First amendment to the 2021 Universal Registration Document

INCLUDING THE **JUNE 30, 2022** INTERIM FINANCIAL REPORT

Building the future in a changing world

CONTENTS

Building the future in a changing world

First amendment to the 2021 Universal registration document

including the June 30, 2022 interim financial report

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

A technologically advanced bank within reach of its customers,
CIC listens to its customers to provide products and services best tailored to their needs. Flexible tools and adaptable products and services combined with the proximity of the networks allow CIC to offer the responsiveness that customers expect, regardless of their location.

Through its commitment to the economy and society, and with a strong corporate governance system, CIC acts as a responsible bank in a rapidly changing world.
High entrepreneurial standards with operations built around five areas of activity:

RETAIL BANKING,

CORPORATE BANKING,

CAPITAL MARKETS,

ASSET MANAGEMENT & PRIVATE BANKING,

PRIVATE EQUITY

Accounts have not been audited, but are subject to a limited review.
2021 Universal Registration Document filed with the Autorité des Marchés Financiers on April 13, 2022 under number D.22-0285.
First amendment to the 2021 Universal Registration Document filed with the Autorité des Marchés Financiers on August 10, 2022 under number D.22-0285-A01.

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

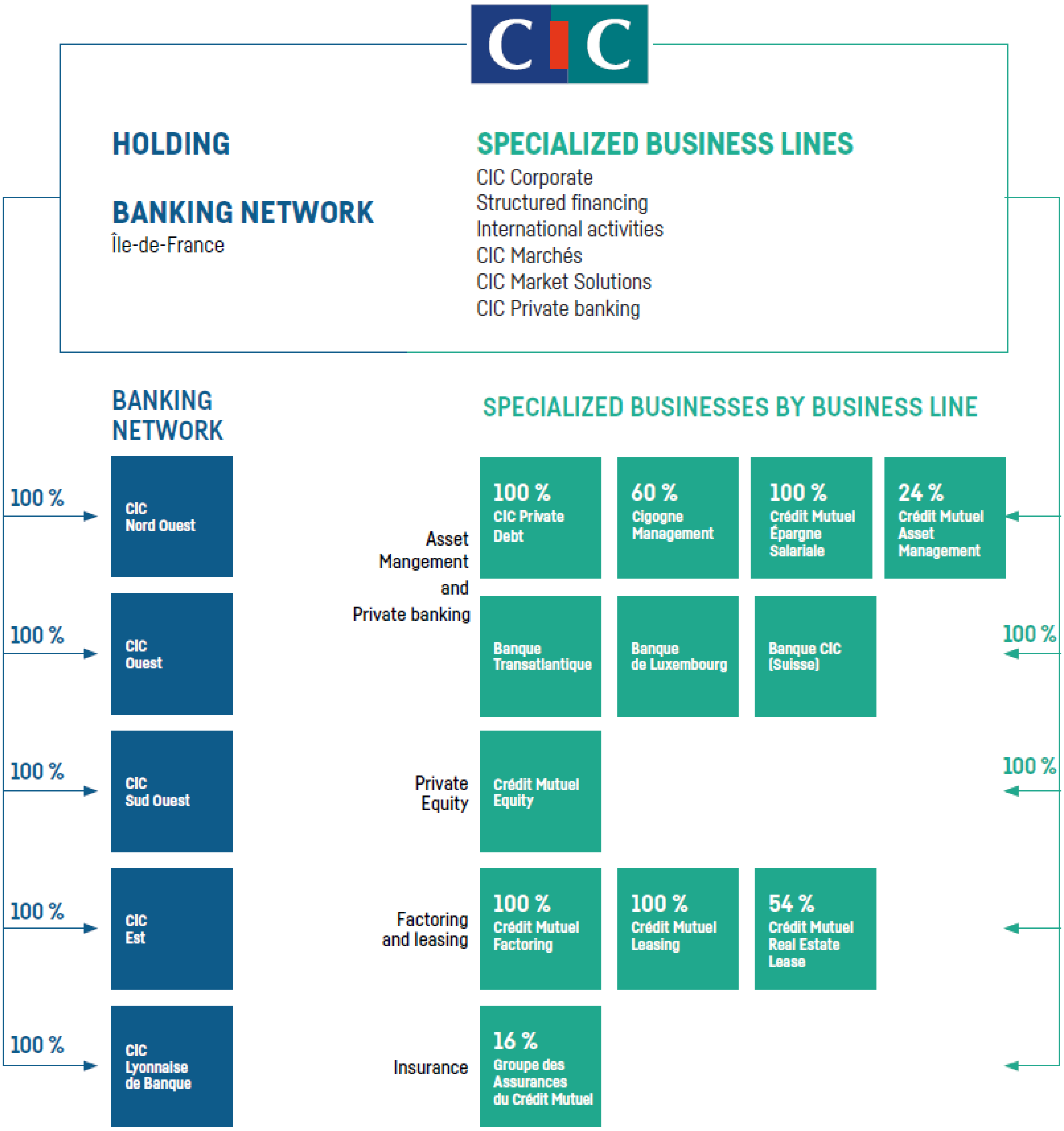
This first amendment to the Universal Registration Document was filed on August 10, 2022, with the AMF, as the competent authority under Regulation (EU) 2017/1129, without prior approval, in accordance with Article 9 of the regulation.

CREDIT INDUSTRIEL ET COMMERCIAL (CIC)– Société anonyme (public limited company) with capital of 611,858,064 euros - 6, avenue de Provence - 75009 Paris
Swift CMCIFRPP – Tel: +33 (0)1 45 96 96 96 – www.cic.fr – RCS Paris 542 016 381 – N° ORIAS 07 025 723 (www.orias.fr)
A bank governed by Article L.511-1 et seq. of the French Monetary and Financial Code for transactions carried out in its capacity as insurance broker

1 PRESENTATION OF CIC

CIC consists of:

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



2 INTERIM BUSINESS REPORT

2.1 ECONOMIC AND REGULATORY ENVIRONMENT IN THE FIRST HALF OF 2022

2.1.1 Economic environment

H1 2022: uncertain outlook

The first half of the year was marked by the Russian invasion of Ukraine and the resulting strong international tensions. 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 severity of the sanctions taken in particular by European countries and the United States against Russia. On the health front, while European and American states have managed to stem the COVID-19 epidemic thanks to the effectiveness of their vaccination programs, China has experienced more difficulties and had to reintroduce restriction measures, amplifying the strains on global production chains and supply difficulties for companies. The combination of the inflationary shock of 2021, geopolitical tensions and supply chain difficulties resulted in a significant acceleration of price increases throughout the half-year. In order to cushion the shocks to household and business confidence, governments have implemented support measures via their fiscal policies. Nevertheless, this could not prevent the slowdown of some economic indicators in Europe and the United States, fueling fears of recession at the very end of the half-year. For their part, central banks have gradually chosen to promote the fight against inflation as part of their mandate, in the face of fears of unanchoring inflation expectations and acceleration of wages. This has resulted in a particularly strong rise in sovereign rates and falling equity indices.

In the **Eurozone**, the favorable economic outlook linked to the reopening of economies and the easing of health restrictions was quickly tempered by the outbreak of the war in Ukraine on February 24. The European Union has introduced several sanctions packages against Russia, including an embargo on coal and oil imports by sea. Combined with Moscow's decision to reduce gas supplies to many countries, this has caused a sharp increase in energy prices. The PMI activity indices remained in expansionary territory due to a catch-up effect that is still in place, as well as significant budgetary support deployed to moderate the increase in inflation. By contrast, the financial situation of corporates was weakened by squeezed margins attributable to the increase in production prices and wages and, on the other hand, a slowdown in orders. In this context, the European Central Bank (ECB) began its monetary tightening in order to stop the demand, a necessary move to curb inflation while it continued to move away from its target of 2%, reaching 8.6% year-on-year in June. To this end, the ECB decided: 1/ to bring to an end the "pandemic" asset purchase program in March and the historic Asset Purchase Programme in July; and 2/ on key rate increases for the next meetings starting in the summer. However, due to fears of a marked slowdown and a rapid increase in sovereign rates, the risk of financial fragmentation quickly resurfaced. The institution had to react to calm the sudden widening of sovereign rates between those of Germany and those of the most fragile countries. It demonstrated its determination by announcing that it was accelerating work to define a mechanism to combat this risk. In this tense economic context, the euro has depreciated sharply, especially as the deterioration in external accounts, liable to penalize the currency, has accelerated. Concerns have also been heightened by energy supply issues. Only the integration of the ECB's desire to tighten financial conditions made it possible to modestly contain the decline of the single currency.

In **France**, activity was negatively affected by the epidemic rebound at the very beginning of the year and, although the French economy is less dependent on Russian hydrocarbons than its European neighbors, inflation has also accelerated significantly. However, it remains lower than in the rest of the Eurozone thanks to the tariff shield on energy prices. The half-year was also marked by political issues: Emmanuel Macron was re-elected President of the French Republic, but his party did not obtain an absolute majority in the legislative elections, which limits visibility regarding the policy that will be carried out during this five-year term. Lastly, fears about energy rationing have gradually increased, while nuclear production has fallen significantly due to numerous reactors undergoing maintenance.

In the **United Kingdom**, while growth remained vigorous during the first quarter, economic indicators deteriorated rapidly in the wake of rising inflation, due in particular to the increase in the energy price cap, accentuated by the effects of Brexit. Faced with this slowdown, the British government strengthened its budget support measures for households, but this remained limited, while the desire for a rapid rebalancing of public accounts was maintained. The Bank of England continued its monetary tightening by raising key rates to 1.25%, i.e. +115 bps since December 2021. However, it remains concerned about risks weighing on the economy, which have fueled the depreciation of the pound sterling this half-year.

In **Germany**, economic activity was penalized during the first quarter by the evolution of the epidemic and by the consequences of the war in Ukraine on inflation and supply chain difficulties. As the economy is dependent on Russian hydrocarbons, foreign trade has deteriorated due to the hike in energy imports. In order to limit the effects of inflation, the government committed to support measures of approximately €43 billion.

In the **United States**, where the effects of the war in Ukraine are more moderate, the impact on oil and gas prices has gradually increased and has accentuated inflationary pressures, notably due to the embargo on Russian gas and oil, which increased European demand for the United States. The impact on pump prices was also amplified by the lack of refining capacity. In addition, the increase in prices became widespread, the inflation rate reached 8.5% year-on-year in June, and the risk of unanchoring expectations increased. The stability of the labor market drove wages up during the half-year. Faced with inflation, after a first 25 bps hike in the key rate in March, followed by a second of 50 bps in May, the Fed accelerated the tightening of its monetary policy in June by announcing a 75 bps increase, which brings the key rates to 1.5% - 1.75%. The objective today is to tighten financial conditions to curb demand, which has severely penalized the financial markets. However, despite the economic slowdown, consumption of services remains strong due to the lifting of health restrictions and a still significant accumulated household savings.

In **China**, the application of the zero-Covid strategy has gradually turned against the country, proving to be much less suited to a more transmissible variant such as Omicron. This has therefore weighed heavily on economic activity due to the strict lockdowns that were implemented in several regions from the first quarter. However, the improved health situation from the end of May was a positive factor for the growth outlook. In addition, monetary and budgetary support has been greatly increased in recent months, in order to support activity ahead of the National Congress of the Chinese Communist Party in the fall. With regard to other **emerging countries**, inflationary pressures remained sustained while the risks of energy and food shortages intensified. In this context, the central banks remained proactive in their fight against inflation with a general rise in interest rates that will amplify the economic slowdown.

Lastly, in terms of **commodities,** the war in Ukraine has accentuated the rise in prices, particularly energy and food prices, as demand increases without sufficient supply to meet it. The upcoming supply adjustments, decided by OPEC, did not seem sufficient to permanently reverse the upward trend in oil prices. The surge in prices was also reflected in gas and food prices. Industrial metal sectors were temporarily penalized by the Chinese slowdown.

2.1.2 Regulatory environment

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

The first half of 2022 was marked by the continuation of numerous works by European authorities in various areas, including sustainable finance, and by regulatory changes that have an impact on all of the bank's business lines:

Credit risks

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

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

The ECB has confirmed that it will not extend the reduction in capital requirements decided in 2020 at the height of the pandemic crisis. The ECB had authorized banks to operate below the level of capital defined by their Pillar 2 (P2G) guidelines until at least December 2022. The ECB also announced the expiration of the prudential exemption in March 2022, which currently allows banks to exclude central bank exposures from the calculation of the total leverage ratio exposure.

Leverage financing is identified as a crucial vulnerability by the ECB's banking supervision and is one of its key priorities for 2022-2024.

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

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

IT risks

On May 11, 2022, the European Parliament and the European Commission approved the draft DORA regulation on the digital operational resilience of the financial sector, which would come into force by the end of the year. This regulation aims to improve the IT operational resilience of financial services players by setting up a strengthened governance and internal control framework in this area.

The Presidency of the Council and the European Parliament reached a provisional agreement under the proposed markets in Crypto-Assets Regulation (MiCA) on June 30, 2022. This project aims to protect investors and maintain financial stability by creating a regulatory framework for crypto-assets that allows for continuous innovation and preserves the attractiveness of this sector, while holding service providers on these assets liable in the event of loss.

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

Climate risks

The European climate package continues to be rolled out. Provisions of the Corporate Sustainability Reporting Directive (CSRD) and Sustainable Finance Disclosure Regulation (SFDR), known as Disclosure, regarding sustainability reporting in the financial services sector, are being implemented in stages. An agreement was reached on June 21, 2022 concerning the Corporate Sustainability Reporting Directive which will replace the Non-Financial Reporting Directive (NFRD).

The requirements for monitoring climate risks have also been strengthened with the adoption of delegated acts of the Taxonomy Regulation. A new ratio, the Green Asset Ratio (GAR), which calculates the proportion of a bank's assets invested in sustainable economic activities, as well as a classification of assets according to six sustainability criteria, will be gradually implemented in 2022.

The ECB, in its supervisory priorities for the next three years, includes a strengthening of the prudential assessment of climate risks. In the first half of 2022, the ECB has assessed the publications of European banks in terms of exposure to climate risks. It assessed the resilience of banks to climate risks for the first time in the Eurozone, through a climate stress test, the results of which have just been published. The data are partial insofar as this test only takes into account credit and market risks, and is still essentially based on estimates.

Financial crime

In July 2021, the European Commission presented a legislative package aimed at strengthening the European Union's AML-CFT rules. A new competent European supervisory authority, Anti-Money Laundering Authority (AMLA), should be created. As a reminder, the ANL-CFT represents a growing share of SREP.

Other major concerns:

- fraud and scams: need to strengthen the system for identifying and preventing fraud and thus protecting customers;
- international sanctions: the sanctions and freezing of institutional assets will be in the spotlight in 2022 given the geopolitical context.

Governance

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

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

Insurance activities and financial conglomerate risk

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

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

Recovery and resolution

The Single Resolution Board (SRB) has prioritized certain minimum resolvability requirements for the year 2022: liquidity and resolution funding, the separability and institutional reorganization plan, as well as information system, recovery and technological infrastructure capacities.

