include an internal rating;
- the *Prêt Transition Impact* (Impact Transition Loan), intended for creditors in the corporate market, was developed in the information system (IS) and opened for business in December 2022. When taking out an Impact Transition Loan, the company defines non-financial commitments that will be monitored each year. A bonus-malus system then varies the loan rate according to the achievement of the objectives;
- the traceability of sustainable financing granted to customers is improved thanks to the implementation of identification criteria in the information system. This work will continue in 2023;
- work has begun on the implementation of a framework for real estate property. This framework will make it possible to centralize all information relating to customers' real estate property, in particular the energy performance diagnosis (DPE), and also to better assess the exposure of outstanding loans to physical risk.

In addition, in order to optimize the monitoring of SMR projects related to customer knowledge, Euro-Information set up a dedicated governance body in 2022.

Details of the ESG rating application

The NOTESG application was rolled out in June 2022. This application makes it possible to view, for corporate customers, the E-S-G (Environmental, Social and Governance) ratings and controversy ratings assigned by the non-financial rating agency ISS ESG. In parallel, and given the limited number of companies rated by ISS ESG, four types of ESG analysis grids have been constructed (agriculture, CIB, large companies and VSEs/SMEs) to allow for internal customer rating.

These ESG analysis grids, as well as grids for applying sectoral policies, are currently being completed in Excel format in CIC and BECM banks for companies with revenues of more than €100 million. The Non-Financial Data project group is currently working on the computerization of these grids (planned for H2 2023 for the ESG analysis grid for large companies) and their integration into the KYC and credit processes.

This work will make it possible to ensure compliance with the group's SMR commitments.

Prevention measures for the “Internal operation of the group’s entities: the absence of a waste prevention and management system” scenario

Numerous measures are being implemented to address this scenario, and are anchored in the group's Digital Responsibility strategy.

Digital sobriety strategy

At the end of 2019, CIGREF decided to set up a working group called *GT Sobriété Numérique* (Digital Sobriety WG). It considers that “awareness of digital energy and environmental issues is only just starting to become apparent, even though it is increasing and the growing impact of digital services on greenhouse gas emissions is becoming alarming”. Euro-Information took part in the creation of this working group and participates in the discussions. Euro-Information was already carrying out many actions in terms of digital sobriety, without communicating strongly on it.

Many best practices are in place, such as:

- promote the reuse (second life) of equipment (EIS/Circuit Broker);
- where a second life is not possible, ensure an appropriate recycling or destruction process;
- optimize the architecture and layout of datacenter rooms;
- virtualize servers and storage units;
- define archiving and data cleaning rules in line with the GDPR.

In 2022, the *GT Sobriété Numérique* became the *Cercle sobriété numérique* (Digital Sobriety Circle) and Euro-Information continues to be involved in the latter. At the same time, Euro-Information decided in 2021 to implement a responsible digital strategy. This approach was promoted throughout the company through the following priority areas:

- responsible purchasing and life cycle: equipment is a major item in the carbon footprint;
- digital services: the use of IT resources has a significant impact in view of the number of group employees;

- infrastructure: an issue already identified which we must continue to address using the same strategy;
- projects: all new projects must contain a digital sobriety dimension.

Responsible purchasing and life cycle

Responsible purchasing and life cycle working group (WG)

In 2022, the Responsible Purchasing and Life Cycle WG implemented several elements, such as:

- making a reliable indicator that periodically produces statistics on the average replacement age of equipment. It has been posted on the intranet since June 2022, and will be published at the beginning of each year covering the past period;
- the possibility of leasing used equipment on a short-term basis (less than 12 months). A pilot project with CMNE began in November 2022.

In 2023, other representative indicators are planned, such as the monitoring of repaired or reconditioned equipment or the monitoring of waste electrical and electronic equipment (WEEE). Several rapid action levers have been identified, such as integrating the environmental criteria of ADEME's digital charter into EI calls for tender, or limiting over-equipment by eliminating local stocks. Studies are underway to define the modalities.

Equipment circuit

On behalf of Euro-Information, Euro-Information Services (EIS) provides installation and maintenance services for IT equipment and associated logistics services. In 2022, more than 14,765 man-days were dedicated to replacing end-of-life products (printers, workstations, laptops, inverters, PLCs, electronic payment terminals, etc.). Nearly 160,342 defective products were processed by the repair shop, 52,696 uninstalled products were reconditioned and 56,738 were directed to a broker.

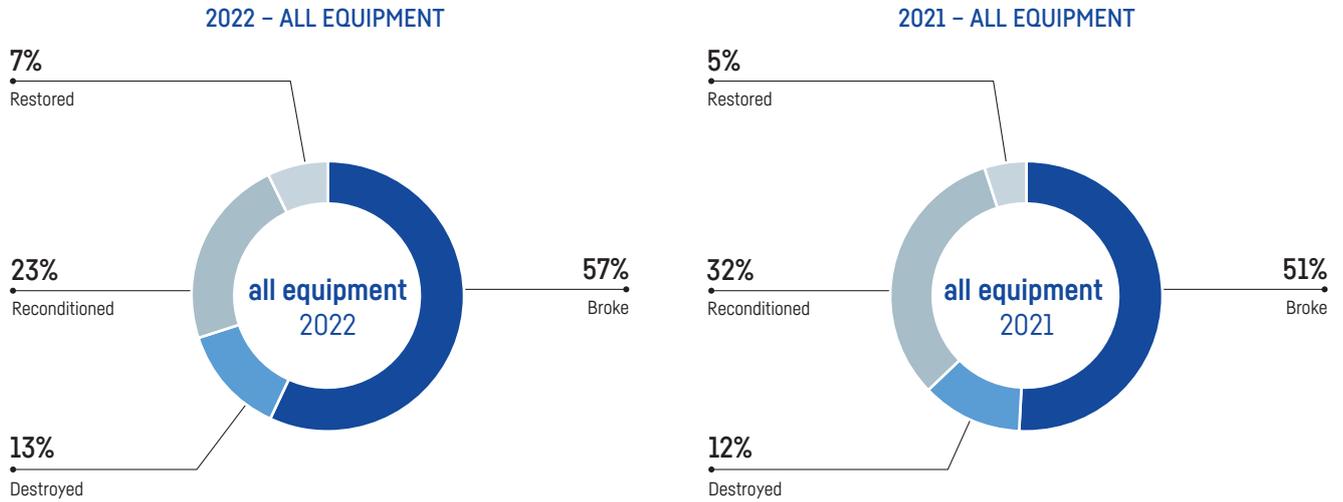
EIS pursued regular technical discussions with the group's call structures (SAM and STU) to have accurate diagnoses (by setting up a Diagnostic Assistance Tool called “DAT”) to avoid unnecessary travel. In addition, in order to optimize the travel of its technicians, EIS continues to monitor an initial resolution indicator (RPC in French), the objective of which is to troubleshoot from the first intervention. This approach saved more than 18,000 trips in 2022 compared to 2011. In addition, the decrease in the percentage of recurrence in the area of ATMs saved 3,721 interventions compared to 2010.

The activity of trading in used computer equipment (broke) continues to evolve and thus makes it possible to avoid destruction of the equipment as far as possible. As a reminder, to monitor this activity and its development, statistics were put in place in 2015 to monitor what happens to the installed base following an intervention. A device that is no longer in place is in one of following four states:

- restored (initial state);
- reconditioned (if repaired to be returned to the customer circuit);
- broke (resold);
- destroyed (if beyond repair or resale).

The goal is to reduce the time in the restored state, to transmit if necessary as soon as possible to the broker to allow reuse and to reduce the volume of destroyed material. This analysis can be done by product family and by customer entity since January 2014. It is therefore possible to compare the last five years and see what will happen after two, three, four or five years. Customer entities may also perform their own analysis. However, this vision is partial and based on the stages of the physical circuit.

The findings are as follows:

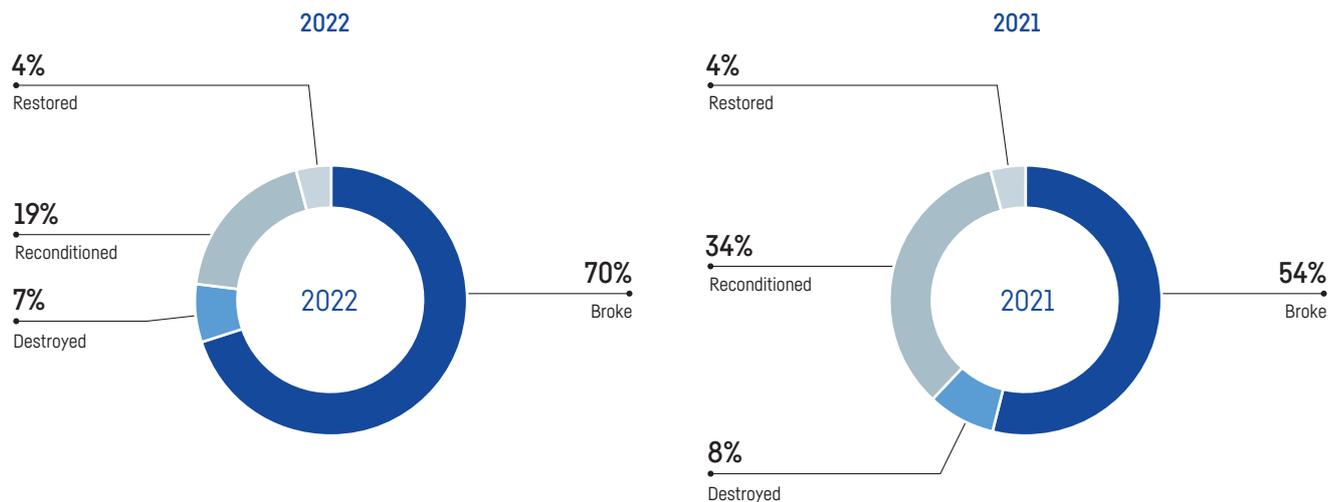


The processing of the fleet has evolved. Between the 2021 fleet and the 2022 fleet, transfer to broker increases with 57% of movements (compared to 51% in 2021). The increase in transfers to the broker is accompanied by a decrease in reconditioning. This is true for all hardware families except for smartphones, which show the opposite trend. The share of reconditioned products decreased by nine percentage points and represents 23% of the equipment removed from the fleet.

This trend is associated with a steady increase in the managed fleet, with 888,639 references in 2021 compared to 929,879 in 2022, but with fewer customer renewals in 2022 (141,299 in 2022 compared to 160,842 in 2021).

The trend for the major hardware families (monitors, workstations and laptops, printers), which represent 45% of 2022 movements, follows this logic. The general trend is accentuated with a shift from 54% to 70% for the broker part and from 34% to 19% for the reconditioning part.

BREAKDOWN OF THE HARDWARE FAMILY: MONITORS, WORKSTATIONS AND LAPTOPS, PRINTERS



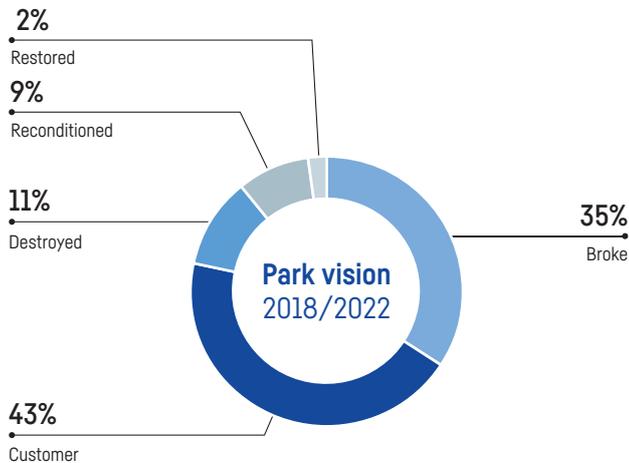
Since 2018, the depth of historical data allows us to understand the future of a fleet in five years and therefore to compare two generations. Out of an installed base of 728,449 references in 2018, the situation in 2022 was the following:

- 57% were renewed at the customer site;
- 35% sold to brokers;
- 11% were destroyed;
- 9% were reconditioned.

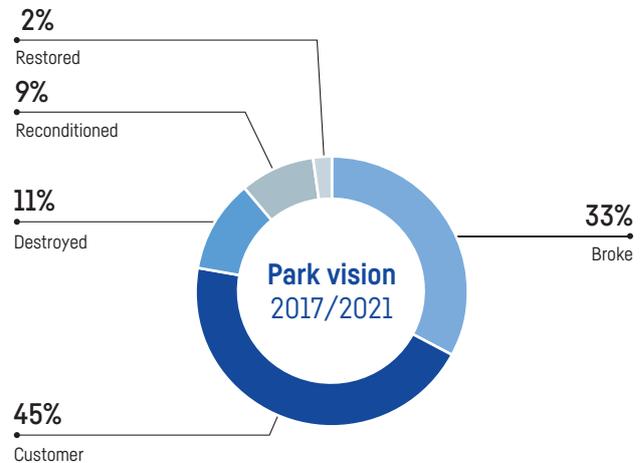
In comparison with the previous historical data (2017-2021), it is noted:

- stable volumes destroyed and reconditioned (11% and 2%);
- a slight variation between the customer base and the broker base (43% and 35% versus 45% and 33%) which can be mainly associated with the pooling of printers (replacement of local printers by multifunction printers), thus a reduction of this type of equipment.

FLEET VISION 2018-2022



FLEET VISION 2017-2021



The major product families always vary in correlation with the life and depreciation of the equipment. For workstations and laptops, major tools of the group's employees, 80% were renewed in the five-year period with 68% to the broker, 6% reconditioned and therefore only 6% destroyed. The average useful life is between five and seven years depending on the type of equipment. Conversely, for the monitor family, only 48% of the fleet is renewed, with 31% going to the broker, 7% for reconditioning and 8% for destruction. The useful life of this family is over ten years. A uniform 2% of products are in the reconditioned state, which corresponds to equipment in the process of assignment to its new category.

In 2020, an additional recycling channel for keyboards and mouse devices was set up. The banks, branches and head offices can now return these items to EIS for recycling. This system relies on the group's existing shuttles and will facilitate the recovery of used equipment. In 2021, this process led to an increase in the proportion of recycled products and made the end-of-life management processes easier for the WEEE of these accessories. WEEE is destroyed in accordance with regulations with the help of an approved partner, which ensures the recycling and revalorization of the products. The monitoring of quantities makes it possible to see the actual change in volumes, which remain in line with the volumes of activities. In 2020, the volume was much lower (183 metric tons) because the overall breakdown and repair activity had significantly slowed down due to the health crisis. In 2021, 208 metric tons of waste were entrusted to Euro-Information's WEEE revalorization network.

Waste volumes in 2022 were 20 metric tons lower than in 2021, as the overall volume of customer renewal has decreased.

	Quantity 2017	Quantity 2018	Quantity 2019	Quantity 2020	Quantity 2021	Quantity 2022
TOTAL WEEE (in kg)	256,096	251,125	244,683	183,107	208,050	188,929

Rationalization of tablets and face-to-face signing

Crédit Mutuel Alliance Fédérale uses tablets that enable customers in banks and branches to sign documents electronically. The tablet was associated with an advisor to allow exchanges between the latter and the customer. A project to rationalize this fleet of electronic signature tablets was initiated in March 2022.

Its objectives include:

- strengthening the group's SMR approach;
- optimizing the use of peripherals associated with the computer workstation.

By the end of April 2023, the rationalization will have reached the 20% target. Nearly 5,000 tablets will not have been renewed in all the networks concerned. This approach is reinforced by the implementation of two solutions:

- the pairing of tablets, which allows a temporary assignment of a tablet to the workstation and therefore facilitates the sharing of tablets within the same branch;
- face-to-face signature through which the employee's PC replaces the physical tablet at the time of the customer's electronic signature.

IP phone management

Several years ago, Euro-Information signed a partnership with CONNEXING for the purchase of fixed IP telephones. This company resells recycled used IP telephones and has a strong eco-responsible approach [B-Corp certified benefit corporation]. Indeed, it builds on the "AFIBERIA" project provided by the NGO Planète Urgence and undertakes to plant one tree per eco-recycled phone bought or per phone restored to its customers. In addition, EIS works with CONNEXING for the repair and reconditioning of IP telephones in order to extend their service life.

CONNEXING has defined three levels of eco-recycled partnership:

- Silver, for 100 trees planted;
- Gold, for 200 trees planted;
- Platinum, for 500 trees planted.

For four years, the group obtained Platinum level (3,854 in 2020, 3,850 in 2019, 3,848 in 2018 and 3,598 in 2017), which represented 36,305 kg of CO₂ saved in 2020. In 2021, the CO₂ subsidy of CONNEXING was only 66 kg. This very sharp decrease in 2021 is linked to the implementation of softphony, putting an end to purchases of IP telephones. In 2022, the partnership with CONNEXING ended, following the complete changeover to softphony and the discontinuation of purchases of IP telephones.

Reduction and processing of non-electronic waste

Euro-Information is gradually coming into compliance and line with the regulations on the disappearance of plastic in accordance with group directives and is improving its treatment of waste:

- recyclable cups in the drinks vending machines;
- napkins made of recycled paper;
- provision of cups and/or glass bottles;
- centralized waste sorting terminals with recycling circuit.

The implementation of these measures continued in 2022. However, the continued pandemic has weakened these changes with the need to individualize certain services such as the provision of individual meal trays in collective catering. Accordingly, several initiatives were set up at Euro-Information's Strasbourg, Paris and Nantes sites: special bins have been deployed to collect and recycle employees' used masks.

In 2021, Euro P3C, one of Euro-Information's subsidiaries, introduced bank cards made of 85.5% recycled PVC for the Crédit Mutuel network. In 2022, 85.5% and 100% recycled PVC cards were rolled out in the Crédit Mutuel and CIC networks. The ocean recovered PET plastic card project is still underway. The carbon footprint of one kilogram of PVC is estimated at 4.1 kg of CO₂ equivalent compared to 2.1 kg of CO₂ for recycled PVC. At the same time, a used card collection circuit was set up in 2021 to recycle the PVC from these cards upon destruction.

Digital Services

Digital Services WG

The objective of the Digital Services WG is twofold:

- raise awareness among users of the information system of the challenges of digital sobriety and the environmental impact of their use of IT;
- provide users with information to improve their use of digital technology while reducing their environmental impact.

Several studies are underway on a number of topics, such as:

- user awareness and empowerment;
- the electricity consumption of the equipment installed;
- users' personal office data and messaging;
- printing.

Different work will be launched depending on the results of the studies.

Infrastructure

Infrastructure WG

The Infrastructure WG is working on several topics:

- enhanced monitoring of obsolescence was implemented in 2022, using indicators stored in the decision-making information system, in order to identify/group obsolete infrastructures. This made it possible to dismantle 16 blade chassis and more than a hundred older servers;
- Euro-Information has contracted a global offer for the treatment of end-of-life datacenter equipment.

This includes:

- a service for the destruction and sustainable recycling of equipment that complies with WEEE standards (residual of 0.03% in waste disposal centers);
- the possibility of revalorizing certain equipment that is still viable;
- the production of a report on the Euro-Information contribution on the circular economy;
- in line with the work of the Purchasing and Life Cycle WG, it is planned in 2023 to integrate various CSR criteria into the referencing of suppliers, such as their CSR policy, their annual report, and their maturity with regard to environmental aspects according to the ECMA370 standard;
- storage obesity will be addressed by working on several areas: data duplication, reduction of certain logs and moving cold data to greener storage units.

Evolution of datacenters using green best practices

The development of the group requires constant IT developments and therefore a processing and storage capacity that is constantly evolving. The extension of the Euro-Information site in Lille with the construction of a new machine room was delivered in September 2021. The main equipment of this new part of the Datacenter, and in particular those of the containment (disappearance of hot spots by better separating the bays and creating cold aisles) and free chilling (adaptation of the cooling method depending on the outside temperature) is currently being finalized. For the existing rooms, work has been done to optimize the insulation.

Euro-Information has launched the construction of two datacenters in the Dijon area, in St Apollinaire and Fauverney, which will replace the one in Strasbourg when they are put into service. The structural work is underway, the target for the completion of the buildings is early 2024.

These datacenters will comply with numerous standards/labels and regulations aimed at reducing environmental impact in terms of both energy and biodiversity preservation, as well as safety certifications. The main targets are compliance with the European Code of Conduct for datacenters, HQE sustainable building certification (excellent level), biodiversity certification (excellent level) and the integration of waste heat recovery

The Go2Dijon project, which prepares the transfer of the Strasbourg datacenter to these new premises, has been launched.

All these projects will use the techniques of free chilling and confinement. For the Lille site, this represents savings of 3,800,000 kWh for a load of 1000 W/m². The implementation of these changes should make it possible to obtain a Power Usage Effectiveness (PUE) of less than 1.6 for these new rooms in northern France. Where possible, these methods will be applied to other existing datacenters.

Installation IBM's new Z technologies

Since 2021, Euro-Information has deployed IBM machines using Z15 technology at the Strasbourg and Lille sites. These machines provide better security, resilience and agility through:

- systematic encryption: data protection and confidentiality guarantee in hybrid multi-Clouds. Data access control *via* rules-based controls, with the option to revoke access rights beyond the Z15 part;
- cloud native development: simplifying the task of developers to increase their flexibility. Easier integration of IBM Z15 into a hybrid cloud using agile deployment. Simplified application modernization;
- instant resumption: IBM Z15 offers optimal levels of stability and availability, ensuring continuous execution of vital business applications. The instant resumption function of IBM Z15 should halve the time necessary to return to pre-shutdown SLA commitments.

In particular, these developments simplify projects based on technology of the blockchain type or artificial intelligence.

IBM also communicates on the control of the energy consumption of its Z range which is integrated into its strategic objectives. Each new generation must have better energy efficiency than the previous one. Tests by certain bodies show savings of 14% between Z14 and Z15 (savings are 51% between Z13 and Z15).

IBM announced in late 2021 a new line of machines, the Z16. Euro-Information is one of the first ten customers worldwide to deploy this machine. Five mainframes currently in service will be replaced by Z16s by the end of Q1 2023:

- one mainframe production facility in Lille;
- the two coupling facilities in Strasbourg;
- the two coupling facilities in Lille.

In addition to the many security, resiliency and agility enhancements of the Z15, the Z16 will provide:

- 7nm etched processors, bringing 17.6% power gains over 14nm for the same or even lower power consumption;
- the integration of AI accelerators directly into the processors, allowing specific accelerators to be offloaded or even eliminated, and to integrate processing capabilities for the banking and financial world, such as anti-fraud, as close to the Z as possible.

ZEC12, Z13 AND Z15 ENERGY CONSUMPTION OVER FIVES YEARS

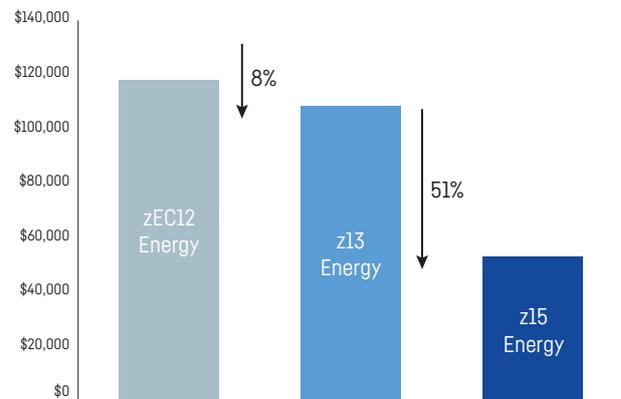


Figure 4: Total energy costs over five years for zEC12, z13 and z15.



Projects

Projects WG

The Projects WG has begun to identify indicators providing information on the footprint associated with Euro-Information projects. Among the work in progress, the following are being studied:

- the relevance of strengthening technical performance analyzes (metrology, technical debt) through an eco-index;
- the ability to aggregate all performance measures for an application.

The Projects WG is also monitoring the experimentation, on the Euro-Information website, of a more environmentally-friendly eco-designed version. The first objective is technical and allows to validate the creation of an eco-designed website without dual content maintenance. The graphic charter and the images of the content must be duplicated but may be partly automated in the graphic design tools according to the choices made – for example by applying a filter on the initial image. The objective is to divide the weight of the page by three and save 20% in CO₂ emissions.

The site has been online since the end of September. The monitoring will make it possible to draw lessons on the value of the approach. Showcasing this option on the home screen of the regular site in November helped generate increased traffic as this variant became more visible. At the end of the year, this represented around 3% of traffic. Eco-mode users go as far as the key screens (ApplyCV or Addcoverletter) and are therefore not just curious.

Energy Sobriety

Since the beginning of the SMR approach, the group has taken into account the energy efficiency dimension in its actions in order to limit its impact and coordinates this through an ISO 50001 certification. The energy crisis of 2022 and the start of the implementation of the tertiary decree made it necessary to add other priority actions.

Energy optimization in the real estate and motor fleet approach

Euro-Information has a role in the group's energy saving policy. Euro-Information is part of the ISO 50001 certification scope obtained at the end of 2020, and renewed in October 2022 under the leadership of CCS. This project, launched in 2019, targets banks and branches, head offices and datacenters. Euro-Information is therefore concerned by the last two scopes.

The scope of Crédit Mutuel Alliance Fédérale's EMS^[1] covers all of the real estate portfolio, *i.e.* 1.85 million m² spread over more than 3,800 buildings with more than 5,000 meters, as well as the entire motor fleet of nearly 3,300 vehicles. At Euro-Information level, this certification targets datacenters, buildings occupied by Euro-Information staff, subsidiaries as well as the motor fleet – company and service vehicles – and all IT equipment.

This certification will serve as a basis for the implementation of the Tertiary decree targeting a gradual reduction in energy consumption of buildings by 2050. For example, this certification made it possible to capitalize on the one-degree increase in the temperature at Osny, representing an estimated saving of 196 gigawatts per year. Similarly, it will have made it possible to formalize the temperature instructions which apply for the technical premises of the group's agencies.

The last renewal audit, which took place in mid-October 2022, was concluded without any non-compliance. Good progress in the maturity of the system over the three-year cycle was reported.

For data centers a very strong improvement in the counting, calculation and analysis of indicators, a better involvement of maintainers and the implementation of the digital sobriety approach have been reported. Two IT indicators, in addition to the PUE, were set up in early 2022 to measure the energy efficiency of the Lille and Osny data centers:

- in Lille, a ratio is established between the number of transactions per IBM Z machine and the site's energy consumption;
- in Osny, the ratio is established between the datacenter's storage capacity and its energy consumption.

In both cases, the indicators show an improvement in the energy efficiency of transactions and storage. For example, the monthly IT energy consumption of the Lille site in January 2019 was 564,000 kWh for 3.7 billion transactions. In December 2021, the site's consumption was 650,000 kWh for 5.2 billion transactions. The improvement in energy efficiency is 18%, due to the introduction of new machines and the improvement of existing machines.

A new tool, ENERGY, will be made available to users by the end of the first half of 2023. This service will be an operational management tool for decision-making, which will be used to monitor, investigate, trace and simulate in order to improve the energy performance of buildings. An equivalent tool is being studied to optimize the energy performance of the vehicle fleet.

2022 building energy sobriety plan

As part of the group's energy sobriety plan, Euro-Information has followed the recommendations put in place:

- reduction of unnecessary lighting with parking lot lighting timers for example;
- temperature reduction in buildings to 19°C;
- removal of electric lights for Christmas decorations.

Hardware shutdown

For several years Euro-Information has been deploying a solution for automatically shutting down computers at night in local banks and branches. A new version was rolled out in 2018 to be more precise in the shutdown schedule. Indeed, the tool is connected with the local bank/branch office repository which contains the actual attendance times. This tool works every day and more than 45,000 computers are involved. At the same time, a head office version was set up for almost the entire scope at the end of 2019, making it possible to target nearly 45,000 workstations.

Since the end of 2018, this version has been accompanied by the construction of a report for better understanding the impact of this shutdown and for measuring developments in consumption according to the actions carried out. The measures show that the maximum saving possible is about 60% of the time for the local bank/branch office workstations and about 45% for the head office workstations. The actual gain ranges between 30% and 40%.

The introduction of remote working has led to a new paradigm on several parameters:

- electricity consumption during the remote working period is the group's initiative, but the non-consumption is in the consumption at the employees' homes. Actual consumption on the group's sites is therefore zero during such days;
- remote automatic shut-down and restart is more complex to perform and monitor;
- the consumption-focused approach is very different because employees who do not have a permanent place at home tend to start/stop their workstations manually, which is beneficial but, as indicated previously, more difficult to monitor.

The precise impact of these parameters can only be measured by comparing them with the HR data that trace the periods of remote working, as technical monitoring does not allow this to be done. 2022 saw the extension of this system to all press workstations.

The estimated cumulative gain for the group in 2022 was €271,353 in electricity (head offices and local banks/branches), corresponding to approximately 439 metric tons of CO₂ emissions not produced.

New changes are being considered, in particular the forced standby of workstations to which users have remained connected (locked workstations). It should be rolled out in 2023. In the same dynamic of reducing energy consumption, 80 automats (bank machines, kiosks and other coin roll dispensers) in the Verlinghem test rooms are now switched off electronically by default. They can be reserved by developers according to their needs, who must turn them on and off according to their needs. As the operation dates from October 21, 2022, it will be interesting in 2023 to measure changes in energy consumption over a full year.

Change in the motor scope

As for all group companies, the motor fleet in the Euro-Information scope is evolving towards a fleet of electric or hybrid vehicles. At the same time, electric charging stations are being rolled out on the sites. These terminals are accessible to both the fleet and employees' vehicles.

[1] Energy management system.

Eco-driving at EIS

Since 2012, EIS has implemented a specific mechanism to promote eco-driving. This process continued in 2022 and the following actions were to be reported:

- eco-driving training: seven sessions in 2022 with 36 participants;
- eco-driving reminders on driver vigilance: attention and fatigue;
- fuel consumption monitoring.

Setting up videoconferencing facilities to avoid travel

The unified communication deployed for several years has made it possible, through videoconferencing, to meet multiple expectations: internal meetings between geographically distant sites or different countries, remote training, proposals for meetings with customers/members.

This solution makes it possible to meet the following challenges:

- propose an additional channel for communication with customers;
- adapt ourselves to new communication habits, with the image of a modern bank 2.0;
- keep contact with customers who have less availability;
- regularly meet customers who are not local or who have reduced mobility;
- assist customers in their procedures on the online banking sites;
- facilitate tripartite meetings: customer-advisor-business expert (real estate, flows, portfolio, etc.) remotely to increase availability and reduce travel (agility, costs, risks);
- reduce the carbon impact by reducing physical travel.

Euro-Information is continuing to roll out new services to simplify access to videoconferences by for example:

- installing new equipment in the meeting rooms at local banks and branches to facilitate weekly staff meetings using conference tools;
- equipping a number of local banks and branches (Polycom Trio) allowing an easier communication with a large number of people in the same room, even with geographically distant offices.

The implementation of remote working has been facilitated thanks to the deployment of softphony, which allows the network to remain reachable and to reach their customers *via* a fixed phone number wherever they operate. The deployment of this tool was correlated with the equipment in headsets and/or speakerphones to allow this mobility. As a result, all networks are now equipped with these tools.

For important meetings such as Crédit Mutuel's Shareholders' Meetings or staff meetings, a streaming solution has been set up by Euro-Information to broadcast video in real time. Face-to-face training, which was replaced in June 2020 by distance learning, was made possible thanks to unified communication tools (videoconferences). Since the lifting of health restrictions (May/June 2022), this type of training is now seen as a standard modality, used among other possibilities. The communication tools made available are part of the daily life of all users thanks to their essential functions.

Prevention measure for the "Breakdown in IT security" scenario

Several actions help to address this scenario, both in terms of security in the broad sense and the availability or security of data.

Security of the IS

Considering the processing of sensitive banking data and the numerous offers of services proposed by Euro-Information, very special attention is paid to all aspects of the IT system, which evolves each year to adapt to new risks and strengthen defenses. All means are implemented to secure the community system. Thus, based on the ISO 27001:2013 standard, an Information Security Management System (ISMS) is deployed on all production sites described above. This ISO 27001:2013 standard constitutes a recognized certification reference system. It provides a framework for implementing, maintaining and improving an Information Security Management System over time. The ISMS takes into account:

- the external context;
- the internal context;
- needs and expectations of stakeholders.



The ISMS challenges are:

- to bring tangible improvements to the security of the Information System by:
 - putting in place an operational governance of security,
 - adopting a risk approach to manage security,
 - defining security rules,
 - ensuring the application of these rules;
- to continuously improve the security of the Information System by:
 - measuring the security levels achieved,
 - performing a security watch,
 - taking into account new threats and developments in the IS,
 - reducing the impact and frequency of security incidents.

This ISMS enables to:

- increase trust among stakeholders (shareholders, supervisory authorities, banks, federations, partners, suppliers, personnel of Euro-Information);
- have a competitive advantage when responding to the bidding process;
- systematically treat IT security risks in the areas concerned;
- control security by means of indicators and not by measuring effort (cost, time, number of people, etc.).

In accordance with the commitments made as part of the 2014 medium-term plan, Euro-Information successfully passed the ISO/IEC 27001:2013 certification audit in 2017. This certification was confirmed during the 2018 and 2019 surveillance audits and 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.

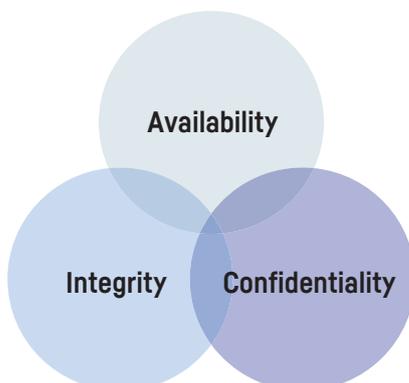
The validity of this certificate can be checked using the following QR code:



2020 was the beginning of a new three-year cycle which confirmed the ISMS-QMS synergy. The combination of these two management systems, by integrating security measures into the mapping of business processes, enables to ensure that they are included at the early stages of products and services supply. This methodology will make it possible to extend the ISMS to development activities, by adapting the processes, the assessment and treatment of risks, the control plan, training and awareness-raising actions in line with the new requirements. The renewal is based on the revised version of the standard, version 27001:2017. The extension of the ISMS scope to development activities has been included in the strategic plan *ensemble#nouveau monde, plus vite, plus loin!* (together#today's world, faster, further!) with the objective of having the ISO 27001 management system applied in 2022 and certified in 2023 with the new certification cycle.

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.



In addition to these basic principles:

- traceability: knowing from where the information is coming, where it has been and where it is going;
- identification/authentication: the security of information and access to it also involves the identification of those who access it, and their authentication (proving that a person is who they claim to be).

The detection and response to security incidents is carried out by the security control tower whose missions can be summed up in three words:

- anticipation;
- detection;
- response.

To cover these missions, the security control tower consists of:

- a single point of contact for Security (Security SPOC);
- a Security Operations Center (SOC), a true "radar" of IT security in charge of all aspects related to the detection of non-compliance;



- the CERT Crédit Mutuel Euro-Information to manage the resolution of security incidents, monitor and inform about threats.

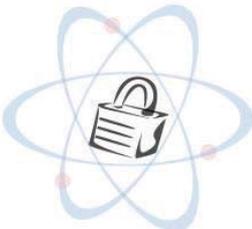


The CERT CM EI is also responsible for cyber threat intelligence. As such, it is the preferred point of contact for external entities wishing to warn the group of a threat to itself or its customers.

Security control tower publishes a *Sécurité* newsletter every week. It presents the past week's news on topics related to security generally and/or to news about bank security. The newsletter is available every Wednesday (excluding operational constraints) in French, English, Spanish and German.

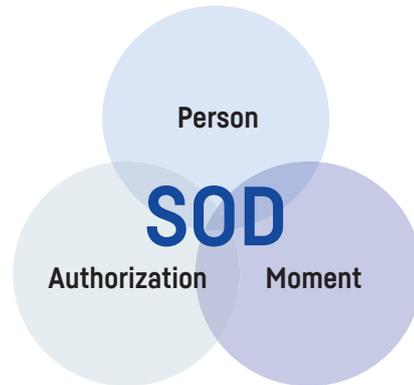


Human Resources and organization security is based primarily on:



- reinforced and clear security governance with a specialized team around the Information System Security Network and a network of security correspondents in the group's entities and business centers;
- permanent security awareness of the entire Euro-Information staff in e-learning and/or face-to-face training;
- a user charter associated with the internal rules. This charter illustrates the professional, respectful and responsible behavior that every employee of Euro-Information must display when using the resources of the Information System;
- an annual training plan guaranteeing the maintenance of Euro-Information's staff's skills in security matters;
- management of user access rights by powerful tools with regular and formal reviews.

The security works on the principles of the SOD (Segregation of Duties) concept that meet the requirements of the legal standards and obligations (SOX, Basel II, ISO 27000, COBIT, ITIL, ISACA, CRBF 97-02, etc.) and based on the adequacy of three elements:



Since April 2020, Euro-Information has set up a Red Team. This team is tasked with simulating attacks to assess the overall security of the company by testing its various means of protection, whether technical, physical or human. Red Team Campaigns, in addition to assessing the overall level of security of an information system, also enable to assess and improve the actions and responses of the Blue Team in the face of any intrusion detection. This team, in addition to assessing security and compliance with company requirements, therefore works closely with the Blue Team to improve and test the means of detecting and responding to security incidents.

In September 2022, Euro-Information set up a security supervision team known as Information Security Control. The objective of this team is to streamline, automate and extend the scope of normative (ISO 27001, PCI-DSS, SWIFT, etc.) or regulatory compliance controls, while ensuring consistency in the production and supervision of controls.

The security system as a whole is such that Monetico Paiement, the commercial payment solution, has been certified every year since November 2007, PCI/DSS level 1 (the highest security level). This certification guarantees customers the quality of performance of this solution on our technological infrastructure to store, process and transmit payment card information.

Monetico Paiement



The group has decided to increase the scope of certification. This ambitious and innovative project resulted in a first success on April 30, 2019 with the certification of batch 1.0 (acquisition scope), the result of a five-year project involving the work of more than 70 Euro-Information teams and aimed at making this new environment available to nearly 300 users. The installation of this new environment of nearly 500 machines (including two mainframe partitions) and 170 applications makes it the largest PCI/DSS certified scope in France and one of the largest in Europe.

This first success was followed, on April 30, 2020, by the achievement of a new milestone with the renewal of the certification of batch 1.0, as well as the certification of the extension to batch 1.1 (still within acquisition scope) and batch 1.2 in 2021. The environment has been extended to more than 450 servers, 1,100 technical components and 200 applications. This dedicated environment is only accessible with very restrictive means of access. The applications and systems are subject to draconian rules on the review of code, review of machine configurations, review of accesses, etc.

The next stages will be:

- add the remaining acquisition applications to this environment (last batch 1.4 for 2023). Self-Service Banking (LSB) will probably not join the PCI platform at this time, but some interactions between LSB and acquisition may switch to PCI;
- continue to standardize the processes and working methods of the PCI/DSS Service Monetico Paiement scope with the PCI/DSS Acquiring and Central Acceptance scope (acquisition);
- keep the environments compliant over time in order to renew the PCI/DSS certifications each year.

To reach these objectives, Euro-Information has set up an internal team, Information Security Control, whose mission is to ensure, by challenging the teams throughout the year, that everything remains compliant for the annual renewal of the certifications.

The PCI 3DS certification for 3D/Secure processing, which is performed by Euro-Information on behalf of the group's banks and customers, acquired in April 2021, is maintained. Another audit, PCI PIN, is also under preparation by the electronic payment teams. It could take place in the second quarter of 2023. It will probably be followed by PCI P2PE certification.



PROJECT INITIATED



PROJECT UNDER REVIEW

These new audits generate additional activity for the PCI Governance team (ZS30) with the organization of audits and support for the teams, but also for the information security control team (ZS50) for monitoring the compliance of these new scopes.

The actions undertaken in the field of information security are led and coordinated by the information systems security manager:

- raising awareness on security among the group's IT staff and users of information systems operated by Euro-Information (e-learning, best practice sheets, etc.);
- security governance;
- a centralized operational security control tower;
- specialized and specific teams for the security of servers, data transport networks, and for the disaster recovery plan;
- existence of a Red Team whose main missions are to identify potential security breaches, to test the means of detection and response to attacks, and to bring the vision of ethical hackers to the development teams;
- conducting penetration tests and source code reviews by external companies based on an annual plan;
- creation of an information security control team responsible for ensuring normative and regulatory compliance;
- PCI/DSS certification of our merchant payment platform (Monetico Paiement) and our centralized acquisition and acceptance platform;
- PCI 3DS certification;
- ISO 27001 certification;
- periodic reviews, 43 overall, mainly based on Annex A of ISO 27001, the description and the results of which are recorded in an internal control portal.

In 2022, Euro-Information continued its actions on the following points:

- supplier analyzes;
- management of obsolescence;
- the review of the risk methodology, with a transition to the EBIOS RM method, and a reconciliation with the operating risk functions;
- improvements to existing systems;
- the launch of new projects
 - the performance of intrusive tests, whose statistics to date are:
 - 19 infrastructure tests including the DeMilitarized Zone (DMZ): zone containing servers accessible from the Internet,
 - 27 mobile applications,
 - 168 web applications.

- the Red Team conducted:
 - 8 infrastructure tests,
 - 2 mobile applications,
 - 7 web applications,
 - 17 vulnerability analyzes,
 - 4 R&D topics and
 - 2 awareness campaigns;
- in addition, the SOC:
 - scanned 120 websites,
 - scanned 155,857 devices,
 - ensured the monitoring of technical vulnerabilities.

Fake email phishing campaigns are also conducted, resulting in a trend improvement on the percentage of clicks to fake phishing emails, and an increase in reports, following the introduction of a report button in Outlook.

Other actions carried out in 2022 included:

- participation in the crisis exercise organized on September 20 and 21, 2022 by the Banque de France to prepare for a large-scale cyberattack;
- the launch of a Digital Operational Resilience Act (DORA) compliance project. As part of its digital finance strategy, the European Commission presented a draft regulation aimed at strengthening digital operational resilience in the financial sector. DORA targets a wide range of players within the financial sector, *i.e.* credit institutions, investment firms, payment institutions, electronic money institutions, digital asset service providers, asset management companies, insurance and reinsurance companies, etc.

The level of threat observed in 2022 remains high, *via* three main factors:

- continued distribution of malicious emails targeting employees, in particular *via* the activity of the QBot attacker group and much more marginally EMOTET;
- a resumption of denial of service attempts on infrastructures *via* Distributed Denial Of Service attacks [DDOS]. However, these attempts cannot be easily attributed to specific actors;
- the geopolitical situation between Russia and Ukraine remains a major concern for cyber activities, requiring the implementation of a reinforced watch. However, over the period, no specific targeting of our activities was observed.

Despite this high level of threat, no significant incidents were observed.

TIER-IV certification of new machine rooms

The Lille datacenter expansion project was aimed at implementing Tier-IV (Uptime Institute) security, the highest level of security for a datacenter with an availability rate of 99.995%, corresponding to an average annual downtime of 0.4 hours.

Three certifications should be noted:

- Tier-IV Design in 2019 for the new rooms in Lille, and in January 2022 for Eastern France;

- Tier-IV Facility in August 2021, the first datacenter in France to obtain this certification. It consists of an audit of the facilities by expert Uptime consultants and a real-life simulation of a hundred or so test cases (breakdowns, bad handling, various incidents, etc.) for which the datacenter must remain operational;
- a study for Tier-IV Operation Sustainability (TCOS) certification was launched in 2020. This is the 3rd and final possible certification for a datacenter. A Steering Committee has been set up and the project appraisal is underway. The proposals of the maintainers, who are stakeholders in this project and for which they must ensure the operational implementation, are being studied jointly by CCS and Euro-Information. The first offers received are being adjusted by these companies following a number of clarifications made by Uptime regarding its recommendations.

Project for securing personal data

Since 2018, Euro-Information has been involved in bringing member entities into compliance with the Community information system under the new European GDPR regulation. The regulation aims to better protect the Personal Data (PD) of customers, prospects and employees and increases their control over their own data. This has created new obligations and requirements on customer information with respect to the collection, registration and storage of personal data.

The response to the requirements of the regulation was achieved through the GDPR program, launched in 2018. The program consisted of 15 projects covering the entire scope. On the organizational aspect, Data Protection Officers (DPOs) and Data Protection Correspondents (CPDs) were appointed in 2018 for each of the banks, federations and subsidiaries. GDPR correspondents in Euro-Information's development sectors have also been appointed.

For processing management, a compliance framework has been implemented. The definition of data retention periods resulted in the deletion of a significant amount of data, in particular third-party customers and prospects. The stored data was processed for the majority of business entities for which the deletion and monthly archiving process is carried out on a regular basis. The clean-up concerns production data, data from the decision-making system, for third parties and associated data, including documents stored in the Electronic Document Management (EDM or GED in French) system. Accordingly, several million customer and prospect references have been deleted from the systems since 2019.

The proposed improvement in the control of the localization of personal data is in progress *via* the deployment of a data dictionary. An analysis of the office files stored on the servers is being tested, making it possible to detect the presence of personal data with a view to their deletion at the end of their retention period. Lastly, consent management has been implemented on the nearly 400 websites hosted by Euro-Information.

Regarding the rights of individuals, requests from customers and prospects are processed according to a defined procedure, with statistical monitoring of the number of requests. An e-learning training course was delivered to all Euro-Information employees and to the group's School for directors of local banks and branches to better inform them of this new regulation and encourage them to be more responsible. This training was extended to all employees of the Crédit Mutuel and CIC networks. For communications, a monthly newsletter on the GDPR has been published since 2020 to continue awareness-raising/training.

Prevention measure of the scenario “At the level of the internal functioning of the group’s entities: the absence of a policy to reduce the consumption of resources (water and paper linked to a tertiary activity)”

Several measures are implemented to deal with this scenario.

Follow-up on the group’s paper policy

WWF regularly establishes a barometer to assess the paper policy of large companies established in France, in order to encourage them to improve their environmental performance. The group examined the PAP50 Banking and Insurance scope. As part of this study, several data were analyzed:

- paper consumption;
- the environmental responsibility of paper;
- sorting and selective collection of used paper;
- commitments to improve the policy.

The last study was in 2014. Crédit Mutuel, CIC and Cofidis were considered separately and were therefore poorly ranked in the final report. Accordingly, Crédit Mutuel Alliance Fédérale voluntarily participated in the 2020 survey in order to ascertain the actual situation on these issues. In 2020, Crédit Mutuel Alliance Fédérale and its subsidiaries occupied the fourth place in the final ranking and first bank of the ranking. The score out of 100 increased from 22 to 79. The year 2021 has allowed, on the basis of the recommendations made by *Riposte verte*, to discuss with the various actors concerned to continue to improve the 2020 score. The actions are being implemented gradually and should make it possible to at least maintain this score. The goal is to reach or exceed the same score for the next survey.

Reduction of paper consumption

The use of electronic signatures continued to grow in 2022 with 25.8 million signatures compared to 20 million in 2021. This corresponds to approximately 20.5 million contracts compared to 17 million in 2021, including contracts with multi-signatories. The increase is less than the previous year, as the majority of applications now offer electronic signatures. However, in 2023 there will be an additional expansion of the scope of the electronic signature, thanks to its integration into the Online Banking (BAD), Card Management (ICARS) and Employee Savings (EPSA) applications. Other applications that already offer electronic signatures will increase their scope, such as Instruction Dossier Crédit Entreprise (IDCE), which will enable the electronic signature of business loans with guarantors.

The stock of documents in EDM continues to increase, rising from 6.3 billion documents at the end of 2021 to 7.5 billion at the end of 2022, which corresponds to a growth of 16% in 2022 compared to 21% in 2021. ETVS, a digitization subsidiary, processed 338 million documents in 2022 compared to 321 million in 2021. A project to compress images before their integration into the EDM system was initiated by Cofidis in 2021. All of the group’s entities have validated the activation of compression by default for documents larger than 250kb before they are put into EDM, which allows for significant storage savings without altering the quality of the images and is totally in line with a CSR approach.

For the volumes produced in the workshops, nearly 561 million pages were printed during the year, a decrease of 3.02% compared to 2021. Just over 174.3 million pieces of mail were produced, a decrease of 3.54%. In order to rationalize resources, the Carquefou publishing center closed at the end of 2021. The activity of this center was completely transferred at the end of 2021 to the Lille and Strasbourg centers. At the end of 2022, the level of paper documents for internal use within the group continued to decline, from 0.29% to 0.25% of total production. This is accompanied by a decrease of 13.66% in the volume of paper publishing.

Unbleached recycled paper

The willingness to use unbleached recycled paper is part of Crédit Mutuel Alliance Fédérale’s CSR policy. A new type of paper integrating the technical and functional constraints and in line with our cost approach was validated in the first quarter of 2018 and added to the catalog.

The decision on whether or not to use it is currently left for the companies to assess. This represents 109,075 reams corresponding to approximately 272 metric tons of paper in 2022 compared to 90 metric tons in 2021. This increase in volume corresponds to a significant transfer to this new type of paper, the proportion of which increased to 11.2% in 2022 compared to 3.5% in 2021.

Printing on MFPs (multi-function printers for printing, photocopying, scanning, fax, etc.) through virtual mailboxes

A project is underway to streamline printing resources and replace local printers in each office with shared network printers. This solution is operational for all types of printing (office, intranet, 3270, etc.).

The shared use of MFP copiers and printers is possible thanks to the Watchdoc solution which makes it possible to block the output of documents from the printer as long as the user has not authenticated himself in front of the machine. The project has a threefold objective: environmental by reducing paper consumption, business by encouraging the use of electronic signatures and financial by optimizing printing costs.

Since the beginning of 2021, the centralization and security of printing has been part of the group’s SMR projects and the cost reduction policy. In the industrialization phase since January 2022, the deployment of secure printing concerns the entire Crédit Mutuel Alliance Fédérale network and will eventually target over 4,300 branches. This project, which aims in particular to eliminate individual printers from workstations – excluding reception and ETS – and to promote electronic signatures, will ultimately lead to a significant reduction in paper consumption.

At the end of 2022, the project had been rolled out to 21% of the total number of branches concerned (938 out of 4,344 branches). 2,351 additional branches are in the pipeline for 2023. The remaining branches will be equipped in 2024.

Secure centralized printing is also part of the implementation of new organizations, both in the network (new types of branches, renovation work, Crédit Mutuel Océan and Crédit Mutuel Nord Europe equipment rationalization projects) and in the head offices (optimization of the printer fleet, move to new premises, etc.). Euro-Information sites also implemented in 2021, the solution to remove local printers in favor of MFPs on the floors. A project will therefore have to be carried out to deploy this solution in all existing head offices.

This pooling project is also starting to show convincing results in terms of printing volume. The number of prints between the months of October and November 2021 to those of 2022 decreased from approximately 62 million to 46 million at the group level, which represents a decrease of 25%.

Local bank and service bulk management

During the first stage of the project, delivered in February 2021, 21% of the 4.4 million documents identified in 2019/2020 were no longer printed or were digitized, *i.e.* approximately 1.1 million documents.

The second phase of the project, which deals with the 20% of the documents, which represent 80% of the shipments, is still underway. The production releases made in 2022 or planned for 2023 will represent an additional reduction in the volume of 1.2 million documents over 12 months.

Implementation of the AGEC law

The AGEC law, known as the Anti-Waste for a Circular Economy law, has a direct impact on Crédit Mutuel Alliance Fédérale, which will eventually be affected by several EPR channels^[1]:

- graphic paper sector with a deadline of March 9, 2023;
- electrical and electronic equipment sector;
- textile sector;
- toy sector;
- vehicle sector;
- building sectors.

Crédit Mutuel Alliance Fédérale has opted for a collective system for the graphic paper sector, which is why it is a member of the eco-organization CITEO and pays it an eco-contribution for waste management. In 2022 and early 2023, the priority was to apply the AGEC law to the graphic paper sector through two actions:

- obtaining a unique identifier to be affixed to the general conditions of sale or any other contractual document;
- affixing the TRIMAN logo on all documents intended for customers/members if it was not present and the associated INFO-TRI instructions.

The 2nd action gave rise to requests for changes at the local and central desktop publishing level with the affixing of the INFO-TRI caption below the TRIMAN logo, which has already been present for several years, and at the level of all the professions publishing documents to affix the logo and caption (contracts, checkbooks, miscellaneous documents). The other document producers such as the sales department or CCS Publications for the contract library were all informed to update the various communication media available to customers/members. Crédit Mutuel Alliance Fédérale's legal experts will shortly be sending out a communication to all group entities. A project group managed by the risk department and legal experts will start in February 2023 and will continue until the actions to be taken are completed.

Relations with the La Poste group

La Poste is an important partner of Crédit Mutuel Alliance Fédérale and mainly of Euro-Information. As a company heavily involved in the ecological transition, La Poste, in conjunction with the mail delivered, offset 3,581 metric tons of CO₂ equivalent in 2019 to achieve carbon neutrality. This neutrality is certified by an organization and a carbon neutrality certificate was granted in 2020 and 2021. Since then, a project for the implementation of a new industrial mail management offer has been studied. Its deployment is scheduled for the first quarter of 2023. This new solution allows better monitoring of mail but especially allows reductions in carbon emissions, waste and consumables:

- fewer trips for trucks thanks to the optimization of filling;
- less undistributed mail transported thanks to address diagnostics;
- simplification of deposit rules;
- less ink used for postage;
- less paper used: digital acknowledgment, fewer envelope references, etc.

On the other hand, as part of the implementation of the new mail range [NGC 2023], the drastic increase in the fast rate of 96% on January 1, 2023 leads to an additional cost of around €10 million for the group. A working group has been set up to verify the appropriateness of its use with the migration to the slow rate otherwise. A justification for maintaining the fast rate was requested. The documents which will continue to be sent by fast mail have been identified, and the switch to slow mail or dematerialization of the other documents is either underway or has already been made.

Actions carried out in addition to the scenarios of the various social, governance and societal components managed by the group

Deployment of benefit corporation objectives

Euro-Information actively participates in the implementation of the objectives set by Crédit Mutuel Alliance Fédérale as part of the benefit corporation.

Euro-Information has worked on mission 5: "As a responsible company, we actively work for a fairer and more sustainable society" whose commitments are:

- commitment 14: ensure the real estate loan of our loyal customers without any medical formalities;
- commitment 15: commit to customers in financial difficulty with an account at €1 net per month without any incident fees.

The Euro-Information Développement Assurances sector was mobilized to implement the abandonment of medical formalities in the context of borrower insurance in 2021. Since July 1, 2022, this system coexists with the Lemoine law and is based on criteria defined by the group, including customer loyalty. Since start-up on December 1, 2021, there have been a total of 1,042,160 cases, of which 162,755 were processed without medical formalities. Other sustainable finance projects should be launched in 2023 in the life insurance scope.

[1] An EPR (Extended Producer Responsibility) channel is a product category to which the EPR principle applies

Commitment 15 was implemented during 2022. The price was applied retroactively to the entire inventory and applied to new sales. This currently concerns 51,673 beneficiaries. At the same time, application developments have been made to facilitate promotion to member, in particular by systematically offering the A share to a customer who is not equipped.

Respectful of everyone's privacy, the group is committed to putting technology and innovation at the service of people. This is in line with commitments 7 and 8 of mission 3:

- commitment 7: guarantee the privacy of our customers' data in processing 99.9% of their information in our infrastructures and systems located in France;
- commitment 8: invest productivity gains from artificial intelligence in employment and development.

At the beginning of 2022, the group also introduced free executive liability coverage for all chairmen of associations. This is commitment 10 of mission 4 "As a solidarity-based company, we contribute to regional development":

- commitment 10: offer the Pay Asso digital payment solution to our associations and civil liability coverage to their managers

Accessibility of applications

As part of the provision of web applications and apps, Euro-Information ensures that its interfaces are accessible. Since the end of 2019, Euro-Information has embarked on an action plan to include accessibility in the practices, documents, tools and training of the processes of the development teams as well as for the digital processes of the entities adhering to Euro-Information's information system, in order to comply with the legal requirements of Decree No. 2019-768 of July 24, 2019. All actions are monitored by a project group. The group works in collaboration with the accessibility correspondents from the group's entities and Euro-Information, with the diversity and inclusion division of the group HR department, the local disability correspondents and the employees on a voluntary basis. Euro-Information coordinates the digital accessibility correspondents of the entities (4 to 6 meetings per year), manages internal and external audits (32 have been carried out or are ongoing) as well as the monitoring of the improvements to be implemented.

The Accessibility portal on Euro Information's ergonomics site provides access to documentation on accessibility, legal obligations, solutions and tools made available to the development teams and the entity's webmasters. Accessibility on ATMs has been taken into account for more than ten years. It is possible to make a withdrawal with voice assistance through the rapid withdrawal function - withdrawal from the account associated with the card -, available to any holder with a headset at ATMs equipped with a headset jack (possible in French and English in France).

The decree of July 25, 2019 relating to the digital accessibility law, requires private sector companies with more than €250 million in annual revenue to guarantee access to digital Internet, intranet, extranet services, mobile applications, to any individual, customer or employee, regardless of whether they have a visual, hearing, cognitive and/or physical disability. Each user, without discrimination, must be able to easily perceive, understand, navigate and interact on the group's digital media. French regulations are based on the *Référentiel général d'amélioration de l'accessibilité* - General Accessibility Improvement Framework (RGAA), which lists 106 criteria to be met.

The accessibility division ensures the compliance of the websites and mobile applications of the 21 group entities that have joined the project. Its objective is to move towards the level of partial compliance, with a compliance rate of more than 50%. Among the 127 sites and applications in the scope, 35% of the sites and applications audited obtained an accessibility rate of more than 50% from the first audit. 61% of sites and applications are audited or in the process of being audited. At this rate, the entire scope will be audited in three years, which corresponds to the maximum rate required by law. Costs were optimized thanks to the implementation of a framework agreement by Euro-Information's purchasing teams.

Since October 2022, special attention has been paid to online banking sites and applications. This strategy aims to strengthen three areas: positioning in relation to the competition, image and accessibility by design. It is essential to code Accessible by design, so accessibility rules are embedded in the ergonomic components, in the template of the sites and the graphic charters. The ErgoQual tool has an accessibility auditor to detect non-compliance. Help for correcting the most frequent accessibility errors is available, covering many criteria from the general accessibility improvement framework. A broad training course will be rolled out. Webmasters systematically integrate the regulatory accessibility obligations for all new sites.

AGORA – Collaborative platform of members of Crédit Mutuel Alliance Fédérale

AGORA makes it possible:

- a collaborative and exchange platform for Crédit Mutuel Alliance Fédérale members, aimed at federating them around shared areas of interest, through events, themes and local, regional and national communities. Each Member can interact, participate, "like" and comment on events and communities;
- a social network accessible to employees of the banks, to employees who have a link with the AGORA and to all individual members and associations using remote banking;
- a tool for communication, commitment and renewal of membership.

This tool is evolving thanks to feedback from employees and member customers and recently new functionalities have been added, such as:

- for a community to advertise for volunteers;
- to transfer the management of a community or event;
- to add a follow-up of the elements of the AGORA for the back office;
- to improve a user's first login with respect to acceptance of GDPR documents, Terms of use, etc.

Green project (Monabanq): Carbon analysis of expenses

In 2021, Monabanq offered its customers a quarterly newsletter, including an analysis of the carbon footprint of the expenses incurred. Euro-Information is currently working on automating this action to make it easier and interactive through the budget management tool. The objective is to offer customers a CO₂ equivalent of their expenses by analyzing the category of the user's expenses.

This tool is developed for the application as well as the website. A pilot took place with employees in May 2022, and the service was rolled out to all Monabanq customers on June 22, 2022. The activation statistics as of January 3, 2023 are as follows:

- number of Green activations: 7,877;
- number of Green deactivations: 301;
- number of Green questionnaires completed: 3,236;
- number of budget management users: 76,681.

The percentage of service activation among customers, budget management, rose above 10% to 10.27%, an increase of 1.4 points compared to November. A questionnaire was sent to a panel of customers to analyze usage. Subsequently, the development of a documentation and/or recommendations space is in the pipeline in order to enable customers to better understand their carbon footprint and to act accordingly. This tool can be set up on each of the applications and websites of the group's entities which so request. A request has already been made by Beobank to be able to offer the service to its customers.

PAULA project

The PAULA project involves pooling ATMs between the BNP Paribas, Crédit Mutuel and CIC banks, and Société Générale in mainland France. This will make it possible to increase the number of service points for all customers of the project's partner banks and to maintain the quality of service even in areas where activity is reduced. For the group's customers, 56% of additional sites will be accessible at the end of the project. This project will also have an environmental impact as it will reduce the need for more equipment and reduce energy consumption. In addition, the automation of cash recycling through the massification of deposits will generate less loading of ATMs and therefore less transport of funds.

Inclusion of workers with disabilities

Euro-Information applies the group agreement, which celebrated its first anniversary at the end of 2022 (reimbursement of prevention and well-being contracts, request for study grants, workstation adaptation, remote working, etc.). In this context, Euro-Information has designated two disability referents. Individual meetings are organized with the declared employees (68 to date) and information meetings on the mechanisms with the family caregivers. Two employees with disabilities were hired internally.

Significant action has been taken at EID for several years to integrate people with disabilities. A partnership was concluded with the organization COMPETHANCE with the award of two grants to train people with Asperger's syndrome, who wish to become programmers. In this context, Euro-Information Développement welcomed in 2022:

- two people at the Verlinghem site;
- a work-study student at the Tassin la Demi-Lune site who arrived in 2021.

Euro-Information welcomed two other service providers in Cergy *via* another company, Innovandco, which also specializes in disability. These services ended in August 2022. Concerning the recourse to adapted companies, two orders were carried out by Arthea and Réseaux Adaptés in 2022.

Quality of Life at Work (QLW) scope

In an effort to improve its carbon footprint, the group is seeking to optimize employee commuting. The platform, *7^{ème} sens* (7th sense), was rolled out in March 2022 within CIC Ouest bank as a pilot and then extended to the whole of Crédit Mutuel Alliance Fédérale in June. It allows all employees to declare their journeys to work or to training courses, to specify the available places in their car or conversely their need for a place on a journey. The employee is alerted when a requested journey is available. Since March, more than 800 employees have registered and 400 journeys have been proposed. Nearly 600 teams have been formed to carpool for one-way or round-trips. In the end, 9,600km and an estimated 1.5 metric tons of CO₂ were saved.

As part of the calculation of the group's carbon footprint, a project began at the end of 2021 to improve the collection of commuting data. This project will make it possible, in several stages, to refine the carbon footprint calculations by recording the days of presence on site and remote working and will directly calculate the distance between home and work. In the long term, it will make it possible to retrieve the main mode of transport of each employee in line with the evolution of QLW agreements on the mobility bonus.

Euro-Information also takes part in the group's discussions to promote and manage new modes of transport and roll out remote working. New possibilities have been offered for remote working with several adaptations, particularly in terms of capacity of use. This capacity was stepped up significantly in the context of the pandemic and makes it possible to ensure the redundancy of the equipment concerned. The group agreement on QWL and remote working of January 8, 2021 has generated the need to deploy standard configurations for remote working, designed and validated to facilitate the installation of equipment in the employee's personal home. One or two screens are currently provided as needed as well as the communication kit (webcam, headsets or speaker phones depending on the business scope) and a basic kit (keyboard and mouse). A larger 27-inch screen, to improve visual comfort for space-starved employees, was qualified in Q1 2022 and entered inventory in Q3. This should be rolled out gradually within the group and is already in place at Euro-Information. Since 2022, a universal docking station has enabled employees to easily connect both at the office and at home for remote working.

Remote working has also highlighted printing issues for the staff of the local banks and branches. Projects have been launched to harmonize processes (printing, electronic signature, generation of PDF documents) and make it possible to eliminate the need for physical printers. This resulted in an important update at the beginning of 2021 to enable the generation of a PDF in all cases. Other projects in terms of EDM and electronic signature are currently underway.

At the end of 2022, a second group amendment was signed relating to QWL and remote working, which does not impact the technical resources already in place.

Sustainable mobility package premium

EID made it possible to deploy the first version of the application for managing the sustainable mobility premium, a component of the group's QWL agreement. This premium is in place in the Euro-Information scope. 1,159 employees benefited in 2022 compared to a total of 824 in 2021. The second group amendment relating to QWL and remote working has increased the mobility package from €400 to €700 for the years 2022 and 2023, and personal electric scooters are now included in the scope of possibilities.

Implementation of the Nutri-Score in a company restaurant

The Lyon site, in partnership with Elior, which runs the inter-company restaurant, has begun to include the Nutri-Score on the restaurant's menus. Elior is the first company restaurant operator in France to deploy this indicator on its menus and therefore allows this inter-company restaurant (ICR) to be the first inter-group restaurant to implement this system.

The Nutri-Score was developed by independent international research teams composed of scientists, doctors and nutritionists, to make nutritional information easier to decipher. To classify each product, the Nutri-Score takes into account, for 100 grams of product, the content:

- in healthy nutrients and foods: fiber, protein, fruits and vegetables, pulses;
- in unhealthy nutrients: calories, saturated fat, sugars, salt.

Indicators

To monitor the group's actions, a review has been carried out since 2019 to define relevant indicators. Concerning the security approach of the Information System, three angles are considered:

- **Availability angle:** the Euro-Information system is reliable and the QMS (ISO 9001) letter determines a target of 100% operation, seven days a week and 24 hours a day. The primary applications are monitored with a target of more than 99%. Availability was very high throughout the year, with an annual average of 99.88%.

RATE OF AVAILABILITY OF PRIMARY TP APPLICATIONS

Granularity	2022-01	2022-02	2022-03	2022-04	2022-05	2022-06	2022-07	2022-08	2022-09	2022-10	2022-11	2022-12
Global	99.70%	99.80%	99.94%	99.86%	99.98%	99.94%	99.83%	99.98%	99.97%	99.82%	99.88%	99.8%

Euro-Information has achieved very high levels of availability. The annual average is higher than in 2021 (+0.12%). The change in this indicator since the start of its monitoring in 2019 has remained stable overall, with an increase of +0.32% [2019 value: 99.54%].

- **Claims angle:** processing by Euro-Information must be reliable and the malfunctions must be the least impacting possible. All IT incidents are monitored, including claims with a financial impact of more than €1,000 for the Crédit Mutuel group and its partners. The Euro-Information claim ratio was 398 in 2020, 331 in 2021 and 324 in 2022. The number of claims therefore decreased slightly in 2022, but the amount of claims fell sharply by approximately 71% compared to 2021, due to the cessation of the accounting of claims related to the Covid-19 pandemic. The number of claims impacting banking activities was 34 in 2022 compared to 38 in 2021, with a 31% decrease in net value.
- **Security angle:** the Euro-Information system is constantly subjected to attacks to test its strength. Again, incidents arising from attacks should be limited in number if the cause is internal [the external volume is not controlled] with the lowest possible impacts. Ten categories of security incidents have been defined based on the standards of the European Network and Information Security Agency (ENISA) with, for example:
 - **Intrusion** [exploitation of vulnerabilities, compromised accounts or applications]. The purpose of this category is to classify all security incidents involving the detection of an intrusion on systems or premises. This concerns, for example:
 - the discovery of a new account not known by the administrators of a machine;
 - the exploitation of vulnerabilities;
 - operations detected which are not explained (no associated AGATE, no planned intervention).
 - **Breach of availability** (DDoS, theft, sabotage, etc.). The purpose of this category is to classify all security incidents that concern the breach of the logical or physical availability of one of the systems. This concerns, for example:
 - the theft of a portable computer;
 - a distributed denial of service (DDoS) attack on our networks;
 - the sabotage of a room or a system.

After calculation, the score obtained by a product makes it possible to assign it a letter and a color:

- from the healthiest product, ranked A;
- to the least healthy product, ranked E.

To take into account the specificities of certain food families, such as added fats (butter, oil), cheeses and drinks, the score calculation method has been adapted. The menu of the week is distributed with its indication and each food in the restaurant displays it.

In 2018, 175 "impaired availability-type" attacks and 57 "attempted intrusion-type" attacks were recorded. In 2019, 277 "impaired availability-type" attacks and 27 "intrusion attempts" were identified. In 2020, there was only one intrusion attempt and 244 impaired availability-type attacks. In 2021, no intrusion attempts and 261 impaired availability-type attacks were identified. In 2022, two intrusion attempts and 168 breaches of availability were recorded, *i.e.* a decreasing volume, but with more sophistication in certain attacks. These two security indicators confirm the necessity of being equipped to counter DDoS-type attacks and the robustness of the surveillance and defense system.

3.10 CSR POLICY OF THE PRESS DIVISION

3.10.1 Quantitative data

Indicator code	Indicator description	Unit of expression	2022
ENV01P	Newsprint	Metric tons	39,748
ENV02P	of which labeled paper	Metric tons	28,335
ENV03P	Aluminum plates	Metric tons	267
ENV04P	Newspaper ink and prints	Metric tons	594
ENV05P	Packaging	Metric tons	280
ENV06P	Waste – reel start and end	Metric tons	1,518
ENV07P	Waste – fall of white paper from rotating machines	Metric tons	1,161
ENV08P	Waste – print returns	Metric tons	4,411
ENV09P	Waste – inserts	Metric tons	632
ENV04	Water consumption	Cubic meter	30,505
ENV05	Total energy consumption	Kilo Watt Hour	32,801,188
ENV05_01	Steam water in urban networks	Kilo Watt Hour	776,190
ENV05_02	Chilled water in urban networks	Kilo Watt Hour	107,997
ENV06	Electrical energy consumption	Kilo Watt Hour	23,743,082
ENV07	Gas energy consumption	Kilo Watt Hour	7,656,801
ENV08	Fuel energy consumption	Kilo Watt Hour	517,118
ENV30	Fugitive emissions of frigorific gases	Kilograms	183
ENV09	Total paper consumption	Metric tons	189
ENV10	Total consumption of paper for internal use	Metric tons	94
ENV11	Total paper consumption for external use	Metric tons	95
ENV15	Recycled used paper as output (waste)	Metric tons	43
ENV15L	Total labeled paper purchased	Metric tons	118
ENV15R	Total recycled paper purchased	Metric tons	6
ENV15RP	Recycled newspaper	Metric tons	35,476
ENV13	Consumption of toner cartridges	Whole number	2,224
ENV16	Used toner cartridges recycled after use	Whole number	1,404
ENV18	Business travel – air	Kilometers	256,233
ENV19	Business travel – train	Kilometers	3,124,850
ENV23	Business travel – employee vehicle	Kilometers	5,533,078
ENV25	Business travel – taxi & car rental	Kilometers	59,308
ENV20	Motor fleet of the entity – number of km all vehicles	Kilometers	16,919,453
ENV29P	Transport – transalliance	Metric tons	38,526
ENV30P	Transport – La Poste	Metric tons	1,949
ENV31	Number of videoconferencing equipment	Whole number	7
ENV32	Number of videoconferences	Whole number	341
ENV33	Total duration of videoconferences	Centesimal hours	1,143
ENV34	Documents digitized (paper avoided)	Metric tons	56
GOUV01	Total number of members of the Board of Directors of the structure (in the sense of capitalistic company)	Whole number	55
GOUV02	Number of women on the Board of Directors of the structure (in the sense of capitalistic company)	Whole number	15
GOUV09_02	Subsidiaries: number of directors from the Board of Directors or Supervisory Board aged < 40 years	Whole number	2
GOUV09_03	Subsidiaries: number of directors from the Board of Directors or Supervisory Board aged 40-49 years	Whole number	8
GOUV09_04	Subsidiaries: number of directors from the Board of Directors or Supervisory Board aged 50-59 years	Whole number	21
GOUV09_05	Subsidiaries: number of directors from the Board of Directors or Supervisory Board aged ≥60 years	Whole number	24

Indicator code	Indicator description	Unit of expression	2022
SOC01	Total workforce in FTE	Full-Time Equivalent	3,615
SOC01_BIS	PPH workforce on the payroll	Natural Persons	5,453
SOC01_F201	Female managers with open-ended contracts in France	Natural Persons	799
SOC01_F202	Female non-managers with open-ended contracts in France	Natural Persons	1,597
SOC01_F203	Female managers on fixed-term contracts in France	Natural Persons	22
SOC01_F204	Female non-managers with fixed-term contracts in France	Natural Persons	152
SOC01_H211	Male managers with open-ended contracts in France	Natural Persons	1,003
SOC01_H212	Male non-managers with open-ended contracts in France	Natural Persons	1,636
SOC01_H213	Male managers with fixed-term contracts in France	Natural Persons	44
SOC01_H214	Male non-managers with fixed-term contracts in France	Natural Persons	200
SOC02	Total workforce France (Open-ended + Fixed-term contracts) – Natural Persons	Natural Persons	5,453
SOC04	Total workforce with fixed-term + open-ended contracts – managers	Natural Persons	1,868
SOC05	Total workforce with fixed-term + open-ended contracts – non-managers	Natural Persons	3,585
SOC07	PPH Workforce – Women	Natural Persons	2,570
SOC08	Workforce – open-ended contract	Natural Persons	5,035
SOC08_NCADRE	Workforce – open-ended contract – non-managers	Whole number	3,233
SOC08BIS	Workforce – open-ended contract – women	Whole number	2,396
SOC09	Workforce – fixed-term contract	Natural Persons	418
SOC12	% open-ended contract employees	Percentage rate	92
SOC13	Total hires	Natural Persons	3,562
SOC14	Men hired	Natural Persons	2,160
SOC15	Women hired	Natural Persons	1,402
SOC16	Hires with open-ended contracts	Natural Persons	561
SOC17	Hires with fixed-term employment contracts	Natural Persons	3,001
SOC19	Number of employees with open-ended contracts that quit the organization	Natural Persons	801
SOC20	Number of employees with open-ended contracts that quit the organization on dismissals	Natural Persons	139
SOC29	Number of full-time employees with open-ended or fixed-term contracts (including full-time parental leave)	Natural Persons	3,059
SOC30	Number of part-time employees with open-ended or fixed-term contracts and managers with reduced day package	Natural Persons	2,394
SOC38	Total number of days of absence	Working days	100,123
SOC39	Number of days of absence due to illness	Working days	92,485
SOC40	Number of days of absence due to workplace accidents	Working days	7,638
SOC41	Number of days of absence for maternity/paternity	Working days	5,027
SOC46	Payroll invested in training (payroll expense for training in euros)	Euros	1,219,476
SOC47	% of payroll expense invested in training	Percentage rate	1
SOC48	Number of employees who have had at least one training session	Whole number	1,220
SOC49	% of trained employees	Percentage rate	22
SOC50	Total number of hours allocated to employee training	Centesimal hours	25,179
SOC52	Number of work-study trainings	Whole number	71
SOC53	Number of work-study trainings with professionalization contract	Whole number	35
SOC54	Number of work-study trainings with apprenticeship contract	Whole number	36
SOC59	Number of women among managerial staff	Whole number	821
SOC60	% of women among managerial staff	Percentage rate	44
SOC61	Number of managers promoted in the year to a higher level of function	Natural Persons	292
SOC62	Number of women among managerial promotions	Whole number	123
SOC63	% of women among managerial promotions	Percentage rate	42
SOC68	Number of disabled workers in the total workforce	Whole number	200
SOC71	% of disabled workers in the total workforce	Percentage rate	4

Indicator code	Indicator description	Unit of expression	2022
SOC73	Gross payroll excluding employers' contributions (<i>in €</i>)	Euros	174,363,234
SOC74	Average annual compensation of employees with open-ended contracts – all statuses	Euros	35,575
SOC75	Average annual compensation of employees with open-ended contracts – non-managers – all statuses	Euros	14,189
SOC76	Average annual compensation of employees with open-ended contracts – managers – all statuses	Euros	65,561
SOC81	Total amount of bonus (profit-sharing and shareholding) (<i>in € – excluding employer contributions</i>)	Euros	732,571
SOC82	Number of employees having received a profit-sharing and shareholding bonus	Whole number	2,477
SOC88	Workforce < 25 years old	Natural Persons	258
SOC89	Women < 25 years old	Natural Persons	128
SOC90	Workforce 25-29 years old	Natural Persons	327
SOC91	Women 25-29 years old	Natural Persons	137
SOC92	Workforce 30-34 years old	Natural Persons	301
SOC93	Women 30-34 years old	Natural Persons	138
SOC94	Workforce 35-39 years old	Natural Persons	393
SOC95	Women 35-39 years old	Natural Persons	190
SOC96	Workforce 40-44 years old	Natural Persons	520
SOC97	Women 40-44 years old	Natural Persons	258
SOC98	Workforce 45-49 years old	Natural Persons	610
SOC99	Women 45-49 years old	Natural Persons	295
SOC100	Workforce 50-54 years old	Natural Persons	890
SOC101	Women 50-54 years old	Natural Persons	437
SOC102	Workforce 55-59 years old	Natural Persons	979
SOC103	Women 55-59 years old	Natural Persons	466
SOC104	Workforce 60 years old and older	Natural Persons	1,175
SOC105	Women 60 years old and older	Natural Persons	521
SOC107	Total gross annual compensation (<i>in €</i>) of employees with open-ended contracts	Euros	164,012,927
SOC108	Total gross annual compensation (<i>in €</i>) of non-managerial employees with open-ended contracts	Euros	45,872,451
SOC109	Total gross annual compensation (<i>in €</i>) of managerial employees with open-ended contracts	Euros	118,140,476

3.10.2 Specific report of the press division

EBRA is the leading French regional press group with a circulation of more than 800,000 copies per day for more than three million print readers and a significant digital audience for all titles: 17.5 million pages viewed per day, and 15 million unique monthly visitors.

EBRA employs nearly 1,400 journalists and owns nine regional dailies: *Le Dauphiné libéré*, *Le Progrès*, *Le Bien public*, *Le Journal de Saône-et-Loire*, *Le Républicain lorrain*, *L'Est républicain*, *Vosges matin*, *Les Dernières Nouvelles d'Alsace* and *L'Alsace*.

The nine titles have a strong local presence and cover a total of 23 departments across the entire eastern seaboard of France. The EBRA group is present with its various brands in print and digital as well as an events offering with its subsidiary EBRA Events and video expertise *via* its subsidiaries EBRA Studios and EBRA Productions.

In order to enrich its know-how with successful brands, in 2022, the EBRA group acquired the Humanoid Group, publisher of the emblematic media Frandroid, Numerama, Madmoizelle and owner of the creative agency Humanoid xp.

As part of the commitments and missions pursued by Crédit Mutuel, the EBRA group companies are continually seeking to improve by implementing new rules and procedures, particularly regarding social, ethics and environmental responsibility aspects.

Positive Workplace® CSR Label

In December 2021, the EBRA group was awarded the first star of the Positive Workplace CSR label, thus becoming the first media group to receive the CSR label.

Since then, the group has adopted a proactive CSR policy and has deployed an action plan with the aim of progressing in its approach, enabling the group to compete again for a second star by 2023.

Restructuring operations

As part of its transformation process, initiated four years ago, and in light of new societal and economic challenges, the EBRA group wanted to work in depth on its brand strategy and give itself a *raison d'être* in order to redefine and share the role it intends to play in society today and tomorrow.

The *raison d'être*, "Agir pour renforcer les liens de proximité et de confiance entre les acteurs de nos régions" (Act to strengthen local ties and trust between players in our regions), enables the group to assert itself, while preserving the heritage and identity of its emblematic press titles. This will be reflected in a set of tangible proofs on the seven

commitments made by the group illustrating this *raison d'être*. It sets a course and guides future strategic choices, both in terms of content and service offerings and HR and CSR policies.

At the same time, the EBRA group has defined a positioning for each title: the objective is to create differentiation beyond its regional or local vocation. Naturally, this positioning is linked to the company's *raison d'être* and is aimed directly at readers.

To make this positioning a reality, the newspapers produce content or services in line with their specific positioning, but they are also part of a common base that must above all serve the local community and address the issues of the region.

EBRA has also completely overhauled its graphic identity with a new logo, in line with the group's positioning, as well as a modernization of the logos of the title brands to harmonize them with the image of the EBRA group.

Realization of a group carbon footprint

Committed to a low-carbon approach, the EBRA group has carried out a full-scope carbon footprint that goes beyond legal requirements. In 2021, 74,538 metric tons of CO₂ were generated by the group's activities. The carbon intensity per employee is 5.10 metric tons of CO₂ and the economic carbon intensity is 152 kg of CO₂ per €k of revenue. The most important items of the EBRA group are freight transport (FRET) 24.9%, paper consumables 23.1%, premises 13.5%, purchases of services 9.2% and travel 6.7%.

Aware that it is imperative to reduce the group's carbon footprint, the latter has defined a short- and medium-term carbon trajectory with a timed action plan to reduce the group's carbon footprint by 10% within two years. To do this, EBRA is supported by SAMI, a company specializing in carbon assessments in the press sector. The EBRA group now uses a carbon calculator to manage its transition to a more responsible and sustainable world.

Environmental responsibility

Concerned about reducing their environmental impact, the EBRA group's printing plants have continued their actions by:

- adapting machines and consumables to no longer use plastic packaging for newspaper mail items;
- continuing their research on inks and other chemical products in order to use products that are more respectful for people and the environment;
- testing, with the help of CITEO and an ink producer, new solutions based on vegetable inks. The project was successfully closed in mid-June;
- developing their waste management policy and promoting the circular economy by entering into a partnership with the Perlen paper mill. This ensures local recycling of waste paper directly into newsprint, thus promoting a short circuit.

Finally, because of their commitment to more sustainable forest management, the newspapers printed in the group's four printing centers have obtained and renewed their PEFC certification, allowing them to continue using the *Imprim'vert* label.

The group has launched an energy sobriety plan focused on reducing heating by limiting the temperature in offices to 19°C, switching off illuminated signs in headquarters and branches, and implementing the group's travel policy. The aim is to significantly reduce its energy consumption. It is accompanied by a guide for employees on the eco-friendly actions to adopt.

In order to make employees aware of the importance of soft mobility and regular physical activity, all of the EBRA group's divisions participated in various mobility challenges organized in their localities. EBRA also promotes the use of trains and supports the purchase of electric bicycles with a grant of €200.

Finally, the reduction of the carbon and digital footprint was promoted by the renewal, in 2022, of the responsible digital operation "Clean up your PC!", which aims to delete files and emails that have become useless or obsolete. In 2022, the operation resulted in an estimated saving of 49 metric tons of CO₂, 8 metric tons more than the previous operation in 2021.

Socially responsible commitments

The EBRA group also continued its socially responsible approach on the theme of Living together by rolling out an agreement signed on December 1, 2021. The objective of this agreement is to contribute to the quality of life at work for employees by setting up a concerted and flexible remote working framework as well as paying particular attention to disconnection rules. In addition, to promote parenthood, the group has extended the duration of maternity and paternity leave.

The EBRA academy group's offer is growing. In 2022, seven face-to-face training courses were offered to EBRA group employees. After those dedicated to managers, sales forces of advertising departments and sales departments for which 29 promotions have already been set up, four new courses were created at the end of 2021 to be deployed in 2022: journalists, assistants, project managers and employee representatives.

All these programs were designed within working groups composed of employees with varied profiles from the various group entities.

This academy is complemented by a careers committee whose role is to identify the group's key people and ensure that they are retained for a personalized career path.

In addition, for the EBRA Events branch, customers will now be offered support for the organization of events with a strong positive impact. More generally, diversification is based on low-carbon offers and services.

Finally, EBRA is expanding its non-financial indicators by including monitoring indicators on the evolution of the transition to digital and the editorial contribution to the ecological transition.

Business and ethics

In order to take into consideration environmental, social, ethical and societal issues, the EBRA group wishes to promote and maintain long-term and balanced relationships with partners recognized as responsible or committed to similar concerns.

This is why the EBRA group has implemented a new charter to establish a framework of mutual trust: the Purchasing and Sustainable Supplier Relations charter. This document describes all the commitments to be respected when a supplier or service provider wishes to enter into a relationship with one of the EBRA group companies.

The charter will accompany the various contracts and/or purchase orders that will be proposed to the partners for signature. It is a communication and awareness tool on the group's new *raison d'être* and concerns. The document will also allow the partner to access, if necessary and in full confidentiality, the group's recently established alert system.

The document addresses various issues such as respect for human rights, labor law, equal opportunities, protection of personal data, the fight against corruption, confidentiality of information exchanged, as well as environmental values and approaches: limiting greenhouse gas emissions, responsible waste management.

3.11 VIGILANCE PLAN

3.11.1 Introduction

The law No. 2017-399 of March 27, 2017, pertaining to the responsibility of parent companies and initiating companies is the law known as "duty of vigilance". This law obliges large companies to establish and implement a "vigilance plan", intended to prevent serious harm to human rights and the environment as part of their activities and those of subcontractors or suppliers with which they have a lasting business relationship. This obligation, which applies to companies, including subsidiaries, 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.

The vigilance plan is submitted to the Control and Compliance Committee and Auditing and Accounting Committee, which represents the supervisory authority of Crédit Mutuel Alliance Fédérale. It may be subject to modifications as the group makes progress in the matter and incorporates the particularities of certain professions.

The vigilance plan and its implementation are made public through the non-financial performance statement (NFPS), which can be consulted on the dedicated website^[1].

3.11.2 Presentation of the vigilance plan

3.11.2.1 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 fully integrated into the SMR approach implemented by Crédit Mutuel Alliance Fédérale in recent years. This approach was strengthened in 2020 by the adoption of a *raison d'être*, "*Ensemble, écouter et agir*" (Listening and acting together), supplemented by the benefit corporation status of Caisse Fédérale de Crédit Mutuel and CIC.

3.11.2.2 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,

[1] <https://www.bfcm.creditmutuel.fr/fr/investisseurs/information-financiere-reglementee.html>

- 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 Crédit Mutuel Alliance Fédérale or its partners, suppliers and intermediaries, on their stakeholders within the context of established commercial relationships.

2/ Health and safety of individuals

a) Definitions

- The WHO defines health as “the complete state of physical, mental and social well-being, which does not only consist of the absence of illness or infirmity”;
- Safety designates all of the provisions intended to ensure the protection of persons and property in a manner such that the situation in which one finds his or herself has an acceptable level of risk.

b) Examples of risks to safety and health at work

Physical activity (working on a screen, lumbago, etc.), noise, occupational cancers, chemical risks (asbestos, etc.), travel, psycho-social risks [aggression, external violence, occupational exhaustion or burn out, harassment and internal violence, stress, suicide], etc.

c) The vigilance plan covers infringements of health and safety inside and outside the company

- internally, the employer should ensure safety and protect the health of employees. The employer should take the necessary preventive measures against occupational risks and inform and train employees about these risks. The employer should also respect certain rules in the layout and utilization of the work premises,
- externally, the employer should also ensure that the company's activities like those of its suppliers do not have negative repercussions on the health and safety of the supplier's employees, customers or any other persons.

3.11.3 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;

3/ The environment

Risks related to the environment are industrial or technological risks generated by the company or partners, which have an impact on the environment: water, air, sites and soils, noise, etc. Risks related to financing and investment activities are also included, the goal being to reduce as much as possible the environmental consequences resulting from these activities. They concern:

- the vitality of the ecosystem (protection of the ecosystem, resource management, pollution);
- management of water, agricultural, fishing and forest resources, but also climate change and biodiversity and the air;
- environmental health: impact of the environment on human health.

3.11.2.3 People concerned by the vigilance plan

All those people likely to be affected by a risk or an infringement of a social or environmental nature are those who are involved in the context of the company's activities or in the context of a commercial relationship, particularly with suppliers and subcontractors. This includes managers, employees, temporary workers, staff (seconded or not), suppliers, subcontractors, customers and all other persons involved. These people can be at the origin of the violation of social or environmental rights, they can also be active or passive accomplices 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 of 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.

- 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.

3.11.3.1 Mapping of social and environmental risks

The mapping of risks covers the areas evoked above based on an awareness of employees' work situation, relationships with customers and partners, activities exercised by the company and those of subcontractors and suppliers.

The objectives sought consist of:

1/ Identifying the risks

This means identifying all the dangers to which employees (of the company or suppliers), customers or third parties may be exposed.

2/ Analyzing the risks

The risk incurred for each situation identified as dangerous is to be defined and evaluated based on:

- the nature of the danger;
- the means of prevention already existing (technical, organizational, human).

Scoring	1	2	3	4	5
Degree of risk	Very substantial	Substantial	Average	Low	Very low

For each case, residual risk is then valued according to the extent to which there is coverage for the observed risk based on the existence and relevance of preventive or mitigation measures in place. Its scoring is established based on the five following levels of risk:

Scoring	1	2	3	4	5
Degree of risk coverage	Inadequate coverage: risk not covered and remedial measures need to be quickly implemented.	Insufficient coverage: risk partially covered with significant points for improvement identified.	Average coverage: risk covered but with one or more points for improvement identified.	Satisfactory coverage: risk covered by a suitable mechanism (organization, procedures, controls, etc.).	Very satisfactory coverage: risk covered by a controlled mechanism.

On this basis, Crédit Mutuel Alliance Fédérale has identified the following primary potential risks:

- concerning human rights and fundamental freedoms: discrimination, undermining equality, breach of a person's right to respect for their private and family life; the right to strike, the right to freedom of assembly and of association as well as on the freedom of expression;
- concerning the health and safety of individuals: health risks, non-respect for legal working conditions, infringement on the safety of workers and inequality of access to the right to health, harassment;
- 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/ Classifying the risks

The classification of risks is designed to:

- determine the priorities of the action plan based on the potential seriousness and probability of occurrence;
- implement preventive measures.

For each area (human rights, fundamental freedoms, health and safety of people, environment), work has been done to identify the primary risks. These risks were the subject of analysis (by experts) leading to a two-part assessment based on the concepts 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 five following levels:

3.11.3.2 Assessment procedures concerning the status of suppliers and subcontractors

Regular assessment of the status of subcontractors and suppliers, particularly external, with which there is a commercial relationship is conducted with the help of various operational procedures within Crédit Mutuel Alliance Fédérale.

1/ Bidding process procedures

Most purchases are made by the 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 several 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).

[1] Gross risk is defined without taking into account the control environment.

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 reputation 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 French 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^[1] 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 BIL (companies, associations, sole traders) app;
- for accredited suppliers in the CONTRAT application: contracts, maintenance records, operational elements, etc.;
- the supplier charter which is signed by every new entry in relation with internal business line centers;
- the regulatory data from the supplier (legal structure, address, SIRET number, NAF code, legal category, etc.) are reported in the application – PIEFOU – a management tool for supplier invoices;
- when the supplier is also a customer, elements related to the fight against money laundering and the financing of terrorism (AML/CFT) are requested of the supplier or service provider.

3/ Selection of intermediaries and collection of information

- For retail banking, the PRESC application for IOBSPs (intermediaries in banking operation and payment services) makes it possible to identify the following documents: ORIAS (France's official register of insurance, banking, and finance intermediaries) registration, civil liability insurance, financial security, mandate, etc.
- In addition, each retail bank or specialized business line, establishes a referencing procedure for IOBSPs, which allows for the formalizing of the collection of required information and the implementation of certain controls.
- For Capital Markets, a policy is implemented for the selection of financial institutions or other intermediaries to which customer orders are entrusted for execution on French or foreign markets. The chosen entities must dispose of procedures and mechanisms to execute orders that correspond to the objectives set in the group's execution

policy (available on the Internet), 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 or entity concerned (management companies in particular) is responsible for the approval of the financial instrument brokers they deal with and for monitoring their relationship with them. In this regard, the entity:
 - formalizes a procedure for initiating a new relationship, including, in particular, combating money laundering;
 - establishes and keeps current a formal list of authorized brokers who are authorized to work with it;
 - established an evaluation grid of brokers, which allows for regular assessment based on qualitative criteria.

4/ Outsourcing of critical or material services

In general, Crédit Mutuel Alliance Fédérale makes very little use of outsourcing, in all areas, including IT. As such, it retains strategic and core business activities within the group, with priority given to internal expertise.

Outsourcing is limited to specific processes requiring particular expertise or to meet the specific needs of individual entities.

When Crédit Mutuel Alliance Fédérale resorts to outsourcing, it can control its costs while maintaining the expected level of quality and security (both from a user and a regulatory point of view), be responsive to market changes and remain flexible in the face of business line demands and needs. Furthermore, Crédit Mutuel Alliance Fédérale's outsourcing approach complies with universal principles in terms of human rights, labor standards, the environment and the fight against corruption.

The procedural framework for the control of outsourced activities, drawn up by Crédit Mutuel Alliance Fédérale's compliance department, consists of a general policy setting out the framework for the system and an operational procedure with nine annexes detailing the process and the role of the various parties involved. These documents are updated as needed. Crédit Mutuel Alliance Fédérale's outsourcing process, in accordance with regulatory requirements (art 239 of the decree of November 3, 2014), is part of a formal policy of control of service providers (procedure, control, reporting). Each entity setting up a subcontracting system must draw up a written contract with the service provider.

In the case of critical or important services, the entity must ensure that the contractual commitment defines, in particular through specific clauses and annexes, the terms of application: the levels of quality, security and performance of the services expected, regular reporting on the activity and financial situation of the service provider, the existence of back-up mechanisms, and the reversibility plan in the event of interruption of the service.

The regulatory requirements relating to the protection of the information entrusted and the access for the supervision of the ECB/ACPR or the AMF to information related to outsourcing must also be included. More generally, the contract must comply with the laws and regulations applicable to the entity.

[1] National Council on Private Security Activities (Conseil national des activités privées de sécurité).

Each entity must ensure that the supplier charter (CSR/SMR requirements) is signed for each essential outsourced activity.

3.11.3.3 Actions to mitigate and prevent risks

A set of measures aimed at reducing and preventing these risks is implemented vis-à-vis customers, suppliers and employees. These measures are presented below.

1/ In customer relations

a) Relationships based on ethics and the code of conduct

Rules of proper conduct exist to prevent risks to which customers could be subject. They are defined by internal rules that apply to all Crédit Mutuel Alliance Fédérale entities and to which are appended the security charter, the code of conduct and the charter on preventing and combating harassment and violence in the workplace. This mechanism is supplemented by the code of conduct which is a public document.

b) Protection of personal data

Knowing customers and the relationship they have with the bank requires gathering, using and storing a certain amount of information about them. The collection, use and processing of this data are protected and also covered by professional secrecy:

- Crédit Mutuel Alliance Fédérale entities concerned comply with the principle of relevance and proportionality of the data collected regarding the purpose of data processing, in order to comply with legal provisions;
- customer information is handled in a clear and instructional manner, particularly concerning:
 - the identity of the person responsible for processing,
 - the purpose of data processing, avoiding unduly generic wording,
 - the obligatory or optional nature of answers and the consequences of failure to reply,
 - the recipients of this information,
 - the right of access, to object and to correct.

Information on the protection of personal data is disseminated to customers who use remote banking as well as account opening agreements.

On April 27, 2016, the European Parliament and the Council adopted the regulation on the protection of natural persons with regard to the processing of personal data and the free movement of such data. This regulation, which was enforceable beginning from May 25, 2018, strengthens protection of personal data.

Crédit Mutuel Alliance Fédérale has adapted its tools and guidelines to incorporate the regulatory changes stemming from the GDPR.^[1] These adjustments concern the following points:

- creation of a register of data processing activities;
- realization of an impact analysis for data processing likely to present an elevated risk to the rights and freedoms of private individuals;

- implementation of internal mechanisms and procedures that show respect for rules pertaining to data protection;
- establishment of a data protection officer;
- application of the principle of protection of personal data in the design of the processing operation;
- the rights of individuals.

In addition, Crédit Mutuel Alliance Fédérale has adopted a security charter concerning personal data management, which is published on its website. In 2022, 63% of Crédit Mutuel Alliance Fédérale employees completed an e-learning course on the GDPR and the CNIL.

c) IT security management system

Considering the processing of sensitive banking data and the numerous offers of services proposed, Euro-Information (the IT subsidiary of Crédit Mutuel Alliance Fédérale) pays very special attention to all aspects of the IT system. It is updated each year to adapt to new risks and strengthen security. All means are implemented to secure the community system. Thus, based on the ISO 27001:2013 standard, an Information Security Management System (ISMS) is deployed on all of the production sites. This standard provides a framework for implementing, maintaining and improving an Information Security Management System over time.

The ISMS takes into account the external context, the internal context, and the needs and expectations of concerned parties. Its challenges are:

- to bring tangible improvements to the security of the Information System by:
 - putting in place an operational governance of security,
 - adopting a risk approach to manage security,
 - defining security rules,
 - ensuring the application of these rules;
- to continuously improve the security of the Information System by:
 - measuring the security levels achieved,
 - performing a security watch, taking into account new threats and developments in the IS,
 - reducing the impact and frequency of security incidents.

Euro-Information's certification was renewed in 2020 as part of a first combined ISO 9001 (Quality Management System) – ISO 27001 (Information Security Management System) audit. This certification [No. 2017/77568.10] thus validates the Information Security Management System implemented on the IT production centers. The basic principles remain the following:

- availability: provide a reliable system with permanent accessibility;
- confidentiality: secure access, processing and data;
- integrity: guarantee reliability of data.

To which the following have been added:

- traceability of information;
- identification/authentication of people accessing the information.

[1] General Data Protection Regulation.



In 2020 and in 2021, the pandemic resulted in an increased number of cyber attacks. Security has been strengthened, both through actions to raise employee awareness on current risks, technical detection and protection measures, as well as organizational measures within the security teams. A Red Team whose main missions are to identify potential security breaches, to test the means of detection and response to attacks, and to bring the vision of “ethical hackers” to the development teams.

Various monitoring indicators have been implemented, such as:

- the rate of availability of primary TP⁽¹⁾ applications, which is close to 100% in 2022 as in 2020 (SOT102);
- the number of IT claims costing more than €1,000. The latter amounted to 324 claims in 2022 (331 in 2021).

Employees are also informed of and educated on security, the most common frauds and the ethics rules applicable especially when using IT tools and email. An *Infos Sécurité* [security information] tab on the homepage of the Intranet provides information on the security of bank transactions, people and property, IT security, “Fraud” alerts, warnings, etc. A newsletter on security was also published by Euro-Information for all the group’s employees *via* the intranet.

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

Crédit Mutuel Alliance Fédérale has structured its banking inclusiveness system to ensure that the relevant legislation and related commitments are properly implemented:

- by adopting a commitment policy for fragile or vulnerable customers: it describes the ongoing actions together with those within Crédit Mutuel Alliance Fédérale since the end of 2017 to promote banking inclusion, to protect fragile and financially vulnerable customers (especially protected adults) and to highlight how they are assisted in response to the requirements of the public authorities (Observatory of banking inclusion – Banque de France – ACPR);

- by setting up a dedicated central governance body, the Fragile or Vulnerable Customer Committee, to ensure that the legislative obligations and best practices to protect fragile or vulnerable customers and to promote banking inclusion are properly implemented.

As in previous years, under the aegis of the Fragile or Vulnerable Customer Committee, the implementation of the recommendations of the OIB – Banque de France, the expectations of the public authorities and the recommendations of the ACPR resulting from the due diligence performed in 2019, 2020 and 2021 concerning vulnerable customers and the cap on bank fees continued.

Review of the changes with the greatest impact:

- a predictive vulnerability detection system, based on a statistical model, was rolled out in November 2022. Customers files identified this way are handed over to customer relationship managers, *via* the debtor management application, in order to implement the appropriate support measures;
- a network of vulnerable and fragile customer referents has been set up to meet the expectations of the joint ACPR-AMF unit: the referent, who is the main contact for the branches, helps to disseminate and implement good practices with regard to vulnerable and fragile customers (in particular, isolated vulnerable seniors, protected third parties), particularly concerning the marketing of financial savings. It also ensures that commercial and equipment proposals are in line with the needs of the customers concerned.

In 2022, as in previous years, Crédit Mutuel Alliance Fédérale entities concerned produced regulatory reports which included quantitative and qualitative data on fragile and vulnerable customers devoted to the ACPR (under the questionnaire on commercial practices and customer protection) and to the Observatory for Banking Inclusion.

f) Accessibility of banking services

In the context of regulations on the accessibility of establishments open to the public (ERPs) to persons with disabilities, a public accessibility register (RPA) exists in all branches in order to inform the public about the level of accessibility of the location as well as provisions made to allow all persons, especially those with disabilities, to benefit from branch services. In addition, Crédit Mutuel Alliance Fédérale has nearly 5,900 ATMs installed in all the regions where it operates, of which 97.6% are accessible to the visually impaired. Account statements in Braille are available.

Crédit Mutuel Alliance Fédérale has been committed for several years to an accessibility approach to make its sites and applications accessible to everyone, including seniors or people with disabilities or functional limitations, on any type of medium [computer, smartphone, tablet, etc.]. Thus, a remote interpretation service in sign language is available to hearing-impaired customers. Operators assist customers for free, by chat or by videoconference link with the services they need. Customers can use this assistance from the mobile app during discussions in the branch. Moreover, deaf or hearing-impaired customers with telephone Crédit Mutuel Alliance subscriptions can now take advantage of one free hour per month of translation, in accordance with regulations.

(1) TP: Transaction Processing – major applications used by the banking network.

Simultaneously, regular technology watch is conducted on technical devices and raising awareness about accessibility was incorporated into internal training courses taken by the teams in charge of IT development. Certain employees are now experts on accessibility. They help with projects at all stages, audit sites or applications upon request and process customer feedback. The level of accessibility of the creditmutuelalliancefederale.fr website is shown on the home page. In another area, Crédit Mutuel Alliance Fédérale respects the generic terms of primary banking fees and services defined in the Order of March 27, 2014, which aims at simplifying consumer access to fee-related information.

g) Processing of customer claims

Crédit Mutuel Alliance Fédérale offers its customers a three-level complaint processing system for filing a claim.

In the event of dissatisfaction, the customers are invited to contact:

- their advisor or the manager of their bank/branch (level 1) in order to find the solution best suited to their situation;
- the customer relationship department (level 2) if they are not satisfied with the answer provided at level 1;
- the mediator (level 3), only after all internal remedies have been investigated by the bank and provided that the dispute falls within its remit.

The means proposed for filing a complaint through levels 1 and 2 have been diversified since 2019: online form accessible after authentication *via* the online banking service, complete online form for non-holders of a remote banking contract, email, mail, face-to-face and single telephone number dedicated to complaints.

Comprehensive information on claims specifying the contacts persons, the means and possible remedies is provided to customers through:

- the claims page of the Crédit Mutuel and CIC websites;
- claim information leaflets available at branches.

The group has chosen a unique tool for entering and managing claims, which enables to monitor them and trace the audit information. Since December 2020, this tool uses the new classification system for claims, making it possible to precisely fill in the new ACPR Banking and Insurance questionnaires.

Customer satisfaction is a top priority in all circumstances, thereby reflecting Crédit Mutuel Alliance Fédérale's key focus on the continuous improvement of the customer claim process and monitoring. This is why in January 2019 Crédit Mutuel Alliance Fédérale created the "group complaints" department, 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 relationship departments of the various entities. In early 2020, this system was strengthened by the creation of a Crédit Mutuel Alliance Fédérale Customer Claims Committee. The main mission of this committee is to define the actions to be implemented on the one hand based on a comprehensive qualitative and quantitative analysis of the claims, and on the other hand based on a summary of the areas of improvement identified in the processing of claims.

Lastly, since the end of April 2021, a satisfaction survey is sent to each customer at the end of their claim procedure in order to know what they think about the processing of their claim and how it could be improved.

h) Mediation process (SOT74 to SOT78)

Consumer mediation, in force 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-creditmutuel.com>]. The mediator's annual report is also available to view. The mediator is registered on the list of mediators; the European Commission is notified by the Assessment and Mediation Control Commission.

In 2017, the group's mediator and the AMF's mediator signed an agreement giving customers the possibility of presenting any claim within the scope of the AMF to either the AMF mediator or the group mediator, with the understanding that the choice is irrevocable.

i) Integration of ESG criteria in the business lines (SOT88)

Sectoral policies

As a benefit corporation, Crédit Mutuel Alliance Fédérale wants to work for a fairer and more sustainable society. In this respect, the group wishes to strictly regulate transactions in sensitive sectors involving social and environmental risks. To ensure that these issues are taken into account in a responsible manner, it undertook to define sectoral policies that aim to determine a scope of intervention and to set criteria and principles for the exercise of its activities and thus contribute to the ecological transformation and social progress.

Since 2015, sectoral policies have been formalized to define the methods of intervention in the coal, hydrocarbon, mobility, defense and security, civil nuclear energy and mining sectors. All of these policies are regularly reviewed to take into account the various commitments made by Crédit Mutuel Alliance Fédérale, notably with a view to aligning its activities which aim to promote the fight against global warming.

This is the case of the hydrocarbon policy that was revised in 2022 and strengthened.

Analysis grids (either specific to a sector of activity or general for all sectors not subject to sectoral policies) integrate the extra-financial ratings of the counterparties analyzed (environmental, social and governance criteria) in the decisions to grant banking and financial operations.

In 2021, a pilot on the integration of ESG criteria in the decision to grant financing within the corporate network was launched with CIC Lyonnaise de Banque for companies with revenue of over €100 million. An application grid was drawn up including ESG criteria and criteria related to the various sectoral policies in order to analyze the ESG commitment of large medium-sized companies and large companies. The process was validated in 2022 and rolled out in the other CIC banks and BECM.

Other policies related to Private Banking, consumer loans, purchasing and supplier relations and even the commitment policy supporting fragile or vulnerable customers complete this list. They can all be consulted on Crédit Mutuel, CIC and Crédit Mutuel Alliance Fédérale websites.

Project financing^[1]

CIC has an internal assessment methodology based on the Equator Principles classification scale:

- category A projects – Projects presenting serious potential adverse environmental and social risks, and/or likely to generate mixed, irreversible and unprecedented impacts. These projects are subject to stricter environmental and social due diligence. The objective of the assessment process is to analyze the environmental and social impacts and risks associated with the proposed project, and to propose measures to minimize, mitigate and compensate the risks and adverse impacts in a manner that is relevant and appropriate to the nature and scale of the proposed project;
- category B projects – Projects presenting limited negative social or environmental impacts, less numerous, generally specific to one site, largely reversible and easy to address with mitigation measures;
- category C projects – Projects presenting minimal or no negative social or environmental impacts.

Any new project financing is subject to external due diligence, including a component relating to its environmental impact. The latter is also monitored as part of the annual portfolio review.

Projects are selected on the basis of a set of criteria including social, environmental and mutualist criteria, depending on the business segments and countries selected. Much attention is thus paid to criteria of social utility (for example, the more or less strategic nature of the project for a country, the alignment of the interests of the various stakeholders, the overall economic rationality), local acceptability (for example, known opposition from environmental groups or the local population, noise pollution, impact on the landscape, etc.) and compliance with environmental criteria (compliance with current and foreseeable standards).

In the energy segment, CIC supports its customers in financing the energy transition and is committed to reducing greenhouse gas emissions through its financing choices.

With regard to the fight against corruption, the outflow which takes place after the successful completion of KYC procedures, and upon certification issued by a trusted third party (independent technical expert), is an effective way of keeping expenditure compliance under control. The department's internal strategy is to focus on sectors with which it is familiar [CC1] and whose collective utility is based on meeting basic needs (supply or production of energy, means of communication, telecommunication, public service concessions).

The department typically funds projects in countries where the political and solvency risks are contained (*i.e.* "designated countries" within the meaning of the Equator Principles). When the department intervenes in the most fragile countries, both politically and in terms of environmental standards, it is in consideration of the project's economic necessity and in participation with banks that have signed the Equator Principles or multilateral bodies. In each of these projects, the social and environmental impacts are not only taken into account when the operation is chosen, but also throughout the life of the project (for

example: obligation of monitoring the construction phase and its environmental impact by an independent engineer if the size of the project warrants it, contractual obligation of the borrower to comply with standards and any changes to them throughout the life of the project).

Private Equity and ESG criteria

Crédit Mutuel Equity's social responsibility, which covers all of Private Equity's activities, is an integral part of its investment policy, which was enhanced during the year. As part of the strengthening of this approach, Crédit Mutuel Equity has developed an assessment method and an analysis tool to support the transformation of the companies in its portfolio on ESG issues. The result of this ESG analysis is an integral part of the file sent to the Investment Committee and must receive the prior opinion of the Director in charge of ESG missions. The areas for improvement identified and the action plan defined in consultation with the management team are monitored throughout the period of ownership.

To complete this process, an ESG committee may be asked for an opinion to be formalized according to a need for clarification or a prior position to be taken due to a sensitive sector of activity, a significant ESG dispute identified, or any other issue that calls into question the investment opportunity in its ESG dimension.

Committed to a harmonious regional development approach, Crédit Mutuel Capital Privé has adopted a responsible investor charter in line with the ambitions of Crédit Mutuel Equity and the SMR commitments of Crédit Mutuel Alliance Fédérale. In accordance with the provisions of Articles 3 and 4 of the SFDR Disclosure Regulation, Crédit Mutuel Capital Privé publishes on its website its policy on the integration of sustainability risks in the investment process.

Responsible and sustainable finance

On March 10, 2020, the European SFDR regulation came into force, requiring asset managers to provide information on the environmental, social and governance risks of their investments, and their impact on society and the planet. The funds are classified in one of the three categories, Articles 6, 8 or 9, depending on the sustainability objective:

- Article 6: transparency article, with the prospectus specifying whether or not the fund includes sustainability risk;
- Article 8: products that promote environmental and social sustainability by integrating sustainability in a binding way;
- Article 9: impact funds that set non-financial objectives (sustainable investment or reduction of carbon emissions).

This regulation aims to provide greater transparency and a comparison grid for the offering of investment funds, in terms of their ESG approach. In this way, investors can more easily identify products and have access to non-financial documentation with minimum standards at European level.

For asset management companies, the implementation of the SFDR regulation is an opportunity to confirm their commitments and strong actions to promote responsible finance.

[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 Financements de projets (Project Financing portfolio).

Responsible investment is being gradually extended to all Crédit Mutuel Asset Management's activities, through an ESG integration system for most funds and an SRI approach for a range of funds specifically designed for customers. Today, it aims for the majority of its open-ended funds to comply with the criteria of Article 8 or Article 9 of the European SFDR regulation.

Groupe La Française is pursuing its strategic ambition of having a range of funds open to the market that are 100% sustainable. Each division of Groupe La Française, financial assets or real estate, classifies more than half of its assets in Article 8 or 9 SFDR, *i.e.* in funds that respect sustainability criteria or set environmental or social performance objectives.

BLI – Banque de Luxembourg Investments has strengthened the place of ESG within its investment solutions offering. The classification provided by the SFDR regulation is part of this dynamic and formalizes existing practices. Several funds in the BLI range already meet the requirements of Article 8 or 9 of the SFDR regulations. The objective is to bring most of the range up to these classifications in the long term.

2/ In the relationship with subcontractors and suppliers (SOT81)

a) Group purchasing policy

A purchasing policy applies to all purchases by entities of Crédit Mutuel Alliance Fédérale.

The purchasing of goods and/or services is an act of management and is part of the operational implementation of the group's strategy. This policy incorporates economic, quality and respect of technical requirements criteria as well as ESG factors.

All contracts with suppliers and/or service providers include a clause dedicated to respect for provisions in force in terms of labor law. In the context of the charter of supplier relations, suppliers and/or service providers are committed to respecting the reference texts on human rights and labor law.

Other measures supplement this policy and promote responsible behavior by suppliers and/or service providers. Thus, the group favors relationships with suppliers and/or service providers, though equal on the technical and financial services level, which adopt an environmental approach that incorporates ESG criteria and which respect a social policy combating discrimination.

b) Charter on supplier and service provider relations for sustainable procurement

This charter describes all of the commitments, notably in terms of human rights, vigilance (access to the option to report) and the fight against corruption, to be respected by suppliers and service providers contracting with one or more Crédit Mutuel Alliance Fédérale entities including those of CIC. Particular attention is paid to respecting best practices in professional ethics and in particular to strictly respecting principles pertaining to corruption under any form, notably concerning practices in terms of gifts and other benefits.

c) Supplier professions centers

A large part of purchases is done by the group's supplier professions centers, such as CCS, SOFEDIS and Euro-Information.

Incorporation of CSR criteria in the relationship of 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 gathering/updating of CSR reports from service providers (the signing of the supplier charter replacing the collection of these documents for other suppliers since 2020);
- the consistency of practices used within other Euro-Information subsidiaries, *i.e.* EIS, EPS, ETVS, EP3C and EIDS, for any specific purchases.

The legal, purchasing, operational risks, periodic control and permanent control teams are represented on the Suppliers Monitoring Committee, with a person from the Euro-Information internal audit department as a regular guest. Euro-Information's management is informed of the "Suppliers follow-up" Committee. A form is used to rate the quality of the service. Since 2020, it has included escalation criteria and/or action plans to be carried out based on the scores obtained.

As part of the process of identifying services, CSR reputation risk and the risk of CSR non-compliance (in connection with sectoral policies) have also been included in the risk analysis since 2020. Financial and quality ratings are carried out each year. Euro TVS, subsidiary of Euro-Information, dedicated to the digitalization and computer processing of documents and means of payment, also introduced environmental management and is certified ISO 14001.

3/ In the relationship with employees

Relationships based on ethics and the code of conduct

Crédit Mutuel Alliance Fédérale promotes certain values and principles such as solidarity, freedom, responsibility and protection of the environment, and asserts its commitments as well as the rules of good behavior and good conduct resulting from them.

This culture which is common to all employees is implemented across a set of actions involving:

- the fundamental principles in terms of rules of good conduct, which are set out in the internal rules and its three appendices, including the code of ethics;
- the code of conduct, amended on December 5, 2019. It sets the rules and principles to be followed by all employees, including those of CIC, in the performance of their duties and highlights the group's values and commitments:
 - acting as a socially responsible company, for a more united society, committed to the preservation of the environment,
 - fighting against discrimination and promoting gender equality and diversity,
 - listening to customers, advising them, helping them with their projects and difficulties,
 - supporting fragile customers,
 - establishing ethical governance of personal data,
 - fighting against tax fraud and corruption;
- the report on the application of the code of conduct is intended for branch managers as well as a certain number of heads of Crédit Mutuel Alliance Fédérale's head offices and business lines. Since 2020, its scope has been extended to all Crédit Mutuel Alliance Fédérale entities in France and abroad. The dedicated ETHIK tool was enriched in 2021 with a focus on a different theme each year. For 2022, the focus was on climate and environmental protection;
- 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 since 2022,
 - 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 and health and safety risks) that employees may suffer or that they may cause in the context of their activity.

a) Prevention of infringement to employees' rights and measures put in place:

- violence and harassment: internal rules and the "charter on preventing and fighting harassment and violence in the group";
- health and safety: CSSCT (Health, Safety and Working Conditions Committee), occupational physician, signing of a framework agreement on quality of life at work in October 2020, etc.;
- group agreement on supporting employees in the use of digital tools and the right to disconnect;
- incivilities: procedure for combating incivilities and INCIV application;
- assaults and hold-ups: "armed robbery" procedure;
- trade union freedoms: the group's agreement on union negotiations, the bank's collective agreement, etc.;
- labor law: labor legislation, the bank's collective agreement, etc.;
- right to notify: "Option to report" procedure;
- protection of personal data: the group's code of conduct, procedures pertaining to CNIL;
- protection of private life: protocols for recordings and phone tapping, protocol for video surveillance, GDPR, etc.;
- corruption and influence peddling: the group's internal anti-corruption mechanism;
- fight against discrimination: charter on the fight against discrimination, the promotion of diversity and the inclusion and retention in employment of workers with disabilities within the group.

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

Crédit Mutuel Alliance Fédérale is committed to its 2019-2023 *ensemble#nouveau monde, plus vite, plus loin!* [together#today's world, faster, further!] strategic plan to reduce its internal carbon footprint in France by 30%⁽¹⁾. Accordingly, a methodical energy management approach was put in place (ISO 50001 certification issued by AFNOR in 2020 and confirmed in 2021). Based on its activity, the prevention measures essentially address reduction of paper consumption and waste recycling:

- paper waste: dematerialization of numerous documents (simulation of credit or estimates and subscription to products online, electronic signature, electronic messaging, etc.);
- waste management: collection of used printer cartridges procedure, selective sorting mechanism (paper recycling, recovery of used batteries, etc.);
- reduction of digital consumption: The 4th Eco Clean Up Week in 2022 resulted in the deletion of more than 180 million digital files for approximately 22.5 million MB, the equivalent of 427 metric tons of CO₂.

(1) Office life scope. Energy, refrigerant gas leaks, business travel and motor fleet items.

3.11.3.4 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.), particularly to human rights and fundamental freedoms, personal health and safety as well as the environment.

In accordance with rules and regulations, this procedure guarantees strict confidentiality of the identity of the originators and of persons targeted by the reporting. The whistleblower runs no risk of sanction when the reporting is done in good faith. In addition, it provides the possibility of recourse to external authorities (AMF, ACPR, etc.) or judicial authorities, or even to the media in the event of an emergency situation. This mechanism is overseen by the compliance department and, since 2022, by the Group HR department, which ensure regular reporting.

3.11.3.5 Monitoring mechanism

Monitoring actions that have been implemented hinge on all the indicators and on the collection of figures touching on the previously mentioned themes.^[1]

Assessment of the application of the 2021 ETHER code of conduct

The 2022 assessment saw sustained participation of 98.1% of the 3,963 managers involved, with a slight increase [97.8% in 2021]. It verified that the rules of good conduct set out in the code of conduct were respected, with ratings ranging from 4.4 to 4.9 on an increasing scale from 0 to 5 and an overall stable average of 4.7 out of 5. It highlighted the relative difficulties regarding implementation that could be encountered on certain themes such as protection and respect for the environment or training (adequacy and management of agendas) and enabled to identify possible areas for improvement.

The rules discussed in the report are as follows:

- respect for people;
- gender balance and openness;
- protection and respect for the environment;
- duty of good management;
- duty of confidentiality and data protection;
- duty of reserve;
- duty of training;
- conflicts of interest and independence of elected members;
- respect of values and texts.

In addition, a focus makes it possible to develop a theme related to one of these rules. For 2022, it is dedicated to climate and environmental protection.

Monitoring of self-training modules

In addition, in 2022, Crédit Mutuel Alliance Fédérale employees completed 86% of e-learning courses on professional ethics, in which the fight against corruption is mentioned (SOT104). In addition, with regard to the fight against money laundering and the financing of terrorism, 81% of the first-level training courses and 90% of the in-depth training courses were completed by Crédit Mutuel Alliance Fédérale employees.

94% of employees enrolled in a training module on preventing discrimination and promoting diversity completed their training in 2022.

Processing of claims and mediation

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

For the 14 federations belonging to Caisse Fédérale de Crédit Mutuel and to CIC banks, the number of claims totaled 39,108 in 2022. Claims handled by level 2 represent 0.57 claims per 1,000 customers.

Fragile customers

The quarterly monitoring carried out by Crédit Mutuel Alliance Fédérale lists the number of third parties identified and the number of packages subscribed. In 2022, the number of customers benefiting from the basic banking offer was 20,733 and the number of customers equipped with the fragile customer offer (OCF) amounted to 53,041.

Other indicators (non-exhaustive list)

Supplier charter

4,033 charters were signed by CCS suppliers and more than 220 by Euro-Information suppliers (SOT100) at the end of December 2022.

Project financing

Among the 31 projects financed in 2021, 25 are classified in category B, six in category C and none in category A.

SRI

Overall and according to the classifications of the European SFDR regulation, Crédit Mutuel Asset Management’s outstandings break down as follows at December 31, 2022:

- Art. 9 funds – Class AMF I: €196 million;
- Art. 8 funds – Class AMF I and II: €58,410 million.

These classifications represented 84.4% of Crédit Mutuel Asset Management’s outstandings at December 31, 2022.

Concerning groupe La Française, funds classified under Article 9 and Article 8 represent respectively €17.2 billion and €6 billion, *i.e.* 51% of La Française’s assets.

For funds managed by BLI (Banque de Luxembourg Investments), outstandings with the BLI label amounted to €5.4 billion.

The assets under management with BLI break down as follows at December 31:

- Art. 9 funds: 78 million;
- Art. 8 funds: 12.9 million.

[1] The monitoring indicator, overseen by the compliance department, is verified by an independent third party, but not published for reasons of confidentiality.

3.11.4 Report on the effective implementation of the vigilance plan

The SMR team of the risk department draws up the vigilance plan and its monitoring system in conjunction with the various stakeholders: compliance department, business centers, etc. The vigilance plan and its report are included in group risk management and monitoring system.

In 2022, Crédit Mutuel Alliance Fédérale continued to strengthen its risk prevention, mitigation and management systems.

In the relationship with customers, the main measures concern risk management in the business lines:

- the deployment of a grid incorporating ESG criteria for financing requests from companies in the GME/GE corporate market of the banking network;
- the review of the hydrocarbon sectoral policy applicable from January 1, 2023;
- the launch of work to define the group's commitment to biodiversity conservation.

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

- in terms of the code of conduct: Since 2021, the ETHIK application is available in five languages (French, English, Spanish, German and Belgian Dutch). Since 2021, additional questions are asked on a different topic each year, related to one of the rules of conduct. In 2022, the focus of the ETHIK assessment was on climate and environmental protection;
- e-learning training for all employees to prevent discrimination and promote diversity;
- the creation of the Group Disability mission attached to the diversity, inclusion and commitment division of the human resources department of Crédit Mutuel Alliance Fédérale. Supported by internal contacts throughout the country, the local disability referents, it aims to steer the group's disability policy and ensure the proper application of the agreement in favor of disabled employees and employees who are close caregivers signed in December 2021;

- the signing of the framework agreement on equal pay for men and women in order to accelerate the process of correcting any collective wage gaps between women and men;
- the signing of an amendment to the group agreement which improves the provident and health insurance scheme;
- the signing of an amendment to the agreement on trade union rights in companies covered by the group agreement, which enhances the existing provisions concerning the promotion and recognition of the role of trade unions and staff representative bodies in their respective areas of responsibility, their contribution to social dialog and, more generally, their role as stakeholders in the life of Crédit Mutuel Alliance Fédérale, the promotion of skills acquired during their term of office and their inclusion in their career development, and the anticipation of career development after the end of the term of office.

In the relationship with subcontractors and suppliers:

- continuation of work aimed at making the legal data of suppliers and subcontractors more reliable and improving our knowledge of them (KYS). The objective is to set up a single purchasing process for all the purchasing departments of Crédit Mutuel Alliance Fédérale with a dedicated tool for entering into relationships with suppliers;
- at the level of Euro-Information: implementation of work to improve analyzes, controls and reporting on supplier contracts and strengthening of its supplier Monitoring Committee;
- at the CCS level with better consideration of the CSR policy of invisible suppliers^[1] at each stage of the relationship: in the drafting of specifications [e.g. daytime cleaning], during calls for tenders (quotation of CSR criteria in responses), during account reviews (item "evolution of the supplier's CSR policy" included in the standard agenda).

DOCUMENTS AVAILABLE ON THE INTERNET

Title	Ref/link
Law No. 2017-399 of March 27, 2017 pertaining to the responsibility of parent companies and initiating companies	https://www.legifrance.gouv.fr/eli/loi/2017/03/27/2017-399/jo/texte
Sectoral policies	https://www.bfcm.creditmutuel.fr/fr/rsm/politiques-sectorielles/index.html

[1] Invisible workers who appeared essential to the life of the country during the Covid-19 crisis.

3.12 METHODOLOGICAL NOTE

For details regarding the composition of the sub-groups, please refer to the reports published by the reporting entities.

The technology division includes the following entities: Euro-Information Services, Euro-Information, Euro-Information Production, Euro-Information Développements, Euro-Protection Surveillance.

The press division includes the following entities: Affiches d'Alsace Lorraine; Alsacienne de Portage DNA; Est Bourgogne Médias; groupe Républicain Lorrain Imprimerie (GRLI); groupe Dauphiné Média, groupe

Progrès; *La Liberté de l'Est*; *La Tribune*; *le Dauphiné Libéré*; *Le Républicain Lorrain*; *Les Dernières Nouvelles d'Alsace*; *L'Est Républicain*; Médiaportage; Presse Diffusion; Publiprint Province no. 1; Républicain Lorrain – TV news; Républicain Lorrain Communication; SAP Alsace; SCI Le Progrès Confluence; Société d'édition de l'hebdomadaire du Louhannais et du Jura (SEHLJ); Société d'investissements Médias (SIM), Ebra Events, Ebra Media Alsace, Ebra Media Lorraine Franche Comté, Ebra Services, AGIR, Ebra Productions, Est Info TV, Les éditions du Quotidien.

3.12.1 Indicator scope

Unless otherwise specified in the report and in the table below, all indicators are collected and consolidated for the entire reference scope (see appendix).

Theme	Indicator	Methodological note
SOC01bis	PPH workforce	Data are missing for: CIC foreign subsidiaries except Banque du Luxembourg and Banque du Luxembourg Investments
SOC13	Recruitment: Total number of hires	
SOC19 SOC 20	Number of employees with open-ended contracts that quit the organization	
SOC38	Total number of working days of absence	
SOC46	Payroll invested in training	
SOC48	Number of employees who received training	
SOC50	Training: Total number of hours	Missing data for certain press entities
SOC107	Total gross annual compensation (<i>in €</i>) of open-ended contract employees	
SOC108	Total gross annual compensation (<i>in €</i>) – non-managerial open-ended contracts	
SOC109	Total gross annual compensation (<i>in €</i>) – managerial open-ended contracts	
GOUV14	Number of new elected directors of local banks	This indicator concerns: the 14 Crédit Mutuel Alliance Fédérale federations
GOUV15	Number of new elected women directors – local banks	
GOUV56	Training hours provided to directors (federation level; Alliance Fédérale except Crédit Mutuel Normandie)	
SOT27	Amount of loans on preferential terms (< €3,000) granted	This indicator concerns: the 14 Crédit Mutuel Alliance Fédérale federations TARGOBANK in Germany Cofidis France
SOT28	SRI assets under management	Crédit Mutuel Asset Management data
SOT28 BASE	Assets under management by the management company	
SOT37	Assets under management in socially responsible employee savings plans	
SOT40	Number of NPO customers (associations, labor organizations, works councils, etc.)	This indicator concerns: the 14 Crédit Mutuel Alliance Fédérale federations CIC regional banks in France BECM Banque Transatlantique
SOT52	Total budget dedicated to patronage and sponsorship*	This indicator concerns: the 14 Crédit Mutuel Alliance Fédérale federations CIC excluding foreign subsidiaries except Banque du Luxembourg and Banque du Luxembourg Investment

* This indicator may include budgets allocated in 2022, but not fully disbursed over the year.

The measurement and reporting methodology, developed in 2006, has been progressively extended to cover the entire banking-insurance scope of Crédit Mutuel Alliance Fédérale. The corresponding indicators underwent an in-depth revision in 2018 in order to make the collection procedure more reliable with all the correspondents of the group. This methodology organizes the rules for collecting, calculating and consolidating indicators, their scope, and the controls performed. It is intended for the national collectors of Crédit Mutuel Alliance Fédérale federations and subsidiaries contributing to reporting. It formalizes the audit pattern for both internal and external audits.

3.12.2 Scope of entities

The scope taken into account for the NFPS is detailed below:

Level	Company
ACM	ACM Courtage
	ACM GIE
	ACM IARD
	ACM SERVICES
	ACM Vie SAM
	ACM Vie SA
	Agrupacio AMCI d'Assegurances I Reassegurances
	Agrupacio Serveis Administratius
	AMDIF
	Asesoramiento en Seguros y Prevision Atlantis
	Assistencia Avancada Barcelona
	Atlantis Asesores
	Atlantis Correduria de Seguros y Consultoria Actuarial
	ATLANTIS VIDA, Compañia de Seguros y Reaseguros
	GACM ESPAÑA
	GACM Seguros Generales Compañia De Seguros Y Reaseguros
	Groupe des Assurances du Crédit Mutuel (GACM)
	ICM Life
	MTRL
	NELB (North Europe Life Belgium)
	Partners
	Serenis Assurances
	Targopensiones entidad gestora de fondos de pensiones

Level	Company
CIC	Crédit Industriel et Commercial
	CIC Est
	CIC Lyonnaise de Banque
	CIC Nord Ouest
	CIC Ouest
	CIC Sud Ouest
	Banque de Luxembourg
	Banque de Luxembourg Investments SA (BLI)
	Banque Transatlantique (BT)
	CIC Conseil
	Crédit Mutuel Épargne Salariale
	Crédit Mutuel Factoring
	Crédit Mutuel Leasing
	Crédit Mutuel Real Estate Lease
	Crédit Mutuel Capital
	Crédit Mutuel Equity
	Crédit Mutuel Equity SCR
	Crédit Mutuel Innovation
	Dubly Transatlantique Gestion
	COFIDIS
Cofidis Espagne	
Cofidis France	
Cofidis Hongrie	
Cofidis Italie	
Cofidis Portugal	
Cofidis République Tchèque	
Cofidis SA Pologne	
Cofidis SA Slovaquie	
Creatis	
Monobanq	
Synergie	
Euro-Information	Euro-Information Production
	Euro-Protection Surveillance
	Euro-Information
	Euro-Information Développements
	Euro-Information Services

Level	Company
Federations	Caisse Fédérale de Crédit Mutuel (CFCM)
	Caisse Régionale de Crédit Mutuel Anjou (CMA)
	Caisse Régionale du Crédit Mutuel Antilles-Guyane (CMAG)
	Caisse Régionale du Crédit Mutuel Centre (CMC)
	Caisse Régionale du Crédit Mutuel Dauphiné-Vivaraïs (CMDV)
	Caisse Régionale du Crédit Mutuel de Savoie-Mont Blanc (CMSMB)
	Caisse Régionale du Crédit Mutuel Île-de-France (CMIDF)
	Caisse régionale du Crédit Mutuel Loire-Atlantique Centre-Ouest (CMLACO)
	Caisse Régionale du Crédit Mutuel Massif Central (CMMC)
	Caisse Régionale du Crédit Mutuel Méditerranéen (CMM)
	Caisse Régionale du Crédit Mutuel Midi-Atlantique (CMMA)
	Caisse Régionale du Crédit Mutuel Nord Europe (CMNE)
	Caisse Régionale du Crédit Mutuel Normandie (CMN)
	Caisse Régionale du Crédit Mutuel Sud-Est (CMSE)
	Direction Régionale Bourgogne Champagne (DRBC), CMCEE
	Direction Régionale Nord (DRN), CMCEE
	Direction Régionale Ouest (DRO), CMCEE
	Direction Régionale Sud (DRS), CMCEE
	Crédit Mutuel banks that are members of the Fédération du Crédit Mutuel Anjou (CMA)
	Crédit Mutuel banks that are members of the Fédération du Crédit Mutuel Antilles-Guyane (CMAG)
Crédit Mutuel banks that are members of the Fédération du Crédit Mutuel Centre (CMC)	
Crédit Mutuel banks that are members of the Fédération du Crédit Mutuel Centre Est Europe (CMCEE)	

Level	Company
	Crédit Mutuel banks that are members of the Fédération du Crédit Mutuel Dauphiné-Vivaraïs (CMVD)
	Crédit Mutuel banks that are members of the Fédération du Crédit Mutuel Île-de-France (CMIDF)
	Crédit Mutuel banks that are members of the Fédération du Crédit Mutuel Loire-Atlantique Centre-Ouest (CMLACO)
	Fédération du Crédit Mutuel Massif Central (CMMC)
	Fédération du Crédit Mutuel Méditerranéen (CMM)
	Fédération du Crédit Mutuel Midi-Atlantique (CMMA)
	Fédération du Crédit Mutuel Nord Europe (CMNE)
	Fédération du Crédit Mutuel Normandie (CMN)
	Fédération du Crédit Mutuel du Sud-Est (CMSE)
	Crédit Mutuel banks that are members of the Fédération du Crédit Mutuel de Savoie-Mont Blanc (CMSMB)
	Fédération du Crédit Mutuel Anjou (CMA)
	Fédération du Crédit Mutuel Antilles-Guyane (CMAG)
	Fédération du Crédit Mutuel Centre (CMC)
	Fédération du Crédit Mutuel Centre Est Europe (CMCEE)
	Fédération du Crédit Mutuel Dauphiné-Vivaraïs (CMDV)
	Fédération du Crédit Mutuel de Savoie-Mont Blanc (CMSMB)
	Fédération du Crédit Mutuel Île-de-France (CMIDF)
	Fédération du Crédit Mutuel Loire-Atlantique Centre Ouest (CMLACO)
	Fédération du Crédit Mutuel Massif Central (CMMC)
	Fédération du Crédit Mutuel Méditerranée (CMM)
	Fédération du Crédit Mutuel Midi-Atlantique (CMMA)
	Fédération du Crédit Mutuel Nord Europe (CMNE)
	Fédération du Crédit Mutuel Normandie (CMN)
	Fédération du Crédit Mutuel Sud-Est (CMSE)

Level	Company	Level	Company
Subsidiaries	Bail Actéa	Press	Affiches d'Alsace Lorraine
	Bail Actéa Immobilier		Alsacienne de Portage – DNA
	Banque Européenne du Crédit Mutuel (BECM)		Est Bourgogne Média
	Banque Fédérative du Crédit Mutuel (BFCM)		Groupe Républicain Lorrain Imprimeries (GRLI)
	BECM Francfort		Groupe Dauphiné Media
	Beobank		Groupe Progrès
	CCLS		La Liberté de l'Est
	Centre de Conseil et de Service		La Tribune
	Crédit Mutuel Asset Management		Le Dauphiné Libéré
	Crédit Mutuel Caution Habitat		Le Républicain Lorrain
	Crédit Mutuel Gestion		Les Dernières Nouvelles d'Alsace
	Crédit Mutuel Immobilier		L'Est Républicain
	FactoFrance		Média portage
	Groupe La Française		Presse Diffusion
	La Française AM		Publprint Province no. 1
	La Française AM Finance Services		SAP Alsace
	La Française Group UK Finance Limited		SCI Le Progrès Confluence
	La Française Real Estate Managers		Société d'édition de l'hebdomadaire du Louhannais et du Jura (SEHLJ)
	La Française Sytematic Asset Management GmbH		Ebra Events
	New Alpha Asset Management		Ebra Médias Alsace
	Targo Deutschland GmbH		Ebra services
	Targo Dienstleistungs GmbH		Ebra Médias Lorraine Franche Comté
	Targo Factoring GmbH		Société d'Investissements Médias (SIM)
	Targo Finanzberatung GmbH		AGIR
	Targo Technology GmbH		EBRA Productions
	Targo Leasing GmbH		Est Info TV
	TARGOBANK AG		Les Éditions du Quotidien
	TARGOBANK Spain		

3.12.3 Main management rules

The 2022 data collection process began in September 2021 in order to mobilize all the departments concerned and organize reporting levels and consistency checks. Data collection was broken down into the search for qualitative and quantitative information.

The CSR indicators selected are based notably on:

- Article 225 of the Grenelle 2 law;
- greenhouse gas assessments;
- Order No. 2011-829 of July 11, 2011;
- the mutualist reporting;
- the “Energy Transition law for Green Growth”, passed on August 18, 2015;
- Article 173 of the Energy Transition law enacted on December 31, 2015;
- the transposition of Directive No. 2014/95/EU of the European Parliament and of the Council of October 22, 2014 amending Directive No. 2013/34/EU as regards disclosure of non-financial and diversity information [Order No. 2017-1180 of July 19, 2017 and Order No. 2017-1265 of August 9, 2017];
- the Sapin 2 Law on anticorruption adopted on November 8, 2016;
- the “duty of diligence” law adopted on February 21, 2017.

Governance indicators

Some of these indicators concern the mutualist governance of the group and the network of local banks. Most of this data is collected from a computer database used to manage elected-member offices and functions (entered by Crédit Mutuel local bank managers as corporate changes are made to their boards) and from mutualist reporting (entered into an application by bank managers between mid-January and the end of February to report on corporate actions and events carried out during the previous year). Other data, notably that which is related to membership, are supplied by the group management-control information system.

Social indicators

The workforce data relates to the salaried employees, natural persons, on the payroll as at December 31, excluding trainees, temporary workers and external service providers. The data relating to days of absence includes all the absences of employees under permanent and short-term contracts and those on work-study programs in respect of the following: indemnified sick leave, non-indemnified sick leave, sick leave without a medical certificate, workplace accidents, special leave, leave to care for a sick child, prolonged unpaid leave (more than one month), sabbatical leave and work inability leave. It does not include paid leave or days off under collective agreements (compensatory time, seniority, marriage, etc.) or maternity or paternity leave. Lastly, the percentage of payroll expense spent on training does not include Fondecif subsidies. Regarding the group’s French entities, the training indicators include the hours of face-to-face training and the online hours prerequisite for face-to-face hours. As of fiscal year 2018, the number e-learning training hours are also counted.

Societal indicators

Most of the social indicators come from the group “management control” information system. The criteria and parameters are computerized to ensure greater reliability and traceability of the information provided. On the other hand, the social indicators are for the most part supplemented by qualitative indicators underscoring the actions carried out by Crédit Mutuel Alliance Fédérale entities in their respective region.

Environmental indicators

Given the nature of the group’s activities, noise, soil and other forms of pollution from discharges into the air, water and soil which seriously affect the environment at its operating sites do not appear to be significant. In addition, the group does not have a major impact on biodiversity. However, these aspects have been reintegrated into its overall CSR approach but are not included in this report. Crédit Mutuel has not recognized any provisions in its accounts in respect of environmental risk.

As information on the monitoring of energy and water consumption is not available for all Crédit Mutuel Alliance Fédérale branches, a CCS Consulting and Services Center has developed a calculation system for estimating this consumption when necessary.

For foreign entities that are not integrated into the group’s IT system, data was collected manually and then imported into the CSR consolidation application. This mainly concerns the press, the non-French entities of Cofidis group, the non-French entities of GACM, TARGOBANK in Germany and TARGOBANK in Spain.

Most of the consumption data reported for Crédit Mutuel Alliance Fédérale (networks, head offices and subsidiaries) are taken from water and energy bills:

- consumption of hot and cold water supplied by urban networks was gathered from data provided by suppliers;
- electricity and gas consumption: consumption data were provided by suppliers. Only the data concerning control rooms are still entered manually into the CONSOS collection tool and an extrapolation made for water consumption and other energies;
- consumption of water and other energies: as information relating to the monitoring of the consumption of certain forms of energy and water consumptions is not available for all buildings, 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). In most cases, published data covers the period from November 1, 2018 to June 30, 2019; the data collection period was changed in 2019 to enable better coverage to be ensured;

- 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 Alliance Fédérale;
- consumption of paper for external use: apart from Sofedis data, information transmitted by entities of the group's IT sector is taken into account: 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 travelled by motor 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.

Fifty two indicators are subject to a publication review, a data audit (on-site or remote) based on analytical reviews, substantiation tests on a sampling basis, comparison with sector performance ratios, interviews and an insurance report testifying to the existence of the information and expressing an opinion on its fairness, issued by the statutory auditors designated as an independent third party. These indicators mainly concern the entire reference scope, except for certain specific indicators, as detailed in the table below.

3.13 INFORMATION ON REGULATORY REQUIREMENTS

Information on the recently treated topics under the NFPS and excluded from the cross-reference table:

- fight against food insecurity: not applicable;

- animal welfare and responsible, fair and sustainable nutrition: not applicable;

Presentation of the business model	3.2.2 – Crédit Mutuel Alliance Fédérale's business model
Presentation of the main non-financial risks	3.3 – Non-financial risks and opportunities of Crédit Mutuel Alliance
Presentation of policies and indicators	3.2.4 – Governance and strategic orientation of SMR

3.14 REPORT OF THE INDEPENDENT THIRD PARTY ON THE VERIFICATION OF THE CONSOLIDATED NON-FINANCIAL PERFORMANCE STATEMENT

Year ended December 31, 2022

To the Shareholders' Meeting

In our capacity as an independent third party ("third party"), accredited by COFRAC (*Accréditation COFRAC Inspection*, no. 3-1681, scope available on www.cofrac.fr) and member of the network of one of the statutory auditors of your company (hereinafter "Entity"), we have carried out work designed to provide a reasoned opinion expressing a conclusion of moderate assurance on the compliance of the consolidated non-financial performance statement for the year ended December 31, 2022 (hereinafter the "Statement") with the provisions of Article R.225-105 of the French Commercial Code and on the fairness of the historical information (whether observed or extrapolated) provided pursuant to 3° of I and II of Article R.225-105 of the French Commercial Code (hereinafter the "Information") prepared in accordance with the Entity's procedures (hereinafter the "Reporting Criteria"), presented in the management report pursuant to the provisions of Articles L.225-102-1, R.225-105 and R.225-105-1 of the French Commercial Code.

Conclusion

Based on the procedures we performed, as described in the "Nature and scope of our work" section, and on the information we obtained, nothing has come to our attention that causes us to believe that the consolidated statement of non-financial performance is not in compliance with the applicable regulatory requirements and that the information, taken as a whole, is presented fairly in accordance with the Reporting Criteria.

Preparation of the non-financial performance statement

The absence of a generally accepted and commonly used framework or established practices on which to base the assessment and measurement of information allows for the use of different, but acceptable, measurement techniques that may affect comparability across entities and over time.

Therefore, the Information should be read and understood with reference to the Reporting Criteria, the significant elements of which are presented in the Statement.

Limitations inherent in the preparation of the Information

As stated in the Statement, the Information may be subject to uncertainty inherent in the state of scientific or economic knowledge and in the quality of the external data used. Certain information is sensitive to the methodological choices, assumptions and/or estimates made in preparing it and presented in the Statement.

The Entity's responsibility

The Board of Directors is responsible for:

- selecting or establishing appropriate criteria for the preparation of the Information;
- preparing a Statement in accordance with legal and regulatory requirements, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied with regard to these risks as well as the results of these policies, including key performance indicators and, moreover, the information provided for in Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- and implementing such internal control procedures as it determines are necessary to enable it to produce information that is free from material misstatement, whether due to fraud or error.

The Statement was prepared by applying the entity's Reporting Criteria as mentioned above.

Responsibility of the independent third party

Based on our work, our role is to formulate a reasoned opinion expressing moderate assurance as to:

- the Statement's compliance with the provisions stipulated in Article R.225-105 of the French Commercial Code;
- the truthfulness of the historical (recognized or extrapolated) 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.

It is our responsibility to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information, as this could compromise our independence.

It is not our responsibility to express an opinion on:

- the entity's compliance with other applicable legal and regulatory provisions (particularly in terms of information provided for by Article 8 of Regulation [EU] 2020/852 (green taxonomy), the vigilance plan and the fight against corruption and tax evasion);
- the fairness of the information provided for in Article 8 of Regulation [EU] 2020/852 (green taxonomy);
- the compliance of the products and services with the applicable regulations.

Regulatory requirements and applicable professional doctrine

Our work described below was carried out in accordance with the provisions of Articles A.225-1 *et seq.* of the French Commercial Code, the professional doctrine of the *Compagnie nationale des commissaires aux comptes* relating to this intervention taking into account the verification program and the international standard ISAE 3000 (amended)^[1].

Independence and quality control

Our independence is defined by the provisions of Article L.822-11 of the French Commercial Code and the profession's code of ethics. Furthermore, we implemented a quality control system that includes documented policies and procedures intended to ensure compliance with professional standards and applicable regulations and legislation, ethical rules and the professional doctrine.

Means and resources

Our work was conducted by a skilled team of five persons, took place between November 2022 and March 2023 and lasted for approximately fifteen weeks.

To assist us in carrying out our work, we called on our specialists in sustainable development and social responsibility. We carried out approximately ten interviews with the persons responsible for preparing the Statement representing in particular the departments in charge of defining policies, deploying them and collecting information.

Nature and scope of the work

We planned and performed our work taking into account the risks of material misstatement of the Information.

We believe that the procedures we conducted in the exercise of our professional judgment enable us to provide a moderate assurance engagement:

- we took due note of the activities of all the entities included in the consolidation scope and of their exposure to the main risks;
- we assessed the appropriateness of the Reporting Criteria 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 concerning the respect for human rights, anticorruption and combating tax evasion;
- we verified that the Statement contains the information provided in Section II of Article R.225-105 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 same 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;

[1] ISAE 3000 (amended) – Assurance engagements other than audits or reviews of historical financial information.

- 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 certain risks (absence of preventive measures to reduce the carbon footprint of banking and investment transactions and not taking into account the risks related to climate change), our work was carried out at the level of the consolidating entity, for other risks, work was carried out at the level of the consolidating entity and in a selection of entities listed below: Crédit Mutuel Nord Europe and CIC Ouest;
- we verified that the Statement covers the consolidated scope, *i.e.* all entities included in the scope of consolidation in accordance with Article L.233-16 of the French Commercial Code;
- 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, and
 - detailed tests based on sampling or other selection methods, consisting of verifying the proper application of definitions and procedures, and of reconciling data with supporting documents. This work was carried out with a selection of the contributing entities listed above and at the corporate bank level. This work covers between 7% and 20% of the consolidated data selected for these tests (7% of the workforce, 8% of energy consumption and 20% of financing authorizations);
- we assessed the overall consistency of the Statement in relation to our knowledge of all of the entities included in the consolidation scope.

The procedures performed for a moderate assurance engagement are less extensive than those required for a reasonable assurance engagement performed in accordance with professional doctrine; a higher level of assurance would have required more extensive audit work.

Paris-La Défense, April 12, 2023
 Independent third party
 EY & Associés
 Caroline Delérable
 Partner, Sustainable Development

Appendix 1: Information considered to be the most important

SOCIAL INFORMATION	
Quantitative information (including key performance indicators and coverage rate) <ul style="list-style-type: none"> ■ Share of employees trained in digital transformation (%) [7% of workforce] ■ Employee turnover rate (%) [7% of workforce] ■ Percentage of women in management and governance positions (%) [7% of workforce] % of payroll expense dedicated to training [7% of workforce]	Qualitative information (actions or results) <ul style="list-style-type: none"> ■ Employee digital training plan, including the Digital Passport ■ Actions taken to promote gender equality ■ Actions to encourage employee engagement
ENVIRONMENTAL INFORMATION	
Quantitative information (including key performance indicators and coverage rate) Consumption of electricity, gas, fuel oil, urban steam and chilled water networks (kWh) [8% of energy consumption] Growth rate of renewable energy project financing commitments (%) [20% of the amount of financing authorizations]	Qualitative information (actions or results) <ul style="list-style-type: none"> ■ Actions to take into account specific rules governing high greenhouse gas-emitting sectors in lending and investment management ■ Prevention measures to reduce the carbon footprint of banking and investment transactions ■ Consideration for risks associated with climate change
SOCIETAL AND GOVERNANCE INFORMATION	
Quantitative information (including key performance indicators and coverage rate) <ul style="list-style-type: none"> ■ Training rate of local elected members (%) [8% of elected members] ■ Membership rate (%) [10% of members] 	Qualitative information (actions or results) <ul style="list-style-type: none"> ■ Training actions for elected members ■ Actions taken to make membership more attractive

3.15 MISSION COMMITTEE REPORT

In 2020, Crédit Mutuel Alliance Fédérale adopted a raison d'être in line with its values: *Ensemble, écouter et agir (Listening and acting together)* and the status of benefit corporation. In line with the provisions of the PACTE Act, Crédit Mutuel Alliance Fédérale has set up a Mission Committee to ensure that the company has the necessary resources, governance and ambition to progress in its missions. This Committee will draw on the expertise of its members to propose possible medium-term initiatives and new commitments.

Article L.210-10 of the French Commercial Code provides for the annual publication of a Mission Committee report, attached to the management report, and verified by an independent third party (ITP).

The commitments approved as of December 31, 2021 were audited by the independent third party in February-March 2022. Its opinion was attached to the first report of the Mission Committee, itself attached to the annual report. The ITP will have to issue a new reasoned opinion in 2024, the audit being renewed every two years.

The second edition (March 2023) of the Mission Committee report reproduced below is also published in a separate document on the Crédit Mutuel Alliance Fédérale website. To facilitate the reading of this Report, the following table presents the pagination correspondence within this universal registration document:

Pagination in the URD

Joint interview with Nicolas Théry and Daniel Baal	206
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MISSION COMMITTEE'S REPORT

Second edition - March 2023

*A mutualism based on proof
to build a fairer and more
sustainable society*

Crédit  Mutuel

Alliance Fédérale

EDITORIAL

Companies called upon to share value differently to finance the societal and environmental revolution

Faced with trade and geopolitical tensions, the acceleration of climate change and inflation, companies are facing major challenges. Traditional business models are being tested. The challenges of sustainability and inclusion are leading companies to reinvent themselves by adopting more virtuous approaches. Sharing the value created is at the heart of the public debate.

With the creation of the societal dividend, Crédit Mutuel Alliance Fédérale is once again a pioneer and has taken a further step in its commitment to its mutualist values. The societal dividend was the subject of numerous debates in which the Mission Committee took part at its level, shedding light on the economic and societal issues.

As Chairwoman of the Mission Committee, I applaud, on behalf of all its members, the ambitious approach of Crédit Mutuel Alliance Fédérale led by its Chairman and Chief Executive Officer, as well as the incredible commitment of their teams and elected members. I would also like to thank the members of the Mission Committee for their contribution to the discussions on the commitments made by Crédit Mutuel Alliance Fédérale and the work still to be carried out.

In early 2022, we laid the foundation for our Mission Committee and charted our roadmap. **We are collectively committed to a candid approach.** Thanks to our experience, our discussions and our external perspective, we were able to question, analyze but also challenge the company to make it progress on its missions. The company's first commitments resonated strongly with its employees, elected members, customers and members and society as a whole. More than ever, the Mission Committee endorses the group's *raison d'être* "Ensemble, écouter et agir" (Listening and acting together) with a focus on encouraging and supporting Crédit Mutuel Alliance Fédérale's transformation initiatives but also monitoring their impact!

Fleur Pellerin

**Chairwoman of the Mission Committee
of Crédit Mutuel Alliance Fédérale**





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- P.4** Joint interview with Nicolas Théry and Daniel Baal
- P.5** Decisive proof: creation of the societal dividend
- P.6** The benefit corporation serving the common good
- P.8** A committed Mission Committee
- P.12** Monitoring of missions in 2022
- P.24** Complete performance overview



MUTUALISM BASED ON PROOF: PUTTING FINANCIAL PERFORMANCE AT THE SERVICE OF THE COMMUNITY

Joint interview with Nicolas Théry and Daniel Baal
Chairman and Chief Executive Officer
of Crédit Mutuel Alliance Fédérale

How does the benefit corporation strengthen the corporate project?

Nicolas Théry: The status of a benefit corporation was logical for a mutualist company, committed to the regions and willing to contribute to the collective interest. It was also necessary to give us a more tangible mutualist presence, committed to solidarity and the environment!

Daniel Baal: Our entrepreneurial spirit is also a spirit of responsibility and solidarity. Our commitment has been in our mutualist DNA for more than a century. Being a benefit corporation allows us to go one step further and distinguish ourselves: an ethical, supportive and responsible bank. It is also an element of collective pride for our employees, elected members and customers and members.

Two years after becoming the first benefit corporation bank, what has changed at Crédit Mutuel Alliance Fédérale?

Nicolas Théry: Faced with the rise in inequalities and the consequences of global warming, the time is no longer for debates, it is time for action. We must accelerate, profoundly change business models. The benefit corporation is a tremendous lever for amplifying mutualism through proof.

Daniel Baal: Being a benefit corporation means innovating around products or services, creating a dynamic of continuous improvement in our practices. It is above all a daily challenge, because we have an economic, but also a societal and environmental dimension.

What is the Mission Committee's contribution?

Nicolas Théry: If I refer to the law, the committee is responsible for verifying the execution and trajectory of our long-term commitments. But thanks to Fleur Pellerin and its members, it gives us a different perspective on our actions, by enlightening us on strategic topics and being a driver of proposals. In a way, a societal innovation laboratory. Today, the committee has found its rhythm, a real collective intelligence, and I am delighted. We are very fortunate to have people from multiple backgrounds - experts, elected members and employees. I would like to thank everyone for their commitment and, in particular, Fleur Pellerin, who is guiding the work with great conviction.

Daniel Baal: Our discussions with the committee help us to take a step back from our daily lives, to question our practices or to measure the impact of our actions. We continue to experiment with a new form of governance.

How did you integrate the benefit corporation into the 2027 Strategic Plan?

Nicolas Théry: Our new strategic plan must enable us to follow through on our choices, to embrace who we are and to pursue our differences: a mutualist bank fully committed to the benefit corporation and the societal dividend; a technological bank that knows how to combine innovation and industrialization; a bank that meets the challenges of environmental transformation. This plan allows us to choose our desired course and enables us to steer the company in the "right direction".

Daniel Baal: Our strategic orientations reflect our *raison d'être* and our commitments. When implementing the strategic plan in the business lines, we will have to ensure consistency, an alignment between the strategic axes and the missions of all the group's entities.

Key figures

Crédit Mutuel Alliance Fédérale

77,457 employees

15,500 mutualist elected members

30 million customers

4,488 branches

As of December 31, 2022

DECISIVE PROOF: CREATION OF THE SOCIETAL DIVIDEND

Deeply committed to mutualism based on proof, **Crédit Mutuel Alliance Fédérale** has created the **societal dividend** and has undertaken to devote 15% of its consolidated net profit each year on a long-term basis to supporting and financing ecological and inclusive projects with added environmental and social value.

Based on the 2022 results, the societal dividend will amount to **€525 million**.



Launch of the first Environmental and Solidarity Revolution Fund

Faced with the scale of the climate crisis and growing inequalities, 50% of the societal dividend will be devoted to an impact fund, with no objective of financial profitability, to support changes in production models, improve infrastructures and respond to market failures.

Impact funds = €263 million

Transformation of banking and insurance practices

To sustainably accelerate the transformation of the banking and insurance sectors, 35% of the societal dividend will be allocated to the deployment of inclusive banking and insurance services.

Solidarity and inclusive measures = €184 million

Launch of the societal dividend at the Economic, Social and Environmental Council on January 5, 2023



Support for general interest actions through philanthropy

15% of the societal dividend will be used to sustainably support projects in favor of regional solidarity and the environment, whether led by new structures, local or regional associations or large NGOs. These resources will enable the Fondation Crédit Mutuel Alliance Fédérale to unite public interest players around these great causes and to commit to their long-term support.

Patronage = €78 million

THE BENEFIT CORPORATION SERVING THE COMMON GOOD

Faced with economic, social and climatic challenges, the company must position itself as a true vector of change, with the ambition of contributing to the common good. By adopting the status of a benefit corporation, Crédit Mutuel Alliance Fédérale has opted for long-term collective action. The bank clearly shows its desire to participate in the transformation of economies towards a more inclusive and sustainable development model.

What is a benefit corporation?

The status of benefit corporation is defined in the French Commercial Code by Article L.210-10, itself introduced by the PACTE law of May 22, 2019. Any company that:

- has given itself a *raison d'être* and has included it in its articles of association;
- has specified in its articles of association several social and environmental objectives in line with this *raison d'être*;
- has created a Mission Committee to oversee the progress made in achieving these objectives;
- has appointed an independent third party to verify the proper execution of the mission.

Crédit Mutuel Alliance Fédérale was **the first bank** to adopt the status of a benefit corporation, which reflects its historical mutualist commitment.

Our *raison d'être*

The *raison d'être* refers to the way in which a company intends to play a role in society beyond its sole commercial activity. Its purpose is to guide strategic and operational decisions.

In 2020, the *Chambre Syndicale et Interfédérale*, the parliament of Crédit Mutuel Alliance Fédérale, adopted a ***raison d'être*: "Ensemble, écouter et agir" (Listening and acting together)**.

Together, because community has always been in Crédit Mutuel Alliance Fédérale's DNA;

Listening, because Crédit Mutuel Alliance Fédérale is open and attentive to the needs of its customers and to the major changes in the world;

Acting, to turn listening into action and to support those who undertake.

Belonging to the Benefit Corporation Community



In 2022, Crédit Mutuel Alliance Fédérale joined the Benefit Corporation Community, the leading association for benefit corporations. This collective of entrepreneurs, managers, researchers, experts, shareholders and employees, is convinced that the benefit corporation is an innovation that provides companies with capabilities essential to their performance and resilience. The association brings together companies of all sizes that want to commit to transforming capitalism and rethinking the place of business in society.

Being a member of the Benefit Corporation Community enables Crédit Mutuel Alliance Fédérale to pursue its path with rigor, while benefiting from the knowledge and feedback accumulated by the members who share and enrich the model.



* Benefit Corporation Community

Five missions that define the social and environmental ambition

Crédit Mutuel Alliance Fédérale has chosen to embody its *raison d'être* through five social and environmental objectives that guide its strategy and actions. Through these five missions, Crédit Mutuel Alliance Fédérale reasserts not only its historical mutualist values but also their relevance to meet the major challenges of tomorrow.



Independent third party

The independent third party (ITP) of Crédit Mutuel Alliance Fédérale - KPMG - verifies the achievement of the social and environmental objectives defined in the missions. Its monitoring role is not intended to duplicate the committee's own work, but to complement it.

In February-March 2022, KPMG came to audit the commitments made on December 31, 2021. This audit was a key step to objectify the approach, validate the operational implementation of the commitments and measure the management of the mission. This demanding approach contributes to the success of the mission. Its opinion was attached to the first report of the Mission Committee, itself attached to the annual report (URD). The ITP will have to issue a new reasoned opinion in 2024, the audit being renewed every two years.

A COMMITTED MISSION COMMITTEE

The benefit corporation embodies a vision that integrates economic performance and social utility with an ambition to transform society. The Mission Committee is positioned at the heart of this approach, a long-term and continuous progress approach. Set up in January 2022, the Mission Committee chaired by Fleur Pellerin has ten members.

The role of the Mission Committee

The Mission Committee has several goals:

- Question the strategy and actions implemented by the company in order to understand the issues.
- Evaluate the effectiveness and implementation of the social and environmental objectives set by Crédit Mutuel Alliance Fédérale. In concrete terms, the Mission Committee ensures that the company puts in place the necessary means to achieve its objectives. The bank reports to the committee on how it fulfills its responsibilities.
- Explore new avenues and steer Crédit Mutuel Alliance Fédérale towards new initiatives. A force for proposals, it acts in a spirit of co-operation. construction with the executive.

Crédit Mutuel Alliance Fédérale's Mission Committee meets at least three times a year. The meetings, which are prepared by the committee chairwoman and the strategic coordination department, have several objectives: to keep the members of the Mission Committee informed about the implementation

and trajectory of the commitments; to submit work themes to them in order to move the missions forward; to organize meetings (human resources, Independent Third Party) and, in a more forward-looking manner, to get them to think about new projects such as the societal dividend. Each year, a report from the Mission Committee is submitted to the Board of Directors and the Shareholders' Meetings of Caisse Fédérale de Crédit Mutuel and CIC.

A tripartite committee to ensure a plurality and richness of reflection

The members of the Mission Committee were chosen for their expertise and sensitivity to the challenges of the benefit corporation. The tripartite composition of the committee allows for the convergence of points of view and enriches the debates and reflections. They all share the same desire to contribute to the success of Crédit Mutuel Alliance Fédérale's approach.

1/3
d'experts

Three independent experts provide an external and complementary perspective on the commitments made and those to be made.

1/3
directors

Three directors, customer representatives and members, ensure a fair connection between the Boards of Directors and the Mission Committee.

1/3
employees

Four employee representatives sit on the committee. Their in-depth knowledge of the company allows them to bring a relevant perspective to the discussions.



The Mission Committee



Fleur Pellerin
Former minister,
founder and CEO of
Korelya Capital.



Camille Putois
Chief Executive Officer
of the Business for
Inclusive Growth (B4IG)
business coalition.



Xavier Jaravel
Professor at the London
School of Economics
(LSE) and member of
the Conseil d'Analyse
Économique (CAE).



Sandrine Pelletier
Chairwoman and Chief
Executive Officer
of APLIX Group and
Director
of CIC Ouest.



Jean-Louis Maître
Chairman of
Fédération du
Crédit Mutuel
Savoie-Mont Blanc.



Marie-Jean Boog
Chairwoman of the
Sarrebouurg district,
(Fédération
Crédit Mutuel
Centre Est Europe).



Laurent Torre
Director
representing employees
of Caisse Fédérale
de Crédit Mutuel.



Audrey Hammerer
Director
representing employees
of Caisse Fédérale
de Crédit Mutuel.



Ségolène Denavit
Representing
Crédit Mutuel
employees.



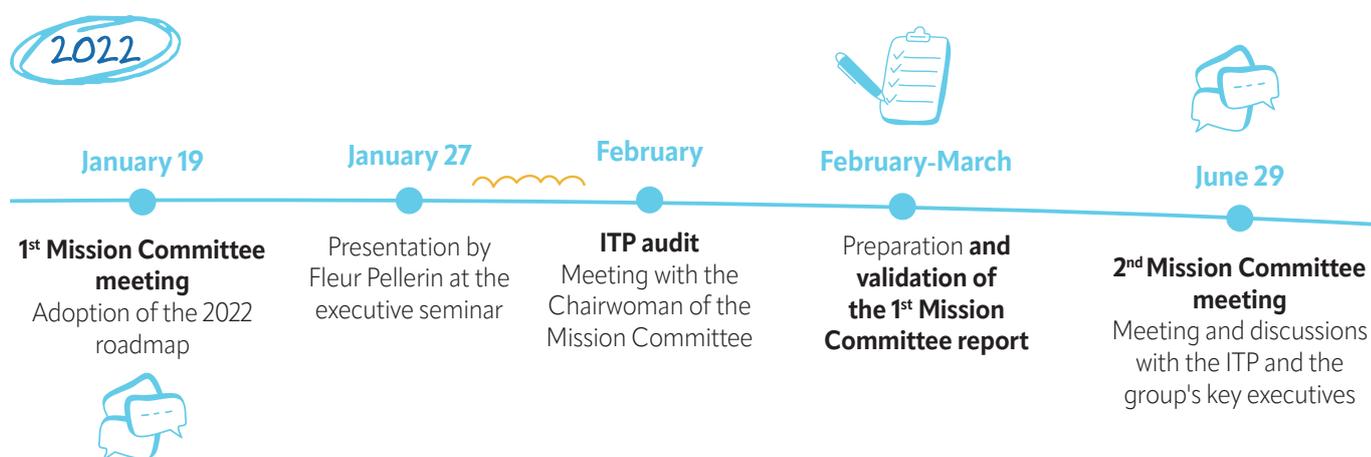
Laurent Nallet
Representing CIC
employees.



The Boards of Directors of Caisse Fédérale de Crédit Mutuel and CIC in November 2022 appointed Camille Putois to replace Christophe Robert, who resigned, and Laurent Nallet, representing the employees of CIC following the departure of Ségolène Denavit from CIC to Crédit Mutuel.

THE ROADMAP

Key dates



What are the lessons learned in the first year?

The work of the Mission Committee made it possible to build an open dialogue with the company, to enrich the proposals and to deepen the approach. The impact of medium-term commitments and the principles of the societal dividend were discussed. Building on the success of this first year, the committee is continuing and intensifying its work. Four meetings of the committee are scheduled for 2023, in March, May, October and December.

The Mission Committee is convinced of the need for coherence between the benefit corporation and the company's medium-term plan. In this context, the committee welcomes the stated ambitions: to finance the economy not only as it is, but as it must become in order to ensure the future of generations to come; to put the financial and collective power of the group at the service of the common interest. As such, it underlines the objective of becoming the benchmark bank for ecological and societal transformation by decarbonizing its balance sheet and supporting its customers towards a more sober world that respects nature.

FOR ONE YEAR



July 21

Reflection in a seminar for the group's key executives on the alignment of the strategic plan with the five missions



Chambre Syndicale et Interfédérale (Parliament)
Approval of the guidance note for the future strategic plan introducing the societal dividend

October 19



November 10

3rd Mission Committee meeting
Reflections on the challenges of the societal dividend

November 17

Operational Monitoring Committee with business line officers



December 2

Chambre Syndicale et Interfédérale (Parliament)
Validation of the societal dividend

2023

January 5

Major debate on the societal dividend and press conference (at the Economic, Social and Environmental Council)

January 24

Committee working groups on the "Pricing" pillar and the "Environmental and Solidarity Revolution Fund" pillar of the societal dividend

February 2

Working group on the "Patronage" pillar of the societal dividend





MONITORING OF MISSIONS IN 2022

PLACE THE GROUP IN A LOGIC OF PROGRESS AND INNOVATION

3

Crédit Mutuel Alliance Fédérale has chosen to set ambitious objectives, with the desire to make a difference in relation to the practices of the banking sector and to breaking new ground. **In each of its five missions, it has set itself very tangible operational objectives**, making it possible to fight against discrimination, to protect the digital privacy of its customers, to act for the development of the regions and to support the ecological transition.

All business line departments are involved in monitoring these objectives. The project team of the benefit corporation works in close collaboration with around twenty "business" referents to ensure the robustness of the indicators and the monitoring of their management. **For each commitment, an action plan is implemented: definition of the indicator, scope, management system, phasing over time and assessment of the action plan.**

These objectives are regularly monitored by the Mission Committee, which also ensures that Crédit Mutuel Alliance Fédérale's strategy is consistent with the five statutory missions. The committee therefore takes a critical look at the trajectory of the indicators, both quantitatively and qualitatively. Answers and insights are provided by business line experts and executives.

A meeting was held in November 2022 with all the referents responsible for monitoring commitments, in the presence of the ITP (KPMG). This meeting made it possible to take on board all the business lines, to promote the actions implemented and to encourage collective progress over the long term.

The challenge is to place the group in a logic of progress and innovation and not in an accounting logic. **The objective is the accomplishment of the missions.** The Mission Committee now recognizes the progress made by Crédit Mutuel Alliance Fédérale in its five missions. **Almost all of the 2022 targets have been achieved and several exceeded.** The committee remains convinced that Crédit Mutuel Alliance Fédérale must steadily build on this momentum. It does not exclude certain operational objectives from being adjusted during 2023, particularly with regard to the societal dividend.

A team of twenty "business line" referents involved in monitoring and controlling the robustness of the indicators:

- . Sales department,
- . Risk department, including the Social and Mutualist Responsibility department,
- . Finance department,
- . Compliance department,
- . Lending department,
- . Cooperative and Mutualist Life department,
- . Human resources department,
- . Euro-Information,
- . Assurances de Crédit Mutuel,
- . Crédit Mutuel Equity, etc.

Mission 1

AS A COOPERATIVE AND MUTUALIST ORGANIZATION, WE SUPPORT OUR CUSTOMERS AND MEMBERS IN THEIR BEST INTERESTS

As a mutualist bank, Cr dit Mutuel Alliance F d rale has set itself the task of supporting its customers and members in their best interests. To this end, the group has defined operational objectives **to stimulate democratic debate and promote diversity within the Boards of Directors and Shareholders' Meetings of the local banks**. It is also committed to maintaining a commercial organization that allows **each customer and member to have a dedicated advisor with a compensation system based on collective performance**.

BRING DEMOCRACY TO LIFE IN THE BANK BY DOUBLING THE NUMBER OF MEMBERS VOTING AT SHAREHOLDERS' MEETINGS

In view of the evolution of the Covid pandemic and the health crisis at the beginning of 2022, the Crisis Committee of Cr dit Mutuel Alliance F d rale on January 13, 2022 recommended that the Shareholders' Meetings of the local banks be held remotely, rather than in person as was traditionally the case. As a result of these restrictions, 263,485 members took part in the Shareholders' Meetings remotely and the commitment to double the number of voters could not be met.

For the spring 2023 Shareholders' Meetings, a specific action plan has been put in place by the Cooperative and Mutualist Life department. Members will be able to express themselves in three ways: by voting remotely on a smartphone, on a tablet at a local bank up to fifteen days before the meeting, or by attending in person on the day of the Shareholders' Meeting. Technical information tools have been improved and upstream activities in online banking and on the Agora social network are carried out at the initiative of the local banks to inform their members. A best practice guide has been distributed.

The results of the first Shareholders' Meetings in 2023 are encouraging, with a very strong increase in votes. A specific update will be made to the Mission Committee in the first half of 2023. The increase in the number of voting members is monitored by the Cooperative and Mutualist Life department. Long-term monitoring is planned as part of the group's future 2024-2027 strategic plan.



"The vitality of our mutualist movement is based on the dynamism of our Shareholders' Meetings and the diversity of our boards. By broadening the voting procedures, and by feminizing and rejuvenating our boards, we remain connected with our members while meeting the challenges of tomorrow's world."

Marie-Jean Boog

Chairwoman of the Sarrebourg district,
member of the Mission Committee.



INDICATORS

263,485 members voting at Shareholders' Meetings.

A comprehensive mechanism has been put in place with remote voting.

GUARANTEE TO EACH CUSTOMER A DEDICATED, NON-COMMISSIONED ADVISOR

Customers expect personalized advice and tailored solutions. This is why Crédit Mutuel Alliance Fédérale guarantees each customer and member a dedicated, non-commissioned advisor.

In 2022, 99.5% of members and customers benefited from a dedicated advisor. With no commercial incentive or individual variable compensation, advisors meet the needs of their customers in their best interests.

This relationship, based on attentiveness, proactivity and relevant advice, is bearing fruit. In November 2022, Crédit Mutuel was awarded the "Best savings advice" label by Challenges magazine thanks to the quality of its customer experience, the strength of the relationship of trust established with its customers and members and the quality of its savings offer.



INDICATORS

99.5% of customers have a dedicated advisor at December 31, 2022

0 commission paid in 2022 to advisors in the Crédit Mutuel and CIC networks

3

MAKE MORE ROOM FOR YOUNG PEOPLE AND GET CLOSER TO PARITY ON BOARDS OF DIRECTORS BY 2022

Guaranteeing better representation of women and all generations on boards of directors is a strong commitment to preserving mutualist democracy and supporting the best interests of its customers and members.

At the end of 2022, 40.04% of women out of 14,334 elected members were represented on the Boards of Directors, compared to 39.04% at the end of 2021 (Iso perimeter). The proportion of women is steadily increasing thanks to the actions implemented. At the end of 2022, 51.7% of newly elected members were women, which reflects a positive trend in favor of parity.

Working groups have been set up to develop membership, experiment with new methods of recruiting elected members and attract new generations. In 2022, 12.8% of newly elected members were under the age of 35 (Iso perimeter).



INDICATORS

40.04% women out of the 14,334 elected members

51.7% of the newly elected members are women at December 31, 2022 (Iso perimeter)

Mission Committee opinion

The committee acknowledges the efforts and resources deployed by Crédit Mutuel Alliance Fédérale to achieve this mission. It notes that in 2022, the operational objective of doubling the number of members voting at Shareholders' Meetings could not be achieved due to the health crisis, but that effective action plans were put in place. It welcomes the group's choice to maintain this particularly ambitious objective. The first results of the 2023 Shareholders' Meetings are very encouraging, with double the number of voting members achieved at this stage. This proves the very strong mobilization of Crédit Mutuel Alliance Fédérale's local banks.

As for the number of women on Boards of Directors, the trajectory is positive and must be maintained. The committee commended the good performance of the indicator of women's representation among newly elected members and discussed the issue of electing younger members, on which the federations are taking many initiatives. Finally, it is pleased with the achievement of the commitment relating to dedicated and non-commissioned advisors. It notes that advisors have an important role in introducing digital tools, a factor of inclusion for audiences far removed from them.

Mission 2

AS A BANK FOR ALL, MEMBERS AND CUSTOMERS, EMPLOYEES AND ELECTED MEMBERS, WE ACT FOR EVERYONE AND REFUSE ANY DISCRIMINATION

As a bank for all, **Crédit Mutuel Alliance Fédérale has set itself the goal of promoting diversity by combating all forms of discrimination, including advancing workplace equality between women and men and promoting inclusion.** The company's ability to train and integrate young people from priority urban areas and rural areas is key.

TRAIN ALL OUR EMPLOYEES AND MEMBERS IN THE FIGHT AGAINST DISCRIMINATION

In 2022, Crédit Mutuel Alliance Fédérale set up a comprehensive and educational anti-discrimination training program for its employees with adapted content: representations and stereotypes, behaviors etc. A total of 43,900 employees (98% of the social base) have been trained.

The training also concerned the elected members with sessions organized by the board. This was the first mandatory training for all elected members with an exceptional and remarkable mobilization of the federations. All the local banks were involved without exception. A total of 14,240 board members were trained with 91% elected members - the highest participation rate ever.

In January 2023, the group Human resources department organized a seminar on the theme "Harassment, Discrimination: from collective mobilization to action". This brought together the HR Directors of Crédit Mutuel Alliance Fédérale (France), the various union representatives and the employee representative bodies (group union representatives, union representatives, CSE secretary, CSE harassment officers, etc.).

Resolutely committed against sexism, Crédit Mutuel Alliance Fédérale has joined the #StOpE initiative. In January 2023, the bank signed the act of commitment by which the group undertakes to permanently reduce so-called ordinary sexism in companies.

In concrete terms, Crédit Mutuel Alliance Fédérale will strengthen its means of preventing and combating ordinary sexism through the deployment of a new series of strong actions. In addition, a reporting system for all users (internal, external and elected members) has been rolled out in France. Accessible on the group's intranet, this system complements the internal alert procedure, known as the "whistleblowing system".



Audrey Hammerer
Director representing employees, member of the Mission Committee.

"I am sensitive to all the actions carried out this year in favor of the fight against discrimination. The group must continue in this vein, taking care to maintain this spirit of openness. This is an ongoing battle that all companies must wage. The decision to catch up on gender pay was a strong signal from the company."



INDICATORS

98% of employees (43,900)

91% of elected members (14,240) trained in the fight against discrimination

RECRUIT 25% OF WORK-STUDY STUDENTS FROM PRIORITY NEIGHBORHOODS AND RURAL AREAS

In 2022, Crédit Mutuel Alliance Fédérale recruited 42.1% of new work-study students (757 young people) from urban priority neighborhoods and rural areas, going beyond its target.

Crédit Mutuel Alliance Fédérale's commitment to young people is also reflected in its Foundation. It supports many associations (*Fraties, Chemins d'Avenirs, Nos Quartiers ont du Talent, L dans la ville*, etc.). For example, the *Fraties* project allows active young people, with and without mental or cognitive disabilities, to live together.



Laurent Torre
Employee representative, member of the Mission Committee.

"As part of the benefit corporation, I was able to go to Nantes and visit the Maison Fratrics supported by the Fondation Crédit Mutuel Alliance Fédérale. Seeing young people with disabilities happy is priceless. Driving home the difference is what our mission is all about."



INDICATOR

42.1% of work-study students recruited from priority neighborhoods and rural areas.

DEFEND GENDER PAY EQUALITY AT ALL LEVELS OF THE BANK

In 2022, Crédit Mutuel Alliance Fédérale wanted to collectively correct any unjustified wage disparities that may exist between women and men. To this end, an agreement was signed with all the representative trade unions on February 21, 2022 to reduce the gap between the average compensation of women and men in all categories to 3% or less. An analysis was carried out for each level of classification by age group.

In order to meet this objective, the various entities within the scope have taken corrective action and upgrading measures for a number of employees. A total of 3,872 people benefited from a corrective measure in 2022. In accordance with the agreement signed, in addition to the individual increases, 0.5% of the group payroll expense was allocated to these actions.

This commitment to equal pay is not limited to the year 2022, but is part of a dynamic and long-term approach to transforming its practices in order to guarantee, more generally, workplace equality throughout the careers of the group's employees. Where training is concerned, no session of the School for directors starts without parity.



INDICATORS

3,872 employees benefited, in 2022, from a corrective measure

0.5% of group payroll expense dedicated to these salary equalization actions

Mission Committee opinion

The Mission Committee applauds the achievement of the indicators and the mission. The group has trained more than 58,000 employees and elected members in the fight against discrimination. Crédit Mutuel Alliance Fédérale exceeded its target for work-study students, with 42.1% of work-study students from priority urban and rural areas. The objective of gender pay equality was implemented and 0.5% of payroll expense was dedicated to it. The committee calls for further action on the issue of parity. The committee proposed new avenues for reflection on the implementation of career paths adapted to people with disabilities as well as paths according to the social and geographical origin of people from priority neighborhoods and rural areas.

Mission 3

RESPECTFUL OF EVERYONE'S PRIVACY, WE PLACE TECHNOLOGY AND INNOVATION AT THE SERVICE OF PEOPLE

Convinced that technology must serve people, Crédit Mutuel Alliance Fédérale has set itself the objective of **guaranteeing the digital privacy of its customers and putting technology at the service of its employees and the development of their business lines** through massive investments in highly secure internalized infrastructures and information systems.

GUARANTEE THE PRIVACY OF OUR CUSTOMERS' DATA BY PROCESSING 99.9% OF THEIR INFORMATION IN OUR INFRASTRUCTURES AND SYSTEMS LOCATED IN FRANCE

Faced with the intensification of cyber risk, major technological investments are made to better protect and secure customer data. Euro-Information, the group's technological subsidiary, inaugurated its new proprietary data center in Verlinghem (59) at the end of 2022. In the course of 2023, it will open its new proprietary private cloud in Côte d'Or with the aim of meeting the highest standards in terms of both resilience and the environment.

This internal control of the highly secure information system is a major competitive advantage. Structural projects in finance and insurance on quantum computers are also being studied, in partnership with IBM.

"Data analysis is key for the bank. Crédit Mutuel Alliance Fédérale was a pioneer with its data factory and the use of artificial intelligence. The new partnership on quantum computing signed in 2022 once again demonstrates the group's pioneering spirit in terms of innovation. While the use cases are still being studied, this technology will bring major advances in data processing and will play a role in the evolution of the business lines."