Compliance

The revision of the PSD2 directive (Payment Services Directive) is underway to establish a more efficient European payments market and increased security.

The European Commission proposes to repeal Directive 2002/65/EC on the distance marketing of financial services and to supplement Directive 2011/83/EU on consumer rights in order to strengthen consumer protection.

The European Parliament has released a final draft of a new consumer credit directive which will be discussed throughout the second half of 2022.

In March 2022 in France, under the reform of the SAPIN II Act, the law improved and strengthened the protection of whistleblowers.

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

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

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

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

In France, the law on easier access to the borrower insurance market, enacted on February 28, 2022, strengthens the rights of borrowers and brings three major changes: termination at any time, the conditional removal of the medical questionnaire and the lowering of the time period for the "right to be forgotten".

2.2 CIC'S CONSOLIDATED ACTIVITIES AND RESULTS

2.2.1 Methodology notes

2.2.1.1 Change in segmentation

A new "Asset management and private banking" business line was created in the first half of 2022. It consists of various entities that were included in other business lines until December 2021:

- Crédit Mutuel Asset Management and Crédit Mutuel Épargne Salariale, which were previously included in "Retail Banking" / "Subsidiaries of the banking network";
- Cigogne Management, which was previously included in "Capital Markets";
- CIC Private Debt, which was consolidated in the first half of 2022;
- All subsidiaries previously included in "Private banking".

The impacts on the data for the first half of 2021 published in July 2021 are detailed in the tables below:

Analysis of income statement by business segment - NEW SEGMENTATION

06/30/2021 in € millions	Retail banking	Financing and capital markets	Asset management and private banking	Private equity	Holding company services	Total
Net banking income	1,895	467	358	257	55	3,031
General operating expenses	-1,241	-199	-242	-36	-47	-1,764
Gross operating income	**654**	**268**	**116**	**221**	**8**	**1,267**
Cost of counterparty risk	15	31	-5	-7	-	33
Gains on other assets	79	-	3	-	-	82
Profit/(loss) before tax	**748**	**299**	**113**	**214**	**8**	**1,382**
Income tax	-212	-77	-29	-	-5	-324
Net profit/(loss)	**535**	**222**	**84**	**214**	**3**	**1,058**

Analysis of income statement by business segment - OLD SEGMENTATION

06/30/2021 in € millions	Retail banking	Financing and capital markets	Asset management and private banking	Private equity	Holding company services	Total
Net banking income	1,914	486	319	257	55	3,031
General operating expenses	-1,255	-202	-224	-36	-47	-1,764
Gross operating income	**659**	**284**	**95**	**221**	**8**	**1,267**
Cost of counterparty risk	14	31	- 5	-7	-	33
Gains on other assets	82	-	-	-	-	82
Profit/(loss) before tax	**755**	**315**	**90**	**214**	**8**	**1,382**
Income tax	-214	-81	-24	-	-5	-324
Net profit/(loss)	**541**	**234**	**66**	**214**	**3**	**1,058**

2.2.1.2 Changes at constant scope

Changes at constant scope are calculated by excluding the consolidation of CIC Private Debt from the 2022 first-half figures.

CIC

(in € millions)	1st half 2022	*Change in scope*	1st half 2022 excl. change in scope	1st half 2021	2022/2021	2022/2021 const. scp.
Net banking income	**3,182**	**9**	**3,173**	**3,031**	**+5.0%**	**+4.7%**
General operating expenses	-1,856	-5	-1,852	-1,765	+5.2%	+4.9%
of which: supervisory and resolution expenses	*-209*	-	*-209*	*-152*	*+37.3%*	*+37.3%*
Gross operating income	**1,326**	**4**	**1,321**	**1,267**	**+4.7%**	**+4.3%**
Cost of risk	-99	-	-99	33	ns	ns
Cost of proven risk	*-42*	-	*-42*	*-64*	*- 34.0%*	*-34.0%*
Cost of non-proven risk	*-57*	-	*-57*	*97*	*ns*	*ns*
Operating income	**1,227**	**4**	**1,222**	**1,300**	**-5.6%**	**-6.0%**
Net gains/(losses) on other assets and ECC	72	12	60	82	-12.0%	-26.2%
Profit/(loss) before tax	**1,299**	**16**	**1,283**	**1,382**	**-6.0%**	**-7.2%**
Income tax	-288	-1	-287	-323	-11.0%	-11.3%
Net proft/(loss)	**1,011**	**15**	**996**	**1,058**	**-4.5%**	**-5.9%**
.Non-controlling interests	1	-	1	9	-85.0%	-85.0%
Net profit attributable to the group	**1,009**	**15**	**994**	**1,049**	**-3.8%**	**-5.2%**

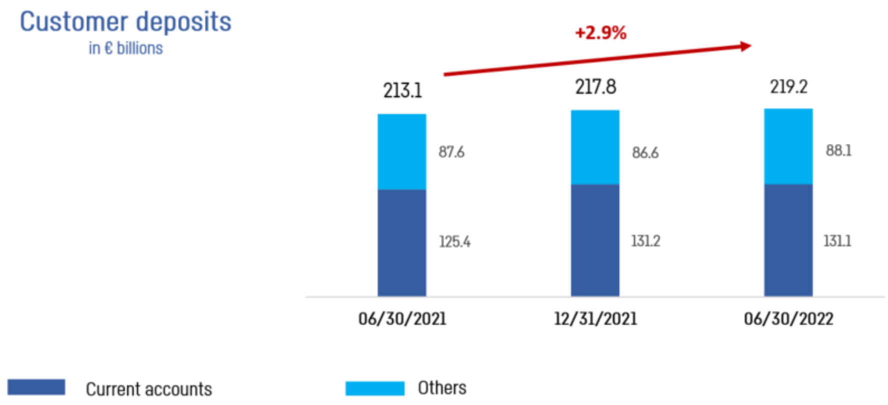
Asset management & private banking

(in € millions)	1st half 2022	*Change in scope*	1st half 2022 excl. change in scope	1st half 2021	2022/2021	2022/2021 const. scp.
Net banking income	**384**	**9**	**375**	**358**	**+7.3%**	**+4.7%**
General operating expenses	-260	-5	-255	-242	+7.3%	+5.3%
Gross operating income	**124**	**4**	**120**	**116**	**+7.4%**	**+3.6%**
Cost of risk	-3	-	-3	-5	-40.3%	-40.3%
Operating income	**121**	**4**	**117**	**111**	**+9.6%**	**+5.6%**
Net gains/(losses) on other assets and ECC	12	12	0	3	x4.4	-96.0%
Profit/(loss) before tax	**133**	**16**	**117**	**113**	**+17.4%**	**+3.3%**
Income tax	-29	-1	-28	-29	+0.1%	- 3.5%
Net proft/(loss)	**104**	**15**	**89**	**84**	**+23.3%**	**+5.6%**

2.2.2 Balance sheet and financial structure

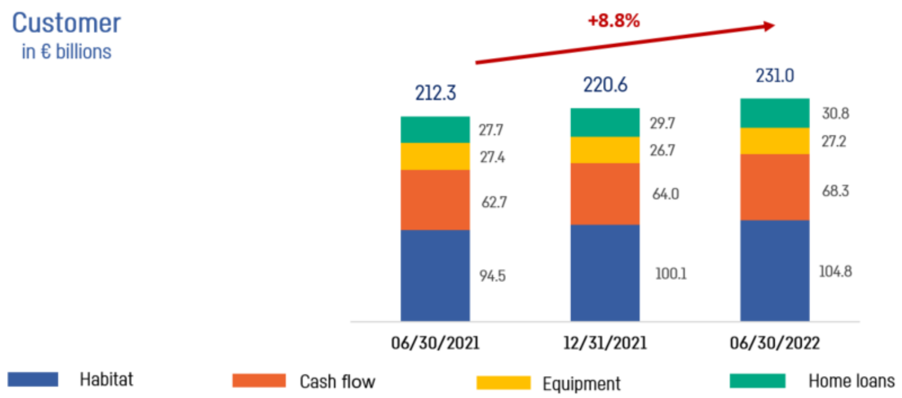
(in € millions)	06/30/2022	06/30/2021
Financial structure and business activity		
Balance sheet total	402,166	363,418
Shareholders' equity (incl. profit/(loss) for the period before distribution)	16,667	15,860
Customer loans (including leases)	231,024	212,297
Total savings	451,746	460,087
of which customer deposits	*219,215*	*213,051*
of which insurance savings	*35,698*	*36,096*
of which financial savings (managed and held in custody)	*196,833*	*210,940*

Deposits amounted to €219.2 billion as of June 2022, up 2.9% year-on-year. As in 2021, current accounts continued to grow steadily (+4.5%) and inflows on regular passbook accounts were high, with deposits increasing by 9.4% to nearly €24 billion.



At the end of June 2022, outstanding loans totaled €231 billion, an increase of 8.8% year-on-year. Demand for loans to support the recovery was high, and support for customers was evidenced by significant increases in outstandings in the main loan categories:

- home loans rose by 10.9% to €104.8 billion;
- equipment loans increased by 8.9% to €68.3 billion.



The "loan-to-deposit" ratio – the ratio of total net loans to bank deposits expressed as a percentage – was 105.4% at June 30, 2022, compared to 99.6% a year earlier.
Bank financial savings reached €196.8 billion and outstanding insurance savings decreased by -1.1% compared to June 30, 2021, at €35.7 billion.

At June 30, 2022, CIC's shareholders' equity totaled €16.7 billion versus €15.9 billion at June 30, 2021.

At the end of June 2022, CIC maintained a high level of solvency, with a Common Equity Tier 1 (CET1) ratio estimated of 11.6%. The Tier 1 ratio also stood at 11.6% at the end of June 2022 and the overall solvency ratio estimated reached 13.5%.

Risk-weighted assets (RWA) totaled €133.3 billion at June 30, 2022 (versus €120.5 billion at the end of December 2021).

The leverage ratio was 3.8% at June 30, 2022 versus 4.9% at the end of December 2021.

2.2.3 Analysis of the consolidated income statement

All changes are indicated at constant scope, i.e. after elimination of the half-year figures of CIC Private Debt, which was consolidated for the first time in the second quarter of 2022.

(in € millions)	H1 2022	H1 2021	Change at Const. scp[1]
Net banking income	**3,182**	**3,031**	**+4.7%**
General operating expenses	-1,856	-1,765	+4.9%
of which contribution to the Single Resolution Fund, supervision costs and contributions to the FGD[2]	-209	-152	+37.3%
Gross operating income	**1,326**	**1,267**	**+4.3%**
Cost of risk	-99	33	ns
Cost of proven risk	-42	-64	-34.0%
Cost of non-proven risk	-57	97	ns
Operating income	**1,227**	**1,300**	**-6.0%**
Net gains and losses on other assets and ECC[3]	72	82	-26.2%
Profit/(loss) before tax	**1,299**	**1,382**	**-7.2%**
Income tax	-288	-323	-11.3%
Net profit/(loss)	**1,011**	**1,058**	**-5.9%**
Non-controlling interests	2	9	-85.0%
Net profit/(loss) attributable to the group	**1,009**	**1,049**	**-5.2%**

(1) After eliminating the effect of the first-time consolidation of CIC Private Debt in the first half of 2022.
(2) FGD = Fonds de Garantie des Dépôts. = Deposit guarantee fund.
(3) ECC = equity consolidated companies = share of net profit/(loss) of equity consolidated companies.

Net banking income

CIC recorded growth of 4.7% in its net banking income in the first half of 2022 to €3.2 billion thanks to strong sales performance in all business lines except capital markets.

Net banking income from the operational business lines

(in € millions)	H1 2022	H1 2021	Change at Const. scp.
Retail bank	**2,048**	**1,895**	**+8.1 %**
Banking networks	1,934	1,790	+8.1 %
Specialized business lines	**1,079**	**1,081**	**-1.0 %**
Asset management & private banking	384	358	+4.7 %
Corporate banking	211	194	+9.2 %
Capital Markets	180	273	-34.2 %
Capital equity	304	257	+18.5 %
Holding company services	**55**	**55**	**-0.5 %**
TOTAL CIC NBI	**3,182**	**3,031**	**+4.7 %**

In the first half of 2022, income from retail banking increased by 8.1% to €2.0 billion, reflecting the commercial strength of the network.

Net banking income from asset management & private banking rose sharply by 4.7% at constant scope to €384 million in the first half of 2022 compared with 2021. At current scope, it was up 7.3% as a result of the consolidation of CIC Private Debt in the first half of 2022.

Corporate banking posted excellent performance in the first half of 2022, buoyed by all entities in France and internationally, with income of €211 million, up sharply by 9.2% compared with the already high first half of 2021.

After a recovery in 2021, the financial market environment deteriorated, generating a 34.2% fall in net income from capital markets (investment and sales) to €180 million in the first half of 2022 compared with €273 million a year earlier.

Private equity's net banking income topped €300 million in the first half of 2022, up 18.5% thanks to capital gains generated as a result of numerous transactions on the portfolio investments.

General operating expenses and gross operating income

In the first half of 2022, operating expenses amounted to €1.9 billion, an increase of 4.9% compared with the first half of 2021 and slightly higher than the increase in net banking income.

They were again significantly impacted by all the expenses related to contributions to the Single Resolution Fund, supervision costs and contributions to the FGD, which totaled €209 million for the first half of the year (compared with €152 million for the first half of 2021). Excluding these contributions, the increase in general operating expenses was limited to 1.9%.

The cost/income ratio remained stable at 58.3% and gross operating income rose by 4.3% to €1.3 billion.

Cost of risk and operating income

The total cost of risk in the first half of 2022 was €99 million compared with a net reversal of €33 million in the first half of 2021, i.e. an increase of €132 million during the period.

The cost of proven risk improved to €42 million in the first half of 2022 vs. €64 million in the first half of 2021. The cost of non-proven risk was €57 million in the first half of 2022 compared with a net reversal of €97 million in the first half of 2021 due to an increase in stage 2 loans, with no change in the assumptions underlying the IFRS 9 scenarios.

The non-performing loan ratio fell year-on-year by 0.3 points to 2.2% at end-June 2022 from 2.5% at end-June 2021, while the coverage ratio was 42.6%.

Expressed as a percentage of outstanding loans, the cost of risk for customer loans remained low at 8 basis points as of June 2022 compared with 3 at end-December 2021 (and 33 at end-June 2020).

As a result of this increase in the cost of risk, operating income fell by 6.0% year-on-year to €1.2 billion.

(in € millions)	06/30/2022	06/30/2021
Customer loans (net outstandings on the balance sheet)	231,024	212,297
Gross loans	234,483	215,800
Gross non-performing loans	5,159	5,419
Provisions for impairment of receivables	3,459	3,504
of which provisions for impairments on non-performing receivables (Status 3)	*2,198*	*2,355*
of which provisions for impairments on non-performing receivables (Status 1 & 2)	*1,261*	*1,149*
Share of non-performing loans in gross loans	2.2%	2.5%

Profit before tax

After taking into account CIC's €62 million share of the profit of equity consolidated companies (Groupe des Assurances du Crédit Mutuel) as well as non-recurring items related to the net reversal of newly consolidated CIC Private Debt, profit before tax was €1.3 billion compared with €1.4 billion in the first half of 2021 (-7.2%).

Net profit

Net profit was €1.011 billion in the first half of 2022, down 5.9% from the first half of 2021.

Net profit attributable to the group was €1.009 billion (-5.2%).

2.2.4 Rating

CIC's ratings replicate those of Crédit Mutuel Alliance Fédérale - Banque Fédérative du Crédit Mutuel, which holds its equity.

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

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

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

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

Standard & Poor's: Crédit Mutuel group rating.

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

Fitch Ratings: Crédit Mutuel Alliance Fédérale rating.

2.2.5 Analysis of results by business line

2.2.5.1 Description of the areas of activity

Retail banking, CIC's core business line, concentrates all banking or specialized activities whose products are marketed by the branches: life insurance and non-life insurance, equipment leasing and leasing with option to purchase, real estate leasing, factoring, collective management, employee savings, real estate. The branches network is organized into five regional divisions – the regional banks - and CIC in Île-de-France. The insurance business line – which is consolidated using the equity method – is included in this business segment.

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

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

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

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

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

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

2.2.5.2 Retail banking

(in € millions)	H1 2022	H1 2021	Change at Const. scp[1]
Net banking income	**2,048**	**1,895**	**+8.1%**
General operating expenses	-1,292	-1,241	4.1%
Gross operating income	**756**	**654**	**+15.7%**
Cost of risk	-90	15	ns
of which Cost of proven risk	*-28*	*-40*	*-29.4%*
of which Cost of non-proven risk	*-62*	*55*	*ns*
Operating income	**666**	**668**	**-0.3%**
Net gains and losses on other assets and ECC[2]	60	79	-23.9%
Profit/(loss) before tax	**726**	**748**	**-2.8%**
Income tax	-194	-212	-8.5%
Net profit/(loss)	**532**	**535**	**-0.6%**

(1) After eliminating the effect of the first-time consolidation of CIC Private Debt in the first half of 2022.

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

Retail banking, which accounts for 65% of CIC's revenues, posted net banking income of € 2,048 million, up +8.1%, including a nearly +6.2% increase in net interest margin and a +11.1% increase in fees and commissions for the banking network.

General operating expenses increase at €1,292 million (up by 4.1%).

Excluding the contribution to the Single Resolution Fund and supervision costs is €108 million (+€30 million), the cost/income ratio for retail banking was 57.8%.

Gross operating income was up 15.7% to €756 million from €654 million in the first half of 2021.

The cost of risk was -€90 million, compared to €15 million a year earlier. The cost of non-proven risk has grown (-€117 million). The cost of proven risk is also down to -€12 million.

The increase in the proportionate share of profit from equity consolidated companies was due to the improvement in income from GACM, in which CIC holds a 16% stake.

Net profit from retail banking was €532 million in the first half of 2022, compared with €535 million in 2021.

2.2.5.2.1 Banking network

(in € millions)	H1 2022	H1 2021	Change at Const. scp[1]
Net banking income	**1,934**	**1,790**	**+8.1%**
General operating expenses	-1,202	-1,159	+3.7%
Gross operating income	**732**	**630**	**+16.1%**
Cost of risk	-80	4	ns
Cost of proven risk	-21	-38	-43.8%
Cost of non-prove risk	-58	42	ns
Operating income	**652**	**635**	**+2.8%**
Net gains and losses on other assets and ECC[2]	-1	-2	-9.7%
Profit/(loss) before tax	**651**	**633**	**+2.8%**
Income tax	-185	-196	-5.7%
Net profit/(loss)	**466**	**437**	**+6.6%**

(1) After eliminating the effect of the first-time consolidation of CIC Private Debt in the first half of 2022.

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

With more than 100,000 new customers, CIC's banking network had over 5.5 million customers as of June 2022, a 1.9% increase year-on-year. The number of business and corporate customers increased by 3.6% to 1.1 million and the number of retail customers (79% of the total) rose by 1.4%.

Deposits amounted to €167 billion at the end of 2022, up 2.0%.

In the first half of 2022, deposits in current accounts (+5.3%) and passbook accounts (+8.1%) continued to grow, whereas term deposits showed a net outflow (-32.8%).

At end-June 2022, outstanding loans totaled €171.7 billion, an increase of 8.3% year-on-year.

In the first half of 2022, activity was robust in the main loan categories:

- Outstanding home loans rose by 9.6% to €95.4 billion. Disbursements were particularly high at €10.2 billion compared with €9.2 billion in the first half of 2021;
- Investment loans were up 10.5% to €48.1 billion, reflecting the business recovery and the high level of support provided to customers. The amount of funds disbursed was also high at 8.4 billion (+50%);
- Outstanding consumer credit rose by 2.8% to €6.1 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 6.2 million, up 3.8% year-on-year;
- the number of remote home surveillance subscriptions rose 3.1% to nearly 116,000 contracts.

In terms of earnings, CIC's banking network generated net banking income of €1.9 billion in the first half of 2022, an increase of 8.1%. Both the interest margin, as a result of higher loan volumes, and commissions contributed to this increase in income.

General operating expenses rose by 3.7% to €1.2 billion.

The cost/income ratio improved by 2.6 percentage points to 62.2% and gross operating income was up 16.1% to €732 million.

The sharp rise in the cost of risk (€80 million in the first half of 2022 vs. a net reversal of €4 million in 2021) limited the increase in operating income to 2.8%.

Net profit was €466 million in the first half of 2022, up 6.6% year-on-year.

2.2.5.2.2 Subsidiaries of the banking network

In retail banking, after fees paid to the network, the support businesses generated net banking income of €114 million (+8.4%) and net profit of €66 million (vs. €98 million in the first half of 2021), including CIC's €62 million share of the profit of Groupe des Assurances du Crédit Mutuel(€81 million in the first half of 2021).

2.2.5.3 Asset management and private banking

(in € millions)	H1 2022	H1 2021[1]	Change at Const. scp[2]
Net banking income	**384**	**358**	**+4.7%**
General operating expenses	-260	-242	+5.3%
Gross operating income	**124**	**116**	**+3.6%**
Cost of risk	-3	-5	-40.3%
Opérating income	**121**	**111**	**+5.6%**
Net gains/(losses) on other assets and ECC[3]	**12**	3	**ns**
Profit/(loss) before tax	**133**	**113**	**+3.3%**
Income tax	-29	-29	-3.5%
Net profit/(loss)	**104**	**84**	**+5.6%**

(1) Constant scope - See section 2.2.1.1

(2) After eliminating the effect of the first-time consolidation of CIC Private Debt in the first half of 2022.

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

The companies that make up this business line operate in France and internationally through Banque Transatlantique, Banque de Luxembourg and Banque CIC (Suisse). Three other subsidiaries that offer asset management services joined this business line in the first half of 2022: Crédit Mutuel Épargne Salariale (previously included in "Business Subsidiaries") Cigogne Management (previously included in "Capital market") and recently CIC Private Debt (since the second quarter of 2022; GPN contribution in the first half of 2022: €9.2 billions).

At €384 million, Asset management and private banking's net banking income accounts for 12% of the NBI of CIC's operational business lines and increased by 4.7% at constant scope in a difficult economic environment.

General operating expenses increased by 5.3% and gross operating income rose by 3.6% to €124 million.

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

Net profit was €104 million in the first half of 2022, up 5.6% from €84 million a year earlier.

This data does not include the private banking activity carried out through CIC's network and at its five regional banks, i.e. €117.6 million in NBI (+8.2%) and €54.5 million in net profit (+14.4%).

The first half of the year was satisfactory for the Banque Transatlantique group in terms of net banking income, which grew by 20% compared with June 30, 2021.

Customer funds invested in savings products fell to €50 billion as a result of the market downturn. Capital inflows (€750 million) remained strong. Total managed funds resulting from synergies with Crédit Mutuel Alliance Fédérale grew.

The lending activity, particularly real estate loans, remained strong despite the rise in interest rates at the end of the half-year period. Outstanding loans amounted to €4.7 billion, with €486 million in new loans in the first half of 2022 (an increase of €107 million compared with 2021).

The geopolitical, economic and financial environment remains very concerning and the Banque Transatlantique group's financial commissions are expected to fall in the second half of the year as a result of the decline in the financial markets.

In the first half of 2022, Banque de Luxembourg posted solid performance across all its business lines, thanks mainly to strong sales momentum at both the retail and business and corporate customer level. In addition, the rise in USD and EUR rates led to an increase in the net interest margin (+15%).

The bank thus posted net banking income of €161.7 million at June 30, 2022, up 4% thanks to a 4% increase in net commissions (77% of NBI) compared with June 2021 and the rise in the interest margin.

Banque de Luxembourg has also made the integration of ESG (environmental, social and governance) criteria a centerpiece of its development strategy by defining areas of commitment, particularly on social and societal matters, and began its B Corp. certification process in 2021.

In 2022, Banque CIC (Suisse) continued its development and targeted growth. With a balance sheet total of 13.7 billion Swiss francs and nearly 448 employees. It takes advantage of its omnichannel approach by combining personal support and proximity to customers with the e-banking solution, CIC eLounge.

Volumes have continued to grow steadily, with a 13% increase in savings balances to €16.2 billion and a 13.5% increase in loans to €9.6 billion. Net income in the first half of 2022 rose to €24.5 million thanks to an 11.5% increase in NBI and a net decrease in the cost of risk (€1.3 million compared with €6.4 million in June 2021).

Eager to meet the changing needs of customers, and adapting to the new consumption patterns, Banque CIC (Suisse) continuously improves its customer experience.

CIC Private Debt recorded strong activity, with private debt very popular among investors and net inflows of €380 million. In addition, a new theme was launched by CIC Private Debt at the end of the half-year period with CIC Transition Infra Debt 2, an impact fund classified as SFDR Article 9.

2.2.5.4 Corporate banking

(in € millions)	H1 2022	H1 2021	Change
Net banking income	**211**	**194**	**+9.2%**
General operating expenses	-78	-67	+17.3%
Gross operating income	**133**	**127**	**+5.0%**
Cost of risk	-6	31	ns
Cost of proven risk	-14	-11	+27.6%
Cost of non-proven risk	9	42	-79.7%
Profit/(loss) before tax	**127**	**158**	**-19.3%**
Income tax	-31	-39	-21.6%
Net profit/(loss)	**97**	**119**	**-18.6%**

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).

The structured finance activity (acquisition financing, project financing, asset financing and securitization) recorded an overall decline in loan production compared with 2021, particularly in terms of acquisition financing at the branches. As authorizations continued to increase, income from the activity rose slightly.

The large corporates (CIC Corporate) activity supports the development of listed and unlisted major French and foreign industrial companies with revenue of more than €500 million as part of a long-term relationship. The first half of 2022 was marked by the continued financing of customers' investments and medium-term projects despite the crisis in Ukraine. 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 the first half of 2022, trade finance transactions resumed, but the more complicated international environment made it necessary to be more selective in the choice of transactions. The buyer credit financing activity remained robust thanks mainly to the numerous projects covered by BPI insurance.

Commitments amounted to €57.8 billion at June 30, 2022 and were up by €5.8 billion on both drawn and undrawn credit lines, including €4.4 billion for France and €1.4 billion for the branches.

Net banking income increased by €18 million (+9.2%) to €211 million in the first half of 2022. It benefited from a sharp rise in income from the large corporates activity thanks to good loan production, a modest increase in the structured finance activity, and an increase in income from international financing as a result of proactive measures taken to maintain close relations with customers.

The cost of risk increased by €37 million: the cost of proven risk remains contained, falling 14 million, compared to 11 million in 2021; is a result of the cost of unproven risk characterized by a lower reversal of provisions: 9 million euros at June 30, 2022 compared to 42 million euros in the first half of 2021.

Net profit therefore fell by 18.6% to €97 million.

2.2.5.5 Capital markets

(in € millions)	H1 2022	H1 2021[1]	Change
Net banking income	**180**	**273**	**-34.2%**
General operating expenses	-129	-132	-2.2%
Gross operating income	**51**	**141**	**-64.1%**
Cost of risk	-0.1	-	ns
Profit/(loss) before tax	**51**	**141**	**-64.2%**
Income tax	-15	-38	-59.9%
Net profit/(loss)	**35**	**103**	**-65.7%**

(1) Constant scope - See section 2.2.1.2

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

In the first half of 2022, CIC Marchés' net banking income was €180 million, down compared with the first half of 2021 due to a negative base effect – given the exceptional post-health crisis performance in the first half of 2021 – and deterioration in the geopolitical and economic environment during the period which impacted the financial markets.

CIC Market Solutions (France and Asia) generated €65 million in net banking income (€69 million at end-June 2021), after the payment of €56 million in commissions to the network (€37.6 million at end-June 2021) and an additional CVA/FVA provision of €24.5 million compared to a reveral of €10.5 million in respect of the first half of 2021 due to the increase in credit spreads. Over the half-year period, business was mainly driven by interest rate, currency and commodities (TCMP) hedging services and structured investments. The TCMP hedging activity benefited from high customer demand in a volatile market environment and an extension of the product offering, particularly for new commodities. Structured investment solutions generated a high level of activity with €1.8 billion of EMTN issued during the half-year period.

In the first half of 2022, the Investment business line (including France and the New York and Singapore branches - excluding Cigogne Management SA which was moved to "Asset management and private banking" - section 3.2) generated NBI of €115 million vs. €204 million at the end of June 2021. Benefiting from the lowering of the risk profile, the business withstood the difficult market environment triggered by the Russia-Ukraine conflict, inflation and the end of the accommodative central bank policies.

CIC Marchés continues to keep a close eye on the cost structure under these market conditions, with costs down 2.2% compared with the first half of 2021.

Gross operating income amounted to €51 million. Total net profit from the capital market activities was €35 million.

2.2.5.6 Private equity

(in € millions)	H1 2022	H1 2021	Change
Net banking income	**304**	**257**	**+18.5%**
General operating expenses	-38	-36	+5.4%
Gross operating income	**267**	**221**	**+20.6%**
Cost of risk	-	-7	ns
Profit/(loss) before tax	**267**	**214**	**+24.7%**
Income tax	-16	0	ns
Net profit/(loss)	**251**	**213**	**+17.6%**

CIC and Crédit Mutuel Alliance Fédérale provide capital financing to start-ups, SMEs and mid-caps through Crédit Mutuel Equity, which encompasses all the group's equity financing businesses: innovation capital, development capital, buyout capital, as well as investment in infrastructure projects and M&A advisory services. Crédit Mutuel Equity finances development projects mainly in France through its eight locations in the regions - Paris, Lyon, Nantes, Bordeaux, Lille, Strasbourg, Marseille and Toulouse - but also internationally through its subsidiaries in Germany, Switzerland and Canada.