INDICATOR

>99.9% of processing performed on infrastructure hosted in the company's data centers



Xavier Jaravel

Professor at the London School of Economics, member of the Mission Committee

INVEST PRODUCTIVITY GAINS FROM ARTIFICIAL INTELLIGENCE IN EMPLOYMENT AND DEVELOPMENT

Crédit Mutuel Alliance Fédérale continues to automate its operations and develop its tools to help employees in their daily tasks. The challenge is to free up more sales time so that they can devote themselves to serving their customers and winning new relationships.

The dissemination and continuous improvement of optical character recognition applications, electronic signatures, and the digitization of credit files allow for accelerated gains in the administrative management of documents and facilitate regulatory processing. Crédit Mutuel Alliance Fédérale wishes to strengthen real-time decision-making by relying more on artificial intelligence. Reducing the time to market for its projects allows it to be more innovative while optimizing costs.

In total, 1,326,000 hours were freed up by digitization, 632,000 hours by advisor assistance, 391,000 by receipt management and 69,000 by compliance risks. These optimizations resulted in productivity gains equivalent to 1,570 FTEs (Full Time Equivalent). At the same time, Crédit Mutuel Alliance Fédérale recruited 2,378 people on permanent contracts in 2022.

“Technology is increasingly integrated into our business lines and allows advisors to free up administrative time (balance sheet entry, electronic signatures, etc.) for greater responsiveness and to focus on the essentials: supporting our customers.”



Ségolène Denavit

Employee representative, member of the Mission Committee.



INDICATORS

1,570 FTE productivity gains from technology in 2022

2,378 permanent hires in 2022

Mission Committee opinion

The Mission Committee notes the achievement of the indicators and the mission. Technological expertise and the security of information systems are considerable assets in which the group invests heavily. The advisors' time freed up by the technological tools is put to work for the customers. The committee is interested in the potential of quantum technology.

Mission 4

AS A SOLIDARITY-BASED COMPANY, WE CONTRIBUTE TO REGIONAL DEVELOPMENT

Crédit Mutuel Alliance Fédérale's DNA is based on its local roots and local relationships, which is reflected in the close proximity of its 4,500 branches, the expertise of its 28,000 advisors and 15,500 elected members. By becoming a benefit corporation, the banking group undertakes to **contribute to the development of the regions by supporting the local economic fabric and associations, guaranteeing the attractiveness and the animation of the regions.**

ANCHOR DECISION-MAKING CENTERS IN THE REGIONS, WITH MORE THAN 90% OF OUR LENDING DECISIONS TAKEN AT LOCAL BANKS OR BRANCHES

Crédit Mutuel Alliance Fédérale is stepping up its activities in the regions. In 2022, more than nine out of ten lending decisions were taken locally within the Crédit Mutuel federations and CIC regional banks.

The decentralized model of the mutualist bank encourages responsible decision-making close to the customer. In the banking networks, 91.7% of decisions are made locally.

The year 2022 was marked by a sustained pace of project financing for its customers and members. Despite a slowdown in growth in the second half of the year, outstanding home loans increased by 6.9%. It is also worth noting the very good performance of consumer credit activities. Its agricultural, professional and corporate customers benefited from the increase in equipment loans.

"The strength and success of Crédit Mutuel Alliance Fédérale are based on its decentralized organization. This is also why we are the favorite bank of the French, year after year. The societal dividend will be further proof of this, as it should help us to support local community projects that bring life to the regions."



Jean-Louis Maître
Chairman of Fédération du
Crédit Mutuel Savoie-Mont Blanc,
member of the Mission Committee.



INDICATOR

91.7% of lending decisions were taken locally within Crédit Mutuel and CIC networks in 2022

OFFER THE PAY ASSO DIGITAL PAYMENT SOLUTION TO OUR ASSOCIATIONS AND CIVIL LIABILITY COVERAGE TO THEIR MANAGERS

Crédit Mutuel Alliance Fédérale wishes to demonstrate its commitment to those who bring the local associations to life. It offers civil liability cover of up to €50,000 to Crédit Mutuel Alliance Fédérale customers who are managers of cultural and sports associations. The mutualist bank also wanted to facilitate the day-to-day management of cultural and sports associations. Free of charge during the crisis to help associations, Crédit Mutuel Alliance Fédérale decided to permanently extend the free Pay Asso service.



INDICATOR

100% of eligible associations can benefit from the Pay Asso solution and free Civil Liability plan for Managers

INVEST 5% OF OUR SHAREHOLDERS' EQUITY MAINLY IN INNOVATIVE FRENCH COMPANIES

Crédit Mutuel Alliance Fédérale aims to be a driving force in the local economy by investing in companies that are innovative in technological, commercial, social, organizational and environmental terms. As of December 31, 2022, €2.94 billion had been invested in France in innovative, long-term value-creating projects. Over the year, more than 75 new investments were made in the regions amounting to €436.5 million.

Crédit Mutuel Equity is a shareholder of nearly 350 companies, which it supports at all stages of their development and whatever their transformation project. It invests its shareholders' equity with a constant concern for financial, economic, social and environmental impacts.

Its DNA as a long-term investor enables it to make a lasting commitment alongside executives to give them all the resources necessary to achieve their growth objectives.



INDICATOR

In 2022: **5.19% of group shareholders' equity** invested by Crédit Mutuel Equity mainly in **French companies that innovate**



"It is essential that French companies be supported by the banking sector in their environmental transformation. The announcement of the societal dividend and the creation of the first Environmental and Societal Revolution Fund by Crédit Mutuel Alliance Fédérale are strong markers. They will help accelerate long-term investments across the regions."

Sandrine Pelletier

Director of CIC Ouest, member of the Mission Committee.

Mission Committee opinion

The Mission Committee applauds the actions implemented to contribute to the development of the regions through financing of the local economy and support for non-profit organizations.

The target relating to lending decisions taken at a local bank or branch was 91.7% achieved (Crédit Mutuel and CIC networks). The objective of offering the Pay Asso digital payment solution to associations and civil liability coverage to their managers has been met. Similarly, the amount invested in French companies that innovate represents 5.19% of shareholders' equity as of December 31, 2022.

Mission 5

AS A RESPONSIBLE COMPANY, WE ACTIVELY WORK FOR A FAIRER AND MORE SUSTAINABLE SOCIETY

Crédit Mutuel Alliance Fédérale is committed to supporting **societal and environmental transformations**. By setting measurable objectives, it contributes to a more united and sustainable society. It has set itself ambitious carbon sobriety targets and encourages the transformation of banking and insurance practices with more inclusive offers.

REDUCE THE GROUP'S CARBON EMISSIONS BY 20% AND THE CARBON FOOTPRINT OF OUR INVESTMENT PORTFOLIOS BY 12% BY THE END OF 2022*

In 2022, Crédit Mutuel Alliance Fédérale launched an internal energy sobriety plan based on four major actions: reduction of heating, extinction of illuminated signs and offices at closing time, training in eco-actions, adaptation and reduction of travel. Crédit Mutuel Alliance Fédérale encourages and supports all its customers in the environmental transformation, in the corporate markets, as well as professionals and individuals.

Since March 2022, it has been distributing the *Prêt Avance Rénovation* (Avance Renovation Loan), which targets the 800,000 owners of poorly insulated homes with modest incomes. This makes it possible to finance the remainder of the renovation work under attractive conditions.



INDICATORS

-21.4% : reduction of the group's carbon footprint between the end of 2018 and the end of 2021*

IMMEDIATELY STOP FUNDING FOR NEW OIL AND GAS PROJECTS

Crédit Mutuel Alliance Fédérale is the first French banking group to have undertaken, since 2020, a total phase-out of coal by 2030. In October 2021, it announced that it would not finance any new exploration, production, infrastructure (oil and gas pipelines and storage units) or processing (oil refineries, gas liquefaction terminals) projects in oil and gas. In 2022, Crédit Mutuel Alliance Fédérale took part, alongside its central body, in the first climate stress test conducted by the European Banking Authority. This exercise confirmed the group's resilience to the impacts of global warming and the challenges of the transition to a low-carbon economy.

At the same time, it supports its customers in renewable energies. For the 2023 International Agricultural Show, Crédit Mutuel Alliance Fédérale and EDF ENR have combined their technical and financial expertise to convert the roofs of farms to photovoltaics.



INDICATOR

0 new financing projects in oil & gas since October 2021

INSURE THE REAL ESTATE LOANS OF OUR LOYAL CUSTOMERS WITHOUT ANY MEDICAL FORMALITIES

It did not seem acceptable that customers who were chronically ill or had overcome illness could not access home ownership. This is why, in November 2021, Crédit Mutuel Alliance Fédérale decided to insure its loyal customers' home loans for their primary residence, without any medical formalities.

This pioneering choice to abolish the medical questionnaire soon after inspired a major, more inclusive legislative change. The Lemoine law, in force since June 2022, has enshrined the principle of eliminating medical formalities. However, for the financing of primary residences, the Crédit Mutuel Alliance Fédérale system retains all its relevance by going well beyond the legal obligations.

This commitment was rewarded by the *Grand Prix de la Good Economie*, a prize organized by The Good and INfluencia for the best initiatives of companies committed to an ecological, social and solidarity-based transformation of their activities.



INDICATORS

Since the launch, more than

166,400 beneficiaries

0 medical formality (up to €500,000 per borrower and for policyholders under the age of 62)



"In a context of increasing inequalities, companies must get involved and promote more inclusive models. The removal of medical formalities was a very ambitious decision that created a market standard, which was then enshrined in law. With the societal dividend, Crédit Mutuel Alliance Fédérale is going further, by proving that we can act for a more united and inclusive world."

Camille Putois

Chief Executive Officer of "Business for Inclusive Growth", member of the Mission Committee.

COMMIT TO CUSTOMERS IN FINANCIAL DIFFICULTY WITH AN ACCOUNT AT €1 NET PER MONTH WITHOUT INCIDENT FEES

In a context of rising consumer prices that reduce the purchasing power of the most modest, Crédit Mutuel Alliance Fédérale is acting responsibly with those most affected with an account at €1 per month, without incident fees. This offer includes a dedicated advisor and a local branch. From August 1, 2022, more than 50,000 subscribers to the specific offer designed for financially fragile customers have benefited automatically, without any steps being taken.

At the same time, Crédit Mutuel Alliance Fédérale has paid particular attention to those customers who have been hardest hit by inflation, notably by the rise in fuel and energy prices, which particularly affects low-income workers in rural

and peri-urban areas. Detection work triggered 100,000 appointments and contacts by advisors to find solutions adapted to the economic situation. These meetings had positive effects because they made it possible to anticipate and therefore avoid difficulties.



INDICATOR

53,033 beneficiaries

Mission Committee opinion

The Mission Committee notes that Crédit Mutuel Alliance Fédérale has achieved the objectives contributing to its mission to work for a fairer and more sustainable society.

The indicators for reducing the group's carbon emissions and the carbon footprint of its investment portfolios, halting the financing of new oil and gas projects, putting an end to the health questionnaire for real estate loans, and introducing the one-euro-per-month account for its customers in situations of financial fragility have all been met. The committee particularly applauds the ambitions for environmental transformation set out in the guidance note of the future strategic plan and the creation of the societal dividend.

*See non-financial performance statement for 2022, France scopes 1, 2 and 3 energy consumption, refrigerant gas leaks, motor fleet and business travel.

COMPLETE PERFORMANCE OVERVIEW

Methodological reminder: the objectives of the fifteen commitments are set for the end of 2022. The scopes concerned are those of the entities that have adopted the status of benefit corporation, namely Caisse Fédérale de Crédit Mutuel and CIC.

Mission 1 AS A COOPERATIVE AND MUTUALIST ORGANIZATION, WE SUPPORT OUR CUSTOMERS AND MEMBERS IN THEIR BEST INTERESTS		
1 Bring democracy to life in the bank by doubling the number of members voting at Shareholders' Meetings		
Indicators: <ul style="list-style-type: none"> • 2022: 4.53% voting members • 2021: NS (Covid situation) • 2019: 5.4% 	Scope: Crédit Mutuel local banks (Iso perimeter).	Means: <ul style="list-style-type: none"> • Launch of remote voting on smartphones and tablets in 2022. • Deployment of specific communication actions. • Creation of the Cooperative and Mutualist Life department.
2 Guarantee to each customer a dedicated, non-commissioned advisor		
Indicators: <ul style="list-style-type: none"> • 2022: 99.5% customers assigned to a dedicated advisor. • 2021: 99.5% 	Scope: French banking network (Crédit Mutuel local banks, Crédit Mutuel regional banks, CIC branches and corporate business centers).	Means: <ul style="list-style-type: none"> • Human resources policy: no commercial incentive or individual variable compensation.
3 Give more place to young people and move get to parity on boards of directors from 2022		
Indicators: <ul style="list-style-type: none"> • 2022: 40.04% women among the newly elected members and 12.8% young people newly elected to the boards of directors of the local banks. • 2021: 39.04% 	Scope: Crédit Mutuel local banks (Iso perimeter).	Means: <ul style="list-style-type: none"> • Strengthening communication with the support of the local banks' Boards of Directors. • Creation of the Cooperative and Mutualist Life department.
Mission 2 AS A BANK FOR ALL, MEMBERS AND CUSTOMERS, EMPLOYEES AND ELECTED MEMBERS, WE ACT FOR EVERYONE AND REFUSE ANY DISCRIMINATION		
4 Train all our employees and elected members in the fight against discrimination		
Indicator: <ul style="list-style-type: none"> • 2022: 98% of employees and 91% of elected members trained in the anti-discrimination module. 	Scope: <ul style="list-style-type: none"> • Social base : Global scope of the group agreement. • Local banks: all elected members. 	Means: <ul style="list-style-type: none"> • Mandatory training module in 2022 for all employees. • Mandatory awareness-raising session for Boards of Directors in 2022. • Overhaul of the alert and monitoring system.

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

Indicators:

- **2022: 42.1%** of work-study students from priority neighborhoods and rural areas.
- **2021: 38.2%**

Scope:

Group scope Crédit Mutuel Alliance Fédérale, Crédit Mutuel, CIC, Euro-Information, Cofidis

Means:

- Participation in dedicated "job dating" sessions.
- Strengthening partnerships with associations.
- Testing of new measures to develop integration actions.

6 Defend gender pay equality at all levels of the bank

Indicators:

- **2022:** there are still 37 women out of 27,500 (or 0.1%) whose situation needs to be analyzed. For the others, average gap of less than 3% in categories by age group.
- **2021: NA**

Scope:

Social base : Global scope of the group agreement.

Means:

- Negotiation of a group agreement with trade union representatives.
- Inventory of pay gaps.
- 0.5% of payroll expense allocated to correcting gender pay gaps in 2022.
- **3,872** employees benefited from a corrective measure (2,207 women and 1,665 men).

Mission 3

RESPECTFUL OF EVERYONE'S PRIVACY, WE PLACE TECHNOLOGY AND INNOVATION AT THE SERVICE OF PEOPLE

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

Indicator:

- **2022: >99.9 %**
Established in 2022

Scope:

Bancassurance activities in France concerning the processing of customer data. Number of hits for eligible external services: outsourced services are excluded for regulatory or market reasons (interbank systems, market standards, etc.)

Means:

- Strong growth in investments in the Group's IT infrastructures, via highly secure data centers and private cloud.
- Establishment of two new data centers owned exclusively by Euro-Information, a subsidiary of Crédit Mutuel Alliance Fédérale.

8 Invest productivity gains from artificial intelligence in employment and development

Indicators

- **2022: 1,570** productivity gains in FTE, **2,378** permanent hires..
- **2021: 900** productivity gains in FTE, **1,596** permanent hires.

Scope:

- Scope of FTE gains: France network.
- Scope of recruitment: social base.

Means:

- High-growth investments in technology and artificial intelligence.
- Social policy that favors training, career development and job creation.

COMPLETE PERFORMANCE OVERVIEW - CONTINUED

Mission 4

AS A SOLIDARITY COMPANY, WE CONTRIBUTE TO REGIONAL DEVELOPMENT

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

Indicators:

- 2022: 91.7% of loans granted locally.
- 2021: 91.3%

Scope:

Crédit Mutuel and CIC networks.

Means:

Decentralized organization with predominantly local lending decisions.

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

Indicators:

- 2022: 100% of sports and cultural associations have been benefiting from the Pay Asso solution since January 2022 and 100% of managers of customer sports and cultural associations are eligible for free civil liability cover.
- 2021: 100%.

Scope:

France network (Crédit Mutuel local banks and CIC branches).

Eligibility:

- The Pay Asso solution is free of charge for associations governed by the law of July 1, 1901 or under the local law of Alsace-Moselle, with an exclusively sporting or cultural object and a non-profit purpose, with an annual budget of less than €500,000, and holding a current account with Crédit Mutuel.
- Free civil liability for managers of sports and cultural associations, up to a maximum annual cover of €50,000.

Means:

- Free Pay Asso solution for eligible associations.
- Free civil liability for eligible executives.

11 Invest 5% of our equity mainly in innovative French companies

Indicators:

- 2022: 5.19% of group shareholders' equity invested mainly in French companies that have been subject to an innovation maturity analysis.
- 2021: 5.05%

Scope:

Crédit Mutuel Equity.

Means:

- Dedicated shareholders' equity structure.
- Implementation of a dynamic mapping of investments.

Mission 5

AS A RESPONSIBLE COMPANY, WE ACTIVELY WORK FOR A FAIRER AND MORE SUSTAINABLE SOCIETY

12 Reduce the group's carbon emissions by 20% and the carbon footprint of our investment portfolios by 12% by the end of 2022

Indicators:

- **Reduction of the group's carbon footprint:** energy, refrigerants, motor fleet, business travel scope - comparison at the end of 2018
- **December 2021:** -21.4%
- **December 2020:** -20.7%
- **Reduction of the carbon footprint of the corporate loan portfolio** comparison with June 2018
- **June 2022:** -54.6%
- **June 2021:** -27.9%

Scope:

See scope and methodology notes concerning these indicators in the group's 2022 non-financial performance statement.

Means:

- Sectoral policies (coal, mobility, agriculture, hydrocarbons, etc.).
- Sobriety policy.

13 Immediately stop funding for new oil and gas projects

Indicator:

- **0** funding for new oil and gas exploration, production and infrastructure projects since October 2021.

Scope:

Crédit Mutuel Alliance Fédérale group scope.

Means:

- Coal and hydrocarbon sectoral policy.

14 Ensure the home loan of loyal customers without any medical formalities

Indicators:

- No more medical formalities requested since December 1, 2021.
- **166,400** beneficiaries since the launch

Scope:

France network (Crédit Mutuel local banks and CIC branches).

Eligibility:

Customers domiciling their main income for seven years; insured amount up to €500,000 per borrower for the purchase of the primary residence; policyholder under 62 years of age at the time of underwriting.

Means:

- Elimination of the health questionnaire for loyal customers.
- End of pricing based on the customer's pathology or body mass index.
- End of exclusions of specific risks.

15 Commit to customers in financial difficulty with an account at €1 net per month without any incident fees

Indicator:

- **2022:** 53,033 beneficiaries.

Scope:

Crédit Mutuel and CIC networks.

Means:

- Development of a vulnerable customer offer marketed and applied since August 2022.

Caisse Fédérale de Crédit Mutuel, a mutualist company with a share capital of €5,458,531,008, 4 rue Frédéric-Guillaume Raiffeisen, 67913 Strasbourg Cedex 9, RCS Strasbourg B 588 505 354 - ORIAS no.: 07 003 758. Bank governed by Articles L.511-1 et seq. of the French Monetary and Financial Code.

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Corporate governance

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PREAMBLE

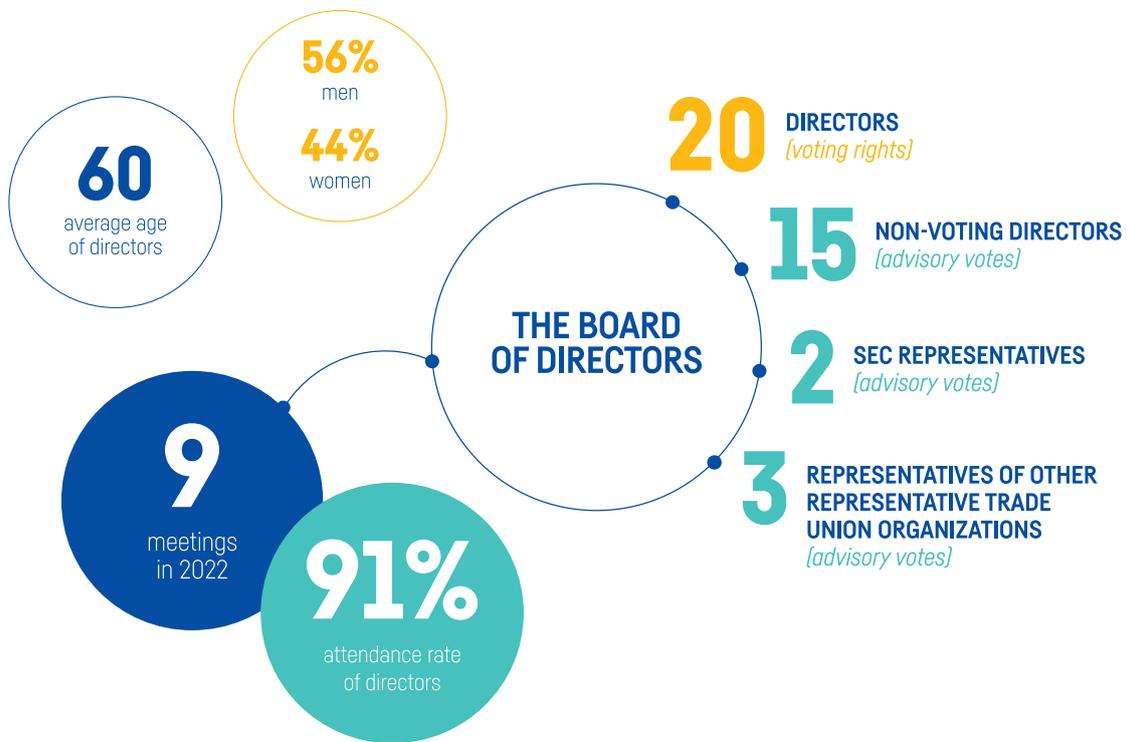
Crédit Mutuel Alliance Fédérale does not have one single deliberative body. Each Crédit Mutuel bank appoints a Board of Directors composed of voluntary members elected by the members at a Shareholders' Meeting. The banks then elect their representative at the federation level from among these members. The Chairman of the Federation (or of a District for the Fédération du Crédit Mutuel Centre Est Europe) may become a member of the Board of Directors of Caisse Fédérale de Crédit Mutuel or its subsidiary, BFCM.

Bearing these factors in mind, the "Corporate Governance" chapter presents two reports on corporate governance: one for the Caisse Fédérale de Crédit Mutuel as a representative of the consolidating parent company and one for BFCM.

4.1 CAISSE FÉDÉRALE DE CRÉDIT MUTUEL – CORPORATE GOVERNANCE REPORT

EXECUTIVE MANAGEMENT

1 CHIEF EXECUTIVE OFFICER, EFFECTIVE MANAGER <i>Mr. Daniel Baal</i>	1 DEPUTY CHIEF EXECUTIVE OFFICER, EFFECTIVE MANAGER <i>Mr. Éric Petitgand</i>	1 DEPUTY CHIEF EXECUTIVE OFFICER, <i>Mr. Frantz Rublé</i>
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4

SPECIALIZED COMMITTEES

<p>COMPENSATION COMMITTEE</p> <p>5 MEMBERS +1 ASSOCIATE MEMBER FEDERATION REPRESENTATIVE</p> <p>4 MEETINGS</p> <p>89% ATTENDANCE RATE OF MEMBERS</p>	<p>APPOINTMENTS COMMITTEE</p> <p>5 MEMBERS +1 ASSOCIATE MEMBER FEDERATION REPRESENTATIVE</p> <p>13 MEETINGS</p> <p>90% ATTENDANCE RATE OF MEMBERS</p>	<p>GROUP AUDITING AND ACCOUNTING COMMITTEE</p> <p>8 MEMBERS +9 ASSOCIATE MEMBERS FEDERATION REPRESENTATIVES</p> <p>6 MEETINGS</p> <p>88% ATTENDANCE RATE OF MEMBERS</p>	<p>GROUP RISK MONITORING COMMITTEE</p> <p>6 MEMBERS +10 ASSOCIATE MEMBERS FEDERATION REPRESENTATIVES</p> <p>8 MEETINGS</p> <p>85% ATTENDANCE RATE OF MEMBERS</p>
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Scope of attendance rate and average age: directors including directors representing employees. Average age at 12/31/2022.
Scope of parity: directors excluding directors representing employees.
Committee attendance rate scope: members and associate members.

4.1.1 Introduction

The provisions of Article L.225-37 of the French Commercial Code state that the Board of Directors shall present to the Ordinary Shareholders' Meeting a corporate governance report alongside the management report.

In accordance with Articles L.225-37-4 and L.22-10-10 of the French Commercial Code, this report shall include:

- a list of all of the terms and duties exercised in any company by each corporate officer during the fiscal year;
- the composition of the Board and the conditions for the preparation and organization of its work;
- agreements entered into, directly or through an intermediary, between, on the one hand, one of the corporate officers or one of the shareholders holding more than 10% of the voting rights of a company and, on the other hand, another company controlled by the former within the meaning of Article L.233-3, with the exception of agreements relating to current transactions and entered into under normal conditions;
- a summary table of the current delegations of authority granted by the Shareholders' Meeting in respect of capital increases, pursuant to Articles L.225-129-1 and L.225-129-2, showing the use made of these delegations during the fiscal year;
- at the time of the first report or in the event of any change, the method elected between the two options for Executive Management provided for in Article L.225-51-1;
- a description of the diversity policy applied to the members of the Board of Directors with regard to criteria such as age, gender or qualifications and professional experience, and a description of the objectives of such a policy, its implementation procedures and the results obtained during the past fiscal year. This description shall be supplemented by information on the manner in which the company seeks a balanced representation of women and men within the committee established, if any, by Executive Management to assist it regularly in the performance of its general duties and on the results in terms of gender balance; in the 10% of positions with the highest level of responsibility; if the company does not apply such a policy, the report shall include an explanation of the reasons for not doing so;
- any restrictions that the Board of Directors may impose on the powers of the Chief Executive Officer;
- where a company voluntarily refers to a Corporate Governance Code drawn up by a professional organization, the provisions that have been disregarded and the reasons why, as well as the place where this code can be consulted, or, in the absence of such a reference to a code, the reasons why the company has decided not to refer to it, as well as, where applicable, the rules adopted in addition to the requirements laid down by law.

As it is not a company whose shares are admitted to trading on a regulated market, Caisse Fédérale de Crédit Mutuel does not refer to the Afep-Medef Code.

Caisse Fédérale de Crédit Mutuel complies with the corporate governance regulations applicable to credit institutions. In this respect, it is recalled that the European Banking Authority (EBA) has issued guidance on internal governance (EBA/GL/2021/05) as well as guidance on the assessment of the suitability of members of the

management body and holders of key positions (EBA/GL/2021/06) dated July 2, 2021. In its compliance notices of December 7, 2021, the ACPR declared itself compliant with the guidance on internal governance and partially compliant with the guidance on suitability assessment.

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

"This notice specifies the paragraphs of EBA guidance EBA/GL/2021/06 with which the ACPR (i) intends to comply: i.e. paragraphs 1 to 162; 164 to 171; 174 to 176; 178 to 207 of the guidelines and (ii) therefore expects the aforementioned institutions to comply with these paragraphs.

Indeed, the ACPR does not intend to comply with the provisions of paragraphs 172 and 173 (assessment of the suitability of the heads of internal control functions and of the Chief Financial Officer by the competent authority) as well as paragraphs 163 and 177 (transmission to the competent authority of the results and documentation relating to the internal assessment of the heads of internal control functions and the Chief Financial Officer). This statement does not call into question the procedures already in place, which will continue to apply for the assessment of persons responsible for internal control at approval and in the event of a change of control.

In addition, the ACPR intends to apply the guidelines relating to attendance and the definition of independent members with two interpretative qualifications:

- *the formal independence of the members of the management body and of the members of the Risk Committee and the Appointments Committee does not constitute a criterion of suitability under current French laws and regulations, which would be enforceable in the context of the examination of an individual application. Under French law, the implementation of the guidelines cannot therefore lead to the refusal of an individual application on this ground alone under the "fit and proper" principle. [...] The ACPR considers the presence of independent members on supervisory bodies and other specialized committees to be good practice and not a legal or regulatory requirement;*
- *as a matter of law, failure to meet one or more of the criteria listed in the guidelines (paragraph 89) does not constitute a presumption that a member is not independent. Non-compliance with these criteria does not exhaust the notion of independence and the analysis of this quality must also take into account other measures, in particular those developed by French institutions within the framework of the laws and regulations in force and which could make it possible to achieve the same objective of independence.*

Pursuant to paragraph (88)(b) of the suitability assessment guidance, the ACPR also intends not to require independent members in relevant institutions that are wholly owned by a relevant institution, and in investment firms that meet the criteria set out in Article 32(4)(a) of Directive 2019/2034/EU or other criteria laid down by a relevant Member State in accordance with Article 32(5) and (6) of Directive No 2019/2034/EU."

This corporate governance report explains how Caisse Fédérale de Crédit Mutuel 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.

4.1.2 Composition of the management bodies as of December 31, 2022

Presentation of the Board of Directors as of December 31, 2022

COMPOSITION OF THE BOARD OF DIRECTORS

	Age ⁽¹⁾	Gender	Start of term of office	End of term of office	Committees ⁽²⁾	Attendance at board
Nicolas THÉRY <i>Chairman</i>	57	M	2014	2025	GRMC	100%
Hélène DUMAS <i>Vice-Chairwoman</i>	65	F	2022	2023	-	78%
Marie-Jean BOOG	61	F	2022	2024	-	100%
Gérard CORMORECHE	65	M	1995	2025	GAAC	100%
Bernard DALBIEZ	64	M	2019	2025	Appointments	89%
Nicolas HABERT	60	M	2020	2024	GRMC	100%
Marie JOSSO	44	F	2022	2025	-	67%
Christine LEENDERS	66	F	2017	2023	GRMC Compensation	78%
Jean-Louis MAÎTRE	65	M	2019	2025	-	100%
Elia MARTINS	52	F	2018	2024	-	100%
Laurence MIRAS	57	F	2017	2023	-	67%
Frédéric RANCHON	56	M	2018	2024	-	100%
Agnès ROUXEL	64	F	2017	2023	Appointments	89%
Daniel SCHOEPF	67	M	2018	2023	GRMC	100%
Jacques SIMON	66	M	2022	2024	-	100%
Annie VIROT	67	F	2017	2023	Compensation	100%
Alex WEIMERT	68	M	2020	2023	-	89%
Luc WYNANT	56	M	2022	2025	GAAC	100%
Audrey HAMMERER <i>Director representing employees</i>	44	F	2016	2025	Compensation	56%
Laurent TORRE <i>Director representing employees</i>	55	M	2020	2025	-	100%

In the Committees column, the Committee Chairmen are shown in bold in blue.

(1) Age at 12/31/2022.

(2) GRMC: Group Risk Monitoring Committee – GAAC: Group Auditing and Accounting Committee – Compensation: Compensation Committee – Appointments: Appointments Committee.

NON-VOTING DIRECTORS

	Age ⁽¹⁾	Gender	Start of term of office	End of term of office	Committee ⁽²⁾	Attendance at board
Bernard BASSE	70	M	2005	2023	GRMC	67%
Philippe COULOIGNER	63	M	2022	2025	-	0% ⁽³⁾
Philippe GALLIENNE	66	M	2019	2025	Compensation	100%
Patrice GARRIGUES	65	M	2022	2025	GAAC	100%
Charles GERBER	68	M	2020	2023	GAAC	100%
Jean-François JOUFFRAY					GAAC GRMC Appointments Compensation	
	74	M	2001	2023		89%
Damien LIEVENS	52	M	2017	2023	-	100%
Olivier OGER	70	M	2022	2025	-	86%
Philippe RAGE	61	M	2020	2023	-	67%
Gishhaine RAVANEL	70	F	2020	2023	-	56%
Thierry REBOULET	60	M	2021	2024	Appointments	89%
Edwige SCHMITT- BORTOT	63	F	2022	2025		100%
Alain TÊTEDOIE	58	M	2017	2023	-	78%
Philippe TUFFREAU	67	M	2017	2023	-	67%
Didier VIEILLY	65	M	2015	2024	-	100%

In the Committees column, the Committee Chairmen are shown in bold in blue.

(1) Age at 12/31/2022.

(2) GRMC: Group Risk Monitoring Committee – GAAC: Group Auditing and Accounting Committee – Compensation: Compensation Committee – Appointments: Appointments Committee.

(3) Philippe Couloigner was appointed as of December 2, 2022 and was only involved in one board meeting which he was unable to attend.

In 2022, the terms of office of Chantal Dubois-Thuillier, Véronique Hemberger, Étienne Grad and Gérard Oligier as directors and Gérard Lindacher and Jean-Pierre Delcasso as non-voting directors ended.

THE FOUR SPECIALIZED COMMITTEES OF THE BOARD OF DIRECTORS

Compensation Committee		Appointments Committee		Group Auditing and Accounting Committee		Group Risk Monitoring Committee	
5 members and 1 associate member representing a federation		5 members and 1 associate member representing a federation		8 members and 9 associate members representing federations		6 members and 10 associate members representing federations	
4 meetings	89% attendance	13 meetings	90% attendance	6 meetings	88% attendance	8 meetings	85% attendance

Attendance rate applies to members and associate members.

Other participants

- In accordance with Article L.2312-72 of the French Labor Code, two representatives of the Social and Economic Committee attend the meetings of the Board of Directors in an advisory capacity;
- The articles of association of Caisse Fédérale de Crédit Mutuel also state that three representatives of representative trade union organizations, other than those that have appointed directors representing the employees, shall attend the meetings of the Board of Directors in an advisory capacity.

Executive Management

- Daniel Baal, Chief Executive Officer and effective manager;
- Éric Petitgand, Deputy Chief Executive Officer and effective manager;
- Frantz Rublé, Deputy Chief Executive Officer.

4.1.3 Positions and functions held by the members of the management bodies

Directors

Nicolas Théry

Born on December 22, 1965
Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Nicolas Théry began his career in the financial inspection department in 1989 before joining the treasury department in 1993. From 1997 to 2000, he was an adviser in the office of the Minister of the Economy and Finance in charge of monetary and financial topics and then international and European topics. In 2000, he became director of the Private Office of Florence Parly, Secretary of State for the Budget. From 2000 to 2002, he was Confederal Secretary of the CFDT in charge of economic issues. He participated in the creation of the *Comité intersyndical de l'épargne salariale* and of the social and environmental rating agency Vigeo, directed by Nicole Notat. From 2002 to 2009, he worked at the European Commission as director of cabinet of Pascal Lamy, Commissioner for International Trade, before joining the directorate general for Enterprise and becoming director in the directorate general for the Environment where he worked on climate change. In 2009, he joined Crédit Mutuel. Chairman and Chief Executive Officer of CIC Est from 2012 to 2016, he has chaired Caisse Fédérale de Crédit Mutuel, Banque Fédérative du Crédit Mutuel and Crédit Industriel et Commercial since 2014. 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. He was Chairman of the Fédération bancaire française – French Banking Federation from September 1, 2021 to September 2022.

Nicolas Théry is a graduate of Science Po Paris and of the École Nationale d'Administration (ENA) – top of the "Liberty, Equality, Fraternity" class – and holds a Master's Degree in law, economics, management with a specialization in Business law.

Chairman of the Board of Directors
Member of the Group Risk Monitoring Committee
First appointed to the Board: 2014
Term expires: 2025

Other mandates and functions as at December 31, 2022

Chairman of the Board of Directors

Confédération Nationale du Crédit Mutuel
Caisse Centrale du Crédit Mutuel
Fédération du Crédit Mutuel Centre Est Europe
Banque Fédérative du Crédit Mutuel
Crédit Industriel et Commercial
Banque CIC Est
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
Musée Rodin

Permanent representative of Groupe des Assurances du Crédit Mutuel, director

ACM GIE

Permanent representative of Fédération du Crédit Mutuel Centre Est Europe, member of the Management Board

Euro-Information

Member

Defense Ethics Committee

Terms of office expired over the past five fiscal years

Chairman

Fédération bancaire française – French Banking Federation

Member of the Management Board

Euro-Information

Chairman of the Board of Directors

Banque CIC Nord Ouest

Dialogues





Hélène Dumas

Born on September 9, 1957
Nationality: French

Business address:
Place de l'Europe –
105 rue du Faubourg Madeleine
45920 Orléans

Summary of main areas of expertise and experience

Holder of a bachelor's degree in economics and management and a *Diplôme d'Études Comptables Supérieures* (DECS), Hélène Dumas has held various positions including assistant director and then deputy director in charge of support functions such as Human Resources, IT and Logistics within Mutualité Sociale Agricole, before retiring in 2013. In 1998, she became a director of Caisse de Crédit Mutuel d'Orléans Châtelet, which she has chaired since 2017. Since 2020, she has been a director of Fédération and Caisse Régionale de Crédit Mutuel du Centre.

Vice-Chairwoman of the Board of Directors
First appointed to the Board: 2022
Term expires: 2023

Other mandates and functions as at December 31, 2022

Chairwoman of the Board of Directors

Caisse de Crédit Mutuel d'Orléans Châtelet

Vice-Chairwoman of the Board of Directors

Fédération Régionale des Caisses de Crédit Mutuel du Centre

Director

Caisse régionale de Crédit Mutuel du Centre

Terms of office expired over the past five fiscal years

Nil.

Marie-Jean Boog

Born August 30, 1961
Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

After obtaining her State diploma in 1982, Marie-Jean Boog began her career as a nurse, which she continued until 1988. During the same year, she joined the Association Saint Christophe Walscheid as a healthcare manager. In 1991, she obtained a university degree in Gerontology and then trained as a nursing manager in 1992. In 1998, she trained as a director of a healthcare institution and an ESMS, enabling her to become Head of Institutions for the Association Saint Christophe Walscheid. In 2000, she became a member of Caisse de Crédit Mutuel Bièvre et Vosges and took over as its Chairwoman in 2010. In 2018, she was appointed member of the Supervisory Board of Banque Européenne du Crédit Mutuel and director of Fédération du Crédit Mutuel Centre Est Europe, Chairwoman of the District of Sarrebourg. Since 2022, she has been a member of the Mission Committee of Crédit Mutuel Alliance Fédérale.

Director
First appointed to the Board: 2022
Term expires: 2024

Other mandates and functions as at December 31, 2022

Member of the Supervisory Board

Banque Européenne du Crédit Mutuel

Vice-Chairwoman of the Board of Directors and Chairwoman of the District of Sarrebourg

Fédération du Crédit Mutuel Centre Est Europe

Chairwoman of the Board of Directors

Caisse de Crédit Mutuel Bièvre et Vosges

Head of Institutions

Association Saint Christophe Walscheid

Terms of office expired over the past five fiscal years

Nil.

Gérard Cormorèche

Born 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'Agricultures d'Angers, Gérard Cormorèche is the manager of a cereal and vegetable farm and of CORMORÈCHE SARL, specializing in the processing of red beetroot. He was awarded the insignia of Knight of Agricultural Merit in 1999.

In 1993, he was elected Chairman of a Crédit Mutuel local bank. He holds offices within Crédit Mutuel at local, regional and national levels. Since 1995, he has been Chairman of Fédération and Caisse de Crédit Mutuel du Sud-Est. He has also been Chairman of the Board of Directors of Caisse Agricole du Crédit Mutuel since 2004 and Vice-Chairman of CNCM (Confédération Nationale du Crédit Mutuel).

Director

Member of the Group Auditing and Accounting Committee

First appointed to the Board: 1995

Term expires: 2025

Other mandates and functions as at December 31, 2022

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

Crédit Industriel et Commercial

Permanent representative of Caisse de Crédit Mutuel du Sud-Est, director

Assurance du Crédit Mutuel Vie SAM

SICA d'habitat Rural du Rhône et de la Loire

Non-voting director

CIC Lyonnaise de Banque

Managing partner

SCEA CORMORÈCHE Jean-Gérard

Terms of office expired over the past five fiscal years

Non-voting director

Crédit Industriel et Commercial

Managing partner

SARL COMORECHE



Bernard Dalbiez

Born August 7, 1958
Nationality: French

Business address:
494 avenue du Prado
13008 Marseille

Summary of main areas of expertise and experience

A high school graduate, Bernard Dalbiez was a train engineer and instructor for SNCF before retiring in 2008. Alongside his primary employment, he was an officer in the French air force reserves, serving until June 2019. In 2010, he was elected Chairman of the Crédit Mutuel de Marseille Pelletan local bank. In 2018, he became District Chairman and Vice-Chairman of Fédération du Crédit Mutuel Méditerranéen. Since 2021, he has been Chairman of Fédération et Caisse Régionale de Crédit Mutuel Méditerranéen and Chairman of the Supervisory Board of Centre de Conseil et de Service.

Director
Member of the Appointments Committee
First appointed to the Board: 2019
Term expires: 2025

Other mandates and functions as at December 31, 2022

Chairman of the Board of Directors

Fédération du Crédit Mutuel Méditerranéen
Caisse Régionale du Crédit Mutuel Méditerranéen
Caisse de Crédit Mutuel Marseille Pelletan
Caisse de Crédit Mutuel de Sainte Maxime – Cogolin
Caisse Méditerranéenne de Financement (CAMEFI)

Chairman of the Supervisory Board

Société Actimut
Centre de Conseil et de Service

Vice-Chairman of the Board of Directors

Caisse de Crédit Mutuel Ghisonaccia
Caisse de Crédit Mutuel de Nice Saint Isidore

Director

Caisse de Crédit Mutuel de Lunel

Representative of Caisse Régionale du Crédit Mutuel Méditerranéen, director

Assurance du Crédit Mutuel Vie SAM

Non-voting director

Confédération Nationale du Crédit Mutuel
Caisse Centrale du Crédit Mutuel

Terms of office expired over the past five fiscal years

Chairman of the Board of Directors

Caisse de Crédit Mutuel Saint Laurent du Var
Caisse de Crédit Mutuel de Saint Cyr sur Mer

Member of the Supervisory Board

Banque Européenne du Crédit Mutuel

Nicolas Habert

Born April 27, 1962
Nationality: French

Business address:
6 rue de la Tuilerie
31130 Balma

Summary of main areas of expertise and experience

A graduate of ISEP and ESSEC and holder of an Actuarial degree, Nicolas Habert has been an independent consultant with NH Consulting since 2007. He began his career in 1987 at the Banque Nationale de Paris as customer relationship manager before joining Caisse des Dépôts et Consignations in 1989 and then Caisse Centrale de Crédit Mutuel in 1993. From 1988 to 2012 he worked as a part-time trainer for various entities at the training center for the banking profession and the Purpan engineering school from 1996 to 2007, where he taught management, finance and international commerce.

In 2001, he became a director of a new Crédit Mutuel local bank and was appointed Chairman in 2010. Since 2017, he has been a federal director and Chairman of the Supervisory Board of Cautionnement Mutuel de l'Habitat. In May 2020, he was appointed Chairman of Caisse Régionale and Fédération Crédit Mutuel Midi-Atlantique.

Director
Member of the Group Risk Monitoring Committee
First appointed to the Board: 2020
Term expires: 2024

Other mandates and functions as at December 31, 2022

Chairman of the Board of Directors

Fédération du Crédit Mutuel Midi Atlantique
Caisse Régionale du Crédit Mutuel Midi Atlantique
Caisse du Crédit Mutuel de Toulouse Purpan

Chairman of the Supervisory Board

Cautionnement Mutuel de l'Habitat

Director

Banque Fédérative du Crédit Mutuel

Permanent representative of Caisse Régionale du Crédit Mutuel Midi-Atlantique, director

Assurance du Crédit Mutuel Vie SAM

Permanent representative of Marsovalor, director

Banque CIC Sud Ouest

Non-voting director

Confédération Nationale du Crédit Mutuel
Caisse Centrale du Crédit Mutuel

Terms of office expired over the past five fiscal years

Nil.

Marie Josso

Born on December 29, 1978
Nationality: French

Business address:
275 Boulevard Marcel Paul Exapole
44800 Saint-Herblain

Summary of main areas of expertise and experience

Holder of a master's degree in occupational psychology, Marie Josso founded and since 2013 chairs the company Ad Potentiel, which provides psychosocial audit, managerial support and recruitment services.

In 2012, she became a director of Caisse de Crédit Mutuel Isac Saint Gildas des Bois. Since 2018, she has been Chairwoman of the Board of Directors of the social landlord Atlantique Habitations and the Maison Familiale de Loire-Atlantique home ownership cooperative. In 2020, she became Vice-Chairwoman of Fédération and Caisse Régionale du Crédit Mutuel Loire-Atlantique Centre-Ouest.

Director
First appointed to the Board: 2022
Term expires: 2025

Other mandates and functions as at December 31, 2022

Chairwoman of the Board of Directors

Atlantique Habitations
La Maison Familiale de Loire-Atlantique
Demeures et traditions

Chairwoman of the Supervisory Board

Société de coordination Uniter

Chairwoman

Ad Potentiel

Vice-Chairwoman of the Board of Directors

Fédération du Crédit Mutuel Loire-Atlantique Centre-Ouest
Caisse régionale du Crédit Mutuel Loire-Atlantique Centre-Ouest

Director

Caisse de Crédit Mutuel Isac Saint Gildas des Bois
Livie

Member of the Supervisory Board

Batigere en Île de France

Terms of office expired over the past five fiscal years

Nil.

Christine Leenders

Born on February 21, 1956
Nationality: French

Business address:
1 place Molière
49000 Angers

Summary of main areas of expertise and experience

With a BTS degree in Tourism and completion of courses in Coaching and Mentoring, Christine Leenders is a senior manager of Haras des Landes.

In 2001, she was appointed a director of Caisse de Crédit Mutuel de Durtal-Seiches-sur-le-Loir, before being elected Chairwoman of that local bank in 2003.

Since 2006, she has been a director of Caisse de Crédit Mutuel Agricole et Rural de l'Anjou and of Fédération and Caisse Régionale du Crédit Mutuel Anjou since 2010. Since 2017, she has been a member of the Board of Caisse Fédérale de Crédit Mutuel.

Director

Member of the Group Risk Monitoring Committee and the Compensation Committee
First appointment to the board: 2017
Term expires: 2023

Other mandates and functions as at December 31, 2022

Chairwoman of the Board of Directors

Caisse de Crédit Mutuel de Durtal-Seiches-sur-le-Loir

Director

Fédération du Crédit Mutuel Anjou

Caisse Régionale du Crédit Mutuel d'Anjou

Caisse de Crédit Mutuel Agricole et Rural de l'Anjou

Manager

Les Landes

Terms of office expired over the past five fiscal years

Chairwoman

Le pied à l'étrier

Écurie le mors aux dents

Jean-Louis Maître

Born February 26, 1957
Nationality: French

Business address:
99 avenue de Genève
74054 Annecy

Summary of main areas of expertise and experience

Trained as an independent accountant, Jean-Louis Maître had a career in public accountancy for 39 years, including 26 as director of a ten-person firm, before retiring March 1, 2017.

Elected to the Board of Directors of Caisse locale de Crédit Mutuel de Bourg Saint Maurice on March 15, 1989, as Vice-Chairman of the Board of Directors of that same local bank on March 16, 1994 and then as Chairman on March 16, 2000. In 2000, he became a director of Fédération du Crédit Mutuel Savoie-Mont Blanc. Non-voting director of Confédération Nationale and Caisse Centrale du Crédit Mutuel since 2018, he became a director in 2022. He has also been a director of Caisse Fédérale de Crédit Mutuel since May 10, 2019. In 2020, he was appointed Chairman of Fédération and Caisse Régionale du Crédit Mutuel Savoie-Mont Blanc. Since 2022, he has been a member of the Mission Committee of Crédit Mutuel Alliance Fédérale.

Director

First appointed to the Board: 2019
Term expires: 2025

Other mandates and functions as at December 31, 2022

Chairman of the Board of Directors

Fédération du Crédit Mutuel Savoie-Mont Blanc

Caisse Régionale du Crédit Mutuel Savoie-Mont Blanc

Caisse de Crédit Mutuel de Bourg Saint-Maurice

Director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Permanent representative of Caisse Régionale du Crédit Mutuel Savoie-Mont Blanc, director

Assurances du Crédit Mutuel VIE SAM

Terms of office expired over the past five fiscal years

Non-voting director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Élia Martins

Born on June 4, 1970
Nationality: Portuguese

Business address:
18 rue de la Rochefoucauld
75009 Paris

Summary of main areas of expertise and experience

Holder of a DEA in European law from Université Paris 1 and a CAPA from EFB Paris, Elia Martins has been a lawyer at the L'Oréal Group since 2006. Previously, she worked on the staff of the Pierre Haïk law firm.
In 2013, she was elected Chairwoman of the Board of Directors of Caisse de Crédit Mutuel Paris 8 Europe. Since 2017, she has been a member of the Board of Directors of Fédération du Crédit Mutuel Île-de-France.

Director
First appointed to the Board: 2018
Term expires: 2024

Other mandates and functions as at December 31, 2022

Chairwoman of the Board of Directors

Caisse de Crédit Mutuel Paris 8 Europe

Vice-Chairwoman

Fédération du Crédit Mutuel Île-de-France

Director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Terms of office expired over the past five fiscal years

Nil.

Laurence Miras

Born on April 4, 1965
Nationality: French

Business address:
130-132 avenue Victor Hugo
26009 Valence

Summary of main areas of expertise and experience

Holder of Master's in Law from the Law Faculty of Aix-Marseille and a diploma as a French Notary, Laurence Miras has held a variety of positions in notary offices as a clerk and then as a notary for ten years before becoming a free-lance landscape gardener in 2013.

In 2014, she was elected Chairwoman of the Board of Directors of Caisse de Crédit Mutuel Agriculture de Valréas and became a member of the Board of Directors of Fédération and Caisse Régionale of Crédit Mutuel Dauphiné-Vivarais.

Director
First appointment to the board: 2017
Term expires: 2023

Other mandates and functions as at December 31, 2022

Chairwoman of the Board of Directors

Caisse de Crédit Mutuel Agriculture de Valréas

Director

Fédération du Crédit Mutuel Dauphiné-Vivarais

Caisse Régionale du Crédit Mutuel Dauphiné-Vivarais

Terms of office expired over the past five fiscal years

Nil.



Frédéric Ranchon

Born on June 22, 1966
Nationality: French

Business address:
61 rue Blatin
63000 Clermont-Ferrand

Summary of main areas of expertise and experience

A graduate of the pharmacy school of Chatenay-Malabry, Frédéric Ranchon began his career as a pharmaceutical salesman in 1988 before receiving training in entrepreneurship at the ESC of Clermont Ferrand and ESSEC Paris and taking over management of a shop, Orchestra, in 2003.

From 2005 to 2019, Frédéric Ranchon was key accounts manager for ABBOT/ABBVIE Laboratories (large hospital accounts).

He has been Chairman of Fédération du Crédit Mutuel Massif Central since 2017 as well as Chairman of Caisse Régionale du Crédit Mutuel Massif Central since 2016.

Director

First appointed to the Board: 2018
Term expires: 2024

Other mandates and functions as at December 31, 2022

Chairman of the Board of Directors

Fédération du Crédit Mutuel Massif Central

Caisse Régionale du Crédit Mutuel Massif Central

Director

Caisse de Crédit Mutuel Chamalières

Permanent representative of Caisse Régionale du Crédit Mutuel Massif Central, director

Assurances du Crédit Mutuel VIE SAM

Managing partner

VILLARS CHAMALIERES

SAXO

MAM

SAXO MOD

FARGES

Non-voting director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Member

CCI du Puy-de-Dôme

Terms of office expired over the past five fiscal years

Director

Caisse de Crédit Mutuel Clermont les 9 Soleils

Caisse de Crédit Mutuel Cebazat

Member of the Supervisory Board

Groupe ESC Clermont Auvergne Développement

Agnès Rouxel

Born on April 20, 1958
Nationality: French

Business address:
17 rue du 11 novembre
14052 Caen

Summary of main areas of expertise and experience

Agnès Rouxel has a university degree in Adult Education. She is General Manager of JP2A and GENESE, two international consulting and human performance training firms.

Together with her main occupation, she is a member of the European Council of Enterprises and Commerce and a technical advisor to the Seine Estuary Chamber of Commerce and Industry (la Chambre de Commerce et d'Industrie Seine Estuaire) and a member of the Seine Estuary MEDEF and the European Council of Business and Commercial Women (Seine Estuaire et du Conseil Européen Femmes Entreprises et Commerce).

Since 2018 she has been Chairwoman of Caisse de Crédit Mutuel Sainte-Adresse and member of the Board of Directors of Caisse Régionale du Crédit Mutuel Normandie.

Director

Member of the Appointments Committee
First appointment to the board: 2017
Term expires: 2023

Other mandates and functions as at December 31, 2022

Chairwoman of the Board of Directors

Caisse de Crédit Mutuel Sainte-Adresse

Permanent representative of Caisse de Crédit Mutuel de Sainte-Adresse, director

Caisse Régionale du Crédit Mutuel Normandie

Technical advisor

Chambre de Commerce et d'Industrie Seine Estuaire

Member of the Board

Conseil européen des entreprises et commerce – Conseil du commerce de France

Manager

JP2A

Genèse

Terms of office expired over the past five fiscal years

Director

MEDEF Seine Estuaire

Member and Chairwoman of the Commission of Elected Representatives

Chambre de Commerce et d'Industrie Seine Estuaire

Daniel Schoepf

Born March 9, 1955
Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Recipient of a BTS in Commercial Operations and of multiple training courses in IT and management, Daniel Schoepf made his career in the IT sector for nearly 40 years before his retirement in 2015.

In 1996 he was elected Chairman of the Union des Caisses de Crédit Mutuel du District de Saverne de la Fédération du Crédit Mutuel Centre Est Europe.

In 2014, he was elected Chairman of Caisse de Crédit Mutuel Dettwiller. He has been Chairman of the Group Risk Monitoring Committee since 2016.

Director
Chairman of the Group Risk Monitoring Committee
First appointed to the Board: 2018
Term expires: 2023

Other mandates and functions as at December 31, 2022

Chairman of the Board of Directors

Caisse de Crédit Mutuel Dettwiller

Director and Chairman of the Saverne District

Fédération du Crédit Mutuel Centre Est Europe

Director

Éditions des Dernières Nouvelles d'Alsace

SAP L'Alsace

Permanent representative of BFCM, director

Assurance du Crédit Mutuel Vie SAM

Terms of office expired over the past five fiscal years

Member of the Supervisory Board

Banque Européenne du Crédit Mutuel

Jacques Simon

Born August 16, 1956
Nationality: French

Business address:
26 rue de France
88300 Neufchâteau

Summary of main areas of expertise and experience

Holder of a technical certificate from the Ecole Supérieure d'Application de Bourges, Jacques Simon worked as a non-commissioned officer in the French Army while completing his training. He then served for 18 years as an executive director of a medical-social institution, before moving on in 2010 as a director of medical-social institutions before retiring on May 1, 2017. A track and field coach and former top athlete, he is also president of a sports association since 2012.

Since 2002, he has been a member of the board of the Caisse de Crédit Mutuel de la Plaine des Vosges, becoming its Chairman in 2013. In 2018, he became Chairman of the Vosges district, director at the Fédération du Crédit Mutuel Centre Est Europe and then non-voting director at the Banque Fédérative de Crédit Mutuel. Since 2019, he has chaired the Board of Directors of Cautionnement Mutuel de l'Habitat.

Director
First appointed to the Board: 2022
Term expires: 2024

Other mandates and functions as at December 31, 2022

Chairman

La Tricolore Néocastrienne

Chairman of the Board of Directors and Chairman of the District of Epinal

Caisse de Crédit Mutuel la Plaine des Vosges

Cautionnement Mutuel de l'Habitat

Director and Chairman of the District of Epinal

Fédération du Crédit Mutuel Centre Est Europe

Permanent representative of Cautionnement Mutuel de l'Habitat, director

SCI Quai de Paris

Terms of office expired over the past five fiscal years

Nil.

Annie Viot

Born on March 6, 1955
Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Holder of a CAPES in Mathematics from the Université de Reims, Annie Viot taught mathematics for some 20 years before working as a consultant and then as a trainer.

In 2007, she was elected Chairwoman of Caisse de Crédit Mutuel de Dijon Darcy. She has been Chairwoman of the District of Bourgogne-Champagne of Fédération du Crédit Mutuel Centre Est Europe since 2018. She has been Chairwoman of the Compensation Committee of Caisse Fédérale de Crédit Mutuel since 2020. In 2021, she became a director and member of the Compensation Committee of Confédération Nationale du Crédit Mutuel.

Director
Chairwoman of the Compensation Committee
First appointment to the board: 2017
Term expires: 2023

Other mandates and functions as at December 31, 2022

Chairwoman of the Board of Directors

Caisse de Crédit Mutuel de Dijon Darcy

Vice-Chairwoman of the Board of Directors and Chairwoman of the District of Bourgogne-Champagne

Fédération du Crédit Mutuel Centre Est Europe

Director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Terms of office expired over the past five fiscal years

Nil.

Alex Weimert

Born May 23, 1954
Nationality: French

Business address:
Rue du Prof Raymond Garcin
97201 Fort de France

Summary of main areas of expertise and experience

Holder of a diploma in Agro-economics and a post-graduate degree in Advanced Studies, Alex Weimert began his career as director of Coopérative Fruitière de Guyane before becoming a technical and educational adviser at the Ministry of Youth and Sports. In 1984 he founded IFODES, a vocational training organization and then in 1988, he founded Guyane Technologies Systèmes, an IT services company. Mr. Alex Weimert is now retired.

In 1992, he became Chairman of the Crédit Mutuel de Guyane local bank before becoming Chairman of Crédit Mutuel Antilles-Guyane in October 2016. In 2021, he joined Confédération Nationale du Crédit Mutuel as a director and member of the Appointments Committee.

Director
First appointed to the Board: 2020
Term expires: 2023

Other mandates and functions as at December 31, 2022

Chairman of the Board of Directors

Fédération du Crédit Mutuel Antilles-Guyane

Caisse Régionale du Crédit Mutuel Antilles-Guyane

Caisse de Crédit Mutuel Le Crédit Populaire Guyanais

Director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Permanent representative of Caisse Régionale du Crédit Mutuel Antilles-Guyane, director

Assurances du Crédit Mutuel VIE SAM

Managing partner

Guyane Technologies Systèmes

Ifodes

Terms of office expired over the past five fiscal years

Non-voting director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Luc Wynant

Born February 19, 1966
Nationality: Belgian

Business address:
4, place Richebé
59000 Lille

Summary of main areas of expertise and experience

Holder of a law degree from the University of KU Leuven and an MBA from Vlerick Business School, Luc Wynant has been a founding partner of the law firm Van Olmen & Wynant in Brussels since 1993 and Head of the Corporate Law Department. For several years, he was a university assistant and lecturer at KU Leuven Faculty of Law.

In 2012, he was appointed member of the Board of Directors of Beobank NV/SA, before joining the Fédération and Caisse Régionale du Crédit Mutuel Nord Europe in 2019 as a director.

Director
Member of the Group Auditing and Accounting Committee
First appointed to the Board: 2022
Term expires: 2025

Other mandates and functions as at December 31, 2022

Member of the Board of Directors

Beobank NV/SA

Fédération du Crédit Mutuel Nord Europe

Caisse Régionale du Crédit Mutuel Nord Europe

North Europe Life Belgium (Brussels)

Member

Belgian Venture Capital and Private Equity Association

European private equity and Venture Capital Association

Founding partner

Val Olmen & Wynant

Terms of office expired over the past five fiscal years

Nil.

Directors representing employees

Audrey Hammerer

Born January 8, 1978
Nationality: French

Business address:
55 rue du Général de Gaulle
38210 Tullins

Summary of main areas of expertise and experience

Holder of a Bachelor's in History & Geography and in Insurance, Banking & Finance, Audrey Hammerer joined Crédit Mutuel in 2002 as an advisor before being appointed customer relationship manager in the Grenoble professional division of Crédit Mutuel Dauphiné-Vivaraïis.

Since 2016, she has been a director representing the employees of Caisse Fédérale de Crédit Mutuel on the Board. Since 2022, she has been director of the Caisse de Crédit Mutuel Tullins and a member of the Mission Committee of Crédit Mutuel Alliance Fédérale.

Director representing employees
Member of the Compensation Committee
First appointed to the Board: 2016
Term expires: 2025

Other mandates and functions as at December 31, 2022

Director

Fédération du Crédit Mutuel Dauphiné-Vivaraïis

Terms of office expired over the past five fiscal years

Nil.

Laurent Torre

Born August 5, 1967
Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Holder of a Master's Degree in Private Law, Laurent Torre is head of legal affairs at Caisse Fédérale de Crédit Mutuel. He began his career in 1995 as a lawyer at Assurances du Crédit Mutuel before joining Caisse Fédérale de Crédit Mutuel in 2000.

Since January 2020, he has been a director representing the employees of Caisse Fédérale de Crédit Mutuel on the Board. Since 2022, he has been a member of the Mission Committee of Crédit Mutuel Alliance Fédérale.

Director representing employees
First appointed: 2020
Term expires: 2025

Other mandates and functions as at December 31, 2022

Nil.

Terms of office expired over the past five fiscal years

Nil.



Directors whose terms of office expired in 2022

Chantal Dubois

Born on October 8, 1952
Nationality: French

Business address:
10 rue de Rieux
44040 Nantes

Summary of main areas of expertise and experience

Chantal Dubois made her career at Legrand before retiring in 2012. In 1985 she became a director of Caisse de Crédit Mutuel de Limoges Bénédictins and was elected Chairwoman of this local bank and of Caisse de Crédit Mutuel de Limoges Jourdan Collisée in 2004. In 2010, she was appointed director of Fédération du Crédit Mutuel de Loire-Atlantique et du Centre-Ouest and became Vice-Chairwoman in 2021. She was Chairwoman of Fondation du Crédit Mutuel de Loire-Atlantique et du Centre-Ouest from 2017 to 2022.

Vice-Chairwoman of the Board of Directors
First appointment to the board: 2017
Term expires: 2022

Other mandates and functions as at December 31, 2022

Nil.

Terms of office expired over the past five fiscal years

Chairwoman

Fondation du Crédit Mutuel de Loire-Atlantique et du Centre-Ouest

Vice-Chairwoman of the Board of Directors

Fédération du Crédit Mutuel Loire-Atlantique et du Centre-Ouest

Caisse régionale du Crédit Mutuel Loire-Atlantique et du Centre-Ouest

Director

Caisse de Crédit Mutuel de Limoges Centre

Permanent representative of Caisse Régionale du Crédit Mutuel Loire-Atlantique et Centre-Ouest, director

DOM'AULIM ESH

Étienne Grad

Born 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 Chairman of Étienne Grad Conseil et Développement.

He began his career at Technal as manager of the East region before going on to Sopromal as sales manager. In 1992, he founded Bureau d'Études Étienne Grad before creating the company Étienne Grad Conseil et Développement in 2011.

In 1992 he was appointed Chairman of the Board of Directors of Caisse de Crédit Mutuel du cours de l'Andlau. Since 2010 he has been Chairman of the Communauté Urbaine de Strasbourg District of Fédération du Crédit Mutuel Centre Est Europe

Director
Member of the Group Auditing and Accounting Committee
First appointed to the Board: 2018
Term expires: 2022

Other mandates and functions as at December 31, 2022

Chairman of the Board of Directors

Caisse de Crédit Mutuel Cours de l'Andlau

Terms of office expired over the past five fiscal years

Chairman

SAS GRAD Etienne Conseil et Développement

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

Banque Fédérative du Crédit Mutuel

Crédit Industriel et Commercial

Véronique Hemberger

Born December 24, 1951
Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Holder of a degree in Education from the Académie de Strasbourg, Véronique Hemberger worked as a teacher and then as the principal of a kindergarten before joining the Association départementale de la coopération at the École du Bas-Rhin in 1996 and taking retirement in 2005. Since 2014, she has been Chairwoman of Caisse de Crédit Mutuel Enseignant 67 as well as of UNCME since 2017. In 2018 she was named Chairwoman of the Federal Commission and the Interfederal Commission for the training of elected members of Crédit Mutuel Alliance Fédérale.

Director
Member of the Group Auditing and Accounting Committee
First appointed to the Board: 2018
Term expires: 2022

Other mandates and functions as at December 31, 2022

Chairwoman

UNCME

Chairwoman of the Board of Directors

Caisse de Crédit Mutuel Enseignant 67

Terms of office expired over the past five fiscal years

Permanent representative of BFCM, director

Fédération du Crédit Mutuel Centre Est Europe

Gérard Oligier

Born July 7, 1951
Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Holder of a Bachelor's in History from the Arts Faculty of Strasbourg, Gérard Oligier worked as a teacher for the board of education of Nancy Metz for some 30 years before retiring in 2011.

In 1995 he became a director of a Crédit Mutuel local bank. In 2006, he was appointed Chairman of the District de Sarreguemines of Fédération du Crédit Mutuel Centre Est Europe. He holds offices at both the local and regional level. He was Chairman of the Appointments Committee of Caisse Fédérale de Crédit Mutuel from 2018 to 2022.

Director
First appointed to the Board: 2018
Term expires: 2022

Other mandates and functions as at December 31, 2022

Nil.

Terms of office expired over the past five fiscal years

Chairman of the Board of Directors

Caisse de Crédit Mutuel du Pays de Bitche

Director and Chairman of the Sarreguemines District

Fédération du Crédit Mutuel Centre Est Europe

Permanent representative of Groupe des Assurances du Crédit Mutuel, director

Assurances du Crédit Mutuel VIE SA





Group's key executives

Daniel Baal

Born December 27, 1957

Nationality: French

Business address:

4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

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 1999. He was Deputy Chief Executive Officer of Société du Tour de France and director of "cycling" activities for Sport Amaury Organization 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 Fédération and Caisse Régionale du Crédit Mutuel Île-de-France. Then, in 2010, he was appointed Deputy Chief Executive Officer of Confédération Nationale du Crédit Mutuel, then Deputy Chief Executive Officer of Crédit Industriel et Commercial in 2014 and Chief Executive Officer of Caisse Centrale de Crédit Mutuel in 2015.

Since 2017, he has been Chief Executive Officer of Caisse Fédérale de Crédit Mutuel, Chief Executive Officer of Banque Fédérative du Crédit Mutuel, Chief Executive Officer of Crédit Industriel et Commercial, Chief Executive Officer of Fédération du Crédit Mutuel Centre Est Europe and a member of the Executive Board of Groupe des Assurances du Crédit Mutuel.

Daniel Baal is a graduate of EDC Paris Business School, majoring in Financial Management.

Chief Executive Officer

First appointed: 2017

Term expires: 2023

Other mandates and functions as at December 31, 2022

Chief Executive Officer

Fédération du Crédit Mutuel Centre Est Europe

Banque Fédérative du Crédit Mutuel

Crédit Industriel et Commercial

Member of the Executive Board

Groupe des Assurances du Crédit Mutuel

Chairman of the Supervisory Board

Cofidis

Cofidis Group

Euro-Information Production

Vice-Chairman of the Board of Directors

Banque de Luxembourg

Terms of office expired over the past five fiscal years

Chairman of the Board of Directors

CIC Sud-Ouest

CIC Ouest

Chairman of the Supervisory Board

CIC Iberbanco

Vice-Chairman of the Supervisory Board

Targo Deutschland GmbH

TARGOBANK AG

Targo Management AG

Director

Fivory SA

Fivory SAS

Permanent representative of Caisse Régionale du Crédit Mutuel Île-de-France, member of the Management Board

Euro-Information

Éric Petitgand

Born February 4, 1964
Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Éric Petitgand began his career in 1987 as a back-office manager of cash operations at BTP and later Renault Crédit International. In 1992, he joined the Caisse Centrale du Crédit Mutuel as back-office manager of markets. In 1996, he was a special assistant to the Chief Executive Officer and sale director at Crédit Mutuel Centre Est Europe. In 1999, he was named regional executive of the Fédération du Crédit Mutuel Centre Est Europe before being named Chief Executive Officer of the Fédération and the Caisse Fédérale de Crédit Mutuel Savoie-Mont Blanc in 2003, then Vice-Chairman and head of operations of the shared services center of the Desjardins network of local banks in 2013.

Since 2016, he has been Deputy Chief Executive Officer of Caisse Fédérale de Crédit Mutuel and Deputy Chief Executive Officer of Fédération du Crédit Mutuel Centre Est Europe. Since 2017, he has also been Chief Executive Officer of Caisse Fédérale de Crédit Mutuel Antilles-Guyane and Fédération du Crédit Mutuel Antilles-Guyane. Since 2022, he has been Chief Executive Officer of Caisse Agricole Crédit Mutuel.

Éric Petitgand holds a DESS in Management Control and Auditing from the IAE of the Université Paris 1 Panthéon – Sorbonne.

Deputy Chief Executive Officer and effective manager
First appointed: 2016
Unlimited term

Other mandates and functions as at December 31, 2022

Chairman and permanent representative of Banque Fédérative du Crédit Mutuel

Bischenberg

Chief Executive Officer

Caisse Régionale du Crédit Mutuel Antilles-Guyane

Fédération du Crédit Mutuel Antilles-Guyane

Caisse Agricole Crédit Mutuel

Deputy Chief Executive Officer

Fédération du Crédit Mutuel Centre Est Europe

Chairman of the Board of Directors

CIC Sud Ouest

Permanent representative of Caisse Fédérale de Crédit Mutuel, member of the Supervisory Board

Groupe des Assurances du Crédit Mutuel

Permanent representative of Caisse Fédérale de Crédit Mutuel, member of the Management Board

Euro-Information

Terms of office expired over the past five fiscal years

Chairman of the Board of Directors

LYF

Vice-Chairman

Monetico International

Director

Cautionnement Mutuel de l'Habitat

Fédération du Crédit Mutuel Agricole et Rural

Member of the Supervisory Board

Euro-Information Production

Centre de Conseil et de Service – CCS

Member of the Management Board

Euro-Information Direct Services

Euro-Information Télécom

Permanent representative of Placinvest, director

Crédit Mutuel Investment Managers

Permanent representative of Caisse Fédérale de Crédit Mutuel, member of the Management Board

Euro-TVS

Euro-Information Épithète

Permanent representative of CIC Associés, director

Creatis Crédit Mutuel Asset Management

4.1.4 Delegations of authority granted by the Shareholders' Meeting to the Board of Directors for capital increases currently in use

Nil

4.1.5 Regulated agreements

This part is dealt with in part 8 “Annual financial statements of BFCM” in the section “Special report of the statutory auditors on regulated agreements” of this universal registration document.

4.1.6 Preparation and organization of the work of the Board

4.1.6.1 Operation of the Board of Directors

Rules of operation of the Board of Directors

The work of the Board of Directors is governed by Articles 13 to 17 of the articles of association and is supplemented by internal rules approved by the Board of Directors on February 20, 2019 updated on November 24, 2022.

Missions of the Board of Directors

The Board of Directors' missions include, but are not limited to, the following areas: strategic orientations; governance, internal control and accounts; risk management; communication; compensation; recovery and resolution.

Composition of the Board of Directors

The company is administered by a Board of Directors comprised of no fewer than three and no more than 18 members who may be natural persons or legal entities that represent members.

The Board of Directors also includes two directors representing employees in accordance with the French Commercial Code.

The term of office of directors is three 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 directors and seventy-five for non-voting directors. When those ages are reached, terms of office shall end at the Shareholders' Meeting following the date of the birthday for the directors and at the board meeting following the anniversary date for the non-voting directors.

Cumulative validity with an employment contract

No director shall have an employment contract with the company and its controlled subsidiaries (with the exception of employee directors, who are not affected by the rules for combining a directorship with an employment contract).

Director skills and training

Caisse Fédérale de Crédit Mutuel attaches great importance to the skills of its directors.

In accordance with the joint guidelines of the European Banking Authority (EBA) and the European Securities and Markets Authority (ESMA) and the provisions of the French Monetary and Financial Code, and with a view to continuously strengthening governance mechanisms, a new regulatory training program was introduced in 2019.

This course was redesigned and supplemented in 2020 by a skills development plan for Crédit Mutuel Alliance Fédérale's elected members and directors. This plan is centered on four core challenges:

- **skills** necessary for elected members to fulfill roles through training delivered by elected members and employees;
- **diversity** promoted by instructive and digital tools in line with individual professional situations;
- **digitalization** by facilitating and improving training experience while controlling our carbon footprint;
- **the mutualist ecosystem** that mobilizes all stakeholders around a shared plan.

The skills development plan includes a number of courses to support each director in the fundamentals of his or her term of office, and in particular the “Initiation and regulatory training” course designed to support elected members of the umbrella structures, including Caisse Fédérale de Crédit Mutuel in their role. For elected members and directors who are subject to an individual training requirement within a time limit set by a supervisory authority (ACPR/BCE), this course can also be rolled-out or completed remotely in the form of personalized support organized by the training department for elected members. This course is supplemented by periodic training courses and webinars, delivered by senior managers or experts, depending on current events and strategic orientations.

As part of this plan a “Mutualist Bank director” university degree, in partnership with the Faculty of Law, Political Science and Management at University of Strasbourg, was created in 2021. The plan enables to train a balanced and diversified class (men/women, age groups, geographic area, experience) of 60 to 70 mutualist elected members per year on the legal, regulatory, strategic and mutualist challenges of a bank director and recognize their expertise through a certified diploma, within a professional context and within their role as director. The first promotion was set up in 2021.

Conflicts of interest concerning the administrative, management and supervisory bodies

To date, there has been no mention of potential conflicts of interest between the duties of any of the members of the Board of Directors and Executive Management with respect to Caisse Fédérale de Crédit Mutuel and its private interests and/or other duties.

Members of the Board and Executive Management are subject to the legal and regulatory obligations applicable to conflicts of interest. Each of the key executives, directors and non-voting directors of Caisse Fédérale de Crédit Mutuel adhere to the values and commitments of Crédit Mutuel Alliance Fédérale described in its code of conduct. The purpose of this code is to prevent and, where necessary, manage conflict of interest cases.

In addition, the functioning of the Board is governed by its internal rules, which state that “the Board members shall endeavor to avoid any conflict that may exist between their moral and material interests and those of Caisse Fédérale de Crédit Mutuel and Crédit Mutuel Alliance Fédérale. Accordingly, they undertake not to directly or indirectly favor their personal or professional interests or those of a related person to the detriment of the interests of Crédit Mutuel as a whole or of one of its entities. They shall inform the Board of any conflict of interest, including potential, in which they may be directly or indirectly involved and, in this case, they shall refrain from participating in discussions and decision-making on the subjects concerned.”

Service contracts

As of December 31, 2022, there are no service contracts linking any member of the Board of Directors or Executive Management to, and providing benefits to, Caisse Fédérale de Crédit Mutuel 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 Executive Management has gone into bankruptcy or been associated with a court-ordered protection, receivership or liquidation procedure; and no charge or official public sanction has been upheld against a member of the Board of Directors or Executive 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.

Diversity of the Board of Directors

■ Gender balance

The Copé-Zimmermann Law (law No. 2011-103 of January 27, 2011, as amended in 2014) is applicable to Caisse Fédérale de Crédit Mutuel and has been implemented *via* the appointment of eight female directors in 2017 and 2018.

In 2022, the representation of women on the Board of Directors of Caisse Fédérale de Crédit Mutuel was 44%.

■ Regional representation

The directors of Caisse Fédérale de Crédit Mutuel come from all of the federations throughout the territory within the scope of Crédit Mutuel Alliance Fédérale.

■ Representation of society

The diversity of the directors of Caisse Fédérale de Crédit Mutuel in terms of sociology, age, origin and gender tends to result in a Board of Directors that is representative of customers and society.

■ Strategic plan

Work launched as part of Crédit Mutuel Alliance Fédérale’s strategic plan *ensemble#nouveau monde, plus vite, plus loin!* [together#today’s world, faster, further!] reaffirmed the group’s ambition to strengthen diversity in the composition of its governance, with the aim of achieving equal representation between men and women in management and governance positions.

On December 2, 2022, the Board of Directors of Caisse Fédérale de Crédit Mutuel adopted a charter on the diversity policy for the members of the supervisory bodies.

Independence of directors

Some members of the Board of Directors may be classified as independent after a review of their situation by the Appointments Committee.

This review must verify that there is no relationship between the director and Caisse Fédérale de Crédit Mutuel, whether financial, family or personal:

- more specifically, a director can be classified as independent only if he or she meets the following conditions: he or she has not been a voting or non-voting director of the Board of Directors of a federation, an umbrella banking entity of Crédit Mutuel Alliance Fédérale or the Confederation for more than 12 years;
- he or she has not received an indemnity or compensation, in any form whatsoever (excluding reimbursement of expenses), within the Crédit Mutuel group in excess of an annual amount set in the charter governing the exercise of office of members of the Boards of Crédit Mutuel Alliance Fédérale and in the provisions set forth by Confédération Nationale du Crédit Mutuel.

Caisse Fédérale de Crédit Mutuel has determined the proportion of independent members in accordance with EBA guidelines, which considers the presence of independent members to be good practice and therefore does not impose a number of independent directors.

In the light of these rules, of the 18 directors of Caisse Fédérale de Crédit Mutuel at December 31, 2022, 11 directors, *i.e.* 61% of the directors (excluding directors representing employees), are considered to be independent.

Assessment of the Board of Directors and its committees

The Board of Directors of Caisse Fédérale de Crédit Mutuel and its committees conduct an annual assessment of their operations and composition under the responsibility of the Appointments Committee.

Each of the members of the regulatory committees annually carries out their own individual self-assessment on the basis of an *ad hoc* questionnaire. This self-assessment covers both a self-assessment of the member’s individual skills and the functioning of the committee. At the end of this self-assessment, the members of the committees submit their assessments to the Chairman of the committee of which they are members, who draws up a summary and forwards it, together with the individual assessments, to the chair of the Appointments Committee and the chair of the Board of Directors.

The Appointments Committee is then responsible for preparing a collective assessment and issuing an opinion for submission to the Board of Directors, which carries out the assessment under the authority of its Chairman.

The functioning of the evaluation of the Board of Directors and the summary of the last evaluation are presented in the section on the Appointments Committee.



4.1.6.2 Work of the board in 2022

The Board of Directors meets at least four 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 9, 2022

The Board of Directors meeting of February 9, 2022 focused on the following topics in particular:

- presentation of the balance sheet and consolidated financial statements as of December 31, 2021;
- update on ALM, interest rate and liquidity risk;
- Group Auditing and Accounting Committee report;
- observations of the statutory auditors;
- report from the Group Risk Monitoring Committee;
- relations with regulators and follow-up letters received;
- validation of the review of the risk appetite framework of Crédit Mutuel Alliance Fédérale;
- validation of the CIC Marchés and group Treasury rules;
- approval of the update of the Preventive Recovery Plan Institutional activities;
- validation of the agricultural sector policy;
- non-compliance risks: 2021 summary;
- report of the Compensation Committee;
- report of the Appointments Committee including the presentation of the “Internal charter of best practices for the effective managers of Crédit Mutuel Alliance Fédérale”;
- savings, loans, insurance, services;
- development plan;
- Interest Rate and Financial Policy Committee;
- accreditation, municipal loans and special credits;
- presentation of the financial statements as of December 31, 2021;
- approval of the annual comprehensive and consolidated financial statements as of December 31, 2021;
- general operating expenses in 2021 – final figures;
- information on the appointment of the person in charge of the periodic control of the AML/CFT systems;
- regulated agreements;
- co-option of a member;
- validation of CFCM’s annual contribution to the Crédit Mutuel Alliance Fédérale foundation.

Meeting of March 21, 2022

The Board of Directors meeting of March 21, 2022 focused on the following topics in particular:

- current affairs update: the Ukrainian crisis management system and the measures taken by the group;
- implementation of the ATM pooling project.

Meeting of April 8, 2022

The Board of Directors meeting of April 8, 2022 focused on the following topics in particular:

- current affairs update;
- group Auditing and Accounting Committee report of March 24 and April 5, 2022;
- recommendation of the GAAC on the appointment of the statutory auditor for the comprehensive and consolidated financial statements;
- presentation and review of the annual internal control report;
- approval of the AML/CFT annual internal control report;
- group Risk Monitoring Committee report of March 16 and 23, 2022;
- appointment of the person responsible for the permanent control of anti-money laundering and anti-terrorist financing systems;
- network activity: summary of the Claims Committee;
- report of the Compensation Committee of April 6, 2022 and validation of the report on compensation policy and practices for 2021.
- approval of the list of risk-takers and the overall compensation package paid to risk-takers;
- breakdown of the overall compensation package under the charter governing the exercise of offices of members of the Boards of Directors;
- appointments Committee report of February 10, March 16 and April 6, 2022, including presentation of the summary of regulatory committee assessments;
- approval of all committee assessments and recording of the assessments of key functions;
- adoption of the charter for members of the supervisory bodies: ethics, management of conflicts of interest and personal declarations;
- reappointment of the Chairman of the Board;
- replacement for Vice-Chairman of the Board;
- appointment, renewal and end of term of office as non-voting director;
- co-option on the Board;
- changes within the GAAC, the GRMC, the Compensation and Appointments Committee;
- proposed appointment to the CNCM;
- updating of the Board’s internal rules;
- management reports and corporate governance reports;
- Mission Committee report and reasoned opinion of the independent third party;
- preparation and convening of the Ordinary Shareholders’ Meeting of May 10, 2022.

Meeting of July 28, 2022

The Board of Directors meeting of July 28, 2022 focused on the following topics in particular:

- presentation of Crédit Mutuel Alliance Fédérale consolidated financial statements at June 30, 2022;
- presentation of Banque Fédérative du Crédit Mutuel consolidated financial statements at June 30, 2022;
- report of the Group Auditing and Accounting Committee of July 26, 2022;
- observations of the statutory auditors;

- report of the Group Risk Monitoring Committee of April 21, June 22 and July 18, 2022;
- relations with regulators;
- risk appetite framework;
- exceptional claims;
- risk monitoring;
- risk mapping;
- ICAAP/ILAAP;
- duties of supervisory authorities;
- update on the “Ukraine” crisis mechanism;
- Crédit Mutuel Alliance Fédérale’s anti-corruption system;
- ACPR/CIC LB report Financial fragility and incident fees;
- annual report from the Fragile or Vulnerable Customers Committee;
- report of the Appointments Committee of June 2 and 22, 2022 and July 25, 2022, including the assessment of the Board of Directors of Caisse Fédérale de Crédit Mutuel and the assessment of the Executive Management;
- report of the Compensation Committee of July 25, 2022;
- revision of the charter for members of the supervisory bodies: ethics, conflicts of interest and personal declarations;
- revision of the internal charter of best practices for the effective managers of Crédit Mutuel Alliance Fédérale;
- savings, loans, insurance, services;
- operating conditions – price revisions in 2023;
- interest rate and financial policy committee;
- accreditation, municipal loans and special credits;
- approval of Crédit Mutuel Alliance Fédérale consolidated financial statements as of June 30, 2022;
- information on the renewal of employee directors;
- appointments to the GRMC and the Appointments Committee;
- updating of the Board’s internal rules;
- mission committee.

Meeting of September 28, 2022

The Board of Directors meeting of September 28, 2022 focused on the following topics in particular:

- approval to be given by the Board to an appointment.

Meeting of October 17, 2022

The Board of Directors meeting of October 17, 2022 focused on the following topics in particular:

- strategic developments.

Meeting of November 24, 2022

The Board of Directors meeting of November 24, 2022 focused on the following topics in particular:

- information on Crédit Mutuel Alliance Fédérale’s consolidated earnings at September 30, 2022;
- report of the Group Auditing and Accounting Committee of September 26, 2022;

- summary of the GRMC of September 29, 2022 and November 16, 2022;
- summary of relations with regulators;
- breaches of the risk appetite framework;
- exceptional operational claims;
- risk monitoring;
- proposal to review country limits and the hydrocarbon sectoral policy;
- biodiversity: challenges and proposed commitments;
- annual newsletter on the ethics system;
- reports of the Appointments Committee of September 27, October 26 and November 21, 2022;
- report of the Compensation Committee of November 21, 2022 and validation of the new compensation policy of Crédit Mutuel Alliance Fédérale;
- savings, loans, insurance, services;
- operating conditions – adjustments to the 2023 price revisions;
- customer relations management plan – Objectives;
- 2023 development plan;
- communication budget for 2023;
- Interest Rate and Financial Policy Committee; recommendation of the rate of return on B shares;
- accreditation, municipal loans and special credits;
- general operating expenses in 2022/general operating expenses budget in 2023;
- interest rate and liquidity risk management at the end of September 2022;
- replacement of a non-voting director;
- Mission Committee;
- appointment to the GAAC;
- updating of the Board’s internal rules;
- appointment of the members of the employer delegation to the joint committee;
- approval of the terms of the internal rules of the inter-federal committees.

Meeting of December 2, 2022

The Board of Directors meeting of December 2, 2022 focused on the following topics in particular:

- revision of the code of conduct;
- report of the Appointments Committee of November 30, 2022;
- diversity policy for members of the supervisory bodies;
- Co-option to Board of Directors;
- appointments of non-voting directors;
- appointment to the GAAC, the Appointments Committee and the Compensation Committee;
- guidance on the societal dividend.

Meeting of December 20, 2022

The Board of Directors meeting of December 20, 2022 focused on the following topics in particular:

- potential disposal of a subsidiary.



4.1.6.3 Committees of the Board of Directors

The Board of Directors has set up four specialized committees within the scope of Crédit Mutuel Alliance Fédérale: the Compensation Committee, the Appointments Committee, the Group Auditing and Accounting Committee and the Group Risk Monitoring Committee. The provisions which define the composition, functioning, regulatory framework and duties of the regulatory committees of Crédit Mutuel Alliance Fédérale are set out in the internal rules of the Board of Directors updated on November 24, 2022.

The Committees are composed of three to eight members of the Board of Directors of CFCM and its main subsidiaries, BFCM, BECM and CIC, appointed by the Board of Directors on the proposal of the Chairman of the Board for the duration of their term of office as director. In addition to these members, associate members may be non-voting directors of CFCM, BFCM or BECM or only directors of Crédit Mutuel Alliance Fédérale federations. One of the members of the Compensation Committee must be an employee director.

Compensation Committee

Composition of the Compensation Committee at December 31, 2022^[1]

As of December 31, 2022, the Compensation Committee was composed of a Chairman, four members including one employee director and one associate member.

Members	Status	Attendance rate in 2022
Annie Vivot	Chairwoman	100%
Christine Leenders	Member	100%
Brigitte Stein	Member	N/A ^[2]
Philippe Gallienne	Member	100%
Audrey Hammerer	Member	50%
Jean-François Jouffray	Associate member	75%

[1] In 2022, Gérard Oligier's term of office expired.

[2] Not applicable due to appointment after the last committee meeting of the year.

Duties of the Compensation Committee

Crédit Mutuel Alliance Fédérale, which is subject to supervision by the ACPR on a consolidated basis, decided at the meeting of the Board of Directors on February 27, 2015 to set up a Compensation Committee in accordance with Article L.511-89 of the French Monetary and Financial Code.

The committee's scope of competence is:

- all credit institutions and finance companies;
- Crédit Mutuel Alliance Fédérale entities consolidated by Caisse Fédérale de Crédit Mutuel taken as the parent company of the consolidated Crédit Mutuel Alliance Fédérale which, by virtue of their size, internal organization and the nature, scale, complexity and cross-border nature of their activity fall within the scope of consolidation by decision of the Board of Directors;

- with the exception of entities which, because of their activity, size or specific nature, have committees that comply with legal and regulatory provisions. In this case, these individual committees report to the Caisse Fédérale de Crédit Mutuel umbrella committees on the work performed and the information communicated.

The Compensation Committee prepares the decisions that the Board of Directors takes concerning compensation, in particular compensation of employees that has an impact on risk and risk management.

It conducts an annual review of:

- the principles of the compensation policy of Crédit Mutuel Alliance Fédérale;
- the compensation, indemnities and benefits of any kind granted to corporate officers;
- the compensation policy and the level of allocations, specific categories of employees also known as risk takers: actual managers, persons exercising a control function, persons whose professional activities have a significant impact on the risk profile of the company or Crédit Mutuel Alliance Fédérale as well as any employee who, in view of his or her overall income, is in the same compensation bracket as risk takers and managers.

It analyzes and controls:

- compensation of senior executives in the risk, compliance, permanent control and periodic control functions;
- the list of compensation exceeding a certain amount as well as the compensation of the population of employees identified as risk takers in all Crédit Mutuel Alliance Fédérale's activities;
- the terms and conditions of allocation, individual allocation and payment and, in particular, compliance with the deferral rules set forth in the compensation policy.

It regularly, at least annually, makes proposals on the compensation of the executive body and corporate officers.

The Compensation Committee reviews the annual audit report on compensation policy and/or the follow-up report on audit assignments.

In addition, the Compensation Committee verifies with Executive Management that the risk, control and compliance departments have been consulted by the human resources department for the definition and implementation of the compensation policy.

It shall also make any proposals to improve the effectiveness of the various procedures and the overall system or to adapt them to new circumstances and regulatory changes.

The Compensation Committee reports to the Board of Directors on its work and presents its proposals to the Board. It shall issue in its minutes such opinions and recommendations as it deems appropriate.

To carry out these tasks, the Compensation Committee relies on market practices by any means it deems appropriate.

In order to ensure consistency within Crédit Mutuel Alliance Fédérale, a coordination process for changes in the compensation of Executive Management/Chief Executive Officers of Crédit Mutuel Alliance Fédérale entities was adopted by the Board of Directors on February 26, 2016.

For the Chief Executive Officers of the federations, the chairmen of the federations are involved in this process and give their opinion in an advisory capacity.

For the compensation of the Chief Executive Officers of federations or regional banks that are partners of Crédit Mutuel Alliance Fédérale, the compensation is set by the Board of Directors of the federation or regional bank, on the proposal of the Chairman. Before deciding on its proposal, the Chairman of the federation or regional bank consults the Chairman and the Chief Executive Officer of Caisse Fédérale de Crédit Mutuel.

For the compensation of the other members of the Executive Management of Crédit Mutuel Alliance Fédérale, a coordination and consultation process led by the human resources department involves the Chairman and the Chief Executive Officer of Caisse Fédérale de Crédit Mutuel upstream.

The Compensation Committee delivers its opinion at the end of the coordination process. The Compensation Committee reports to the Board of Directors.

Appointments Committee

Composition of the Appointments Committee as of December 31, 2022^[1]

As of December 31, 2022, the Appointments Committee was composed of a Chairman, four members and one associate member.

Members	Status	Attendance rate in 2022
Thierry Reboulet	Chairman	100%
Bernard Dalbiez	Member	92%
Agnès Rouxel	Member	67%
Pascal David	Member	100%
Simone Muller	Member	100%
Jean-François Jouffray	Associate member	75%

[1] Gérard Olliger's term as Chairman, Laurence Miras' term as member and Mireille Gavillon's term as member ended in 2022.

Duties of the Appointments Committee

The Appointments Committee issues opinions on appointment or renewal and prepares the decisions to be taken by the Board of Directors.

Under the responsibility of the Board of Directors and in accordance with the provisions of the French Monetary and Financial Code, the Appointments Committee is responsible for:

- identifying and recommending to the Board candidates suitable for the exercise of the functions of director, non-voting director, executive officer who may have the status of an effective manager (Chief Executive Officer, Chief Operating Officer, Deputy Chief Executive Officer and other senior executives), to propose their candidacy to the competent body;
- assessing the balance and diversity of knowledge, skills and experience available individually and collectively to the members of the Board of Directors;
- specifying the missions and qualifications required for the functions performed on the Board and assess the time to be devoted to those functions;
- setting a target to be achieved for the balanced representation of women and men on the Board and develop a policy to achieve that target;
- preparing periodically, and at least once a year, an assessment of the structure, size, composition and effectiveness of the Board of Directors with respect to the tasks assigned to it, and submit it to the Board of Directors together with any useful recommendations;
- assessing periodically, and at least once a year, the knowledge, skills and experience of the members of the Board of Directors, both individually and collectively, and report thereon to the board;
- reviewing periodically the policies of the Board of Directors with respect to the selection and appointment of the persons mentioned in Article L.511-13, the Chief Operating Officers and the head of risk management and make recommendations in that respect;
- ensuring that the Board is not dominated by one person or a small group of people under conditions that are detrimental to the interests of the bank.

Assessment of the Board of Directors

In accordance with the provisions of the French Monetary and Financial Code and the guidelines issued by the EBA, an evaluation questionnaire prepared by the Appointments Committee is sent to the members of the Board of Directors each year.

The questionnaire is structured in two parts, a first part relating to the evaluation of the body and a second part relating to the self-evaluation of each person. It also contains a section on strengths, weaknesses and areas for improvement.

On the basis of the questionnaires received, the committee produces a summary, presented to the Board of Directors, and proposes areas for improvement.

The summary of the results of the evaluation questionnaires of the members of the Board of Directors for 2021 was presented to the Board of Directors of Caisse Fédérale de Crédit Mutuel on July 28, 2022. The result was a very positive overall assessment. Five major strengths have been identified within the Board:

- diversity of profiles;
- independence of mind and freedom of speech;
- the quality of the training provided;
- the clarity of the information provided;
- and the booklet which facilitates the understanding of the subjects and the decisions to be made.

The areas for improvement identified are diversity (in terms of age, parity, culture, etc.), the ability for some to grasp certain technical subjects and the holding of remote meetings. It is proposed to continue the work of updating knowledge through training, the deepening of certain topics during councils or informal encounters, the cooperation with the other regional groups of Crédit Mutuel and the maintenance of the booklet which facilitates the understanding of the subjects and the decisions to be taken.



Group Auditing and Accounting Committee

Composition of the Group Auditing and Accounting Committee at December 31, 2022^[1]

As of December 31, 2022, the Group Auditing and Accounting Committee was composed of a Chairman, seven members and nine associate members.

Members	Status	Attendance rate in 2022
Jean-François Jouffray	Chairman	100%
Charles Gerber	Member	100%
Gérard Cormorèche	Member	100%
René Schwartz	Member	100%
Jean-François Parra	Member	100%
Bich Van Ngo	Member	100%
Luc Wynant	Member	100%
Albert Mayer	Member	N/A ^[2]
Jean-Pierre Bertin	Associate member	83%
Didier Belloir	Associate member	100%
Christian Fouchard	Associate member	17%
Patrice Garrigues	Associate member	83%
Jean-Claude Lordelot	Associate member	100%
Yves Magnin	Associate member	83%
Alexandre Martial	Associate member	67%
Franck Emery	Associate member	50%
Stéphane Servantie	Associate member	67%

[1] In 2022, Etienne Grad's and Véronique Hemberger's terms of office as members came to an end.

[2] Not applicable due to appointment after the last committee meeting of the year.

Duties of the Auditing and Accounting Committee

The Auditing and Accounting Committee (GAAC) is responsible for all matters relating to internal and external control, as well as the preparation of financial statements and financial information. It also periodically examines Crédit Mutuel Alliance Fédérale's exposure to risks of all kinds that may affect its various activities.

The missions of the GAAC include the following:

- internal and external control:
 - ensures the existence of a document describing the organization and operation of the various control and compliance functions,
 - examines the internal audit plan once a year and asks for any additional work for the periodic audit,
 - ensures good coverage of internal control through permanent control and compliance,
 - ensures the adequacy of the resources of the various control and compliance functions,
 - reviews a summary of the main tasks of the periodic control as well as the results of the permanent and compliance controls,
 - receives communication of the annual report and the half-yearly internal control report,
 - ensures that the implementation of the recommendations made by the internal audit is effective,

- is informed of the conclusions of the controls performed by the supervisory authorities and monitors the implementation of the recommendations made by those authorities,
- examines the questions asked, if any, by the financial authorities or any other regulatory or judicial authority and the answers provided,
- ensures the existence of rules of good conduct in matters of ethics,
- ensures that the control, compliance and risk monitoring functions complement each other,
- ensures that there is a whistleblowing process open to employees, members and third parties,
- ensures that internal data collection and control procedures guarantee the quality of the information provided,
- reviews the outcome of the annual periodic control assessment process;
- financial statements and financial information:
 - ensures that the process for producing accounting and financial information complies with the legal requirements, the recommendations of regulatory authorities and the internal procedures,
 - reviews significant changes in accounting policies,
 - reviews the changes, appropriateness and relevance of the scope of consolidation,
 - reviews the accounting treatment of significant transactions,
 - reviews the estimates used in the impairment tests,
 - periodically reviews significant litigation and off-balance-sheet commitments,
 - reviews the financial statements (balance sheet, income statement and notes),
 - reviews the main items of financial communication relating to the financial statements,
 - meets with the finance department's representatives prior to the distribution of financial communication,
 - periodically holds discussions with the external auditors, within the limits of the law on professional secrecy,
 - reviews the financial communication relating to the financial statements (in particular the assumptions and estimates used by Executive Management if the company communicates on forecasts or trends),
 - submits its recommendations to the competent Boards for the selection and reappointment of statutory auditors,
 - periodically reviews engagement letters relating to non-audit work entrusted to statutory auditors,
 - reviews the conclusions of the statutory auditors' due diligence,
 - reviews any significant disagreements between the statutory auditors and Executive Management,
 - reviews the additional reports to the Group Auditing and Accounting Committee prepared by the statutory auditors for the EIPs that have delegated this regulatory provision to the Committee,
 - reviews the statutory auditors' letters of recommendations and the status of implementation of the recommendations,

- ensures compliance with the legal and regulatory provisions relating to the incompatibility of statutory auditors' assignments,
- ensures the independence of the statutory auditors;
- risks:
 - reviews at least twice a year the cost of risk, the group's exposures, market and credit concentration limits, risk measurement methodologies, risk-taking policies and crisis management policies,
 - ensures the existence of a procedure for identifying and monitoring risks and the suitability of those procedures to changes in the external environment and/or activity,
 - reviews the risk mapping and action plans,
 - reviews the potential impact of significant risks, as estimated by the risk department,
 - ensures the existence of a risk dashboard that describes the risk exposure in detail,
 - ensures that procedures are in place to ensure compliance with the legal and regulatory obligations,
 - ensures that there is a process in place to identify and handle incidents and anomalies,
 - reviews the insurance program.

The GAAC shall, where appropriate, propose to the various affected supervisory bodies the improvements and decisions of a prudential nature that it deems necessary in relation to the findings that it has reviewed, whether they come from internal or external audits.

Group Risk Monitoring Committee

Composition of the Group Risk Monitoring Committee at December 31, 2022^[1]

As of December 31, 2022, the Group Risk Monitoring Committee was composed of a Chairman, five members and ten associate members.

Members	Status	Attendance rate in 2022
Daniel Schoepf	Chairman	100%
Nicolas Habert	Member	100%
Christine Leenders	Member	88%
Nicolas Théry	Member	88%
Catherine Lamblin-Messien	Member	80%
Pierre Bertholier	Member	75%
Gilles Berrée	Associate member	100%
Bernard Basse	Associate member	100%
Didier Benonie	Associate member	100%
Hubert Chauvin	Associate member	100%
Patrick Hoche	Associate member	88%
Jean-François Jouffray	Associate member	75%
Laurent Benoît	Associate member	50%
Pascal Tissot	Associate member	100%
Marc Taieb	Associate member	100%
Jean-Yves Perthuis	Associate member	100%

[1] In 2022, the terms of office of Jean-Claude Levêque and Thierry Reboulet ended.

Duties of the Risk Monitoring Committee

The Risk Monitoring Committee issues opinions and advice in preparation for decisions made by the Board of Directors on general policy, thresholds and limits in matters of risk management.

The missions and attributes of Crédit Mutuel Alliance Fédérale Risk Monitoring Committee include the following:

- financial risks:
 - conduct an exhaustive review of the risks and exposures (quality, ratings, concentration, impairment) to which Crédit Mutuel Alliance Fédérale is exposed. Exhaustiveness is observed both in terms of types of risk and in terms of the businesses carried out by the group's banking and non-banking entities both in France and abroad,
 - analyze short- and medium-term liquidity ratios and monitor changes to them, in particular as part of the ILAAP procedure,
 - examine changes to the main regulatory (solvency and leverage) and operating ratios, in particular those relating to capital consumption, by business lines and entities, as well as compliance with the amounts of capital allocated by the supervisory bodies, in particular as part of the ICAAP procedure,
 - review changes in results in perspective with changes in risks, results and capital consumption,
 - assess the quality of monitoring and control of all risks set forth in the Order of November 3, 2014, in particular credit, market, overall interest rate, intermediation, settlement, liquidity and operational risks, for all group entities (in particular banks and insurance companies),
 - assist the supervisory body in its task of supervising the application of risk policies and strategies by Executive Management that constitute the group's executive body. In this context, compliance with the limits of the risk indicators and any overruns are observed,
 - advise the supervisory body on current and future risk strategies and risk tolerance. In this context, the Committee may propose to the supervisory body changes to the risk management system (addition and modification of indicators and/or limits), *specific* reports or comments on particular issues or risks, whether specific or general,
 - review risk-taking policies, overall risk management strategies, limits, cost of risk and associated controls, provisioning policies, risk measurement methodologies, and crisis management policies including the Preventive Recovery Plans (PRPs),
 - propose to Executive Management any measures that may be necessary concerning the system of limits or alert thresholds for the main counterparties, economic sectors or geographical areas, as well as limits or alert thresholds for interest rate, liquidity and market risks;
- non-financial risks and controls:
 - review changes in the financial or non-financial ratings of external agencies,
 - review the results of controls relating to compliance mechanisms, including the anti-money laundering and anti-terrorist financing mechanism,



- review the significant alerts or incidents brought to its attention and the reduction measures implemented, with follow-up, in particular Information System Security,
- review risk mapping and related control plans on an annual basis,
- review the Emergency and Business Continuity Plan (EBCP or PUPA in French) on an annual basis,
- review, as part of its mission, whether the prices of the products and services mentioned in Books II and III of the French Monetary and Financial Code offered to customers are compatible with Crédit Mutuel Alliance Fédérale risk strategy. If these prices do not correctly reflect the risks, it informs the Board of Directors and gives its opinion on the action plan to remedy the situation;
- governance:
 - ensure that the nature, scope coverage, granularity, form and frequency of the risk information provided to the committee is adequate,
 - focus, twice a year, on the risks of the CIC New York's activity as part of a US Risks Committee as requested by the local supervisory authorities,
 - ensure the adequacy of resources allocated to the risk management, permanent control and compliance functions,
 - review, on a quarterly basis, the monitoring of the recommendations issued by the Crédit Mutuel group audits assigned to the risk management function,
 - monitor the progress of regulatory projects that impact Crédit Mutuel Alliance Fédérale,
 - review and discuss follow-up letters received from various supervisors and review the responses to these letters,
 - ensure the proper integration of acquired subsidiaries into Crédit Mutuel Alliance Fédérale risk management system,
 - be informed of the conclusions of the control missions conducted by the various supervisors and monitor the implementation of the recommendations made by those supervisors,
 - examine, without prejudice to the missions of the Compensation Committee, whether the incentives stated by the compensation policy and practices are compatible with the situation of the company with regard to the risks to which it is exposed and of its capital, its liquidity and the probability and timing of expected profits.

Main duties of the head of risk management

- the head of risk management reports on changes in the main risks as listed in the Order of November 3, 2014 on the internal control of companies in the banking, payment services and investment services sector, in particular credit, market, overall interest rate, intermediation, settlement, liquidity, operational and compliance risks;
- the head of risk management informs the Committee of the monitoring of any changes to or excesses of limits and alert thresholds, comments on regulatory developments and the supervisory missions of ACPR and JST (Joint Supervisory Team). He or she reviews the group's developments in its markets in France and abroad.

4.1.6.4 Ethics

Code of conduct

Crédit Mutuel Alliance Fédérale's code of conduct was approved in June 2018.

This registration document, which includes all regulatory and legal requirements relating to conduct, reiterates the principles that each entity and employee of the group should abide by in the exercise of their activities. It is part of the group's overall objectives in terms of quality of customer service, integrity and rigor in the processing of transactions and compliance with regulations. It applies to all group entities in France and abroad, in accordance with local regulations.

In particular, the code of conduct contains provisions on preventing conflicts of interests, combating corruption and rules applicable to persons in possession of inside information.

The code of conduct is circulated to all employees and must be consulted by all on the Intranet of each group entity.

This code is supplemented by another code of conduct, which applies to all elected representatives and employees as well as to all Crédit Mutuel Alliance Fédérale entities. Its purpose is to introduce the group's commitments and the resulting rules of behavior in terms of respect for the individual, parity and openness, protection of and respect for the environment, the duty of good management, the duty of confidentiality and data protection, the duty to act in a reserved manner, the duty to educate, conflicts of interest, and the duty to abide by the group's values and regulations.

Ethics and Compliance Committee

An Ethics and Compliance Committee was established on a community basis by the Chambre Syndicale on December 9, 2006 to monitor the application of the code of conduct within Crédit Mutuel Alliance Fédérale entities.

It is made up of representatives of all the federations that belong to Crédit Mutuel Alliance Fédérale. It proposes guidelines to consolidate the exemplary nature of Crédit Mutuel Alliance Fédérale and to effectively implement the objectives of social and cooperative responsibility that it has set itself.

The Committee presents its conclusions and guidelines once a year to the Chambre syndicale et interfédérale.

4.1.6.5 Executive Management

Composition and prerogatives of Executive Management

In accordance with Article L.511-58 of the French Monetary and Financial Code, Caisse Fédérale de Crédit Mutuel has opted for the separation of the functions of Chairman of the Board of Directors and Chief Executive Officer. The effective management of the institution, which is carried out by at least two people, has all the powers attached to it by banking and financial laws and regulations, both internally and with regard to third parties.

Composition of Executive Management

The Executive Management of Caisse Fédérale de Crédit Mutuel is composed of:

- Mr. Daniel Baal, Chief Executive Officer and effective manager;
- Mr. Éric Petitgand, Deputy Chief Executive Officer and effective manager;
- Mr. Frantz Rublé, Deputy Chief Executive Officer.

Prerogatives of Executive Management

The articles of association do not provide for any particular limitation on the powers of the effective managers but internal rules define the cases in which prior approval of the Board of Directors is required, *i.e.* planned acquisitions or disposals of equity investments (excluding financial investments) of more than €100 million.

4.1.7 Compensation principles and rules for the identified individuals [Articles L.511-71 et seq. of the French Monetary and Financial Code]

The compensation policy of Crédit Mutuel Alliance Fédérale is above all reasoned 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. In this context, Crédit Mutuel Alliance Fédérale, faithful to its mutualist values, has defined a policy that aims to:

- comply with regulatory requirements and market practices;
- promoting its mutualist values with respect for all stakeholders: members, customers and employees;
- promoting career advancement through internal training and encouraging employees' long-term commitment;
- not encouraging excessive risk-taking and avoiding the introduction of incentives that could lead to conflicts of interest and not encouraging or inducing unauthorized activities;
- ensuring consistency between employee behavior and Crédit Mutuel Alliance Fédérale's long-term objectives, in particular with respect to risk management control;
- ensuring fair pay for work and retaining talented employees by offering them appropriate compensation that takes into consideration the competitive environment and is based on their level of seniority, expertise and professional experience;
- ensuring equal pay for men and women, based on classification, and more broadly fighting all forms of discrimination;
- making sure that the capital base is regularly strengthened.

The compensation policy builds on Crédit Mutuel Alliance Fédérale risk appetite framework, which states that the compensation of employees must not encourage excessive risk-taking and aims to avoid all conflicts of interest.

In that context, the overall compensation policy does not encourage risk-taking in excess of the level of risk defined by Crédit Mutuel Alliance Fédérale. It is, therefore, 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 Crédit Mutuel Alliance Fédérale compensation policy, including the overall compensation policy for staff whose professional activities are likely to have a significant impact on the institution's risk profile.

This general policy takes account of the Order of November 3, 2014, Articles L.511-71 *et seq.* of the French Monetary and Financial Code, and Commission Delegated Regulation (EU) No. 2021/923 of March 25, 2021, which sets out the appropriate qualitative and quantitative criteria for identifying these categories of staff.

The latest version of the note on the compensation policy for risk takers was approved by the Board of Directors on November 24, 2022.

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 and was revised on February 9, 2022. 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 2022 as set out in the aforementioned Article L.511-73 was €155,500,000.

The report on the compensation policies and practices referred to in Article 266 of the Order of November 3, 2014 concerning the internal controls 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.



A strict limit for fixed compensation, with variable compensation to a few specialized activities

Crédit Mutuel Alliance Fédérale has decided to prioritize fixed compensation in keeping with its mutualist values and its responsibilities toward its customers and members. It incorporates its constant concern for sustainable development and employee career advancement into its policy.

For most of Crédit Mutuel Alliance Fédérale's employees, in particular all those who work for the networks, Crédit Mutuel Alliance Fédérale has decided^[1] not to set individual targets for customer sales that might generate variable compensation.

Generally speaking, the components of additional compensation (benefits in kind, variable compensation, etc.) are subject to restrictions and concern only specific situations in certain business lines or functions when justified by particular considerations. The variable compensation practices for specialized business lines are therefore generally consistent with those of other banking groups: trading floor, specialized financing, asset management, private equity, private banking and consumer credit.

Organization of the Compensation Committee within Crédit Mutuel Alliance Fédérale

At its meeting of February 21, 2018, the Board of Directors of Caisse Fédérale de Crédit Mutuel approved the integration into its scope, as of fiscal year 2018, of the entities covered by the AIFM and UCITS V Directives as well as those subject to the Solvency II Directive.

Article L.511-91 of the French Monetary and Financial Code, established by Article 3 of Order No. 2014-158 of February 20, 2014, states that when a credit institution is part of a group subject to supervision by the ACPR on a consolidated basis, the Board of Directors of such institution may decide that the functions assigned to the regulatory committees (Risk, Appointments, Compensation) be performed by the Committee of the credit institution at which level supervision is exercised on a consolidated or sub-consolidated basis.

4.1.8 Principles for determining the compensation granted to corporate officers

Guiding principles

Caisse Fédérale de Crédit Mutuel does not refer to the Afep-Medef Code, which is unsuitable in its case for a certain number of recommendations, given the structure of the shareholder base, which is made up entirely of Crédit Mutuel Alliance Fédérale entities. Crédit Mutuel Alliance Fédérale is not affected by the Say on pay system.

Within Crédit Mutuel Alliance Fédérale, all Boards of Directors of the entities – regardless of their activities and the applicable regulations, in France and abroad – delegate their authority related to compensation matters to the “umbrella” committee (Caisse Fédérale de Crédit Mutuel). This includes the federations and regional banks (which “control” Caisse Fédérale), the consumer credit activity, the asset management activity and the insurance entities (which are in the consolidated accounting scope), the private equity, services and/or IT activities, the economic interest groups and the international private banking and subsidiary activities (including Banque Transatlantique, Banque de Luxembourg, CIC Suisse, TARGOBANK in Germany and TARGOBANK in Spain).

The scope therefore goes beyond just the regulatory monitoring scope of the banking activity.

The “umbrella” committee reports on its work to the Board of Directors of Caisse Fédérale de Crédit Mutuel, and to the Boards of Directors of the entities for the information that is relevant to them.

Coordination process for changes in the compensation of Crédit Mutuel Alliance Fédérale's Executive Management

To ensure consistency, in the absence of a mechanism for the subject, a coordination process for changes in the compensation of Executive Management/Chief Executive Officers of the entities was adopted at the Board of Directors meeting of February 26, 2016. For the Chief Executive Officers of the federations, the Chairmen of the federations are involved in this process and give their opinion in an advisory capacity. This system involves the Chairman of Caisse Fédérale de Crédit Mutuel, the Chief Executive Officer of Caisse Fédérale de Crédit Mutuel and the Director of Human Resources.

The Compensation Committee gives its opinion on a proposal for the coordination process. The Compensation Committee reports to the Board of Directors.

Implementation

The officers concerned are the Chairman of the Board of Directors and the Chief Executive Officer.

On February 20, 2019, the Board of Directors of Caisse Fédérale du Crédit Mutuel decided, on the proposal of the Compensation Committee of February 18, 2019, to allocate:

- for Mr. Nicolas Théry, as compensation for his appointment as Chairman of the Board of Directors, an annual compensation of €880,000 starting June 1, 2019. Said compensation shall be paid by Caisse Fédérale de Crédit Mutuel.

[1] With a few exceptions abroad.

It was also decided to change the termination benefit to two years' compensation as a corporate officer instead of one year previously, calculated on the basis of the average of the last twelve months preceding the end of his term of office.

The payment of these benefits is subject to the achievement of a performance condition relating to an increase in the overall consolidated equity of the group for the period from January 1, 2019 to the date of termination of his term of office, and subject to the absence of reprehensible conduct or proven misconduct.

At the July 25, 2022 meeting of the Board of Directors of Caisse Fédérale de Crédit Mutuel, the Chairman of the Board of Directors announced his decision to voluntarily waive the termination benefits, in view of the complicated legal nature of the existence of these benefits and the numerous complexities that interact between the various regulations.

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.

At its meeting on February 9, 2022, the Board of Directors of Caisse Fédérale de Crédit Mutuel decided to maintain the same levels of compensation for 2022.

The next compensation review will be carried out at the Compensation committee meeting in February 2023.

- for Mr. Daniel Baal, as compensation for his appointment as Chief Executive Officer, an annual compensation of €880,000 starting June 1, 2019. Said compensation shall be paid by Caisse Fédérale de Crédit Mutuel.

It was also decided to change the termination benefit to two years' compensation as a corporate officer instead of one year previously, calculated on the basis of the average of the last twelve months preceding the end of his term of office.

The payment of these benefits is subject to the achievement of a performance condition relating to an increase in the overall consolidated equity of the group for the period from January 1, 2019 to the date of termination of his term of office, and subject to the absence of reprehensible conduct or proven misconduct.

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.

The terms and conditions of these benefits will be reviewed in 2023.

To that end, it should be noted that Daniel Baal was an employee of Caisse Fédérale du Crédit Mutuel from July 1, 1979 to September 30, 2001, then from February 2, 2004 to this day, and that his employment contract was suspended effective June 1, 2017.

At its meeting on February 9, 2022, the Board of Directors of Caisse Fédérale de Crédit Mutuel decided to maintain the same levels of compensation for 2022.

The next compensation review will be carried out at the Compensation committee meeting in February 2023.

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 or arrangements other than the benefits in kind described below.

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, 2022, only Nicolas Théry held loans of this nature.

COMPENSATION RECEIVED BY THE GROUP'S KEY EXECUTIVES FROM JANUARY 1 TO DECEMBER 31, 2022

2022 (in €) ⁽¹⁾	Origin	Fixed portion	Variable portion	Benefits in kind ⁽²⁾	Employer contributions for supplementary benefits	Total
Nicolas Théry	Crédit Mutuel	880,000.08		12,342.00	8,617.92	900,960.00
Daniel Baal	Crédit Mutuel	880,000.08		4,769.40	8,617.92	893,387.40

(1) These are gross amounts corresponding to amounts paid during the fiscal year.

(2) Company cars and/or senior executive insurance policy (GSC).

2021 (in €) ⁽¹⁾	Origin	Fixed portion	Variable portion	Benefits in kind ⁽²⁾	Employer contributions for supplementary benefits	Total
Nicolas Théry	Crédit Mutuel	880,000.08		12,341.94	8,664.24	901,006.26
Daniel Baal	Crédit Mutuel	880,000.08		4,769.40	8,664.24	893,433.72

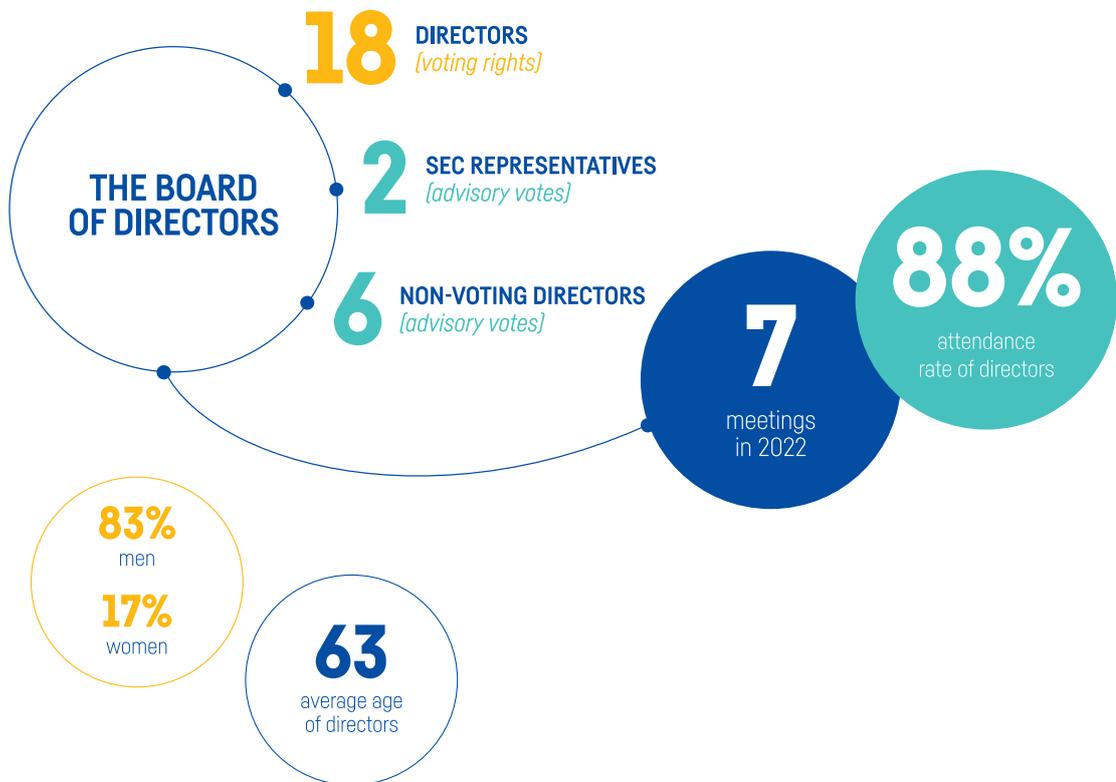
(1) These are gross amounts corresponding to amounts paid during the fiscal year.

(2) Company cars and/or senior executive insurance policy (GSC).

4.2 BFCM – CORPORATE GOVERNANCE REPORT

EXECUTIVE MANAGEMENT

1 CHIEF EXECUTIVE OFFICER, EFFECTIVE MANAGER <i>Mr. Daniel Baal</i>	1 CHIEF OPERATING OFFICER, EFFECTIVE MANAGER <i>Mr. Éric Charpentier</i>	1 DEPUTY CHIEF EXECUTIVE OFFICER, EFFECTIVE MANAGER <i>Mr. Alexandre Saada</i>
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Attendance rate and average age scope: Directors. Average age at 12/31/2022.
Parity scope: directors.

4.2.1 Introduction

The provisions of Article L.225-37 of the French Commercial Code state that the Board of Directors shall present to the Ordinary Shareholders' Meeting a corporate governance report alongside the management report.

In accordance with Articles L.225-37-4 and L.22-10-10 of the French Commercial Code, this report shall include:

- a list of all of the terms and duties exercised in any company by each corporate officer during the fiscal year;
- the composition of the Board and the conditions for the preparation and organization of its work;
- agreements entered into, directly or through an intermediary, between, on the one hand, one of the corporate officers or one of the shareholders holding more than 10% of the voting rights of a company and, on the other hand, another company controlled by the former within the meaning of Article L.233-3, with the exception of agreements relating to current transactions and entered into under normal conditions;
- a summary table of the current delegations of authority granted by the Shareholders' Meeting in respect of capital increases, pursuant to Articles L.225-129-1 and L.225-129-2, showing the use made of these delegations during the fiscal year;
- at the time of the first report or in the event of any change, the method elected between the two options for Executive Management provided for in Article L.225-51-1;
- a description of the diversity policy applied to the members of the Board of Directors with regard to criteria such as age, gender or qualifications and professional experience, and a description of the objectives of such a policy, its implementation procedures and the results obtained during the past fiscal year. This description shall be supplemented by information on the manner in which the company seeks a balanced representation of women and men within the committee established, if any, by Executive Management to assist it regularly in the performance of its general duties and on the results in terms of gender balance; in the 10% of positions with the highest level of responsibility. If the company does not apply such a policy, the report shall include an explanation of the reasons for not doing so;
- any restrictions that the Board of Directors may impose on the powers of the Chief Executive Officer;
- where a company voluntarily refers to a Corporate Governance Code drawn up by a professional organization, the provisions that have been disregarded and the reasons why, as well as the place where this code can be consulted, or, in the absence of such a reference to a code, the reasons why the company has decided not to refer to it, as well as, where applicable, the rules adopted in addition to the requirements laid down by law.

As it is not a company whose shares are admitted to trading on a regulated market, Banque Fédérative du Crédit Mutuel does not refer to the Afep-Medef Code.

Banque Fédérative du Crédit Mutuel complies with the corporate governance regulations applicable to credit institutions. In this respect, it is recalled that the European Banking Authority (EBA) has issued guidance on internal governance [EBA/GL/2021/05] as well as guidance on the assessment of the suitability of members of the

management body and holders of key positions [EBA/GL/2021/06] dated July 2, 2021. In its compliance notices of December 7, 2021, the ACPR declared itself compliant with the guidance on internal governance and partially compliant with the guidance on suitability assessment.

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

"This notice specifies the paragraphs of EBA guidance EBA/GL/2021/06 with which the ACPR (i) intends to comply: i.e. paragraphs 1 to 162; 164 to 171; 174 to 176; 178 to 207 of the guidelines and (ii) therefore expects the aforementioned institutions to comply with these paragraphs.

Indeed, the ACPR does not intend to comply with the provisions of paragraphs 172 and 173 [assessment of the suitability of the heads of internal control functions and of the Chief Financial Officer by the competent authority] as well as paragraphs 163 and 177 [transmission to the competent authority of the results and documentation relating to the internal assessment of the heads of internal control functions and the Chief Financial Officer]. This statement does not call into question the procedures already in place, which will continue to apply for the assessment of persons responsible for internal control at approval and in the event of a change of control.

In addition, the ACPR intends to apply the guidelines relating to attendance and the definition of independent members with two interpretative qualifications:

- *the formal independence of the members of the management body and of the members of the Risk Committee and the Appointments Committee does not constitute a criterion of suitability under current French laws and regulations, which would be enforceable in the context of the examination of an individual application. Under French law, the implementation of the guidelines cannot therefore lead to the refusal of an individual application on this ground alone under the "fit and proper" principle. [...] The ACPR considers the presence of independent members on supervisory bodies and other specialized committees to be good practice and not a legal or regulatory requirement;*
- *as a matter of law, failure to meet one or more of the criteria listed in the guidelines (paragraph 89) does not constitute a presumption that a member is not independent. Non-compliance with these criteria does not exhaust the notion of independence and the analysis of this quality must also take into account other measures, in particular those developed by French institutions within the framework of the laws and regulations in force and which could make it possible to achieve the same objective of independence.*

Pursuant to paragraph [88](b) of the suitability assessment guidance, the ACPR also intends not to require independent members in relevant institutions that are wholly owned by a relevant institution, and in investment firms that meet the criteria set out in Article 32(4)(a) of Directive 2019/2034/EU or other criteria laid down by a relevant Member State in accordance with Article 32(5) and (6) of Directive No 2019/2034/EU.

This corporate governance report explains how Banque Fédérative du Crédit Mutuel 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.



4.2.2 Composition of the management bodies as of December 31, 2022

Presentation of the Board of Directors

	Age ⁽¹⁾	Gender	Start of term of office	End of term of office	Committees ⁽²⁾	Attendance at Board
Nicolas THÉRY <i>Chairman</i>	57	M	2014	2023	GRMC	100%
Philippe TUFFREAU <i>Vice-Chairman</i>	67	M	2021	2024	/	70%
Jean-Marc BUSNEL <i>Permanent representative of Caisse Fédérale de Crédit Mutuel de Maine-Anjou et Basse-Normandie, director</i>	63	M	2018	2024	/	100%
Gérard CORMORÈCHE <i>Director</i>	65	M	2001	2025	GAAC	100%
Claude COURTOIS <i>Director</i>	68	M	2019	2025	/	100%
Philippe GALLIENNE <i>Director</i>	66	M	2019	2025	Compensation	100%
Charles GERBER <i>Director</i>	68	M	2020	2023	GAAC	100%
Olivier GUIOT <i>Director</i>	55	M	2020	2023	/	90%
Elio GUMBS <i>Director</i>	61	M	2020	2023	/	0%
Nicolas HABERT <i>Director</i>	60	M	2020	2024	GRMC	100%
Catherine LAMBLIN-MESSIEN <i>Director</i>	58	F	2022	2025	GRMC	80%
Albert MAYER <i>Director</i>	67	M	2018	2024	GAAC	100%
Bich Van NGO <i>Director</i>	66	F	2021	2024	GAAC	100%
Gislhaine RAVANEL <i>Director</i>	70	F	2019	2025	/	70%
Thierry REBOULET <i>Director</i>	60	M	2021	2024	Appointments	90%
René SCHWARTZ <i>Director</i>	65	M	2018	2024	GAAC	100%
Francis SINGLER <i>Director</i>	66	M	2018	2024	/	100%
Alain TÊTEDOIE <i>Director</i>	58	M	2007	2024	/	90%
Joel DERVIN <i>Non-voting director</i>	65	M	2022	2025	/	100%
Christian GUILBARD <i>Non-voting director</i>	64	M	2021	2024	/	90%
Caroline KALTENBACH <i>Non-voting director</i>	54	M	2022	2025	/	100%
Michel KOCHER <i>Non-voting director</i>	63	M	2022	2025	/	100%
Jean-Claude LORDELLOT <i>Non-voting director</i>	68	M	2018	2024	GAAC	100%
Jean-Michel PFINDEL <i>Non-voting director</i>	67	M	2022	2025	/	100%

[1] Age at 12/31/2022.

[2] GRMC: Group Risk Monitoring Committee – GAAC: Group Auditing and Accounting Committee – Compensation: Compensation Committee – Appointments: Appointments Committee.
In the Committees column, the Committee Chairmen are shown in bold in blue.

During 2022, the terms of office of Michel Andrzejewski, Christian Muller and Jacques Simon as non-voting directors ended.

Other participants

- In accordance with Article L.2312-72 of the French Labor Code, two representatives of the Social and Economic Committee attend the meetings of the Board of Directors in an advisory capacity.

Executive Management

- Daniel Baal, Chief Executive Officer and effective manager;
- Éric Charpentier, Chief Operating Officer and effective manager;
- Alexandre Saada, Deputy Chief Executive Officer and effective manager.



4.2.3 Positions and functions held by the members of the management bodies

Directors

Nicolas Théry

Born on December 22, 1965
Nationality: French

Business address:
4 rue Frédéric Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Nicolas Théry began his career in the financial inspection department in 1989 before joining the treasury department in 1993. From 1997 to 2000, he was an adviser in the office of the Minister of the Economy and Finance in charge of monetary and financial topics and then international and European topics. In 2000, he became director of the Private Office of Florence Parly, Secretary of State for the Budget. From 2000 to 2002, he was Confederal Secretary of the CFDT in charge of economic issues. He participated in the creation of the Comité intersyndical de l'épargne salariale and of the social and environmental rating agency Vigeo, directed by Nicole Notat. From 2002 to 2009, he worked at the European Commission as director of cabinet of Pascal Lamy, Commissioner for International Trade, before joining the directorate general for Enterprise and becoming director in the directorate general for the Environment where he worked on climate change. In 2009, he joined Crédit Mutuel. Chairman and Chief Executive Officer of CIC Est from 2012 to 2016, he has chaired Caisse Fédérale de Crédit Mutuel, Banque Fédérative du Crédit Mutuel and Crédit Industriel et Commercial since 2014. 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. He was Chairman of the Fédération bancaire française – French Banking Federation from September 1, 2021 to September 2022.

Nicolas Théry is a graduate of Science Po Paris and of the École Nationale d'Administration (ENA) – top of the "Liberty, Equality, Fraternity" class – and holds a Master's Degree in law, economics, management, with a specialization in Business law.

Chairman of the Board of Directors
Member of the Group Risk Monitoring Committee of Caisse Fédérale de Crédit Mutuel
First appointed to the Board: 2014
Term expires: 2023

Other offices held as of December 31, 2022

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
Crédit Industriel et Commercial
Banque CIC Est
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
Musée Rodin
Cœur Mutuel

Permanent representative of Groupe des Assurances du Crédit Mutuel, director

ACM GIE

Permanent representative of Fédération du Crédit Mutuel Centre Est Europe, member of the Management Board

Euro-Information

Member

Defense Ethics Committee

Terms of office expired over the past five fiscal years

Chairman

Fédération bancaire française – French Banking Federation

Member of the Management Board

Euro-Information

Chairman of the Board of Directors

Banque CIC Nord Ouest

Dialogues

Philippe Tuffreau

Born May 24, 1955

Nationality: French

Business address:

1, place Molière
49006 Angers

Summary of main areas of expertise and experience

Holder of a Master's degree in Private Law, a post-graduate Degree (DESS) in Juridical Sciences and professional lawyer accreditation, Philippe Tuffreau is Chairman of the Fédération and Caisse Régionale du Crédit Mutuel d'Anjou.

In 1995, he founded Exaequo, a firm specializing in business law. At the same time, he is involved in life at the bar. In 1998, he was elected president of the Bar of Angers for two years. In 2003, he became a member of the French National Bar Council. He was Vice-Chairman of this institution from 2006 to 2008, and became the Chancery's regular contact. Soon after he was promoted Knight of the National Order of Merit and Knight of the Order of the Legion of Honor. From 1995 to 2017, he was Vice-Chairman of the law firm Oratio.

In 1991, he became Chairman of a Crédit Mutuel local bank and held various offices before terminating his office due to his other activities. In 2014, he was appointed Chairman of a Crédit Mutuel local bank before becoming federal director of Crédit Mutuel d'Anjou in 2015 of which he became Chairman in 2017. He has been a confederal director since 2020.

Vice-Chairman of the Board of Directors

First appointed to the Board: 2021

Term expires: 2024

Other offices held as of December 31, 2022

Chairman of the Board of Directors

Fédération du Crédit Mutuel Anjou

Caisse Régionale du Crédit Mutuel d'Anjou

Vice-Chairman of the Board of Directors

Caisse de Crédit Mutuel Angers Saint Laud

Member of the Supervisory Board

Banque Européenne du Crédit Mutuel

Director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

GIEMAT

Multifinancière de l'Anjou

SPL ALTEC

Permanent representative of Caisse Régionale du Crédit Mutuel d'Anjou, director

Assurances du Crédit Mutuel VIE SAM

Non-voting director

Caisse Fédérale de Crédit Mutuel

Terms of office expired over the past five fiscal years

Non-voting director

Banque Fédérative du Crédit Mutuel

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Jean-Marc Busnel

Born April 25, 1959
Nationality: French

Business address:
43 boulevard Volney
53083 Laval

Summary of main areas of expertise and experience

Jean-Marc Busnel holds a Post-graduate Degree (DESS) in Business Administration and Management. He began his career with ACOME as a technician and then as a senior manager in 1980. He then held various positions from operations director (2002) to industry, purchasing and supply chain director (2008) before becoming branch director (2015) and then industrial director (2018) before retiring in 2021.

In 1994, he was elected director of the Crédit Mutuel de Saint Hilaire du Harcouët local bank. Today, he holds offices at the local level as well as at the federal and confederal levels. Since 2018, he has been Chairman of Caisse Fédérale and Fédération du Crédit Mutuel de Maine-Anjou Basse-Normandie.

Permanent representative of Caisse Fédérale de Crédit Mutuel de Maine-Anjou et Basse-Normandie, director
First appointed to the Board: 2018
Term expires: 2024

Other offices held as of December 31, 2022

Chairman of the Board of Directors

Fédération du Crédit Mutuel de Maine-Anjou et Basse-Normandie
Caisse Fédérale de Crédit Mutuel de Maine-Anjou et Basse-Normandie
Caisse de Crédit Mutuel de Saint-Hilaire du Harcouët
Caisse de Crédit Mutuel Solidaire
Résidence Foyer les Hirondelles
Creavenir
Fondation d'entreprise du Crédit Mutuel de Maine-Anjou et Basse-Normandie

Vice-Chairman of the Supervisory Board

SODEREC

Director

Confédération Nationale du Crédit Mutuel
Caisse Centrale du Crédit Mutuel

Permanent representative of Caisse Fédérale de Crédit Mutuel de Maine-Anjou et Basse-Normandie, director

Assurances du Crédit Mutuel VIE SAM
ACM IARD SA

Permanent representative of the Fondation d'entreprise du Crédit Mutuel de Maine-Anjou et Basse-Normandie

Association des résidences Escalys

Terms of office expired over the past five fiscal years

Chairman of the Board of Directors

IDEA OPTICAL

Vice-Chairman

Union régionale des Scop de l'Ouest

Director

ACOME SA

G rard Cormor che

Born 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  cole Sup rieure d'Agricultures d'Angers, G rard Cormor che is the manager of a cereal and vegetable farm and of CORMOR CHE SARL specializing in the processing of red beetroot. He was awarded the insignia of Knight of Agricultural Merit in 1999.

In 1993, he was elected Chairman of a Cr dit Mutuel local bank. He holds offices within Cr dit Mutuel at local, regional and national levels. Since 1995, he has been Chairman of F d ration and Caisse de Cr dit Mutuel du Sud-Est. He has also been Chairman of the Board of Directors of Caisse Agricole du Cr dit Mutuel since 2004 and Vice-Chairman of CNCM [Conf d ration Nationale du Cr dit Mutuel].

Director

Member of the Group Auditing and Accounting Committee of Caisse F d rale de Cr dit Mutuel

First appointed to the Board: 2001

Term expires: 2025

Other offices held as of December 31, 2022

Chairman of the Board of Directors

F d ration du Cr dit Mutuel du Sud-Est

Caisse de Cr dit Mutuel du Sud-Est

Caisse Agricole Cr dit Mutuel (CACM)

CECAMUSE

Caisse de Cr dit Mutuel Neuville-sur-Sa ne

Vice-Chairman of the Board of Directors

Conf d ration Nationale du Cr dit Mutuel

Caisse Centrale du Cr dit Mutuel

F d ration du Cr dit Mutuel Agricole et Rural

MTRL

Assurances du Cr dit Mutuel pour l' ducation et la pr vention en sant 

Director

Caisse F d rale de Cr dit Mutuel

Cr dit Industriel et Commercial

Permanent representative of Caisse de Cr dit Mutuel du Sud-Est, director

Assurances du Cr dit Mutuel VIE SAM

SICA d'habitat Rural du Rh ne et de la Loire

Non-voting director

CIC Lyonnaise de Banque

Managing partner

SCEA CORMOR CHE Jean-G rard

Terms of office expired over the past five fiscal years

Managing partner

SARL CORMORECHE

Non-voting director

Cr dit Industriel et Commercial

Claude Courtois

Born January 6, 1954
Nationality: French

Business address:
494 avenue du Prado
13008 Marseille

Summary of main areas of expertise and experience

A graduate of the  cole Nationale de Police de Cannes-Ecluse, Claude Courtois has worked as a police inspector in two active services of the French National Police.

In 1998, he was elected member of the Supervisory Board of a Cr dit Mutuel local bank. In 2014, he became federal director and Chairman of the Western District of F d ration du Cr dit Mutuel M diterran en.

Director

First appointed to the Board: 2019

Term expires: 2025

Other offices held as of December 31, 2022

Chairman of the Board of Directors

Caisse de Cr dit Mutuel de Montpellier Antigone

Caisse de Cr dit Mutuel de Lunel

Vice-Chairman of the Board of Directors

F d ration du Cr dit Mutuel M diterran en

Director

Caisse M diterran enne Financement

Caisse de Cr dit Mutuel Bassin de Thau

Terms of office expired over the past five fiscal years

Chairman of the Board of Directors

Caisse de Cr dit Mutuel Bassin de Thau

Vice-Chairman of the Board of Directors

Caisse de Cr dit Mutuel Frontignan

Director

Caisse de Cr dit Mutuel de Perpignan Kennedy

Caisse de Cr dit Mutuel de Montpellier Alco

Non-voting director

Banque F d rative de Cr dit Mutuel



Philippe Gallienne

Born June 17, 1956
Nationality: French

Business address:
17 rue du 11 novembre
14052 Caen

Summary of main areas of expertise and experience

A graduate of the École de Management de Normandie, Philippe Gallienne was partner in charge of the association and social management sector of the Le Havre office of Mazars from 1990 to April 2019.

In 1995, he was elected founding Chairman of Caisse de Crédit Mutuel du Havre Sanvic. In 1998, he became Chairman of Caisse de Crédit Mutuel du Havre Hôtel de Ville and was elected federal director the same year. He was appointed Vice-Chairman of Fédération du Crédit Mutuel de Normandie in 2003 before being appointed Chairman of Fédération and Caisse Régionale du Crédit Mutuel de Normandie in 2019.

Director
Member of the Compensation Committee of Caisse Fédérale de Crédit Mutuel
First appointed to the Board: 2019
Term expires: 2025

Other offices held as of December 31, 2022

Chairman of the Board of Directors

Fédération du Crédit Mutuel Normandie
Caisse Régionale du Crédit Mutuel Normandie
Caisse de Crédit Mutuel Le Havre Hôtel de Ville

Member of the Supervisory Board

Banque Européenne du Crédit Mutuel

Director

Confédération Nationale du Crédit Mutuel
Caisse Centrale du Crédit Mutuel

Permanent representative of Caisse Régionale de Crédit Mutuel de Normandie, director

Assurances du Crédit Mutuel VIE SAM

Non-voting director

Caisse Fédérale de Crédit Mutuel

Terms of office expired over the past five fiscal years

Non-voting director

Confédération Nationale du Crédit Mutuel
Caisse Centrale du Crédit Mutuel

Charles Gerber

Born June 3, 1954
Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Holder of a technical proficiency certificate degree in General Mechanics and a diploma in Management and Recruitment from the *Comité d'Action Économique* du Haut-Rhin, Charles Gerber began his career as a master sergeant in the French army. He then worked for 10 years in the mechanical field, for 20 years as manager of a production site and for 10 years as manager of high volume purchasing at the same company before retiring in 2009. In 1991 he was first appointed member of the Board of Directors of a Crédit Mutuel local bank, before being appointed Chairman of the Board of Directors in 2012.

Director
Associate member of the Group Auditing and Accounting Committee of Caisse Fédérale de Crédit Mutuel
First appointed to the Board: 2020
Term expires: 2023

Other offices held as of December 31, 2022

Chairman of the Board of Directors

Caisse de Crédit Mutuel de la Lague

Director and Chairman of the District of Altkirch-St-Louis

Fédération du Crédit Mutuel Centre Est Europe

Director

Confédération Nationale du Crédit Mutuel
Caisse Centrale du Crédit Mutuel

Non-voting director

Caisse Fédérale de Crédit Mutuel

Terms of office expired over the past five fiscal years

Director

Caisse Fédérale de Crédit Mutuel

Olivier Guiot

Born July 21, 1967

Nationality: French

Business address:

61 rue Blatin
63000 Clermont-Ferrand

Summary of main areas of expertise and experience

Holder of a technical proficiency certificate in Accounting, Olivier Guiot worked as a logistics technician before he was elected mayor of the municipality of Saint-Hilaire in the Allier department in 2001.

In 1999, he became a director of Fédération du Crédit Mutuel Massif Central. From 2018 to 2020, he was a director on several provisional Boards of Directors (CCM Montferrand, CCM Cebazat, Vice-Chairman of CCM Yzeure). In 2020, he became Chairman of Caisse de Crédit Mutuel d'Yzeure.

Director

First appointed to the Board: 2020

Term expires: 2023

Other offices held as of December 31, 2022

Chairman of the Board of Directors

Caisse de Crédit Mutuel d'Yzeure

Director

Fédération du Crédit Mutuel Massif Central

Caisse Régionale du Crédit Mutuel Massif Central

Terms of office expired over the past five fiscal years

Vice-Chairman of the Board of Directors

Caisse de Crédit Mutuel de Moulins

Director

Caisse de Crédit Mutuel de Cebazat

Caisse de Crédit Mutuel de Montferrand

Elio Gumbs

Born November 23, 1961

Nationality: French

Business address:

Rue du Prof Raymond Garcin
97201 Fort de France

Summary of main areas of expertise and experience

Holder of a DUT in Civil Engineering, Elio Gumbs has been central group head at Électricité de France since 2001. In 1983, he began his career as a technology teacher before joining Électricité de France in 1984. He has been Chairman of a construction company since 2020.

In 2008, he became a director of a Crédit Mutuel local bank and was appointed Chairman in 2017. Since 2005, he has been Vice-Chairman of the Boards of Directors of Fédération and Caisse Régionale de Crédit Mutuel Antilles-Guyane.

Director

First appointed to the Board: 2020

Term expires: 2023

Other offices held as of December 31, 2022

Chairman

Howlite Concept

Chairman of the Board of Directors

Caisse de Crédit Mutuel de Saint-Martin

Vice-Chairman of the Board of Directors

Fédération du Crédit Mutuel Antilles-Guyane

Caisse Régionale du Crédit Mutuel Antilles-Guyane

Terms of office expired over the past five fiscal years

Nil.





Nicolas Habert

Born April 27, 1962

Nationality: French

Business address:

6 rue de la Tuilerie
31130 Balma

Summary of main areas of expertise and experience

A graduate of ISEP and ESSEC and holder of an Actuarial degree, Nicolas Habert has been an independent consultant with NH Consulting since 2007. He began his career in 1987 at the Banque Nationale de Paris as customer relationship manager before joining Caisse des Dépôts et Consignations in 1989 and then Caisse Centrale de Crédit Mutuel in 1993. From 1988 to 2012 he worked as a part-time trainer for various entities at the training center for the banking profession and the Purpan engineering school from 1996 to 2007, where he taught management, finance and international commerce.

In 2001, he became a director of a new Crédit Mutuel local bank and was appointed Chairman in 2010. Since 2017, he has been a federal director and Chairman of the Supervisory Board of Cautionnement Mutuel de l'Habitat. In May 2020, he was appointed Chairman of Caisse Régionale and Fédération Crédit Mutuel Midi-Atlantique.

Director
Member of the Group Risk Monitoring Committee of Caisse Fédérale de Crédit Mutuel
First appointed to the Board: 2020
Term expires: 2024

Other offices held as of December 31, 2022

Chairman of the Board of Directors

Fédération du Crédit Mutuel Midi Atlantique

Caisse Régionale du Crédit Mutuel Midi Atlantique

Caisse du Crédit Mutuel de Toulouse Purpan

Chairman of the Supervisory Board

Cautionnement Mutuel de l'Habitat

Director

Caisse Fédérale de Crédit Mutuel

Permanent representative of Caisse Régionale du Crédit Mutuel Midi-Atlantique, director

Assurances du Crédit Mutuel VIE SAM

Permanent representative of Marsovalor, director

Banque CIC Sud Ouest

Non-voting director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Terms of office expired over the past five fiscal years

Nil

Catherine Lamblin-Messien

Born August 17, 1964

Nationality: French

Business address:

4 place Richebé
59011 Lille

Summary of main areas of expertise and experience

After preparing for and obtaining her diploma in accounting and financial studies (DESCF) at the Institut d'expertise comptable de La Catho Lille in 1987, Catherine Lamblin-Messien began her career at Cabinet Lecat as an accountant. In 1990, she joined Declercq before obtaining her diploma as a chartered accountant (DEC) in 1992. In the same year, she joined Cofidine – Conseil Fiduciaire, Audit & Finance, as a chartered accountant.

Since 1995, she has held managerial positions within the same firm, which has 15 employees. In 2015, she was elected Chairwoman of a Crédit Mutuel local bank. She holds offices within Crédit Mutuel at local, regional and national levels.

Director
Member of the Group Risk Monitoring Committee of Caisse Fédérale de Crédit Mutuel
First appointed to the Board: 2022
Term expires: 2025

Other offices held as of December 31, 2022

Chairwoman of the Board of Directors

Caisse de Crédit Mutuel de Cambrai

Vice-Chairwoman of the Board of Directors

Caisse Fédérale du Crédit Mutuel Nord-Europe

Fédération du Crédit Mutuel Nord-Europe

Director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Crédit Industriel et Commercial

Cautionnement Mutuel de l'Habitat

Treasurer

Association Femmes Chefs d'entreprise (FCE)

Manager

Cofidine Conseil Fiduciaire Audit & Finance

Groupement forestier du bois de la Chassagne

Terms of office expired over the past five fiscal years

Nil.

Albert Mayer

Born September 17, 1955

Nationality: French

Business address:

4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Albert Mayer holds certificates of Higher Accounting Studies and has been the Chairman of the firm Albert Mayer Expertise et Audit Comptable since 2009. Albert Mayer has also been a member of the Metz Association of statutory auditors since 1994 and is a legal expert with the Metz Court of Appeal.

In 1993 he was appointed Chairman of a Crédit Mutuel local bank. Since 2018, he has been Chairman of the Saint-Avold District of Fédération du Crédit Mutuel Centre Est Europe.

Director
Member of the Group Auditing and Accounting Committee of Caisse Fédérale de Crédit Mutuel
First appointed to the Board: 2018
Term expires: 2024

Offices held at December 31, 2022

Chairman of the Board of Directors

Caisse de Crédit Mutuel Freyming Hombourg-Haut

Chairman

Mayer Albert Expertise et Audit Comptable

Director and Chairman of the Saint Avold District

Fédération du Crédit Mutuel Centre Est Europe

Managing partner

Secogem expertise comptable

Pôle d'expertise comptable

Terms of office expired over the past five fiscal years

Nil.



Bich Van Ngo

Born on July 21, 1956
Nationality: French

Business address:
18, rue de La Rochefoucauld
75439 Paris

Summary of main areas of expertise and experience

A chartered accountant, with a Master's degree in Economics from the University of Paris Dauphine and corporate director certification from Sciences-Po Paris, Bich Van Ngo has been Chairwoman and CEO of NGO Audit et Conseil since 2018.

She began her career in 1979 and worked in various groups as Chief Financial Officer and then Chairwoman and Chief Executive Officer. In 1995, she created the accounting and auditing firm Audit et Conseil Europe, which she managed until 2018.

In 2013, she was appointed to the Board of Directors of Caisse de Crédit Mutuel de Verrières le Buisson before becoming its Chairwoman in 2015. She has been a member of the Board of Directors of the Fédération du Crédit Mutuel Île-de-France since 2018, of the Group Auditing and Accounting Committee of Crédit Mutuel Alliance Fédérale since 2020 and of the Board of Directors of Banque Fédérative du Crédit Mutuel since 2021.

Director
Associate member of the Group Auditing and Accounting Committee of Caisse Fédérale de Crédit Mutuel
First appointed to the Board: 2021
Term expires: 2024

Other offices held as of December 31, 2022

Chairwoman of the Board of Directors

Crédit Mutuel de Verrières le Buisson

Director

Banque de Luxembourg

Fédération du Crédit Mutuel Île-de-France

Independent Director

Haffner Ernergy

Chairwoman – Chief Executive Officer

NGO Audit et conseil

Chairwoman

Association mouvement des citoyens français d'origine vietnamienne

Terms of office expired over the past five fiscal years

Nil.

Gislhaine Ravanel

Born September 30, 1952
Nationality: French

Business address:
99 avenue de Genève
74054 Annecy

Summary of main areas of expertise and experience

A graduate of École Pigier de Nice, Gislhaine Ravanel is mayor of the municipality of Houches. She worked for the Chamonix Town Hall and then for the Communauté de Communes Pays du Mont-Blanc before retiring in 2013.

She has been Chairwoman of a Crédit Mutuel local bank since 2008 as well as Chairwoman of the District Arve/Genevois and member of the Board of Directors of Fédération du Crédit Mutuel Savoie-Mont Blanc since 2017.

Director
First appointed to the Board: 2019
Term expires: 2025

Other offices held as of December 31, 2022

Chairwoman of the Board of Directors

Caisse de Crédit Mutuel de Chamonix

Director and Chairwoman of the District Arve/Genevois

Fédération du Crédit Mutuel Savoie-Mont Blanc

Non-voting director

Caisse Fédérale de Crédit Mutuel

Terms of office expired over the past five fiscal years

Nil.

Thierry Reboulet

Born August 3, 1962
Nationality: French

Business address:
130-132 avenue Victor-Hugo
26009 Valence cedex

Summary of main areas of expertise and experience

Holder of a Technology University Degree in Business Management and Administration, Thierry Reboulet served as General Manager of Services at the town hall of Tain l'Hermitage for 17 years [36 years of service]. In 1998 he was appointed Vice-Chairman of a Crédit Mutuel local bank. In 2001, he became a director of Fédération du Crédit Mutuel Dauphiné-Vivarais. He became Chairman of Caisse de Crédit Mutuel de Tain l'Hermitage in 2014. Since 2021, he has chaired the Fédération and Caisse Régionale du Crédit Mutuel Dauphiné-Vivarais and has been Chairman of the Appointments Committee of Caisse Fédérale de Crédit Mutuel since 2022.

Director
Chairman of the Appointments Committee of Caisse Fédérale de Crédit Mutuel
First appointed to the Board: 2021
Term expires: 2024

Other offices held as of December 31, 2022

Chairman of the Board of Directors

Fédération du Crédit Mutuel Dauphiné-Vivarais
Caisse Régionale du Crédit Mutuel Dauphiné-Vivarais
Caisse de Crédit Mutuel Vallée du Rhône
Caisse de Crédit Mutuel Tain l'Hermitage

Permanent representative of Caisse Régionale du Crédit Mutuel Dauphiné-Vivarais, director

Assurances du Crédit Mutuel VIE SAM

Non-voting director

Confédération Nationale du Crédit Mutuel
Caisse Centrale du Crédit Mutuel
Caisse Fédérale de Crédit Mutuel

Terms of office expired over the past five fiscal years

Nil.

René Schwartz

Born January 14, 1957
Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Holder of a Master's degree in Law and a DESS in Business Administration, René Schwartz, until his retirement as of June 30, 2019, worked as a lawyer specializing in tax law at the Société Fiduciaire d'Alsace et de Lorraine in Mulhouse. From 1992 onward, he was elected Chairman of Caisse de Crédit Mutuel du Nouveau Monde in Bollwiller. Since the end of 2018, he has been Chairman of the Union des Caisses de Crédit Mutuel of the Mulhouse District and a director of Fédération Centre Est Europe and Banque Fédérative du Crédit Mutuel.

Director
Associate member of the Group Auditing and Accounting Committee of Caisse Fédérale de Crédit Mutuel
First appointed to the Board: 2018
Term expires: 2024

Other offices held as of December 31, 2022

Chairman of the Board of Directors

Caisse de Crédit Mutuel du Nouveau Monde

Director and Chairman of the Mulhouse District

Fédération du Crédit Mutuel Centre Est Europe

Terms of office expired over the past five fiscal years

Director

CARPA Mulhouse



Francis Singler

Born July 18, 1956
Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Holder of an Industrial Methods Technician degree, Francis Singler is retired. He spent his career with APF Entreprises Alsace, holding positions as production manager and then IT manager before retiring in 2018. In 2001, he was appointed director of a Crédit Mutuel local bank. He was Chairman of the training commission for elected representatives of the Sélestat District from 2006 to 2018. Since 2018, he has been Chairman of the Sélestat District of Fédération du Crédit Mutuel Centre Est Europe and Chairman of the Board of Directors of the Ried Centre Alsace bank.

Director
First appointed to the Board: 2018
Term expires: 2024

Other offices held as of December 31, 2022

Chairman of the Board of Directors

Caisse de Crédit Mutuel Ried Centre Alsace

Member of the Supervisory Board

Euro-Information Production

Director and Chairman of the Sélestat District

Fédération du Crédit Mutuel Centre Est Europe

Terms of office expired over the past five fiscal years

Nil.

Alain Têtedoie

Born May 16, 1964
Nationality: French

Business address:
10 rue de Rieux
44040 Nantes

Summary of main areas of expertise and experience

A graduate in Horticulture, Alain Têtedoie is Chairman and Chief Executive Officer in the agri-food sector. In 1991, he became a director of a Crédit Mutuel local bank. He has been Chairman of Fédération and Caisse Régionale du Crédit Mutuel Loire-Atlantique et Centre-Ouest since 2006 and has also been a confederal director since 2004.

Director
First appointed to the Board: 2007
Term expires: 2024

Other offices held as of December 31, 2022

Chairman

Thalie Holding

Chairman of the Board of Directors

Fédération du Crédit Mutuel de Loire-Atlantique et du Centre-Ouest

Caisse régionale du Crédit Mutuel de Loire-Atlantique et du Centre-Ouest

Chairman of the Supervisory Board

Crédit Mutuel Immobilier

Vice-Chairman of the Supervisory Board

Banque Européenne du Crédit Mutuel

Permanent representative of Fédération du Crédit Mutuel de Loire-Atlantique et du Centre-Ouest, Chairman

Investlaco

Fondation Cemavie

Director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Caisse de Crédit Mutuel de Loire Divatte

Permanent representative of EFSA, director

Banque CIC Ouest

Permanent representative of Caisse Régionale du Crédit Mutuel Loire-Atlantique et Centre-Ouest, director

Assurances du Crédit Mutuel VIE SAM

SODEREC

Representative of Thalie Holding, Chairman

La Fraiserie SAS

Representative of Thalie Holding, Managing partner

SCEA La Fraiserie

Managing partner

GFA La Fraiserie

Non-voting director

Caisse Fédérale de Crédit Mutuel

Terms of office expired over the past five fiscal years

Chairman of the Supervisory Board

Centre de Conseil et de Service (CCS)

Director

Caisse Fédérale de Crédit Mutuel

Group's key executives

Daniel Baal

Born December 27, 1957
Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

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 1999. He was Deputy Chief Executive Officer of Société du Tour de France and director of "cycling" activities for Sport Amaury Organization 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 Fédération and Caisse Régionale du Crédit Mutuel Île-de-France. Then, in 2010, he was appointed Deputy Chief Executive Officer of Confédération Nationale du Crédit Mutuel, then Deputy Chief Executive Officer of Crédit Industriel et Commercial in 2014 and Chief Executive Officer of Caisse Centrale de Crédit Mutuel in 2015.

Since 2017, he has been Chief Executive Officer of Caisse Fédérale de Crédit Mutuel, Chief Executive Officer of Banque Fédérative du Crédit Mutuel, Chief Executive Officer of Crédit Industriel et Commercial, Chief Executive Officer of Fédération du Crédit Mutuel Centre Est Europe and a member of the Executive Board of Groupe des Assurances du Crédit Mutuel.

Daniel Baal is a graduate of EDC Paris Business School, majoring in Financial Management.

Chief Executive Officer and effective manager

First appointed: 2017
Term expires: 2023

Other offices held as of December 31, 2022

Chief Executive Officer

Fédération du Crédit Mutuel Centre Est Europe

Caisse Fédérale de Crédit Mutuel

Crédit Industriel et Commercial

Chairman of the Supervisory Board

Cofidis

Cofidis Group

Euro-Information Production

Member of the Executive Board

Groupe des Assurances du Crédit Mutuel

Vice-Chairman of the Board of Directors

Banque de Luxembourg

Terms of office expired over the past five fiscal years

Chairman of the Board of Directors

CIC Sud Ouest

CIC Ouest

Chairman of the Supervisory Board

CIC Iberbanco

Vice-Chairman of the Supervisory Board

Targo Deutschland GmbH

TARGOBANK AG

Targo Management AG

Director

Fivory SA

Fivory SAS

Permanent representative of Caisse Régionale du Crédit Mutuel Île-de-France, member of the Management Board

Euro-Information



Éric Charpentier

Born October 6, 1960
Nationality: French

Business address:
6 avenue de Provence
75009 Paris

Summary of main areas of expertise and experience

Éric Charpentier is a graduate of the École Normale Supérieure with an agrégation in Mathematics, a DEA in Operational Research and a specialized master's degree in Financial Techniques from the ESSEC business school. He began his career in 1987 with the Société Financière des Sociétés de Développement Régional – Finansder, of which he became Chief Executive Officer. He joined Crédit Mutuel Nord Europe in 1998 as Deputy Chief Executive Officer in charge of the finance and corporate division, then became Chief Executive Officer of Crédit Mutuel Nord Europe in 2006.

Since 2021, Éric Charpentier has been Deputy Chief Executive Officer of Crédit Industriel et Commercial and Chief Operating Officer, effective manager of Banque Fédérative du Crédit Mutuel since 2022. He serves as Chairman of the Board of Directors in several Crédit Mutuel Alliance Fédérale bodies in France and abroad.

Chief Operating Officer and effective manager
First appointed: 2022
Term expires: 2025

Other offices held as of December 31, 2022

Chief Executive Officer

Caisse Régionale du Crédit Mutuel Nord Europe

Deputy Chief Executive Officer

Crédit Industriel et Commercial

Chairman of the Board of Directors

Beobank

Banque de Tunisie

CIC Suisse

Banque de Luxembourg

Crédit Mutuel Investment Managers

Chairman of the Supervisory Board

Crédit Mutuel Equity

Member of the Supervisory Board

Groupe La Française

Director

Euratechnologies

UFR3S (Faculté de sport et Santé de l'université de Lille)

Representative of VTP-1 Investissements, member of the Supervisory Board

Banque Transatlantique

Representative of VTP-1 Investissements, director

Creatis Crédit Mutuel Asset Management

Terms of office expired over the past five fiscal years

Director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Crédit Mutuel Nord Europe Belgium

Société Foncière et Immobilière Nord Europe

Crédit Industriel et Commercial

Chairman of the Board of Directors

Sciences Po Lille

Representative of CFCM Nord Europe, member of the Supervisory Board

Groupe des Assurances du Crédit Mutuel

Representative of CFCM Nord Europe, member of the Management Board

Euro-Information

Permanent representative of BFCM, director

Astree Assurances

Alexandre Saada

Born September 5, 1965
Nationality: French

Business address:

4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Alexandre Saada began his career in London in 1992 at SG Warburg (merged into UBS Investment Bank in 1995) in the corporate finance department, specializing in the financial institutions sector before working as a managing partner at S Capital from 2002 to 2010. In 2010, he joined Société Générale as head of Mergers & Acquisitions for the financial institutions sector for France and Benelux. In 2015, he became Executive Management advisor and then Chief Financial Officer of Crédit Mutuel Nord Europe.

Since June 2017, he has been Deputy Chief Executive Officer of Banque Fédérative du Crédit Mutuel and Chairman of the Board of Directors of Crédit Mutuel Home Loan SFH. He has also been Chairman of the Board of Directors of CIC Ouest since 2018 and director of the "Finance Division" of Crédit Mutuel Alliance Fédérale since 2021.

Alexandre Saada is a graduate of Sciences Po Paris (1988 – Economics and Finance section), holds a Master of Science in Management (1987), a DEA in International Economics and Finance (1988) from Université Paris Dauphine and a Master of Science in Finance (1989 – Jean Monnet scholarship) from Lancaster University (UK).

Deputy Chief Executive Officer and effective manager

First appointed: 2018

Term of office with unlimited term

Other offices held as of December 31, 2022

Director, Finance Division

Caisse Fédérale de Crédit Mutuel

Chairman of the Board of Directors

CIC Ouest

Crédit Mutuel Home Loan SFH

Vice-Chairman of the Supervisory Board

Cofidis

Cofidis Group

Permanent representative of BFCM, director

Assurances du Crédit Mutuel IARD SA

Banque de Tunisie

Member of the Supervisory Board

TARGOBANK AG

Targo Deutschland GmbH

Terms of office expired over the past five fiscal years

Permanent representative of Marsovalor, director

Crédit Mutuel Investment Managers

Permanent representative of BFCM, director

Opuntia (LUXE TV) SA

Non-voting director

Cofidis

Cofidis Group



4.2.4 Delegations of authority granted by the Shareholders' Meeting to the Board of Directors for capital increases currently in use

Nil.

4.2.5 Regulated agreements

This part is dealt with in part 9 “Capital and legal information” in the section “Special report of the statutory auditors on regulated agreements” of this universal registration document.

4.2.6 Preparation and organization of the work of the Board

4.2.6.1 Operation of the Board of Directors

Rules of operation of the Board of Directors

The work of the Board of Directors is governed by Articles 14 to 18 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 law to 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 comprising no fewer than 3 and no more than 18 members elected for renewable three-year terms, who maybe natural persons or legal entities.

The Board of Directors may appoint non-voting directors for three-year terms. They participate in the deliberations of the Board of Directors in an advisory capacity. They may, by a decision of the majority of non-voting directors present or represented, request a second deliberation by the board.

Age limit

The age limit is set at seventy for directors and seventy-five for non-voting directors. When those ages are reached, terms of office shall end at the Shareholders' Meeting following the date of the birthday for the directors and at the board meeting following the anniversary date for the non-voting directors.

Cumulative validity with an employment contract

No director shall have an employment contract with the company and its controlled subsidiaries.

Director skills and training

Banque Fédérative du Crédit Mutuel attaches great importance to the competence of its directors.

In accordance with the joint guidelines of the European Banking Authority (EBA) and the European Securities and Markets Authority (ESMA) and the provisions of the French Monetary and Financial Code, and with a view to continuously strengthening governance mechanisms, a new regulatory training program was introduced in 2019.

This course was redesigned and supplemented in 2020 by a skills development plan for Crédit Mutuel Alliance Fédérale's elected members and directors. This plan is centered on four core challenges:

- **skills** necessary for elected members to fulfill roles through training delivered by elected members and employees;
- **diversity** promoted by instructive and digital tools in line with individual professional situations;
- **digitalization** by facilitating and improving training experience while controlling our carbon footprint;
- **the mutualist ecosystem** that mobilizes all stakeholders around a shared plan.

The skills development plan includes a number of courses to support each director in the fundamentals of his or her term of office, and in particular the “Initiation and regulatory training” course designed to support elected members of the umbrella structures, including Banque Fédérative de Crédit Mutuel, in their role, thanks to the support of distance learning. For elected members and directors who are subject to an individual training requirement within a time limit set by a supervisory authority (ACPR/BCE), this course can also be rolled-out or completed remotely in the form of personalized support organized by the training department for elected members. This course is supplemented by periodic training courses and webinars, delivered by senior managers or experts, depending on current events and strategic orientations.

As part of this plan, a “Mutualist Bank director” university degree, in partnership with the Faculty of Law, Political Science and Management at University of Strasbourg, was created in 2021. The plan enables to train a balanced and diversified class (men/women, age groups, geographic area, experience) of 60 to 70 mutualist elected members per year on the legal, regulatory, strategic and mutualist challenges of a bank director and recognize their expertise through a certified diploma, within a professional context and within their role as director. The first promotion was set up in 2021.

Conflicts of interest concerning the administrative, management and supervisory bodies

To date, there has been no mention of potential conflicts of interest between the duties of any of the members of the Board of Directors and Executive Management with respect to Banque Fédérative du Crédit Mutuel and its private interests and/or other duties.

Members of the Board of Directors and Executive Management are subject to the legal and regulatory obligations applicable to conflicts of interest. All senior managers, directors and non-voting directors of Banque Fédérative du Crédit Mutuel adhere to the values and commitments of Crédit Mutuel Alliance Fédérale as described in its

code of conduct. The purpose of this code is to prevent and, where necessary, manage conflict of interest cases. In addition, the Board of Directors of the Banque Fédérative du Crédit Mutuel adopted a charter for members of the supervisory bodies - ethics, conflicts of interest and personal declarations" in 2022. This charter aims to prevent conflicts of interest by implementing measures. For example, the member of the Board of Directors shall inform the Board of any conflict of interest, including potential, in which they may be directly or indirectly involved and, in this case, they shall refrain from participating in discussions and decision-making on the subjects concerned.

Service contracts

As of December 31, 2022, there are no service contracts linking any member of the Board of Directors or Executive Management to, and providing benefits to, Banque Fédérative du Crédit Mutuel 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 Executive Management has gone into bankruptcy or been associated with a court-ordered protection, receivership or liquidation procedure; and no charge or official public sanction has been upheld against a member of the Board of Directors or Executive 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.

Diversity of the Board of Directors

■ Gender balance

Banque Fédérative du Crédit Mutuel is not subject to the provisions of Article L.225-18-1 of the French Commercial Code. However, Crédit Mutuel Alliance Fédérale aims to increase the number of women members of its supervisory and management bodies.

■ Regional representation

The directors of Banque Fédérative de Crédit Mutuel come from all of the federations throughout the territory within the scope of Crédit Mutuel Alliance Fédérale.

■ Representation of society

The diversity of the directors of Banque Fédérative de Crédit Mutuel in terms of sociology, age, origin and gender tends to result in a Board of Directors that is representative of the customers and society.

■ Strategic plan

Work launched as part of Crédit Mutuel Alliance Fédérale's strategic plan *ensemble#nouveau monde, plus vite, plus loin !* (together#today's world, faster, further!) reaffirmed the group's ambition to strengthen diversity in the composition of its governance, with the aim of achieving equal representation between men and women in management and governance positions.

On December 2, 2022, the Board of Directors of Banque Fédérative du Crédit Mutuel adopted a charter on the diversity policy for the members of the supervisory bodies.

Independence of directors

Some members of the Board of Directors may be classified as independent after a review of their situation by the Caisse Fédérale de Crédit Mutuel Appointments Committee.

This review must verify that there is no relationship between the director and BFCM, whether financial, family or personal.

- More specifically, a director can be classified as independent only if he or she meets the following conditions: he or she has not been a voting or non-voting director of the Board of Directors of a federation, an umbrella banking entity of Crédit Mutuel Alliance Fédérale or the Confederation for more than 12 years;
- He or she has not received an indemnity or compensation, in any form whatsoever (excluding reimbursement of expenses), within the Crédit Mutuel group in excess of an annual amount set in the charter governing the exercise of office of members of the Boards of Crédit Mutuel Alliance Fédérale and in the provisions set forth by Confédération Nationale du Crédit Mutuel.

BFCM has determined the proportion of independent members in accordance with the guidelines of the EBA, which considers the presence of independent members as a good practice and therefore does not impose a number of independent directors.

In the light of these rules, of the 18 directors of BFCM as of December 31, 2022, 10 directors, or 56%, are considered independent.

Assessment of the Board of Directors and its committees

Crédit Mutuel Alliance Fédérale umbrella committees conduct an annual assessment of their operations and composition under the responsibility of the Caisse Fédérale de Crédit Mutuel Appointments Committee.

4.2.6.2 Work of the board in 2022

The Board of Directors meets at least four 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 9, 2022

The Board of Directors meeting of February 9, 2022 focused on the following topics in particular:

- presentation of the balance sheet and consolidated financial statements as of December 31, 2021;
- update on ALM, interest rate and liquidity risk;
- Group Auditing and Accounting Committee report;
- observations of the statutory auditors;
- report from the Group Risk Monitoring Committee;
- relations with regulators and follow-up letters received;
- validation of the review of the risk appetite framework of Crédit Mutuel Alliance Fédérale;
- validation of the CIC Marchés and group Treasury rules;
- approval of the update of the Preventive Recovery Plan Institutional activities;
- validation of the agricultural sector policy;

- non-compliance risks: 2021 summary;
- report of the Compensation Committee;
- report of the Appointments Committee;
- update on the cash flow and liquidity of Crédit Mutuel Alliance Fédérale;
- renewal of authorizations for issues;
- update on merger and acquisition activities;
- presentation and approval of the parent company and consolidated financial statements of Banque Fédérative du Crédit Mutuel at December 31, 2021;
- general operating expenses in 2021 – final figures;
- information on the appointment of the person in charge of the periodic control of the AML/CFT systems;
- regulated agreements;
- approval of the contribution of BFCM to Crédit Mutuel Alliance Fédérale foundation.

Meeting of April 8, 2022

The Board of Directors meeting of April 8, 2022 focused on the following topics in particular:

- group Auditing and Accounting Committee report of March 24 and April 5, 2022;
- recommendation of the GAAC on the appointment of the statutory auditor for the comprehensive and consolidated financial statements;
- presentation and review of the annual internal control report;
- approval of the AML/CFT annual internal control report;
- group Risk Monitoring Committee report of March 16 and 23, 2022;
- appointment of the person responsible for the permanent control of anti-money laundering and anti-terrorist financing systems;
- acknowledgment of the Compensation Committee report of April 6, 2022 and of the report on compensation policy and practices for 2021;
- approval of the list of risk-takers and the overall compensation package paid to risk-takers;
- breakdown of the overall compensation package under the charter governing the exercise of offices of members of the Boards of Directors;
- report of the Appointments Committee of February 10, March 16 and April 6, 2022;
- end of the term of office of non-voting director;
- adoption of the charter for members of the supervisory bodies: ethics, management of conflicts of interest and personal declarations;
- adoption of the Board's internal rules;
- management reports and corporate governance reports;
- preparation and convening of the Ordinary Shareholders' Meeting of May 10, 2022.

Meeting of July 28, 2022

The Board of Directors meeting of July 28, 2022 focused on the following topics in particular:

- presentation of Crédit Mutuel Alliance Fédérale consolidated financial statements at June 30, 2022;
- presentation of Banque Fédérative du Crédit Mutuel consolidated financial statements at June 30, 2022;

- report of the Group Auditing and Accounting Committee of July 26, 2022;
- observations of the statutory auditors;
- report of the Group Risk Monitoring Committee of April 21, June 22 and July 18, 2022;
- relations with regulators;
- risk appetite framework;
- exceptional claims;
- risk monitoring;
- risk mapping;
- ICAAP/ILAAP;
- duties of supervisory authorities;
- update on the "Ukraine" crisis mechanism;
- Crédit Mutuel Alliance Fédérale's anti-corruption system;
- ACPR/CIC LB report Financial fragility and incident fees;
- annual report from the Fragile or Vulnerable Customers Committee;
- report of the Appointments Committee of June 2 and 22, 2022 and July 25, 2022;
- report of the Compensation Committee of July 25, 2022;
- revision of the charter for members of the supervisory bodies – ethics, conflicts of interest and personal declarations;
- revision of the internal charter of best practices for the effective managers of Crédit Mutuel Alliance Fédérale;
- approval of Banque Fédérative du Crédit Mutuel consolidated financial statements at June 30, 2022;
- subsidiaries and equity investments.

Meeting of October 17, 2022

The Board of Directors meeting of October 17, 2022 focused on the following topics in particular:

- strategic developments in Spain.

Meeting of November 24, 2022

The Board of Directors meeting of November 24, 2022 focused on the following topics in particular:

- information on Crédit Mutuel Alliance Fédérale's consolidated earnings at September 30, 2022;
- report of the Group Auditing and Accounting Committee of September 26, 2022;
- summary of the GRMC of September 29, 2022 and November 16, 2022;
- summary of relations with regulators;
- breaches of the risk appetite framework;
- exceptional operational claims;
- risk monitoring;
- proposal to review country limits and the hydrocarbon sectoral policy;
- biodiversity: challenges and proposed commitments;
- annual newsletter on the ethics system;
- reports of the Appointments Committee of September 27, October 26 and November 21, 2022;
- report of the Compensation Committee of November 21, 2022;

- general operating expenses in 2022/general operating expenses budget in 2023;
- update on the cash flow and liquidity of Crédit Mutuel Alliance Fédérale.

Meeting of December 2, 2022

The Board of Directors meeting of December 2, 2022 focused on the following topics in particular:

- revision of the code of conduct;
- report of the Appointments Committee of November 30, 2022;
- diversity policy for members of the supervisory bodies;
- appointments of non-voting directors;
- guidance on the societal dividend.

Meeting of December 20, 2022

The Board of Directors meeting of December 20, 2022 focused on the following topic in particular:

- potential disposal of a subsidiary.

4.2.6.3 Regulatory committees of Crédit Mutuel Alliance Fédérale

Since the Banque Fédérative du Crédit Mutuel Board of Directors meeting of November 17, 2017, Banque Fédérative du Crédit Mutuel has been a member of the Appointments and Compensation Committees of Caisse Fédérale de Crédit Mutuel and, more broadly, of all Crédit Mutuel Alliance Fédérale regulatory committees, the umbrella committees of Crédit Mutuel Alliance Fédérale report on their work to the Banque Fédérative du Crédit Mutuel Board of Directors (see Section 4.1.6.3 of the corporate governance report of Caisse Fédérale de Crédit Mutuel relating to the regulatory committees of Caisse Fédérale de Crédit Mutuel).

4.2.6.4 Ethics

Crédit Mutuel Alliance Fédérale's code of conduct was approved in June 2018.

This registration document, which includes all regulatory and legal requirements relating to conduct, reiterates the principles that each entity and employee of the group should abide by in the exercise of their activities. It is part of the group's overall objectives in terms of quality of customer service, integrity and rigor in the processing of transactions and compliance with regulations. It applies to all group entities in France and abroad, in accordance with local regulations.

4.2.7 Compensation principles and rules for the identified individuals (Articles L.511-71 et seq. of the French Monetary and Financial Code)

Banque Fédérative du Crédit Mutuel applies the principles and rules of compensation for identified individuals decided by Caisse Fédérale de Crédit Mutuel, which are presented in its report on corporate governance.

4.2.8 Principles for determining the compensation granted to corporate officers

As part of the implementation of a compensation and termination benefit system within Caisse Fédérale de Crédit Mutuel for the Chairman and Chief Executive Officer, as of June 1, 2019, the Board of Directors of BFCM on February 20, 2019 decided that the terms of office of Chairman of the Board of Directors and Chief Executive Officer would no longer be remunerated as of June 1, 2019.

For the guiding principles, implementation and compensation received, see paragraph 4.1.8 of the Caisse Fédérale de Crédit Mutuel's corporate governance report on the principles for determining the compensation paid to corporate officers.

In particular, the code of conduct contains provisions on preventing conflicts of interests, combating corruption and rules applicable to persons in possession of inside information.

The code of conduct is circulated to all employees and must be consulted by all on the Intranet of each group entity.

This code is supplemented by another code of conduct, which applies to all elected representatives and employees as well as to all Crédit Mutuel Alliance Fédérale entities. Its purpose is to introduce the group's commitments and the resulting rules of behavior in terms of respect for the individual, parity and openness, protection of and respect for the environment, the duty of good management, the duty of confidentiality and data protection, the duty to act in a reserved manner, the duty to educate, conflicts of interest, and the duty to abide by the group's values and regulations.

4.2.6.5 Executive Management

Composition and prerogatives of Executive Management

In accordance with Article L.511-58 of the French Monetary and Financial Code, Banque Fédérative du Crédit Mutuel has opted for the separation of the functions of Chairman of the Board of Directors and Chief Executive Officer. The effective management of the institution is carried out by at least two people and has all the powers attached to it by banking and financial laws and regulations, both internally and with regard to third parties.

Composition of Executive Management

The Executive Management of Banque Fédérative du Crédit Mutuel is composed of:

- Mr. Daniel Baal, Chief Executive Officer and effective manager;
- Mr. Éric Charpentier, Chief Operating Officer and effective manager;
- Mr. Alexandre Saada, Deputy Chief Executive Officer and effective manager.

Prerogatives of Executive Management

The articles of association do not provide for any particular limitation on the powers of the effective managers but a decision of the Board of Directors on February 20, 2019 defines the cases in which prior approval by the Board is required, namely, plans to acquire or dispose of equity interests (excluding financial investments) in an amount exceeding €100 million.





Risks and capital adequacy – Pillar 3

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INTRODUCTION

Pursuant to Article 4.1 of CRBF Regulation No. 2000-03 of September 6, 2000 on consolidated prudential supervision and additional supervision, BFCM, which is included in the consolidation scope of Crédit Mutuel Alliance Fédérale, is not subject to management ratios on a sub-consolidated basis.

As a result, all the data presented in this chapter relate to Crédit Mutuel Alliance Fédérale scope.

The purpose of Crédit Mutuel Alliance Fédérale's Pillar 3 report is to provide information supplementary to the minimum regulatory requirements concerning capital and risks called for in Pillars 1 and 2 of the Basel Accords, in the form of additional data concerning capital and risks. These supplements meet the guidelines relating to the publication requirements under section 8 of Regulation [EU] No. 575/2013 of June 26, 2013 and Regulation [EU] No. 2019/876 (CRR2) of May 20, 2019, amending Regulation [EU] No. 575/2013.