Crédit Mutuel Equity is a unique player in its market. By mainly investing its own capital, it makes a long-term commitment to management teams to help them grow, transform, gain experience and know-how and build paths forward. This commitment is evidenced by the fact that it has held more than one-fourth of its 335 investments for more than 10 years. However, portfolio turnover remains very dynamic and demonstrates Crédit Mutuel Equity's strength, with an average of nearly one billion euros invested and divested every two years.

The first half of 2022 confirmed the high quality of the investments held by Crédit Mutuel Equity which, so far, have been able to offset and correct the current economic and geopolitical instability.

Proper management of the companies in the portfolio enables them to speed up their development and merger projects to make up for unstable growth at a time of price increases for raw materials and supply chain disruptions.

Investment activity was robust during this half-year period with €229.4 million in investments through 29 transactions, including 48% in new projects.

The portfolio of invested assets is now €3.1 billion after taking into account €180 million in disposals during this first half of the year.

Total income exceeded €300 million as of June 30, 2022, including more than €240 million in capital gains generated as a result of numerous transactions on the portfolio investments, which are still valued very carefully despite their strong performance.

After a record year in 2021 in terms of fees invoiced for mergers and acquisitions, CIC Conseil again had a very good first half with commissions already equivalent to three-fourths of those for all of the previous year.

Net profit at June 30 was €251 million. This high level of half-year profitability will allow Crédit Mutuel Equity to more confidently tackle the economic and financial challenges that await its investments, which it will continue to support over the long term.

2.2.5.7 Holding company

(in € millions)	H1 2022	H1 2021	Change
Net banking income	**55**	**55**	**-0.5%**
General operating expenses	-60	-47	+27.4%
Gross operating income	**-5**	**8**	**ns**
Cost of risk	0	0	ns
Profit/(loss) before tax	**-5**	**8**	**ns**
Income tax	-3	-5	-31.0%
Net profit/(loss)	**-8**	**4**	**ns**

Net banking income for the group's holding company stood at +€55 million compared to +€55 million at June 30, 2021.

General operating expenses amounted to €60 million compared to €47 million at the end of June 2021.

This resulted in profit before tax of -€5 million compared to a gain of +€8 million at the end of the first half of 2021.

An amount of -€3 million was recorded in corporate income tax compared to -€5 million at June 30, 2021.

In the end, net profit totaled -€8 million versus +€4 million.

2.2.6 Alternative performance indicators

2.2.6.1 Definitions of alternative performance indicators

Article 223-1 of the General Regulations of the Autorité des marchés financiers (AMF - French Financial Markets Authority) / policies of the ESMA (ESMA/2015/1415)

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

2.2.6.2 Alternative performance indicators, reconciliation with the financial statements

Cost/income ratio (in € millions)	H1 022	H1 2021
General operating expenses	-1,856	-1,765
Net banking income	3,182	3,031
COST/INCOME RATIO	**58.3%**	**58.2%**

Loans/deposits (in € millions)	06/30/2022	06/30/2021
Net customer loans	231,024	212,297
Customer deposits	219,215	213,051
LOANS/DEPOSITS	**105.4%**	**99.6%**

Coverage ratio (in € millions)	06/30/2022	06/30/2021
Customer write-downs	2,198	2,355
Non-performing loans	5,159	5,419
COVERAGE RATIO	**42.6%**	**43.5%**

Rate of non-performing loans (in € millions)	06/30/2022	06/30/2021
Non-performing loans	5,159	5,419
Gross loans to customers	234,483	215,801
RATE OF NON-PERFORMING LOANS	**2.2%**	**2.5%**

Cost of proven risk related to outstanding loans (in bps)	06/30/2022	06/30/2021
Cost of proven risk	-94	6
Gross loans to customers	234,483	215,801
COST OF PROVEN RISK RELATED TO OUTSTANDING LOANS (in bps)*	**8**	**-1**

* *Annualized.*

2.3 RELATED PARTIES

Information about operations between related parties that took place during the first six months of the current fiscal year appear in **Note 33** of the appendix to the consolidated financial statements of June 30, 2022.

2.4 RECENT TRENDS AND OUTLOOK

CIC posted solid results in the first half of 2022. They reflect the group's ability to adapt in a context of unprecedented crisis in Europe, the return of high inflation, a rapid rise in interest rates in a context of the end of the accommodative monetary policies of central banks in the majority of OECD countries, and an ever present pandemic.

This dynamic and performance combined with a high level of financial strength allow the group to approach its long-term strategy with serenity in an environment that is undoubtedly more uncertain and that weighs on the operating profitability.

These results are also a promise for the future: CIC, as a first bank to become a benefit corporation, inside Crédit Mutuel Alliance Fédérale, intends to accelerate its commitments to build a fairer and more sustainable society by scaling up solidarity actions, commercial and technological innovations to meet the expectations of customers and society, and particularly those most affected by rising prices.

3 CORPORATE GOVERNANCE

3.1 COMPOSITION OF THE MANAGEMENT BODIES AS OF JUNE 30, 2022

Presentation of the Board of Directors

	Age [1]	Start of term of office	End of term of office	Committees [2]	Attendance
Nicolas THÉRY *Chairman*	56	2014	2025	GRMC	100%
Catherine ALLONAS-BARTHE *Permanent representative of Banque Fédérative de Crédit Mutuel, director*	67	2017	2023	-	100%
Gérard CORMORECHE *Director*	64	2019	2022	GAAC	100%
Étienne GRAD *Administrateur*	69	2019	2024	GAAC	100%
Catherine LAMBLIN MESSIEN *Director*	57	2021	2024	GRMC	100%
Catherine MILLET *Director*	61	2017	2023	-	100%
Ségolène DENAVIT *Director, representing employees*	41	2017	2023	-	0%
Pascale GIROT *Director, representing employees*	61	2020	2023	-	100%
Guy CORMIER *Non-voting director*	52	2017	2023	-	0%
Damien LIEVENS *Non-voting director*	51	2015	2024	-	100%

(1) Age on June 30, 2022.

(2) CIC is a member of the four specialized committees of Caisse Fédérale de Crédit Mutuel: the Group Risk monitoring committee (GRMC), the Group auditing and accounting committee (GAAC), the appointments committee, and the remuneration committee.

Other participants

- In accordance with Article L.2312-72 of the French Labor Code, a representative of the social and economic committee attends meetings of the Board of Directors in an advisory capacity.

Executive management

- Daniel Baal, Chief Executive Officer and effective manager;
- Eric Charpentier, Deputy Chief Executive Officer and effective manager;
- Claude Koestner, Deputy Chief Executive Officer.

3.2 POSITIONS AND FUNCTIONS HELD BY THE MEMBERS OF THE MANAGEMENT BODIES

3.2.1 Board of Directors

Nicolas Théry

Born on December 22, 1965

Nationality: French

Business address:

Crédit Industriel et Commercial

6 avenue de Provence

75009 Paris

Summary of main areas of expertise and experience

Nicolas Théry began his career in the financial inspection department in 1989 before joining the treasury department in 1993. From 1997 to 2000, he was an adviser in the office of the Minister of the Economy and Finance in charge of monetary and financial topics and then international and European topics. In 2000, he became director of the Private Office of Florence Parly, Secretary of State for the Budget. From 2000 to 2002, he was Confederal Secretary of the CFDT in charge of economic issues. He helped create the Inter-union Committee for employee savings schemes and the Vigeo rating agency created by Nicole Notat. From 2002 to 2009, he worked at the European Commission as director of cabinet of Pascal Lamy, Commissioner for International Trade before joining the Directorate-general for Enterprise and becoming director in the directorate general for the Environment, where he worked on climate change. In 2009, he joined Crédit Mutuel after holding various positions within the banking group. He was Chairman and Chief Executive Officer of CIC Est from 2012 to 2016.

Since 2014, he has been Chairman of Caisse Fédérale de Crédit Mutuel, Banque Fédérative du Crédit Mutuel and Crédit Industriel et Commercial. Since 2016, he has been Chairman of Confédération Nationale du Crédit Mutuel and Fédération du Crédit Mutuel Centre Est Europe. He also chairs the Supervisory Board of Groupe des Assurances du Crédit Mutuel. Finally, on September 1, 2021, he became Chairman of the French Banking Federation for one year.

Nicolas Théry is a graduate of Science Po Paris and of the *École Nationale d'Administration* (ENA) – top of the "Liberty, Equality, Fraternity" class – and holds a Master's Degree in law, economics and management, with a specialization in Business law.

Chairman of the Board of Directors of CIC
First appointed to the board: 2014
Term expires: 2025

Other offices and positions held as of June 30, 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
- Banque Fédérative du Crédit Mutuel
- Banque CIC Est
- Assurances du Crédit Mutuel Vie SA
- Assurances du Crédit Mutuel Vie SAM
- ACM IARD SA
- Dialogues

Chairman of the Supervisory Board

- Groupe des Assurances du Crédit Mutuel
- Banque Européenne du Crédit Mutuel

Chairman

- Fédération bancaire française - French Banking Federation

Director

- Caisse de Crédit Mutuel Strasbourg Vosges
- 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

- Comité d'éthique de la Défense

Terms of office expired over the past five fiscal years

Member of the Management Board

- Euro-Information

Chairman of the Board of Directors

- Banque CIC Nord Ouest

Catherine Allonas Barthe

Born on January 18, 1955

Nationality: French

Business address:

94/96, boulevard Haussmann

75008 Paris

Summary of main areas of expertise and experience

Catherine Allonas Barthe holds a master's degree in mathematics and is a graduate of the *École Nationale de la Statistique et de l'Administration Économique* (ENSAE).

From 2015 to 2021, she was a member of the Executive Board and Deputy Chief Executive Officer of Groupe des Assurances du Crédit Mutuel, a holding company for insurance companies.

She was also Chief Executive Officer of Assurances of Crédit Mutuel Vie SAM and Chief Operating Officer of Assurances du Crédit Mutuel Vie SA, life insurance companies operating mainly in France, between 2006 and 2021.

Within Groupe des Assurances du Crédit Mutuel, she also held the positions of Finance and Real Estate director and Chief Risk Officer.

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

Other offices and positions held as of June 30, 2022
Nil

Terms of office expired over the past five fiscal years
Chairwoman
Foncière Massena
Mutuelles Investissement
Member of the Executive Board – Deputy Chief Executive Officer
Groupe des Assurances du Crédit Mutuel
Chief Executive Officer
Assurances du Crédit Mutuel Vie SAM
Chief Operating Officer
Assurances du Crédit Mutuel Vie SA
Director
Crédit Industriel et Commercial
Permanent representative of Assurances du Crédit Mutuel Vie SA, director
Foncière de Paris
ACM GIE
Permanent representative of Assurances du Crédit Mutuel Vie SA, director
Serenis Assurances
Covivio
Valinvest Gestion
Permanent representative of ADEPI, Director
Crédit Mutuel Asset Management
Permanent representative of Placinvest, director
Crédit Mutuel Asset Management
Permanent representative of Groupe des Assurances du Crédit Mutuel SA, director
Groupe des Assurances du Crédit Mutuel Espagne
Permanent representative of EFSA, director
Crédit Mutuel Investment Managers

Gérard Cormorèche

Born on July 3, 1957

Nationality: French

Business address:

8 rue Rhin et Danube

69009 Lyon

Summary of main areas of expertise and experience

Holder of an Engineering degree from the *École Supérieure d'Agriculture d'Angers*, Gérard Cormorèche is the manager of a cereal and vegetable farm and of CORMORÈCHE SARL specializing in the processing of red beetroot. He was awarded the insignia of Knight of Agricultural Merit in 1999.

In 1993, he was elected Chairman of a local Crédit Mutuel bank. He holds offices within Crédit Mutuel at local, regional and national levels. Since 1995, he has been Chairman of Fédération and Caisse de Crédit Mutuel du Sud Est. He has also been Chairman of the Board of Directors of Caisse Agricole du Crédit Mutuel since 2004 and Vice-Chairman of CNCM (Confédération Nationale du Crédit Mutuel).

Directors

First appointment to the board: 2019

Term expires: 2025

Other offices and positions held as of June 30, 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
Caisse Fédérale de Crédit Mutuel
Permanent representative of Caisse de Crédit Mutuel du Sud Est, director
Assurance du Crédit Mutuel Vie SAM
SICA d'habitat Rural du Rhône et de la Loire
Non-voting director
CIC Lyonnaise de Banque
Managing partner
SCEA CORMORÈCHE Jean-Gérard
SARL CORMORECHE

Terms of office expired over the past five fiscal years

Non-voting director
Crédit Industriel et Commercial

Étienne Grad

Born on December 26, 1952

Nationality: French

Business address:

4 rue Frédéric-Guillaume Raiffeisen

67000 Strasbourg

Summary of main areas of expertise and experience

A graduate of the Karlsruhe Chamber of Commerce and Industry in Germany, Étienne Grad is the Chairman of Etienne GRAD Conseil et Développement.

He began his career at Technal as manager of the East region before going on to Sopromal as sales manager. In 1992, he founded Bureau d'Étude Étienne Grad before creating the company Étienne Grad Conseil et Développement in 2011.

Since 1992 he has been the appointed Chairman of the Board of Directors of Caisse de Crédit Mutuel du cours de l'Andlau. Since 2010 he has been Chairman of the Communauté Urbaine de Strasbourg District of the Fédération du Crédit Mutuel Centre Est Europe.

Director
First appointment to the board: 2019
Term expires: 2024

Other offices and positions held as of June 30, 2022

Chairman

SAS GRAD Étienne Conseil et Développement

Chairman of the Board of Directors

Caisse de Crédit Mutuel Cours de l'Andlau

Vice-Chairman of the Board of Directors and Chairman of the District of the Urban Community of Strasbourg

Fédération du Crédit Mutuel Centre Est Europe

Director

Caisse Fédérale de Crédit Mutuel

Terms of office expired over the past five fiscal years

Director

Banque Fédérative du Crédit Mutuel

Catherine Millet

Born on July 31, 1960

Nationality: French

Business address:

Centre de Conseil et de Service

CCS – 4 rue Frédéric-Guillaume Raiffeisen

67000 Strasbourg

Summary of main areas of expertise and experience

A graduate of Hautes Études Commerciales, Catherine Millet began her career in 1983 with Banque Indosuez Paris. In 1990, she joined the trading room of Crédit Industriel d'Alsace Lorraine (now CIC Est) before becoming head of the Caisse Fédérale du Crédit Mutuel International Business Center in 2005. In 2009, she became head of the payment methods department at CM-CIC Services. Since 2013, she has been chief executive officer.

Director
First appointment to the board: 2017
Term expires: 2023

Other offices and positions held as of June 30, 2022

Chairwoman

Filaction

Director

Euro Automatic Cash

Member of the Supervisory Board

Targobank AG

Targo Deutschland GmbH

Sole Director/Chief Executive Officer

Centre de Conseil et de Service – CCS

Permanent representative of Banque Fédérative du Crédit Mutuel, Chairman

Sofedis

Permanent representative of Banque Fédérative du Crédit Mutuel, member of the Management Board

Euro-Information

Permanent representative of CCS, member of the Management Board

Euro-Information Épithète

Permanent representative of Impex Finance, director

CIC Est

Terms of office expired over the past five fiscal years

Member of the Supervisory Board

Cofidis Group

Cofidis SA

Euro-Information Production

Chairwoman of the Management Committee

CMCIC Centre de Services et de Traitement

Chairwoman of the Board of Directors

Cemcice Servicios España (CSE)

Member of the Management Board

Centre de Conseil et de Service – CCS

Euro Télé Services

Euro-Information Développements

Director

AXXES

Catherine Lamblin Messien

Born on August 17, 1964

Nationality: French

Business address

4 place Richebé

59011 Lille

Summary of main areas of expertise and experience

After preparing and obtaining in 1987 a diploma of higher education in accounting and finance (DESCF) at the Institute of Chartered Accountancy of La Catho Lille, Catherine Lamblin Messien began her career in the Cabinet Lecat as an accounting assistant. In 1990, she joined Declercq before obtaining her diploma as a chartered accountant (DEC) in 1992. In the same year, she joined Cofidine – Conseil Fiduciaire, Audit & Finance, as a chartered accountant.

Since 1995, she has been manager of the same firm, which has 15 employees. In 2015, she was elected Chairwoman of a local Crédit Mutuel bank. She holds offices within Crédit Mutuel at local, regional and national levels.

Director
First appointment to the board: 2021
Term expires: 2024

Other offices and positions held as of June 30, 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

Banque Fédérative du Crédit Mutuel

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

Directors representing employees

Ségolène Denavit

Born on July 27, 1980

Nationality: French

Business address:

CIC Lyonnaise de Banque

80, cours de la Liberté

69003 Lyon

Summary of main areas of expertise and experience

Ségolène Denavit holds a French licence and a master's degree in History from the University of Lyon 3. She has been in charge of professional affairs for the Lyon Guillotière Branch since June 2017. From 2008 to 2017, she worked as a private customer manager.

Since 2017, she has been a director representing employees on CIC's Board of Directors and was previously an employee representative from 2013 to 2017.

Director, representing employees
First appointment to the board: 2017
Term expires: 2023

Other offices and positions held as of June 30, 2022

Nil

Terms of office expired over the past five fiscal years

Nil

Pascale Girot

Born on September 19, 1960

Nationality: French

Business address:

Place de la Halle

60300 Senlis

Summary of main areas of expertise and experience

Holder of a DEUG in law, Pascale Girot began her career in 1982 as an advisor at Crédit Lyonnais, where she worked until she joined SNVB in 1999 and then HSCB in 2002. In 2004, she joined CIC Nord Ouest as a branch manager and now holds the position of Savings and Wealth Advisor. Since 2018, she has also been a special advisor to the Labor Tribunal of Creil.

Since 2016, she has been director representing employees on the Board of Directors of CIC Nord Ouest and, since 2011, the director representing employees on the Board of Directors of CIC.

Director, representing employees
First appointment to the board: 2020
Term expires: 2023

Other offices and positions held as of June 30, 2022

Director, representing employees

CIC Nord Ouest

Labor tribunal advisor

Labor Tribunal of Creil

Terms of office expired over the past five fiscal years

Nil

3.2.2 Group's key executives

Daniel Baal

Born on December 27, 1957

Nationality: French

Business address:

Crédit Industriel et Commercial

6 avenue de Provence

75009 Paris

Summary of main areas of expertise and experience

Daniel Baal began his career in 1979 as a credit records manager at the head office of Banque Fédérative du Crédit Mutuel in Strasbourg and went on to hold various head office and network positions in Strasbourg, Colmar and Mulhouse. In 1995, he became director of commitments at the Southern Regional Division of Caisse Fédérale du Crédit Mutuel Centre Est Europe, then director of Caisse de Crédit Mutuel Mulhouse-Europe in 2001. He was deputy chief executive officer of Société du Tour de France and director of "cycling" activities for Sport Amaury Organisation from 2001 to 2004. In 2004, he became Manager of Caisse Fédérale de Crédit Mutuel Centre Est Europe before being appointed chief executive officer of the Fédération and the Caisse Régionale du Crédit Mutuel Île-de-France. Then, in 2010, he was appointed deputy chief executive officer of Confédératin Nationale du Crédit Mutuel, then deputy chief executive officer of Crédit Industriel et Commercial in 2014 and chief executive officer of Caisse Centrale de Crédit Mutuel in 2015.

Since 2017, he has been chief executive officer of Caisse Fédérale de Crédit Mutuel, chief executive officer of Banque Fédérative du Crédit Mutuel, chief executive officer of Crédit Industriel et Commercial, chief executive officer of Fédération du Crédit Mutuel Centre Est Europe and a member of the executive board of Groupe des Assurances du Crédit Mutuel.

Daniel Baal is a graduate of EDC Paris Business School, majoring in Financial Management.

Chief Executive Officer and effective manager
First appointment: 2017
Term expires: 2024

Other offices and positions held as of June 30, 2022

Chief Executive Officer

Fédération du Crédit Mutuel Centre Est Europe

Caisse Fédérale de Crédit Mutuel

Banque Fédérative du Crédit Mutuel

Member of the Executive Board

Groupe des Assurances du Crédit Mutuel

Chairman of the Supervisory Board

Cofidis

Cofidis 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 Charpentier

Born on October 6, 1960
Nationality: French

Business address:
Crédit Industriel et Commercial
6 avenue de Provence
75009 Paris

Summary of main areas of expertise and experience

Éric Charpentier is a graduate of the *École Normale Supérieure* with an agrégation in Mathematics, a DEA in Operational Research and a specialized master's degree in Financial Techniques from the ESSEC business school. He began his career in 1987 with the Société Financière des Sociétés de Développement Régional – Finansder, of which he became Chief Executive Officer. He joined Crédit Mutuel Nord Europe in 1998 as Deputy Chief Executive Officer in charge of the finance and corporate division, then became Chief Executive Officer of Crédit Mutuel Nord Europe in 2006.
Since 2021, Éric Charpentier has been Deputy Chief Executive Officer and effective manager of Crédit Industriel et Commercial. He serves as Chairman of the Board of Directors in several Crédit Mutuel Alliance Fédérale bodies in France and abroad.

Deputy Chief Executive Officer and effective manager
First appointed: July 28, 2021 effective September 1, 2021
Unlimited term

Other offices and positions held as of June 30, 2022

Chief Executive Officer
Caisse Régionale du Crédit Mutuel Nord Europe
Fédération du Crédit Mutuel Nord Europe

Chief Operating Officer
Banque Fédérative du Crédit Mutuel

Chairman of the Board of Directors
Beobank NV
Banque de Tunisie
Banque de Luxembourg
CIC Suisse
Crédit Mutuel Investment Managers
Sciences Po Lille

Chairman of the Supervisory Board
Crédit Mutuel Equity

Member of the Supervisory Board
Groupe La Française

Director
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
Crédit Mutuel Asset Management

Terms of office expired over the past five fiscal years

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

Director
Société Foncière et Immobilière Nord Europe
Confédération Nationale du Crédit Mutuel
Caisse Centrale du Crédit Mutuel
Crédit Mutuel Nord Europe Belgium
Crédit Industriel et Commercial

Member
Conseil Economique, Social et Environnemental Régional des Hauts-de-France

3.3 PREPARATION AND ORGANIZATION OF THE WORK OF THE BOARD

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 Crédit Industriel et Commercial 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 CIC senior managers, directors and non-voting members adheres to the values and commitments of Crédit Mutuel Alliance Fédérale described in its code of conduct (*recueil de déontologie*). The purpose of this compendium is to prevent and, where necessary, manage situations of conflict of interest.

In addition, the functioning of the Board is governed by an “Ethics, conflicts of interest and personal declarations” charter adopted at the Board of Directors’ meeting of April 8, 2022 which states that “the Board member shall endeavor to avoid any conflict that may exist between his/her moral and material interests and those of Crédit Industriel et Commercial and Crédit Mutuel Alliance Fédérale. Furthermore, he/she undertakes not to directly or indirectly promote his/her 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. He/she shall inform the Board of any existing or potential conflict of interest in which he/she may be directly or indirectly involved and, in this case, shall abstain from participating in discussions and decision-making on the topics concerned."

3.4 WORK OF THE BOARD DURING THE FIRST HALF-YEAR 2022

3.4.1 Work of the board

The Board of Directors meets at least three times a year according to a pre-established schedule.

Each item on the agenda has its own separate file or presentation, depending on its size, to better inform the members of the board. The minutes give a detailed record of deliberations, decisions and votes.

The board of directors met twice during the first half of 2022. The meeting attendance rate for directors was 88% on average.

Meeting of February 8, 2022

The Board of Directors meeting of February 8, 2022 focused on the following topics in particular:

- key points of Crédit Mutuel Alliance Fédérale’s results;
- presentation of the annual and consolidated financial statements at December 31, 2021;
- presentation of network activity;
- presentation of specialized business lines and market activities, including issue authorizations;
- liquidity and interest rate risk management;
- Group auditing and accounting committee report;
- observations of the statutory auditors;
- approval of the annual and consolidated financial statements as of December 31, 2021;
- report from the group’s risk monitoring committee;
- relations with regulators and follow-up letters received;
- validation of the review of the risk appetite framework;
- validation of the CIC Marchés body of rules;
- validation of the agricultural sector policy;
- renovation project for the Gaillon building;
- regulated agreements;
- CIC contribution to the Crédit Mutuel Alliance Fédérale foundation;
- Compensation Committee report;
- appointment of the person responsible for the periodic control of anti-money laundering and anti-terrorist financing systems;
- 2022 schedule.

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;
- presentation and review of the annual internal control report;
- approval of the AML/CFT annual internal control report;
- group Risk Monitoring Committee report;
- 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;
- information on the transfer of the main institution;
- Compensation Committee report and presentation 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;
- Appointments Committee report;
- charter for members of the supervisory bodies: ethics, management of conflicts of interest and personal declarations;
- reappointment of the Chairman of the Board;
- 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.

3.4.2 Executive Management

Composition of Executive Management

CIC's Executive Management is comprised of:

- Mr. Daniel Baal, Chief Executive Officer and effective manager;
- Mr. Éric Charpentier, Deputy Chief Executive Officer and effective manager;
- Mr. Claude Koestner, Deputy Chief Executive Officer.

Prerogatives of Executive Management

The articles of association do not provide for any particular limitation on the powers of the effective managers.

4 RISKS AND CAPITAL ADEQUACY – PILLAR 3

4.1 KEY FIGURES

The Pillar 3 report, including all the required interim tables, will be published as part of a second amendment scheduled for September 2022.

In anticipation of this publication, the main ratios at June 30, 2022 are shown in the table below (EBA EU KM1 model):

(in € millions or as a percentage)	06/30/2022	12/31/2021	06/30/2021
Available equity (amounts)			
Common Equity Tier 1 (CET 1) capital	15,389	15,520	14,343
Tier 1 capital	15,389	15,520	14,344
Total equity	17,887	18,270	16,947
Risk-weighted exposure amounts			
Total risk exposure amount	133,330	120,519	116,577
Capital ratios (as a percentage of the risk-weighted exposure amount)			
Common Equity Tier 1 capital ratio (%)	11.5%	12.9%	12.3%
Tier 1 capital ratio (%)	11.5%	12.9%	12.3%
Total equity ratio (%)	13.4%	15.2%	14.5%
Additional capital requirements to address risks other than the risk of excessive leverage (as a percentage of the risk-weighted exposure amount)			
Additional capital requirements to address risks other than the risk of excessive leverage (%)	NA	NA	NA
of which: to be met with CET1 equity (percentage points)	*NA*	*NA*	*NA*
of which: to be met with Tier 1 capital (percentage points)	*NA*	*NA*	*NA*
Total SREP capital requirements (%)	8.0%	8.0%	8.0%
Total buffer requirement and total capital requirement (as a percentage of the risk-weighted exposure amount)			
Capital conservation buffer (%)	2.5%	2.5%	2.5%
Institution-specific countercyclical capital buffer (%)	0.0%	0.0%	0.0%
Total buffer requirement (%)	2.5%	2.5%	2.5%
Total capital requirements (%)	10.5%	10.5%	10.5%
CET1 capital available after compliance with the total SREP capital requirements (%)	1.0%	2.4%	1.8%
Leverage ratio			
Total exposure measurement	401,049	315,649	308,643
Leverage ratio (%)	3.8%	4.9%	4.6%
Additional capital requirements to address the risk of excessive leverage (as a percentage of the total exposure measure)			
Additional capital requirements to address the risk of excessive leverage (%)	NA	NA	NA
Total SREP leverage ratio requirements (%)	3.5%	3.5%	3.3%
Leverage ratio buffer requirement and total leverage ratio requirement (as a percentage of the total exposure measure)			
Leverage ratio buffer requirement (%)	0.0%	0.0%	0.0%
Overall leverage ratio requirement (%)	3.0%	3.3%	3.3%
Liquidity coverage ratio			

(in € millions or as a percentage)	06/30/2022	12/31/2021	06/30/2021
Total High Quality Liquid Assets (HQLA) (average weighted value)	62,594	63,201	64,470
Cash outflows - Total weighted value	69,154	62,816	61,587
Cash inflows - Total weighted value	20,793	20,175	19,953
Total net cash outflows (adjusted value)	48,361	42,641	41,634
Liquidity coverage ratio (%)	131.1%	149.3%	156.2%
Net stable funding ratio			
Total available stable funding	215,599	227,742	225,049
Total required stable funding	234,656	202,295	195,234
NSFR ratio (%)	108.8%	112.6%	115.3%

4.2 RISK FACTORS

This section describes the principal risks to which CIC (hereinafter "the group") is exposed.

CIC is exposed to multiple risks associated with Retail Banking, Insurance, corporate banking and Capital Markets, private banking and private equity. The group has set up a process to identify and measure risks related to its activities which enables it, at least once a year, to prepare the map of its most significant risks. The risk mapping is submitted for approval by the group's Board of Directors.

Russia-Ukraine conflict and macroeconomic context
At the date of writing, the consequences of the ongoing conflict between Russia and Ukraine, whether in terms of geopolitical, economic, financial or social impacts, as well as the spread thereof to the various parts of the global economy are very real and evolving rapidly. In this context of inflationary shock, a rise in key interest rates, potentially unfavorable market trends, difficulties relating to the supply of commodities and the threat of recession, the extent and duration of which remain difficult to estimate, the impacts on Crédit Mutuel Alliance Fédérale's risk factors could be accentuated.

Stricto sensu, in terms of exposure risks to Russia and Ukraine, Crédit Mutuel Alliance Fédérale has no direct presence in these two countries (*via* a subsidiary or joint venture). Overall, CIC's exposure to these countries is extremely limited (see 2021 Universal Registration Document Page 181 – Table 1 "Exposure to default, Focus on Ukraine and Russia").

The main factors that can significantly influence the group's risks are mentioned below, with major risks being addressed first within each category.