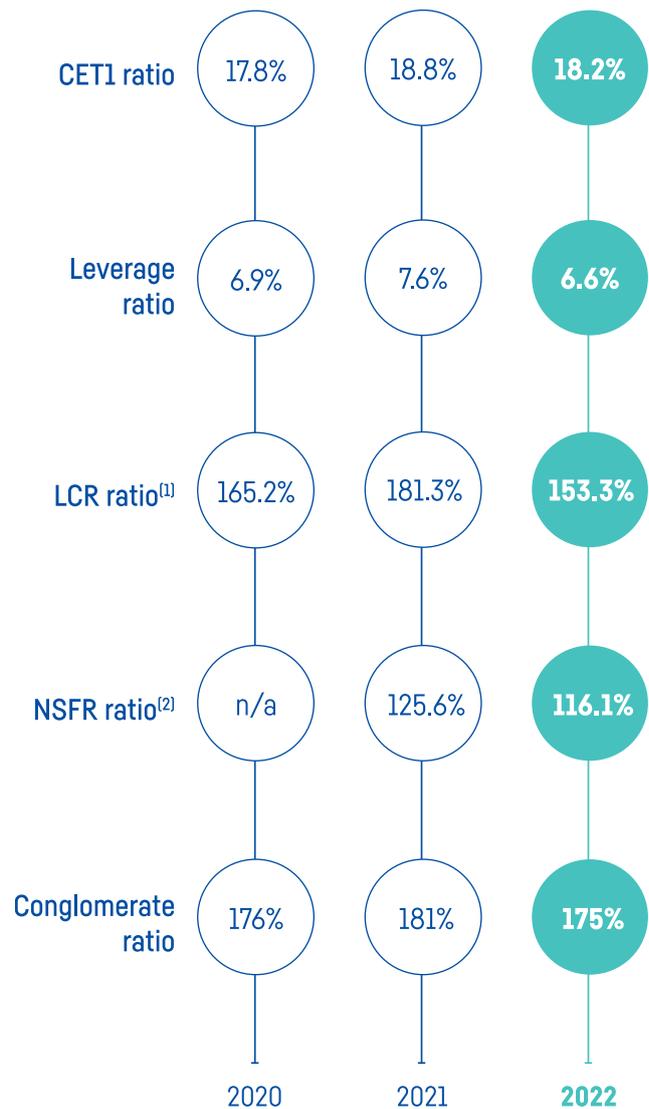
Crédit Mutuel Alliance Fédérale, through its Pillar 3, provides relevant, consistent and comparable regulatory information to interested parties. This is done in compliance with the five principles laid down by the Basel Committee: clear, comprehensive, relevant information for users, consistent over time and comparable from one bank to another.

Crédit Mutuel Alliance Fédérale is pursuing its prudential policy by strengthening its shareholders' equity and its ability to withstand any crisis, regardless of its origin: financial, economic, health, etc. This is reflected in the constant reinforcement of the risk measurement and monitoring system, as shown in the information presented in this "Pillar 3" section.

This section includes in particular the disclosures required by IFRS 7 – Financial instrument disclosures on credit risk, Capital Markets and Asset-liability management.

As part of the TRIM (Targeted review of internal models) exercise, the European Central Bank confirmed the approvals obtained using advanced internal rating methods on retail portfolios. With regard to large corporates and banks, in application of the TRIM constraints imposing limits on these portfolios, the Crédit Mutuel group has chosen to switch to the Foundation method as of March 31, 2022, which makes it possible to anticipate the applicable Basel IV rules from January 1, 2025. For all these portfolios, the consideration of the other related recommendations is in progress and the data presented in respect of Pillar 3 as of December 31, 2021 do not take into account the floor constraints related to the return to the IRB Foundation method for portfolios of banks and large corporates.

KEY RISKS INDICATORS AND CAPITAL ADEQUACY



5



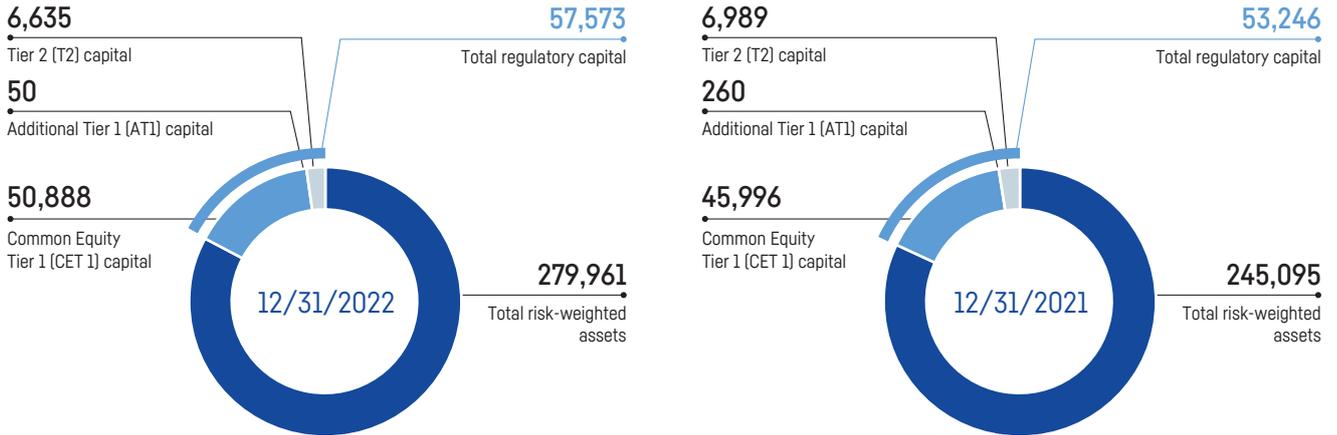
⁽¹⁾ Average LCR.
⁽²⁾ Ratio applicable since June 30, 2021; data not previously published.

5.1 KEY FIGURES

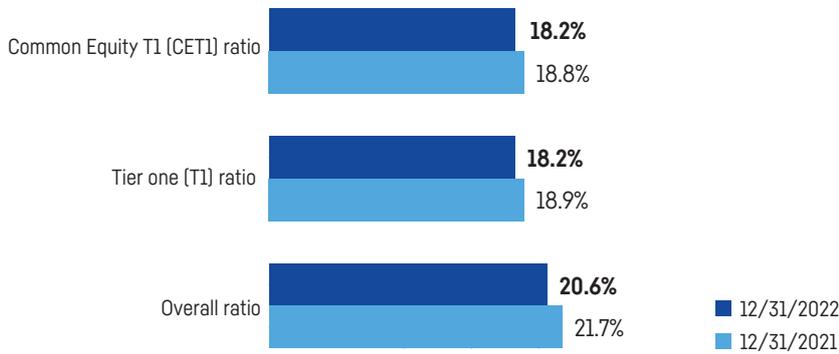
5.1.1 Solvency

Solvency ratio

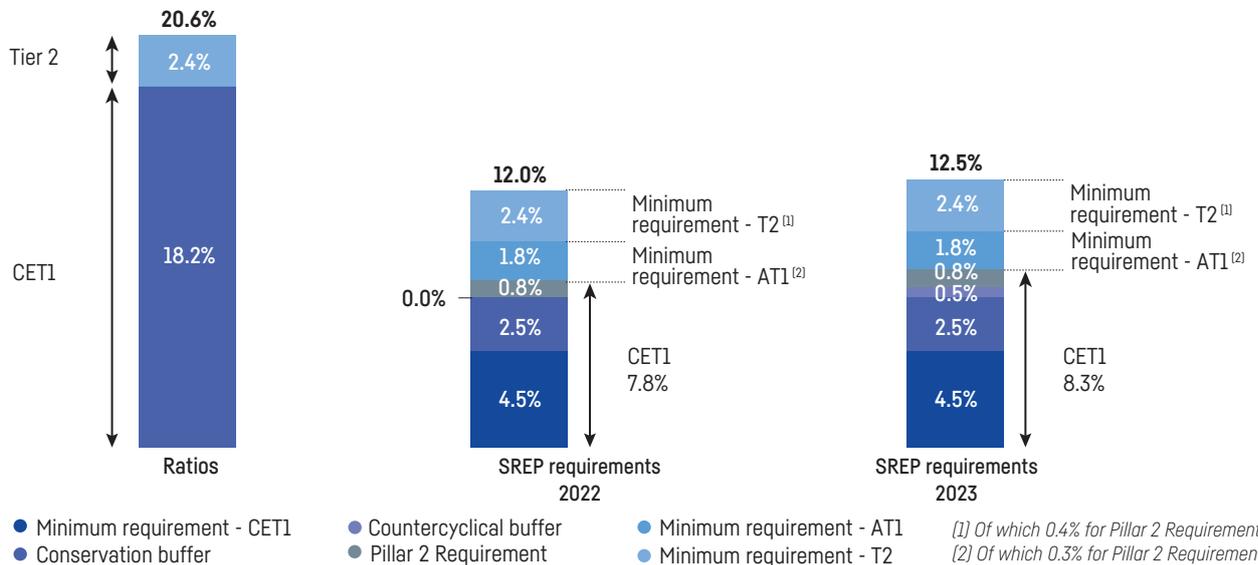
GRAPH 1: REGULATORY CAPITAL AND WEIGHTED RISKS (in € millions)



GRAPH 2: SOLVENCY RATIOS



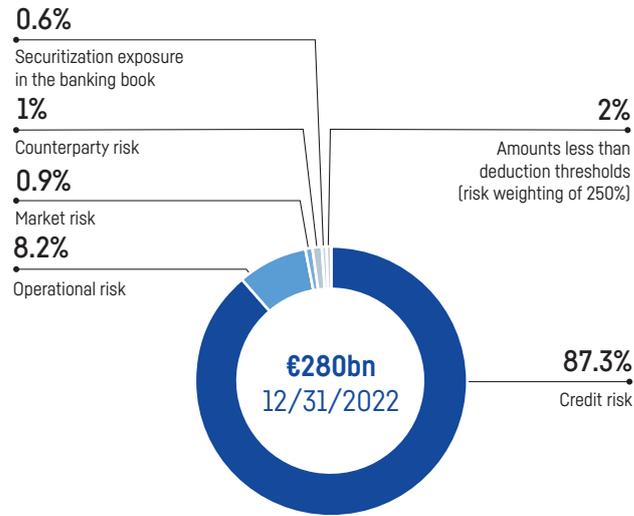
GRAPH 3: REGULATORY REQUIREMENTS AND SOLVENCY RATIOS



● Minimum requirement - CET1 ● Countercyclical buffer ● Minimum requirement - AT1 (1) Of which 0.4% for Pillar 2 Requirement.
 ● Conservation buffer ● Pillar 2 Requirement ● Minimum requirement - T2 (2) Of which 0.3% for Pillar 2 Requirement.

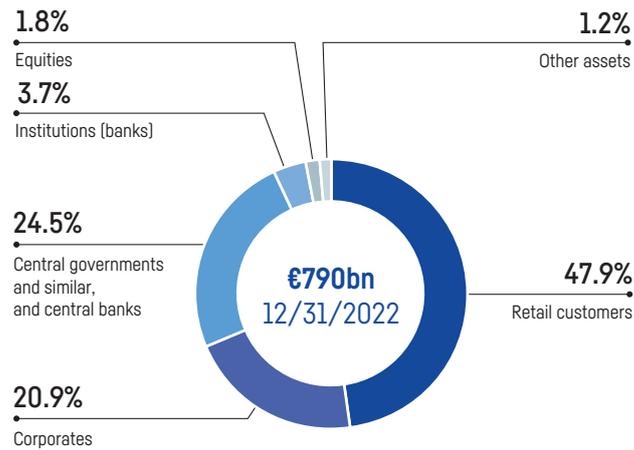
According to the HCSF decision of April 7, 2022, France's countercyclical capital buffer will be 0.5% from April 7, 2023.

GRAPH 4: RISK-WEIGHTED ASSETS (RWAS) BY TYPE OF RISK (percentage)



Credit risk

GRAPH 5: EXPOSURES AT DEFAULT (EAD) BY CATEGORY (percentage)



Excluding counterparty risk and securitization exposures in the banking book.

TABLE 1: EXPOSURE AT DEFAULT (EAD) BY GEOGRAPHIC AREA

(in € millions)	12/31/2022	12/31/2021
Europe zone	734,843	698,722
France	646,486	606,642
Germany	38,842	38,210
Other countries	49,516	53,870
Rest of World	54,707	31,109
United States	15,474	12,900
Other countries*	39,233	18,209
TOTAL EAD	789,550	729,831

Excluding counterparty risk and securitization exposures in the banking book.

From December 31, 2022, the Europe zone corresponds to the countries of the European Union.

*FOCUS ON UKRAINE AND RUSSIA

12/31/2022 <i>[in € millions]</i>	Ukraine			Russia		
	EAD before substitution	Guarantee received ⁽¹⁾	EAD	EAD before substitution	Guarantee received	EAD
Retail customers	4	0	4	17	0	17
Corporates	0	0	0	0	0	0
Central governments and similar, and central banks	69	66	3	0	0	0
Institutions (banks)	0	0	0	4	0	4
Equities	0	0	0	0	0	0
Other assets	0	0	0	0	0	0
TOTAL EXPOSURES⁽²⁾	73	66	7	20	0	20

(1) BPI France counter-guarantee.

(2) Exposures to these two countries are not material to the overall exposure of Crédit Mutuel Alliance Fédérale.

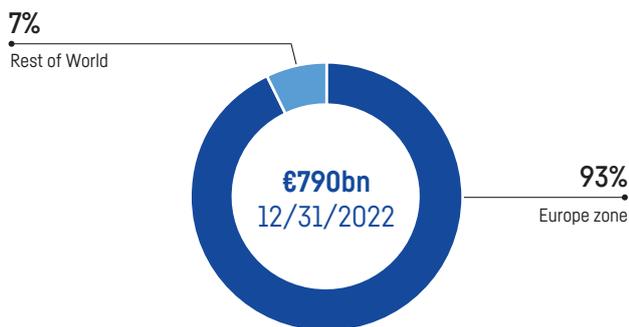
12/31/2021 <i>[in € millions]</i>	Ukraine			Russia		
	EAD before substitution	Guarantee received ⁽¹⁾	EAD	EAD before substitution	Guarantee received	EAD
Retail customers	5	0	5	25	0	25
Corporates	0	0	0	11	0	11
Central governments and similar, and central banks	87	51	36	0	0	0
Institutions (banks)	0	0	0	15	0	15
Equities	0	0	0	0	0	0
Other assets	0	0	0	0	0	0
TOTAL EXPOSURES⁽²⁾	92	51	42	51	0	51

(1) BPI France counter-guarantee.

(2) Exposures to these two countries represent approximately 0.01% of Crédit Mutuel Alliance Fédérale's total exposures.

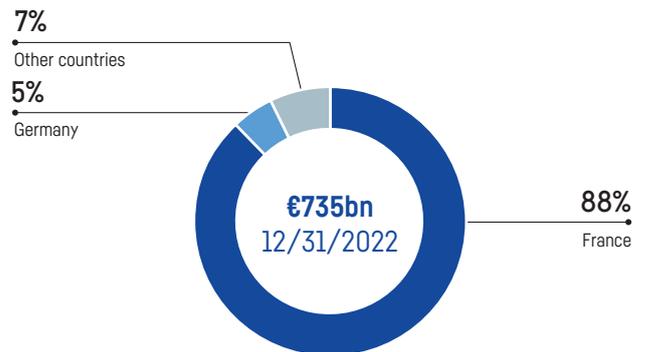
GRAPH 6: EXPOSURE AT DEFAULT (EAD)
BY GEOGRAPHIC AREA *[percentage]*

Excluding counterparty risk and securitization exposures in the banking book



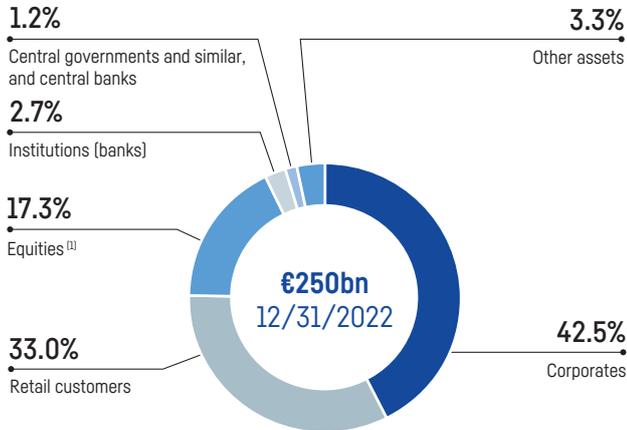
GRAPH 7: EXPOSURE AT DEFAULT (EAD)
BY GEOGRAPHIC AREA - EUROPE *[percentage]*

Excluding counterparty risk and securitization exposures in the banking book



GRAPH 8: RISK-WEIGHTED ASSETS (RWAS) BY CATEGORY (percentage)

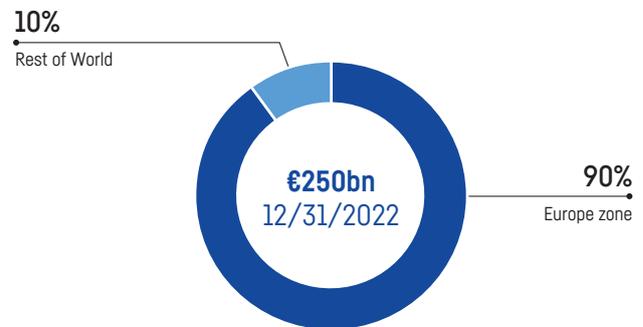
Excluding counterparty risk and securitization exposures in the banking book



(1) Including participations in Crédit Mutuel's Insurance companies.

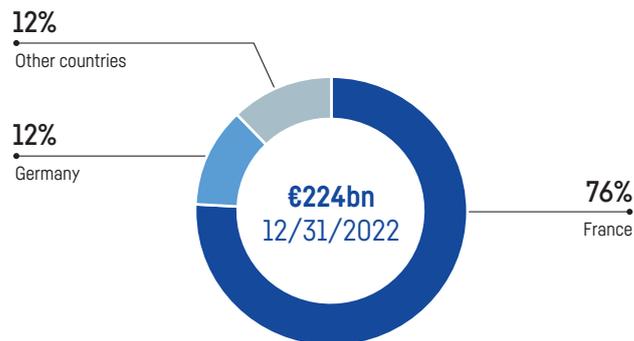
GRAPH 9: RISK-WEIGHTED ASSETS (RWAS) BY GEOGRAPHIC AREA (percentage)

Excluding counterparty risk and securitization exposures in the banking book



GRAPH 10: RISK-WEIGHTED ASSETS (RWA) BY GEOGRAPHIC AREA – EUROPE (percentage)

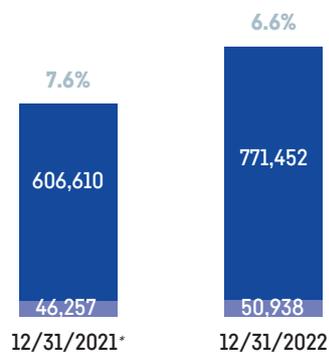
Excluding counterparty risk and securitization exposures in the banking book



Leverage ratio

GRAPH 11: LEVERAGE RATIO

Exposures and shareholders' equity in millions of euros.

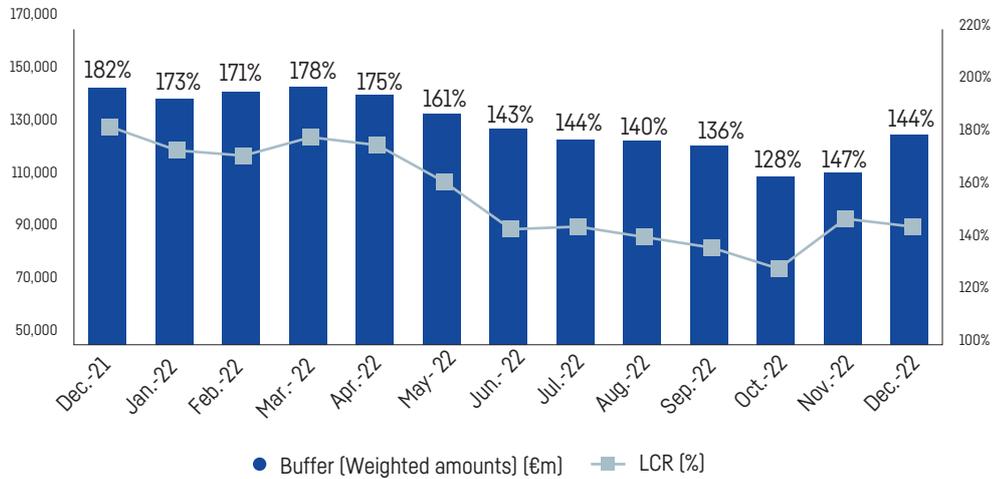


- Total leverage exposure (Total exposure measure)
- Tier 1 capital
- Leverage ratio

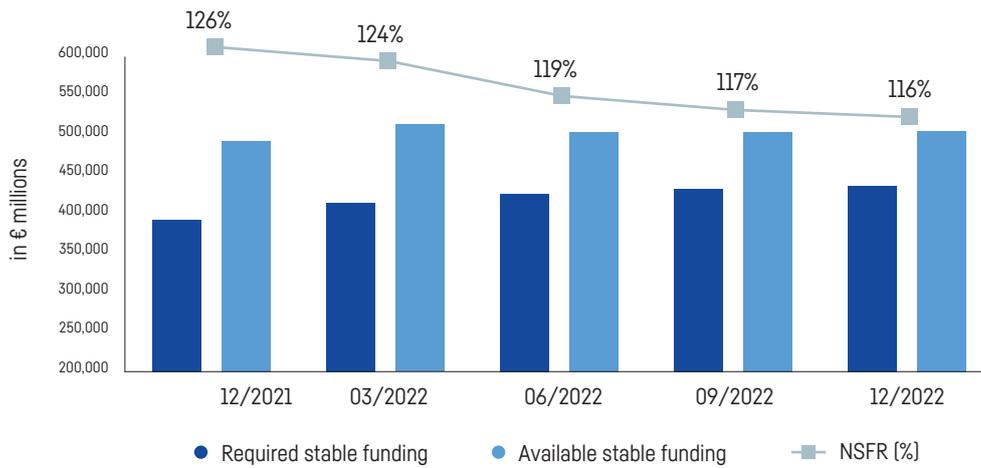
* Includes the temporary exclusion of central bank exposures in view of the COVID-19 epidemic according to Article 429 bis of the CRR2 which ended in June 2022.

5.1.2 Liquidity

GRAPH 12: CHANGE IN LCR AND LIQUIDITY BUFFER IN 2022



GRAPH 13: CHANGE IN THE NSFR OVER 2022



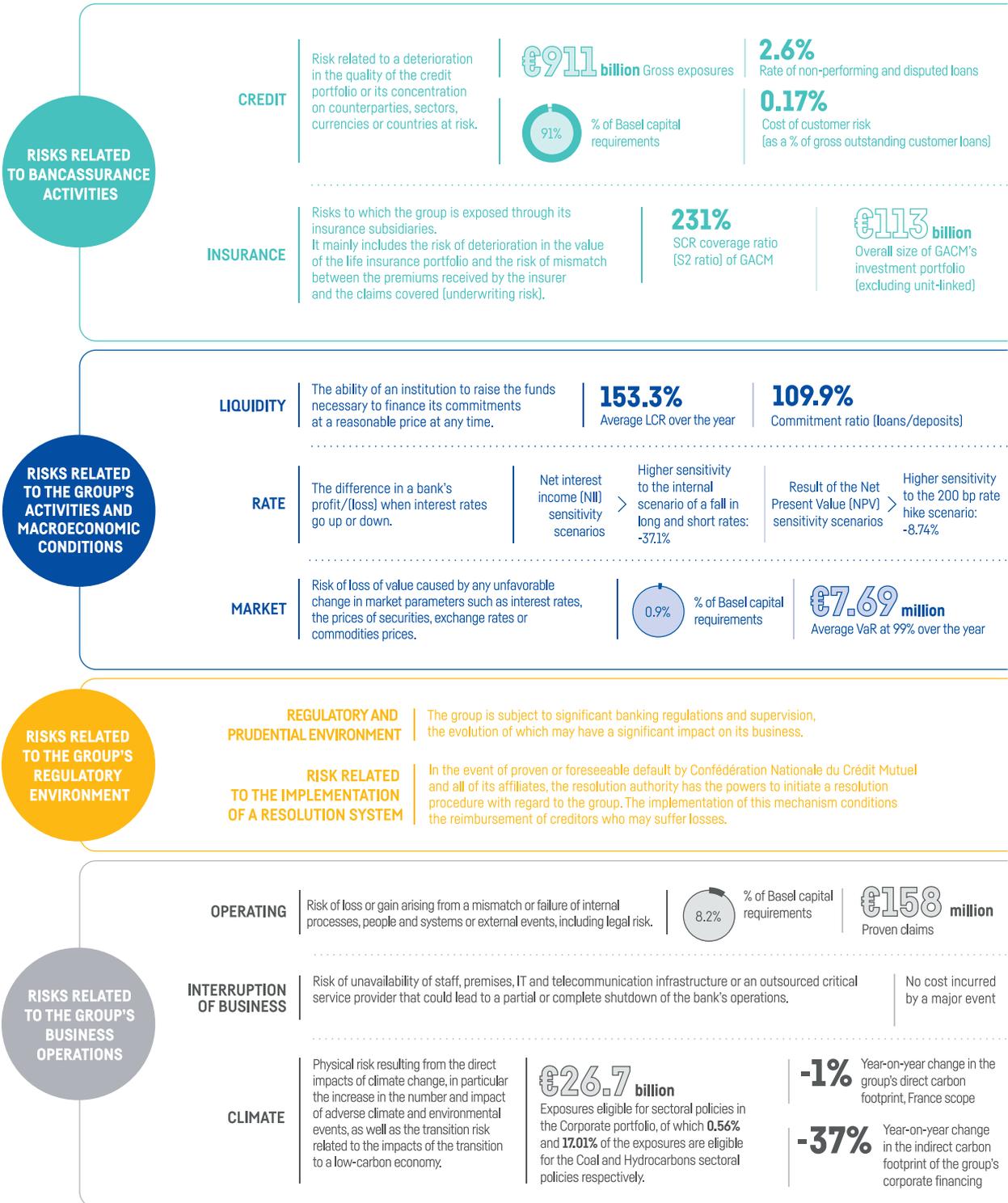
5.1.3 Key indicators (EU KM1)

TABLE 2: KEY INDICATORS OVER THE PAST FIVE QUARTERS

<i>(in € millions or as a percentage)</i>	12/31/2022	09/30/2022	06/30/2022	03/31/2022	12/31/2021
AVAILABLE EQUITY					
1 - Common Equity Tier 1 (CET 1) capital	50,888	48,835	49,467	48,096	45,996
2 - Tier 1 capital	50,938	48,883	49,514	48,142	46,257
3 - Total equity	57,573	56,216	57,041	54,624	53,246
RISK-WEIGHTED ASSETS					
4 - Total amount of risk-weighted assets	279,961	274,581	272,349	268,639	245,095
CAPITAL RATIOS (AS A PERCENTAGE OF THE RISK-WEIGHTED EXPOSURE AMOUNT)					
5 - Common Equity Tier 1 capital ratio	18.2%	17.8%	18.2%	17.9%	18.8%
6 - Tier 1 capital ratio	18.2%	17.8%	18.2%	17.9%	18.9%
7 - Total equity ratio	20.6%	20.5%	20.9%	20.3%	21.7%
ADDITIONAL SREP CAPITAL REQUIREMENTS (PILLAR 2 REQUIREMENTS AS A PERCENTAGE OF RISK-WEIGHTED ASSETS)					
EU 7a - Pillar 2 capital requirements	1.5%	1.5%	1.5%	1.5%	1.5%
EU 7b - of which: to be met with CET1 capital	0.8%	0.8%	0.8%	0.8%	0.8%
EU 7c - of which: to be met with Tier 1 capital	1.1%	1.1%	1.1%	1.1%	1.1%
EU 7d - Total SREP capital requirements	9.5%	9.5%	9.5%	9.5%	9.5%
TOTAL BUFFER REQUIREMENT AND TOTAL CAPITAL REQUIREMENT (AS A PERCENTAGE OF THE RISK-WEIGHTED ASSETS)					
8 - Capital conservation buffer	2.5%	2.5%	2.5%	2.5%	2.5%
EU 8a - Conservation buffer resulting from the macroprudential or systemic risk observed at the level of a Member State <i>(as a%)</i>	n/a	n/a	n/a	n/a	n/a
9 - Countercyclical capital buffer	0.0%	0.0%	0.0%	0.0%	0.0%
EU 9a - Systemic risk buffer <i>(as a%)</i>	n/a	n/a	n/a	n/a	n/a
10 - Buffer for global systemically important institutions <i>(as a%)</i>	n/a	n/a	n/a	n/a	n/a
EU 10a - Buffer for other systemically important institutions <i>(as a%)</i>	n/a	n/a	n/a	n/a	n/a
11 - Total buffer requirement	2.5%	2.5%	2.5%	2.5%	2.5%
EU 11a - Total capital requirements	12.0%	12.0%	12.0%	12.0%	12.0%
12 - CET1 capital available after compliance with the total SREP capital requirements	6.2%	5.8%	6.1%	5.9%	6.8%
LEVERAGE RATIO					
13 - Total exposure measurement	771,452	763,671	746,720	641,595	606,610
14 - Leverage ratio <i>(as a%)</i>	6.6%	6.4%	6.6%	7.5%	7.6%
ADDITIONAL CAPITAL REQUIREMENTS TO ADDRESS THE RISK OF EXCESSIVE LEVERAGE (AS A PERCENTAGE OF THE TOTAL EXPOSURE MEASURE)					
EU 14a - Additional capital requirements to address the risk of excessive leverage	n/a	n/a	n/a	n/a	n/a
EU 14b - of which: to be met with CET1 capital <i>(percentage points)</i>	n/a	n/a	n/a	n/a	n/a
EU 14c - Total SREP leverage ratio requirements	3.0%	3.0%	3.0%	3.3%	3.3%
LEVERAGE RATIO BUFFER REQUIREMENT AND TOTAL LEVERAGE RATIO REQUIREMENT (AS A PERCENTAGE OF THE TOTAL EXPOSURE MEASURE)					
EU 14d - Leverage ratio buffer requirement	0.0%	0.0%	0.0%	0.0%	0.0%
EU 14e - Total leverage ratio requirement	3.0%	3.0%	3%	3.3%	3.3%
LIQUIDITY COVERAGE RATIO (LCR)⁽¹⁾					
15 - Total liquid assets (HQLA)	132,770	139,293	144,690	144,303	138,753
EU 16a - Cash outflows	107,926	105,278	101,558	100,090	98,000
EU 16b - Cash inflows	21,035	20,467	20,363	20,553	21,351
16 - Total net cash outflows	86,891	84,811	81,194	79,537	76,649
17 - Liquidity coverage ratio (LCR)	153.3%	165.4%	179.2%	182.0%	181.3%
NET STABLE FUNDING RATIO (NSFR)					
18 - Total available stable funding	505,907	504,223	504,529	514,011	492,874
19 - Total required stable funding	435,899	432,208	425,623	414,247	392,543
20 - Net stable funding ratio (NSFR)	116.1%	116.7%	118.5%	124.1%	125.6%

(1) Number of dates used in the calculation of averages: 12.

5.2 RISK FACTORS (EU OVA)



Crédit Mutuel Alliance Fédérale (hereinafter referred to as “the group”) includes all entities in the “regulatory perimeter,” comprising the Crédit Mutuel banks, the federations and Caisse Fédérale de Crédit Mutuel, and the “BFCM consolidated scope,” consisting of Banque Fédérative du Crédit Mutuel and all its subsidiaries.

Crédit Mutuel Alliance Fédérale is exposed to multiple risks associated with its Retail Banking, Insurance, Corporate Banking, Capital Markets, Asset Management, Private Banking and Private Equity. The group has set up a process to identify and measure risks related to its activities, which enables it, at least once a year, to prepare the map of its most significant risks. The risk mapping is submitted to the group’s Board of Directors for validation.

5.2.1 Risks related to the group’s banking and Insurance

5.2.1.1 Credit risk

Crédit Mutuel Alliance Fédérale’s primary risk is credit risk, because of its business model. Gross exposures – balance sheet, off-balance sheet, derivatives and repurchase agreements – which are almost exclusively subject to credit risk, represented €911 billion as of December 31, 2022 and mobilized 91% of the group’s Pillar 1 capital requirements pursuant to the Basel III regulations.

In the context of the Covid pandemic, the support measures taken by banks and public authorities have had the effect of anesthetizing the classic indicators of credit risk, with, in particular, a sharp drop in corporate failures in France in 2020 and 2021, even though the pandemic has led to unprecedented drops in activity, or even brought certain sectors of activity to a halt, such as the hotel and restaurant industry, with massive recourse to borrowing, particularly in France *via* state-guaranteed loans. The rebound in activity in 2021 led to bottlenecks in certain sectors, such as the motor sector following the semiconductor chip crisis, and the conflict between Russia and Ukraine has accentuated the upturn in inflation due to commodity costs, particularly in oil and gas.

Details of exposures by type of counterparty are available in Pillar 3, tables 29 Performing and non-performing exposures and related provisions – EU CR1 and 27 Credit quality of loans and advances to non-financial companies by industry – EU CQ5.

Taking the consequences of the 2008 crisis on Crédit Mutuel Alliance Fédérale’s financial statements as an example, the current inflationary crisis could have four types of significant impacts on the group’s credit risk exposures.

a. The first impact would be related to the **risk of financial loss due to the inability of counterparties to meet their contractual obligations** (risk of default), especially since the Covid crisis generated massive recourse to debt, particularly *via* state-guaranteed loans, of which €13.2 billion remained outstanding at the end of 2022, to cope with the sharp drops in activity and cash flow during periods of lockdown. The counterparties may be banks, financial institutions, industrial or commercial companies, governments, investment funds or natural persons. This risk concerns the financing activities, which appear on Crédit Mutuel Alliance Fédérale’s balance sheet, or guarantee activities, which appear off balance sheet, as well as other activities exposing the group to a risk of counterparty default, notably its activities related to the trading and settlement/delivery

CMNE – Since January 1, 2022, Crédit Mutuel Nord Europe has been affiliated with Crédit Mutuel Alliance Fédérale. Given the business model and the relatively similar risk profiles of CMNE and Crédit Mutuel Alliance Fédérale, this affiliation is not likely to significantly modify the group’s risk factors and does not call into question the presentation of Crédit Mutuel Alliance Fédérale’s risk factors below.

Below are the main factors that can significantly influence the group’s risks. Major risks are addressed first within each category.

of financial instruments on the Capital Markets, and to insurance. As of December 31, 2022, Crédit Mutuel Alliance Fédérale’s rate of non-performing and disputed loans reached 2.58%, stable compared to the end of 2021, while it was 2.91% at the end of 2020. The cost of risk was €768 million *versus* €699 million in 2021. In relation to gross outstanding loans, the cost of customer risk was 0.163%, compared with 0.154% in 2021. The group has a buffer of provisions on healthy outstandings of €3.3 billion, compared with €3.4 billion in 2021, following a significant allocation effort in 2020 of nearly €1.4 billion in allocations, which could prove insufficient if the cost of proven risk exceeded the group’s most pessimistic forecasts. Following the 2008 crisis, the group’s NPL ratio rose to 4.68% at December 31, 2009, spiking the cost of risk to 0.77% of gross loans at the time.

- b.** The second impact would depend on the **method used to calculate the weighted risks in the denominator of the solvency ratio**. Within Crédit Mutuel Alliance Fédérale, 63% of total exposures to credit risk are assigned an internal rating, the quality of which affects the calculation of the credit risk-related capital requirements under Basel III, and therefore the group’s solvency ratio. Lower ratings on all or part of the portfolio would result in lower solvency of the group. The current geopolitical crisis could increase this risk, also given the increased indebtedness of economic agents.
- c.** Due to the size of its portfolio of real estate loans representing 51% of net loans to customers, *i.e.*, €254 billion at December 31, 2022, mainly in France, **the group is exposed to a turnaround in the real estate market**, the likelihood of which could be increased by the geopolitical crisis and the current inflationary context, for example as a result of a drop in demand linked to the deterioration in the financial situation of households or an increase in the unemployment rate. Such scenario would impact the cost of risk due to the increase in defaults but also, in the case of mortgage-backed financing, through a drop in the value of dwellings pledged as collateral if the real estate market was affected for a considerable period of time. Following the 2008 crisis, the cost of risk on the network’s portfolio of property loans reached 0.10% of the balance sheet commitments for two years, in 2009 and 2010. In 2022, the cost of risk on the network’s home loans was not significant and not very different from 2021 and 2020. Just before the Covid-19 crisis in 2019, this rate reached 0.02%.

- d. Crédit Mutuel Alliance Fédérale has a relatively high unitary exposure to certain States, bank counterparties or large groups, mainly French, some of which have benefited from support measures implemented by public authorities (*i.e.*, state guaranteed loans). **The default of one or more of the group's largest customers could degrade its profitability.** Among States and similar entities, *i.e.*, €189 billion of gross exposure as of end-2022, the group is mainly exposed to France for €157 billion, mainly to the Banque de France (nearly €96 billion), which is a member of the Eurosystem, and to the Caisse des dépôts et consignations (nearly €39 billion, which is considered to be a sovereign risk in France due to the centralization mechanism for deposits from regulated savings accounts). Other than States, as of December 31, 2022, single exposures, on- and off-balance sheet exceeding €300 million, *i.e.* less than 10% of net profit, represented nearly €6 billion on banks for seven counterparties and €45 billion on companies for 67 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.

5.2.1.2 Risks connected to Insurance

Due to its banking and insurance business, which results from its majority holding of nearly 90%⁽¹⁾ in Groupe des Assurances du Crédit Mutuel (GACM), Crédit Mutuel Alliance Fédérale is subject to additional supervision under Directive 2002/87/EC on financial conglomerates (FICOD). Over recent years, GACM contributed on average to around 25% of Crédit Mutuel Alliance Fédérale's net income and distributes its products mainly through the bank networks to which it pays fees. A major deterioration in GACM's solvency position could require Crédit Mutuel Alliance Fédérale to take action, which could reduce the group's consolidated solvency position. As of December 31, 2022, GACM had a Solvency II ratio (SCR) of 231%, for a regulatory requirement of 100%.

The risks to which the insurance business line is exposed are as follows:

- financial risks, in particular market risks (decline in equity markets, rise and fall in interest rates), credit risk, liquidity risk;
- life underwriting risks: increased mortality, surrenders;
- non-life underwriting risks: undervaluation of claims;
- disaster risk: occurrence of a major climatic event (storm, hail, etc.), pandemic;
- risk of reinsurer default;
- operating risks.

Within this set of risks, the two main ones are market risks and underwriting risks.

- a. **Market risk related to Insurance: market risks notably cover interest rate risk connected to savings in euro, equity risk and similar risks, and property risk.**

If there was a sudden hike in rates, GACM's rate for its euro contracts could be below the market, resulting in the probable loss of some customers. This would necessitate the sale of bonds and the recognition of unrealized losses if redemptions became significant. Conversely, a prolonged period of low rates could dilute the rate of return on assets to below the minimum guaranteed rate stipulated in the euro savings contracts, creating an adverse effect on GACM's profitability.

Furthermore, a crash in the equity or real estate market would lead to impairments of these assets. GACM would have to recognize provisions for unrealized losses and would record a decline in financial income.

As of December 31, 2022, market risks accounted for 42% of GACM's SCR.

The total investment portfolio excluding unit-linked funds amounted to €112.6 billion.

- b. **Underwriting risk: it concerns GACM's personal protection insurance, borrower insurance, savings, retirement, non-life and health insurance**

The underwriting risk is likely to materialize in the following three situations.

- an unforeseen change in mortality, longevity, disability and invalidity rates would weigh on the personal protection insurance, loan insurance or retirement activities by increasing claims loss and the benefits under these portfolios;
- a massive increase in redemptions or terminations compelling GACM to reimburse borrower insurance policyholders early, or non-life holders changing insurers, resulting in lost earnings. As euro-denominated savings contracts have a capital guarantee, the mass sale of assets at a potentially unfavorable time on the financial markets could result in financial losses;
- the inadequacy of rating or the amount of technical reserves compared to the structure of the losses and costs to be covered could generate a loss of profitability.

At December 31, 2022, life underwriting risks represented 26% of the SCR, health underwriting risks, 14% and non-life underwriting risks 11%.

(1) Following the integration of Crédit Mutuel Nord Europe into Crédit Mutuel Alliance Fédérale on January 1, 2022.

5.2.2 Risks related to the group's activities and macroeconomic conditions

Financial risks related to the macroeconomic and market environments are defined as risks related to the changes in market conditions and in particular those affecting income, price levels and the macroeconomic environment such as the existing or anticipated economic environment.

5.2.2.1 Liquidity risk

Liquidity risk means the capacity for a bank to find the funds necessary for financing its commitments at a reasonable price at any time. Thus, a credit institution which is unable to honor its net outflows of cash because of a scarcity of its financial resources in the short-, medium- and long-term has a liquidity risk.

After the year 2021, which took place in a context of still-low rates and a liquidity environment inherited from the Covid crisis, the year 2022 saw central banks proceed to tighten their monetary policy and initiate the withdrawal of the liquidity injected during the health crisis. The refinancing markets were severely disrupted by the war in Ukraine and the instability of the geopolitical context: the long-term issuance market was completely closed for many days during the first half of the year, leaving only narrow windows of opportunity and accompanied by a general widening of spreads.

Crédit Mutuel Alliance Fédérale's liquidity risk can in particular be assessed through the regulatory short-term LCR ratio (Liquidity Coverage Ratio), which compares highly liquid assets to net liquidity outflows at thirty days in a stress scenario. Crédit Mutuel Alliance Fédérale's average LCR was 153.3% over 2022, representing an average surplus of €45.9 billion over the minimum regulatory requirements. Crédit Mutuel Alliance Fédérale's liquidity reserve consists of deposits with central banks, primarily the European Central Bank, securities and available receivables which are eligible for central bank refinancing. It amounted to €190.0 billion as of December 31, 2022. Illustrating the transformation of an institution at one year, at December 31, 2022, Crédit Mutuel Alliance Fédérale's NSFR (Net Stable Fund Ratio) amounted to 116.1% with a stable surplus of resources of €70 billion.

The loan-to-deposit ratio, or commitment ratio, is an accounting indicator and not a regulatory indicator that complements the series of liquidity indicators. This indicator reached a level of 109.9% as of December 31, 2022.

- a. Crédit Mutuel Alliance Fédérale's access to financing and the costs of this financing could be adversely impacted by sharp downturns in the market, major macroeconomic difficulties, a sudden deterioration in rating or other crisis factors.**

Short-, medium- and long-term market funds are an essential component for financing Crédit Mutuel Alliance Fédérale'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 were to deteriorate significantly, the impacts on the financial sector in general and on Crédit Mutuel Alliance Fédérale in particular could significantly impact the level of its liquidity and the group's financial situation, particularly in terms of profitability.

Although 2022 was marked by volatile and complex markets, Crédit Mutuel Alliance Fédérale completed its entire refinancing program, demonstrating the strength of its credit.

- b. A significant deterioration in BFCM's rating could have a significant impact on Crédit Mutuel Alliance Fédérale's capacity to develop business.**

BFCM is the principal issuer of Crédit Mutuel Alliance Fédérale, and accordingly obtains ratings on behalf of the group. The ratings are based in particular on the review of governance, strategy, quality and diversity of revenue sources, capital adequacy, balance sheet quality and structure, risk management and appetite for risk. BFCM's long-term Senior Preferred ratings at December 31, 2022 are AA- stable for Fitch Ratings, Aa3 stable for Moody's and A+ stable for Standard & Poor's. The latter agency rates the Crédit Mutuel group and its main issuers.

Accordingly, a decrease in these credit ratings could have an impact on the refinancing of Crédit Mutuel Alliance Fédérale. This situation could limit access to refinancing, increase costs through the increase in credit spread, trigger obligations in certain bilateral contracts and collateralized financing agreements, and ultimately diminish the group's ability to expand.

- c. A significant "change/variation" in interest rates could have an adverse impact on customer behavior and affect the level of their bank deposits.**

The low interest rate environment that has prevailed for several years has changed customer behavior and the way customers place their deposits. Thus, in recent years customers have opted to deposit their funds on current accounts rather than deposit accounts (passbook accounts, term deposits, etc.) due to unattractive interest rates. 2022 looks to be pivotal year with the tightening of monetary policies and the return of short-term rates to positive territory.

Accordingly, an increase in interest rates could lead to some volatility in these current account deposits. Customers could decide to invest them or place them in other types of accounts (passbook accounts, term deposits) 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. The impact of the rise in interest rates, observed in 2022, is still not very visible on outstanding deposits, particularly in retail banking. The risk remains, even with a time lag.

- d. The increase in the Banque de France's discounts for pledged securities in TRICP- (data processing of private loans, or Traitement Informatique des Créances Privées) – or ACC- (Additional Credit Claims) type refinancing transactions could reduce the level of Crédit Mutuel Alliance Fédérale'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 allow them to be pledged and to be eligible for financing by the European Central Bank. 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 refinancing transactions, or a tightening of eligibility criteria, could reduce the level of Crédit Mutuel Alliance Fédérale's liquidity reserve. The announcement in October 2022 of the end of the eligibility of private residential loans, as of June 30, 2023, illustrates this risk perfectly and highlights the need to diversify the 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.

After a long period of accommodative policy, accentuated by the exceptional measures related to the Covid pandemic, dominated by the war in Ukraine and the increase in inflation, central banks tightened their monetary policies and scheduled successive increases in their key rates in the 2022 financial year. The yield curves in the United States and the Eurozone also adjusted abruptly to this change in the economic and monetary environment. Recalling that the fight against inflation remains its priority objective, the ECB announced its intention to continue its rate increases in 2023 in view of the published figures [+5.2% inflation in France for the year 2022].

The net present value (NPV) sensitivity of Crédit Mutuel Alliance Fédérale's balance sheet, determined according to six regulatory scenarios, is below the 15% threshold for Common Equity Tier 1 capital. Crédit Mutuel Alliance Fédérale is sensitive to increases in the entire yield curve, with a downward NPV sensitivity of -8.74% relative to Common Equity Tier 1 capital as of December 31, 2022. The sensitivity of net interest income at one and two years is determined according to several scenarios (increase and decrease of rates by 100 bps., increase and decrease of rates by 200 bps. with a floor) and two stress scenarios (flattening/inversion of the yield curve and a stagnation/inflation shock in short and long rates). The "stagflation with alternative backing" scenario is the most unfavorable for Crédit Mutuel Alliance Fédérale with an impact of -37.09% over two years, *i.e.*, -€2,944.69 million as of December 31, 2022.

a. A prolonged low interest rate environment carries risks which could affect Crédit Mutuel Alliance Fédérale's revenues and profitability.

A large portion of Crédit Mutuel Alliance Fédérale'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 Crédit Mutuel Alliance Fédérale has no control, such as the level of inflation, the monetary policies of Central Banks, including that of the French State, in particular the level of regulated rates (*Livret A*, *Livret Bleu* passbook savings accounts, etc.). Thus, Crédit Mutuel Alliance Fédérale's revenues and

profitability are impacted by the changes in interest rates at different points on the yield curve. The low interest rate environment in the markets for several years has significantly impacted the profitability of banks, including CIC. With the rise in interest rates in 2022, this risk factor is receding.

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 Crédit Mutuel Alliance Fédérale's net banking income and its profitability.

The end of a prolonged period of low interest rates, particularly from a tightening of monetary policy, brings risks for the banking sector in general and for Crédit Mutuel Alliance Fédérale in particular. An abrupt rise in 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. This hike could have a marked impact on the cost of refinancing in the banking sector markets for short- and medium/long-term debt issues. At the same time, Crédit Mutuel Alliance Fédérale may find it difficult to immediately pass on this increase in interest rates to housing loans and other fixed-rate loans granted to individuals and businesses, while the cost of customer deposits would tend to increase more rapidly. Some current non-interest-bearing demand deposits are volatile and might be turned into more costly deposits, term deposits and passbook accounts, for example. A portion of the volatile deposits might also be shifted by investors to off-balance sheet vehicles such as UCITS and life insurance.

The change in interest rates observed in 2022 illustrates this risk, with a squeeze on margins as described. The transfer of deposits to off-balance sheet instruments has not yet been observed, in particular for retail customers.

c. Significant changes in the value of the securities portfolios and derivatives used for hedging purposes may have an adverse impact on Crédit Mutuel Alliance Fédérale's net profit/(loss) and shareholders' equity.

As changes in the value of liquidity portfolio assets are recognized on a fair value basis, either directly in the income statement or through shareholders' equity, any unfavorable change is likely to have a direct or indirect negative impact on shareholders' equity and therefore on profitability, as well as on Crédit Mutuel Alliance Fédérale's prudential ratios.

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 Capital Markets of CIC Marchés subsidiary, the asset-liability management activity and the asset management business of the group's management companies. The impact of market risk on Insurance is described in risk factor 5.2.1.2, connected to Insurance above.

The potential impact of market risk on the ALM business is described above. The risk associated with asset management is due to the fact that the fees received by this business line vary with the valuation of the funds under management, which is set by markets.

The main risk factors associated with market risks are:

- a. **A worsening of economic prospects** would negatively affect the financial markets, which are supposed to reflect the health of issuers of the capital and debt securities that are traded in them.

The valuation of securities would drop and the volatility of the valuations would increase. The effect on the activities of CIC Marchés would therefore be negative.

The volatility of financial markets may have an unfavorable effect and lead to corrections on risky assets and generate losses for the group. In particular, an increase in volatility levels could make it difficult or costly for the group to hedge certain positions.

The investment business line would suffer from adverse financial conditions to the extent that this business line, in particular with a view to improving the economy, takes a position on increasing stock market valuations and on a better rating quality of debt issuers.

The results of the commercial business line would also be negatively impacted by poor market conditions. Fees from the brokerage business would drop in proportion to the decline in transaction valuations. Similarly, the number of transactions on the primary market (initial public offers, capital increases and debt issues) would drop, which would translate directly into less fees.

- b. **Monetary policy**, which has a strong impact on market risks (cf. the section on interest rate risk above). The ECB's accommodative monetary policy *via* its "asset buyback" component supports the valuation of capital instruments (equities) and debt instruments (bonds), which could result in overvaluation.

The market risk to which CIC Marchés division is exposed is weak. The capital allocated to CIC Marchés is €560 million, which represents 1% of Crédit Mutuel Alliance Fédérale's overall regulatory capital, or €57.6 billion. As of December 31, 2022, this amount had been used in the amount of €397.3 million. During the 2022 fiscal year, the historical VaR (one-day, 99%) of the trading book amounted to €7.69 million on average for the group.

After the year 2021, which saw a recovery in equity indices and a tightening of credit spreads in a context of low interest rates, the year 2022, on the other hand, was marked by strong market volatility and macroeconomic uncertainties since the invasion of Ukraine by Russia, leading in particular to a rise in inflation, a widening of spreads, energy prices and a fall in the euro against the dollar. Despite this context, CIC Marchés ended the year with an IFRS NBI of €344.7 million and a profit before tax of €125.9 million (compared with €366.4 million and €135.1 million in 2021 respectively).

5.2.3 Risks related to the group's regulatory environment

5.2.3.1 Risks related to the regulatory and prudential environment

Crédit Mutuel Alliance Fédérale's regulatory environment is described in the dedicated section 2.1.2 Regulatory environment of chapter 2. The group is subject to a large number of banking regulations, some of which are not reflected in its prudential ratios but could have a significant effect on them. As specified in the risk factor related to credit risk, a large majority of the group's exposures are approved by the supervisor for calculation using the internal risk weighting model. However, the changes in the regulations, known as the Basel III finalisation, will have an unfavourable impact on the calculation of weighted risks and therefore the group's solvency ratio. The probability of this risk occurring is almost certain, but its date of occurrence is still uncertain in the absence, at the end of 2022, of the definitive transposition of the Basel III agreements (CRR 3 - CRDVI). Its impact will depend on the exact methods of transposition of this regulation into national and European law.

- a. **A capital floor (also known as the output floor), the purpose of which is to limit the gains in shareholders' equity resulting from internal models**, should be progressively introduced for the calculation of weighted risks in the denominator of the solvency ratio. A large part of the group's exposures are weighted based on internal models, particularly for retail and corporate customers. It is well below the standard weighting for most of them. According to the draft transposition of November 2022, the application of the output floor will be done in progressive steps, starting at 50% of the requirements of the standard model from 2025 and reaching 72.5% in 2030. It will have an unfavorable impact on the solvency ratio. The timetable and the exact methods of application of the output floor will depend on the transposition of this regulatory measure into national and European law.

- b. **Finalization of internal model review missions or TRIM** (Targeted Review of Internal Models) conducted by the European Central Bank with European banking institutions **may lead to a deterioration in Crédit Mutuel Alliance Fédérale's CET1 solvency ratio** due to additional requirements on RWAs or additional conservatism on Basel parameters (PD, LGD, CCF). Similarly, the implementation of the ECB's targeted surveys on internal models as part of the implementation of the program IRB Repair of the European Banking Authority may also result in a review of the Basel parameters of the internal models and an increase in risk-weighted assets (RWA). In addition, the new stress test, launched by the EBA starting in 2023, could lead to additional capital requirements under Pillar 2 Guidance.

5.2.3.2 Risks related to the implementation of a resolution system

The regulations give the resolution authority the power to initiate insolvency proceedings in respect of the Crédit Mutuel group if, after applying the measures referred to in Article L.511-31, CNCM, the central body of the group and all its affiliates, is failing, or is likely to fail, with the objective of ensuring critical function continuity, avoiding risks of contagion and recapitalizing or restoring the Crédit Mutuel group's viability. These powers must be implemented in such a way so that losses, subject to certain exceptions, are borne first by the impairment or conversion of capital instruments; then by holders of Additional Tier 1 and Tier 2 capital instruments; holders or subordinated receivables other than those referred to as Additional Tier 1 or Tier 2 capital instruments in paragraph 5 of Article L.613-30-3 of the French Monetary and Financial Code; then by holders of senior non-preferred bonds; and finally by holders of senior preferred bonds, in accordance with the priority order of their claims.

The resolution authority has extensive powers to implement the resolution tools for the Issuer, or the Crédit Mutuel group, which may include the total or partial transfer of business to a third party or to a bridge institution, the separation of the institution's assets, the substitution of the Issuer as debtor in respect of debt instruments, the total or partial impairment of regulatory capital instruments, the dilution of regulatory capital instruments through the issuance of new equity securities, the total or partial impairment or conversion of debt instruments into equity securities, the modification of the terms of debt instruments (including the modification of the maturity and/or the amount of interest payable and/or the temporary suspension of payments), the suspension of the listing and admission to trading of financial instruments, the dismissal of executives or the appointment of a special director.

The Issuer is covered by the Crédit Mutuel group's internal financial solidarity mechanism. Nevertheless, creditors' attention is drawn to the fact that repayment in full of creditors' loans is subject to the risk of the implementation of said financial solidarity mechanism.

Where the emergency plan or the solidarity measures taken are not sufficient to facilitate the recovery of the central body's affiliates, including the Issuer, or if objective evidence suggests in advance that the implementation of any such emergency plan or measures that may be taken by CNCM would prove insufficient to restore compliance with prudential requirements, the resolution of the Crédit Mutuel group will be determined on a collective basis. In fact, the implementation of the solidarity mechanism is accompanied by the merger of Crédit Mutuel group affiliates.

During phases of proven financial difficulty, *i.e.*, when the European Central Bank alerts the Single Resolution Board of the risk of failure ("Failing Or Likely To Fail," or FOLTF principle), of the Crédit Mutuel group determined on a consolidated basis, where the Single Resolution Board declares the Crédit Mutuel group FOLTF, on a consolidated basis, in accordance with Article 18.1 of Regulation (EU) 806/2014, known as the SRMR or, as provided for in the national solidarity mechanism, when the emergency plan or the measures taken by CNCM within the context of this mechanism are not sufficient to facilitate the recovery of a

failing group, or if objective evidence suggests in advance that the implementation of any such emergency plan or measures that may be taken by the Confédération would prove insufficient to restore compliance with prudential requirements, CNCM, at the request of the supervisory or resolution authorities, as appropriate, is fully authorized to fulfill the objectives and principles followed by these authorities in relation to solidarity.

During phases of proven financial difficulty or during the resolution phase, there is unlimited solidarity between CNCM affiliates.

The implementation of these means and powers with regard to the Issuer, or the Crédit Mutuel group, may give rise to significant structural modifications.

Should CNCM be required to merge all its affiliates, creditors could find themselves competing with creditors of the same ranking of other CNCM affiliates. After the transfer of all or part of the activities, the creditors, even without any impairment or conversion of their loans, would hold loans in an institution whose remaining businesses or assets may be insufficient to satisfy the claims held by all or some of its creditors.

If CNCM has not merged all its affiliates upon commencement of resolution, the resolution authority may consider other resolution strategies (transfer of business, bridge institution, separation of assets or coordinated "bail-in" of all CNCM affiliates). Should the resolution authority apply a coordinated "bail-in," the liquidity of CNCM affiliates and all capital instruments and eligible liabilities may be used to help offset losses and recapitalize CNCM affiliates. In this event, value reduction measures or the conversion of eligible liabilities would follow the ranking of creditors in a judicial liquidation. The "bail-in" would be based on capital requirements at consolidated level but would be applied on a *pro rata* basis by entity, *i.e.*, the same impairment or conversion rate will be applied to all shareholders and creditors of the same class, irrespective of the issuing legal entity within the network.

Exercising the powers described above may result in losses for investors.

5.2.4 Risks related to the group's business operations

5.2.4.1 Operational risks

In accordance with point 52, Article 4 of Regulation (EU) No. 575/2013, operational risk is defined as the risk of loss or gain resulting from inadequate or failed internal processes, people and systems, or from external events, and includes legal risk. The Order of November 3, 2014 states that operational risk includes risks from events with a low probability of occurrence but a high impact, risks of internal and external fraud as defined in Article 324 of Regulation (EU) No. 575/2013 cited above, and model risks.

The Order of November 3, 2014 describes model risk as the risk of the potential loss an institution may incur as a consequence of decisions that could be principally based on the output of internal models, due to errors in the development, implementation or use of such models.

Operating 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 risk for the group, notably fraud involving means of payment.
- b. **Legal risks** to which the group is exposed and which could have an 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 2022, €1.83 billion of shareholders' equity was allocated to cover the losses generated by this risk. Capital requirements amounted to €22.4 billion at the end of December 2022, of which 8.2% in respect of operating risks, *i.e.*, €1,834 million. The main risks of potential claims are (i) external and internal fraud and (ii) risks related to the policy towards customers, products and commercial practices, including legal risk.

The risks with the greatest impact on the proven claims ratio in 2022 were: (i) the policy for customers, products and commercial practices, (ii) fraud (iii) and failures in the processing of transactions or management of relations with commercial counterparties and vendors.

Fraud accounted for 29% of the group's proven claims in 2022, of which 28% for external fraud and 40% of potential claims (the portion relative to capital requirements for operational risks). Crédit Mutuel Alliance Fédérale's overall proven claims experience, excluding any insurance recoveries, where applicable, in 2022 represented about 0.91% 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 Crédit Mutuel Alliance Fédérale'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 Crédit Mutuel Alliance Fédérale 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 highlights of 2022 were as follows:

- in the context of the Covid pandemic, Crédit Mutuel Alliance Fédérale's activities gradually returned to normal and the operational claims have been very low compared to the previous two years;
- in the context of the Russia-Ukraine conflict, the risk of a cyberattack potentially threatening all or part of Crédit Mutuel Alliance Fédérale's activities was continuously monitored and reinforced by dedicated teams. No partial or complete shutdown of activity has been recorded in any area. However, since February 24, 2022, the activities of CIC's representative office in Moscow have ceased;
- In the context of the energy crisis of the winter of 2022-2023, the anticipation of possible load shedding due to insufficient energy supply by energy providers has been taken into account. Without effective implementation.

5.2.4.3 Climate risks

Climate change exposes Crédit Mutuel Alliance Fédérale to:

- physical risks resulting from natural hazards (100-year floods, storms, hurricanes, tornados, typhoons, earthquakes) and/or 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. **Crédit Mutuel Alliance Fédérale'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. **Crédit Mutuel Alliance Fédérale'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 transportation costs,
 - a potential capital surcharge, depending on the carbon taxonomy of the financing and securities in the portfolio.

Crédit Mutuel Alliance Fédérale's sectoral policies make it possible to define a scope of intervention and to set criteria for conducting business in areas where the social and environmental impacts, including climate risks, are the most significant. These policies are applicable CIC-wide and are monitored at Crédit Mutuel Alliance Fédérale level. Monitoring of exposures eligible for sectoral policies, for all corporate, investment and insurance portfolios, provides an initial measurement of the exposures potentially most affected by climate risks. Crédit Mutuel Alliance Fédérale has seven sectoral policies: Coal, Mining, Hydrocarbons, Civilian nuclear energy, Defense and Security, Mobility in the air sector, Maritime and Road sectors and agriculture. As of December 31, 2022, €41.7 billion were eligible for sectoral policies, compared to €36.3 billion as of December 31, 2021, of which €26.7 billion in the corporate portfolio. In this portfolio, the share of exposures related to the Coal & Hydrocarbons sectoral policies amounted to 0.56% and 17.01% respectively. CIC's direct and indirect carbon footprint is included in the data calculated at Crédit Mutuel Alliance Fédérale level. Crédit Mutuel Alliance Fédérale's direct carbon footprint in France, related to the group's energy consumption, refrigerants, vehicle fleet and business travel, decreased by 1% between 2020 and 2021, and the indirect carbon footprint of the financing in the corporate portfolio, measured in tons of CO₂ per million euros lent, decreased by 37% between 2022 and 2021. More information concerning the non-financial performance and climate commitments of Crédit Mutuel Alliance Fédérale and CIC is available in Crédit Mutuel Alliance Fédérale universal registration document in chapter 3 Social and Mutualist Responsibility.

5.3 RISK MANAGEMENT (EU OVA & EU OVB)

5.3.1 Risk profile

Crédit Mutuel Alliance Fédérale is a mutualist 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, 2022. Only the Crédit Mutuel group is listed by the ACPR among the Other Systemically Important Institutions (O-SII)⁽²⁾ in accordance with Article L.511-41-1 A of the French Monetary and Financial Code.

The Crédit Mutuel Alliance Fédérale's strategy is based on long-term values which promote controlled, sustainable and profitable growth.

Retail banking is its core business, as demonstrated by the share of credit risk (90% as of December 31, 2022) in its total capital requirements and the importance of the retail book in its total exposures. Crédit Mutuel Alliance Fédérale operates predominantly in France and in neighboring European countries (Germany, Belgium, Luxembourg, Switzerland and Spain).

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

Crédit Mutuel Alliance Fédérale's risk appetite framework evolved from the group's desire to have a general framework setting out its core principles with regard to risk. These result from its mutualist character and its choice of retail bank insurance.

In summary, the aim of Crédit Mutuel Alliance Fédérale'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 risk appetite framework provides a coherent framework in which the group's various businesses can develop in accordance with Crédit Mutuel's values. It is intended to promote a strong and proactive culture regarding risk management. It is based on a medium- and long-term view and incorporated into our decision-making processes.

The application of the principles of Crédit Mutuel Alliance Fédérale's risk appetite framework is monitored and overseen by the group risk department, the permanent control and compliance department for the second line of defense and by the general inspection for the third line of defense.

The risk appetite framework policy is taken into account when setting the strategic, financial and marketing objectives to benefit Crédit Mutuel Alliance Fédérale's members and customers.

The risk appetite framework 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.

Crédit Mutuel Alliance Fédérale has based its risk policy on three main pillars:

- ICAAP (Internal Capital Adequacy Assessment Process): at the conclusion of the risk analysis process, the capital level is deemed to be sufficient to cover the risk exposure. The ICAAP report, prepared in accordance with Confédération Nationale du Crédit Mutuel (CNCM) methodology and the economic capital projections and capital adequacy ratio over a three-year horizon, are updated annually and presented to the Group Risk Committee and the Group Risk Monitoring Committee;
- ILAAP (Internal Liquidity Adequacy Assessment Process): Crédit Mutuel Alliance Fédérale's liquidity risk tolerance policy is extremely cautious, with the aim of guaranteeing the refinancing of its activities over the long term; it is monitored by the control committees, the Monitoring Committees and the operational committees. To identify, measure and manage liquidity risk while meeting the needs of the entities and business lines, the asset-liability management (ALM) and group treasury staff have established management indicators together with warning limits and alert thresholds; the reliability of operating procedures is checked on a regular basis using regulatory and internal stress scenarios;
- a comprehensive limits process: several limits systems cover the majority of activities and all risks, *i.e.*, limits on the following risks: solvency, profitability, interest rate, credit, liquidity, market, operating, IT, non-compliance, climate and environmental.

(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).

(2) The list of O-SII is published on the ACPR site.

5.3.3 Risk governance

5.3.3.1 Risk monitoring system

5.3.3.1.1 Risk management function

The risk department of Crédit Mutuel Alliance Fédérale covers the activities of all of its entities, networks, business lines and French and foreign subsidiaries and branches, excluding non-financial activities (press, domotics, etc.). It is responsible for risk management, as defined in the Order of November 3, 2014 concerning the internal control of banking institutions, at the central level of Crédit Mutuel Alliance Fédérale for every organizational unit.

It works closely with the risk department of Confédération Nationale du Crédit Mutuel (CNCM) and with the risk officers appointed in each entity of Crédit Mutuel Alliance Fédérale, pursuant to the procedure defining the role of risk officers.

The risk department is independent of the line managers and is tasked with detecting, measuring and monitoring risks throughout Crédit Mutuel Alliance Fédérale and with reporting to executive governance and supervisory bodies, in particular Executive Management and the Board of Directors. It forms an integral part of the internal control and risk management system of Crédit Mutuel Alliance Fédérale and relies on the work of the teams from the permanent control and compliance departments, with whom it forms the risk, permanent control and compliance department.

More specifically, the missions and objectives of the risk department are to:

Detect

- Assess the risks, operations, results, level and nature of exposure of Crédit Mutuel Alliance Fédérale and its different components, in order to detect major risks and emerging risks, taken individually and on the global scale.
- Collect and process the risk data concerning all of the activities of Crédit Mutuel Alliance Fédérale in France and abroad.
- Have data collection tools with the level of granularity to measure and analyze the risks of Crédit Mutuel Alliance Fédérale.
- Put in place the information collection and receipt channels required in order to detect Crédit Mutuel Alliance Fédérale's risks, including from stakeholders outside the risk department or even outside the group.
- Identify and analyze emerging risks in respect of the structural or economic contexts of the activities, counterparties, sectors or geographic areas concerned.
- Ensure the good quality of the data produced and disseminated, and the implementation of the regulatory BCBS 239 principles regarding risk data management, aggregation and reporting through the defining and deployment of a data quality management framework.

Measure

- Map all the risks to which Crédit Mutuel Alliance Fédérale is exposed, on the basis of the group's activities and the various risks laid down in the regulations, by coupling this with a system for measuring and assessing the probability and seriousness of risks.
- Produce, in coordination with the risk department of CNCM, a risk map assessing the materiality of each group risk, covering the relevant scope.
- Set up a system to measure risks and track indicators for each category of risks (credit, liquidity, interest rate, market, solvency, operational, non-compliance, IT, Insurance, climate, etc.), in line with the risk appetite of Crédit Mutuel Alliance Fédérale.
- Establish a detection system involving a warning (alert threshold and limit) in the event of a breach of the risk appetite of Crédit Mutuel Alliance Fédérale or one of its entities, and define an associated escalation procedure.

Monitor and control

- Track the activities of Crédit Mutuel Alliance Fédérale involving risk-taking and risk exposures, in respect of the group's risk appetite, the risk limits defined and the ensuing capital or liquidity requirements.
- Monitor Crédit Mutuel Alliance Fédérale's risk appetite and ensure that any overruns of limits are managed in accordance with the escalation procedures in force, including by monitoring the effectiveness of any corrective measures decided to reduce an overrun.
- Ensure that identified risks are effectively monitored, measured and controlled by the operational units and that the risk mitigation measures are properly implemented.
- Ensure that Crédit Mutuel Alliance Fédérale's business is carried out in compliance with the regulations in force in terms of risk management. Where applicable, recommend the necessary changes and monitoring to comply with regulations.

Report and alert

- Produce a risk dashboard at least every three months focused on analyzing the risks that Crédit Mutuel Alliance Fédérale and its different components are exposed to.
- Steer and coordinate the Risk Committees within executive governance (Group Risk Committee) and supervisory (Group Risk Monitoring Committee) bodies.
- Prepare support material, notes and analyses of major or emerging risks for executive governance and supervisory bodies, in particular Executive Management, the Risk Committee and the Board of Directors.
- Notify the executive governance and supervisory bodies, in particular Executive Management, the Risk Committee and the Board of Directors, of all significant risks of which they need to be informed across all Crédit Mutuel Alliance Fédérale entities.

- Alert the executive governance and supervisory bodies, in particular Executive Management, the Risk Committee and the Board of Directors, in the event of malfunctions noted in the context of its risk monitoring mission, in particular when an alert threshold or appetite limit is exceeded or when a major risk or exceptional disaster is identified.
- Advise the executive governance and supervisory bodies, in particular Executive Management, the Risk Committee and the Board of Directors, on the measures to be considered to further manage or reduce the risks of Crédit Mutuel Alliance Fédérale, in line with the group's risk appetite and strategy.
- Take action as often as necessary to guide decisions that may generate significant risks, particularly during the development of a new activity or strategic change, or even call into question decisions that generate excessive risk-taking and that do not comply with the risk appetite defined by Crédit Mutuel Alliance Fédérale.
- Where appropriate, report any risks deemed highly significant to the Board of Directors of CNCM and ultimately to the supervisory authorities.

Governance

- Define and implement, subject to the Board of Directors' scrutiny and approval, the risk governance framework and management policy of Crédit Mutuel Alliance Fédérale, in particular the risk appetite underpinning the group's indicators and risk limits.
- Steer, in conjunction with the CNCM risk department, the annual procedures making up the Supervisory Review and Evaluation Process (SREP) conducted by the ECB, including the risk appetite framework, the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP).
- Draft the various regulatory reports on risks, in particular the risk sections of the annual internal control report (RACI), the risk factors and the Pillar 3 report of the group's universal registration document (URD).
- Manage, in coordination with CNCM's risk department, the operational risk management system, and implement the crisis management system and the appropriate Emergency and Business Continuity Plans (EBCP) for the business activities involved.
- Steer, in coordination with CNCM's risk department, the Crédit Mutuel group's Prevention and Recovery Plan (PRP) and the work concerning the group's resolution in respect of the requests of the Single Resolution Board (SRB).
- Ensure, alongside with the human resources department (HR) and the related governance bodies, that Crédit Mutuel Alliance Fédérale's compensation policy complies with applicable regulations – in particular with regard to the management of compensation for employees known as “risk takers.”
- Coordinate the network of risk correspondents responsible, within the various Crédit Mutuel and Alliance Fédérale entities and structures, for measuring, monitoring and controlling risks.
- Ensure, together with the network of risk correspondents, the dissemination of the risk culture throughout Crédit Mutuel Alliance Fédérale, in particular *via* awareness-raising and training on risk topics, as well as the drafting and sharing of best practices in this area.

- Ensure that the risk department has sufficient resources, tools and staff to carry out all of the missions described in the charter. If necessary, issue an alert to the executive governance and supervisory bodies.

Moreover, Executive Management has also tasked the risk department with:

- Handling all relations with supervisory authorities (ECB, ACPR, AMF, BDF, etc.) in France and abroad and coordinating the monitoring of audits, supervisory interviews, questionnaires and specific requests as well as the implementation and fulfilment of the recommendations issued.
- Ensuring an economic and prudential watch over all issues relating to the regulatory environment pertaining to banking and insurance as well as benchmarks concerning the group's positioning in relation to its main competitors' ranking, changes in strategy and results.
- Performing analyses and internal ratings of banks in OECD countries, Covered, Insurance Companies and Local Authorities.
- Defining and implementing Crédit Mutuel Alliance Fédérale's Social and Mutualist Responsibility (SMR) policy, in particular *via* the development of sectoral policies, the drafting of the Non-Financial Performance Statement (NFPS) and the various work on Environmental, Social and Governance (ESG) issues.

5.3.3.1.2 Management of internal control system

Group Risk Monitoring Committee (GRMC)

It is made up of directors representing all the Crédit Mutuel federations that belong to Caisse Fédérale de Crédit Mutuel. In addition to the appointed members, the Chief Executive Officer of Caisse Fédérale de Crédit Mutuel, the Chief Financial Officer of Crédit Mutuel Alliance Fédérale and the head of the risk management function take part on a permanent basis. In agreement with the Chief Executive Officer, the Committee may obtain information from any other Crédit Mutuel Alliance Fédérale employees likely to assist it in the performance of its duties. The Committee, within the limits of its responsibilities, may be assisted by one or more non-voting members and/or advisors, internal or external to the group, and have access to market research.

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 bodies on the information and decisions that come out of their meetings. A report detailing the main monitored risk indicators is presented and discussed at each meeting. The summaries of the Risk committee meetings are sent to the secretaries of the Boards of Directors.

The GRMC met eight times in 2022 (January 13, February 3, March 23, April 21, June 22, July 18, September 29 and November 16). These meetings were the subject of minutes and summaries intended for the supervisory bodies of the different federations.

Group Risk Committee (GRC)

It is chaired by the Chief Executive Officer of Crédit Mutuel Alliance Fédérale and is made up of the group's main senior executives and business managers. The GRC helps the executive body to examine the risks associated with 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 risks, IT risks, risks related to Social and Mutualist Responsibility and risks related to the group's specialized business lines (insurance, consumer credit, private banking, factoring, etc.).

The GRC met four times in 2022 (March 16, June 16, September 22 and December 16).

5.3.3.2 Risk management and oversight

5.3.3.2.1 Risk management

Credit risk management is organized into two structures: one focusing on the granting of loans and the other on risk measurement and the monitoring of commitments.

A set of commitment guidelines summarizes the internal procedures of the lending arm of Crédit Mutuel Alliance Fédérale in accordance with applicable statutory, organizational and regulatory provisions. In particular, it describes the credit granting system. It contains appendices relating to Capital Markets and the subsidiaries directly concerned.

A set of guidelines for the measurement and monitoring of credit risk summarizes all internal management rules and practices for the proper management of credit risk within the framework of the regulatory, accounting, statutory and organizational requirements applicable within Crédit Mutuel Alliance Fédérale. It particularly describes the procedures for credit risk measurement and monitoring, the management of at-risk items, reporting and communications.

The management of liquidity and interest rate risks of the group's banks is centralized at the level of the BFCM. Hedges are allocated to the entities concerned, in accordance with their needs. They are no longer authorized to make hedging decisions individually.

Overall measurement of market risk is based on the regulatory framework. Capital Markets are monitored in accordance with procedures that are formally recorded and independent in terms of organization and control.

The management of operational risk is performed and controlled in accordance with group procedures, coordinated by dedicated units. In particular, the security of the information systems and the putting in place of business continuity plans form part of the work carried out in this area.

The risk management of the subsidiaries, Crédit Mutuel Alliance Fédérale's business lines, relies on a network of local risk officers within each entity, including internationally. The role of risk officers is to ensure the appropriate risk management for their entity and to disseminate Crédit Mutuel Alliance Fédérale's risk culture to the business units. They report to their management and the risk department as soon as possible on any risks that meet the significance criterion of their entity or that they deem significant in relation to the activities within their scope.

5.3.3.2.2 Risk monitoring

This is carried out by dedicated, independent teams, which have at their disposal tools designed on the one hand to provide a comprehensive aggregate overview of commitments, and on the other, to carry out ongoing monitoring of risk, in particular by means of an advance detection system for anomalies and monitoring of adherence to limits as well as changes in internal ratings.

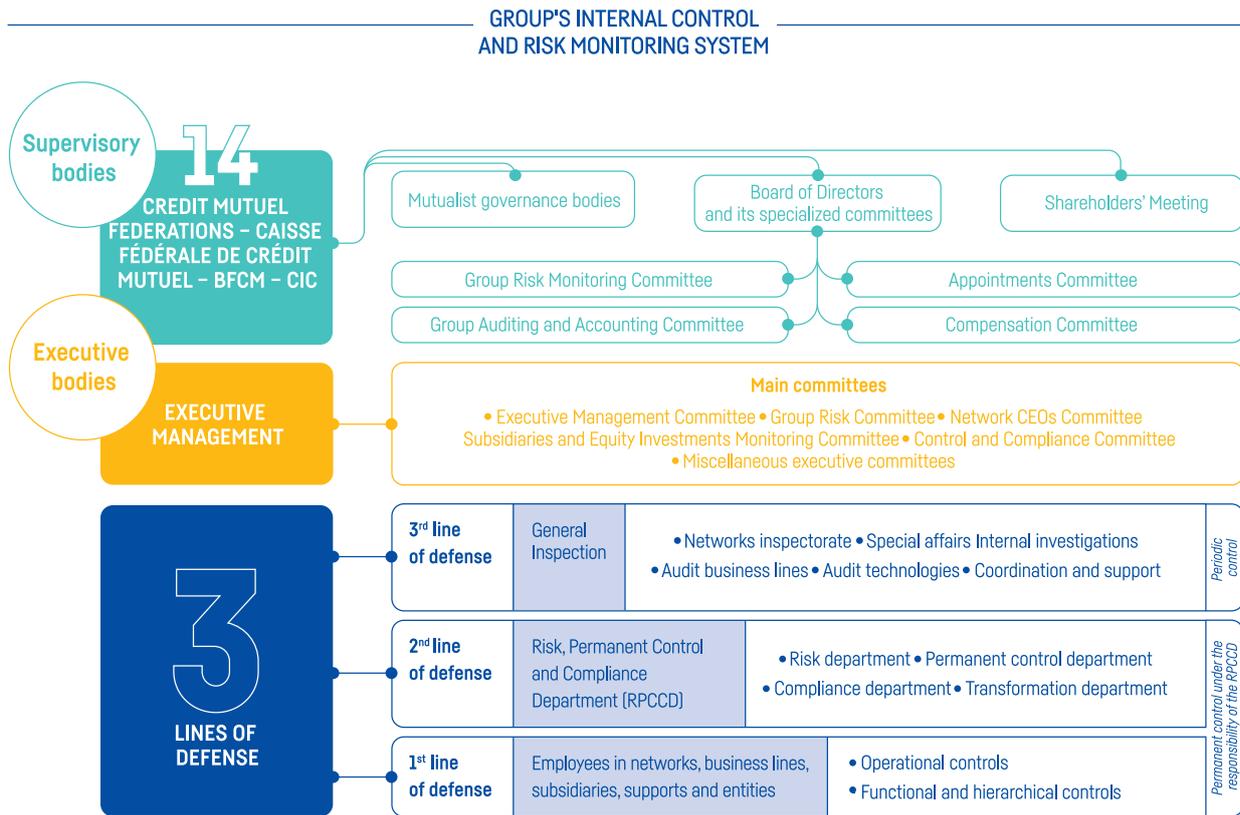
Information for assessing trends in credit, markets, ALM and operational risks is provided regularly to the management bodies and other responsible persons concerned. The risk department is responsible for the general management of the regulatory capital consumed by each activity by reference to the 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, proper risk control and operational security, as well as improved performance.



5.3.4.1.1 Regulatory framework

The principles of internal control and risk monitoring and their application methods are governed by various legislative and regulatory provisions, both French and European, supplemented by international professional standards.

In this respect, the main regulatory text applicable to Crédit Mutuel Alliance Fédérale's internal control system is the ministerial Order of November 3, 2014 (amended by the Order of February 25, 2021). This order defines the conditions for the implementation and monitoring of internal control in credit institutions and investment companies and transposes into French regulations the requirements of the European Directive 2013/36/EU dated July 26, 2013 known as the "CRD4 Directive."

5.3.4.1.2 A shared system

In accordance with the provisions of the 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 organizations.

5.3.4.1.3 A structured system

One of the key purposes of the organization is to ensure the quality and completeness of the internal control system. Both for itself and the businesses it controls, the group ensures that this system is underpinned by a set of procedures and operational limits that match regulatory requirements and applicable internal and professional standards. To ensure the high quality of its internal control system, the group steers a policy of ongoing improvement, which is also designed to adapt it to regulatory developments.

The identification and control of key risks by means of benchmarks, mapping of controls and monitoring of risks using appropriate limits, formal procedures and dedicated tools are constant objectives for the group's internal control and risk management departments. Analytical tools and tracking dashboards make it possible to perform regular reviews of the various risks to which the group is exposed, including counterparty, market, asset-liability management and operational risks. In accordance with regulatory requirements, a report on internal control and on risk measurement and monitoring is prepared each year based on the framework recommended by the *Autorité de contrôle prudentiel et de résolution* (ACPR – French Prudential Supervisory and Resolution Authority) and results from the detailed review of the systems.

5.3.4.1.4 An integrated and independent system

In line with the group's values, the control system put in place is designed to develop a prudent and top-quality risk management culture throughout the group.

Within this framework, the first level of risk management and control is performed by the operational managers, who are responsible for the processes they carry out. As the first level of control, operational management is an integral part of the system with responsibility for preventing risk as well as for putting in place the corrective measures designed to correct and prevent the dysfunctions identified.

The group's entities also have a second level of control, identified within dedicated teams. To ensure the necessary independence of these second-level controls, employees assigned to control tasks have no operational responsibilities and report to the central staff departments, which thereby ensures their independent judgment and assessment.

The central staff departments are responsible for defining, overseeing and coordinating all the local and cross-group systems. They organize and supervise the control work. In addition, they use their expertise and independence to help define standard controls.

5.3.4.2 Organization of the system

The process has a threefold objective:

- to separate the periodic, permanent and compliance controls into distinct functions in accordance with regulatory requirements;
- to standardize internal control work throughout the group by creating an organization based on standardized methods and tools, and on the same principles of complementarity, subsidiarity and independence of controls;
- to have an overall and cross-functional view of risks of all kinds to ensure reliable, regular and comprehensive reporting to Executive Management and to the deliberative body.

5.3.4.2.1 Organization of controls

In accordance with the Order of November 3, 2014 (amended by the Order of February 25, 2021), the system has three functions:

- Periodic control;
- Permanent control;
- Compliance.

The last two functions, which are brought together under a single department (risk, permanent control and compliance department), are subject to control by the former.

The consistency of the overall system is ensured by the Control and Compliance Committee (CCC), chaired by an effective manager. This Committee itself reports to the Group Auditing and Accounting Committee (GAAC), representing the supervisory bodies of Crédit Mutuel Alliance Fédérale.

To perform their functions, the control departments have permanent and unrestricted access to individuals, premises, hardware, software and information of any kind useful to the performance of their work throughout the group.

Breakdown by type of control

Independently of the controls performed by management teams as part of their operating activities, controls are performed by:

- periodic control staff, for audit-based assignments, carried out under an intervention plan over several fiscal years;
- permanent control staff, for all work of a recurring nature using mainly remote applications;
- compliance staff, in particular for the application of regulations and internal and professional standards, including those designed to combat money laundering and financing of terrorism.

The periodic control department is responsible for supervising the overall quality of the internal control system, the effectiveness of risk monitoring and management as well as the sound application of permanent and compliance controls.

Breakdown by business line

The control functions are structured by business line, with teams dedicated to the control of retail banking and other teams dedicated to the control of specialized business lines (corporate banking, Capital Markets, asset management, financial services, cash management, etc.), with managers appointed for both at the Crédit Mutuel Alliance Fédérale level.

A common support unit for the various kinds of control

The periodic control, permanent control and compliance functions are assisted by a common support unit which is responsible for:

- developing the tools and keeping them up to date and in good working order;
- developing the reporting tools required for monitoring control operations and assignments, and centralizing information for the management bodies, at the central and local (regional and subsidiary) levels;
- ensuring that control tools are complementary between the various functions so as to provide optimal cover of group risks.

5.3.4.2.2 Management of internal control system

Group Control and Compliance Committee

The Control and Compliance Committee (CCC) issues opinions, assists and advises the executive body on all matters related to the internal control system comprising the inspectorate and internal audit, permanent control, compliance assurance and risk management functions (in connection with the work of the Group Risk Committee for the latter).

Chaired by the Chief Executive Officer, the Control and Compliance Committee holds regular meetings with the staff responsible for periodic, permanent and compliance controls and risk management, with the following objectives:

- approving the internal audit plans, and any subsequent adjustments to them, and examining the results of the assignments carried out and the critical recommendations issued by the General Inspection department of Crédit Mutuel Alliance Fédérale and Confédération Nationale du Crédit Mutuel;
- 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 ensuring the effective deployment of actions validated by the committee or the executive body;
- monitoring the implementation and closure of recommendations made during internal and external audits;
- ensuring that the actions and missions of the various internal control players complement each other in order to ensure efficiency and overall risk coverage. This complementarity must be implemented through efficient detection, control, monitoring and reporting tools;
- ensuring the adequacy of the internal control system with the regulatory provisions in force, the risk areas identified in the risk mapping and the risk appetite system, as well as with Crédit Mutuel Alliance Fédérale's strategy;
- ensuring the adequacy of the resources and means of the various internal control functions with regard to their missions;
- adopting the changes governing the organization and missions of the internal control functions represented on this committee as well as the associated framework documents;
- validating any new procedure governing the internal control system as well as any major changes made to existing procedures;

- deciding on any action or measure aimed at strengthening the internal control system, in particular seeking external advice;
- more generally, taking note of all the topics put on the agenda by its members in connection with its missions.

The CCC reports on its work to the Group Auditing and Accounting Committee (GAAC).

The Control and Compliance Committee met four times in 2022 (March 1, June 13, September 14 and December 16).

Group Auditing and Accounting Committee

In order to meet regulatory requirements and rules of governance, Crédit Mutuel Alliance Fédérale has an Auditing and Accounting Committee. It is composed of voluntary and independent directors from the mutualist base of the group. Several of its members have particular skills in accounting and finance. Executive Management, the heads of the control departments and the finance department attend meetings. Training seminars help members to keep up to date with new developments.

This committee reviews the internal audit plan:

- is informed of the conclusions of inspections carried out by the periodic control function and of the results of the permanent and compliance controls;
- takes due note of the conclusions of external controls, particularly of any recommendations made by the supervisory authorities;
- is informed of actions carried out to give effect to the main recommendations issued in internal and external control reports;
- assesses the effectiveness of the internal control systems;
- receives up-to-date information on the group's risk position;
- proposes to the various deliberative bodies such improvements as it deems necessary in view of the findings of which it has been made aware.

In the area of financial reports, it:

- is responsible for monitoring the process for preparing financial information;
- examines the annual and consolidated financial statements;
- assesses the manner in which they have been drawn up and satisfies itself as to the appropriateness and consistency of the accounting policies and principles applied;
- participates in the selection of statutory auditors;
- supervises the statutory audit of the accounts.

The Group Auditing and Accounting Committee implements a process of self-assessment of its activities, aimed at improving its operations based on past experiences. The last self-assessment was carried out in November 2022.

The Group Auditing and Accounting Committee met six times in 2022 (February 3, March 24, April 5, July 26, September 26 and December 1). These meetings were the subject of minutes intended for the deliberative bodies of the different federations.

It also examined the annual financial statements for the year ended December 31, 2022 in its meeting of February 2, 2023 and had no major observations to make.

Compensation Committee

In accordance with Articles L.511-89, 102 and 103 of the French Monetary and Financial Code and 104 of the internal control order, Crédit Mutuel Alliance Fédérale has set up a single Compensation Committee, the scope of which extends to all its subsidiaries. It gives its opinions on the proposals made by the Executive Management after consulting the risk, permanent control and compliance department and reviews and approves the compensation policy on an annual basis. This committee also verifies that the principles defined by the deliberative body have been effectively implemented. The Compensation Committee reports regularly on its work to the group's Executive Management.

Group Ethics and Compliance Committee

Created within the scope of consolidation of Crédit Mutuel Alliance Fédérale, this committee has been instrumental in establishing a code of conduct for the group. Each year it draws up a report on the group's implementation of and compliance with ethical principles and the code of conduct.

5.3.4.3 Methods and tools

5.3.4.3.1 Tools

The harmonization of methods and tools for controlling risks was continued. Common tools were developed, which include functionalities dedicated to management.

Periodic control applications

Control assignments are carried out using risk mapping and operational management tools of all kinds, on the basis of common reference systems of control points that are regularly updated. The information required to carry out controls is accessible by consulting the information system applications and decision-making tools.

Software is used for monitoring the implementation of recommendations issued in their audits by the group's various periodic control departments and the supervisory authorities.

Permanent control applications

Permanent controls are performed remotely, essentially by using data from the information system. They supplement the first-level controls which are performed daily by the managers of the operational entities (in particular the managers in the networks of Crédit Mutuel branches and banks) and by regional coordination, support and control functions. They are implemented in the "internal control portals," which structure and plan the various work to be done concerning risk coverage.

The automated detection of cases that raise a "risk alert" according to predetermined malfunction criteria are an essential element in the proper control of credit risk. Other types of controls make it possible to assess the quality of all types of processing. The analysis of the results obtained, carried out during the control reviews ("supervision") also aims to allocate resources or direct the control missions accordingly.

Compliance applications

Work continued on the implementation of systems for legal and regulatory surveillance and monitoring of compliance risk. The compliance function has its own control areas within the "internal control portals" allowing it to check that regulatory requirements are being applied, in particular with regard to business and professional

ethics, protecting customers' interests, performing investment services and combating money laundering and the financing of terrorism.

5.3.4.3.2 Procedures

"Framework procedures" have been defined at the level of the group's central control functions in a number of areas. They are posted on the group's intranet and are accessible to all employees on a permanent basis. The control applications refer to them and links have been created to facilitate consultation and use.

5.3.4.4 Accounting data and means of control at the group level

The finance department of Crédit Mutuel Alliance Fédérale is in charge of running the general accounts of the group's main credit institutions and, in this respect, carries out accounting checks.

The preparation of the group's consolidated financial statements and financial communication is also the responsibility of the finance department, which submits them to the Group Auditing and Accounting Committee, then presents them to the deliberative bodies.

5.3.4.4.1 Control of the annual financial statements

The accounting system

The accounting architecture

This is based on an IT platform shared throughout 16 Crédit Mutuel federations and CIC's regional banks, which includes accounting and regulatory functions, in particular for:

- the chart of accounts, the structure of which is identical for all institutions of the same type managed through this platform;
- defining the automated templates and procedures shared by all the banks (means of payment, deposits and credits, day-to-day transactions, etc.);
- reporting tools (RUBA, consolidation software input, etc.) and monitoring tools (management control).

The administration of the common accounting information system is entrusted to the "Accounting Procedures and Systems" division.

The latter is more specifically in charge of:

- managing the shared chart of accounts (creating accounts, defining the characteristics of the accounts, etc.);
- defining shared accounting procedures and systems, in accordance with tax and regulatory requirements; if necessary, the division concerned consults the tax department and the systems are validated by a procedure involving various operational managers.

The "Accounting Procedures and Systems" division is independent, both hierarchically and operationally, from the accounting production services themselves, thus allowing a separation between the functions of design and administration of the accounting architecture and the other operational departments.

Within the group, all accounts are obligatorily allocated to an operational department which is responsible for maintaining and verifying the accounts. The organization and procedures in place make it possible to comply with Article 85 of the Order of November 3, 2014 and to guarantee the existence of the audit trail.

Chart of accounts

This is divided into two broad sections: third-party captions, showing payables and receivables for individual third parties, and the general accounting captions.

Dedicated accounts are used for third party deposits and loans, enabling them to be monitored. For custody of negotiable securities, a “stock” accounting system distinguishes between securities owned by third parties and those owned by the bank.

The chart of accounts for all the credit institutions using the shared IT platform contains unique identifiers and is managed by the “Accounting Procedures and Systems” division.

The chart of accounts defines the following account properties:

- regulatory characteristics (link to the chart of accounts of credit institutions associated with the prudential regulatory statements – PCEC, link to the publishable financial statements item, etc.);
- certain tax aspects (VAT position, etc.);
- management characteristics (whether compulsory or not, link to the consolidated chart of accounts, length of time online transactions are stored, IFRS characteristics, etc.).

Processing tools

Those for the accounting information are essentially based on internal applications prepared by the group’s IT services. There are also specialized applications, external or internal, particularly software for producing management reporting, balances or account statements, a utility for processing file requests, software for consolidation, processing regulatory statements and managing capital assets and tax returns.

Procedure for data aggregation

In accordance with the model defined by Crédit Mutuel Alliance Fédérale, accounting data is aggregated for the following entities:

- the group (e.g., CIC);
- the federation made up of one or more banks or other legal entities;
- the bank belonging to a federation. The entire bank (branches and central services) is broken down into counters that constitute the basic unit of the accounting system. It is at this level that accounting entries are recorded.

Accounting consistency of management data

Each branch comprises an external and an internal 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 “4 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 “4 eyes” principle before definitive accounts allocation.

In all cases, movements above the alert threshold (automatically when processing files and after forcing for real-time) are logged and archived in the event management system.

Closing process controls

At the time of each closing, the accounting results are compared with the forecast administrative data for validation. The forecast administrative data is prepared by independent divisions of the accounting production departments (management and budgetary control).

This analysis particularly concerns:

- interest margins; for interest rate instruments, including deposits, loans and off-balance-sheet transactions, the management accounting department calculates expected yields and costs based on average historical data. These are then compared with the interest rates actually recognized, for validation business segment by business segment;
- level of fees; based on business volume indicators, the management accounting department estimates the volume of fees received and payable, compared with recognized data;
- general operating expenses (employee benefits expense and other general operating expenses);
- the cost of risk (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 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.

5.3.4.4.2 Audits of the consolidated financial statements

Accounting policies and principles

Adapting to regulatory developments

The system is periodically updated in line with regulatory developments (IFRS) or to improve the reliability of financial statement preparation.

IFRS compliance

The accounting principles fixed by the IFRS standards have been applied in the group's entities since January 1, 2005. A summary of this is included in the consolidated financial statements.

Foreign subsidiaries apply the principles and methods defined by the group for the transition from local standards to French and international standards in the consolidation packages and their financial reporting.

The annual financial statements prepared in accordance with IFRS are documented in the central information system for the entities using the common information system.

The accounting managers of the various Crédit Mutuel Alliance Fédérale entities meet twice a year to prepare the half-yearly and annual closings.

Annual financial statements in accordance with IFRS are prepared for the relevant entities in the central IT system, using the same organization and team as for those drawn up in accordance with French (CNC) standards.

Reporting and consolidation

Consolidation process

The group uses a consolidation chart of accounts. Within the shared information system, each account in the chart of accounts is linked to the consolidation chart of accounts. 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 (i) one person in charge of its closing process and (ii) 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 programmed into the input software have been carried out. These control checks, established by the consolidation departments, cover a large number of aspects (changes in shareholders' equity, provisions, non-current assets, cash flows, etc.). "Blocking" controls prevent a package from being transmitted by the subsidiary and can only be overridden by the central consolidation departments.

Consistency checks against company-only data are also performed by the consolidation department upon receipt of the consolidation packages (level of results, intermediate balances, etc.). Finally, systematic reconciliation statements between company-only and consolidated data are generated for shareholders' equity and earnings. This process, which ensures consistency in the transition between the statutory and consolidated series, is carried out without using the consolidation software, thus leading to validation of the consolidated data.

Analysis of accounting and financial information

The consolidated financial statements are analyzed compared to the previous fiscal year and compared to the budget and the quarterly accounting and financial reporting. These are organized by themes (cost of risk, progress of outstanding loans and deposits, etc.). The changes observed are corroborated by the departments concerned, such as the lending department and the management control for the various entities.

Each entity's contribution to the consolidated financial statements is also analyzed.

The accounting principles used, which have a significant impact, were first reviewed and validated by the statutory auditors. They are regularly invited to attend meetings of the Board of Directors to approve the financial statements and meetings of the Auditing Committee (see below).

Each time a closing involves the publication of financial data, this information is presented by the finance department to Executive Management and the Board of Directors. This report presents the breakdown of income, the balance sheet position and the current business situation, including the reconciliation of non-accounting data (rates, average capital, etc.).

The accounting work is regularly presented to the Group Auditing and Accounting Committee.

Conclusion

Drawing on common methods and tools, the internal control and risk monitoring mechanism fits into Crédit Mutuel Alliance Fédérale's system of controls, forming a coherent whole, appropriately adapted to the group's different activities in France and internationally. It meets banking and finance regulatory requirements and conforms to the operational principles established by the group. It is our ongoing objective to consolidate and further improve efficiency.

5.4 SCOPE OF REGULATORY FRAMEWORK (EU LIA & EU LIB)

Pursuant to Regulation (EU) No. 575/2013 of the European Parliament and the European Council relative to prudential requirements applicable to credit institutions and investment firms (referred to as the “CRR”), the accounting and prudential entities are the same; only the consolidation method changes.

For Crédit Mutuel Alliance Fédérale, the consolidation method differs primarily for entities involved in the insurance sector, press activities and securitization mutual funds, which are consolidated using the equity method, regardless of the percentage of control.

The differences between Crédit Mutuel Alliance Fédérale’s accounting and prudential scopes as of December 31, 2022 are presented in the tables below.

ANC Regulation 2016-09 of December 2, 2016, approved by the Decree of December 26, 2016, requires companies preparing consolidated financial statements under IFRS to publish information on entities not included in the scope of consolidation. Crédit Mutuel Alliance Fédérale excludes certain companies due to their non-material nature. The list of companies is published on the institutional website of Banque Fédérative du Crédit Mutuel (BFCM).

TABLE 3: DIFFERENCES BETWEEN THE ACCOUNTING AND REGULATORY SCOPES OF CONSOLIDATION AND CORRESPONDENCE BETWEEN THE FINANCIAL STATEMENTS AND THE REGULATORY RISK CATEGORIES (EU LI1)

12/31/2022 <i>(in € millions)</i>	Carrying amounts as per the published financial statements		Carrying amounts of items:				
	Carrying amounts under the regulatory consolidation	subject to the credit risk framework	subject to the counterparty risk framework ⁽¹⁾	subject to provisions relating to securitization	subject to the market risk framework ⁽¹⁾	not subject to capital requirements or subject to deduction from capital	
Assets							
Cash, central banks - Assets	111,929	111,933	111,933	0	0	0	0
Financial assets at fair value through profit or loss	29,264	29,405	6,329	17,449	0	16,032	0
Hedging derivatives - Assets	4,226	4,226	0	4,226	0	0	0
Financial assets at fair value through equity	34,522	34,525	28,305	0	6,200	0	0
Securities at amortized cost	3,436	4,104	3,454	0	0	0	650
Loans and receivables due from credit institutions and similar at amortized cost	57,173	57,209	50,621	5,503	1,085	0	0
Loans and receivables due from customers at amortized cost	502,097	501,830	500,568	1,401	0	0	-139
Revaluation adjustment on rate-hedged books	-6,904	-6,904	0	0	0	0	-6,904
Short-term investments in Insurance and reinsurers' share of technical reserves	122,675	0	0	0	0	0	0
Current tax assets	1,557	1,365	1,365	0	0	0	0
Deferred tax assets	2,237	1,110	1,068	0	0	0	41
Accruals and other assets	9,582	9,596	9,596	0	0	0	0
Non-current assets held for sale	4,986	3,924	3,924	0	0	0	0
Deferred profit-sharing	48	0	0	0	0	0	0
Investments in equity consolidated companies	790	8,042	7,932	0	0	0	110
Investment property	298	298	298	0	0	0	0
Property, plant and equipment and finance leases	4,079	3,818	3,818	0	0	0	0
Intangible assets	740	614	-1	0	0	0	615
Goodwill	2,353	2,226	0	0	0	0	2226
TOTAL ASSETS	885,087	767,321	729,210	28,580	7,304	16,032	3,400

⁽¹⁾ Certain items may be subject to capital requirements for counterparty risk and market risk. This concerns derivatives and repurchase agreements.

12/31/2022 (in € millions)	Carrying amounts as per the published financial statements	Carrying amounts under the regulatory consolidation	Carrying amounts of items:					not subject to capital requirements or subject to deduction from capital
			subject to the credit risk framework	subject to the counterparty risk framework ⁽¹⁾	subject to provisions relating to securitization	subject to the market risk framework ⁽¹⁾		
Liabilities								
Central banks – Liabilities	44	44	0	0	0	0	44	
Financial liabilities at fair value through profit or loss	18,772	18,783	0	16,575	0	18,572	156	
Hedging derivatives – Liabilities	2,502	2,502	0	2,502	0	0	0	
Liabilities to credit institutions	63,217	63,658	0	7,504	0	0	56,154	
Due to customers	456,983	457,192	0	663	0	0	456,529	
Debt securities	135,072	140,856	0	0	0	0	140,856	
Revaluation adjustment on rate-hedged books	-14	-14	0	0	0	0	-14	
Current tax liabilities	684	575	0	0	0	0	575	
Deferred tax liabilities	880	508	490	0	0	0	18	
Accruals and other liabilities	13,998	12,925	0	0	0	0	12,925	
Liabilities on assets held for sale	3,720	3,039	0	0	0	0	3,039	
Technical reserves	112,004	0	0	0	0	0	0	
Liabilities to credit institutions – JV	6,788	0	0	0	0	0	0	
Debt securities – JV	0	0	0	0	0	0	0	
Trading derivatives	-6	0	0	0	0	0	0	
Liabilities to credit institutions	127	0	0	0	0	0	0	
Hedging derivatives – Liabilities	0	0	0	0	0	0	0	
Other liabilities	298	0	0	0	0	0	0	
Debt securities	0	0	0	0	0	0	0	
Subordinated debt issued by insurance companies	911	0	0	0	0	0	0	
Provisions for risks and expenses	3,407	2,402	0	0	0	0	2,402	
Subordinated debt issued by bank	8,951	8,951	0	0	0	0	8,951	
Total shareholders' equity	56,749	55,899	0	0	0	0	55,899	
Shareholders' equity attributable to the group	55,024	55,024	0	0	0	0	55,024	
<i>Share capital and related pay-ins</i>	8,366	8,366	0	0	0	0	8,366	
<i>Consolidated reserves – Group</i>	44,002	44,001	0	0	0	0	44,001	
<i>Unrealized gains and (losses) recognized directly in equity – Group</i>	-672	-671	0	0	0	0	-671	
<i>Net profit/(loss) – Group</i>	3,329	3,229	0	0	0	0	3,329	
Shareholders' equity – Non-controlling interests	1,725	875	0	0	0	0	875	
TOTAL LIABILITIES	885,087	767,321	490	27,244	0	18,272	737,536	

[1] Certain items may be subject to capital requirements for counterparty risk and market risk. This concerns derivatives and repos.

The differences between the carrying amounts according to the published financial statements and the carrying amounts on the regulatory scope of consolidation only concern differences in methods between the statutory and regulatory scopes.

TABLE 4: MAIN SOURCES OF DIFFERENCES BETWEEN CARRYING AND REGULATORY AMOUNTS OF EXPOSURE (EU LI2)

12/31/2022 (in € millions)	Total	Items subject to:			
		credit risk framework	counterparty risk framework ⁽¹⁾	securitization provision	market risk framework
1 – Carrying amount of assets within the regulatory scope of consolidation	781,206	729,290	28,580	7,304	16,032
2 – Carrying amount of liabilities in the regulatory consolidation (as per Table LI1)	46,306	490	27,244	0	18,572
3 – Net total in the regulatory consolidation	734,900	728,800	1,336	7,304	-2,540
4 – Off-balance sheet commitments	204,989	204,195	-	795	-
– OBO valuation diff	-148,561	-148,561	-	0	-
5 – Valuation diff.	2,449	-	2,449	-	-
6 – Diff. due to differing rules for offsetting other than those already in line 2 ⁽²⁾	17,968	-	9,883	-	8,085
7 – Diff. from the inclusion of provisions	6,941	6,941	-	1	-
8 – Diff. due to prudential filters	0	0	-	-	-
9 – Other	0	0	-	-	-
10 – Differences arising from risk-transferred securitizations	0	0	-	-	-
11 – Other	-1,824	-1823	-	-1	-
12 – REGULATORY AMOUNT OF EXPOSURES	816,862	789,550	13,668	8,099	5,545

(1) The data presented correspond to the net value of the assets and liabilities of derivatives and repurchase agreements.

(2) Net credit balances after offsets are excluded from counterparty risk.

Differences between the net carrying amounts of the regulatory consolidated balance sheet and the regulatory value of exposures relate to off-balance sheet commitments less valuation differences on the carrying amount of off-balance sheet items.

TABLE 5: DESCRIPTION OF THE DIFFERENCES BETWEEN THE SCOPES OF CONSOLIDATION (EU LI3)

Name of the entity/grouping	Accounting consolidation method	Regulatory method				Description of the entity
		Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	
Groupe des Assurances du Crédit Mutuel ⁽¹⁾	Full consolidation ⁽²⁾			x		Insurance companies
Activités de Presse ⁽¹⁾	Full consolidation ⁽³⁾			x		Other activities
FCT Crédit Mutuel Factoring	Full consolidation			x		Subsidiaries of the banking network
FCT FactoFrance	Full consolidation			x		Subsidiaries of the banking network
LYF SA	Consolidation using the equity method		x			Subsidiaries of the banking network
2SF Société des services fiduciaires	Consolidation using the equity method		x			Other business lines
Euro Automatic Cash	Consolidation using the equity method		x			Other business lines
Euro Protection Surveillance	Full consolidation			x		Other business lines
Lyf SAS	Consolidation using the equity method		x			Other business lines

(1) Detail by entity appears in Appendix 1.

(2) Except ASTREE Assurances, which is equity-accounted.

(3) Except Journal de la Haute-Marne and Lumedica, which are equity-accounted.

Detail by entity of the description of the differences between consolidation scopes is presented in Appendix 1.

TABLE 6: VALUE ADJUSTMENTS FOR CONSERVATIVE VALUATION PURPOSES (EU PV1)

12/31/2022 <i>(in € millions)</i> Category AVA	Risk category					Category AVA – Valuation uncertainty		Total Category AVA after diversification	Total Category AVA after diversification	
	Equities	Interest rate	Currency transactions	Credit	Commodities	AVA relating to prepaid credit spreads	AVA relating to investment and financing costs		Of which: Total principal approach in the trading book	Of which: Total principal approach in the banking book
Market price uncertainties	0	3	0	89	0	0	0	46	0	46
Liquidation costs	0	67	1	0	0	32	0	66	0	66
Concentrated positions		0	0	3	0	0	0	3	0	3
Early termination	0	0	0	0	0	0	0	0	0	0
Model-based risk	0		0	0	0	0	0	0	0	0
Operational risk	0	0	0	0	0	0	0	0	0	0
Future administrative expenses	0	0	0	0	0	0	0	0	0	0
TOTAL ADDITIONAL VALUE ADJUSTMENTS (AVA)	0	70	1	92	0	32	0	115	0	115

12/31/2021 <i>(in € millions)</i> Category AVA	Risk category					Category AVA – Valuation uncertainty		Total Category AVA after diversification	Total Category AVA after diversification	
	Equities	Interest rate	Currency transactions	Credit	Commodities	AVA relating to prepaid credit spreads	AVA relating to investment and financing costs		Of which: Total principal approach in the trading book	Of which: Total principal approach in the banking book
Market price uncertainties	0	4	0	57	0	0	0	30	0	30
Liquidation costs	0	73	1	0	0	19	0	56	0	56
Concentrated positions		0	0	1	0	0	0	1	0	1
Early termination	0	0	0	0	0	0	0	0	0	0
Model-based risk	0		0	0	0	0	0	0	0	0
Operational risk	0	0	0	0	0	0	0	0	0	0
Future administrative expenses	0	0	0	0	0	0	0	0	0	0
TOTAL ADDITIONAL VALUE ADJUSTMENTS (AVA)	0	77	1	58	0	19	0	88	0	88

5.5 REGULATORY CAPITAL

5.5.1 Composition of regulatory capital

Since January 1, 2014, regulatory capital has been determined in accordance with section 1 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26, 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 [referred to as the "CRR"], supplemented by technical standards (Delegated Regulations and EU implementing regulations of the European Commission).

Capital is the sum of:

- Tier 1 capital: consisting of Common Equity Tier 1 (CET1) capital net of deductions and Additional Tier 1 (AT1) capital net of deductions;
- Tier 2 capital net of deductions.

The European regulations allow credit institutions a transitional period to achieve compliance with these requirements. At December 31, 2022, Crédit Mutuel Alliance Fédérale no longer had any capital items benefiting from transitional clauses.

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, 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;
- amounts to be deducted due to insufficient hedging of non-performing exposures;
- the deduction of IPC FRU and FGDR.

At Crédit Mutuel Alliance Fédérale level, we have not applied any transitional measures introduced by the "quick fix" regulations aimed at mitigating the effects of the Covid-19 crisis on IFRS 9 provisions at the closing date of December 2021.

The exemption from the deduction on the net value of intangible assets for software amortized over three years provided for in the CRR2 framework has been applied.

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

TABLE 7: DETAILED INFORMATION ABOUT CAPITAL (EU CC1)

<i>(in € millions)</i>	12/31/2022	12/31/2021	Source based on reference numbers/ letters of the balance sheet according to the regulatory scope of consolidation (EU CC2)
COMMON EQUITY TIER 1 (CET1) CAPITAL: INSTRUMENTS AND RESERVES			
1 Capital instruments and related issue premium accounts	8,266	6,899	3
<i>of which: Shares</i>	8,266	6,899	-
<i>of which: Issue premiums</i>	0	0	-
2 Retained earnings	43,348	40,208	4
3 Accumulated other comprehensive income (and other reserves)	-18	-204	-
3a Funds for general banking risks	-	-	-
4 Amount of qualifying items referred to in Art. 484 (3) and related share premium accounts subject to gradual exclusion from CET1	-	-	-
5 Non-controlling interests eligible for CET1	260	230	5
5a Intermediate profits, net of any foreseeable expense and distribution of dividends, subject to independent control	3,167	3,177	4
6 Common Equity Tier 1 (CET1) capital before regulatory adjustments	55,023	50,310	-
COMMON EQUITY TIER 1 (CET1) CAPITAL: REGULATORY ADJUSTMENTS			
7 Additional value adjustments (negative amount)	-115	-88	-
8 Intangible assets (net of related tax liabilities) (negative amount)	-2,840	-3,630	1
9 Empty value set in the EU	-	-	-
10 Deferred tax assets that rely on future profits, excluding those arising from temporary differences (net of related tax liabilities when the conditions in Art. 38 (3) are met) (negative amount)	-23	-25	-
11 Fair value reserves related to gains and losses on cash flow hedges	-19	-2	-
12 Negative amounts resulting from the calculation of expected losses	-226	-238	-
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	-2	-2	-
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	0	0	-
20b <i>of which qualifying holdings outside the financial sector (negative amount)</i>	-	-	-
20c <i>of which securitization positions (negative amount)</i>	0	0	-
20d <i>of which free deliveries (negative amount)</i>	-	-	-
21 Deferred tax assets arising from temporary differences (amount above the 10% threshold, net of related tax liabilities when the conditions in Art. 38 (3) are met) (negative amount)	-	-	-
22 Amount exceeding the 17.65% threshold (negative amount)	-	-	-

<i>[in € millions]</i>	12/31/2022	12/31/2021	Source based on reference numbers/ letters of the balance sheet according to the regulatory scope of consolidation (EU CC2)
23 of which direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	-	-
24 Empty value set in the EU	-	-	-
25 of which deferred tax assets arising from temporary differences	-	-	-
25a Losses for the current fiscal year (negative amount)	-	-	-
25b Foreseeable tax charges relating to CET1 items (negative amount)	-	-	-
26 Empty value set in the EU	-	-	-
27 Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	-	-	-
27a Other regulatory adjustments	-910	-329	-
28 Total regulatory adjustments to Common Equity Tier (CET 1) capital	-4,134	-4,314	-
29 Common Equity Tier 1 (CET 1) capital	50,888	45,996	-
ADDITIONAL TIER 1 (AT1) CAPITAL: INSTRUMENTS			
30 Capital instruments and related issue premium accounts	-	-	2
31 of which classified as equity under the applicable accounting basis	-	-	-
32 of which: classified as liabilities under the applicable accounting basis	-	-	-
33 Amount of qualifying items referred to in Art. 484 (4) and related issue premium accounts subject to gradual exclusion from AT1	-	216	2
33a Amount of qualifying items referred to in Art. 494a (1) of the CRR, gradually excluded from AT1	-	-	-
33b Amount of qualifying items referred to in Art. 494b (1) of the CRR, gradually excluded from AT1	-	-	-
34 Qualifying Tier 1 capital included in consolidated AT1 capital (including non-controlling interests not included in line 5) issued by subsidiaries and held by third parties	50	44	-
35 of which instruments issued by subsidiaries subject to gradual exclusion	-	-	-
36 Additional Tier 1 (AT1) capital before regulatory adjustments	50	260	-
ADDITIONAL TIER 1 (AT1) CAPITAL: REGULATORY ADJUSTMENTS			
37 Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	-	-	-
38 Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to artificially inflate the institution's own funds (negative amount)	-	-	-
39 Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	-	-	-
40 Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	-	-	-
41 Empty value set in the EU	-	-	-
42 Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)	-	-	-
43 Total regulatory adjustments to Additional Tier 1 (AT1) capital	-	-	-
44 Additional Tier 1 (AT1) capital	50	260	-
45 Tier 1 capital (T1 = CET1 + AT1)	50,938	46,257	-
ADDITIONAL TIER 2 (T2) CAPITAL: INSTRUMENTS AND PROVISIONS			
46 Capital instruments and related issue premium accounts	6,913	7,019	2
47 Amount of qualifying items referred to in Art. 484 (5) and related issue premium accounts subject to gradual exclusion from T2	-	-	2
47a Amount of qualifying items referred to in Art. 494a (2) of the CRR, gradually excluded from AT1	-	-	-

<i>(in € millions)</i>	12/31/2022	12/31/2021	Source based on reference numbers/ letters of the balance sheet according to the regulatory scope of consolidation (EU CC2)
47b Amount of qualifying items referred to in Art. 494b (2) of the CRR, gradually excluded from AT1	-	-	-
48 Qualifying capital instruments included in consolidated T2 capital (including non-controlling interests and AT1 instruments not included in line 5) issued by subsidiaries and held by third parties	67	59	-
49 <i>of which instruments issued by subsidiaries subject to gradual exclusion</i>	-	-	-
50 Credit risk adjustments	315	653	-
51 Tier 2 capital before regulatory adjustments	7,295	7,731	-
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)	-10	-10	-
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 does not have a significant investment in those entities (amount above the threshold of 10% net of eligible short positions) (negative amount)	-	-	-
54a <i>Empty value set in the EU</i>	-	-	-
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)	-650	-515	-
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>i.e.</i> , CRR residual amounts)	-	-217	-
56a Acceptable deductions of qualifying liabilities that exceed the institution's qualifying liability items (negative amount)	-	-	-
56b Other regulatory adjustments to T2 capital	-	-	-
57 Total regulatory adjustments to Tier 2 (T2) capital	-660	-742	-
58 Tier 2 (T2) capital	6,635	6,989	-
59 Total capital (TC = T1 + T2)	57,573	53,246	-
60 Total risk-weighted assets	279,961	245,095	-
CAPITAL RATIOS AND BUFFERS			
61 Common Equity Tier 1 capital (as a percentage of total risk exposure amount)	18.18%	18.77%	-
62 Tier 1 capital (as a percentage of total risk exposure amount)	18.19%	18.87%	-
63 Total capital (as a percentage of total risk exposure amount)	20.56%	21.72%	-
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)	2.54%	2.51%	-
65 <i>of which capital conservation buffer requirement</i>	2.50%	2.50%	-
66 <i>of which countercyclical buffer requirement</i>	0.04%	0.01%	-
67 <i>of which systemic risk buffer requirement</i>	0.00%	0.00%	-
67a <i>of which global systemically important institution (G-SII) or other systemically important institution (O-SII) buffer</i>	0.00%	0.00%	-
67b <i>of which additional capital requirements to address risks other than the risk of excessive leverage</i>	1.50%	1.50%	-
68 Common Equity Tier 1 capital available to meet buffer requirements (as a percentage of risk exposure amount)	13.68%	14.27%	-

<i>(in € millions)</i>	12/31/2022	12/31/2021	Source based on reference numbers/ letters of the balance sheet according to the regulatory scope of consolidation (EU CC2)
LOWER LIMITS TO THRESHOLDS FOR DEDUCTION (BEFORE WEIGHTING)			
72 Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below the 10% threshold and net of eligible short positions)	319	310	-
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)	1,668	1,481	-
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)	593	785	-
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	924	736	-
78 Credit risk adjustments included in T2 in respect of exposures subject to the internal ratings approach (prior to the application of the cap)	315	696	-
79 Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	761	653	-
EQUITY INSTRUMENTS SUBJECT TO PROGRESSIVE EXCLUSION (APPLICABLE BETWEEN JANUARY 1, 2014 AND JANUARY 1, 2022 ONLY)			
80 Current cap applicable to CET1 instruments subject to gradual exclusion	-	-	-
81 Amount excluded from CET1 due to cap (cap excess after redemptions and maturities)	-	-	-
82 Current cap applicable to AT1 instruments subject to gradual exclusion	-	216	-
83 Amount excluded from AT1 due to cap (cap excess after redemptions and maturities)	-	-767	-
84 Current cap applicable to AT2 instruments subject to gradual exclusion	-	9	-
85 Amount excluded from AT2 due to cap (cap excess after redemptions and maturities)	-	-	-

The principal characteristics of capital instruments in the format of Appendix 8 to EU Implementing Regulation No. 2021/637 of March 15, 2021 are presented in Appendix 2 (EU CCA).

TABLE 8: RECONCILIATION BETWEEN THE CONSOLIDATED ACCOUNTING BALANCE SHEET AND THE PRUDENTIAL BALANCE SHEET (EU CC2)

12/31/2022 (in € millions)	Carrying amounts as per the published financial statements	Carrying amounts under the regulatory consolidation	Reference with the regulatory capital table (EU CC1)
ASSETS			
Cash, central banks – Assets	111,929	111,933	-
Financial assets at fair value through profit or loss	29,264	29,405	-
Hedging derivatives – Assets	4,226	4,226	-
Financial assets at fair value through equity	34,522	34,525	-
Securities at amortized cost	3,436	4,104	-
Loans and receivables due from credit institutions and similar at amortized cost	57,173	57,209	-
Loans and receivables due from customers at amortized cost	502,097	501,830	-
Revaluation difference on rate-hedged books	-6,904	-6,904	-
Short-term investments in Insurance and reinsurers' share of technical reserves	122,675	0	-
Current tax assets	1,557	1,365	-
Deferred tax assets	2,237	1,110	-
Accruals and other assets	9,582	9,596	-
Non-current assets held for sale	4,986	3,924	-
Deferred profit-sharing	48	0	-
Investments in equity consolidated companies	790	8,042	-
Investment property	298	298	-
Property, plant and equipment and finance leases	4,079	3,818	-
Intangible assets	740	614	1
Goodwill	2,353	2,226	1
TOTAL ASSETS	885,087	767,321	-

12/31/2022 (in € millions)	Carrying amounts as per the published financial statements	Carrying amounts under the regulatory consolidation	Reference with the regulatory capital table (EU CC1)
LIABILITIES			
Central banks – Liabilities	44	44	-
Financial liabilities at fair value through profit or loss	18,772	18,783	-
Hedging derivatives – Liabilities	2,502	2,502	-
Liabilities to credit institutions	63,217	63,658	-
Due to customers	456,983	457,192	-
Debt securities	135,072	140,856	2
Revaluation difference on rate-hedged books	-14	-14	-
Current tax liabilities	684	575	-
Deferred tax liabilities	880	508	-
Accruals and other liabilities	13,998	12,925	-
Liabilities on assets held for sale	3,720	3,039	-
Technical reserves and other insurance liabilities	112,004	0	-
Provisions for risks and expenses	3,407	2,402	-
Subordinated debt issued by bank	8,951	8,951	2
Total shareholders' equity	56,749	55,899	-
Shareholders' equity attributable to the group	55,024	55,024	-
Share capital and related pay-ins	8,366	8,366	3
Consolidated reserves – Group	44,002	44,001	4
Unrealized gains and (losses) recognized directly in equity – Group	-672	-671	-
Net profit/(loss) – Group	3,329	3,329	4
Shareholders' equity – Non-controlling interests	1,725	875	5
TOTAL LIABILITIES	885,087	767,321	-

12/31/2021 <i>(in € millions)</i>	Carrying amounts as per the published financial statements	Carrying amounts under the regulatory consolidation	Reference with the regulatory capital table (EU CC1)
ASSETS			
Cash, central banks - Assets	121,181	121,181	-
Financial assets at fair value through profit or loss	22,356	22,484	-
Hedging derivatives. - Assets	1,293	1,293	-
Financial assets at fair value through equity	32,095	32,098	-
Securities at amortized cost	3,674	3,674	-
Loans and receivables due from credit institutions and similar at amortized cost	60,915	60,946	-
Loans and receivables due from customers at amortized cost	444,825	445,256	-
Revaluation difference on rate-hedged books	1,083	1,083	-
Short-term investments in Insurance and reinsurers' share of technical reserves	135,552	0	-
Current tax assets	1,249	1,099	-
Deferred tax assets	1,774	1,244	-
Accruals and other assets	9,496	9,307	-
Non-current assets held for sale	107	1,077	-
Deferred profit-sharing	-	-	-
Investments in equity consolidated companies	533	8,595	-
Investment property	61	61	-
Property, plant and equipment and finance leases	3,832	3,535	-
Intangible assets	740	604	1
Goodwill	3,140	2,984	1
TOTAL ASSETS	843,906	716,521	-
LIABILITIES			
Central banks - Liabilities	605	605	-
Financial liabilities at fair value through profit or loss	12,080	12,109	-
Hedging derivatives - Liabilities	1,874	1,874	-
Liabilities to credit institutions	71,755	71,962	-
Due to customers	425,197	425,815	-
Debt securities	121,116	127,596	2
Revaluation difference on rate-hedged books	13	13	-
Current tax liabilities	774	659	-
Deferred tax liabilities	1,126	435	-
Accruals and other liabilities	12,783	12,253	-
Liabilities on assets held for sale	-	970	-
Technical reserves and other insurance liabilities	131,424	-	-
Provisions for risks and expenses	3,894	2,964	-
Subordinated debt issued by bank	8,054	8,054	2
Total shareholders' equity	53,211	51,214	-
Shareholders' equity attributable to the group	50,152	50,152	-
Share capital and related pay-ins	6,905	6,905	3
Consolidated reserves - Group	38,904	38,904	4
Unrealized gains and (losses) recognized directly in equity - Group	1,100	1,100	-
Net profit/(loss) - Group	3,243	3,243	4
Shareholders' equity - Non-controlling interests	3,059	1,062	5
TOTAL LIABILITIES	843,906	716,521	-

5.5.2 Capital requirements

TABLE 9: OVERVIEW OF RWAS – MINIMUM CAPITAL REQUIREMENTS (EU OV1)

<i>(in € millions)</i>	RWAs (Risk-weighted assets)		Minimum capital requirements
	12/31/2022	12/31/2021	12/31/2022
1 Credit risk (excl. counterparty risk – CCR)	244,382	211,008	19,551
2 of which standard approach	73,017	60,281	5,841
3 of which IRB simple approach (F-IRB)	54,855	14,380	4,388
4 of which referencing approach	9,259	-	741
5 of which equities under the simple weighting method	36,550	38,334	2,924
6 of which advanced IRB approach (A-IRB)	70,701	98,013	5,656
7 Counterparty credit risk (CCR)	2,896	3,084	232
8 of which standard approach	2,021	2,526	162
9 of which internal model method (IMM)	-	-	-
10 of which exposure on a CCP	27	-	2
11 of which credit valuation adjustment – CVA	405	85	32
12 of which other RCCs	443	473	35
13 Settlement risk	0	0	0
14 Securitization exposure in the banking book	1,641	1,413	131
15 of which SEC-IRBA approach	-	-	-
16 of which SEC-IRBA approach	-	-	-
17 of which standard approach	1,641	1,413	131
18 of which 1,250%/deduction	-	-	-
19 Market risk	2,463	3,277	197
20 of which standard approach	2,463	3,277	197
21 of which internal model-based approaches (IMM)	-	-	-
22 Major risks	-	-	-
23 Operational risk	22,927	20,649	1,834
24 of which base indicator approach	1,904	1,854	152
25 of which standard approach	999	742	80
26 of which advanced measurement approach	20,024	18,053	1,602
27 Amounts less than deduction thresholds (subject to 250% risk weighting)	5,653	5,664	452
28 Floor adjustment	-	-	-
29 TOTAL	279,961	245,095	22,397

5.6 PRUDENTIAL INDICATORS

5.6.1 Solvency ratio

Crédit Mutuel Alliance Fédérale's solvency ratios as of December 31, 2022, after consolidation of net profit/(loss) after estimated dividend distribution, are presented in the following table.

TABLE 10: SOLVENCY RATIOS

<i>(in € millions)</i>	12/31/2022	12/31/2021
COMMON EQUITY TIER 1 (CET1) CAPITAL	50,888	45,996
Capital	8,266	6,899
Eligible reserves before adjustments	46,515	43,411
Deductions from Common Equity Tier 1 capital	-3,892	-4,314
ADDITIONAL TIER 1 (AT1) CAPITAL	50	260
TIER 2 (T2) CAPITAL	6,635	6,989
TOTAL REGULATORY CAPITAL	57,573	53,246
Risk-weighted assets for credit risk	254,572	220,696
Risk-weighted assets for market risk	2,463	3,750
Risk-weighted assets for operational risk	22,927	20,649
TOTAL RISK-WEIGHTED ASSETS	279,961	245,095
SOLVENCY RATIOS – Transitional method		
Common Equity T1 (CET1) ratio	18.2%	18.8%
Tier 1 ratio	18.2%	18.9%
Overall ratio	20.6%	21.7%

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, Crédit Mutuel Alliance Fédérale has since January 1, 2016 gradually become subject to extra capital requirements which take the form of:

- a capital conservation buffer, mandatory for all institutions equal to 2.5% of risk-weighted assets at January 1, 2020;
- a countercyclical capital buffer specific to each institution.

The countercyclical 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 countercyclical capital buffer rate is set by the French Financial Stability Board (*Haut Conseil de stabilité financière* – HSCF).

As of April 7, 2023, the HSCF has set the countercyclical capital buffer rate at 0.5% for exposures in France. Following the decision of December 27, 2022, HSCF decided to raise the requirement to 1.0% for exposures in France from January 2, 2024.

Note the following changes:

- increase in the German CCC to 0.75% from February 1, 2023;
- increase in the Czech Republic's CCC to 2% from January 1, 2023 then 2.5% on April 1, 2023;
- increase in Slovakia's CCC to 1.5% from August 1, 2023;
- increase in Hungary's CCC to 0.5% from July 1, 2023.

As of 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 HSCF.

Some countries have implemented systemic risk buffers (general or sectoral), and these new buffers will have a small impact on the group.

Crédit Mutuel Alliance Fédérale'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.

Crédit Mutuel Alliance Fédérale is not subject to the O-SII (Other Systemically Important Institutions) buffer, which applies solely at the national consolidated level.

TABLE 11: AMOUNT OF COUNTERCYCLICAL CAPITAL BUFFER SPECIFIC TO THE INSTITUTION [EU CCY-B2]

<i>(in € millions)</i>	12/31/2022	12/31/2021
010 Total risk-weighted assets	279,961	245,095
020 Countercyclical buffer ratio specific to the institution	0.0368%	0.0138%
030 Required countercyclical buffer specific to the institution	103	34

[1] CRR: part 3/title 1/chapter 1/section 1/Article 92.

TABLE 12: GEOGRAPHICAL BREAKDOWN OF RELEVANT CREDIT EXPOSURES FOR THE CALCULATION OF COUNTERCYCLICAL CAPITAL BUFFER (EU CCY-B1)

12/31/2022													
<i>(in € millions)</i>	General credit exposures		Relevant credit exposures – market risk			Capital requirements							
	Value at risk using standard approach	Value at risk using IRB approach	Sum of long and short positions of trading book exposures for the standard approach	Value of trading book exposures using internal models	Securitization exposures. Value at risk for the non-trading book	Total exposure value	Relevant credit risk exposures – credit risk	Relevant credit risk exposures – credit risk	Relevant credit exposures – securitization positions in the trading book	Total	Risk-weighted exposure amounts	Weighting of capital requirements <i>(in %)</i>	Counter-cyclical buffer ratio <i>(as a %)</i>
Luxembourg	4,922	2,268	0	0	75	7,265	422	0	1	423	5,286	2.15%	0.5%
United Kingdom	1,475	3,021	0	0	344	4,840	277	0	13	290	3,623	1.47%	1.0%
Hong Kong	27	1,571	0	0	0	1,598	58	0	0	58	731	0.30%	1.0%
Sweden	144	1,089	0	0	0	1,233	58	0	0	58	725	0.30%	1.0%
Norway	72	579	0	0	0	651	11	0	0	11	142	0.06%	2.0%
Czech Republic	334	9	0	0	0	343	23	0	0	23	291	0.12%	1.5%
Slovakia	287	2	0	0	0	289	18	0	0	18	221	0.09%	1.0%
Denmark	125	78	0	0	0	203	13	0	0	13	159	0.06%	2.0%
Romania	94	5	0	0	0	100	7	0	0	7	86	0.03%	0.5%
Bulgaria	11	1	0	0	0	12	1	0	0	1	10	0.00%	1.0%
Estonia	7	0	0	0	0	7	1	0	0	1	7	0.00%	1.0%
Iceland	3	0	0	0	0	4	0	0	0	0	3	0.00%	2.0%

12/31/2021													
<i>(in € millions)</i>	General credit exposures		Relevant credit exposures – market risk			Capital requirements							
	Value at risk using standard approach	Value at risk using IRB approach	Sum of long and short positions of trading book exposures for the standard approach	Value of trading book exposures using internal models	Securitization exposures. Value at risk for the non-trading book	Total exposure value	Relevant credit risk exposures – credit risk	Relevant credit risk exposures – credit risk	Relevant credit exposures – securitization positions in the trading book	Total	Risk-weighted exposure amounts	Weighting of capital requirements <i>(in %)</i>	Counter-cyclical buffer ratio <i>(as a %)</i>
Luxembourg	4,026	1,893	0	0	11	5,929	312	0	0	312	3,903	1.84%	0.50%
Hong Kong	37	1,082	0	0	0	1,119	49	0	0	49	607	0.29%	1.00%
Norway	40	558	0	0	0	598	9	0	0	9	111	0.05%	1.00%
Czech Republic	266	11	0	0	0	277	18	0	0	18	231	0.11%	0.50%
Slovakia	185	2	0	0	0	186	11	0	0	11	139	0.07%	1.00%
Bulgaria	7	1	0	0	0	8	0	0	0	0	6	0.00%	0.50%

5.6.2 Major risks

Banks must measure and limit their exposures to a single recipient, customer or group of customers.

Article 395 of Regulation (EU) No. 575/2013 of June 26, 2013 states that net outstandings to a single recipient may not be greater than 25% of the bank's capital.

Article 392 of Regulation (EU) No. 575/2013 of June 26, 2013 states that gross outstandings to a single recipient greater than 10% of the bank's capital must be reported as a major risk.

Crédit Mutuel Alliance Fédérale does not have a large gross outstanding with a single recipient⁽¹⁾ (customer or customer group) reaching the threshold of 10% or 5% of the bank's shareholders' equity.

TABLE 13: MAJOR RISKS

CORPORATES

Customer risk concentration	12/31/2022	12/31/2021
COMMITMENTS IN EXCESS OF €300 MILLION		
Number of counterparty groups	75	59
Total commitments (in € millions), of which	47,201	37,288
Total balance sheet (in € millions)	18,851	12,917
Total off-balance sheet guarantee and financing uses (in € millions)	28,350	24,371
COMMITMENTS IN EXCESS OF €100 MILLION		
Number of counterparty groups	254	229
Total commitments (in € millions), of which	73,314	63,710
Total balance sheet (in € millions)	33,193	26,477
Total off-balance sheet guarantee and financing uses (in € millions)	40,121	37,233

Source: "Major Risks" declaration across Crédit Mutuel Alliance Fédérale. Net exposures after exemptions and consideration of credit risk mitigation techniques. Commitments: weighted assets on balance sheet + off-balance sheet guarantees & financing.

Public administrations, central banks and intra-group exposures are not considered to be single "customer" recipients.

BANKS

Customer risk concentration	12/31/2022	12/31/2021
COMMITMENTS IN EXCESS OF €300 MILLION		
Number of counterparty groups	14	8
Total commitments (in € millions), of which	6,816	53,318
Total balance sheet total (in € millions)	5,837	50,578
Total off-balance sheet guarantee and financing uses (in € millions)	979	2,740
COMMITMENTS IN EXCESS OF €100 MILLION		
Number of counterparty groups	44	23
Total commitments (in € millions), of which	9,714	55,942
Balance sheet total (in € millions)	8,160	52,386
Total off-balance sheet guarantees and financing uses (in € millions)	1,555	3,556

Source: "Major Risks" declaration across Crédit Mutuel Alliance Fédérale. Net exposures after exemptions and consideration of credit risk mitigation techniques. Commitments: weighted assets on balance sheet + off-balance sheet guarantees & financing.

Public administrations, central banks and intra-group exposures are not considered to be single "customer" recipients.

Article 400 paragraph 2k, published in the OJEU on March 30, 2022, allows the exemption of exposures in the form of a security or guarantee for residential real estate loans, provided by an eligible protection provider.

As a result, the commitments of the Crédit Logement counterparty group are exempt and lead to a significant decrease at December 31, 2022.

(1) Public administrations, central banks and intra-group exposures are not considered to be single "customer" recipients.

5.6.3 Supplementary supervision of financial conglomerates

Crédit Mutuel Alliance Fédérale is one of the financial conglomerates supervised by the SGACPR. The financial conglomerate activity is carried out through Groupe des Assurances du Crédit Mutuel (GACM), a subsidiary of Crédit Mutuel Alliance Fédérale. This subsidiary markets a broad line of life insurance, personal insurance, property & casualty insurance and liability insurance, the great majority of it through the banking networks of the Crédit Mutuel group.

As a dispensation from Articles 36 and 43 of the CRR and in accordance with Article 49 of that regulation, the SGACPR (*Secrétariat général de l'Autorité de contrôle prudentiel et de résolution* – General Secretariat of the French Prudential Supervisory and Resolution Authority) has authorized the group not to deduct capital instruments in insurance industry entities from its Common Equity Tier 1 capital but to adopt the so-called weighted average exposure method, which consists of weighting the securities held in the group's subsidiary insurance entities in the denominator of the solvency ratio.

Consequently, and in accordance with the Order of November 3, 2014, the group is further subject to an extra requirement in terms of capital adequacy by using so-called accounting consolidation per the IFRS.

Thus, the insurance entities fully consolidated for accounting purposes are also fully consolidated for regulatory purposes in calculating the extra requirement.

This supplementary supervision of the conglomeration has three aspects:

- calculating the extra requirement in terms of capital adequacy;
- tracking the concentration of risks by recipient;
- auditing intra-segment transactions, with detail provided for transactions over a certain threshold.

The first aspect, concerning the extra capital adequacy requirement, makes it possible to check annually the coverage by conglomerate's consolidated accounting equity (including the regulatory adjustments and transitional arrangements found in the CRR) of the solvency requirements for both the banking and insurance segments.

The conglomerate's minimum capital requirement is 100%, calculated as follows:

$$\text{Conglomerate Ratio} = \frac{\text{Total shareholders' equity of the conglomerate}}{\text{Banking requirements} + \text{Insurance requirements}}$$

At December 31, 2022, the group's conglomerate had a capital requirement coverage ratio of 175% (181% in 2021) after inclusion of earnings net of dividends.

The second aspect, concerning concentration of risks per recipient on a consolidated basis, consists of reporting the accumulated gross risks on a single recipient greater than 10% of the conglomerate's consolidated equity or than €300 million, with at least the ten largest risks in institutions and the ten largest risks in unregulated financial entities. The banking and insurance segments are kept separate with respect to each recipient.

Crédit Mutuel Alliance Fédérale does not have any gross outstandings with a single recipient⁽¹⁾ (customer or customer group) reaching the threshold of 10% of the conglomerate's capital.

The last aspect, concerning the audit of intra-group transactions, requires a summary plus detail by type of transaction between the conglomerate's banking and insurance segments with respect to refinancing, off-balance sheet commitments and income exchanged.

TABLE 14: NON-DEDUCTIBLE HOLDINGS IN INSURANCE COMPANIES (EU INS1)

<i>(in € millions)</i>	12/31/2022	12/31/2021
Holdings of capital instruments of a financial sector entity where the institution has a significant investment not deducted from own funds (before risk-weighting)	7,329	8,094
TOTAL RWAS	27,118	29,949

TABLE 15: TIER 2 CAPITAL INSTRUMENT ISSUED BY A FINANCIAL SECTOR ENTITY DEDUCTED FROM CAPITAL (EU INS1)

<i>(in € millions)</i>	12/31/2022	12/31/2021
Holdings of capital instruments of a financial sector entity where the institution has a significant investment deducted from own funds	650	500

TABLE 16: FINANCIAL CONGLOMERATES – INFORMATION ON CAPITAL AND EXPOSURES USED FOR THE LEVERAGE RATIO (EU INS 2)

<i>(in € millions and as a percentage)</i>	12/31/2022	12/31/2021
Additional capital requirements for the financial conglomerate <i>(amount)</i>	36,286	33,334
Financial conglomerate capital adequacy ratio <i>(in %)</i>	174.7%	181.0%

(1) Public administrations, central banks, intra-group exposures and other exempt customers are not considered to be single "customer" recipients.

5.6.4 Leverage ratio (EU LRA)

The procedures for managing excessive leverage risk have been validated by Caisse Fédérale de Crédit Mutuel's Board of Directors and concern the following points:

- the leverage ratio is one of the key indicators of solvency, and monitoring it is the responsibility of the Risk Committees of Crédit Mutuel Alliance Fédérale;
- an internal limit has been defined at Crédit Mutuel Alliance Fédérale level;
- if the limit set by the supervisory body is breached, a specific procedure has been laid out, involving Executive Management of the group in question and the Boards of Directors of the group and of Caisse Fédérale de Crédit Mutuel.

TABLE 17: LEVERAGE RATIO – JOINT STATEMENT (EU LR2-LRCOM)

		Leverage ratio exposures under the CRR	
		12/31/2022	12/31/2021
<i>(in € millions)</i>			
ON-BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES AND SFTS)			
1	Balance sheet items (excluding derivatives, SFTs and fiduciary assets, including collateral) ^[1]	748,769	697,834
2	Addition of the amount of collateral provided for derivatives, when collateral is deducted from balance sheet assets in accordance with the applicable accounting framework	0	0
3	[Deduction of receivables recognized as assets for cash margin call adjustments provided under derivative transactions]	-407	-1,659
4	[Adjustment for securities received as part of securities financing transactions that are recognized as assets]	0	0
5	[Adjustment for general credit risk of balance sheet items]	0	0
6	[Amounts of assets deducted when determining Tier 1 capital]	-226	-238
7	Total balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)	748,136	695,937
DERIVATIVES EXPOSURES			
8	Replacement cost of all derivative transactions (net of cash margin call adjustments)	1,756	1,441
EU-8a	Derogation for derivatives: contribution of replacement costs under the simplified standardized approach	0	0
9	Mark-up amounts for potential future exposure associated with SA-CCR derivative transactions	2,449	2,988
EU-9a	Derogation for derivatives: contribution of potential future exposure under the simplified standardized approach	0	0
EU-9b	Exposure determined by applying the initial exposure method	148	166
10	[CCP leg exempted from client-cleared trade exposures – SA CCR]	0	0
EU-10a	[CCP leg exempted from client-cleared trade exposures – simplified standardized approach]	0	0
EU-10b	[CCP leg exempted from client-cleared trade exposures – initial exposure method]	0	0
11	Effective notional amount adjusted for credit derivatives sold	6,972	5,428
12	[Adjusted effective notional differences and deductions from mark-ups for credit derivatives sold]	-3,146	-3,212
13	Total derivative exposures	8,179	6,811
SFT EXPOSURES			
14	Gross SFT assets (excluding netting) after adjustment for transactions recognized as sales	14	10
15	[Net value of cash payables and receivables of gross SFT assets]	12,535	8,274
16	Counterparty risk exposure for SFTs	0	0
EU-16a	Derogation for SFTs: exposure to counterparty risk in accordance with Article 429e [5] and Article 222 of the CRR	0	0
17	Exposures when the institution acts as agent	0	0
EU-17a	[CCP leg exempted from client-cleared SFTs]	0	0
18	Total exposures from securities financing transactions	12,549	8,284
OTHER OFF-BALANCE SHEET EXPOSURES			
19	Off-balance sheet exposures in gross notional amount	138,937*	127,399
20	[Adjustments for conversion to credit equivalent amounts]	-86,580*	-79,953
21	[General provisions deducted when determining Tier 1 capital and specific provisions associated with off-balance sheet exposures]	0	0

		Leverage ratio exposures under the CRR	
		12/31/2022	12/31/2021
<i>(in € millions)</i>			
22	Total other off-balance sheet exposures	52,357	47,445
EXPOSURES EXEMPTED UNDER ARTICLE 429 (7) AND (14) OF REGULATION (EU) NO. 575/2013 (ON-BALANCE SHEET AND OFF-BALANCE SHEET EXPOSURES)			
	EU-22a (Exposures excluded from the total exposure measure pursuant to Article 429a (1) (c) of the CRR)	-11,518	-17,143
	EU-22b (Exposures exempted under Article 429a (1) (j) of the CRR – on- and off-balance sheet)	-38,252	-134,724
	EU-22k Total exempted exposures	-49,769	-151,867
CAPITAL AND TOTAL EXPOSURE MEASUREMENT			
23	Tier 1 capital	50,938	46,257
24	Total exposure measurement	771,452	606,610
LEVERAGE RATIO			
25	Leverage ratio <i>(as a %)</i>	6.6%	7.6%
	EU-25a Leverage ratio <i>(as a %)</i> excluding the impact of any applicable temporary exemption of central bank reserves	6.6%	6.5%
26	Minimum leverage ratio regulatory requirement <i>(as a %)</i>	3.0%	3.3%
	EU-26a Additional capital requirements to address the risk of excessive leverage <i>(as a %)</i>	0.0%	0.0%
	EU-26b Of which: to be constituted with CET1 capital	0.0%	0.0%
27	Leverage ratio buffer requirement <i>(as a %)</i>	0.0%	0.0%
	EU-27a Overall leverage ratio requirement <i>(as a %)</i>	3.0%	3.3%
CHOICE OF TRANSITIONAL ARRANGEMENTS AND RELEVANT EXPOSURES			
	EU-27b Transitional arrangements chosen to define the measurement of capital	n/a	Yes
PUBLICATION OF AVERAGE VALUES			
28	Average daily values of gross SFT assets, after adjustment for transactions recognized as sales and net of related cash payables and receivables	20,361	15,913
29	Quarterly value of gross SFT assets, adjusted for transactions recognized as sales and net of related cash payables and receivables	12,549	8,283
30	Total exposure measure (including the impact of any applicable temporary exemption from central bank reserves) incorporating the average values of gross SFT assets on line 28 (after adjustment for transactions recognized as sales and net of amounts in cash payables and receivables)	779,264	614,240
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating the average values of gross SFT assets on line 28 (after adjustment for transactions recognized as sales and net of amounts in cash payables and receivables)	779,264	716,939
31	Leverage ratio (including the impact of any applicable temporary exemption from central bank reserves) incorporating the average values of gross SFT assets on line 28 (after adjustment for transactions recognized as sales and net of amounts in cash payables and receivables)	6.5%	7.5%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating the average values of gross SFT assets on line 28 (after adjustment for transactions recognized as sales and net of amounts in cash payables and receivables)	6.5%	6.5%

[1] Repurchase agreements and lending/borrowing securities transactions.

* This data is corrected compared to the 2022 universal registration document published in French on April 13, 2023. It will be updated in the French version of the first amendment to the 2022 universal registration document.

TABLE 18: SUMMARY OF RECONCILIATION BETWEEN ACCOUNTING ASSETS AND EXPOSURES FOR LEVERAGE RATIO PURPOSES (EU LR1-LRSUM)

<i>(in € millions)</i>		12/31/2022	12/31/2021
1	Total assets under the reported financial statements⁽¹⁾	885,087	843,906
2	Adjustment for entities consolidated from an accounting point of view but not within the scope of prudential consolidation	-117,766	-127,385
3	[Adjustment for securitized exposures that meet significant risk transfer requirements]	0	0
4	[Adjustment for temporary exemption of exposures to central banks]	0	-102,700
5	[Adjustment for fiduciary assets recognized on the balance sheet in accordance with the applicable accounting framework but excluded from the total exposure measure under Article 429a (1) (i) of the CRR]	0	0
6	Adjustment for normalized purchases and sales of financial assets recognized at the trade date	0	0
7	Adjustment for qualifying centralized cash management system transactions	0	0
8	Adjustment for derivative financial instruments	-3,071	1,629
9	Adjustment for securities financing transactions (SFT)	-1,026	8,274
10	Adjustment for off-balance sheet items (resulting from the translation of off-balance sheet exposures into credit equivalent amounts)	52,357	47,445
11	[Adjustment for valuation adjustments for prudent valuation purposes and specific and general provisions deducted from Tier 1 capital]	0	0
EU-11a	[Adjustment for exposures excluded from the total exposure measure pursuant to Article 429a (1) (c) of the CRR]	-11,518	-17,143
EU-11b	[Adjustment for exposures excluded from the total exposure measure pursuant to Article 429a (1) (j) of the CRR]	-38,252	-32,024
12	Other adjustments	5,639	-15,392
13	TOTAL LEVERAGE RATIO EXPOSURE	771,452	606,610

(1) The total amount of the asset is presented in accordance with accounting standards.

TABLE 19: BREAKDOWN OF EXPOSURES ON THE BALANCE SHEET – EXCLUDING DERIVATIVES, SFTS AND EXEMPT EXPOSURES (EU LR3-LRSPL)

<i>(in € millions)</i>	12/31/2022	12/31/2021
	Leverage ratio exposures under the CRR	Leverage ratio exposures under the CRR
EU-1 – TOTAL BALANCE SHEET EXPOSURES⁽¹⁾ OF WHICH:	702,129	544,688
EU-2 – Trading book exposures	10,318	9,508
EU-3 – Banking book exposures, of which:	691,811	535,180
EU-4 – Secured bonds	4,859	4,583
EU-5 – Exposures treated as sovereigns	149,011	55,882
EU-6 – Exposures to regional governments, multilateral development banks, international organizations and public sector entities not treated as sovereign	5,474	4,364
EU-7 – Institutions	15,090	14,803
EU-8 – Secured by real estate property mortgages	218,630	187,084
EU-9 – Retail exposures	156,967	141,866
EU-10 – Corporate exposures	104,108	92,530
EU-11 – Exposures in default	6,657	5,355
EU-12 – Other exposures (equities, securitizations and other assets unrelated to credit exposures)	31,014	28,711

(1) Excluding derivatives, temporary sales of securities and exempt exposures.

5.7 CAPITAL ADEQUACY (EU OVC)

Pillar 2 establishes a prudential supervision process based on a structured dialogue between banking supervisors and financial institutions. As such, it reinforces Pillar 1, encompasses all risks potentially impacting the institution's solvency and helps to strengthen the identification, qualification, aggregation and monitoring of risks.

5.7.1 Governance and approach

The ICAAP is a key component of the solvency robustness analysis carried out by the bank and the European supervision under the second pillar of the Basel regulations. It consists of an assessment by the bank, according to its own methodologies, of the adequacy of the level of its capital with regard to its activity, all its current and future risks and its appetite for these risks. In order to deploy the ICAAP process and ensure its sound governance (in accordance with Principle 1 of the ECB ICAAP Guide), the Crédit Mutuel group has defined a general ICAAP system^[1], validated by the CNCM Board of Directors, which applies to all levels of the Crédit Mutuel group and sets out the roles and responsibilities of the parties involved in the system, as well as its relationship with the Crédit Mutuel group's other operational systems.

The ICAAP approach combines two mutually complementary approaches: the normative, or regulatory, approach and the economic approach. The two approaches consider the risks to which a credit institution is exposed and its capital adequacy from different perspectives:

- the normative approach aims to ensure that the bank is able to meet the capital requirements imposed on it at all times under Pillar 1 and Pillar 2. To do this, the group projects its regulatory ratios over a three-year period according to different scenarios (central and adverse) taking into account all the effects of these scenarios on future ratios (effect on the income statement and shareholders' equity, change in RWAs, etc.). Under this approach, the impacts measured therefore relate to accounting and prudential figures and not to the group's economic value. The results are included in the three-year forecasts of regulatory capital and risks, in the central scenario and under stress conditions. The prospective stresses applied to the forecasts are based on severe but plausible macro-economic scenarios, taking into account the group's main vulnerabilities and the current economic context; The results of the implementation of 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 for the normative approach view;
- the economic approach is based on the measurement of economic capital, which is the measure, using internal methodologies that take into account economic value considerations, of the capital requirements necessary to meet the risks faced by the group. As indicated in the ECB Guide to the ICAAP, economic capital adequacy requires that the institution's level of internal capital be sufficient to cover its risks and support its strategy at all times. The assessment of the institution should cover all categories of risks that could have a significant impact on its level of capital according to an economic approach. At the level of Crédit Mutuel Alliance Fédérale, the measurement of economic capital

requirements to be allocated to risks is based primarily on methods consistent with those used to calculate regulatory capital requirements under Pillar 1, supplemented by approaches based on stress scenarios. The consistency of the methodologies for calculating economic allocations applied within Crédit Mutuel Alliance Fédérale, required by the ECB through principle 6.8 of the ECB Guide on the internal capital adequacy assessment process (ICAAP) is ensured as follows:

- the institution bases the severity of the stress as much as possible on known history (example: the 2008-2009 crisis), or on situations of possible extreme stress on the risk examined,
- it relies on this severity to build forward-looking scenarios in line with the Pillar 1 methodology applied to similar risks (in particular to determine the confidence intervals of the VaRs used, where applicable).

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).

The latter:

- are included identically when they incorporate a stress logic. This is the case for the models developed for operating and market risks,
- when this is not the case, the models for measuring regulatory capital requirements are stressed based on the historical data series available to Crédit Mutuel Alliance Fédérale and *via* methodologies calibrated on the basis of its risk appetite and from a forward-looking perspective: this is the case for the approach adopted for credit risks,
- 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 (as 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).

[1] General national ICAAP system, CNCM risk department, September 2022.

By analogy with the risk aggregation method in Pillar 1, the results obtained risk by risk are added together (EBA/GL/2016/10, section 6.2, §31.d), without taking into account any mitigating effect (such as diversification) in order to arrive at an overall economic capital requirement, compared to the projected prudential capital stock over the envisaged timeframe. Economic capital requirements are the same as regulatory capital requirements (top quality, since they mainly consist of CET1 and reserves). When the economic assessment of stresses affects the value of the capital, the economic capital is equal to the difference between the regulatory capital and the impact of the stress on the capital, in accordance with Principle 5§68 of the ECB Guide to the internal capital adequacy assessment process (ICAAP). Each year, Crédit Mutuel Alliance Fédérale rolls out its capital adequacy assessment process according to the general national ICAAP system.

This approach is based on:

- firstly, the identification of risks and the associated risk appetite;
- secondly, the assessment of the capacity to absorb these risks on an ongoing basis through regulatory capital requirements;

5.7.2 Stress scenarios

The stress tests are an integral part of the risk management system put in place by Crédit Mutuel Alliance Fédérale. They consist in simulating severe but plausible forward-looking scenarios (economic, financial, political, regulatory) in order to measure the bank's ability to withstand such situations. In accordance with regulatory requirements, and in line with its risk mapping, the Crédit Mutuel group has built a graduated stress test program (see EBA/GL/2018/04 Art. 48). The first level of stress severity feeds the ICAAP and ILAAP systems. This system is supplemented by stresses of greater severity as part of the recovery plan as well as by reverse stress tests (not plausible to date). The stress tests are deployed in proportion to the nature, size and complexity of the business and the risk. The stress test system is presented in a dedicated governance framework entitled "Operation of the Crédit Mutuel group's stress tests system," which is part of the ICAAP documentary database in which Crédit Mutuel Alliance Fédérale is a member.

The ICAAP normative approach aims to ensure that the bank is able to meet, at all times, all legal requirements and prudential demands concerning capital (Pillar 1 and Pillar 2) and other internal and external constraints in this area. In this context, the bank must define, in addition to the central scenario, adverse scenarios covering a prospective horizon of at least three years. The adverse scenario combines assumed adverse developments of internal and external factors and aims to assess the resilience of the bank's capital adequacy in case of adverse developments in the medium term. The assumed changes in these factors must be combined in a consistent, severe but plausible manner and reflect the risks and vulnerabilities considered to represent the most relevant threats for the bank.

In the context of this ICAAP exercise, taking into account the assessment of its risk profile, its main vulnerabilities and the macroeconomic conditions, Crédit Mutuel Alliance Fédérale has adopted an adverse scenario of the "stagflation" type. This scenario results in stressed macroeconomic forecasts whose severity is assessed on the basis of a comparison with the forecasts of the central scenario. At December 31, 2022, the adverse scenario combines:

- and thirdly, the determination of the economic capital to be allocated in order to face these risks;
- in order to ensure an appropriate capital structure at all times.

Following this process, Crédit Mutuel Alliance Fédérale ensures that the regulatory ratio trajectories (in the central and adverse scenarios) are in line with the alert thresholds and limits set by the Board of Directors. The economic trajectory is also compared to the normative trajectory. This comparison serves as a guide to calibrate appetite: the difference between the economic ratio and the normative ratio confirms the relevance of the level of the management buffer used.

The results cover the consolidated scope of Crédit Mutuel Alliance Fédérale, 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.

- in 2023 and 2024: continued high inflation, recession and increase in unemployment; then from 2025, inflation at the target level of 2%, a return to positive growth and a slow decline in the unemployment rate;
- a rate hike guided by the ECB's need to contain this inflation;
- shocks on the financial markets (equity indices and corporate and sovereign spreads) in response to this economic shock.

This adverse scenario takes into account, on the one hand, the economic and health events observed in 2022, and on the other hand a prospective analysis. The underlying assumption of the scenario is also that governments remain supportive despite everything. The stress scenario applies to the global scope, following a conglomerate approach, and impacts all the material risk factors for Crédit Mutuel Alliance Fédérale detailed below:

- credit risk: deterioration of the macroeconomic situation, directly impacting business investment, household consumption, as well as the quality of loans;
- interest rate risk: flattening of the yield curve;
- market risk: financial market dislocation;
- insurance risk: adjustment of rates paid on policies in euros (life insurance), increase in claims due to one-off weather events (non-life insurance).

This stressed scenario is applied to the interest margin, commissions, other items of NBI, general operating expenses, cost of risk, credit RWAs and Insurance. The stress test methodology is applied taking into account the 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), Crédit Mutuel Alliance Fédérale 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, Crédit Mutuel Alliance Fédérale 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 LAAP stress tests, in view of these results.

The results of the implementation of all ICAAP stress tests on the key solvency indicators (particularly on earnings, capital, weighted risks, and *in fine*, the three-year solvency ratios) are the main basis of the capital adequacy report and form an essential tool to determine the economic capital allocations

Finally, the results of the ICAAP are presented on a quarterly basis to the Crédit Mutuel group's key executives, demonstrating that the group has adequate capital to cover its exposure in line with its risk appetite.

5.8 CREDIT RISK

5.8.1 General qualitative information on credit risk (EU CRA)

5.8.1.1 A business model centered on retail customers

Crédit Mutuel Alliance Fédérale's primary risk is credit risk, because of its business model. That model is largely focused on the development of retail banking, with an extension to (primarily French) corporate lending since the acquisition of CIC. Since its consolidation into Crédit Mutuel Alliance Fédérale, CIC has focused its own development on individual customers, as well. The group's retail banking, coupled with the distribution of insurance products to retail customers, account for the great majority of Crédit Mutuel Alliance Fédérale's sources of revenue. 51% of Crédit Mutuel Alliance Fédérale's net outstanding customer loans consist of residential real estate loans to individuals and around 63% of customer exposures involve retail customers.

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 Crédit Mutuel Alliance Fédérale 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 disputes, bad ratings, etc.) or through sector policies that match the group's commitment to the environment and to financing energy transition. These policies are reviewed regularly for a further analysis of ESG (Environmental, Social and Governance) risks, primarily by incorporating into the lending process a non-financial scoring of the counterparties being studied.

This risk policy supports several objectives:

- help manage the business by keeping loan commitments within limits and in line with the group's risk appetite;
- reduce the cost of risk over the long term;

- measure capital requirements;
- provide an effective response to Basel III and to the regulations on 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 Crédit Mutuel Alliance Fédérale, 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 Crédit Mutuel Alliance Fédérale 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, overseeing loans and managing at-risk items.

These two functions are independent of each other and report to different management lines. The granting of loans comes under the lending department while the assessment of risks, oversight of loans and management of at-risk items comes under the risk, permanent control and compliance department.

5.8.1.3.1 Loan origination system

Loan origination is a sequence based on customer knowledge, risk assessment and the decision to lend.

Customer knowledge

Knowledge of the customer and the targeting of prospects depend on close ties with the local economic environment. The segmentation of customers into different risk categories guides the commercial prospecting. A credit file supports the decision to lend.

Risk assessment

Risk assessment is based on the analyses conducted at several stages, using formalized processes, including:

- customer ratings;
- risk groups;
- weighting of outstandings in line with the type of product and the collateral taken.

Employees receive regularly reviewed training in risk containment.

Customer rating: a single system for the whole group

In accordance with the regulations, the rating is central to the credit risk system: origination, payment, pricing and tracking. Accordingly, all delegations of lending authority rely on rating the counterparty. Generally speaking, the lending arm approves the internal rating of all applications it deals with.

Rating algorithms and expert models have been developed to improve the group's credit risk assessment and to comply with the regulatory requirements concerning internal rating approaches.

This rating system is used throughout the Crédit Mutuel group.

The definition of rating methodologies is done under the responsibility of Confédération Nationale du Crédit Mutuel (CNCM) for all portfolios. Nevertheless, the regional entities are directly involved in carrying out and approving working groups' assignments on specific subjects, the work related to data quality and applications acceptance tests.

The group's counterparties eligible for internal approaches are rated by a single system.

Models (algorithms or matrices) are used to differentiate and correctly classify risk. The value scale reflects the manner in which the risk changes and is broken down into nine non-default positions (A+, A-, B+, B-, C+, C-, D+, D- and E+) and three default positions (E-, E= and F).

The monitoring of the mass rating models focuses on three main aspects: stability assessment, performance assessment and additional analyses. This monitoring is conducted under the aegis of CNCM for each rating model.

Risk groups (counterparties)

A "group of related customers" means the natural persons or legal entities who fit together in terms of risk because one of them holds direct or indirect control over the other(s) or because there are connections between them such that it is likely that if one of them ran into financial difficulty, particularly financing or repayment problems, the others would experience financing or repayment problems.

The risk groups are put together based on a written procedure that includes the provision of sub-paragraph 39 of paragraph 1 of Article 4 of Regulation [EU] No. 575/2013.

Weighting of income and guarantees

To evaluate the counterparty risk, a weighting may apply to the nominal commitment. This combines the type of loan and type of collateral.

The lending decision

The lending decision is principally based on:

- a formal risk analysis of the counterparty;
- a rating of the counterparty or group of counterparties;
- the level of delegations;
- the "four eyes" principle;
- the not-to-exceed rules of the existing authorizations depending on capital;
- the yield suited to the risk profile and the consumption of capital.

The decision making channels are automated and managed in real time: as soon as the investigation phase of a loan request is complete, the electronic application is transmitted to the right decision making level.

Levels of delegation

Customer relationship managers are responsible for the comprehensiveness, quality and reliability of the information collected. In accordance with Article No. 107 of the Order dated November 3, 2014, they prepare credit files intended to formalize all information of a qualitative and quantitative nature on each counterparty. They check the relevance of elements collected either from customers or from external tools (sector-specific reviews, annual reports, legal information, rating agencies) or internal tools made available to them. Each customer relationship manager is responsible for the decisions they make or instruct and has an *intuitu personae* delegation.

For cases for which the amount exceeds the *intuitu personae* delegations, the decision is made by a Commitments Decision Committee, for which the rules of functioning are the subject of procedures.

The delegations are based on flexible lending caps that vary according to:

- the rating;
- the total amount of loans to one counterparty or risk group, possibly weighted by the type of loan involved or by the eligible security;
- exclusions from the delegation.

Role of the lending unit

Each regional bank has a lending team, which reports directly to Executive Management and is independent of the operational departments. Its main mission is ensuring the appropriateness of lending decisions by means of the second review of credit applications and checking that the yield on the loans are in keeping with the risk.

5.8.1.3.2 System for assessing risks, monitoring credit risks and managing at-risk items

In accordance with regulatory requirements, loans are monitored by national and regional organizational units.

Risk assessment

To measure risks, Crédit Mutuel Alliance Fédérale has various tools enabling an aggregate, static and dynamic approach:

- exposure to country, business sector, counterparty or group of counterparties;
- production and outstandings according to key elements tailored to the business lines concerned (rating, market, loan products, business segment, yield).

Each commercial entity uses informational software and so can check on a daily basis that caps allocated to each of its counterparties are being respected.

Monitoring credit risks

The risk unit, along with other interested parties, contributes to the formal quarterly monitoring of the quality of credit risks in each business line.

The risk unit's monitoring system becomes involved independently from loan origination, as a supplement to and in coordination with other actions taken, primarily by first-tier control and permanent control teams. The objective is to detect at-risk situations as far in advance as possible, based on criteria defined by customer segment, either computer-assisted or through the relevant operating and lending managers.

Under the CRBF 93-05 regulation, Crédit Mutuel Alliance Fédérale's bank and corporate regulatory limits 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, Crédit Mutuel Alliance Fédérale rolled out the EBA's new definition of default for all exposures approved using the internal method.

The deployment was then extended to entities using the standardized method.

Management of customers downgraded to non-performing or disputed

The counterparties concerned are managed differently according to the gravity of the situation: in the branch by the customer relationship manager or by dedicated teams specialized by market, type of counterparty or collection mode.

5.8.1.4 Relationship among the management functions for credit risk, risk monitoring, compliance assurance and internal auditing

Crédit Mutuel Alliance Fédérale 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;
- the internal audit is located in the general inspection - network auditing division for third-level control of transactions carried out in the networks and in the general inspection - business line auditing division and Audit Technologies for third-level control of loans handled by specialized business lines.

The risk, permanent control and compliance department coordinates the credit monitoring system, mainly through the quarterly meetings of the Commitments Monitoring Committee and the At-Risk Items Committees for the monitoring of sensitive risks in particular and the allocation of the group's main commitments to the proper risk classes. The department, working with the lending department and the business lines concerned, 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 control 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 department.

The general inspection division ensures that the entire system is operating correctly, including the second-level system carried out by the risk, permanent control and compliance department, through general or specific inspections of loans.

The credit risk, risk monitoring, compliance assurance and internal auditing management system is described in detail in section 5.3 "Risk management."

5.8.2 Exposures

Crédit Mutuel Alliance Fédérale has focused on the most advanced forms of the Basel III Accord, beginning with its core business, retail customers.

The ACPR has authorized the group to use its internal ratings system to calculate its regulatory capital requirements in respect of credit risk:

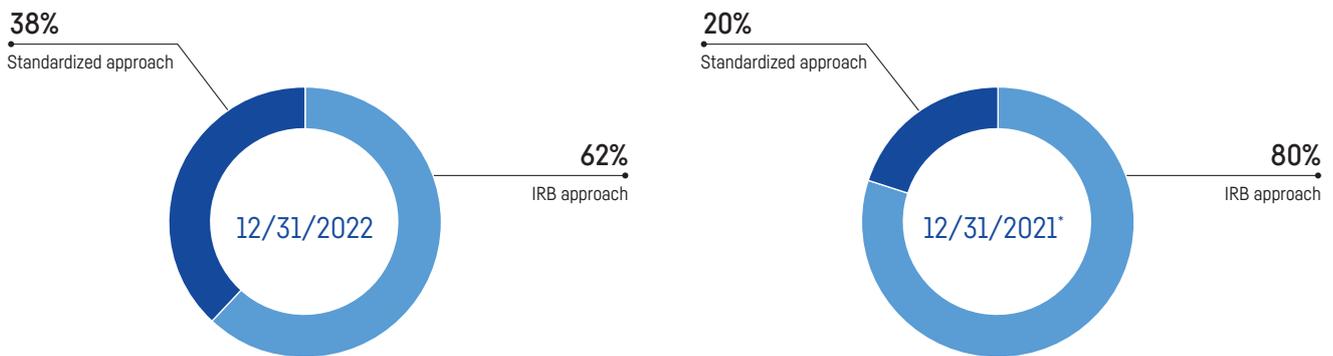
- using the advanced method, as from June 30, 2008, for the retail customer book;
- using the foundation method, as from December 31, 2008, for the banking book;
- using the advanced method, as from December 31, 2012, for the corporate and banking books;
- using the advanced method, as from March 31, 2018, for the real estate development book.

As part of the TRIM (Targeted review of internal models) exercise, the European Central Bank confirmed the authorization given to the Crédit Mutuel group on the retail customer home loan portfolio in 2018, on the retail corporate portfolio in 2019 and on the portfolios of banks and large corporate accounts in 2020. In March 2022, Crédit Mutuel, including its subsidiary CIC, switched back to the IRB-Foundation method for its large corporate portfolios and banks.

As part of the roll-out plan (transitioning to the IR method), the projects of using the advanced method throughout the factoring subsidiaries of the Crédit Mutuel group in France, Cofidis France and TARGOBANK AG are well under way. The latter entities represent 9% of the Institutions, Corporate and Retail Customers regulatory books.

The percentage of exposures approved under the advanced internal rating method for the Institutions, Corporate and Retail Customers regulatory books was 83% as of December 31, 2022.

GRAPH 14: SHARE OF GROSS EXPOSURES UNDER THE ADVANCED AND STANDARDIZED METHODS



* Measure on the scope of Institutions, Corporate and Retail customers.

5.8.3 Credit quality of assets

5.8.3.1 Impaired and overdue exposures (EU CRB-a)

A unified definition of default has been adopted for the entire Crédit Mutuel group. Based on the principle of aligning prudential information with accounting information (CRC 2002-03), this definition matches the Basel concept of loans in default and the accounting concept of non-performing loans and loans in litigation. The computer software factors in contagion, extending the downgrading to related outstandings. The controls carried out by internal audit and by the statutory auditors ensure the reliability of the procedures for identifying defaults used to calculate capital requirements.

Since November 2019, Crédit Mutuel Alliance Fédérale has been applying the new definition of regulatory default in accordance with EBA guidelines and the regulations' technical standards on applicable materiality thresholds.

The main developments related to the implementation of this new definition are the following:

- the analysis of the default now focuses on the borrower rather than on the contract;
- the number of days of unpaid or late installments is appraised for each borrower (obligor) or group of borrowers (joint obligors) in the case of a joint commitment;

- the default is triggered after 90 consecutive days of unpaid or late installments on the part of an obligor or joint obligors. The count of the number of days begins at the simultaneous crossing of the absolute materiality threshold (€100 Retail, €500 Corporate) and the relative materiality threshold (more than 1% of balance sheet commitments in arrears). The countdown is reset when this is no longer the case for one of the thresholds;
- the default contagion scope extends to all receivables of the borrower, and all individual commitments of borrowers participating in a joint credit obligation;
- the minimum probation period is three months before the return of non-restructured assets to a performing loan status.

Crédit Mutuel Alliance Fédérale has opted to roll out the new definition of default using the EBA's two-step approach:

- step 1 – This consists in presenting a self-assessment and an authorization request to the supervisor. Crédit Mutuel Alliance Fédérale 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.

The group deems that the new definition of default, as laid down by the EBA, is representative of an objective proof of impairment in accounting terms. The group has aligned its definitions of accounting (Status 3) and prudential default.

The definitions and financial information concerning payment arrears are provided in the part of the financial report titled "Payment arrears" (EU CRB-B).

5.8.3.2 Impairment for credit risk (EU CRB-c)

IFRS 9 went into mandatory effect on January 1, 2018 and replaced IAS 39 – Financial instruments: Recognition and Measurement. It laid out new rules in terms of:

- classification and measurement of financial instruments (Phase 1);
- impairment of the credit risk of financial assets (Phase 2);
- hedge accounting, apart from macro-hedging transactions (Phase 3).

It should be noted that 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, Crédit Mutuel Alliance Fédérale divides all debt instruments measured at amortized cost or at fair value through equity into three categories:

- stage 1: provisioned on the basis of 12-month expected credit losses (resulting from default risks over the following 12 months) as from initial recognition of the financial assets, provided that the credit risk has not increased significantly since initial recognition;
- stage 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
- stage 3: category comprising credit-impaired financial assets for which there is an objective indication of impairment related to an event that has occurred since the loan was granted.

This category is equivalent to the set of outstandings currently impaired individually under IAS 39.

Consequently and in accordance with the position of the EBA, all the group's write-downs for credit risk are the result of specific impairments.

Definition of the boundary between Stage 1 and Stage 2

Crédit Mutuel Alliance Fédérale uses models developed for regulatory purposes and so segregates its outstandings in that manner:

- Low Default Portfolios (LDPs);
- High Default Portfolios (HDPs).

A significant increase in credit risk, which entails transferring a loan out of Stage 1 into Stage 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.

This means measuring the risk at the borrower level since the Crédit Mutuel system for rating its counterparties is the same throughout the group.

All of the group's counterparties eligible for internal approaches are rated by the system. This system is based on:

- statistical algorithms or "mass ratings" based on one or more models, using a selection of representative and predictive risk variables (HDPs); or
- rating grids developed by experts (LDPs).

The change in risk since initial recognition is measured on a contract-by-contract basis.

Unlike Stage 3, transferring a customer's contract into Stage 2 does not entail transferring all of the customer's outstanding loans or those of related parties (absence of contagion).

It should be noted that Crédit Mutuel Alliance Fédérale immediately puts into Stage 1 any performing exposure that no longer meets the criteria for Stage 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 toward significant deterioration of the risk.

For HDP portfolios, a continuous and growing boundary curve relates the probability of default at origination and the probability of default at the reporting date. The group does not use the operational simplification offered by the standard, which allows outstanding loans with low risk at the reporting date to be maintained in Stage 1.

Qualitative criteria

To these qualitative criteria, Crédit Mutuel Alliance Fédérale adds qualitative ones such as installments unpaid or late by more than 30 days and the fact that a loan has been restructured.

Methods based exclusively on qualitative criteria are used for entities or small portfolios that are classified for prudential purposes under the standardized approach and do not have a rating system.

Stages 1 and 2 – Calculating expected losses

Expected credit losses are measured by multiplying the outstanding balance present-discounted by the contract rate by its probability of default (PD) and by the loss given default (LGD) ratio. The off-balance-sheet exposure is converted into a balance sheet equivalent based on the probability of a drawdown. The one-year probability of default is used for Stage 1, while the probability of default at termination (one-to-ten year curve) is used for Stage 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 stage and for calculating expected losses.

Probability of default

For portfolios with a high default rate, they are based on models approved under the IRB-A method, and for portfolios with a low default rate, on an external probability of default scale established on history of more than 30 years.

Loss given default

For portfolios with a high default rate, they are based on recovery flows observed over a long period of time, discounted at the interest rates of the contracts, segmented by type of product and type of guarantee and for portfolios with a low default rate, on flat-rate levels (60% for sovereigns and local authorities and 40% for the remainder).

Conversion factors

For all products, including revolving loans, they are used to convert off-balance-sheet exposure to a balance sheet equivalent and are mainly based on prudential models.

Forward-looking aspect

To calculate expected credit losses, the standard requires taking reasonable and justifiable information into account, including forward-looking information. The development of the forward-looking aspect requires anticipating changes and relating these anticipated changes to the risk parameters. This forward-looking aspect is determined at the group level and applies to all the parameters.

For portfolios with a high default rate, 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 portfolios with a low default rate, 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 portfolios with a high default rate.

Stage 3 – Non-performing loans

In Stage 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 has been made that might generate a loss. An analysis is done at each closing contract by contract. The impairment is equal to the difference between the carrying amount and the estimated future cash flows, allowing for collateral or other guarantees, present-discounted at the interest rate of the original loan. In the event of a variable rate, it is the most recent contractual rate that is booked.

Post-model adjustment to take into account the effects (direct or indirect) of the context of high macroeconomic uncertainties

To deal with the Covid-19 crisis, an additional depreciation had been estimated, since 2020, to anticipate the increase in claims in the sectors considered to be the most vulnerable to the health crisis^[1]. The group methodology, defined at the national level, was based on a step-by-step analysis of the deterioration of credit risk, *i.e.*, first identifying vulnerable sectors and then setting up additional provisions, calibrated according to the risk assessed by the groups. This impairment was reversed in 2022, as the criteria that prevailed at its creation were no longer met.

At the beginning of December 2022, the current and anticipated macroeconomic context was particularly difficult: continuing supply difficulties, anticipation of a significant impact of the energy crisis on many companies, inflation, strong uncertainties and very weak French GDP growth in Q4-2022. In this context of unprecedented crises in terms of their nature and scope, additional provisions (post-model adjustment) are recorded in the December 31, 2022 financial statements to cover the uncertainties related to the changes to come in 2023 concerning the identification of the pessimistic scenario and the forward-looking provisioning methodology.

[1] Tourism, games, leisure, hotels, restaurants, motor and aeronautical industries excluding manufacturers, clothing, beverage sales, light vehicle rentals, industrial passenger transportation, air transport.

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 Covid-19 health crisis, 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 during a credit event. This percentage varies from 70% to 90%.

Given the composition of the portfolio, which is mainly geared toward microenterprises/SMEs, most of the EMPs distributed as of December 31, 2022 benefit from a State guarantee of up to 90%.

TABLE 20: CREDIT QUALITY OF STATE-GUARANTEED LOANS

12/31/2022 <i>(in € millions)</i>	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	12,860	509	11,362	341
of which: households	1	-	-	-
of which: secured by residential real estate	-	-	-	-
of which: non-financial corporations	12,847	504	11,350	341
of which: small- and medium-sized enterprises	10,938	-	-	287
of which: secured by commercial real estate	114	-	-	-

12/31/2021 <i>(in € millions)</i>	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	15,205	320	13,601	529
of which: households	1	-	-	-
of which: secured by residential real estate	-	-	-	-
of which: non-financial corporations	15,194	315	13,591	529
of which: small- and medium-sized enterprises	12,806	-	-	320
of which: secured by commercial real estate	127	-	-	-

5.8.3.4 Exposures subject to a legal moratorium in the context of the health crisis

Crédit Mutuel Alliance Fédérale 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, Crédit Mutuel Alliance Fédérale chose to massively support its corporate and professional customers by granting automatic extensions of maturities.

TABLE 21: CREDIT QUALITY OF LOANS AND ADVANCES SUBJECT TO MORATORIUMS ON LOAN REPAYMENTS APPLIED DUE TO THE COVID-19 PANDEMIC

12/31/2022 (in € millions)	Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk ⁽¹⁾							Gross carrying amount
	Performing				Non-performing			Performing				Non-performing			
	Of which: exposures subject to re-negotiation measures	Of which: Instruments with a significant increase in credit risk since initial recognition but not impaired (step 2)			Of which: exposures subject to re-negotiation measures	Of which: payment, not past due or past due ≤ 90 days		Of which: exposures subject to re-negotiation measures	Of which: Instruments with a significant increase in credit risk since initial recognition but not impaired (step 2)		Of which: exposures subject to re-negotiation measures	Of which: payment, not past due or past due ≤ 90 days		Inflows from non-performing exposures	
Loans and advances subject to moratoriums ⁽¹⁾	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0
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	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0
of which: small- and medium-sized enterprises	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0
of which: secured by commercial real estate	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

(1) Excluding additional provisions on sensitive sectors related to the Covid-19 crisis.

12/31/2021 (in € millions)	Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk ⁽¹⁾							Gross carrying amount
	Performing				Non-performing			Performing				Non-performing			
	Of which: exposures subject to re-negotiation measures	Of which: Instruments with a significant increase in credit risk since initial recognition but not impaired (step 2)			Of which: exposures subject to re-negotiation measures	Of which: payment, not past due or past due ≤ 90 days		Of which: exposures subject to re-negotiation measures	Of which: Instruments with a significant increase in credit risk since initial recognition but not impaired (step 2)		Of which: exposures subject to re-negotiation measures	Of which: payment, not past due or past due ≤ 90 days		Inflows from non-performing exposures	
Loans and advances subject to moratoriums	42	35	33	33	7	7	6	-4	-2	-2	-2	-2	-2	-1	0
of which: households	40	34	33	33	7	6	6	-4	-2	-2	-2	-2	-2	-1	0
of which: secured by residential real estate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of which: non-financial corporations	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-
of which: small- and medium-sized enterprises	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-
of which: secured by commercial real estate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

(1) Excluding additional provisions on sensitive sectors related to the Covid-19 crisis.

TABLE 22: VOLUME OF LOANS AND ADVANCES SUBJECT TO STATUTORY AND NON-LEGISLATIVE MORATORIUM BY RESIDUAL MATURITY

12/31/2022 <i>(in € millions)</i>	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	349,683	33,166	-	-	-	-	-	-	-
Loans and advances subject to moratoriums (granted)	349,652	33,165	886	33,164	1	0	0	0	0
of which: households	-	1,177	877	1,176	0	0	0	0	0
<i>of which: secured by residential real estate</i>	-	212	0	212	0	0	0	0	0
of which: non-financial corporations	-	31,888	9	31,888	0	0	0	0	0
<i>of which: small- and medium-sized enterprises</i>	-	28,862	9	28,861	0	0	0	0	0
<i>of which: secured by commercial real estate</i>	-	645	0	645	0	0	0	0	0

12/31/2021 <i>(in € millions)</i>	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	423,121	42,479							
Loans and advances subject to moratoriums (granted)	423,086	42,479	1,055	42,437	2	40	-	-	-
of which: households	-	1,149	1,042	1,109	1	40	-	-	-
<i>of which: secured by residential real estate</i>	-	-	-	-	-	-	-	-	-
of which: non-financial corporations	-	41,214	13	41,213	1	-	-	-	-
<i>of which: small- and medium-sized enterprises</i>	-	36,852	13	36,850	1	-	-	-	-
<i>of which: secured by commercial real estate</i>	-	778	-	778	-	-	-	-	-

5.8.3.5 Restructured exposures (EU CRB-d)

An exposure is restructured after a debtor encounters financial difficulties. This takes the form of concessions made to the debtor by the group, e.g., changing the terms of the loan agreement such as the interest rate or the maturity, partial forgiveness or additional financing that would not have been granted in absence of the difficulties. In its

information systems Crédit Mutuel Alliance Fédérale 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 (Stage 3) but does mean classification in Stage 2, at least.

The tables below show the breakdown of outstanding receivables and related provisions as of December 31, 2022 according to different areas of analysis.

TABLE 23: MATURITY OF NET ON- AND OFF-BALANCE SHEET EXPOSURES (EU CR1-A)

12/31/2022 <i>(in € millions)</i>	Net value of exposures					No maturity stated	Total
	Demand	≤ 1 year	> 1 year ≤ 5 years	> 5 years	> 1 year ≤ 5 years		
Loans and advances	203,536	109,989	228,080	281,244	1,691	824,539	
Debt securities	1,042	4,467	13,945	10,363	14,121	43,938	
TOTAL	204,578	114,456	242,025	291,607	15,811	868,477	

12/31/2021 <i>(in € millions)</i>	Net value of exposures					No maturity stated	Total
	Demand	≤ 1 year	> 1 year ≤ 5 years	> 5 years	> 1 year ≤ 5 years		
Loans and advances	227,309	82,888	197,723	244,244	12,414	764,578	
Debt securities	774	3,300	13,310	10,639	14,193	42,217	
TOTAL	228,083	86,189	211,033	254,883	26,606	806,795	

TABLE 24: CREDIT QUALITY OF FORBORNE EXPOSURES (EU CQ1)

12/31/2022 <i>(in € millions)</i>	Gross restructured performing loans				Total write-downs, total changes in fair value of credit risk and provisions		Collateral and financial guarantees received on restructured exposure	
	Gross restructured performing loans	Restructured non-performing loans		On performing exposures benefiting from restructuring measures	Total on non-performing loans		Collateral and financial guarantees received on non-performing exposures with restructuring measures	
		Of which defaulted	Of which impaired					
Demand accounts with central banks and other demand deposits	0	0	0	0	0	0	0	0
Loans and advances	2,547	3,489	3,489	3,489	-196	-1,432	2,838	1,320
Central banks	0	0	0	0	0	0	0	0
Public administration	2	5	5	5	0	-1	5	4
Credit institutions	2	0	0	0	0	0	0	0
Other financial institutions	67	85	85	85	-6	-68	64	16
Non-financial corporations	1,378	1,672	1,672	1,672	-56	-529	1,962	976
Households	1,098	1,726	1,726	1,726	-133	-834	807	324
Debt instruments	0	0	0	0	0	0	0	0
Loan commitments given	36	75	75	75	-1	0	27	0
TOTAL	2,583	3,564	3,564	3,564	-196	-1,432	2,866	1,320

12/31/2021 <i>(in € millions)</i>	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		On restructured performing loans	On restructured non-performing loans		Of which collateral and guarantees on restructured exposure	
		Of which loans in default	Of which impaired loans					
Demand accounts with central banks and other demand deposits	0	0	0	0	0	0	0	0
Loans and advances	2,956	3,267	3,267	3,267	-308	-1,349	2,753	1,164
Central banks	0	0	0	0	0	0	0	0
Public administration	1	5	5	5	0	-1	4	4
Credit institutions	0	0	0	0	0	0	0	0
Other financial institutions	25	96	96	96	-1	-58	50	37
Non-financial corporations	1,693	1,548	1,548	1,548	-154	-483	1,918	854
Households	1,237	1,617	1,617	1,617	-153	-807	780	268
Debt instruments	0	0	0	0	0	0	0	0
Loan commitments given	42	11	11	11	0	0	12	0
TOTAL	2,998	3,278	3,278	3,278	-309	-1,349	2,766	1,164

TABLE EU CQ2: QUALITY OF RENEGOTIATION (FORBEARANCE)

Crédit Mutuel Alliance Fédérale's NPE rate does not exceed the 5% threshold, so this table has not been produced.

TABLE 25: CREDIT QUALITY OF PERFORMING AND NON-PERFORMING EXPOSURES BY REMAINING MATURITY (EU CQ3)

12/31/2022 (in € millions)	Gross carrying amount/nominal amount												
	Performing loans				Non-performing loans								
	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	Of which loans in default	
Demand accounts with central banks and other demand deposits	115,106	115,106	0	0	0	0	0	0	0	0	0	0	0
Loans and advances	550,945	548,970	1,975	13,181	3,540	844	1,039	3,811	2,165	470	1,312	13,181	
Central banks	470	470	0	0	0	0	0	0	0	0	0	0	
Public administration	6,876	6,792	84	31	19	1	1	2	7	0	0	31	
Credit institutions	51,577	51,567	11	3	1	0	0	1	1	0	0	3	
Other financial institutions	11,825	11,815	10	174	21	4	4	60	70	6	9	174	
Non-financial corporations	244,831	243,548	1,282	7,334	2,150	357	310	2,706	754	270	786	7,334	
<i>Of which: SMEs</i>	<i>203,877</i>	<i>202,982</i>	<i>895</i>	<i>6,078</i>	<i>1,561</i>	<i>307</i>	<i>283</i>	<i>2,331</i>	<i>544</i>	<i>269</i>	<i>782</i>	<i>6,078</i>	
Households	235,365	234,778	587	5,639	1,349	482	724	1,041	1,334	193	516	5,639	
Debt instruments	38,681	38,679	2	93	93	0	0	0	0	0	0	93	
Central banks	1,081	1,081	0	0	0	0	0	0	0	0	0	0	
Public administration	16,537	16,537	0	0	0	0	0	0	0	0	0	0	
Credit institutions	10,174	10,174	0	1	1	0	0	0	0	0	0	1	
Other financial institutions	9,164	9,164	0	2	2	0	0	0	0	0	0	2	
Non-financial corporations	1,725	1,723	2	91	91	0	0	0	0	0	0	91	
Off-balance sheet commitments	167,134	-	-	544	-	-	-	-	-	-	-	544	
Central banks	13	-	-	0	-	-	-	-	-	-	-	0	
Public administration	3,246	-	-	0	-	-	-	-	-	-	-	0	
Credit institutions	55,100	-	-	87	-	-	-	-	-	-	-	87	
Other financial institutions	2,775	-	-	3	-	-	-	-	-	-	-	3	
Non-financial corporations	76,746	-	-	400	-	-	-	-	-	-	-	400	
Households	29,254	-	-	53	-	-	-	-	-	-	-	53	
TOTAL	871,866	702,755	1,977	13,818	3,634	844	1,039	3,811	2,165	470	1,312	13,818	

12/31/2021 (in € millions)	Gross carrying amount/nominal amount											
	Performing loans				Non-performing loans							
	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	Of which loans in default
Demand accounts with central banks and other demand deposits	124,714	124,714	0	0	0	0	0	0	0	0	0	0
Loans and advances	498,826	497,312	1,514	11,723	3,061	552	820	3,404	2,195	489	1,202	11,723
Central banks	408	407	0	0	0	0	0	0	0	0	0	0
Public administration	5,662	5,598	65	26	11	0	1	2	11	0	0	26
Credit institutions	53,971	53,964	7	4	1	0	0	1	0	0	1	4
Other financial institutions	11,630	11,623	7	196	23	2	40	44	79	1	7	196
Non-financial corporations	218,435	217,423	1,011	6,516	1,879	171	193	2,467	747	299	762	6,516
<i>Of which: SMEs</i>	<i>184,972</i>	<i>184,260</i>	<i>712</i>	<i>5,629</i>	<i>1,423</i>	<i>164</i>	<i>186</i>	<i>2,185</i>	<i>620</i>	<i>294</i>	<i>757</i>	<i>5,629</i>
Households	208,720	208,295	424	4,981	1,147	379	587	890	1,359	189	431	4,981
Debt instruments	35,736	35,736	0	110	110	0	0	0	0	0	0	110
Central banks	980	980	0	0	0	0	0	0	0	0	0	0
Public administration	16,366	16,366	0	0	0	0	0	0	0	0	0	0
Credit institutions	11,978	11,978	0	1	1	0	0	0	0	0	0	1
Other financial institutions	4,943	4,943	0	2	2	0	0	0	0	0	0	2
Non-financial corporations	1,469	1,469	0	107	107	0	0	0	0	0	0	107
Off-balance sheet commitments	158,540	-	-	485	-	-	-	-	-	-	-	485
Central banks	20	-	-	0	-	-	-	-	-	-	-	0
Public administration	1,570	-	-	0	-	-	-	-	-	-	-	0
Credit institutions	59,785	-	-	80	-	-	-	-	-	-	-	80
Other financial institutions	2,859	-	-	3	-	-	-	-	-	-	-	3
Non-financial corporations	67,727	-	-	351	-	-	-	-	-	-	-	351
Households	26,579	-	-	51	-	-	-	-	-	-	-	51
TOTAL	817,817	657,762	1,514	12,318	3,171	552	820	3,404	2,195	489	1,202	12,318

TABLE 26: CREDIT QUALITY OF EXPOSURES BY GEOGRAPHIC AREA (EU CQ4)

12/31/2022 <i>(in € millions)</i>	Total outstandings/gross nominal amount				Accumulated impairment	Impairment of off-balance sheet commitments and financial guarantees given	Cumulative negative changes in fair value due to credit risk on non-performing exposures
		Of which non-performing loans		Of which loans subject to impairment			
			Of which loans in default				
Balance sheet exposure	602,900	13,274	13,274	602,116	-9,659	-	0
France	482,549	9,371	9,371	481,837	-6,130	-	0
Germany	33,949	1,805	1,805	33,949	-1,957	-	0
Belgium	12,692	621	621	12,657	-474	-	0
Switzerland	10,408	293	293	10,408	-99	-	0
United States of America	10,089	50	50	10,085	-54	-	0
Luxembourg	8,899	41	41	8,885	-52	-	0
United Kingdom	4,744	44	44	4,744	-24	-	0
Spain	4,101	272	272	4,101	-311	-	0
Singapore	3,408	0	0	3,408	-1	-	0
Portugal	3,362	290	290	3,362	-281	-	0
Ireland	3,345	22	22	3,345	-7	-	0
Italy	3,339	111	111	3,339	-125	-	0
The Netherlands	2,563	6	6	2,563	-7	-	0
Canada	2,539	6	6	2,524	-6	-	0
Australia	1,974	1	1	1,974	-3	-	0
Japan	1,863	70	70	1,863	-11	-	0
Hong Kong	1,448	0	0	1,448	-1	-	0
Sweden	1,021	1	1	1,021	-2	-	0
Other countries	10,606	271	271	10,602	-115	-	0
Off-balance sheet exposure	167,677	544	544	0	0	399	0
France	139,629	521	521	-	-	336	-
Germany	5,402	7	7	-	-	32	-
United States of America	4,105	0	0	-	-	3	-
Switzerland	3,249	2	2	-	-	3	-
Belgium	2,500	8	8	-	-	3	-
Luxembourg	2,294	1	1	-	-	3	-
United Kingdom	1,739	0	0	-	-	6	-
Spain	1,588	3	3	-	-	0	-
The Netherlands	1,387	0	0	-	-	1	-
Other countries	5,784	2	2	-	-	11	-
TOTAL	770,578	13,818	13,818	602,116	-9,659	399	0

Countries with on-balance sheet or off-balance sheet exposures of less than €1 billion are included in the "Other countries" line.

12/31/2021 (in € millions)	Total outstandings/gross nominal amount				Accumulated impairment	Impairment of off-balance sheet commitments and financial guarantees given	Cumulative negative changes in fair value due to credit risk on non-performing exposures
		Of which non-performing loans		Of which loans subject to impairment			
			Of which loans in default				
Balance sheet exposures	546,396	11,833	11,833	545,803	-9,298	-	0
France	442,734	8,433	8,433	442,223	-6,089	-	0
Germany	30,325	1,659	1,659	30,325	-1,815	-	0
United States of America	7,646	41	41	7,638	-59	-	0
Switzerland	9,561	242	242	9,557	-72	-	0
Luxembourg	10,283	52	52	10,265	-73	-	0
Spain	6,782	449	449	6,782	-474	-	0
United Kingdom	4,648	52	52	4,648	-24	-	0
Belgium	4,448	124	124	4,413	-142	-	0
Portugal	3,148	299	299	3,148	-282	-	0
The Netherlands	2,481	26	26	2,481	-7	-	0
Singapore	2,540	14	14	2,540	-6	-	0
Ireland	2,116	43	43	2,116	-6	-	0
Italy	2,910	64	64	2,910	-79	-	0
Canada	1,566	4	4	1,548	-4	-	0
Australia	1,717	0	0	1,717	-4	-	0
Japan	1,321	34	34	1,321	-10	-	0
Hong Kong	1,123	0	0	1,123	-1	-	0
Other countries	11,048	299	299	11,048	-150	-	0
Off-balance sheet exposures	159,024	485	485	-	-	477	-
France	132,973	452	452	-	-	392	-
Germany	4,709	7	7	-	-	35	-
United States of America	4,196	0	0	-	-	4	-
Switzerland	3,603	1	1	-	-	2	-
Luxembourg	2,034	1	1	-	-	4	-
United Kingdom	2,067	12	12	-	-	4	-
Belgium	1,390	0	0	-	-	2	-
The Netherlands	1,408	0	0	-	-	7	-
Spain	1,536	9	9	-	-	10	-
Australia	874	0	0	-	-	1	-
Singapore	492	0	0	-	-	0	-
Hong Kong	395	0	0	-	-	0	-
Italy	365	0	0	-	-	1	-
Ireland	143	0	0	-	-	0	-
Canada	118	0	0	-	-	0	-
Portugal	62	0	0	-	-	0	-
Japan	5	0	0	-	-	0	-
Other countries	2,656	2	2	0	0	13	0
TOTAL	705,420	12,318	12,318	545,803	-9,298	477	0

TABLE 27: CREDIT QUALITY OF LOANS AND ADVANCES GRANTED TO NON-FINANCIAL COMPANIES BY INDUSTRY (EU CQ5)

12/31/2022 <i>(in € millions)</i>	Gross carrying amount				Accumulated impairment	Cumulative negative changes in fair value due to credit risk on non-performing exposures
		Of which non-performing		Of which loans and advances subject to impairment		
			Of which defaulted			
Agriculture, forestry and fishing	8,872	306	306	8,872	-186	0
Extractive industries	556	2	2	556	-2	0
Manufacturing industry	18,655	839	839	18,655	-378	0
Production and distribution of electricity, gas, steam and air conditioning	2,970	45	45	2,970	-29	0
Water production and distribution	1,085	24	24	1,085	-16	0
Building	13,851	600	600	13,851	-346	0
Retail	22,527	1,098	1,098	22,527	-642	0
Transportation and storage	8,883	261	261	8,881	-119	0
Hospitality and catering	6,228	513	513	6,228	-250	0
Information and communication	3,933	100	100	3,933	-58	0
Financial and insurance activities	14,104*	335*	335*	14,104*	-261*	0
Real estate activities	79,849*	1,338*	1,338*	79,849*	-877*	0
Professional, scientific and technical activities	21,950	828	828	21,950	-396	0
Administrative and support service activities	8,285	304	304	8,285	-172	0
Public administration and defense, mandatory social security	140	0	0	140	-1	0
Teaching	1,768	36	36	1,768	-24	0
Human healthcare and social action	10,442	112	112	10,442	-110	0
Arts, shows and entertainment	1,535	74	74	1,535	-43	0
Other services	26,531	517	517	26,531	-367	0
TOTAL	252,164	7,334	7,334	252,162	-4,276	0

* This data is corrected compared to the 2022 universal registration document published in French on April 13, 2023. It will be updated in the French version of the first amendment to the 2022 universal registration document.

12/31/2021 <i>(in € millions)</i>	Total outstandings			Accumulated impairment	Cumulative negative changes in fair value due to credit risk on non-performing exposures	
		Of which non-performing loans	Of which non-performing loans in default			Of which total loans subject to impairment
Agriculture, forestry and fishing	7,341	283	283	7,341	-163	0
Extractive industries	632	27	27	632	-24	0
Manufacturing industry	17,179	748	748	17,179	-392	0
Production and distribution of electricity, gas, steam and air conditioning	2,851	56	56	2,851	-26	0
Water production and distribution	988	20	20	988	-16	0
Building	12,331	492	492	12,331	-308	0
Retail	21,395	1,024	1,024	21,395	-700	0
Transport and storage	7,910	276	276	7,907	-128	0
Hospitality and catering	6,109	463	463	6,109	-568	0
Information and communication	3,654	91	91	3,654	-58	0
Financial and insurance activities	13,123	357	357	13,123	-281	0
Real estate activities	69,355	1,333	1,333	69,355	-831	0
Professional, scientific and technical activities	17,701	451	451	17,701	-301	0
Administrative and support service activities	7,009	281	281	7,004	-196	0
Public administration and defense, mandatory social security	115	0	0	115	0	0
Teaching	1,644	35	35	1,644	-21	0
Human healthcare and social action	9,282	95	95	9,282	-81	0
Arts, shows and entertainment	1,525	68	68	1,525	-95	0
Other services	24,806	416	416	24,806	-278	0
TOTAL	224,951	6,516	6,516	224,942	-4,468	0

TABLE EU CQ6: MEASUREMENT OF COLLATERAL: LOANS AND ADVANCES

Crédit Mutuel Alliance Fédérale's NPE rate does not exceed the threshold of 5%, so this table has not been produced.

TABLE 28: COLLATERAL OBTAINED BY TAKING POSSESSION AND EXECUTION PROCESSES (EU CQ7)

(in € millions)	12/31/2022		12/31/2021	
	Collateral obtained by taking possession (accumulated)			
	Value at initial recognition	Cumulative negative change	Value at initial recognition	Cumulative negative change
Property, plant and equipment	0	0	0	0
Other than property, plant and equipment	18	-2	54	-17
<i>Residential real estate property</i>	18	-2	38	-9
<i>Commercial property</i>	0	0	11	-5
<i>Real estate property</i>	0	0	0	0
<i>Equity and debt instruments</i>	0	0	0	0
<i>Other</i>	0	0	5	-3
TOTAL	18	-2	54	-17

TABLE CQ8: COLLATERAL OBTAINED BY TAKING POSSESSION AND EXECUTION: BREAKDOWN BY ISSUE DATE

Crédit Mutuel Alliance Fédérale's NPE rate does not exceed the threshold of 5%, so this table has not been produced.

TABLE 29: PERFORMING AND NON-PERFORMING EXPOSURES AND RELATED PROVISIONS (EU CR1)

12/31/2022 (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	
	Of which Stage 1	Of which Stage 2	Of which Stage 3	Of which Stage 1	Of which Stage 2	Of which Stage 3	Of which Stage 1	Of which Stage 2	Of which Stage 3	Of which Stage 2	Of which Stage 3					
Demand accounts with central banks and other demand deposits	115,106	114,638	469	0	0	0	0	0	0	0	0	0	0	0	6	0
Loans and advances	550,945	516,358	34,495	13,181	0	12,844	-3,296	-1,546	-1,745	-6,278	0	-6,214	0	308,100	4,262	
Central banks	470	470	0	0	0	0	0	0	0	0	0	0	0	0	0	
Public administration	6,876	6,773	103	31	0	26	-4	-1	-2	-4	0	-4	0	1,229	15	
Credit institutions	51,577	51,560	17	3	0	3	-4	-3	-1	-1	0	-1	0	838	1	
Other financial institutions	11,825	10,996	817	174	0	172	-43	-24	-19	-105	0	-104	0	7,462	64	
Non-financial corporations	244,831	223,655	21,127	7,334	0	7,041	-1,380	-513	-865	-2,896	0	-2,846	0	162,867	3,297	
of which: small- and medium-sized enterprises	203,877	185,545	18,287	6,078	0	5,824	-1,123	-389	-732	-2,466	0	-2,420	0	142,457	2,740	
Households	235,365	222,904	12,430	5,639	0	5,603	-1,867	-1,005	-858	-3,271	0	-3,259	0	135,704	885	
Debt instruments	38,681	37,884	27	93	0	93	-21	-20	-1	-64	0	-64	0	0	0	
Central banks	1,081	1,081	0	0	0	0	0	0	0	0	0	0	0	0	0	
Public administration	16,537	16,537	0	0	0	0	-5	-5	0	0	0	0	0	0	0	
Credit institutions	10,174	10,147	0	1	0	1	-3	-3	0	-1	0	-1	0	0	0	
Other financial institutions	9,164	9,150	1	2	0	2	-11	-11	0	-1	0	-1	0	0	0	
Non-financial corporations	1,725	969	26	91	0	91	-2	-1	-1	-62	0	-62	0	0	0	
Off-balance sheet outstandings	167,134	163,425	3,708	544	0	533	-244	-142	-102	-156	0	-156	0	25,397	119	
Central banks	13	13	0	0	0	0	0	0	0	0	0	0	0	0	0	
Public administration	3,246	3,244	2	0	0	0	0	0	0	0	0	0	0	696	0	
Credit institutions	55,100	54,240	860	87	0	87	-9	-3	-6	-18	0	-18	0	127	3	
Other financial institutions	2,775	2,691	84	3	0	3	-9	-7	-2	-2	0	-2	0	529	1	
Non-financial corporations	76,746	74,756	1,990	400	0	392	-199	-111	-87	-134	0	-134	0	17,653	96	
Households	29,254	28,481	773	53	0	52	-27	-21	-6	-2	0	-2	0	6,392	20	
TOTAL	871,866	832,306	38,699	13,818	0	13,471	-3,561	-1,708	-1,847	-6,498	0	-6,434	0	333,503	4,381	

The Crédit Mutuel group applies local law and write-offs are only recorded once all rights of recovery have been extinguished.

12/31/2021 <i>(in € millions)</i>	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 cumu- lative reversals	On per- forming loans	On non-per- forming loans
	Of which Stage 1	Of which Stage 2		Of which Stage 2	Of which Stage 3		Of which Stage 1	Of which Stage 2		Of which Stage 2	Of which Stage 3				
Demand accounts with centra banks and other demand deposits	124,714	124,712	2	0	0	0	0	0	0	0	0	0	-	304	0
Loans and advances	498,826	462,537	36,277	11,723	0	11,723	-3,248	-1,233	-2,015	-5,949	0	-5,949	-	273,109	3,513
Central banks	408	408	0	0	0	0	0	0	0	0	0	0	-	0	0
Public administration	5,662	5,604	59	26	0	26	-2	-1	-1	-3	0	-3	-	1,237	11
Credit institutions	53,971	53,964	7	4	0	4	-2	-2	0	-1	0	-1	-	632	2
Other financial institutions	11,630	10,673	953	196	0	196	-30	-15	-15	-89	0	-89	-	6,170	99
Non-financial corporations	218,435	194,254	24,173	6,516	0	6,516	-1,605	-361	-1,244	-2,862	0	-2,862	-	143,564	2,671
Of which: SMEs	184,972	163,884	21,088	5,629	0	5,629	-1,383	-275	-1,108	-2,552	0	-2,552	-	126,319	2,250
Households	208,720	197,635	11,085	4,981	0	4,981	-1,609	-854	-755	-2,995	0	-2,995	-	121,507	730
Debt instruments	35,736	35,650	87	110	0	110	-20	-15	-5	-80	0	-80	-	0	0
Central banks	980	980	0	0	0	0	0	0	0	0	0	0	-	0	0
Public administration	16,366	16,366	0	0	0	0	-3	-3	0	0	0	0	-	0	0
Credit institutions	11,978	11,979	0	1	0	1	-5	-5	0	-1	0	-1	-	0	0
Other financial institutions	4,943	4,941	2	2	0	2	-5	-5	0	-1	0	-1	-	0	0
Non-financial corporations	1,469	1,384	85	107	0	107	-7	-2	-5	-79	0	-79	-	0	0
Off-balance sheet commitments	158,540	151,215	7,325	485	0	485	-326	-117	-209	-151	0	-151	-	21,433	87
Central banks	20	20	0	0	0	0	0	0	0	0	0	0	-	0	0
Public administration	1,570	1,568	2	0	0	0	0	0	0	0	0	0	-	820	0
Credit institutions	59,785	57,747	2,037	80	0	80	-9	-3	-6	-23	0	-23	-	144	3
Other financial institutions	2,859	2,420	438	3	0	3	-12	-5	-7	-2	0	-2	-	523	0
Non-financial corporations	67,727	63,566	4,161	351	0	351	-280	-90	-190	-123	0	-123	-	14,104	68
Households	26,579	25,893	687	51	0	51	-25	-19	-6	-3	0	-3	-	5,841	15
TOTAL	817,817	774,113	43,690	12,318	0	12,318	-3,594	-1,365	-2,229	-6,181	0	-6,181	-	294,847	3,600

TABLE 30: CHANGES IN THE STOCK OF NON-PERFORMING LOANS AND ADVANCES (EU CR2)

(in € millions)	12/31/2022	12/31/2021
Initial stock of non-performing loans and advances	11,723	12,591
Additions to non-performing portfolios	6,178	5,420
Exits from non-performing portfolios	-4,720	-6,288
<i>Exits due to losses</i>	-1,392	-1,575
<i>Exits due to other reasons</i>	-3,328	-4,714
Final stock of non-performing loans and advances	13,181	11,723

TABLE EU CR2A: CHANGES IN THE STOCK OF NON-PERFORMING LOANS AND ADVANCES AND ASSOCIATED CUMULATIVE NET RECOVERIES

Crédit Mutuel Alliance Fédérale's NPE rate does not exceed the threshold of 5%, so this table has not been produced.

5.8.4 Standardized approach (EU CRD)

Exposures treated using the standard method are given in the table below.

Crédit Mutuel Alliance Fédérale uses from the evaluations of rating agencies (Standard & Poor's, Moody's and Fitch Ratings) to measure the sovereign risk in its exposures linked to central governments and central banks. If several rating levels derived from external ratings are possible, they are ranked from the most favorable to the least favorable and the second best is used to calculate the weighted risks.

Since September 2017, the group 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 required by the regulation.

TABLE 31: BREAKDOWN OF EXPOSURES UNDER THE STANDARDIZED APPROACH (EU CR5)

Category of exposure (in € millions) 12/31/2022	Weighting																Total	Of which not rated	
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1,250%	Other	Deducted			
Governments and central banks	141,564	-	-	-	348	-	263	-	-	23	3	593	-	-	-	-	-	142,795	-
Regional or local authorities	259	-	-	-	5,785	-	-	-	-	0	-	-	-	-	-	-	-	6,043	-
Public sector (public organizations excluding central governments)	42,583	-	-	-	44	-	-	-	-	-	-	-	-	-	-	-	-	42,627	-
Multilateral development banks	1,064	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,064	-
International organizations	1,063	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,063	-
Institutions (banks)	16	-	-	-	1,881	-	49	-	-	11	-	-	-	-	-	-	-	1,958	-
Corporates	0	-	-	-	743	-	2,274	-	-	25,684	101	-	-	-	-	-	-	28,802	-
Retail customers	-	-	-	-	-	-	-	-	44,431	-	-	-	-	-	-	-	-	44,431	-
Exposures secured by real estate mortgages	-	-	-	-	-	11,547	2,462	-	1,554	906	-	-	-	-	-	-	-	16,468	-
Exposures in default	13	-	-	-	-	-	-	-	-	2,137	879	-	-	-	-	-	-	3,028	-
Exposures presenting a particular high risk	-	-	-	-	-	-	-	-	-	-	2,014	-	-	-	-	-	-	2,014	-
Covered bonds	-	-	-	85	-	-	5	-	-	-	-	-	-	-	-	-	-	90	-
Exposures from institutions and corporates given a short-term credit evaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of UCIT shares or equities	120	-	-	-	-	-	1	-	-	227	170	-	-	19	-	-	-	538	-
Equity exposure	-	-	-	-	-	-	-	-	-	450	-	1	-	-	-	-	-	450	-
Other assets	-	-	-	2	13	-	45	-	-	2,670	-	-	-	-	-	76	-	2,805	-
TOTAL	186,681	-	-	86	8,815	11,547	5,100	-	45,984	32,107	3,167	593	-	19	76	-	-	294,176	-

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 Crédit Mutuel Alliance Fédérale limited to high-quality counterparties.

Category of exposure (in € millions) 12/31/2021	Weighting																Total	Of which not rated	
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1,250%	Other	Deducted			
1 – Governments and central banks	151,495	-	-	-	543	-	136	-	-	245	-	785	-	-	-	-	-	153,205	-
2 – Regional or local authorities	260	-	-	-	4,486	-	-	-	-	0	-	-	-	-	-	-	-	4,746	-
3 – Public sector (Public organizations excluding central governments)	35,401	-	-	-	22	-	-	-	-	-	-	-	-	-	-	-	-	35,423	-
4 – Multilateral development banks	1,199	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,199	-
5 – International organizations	1,047	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,047	-
6 – Institutions (banks)	9	-	-	-	1,804	-	74	-	-	26	0	-	-	-	-	-	-	1,913	-
7 – Corporates	-	-	-	-	838	-	1,896	-	-	19,012	79	-	-	-	-	-	-	21,826	-
8 – Retail customers	-	-	-	-	-	-	-	-	38,013	-	-	-	-	-	-	-	-	38,013	-
9 – Exposures secured by real estate mortgages	-	-	-	-	-	6,953	2,346	-	244	598	-	-	-	-	-	-	-	10,141	-
10 – Exposures in default	8	-	-	-	-	-	-	-	-	1,519	579	-	-	-	-	-	-	2,105	-
11 – Exposures presenting a particular high risk	-	-	-	-	-	-	-	-	-	-	1,495	-	-	-	-	-	-	1,495	-
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	37	-	-	-	-	-	1	-	-	170	154	-	-	20	-	-	-	381	-
15 – Equity exposure	-	-	-	-	-	-	-	-	-	425	-	1	-	-	-	-	-	425	-
16 – Other assets	-	-	-	0	3	-	4	-	-	1,620	-	-	-	-	-	8	-	1,635	-
17 – TOTAL	189,456	-	-	0	7,696	6,953	4,458	-	38,257	23,616	2,306	786	-	20	8	-	-	273,555	-

5.8.5 Internal rating systems (EU CRE)

5.8.5.1 Rating system 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 groups' 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's 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 mass corporate and retail exposure classes.

In the "mass" corporate and retail scopes, LGD is calculated separately for each class, the classes being defined according to the type of loan and nature of the collateral. LGD is estimated based on the updated monthly collections observed for each class.

Margins of conservatism are added to reflect the uncertainty of estimates and the "downturn" nature of LGD. The calculations are based on an internal record of defaults and losses covering more than fifteen years.

The credit conversion factor (CCF) is the ratio of the portion currently undrawn of a credit line that could be drawn down and would therefore be exposed in the event of default and the portion of said credit currently undrawn.

In the case of the wholesale corporate and retail customers books, the Crédit Mutuel group calculates the credit conversion factors (CCFs) using an internal method approved for financing commitments. In the case of secured loans and banking exposures, regulatory values (standardized approach) are applied.

In the corporate and retail scopes, the internal CCFs are estimated based on average historical CCFs weighted by the number of contracts, using a product-focused segmentation. They are calibrated on the basis of internal data.

The parameters used to calculate weighted risks are national and apply to all group entities.

5.8.5.2 Model mapping

Modeled parameter	Category of exposure	Portfolios	Number of models	Methodology			
PD	Institutions	Financial institutions	2 models: Banks, Covered Bonds	Expert-type models based on a grid containing qualitative and quantitative variables			
	Corporates	Large corporates (LC) (Revenue > €500 million)	6 models depending on the type of counterparty and sector	Expert-type models based on a grid containing qualitative and quantitative variables			
		"Mass" corporate (Revenue < €500 million)			3 models	Quantitative-type models with qualitative grids provided by experts	
		Large corporates acquisition financing	1 model	Expert-type model based on grid containing qualitative and quantitative variables			
		Corporate acquisition financing	1 model	Quantitative-type models combined with qualitative grids provided by experts			
		Corporates	Spec. asset lending: 6 models according to the asset type, Spec. project lending: 4 models according to the industry, FS Immobiliers: 1 model	Expert-type models based on a grid containing qualitative and quantitative variables			
					Other Corporates	2 models: RE Invest. Cos., Insurance	Expert-type models based on a grid containing qualitative and quantitative variables
		Retail	Individuals	6 models depending on the type of loan (real estate, personal, etc.)	Quantitative-type models		
	Legal Entities		4 models depending on type of customer	Quantitative-type models			
	Sole traders		3 models depending on type of business (merchants, artisans, etc.)	Quantitative-type models			
	Farmers		6 models depending on the condition of the account and type of operation (cyclical or not)	Quantitative-type models			
	Non-profit organizations		1 model	Quantitative-type models			
	SCIs (RE partnerships)		1 model	Quantitative-type models			
	LGD	Institutions	Financial institutions	1 model	Expert-type model dependent on the counterparty and the contract, based on qualitative and quantitative information		
Corporates		Large corporates (LCs), Acquisition financing, RE Invest. cos. and Insurance	1 model with sector parameters	Expert-type model dependent on the counterparty and the contract, based on qualitative and quantitative information			
		"Mass" corporate	1 model applied to 8 segments according to the type of loan and nature of security	Quantitative-type models based on internal collection flows			
Retail			1 model applied to 10 segments according to the type of loan and nature of security	Quantitative-type models based on internal collection flows			
CCF	Corporates	"Mass" corporate	1 model applied to 4 segments according to the type of loan	Quantitative model, calibration of CCFs based on internal data			
	Retail		1 model applied to 8 segments according to the type of loan	Quantitative model, calibration of CCFs based on internal data			

TABLE 32: IRB APPROACH – CREDIT RISK EXPOSURES BY EXPOSURE CLASS AND PD RANGE (EU CR6) – IRBA

12/31/2022 (in € millions)	PD range	Initial gross exposures on balance sheet	Pre-CCF off-balance-sheet exposures	Weighted average CCF	Post-CCF and CRM exposures
GOVERNMENTS AND CENTRAL BANKS					
	Subtotal	-	-	-	-
INSTITUTIONS (BANKS)					
	Subtotal	0	0	0	0
CORPORATES					
	0 to <0.15	0	0	0	0
	of which [0 to <0.10]	0	0	0	0
	of which [0.10 to <0.15]	0	0	0	0
	0.15 to <0.25	0	0	0	0
	0.25 to <0.50	0	0	0	0
	0.50 to <0.75	24,536	6,291	47	26,588
	0.75 to <2.50	21,741	4,564	48	22,150
	of which [0.75 to <1.75]	14,009	2,676	47	13,921
	of which [1.75 to <2.50]	7,732	1,888	49	8,230
	2.50 to <10.00	14,185	2,943	49	14,617
	of which [2.50 to <5.00]	10,749	2,174	48	11,103
	of which [5.00 to <10.00]	3,437	770	51	3,514
	10.00 to <100.00	1,931	268	52	1,814
	of which [10.00 to <20.00]	1,329	204	53	1,286
	of which [20.00 to <30.00]	43	6	45	46
	of which [30.00 to <100.00]	559	58	48	482
	100.00 (default)	2,013	205	83	1,755
	Subtotal	64,406	14,272	48	66,925
Of which: Specialized lending					
	Subtotal	0	0	0	0
Of which: SMEs					
	0 to <0.15	0	0	0	0
	of which [0 to <0.10]	0	0	0	0
	of which [0.10 to <0.15]	0	0	0	0
	0.15 to <0.25	0	0	0	0
	0.25 to <0.50	0	0	0	0
	0.50 to <0.75	14,155	1,879	53	14,657
	0.75 to <2.50	13,097	1,943	52	13,016
	of which [0.75 to <1.75]	8,815	1,327	50	8,648
	of which [1.75 to <2.50]	4,283	615	57	4,368
	2.50 to <10.00	7,068	1,064	56	7,140
	of which [2.50 to <5.00]	5,794	862	55	5,888
	of which [5.00 to <10.00]	1,274	203	58	1,252
	10.00 to <100.00	1,229	141	51	1,152
	of which [10.00 to <20.00]	906	113	52	882
	of which [20.00 to <30.00]	0	0	0	0
	of which [30.00 to <100.00]	323	28	49	270
	100.00 (default)	1,012	85	91	930
	Subtotal	36,561	5,112	54	36,895

	Weighted average PD (in %)	Number of debtors	Weighted average LGD (in %)	Weighted average maturity (in years)	Risk-weighted exposure amount after additional factors	Risk-weighted exposure density	Amount of expected losses	Corrected values & provisions
	-	-	-	-	-	-	-	-
	-	0	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
	0.64	14,477	22	3	9,359	35	37	37
	1.53	12,584	22	3	10,464	47	74	70
	1.21	7,561	21	3	5,894	42	36	36
	2.06	5,023	23	3	4,570	56	38	33
	4.49	7,410	22	3	10,046	69	148	166
	3.46	5,516	22	3	6,950	63	86	85
	7.71	1,894	23	3	3,096	88	62	81
	19.70	1,339	21	3	1,759	97	77	103
	15.03	769	21	3	1,164	90	41	65
	24.06	33	27	3	74	161	3	2
	31.76	537	21	3	521	108	33	36
	100.00	1,850	62	3	1,032	59	1,028	1,027
	4.90	37,660	23	3	32,661	49	1,364	1,404
	-	-	-	-	-	-	-	-
	-	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
	0.64	9,130	20	3	4,161	28	19	18
	1.47	8,799	20	3	4,851	37	39	40
	1.21	6,007	20	3	3,051	35	21	22
	2.00	2,792	20	3	1,801	41	18	18
	4.06	4,692	21	3	3,651	51	60	74
	3.34	3,736	21	3	2,862	49	40	49
	7.43	956	21	3	789	63	19	25
	18.78	932	21	3	954	83	46	65
	15.04	588	21	3	703	80	28	43
	-	0	0	0	0	0	0	0
	30.99	344	21	3	251	93	18	21
	100.00	1,230	60	3	607	65	516	464
	4.67	24,783	21	3	14,224	39	679	661

12/31/2022 (in € millions)		PD range	Initial gross exposures on balance sheet	Pre-CCF off-balance-sheet exposures	Weighted average CCF	Post-CCF and CRM exposures
RETAIL CUSTOMERS						
		0 to <0.15	120,462	15,899	34	125,835
		of which [0 to <0.10]	117,965	12,329	34	122,125
		of which [0.10 to <0.15]	2,498	3,570	34	3,710
		0.15 to <0.25	37,546	3,449	38	38,742
		0.25 to <0.50	51,357	5,209	35	52,535
		0.50 to <0.75	22,994	3,660	34	22,510
		0.75 to <2.50	39,170	5,974	38	39,963
		of which [0.75 to <1.75]	24,854	3,347	38	25,370
		of which [1.75 to <2.50]	14,316	2,627	37	14,594
		2.50 to <10.00	22,626	2,587	39	22,431
		of which [2.50 to <5.00]	11,313	1,320	39	11,380
		of which [5.00 to <10.00]	11,314	1,267	39	11,051
		10.00 to <100.00	6,908	466	39	6,647
		of which [10.00 to <20.00]	2,900	263	39	2,826
		of which [20.00 to <30.00]	2,446	119	42	2,491
		of which [30.00 to <100.00]	1,562	85	37	1,331
		100.00 (default)	4,974	149	62	4,610
		Subtotal	306,037	37,393	36	313,274
Of which: Exposures secured by real estate mortgages						
		0 to < 0.15	68,557	2,280	39	69,453
		of which [0 to <0.10]	68,439	2,246	39	69,322
		of which [0.10 to <0.15]	118	34	40	131
		0.15 to <0.25	25,560	752	39	25,856
		0.25 to <0.50	35,260	964	40	35,644
		0.50 to <0.75	12,459	413	40	12,626
		0.75 to <2.50	23,082	849	40	23,421
		of which [0.75 to <1.75]	14,864	504	40	15,065
		of which [1.75 to <2.50]	8,218	345	40	8,356
		2.50 to <10.00	12,592	378	41	12,745
		of which [2.50 to <5.00]	6,681	215	40	6,768
		of which [5.00 to <10.00]	5,910	163	41	5,977
		10.00 to <100.00	4,074	83	41	4,108
		of which [10.00 to <20.00]	1,634	51	41	1,655
		of which [20.00 to <30.00]	1,719	21	40	1,728
		of which [30.00 to <100.00]	721	11	41	725
		100.00 (default)	2,075	26	40	2,085
		Subtotal	183,660	5,746	40	185,938

	Weighted average PD <i>[in %]</i>	Number of debtors	Weighted average LGD <i>[in %]</i>	Weighted average maturity <i>[in years]</i>	Risk-weighted exposure amount after additional factors	Risk-weighted exposure density	Amount of expected losses	Corrected values & provisions
	0.07	3,352,463	14	0	3,202	3	12	11
	0.07	2,146,728	14	0	3,059	3	11	10
	0.11	1,205,735	23	0	143	4	1	1
	0.20	762,531	15	0	2,280	6	11	14
	0.35	955,203	17	0	5,006	10	31	32
	0.61	753,402	19	0	3,274	15	27	34
	1.42	1,356,531	18	0	8,822	22	103	177
	1.02	820,957	18	0	4,743	19	46	70
	2.12	535,574	18	0	4,079	28	56	107
	5.21	649,746	18	0	9,175	41	217	441
	3.50	347,246	18	0	4,102	36	73	143
	6.96	302,500	19	0	5,073	46	144	298
	20.70	336,689	18	0	4,688	71	251	473
	14.57	130,627	19	0	1,817	64	77	145
	21.29	171,643	17	0	1,923	77	90	173
	32.63	34,419	19	0	948	71	83	154
	100.00	164,844	53	0	1,594	35	2,333	2,162
	2.62	8,331,409	17	0	38,040	12	2,984	3,344
	0.07	493,856	14	0	1,774	3	6	6
	0.07	492,438	14	0	1,768	3	6	6
	0.11	1,418	17	0	6	5	0	0
	0.20	167,866	14	0	1,512	6	7	10
	0.36	222,572	16	0	3,406	10	20	21
	0.60	58,393	17	0	1,821	14	13	18
	1.37	151,090	16	0	5,468	23	51	100
	0.96	102,736	15	0	2,851	19	23	41
	2.10	48,354	16	0	2,618	31	28	58
	4.99	73,669	16	0	6,370	50	101	277
	3.44	38,133	16	0	2,848	42	37	94
	6.75	35,536	16	0	3,522	59	64	183
	20.48	26,170	16	0	3,455	84	131	296
	14.48	9,359	16	0	1,325	80	39	88
	21.01	12,445	15	0	1,488	86	53	124
	32.90	4,366	16	0	642	89	39	84
	100.00	17,779	46	0	669	32	898	634
	2.25	1,211,395	15	0	24,475	13	1,227	1,361

12/31/2022 (in € millions)		Initial gross exposures on balance sheet	Pre-CCF off-balance-sheet exposures	Weighted average CCF	Post-CCF and CRM exposures
Of which: SMEs	PD range				
	0 to <0.15	0	0	0	0
	of which [0 to <0.10]	0	0	0	0
	of which [0.10 to <0.15]	0	0	0	0
	0.15 to <0.25	1,872	53	39	1,893
	0.25 to <0.50	9,555	256	41	9,659
	0.50 to <0.75	7,569	254	41	7,673
	0.75 to <2.50	6,116	280	41	6,231
	of which [0.75 to <1.75]	3,742	160	41	3,807
	of which [1.75 to <2.50]	2,374	120	41	2,424
	2.50 to <10.00	3,946	192	42	4,026
	of which [2.50 to <5.00]	2,129	111	41	2,175
	of which [5.00 to <10.00]	1,817	81	42	1,851
	10.00 to <100.00	1,420	42	42	1,438
	of which [10.00 to <20.00]	827	32	42	840
	of which [20.00 to <30.00]	181	3	41	183
	of which [30.00 to <100.00]	412	7	41	415
	100.00 (default)	567	4	40	569
	Subtotal	31,047	1,082	41	31,489
Of which: Non-SMEs					
	0 to <0.15	68,557	2,280	39	69,453
	of which [0 to <0.10]	68,439	2,246	39	69,322
	of which [0.10 to <0.15]	118	34	40	131
	0.15 to <0.25	23,688	699	39	23,963
	0.25 to <0.50	25,705	709	39	25,985
	0.50 to <0.75	4,890	159	40	4,953
	0.75 to <2.50	16,966	569	39	17,191
	of which [0.75 to <1.75]	11,123	345	39	11,258
	of which [1.75 to <2.50]	5,844	225	39	5,932
	2.50 to <10.00	8,645	186	39	8,718
	of which [2.50 to <5.00]	4,552	104	39	4,593
	of which [5.00 to <10.00]	4,093	82	39	4,126
	10.00 to <100.00	2,653	41	40	2,670
	of which [10.00 to <20.00]	807	19	40	814
	of which [20.00 to <30.00]	1,538	18	39	1,545
	of which [30.00 to <100.00]	308	4	39	310
	100.00 (default)	1,508	22	40	1,517
	Subtotal	152,613	4,665	39	154,449

	Weighted average PD <i>[in %]</i>	Number of debtors	Weighted average LGD <i>[in %]</i>	Weighted average maturity <i>[in years]</i>	Risk-weighted exposure amount after additional factors	Risk-weighted exposure density	Amount of expected losses	Corrected values & provisions
-	0	0	0	0	0	0	0	0
-	0	0	0	0	0	0	0	0
-	0	0	0	0	0	0	0	0
0.19	12,944	14	0	88	5	1	1	
0.34	51,166	18	0	889	9	6	4	
0.60	35,882	18	0	1,037	14	8	11	
1.62	29,923	19	0	1,644	26	19	30	
1.19	18,837	19	0	832	22	8	13	
2.29	11,086	19	0	812	33	10	17	
5.21	18,985	19	0	2,085	52	40	79	
3.51	9,974	19	0	936	43	14	27	
7.20	9,011	19	0	1,149	62	25	52	
19.97	7,966	18	0	1,138	79	51	113	
12.95	4,392	18	0	630	75	20	46	
21.96	1,040	18	0	160	88	7	17	
33.31	2,534	17	0	348	84	24	50	
100.01	4,060	47	0	226	40	250	175	
3.97	160,926	19	0	7,107	23	374	411	
0.07	493,856	14	0	1,774	3	6	6	
0.07	492,438	14	0	1,768	3	6	6	
0.11	1,418	17	0	6	5	0	0	
0.20	154,922	14	0	1,424	6	7	9	
0.36	171,406	15	0	2,518	10	14	17	
0.61	22,511	16	0	784	16	5	7	
1.28	121,167	14	0	3,824	22	32	70	
0.89	83,899	14	0	2,019	18	15	28	
2.02	37,268	14	0	1,806	30	17	42	
4.89	54,684	14	0	4,285	49	61	199	
3.40	28,159	14	0	1,912	42	23	67	
6.55	26,525	14	0	2,373	58	38	131	
20.75	18,204	14	0	2,317	87	80	183	
16.05	4,967	15	0	694	85	19	42	
20.90	11,405	14	0	1,328	86	46	107	
32.35	1,832	15	0	295	95	15	34	
100.00	13,719	45	0	443	29	649	459	
1.90	1,050,469	14	0	17,368	11	853	950	

12/31/2022 (in € millions)		Initial gross exposures on balance sheet	Pre-CCF off-balance-sheet exposures	Weighted average CCF	Post-CCF and CRM exposures
Of which: Revolving	PD range				
	0 to <0.15	2,839	8,309	20	4,509
	of which [0 to <0.10]	1,772	5,824	20	2,942
	of which [0.10 to <0.15]	1,067	2,485	20	1,567
	0.15 to <0.25	651	1,042	20	861
	0.25 to <0.50	1,107	1,596	20	1,428
	0.50 to <0.75	888	1,070	20	1,103
	0.75 to <2.50	1,560	1,317	20	1,824
	of which [0.75 to <1.75]	862	777	20	1,018
	of which [1.75 to <2.50]	698	540	20	807
	2.50 to <10.00	692	369	20	766
	of which [2.50 to <5.00]	425	247	20	475
	of which [5.00 to <10.00]	266	123	20	291
	10.00 to <100.00	350	98	20	370
	of which [10.00 to <20.00]	137	53	20	147
	of which [20.00 to <30.00]	208	43	20	216
	of which [30.00 to <100.00]	6	2	20	6
	100.00 (default)	156	2	20	157
	Subtotal	8,243	13,803	20	11,017
Of which: Other retail customers					
	0 to <0.15	49,066	5,310	53	51,872
	of which [0 to <0.10]	47,754	4,258	49	49,861
	of which [0.10 to <0.15]	1,313	1,052	66	2,012
	0.15 to <0.25	11,335	1,655	48	12,025
	0.25 to <0.50	14,990	2,648	43	15,464
	0.50 to <0.75	9,647	2,176	40	8,782
	0.75 to <2.50	14,528	3,808	44	14,717
	2.50 to <10.00	9,343	1,839	43	8,921
	of which [2.50 to <5.00]	4,206	858	44	4,137
	of which [5.00 to <10.00]	5,137	981	41	4,784
	10.00 to <100.00	2,483	285	46	2,170
	of which [10.00 to <20.00]	1,129	159	45	1,023
	of which [20.00 to <30.00]	519	55	60	547
	of which [30.00 to <100.00]	835	71	37	599
	100.00 (default)	2,742	122	68	2,367
	Subtotal	114,134	17,844	46	116,319

	Weighted average PD <i>[in %]</i>	Number of debtors	Weighted average LGD <i>[in %]</i>	Weighted average maturity <i>[in years]</i>	Risk-weighted exposure amount after additional factors	Risk-weighted exposure density	Amount of expected losses	Corrected values & provisions
	0.09	723,925	31	0	78	2	1	1
	0.07	472,524	31	0	45	2	1	0
	0.11	251,401	31	0	33	2	1	0
	0.20	106,211	31	0	30	3	1	0
	0.30	210,011	31	0	70	5	1	1
	0.55	182,616	31	0	87	8	2	2
	1.56	306,663	31	0	315	17	9	8
	1.09	160,691	31	0	135	13	3	3
	2.16	145,972	31	0	180	22	5	5
	4.84	132,012	31	0	296	39	11	12
	3.83	79,460	31	0	158	33	6	5
	6.49	52,552	31	0	137	47	6	7
	17.51	75,225	31	0	293	79	20	19
	11.51	28,994	31	0	96	65	5	4
	21.16	45,309	31	0	190	88	14	14
	32.23	922	31	0	6	101	1	1
	100.02	26,661	54	0	35	22	82	103
	2.75	1,763,324	31	0	1,204	11	127	146
	0.06	2,134,682	14	0	1,349	3	5	4
	0.06	1,181,766	14	0	1,246	2	4	4
	0.11	952,916	18	0	103	5	0	0
	0.20	488,454	15	0	738	6	4	4
	0.35	522,620	18	0	1,530	10	9	10
	0.64	512,393	21	0	1,366	16	12	14
	1.48	898,778	20	0	3,039	21	43	69
	5.54	444,065	21	0	2,509	28	105	152
	3.58	229,653	20	0	1,096	26	30	44
	7.24	214,412	21	0	1,413	30	75	108
	21.67	235,294	21	0	940	43	100	158
	15.16	92,274	22	0	396	39	33	53
	22.22	113,889	19	0	245	45	23	36
	32.31	29,131	22	0	299	50	43	70
	100.00	120,404	60	0	890	38	1,352	1,425
	3.20	5,356,690	17	0	12,361	11	1,630	1,836

12/31/2022 (in € millions)		Initial gross exposures on balance sheet	Pre-CCF off-balance-sheet exposures	Weighted average CCF	Post-CCF and CRM exposures
Of which: SMEs	PD range				
	0 to <0.15	0	0	0	0
	of which [0 to <0.10]	0	0	0	0
	of which [0.10 to <0.15]	0	0	0	0
	0.15 to <0.25	1,482	415	33	1,518
	0.25 to <0.50	6,129	1,422	34	5,953
	0.50 to <0.75	7,498	1,560	33	6,269
	0.75 to <2.50	8,967	1,694	35	8,091
	of which [0.75 to <1.75]	5,208	1,036	35	4,807
	of which [1.75 to <2.50]	3,759	659	35	3,284
	2.50 to <10.00	6,816	1,226	38	6,072
	of which [2.50 to <5.00]	2,723	534	37	2,475
	of which [5.00 to <10.00]	4,093	692	38	3,597
	10.00 to <100.00	1,677	180	36	1,299
	of which [10.00 to <20.00]	807	103	36	667
	of which [20.00 to <30.00]	79	9	32	78
	of which [30.00 to <100.00]	791	68	36	554
	100.00 (default)	2,025	76	81	1,632
	Subtotal	34,594	6,573	35	30,834
Of which: Non-SMEs					
	0 to <0.15	49,066	5,310	53	51,872
	of which [0 to <0.10]	47,754	4,258	49	49,861
	of which [0.10 to <0.15]	1,313	1,052	66	2,012
	0.15 to <0.25	9,853	1,241	53	10,508
	0.25 to <0.50	8,861	1,226	53	9,511
	0.50 to <0.75	2,149	616	59	2,513
	0.75 to <2.50	5,562	2,114	50	6,626
	of which [0.75 to <1.75]	3,920	1,030	54	4,479
	of which [1.75 to <2.50]	1,642	1,084	47	2,147
	2.50 to <10.00	2,527	613	53	2,848
	of which [2.50 to <5.00]	1,483	324	55	1,662
	of which [5.00 to <10.00]	1,044	289	49	1,186
	10.00 to <100.00	806	105	62	871
	of which [10.00 to <20.00]	322	56	61	356
	of which [20.00 to <30.00]	440	45	66	469
	of which [30.00 to <100.00]	44	3	47	46
	100.00 (default)	717	45	46	736
	Subtotal	79,541	11,270	53	85,485
EQUITIES					
	Subtotal	0	0	0	0
TOTAL		370,443	51,665	39	380,198

Central governments and central banks are permanently under the standard approach, specialized lending under the slotting criteria method and equities under the simple weighting method.

	Weighted average PD <i>[in %]</i>	Number of debtors	Weighted average LGD <i>[in %]</i>	Weighted average maturity <i>[in years]</i>	Risk-weighted exposure amount after additional factors	Risk-weighted exposure density	Amount of expected losses	Corrected values & provisions
-	0	0	0	0	0	0	0	0
-	0	0	0	0	0	0	0	0
-	0	0	0	0	0	0	0	0
0.19	66,971	20	0	98	6	1	1	
0.33	71,236	22	0	631	11	4	4	
0.66	126,900	23	0	996	16	9	11	
1.60	128,069	23	0	1,841	23	30	36	
1.19	73,805	23	0	1,007	21	13	16	
2.19	54,264	23	0	834	25	16	21	
5.89	115,183	23	0	1,778	29	83	105	
3.56	41,517	23	0	681	27	20	25	
7.50	73,666	23	0	1,097	31	62	80	
23.75	47,652	23	0	572	44	70	111	
16.19	20,241	23	0	258	39	25	40	
27.65	1,476	22	0	36	47	5	7	
32.30	25,935	23	0	277	50	41	65	
100.00	43,193	60	0	719	44	925	968	
8.08	599,204	25	0	6,634	22	1,122	1,236	
0.06	2,134,682	14	0	1,349	3	5	4	
0.06	1,181,766	14	0	1,246	2	4	4	
0.11	952,916	18	0	103	5	0	0	
0.20	421,483	14	0	640	6	3	4	
0.35	451,384	15	0	899	9	5	6	
0.59	385,493	17	0	370	15	3	3	
1.34	770,709	15	0	1,198	18	14	33	
0.99	483,725	16	0	750	17	7	10	
2.08	286,984	15	0	448	21	7	23	
4.79	328,882	16	0	731	26	22	47	
3.61	188,136	16	0	415	25	10	19	
6.46	140,746	16	0	316	27	12	28	
18.58	187,642	19	0	369	42	30	47	
13.21	72,033	20	0	138	39	9	13	
21.31	112,413	18	0	209	45	18	29	
32.47	3,196	17	0	22	48	2	5	
100.01	77,211	60	0	171	23	428	457	
1.43	4,757,486	15	0	5,727	7	508	600	
-	-	-	-	-	-	-	-	
-	0	0	0	0	0	0	0	
-	8,369,069	-	3	70,701	19	4,348	4,747	

		a	b	c	d
		Gross exposures initially on balance sheet	Exposures Pre-CCF off balance sheet	Average CCF	Value exposed to post-CRM and post-CCF risk
12/31/2021 (in € millions)	PD range				
GOVERNMENTS AND CENTRAL BANKS					
	Subtotal	-	-	-	-
INSTITUTIONS (BANKS)					
	0 to <0.15	33,528	2,810	28	34,252
	0.15 to <0.25	341	171	43	415
	0.25 to <0.50	106	167	31	130
	0.50 to <0.75	-	-	0	-
	0.75 to <2.50	283	208	71	429
	2.50 to <10.00	117	374	65	359
	10.00 to <100.00	33	25	46	44
	100.00 (default)	1	1	32	2
	Subtotal	34,408	3,755	35	35,632
CORPORATES					
	0 to <0.15	8,006	13,971	50	15,165
	0.15 to <0.25	-	-	0	-
	0.25 to <0.50	6,659	16,636	46	14,186
	0.50 to <0.75	20,560	5,058	46	22,051
	0.75 to <2.50	28,421	12,652	49	31,792
	2.50 to <10.00	17,401	5,205	49	18,031
	10.00 to <100.00	3,524	640	50	3,156
	100.00 (default)	2,519	338	66	2,308
	Subtotal	87,090	54,500	48	106,689
Of which: Specialized lending					
	Subtotal				
Of which: SMEs					
	0 to <0.15	-	-	-	-
	0.15 to <0.25	-	-	-	-
	0.25 to <0.50	-	-	-	-
	0.50 to <0.75	12,032	1,480	51	12,316
	0.75 to <2.50	11,854	1,740	49	11,343
	2.50 to <10.00	7,118	1,222	55	7,011
	10.00 to <100.00	1,203	94	52	1,074
	100.00 (default)	982	79	84	926
	Subtotal	33,190	4,614	52	32,670
RETAIL CUSTOMERS					
	0 to <0.15	107,786	14,370	34	112,721
	0.15 to <0.25	34,567	3,329	38	35,704
	0.25 to <0.50	46,042	4,567	36	46,944
	0.50 to <0.75	21,913	3,376	35	20,914
	0.75 to <2.50	37,693	5,976	39	38,188
	2.50 to <10.00	20,020	2,323	39	19,598
	10.00 to <100.00	5,677	380	40	5,435
	100.00 (default)	4,492	129	66	4,338
	Subtotal	278,190	34,450	36	283,841

e	f	g	h	i	j	k	l
Average PD	Number of debtors	Average LGD	Average maturity (in years)	RWAs	RWA density	EL	Corrected values & provisions
-	-	-	-	-	-	-	-
0.03	169	35	2.5	4,201	12	4	1
0.23	41	42	2.5	272	66	0	0
0.43	35	50	2.6	135	104	0	1
-	-	0	0.0	-	0	-	-
1.11	42	42	2.5	547	127	2	1
3.21	31	43	2.4	609	169	5	1
18.80	45	44	2.5	127	286	4	1
97.88	4	44	2.3	-	0	1	1
0.11	367	35	2.5	5,891	17	17	6
0.10	330	29	2.5	3,115	21	4	11
-	-	0	0.0	-	0	-	-
0.35	320	34	2.5	6,910	49	17	74
0.64	12,762	22	2.5	7,892	36	31	32
1.38	12,709	29	2.5	20,601	65	123	141
4.30	7,520	26	2.5	14,446	80	194	292
18.82	1,524	25	2.5	4,073	129	149	348
100.00	1,892	56	2.5	1,035	45	1,314	1,299
4.05	37,057	28	2.5	58,072	54	1,832	2,197
-	-	0	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
0.64	7,988	21	2.5	3,545	29	16	16
1.46	8,673	21	2.5	4,152	37	34	59
4.15	4,753	20	2.5	3,488	50	59	120
18.81	986	21	2.5	856	80	42	87
100.00	1,194	59	2.5	625	68	500	484
5.09	23,594	22	2.5	12,666	39	651	765
0.07	3,051,235	14	0.0	2,872	3	11	13
0.20	727,272	15	0.0	2,099	6	10	14
0.35	881,225	17	0.0	4,455	9	27	31
0.61	697,541	20	0.0	3,032	15	25	54
1.42	1,271,135	17	0.0	8,351	23	96	191
5.06	579,989	18	0.0	7,966	50	181	482
20.39	289,030	18	0.0	3,813	84	200	435
100.00	141,473	55	0.0	1,463	31	2,271	2,070
2.61	7,638,900	17	0.0	34,051	13	2,822	3,289

		a	B	c	d
		Gross exposures initially on balance sheet	Exposures Pre-CCF off balance sheet	Average CCF	Value exposed to post-CRM and post-CCF risk
12/31/2021 (in € millions)	PD range				
of which: Exposures secured by real estate mortgages					
	0 to <0.15	60,533	1,925	39	61,290
	0.15 to <0.25	23,244	701	39	23,519
	0.25 to <0.50	31,323	793	40	31,637
	0.50 to <0.75	11,256	335	40	11,391
	0.75 to <2.50	21,542	807	40	21,864
	2.50 to <10.00	11,112	327	40	11,244
	10.00 to <100.00	3,328	59	41	3,352
	100.00 (default)	1,996	9	40	2,000
	Subtotal	164,334	4,956	40	166,297
of which: SMEs					
	0 to <0.15	0	0	0	0
	0.15 to <0.25	1,655	46	39	1,673
	0.25 to <0.50	8,069	186	40	8,144
	0.50 to <0.75	6,732	189	41	6,809
	0.75 to <2.50	5,391	217	41	5,480
	2.50 to <10.00	3,373	154	42	3,437
	10.00 to <100.00	1,104	30	41	1,117
	100.00 (default)	549	2	41	550
	Subtotal	26,873	824	41	27,210
of which: Non-SMEs					
	0 to <0.15	60,533	1,925	39	61,290
	0.15 to <0.25	21,589	655	39	21,846
	0.25 to <0.50	23,254	607	39	23,493
	0.50 to <0.75	4,524	146	40	4,582
	0.75 to <2.50	16,151	590	39	16,384
	2.50 to <10.00	7,739	173	40	7,808
	10.00 to <100.00	2,223	29	40	2,235
	100.00 (default)	1,447	8	39	1,450
	Subtotal	137,461	4,132	39	139,088
of which: revolving					
	0 to <0.15	2,659	7,187	20	4,103
	0.15 to <0.25	633	990	20	831
	0.25 to <0.50	1,027	1,431	20	1,315
	0.50 to <0.75	810	963	20	1,004
	0.75 to <2.50	1,373	1,174	20	1,609
	2.50 to <10.00	594	328	20	660
	10.00 to <100.00	284	86	20	301
	100.00 (default)	130	4	20	131
	Subtotal	7,509	12,162	20	9,954

e	f	g	h	i	j	k	l
Average PD	Number of debtors	Average LGD	Average maturity (in years)	RWAs	RWA density	EL	Corrected values & provisions
0.07	440,737	14	0.0	1,572	3	6	7
0.20	155,851	14	0.0	1,376	6	6	9
0.36	202,541	16	0.0	3,030	10	17	17
0.60	54,003	17	0.0	1,653	15	12	20
1.37	143,821	15	0.0	5,094	23	47	86
4.93	66,527	16	0.0	5,581	50	87	235
20.28	21,929	16	0.0	2,825	84	105	226
100.00	17,399	48	0.0	621	31	903	655
2.29	1,102,808	15	0.0	21,753	13	1,184	1,255
-	0	0	0.0	0	-	0	0
0.19	11,503	14	0.0	78	5	0	2
0.34	44,398	19	0.0	753	9	5	4
0.60	32,511	18	0.0	918	13	7	15
1.59	27,398	19	0.0	1,422	26	16	31
5.09	16,605	19	0.0	1,743	51	33	80
19.71	6,351	18	0.0	887	79	39	90
100.00	3,946	49	0.0	214	39	251	180
4.06	142,712	19	0.0	6,015	22	352	401
0.07	440,737	14	0.0	1,572	3	6	7
0.20	144,348	14	0.0	1,299	6	6	7
0.36	158,143	15	0.0	2,277	10	12	13
0.61	21,492	16	0.0	735	16	5	5
1.30	116,423	14	0.0	3,673	22	31	55
4.86	49,922	14	0.0	3,838	49	54	155
20.56	15,578	15	0.0	1,938	87	66	136
100.00	13,453	47	0.0	407	28	653	476
1.94	960,096	15	0.0	15,738	11	833	854
0.09	656,071	31	0.0	72	2	1	1
0.20	103,732	31	0.0	29	3	1	0
0.30	191,072	31	0.0	64	5	1	1
0.55	161,840	31	0.0	79	8	2	2
1.56	269,089	31	0.0	278	17	8	8
4.83	113,511	31	0.0	255	39	10	11
17.33	61,095	31	0.0	237	79	16	16
100.02	21,300	56	0.0	28	21	71	90
2.56	1,577,710	31	0.0	1,042	10	109	129

		a	B	c	d
		Gross exposures initially on balance sheet	Exposures Pre-CCF off balance sheet	Average CCF	Value exposed to post-CRM and post-CCF risk
12/31/2021 (in € millions)	PD range				
of which: Other retail customers					
	0 to <0.15	44,595	5,259	52	47,328
	0.15 to <0.25	10,691	1,639	49	11,353
	0.25 to <0.50	13,692	2,343	44	13,992
	0.50 to <0.75	9,847	2,078	40	8,519
	0.75 to <2.50	14,778	3,994	44	14,715
	2.50 to <10.00	8,314	1,669	43	7,693
	10.00 to <100.00	2,065	235	48	1,782
	100.00 (default)	2,365	116	70	2,207
	Subtotal	106,346	17,332	46	107,590
of which: SMEs					
	0 to <0.15	-	-	0	0
	0.15 to <0.25	1,377	336	35	1,362
	0.25 to <0.50	5,434	1,096	34	5,086
	0.50 to <0.75	7,849	1,428	33	6,153
	0.75 to <2.50	8,854	1,440	35	7,547
	2.50 to <10.00	6,129	974	38	5,161
	10.00 to <100.00	1,417	133	37	1,072
	100.00 (default)	1,700	74	84	1,524
	Subtotal	32,760	5,480	36	27,906
of which: Non-SMEs					
	0 to <0.15	44,595	5,259	52	47,328
	0.15 to <0.25	9,314	1,303	52	9,991
	0.25 to <0.50	8,258	1,247	52	8,906
	0.50 to <0.75	1,999	650	57	2,366
	0.75 to <2.50	5,924	2,554	49	7,168
	2.50 to <10.00	2,184	694	50	2,532
	10.00 to <100.00	648	102	61	710
	100.00 (default)	665	42	45	683
	Subtotal	73,587	11,851	52	79,684
EQUITIES					
	Subtotal	-	-	-	-
TOTAL		399,688	92,705	43	426,162

e	f	g	h	i	j	k	l
Average PD	Number of debtors	Average LGD	Average maturity (in years)	RWAs	RWA density	EL	Corrected values & provisions
0.06	1,954,427	14	0.0	1,229	3	4	5
0.20	467,689	15	0.0	694	6	3	5
0.34	487,612	18	0.0	1,361	10	8	12
0.62	481,698	21	0.0	1,300	15	11	32
1.48	858,225	19	0.0	2,979	20	42	97
5.26	399,951	21	0.0	2,130	28	85	236
21.12	206,006	21	0.0	751	42	79	193
100.00	102,774	62	0.0	814	37	1,297	1,325
3.12	4,958,382	17	0.0	11,256	10	1,529	1,905
-	0	0	0.0	0	-	0	0
0.19	62,366	20	0.0	88	6	1	1
0.33	64,189	22	0.0	529	10	4	8
0.64	123,959	23	0.0	956	16	9	30
1.55	125,182	23	0.0	1,697	22	27	76
5.48	103,758	23	0.0	1,490	29	65	191
22.74	39,645	23	0.0	464	43	55	157
100.00	37,255	62	0.0	653	43	901	903
7.98	556,354	25	0.0	5,877	21	1,061	1,365
0.06	1,954,427	14	0.0	1,229	3	4	5
0.20	405,323	14	0.0	606	6	3	3
0.35	423,423	15	0.0	832	9	5	5
0.58	357,739	17	0.0	344	15	2	2
1.41	733,043	15	0.0	1,282	18	15	21
4.81	296,193	16	0.0	641	25	20	46
18.66	166,361	18	0.0	286	40	23	36
100.00	65,519	60	0.0	161	24	396	422
1.42	4,402,028	15	0.0	5,379	7	467	539
2.76	7,676,324	21	2.5	98,013	23	4,671	5,492

TABLE 32 BIS : IRB APPROACH – CREDIT RISK EXPOSURES BY EXPOSURE CLASS AND PD RANGE (EU CR6)
IRBF

In March 2022, Crédit Mutuel, switched to the IRB-Foundation method for its large corporate portfolios and banks.

12/31/2022 (in € millions)	PD range	Initial gross exposures on balance sheet	Pre-CCF off- balance-sheet exposures	Weighted average CCF	Post-CCF and CRM exposures
INSTITUTIONS (BANKS)					
	0 to <0.15	24,782	2,169	26	25,348
	of which [0 to <0.10]	17,312	2,010	26	17,868
	of which [0.10 to <0.15]	7,470	159	19	7,479
	0.15 to <0.25	823	268	34	913
	0.25 to <0.50	45	178	23	64
	0.50 to <0.75	0	0	0	0
	0.75 to <2.50	260	204	70	403
	of which [0.75 to <1.75]	260	204	70	403
	of which [1.75 to <2.50]	0	0	0	0
	2.50 to <10.00	115	39	31	127
	of which [2.50 to <5.00]	115	39	31	127
	of which [5.00 to <10.00]	0	0	0	0
	10.00 to <100.00	19	67	35	42
	of which [10.00 to <20.00]	18	0	0	18
	of which [20.00 to <30.00]	2	67	35	25
	of which [30.00 to <100.00]	0	0	0	0
	100.00 (default)	6	7	50	9
	Subtotal	26,051	2,932	30	26,907
CORPORATES					
	0 to <0.15	10,648	20,903	61	23,602
	of which [0 to <0.10]	4,595	10,834	63	11,581
	of which [0.10 to <0.15]	6,052	10,069	59	12,021
	0.15 to <0.25	239	1	21	240
	0.25 to <0.50	7,582	13,549	55	14,753
	0.50 to <0.75	0	0	0	0
	0.75 to <2.50	9,516	7,557	62	13,300
	of which [0.75 to <1.75]	9,516	7,557	62	13,300
	of which [1.75 to <2.50]	0	0	0	0
	2.50 to <10.00	3,152	1,275	57	3,643
	of which [2.50 to <5.00]	3,152	1,275	57	3,643
	of which [5.00 to <10.00]	0	0	0	0
	10.00 to <100.00	1,265	570	56	1,267
	of which [10.00 to <20.00]	1,265	570	56	1,267
	of which [20.00 to <30.00]	0	0	0	0
	of which [30.00 to <100.00]	0	0	0	0
	100.00 (default)	844	178	82	891
	Subtotal	33,247	44,034	59	57,696

	Weighted average PD <i>(in %)</i>	Number of debtors	Weighted average LGD <i>(in %)</i>	Weighted average maturity <i>(in years)</i>	Risk-weighted exposure amount after additional factors	Risk-weighted exposure density	Amount of expected losses	Corrected values & provisions
	0.04	221	39	3	4,847	19	4	2
	0.02	155	36	3	1,545	9	1	2
	0.10	66	45	3	3,302	44	3	0
	0.22	48	47	3	644	71	1	0
	0.38	29	46	2	58	91	0	1
	-	0	0	0	0	0	0	0
	0.98	36	45	2	526	130	2	0
	0.98	36	45	2	526	130	2	0
	-	0	0	0	0	0	0	0
	2.67	22	45	3	214	169	2	1
	2.67	22	45	3	214	169	2	1
	-	0	0	0	0	0	0	0
	18.66	38	45	2	125	294	4	2
	15.85	1	45	0	50	285	1	0
	20.68	37	45	2	74	300	2	2
	-	0	0	0	0	0	0	0
	99.71	9	45	2	0	0	5	0
	0.14	403	39	3	6,414	24	17	8
	-		-					
	0.09	381	44	3	7,256	31	10	7
	0.07	185	43	3	2,881	25	3	3
	0.12	196	45	3	4,375	36	6	4
	0.22	15	45	3	122	51	0	0
	0.33	342	45	3	9,279	63	22	112
	-	0	0	0	0	0	0	0
	1.08	443	44	3	13,512	102	64	22
	1.08	443	44	3	13,512	102	64	22
	-	0	0	0	0	0	0	0
	3.32	223	45	3	5,312	146	54	38
	3.32	223	45	3	5,312	146	54	38
	-	0	0	0	0	0	0	0
	15.86	71	45	3	3,150	249	90	120
	15.86	70	45	3	3,150	249	90	120
	-	1	0	0	0	265	0	0
	-	0	0	2	0	0	0	0
	100.00	61	45	2	0	0	302	288
	2.48	1,536	44	3	38,630	67	542	587

12/31/2022 (in € millions)	PD range	Initial gross exposures on balance sheet	Pre-CCF off-balance-sheet exposures	Weighted average CCF	Post-CCF and CRM exposures
EQUITIES					
	0 to <0.15	0	0	0	0
	of which [0 to <0.10]	0	0	0	0
	of which [0.10 to <0.15]	0	0	0	0
	0.15 to <0.25	0	0	0	0
	0.25 to <0.50	0	0	0	0
	0.50 to <0.75	0	0	0	0
	0.75 to <2.50	0	0	0	0
	of which [0.75 to <1.75]	0	0	0	0
	of which [1.75 to <2.50]	0	0	0	0
	2.50 to <10.00	0	0	0	0
	of which [2.50 to <5.00]	0	0	0	0
	of which [5.00 to <10.00]	0	0	0	0
	10.00 to <100.00	0	0	0	0
	of which [10.00 to <20.00]	0	0	0	0
	of which [20.00 to <30.00]	0	0	0	0
	of which [30.00 to <100.00]	0	0	0	0
	100.00 (default)	0	0	0	0
	Subtotal	0	0	0	0
TOTAL		59,298	46,966	57	84,603

5.8.5.3 Backtesting

The quality of the ratings system is monitored using national procedures which specify the topics to be reviewed, the warning thresholds and responsibilities of the personnel involved. These documents are updated by the Confédération Nationale du Crédit Mutuel risk department if necessary as decisions are ratified.

Reporting of the monitoring of the mass rating models focuses on three main aspects:

- stability assessment;
- performance assessment;
- various additional analyses.

These reports are prepared on a quarterly basis for each mass rating model and supplemented by reviews and annual and half-yearly audits at a greater level of detail, in that all of the elements making up each model are analyzed.

As regards the expert grids, the approach includes comprehensive annual monitoring based on performance tests, with an analysis of rating concentrations, of transition matrices and of consistency with the external rating system.

The annual review of default probabilities is carried out before new estimates are made of that regulatory parameter. Depending on the portfolio, the annual review is supplemented by an intermediate review, conducted semi-annually.

The procedures for tracking LGD and CCFs are implemented on an annual basis, their main objective being to validate, at the segment level, the values used by these parameters. In the case of loss given default, this validation is carried out mainly by verifying the strength of the calculation methods for the margins of conservatism and by reconciling the LGD estimators with the most recent data and actual figures. As regards the CCF, it is validated by reconciling the estimators with the most recent CCFs observed.

Since a nation-wide procedure has been established for monitoring the parameters, the quantitative elements relating to the backtesting of the parameters and to the change in RWAs under the internal ratings-based approach are presented in the confederal Pillar 3 report.

5.8.5.4 Permanent and periodic control

The Crédit Mutuel group's Basel regulatory permanent control plan comprises two levels. At the national level, permanent control is involved, on the one hand, in validating new models and significant adjustments made to existing models and, on the other, the ongoing monitoring of the internal ratings system, especially its parameters.

At the regional level, the role of CNCM Permanent Control is to lead, coordinate and standardize all the Crédit Mutuel Permanent Control function, group-wide.

It controls the overall appropriation of the internal rating system, the operational aspects related to the production and calculation of ratings, the credit risk management procedures directly linked to the internal rating system and the quality of the data.

As for periodic control, the Crédit Mutuel group's audit unit carries out an annual review of the internal rating system. A framework procedure defines the type of assignments to be carried out on an ongoing basis on the Basel procedures as well as the breakdown of responsibilities between the regional and national audit units.

5.8.5.5 Additional quantitative information

The risk-weighted assets of "Equity" exposures are obtained using the simple risk-weighted approach, which involves applying specific risk weighting to the carrying amounts of the exposures.

The risk-weighted assets of "Specialized Financing" exposures are obtained using the slotting criteria method.

TABLE 33: IRB APPROACH – SCOPE OF USE OF STANDARDIZED AND IRB APPROACHES (EU CR6A)

12/31/2022 <i>[in € millions]</i>	Performing loans				
	Within the meaning of Article 166 of the CRR for exposures under the IRB approach	Total exposures under the standardized approach and the IRB approach	Percentage of total value at risk subject to permanent partial utilization of SA <i>[in %]</i>	Percentage of total value at risk subject to the IRB approach <i>[in %]</i>	Percentage of total value at risk subject to a roll-out plan <i>[in %]</i>
Governments and central banks	0	181,564	100	0	0
<i>of which Regional or local authorities</i>	0	5,935	100	0	0
<i>of which Public sector entities</i>	0	41,798	100	0	0
Institutions (banks)	26,924	28,872	4	93	2
Corporates	142,168	174,511	5	81	13
<i>of which Corporates – Specialized financing excluding slotting criteria</i>	0	0	0	0	0
<i>of which Corporates – Specialized slotting criteria</i>	11,561	11,561	0	100	0
Retail customers	319,354	382,513	7	83	10
<i>of which Retail customers – Real estate – SMEs</i>	31,489	34,967	8	90	2
<i>of which Retail customers – Real estate – non-SMEs</i>	154,449	167,592	5	92	3
<i>of which Retail customers – Revolving</i>	11,017	11,341	1	97	2
<i>of which Retail customers – SMEs</i>	36,906	43,649	7	85	9
<i>of which Retail customers – Other non-SMEs</i>	85,493	124,965	10	68	22
Equities	12,542	14,435	12	87	2
Other assets	6,470	9,275	15	70	15
TOTAL	507,459	791,170	28	64	8

12/31/2021 <i>[in € millions]</i>	Value at risk				
	Within the meaning of Article 166 of the CRR for exposures under the IRB approach	Total exposures under the standardized approach and the IRB approach	Percentage of total value at risk subject to permanent partial utilization of SA <i>[in %]</i>	Percentage of total value at risk subject to the IRB approach <i>[in %]</i>	Percentage of total value at risk subject to a roll-out plan <i>[in %]</i>
Governments and central banks	-	182,111	100	-	-
<i>of which Regional or local authorities</i>	-	4,618	100	-	-
<i>of which Public sector entities</i>	-	34,769	100	-	-
Institutions (banks)	35,723	37,647	4	95	2
Corporates	124,581	148,803	6	84	11
<i>of which Corporates – Specialized financing excluding slotting criteria</i>	-	-	-	-	-
<i>of which Corporates – Specialized slotting criteria</i>	11,196	11,196	-	100	-
Retail customers	290,604	340,675	7	85	8
<i>of which Retail customers – Real estate – SMEs</i>	27,210	29,733	8	92	-
<i>of which Retail customers – Real estate – non-SMEs</i>	139,088	146,801	5	95	0
<i>of which Retail customers – Revolving</i>	9,954	10,278	1	97	2
<i>of which Retail customers – SMEs</i>	34,661	40,206	7	86	7
<i>of which Retail customers – Other non-SMEs</i>	79,692	113,656	10	70	20
Equities	12,778	14,303	9	89	1
Other assets	6,139	7,774	12	79	9
TOTAL	469,826	731,313	30	64	6

TABLE 34: RWA FLOW STATEMENTS OF CREDIT RISK EXPOSURES UNDER THE IRB APPROACH (EU CR8)

<i>(in € millions)</i>	RWAs	Capital requirements
1 – RWAs December 2021	106,755*	8,540*
2 – Asset amount	4,239*	339*
3 – Asset quality	836*	67*
4 – Model upgrades	0	0
5 – Methodology and policy	0	0
6 – Acquisitions and disposals ⁽¹⁾	2,449*	196*
7 – Currency movements	0	0
8 – Other ⁽²⁾	10,662*	853*
9 – RWAs December 2022	124,941*	9,995*

(1) In 2022, Crédit Mutuel Alliance Fédérale joined the Crédit Mutuel Nord Europe federation.

(2) In March 2022, Crédit Mutuel, switched to the IRB-Foundation method for its large corporate and bank portfolios.

* This data is corrected compared to the 2022 universal registration document published in French on April 13, 2023. It will be updated in the French version of the first amendment to the 2022 universal registration document.

TABLE 35: IRB APPROACH – PD BACKTESTING BY EXPOSURE CLASS (EU CR9)

The information associated with this table is treated at the national level in the Crédit Mutuel group's Pillar 3 report.

TABLE 36: IRB APPROACH – PD BACKTESTING BY EXPOSURE CLASS – (ONLY FOR PD ESTIMATION) (EU CR9.1)

Category of exposure <i>(in € millions)</i> 12/31/2022	PD range	Equivalent external rating	Number of debtors at the end of the previous year		Average observed default rate <i>(in %)</i>	Average PD <i>(in %)</i>	Average historical annual default rate <i>(in %)</i>
				of which number of debtors who defaulted during the year			
Banks	0.00 to <0.15	1 to 2	321	-	0.03	0.06	0.07
	0.15 to <0.50	3	148	-	0.11	0.32	-
	0.50 to <10	4	137	1	1.21	1.82	0.35
	10.00 to <100.00	5 to 6	39	-	2.91	20.67	1.94
	100.00 (Default)			-	100.00	100.00	100.00
Large corporates	0.00 to <0.15	1 to 2	1,208	1	0.46	0.07	0.09
	0.15 to <1.50	3	3,856	19	0.44	0.59	0.21
	1.50 to <10	4	2,717	26	1.27	2.48	0.91
	10.00 to <100.00	5 to 6	314	4	9.86	15.86	5.38
	100.00 (Default)			-	100.00	100.00	100.00

Category of exposure <i>(in € millions)</i> 12/31/2021	PD range	Equivalent external rating	Number of debtors at the end of the previous year		Average observed default rate <i>(in %)</i>	Average PD <i>(in %)</i>	Average historical annual default rate <i>(in %)</i>
				of which number of debtors who defaulted during the year			
Banks	0.00 to <0.15	1 to 2	312	1	0.00	0.06	0.07
	0.15 to <0.50	3	113	-	0.00	0.34	0.13
	0.50 to <10	4	29	-	0.01	1.91	0.37
	10.00 to <100.00	5 to 6	14	3	0.03	21.61	2.10
	100.00 (Default)			-	100.00	100.00	100.00
Large corporates	0.00 to <0.15	1 to 2	1,324	-	0.00	0.07	0.10
	0.15 to <1.50	3	3,711	7	0.00	0.62	0.20
	1.50 to <10	4	2,353	20	0.01	2.60	0.84
	10.00 to <100.00	5 to 6	244	26	0.11	16.58	8.54
	100.00 (Default)			-	100.00	100.00	100.00

TABLE 37: IRB – SPECIALIZED FINANCING – PROJECTS (EU CR10.1)

Regulatory categories (in € millions) 12/31/2022		On-balance sheet amount	Off-balance sheet amount	Weighting	Exposure amount	RWAs	Expected losses
Remaining maturity							
Category 1	Less than 2.5 years	133	98	50%	195	101	-
	2.5 years or more	2,211	435	70%	2,522	1,839	10
Category 2	Less than 2.5 years	169	42	70%	196	143	1
	2.5 years or more	965	382	90%	1,233	1,156	10
Category 3	Less than 2.5 years	18	2	115%	18	22	1
	2.5 years or more	421	129	115%	515	618	14
Category 4	Less than 2.5 years	15	5	250%	16	43	1
	2.5 years or more	81	20	250%	95	248	8
Category 5	Less than 2.5 years	4	-	0%	4	-	2
	2.5 years or more	-	-	0%	-	-	-
LESS THAN 2.5 YEARS		339	147	-	430	309	5
TOTAL	2.5 YEARS OR MORE	3,680	965	-	4,365	3,859	42

Regulatory categories (in € millions) 12/31/2021		On-balance sheet amount	Off-balance sheet amount	Weighting	Exposure amount	RWAs	Expected losses
Remaining maturity							
Category 1	Less than 2.5 years	166	90	50%	220	115	0
	2.5 years or more	2,045	332	70%	2,267	1,654	9
Category 2	Less than 2.5 years	128	82	70%	181	132	1
	2.5 years or more	945	479	90%	1,291	1,210	10
Category 3	Less than 2.5 years	14	2	115%	14	17	0
	2.5 years or more	333	142	115%	440	527	12
Category 4	Less than 2.5 years	0	0	250%	0	0	0
	2.5 years or more	8	0	250%	8	21	1
Category 5	Less than 2.5 years	8	0	0%	12	0	6
	2.5 years or more	5	0	0%	6	0	3
LESS THAN 2.5 YEARS		316	175	-	427	264	7
TOTAL	2.5 YEARS OR MORE	3,336	953	-	4,012	3,412	36

TABLE 38: IRB – SPECIALIZED LENDING – REAL ESTATE PROPERTY (EU CR10.2)

Regulatory categories (in € millions) 12/31/2022		Balance sheet exposure	Off-balance sheet exposure	Risk weighting	Value at risk	Risk-weighted exposure amounts	Expected losses
Remaining maturity							
Category 1	Less than 2.5 years	326	24	50%	330	172	
	2.5 years or more	1,568	184	70%	1,692	1,234	7
Category 2	Less than 2.5 years	322	24	70%	334	244	1
	2.5 years or more	541	125	90%	611	573	5
Category 3	Less than 2.5 years	30	1	115%	30	36	1
	2.5 years or more	4		115%	4	5	0
Category 4	Less than 2.5 years	-	-	250%	-	-	-
	2.5 years or more	5		250%	5	14	0
Category 5	Less than 2.5 years	-	-	0%	-	-	-
	2.5 years or more	-	-	0%	-	-	-
LESS THAN 2.5 YEARS		679	49	-	695	452	2
TOTAL	2.5 YEARS OR MORE	2,118	310	-	2,312	1,826	12

Regulatory categories (in € millions) 12/31/2021		On-balance sheet amount	Off-balance sheet amount	Weighting	Exposure amount	RWAs	Expected losses
Remaining maturity							
Category 1	Less than 2.5 years	338	46	50%	374	195	0
	2.5 years or more	1,621	128	70%	1,703	1,242	7
Category 2	Less than 2.5 years	246	52	70%	263	192	1
	2.5 years or more	638	66	90%	686	644	5
Category 3	Less than 2.5 years	0	0	115%	0	0	0
	2.5 years or more	46	0	115%	46	55	1
Category 4	Less than 2.5 years	0	0	250%	0	0	0
	2.5 years or more	6	0	250%	6	16	0
Category 5	Less than 2.5 years	0	0	0%	0	0	0
	2.5 years or more	0	0	0%	0	0	0
LESS THAN 2.5 YEARS		584	98	-	637	386	1
TOTAL	2.5 YEARS OR MORE	2,311	194	-	2,441	1,957	14

TABLE 39: IRB – SPECIALIZED LENDING – ASSETS (EU CR10.3)

Regulatory categories (in € millions) 12/31/2022		Balance sheet exposure	Off-balance sheet exposure	Risk weighting	Value at risk	Risk-weighted exposure amounts	Expected losses
Remaining maturity							
Category 1	Less than 2.5 years	301	17	50%	311	162	
	2.5 years or more	2,906	207	70%	2,931	2,138	12
Category 2	Less than 2.5 years	5	-	70%	5	3	0
	2.5 years or more	91	74	90%	147	138	1
Category 3	Less than 2.5 years	43	-	115%	43	52	1
	2.5 years or more	220	-	115%	202	242	6
Category 4	Less than 2.5 years	-	-	250%	-	-	-
	2.5 years or more	20	-	250%	5	13	0
Category 5	Less than 2.5 years	4	-	0%	4	-	2
	2.5 years or more	29	-	0%	28	-63	56
LESS THAN 2.5 YEARS		354	17	-	363	218	3
TOTAL		3,267	281	-	3,397	2,531	75

Regulatory categories (in € millions) 12/31/2021		On-balance sheet amount	Off-balance sheet amount	Weighting	Exposure amount	RWAs	Expected losses
Remaining maturity							
Category 1	Less than 2.5 years	248	1	50%	243	127	0
	2.5 years or more	2,732	159	70%	2,785	2,031	11
Category 2	Less than 2.5 years	3	0	70%	3	2	0
	2.5 years or more	362	0	90%	336	315	3
Category 3	Less than 2.5 years	9	0	115%	9	11	0
	2.5 years or more	96	70	115%	148	178	4
Category 4	Less than 2.5 years	13	0	250%	13	33	1
	2.5 years or more	38	0	250%	10	26	1
Category 5	Less than 2.5 years	30	1	0%	41	0	21
	2.5 years or more	79	0	0%	91	0	46
LESS THAN 2.5 YEARS		302	2	-	309	173	22
TOTAL		3,307	228	-	3,371	2,550	64

TABLE 40: IRB – SPECIALIZED FINANCING: COMMODITIES (EU CR10.4)

Crédit Mutuel Alliance Fédérale has no specialized financing exposure to commodities.

TABLE 41: SPECIALIZED LENDING: EQUITIES (EUR CR10.5)

Categories (in € millions) 12/31/2022	Balance sheet exposure	Off-balance sheet exposure	Risk weighting	Value at risk	Risk-weighted exposure amounts	Amount of expected losses
Private equity exposures	1,921	0	190%	1,921	3,649	15
Exposures to listed equities	236	0	290%	236	684	2
Other equity exposures ⁽¹⁾	8,707	0	370%	8,707	32,216	209
TOTAL	10,864	0	-	10,864	36,550	226

⁽¹⁾ Including €7,351 million of exposures related to Groupe des Assurances du Crédit Mutuel, treated according to the Danish compromise.

Categories (in € millions) 12/31/2021	Balance sheet exposure	Off-balance sheet exposure	Risk weighting	Value at risk	Risk-weighted exposure amounts
Exposures to private equity funds	1,800	0	190%	3,420	274
Exposures to equities traded on regulated exchanges	267	0	290%	775	62
Other equity exposures ⁽¹⁾	9,219	0	370%	34,112	2,729
TOTAL	11,287	0	-	38,307	3,065

⁽¹⁾ Including €8,094 million of exposures related to Groupe des Assurances du Crédit Mutuel, treated according to the Danish compromise.

5.9 COUNTERPARTY RISK (EU CCRA)

Qualitative information disclosure requirements on CCR

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 trading floor credit risk and 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 transactions.

Policies concerning guarantees and other risk mitigation techniques and counterparty risk assessment

In keeping with what is indicated in the EU CCR1 statement, trading floor counterparty transactional risk is calculated (i) using the market price method accompanied by an add-on for exposures through

derivatives and (ii) using the general method based on financial collateral for exposures through repurchase transactions. Margin call flows (collateralization) mitigate the risks of these exposures. Hedging through CDSs may also be used to manage credit risk for certain Large Corporate counterparties. Lastly, as regards the mitigation of counterparty risk, the measures applied are:

- (i) signing netting contracts with certain counterparties or certain products (see close-out netting in the event of default by a counterparty);
- (ii) netting transactions on certain over-the-counter derivatives with a central counterparty.

The policies applied as regards exposure to correlation risk

The risk of unfavorable correlation, known as Wrong Way Risk, is monitored for both of its components, specific risk and general risk. A procedure for monitoring specific correlation risk is in place to detect transactions that might create exposure. General correlation risk is calculated by combining 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)

12/31/2022 <i>(in € millions)</i>	Replace- ment cost (RC)	Potential future exposure (PFE)	EEPE	Alpha factor used to calculate regulatory exposure	Value at risk before CRM	Value at risk after CRM	Value at risk	Risk- weighted exposure amount (RWEA)
EU – Initial exposure method (for derivatives)	14	93	-	1.4	148	148	1.4	47
EU – Simplified SA-CCR (for derivatives)	0	0	-	1.4	0	0	1.4	0
SA-CCR (for derivatives)	1,264	1,751	-	1.4	4,383	4,237	1.4	2,036
IMM (for derivatives and SFTs)	-	-	0	0	0	0	0	0
<i>Of which securities financing transactions</i>	-	-	0	-	0	0	0	0
<i>Of which derivatives and deferred settlement transactions</i>	-	-	0	-	0	0	0	0
<i>Of which resulting from netting sets of multi-product agreements</i>	-	-	0	-	0	0	0	0
Simple method based on financial collateral (for SFTs)	-	-	-	-	0	0	0	0
General method based on financial collateral (for SFTs)	-	-	-	-	0	0	0	355
VaR for SFTs	-	-	-	-	0	0	0	0
TOTAL	-	-	-	-	0	0	0	2,438

12/31/2021 (in € millions)	Replace- ment cost (RC)	Potential future exposure (PFE)	EEPE	Alpha factor used to calculate regulatory exposure	Value at risk before CRM	Value at risk after CRM	Value at risk	Risk- weighted exposure amount (RWEA)
EU – Initial exposure method (for derivatives)	10	108	-	1.4	166	166	166	49
EU – Simplified SA-CCR (for derivatives)	0	0	-	1.4	0	0	0	0
SA-CCR (for derivatives)	1,048	2,135	-	1.4	4,472	4,456	430	2,188
IMM (for derivatives and SFTs)	-	-	0	1.2	0	0	0	0
<i>Of which securities financing transactions</i>	-	-	0	-	0	0	0	0
<i>Of which derivatives and deferred settlement transactions</i>	-	-	0	-	0	0	0	0
<i>Of which resulting from netting sets of multi-product agreements</i>	-	-	0	-	0	0	0	0
Simple method based on financial collateral (for SFTs)	-	-	-	-	15,512	15,512	6,588	288
General method based on financial collateral (for SFTs)	-	-	-	-	0	0	0	0
VaR for SFTs	-	-	-	-	0	0	0	0
TOTAL	-	-	-	-	20,150	20,133	11,183	2,526

TABLE 43: CVA CAPITAL REQUIREMENTS (EU CCR2)

12/31/2022 (in € millions)	Amount of exposure	RWAs
Total portfolios subject to advanced CVA requirement	0	0
i) VaR component (including x3 multiplier)	-	0
ii) SVaR component under stress (including x3 multiplier)	-	0
Total portfolios subject to standard CVA requirement	1,374	405
Total of method based on original exposure	0	0
Total subject to credit valuation adjustment (CVA) capital requirements	1,374	405

12/31/2021 (in € millions)	Amount of exposure	RWAs
Total portfolios subject to advanced CVA requirement	0	0
i) VaR component (including x3 multiplier)	-	0
ii) SVaR component under stress (including x3 multiplier)	-	0
Total portfolios subject to standard CVA requirement	1,787	473
Total of method based on original exposure	0	0
Total subject to credit valuation adjustment (CVA) capital requirements	1,787	473

TABLE 44: STANDARDIZED APPROACH – CCR EXPOSURES BY REGULATORY PORTFOLIO AND RISK WEIGHTING (EU CCR3)

Exposure categories as at 12/31/2022 <i>(in € millions)</i>	Weighting											Total
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Other	
Governments and central banks	-	-	-	-	-	-	-	-	-	-	-	-
Regional or local authorities	0	-	-	-	-	-	-	-	0	-	-	0
Public sector (public organizations excluding central governments)	27	-	-	-	-	-	-	-	0	-	-	28
Multilateral development banks	16	-	-	-	-	-	-	-	-	-	-	16
International organizations	0	0	0	0	0	0	0	0	0	0	0	0
Institutions (banks)	0	400	0	0	198	14	0	0	3	0	0	615
Corporates	0	0	0	0	0	1	0	0	441	0	0	442
Retail customers	0	0	0	0	0	0	0	2	0	0	0	2
Institutions and corporates given a short-term credit evaluation	0	0	0	0	0	0	0	0	0	0	0	0
Other assets	0	0	0	0	0	0	0	0	5	0	0	5
TOTAL	43	400	0	0	198	15	0	2	449	0	0	1,108

Exposure categories as at 12/31/2021 <i>(in € millions)</i>	Weighting											Total
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Other	
Governments and central banks	0	0	0	0	0	0	0	0	0	0	0	0
Regional or local authorities	0	0	0	0	0	0	0	0	3	0	0	3
Public sector (public organizations excluding central governments)	1	0	0	0	0	0	0	0	3	0	0	4
Multilateral development banks	0	0	0	0	0	0	0	0	0	0	0	0
International organizations	0	0	0	0	0	0	0	0	0	0	0	0
Institutions (banks)	0	473	0	0	179	24	0	0	4	0	0	679
Corporates	0	0	0	0	0	0	0	0	365	0	0	365
Retail customers	0	0	0	0	0	0	0	3	0	0	0	3
Institutions and corporates given a short-term credit evaluation	0	0	0	0	0	0	0	0	0	0	0	0
Other assets	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	1	473	0	0	179	24	0	3	375	0	0	1,055

TABLE 45: IRB APPROACH – CCR EXPOSURES BY PORTFOLIO AND PD SCALE (EU CCR4) – IRBA METHOD

12/31/2022 <i>(in € millions)</i>	PD range	EAD post-CRM	Weighted average PD <i>(in %)</i>	Number of debtors	Weighted average LGD <i>(in %)</i>	Average maturity <i>(in years)</i>	Risk-weighted exposure amount (RWEA)	RWA density
GOVERNMENTS AND CENTRAL BANKS								
	Subtotal	-	-	-	-	-	-	-
INSTITUTIONS (BANKS)								
	Subtotal	-	-	-	-	-	-	-
CORPORATES								
	0 to <0.15	-	-	-	-	-	-	-
	of which [0 to <0.10]	-	-	-	-	-	-	-
	of which [0.10 to <0.15]	-	-	-	-	-	-	-
	0.15 to <0.25	-	-	-	-	-	-	-
	0.25 to <0.50	-	-	-	-	-	-	-
	0.50 to <0.75	85	0.7	855	34	2.5	55	65
	0.75 to <2.50	82	1.4	665	45	2.5	92	112
	of which [0.75 to <1.75]	61	1.2	457	0	2.5	65	108
	of which [1.75 to <2.50]	21	2.0	208	0	2.5	27	125
	2.50 to <10.00	61	4.7	474	45	2.5	97	159
	of which [2.50 to <5.00]	47	3.7	360	0	2.5	69	148
	of which [5.00 to <10.00]	14	7.9	114	0	2.5	28	193
	10.00 to <100.00	7	19.4	52	45	2.5	18	252
	of which [10.00 to <20.00]	5	15.9	32	0	2.5	13	246
	of which [20.00 to <30.00]	-	-	-	-	-	-	-
	of which [30.00 to <100.00]	2	30.8	20	0	2.5	5	271
	100.00 (default)	5	100.0	31	45	2.5		
	Subtotal	241	4.7	2,077	41	2.5	262	109
Of which: Specialized lending								
	0 to < 0.15	-	-	-	-	-	-	-
	Subtotal	-	-	-	-	-	-	-
Of which: SMEs								
	0 to < 0.15	-	-	-	-	-	-	-
	Subtotal	-	-	-	-	-	-	-

12/31/2022 (in € millions)	PD range	EAD post-CRM	Weighted average PD (in %)	Number of debtors	Weighted average LGD (in %)	Average maturity (in years)	Risk-weighted exposure amount (RWEA)	RWA density
RETAIL CUSTOMERS								
	0 to <0.15	3	0.1	79	45		0	3
	of which [0 to <0.10]	1	0.1	39	45		0	2
	of which [0.10 to <0.15]	2	0.1	40	45		0	3
	0.15 to <0.25							
	0.25 to <0.50	1	0.3	22	45		0	5
	0.50 to <0.75	0	0.5	13	45		0	8
	0.75 to <2.50	0	1.6	18	45		0	13
	of which [0.75 to <1.75]	0	1.2	14	45		0	12
	of which [1.75 to <2.50]	0	2.2	4	45		0	15
	2.50 to <10.00	0	4.3	3	45		0	16
	of which [2.50 to <5.00]	0	4.3	3	45		0	16
	of which [5.00 to <10.00]							
	10.00 to <100.00	0	10.5	6	45		0	19
	of which [10.00 to <20.00]	0	10.5	6	45		0	19
	of which [20.00 to <30.00]	-	-	-	-	-	-	-
	of which [30.00 to <100.00]	-	-	-	-	-	-	-
	100.00 (default)	-	-	-	-	-	-	-
	Subtotal	5	0.8	141	45		0	6
Of which: Exposures secured by real estate mortgages								
	0 to < 0.15	-	-	-	-	-	-	-
	Subtotal	-	-	-	-	-	-	-
Of which: SMEs								
	0 to < 0.15	-	-	-	-	-	-	-
	Subtotal	-	-	-	-	-	-	-
Of which: Non-SMEs								
	0 to < 0.15	-	-	-	-	-	-	-
	Subtotal	-	-	-	-	-	-	-
Of which: Revolving								
	0 to < 0.15	-	-	-	-	-	-	-
	Subtotal	-	-	-	-	-	-	-

12/31/2022 (in € millions)	PD range	EAD post-CRM	Weighted average PD (in %)	Number of debtors	Weighted average LGD (in %)	Average maturity (in years)	Risk-weighted exposure amount (RWEA)	RWA density
Of which: Other retail customers								
	0 to <0.15	3	0.1	79	45	-	0	3
	of which [0 to <0.10]	1	0.1	39	45	-	0	2
	of which [0.10 to <0.15]	2	0.1	40	45	-	0	3
	0.15 to <0.25	-	-	-	-	-	-	-
	0.25 to <0.50	1	0.3	22	45	-	0	5
	0.50 to <0.75	0	0.5	13	45	-	0	8
	0.75 to <2.50	0	1.6	18	45	-	0	13
	of which [0.75 to <1.75]	0	1.2	14	45	-	0	12
	of which [1.75 to <2.50]	0	2.2	4	45	-	0	15
	2.50 to <10.00	0	4.3	3	45	-	0	16
	of which [2.50 to <5.00]	0	4.3	3	45	-	0	16
	of which [5.00 to <10.00]	-	-	-	-	-	-	-
	10.00 to <100.00	0	10.5	6	45	-	0	19
	of which [10.00 to <20.00]	0	10.5	6	45	-	0	19
	of which [20.00 to <30.00]	-	-	-	-	-	-	-
	of which [30.00 to <100.00]	-	-	-	-	-	-	-
	100.00 (default)	-	-	-	-	-	-	-
	Subtotal	5	0.8	141	45	-	0	6
Of which: SMEs								
	0 to < 0.15	-	-	-	-	-	-	-
	Subtotal	-	-	-	-	-	-	-
Of which: Non-SMEs								
	0 to < 0.15	3	0.1	79	45	-	0	3
	of which [0 to <0.10]	1	0.1	39	45	-	0	2
	of which [0.10 to <0.15]	2	0.1	40	45	-	0	3
	0.15 to <0.25	-	-	-	-	-	-	-
	0.25 to <0.50	1	0.3	22	45	-	0	5
	0.50 to <0.75	0	0.5	13	45	-	0	8
	0.75 to <2.50	0	1.6	18	45	-	0	13
	of which [0.75 to <1.75]	0	1.2	14	45	-	0	12
	of which [1.75 to <2.50]	0	2.2	4	45	-	0	15
	2.50 to <10.00	0	4.3	3	45	-	0	16
	of which [2.50 to <5.00]	0	4.3	3	45	-	0	16
	of which [5.00 to <10.00]	-	-	-	-	-	-	-
	10.00 to <100.00	0	10.5	6	45	-	0	19
	of which [10.00 to <20.00]	0	10.5	6	45	-	0	19
	of which [20.00 to <30.00]	-	-	-	-	-	-	-
	of which [30.00 to <100.00]	-	-	-	-	-	-	-
	100.00 (default)	-	-	-	-	-	-	-
	Subtotal	5	0.8	141	45	-	0	6
EQUITIES								
	0 to <0.15	-	-	-	-	-	-	-
	Subtotal	-	-	-	-	-	-	-
TOTAL		246	4.7	2,218	41	2.5	263	107

12/31/2021 (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 to <0.15	4,185	0.06%	136	22%	1.8	415	10%
	0.15 to <0.25	716	0.23%	24	19%	2.2	176	25%
	0.25 to <0.50	31	0.44%	5	8%	1.7	1	3%
	0.50 to <0.75	-	-	-	-	0.0	-	-
	0.75 to <2.50	17	1.02%	2	3%	1.5	2	9%
	2.50 to <10.00	-	-	-	-	-	-	-
	10.00 to <100.00	-	-	-	-	-	-	-
	100.00 (default)	-	-	-	-	-	-	-
	Subtotal	4,949	0.09%	167	21%	1.8	593	12%
CORPORATES								
	0 to <0.15	3,701	0.05%	127	13%	2.4	270	7%
	0.15 to <0.25	-	0.00%	-	-	-	-	-
	0.25 to <0.50	342	0.35%	87	23%	2.5	112	33%
	0.50 to <0.75	133	0.65%	1,063	44%	2.5	110	83%
	0.75 to <2.50	260	1.06%	881	43%	2.5	270	104%
	2.50 to <10.00	288	3.74%	544	40%	2.5	371	129%
	10.00 to <100.00	20	18.67%	87	31%	2.5	34	174%
	100.00 (default)	21	100.00%	48	44%	2.5	-	-
	Subtotal	4,765	0.89%	2,837	18%	2.5	1,167	24%
Of which: Specialized lending								
	Subtotal	-	-	-	-	-	-	-
Of which: SMEs								
	Subtotal	-	-	-	-	-	-	-

12/31/2022 (in € millions)	PD range	EAD post-CRM	Weighted average PD (in %)	Number of debtors	Weighted average LGD (in %)	Average maturity (in years)	Risk-weighted exposure amount (RWEA)	RWA density
RETAIL CUSTOMERS								
	0 to < 0.15	2	0.10%	39	45	-	0	3%
	0.15 to <0.25	-	-	-	-	-	-	-
	0.25 to <0.50	2	0.25%	24	45	-	0	5%
	0.50 to <0.75	0	0.54%	8	45	-	0	8%
	0.75 to <2.50	1	1.56%	15	45	-	0	13%
	2.50 to <10.00	0	4.20%	2	44	-	0	16%
	10.00 to <100.00	0	10.52%	6	45	-	0	19%
	100.00 (default)	-	-	-	-	-	-	-
	Subtotal	6	0.63%	94	45	-	0	6%
Of which: Exposures secured by real estate mortgages	Subtotal	-	-	-	-	-	-	-
Of which: SMEs	Subtotal	-	-	-	-	-	-	-
Of which: Non-SMEs	Subtotal	-	-	-	-	-	-	-
Of which: Revolving	Subtotal	-	-	-	-	-	-	-
Of which: Other retail customers	Subtotal	-	-	-	-	-	-	-
Of which: SMEs	Subtotal	-	-	-	-	-	-	-
Of which: Non-SMEs	Subtotal	-	-	-	-	-	-	-
EQUITIES								
	Subtotal	-	-	-	-	-	-	-
TOTAL		9,720	0.49%	3,098	20%	2.4	1,760	18%

TABLE 45: IRB APPROACH – CCR EXPOSURES BY PORTFOLIO AND PD SCALE (EU CCR4) IRBF METHOD

12/31/2022 (in € millions)	PD range	EAD post-CRM	Weighted average PD (in %)	Number of debtors	Weighted average LGD (in %)	Average maturity (in years)	Risk-weighted exposure amount (RWEA)	RWA density
INSTITUTIONS (BANKS)								
	0 to <0.15	6,005	0.1	143	14	1.8	325	5
	of which [0 to <0.10]	5,302	0.1	115	13	1.7	237	4
	of which [0.10 to <0.15]	702	0.1	28	21	2.0	88	12
	0.15 to <0.25	776	0.2	28	14	2.0	145	19
	0.25 to <0.50	58	0.4	5	45	1.4	3	5
	0.50 to <0.75	-	-	-	-	-	-	-
	0.75 to <2.50	18	1.0	2	14	1.5	7	42
	of which [0.75 to <1.75]	18	1.0	2	14	1.5	7	42
	of which [1.75 to <2.50]	-	-	-	-	-	-	-
	2.50 to <10.00	-	-	-	-	-	-	-
	of which [2.50 to <5.00]	-	-	-	-	-	-	-
	of which [5.00 to <10.00]	-	-	-	-	-	-	-
	10.00 to <100.00	-	-	-	-	-	-	-
	of which [10.00 to <20.00]	-	-	-	-	-	-	-
	of which [20.00 to <30.00]	-	-	-	-	-	-	-
	of which [30.00 to <100.00]	-	-	-	-	-	-	-
	100.00 (default)	-	-	-	-	-	-	-
	Subtotal	6,857	0.1	178	15	1.8	480	7
CORPORATES								
	0 to <0.15	4,526	0.0	137	14	2.5	405	9
	of which [0 to <0.10]	4,082	0.0	74	11	2.5	248	6
	of which [0.10 to <0.15]	444	0.1	63	44	2.5	156	35
	0.15 to <0.25	-	-	-	-	-	-	-
	0.25 to <0.50	526	0.3	89	45	2.5	327	62
	0.50 to <0.75	-	-	-	-	-	-	-
	0.75 to <2.50	152	1.0	108	45	2.5	154	102
	of which [0.75 to <1.75]	152	1.0	108	45	2.5	154	102
	of which [1.75 to <2.50]	-	-	-	-	-	-	-
	2.50 to <10.00	150	3.3	72	45	2.5	219	146
	of which [2.50 to <5.00]	150	3.3	72	45	2.5	219	146
	of which [5.00 to <10.00]	-	-	-	-	-	-	-
	10.00 to <100.00	10	15.9	19	45	2.5	26	249
	of which [10.00 to <20.00]	10	15.9	19	45	2.5	26	249
	of which [20.00 to <30.00]	-	-	-	-	-	-	-
	of which [30.00 to <100.00]	-	-	-	-	-	-	-
	100.00 (default)	10	100.0	6	45	2.5	-	-
	Subtotal	5,374	0.4	431	19	2.5	1,130	21
TOTAL		12,230	0.2	609	17	2.2	1,610	13

TABLE 46: CREDIT DERIVATIVE EXPOSURES (EU CCR6)

12/31/2022 <i>(in € millions)</i>	Credit derivative hedges		Other credit derivatives
	Protection bought	Protection sold	
Notional amounts			
Single-name credit default swaps	6,492	4,526	0
Index credit default swaps	2,295	2,447	0
Total index credit default swaps	0	0	0
Credit options	0	0	0
Other credit derivatives	0	0	0
TOTAL NOTIONAL AMOUNTS	8,786	6,972	0
Fair values			
Positive fair value (asset)	38	76	0
Negative fair value (liability)	-92	-28	0

12/31/2021 <i>(in € millions)</i>	Credit derivative hedges		Other credit derivatives
	Protection bought	Protection sold	
Notional amounts			
Single-name credit default swaps	4,606	2,702	-
Index credit default swaps	2,322	2,726	-
Total index credit default swaps	-	-	-
Credit options	-	-	-
Other credit derivatives	-	-	-
TOTAL NOTIONAL AMOUNTS	6,929	5,428	-
Fair values			
Positive fair value (asset)	15	102	-
Negative fair value (liability)	-128	-11	-

TABLE 47: RWA FLOW STATEMENTS OF CCR EXPOSURES UNDER THE INTERNAL MODEL METHOD (EU CCR7)

Crédit Mutuel Alliance Fédérale does not use internal models (IMM) for the treatment of derivatives and repurchase transactions.

TABLE 48: EXPOSURES TO CENTRAL COUNTERPARTIES (EU CCR8)

(in € millions)	2022		2021	
	Value at risk	Risk-weighted exposure amount (RWEA)	Value at risk	Risk-weighted exposure amount (RWEA)
Exposures to eligible central counterparties (total)	0	27	-	21
Trade exposures with QCCPs (excluding initial margin and default fund contributions); of which	438	16	488	12
(i) Over-the-counter derivatives	382	15	384	10
(ii) Trading derivatives	20	0	23	0
(iii) Equity financing transactions	36	1	81	2
(iv) Netting sets in which cross-product netting has been approved	0	0	0	0
Segregated initial margin	2,412	0	1,587	-
Non-segregated initial margin	16	3	6	1
Pre-funded default fund contributions	62	8	54	7
Unfunded default fund contributions	0	0	0	0
Exposures to non-eligible central counterparties (total)	0	0		0
Trade exposures with non-QCCPs (excluding initial margin and default fund contributions); of which	0	0	0	0
(i) Over-the-counter derivatives	0	0	0	0
(ii) Trading derivatives	0	0	0	0
(iii) Equity financing transactions	0	0	0	0
(iv) Netting sets in which cross-product netting has been approved	0	0	0	0
Segregated initial margin	0	0	0	-
Non-segregated initial margin	0	0	0	0
Pre-funded default fund contributions	0	0	0	0
Unfunded default fund contributions	0	0	0	0

5.10 CREDIT RISK MITIGATION TECHNIQUES (EU CRC)

Financial, personal and physical collateral may be used directly to reduce the calculation of capital requirements measured for credit risk and included in the calculation of the group's solvency ratio. The use of guarantees as a risk mitigation technique is, however, subject to compliance with the eligibility and minimum requirement conditions imposed by the regulations.

5.10.1 Netting and collateralization of repurchase transactions and over-the-counter derivatives

When a framework agreement is entered into with a counterparty, the signatory entity nets the latter's exposure.

With credit institution counterparties, the Crédit Mutuel group supplements these agreements with collateralization agreements

(CSA). The operational management of these agreements is based on the TriOptima platform.

Regular margin calls significantly reduce the residual net credit risk on over-the-counter derivatives and repurchase transactions.

5.10.2 Description of the main categories of collateral taken into account by the institution

The Crédit Mutuel group uses guarantees in different ways when calculating weighted risks, depending on the type of borrower, the calculation method applied for the exposure covered and the type of guarantee.

For retail banking customer contracts based on an advanced IRB approach, the guarantees are used as an element for segmenting the loss in the event of default, calculated statistically on all the group's non-performing loans and loans in litigation. For this scope, the group therefore does not use risk mitigation techniques in its capital requirements calculation.

For contracts concerning the "Sovereign" and "Institution" books and, to some extent, the "corporate" book, personal collateral and financial collateral are used as risk mitigation techniques, as defined by regulations:

- personal collateral corresponds to the undertaking made by a third party to replace the primary debtor in the event of default by the latter. By extension, credit derivatives (protective calls) fall into this category;

- financial collateral is defined by the group as a right of the institution to liquidate, retain or obtain the transfer or ownership of certain amounts or assets such as pledged cash deposits, debt securities, shares or convertible bonds, gold, UCITS shares, life insurance policies and instruments of any kind issued by a third party and repayable on request. Use of the guarantee is only effective if said guarantee meets the legal and operational criteria laid down by the regulations. Downstream processing to calculate weighted risks taking into account risk mitigation techniques is largely automated. Verification of compliance with the eligibility and minimum requirements conditions imposed by the regulations must be conducted and formalized when the guarantee is processed.

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 or CNP.

TABLE 49: CREDIT RISK MITIGATION (CRM) – GENERAL OVERVIEW (EU CR3)

12/31/2022 (in € millions)	Unsecured exposures – Carrying amount	Guaranteed exposures – Amount	Of which collateralized exposures ⁽¹⁾	Of which exposures secured by financial guarantees	Of which exposures secured by credit derivatives
1 – Loans and advances	357,296	312,361	267,868	44,493	0
1 – Debt securities	38,690	0	0	0	-
3 – Total	395,986	312,361	267,868	44,493	0
4 – Of which non-performing exposures	2,671	4,262	2,615	1,646	0
5 – Of which defaulted	2,671	4,262	-	-	-

(1) Column containing secured exposures subject to a credit risk mitigation technique as defined by FINREP reporting. The guaranteed exposure amount includes retail customer contracts that are treated under the advanced IRB method and for which guarantees are used as a basis for segmentation of loss in the event of default.

Under the standardized approach, small discrepancies between exposure amounts pre-and post-CRM show that the impact of the collateral is not material. Potential concentrations resulting from CRM measures (by guarantor and by sector) are monitored as part of credit

risk management and included in the quarterly report, in particular the monitoring of compliance with concentration limits (monitoring carried out after guarantors are taken into account). No specific concentration has resulted from implementation of CRM techniques.

12/31/2021 (in € millions)	Unsecured exposures – Carrying amount	Guaranteed exposures – Amount	Of which collateralized exposures ⁽¹⁾	Of which exposures secured by financial guarantees	Of which exposures secured by credit derivatives
1 – Loans and advances	349,443	276,623	230,682	45,941	0
1 – Debt securities	35,746	0	0	0	-
3 – Total	385,189	276,623	230,682	45,941	0
4 – Of which non-performing exposures	2,290	3,513	2,368	1,145	-
5 – Of which defaulted	2,290	3,153	-	-	-

(1) Column containing secured exposures subject to a credit risk mitigation technique as defined by FINREP regulations. The guaranteed exposure amount includes retail customer contracts that are treated under the advanced IRB method and for which guarantees are used as a basis for segmentation of loss given default.

The data for December 31, 2021 are republished following an improvement in the internal methodology.

TABLE 50: STANDARDIZED APPROACH – CREDIT RISK EXPOSURE AND CRM EFFECTS (EU CR4)

Category of exposure as of 12/31/2022 (in € millions)	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	131,323	925	142,629	166	1,712	1%
2 – Regional or local authorities	5,599	783	5,711	332	1,157	19%
3 – Public sector (Public organizations excluding central governments)	41,648	320	42,232	395	9	0%
4 – Multilateral development banks	1,064	0	1,064	0	0	0%
5 – International organizations	1,063	0	1,063		0	0%
6 – Institutions (banks)	1,718	331	1,819	139	412	21%
7 – Corporates	25,483	20,688	24,277	4,526	25,666	89%
8 – Retail customers	43,525	13,811	43,147	1,284	32,183	72%
9 – Exposures secured by real estate mortgages	16,177	598	16,176	292	7,187	44%
10 – Exposures in default	3,039	79	2,979	49	3,454	114%
11 – Exposures presenting a particularly high risk	1,980	158	1,937	77	2,995	149%
12 – Covered bonds	90	0	90	00	11	12%
13 – Exposures from institutions and corporates given a short-term credit evaluation	0	0	0	0	0	0%
14 – Exposures in the form of UCIT shares or equities	538	0	538	0	719	134%
15 – Equity exposure	450	0	450	0	451	100%
16 – Other assets	2,805	0	2,805	0	2,714	97%
17 – TOTAL	276,501	37,692	286,917	7,259	78,670	27%

The Cr dit Mutuel group does not use credit derivatives as a credit risk mitigation technique (zero impact on RWA).

Category of exposure as of 12/31/2021 (in € millions)	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	140,015	1,013	152,896	309	2,386	2%
2 – Regional or local authorities	4,480	435	4,612	134	897	19%
3 – Public sector (Public organizations excluding central governments)	34,692	308	35,189	234	4	0%
4 – Multilateral development banks	1,199	0	1,199	0	0	0%
5 – International organizations	1,047	0	1,047	0	0	0%
6 – Institutions (banks)	1,788	314	1,777	136	424	22%
7 – Corporates	19,552	17,263	18,522	3,304	19,307	88%
8 – Retail customers	37,646	12,882	37,308	705	27,571	73%
9 – Exposures secured by real estate mortgages	9,954	399	9,954	187	4,344	43%
10 – Exposures in default	2,135	46	2,078	27	2,387	113%
11 – Exposures presenting a particularly high risk	1,427	187	1,401	93	2,226	149%
12 – Covered bonds	0	0	0	0	0	0%
13 – Exposures from institutions and corporates given a short-term credit evaluation	0	0	0	0	0	0%
14 – Exposures in the form of UCIT shares or equities	381	0	381	0	646	169%
15 – Equity exposure	425	0	425	0	426	100%
16 – Other assets	1,635	0	1,635	0	1,625	99%
17 – TOTAL	256,376	32,847	268,426	5,129	62,243	23%

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 Cr dit Mutuel Alliance F d rale.

TABLE 52: GUARANTEED EXPOSURES UNDER THE IRBA APPROACH (EU CCR7-A)

IRBA exposures at 12/31/2022 (in € millions)	Credit risk mitigation techniques											Credit risk mitigation techniques in the calculation of RWEAs		
	Total exposures	Portion covered by financial guarantees (as a %)	Funded credit protection ⁽¹⁾						Unfunded credit protection		RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (reduction and substitution effects)		
			Portion covered by other eligible collateral (as a %)			Portion covered by other forms of financed credit protection (as a %)			Portion covered by guarantees (as a %)	Portion hedged by credit derivatives (as a %)				
			Portion of exposures hedged by real estate collateral (as a %)	Portion of exposures hedged by loans to be recovered (as a %)	Portion of exposures hedged by other eligible collateral (as a %)	Portion of exposures hedged by cash deposits (as a %)	Portion of exposures hedged by life insurance policies (as a %)	Portion of exposures hedged by instruments held by third-parties (as a %)						
1 – Governments and central banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2 – Institutions	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 – Corporates	71,291	0	0	0	0	0	0	0	0	0	6	0	34,355	32,661
3.1 – of which: specialized lending	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3.2 of which: SME	39,319	0	0	0	0	0	0	0	0	0	6	0	15,019	14,224
3.3 – of which: other corporates	31,975	0	0	0	0	0	0	0	0	0	6	0	19,336	18,437
4 – Retail customers	319,354	0	0	0	0	0	0	0	0	0	2	0	39,501	38,040
4.1 of which: SME real estate property	31,489	0	0	0	0	0	0	0	0	0	0	0	7,107	7,107
4.2 of which: non-SME real estate property	154,449	0	0	0	0	0	0	0	0	0	0	0	17,368	17,368
4.3 – of which: eligible revolving exposures	11,017	0	0	0	0	0	0	0	0	0	0	0	1,204	1,204
4.4 – of which: other SMEs	36,906	0	0	0	0	0	0	0	0	0	16	0	8,093	6,634
4.5 – of which: other non-SMEs	85,493	0	0	0	0	0	0	0	0	0	0	0	5,730	5,727
5 – TOTAL	390,648	0	0	0	0	0	0	0	0	0	3	0	73,857	70,701

(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.

IRBF exposures at 12/31/2022 (in € millions)	Credit risk mitigation techniques											Credit risk mitigation techniques in the calculation of RWEAs		
	Total exposures	Portion covered by financial guarantees (as a %)	Funded credit protection						Unfunded credit protection		RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (reduction and substitution effects)		
			Portion covered by other eligible collateral (as a %)			Portion covered by other forms of financed credit protection (as a %)			Portion covered by guarantees (as a %)	Portion hedged by credit derivatives (as a %)				
			Portion of exposures hedged by real estate collateral (as a %)	Portion of exposures hedged by loans to be recovered (as a %)	Portion of exposures hedged by other eligible collateral (as a %)	Portion of exposures hedged by cash deposits (as a %)	Portion of exposures hedged by life insurance policies (as a %)	Portion of exposures hedged by instruments held by third-parties (as a %)						
1 – Governments and central banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2 – Institutions	26,924	0	0	0	0	0	0	0	0	0	0	0	6,443	6,414
3 – Corporates	70,886	2	0	0	0	0	0	0	0	0	4	0	50,449	47,826
3.1 of which: SME	11,561	2	0	0	0	0	0	0	0	0	0	0	9,196	9,196
3.2 – of which: specialized lending	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3.3 – of which: corporates - other	59,325	2	0	0	0	0	0	0	0	0	5	0	41,253	38,630
4 – TOTAL	97,811	1	0	0	0	0	0	0	0	0	3	0	56,892	54,240

IRBA exposures at 12/31/2021 <i>(in € millions)</i>	Credit risk mitigation techniques												Credit risk mitigation techniques in the calculation of RWEAs	
	Total exposures	Portion covered by financial guarantees <i>(as a%)</i>	Funded credit protection ⁽¹⁾						Unfunded credit protection		RWEA without substitution effects <i>(reduction effects only)</i>	RWEA with substitution effects <i>(reduction and substitution effects)</i>		
			RWEA without substitution effects <i>(reduction effects only)</i>			RWEA without substitution effects <i>(reduction effects only)</i>			Portion covered by guarantees <i>(as a%)</i>	Portion hedged by credit derivatives <i>(as a%)</i>				
			Portion of exposures hedged by real estate collateral <i>(as a%)</i>	Portion of exposures hedged by loans to be recovered <i>(as a%)</i>	Portion of exposures hedged by other eligible collateral <i>(as a%)</i>	Portion of exposures hedged by cash deposits <i>(as a%)</i>	Portion of exposures hedged by life insurance policies <i>(as a%)</i>	Portion of exposures hedged by instruments held by third-parties <i>(as a%)</i>						
Governments and central banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Institutions (banks)	35,723	0	0	0	0	0	0	0	0	0.3	0	5,931	5,891	
Corporates	124,586	0.1	0	0	0	0	0	0	0	5.7	0	70,846	66,814	
of which: specialized lending	11,196	1.6	0	0	0	0	0	0	0	0	0	8,742	8,742	
of which: SMEs	35,594	0	0	0	0	0	0	0	0	8.2	0	13,656	12,666	
of which: other corporates	77,797	0	0	0	0	0	0	0	0	5.5	0	48,448	45,406	
Retail customers	290,652	0	0	0	0	0	0	0	0	2.3	0	35,529	34,051	
of which: SME real estate property	27,210	0	0	0	0	0	0	0	0	0	0	6,015	6,015	
of which: non-SME real estate property	139,088	0	0	0	0	0	0	0	0	0	0	15,738	15,738	
of which: revolving loan	9,954	0	0	0	0	0	0	0	0	0	0	1,042	1,042	
of which: SMEs	34,709	0	0	0	0	0	0	0	0	19.5	0	7,353	5,877	
of which: other non-SMEs	79,692	0	0	0	0	0	0	0	0	0	0	5,382	5,379	
TOTAL	450,961	0	0	0	0	0	0	0	0	3.12	0	112,306	106,755	

(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.

TABLE 53: COMPOSITION OF COLLATERAL FOR CCR EXPOSURES (EU CCR5)

12/31/2022 <i>(in € millions)</i>	Collateral used in derivative transactions				Collateral used in SFTs			
	Fair value of collateral received		Fair value of collateral provided		Fair value of collateral received		Fair value of collateral provided	
	Segregated	Non-segregated	Segregated	Non-segregated	Segregated	No segregated	Segregated	No segregated
Cash – national currency	4	4,384	2,348	1,645	0	425	0	187
Cash – other currencies	9	556	78	2,813	0	193	0	138
National sovereign debt	0	0	0	0	0	5,219	0	5,264
Other sovereign debt	0	0	0	0	0	2,678	0	2,697
Public administration debt	0	0	0	0	0	341	0	510
Corporate bonds	0	0	0	0	0	1,570	0	1,465
Equities	0	0	0	0	0	803	0	42
Other collateral	0	0	0	0	0	4,965	0	7,013
TOTAL	13	4,940	2,425	4,458	0	16,194	0	17,317

Segregated: refers to collateral that is protected from default.

12/31/2021 <i>(in € millions)</i>	Collateral used in derivative transactions				Collateral used in SFTs			
	Fair value of collateral received		Fair value of collateral provided		Fair value of collateral received		Fair value of collateral provided	
	Segregated	Non-segregated	Segregated	Non-segregated	Segregated	No segregated	Segregated	No segregated
Cash – domestic currency	38	920	1,152	2,498	0	174	0	206
Cash – other currencies	11	845	138	785	0	107	0	17
Sovereign debt – domestic currency	0	0	0	0	0	3,448	0	4,480
Sovereign debt – other currencies	0	0	0	0	0	2,748	0	2,883
Public administration debt	0	0	0	0	0	0	0	13
Corporate bonds	0	0	0	0	0	1,177	0	1,314
Equities	0	0	0	0	0	1,014	0	7
Other	0	0	0	0	0	3,325	0	4,055
TOTAL	48	1,765	1,289	3,283	0	11,993	0	12,975

5.11 SECURITIZATION (EU SECA)

5.11.1 Objectives pursued

In connection with its Capital Markets, the group carries out operations on the securitization market by taking up investment positions with three objectives: achieving returns, taking risks and diversifying. The risks primarily concern credit risk on the underlying assets and liquidity risk, particularly with the changes in the European Central Bank's eligibility criteria.

The activity is exclusively an investor activity with senior or mezzanine tranches, which always have external ratings.

For specialized financing facilities, the group supports its customers as a sponsor (arranger or co-arranger) or sometimes as an investor with the securitization of commercial loans. The conduit used is the tool called Satellite, set up in November 2019. It subscribes for senior units in securitization vehicles and issues commercial paper.

Satellite is a securitization company set up in the form of a *société par actions simplifiée* (simplified joint stock company) sponsored by the Crédit Industriel et Commercial bank. The ABCP issuance programs of the Satellite are rated A-1 (sf) by S&P Global Ratings and P-1 (sf) by Moody's France SAS. The ABCP issuance programs of the Satellite conduit will enable Crédit Mutuel Alliance Fédérale to build an alternative source of short-term financing and, in particular, refinance the bank's securitization transactions with its corporate customers.

This conduit benefits from a liquidity line granted by the group which guarantees the placement of its commercial paper. The group is exposed mainly to credit risk on the portfolio of transferred loans and to the risk of the Capital Markets drying up.

5.11.2 Control and monitoring procedures for Capital Markets

Market risks on securitization positions are monitored by the risk and results control (CRR) function, focusing on various areas, with day-to-day procedures making it possible to monitor changes in market risks. The CRR analyzes changes in the results of securitization strategies each day and explains them in relation to the risk factors. It monitors compliance with the limits set by the body of rules and approved by the group lending department. The limits are reviewed at least once a year. The 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.

A stress test system is also deployed with the aim of measuring the impact of various scenarios on the tranches held. During 2021, the system was enhanced and entirely revised. The main parameters to which the scenarios apply variations are prepayments, defaults and recovery rates.

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, 2018 and once again in 2021, with very satisfactory results.

5.11.3 Quantified data related to Capital Markets

In the 2022 fiscal year, group securitization investments increased by €1,030 million (up +14%) and represented a carrying amount of €8.45 billion as of December 31, 2022. The investments of the Capital Market arm of Crédit Mutuel Alliance Fédérale – called CIC Marchés – account for 81% of its securitization outstandings. The 2022 statistics in the tables presented in this section do not include the tranches sponsored by the American agencies Ginnie-Mae (Government National Mortgage Association), Freddie Mac (Federal Home Loan Mortgage Corporation), Fannie Mae (Federal National Mortgage Association) and SBA (Small Business Administration) for a total of €3.7 billion (€2.3 billion in 2021). These tranches are fully, unconditionally and irrevocably guaranteed by the American government. They are thus

treated as sovereign exposures and classed under US government exposures. These investments are thus no longer recognized under the Basel regulatory framework's "Securitization" classification.

Securitization portfolios are managed on a prudent basis and comprise mainly senior securities with high credit ratings. Almost all figures are Investment grade (85%), most of which are rated AAA. All securitization is closely monitored. The portfolios are diversified, both in terms of type of exposure (RMBS, CLO, ABS auto loans, ABS consumer loans, ABS credit cards) and geographical exposure (United States, France, Germany, Italy and Spain).

TABLE 54: BREAKDOWN OF SECURITIZATION OUTSTANDINGS

Breakdown of assets by portfolio <i>(in € millions)</i>	12/31/2022	12/31/2021
Banking Book	8,099	6,794
Trading Book	351	626
TOTAL OUTSTANDINGS⁽¹⁾	8,450	7,420

(1) These outstandings do not include the tranches sponsored by the US branches Ginnie-Mae and SBA.

Investment grade/non-investment grade outstandings <i>(as a %)</i>	12/31/2022	12/31/2021
Investment Grade category (of which AAA 78%)	85%	89%
Non-Investment Grade category	0%	0%
Not rated externally equivalent to full consolidation	15%	11%
TOTAL	100%	100%

Geographic breakdown of outstandings	12/31/2022
United States	39%
France	27%
Germany	6%
Italy	4%
Spain	5%
The Netherlands	6%
United Kingdom	4%
Australia	3%
Ireland	3%
Finland	1%
Austria	1%
Portugal	1%
Belgium	2%
Luxembourg	1%
TOTAL	100%

5.11.4 Capital Markets credit risk hedging policies

Capital Markets traditionally involve the purchase of securities. However, purchases of credit default swaps for hedging purposes may be authorized and, as applicable, are governed by Capital Market procedures.

5.11.5 Prudential approaches and methods

Entities included in the scope for approval of the credit risk internal rating approach apply the ratings-based method. Otherwise, the standardized approach is retained.

5.11.6 Accounting policies and principles

Securitization securities are recognized on the basis of their accounting classification in the same way as for other debt securities. The accounting policies and principles are presented in note 1a to the financial statements.

5.11.7 Exposures by type of securitization

Since January 1, 2019, securitization risks are covered by Regulation (EU) 2017/2401, amending Regulation (EU) 575/2013 (CRR).

This regulation revised the existing approaches (internal rating, standardized approach) and introduced a new approach based on external ratings for the calculation of capital requirements, which have been strengthened.

The exposures indicated above are net of provisions and the exposures measured using the internal ratings method and weighted at 1,250% are deducted from capital.

TABLE 55: SECURITIZATION EXPOSURES IN THE NON-TRADING BOOK (EU SEC1)

12/31/2022 <i>(in € millions)</i>	The institution acts as investor			
	Classic		Summarized	Subtotal
	STS	Non STS		
Total exposures	2,328	5,771	0	8,099
Retail customers (total)	1,795	731	0	2,526
Residential mortgages	625	485	0	1,110
Credit cards	68	0	0	68
Other retail customer exposures	1,102	246	0	1,348
Resecuritization	0	0	0	0
Wholesale customers (total)	533	5,040	0	5,573
Corporate loans	0	3,996	0	3,996
Commercial mortgages	0	0	0	0
Lease payments and receivables	533	1,044	0	1,577
Other wholesale customer exposures	0	0	0	0
Resecuritization	0	0	0	0

Crédit Mutuel Alliance Fédérale does not act as an originator or sponsor.

12/31/2021 <i>(in € millions)</i>	The institution acts as investor			
	Classic		Summarized	Subtotal
	STS	Non STS		
Total exposures	2,430	4,364	0	6,794
Retail customers (total)	1,837	787	0	2,624
Residential mortgages	627	380	0	1,007
Credit cards	116	10	0	126
Other retail customer exposures	1,094	397	0	1,491
Resecuritization	0	0	0	0
Wholesale customers (total)	593	3,577	0	4,170
Corporate loans	0	3,128	0	3,128
Commercial mortgages	0	0	0	0
Lease payments and receivables	593	450	0	1,042
Other wholesale customer exposures	0	0	0	0
Resecuritization	0	0	0	0

Crédit Mutuel Alliance Fédérale does not act as an originator or sponsor.

TABLE 56: SECURITIZATION EXPOSURES IN THE TRADING BOOK (EU SEC2)

12/31/2022 <i>(in € millions)</i>	The institution acts as investor			
	Classic		Summarized	Subtotal
	STS	Non STS		
Total exposures	271	80	459	810
Retail customers (total)	271	30	0	301
Residential mortgages	115	30	0	145
Credit cards	0	0	0	0
Other retail customer exposures	156	0	0	156
Resecuritization	0	0	0	0
Wholesale customers (total)	0	50	0	50
Corporate loans	0	0	0	0
Commercial mortgages	0	0	0	0
Lease payments and receivables	0	50	0	50
Other wholesale customer exposures	0	0	0	0
Resecuritization	0	0	0	0

Crédit Mutuel Alliance Fédérale is not acting as an originator or sponsor.

12/31/2021 <i>(in € millions)</i>	The institution acts as investor			
	Classic		Summarized	Subtotal
	STS	Non STS		
Total exposures	498	137	823	1,458
Retail customers (total)	466	128	0	594
Residential mortgages	124	128	0	253
Credit cards	0	0	0	0
Other retail customer exposures	341	0	0	341
Resecuritization	0	0	0	0
Wholesale customers (total)	32	9	0	41
Corporate loans	0	9	0	9
Commercial mortgages	0	0	0	0
Lease payments and receivables	32	0	0	32
Other wholesale customer exposures	0	0	0	0
Resecuritization	0	0	0	0

Crédit Mutuel Alliance Fédérale does not act as an originator or sponsor.

TABLE 57: SECURITIZATION POSITIONS AND RISK-WEIGHTED ASSETS – ORIGINATOR AND SPONSOR (EU SEC3)

Crédit Mutuel Alliance Fédérale does not have any securitization exposures as an initiator or sponsor.

TABLE 58: SECURITIZATION POSITIONS AND RISK-WEIGHTED ASSETS – INVESTORS (EU SEC4)

12/31/2022 <i>(in € millions)</i>	Securities at risk (by weighting range/deductions)				Value at risk (by regulatory approach)			Weighted exposure amount (by regulatory approach)				Capital requirement after application of the cap					
	Weighting ≤ 20%	Weighting > 20% and ≤ 50%	Weighting > 50% and ≤ 100%	Weighting > 100% and < 1,250%	Weighting 1,250%/ deduc- tions	SEC- IRBA	SEC- (including IAA)	SEC- SA	Weighting 1,250%/ deduc- tions	SEC- IRBA	SEC- (including IAA)	SEC- SA	Weighting 1,250%/ deduc- tions	SEC- IRBA	SEC- (including IAA)	SEC- SA	
		7,662	138	54	246	0	0	6,861	1,237	0	0	1,459	182	0	0	117	15
Classic securitization	7,662	138	54	246	0	0	6,861	1,237	0	0	1,459	182	0	0	117	15	0
Securitization	7,662	138	54	246	0	0	6,861	1,237	0	0	1,459	182	0	0	117	15	0
Retail underlying	2,441	66	15	3	0	0	2,525	0	0	0	364	0	0	0	29	0	0
Of which STS	1,775	13	7	0	0	0	1,795	0	0	0	211	0	0	0	17	0	0
Wholesale customers	5,220	72	39	243	0	0	4,336	1,237	0	0	1,095	182	0	0	88	15	0
Of which STS	2,839	16	0	0	0	0	2,461	200	0	0	35	20	0	0	3	2	0
Resecuritization	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Synthetic securitization	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Securitization	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Retail underlying	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Wholesale customers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Resecuritization	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

12/31/2021 <i>(in € millions)</i>	Securities at risk (by weighting range/deductions)				Value at risk (by regulatory approach)			Weighted exposure amount (by regulatory approach)				Capital requirement after application of the cap					
	Weighting ≤ 20%	Weighting > 20% and ≤ 50%	Weighting > 50% and ≤ 100%	Weighting > 100% and < 1,250%	Weighting 1,250%/ deduc- tions	SEC- IRBA	SEC- (including IAA)	SEC- SA	Weighting 1,250%/ deduc- tions	SEC- IRBA	SEC- (including IAA)	SEC- SA	Weighting 1,250%/ deduc- tions	SEC- IRBA	SEC- (including IAA)	SEC- SA	
	Total exposures	6,310	229	29	226	0	0	5,976	818	0	0	1,309	104	0	0	105	8
Classic securitization	6,310	229	29	226	0	0	5,976	818	0	0	1,309	104	0	0	105	8	0
Securitization	6,310	229	29	226	0	0	5,976	818	0	0	1,309	104	0	0	105	8	0
Retail underlying	2,378	227	18	1	0	0	2,624	0	0	0	398	00	0	0	32	0	0
Of which STS	1,784	51	2	0	0	0	1,837	0	0	0	215		0	0	17	0	0
Wholesale customers	3,931	2	11	225	0	0	3,352	818	0	0	911	104	0	0	73	8	0
Of which STS	590	2	0	0	0	0	218	375	0	0	24	38	0	0	2	3	0
Resecuritization	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Synthetic securitization	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Securitization	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Retail underlying	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Wholesale customers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Resecuritization	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

TABLE 59: EXPOSURES SECURITIZED BY THE INSTITUTION – EXPOSURES IN DEFAULT AND SPECIFIC CREDIT RISK ADJUSTMENTS (EU SEC5)

Crédit Mutuel Alliance Fédérale does not act as an originator or sponsor.

5.12 RISK OF CAPITAL MARKETS (EU MRA)

5.12.1 General organization

The group's Capital Markets activities are organized around three business lines: group treasury (transactions which are mainly recognized in BFCM's balance sheet), commercial, and fixed-income, equity and credit products (recognized on CIC's balance sheet), with the last two business lines constituting CIC Marchés. The management of these three business lines is "sound and prudent."

Activities are carried out in France and in branches in London (group treasury and investment), New York (investment) and Singapore (investment and commercial).

Group treasury

This business line is organized into three teams, one of which is dedicated to cash and liquidity management. It centralizes all of Crédit Mutuel Alliance Fédérale's refinancing activities and ensures the regulatory management of its liquidity assets. It seeks to diversify its investor base in Paris and London, as well as in the United States (US 144A format), Asia (Samurai format) and in Australia (Kangaroo format), and its refinancing tools, including Crédit Mutuel – Home Loan SFH. A second team is dedicated to collateral management and monitoring and a third to the bank's settlement activities (including the various risks which are integrated into the business line risks).

Most of these products are monetary or debt instruments (money market and bonds) and futures used to hedge interest rates and exchange rates.

In addition to pure refinancing positions, this business line also includes a portfolio of available-for-sale securities which are held mainly for use in the event of a liquidity crisis.

Commercial

CIC Market Solutions is the division in charge of commercial activities within CIC Marchés. It is a comprehensive platform of market solutions for customers on all primary and secondary markets that also offer depository solutions (UCI depository and securities account keeping). In particular, it enables the group to better assist customers with their market financing.

The sales teams have access to a unified range of tools and products. They are organized into five activities.

The Secondary Market Solutions team, which comprises the Global Fixed-income/Currency/Commodity Execution Solutions and operates from Paris or within the regional banks, is responsible for the marketing of OTC hedging products (interest rate, currency, equity, commodity). It aims to optimize prices, preserve commercial margins and reverse positions on exchange rate and interest rate instruments.

The Global Execution Solutions offering also markets underlying equities, bonds and derivatives. In parallel, the Execution teams are assisted by the Solution Sales teams.

The Equity Sales activity, carried out in Paris, is also carried out through the subsidiary CIC Market Solutions Inc., a broker-dealer regulated by FINRA, wholly owned by CIC, whose operational headquarters are located at CIC NY with a clientele of professional investors in the United States and Canada.

The Investment Solutions (IS) team uses CIC's issue programs to market investment products such as CIC and Stork Acceptance EMTN, resulting directly from the expertise of the investment business and aimed at the customers of Crédit Mutuel's and CIC's different networks, as well as institutional, corporate and retail customers. In the event of partial marketing or early exit by customers, the IS team may have to temporarily carry capital-consuming securities.

The other three commercial activities do not present any market or credit risk. These include Global Research, Primary Market Solutions and Custody Solutions.

Regarding CIC Market Solution scope, agricultural commodities present no market risk as these operations involve pure back-to-back transactions.

These are carried out at the request of the customer on over-the-counter derivative instruments. CIC Market Solutions has no influence over commodity prices.

Fixed-Income-Equities-Credit Investments

This business line, also included in CIC Marchés, is organized around desks specialized in investments in equities/hybrid instruments, credit spreads and fixed income. These activities mainly involve purchases and sales of financial securities acquired with the view to holding them for a long period of time, as well as for trading in related financial instruments. These activities must create value in a disciplined risk environment in order to drive commercial development and provide expertise or services to other group entities.

5.12.2 Internal control system

The control mechanism is underpinned by a reference framework and a dedicated organizational structure.

The reference framework integrates a unified system of limits that structure Capital Markets, including those applied by CIC branches. This reference framework is formalized in two “bodies of rules.”

A CIC Marchés body of rules for the Commercial and Investment business lines and a group treasury body of rules. Regular updates are carried out throughout the year to include the introduction of new products and risk-measurement monitoring improvements, and a complete formal validation conducted at least once a year.

The group has adopted a trading policy that describes the rules governing the assignment of market transactions to one of the two prudential books, the banking book and the trading book.

This policy covers both the investment and commercial business lines (CIC Marchés) and the transactions carried out by group treasury. For the investment business line, an appendix to the policy provides a granular definition – by investment specialty – of the holding period for positions, the prudential classification and the justification for the classification.

Both the reference framework and the application of the trading policy are subject to specific controls within the context of the first-level permanent control process.

The organizational 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).

The internal control teams operate under the responsibility of the group risk department, which compiles scorecards summarizing risk exposures and presents the levels of capital allocated/consumed to be approved by the Board of Directors of CIC.

The permanent control system is based on first-level controls performed by three post-market teams: (i) the risks and results control team which validates production, monitors results on a daily basis and ensures compliance with limits, (ii) the post-market accounting and regulatory team responsible for reconciling accounting and economic results, as well as regulatory matters, and (iii) the legal and tax team in charge of first-level legal and tax compliance.

Second-level controls are organized around (i) the group Capital Market permanent control function, which reports to the permanent controls function, supervises first-level permanent controls carried out by CIC Marchés and conducts its own direct controls on activities, (ii) the group lending department, which monitors at-risk outstandings for each counterparty group, (iii) the group legal and tax department, which works with CIC Marchés’ legal and tax teams, and (iv) CIC’s finance department, which supervises accounting procedures and templates and is responsible for accounting and regulatory controls.

Third level of controls are organized around (i) periodic controls of Crédit Mutuel Alliance Fédérale performed retrospectively by a team of specialist auditors who carry out audits, controls and compliance checks in respect of Capital Markets, and (ii) the General Inspectorate of Confédération Nationale du Crédit Mutuel (CNCM), which supplements the audits performed by periodic business-line controls.

A Market Risk Committee that meets monthly and a Group Treasury Risk Committee that meets quarterly monitor the strategy, results and risks of CIC Marchés (in France and in the branches) and group treasury, respectively, within the limits set by the Board of Directors of CIC.

The Market Risk Committee is chaired by the Deputy Chief Executive Officer in charge of CIC Marchés and includes the Chief Executive Officers of CIC and BFCM, the Deputy Chief Executive Officer of BFCM, who is in charge of Crédit Mutuel Alliance Fédérale’s Finance division, and the Deputy Chief Executive Officer of BFCM, who is in charge of the group’s liquidity and treasury department, the heads of the front office and post-market teams, who are also members of CIC Marchés Management Committee, the heads of the group’s risk and lending departments, the group’s head of compliance and the head of the permanent control department. It approves the operational limits established as part of the general limits set by the Boards of Directors of CIC and BFCM, which are kept regularly informed on the risks and results of these activities.

The Group Treasury Risk Committee is chaired by the Chief Executive Officer of CIC and BFCM; it includes the Deputy Chief Executive Officer of BFCM in charge of Crédit Mutuel Alliance Fédérale’s finance division and of group liquidity and treasury, the heads of the group treasury front office group, the head of the group ALM, the heads of the post-market teams and the head of the group risk department. The committee analyzes transactions related to market refinancing, refinancing of group entities and liquidity assets.

The Group Risk Committee (executive level) and the Group Risk Monitoring Committee (specialized committee of the deliberative body), both of which are supervised by the group risk department, conduct quarterly analyses of all the risks to which the group is exposed, including market risks. They review outstandings, risks, results, consumption of capital (regulatory and internal), regulatory developments and ongoing projects and audits (internal and external) for Capital Markets.

TABLE 60: MARKET RISK UNDER THE STANDARDIZED APPROACH (EU MR1)

<i>(in € millions)</i>	12/31/2022		12/31/2021	
	Risk-weighted assets	Capital Requirements	Risk-weighted assets	Capital Requirements
Outright products				
1 – Interest rate risk (general and specific)	992	79	1,106	88
2 – Equity risk (general and specific)	787	63	1,278	102
3 – Foreign exchange risk	505	40	588	47
4 – Commodity risk	1	0	-	-
Options				
5 – Simplified approach	-	-	-	-
6 – Delta-plus method	13	1	64	5
7 – Scenario approach	4	0	4	-
8 – Securitization (specific risk)	161	13	238	19
9 – TOTAL	2,463	197	3,277	262

5.12.3 Risk management

The system used to set exposure limits for market risk is based on:

- a global limit for regulatory capital (CAD/European capital adequacy) based on a standard internal measurement close to the regulatory value, broken down by desk, and by VaR (or stressed VaR);
- internal rules and scenarios (CAD risks, historical VaR and stress tests) which convert exposures into potential losses.

The limit 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 2022 for the fixed income-equity-credit and commercial investment business lines was slightly up compared to 2021 after integration of the investment activities (CLO) of London in July 2022. It should be noted that for the investment business line, calculations are subject to a slightly more stringent methodology, since the use of internal LGDs is no longer authorized. For 2023, the limits have been revised upwards to take into account the calculation of regulatory measures and no longer of internal standard measures. The capital allocated for the CVA expense is also calculated for the risk monitoring system.

Crédit Mutuel Alliance Fédérale's VaR was €8.9 million at the end of 2022. A general stress test policy and a stress mechanism also help to manage risk, and there is an escalation procedure if limits are exceeded. In addition, a stressed VaR limit is monitored, including by desk for the Investment business line.

The most strategic indicators and limits are included in the Risk Appetite Framework of Crédit Mutuel Alliance Fédérale and CIC, overseen by the group risk department.

Capital Market activities carried out in the New York, Singapore and London branches since July 2022 are subject to limits under the supervision of CIC Marchés.

The day-to-day treasury position of CIC and BFCM must not exceed a limit of €1 billion for 2022, with an intermediate alert level defined by management and validated by the Boards of Directors of CIC and BFCM. The refinancing period for portfolio assets is also subject to monitoring and limits.

The principal CIC Marchés and group treasury trading floor risks are as follows:

Hybrids

Capital consumption was €67.4 million on average in 2022 and €73 million at the end of the year. The stock of convertible bonds was stable at €2 billion at the end of 2021.

Credit

The positions correspond to securities in corporate or financial entities or securities/CDS arbitrage (credit default swap), as well as to secured paper (securitization, covered bonds).

On the corporate and financial loan portfolio, capital consumption started the year at €73.9 million and gradually increased throughout the year until April, when it reached €80.3 million, finishing at €71 million at the end of 2022. The changes in activity are mainly due to the increase in the relative share of the positions in the Banking Book during the year. For the secured paper portfolio, risk consumption was relatively stable, with a very large proportion of securities with a very good external rating (AAA), and fluctuated around €58.8 million (€58.3 million at the end of the year).

M&A and other activities

Capital consumption averaged €50 million in 2022, reaching a high of €61 million in April. These movements follow the evolution of M&A outstandings.

The outstanding amount of the latter amounted to €430 million in April 2022, up by €77 million compared to January. It ended the year at €163 million, its lowest level of the year, with the pool of transactions being very limited, particularly in Europe.

Fixed income

These positions mainly concern directional investments and yield-curve arbitrage, typically with European underlying government securities.

Positions on peripheral countries are very limited. In Italy, outstandings ended the year at around €56 million and remained low throughout the year. Total outstanding government securities amounted to €1.5 billion at the end of 2022 compared to €1.2 billion at the end of 2021, of which €0.7 billion in France.

5.12.4 Model-based risk

CIC Marchés' risks and results control (CRR) team is in charge of developing the specific models used for valuing its positions.

In 2022, 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.

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

Refinancing

BFCM's capital consumption mainly relates to the HQLA portfolio. It is calculated based on the CAD and the European capital adequacy ratio (very close to regulatory definitions).

During the year 2022, capital consumption at CNC increased overall from €112 million to €117 million at the end of the year, following a high of €125 million reached in October.

The changes over the year mainly relate to the RES balance sheet and are explained by the purchase of securities during the period.

The policy provides for development and documentation by the CRR, monitoring of model performance also produced by the CRR and reviewed by the group permanent control and the group risk department, for presentation to the Market Risk Committee. These models are also included in the audit program undertaken by the General Inspectorate – Audit business line.

periodically reviewed by the bodies designated for that purpose (commitments committees, Market Risk Committees).

5.13 ASSET-LIABILITY MANAGEMENT (ALM) RISK

5.13.1 General organization

For Crédit Mutuel Alliance Fédérale, asset-liability management (ALM) mainly involves the management of liquidity and interest rate risks. This management is centralized.

The decision making committees of Crédit Mutuel Alliance Fédérale and CIC or matters concerning liquidity and interest rate risk management comprise the following decision making levels:

- technical committees focused on the analysis of risks, in particular liquidity and interest rate risks, as well as coordination among business lines for optimized management to support decision making;
- Monitoring Committees who conduct regular reviews of the technical committees' decisions and set alert thresholds and limits. They provide important support in the global management of risks, in keeping with the group's risk profile;
- control committees tasked with overseeing the procedures and reporting to the governance bodies.

Hedging decisions are made to maintain the risk indicators (NII and NPV sensitivity and gaps) within the limits and alert thresholds set at the global level for CIC and its subsidiaries of Crédit Mutuel Alliance Fédérale and the group's banks. 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, CFdeCM and the other entities of Crédit Mutuel Alliance Fédérale (CIC regional banks, BECM, etc.).

5.13.2 Managing interest rate risk (EU IRRBBA)

5.13.2.1 Interest rate risk governance and management

The system in place within Crédit Mutuel Alliance Fédérale concerning the interest rate risk are in line with the recommendations of the Order of November 3, 2014 on internal control of companies in the banking, payment services and investment sector, those of the European Banking Authority relating to the Supervisory Review and Evaluation Process (SREP) of December 2014 (2014/13), the recommendations of the Basel Committee on interest rate risk in the banking book (BCBS368 - April 2016) as well as the EBA guidelines (2018/02) on the management of interest rate risk inherent in non-trading book activities.

Interest rate risk is governed and monitored by the asset-liability management (ALM) function of Crédit Mutuel Alliance Fédérale.

The role and principles governing asset-liability management are defined as follows:

- asset-liability management is a distinct function from that of the trading floor and has its own resources;
- the primary objective of asset-liability management is to shield commercial margins from the effects of interest and exchange rate fluctuations and to ensure that the bank has sufficient liquidity to meet its obligations and protect it from a liquidity crisis;
- asset-liability management does not operate as a profit center but as a function that serves the bank's profitability and development strategy, as well as the management of liquidity risk and interest rate risk arising from network activity.

The interest rate risk is managed by the ALM Technical Committee, which meets on a quarterly basis. The committee manages this risk in accordance with the risk limits applied within Crédit Mutuel Alliance Fédérale and for CIC.

The ALM Monitoring Committee, which meets semi-annually, 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.

The 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 hedged globally 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, which is in charge of deciding, decides which hedges to put in place and allocates them pro rata to the needs of each entity.

These hedges are designed to keep risk indicators (NII and NPV sensitivity and gaps) within the limits and/or alert thresholds set at the overall level of Crédit Mutuel Alliance Fédérale and the group's banks.

Risk limits and alert thresholds are set in relation to the global level of Crédit Mutuel Alliance Fédérale.

Like CIC, certain entities have a specific set of limits and alert thresholds within the scope of their Risk Appetite Framework (RAF). For the other entities, the alert thresholds are of the same level as the global limits of Crédit Mutuel Alliance Fédérale.

The interest rate risk analysis is based on the following indicators, which are updated quarterly:

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 1 month to 20 years, as governed by limits or alert thresholds of 3 to 7 years and measured by an NBI ratio;
2. the “passbook and inflation rate” static gap over a period of 1 month to 20 years;
3. the sensitivity of the net interest margin calculated for domestic scenarios and governed by limits or alert thresholds. It is measured in annual steps over a two-year period and is expressed as a percentage of the average of the last three prudential NBIs of each entity's NNI as of December 31, 2022.

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 reference scenario: A 100-bp. increase in the yield curve (used for limits/alert thresholds);
- S2 reference scenario: A 100-bp. decrease in the yield curve, with no floor rate (used for limits/alert thresholds);

- S3 scenario: A 200-bp. increase in the yield curve;
- S4 scenario: A 200-bp. decrease in the yield curve, with a tiered floor rate ranging between a spot rate of -1% to a 20-year rate of 0%.

Stress scenarios

- S5 scenario: Flattening/inversion of the yield curve due to a 50-bp. increase in short-term rates every six months over two years (cumulative shock of 200 bps.);
- S6 scenario: Stagflation scenario: a strong inflation shock in the short term and a gradual rise in long-term interest 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, as of December 31, 2022, the net interest income of Crédit Mutuel Alliance Fédérale's and the BFCM consolidated scope's banking book had one-year and two-year exposures, according to the reference scenario (Scenario 2), to a drop in interest rates.

For these two scopes of consolidation, interest sensitivities were as follows:

- for Crédit Mutuel Alliance Fédérale, the sensitivity to a drop in interest rates is -3.62% over one year (-€288 million in absolute value) and -5.63% over two years (-€447 million), in compliance with risk limits;
- for BFCM, sensitivity is -€280 million over one year and -€297 million over two years, -4.46% and -4.73% respectively as a percentage of NBI.

TABLE 61: NBI SENSITIVITY INDICATORS

NORMALIZED INTEREST RATE SHOCKS

	12/31/2022		12/31/2021	
	Sensitivity as a% of NBI		Sensitivity as a% of NBI	
	1 year	2 years	1 year	2 years
Scenario S1	3.65%	5.65%	1.87%	3.17%
Scenario S2	-3.62%	-5.63%	0.02%	-1.39%
Scenario S3	5.51%	10.07%	5.03%	7.12%
Scenario S4	-1.36%	-4.08%	0.17%	-1.40%
Scenario S1 constant balance sheet	4.07%	6.08%	1.62%	2.71%
Scenario S2 constant balance sheet	-4.11%	-6.15%	0.28%	-0.93%

STRESS SCENARIOS

	12/31/2022		12/31/2021	
	Sensitivity as a% of NBI		Sensitivity as a% of NBI	
	1 year	2 years	1 year	2 years
Scenario S5	-0.16%	-4.37%	-1.46%	-1.29%
Scenario S5 a ⁽¹⁾	-3.33%	-0.95%	-3.29%	1.46%
Scenario S6	-1.62%	-31.79%	-4.40%	-4.67%
Scenario S6 a ⁽¹⁾	-0.92%	-37.09%	-4.01%	-7.11%

(1) Alternate hedging rule.

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 €STR resources.

5.13.2.3 Regulatory indicators

The sensitivity of the net present value (NPV) is calculated in accordance with the EBA's recommendations:

- exclusion of capital and maturity of non-current assets on D+1;
- discounting of flows using a swap rate curve (with no liquidity spread and no credit spread);
- application of an incremental floor ranging between a spot rate of -1% to a 20-year rate of 0% for market rates;
- since the average duration of non-maturity deposits is less than five years, the five-year cap required by regulations is not applicable;
- 50% cross-currency risk offset.

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, Crédit Mutuel Alliance Fédérale's NPV sensitivity is below the limit of 20% of Tier 1 and Tier 2 capital, at:

- a 200-bp. drop in interest rates makes for an increase of +3.71% in Tier 1 and Tier 2 capital (+€2,085 million);
- a 200-bp. rise in interest rates makes for -7.60% (-€4,275 million).

TABLE 62: NPV SENSITIVITY TO TOTAL CAPITAL

NPV sensitivity	12/31/2022	12/31/2021
	In % of Tier 1 capital	In % of Tier 1 capital
Decrease of 200 bps.	3.71%	-3.44%
Increase of 200 bps.	-7.60%	0.36%

TABLE 63: SENSITIVITY OF NPV TO TIER 1 CAPITAL

NPV sensitivity	12/31/2022
	In % of Tier 1 capital
Decrease of 200 bps.	4.27%
Increase of 200 bps.	-8.74%
Reduction in short-term rates	1.90%
Increase in short-term rates	-3.73%
Sloping	-0.48%
Flattening	-1.15%

TABLE 64: INTEREST RATE RISK IN THE BANKING BOOK (EU IRRBB1)

<i>(in € millions)</i>	EVE		NII	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Downward parallel shift (-200 bps)	2,085	180	-108	22
Upward parallel shift (+200 bps)	-4,275	-1,734	438	661
Reduction in short-term rates	929	430	-	-
Increase in short-term rates	-1,825	-1,307	-	-
Steepening of the yield curve	-235	400	-	-
Flattening of the yield curve	-562	-1,134	-	-

	12/31/2022	12/31/2021
Common Equity Tier 1 Capital	48,883	46,257

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.

5.13.3 Liquidity risk management (EU LIQA)

5.13.3.1 Liquidity risk management and strategy

Protecting customers, preserving its mutualist culture and organization and financing and supporting economic activity in the regions are central to Crédit Mutuel Alliance Fédérale's strategy.

To manage liquidity risk, the group refers to the Internal Liquidity Adequacy Assessment Processes (ILAAP) as defined by the general recommendations of the Basel Committee (09-2008), as well as the recommendations of the European Banking Authority relative to the Supervisory Review and Evaluation Process (SREP) dated December 2014 (2014/13), the Order of November 3, 2014 relative to internal controls of companies in the banking, payment and investment services sector, the EBA guidelines (2016/10) and the ECB guidelines of November 2018 relative to ILAAP.

The group has adopted a two-fold risk appetite policy comprising a risk tolerance policy for general risks and a specific risk aversion policy for risk attached to liquidity and refinancing. This is in line with a sound and prudent management approach as required by law No. 2013-672 of July 26, 2013 on the separation and regulation of banking activities, Title 1, Article 2, which gives priority to long-term sustainability, with a sole medium-/long-term debt issuer, Banque Fédérative du Crédit Mutuel ("BFCM"). Its aim is to shield the operating accounts of the cooperative banks and branches from liquidity and interest rate risks, disseminate the market prices necessary for appropriate customer pricing and guarantee commercial network margins.

Crédit Mutuel Alliance Fédérale liquidity risk monitoring mechanism is based on the following procedures:

- 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;
- management and monitoring of Net Stable Funding Ratio (NSFR), representative of the group's medium-term liquidity position;
- steering and monitoring the commitment coefficient (loan-to-deposit ratio);
- determining and monitoring liquidity needs under normal circumstances and under stress.

These are consistent with the group's risk profile and were approved by Executive Management and the governing bodies. It is tailored to the risk profile, nature and size of the group's activities.

The interest rate risk and the liquidity risk are reviewed every six months by the Boards of Directors of Caisse Fédérale de Crédit Mutuel and the other entities of Crédit Mutuel Alliance Fédérale (regional banks, BECM, etc.)

5.13.3.2 Governance and structure of the liquidity management function – Centralization of liquidity management and interactions between the group's units

5.13.3.2.1 Governance and structure of the liquidity management function

Liquidity is governed by technical and Monitoring Committees and is supervised by the control committees.

At the operational level, liquidity management is shared between the group treasury, whose central treasury and liquidity function ensures the interface between the entities of the centralized scope, and the asset-liability management (ALM), which, throughout the centralized management scope, measures requirements and implements hedges for commercial activities. Group ALM and group treasury report to the Executive Management of Crédit Mutuel Alliance Fédérale and act in accordance with the decisions of the *ad hoc* committees (ALM Technical Committee, Group Treasury Risk Committee, Central Treasury and Liquidity Committee, Emergency Plan Management Committee).

Neither the ALM nor the group treasury are profit centers or managed as such. The group's financing needs identified by ALM, through the ALM Technical Committee, are communicated to the central treasury, which is responsible for borrowing the necessary funds on the markets.

From a control standpoint, the group risk department performs the risk management function for every type of risk for all group entities. It reports to the Chief Executive Officer and submits reports to the decision-making and executive-governance bodies.

Group treasury

The group's treasury management approach meets two closely related objectives to secure and refinance the group's needs under the best possible terms and to monitor the group's reputation on the market.

On the markets, the dedicated group treasury team manages and coordinates the issue programs, supervises listings and carries out interest-rate and foreign-exchange risk hedging transactions.

Because of its direct relationship with investors, it has a thorough understanding of all the components of access to the markets, a continuous presence through its listings, centralized portfolio management and the immediate ability to issue liquidity and refinancing instruments to diversify its vehicles, currencies and source countries.

BFCM is the sole issuer of medium-/long-term debt on the Capital Markets; secured debt is issued through Crédit Mutuel – CIC Home Loan SFH. BFCM ensures that Crédit Mutuel Alliance Fédérale is able to meet its refinancing needs, manage its development challenges and safeguard its solvency.

Asset-liability management (ALM)

The purpose of the ALM function is to protect the sales margins of local entities and specialized business lines from risk. The mechanism in place ensures the management of risk through annual revisions of the alert thresholds/limits in compliance with prudential constraints.

Liquidity risk for Commercial Banking is stringently managed through the systematic hedging through resources of the transformation generated on maturities ranging from three months to seven years, for assets and liabilities whose estimated future cash flows are close to the LCR and NSFR weightings, with restrictive alert thresholds for liquidity gaps in a “Basel III stress scenario.”

The risk department (RD)

The RD implements liquidity risk control and supervision. It reports regularly to the governing bodies (quarterly reports) and coordinates and participates in the various control committees (Group Risk Monitoring Committee, Group Risk Committee, Auditing and Accounting Committee and Control and Compliance Committee), as well as in the Monitoring Committees, technical committees concerned with liquidity risk and meetings of the Boards of Directors. It coordinates the network of risk officers from the group’s various business lines and entities. The risk department is the first point of contact for the ECB and the national central banks. It also coordinates the monitoring of the implementation of supervisory authority inspection recommendations.

5.13.3.2 Centralization of liquidity management and interaction between the group’s units

Crédit Mutuel Alliance Fédérale centralizes liquidity management and monitoring at both the asset-liability management (ALM) and group treasury levels, with a common set of uniform rules for the business lines regarding risk measures and allocations across all group entities without exception.

This centralization allows the Group to optimize the management of treasury exposures and the decisions taken by the technical, monitoring and control committees.

ALM does not allow entities to lend to each other but administers available liquidity by maturity to entities in need, thereby pooling the positions and optimizing recourse to group treasury and the market.

The scope administered by asset-liability management (ALM) covers 100% of customer loans, 100% of customer deposits for the consolidated group and 100% of group treasury market liabilities.

This scope is relevant for certifying liquidity and interest rate risk measures and hedges for Crédit Mutuel Alliance Fédérale, excluding insurance companies and asset management.

The Insurance and Asset Management entities, which benefit from autonomy for measuring and managing their liquidity, have a robust liquidity risk monitoring system. They regularly report to the group on the results of their liquidity stress tests adapted to their activity.

5.13.3.3 Risk monitoring and measurement systems

The systems for measuring and monitoring liquidity risks are comprehensive and cover the entire scope of the group. Non-financial entities are excluded.

ALM indicators are compiled at the consolidated level and by entity. These indicators include:

- the static liquidity gap based on contractual and agreed maturities and incorporating off-balance sheet commitments.
Transformation ratios (sources/applications of funds) are calculated on maturities ranging from three months to five years and are subject to limits;
- 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 liquidity gap in a Basel III stress scenario, whose estimated future cash flows are based on Net Stable Funding Ratio (NSFR) weightings, subject to limits and alert thresholds, in order to secure and optimize the refinancing policy.

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 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.

The limit system is comprehensive and, where applicable, is broken down and applied to each entity or business line in a granular way (LCR, Basel III liquidity gaps).

These rules limit liquidity exposures across the cash curve to prevent excessive transformation.

5.13.3.4 Treasury management and concentration of resources

The prudent rules and the effective system to access market resources are described in chapter 2 of the URD, in the paragraph on “Liquidity and refinancing.”

5.13.3.5 Regulatory indicators and liquidity reserve

Since March 2014, credit institutions in the Eurozone have been required to report their liquidity levels to their supervisory body as defined by the EBA (European Banking Authority), which takes into account:

- the short-term liquidity ratio, or LCR (Liquidity Coverage Ratio), on a monthly basis; and
- and the long-term structural liquidity ratio, or NSFR (Net Stable Funding Ratio), on a quarterly basis.

The LCR is designed to ensure the resilience of banks’ liquidity risk profile in the short term by requiring that they maintain sufficient unencumbered high-quality liquid assets (HQLAs) that can be easily and immediately converted to cash on private markets in the event of a liquidity crisis lasting up to 30 calendar days.

The LCR liquidity reserve is funded through short-term debt (maturing in up to one year).

The purpose of the NSFR ratio is to limit the transformation of a banking institution by ensuring that assets at more than one year are covered by stable refinancing. It entered into force on June 30, 2021.

TABLE 65: SHORT-TERM LIQUIDITY COVERAGE RATIO – LCR (EU LIQ1)

12/31/2022 (in € millions)	Total unweighted value				Total weighted value							
	3/31/2022	06/30/2022	09/30/2022	12/31/2022	3/31/2022	06/30/2022	09/30/2022	12/31/2022				
HIGH-QUALITY ASSETS												
1	TOTAL HIGH-QUALITY LIQUID ASSETS (HQLAs)				-	-	-	-	144,303	144,690	139,293	132,770
CASH OUTFLOWS												
2	Retail deposits and deposits from small business customers, of which:	272,528	273,431	276,205	283,581	19,053	19,401	19,766	20,258			
3	Stable deposits	186,996	184,846	185,027	190,742	9,350	9,242	9,251	9,537			
4	Less stable deposits	79,925	83,532	86,253	87,639	9,680	10,137	10,491	10,677			
5	Unsecured Wholesale financing	130,255	131,270	133,788	134,103	70,037	70,792	73,523	75,022			
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	22,306	22,655	22,462	22,482	5,419	5,491	5,428	5,415			
7	Non-operational deposits (all counterparties)	99,452	100,610	102,727	102,464	56,121	57,295	59,496	60,451			
8	Unsecured debt	8,497	8,006	8,599	9,156	8,497	8,006	8,599	9,156			
9	Secured wholesale funding	0	0	0	0	1,867	1,948	2,097	2,275			
10	Additional requirements	82,488	85,146	88,246	90,436	8,682	8,937	9,416	9,858			
11	Outflows related to derivative exposures and other collateral requirements	1,090	1,186	1,446	1,727	1,090	1,186	1,446	1,727			
12	Outflows related to loss of funding on debt products	0	0	0	0	0	0	0	0			
13	Credit and liquidity facilities	81,398	83,960	86,800	88,709	7,592	7,751	7,969	8,132			
14	Other contractual funding obligations	83	105	118	146	66	70	64	73			
15	Other contingent funding obligations	5,655	5,681	5,712	5,783	385	410	430	440			
16	TOTAL CASH OUTFLOWS	-	-	-	-	100,090	101,558	105,297	107,926			
CASH INFLOWS												
17	Secured lending (such as reverse repurchase agreements)	10,643	10,476	10,138	10,333	4,347	4,445	4,364	4,503			
18	Inflows from fully performing exposures	23,495	23,976	24,707	25,154	13,617	13,891	14,368	14,719			
19	Other cash inflows	2,595	2,096	1,884	2,032	2,589	2,027	1,742	1,819			
EU-19a	(Difference between total weighted cash inflows and total weighted cash outflows resulting from transactions in third countries where transfer restrictions apply or transactions are denominated in a non-convertible currency)	0	0	0	0	0	0	0	0			
EU-19b	(Excess cash inflows from a related specialized credit institution)	0	0	0	0	0	0	0	0			
20	TOTAL CASH INFLOWS	36,733	36,548	36,729	37,519	20,553	20,363	20,473	21,041			
EU-20a	Fully exempt cash inflows	-	-	-	-	-	-	-	-			
EU-20b	Cash inflows subject to 90% cap	-	-	-	-	-	-	-	-			
EU-20c	Cash inflows subject to 75% cap	36,733	36,548	36,729	37,519	20,553	20,363	20,473	21,041			
21	LIQUIDITY BUFFERS	-	-	-	-	144,303	144,690	139,293	132,770			
22	TOTAL NET CASH OUTFLOWS	-	-	-	-	79,537	81,194	84,824	86,885			
23	LIQUIDITY COVERAGE RATIO (in %)⁽¹⁾	-	-	-	-	182%	179%	165%	153%			

(1) For each reference date, the ratio displayed corresponds to the average of the ratios for the 12 months preceding the date in question and not to the ratio of the average components of the previous 12 months.

12/31/2021 <i>(in € millions)</i>	Total unweighted value				Total weighted value							
	3/31/2021	12/31/2021	9/30/2021	12/31/2021	3/31/2021	12/31/2021	9/30/2021	12/31/2021				
HIGH-QUALITY ASSETS												
1	TOTAL HIGH-QUALITY LIQUID ASSETS (HQLAs)				-	-	-	-	122,962	126,796	133,584	138,753
CASH OUTFLOWS												
2	Retail deposits and deposits from small business customers, of which:	260,704	267,528	271,236	269,145	17,535	18,050	18,439	18,555			
3	Stable deposits	183,799	188,859	191,006	187,146	9,190	9,443	9,550	9,357			
4	Less stable deposits	68,885	70,951	73,181	75,652	8,323	8,584	8,865	9,174			
5	Unsecured Wholesale financing	121,498	125,053	126,465	128,309	65,089	66,844	67,400	68,420			
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	22,588	22,030	21,928	21,977	5,464	5,343	5,334	5,352			
7	Non-operational deposits (all counterparties)	90,100	94,014	95,993	98,006	50,814	52,492	53,522	54,742			
8	Unsecured debt	8,811	9,009	8,544	8,326	8,811	9,009	8,544	8,326			
9	Secured wholesale funding					3,401	2,747	2,249	2,057			
10	Additional requirements	77,450	78,782	79,485	80,456	8,457	8,600	8,517	8,558			
11	Outflows related to derivative exposures and other collateral requirements	1,145	1,139	1,111	1,081	1,145	1,139	1,111	1,081			
12	Outflows related to loss of funding on debt products	0	0	0	0	0	0	0	0			
13	Credit and liquidity facilities	76,305	77,642	78,374	79,376	7,312	7,461	7,406	7,477			
14	Other contractual funding obligations	49	42	56	56	49	42	56	56			
15	Other contingent funding obligations	5,549	5,570	5,606	5,613	312	325	341	354			
16	TOTAL CASH OUTFLOWS	-	-	-	-	94,843	96,607	97,003	98,000			
CASH INFLOWS												
17	Secured lending (such as reverse repurchase agreements)	10,101	10,172	10,444	10,716	5,152	5,001	4,766	4,557			
18	Inflows from fully performing exposures	22,481	22,918	23,083	23,682	13,220	13,382	13,435	13,749			
19	Other cash inflows	3,687	3,875	3,470	3,046	3,684	3,872	3,467	3,046			
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 related specialized credit institution]				-	0	0	0	0			
20	TOTAL CASH INFLOWS	36,269	36,965	36,997	37,444	22,057	22,255	21,668	21,351			
EU-20a	Fully exempt cash inflows	-	-	-	-	-	-	-	-			
EU-20b	Cash inflows subject to 90% cap	-	-	-	-	-	-	-	-			
EU-20c	Cash inflows subject to 75% cap	36,269	36,965	36,997	37,444	22,057	22,255	21,668	21,351			
21	LIQUIDITY BUFFERS	-	-	-	-	122,962	126,796	133,584	138,753			
22	TOTAL NET CASH OUTFLOWS	-	-	-	-	72,786	74,352	75,335	76,649			
23	LIQUIDITY COVERAGE RATIO (in %)^[1]	-	-	-	-	169.01%	170.72%	177.53%	181.28%			

[1] For each reference date, the average ratio is equal to the ratio of the average liquidity buffers the average net cash outflows over the 12 months preceding the considered date.

Crédit Mutuel Alliance Fédérale's LCR stood at 153.3% on a monthly average year-on-year, representing a liquidity surplus of €45.9 billion compared to the regulatory requirement. The ratio is managed above 110%.

The average LCR gradually increased from 173.0% in January 2022 to 144.3% in December 2022, following a partial repayment on a TLTRO line and the deterioration of the commercial impasse.

Average liquid assets are composed of 81% central bank deposits and 14.9% highly liquid Tier 1 securities.

Stressed 30-day average cash outflows consist of 43.6% corporate and retail deposits. Financing from banks and financial customers represented 44.8%.

Stressed 30-day average cash inflows consist of 49.6% corporate and retail loan repayments. Repayments of advances and loans granted to banks and financial customers represented 22.6%. Repayments of repos represented 21.4%.