4.2.1 Risks related to banking activities

Because of its Business Model, CIC's primary risk is credit risk. Gross exposures (balance sheet, off-balance sheet, derivatives and repurchase agreements) to credit risk represented €446 billion as of March 31, 2022 and mobilized about 86% of the group's Pillar 1 capital In the context of the COVID-19 pandemic, the support measures of banks and public authorities have effectively numbed the traditional credit risk indicators. For example, corporate insolvencies fell sharply in France in 2020 and 2021, even though the pandemic triggered unprecedented declines in activity, with some industries even being brought to a halt such as the hotels and restaurants, with a massive recourse to borrowing, particularly in France with State-guaranteed loans. The rebound in activity in 2021 led to bottlenecks in certain sectors, such as the automotive 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 counterparty type are available in Tables 26 "Performing and non-performing exposures and related provisions - EU CR1" and 24 "Credit status of loans and advances to non-financial corporations by industry - EU CQ5" in 2021 Universal Registration Document on Pages 234 and 233.

Taking the consequences of the 2008 crisis on CIC's financial statements as an example, the health crisis could have four types of significant impacts on the group's credit risk exposures.

a. The first impact would be related to the **risk of financial loss due to the inability of counterparties to meet their contractual obligations** (risk of default) especially since the COVID-19 crisis generated massive recourse to debt to cope with sharp drops in activity and cash inflows during periods of lockdown, particularly in France *via* State-guaranteed loans, whose outstandings amounted to €11.2 billion as of December 31, 2021. Counterparties may be banks, financial institutions, industrial or commercial companies, States, investment funds or natural persons (details of exposures by type of counterparty are available in tables 26 "Performing and non-performing exposures and related provisions – EU CR1" and 24 "Credit quality of loans and advances to non-financial corporations by industry – EU CQ5" in 2021 Universal Registration Document). This risk concerns the financing activities (which appear on CIC's balance sheet) or guarantee activities (which appear off balance sheet) as well as other activities exposing the group to a risk of counterparty default, notably its activities related to the trading and settlement/delivery of financial instruments on the Capital Markets, and to insurance. The risk of default would immediately take the form of more non-performing loans (NPL, an indicator of default risk) and a major point of concern to European regulators and supervisors. It would also be reflected in a higher cost of risk due to the provisioning of those non-performing loans. The current macroeconomic context (rise in interest rates, inflation, energy prices, etc.) also raises fears of a risk of recession and the consequences thereof, particularly in terms of energy sobriety and unemployment. This context could result in the group's retail and corporate customers facing increasing difficulties in meeting their commitments. As of March 31, 2022, CIC's NPL ratio (NPL/gross loans) was 2.29% and the cost of risk was €35 million (compared to gross outstanding loans, the cost of risk was 0.06%). CIC has a stock of provisions for non-proven risks (provisions for performing loans - status 1 and status 2) of more than €1.2 billion. Following the 2008 crisis, the group's NPL ratio rose to 3.9% (at December 31, 2013), spiking the cost of proven risk to 0.70% of gross loans at the time – over a more restricted scope given the acquisitions made by CIC since 2009.

b. The second impact would depend on the **method used to calculate weighted risks in the denominator of the solvency ratio**. Under the standard method, the change in credit quality has little impact on the calculation of weighted risks and therefore on the solvency ratio. But if the credit portfolios have been authorized by the supervisor to use internal models to calculate weighted risks, any deterioration of the affected portfolios increase the denominator of the solvency ratio. Within CIC, 73% of the total exposures to credit risk are given and internal rating [1], the quality of which affects the calculation of the credit risk-related capital requirements under Basel III and therefore the solvency ratio. Lower ratings on all or part of the portfolio would consequently entail lower solvency of the group in terms of risk of changed ratings. A recession could increase this credit risk, also given the increased indebtedness of economic agents and the decline in their financial income. The commodities crisis following the war between Russia and Ukraine may worsen the situation in other sectors (chemicals, steel, transport, automotive, food industry, etc.) to which the group is exposed–(see in 2021 Universal Registration Document on Pages 233 - Table 24 “EU CQ5”).

c. Due to the size of its portfolio of real estate loans (46% of net loans to customers, i.e. €102 billion at March 31, 2022), mainly in France, the group is exposed to a **turnaround in the real estate market**. A scenario of a fall in real estate prices could have an impact on 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. Following the crisis of 2008, the cost of risk on the network’s portfolio of property loans reached 0.10% of the balance sheet commitments for two years in 2009 and 2010. The cost of risk relating to homes was zero in Q1 2022 and represented 0.02% of home loans on the balance sheet in 2021, compared to 0.01% in 2020.

d. CIC has **unitary exposure that is relatively high 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. Concerning States (€99 billion in gross exposure as of March 31, 2022), the group is principally exposed to France (€70 billion), mainly to the Banque de France (€60 billion), member of the Eurosystem, and to Caisse des Dépôts et Consignations (€10 billion), equivalent to French sovereign risk, due to the mechanism for centralizing deposits from regulated savings. Other than States, as of March 31, 2022, single exposures, on- and off-balance sheet, exceeding €300 million to banks represented €3 billion to four counterparties. For corporates, it represented €25 billion to 38 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.

(1) According to the level of estimated risk associated with a counterparty, an internal rating is assigned to it, which will influence the capital requirements for credit risk.

4.2.2 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.

4.2.2.1 Liquidity risk

Liquidity risk means the capacity for a bank to find the funds necessary for financing its commitments at a reasonable price at any time. Thus, a credit institution which is unable to honor its net outflows of cash because of a scarcity of its financial resources in the short-, medium- and long-term has a liquidity risk.

The COVID-19 pandemic has created an unprecedented market situation that has required exceptional measures by European and national authorities. Within the context of liquidity risk, these measures have increased the spread of liquidity in the banking sector. In addition, the increased amount of deposits recorded in the French banking system linked to the precautionary savings by retail and corporate customers resulted in an increase of the liquidity reserve and the level of short-term liquidity (LCR – Liquidity Coverage Ratio). During the first half of 2022, with the war in Ukraine, the announced end of accommodative policies and the rise in inflation, the context has fundamentally changed. The increase in inflation is reflected in the end of the accommodative policies of central banks and in particular of the European Central Bank. In particular, the end of purchasing programs related to the pandemic crisis and a possible future reduction in central bank balance sheets will have an impact on available liquidity and refinancing conditions in the banking sector.

CIC is part of the centralized cash management system and is fully incorporated into Crédit Mutuel Alliance Fédérale system. CIC's liquidity risk can in particular be assessed through the regulatory LCR ratio, which compares highly liquid assets to net liquidity outflows at thirty days in a stress scenario. CIC's average LCR was 119.1% in in the first half of 2022, representing an average surplus of €10 billion over the minimum regulatory requirements. The liquidity reserve is managed at Crédit Mutuel Alliance Fédérale level and consists of deposits with central banks (primarily the European Central Bank), securities and available receivables which are eligible for central bank refinancing. It amounted to €190.6 billion as of June 30, 2022.

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 105.4% as of June 30, 2022 for CIC.

a. **Crédit Mutuel Alliance Fédérale's and CIC's access to financing and the costs of this financing could be adversely impacted by sharp downturns in the market, major macroeconomic difficulties, a sudden deterioration in rating or other crisis factors.**

   Short-, medium- and long-term market funds are an essential component for financing Crédit Mutuel Alliance Fédérale and CIC's business activities. Financing involves the issuance of medium- and long-term debt and short-term negotiable debt instruments (TCN). Guaranteed financing operations such as repurchase agreements are also involved. Thus if market access and market conditions severely deteriorated, the impacts on the financial sector in general and on CIC in particular could significantly impact the level of its liquidity and the group's financial situation, particularly in terms of profitability.

b. **A significant deterioration in the rating of BFCM and CIC could have a significant impact on CIC's capacity to develop business.**

   BFCM, as the refinancing center of Crédit Mutuel Alliance Fédérale, is the principal issuer of bonds, from which CIC benefits as a subsidiary. CIC also issues, through its London branch, certificates of deposit whose ratings are linked to that of BFCM, by which it is over 93% owned. Accordingly, BFCM obtains ratings on behalf of the group. The ratings are based in particular on the review of governance, strategy, quality and diversity of revenue sources, capital adequacy, balance sheet quality and structure, risk management and appetite for risk. As of June 30, 2022 BFCM's Senior Preferred ratings were are AA- stable with Fitch Ratings, Aa3 stable with Moody's and A+ stable with Standard & Poor's (the latter agency rates the Crédit Mutuel group and its main issuers).

   Accordingly, a decrease in these credit ratings could have an impact on the refinancing of Crédit Mutuel Alliance Fédérale and subsequently CIC. This situation could limit access to refinancing, increase costs through the increase in credit spread, trigger obligations in certain bilateral contracts and collateralized financing agreements, and ultimately diminish the group's ability to expand.

c. **A significant change/variation in interest rates could have an adverse impact on customer behavior and affect the level of their bank deposits.**

   The low interest rate environment that has prevailed for several years has changed customer behavior and the way customers place their deposits. Thus, in recent years customers have opted to deposit their funds on current accounts rather than deposit accounts (passbook accounts, term deposits, etc.) due to unattractive interest rates.

   Accordingly, an increase in interest rates could lead to volatility in these current account deposits. Customers could decide to invest them, or place them in other types of account (passbook accounts, term deposits) or in insurance- or asset management-type funds. This potential volatility for deposits could therefore affect CIC's liquidity and its loan/deposit ratio.

d. **The increase in the Banque de France's discounts for pledged securities in TRICP (data processing of private loans, or *traitement informatique des créances privées*) – or ACC (Additional Credit Claims) – type transactions, or a tightening of eligibility criteria could reduce the level of Crédit Mutuel Alliance Fédérale's and therefore CIC's liquidity reserve.**

   Crédit Mutuel Alliance Fédérale's liquidity reserve is mainly comprised of overnight deposits with central banks, a portfolio of highly liquid securities and eligible collateral with central banks.

This collateral mainly includes loans whose nature, composition and quality permits them to be pledged and to be eligible for ECB financing. The Banque de France sets a discount rate for each type of receivable which it can revise upwards or downwards at any time.

The upward change in discounts used for pledged securities in TRICP (data processing of private loans, or *traitement informatique des créances privées*) – or ACC (Additional Credit Claims) – type transactions, or a tightening of eligibility criteria, could reduce the level of Crédit Mutuel Alliance Fédérale's liquidity reserve.

4.2.2.2 Interest rate risk

Interest rate risk is defined as the difference in the profit/(loss) of a bank when interest rates vary upwards or downwards. As the value of an institution is directly related to its earnings, changes in interest rates also mean changes in its asset value with an impact on the balance of on- and off-balance-sheet items.

The exceptional measures implemented by the European and national authorities due to the COVID-19 pandemic therefore have an impact on Crédit Mutuel Alliance Fédérale's long-term interest rate levels and are likely to have a significant impact on its profitability. After a long period of accommodative policy, accentuated by the exceptional measures related to the COVID-19 pandemic, the first half of 2022, dominated by the war in Ukraine and the increase in inflation, saw central banks tighten their monetary policies and schedule successive increases in their key rates. The yield curves in the United States and the Eurozone also adjusted abruptly to this change in economic and monetary environment.

The net present value (or "NPV") sensitivity of CIC's balance sheet, determined according to six regulatory scenarios, is below the 15% threshold for Common Equity Tier 1 capital. CIC is sensitive to an increase in short-term rates, with an NPV sensitivity of -8.28% relative to Common Equity Tier 1 capital as of March 31, 2022. The sensitivity of net banking income at one and two years is determined according to several scenarios (increase and decrease of rates by 100 bps., increase and decrease of rates by 200 bps. with a floor) and two stress scenarios (flattening/inversion of the yield curve and a stagnation/inflation shock in short and long rates). The "stagflation with alternative backing" is the most unfavorable scenario for CIC with an impact of -9.90% over two years, *i.e.* -€541 million as of March 31, 2022.

a. **A prolonged low interest rate environment carries risks which could affect CIC's revenues or profitability.**

   A large portion of CIC's revenues are tied to the net interest margin, which directly impacts the group's profitability. Interest rate fluctuations are caused by a number of factors over which CIC has no control, such as the level of inflation, the monetary policies of States, including that of the French State, in particular the level of regulated rates (*Livret A*, PEL (mortgage savings plans), etc.). Thus the group's revenues and profitability are impacted by the changes in interest rates at different points on the yield curve. The low interest rate environment in the markets for several years has significantly impacted the profitability of banks including CIC.

b. **Likewise, a sudden hike in short- and medium-long term interest rates (in particular due to inflation) could have a material adverse effect on CIC's net banking income and its profitability.**

   The end of a prolonged period of low interest rates, particularly from a tightening of monetary policy, brings risks for the banking sector in general and for CIC in particular. An abrupt rise in these levels (in particular in relation to an increase in inflation) could have an unfavorable impact on the bank's revenues and profitability. This hike could have a marked impact on the cost of refinancing in the banking sector markets for short- and medium-term debt issues, as well as the cost of regulated savings. At the same time, CIC could have difficulty in immediately passing on the increase in these interest rates (in particular to comply with the borrowing rate in France) to housing loans and other fixed-rate loans granted to individuals and businesses, while the cost of customer deposits and the cost of hedging would 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.

4.2.2.3 Market risks

This is the risk of loss of value caused by any unfavorable change in market parameters such as interest rates, the prices of securities, exchange rates or commodities prices. Market risk concerns activities of several business lines of the bank, including the Capital Market businesses of CIC Marchés subsidiary, the asset-liability management activity and the asset management business of the group's management companies.

The potential impact of market risk on the ALM business is described above. The risk involving asset management is due to the fact that the fees received by this business line vary with the valuation of the funds under management, which is set by markets.

The main risk factors associated with market risks are:

a. **A worsening of economic prospects** would negatively affect financial health of issuers of the capital and debt securities that are traded in them.

   The valuation of securities would drop and the volatility of the valuations would increase. The effect on the activities of CIC Marchés would therefore be negative.

   The volatility of financial markets may have an unfavorable effect and lead to corrections on risky assets and generate losses for the group. In particular, an increase in volatility levels could make it difficult or costly for the group to hedge certain positions.

The investment business line would suffer from adverse conditions in the financial markets insofar as it operates in particular in a perspective of improvement in the economy normally reflected by the rise in the equity markets and by a better credit rating of debt issuers.

The results of the commercial business line would also be negatively impacted by poor market conditions. Fees from the brokerage business would drop in proportion to the decline in transaction valuations. Similarly, the number of transactions on the primary market (initial public offers, capital increases and debt issues) would drop, which would translate directly into less fees.

b. **Monetary policy** is another factor with a strong impact on market risks (cf. the section on interest rate risk above). The ECB's accommodative monetary policy *via* its "asset buyback" component has for some time supported the valuation of capital (equities) and debt (bonds) instruments, creating a risk of overvaluation. This should come to an end with the ECB's announcement of the tightening of its monetary policy and, in particular, a halt in Quantitative Easing (QE) during the second half of the year, as well as an increase in its key rates from July.