TABLE 66 DETAILS OF LIQUIDITY BUFFER – LCR

Amount after ECB weighting (in € millions)	12/31/2022	12/31/2021
Tier 1	126,611	143,246
Cash deposited in central banks	103,691	120,854
HQLAs	21,571	21,062
Cash deposits	1,349	1,329
Tier 2a	1,504	1,671
Tier 2b	1,880	2,745
TOTAL BUFFER	129,995	147,661

Crédit Mutuel Alliance Fédérale consolidated statement of financial position by residual maturity of future contractual cash flows breaks down as follows:

TABLE 67: BREAKDOWN OF CRÉDIT MUTUEL ALLIANCE FÉDÉRALE'S CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY RESIDUAL MATURITY OF FUTURE CONTRACTUAL CASH FLOWS (PRINCIPAL AND INTEREST)

2022 (in € millions)	≤ 1 month ⁽¹⁾	> 1 month ≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 2 years	> 2 years ≤ 5 years	> 5 years	No fixed maturity ⁽²⁾	Total
ASSETS								
Cash – Central banks	111,933	-	-	-	-	-	-	111,933
Demand deposits, credit institutions	4,502	-	-	-	-	-	-	4,502
Financial assets held for trading	2,024	3,581	5,463	2,366	5,861	3,152	629	23,076
Financial assets at fair value through profit or loss	38	6	29	27	107	353	173	734
Financial assets at fair value through shareholders' equity	1,258	1,278	2,764	3,926	11,892	12,696	0	33,816
Securities at amortized cost	1,444	56	274	303	1,163	797	67	4,104
Loans and receivables due from credit institutions	9,489	1,372	1,925	1,842	726	37,353	0	52,707
Customer loans and receivables	49,655	17,404	42,128	49,663	120,933	221,739	309	501,830
LIABILITIES								
Central bank deposits	44	0	0	0	0	0	0	44
Financial liabilities held for trading	1,197	4,511	4,758	1,656	4,156	2,338	11	18,627
Financial liabilities at fair value through profit or loss	0	0	156	0	0	0	0	156
Derivatives used for hedging purposes (liabilities)	16	12	25	4	2,368	78	0	2,502
Financial liabilities carried at amortized cost	422,672	35,353	75,049	41,401	57,119	39,848	114	671,554
<i>Deposits, central bank</i>	<i>0</i>	<i>3,150</i>	<i>11,200</i>	<i>17,825</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>32,175</i>
<i>Deposits, public administration</i>	<i>2,273</i>	<i>1,046</i>	<i>1,354</i>	<i>178</i>	<i>244</i>	<i>1</i>	<i>0</i>	<i>5,095</i>
<i>Deposits, credit institutions</i>	<i>18,350</i>	<i>5,375</i>	<i>3,775</i>	<i>622</i>	<i>603</i>	<i>1,019</i>	<i>0</i>	<i>29,744</i>
<i>Deposits, other financial corporations</i>	<i>34,482</i>	<i>1,666</i>	<i>2,226</i>	<i>822</i>	<i>950</i>	<i>200</i>	<i>0</i>	<i>40,346</i>
<i>Deposits, non-financial corporations</i>	<i>148,880</i>	<i>6,161</i>	<i>9,879</i>	<i>5,862</i>	<i>6,086</i>	<i>631</i>	<i>0</i>	<i>177,500</i>
<i>Deposits, individuals</i>	<i>205,153</i>	<i>5,983</i>	<i>7,606</i>	<i>5,097</i>	<i>8,476</i>	<i>2,100</i>	<i>0</i>	<i>234,416</i>
<i>of which Debt securities, including bonds</i>	<i>12,344</i>	<i>11,407</i>	<i>38,470</i>	<i>9,889</i>	<i>37,030</i>	<i>31,716</i>	<i>0</i>	<i>140,856</i>
<i>of which Subordinated liabilities</i>	<i>0</i>	<i>3</i>	<i>0</i>	<i>1,060</i>	<i>3,679</i>	<i>4,107</i>	<i>103</i>	<i>8,951</i>

Excludes Insurance.

(1) Including receivables and related debt, securities given and received with repurchase transactions.

(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.

2021 (in € millions)	≤ 1 month ⁽¹⁾	> 1 month ≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 2 years	> 2 years ≤ 5 years	> 5 years	No fixed maturity ⁽²⁾	Total
ASSETS								
Cash – Central banks	-	-	-	-	-	-	-	-
Demand deposits, credit institutions	-	-	-	-	-	-	-	-
Financial assets held for trading	5,817	602	2,107	1,426	3,354	2,847	670	16,824
Financial assets at fair value through profit or loss	5	4	27	34	183	339	5,067	5,660
Financial assets at fair value through shareholders' equity	745	1,303	1,857	3,498	13,094	10,994	607	32,098
Securities at amortized cost	264	54	192	1,239	785	1,078	63	3,674
Loans and receivables due from credit institutions	-	-	-	-	-	-	-	-
Customer loans and receivables	-	-	-	-	-	-	-	-
LIABILITIES								
Central bank deposits	603	2	0	0	0	0	0	605
Financial liabilities held for trading	4,318	1,478	1,333	264	2,653	1,919	19	11,985
Financial liabilities at fair value through profit or loss	0	0	124	0	0	0	0	124
Derivatives used for hedging purposes (liabilities)	3	6	7	107	1,675	75	0	1,874
Financial liabilities carried at amortized cost	385,237	34,326	61,619	37,683	80,090	34,021	1,293	634,268
<i>Deposits, central bank</i>	-	-	-	-	-	-	-	-
<i>Deposits, public administration</i>	-	-	-	-	-	-	-	-
<i>Deposits, credit institutions</i>	-	-	-	-	-	-	-	-
<i>Deposits, other financial corporations</i>	-	-	-	-	-	-	-	-
<i>Deposits, non-financial corporations</i>	-	-	-	-	-	-	-	-
<i>Deposits, individuals</i>	-	-	-	-	-	-	-	-
<i>of which Debt securities, including bonds</i>	7,699	16,929	32,660	13,016	31,282	26,010	0	127,596
<i>of which Subordinated liabilities</i>	0	0	1	0	3,748	3,282	1,022	8,054

Excludes Insurance.

(1) Including receivables and related debt, securities given and received with repurchase transactions.

(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 maturity rules used concern:

- the contractual principal repayment terms;
- equities with an unspecified duration, as for perpetual loans and securities;
- payables and related receivables broken down according to their actual contractual duration and entered in the "< 1 month" column by default;
- provisions broken down in line with the assets concerned;

- non-performing loans broken down according to their contractual date, when it has not expired and are entered under the "no fixed maturity" column when it has expired, similar to loans in litigation;
- derivatives: their market value is entered under the corresponding flow on the contract expiry date.

When it is impossible to provide an accurate maturity, the carrying amount is stated in the "no fixed maturity" column.

TABLE 68: NET STABLE FUNDING RATIO – NSFR (EU LIQ2)

12/31/2022 <i>(in € millions)</i>		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
STABLE FUNDING AVAILABLE						
1	Capital items and instruments	53,802	0	0	6,634	60,436
2	Shareholders' equity	53,802	0	0	6,634	60,436
3	Other capital instruments	-	0	0	0	0
4	Retail customer deposits	-	282,948	1,278	1,298	266,886
5	Stable deposits	-	195,466	230	770	186,681
6	Less stable deposits	-	87,482	1,048	528	80,205
7	Wholesale financing	-	232,757	24,116	104,276	174,392
8	Operational deposits	-	23,677	0	0	11,839
9	Other wholesale financing	-	209,080	24,116	104,276	162,554
10	Interdependent commitments	-	38,251	0	0	0
11	Other commitments:	3,779	12,758	1,716	3,334	4,192
12	Derivative commitments affecting the NSFR	3,779	-	-	-	0
13	All other capital commitments and instruments not included in the above categories	-	12,758	1,716	3,334	4,192
14	TOTAL AVAILABLE STABLE FUNDING	-	-	-	-	505,907
STABLE FUNDING REQUIREMENTS						
15	Total High-Quality Liquid Assets (HQLA)	-	-	-	-	1,803
EU-15a	Assets encumbered with a residual maturity of one year or more in a cover pool	-	1,273	1,288	30,908	28,449
16	Deposits held with other financial institutions for operational purposes	-	0	0	0	0
17	Performing loans and securities:	-	83,442	34,259	397,858	371,567
18	Financing transactions on performing securities with financial clients secured by high-quality liquid assets of level 1 subject to a haircut of 0%	-	5,312	2,371	1,012	2,741
19	Financing transactions on performing securities with financial clients secured by other assets and loans and advances to financial institutions	-	19,722	1,740	11,206	14,641
20	Performing loans to non-financial corporations, performing loans to retail customers and small businesses, and performing loans to sovereigns and public sector entities of which:	-	34,204	20,862	159,730	328,129
21	With a risk weighting lower or equal to 35% under the standardized Basel II approach for credit risk	-	1,376	2,400	812	90,479
22	Performing residential mortgages, of which:	-	8,794	8,771	200,505	0
23	With a risk weighting lower or equal to 35% under the standardized Basel II approach for credit risk	-	5,393	5,313	122,010	0
24	Other loans and securities that are not in default and are not considered high-quality liquid assets, including equities traded on exchanges and on-balance sheet commercial credit products	-	15,410	515	25,405	26,056
25	Interdependent assets	-	38,252	0	0	0
26	Other assets	7,133	13,981	726	19,881	29,323
27	Raw materials physically exchanged	-	0	0	0	0
28	Assets provided as initial margin in derivative contracts and as contributions to CCP default funds	-	-	-	2,549	2,167
29	Derivative assets affecting the NSFR	-	-	-	2,015	2,015
30	Derivative commitments affecting the NSFR before deduction of the variation margin provided	-	-	-	2,569	128
31	All other assets not falling within the above categories	-	13,981	726	19,881	25,013
32	Off-balance sheet items	-	91,011	58	5	4,757
33	TOTAL REQUIRED STABLE FUNDING	-	-	-	-	435,899
34	NET STABLE FUNDING RATIO [as a%]	-	-	-	-	116.06%

CMNE's stable funding ratio at 12/31/2021 was 131.4%.

12/31/2021 (in € millions)		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
STABLE FUNDING AVAILABLE						
1	Capital items and instruments	49,912	0	0	6,989	56,901
2	Shareholders' equity	49,912	0	0	6,989	56,901
3	Other capital instruments	-	0	0	0	0
4	Retail customer deposits	-	255,257	220	1,321	239,974
5	Stable deposits	-	174,310	176	1,249	167,010
6	Less stable deposits	-	80,947	45	72	72,964
7	Wholesale financing	-	206,458	24,975	118,746	190,832
8	Operational deposits	-	22,137	0	0	11,068
9	Other wholesale financing	-	184,321	24,975	118,746	201,900
10	Interdependent commitments	-	32,024	0	0	0
11	Other commitments:	909	12,003	1,706	4,314	5,167
12	Derivative commitments affecting the NSFR	909	-	-	-	-
13	All other capital commitments and instruments not included in the above categories	-	12,003	1,706	4,314	5,167
14	TOTAL AVAILABLE STABLE FUNDING	-	-	-	-	492,874
STABLE FUNDING REQUIREMENTS						
15	Total High-Quality Liquid Assets (HQLA)	-	-	-	-	2,069
EU-15a	Assets encumbered with a residual maturity of one year or more in a cover pool	-	1,489	1,509	29,040	27,232
16	Deposits held with other financial institutions for operational purposes	-	0	0	0	0
17	Performing loans and securities:	-	79,609	30,813	354,303	390,924
18	Financing transactions on performing securities with financial clients secured by high-quality liquid assets of level 1 subject to a haircut of 0%	-	3,920	2,501	0	2,082
19	Financing transactions on performing securities with financial clients secured by other assets and loans and advances to financial institutions	-	16,160	1,737	12,758	15,940
20	Performing loans to non-financial corporations, performing loans to retail customers and small businesses, and performing loans to sovereigns and public sector entities of which:	-	36,356	17,698	129,519	146,653
21	With a risk weighting lower or equal to 35% under the standardized Basel II approach for credit risk	-	1,993	1,623	3,605	9,170
22	Performing residential mortgages, of which:	-	9,156	8,220	181,847	140,911
23	With a risk weighting lower or equal to 35% under the standardized Basel II approach for credit risk	-	6,131	5,154	111,735	78,270
24	Other loans and securities that are not in default and are not considered high-quality liquid assets, including equities traded on exchanges and on-balance sheet commercial credit products	-	14,016	656	30,179	30,874
25	Interdependent assets	-	32,024	0	0	0
26	Other assets:	-	-	-	-	-
27	Raw materials physically exchanged	-	-	-	0	0
28	Assets provided as initial margin in derivative contracts and as contributions to CCP default funds	-	-	-	1,273	1,082
29	Derivative assets affecting the NSFR	-	-	-	393	393
30	Derivative commitments affecting the NSFR before deduction of the variation margin provided	-	-	-	2,861	143
31	All other assets not falling within the above categories	-	20,481	1,122	14,932	20,809
32	Off-balance sheet items	-	83,134	95	48	4,355
33	TOTAL REQUIRED STABLE FUNDING	-	-	-	-	392,543
34	NET STABLE FUNDING RATIO (as a%)	-	-	-	-	125.6%

CMNE's stable funding ratio at 12/31/2021 was 131.4%.

5.13.3.6 Exposures to derivatives and collateral calls

Crédit Mutuel Alliance Fédérale's approach to interest rate and liquidity risk management includes appropriate hedging arrangements.

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.

5.13.3.7 Concentration of liquidity sources – Currency mismatches in the RCL

Given its commercial activities and the domestic markets on which it operates, Crédit Mutuel Alliance Fédérale is highly concentrated in the euro. The US dollar is the only foreign currency that exceeds the 5% representation threshold for the total consolidated balance sheet.

5.13.4 Currency risk management

The currency risk exposure of Crédit Mutuel Alliance Fédérale is low since it conducts most of its activities in euros (87.6% of total liabilities). The only other significant currency is the American dollar (6.9% of total liabilities).

For the geographical diversification of its sources of financing, Crédit Mutuel Alliance Fédérale raises a significant portion of its short-term and medium-term refinancing on the American and British markets.

On the short term, this currency risk is systematically managed through swaps of the funding raised. On the medium term, part of the refinancing is kept in the original currency in order to cover the currency gaps of the group's entities.

The balance is systematically converted into euros through currency swaps.

The foreign currency positions of each group entity are centralized automatically at BFCM and the holding company CIC.

5.13.3.8 Statement

Crédit Mutuel Alliance Fédérale certifies that its liquidity risk management arrangements are appropriate to the risk profile of its commercial activities and the risk appetite defined by the governance bodies.

Liquidity risk management, measurement, oversight, control and monitoring arrangements have been approved by the management body.

These are consistent with the group's risk profile and were approved by Executive Management and the governing bodies. Arrangements are also tailored to the risk profile, nature and size of the group's activities and take into account economic and market conditions.

Liquidity risk is subject to at least one review per year by the Boards of Directors of CFdeCM, BFCM, CIC and other Crédit Mutuel Alliance Fédérale entities (regional banks, BECM, etc.).

This centralization is carried out on a daily basis for commercial transfers and for the receipt and disbursement of income and expenses in foreign currencies.

All unrealized foreign currency gains and losses are translated into euros at the end of every month and the resulting foreign currency position is also centralized.

With rare exceptions, the group's entities do not bear any currency risk at their own level.

BFCM and CIC are responsible for clearing foreign currency positions on a daily and monthly basis on the market.

The structural foreign currency positions resulting from CIC's foreign currency allowances to foreign branches are not hedged.

Foreign exchange gains or losses are recorded 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 foreign branches and thus add to the structural foreign currency position.

5.14 OPERATING RISK (EU ORA)

In the context of the Basel II capital adequacy regulations, Crédit Mutuel Alliance Fédérale has implemented a comprehensive operating 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 measurement approach to calculate its regulatory capital requirements related to operational risk, with the exception of expected losses on capital requirements, for the consolidated scope excluding foreign subsidiaries, Cofidis group and Crédit Mutuel Factoring.

Approval was extended to Crédit Mutuel Factoring, taking effect as of the reporting period ended March 31, 2012, as well as to the Banque de Luxembourg, as of the reporting period ended September 30, 2013, to Cofidis France as of the reporting period ended September 30, 2014 and to TARGOBANK in Germany, as of the reporting period ended June 30, 2018.

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, to meet the requirements of Basel II and the supervisory authorities, draw on the internal control system (Order of November 3, 2014), optimize emergency and business continuity plans for essential activities and adapt financial reporting (Pillar 3 of Basel III).

5.14.2 Measurement and control procedure

The system used to measure and monitor operational risk is based on a common platform applied across Crédit Mutuel Alliance Fédérale and uses an approach for identifying and modeling risks so as to calculate the level of capital required to cover this risk.

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.

5.14.2.1 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 claims experience and serve for risk modeling based on expert opinions which are compared with scenario-based probabilistic estimates.

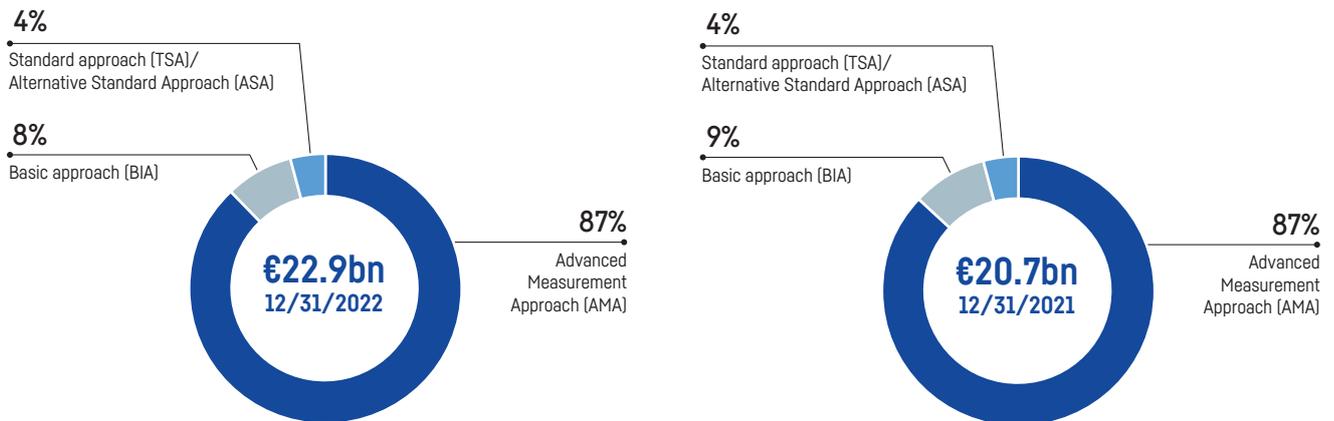
5.14.2.2 Authorized scope for AMA method

Crédit Mutuel Alliance Fédérale is authorized to use its advanced measurement approach (internal models) to calculate its regulatory capital requirements in respect of operational risk (87.3% of the scope as of December 31, 2021).

This authorization took effect on January 1, 2010 for the group's consolidated scope, excluding foreign subsidiaries and the Cofidis group, 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;
- Cofidis France as of the reporting period ended September 30, 2014;
- TARGOBANK in Germany as of the reporting period ended June 30, 2018.

GRAPH 15: BREAKDOWN OF OPERATING RISK RWAS BY APPROACH AS OF DECEMBER 31, 2022 (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 claims, 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 Business Continuity Management (EBCP) and crisis management

The business continuity system implemented within the group has a dual objective:

- guarantee the continuation of activities following a disaster or an event that seriously disrupts the operation of the group or one of its entities;
- comply with legal and regulatory obligations.

It is intended for all of the group's banking, non-banking and financial activities.

5.14.5.1 The EBCPs

EBCPs cover protection actions set up by the group to limit the severity of a disaster as part of its operational risk management program.

Placed in the context of crisis management that the group has set for itself, and in relation to the regulations in force, an EBCP can be defined as the description of the actions to be taken to ensure the continuity of the business processes considered essential and of the appropriate means that are necessary to be implemented in the event of an incident resulting in the unavailability or serious disruption of human resources, premises, information technology and telecommunications, and FCIs (critical or important functions, outsourced essential service providers and critical functions as defined by the Single Resolution Board).

The methodology for drawing up an EBCP, a registration document for Crédit Mutuel Alliance Fédérale, is accessible to all the teams concerned and is applied operationally at the level of all group entities.

The EBCPs center around three phases:

- the emergency response plan: rolled out immediately, it consists of actions intended to deal with emergencies and to implement a degraded treatment solution;
- business continuity plan: corresponds to the resumption of activity in a degraded environment according to the methods adopted before the occurrence of the crisis;
- the recovery plan: is prepared shortly after the start of the business continuity plan with an implementation time that depends on the extent of the damage.

5.14.6 Use of insurance techniques

The ACPR authorized the Crédit Mutuel 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 Crédit Mutuel group depend on the frequency and severity of each potential risk. These involve:

- setting up insurance cover or financing by withholding amounts on the operating account for non-severe frequency risks (expected loss);
- insuring major risks *via* external insurers and reinsurers;

5.14.5.2 Organization of crisis management

The crisis management system set up by Crédit Mutuel Alliance Fédérale covers the most effective communication and organization to deal with the three phases: emergency, business continuity and recovery plans.

It is based on:

- a crisis committee, chaired in the regions by the bank's Chief Executive Officer and at the national level by the group's Chief Executive Officer. In times of crisis, this committee makes substantive decisions, prioritizes actions and ensures internal and external communication;
- a crisis unit which pools information, implements decisions and provides follow-up;
- one crisis point per business line that coordinates field operations in relation with the crisis cell, specifically the activation of EBCPs until normalcy is restored.

5.14.5.3 Management of the system at group level

The entire system is managed centrally by the crisis management-business continuity department of Crédit Mutuel Alliance Fédérale's risk department. The mission of this department is to coordinate, organize and manage the governance of business continuity and crisis management at Crédit Mutuel Alliance Fédérale and to coordinate the crisis management and business continuity correspondents of all business lines/subsidiaries that have an EBCP.

Coordination committees are set up under the aegis of this department with the group's main logistics and IT subsidiaries, as well as with the HR department, in order to contribute to and ensure the effectiveness of Crédit Mutuel Alliance Fédérale's crisis management and business continuity arrangements. Their work should make it possible to anticipate and better control the risk scenarios and the related crisis management plans.

The Group Crisis Committee validates the entire system, which is presented to it at least once a year.

- 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.

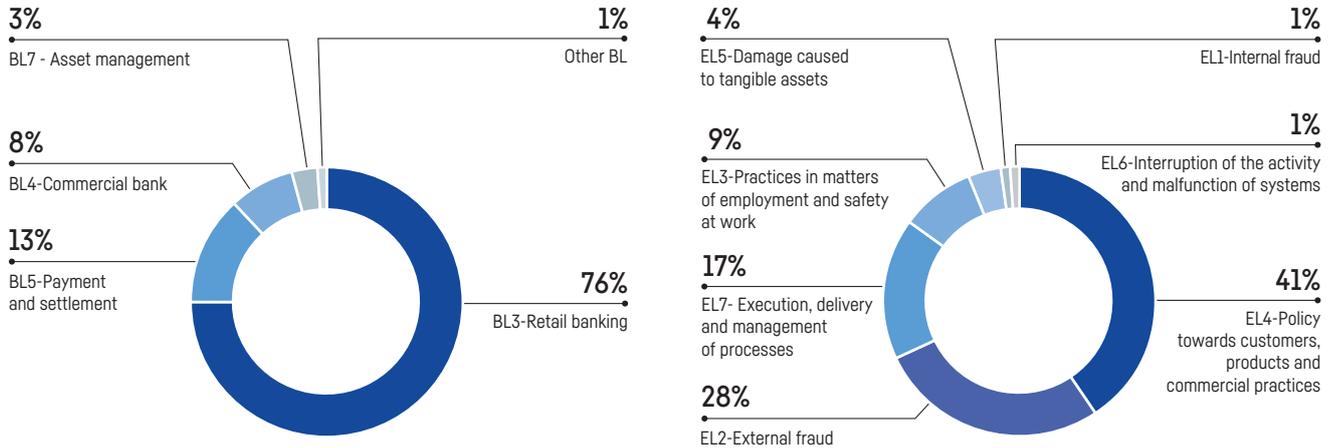
Crédit Mutuel group's insurance programs comply with the provisions of Articles 323 of Regulation [EU] No. 575/2013 of the European Parliament and Council of June 26, 2013 concerning the deduction of insurance under the advanced method approach (AMA).

Insurance cover included in the deduction process covers damage to real and personal property (multi-risk) and fraud (overall insurance for banking risks), as well as professional third-party liability and cyber-risks (cyber policy).

5.14.7 Inventory of Crédit Mutuel Alliance Fédérale claims

Total claims of Crédit Mutuel Alliance Fédérale amounted to €157.6 million in 2022, €163.3 million in losses, €368.7 million in provisions and €374.5 million in reversals of provisions. They are broken down as follows:

GRAPH 16: ANNUAL LOSS EXPERIENCE BY BUSINESS LINE AND BY RISK EVENT (EU ORI)



5.14.8 Specific operating risks

Legal risks

Incorporated into operational risks, these include, but are not limited to, 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 (EU AE4)

Since December 31, 2014, and pursuant to Article 100 of the CRR, Crédit Mutuel Alliance Fédérale has reported to the competent authorities on the quantity of unencumbered assets at its disposal and their principal characteristics. These assets may serve as collateral to obtain other financing on the secondary markets or from the central bank, and hence constitute additional sources of liquidity.

An asset is considered to be “encumbered” if it serves as a guarantee, or can be contractually used, to secure, collateralize or enhance a transaction from which it cannot be separated. In contrast, an asset is “unencumbered” if it is free of any legal, regulatory, contractual or other limitations to its possible liquidation, sale, transmission or disposal.

For illustrative purposes, the following types of contracts satisfy the definition of encumbered assets:

- secured financial transactions, including repurchase agreements, securities lending and other forms of loans;
- collateralization agreements;
- collateralized financial guarantees;

- collateral placed in clearing systems, clearing houses and other institutions as a condition for accessing the service. This includes initial margins and funds against the risk of insolvency;
- facilities given to central banks. Assets already in position should not be considered encumbered unless the central bank does not authorize the withdrawal of these assets without its prior agreement;
- underlying assets of securitization entities when these assets have not been derecognized by the entity. Underlying assets of retained securities are not recognized as being encumbered unless the securities in question are used to pledge or guarantee a transaction in some way;
- collateral pools put together to issue secured bonds. These assets are recognized as encumbered assets except in certain situations where the entity holds the secured bonds (self-issued bonds).

Assets placed in financing mechanisms that are unused and can be easily withdrawn are not recognized as being encumbered.

As of December 31, 2022, the level and characteristics of encumbered and unencumbered assets for Crédit Mutuel Alliance Fédérale were as follows:

TABLE 69: ENCUMBERED AND UNENCUMBERED ASSETS⁽¹⁾ (EU AE1)

12/31/2022 (in € millions)	Carrying amount of encumbered assets	o/w HQLA and EHQLA	Fair value of encumbered assets	o/w HQLA and EHQLA	Carrying amount of unencumbered assets	o/w HQLA and EHQLA	Fair value of unencumbered assets	o/w HQLA and EHQLA
010 Institution assets	93,355	5,575	-	-	667,576	28,645	-	-
030 Equity instruments	6	5	6	5	6,998	100	6,998	100
040 Debt securities	11,189	5,428	11,655	5,964	34,345	22,692	33,124	23,030
050 Of which secured bonds	288	288	288	288	4,293	4,282	4,293	4,282
060 Of which asset-backed securities	2,036	842	2,277	904	715	87	503	87
070 Of which issued by public administrations	3,808	3,463	3,805	3,460	14,180	14,347	14,063	14,596
080 Of which issued by financial institutions	5,895	1,240	5,891	1,341	16,225	6,959	15,083	7,008
090 Of which issued by non-financial corporations	1,617	761	1,617	761	2,892	172	2,840	172
120 Other assets ⁽¹⁾	82,461	125	-	-	625,362	5,610	-	-

(1) Of which loans and advances.

12/31/2021 (in € millions)	Carrying amount of encumbered assets	of which HQLA and EHQLA	Fair value of encumbered assets	of which HQLA and EHQLA	Carrying amount of unencumbered assets	of which HQLA and EHQLA	Fair value of unencumbered assets	of which HQLA and EHQLA
010 Institution assets	92,500	6,840	-	-	621,774	28,878	-	-
030 Equity instruments	4	0	4	0	6,466	1	6,480	0
040 Debt securities	10,657	6,727	11,203	6,739	32,809	24,032	32,245	24,032
050 Of which secured bonds	338	338	338	338	4,323	4,310	4,323	4,310
060 Of which asset-backed securities	2,138	1,214	2,415	1,225	1,304	521	901	521
070 Of which issued by public administrations	4,372	4,171	4,372	4,171	13,631	14,479	13,587	14,479
080 Of which issued by financial institutions	4,142	1,485	5,248	1,496	14,111	8,343	12,621	8,343
090 Of which issued by non-financial corporations	1,836	1,092	1,836	1,092	5,220	322	5,209	322
120 Other assets ⁽¹⁾	82,588	114	-	-	580,732	6,295	-	-

(1) Of which loans and advances.

The carrying amount of financial liabilities and guaranteed assets received from CMNE as of 12/31/2021 represents approximately 2% of similar amounts from Crédit Mutuel Alliance Fédérale.

(1) All the figures presented are calculated based on median values of end-of-quarter data for the elapsed year.

TABLE 70: COLLATERAL RECEIVED⁽¹⁾ (EU AE2)

12/31/2022 <i>(in € millions)</i>	Fair value of the encumbered guarantee received or of encumbered own-debt securities issued	of which HQLA and EHQLA	Fair value of the guarantee received or of own-debt securities issued available for pledging	of which HQLA and EHQLA
130 Collateral received	13,334	9,370	8,217	3,056
140 Loans on demand	0	0	0	0
150 Equity instruments	944	446	356	104
160 Debt securities	12,390	8,792	6,703	2,929
170 Of which secured bonds	91	64	70	70
180 Of which asset-backed securities	2,176	1,318	3,137	1,691
190 Of which issued by public administrations	6,795	6,595	935	930
200 Of which issued by financial institutions	4,596	1,538	4,418	1,773
210 Of which issued by non-financial corporations	778	457	1,238	102
220 Loans and advances other than loans on demand	0	0	573	0
230 Other collateral received	0	0	847	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	107,241	14,935	-	-

12/31/2021 <i>(in € millions)</i>	Fair value of the encumbered guarantee received or of encumbered own-debt securities issued	of which HQLA and EHQLA	Fair value of the guarantee received or of own-debt securities issued available for pledging	of which HQLA and EHQLA
130 Collateral received	13,459	7,980	8,793	2,344
140 Loans on demand	0	0	0	0
150 Equity instruments	1,062	425	627	86
160 Debt securities	12,202	7,407	5,420	1,926
170 Of which secured bonds	63	21	49	49
180 Of which asset-backed securities	1,806	284	2,452	1,072
190 Of which issued by public administrations	8,495	6,255	810	636
200 Of which issued by financial institutions	2,874	306	3,586	1,142
210 Of which issued by non-financial corporations	893	473	1,075	116
220 Loans and advances other than loans on demand	0	0	361	0
230 Other collateral received	0	0	2,715	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	-
250 TOTAL ASSETS, COLLATERAL RECEIVED AND OWN-DEBT SECURITIES ISSUED	104,041	14,673	-	-

The carrying amount of financial liabilities and guaranteed assets received from CMNE as of December 31, 2021 represents approximately 2% of similar amounts from Crédit Mutuel Alliance Fédérale.

(1) All the figures presented are calculated based on median values of end-of-quarter data for the elapsed year.

TABLE 71: CARRYING AMOUNT OF ENCUMBERED ASSETS/COLLATERAL RECEIVED AND LIABILITIES BACKED (EU⁽¹⁾ AE3)

12/31/2022 <i>(in € millions)</i>	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	83,847	102,548

12/31/2021 <i>(in € millions)</i>	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	83,068	89,842

The carrying amount of financial liabilities and guaranteed assets received from CMNE as of December 31, 2021 represents approximately 2% of similar amounts from Crédit Mutuel Alliance Fédérale.

5.16 EQUITY RISK

The equity securities risk run by Crédit Mutuel Alliance Fédérale is of different kinds.

5.16.1 Financial assets at fair value through profit or loss

Equity portfolios held for trading amounted to €731 million as of December 31, 2022 compared to €732 million as of December 31, 2021 and were related exclusively to CIC Capital Markets (see note 5a to the consolidated financial statements). Equities recognized as other fair value through profit or loss mainly related to the private equity business line, with €4,129 million (see note 5a to the consolidated financial statements). Long-term investments recognized as “other fair value through profit or loss” amounted to €909 million as of December 31, 2022, of which €371 million in equity investments and €166 million in other long-term investments.

5.16.2 Financial assets at fair value through shareholders' equity

Outstanding equities and long-term investments classified as assets at fair value through shareholders' equity amounted to €216 million and €491 million, respectively. Long-term investments included:

- equity investments for €91 million;
- other long-term investments for €342 million.

5.17 PRIVATE EQUITY

This activity is carried out through entities dedicated to the business line with a portfolio fully valued at fair value through options.

TABLE 72: RISKS RELATED TO PRIVATE EQUITY

	12/31/2022	12/31/2021
Number of listed lines	15	20
Number of unlisted lines	289	291
Number of funds	25	24
Portfolio revalued for proprietary trading <i>(in € millions)</i>	3,545	3,226
Capital managed on behalf of third parties <i>(in € millions)</i>	190	200

Source: Crédit Mutuel Equity.

Proprietary trading investments were spread over approximately 304 lines (excluding investments in funds), primarily covering small- and medium-sized enterprises.

(1) All the figures presented are calculated based on median values of end-of-quarter data for the elapsed year.

5.18 ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISKS

Application of implementing technical standards (ITS) relating to prudential information on ESG risks in accordance with Article 449a of the CRR

Environmental, social and governance (ESG) risks are gradually increasing in importance. They are factors that determine the other

risks to which Crédit Mutuel Alliance Fédérale is exposed, in particular credit risk, operating risk and financial risks. In particular, they are likely to affect, directly or indirectly, the ability of companies/individuals to repay their receivables and thus profitability and sustainability of the group's business model. This is why ESG factors and risks are integrated into Crédit Mutuel Alliance Fédérale's strategy and overall risk management.

5.18.1 Qualitative information on environmental and climate risk

Business strategy and processes

a) The institution's business strategy for integrating environmental factors and risks by considering the impact of environmental factors and risks on the institution's business environment, business model, strategy and financial planning

As a responsible player, Crédit Mutuel Alliance Fédérale is committed to building a more sustainable world and takes into account the impact of environmental factors and risks on its business environment, its business model and its strategy.

This is reflected in the following commitments:

At the end of a participatory discussion with its elected members and employees, Crédit Mutuel Alliance Fédérale adopted a *raison d'être* at the end of 2020, "*Ensemble, écouter et agir*" ("Listening and acting together") and the status of a benefit corporation. This *raison d'être* is intended to guide strategic and operational decisions. Five missions have been defined, resulting in 14 concrete commitments to be achieved by the end of 2022. Two of these commitments are linked to the group's climate strategy and its environmental ambition to align its activities with the trajectory of the Paris Agreement.

They reinforce the SMR (Social and Mutualist Responsibility) approach, centered around five ambitions broken down into 15 commitments and highlighting in particular the environmental priorities of reducing the group's environmental impact, reinforcing quality solutions and offers, and responsible services.

Crédit Mutuel Alliance Fédérale has included three ambitious ecological and climate transition objectives in its 2019-2023 strategic plan.

A cross-reference table between the commitments of the benefit corporation, the objectives of the 2019-2023 strategic plan and those of the SMR policy can be found in Chapter 3.3 of the NFPS.

At the national level, Crédit Mutuel Alliance Fédérale participates in the Crédit Mutuel group's 2020-2023 action plan, which aims to jointly capitalize on the initiatives undertaken and to manage the common challenges related to climate and environmental risks and CSR.

Crédit Mutuel Alliance Fédérale is a member of the Crédit Mutuel "Climate Risks & CSR" Steering Committee made up of Chief Risk Officers and/or directors in charge of CSR from each regional group and information systems representatives.

b) Objectives, targets and limits for assessing and addressing environmental risks in the short, medium and long terms, and evaluation of performance against these objectives, targets and limits, including forward-looking information in the design of strategy and business processes

The group considers the impact of environmental factors and risks in its business model and SMR strategy.

This translates into:

- the integration of the monitoring of environmental and climate risks, as well as their transmission mechanisms to other risks (particularly credit), into the group's risk management system;
- the implementation of dedicated tools to identify, measure, manage and monitor all of these risks (both physical and transition);
- the deployment of measures to mitigate the impact of environmental risks and measures to adapt to climate change;
- the desire to support members and customers in their transition to more sustainable lifestyles that are compatible with the challenges of the ecological and social transition.

In addition, sectoral policies (coal, hydrocarbons, transportation) provide a framework for possible operations with companies operating in sectors that emit large quantities of greenhouse gases or have environmental impacts. They also include exclusions and restrictions in the granting of loans.

Assets eligible for these policies are monitored on a quarterly basis.

Objectives have been defined as part of commitments #12 and #13 of mission number 5 "As a responsible company, actively work for a fairer and more sustainable society":

- reduction of the group's carbon emissions by 20% (France scope – office life – energy items – refrigerants – motor fleet – business travel) between end 2018 and end 2020;

- stop financing new oil and gas projects from 2021.

Crédit Mutuel Alliance Fédérale is also pursuing the ecological and climate transition objectives of its revised 2019-2023 strategic plan *"Plus vite! plus loin!"* ("Faster! further!"):

- reduction of internal carbon emissions by 30% and of the carbon footprint of the corporate finance and equity portfolio by 15%;
- acceleration of financing for renewable energy projects (+30%).

All of these objectives are monitored annually.

Crédit Mutuel Alliance Fédérale endorses the commitments of the Confédération Nationale du Crédit Mutuel (CNCM), a signatory of:

- the UNEP-FI (United Nations Sustainable Finance Initiative) Principles for Responsible Banking (PRB);
- the United Nations Global Compact;
- the Net Zero Banking Alliance (NZBA) organized by the United Nations.

Thus, as part of its membership of the Net Zero Banking Alliance (NZBA), Crédit Mutuel Alliance Fédérale has published its commitments, in a separate publication, on the first two economic sectors identified as emissive. These first two sectors are:

- hydrocarbons;
- electricity production.

By 2030, Crédit Mutuel Alliance Fédérale is committed to reducing its carbon footprint (scopes 1, 2 and 3) by 30% compared to 2018 in the hydrocarbon sector. For the electricity production sector, the commitment is to have more than 90% of its electricity production exposure in projects or counterparties with CO₂ emissions below 100 gCO₂/kWh.

Commitments are also made at the level of Crédit Mutuel Alliance Fédérale subsidiaries:

- CIC signed the Poseidon Principles in 2019 with the objective of being below the curve of the International Maritime Organization by 2025, as part of its maritime transportation policy, a policy which also excludes the financing of all vessels carrying oil and dedicated to the transportation of unconventional gas;
- Crédit Mutuel Asset Management and Groupe La Française are signatories of the Finance for Biodiversity Pledge.

c) Current investment activities and (future) investment targets towards environmental objectives and activities aligned with EU taxonomy

In application of the European Parliament's regulation (EU) 2020/852, known as the taxonomy regulation, and of the delegated regulation (EU) 2021/2139, Crédit Mutuel Alliance Fédérale has been working since 2021, in coordination with the CNCM, to identify the proportion of its assets eligible for the European taxonomy in its customer portfolio. In accordance with the regulations, only assets eligible for two environmental objectives (mitigation and adaptation to climate change) have been taken into account for the first two publications. The Crédit Mutuel group has published in its NFPS (section 8.4 of chapter 3) the arbitration carried out and the eligibility indicators for its assets (excluding investments and insurance).

The eligibility indicators of Assurances du Crédit Mutuel and the methodology used are also provided in the paragraph indicated. Those of Crédit Mutuel Alliance Fédérale were published as part of the Article 29 report of the energy-climate law.

In order to develop investments in sustainable activities, Crédit Mutuel Alliance Fédérale has committed in its 2019-2023 strategic plan to increase the financing of renewable energy projects by 30%.

The group is also developing corporate financing through impact loans that may include environmental objectives. Energy transition loans are also offered. They are intended to finance investments dedicated to energy saving in order to reduce energy bills.

Crédit Mutuel Alliance Fédérale has strengthened its commitment to the world of agriculture and winegrowing, with financing solutions to promote efficient, sustainable and low-carbon agriculture (financing of the non-government-subsidized part of the "Bon Diagnostic Carbone" for eligible customers, payment of a subsidy of €500^[1] to finance the "High Environmental Quality" or "Organic Farming" certification process for farmers who want to certify their farms, and the launch of a subsidized Agricultural Transition Loan to facilitate the transformation of farms).

The asset management activities also aim to become significant players in sustainable finance. Crédit Mutuel Asset Management's objective is to classify 100% of the funds open for active management (excluding index funds or formula funds whose objective is to replicate or be invested in a given index, regardless of any consideration of sustainability risk) in Article 8 or Article 9.

In addition, Groupe La Française, a financial and real estate asset manager, is determined to be an active and influential player in the field of sustainable finance, in particular through its approach to transition and support for the companies and assets in which it invests. In 2022, the group actively pursued its ESG approach, the main challenge of which is the reduction of CO₂ emissions according to a decarbonization trajectory in line with the Paris Agreement, and set the objective of reaching 100% of sustainable funds open for marketing in line with sustainable development objectives.

At the end of 2022, Assurances du Crédit Mutuel held €3.8 billion in green bonds, €0.9 billion in so-called social bonds and had nearly €1.3 billion invested in vehicles such as sustainable bonds or sustainability loans.

The Siloé Infrastructures investment fund, managed by Crédit Mutuel Capital Privé, a subsidiary of Crédit Mutuel Equity, plans to invest at least 50% of its capital in renewable energy.

d) Policies and procedures related to direct and indirect engagement with new or existing counterparties on their environmental risk mitigation and reduction strategies

Since 2016, Crédit Mutuel Alliance Fédérale has chosen to strictly supervise transactions involving sectors with social and environmental risks. To ensure that these issues are taken into account in a responsible manner, it undertook to define sectoral policies (coal, mining, hydrocarbons, mobility, agriculture) that aim to determine a scope of intervention and to set criteria and principles for the exercise of its activities, and thus contribute to the ecological transformation and social progress.

[1] First budget envelope of more than €2 million.

The group has also implemented a system for integrating ESG criteria in lending: analysis grids for all business sectors, including those not subject to a sectoral policy. These grids integrate the ESG study of the counterparties analyzed as well as the consideration of controversies in the decisions to grant banking and financial operations. Non-financial data is also provided by a non-financial rating agency.

This system for integrating ESG criteria into the lending decision was initially deployed at the level of corporate banking and at the level of the network dedicated to large- and medium-sized corporate customers.

Governance

e) Responsibilities of the management body for defining the risk management framework, overseeing and managing the implementation of objectives, strategy and policies in the context of environmental risk management covering the relevant transmission channels

The environmental risk governance system is part of the overall risk governance system, which includes:

- the governing bodies, which are the Board of Directors (management body in its supervisory function) and Executive Management (management body in its executive function); and
- the three lines of defense involved in the group's risk management: the operational departments (first line), the Risk, Compliance and Permanent Control division of Crédit Mutuel Alliance Fédérale (DRCC) (second line) and periodic control (third line).

The effective implementation of the group's risk appetite is based on the coordination of the management bodies with the various technical and specialized committees and the meetings of the Board of Directors, which are attended by Crédit Mutuel Alliance Fédérale's effective managers and Chief Risk Officer.

This articulation is described in the NFPS in section 2 of chapter 3.

Crédit Mutuel Alliance Fédérale's SMR policy is based on responsible and committed governance. Its volunteer directors actively contribute to the life of the group in accordance with the rules of independence, ethics and integrity. The SMR action plan is validated by a dedicated working group of the Chambre syndicale et interfédérale, a mutualist parliament that brings together the elected chairpersons of the local and regional banks and federations, and the managing directors at least twice a year. This working group is presided over by the Chairman of Crédit Mutuel Alliance Fédérale.

The SMR Governance Committee, coordinated by the group risk department, is made up of the group's main effective managers and business managers. It is presided over by the Chief Executive Officer of Crédit Mutuel Alliance Fédérale and the Chairman participates as a guest.

This committee recommends strategic orientations, approves the roadmap and ensures its proper execution.

f) Integration by the management body of the short-, medium- and long-term effects of environmental factors and risks – Organizational structure within the business lines and internal control functions

The group risk department is made up of several divisions, including the SMR division.

Its main tasks are:

- defining and implementing Crédit Mutuel Alliance Fédérale's SMR policy for all Crédit Mutuel Alliance Fédérale entities and business lines;
- steering Crédit Mutuel Alliance Fédérale's ESG risk management system together with Confédération Nationale du Crédit Mutuel's (CNCM) risk department, in order to meet the prudential regulations and requirements in force, in particular by implementing appropriate procedures for the decision making and reporting tools and reporting used by group entities (sectoral policies in particular);
- coordinating and ensuring the proper execution of SMR projects alongside of business line experts (HR, logistics, IT, sales, compliance, etc.);
- reporting on the actions carried out to the SMR Governance Committee and to the executive (group Risk Committee) and supervisory (group Risk Monitoring Committee) bodies of Crédit Mutuel Alliance Fédérale;
- participating in various specialized committees, including the corporate banking SMR Committee;
- coordinating the network of SMR contacts responsible, within the various Crédit Mutuel and Alliance Fédérale entities and structures, for disseminating the group's SMR policy among employees and elected members;
- communicating and training group employees to improve the appropriation of policies and action plans related to ESG issues.

One of the SMR division's activities is dedicated to the management of Crédit Mutuel Alliance Fédérale's environmental and climate risks. Its main functions are:

- the implementation of regulatory obligations relating to climate risks (Pillar 3 ESG, taxonomy, etc.);
- the calculation of the carbon footprint of credit portfolios;
- the creation and updating of a physical and transition risk materiality matrix;
- the management of stress tests;
- the production of a dashboard for monitoring exposures eligible for sectoral policies;
- The definition of carbon trajectories as part of the NZBA commitment and Crédit Mutuel Alliance Fédérale strategic plan.

This articulation is described in the NFPS in section 2.3 of chapter 3.

Internal control structure

The organizational structure by business line of the internal control functions is being organized. In line with the ECB's expectations, the group has set several objectives for 2024:

- definition of the roles and responsibilities of the lines of defense in terms of risk management and control;

- compliance and permanent control: Definition of a minimum common base of controls concerning climate risks;
- periodic control: inclusion of climate risks as an auditable item in the five-year audit plan.

Checks are already carried out on the presence and completeness of an application grid for sectors eligible for a sectoral policy or a general analysis grid for other sectors in the corporate banking credit files when the latter are sent to the corporate banking SMR Committee for an opinion. This committee is a collegial body made up of the 1st and 2nd line of defense of corporate banking, Crédit Mutuel Alliance Fédérale lending department and the risk department – SMR division. Its mission is to issue opinions on projects that are likely to raise social, environmental or governance issues when granting financing or during the annual renewal of corporate banking projects. It also aims to advance the methods of project analysis within the business lines. Once per quarter, the corporate banking Internal Control Coordination Committee will be informed of the projects examined and the opinions issued by the SMR Committee during the previous quarter. This procedure is adapted in the large/medium-sized companies network.

g) Integration of the management of environmental factors and risks into internal governance arrangements, including the role of committees, segregation of duties and responsibilities, and the feedback loop from risk management to the management body covering relevant transmission channels

The relationship between Crédit Mutuel Alliance Fédérale's management bodies and the various risk management lines, including environmental and climate risks, is based on:

- communication to the executive body:
 - directly by the teams involved in risk management located in the second and third lines of defense. The risk, permanent control and compliance department, as well as periodic control, report to the Chief Executive Officer,
 - through executive, technical and operational committees such as the Group Risk Committee (CRG) and the SMR Governance Committee;
- communication to the supervisory body:
 - directly by the teams involved in risk management located in the second and third lines of defense,
 - through specialized committees such as the Group Risk Monitoring Committee (GRMC).

The group risk department is responsible for the organization and secretariat of the GRC, the GRMC and the SMR Governance Committee.

The role of the GRC and the GRMC is described in the Risk Management chapter of the universal registration document. Sectoral policies, and their changes, developed by the SMR division are thus subject to the approval of the Boards of Directors of Caisse Fédérale de Crédit Mutuel, BFCM and CIC. The RSM division also monitors exposures eligible for sectoral policies, which are included in the risk dashboard (see paragraph below).

h) Reporting lines and frequency of reporting on environmental risks

Crédit Mutuel Alliance Fédérale's risk appetite framework, including climate and environmental risks, is reviewed annually. It is presented to the GRC and GRMC and adopted by the Board of Directors of Caisse Fédérale de Crédit Mutuel.

For the risk appetite framework that will be applicable from 2023, two indicators dedicated to monitoring climate and environmental risk have been included.

In addition, specific presentations on SMR topics were made in the aforementioned bodies.

The quarterly risk dashboard is prepared by the risk department. This is the main report analyzing all the risks of Crédit Mutuel Alliance Fédérale. In particular, it includes the monitoring of financing and investment exposures in sectors eligible for a sectoral policy. It is presented to the Group Risk Committee and the Group Risk Monitoring Committee.

i) Alignment of the compensation policy with the institution's environmental risk objectives

Crédit Mutuel Alliance Fédérale has decided to prioritize fixed compensation, in line with its mutualist values and its responsibilities toward its customers and members.

Risk management

j) Integration of short-, medium- and long-term effects of environmental factors and risks into the risk management framework

Climate and environmental risks are taken into account in Crédit Mutuel Alliance Fédérale's risk appetite framework. Work to assess the level of risk also made it possible in 2021 to integrate climate and environmental risks (physical risk and transition risk) into the overall Crédit Mutuel Alliance Fédérale risk mapping, the internal capital adequacy assessment process (ICAAP) and the annual internal control report (RACI). In 2022, this work was supplemented by the integration of climate risk into the risk appetite framework by the integration of two dedicated indicators and by the integration of liability risk as the third sub-category of climate risks and environmental risks in the overall risk mapping.

Global risk mapping is the process used to initiate the work carried out to identify, assess and prioritize the group's ESG issues in a mapping of the significant ESG risks of Crédit Mutuel Alliance Fédérale. It also presents the risk prevention and mitigation measures as well as the main performance indicators. It is approved by the Crédit Mutuel Alliance Fédérale's Risk Committee (executive body) and the Risk Monitoring Committee (deliberative body).

The mapping of significant ESG risks concerning environmental risks and the objectives selected are presented in the non-financial performance statement in section 3 of chapter 3.

In order to refine the assessment of the significance of Crédit Mutuel's climate risks, Crédit Mutuel Alliance Fédérale took part in a working group in 2022 to develop a national materiality matrix. Crédit Mutuel Alliance Fédérale then applied it to its own scope.

This materiality matrix aims to propose an appropriate detection and measurement process to assess the materiality of the climate-related and environmental risks that weigh on its business. The study of the significance of climate risks is carried out in light of Crédit Mutuel Alliance Fédérale's risk appetite and the relative nature of its risk exposures.

Thus, an assessment of the impact of physical and transition risks was established on:

- three time horizons (short-term, medium-term, long-term);
- all risk categories in the global risk mapping;
- a three-tiered scale (low, medium, high).

In addition to this work, Crédit Mutuel Alliance Fédérale updated the risk factors weighing on each of the risk families studied and the associated risk mitigation measures.

k) Definitions, methodologies and international standards underlying the environmental risk management framework

The identification, measurement and monitoring of activities and exposures sensitive to environmental risks are carried out within Crédit Mutuel Alliance Fédérale through:

- the monitoring of several metrics in the overall risk mapping/risk dashboard (monitoring of our exposures to the sectors covered by sectoral policies, etc.);
- the enhancement of our materiality matrix to more accurately assess the impact of physical and transition risks on the traditional risk categories;
- participation in a working group led by CNCM to assess the exposure of our credit portfolios to physical risks and monitor claims indicators for the group's buildings;
- the storage of ISS OEKOM's ESG ratings in the information system and the creation of a historical database;
- the implementation of the EBA guidelines on credit granting and loan monitoring.

Crédit Mutuel Alliance Fédérale is organizing itself to meet the expectations expressed by the EBA, the ECB and the ACPR in their supervision exercises and published guidelines.

The group is committed to joining the trajectory of the Paris Climate Agreement. The group is also involved in the commitments signed by CNCM to the Net Zero Banking Alliance, the United Nations Global Compact and the Principles for Responsible Banking (PRB-UNEP FI).

The asset management companies Crédit Mutuel Asset Management, La Française, Banque de Luxembourg Investments SA, Dubly Transatlantique Gestion and CIC Private Debt are, for their part, committed to respecting the Principles for Responsible Investment (PRI).

l) Processes to identify, measure and monitor activities and exposures (and collateral, if any) sensitive to environmental risks, covering relevant transmission channels

The identification, measurement and monitoring of environmentally sensitive activities and exposures within Crédit Mutuel Alliance Fédérale involves:

- the integration of ESG criteria into the lending procedure and the adaptation of tools to collect the data necessary to take these criteria into account;

- monitoring of exposures eligible for sectoral policies (dashboard) and limits by country integrating the ND-GAIN (Notre Dame Global Adaptation Index) in the risk dashboard, monitoring of the carbon footprint of the corporate finance portfolio (indicator present in the mapping of the main ESG risks) and investment;
- the development of a materiality matrix;
- participation in studies of the impact of various transition scenarios on credit risk *via* two stress test exercises at national level;
- the creation of a joint system with the finance department and the risk department (SMR division) to meet the regulatory requirements of the taxonomy, Pillar 3 ESG and the expectations of regulators.

m) Activities, commitments and exposures contributing to mitigating environmental risks

Through its sectoral policies, Crédit Mutuel Alliance Fédérale set up a coal phase-out plan in 2030, stopping the financing all new oil and gas exploration, production and infrastructure projects. Crédit Mutuel Alliance Fédérale will, moreover, refrain from providing banking and financial services to companies listed in the NGO Urgewald's Global Oil & Gas Exit List (GOGEL) whose share of unconventional hydrocarbon production exceeds 25% from January 1, 2023.

In its strategic plan, Crédit Mutuel Alliance Fédérale has set a target of reducing the carbon footprint of its corporate, asset management and insurance portfolios by 15% between 2019 and 2023. The group is committed to joining the trajectory of the Paris Climate Agreements and has adopted the commitments signed by CNCM as part of the Net Zero Banking Alliance and the PRBs.

Crédit Mutuel Alliance Fédérale has chosen an ambitious climate strategy to support its customers through:

- products and services for eco-mobility and transition;
- financing dedicated to large- and medium-sized companies: impact loans and Sustainability Linked Loans;
- accelerating the granting of financing to projects with a strong climate impact.

The RBM is presented in the NFPS in section 8.4 of chapter 3.

n) Implementation of tools to identify, measure and manage environmental risks

Crédit Mutuel Alliance Fédérale aims to implement actions on credit granting and monitoring procedures (in accordance with EBA guidelines) by taking into account the impact of risks associated with ESG factors on the financial situation of creditors, and in particular the potential effects of environmental factors and climate change. This implementation results in:

- application of sectoral policies *via* analysis grids including non-financial ratings of counterparties and controversies by ISS OEKOM (integrated into the information system). A grid has also been developed for activities not eligible for a sectoral policy. This procedure was initially implemented for corporate banking with the possibility of recourse to an SMR Committee for advice;
- the development of ESG scoring tools for the GMENetwork of large and medium-sized companies;

- the adaptation of tools to collect and store in the information system the data of the energy performance diagnoses in the framework of the financing of real estate property and the collateralization of real estate property in connection with the taxonomy regulation and the creation of a Repository of Real Estate Property;
- work to assess the exposure of credit portfolios to physical risks;
- work carried out in 2022 to identify and analyze the group's financing and investments with regard to taxonomy regulations.

Crédit Mutuel Alliance Fédérale has also set up a map of the main ESG risks with annual monitoring of defined indicators and has enriched its materiality matrix in line with the work detailed in paragraph "j" of this chapter.

The group was also involved in the regulatory stress test exercises for climate risks in which the Crédit Mutuel group participated.

These exercises make it possible to better identify and quantify the contribution of portfolios as well as their vulnerability to the effects of climate change. The Crédit Mutuel group took part in two market exercises:

- a first exercise organized by the ACPR in 2020, focusing on the impact of transition risk on the credit and market portfolios;
- then a second exercise conducted in 2022 by the ECB, focusing on the impacts of short-term physical risks and long-term transition risks;

o) Results of the risk management tools implemented and estimated impact of the environmental risk on the capital and liquidity risk profile

Qualitative criteria were included in Crédit Mutuel Alliance Fédérale's ICAAP in 2021. In 2022, these qualitative criteria were developed and supplemented by an analysis of the group's results in the climate stress test organized by the ECB in 2022.

These elements made it possible to demonstrate that a system to control these risks is in place to ensure that they are managed and monitored in accordance with the Crédit Mutuel group's consolidated roadmap for actions to promote CSR and climate change. On the other hand, in the context of the ECB stress test on credit risk, it appears that climate risks do not cause a significant increase in short-term risks (provisions, transfer of buckets), either in terms of physical risk (one-year horizon) or transition (three-year horizon).

At this stage, Crédit Mutuel Alliance Fédérale does not allocate shareholders' equity for climate and environmental risks.

Climate risks were also analyzed in the ILAAP. Crédit Mutuel Alliance Fédérale's risk department, in coordination with CNCM's risk department, has drawn up an action plan to study the potential impacts of climate and environmental risks (through their two components: physical risks and transition risks) on the group's liquidity.

Following a study of historical claims, it appeared that the extreme weather events that occurred in metropolitan France did not result in significant customer outflows.

Nevertheless, as a precautionary measure, the emergency plan has been adapted accordingly, taking into account the climatic risk. With regard to the transition risk, the exposure of the securities portfolio of Crédit Mutuel Alliance Fédérale's liquidity reserve was analyzed.

p) Availability, quality and accuracy of data, and efforts to improve these aspects

The collection of climate related data on customers and on the group's scope is essential for the proper conduct of prudential and strategic work.

The use of data suppliers and, as a last resort, the use of approximations on a defined scope make it possible to compensate for the current lack of data. The methodological notes accompanying these approximations reflect the choices made and uncertainties related to the models used. In addition, many efforts are underway to improve these aspects, including the inclusion of climate data in the BCBS 239 project^[1] and participation in place-based work.

This is also reflected operationally in IT projects aimed, for example, at including clients' ESG ratings in the information system or at collecting all data on the real estate property financed or received as collateral.

q) Description of the limits on environmental risks (as drivers of prudential risks) that are set, and triggering of escalation and exclusion in the event of non-compliance with these limits

Exclusions or restrictions exist linked to sectoral policies and indicators are monitored through the risk dashboard. However, within the prudential framework, there are currently no thresholds and limits for environmental risks.

r) Description of the link (transmission channels) between environmental risks and credit risk, liquidity and funding risk, market risk, operating risk and reputational risk in the context of risk management

As indicated in paragraph j, in 2022, and in order to enrich the work carried out in 2021, Crédit Mutuel Alliance Fédérale took part in a working group coordinated by CNCM in order to develop a national materiality matrix. Crédit Mutuel Alliance Fédérale then applied it to its own scope. It made it possible to identify risk factors, to qualify the corresponding risks according to their impacts (financial, solvency, credit, market, liquidity, operating, reputation, strategic, insurance risk), and to measure the impact of each risk according to its intensity and time horizon, and to identify mitigation measures.

This is included in Crédit Mutuel Alliance Fédérale's Statement of Non-Financial Performance.

[1] Basel Committee on Banking Supervision's standard number 239: Principles for effective risk data aggregation and risk reporting practices.

5.18.2 Quantitative information on environmental and climate risk

TABLE 73: MODEL 1: BANKING PORTFOLIO – INDICATORS OF TRANSITION RISK POTENTIALLY LINKED TO CLIMATE CHANGE: CREDIT QUALITY OF EXPOSURES BY SECTOR, EMISSIONS AND RESIDUAL MATURITY

	a	b	c	d	e
	Gross carrying amount (in € millions)				
		Of which exposures to companies excluded from the Union's "Paris Agreement" benchmarks in accordance with Article 12 (1) (d) to (g) and Article 12 (2) of Regulation (EU) 2020/1818	Of which environmentally sustainable (CCM)	Of which Stage 2 exposures	Of which non-performing exposures
Sector/Sub-sector					
1 – Exposures to sectors that contribute significantly to climate change⁽¹⁾	164,147	908	-	11,124	5,031
2 – A – Agriculture, forestry and fishing	8,876	0	-	645	306
3 – B – Other extractive industries	561	179	-	10	2
4 – B.05 – Coal and lignite extraction	1	0	-	0	0
5 – B.06 – Extraction of hydrocarbons	100	89	-	0	0
6 – B.07 – Extraction of metal ores	4	0	-	0	0
7 – B.08 – Other extractive industries	213	0	-	10	2
8 – B.09 – Support services to Extractive industries	244	90	-	0	0
9 – C – Other manufacturing industries	18,919	229	-	824	839
10 – C.10 – Motor industry	2,257	0	-	198	123
11 – C.11 – Manufacture of beverages	422	0	-	34	11
12 – C.12 – Manufacture of tobacco products	20	0	-	0	0
13 – C.13 – Manufacture of textiles	159	0	-	18	6
14 – C.14 – Clothing industry	168	0	-	19	26
15 – C.15 – Leather and footwear industry	112	0	-	5	11
16 – C.16 – Manufacture of wood and products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	413	0	-	25	20
17 – C.17 – Paper and cardboard industry	213	0	-	10	8
18 – C.18 – Printing and reproduction of recordings	318	0	-	19	23
19 – C.19 – Coking and refining	242	209	-	0	0
20 – C.20 – Chemical industry	938	0	-	42	11
21 – C.21 – Pharmaceutical industry	327	0	-	5	4
22 – C.22 – Manufacture of rubber products	699	0	-	35	13
23 – C.23 – Manufacture of other non-metallic mineral products	623	0	-	18	14
24 – C.24 – Metallurgy	209	0	-	10	13
25 – C.25 – Manufacture of fabricated metal products, except machinery and equipment	1,311	1	-	101	84
26 – C.26 – Manufacture of computer, electronic and optical products	481	0	-	20	16
27 – C.27 – Manufacture of electrical equipment	311	19	-	14	12
28 – C.28 – Manufacture of machinery and equipment n.e.c.	887	0	-	30	44
29 – C.29 – Motor industry	861	0	-	19	24
30 – C.30 – Manufacture of other transportation equipment	283	0	-	65	23
31 – C.31 – Manufacture of furniture	188	0	-	19	14

f	g	h	i	j	k	l	m	n	o	p
Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG emissions financed (emissions of categories 1, 2 and 3 of the counterparty) [in tons of CO ₂ equivalent]		GHG emissions (column i): percentage of the gross carrying amount of the portfolio based on company-specific declarations	GHG emissions (column i): percentage of the gross carrying amount of the portfolio based on company-specific declarations				Weighted average maturity
Of which Stage 2 exposures	Of which non-performing exposures		GHG emissions financed (emissions of categories 1, 2 and 3 of the counterparty) [in tons of CO ₂ equivalent]			≤ 5 years	> 5 years ≤ 10 years	> 10 years ≤ 20 years	> 20 years	
-2,849	-530	-1,992	-	-	-	54,309	55,351	46,177	8,310	8.9
-186	-36	-132	-	-	-	2,669	3,873	2,051	284	7.9
-2	0	-1	-	-	-	217	318	18	9	5.5
0	0	0	-	-	-	1	0	0	0	0.4
0	0	0	-	-	-	33	62	5	0	6.9
0	0	0	-	-	-	3	0	0	0	3.2
-2	0	-1	-	-	-	118	74	13	8	5.6
0	0	0	-	-	-	61	181	0	1	5.8
-378	-31	-306	-	-	-	10,490	6,818	663	949	5.0
-106	-12	-88	-	-	-	1,201	544	153	359	7.1
-8	-1	-6	-	-	-	293	78	33	18	5.2
0	0	0	-	-	-	20	0	0	0	2.1
-5	-1	-4	-	-	-	85	30	30	14	7.1
-17	0	-17	-	-	-	106	10	22	30	8.9
-3	0	-2	-	-	-	79	14	13	5	5.2
-16	-1	-13	-	-	-	250	75	43	45	6.5
-7	0	-6	-	-	-	158	30	8	17	3.7
-13	-1	-11	-	-	-	190	76	25	27	6.3
0	0	0	-	-	-	180	62	0	0	1.8
-8	-1	-4	-	-	-	759	135	13	30	3.7
-2	0	0	-	-	-	267	50	1	9	3.9
-11	-1	-7	-	-	-	530	128	20	22	4.3
-11	-1	-8	-	-	-	456	86	28	54	5.7
-7	0	-6	-	-	-	165	32	3	9	3.9
-55	-4	-46	-	-	-	978	223	57	53	4.4
-7	0	-6	-	-	-	434	34	6	7	4.4
-4	-1	-2	-	-	-	247	31	13	20	4.6
-20	-1	-17	-	-	-	651	130	12	93	5.5
-12	-1	-10	-	-	-	783	59	6	13	1.9
-22	-2	-19	-	-	-	202	22	48	10	5.0
-8	-1	-7	-	-	-	87	59	26	16	7.1

	a	b	c	d	e
Gross carrying amount (in € millions)					
Sector/Sub-sector		Of which exposures to companies excluded from the Union's "Paris Agreement" benchmarks in accordance with Article 12 (1) (d) to (g) and Article 12 (2) of Regulation (EU) 2020/1818	Of which environmentally sustainable (CCM)	Of which Stage 2 exposures	Of which non-performing exposures
32 - C.32 - Other manufacturing industries	6,903	0	-	74	310
33 - C.33 - Repair and installation of machinery and equipment	574	0	-	43	29
34 - D - Production and distribution of electricity, gas, steam and air conditioning	3,015	427	-	92	45
35 - D35.1 - Production, transmission and distribution of electricity	2,224	345	-	91	42
36 - D35.11 - Electricity production	2,046	345	-	90	42
37 - D35.2 - Manufacture of gas; distribution by pipeline of gaseous fuels	762	82	-	1	3
38 - D35.3 - Production and distribution of steam and air conditioning	29	0	-	1	0
39 - E - Water production and distribution; sanitation, waste management and decontamination	1,085	0	-	41	24
40 - F - Building and public works services	13,880	25	-	1,080	600
41 - F.41 - Construction of buildings	3,682	0	-	275	154
42 - F.42 - Civil engineering	4,077	25	-	32	128
43 - F.43 - Specialized construction work	6,120	0	-	772	319
44 - G - Wholesale and retail trade; motor and motorcycle repair	22,603	12	-	1,438	1,098
45 - H - Transportation and warehousing	8,949	36	-	603	265
46 - H.49 - Land transportation and transportation via pipelines	3,700	0	-	305	103
47 - H.50 - Water transportation	1,293	25	-	122	25
48 - H.51 - Air transportation	1,229	0	-	120	44
49 - H.52 - Warehousing and support activities for transportation	2,550	11	-	50	91
50 - H.53 - Postal and courier activities	177	0	-	5	2
51 - I - Hospitality and catering	6,231	0	-	876	513
52 - L - Real estate activities	80,028	0	-	5,515	1,338
53 - Exposures to sectors other than those contributing significantly to climate change⁽¹⁾	94,002	23	-	10,075	2,394
4 - K - Financial and insurance activities	14,659	0	-	871	338
55 - Exposures to other sectors (NACE codes J, M to U)	79,343	23	-	9,204	2,055
56 - TOTAL	258,149	931	-	21,199	7,424

(1) According to Commission Delegated Regulation (EU) 2020/1818 supplementing Regulation (EU) 2016/1011 with minimum standards for the Union Climate Transition Benchmarks and the Union Paris Agreement Benchmarks - Climate Benchmarks Regulation - Recital 6: the sectors listed in Annex I, Sections A to H and Section L of Regulation (EC) No 1893/2006

f	g	h	i	j	k	l	m	n	o	p
Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG emissions financed (emissions of categories 1, 2 and 3 of the counterparty) (in tons of CO ₂ equivalent)		GHG emissions (column i): percentage of the gross carrying amount of the portfolio based on company-specific declarations	≤ 5 years	> 5 years ≤ 10 years	> 10 years ≤ 20 years	> 20 years	Weighted average maturity
Of which Stage 2 exposures	Of which non-performing exposures	GHG emissions financed (emissions of categories 1, 2 and 3 of the counterparty) (in tons of CO ₂ equivalent)								
-24	-2	-14	-	-	-	1,922	4,860	52	68	6.6
-15	-1	-12	-	-	-	447	49	51	26	5.6
-29	-7	-16	-	-	-	759	883	1,173	200	9.1
-27	-7	-16	-	-	-	494	534	999	197	8.6
-27	-7	-16	-	-	-	414	469	994	170	9.3
-2	0	0	-	-	-	255	346	158	3	9.3
0	0	0	-	-	-	9	4	16	0	8.2
-16	-2	-12	-	-	-	475	427	154	29	5.9
-346	-41	-261	-	-	-	6,916	3,710	1,764	1,489	7.7
-124	-10	-104	-	-	-	2,206	289	519	668	8.7
-31	-1	-12	-	-	-	1,106	2,726	108	138	5.5
-191	-30	-145	-	-	-	3,605	696	1,137	683	7.6
-642	-61	-525	-	-	-	11,237	8,127	1,622	1,616	6.1
-122	-26	-72	-	-	-	5,242	2,779	714	215	6.1
-71	-15	-44	-	-	-	2,604	695	276	124	4.9
-14	-4	-5	-	-	-	901	301	89	2	5.5
-7	-3	-4	-	-	-	671	375	182	1	5.3
-28	-4	-18	-	-	-	923	1,388	160	79	6.5
-2	0	-1	-	-	-	143	20	6	7	3.3
-254	-45	-190	-	-	-	2,764	2,345	933	188	6.8
-877	-280	-478	-	-	-	13,540	26,071	37,086	3,332	11.2
-1,491	-337	-967	-	-	-	30,055	30,931	19,076	13,940	1.5
-264	-36	-180	-	-	-	6,286	6,042	1,471	860	6.3
-1,227	-301	-787	-	-	-	23,769	24,888	17,605	13,081	1.3
-4,340	-867	-2,959	-	-	-	84,364	86,281	65,253	22,251	4.0

Crédit Mutuel Alliance Fédérale has chosen to rely on data provided by the NGO URGEWALD, which compiles and maintains two separate lists:

- the Global Coal Exit List (GCEL);
- the Global Oil & Gas Exit List (GOGEL).

On the basis of the revenue data from these lists, Crédit Mutuel Alliance Fédérale identifies the companies excluded from the “Paris Agreement” benchmarks according to Delegated Regulation (EU) 2020/1818.

For companies that derive at least 50% of their revenues from electricity production activities with a greenhouse gas emission intensity greater than 100 gCO₂/kWh, exposures under NACE code D35.11 Electricity production were analyzed to determine the source of energy produced. Companies producing electricity from carbon sources (i.e., other than renewable energy or nuclear energy) are considered excluded from the Paris Agreement benchmarks.

Crédit Mutuel Alliance Fédérale considers that it has no reliable information on which to identify exposures that would harm one of the environmental objectives of the taxonomy regulations. This point will be taken into account from 2023, when the European Taxonomy comes into force, within Pillar 3.

In accordance with Implementing Regulation (EU) 2022/2453, exposures considered to be environmentally sustainable have not been reported. This information, established on the basis of the European green taxonomy, will be included from the Pillar 3 report as of December 31, 2023.

The Crédit Mutuel group did not wish to disclose the greenhouse gas emissions (scopes 1 to 3) of its counterparties. In accordance with regulatory requirements, the Crédit Mutuel group will begin to disclose this information no later than June 30, 2024.

TABLE 74: MODEL 2: BANKING PORTFOLIO – INDICATORS OF TRANSITION RISK POTENTIALLY LINKED TO CLIMATE CHANGE: LOANS SECURED BY REAL ESTATE PROPERTY ASSETS – ENERGY EFFICIENCY OF COLLATERAL

	a	b	c	d	e	f	g
	Total gross carrying amount (in € millions)						
	Energy efficiency level (energy performance in kWh/m ² of collateral)						
Counterparty sector	0; <= 100	> 100; <= 200	> 200 <= 300	> 300; <= 400	> 400; <= 500	> 500	
1 – Total EU	218,664	11,246	110,241	49,524	20,736	1,967	12,800
2 – Of which secured by commercial real estate property	38,415	1,709	18,782	8,412	3,963	239	2,751
3 – Of which secured by residential real estate property	180,231	9,537	91,459	41,113	16,773	1,727	10,049
4 – Of which collateral obtained by seizure: residential and commercial real estate property	18	0	0	0	0	0	0
5 – Of which estimated energy efficiency level (energy performance in kWh/m ² of collateral)	170,452	8,096	97,695	37,732	15,724	43	11,163
6 – Non-EU total	6,101	0	0	0	0	0	0
7 – Of which secured by commercial real estate property	2,650	0	0	0	0	0	0
8 – Of which secured by residential real estate property	3,451	0	0	0	0	0	0
9 – Of which collateral obtained by seizure: residential and commercial real estate property	0	0	0	0	0	0	0
10 – Of which estimated energy efficiency level (energy performance in kWh/m ² of collateral)	0	0	0	0	0	0	0

	h	i	j	k	l	m	n	o	p
Total gross carrying amount (in € millions)									
	Energy efficiency level (label of the energy performance certificate of collateral)							Without the collateral energy performance certificate label	
	A	B	C	D	E	F	G	Of which estimated energy efficiency level (energy performance in kWh/m ² of collateral)	
	1,610	3,052	15,357	33,457	19,157	7,073	5,582	133,376	90%
	112	137	785	1,527	1,200	531	648	33,474	92%
	1,498	2,916	14,572	31,930	17,956	6,542	4,934	99,883	89%
	0	0	0	0	0	0	0	18	0%
	-	-	-	-	-	-	-	120,048	100%
	0	0	0	0	0	0	0	6,100	0%
	0	0	0	0	0	0	0	2,650	0%
	0	0	0	0	0	0	0	3,450	0%
	0	0	0	0	0	0	0	0	0%
	-	-	-	-	-	-	-	0	0%

As of December 31, 2022, energy performance assessments (DPEs) were not systematically collected for loans secured by residential real estate property, for loans secured by commercial real estate property and for collateral obtained by taking possession. This data collection was supplemented by the French Environment and Energy Management Agency (ADEME) database, which records the DPEs carried out by diagnostic experts in France.

For the exhibitions for which only the DPE label was collected, Crédit Mutuel Alliance Fédérale has established a correspondence scale in order to determine the associated energy consumption level, based on

the consumption scales per label, or on the average consumption observed on the properties for which the data is complete (DPE label + energy consumption expressed in kWh/m²).

For exposures for which no DPE data is available, Crédit Mutuel Alliance Fédérale has carried out internal calculations to estimate the level of energy consumption (in kWh/m²). These calculations are based on an extrapolation to apply the distribution obtained on exposures without ECD data, distinguishing between loans secured by residential real estate property and loans secured by commercial real estate property.

Template 3: Banking portfolio – Indicators of transition risk potentially linked to climate change: Alignment parameters

In order to measure the alignment of our portfolios with the Net Zero objective in 2050, Crédit Mutuel Alliance Fédérale joined, through the signature by the Confédération Nationale du Crédit Mutuel of the NZBA (Net Zero Banking Alliance) on May 25, 2021.

To date, targets have been set on two first sectors of activity:

- hydrocarbons;
- electricity production.

These are detailed in the URD, in the section dedicated to climate and environmental risks.

Crédit Mutuel Alliance Fédérale aims to complete the sectors monitored through the NZBA initiative no later than the first half of 2024.

TABLE 75: TEMPLATE 4: BANKING PORTFOLIO – INDICATOR OF TRANSITION RISK POTENTIALLY LINKED TO CLIMATE CHANGE: EXPOSURES ON THE 20 LARGEST CARBON-INTENSIVE COMPANIES

a	B	d	E
Gross carrying amount (aggregate)	Gross carrying amount of counterparty exposure to total gross carrying amount (aggregate) ⁽¹⁾	Weighted average maturity	Number of companies in the top 20 polluting companies included
310	0.04%	2.4	3*

(1) For counterparties among the 20 companies that emit the most carbon in the world.

* This data is corrected compared to the 2022 universal registration document published in French on April 13, 2023. It will be updated in the French version of the first amendment to the 2022 universal registration document.

To identify the 20 most carbon-intensive companies, Crédit Mutuel Alliance Fédérale relies on the Carbon Majors list drawn up by the Climate Accountability Institute, published in 2020 on the basis of data for the 2018 fiscal year (latest available data). This public list includes the emissions estimated by this initiative on scopes 1, 2 and 3.

In accordance with Implementing Regulation [EU] 2022/2453, exposures considered to be environmentally sustainable have not been reported. This information, established on the basis of the European green taxonomy, will be included from the Pillar 3 report as of December 31, 2023.

TABLE 76: TEMPLATE 5: BANKING PORTFOLIO – INDICATORS OF PHYSICAL RISK POTENTIALLY LINKED TO CLIMATE CHANGE: EXPOSURES SUBJECT TO PHYSICAL RISK

a	b	c	d	e	f	g	
Variable: Geographic area subject to a physical risk related to climate change – acute and chronic events	Gross carrying amount (in € millions)						Weighted average maturity
	of which exposures sensitive to the effects of physical events related to climate change						
	Breakdown by maturity tranche						
	≤ 5 years	> 5 years ≤ 10 years	> 10 years ≤ 20 years	> 20 years			
1 – A – Agriculture, forestry and fishing	8,876	144	108	124	27	8.7	
2 – B – Extractive industries	561	12	3	2	0	5.2	
3 – C – Manufacturing industry	18,919	587	153	63	60	5.4	
4 – D – Production and distribution of electricity, gas, steam and air conditioning	3,015	16	24	27	0	10.3	
5 – E – Water production and distribution; sanitation, waste management and decontamination	1,085	16	8	2	1	5.5	
6 – F – Building and public works services	13,880	415	71	183	150	9.2	
7 – G – Wholesale and retail trade; automotive and motorcycle repair	22,603	609	266	141	109	7.0	
8 – H – Transportation and warehousing	8,949	179	51	36	7	5.8	
9 – L – Real estate activities	80,028	462	944	2,809	221	12.2	
10 – Of which secured by residential real estate property	183,682	739	2,355	9,260	5,118	10.7	
11 – Of which secured by commercial real estate property	41,065	317	621	1,360	30	16.1	
12 – Collateral seized	18	0	0	0	0	0.0	
13 – Other relevant sectors (breakdown below, if applicable)	0	0	0	0	0	0.0	

	h	i	j	k	l	m	n	o
	Gross carrying amount (in € millions)							
	of which exposures sensitive to the effects of physical events related to climate change							
	of which exposures sensitive to the effects of chronic climate change events	of which exposures sensitive to the effects of acute climate change events	of which exposures sensitive to the effects of both chronic and acute climate change events	of which Stage 2 exposures	of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
						of which Stage 2 exposures	of which non-performing exposures	
	272	131	0	39	17	-11	-2	-8
	13	4	0	1	0	0	0	0
	557	304	2	49	47	-34	-2	-30
	33	34	0	2	0	0	0	0
	17	10	0	3	0	-1	0	0
	602	215	1	117	28	-24	-5	-17
	717	405	3	81	46	-31	-4	-25
	147	126	0	25	15	-7	-1	-5
	3,340	1,075	20	365	79	-60	-20	-31
	14,624	2,809	39	7,333	979	-78	-33	-38
	1,718	600	10	198	54	-38	-11	-21
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0

Crédit Mutuel Alliance Fédérale has identified three chronic risks (rise in sea level, rise in temperature, variation in rainfall) and three acute risks (flood, drought, storm/hail/snow).

To date, the assessment of a counterparty's exposure to these risks is carried out at the level of its postal code. Postal codes are associated with physical risk levels ranging from 0 (very low risk) to 4 (very high risk).

This scale was constructed by applying the following methodological principles:

- use of historical data for acute risks;
- use of forward-looking data for chronic risks, aligned with the IPCC RCP 8.5 scenario;
- risk weighting to obtain consolidated acute and physical risk exposure scores.

Outstandings exposed to level 4 are reported as "climate change sensitive" in model 5.

TABLE 77: TEMPLATE 10 – OTHER CLIMATE CHANGE MITIGATION MEASURES NOT COVERED IN REGULATION (EU) 2020/852

a	b	c	d	e	f
Type of financial instrument	Counterparty category	Gross carrying amount <i>(in € millions)</i>	Type of risk mitigated (transition risk related to climate change)	Type of risk mitigated (physical risk related to climate change)	Qualitative information on the nature of mitigation measures
Bonds (e.g., green, sustainable, sustainability-linked under non-EU standards)	1 – Financial companies	778	Yes	-	12 See comments
	2 – Non-financial corporations	148	Yes	-	
	3 – of which secured by commercial real estate property	0	-	-	
	4 – Other counterparties	342	Yes	-	
Loans (e.g., green, sustainable, sustainability-linked under non-EU standards)	5 – Financial companies	2,079	Yes	-	
	6 – Non-financial corporations	2,744	Yes	-	
	7 – of which secured by commercial real estate property	0	-	-	
	8 – Households	915	Yes	-	
	9 – of which secured by residential real estate property	0	-	-	
	10 – of which loans for building renovation	0	-	-	
	11 – Other counterparties	0	-	-	

Crédit Mutuel Alliance Fédérale presents in this table the gross outstanding loans and bonds held by the group, which, according to the bank's assessment, contribute to mitigating the risks of climate change. The products listed in this table concern:

- impact financing whose characteristics depend on the achievement of environmental objectives;

- project financing for climate risk mitigation measures;
- investments in green bonds;
- financing whose purpose contributes to the mitigation of climate risk.

5.19 COMPENSATION [EU OVB & EU REMA]

5.19.1 Management functions

Number of positions held by members of the management body

Name	Status	Term of office in the Group	Non-group offices
BOARD OF DIRECTORS			
Nicolas Théry	Chairman of the Board of Directors	15 non-executive offices	2 non-executive offices
Hélène Dumas	Vice-Chairwoman of the Board of Directors	4 non-executive offices	
Marie-Jean Boog	Director	3 non-executive offices	
Gérard Cormoreche	Director	15 non-executive offices	1 executive office
Bernard Dalbiez	Director	12 non-executive offices	
Nicolas Habert	Director	8 non-executive offices	
Marie Josso	Director	6 non-executive offices	1 executive office 4 non-executive offices
Christine Leenders	Director	5 non-executive offices	1 executive office
Jean-Louis Maître	Director	7 non-executive offices	
Elia Martins	Director	5 non-executive offices	
Laurence Miras	Director	4 non-executive offices	
Frédéric Ranchon	Director	5 non-executive offices	5 executive offices 1 non-executive office
Agnès Rouxel	Director	3 non-executive offices	1 non-executive office 2 executive offices
Daniel Schoepf	Director	6 non-executive offices	
Jacques Simon	Director	5 non-executive offices	1 non-executive office
Annie Viro	Director	5 non-executive offices	
Alex Weimert	Director	7 non-executive offices	2 executive offices
Luc Wynant	Director	5 non-executive offices	1 executive office 2 non-executive offices
Audrey Hammerer	Director representing the employees	2 non-executive offices	
Laurent Torre	Director representing the employees	1 non-executive office	
EFFECTIVE MANAGEMENT			
Daniel Baal	Chief Executive Officer – effective manager	4 non-executive offices 5 executive offices	
Eric Petitgand	Deputy Chief Executive Officer – effective manager	4 non-executive offices 5 executive offices	

Information concerning the recruitment policy for the selection of members of the management body as well as their knowledge, skills and expertise

Pursuant to Article L.511-91 of the French Monetary and Financial Code, since January 1, 2018, the Appointments Committee covers the entities of Crédit Mutuel Alliance Fédérale that have delegated their appointment prerogatives to it, in France and abroad. In accordance with the appendix on the Appointments Committee to the internal rules

of the Board of Directors of Caisse Fédérale de Crédit Mutuel and in compliance with the provisions of the French Monetary and Financial Code, the Appointments Committee examines the training, experience, skills, availability and good repute of the candidates for the positions of director or executive and then ensures that they always have the necessary aptitude to carry out their duties. In addition, the Appointments Committee periodically, and at least once a year for Caisse Fédérale de Crédit Mutuel, assesses: the structure, size, composition and effectiveness of the Board of Directors with respect to its missions, as well as the knowledge, skills and experience of the members of the Board of Directors, both individually and collectively.

Diversity of the Board of Directors

Gender balance

The Copé-Zimmermann law (law No. 2011-103 of January 27, 2011, as amended in 2014) is applicable to Caisse Fédérale de Crédit Mutuel and has been implemented *via* the appointment of eight female directors in 2017 and 2018.

In 2022, the representation of women on the Board of Directors of Caisse Fédérale de Crédit Mutuel was 44%.

Regional representation

The directors of Caisse Fédérale de Crédit Mutuel come from all of the federations throughout the territory within the scope of Crédit Mutuel Alliance Fédérale.

Representation of society

The diversity of the directors of Caisse Fédérale de Crédit Mutuel in terms of sociology, age, origin and gender tends to result in a Board of Directors that is representative of its customers and society.

Strategic plan

Work launched as part of Crédit Mutuel Alliance Fédérale's strategic plan "*Ensemble#nouveau monde, plus vite, plus loin!*" ("Together#today's world, faster, further!") reaffirmed the group's ambition to strengthen diversity in the composition of its governance, with the aim of achieving equal representation between men and women in management and governance positions.

On December 2, 2022, the Board of Directors of Caisse Fédérale de Crédit Mutuel adopted a charter on the diversity policy for the members of the supervisory bodies.

Information on the diversity policy applicable to the selection of members of the management body

In line with its status as a benefit corporation and its strategic plan, Crédit Mutuel Alliance Fédérale attaches great importance to the women's careers. Today, the network's school of directors does not commence courses without gender balance in the classroom. For all appointments to senior management and executive positions, women are nominated, with the aim of achieving parity quickly. In one year, 50% of women joined the group's Management Committees.

Lastly, in 2022, Crédit Mutuel Alliance Fédérale corrected the collective pay gap between women and men. In addition to these measures, substantive medium- and long-term actions will continue with the training of all employees and elected members to combat all forms of discrimination.

In 2022, Crédit Mutuel Alliance Fédérale had 43% women managers in France, 39% women Chief Executive Officers in the network banks and 31% women members of an Executive Committee.

As part of its 2023 strategic plan, Crédit Mutuel Alliance Fédérale has set itself the goal of achieving gender equality in management and governance positions.

In addition to the actions carried out to promote and support women at all levels of the company, an approach aimed at working on diversity in all its forms has been initiated: integration of people with disabilities, implementation of a generational pact: young people, work-study programs, senior citizens, disadvantaged neighborhoods, etc.

Through all of these actions, Crédit Mutuel Alliance Fédérale wishes to embody a group whose governance refuses all forms of discrimination by acting on a daily basis to build an inclusive, fairer and more sustainable society: proof of mutual action.

Information on whether or not the institution has set up a separate Risk Committee, and the frequency of its meetings

Caisse Fédérale de Crédit Mutuel has set up a risk committee called the Group Risk Monitoring Committee (GRMC).

The GRMC covers the Crédit Mutuel Alliance Fédérale entities consolidated by Caisse Fédérale de Crédit Mutuel (bank code 10278) taken as the parent company of Crédit Mutuel Alliance Fédérale consolidated 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.

The Risk Monitoring Committee issues opinions and advice in preparation for decisions made by the Board of Directors on general policy, thresholds and limits in matters of risk management. It meets at least four times a year and as many times as necessary in any case.

The Committee is composed of three to eight members of the Board of Directors of Caisse Fédérale de Crédit Mutuel and its main subsidiaries, BFCM, BECM and CIC, selected in particular for their expertise and skills in the areas covered by the Committee, and an employee director as a mandatory requirement.

In addition to these members, associate members may be non-voting directors of Caisse Fédérale du Crédit Mutuel, non-voting directors of Banque Fédérative du Crédit Mutuel, non-voting directors of BECM, or directors of the federations of Crédit Mutuel Alliance Fédérale. For the GRMC, these associate members, from the federations that are members of Caisse Fédérale de Crédit Mutuel and form Crédit Mutuel Alliance Fédérale, allow all federations to be represented. These associate members may also qualify as invited members.

In addition to the appointed members, the Chief Executive Officer of Caisse Fédérale de Crédit Mutuel, the Chief Financial Officer of Crédit Mutuel Alliance Fédérale and the head of the risk management function take part on a permanent basis.

Description of information flows on risks to the management body

Interaction with the Board of Directors of Caisse Fédérale de Crédit Mutuel is achieved through the participation of the Chairman of the GRMC in Board meetings, during which he presents a summary of the work and decisions of the GRMC.

The members and associate members serving as directors of a federation who are members of Crédit Mutuel Alliance Fédérale must, as part of their duties, provide a summary of the discussions and opinions delivered by the committees to the federation of which they are respectively directors.

5.19.2 Compensation supervisory bodies

The Crédit Mutuel Alliance Fédérale, which is subject to supervision by the ACPR on a consolidated basis, decided at its Board of Directors meeting on February 27, 2015 to set up a Compensation Committee in accordance with Article L.511-89 of the French Monetary and Financial Code.

At its meeting on 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 for the entire scope of Crédit Mutuel Alliance Fédérale.

Consequently, since that date, the committee has had the following scope of competence:

- all credit institutions and finance companies;
- Crédit Mutuel Alliance Fédérale entities consolidated by Caisse Fédérale de Crédit Mutuel [CIB 10278] taken as the parent company of the consolidated Crédit Mutuel Alliance Fédérale, which, by virtue of their size, internal organization and the nature, scale, complexity and cross-border nature of their activity, fall within the scope of consolidation by decision of the Board of Directors;
- with the exception of entities which, because of their activity, size or specific nature, have a committee that complies with legal and regulatory provisions. In this case, this individual committee reports to the Compensation Committee of Caisse Fédérale de Crédit Mutuel on the work carried out and the information communicated;
- asset management companies and insurance and reinsurance companies.

From January 1, 2021 to December 31, 2022, the Compensation Committee was composed of:

- Ms. Annie Viro, Chairperson;
- Mr. Philippe Galienne;
- Ms. Audrey Hammerer;
- Mr. Jean-François Jouffray;
- Ms. Christine Leenders (member until April 8, 2022);
- Mr. Gérard Oligier;
- Ms. Brigitte Stein, member since December 2, 2022.

The committee is composed of three to eight members of the Board of Directors of Caisse Fédérale de Crédit Mutuel and its main subsidiaries, in particular BFCM, BECM and CIC, selected for their expertise and skills in the areas covered by the committee, and one employee director.

In addition to these members, associate members may be non-voting directors of Caisse Fédérale du Crédit Mutuel, non-voting directors of Banque Fédérative du Crédit Mutuel, non-voting directors of BECM or directors of the federations of Crédit Mutuel Alliance Fédérale.

The members of the Committee shall at all times possess the good character, knowledge, skills and experience necessary to understand the activities of Crédit Mutuel Alliance Fédérale, including the main risks to which it is exposed.

The members are appointed by the Board of Directors on the proposal of its Chairperson for the duration of their term of office as director.

Crédit Mutuel Alliance Fédérale commissioned an external study in 2021 on the compensation of management and Management Committee members in retail banking in France. The conclusions were presented at the meeting of July 27, 2021.

In 2022, the Compensation Committee met four times, on February 4, April 6, July 25 and November 21.

The agenda of the meetings is set by the Chairperson of the Committee or by the Chairperson of the Board of Directors, when the latter is the originator of the convocation. It is sent to Committee members in advance of their meeting, along with a file containing highlights of banking and financial news on compensation and useful information for their discussions.

Crédit Mutuel Alliance Fédérale has decided to prioritize fixed compensation in keeping with its mutualist values and its responsibilities toward its customers and members. It incorporates its constant concern for sustainable development and employee career advancement into its policy.

For the majority of the group's employees, particularly those working for the networks, the group has chosen (with a few rare exceptions) not to set individual sales targets for customers that may generate variable compensation.

Generally speaking, the components of additional compensation (benefits in kind, variable compensation, etc.) are subject to restrictions and concern only specific situations in certain business lines or functions when justified by particular considerations. The variable compensation practices for specialized business lines within the group are therefore generally consistent with those of other banking groups: trading floor, specialized financing, asset management, private equity, private banking and consumer credit.

If applicable, this compensation requires documentation on the rules for the allocation and determination of the amounts awarded.

The total compensation of Crédit Mutuel Alliance Fédérale employees is made up of various elements:

- fixed compensation;
- annual variable compensation;
- collective compensation in the form of incentives and profit-sharing and shareholding in France;
- the supplementary pension plan and health insurance plan;
- benefits in kind (company car, etc.).

Depending on the business line, the responsibilities exercised and the performance achieved, employees benefit from all or some of these elements.

Thus, variable compensation may be granted for certain business lines only and under certain strictly-defined conditions. This variable portion takes into account a specific contribution to the development and results of Crédit Mutuel Alliance Fédérale as well as compliance with ethical rules. The variable compensation base includes financial and non-financial targets assigned to employees and teams. In the calculation of the amount to be distributed and to better control risk factors, the costs attributable to the activities are deducted, in particular the costs of risk and liquidity.

Crédit Mutuel Alliance Fédérale's 2022 compensation policy provides for specific compensation conditions for employees identified as risk takers.

Thus, in 2022, the amount of variable compensation amounted to nearly 5% of total compensation within the regional group Crédit Mutuel Alliance Fédérale.

Crédit Mutuel Alliance Fédérale applies all regulatory provisions for managing compensation.

Employees falling within the “risk takers” category at Crédit Mutuel Alliance Fédérale level in 2022 have been identified in accordance with the regulations in force. The identification was carried out on an individual and consolidated basis.

Thus, in accordance with Article 199 of the Order of November 3, 2014 (as amended by the order of December 22, 2020), as long as they are not large within the meaning of point 146 of paragraph 1 of Article 4 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26, 2013, credit institutions, finance companies, investment firms as well as the groups mentioned in III of Article L.511-57 of the French Monetary and Financial Code are not subject to the provisions of Articles L.511-81 and L.511-82 and of the second paragraph of Article L.511-84 of the French Monetary and Financial Code on an individual basis and, where applicable, on a consolidated basis when they are in one or other of the following situations:

- a) their balance sheet total is less than or equal to an average of €5 billion over the four-year period immediately preceding the current fiscal year;
- b) their balance sheet total is less than or equal to an average of €10 billion over the four-year period immediately preceding the current fiscal year and they cumulatively meet the criteria set out in points c, d and e of Article 4(1), point 145 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26, 2013.

Given the size of Crédit Mutuel Alliance Fédérale and some of its constituent entities, risk takers are identified not only at the consolidated level but also at the individual level.

Crédit Mutuel Alliance Fédérale’s human resources department, in conjunction with the risk and compliance department, submits a list to Executive Management which is validated by the Compensation Committee and the Board of Directors.

At the consolidated level

The scope therefore concerns Caisse Fédérale de Crédit Mutuel, Banque Fédérative du Crédit Mutuel, CIC, Cofidis and TARGOBANK AG.

In terms of qualitative criteria, the list of MRTs therefore includes:

- the members of Chairmanship and Executive Management;
- the directors and all members of the specialized committees of the umbrella structures;
- the heads of Compliance, Periodic Control, Permanent Control and Risk Management, at group level;
- the directors of a function in charge of legal affairs, finance (including tax and budget), human resources, compensation policy, anti-money laundering and combating the financing of terrorism, information technology, business analysis or the outsourcing of essential functions, at group level;
- the risk managers and managers of major business units (*i.e.*, operational units to which at least 2% of the group’s internal capital has been allocated), given that the managers of Crédit Mutuel

Alliance Fédérale include the managers and employees that report directly to them;

- employees with power to make proposals or commit the group, individually or collectively as a committee, up to the regulatory threshold of 0.5% of Tier 1 capital, *i.e.*, either through loan origination or through equity investments;
- employees who may expose the credit institution to a market risk equal to or greater than 0.5% of CET1 or 5% of the internal limit in risk value;
- employees managing a group of people who, cumulatively, may meet the thresholds for credit or market risk commitments;
- the members of the committees responsible for managing a specific risk: ALM Committee, Group Risk Committee, Operational Risk/Permanent Control Committee, Control/Compliance Committee, New Products Committee.

With regard to quantitative criteria, employees should be considered as risk takers:

- with a total compensation greater than or equal to €750,000;
- with compensation of €500,000 or more as well as the average compensation of members of the management body and Executive Management, in order to identify personnel whose activities have a significant impact on the risk profile of a major business unit.

For the application of quantitative criteria, compensation is based on a gross and full-time equivalent basis (reconstitution of full-time compensation over the full year for a part-time employee or an employee hired during the year), awarded during the fiscal year N-1.

In addition to the group’s effective managers and the managers of credit institutions, finance companies and investment firms identified on an individual basis (see below), Crédit Mutuel Alliance Fédérale has decided to consider as risk takers all the effective managers of its subsidiaries and all staff members whose compensation exceeds the threshold of €500,000.

At the individual level

An identification of risk takers is also carried out at the level of credit institutions, finance companies and investment firms that meet the criteria for application on an individual basis set out in Delegated Regulation No. 604/2014 (amended by the Order of December 22, 2020, Articles 198, 199 and 200).

Each year, the list of institutions concerned within the scope of Crédit Mutuel Alliance Fédérale is drawn up by the group human resources department and the Compensation Committee is informed.

In terms of qualitative criteria, the list therefore includes:

- the members of Chairmanship and Executive Management;
- directors;
- the heads of Compliance, Periodic Control, Permanent Control and Risk Management, at the individual level and in the major operational units identified;
- the directors of a function in charge of legal affairs, finance (including tax and budget), human resources, compensation policy, anti-money laundering and combating the financing of terrorism, information technology, business analysis or outsourcing of key functions, at the institutional level and at the level of the major business unit where these activities are delegated locally;

- the managers of the major business units not previously identified (*i.e.*, operational units to which at least 2% of the group's internal capital has been allocated), bearing in mind that the managers for Crédit Mutuel Alliance Fédérale include the managers and the employees reporting directly to it;
- employees with power to make proposals or commit the group, individually or collectively as a committee, up to the regulatory threshold of 0.5% of Tier 1 capital, *i.e.*, either through loan origination or through equity investments;
- employees who may expose the credit institution to a market risk equal to or greater than 0.5% of CET1 or 5% of the internal limit in risk value;
- employees managing a group of people who, cumulatively, may meet the thresholds for credit or market risk commitments;

- the members of the committees responsible for managing a specific risk: ALM Committee, Group Risk Committee, Operational Risk/Permanent Control Committee, Control/Compliance Committee, New Products Committee.

In terms of quantitative criteria, the list includes:

- employees with total compensation greater than or equal to €750,000;
- employees with fixed compensation of €500,000 or more, as well as the average compensation of members of the management body and Executive Management in order to identify employees whose activities have a significant impact on the risk profile of a major business unit;
- where the institution has more than 1,000 employees, they are among the 0.3% of employees (rounded up to the nearest whole number) who received the highest total compensation within the institution during the previous year or for the previous year on an individual basis.

5.19.3 Design and structure of compensation processes

Given the specific features of its business lines, its legal entities and the national and international legislation in which it operates, Crédit Mutuel Alliance Fédérale has set up a compensation system in line with its values while ensuring that its employees receive compensation in line with reference markets in order to attract and retain the talent it needs.

The Executive Management of Crédit Mutuel Alliance Fédérale defines the strategic guidelines for compensation (for example, the choice to favor fixed compensation, except for limited exceptions in some specialized activities) or operational guidelines (for example in the context of annual negotiations) and then examines the compensation policy prepared by Crédit Mutuel Alliance Fédérale HR department together with the heads of Crédit Mutuel Alliance Fédérale business lines and entities.

The risk, permanent control and compliance department of Crédit Mutuel Alliance Fédérale checks that the proposed policy:

- is in line with Crédit Mutuel Alliance Fédérale's business strategy, objectives, values and long-term interests;
- takes into account measures to avoid conflicts of interest;
- is designed to promote sound and effective risk management;
- complies with regulations;
- is applied in an appropriate manner within Crédit Mutuel Alliance Fédérale and reports non-compliance issues to the effective managers and the supervisory body.

The Board of Directors adopts and regularly reviews the general principles of the compensation policy and monitors their implementation.

The total compensation of Crédit Mutuel Alliance Fédérale employees includes several components:

- fixed compensation, which remunerates the employee's skills, experience, level of qualification and commitment. It is set according to the market and a principle of internal consistency at Crédit Mutuel Alliance Fédérale in line with the group agreement implemented on January 1, 2018 for France;

- variable compensation for certain categories of employees: for certain business lines and under certain conditions, a variable portion may be granted. It takes into account a specific contribution to the development and results of Crédit Mutuel Alliance Fédérale. The variable compensation base includes financial and non-financial targets explicitly assigned to employees and teams. For certain activities, in the calculation of the amount to be distributed and to better control risk factors, the costs attributable to the activities are deducted, in particular the costs of risk and liquidity. Variable compensation does not constitute a right and is set each year in accordance with the compensation policy applied by Crédit Mutuel Alliance Fédérale for the year in question and the governance principles in force;

- collective compensation in the form of incentives and profit-sharing in France: such compensation will be possible, where applicable, depending on the size and agreements in place within each entity;

- a supplementary pension plan and health insurance;
- benefits in kind (company car, etc.).

Depending on the entities, business lines and responsibilities incurred and according to the performance achieved, employees benefit from all or part of these components.

The operational procedures implementing Crédit Mutuel Alliance Fédérale's compensation policy are documented so as to ensure, through permanent or periodic control, the understanding of the system and the traceability of decisions in relation to the principles and procedures in force.

As part of the regular review of the implementation of the principles of Crédit Mutuel Alliance Fédérale's compensation policy, on November 25, 2022 the Compensation Committee proposed to the Board of Directors to update the compensation policy based on the following elements:

- taking into account the changes related to the confederal framework with, in particular, the addition of a reminder to the law of 1947 and details on the sums paid in the event of termination of employment;

- intrinsic changes to Crédit Mutuel Alliance Fédérale's scope on the following topics: discretionary repurchase agreements, job retention bonuses and conflicts of interest;
- the modification of the proportionality threshold on deferrals applied to risk takers on asset management. The threshold is raised to €100 thousand in line with market practices.

At its first annual meeting, the Compensation Committee of Crédit Mutuel Alliance Fédérale reviewed the compensation of senior executives in the risk, compliance, permanent control and periodic control functions.

5.19.4 Consideration of risks in the compensation process

The compensation policy implemented by Crédit Mutuel Alliance Fédérale is intended above all to be reasonable and responsible and seeks to align the interests of Crédit Mutuel Alliance Fédérale with those of its employees. Crédit Mutuel Alliance Fédérale believes that a company's compensation policy is an important aspect of consistency in its strategy and risk management. In this context, Crédit Mutuel Alliance Fédérale, in keeping with its mutualist values, has defined a policy that complies with regulatory requirements with the aim of:

- promoting its mutualist values with respect for all stakeholders: members, customers and employees;
- promoting career advancement through internal training and encouraging employees' long-term commitment;
- not encouraging excessive risk-taking, avoiding the introduction of incentives that could lead to conflicts of interest and not encouraging or inducing unauthorized activities;

5.19.5 Performance-based compensation

The variable compensation package for each business line is subject to a proposal by the management of these business lines to the human resources department and the Executive Management of Crédit Mutuel Alliance Fédérale, clearly stating:

- the consistency of the change in the package with the quantitative performance of the unit (sales performance, financial performance, etc.);
- the compliance with internal control rules (compliance with control rules, limits, ethics, conflicts of interest, etc.);
- the consistency of the package with the financial fundamentals of the unit: the package does not reduce the financial fundamentals of the institution and preserves long-term interests (weighting of general operating expenses, weighting of net income, etc.);
- the consistency with risk and prior adjustment: the budget is also set taking into account risk-adjusted performance criteria: return on

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.

Crédit Mutuel Alliance Fédérale's compensation policy uses the standards described in Credit Mutuel's confederal framework on compensation - Identified population, in particular with regard to the rules in terms of guaranteed variable compensation and severance payments.

- ensuring consistency between employee behavior and Crédit Mutuel Alliance Fédérale's long-term objectives, in particular with respect to risk management control;
- ensuring fair remuneration and retaining talented employees by offering them appropriate compensation that takes into consideration the competitive environment and is based on their level of seniority, expertise and professional experience;
- respecting gender equality in terms of pay based on classification, and more broadly, fighting all forms of discrimination;
- making sure that the capital base is regularly strengthened.

Thus, in 2022, the amount of variable compensation amounted to almost 5% of total compensation within the regional group Crédit Mutuel Alliance Fédérale, 1.7% of general operating expenses and 0.33% of CET1 capital.

assets, consumption of capital required for business risks, liquidity risk, etc. The level of the package is not the result of excessive risk-taking;

- the comparison with market practices, where necessary.

The packages set for each of the entities/units are distributed among the various activities according to criteria specific to each business or team. The distribution of bonuses takes into account various aspects such as:

- performance measurement;
- risk measurement;
- behavior in terms of team spirit and responsiveness;
- professional behavior in relation to the values, ethics and procedures of Crédit Mutuel Alliance Fédérale.

5.19.6 Variable and deferred compensation

As indicated in its compensation policy, variable compensation is limited to certain specialized business lines in France and abroad. When the system is in place, the forms of allocation are standardized and deferral methods are governed by the group's policy for identified personnel.

Until 2021, Crédit Mutuel Alliance Fédérale did not use payment in the form of financial instruments for deferred variable compensation. This practice is correlated to the mutualist status of the group, which is made up of members. As a result, there is no share capital held by shareholders. There is therefore no variable compensation indexed to Crédit Mutuel Alliance Fédérale shares or securities, all of which is paid in cash.

At its meeting on November 23, 2021, the Compensation Committee reviewed the changes to the compensation policy and, in particular taking into account of the confederal framework on compensation for the risk-takers population established at the beginning of 2021 at the request of the JST.

As a result, changes have been made to the rules governing the payment of variable compensation to risk takers from 2021 onwards. The variable compensation of risk takers must comply with the following criteria, provided that the variable compensation exceeds €50,000 or represents more than one-third of their total annual compensation:

- 50% of the variable compensation is deferred when the amount awarded is less than €500,000, and 60% when the amount awarded is higher;
- 50% of the variable compensation is paid in the form of financial instruments. For Crédit Mutuel Alliance Fédérale, the financial instrument-based payment obligation cannot be applied as-is and involves the use of non-cash instruments equivalent to ownership rights. These instruments consist of the allocation of blocked cash, indexed to a composite indicator reflecting the performance of the entities to which the beneficiary belongs. Crédit Mutuel Alliance Fédérale has chosen to use a common indicator for the entire regional group, based on a moving average over the last three years of the RORWA (return on risk-weighted assets). This indicator meets the following objectives:
 - integrating a long-term approach with a consideration of solvency over time,
 - integrating a performance approach linked to changes in the regional group's net profit/(loss),
 - take into account the principles of the compensation policy, which above all advocates the strength of the group, by limiting variable compensation to specialized business lines.

These conditions are applied to all of the group's risk takers, regardless of their parent entity.

The activities concerned by the request to exceed the 100% threshold are the trading floor activities (investment business) in France and New York.

The activity is composed of 56 operators, including 7 abroad. Almost two-thirds can benefit from a ratio above 100%.

The individual distribution to employees is decided by line managers 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 their level of variable compensation in order to prevent any risk of conflict of interest or failure to take into account Crédit Mutuel Alliance Fédérale's interests and those of its customers.

Individual allocations are carried out and decided by management based on:

- the performance of the team to which the person concerned belongs;
- individual performance measured according to the result-risk ratio;
- individual assessments taking into account the qualitative achievements in relation to the objectives set.

For example, for market operators, the overall allocation is made according to the following quantitative and qualitative performance criteria:

- economic results of the activity to which the operators are attached;
- risks taken;
- compliance with limits and delegations;
- behavior within teams;
- initiatives with a 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 related to the results of the activity. The 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 hold employees accountable for the medium-term risks they may impose on the institution. In addition, the payment of these amounts is subject to a continued employment condition.

Guaranteed variable compensation is prohibited, except in the context of the hiring of financial market professionals, excluding intra-group transfers. In this case, the guarantee is limited to one year.

In the event of forced departure due to serious misconduct or gross negligence, these "post-departure" compensation components may be reduced or eliminated, in particular by applying the provisions provided for by the company and in particular in France under Articles L.511-84 and L.511-84-1 of the French Monetary and Financial Code.

TABLE 78: SUMMARY OF COMPENSATION AWARDED DURING THE FISCAL YEAR (EU REM1)

		Management			
		Management body – Supervisory function	Management body – Management function	Other Executive Management members	Other members of the identified population
<i>(in € millions)</i> At 12/31/2022					
Fixed compensation awarded during the year	Number of members of the identified population (who received fixed compensation)	139	148	198	313
	Total fixed compensation	5	47	38	55
	Of which: compensation in cash	5	44	35	50
	Of which: shares and equivalent ownership rights	-	-	-	-
	Of which: other instruments linked to shares and other equivalent non-cash instruments	-	-	-	-
	Of which: other instruments	-	-	-	-
	Of which: other types of compensation	0	3	4	5
Variable compensation awarded during the year	Number of members of the identified population (who received variable compensation)	0	61	54	118
	Total variable compensation	-	9	7	16
	Of which: compensation in cash	-	6	4	10
	Of which: deferred compensation included in this compensation in cash	-	2	2	4
	Of which: shares and equivalent ownership rights	-	-	-	-
	Of which: deferred compensation included in this compensation in shares and equivalent ownership rights	-	-	-	-
	Of which: other instruments linked to shares and other equivalent non-cash instruments	-	3	3	7
	Of which: deferred compensation included in this compensation in instruments linked to shares and other equivalent non-cash instruments	-	1	2	4
	Of which: other instruments	-	-	-	-
	Of which: deferred compensation included this compensation in other instruments	-	-	-	-
	Of which: other types of compensation	-	-	-	-
	Of which: deferred compensation included in these other forms of compensation	-	-	-	-
TOTAL COMPENSATION ALLOCATED DURING THE FISCAL YEAR		5	56	45	71

TABLE 79: SPECIAL PAYMENTS DURING THE FISCAL YEAR (EU REM2)

		Management			
		Management body – Supervisory function	Management body – Management function	Other Executive Management members	Other members of the identified population
<i>(in € millions)</i>					
At 12/31/2022					
Guaranteed variable compensation awarded during the year	Number of members of the identified population	0	0	0	0
	Total amount	-	-	-	-
	Including arrival bonuses, guaranteed variable compensation following the arrival of an employee, etc.				
	Of which paid during the year and which are not included in the capping of bonuses	-	-	-	-
Severance payments paid during the fiscal year, awarded in previous periods	Number of members of the identified population	0	0	0	0
	Total amount	-	-	-	-
Severance payments awarded during the fiscal year	Number of members of the identified population	0	1	0	0
	Total amount	-	1	1	1
	Of which paid during the year	-	1	1	1
	Of which paid during the year and which are not included in the capping of bonuses	-	-	-	-
	Of which deferred	-	-	-	-
	Of which the highest indemnities awarded to a single person	-	1	-	-

TABLE 80: DEFERRED COMPENSATION SUBJECT TO A LOCK-UP PERIOD (EU REM3)

	Deferred compensation vested in respect of previous fiscal years Y-1 and prior			Operations that took place in year Y (including compensation that will not be paid in Y+1)			Compensation vested in Y g = paid immediately in Y+1 h = subject to retention	
	Total amount of deferred compensation granted in respect of previous performance periods	Of which: vesting during/ at the end of the fiscal year	Of which: vesting during/ at the end of the following fiscal years	Amount of the performance adjustment applied during the fiscal year to deferred compensation that were to vest during the fiscal year	Amount of the performance adjustment applied during the fiscal year to deferred compensation that were to vest in future performance years	Total amount of adjustment during the fiscal year due to implicit ex-post adjustments	Total amount of deferred compensation granted before the fiscal year actually paid during the fiscal year	Total amount of deferred compensation granted in respect of previous performance periods that have vested but are subject to retention periods
<i>(in € millions)</i> At 12/31/2022								
MANAGEMENT BODY – SUPERVISORY FUNCTION	-	-	-	-	-	-	-	-
Cash	-	-	-	-	-	-	-	-
Shares and equivalent ownership rights	-	-	-	-	-	-	-	-
Other instruments linked to shares and other equivalent non-cash instruments	-	-	-	-	-	-	-	-
Other instruments	-	-	-	-	-	-	-	-
Other types	-	-	-	-	-	-	-	-
MANAGEMENT BODY – MANAGEMENT FUNCTION	6	2	4	-	-	-	2	-
Cash	5	2	3	-	-	-	2	-
Shares and equivalent ownership rights	-	-	-	-	-	-	-	-
Other instruments linked to shares and other equivalent non-cash instruments	2	1	1	-	-	-	1	-
Other instruments	-	-	-	-	-	-	-	-
Other types	-	-	-	-	-	-	-	-
OTHER EXECUTIVE MANAGEMENT MEMBERS	4	2	3	-	-	-	2	-
Cash	3	1	2	-	-	-	1	-
Shares and equivalent ownership rights	-	-	-	-	-	-	-	-
Other instruments linked to shares and other equivalent non-cash instruments	2	-	1	-	-	-	-	-
Other instruments	-	-	-	-	-	-	-	-
Other types	-	-	-	-	-	-	-	-
OTHER MEMBERS OF THE IDENTIFIED POPULATION	12	5	7	-	-	-	5	-
Cash	8	4	4	-	-	-	4	-
Shares and equivalent ownership rights	-	-	-	-	-	-	-	-
Other instruments linked to shares and other equivalent non-cash instruments	4	1	3	-	-	-	1	-
Other instruments	-	-	-	-	-	-	-	-
Other types	-	-	-	-	-	-	-	-
TOTAL	23	9	13	-	-	-	9	-

TABLE 81: HIGH LEVELS OF COMPENSATION (EU REM4)

(in number of people)
At 12/31/2022

Members of the identified population who received
a high level of compensation within Article 450 (i) CRR

Between 1 million and 1.5 million not included	6
Between 1.5 million and 2 million not included	2
Between 2 million and 2.5 million not included	-
Between 2.5 million and 3 million not included	-
Between 3 million and 3.5 million not included	-
Between 3.5 million and 4 million not included	-
Between 4 million and 4.5 million not included	-
Between 4.5 million and 5 million not included	-
Between 5 million and 6 million not included	-
Between 6 million and 7 million not included	-
Between 7 million and 8 million not included	-

TABLE 82: BREAKDOWN OF THE IDENTIFIED POPULATION BY AREA OF ACTIVITY (EU REM5)

(in € millions) At 12/31/2021	Management			Area of activity					
	Management body – Supervisory function	Management body – Management function	Management body as a whole	Investment banking	Retail banking	Asset management	Independent internal control functions	Cross-functional functions	Other
TOTAL NUMBER OF MEMBERS FROM THE IDENTIFIED POPULATION	798								
Including members of management:									
■ management body	139	148	287						
■ Executive Management				16	95	7	1	56	23
Including other members of the identified population				61	71	2	117	56	6
TOTAL COMPENSATION OF THE IDENTIFIED POPULATION	5	56	61	38	33	2	20	20	4
Of which variable compensation	0	9	9	16	3	1	2	1	0
Of which fixed compensation	5	47	52	22	29	1	18	18	4

APPENDICES

MAIN FEATURES OF EQUITY INSTRUMENTS (CET1)

Issuer	Crédit Mutuel Alliance Fédérale – Caisse Fédérale de Crédit Mutuel	Crédit Mutuel Alliance Fédérale – Caisse Fédérale de Crédit Mutuel
Unique identifier [e.g., CUSIP, ISIN or Bloomberg for private placement]	969500LFTDNMONT2EP08	969500LFTDNMONT2EP08
Law governing the instrument	Law No. 47-1775 of September 10, 1947 on the constitution of cooperatives and Article L.512-1 of the French Monetary and Financial Code	Law No. 47-1775 of September 10, 1947 on the constitution of cooperatives and Article L.512-1 of the French Monetary and Financial Code
<i>Regulatory treatment</i>		
CRR transitional rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital
Post-transition CRR rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital
Eligible at individual (sub-) consolidated/ individual and (sub-) consolidated level	Individual and (sub-)consolidated	Individual and (sub-)consolidated
Type of instrument (to be specified for each jurisdiction)	Type A shares – list published by the EBA (Article 26, paragraph 3 of the CRR)	Type B shares – list published by the EBA (Article 26, paragraph 3 of the CRR)
Amount recognized in regulatory capital (currency in millions, at the last reporting date)	€259.91 million	€8,005.85 million
Nominal value of the instrument	€15	€1
Issue price	€15	€1
Redemption amount	€15	€1
Accounting classification	Shareholders' equity	Shareholders' equity
Initial issue date	Variable	Variable
Perpetual or fixed term	Perpetual	Perpetual
Initial maturity	N/A	N/A
Issuer call option subject to prior approval by the supervisory authority	No	No
Optional call option exercise date, conditional call option exercise date and call price	N/A	N/A
Subsequent dates of exercise of the call option, if applicable	N/A	N/A
<i>Coupons/dividends</i>		
Fixed or floating dividend/coupon	N/A	Floating
Coupon rate and any associated index	N/A	N/A
Existence of a dividend suspension mechanism (dividend stopper)	No	No
Full discretion, partial discretion or mandatory (in terms of timing)	Full discretion	Full discretion
Full discretion, partial discretion or mandatory (in terms of amount)	Full discretion	Full discretion
Existence of a compensation increase mechanism (step up) or another redemption incentive	No	No
Cumulative or non-cumulative	Non-cumulative	Non-cumulative

Issuer	Crédit Mutuel Alliance Fédérale – Caisse Fédérale de Crédit Mutuel	Crédit Mutuel Alliance Fédérale – Caisse Fédérale de Crédit Mutuel
Convertible or non-convertible	Non-convertible	Non-convertible
if convertible, conversion trigger	N/A	N/A
if convertible, fully or partially	N/A	N/A
if convertible, conversion rate	N/A	N/A
if convertible, mandatory or optional conversion	N/Aeol	N/A
if convertible, type of instrument to be converted into	N/A	N/A
if convertible, issuer of the instrument to which the conversion takes place	N/A	N/A
Capital reduction characteristics	Yes	Yes
if reduction, reduction trigger	By decision of the Shareholders' Meeting or, in case of resolution, by decision of the Resolution College of the <i>Autorité de contrôle prudentiel et de résolution</i> (ACPR – French Prudential Supervisory and Resolution Authority) pursuant to its powers under Article L.613-31-16 of the French Monetary and Financial Code	By decision of the Shareholders' Meeting or, in case of resolution, by decision of the Resolution College of the <i>Autorité de contrôle prudentiel et de résolution</i> (ACPR – French Prudential Supervisory and Resolution Authority) pursuant to its powers under Article L.613-31-16 of the French Monetary and Financial Code
if reduction, total or partial	Full or partial write-down	Full or partial write-down
if reduction, permanent or temporary	Permanent	Permanent
if provisional capital reduction, description of the capital increase mechanism	N/A	N/A
Ranking of the instrument in the event of liquidation (indicate the type of instrument of next higher ranking)	Lower rank than all other claims	Lower rank than all other claims
Existence of non-compliant characteristics	No	No
if yes, specify non-compliant characteristics	N/A	N/A

N/A: not applicable.

MAIN FEATURES OF EQUITY INSTRUMENTS (AT1)

Since the transition to CRR2 on January 1, 2022, Crédit Mutuel Alliance Fédérale no longer has any AT1-eligible instrument or AT1 instrument benefiting from a grandfather clause allowing it to be downgraded to Tier 2.

MAIN FEATURES OF EQUITY INSTRUMENTS (T2)

1 Issuer	Crédit Industriel et Commercial	Crédit Industriel et Commercial
2	FR0000584377	FR0000165847
3 Law governing the instrument	French	French
REGULATORY TREATMENT		
4 Transitional CRR rules (including additional CRR2)	Tier 2 capital	Tier 2 capital
5 Post-transitional CRR rules (including additional CRR2)	Tier 2 capital	Tier 2 capital
6 Eligible at individual (sub-) consolidated/ individual and (sub-) consolidated level	Consolidated and sub-consolidated	Consolidated and sub-consolidated
7 Type of instrument (to be specified for each jurisdiction)	<ul style="list-style-type: none"> ■ Perpetual subordinated notes ■ art. 62 et seq. of the CRR 	<ul style="list-style-type: none"> ■ Perpetual progressive-interest subordinated notes ■ art. 62 et seq. of the CRR
8 Amount recognized in regulatory capital (currency in millions, at the last reporting date)	€17.80m	€0.69m
9 Nominal value of the instrument	€18.96m	€7.25m
9a Issue price	€18.96m	€7.25m
9b Redemption amount	€18.96m	€7.25m
10 Accounting classification	Liabilities – Amortized cost	Liabilities – Amortized cost
11 Initial issue date	07/20/1987	12/26/1990
12 Perpetual or fixed term	Perpetual	Perpetual
13 Initial maturity	Without maturity	Without maturity
14 Issuer call option subject to prior approval by the supervisory authority	Yes	Yes
15 Optional call option exercise date, conditional call option exercise date and call price	<ul style="list-style-type: none"> ■ Partial or total call option at the issuer's request: for a period of 45 days from 07/20/1994 at 101% of the nominal value + accrued interest 	<ul style="list-style-type: none"> ■ Partial or total call option at the issuer's request: on December 26, 1999 at par
16 Subsequent dates of exercise of the call option, if applicable	For a period of 45 days from each interest payment date after 07/20/1994	On each interest payment date after 12/26/1999

MAIN FEATURES OF EQUITY INSTRUMENTS (T2)

Issuer	Crédit Industriel et Commercial	Crédit Industriel et Commercial
COUPONS/DIVIDENDS		
17 Fixed or floating dividend/coupon	Floating	Floating
18 Coupon rate and any associated index	Average of the last 12 TMEs +0.25%	P1C +1.75% for interest payable each year since 2006
19 Existence of a dividend suspension mechanism (dividend stopper)	No	No
20a Full discretion, partial discretion or mandatory (in terms of timing)	Partial discretion	Partial discretion
20b Full discretion, partial discretion or mandatory (in terms of amount)	Mandatory	Mandatory
21 Existence of a compensation increase mechanism (step up) or another 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 to be converted into	n/a	n/a
29 if convertible, issuer of the instrument to which the conversion takes place	n/a	n/a
30 Capital reduction characteristics	No	No
31 if reduction, reduction trigger	n/a	n/a
32 if reduction, total or partial	n/a	n/a
33 if reduction, permanent or temporary	n/a	n/a
34 if provisional capital reduction, description of the capital increase mechanism	n/a	n/a
35 Ranking of the instrument in the event of liquidation (indicate the type of instrument of next higher ranking)	Non-Preferred Senior Debt	Non-Preferred Senior Debt
36 Existence of non-compliant characteristics	No	No
37 if yes, specify non-compliant characteristics	n/a	n/a

MAIN FEATURES OF EQUITY INSTRUMENTS (T2)

1	Issuer	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg for private placement)	XS1069549761	XS1288858548
3	Law governing the instrument	English unless subordination	English unless subordination
REGULATORY TREATMENT			
4	Transitional CRR rules (including additional CRR2)	Tier 2 capital	Tier 2 capital
5	Post-transitional CRR rules (including additional CRR2)	Tier 2 capital	Tier 2 capital
6	Eligible at individual (sub-) consolidated/ individual and (sub-) consolidated level	Consolidated	Consolidated
7	Type of instrument (to be specified for each jurisdiction)	<ul style="list-style-type: none"> ■ Subordinated notes ■ art. 62 et seq. of the CRR 	<ul style="list-style-type: none"> ■ Subordinated notes ■ art. 62 et seq. of the CRR
8	Amount recognized in regulatory capital (currency in millions, at the last reporting date)	€275.01m	€539.73m
9	Nominal value of the instrument	€1,000.00m	€1,000.00m
9a	Issue price	€991.43m	€990.84m
9b	Redemption amount	€1,000.00m	€1,000.00m
10	Accounting classification	Liabilities – Amortized cost	Liabilities – Amortized cost
11	Initial issue date	05/21/2014	09/11/2015
12	Perpetual or fixed term	Fixed term	Fixed term
13	Initial maturity	05/21/2024	09/11/2025
14	Issuer call option subject to prior approval by the supervisory authority	Yes	Yes
15	Optional call option exercise date, conditional call option exercise date and call price	<ul style="list-style-type: none"> ■ Call option for the entire issue in the event of tax events (withholding tax event or tax deduction event): at any time at par ■ Call option for the entire issue in the event of downgrading of Tier 2 capital (capital event): at any time at par ■ Call option for the entire issue in the event of gross-up event: at any time at par 	<ul style="list-style-type: none"> ■ Call option for the entire issue in the event of tax events (withholding tax event, tax deduction event or tax gross-up event): at any time at par ■ Call option for the entire issue in the event of downgrading of Tier 2 capital (capital event): at any time at par
16	Subsequent dates of exercise of the call option, if applicable	n/a	n/a

MAIN FEATURES OF EQUITY INSTRUMENTS (T2)

Issuer	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel
COUPONS/DIVIDENDS		
17 Fixed or floating dividend/coupon	Fixed	Fixed
18 Coupon rate and any associated index	3.00%	3.00%
19 Existence of a dividend suspension mechanism (dividend stopper)	No	No
20a Full discretion, partial discretion or mandatory (in terms of timing)	Mandatory	Mandatory
20b Full discretion, partial discretion or mandatory (in terms of amount)	Mandatory	Mandatory
21 Existence of a compensation increase mechanism (step up) or another 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 to be converted into	n/a	n/a
29 if convertible, issuer of the instrument to which the conversion takes place	n/a	n/a
30 Capital reduction characteristics	No	No
31 if reduction, reduction trigger	n/a	n/a
32 if reduction, total or partial	n/a	n/a
33 if reduction, permanent or temporary	n/a	n/a
34 if provisional capital reduction, description of the capital increase mechanism	n/a	n/a
35 Ranking of the instrument in the event of liquidation (indicate the type of instrument of next higher ranking)	Non-Preferred Senior Debt	Non-Preferred Senior Debt
36 Existence of non-compliant characteristics	No	No
37 if yes, specify non-compliant characteristics	n/a	n/a

MAIN FEATURES OF EQUITY INSTRUMENTS (T2)

1	Issuer	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg for private placement)	XS1385945131	XS1512677003
3	Law governing the instrument	English unless subordination	English unless subordination
REGULATORY TREATMENT			
4	Transitional CRR rules (including additional CRR2)	Tier 2 capital	Tier 2 capital
5	Post-transitional CRR rules (including additional CRR2)	Tier 2 capital	Tier 2 capital
6	Eligible at individual (sub-) consolidated/ individual and (sub-) consolidated level	Consolidated	Consolidated
7	Type of instrument (to be specified for each jurisdiction)	<ul style="list-style-type: none"> ■ Subordinated notes ■ art. 62 et seq. of the CRR 	<ul style="list-style-type: none"> ■ Subordinated notes ■ art. 62 et seq. of the CRR
8	Amount recognized in regulatory capital (currency in millions, at the last reporting date)	€646.03m	€538.52m
9	Nominal value of the instrument	€1,000.00m	€700.00m
9a	Issue price	€990.98m	€695.09m
9b	Redemption amount	€1,000.00m	€700.00m
10	Accounting classification	Liabilities – Amortized cost	Liabilities – Amortized cost
11	Initial issue date	03/24/2016	11/04/2016
12	Perpetual or fixed term	Fixed term	Fixed term
13	Initial maturity	03/24/2026	11/04/2026
14	Issuer call option subject to prior approval by the supervisory authority	Yes	Yes
15	Optional call option exercise date, conditional call option exercise date and call price	<ul style="list-style-type: none"> ■ Call option for the entire issue in the event of tax (withholding tax event, tax deduction event or tax gross-up event): at any time at par ■ Call option for the entire issue in the event of downgrading of Tier 2 capital (capital event): at any time at par 	<ul style="list-style-type: none"> ■ Call option for the entire issue in the event of tax events (withholding tax event, tax deduction event or tax gross-up event): at any time at par ■ Call option for the entire issue in the event of downgrading of Tier 2 capital (capital event): at any time at par
16	Subsequent dates of exercise of the call option, if applicable	n/a	n/a

MAIN FEATURES OF EQUITY INSTRUMENTS (T2)

Issuer	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel
COUPONS/DIVIDENDS		
17 Fixed or floating dividend/coupon	Fixed	Fixed
18 Coupon rate and any associated index	2.375%	1.875%
19 Existence of a dividend suspension mechanism (dividend stopper)	No	No
20a Full discretion, partial discretion or mandatory (in terms of timing)	Mandatory	Mandatory
20b Full discretion, partial discretion or mandatory (in terms of amount)	Mandatory	Mandatory
21 Existence of a compensation increase mechanism (step up) or another 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 to be converted into	n/a	n/a
29 if convertible, issuer of the instrument to which the conversion takes place	n/a	n/a
30 Capital reduction characteristics	No	No
31 if reduction, reduction trigger	n/a	n/a
32 if reduction, total or partial	n/a	n/a
33 if reduction, permanent or temporary	n/a	n/a
34 if provisional capital reduction, description of the capital increase mechanism	n/a	n/a
35 Ranking of the instrument in the event of liquidation (indicate the type of instrument of next higher ranking)	Non-Preferred Senior Debt	Non-Preferred Senior Debt
36 Existence of non-compliant characteristics	No	No
37 if yes, specify non-compliant characteristics	n/a	n/a

MAIN FEATURES OF EQUITY INSTRUMENTS (T2)

1	Issuer	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg for private placement)	XS1587911451	XS1717355561
3	Law governing the instrument	English unless subordination	English unless subordination
REGULATORY TREATMENT			
4	Transitional CRR rules (including additional CRR2)	Tier 2 capital	Tier 2 capital
5	Post-transitional CRR rules (including additional CRR2)	Tier 2 capital	Tier 2 capital
6	Eligible at individual (sub-) consolidated/ individual and (sub-) consolidated level	Consolidated	Consolidated
7	Type of instrument (to be specified for each jurisdiction)	<ul style="list-style-type: none"> ■ Subordinated notes ■ art. 62 et seq. of the CRR 	<ul style="list-style-type: none"> ■ Subordinated notes ■ art. 62 et seq. of the CRR
8	Amount recognized in regulatory capital (currency in millions, at the last reporting date)	€424.93m	€487.67m
9	Nominal value of the instrument	€500.00m	€500.00m
9a	Issue price	€497.62m	€495.72m
9b	Redemption amount	€500.00m	€500.00m
10	Accounting classification	Liabilities – Amortized cost	Liabilities – Amortized cost
11	Initial issue date	3/31/2017	11/15/2017
12	Perpetual or fixed term	Fixed term	Fixed term
13	Initial maturity	3/31/2027	11/15/2027
14	Issuer call option subject to prior approval by the supervisory authority	Yes	Yes
15	Optional call option exercise date, conditional call option exercise date and call price	<ul style="list-style-type: none"> ■ Call for the entire issue in case of tax events impacting the coupon payment (withholding tax event, tax deduction event or tax gross-up event): at any time at par ■ Call option for the entire issue in the event of downgrading of Tier 2 capital (capital event): at any time at par 	<ul style="list-style-type: none"> ■ Call for the entire issue in case of tax events impacting the coupon payment (withholding tax event, tax deduction event or tax gross-up event): at any time at par ■ Call option for the entire issue in the event of downgrading of Tier 2 capital (capital event): at any time at par
16	Subsequent dates of exercise of the call option, if applicable	n/a	n/a

MAIN FEATURES OF EQUITY INSTRUMENTS (T2)

Issuer	Banque Fédérative du Cr�dit Mutuel	Banque F�d�rative du Cr�dit Mutuel
COUPONS/DIVIDENDS		
17 Fixed or floating dividend/coupon	Fixed	Fixed
18 Coupon rate and any associated index	2.625%	1.625%
19 Existence of a dividend suspension mechanism (dividend stopper)	No	No
20a Full discretion, partial discretion or mandatory (in terms of timing)	Mandatory	Mandatory
20b Full discretion, partial discretion or mandatory (in terms of amount)	Mandatory	Mandatory
21 Existence of a compensation increase mechanism (step up) or another 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 to be converted into	n/a	n/a
29 if convertible, issuer of the instrument to which the conversion takes place	n/a	n/a
30 Capital reduction characteristics	No	No
31 if reduction, reduction trigger	n/a	n/a
32 if reduction, total or partial	n/a	n/a
33 if reduction, permanent or temporary	n/a	n/a
34 if provisional capital reduction, description of the capital increase mechanism	n/a	n/a
35 Ranking of the instrument in the event of liquidation (indicate the type of instrument of next higher ranking)	Non-Preferred Senior Debt	Non-Preferred Senior Debt
36 Existence of non-compliant characteristics	No	No
37 if yes, specify non-compliant characteristics	n/a	n/a

MAIN FEATURES OF EQUITY INSTRUMENTS (T2)

1	Issuer	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg for private placement)	XS1824240136	FR0013425162
3	Law governing the instrument	English unless subordination	French
REGULATORY TREATMENT			
4	Transitional CRR rules (including additional CRR2)	Tier 2 capital	Tier 2 capital
5	Post-transitional CRR rules (including additional CRR2)	Tier 2 capital	Tier 2 capital
6	Eligible at individual (sub-) consolidated/ individual and (sub-) consolidated level	Consolidated	Consolidated
7	Type of instrument (to be specified for each jurisdiction)	<ul style="list-style-type: none"> ■ Subordinated notes ■ art. 62 et seq. of the CRR 	<ul style="list-style-type: none"> ■ Subordinated notes ■ art. 62 et seq. of the CRR
8	Amount recognized in regulatory capital (currency in millions, at the last reporting date)	€500.00m	€1,000.00m
9	Nominal value of the instrument	€500.00m	€1,000.00m
9a	Issue price	€499.43m	€996.84m
9b	Redemption amount	€500.00m	€1,000.00m
10	Accounting classification	Liabilities – Amortized cost	Liabilities – Amortized cost
11	Initial issue date	05/25/2018	06/18/2019
12	Perpetual or fixed term	Fixed term	Fixed term
13	Initial maturity	05/25/2028	06/18/2029
14	Issuer call option subject to prior approval by the supervisory authority	Yes	Yes
15	Optional call option exercise date, conditional call option exercise date and call price	<ul style="list-style-type: none"> ■ Call for the entire issue in case of tax events impacting the coupon payment (withholding tax event, tax deduction event or tax gross-up event): at any time at par ■ Call option for the entire issue in the event of downgrading of Tier 2 capital (capital event): at any time at par 	<ul style="list-style-type: none"> ■ Call for the entire issue in case of tax events impacting the coupon payment (withholding tax event, tax deduction event or tax gross-up event): at any time at par ■ Call option for the entire issue in the event of downgrading of Tier 2 capital (capital event): at any time at par
16	Subsequent dates of exercise of the call option, if applicable	n/a	n/a

MAIN FEATURES OF EQUITY INSTRUMENTS (T2)

Issuer	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel
COUPONS/DIVIDENDS		
17 Fixed or floating dividend/coupon	Fixed	Fixed
18 Coupon rate and any associated index	2,500%	1.875%
19 Existence of a dividend suspension mechanism (dividend stopper)	No	No
20a Full discretion, partial discretion or mandatory (in terms of timing)	Mandatory	Mandatory
20b Full discretion, partial discretion or mandatory (in terms of amount)	Mandatory	Mandatory
21 Existence of a compensation increase mechanism (step up) or another 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 to be converted into	n/a	n/a
29 if convertible, issuer of the instrument to which the conversion takes place	n/a	n/a
30 Capital reduction characteristics	No	No
31 if reduction, reduction trigger	n/a	n/a
32 if reduction, total or partial	n/a	n/a
33 if reduction, permanent or temporary	n/a	n/a
34 if provisional capital reduction, description of the capital increase mechanism	n/a	n/a
35 Ranking of the instrument in the event of liquidation (indicate the type of instrument of next higher ranking)	Non-Preferred Senior Debt	Non-Preferred Senior Debt
36 Existence of non-compliant characteristics	No	No
37 if yes, specify non-compliant characteristics	n/a	n/a

MAIN FEATURES OF EQUITY INSTRUMENTS (T2)

1	Issuer	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg for private placement)	FR0014006KD4	FR0011828235
3	Law governing the instrument	French	French
REGULATORY TREATMENT			
4	Transitional CRR rules (including additional CRR2)	Tier 2 capital	Tier 2 capital
5	Post-transitional CRR rules (including additional CRR2)	Tier 2 capital	Tier 2 capital
6	Eligible at individual (sub-) consolidated/ individual and (sub-) consolidated level	Consolidated	Consolidated
7	Type of instrument (to be specified for each jurisdiction)	<ul style="list-style-type: none"> ■ Subordinated notes ■ art. 62 et seq. of the CRR 	<ul style="list-style-type: none"> ■ Subordinated notes ■ art. 62 et seq. of the CRR
8	Amount recognized in regulatory capital (currency in millions, at the last reporting date)	€750.00m	€1.28m
9	Nominal value of the instrument	€750.00m	€5.00m
9a	Issue price	€744.66m	€5.00m
9b	Redemption amount	€750.00m	€5.00m
10	Accounting classification	Liabilities – Amortized cost	Liabilities – Amortized cost
11	Initial issue date	11/19/2021	04/10/2014
12	Perpetual or fixed term	Fixed term	Fixed term
13	Initial maturity	11/19/2031	04/10/2024
14	Issuer call option subject to prior approval by the supervisory authority	Yes	Yes
15	Optional call option exercise date, conditional call option exercise date and call price	<ul style="list-style-type: none"> ■ Call for the entire issue in case of tax events impacting the coupon payment (withholding tax event, tax deduction event or tax gross-up event): at any time at par ■ Call option for the entire issue in the event of downgrading of Tier 2 capital (capital event): at any time at par 	At any time in the event of the occurrence of an equity event, withholding tax or gross-up. From a date 5 years after the issue, the issuer may repurchase the subordinated notes.
16	Subsequent dates of exercise of the call option, if applicable	n/a	n/a

MAIN FEATURES OF EQUITY INSTRUMENTS (T2)

Issuer	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel
COUPONS/DIVIDENDS		
17 Fixed or floating dividend/coupon	Fixed	Fixed to floating
18 Coupon rate and any associated index	1.125%	4% then Min [4.5%; Max [3%; CMS10years]
19 Existence of a dividend suspension mechanism (dividend stopper)	No	No
20a Full discretion, partial discretion or mandatory (in terms of timing)	Mandatory	Mandatory
20b Full discretion, partial discretion or mandatory (in terms of amount)	Mandatory	Mandatory
21 Existence of a compensation increase mechanism (step up) or another redemption incentive	No	No
22 Cumulative or non-cumulative	n/a	No
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 to be converted into	n/a	n/a
29 if convertible, issuer of the instrument to which the conversion takes place	n/a	n/a
30 Capital reduction characteristics	No	No
31 if reduction, reduction trigger	n/a	n/a
32 if reduction, total or partial	n/a	n/a
33 if reduction, permanent or temporary	n/a	n/a
34 if provisional capital reduction, description of the capital increase mechanism	n/a	n/a
35 Ranking of the instrument in the event of liquidation (indicate the type of instrument of next higher ranking)	Non-Preferred Senior Debt	Non-Preferred Senior Debt
36 Existence of non-compliant characteristics	No	No
37 if yes, specify non-compliant characteristics	n/a	n/a

MAIN FEATURES OF EQUITY INSTRUMENTS (T2)

1	Issuer	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg for private placement)	FR0011927037	FR0012046860
3	Law governing the instrument	French	French
REGULATORY TREATMENT			
4	Transitional CRR rules (including additional CRR2)	Tier 2 capital	Tier 2 capital
5	Post-transitional CRR rules (including additional CRR2)	Tier 2 capital	Tier 2 capital
6	Eligible at individual (sub-) consolidated/ individual and (sub-) consolidated level	Consolidated	Consolidated
7	Type of instrument (to be specified for each jurisdiction)	<ul style="list-style-type: none"> ■ Subordinated notes ■ art. 62 et seq. of the CRR 	<ul style="list-style-type: none"> ■ Subordinated notes ■ art. 62 et seq. of the CRR
8	Amount recognized in regulatory capital (currency in millions, at the last reporting date)	€1.99m	€0.63m
9	Nominal value of the instrument	€7.00m	€2.00m
9a	Issue price	€7.00m	€2.00m
9b	Redemption amount	€7.00m	€2.00m
10	Accounting classification	Liabilities – Amortized cost	Liabilities – Amortized cost
11	Initial issue date	06/03/2014	07/29/2014
12	Perpetual or fixed term	Fixed term	Fixed term
13	Initial maturity	06/03/2024	07/29/2024
14	Issuer call option subject to prior approval by the supervisory authority	Yes	Yes
15	Optional call option exercise date, conditional call option exercise date and call price	At any time in the event of the occurrence of an equity event, withholding tax or gross-up. From a date 5 years after the issue, the issuer may repurchase the subordinated notes.	At any time in the event of the occurrence of an equity event, withholding tax or gross-up. From a date 5 years after the issue, the issuer may repurchase the subordinated notes.
16	Subsequent dates of exercise of the call option, if applicable	n/a	n/a

MAIN FEATURES OF EQUITY INSTRUMENTS (T2)

Issuer	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel
COUPONS/DIVIDENDS		
17 Fixed or floating dividend/coupon	Fixed to floating	Floating
18 Coupon rate and any associated index	3.15% then Min {6%; Max {3.15%; CMS10years}	130%* CMS10years
19 Existence of a dividend suspension mechanism (dividend stopper)	No	No
20a Full discretion, partial discretion or mandatory (in terms of timing)	Mandatory	Mandatory
20b Full discretion, partial discretion or mandatory (in terms of amount)	Mandatory	Mandatory
21 Existence of a compensation increase mechanism (step up) or another redemption incentive	No	No
22 Cumulative or non-cumulative	No	No
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 to be converted into	n/a	n/a
29 if convertible, issuer of the instrument to which the conversion takes place	n/a	n/a
30 Capital reduction characteristics	No	No
31 if reduction, reduction trigger	n/a	n/a
32 if reduction, total or partial	n/a	n/a
33 if reduction, permanent or temporary	n/a	n/a
34 if provisional capital reduction, description of the capital increase mechanism	n/a	n/a
35 Ranking of the instrument in the event of liquidation (indicate the type of instrument of next higher ranking)	Non-Preferred Senior Debt	Non-Preferred Senior Debt
36 Existence of non-compliant characteristics	No	No
37 if yes, specify non-compliant characteristics	n/a	n/a

MAIN FEATURES OF EQUITY INSTRUMENTS (T2)

1	Issuer	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg for private placement)	FR0012033926	FR0012112605
3	Law governing the instrument	French	French
REGULATORY TREATMENT			
4	Transitional CRR rules (including additional CRR2)	Tier 2 capital	Tier 2 capital
5	Post-transitional CRR rules (including additional CRR2)	Tier 2 capital	Tier 2 capital
6	Eligible at individual (sub-) consolidated/ individual and (sub-) consolidated level	Consolidated	Consolidated
7	Type of instrument (to be specified for each jurisdiction)	<ul style="list-style-type: none"> ■ Subordinated notes ■ art. 62 et seq. of the CRR 	<ul style="list-style-type: none"> ■ Subordinated notes ■ art. 62 et seq. of the CRR
8	Amount recognized in regulatory capital (currency in millions, at the last reporting date)	€3.56m	€1.00m
9	Nominal value of the instrument	€11.1m	€3.00m
9a	Issue price	€12.1m	€3.00m
9b	Redemption amount	€12.1m	€3.00m
10	Accounting classification	Liabilities – Amortized cost	Liabilities – Amortized cost
11	Initial issue date	08/06/2014	09/03/2014
12	Perpetual or fixed term	Fixed term	Fixed term
13	Initial maturity	08/06/2024	09/03/2024
14	Issuer call option subject to prior approval by the supervisory authority	Yes	Yes
15	Optional call option exercise date, conditional call option exercise date and call price	At any time in the event of the occurrence of an equity event, withholding tax or gross-up. From a date 5 years after the issue, the issuer may repurchase the subordinated notes.	At any time in the event of the occurrence of an equity event, withholding tax or gross-up. From a date 5 years after the issue, the issuer may repurchase the subordinated notes.
16	Subsequent dates of exercise of the call option, if applicable	n/a	n/a

MAIN FEATURES OF EQUITY INSTRUMENTS (T2)

Issuer	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel
17 Fixed or floating dividend/coupon	Fixed to floating	Fixed to floating
18 Coupon rate and any associated index	3.10% then Min (5%; Max (3.10%; CMS10years)	3.10% then Min (5%; Max (3.10%; CMS10years)
19 Existence of a dividend suspension mechanism (dividend stopper)	No	No
20a Full discretion, partial discretion or mandatory (in terms of timing)	Mandatory	Mandatory
20b Full discretion, partial discretion or mandatory (in terms of amount)	Mandatory	Mandatory
21 Existence of a compensation increase mechanism (step up) or another redemption incentive	No	No
22 Cumulative or non-cumulative	No	No
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 to be converted into	n/a	n/a
29 if convertible, issuer of the instrument to which the conversion takes place	n/a	n/a
30 Capital reduction characteristics	No	No
31 if reduction, reduction trigger	n/a	n/a
32 if reduction, total or partial	n/a	n/a
33 if reduction, permanent or temporary	n/a	n/a
34 if provisional capital reduction, description of the capital increase mechanism	n/a	n/a
35 Ranking of the instrument in the event of liquidation (indicate the type of instrument of next higher ranking)	Non-Preferred Senior Debt	Non-Preferred Senior Debt
36 Existence of non-compliant characteristics	No	No
37 if yes, specify non-compliant characteristics	n/a	n/a

MAIN FEATURES OF EQUITY INSTRUMENTS (T2)

1	Issuer	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg for private placement)	FR0012187078	FR0012187086
3	Law governing the instrument	French	French
REGULATORY TREATMENT			
4	Transitional CRR rules (including additional CRR2)	Tier 2 capital	Tier 2 capital
5	Post-transitional CRR rules (including additional CRR2)	Tier 2 capital	Tier 2 capital
6	Eligible at individual (sub-) consolidated/ individual and (sub-) consolidated level	Consolidated	Consolidated
7	Type of instrument (to be specified for each jurisdiction)	<ul style="list-style-type: none"> ■ Subordinated notes ■ art. 62 et seq. of the CRR 	<ul style="list-style-type: none"> ■ Subordinated notes ■ art. 62 et seq. of the CRR
8	Amount recognized in regulatory capital (currency in millions, at the last reporting date)	€1.80m	€1.25m
9	Nominal value of the instrument	€5.00m	€3.50m
9a	Issue price	€5.00m	€3.50m
9b	Redemption amount	€5.00m	€3.50m
10	Accounting classification	Liabilities – Amortized cost	Liabilities – Amortized cost
11	Initial issue date	10/15/2014	10/15/2014
12	Perpetual or fixed term	Fixed term	Fixed term
13	Initial maturity	10/15/2024	10/15/2024
14	Issuer call option subject to prior approval by the supervisory authority	Yes	Yes
15	Optional call option exercise date, conditional call option exercise date and call price	At any time in the event of the occurrence of an equity event, withholding tax or gross-up. From a date 5 years after the issue, the issuer may repurchase the subordinated notes.	At any time in the event of the occurrence of an equity event, withholding tax or gross-up. From a date 5 years after the issue, the issuer may repurchase the subordinated notes.
16	Subsequent dates of exercise of the call option, if applicable	n/a	n/a

MAIN FEATURES OF EQUITY INSTRUMENTS (T2)

Issuer	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel
COUPONS/DIVIDENDS		
17 Fixed or floating dividend/coupon	Fixed to floating	Fixed to floating
18 Coupon rate and any associated index	3% then Min [4.5%; Max [3%; CMS10years]	3% then Min [4.5%; Max [3%; CMS10years]
19 Existence of a dividend suspension mechanism (dividend stopper)	No	No
20a Full discretion, partial discretion or mandatory (in terms of timing)	Mandatory	Mandatory
20b Full discretion, partial discretion or mandatory (in terms of amount)	Mandatory	Mandatory
21 Existence of a compensation increase mechanism (step up) or another redemption incentive	No	No
22 Cumulative or non-cumulative	No	No
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 to be converted into	n/a	n/a
29 if convertible, issuer of the instrument to which the conversion takes place	n/a	n/a
30 Capital reduction characteristics	No	No
31 if reduction, reduction trigger	n/a	n/a
32 if reduction, total or partial	n/a	n/a
33 if reduction, permanent or temporary	n/a	n/a
34 if provisional capital reduction, description of the capital increase mechanism	n/a	n/a
35 Ranking of the instrument in the event of liquidation (indicate the type of instrument of next higher ranking)	Non-Preferred Senior Debt	Non-Preferred Senior Debt
36 Existence of non-compliant characteristics	No	No
37 if yes, specify non-compliant characteristics	n/a	n/a

MAIN FEATURES OF EQUITY INSTRUMENTS (T2)

1	Issuer	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg for private placement)	FR0012303246	FR0011781061
3	Law governing the instrument	French	French
REGULATORY TREATMENT			
4	Transitional CRR rules (including additional CRR2)	Tier 2 capital	Tier 2 capital
5	Post-transitional CRR rules (including additional CRR2)	Tier 2 capital	Tier 2 capital
6	Eligible at individual (sub-) consolidated/ individual and (sub-) consolidated level	Consolidated	Consolidated
7	Type of instrument (to be specified for each jurisdiction)	<ul style="list-style-type: none"> ■ Subordinated notes ■ art. 62 et seq. of the CRR 	<ul style="list-style-type: none"> ■ Subordinated notes ■ art. 62 et seq. of the CRR
8	Amount recognized in regulatory capital (currency in millions, at the last reporting date)	€1.53m	€83.77m
9	Nominal value of the instrument	€4.00m	€120.00m
9a	Issue price	€4.00m	€118.51m
9b	Redemption amount	€4.00m	€120.00m
10	Accounting classification	Liabilities – Amortized cost	Liabilities – Amortized cost
11	Initial issue date	11/28/2014	03/10/2014
12	Perpetual or fixed term	Fixed term	Fixed term
13	Initial maturity	11/28/2024	06/27/2026
14	Issuer call option subject to prior approval by the supervisory authority	Yes	Yes
15	Optional call option exercise date, conditional call option exercise date and call price	At any time in the event of the occurrence of an equity event, withholding tax or gross-up. From a date 5 years after the issue, the issuer may repurchase the subordinated notes.	At any time in the event of the occurrence of an equity event, withholding tax or gross-up. From a date 5 years after the issue, the issuer may repurchase the subordinated notes.
16	Subsequent dates of exercise of the call option, if applicable	n/a	n/a

MAIN FEATURES OF EQUITY INSTRUMENTS (T2)

Issuer	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel
COUPONS/DIVIDENDS		
17 Fixed or floating dividend/coupon	Fixed to floating	Fixed
18 Coupon rate and any associated index	2.6% then Min (4%; Max (2.6%; CMS10years)	4.25%
19 Existence of a dividend suspension mechanism (dividend stopper)	No	No
20a Full discretion, partial discretion or mandatory (in terms of timing)	Mandatory	Mandatory
20b Full discretion, partial discretion or mandatory (in terms of amount)	Mandatory	Mandatory
21 Existence of a compensation increase mechanism (step up) or another redemption incentive	No	No
22 Cumulative or non-cumulative	No	No
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 to be converted into	n/a	n/a
29 if convertible, issuer of the instrument to which the conversion takes place	n/a	n/a
30 Capital reduction characteristics	No	No
31 if reduction, reduction trigger	n/a	n/a
32 if reduction, total or partial	n/a	n/a
33 if reduction, permanent or temporary	n/a	n/a
34 if provisional capital reduction, description of the capital increase mechanism	n/a	n/a
35 Ranking of the instrument in the event of liquidation (indicate the type of instrument of next higher ranking)	Non-Preferred Senior Debt	Non-Preferred Senior Debt
36 Existence of non-compliant characteristics	No	No
37 if yes, specify non-compliant characteristics	n/a	n/a

MAIN FEATURES OF EQUITY INSTRUMENTS (T2)

1	Issuer	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg for private placement)	FR0012304442	FR0012618320
3	Law governing the instrument	French	French
REGULATORY TREATMENT			
4	Transitional CRR rules (including additional CRR2)	Tier 2 capital	Tier 2 capital
5	Post-transitional CRR rules (including additional CRR2)	Tier 2 capital	Tier 2 capital
6	Eligible at individual (sub-) consolidated/ individual and (sub-) consolidated level	Consolidated	Consolidated
7	Type of instrument (to be specified for each jurisdiction)	<ul style="list-style-type: none"> ■ Subordinated notes ■ art. 62 et seq. of the CRR 	<ul style="list-style-type: none"> ■ Subordinated notes ■ art. 62 et seq. of the CRR
8	Amount recognized in regulatory capital (currency in millions, at the last reporting date)	€43.76m	€9.92m
9	Nominal value of the instrument	€55.00m	€22.00m
9a	Issue price	€55.00m	€22.00m
9b	Redemption amount	€55.00m	€22.00m
10	Accounting classification	Liabilities – Amortized cost	Liabilities – Amortized cost
11	Initial issue date	12/22/2014	04/02/2015
12	Perpetual or fixed term	Fixed term	Fixed term
13	Initial maturity	12/22/2026	04/02/2025
14	Issuer call option subject to prior approval by the supervisory authority	Yes	Yes
15	Optional call option exercise date, conditional call option exercise date and call price	At any time in the event of the occurrence of an equity event, withholding tax or gross-up. From a date 5 years after the issue, the issuer may repurchase the subordinated notes.	At any time in the event of the occurrence of an equity event, withholding tax or gross-up. From a date 5 years after the issue, the issuer may repurchase the subordinated notes.
16	Subsequent dates of exercise of the call option, if applicable	n/a	n/a

MAIN FEATURES OF EQUITY INSTRUMENTS (T2)

Issuer	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel
COUPONS/DIVIDENDS		
17 Fixed or floating dividend/coupon	Fixed	Fixed to floating
18 Coupon rate and any associated index	3.40%	1.9% then Min [3.75%; Max [1.90%; CMS10years]
19 Existence of a dividend suspension mechanism (dividend stopper)	No	No
20a Full discretion, partial discretion or mandatory (in terms of timing)	Mandatory	Mandatory
20b Full discretion, partial discretion or mandatory (in terms of amount)	Mandatory	Mandatory
21 Existence of a compensation increase mechanism (step up) or another redemption incentive	No	No
22 Cumulative or non-cumulative	No	No
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 to be converted into	n/a	n/a
29 if convertible, issuer of the instrument to which the conversion takes place	n/a	n/a
30 Capital reduction characteristics	No	No
31 if reduction, reduction trigger	n/a	n/a
32 if reduction, total or partial	n/a	n/a
33 if reduction, permanent or temporary	n/a	n/a
34 if provisional capital reduction, description of the capital increase mechanism	n/a	n/a
35 Ranking of the instrument in the event of liquidation (indicate the type of instrument of next higher ranking)	Non-Preferred Senior Debt	Non-Preferred Senior Debt
36 Existence of non-compliant characteristics	No	No
37 if yes, specify non-compliant characteristics	n/a	n/a

MAIN FEATURES OF EQUITY INSTRUMENTS (T2)

1	Issuer	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg for private placement)	FR0012632495	FR0012616894
3	Law governing the instrument	French	French
REGULATORY TREATMENT			
4	Transitional CRR rules (including additional CRR2)	Tier 2 capital	Tier 2 capital
5	Post-transitional CRR rules (including additional CRR2)	Tier 2 capital	Tier 2 capital
6	Eligible at individual (sub-) consolidated/ individual and (sub-) consolidated level	Consolidated	Consolidated
7	Type of instrument (to be specified for each jurisdiction)	<ul style="list-style-type: none"> ■ Subordinated notes ■ art. 62 et seq. of the CRR 	<ul style="list-style-type: none"> ■ Subordinated notes ■ art. 62 et seq. of the CRR
8	Amount recognized in regulatory capital (currency in millions, at the last reporting date)	€1.35m	€34.58m
9	Nominal value of the instrument	€3.00m	€40.00m
9a	Issue price	€3.00m	€40.00m
9b	Redemption amount	€3.00m	€40.00m
10	Accounting classification	Liabilities – Amortized cost	Liabilities – Amortized cost
11	Initial issue date	04/02/2015	04/27/2015
12	Perpetual or fixed term	Fixed term	Fixed term
13	Initial maturity	04/02/2025	04/27/2027
14	Issuer call option subject to prior approval by the supervisory authority	Yes	Yes
15	Optional call option exercise date, conditional call option exercise date and call price	At any time in the event of the occurrence of an equity event, withholding tax or gross-up. From a date 5 years after the issue, the issuer may repurchase the subordinated notes.	At any time in the event of the occurrence of an equity event, withholding tax or gross-up. From a date 5 years after the issue, the issuer may repurchase the subordinated notes.
16	Subsequent dates of exercise of the call option, if applicable	n/a	n/a

MAIN FEATURES OF EQUITY INSTRUMENTS (T2)

Issuer	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel
COUPONS/DIVIDENDS		
17 Fixed or floating dividend/coupon	Fixed to floating	Fixed
18 Coupon rate and any associated index	1.9% then Min (3.75%; Max (1.80%; CMS10years)	2.75%
19 Existence of a dividend suspension mechanism (dividend stopper)	No	No
20a Full discretion, partial discretion or mandatory (in terms of timing)	Mandatory	Mandatory
20b Full discretion, partial discretion or mandatory (in terms of amount)	Mandatory	Mandatory
21 Existence of a compensation increase mechanism (step up) or another redemption incentive	No	No
22 Cumulative or non-cumulative	No	No
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 to be converted into	n/a	n/a
29 if convertible, issuer of the instrument to which the conversion takes place	n/a	n/a
30 Capital reduction characteristics	No	No
31 if reduction, reduction trigger	n/a	n/a
32 if reduction, total or partial	n/a	n/a
33 if reduction, permanent or temporary	n/a	n/a
34 if provisional capital reduction, description of the capital increase mechanism	n/a	n/a
35 Ranking of the instrument in the event of liquidation (indicate the type of instrument of next higher ranking)	Non-Preferred Senior Debt	Non-Preferred Senior Debt
36 Existence of non-compliant characteristics	No	No
37 if yes, specify non-compliant characteristics	n/a	n/a

MAIN FEATURES OF EQUITY INSTRUMENTS (T2)

1	Issuer	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg for private placement)	FR0012767267	FR0013073764
3	Law governing the instrument	French	French
REGULATORY TREATMENT			
4	Transitional CRR rules (including additional CRR2)	Tier 2 capital	Tier 2 capital
5	Post-transitional CRR rules (including additional CRR2)	Tier 2 capital	Tier 2 capital
6	Eligible at individual (sub-) consolidated/ individual and (sub-) consolidated level	Consolidated	Consolidated
7	Type of instrument (to be specified for each jurisdiction)	<ul style="list-style-type: none"> ■ Subordinated notes ■ art. 62 et seq. of the CRR 	<ul style="list-style-type: none"> ■ Subordinated notes ■ art. 62 et seq. of the CRR
8	Amount recognized in regulatory capital (currency in millions, at the last reporting date)	€14.53m	€50.00m
9	Nominal value of the instrument	€30.00m	€50.00m
9a	Issue price	€30.00m	€50.00m
9b	Redemption amount	€30.00m	€50.00m
10	Accounting classification	Liabilities – Amortized cost	Liabilities – Amortized cost
11	Initial issue date	06/01/2015	12/23/2015
12	Perpetual or fixed term	Fixed term	Fixed term
13	Initial maturity	06/02/2025	12/23/2030
14	Issuer call option subject to prior approval by the supervisory authority	Yes	Yes
15	Optional call option exercise date, conditional call option exercise date and call price	At any time in the event of the occurrence of an equity event, withholding tax or gross-up. From a date 5 years after the issue, the issuer may repurchase the subordinated notes.	At any time in the event of the occurrence of an equity event, withholding tax or gross-up. From a date 5 years after the issue, the issuer may repurchase the subordinated notes.
16	Subsequent dates of exercise of the call option, if applicable	n/a	n/a

MAIN FEATURES OF EQUITY INSTRUMENTS (T2)

Issuer	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel
COUPONS/DIVIDENDS		
17 Fixed or floating dividend/coupon	Fixed to floating	Fixed to floating
18 Coupon rate and any associated index	1.35% then Min (3.10%; Max (1.35%; CMS10years)	4% then EURIBOR6M +1.78%
19 Existence of a dividend suspension mechanism (dividend stopper)	No	No
20a Full discretion, partial discretion or mandatory (in terms of timing)	Mandatory	Mandatory
20b Full discretion, partial discretion or mandatory (in terms of amount)	Mandatory	Mandatory
21 Existence of a compensation increase mechanism (step up) or another redemption incentive	No	No
22 Cumulative or non-cumulative	No	No
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 to be converted into	n/a	n/a
29 if convertible, issuer of the instrument to which the conversion takes place	n/a	n/a
30 Capital reduction characteristics	No	No
31 if reduction, reduction trigger	n/a	n/a
32 if reduction, total or partial	n/a	n/a
33 if reduction, permanent or temporary	n/a	n/a
34 if provisional capital reduction, description of the capital increase mechanism	n/a	n/a
35 Ranking of the instrument in the event of liquidation (indicate the type of instrument of next higher ranking)	Non-Preferred Senior Debt	Non-Preferred Senior Debt
36 Existence of non-compliant characteristics	No	No
37 if yes, specify non-compliant characteristics	n/a	n/a

MAIN FEATURES OF EQUITY INSTRUMENTS (T2)

1	Issuer	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg for private placement)	FR0013201431	FR001400AY79
3	Law governing the instrument	French	French
REGULATORY TREATMENT			
4	Transitional CRR rules (including additional CRR2)	Tier 2 capital	Tier 2 capital
5	Post-transitional CRR rules (including additional CRR2)	Tier 2 capital	Tier 2 capital
6	Eligible at individual (sub-) consolidated/ individual and (sub-) consolidated level	Consolidated	Consolidated
7	Type of instrument (to be specified for each jurisdiction)	<ul style="list-style-type: none"> ■ Subordinated notes ■ art. 62 et seq. of the CRR 	<ul style="list-style-type: none"> ■ Subordinated notes ■ art. 62 et seq. of the CRR
8	Amount recognized in regulatory capital (currency in millions, at the last reporting date)	€222.08m	€1,250.00m
9	Nominal value of the instrument	€300.00m	€1,250.00m
9a	Issue price	€295.79m	€1,249.55m
9b	Redemption amount	€300.00m	€1,250.00m
10	Accounting classification	Liabilities – Amortized cost	Liabilities – Amortized cost
11	Initial issue date	09/12/2016	June 2022
12	Perpetual or fixed term	Fixed term	Fixed term
13	Initial maturity	09/12/2026	June 2032
14	Issuer call option subject to prior approval by the supervisory authority	Yes	Yes
15	Optional call option exercise date, conditional call option exercise date and call price	At any time in the event of the occurrence of an equity event, withholding tax or gross-up. From a date 5 years after the issue, the issuer may repurchase the subordinated notes.	<ul style="list-style-type: none"> ■ Call for the entire issue in case of tax events impacting the coupon payment (withholding tax event, tax deduction event or tax gross-up event): at any time at par ■ Call option for the entire issue in the event of downgrading of Tier 2 capital (capital event): at any time at par
16	Subsequent dates of exercise of the call option, if applicable	n/a	n/a

MAIN FEATURES OF EQUITY INSTRUMENTS (T2)

Issuer	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel
COUPONS/DIVIDENDS		
17 Fixed or floating dividend/coupon	Fixed	Fixed
18 Coupon rate and any associated index	2.125%	3.875%
19 Existence of a dividend suspension mechanism (dividend stopper)	No	No
20a Full discretion, partial discretion or mandatory (in terms of timing)	Mandatory	Mandatory
20b Full discretion, partial discretion or mandatory (in terms of amount)	Mandatory	Mandatory
21 Existence of a compensation increase mechanism (step up) or another redemption incentive	No	No
22 Cumulative or non-cumulative	No	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 to be converted into	n/a	n/a
29 if convertible, issuer of the instrument to which the conversion takes place	n/a	n/a
30 Capital reduction characteristics	No	No
31 if reduction, reduction trigger	n/a	n/a
32 if reduction, total or partial	n/a	n/a
33 if reduction, permanent or temporary	n/a	n/a
34 if provisional capital reduction, description of the capital increase mechanism	n/a	n/a
35 Ranking of the instrument in the event of liquidation (indicate the type of instrument of next higher ranking)	Non-Preferred Senior Debt	Non-Preferred Senior Debt
36 Existence of non-compliant characteristics	No	No
37 if yes, specify non-compliant characteristics	n/a	n/a

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Consolidated Financial Statements of Crédit Mutuel Alliance Fédérale

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6.1 CONSOLIDATED FINANCIAL STATEMENTS OF CRÉDIT MUTUEL ALLIANCE FÉDÉRALE

6.1.1 Balance sheet

Balance sheet (assets)

<i>(in € millions)</i>	12/31/2022	12/31/2021	Notes
Cash, central banks	111,929	121,181	4
Financial assets at fair value through profit or loss	29,264	22,356	5a
Hedging derivatives	4,226	1,293	6a
Financial assets at fair value through equity	34,522	32,095	7
Securities at amortized cost	3,436	3,674	10a
Loans and receivables due from credit institutions and similar at amortized cost	57,173	60,915	10b
Loans and receivables due from customers at amortized cost	502,097	444,825	10c
Revaluation adjustment on rate-hedged books	-6,904	1,083	6b
Short-term investments in the insurance business line and reinsurers' share of technical reserves	122,675	135,552	13a
Current tax assets	1,557	1,249	14a
Deferred tax assets	2,237	1,774	14b
Accruals and other assets	9,582	9,496	15a
Non-current assets held for sale	4,986	107	3e
Deferred profit-sharing	48	0	-
Investments in equity consolidated companies	790	533	16
Investment property	298	61	17
Property, plant and equipment	4,079	3,832	18a
Intangible assets	740	740	18b
Goodwill	2,353	3,140	19
TOTAL ASSETS	885,087	843,906	-

Balance sheet (liabilities)

<i>(in € millions)</i>	12/31/2022	12/31/2021	Notes
Central banks	44	605	4
Financial liabilities at fair value through profit or loss	18,772	12,080	5b
Hedging derivatives	2,502	1,874	6a
Debt securities at amortized cost	135,072	121,116	11a
Due to credit and similar institutions at amortized cost	63,217	71,755	11b
Amounts due to customers at amortized cost	456,983	425,197	11c
Revaluation adjustment on rate-hedged books	-14	13	6b
Current tax liabilities	684	774	14a
Deferred tax liabilities	880	1,126	14b
Deferred income, accrued charges and other liabilities	13,998	12,783	15b
Debt related to non-current assets held for sale	3,720	0	3e
Liabilities relative to contracts of Insurance	120,121	131,424	13b
Provisions	3,407	3,894	20
Subordinated debt at amortized cost	8,951	8,054	21
Total shareholders' equity	56,748	53,211	-
Shareholders' equity – Attributable to the group	55,024	50,152	-
Capital and related reserves	8,366	6,905	22a
Consolidated reserves	44,002	38,904	22a
Gains and losses recognized directly in equity	-672	1,100	22b
Profit/(loss) for the period	3,329	3,243	-
Shareholders' equity – Non-controlling interests	1,724	3,059	-
TOTAL LIABILITIES	885,087	843,906	-

6.1.2 Income statement

<i>(in € millions)</i>	12/31/2022	12/31/2021	Notes
Interest and similar income	15,660	11,967	24
Interest and similar expenses	-7,657	-4,832	24
Commissions (income)	6,153	5,301	25
Commissions (expenses)	-1,622	-1,203	25
Net gains on financial instruments at fair value through profit or loss	700	904	26
Net gains/(losses) on financial assets at fair value through equity	-137	70	27
Net gains/(losses) resulting from derecognition of financial assets at amortized cost	0	1	28
Net income from Insurance	3,164	2,900	29
Income from other activities	1,638	1,467	30
Expenses on other activities	-559	-652	30
Net banking income	17,340	15,923	-
Employee benefit expense	-6,187	-5,475	31a
Other general operating expenses	-3,381	-2,965	31b
Movements in depreciation, amortization and impairment for property, plant and equipment and intangible assets	-760	-697	31c
Gross operating income	7,012	6,787	-
Cost of counterparty risk	-768	-699	32
Operating income	6,244	6,088	-
Share of net profit/(loss) of equity consolidated companies	1	-18	16
Net gains/(losses) on disposals of other assets	-222	0	33
Changes in the value of goodwill	-964	-847	34
Profit/(loss) before tax	5,059	5,222	-
Income tax	-1,556	-1,703	35
Post-tax gains/(losses) on discontinued operations	0	9	3e
Net profit/(loss)	3,502	3,527	-
Net profit/(loss) - Non-controlling interests	174	284	-
NET PROFIT ATTRIBUTABLE TO THE GROUP	3,329	3,243	-

Statement of net profit/(loss) and gains and losses recognized in shareholders' equity

<i>(in € millions)</i>	12/31/2022	12/31/2021
Net profit/(loss)	3,502	3,527
Translation adjustments	71	128
Revaluation of financial assets at fair value through equity – debt instruments	-174	28
Revaluation of Insurance investments	-2,406	-48
Remeasurement of hedging derivatives	21	2
Share of unrealized or deferred gains and losses of associates	-2	1
Total recyclable gains and losses recognized directly in equity	-2,489	112
Revaluation of financial assets at fair value through equity – equity instruments at closing	-4	22
Actuarial gains and losses on defined benefit plans	295	30
Share of non-recyclable gains and losses of equity consolidated companies	0	-
Total non-recyclable gains and losses recognized directly in equity	292	52
Net profit/(loss) and gains and losses recognized directly in equity	1,305	3,691
<i>o/w attributable to the group</i>	<i>1,557</i>	<i>3,408</i>
<i>o/w value of non-controlling interests</i>	<i>-252</i>	<i>283</i>

The terms relating to gains and losses recognized directly in equity are presented for the amount net of tax.

6.1.3 Changes in shareholders' equity

[in € millions]	Capital	Premiums	Reserves ⁽¹⁾	Gains and losses recognized directly in equity			Net profit/(loss) attributable to the group	Shareholders' equity attributable to the group	Non-controlling interests	Total consolidated shareholders' equity	
				Translation adjustments	Assets at fair value through equity	Hedging derivatives					Actuarial gains and losses
Shareholders' equity as of December 31, 2020	6,773	0	36,463	-87	1,435	0	-413	2,289	46,461	3,115	49,576
Appropriation of earnings from previous fiscal year	-	-	2,289	-	-	-	-	-2,289	0	-	0
Capital increase	132	-	-	-	-	-	-	-	132	-	132
Distribution of dividends	-	-	-58	-	-	-	-	-	-58	-310	-369
Acquisitions of additional shareholdings or partial disposals	-	-	-	-	-	-	-	-	0	-	0
Subtotal of movements related to relations with shareholders	132	0	2,231	0	0	0	0	-2,289	73	-310	-237
Consolidated income for the period	-	-	-	-	-	-	-	3,243	3,243	284	3,527
Changes in gains and losses recognized directly in equity	-	-	162	129	4	2	30	-	327	-1	326
Subtotal	0	0	162	129	4	2	30	3,243	3,570	283	3,853
Effects of acquisitions and disposals on non-controlling interests	-	-	-13	-	-	-	-	-	-13	-47	-60
Other changes	-	0	60	-	-	-	-	-	60	19	79
Shareholders' equity as of December 31, 2021	6,905	0	38,904	42	1,439	2	-383	3,243	50,152	3,059	53,211
Appropriation of earnings from previous fiscal year	-	-	3,243	-	-	-	-	-3,243	0	-	0
Capital increase	33	-	-	-	-	-	-	-	33	-	33
Distribution of dividends	-	-	-80	-	-	-	-	-	-80	-50	-130
Acquisitions of additional shareholdings or partial disposals	-	-	-	-	-	-	-	-	0	-	0
Subtotal of movements related to relations with shareholders	33	0	3,163	0	0	0	0	-3,243	-47	-50	-97
Consolidated income for the period	-	-	-	-	-	-	-	3,329	3,329	174	3,502
Changes in gains and losses recognized directly in equity	-	-	6	69	-2,146	17	288	-	-1,766	-426	-2,192
Subtotal	0	0	6	69	-2,146	17	288	3,329	1,563	-252	1,311
Effects of acquisitions and disposals on non-controlling interests ⁽²⁾	-	-	-20	-	-	-	-	-	-20	-32	-52
Other changes ⁽³⁾	1,428	0	1,949	-	-	-	-	-	3,377	-989	2,388
SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2022	8,366	0	44,002	111	-707	19	-95	3,329	55,024	1,731	56,756

[1] As of December 31, 2022, reserves consisted of the legal reserve (€497 million), statutory reserves (€8,806 million) and other reserves (€34,699 million).

[2] Concerns the discounting of the debt related to the Cofidis put as well as the recognition of a put at the Press division level.

[3] Relates to Crédit Mutuel Nord Europe entering the scope of consolidation effective January 1, 2022.

6.1.4 Cash Flow Statement

	12/31/2022	12/31/2021
Net profit/(loss)	3,502	3,527
Income tax	1,556	1,703
Profit/(loss) before tax	5,059	5,231
+/- Net depreciation and amortization of property, plant and equipment and intangible assets	754	696
- Impairment of goodwill and other fixed assets	985	845
+/- Net provisions and impairments	-273	-384
+/- Share of income from companies accounted for using the equity method	-1	18
+/- Net loss/gain from investing activities	-28	-7
+/- (Income)/expenses from financing activities	0	0
+/- Other movements	-5,057	7,129
= Total non-monetary items included in net profit/(loss) before tax and other adjustments	-3,620	8,298
+/- Flows related to transactions with credit institutions	-2,266	25,328
+/- Flows related to client transactions	-28,623	-8,178
+/- Flows related to other transactions affecting financial assets or liabilities	16,844	-10,047
+/- Flows related to other transactions affecting non-financial assets or liabilities	-2,522	829
- Taxes paid	-1,697	-1,335
= Net decrease/(increase) in assets and liabilities from operating activities	-18,265	6,598
TOTAL NET CASH FLOW GENERATED BY OPERATING ACTIVITIES (A)	-16,826	20,126
+/- Flows related to financial assets and investments	402	-455
+/- Flows related to investment property	-3	-48
+/- Flows related to property, plant and equipment and intangible assets	-674	-611
TOTAL NET CASH FLOW GENERATED FROM INVESTING ACTIVITIES (B)	-275	-1,114
+/- Cash flow to or from shareholders	-99	-240
+/- Other net cash flows from financing activities	7,631	2,364
TOTAL NET CASH FLOW GENERATED FROM FINANCING TRANSACTIONS (C)	7,532	2,124
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS (D)	345	187
Net increase/(decrease) in cash and cash equivalents (A + B + C + D)	-9,223	21,323
Net cash flow generated from operating activities (A)	-16,826	20,126
Net cash flow generated from investing activities (B)	-275	-1,114
Net cash flow related to financing transactions (C)	7,532	2,124
Effect of foreign exchange rate changes on cash and cash equivalents (D)	345	187
Cash and cash equivalents at opening	117,548	96,224
Cash, central banks (assets and liabilities)	120,577	99,002
Accounts (assets and liabilities) and demand loans/borrowings from credit institutions	-3,029	-2,778
Cash and cash equivalents at closing	108,325	117,548
Cash, central banks (assets and liabilities)	111,875	120,577
Accounts (assets and liabilities) and demand loans/borrowings from credit institutions	-3,550	-3,029
CHANGE IN NET CASH POSITION	-9,223	21,323

6.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF CRÉDIT MUTUEL ALLIANCE FÉDÉRALE

SUMMARY OF NOTES

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Note 1 Accounting policies and 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 prepared in accordance with IFRS as adopted by the European Union on December 31, 2022.

The full framework is available on the European Commission's website: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en#ifrs-financial-statements.

The financial statements are presented in the format recommended by the *Autorité des normes comptables* (French Accounting Standards Authority) Recommendation No. 2017-02 on IFRS Summary Financial Statements. They comply with international accounting standards as adopted by the European Union.

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

Since January 1, 2022, the group has been applying the amendments adopted by the European Union and the IFRIC decision as presented below:

Amendments to IFRS 3 – Reference to the Conceptual Framework

This amendment updates the reference to the updated version of the 2018 Conceptual Framework (and no longer to that of 1989). 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 to IFRIC 21 – Levies, instead of 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. It applies to contracts for which the group would not have met its obligations as of January 1, 2022.

Amendments to IAS 16 – Proceeds before intended use

It prohibits the deduction from the cost of an item of property, plant and equipment any proceeds generated during a necessary testing period of the item. The proceeds from selling such items must be recognized immediately in profit or loss.

Improvements to IFRS – 2018-2020 cycle

The minor amendments mainly relate to 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, in the event of the renegotiation of conditions. 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.

The adoption of these amendments did not have a significant impact on the financial statements for the 2022 fiscal year.

Russia's invasion of Ukraine

As it does not have branches in Ukraine or Russia, Crédit Mutuel Alliance Fédérale does not have teams present in the current areas of conflict; direct exposure in these two countries, as well as in Belarus, is therefore not significant. Furthermore, the group has no assets held by the Central Bank of Russia.

The group is committed to the implementation of and compliance with restrictive measures, as well as the individual and economic sanctions adopted by the European Union in response to Russia's military aggression against Ukraine. In particular, it has a robust risk governance and management system that enables it to carefully monitor transactions between its customers and Russia, thus contributing to the fight against money laundering, tax fraud and the financing of terrorism. The group also demonstrates a high level of vigilance with regards to cybersecurity.

In addition, Crédit Mutuel Alliance Fédérale is fully mobilized to deal with impacts related to the crisis in Ukraine and, in the context of increased economic uncertainty, which continues to weigh on segments previously affected by the Covid-19 crisis.

It is committed to providing appropriate support to its corporate and professional customers in difficulty (especially VSBs/SMEs) and retail customers.

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

Credit risk

As part of the provisioning of performing loans (in stages 1 & 2), the Crédit Mutuel group takes into account the impacts of successive crises, as well as the macroeconomic outlook.

Starting in the first half of 2020, the group adapted its early detection and credit risk measurement system and updated its parameters to take into account the uncertainties of the Covid-19 health crisis offset by state support measures.

This methodological approach applied in 2021, was adjusted during the second half of 2022, in the context of particularly high uncertainties related to the Ukrainian conflict, the increase in energy prices as well as agricultural commodities, metals, rising interest rates, and tightening monetary policies in response to sharply rising inflation levels.

The level of provisioning is the result of a case-by-case analysis, carried out in order to monitor any potential increase in the credit risk of professional customers or companies in difficulty, and individual customers, who would be affected, directly or indirectly, by this severely deteriorated economic context.

Macroeconomic scenarios

At December 31, 2021, the unfavorable scenario was weighted at 75%, the neutral scenario at 24% and the optimistic scenario at 1% (unchanged from December 31, 2020), in order to take into account the deteriorated macroeconomic outlook for all portfolios using the internal rating method (IRB-F and IRB-A).

Given the current very deteriorated macroeconomic situation and the pessimistic projections of the institutions, as well as the internal analyses carried out, Crédit Mutuel Alliance Fédérale has increased the weighting of its pessimistic scenario to 80% as of December 31, 2022, while the central scenario only weighs 19%, and the optimistic scenario is being maintained at 1%.

In addition, the assessment of expected credit losses also includes a post-model adjustment.

Hardening of the pessimistic scenario for individuals and sole traders

The specific hardening of the pessimistic scenario for individuals and sole traders (which led to the recalibration of default probabilities in these segments since 2020) was maintained in 2022 in order to anticipate a potential deterioration in credit risk.

Post-model adjustment to take into account the effects (direct or indirect) of the Ukraine crisis and the context of high macroeconomic uncertainties

To deal with the Covid-19 crisis, an additional depreciation has been estimated, since 2020, to anticipate the increase in claims in the sectors considered to be the most vulnerable to the health crisis (tourism, games, leisure, hotels, restaurants, the automotive and motor industry excluding manufacturers, clothing, beverages, rental of light vehicles, industrial passenger transportation, air carriers). The group methodology, defined at the national level, was based on a step-by-step analysis of the deterioration of credit risk, i.e. firstly the identification of vulnerable segments, then the implementation of additional provisions, calibrated according to the risk assessed by the groups [see Financial Statements 2021]. This depreciation was reversed in 2022, as the criteria that led to its creation were no longer met.

In 2022, the Crédit Mutuel group decided to recognize additional impairments. This post-model adjustment allows for a better understanding of the forward-looking aspect of the calculation of expected credit losses, in a context of unprecedented crises in terms of their nature and scope.

As of December 31, 2022, expected credit losses (excluding the impact of the post-model adjustment) amounted to €3,281 million, a change of -€311 million compared to December 31, 2021.

The post-model adjustment as of December 31, 2022 represents €278 million, or 7.8% of expected losses, and includes an additional impairment charge of €50 million taken on leveraged transactions.

Sensitivity analysis

The group conducted a cost of risk sensitivity test (including post-model adjustment). An increase in the weighting of the pessimistic scenario of 10 points for the IRB entities and of 5 points for the entities under the standard model would lead to an additional provision of €120 million, i.e. 3.61% of expected losses.

IBOR reform

The reform of the IBOR rates is part of the response to the weaknesses found in methodologies for the construction of indices and interbank rates, which are based on data reported by banks and on a significantly reduced volume of underlying transactions.

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, in order to secure and improve the reliability of the indices used by the market.

All indices must now comply with the BMR regulation. Non-compliant indices have been used until December 31, 2021 and for some LIBOR

(USD)^[1] terms possibly until June 30, 2023. Eventually, it will no longer be possible to use the former benchmark indices unless they are compliant with the new regulations or benefit from an exceptional contribution extension.

In order to ensure a smooth transition, the group launched a workstream in project mode starting in the first quarter of 2019, and is making sure to cover the risks (legal, commercial, organizational, tools and financial/accounting) associated with this transition.

The EONIA had been defined as a tracker of the €STR since October 2019 and until its disappearance. The €STR has been definitively designated by the European Commission as the successor to the EONIA^[2], for all contracts that do not expire at the beginning of January 2022 and do not include a robust fallback clause.

In addition, SARON plus a spread adjustment defined by maturity will, by default, represent the legal replacement index^[3] for CHF LIBOR.

Since the change in its calculation methodology in July 2019, the EURIBOR complies with the BMR regulation.

Finally, in November 2021, the British regulator Financial Conduct Authority announced the publication of synthetic GBP and JPY LIBOR until the end of 2022, which can be used for contracts that are difficult to manage in terms of legal transition (non-existent fallback clauses). In September 2022, it decided to postpone the termination of the 1-month and 6-month GBP LIBOR indices until the end of March 2023, and that of the 3-month GBP LIBOR index until the end of March 2024.

The successor market index to GBP LIBOR is SONIA, but this index will not benefit from a "regulatory" switch unlike CHF LIBOR or EONIA.

The regulator has not announced a decision regarding the USD LIBOR replacement index for maturities that will no longer be published after June 30, 2023. On the other hand, the Alternative Reference Rates Committee (ARRC), the ISDA, and the Loan Market Association (LMA) have issued recommendations in this respect. Furthermore, since the end of 2021, regulatory bodies have recommended that USD LIBOR no longer be used in new contracts.

At the end of September 2022, the UK regulator Financial Conduct Authority launched a consultation to propose the publication of synthetic USD LIBOR for certain maturities^[4] until the end of September 2024.

The group believes that uncertainties prevail on exposures indexed to the USD and GBP LIBOR rates for existing contracts that have not yet been amended on off-market scopes, the other exposures having switched to replacement indices that comply with market standards prior to January 2022.

With regard to contracts in inventory, the group is continuing its work on the transition to replacement rates.

The group has defined a process to update contracts through bilateral negotiations between the parties or by updating the sales conditions (i.e. change in the reference rate by amendment). This began in the second half of 2022.

[1] On March 5, 2021, the British regulator Financial Conduct Authority announced that it would stop publishing:

- US LIBOR rates on all other maturities (overnight, 1-month, 3-month, 6-month and 12-month) at June 30, 2023;

- LIBOR rates for all maturities and currencies GBP, JPY, CHF, EUR, as well as USD for 1-week and 2-month maturities as of December 31, 2021.

[2] European Regulation 2021/1848 of October 21, 2021.

[3] European Regulation 2021/1847 of October 14, 2021.

[4] LIBOR USD 1 month, 3 months, 6 months.

On accounting aspects, the group applies the amendments to IAS 39, IFRS 9, IFRS 7, IFRS 4 and IFRS 16, Phase 1 for the preparatory period for the reform and Phase 2, for the transition period to the new indices once they are defined. For treatments and easing measures introduced by these publications, see Section 3.1.

Exposures not due as of December 31, 2022 and subject to changes related to the IBOR reform are shown below:

Balances 12/31/2022 (in € millions)	Financial assets – Carrying amounts	Financial liabilities – Carrying amounts	Derivatives – Notional amount	Of which hedging derivatives
USD – LIBOR	218	22	0	0
GBP – LIBOR	0	0	0	0

In the absence of additional announcements regarding a replacement of the Euribor index, it has been excluded from the items presented above.

Risk management information

They are in Chapter 5 of the registration document.

1. Scope and methods of consolidation

1.1 Consolidating entity

At December 31, 2022, Crédit Mutuel Alliance Fédérale comprised 14 Crédit Mutuel federations: Centre Est Europe, Sud-Est, Île-de-France, Savoie-Mont Blanc, Midi-Atlantique, Loire-Atlantique Centre-Ouest, Centre, Normandie, Dauphiné-Vivarais, Méditerranéen, Anjou, Antilles-Guyane, Massif Central and Nord Europe.

Crédit Mutuel Alliance Fédérale is a mutualist group belonging to a central body, within the meaning of Articles L.511-30 et seq. of the French Monetary and Financial Code. Crédit Mutuel's local banks, which are wholly owned by the members, form the basis of the group, according to a "reverse pyramid" capital control structure.

In order to show the community of interest of our members in consolidation as accurately as possible, the "consolidating" entity is defined in such a way as to reflect the common bonds of operation, financial solidarity and governance.

To this end, the "consolidating entity" at the head of the group is made up of the companies placed under the same collective accreditation to carry out banking activity, issued by the Autorité de contrôle prudentiel et de résolution (ACPR – French Prudential Supervisory and Resolution Authority).

As such, the "consolidating" entity is made up of the following federations:

- Fédération du Crédit Mutuel Centre Est Europe (FCMCEE), Fédération du Crédit Mutuel du Sud-Est (FCMSE), Fédération du Crédit Mutuel Île-de-France (FCMIDF), Fédération du Crédit Mutuel Savoie-Mont Blanc (FCMSMB), Fédération du Crédit Mutuel Midi Atlantique (FCMMA), Fédération du Crédit Mutuel Loire-Atlantique Centre-Ouest (FCMLACO), Fédération du Crédit Mutuel du Centre (FCMC), Fédération du Crédit Mutuel de Normandie (FCMN), Fédération du Crédit Mutuel Dauphiné-Vivarais (FCMDV), Fédération du Crédit Mutuel Méditerranée (FCMM), Fédération du Crédit Mutuel d'Anjou (FCMA), Fédération du Crédit Mutuel Antilles-Guyanes (FCMAG), Fédération du Crédit Mutuel Massif Central (FCMMC) and Fédération du Crédit Mutuel Nord Europe (FCMNE). These political bodies of the groups determine the main strategic orientations, decide on their strategy and organize the representation of the banks;
- Caisse Fédérale de Crédit Mutuel (CF de CM), Caisse Régionale du Crédit Mutuel du Sud-Est (CRCMSE), Caisse Régionale du Crédit Mutuel d'Île-de-France (CRCMIDF), Caisse Régionale du Crédit Mutuel Savoie-Mont Blanc (CRCMSMB), Caisse Régionale du Crédit Mutuel Midi Atlantique (CRCMMA), Caisse Régionale du Crédit Mutuel Loire

Exposures that are not due as of December 31, 2022 and that will be subject to changes related to the reference rate reform mainly relate to the USD LIBOR index. They are presented in the information on risk management.

Atlantique Centre Ouest (CRCLACO), Caisse Régionale du Crédit Mutuel du Centre (CRCMC) Crédit Mutuel de Normandie (CRCMN), Crédit Mutuel Dauphiné-Vivarais (CRCMDV), Crédit Mutuel Méditerranée (CRCMM), Crédit Mutuel d'Anjou (CRCMA), Crédit Mutuel Antilles-Guyanes (CRCMAG), Crédit Mutuel Massif Central (CRCMMC) and Crédit Mutuel Nord Europe (CRCMNE). CF de CM, which is at the service of the local banks, is responsible for joint services across the network, ensures its smooth running and supports the group's logistics. It centralizes all the banks' deposits and in parallel ensures their refinancing, while fulfilling regulatory requirements on their behalf (compulsory reserves, allocated deposits, deposits at Caisse Centrale du Crédit Mutuel, etc.);

- the Crédit Mutuel banks that are members of FCMCEE, FCMSE, FCMIDF, FCMSMB, FCMMA, FCMLACO, FCMC, FCMN, FCMDV, FCMM, FCMA, FCMAG, FCMMC and FCMNE: these form the basis of the group's banking network.

1.2 Consolidation scope

The general principles for determining whether an entity is included in the consolidation scope are defined by IFRS 10, IFRS 11 and IAS 28R.

Entities that are controlled or under significant influence that do not have a significant character in relation to the consolidated financial statements are excluded from the consolidation scope. This situation is assumed when the balance sheet total or the profit or loss of a company has no impact greater than 1% of the consolidated or sub-consolidated equivalent (in the case of consolidation by level). This quantitative criterion is but relative; an entity may be included within the scope of consolidation regardless of this threshold when its business or its expected development gives it the status of a strategic investment.

The consolidation scope comprises:

- **controlled entities:** control exists 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 under joint control:** joint control is the contractually-agreed sharing of control over an entity, which exists only in the case where decisions concerning key activities require the unanimous consent of the parties sharing control. Two or more parties that exercise joint control constitute a partnership, which is either a jointly controlled operation or a joint venture;

- a jointly controlled operation is a partnership in which the parties exercising joint control have rights over the assets and obligations pursuant to liabilities relative to the entity: this involves recognizing the assets, liabilities, income and expenses relative to interests held in the entity,
- a joint venture is a partnership in which the parties who exercise joint control have rights over the net assets of the entity: the joint venture is accounted for according to the equity method.

All entities under joint control of the group are joint ventures according to the meaning of IFRS 11;

- **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.

Investments held by private equity companies and over which joint control or significant influence is exercised are recognized at fair value through profit or loss.

1.3 Consolidation methods

The consolidation methods used are the following:

1.3.1 Full consolidation

This method involves replacing the value of the shares held in the subsidiary concerned with each of the assets and liabilities of said subsidiary and showing separately the value of non-controlling interests in equity and net profit. This is the method used for all controlled entities, including those with a different account structure, regardless of whether the business concerned is an extension of that of the consolidating entity.

1.3.2 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. It is applied to all entities under joint control, classified as joint ventures or for all entities under significant influence.

1.4 Non-controlling interests

Non-controlling interests correspond to interests that do not confer control as defined by IFRS 10 and include partnership interests that entitle their holders to a share in net assets in the event of liquidation and other equity instruments issued by subsidiaries that are not held by the group.

Consolidated UCITS, particularly those representing unit-linked policies of insurance entities, are recognized at fair value through profit or loss. The amounts corresponding to non-controlling interests are shown under “Other liabilities”.

In accordance with IAS 32, the group recognized a liability for the commitment to increase its stake in Cofidis Participation to 100%. The counterparty was recorded as a reduction of minority interests and a reduction of the group’s share for the excess amount.

1.5 Reporting date

The reporting date for all of the group’s consolidated companies is December 31.

1.6 Elimination of 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.

1.7 Foreign currency translation

Concerning the accounts of foreign entities expressed in foreign currencies, the balance sheet is converted based on 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 statement is translated on the basis of the average exchange rate for the fiscal year, which is an acceptable proxy in the absence of significant exchange rate fluctuations during the period. 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.

1.8 Goodwill

1.8.1 Fair value adjustments

At the date of acquisition of a controlling interest in a new entity, said entity’s assets, liabilities and contingent liabilities are measured at their fair values at that date. Fair value adjustments correspond to the difference between the carrying amount and fair value.

1.8.2 Goodwill

In accordance with IFRS 3, at the date of acquisition of 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 their fair values 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 allows 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 the value of goodwill”.

If the group’s stake in an entity it already controls, 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 presented on a separate line in the balance sheet for fully consolidated companies and under “investments in equity consolidated companies” when the entities are consolidated using this method.

Goodwill does not include direct costs related to acquisitions, which according to IFRS 3R, are recognized in profit or loss.

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 assessments 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 case, it is not subject to impairment testing separately 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.

2. Accounting policies and principles

2.1 Financial instruments under IFRS 9

The financial instruments of the insurance divisions are not covered by these paragraphs and are still recognized in accordance with IAS 39 (see Section "2.2 Insurance activities").

2.1.1 Classification and measurement of financial assets

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

2.1.1.1 Loans, receivables and debt securities acquired

The asset is classified:

- at amortized cost, if it is held in order to collect contractual cash flows and if its characteristics are similar to those of a "basic" contract, see the Section below "Cash flow characteristics" ("hold-to-collect" model);
- at fair value through equity if the instrument is held to collect the contractual cash flows and sell them when the opportunity arises, yet without holding it for trading, and if its characteristics are similar to those of a basic contract implicitly entailing a high predictability of associated cash flows ("hold-to-collect and sell" model);
- at fair value through profit or loss if:
 - if it is not eligible for the two aforementioned categories (as it does not meet the "basic" criterion and/or is managed in accordance with the "other" business model), or
 - the group initially opts to classify it as such, in an irrevocable way. This option is used to reduce accounting mismatch in relation to another associated instrument.

Cash flow characteristics

Contractual cash flows which solely represent repayments of principal and the payment of interest on outstanding principal are compatible with a "basic" contract.

In a basic contract, interest mainly represents the consideration for the time value of money (including in the event of negative interest) and credit risk. Interest may also include the liquidity risk, administrative fees to manage the asset and a profit margin.

All contractual clauses must be analyzed, in particular those that could alter the timing or amount of contractual cash flows. The option, under the agreement, for the borrower or lender to repay the financial instrument early is compatible with the SPPI^[1] (Solely Payments of Principal and Interest) criterion for 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. This is the case, for example, when 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 when the interest rate of the financial instrument is revised periodically based on an average interest rate.

If the difference between the undiscounted contractual cash flows of the financial asset and those of the 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 dating 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:

- embedded derivatives in financial assets are no longer accounted for separately, which implies that the entire hybrid instrument is then considered as non-basic and recorded at fair value through profit or loss;
- units in UCITS or real estate UCI (OPCI) are not basic instruments and are recognized at fair value through profit or loss.

Business models

The business model represents the way in which the instruments are managed to generate cash flows and revenues. It is based on observable facts and not simply on management's intention. It is not assessed at the entity level, or on an instrument-by-instrument basis, but rather at 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 [exceptional cases].

[1] SPPI: Payment of Principal and Interest only.

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 reasons 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 that the proceeds of these sales correspond approximately to the contractual cash flows that remain to be received;
- exceptional (e.g. linked to a liquidity stress).

Disposals that are frequent (and of an insignificant unit value) or infrequent (even if they are of a significant unit value) are compatible with the hold-to-collect model.

These "authorized" disposals are not taken into account in the analysis of the significant and frequent nature of sales made from a portfolio; disposals related to changes in the regulatory or tax framework will be documented on a case-by-case basis in order to demonstrate the "infrequent" nature of such disposals.

For other disposals, thresholds have been defined according to the maturity of the securities portfolio, e.g. 2% of annual disposals out of the outstanding portfolio with an average maturity of eight years. (the group does not sell its loans recognized in a collection management model).

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 competing 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 into account estimated cash flows excluding 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 into account the amortization of premiums and discounts, as well as acquisition costs, if significant. Purchases and sales of securities are recognized on 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.

The restructuring of a loan following the debtor's financial difficulties entails novation of the contract. Following the definition of this concept by the European Banking Authority, the group integrated it into the information systems so that the accounting and prudential definitions are harmonized.

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 specific to the debtor.

– State-guaranteed loans (SGLs)

The group is committed to the government's COVID-19 crisis-related plan to support the economy. This was further strengthened in April 2022, in the context of the conflict in Ukraine.

The group offers:

- state-guaranteed loans^[1] (SGL) to support the cash flow of its business and corporate customers; and
- since April 2022, Resilience SGLs for customers that have not taken out an SGL since March 2020 or who have not exceeded the limit on their first SGL.

SGLs represent 12-month bullet loans with grace periods of one to five years. At the date of subscription, the interest rate of the SGL was set at 0%, increased by the cost of the state guarantee set at between 0.25% and 0.50% (and rebilled *via* a commission paid by the customer).

[1] The main characteristics of state-guaranteed loans and the mechanism for triggering the guarantee are summarized in Article 2 of the Order of March 23, 2020 granting state guarantees to credit institutions and financing companies and to the lenders mentioned in Article L.548-1 of the French Monetary and Financial Code.

At the end of the first 12 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 “deferral of one additional year” to start repaying the capital.

The Crédit Mutuel 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 effective interest rate method. On the date of initial recognition, they are recognized at their nominal value, which is representative of their fair value.

On the subscription anniversary date, SGLs may be subject to a grace period. The revision of flows related to the recognition of guarantee commissions over the duration of the grace period is recognized as an adjustment to the carrying amount of SGLs with an immediate and positive impact on profit. This impact was immaterial as of the reporting date.

At December 31, 2022, state-guaranteed loans issued by the group amounted to €12.9 billion, guaranteed to the tune of €11.6 billion. Outstandings downgraded to stage 3 totaled €1.1 billion.

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. As of December 31, 2022, they amounted to €0.13 billion.

– Benchmark rate reform

In accordance with the Phase 2 amendment to IAS 39, IFRS 9, IFRS 7, IFRS 4 and IFRS 16, the group applies the exceptional accounting treatment of financial assets/liabilities, from which the changes in the basis of determination of contractual cash flows result 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.

Financial assets at fair value through equity

For Crédit Mutuel Alliance Fédérale, this category only includes 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 Sections “2.1.7 Derecognition of financial assets and liabilities” and “2.1.8 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 “2.1.7 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). Before, this interest was recognized under “Net gains/(losses) on financial instruments at fair value through profit or loss”, in order to be consistent with the regulatory statements sent to the ECB as part of the Short Term Exercise (STE).

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.

2.1.1.2 Equity instruments acquired

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

- at fair value through profit or loss; or
- optionally, at fair value through other non-recyclable equity at the initial recognition and in an irrevocable manner when they are not held for trading.

Financial assets at fair value through equity

Shares and other equity instruments are recorded 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 recorded in the income statement, even when they are sold (see Section “2.1.7 Derecognition of financial assets and liabilities”). Only dividends received on variable-income securities are recognized in the income statement, under “Net gains/(losses) on financial assets at fair value through equity”. Purchases and sales of securities are recognized on the settlement date.

Financial assets at fair value through profit or loss

Equity instruments are recognized in the same way as debt instruments at fair value through profit or loss.

2.1.2 Classification and measurement of financial liabilities

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

2.1.2.1 Financial liabilities at fair value through profit or loss

- those incurred for trading purposes including, by default, derivatives with a negative fair value which do not qualify as hedging instruments; and
- non-derivative financial liabilities that the group originally classified as measured at fair value through profit or loss (fair value option). These include:
 - financial instruments containing one or more separable embedded derivatives,
 - instruments for which, were the fair value option is not applied, the accounting treatment would be inconsistent with that applied to another related instrument,
 - instruments belonging to a pool of financial instruments measured and managed at fair value.

The recognition of changes in fair value resulting from own credit risk concerning debts optionally designated at fair value through profit or loss is recognized in unrealized or deferred profit or loss in non-reclassifiable equity. The group is marginally concerned by the problem of own credit risk.

2.1.2.2 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, TLTRO II and III refinancing securities 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 carried at amortized cost include *comptes épargne logement* (CEL – mortgage saving accounts) and *plans épargne logement* (PEL – mortgage saving plans), which 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 obligations 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 impact on profit or loss is included in interest paid to customers.

Targeted longer-term refinancing operations – TLTRO III

TLTRO III transactions are financial liabilities at amortized cost.

The TLTRO III program has allowed banks to benefit since September 2019 from seven new refinancing tranches with a respective duration of three years, and with interest rates that vary according to periods, and since January 2021 from three additional tranches.

The amount of TLTRO III at which Crédit Mutuel Alliance Fédérale can borrow depends on the percentage of outstanding loans granted to non-financial corporates and households at the end of February 2019.

The TLTRO III interest rate is based on the market conditions defined by the ECB and may include a subsidy linked to the bank's credit performance.

In the context of the health crisis, the conditions of these refinancing operations had been relaxed twice by the ECB to support lending to households and businesses. Some target parameters have been recalibrated^[1]. In particular, more favorable conditions made it possible to benefit from a reduction of 50 bp over the special and additional special interest periods from June 2020 to June 2022^[2].

As part of the monetary policy measures and since June 2022, the ECB has successively raised its three key rates to reach sufficiently restrictive levels and ensure a return to an inflation target of 2% in the medium term.

On October 27, 2022, the ECB recalibrated the terms of remuneration of TLTRO III transactions in order to reinforce the transmission of the increase in key rates to the conditions for granting bank loans. The interest conditions applicable to the TLTRO III have been adjusted from November 23, 2022 (and additional early repayment dates have been opened).

They are described below and take into account the achievement by the group of the credit performance targets set by the ECB over all the reference periods of the program:

- from its start date until November 22, 2022 inclusive and excluding the special or additional special interest period, the interest rate for TLTRO III operations represents the average of the deposit facility rate over this period (and no longer over the life of the operation);
- during the special interest and additional special interest periods (June 24, 2020 to June 23, 2021 inclusive and June 24, 2021 to June 23, 2022 inclusive, respectively), it is equal to the average of the deposit facility rates over the period less 0.50% (application of a 1% ceiling);
- from November 23, 2022 until the maturity date (or early repayment date), the interest rate of the TLTRO III operations will be indexed to the average of the key ECB interest rates applicable during that period.

This change is accompanied by the opening of three additional early repayment dates.

According to the Crédit Mutuel group, the TLTRO III transactions represent variable rate financial instruments carried at amortized cost. The adjustment to the interest rate conditions following this decision must be recognized in accordance with the provisions of IFRS 9 on changes in market rates for variable rate instruments.

The interest recognized but not yet due by the group takes into account, until November 22, 2022, the effect of the change in the interest rate formula between the beginning of the transaction and that date. From November 23, 2022, the effective interest rate of TLTRO financing transactions is calculated on the basis of the average deposit facility rates known between November 23, 2022 and December 31, 2022.

At December 31, 2022, Crédit Mutuel Alliance Fédérale participated in the TLTRO III refinancing transactions for an amount of €32.2 billion (compared to €43 billion at December 31, 2021).

[1] Decision (EU) 2021/124 of the ECB of January 29, 2021 amending Decision (EU) 2019/1311 concerning a third round of targeted longer-term refinancing operations (ECB/2021/3 published in the OJEU on February 3, 2021).

[2] Decision (EU) 2020/614 of the European Central Bank of April 30, 2020 amending Decision (EU) 2019/1311 on a third round of targeted longer-term refinancing operations (ECB/2020/25).

2.1.3 Debt-equity distinction

According to the IFRIC 2 interpretation, members' shares are shareholders' equity if the entity has an unconditional right to refuse redemption or if there are legal or statutory provisions prohibiting or significantly limiting redemption. Due to the existing statutory and legal provisions, the members' shares issued by structures composing the Crédit Mutuel group's consolidating entity are recognized in shareholders' equity.

Other 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. This is the case for subordinated notes issued by the group.

2.1.4 Foreign currency transactions

Assets and liabilities denominated in a currency other than the functional currency are translated at the exchange rates at the reporting date.

2.1.4.1 Monetary financial assets and liabilities

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

2.1.4.2 Non-monetary financial assets and liabilities measured at fair value

Foreign exchange gains or losses arising from such translations are recognized in the income statement under "Net gains/(losses) at fair value through profit or loss" if measured at fair value through profit or loss, or recognized under "Unrealized or deferred capital gains/(losses)" if they are financial assets measured at fair value through equity.

2.1.5 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 in response to changes in the underlying items (interest rates, exchange rates, share prices, indices, commodities, credit ratings, etc.);
- their initial cost is low or nil;
- their settlement takes place at a future date.

The Crédit Mutuel group uses in simple derivative instruments (swaps, vanilla options), mainly interest rate instruments, which are essentially classified in level 2 of the value hierarchy.

All financial derivative instruments are recorded 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.

2.1.5.1 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 own counterparty risk present in the negative 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.

Derivatives are recognized as financial assets when their market value is positive and as financial liabilities when their market value is negative.

2.1.5.2 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.

As these are financial instruments under IFRS 9, only embedded derivatives relating to financial liabilities may be separated from the host contract to be recognized separately.

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 the 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 used in particular in the context of asset swaps. It generally aims to transform a fixed-rate instrument into a variable-rate instrument.

Three types of hedging relationship are possible. The choice of the hedging relationship depends on the nature of the risk being hedged.

- a fair value hedge hedges the exposure to changes in the fair value of financial assets or financial liabilities;
- a cash flow hedge is a hedge of the exposure to variability in cash flows relating to financial assets or financial liabilities, firm commitments or forward transactions;
- 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 out 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 hedge must be demonstrated upon inception of the hedging relationship, subsequently throughout its life, and at the very least at each balance sheet date. The ratio of the change in value or gain/loss on the hedging instrument to that of the hedged item must be within a range of 80% to 125%.

Where applicable, hedge accounting is discontinued prospectively.

– Fair value hedge of identified financial assets or liabilities

In a fair value hedging relationship, derivatives are remeasured at fair value through profit or loss under "Net gains/(losses) on financial instruments at fair value through profit or loss" symmetrically with the revaluation of the hedged items to reflect the hedged risk. This rule also applies if the hedged item is recognized at amortized cost or is a debt instrument classified under "Financial assets at fair value through equity". Changes in the fair value of the hedging instrument and the hedged risk component offset each other partially or totally; only the ineffective portion of the hedge is recognized in profit or loss. It may be due to:

- the "counterparty risk" component integrated in the value of the derivatives;
- the different value curve between the hedged items and hedging instruments. Indeed, swaps are valued with an OIS curve if they are collateralized or with a BOR curve otherwise. Hedged items are valued with a BOR curve.

The portion corresponding to the rediscounting of the derivative financial instrument is recognized in the income statement under "Interest income/(expense)". The same treatment is applied to the interest income or expense relating to the hedged item.

If the hedging relationship is interrupted or the effectiveness criteria are not met, hedge accounting is discontinued on a prospective basis. The hedging derivatives are transferred to "Financial assets or financial liabilities at fair value through profit or loss" and are accounted for in accordance with the principles applicable to this category. The carrying amount of the hedged item is subsequently no longer adjusted to reflect changes in fair value. In the case of interest rate instruments initially identified as hedged, the remeasurement adjustment is amortized over their remaining life. If the hedged item has been derecognized in the balance sheet, in particular due 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 regarding the 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 financial assets or liabilities bearing a fixed rate, the effectiveness of the hedging relationship is verified through:

- an over-hedging test: the group ensures that prospectively and retrospectively, the maturity schedule of the hedged items is greater than that of the hedging derivatives;
- a test to ensure that the maximum position hedged historically is less than the nominal value of the hedged portfolio at the balance sheet date for each future maturity band and each rate generation;
- a quantitative test: a quantitative test intended to ensure retrospectively that changes in the fair value of the modeled synthetic instrument offset changes in the fair value of the hedging instruments.

The sources of inefficiency related to macro-hedging result from shifts in the curves used to model the hedged portfolios and hedging derivatives, and from possible shifts in the timing of interest payments on these items.

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 adjustment on rate-hedged books", 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 accounted for in accordance with the rules specific to their accounting category. If the hedging relationship is terminated or no longer meets the hedge effectiveness criteria, hedge accounting is discontinued. The cumulative amounts recorded in shareholders' equity for the remeasurement of the hedging derivative are maintained in shareholders' equity until such time as the hedged transaction itself impacts profit or loss or until the transaction is no longer expected to occur. At this point, said amounts are transferred to profit or loss.

If the hedged item no longer exists, the cumulative amounts recorded in equity are immediately transferred to profit or loss.

Benchmark rate reform

Within the framework of the IBOR reform, the group is easing its hedge accounting policies for changes related to the IBOR reform:

- before defining the substitution indices, maintain existing hedging relationships during this exceptional and temporary situation and until the uncertainty created by the reform of IBOR rates is resolved concerning the choice of a new index and the effective date of this change;
- after defining the substitution indices, in particular, update 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.

2.1.6 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.

2.1.7 Derecognition of financial assets and liabilities

The group partly or fully "derecognizes" a financial asset (or a group of similar assets) when the contractual rights to the asset's cash flows expire (in the case of commercial renegotiation), or when the group has transferred the contractual rights to the financial asset's cash flows, as well as most of the risks and advantages linked with ownership of the asset.

Upon "derecognition" of:

- a financial asset or liability at amortized cost or at fair value through profit or loss: a gain or loss on disposal is recognized in the income statement in an amount equal to the difference between the carrying amount of the asset or liability and the amount of the consideration received/paid;
- a debt instrument at fair value through equity: the unrealized gains or losses previously recognized under equity are taken to the income statement, as well as any capital gains/losses on disposal;
- an equity instrument at fair value through equity: the unrealized gains or losses previously recognized under equity, as well as any capital gains/losses on disposal are recognized in consolidated reserves without going through the income statement.

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.

2.1.8 Measurement of credit risk

The impairment model of IFRS 9 is based on an "expected loss" approach, whereas that of IAS 39 was based on an incurred credit loss model, implying that credit losses were recognized too late and too little at the time of the financial crisis.

Under this IFRS 9 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:

- stage 1 – non-downgraded performing loans: provisioning on the basis of 12-month expected credit losses (resulting from default risks over the following 12 months) from the initial recognition of the financial assets, provided that the credit risk has not increased significantly since initial recognition;
- stage 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
- stage 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 stages 1 and 2, the basis of calculation of interest income is the gross value of the asset before impairment while, for stage 3, it is the net value after impairment.

2.1.8.1 Governance

The models for compartment allocation, forward-looking scenarios and parameter calculation methods constitute the methodological basis for impairment calculations. They are validated at the group's top level and are applicable to all entities according to the portfolios involved. The entire methodological basis 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 Order of November 3, 2014 relative to internal control. Given the specificities of the Crédit Mutuel group's decentralized organizational structure, the supervisory and executive bodies are divided into two levels – the national level and the regional level.

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

At the national level, the Basel III Working group approves the national procedures, models and methodologies to be applied by the regional groups. Any change in the calibration of the scenarios or parameters used in the IFRS 9 provisioning model is validated by this body.

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

2.1.8.2 Definition of the boundary between stages 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 (LDPs), for which the rating model is based on an expert assessment: large accounts, banks, local governments, sovereigns, specialized financing. These portfolios are composed of products such as operating loans, short-term operating loans, current accounts, etc.;
- high default portfolios (HDPs) for which the default data is sufficient to establish a statistical rating model: mass corporate and Retail. These portfolios include products such as home loans, consumer credit, revolving loans, current accounts, etc.

A significant increase in credit risk, which entails transferring a loan out of stage 1 into stage 2, is assessed by:

- taking into account all reasonable and justifiable information; and
- comparing the risk of default on the financial instrument at the reporting date with the risk of default at the initial recognition date.

For the group, this involves measuring the risk at the level of the borrower, where the counterparty rating system is common to the entire group. All of the group's counterparties eligible for internal approaches are rated by the system. This system is based on:

- statistical algorithms or "mass ratings" based on one or more models, using a selection of representative and predictive risk variables (HDPs); or
- rating grids developed by experts (LDPs).

The change in risk since initial recognition is measured on a contract-by-contract basis. Unlike stage 3, transferring a customer's contract into stage 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 stage 1 any performing exposure that no longer meets the criteria for stage 2 classification (both qualitative and quantitative).

The group has demonstrated that a significant correlation exists between the probabilities of default at 12 months and at termination, which allows it to use 12-month credit risk as a reasonable approximation of the change in risk since initial recognition, as the standard permits.

Quantitative criteria

For LDP portfolios, the boundary is based on an allocation matrix that relates the internal ratings at origination and at the reporting date. Thus, the riskier the rating of the loan, the lower the group's relative tolerance for a significant deterioration in risk.

For HDP portfolios, a continuous and growing boundary curve relates the probability of default at origination and the probability of default at the reporting date. The group does not use the operational simplification offered by the standard, which allows outstanding loans with low risk at the reporting date to be maintained in stage 1.

Qualitative criteria

To this qualitative data the group adds qualitative criteria such as installments unpaid or late by more than 30 days, the fact that a loan has been restructured, etc.

Methods based exclusively on qualitative criteria are used for entities or small portfolios that are classified for prudential purposes under the standardized approach and do not have a rating system.

2.1.8.3 Stages 1 and 2 – Calculating expected credit losses

Expected credit losses are measured by multiplying the current outstanding balance discounted by 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 stage 1, while the probability of default at termination (one to ten year curve) is used for stage 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 stage 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 corporate/bank models, and not into local government, sovereign and specialized financing models. The approach is similar to that used for high default portfolios.

2.1.8.4 Stage 3 – Non-performing loans

An 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.

The Crédit Mutuel group applies the new definition of prudential default in accordance with EBA guidelines and regulatory technical standards on applicable materiality thresholds, the main elements of which are as follows:

- default analysis is now performed on a daily basis at the creditor level and no longer at the contract level;
- 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;

- the default is triggered after 90 consecutive days of arrears are ascertained on the part of an obligor or joint obligors. The count of the number of days begins at the simultaneous crossing of the absolute materiality threshold (€100 Retail, €500 Corporate) and the relative materiality threshold (more than 1% of balance sheet commitments in arrears). The counter is reset as soon as one of the two thresholds is crossed downwards;
- 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 Crédit Mutuel Alliance Fédérale group has chosen to roll out the new definition of default across the IRB entities in line with the two-step approach proposed by the EBA:

- step 1 – This consists of presenting a self-assessment and an authorization request to the supervisor. Authorization for use was obtained by the group in October 2019;
- step 2 – This consists of implementing the new definition of default within the systems and then, where necessary, “recalibrating” the models after a 12-month period of observing the new defaults.

The group believes that this 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 (stage 3) and prudential default. This change constitutes a change in estimate, the non-material impact of which is recognized in the income statement in the year of the change.

2.1.8.5 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 stage 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 stage 2, *i.e.* an expected loss over the residual maturity of the contract.

2.1.8.6 Recognition

Impairment charges and provisions are recorded in “Cost of counterparty risk”. Reversals of impairment charges and provisions are recorded in “Cost of counterparty risk” for the portion related to the change in risk and in “Net interest” for the portion related 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 2.1.6 “Financial guarantees and financing commitments” and 2.3.2 “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.

2.1.9 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.

2.1.9.1 Instruments traded on an active market

When financial instruments are traded in an active market, fair value is determined by reference to their quoted price as this represents the best possible estimate of fair value. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available (from a stock exchange, dealer, broker or pricing service) and those prices represent actual market transactions regularly occurring on an arm's length basis.

2.1.9.2 Instruments traded on a non-active market

Observable market data are used provided they reflect the reality of a transaction at arm's length on the valuation date and there is no need to make an excessive adjustment to said value. In other cases, the group uses non-observable data (mark-to-model).

When observable data is not available or when market price adjustments require the use of non-observable data, the entity may use internal assumptions relating to future cash flows and discount rates, comprising adjustments linked to the risks the market would factor in. Said valuation adjustments facilitate the inclusion, in particular, of risks not taken into account by the model, as well as liquidity risks associated with the instrument or parameter in question, 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.

2.1.9.3 Fair value hierarchy

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

- level 1: quoted prices in active markets for identical assets or liabilities; This includes debt securities listed by at least three contributors and derivatives listed on an organized market;
- 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 the parameters would be immaterial.

2.2 Insurance

The insurance departments falling within the Conglomerate Directive benefit, until 2023, from the IFRS 9 deferral option provided for by the amendment to IFRS 4, as adopted by the European Union. As such, their financial instruments remain valued and recognized in accordance with IAS 39. In terms of presentation, the group chose to adopt an "IFRS audit" approach that allows all financial instruments under IAS 39 to be grouped together under the dedicated asset or liability items rather than by applying ANC recommendation 2017-02 strictly speaking, which entails the presentation of instruments under certain items pursuant to IAS 39 and IFRS 9^[1]. Thus, all the financial instruments of the insurance departments are grouped in assets under "Short-term investments in the insurance business line and reinsurers' share of technical reserves", and in liabilities under "Liabilities relative to contracts of Insurance", also including technical reserves.

Investment property is also affected by the reclassification. The impact in the income statement of financial instruments and technical reserves is included under "Net income from Insurance". Other assets/liabilities and income statement items are included under the "banking insurance" joint entries. Where relevant, the disclosures required by IFRS 7 are given separately for the insurance business lines.

In accordance with the adoption regulation of November 3, 2017, the group ensures there is no transfer of financial instruments with a "derecognition" effect, between the insurance and other sectors of the conglomerate, other than those recognized at fair value through profit or loss in both sectors.

The accounting principles and valuation rules specific to assets and liabilities generated by the issue of insurance policies are drafted in accordance with IFRS 4. This also applies to reinsurance contracts issued or subscribed, and to financial contracts incorporating a discretionary profit-sharing clause.

Except in the cases outlined above, the other assets held and liabilities issued by the insurance companies follow the rules common to all the group's assets and liabilities.

2.2.1 Insurance – Financial instruments

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

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

They are grouped in assets under "Short-term investments in the insurance business line and reinsurers' share of technical reserves", and in liabilities under "Liabilities relative to contracts of Insurance".

The classification in one or other of these categories reflects the management's intent and determines the recognition rules for instruments.

The fair value of these instruments follows the general principles outlined in Section "3.1.9 Determination of fair value of financial instruments".

[1] For example, the recommendation leads to the presentation of securities issued by insurance entities valued in accordance with IAS 39 under "Debt securities" with those issued by the Bank valued under IFRS 9.

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

Classification criteria

The classification of instruments in this category is a result either of a genuine intention to trade, or the use of the fair value option.

a) Instruments held for trading:

Held-for-trading securities 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;

b) Instruments at fair value option:

Financial instruments may be classified by choice, from the outset and on an irrevocable basis, at fair value through profit or loss in the following circumstances:

- 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 assets measured and managed at fair value.

This option is specifically used in connection with unit-linked contracts for insurance activities, to ensure consistency with the treatment of liabilities.

Basis of valuation and recognition of income and expenses

Assets classified as “Assets at fair value through profit or loss” are recognized when they are entered on the balance sheet at their fair value, and at subsequent closing dates, until disposal. Changes in fair value and the income received or accrued on these assets are recognized on the income statement under “Net income from Insurance”.

2.2.1.2 Available-for-sale financial assets

Classification criteria

Available-for-sale financial assets include those financial assets not classified as “loans and receivables”, or “financial assets held-to-maturity” or “fair value through profit or loss”.

Basis of valuation and recognition of income and expenses

They 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, excluding accrued income. These unrealized gains or losses in shareholders’ equity are only recorded in the income statement in the event of disposal or sustainable impairment. Upon disposal, these unrealized gains or losses previously recorded in shareholders’ equity are recognized in the income statement, along with capital gains and losses on disposal.

Income accrued or acquired from fixed-income securities is recognized in profit or loss, using the effective interest rate method. They are presented in “Net income from Insurance”, along with dividends received on variable-income securities.

Credit risk and impairment

– Sustainable impairment, specific to shares and other equity instruments

Impairment is recognized on variable-income available-for-sale financial assets in the event of a prolonged or significant fall in fair value, compared to cost.

In the case of variable-income securities, the group considers that a fall in the security’s value of at least 50% compared to its acquisition cost or over a period of more than 36 consecutive months shall result in an impairment. The analysis is carried out on a line-by-line basis. Judgment is also used when reviewing those securities that do not meet the above criteria, but for which Management believes the recoverability of the amount invested may not reasonably be expected in the near future. The loss is recognized in income under “Net income from Insurance”.

Any subsequent fall is also recognized on the income statement.

Long-term impairment losses on shares or other equity instruments posted in income are irreversible as long as the instrument appears on the balance sheet. In the event of subsequent appreciation, this will be recognized in shareholders’ equity under “unrealized or deferred gains and losses”.

– Impairment due to credit risk

Impairment losses on fixed-income available-for-sale financial assets (specifically bonds) are recognized under “Cost of risk”. In fact, only the existence of credit risk may lead to the impairment of these fixed-income instruments, since impairment in the event of loss due to a simple rate increase is not permitted. In the event of impairment, all combined unrealized losses in shareholders’ equity must be recognized in profit or loss. These impairments are reversible; any subsequent assessment, related to an event occurring after the recognition of the impairment, is also recorded in the income statement, under “Cost of risk”, in case of improvement of the issuer’s credit situation.

2.2.1.3 Held-to-maturity financial assets

Classification criteria

This category includes determinable or fixed-income securities with a maturity date that the entity intends and is able to hold until maturity.

Any interest-rate hedging operations performed on this category of securities are not eligible for hedge accounting as set out in IAS 39.

Furthermore, the possibilities to dispose of or transfer securities of this portfolio are extremely limited, given the provisions of IAS 39, on pain of downgrading the entire portfolio at group level in the “available-for-sale financial assets” category, and forbidding access to this category for two years.

Basis of valuation and recognition of income and expenses

Securities classified in this category are initially recognized at fair value, then valued at amortized cost according to the effective interest rate method, which incorporates amortization of premiums and discounts, as well as acquisition expenses, if these are material.

Income received on these securities is given in “Net income from Insurance” on the income statement.

Credit risk

Impairment is recognized when there is objective proof of impairment of the asset, as a result of one or more events occurring after initial recognition that it is likely to generate a loss (proven credit risk). An analysis is performed at each closing, on a security-by-security basis. Impairment is assessed by comparing the carrying amount and the present value at the original interest rate of future cash flows incorporating guarantees. It is recognized in the income statement under “Cost of risk”. Any subsequent assessment, related to an event

occurring after the recognition of the impairment, is also recorded in the income statement, under “Cost of risk”.

2.2.1.4 Loans and receivables

Classification criteria

Loans and receivables are determinable or fixed-income financial assets not quoted on an active market and not intended for sale upon acquisition or grant. They are recognized at their fair value when they initially appear on the balance sheet which is generally the net amount disbursed. These outstandings are then valued on subsequent closing dates at amortized cost using the effective interest-rate method (except for those recognized using the fair value option method).

Credit risk

Impairment is recognized when there is objective proof of impairment of the asset, as a result of one or more events occurring after initial recognition that it is likely to generate a loss (proven credit risk). Impairment is assessed by comparing the carrying amount and the present value at the effective interest rate of future cash flows incorporating guarantees. It is recognized in the income statement under “Cost of risk”. Any subsequent assessment, related to an event occurring after the recognition of the impairment, is also recorded in the income statement, under “Cost of risk”.

2.2.1.5 Financial liabilities at amortized cost

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.

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.

2.2.2 Non-financial assets

Investment property and fixed assets follow the accounting methods outlined elsewhere.

2.2.3 Non-financial liabilities

Insurance liabilities, representing commitments to subscribers and beneficiaries, are included under “technical reserves of insurance policies”. They remain valued, recognized and consolidated according to French standards.

The technical reserves of life insurance policies consist primarily of mathematical provisions, which generally correspond to the redemption values of the contracts. The risks covered are primarily death, disability and incapacity for work (for borrower insurance).

Technical reserves for unit-linked contracts are valued on the reporting date based on the realizable value of the assets used to support these contracts.

Provisions for non-life insurance policies correspond to unearned premiums (portion of premiums issued relating to subsequent fiscal years) and to claims payable.

Those insurance policies benefiting from a discretionary profit-sharing clause are subject to “shadow accounting”. The resulting deferred profit-sharing provision represents the portion of asset capital gains and losses, which accrues to the insured parties. These provisions for deferred profit-sharing appear as liabilities or assets, by legal entity and without offset between entities within the scope of consolidation. On the asset side, they appear as a separate item.

At the reporting date, a liability adequacy test recognized on these contracts (net of other related assets or liabilities, such as deferred acquisition costs and portfolio securities acquired) is conducted: the recognized liability is audited to ensure it is sufficient to hedge the estimated future cash flows on that date. Any shortfall in the technical reserves is recognized in profit or loss for the period (and may subsequently be reversed if necessary).

2.3 Non-financial instruments

2.3.1 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 granted by the group is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Ownership may or may not eventually be transferred.

An operating lease granted by the group represents any lease contract other than a finance lease.

2.3.1.1 Finance lease transactions – Lessor

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

And so, the analysis of the economic substance of the transaction results in:

- the leased asset exiting the balance sheet;
- the recognition of a receivable in “Financial assets at amortized cost”, for a present value, at the implicit contract rates, of the rental payments to be received under the finance lease contract, increased by any residual value not guaranteed returning to the lessor;
- the recognition of deferred taxes for existing temporary differences throughout the life of the finance lease;
- the recognition as net interest margin, of net revenue from the lease, this being representative of the constant periodic rate of return on the amounts outstanding.

Credit risk related to financial receivables is measured and recognized under IFRS 9 (see Section “2.1.8 Measurement of credit risk”).

2.3.1.2 Finance lease transactions – Lessee

In accordance with IFRS 16, right-of-use assets are recognized under “Property, plant and equipment” with a corresponding offset to a lease liability recognized under “Accruals and miscellaneous liabilities”. Rents paid are broken down between interest expenses and repayment of the principal amount of the debt.

2.3.2 Provisions

Provisions and reversals of provisions are classified by type under the corresponding item of income or expenditure.

A provision is recognized whenever it is probable that an outflow of resources representing economic benefits will be necessary to extinguish an obligation arising from a past event and when the amount of the obligation can be estimated accurately. Where applicable, the net present value of this obligation is calculated to determine the amount of the provision to be set aside.

The provisions constituted by the group cover, in particular:

- operating risks;
- social commitments;
- execution risk on signature commitments;
- litigation risk and guarantee commitments given;
- tax risks;
- risks related to mortgage saving agreements.

2.3.3 Employee benefits

Where applicable, provisions in respect of employee obligations are recognized under “employee expenses”. The change is recognized in the income statement under “employee benefit expense” with the exception of the portion resulting from the remeasurement of net liabilities arising from defined benefit plans, recognized in shareholders’ equity.

2.3.3.1 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 according to age group, manager/non-manager position and regional characteristics;
- inflation rates, estimated by comparing French treasury bond rates and inflation-linked French treasury bond rates at different maturities;
- staff turnover rates, determined by age bracket, using the three-year average for the ratio of resignations and dismissals relative to the year-end number of employees under permanent contracts;
- retirement age: estimated on a case-by-case basis using the actual or estimated date of commencement of full-time employment and the assumptions set out in the law reforming pensions, with a ceiling set at 67 years of age;
- mortality according to the INSEE TH/TF 00-02 table.

Differences arising from changes in these assumptions and from differences between previous assumptions and actual experience constitute actuarial gains or losses. When the plan has assets, they are measured at fair value and the interest income they generate has an impact on profit or loss. The difference between the actual return and the interest income generated by these assets is also an actuarial gain and loss.

Actuarial gains and losses are recognized in equity, as unrealized or deferred gains and losses. Curtailments and settlements of the plan produce a change in the commitment, which is recognized in the profit (loss) for the fiscal year.

In accordance with the IFRIC decision of April 20, 2021, the pension obligation under post-employment benefit plans, whose rights are capped on the basis of a number of years of service and subject to the presence of the employee on the date of retirement, is constituted

solely over the period preceding the retirement age enabling the ceiling to be reached (or between the employee’s date of entry into the company and the date of retirement if this period is shorter than the ceiling).

2.3.3.2 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, particularly, 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 payable.

2.3.3.3 Other long-term benefits

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

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

Commitments in respect of long-service awards are sometimes covered by insurance policies. Only the unhedged portion of this commitment is subject to a provision.

2.3.3.4 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.

2.3.3.5 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.

2.3.4 Non-current assets

2.3.4.1 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 the type of building);
- Buildings – equipment: 10-40 years;
- Fixtures and fittings: 5-15 years;
- Office furniture and equipment: 5-10 years;
- Safety equipment: 3-10 years;
- Rolling stock: 3-5 years;
- IT equipment: 3-5 years.

Intangible assets

- Software purchased or developed in-house: 1-10 years;
- Business goodwill acquired: 9-10 years (if customer contract portfolio acquired).

Depreciable and amortizable assets are tested for impairment when evidence exists at the reporting date that the items may be impaired. Non-amortizable intangible assets such as lease rights are tested for impairment at least 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 in the income statement on the line "Income from other activities" or "Expenses on other activities."

2.3.4.2 Non-current assets of which the group is lessee

For a contract to qualify as a lease, there must be both the identification of an asset and control by the lessee of the right to use said asset.

In respect of the lessee, operating leases and finance leases will be recorded in a single model, with recognition of:

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

The group mainly activates its real estate contracts. The motor fleet was only restated where it was locally significant and computer and security equipment were precluded on the grounds of their substitutable nature, in accordance with standards. Only a limited number of IT contracts, deemed to be significant, were deemed to be activated.

Other underlying assets were precluded through short-term or low value exemptions (set at €5 thousand). The group has no leases that give rise to recognition of intangible assets or investment properties.

Therefore, usage rights are recorded under "Property, plant and equipment", and lease obligations under "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.

In 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^[1]. 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;

[1] Regional groups that directly manage the leases.

- 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.

2.3.5 Commissions

Fees and commissions in respect of services are recorded as income and expenses according to the nature of the services involved. Thus, commissions considered as additional interest are an integral part of the effective interest rate. These commissions are therefore recognized as interest income and expenses.

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.

2.3.6 Income tax expense

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

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

The Territorial Economic Contribution (Contribution 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.

2.3.6.1 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 and 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.

2.3.6.2 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.

2.3.7 Interest paid by the State on certain loans

Pursuant to measures to support the agricultural and rural sector, as well as the purchase of housing, some group entities grant loans at reduced rates, which are set by the State. Consequently, these entities receive a subsidy from the government equal to the interest rate differential existing between the rate granted to customers and a predefined benchmark rate. As a result, no discounting occurs on loans that benefit from these grants.

The arrangements governing this offset mechanism are periodically reviewed by the State.

The government subsidies received are recognized under "Interest and similar income" and allocated over the life of the corresponding loans, in accordance with IAS 20.

2.3.8 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 "Debt related to 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 gains/(losses) on discontinued operations".

2.4 Judgments and estimates used in the preparation of the financial statements

The preparation of the group's financial statements requires the formulation of assumptions in order to make the necessary assessments and involves risks and uncertainties concerning their realization in the future, particularly in the context of the Ukrainian conflict and the macroeconomic conditions existing at the reporting date.

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

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

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

- the fair value of financial instruments not quoted on an active market, the definition of a forced transaction and the definition of observable data require the exercise of judgment;
- pension plans and other future employee benefits;
- impairment of assets, including expected credit losses. To date, environmental risks are not captured in the group's expected credit loss impairment models;

- provisions, impairment of intangible assets and goodwill;
- deferred tax assets.

3. Related-party information

Parties related to the group are companies consolidated at the level of the Crédit Mutuel group as a whole, including the other establishments affiliated to the Confédération Nationale du Crédit Mutuel and equity consolidated companies.

Transactions carried out between the group and its subsidiaries and associates are carried out under normal market conditions, at the time these transactions are completed.

The list of consolidated companies is presented in note 3. As transactions carried out and outstandings that exist at the end of the period between the group's 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.

4. Standards and interpretations adopted by the European Union and not yet applied

IFRS 17 – Insurance Contracts

Introduction

It will replace IFRS 4, which allows insurance companies to retain most of their local accounting principles for their insurance and non-insurance policies within the scope of IFRS 4, which hinders the comparability of financial statements of entities in the sector, mainly between international players.

The aim of IFRS 17 is to harmonize the recognition of the various types of insurance policies and to base their valuation on a prospective assessment of insurers' commitments.

Issued in May 2017 and modified by the June 2020 amendments, this new standard will become effective on January 1, 2023. The initial application date of IFRS 17 in 2021 has been postponed by two years to January 1, 2023. The application of IFRS 9 for insurance entities that have opted for this deferral (as is the case for the Crédit Mutuel Alliance Fédérale group) was also covered by an IASB amendment for an extension until 2023.

IFRS 17 (and the 2020 amendments) published by the IASB maintains the granularity of provision calculations and grouping of contracts by year of underwriting (annual cohorts).

IFRS 17 was adopted by the European Union in November 2021, offering a possible exemption from the annual cohort requirement for direct participating policies. The entity applies the exemption to all eligible contract portfolios.

Level of aggregation of IFRS 17 insurance policies

IFRS 17 applies to insurance policies issued, reinsurance treaties held and investment contracts with a discretionary profit-sharing feature.

It defines the level of contract aggregation to be used to measure insurance policy liabilities and profitability.

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

- onerous contracts upon initial recognition;
- policies that do not have a significant possibility of becoming loss-making when initially recorded; and
- the other policies in the portfolio.

To build up its policy portfolios, the group has opted for a combination of commercial products. The homogeneity of pricing, management, monitoring and contractual structure inherent in the construction of the group's commercial products ensures compliance with the definition of a portfolio according to IFRS 17.

The portfolios are then subdivided into groups of policies, which are used as the basic accounting unit defined by IFRS 17. This subdivision is carried out in compliance with the profitability criteria and consideration of the annual cohorts mentioned above. The group uses the calendar year as the basis for the application of annual cohorts.

Classification by model and valuation of insurance policies

Under IFRS 17, policies are measured on the basis of a current value measurement model where the general model is based on a general "building blocks" approach comprising:

- estimates of future cash flows weighted by their probability of occurrence, together with an adjustment to reflect the time value of money (by discounting these future cash flows) and the financial risks associated with the future cash flows;
- an adjustment for non-financial risks;
- the contractual service margin.

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

Subsequent period insurance policies are revalued as the sum of the liability for remaining coverage and the liability for claims incurred.

The group uses actuarial methods to obtain a Best-Estimate view of future flows, in a manner appropriate to each modeled scope, and by applying an accurate methodological framework and clearly identified assumptions. The statistical and probabilistic methods used are widely used on the market.

The calculation grid is defined by the group's Insurance divisions and tailored to the scope in question, so as to present the most objective estimate possible for future cash flows. Where appropriate, the estimates are applied to the policy group using the relevant variables.

All future cash flows are valued for all policy scopes, until the extinction of the substantive rights and obligations arising from contractual, legal or regulatory provisions. In particular, they notably include all costs attributable to insurance policies (traceable costs).

Future cash flows are then discounted to reflect the time value of money and the financial risks associated with these cash flows. These discounts are applied with the use of a yield curve developed by the group's insurance entities.

This curve is based on a bottom-up methodology, which combines a liquid risk-free component and an adjustment to take into account the liquidity characteristics of the insurance policies. In accordance with IFRS 17, the curve obtained tallies with observable market prices, while excluding the effects of factors that do not influence the future cash flows of the insurance policies, including credit risk.

For each range, the group adjusts the present value of future cash flows to reflect the uncertainty of these flows. This is a non-financial risk adjustment ("RA"). The adjustment is explicitly calculated and is separate from the associated future cash flows, using dedicated calculation models. The calculated risk measurement is said to be "ultimate", taking into account the uncertainty generated over the total lifetime of future cash flows.

The group has opted for a quantile approach, directly calculating the uncertainty of future cash flows based on risk measurement and confidence level.

Insurance policies with a discretionary profit-sharing feature are required to be valued using the "Variable Fee" approach (VFA). They are defined as insurance policies for which:

- the contractual terms provide for the policyholder to receive a share of a portfolio of clearly identified underlying items;
- the entity pays the policyholder a substantial portion of the return resulting from the fair value of the underlying items;
- the entity expects that a substantial portion of the amounts paid to the policyholder will vary with changes in the fair value of the underlying items.

For these contracts, the contractual service margin is mainly adjusted for the entity's share of the fair value of the underlying assets (similar to the policyholder's income).

Most insurance policies sold are based on the VFA approach. These include savings contracts with substantial discretionary profit-sharing paid to policyholders. The underlying assets of these policies are generally identified in an exhaustive and direct manner, through categories of asset management specific to these policies. At this level, the group structures its portfolios of policies in line with the underlying asset-liability relationships. This results in the grouping of policies backed by the same categories of asset management, and the application of the exemption from the annual cohort requirement in accordance with the methods adopted by the European Union.

Finally, the standard offers the possibility of opting for a simplified approach, known as the "Premium Allocation Approach" (PAA), when:

- the period of coverage of the insurance policies does not exceed one year; or
- the valuation of the remaining hedge under this approach is a reasonable approximation of the valuation that would have been obtained by applying the general "building block" approach.

The group opts for the simplified approach of the PAA model for all of its automatically renewable annual policies. This PAA model therefore concerns nearly all policies within the property and liability insurance segment, as well as some health and personal protection policies.

In addition, the general model (GMM) will be applied to the insurer's multi-year commitment policies, excluding life insurance. This scope is comprised of personal insurance policies, particularly loan insurance and personal protection policies (mainly dependency and funeral policies).

During each accounting period, the margin on contractual services (CSM) is notably adjusted by the amount recognized as income from Insurance. This amount is determined based on the allocation of hedging units specific to the period in question, reflecting the provision of the services provided for in the insurance policies over the period as well as the remaining hedging duration.

For policies valued according to the general model (GMM), the group opts for the use of hedging units corresponding to the sum insured. For policies valued according to the VFA model (variable fee), and to reflect the particularities induced by the modeling of future cash flows, GACM opts for a hedging unit based on the temporal run-off of outstandings, and taking into account the future temporal changes expected from the CSM.

Transition

IFRS 17 is effective from January 1, 2023 and provides for the publication of comparative financial statements for the 2022 fiscal year.

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

- the modified retrospective approach: based on reasonable and justified information that is available without undue cost or effort to the entity, certain modifications may be applied, to the extent that full retrospective application is not possible, with the objective of achieving the result as close as possible to that of retrospective application;
- the fair value approach: the contractual service margin is then determined as the positive difference between the fair value established in accordance with IFRS 13 and the performance cash flows (any negative difference being recognized as a reduction in shareholders' equity at the transition date).

The challenge of this transition is to determine the amount of contractual service margin (CSM) to be recognized for each group of policies. The CSM is an insurance liability that is established by recurrence, which justifies the use of a retrospective approach.

The full retrospective approach proved impractical for all policy portfolios modeled according to the general model or VFA.

The group has therefore implemented as a priority the modified retrospective approach, which provides a relevant estimate of the amount of CSM at the transition, without deployment of costs or excessive efforts. This modified retrospective approach is applied with effect from the 2012 fiscal year, from which reasonable and justified information is available for group policies.

For portfolios of direct participating policies to which the annual cohort exemption is applied, a single policy group is formed under the modified retrospective approach. For the other portfolios, which are not affected by the exemption on the annual cohorts, a breakdown by annual cohorts is carried out.

Lastly, the so-called fair value approach is applied to the oldest policies for which certain reasonable and justified information is not available, and for scopes that are not very material.

With respect to the transition date of January 1, 2023, the first-time application of IFRS 17 will have a very limited impact on the solvency ratio (less than 10 basis points).

Discontinuation of IFRS 4 shadow accounting

For participating policies, IFRS 4 provided for the so-called “shadow” accounting of unrealized capital gains and losses on IAS 39 assets backing commitments. This mechanism consisted of recognizing a provision for deferred profit-sharing representing the share of these capital gains or losses implicitly returned to policyholders through contractual clauses or under the distribution policy; this provision was added to the mathematical provision of the annual financial statements when the backing assets were in a position of unrealized capital gain. A provision for deferred profit-sharing assets was recorded when the assets in question were in a position of unrealized loss.

These future repayments to policies (positive or negative) will already be modeled under IFRS 17, which discounts future benefit flows at the current rate.

Consequently, the shadow accounting of unrealized capital gains is discontinued with IFRS 17. Provisions for deferred profit-sharing corresponding to the IFRS consolidated financial statements at December 31, 2021 are restated under consolidated reserves as at the transition date of January 1, 2022.

The group’s Insurance divisions are continuing their work on the operational implementation of IFRS 17 in the following areas:

- validation by the statutory auditors of the IFRS 17 standard methodology;
- updating the accounting system and principles with regard to the provisions of IFRS 17 and IFRS 9, as well as the process of producing the IFRS accounts of the scope concerned;
- production and recognition of the transition and *pro forma* balance sheets for the year 2022 in parallel run;
- adaptation of financial communication at conglomerate level.

Interactions between IFRS 17 and IFRS 9

In order to avoid accounting mismatches upon the first-time application of IFRS 9 and IFRS 17, the group has selected the following options:

- application of IFRS 9 at January 1, 2023 with presentation of a comparison for the 2022 fiscal year, in line with the mandatory presentation of a 2022 comparison for the first-time application of IFRS 17. The date for the transition to IFRS 9 and IFRS 17 is therefore January 1, 2022;
- the group opts for the application of the “overlay” approach to recognize asset disposals for the 2022 fiscal year, as if these disposals had been accounted for under IFRS 9. This option guarantees that the impact on shareholders’ equity as of the transition date of January 1, 2022 will be the same for assets under IFRS 9 and liabilities under IFRS 17;
- the group has chosen the IFRS 17 OCI option for the revaluation at the current rate of its insurance liabilities under the general model (GMM) and the simplified model (PAA), in a manner consistent with the choice of the fair value through OCI management model for the SPPI bond assets backing these portfolios. As such, changes in the market rate will have a consistent impact on assets and liabilities with an offsetting entry under OCI shareholders’ equity;

- the OCI option was also used for the revaluation of the liabilities of the VFA model, opposite the revaluation of assets recognized by OCI backing (mainly bonds meeting the SPPI criterion). Changes in OCI IFRS 9 equity will therefore be offset by symmetrical changes in OCI IFRS 17, for a zero impact on shareholders’ equity.

These different options make it possible to eliminate accounting mismatches accounting mismatches between the recognition of changes in the value of IFRS 17 liabilities and of the IFRS 9 backing assets when the market rate fluctuates. They also reduce the volatility of net profit/loss under IFRS 17.

Amendments to IAS 1 – Disclosure of accounting methods

It clarifies the information to provide on “significant” accounting methods. They are considered significant when, taken together with other information from the financial statements, one can reasonably expect them to influence the decisions of the financial statements’ main users.

Amendments to IAS 8 – Definition of accounting estimates

Its objective is to facilitate the distinction between the changes in accounting methods and accounting estimates by introducing an explicit definition of the notion of accounting estimates. They represent the amounts in the financial statements whose assessment is uncertain.

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

It generalizes the recognition of a deferred tax for leases and decommissioning obligations. The group does not anticipate any significant impact from the application of this amendment, which will be mandatory for fiscal years beginning on or after January 1, 2023.

Amendments to IFRS 17 – First-time adoption of IFRS 17 and IFRS 9 on comparative information

It applies to financial assets for which there were no restatements for comparative periods under IFRS 9 at the time of the first simultaneous application of IFRS 17 and IFRS 9 (in the case of assets derecognized in fiscal year 2022 or choice of the entity to opt for the exemption from the restatement of prior years offered by IFRS 9).

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

Note 2 Breakdown of the income statement by business segment and geographic area

Crédit Mutuel Alliance Fédérale's business lines are as follows:

- Retail banking includes:
 - a) banking network activities: Crédit Mutuel local banks of the 14 federations, CIC regional banks, BECM, Beobank and TARGOBANK in Spain;
 - b) consumer loan: TARGOBANK in Germany and Cofidis,
 - c) business line subsidiaries: specialized activities whose products are marketed by the network: equipment leasing and leasing with a purchase option, real estate leasing, factoring, real estate sales and management.
- Insurance activity is composed of Groupe des Assurances du Crédit Mutuel;
- the specialized business lines are comprised of:
 - a) Asset Management and Private Bnking activities in France and abroad,
 - b) Corporate Banking: financing for large corporates and institutional customers, structured financing, international business and foreign branches,
 - c) Capital Markets, which includes commercial and investment activities (rates, equities and credit),
 - d) Private Aquity;
- the other business lines include items that cannot be assigned to another business activity, such as intermediate holding companies, non-controlling interests, operating real estate, logistics structures, press, IT entities and intercompany transactions.

The consolidated entities are fully allocated to their core business based on their contribution to the consolidated financial statements. Only two entities are an exception, CIC and BFCM because of their presence in several businesses. In this case, the contribution to the consolidated income statements and balance sheets of these two entities is broken down based on the different business sectors to which they contribute.

2a Balance sheet breakdown by business line

12/31/2022	Retail Banking	Insurance	Specialized business lines	Other business lines	Total
ASSETS					
Cash, central banks	6,072	-	11,242	94,616	111,929
Financial assets at fair value through profit or loss	672	-	26,575	2,017	29,264
Hedging derivatives	55	-	1,620	2,552	4,226
Financial assets at amortized cost including:	505,838	-	50,444	6,424	562,705
■ <i>Loans and receivables due from credit institutions and similar at amortized cost</i>	45,089	-	6,131	5,952	57,173
■ <i>Loans and receivables due from customers at amortized cost</i>	460,360	-	41,271	466	502,097
■ <i>Securities at amortized cost</i>	388	-	3,042	6	3,436
Financial assets at fair value through equity	865	-	17,632	16,026	34,522
Short-term investments in the insurance business line and reinsurers' share of technical reserves	-	122,675	-	-	122,675
Investments in equity consolidated companies	7	15	-	768	790
LIABILITIES					
Central banks	-	-	44	-	44
Financial liabilities at fair value through profit or loss	-	-	18,443	329	18,772
Hedging derivatives - Liabilities	3	-	1,097	1,403	2,502
Liabilities to credit institutions	-	-	63,217	-	63,217
Due to customers	399,275	-	44,070	13,639	456,983
Debt securities	23,436	-	23,177	88,458	135,072

DETAIL OF BUSINESS LINES IN THE “RETAIL BANKING” SECTOR

12/31/2022	Banking network	Consumer loans	Business line subsidiaries	Total Retail bank
ASSETS				
Cash, central banks	1,516	4,524	32	6,072
Financial assets at fair value through profit or loss	552	3	116	672
Hedging derivatives	55	-	-	55
Financial assets at amortized cost including:	428,681	36,380	40,776	505,838
■ <i>Loans and receivables due from credit institutions and similar at amortized cost</i>	44,578	146	366	45,089
■ <i>Loans and receivables due from customers at amortized cost</i>	384,015	35,935	40,410	460,360
■ <i>Securities at amortized cost</i>	89	299	-	388
Financial assets at fair value through equity	651	213	1	865
Investments in equity consolidated companies	7	-	-	7
LIABILITIES				
Hedging derivatives - Liabilities	-	-	3	3
Liabilities to credit institutions	-	-	-	0
Due to customers	362,392	23,819	13,064	399,275
Debt securities	23,429	0	6	23,436

DETAIL OF BUSINESS LINES IN THE “SPECIALIZED BUSINESS LINES”

12/31/2022	Asset management and private banking	Corporate banking	Capital Markets	Private equity	Total Specialized business lines
ASSETS					
Cash, central banks	6,270	2,474	2,497	-	11,242
Financial assets at fair value through profit or loss	329	-	22,487	3,760	26,575
Hedging derivatives	94	66	1,460	-	1,620
Financial assets at amortized cost including:	21,518	23,103	5,774	48	50,444
■ <i>Loans and receivables due from credit institutions and similar at amortized cost</i>	1,034	545	4,541	11	6,131
■ <i>Loans and receivables due from customers at amortized cost</i>	18,673	21,364	1,233	1	41,271
■ <i>Securities at amortized cost</i>	1,812	1,194	-	36	3,042
Financial assets at fair value through equity	94	353	17,184	-	17,632
LIABILITIES					
Central banks	44	-	-	-	44
Financial liabilities at fair value through profit or loss	166	193	18,084	-	18,443
Hedging derivatives - Liabilities	23	-	1,074	-	1,097
Liabilities to credit institutions	-	63,217	-	-	63,217
Due to customers	28,213	13,822	2,036	-	44,070
Debt securities	40	5,965	17,172	-	23,177

12/31/2021 restated	Retail Banking	Insurance	Specialized business lines	Other business lines	Total
ASSETS					
Cash, central banks, CCP	7,870	-	9,224	104,086	121,181
Financial assets at fair value through profit or loss	393	-	20,022	1,942	22,356
Hedging derivatives – Assets	23	-	363	907	1,293
Financial assets at amortized cost including:	452,317	-	45,472	11,624	509,413
■ <i>Loans and receivables due from credit institutions</i>	45,234	-	4,704	10,977	60,915
■ <i>Loans and receivables due from customers</i>	406,798	-	37,384	642	444,824
■ <i>Securities at amortized cost</i>	285	-	3,384	5	3,674
Financial assets at fair value through equity	451	-	13,844	17,800	32,095
Short-term investments in the insurance business line and reinsurers' share of technical reserves	-	135,552	-	0	135,552
Investments in equity consolidated companies	7	16	-	511	533
LIABILITIES					
Central banks	37	-	3	565	605
Financial liabilities at fair value through profit or loss	1	-	11,936	144	12,080
Hedging derivatives – Liabilities	30	-	963	880	1,874
Liabilities to credit institutions	-	-	71,755	-	71,755
Due to customers	374,472	-	43,956	6,770	425,197
Debt securities	20,232	-	19,498	81,386	121,116

DETAIL OF BUSINESS LINES IN THE “RETAIL BANKING” SECTOR

12/31/2021 restated	Banking network	Consumer loans	Business line subsidiaries	Total Retail bank
ASSETS				
Cash, central banks	796	6,764	311	7,870
Financial assets at fair value through profit or loss	268	7	118	393
Hedging derivatives	21	-	2	23
Financial assets at amortized cost including:	381,461	32,461	38,395	452,317
■ <i>Loans and receivables due from credit institutions and similar at amortized cost</i>	44,560	137	537	45,234
■ <i>Loans and receivables due from customers at amortized cost</i>	336,817	32,123	37,858	406,798
■ <i>Securities at amortized cost</i>	84	201	-	285
Financial assets at fair value through equity	254	196	1	451
Investments in equity consolidated companies	7	-	-	7
LIABILITIES				
Central banks	-	1	36	37
Financial liabilities at fair value through profit or loss	-	1	-	1
Hedging derivatives – Liabilities	29	-	2	30
Due to customers	334,883	23,055	16,534	374,472
Debt securities	19,998	-	234	20,232

DETAIL OF BUSINESS LINES IN THE “SPECIALIZED BUSINESS LINES”

12/31/2021 restated	Asset management and private banking	Corporate banking	Capital Markets	Private equity	Total Specialized business lines
ASSETS					
Cash, central banks	5,900	-	3,324	-	9,224
Financial assets at fair value through profit or loss	307	1	16,391	3,323	20,022
Hedging derivatives	3	-	360	-	363
Financial assets at amortized cost including:	20,096	21,003	4,308	65	45,472
■ <i>Loans and receivables due from credit institutions and similar at amortized cost</i>	1,066	426	3,208	3	4,704
■ <i>Loans and receivables due from customers at amortized cost</i>	17,172	19,111	1,100	1	37,384
■ <i>Securities at amortized cost</i>	1,858	1,466	-	60	3,384
Financial assets at fair value through equity	83	364	13,397	-	13,844
LIABILITIES					
Central banks	-	3	-	-	3
Financial liabilities at fair value through profit or loss	89	91	11,756	-	11,936
Hedging derivatives - Liabilities	51	25	888	-	963
Liabilities to credit institutions	-	71,755	-	-	71,755
Due to customers	27,863	13,859	2,235	-	43,957
Debt securities	29	5,176	14,293	-	19,498

12/31/2021 published	Retail Banking	Insurance	Financing and markets	Private Banking	Private equity	Logistics and Holding company services	Total
ASSETS							
Cash, central banks	7,870	-	3,324	5,900	0	104,086	121,181
Financial assets at fair value through profit or loss	405	-	16,391	295	3,323	1,942	22,356
Hedging derivatives	23	-	360	3	0	907	1,293
Financial assets at amortized cost including:	452,318	-	25,318	20,091	65	11,623	509,413
■ <i>Loans and receivables due from credit institutions and similar at amortized cost</i>	45,234	-	3,639	1,061	3	10,977	60,915
■ <i>Loans and receivables due from customers at amortized cost</i>	406,799	-	20,211	17,171	1	642	444,824
■ <i>Securities at amortized cost</i>	285	0	1,467	1,858	60	4	3,674
Financial assets at fair value through equity	451	-	13,762	83	-	17,800	32,095
Short-term investments in the insurance business line and reinsurers' share of technical reserves	-	135,552	-	-	-	0	135,552
Investments in equity consolidated companies	7	16	-	-	-	511	533
LIABILITIES							
Central banks	37	-	3	0	-	565	605
Financial liabilities at fair value through profit or loss	1	-	11,847	89	-	144	12,080
Hedging derivatives - Liabilities	30	-	912	51	-	880	1,874
Liabilities to credit institutions	0	-	71,755	-	-	-	71,755
Due to customers	374,471	-	16,094	27,863	1	6,768	425,197
Debt securities	20,232	-	19,469	29	-	81,386	121,116

2b Breakdown of the income statement by business segment

12/31/2022	Retail Banking	Insurance	Specialized business lines	Other business lines	Total
Net banking income	12,139	1,815	2,361	1,026	17,340
General operating expenses	-7,490	-725	-1,251	-862	-10,329
Gross operating income	4,648	1,089	1,110	164	7,012
Cost of counterparty risk	-752	-	-24	8	-768
Net gains/(losses) on disposals of other assets ⁽¹⁾	12	-4	15	-1,207	-1,185
Profit/(loss) before tax	3,908	1,085	1,101	-1,035	5,059
Income tax	-1,110	-253	-183	-10	-1,556
Net profit/(loss)	2,798	832	918	-1,045	3,502
Non-controlling interests	-	-	-	-	174
NET PROFIT ATTRIBUTABLE TO THE GROUP	-	-	-	-	3,329

(1) Includes net profit/(loss) of entities accounted for using the equity method and impairment losses on goodwill (notes 16 and 19).

DETAIL OF BUSINESS LINES IN THE "RETAIL BANKING" SECTOR

12/31/2022	Banking network	Consumer loans	Business line subsidiaries	Total Retail bank
Net banking income	8,539	2,960	640	12,139
General operating expenses	-5,474	-1,603	-413	-7,490
Gross operating income	3,064	1,358	226	4,648
Cost of counterparty risk	13	-724	-41	-752
Net gains/(losses) on disposals of other assets	12	0	0	12
Profit/(loss) before tax	3,089	633	186	3,908
Income tax	-846	-206	-58	-1,110
NET PROFIT/(LOSS)	2,243	427	128	2,798

DETAIL OF BUSINESS LINES IN THE "SPECIALIZED BUSINESS LINES"

12/31/2022	Asset management and private banking	Corporate banking	Capital Markets	Private equity	Total Specialized business lines
Net banking income	1,119	471	342	430	2,361
General operating expenses	-794	-146	-236	-75	-1,251
Gross operating income	326	324	106	355	1,110
Cost of counterparty risk	-33	7	-1	2	-24
Net gains/(losses) on disposals of other assets	15	-	-	-	15
Profit/(loss) before tax	307	332	105	357	1,101
Income tax	-67	-72	-28	-17	-183
NET PROFIT/(LOSS)	241	260	77	340	918

12/31/2021 restated	Retail Banking	Insurance	Specialized business lines	Other business lines	Total
Net banking income	10,811	1,915	2,211	987	15,923
General operating expenses	-6,680	-670	-1,008	-779	-9,137
Gross operating income	4,131	1,245	1,203	208	6,787
Cost of counterparty risk	-705	-	6	0	-699
Net gains/(losses) on disposals of other assets ⁽¹⁾	-5	-2	0	-859	-866
Profit/(loss) before tax	3,421	1,243	1,209	-651	5,222
Income tax	-1,067	-358	-183	-95	-1,703
Post-tax gains and losses on discontinued assets	9	-	0	0	9
Net profit/(loss)	2,363	884	1,026	-746	3,527
Non-controlling interests	-	-	-	-	284
NET PROFIT ATTRIBUTABLE TO THE GROUP	-	-	-	-	3,243

(1) Includes net profit/(loss) of entities accounted for using the equity method and impairment losses on goodwill (notes 16 and 19).

DETAIL OF BUSINESS LINES IN THE “RETAIL BANKING” SECTOR

12/31/2021 restated	Banking network	Consumer loans	Business line subsidiaries	Total Retail bank
Net banking income	7,390	2,840	581	10,811
General operating expenses	-4,715	-1,590	-375	-6,680
Gross operating income	2,675	1,250	205	4,131
Cost of counterparty risk	-130	-577	2	-705
Net gains/(losses) on disposals of other assets	-5	-1	0	-5
Profit/(loss) before tax	2,540	673	207	3,421
Income tax	-781	-222	-63	-1,067
Post-tax gains and losses on discontinued assets	0	0	9	9
NET PROFIT/(LOSS)	1,759	451	153	2,363

DETAIL OF BUSINESS LINES IN THE “SPECIALIZED BUSINESS LINES”

12/31/2021 restated	Asset management and private banking	Corporate banking	Capital Markets	Private equity	Total Specialized business lines
Net banking income	911	430	351	518	2,211
General operating expenses	-572	-128	-232	-77	-1,008
Gross operating income	340	303	119	442	1,203
Cost of counterparty risk	-9	39	-3	-21	6
Net gains/(losses) on disposals of other assets	0	0	0	0	0
Profit/(loss) before tax	331	341	116	420	1,209
Income tax	-73	-77	-28	-5	-183
Post-tax gains and losses on discontinued assets	-	-	-	-	0
NET PROFIT/(LOSS)	258	264	88	416	1,026

12/31/2021 published	Retail Banking	Insurance	Financing and markets	Private Banking	Private equity	Publishing, Logistics and Holding company services	Inter activities	Total
Net banking income	11,014	1,915	809	677	518	2,010	-1,020	15,923
General operating expenses	-6,806	-670	-367	-434	-77	-1,803	1,020	-9,136
Gross operating income	4,208	1,245	442	244	442	207	0	6,787
Cost of counterparty risk	-705	0	35	-8	-21	0	0	-699
Gains on other assets ⁽¹⁾	-5	-2	0	0	0	-859	0	-866
Profit/(loss) before tax	3,499	1,243	477	235	420	-653	0	5,222
Income tax	-1,089	-358	-111	-46	-4	-95	0	-1,703
Post-tax gains and losses on discontinued assets	9	-	-	-	-	-	-	9
Net profit/(loss)	2,418	884	367	190	416	-748	0	3,527
Non-controlling interests	-	-	-	-	-	-	-	284
NET PROFIT ATTRIBUTABLE TO THE GROUP	-	-	-	-	-	-	-	3,243

(1) Includes net profit/(loss) of entities accounted for using the equity method and impairment losses on goodwill (notes 16 and 19).

2c Balance sheet breakdown by geographic area

	12/31/2022				12/31/2021			
	France	Europe outside France	Other countries ⁽¹⁾	Total	France	Europe outside France	Other countries ⁽¹⁾	Total
ASSETS								
Cash, central banks	95,420	11,539	4,970	111,929	104,883	12,975	3,323	121,181
Financial assets at fair value through profit or loss	27,860	540	863	29,264	20,788	507	1,061	22,356
Hedging derivatives	4,050	94	82	4,226	1,282	4	6	1,293
Financial assets at amortized cost	487,092	65,319	10,294	562,705	445,503	54,240	9,671	509,414
<i>of which loans and receivables due from credit institutions</i>	53,629	1,136	2,407	57,173	57,093	1,359	2,463	60,915
<i>of which loans and receivables due from customers</i>	432,449	61,761	7,887	502,097	387,108	50,509	7,208	444,825
Financial assets at fair value through equity	24,309	631	9,582	34,522	24,876	277	6,943	32,095
Investments in the insurance business line and reinsurers' share of technical reserves	120,797	1,878	0	122,675	132,295	3,257	0	135,552
Investments in equity consolidated companies	635	9	146	790	396	11	125	533
LIABILITIES								
Central banks	0	44	0	44	601	1	3	605
Financial liabilities at fair value through profit or loss	18,005	325	442	18,772	11,234	214	632	12,080
Hedging derivatives	2,474	23	5	2,502	1,830	43	1	1,874
Liabilities to credit institutions	36,760	17,625	8,832	63,217	55,346	8,437	7,971	71,755
Due to customers	394,381	58,614	3,989	456,983	367,570	55,275	2,352	425,197
Debt securities	122,724	1,356	10,991	135,072	108,301	4,148	8,667	121,116

(1) United States, Canada, Singapore, Hong Kong and Tunisia.

2d Breakdown of income statement by geographic area

	12/31/2022				12/31/2021			
	France	Europe outside France	Other countries ⁽¹⁾	Total	France	Europe outside France	Other countries ⁽²⁾	Total
Net banking income ⁽³⁾	13,510	3,587	244	17,340	12,562	3,156	204	15,923
General operating expenses	-8,103	-2,116	-110	-10,329	-7,206	-1,838	-93	-9,136
Gross operating income	5,406	1,471	134	7,012	5,357	1,319	111	6,787
Cost of counterparty risk	-207	-588	26	-768	-264	-440	5	-699
Net gains/(losses) on disposals of other assets ⁽⁴⁾	-1,202	-7	25	-1,185	-879	2	11	-866
Profit/(loss) before tax	3,997	876	186	5,059	4,214	881	127	5,222
Total net profit/(loss)	2,731	614	158	3,502	2,790	624	113	3,527
NET PROFIT ATTRIBUTABLE TO THE GROUP	2,584	590	155	3,329	2,537	596	111	3,243

(1) United States, Canada, South Korea, Singapore, Hong Kong, and Tunisia.

(2) United States, Canada, Singapore, Hong Kong and Tunisia.

(3) 23.4% of NBI (excluding Logistics and Holding) was generated abroad in 2022 (compared to 22.5% of NBI in 2021).

(4) Including net profit/(loss) of entities accounted for using the equity method and impairment losses on goodwill.

Note 3 Consolidation scope

3a Composition of the scope of consolidation

In line with the opinion of the French Banking Commission, the group's parent company is made up of the companies included within the scope of globalization. The entities that make it up are:

- Caisse Fédérale de Crédit Mutuel (CF de CM);
- the federations of Crédit Mutuel Centre Est Europe (FCMCEE), Sud-Est (FCMSE), Île-de-France (FCMIDF), Savoie-Mont Blanc (FCMSMB), Midi-Atlantique (FCMMA), Loire-Atlantique Centre Ouest (FCMLACO), Centre (FCMC), Dauphiné-Vivarais (FCMDV), Méditerranée (FCMM), Normandie (FCMN), Anjo (FCMA), Massif Central (FCMMC), Antilles-Guyane (FCMAG) and Nord Europe (FCMNE);
- the regional banks of Crédit Mutuel du Sud-Est (CRCMSE), Île-de-France (CRCMIDF), Savoie-Mont Blanc (CRCMSMB), Midi-Atlantique (CRCMMA), Loire-Atlantique Centre Ouest (CRCMLACO), Centre (CRCMC), Dauphiné-Vivarais (CRCMDV), Méditerranée (CRCMM), Normandie (CRCMN), Anjou (CRCMA), Massif Central (CRCMMC), Antilles-Guyane (CRCMAG) and Nord Europe (CRCMNE);
- Crédit Mutuel local banks that are members of the Crédit Mutuel Centre Est Europe, Sud-Est, Île-de-France, Savoie-Mont Blanc, Midi-Atlantique, Loire-Atlantique Centre Ouest, Centre, and Dauphiné-Vivarais, Méditerranée, Normandie, Anjou, Massif Central, Antilles-Guyane and Nord Europe.

Since December 31, 2021, the changes in the scope of consolidation are as follows:

- Entries in the scope of consolidation following the accession of the CMNE federation on January 1, 2022: Bail Actéa, Bail Actéa Immobilier, CMNE Grand Paris, SCI Crédit Mutuel Nord Europe, SCI Crédit Mutuel Nord Europe1, SCI Crédit Mutuel Nord Europe2, SCI Crédit Mutuel Nord Europe3, SCI Crédit Mutuel Nord Europe Locations, SCI Richebé Inkerman, Foncière et Immobilière Nord Europe, GIE CMN Prestations, Immobilière BCL Lille, Nord Europe Partenariat, SA Immobilière du CMN, SFINE propriété à vie, SFINE bureaux, BKCP Immo IT SCRL, Beobank, Groupe La Française, 2A, Groupe Cholet-Dupont, Inflection Point by La Française, La Française AM, La Française AM Finance Services (LFFS), La Française AM Finances Services Italian branch (branch of LFFS), La Française AM Finances Services Luxembourg branch (branch of LFFS), La Française AM Finances Services branch in Spain (branch of LFFS), La Française Systematic Asset Management GmbH, La Française AM IBERIA, La Française Forum Securities Limited, La Française Real Estate Managers, La Française Real Estate Partners International investments, La Française Real Estate Partners International Lux SARL, Groupe La Française UK Finance Limited, Groupe La Française UK Limited, Groupe La Française Korea Limited, Groupe La Française Singapore PTE Limited, LF Real estate partners Limited, LFP Multi Alpha, New Alpha Asset Management, Newton Square, PU Retail Luxembourg Management Company sarl, Siparex XAnge Venture, Actéa Environnement, NEPI, SCI Centre Gare, Transactimmo;
- other entries: ACM Capital, CIC Private Debt, Crédit Mutuel Investment Managers, Crédit Mutuel Investment Managers branch. Luxembourg, Targo Versicherungsvermittlung GmbH, Oddity H, Humanoid, Madmoizelle, Presstic, 2SF Société de services fiduciaires, FCT Crédit Mutuel Factoring;
- merger: La Française AM IBERIA absorbed by La Française AM Finances, Protection 24 merged with EPS; BECM Francfort becomes TARGOBANK Corporate and Institutional banking and merges with TARGOBANK AG;
- exits from the scope of consolidation: 2A, FLOA, Bancas, BKCP Immo IT SCRL, Siparex XAnge Venture, LF Real estate partners international Limited, CMNE Grand Paris.

	Country	12/31/2022			12/31/2021		
		Percentage Control	Percentage Interest	Method*	Percentage Control	Percentage Interest	Method*
A. BANKING NETWORK							
Banque Européenne du Crédit Mutuel (BECM)	France	100	98	FC	100	98	FC
BECM Francfort (branch of BECM)	Germany	-	-	NC	100	98	FC
Beobank	Belgium	100	99	FC	-	-	NC
BKCP Immo IT SCRL	Belgium	-	-	NC	-	-	NC
Caisse Agricole du Crédit Mutuel	France	100	100	FC	100	100	FC
CIC Est	France	100	98	FC	100	98	FC
CIC Lyonnaise de Banque (LB)	France	100	98	FC	100	98	FC
CIC Lyonnaise de Banque Monaco (CIC LB branch)	Monaco	100	98	FC	100	98	FC
CIC Nord Ouest	France	100	98	FC	100	98	FC
CIC Ouest	France	100	98	FC	100	98	FC
CIC Sud Ouest	France	100	98	FC	100	98	FC
Crédit Industriel et Commercial (CIC)	France	100	98	FC	100	98	FC
TARGOBANK in Spain	Spain	100	98	FC	100	98	FC
B. CONSUMER LOANS							
Cofidis Belgium	Belgium	100	79	FC	100	78	FC
Cofidis France	France	100	79	FC	100	78	FC
Cofidis Spain (branch of Cofidis France)	Spain	100	79	FC	100	78	FC
Cofidis Hungary (branch of Cofidis France)	Hungary	100	79	FC	100	78	FC
Cofidis Portugal (branch of Cofidis France)	Portugal	100	79	FC	100	78	FC
Cofidis SA Poland (branch of Cofidis France)	Poland	100	79	FC	100	78	FC
Cofidis SA Slovakia (branch of Cofidis France)	Slovakia	100	79	FC	100	78	FC
Cofidis Italy	Italy	100	79	FC	100	78	FC
Cofidis Czech Republic	Czech Republic	100	79	FC	100	78	FC
Creatis	France	100	79	FC	100	78	FC
Monabanq	France	100	79	FC	100	78	FC
Margem-Mediação Seguros, Lda	Portugal	100	79	FC	100	78	FC
TARGOBANK AG	Germany	100	98	FC	100	98	FC
C. BANKING NETWORK SUBSIDIARIES							
Bail Actéa	France	100	98	FC	-	-	NC
Bail Actéa Immobilier	France	100	98	FC	-	-	NC
Bancas	France	-	-	NC	50	49	EM
CCLS Leasing Solutions	France	100	98	FC	100	98	FC
Crédit Mutuel Caution Habitat	France	100	98	FC	100	98	FC
Crédit Mutuel Factoring	France	100	98	FC	95	96	FC
Crédit Mutuel Home Loan SFH	France	100	98	FC	100	98	FC
Crédit Mutuel Immobilier	France	100	98	FC	100	98	FC
Crédit Mutuel Leasing	France	100	98	FC	100	98	FC
Crédit Mutuel Leasing Spain (branch of Crédit Mutuel Leasing)	Spain	100	98	FC	100	98	FC
Crédit Mutuel Leasing Benelux	Belgium	100	98	FC	100	98	FC
Crédit Mutuel Leasing Nederland (branch of Crédit Mutuel Leasing Benelux)	The Netherlands	100	98	FC	100	98	FC
Crédit Mutuel Leasing Gmbh	Germany	100	98	FC	100	98	FC
Crédit Mutuel Real Estate Lease	France	100	98	FC	100	98	FC
Factofrance	France	100	98	FC	100	98	FC
FCT Crédit Mutuel Factoring	France	100	98	FC	-	-	NC



	Country	12/31/2022			12/31/2021		
		Percentage Control	Percentage Interest	Method*	Percentage Control	Percentage Interest	Method*
FCT Factofrance	France	100	98	FC	100	98	FC
FLOA (formerly Banque du Groupe Casino)	France	-	-	NC	50	49	EM
Gesteurop	France	100	98	FC	100	98	FC
LYF SA	France	44	43	EM	44	43	EM
Paysurf	France	100	94	FC	100	89	FC
Targo Factoring GmbH	Germany	100	98	FC	100	98	FC
Targo Finanzberatung GmbH	Germany	100	98	FC	100	98	FC
Targo Leasing GmbH	Germany	100	98	FC	100	98	FC

D. CORPORATE BANKING AND CAPITAL MARKETS

Banque Fédérative du Crédit Mutuel (BFCM)	France	98	98	FC	98	98	FC
CIC Bruxelles (branch of CIC)	Belgium	100	98	FC	100	98	FC
CIC Hong Kong (branch of CIC)	Hong Kong	100	98	FC	100	98	FC
CIC London (branch of CIC)	United Kingdom	100	98	FC	100	98	FC
CIC New York (branch of CIC)	United States	100	98	FC	100	98	FC
CIC Singapore (branch of CIC)	Singapore	100	98	FC	100	98	FC
Satellite	France	100	98	FC	100	98	FC

E. ASSET MANAGEMENT AND PRIVATE BANKING

Banque de Luxembourg	Luxembourg	100	98	FC	100	98	FC
Banque de Luxembourg Belgique (Banque de Luxembourg branch)	Belgium	100	98	FC	100	98	FC
Banque de Luxembourg Investments SA (BLI)	Luxembourg	100	98	FC	100	98	FC
Banque Transatlantique (BT)	France	100	98	FC	100	98	FC
Banque Transatlantique Belgium	Belgium	100	98	FC	100	98	FC
Banque Transatlantique London (branch of BT)	United Kingdom	100	98	FC	100	98	FC
Banque Transatlantique Luxembourg	Luxembourg	100	98	FC	100	98	FC
CIC Private debt	France	100	98	FC	-	-	NC
CIC Suisse	Switzerland	100	98	FC	100	98	FC
Cigogne Management	Luxembourg	100	98	FC	100	98	FC
Crédit Mutuel Asset Management	France	97	96	FC	90	92	FC
Crédit Mutuel Épargne Salariale	France	100	98	FC	100	98	FC
Crédit Mutuel Gestion	France	100	96	FC	100	92	FC
Crédit Mutuel Investment Managers	France	100	98	FC	-	-	NC
Crédit Mutuel Investment Managers Luxembourg branch	Luxembourg	100	98	FC	-	-	NC
Dubly Transatlantique Gestion	France	100	98	FC	100	98	FC
Groupe Cholet Dupont	France	34	34	EM	-	-	NC
Groupe La Française	France	100	100	FC	-	-	NC
Inflection Point by La Française	Great Britain	100	100	FC	-	-	NC
La Française AM	France	100	100	FC	-	-	NC
La Française AM Finance Services (LFFS)	France	100	100	FC	-	-	NC
La Française AM Finance Services Luxembourg branch (branch of LFFS)	Luxembourg	100	100	FC	-	-	NC
La Française AM Finance Services Italian branch (branch of LFFS)	Italy	100	100	FC	-	-	NC
La Française AM Finance Services branch in Spain (branch of LFFS)	Spain	100	100	FC	-	-	NC
La Française Am Iberia	Spain	-	-	FU	-	-	NC
La Française Forum Securities Limited	United States	100	100	FC	-	-	NC
La Française Group Korea Limited	South Korea	100	100	FC	-	-	NC

	Country	12/31/2022			12/31/2021		
		Percentage Control	Percentage Interest	Method*	Percentage Control	Percentage Interest	Method*
La Française Group UK Finance Limited	Great Britain	100	100	FC	-	-	NC
La Française Group UK Limited	Great Britain	100	100	FC	-	-	NC
La Française Real Estate Managers Germany Deutsche Zweigniederlassung (branch of La Française Group UK Limited)	Germany	100	100	FC	-	-	NC
La Française Group Singapore PTE Limited	Singapore	100	100	FC	-	-	NC
La Française Real Estate Managers	France	100	100	FC	-	-	NC
La Française Real Estate Partners International	Great Britain	-	-	NC	-	-	NC
La Française Real Estate Partners International investments	Great Britain	99	99	FC	-	-	NC
La Française Real Estate Partners International Lux SARL	Luxembourg	100	100	FC	-	-	NC
La Française Sytematic Asset Management GmbH (formerly la Française AM GmbH)	Germany	100	100	FC	-	-	NC
LFP Multi Alpha	France	100	100	FC	-	-	NC
New Alpha Asset Management	France	50	50	FC	-	-	NC
Newton Square	France	100	100	FC	-	-	NC
PU Retail Luxembourg Management Company SARL	Luxembourg	50	50	FC	-	-	NC
Siparex Xange Venture	France	-	-	NC	-	-	NC

F. PRIVATE EQUITY

CIC Capital Canada Inc.	Canada	100	98	FC	100	98	FC
CIC Capital Suisse SA	Switzerland	100	98	FC	100	98	FC
CIC Capital Deutschland GmbH	Germany	100	98	FC	100	98	FC
CIC Capital Ventures Quebec	Canada	100	98	FC	100	98	FC
CIC Conseil	France	100	98	FC	100	98	FC
Crédit Mutuel Capital	France	100	98	FC	100	98	FC
Crédit Mutuel Equity	France	100	98	FC	100	98	FC
Crédit Mutuel Equity SCR	France	100	98	FC	100	98	FC
Crédit Mutuel Innovation	France	100	98	FC	100	98	FC

G. OTHER BUSINESS LINES

2SF Trust Services Company	France	33	30	EM	-	-	NC
Actéa Environnement	France	100	100	FC	-	-	NC
Actimut	France	100	100	FC	100	100	FC
Affiches d'Alsace Lorraine	France	100	97	FC	100	97	FC
Alsacienne de Portage - DNA	France	100	97	FC	100	97	FC
Banque de Tunisie	Tunisia	35	35	EM	35	35	EM
Caisse Centrale du Crédit Mutuel	France	63	67	EM	51	54	EM
Centre de Conseil et de Service (CCS)	France	100	100	FC	100	100	FC
CIC Participations	France	100	98	FC	100	98	FC
CMNE Grand Paris	France	-	-	NC	-	-	NC
Cofidis Group (formerly Cofidis Participations)	France	80	79	FC	80	78	FC
EBRA Medias Rhone-Alpes PACA (formerly Groupe Dauphiné Media)	France	100	98	FC	100	98	FC
EBRA (formerly Société d'Investissements Médias [SIM])	France	100	98	FC	100	98	FC
EBRA Editions (formerly Les Éditions du Quotidien)	France	100	98	FC	100	98	FC
EBRA events	France	100	98	FC	100	98	FC
EBRA info (formerly AGIR)	France	100	98	FC	100	98	FC
EBRA Medias Alsace	France	100	97	FC	100	97	FC
EBRA Medias Bourgogne-Rhone-Alpes (formerly Publiprint Province n° 1)	France	100	98	FC	100	98	FC

	Country	12/31/2022			12/31/2021		
		Percentage Control	Percentage Interest	Method*	Percentage Control	Percentage Interest	Method*
EBRA Medias Lorraine Franche Comté	France	100	98	FC	100	98	FC
EBRA Portage Bourgogne Rhone-Alpes (formerly Presse Diffusion)	France	100	98	FC	100	98	FC
EBRA Productions	France	100	98	FC	100	98	FC
EBRA services	France	100	98	FC	100	98	FC
EBRA Studio (formerly Est Info TV)	France	100	98	FC	100	98	FC
EIP	France	100	100	FC	100	100	FC
Est Bourgogne Média	France	100	98	FC	100	98	FC
Euro Automatic Cash	Spain	50	45	EM	50	40	EM
Euro Protection Surveillance	France	89	82	FC	89	75	FC
Euro-Information	France	90	90	FC	80	80	FC
Euro-Information Développements	France	100	90	FC	100	80	FC
Foncière Massena	France	100	88	FC	100	78	FC
France Régie	France	100	97	FC	100	97	FC
GEIE Synergie	France	100	79	FC	100	78	FC
GIE CMN Prestations	France	100	100	FC	-	-	NC
Groupe Progrès	France	100	98	FC	100	98	FC
Groupe Républicain Lorrain Imprimeries (GRLI)	France	100	98	FC	100	98	FC
Humanoid	France	100	70	FC	-	-	NC
Immobilière BCL Lille	France	55	55	FC	-	-	NC
Journal de la Haute Marne	France	50	49	EM	50	49	EM
La Liberté de l'Est	France	97	95	FC	97	95	FC
La Tribune	France	100	98	FC	100	98	FC
Le Dauphiné Libéré	France	100	98	FC	100	98	FC
Le Républicain Lorrain	France	100	98	FC	100	98	FC
Les Dernières Nouvelles d'Alsace	France	99	97	FC	99	97	FC
L'Est Républicain	France	100	98	FC	100	98	FC
L'immobilière du CMN	France	100	100	FC	-	-	NC
Lumedia	Luxembourg	50	49	EM	50	49	EM
Lyf SAS	France	50	45	EM	49	39	EM
Madmoizelle	France	100	70	FC	-	-	NC
Médiaportage	France	100	98	FC	100	98	FC
Mutuelles Investissement	France	100	98	FC	100	98	FC
NEWCO4	France	100	98	FC	100	98	FC
Nord Europe Partenariat	France	100	100	FC	-	-	NC
Nord Europe Participations et Investissements	France	100	100	FC	-	-	NC
Oddity H.	France	71	70	FC	-	-	NC
Presstic Numerama	France	100	70	FC	-	-	NC
Protection 24	France	-	-	FU	100	75	FC
SAP Alsace	France	100	98	FC	100	98	FC
SCI 14 Rue de Londres	France	100	88	FC	100	78	FC
SCI ACM	France	100	88	FC	100	78	FC
SCI ACM Cotentin	France	100	89	FC	100	78	FC
SCI Centre Gare	France	100	100	FC	-	-	NC
SCI CMN	France	100	100	FC	-	-	NC
SCI CMN Locations	France	100	100	FC	-	-	NC
SCI CMN1	France	100	100	FC	-	-	NC

	Country	12/31/2022			12/31/2021		
		Percentage Control	Percentage Interest	Method*	Percentage Control	Percentage Interest	Method*
SCI CMN2	France	100	100	FC	-	-	NC
SCI CMN3	France	100	100	FC	-	-	NC
SCI La Tréflière	France	100	99	FC	100	99	FC
SCI Le Progrès Confluence	France	100	98	FC	100	98	FC
SCI Provence Lafayette	France	100	88	FC	100	78	FC
SCI Richebé Inkerman	France	100	100	FC	-	-	NC
SCI Saint Augustin	France	100	88	FC	100	78	FC
SCI Tombe Issoire	France	100	89	FC	100	78	FC
SFINE Bureaux	France	100	100	FC	-	-	NC
SFINE Propriété à vie	France	100	100	FC	-	-	NC
Société d'Édition de l'Hebdomadaire du Louhannais et du Jura (SEHLJ)	France	100	98	FC	100	98	FC
Société Foncière et Immobilière Nord Europe	France	100	100	FC	-	-	NC
Targo Deutschland GmbH	Germany	100	98	FC	100	98	FC
Targo Dienstleistungs GmbH	Germany	100	98	FC	100	98	FC
Targo Technology GmbH	Germany	100	98	FC	-	-	NC
Targo Versicherungsvermittlung GmbH	Germany	100	98	FC	100	98	FC
Transactimmo	France	100	100	FC	-	-	NC
H. INSURANCE COMPANIES							
ACM Capital	France	100	88	FC	-	-	NC
ACM Courtage (formerly Procourtage)	France	100	89	FC	100	78	FC
ACM GIE	France	100	89	FC	100	78	FC
ACM IARD	France	97	85	FC	97	76	FC
ACM Services	France	100	89	FC	100	78	FC
ACM VIE SA	France	100	89	FC	100	78	FC
ACM VIE, Société d'Assurance Mutuelle	France	100	100	FC	100	100	FC
Agrupació AMCI d'Assegurances i Reassegurances SA	Spain	95	84	FC	95	75	FC
Agrupació serveis administratius	Spain	100	84	FC	100	75	FC
AMDIF	Spain	100	84	FC	100	75	FC
Asesoramiento en Seguros y Previsión Atlantis SL	Spain	80	71	FC	80	63	FC
Asistencia Avançada Barcelona	Spain	100	84	FC	100	75	FC
ASTREE Assurances	Tunisia	30	27	EM	30	23	EM
Atlantis Asesores SL	Spain	80	71	FC	80	63	FC
Atlantis Correduría de Seguros y Consultoría Actuarial SA	Spain	60	53	FC	60	47	FC
Atlantis Vida, Compañía de Seguros y Reaseguros SA	Spain	88	79	FC	88	70	FC
GACM España	Spain	100	89	FC	100	78	FC
GACM Seguros, Compañía de Seguros y Reaseguros, Sau	Spain	100	89	FC	100	78	FC
Groupe des Assurances du Crédit Mutuel (GACM)	France	90	89	FC	80	78	FC
ICM Life	Luxembourg	100	89	FC	100	78	FC
MTRL	France	100	100	FC	100	100	FC
NELB (North Europe Life Belgium)	Belgium	100	89	FC	100	78	FC
Partners	Belgium	100	89	FC	100	78	FC
Serenis Assurances	France	100	88	FC	100	78	FC
Targopensiones, entidad gestora de fondos de pensiones, SA	Spain	100	84	FC	100	75	FC

* Method: FC = Full consolidation; EM = Equity method; NC = Not consolidated; FU = Merged

3b 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.

The group does not have offices that meet the criteria defined by the Order of October 6, 2009 in the non-cooperative States or territories included on the list set by the Order of March 2, 2022.

Country	Net banking income	Income (loss) before tax	Current tax	Deferred tax	Other taxes and social security contributions	Workforce	Public subsidies
Germany	1,738	631	-174	2	-122	5,479	0
Belgium	446	124	-20	-1	-55	1,655	0
Canada	43	39	-1	-5	0	8	0
Spain	367	24	-2	0	-25	2,097	0
United States of America	108	81	-11	-3	-15	92	0
France	13,510	5,972	-1,163	-103	-1,974	56,768	0
Hong Kong	14	9	-1	0	-1	19	0
Hungary	37	1	0	0	-6	353	0
Italy	123	13	0	0	-6	335	0
Luxembourg	367	158	-16	-5	-39	1,007	0
Monaco	10	6	-2	0	0	18	0
The Netherlands	1	1	0	0	0	1	0
Poland	6	-4	0	-0	-1	89	0
Portugal	203	103	-28	0	-8	698	0
Republic of Korea	2	1	0	0	0	2	0
Czech Republic	13	-1	0	0	-2	162	0
United Kingdom	63	48	-8	0	-5	83	0
Singapore	78	54	-6	-1	-7	136	0
Slovakia	9	-1	0	0	-1	78	0
Switzerland	204	58	-6	0	-14	415	0
Tunisia ⁽¹⁾	0	25	0	0	0	0	0
TOTAL	17,340	7,341	-1,440	-116	-2,282	69,495	0

(1) Entity consolidated using the equity method.

3c Fully consolidated entities with significant non-controlling interests

12/31/2022	Percentage of non-controlling interests in the consolidated financial statements				Financial information regarding fully-consolidated entities ⁽¹⁾			
	Percentage of interest/ Percentage of voting rights	Net profit/(loss) attributable to non-controlling interests	Amount in shareholders' equity of non-controlling interests	Dividends paid to non-controlling interests	Balance sheet total	Net profit/(loss)	Undisclosed reserves	NBI
Euro-Information	10%	11	218	0	2,550	143	0	1,520
Groupe des Assurances du Crédit Mutuel (GACM)	11%	99	832	-154	120,239	800	-640	1,737
Cofidis Belgium	21%	2	NA ⁽²⁾	0	1,155	10	5	100
Cofidis France	21%	14	NA ⁽²⁾	0	11,701	39	20	549

⁽¹⁾ Amounts before elimination of intercompany balances and transactions.

⁽²⁾ In accordance with IAS 32, the group recognized a liability for the commitment to increase its stake in Cofidis GROUP (formerly Participations) to 100%. The counterparty was recorded as a reduction of minority interests and a reduction of the group's share for the remaining balance.

12/31/2021	Percentage of non-controlling interests in the consolidated financial statements				Financial information regarding fully-consolidated entities ⁽¹⁾			
	Percentage of interest/ Percentage of voting rights	Net profit/(loss) attributable to non-controlling interests	Amount in shareholders' equity of non-controlling interests	Dividends paid to non-controlling interests	Balance sheet total	Net profit/(loss)	Undisclosed reserves	NBI
Euro-Information	20%	18	421	-1	2,311	290	0	1,577
Groupe des Assurances du Crédit Mutuel (GACM)	22%	189	1,913	-307	131,425	833	1,590	1,807
Cofidis Belgium	22%	3	NA ⁽²⁾	0	989	13	-1	96
Cofidis France	22%	16	NA ⁽²⁾	0	10,359	75	-6	549

⁽¹⁾ Amounts before elimination of intercompany balances and transactions.

⁽²⁾ In accordance with IAS 32, the group recognized a liability for the commitment to increase its stake in Cofidis GROUP (formerly Participations) to 100%. The counterparty was recorded as a reduction of minority interests and a reduction of the group's share for the remaining balance.

3d Equity investments in structured non-consolidated 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 fund clients 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 unitholders, 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.

An interest in a structured non-consolidated entity is a contractual or non-contractual relationship that exposes the group to the variable yields associated with the performance of the entity.

The group's risk is essentially an operational risk of failure to meet its management mandate or its mandate as custodian and, where applicable, the group is also exposed to risk up to the amounts invested.

No financial support has been granted to the structured entities of the group during the fiscal year.

	12/31/2022			12/31/2021		
	Securitization vehicle (SPV)	Asset management (UCITS/REIT) ⁽¹⁾	Other structured entities ⁽²⁾	Securitization vehicle (SPV)	Asset management (UCITS/REIT) ⁽¹⁾	Other structured entities ⁽²⁾
Balance sheet total	0	22,851	2,537	0	34,162	2,188
Carrying amounts of financial assets	0	12,176	1,036	0	16,014	733

⁽¹⁾ The amounts indicated concern UCITS held at more than 20% and which the group manages, including account units held by insured parties.

⁽²⁾ The other structured entities correspond to asset financing entities.

3e Assets, liabilities and profit/(loss) from non-current activities held for sale

	12/31/2022	12/31/2021
Non-current assets held for sale	4,986	107
Non-current liabilities held for sale	3,720	-
Post-tax gains/(losses) on discontinued operations	0	9

As of December 31, 2022, the assets and liabilities of the following companies have been reclassified under IFRS 5 as "Assets and liabilities held for sale":

- GACM España: On December 13, 2022, GACM and Axa Seguros Generales, SA de Seguros y Reaseguros (Axa Spain) signed an agreement for the sale, subject to regulatory approvals, by GACM SA of 100% of the share capital of GACM España, to Axa Spain;

- TARGOBANK Spain: the classification follows the announcement of the entry into exclusive negotiations between the Group and ABANCA on December 22, 2022, in view of the sale of TARGOBANK in Spain by BFCM;

- Cholet Dupont: a subsidiary of Groupe La Française in the process of being sold.

At December 31, 2021, the activities of FLOA were reclassified as assets held for sale following the signature of an exclusivity agreement for their sale to BNP Paribas as well as the implementation of a strategic partnership between BNP Paribas and Casino. The sale of FLOA to BNP Paribas became effective on January 31, 2022.

	12/31/2022	12/31/2021
Cash, central banks	241	0
Financial assets at fair value through profit or loss	1	0
Hedging derivatives	14	0
Financial assets at fair value through equity	0	0
Securities at amortized cost	0	0
Loans and receivables due from credit institutions and similar at amortized cost	458	0
Loans and receivables due from customers at amortized cost	3,321	0
Revaluation adjustment on rate-hedged books	0	0
Short-term investments in the insurance business line and reinsurers' share of technical reserves	885	0
Current tax assets	2	0
Deferred tax assets	34	0
Accruals and other assets	71	0
Non-current assets held for sale	15	0
Deferred profit-sharing	0	0
Investments in equity consolidated companies	23	107
Investment property	44	0
Property, plant and equipment	80	0
Intangible assets	9	0
Goodwill	58	0
Fair value measurement of assets held for sale	-270	0
Non-current assets held for sale	4,986	107
Due to credit and similar institutions at amortized cost	385	0
Amounts due to customers at amortized cost	2,429	0
Revaluation adjustment on rate-hedged books	14	0
Current tax liabilities	20	0
Deferred tax liabilities	2	0
Deferred income, accrued charges and other liabilities	190	0
Debt related to non-current assets held for sale	0	0
Liabilities relative to contracts of Insurance	631	0
Provisions	9	0
Subordinated debt at amortized cost	40	0
Debt related to non-current assets held for sale	3,720	0
Share of net profit/(loss) of equity consolidated companies	0	9
Post-tax gains/(losses) on discontinued operations	0	9

Note 4 Cash and central banks (asset/liability)

	12/31/2022	12/31/2021
Cash, central banks – asset	-	-
Central banks	110,601	119,851
<i>of which mandatory reserves</i>	2,618	2,586
Cash	1,329	1,330
Total	111,929	121,181
Central banks – liability	44	605

Note 5 Financial assets and liabilities at fair value through profit or loss

5a Financial assets at fair value through profit or loss

	12/31/2022				12/31/2021			
	Transaction	Fair value option	Other FVPL	Total	Transaction	Fair value option	Other FVPL	Total
Securities	6,315	733	5,589	12,637	6,338	575	5,080	11,993
■ Government securities	1,034	0	0	1,034	730	0	0	730
■ Bonds and other debt securities	4,550	733	551	5,834	4,876	575	238	5,689
<i>Listed</i>	4,550	26	161	4,737	4,876	90	166	5,132
<i>Non-listed</i>	0	707	390	1,097	0	485	72	557
<i>of which UCIs</i>	0	-	515	515	0	-	232	232
■ Shares and other equity instruments	731	-	4,129	4,860	732	-	3,898	4,630
<i>Listed</i>	731	-	1,041	1,772	732	-	1,172	1,904
<i>Non-listed</i>	0	-	3,088	3,088	0	-	2,726	2,726
■ Long-term investments	-	-	909	909	-	-	944	944
<i>Equity investments</i>	-	-	371	371	-	-	334	334
<i>Other long-term investments</i>	-	-	166	166	-	-	209	209
<i>Investments in subsidiaries and associates</i>	-	-	347	347	-	-	376	376
<i>Other long-term investments</i>	-	-	25	25	-	-	25	25
Derivative instruments	6,869	-	-	6,869	3,754	-	-	3,754
Loans and receivables	9,743	0	14	9,757	6,597	0	13	6,610
<i>of which pensions</i>	9,743	0	-	9,743	6,597	0	-	6,597
TOTAL	22,928	733	5,603	29,264	16,689	575	5,093	22,357

LIST OF MAIN NON-CONSOLIDATED EQUITY INVESTMENTS RECOGNIZED AT FAIR VALUE THROUGH PROFIT OR LOSS

		% held	FV at 12/31/22	Shareholders' equity	Balance sheet total	NBI or Revenues	Net profit/(loss)
Bank of Africa [formerly BMCE] ^[1]	Listed	< 30%	8,818	29,499	345,058	14,607	2,849
Crédit Logement	Unlisted	< 10%	74	1,653	12,402	222	120
CRH [Caisse de Refinancement de l'Habitat]	Unlisted	< 20%	92	563	21,469	2	0

The figures (except the percentage held) relate to fiscal year 2021.

[1] Bank of Africa (formerly BMCE) is not consolidated due to the absence of significant influence exercised by the group. Bank of Africa securities are therefore recognized at fair value through profit or loss. Figures expressed in millions of Moroccan dirhams

5b Financial liabilities at fair value through profit or loss

	12/31/2022	12/31/2021
Financial liabilities held for trading	18,615	11,956
Financial liabilities at fair value through profit or loss	157	124
TOTAL	18,772	12,080

FINANCIAL LIABILITIES HELD FOR TRADING

	12/31/2022	12/31/2021
Short sales of securities	1,365	1,808
■ Bonds and other debt securities	646	921
■ Shares and other equity instruments	719	887
Debts in respect of securities sold under repurchase agreements	9,748	6,483
Trading derivatives	6,815	3,601
Other financial liabilities held for trading	687	64
TOTAL	18,615	11,956

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	12/31/2022			12/31/2021		
	Carrying amount	Amount due	Difference	Carrying amount	Amount due	Difference
Interbank debt	133	133	0	124	124	0
Due to customers	24	24	0	0	0	0
TOTAL	157	157	0	124	124	0

5c Analysis of trading derivatives

	12/31/2022			12/31/2021		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Rate instrument	169,042	4,686	4,605	243,323	2,673	2,588
Swaps	79,024	3,163	4,033	78,870	2,392	2,297
Other firm contracts	53,697	0	0	46,578	0	0
Options and conditional instruments	36,321	1,523	572	117,875	281	291
Foreign exchange instrument	150,634	1,917	1,909	147,685	838	765
Swaps	101,188	45	144	104,121	52	80
Other firm contracts	12,705	1,566	1,459	11,967	663	562
Options and conditional instruments	36,741	306	306	31,597	123	123
Other derivatives	22,131	267	303	17,432	244	247
Swaps	7,040	50	110	7,086	69	108
Other firm contracts	9,923	100	85	7,863	116	91
Options and conditional instruments	5,168	117	108	2,483	59	48
TOTAL	341,807	6,869	6,817	408,440	3,755	3,600

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

6a Hedging derivatives

	12/31/2022			12/31/2021		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Fair Value Hedges	223,945	4,226	2,502	177,702	1,293	1,874
Swaps	26,884	4,226	2,502	25,410	1,293	1,874
Other firm contracts	197,049	0	0	152,075	0	0
Options and conditional instruments	12	0	0	217	0	0
TOTAL	223,945	4,226	2,502	177,702	1,293	1,874

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.

MATURITY SCHEDULE OF THE NOMINAL VALUE OF HEDGING DERIVATIVES

12/31/2022	Less than 3 months	3 months to less than 1 year	1 to 5 years	Over 5 years	12/31/2022
Fair Value Hedges	9,560	17,905	129,102	67,377	223,945
Swaps	6,808	6,621	10,607	2,849	26,884
Other firm contracts	2,742	11,285	118,494	64,528	197,049
Options and conditional instruments	11	0	1	0	12
TOTAL	9,560	17,905	129,102	67,377	223,945

12/31/2021	Less than 3 months	3 months to less than 1 year	1 to 5 years	Over 5 years	12/31/2021
Fair Value Hedges	15,819	17,189	92,586	52,107	177,702
Swaps	2,229	4,102	16,660	2,419	25,410
Other firm contracts	13,514	12,960	75,912	49,688	152,075
Options and conditional instruments	76	127	14	0	217
TOTAL	15,819	17,189	92,586	52,107	177,702

6b Revaluation differences on interest-risk hedged portfolios

	12/31/2022	12/31/2021
FAIR VALUE OF PORTFOLIO INTEREST RATE RISK		
■ in financial assets	-6,904	1,083
■ in financial liabilities	-14	13

6c Fair Value Hedged items

ASSET ITEMS HEDGED

	12/31/2022			12/31/2021		
	Carrying amount	Of which revaluation relating to hedging	Of which revaluation for the fiscal year	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	2,487	0	0	3,538	0	0
Receivables from customers at amortized cost	208,848	-6,630	-252	123,375	1,081	0
Securities at amortized cost	1,125	-97	-123	1,771	26	-38
Financial assets at FVOCI	20,259	1,651	-14	20,041	906	0
TOTAL	232,719	-5,076	-389	148,725	2,013	-38

LIABILITY ITEMS HEDGED

	12/31/2022			12/31/2021		
	Carrying amount	Of which revaluation relating to hedging	Of which revaluation for the fiscal year	Carrying amount	Of which revaluation relating to hedging	Of which revaluation for the fiscal year
Debt securities	65,116	5,267	-15	60,787	1,298	-5
Liabilities to credit institutions	36,403	2,020	-7	46,220	523	0
Due to customers	55,142	-12	0	53,353	12	0
TOTAL	156,661	7,275	-22	160,360	1,833	-5

Note 7 Financial assets at fair value through equity

	12/31/2022	12/31/2021
Government securities	10,873	11,680
Bonds and other debt securities	22,768	19,705
■ Listed	21,725	19,034
■ Non-listed	1,043	671
Related receivables	194	125
Debt securities subtotal, gross	33,835	31,510
Of which impaired debt securities [S3]	0	0
Impairment of performing loans [S1/S2]	-19	-18
Other impairment [S3]	0	0
Debt securities subtotal, net	33,816	31,492
Shares and other equity instruments	216	199
■ Listed	1	3
■ Non-listed	215	196
Long-term investments	491	405
■ Equity investments	91	78
■ Other long-term investments	342	272
■ Investments in subsidiaries and associates	58	55
■ Loaned securities	0	0
■ Non-performing current account advances to non-trading real estate company	0	0
Related receivables	0	0
Subtotal, equity instruments	706	604
TOTAL	34,522	32,095
Of which unrealized capital gains or losses recognized under shareholders' equity	29	138
of which listed equity investments.	0	0

Note 8 Fair value hierarchy of financial instruments carried at fair value on the balance sheet

12/31/2022	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS IFRS 9				
Fair value through equity	30,565	3,188	768	34,522
Government and equivalent securities	10,598	289	59	10,946
Bonds and other debt securities	19,966	2,898	6	22,870
Shares and other equity instruments	1	2	213	216
Investments and other long-term securities	0	0	433	433
Investments in subsidiaries and associates	0	0	58	58
Trading/Fair value option/Other	5,734	16,216	7,314	29,264
Government securities and similar instruments – Trading	1,025	0	9	1,034
Bonds and other debt securities – Trading	2,725	1,670	156	4,550
Bonds and other debt securities – Fair value option	26	0	707	734
Bonds and other debt securities – Other FVPL	162	373	17	551
Shares and other equity instruments – Trading	731	0	0	731
Shares and other equity instruments – Other FVPL ⁽¹⁾	1,041	0	3,088	4,128
Investments and other long-term securities – Other FVPL	1	0	536	538
Investments in subsidiaries and associates – Other FVPL	0	0	371	371
Loans and receivables due from customers – Trading	0	9,743	0	9,743
Loans and receivables due from customers – Other FVPL	0	14	0	14
Derivatives and other financial assets – Trading	24	4,416	2,430	6,869
Hedging derivatives	3	4,221	2	4,226
TOTAL	36,303	23,625	8,084	68,012
FINANCIAL ASSETS IAS 39 – INSURANCE INVESTMENTS				
Fair value through profit or loss	19,547	7,202	0	26,750
Transaction	0	0	0	0
Fair value option – debt securities	1,801	1,304	0	3,105
Fair value option – equity instruments	17,746	5,899	0	23,645
Available-for-sale assets	72,240	5,792	1,152	79,184
Government and equivalent securities	15,482	0	0	15,482
Bonds and other debt securities	42,502	1,015	0	43,518
Shares and other equity instruments	13,360	4,766	0	18,126
Equity investments, shares in subsidiaries and associates and other long-term investments	896	10	1,152	2,058
TOTAL	91,787	12,994	1,152	105,934

12/31/2022	Level 1	Level 2	Level 3	Total
FINANCIAL LIABILITIES IFRS 9				
Trading/Fair value option	2,038	14,247	2,487	18,772
Due to credit institutions – Fair value option	0	133	0	133
Amounts due to customers – Fair value option	0	24	0	24
Debt – Trading	0	9,748	0	9,748
Derivatives and other financial liabilities – Trading	2,038	4,343	2,487	8,868
Hedging derivatives	0	2,490	13	2,502
TOTAL	2,038	16,737	2,500	21,275
FINANCIAL LIABILITIES RELATED TO IAS 39 INSURANCE POLICIES				
Fair value through profit or loss	0	6,783	0	6,783
Fair value option	0	6,783	0	6,783
TOTAL	0	6,783	0	6,783

(1) Includes the equity investments held by the group's private equity companies.

- 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 in question, 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 includes 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	Opening	Purchases	Sales/ repayments	Transfers	Gains and losses in the income statement	Gains and losses in equity	Other movement	Closing
Shares and other equity instruments – Other FVPL	2,721	310	-305	35	324	0	3	3,088

12/31/2021	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS IFRS 9				
Fair value through equity	24,447	5,950	1,692	32,089
Government and equivalent securities	11,565	100	84	11,750
Bonds and other debt securities	12,879	5,849	1,017	19,746
Shares and other equity instruments	3	0	196	199
Investments and other long-term securities	0	0	346	346
Investments in subsidiaries and associates	0	0	49	49
Trading/Fair value option/Other	5,383	11,128	5,817	22,328
Government securities and similar instruments – Trading	666	14	50	730
Bonds and other debt securities – Trading	2,590	2,053	233	4,876
Bonds and other debt securities – Fair value option	25	0	549	574
Bonds and other debt securities – Other FVPL	170	56	11	238
Shares and other equity instruments – Trading	732	0	0	732
Shares and other equity instruments – Other FVPL ⁽¹⁾	1,177	0	2,721	3,898
Investments and other long-term securities – Other FVPL	2	0	542	544
Investments in subsidiaries and associates – Other FVPL	0	0	401	401
Loans and receivables due from customers – Trading	0	6,597	0	6,597
Loans and receivables due from customers – Other FVPL	0	13	0	13
Derivatives and other financial assets – Trading	21	2,395	1,311	3,726
Hedging derivatives	0	1,292	1	1,293
TOTAL	29,830	18,369	7,511	55,710
FINANCIAL ASSETS IAS 39 – INSURANCE INVESTMENTS				
Fair value through profit or loss	22,062	7,012	0	29,074
Fair value option – debt securities	1,277	1,816	0	3,093
Fair value option – equity instruments	20,785	5,196	0	25,981
Hedging derivatives	0	0	0	0
Available-for-sale assets	84,838	4,879	881	90,598
Government and equivalent securities	17,167	0	0	17,167
Bonds and other debt securities	51,735	368	0	52,103
Shares and other equity instruments	14,892	4,500	0	19,392
Equity investments, shares in subsidiaries and associates and other long-term investments	1,044	11	881	1,935
TOTAL	106,900	11,891	881	119,672
FINANCIAL LIABILITIES IFRS 9				
Trading/Fair value option	1,837	9,117	1,126	12,080
Due to credit institutions – Fair value option	0	124	0	124
Debt – Trading	0	6,483	0	6,483
Derivatives and other financial liabilities – Trading	1,837	2,510	1,126	5,473
Hedging derivatives	0	1,851	22	1,874
TOTAL	1,837	10,969	1,148	13,954
FINANCIAL LIABILITIES RELATED TO IAS 39 INSURANCE POLICIES				
Fair value through profit or loss	0	6,481	0	6,481
Transaction	0	0	0	0
Fair value option	0	6,481	0	6,481
TOTAL	0	6,481	0	6,481

[1] Includes the equity investments held by the group's private equity companies.

Note 9 Details of securitization outstandings

As requested by the banking supervisor and the markets regulator, an analysis is provided below of sensitive exposures based on FSB recommendations.

Trading and fair value securities portfolios through equity were valued at market price from external data coming from organized markets, primary brokers, or when no other price is available, from comparable securities listed on the market.

Summary	Carrying amount 12/31/2022	Carrying amount 12/31/2021
RMBS	1,255	1,260
CMBS	0	0
CLO	3,996	3,137
Other ABS	3,199	3,033
TOTAL	8,450	7,429

Unless otherwise indicated, securities are not hedged by CDS.

Exposures at 12/31/2022	RMBS	CMBS	CLO	Other ABS	Total
Fair value through profit or loss	145	0	0	206	351
Amortized cost	26	0	337	1,516	1,879
Fair value - Others	1	0	0	0	1
Fair value through equity	1,083	0	3,659	1,477	6,219
TOTAL	1,255	0	3,996	3,199	8,450
France	560	0	786	930	2,275
Spain	95	0	0	328	423
United Kingdom	6	0	175	163	344
Europe excluding France, Spain and the UK	474	0	279	1,080	1,832
United States	5	0	2,756	567	3,328
Other	116	0	0	133	248
TOTAL	1,255	0	3,996	3,199	8,450
US Branches	0	0	0	0	0
AAA	1,174	0	3,722	1,308	6,204
AA	63	0	199	644	906
A	10	0	75	4	89
BBB	5	0	0	0	5
B or below	2	0	0	7	9
Not rated	0	0	0	1,237	1,237
TOTAL	1,255	0	3,996	3,199	8,450
Origination 2005 and earlier	9	0	0	0	9
Origination 2006-2008	24	0	0	7	31
Origination 2009-2011	7	0	0	0	7
Origination 2012-2022	1,215	0	3,996	3,192	8,403
TOTAL	1,255	0	3,996	3,199	8,450

CONSOLIDATED FINANCIAL STATEMENTS OF CRÉDIT MUTUEL ALLIANCE FÉDÉRALE
Notes to the Consolidated Financial Statements of Crédit Mutuel Alliance Fédérale

Exposures at 12/31/2021	RMBS	CMBS	CLO	Other ABS	Total
Fair value through profit or loss	253	0	9	374	635
Amortized cost	33	0	338	949	1,320
Fair value – Others	1	0	0	0	1
Fair value through equity	973	0	2,790	1,710	5,473
TOTAL	1,260	0	3,137	3,033	7,429
France	565	0	359	716	1,640
Spain	111	0	0	358	469
United Kingdom	22	0	110	277	409
Europe excluding France, Spain and the UK	413	0	189	1,236	1,837
United States	29	0	2,479	339	2,847
Other	120	0	0	108	228
TOTAL	1,260	0	3,137	3,033	7,429
US Branches	0	0	0	0	0
AAA	1,126	0	2,911	1,391	5,428
AA	112	0	156	814	1,082
A	13	0	70	4	86
BBB	1	0	0	0	1
BB	5	0	0	0	5
B or below	3	0	0	7	10
Not rated	0	0	0	818	818
TOTAL	1,260	0	3,137	3,033	7,429
Origination 2005 and earlier	13	0	0	0	13
Origination 2006-2008	31	0	0	7	38
Origination 2009-2011	17	0	0	0	17
Origination 2012-2021	1,199	0	3,137	3,026	7,361
TOTAL	1,260	0	3,137	3,033	7,429

Note 10 Financial assets at amortized cost

	12/31/2022	12/31/2021
Securities at amortized cost	3,436	3,675
Loans and receivables due from credit institutions	57,173	60,914
Loans and receivables due from customers	502,097	444,825
TOTAL	562,706	509,414

10a Securities at amortized cost

	12/31/2022	12/31/2021
Securities	3,490	3,745
■ Government securities	1,654	1,604
■ Bonds and other debt securities	1,836	2,141
Listed	718	570
Non-listed	1,119	1,571
Related receivables	11	12
TOTAL GROSS	3,502	3,757
<i>of which impaired assets (S3)</i>	93	110
Impairment of performing loans (S1/S2)	-2	-2
Other impairment (S3)	-64	-80
TOTAL NET	3,436	3,675

10b Loans and receivables due from credit institutions at amortized cost

	12/31/2022	12/31/2021
Performing loans (S1/S2)	56,223	60,300
Crédit Mutuel network accounts ⁽¹⁾	41,606	34,857
Other ordinary accounts	3,805	4,035
Loans	2,637	6,009
Other receivables	6,698	13,761
Pensions	1,477	1,638
Individually-impaired receivables, gross (S3)	0	0
Related receivables	953	616
Impairment of performing loans (S1/S2)	-3	-2
Other impairment (S3)	0	0
TOTAL	57,173	60,914

(1) Mainly concerns outstanding CDC repayments (LEP, LDD, Livret bleu, Livret A).

10c Loans and receivables due from customers at amortized cost

	12/31/2022	12/31/2021
Performing loans (S1/S2)	478,873	425,387
Commercial loans	18,203	15,914
Other customer receivables	459,875	408,834
■ home loans	254,200	226,874
■ other loans and receivables, including pensions ⁽¹⁾	205,675	181,960
Related receivables	795	639
Individually-impaired receivables, gross (S3)	12,470	11,235
Gross receivables	491,343	436,622
Impairment of performing loans (S1/S2) ⁽²⁾	-3,104	-3,099
Other impairment (S3)	-6,075	-5,768
SUBTOTAL I	482,164	427,755
Finance leases (net investment)	19,614	16,910
■ Equipment	14,209	12,053
■ Real estate	5,405	4,857
Individually-impaired receivables, gross (S3)	710	488
Impairment of performing loans (S1/S2)	-189	-147
Other impairment (S3)	-203	-181
SUBTOTAL II	19,932	17,069
TOTAL	502,097	444,825
of which subordinated loans	12	13
of which pensions	1,203	1,066

(1) Including €12.8 billion at December 31, 2022 of state-guaranteed loans (SGLs) granted during the Covid-19 crisis.

(2) At December 31, 2021, the item includes a specific impairment to take into account the effects of the Covid-19 crisis, which was reversed in 2022.

At December 31, 2022, the item includes a post-model adjustment. See note 1 – Accounting principles.

BREAKDOWN OF STATE-GUARANTEED LOANS (SGL)

	Outstandings			Write-downs		
	S1	S2	S3	S1	S2	S3
amount at 12/31/2022	9,973	1,776	1,111	-6	-15	-111
amount at 12/31/2021	9,937	4,462	806	-5	-57	-74

FINANCE LEASE TRANSACTIONS WITH CUSTOMERS

	12/31/2021	Increase	Decrease	Other ⁽¹⁾	12/31/2022
Gross carrying amount	17,397	3,244	-2,085	1,767	20,324
Impairment of non-recoverable lease payments	-328	-176	133	-21	-392
NET CARRYING AMOUNT	17,069	3,068	-1,952	1,746	19,932

(1) Other changes include the outstandings of the subsidiaries Bail Actéa and Bail Actéa Immobilier, which were included in the scope of consolidation when the CMNE federation joined on January 1, 2022.

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	6,017	11,110	3,239	20,366
Present value of future lease payments	5,750	10,770	3,224	19,744
UNEARNED FINANCIAL INCOME	267	340	15	622

Note 11 Financial liabilities at amortized cost

11a Debt securities at amortized cost

	12/31/2022	12/31/2021
Certificates of deposit	129	113
Interbank certificates and negotiable debt instruments	55,747	49,381
Bonds	70,430	64,335
Non-preferred senior securities	8,011	6,801
Related debt	755	487
TOTAL	135,072	121,116

11b Liabilities to credit institutions

	12/31/2022	12/31/2021
Other ordinary accounts	2,102	3,001
Borrowings	16,846	16,938
Other debt	6,091	5,278
Pensions ⁽¹⁾	38,080	46,436
Related debt	97	101
TOTAL	63,216	71,755

⁽¹⁾ As part of the monetary policy implemented by the Eurosystem, the group decided to participate in the TLTRO III (Targeted Longer-Term Refinancing Operation) launched in March 2020. Crédit Mutuel has therefore refinanced itself with the ECB under TLTRO III for an amount of €32,175 million at December 31, 2022. The ECB specified the methods for calculating the TLTRO III remuneration in its decision of October 27, 2022. See note 1 – Accounting principles.

11c Amounts due to customers at amortized cost

	12/31/2022	12/31/2021
Special savings accounts	170,867	149,106
■ on demand	123,865	104,172
■ term	47,002	44,934
Related liabilities on savings accounts	13	15
Subtotal	170,880	149,121
Demand accounts	228,732	224,866
Term deposits and borrowings	57,131	50,994
Pensions	12	14
Related debt	210	164
Other debt	19	37
Insurance and reinsurance debts	0	0
Subtotal	286,103	276,076
TOTAL	456,983	425,197

11d Netting of financial assets and liabilities

12/31/2022	Gross amount of financial assets	Gross amount of financial liabilities offset on balance sheet	Net amounts shown on balance sheet	Related amounts not offset in balance sheet			Net amount
				Impacts of offsets framework agreements	Financial instruments received as guarantee	Cash received (cash collateral)	
FINANCIAL ASSETS							
Derivatives	24,243	-13,163	11,080	-5,293	0	-1,033	4,754
Pensions	27,773	-7,397	20,376	0	-18,914	-1,276	185
TOTAL	52,016	-20,560	31,456	-5,293	-18,914	-2,309	4,940

12/31/2022	Gross amount of financial liabilities	Gross amount of financial assets offset on the balance sheet	Net amounts shown on balance sheet	Related amounts not offset in balance sheet			Net amount
				Impacts of offsets framework agreements	Financial instruments given as collateral	Cash paid out (cash collateral)	
FINANCIAL LIABILITIES							
Derivatives	22,476	-13,163	9,313	-5,284	0	-3,838	191
Pensions	62,068	-7,397	54,671	0	-54,288	-306	77
TOTAL	84,542	-20,560	63,984	-5,284	-54,288	-4,144	268

12/31/2021	Gross amount of financial assets	Gross amount of financial liabilities offset on balance sheet	Net amounts shown on balance sheet	Related amounts not offset in balance sheet			Net amount
				Impacts of offsets framework agreements	Financial instruments received as guarantee	Cash received (cash collateral)	
FINANCIAL ASSETS							
Derivatives	8,059	-3,017	5,042	-1,640	0	-1,623	1,779
Pensions	18,579	-2,951	15,628	0	-15,547	-34	47
TOTAL	26,638	-5,968	20,670	-1,640	-15,547	-1,657	1,826

12/31/2021	Gross amount of financial liabilities	Gross amount of financial assets offset on the balance sheet	Net amounts shown on balance sheet	Related amounts not offset in balance sheet			Net amount
				Impacts of offsets framework agreements	Financial instruments given as collateral	Cash paid out (cash collateral)	
FINANCIAL LIABILITIES							
Derivatives	8,491	-3,017	5,474	-1,637	0	-2,308	1,529
Pensions	62,377	-2,951	59,426	0	-58,982	-350	94
TOTAL	70,868	-5,968	64,900	-1,637	-58,982	-2,658	1,623

These disclosures, required by an amendment to IFRS 7, seek to provide a basis for comparison with the treatment under US Generally Accepted Accounting Principles (US GAAP), which are less restrictive than IFRS.

The amounts in the second column correspond to the accounting offset, under IAS 32, for transactions processed going through a clearing house.

The “impact of offsets framework agreements” column corresponds to the outstanding transaction amounts pursuant to enforceable contracts that are not subject to accounting offsets. These include transactions for which the right to offset is exercised in case of the default, insolvency or bankruptcy of one of the parties to the contracts. They relate to derivatives and repurchase agreements, whether or not processed *via* clearing houses.

The “Financial instruments received/given in guarantee” column shows the market value of the securities exchanged as collateral.

The “Cash received/paid (cash collateral)” column shows the guarantee deposits received or given in respect of the positive or negative market values of financial instruments. They are recognized in the balance sheet under loans and receivables due from credit institutions and customers on the assets side, and due to credit institutions and customers on the liabilities side.

Note 12 Gross values and movements in impairment provisions

12a Gross values subject to impairment

	12/31/2021	Acquisition/ production	Sales/ repayments	Transfer	Other ⁽¹⁾	12/31/2022
Financial assets at amortized cost – loans and receivables due from credit institutions, subject to	60,916	22,080	-31,056	0	5,236	57,176
12-month expected losses [S1]	60,914	21,568	-31,052	38	5,235	56,703
expected losses at termination [S2]	2	512	-4	-38	1	473
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	454,020	192,094	-152,800	0	18,354	511,668
12-month expected losses [S1]	402,909	182,869	-135,946	-792	15,354	464,393
expected losses at termination [S2]	39,389	7,967	-13,166	-1,800	1,703	34,095
expected losses on assets credit-impaired [S3] at the end of the period but not credit-impaired on initial recognition	11,340	1,255	-3,524	2,604	1,203	12,878
expected losses on assets credit-impaired [S3] at the end of the period and on initial recognition	382	3	-164	-12	94	302
Financial assets at amortized cost – securities	3,757	15,927	-15,960	-1	-221	3,502
with 12-month expected losses [S1]	3,633	15,924	-15,922	-12	-222	3,401
with expected losses at termination [S2]	14	0	0	-7	1	8
expected losses on assets credit-impaired [S3] at the end of the period but not credit-impaired on initial recognition	110	3	-38	18	0	93
expected losses on assets credit-impaired [S3] at the end of the period and on initial recognition	0	0	0	0	0	0
Financial assets at fair value through equity – debt securities	31,510	16,373	-14,825	0	777	33,835
12-month expected losses [S1]	31,438	16,371	-14,766	12	777	33,832
expected losses at termination [S2]	72	2	-59	-12	0	3
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	550,203	246,474	-214,641	-1	24,146	606,181

(1) Mainly includes the outstandings of Crédit Mutuel Nord Europe subsidiaries, part of the consolidation scope of Crédit Mutuel Alliance Fédérale as of January 1, 2022.

GROSS CARRYING AMOUNT OF EXPOSURES BY CATEGORY AND BY PROBABILITY OF DEFAULT INTERVAL (RECEIVABLES FROM CUSTOMERS)

By probability of default interval 12 months IFRS 9	Of which originated credit-impaired assets	With 12-month expected losses [S1]	With expected losses at termination [S2]	With expected losses on assets credit-impaired at the reporting date but not credit-impaired on initial recognition [S3]
< 0.1	0	178,700	1,468	0
0.1-0.25	0	73,848	121	0
0.26-0.99	1	99,426	992	0
1-2.99	4	67,854	5,147	0
3-9.99	12	35,662	14,698	0
>= 10	363	8,904	11,668	12,878
TOTAL	380	464,392	34,095	12,878

12b Movements in impairment provisions

	12/31/2021	Addition	Reversal	Other ⁽¹⁾	12/31/2022
Loans and receivables due from credit institutions	-2	-3	1	1	-3
12-month expected losses (S1)	-2	-2	1	0	-3
expected losses at termination (S2)	0	-1	0	0	-1
Customer loans	-9,195	-3,034	3,114	-456	-9,571
of which originated credit-impaired assets (S3)	0	0	0	0	0
12-month expected losses (S1)	-1,231	-586	319	-45	-1,543
expected losses at termination (S2)	-2,015	-900	1,209	-44	-1,750
of which customer debts under IFRS 15	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	-5,949	-1,548	1,586	-367	-6,278
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	-82	-4	20	0	-66
12-month expected losses (S1)	-1	-1	0	1	-1
expected losses at termination (S2)	-1	0	0	0	-1
expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	-80	-3	20	-1	-64
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 fair value through equity – debt securities	-18	-13	12	0	-19
of which originated credit-impaired assets (S3)	0	0	0	0	0
12-month expected losses (S1)	-15	-10	6	0	-19
expected losses at termination (S2)	-4	-3	6	1	0
TOTAL	-9,297	-3,054	3,147	-455	-9,659

(1) The "Other" column mainly includes the outstandings of Crédit Mutuel Nord Europe subsidiaries, part of the consolidation scope of Crédit Mutuel Alliance Fédérale as of January 1, 2022.

The group conducted a cost of risk sensitivity test (including post-model adjustment). An increase in the weighting of the pessimistic scenario of 10 points for the IRB entities and of 5 points for the entities under the standard model would lead to an additional provision of €120 million, i.e. 3.61% of expected losses.

12c Breakdown of impairment

12/31/2022	Gross outstandings			Impairments					Net outstandings
	S1	S2	S3	S1	Of which adjustment ⁽¹⁾	S2	Of which adjustment ⁽¹⁾	S3	
Loans and receivables due from credit institutions	56,703	473	0	-3	0	-1	0	0	57,172
Customer loans	464,393	34,095	13,180	-1,543	-94	-1,750	-182	-6,278	502,097
Financial assets at amortized cost – Securities	3,401	8	93	-1	0	-1	0	-64	3,436
Financial assets at FVOCI – Debt securities	33,832	3	0	-19	-2	0	0	0	33,816
Financial assets at FVOCI – Loans	0	0	0	0	0	0	0	0	0
TOTAL	558,329	34,579	13,273	-1,566	-96	-1,752	-182	-6,342	596,521

(1) Post-model adjustment.

As a reminder, as of December 31, 2021, the Crédit Mutuel group had recognized additional impairments of €881 million in the context of the Covid-19 crisis.

Note 13 Investments/assets and liabilities related to contracts of insurance activities

13a Short-term investments in the insurance business line and reinsurers' share of technical reserves

Financial assets	12/31/2022	12/31/2021
Fair value through profit or loss	26,750	29,071
■ Transaction	0	0
■ Fair value option – debt securities	3,105	3,090
■ Fair value option – equity instruments	23,645	25,981
Hedging derivatives	0	0
Available-for-sale ⁽¹⁾	79,184	90,466
■ Government and equivalent securities	15,482	17,167
■ Bonds and other debt securities	43,518	51,972
■ Shares and other equity instruments	18,126	19,392
■ Equity investments, shares in subsidiaries and associates and other long-term investments	2,058	1,935
Loans and receivables	6,990	5,951
Held-to-maturity	5,337	6,350
Subtotal financial assets	118,261	131,839
Investment property	2,662	2,727
Shares of reinsurers in the technical reserves and other assets	1,752	987
TOTAL	122,675	135,552

⁽¹⁾ Including SPPI assets of €57,990 million.

The fair value of buildings recognized at amortized cost is €3,592 million at December 31, 2022.

LIST OF MAIN NON-CONSOLIDATED EQUITY INVESTMENTS HELD BY INSURANCE COMPANIES

		% held	Shareholders' equity	Balance sheet total	NBI or Revenues	Net profit/(loss)
Ardian Holding	Unlisted	< 20%	709	1,458	637	328
Covivio (formerly Foncière des Régions)	Listed	< 10%	13,623	28,237	779	1,294
Covivio Hôtels (formerly Foncière des Murs)	Listed	< 10%	3,399	6,856	163	74
Desjardins ⁽¹⁾	Unlisted	10%	3,459	11,446	6,053	830

The figures (except the percentage held) relate to fiscal year 2021.

⁽¹⁾ In millions of Canadian dollars.

BREAKDOWN BY STANDARD AND POOR'S RATING OF SPPI INSURANCE ASSETS

Standard & Poor's rating	SPPI insurance assets (as a %)
AAA	13%
AA+	4%
AA	29%
AA-	8%
A+	7%
A	6%
A-	12%
BBB+	10%
BBB	6%
BBB-	1%
BB+	0%
Not rated	3%
TOTAL	100%

13b Liabilities relative to contracts of Insurance

TECHNICAL RESERVES OF INSURANCE POLICIES

	12/31/2022	12/31/2021
Life	89,421	99,771
Non-life	5,533	5,363
Account units	16,801	18,025
Other	249	305
Total	112,003	123,464
Of which deferred profit-sharing liabilities	7,232	18,881
Share of reinsurers in the technical reserves	402	330
NET TECHNICAL RESERVES	111,650	123,134

FINANCIAL LIABILITIES

	12/31/2022	12/31/2021
Fair value through profit or loss	6,782	6,481
■ Fair value option	6,782	6,481
Liabilities to credit institutions	127	128
Subordinated debt	911	1,053
Subtotal	7,820	7,662
Other liabilities	298	298
Total	8,118	7,960
TOTAL LIABILITIES RELATIVE TO CONTRACTS OF INSURANCE	120,121	131,424

Note 14 Taxes

14a Current tax

	12/31/2022	12/31/2021
Assets (through profit or loss)	1,557	1,249
Liabilities (through profit or loss)	684	774

14b Deferred tax

	12/31/2022	12/31/2021
Assets (through profit or loss)	1,420	1,496
Assets (through shareholders' equity)	817	278
Liabilities (through profit or loss)	615	590
Liabilities (through shareholders' equity)	265	536

ANALYSIS OF DEFERRED TAXES BY MAJOR CATEGORIES

	12/31/2022		12/31/2021	
	Assets	Liabilities	Assets	Liabilities
Tax loss carried forward	-	-	-	-
Temporary differences in:				
■ impairment of financial assets	890	-	999	-
■ finance leasing reserve	-	344	-	332
■ revaluation of financial instruments	1,243	680	556	805
■ accrued expenses and accrued income	241	117	245	96
■ earnings of flow-through entities	-	-	-	-
■ Insurance	82	65	82	75
■ other temporary differences	94	29	138	101
■ tax deficits	41	0	38	-
Offsets	-355	-355	-283	-283
TOTAL DEFERRED TAX ASSETS AND LIABILITIES	2,237	880	1,774	1,126

Deferred taxes are calculated according to the variable carry-forward principles.

Note 15 Accruals and other assets and liabilities

15a Accruals and other assets

	12/31/2022	12/31/2021
ACCRUALS		
Collection accounts	486	121
Currency adjustment accounts	31	366
Accrued income	593	654
Other accruals	3,360	4,170
Subtotal	4,470	5,311
OTHER ASSETS		
Securities settlement accounts	115	69
Miscellaneous receivables	4,931	4,046
Inventories and similar	49	32
Other	17	38
Subtotal	5,112	4,185
TOTAL	9,582	9,496

15b Accruals and other liabilities

	12/31/2022	12/31/2021
ACCRUALS		
Accounts unavailable due to recovery procedures	338	110
Currency adjustment accounts	1,365	49
Accrued expenses	2,024	1,796
Deferred income	1,240	1,169
Other accruals	4,091	5,945
Subtotal	9,059	9,069
OTHER LIABILITIES		
Lease obligations – Real estate	877	870
Lease obligations – Other	41	1
Securities settlement accounts	973	816
Outstanding amounts payable on securities	398	172
Miscellaneous creditors	2,650	1,856
Subtotal	4,939	3,714
TOTAL	13,998	12,783

15c Lease obligations by residual term

12/31/2022	≤ 1 year	1 year ≤ 3 years	3 years ≤ 6 years	6 years ≤ 9 years	> 9 years	TOTAL
Lease obligations	226	263	244	106	81	918
■ Real estate	207	244	241	106	81	877
■ Other	19	19	3	0	0	41

12/31/2021	≤ 1 year	1 year ≤ 3 years	3 years ≤ 6 years	6 years ≤ 9 years	> 9 years	TOTAL
Lease obligations	189	288	222	99	73	871
■ Real estate	188	288	222	99	73	870
■ Other	1	0	0	0	0	1

Note 16 Investments in equity consolidated companies

16a Share of net profit/(loss) of equity consolidated companies

12/31/2022	Country	Share held	Value of equity consolidation	Share of net profit/(loss)	Dividends received	Fair value of the investment (if listed)
ENTITIES UNDER SIGNIFICANT INFLUENCE						
ASTREE Assurances	Tunisia	30.00%	15	2	5	28
Banque de Tunisie	Tunisia	35.33%	149	17	6	149
Caisse Centrale du Crédit Mutuel ⁽¹⁾	France	67.19%	612	3	0	NC*
LYF SAS	France	49.95%	3	-10	0	NC*
LYF SA	France	43.75%	7	0	0	NC*
2SF Trust Services Company	France	33.33%	-7	-11	0	NC*
Other equity investments	-	-	1	2	-	-
Total (1)	-	-	780	3	11	-
JOINT VENTURES						
Euro Automatic Cash	Spain	50.00%	9	-2	0	NC*
Total (2)	-	-	9	-2	0	-
TOTAL (1) + (2)	-	-	790	1	11	-

* NC: Not communicated.

(1) Caisse Centrale de Crédit Mutuel is accounted for using the equity method due to its significant influence, despite holding more than 50% of voting rights and taking into account the analysis of the governance rules specific to that entity of the Crédit Mutuel group.

12/31/2021	Country	Share held	Value of equity consolidation	Share of net profit/(loss)	Dividends received	Fair value of the investment (if listed)
ENTITIES UNDER SIGNIFICANT INFLUENCE						
ASTREE Assurances	Tunisia	30.00%	16	2	2	31
Banque de Tunisie	Tunisia	35.33%	135	-22	8	133
Caisse Centrale du Crédit Mutuel ⁽¹⁾	France	54.07%	362	5	2	NC*
LYF SAS	France	49.07%	1	-11	0	NC*
LYF SA	France	43.75%	7	0	0	NC*
Other equity investments	-	-	1	0	-	-
Total (1)	-	-	521	-26	11	-
JOINT VENTURES						
Bancas ⁽²⁾	France	50.00%	0	0	0	NC*
Euro Automatic Cash	Spain	50.00%	11	8	0	NC*
FLOA (formerly Banque du Groupe Casino) ⁽²⁾	France	50.00%	0	0	0	NC*
Total (2)	-	-	11	8	0	-
TOTAL (1) + (2)	-	-	533	-18	11	-

* NC: Not communicated.

(1) Caisse Centrale de Crédit Mutuel is accounted for using the equity method due to its significant influence, despite holding more than 50% of voting rights and taking into account the analysis of the governance rules specific to that entity of the Crédit Mutuel group.

(2) Treatment according to IFRS 5 in 2021, see note 3e.

16b Financial data published by the main equity consolidated companies

	12/31/2022					
	Balance sheet total	NBI or Revenues	GOI	Net profit/(loss)	OCI reserves	Shareholders' equity
ENTITIES UNDER SIGNIFICANT INFLUENCE						
ASTREE Assurance ⁽²⁾	763	155	21	17	20	176
Banque de Tunisie ⁽¹⁾⁽²⁾	6,630	378	229	161	NC*	1,103
Caisse Centrale du Crédit Mutuel	9,552	34	19	16	10	916
LYF SAS	9	2	-20	-20	0	5
LYF SA	24	1	0	0	0	15
2SF Trust Services Company	58	4	0	0	0	12
JOINT VENTURES						
Euro Automatic Cash	54	14	-3	-6	3	28

* NC: Not communicated.

(1) 2021 amount.

(2) In millions of Tunisian Dinar.

	12/31/2021					
	Balance sheet total	NBI or Revenues	GOI	Net profit/(loss)	OCI reserves	Shareholders' equity
ENTITIES UNDER SIGNIFICANT INFLUENCE						
ASTREE Assurance ⁽²⁾	679	117	20	21	20	177
Banque de Tunisie ⁽¹⁾⁽²⁾	6,286	373	182	102	NC*	1,021
Caisse Centrale du Crédit Mutuel	20,053	17	11	9	14	689
LYF SAS	9	1	-22	-22	0	2
LYF SA	22	1	0	0	0	15
JOINT VENTURES						
Euro Automatic Cash	57	7	-11	-12	3	35
FLOA (formerly Banque du Groupe Casino)	2,143	216	108	18	0	214

* NC: Not communicated.

(1) 2020 amount.

(2) In millions of Tunisian Dinar.

Note 17 Investment property

	12/31/2021	Increase	Decrease	Other ⁽¹⁾	12/31/2022
Historical cost	131	12	-5	282	420
Depreciation amortization and impairment	-70	-9	1	-44	-122
NET AMOUNT	61	3	-4	238	298

The fair value of investment property recognized at amortized cost is €335 million.

(1) Other variations correspond to the membership of the CMNE federation.

Note 18 Property, plant and equipment and intangible assets

18a Property, plant and equipment

	12/31/2021	Increase	Decrease	Other ⁽¹⁾	12/31/2022
HISTORICAL COST					
Operating sites	590	4	-7	16	603
Operating buildings	5,202	163	-123	204	5,446
Usage rights – Real estate	1,365	119	-108	192	1,568
Usage rights – Other	40	55	-37	4	62
Other property, plant and equipment	2,877	494	-300	238	3,309
Total	10,074	835	-575	654	10,988
DEPRECIATION AMORTIZATION AND IMPAIRMENT					
Operating sites	-14	-2	0	1	-15
Operating buildings	-3,381	-187	93	-143	-3,618
Usage rights – Real estate	-505	-219	62	-45	-707
Usage rights – Other	-39	-19	36	1	-21
Other property, plant and equipment	-2,303	-206	143	-182	-2,548
Total	-6,242	-633	334	-368	-6,909
NET AMOUNT	3,831	202	-241	286	4,079

(1) Other variations correspond to the membership of the CMNE federation.

OF WHICH PROPERTIES RENTED UNDER FINANCE LEASES

	12/31/2021	Increase	Decrease	Other	12/31/2022
Operating sites	7	-	-	-	7
Operating buildings	101	-	-2	-	99
TOTAL	108	0	-2	0	106

18b Intangible assets

	12/31/2021	Increase	Decrease	Other	12/31/2022
HISTORICAL COST					
Internally developed intangible assets ⁽¹⁾	625	72	-1	14	710
Purchased intangible assets	1,646	50	-50	48	1,694
■ software	248	20	-11	13	270
■ other	1,398	30	-39	35	1,424
Total	2,271	122	-51	62	2,404
DEPRECIATION AMORTIZATION AND IMPAIRMENT					
Internally developed intangible assets ⁽¹⁾	-499	-81	1	-10	-589
Purchased intangible assets	-1,032	-42	19	-20	-1,075
■ software	-202	-20	11	-9	-220
■ other	-830	-22	8	-11	-855
Total	-1,531	-123	20	-30	-1,664
NET AMOUNT	740	-1	-31	32	740

(1) These headings correspond to software developed internally and capitalized in our subsidiaries Euro-Information and TARGOBANK AG.

Note 19 Goodwill

	12/31/2021	Increase	Decrease	Variation in impairment	Other ⁽¹⁾	12/31/2022
Gross goodwill	4,586	33	-	-	148	4,767
Write-downs	-1,446	-	-	-963	-5	-2,414
NET GOODWILL	3,140	33	-	-963	143	2,353

(1) Mainly corresponds to goodwill related to the CMNE federation membership on January 1, 2022.

Cash-generating units	Value of goodwill on 12/31/2021	Increase	Decrease	Variation in impairment	Other	Value of goodwill on 12/31/2022
TARGOBANK in Germany	1,976	-	-	-958	-	1,018
Crédit Industriel et Commercial (CIC)	497	-	-	-	-	497
Cofidis Group (formerly Participations)	378	-	-	-	-	378
Groupe La Française	-	-	-	-	201	201
Cofidis France	79	-	-	-	-	79
Euro Protection Surveillance/Protection 24	51	-	-	-	-	51
GACM Seguros Generales Compañía de Seguros y Reaseguros SA	46	-	-	-	-46	0
Société d'investissement médias	0	33	-	-	-	33
SIIC Foncière Massena	26	-	-	-	-	26
Crédit Mutuel Equity SCR	21	-	-	-	-	21
Banque de Luxembourg	13	-	-	-	-	13
Agrupació AMCI d'Assegurances i Reassegurances SA	12	-	-	-	-12	0
Cofidis Italy	9	-	-	-	-	9
Banque Transatlantique	6	-	-	-	-	6
Dubly Transatlantique Gestion	5	-	-	-	-	5
Other	22	-	-	-5	-1	16
TOTAL	3,140	33	0	-963	143	2,353

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 context of the health crisis, its consequences on net profit at December 31, 2022, and the macroeconomic uncertainties for the following years, have led the group to identify potential indications of impairment of goodwill. As a result, the group has updated the impairment tests for its main subsidiaries.

The recoverable amount is determined according to two types of methods:

- the fair value net of sales costs, which is based on observation of valuation multiples on comparable transactions or market parameters adopted by the analysts on entities with similar activities;
- the value in use, which is based on the discounting of expected future cash flows after taking into account capital requirements: this method is generally used as at December 31, 2022.

To determine the value in use, the cash flows are based on business plans determined by the management over a maximum period of five to seven years, then on projection of a flow to infinity according to a long-term growth rate. The latter is fixed at 2% for the whole of Europe, which is an assumption measured in comparison to inflation rates observed over a very long period. Business plans have been revised to take into account the consequences of the health crisis.

The cash flows used to calculate the value in use also take into account prudential capital requirements.

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. The cost of capital was discounted on December 31, 2022 with:

- 9.5% for Retail Banking and leasing CGUs based in Germany;
- 10% for Retail Banking, consumer credit and leasing CGUs based in France.

The cash flows used to calculate the value in use are determined on the basis of regulatory capital requirements.

In addition, following the establishment of these tests, an impairment of €958 million was recognized on TARGOBANK in Germany as of December 31, 2022, due to the increase in discount rates during the year.

The main sensitivity factors of the recoverable amount test based on the value in use are the discount rate and the expected level of future cash flows, which is itself impacted by the following sensitivity factors:

- the achievement of business plans;
- the level of shareholders' equity allocated to each CGU;
- the perpetual growth rate.

When the value in use was used as an impairment test, the parameters and their sensitivity were as follows:

	TARGOBANK in Germany	Cofidis ⁽¹⁾	CIC
	Network bank	Consumer loan	Network bank
Cost of capital	9.5%	10%	10%
Effect of a 50 basis point increase in the cost of capital	-5%	-6%	-5%
Effect of a 50 basis point drop in the growth rate to infinity	-1%	-2%	-4%
Effect of a 50 basis point increase in CET1 capital requirements	-4%	-4%	-4%

(1) Cofidis France and Cofidis Group (former Participations).

If the above sensitivity assumptions were used, this would not entail any impairment of goodwill on Cofidis and CIC.

Note 20 Provisions and contingent liabilities

20a Provisions

	12/31/2021	Additions for the fiscal year	Reversals for the fiscal year (utilized provisions)	Reversals for the fiscal year (surplus provisions)	Other changes	12/31/2022
Provisions for risks	587	353	-23	-397	4	524
On guarantee commitments⁽²⁾	337	172	-8	-207	-5	289
■ of which 12-month expected losses [S1]	43	49	0	-30	0	62
■ of which expected losses at termination [S2]	146	56	0	-128	1	75
■ of which provisions for execution of commitments upon signature	148	67	-8	-49	-6	152
On financing commitments⁽²⁾	140	125	-3	-154	3	111
■ of which 12-month expected losses [S1]	74	80	0	-75	1	80
■ of which expected losses at termination [S2]	63	43	0	-79	0	27
Provisions for taxes	2	2	0	-2	0	2
Provisions for claims and litigation	79	26	-10	-19	-2	74
Provision for risk on miscellaneous receivables	29	28	-2	-16	9	48
Other provisions	1,598	221	-152	-262	14	1,419
■ Provisions for mortgage saving agreements	263	17	-5	-54	18	239
■ Provisions for miscellaneous contingencies	915	101	-85	-204	8	735
■ Other provisions ⁽¹⁾	420	103	-62	-4	-12	445
Provisions for retirement commitments	1,710	108	-93	-77	-184	1,464
TOTAL	3,894	682	-268	-736	-166	3,407

[1] Other provisions mainly relate to provisions for French economic interest groups (GIE) totaling €382 million.

[2] At December 31, 2021, the item includes a specific impairment to take into account the effects of the Covid-19 crisis, which was reversed in 2022.

At December 31, 2022, the item includes a post-model adjustment. See note 1 – Accounting principles.

20b Retirement and other employee benefits

	12/31/2021	Additions for the fiscal year	Reversals for the fiscal year	Other changes	12/31/2022
DEFINED-BENEFIT PLANS NOT COVERED BY PENSION FUNDS					
Retirement benefits	1,327	89	-136	-255	1,025
Supplementary pensions	200	7	-13	57	251
Obligations for long-service awards (other long-term benefits)	172	9	-21	5	165
Subtotal recognized	1,699	105	-170	-193	1,441
SUPPLEMENTARY DEFINED-BENEFIT PENSIONS COVERED BY THE GROUP'S PENSION FUNDS					
Commitments to employees and retirees ⁽¹⁾	11	3	0	9	23
Fair value of assets	-	-	-	-	-
Subtotal recognized	11	3	0	9	23
TOTAL AMOUNT RECOGNIZED	1,710	108	-170	-184	1,464

DEFINED-BENEFIT PLANS: MAIN ACTUARIAL ASSUMPTIONS

	12/31/2022	12/31/2021
Discount rate ⁽²⁾	3.40%	1.00%
Expected increase in salaries ⁽³⁾	Minimum 1%	Minimum 0.5%

[1] The provisions covering shortfalls in pension funds relate to entities located abroad.

[2] The discount rate, which is determined by reference to the long-term rate on private-sector borrowings, is based on the IBOXX index.

[3] The annual increase in salaries is the estimate of future inflation combined with the increase in salaries; it also depends on the age of the employee.

CHANGE IN THE PROVISION FOR RETIREMENT BENEFITS

	12/31/2021	Effect of discounting	Financial income	Cost of services rendered	Experience-related actuarial gains and losses	Actuarial gains and losses relating to changes in assumptions		Payment to beneficiaries	Contributions to plan	Mobility transfer	Other	12/31/2022
						demo-graphics	financial					
Commitments	1,789	15	0	69	0	4	-474	-59	-6	37	64	1,439
Non-group insurance policies and externally-managed assets	462	0	5	0	0	0	-40	0	2	0	-13	415
Provisions	1,327	15	-4	69	0	4	-434	-59	-8	37	77	1,025

DISCOUNT RATE SENSITIVITY

Liabilities at 2.9% [-50bp]	Liabilities at 3.90% [+50bp]	Duration
89	-87	15

	12/31/2020	Effect of discounting	Financial income	Cost of services rendered	Experience-related actuarial gains and losses	Actuarial gains and losses relating to changes in assumptions		Payment to beneficiaries	Contributions to plan	Mobility transfer	Other	12/31/2021
						demo-graphics	financial					
Commitments	1,774	12	0	67	-1	-3	-7	-54	0	-4	4	1,789
Non-group insurance policies and externally-managed assets	445	0	3	0	0	0	10	0	2	0	0	461
Provisions	1,329	12	-3	67	-1	-3	-17	-54	-2	-4	4	1,327

VARIATION IN THE FAIR VALUE OF THE ASSETS OF THE PLAN

	Fair value of assets 12/31/2021	Effect of discounting	Actuarial gains and losses	Yield of plan assets	Contributions by plan members	Employer contributions	Payment to beneficiaries	Exchange rate effects	Other	Fair value of assets 12/31/2022
Fair value of plan assets	1,111	23	2	6	2	37	-20	0	-48	1,113

BREAKDOWN OF FAIR VALUE OF PLAN ASSETS

	Assets quoted on an active market				Assets not quoted on an active market			
	Debt securities	Equity instruments	Real estate	Other	Debt securities	Equity instruments	Real estate	Other
Composition of the assets of the plan	70%	17%	0%	9%	0%	1%	3%	0%

20c Provisions for risks arising from commitments on mortgage saving agreements

MORTGAGE SAVING PLANS (PEL)

	12/31/2022	12/31/2021
< 10 years	27,762	25,395
> 10 years	10,263	10,493
TOTAL	38,025	35,888
Amounts outstanding under mortgage saving accounts (CEL)	3,977	3,359
TOTAL MORTGAGE SAVING AGREEMENTS (ACCOUNTS AND PLANS)	42,002	39,247

LOANS UNDER MORTGAGE SAVING AGREEMENTS

	12/31/2022	12/31/2021
Outstanding mortgage savings loans behind provisions for risks recognized as balance sheet assets	32	43

PROVISIONS ON MORTGAGE SAVING AGREEMENTS

	12/31/2021	Net allocations/ reversals	Other changes	12/31/2022
On mortgage saving accounts	0	0	0	0
On mortgage saving plans	263	-25	0	238
Total	263	-25	0	238
PROVISIONS FOR MORTGAGE SAVING PLANS, BY MATURITY				
< 10 years	185	-123	-	62
> 10 years	78	98	-	176
TOTAL	263	-25	0	238

Mortgage savings accounts ("CEL") and mortgage savings plans ("PEL") 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 made as a liability in the balance sheet to cover future expenses related 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 (mortgage savings plans). The impact on profit or loss is included in interest paid to customers.

The change in provisioning per plan generation is due to a change in the provisioning model, in which outflows are now linked to interest rates.

Note 21 Subordinated debt

	12/31/2022	12/31/2021
Subordinated debt	8,222	6,950
Participating loans	20	20
Perpetual subordinated debt	595	1,002
Other debt	0	0
Related debt	114	82
TOTAL	8,951	8,054

PRINCIPAL SUBORDINATED DEBT

<i>(in € millions)</i>		Type	Date issuance	Issue Amount	Amount at year-end ⁽¹⁾	Rate	Term
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR		03/10/2014	€120m	€120m	4.25	06/27/2026
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR		05/21/2014	€1,000m	€975m	3.00	05/21/2024
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR		09/11/2015	€1,000m	€941m	3.00	09/11/2025
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR		03/24/2016	€1,000m	€917m	2.375	03/24/2026
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR		09/12/2016	€300m	€300m	2.13	09/12/2026
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR		11/04/2016	€700m	€628m	1.875	11/04/2026
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR		03/31/2017	€500m	€452m	2.625	03/31/2027
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR		11/15/2017	€500m	€447m	1.625	11/15/2027
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR		05/25/2018	€500m	€448m	2.5	05/25/2028
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR		06/18/2019	€1,000m	€1,000m	1.875	06/18/2029
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR		11/19/2021	€750m	€576m	1.125	11/19/2031
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR		06/16/2022	€1,250m	€1,175m	3.875	06/16/2032
Crédit Industriel et Commercial	Participatory		05/28/1985	€137m	€8m	(2)	(3)
Banque Fédérative du Crédit Mutuel	TSS		11/09/2004	€66m	€66m	CMS10 cap 8	TBD
Banque Fédérative du Crédit Mutuel	TSS		12/15/2004	€436m	€419m	(4)	TBD
Banque Fédérative du Crédit Mutuel	TSS		02/25/2005	€92m	€92m	(5)	TBD

(1) Net intra-group amounts and revaluation differences for hedged instruments.

(2) Minimum 85% $(TAM^* + TMO)/2$ Maximum 130% $(TAM^* + TMO)/2$.

* For the purpose of calculating this rate, as of January 3, 2022, any reference to the monthly average money market rate will be deemed to be a reference to the EuroSTR (Regulation (EU) 2021/1848 of October 21, 2021).

(3) Non-depreciable, but reimbursable at creditor's discretion as of May 28, 1997 at 130% of the nominal value revalued by 1.5% per year for future years.

(4) CMS 10 years ISDA CIC +10 basis points.

(5) CMS 10 years ISDA +10 basis points.

Note 22 Reserves related to capital and reserves

22a Shareholders' equity attributable to the group (excluding profit and loss and unrealized gains and losses)

	12/31/2022	12/31/2021
Capital and reserves related to capital	8,366	6,905
■ Capital	8,366	6,905
Consolidated reserves	44,002	38,904
■ Regulated reserves	6	6
■ Other reserves (including effects related to initial application) <i>of which profit on disposal of equity instruments</i>	43,873	38,761
■ Retained earnings	123	137
TOTAL	52,368	45,809

The share capital of the Crédit Mutuel banks is composed of:

- A shares, non-transferable;
- B shares, transferable;
- P shares, with priority interests.

B shares and equivalent may only be subscribed by those members holding at least one A share. The articles of association of the local banks limit the subscription of B shares and their equivalent by any given member to €50,000 (with the exception of reinvestment of dividends paid in B shares). In accordance with the law of September 10, 1947, the capital cannot be lower, following withdrawal of contributions, than one-quarter of the highest amount achieved by the share capital in the past.

The redemption plan for B shares differs according to whether they were subscribed before or after December 31, 1988:

- units subscribed up to December 31, 1988 may be redeemed at the member's request on January 1 each year. This reimbursement, which is subject to compliance with the provisions governing the reduction of capital, is subject to a minimum notice period of three months;

- shares subscribed on or after January 1, 1989 may be redeemed at the member's request upon five years' notice, except in the event of marriage, death or unemployment. These operations are also subject to compliance with the provisions governing the reduction of capital.

By decision of the Board of Directors and in agreement with the Supervisory Board, the bank may refund all or part of the shares in this class under the same conditions.

P shares with priority interests are issued by the regional banks of Crédit Mutuel de Normandie and Midi-Atlantique, and by Crédit Mutuel's "Cautionnement Mutuel de l'Habitat" bank, a mutual guarantee company that since 1999 has issued members' shares with priority interests whose subscription is reserved for bonded credit distributors excluding Crédit Mutuel Alliance Fédérale.

As of December 31, 2022, the capital of the Crédit Mutuel local banks is as follows:

- €259.9 million for A shares;
- €8,102.3 million for B shares and equivalent;
- €3.3 million for P shares.

22b Unrealized or deferred gains and losses

	12/31/2022	12/31/2021
Unrealized or deferred gains and losses ⁽¹⁾ relating to:		
■ translation adjustments	145	73
■ insurance business investments (assets available-for-sale)	-611	1,361
■ financial assets at fair value through recyclable equity – debt instruments	-194	-23
■ financial assets at fair value through non-recyclable equity – equity instruments	99	102
■ hedging derivatives (CFH)	19	2
■ share of unrealized or deferred gains and losses of associates	-34	-32
■ actuarial gains and losses on defined benefit plans	-96	-383
■ credit risk on financial liabilities under fair value transferred to reserves	0	0
■ Other	0	0
TOTAL	-672	1,100

(1) Balances net of corporation tax and after shadow accounting treatment.

22c Recycling of gains and losses directly recognized in shareholders' equity

	12/31/2022	12/31/2021
	Operations	Operations
Translation adjustments	-	-
Reclassification in income	-	0
Other movement	69	128
Subtotal	69	128
Revaluation of financial assets at FVOCI – debt instruments	-	-
Reclassification in income	-	0
Other movement	-171	28
Subtotal	-171	28
Revaluation of financial assets at FVOCI – equity instruments	-	-
Reclassification in income	0	0
Other movement	-3	21
Subtotal	-3	21
Remeasurement of hedging derivatives	-	-
Reclassification in income	-	0
Other movement	17	2
Subtotal	17	2
Revaluation of Insurance investments	-	-
Reclassification in income	-	0
Other movement	-1,969	-45
Subtotal	-1,969	-45
Actuarial gains and losses on defined benefit plans	287	30
Share of unrealized or deferred gains and losses of associates	-2	2
TOTAL	-1,772	165

22d Tax related to each category of gains and losses recognized directly in shareholders' equity

	12/31/2022			12/31/2021		
	Gross value	Tax	Net amount	Gross value	Tax	Net amount
Translation adjustments	69	0	69	128	0	128
Revaluation of financial assets at FVOCI – debt instruments	-228	57	-171	43	-14	28
Revaluation of financial assets at FVOCI – equity instruments	-2	-1	-3	22	-1	21
Remeasurement of hedging derivatives	23	-6	17	3	-1	2
Revaluation of Insurance investments	-2,707	738	-1,969	-129	84	-45
Actuarial gains and losses on defined benefit plans	413	-126	287	34	-4	30
Share of unrealized or deferred gains and losses of associates	-2	0	-2	2	0	2
CHANGES IN GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY	-2,434	662	-1,772	102	64	165

Note 23 Commitments given and received

COMMITMENTS GIVEN

	12/31/2022	12/31/2021
Financing commitments	89,359	81,900
Liabilities due to credit institutions	489	739
Commitments to customers	88,870	81,161
Guarantee commitments	27,078	24,717
Credit institution commitments	5,401	5,286
Customer commitments	21,677	19,431
Securities commitments	2,410	2,186
Other commitments given	2,410	2,186
Commitments pledged from Insurance	5,906	6,172

COMMITMENTS RECEIVED

	12/31/2022	12/31/2021
Financing commitments	16,404	6,963
Commitments received from credit institutions	16,404	6,963
Guarantee commitments	118,881	105,177
Commitments received from credit institutions	60,970	54,456
Commitments received from customers	57,911	50,721
Securities commitments	1,872	1,871
Other commitments received	1,872	1,871
Commitments received from Insurance	6,817	5,893

SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	12/31/2022	12/31/2021
Assets sold under repurchase agreements	53,116	58,818
Related liabilities	54,585	59,408

OTHER ASSETS GIVEN AS COLLATERAL FOR LIABILITIES

	12/31/2022	12/31/2021
Loaned securities	390	0
Security deposits on market transactions	4,659	3,706
TOTAL	5,049	3,706

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.

Note 24 Interest income and expense

	12/31/2022		12/31/2021	
	Income	Expenses	Income	Expenses
Credit institutions and central banks ⁽¹⁾	1,498	-682	-206	196
Customers	10,628	-2,745	9,238	-1,692
■ of which finance and operating leases	663	-209	617	-242
■ of which lease obligations	0	-9	0	-7
Hedging derivatives	2,404	-2,308	2,202	-2,251
Financial instruments at fair value through profit or loss	665	-84	452	-37
Financial assets at fair value through equity	436	0	244	0
Securities at amortized cost	30	0	38	0
Debt securities	0	-1,824	0	-1,045
Subordinated debt	0	-15	0	-4
TOTAL	15,660	-7,657	11,967	-4,832
<i>Of which interest income and expense calculated at effective interest rate</i>	<i>12,592</i>	<i>-5,266</i>	<i>9,314</i>	<i>-2,545</i>

(1) Of which a -€278 million impact of negative interest rates on income and +€205 million in expenses in 2022, and a -€770 million impact of negative interest rates on income and +€657 million in expenses in 2021.