The market risk to which CIC Marchés division is exposed is weak. The capital allocated to CIC Marchés was €560 million in 2022, compared to €580 million in 2021, which represents 3.1% of CIC's overall regulatory capital (€18.3 billion at the end of 2021). As of June 30, 2022, this amount had been used in the amount of €430.1 million.

During the first half of 2022, the historical VaR (one-day, 99%) of the trading book amounted to an average of €5.2 million for CIC Marchés. As of June 30, 2022, this historic VaR was higher and stood at €8.6 million, penalized by the gradual deterioration of the macroeconomic context in the annual rolling history.

After 2021, which saw a recovery in equity indices and a tightening of credit spreads in a context of low interest rates, 2022 has so far seen quite the opposite, with high volatility in financial markets since Russia's invasion of Ukraine and macroeconomic uncertainties resulting in a rise in inflation, energy prices and a decline in the euro against the dollar.

Although the markets experienced ups and downs during the half-year (increase in spreads, interest rate rises and a decline in stock market indices), CIC Marchés ended the period with an IFRS NBI of +€177.3 million and a profit before tax of +€73.3 million, compared to +€290.4 million and + €183.3 million respectively in June 2021.

4.2.3 Risks related to the group's regulatory environment

CIC's regulatory environment is described in the above dedicated section "2.1.2 Regulatory environment" of chapter 2. The group is subject to a great many banking regulations, some of which are not reflected in its prudential ratios but could have a significant effect on them. As specified in the risk factor related to credit risk, a large majority of the group's exposures are approved by the supervisor for calculation using the internal risk weighting model. However, changes to the "finalization of Basel III" regulations will adversely impact the calculation of risk weightings and therefore the solvency ratio of CIC. The probability of this risk occurring is almost certain but its occurrence would probably occur gradually from 2025 (according to the Basel Committee's timetable). Further, its impact will depend on how this regulation is actually transposed into national and European law.

a. **From 2025, according to the Basel timetable, an "output floor" will gradually be put in place, the aim of which is to limit the gains in capital arising from internal models** for calculating risk weightings in the denominator of the solvency ratio. 73% of CIC's exposures have a risk weighting taken from internal models (89% for Corporate and Retail customer exposures), most of which are well below the standard weighting. According to the Basel Committee timetable, the application of the output floor will be done gradually between 2025 (50%) and 2028 (72.5%) and will adversely impact the solvency ratio. The timetable and the exact methods of application of the output floor will depend on the transposition of this regulatory measure into national and European law.

b. As indicated in the section on credit risks, the group's exposure to real estate risks is significant. **They will also be unfavorably affected by the regulations when the new standard method applies in 2025**. This new approach will use the Loan-To-Value indicator (LTV, the ratio between the amount of the loan and the market value of the property) to weight the risk of exposures. The higher the LTV, the higher the risk weighting, up to 100%, while the weighting in the current standard weighting method for exposures guaranteed by a mortgage or an equivalent surety – *i.e.* €102 billion at March 31, 2022 – is 35% and close to 13% using the internal method. This new methodology will also have the consequence of making capital requirements relative to portfolios of property receivables more sensitive to a drop in property prices.

c. **The finalization of the ECB's new targeted surveys on internal models as part of the implementation of the European Banking Authority's "IRB Repair" program may also result in a review of the Basel parameters of the internal models and an increase in risk-weighted assets (RWAs).**

4.2.4 Risks related to the group's business operations

4.2.4.1 Operational risks

In accordance with point 52, Article 4 of EU Regulation No. 575/2013, operational risk is defined as the risk of loss or gain resulting from inadequate or failed internal processes, people and systems or from external events, and includes legal risk. The Order of November 3, 2014 states that operational risk includes risks from events with a low probability of occurrence but a high impact, risks of internal and external fraud as defined in Article 324 of EU Regulation No. 575/2013 cited above, and model risks.

The Order of November 3, 2014 describes model risk as the risk of the potential loss an institution may incur as a consequence of decisions that could be principally based on the output of internal models, due to errors in the development, implementation or use of such models.

Operational risk, thus defined, excludes strategic and reputational risks (image).

The main risk factors associated with operational risks are:

a. **internal and external** fraud organized by people inside and outside the group in order to misappropriate funds or data. External fraud represents the greater risks for the group, notably fraud involving means of payment;

b. **legal risks** to which the group is exposed and which could have unfavorable effect on its financial situation and its profit/loss;

c. **shortcomings or delays by the group in the full compliance** of its activities with the rules related to financial or banking activities, whether they are of a legislative or regulatory nature, professional and ethical standards, instructions or ethics in professional behavior. The adoption by different countries of multiple and sometimes divergent legal or regulatory requirements exacerbates this risk;

d. **any failure of, or attack against, the IT systems of the group**, which could cause lost earnings, losses and sporadically weaken the customer protection system.

As of March 31, 2022, €821 million of capital was allocated to cover the losses generated by this risk. Proven losses in Q1 2022 amounted to €6.8 million.

The risks with the greatest impact on the Q1 2022 proven losses for CIC were (i) fraud, (ii) process execution, delivery and management, and (iii) the policy toward customers, products and business practices. Fraud represented 50% of CIC's proven losses in Q1 2022. CIC's total proven losses (excluding any insurance recoveries) during Q1 2022 represented approximately 0.45% of the group's net banking income.

4.2.4.2 Business interruption risk

The unavailability of employees, premises or infrastructure could lead to a partial or complete shutdown of the group's activity, resulting in a decline in its earnings depending on the extent of the shutdown. Similarly, the inability of customers to have access to the services offered by CIC group would be detrimental to its financial position. Such circumstances would necessarily entail adjustments to the arrangements for continuation of activity, with resulting additional costs.

Since the outbreak of the COVID-19 pandemic, total operational losses have been estimated at approximately €6.8 million for CIC, of which €1.6 million in 2021 (NB: the method used for recording losses related to the COVID-19 crisis has evolved over the course of the pandemic).

During the first half of 2022:

- in the context of the COVID-19 pandemic, CIC's activities gradually returned to normal and operational losses were very low;
- in the context of the Russia-Ukraine conflict, the risk of a cyberattack potentially threatening all or part of CIC's activities is being continuously monitored and reinforced by dedicated teams. No partial or complete shutdown of activity has been noted in any area.

4.2.4.3 Climate risks

Climate change exposes the group to:

- physical risks resulting from natural hazards (100-year floods, storms, hurricanes, tornados, typhoons, earthquakes) and environmental or accidental risks arising from natural hazards (pollution, dam ruptures, major fires, nuclear catastrophes);
- transition risks that include the risks of transitioning to a low-carbon economy and are sectoral in nature. They are mainly linked to the more or less rapid changes in consumer behavior, business models, and the regulatory and tax environment related to climate change.

a. **The group's business model could be impacted by physical risks resulting in:**

   - impairment and destruction of assets, as well as guarantees received, increasing credit risk;
   - a drop in the valuation of debt and financial securities increasing market risk;
   - an increase in claims and associated insurance damages payments increasing the risk related to insurance activities;
   - an increase in claims on the group's infrastructures and/or employees, increasing operational risks.

b. **The group's business model could be impacted by transition risks resulting in:**

   - a loss of customers and drop in profitability of companies with business models which are too carbon-intensive;
   - a refinancing cost more dependent on non-financial performance;
   - an increase in energy and transport costs;
   - a potential capital surcharge according to the carbon taxonomy of financing.

Crédit Mutuel Alliance Fédérale's sectoral policies make it possible to define a scope of intervention and to set criteria for conducting business in areas where the social and environmental impacts (including climate risks) are the most significant. These policies are applicable CIC-wide and are monitored at Crédit Mutuel Alliance Fédérale level. Monitoring of exposures eligible for sectoral policies, for all corporate, investment and insurance portfolios, provides an initial measurement of the exposures potentially most affected by climate risks. Crédit Mutuel Alliance Fédérale has six sectoral policies: Coal, Mining, Hydrocarbons, Civilian nuclear energy, Defense and Security, Mobility in the air, maritime and road sectors. As of December 31, 2021, €36.2 billion were eligible for sectoral policies (compared to €39.5 billion as of December 31, 2020) of which €22.7 billion in the Corporate portfolio. In this portfolio, the share of exposures related to the Coal & Hydrocarbons sectoral policies amounted to 1.18% and 17.09% respectively.

CIC's direct and indirect carbon footprint is included in the data calculated at Crédit Mutuel Alliance Fédérale level. Crédit Mutuel Alliance Fédérale's direct carbon footprint in France (related to the group's energy consumption, refrigerants, vehicle fleet and business travel) decreased by 20% between 2019 and 2020, and the indirect carbon footprint of the financing in the corporate portfolio (measured in tons of CO_2 per million euros lent) decreased by 2.1% between 2020 and 2021. More information concerning the non-financial performance and climate commitments of Crédit Mutuel Alliance Fédérale and CIC are available in Crédit Mutuel Alliance Fédérale universal registration document in chapter 3 Social and Mutualist Responsibility.

5 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5.1 FINANCIAL STATEMENTS

5.1.1 Balance sheet (assets)

(in € millions)	Notes	06/30/2022	12/31/2021
Cash, central banks	4	70,151	56,241
Financial assets at fair value through profit or loss	5a	32,728	20,817
Hedging derivatives	6a	1,180	504
Financial assets at fair value through other comprehensive income	7a	17,055	13,970
Securities at amortized cost	8a	3,638	3,444
Loans and receivables to credit institutions and similar at amortized cost	8b	37,928	35,143
Loans and receivables due from customers at amortized cost	8c	231,024	220,550
Revaluation adjustment on rate-hedged books	6b	-1,632	434
Current tax assets	10a	490	612
Deferred tax assets	10b	515	497
Accruals and other assets	11	5,952	5,730
Non-current assets held for sale		0	0
Investments in equity consolidated companies	12	1,286	1,569
Investment property	13	25	30
Property, plant and equipment	14a	1,609	1,631
Intangible assets	14b	184	184
Goodwill	15	33	33
TOTAL ASSETS		**402,166**	**361,389**

5.1.2 Balance sheet (liabilities)

(in € millions)	Notes	06/30/2022	12/31/2021
Central banks	17a	22	4
Financial liabilities at fair value through profit or loss	16	22,004	12,008
Hedging derivatives	6a	841	1,242
Due to credit and similar institutions at amortized cost	17a	110,130	78,187
Amounts due to customers at amortized cost	17b	219,215	217,829
Debt securities at amortized cost	17c	24,038	24,549
Revaluation adjustment on rate-hedged books	6b	-552	7
Current tax liabilities	10a	215	264
Deferred tax liabilities	10b	269	261
Deferred income, accrued charges and other liabilities	18	5,889	6,594
Debt related to non-current assets held for sale		0	0
Provisions	19a	1,135	1,169
Subordinated debt at amortized cost	20	2,293	2,293
Total shareholders' equity		**16,667**	**16,982**
Shareholders' equity attributable to the group		**16,637**	**16,939**
Capital subscribed		612	612
Issue premiums		1,172	1,172
Consolidated reserves		14,001	12,943
Gains and losses recognized directly in equity	21a	-157	107
Profit (loss) for the period		1,009	2,105
Shareholders' equity – Non-controlling interests		**30**	**43**
TOTAL LIABILITIES		**402,166**	**361,389**

5.1.3 Income statement

(in € millions)	Notes	06/30/2022	06/30/2021
Interest and similar income	23	2,423	2,176
Interest and similar expenses	23	-937	-763
Commissions (income)	24	1,589	1,416
Commissions (expenses)	24	-354	-283
Net gains on financial instruments at fair value through profit or loss	25	494	476
Net gains or losses on financial assets at fair value through shareholders' equity	26	-41	3
Net gains or losses resulting from derecognition of financial assets at amortized cost		0	0
Income from other activities	27	53	61
Expenses on other activities	27	-45	-55
Net banking income		**3,182**	**3,031**
Employee benefits expense	28a	-957	-943
Other general operating expenses	28c	-802	-721
Movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets	28d	-97	-100
Gross operating income		**1,326**	**1,267**
Cost of counterparty risk	29	-99	33
Operating income		**1,227**	**1,300**
Share of net profit/(loss) of equity consolidated companies	12	62	83
Net gains/(losses) on disposals of other assets	30	10	-1
Profit/(loss) before tax		**1,299**	**1,382**
Income tax	31	-288	-324
Net profit/(loss)		**1,011**	**1,058**
Net profit/(loss) – Non-controlling interests		2	9
NET PROFIT ATTRIBUTABLE TO THE GROUP		**1,009**	**1,049**
Earnings per share (in €)	32	26.56	27.61
Diluted earnings per share (in €)	32	26.56	27.61

5.1.4 Statement of net profit/(loss) and profits and losses recognized in equity

(in € millions)	06/30/2022	06/30/2021
Net profit/(loss)	**1,011**	**1,058**
Translation adjustments	130	47
Revaluation of financial assets at fair value through equity – capital instruments	-155	2
Remeasurement of hedging derivatives	-0	0
Share of unrealized or deferred gains and losses of associates	-244	-37
Total recyclable gains and losses recognized directly in equity	**-269**	**12**
Revaluation of financial assets at fair value through equity – capital instruments at closing	-5	16
Revaluation of financial assets at fair value through equity – capital instruments sold during the fiscal year	0	0
Actuarial gains and losses on defined benefit plans	40	10
Share of non-recyclable gains and losses of equity consolidated companies	-31	32
Total non-recyclable gains and losses recognized directly in equity	**4**	**58**
Net profit/(loss) and gains and (losses) recognized directly in equity	**746**	**1,128**
o/w attributable to the group	*745*	*1,119*
o/w percentage of non-controlling interests	*1*	*9*

The terms relating to gains and losses recognized directly in equity are presented for the amount net of tax.