Interest expenses on central banks include interest calculated as part of TLTRO III transactions, the terms of which were specified by the ECB (see note 1 – Accounting principles).

Note 25 Commission income and expense

	12/31/2022		12/31/2021	
	Income	Expenses	Income	Expenses
Credit institutions	26	-17	15	-7
Customers	1,973	-26	1,782	-42
Securities	1,160	-67	1,172	-99
■ of which activities managed on behalf of third parties	857	0	857	0
Derivative instruments	7	-11	7	-9
Currency transactions	32	-2	26	-2
Funding and guarantee commitments	186	-115	156	-53
Services provided	2,769	-1,383	2,143	-991
TOTAL	6,153	-1,622	5,301	-1,203

Note 26 Net gains on financial instruments at fair value through profit or loss

	12/31/2022	12/31/2021
Trading instruments	240	165
Instruments accounted for under the fair value option	31	-35
Ineffective portion of hedges	26	-23
On cash flow hedges (CFH)	0	0
On fair value hedges (FVH)	26	-23
■ Change in the fair value of hedged items	-2,821	-343
■ Change in fair value of hedging instruments	2,847	320
Foreign exchange gains/(losses)	58	67
Other financial instruments at fair value through profit or loss ⁽¹⁾	345	730
TOTAL CHANGES IN FAIR VALUE	700	904

(1) Of which €350 million came from private equity in 2022 compared to €496 million in 2021. The other changes correspond to changes in the fair value of the other portfolios at fair value.

Note 27 Net gains/(losses) on financial assets at fair value through equity

	12/31/2022	12/31/2021
Dividends	24	23
Realized gains and losses on debt instruments	-161	47
TOTAL	-137	70

Note 28 Net gains/(losses) resulting from derecognition of financial assets at amortized cost

	12/31/2022	12/31/2021
Financial assets at amortized cost	-	-
Gains/(losses) on:	0	1
Government securities	0	0
Bonds and other fixed-income securities	0	1
TOTAL	0	1

Note 29 Net income from the Insurance

	12/31/2022	12/31/2021
INSURANCE POLICIES		
Premiums earned	12,927	11,807
Service charges	-8,782	-8,561
Change in provisions	-427	-5,036
Other technical and non-technical income and expenses	73	69
Net income from investments	-621	4,619
Net income on insurance policies	3,170	2,898
Interest margin/fees	-8	-8
Net income on financial assets	-8	-8
Other net income	2	10
NET INCOME FROM INSURANCE	3,164	2,900

Note 30 Income/expenses generated by other activities

	12/31/2022	12/31/2021
INCOME FROM OTHER ACTIVITIES		
Investment property:	0	0
Rebilled expenses	116	100
Other income	1,522	1,367
Subtotal	1,638	1,467
EXPENSES ON OTHER ACTIVITIES		
Investment property:	-9	-3
■ additions to provisions/depreciation	-9	-3
■ capital losses on disposals	0	0
Other expenses	-549	-649
Subtotal	-559	-652
NET TOTAL OF OTHER INCOME AND EXPENSES	1,079	815

Note 31 General operating expenses

	12/31/2022	12/31/2021
Employee benefit expense	-6,187	-5,475
Other expenses	-4,141	-3,661
TOTAL	-10,328	-9,136

31a Employee benefit expense

	12/31/2022	12/31/2021
Wages and salaries	-3,998	-3,472
Social security contributions	-1,321	-1,241
Short-term employee benefits	-2	-2
Employee profit-sharing and incentive schemes	-460	-385
Payroll-based taxes	-404	-376
Other	-2	1
TOTAL	-6,187	-5,475

WORKFORCE

Average workforce	12/31/2022	12/31/2021
Bank technical staff	39,567	37,928
Managers	29,928	27,200
TOTAL	69,495	65,128
France	56,750	53,302
Rest of the world	12,745	11,826
Registered workforce ⁽¹⁾	77,457	72,480

(1) The registered workforce corresponds to the total number of employees at end-of-period for entities controlled by the group, which differs from the average full-time equivalent (so-called FTE) workforce, which focuses solely on full consolidation.

31b Other operating expenses

	12/31/2022	12/31/2021
Taxes and duties ⁽¹⁾	-664	-520
Leases	-275	-271
■ short-term asset leases	-107	-110
■ low value/substitutable asset leases ⁽²⁾	-158	-147
■ other leases	-10	-14
Other external services	-2,319	-2,072
Other miscellaneous expenses	-123	-103
TOTAL	-3,381	-2,965

(1) The entry "Taxes and duties" includes an expense of -€319 million as part of the contribution to the Single Resolution Fund in 2022, compared to a -€231 million expense in 2021.

(2) Includes IT equipment.

31c Movements in depreciation, amortization and impairment for property, plant and equipment and intangible assets

	12/31/2022	12/31/2021
Depreciation and amortization:	-759	-696
■ property, plant and equipment	-632	-581
including usage rights	-239	-213
■ intangible assets	-127	-115
Write-downs:	-1	-1
■ property, plant and equipment	-2	-1
■ intangible assets	1	0
TOTAL	-760	-697

Note 32 Cost of counterparty risk

	12/31/2022	12/31/2021
12-month expected losses (S1)	-297	-80
Expected losses at maturity (S2)	420	-31
Impaired assets (S3)	-891	-587
TOTAL	-768	-698

12/31/2022	Allocations	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)	-731	434	-	-	-	-297
■ Loans and receivables due from credit institutions at amortized cost	-3	2	-	-	-	-1
■ Receivables from customers at amortized cost	-586	319	-	-	-	-267
of which finance leases	-58	25	-	-	-	-33
■ Financial assets at amortized cost – Securities	-1	1	-	-	-	0
■ Financial assets at fair value through equity – Debt securities	-10	6	-	-	-	-4
■ Financial assets at fair value through equity – Loans	0	0	-	-	-	0
■ Commitments given	-131	106	-	-	-	-25
Expected losses at maturity (S2)	-1,002	1,422	-	-	-	420
■ Loans and receivables due from credit institutions at amortized cost	-1	0	-	-	-	-1
■ Receivables from customers at amortized cost	-900	1,209	-	-	-	309
of which finance leases	-61	62	-	-	-	1
■ Financial assets at amortized cost – Securities	0	0	-	-	-	0
■ Financial assets at fair value through equity – Debt securities	-3	6	-	-	-	3
■ Financial assets at fair value through equity – Loans	0	0	-	-	-	0
■ Commitments given	-99	207	-	-	-	108
Impaired assets (S3)	-1,578	1,617	-742	-318	130	-891
■ Loans and receivables due from credit institutions at amortized cost	0	0	0	0	0	0
■ Receivables from customers at amortized cost	-1,493	1,527	-732	-307	130	-875
of which finance leases	-12	17	-7	-5	1	-6
■ Financial assets at amortized cost – Securities	0	19	0	0	0	19
■ Financial assets at fair value through equity – Debt securities	0	0	-8	0	0	-8
■ Financial assets at fair value through equity – Loans	0	0	0	0	0	0
■ Commitments given	-85	71	-2	-11	0	-27
TOTAL	-3,312	3,474	-742	-318	130	-768

12/31/2021	Allocations	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)	-481	401	-	-	-	-80
■ Loans and receivables due from credit institutions at amortized cost	-1	1	-	-	-	0
■ Receivables from customers at amortized cost	-378	296	-	-	-	-82
of which finance leases	-27	27	-	-	-	0
■ Financial assets at amortized cost – Securities	0	1	-	-	-	1
■ Financial assets at fair value through equity – Debt securities	-6	6	-	-	-	0
■ Financial assets at fair value through equity – Loans	0	0	-	-	-	0
■ Commitments given	-96	97	-	-	-	1
Expected losses at maturity (S2)	-667	636	-	-	-	-31
■ Loans and receivables due from credit institutions at amortized cost	0	0	-	-	-	0
■ Receivables from customers at amortized cost	-585	523	-	-	-	-62
of which finance leases	-43	42	-	-	-	-1
■ Financial assets at amortized cost – Securities	-1	0	-	-	-	-1
■ Financial assets at fair value through equity – Debt securities	-4	1	-	-	-	-3
■ Financial assets at fair value through equity – Loans	0	0	-	-	-	0
■ Commitments given	-75	112	-	-	-	37
Impaired assets (S3)	-1,288	1,942	-1,097	-283	139	-587
■ Loans and receivables due from credit institutions at amortized cost	0	0	0	0	0	0
■ Receivables from customers at amortized cost	-1,184	1,735	-965	-281	139	-556
of which finance leases	-11	21	-10	-4	1	-3
■ Financial assets at amortized cost – Securities	-21	132	0	0	0	111
■ Financial assets at fair value through equity – Debt securities	0	0	-132	0	0	-132
■ Financial assets at fair value through equity – Loans	0	0	0	0	0	0
■ Commitments given	-83	75	0	-2	0	-10
TOTAL	-2,434	2,977	-1,097	-283	139	-698

Note 33 Gains/(losses) on disposals of other assets

	12/31/2022	12/31/2021
Property, plant and equipment and intangible assets	11	-2
■ Capital losses on disposals	-25	-27
■ Capital gains on disposals	36	25
Net gains/(losses) on disposals of shares in consolidated entities	-233	1
TOTAL	-222	0

Note 34 Changes in the value of goodwill

	12/31/2022	12/31/2021
Impairment of goodwill	-964	-847
Negative goodwill stated in profit or loss	0	0
TOTAL	-964	-847

An impairment of €958 million was recognized on TARGOBANK in Germany at December 31, 2022, related to the increase in discount rates during the year.

Note 35 Income tax

BREAKDOWN OF INCOME TAX EXPENSE

	12/31/2022	12/31/2021
Current taxes	-1,449	-1,723
Deferred tax expense	-116	-3
Adjustments in respect of prior fiscal years	8	23
TOTAL	-1,556	-1,703

RECONCILIATION BETWEEN THE INCOME TAX EXPENSE RECOGNIZED AND THE THEORETICAL INCOME TAX EXPENSE

	12/31/2022	12/31/2021
Taxable result	5,058	5,249
Theoretical tax rate	25.83%	28.41%
Theoretical tax expense	-1,306	-1,491
Impact of preferential "SCR" and "SICOMI" rates	82	112
Impact of reduced rate on long-term capital gains	40	21
Impact of different tax rates paid by foreign subsidiaries	-21	3
Permanent differences	-362	-246
Other	11	-102
Income tax expense	-1,556	-1,703
Effective tax rate	30.77%	32.45%

Note 36 Related party transactions

BALANCE SHEET ITEMS PERTAINING TO RELATED PARTY TRANSACTIONS

	12/31/2022		12/31/2021	
	Associates (companies accounted for using the equity method)	Other establishments belonging to the Confédération Nationale	Associates (companies accounted for using the equity method)	Other establishments belonging to the Confédération Nationale
ASSETS				
Financial assets at fair value through profit or loss	3	309	19	9
Financial assets at FVOCI	0	0	20	0
Financial assets at amortized cost	4,859	3,183	12,929	5,390
Investments in insurance business line	0	84	0	114
Other assets	46	5	0	0
TOTAL	4,907	3,581	12,968	5,513
LIABILITIES				
Liabilities at fair value through profit or loss	99	53	0	9
Debt securities	0	20	0	0
Liabilities to credit institutions	1,471	859	1,020	1,881
Due to customers	13	35	17	501
Liabilities relative to contracts of Insurance	0	55	0	205
Subordinated debt	0	10	0	10
Miscellaneous liabilities	0	1	0	5
TOTAL	1,583	1,034	1,038	2,611
Financing commitments given	0	6	35	0
Guarantee commitments given	27	45	15	0
Financing commitments received	0	0	0	0
Guarantee commitments received	0	720	0	708

BALANCE SHEET ITEMS PERTAINING TO RELATED PARTY TRANSACTIONS

	12/31/2022		12/31/2021	
	Associates (companies accounted for using the equity method)	Other establishments belonging to the Confédération Nationale	Associates (companies accounted for using the equity method)	Other establishments belonging to the Confédération Nationale
Interest income	2	12	-7	19
Interest expense	-5	-13	4	-28
Commission income	0	15	1	21
Commission expense	0	-13	0	-3
Net gains/(losses) on financial assets at FVOCI and FVPL	-101	0	23	-1
Net income from Insurance	0	-119	-37	-231
Other income and expenses	10	47	27	103
General operating expenses	3	-50	1	-22
TOTAL	-91	-122	13	-141

Note 37 Fair value hierarchy of financial instruments recognized at amortized cost

The fair values presented are estimated as of December 31, 2022, from a discounted cash flow calculation based on a risk-free interest rate curve, to which a credit spread is added for asset calculations, calculated globally for Crédit Mutuel Alliance Fédérale and reviewed each year.

The financial instruments presented in this section include loans and borrowings. They do not include non-monetary items (shares), accounts payable and 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.

Certain group entities may also make 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 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, 2022.

12/31/2022	Market value	Carrying amount	Level 1	Level 2	Level 3	TOTAL
Financial assets at amortized cost – IFRS 9	509,621	562,705	2,185	59,667	447,768	509,621
Loans and receivables due from credit institutions	51,747	57,173	0	51,738	9	51,747
Loans and receivables due from customers	454,548	502,097	0	6,987	447,560	454,548
Securities	3,326	3,436	2,185	942	199	3,326
Investments in insurance business line at amortized cost	12,047	12,327	5,057	6,990	0	12,047
Loans and receivables	6,990	6,990	0	6,990	0	6,990
Held-to-maturity	5,057	5,337	5,057	0	0	5,057
Financial liabilities at amortized cost – IFRS 9	650,893	664,223	0	414,993	235,901	650,893
Liabilities to credit institutions	61,039	63,217	0	61,002	37	61,039
Due to customers	454,477	456,983	0	228,736	225,741	454,477
Debt securities ⁽¹⁾	127,155	135,072	0	117,033	10,122	127,155
Subordinated debt	8,222	8,951	0	8,222	0	8,222
Insurance business liabilities at amortized cost	1,037	1,037	911	127	0	1,037
Liabilities to credit institutions	127	127	0	127	0	127
Debt securities	0	0	0	0	0	0
Subordinated debt	911	911	911	0	0	911

12/31/2021	Market value	Carrying amount	Level 1	Level 2	Level 3	TOTAL
Financial assets at amortized cost – IFRS 9	522,849	509,414	2,195	68,957	451,697	522,849
Loans and receivables due from credit institutions	61,502	60,915	0	61,330	171	61,502
Loans and receivables due from customers	457,591	444,825	0	6,286	451,305	457,591
Securities	3,756	3,674	2,195	1,341	221	3,756
Investments in insurance business line at amortized cost	13,265	12,300	7,314	5,951	0	13,265
Loans and receivables	5,951	5,951	0	5,951	0	5,951
Held-to-maturity	7,314	6,350	7,314	0	0	7,314
Financial liabilities at amortized cost – IFRS 9	630,153	626,122	0	420,886	209,267	630,143
Liabilities to credit institutions	71,191	71,755	0	71,191	0	71,181
Due to customers	427,144	425,197	0	224,868	202,276	427,144
Debt securities ⁽¹⁾	123,078	121,116	0	116,087	6,991	123,078
Subordinated debt	8,740	8,054	0	8,740	0	8,740
Insurance business liabilities at amortized cost	1,182	1,182	1,053	128	0	1,182
Liabilities to credit institutions	128	128	0	128	0	128
Debt securities	0	0	0	0	0	0
Subordinated debt	1,053	1,053	1,053	0	0	1,053

(1) The fair value of financial liabilities at amortized cost in the balance sheet is disclosed above in accordance with IFRS 13. An in-depth review of fair value levels was undertaken in 2022. The classification method for the various levels of fair value has been refined. As a result, financial liabilities were reclassified from level 2 to level 3 for €10,093 million at December 31, 2022 and €6,978 million at December 31, 2021.

Note 38 Relations with the group's key executives

On February 20, 2019, the Board of Directors of Caisse Fédérale du Crédit Mutuel implemented a compensation and termination benefits package within Caisse Fédérale de Crédit Mutuel for the Chairman and Chief Executive Officer.

This Board decided to pay, subject to performance conditions:

- termination benefits to Nicolas Théry as Chairman of the Board of Directors, representing two years of compensation as a corporate officer, *i.e.* a commitment estimated at €2,401,000 (including social security contributions);
- termination benefits to Daniel Baal as Chief Executive Officer, representing two years of compensation as a corporate officer, *i.e.* a commitment estimated at €2,423,000 (including social security contributions).

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.

During the year, the group's key executives also benefited from the group's collective insurance and supplementary pension plans. However, the group's key executives did not enjoy any other specific benefits. No capital securities or securities giving access to share capital or the right to acquire capital securities of BFCM or CIC was 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.

COMPENSATION PAID OVERALL TO KEY EXECUTIVES^[1]

	12/31/2022	12/31/2021
<i>[in € thousands]</i>	Overall compensation	Overall compensation
Corporate officers – Management Committee – Board members receiving compensation	9,619	8,475

[1] See also the section on corporate governance.

The amount of provisions for retirement benefits and long-service awards amounted to €2,077 thousand as of December 31, 2022.

Note 39 Events after the reporting period and other information

The consolidated financial statements of Crédit Mutuel Alliance Fédérale, closed as of December 31, 2022, were approved by the Board of Directors as of February 8, 2023.

Note 40 Risk exposure

The information on risk exposure as required by IFRS 7 is given in Chapter 5.

Note 41 Fees to statutory auditors

	12/31/2022			
	Klynveld Peat Marwick Goerdeler		PricewaterhouseCoopers France	
	Amount (in millions of euros ex VAT)	%	Amount (in millions of euros ex VAT)	%
AUDIT OF THE ACCOUNTS				
■ Parent entity	0.165	1%	0.184	3%
■ Fully consolidated subsidiaries	9.285	73%	4.663	80%
NON-AUDIT SERVICES (NAS)*				
■ Parent entity	-	0%	-	0%
■ Fully consolidated subsidiaries	3.220	26%	0.994	17%
TOTAL	12.669	100%	5.841	100%
<i>of which fees paid to the statutory auditors in France for the statutory audit of the financial statements:</i>	6.079	-	4.001	-
<i>of which fees paid to the statutory auditors in France for services other than the statutory audit of the financial statements:</i>	1.576	-	0.416	-

	12/31/2021			
	Ernst & Young et Autres		PricewaterhouseCoopers France	
	Amount (in millions of euros ex VAT)	%	Amount (in millions of euros ex VAT)	%
AUDIT OF THE ACCOUNTS				
■ Parent entity	0.210	5%	0.202	4%
■ Fully consolidated subsidiaries	2.971	70%	3.378	71%
NON-AUDIT SERVICES (NAS)*				
■ Parent entity	-	0%	-	0%
■ Fully consolidated subsidiaries	1.075	25%	1.176	25%
TOTAL	4.256	100%	4.756	100%
<i>of which fees paid to the statutory auditors in France for the statutory audit of the financial statements:</i>	1.529	-	2.659	-
<i>of which fees paid to the statutory auditors in France for services other than the statutory audit of the financial statements:</i>	0.082	-	0.962	-

The main types of non-audit services are certificates, letters of comfort and agreed procedures.

6.3 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2022

To the Shareholders' Meeting of Caisse Fédérale de Crédit Mutuel,

Opinion

In performance of the mission entrusted to us by your Shareholders' Meetings, we have audited the consolidated financial statements of Crédit Mutuel Alliance Fédérale (CMAF) group for the fiscal year ended December 31, 2022, as attached hereto.

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 believe 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 accordance with the rules of independence provided for by the French Commercial Code and the code of conduct of the statutory auditors, during the period from January 1, 2022 to the date our report was issued, and in particular, we did not provide any services prohibited by Article 5, paragraph 1, of the Regulation (EU) No. 537/2014.

Justification of the assessment – Key points of the audit

Pursuant to the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code pertaining to justification of our assessment, we bring to your attention key points of the audit as they pertain to the risk of material misstatements, which according to our professional judgment, were the most important for the audit of the consolidated financial statements, as well as our response 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 and the formation of our opinion as expressed above. We have no opinion regarding elements of these consolidated financial statements taken separately.

CREDIT RISK AND VALUATION OF IMPAIRMENTS ON CUSTOMER LOAN PORTFOLIOS

Identified risk	Our response
<p>CMAF group banks are exposed to credit risks inherent to their activities, particularly with regard to customer loans.</p> <p>In this respect and as indicated in note 1-II-1-8 to the consolidated financial statements, the group recognizes impairments according to the IFRS 9 model:</p> <ul style="list-style-type: none"> ■ for non-downgraded performing loans (stage 1) and downgraded performing loans (stage 2), provisioning is made on the basis of expected credit losses at twelve months and maturity, ■ for non-performing loans (stage 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. <p>The classification of outstandings between the various stages provided for by IFRS 9 and the measurement of expected or actual credit losses for customer loan portfolios require the exercise of greater judgment and the consideration of assumptions by the CMAF group, in particular in order to:</p> <ul style="list-style-type: none"> ■ determine the methods used to assess the significant deterioration in credit risk in order to classify the outstandings into stages 1 and 2 or the proven risk (stage 3), depending in particular on the business segments; ■ estimate the amount of expected credit losses for the various stages, in particular in the segments deemed to be the most vulnerable by management and taking into account the support mechanisms put in place. <p>As presented in note 10c to the consolidated financial statements, as of December 31, 2022, the total gross amount of customer loans outstanding amounted to €511,667 million and the total amount of impairment was €9,382 million.</p> <p>Given the importance of judgment in the assessment of credit risk and the determination of impairments on customer loans (stages 1 to 3), in particular, in a context of persistent uncertainties marked by the conflict in Ukraine, tensions on commodities and energy, as well as the return of inflation and a rapid rise in interest rates, we considered that the classification of outstanding customer loans between the different categories provided for by the standard IFRS 9 and the valuation of recognized impairments is a key audit matter.</p>	<p>With regard to outstandings classified in stages 1 and 2, the work we carried out consisted of:</p> <ul style="list-style-type: none"> ■ 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: <ul style="list-style-type: none"> ■ a review of the system put in place to classify receivables between the various stages and assess the amount of expected credit losses; ■ a review of the methods and measures used for the various parameters and models for calculating expected credit losses, ■ the analysis of the methods used to determine 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; ■ carrying out data analysis work relating to the correct classification of outstandings by category (stages 1 and 2); ■ examining the reconciliations made between the data from the IT tools used to calculate expected losses and the accounts; ■ analyzing changes in the portfolio and levels of impairment, by stage and for a selection of entities between December 31, 2021 and December 31, 2022 in order to assess their overall consistency. <p>As regards outstandings classified in stage 3, we reviewed the processes and tested the controls put in place by your group to identify loans and receivables presenting a proven risk of default, as well as the procedures for estimating the corresponding impairments, in a context of persistent uncertainties marked by the conflict in Ukraine, tensions on commodities and energy, as well as the return of inflation and a rapid rise in interest rates. The work consisted mainly of reviewing:</p> <ul style="list-style-type: none"> ■ the application of the classification of outstandings under stage 3 in a sampling of loans; ■ the systems that guarantee the quality of the data used by calling on our IT specialists; ■ the credit risk monitoring process, by taking note of the conclusions of the specialized committees in charge of monitoring stage 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 to check the documentation of the credit rating; ■ changes over time in key indicators: ratio of stage 3 outstandings to total outstandings and coverage ratio of stage 3 outstandings by depreciation. Each time that an indicator differed from the average, we analyzed the differences observed. <p>Finally, we have assessed the appropriate nature of the information provided in the notes to the consolidated financial statements.</p>

VALUATION OF COMPLEX FINANCIAL INSTRUMENTS CLASSIFIED AS LEVEL 2 AND LEVEL 3 FAIR VALUE

Identified risk	Our response
<p>As part of its proprietary trading and group treasury activities and in connection with the services offered to customers, your group holds financial instruments for trading purposes.</p> <p>These financial instruments are financial assets or liabilities recognized in the balance sheet at their fair value as mentioned in note 1. II-1-1-1 "Loans, receivables and debt securities acquired" 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.</p> <p>As presented in note 8 to the consolidated financial statements, at December 31, 2022, the total amount of financial instruments classified in levels 2 and 3 at fair value amounted to €23,530 million.</p> <p>In our opinion, the valuation of complex financial instruments classified under level 2 and level 3 fair value was a key point of the audit as it entails a significant risk of material misstatements in the consolidated financial statements, requiring the exercise of judgment, particularly regarding:</p> <ul style="list-style-type: none"> ■ the determination of unobservable market valuation inputs 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 account for risks such as counterparty or liquidity risks; ■ the analysis of any valuation differences with counterparties recorded in the context of margin calls. 	<p>We reviewed the processes and controls implemented by the group to identify and measure complex financial instruments, including:</p> <ul style="list-style-type: none"> ■ the governance of valuation models and value adjustments; ■ independent justification and 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. <p>Our audit team included specialists in the valuation of complex financial instruments. With their assistance, we also:</p> <ul style="list-style-type: none"> ■ 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; ■ reviewed the main differences in margin calls, in order to assess the consistency of the valuations previously used; ■ analyzed the criteria used in the fair value hierarchy as described in note 8 "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 FAIR VALUE LEVEL 3 INVESTMENTS

Identified risk	Our response
<p>Through its private equity subsidiaries, your group has investments recognized at fair value through profit or loss.</p> <p>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".</p> <p>If the financial instrument is traded in an active market, its fair value is the quoted price. In order to estimate the fair value of securities when they are not listed in an active market, your group applies a mark-to-model approach based specifically on unobservable data, as outlined in the paragraph "II-1-9 Determination of the fair value of financial instruments" in note 1 "Accounting policies and principles" of the notes to the consolidated financial statements.</p> <p>Due to the use of judgment in the determination of fair value for unlisted financial instruments and the complexity of its modeling, particularly in a context of persistent uncertainties marked by the conflict in Ukraine, tensions in the commodities and energy markets, as well as the return of inflation and a rapid rise in interest rates, we considered that the valuation of the equity investments recognized in level 3 of the fair value of the private equity division was a key point of the audit.</p>	<p>We have reviewed the processes and controls put in place by your group pertaining to the valuation of equity investments recognized at fair value in level 3 of the private equity division.</p> <p>The work performed with our assessment and modeling based on a sampling, has consisted of:</p> <ul style="list-style-type: none"> ■ 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 assessing the inclusion of the context in the data used for the valuation; ■ where applicable, verifying that the valuation used by your group was comparable to the price observed during a similar and recent transaction.

VALUATION OF GOODWILL

Identified risk

Your group has undertaken external growth operations which led to the recognition of goodwill. This goodwill amounted to €2,353 million in net value at December 31, 2022 and is presented in a separate line in the balance sheet and in note 19 - Goodwill to the consolidated financial statements.

As noted in note 1.I.8 to the consolidated financial statements, goodwill represents the difference between the carrying amount and the fair value of the assets and liabilities of the entities acquired.

Goodwill is allocated to Cash-Generating Units and is subject to impairment tests at least once a year or whenever an indication of loss of value appears. When their recoverable amount falls below the carrying amount, impairment is recognized. As indicated in note 19 to the consolidated financial statements, the recoverable amount is determined according to two methods:

- the fair value net of selling costs, based on observing valuation ratios on comparable transactions or market parameters selected by analysts on entities with similar activities;
- the value in use, which is based on discounting future expected cash flows to current value.

As regards the value in use, cash flows are based on medium-term business plans drafted by management, then on an ad infinitum forecast according to a long-term growth rate after taking into account capital requirements.

We considered that the assessment of goodwill constitutes a key point of the audit owing to:

- its material significance on your group's consolidated balance sheet;
- the significance of management's judgment when choosing the recoverable amount method and regarding the value in use, the assumptions of future results of the companies in question and the discount rate applied to projected cash flows.

Our response

We took note of the processes implemented by the group to measure the need for impairment of goodwill.

The work performed with our assessment and modeling experts to examine the recoverable amount determined by your group specifically consisted of:

- an analysis of the methodology used;
- an assessment of the main parameters and assumptions used in comparison with the available market data.

As regards the value in use method, we also performed:

- a review of the projected business plans from which projected cash flows were determined;
- a recalculation of the values in use determined by your group for a sampling of goodwill;
- an analysis of the available sensitivity tests (as presented in note 19) in order to assess the value in use used.

VALUATION OF MATHEMATICAL PROVISIONS ON BORROWER INSURANCE POLICIES AND RESERVES FOR TANGIBLE AUTO CLAIMS

Identified risk

The accounting principles and valuation rules applied to the liabilities generated by insurance company policies are those of IFRS 4 as indicated in note 1.II.2.3 "Non-financial liabilities" of the notes to the consolidated financial statements.

As of December 31, 2022, the net technical reserves of the insurance policies stood at €111,650 million, as set out in note 13b "Liabilities relative to contracts of Insurance" in the notes to the consolidated financial statements.

Among these liabilities, the mathematical provisions on borrower insurance policies correspond to the redemption values of life insurance policies, while the provisions for claims on non-life insurance policies (tangible Auto claims) correspond to unearned premiums (since they relate to subsequent years) and claims payable.

The valuation of these provisions employs actuarial methods that require management to use its professional judgment.

Given the importance of judgment in their valuation, we considered that the mathematical provisions on borrower insurance policies and reserves for tangible Auto claims constituted a key point of the audit.

Our response

As regards the specific provisions outlined above, the work carried out with the help of actuarial experts, mainly involved:

- analyzing the consistency between the selected valuation methodology for provisions and the contractual conditions;
- analyzing the relevance of the computational assumptions used in respect of the risks insured and the applicable regulations (discount rate, regulatory tables, etc.);
- verifying the actuarial formulas used;
- analyzing the level of reserves for claims that have occurred but have not yet been reported;
- reviewing the files for tangible auto claims in order to assess the level of reserves calculated by ACMs.

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 its accuracy or consistency with the consolidated financial statements.

We hereby certify that the consolidated Non-Financial Performance Statement provided for in Article L.225-102-1 of the French Commercial Code is included in the information relating to the group given in the management report, 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 that it must be reported on by an independent third party.

Other verifications or information required by laws and regulations

Appointment of statutory auditors

We were appointed as statutory auditors of the Crédit Mutuel Alliance Fédérale group by the Shareholders' Meeting of May 10, 2022 for KPMG S.A. and May 4, 2018 for PricewaterhouseCoopers France.

As of December 31, 2022, KPMG S.A. was in the first year of its mission and PricewaterhouseCoopers France in the seventh year of its uninterrupted mission.

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 Audit Committee is responsible for monitoring the process of preparing financial information and monitoring the effectiveness of the internal control and risk management systems, as well as the internal audit, where applicable, with regard to procedures related to the preparation and processing of accounting and financial information.

The consolidated financial statements have been approved by the Board of Directors.

Responsibilities of the statutory auditors regarding the audit of the consolidated financial statements

Audit objective and approach

Our responsibility is to prepare a report regarding the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements, as a whole, contain no material misstatements. Reasonable assurance corresponds to a high level of assurance, without however guaranteeing that an audit conducted in accordance with professional standards may systematically detect every material misstatement. Misstatements may come from fraud or result from errors and are considered as significant when one can reasonably expect that they may, either individually or cumulatively, influence economic decisions made by users who make decisions based on the financial statements.

As specified by Article L.823-10-1 of the French Commercial Code, our mission in certifying the financial statements does not consist of guaranteeing the viability or quality of your company's management.

In the context of an audit completed in accordance with professional standards applicable in France, the statutory auditors exercise their professional judgment throughout the audit process. Furthermore:

- they identify and assess the risk that the consolidated financial statements contain material misstatements and that such misstatements result from fraud or errors, define and implement audit procedures to address these risks and collect information that they consider a sufficient and appropriate basis for such opinion. The risk of non-detection of a material misstatement from fraud is higher than a material misstatement resulting from any error, because fraud may involve collusion, falsification, deliberate omissions, false statements or circumventing internal controls;
- they acknowledge relevant internal control for the audit in order to determine the appropriate audit procedures for the circumstance, and not for the purpose of expressing an opinion on the effectiveness of internal control;
- they assess the appropriateness of the accounting methods used and the reasonableness of the accounting estimates made by management, as well as the related information provided in the consolidated financial statements;

- they assess the appropriateness of application by management of the accounting policy for a going concern and, depending on the items gathered, the existence or not of any significant uncertainty related to events or circumstances likely to call into question the company's ability to continue as a going concern. This assessment relies on the items collected up to the date of their report, however, with the reminder that subsequent circumstances or events could call into question business continuity. If the statutory auditors conclude that significant uncertainty exists, they bring the information provided in the consolidated financial statements regarding such uncertainty to the attention of readers of their report or, if such information is not provided or is not relevant, the statutory auditors issue a qualified opinion or a denial of opinion;
- they assess the overall presentation of the consolidated financial statements and assess whether or not the consolidated financial statements reflect the underlying transactions and events to provide a true and fair view thereof;
- regarding the financial information of the persons or entities included within the scope of consolidation, they gather items deemed sufficient and appropriate to express an opinion on the consolidated financial statements. The statutory auditors are responsible for the management, supervision and preparation of the audit of the consolidated financial statements, as well as the opinion expressed on these financial statements.

Executed in Neuilly-sur-Seine and Paris-La Défense, April 12, 2023

The statutory auditors

KPMG S.A.

PricewaterhouseCoopers France

Arnaud Bourdeille

Sophie Sotil-Forgues

Laurent Tavernier

Partner

Partner

Partner

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Consolidated Financial Statements of BFCM

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7.1 CONSOLIDATED FINANCIAL STATEMENTS OF BFCM

7.1.1 Balance sheet

Balance sheet (assets)

<i>(in € millions)</i>	12/31/2022	12/31/2021	Notes
Cash, central banks	111,454	120,723	4
Financial assets at fair value through profit or loss	28,612	21,941	5a
Hedging derivatives	4,253	2,128	6a
Financial assets at fair value through equity	34,324	32,014	7
Securities at amortized cost	3,397	3,640	10a
Loans and receivables due from credit institutions and similar at amortized cost	57,969	57,059	10b
Loans and receivables due from customers at amortized cost	322,279	286,482	10c
Revaluation adjustment on rate-hedged books	-2,733	449	6b
Short-term investments in the insurance business line and reinsurers' share of technical reserves	108,847	121,042	13a
Current tax assets	958	801	14a
Deferred tax assets	1,796	1,364	14b
Accruals and other assets	7,472	8,195	15a
Non-current assets held for sale	4,962	107	3e
Deferred profit-sharing	48	0	-
Investments in equity consolidated companies	877	839	16
Investment property	28	30	17
Property, plant and equipment	2,438	2,467	18a
Intangible assets	472	489	18b
Goodwill	2,110	3,098	19
TOTAL ASSETS	689,563	662,868	-

Balance sheet (liabilities)

<i>(in € millions)</i>	12/31/2022	12/31/2021	Notes
Central banks	44	605	4
Financial liabilities at fair value through profit or loss	18,772	12,082	5b
Hedging derivatives	6,725	2,034	6a
Debt securities at amortized cost	135,208	121,463	11a
Due to credit and similar institutions at amortized cost	74,310	76,881	11b
Amounts due to customers at amortized cost	283,698	274,257	11c
Revaluation adjustment on rate-hedged books	-14	13	6b
Current tax liabilities	489	581	14a
Deferred tax liabilities	792	1,027	14b
Deferred income, accrued charges and other liabilities	11,235	9,733	15b
Debt related to non-current assets held for sale	3,720	0	3e
Liabilities relative to contracts of Insurance	106,492	117,520	13b
Provisions	2,419	2,993	20
Subordinated debt at amortized cost	9,451	8,554	21
Total shareholders' equity	36,222	35,127	22
Shareholders' equity – Attributable to the group	32,441	31,282	22
Capital and related reserves	6,495	6,197	22a
Consolidated reserves	24,098	21,759	22a
Gains and losses recognized directly in equity	-441	839	22b
Profit/(loss) for the period	2,288	2,487	-
Shareholders' equity – Non-controlling interests	3,781	3,845	-
TOTAL LIABILITIES	689,563	662,868	-

7.1.2 Income statement

<i>(in € millions)</i>	12/31/2022	12/31/2021	Notes
Interest and similar income	12,737	9,511	24
Interest and similar expenses	-6,413	-3,926	24
Commissions (income)	4,263	3,950	25
Commissions (expenses)	-1,276	-1,030	25
Net gains on financial instruments at fair value through profit or loss	665	879	26
Net gains/(losses) on financial assets at fair value through equity	-137	70	27
Net gains/(losses) resulting from derecognition of financial assets at amortized cost	0	1	28
Net income from Insurance	2,352	2,236	29
Income from other activities	927	739	30
Expenses on other activities	-449	-527	30
Net banking income	12,670	11,902	-
Employee benefit expense	-3,660	-3,401	31a
Other general operating expenses	-2,922	-2,632	31b
Movements in depreciation, amortization and impairment for property, plant and equipment and intangible assets	-334	-317	31c
Gross operating income	5,754	5,553	-
Cost of counterparty risk	-743	-647	32
Operating income	5,011	4,906	-
Share of net profit/(loss) of equity consolidated companies	58	62	16
Net gains/(losses) on disposals of other assets	-235	-8	33
Changes in the value of goodwill	-964	-847	34
Profit/(loss) before tax	3,870	4,113	-
Income tax	-1,234	-1,280	35
Post-tax gains/(losses) on discontinued operations	0	9	3e
Net profit/(loss)	2,636	2,842	-
Net profit/(loss) - Non-controlling interests	347	356	-
NET PROFIT ATTRIBUTABLE TO THE GROUP	2,288	2,487	-
Basic earnings per share in euros	67	74	36
Diluted earnings per share in euros	67	74	36

Statement of net profit/(loss) and gains and losses recognized in shareholders' equity

<i>(in € millions)</i>	12/31/2022	12/31/2021
Net profit/(loss)	2,636	2,842
Translation adjustments	72	131
Revaluation of financial assets at fair value through equity – debt instruments	174	76
Revaluation of Insurance investments	2,189	78
Remeasurement of hedging derivatives	21	2
Share of unrealized or deferred gains and losses of associates	1	0
Total recyclable gains and losses recognized directly in equity	2,271	132
Revaluation of financial assets at fair value through equity – equity instruments at closing	-5	22
Actuarial gains and losses on defined benefit plans	253	32
Share of non-recyclable gains and losses of equity consolidated companies	0	0
Total non-recyclable gains and losses recognized directly in equity	248	54
Net profit/(loss) and gains and losses recognized directly in equity	613	3,028
<i>o/w attributable to the group</i>	<i>1,009</i>	<i>2,680</i>
<i>o/w value of non-controlling interests</i>	<i>396</i>	<i>347</i>

The terms relating to gains and losses recognized directly in equity are presented for the amount net of tax.

7.1.3 Changes in shareholders' equity

[in € millions]	Capital	Premiums	Reserves ⁽¹⁾	Gains and losses recognized directly in equity				Net profit/(loss) attributable to the group	Shareholders' equity attributable to the group	Non-controlling interests	Total consolidated shareholders' equity
				Translation adjustments	Assets at fair value through equity	Hedging derivatives	Actuarial gains and losses				
Shareholders' equity as of December 31, 2020	1,689	4,509	20,401	-89	1,064	0	-331	1,284	28,527	4,048	32,575
Appropriation of earnings from previous fiscal year	-	-	1,284	-	-	-	-	-1,284	0	-	0
Capital increase	0	-	-	-	-	-	-	-	0	-	0
Distribution of dividends	-	-	-102	-	-	-	-	-	-102	-510	-612
Acquisitions of additional shareholdings or partial disposals	-	-	0	-	-	-	-	-	0	-	0
Subtotal of movements related to relations with shareholders	0	0	1,182	0	0	0	0	-1,284	-102	-510	-612
Consolidated income for the period	-	-	-	-	-	-	-	2,487	2,487	356	2,842
Changes in gains and losses recognized directly in equity	-	-	165	131	29	2	32	-	359	-8	351
Subtotal	0	0	165	131	29	2	32	2,487	2,846	347	3,193
Effects of acquisitions and disposals on non-controlling interests ⁽²⁾	-	-	-13	-	0	-	-	-	-13	-47	-60
Other changes	-	0	24	-	-	-	-	-	24	6	30
Shareholders' equity as of December 31, 2021	1,689	4,509	21,759	42	1,093	2	-299	2,487	31,282	3,845	35,127
Appropriation of earnings from previous fiscal year	-	-	2,487	-	-	-	-	-2,487	0	-	0
Capital increase	23	-	-	-	-	-	-	-	23	-	23
Distribution of dividends	-	-	-230	-	-	-	-	-	-230	-152	-382
Acquisitions of additional shareholdings or partial disposals	-	-	-	-	-	-	-	-	0	-	0
Subtotal of movements related to relations with shareholders	23	0	2,257	0	0	0	0	-2,487	-207	-152	-359
Consolidated income for the period	-	-	-	-	-	-	-	2,288	2,288	347	2,636
Changes in gains and losses recognized directly in equity	-	-	7	70	-1,605	17	239	-	-1,272	-744	-2,016
Subtotal	0	0	7	70	-1,605	17	239	2,288	1,016	-396	620
Effects of acquisitions and disposals on non-controlling interests ⁽²⁾	-	-	-20	-	-	-	-	-	-20	-32	-53
Other changes ⁽³⁾	-	275	96	-	-	-	-	-	371	516	887
SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2022	1,711	4,784	24,098	112	-511	19	-60	2,288	32,441	3,781	36,222

[1] Reserves as of December 31, 2022 comprised the legal reserve (€169 million), statutory reserves (€6,705 million) and other reserves (€17,224 million).

[2] Concerns the discounting of the debt linked to the Cofidis put, as well as the recognition of a put at Press division level.

[3] Relates to the entry into the scope of consolidation of Crédit Mutuel Nord Europe with effect from January 1, 2022.

7.1.4 Net cash flow statement

	12/31/2022	12/31/2021
Net profit/(loss)	2,636	2,842
Income tax	1,234	1,280
Profit/(loss) before tax	3,870	4,122
+/- Net depreciation and amortization of property, plant and equipment and intangible assets	327	315
- Impairment of goodwill and other fixed assets	985	845
+/- Net provisions and impairments	-261	-353
+/- Share of income from companies consolidated using the equity method	-58	-62
+/- Net loss/gain from investing activities	-15	-1
+/- (Income)/expenses from financing activities	0	0
+/- Other movements	-5,521	6,998
= Total non-monetary items included in net profit/(loss) before tax and other adjustments	-4,542	7,741
+/- Flows related to transactions with credit institutions	-6,164	28,072
+/- Flows related to client transactions	-25,282	-9,302
+/- Flows related to other transactions affecting financial assets or liabilities	15,706	-9,689
+/- Flows related to other transactions affecting non-financial assets or liabilities	-6,137	-715
- Taxes paid	-1,304	-981
= Net decrease/(increase) in assets and liabilities from operating activities	-23,181	7,385
TOTAL NET CASH FLOW GENERATED BY OPERATING ACTIVITIES (A)	-23,854	19,248
+/- Flows related to financial assets and investments	651	-606
+/- Flows related to investment property	10	-45
+/- Flows related to property, plant and equipment and intangible assets	-168	-243
TOTAL NET CASH FLOW GENERATED FROM INVESTING ACTIVITIES (B)	492	-893
+/- Cash flow to or from shareholders	-381	-566
+/- Other net cash flows from financing activities	7,631	2,364
TOTAL NET CASH FLOW GENERATED FROM FINANCING TRANSACTIONS (C)	7,250	1,797
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS (D)	345	187
Net increase/(decrease) in cash and cash equivalents (A + B + C + D)	-15,766	20,340
Net cash flow generated by operating activities (A)	-23,854	19,248
Net cash flow generated from investing activities (B)	492	-893
Net cash flow related to financing transactions (C)	7,250	1,797
Effect of foreign exchange rate changes on cash and cash equivalents (D)	345	187
Cash and cash equivalents at opening	112,240	91,900
Cash, central banks (assets and liabilities)	120,120	98,537
Accounts (assets and liabilities) with and demand loans/borrowings from credit institutions	-7,880	-6,637
Cash and cash equivalents at closing	96,474	112,240
Cash, central banks (assets and liabilities)	111,399	120,120
Accounts (assets and liabilities) with and demand loans/borrowings from credit institutions	-14,925	-7,880
CHANGE IN NET CASH POSITION	-15,766	20,340

7.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF BFCM

SUMMARY OF NOTES

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Note 1 Accounting policies and 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 prepared in accordance with IFRS as adopted by the European Union on December 31, 2022.

The full framework is available on the European Commission's website at: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en#ifrs-financial-statements.

The financial statements are presented in the format recommended by the *Autorité des normes comptables* (French Accounting Standards Authority) Recommendation No. 2017-02 on IFRS Summary Financial Statements. They comply with international accounting standards as adopted by the European Union.

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

Since January 1, 2022, the group has been applying the amendments adopted by the European Union and the IFRIC decision as presented below:

Amendments to IFRS 3 – Reference to the Conceptual Framework

This amendment updates the reference to the updated version of the 2018 Conceptual Framework (and no longer to that of 1989). 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 to IFRIC 21 – Levies, instead of 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. It applies to contracts for which the group would not have met its obligations as of January 1, 2022.

Amendments to IAS 16 – Proceeds before intended use

It prohibits the deduction from the cost of an item of property, plant and equipment any proceeds generated during a necessary testing period of the item. The proceeds from selling such items must be recognized immediately in profit or loss.

Improvements to IFRS – 2018-2020 cycle

The minor amendments mainly relate to 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, in the event of the renegotiation of conditions. 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.

The adoption of these amendments did not have a significant impact on the financial statements for the 2022 fiscal year.

Russia's invasion of Ukraine

As it does not have branches in Ukraine or Russia, Banque Fédérative du Cr dit Mutuel does not have teams present in the current areas of conflict; direct exposure in these two countries, as well as in Belarus, is therefore not significant. Furthermore, the group has no assets held by the Central Bank of Russia.

The group is committed to the implementation of and compliance with restrictive measures, as well as the individual and economic sanctions adopted by the European Union in response to Russia's military aggression against Ukraine. In particular, it has a robust risk governance and management system that enables it to carefully monitor transactions between its customers and Russia, thus contributing to the fight against money laundering, tax fraud and the financing of terrorism. The group also demonstrates a high level of vigilance with regards to cybersecurity.

In addition, Banque F d rative du Cr dit Mutuel is fully mobilized to deal with impacts related to the crisis in Ukraine and, in the context of increased economic uncertainty, which continues to weigh on segments previously affected by the Covid-19 crisis.

It is committed to providing appropriate support to its corporate and professional customers in difficulty (especially VSBs/SMEs) and retail customers.

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

Credit risk

As part of the provisioning of performing loans (in stages 1 & 2), Banque F d rative du Cr dit Mutuel takes into account the impacts of successive crises, as well as the macroeconomic outlook.

Starting in the first half of 2020, the group adapted its early detection and credit risk measurement system and updated its parameters to take into account the uncertainties of the Covid-19 health crisis offset by state support measures.

This methodological approach applied in 2021, was adjusted during the second half of 2022, in the context of particularly high uncertainties related to the Ukrainian conflict, the increase in energy prices as well as agricultural commodities, metals, rising interest rates, and tightening monetary policies in response to sharply rising inflation levels.

The level of provisioning is the result of a case-by-case analysis, carried out in order to monitor any potential increase in the credit risk of professional customers or companies in difficulty, and individual customers, who would be affected, directly or indirectly, by this severely deteriorated economic context.

Macroeconomic scenarios

At December 31, 2021, the unfavorable scenario was weighted at 75%, the neutral scenario at 24% and the optimistic scenario at 1% (unchanged from December 31, 2020), in order to take into account the deteriorated macroeconomic outlook for all portfolios using the internal rating method (IRB-F and IRB-A).

Given the current very deteriorated macroeconomic situation and the pessimistic projections of the institutions, as well as the internal analyses carried out, Banque F d rative du Cr dit Mutuel has increased the weighting of its pessimistic scenario to 80% as of December 31, 2022, while the central scenario only weighs 19%, and the optimistic scenario is being maintained at 1%.

In addition, the assessment of expected credit losses also includes a post-model adjustment.

Hardening of the pessimistic scenario for individuals and sole traders

The specific hardening of the pessimistic scenario for individuals and sole traders (which led to the recalibration of default probabilities in these segments since 2020) was maintained in 2022 in order to anticipate a potential deterioration in credit risk.

Post-model adjustment to take into account the effects (direct or indirect) of the Ukraine crisis and the context of high macroeconomic uncertainties

To deal with the Covid-19 crisis, an additional depreciation had been estimated, since 2020, to anticipate the increase in claims in the sectors considered to be the most vulnerable to the health crisis (tourism, games, leisure, hotels, restaurants, the automotive and motor industry excluding manufacturers, clothing, beverages, rental of light vehicles, industrial passenger transportation, air carriers). The group methodology, defined at the national level, was based on a step-by-step analysis of the deterioration of credit risk, *i.e.* firstly the identification of vulnerable segments, then the implementation of additional provisions, calibrated according to the risk assessed by the groups (see Financial Statements 2021). This depreciation was reversed in 2022, as the criteria that led to its creation were no longer met.

In 2022, Banque Fédérative du Crédit Mutuel decided to recognize additional impairments. This post-model adjustment allows for a better understanding of the forward-looking aspect of the calculation of expected credit losses, in a context of unprecedented crises in terms of their nature and scale.

As of December 31, 2022, expected credit losses (excluding the impact of the post-model adjustment) amounted to €2,727 million, a change of -€253 million compared to December 31, 2021.

The post-model adjustment as of December 31, 2022 represents €223 million, or 7.5% of expected losses, and includes an additional impairment charge of €50 million taken on leveraged transactions.

Sensitivity analysis

The group conducted a cost of risk sensitivity test (including post-model adjustment). An increase in the weighting of the pessimistic scenario of 10 points for the IRB entities and of 5 points for the entities under the standard model would lead to an additional provision of €93 million, *i.e.* 3.43% of expected losses.

IBOR reform

The reform of the IBOR rates is part of the response to the weaknesses found in methodologies for the construction of indices and interbank rates, which are based on data reported by banks and on a significantly reduced volume of underlying transactions.

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, in order to secure and improve the reliability of the indices used by the market.

All indices must now comply with the BMR regulation. Non-compliant indices have been used until December 31, 2021 and for some LIBOR [USD]^[1] terms possibly until June 30, 2023. Eventually, it will no longer be possible to use the former benchmark indices unless they are compliant with the new regulations or benefit from an exceptional contribution extension.

In order to ensure a smooth transition, the group launched a workstream in project mode starting in the first quarter of 2019, and is making sure to cover the risks (legal, commercial, organizational, tools and financial/accounting) associated with this transition.

The EONIA had been defined as a tracker of the €STR since October 2019 and until its disappearance. The €STR has been definitively designated by the European Commission as the successor to the EONIA^[2], for all contracts that do not expire at the beginning of January 2022 and do not include a robust fallback clause.

In addition, SARON plus a spread adjustment defined by maturity will, by default, represent the legal replacement index^[3] for CHF LIBOR.

Since the change in its calculation methodology in July 2019, the EURIBOR complies with the BMR regulation.

Finally, in November 2021, the British regulator Financial Conduct Authority announced the publication of synthetic GBP and JPY LIBOR until the end of 2022, which can be used for contracts that are difficult to manage in terms of legal transition (non-existent fallback clauses). In September 2022, it decided to postpone the termination of the 1-month and 6-month GBP LIBOR indices until the end of March 2023, and that of the 3-month GBP LIBOR index until the end of March 2024.

The successor market index to GBP LIBOR is SONIA, but this index will not benefit from a "regulatory" switch unlike CHF LIBOR or EONIA.

The regulator has not announced a decision regarding the USD LIBOR replacement index for maturities that will no longer be published after June 30, 2023. On the other hand, the Alternative Reference Rates Committee (ARRC), the ISDA, and the Loan Market Association (LMA) have issued recommendations in this respect. Furthermore, since the end of 2021, regulatory bodies have recommended that USD LIBOR no longer be used in new contracts.

At the end of September 2022, the UK regulator Financial Conduct Authority launched a consultation to propose the publication of synthetic USD LIBOR for certain maturities^[4] until the end of September 2024.

The group believes that uncertainties prevail on exposures indexed to the USD and GBP LIBOR rates for existing contracts that have not yet been amended on off-market scopes, the other exposures having switched to replacement indices that comply with market standards prior to January 2022.

With regard to contracts in inventory, the group is continuing its work on the transition to replacement rates.

The group has defined a process to update of contracts through bilateral negotiations between the parties or by updating the sales conditions (*i.e.* change in the reference rate by amendment). This began in the second half of 2022.

[1] On March 5, 2021, the British regulator Financial Conduct Authority announced that it would stop publishing:

- US LIBOR rates on all other maturities (overnight, 1-month, 3-month, 6-month and 12-month) at June 30, 2023;

- LIBOR rates for all maturities and currencies GBP, JPY, CHF, EUR, as well as USD for 1-week and 2-month maturities as of December 31, 2021.

[2] European Regulation 2021/1848 of October 21, 2021.

[3] European Regulation 2021/1847 of October 14, 2021.

[4] LIBOR USD 1 month, 3 months, 6 months.

On accounting aspects, the group applies the amendments to IAS 39, IFRS 9, IFRS 7, IFRS 4 and IFRS 16, Phase 1 for the preparatory period for the reform and Phase 2, for the transition period to the new indices once they are defined. For treatments and easing measures introduced by these publications, see Section 3.1.

Exposures that are not due as of December 31, 2022 and that will be subject to changes related to the reference rate reform mainly relate to the USD LIBOR index. They are presented in the information on risk management.

Exposures not due as of December 31, 2022 and subject to changes related to the IBOR reform are shown below:

Balances 12/31/2022 (in € millions)	Financial assets – Carrying amounts	Financial liabilities – Carrying amounts	Derivatives – Notional amount	Of which hedging derivatives
USD – LIBOR	218	22	0	0
GBP – LIBOR	0	0	0	0

In the absence of additional announcements regarding a replacement of the Euribor index, it has been excluded from the items presented above.

Risk management information

They are in Chapter 5 of the registration document.

1. Scope and methods of consolidation

1.1 Consolidating entity

The parent company of the group is Banque Fédérative du Cr dit Mutuel.

1.2 Consolidation scope

The general principles for determining whether an entity is included in the consolidation scope are defined by IFRS 10, IFRS 11 and IAS 28R.

Entities that are controlled or under significant influence that do not have a significant character in relation to the consolidated financial statements are excluded from the consolidation scope. This situation is assumed when the balance sheet total or the profit or loss of a company has no impact greater than 1% of the consolidated or sub-consolidated equivalent (in the case of consolidation by level). This quantitative criterion is but relative; an entity may be included within the scope of consolidation regardless of this threshold when its business or its expected development gives it the status of a strategic investment.

The consolidation scope comprises:

- **Controlled entities:** control exists 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 under joint control:** joint control is the contractually-agreed sharing of control over an entity, which exists only in the case where decisions concerning key activities require the unanimous consent of the parties sharing control. Two or more parties that exercise joint control constitute a partnership, which is either a jointly controlled operation or a joint venture:
 - a jointly controlled operation is a partnership in which the parties exercising joint control have rights over the assets and obligations pursuant to liabilities relative to the entity: this involves recognizing the assets, liabilities, income and expenses relative to interests held in the entity,
 - a joint venture is a partnership in which the parties who exercise joint control have rights over the net assets of the entity: the joint venture is accounted for according to the equity method.

All entities under joint control of the group are joint ventures according to the meaning of IFRS 11;

- **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.

Investments held by private equity companies and over which joint control or significant influence is exercised are recognized at fair value through profit or loss.

1.3 Consolidation methods

The consolidation methods used are the following:

1.3.1 Full consolidation

This method involves replacing the value of the shares held in the subsidiary concerned with each of the assets and liabilities of said subsidiary and showing separately the value of non-controlling interests in equity and net profit. This is the method used for all controlled entities, including those with a different account structure, regardless of whether the business concerned is an extension of that of the consolidating entity.

1.3.2 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. It is applied to all entities under joint control, classified as joint ventures or for all entities under significant influence.

1.4 Non-controlling interests

Non-controlling interests correspond to interests that do not confer control as defined by IFRS 10 and include partnership interests that entitle their holders to a share in net assets in the event of liquidation and other equity instruments issued by subsidiaries that are not held by the group.

Consolidated UCITS, particularly those representing unit-linked policies of insurance entities, are recognized at fair value through profit or loss. The amounts corresponding to non-controlling interests are shown under “Other liabilities”.

In accordance with IAS 32, the group recognized a liability for the commitment to increase its stake in Cofidis Participation to 100%. The counterparty was recorded as a reduction of minority interests and a reduction of the group’s share for the excess amount.

1.5 Reporting date

The reporting date for all of the group's consolidated companies is December 31.

1.6 Elimination of 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.

1.7 Foreign currency translation

Concerning the accounts of foreign entities expressed in foreign currencies, the balance sheet is converted based on 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 statement is translated on the basis of the average exchange rate for the fiscal year, which is an acceptable proxy in the absence of significant exchange rate fluctuations during the period. 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.

1.8 Goodwill

1.8.1 Fair value adjustments

At the date of acquisition of a controlling interest in a new entity, said entity's assets, liabilities and contingent liabilities are measured at their fair values at that date. Fair value adjustments correspond to the difference between the carrying amount and fair value.

1.8.2 Goodwill

In accordance with IFRS 3, at the date of acquisition of 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 their fair values 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 allows 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 the value of goodwill".

If the group's stake in an entity it already controls, 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 presented on a separate line in the balance sheet for fully consolidated companies and under "investments in equity consolidated companies" when the entities are consolidated using this method.

Goodwill does not include direct costs related to acquisitions, which according to IFRS 3R, are recognized in profit or loss.

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 assessments 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 case, it is not subject to impairment testing separately 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.

2. Accounting policies and principles

2.1 Financial instruments under IFRS 9

The financial instruments of the insurance divisions are not covered by these paragraphs and are still recognized in accordance with IAS 39 (see Section 2.2 "Insurance").

2.1.1 Classification and measurement of financial assets

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

2.1.1.1 Loans, receivables and debt securities acquired

The asset is classified:

- at amortized cost, if it is held in order to collect contractual cash flows and if its characteristics are similar to those of a "basic" contract, see the Section below "Cash flow characteristics" ["hold-to-collect" model];
- at fair value through equity if the instrument is held to collect the contractual cash flows and to sell them 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
 - 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⁽¹⁾ (Solely Payments of Principal and Interest) criterion for 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. This is the case, for example, when 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 when the interest rate of the financial instrument is revised periodically based on an average interest rate.

If the difference between the undiscounted contractual cash flows of the financial asset and those of the 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 dating 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:

- embedded derivatives in financial assets are no longer accounted for separately, which implies that the entire hybrid instrument is then considered as non-basic and recorded at fair value through profit or loss;
- units in UCITS or real estate UCI (OPCI) are not basic instruments and are recognized at fair value through profit or loss.

Business models

The business model represents the way in which the instruments are managed to generate cash flows and revenues. It is based on observable facts and not simply on management’s intention. It is not assessed at the entity level, or on an instrument-by-instrument basis, but rather at 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 (exceptional cases).

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 reasons 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 that the proceeds of these sales correspond approximately to the contractual cash flows that remain to be received;
- exceptional (e.g. linked to a liquidity stress).

Disposals that are frequent (and of an insignificant unit value) or infrequent (even if they are of a significant unit value) are compatible with the hold-to-collect model.

These “authorized” disposals are not taken into account in the analysis of the significant and frequent nature of sales made from a portfolio; disposals related to changes in the regulatory or tax framework will be documented on a case-by-case basis in order to demonstrate the “infrequent” nature of such disposals.

For other disposals, thresholds have been defined according to the maturity of the securities portfolio, e.g. 2% of annual disposals on outstandings in the portfolio with an average maturity of eight years (the group does not dispose of its loans recorded in a collection management model).

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.

(1) SPPI: Payment of Principal and Interest only.

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 competing 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 into account estimated cash flows excluding 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 into account the amortization of premiums and discounts, as well as acquisition costs, if significant. Purchases and sales of securities are recognized on 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.

The restructuring of a loan following the debtor’s financial difficulties entails novation of the contract. Following the definition of this concept by the European Banking Authority, the group integrated it into the information systems so that the accounting and prudential definitions are harmonized.

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 specific to the debtor.

– State-guaranteed loans (SGLs)

The group is committed to the government’s Covid-19 crisis-related plan to support the economy. This was further strengthened in April 2022, in the context of the conflict in Ukraine.

The group offers:

- state-guaranteed loans^[1] (SGL) to support the cash flow of its business and corporate customers; and
- since April 2022, Resilience SGLs for customers that have not taken out an SGL since March 2020 or who have not exceeded the limit on their first SGL.

SGLs represent 12-month bullet loans with grace periods of one to five years. At the date of subscription, the interest rate of the SGL was set at 0%, increased by the cost of the state guarantee set at between 0.25% and 0.50% (and rebilled *via* a commission paid by the customer).

At the end of the first 12 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 “deferral of one additional year” to start repaying the capital.

Banque Fédérative du Crédit Mutuel 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 effective interest rate method. On the date of initial recognition, they are recognized at their nominal value, which is representative of their fair value.

On the subscription anniversary date, SGLs may be subject to a grace period. The revision of flows related to the recognition of guarantee commissions over the duration of the grace period is recognized as an adjustment to the carrying amount of SGLs with an immediate and positive impact on profit. This impact was immaterial as of the reporting date.

At December 31, 2022, state-guaranteed loans issued by the group amounted to €10 billion, guaranteed to the tune of €9 billion. Outstandings downgraded to stage 3 totaled €0.9 billion.

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. As of December 31, 2022, they amounted to €0.11 billion.

– Benchmark rate reform

In accordance with the Phase 2 amendment to IAS 39, IFRS 9, IFRS 7, IFRS 4 and IFRS 16, the group applies the exceptional accounting treatment of financial assets/liabilities, from which the changes in the basis of determination of contractual cash flows result 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.

[1] The main characteristics of state-guaranteed loans and the mechanism for triggering the guarantee are summarized in Article 2 of the Order of March 23, 2020 granting state guarantees to credit institutions and financing companies and to the lenders mentioned in Article L.548-1 of the French Monetary and Financial Code.

Financial assets at fair value through equity

For Banque Fédérative du Crédit Mutuel, this category only includes 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 Sections 2.1.7 “Derecognition of financial assets and liabilities” and 2.1.8 “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 2.1.7 “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). Before, this interest was recognized under “Net gains/(losses) on financial instruments at fair value through profit or loss”, in order to be consistent with the regulatory statements sent to the ECB as part of the Short Term Exercise (STE).

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.

2.1.1.2 Equity instruments acquired

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

- at fair value through profit or loss; or
- optionally, at fair value through other non-recyclable equity at the initial recognition and in an irrevocable manner when they are not held for trading.

Financial assets at fair value through equity

Shares and other equity instruments are recorded 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 recorded in the income statement, even when they are sold [see Section 2.1.7 “Derecognition of financial assets and liabilities”]. Only dividends received on variable-income securities are recognized in the income statement, under “Net gains/(losses) on financial assets at fair value through equity”. Purchases and sales of securities are recognized on the settlement date.

Financial assets at fair value through profit or loss

Equity instruments are recognized in the same way as debt instruments at fair value through profit or loss.

2.1.2 Classification and measurement of financial liabilities

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

2.1.2.1 Financial liabilities at fair value through profit or loss

- those incurred for trading purposes including, by default, derivatives with a negative fair value which do not qualify as hedging instruments; and
- non-derivative financial liabilities that the group originally classified as measured at fair value through profit or loss (fair value option). These include:
 - financial instruments containing one or more separable embedded derivatives,
 - instruments for which, were the fair value option is not applied, the accounting treatment would be inconsistent with that applied to another related instrument,
 - instruments belonging to a pool of financial instruments measured and managed at fair value.

The recognition of changes in fair value resulting from own credit risk concerning debts optionally designated at fair value through profit or loss is recognized in unrealized or deferred profit or loss in non-reclassifiable equity. The group is marginally concerned by the problem of own credit risk.

2.1.2.2 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, TLTRO II and III refinancing securities 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 carried at amortized cost include *comptes épargne logement* (CEL – mortgage saving accounts) and *plans épargne logement* (PEL – mortgage saving plans), which 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 obligations 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 impact on profit or loss is included in interest paid to customers.

Targeted longer-term refinancing operations – TLTRO III

TLTRO III transactions are financial liabilities at amortized cost.

The TLTRO III program has allowed banks to benefit since September 2019 from seven new refinancing tranches with a respective duration of three years, and with interest rates that vary according to periods, and since January 2021 from three additional tranches.

The amount of TLTRO III at which Banque Fédérative du Crédit Mutuel can borrow depends on the percentage of outstanding loans granted to non-financial corporates and households at the end of February 2019.

The TLTRO III interest rate is based on the market conditions defined by the ECB and may include a subsidy linked to the bank's credit performance.

In the context of the health crisis, the conditions of these refinancing operations had been relaxed twice by the ECB to support lending to households and businesses. Some target parameters have been recalibrated^[1]. In particular, more favorable conditions made it possible to benefit from a reduction of 50 bp over the special and additional special interest periods from June 2020 to June 2022^[2].

As part of the monetary policy measures and since June 2022, the ECB has successively raised its three key rates to reach sufficiently restrictive levels and ensure a return to an inflation target of 2% in the medium term.

On October 27, 2022, the ECB recalibrated the terms of remuneration of TLTRO III transactions in order to reinforce the transmission of the increase in key rates to the conditions for granting bank loans. The interest conditions applicable to the TLTRO III have been adjusted from November 23, 2022 [and additional early redemption dates have been opened].

They are described below and take into account the achievement by the group of the credit performance targets set by the ECB over all the reference periods of the program:

- from its start date until November 22, 2022 inclusive and excluding the special or additional special interest period, the interest rate for TLTRO III operations represents the average of the deposit facility rate over this period (and no longer over the life of the operation);
- during the special interest and additional special interest periods (June 24, 2020 to June 23, 2021 inclusive and June 24, 2021 to June 23, 2022 inclusive, respectively), it is equal to the average of the deposit facility rates over the period less 0.50% (application of a 1% ceiling);
- from November 23, 2022 until the maturity date (or early repayment date), the interest rate of the TLTRO III operations will be indexed to the average of the key ECB interest rates applicable during that period.

This change is accompanied by the opening of three additional early repayment dates.

According to Banque Fédérative du Crédit Mutuel, TLTRO III transactions represent variable rate financial instruments carried at amortized cost. The adjustment to the interest rate conditions following this decision must be recognized in accordance with the provisions of IFRS 9 on changes in market rates for variable rate instruments.

The interest recognized but not yet due by the group takes into account, until November 22, 2022, the effect of the change in the interest rate formula between the beginning of the transaction and that date. From November 23, 2022, the effective interest rate of TLTRO financing transactions is calculated on the basis of the average deposit facility rates known between November 23, 2022 and December 31, 2022.

At December 31, 2022, Banque Fédérative du Crédit Mutuel participated in the TLTRO III refinancing transactions for an amount of €32.2 billion (compared to €43 million at December 31, 2021).

2.1.3 Debt-equity distinction

According to the IFRIC 2 interpretation, members' shares are shareholders' equity if the entity has an unconditional right to refuse redemption or if there are legal or statutory provisions prohibiting or significantly limiting redemption. Due to the existing statutory and legal provisions, the members' shares issued by structures composing Banque Fédérative du Crédit Mutuel's consolidating entity are recognized in shareholders' equity.

Other 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. This is the case for subordinated notes issued by the group.

2.1.4 Foreign currency transactions

Assets and liabilities denominated in a currency other than the functional currency are translated at the exchange rates at the reporting date.

2.1.4.1 Monetary financial assets and liabilities

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

2.1.4.2 Non-monetary financial assets and liabilities measured at fair value

Foreign exchange gains or losses arising from such translations are recognized in the income statement under "Net gains/(losses) at fair value through profit or loss" if measured at fair value through profit or loss, or recognized under "Unrealized or deferred capital gains/(losses)" if they are financial assets measured at fair value through equity.

2.1.5 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.

[1] Decision (EU) 2021/124 of the ECB of January 29, 2021 amending Decision (EU) 2019/1311 concerning a third round of targeted longer-term refinancing operations (ECB/2021/3 published in the OJEU on February 3, 2021).

[2] Decision (EU) 2020/614 of the European Central Bank of April 30, 2020 amending Decision (EU) 2019/1311 on a third round of targeted longer-term refinancing operations (ECB/2020/25).

Derivatives are financial instruments which have the following three characteristics:

- their value fluctuates in response to changes 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.

Banque Fédérative du Crédit Mutuel uses simple derivative instruments (swaps, vanilla options), mainly interest rate instruments, which are essentially classified in level 2 of the value hierarchy.

All financial derivative instruments are recognized at fair value under financial assets or financial liabilities. They are recorded by default as trading instruments unless they can be classified as hedging instruments.

2.1.5.1 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 own counterparty risk present in the negative 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.

Derivatives are recognized as financial assets when their market value is positive and as financial liabilities when their market value is negative.

2.1.5.2 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.

As these are financial instruments under IFRS 9, only embedded derivatives relating to financial liabilities may be separated from the host contract to be recognized separately.

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 larger scale through macro-hedging.

Micro-hedging is the 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 used in particular in the context of asset swaps. It generally aims to transform a fixed-rate instrument into a variable-rate instrument.

Three types of hedging relationship are possible. The choice of the hedging relationship depends on the nature of the risk being hedged.

- a fair value hedge hedges the exposure to changes in the fair value of financial assets or financial liabilities;
- a cash flow hedge is a hedge of the exposure to variability in cash flows relating to financial assets or financial liabilities, firm commitments or forward transactions;
- 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 out 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 hedge must be demonstrated upon inception of the hedging relationship, subsequently throughout its life, and at the very least at each balance sheet date. The ratio of the change in value or gain/loss on the hedging instrument to that of the hedged item must be within a range of 80% to 125%.

Where applicable, hedge accounting is discontinued prospectively.

– Fair value hedge of identified financial assets or liabilities

In a fair value hedging relationship, derivatives are remeasured at fair value through profit or loss under “Net gains/(losses) on financial instruments at fair value through profit or loss” symmetrically with the revaluation of the hedged items to reflect the hedged risk. This rule also applies if the hedged item is recognized at amortized cost or is a debt instrument classified under “Financial assets at fair value through equity”. Changes in the fair value of the hedging instrument and the hedged risk component offset each other partially or totally; only the ineffective portion of the hedge is recognized in profit or loss. It may be due to:

- the “counterparty risk” component integrated in the value of the derivatives;
- the different value curve between the hedged items and hedging instruments. Indeed, swaps are valued with an OIS curve if they are collateralized or with a BOR curve otherwise. Hedged items are valued with a BOR curve.

The portion corresponding to the rediscounting of the derivative financial instrument is recognized in the income statement under “Interest income/(expense)”. The same treatment is applied to the interest income or expense relating to the hedged item.

If the hedging relationship is interrupted or the effectiveness criteria are not met, hedge accounting is discontinued on a prospective basis. The hedging derivatives are transferred to “Financial assets or financial liabilities at fair value through profit or loss” and are accounted for in accordance with the principles applicable to this category. The carrying amount of the hedged item is subsequently no longer adjusted to reflect changes in fair value. In the case of interest rate instruments initially identified as hedged, the remeasurement adjustment is amortized over their remaining life. If the hedged item has been derecognized in the balance sheet, in particular due 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 regarding the 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 financial assets or liabilities bearing a fixed rate, the effectiveness of the hedging relationship is verified through:

- an over-hedging test: the group ensures that prospectively and retrospectively, the maturity schedule of the hedged items is greater than that of the hedging derivatives;
- a test to ensure that the maximum position hedged historically is less than the nominal value of the hedged portfolio at the balance sheet date for each future maturity band and each rate generation;
- a quantitative test: a quantitative test intended to ensure retrospectively that changes in the fair value of the modeled synthetic instrument offset changes in the fair value of the hedging instruments.

The sources of inefficiency related to macro-hedging result from shifts in the curves used to model the hedged portfolios and hedging derivatives, and from possible shifts in the timing of interest payments on these items.

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 adjustment on rate-hedged books”, 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 accounted for in accordance with the rules specific to their accounting category. If the hedging relationship is terminated or no longer meets the hedge effectiveness criteria, hedge accounting is discontinued. The cumulative amounts recorded in shareholders’ equity for the remeasurement of the hedging derivative are maintained in shareholders’ equity until such time as the hedged transaction itself impacts profit or loss or until the transaction is no longer expected to occur. At this point, said amounts are transferred to profit or loss.

If the hedged item no longer exists, the cumulative amounts recorded in equity are immediately transferred to profit or loss.

Benchmark rate reform

Within the framework of the IBOR reform, the group is easing its hedge accounting policies for changes related to the IBOR reform:

- before defining the substitution indices, maintain existing hedging relationships during this exceptional and temporary situation and until the uncertainty created by the reform of IBOR rates is resolved concerning the choice of a new index and the effective date of this change;
- after defining the substitution indices, in particular, update 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.

2.1.6 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.

2.1.7 Derecognition of financial assets and liabilities

The group partly or fully “derecognizes” a financial asset (or a group of similar assets) when the contractual rights to the asset’s cash flows expire (in the case of commercial renegotiation), or when the group has transferred the contractual rights to the financial asset’s cash flows, as well as most of the risks and advantages linked with ownership of the asset.

Upon “derecognition” of:

- a financial asset or liability at amortized cost or at fair value through profit or loss: a gain or loss on disposal is recognized in the income statement in an amount equal to the difference between the carrying amount of the asset or liability and the amount of the consideration received/paid;
- a debt instrument at fair value through equity: the unrealized gains or losses previously recognized under equity are taken to the income statement, as well as any capital gains/losses on disposal;
- an equity instrument at fair value through equity: the unrealized gains or losses previously recognized under equity, as well as any capital gains/losses on disposal are recognized in consolidated reserves without going through the income statement.

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.

2.1.8 Measurement of credit risk

The impairment model of IFRS 9 is based on an “expected loss” approach, whereas that of IAS 39 was based on an incurred credit loss model, implying that credit losses were recognized too late and too little at the time of the financial crisis.

Under this IFRS 9 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:

- stage 1 – non-downgraded performing loans: provisioning on the basis of 12-month expected credit losses [resulting from default risks over the following 12 months] from the initial recognition of the financial assets, provided that the credit risk has not increased significantly since initial recognition;

- stage 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
- stage 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 stages 1 and 2, the basis of calculation of interest income is the gross value of the asset before impairment while, for stage 3, it is the net value after impairment.

2.1.8.1 Governance

The models for compartment allocation, forward-looking scenarios and parameter calculation methods constitute the methodological basis for impairment calculations. They are validated at the group’s top level and are applicable to all entities according to the portfolios involved. The entire methodological basis 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 Order 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. Any change in the calibration of the scenarios or parameters used in the IFRS 9 provisioning model is validated by this body.

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

2.1.8.2 Definition of the boundary between stages 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 (LDPs), for which the rating model is based on an expert assessment: large accounts, banks, local governments, sovereigns, specialized financing. These portfolios are composed of products such as operating loans, short-term operating loans, current accounts, etc.;
- high default portfolios (HDPs) for which the default data is sufficient to establish a statistical rating model: mass corporate and retail. These portfolios include products such as home loans, consumer credit, revolving loans, current accounts, etc.

A significant increase in credit risk, which entails transferring a loan out of stage 1 into stage 2, is assessed by:

- taking into account all reasonable and justifiable information; and
- comparing the risk of default on the financial instrument at the reporting date with the risk of default at the initial recognition date.

For the group, this involves measuring the risk at the level of the borrower, where the counterparty rating system is common to the entire group. All of the group's counterparties eligible for internal approaches are rated by the system. This system is based on:

- statistical algorithms or "mass ratings" based on one or more models, using a selection of representative and predictive risk variables (HDPs); or
- rating grids developed by experts (LDPs).

The change in risk since initial recognition is measured on a contract-by-contract basis. Unlike stage 3, transferring a customer's contract into stage 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 stage 1 any performing exposure that no longer meets the criteria for stage 2 classification (both qualitative and quantitative).

The group has demonstrated that a significant correlation exists between the probabilities of default at 12 months and at termination, which allows it to use 12-month credit risk as a reasonable approximation of the change in risk since initial recognition, as the standard permits.

Quantitative criteria

For LDP portfolios, the boundary is based on an allocation matrix that relates the internal ratings at origination and at the reporting date. Thus, the riskier the rating of the loan, the lower the group's relative tolerance for a significant deterioration in risk.

For HDP portfolios, a continuous and growing boundary curve relates the probability of default at origination and the probability of default at the reporting date. The group does not use the operational simplification offered by the standard, which allows outstanding loans with low risk at the reporting date to be maintained in stage 1.

Qualitative criteria

To this qualitative data the group adds qualitative criteria such as installments unpaid or late by more than 30 days, the fact that a loan has been restructured, etc.

Methods based exclusively on qualitative criteria are used for entities or small portfolios that are classified for prudential purposes under the standardized approach and do not have a rating system.

2.1.8.3 Stages 1 and 2 – Calculating expected credit losses

Expected credit losses are measured by multiplying the current outstanding balance discounted by 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 stage 1, while the probability of default at termination (one to ten year curve) is used for stage 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 stage 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 corporate/bank models, and not into local government, sovereign and specialized financing models. The approach is similar to that used for high default portfolios.

2.1.8.4 Stage 3 – Non-performing loans

An 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.

Banque Fédérative du Crédit Mutuel applies the new definition of prudential default in accordance with EBA guidelines and regulatory technical standards on applicable materiality thresholds, the main elements of which are as follows:

- default analysis is now performed on a daily basis at the creditor level and no longer at the contract level;
- 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 creditor/group of creditors. 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 counter is reset as soon as one of the two thresholds is crossed downwards;
- 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.

Banque Fédérative du Crédit Mutuel has chosen to roll out the new definition of default across the IRB entities in line with the two-step approach proposed by the EBA:

- step 1 – This consists of presenting a self-assessment and an authorization request to the supervisor. Authorization for use was obtained by the group in October 2019;
- step 2 – This consists of implementing the new definition of default within the systems and then, where necessary, “recalibrating” the models after a 12-month period of observing the new defaults.

The group believes that this 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 (stage 3) and prudential default. This change constitutes a change in estimate, the non-material impact of which is recognized in the income statement in the year of the change.

2.1.8.5 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 stage 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 stage 2, *i.e.* an expected loss over the residual maturity of the contract.

2.1.8.6 Recognition

Impairment charges and provisions are recorded in “Cost of counterparty risk”. Reversals of impairment charges and provisions are recorded in “Cost of counterparty risk” for the portion related to the change in risk and in “Net interest” for the portion related 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 2.1.6 “Financial guarantees and financing commitments” and 2.3.2 “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.

2.1.9 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.

2.1.9.1 Instruments traded on an active market

When financial instruments are traded in an active market, fair value is determined by reference to their quoted price as this represents the best possible estimate of fair value. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available (from a stock exchange, dealer, broker or pricing service) and those prices represent actual market transactions regularly occurring on an arm’s length basis.

2.1.9.2 Instruments traded on a non-active market

Observable market data are used provided they reflect the reality of a transaction at arm’s length on the valuation date and there is no need to make an excessive adjustment to said value. In other cases, the group uses non-observable data (mark-to-model).

When observable data is not available or when market price adjustments require the use of non-observable data, the entity may use internal assumptions relating to future cash flows and discount rates, comprising adjustments linked to the risks the market would factor in. Said valuation adjustments facilitate the inclusion, in particular, of risks not taken into account by the model, as well as liquidity risks associated with the instrument or parameter in question, 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.

2.1.9.3 Fair value hierarchy

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

- level 1: quoted prices in active markets for identical assets or liabilities; This includes debt securities listed by at least three contributors and derivatives listed on an organized market;
- 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 the parameters would be immaterial.

2.2 Insurance

The insurance departments falling within the Conglomerate Directive benefit, until 2023, from the IFRS 9 deferral option provided for by the amendment to IFRS 4, as adopted by the European Union. As such, their financial instruments remain valued and recognized in accordance with IAS 39. In terms of presentation, the group chose to adopt an “IFRS audit” approach that allows all financial instruments under IAS 39 to be grouped together under the dedicated asset or liability items rather than by applying ANC recommendation 2017-02 strictly speaking, which entails the presentation of instruments under certain items pursuant to IAS 39 and IFRS 9^[1]. Thus, all the financial instruments of the insurance departments are grouped in assets under “Short-term investments in the insurance business line and reinsurers’ share of technical reserves”, and in liabilities under “Liabilities relative to contracts of Insurance”, also including technical reserves.

Investment property is also affected by the reclassification. The impact in the income statement of financial instruments and technical reserves is included under “Net income from Insurance”. Other assets/liabilities and income statement items are included under the “banking insurance” joint entries. Where relevant, the disclosures required by IFRS 7 are given separately for the insurance business lines.

In accordance with the adoption regulation of November 3, 2017, the group ensures there is no transfer of financial instruments with a “derecognition” effect, between the insurance and other sectors of the conglomerate, other than those recognized at fair value through profit or loss in both sectors.

The accounting principles and valuation rules specific to assets and liabilities generated by the issue of insurance policies are drafted in accordance with IFRS 4. This also applies to reinsurance contracts issued or subscribed, and to financial contracts incorporating a discretionary profit-sharing clause.

Except in the cases outlined above, the other assets held and liabilities issued by the insurance companies follow the rules common to all the group’s assets and liabilities.

2.2.1 Insurance – Financial instruments

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

- Financial assets/liabilities at fair value through profit or loss;
- Available-for-sale financial assets;
- Held-to-maturity financial assets;
- Loans and receivables;
- Financial liabilities at amortized cost.

They are grouped in assets under “Short-term investments in the insurance business line and reinsurers’ share of technical reserves”, and in liabilities under “Liabilities related to insurance policies”.

The classification in one or other of these categories reflects the management’s intent and determines the recognition rules for instruments.

The fair value of these instruments follows the general principles outlined in Section 3.1.9 “Determination of fair value of financial instruments”.

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

Classification criteria

The classification of instruments in this category is a result either of a genuine intention to trade, or the use of the fair value option.

a) Instruments held for trading

Held-for-trading securities 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.

b) Instruments at fair value option

Financial instruments may be classified by choice, from the outset and on an irrevocable basis, at fair value through profit or loss in the following circumstances:

- 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 assets measured and managed at fair value.

This option is specifically used in connection with unit-linked contracts for insurance activities, to ensure consistency with the treatment of liabilities.

Basis of valuation and recognition of income and expenses

Assets classified as “Assets at fair value through profit or loss” are recognized when they are entered on the balance sheet at their fair value, and at subsequent closing dates, until disposal. Changes in fair value and the income received or accrued on these assets are recognized on the income statement under “Net income from Insurance”.

[1] For example, the recommendation leads to the presentation of securities issued by insurance entities valued in accordance with IAS 39 under “Debt securities” with those issued by the Bank valued under IFRS 9.

2.2.1.2 Available-for-sale financial assets

Classification criteria

Available-for-sale financial assets include those financial assets not classified as “loans and receivables”, or “financial assets held-to-maturity” or “fair value through profit or loss”.

Basis of valuation and recognition of income and expenses

They 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, excluding accrued income. These unrealized gains or losses in shareholders’ equity are only recorded in the income statement in the event of disposal or sustainable impairment. Upon disposal, these unrealized gains or losses previously recorded in shareholders’ equity are recognized in the income statement, along with capital gains and losses on disposal.

Income accrued or acquired from fixed-income securities is recognized in profit or loss, using the effective interest rate method. They are presented in “Net income from Insurance”, along with dividends received on variable-income securities.

Credit risk and impairment

– Sustainable impairment, specific to shares and other equity instruments

Impairment is recognized on variable-income available-for-sale financial assets in the event of a prolonged or significant fall in fair value, compared to cost.

In the case of variable-income securities, the group considers that a fall in the security’s value of at least 50% compared to its acquisition cost or over a period of more than 36 consecutive months shall result in an impairment. The analysis is carried out on a line-by-line basis. Judgment is also used when reviewing those securities that do not meet the above criteria, but for which Management believes the recoverability of the amount invested may not reasonably be expected in the near future. The loss is recognized in income under “Net income from Insurance”.

Any subsequent fall is also recognized on the income statement.

Long-term impairment losses on shares or other equity instruments posted in income are irreversible as long as the instrument appears on the balance sheet. In the event of subsequent appreciation, this will be recognized in shareholders’ equity under “unrealized or deferred gains and losses”.

– Impairment due to credit risk

Impairment losses on fixed-income available-for-sale financial assets (specifically bonds) are recognized under “Cost of risk”. In fact, only the existence of credit risk may lead to the impairment of these fixed-income instruments, since impairment in the event of loss due to a simple rate increase is not permitted. In the event of impairment, all combined unrealized losses in shareholders’ equity must be recognized in profit or loss. These impairments are reversible; any subsequent assessment, related to an event occurring after the recognition of the impairment, is also recorded in the income statement, under “Cost of risk”, in case of improvement of the issuer’s credit situation.

2.2.1.3 Held-to-maturity financial assets

Classification criteria

This category includes determinable or fixed-income securities with a maturity date that the entity intends and is able to hold until maturity.

Any interest-rate hedging operations performed on this category of securities are not eligible for hedge accounting as set out in IAS 39.

Furthermore, the possibilities to dispose of or transfer securities of this portfolio are extremely limited, given the provisions of IAS 39, on pain of downgrading the entire portfolio at group level in the “available-for-sale financial assets” category, and forbidding access to this category for two years.

Basis of valuation and recognition of income and expenses

Securities classified in this category are initially recognized at fair value, then valued at amortized cost according to the effective interest rate method, which incorporates amortization of premiums and discounts, as well as acquisition expenses, if these are material.

Income received on these securities is given in “Net income from Insurance” on the income statement.

Credit risk

Impairment is recognized when there is objective proof of impairment of the asset, as a result of one or more events occurring after initial recognition that it is likely to generate a loss (proven credit risk). An analysis is performed at each closing, on a security-by-security basis. Impairment is assessed by comparing the carrying amount and the present value at the original interest rate of future cash flows incorporating guarantees. It is recognized in the income statement under “Cost of risk”. Any subsequent assessment, related to an event occurring after the recognition of the impairment, is also recorded in the income statement, under “Cost of risk”.

2.2.1.4 Loans and receivables

Classification criteria

Loans and receivables are determinable or fixed-income financial assets not quoted on an active market and not intended for sale upon acquisition or grant. They are recognized at their fair value when they initially appear on the balance sheet which is generally the net amount disbursed. These outstandings are then valued on subsequent closing dates at amortized cost using the effective interest-rate method (except for those recognized using the fair value option method).

Credit risk

Impairment is recognized when there is objective proof of impairment of the asset, as a result of one or more events occurring after initial recognition that it is likely to generate a loss (proven credit risk). Impairment is assessed by comparing the carrying amount and the present value at the effective interest rate of future cash flows incorporating guarantees. It is recognized in the income statement under “Cost of risk”. Any subsequent assessment, related to an event occurring after the recognition of the impairment, is also recorded in the income statement, under “Cost of risk”.

2.2.1.5 Financial liabilities at amortized cost

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.

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.

2.2.2 Non-financial assets

Investment property and fixed assets follow the accounting methods outlined elsewhere.

2.2.3 Non-financial liabilities

Insurance liabilities, representing commitments to subscribers and beneficiaries, are included under "technical reserves of insurance policies". They remain valued, recognized and consolidated according to French standards.

The technical reserves of life insurance policies consist primarily of mathematical provisions, which generally correspond to the redemption values of the contracts. The risks covered are primarily death, disability and incapacity for work (for borrower insurance).

Technical reserves for unit-linked contracts are valued on the reporting date based on the realizable value of the assets used to support these contracts.

Provisions for non-life insurance policies correspond to unearned premiums (portion of premiums issued relating to subsequent fiscal years) and to claims payable.

Those insurance policies benefiting from a discretionary profit-sharing clause are subject to "shadow accounting". The resulting deferred profit-sharing provision represents the portion of asset capital gains and losses, which accrues to the insured parties. These provisions for deferred profit-sharing appear as liabilities or assets, by legal entity and without offset between entities within the scope of consolidation. On the asset side, they appear as a separate item.

At the reporting date, a liability adequacy test recognized on these contracts (net of other related assets or liabilities, such as deferred acquisition costs and portfolio securities acquired) is conducted: the recognized liability is audited to ensure it is sufficient to hedge the estimated future cash flows on that date. Any shortfall in the technical reserves is recognized in profit or loss for the period (and may subsequently be reversed if necessary).

2.3 Non-financial instruments

2.3.1 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 granted by the group is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Ownership may or may not eventually be transferred.

An operating lease granted by the group represents any lease contract other than a finance lease.

2.3.1.1 Finance lease transactions – Lessor

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

And so, the analysis of the economic substance of the transaction results in:

- the leased asset exiting the balance sheet;
- the recognition of a receivable in "Financial assets at amortized cost", for a present value, at the implicit contract rates, of the rental payments to be received under the finance lease contract, increased by any residual value not guaranteed returning to the lessor;
- the recognition of deferred taxes for existing temporary differences throughout the life of the finance lease;
- the recognition as net interest margin, of net revenue from the lease, this being representative of the constant periodic rate of return on the amounts outstanding.

Credit risk related to financial receivables is measured and recognized under IFRS 9 [see Section 2.1.8 "Measurement of credit risk"].

2.3.1.2 Finance lease transactions – Lessee

In accordance with IFRS 16, right-of-use assets are recognized under "Property, plant and equipment" with a corresponding offset to a lease liability recognized under "Accruals and miscellaneous liabilities". Rents paid are broken down between interest expenses and repayment of the principal amount of the debt.

2.3.2 Provisions

Provisions and reversals of provisions are classified by type under the corresponding item of income or expenditure.

A provision is recognized whenever it is probable that an outflow of resources representing economic benefits will be necessary to extinguish an obligation arising from a past event and when the amount of the obligation can be estimated accurately. Where applicable, the net present value of this obligation is calculated to determine the amount of the provision to be set aside.

The provisions constituted by the group cover, in particular:

- operating risks;
- social commitments;
- execution risk on signature commitments;
- litigation risk and guarantee commitments given;
- tax risks;
- risks related to mortgage saving agreements.

2.3.3 Employee benefits

Where applicable, provisions in respect of employee obligations are recognized under "Provisions". The change is recognized in the income statement under "employee benefit expense" with the exception of the portion resulting from the remeasurement of net liabilities arising from defined benefit plans, recognized in shareholders' equity.

2.3.3.1 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 according to age group, manager/non-manager position and regional characteristics;
- inflation rates, estimated by comparing French treasury bond rates and inflation-linked French treasury bond rates at different maturities;
- staff turnover rates, determined by age bracket, using the three-year average for the ratio of resignations and dismissals relative to the year-end number of employees under permanent contracts;
- retirement age: estimated on a case-by-case basis using the actual or estimated date of commencement of full-time employment and the assumptions set out in the law reforming pensions, with a ceiling set at 67 years of age;
- mortality according to the INSEE TH/TF 00-02 table.

Differences arising from changes in these assumptions and from differences between previous assumptions and actual experience constitute actuarial gains or losses. When the plan has assets, they are measured at fair value and the interest income they generate has an impact on profit or loss. The difference between the actual return and the interest income generated by these assets is also an actuarial gain and loss.

Actuarial gains and losses are recognized in equity, as unrealized or deferred gains and losses. Curtailments and settlements of the plan produce a change in the commitment, which is recognized in the profit (loss) for the fiscal year.

In accordance with the IFRIC decision of April 20, 2021, the pension obligation under post-employment benefit plans, whose rights are capped on the basis of a number of years of service and subject to the presence of the employee on the date of retirement, is constituted solely over the period preceding the retirement age enabling the ceiling to be reached (or between the employee's date of entry into the company and the date of retirement if this period is shorter than the ceiling).

2.3.3.2 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, particularly, 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 payable.

2.3.3.3 Other long-term benefits

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

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

Commitments in respect of long-service awards are sometimes covered by insurance policies. Only the unhedged portion of this commitment is subject to a provision.

2.3.3.4 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.

2.3.3.5 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.

2.3.4 Non-current assets

2.3.4.1 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 the type of building);
- buildings – equipment: 10-40 years;
- fixtures and fittings: 5-15 years;
- office furniture and equipment: 5-10 years;
- safety equipment: 3-10 years;
- rolling stock: 3-5 years;
- IT equipment: 3-5 years.

Intangible assets:

- software purchased or developed in-house: 1-10 years;
- business goodwill acquired: 9-10 years (if customer contract portfolio acquired).

Depreciable and amortizable assets are tested for impairment when evidence exists at the reporting date that the items may be impaired. Non-amortizable intangible assets such as lease rights are tested for impairment at least 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 in the income statement on the line “Income from other activities” or “Expenses on other activities.”

2.3.4.2 Non-current assets of which the group is lessee

For a contract to qualify as a lease, there must be both the identification of an asset and control by the lessee of the right to use said asset.

In respect of the lessee, operating leases and finance leases will be recorded in a single model, with recognition of:

- an asset representing the right to use the leased property during the lease term;

- offset by a liability in respect of the lease payment obligation;
- straight-line depreciation of the asset and an interest expense in the income statement using the diminishing balance method.

The group mainly activates its real estate contracts. The motor fleet was only restated where it was locally significant and computer and security equipment were precluded on the grounds of their substitutable nature, in accordance with standards. Only a limited number of IT contracts, deemed to be significant, were deemed to be activated.

Other underlying assets were precluded through short-term or low value exemptions (set at €5 thousand). The group has no leases that give rise to recognition of intangible assets or investment properties.

Therefore, usage rights are recorded under “Property, plant and equipment”, and lease obligations under “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.

In 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^[1]. 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.

2.3.5 Commissions

Fees and commissions in respect of services are recorded as income and expenses according to the nature of the services involved. Thus, commissions considered as additional interest are an integral part of the effective interest rate. These commissions are therefore recognized as interest income and expenses.

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.

[1] Regional groups that directly manage the leases.

Fees and commissions remunerating a significant service are recognized in full in the income statement upon execution of the service.

2.3.6 Income tax expense

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

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

The Territorial Economic Contribution (*Contribution 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.

2.3.6.1 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 and 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.

2.3.6.2 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.

2.3.7 Interest paid by the State on certain loans

Pursuant to measures to support the agricultural and rural sector, as well as the purchase of housing, some group entities grant loans at reduced rates, which are set by the State. Consequently, these entities receive a subsidy from the government equal to the interest rate differential existing between the rate granted to customers and a predefined benchmark rate. As a result, no discounting occurs on loans that benefit from these grants.

The arrangements governing this offset mechanism are periodically reviewed by the State.

The government subsidies received are recognized under “Interest and similar income” and allocated over the life of the corresponding loans, in accordance with IAS 20.

2.3.8 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 “Debt related to 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 gains/(losses) on discontinued operations”.

2.4 Judgments and estimates used in the preparation of the financial statements

The preparation of the group’s financial statements requires the formulation of assumptions in order to make the necessary assessments and involves risks and uncertainties concerning their realization in the future, particularly in the context of the Ukrainian conflict and the macroeconomic conditions existing at the reporting date.

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

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

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

- the fair value of financial instruments not quoted on an active market, the definition of a forced transaction and the definition of observable data require the exercise of judgment;
- pension plans and other future employee benefits;
- impairment of assets, including expected credit losses. To date, environmental risks are not captured in the group’s expected credit loss impairment models;
- provisions, impairment of intangible assets and goodwill;
- deferred tax assets.

3. Related-party information

Parties related to the group are companies consolidated at the level of the Crédit Mutuel group as a whole, including the other establishments affiliated to the Confédération Nationale du Crédit Mutuel and equity consolidated companies.

Transactions carried out between the group and its subsidiaries and associates are carried out under normal market conditions, at the time these transactions are completed.

The list of consolidated companies is presented in note 3. As transactions carried out and outstandings that exist at the end of the period between the group's 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.

4. Standards and interpretations adopted by the European Union and not yet applied

IFRS 17 – Insurance Contracts

Introduction

It will replace IFRS 4, which allows insurance companies to retain most of their local accounting principles for their insurance and non-insurance policies within the scope of IFRS 4, which hinders the comparability of financial statements of entities in the sector, mainly between international players.

The aim of IFRS 17 is to harmonize the recognition of the various types of insurance policies and to base their valuation on a prospective assessment of insurers' commitments.

Issued in May 2017 and modified by the June 2020 amendments, this new standard will become effective on January 1, 2023. The initial application date of IFRS 17 in 2021 has been postponed by two years to January 1, 2023. The application of IFRS 9 for insurance entities that have opted for this deferral (as is the case for Banque Fédérative du Crédit Mutuel) was also covered by an IASB amendment for an extension until 2023.

IFRS 17 (and the 2020 amendments) published by the IASB maintains the granularity of provision calculations and grouping of contracts by year of underwriting (annual cohorts).

IFRS 17 was adopted by the European Union in November 2021, offering a possible exemption from the annual cohort requirement for direct participating policies. The entity applies the exemption to all eligible contract portfolios.

Level of aggregation of IFRS 17 insurance policies

IFRS 17 applies to insurance policies issued, reinsurance treaties held and investment contracts with a discretionary profit-sharing feature.

It defines the level of contract aggregation to be used to measure insurance policy liabilities and profitability.

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

- onerous contracts upon initial recognition;
- policies that do not have a significant possibility of becoming loss-making when initially recorded; and

- the other policies in the portfolio.

To build up its policy portfolios, the group has opted for a combination of commercial products. The homogeneity of pricing, management, monitoring and contractual structure inherent in the construction of the group's commercial products ensures compliance with the definition of a portfolio according to IFRS 17.

The portfolios are then subdivided into groups of policies, which are used as the basic accounting unit defined by IFRS 17. This subdivision is carried out in compliance with the profitability criteria and consideration of the annual cohorts mentioned above. The group uses the calendar year as the basis for the application of annual cohorts.

Classification by model and valuation of insurance policies

Under IFRS 17, policies are measured on the basis of a current value measurement model where the general model is based on a general "building blocks" approach comprising:

- estimates of future cash flows weighted by their probability of occurrence, together with an adjustment to reflect the time value of money (by discounting these future cash flows) and the financial risks associated with the future cash flows;
- an adjustment for non-financial risks;
- the contractual service margin.

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

Subsequent period insurance policies are revalued as the sum of the liability for remaining coverage and the liability for claims incurred.

The group uses actuarial methods to obtain a Best-Estimate view of future flows, in a manner appropriate to each modeled scope, and by applying an accurate methodological framework and clearly identified assumptions. The statistical and probabilistic methods used are widely used on the market.

The calculation grid is defined by the group's Insurance divisions and tailored to the scope in question, so as to present the most objective estimate possible for future cash flows. Where appropriate, the estimates are applied to the policy group using the relevant variables.

All future cash flows are valued for all policy scopes, until the extinction of the substantive rights and obligations arising from contractual, legal or regulatory provisions. In particular, they include all costs attributable to insurance policies (traceable costs).

Future cash flows are then discounted to reflect the time value of money and the financial risks associated with these cash flows. These discounts are applied with the use of a yield curve developed by the group's insurance entities.

This curve is based on a bottom-up methodology, which combines a liquid risk-free component and an adjustment to take into account the liquidity characteristics of the insurance policies. In accordance with IFRS 17, the curve obtained tallies with observable market prices, while excluding the effects of factors that do not influence the future cash flows of the insurance policies, including credit risk.

For each range, the group adjusts the present value of future cash flows to reflect the uncertainty of these flows. This is a non-financial risk adjustment ["RA"]. The adjustment is explicitly calculated and is separate from the associated future cash flows, using dedicated calculation models. The calculated risk measurement is said to be "ultimate", taking into account the uncertainty generated over the total lifetime of future cash flows.

The group has opted for a quantile approach, directly calculating the uncertainty of future cash flows based on risk measurement and confidence level.

Insurance policies with a discretionary profit-sharing feature are required to be valued using the Variable Fee approach (VFA). They are defined as insurance policies for which:

- the contractual terms provide for the policyholder to receive a share of a portfolio of clearly identified underlying items;
- the entity pays the policyholder a substantial portion of the return resulting from the fair value of the underlying items;
- the entity expects that a substantial portion of the amounts paid to the policyholder will vary with changes in the fair value of the underlying items.

For these contracts, the contractual service margin is mainly adjusted for the entity's share of the fair value of the underlying assets (similar to the policyholder's income).

Most insurance policies sold are based on the VFA approach. These include savings contracts with substantial discretionary profit-sharing paid to policyholders. The underlying assets of these policies are generally identified in an exhaustive and direct manner, through categories of asset management specific to these policies. At this level, the group structures its portfolios of policies in line with the underlying asset-liability relationships. This results in the grouping of policies backed by the same categories of asset management, and the application of the exemption from the annual cohort requirement in accordance with the methods adopted by the European Union.

Finally, the standard offers the possibility of opting for a simplified approach, known as the Premium Allocation Approach (PAA), when:

- the period of coverage of the insurance policies does not exceed one year; or
- the valuation of the remaining hedge under this approach is a reasonable approximation of the valuation that would have been obtained by applying the general "building block" approach.

The group opts for the simplified approach of the PAA model for all of its automatically renewable annual policies. This PAA model therefore concerns nearly all policies within the property and liability insurance segment, as well as some health and personal protection policies.

In addition, the GMM model will be applied to the insurer's multi-year commitment policies, excluding life insurance. This scope is comprised of personal insurance policies, particularly loan insurance and personal protection policies (mainly dependency and funeral policies).

During each accounting period, the margin on contractual services (CSM) is notably adjusted by the amount recognized as income from Insurance. This amount is determined based on the allocation of hedging units specific to the period in question, reflecting the provision of the services provided for in the insurance policies over the period as well as the remaining hedging duration.

For policies valued according to the general model (GMM), the group opts for the use of hedging units corresponding to the sum insured. For policies valued according to the VFA model (variable fee), and to reflect the particularities induced by the modeling of future cash flows, GACM opts for a hedging unit based on the temporal run-off of outstandings, and taking into account the future temporal changes expected from the CSM.

Transition

IFRS 17 is effective from January 1, 2023 and provides for the publication of comparative financial statements for the 2022 fiscal year.

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

- the modified retrospective approach: based on reasonable and justified information that is available without undue cost or effort to the entity, certain modifications may be applied, to the extent that full retrospective application is not possible, with the objective of achieving the result as close as possible to that of retrospective application;
- the fair value approach: the contractual service margin is then determined as the positive difference between the fair value established in accordance with IFRS 13 and the performance cash flows (any negative difference being recognized as a reduction in shareholders' equity at the transition date).

The challenge of this transition is to determine the amount of contractual service margin (CSM) to be recognized for each group of policies. The CSM is an insurance liability that is established by recurrence, which justifies the use of a retrospective approach.

The full retrospective approach proved impractical for all policy portfolios modeled according to the general model or VFA.

The group has therefore implemented as a priority the modified retrospective approach, which provides a relevant estimate of the amount of CSM at the transition, without deployment of costs or excessive efforts. This modified retrospective approach is applied with effect from the 2012 fiscal year, from which reasonable and justified information is available for group policies.

For portfolios of direct participating policies to which the annual cohort exemption is applied, a single policy group is formed under the modified retrospective approach. For the other portfolios, which are not affected by the exemption on the annual cohorts, a breakdown by annual cohorts is carried out.

Lastly, the so-called fair value approach is applied to the oldest policies for which certain reasonable and justified information is not available, and for scopes that are not very material.

With respect to the transition date of January 1, 2023, the first-time application of IFRS 17 will have a very limited impact on the solvency ratio (less than 10 basis points).

Discontinuation of IFRS 4 shadow accounting

For participating policies, IFRS 4 provided for the so-called "shadow" accounting of unrealized capital gains and losses on IAS 39 assets backing commitments. This mechanism consisted of recognizing a provision for deferred profit-sharing representing the share of these capital gains or losses implicitly returned to policyholders through contractual clauses or under the distribution policy; this provision was added to the mathematical provision of the annual financial statements when the backing assets were in a position of unrealized capital gain. A provision for deferred profit-sharing assets was recorded when the assets in question were in a position of unrealized loss.

These future repayments to policies (positive or negative) will already be modeled under IFRS 17, which discounts future benefit flows at the current rate.

Consequently, the shadow accounting of unrealized capital gains is discontinued with IFRS 17. Provisions for deferred profit-sharing corresponding to the IFRS consolidated financial statements at December 31, 2021 are restated under consolidated reserves as at the transition date of January 1, 2022.

The group's Insurance divisions are continuing their work on the operational implementation of IFRS 17 in the following areas:

- validation by the statutory auditors of the IFRS 17 standard methodology;
- updating the accounting system and principles with regard to the provisions of IFRS 17 and IFRS 9, as well as the process of producing the IFRS accounts of the scope concerned;
- production and recognition of the transition and *pro forma* balance sheets for the year 2022 in parallel run;
- adaptation of financial communication at conglomerate level.

Interactions between IFRS 17 and IFRS 9

In order to avoid accounting mismatches upon the first-time application of IFRS 9 and IFRS 17, the group has selected the following options:

- application of IFRS 9 at January 1, 2023 with presentation of a comparison for the 2022 fiscal year, in line with the mandatory presentation of a 2022 comparison for the first-time application of IFRS 17. The date for the transition to IFRS 9 and IFRS 17 is therefore January 1, 2022;
- the group opts for the application of the "overlay" approach to recognize asset disposals for the 2022 fiscal year, as if these disposals had been accounted for under IFRS 9. This option guarantees that the impact on shareholders' equity as of the transition date of January 1, 2022 will be the same for assets under IFRS 9 and liabilities under IFRS 17;
- the group has chosen the IFRS 17 OCI option for the revaluation at the current rate of its insurance liabilities under the general model (GMM) and the simplified model (PAA), in a manner consistent with the choice of the fair value through OCI management model for the SPPI bond assets backing these portfolios. As such, changes in the market rate will have a consistent impact on assets and liabilities with an offsetting entry under OCI shareholders' equity.

- The OCI option was also used for the revaluation of the liabilities of the VFA model, opposite the revaluation of assets recognized by OCI backing (mainly bonds meeting the SPPI criterion). Changes in OCI IFRS 9 equity will therefore be offset by symmetrical changes in OCI IFRS 17, for a zero impact on shareholders' equity.

These different options make it possible to eliminate accounting mismatches accounting mismatches between the recognition of changes in the value of IFRS 17 liabilities and of the IFRS 9 backing assets when the market rate fluctuates. They also reduce the volatility of net profit/loss under IFRS 17.

Amendments to IAS 1 – Disclosure of accounting methods

It clarifies the information to provide on "significant" accounting methods. They are considered significant when, taken together with other information from the financial statements, one can reasonably expect them to influence the decisions of the financial statements' main users.

Amendments to IAS 8 – Definition of accounting estimates

Its objective is to facilitate the distinction between the changes in accounting methods and accounting estimates by introducing an explicit definition of the notion of accounting estimates. They represent the amounts in the financial statements whose assessment is uncertain.

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

It generalizes the recognition of a deferred tax for leases and decommissioning obligations. The group does not anticipate any significant impact from the application of this amendment, which will be mandatory for fiscal years beginning on or after January 1, 2023.

Amendments to IFRS 17 – First-time adoption of IFRS 17 and IFRS 9 on comparative information

It applies to financial assets for which there were no restatements for comparative periods under IFRS 9 at the time of the first simultaneous application of IFRS 17 and IFRS 9 (in the case of assets derecognized in fiscal year 2022 or choice of the entity to opt for the exemption from the restatement of prior years offered by IFRS 9).

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

Note 2 Breakdown of the income statement by business line and geographic area

BFCM's business lines are as follows:

- retail banking includes:
 - a) banking network activities: CIC, BECM, Beobank and TARGOBANK regional banks in Spain,
 - b) consumer loan: TARGOBANK in Germany and Cofidis,
 - c) business line subsidiaries: specialized activities whose products are marketed by the network: equipment leasing and leasing with a purchase option, real estate leasing, factoring, real estate sales and management;
- insurance is composed of Groupe des Assurances du Crédit Mutuel;
- the specialized business lines are comprised of:
 - a) asset management and private banking activities in France and abroad,
 - b) corporate banking: financing for large corporates and institutional customers, structured financing, international business and foreign branches,
 - c) Capital Markets, which includes commercial and investment activities (rates, equities and credit),
 - d) private equity;
- the other business lines include items that cannot be assigned to another business activity, such as intermediate holding companies, non-controlling interests, operating real estate, logistics structures, press, IT entities and intercompany transactions.

The consolidated entities are fully allocated to their core business based on their contribution to the consolidated financial statements. Only two entities are an exception, CIC and BFCM because of their presence in several businesses. In this case, the contribution to the consolidated income statements and balance sheets of these two entities is broken down based on the different business sectors to which they contribute.

2a Balance sheet breakdown by business line

12/31/2022	Retail Banking	Insurance	Specialized business lines	Other business lines	Total
ASSETS					
Cash, central banks	5,596	-	11,242	94,616	111,454
Financial assets at fair value through profit or loss	197	-	26,562	1,853	28,612
Hedging derivatives	55	-	1,619	2,580	4,253
Financial assets at amortized cost including:	293,002	-	50,420	40,223	383,645
■ <i>Loans and receivables due from credit institutions and similar at amortized cost</i>	12,123	-	6,102	39,745	57,969
■ <i>Loans and receivables due from customers at amortized cost</i>	280,530	-	41,276	473	322,279
■ <i>Securities at amortized cost</i>	349	-	3,042	6	3,397
Financial assets at fair value through equity	660	-	17,630	16,034	34,324
Short-term investments in the insurance business line and reinsurers' share of technical reserves	-	108,847	-	-	108,847
Investments in equity consolidated companies	7	56	-	814	877
LIABILITIES					
Central banks	-	-	43	-	43
Financial liabilities at fair value through profit or loss	-	-	18,443	329	18,772
Hedging derivatives - Liabilities	3	-	1,097	5,626	6,725
Liabilities to credit institutions	-	-	74,310	1	74,310
Due to customers	225,854	-	44,097	13,748	283,698
Debt securities	22,917	-	23,046	89,245	135,208

DETAIL OF BUSINESS LINES IN THE “RETAIL BANKING” SECTOR

12/31/2022	Banking network	Consumer loans	Business line subsidiaries	Total Retail bank
ASSETS				
Cash, central banks	1,040	4,524	32	5,596
Financial assets at fair value through profit or loss	77	3	116	197
Hedging derivatives	55	-	-	55
Financial assets at amortized cost including:	215,721	36,381	40,900	293,002
■ <i>Loans and receivables due from credit institutions and similar at amortized cost</i>	11,492	146	485	12,123
■ <i>Loans and receivables due from customers at amortized cost</i>	204,179	35,936	40,415	280,530
■ <i>Securities at amortized cost</i>	50	299	-	349
Financial assets at fair value through equity	446	213	1	660
Short-term investments in the insurance business line and reinsurers' share of technical reserves	-	-	-	0
Investments in equity consolidated companies	7	-	-	7
LIABILITIES				
Hedging derivatives - Liabilities	-	-	3	3
Liabilities to credit institutions	-	-	-	0
Due to customers	188,972	23,819	13,064	225,854
Debt securities	22,911	-	6	22,917

DETAIL OF BUSINESS LINES IN THE “SPECIALIZED BUSINESS LINES”

12/31/2022	Asset management and private banking	Corporate banking	Capital Markets	Private equity	Total Specialized business lines
ASSETS					
Cash, central banks	6,270	2,474	2,497	-	11,242
Financial assets at fair value through profit or loss	304	-	22,499	3,760	26,562
Hedging derivatives	94	65	1,460	-	1,619
Financial assets at amortized cost including:	21,485	23,112	5,774	48	50,420
■ <i>Loans and receivables due from credit institutions and similar at amortized cost</i>	1,004	545	4,541	11	6,102
■ <i>Loans and receivables due from customers at amortized cost</i>	18,669	21,373	1,233	1	41,276
■ <i>Securities at amortized cost</i>	1,812	1,194	-	36	3,042
Financial assets at fair value through equity	93	353	17,184	-	17,630
LIABILITIES					
Central banks	44	-	-	-	44
Financial liabilities at fair value through profit or loss	166	110	18,166	-	18,443
Hedging derivatives - Liabilities	23	-	1,074	-	1,097
Liabilities to credit institutions	-	74,310	-	-	74,310
Due to customers	28,213	13,848	2,036	-	44,097
Debt securities	40	5,834	17,172	-	23,046

12/31/2021 restated	Retail Banking	Insurance	Specialized business lines	Other business lines	Total
ASSETS					
Cash, central banks	7,413	-	9,224	104,086	120,723
Financial assets at fair value through profit or loss	191	-	20,031	1,719	21,941
Hedging derivatives	23	-	363	1,742	2,128
Financial assets at amortized cost including:	259,569	-	45,473	42,136	347,178
■ <i>Loans and receivables due from credit institutions and similar at amortized cost</i>	10,872	-	4,703	41,484	57,059
■ <i>Loans and receivables due from customers at amortized cost</i>	248,447	-	37,385	648	286,481
■ <i>Securities at amortized cost</i>	250	-	3,384	5	3,640
Financial assets at fair value through equity	297	-	13,844	17,873	32,014
Short-term investments in the insurance business line and reinsurers' share of technical reserves	-	121,042	-	0	121,042
Investments in equity consolidated companies	7	56	-	777	839
LIABILITIES					
Central banks	37	-	3	565	605
Financial liabilities at fair value through profit or loss	1	-	11,937	144	12,082
Hedging derivatives - Liabilities	30	-	963	1,040	2,034
Liabilities to credit institutions	-	-	76,881	-	76,881
Due to customers	223,434	-	43,957	6,866	274,257
Debt securities	20,156	-	18,898	82,408	121,463

DETAIL OF BUSINESS LINES IN THE "RETAIL BANKING" SECTOR

12/31/2021 restated	Banking network	Consumer loans	Business line subsidiaries	Total Retail bank
ASSETS				
Cash, central banks	339	6,764	311	7,413
Financial assets at fair value through profit or loss	66	7	118	191
Hedging derivatives	21	-	2	22
Financial assets at amortized cost including:	188,712	32,460	38,394	259,567
■ <i>Loans and receivables due from credit institutions and similar at amortized cost</i>	10,198	137	537	10,872
■ <i>Loans and receivables due from customers at amortized cost</i>	178,466	32,122	37,857	248,445
■ <i>Securities at amortized cost</i>	49	201	-	250
Financial assets at fair value through equity	100	196	1	297
Short-term investments in the insurance business line and reinsurers' share of technical reserves	-	-	-	0
Investments in equity consolidated companies	7	-	-	7
LIABILITIES				
Central banks	-	1	36	37
Financial liabilities at fair value through profit or loss	-	1	-	1
Hedging derivatives - Liabilities	29	-	2	30
Liabilities to credit institutions	-	-	-	0
Due to customers	183,849	23,053	16,532	223,434
Debt securities	19,922	-	234	20,156

DETAIL OF BUSINESS LINES IN THE “SPECIALIZED BUSINESS LINES”

12/31/2021 restated	Asset management and private banking	Corporate banking	Capital Markets	Private equity	Total Specialized business lines
ASSETS					
Cash, central banks	5,900	-	3,324	-	9,224
Financial assets at fair value through profit or loss	307	-	16,402	3,323	20,032
Hedging derivatives	3	-	359	-	363
Financial assets at amortized cost including:	20,097	21,004	4,308	65	45,474
■ <i>Loans and receivables due from credit institutions and similar at amortized cost</i>	1,066	425	3,208	3	4,703
■ <i>Loans and receivables due from customers at amortized cost</i>	17,173	19,112	1,100	1	37,386
■ <i>Securities at amortized cost</i>	1,858	1,466	0	60	3,384
Financial assets at fair value through equity	83	364	13,397	-	13,844
LIABILITIES					
Central banks	-	3	-	-	3
Financial liabilities at fair value through profit or loss	89	92	11,756	-	11,937
Hedging derivatives - Liabilities	51	25	888	-	963
Liabilities to credit institutions	-	76,882	-	-	76,882
Due to customers	27,863	13,859	2,235	-	43,957
Debt securities	29	4,576	14,293	-	18,898

12/31/2021 published	Retail Banking	Insurance	Financing and markets	Private Banking	Private equity	Publishing, Logistics and Holding company services	Total
ASSETS							
Cash, central banks	7,413	-	3,324	5,900	0	104,086	120,723
Financial assets at fair value through profit or loss	203	-	16,401	295	3,323	1,719	21,941
Hedging derivatives	23	-	360	3	0	1,742	2,128
Financial assets at amortized cost	259,571	-	25,317	20,091	65	42,137	347,179
■ <i>of which loans and receivables due from credit institutions and similar at amortized cost</i>	10,872	-	3,639	1,061	3	41,484	57,059
■ <i>of which loans and receivables due from customers at amortized cost</i>	248,449	-	20,211	17,171	1	649	286,481
Financial assets at fair value through equity	297	-	13,762	83	-	17,873	32,014
Short-term investments in the insurance business line and reinsurers' share of technical reserves	-	121,042	-	-	-	-	121,042
Investments in equity consolidated companies	17	56	-	-	-	767	839
LIABILITIES							
Central banks	37	0	3	0	0	565	605
Financial liabilities at fair value through profit or loss	1	0	11,848	89	0	144	12,082
Hedging derivatives - Liabilities	30	0	912	51	0	1,040	2,034
Liabilities to credit institutions	0	0	76,881	0	0	0	76,881
Due to customers	223,436	0	16,094	27,863	1	6,863	274,257
Debt securities	20,156	0	18,870	29	0	82,408	121,463

2b Breakdown of the income statement by business segment

12/31/2022	Retail Banking	Insurance	Specialized business lines	Other business lines	Total
Net banking income	8,323	1,720	2,200	426	12,670
General operating expenses	-4,728	-699	-1,113	-375	-6,916
Gross operating income	3,595	1,021	1,087	51	5,754
Cost of counterparty risk	-726	-	-24	8	-743
Net gains/(losses) on disposals of other assets ⁽¹⁾	5	-4	13	-1,155	-1,141
Profit/(loss) before tax	2,873	1,018	1,075	-1,096	3,870
Income tax	-816	-235	-171	-12	-1,234
Post-tax gains and losses on discontinued assets	-	-	0	-	0
Net profit/(loss)	2,057	782	904	-1,108	2,636
Non-controlling interests	-	-	-	-	347
NET PROFIT ATTRIBUTABLE TO THE GROUP	-	-	-	-	2,288

(1) Includes net profit/(loss) of entities accounted for using the equity method and impairment losses on goodwill (notes 16 and 19).

DETAIL OF BUSINESS LINES IN THE "RETAIL BANKING" SECTOR

12/31/2022	Banking network	Consumer loans	Business line subsidiaries	Total Retail bank
Net banking income	4,723	2,960	640	8,323
General operating expenses	-2,712	-1,603	-413	-4,728
Gross operating income	2,011	1,358	226	3,595
Cost of counterparty risk	38	-724	-41	-727
Net gains/(losses) on disposals of other assets	5	0	0	5
Profit/(loss) before tax	2,054	633	186	2,873
Income tax	-552	-206	-58	-816
NET PROFIT/(LOSS)	-	-	-	2,057

DETAIL OF BUSINESS LINES IN THE "SPECIALIZED BUSINESS LINES"

12/31/2022	Asset management and private banking	Corporate banking	Capital Markets	Private equity	Total Specialized business lines
Net banking income	958	471	342	430	2,200
General operating expenses	-656	-146	-236	-75	-1,113
Gross operating income	302	324	106	355	1,087
Cost of counterparty risk	-33	7	-1	2	-24
Net gains/(losses) on disposals of other assets	13	-	-	-	13
Profit/(loss) before tax	282	332	105	357	1,075
Income tax	-55	-72	-28	-17	-171
NET PROFIT/(LOSS)	-	-	-	-	904

12/31/2021 restated	Retail Banking	Insurance	Specialized business lines	Other business lines	Total
Net banking income	7,482	1,810	2,211	399	11,902
General operating expenses	-4,366	-649	-1,008	-326	-6,349
Gross operating income	3,116	1,161	1,203	73	5,553
Cost of counterparty risk	-653	0	6	0	-647
Net gains/(losses) on disposals of other assets ⁽¹⁾	-8	0	0	-784	-792
Profit/(loss) before tax	2,455	1,161	1,209	-711	4,113
Income tax	-765	-327	-183	-5	-1,280
Post-tax gains and losses on discontinued assets	9	-	0	-	9
Net profit/(loss)	1,699	834	1,026	-717	2,842
Non-controlling interests	-	-	-	-	356
NET PROFIT ATTRIBUTABLE TO THE GROUP	-	-	-	-	2,487

(1) Includes net profit/(loss) of entities accounted for using the equity method and impairment losses on goodwill (notes 16 and 19).

DETAIL OF BUSINESS LINES IN THE “RETAIL BANKING” SECTOR

12/31/2021 restated	Banking network	Consumer loans	Business line subsidiaries	Total Retail bank
Net banking income	4,067	2,835	579	7,482
General operating expenses	-2,408	-1,583	-374	-4,366
Gross operating income	1,659	1,251	205	3,116
Cost of counterparty risk	-78	-577	2	-653
Net gains/(losses) on disposals of other assets	-8	-1	0	-8
Profit/(loss) before tax	1,573	674	207	2,455
Income tax	-479	-223	-63	-765
Post-tax gains and losses on discontinued assets	-	-	9	9
NET PROFIT/(LOSS)	-	-	-	1,699

DETAIL OF BUSINESS LINES IN THE “SPECIALIZED BUSINESS LINES”

12/31/2021 restated	Asset management and private banking	Corporate banking	Capital Markets	Private equity	Total Specialized business lines
Net banking income	911	430	351	518	2,211
General operating expenses	-572	-128	-232	-77	-1,008
Gross operating income	340	303	119	442	1,203
Cost of counterparty risk	-9	39	-3	-21	6
Net gains/(losses) on disposals of other assets	0	-	-	-	0
Profit/(loss) before tax	331	341	116	420	1,209
Income tax	-73	-77	-28	-5	-183
Post-tax gains and losses on discontinued assets	-	-	-	-	0
NET PROFIT/(LOSS)	-	-	-	-	1,026

12/31/2021 published	Retail Banking	Insurance	Financing and markets	Private Banking	Private equity	Publishing, Logistics and Holding company services	Inter activities	Total
Net banking income	7,688	1,810	809	677	518	488	-88	11,902
General operating expenses	-4,496	-649	-367	-434	-77	-415	88	-6,349
Gross operating income	3,192	1,161	442	244	442	73	0	5,553
Cost of counterparty risk	-653	0	35	-8	-21	0	0	-647
Net gains/(losses) on disposals of other assets ⁽¹⁾	-8	0	0	0	0	-785	0	-793
Profit/(loss) before tax	2,531	1,161	477	235	420	-712	0	4,113
Income tax	-787	-326	-111	-46	-4	-5	-	-1,280
Post-tax gains and losses on discontinued assets	9	-	-	-	-	-	-	9
Net profit/(loss)	1,753	834	367	190	416	-717	0	2,842
Non-controlling interests	-	-	-	-	-	-	-	356
NET PROFIT ATTRIBUTABLE TO THE GROUP	-	-	-	-	-	-	-	2,487

(1) Includes net profit/(loss) of entities accounted for using the equity method and impairment losses on goodwill (notes 16 and 19).

2c Balance sheet breakdown by geographic area

	12/31/2022				12/31/2021			
	France	Europe outside France	Other countries ⁽¹⁾	Total	France	Europe outside France	Other countries ⁽¹⁾	Total
ASSETS								
Cash, central banks	94,944	11,539	4,970	111,454	104,425	12,975	3,323	120,723
Financial assets at fair value through profit or loss	27,209	539	863	28,612	20,373	507	1,061	21,941
Hedging derivatives	4,077	94	82	4,253	2,117	4	6	2,128
Financial assets at amortized cost	308,043	65,309	10,294	383,645	283,269	54,240	9,671	347,180
<i>of which loans and receivables due from credit institutions</i>	54,436	1,126	2,407	57,969	53,236	1,359	2,463	57,059
<i>of which loans and receivables due from customers</i>	252,631	61,761	7,887	322,279	228,765	50,509	7,208	286,482
Financial assets at fair value through equity	24,111	631	9,582	34,324	24,795	277	6,943	32,014
Investments in the insurance business line and reinsurers' share of technical reserves	106,969	1,878	0	108,847	117,786	3,257	0	121,042
Investments in equity consolidated companies	747	0	130	877	713	0	125	839
LIABILITIES								
Central banks	0	44	0	44	601	1	3	605
Financial liabilities at fair value through profit or loss	18,005	325	442	18,772	11,236	214	632	12,082
Hedging derivatives	6,697	23	5	6,725	1,990	43	1	2,034
Liabilities to credit institutions	51,917	13,563	8,829	74,310	60,477	8,432	7,971	76,881
Due to customers	221,096	58,614	3,989	283,698	216,630	55,275	2,352	274,257
Debt securities	122,860	1,356	10,991	135,208	108,648	4,148	8,667	121,463

(1) United States, Canada, Singapore, Hong Kong and Tunisia.

2d Breakdown of income statement by geographic area

	12/31/2022				12/31/2021			
	France	Europe outside France	Other countries ⁽¹⁾	Total	France	Europe outside France	Other countries ⁽¹⁾	Total
Net banking income ⁽²⁾	8,858	3,569	242	12,670	8,541	3,156	204	11,902
General operating expenses	-4,712	-2,095	-109	-6,916	-4,419	-1,838	-93	-6,349
Gross operating income	4,146	1,474	133	5,754	4,123	1,319	111	5,553
Cost of counterparty risk	-181	-588	26	-743	-212	-440	5	-647
Net gains/(losses) on disposals of other assets ⁽³⁾	-1,161	-5	25	-1,141	-798	-6	11	-793
Profit/(loss) before tax	2,805	881	185	3,870	3,113	873	127	4,113
Total net profit/(loss)	1,860	620	157	2,636	2,113	616	113	2,842
NET PROFIT ATTRIBUTABLE TO THE GROUP	1,546	588	155	2,288	1,778	597	112	2,487

(1) United States, Canada, Singapore, Hong Kong and Tunisia.

(2) 36.1% of NBI (excluding Logistics and Holding) was generated abroad in 2022 (compared to 36.4% of NBI in 2021).

(3) Including net profit/(loss) of entities accounted for using the equity method and impairment losses on goodwill.

Note 3 Consolidation scope

3a Composition of the scope of consolidation

The parent company of the group is Banque Fédérative du Crédit Mutuel.

Since December 31, 2021, the changes in the scope of consolidation are as follows:

- new scopes: Bail Actéa, Bail Actéa Immobilier, BKCP Immo IT SCRL, Beobank, ACM Capital, CIC Private Debt, Crédit Mutuel Investment Managers, Crédit Mutuel Investment Managers succursale de Luxembourg, Targo Versicherungsvermittlung GmbH, Oddity H, Humanoid, Madmoizelle, Presstic, FCT Crédit Mutuel Factoring;

- mergers: BECM Francfort becomes TARGOBANK Corporate and Institutional banking and merges with TARGOBANK AG;
- exit from the scope of consolidation: FLOA, Bancas, BKCP Immo IT SCRL.

	Country	12/31/2022			12/31/2021		
		Percentage Control	Percentage Interest	Method*	Percentage Control	Percentage Interest	Method*
A. BANKING NETWORK							
Banque Européenne du Crédit Mutuel (BECM)	France	96	96	FC	96	96	FC
BECM Francfort (branch of BECM)	Germany	-	-	FU	100	96	FC
Beobank	Belgium	51	51	FC	-	-	NC
BKCP Immo IT SCRL	Belgium	-	-	NC	-	-	NC
CIC Est	France	100	99	FC	100	99	FC
CIC Lyonnaise de Banque (LB)	France	100	99	FC	100	99	FC
CIC Lyonnaise de Banque Monaco (LB branch)	Monaco	100	99	FC	100	99	FC
CIC Nord Ouest	France	100	99	FC	100	99	FC
CIC Ouest	France	100	99	FC	100	99	FC
CIC Sud Ouest	France	100	99	FC	100	99	FC
Crédit Industriel et Commercial (CIC)	France	100	99	FC	100	99	FC
TARGOBANK in Spain	Spain	100	100	FC	100	100	FC
B. CONSUMER LOANS							
Cofidis Belgium	Belgium	100	80	FC	100	80	FC
Cofidis France	France	100	80	FC	100	80	FC
Cofidis Spain (branch of Cofidis France)	Spain	100	80	FC	100	80	FC
Cofidis Hungary (branch of Cofidis France)	Hungary	100	80	FC	100	80	FC
Cofidis Portugal (branch of Cofidis France)	Portugal	100	80	FC	100	80	FC
Cofidis SA Poland (branch of Cofidis France)	Poland	100	80	FC	100	80	FC
Cofidis SA Slovakia (branch of Cofidis France)	Slovakia	100	80	FC	100	80	FC
Cofidis Italy	Italy	100	80	FC	100	80	FC
Cofidis Czech Republic	Czech Republic	100	80	FC	100	80	FC
Creatis	France	100	80	FC	100	80	FC
Margem-Mediação Seguros, Lda	Portugal	100	80	FC	100	80	FC
Monabanq	France	100	80	FC	100	80	FC
TARGOBANK AG	Germany	100	100	FC	100	100	FC
C. SUBSIDIARIES OF THE BANKING NETWORK							
Bail Actea	France	100	100	FC	-	-	NC
Bail Actea Immobilier	France	100	100	FC	-	-	NC
Bancas	France	-	-	NC	50	50	EM
CCLS Leasing Solutions	France	100	100	FC	100	100	FC
Crédit Mutuel Caution Habitat	France	100	100	FC	100	100	FC
Crédit Mutuel Épargne Salariale	France	100	99	FC	100	99	FC
Crédit Mutuel Factoring	France	100	99	FC	95	95	FC

	Country	12/31/2022			12/31/2021		
		Percentage Control	Percentage Interest	Method*	Percentage Control	Percentage Interest	Method*
Crédit Mutuel Home Loan SFH	France	100	100	FC	100	100	FC
Crédit Mutuel Leasing	France	100	99	FC	100	99	FC
Crédit Mutuel Leasing Spain (branch of Crédit Mutuel Leasing)	Spain	100	99	FC	100	99	FC
Crédit Mutuel Leasing Benelux	Belgium	100	99	FC	100	99	FC
Crédit Mutuel Leasing Nederland (branch of Crédit Mutuel Leasing Benelux)	Belgium	100	99	FC	100	99	FC
Crédit Mutuel Leasing Gmbh	Germany	100	99	FC	100	99	FC
Crédit Mutuel Real Estate Lease	France	100	100	FC	100	100	FC
FactoFrance SA	France	100	100	FC	100	100	FC
FCT Crédit Mutuel Factoring	France	100	99	FC	-	-	NC
FCT FactoFrance	France	100	100	FC	100	100	FC
FLOA (formerly Banque du Groupe Casino)	France	-	-	NC	50	50	EM
Gesteurop	France	100	99	FC	100	99	FC
LYF SA	France	44	44	EM	44	44	EM
Paysurf	France	51	64	FC	51	64	FC
Targo Factoring GmbH	Germany	100	100	FC	100	100	FC
Targo Finanzberatung GmbH	Germany	100	100	FC	100	100	FC
Targo Leasing GmbH	Germany	100	100	FC	100	100	FC

D; CORPORATE BANKING AND CAPITAL MARKETS

CIC Bruxelles (branch of CIC)	Belgium	100	99	FC	100	99	FC
CIC Hong Kong (branch of CIC)	Hong Kong	100	99	FC	100	99	FC
CIC London (branch of CIC)	United Kingdom	100	99	FC	100	99	FC
CIC New York (branch of CIC)	United States	100	99	FC	100	99	FC
CIC Singapore (branch of CIC)	Singapore	100	99	FC	100	99	FC
Satellite	France	100	99	FC	100	99	FC

E. ASSET MANAGEMENT AND PRIVATE BANKING

Banque de Luxembourg	Luxembourg	100	99	FC	100	99	FC
Banque du Luxembourg Belgium (Banque de Luxembourg branch)	Belgium	100	99	FC	100	99	FC
Banque de Luxembourg Investments SA (BLI)	Luxembourg	100	99	FC	100	99	FC
Banque Transatlantique (BT)	France	100	99	FC	100	99	FC
Banque Transatlantique Belgium	Belgium	100	99	FC	100	99	FC
Banque Transatlantique London (branch of BT)	United Kingdom	100	99	FC	100	99	FC
Banque Transatlantique Luxembourg	Luxembourg	100	99	FC	100	99	FC
CIC Private debt	France	100	99	FC	-	-	NC
CIC Suisse	Switzerland	100	99	FC	100	99	FC
Cigogne Management	Luxembourg	100	100	FC	100	100	FC
Crédit Mutuel Asset Management	France	81	81	FC	74	74	FC
Crédit Mutuel Gestion	France	100	81	FC	100	74	FC
Crédit Mutuel Investment Managers	France	100	100	FC	-	-	NC
Crédit Mutuel Investment Managers - Luxembourg branch	France	100	100	FC	-	-	NC
Dubly Transatlantique Gestion	France	100	99	FC	100	99	FC

F. PRIVATE EQUITY

CIC Capital Canada Inc.	Canada	100	99	FC	100	99	FC
CIC Capital Suisse SA	Switzerland	100	99	FC	100	99	FC
CIC Capital Deutschland GmbH	Germany	100	99	FC	100	99	FC

	Country	12/31/2022			12/31/2021		
		Percentage Control	Percentage Interest	Method*	Percentage Control	Percentage Interest	Method*
CIC Capital Ventures Quebec	Canada	100	99	FC	100	99	FC
CIC Conseil	France	100	99	FC	100	99	FC
Crédit Mutuel Capital	France	100	99	FC	100	99	FC
Crédit Mutuel Equity	France	100	99	FC	100	99	FC
Crédit Mutuel Equity SCR	France	100	99	FC	100	99	FC
Crédit Mutuel Innovation	France	100	99	FC	100	99	FC
G. OTHER BUSINESS LINES							
Affiches d'Alsace Lorraine	France	100	99	FC	100	99	FC
Alsacienne de Portage – DNA	France	100	99	FC	100	99	FC
Banque de Tunisie	Tunisia	35	35	EM	35	35	EM
CIC Participations	France	100	99	FC	100	99	FC
Cofidis Group (formerly Cofidis Participations)	France	80	80	FC	80	80	FC
Crédit Mutuel Immobilier	France	100	100	FC	100	100	FC
Rhone-Alpes PACA (formerly Groupe Dauphiné Media)	France	100	100	FC	100	100	FC
EBRA (formerly Société d'Investissements Médias (SIM))	France	100	100	FC	100	100	FC
EBRA Editions (formerly Les Éditions du Quotidien)	France	100	100	FC	100	100	FC
EBRA events	France	100	100	FC	100	100	FC
EBRA Info (formerly AGIR)	France	100	100	FC	100	100	FC
EBRA Medias Alsace	France	100	99	FC	100	99	FC
EBRA Medias Bourgogne Rhone-Alpes (formerly Publiprint Province n° 1)	France	100	100	FC	100	100	FC
EBRA Medias Lorraine Franche Comté	France	100	99	FC	100	99	FC
EBRA Portage Bourgogne Rhone-Alpes (formerly Presse Diffusion)	France	100	100	FC	100	100	FC
EBRA Productions	France	100	100	FC	100	100	FC
EBRA services	France	100	100	FC	100	100	FC
EBRA Studio (formerly Est Info TV)	France	100	100	FC	100	100	FC
Est Bourgogne Médias	France	100	100	FC	100	100	FC
Euro Protection Surveillance	France	22	22	EM	22	22	EM
Euro-Information	France	26	26	EM	26	26	EM
Foncière Massena	France	100	66	FC	100	66	FC
France Régie	France	100	99	FC	100	99	FC
GEIE Synergie	France	100	80	FC	100	80	FC
Groupe Progrès	France	100	100	FC	100	100	FC
Groupe Républicain Lorrain Imprimeries (GRLI)	France	100	100	FC	100	100	FC
Humanoid	France	100	71	FC	-	-	NC
Journal de la Haute Marne	France	50	50	EM	50	50	EM
La Liberté de l'Est	France	97	97	FC	97	97	FC
La Tribune	France	100	100	FC	100	100	FC
Le Dauphiné Libéré	France	100	100	FC	100	100	FC
Le Républicain Lorrain	France	100	100	FC	100	100	FC
Les Dernières Nouvelles d'Alsace	France	99	99	FC	99	99	FC
L'Est Républicain	France	100	100	FC	100	100	FC
Lumedia	Luxembourg	50	50	EM	50	50	EM
Madmoizelle	France	100	71	FC	-	-	NC
Médiaportage	France	100	100	FC	100	100	FC
Mutuelles Investissement	France	90	90	FC	90	90	FC

	Country	12/31/2022			12/31/2021		
		Percentage Control	Percentage Interest	Method*	Percentage Control	Percentage Interest	Method*
NEWCO4	France	100	100	FC	100	100	FC
Oddity H.	France	71	71	FC	-	-	NC
Presstic Numerama	France	100	71	FC	-	-	NC
SAP Alsace	France	100	100	FC	100	100	FC
SCI 14 Rue de Londres	France	90	59	FC	90	59	FC
SCI ACM	France	80	52	FC	80	52	FC
SCI ACM Cotentin	France	35	23	EM	35	23	EM
SCI La Tréflière	France	46	46	EM	46	46	EM
SCI Le Progrès Confluence	France	100	100	FC	100	100	FC
SCI Provence Lafayette	France	90	59	FC	90	59	FC
SCI Saint Augustin	France	88	58	FC	88	58	FC
SCI Tombe Issoire	France	100	66	FC	100	66	FC
Société d'Édition de l'Hebdomadaire du Louhannais et du Jura (SEHLJ)	France	100	100	FC	100	100	FC
Targo Deutschland GmbH	Germany	100	100	FC	100	100	FC
Targo Dienstleistungs GmbH	Germany	100	100	FC	100	100	FC
Targo Technology GmbH	Germany	100	100	FC	100	100	FC
Targo Versicherungsvermittlung GmbH	Germany	100	100	FC	-	-	NC
H. INSURANCE COMPANIES							
ACM Capital	France	89	59	FC	-	-	NC
ACM Courtage (formerly Procourtage)	France	100	66	FC	100	66	FC
ACM GIE	France	100	66	FC	100	66	FC
ACM IARD	France	97	64	FC	97	64	FC
ACM Services	France	100	66	FC	100	66	FC
ACM VIE SA	France	100	66	FC	100	66	FC
Agrupació AMCI d'Assegurances i Reassegurances SA	Spain	95	63	FC	95	63	FC
Agrupació serveis administratius	Spain	100	63	FC	100	63	FC
AMDIF	Spain	100	63	FC	100	63	FC
Asesoramiento en Seguros y Previsión Atlantis SL	Spain	80	53	FC	80	53	FC
Asistencia Avançada Barcelona	Spain	100	63	FC	100	63	FC
ASTREE Assurances	Tunisia	30	20	EM	30	20	EM
Atlantis Asesores SL	Spain	80	53	FC	80	53	FC
Atlantis Correduría de Seguros y Consultoría Actuarial SA	Spain	60	40	FC	60	40	FC
Atlantis Vida, Compañía de Seguros y Reaseguros SA	Spain	88	59	FC	88	59	FC
GACM España	Spain	100	66	FC	100	66	FC
GACM Seguros, Compañía de Seguros y Reaseguros, Sau	Spain	100	66	FC	100	66	FC
Groupe des Assurances du Crédit Mutuel (GACM)	France	66	66	FC	66	66	FC
ICM Life	Luxembourg	100	66	FC	100	66	FC
NELB (North Europe Life Belgium)	Belgium	100	66	FC	100	66	FC
Partners	Belgium	100	66	FC	100	66	FC
Serenis Assurances	France	100	66	FC	100	66	FC
Targopensiones, entidad gestora de fondos de pensiones, SA	Spain	100	63	FC	100	63	FC

* Method: FC = Full consolidation; EM = Equity method; NC = Not consolidated; FU = Merged

3b 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.

The group does not have offices that meet the criteria defined by the Order of October 6, 2009 in the non-cooperative States or territories included on the list set by the Order of March 2, 2022.

Country	Net banking income	Income (loss) before tax	Current tax	Deferred tax	Other taxes and social security contributions	Workforce	Public subsidies
Germany	1,729	631	-174	2	-121	5,442	0
Belgium	447	124	-20	-1	-55	1,655	0
Canada	43	39	-1	-5	0	8	0
Spain	367	26	-2	0	-25	2,096	0
United States of America	108	81	-11	-3	-15	92	0
France	8,858	3,897	-884	-61	-1,092	28,227	0
Hong Kong	14	9	-1	0	-1	19	0
Hungary	37	1	0	0	-6	353	0
Italy	122	14	0	0	-6	335	0
Luxembourg	366	160	-16	-5	-39	1,007	0
Monaco	10	6	-2	0	0	18	0
The Netherlands	1	1	0	0	0	1	0
Poland	6	-4	0	0	-1	89	0
Portugal	203	103	-28	0	-8	698	0
Czech Republic	13	-1	0	0	-2	162	0
United Kingdom	56	45	-8	0	-5	72	0
Singapore	78	54	-6	-1	-7	136	0
Slovakia	9	-1	0	0	-1	78	0
Switzerland	204	58	-6	0	-14	415	0
Tunisia ⁽¹⁾	0	25	0	0	0	0	0
TOTAL	12,670	5,268	-1,160	-74	-1,398	40,903	0

(1) Entity consolidated using the equity method.

3c Fully consolidated entities with significant non-controlling interests

	Percentage of non-controlling interests in the consolidated financial statements				Financial information regarding fully-consolidated entities ⁽¹⁾			
	Percentage of interest/ Percentage of voting rights	Net profit/(loss) attributable to non-controlling interests	Amount in shareholders' equity of non-controlling interests	Dividends paid to non-controlling interests	Balance sheet total	Net profit/(loss)	Undisclosed reserves	NBI
12/31/2022								
Groupe des Assurances du Crédit Mutuel (GACM)	34%	287	2,873	-508	120,076	782	-640	1,720
Cofidis Belgium	20%	2	NA ⁽²⁾	0	1,155	10	5	100
Cofidis France	20%	13	NA ⁽²⁾	0	11,701	39	20	549
Beobank	49%	14	382	-10	9,106	5	29	269

(1) Amounts before elimination of intercompany balances and transactions.

(2) In accordance with IAS 32, the group recognized a liability for the commitment to increase its stake in Cofidis Group (formerly Participations) to 100%. The counterparty was recorded as a reduction of minority interests and a reduction of the group's share for the remaining balance.

	Percentage of non-controlling interests in the consolidated financial statements				Financial information regarding fully-consolidated entities ⁽¹⁾			
	Percentage of interest/ Percentage of voting rights	Net profit/(loss) attributable to non-controlling interests	Amount in shareholders' equity of non-controlling interests	Dividends paid to non-controlling interests	Balance sheet total	Net profit/(loss)	Undisclosed reserves	NBI
12/31/2021								
Groupe des Assurances du Crédit Mutuel (GACM)	34%	295	3,321	-508	131,499	834	1,590	1,810
Cofidis Belgium	20%	3	NA ⁽²⁾	0	989	13	-1	96
Cofidis France	20%	15	NA ⁽²⁾	0	10,359	75	-6	549

(1) Amounts before elimination of intercompany balances and transactions.

(2) In accordance with IAS 32, the group recognized a liability for the commitment to increase its stake in Cofidis Group (formerly Participations) to 100%. The counterparty was recorded as a reduction of minority interests and a reduction of the group's share for the remaining balance.

3d Equity investments in structured non-consolidated 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 fund clients 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 unitholders, 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.

An interest in a structured non-consolidated entity is a contractual or non-contractual relationship that exposes the group to the variable yields associated with the performance of the entity.

The group's risk is essentially an operational risk of failure to meet its management mandate or its mandate as custodian and, where applicable, the group is also exposed to risk up to the amounts invested.

No financial support has been granted to the structured entities of the group during the fiscal year.

	12/31/2022			12/31/2021		
	Securitization vehicle (SPV)	Asset management (UCITS/REIT) ⁽¹⁾	Other structured entities ⁽²⁾	Securitization vehicle (SPV)	Asset management (UCITS/REIT) ⁽¹⁾	Other structured entities ⁽²⁾
Balance sheet total	0	22,851	2,537	0	34,162	2,188
Carrying amounts of financial assets	0	12,176	1,036	0	16,014	733

(1) The amounts indicated concern UCITS held at more than 20% and which the group manages, including account units held by insured parties.

(2) The other structured entities correspond to asset financing entities.

3e Assets, liabilities and profit/(loss) from non-current activities held for sale

	12/31/2022	12/31/2021
Non-current assets held for sale	4,962	107
Non-current liabilities held for sale	3,720	0
Post-tax gains/(losses) on discontinued operations	0	9

As of December 31, 2022, the assets and liabilities of the following companies have been reclassified under IFRS 5 as "Assets and liabilities held for sale":

- GACM España: On December 13, 2022, GACM and Axa Seguros Generales, SA de Seguros y Reaseguros (Axa Spain) signed an agreement for the sale, subject to regulatory approvals, by GACM SA of 100% of the share capital of GACM España, to Axa Spain;

- TARGOBANK in Spain: the classification follows the announcement of the entry into exclusive negotiations between the group and ABANCA on December 22, 2022, in view of the sale of TARGOBANK in Spain by BFCM;

- Cholet Dupont: a subsidiary of Groupe La Française in the process of being sold.

At December 31, 2021, the activities of FLOA were reclassified as assets held for sale following the signature of an exclusivity agreement for their sale to BNP Paribas as well as the implementation of a strategic partnership between BNP Paribas and Casino. The sale of FLOA to BNP Paribas became effective on January 31, 2022.

	12/31/2022	12/31/2021
Cash, central banks	241	0
Financial assets at fair value through profit or loss	1	0
Hedging derivatives	14	0
Financial assets at fair value through equity	0	0
Securities at amortized cost	0	0
Loans and receivables due from credit institutions and similar at amortized cost	458	0
Loans and receivables due from customers at amortized cost	3,320	0
Revaluation adjustment on rate-hedged books	0	0
Short-term investments in the insurance business line and reinsurers' share of technical reserves	885	0
Current tax assets	2	0
Deferred tax assets	34	0
Accruals and other assets	71	0
Non-current assets held for sale	15	0
Deferred profit-sharing	0	0
Investments in equity consolidated companies	0	107
Investment property	44	0
Property, plant and equipment	80	0
Intangible assets	9	0
Goodwill	58	0
Fair value measurement of assets held for sale	-270	0
Non-current assets held for sale	4,962	107
Due to credit and similar institutions at amortized cost	385	0
Amounts due to customers at amortized cost	2,429	0
Revaluation adjustment on rate-hedged books	14	0
Current tax liabilities	20	0
Deferred tax liabilities	2	0
Deferred income, accrued charges and other liabilities	190	0
Debt related to non-current assets held for sale	0	0
Liabilities relative to contracts of Insurance	631	0
Provisions	9	0
Subordinated debt at amortized cost	40	0
Debt related to non-current assets held for sale	3,720	0
Share of net profit/(loss) of equity consolidated companies	0	9
Post-tax gains/(losses) on discontinued operations	0	9

Note 4 Cash and central banks (asset/liability)

	12/31/2022	12/31/2021
Cash, central banks – asset	-	-
Central banks	110,601	119,850
of which mandatory reserves	2,618	2,586
Cash	853	873
Total	111,454	120,723
Central banks – liability	44	605

Note 5 Financial assets and liabilities at fair value through profit or loss

5a Financial assets at fair value through profit or loss

	12/31/2022				12/31/2021			
	Transaction	Fair value option	Other FVPL	Total	Transaction	Fair value option	Other FVPL	Total
Securities	6,315	734	4,925	11,974	6,338	575	4,654	11,567
■ Government securities	1,034	0	0	1,034	730	0	0	730
■ Bonds and other debt securities	4,550	734	235	5,518	4,876	575	238	5,689
Listed	4,550	26	161	4,737	4,876	90	166	5,132
Non-listed	0	708	74	781	0	485	72	557
of which UCIs	0	-	229	229	0	-	232	232
■ Shares and other equity instruments	731	-	4,094	4,825	732	-	3,795	4,527
Listed	731	-	1,041	1,772	732	-	1,110	1,842
Non-listed	0	-	3,053	3,053	0	-	2,685	2,685
■ Long-term investments	-	-	596	596	-	-	621	621
Equity investments	-	-	198	198	-	-	165	165
Other long-term investments	-	-	166	166	-	-	209	209
Investments in subsidiaries and associates	-	-	231	231	-	-	246	246
Other long-term investments	-	-	1	1	-	-	1	1
Derivative instruments	6,881	-	-	6,881	3,764	-	-	3,764
Loans and receivables	9,743	0	14	9,757	6,597	0	13	6,610
of which pensions	9,743	0	-	9,743	6,597	0	-	6,597
TOTAL	22,939	734	4,939	28,612	16,699	575	4,667	21,941

LIST OF MAIN NON-CONSOLIDATED EQUITY INVESTMENTS RECOGNIZED AT FAIR VALUE THROUGH PROFIT OR LOSS

	-	% held	FV at 12/31/22	Shareholders' equity	Balance sheet total	NBI or Revenues	Net profit/[loss]
Bank of Africa [formerly BMCE] ^[1]	Listed	< 30%	8,818	29,499	345,058	14,607	2,849
Crédit Logement	Unlisted	< 10%	74	1,653	12,402	222	120
CRH [Caisse de Refinancement de l'Habitat]	Unlisted	< 20%	92	563	21,469	2	0

The figures (except the percentage held) relate to fiscal year 2021.

[1] Bank of Africa (formerly BMCE) is not consolidated due to the absence of significant influence exercised by the group. Bank of Africa securities are therefore recognized at fair value through profit or loss.

Figures expressed in millions of Moroccan dirhams

5b Financial liabilities at fair value through profit or loss

	12/31/2022	12/31/2021
Financial liabilities held for trading	18,616	11,958
Financial liabilities at fair value through profit or loss	156	124
TOTAL	18,772	12,082

FINANCIAL LIABILITIES HELD FOR TRADING

	12/31/2022	12/31/2021
Short sales of securities	1,365	1,808
Bonds and other debt securities	646	921
Shares and other equity instruments	719	887
Debts in respect of securities sold under repurchase agreements	9,748	6,484
Trading derivatives	6,816	3,602
Other financial liabilities held for trading	687	64
TOTAL	18,616	11,958

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	12/31/2022			12/31/2021		
	Carrying amount	Amount due	Difference	Carrying amount	Amount due	Difference
Interbank debt	132	132	0	124	124	0
Due to customers	24	24	0	0	0	0
TOTAL	156	156	0	124	124	0

5c Analysis of trading derivatives

	12/31/2022			12/31/2021		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
<i>Rate instrument</i>	169,041	4,698	4,605	243,319	2,683	2,589
Swaps	79,024	3,175	4,033	78,868	2,402	2,298
Other firm contracts	53,697	0	0	46,578	0	0
Options and conditional instruments	36,320	1,523	572	117,873	281	291
<i>Foreign exchange instrument</i>	150,679	1,917	1,909	147,728	838	765
Swaps	101,233	45	144	104,164	52	80
Other firm contracts	12,705	1,566	1,459	11,967	663	562
Options and conditional instruments	36,741	306	306	31,597	123	123
<i>Other derivatives</i>	22,131	267	303	17,432	244	247
Swaps	7,040	50	110	7,086	69	108
Other firm contracts	9,923	100	85	7,863	116	91
Options and conditional instruments	5,168	117	108	2,483	59	48
TOTAL	341,851	6,881	6,816	408,479	3,764	3,602

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

6a Hedging derivatives

	12/31/2022			12/31/2021		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
<i>Fair Value Hedges</i>	279,891	4,253	6,725	216,796	2,128	2,034
Swaps	82,826	4,253	6,725	64,403	2,128	2,034
Other firm contracts	197,049	0	0	152,075	0	0
Options and conditional instruments	16	0	0	318	0	0
TOTAL	279,891	4,253	6,725	216,796	2,128	2,034

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.

MATURITY SCHEDULE OF THE NOMINAL VALUE OF HEDGING DERIVATIVES

12/31/2022	Less than 3 months	3 months to less than 1 year	1 to 5 years	Over 5 years	12/31/2022
<i>Fair Value Hedges</i>	9,867	18,883	164,313	86,827	279,890
Swaps	7,110	7,599	45,819	22,299	82,826
Other firm contracts	2,742	11,285	118,494	64,528	197,049
Options and conditional instruments	15	0	1	0	16
TOTAL	9,867	18,883	164,313	86,827	279,890

12/31/2021	Less than 3 months	3 months to less than 1 year	1 to 5 years	Over 5 years	12/31/2021
<i>Fair Value Hedges</i>	18,496	18,156	111,663	68,481	216,795
Swaps	4,866	5,012	35,733	18,792	64,403
Other firm contracts	13,514	12,960	75,912	49,688	152,075
Options and conditional instruments	116	183	18	0	318
TOTAL	18,496	18,156	111,663	68,481	216,795

6b Revaluation differences on interest-risk hedged portfolios

	12/31/2022	12/31/2021
FAIR VALUE OF PORTFOLIO INTEREST RATE RISK		
■ in financial assets	-2,733	449
■ in financial liabilities	-14	13

6c Fair Value Hedged items

ASSET ITEMS HEDGED

	12/31/2022			12/31/2021		
	Carrying amount	Of which revaluation relating to hedging	Of which revaluation for the fiscal year	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	30,014	0	0	30,315	0	0
Receivables from customers at amortized cost	72,303	-2,460	-238	49,421	447	0
Securities at amortized cost	1,125	-97	-123	1,771	26	-38
Financial assets at FVOCI	20,259	1,651	-14	20,041	906	0
TOTAL	123,701	-906	-375	101,548	1,379	-38

LIABILITY ITEMS HEDGED

	12/31/2022			12/31/2021		
	Carrying amount	Of which revaluation relating to hedging	Of which revaluation for the fiscal year	Carrying amount	Of which revaluation relating to hedging	Of which revaluation for the fiscal year
Debt securities	65,116	5,267	-15	60,787	1,298	-5
Liabilities to credit institutions	36,403	2,020	-7	46,220	523	0
Due to customers	29,143	-12	0	30,879	12	0
TOTAL	130,662	7,275	-22	137,886	1,833	-5

Note 7 Financial assets at fair value through equity

	12/31/2022	12/31/2021
Government securities	10,873	11,680
Bonds and other debt securities	22,767	19,703
■ Listed	21,724	19,032
■ Non-listed	1,043	671
Related receivables	195	125
Debt securities subtotal, gross	33,834	31,508
Impairment of performing loans [S1/S2]	-19	-18
Debt securities subtotal, net	33,815	31,490
Shares and other equity instruments	214	192
■ Listed	1	3
■ Non-listed	213	189
Long-term investments	295	332
■ Equity investments	96	94
■ Other long-term investments	142	120
■ Investments in subsidiaries and associates	57	118
Subtotal, equity instruments	509	524
TOTAL	34,324	32,014
Of which unrealized capital gains or losses recognized under shareholders' equity	-6	104
Of which listed equity investments	0	5

Note 8 Fair value hierarchy of financial instruments carried at fair value on the balance sheet

12/31/2022	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS IFRS 9				
Fair value through equity	30,564	3,188	571	34,324
Government and equivalent securities	10,598	289	59	10,946
Bonds and other debt securities	19,965	2,898	6	22,869
Shares and other equity instruments	1	2	210	213
Investments and other long-term securities	0	0	239	239
Investments in subsidiaries and associates	0	0	57	57
Trading/Fair value option/Other	5,734	15,912	6,965	28,612
Government securities and similar instruments – Trading	1,025	0	9	1,034
Government securities and similar instruments – Fair value option	0	0	0	0
Government securities and similar instruments – Other FVPL	0	0	0	0
Bonds and other debt securities – Trading	2,725	1,670	156	4,550
Bonds and other debt securities – Fair value option	26	0	707	734
Bonds and other debt securities – Other FVPL	162	57	16	235
Shares and other equity instruments – Trading	731	0	0	731
Shares and other equity instruments – Other FVPL ⁽¹⁾	1,041	0	3,053	4,093
Investments and other long-term securities – Other FVPL	1	0	363	365
Investments in subsidiaries and associates – Other FVPL	0	0	231	231
Loans and receivables due from customers – Trading	0	9,743	0	9,743
Loans and receivables due from customers – Other FVPL	0	14	0	14
Derivatives and other financial assets – Trading	24	4,427	2,430	6,881
Hedging derivatives	3	4,248	2	4,253
TOTAL	36,302	23,349	7,538	67,189
FINANCIAL ASSETS IAS 39 – INSURANCE INVESTMENTS				
Fair value through profit or loss	18,122	6,901	0	25,022
Transaction	0	0	0	0
Fair value option – debt securities	1,648	1,304	0	2,952
Fair value option – equity instruments	16,473	5,597	0	22,070
Hedging derivatives	0	0	0	0
Available-for-sale assets	62,994	5,121	1,152	69,268
Government and equivalent securities	13,735	0	0	13,735
Bonds and other debt securities	36,713	843	0	37,556
Shares and other equity instruments	11,650	4,261	0	15,911
Equity investments, shares in subsidiaries and associates and other long-term investments	896	17	1,152	2,066
TOTAL	81,116	12,022	1,152	94,290

12/31/2022	Level 1	Level 2	Level 3	Total
FINANCIAL LIABILITIES IFRS 9				
Trading/Fair value option	2,038	14,259	2,485	18,782
Due to credit institutions – Fair value option	0	133	0	133
Amounts due to customers – Fair value option	0	24	0	24
Debt – Trading	0	9,758	0	9,758
Derivatives and other financial liabilities – Trading	2,038	4,345	2,485	8,868
Hedging derivatives	0	6,713	13	6,725
TOTAL	2,038	20,972	2,498	25,507
FINANCIAL LIABILITIES RELATED TO IAS 39 INSURANCE POLICIES				
Fair value through profit or loss	0	5,588	0	5,588
Transaction	0	0	0	0
Fair value option	0	5,588	0	5,588
Hedging derivatives	0	0	0	0
TOTAL	0	5,588	0	5,588

(1) Includes the equity investments held by the group's private equity companies.

- 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 in question, 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 includes 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	Opening	Purchases	Sales/ repayments	Transfers	Gains and losses in the income statement	Gains and losses in equity	Other movement	Closing
Shares and other equity instruments – Other FVPL	2,721	310	-306	0	324	0	4	3,053

12/31/2021	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS IFRS 9				
Fair value through equity	24,445	5,950	1,619	32,014
Government and equivalent securities	11,565	100	84	11,750
Bonds and other debt securities	12,877	5,849	1,013	19,740
Shares and other equity instruments	3	0	190	193
Investments and other long-term securities	0	0	214	214
Investments in subsidiaries and associates	0	0	118	118
Trading/Fair value option/Other	5,342	11,168	5,433	21,943
Government securities and similar instruments – Trading	666	14	50	730
Government securities and similar instruments – Fair value option	0	0	0	0
Government securities and similar instruments – Other FVPL	0	0	0	0
Bonds and other debt securities – Trading	2,590	2,053	233	4,876
Bonds and other debt securities – Fair value option	25	0	549	574
Bonds and other debt securities – Other FVPL	170	56	11	238
Shares and other equity instruments – Trading	732	0	0	732
Shares and other equity instruments – Other FVPL ⁽¹⁾	1,075	0	2,721	3,796
Investments and other long-term securities – Other FVPL	2	0	373	375
Investments in subsidiaries and associates – Other FVPL	0	0	247	247
Loans and receivables due from customers – Trading	0	6,598	0	6,598
Loans and receivables due from customers – Other FVPL	0	13	0	13
Derivatives and other financial assets – Trading	21	2,434	1,311	3,765
Hedging derivatives	0	2,126	1	2,128
TOTAL	29,787	19,244	7,054	56,085
FINANCIAL ASSETS IAS 39 – INSURANCE INVESTMENTS				
Fair value through profit or loss	20,718	6,691	0	27,409
Transaction	0	0	0	0
Fair value option – debt securities	1,199	1,816	0	3,016
Fair value option – equity instruments	19,519	4,875	0	24,393
Hedging derivatives	0	0	0	0
Available-for-sale assets	74,218	4,311	881	79,410
Government and equivalent securities	15,228	0	0	15,228
Bonds and other debt securities	44,926	251	0	45,176
Shares and other equity instruments	13,020	4,040	0	17,060
Equity investments, shares in subsidiaries and associates and other long-term investments	1,044	20	881	1,945
TOTAL	94,936	11,001	881	106,819
FINANCIAL LIABILITIES IFRS 9				
Trading/Fair value option	1,837	9,118	1,126	12,081
Debt – Trading	0	6,483	0	6,483
Derivatives and other financial liabilities – Trading	1,837	2,511	1,126	5,474
Hedging derivatives	0	2,012	22	2,034
TOTAL	1,837	11,130	1,148	14,115
FINANCIAL LIABILITIES RELATED TO IAS 39 INSURANCE POLICIES				
Fair value through profit or loss	0	5,662	0	5,662
Transaction	0	0	0	0
Fair value option	0	5,662	0	5,662
Hedging derivatives	0	0	0	0
TOTAL	0	5,662	0	5,662

[1] Includes the equity investments held by the group's private equity companies.

Note 9 Details of securitization outstandings

As requested by the banking supervisor and the markets regulator, an analysis is provided below of sensitive exposures based on FSB recommendations.

Trading and fair value securities portfolios through equity were valued at market price from external data coming from organized markets, primary brokers, or when no other price is available, from comparable securities listed on the market.

Summary	Carrying amount 12/31/2022	Carrying amount 12/31/2021
RMBS	1,255	1,260
CMBS	0	0
CLO	3,996	3,137
Other ABS	3,199	3,033
TOTAL	8,450	7,429

Unless otherwise indicated, securities are not hedged by CDS.

Exposures at 12/31/2022	RMBS	CMBS	CLO	Other ABS	Total
Fair value through profit or loss	145	0	0	206	351
Amortized cost	26	0	337	1,516	1,879
Fair value - Others	1	0	0	0	1
Fair value through equity	1,083	0	3,659	1,477	6,219
TOTAL	1,255	0	3,996	3,199	8,450
France	560	0	786	930	2,275
Spain	95	0	0	328	423
United Kingdom	6	0	175	163	344
Europe excluding France, Spain and the UK	474	0	279	1,080	1,832
United States	5	0	2,756	567	3,328
Other	116	0	0	133	248
TOTAL	1,255	0	3,996	3,199	8,450
US Branches	0	0	0	0	0
AAA	1,174	0	3,722	1,308	6,204
AA	63	0	199	644	906
A	10	0	75	4	89
BBB	5	0	0	0	5
BB	0	0	0	0	0
B or below	2	0	0	7	9
Not rated	0	0	0	1,237	1,237
TOTAL	1,255	0	3,996	3,199	8,450
Origination 2005 and earlier	9	0	0	0	9
Origination 2006-2008	24	0	0	7	31
Origination 2009-2011	7	0	0	0	7
Origination 2012-2022	1,215	0	3,996	3,192	8,403
TOTAL	1,255	0	3,996	3,199	8,450

Exposures at 12/31/2021	RMBS	CMBS	CLO	Other ABS	Total
Fair value through profit or loss	253	0	9	374	635
Amortized cost	33	0	338	949	1,320
Fair value – Others	1	0	0	0	1
Fair value through equity	973	0	2,790	1,710	5,473
TOTAL	1,260	0	3,137	3,033	7,429
France	565	0	359	716	1,640
Spain	111	0	0	358	469
United Kingdom	22	0	110	277	409
Europe excluding France, Spain and the UK	413	0	189	1,236	1,837
United States	29	0	2,479	339	2,847
Other	120	0	0	108	228
TOTAL	1,260	0	3,137	3,033	7,429
US Branches	0	0	0	0	0
AAA	1,126	0	2,911	1,391	5,428
AA	112	0	156	814	1,082
A	13	0	70	4	86
BBB	1	0	0	0	1
BB	5	0	0	0	5
B or below	3	0	0	7	10
Not rated	0	0	0	818	818
TOTAL	1,260	0	3,137	3,033	7,429
Origination 2005 and earlier	13	0	0	0	13
Origination 2006-2008	31	0	0	7	38
Origination 2009-2011	17	0	0	0	17
Origination 2012-2020	1,199	0	3,137	3,026	7,361
TOTAL	1,260	0	3,137	3,033	7,429

Note 10 Financial assets at amortized cost

	12/31/2022	12/31/2021
Securities at amortized cost	3,397	3,640
Loans and receivables due from credit institutions	57,969	57,059
Loans and receivables due from customers	322,279	286,483
TOTAL	383,645	347,182

10a Securities at amortized cost

	12/31/2022	12/31/2021
Securities	3,452	3,710
■ Government securities	1,654	1,604
■ Bonds and other debt securities	1,798	2,106
Listed	718	570
Non-listed	1,080	1,536
Related receivables	11	12
TOTAL GROSS	3,463	3,722
<i>of which impaired assets (S3)</i>	93	110
Impairment of performing loans (S1/S2)	-2	-2
Other impairment (S3)	-64	-80
TOTAL NET	3,397	3,640

10b Loans and receivables due from credit institutions at amortized cost

	12/31/2022	12/31/2021
Performing loans (S1/S2)	57,376	56,567
Crédit Mutuel network accounts ⁽¹⁾	11,360	10,083
Other ordinary accounts	3,886	4,018
Loans	31,438	35,976
Other receivables	9,216	4,851
Pensions	1,477	1,638
Individually-impaired receivables, gross (S3)	0	0
Related receivables	596	494
Impairment of performing loans (S1/S2)	-3	-2
Other impairment (S3)	0	0
TOTAL	57,969	57,059

(1) Mainly concerns outstanding CDC repayments (LEP, LDD, Livret bleu, Livret A).

10c Loans and receivables due from customers at amortized cost

	12/31/2022	12/31/2021
Performing loans (S1/S2)	299,840	267,556
Commercial loans	18,146	15,884
Other customer receivables	281,132	251,232
■ home loans	115,150	102,979
■ other loans and receivables, including pensions ⁽¹⁾	165,982	148,253
Related receivables	561	439
Insurance and reinsurance receivables	0	0
Individually-impaired receivables, gross (S3)	10,117	9,252
Gross receivables	309,958	276,809
Impairment of performing loans (S1/S2) ⁽²⁾	-2,512	-2,509
Other impairment (S3)	-5,099	-4,887
SUBTOTAL I	302,347	269,413
Finance leases (net investment)	19,614	16,910
■ Equipment	14,209	12,053
■ Real estate	5,405	4,857
Individually-impaired receivables, gross (S3)	710	488
Impairment of performing loans (S1/S2)	-189	-147
Other impairment (S3)	-203	-181
SUBTOTAL II	19,932	17,069
TOTAL	322,279	286,482
of which subordinated loans	12	13
of which pensions	1,203	1,066

(1) Including €10 billion at December 31, 2022 of state-guaranteed loans (SGLs) granted during the Covid-19 crisis.

(2) At December 31, 2021, the item includes a specific impairment to take into account the effects of the Covid-19 crisis, which was reversed in 2022.

At December 31, 2022, the item includes a post-model adjustment. See note 1 – Accounting principles.

BREAKDOWN OF STATE-GUARANTEED LOANS (SGL)

	Outstandings			Write-downs		
	S1	S2	S3	S1	S2	S3
Amounts at 12/31/2022	7,734	1,401	907	-5	-12	-93
Amounts at 12/31/2021	7,875	3,495	716	-4	-47	-66

FINANCE LEASE TRANSACTIONS WITH CUSTOMERS

	12/31/2021	Increase	Decrease	Other ⁽¹⁾	12/31/2022
Gross carrying amount	17,397	3,244	-2,085	1,767	20,324
Impairment of non-recoverable lease payments	-328	-176	133	-21	-392
NET CARRYING AMOUNT	17,069	3,068	-1,952	1,746	19,932

(1) Other changes include in particular the outstandings of the subsidiaries Bail Actéa and Bail Actéa Immobilier, which were included in the BFCM scope as of January 1, 2022.

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	6,017	11,110	3,239	20,366
Present value of future lease payments	5,750	10,770	3,224	19,744
UNEARNED FINANCIAL INCOME	267	340	15	622

Note 11 Financial liabilities at amortized cost

11a Debt securities at amortized cost

	12/31/2022	12/31/2021
Certificates of deposit	54	34
Interbank certificates and negotiable debt instruments	55,302	49,381
Bonds	71,084	64,759
Non-preferred senior securities	8,011	6,801
Related debt	757	488
TOTAL	135,208	121,463

11b Liabilities to credit institutions

	12/31/2022	12/31/2021
Other ordinary accounts	15,613	10,224
Borrowings	15,994	16,147
Other debt	4,586	4,036
Pensions ⁽¹⁾	38,015	46,363
Related debt	102	110
TOTAL	74,310	76,881

⁽¹⁾ As part of the monetary policy implemented by the Eurosystem, the group decided to participate in the TLTRO III (Targeted Longer-Term Refinancing Operation) launched in March 2020. Crédit Mutuel has therefore refinanced itself with the ECB under TLTRO III for an amount of €32,175 million at December 31, 2022. The ECB specified the methods for calculating the TLTRO III remuneration in its decision of October 27, 2022. cf. note 1 – Accounting principles.

11c Amounts due to customers at amortized cost

	12/31/2022	12/31/2021
Special savings accounts	66,322	59,997
■ on demand	49,501	43,094
■ term	16,821	16,903
Related liabilities on savings accounts	3	1
Subtotal	66,325	59,998
Demand accounts	167,280	170,831
Term deposits and borrowings	49,917	43,294
Pensions	12	14
Related debt	149	84
Other debt	15	36
Subtotal	217,373	214,259
TOTAL	283,698	274,257

11d Netting of financial assets and liabilities

12/31/2022	Gross amount of financial assets	Gross amount of financial liabilities offset on balance sheet	Net amounts shown on balance sheet	Related amounts not offset in balance sheet			Net amount
				Impacts of offsets framework agreements	Financial instruments received as guarantee	Cash received (cash collateral)	
FINANCIAL ASSETS							
Derivatives	24,415	-13,163	11,253	-5,300	0	-1,228	4,725
Pensions	26,577	-7,397	19,180	0	-17,888	-1,129	162
TOTAL	50,993	-20,560	30,433	-5,300	-17,888	-2,358	4,887

12/31/2022	Gross amount of financial liabilities	Gross amount of financial assets offset on the balance sheet	Net amounts shown on balance sheet	Related amounts not offset in balance sheet			Net amount
				Impacts of offsets framework agreements	Financial instruments given as collateral	Cash paid (cash collateral)	
FINANCIAL LIABILITIES							
Derivatives	26,722	-13,163	13,560	-5,291	0	-8,054	214
Pensions	60,806	-7,397	53,409	0	-53,099	-306	5
TOTAL	87,529	-20,560	66,969	-5,291	-53,099	-8,360	219

12/31/2021	Gross amount of financial assets	Gross amount of financial liabilities offset on balance sheet	Net amounts shown on balance sheet	Related amounts not offset in balance sheet			Net amount
				Impacts of offsets framework agreements	Financial instruments received as guarantee	Cash received (cash collateral)	
FINANCIAL ASSETS							
Derivatives	8,965	-3,017	5,948	-1,641	0	-2,580	1,727
Pensions	18,019	-3,213	14,806	0	-14,713	-46	48
TOTAL	26,983	-6,230	20,753	-1,641	-14,713	-2,626	1,775

12/31/2021	Gross amount of financial liabilities	Gross amount of financial assets offset on the balance sheet	Net amounts shown on balance sheet	Related amounts not offset in balance sheet			Net amount
				Impacts of offsets framework agreements	Financial instruments given as collateral	Cash paid (cash collateral)	
FINANCIAL LIABILITIES							
Derivatives	8,653	-3,017	5,636	-1,638	0	-2,481	1,517
Pensions	61,743	-3,213	58,531	0	-58,126	-321	83
TOTAL	70,396	-6,230	64,167	-1,638	-58,126	-2,802	1,600

These disclosures, required by an amendment to IFRS 7, seek to provide a basis for comparison with the treatment under US Generally Accepted Accounting Principles (US GAAP), which are less restrictive than IFRS.

The amounts in the second column correspond to the accounting offset, under IAS 32, for transactions processed going through a clearing house.

The “impact of offsets framework agreements” column corresponds to the outstanding transaction amounts pursuant to enforceable contracts that are not subject to accounting offsets. These include transactions for which the right to offset is exercised in case of the default, insolvency or bankruptcy of one of the parties to the contracts. They relate to derivatives and repurchase agreements, whether or not processed *via* clearing houses.

The “Financial instruments received/given in guarantee” column shows the market value of the securities exchanged as collateral.

The “Cash received/paid (cash collateral)” column shows the guarantee deposits received or given in respect of the positive or negative market values of financial instruments. They are recognized in the balance sheet under loans and receivables due from credit institutions and customers on the assets side, and due to credit institutions and customers on the liabilities side.

Note 12 Gross values and movements in impairment provisions

12a Gross values subject to impairment

	12/31/2021	Acquisition/ production	Sales/ repayments	Transfer	Other ⁽¹⁾	12/31/2022
Financial assets at amortized cost – loans and receivables due from credit institutions, subject to	57,061	27,003	-28,528	0	2,435	57,972
12-month expected losses [S1]	57,059	26,491	-28,524	38	2,435	57,499
expected losses at termination [S2]	2	512	-4	-38	0	473
Financial assets at amortized cost – loans and receivables due from customers, subject to	294,206	155,766	-127,422	1	7,730	330,282
12-month expected losses [S1]	256,241	147,537	-112,953	-195	5,993	296,624
expected losses at termination [S2]	28,226	7,046	-11,277	-1,934	768	22,830
expected losses on assets credit-impaired [S3] at the end of the period but not credit-impaired on initial recognition	9,446	1,183	-3,037	2,131	885	10,607
expected losses on assets credit-impaired [S3] at the end of the period and on initial recognition	293	0	-155	-1	84	221
Financial assets at amortized cost – securities	3,722	15,923	-15,961	-1	-221	3,463
with 12-month expected losses [S1]	3,598	15,920	-15,923	-12	-222	3,362
with expected losses at termination [S2]	14	0	0	-7	1	8
expected losses on assets credit-impaired [S3] at the end of the period but not credit-impaired on initial recognition	110	3	-38	18	0	93
Financial assets at fair value through equity – debt securities	31,508	16,373	-14,822	0	775	33,834
12-month expected losses [S1]	31,436	16,371	-14,763	12	775	33,832
expected losses at termination [S2]	72	2	-59	-12	0	2
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
TOTAL	386,497	215,065	-186,733	0	10,719	425,551

(1) Includes mainly the outstandings of the subsidiaries of Crédit Mutuel Nord Europe, integrated in the BFCM scope at January 1, 2022.

GROSS CARRYING AMOUNT OF EXPOSURES BY CATEGORY AND BY PROBABILITY OF DEFAULT INTERVAL (RECEIVABLES FROM CUSTOMERS)

By probability of default interval 12 months IFRS 9	Of which originated credit-impaired assets	With 12-month expected losses [S1]	With expected losses at termination [S2]	With expected losses on assets credit-impaired at the reporting date but not credit-impaired on initial recognition [S3]
< 0.1	0	94,969	1,348	0
0.1-0.25	0	44,920	115	0
0.26-0.99	1	62,249	958	0
1-2.99	2	55,836	3,273	0
3-9.99	6	30,336	9,209	0
>= 10	248	8,313	7,927	10,607
TOTAL	257	296,624	22,830	10,607

12b Movements in impairment provisions

	12/31/2021	Addition	Reversal	Other ⁽¹⁾	12/31/2022
Financial assets at amortized cost – loans and receivables due from credit institutions	-2	-3	1	1	-3
■ 12-month expected losses (S1)	-2	-2	1	0	-3
■ expected losses at termination (S2)	0	-1	0	0	-1
Financial assets at amortized cost – loans and receivables due from customers	-7,724	-2,466	2,475	-288	-8,003
■ 12-month expected losses (S1)	-1,124	-500	257	-35	-1,402
■ expected losses at termination (S2)	-1,532	-612	859	-14	-1,299
■ expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	-5,068	-1,354	1,359	-239	-5,302
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	-82	-4	20	0	-66
■ 12-month expected losses (S1)	-1	-1	0	1	-1
■ expected losses at termination (S2)	-1	0	0	0	-1
■ expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	-80	-3	20	-1	-64
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	-18	-13	12	0	-19
■ 12-month expected losses (S1)	-15	-10	6	0	-19
■ expected losses at termination (S2)	-4	-3	6	1	0
TOTAL	-7,826	-2,486	2,508	-287	-8,091

(1) Includes mainly the outstandings of the subsidiaries of Crédit Mutuel Nord Europe, integrated in the BFCM scope at January 1, 2022.

The group conducted a sensitivity test of the cost of risk (including sectoral adjustment). An increase in the weighting of the pessimistic scenario of 10 points for the IRB entities and of 5 points for the entities under the standard model would lead to an additional provision of €93 million, i.e. 3.43% of expected losses.

12c Breakdown of impairment

12/31/2022	Gross outstandings			Impairments					Net outstandings
	S1	S2	S3	S1	Of which adjustment ⁽¹⁾	S2	Of which adjustment ⁽¹⁾	S3	
Loans and receivables due from credit institutions	57,499	473	0	-3	0	-1	0	0	57,968
Customer loans	296,624	22,830	10,828	-1,402	-80	-1,299	-141	-5,302	322,279
Financial assets at amortized cost – Securities	3,362	8	93	-1	0	-1	0	-64	3,397
Financial assets at FVOCI – Debt securities	33,832	2	0	-19	-2	0	0	0	33,815
Financial assets at FVOCI – Loans	0	0	0	0	0	0	0	0	0
TOTAL	391,317	23,313	10,921	-1,425	-82	-1,301	-141	-5,366	417,459

(1) Post-model adjustment.

As a reminder, as of December 31, 2021, the group had recognized additional impairments of €697 million in the context of the Covid-19 crisis.

Note 13 Investments/assets and liabilities related to contracts of insurance activities

13a Short-term investments in the insurance business line and reinsurers' share of technical reserves

Financial assets	12/31/2022	12/31/2021
Fair value through profit or loss	25,023	27,409
■ Fair value option – debt securities	2,953	3,016
■ Fair value option – equity instruments	22,070	24,393
Available-for-sale ⁽¹⁾	69,268	79,409
■ Government and equivalent securities	13,735	15,228
■ Bonds and other debt securities	37,556	45,176
■ Shares and other equity instruments	15,911	17,060
■ Equity investments, shares in subsidiaries and associates and other long-term investments	2,066	1,945
Loans and receivables	5,790	5,124
Held-to-maturity	4,638	5,556
Subtotal financial assets	104,719	117,498
Investment property	2,521	2,587
Shares of reinsurers in the technical reserves and other assets	1,608	956
TOTAL	108,847	121,042

(1) Including SPPI assets of €50,530 million.

The fair value of buildings recognized at amortized cost is €3,480 million at December 31, 2022.

LIST OF MAIN NON-CONSOLIDATED EQUITY INVESTMENTS HELD BY INSURANCE COMPANIES

	-	% held	Shareholders' equity	Balance sheet total	NBI or Revenues	Net profit/(loss)
Ardian Holding	Unlisted	< 20%	709	1,458	637	328
Covivio (formerly Foncière des Régions)	Listed	< 10%	13,623	28,237	779	1,294
Covivio Hôtels (formerly Foncière des Murs)	Listed	< 10%	3,399	6,856	163	74
Desjardins ⁽¹⁾	Unlisted	10%	3,459	11,446	6,053	830

The figures (except the percentage held) relate to fiscal year 2021.

(1) In millions of Canadian dollars.

BREAKDOWN BY STANDARD AND POOR'S RATING OF SPPI INSURANCE ASSETS

Standard & Poor's rating	SPPI insurance assets (as a %)
AAA	13%
AA+	4%
AA	29%
AA-	8%
A+	7%
A	6%
A-	12%
BBB+	10%
BBB	6%
BBB-	1%
BB+	0%
Not rated	3%
TOTAL	100%

13b Liabilities relative to contracts of insurance activities

TECHNICAL RESERVES OF INSURANCE POLICIES

	12/31/2022	12/31/2021
Life	78,072	87,505
Non-life	5,532	5,362
Account units	15,718	17,210
Other	249	305
Total	99,571	110,382
Of which deferred profit-sharing liabilities	6,044	16,119
Deferred profit-sharing assets	48	0
Share of reinsurers in the technical reserves	402	330
NET TECHNICAL RESERVES	99,217	110,052

FINANCIAL LIABILITIES

	12/31/2022	12/31/2021
Fair value through profit or loss	5,588	5,662
■ Transaction	0	0
■ Fair value option	5,588	5,662
Liabilities to credit institutions	127	128
Debt securities	0	0
Subordinated debt	911	1,053
Subtotal	6,626	6,843
Other liabilities	295	295
TOTAL	6,921	7,138
TOTAL LIABILITIES RELATIVE TO CONTRACTS OF INSURANCE ACTIVITIES	106,492	117,520

Note 14 Taxes

14a Current tax

	12/31/2022	12/31/2021
Assets (through profit or loss)	958	801
Liabilities (through profit or loss)	489	581

14b Deferred tax

	12/31/2022	12/31/2021
Assets (through profit or loss)	1,034	1,088
Assets (through shareholders' equity)	762	276
Liabilities (through profit or loss)	561	535
Liabilities (through shareholders' equity)	231	492

ANALYSIS OF DEFERRED TAXES BY MAJOR CATEGORIES

	12/31/2022		12/31/2021	
	Assets	Liabilities	Assets	Liabilities
Tax loss carried forward	-	-	-	-
Temporary differences in	-	-	-	-
■ impairment of financial assets	632	-	721	-
■ finance leasing reserve	-	344	-	332
■ revaluation of financial instruments	1,107	645	481	759
■ accrued expenses and accrued income	178	38	180	36
■ earnings of flow-through entities	-	-	-	-
■ Insurance	81	70	81	78
■ other temporary differences	112	50	145	104
■ tax deficits	41	0	38	-
Offsets	-355	-355	-282	-282
TOTAL DEFERRED TAX ASSETS AND LIABILITIES	1,796	792	1,364	1,027

Deferred taxes are calculated according to the variable carry-forward principles.

Note 15 Accruals and other assets and liabilities

15a Accruals and other assets

	12/31/2022	12/31/2021
ACCRUALS		
Collection accounts	89	42
Currency adjustment accounts	30	365
Accrued income	525	594
Other accruals	2,526	3,776
Subtotal	3,170	4,777
OTHER ASSETS		
Securities settlement accounts	115	69
Miscellaneous receivables	4,148	3,305
Inventories and similar	34	20
Other	5	24
Subtotal	4,302	3,418
TOTAL	7,472	8,195

15b Accruals and other liabilities

	12/31/2022	12/31/2021
ACCRUALS		
Accounts unavailable due to recovery procedures	338	109
Currency adjustment accounts	1,365	49
Accrued expenses	1,282	1,082
Deferred income	529	488
Other accruals	3,791	4,937
Subtotal	7,305	6,665
OTHER LIABILITIES		
Lease obligations – Real estate	671	696
Lease obligations – Other	6	1
Securities settlement accounts	963	806
Outstanding amounts payable on securities	351	172
Miscellaneous creditors	1,939	1,393
Subtotal	3,930	3,068
TOTAL	11,235	9,733

15c Lease obligations by residual term

12/31/2022	≤ 1 year	1 year ≤ 3 years	3 years ≤ 6 years	6 years ≤ 9 years	> 9 years	TOTAL
Lease obligations	167	193	180	79	60	677
■ Real estate	165	192	177	79	60	671
■ Other	2	1	3	0	0	6

12/31/2021	≤ 1 year	1 year ≤ 3 years	3 years ≤ 6 years	6 years ≤ 9 years	> 9 years	TOTAL
Lease obligations	151	230	178	80	58	697
■ Real estate	150	230	178	80	58	696
■ Other	1	0	0	0	0	1

Note 16 Investments in equity consolidated companies

16a Share of net profit/(loss) of equity consolidated companies

12/31/2022	Country	Share held	Value of equity consolidation	Share of net profit/(loss)	Dividends received	Fair value of the investment (if listed)
ENTITIES UNDER SIGNIFICANT INFLUENCE						
ASTREE Assurances	Tunisia	30.00%	15	2	5	28
Banque de Tunisie	Tunisia	35.33%	149	17	6	149
Euro-Information	France	26.36%	645	31	1	NC*
Euro Protection Surveillance	France	22.25%	9	7	12	NC*
LYF SA	France	43.75%	7	0	0	NC*
SCI ACM Cotentin	France	35.32%	41	1	0	NC*
SCI La Tréflière	France	46.09%	10	0	0	NC*
Other equity investments	-	-	1	0	0	NC*
TOTAL	-	-	877	58	24	-

* NC: Not communicated.

12/31/2021	Country	Share held	Value of equity consolidation	Share of net profit/(loss)	Dividends received	Fair value of the investment (if listed)
ENTITIES UNDER SIGNIFICANT INFLUENCE						
ASTREE Assurances	Tunisia	30.00%	16	2	2	31
Banque de Tunisie	Tunisia	35.33%	135	-22	8	133
Euro-Information	France	26.36%	613	74	1	NC*
Euro Protection Surveillance	France	22.25%	17	6	205	NC*
LYF SA	France	43.75%	7	0	0	NC*
SCI ACM Cotentin	France	35.32%	40	2	0	NC*
SCI La Tréflière	France	46.09%	10	0	0	NC*
Other equity investments	-	-	1	0	-	NC*
Total (1)	-	-	839	62	216	-
JOINT VENTURES						
Bancas ⁽¹⁾	France	50.00%	0	0	0	NC*
FLOA (formerly Banque du Groupe Casino) ⁽¹⁾	France	50.00%	0	0	0	NC*
Total (2)	-	-	0	0	0	-
TOTAL (1) + (2)	-	-	839	62	216	-

* NC: Not communicated.

(1) Treatment according to IFRS 5 in 2021, see note 3e.

16b Financial data published by the main equity consolidated companies

	12/31/2022					
	Balance sheet total	NBI or Revenues	GOI	Net profit/(loss)	OCI reserves	Shareholders' equity
ENTITIES UNDER SIGNIFICANT INFLUENCE						
ASTREE Assurance ⁽²⁾	763	155	21	17	20	176
Banque de Tunisie ⁽¹⁾⁽²⁾	6,630	378	229	161	NC	1,103
Euro-Information ⁽¹⁾	2,185	1,422	117	285	0	1,999
Euro Protection Surveillance ⁽¹⁾	172	202	38	26	0	108
LYF SA	24	1	0	0	0	15
SCI La Tréflière	49	3	0	0	0	19

(1) 2021 amount.

(2) In millions of Tunisian Dinar.

NC: Not communicated.

	12/31/2021					
	Balance sheet total	NBI or Revenues	GOI	Net profit/(loss)	OCI reserves	Shareholders' equity
ENTITIES UNDER SIGNIFICANT INFLUENCE						
ASTREE Assurance ⁽²⁾	679	117	20	21	20	177
Banque de Tunisie ⁽¹⁾⁽²⁾	6,286	373	182	102	NC	1,021
Euro-Information ⁽¹⁾	1,907	1,368	74	386	0	1,713
Euro Protection Surveillance ⁽¹⁾	282	192	45	27	0	226
LYF SA	22	1	0	0	0	15
JOINT VENTURES						
FLOA (formerly Banque du Groupe Casino)	2,143	216	108	18	0	214

(1) 2020 amount.

(2) In millions of Tunisian Dinar.

NC: Not communicated.

Note 17 Investment property

	12/31/2021	Increase	Decrease	Other	12/31/2022
Historical cost	64	1	-5	6	66
Depreciation amortization and impairment	-34	-1	0	-3	-38
NET AMOUNT	30	0	-5	3	28

The fair value of investment property carried at amortized cost is comparable to its carrying amount.

Note 18 Property, plant and equipment and intangible assets

18a Property, plant and equipment

	12/31/2021	Increase	Decrease	Other ⁽¹⁾	12/31/2022
HISTORICAL COST					
Operating sites	482	2	-6	9	487
Operating buildings	3,026	108	-82	68	3,120
Usage rights – Real estate	1,078	79	-83	88	1,162
Usage rights – Other	4	2	0	3	9
Other property, plant and equipment	1,225	121	-145	27	1,228
Total	5,815	312	-316	195	6,006
DEPRECIATION AMORTIZATION AND IMPAIRMENT					
Operating sites	-14	-2	0	1	-15
Operating buildings	-2,028	-93	54	-43	-2,110
Usage rights – Real estate	-391	-155	51	-11	-506
Usage rights – Other	-3	-1	0	1	-3
Other property, plant and equipment	-911	-50	56	-29	-934
Total	-3,347	-301	161	-81	-3,568
NET AMOUNT	2,467	11	-153	113	2,438

(1) The other changes correspond to the membership of the CMNE federation on January 1, 2022.

18b Intangible assets

	12/31/2021	Increase	Decrease	Other	12/31/2022
HISTORICAL COST					
Internally developed intangible assets ⁽¹⁾	285	7	-1	0	291
Purchased intangible assets	1,101	33	-48	9	1,095
■ software	248	20	-11	3	260
■ other	853	13	-37	6	835
Total	1,386	40	-49	9	1,386
DEPRECIATION AMORTIZATION AND IMPAIRMENT					
Internally developed intangible assets ⁽¹⁾	-276	-6	1	0	-281
Purchased intangible assets	-621	-23	18	-7	-633
■ software	-202	-19	11	-3	-213
■ other	-419	-4	7	-4	-420
Total	-897	-29	19	-7	-914
NET AMOUNT	489	11	-30	2	472

(1) These headings correspond to software developed internally and capitalized in our subsidiaries Euro-Information and TARGOBANK AG.

Note 19 Goodwill

	12/31/2021	Increase	Decrease	Variation in impairment	Other	12/31/2022
Gross goodwill	4,544	33	-	-	-55	4,523
Write-downs	-1,446	-	-	-963	-4	-2,413
NET GOODWILL	3,098	33	0	-963	-58	2,110

Cash-generating units	Value of goodwill on 12/31/2021	Increase	Decrease	Variation in impairment	Other	Value of goodwill on 12/31/2022
TARGOBANK in Germany	1,976	-	-	-958	-	1,018
Crédit Industriel et Commercial (CIC)	506	-	-	-	-	506
Cofidis Group (formerly Cofidis Participations)	378	-	-	-	-	378
Cofidis France	79	-	-	-	-	79
GACM Seguros, Compañía de Seguros y Reaseguros, Sau	46	-	-	-	-46	0
Société d'investissement médias	-	33	-	-	-	33
SIIC Foncière Massena	26	-	-	-	-	26
Crédit Mutuel Equity SCR	21	-	-	-	-	21
Banque de Luxembourg	13	-	-	-	-	13
Agrupació AMCI d'Assegurances i Reassegurances SA	12	-	-	-	-12	0
Cofidis Italy	9	-	-	-	-	9
Banque Transatlantique	6	-	-	-	-	6
Dubly Transatlantique Gestion	5	-	-	-	-	5
Other	22	-	-	-5	-1	16
TOTAL	3,098	33	0	-963	-58	2,110

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 context of the health crisis, its consequences on net profit at December 31, 2022, and the macroeconomic uncertainties for the following years, have led the group to identify potential indications of impairment of goodwill. As a result, the group has updated the impairment tests for its main subsidiaries.

The recoverable amount is determined according to two types of methods:

- the fair value net of sales costs, which is based on observation of valuation multiples on comparable transactions or market parameters adopted by the analysts on entities with similar activities;
- the value in use, which is based on the discounting of expected future cash flows after taking into account capital requirements: this method is generally used as at December 31, 2022.

To determine the value in use, the cash flows are based on business plans determined by the management over a maximum period of five to seven years, then on projection of a flow to infinity according to a long-term growth rate. The latter is fixed at 2% for the whole of Europe, which is an assumption measured in comparison to inflation rates observed over a very long period. Business plans have been revised to take into account the consequences of the health crisis.

The cash flows used to calculate the value in use also take into account prudential capital requirements.

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. The cost of capital was discounted on December 31, 2022 with:

- 9.5% for Retail Banking and leasing CGUs based in Germany;
- 10% for Retail Banking, consumer credit and leasing CGUs based in France.

The cash flows used to calculate the value in use are determined on the basis of regulatory capital requirements.

In addition, following the establishment of these tests, an impairment of €958 million was recognized on TARGOBANK in Germany at December 31, 2022, related to the increase in discount rates during the year.

The main sensitivity factors of the recoverable amount test based on the value in use are the discount rate and the expected level of future cash flows, which is itself impacted by the following sensitivity factors:

- the achievement of business plans;
- the level of shareholders' equity allocated to each CGU;
- the perpetual growth rate.

When the value in use was used as an impairment test, the parameters and their sensitivity were as follows:

	TARGOBANK in Germany	Cofidis ^[1]	CIC
	Network bank	Consumer loan	Network bank
Cost of capital	9.5%	10%	10%
Effect of a 50 basis point increase in the cost of capital	-5%	-6%	-5%
Effect of a 50 basis point drop in the growth rate to infinity	-1%	-2%	-4%
Effect of a 50 basis point increase in CET1 capital requirements	-4%	-4%	-4%

[1] Cofidis France and Cofidis Group (former Participations).

If the above sensitivity assumptions were used, this would not entail any impairment of goodwill on Cofidis and CIC.

Note 20 Provisions and contingent liabilities

20a Provisions

	12/31/2021	Additions for the fiscal year	Reversals for the fiscal year (utilized provisions)	Reversals for the fiscal year (surplus provisions)	Other changes	12/31/2022
Provisions for risks	535	318	-21	-365	2	469
On guarantee commitments⁽²⁾	310	157	-8	-190	-7	262
■ of which 12-month expected losses [S1]	42	48	0	-29	-2	59
■ of which expected losses at termination [S2]	136	54	0	-119	0	71
■ of which provisions for execution of commitments upon signature	132	55	-8	-42	-5	132
On financing commitments⁽²⁾	127	114	-3	-142	3	99
■ of which 12-month expected losses [S1]	68	73	0	-70	1	72
■ of which expected losses at termination [S2]	56	39	0	-72	0	23
On country risks	0	0	0	0	0	0
Provisions for taxes	4	2	0	-2	0	4
Provisions for claims and litigation	67	20	-10	-17	-2	58
Provision for risk on miscellaneous receivables	27	27	-1	-15	9	47
Other provisions:	1,378	201	-130	-217	-6	1,227
■ Provisions for mortgage saving agreements	85	13	0	-11	0	87
■ Provisions for miscellaneous contingencies	874	85	-68	-202	6	695
■ Other provisions ⁽¹⁾	420	103	-62	-4	-12	445
Provisions for retirement commitments	1,080	66	-40	-75	-308	723
TOTAL	2,993	585	-191	-657	-312	2,419

(1) Other provisions mainly relate to provisions for French economic interest groups (GIE) totaling €382 million.

(2) At December 31, 2021, the item includes a specific impairment to take into account the effects of the Covid-19 crisis, which was reversed in 2022.

At December 31, 2022, the item includes a post-model adjustment. See note 1 – Accounting principles.

20b Retirement and other employee benefits

	12/31/2021	Additions for the fiscal year	Reversals for the fiscal year	Other changes	12/31/2022
DEFINED-BENEFIT PLANS NOT COVERED BY PENSION FUNDS:					
Retirement benefits	909	56	-90	-299	576
Supplementary pensions	79	7	-13	-18	55
Obligations for long-service awards (other long-term benefits)	82	0	-12	1	71
Subtotal recognized	1,070	63	-114	-317	702
SUPPLEMENTARY DEFINED-BENEFIT PENSIONS COVERED BY THE GROUP'S PENSION FUNDS:					
Commitments to employees and retirees ⁽¹⁾	9	3	0	9	21
Fair value of assets	-	-	-	-	-
Subtotal recognized	9	3	0	9	21
TOTAL AMOUNT RECOGNIZED	1,080	66	-114	-308	723

DEFINED-BENEFIT PLANS: MAIN ACTUARIAL ASSUMPTIONS

	12/31/2022	12/31/2021
Discount rate ⁽²⁾	3.40%	1.00%
Expected increase in salaries ⁽³⁾	Minimum 1%	Minimum 0.5%

(1) The provisions covering shortfalls in pension funds relate to entities located abroad.

(2) The discount rate, which is determined by reference to the long-term rate on private-sector borrowings, is based on the Iboxx index.

(3) The annual increase in salaries is the estimate of future inflation combined with the increase in salaries; it also depends on the age of the employee.

CHANGE IN THE PROVISION FOR RETIREMENT BENEFITS

	12/31/2021	Effect of dis-counting	Financial income	Cost of services rendered	Other, including past service cost	Actuarial gains and losses relating to changes in assumptions		Payment to beneficiaries	Contributions to plan	Mobility transfer	Other	12/31/2022
						demo-graphics	financial					
Commitments	1,365	11	0	49	0	6	-394	-41	-6	-4	5	991
Non-group insurance policies and externally-managed assets	456	0	5	0	0	0	-40	0	2	0	-8	415
Provisions	909	11	-4	49	0	6	-354	-41	-8	-4	13	576

DISCOUNT RATE SENSITIVITY

Liabilities at 2.9% [-50bp]		Liabilities at 3.90% [+50bp]		Duration
71		70		15

	12/31/2020	Effect of dis-counting	Financial income	Cost of services rendered	Other, including past service cost	Actuarial gains and losses relating to changes in assumptions		Payment to beneficiaries	Contributions to plan	Mobility transfer	Other	12/31/2021
						demo-graphics	financial					
Commitments	1,376	10	0	47	-1	0	-12	-36	0	-3	-15	1,365
Non-group insurance policies and externally--managed assets	449	0	3	3	-1	-5	6	-2	2	0	0	456
Provisions	928	10	-3	44	0	4	-18	-35	-2	-3	-15	909

VARIATION IN THE FAIR VALUE OF THE ASSETS OF THE PLAN

	Fair value of assets 12/31/2021	Effect of discounting	Actuarial gains and losses	Yield of plan assets	Contributions by plan members	Employer contributions	Payment to beneficiaries	Exchange rate effects	other	Fair value of assets 12/31/2022

BREAKDOWN OF FAIR VALUE OF PLAN ASSETS

	Assets quoted on an active market				Assets not quoted on an active market			
	Debt securities	Equity instruments	Real estate	Other	Debt securities	Equity instruments	Real estate	Other
Composition of the assets of the plan	68%	17%	0%	13%	0%	0%	2%	0%

20c Provisions for risks arising from commitments on mortgage saving agreements

	12/31/2022	12/31/2021
Mortgage saving plans (PEL)		
< 10 years	7,694	7,551
> 10 years	3,903	4,157
Total	11,597	11,708
Amounts outstanding under mortgage saving accounts (CEL)	782	711
TOTAL MORTGAGE SAVING AGREEMENTS (ACCOUNTS AND PLANS)	12,379	12,419

LOANS UNDER MORTGAGE SAVING AGREEMENTS

	12/31/2022	12/31/2021
Loans under mortgage saving agreements for which provisions for risks have been recognized in assets	6	9

PROVISIONS ON MORTGAGE SAVING AGREEMENTS

	12/31/2021	Net allocations/ reversals	Other changes	12/31/2022
On mortgage saving accounts	-	-	-	-
On mortgage saving plans	85	2	-	87
On loans under mortgage saving agreements	0	0	-	0
Total	85	2	-	87
PROVISIONS FOR MORTGAGE SAVING PLANS, BY MATURITY				
< 10 years	58	41	-	17
> 10 years	27	43	-	70
TOTAL	85	2	-	87

Mortgage savings accounts ("CEL") and mortgage savings plans ("PEL") 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 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 in the balance sheet to cover future expenses related 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 (mortgage savings plans). The impact on profit or loss is included in interest paid to customers.

The change in provisioning per plan generation is due to a change in the provisioning model, in which outflows are now linked to interest rates.

Note 21 Subordinated debt

	12/31/2022	12/31/2021
Subordinated debt	8,222	6,950
Participating loans	20	20
Perpetual subordinated debt	1,095	1,502
Related debt	114	82
TOTAL	9,451	8,554

PRINCIPAL SUBORDINATED DEBT

<i>(in € millions)</i>		Type	Date issuance	Issue Amount	Amount at year-end ⁽¹⁾	Rate	Term
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR		03/10/2014	€120m	€120m	4.25	06/27/2026
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR		05/21/2014	€1,000m	€975m	3.00	05/21/2024
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR		09/11/2015	€1,000m	€942m	3.00	09/11/2025
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR		03/24/2016	€1,000m	€917m	2.375	03/24/2026
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR		09/12/2016	€300m	€300m	2.130	09/12/2026
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR		11/04/2016	€700m	€628m	1.875	11/04/2026
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR		03/31/2017	€500m	€452m	2.625	03/31/2027
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR		11/15/2017	€500m	€447m	1.625	11/15/2027
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR		05/25/2018	€500m	€448m	2.500	05/25/2028
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR		06/18/2019	€1,000m	€1,000m	1.875	06/18/2029
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR		11/19/2021	€750m	€576m	1.125	11/19/2031
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR		06/16/2022	€1,250m	€1,175m	3.875	06/16/2032
CIC	Participatory		05/28/1985	€137m	€8m	⁽²⁾	⁽³⁾
Banque Fédérative du Crédit Mutuel	Borrowings		12/28/2005	€500m	€500m	⁽⁴⁾	TBD
Banque Fédérative du Crédit Mutuel	TSS		11/09/2004	€66m	€66m	CMS10 cap 8	TBD
Banque Fédérative du Crédit Mutuel	TSS		12/15/2004	€436m	€420m	⁽⁵⁾	TBD
Banque Fédérative du Crédit Mutuel	TSS		02/25/2005	€92m	€92m	⁽⁶⁾	TBD

⁽¹⁾ Net intra-group amounts and revaluation differences on hedged instruments.

⁽²⁾ Minimum 85% (TAM*+TMO)/2 Maximum 130% (TAM*+TMO)/2.

* For the purpose of calculating this rate, as of January 3, 2022, any reference to the monthly average money market rate will be deemed to be a reference to the EuroSTR (Regulation (EU) 2021/1848 of October 21, 2021).

⁽³⁾ Non-depreciable, but reimbursable at creditor's discretion as of May 28, 1997 at 130% of the nominal value revalued by 1.5% per year for future years.

⁽⁴⁾ Euribor 1 year +0.3 basis points.

⁽⁵⁾ CMS 10 years ISDA CIC +10 basis points.

⁽⁶⁾ CMS 10 years ISDA +10 basis points.

Note 22 Reserves related to capital and reserves

22a Shareholders' equity attributable to the group (excluding profit and loss and unrealized gains and losses)

	12/31/2022	12/31/2021
Capital and reserves related to capital	6,494	6,197
■ Capital	1,711	1,689
■ Issue premium, contribution, merger, split, conversion	4,784	4,509
Consolidated reserves	24,097	21,758
■ Regulated reserves	9	9
■ Other reserves (including effects related to initial application)	24,089	21,750
of which profit on disposal of equity instruments	135	144
■ of which Retained earnings	0	0
TOTAL	30,593	27,957

22b Unrealized or deferred gains and losses

	12/31/2022	12/31/2021
Unrealized or deferred gains and losses ⁽¹⁾ relating to:	-	-
■ translation adjustments	151	81
■ insurance business investments (assets available-for-sale)	-384	1,041
■ financial assets at fair value through recyclable equity – debt instruments	-196	-22
■ financial assets at fair value through non-recyclable equity – equity instruments	69	75
■ hedging derivatives (CFH)	19	2
■ share of unrealized or deferred gains and losses of associates	-39	-39
■ actuarial gains and losses on defined benefit plans	-60	-299
TOTAL	-441	839

(1) Balances net of corporation tax and after shadow accounting treatment.

22c Recycling of gains and losses directly recognized in shareholders' equity

	12/31/2022	12/31/2021
	Operations	Operations
Translation adjustments	-	-
Reclassification in income	0	0
Other movement	69,541	131
Subtotal	70	131
Revaluation of financial assets at FVOCI – debt instruments	-	-
Reclassification in income	0	0
Other movement	-173	60
Subtotal	-173	60
Revaluation of financial assets at FVOCI – equity instruments	-	-
Reclassification in income	0	0
Other movement	-6	21
Subtotal	-6	21
Revaluation of Insurance investments	-	-
Reclassification in income	0	0
Other movement	-1,425	-52
Subtotal	-1,425	-52
Remeasurement of hedging derivatives	-	-
Reclassification in income	0	0
Other movement	17	2
Subtotal	17	2
Actuarial gains and losses on defined benefit plans	239	32
Share of unrealized or deferred gains and losses of associates	-1	0
TOTAL	-1,280	194

22d Tax related to each category of gains and losses recognized directly in shareholders' equity

	12/31/2022			12/31/2021		
	Gross value	Tax	Net amount	Gross value	Tax	Net amount
Translation adjustments	70	0	70	131	0	131
Revaluation of financial assets at FVOCI – debt instruments	-230	56	-173	86	-26	60
Revaluation of financial assets at FVOCI – equity instruments	-5	0	-6	23	-1	21
Revaluation of Insurance investments	-1,948	523	-1,425	-124	72	-52
Remeasurement of hedging derivatives	23	-6	17	2	-1	2
Actuarial gains and losses on defined benefit plans	349	-110	239	37	-4	32
Share of unrealized or deferred gains and losses of associates	-1	0	-1	0	0	0
CHANGES IN GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY	-1,742	462	-1,280	156	39	194

Note 23 Commitments given and received

COMMITMENTS GIVEN

	12/31/2022	12/31/2021
Financing commitments	66,879	62,204
Liabilities due to credit institutions	491	739
Commitments to customers	66,388	61,465
Guarantee commitments	31,119	28,596
Credit institution commitments	5,360	5,267
Customer commitments	25,759	23,329
Securities commitments	2,410	2,185
Other commitments given	2,410	2,185
Commitments pledged from Insurance	5,558	5,697

COMMITMENTS RECEIVED

	12/31/2022	12/31/2021
Financing commitments	16,409	6,963
Commitments received from credit institutions	16,409	6,963
Guarantee commitments	104,383	93,084
Commitments received from credit institutions	56,388	53,402
Commitments received from customers	47,995	39,682
Securities commitments	1,872	1,870
Other commitments received	1,872	1,870
Commitments received from Insurance	5,614	5,071

SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	12/31/2022	12/31/2021
Assets sold under repurchase agreements	52,010	58,015
Related liabilities	53,318	58,516

OTHER ASSETS GIVEN AS COLLATERAL FOR LIABILITIES

	12/31/2022	12/31/2021
Loaned securities	390	0
Security deposits on market transactions	9,359	4,127
TOTAL	9,749	4,127

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.

Note 24 Interest income and expense

	12/31/2022		12/31/2021	
	Income	Expenses	Income	Expenses
Credit institutions and central banks ⁽¹⁾	1,267	-745	-289	177
Customers	7,640	-1,293	6,527	-754
■ of which finance and operating leases	659	-209	621	-242
■ of which lease obligations	0	-7	0	-6
Hedging derivatives	2,699	-2,451	2,539	-2,258
Financial instruments at fair value through profit or loss	665	-84	452	-37
Financial assets at fair value through equity/Available-for-sale assets	436	0	244	0
Securities at amortized cost	30	0	38	0
Debt securities	0	-1,825	0	-1,050
Subordinated debt	0	-14	0	-4
TOTAL	12,737	-6,413	9,511	-3,926
<i>Of which interest income and expense calculated at effective interest rate:</i>	9,373	-3,877	6,520	-1,631

(1) Of which a -€284 million impact of negative interest rates on income and +€206 million in expenses in 2022, and a -€748 million impact of negative interest rates on income and +€686 million in expenses in 2021.

(2) Interest expenses on central banks include interest calculated as part of TLTRO III transactions, for which the terms and conditions were specified by the ECB (see note 1 – Accounting principles).

Note 25 Commission income and expense

	12/31/2022		12/31/2021	
	Income	Expenses	Income	Expenses
Credit institutions	19	-17	9	-7
Customers	1,308	-14	1,211	-20
Securities	1,035	-76	1,118	-108
■ of which activities managed on behalf of third parties	754	0	833	0
Derivative instruments	7	-11	7	-9
Currency transactions	26	-2	24	-2
Funding and guarantee commitments	93	-95	60	-45
Services provided	1,775	-1,062	1,520	-839
TOTAL	4,263	-1,276	3,950	-1,030

Note 26 Net gains on financial instruments at fair value through profit or loss

	12/31/2022	12/31/2021
Trading instruments	248	168
Instruments accounted for under the fair value option	32	-35
Ineffective portion of hedges	22	-24
On fair value hedges (FVH)	22	-24
■ Change in the fair value of hedged items	2,001	502
■ Change in fair value of hedging instruments	-1,979	-526
Foreign exchange gains/(losses)	37	52
Other financial instruments at fair value through profit or loss ⁽¹⁾	325	718
TOTAL CHANGES IN FAIR VALUE	665	879

(1) Of which €350 million came from private equity in 2022 compared to €496 million in 2021. The other changes correspond to changes in the fair value of the other portfolios at fair value.

Note 27 Net gains/(losses) on financial assets at fair value through equity

	12/31/2022	12/31/2021
Dividends	24	23
Realized gains and losses on debt instruments	-161	47
TOTAL	-137	70

Note 28 Net gains/(losses) resulting from derecognition of financial assets at amortized cost

	12/31/2022	12/31/2021
Financial assets at amortized cost	-	-
Gains/(losses) on:	0	1
Government securities	0	0
Bonds and other fixed-income securities	0	1
TOTAL	0	1

Note 29 Net income from Insurance

	12/31/2022	12/31/2021
INSURANCE POLICIES		
Premiums earned	11,413	11,419
Service charges	-8,179	-7,941
Change in provisions	607	-4,860
Other technical and non-technical income and expenses	73	69
Net income from investments	-1,557	3,546
Net income on insurance policies	2,357	2,233
Interest margin/fees	-8	-8
Net income on financial assets	-8	-8
Other net income	3	11
NET INCOME FROM INSURANCE	2,352	2,236

Note 30 Income/expenses generated by other activities

	12/31/2022	12/31/2021
INCOME FROM OTHER ACTIVITIES		
Rebilled expenses	109	91
Other income	819	647
Subtotal	927	739
EXPENSES ON OTHER ACTIVITIES		
Investment property:	-2	-2
■ additions to provisions/depreciation	-2	-2
■ capital losses on disposals	0	0
Other expenses	-447	-525
Subtotal	-449	-527
NET TOTAL OF OTHER INCOME AND EXPENSES	479	211

Note 31 General operating expenses

	12/31/2022	12/31/2021
Employee benefit expense	-3,660	-3,401
Other expenses	-3,256	-2,949
TOTAL	-6,916	-6,348

31a Employee benefit expense

	12/31/2022	12/31/2021
Wages and salaries	-2,480	-2,238
Social security contributions	-755	-760
Short-term employee benefits	-2	-2
Employee profit-sharing and incentive schemes	-220	-202
Payroll-based taxes	-201	-200
Other	-2	1
TOTAL	-3,660	-3,401

AVERAGE WORKFORCE

	12/31/2022	12/31/2021
Bank technical staff	23,797	23,669
Managers	17,106	16,180
TOTAL	40,903	39,849
France	28,227	28,023
Rest of the world	12,676	11,826
Registered workforce ⁽¹⁾	47,246	45,806

(1) The registered workforce corresponds to the total number of employees at end-of-period for entities controlled by the group, which differs from the average full-time equivalent (so-called FTE) workforce, which focuses solely on full consolidation.

31b Other operating expenses

	12/31/2022	12/31/2021
Taxes and duties ⁽¹⁾	-505	-390
Leases	-204	-172
■ short-term asset leases	-81	-84
■ low value/substitutable asset leases ⁽²⁾	-115	-78
■ other leases	-8	-10
Other external services	-2,233	-2,099
Other miscellaneous expenses	22	30
TOTAL	-2,922	-2,632

(1) The entry "Taxes and duties" includes an expense of -€251 million as part of the contribution to the Single Resolution Fund in 2022, compared to a -€181 million expense in 2021.

(2) Includes IT equipment.

31c Movements in depreciation, amortization and impairment for property, plant and equipment and intangible assets

	12/31/2022	12/31/2021
Depreciation and amortization:	-333	-316
■ property, plant and equipment	-300	-289
including usage rights	-156	-151
■ intangible assets	-33	-27
Write-downs:	-1	-1
■ property, plant and equipment	-2	-1
■ intangible assets	1	0
TOTAL	-334	-317

Note 32 Cost of counterparty risk

	12/31/2022	12/31/2021
12-month expected losses (S1)	-269	-77
Expected losses at maturity (S2)	349	-9
Impaired assets (S3)	-824	-561
TOTAL	-743	-647

12/31/2022	Allocations	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)	-635	366	-	-	-	-269
■ Loans and receivables due from credit institutions at amortized cost	-3	2	-	-	-	-1
■ Receivables from customers at amortized cost	-500	258	-	-	-	-242
■ of which finance leases	-58	25	-	-	-	-33
■ Financial assets at amortized cost – Securities	-1	1	-	-	-	0
■ Financial assets at fair value through equity – Debt securities	-10	6	-	-	-	-4
■ Financial assets at fair value through equity – Loans	0	0	-	-	-	0
■ Commitments given	-121	99	-	-	-	-22
Expected losses at maturity (S2)	-708	1,057	-	-	-	349
■ Loans and receivables due from credit institutions at amortized cost	-1	0	-	-	-	-1
■ Receivables from customers at amortized cost	-612	860	-	-	-	248
■ of which finance leases	-61	62	-	-	-	1
■ Financial assets at amortized cost – Securities	0	0	-	-	-	0
■ Financial assets at fair value through equity – Debt securities	-3	6	-	-	-	3
■ Financial assets at fair value through equity – Loans	0	0	-	-	-	0
■ Commitments given	-92	191	-	-	-	99
Impaired assets (S3)	-1,372	1,392	-668	-301	125	-824
■ Loans and receivables due from credit institutions at amortized cost	0	0	0	0	0	0
■ Receivables from customers at amortized cost	-1,301	1,312	-658	-290	125	-812
■ of which finance leases	-12	17	-7	-5	1	-6
■ Financial assets at amortized cost – Securities	0	19	0	0	0	19
■ Financial assets at fair value through equity – Debt securities	0	0	-8	0	0	-8
■ Financial assets at fair value through equity – Loans	0	0	0	0	0	0
■ Commitments given	-71	61	-2	-11	0	-23
TOTAL	-2,714	2,815	-668	-301	125	-743

12/31/2021	Allocations	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)	-413	336	-	-	-	-77
■ Loans and receivables due from credit institutions at amortized cost	-1	1	-	-	-	0
■ Receivables from customers at amortized cost	-315	238	-	-	-	-77
■ of which finance leases	-27	27	-	-	-	0
■ Financial assets at amortized cost – Securities	0	1	-	-	-	1
■ Financial assets at fair value through equity – Debt securities	-6	6	-	-	-	0
■ Financial assets at fair value through equity – Loans	0	0	-	-	-	0
■ Commitments given	-91	90	-	-	-	-1
Expected losses at maturity (S2)	-465	456	-	-	-	-9
■ Loans and receivables due from credit institutions at amortized cost	0	0	-	-	-	0
■ Receivables from customers at amortized cost	-385	348	-	-	-	-37
■ of which finance leases	-43	42	-	-	-	-1
■ Financial assets at amortized cost – Securities	-1	0	-	-	-	-1
■ Financial assets at fair value through equity – Debt securities	-4	1	-	-	-	-3
■ Financial assets at fair value through equity – Loans	0	0	-	-	-	0
■ Commitments given	-75	107	-	-	-	32
Impaired assets (S3)	-1,126	1,735	-1,033	-271	134	-561
■ Loans and receivables due from credit institutions at amortized cost	0	0	0	0	0	0
■ Receivables from customers at amortized cost	-1,030	1,536	-901	-269	134	-530
■ of which finance leases	-11	21	-10	-4	1	-3
■ Financial assets at amortized cost – Securities	-21	132	0	0	0	111
■ Commitments given	-75	67	0	-2	0	-10
TOTAL	-2,004	2,527	-1,033	-271	134	-647

Note 33 Gains/(losses) on disposals of other assets

	12/31/2022	12/31/2021
Property, plant and equipment and intangible assets	-2	-8
■ Capital losses on disposals	-19	-19
■ Capital gains on disposals	17	11
Net gains/(losses) on disposals of shares in consolidated entities	-233	0
TOTAL	-235	-8

Note 34 Changes in the value of goodwill

	12/31/2022	12/31/2021
Impairment of goodwill	-964	-847
Negative goodwill stated in profit or loss	0	0
TOTAL	-964	-847

An impairment of €958 million was recognized on TARGOBANK in Germany at December 31, 2022, related to the increase in discount rates during the year.

Note 35 Income tax

BREAKDOWN OF INCOME TAX EXPENSE

	12/31/2022	12/31/2021
Current taxes	-1,171	-1,305
Deferred tax expense	-74	1
Adjustments in respect of prior fiscal years	11	24
TOTAL	-1,234	-1,280

RECONCILIATION BETWEEN THE INCOME TAX EXPENSE RECOGNIZED AND THE THEORETICAL INCOME TAX EXPENSE

	12/31/2022	12/31/2021
Taxable result	3,812	4,060
Theoretical tax rate	25.83%	28.41%
Theoretical tax expense	-985	-1,153
Impact of preferential "SCR" and "SICOMI" rates	82	112
Impact of reduced rate on long-term capital gains	38	19
Impact of different tax rates paid by foreign subsidiaries	-21	3
Permanent differences	-357	-240
Other	9	-21
Income tax expense	-1,234	-1,280
EFFECTIVE TAX RATE	32.38%	31.53%

Note 36 Earnings per share

	12/31/2022	12/31/2021
Net profit attributable to the group	2,288	2,487
Number of shares at beginning of year	33,770,590	33,770,590
Number of shares at end of year	34,225,594	33,770,590
Weighted average number of shares	33,998,092	33,770,590
Basic earnings per share	67.31	73.63
Weighted average number of shares that may be issued	0	0
Diluted earnings per share	67.31	73.63

Note 37 Related party transactions

BALANCE SHEET ITEMS PERTAINING TO RELATED PARTY TRANSACTIONS

	12/31/2022			12/31/2021		
	Associates (companies accounted for using the equity method)	Other establishments belonging to the National Confederation	Crédit Mutuel Alliance Fédérale parent companies	Associates (companies accounted for using the equity method)	Other establishments belonging to the National Confederation	Crédit Mutuel Alliance Fédérale parent companies
ASSETS						
Financial assets at fair value through profit or loss	0	312	0	0	28	0
Hedging derivatives	0	0	27	0	0	835
Financial assets at FVOCI	0	0	0	20	0	0
Financial assets at amortized cost	11	2,282	33,941	1,852	4,200	30,522
Investments in insurance business line	0	0	7	0	19	0
Other assets	5	0	1	0	0	0
TOTAL	16	2,594	33,976	1,872	4,247	31,357
LIABILITIES						
Liabilities at fair value through profit or loss	0	152	0	0	9	0
Debt securities	0	20	0	0	0	0
Liabilities to credit institutions	26	460	14,144	112	438	8,427
Due to customers	1,175	27	26	1,193	501	25
Liabilities relative to contracts of Insurance	0	55	0	0	205	0
Subordinated debt	0	10	500	0	10	500
Miscellaneous liabilities	82	1	4	33	5	0
TOTAL	1,283	725	14,674	1,338	1,168	8,952
Financing commitments given	0	6	2	35	0	0
Guarantee commitments given	26	42	4,688	0	0	4,486
Financing commitments received	0	0	5	0	0	0
Guarantee commitments received	0	720	2,238	0	708	2,755

BALANCE SHEET ITEMS PERTAINING TO RELATED PARTY TRANSACTIONS

	12/31/2022			12/31/2021		
	Associates (companies accounted for using the equity method)	Other establishments belonging to the National Confederation	Crédit Mutuel Alliance Fédérale parent companies	Associates (companies accounted for using the equity method)	Other establishments belonging to the National Confederation	Crédit Mutuel Alliance Fédérale parent companies
Interest income	5	11	550	12	18	426
Interest expense	0	-17	-241	0	-31	-36
Commission income	9	0	22	6	0	19
Commission expense	-47	-9	-62	-47	-3	-28
Net gains/(losses) on financial assets at FVOCI and FVPL	10	-108	-2	60	12	0
Net income from Insurance	1	-118	-674	-36	-231	-553
Other income and expenses	-15	0	1	-10	0	0
General operating expenses	-759	-1	-146	-675	0	-130
TOTAL	-797	-242	-551	-690	-235	-302

Note 38 Fair value hierarchy of financial instruments recognized at amortized cost

The fair values presented are estimated as of December 31, 2022 from a discounted future cash flows calculation based on a risk-free yield curve to which a credit spread is added for asset calculations, calculated globally for Crédit Mutuel Alliance Fédérale and reviewed each year.

The financial instruments presented in this information are loans and borrowings. They do not include non-monetary items (shares), accounts payable and other assets, other liabilities and 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.

Certain group entities may also make 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 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, 2022.

12/31/2022	Market value	Carrying amount	Level 1	Level 2	Level 3	TOTAL
Financial assets at amortized cost – IFRS 9	358,882	383,645	2,185	63,063	293,634	358,882
Loans and receivables due from credit institutions	55,852	57,969	0	55,852	0	55,852
Loans and receivables due from customers	299,742	322,279	0	6,269	293,474	299,742
Securities	3,287	3,397	2,185	943	160	3,287
Investments in insurance business line at amortized cost	10,186	10,428	4,396	5,790	0	10,186
Loans and receivables	5,790	5,790	0	5,790	0	5,790
Held-to-maturity	4,396	4,638	4,396	0	0	4,396
Financial liabilities at amortized cost – IFRS 9	491,853	502,667	0	366,533	125,320	491,853
Liabilities to credit institutions	73,267	74,310	0	73,267	0	73,267
Due to customers	282,511	283,698	0	167,284	114,839	282,122
Debt securities ⁽¹⁾	127,353	135,208	0	117,261	10,093	127,353
Subordinated debt	8,722	9,451	0	8,722	0	8,722
Insurance business liabilities at amortized cost	1,037	1,037	911	127	0	1,037
Liabilities to credit institutions	127	127	0	127	0	127
Debt securities	0	0	0	0	0	0
Subordinated debt	911	911	911	0	0	911

12/31/2021	Market value	Carrying amount	Level 1	Level 2	Level 3	TOTAL
Financial assets at amortized cost – IFRS 9	355,279	347,180	2,195	64,078	289,006	355,279
Loans and receivables due from credit institutions	57,276	57,059	0	57,151	125	57,276
Loans and receivables due from customers	294,282	286,482	0	5,621	288,660	294,281
Securities	3,722	3,640	2,195	1,306	221	3,722
Investments in insurance business line at amortized cost	11,517	10,681	6,392	5,124	0	11,517
Loans and receivables	5,124	5,124	0	5,124	0	5,124
Held-to-maturity	6,392	5,556	6,392	0	0	6,392
Financial liabilities at amortized cost – IFRS 9	485,002	481,154	0	379,890	105,112	485,002
Liabilities to credit institutions	77,404	76,881	0	76,396	1,009	77,404
Due to customers	274,934	274,257	0	170,831	104,103	274,934
Debt securities ⁽¹⁾	123,423	121,463	0	123,423	0	123,423
Subordinated debt	9,240	8,554	0	9,240	0	9,240
Insurance business liabilities at amortized cost	1,181	1,181	1,053	128	0	1,181
Liabilities to credit institutions	128	128	0	128	0	128
Debt securities	0	0	0	0	0	0
Subordinated debt	1,053	1,053	1,053	0	0	1,053

(1) The fair value of financial liabilities at amortized cost in the balance sheet is disclosed above in accordance with IFRS 13. An in-depth review of fair value levels was undertaken in 2022. The classification method for the various levels of fair value has been refined. As a result, financial liabilities were reclassified from level 2 to level 3 for €10,093 million at December 31, 2022 and €6,978 million at December 31, 2021.

Note 39 Relations with the group's key executives

During the year, the group's key executives (Chairman of the Board of Directors and Chief Executive Officer) 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 BFCM or CIC was 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.

COMPENSATION PAID OVERALL TO KEY EXECUTIVES⁽¹⁾

	12/31/2022	12/31/2021
<i>(in € thousands)</i>	Overall compensation	Overall compensation
Corporate officers – Management Committee – Board members receiving compensation	9,619	8,475

⁽¹⁾ See also the section on corporate governance.

The amount of provisions for retirement benefits and long-service awards amounted to €2,077 thousand as of December 31, 2022.

Note 40 Events after the reporting period and other information

The consolidated financial statements of BFCM, closed as of December 31, 2022, were approved by the Board of Directors as of February 8, 2023.

Note 41 Risk exposure

The information on risk exposure as required by IFRS 7 is given in Chapter 5.

Note 42 Fees to statutory auditors

	12/31/2022			
	Klynveld Peat Marwick Goerdeler		PricewaterhouseCoopers France	
	Amount (in millions of euros ex VAT)	%	Amount (in millions of euros ex VAT)	%
AUDIT OF THE ACCOUNTS				
■ BFCM	0.246	1%	0.386	5%
■ Audit of the accounts	8.129	74%	4.185	76%
NON-AUDIT SERVICES*				
■ BFCM	0.846	8%	0.342	10%
■ Fully consolidated subsidiaries	1.903	17%	0.477	9%
TOTAL	11,123	100%	5,390	100%
<i>of which fees paid to the statutory auditors in France for the statutory audit of the financial statements:</i>	5,004	-	3,725	-
<i>of which fees paid to the statutory auditors in France for services other than the statutory audit of the financial statements:</i>	1,205	-	0,414	-

	12/31/2021			
	Ernst & Young et Autres		PricewaterhouseCoopers France	
	Amount (in millions of euros ex VAT)	%	Amount (in millions of euros ex VAT)	%
AUDIT OF THE ACCOUNTS				
■ BFCM	0.139	4%	0.25	6%
■ Fully consolidated subsidiaries	2.832	72%	3.075	70%
NON-AUDIT SERVICES *				
■ BFCM	0.051	1%	0.83	19%
■ Fully consolidated subsidiaries	0.905	23%	0.228	5%
TOTAL	3,927	100%	4,388	100%
<i>of which fees paid to the statutory auditors in France for the statutory audit of the financial statements:</i>	1,319	-	2,406	-
<i>of which fees paid to the statutory auditors in France for services other than the statutory audit of the financial statements:</i>	0,082	-	0,962	-

* The main types of non-audit services are certificates, letters of comfort and agreed procedures.

7.3 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

[Year ended December 31, 2022]

To the Shareholders' Meeting

Opinion

In performance of the mission entrusted to us by your Shareholders' Meetings, we have audited the consolidated financial statements of Banque Fédérative du Crédit Mutuel for the fiscal year ended December 31, 2022, as attached hereto.

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 believe 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 accordance with the rules of independence provided for by the French Commercial Code and the code of conduct of the statutory auditors, during the period from January 1, 2022 to the date our report was issued, and in particular, we did not provide any services prohibited by Article 5, paragraph 1, of the Regulation (EU) No. 537/2014.

Justification of the assessment – Key points of the audit

Pursuant to the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code pertaining to justification of our assessment, we bring to your attention key points of the audit as they pertain to the risk of material misstatements, which according to our professional judgment, were the most important for the audit of the consolidated financial statements, as well as our response 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 and the formation of our opinion as expressed above. We have no opinion regarding elements of these consolidated financial statements taken separately.

CREDIT RISK AND VALUATION OF IMPAIRMENTS ON CUSTOMER LOAN PORTFOLIOS

Identified risk

BFCM group banks are exposed to credit risks inherent to their activities, particularly with regard to customer loans.

In this respect and as indicated in note 1-II-1-8 to the consolidated financial statements, the group recognizes impairments according to the IFRS 9 model:

- For non-downgraded performing loans (stage 1) and downgraded performing loans (stage 2), provisioning is made on the basis of expected credit losses at twelve months and maturity, respectively.
- For non-performing loans (stage 3), the impairment is equal to the difference between the carrying amount and the estimated future cash flows, allowing for collateral or other guarantees, present-discounted at the interest rate of the original loan.

The classification of outstandings between the various stages provided for by IFRS 9 and the measurement of expected or actual credit losses for customer loan portfolios require the exercise of greater judgment and the consideration of assumptions by the BFCM group, in particular in order to:

- determine the methods used to assess the significant deterioration in credit risk in order to classify the outstandings into stages 1 and 2 or the proven risk (stage 3), depending in particular on the business segments;
- estimate the amount of expected credit losses for the various stages, 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 10c to the consolidated financial statements, as of December 31, 2022, the total gross amount of customer loans outstanding amounted to €330,282 million and the total amount of impairment was €8,003 million.

Given the importance of judgment in the assessment of credit risk and the determination of impairments on customer loans (stages 1 to 3), in particular, in a context of persistent uncertainties marked by the conflict in Ukraine, tensions on commodities and energy, as well as the return of inflation and a rapid rise in interest rates, we considered that the classification of outstanding customer loans between the different categories provided for by the standard IFRS 9 and the valuation of recognized impairments is a key audit matter.

Our response

With regard to outstandings classified in stages 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 receivables between the various stages and assess the amount of expected credit losses;
 - a review of the methods and measures used for the various parameters and models for calculating expected credit losses;
- the analysis of the methods used to determine 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;
- carrying out data analysis work relating to the correct classification of outstandings by category (stages 1 and 2);
- examining the reconciliations made between the data from the IT tools used to calculate expected losses and the accounts;
- analyzing changes in the portfolio and levels of impairment, by stage and for a selection of entities between December 31, 2021 and December 31, 2022 in order to assess their overall consistency.

As regards outstandings classified in stage 3, we reviewed the processes and tested the controls put in place by your group to identify loans and receivables presenting a proven risk of default, as well as the procedures for estimating the corresponding impairments, in a context of persistent uncertainties marked by the conflict in Ukraine, tensions on commodities and energy, as well as the return of inflation and a rapid rise in interest rates. The work consisted mainly of reviewing:

- the application of the classification of outstandings under stage 3 in a sampling of loans;
- the systems that guarantee the quality of the data used by calling on our IT specialists;
- the credit risk monitoring process, by taking note of the conclusions of the specialized committees in charge of monitoring stage 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 to check the documentation of the credit rating;
- changes over time in key indicators: ratio of stage 3 outstandings to total outstandings and coverage ratio of stage 3 outstandings by depreciation. Each time that an indicator differed from the average, we analyzed the differences observed.

Lastly, we have assessed the appropriate nature of the information provided in the notes to the consolidated financial statements.

VALUATION OF COMPLEX FINANCIAL INSTRUMENTS CLASSIFIED AS LEVEL 2 AND LEVEL 3 FAIR VALUE

Identified risk	Our response
<p>As part of its proprietary trading and group treasury activities and in connection with the services offered to customers, your group holds financial instruments for trading purposes.</p> <p>These financial instruments are financial assets or liabilities recognized in the balance sheet at their fair value as mentioned in note 1. II-1-1-1 "Loans, receivables and debt securities acquired" 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.</p> <p>As presented in note 8 to the consolidated financial statements, at December 31, 2022, the total amount of financial instruments classified in levels 2 and 3 at fair value amounted to €22,877 million.</p> <p>In our opinion, the valuation of complex financial instruments classified under level 2 and level 3 fair value was a key point of the audit as it entails a significant risk of material misstatements in the consolidated financial statements, requiring the exercise of judgment, particularly regarding:</p> <ul style="list-style-type: none"> ■ the determination of unobservable market valuation inputs 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 account for risks such as counterparty or liquidity risks; ■ the analysis of any valuation differences with counterparties recorded in the context of margin calls. 	<p>We reviewed the processes and controls implemented by the group to identify and measure complex financial instruments, including:</p> <ul style="list-style-type: none"> ■ the governance of valuation models and value adjustments; ■ independent justification and 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. <p>Our audit team included specialists in the valuation of complex financial instruments. With their assistance, we also:</p> <ul style="list-style-type: none"> ■ 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; ■ reviewed the main differences in margin calls, in order to assess the consistency of the valuations previously used; ■ analyzed the criteria used in the fair value hierarchy as described in note 8 "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 FAIR VALUE LEVEL 3 INVESTMENTS

Identified risk	Our response
<p>Through its private equity subsidiaries, your group has investments recognized at fair value through profit or loss.</p> <p>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".</p> <p>If the financial instrument is traded in an active market, its fair value is the quoted price. In order to estimate the fair value of securities when they are not listed in 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.</p> <p>Due to the use of judgment in the determination of fair value for unlisted financial instruments and the complexity of its modeling, particularly in a context of persistent uncertainties characterized by the conflict in Ukraine, tensions in the commodities and energy markets, as well as the return of inflation and a rapid rise in interest rates, we considered that the valuation of the equity investments recognized in level 3 of the fair value of the private equity division was a key point of the audit.</p>	<p>We have reviewed the processes and controls put in place by your group pertaining to the valuation of equity investments recognized at fair value in level 3 of the private equity division.</p> <p>The work performed with our assessment and modeling based on a sampling, has consisted of:</p> <ul style="list-style-type: none"> ■ 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 assessing the inclusion of the context in the data used for the valuation; ■ where applicable, verifying that the valuation used by your group was comparable to the price observed during a similar and recent transaction.

VALUATION OF GOODWILL

Identified risk

Your group has undertaken external growth operations which led to the recognition of goodwill. This goodwill amounted to €2,110 million in net value at December 31, 2022 and is presented in a separate line in the balance sheet and in note 19 - Goodwill to the consolidated financial statements.

As noted in note 1.I.8 to the consolidated financial statements, goodwill represents the difference between the carrying amount and the fair value of the assets and liabilities of the entities acquired.

Goodwill is allocated to Cash-Generating Units and is subject to impairment tests at least once a year or whenever an indication of loss of value appears. When their recoverable amount falls below the carrying amount, impairment is recognized. As indicated in note 19 to the consolidated financial statements, the recoverable amount is determined according to two methods:

- the fair value net of selling costs, based on observing valuation ratios on comparable transactions or market parameters selected by analysts on entities with similar activities;
- the value in use, which is based on discounting future expected cash flows to current value.

As regards the value in use, cash flows are based on medium-term business plans drafted by management, then on an ad infinitum forecast according to a long-term growth rate after taking into account capital requirements.

We considered that the assessment of goodwill constitutes a key point of the audit owing to:

- its material significance on your group's consolidated balance sheet;
- the significance of management's judgment when choosing the recoverable amount method and regarding the value in use, the assumptions of future results of the companies in question and the discount rate applied to projected cash flows.

Our response

We took note of the processes implemented by the group to measure the need for impairment of goodwill.

The work performed with our assessment and modeling experts to examine the recoverable amount determined by your group specifically consisted of:

- an analysis of the methodology used;
- an assessment of the main parameters and assumptions used in comparison with the available market data.

As regards the value in use method, we also performed:

- a review of the projected business plans from which projected cash flows were determined;
- a recalculation of the values in use determined by your group for a sampling of goodwill;
- an analysis of the available sensitivity tests (as presented in note 19) in order to assess the value in use used.

VALUATION OF MATHEMATICAL PROVISIONS ON BORROWER INSURANCE POLICIES AND RESERVES FOR TANGIBLE AUTO CLAIMS

Identified risk

The accounting principles and valuation rules applied to the liabilities generated by insurance company policies are those of IFRS 4 as indicated in note 1.II.2.3 "Non-financial liabilities" of the notes to the consolidated financial statements.

As of December 31, 2022, the technical reserves of the insurance policies stood at €99,217 million, as set out in note 13b "Liabilities relative to contracts of Insurance" in the notes to the consolidated financial statements.

Among these liabilities, the mathematical provisions on borrower insurance policies correspond to the redemption values of life insurance policies, while the provisions for claims on non-life insurance policies (tangible Auto claims) correspond to unearned premiums (since they relate to subsequent years) and claims payable.

The valuation of these provisions employs actuarial methods that require management to use its professional judgment.

Given the importance of judgment in their valuation, we considered that the mathematical provisions on borrower insurance policies and reserves for tangible Auto claims constituted a key point of the audit.

Our response

As regards the specific provisions outlined above, the work carried out with the help of actuarial experts, mainly involved:

- analyzing the consistency between the selected valuation methodology for provisions and the contractual conditions;
- analyzing the relevance of the computational assumptions used in respect of the risks insured and the applicable regulations (discount rate, regulatory tables, etc.);
- verifying the actuarial formulas used;
- analyzing the level of reserves for claims that have occurred but have not yet been reported;
- reviewing the files for tangible auto claims in order to assess the level of reserves calculated by ACMs.

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 its accuracy or consistency with the consolidated financial statements.

Other verifications or information required by laws and regulations

Presentation format of the consolidated financial statements to be included in the annual financial report

In accordance with the professional standard on the due diligence of statutory auditors with respect to the annual and consolidated financial statements presented in accordance with the single European electronic reporting format, we have also verified that the consolidated financial statements to be included in the annual financial report referred to in I of Article L.451-1-2 of the French Monetary and Financial Code, which are the responsibility of the Chief Executive Officer, comply with this format, as defined by European Delegated Regulation No. 2019/815 of December 17, 2018. With respect to the consolidated financial statements, our procedures include verifying that the mark-up of these financial statements complies with the format defined by the aforementioned regulation.

Based on our work, we conclude that the presentation of the consolidated financial statements for inclusion in the annual financial report complies, in all material respects, with the single European electronic reporting format.

Due to the technical limitations inherent in the macro-tagging of the consolidated financial statements using the single European electronic reporting format, the content of certain tags in the notes to the financial statements may not be reproduced in the same way as the consolidated financial statements attached to this report.

It is not our responsibility to verify that the consolidated financial statements that will be included by your company in the annual financial report filed with the AMF correspond to those on which we have based our work.

Appointment of statutory auditors

PricewaterhouseCoopers France and KPMG S.A. were appointed statutory auditors of Banque Fédérative du Crédit Mutuel by your Shareholders' Meetings of May 11, 2016, and May 10, respectively.

As of December 31, 2022, PricewaterhouseCoopers France was in the seventh year of its uninterrupted mission and KPMG S.A. in the first 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 Audit Committee is responsible for monitoring the process of preparing financial information and monitoring the effectiveness of the internal control and risk management systems, as well as the internal audit, where applicable, with regard to procedures related to the preparation and processing of accounting and financial information.

The consolidated financial statements have been approved by the Board of Directors.

Responsibilities of the statutory auditors regarding the audit of the consolidated financial statements

Audit objective and approach

Our responsibility is to prepare a report regarding the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements, as a whole, contain no material misstatements. Reasonable assurance corresponds to a high level of assurance, without however guaranteeing that an audit conducted in accordance with professional standards may systematically detect every material misstatement. Misstatements may come from fraud or result from errors and are considered as significant when one can reasonably expect that they may, either individually or cumulatively, influence economic decisions made by users who make decisions based on the financial statements.

As specified by Article L.823-10-1 of the French Commercial Code, our mission in certifying the financial statements does not consist of guaranteeing the viability or quality of your company's management.

In the context of an audit completed in accordance with professional standards applicable in France, the statutory auditors exercise their professional judgment throughout the audit process.

Furthermore:

- they identify and assess the risk that the consolidated financial statements contain material misstatements and that such misstatements result from fraud or errors, define and implement audit procedures to address these risks and collect information that they consider a sufficient and appropriate basis for such opinion. The risk of non-detection of a material misstatement from fraud is higher than a material misstatement resulting from any error, because fraud may involve collusion, falsification, deliberate omissions, false statements or circumventing internal controls;
- they acknowledge relevant internal control for the audit in order to determine the appropriate audit procedures for the circumstance, and not for the purpose of expressing an opinion on the effectiveness of internal control;
- they assess the appropriateness of the accounting methods used and the reasonableness of the accounting estimates made by management, as well as the related information provided in the consolidated financial statements;
- they assess the appropriateness of application by management of the accounting policy for a going concern and, depending on the items gathered, the existence or not of any significant uncertainty related to events or circumstances likely to call into question the company's ability to continue as a going concern. This assessment relies on the items collected up to the date of their report, however, with the reminder that subsequent circumstances or events could call into question business continuity. If the statutory auditors conclude that significant uncertainty exists, they bring the information provided in the consolidated financial statements regarding such uncertainty to the attention of readers of their report or, if such information is not provided or is not relevant, the statutory auditors issue a qualified opinion or a denial of opinion;
- they assess the overall presentation of the consolidated financial statements and assess whether or not the consolidated financial statements reflect the underlying transactions and events to provide a true and fair view thereof;
- regarding the financial information of the persons or entities included within the scope of consolidation, they gather items deemed sufficient and appropriate to express an opinion on the consolidated financial statements. The statutory auditors are responsible for the management, supervision and preparation of the audit of the consolidated financial statements, as well as the opinion expressed on these financial statements.

Executed in Neuilly-sur-Seine and Paris-La Défense, April 12, 2023

The statutory auditors

PricewaterhouseCoopers France

Laurent Tavernier

Partner

KPMG S.A.

Arnaud Bourdeille

Partner

Sophie Sotil-Forgues

Partner

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BFCM annual financial statements

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8.1 BFCM FINANCIAL STATEMENTS

8.1.1 Annual financial statements

Assets

<i>(in €)</i>	Notes	12/31/2022	12/31/2021
Cash, central banks, CCP		40,240,287,775.55	57,401,119,619.48
Government and equivalent securities	2.8, 2.15	7,203,309,134.13	7,855,049,369.82
Receivables on credit institutions	2.2, 2.3	149,975,181,444.99	124,613,209,609.34
Customer transactions	2.3, 2.4	2,159,774,053.77	1,967,197,795.69
Bonds and other fixed-income securities	2.3, 2.15	15,420,659,331.57	15,514,185,325.82
Shares and other variable-income securities	2.8, 2.15	793,407,994.04	905,096,351.18
Equity investments and other securities held long-term	2.17	367,812,035.97	353,771,451.18
Investments in subsidiaries and associates	2.17	16,026,921,819.13	16,092,975,340.31
Finance leasing and leasing with purchase option		0.00	0.00
Operating lease		0.00	0.00
Intangible assets	2.0, 2.21	8,000,141.00	8,000,141.00
Property, plant and equipment	2.0	50,107.15	53,045.88
Capital subscribed not paid		0.00	0.00
Treasury shares		0.00	0.00
Other assets	2.24	11,519,388,870.17	4,391,130,585.92
Accruals	2.25	2,377,195,926.70	1,715,519,519.63
TOTAL ASSETS		246,091,988,634.17	230,817,308,155.25

Off-balance sheet

	Notes	12/31/2022	12/31/2021
COMMITMENTS GIVEN			
Financing commitments	3.0	903,579,413.80	1,196,725,036.48
Guarantee commitments	3.1	6,649,307,196.24	5,063,348,333.32
Securities commitments		0.00	65,424,796.76

Liabilities

<i>(in €)</i>	Notes	12/31/2022	12/31/2021
Central banks, CCP		0.00	600,000,000.00
Liabilities to credit institutions	2.2, 2.3	111,638,883,139.21	111,804,022,948.86
Deposits from customers	2.3	13,265,436,951.74	9,529,209,794.06
Debt securities	2.3	92,951,292,132.95	83,825,686,887.10
Other liabilities	2.24	433,283,630.19	1,682,964,530.85
Accruals	2.25	2,707,817,471.46	803,926,819.45
Provisions for risks and expenses	2.27	674,980,160.00	670,690,227.22
Subordinated debt	2.7	10,066,340,499.84	8,528,156,397.43
Funds for general banking risks	2.20	61,552,244.43	61,552,244.43
Shareholders' equity excluding FGBR	2.20	-	-
<i>Capital subscribed</i>	2.20	1,711,279,700.00	1,688,529,500.00
<i>Issue premiums</i>	2.20	4,783,771,390.87	4,508,844,923.87
<i>Reserves</i>	2.20	6,883,409,955.26	5,883,409,955.26
<i>Revaluation provisions</i>		0.00	0.00
<i>Regulated provisions and investment subsidies</i>	2.20	0.00	0.00
<i>Retained earnings</i>	2.20	317,935.04	322,330.50
<i>Profit/(loss) for the period</i>	2.20	913,623,423.18	1,229,991,596.22
TOTAL LIABILITIES		246,091,988,634.17	230,817,308,155.25

Off-balance sheet

	Notes	12/31/2022	12/31/2021
COMMITMENTS RECEIVED			
Financing commitments	3.0	16,157,884,414.59	6,733,727,606.69
Guarantee commitments	3.1	0.00	0.00
Securities commitments		100,611,662.72	0.00

Income statement

<i>(in €)</i>	Notes	12/31/2022	12/31/2021
+ Interest and similar income	4.1	4,295,562,208.23	2,709,000,264.83
- Interest and similar expenses	4.1	-4,193,955,724.27	-2,685,475,516.73
+ Income from finance leasing transactions & early exercise of options		0.00	0.00
- Expenses from finance leasing transactions & early exercise of options		0.00	0.00
+ Income from operating lease transactions		0.00	0.00
- Expenses on operating lease transactions		0.00	0.00
+ Income from variable-income securities	4.2	1,251,114,850.34	1,398,024,321.13
+ Commissions (income)	4.3	164,806,006.84	116,455,208.00
- Commissions (expenses)	4.3	-152,354,974.52	-103,461,215.35
+/- Profit/loss on trading book transactions	4.4	-40,313,569.89	9,333,990.04
+/- Profit/loss on investment portfolios and similar transactions	4.5	-148,235,160.58	192,997,117.83
+ Other operating income	4.6	137,320,340.24	1,235,335.64
- Other operating expenses	4.6	-565,522.83	-100,797,740.08
Net banking income		1,313,378,453.56	1,537,311,765.31
- General operating expenses	4.7	-92,921,288.34	-74,438,895.49
- Additions to depreciation and provisions on property, plant and equipment and intangible assets		-7,393.08	-7,587.74
Gross operating income		1,220,449,772.14	1,462,865,282.08
+/- Cost of risk	4.8	-5,963,381.09	6,315,590.70
Operating income		1,214,486,391.05	1,469,180,872.78
+/- Profit or loss on non-current assets	4.9	-305,036,612.57	-208,231,511.86
Pre-tax profit/loss		909,449,778.48	1,260,949,360.92
+/- Extraordinary profit/loss	4.10	0.00	0.00
- Income tax	4.11	4,173,644.70	-30,957,764.70
+/- Allocation/reversal of FGBR and regulated provisions		0.00	0.00
NET PROFIT/(LOSS)		913,623,423.18	1,229,991,596.22

8.1.2 Notes to the annual financial statements

SUMMARY OF NOTES

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Note 1 Accounting policies and valuation methods

The annual financial statements of Banque Fédérative du Crédit Mutuel (BFCM) are prepared in accordance with the general accounting principles and regulations of the *Autorité des normes comptables* (ANC – French Accounting Standards Authority), including Regulation 2014-07 on the financial statements of companies in the banking sector.

They respect the “prudence principle” rule and the basic conventions concerning:

- going concern;
- continuity of methods;
- independence of fiscal years.

Impacts of the conflict between Ukraine and Russia and the COVID-19 crisis

Crédit Mutuel Alliance Fédérale, group of which BFCM is one of the components, is not established in Ukraine or Russia; our institution has no direct exposure in these two countries or in Belarus and does not hold any assets with the Central Bank of Russia.

The group implemented the restrictive measures and sanctions decided by the European Union in response to the military aggression against Ukraine by Russia. In particular, it has a robust risk governance and management system that enables it to monitor transactions between its customers and Russia and to fight against money laundering, tax fraud and the financing of terrorism. The group also demonstrated a high level of vigilance in terms of cybersecurity.

Crédit Mutuel Alliance Fédérale remains fully committed to supporting businesses, professionals and individual customers who may be in difficulty in this context, as it had already done during the Covid-19 health crisis.

During the latter, its support for the economy was reflected in its mobilization in the distribution of State-guaranteed loans (SGLs) intended to support the cash flow of its corporate and professional customers. This financing was carried out in the form of loans with 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. At December 31, 2022, there was no use of the State-guaranteed loans in the balance sheet of BFCM.

1.1 Valuation of receivables and debts and use of estimates in preparation of the financial statements

Receivables and payables on customers and credit institutions are booked to the balance sheet for their nominal value or acquisition cost, if it is different to the nominal value.

Related accruals (accrued or outstanding interest due or payable) are combined with the corresponding asset and liability items.

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.

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 the case concerning:

- the fair value of financial instruments not listed on an active market;
- the pension plans and other future employee benefits;
- the valuation of equity investments;
- the provisions for risks and expenses.

1.2 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:

- in the event of non-payment for more than nine months for loans to local authorities, more than six months for property loans to housing purchasers and more than three months for other loans;
- when the receivable is subject to litigation (over-indebtedness, reorganization, judicial liquidation, bankruptcy, etc.);
- when the receivable, apart from the existence of any arrears, presents other risks of total or partial non-collection.

In fact, processing of transitions to non-performing, provisioning and return to performing of customers are automated in accordance with the prudential rules (EU Delegated Regulation 2018/171) and the application guidelines EBA/GL/2016/07 of the European Banking Authority (EBA). Thus:

- the analysis of default (*i.e.* the event giving rise to the downgrading of the receivable) is carried out daily, at the level of all the commitments of a borrower, the assessment of the default being determined by borrower or group of borrowers with a common commitment;
- default is triggered when 90 consecutive days of arrears are recorded by a borrower/group of borrowers;

- the default contagion scope extends to all receivables of the borrower, and all individual commitments of borrowers participating in a joint credit obligation;
- the minimum probation period is three months before return to performing status for non-restructured assets and 12 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.

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 loans 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 loans".

The bank has defined internal rules, which presume the necessarily irrevocable character of the loan as soon as it has been classified for more than one year as a non-performing loan, unless it is categorically demonstrated that valid guarantees exist covering the entire risk. The recognition of interest on the loan ceases as soon as it is classified as an "irrevocable non-performing loan".

Article 2221-5 of the aforementioned ANC rule requires specific treatment of certain restructured outstanding amounts. Assets 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.

1.3 Security trades

The items on the balance sheet:

- "Government and equivalent securities";
- "Bonds and other fixed-income securities";
- "Shares and other variable-income securities".

record trading securities, short-term investment securities and long-term investment securities according to their category.

This classification results from the application of ANC Regulation 2014-07, which requires the allocation of securities according to their intended use.

Trading securities

This portfolio includes securities acquired or sold with the intention of reselling or repurchasing them in the short term and which are tradable in a market in which liquidity is assured, with significant market prices. They are recognized including any accrued interest at the time of purchase, with acquisition costs expensed. At the reporting date, trading securities are valued at the market price. The overall balance of profit and loss resulting from variations in prices is booked to the income statement.

Short-term investment securities

Short-term investment securities are the default classification category for securities that do not fall under another accounting classification. Premiums or discounts upon acquisition of fixed-income securities are staggered over the lifetime of the instrument in question. Upon closure of the fiscal year, unrealized capital losses on short-term investment securities, possibly corrected for the impairment and reversals of differences mentioned above, are provisioned individually by security code or by homogeneous groups; short-term investment securities are valued at the quoted price when the market is active, failing which by valuation techniques based on recent transactions or models commonly used by market participants. Unrealized capital gains are not recognized.

Long-term investment securities

This portfolio includes fixed-income securities with a fixed maturity that have been acquired or reclassified from the "trading securities" category or the "short-term investment securities" category with the intention of holding them until maturity, by having the necessary term holding capacity (particularly financial and legal). The difference seen between the purchase price and the redemption value is spread over the lifetime of the security. Unrealized capital loss is not depreciated, unless there is a strong probability that the institution will not hold these securities until maturity or if there is a risk of default by the issuer. Unrealized capital gains are not recognized.

Treasury bonds, negotiable debt instruments (short- and medium-term) and interbank market instruments classified in the short-term investment and long-term investment portfolios are recognized at the purchase price, including accrued interest upon purchase. Interest income is calculated at the negotiated rate, with the amount of the premium or the discount being amortized according to the actuarial method.

Bonds included in the short-term investment and long-term investment portfolios are recognized excluding accrued interest. Interest income is calculated at the nominal rates of the securities. When their purchase price is different from the redemption value, this difference is amortized actuarially and booked to expenses or income as appropriate.

Securities denominated in foreign currencies are valued at the exchange rate at the reporting date or at the closest prior date. Valuation differences are booked as profit or loss on financial transactions.

Reclassification of financial assets

The reclassification of securities between the different accounting categories is governed by the provisions of Articles 2381-1 to 2381-5 of ANC Regulation 2014-07.

Temporary disposals of securities

Temporary disposals of securities are intended to guarantee loans or cash borrowings with securities. They mainly take two separate forms, according to the legal mechanism used, namely:

- pensions;
- lending and borrowing securities.

The repurchase agreement consists legally of transferring the full ownership of the security, the buyer irrevocably committing to sell them back and the seller to buy them, at a price and date agreed when the contract is concluded. For accounting purposes, securities given under repurchase agreements are kept in their original item and continue to be valued according to the rules applicable to the portfolios to which they belong. At the same time, the debt representing the amount collected is recorded as a liability. The receivable representative of a repurchase agreement on received securities is booked as an asset.

Loans of securities are consumer loans governed by the French Civil Code, in which the borrower irrevocably undertakes to return the loaned securities at maturity. These loans are generally guaranteed by the presentation of cash, which remains acquired by the lender in case of default by the borrower. In this case, the transaction is equivalent to a repurchase agreement and recorded for accounting purposes as such. In the case of a so-called “dry-loan” without cash, the lent securities no longer appear on the balance sheet and a receivable representing the value of the lent securities is recorded as assets, this receivable being valued at each closing according to the rules applicable to the original portfolio of securities. In the case of “dry” borrowing, the borrowed securities are recorded in the trading book and a liability is recognized at the market price at inception and at subsequent closings. In the summary statements, the amount of the debt representing the value of the borrowed securities is reduced by the amount of the borrowed securities recognized as an asset.

1.4 Options

The premiums paid or received are recognized in the balance sheet account when they are paid or collected. Premiums on unsettled options are valued at close of the fiscal year when they are traded on an organized market. The difference is booked to the income statement. Capital gains and losses on over-the-counter transactions processed outside organized and equivalent markets are recognized in the income statement at the time of settlement.

1.5 Other long-term investments, equity investments and investments in subsidiaries and associates

Other long-term investments are investments made with the intention of promoting the development of long-term professional relationships with the Issuer, but without exercising an influence in its management.

Investments in companies and subsidiaries are securities whose long-term ownership is deemed useful to the business, in particular because it enables them to exercise influence over the company issuing the securities, or to ensure control thereof.

These securities are recognized at historical cost. 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.

1.6 Non-current assets

Property, plant and equipment is depreciated over the useful life corresponding to the actual period of use of the asset, taking into account any residual value, the usual lifetimes being:

- software: 1 to 10 years;
- buildings – structural building shell: 20 to 80 years;
- buildings – equipment: 10 to 40 years;
- fixtures and fittings: 5 to 15 years;
- transport equipment: 3 to 5 years;
- furniture and office equipment: 5 to 10 years;
- IT equipment: 3 to 5 years.

In the event that components of an asset have different useful lives, each of them is recognized separately and has its own depreciation plan. Accelerated depreciation may be applied under the conditions accepted by the regulations when the useful lives accepted for tax purposes are shorter than the useful life of the asset or component.

When there are indications of impairment such as a decrease in market value, obsolescence or physical deterioration of the asset, changes in the way in which the asset is used, etc. an impairment test comparing the carrying amount of the asset to its current value is performed. If a write-down is recognized, the depreciable base of the asset is changed prospectively.

1.7 Conversion of transactions in foreign currency

Receivables and debts, as well as forward foreign exchange contracts shown as off-balance sheet commitments, are converted at market prices at the close of the fiscal year, with the exception of elements denominated in currencies participating in the European single currency, for which an official exchange rate has been adopted.

Property, plant and equipment are recognized at historical cost. Financial assets are converted at closing prices (see the details in the previous notes).

Income and expenses in foreign currencies are booked to profit/loss at the exchange rate in force on the last day of the month of their collection or payment; expenses and income accrued but not paid on the reporting date are converted at the exchange rates at that date.

Unrealized or definitive foreign exchange gains and losses resulting from conversion transactions are recognized at each accounts closure.

1.8 Exchange contracts (swaps)

Pursuant to ANC Regulation 2014-07, the bank may constitute three separate portfolios holding contracts according to whether they are intended to maintain open and isolated positions (a), hedge the interest-rate risk of an isolated element or a set of homogeneous elements (b), or enable specialized management of a transaction portfolio (d). There is no portfolio of swap contracts intended to hedge the overall interest-rate risk, known as a portfolio of category (c).

Under these conditions, transfers from one portfolio to another are only possible from:

- portfolio (a) to portfolio (b);
- portfolio (b) to portfolio (a) or (d);
- portfolio (d) to portfolio (b).

The contracts are booked at their nominal value off-balance sheet. The market value adopted for "transaction" swap contracts comes from the application of the discounted cash flow method with a zero coupon yield curve. The fixed rate branch is estimated from the various installments discounted according to the yield curve, while the current value of the variable-rate branch is estimated from the value of the current coupon increased by the nominal. The market value results from the comparison of these two present values, after taking into account the counterparty risk and future management fees. The counterparty risk is calculated in accordance with Article 2525-3 of ANC Regulation 2014-07, to which an equity coefficient of 8% is applied. The management fees are then determined by increasing this amount of shareholders' equity by a rate of 10%.

The adjustments that may be received or paid at conclusion of a swap contract are recognized in the income statement on a *pro rata* basis over the period of the contract. In case of early termination of a contract, the adjustment received or paid is immediately recognized in profit/loss, unless the contract was initiated as part of a hedging transaction. The adjustment is then booked to the income statement according to the lifetime of the element initially hedged.

In order to measure and monitor the risks incurred due to these transactions, overall sensitivity limits including interest rate and currency swap contracts are fixed per activity. Information on these positions is regularly communicated to the bank's executive body, according to the meaning of Article L.511-13 of the French Monetary and Financial Code.

1.9 Commitments in respect of pension, retirement benefits and long-service awards

The recognition and measurement of retirement and other employee benefits comply with ANC recommendation No. 2013-02.

Employee pension plans

Pensions are paid by various institutions to which the bank and its employees periodically make contributions. These are recognized as expenses for the fiscal year during which they are due.

Also, employees benefit from a supplementary pension plan financed by the employer, through two insurance policies. These Article 83 CGI-type contracts serve a defined-contribution points capitalization plan. The commitment relating to this plan is fully covered by the accumulated reserves. Consequently, no residual commitment results for the employer.

Retirement benefits and long-service awards

Future retirement benefits and premiums to be paid for long-service awards are fully covered by an insurance policy.

The commitments are calculated according to the projected credit unit method in accordance with IFRS standards. 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.

Commitments related to rights acquired by employees on December 31 are fully covered by the reserves constituted with the insurance company. The retirement benefits and long-service awards due and paid to employees during the year are reimbursed by the insurer.

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.

1.10 Funds for general banking risks

Funds for general banking risks are defined as the amounts that the bank decides to allocate to the coverage of such risks, when prudential reasons so require in view of the specific risks inherent in banking transactions.

The amounts assigned to these funds stand at €61.6 million, as no movement affected this item during the fiscal year.

1.11 Provisions

Depreciation assigned to asset items is deducted from the corresponding receivables, which are thus shown at their net amount. Provisions relative to off-balance sheet commitments are booked to provisions for contingent liabilities.

BFCM may be party to various disputes; their possible outcomes and any financial consequences are regularly examined and, as required, are the subject of allocations to provisions recognized as necessary.

1.12 Commissions

Commissions are generally recognized when they are received, except for those remunerating a service over time, or when they relate to financial transactions recognized at the time of issue or invoicing.

1.13 Income tax

With effect from January 1, 2016, Caisse Fédérale de Crédit Mutuel (CF de CM) exercised the option for "mutualist tax consolidation" in accordance with the provisions of Article 223 A, 5th subparagraph of the French General Tax Code.

The tax consolidation mechanism enables corporate income tax to be paid on an overall profit obtained by making the algebraic sum of the profits and losses of the various entities of the group. CFCM tax consolidation group is composed of:

- CF de CM, the "consolidation head";
- the local and regional banks affiliated with it pursuant to a collective operating accreditation issued by the banking regulator;
- Banque Fédérative du Crédit Mutuel and 25 of its subsidiaries, who have exercised the option to participate in it.

By agreement, each member of the tax consolidation is required to pay to CF de CM, as a contribution to the payment of the group's corporate income tax and whatever the actual amount of the said tax, an amount equal to the tax which would have been payable on its profit/loss if the member was separately taxable, consequently deducting all offset rights that the members would have benefited from in the absence of tax consolidation.

The item "Income tax" includes:

- the amount of corporate income tax and the additional contribution calculated as if the company was separately taxed;
- the additional contribution of 3% on distributed income;
- any adjustments relating to prior fiscal years and tax adjustments;
- the tax expense or income related to tax credits on zero-rate loans and equivalent loans.

The corporate income tax due pursuant to the fiscal year and the additional contributions are determined according to the applicable tax regulations. The tax credits attached to income from securities is not recognized. They are directly offset against the income tax expense.

1.14 Establishments in non-cooperative states or territories with regard to transparency and exchange of information in tax matters

The bank has no direct or indirect presence in the states or territories covered by the first paragraph of Article L.511-45 of the French Monetary and Financial Code.

1.15 Consolidation

The company is fully consolidated within the consolidation scope of Crédit Mutuel Alliance Fédérale, which itself forms part of the consolidation scope of the Confédération Nationale du Crédit Mutuel.

Note 2 Notes to the balance sheet

The figures given in the various tables that follow are expressed in thousands of euros.

2.0 Movements affecting items of non-current assets

	Gross amount at 12/31/2021	Acquisitions	Disposals	Transfers or redemption	Gross amount at 12/31/2022
Non-current financial assets	23,601,573	1,588,191	160,703	-1,922,403	23,106,658
Property, plant and equipment	1,572	4	-	-	1,576
Intangible assets	8,000	-	-	-	8,000
TOTALS	23,611,145	1,588,195	160,703	-1,922,403	23,116,234

2.1 Depreciation, amortization and impairment on non-current assets

AMORTIZATIONS

	Depreciation at 12/31/2021	Allocations	Reversals	Depreciation at 12/31/2022
Non-current financial assets	0	-	-	-
Property, plant and equipment	1,519	7	-	1,526
Intangible assets	0	-	-	-
TOTALS	1,519	7	0	1,526

WRITE-DOWNS

	Write-downs at 12/31/2021	Allocations	Reversals	Write-downs at 12/31/2022
Non-current financial assets	891,151	302,669	34,254	1,159,566
Property, plant and equipment	0	-	-	0
Intangible assets	0	-	-	0
TOTALS	891,151	302,669	34,254	1,159,566

2.2 Breakdown of receivables and payables

A) RECEIVABLES ON CREDIT INSTITUTIONS AND CENTRAL BANKS

	2022 amount		2021 amount	
	Demand	Term	Demand	Term
Ordinary Accounts	2,187,716	-	982,038	-
Loans, securities received under repurchase agreements ^[1]	39,625,000	143,092,380	54,100,000	119,696,243
Securities received under repurchase agreements delivered	-	193,516	-	490,829
Securities not posted	-	48	-	-
Related receivables ^[1]	4,403	164,370	-751	36,949
Non-performing loans	-	-	-	-
(Write-downs)	-	-	-	-
TOTAL	41,817,119	143,450,314	55,081,287	120,224,021
Subordinated loans	-	4,337,151	-	3,407,151
TOTAL RECEIVABLES ON CREDIT INSTITUTIONS AND CENTRAL BANKS	-	189,604,584	-	178,712,459
<i>[1] Of which Central Banks</i>	<i>39,629,403</i>	<i>-</i>	<i>54,099,249</i>	<i>-</i>

B) DUE TO CREDIT INSTITUTIONS AND CENTRAL BANKS

	2022 amount		2021 amount	
	Demand	Term	Demand	Term
Ordinary Accounts	21,314,787	-	24,553,055	-
Borrowings ^[1]	52,503	55,639,438	2,352,605	41,238,371
Securities given under repurchase agreements ^[1]	-	32,176,200	-	42,966,800
Securities given under repurchase agreements delivered	-	192,682	-	266,146
Securities not posted	-	-	-	-
Related debt ^[1]	12	-100,775	4	22,125
Other amounts due	2,364,036	-	1,004,917	-
TOTAL	23,731,338	87,907,545	27,910,581	84,493,442
TOTAL DUE TO CREDIT INSTITUTIONS AND CENTRAL BANKS	-	111,638,883	-	112,404,023
<i>[1] Of which Central Banks</i>	<i>-</i>	<i>31,722,027</i>	<i>600,000</i>	<i>42,560,090</i>

2.3 Breakdown of receivables and debts according to their residual maturity

ASSETS

	Less than or equal to three months	From three months to one year	From one to five years	More than five years and of indeterminate duration	Interest accrued and outstanding	TOTAL
RECEIVABLES ON CREDIT INSTITUTIONS AND CENTRAL BANKS						
Demand	41,812,716	-	-	-	4,403	41,817,119
Term	32,203,364	24,424,339	55,757,065	35,238,327	164,370	147,787,465
RECEIVABLES FROM CUSTOMERS						
Commercial loans	-	-	-	-	-	-
Other customer receivables	156,135	104,308	374,177	1,127,043	4,948	1,766,611
Non-performing loans	-	-	-	8,394	-	8,394
Overdrawn current accounts	384,769	-	-	-	-	384,769
BONDS & OTHER FIXED-INCOME SECURITIES	1,400,626	1,348,218	5,083,129	7,526,295	62,391	15,420,659
<i>of which trading securities</i>	<i>240</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>240</i>
TOTALS	75,957,610	25,876,865	61,214,371	43,900,059	236,112	207,185,017

Non-performing loans are considered as being repayable at more than five years.

LIABILITIES

	Less than or equal to three months	From three months to one year	From one to five years	More than five years and of indeterminate duration	Interest accrued and outstanding	TOTAL
DUE TO CREDIT INSTITUTIONS AND CENTRAL BANKS						
Demand	23,731,326	-	-	-	12	23,731,338
Term	19,149,018	15,235,327	33,878,975	19,745,000	-100,775	87,907,545
DEPOSITS FROM CUSTOMERS						
Special savings accounts	-	-	-	-	-	-
Demand	-	-	-	-	-	-
Term	-	-	-	-	-	-
Other debt	-	-	-	-	-	-
Demand	11,934,346	-	-	-	-	11,934,346
Term	1,329,815	-	-	-	1,276	1,331,091
DEBT SECURITIES						
Interbank market securities and negotiable debt instruments	13,599,680	20,844,477	1,110,949	330,000	95,933	35,981,039
Bonds	456,407	6,567,389	31,307,883	8,544,685	288,136	47,164,500
Other securities	-	-	750,000	9,000,000	55,753	9,805,753
SUBORDINATED DEBT						
	-	-	5,310,600	4,643,215	112,525	10,066,340
TOTALS	70,200,592	42,647,193	72,358,407	42,262,900	452,860	227,921,952

2.4 Breakdown of receivables from customers

Excluding related receivables of €4,948 thousand on gross receivables.

	2022 amount			2021 amount		
	Gross receivables	Inc. non- performing loans	Write-downs	Gross receivables	Inc. non- performing loans	Write-downs
BREAKDOWN BY MAIN TYPES OF COUNTERPARTY						
Companies	2,153,745	25,027	16,633	1,964,612	25,027	3,116
Individual business owners	-	-	-	-	-	-
Individuals	36	-	-	14	-	-
Public administration	1,045	-	-	219	-	-
Private non-profit institutions	-	-	-	-	-	-
Total	2,154,826	25,027	16,633	1,964,845	25,027	3,116
BREAKDOWN BY BUSINESS LINES						
Agriculture and mining industries	-	-	-	-	-	-
Retail and wholesale commerce	5,606	-	-	15,614	-	-
Industries	-	-	-	-	-	-
Services to companies and holding	14,394	25,027	16,633	27,911	25,027	3,116
Services to individuals	-	-	-	-	-	-
Financial services	1,733,506	-	-	1,574,637	-	-
Real estate services	92,653	-	-	114,810	-	-
Transport and communication	303,448	-	-	227,142	-	-
Not allocated and others	5,219	-	-	4,731	-	-
Total	2,154,826	25,027	16,633	1,964,845	25,027	3,116
BREAKDOWN BY GEOGRAPHIC SEGMENTS						
France	1,723,926	25,027	16,633	1,711,124	25,027	3,116
Europe outside France	430,900	-	-	253,721	-	-
Other countries	-	-	-	-	-	-
TOTAL	2,154,826	25,027	16,633	1,964,845	25,027	3,116

In 2022, BFCM recorded provisions of €13,517 thousand. Non-performing loans outstanding amounted to €25,027 thousand.

None of the above loans is compromised or restructured.

2.5 Amount of commitments on equity investments and fully-consolidated subsidiaries

ASSETS

	2022 amount	2021 amount
RECEIVABLES ON CREDIT INSTITUTIONS		
Demand	886,839	129,185
Term	112,618,677	86,611,634
RECEIVABLES FROM CUSTOMERS		
Commercial loans	-	-
Other customer receivables	728,854	689,527
Overdrawn current accounts	-	-
BONDS AND OTHER FIXED-INCOME SECURITIES		
	5,526,706	6,193,476
SUBORDINATED RECEIVABLES		
	5,190,073	3,995,875
TOTAL	124,951,149	97,619,697

LIABILITIES

	2022 amount	2021 amount
DUE TO CREDIT INSTITUTIONS		
Demand	7,449,649	18,623,363
Term	48,596,567	35,663,295
DEPOSITS FROM CUSTOMERS		
Special savings accounts	-	-
Demand	-	-
Term	-	-
Other debt	-	-
Demand	403,870	316,811
Term	-	-
DEBT SECURITIES		
Certificates of deposit	-	-
Interbank market securities and negotiable debt instruments	-	500,000
Bonds	2,773,175	3,285,141
Other debt securities	-	-
SUBORDINATED DEBT		
	16,588	16,516
TOTAL	59,239,849	58,405,126

This table includes commitments received and given on equity investments and fully-consolidated subsidiaries within the consolidated scope of BFCM.

2.6 Breakdown of subordinated assets

	2022 amount		2021 amount	
	Subordinated amount	of which equity loans	Subordinated amount	of which equity loans
RECEIVABLES ON CREDIT INSTITUTIONS				
Term	4,046,151	-	3,116,151	-
TBD	291,000	-	291,000	-
RECEIVABLES FROM CUSTOMERS				
Other customer receivables	933,950	933,950	683,950	683,950
BONDS AND OTHER FIXED-INCOME SECURITIES				
	190,596	132,873	190,596	132,873
TOTAL	5,461,697	1,066,823	4,281,697	816,823

2.7 Subordinated debt

Type of loan	2022 amount			2021 amount		
	Currency	Outstandings	Term	Currency	Outstandings	Term
SUB loan	EUR	500,000	TBD	EUR	500,000	TBD
Deeply subordinated note loan	EUR	593,215	TBD	EUR	1,000,000	TBD
TSR 3% - XS1069549761	EUR	1,000,000	05/21/2024	EUR	1,000,000	05/21/2024
TSR 2.5% - XS1824240136	EUR	500,000	05/25/2028	EUR	500,000	05/25/2028
TSR 3% - XS1288858548	EUR	1,000,000	09/11/2025	EUR	1,000,000	09/11/2025
TSR 2.375% - XS1385945131	EUR	1,000,000	03/24/2026	EUR	1,000,000	03/24/2026
TSR 1.875% - XS1512677003	EUR	700,000	11/04/2026	EUR	700,000	11/04/2026
TSR 2.625% - XS1587911451	EUR	500,000	03/31/2027	EUR	500,000	03/31/2027
TSR 1.625% - XS1717355561	EUR	500,000	11/15/2027	EUR	500,000	11/15/2027
TSR 1.875% - FR0013425162	EUR	1,000,000	06/18/2029	EUR	1,000,000	06/18/2029
TSR 1.125% - FR0014006KD4	EUR	750,000	11/19/2031	EUR	750,000	11/19/2031
TSR 1.8% - FR0012632495	EUR	3,000	04/02/2025		-	
TSR 1.9% - FR0012618320	EUR	22,000	04/02/2025		-	
TSR 2.125% - FR0013201431	EUR	300,000	09/12/2026		-	
TSR 2.75% - FR0012616894	EUR	40,000	04/27/2027		-	
TSR 3.4% - FR0012304442	EUR	55,000	12/22/2026		-	
TSR 3.875% - FR001400AY79	EUR	1,250,000	06/16/2032		-	
TSR 4.25% - FR0011781061	EUR	120,000	06/27/2026		-	
TSR 3.1% - FR0012033926	EUR	11,100	08/06/2024		-	
TSR EURIB6 +1.78 - FR0013073764	EUR	50,000	12/23/2030		-	
TSR 4% - FR0011828235	EUR	5,000	04/10/2024		-	
TSR 3.15% - FR0011927037	EUR	7,000	06/03/2024		-	
TSR CMS10 +130 - FR0012046860	EUR	2,000	07/29/2024		-	
TSR 3.10% - FR0012112605	EUR	3,000	09/03/2024		-	
TSR 3% - FR0012187078	EUR	5,000	10/15/2024		-	
TSR 3% - FR0012187086	EUR	3,500	10/15/2024		-	
TSR 2.60% - FR0012303246	EUR	4,000	11/28/2024		-	
TSR 1.35% - FR0012767267	EUR	30,000	06/02/2025		-	
		9,953,815			8,450,000	
		112,525	Related receivables		78,156	Related receivables
Conditions	Borrowings and subordinated notes rank below the receivables of all other creditors, excluding non-voting loan stock. Deeply subordinated notes rank lowest, as they are expressly subordinated to all other debts of the company, whether unsecured or subordinated.					
Possibility of early repayment	No possibility in the last five years unless there is a concomitant capital increase. Prohibited for TSR, except in the case of market purchases, takeover bids and exchange offers. Restricted for deeply subordinated notes because they are equivalent to core shareholders' equity.					

2.8 Securities portfolio: breakdown between trading, short-term investment and long-term investment portfolios

	2022 amount			2021 amount		
	Trading portfolio	Short-term investment portfolio	Long-term investment portfolio	Trading portfolio	Short-term investment portfolio	Long-term investment portfolio
Government and equivalent securities	-	7,203,309	-	-	7,855,049	-
Bonds and other securities	240	10,180,357	5,240,062	3,381	9,580,036	5,930,769
Shares and UCI	-	793,408	-	-	905,096	-
TOTALS	240	18,177,074	5,240,062	3,381	18,340,181	5,930,769

There are no outstanding trading securities on an active market according to the meaning of Article ANC 2321-1

2.9 Securities portfolio: securities having been the subject of a transfer from one portfolio to another

Following the amendments to Regulation 90-01 of the French Banking Regulation Committee on the accounting of transactions on securities introduced by CRC Regulation No. 2008-17 of December 10, 2008 relating to transfers of securities outside the category "trading securities" and outside the "short-term investment securities" category, BFCM did not make any reclassifications as at December 31, 2022.

2.10 Securities portfolio: differences between purchase price and redemption price of short-term and long-term investment securities

NATURE OF SECURITIES	Net discounts/over-losses remaining to be amortized			
	2022 amount		2021 amount	
	Discount	Premium	Discount	Premium
Short-term investment securities				
■ Bond market	17,244	128,195	10,859	199,745
■ Money market	-	-	-	-
Long-term investment securities				
■ Bond market	2,722	-	3,169	-
■ Money market	-	-	-	100

2.11 Securities portfolio: unrealized capital gain and loss on securities

	2022 amount	2021 amount
Amount of unrealized capital gain on short-term investment securities	371,175	888,163
Amount of unrealized capital loss on short-term investment securities and that was subject to depreciation	417,053	361,583
Amount of unrealized capital loss on long-term investment securities	55	-
Amount of unrealized capital gain on long-term investment securities:	17,393	12,301

2.12 Securities portfolio: amount of receivables representative of lent securities

	2022 amount	2021 amount
Government and equivalent securities	-	0
Bonds and other fixed-income securities	-	0
Shares and UCI	-	0

2.13 Securities portfolio: amount of receivables and debts related to securities deliveries under repurchase agreements

	2022 amount		2021 amount	
	Receivables related to purchase agreements	Liabilities related to purchase agreements	Receivables related to purchase agreements	Liabilities related to purchase agreements
RECEIVABLES ON CREDIT INSTITUTIONS				
Demand	-	-	-	-
Term	193,516	-	490,829	-
RECEIVABLES FROM CUSTOMERS				
Other customer receivables	-	-	-	-
DUE TO CREDIT INSTITUTIONS				
Demand	-	-	-	-
Term	-	192,682	-	266,146
DEPOSITS FROM CUSTOMERS				
Other debt	-	-	-	-
Demand	-	-	-	-
Term	-	-	-	-
TOTAL	193,516	192,682	490,829	266,146

Assets put under repurchase agreements on December 31, 2022 correspond to:

- secured deposits for €30,000 thousand;
- government bonds for €163,516 thousand.

2.14 Securities portfolio: breakdown of bonds and other fixed-income securities according to the issuer

	2022 amount			2021 amount		
	Issuer			Issuer		
	Public bodies	Other	Related receivables	Public bodies	Other	Related receivables
Government securities, bonds and other securities	10,743,271	11,765,015	115,682	11,186,157	12,083,524	99,554

2.15 Securities portfolio: breakdown according to listing

	2022 amount			2021 amount		
	Amount of listed securities	Amount of non-listed securities	Related receivables	Amount of listed securities	Amount of non-listed securities	Related receivables
Government and equivalent securities	7,150,018	0	53,291	7,800,057	0	54,992
Bonds and other securities	14,083,268	1,275,000	62,391	13,524,300	1,945,324	44,562
Shares and UCI	789,761	3,647	0	901,647	3,449	-
TOTALS	22,023,047	1,278,647	115,682	22,226,004	1,948,773	99,554

2.16 Securities portfolio: information on UCIs

	2022 amount			2021 amount		
	Amount of French UCI units	Amount of foreign UCI units	TOTAL	Amount of French UCI units	Amount of foreign UCI units	TOTAL
Variable-income securities: UCI	-	0	0	-	26	26

	2022 amount			2021 amount		
	Amount of capitalization UCI units	Amount of distribution UCI units	TOTAL	Amount of capitalization UCI units	Amount of distribution UCI units	TOTAL
Variable-income securities: UCI	-	0	0	-	26	26

2.17 Securities portfolio: equity investments and investments in subsidiaries and associates held in credit institutions

	Amount held in credit institutions in 2022	Amount held in credit institutions in 2021
Equity investments and portfolio activity	219,199	206,198
Investments in subsidiaries and associates	7,002,431	6,850,716
TOTAL	7,221,630	7,056,914

2.18 Securities portfolio: information on portfolio activity

On December 31, 2022, there are no outstanding securities on the portfolio activity.

2.19 Unlimited liability companies in which the establishment is an associate

Name of the company	Registered office	Legal form
REMA	Strasbourg	General Partnership
CM Foncière	Strasbourg	General Partnership

2.20 Breakdown of item "shareholders' equity"

	2021 amount	Allocation of capital	Capital increase and other changes	2022 amount
Capital subscribed	1,688,530	-	22,750	1,711,280
Issue premiums	4,508,845	-	274,926	4,783,771
Legal reserve	168,853	-	-	168,853
Statutory and capital reserves	5,705,062	1,000,000	-	6,705,062
Regulated reserves	0	-	-	0
Other reserves	9,495	-	-	9,495
Retained earnings	322	-4	-	318
Profit/(loss) for the period	1,229,992	-1,229,992	-	913,623
Distribution of dividends	-	229,996	-	-
TOTAL	13,311,099	0	297,676	14,292,402
Funds for general banking risks	61,552	-	-	61,552

The capital is composed of 34,225,594 shares of a nominal value of €50.

2.21 Start-up expenses, research and development expenses and purchased goodwill

	2022 amount	2021 amount
Start-up expenses	-	-
Formation expenses	-	-
Initial expenses	-	-
Expenses for capital increases and miscellaneous transactions	-	-
Research and development expenses	-	-
Purchased goodwill	-	-
Other intangible assets	8,000	8,000
TOTAL	8,000	8,000

2.22 Receivables eligible for refinancing by a central bank

Eligible receivables are exclusively composed of receivables from customers. At December 31, 2022, BFCM's receivables from customers eligible for central bank refinancing amounted to €22,961,296 thousand out of a group outstanding amount of €38,709,921 thousand.

2.23 Accrued interest to receive or pay

ASSETS

	Interest accrued to receive	Interest accrued to pay
Cash, central banks	4,403	-
Government and equivalent securities	53,291	-
Receivables on credit institutions	-	-
Demand	-	-
Term	164,370	-
Receivables from customers	-	-
Commercial loans	-	-
Other customer receivables	1,886	-
Overdrawn current accounts	3,062	-
Bonds and other fixed-income securities	62,391	-
Shares and other variable-income securities	-	-
Equity investments and portfolio activities	-	-
Investments in subsidiaries and associates	-	-

LIABILITIES

Central banks	-454,173	-
Liabilities to credit institutions	-	-
Demand	12	-
Term	353,398	-
Deposits from customers	-	-
Special savings accounts	-	-
Demand	-	-
Term	-	-
Other debt	-	-
Demand	-	-
Term	1,276	-
Debt securities	-	-
Certificates of deposit	-	-
Interbank market securities and negotiable debt instruments	95,933	-
Bonds	288,136	-
Other debt securities	55,753	-
Subordinated debt	112,525	-
TOTAL	452,860	0

2.24 Items “Other assets” and “Other liabilities”

OTHER ASSETS

	2022 amount	2021 amount
Conditional instruments purchased	7,623	13,781
Securities transaction settlement accounts	58,131	11,590
Miscellaneous receivables	11,453,635	4,365,760
Carry back receivables	-	-
Other stocks and equivalents	-	-
Other	-	-
TOTAL	11,519,389	4,391,131

OTHER LIABILITIES

	2022 amount	2021 amount
Other securities debts	-	-
Conditional instruments sold	5,452	9,857
Trading securities debts	-	-
<i>of which debts on borrowed securities</i>	-	-
Securities transaction settlement accounts	330,260	188,683
Payment remaining to be made on non-paid-up securities	13,912	0
Miscellaneous creditors	83,660	1,484,425
TOTAL	433,284	1,682,965

2.25 Accruals

ASSETS

	2022 amount	2021 amount
Head office and branch – Network	-	-
Collection accounts	459	242
Adjustment accounts	10,629	147,660
Variation accounts	-	-
Potential losses on unhedged forward financial instruments	-	-
Losses to be spread on hedging contracts of hedged forward financial instruments	52,039	37,496
Expenses to be distributed	313,196	257,533
Prepaid expenses	81,035	4,816
Accrued income	816,491	410,909
Other accruals	1,103,347	856,864
TOTAL	2,377,196	1,715,520

LIABILITIES

	2022 amount	2021 amount
Head office and branch – Network	-	-
Accounts unavailable due to recovery procedures	1,209	291
Adjustment accounts	1,300,545	36,919
Variation accounts	-	-
Potential gains on unhedged forward financial instruments	-	-
Gains to be spread on hedging contracts of hedged forward financial instruments	430,648	438,080
Deferred income	18,420	39,047
Accrued expenses	355,238	80,788
Other accruals	601,757	208,802
TOTAL	2,707,817	803,927

Articles L.441-6-1 and D.441-4 of the French Commercial Code provide specific information on the due dates of debts to suppliers; the amounts in question are negligible for our company and no invoice was overdue.

2.26 Unamortized balance of the difference between the amount initially received and the redemption price of debt securities

	2022 amount	2021 amount
Issue premium of fixed-income securities	233,677	189,219
Redemption premiums of fixed-income securities	442	1,060

2.27 Provisions

	2022 amount	Addition	Reversal	2021 amount	Turnaround time
For miscellaneous eventualities	331,500	-	137,000	468,500	> 3 years
For commitment by signature	63,700	63,700	0	0	< 1 year
On swaps	841	78	43	806	< 1 year
For risks on long-term investments	142,750	79,350	-	63,400	> 3 years
For guarantee commitment	0	-	7,483	7,483	-
For taxes and adjustments	120,000	-	-	120,000	> 1 year
Other provisions	16,189	5,994	306	10,501	< 1 year
TOTAL	674,980	149,122	144,832	670,690	-

2.28 Equivalent value in euros of the assets and liabilities in currencies outside the Eurozone

ASSETS

	2022 amount	2021 amount
Cash, central banks, CCP	-	-
Government and equivalent securities	-	-
Receivables on credit institutions	16,835,596	13,484,086
Receivables from customers	203,155	66,529
Bonds and other fixed-income securities	0	0
Shares and other variable-income securities	793,216	904,879
Real estate development	-	-
Subordinated loans	-	-
Equity investments and portfolio activities	145,652	162,881
Investments in subsidiaries and associates	-	-
Intangible assets	-	-
Property, plant and equipment	-	-
Other assets	743,189	173,010
Accruals	301,168	182,357
TOTAL FOREIGN CURRENCY ACTIVITY	19,021,976	14,973,743
Percentage of total assets	7.73%	6.49%

LIABILITIES

	2022 amount	2021 amount
Central banks, CCP	-	-
Liabilities to credit institutions	10,135,184	7,422,224
Deposits from customers	3,212,712	944,382
Debt securities	27,912,469	28,198,420
Other liabilities	125,117	142,202
Accruals	127,876	48,561
Provisions	0	0
Surplus of expenses over income	74,004	207,091
TOTAL FOREIGN CURRENCY ACTIVITY	41,587,362	36,962,879
Percentage of total liabilities	16.90%	16.01%

Note 3 Notes to the off-balance sheet commitments**3.0 Financing commitments given and received**

	2022 amount	2021 amount
FINANCING COMMITMENTS GIVEN		
Credit institutions	285,197	445,000
Customers	618,383	751,725
FINANCING COMMITMENTS RECEIVED		
Credit institutions	16,157,884	6,733,728
<i>inc. BDF</i>	16,157,884	6,733,728
Customers	0	0
TOTAL	17,061,464	7,930,453

3.1 Guarantee commitments given and received

	2022 amount	2021 amount
GUARANTEE COMMITMENTS GIVEN		
Credit institutions	6,555,876	4,959,310
Customers	93,431	104,038
GUARANTEES RECEIVED		
Credit institutions	0	0
Customers	0	0
TOTAL	6,649,307	5,063,348

3.2 Assets given as guarantee commitments

	2022 amount	2021 amount
Securities assigned under guarantee on forward market transactions	-	0
Repurchase agreement pledges given	-	42,638
Other securities assigned under guarantee	47,872,581	49,501,262
<i>inc. BDF</i>	47,872,581	49,501,262
<i>inc. EIB</i>	0	0
TOTAL	47,872,581	49,543,900

CM Home Loan SFH is a 99.9% owned subsidiary of BFCM. Its purpose is to issue exclusively on behalf of its parent company, securities secured by mortgages and similar loans distributed by the Crédit Mutuel and CIC networks. In accordance with the contractual provisions relating to these transactions, the BFCM would be required to pledge assets as guarantee for the issues of CM Home Loan SFH under certain potential conditions (such as the downgrading of the rating below a certain level or the scaling of the mortgage loans). As of December 31, 2022, this dispensatory mechanism did not need to be used.

3.3 Assets received as guarantee

	2022 amount	2021 amount
Securities received as guarantees for forward market transactions	-	-
Other securities received under guarantee	3,000	3,000
<i>inc. EIB</i>	3,000	3,000
TOTAL	3,000	3,000

The bank refinances itself with the Caisse de Refinancement de l'Habitat by issuing promissory notes in mobilization of receivables referred to in Article L.313-42 of the French Monetary and Financial Code for a total of €2,016,331 thousand as of December 31, 2022. The home loans guaranteeing these promissory notes are provided by the Crédit Mutuel Alliance Fédérale, of which BFCM is a subsidiary, and amounted at the same date to €14,189,129 thousand.

3.4 Forward currency transactions not yet unwound as of the balance sheet reporting date

Forward foreign exchange transactions	2022 amount		2021 amount	
	Assets	Liabilities	Assets	Liabilities
Euros to be received against currencies to be delivered	10,285,495	10,716,097	7,597,749	7,927,139
<i>of which currency swaps</i>	6,104,692	6,542,406	7,597,749	7,927,139
Currencies to be received against euros to be delivered	34,426,333	35,134,811	31,884,931	31,409,342
<i>of which currency swaps</i>	15,129,429	15,515,356	13,742,134	13,705,325
Currencies to be received against currencies to be delivered	5,982,045	5,945,343	8,661,824	8,770,143
<i>of which currency swaps</i>	-	-	0	0

3.5 Other forward transactions not yet unwound as of the balance sheet reporting date

	2022 amount	2021 amount
TRANSACTIONS ON ORGANIZED AND EQUIVALENT MARKETS ON INTEREST RATE INSTRUMENTS		
Firm hedging transactions	-	-
<i>of which Sales of future contracts</i>	-	-
<i>of which Purchases of future contracts</i>	-	-
Conditional hedging transactions	-	-
Other firm transactions	-	-
<i>of which Sales of future contracts</i>	-	-
OVER-THE-COUNTER TRANSACTIONS IN INTEREST RATE INSTRUMENTS		
Firm hedging transactions	303,753,369	225,430,111
<i>of which interest-rate swaps</i>	297,501,987	212,944,751
<i>Currency-rate swaps</i>	6,251,382	12,485,360
<i>Purchase of floor</i>	0	0
<i>Sale of floor</i>	-	-
Conditional hedging transactions	100,000	100,000
<i>of which Purchase of swap option</i>	-	-
<i>Sale of swap option</i>	-	-
<i>of which Purchase of cap/floor</i>	100,000	100,000
<i>Sale of cap/floor</i>	-	-
Other firm transactions	2,682,200	1,370,000
<i>of which interest-rate swaps</i>	2,682,200	1,370,000
<i>Currency-rate swaps</i>	-	-
Other conditional transactions	-	-
OVER-THE-COUNTER TRANSACTIONS IN FOREIGN EXCHANGE INSTRUMENTS		
Conditional hedging transactions	64,713	117,348
<i>of which Purchase exchange-rate options</i>	27,705	50,265
<i>Sales of exchange-rate options</i>	37,008	67,083
OVER-THE-COUNTER TRANSACTIONS IN INSTRUMENTS OTHER THAN INTEREST RATE AND FOREIGN EXCHANGE INSTRUMENTS		
Firm hedging transactions	-	-
<i>of which Purchase of forward commitments (NDF)</i>	-	-
<i>Sales of forward commitments (NDF)</i>	-	-
Conditional hedging transactions	-	-
<i>of which Purchase of option</i>	-	-
<i>Sales of option</i>	-	-

3.6 Breakdown of forward transactions not yet unwound according to residual maturity

	2022 amount			2021 amount		
	Less than one year	More than a year to five years	More than five years	Less than one year	More than a year to five years	More than five years
FOREIGN CURRENCY TRANSACTIONS	31,897,474	17,441,818	2,456,959	31,043,651	12,925,937	4,137,036
TRANSACTIONS ON ORGANIZED MARKETS ON INTEREST RATE INSTRUMENTS						
Firm transactions	-	-	-	-	-	-
<i>of which Sales of future contracts</i>	-	-	-	-	-	-
<i>of which Purchases of future contracts</i>	-	-	-	-	-	-
Other firm transactions	-	-	-	-	-	-
<i>of which Sales of future contracts</i>	-	-	-	-	-	-
OVER-THE-COUNTER TRANSACTIONS ON INTEREST RATE INSTRUMENTS						
Firm transactions	53,452,736	158,998,512	93,984,321	64,538,781	90,786,670	71,474,660
<i>of which swaps</i>	53,452,736	158,998,512	93,984,321	64,538,781	90,786,670	71,474,660
<i>Purchase of floor</i>	-	-	0	-	-	0
<i>Sale of floor</i>	-	-	-	-	-	-
Conditional hedging transactions	-	-	100,000	-	-	100,000
<i>of which Purchase of swap option</i>	-	-	-	-	-	-
<i>Sale of swap option</i>	-	-	-	-	-	-
<i>of which Purchase of cap/floor</i>	-	-	100,000	-	-	100,000
<i>Sale of cap/floor</i>	-	-	-	-	-	-
Other conditional transactions	-	-	-	-	-	-
OVER-THE-COUNTER TRANSACTIONS ON FOREIGN EXCHANGE INSTRUMENTS						
Conditional hedging transactions	-	64,713	-	-	117,348	-
<i>of which Purchase exchange-rate options</i>	-	27,705	-	-	50,265	-
<i>Sales of exchange-rate options</i>	-	37,008	-	-	67,083	-
OVER-THE-COUNTER TRANSACTIONS ON OTHER FORWARD INSTRUMENTS						
Firm transactions	-	-	-	-	-	-
<i>of which Purchase of forward commitments (NDF)</i>	-	-	-	-	-	-
<i>Sales of forward commitments (NDF)</i>	-	-	-	-	-	-
Conditional transactions	-	-	-	-	-	-
<i>of which Purchase of option</i>	-	-	-	-	-	-
<i>Sales of option</i>	-	-	-	-	-	-

3.7 Commitments with equity investments and fully-consolidated subsidiaries

COMMITMENTS GIVEN

	2022 amount	2021 amount
Financing commitments	182,850	217,850
Guarantee commitments	5,602,253	4,990,215
Commitments on currency transactions	8,972,930	3,233,461
Commitments on forward financial instruments	43,455,032	24,948,265
Securities commitments	-	-
TOTAL	58,213,065	33,389,791

COMMITMENTS RECEIVED

	2022 amount	2021 amount
Financing commitments	-	-
Guarantee commitments	3,000	-
Commitments on currency transactions	8,977,518	1,743,165
Commitments on forward financial instruments	-	-
Securities commitments	-	-
Commitments on conditional transactions	37,008	67,082
TOTAL	9,017,526	1,810,247

This table includes commitments received and given on equity investments and fully-consolidated subsidiaries within the consolidated scope of BFCM.

3.8 Fair value of derivatives

	2022 amount		2021 amount	
	Assets	Liabilities	Assets	Liabilities
RATES RISKS – HEDGE ACCOUNTING (MACRO-MICRO)				
Conditional or optional instruments	-	2,684	-	5,344
Firm instruments other than swaps	-	219	-	967
Embedded derivatives	89,838	8,052	74,213	-
Swaps	8,360,342	14,059,501	2,550,937	2,593,620
RATES RISKS – EXCLUDING HEDGE ACCOUNTING				
Conditional or optional instruments	-	-	-	-
Firm instruments other than swaps	-	-	-	-
Embedded derivatives	50,715	6,328	25,792	43,626
Swaps	77,835	123,165	18,658	99,698
FOREIGN EXCHANGE RISK				
Conditional or optional instruments	-	-	-	-
Firm instruments other than swaps	-	-	-	-
Swaps	61,759	11,493	32,304	4,453

The presentation of this appendix is the result of the application of CRC Regulations No. 2004-14 to 2004-19 relating to disclosures on the fair value of financial instruments. The fair value of derivative instruments is determined in relation to the market value, or by the application of market models.

Note 4 Notes to the income statement

4.1 Interest income and expenses

	2022 income	2021 income
Income on transactions with credit institutions	3,872,549	2,365,182
Income on transactions with customers	10,426	4,096
Income on bonds or other fixed-income securities	327,312	278,949
Income on subordinated loans	78,615	53,505
Other income of an interest character	6,660	7,268
Reversals/allocations of provisions relative to interest on non-performing loans	-	-
Reversals/allocations of provisions of an interest character	-	-
TOTAL	4,295,562	2,709,000

	2022 expense	2021 expenses
Expenses on transactions with credit institutions	2,754,908	1,664,622
Expenses on transactions with customers	33,419	-31,370
Expenses on bonds or other fixed-income securities	1,045,718	767,096
Expenses on subordinated loans	213,456	150,377
Other expenses of an interest character	140,519	134,677
Reversals/allocations of provisions relative to interest on non-performing loans	-	-
Reversals/allocations of provisions of an interest character	5,936	74
TOTAL	4,193,956	2,685,476

4.2 Breakdown of income from variable-income securities

	2022 amount	2021 amount
Income from shares and other variable-income short-term investment securities	16,438	21,391
Income from investments in companies and subsidiaries	1,234,677	1,376,633
Income from securities relating to the portfolio activity	-	-
TOTAL	1,251,115	1,398,024

4.3 Commissions

	2022 income	2021 income
Commissions on transactions with credit institutions	16,332	7,009
Commissions on transactions with customers	398	437
Commissions relative to securities transactions	39	24
Commissions on foreign exchange transactions	21	16
Commissions on financial services	147,928	108,781
Commissions on off-balance sheet transactions	-	-
Miscellaneous operating commissions	88	188
Reversal of provisions relating to commissions	-	-
TOTAL	164,806	116,455

	2022 expense	2021 expenses
Commissions on transactions with credit institutions	9,999	1,208
Commissions on transactions with customers	8	6
Commissions relative to securities transactions	7,655	5,745
Commissions on foreign exchange transactions	954	827
Commissions on financial services	131,641	94,098
Commissions on off-balance sheet transactions	-	-
Miscellaneous operating commissions	2,098	1,577
Allocations to provisions relating to commissions	-	-
TOTAL	152,355	103,461

4.4 Profit or loss on the trading book

	2022 amount	2021 amount
Trading securities	37	-21
Currency transactions	-30,420	21,994
Forward financial instruments	-9,896	-18,633
Net allocations/reversals of provisions	-35	5,994
TOTAL	-40,314	9,334

4.5 Profit or loss on the short-term investment securities and equivalent portfolio

	2022 amount	2021 amount
Acquisition fees on short-term investment securities	-	-
Net capital gain or loss on disposal	-9,039	38,742
Net allocations or reversals of provisions	-139,196	154,255
TOTAL	-148,235	192,997

In 2022, reversals recorded an amount of €60,391 thousand related to the BOA share. At December 31, 2021, BFCM had reversed a provision of €153,710 thousand on this same BOA share.

Following the promise to sell signed at the end of 2022 and the planned exit from TARGOBANK in Spain (TBE) at the beginning of 2023, BFCM set aside a provision (allowance) for recapitalization risk of €63,700 thousand.

4.6 Other operating income or expenses

	2022 amount	2021 amount
Miscellaneous operating income	137,320	1,235
Miscellaneous operating expenses	-566	-100,798
TOTAL	136,754	-99,563

As of December 31, 2021, BFCM had a stock of provisions for miscellaneous contingencies of €468,500 thousand related to its exposure on the continent of Africa. As of December 31, 2022, this exposure was adjusted (reversed) downwards by €137,000 thousand.

4.7 General operating expenses

	2022 amount	2021 amount
Wages and salaries	8,274	8,162
Pensions expenses	1,086	1,073
Other social security contributions	2,783	2,592
Employee profit-sharing and incentive schemes	1,030	1,102
Payroll-based taxes	1,562	2,221
Other taxes and duties	12,846	6,642
External services	45,011	39,187
Allocations/reversals of provisions on general operating expenses	-	397
Other miscellaneous expenses	23,131	15,820
Rebilled expenses	-2,802	-2,757
TOTAL	92,921	74,439

As part of the implementation of a compensation and termination benefit system within CF de CM for the Chairman and Chief Executive Officer, as of June 1, 2019, the Board of Directors of BFCM decided on February 20, 2019 that the terms of office of Chairman of the Board of Directors and Chief Executive Officer would no longer be remunerated as of June 1, 2019.

The total amount of direct and indirect compensation paid to the executives of BFCM by the group amounted to €9,619,060.50 in 2022 compared to €8,475,385.45 in 2021. No attendance fees were paid.

In accordance with ANC Regulation 2016-07, the fees paid to the statutory auditors are detailed below:

<i>[In thousands of euros ex VAT]</i>	PWC France	Ernst & Young	KPMG	Other
Audit of the accounts	386	225	246	-
Non-audit services ⁽¹⁾	342	262	846	256

(1) The services provided cover the SACCs provided at the request of the entity, corresponding to comfort letters in connection with market transactions and reports and certificates required for regulatory purposes.

4.8 Cost of risk

	2022 amount	2021 amount
Allocations to provisions related to receivables	-14,124	-748
Reversals of provisions related to receivables	8,090	29,918
Profit/loss on loan losses covered by provisions	91	-22,748
Loan losses not covered by provisions	-20	-106
TOTAL	-5,963	6,316

4.9 Profit/loss on non-current assets

	2022 amount	2021 amount
Profit or loss on property, plant and equipment	-	-
Profit or loss on non-current financial assets	42,728	-320,926
Allocations/reversals of provisions on non-current assets	-268,415	112,695
Allocations/reversals of provisions for risks and expenses	-79,350	-
TOTAL	-305,037	-208,231

In 2022, the shares of the Spanish subsidiary TARGOBANK SA were fully provisioned, i.e. an additional provision of €219,298 thousand. Following the disposal in early 2022, the FLOA provision (€30 million) was reversed.

In addition, the German subsidiary TARGOBANK was the subject of an additional provisioning (allowance) of €31,200 thousand.

As for the press group in which BFCM is the majority shareholder, the provision for securities was increased by €58,100 thousand.

Lastly, BFCM recorded a provision for risks and charges on the sale of FLOA of €18,050 thousand as well as a provision of €61,300 thousand corresponding to the risk of recapitalization of the press companies held by SIM.

4.10 Non-recurring income

	2022 amount	2021 amount
Profit/loss of partnerships	0	0
Other extraordinary income	0	0
Allocations/reversals of provisions on partnerships	0	0
TOTAL	0	0

4.11 Breakdown of income tax

	2022 amount	2021 amount
(A) Tax on ordinary profit	4	-24,101
(B) Tax on extraordinary items	0	0
(C) Tax on previous fiscal years	4,170	74
(A+B+C) Income tax due pursuant to the fiscal year	4,174	-24,027
Allocations to provisions of a corporate income tax character	0	-6,931
Reversals of provisions of a corporate income tax character	0	0
CORPORATE INCOME TAX FOR THE FISCAL YEAR	4,174	-30,958

4.12 Other information: Workforce

Average workforce (FTE)	2022	2021
Bank technical staff	19	17
Managers	62	55
TOTAL	81	72

8.2 INFORMATION ON SUBSIDIARIES AND EQUITY INVESTMENTS

The amounts are presented in thousands of euros.

A. DETAILED INFORMATION CONCERNING THE INVESTMENTS WITH A GROSS CARRYING AMOUNT OVER 1% OF OUR SHARE CAPITAL I.E.: €17,112,797

	Capital at 12/31/2021	Shareholders' equity other than capital and profit/(loss) at 12/31/2021	Share of capital held at 12/31/2022 <i>[as a %]</i>
1] SUBSIDIARIES (MORE THAN 50% OF THE SHARE CAPITAL IS HELD BY OUR COMPANY)			
Mutuelles Investissement SA (formerly Devest 15), Strasbourg	930,000	180,809	90.00
CM Caution Habitat SA (formerly Devest 16), Strasbourg	310,037	8,919	100.00
Crédit Mutuel – Home Loan SFH (formerly CM-CIC Covered Bonds), SA, Paris	220,000	2,207	100.00
SIM (formerly EBRA), SAS, Houdemont	83,767	-216,117	100.00
CM Immobilier (formerly Ataraxia), SAS, Orvault	51,760	64,312	100.00
Banque Européenne du Crédit Mutuel, BECM, SAS, Strasbourg	134,049	1,362,374	96.08
Crédit Industriel et Commercial, SA, Paris	611,858	14,265,000	93.18
Cofidis Group (formerly Cofidis Participations), SA, Villeuneuve d'Asq	112,658	1,705,146	79.99
FactoFrance SAS, Paris	507,452	608,872	100.00
TARGOBANK in Spain (formerly Banco Popular Hipotecario), Madrid	219,613	-10,053	100.00
TARGOBANK Deutschland GmbH, Düsseldorf	625,526	2,859,104	100.00
Groupe des Assurances du Crédit Mutuel, SA, Strasbourg	1,241,035	8,897,668	50.04
Beobank, Brussels	313,300	401,666	51.00
Nord Europe Lease (Bail Actea Immobilier), Lille	35,091	22,366	100.00
CM-CIC AM, Strasbourg	3,872	52,556	57.45
2] SHAREHOLDING (FROM 10% TO 50% OF THE SHARE CAPITAL IS HELD BY OUR COMPANY)			
CM Real Estate Lease, SA, Paris	64,399	39,434	45.94
Caisse de Refinancement de l'Habitat, SA, Paris	539,995	22,628	15.31
Banque de Tunisie, Tunis	225,000 ⁽¹⁾	786,470 ⁽¹⁾	35.33
EPI Interim Company, Brussels	34,375	34,375	10.59
3] OTHER EQUITY INVESTMENTS (THE SHARE CAPITAL HELD BY OUR COMPANY IS LESS THAN 10%)			
Nil	-	-	-

⁽¹⁾ Amounts expressed in thousands of Tunisian dinar (TND)

⁽²⁾ NBI and net profit/(loss) expressed in thousands of Tunisian dinar (TND).

⁽³⁾ Revenue "Not applicable" for the company.

⁽⁴⁾ NBI for Credit and Financial Institutions.

Carrying amount of securities held at 12/31/2022		Loans and advances granted by the Bank and not redeemed at 12/31/2022	Amount of deposits and endorsements provided by the Bank at 12/31/2022	Revenue at 12/31/2021	Net profit or loss at 12/31/2021	Dividends net cash deposits by the Bank at 12/31/2022	Comments
Gross	Net						
837,000	837,000	0	0	0 ⁽³⁾	30,713	0	
310,037	310,037	100,537	0	2,071 ⁽⁴⁾	833	0	
220,000	220,000	4,171,931	0	7,282 ⁽⁴⁾	4,558	4,400	
412,937	55,500	303,394	82,850	491,169	-15,230	0	
100,986	100,986	0	0	6,487	4,546	4,319	
465,755	465,755	5,728,136	3,078,000	342,880 ⁽⁴⁾	173,141	0	
4,146,391	4,146,391	82,653,737	2,148,808	6,000,000 ⁽⁴⁾	2,105,000	979,866	Consolidated business
1,553,768	1,553,768	14,046,797	0	1,326,975 ⁽⁴⁾	150,230	0	Consolidated business
1,460,802	1,313,402	6,203,676	400,000	134,096 ⁽⁴⁾	32,741	0	
605,549	0	1,331,162	40,000	66,518 ⁽⁴⁾	-16,873	0	
5,696,196	5,320,996	2,049,694	0	56,563	15,489	0	Consolidated business
1,269,111	1,269,111	652,053	0	12,258,194	884,518	200,324	Consolidated business
267,786	267,786	811,386	0	247,077 ⁽⁴⁾	40,962	10,445	
40,336	40,336	1,877,293	0	7,611 ⁽⁴⁾	4,420	4,515	
23,516	23,516	0	0	322,840	43,967	12,281	
47,779	47,779	4,981,655	0	40,245 ⁽⁴⁾	15,813	3,625	
92,079	92,079	0	100,817	2,239 ⁽⁴⁾	34	0	
210,802	210,802	0	0	385,983 ⁽²⁾	152,124 ⁽²⁾	6,003	Consolidated business
20,266	20,266	0	0	0 ⁽³⁾	-19,658	0	
-	-	-	-	-	-	-	



B. OVERALL INFORMATION CONCERNING EQUITY INVESTMENTS

	Capital at 12/31/2021	Shareholders' equity other than capital and profit/(loss) at 12/31/2021	Share of capital held at 12/31/2022 <i>(as a %)</i>	
1) SUBSIDIARIES NOT INCLUDED IN PARAGRAPH A				
a) French subsidiaries (together)	-	-	-	
<i>of which SNC Rema, Strasbourg</i>	-	-	-	
b) foreign subsidiaries (together)	-	-	-	
2) EQUITY INVESTMENT NOT INCLUDED IN PARAGRAPH A				
a) French equity investments (together)	-	-	-	
b) foreign equity investments (together)	-	-	-	
3) OTHER EQUITY INVESTMENTS NOT COVERED IN PARAGRAPH A				
a) other equity investments in French companies (together)	-	-	-	
b) other equity investments in foreign companies (together)	-	-	-	

Carrying amount of securities held at 12/31/2022		Loans and advances granted by the Bank and not redeemed at 12/31/2022	Amount of deposits and endorsements provided by the Bank at 12/31/2022	Revenue at 12/31/2021	Net profit or loss at 12/31/2021	Dividends net cash deposits by the Bank at 12/31/2022
Gross	Net					
-	-	-	-	-	-	-
51,237	33,584	52,420	0	-	-	1,080
305	305	0	0	-	-	0
0	0	-	-	-	-	-
23,748	23,735	10,491	0	-	-	3,700
909	909	0	0	-	-	3,250
22,388	22,074	0	0	-	-	222
1,146	1,146	0	0	-	-	0

8.3 STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

[Year ended December 31, 2022]

To the Shareholders' Meeting

Opinion

In performance of the mission entrusted to us by your Shareholders' Meeting, we have audited the annual financial statements of Banque Fédérative du Crédit Mutuel for the fiscal year ended December 31, 2022, as appended to this report.

We certify that the annual financial statements are, with regard to French accounting principles and rules, a fair presentation and give a true image of the profit or loss of the past fiscal year and the financial position and assets of the company at the end of this fiscal year.

Basis of the opinion

Accounting basis

We conducted our audit according to applicable professional standards in France. We appraise that the items that we collected were of a sufficient and appropriate basis on which to form our opinion.

The responsibilities incumbent upon us pursuant to these standards are expressed in the section "Responsibilities of statutory auditors relating to the audit of the annual financial statements" in this report.

Independence

We performed our audit in accordance with the rules of independence provided for in the French Commercial Code and the code of conduct of the statutory auditors, during the period from January 1, 2022 to the date our report was issued, and in particular, we did not provide any services prohibited by Article 5, paragraph 1, of the Regulation [EU] No. 537/2014.

Justification of the assessment – Key points of the audit

Pursuant to the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code pertaining to justification of our assessment, we bring to your attention the key points of the audit as they pertain to the risk of material misstatements which, according to our professional judgment, were the most important for the audit of the annual financial statements, as well as our responses to these risks.

The assessments made in this way fall within the scope of the audit of the annual financial statements taken as a whole and the formation of our opinion as expressed above. We do not express an opinion on isolated items of the annual financial statements.

VALUATION RISK ON EQUITY AND OTHER LONG-TERM INVESTMENTS AND INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

Identified risk	Our response
<p>As of December 31, 2022, equity and other long-term investments and investments in associates amounted to €368 million and €16,027 million, respectively, and are among the items with the highest value in your company's balance sheet.</p> <p>As indicated in note 1.5 to the financial statements, equity and other long-term investments and investments in associates are recognized at historical cost and impaired when their value in use, which represents what the company would be willing to pay out to obtain them if it were to acquire them, is less than the carrying amount.</p> <p>The value in use is estimated by the company on the basis of the value of the shareholders' equity at the end of the fiscal year of the entities concerned, their level of profitability and their business forecasts. For listed securities, the value in use is determined by also taking into consideration the average share price over the last month.</p> <p>The estimate of the value in use of these securities requires the exercise of the company's judgment in selecting the items to be considered according to the securities concerned. These items may correspond, depending on the case, to historical data (for certain entities, net assets [possibly adjusted] and, for other entities, average stock market prices for the last month), or to forecast information (level of profitability and outlook for future activity).</p> <p>Since judgment is used when selecting the criteria and the provisional information used by the company to estimate the value in use, we considered that the valuation of equity investments and investments in associates constitutes a key point of our audit.</p>	<p>In order to assess the reasonable nature of the estimate of the values in use of the equity investments and investments in associates, on the basis of the information provided to us, our work consisted mainly of assessing that the estimate of these values determined by the company is based on an appropriate justification of the valuation method and the figures used and, depending on the securities concerned, in:</p> <ul style="list-style-type: none"> ■ For valuations based on historical data: <ul style="list-style-type: none"> ■ verifying that the shareholders' equity used is consistent with the financial statements of audited entities or analytical procedures and that any adjustments made to this equity are based on relevant documentation; ■ checking the share prices used by your company for valuations based on observable market data. ■ For valuations based on forward-looking information: <ul style="list-style-type: none"> ■ reviewing the documentation justifying the values in use; ■ analyzing the valuation methods and parameters used by the company; <p>In addition to assessing the value in use of equity investments, our work also consisted in:</p> <ul style="list-style-type: none"> ■ assessing the recoverability of related receivables in the light of analyses carried out on equity investments and investments in associates. ■ controlling the recognition of a provision for risks in cases where the company is committed to bearing the losses of a subsidiary with negative shareholders' equity.

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 with the exception of the item below:

The fair presentation and the 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 information

In application of the law, we satisfied ourselves that the various information relative to equity investments and control was communicated to you in the management report.



Other verifications or information required by laws and regulations

Appointment of statutory auditors

We were appointed as statutory auditors of the Banque Fédérative du Crédit Mutuel by your Shareholders' Meeting of May 11, 2016 for PricewaterhouseCoopers France and May 10, 2022 for KPMG S.A..

As of December 31, 2022, PricewaterhouseCoopers France was in the seventh year of its uninterrupted mission and KPMG S.A. in the first 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 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 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.

Executed in Neuilly-sur-Seine and Paris-La Défense, April 12, 2023

The statutory auditors

PricewaterhouseCoopers France

Laurent Tavernier

Partner

KPMG S.A.

Arnaud Bourdeille

Partner

Sophie Sotil-Forgues

Partner

8.4 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS

[Shareholders' Meeting to approve the financial statements for the fiscal year ended December 31, 2022]

To the company's Shareholders' Meeting

In our role as statutory auditors of your company, we present our report on the regulated agreements.

It is our responsibility to inform you, on the basis of the information provided to us, of 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; in accordance with the terms of Article R.225-31 of the French Commercial Code, you are responsible for assessing the value of entering into these agreements with a view to their approval.

In addition, it is our responsibility, where appropriate, to provide you with the information set out 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 Institute of statutory auditors for this mission. These procedures consisted in verifying that the information provided to us is consistent with the source documents from which it has been extracted.

Agreements submitted to the Shareholders' Meeting for approval

We hereby inform you that we were not given notice of any agreement authorized and agreed during the past fiscal year to be submitted for the approval of the Shareholders' Meeting pursuant to the provisions of Article L.225-38 of the French Commercial Code.

Agreements already approved by the Shareholders' Meeting

We hereby inform you that we were not given notice of any agreement already approved by the Shareholders' Meeting, the execution of which continued during the past fiscal year.

Executed in Neuilly-sur-Seine and Paris-La Défense, April 12, 2023

The statutory auditors

PricewaterhouseCoopers France

Laurent Tavernier
Partner

KPMG S.A.

Arnaud Bourdeille
Partner

Sophie Sotil-Forgues
Partner





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9.1 SHARE CAPITAL

The share capital stands at €1,711,279,700.00. It is divided into 34,225,994 shares each with a nominal value of €50, all of the same class. On January 6, 2022, a capital increase reserved for the CMNE regional bank took place through the issue of 455,004 new shares with a nominal value of €50.

BFCM has no unissued authorized capital or exchangeable or redeemable convertible bonds granting access to capital.

Shares of BFCM are not listed or traded on any market.

The shareholders of BFCM do not hold different voting rights.

9.2 SHAREHOLDING STRUCTURE

9.2.1 Distribution of BFCM's capital at December 31, 2022

Shareholders	Number of shares	Number of entities	% held	Nominal amount held (in euros)
Caisse Fédérale de Crédit Mutuel	31,399,922	1	91.74%	1,569,996,100
Caisse Régionale du Crédit Mutuel de Loire-Atlantique et du Centre Ouest	741,949	1	2.17%	37,097,450
Caisse Fédérale du Crédit Mutuel de Maine-Anjou et Basse-Normandie	459,722	1	1.34%	22,986,100
Caisse Régionale du Crédit Mutuel Nord Europe	455,015	1	1.33%	22,750,750
Caisse Régionale du Crédit Mutuel du Centre	308,716	1	0.90%	15,435,800
Caisse Régionale du Crédit Mutuel d'Anjou	175,991	1	0.51%	8,799,550
Caisse Fédérale du Crédit Mutuel Océan	172,116	1	0.50%	8,605,800
Caisse Régionale du Crédit Mutuel d'Île-de-France	146,411	1	0.43%	7,320,550
Caisse Régionale du Crédit Mutuel de Normandie	123,766	1	0.36%	6,188,300
Caisse Régionale du Crédit Mutuel Méditerranéen	74,450	1	0.22%	3,722,500
Caisse du Crédit Mutuel du Sud Est	61,535	1	0.18%	3,076,750
Caisses de Crédit Mutuel de la Fédération Centre Est Europe	59,066	356	0.17%	2,953,300
Caisse Régionale du Crédit Mutuel Midi-Atlantique	24,484	1	0.07%	1,224,200
Caisses de Crédit Mutuel de la Fédération Sud Est	5,704	101	0.02%	285,200
Caisse Régionale du Crédit Mutuel Antilles-Guyane	2,851	1	0.01%	142,550
Caisse Régionale du Crédit Mutuel Dauphiné-Vivaraïs	2,470	1	0.01%	123,500
Caisses de Crédit Mutuel de la Fédération Île-de-France	1,890	181	0.01%	94,500
Caisses de Crédit Mutuel de la Fédération Loire-Atlantique et du Centre Ouest	1,480	117	0.00%	74,000
Caisses de Crédit Mutuel de la Fédération Méditerranéen	1,450	141	0.00%	72,500
Caisses de Crédit Mutuel de la Fédération Midi-Atlantique	1,172	115	0.00%	58,600
Caisses de Crédit Mutuel de la Fédération Centre	1,040	82	0.00%	52,000
Caisses de Crédit Mutuel de la Fédération Normandie	910	86	0.00%	45,500
Caisses de Crédit Mutuel de la Fédération Nord Europe	1,330	132	0.00%	66,500
Caisses de Crédit Mutuel de la Fédération Dauphiné-Vivaraïs	551	50	0.00%	27,550
Caisses de Crédit Mutuel de la Fédération Savoie-Mont Blanc	500	45	0.00%	25,000
Caisses de Crédit Mutuel de la Fédération Anjou	400	40	0.00%	20,000
Caisses de Crédit Mutuel de la Fédération Massif Central	300	30	0.00%	15,000
Caisses de Crédit Mutuel de la Fédération Antilles-Guyane	260	26	0.00%	13,000
Fédération du Crédit Mutuel Centre Est Europe	81	1	0.00%	4,050
Natural persons	42	1	0.00%	2,100
Caisse Régionale du Crédit Mutuel Massif Central	10	1	0.00%	500
Caisse Régionale du Crédit Mutuel Savoie-Mont Blanc	10	1	0.00%	500
TOTAL	34,225,594	1,520	100.00%	1,711,279,700

9.2.2 Natural persons or legal entities exercising control over BFCM

As of December 31, 2022, Caisse Fédérale de Crédit Mutuel controls 91.74% of BFCM.

With regard to the prevention of any improper control, it should be noted that all of the transactions between the Caisse Fédérale de Crédit Mutuel and the BFCM are signed under normal market conditions.

The Chairman of the Board of Directors of BFCM is also Chairman of the Board of Directors of Caisse Fédérale de Crédit Mutuel and the Chief Executive Officer of BFCM is also Chief Executive Officer of Caisse Fédérale de Crédit Mutuel.

The company believes that there is no risk of control being abused.

9.2.3 Change of control

BFCM's articles of association contain stipulations that delay, defer or prevent a change of control, in that they limit the possibility of becoming BFCM shareholders to certain strictly specified persons, and require the prior approval of the Board of Directors for the transfer of shares.

To BFCM's knowledge, no agreement exists that might result in a change in its control at a later date.

9.3 DIVIDENDS

In terms of its dividend distribution policy, BFCM favors a long-term shareholding structure composed almost exclusively of Crédit Mutuel Alliance Fédérale entities. As such, it regularly 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.

CHANGES IN EARNINGS AND DIVIDENDS

	2018	2019	2020	2021	2022
Number of shares as of December 31	33,770,590	33,770,590	33,770,590	33,770,590	34,225,594
Profit/loss (in € per share)	29.36	59.33	20.14	36.42	26.69
Dividend (in € per share)	3.85	8.90	3.02	6.72	5.34

* By deduction from the optional reserve.

If a dividend is not claimed, it will be subject to Article L.1126-1 paragraph 3 of the French General Public Persons Property Code, which provides that "shall definitively vest to the State [...] deposits of sums of money and, in general, all cash assets in banks, credit institutions and all other institutions that receive funds on deposit or in current accounts, where such deposits or assets have not been the subject of any transaction or claim by the beneficiaries for thirty years [...]."

9.4 ORDINARY SHAREHOLDERS' MEETING OF MAY 10, 2023

First resolution

The Shareholders' Meeting, having considered the management report of the Board of Directors and the corporate governance report attached thereto, the statutory auditors' report and the financial statements for the year ended December 31, 2022, approves the said financial statements as presented, which show a profit of €913,623,423.18.

The Shareholders' Meeting notes there were no non-deductible expenses and charges from the profits subject to income tax, and consequently no tax paid due to such 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 resolves to allocate the profit for the fiscal year of €913,623,423.18 plus retained earnings from the previous year of €317,935.04, *i.e.* the sum of €913,941,358.22 as follows:

- to pay a dividend of €5.34 to each of the 34,225,594 shares outstanding at December 31, 2022;
 - representing a total distribution of €182,764,671.96,
 - these dividends are eligible for the allowance specified by Article 158 of the French General Tax Code (*Code général des impôts* – CGI);
- to pay an amount of €2,275,020 to the legal reserve in order to reach the regulatory ceiling of 10% of the share capital;
- to allocate €728,000,000 to the optional reserve;
- to allocate €901,666.26 to retained earnings.

In accordance with the legal provisions in force, the dividends paid per share for the last three fiscal years were as follows:

Fiscal year	2019	2020	2021
Amount in €	€8.90	€3.02	€6.72
Dividends eligible for the allowance pursuant to Article 158 of the French General Tax Code	YES	YES	YES

Third resolution

The Shareholders' Meeting, having considered the management report of the Board of Directors and the corporate governance report attached thereto, the statutory auditors' report and the consolidated financial statements of Banque Fédérative du Crédit Mutuel at December 31, 2022, approves said financial statements as presented.

Fourth resolution

The Shareholders' Meeting, having considered the special report of the statutory auditors on the agreements referred to in Article L.225-38 of the French Commercial Code, and ruling on this report, notes the absence of such agreements.

Fifth resolution

Pursuant to article L511-73 of the French Monetary and Financial Code, and after having reviewed the report on corporate governance attached to the management report, the Shareholders' Meeting notes the overall compensation package for Crédit Mutuel Alliance Fédérale, paid during the past fiscal year to the members of the supervisory bodies, to the members of the effective management as well as to the categories of regulated personnel covered by article L511-71 of the same code. Part of this budget concerns Banque Fédérative du Crédit Mutuel.

Sixth resolution

The Shareholders' Meeting sets the amount of compensation to be paid during the fiscal year to the members of the Board of Directors of Banque Fédérative du Crédit Mutuel, with the exception of the Chairman who is compensated at the level of Caisse Fédérale de Crédit Mutuel, for an amount of €1,200,000. The allocation of funds is carried out in accordance with the terms and conditions set out in the Charter governing the exercise of offices of the members of the Boards of Directors and Supervisory Boards.

Seventh resolution

The Shareholders' Meeting renews the term of office of Mr. Nicolas Théry as a member of the Board of Directors for a period of three years, *i.e.* until the Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2025.

Eighth resolution

The Shareholders' Meeting renews the term of office of Mr. Charles Gerber 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, 2025.

Ninth resolution

The Shareholders' Meeting renews the term of office of Mr. Olivier Guiot 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, 2025.

Tenth resolution

The Shareholders' Meeting appoints Mr. Franck Mogade, in replacement of Mr. Elio Gumbs, 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, 2025.

Eleventh resolution

The Shareholders' Meeting appoints Mrs. Chantal Cettour Meunier for a period of three years, as member of the Board of Directors in replacement of Mrs. Gislhaine Ravanel. *i.e.* until the Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2025.

9.5 MISCELLANEOUS INFORMATION

9.5.1 Company and trade name

Banque Fédérative du Crédit Mutuel
Acronym: BFCM

[Article 2bis of the articles of association]

Banque Fédérative du Crédit Mutuel is part of the Crédit Mutuel group. Banque Fédérative du Crédit Mutuel, within Crédit Mutuel Alliance Fédérale, embraces the *raison d'être*: “Ensemble, écouter et agir” (listening and acting together).

9.5.2 Place of incorporation, LEI and registration number

Strasbourg B 355 801 929
APE/NAF business identifier code: 6419Z
LEI number: VBHFXYT70G62HNT8T76

9.5.5 Other information about the issuer

Corporate fiscal year: From January 1 to December 31 each year.
BFCM registered office: 4 rue Frédéric-Guillaume Raiffeisen, 67000 Strasbourg, France.
BFCM contact address: 6 rue de Provence, 75452 Paris Cedex 09, France.
Phone: +33 (0)1 53 48 77 02
Website: www.bfcm.creditmutuel.fr^[1]

The articles of association, minutes of the Shareholders' Meeting and reports can be consulted at the registered office: 4 rue Frédéric-Guillaume Raiffeisen, 67000 Strasbourg.

9.5.3 Date of incorporation and term

The company was incorporated on October 28, 1955 under the name “Banque du Crédit Mutuel Lorrain”. Its term will expire on October 27, 2054, unless it is dissolved or its term is extended before that date.

9.5.4 Company purpose and *raison d'être*

[Article 2 of the articles of association]

The purpose of the company is:

- to organize and develop the diversification activities of the group that it forms with the Caisses de Crédit Mutuel within its own business scope, Caisse Fédérale de Crédit Mutuel and Fédération du Crédit Mutuel Centre Est Europe;
- to undertake for its own account, on behalf of third parties or as a joint venture, in France and abroad, all banking transactions and all related and contiguous transactions, to perform all insurance brokerage activities and more generally all insurance intermediation activities, and all other transactions in the area of business of a bank, in accordance with the regulations and legislation in force;
- to take and manage any direct or indirect shareholding in any French or foreign company *via* the establishment of new companies, contributions, subscriptions or purchases of securities or rights, mergers, associations or joint ventures, underwriting syndicates or other;
- and generally perform any financial, industrial, commercial, securities or real estate transactions directly or indirectly related to the aforementioned purposes or falling within the area of business of a bank.

The company also seeks to provide investment services governed by the French Monetary and Financial Code.

9.5.6 Legislation governing activities and legal form

BFCM, a French public limited company (*société anonyme*) is governed by the provisions of the French Commercial Code on public limited companies and the laws applicable to French credit institutions, mainly codified by the French Monetary and Financial Code. BFCM is a member of the French Banking Federation (FBF).

9.5.7 Date of the latest financial information

The most recent approved financial information of BFCM dates from December 31, 2022.

9.5.8 Significant changes

There was no significant change in the financial performance of Crédit Mutuel Alliance Fédérale and BFCM between December 31, 2022 and the date of filing of this universal registration document.

[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.

9.5.9 Recent events specific to BFCM of material interest when assessing its solvency

No significant event relating to the financial or commercial situation of Crédit Mutuel Alliance Fédérale and BFCM consolidated has occurred since the publication on February 8, 2023 of the financial statements for the year ended December 31, 2022, which could affect the solvency of Crédit Mutuel Alliance Fédérale and BFCM consolidated.

9.5.10 Major contracts

No major contracts have been signed by BFCM over the last two years that may alter BFCM's financial position to such an extent that BFCM cannot face the obligations related to the issue of its securities.

9.5.11 Legal and arbitration proceedings

In the context of the dispute following the French Competition Authority's decision of September 20, 2010 to sanction banks, including CIC, concerning check image transfer fees, the Court of Appeal of Paris, on a second referral from the Court of Cassation, following the judgment of December 2, 2021, ruled that there was no breach of competition rules and fully ruled in favor of the banks. The French Competition Authority appealed to the Court of Cassation.

There are no other administrative, legal or arbitration proceedings (including pending or threatened proceedings of which the issuer is aware) that could have or have had in the last 12 months a material effect on the financial position or profitability of the company and/or the group.

9.5.12 Position of dependence

Crédit Mutuel Alliance Fédérale is not dependent on any patent, license nor any industrial, commercial or financial supply contract.

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Additional Information

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10.1 2023 FINANCIAL COMMUNICATION CALENDAR

BFCM

February 8, 2023	Publication of 2022 full-year results
May 10, 2023	Ordinary Shareholders' Meeting
July 27, 2023	Publication of 2023 first-half results

Calendar subject to change

Crédit Mutuel Alliance Federale

February 8, 2023	Publication of 2022 full-year results
July 27, 2023	Publication of 2023 first-half results

Calendar subject to change

10.2 DOCUMENTS AVAILABLE TO THE PUBLIC

During the validity of the universal registration document, the following documents (or copy of these documents) can be viewed:

Digitally on BFCM's website

<http://www.bfcm.creditmutuel.fr>

- Historical financial information of the BFCM and Crédit Mutuel Alliance Fédérale for each of the two fiscal years preceding the publication of the universal registration document.
- This universal registration document and those of the two previous fiscal years.

The information provided on the website does not form part of the universal registration document.

Regarding physical media

- The issuer's charter and articles of association.
- All reports, letters and other documents, historical financial information, valuations and statements prepared by an expert at the request of the issuer, a part of which is included or referred to in the universal registration document.
- The historical financial information of the subsidiaries of the BFCM for each of the two fiscal years preceding the publication of the universal registration document.

By sending a request by mail to:

**Banque Fédérative du Crédit Mutuel
Group General secretariat**

4 rue Frédéric-Guillaume Raiffeisen
67913 STRASBOURG Cedex 9
+33 (0)3 88 14 88 14

10.3 PERSON RESPONSIBLE FOR THE FINANCIAL INFORMATION

Mr. Alexandre Saada

Deputy Chief Executive Officer of BFCM

Director of the Finance Division of Crédit Mutuel Alliance Fédérale

Email: alexandre.saada@creditmutuel.fr

10.4 PERSON RESPONSIBLE FOR THE DOCUMENT

Certification and governance

I, the undersigned Alexandre Saada, Chief Financial Officer (CFO) of Crédit Mutuel Alliance Fédérale, confirm, after taking all reasonable measures, that Crédit Mutuel Alliance Fédérale has published the information contained in chapter 5 Risks and capital adequacy - Pillar 3 - pursuant to part 8 of Regulation (EU) No. 2019/876 (CRR 2) in

accordance with the accounting system in place and the internal control associated with it.

Paris, April 12, 2023

Declaration by the person responsible for the universal registration document

Mr. Daniel Baal

Chief Executive Officer of Caisse Fédérale de Crédit Mutuel

Declaration by the person responsible

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 10 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.

Strasbourg, April 12, 2022

10.5 PERSONS RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

Statutory auditors for the scope of the annual and consolidated financial statements BFCM

KPMG SA, member of the Regional Association of Auditors of Versailles (Compagnie Régionale de Versailles) – represented by Ms. Sophie Sotil and Mr. Arnaud Bourdeille – Tour Eqho -2 avenue Gambetta, CS 60055 -92066 Paris-La Défense Cedex, France.

Start date of first term of office: May 10, 2022.

Current term of office: six fiscal years with effect from May 10, 2022.

Appointment: The Shareholders' Meeting of BFCM of May 10, 2022 appointed KPMG SA to replace Ernst & Young et Autres firm as principal statutory auditors for a period of six years, *i.e.* until the close of the Shareholders' Meeting called to approve the financial statements for the year 2027.

PricewaterhouseCoopers France, member of the French Institute of statutory auditors of Versailles (Compagnie Régionale de Versailles) – represented by Mr. Laurent Tavernier – 63 rue de Villiers, 92200 Neuilly-sur-Seine, France.

Start date of first term of office: May 11, 2016.

Current term of office: six fiscal years with effect from May 10, 2022.

Renewal: The Shareholders' Meeting of BFCM of May 10, 2022 appointed PricewaterhouseCoopers France as the principal statutory auditor for a period of six years, *i.e.* until the close of the Shareholders' Meeting called to approve the financial statements for the year 2027.

Principal statutory auditors on the scope of the consolidated financial statements Crédit Mutuel Alliance Fédérale carried by Caisse Fédérale de Crédit Mutuel

KPMG SA, member of the Regional Association of Auditors of Versailles (Compagnie Régionale de Versailles) – represented by Ms. Sophie Sotil and Mr. Arnaud Bourdeille – Tour Eqho -2 avenue Gambetta, CS 60055 -92066 Paris-La Défense Cedex, France.

Start date of first term of office: May 10, 2022.

Current term of office: six fiscal years with effect from May 10, 2022.

Appointment: The Shareholders' Meeting of Caisse Fédérale de Crédit Mutuel held on May 10, 2022 appointed KPMG SA as statutory auditor to replace Ernst & Young et Autres for a period of six fiscal years, *i.e.* until the close of the Shareholders' Meeting called to approve the financial statements for the year 2027.

PricewaterhouseCoopers France, member of the French Institute of statutory auditors of Versailles (Compagnie Régionale de Versailles) – represented by Mr. Laurent Tavernier – 63 rue de Villiers, 92200 Neuilly-sur-Seine, France.

Start date of first term of office: May 26, 2016.

Current term of office: six fiscal years with effect from May 10, 2022.

Renewal: The Shareholders' Meeting of Caisse Fédérale du Crédit Mutuel of May 10, 2022 renewed PricewaterhouseCoopers France as statutory auditor for a period of six fiscal years, *i.e.* until the close of the Shareholders' Meeting called to approve the financial statements for the year 2027.

10.6 CROSS-REFERENCE TABLES

10.6.1 Cross-reference table for the Crédit Mutuel Alliance Fédérale 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 13, 2022
1. Persons responsible	718-719
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5. Business overview	
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5.7 Investments	NA
6. Organizational structure	
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7. Review of the financial position and of net profit or loss	
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8. Cash and equity	
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8.5 Information on the expected financing sources necessary to honor the commitments set out in point 5.7.2	NA
9. Regulatory environment	47-49
10. Information on trends	72; 81
11. Profit forecasts or estimates	NA
12. Administrative, management, supervisory and executive bodies	
12.1 Information concerning the members of BFCM's administrative and management bodies	235-253; 266-283
12.2 Conflicts of interest concerning the administrative, management, supervisory and executive bodies	255; 284-285
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14.1 Expiration date of current terms of office	239-253; 270-283
14.2 Service agreements binding the members of the administrative bodies to the issuer or to one of its subsidiaries	255; 285
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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	236; 267
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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 13, 2022
15. Employees	
15.1 Number of employees	565; 657; 699
15.2 Interests in the issuer's share capital and directors' stock-options	NA
15.3 Agreement providing for employee ownership of the issuer's shares	NA
16. Major shareholders	
16.1 Shareholders holding more than 5% of the share capital or voting rights	710
16.2 Existence of different voting rights of the aforementioned shareholders	N/A
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18. Financial information on the issuer's assets and liabilities, financial position and results	
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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 consolidated financial statements, management report as well as the statutory auditors' report on the consolidated financial statements as of December 31, 2021, presented respectively for Crédit Mutuel Alliance Fédérale on pages 413 to 491, 42 to 60, 75 to 210, 265 to 411 and 492 to 494 of the universal registration document of Crédit Mutuel Alliance Fédérale/BFCM – 2021 fiscal year (https://www.bfcm.creditmutuel.fr/partage/fr/CC/BFCM/telechargements/information-financiere/annual_reports/2021_Universal_Registration_Document.pdf), registered with the AMF on April 13, 2022 under number D.22-0284;
- the consolidated financial statements, management report as well as the statutory auditors' report on the consolidated financial statements as of December 31, 2021, the extract of the annual financial statements including the management report for the fiscal year ended December 31, 2021 presented respectively for Banque

Fédérative du Crédit Mutuel on pages 497 to 574, 61 to 72, 75 to 210, 265 to 411 and 575 to 580 of the universal registration document of Crédit Mutuel Alliance Fédérale/BFCM – 2021 fiscal year (https://www.bfcm.creditmutuel.fr/partage/fr/CC/BFCM/telechargements/information-financiere/annual_reports/2021_Universal_Registration_Document.pdf), registered with the AMF on April 13, 2022 under number D.22-0284;

- the consolidated financial statements, management report as well as the statutory auditors' report on the consolidated financial statements as of December 31, 2020, presented respectively for Crédit Mutuel Alliance Fédérale on pages 359 to 437, 40 to 58, 73 to 154, 207 to 357 and 438 to 439 of the universal registration document of Crédit Mutuel Alliance Fédérale/BFCM – 2020 fiscal year (https://www.bfcm.creditmutuel.fr/partage/fr/CC/BFCM/telechargements/information-financiere/annual_reports/2020_Universal_Registration_Document.pdf), registered with the AMF on April 21, 2021 under number D.21-0334;

- the consolidated financial statements, management report as well as the statutory auditors' report on the consolidated financial statements as of December 31, 2020, the extract of the annual financial statements including the management report for the fiscal year ended December 31, 2020 presented respectively for Banque Fédérative du Crédit Mutuel on pages 441 to 517, 59 to 71, 73 to 154, 1207 to 357 and 518 to 523 of the universal registration document of Crédit Mutuel Alliance Fédérale//BFCM - 2020 fiscal year (https://www.bfcm.creditmutuel.fr/partage/fr/CC/BFCM/telechargements/information-financiere/CM_Alliance_F%C3%A9d%C3%A9rale_URD_2020.pdf), registered with the AMF on April 21, 2021 under number D.21-0334;
- the consolidated financial statements, management report as well as the statutory auditors' report on the consolidated financial statements as of December 31, 2019, presented respectively for Crédit Mutuel Alliance Fédérale on pages 325 to 402, 37 to 55, 71 to 139, 187 to 322 and 403 to 405 of the registration document of Crédit Mutuel Alliance Fédérale - 2019 fiscal year (https://www.bfcm.creditmutuel.fr/partage/fr/CC/BFCM/telechargements/information-financiere/CM_Alliance_F%C3%A9d%C3%A9rale_URD_2019.pdf), registered with the AMF on April 27, 2020 under number D.20-0360;
- the consolidated financial statements, management report as well as the statutory auditors' report on the consolidated financial statements as of December 31, 2019, the extract of the annual financial statements including the management report for the fiscal year ended December 31, 2019 presented respectively for Banque Fédérative du Crédit Mutuel on pages 407 to 482, 56 to 70, 71 to 139, 187 to 322 and 483 to 488 of the registration document of Crédit Mutuel Alliance Fédérale - 2019 fiscal year (https://www.bfcm.creditmutuel.fr/partage/fr/CC/BFCM/telechargements/information-financiere/CM_Alliance_F%C3%A9d%C3%A9rale_URD_2019.pdf), registered with the AMF on April 27, 2020 under number D.20-0360.

In order to facilitate the reading of this document, the cross-reference table below makes it possible to identify, in this universal registration document, the information that constitutes the annual financial report that BFCM must publish as an issuer of listed securities in accordance with articles L.451-1-2 of the French Monetary and Financial Code and 222-3 of the AMF's General Regulations.

10.6.2 Cross-reference table of BFCM's annual financial report

	Articles of the French Commercial Code	Articles of the French Monetary and Financial Code	Articles of the French General Tax Code	Articles of the AMF General Regulations	Pages
1 Declaration by the person responsible for the registration document					719
2 Management report					
2.1 Position of the company and group during the past fiscal year	L.232-1 II, L.233-26				4-5; 45-85
2.2 Analysis of the changes in revenue, results and financial position of the company and group	L.225-100-1 I 1°				4-5; 45-85
2.3 Key financial and non-financial performance indicators of the company and group	L.225-100-1 I 2°				4-5; 11
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				81
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				81
Research and development activities of the company and group	L.232-1 II, L.233-26				NA
Existing branches	L.232-1 II				NA
Information regarding establishments by state or territory		L.511-45, R.511-16-4			618
Equity investment in or takeover of companies with registered offices in France during a fiscal year	L.233-6, L.247-1				NA
Activity and results of the entire company, subsidiaries of the company and the companies that it controls by branch of activity	L.233-6				22-41; 700-703
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°				298-305
Financial risks associated with the effects of climate change and implementation of a low-carbon strategy	L.225-100-1 I 4°				305
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°				310-315
Objectives and policy regarding hedging of each major category of transactions of the company and group	L.225-100-1 I 6°				302-303

	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
Exposure to price, credit, liquidity and cash risks of the company and group	L.225-100-1 I 6°				299-302
Expenses and charges not deductible from taxable profits paid due to said expenses and charges			223 <i>quater</i>		712
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				124-138
Consequences on climate change of the activity and use of the goods and services produced	L.225-102-1 III, R.225-105				144-152
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				120-123
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				124-130
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10.7 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.

CRBF *Comité de réglementation bancaire et financière* – Banking and Financial Regulation Committee.

CRD Capital Requirement Directive – European directive on regulatory capital.

CRM Credit risk mitigation. See CRM.

DTA Deferred tax assets.

EBA European Banking Authority.

ECB European Central Bank.

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 Asset (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. All management techniques and tools aimed at measuring, managing and analyzing overall balance sheet and off-balance sheet financial risks (mainly liquidity risk and interest rate risk).

AQR Asset Quality Review Includes the prudential risk assessment, the asset quality review and stress tests.

Arbitrage 1 – On a market, a transaction involving the sale of a security, financial product or currency to buy a different one. For a life insurance policy, a transaction that involves transferring some or all of the savings from one vehicle to another. **2** – Legal term for a form of alternative dispute settlement. The resolution of a dispute is referred to a third party, the arbitrator, who is selected by the parties and whose decision is binding thereon (as opposed to mediation).

AT1 Additional Tier 1 capital Instruments with no incentive or obligation to redeem (in particular step-ups in interest rates). The AT1 instruments are subject to a loss absorption mechanism that is triggered when the CET1 ratio falls below a certain threshold.

B

Banking book⁽²⁾ Banking portfolio. All assets or off-balance sheet items that are not part of the trading portfolio.

Basel I (the Basel Accords) Prudential framework established in 1988 by the Basel Committee to ensure the solvency and stability of the international banking system by setting an international standard minimum limit on the amount of equity of banks. It introduces a minimum ratio of capital to total risks borne by the bank of 8%.

Basel II (the Basel Accords) Prudential framework for better assessment and limitation of the risks borne by credit institutions. It comprises three complementary and interdependent pillars: – Pillar 1, the basis for minimum requirements: it aims to ensure a minimum coverage of credit, market and operational risks by shareholders' equity; – Pillar 2 establishes the principle of structured dialogue 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. An independent third-party body must be appointed to verify the execution of the missions x stated in the articles of association.

Broker Stock market intermediary who buys and sells on behalf of his or her customers.

C

CAD Capital Adequacy Directive (minimum equity requirements) European Directive imposing capital requirements on investment firms and credit institutions.

Cash Flow Hedge of the exposure to variability in the cash flows of a recognized asset or liability or of a highly probable forecast transaction and that could affect profit or loss.

CCF Credit Conversion Factor Conversion factor for off-balance sheet outstandings. This is the ratio between (i) the unused amount of a commitment that could be drawn down and at risk at the time of default and (ii) the unused amount of the commitment. 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.

CET 1 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 assets weighted by risks (RWAs), according to the CRD4/CRR rules.

CGU Cash-Generating Unit The smallest identifiable group of assets whose cash flow is largely independent of the cash flows generated by other assets or groups of assets, in accordance with IAS 36.

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.

[1] Source: <https://acpr.banque-france.fr/glossaire-acpr> and notice on the methods for calculating prudential ratios under the CRD4.

[2] Source: <https://acpr.banque-france.fr/glossaire-acpr> and notice on the methods for calculating prudential ratios under the CRD4.

COREP Common Solvency Ratio Reporting

Name of the prudential reporting promoted by the Committee of European Banking Supervisors (CEBS).

Cost of non-proven risk Introduced by IFRS 9, which imposes a new impairment model based on the principle of provisioning all or part of the expected losses, meaning a statistical provisioning when the loan is granted.

Cost of proven risk Net provisions on impaired assets (non-performing loans).

Cost/income ratio Ratio indicating the proportion of NBI (net banking income) used to cover operating expenses (operating costs of the business). It is calculated by dividing operating expenses by NBI.

Covered bonds Simple securitization instruments. Covered bonds comparable with conventional bonds, with protection in the event of the bond issuer's insolvency. Covered bonds are backed by a pool of assets, allowing payments to be made to bondholders. Covered bonds are usually backed by mortgages or public sector (local government) debt.

CRD4 European directive that transposes the proposals of the Basel III Accords, which define the rules for bank capital. More specifically, it provides a harmonized definition of capital, proposes rules on liquidity, and seeks to address pro-cyclicality.

CRM Credit Risk Mitigation Mitigation of credit risk by taking into account real securities, personal sureties and credit derivatives, or clearing or novation mechanisms.

CRR (under Pillar 3) Capital Requirement Regulation European Capital Requirements Regulation (like CRD4), which aims to stabilize and strengthen the banking system by forcing banks to set aside more capital, including high-quality capital, to mitigate the effects of crises.

CVA Credit Valuation Adjustment Accounting adjustment to the fair value measurement of over-the-counter derivatives (interest-rate swaps whether or not they are collateralized, etc.). 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".

Derivatives Financial instruments whose value depends on an underlying commodity or security, such as the price of oil or grain, or interest rates and currency movements. They can be used in various ways, such as insurance against certain risks or for investment or speculation purposes.

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. Off-balance sheet exposures are converted to balance sheet equivalents using internal or regulatory conversion factors.

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 Exigence en Fonds Propres/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 OverNight 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. Eurozone monetary market reference rate.

European Securities and Markets Authority "ESMA" The ESMA groups regulators of the financial markets of the European Union member states. This authority helps create standards and common practices on regulation and supervision.

F

Fair Value Hedge Hedge of exposure to changes in the fair value of a financial instrument that is attributable to a particular risk and could affect profit or loss.

FATF Financial Action Task Force Intergovernmental organization, the objectives of which are to set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system.

FIP Fonds d'investissement de proximité/Local Investment Fund Fund whose assets are made up of at least 70% of unlisted French SMEs from four neighboring regions and created less than seven years ago.

Front office Traders on the trading floor who handle market, foreign currency and interest rate transactions.

FSB Financial Stability Board A body of 26 financial authorities, several international organizations and bodies that develop financial stability standards. It facilitates cooperation in the supervision and oversight of financial institutions.

[1] Source: <https://acpr.banque-france.fr/glossaire-acpr-and-notice-on-the-methods-for-calculating-prudential-ratios-under-the-crd4>.

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 Key indicators of operational risks. Elements for modeling the internal approaches (AMA – Advanced Measurement Approach) implemented by the banks. Identified through risk mapping carried out in advance. The indicators must be data that are objective, quantifiable and continuously monitored. Each indicator has a threshold above which systematic actions are triggered. The indicators must be reviewed periodically as their relevance depends on the effectiveness of the risk control measures put in place.

L

LCR Liquidity Coverage Ratio Short-term, 30-day ratio that requires banks to continuously hold enough high-quality liquid assets to bear an acute crisis. This monthly ratio is one of the provisions of Basel III.

LGD Loss Given Default Ratio of loss in the event of default expressed as a percentage of EAD.

LGD* [read “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.

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 [MIF 1], which entered into force on November 1, 2007 and defines the major guidelines for Capital Market activities in Europe. In 2018, MIF 2 was introduced to complement MIF 1. MIF 2 aims to enhance the security, transparency and operation of financial markets while also strengthening investor protection.

MREL Minimum Requirement Eligible Liabilities Minimum level of debts eligible for “bail-in” (MREL), in a credit institution. A rate of about 8% of liabilities according to the Bank Recovery and Resolution Directive, but which the national resolution authority will set on a case-by-case basis.

N

NDI Negotiable Debt Instruments Short-term investments comprising negotiable medium-term notes, certificates of deposit or OTC commercial paper.

Netting Offsets. Netting systems are used to reduce the number of interbank settlements, the risks incurred on counterparties and the liquidity needs of participants.

New lending Amounts of new funds made available to customers – source: management data, sum of individual data for entities in the “retail banking – banking network” segment.

NSFR [Net Stable Funding Ratio] One-year ratio that compares available stable funding and required stable funding. The one-year coverage ratio for resources must be 100%. Amounts to be funded are weighted by their liquidity and sources of funding by their stability. This quarterly ratio is part of the Basel III provisions.

O

OAT Obligations Assimilables du Trésor/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.

[1] Source: <http://fbf.fr/fr/secteur-bancaire-francais/lexique>.

OCI Other Comprehensive Income This corresponds to revenues, expenses, gains and losses and other similar items that contributed to an increase or decrease in shareholders' equity but which are excluded from the income statement. It includes, among others, unrealized gains and losses on short-term investment securities recognized at fair value and unrealized foreign currency gains or losses.

OPE Offre Publique d'Échange/Exchange offer^[1] 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 Plan d'urgence et de poursuite de l'activité/Contingency and Business Continuity Plan Series of measures aiming to ensure, under various crisis scenarios (including extreme shocks), the continuation of services or other vital or important operating tasks at the company concerned (where required, in a temporarily downgraded mode), as well as the planned resumption of activities and the mitigation of losses.

R

Raison d'être Notion integrated in the Pacte law of 2019, the *raison d'être* is a course of action that the company sets itself. It may be included in the articles of association. It provides "a framework for the most important decisions, in order to materialize the self-interest of society and the company, and social and environmental considerations" according to the Notat-Senard report.

Rating agency Agency that assesses the financial solvency risk of a company, bank, national government, local government (municipality [*commune*], department [*département*], region [*région*]) or financial transaction. Its role is to measure the risk of non-repayment of the debts that the borrower issues.

Rating Assessment by a financial rating agency (Moody's, Fitch Ratings, Standard & Poor's) of the financial solvency risk of a national government or another public authority or of a given transaction: bond issue, securitization, etc. The rating has a direct impact on the cost of raising capital.

Real security A guarantee that binds a specific asset on which the creditor may be paid in the event of default by its debtor. (e.g. pledge on real estate property or real estate mortgage).

Representative office^[1] Office established by a bank in a foreign country where activity is limited to representation and information. This office may not carry out banking transactions.

Retail Retail banking.

RMBS Residential Mortgage-Backed Securities Securitization of residential mortgages.

RWA Risk-Weighted Assets The amount of assets are based on banks' exposures and their associated risk levels, which depend on the counterparties' creditworthiness, measured using the methods provided for in the Basel II framework.

S

Secondary market Market on which securities that have already been issued are traded, also known as the stock exchange.

Secured bond A bond whose interest payments and principal repayments are secured by investment grade mortgages or public sector loans on which investors have a preferential claim.

Securitization Financial technique which consists of transferring to investors financial assets such as debt (for example, unpaid invoices or outstanding loans), by transforming this debt, through an *ad hoc* company known as a Special Purpose Vehicle, into financial securities issued on the Capital Markets.

Senior (security) Security benefiting from specific guarantees and priority repayment.

SFH Société de financement de l'habitat/Home loan financing firms Subsidiaries of generalist banks, the objective of which is to grant or finance home loans.

Sponsor (in the context of securitization)^[1] The sponsor is an institution, separate from the originator, which establishes and manages a program of asset-backed commercial paper (ABCP) or any other operation, or securitization structure within which it purchases the exposures of third parties.

Spread The difference between the yield on the bond and the yield on a risk-free bond with the same maturity; the benchmark for the latter can be either the government bond rate or the swap rate.

SREP Supervisory Review and Evaluation Process The objective of the SREP is to ensure that entities have implemented adequate provisions, strategies, procedures and mechanisms and that they have sufficient capital and liquidity to ensure sound and prudent management of the risks they may face, in particular those identified by stress tests and systemic risks.

SRF Single Resolution Fund Fund designed to help failing banks refinance themselves during the resolution phase. This phase involves implementing the plan endorsed by the Single Resolution Board (SRB), during which the bank in question no longer has access to the interbank market.

SRI Socially Responsible Investment The process asset management companies use to select the marketable securities that make up their portfolio by systematically taking into account the issuer's environmental, social and governance (ESG) practices, in addition to financial criteria. This management is ideally accompanied by dialogs with the management companies and the active exercise of the voting rights attached to the securities.

Stressed Value at Risk (SVaR) It adjusts for the VaR procyclicality by applying scenarios that have been calibrated to a stress period, and not just to the continuous 12-month historical observation period, to portfolio positions at a given calculation date.

Stress-test Stress tests of earnings and capital seek to assess a company's ability to withstand various crisis scenarios and an economic downturn. Pillar 2 of Basel II requires that stress tests be conducted.

Swap Contract that is equivalent to swapping only the value differential.

[1] Source: <http://fbf.fr/fr/secteur-bancaire-francais/lexique>.

T

Tier 1 capital This consists of Common Equity Tier 1 (CET1) capital and Additional Tier 1 (AT1) capital.

Tier 1 ratio Ratio between Tier 1 capital and assets weighted by risks, according to the CRD4/CRR rules.

Tier 2 capital Tier 2 capital consists of subordinated debt instruments with a minimum maturity of five years. Incentives for early redemption are prohibited.

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

UCI Undertakings for Collective Investment⁽¹⁾ Investment fund which pools the savings of a large number of investors in order to invest in marketable securities (shares, bonds, etc.) or in real estate (for real estate UCIs (OPCIs)). This amount is invested by professionals (investment management firms) in a diversified range of assets according to a defined strategy.

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

(1) Source: <https://acpr.banque-france.fr/glossaire-acpr> and notice on the methods for calculating prudential ratios under the CRD4.

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Websites:
www.bfc.m.creditmutuel.fr
www.creditmutuelalliancefederale.fr

Financial information officer

Mr. Alexandre Saada
Deputy Chief Executive Officer of BFCM

Edition

BFCM

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Registered office: 4, rue Frédéric-Guillaume Raiffeisen – 67913 Strasbourg Cedex 9 – Tel.: +33 (0) 3 88 14 88 14

Telegraphic address: CREDITMUT – Telex: CREMU X 880034 F – Fax: +33 (0) 3 88 14 67 00

SWIFT address: CMCIFRPA – R.C.S. Strasbourg B 355 801 929 – ORIAS No. 07 031 238

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