5.1.5 Changes in shareholders' equity

	Shareholders' equity, attributable to the group											Total consolidated shareholders' equity
					Gains and losses recognized directly in equity							
(in € millions)	Capital	Premiums	Elimination treasury stock	Reserves[1]	Translation adjustments	Assets at FVOCI[2]	Instr. for hedging	Actuarial gains and losses	Net profit/(loss)	Total	Non-controlling interests	
BALANCE ON 01/01/2021	**612**	**1,172**	**-56**	**12,871**	**-44**	**78**		**-71**	**662**	**15,224**	**38**	**15,262**
Appropriation of earnings from previous year				662					-662	0		0
Distribution of dividends				-493						-493	-6	-499
Acquisition of additional shareholdings or partial disposals										0		0
Subtotal of movements related to relations with shareholders	**0**	**0**	**0**	**169**	**0**	**0**	**0**	**0**	**-662**	**-493**	**-6**	**-499**
Consolidated income for the period									1,049	1,049	9	1,058
Changes in gains and (losses) recognized directly in equity				-31	46	13		11		39		39
Subtotal	**0**	**0**	**0**	**-31**	**46**	**13**	**0**	**11**	**1,049**	**1,088**	**9**	**1,097**
Effects of acquisitions and disposals on non-controlling interests										0		0
Other changes					1					1	-1	0
BALANCE AT 06/30/2021	**612**	**1,172**	**-56**	**13,009**	**3**	**91**	**0**	**-60**	**1,049**	**15,820**	**40**	**15,860**
BALANCE AT 07/01/2021	**612**	**1,172**	**-56**	**13,009**	**3**	**91**	**0**	**-60**	**1,049**	**15,820**	**40**	**15,860**
Distribution of dividends										0		0
Acquisition of additional shareholdings or partial disposals												0
Subtotal of movements related to relations with shareholders	0	0	0	0	0	0	0	0	0	0	0	**0**
Consolidated income for the period									1,056	1,056	2	1,058
Changes in gains and (losses) recognized directly in equity				-11	86	-11		-1		63		63

(in € millions)	Shareholders' equity, attributable to the group											Total consolidated shareholders' equity
					Gains and losses recognized directly in equity							
	Capital	Premiums	Elimination treasury stock	Reserves[1]	Translation adjustments	Assets at FVOCI[2]	Instr. for hedging	Actuarial gains and losses	Net profit/(loss)	Total	Non-controlling interests	
Subtotal	**0**	**0**	**0**	**-11**	**86**	**-11**	**0**	**-1**	**1,056**	**1,119**	**2**	**1,121**
Effects of acquisitions and disposals on non-controlling interests										0		0
Other changes				1		-1				0	1	1
BALANCE AT 12/31/2021	**612**	**1,172**	**-56**	**12,999**	**89**	**79**	**0**	**-6)**	**2,105**	**16,939**	**43**	**16,982**
BALANCE AT 01/01/2022	**612**	**1,172**	**-56**	**12,999**	**89**	**79**	**0**	**-61**	**2,105**	**16,939**	**43**	**16,982**
Appropriation of earnings from previous year				2,105					-2,105	0		0
Distribution of dividends				-1,045						-1,045	-8	-1,053
Acquisition of additional shareholdings or partial disposals				-2						-2	-6	-8
Subtotal of movements related to relations with shareholders	**0**	**0**	**0**	**1,058**	**0**	**0**	**0**	**0**	**-2,105**	**-1,047**	**-14**	**-1,061**
Consolidated income for the period									1,009	1,009	2	1,011
Changes in gains and (losses) recognized directly in equity					130	-435		40		-265		-265
Subtotal	**0**	**0**	**0**	**0**	**130**	**-435**	**0**	**40**	**1,009**	**744**	**2**	**746**
Effects of acquisitions and disposals on non-controlling interests										0		0
Other changes						1				1	-1	0
BALANCE AT 06/30/2022	**612**	**1,172**	**-56**	**14,057**	**219**	**-355**	**0**	**-21**	**1,009**	**16,637**	**30**	**16,667**

(1) As of June 30, 2022, the reserves consist of the legal reserve for €61 million, the special long-term capital gains reserve for €287 million and retained earnings for €121 million, other CIC reserves amounting to €6,820 million and consolidated reserves amounting to €6,768 million.

(2) FVOCI: Fair value through other comprehensive income.

CIC capital as at June 30, 2022 consisted of 38,241,129 shares of a nominal value of €16, of which 231,711 were treasury shares.

5.1.6 Statement of net cash flows

(in € millions)	H1 2022	H1 2021
Net profit/(loss)	1,011	1,058
Income tax	288	324
Profit/(loss) before tax	**1,299**	**1,382**
+/- Net depreciation and amortization of property, plant and equipment and intangible assets	97	100
- Impairment of goodwill and other fixed assets	0	-1
+/- Net provisions and impairments	-32	-135
+/- Share of income from companies consolidated using the equity method	-62	-83
+/- Net loss/gain from investing activities	-1	1
+/- (Income)/expenses from financing activities		
+/- Other movements	1,667	120
Total non-monetary items included in profit/(loss) before tax and other adjustments	**1,669**	**2**
+/- Flows related to transactions with credit institutions	23,193	1,805
+/- Flows related to client transactions	-9,053	-4,471
+/- Flows related to other transactions affecting financial assets or liabilities	-8,015	-182
+/- Flows related to other transactions affecting non-financial assets or liabilities	209	-386
- taxes paid	-160	-164
Net decrease/(increase) in assets and liabilities from operating activities	**6,174**	**-3,398**
TOTAL NET CASH FLOW GENERATED BY OPERATING ACTIVITY (A)	**9,142**	**-2,014**
+/- Flows related to financial assets and investments	-218	-149
+/- Flows related to investment property	3	8
+/- Flows related to property, plant and equipment and intangible assets	-66	-48
TOTAL NET CASH FLOW GENERATED FROM INVESTING ACTIVITIES (B)	**- 281**	**-189**
+/- Cash flow to or from shareholders[1]	-983	-499
+/- Other net cash flows from financing activities[2]	1,319	322
TOTAL NET CASH FLOW GENERATED FROM FINANCING TRANSACTIONS (C)	**336**	**-177**
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS (D)	**419**	**12**
Net increase/(decrease) in cash and cash equivalents (A + B+ C + D)	**9,616**	**-2,368**
Net cash flow generated by operating activities (A)	9,142	-2,014
Net cash flow generated from investing activities (B)	-281	-189
Net cash flow related to financing transactions (C)	336	-177
Effect of foreign exchange rate changes on cash and cash equivalents (D)	419	12
Cash and cash equivalents at opening	**63,629**	**65,395**
Cash, central banks (assets & liabilities)	56,237	57,824
Accounts (assets and liabilities) with and demand loans/borrowings from credit institutions	7,392	7,571
Cash and cash equivalents at closing	**73,245**	**63,027**
Cash, central banks (assets & liabilities)	70,130	59,516
Accounts (assets and liabilities) with and demand loans/borrowings from credit institutions	3,115	3,511
CHANGE IN NET CASH POSITION	**9,616**	**-2,368**

(1) Cash flow to or from shareholders includes:

- *dividends paid by CIC to its shareholders for -€1,045 million for fiscal year 2021;*
- *dividends paid to non-controlling interests for -€8 million;*
- *dividends received from equity-consolidated companies for €70 million.*

5.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The figures in the notes are presented in millions of euros.

Note 1a Accounting principles, methods of assessment and presentation

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

These interim financial statements are prepared in accordance with IAS 34 on interim financial reporting which allows for the publication of condensed financial statements. They supplement the financial statements for the year ended December 31, 2020, presented in the 2020 Universal Registration Document.

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

Since January 1, 2022, the group has applied the following amendments adopted by the EU:

- **Amendments to IFRS 3 – Reference to the Conceptual framework**

  It refers to the updated 2018 version of the Conceptual framework (replacing the reference to its previous 1989 version). It introduces an exception so as not to create discrepancies with the current consequences in terms of the recognition of assets and liabilities in business combinations.

  This exception specifies that acquirers must refer to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 – Levies, instead of to those provided in the new Conceptual framework.

  Acquirers must not recognize any assets acquired in a business combination.

- **Amendments to IAS 37 - cost of fulfilling a contract**

  It clarifies the concept of "unavoidable costs" used to define an onerous contract. It applies to contracts for which the Group would not have met its obligations on January 1, 2022.

- **Amendments to IAS 16 - Proceeds before intended use**

  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 principally 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.

Russia's invasion of Ukraine

As it does not have premises in Ukraine or Russia, the group does not have teams present in the current areas of conflict; direct exposures in these two countries, as well as in Belarus, are 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

(1) The entire framework is available on the European Commission's website at: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en#ifrs-financial-statements

against money laundering, tax fraud and the financing of terrorism. The group also demonstrates a high level of vigilance in terms of cybersecurity.

In addition, the group 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.

The Ukrainian crisis could lead to a deterioration in the status of its loan portfolio, and increase the level of provisioning which already rose significantly during the health crisis.

A case-by-case analysis is carried out in order to track any potential increase in the credit risk of professional customers or corporates in difficulty, as well as retail customers who may be directly or indirectly affected by the conflict in Ukraine through hikes in the prices of energy, agricultural commodities and metals, as well as underlying inflation.

Moreover, the weighting of scenarios remains unchanged from December 31, 2021. The expected credit losses calculated as of June 30, 2022 are supplemented by a segment adjustment for vulnerable segments (see section 3.1.8.3).

The group is also impacted by the status of the financial markets which could negatively affect the value of its financial instrument portfolios (bonds, equities and derivatives) and by inflation affecting its general operating expenses.

The effects on the 2022 interest margin will notably depend on the repercussions of inflation and the ECB's monetary policy on the yield curve and the level of regulated savings rates.

As of June 30, 2022, the analyses on the macroeconomic impact of the crisis allow for confidence in the group's ability to absorb the effects without difficulty.

IBOR reform

The reform of IBOR rates forms part of the response to the weaknesses found in methodologies for the construction of indices and interbank rates, these being based on the declared data of banks and on a volume of underlying transactions that is significantly down.

In Europe, it is expressed by the “BMR” Benchmark regulation published in 2016 and applicable from the beginning of 2018. The major element of this reform is based on a calculation of rates based on actual transactions, to secure and improve the reliability of the indices used by the market.

All indices must now comply with the BMR regulation. Existing indices may continue to be used until December 31, 2021 and for some LIBOR (USD LIBOR) terms possibly until June 30, 2023. Eventually, it will no longer be possible to use the former benchmark indices (LIBOR, EONIA, etc.) unless they are compliant with the new regulations or benefit from an exceptional contribution extension.

In order to ensure a smooth transition, the group launched a workstream in project mode starting in the first quarter of 2019, and is making sure to cover the risks (legal, commercial, organizational, tools and financial/accounting) associated with this transition.

The EONIA had been defined as a tracker of the €STR since October 2019 and until its disappearance. The €STR has been definitively designated by the European Commission as the successor to the EONIA, for all contracts that do not expire at the beginning of January 2022 and do not include a robust fallback clause.

In addition, SARON plus a spread adjustment defined by maturity will, by default, represent the legal replacement index for CHF LIBOR.

Since the change in its calculation methodology in July 2019, the EURIBOR complies with the BMR regulation.

Finally, in November 2021, the British regulator Financial Conduct Authority announced the publication of synthetic GBP and JPY LIBOR until the end of 2022, which can be used for contracts that are difficult to manage in terms of legal transition (non-existent fallback clauses). The successor market index to GBP LIBOR is SONIA, but this index will not benefit from a “regulatory” switch unlike CHF LIBOR or EONIA.

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.

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 for the updating of contracts through bilateral negotiations between parties or by updating the sales conditions (i.e. change in the reference rate by amendment). This process will be launched during the second half of 2022.

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 June 30, 2022 and that will be subject to changes related to the reference rate reform mainly relate to the USD LIBOR index. They are presented below:

06/30/2022 *in € millions*	Financial assets – Carrying amounts	Financial liabilities – Carrying amounts	Derivatives – Notional amount	Of which hedging derivatives
GBP – Libor	0	0	0	0
USD – Libor	108	542	0	0

1. Consolidation scope

Principles for inclusion in the consolidation scope

The general principles governing whether an entity is included in the consolidation scope are defined by IFRS 10, IFRS 11 and IAS 28R.

Entities controlled exclusively by the group are included in the consolidation scope when their full consolidation, taken individually, has an impact of at least 1% on the main items of the consolidated balance sheet and consolidated income statement. Moreover, all non-consolidated subsidiaries taken together must account for less than 5% of the main items of the consolidated balance sheet and consolidated income statement. However, smaller entities may be included in the consolidation scope in the following cases: if the group considers that they represent a strategic investment; if they are engaged in an activity which is one of the group's core business lines; or if they hold shares in consolidated companies.

The consolidation scope comprises:

- *controlled entities:* control is deemed to exist when the group has power over the entity, is exposed to or is entitled to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the returns it obtains. The financial statements of controlled entities are fully consolidated;
- *entities over which the group has significant influence:* these are entities that are not controlled by the consolidating entity, which may, however, participate in these entities' financial and operating policy decisions. Shareholdings in entities over which the group has significant influence are accounted for using the equity method. Companies that are owned by private equity companies and over which joint control or significant influence is exercised are excluded from the scope of consolidation and accounted for under the fair value through profit or loss option.

2. Consolidation methods and principles

2.1 Consolidation methods

The consolidation methods used are the following:

2.1.1. Full consolidation

This method involves replacing the value of the shares held in the subsidiary concerned with each of the assets and liabilities of said subsidiary and showing separately the interests of non-controlling interests in equity and net profit. This is the method used for all controlled entities, including those with a different account structure, regardless of whether the business concerned is an extension of that of the consolidating entity.

Non-controlling interests correspond to interests that do not confer control as defined by IFRS 10 and include partnership interests that entitle their holders to a share in net assets in the event of liquidation and other capital instruments issued by subsidiaries that are not held by the group.

2.1.2 Consolidation using the equity method

This method involves replacing the value of the shares held with the equity attributable to the group and net profit of the entities concerned.

2.2 Reporting date

The reporting date for all of the group's consolidated companies is December 31.

2.3 Intercompany transactions and balances

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

2.4 Foreign currency translation

Le bilan est converti sur la base du cours de change officiel à la date de clôture. La différence sur le capital, les réserves et le report à nouveau qui résulte de l'évolution des cours de change est inscrite dans les capitaux propres, dans le compte « Réserves de conversion ». Le compte de résultat est converti sur la base du cours moyen de l'exercice. Les différences de conversion en résultant sont inscrites directement dans le compte « Réserves de conversion ». Cet écart est réintégré en résultat en cas de cession ou de liquidation de tout ou partie de la participation détenue dans l'entité étrangère.

2.5 Goodwill

2.5.1 Fair value adjustments

On the date of acquisition of a controlling interest in a new entity, said entity's assets, liabilities and contingent operating liabilities are measured at fair value as at that date. Fair value adjustments correspond to the difference between the carrying amount and fair value.

2.5.2 Goodwill

In accordance with IFRS 3R, when CIC acquires a controlling interest in a new entity, said entity's identifiable assets, liabilities and contingent liabilities that meet the criteria for recognition under IFRS are measured at fair value as at the acquisition date, with the exception of non-current assets classified as assets held for sale (IFRS 5), which are recognized either at the fair value net of selling costs or their net carrying amount, whichever is the lowest. Goodwill corresponds to the sum of the consideration transferred and non-controlling interests, less the net amount recognized (generally at fair value) as identifiable assets acquired and liabilities assumed. IFRS 3R permits the recognition of full goodwill or partial goodwill and the choice of method is made separately for each business combination. In the case of full goodwill, non-controlling interests are measured at fair value, whereas in the case of partial goodwill, they are measured based on their share of the values attributed to the assets and liabilities of the acquired entity. If the goodwill is positive, it is recognized as an asset and, if negative, it is recognized immediately in the income statement under "Changes in value of goodwill".

If the Group's stake in an entity it already controls, and which it continues to control, increases/decreases, the difference between the share acquisition cost/selling price and the portion of consolidated equity that said shares represent on the acquisition/sale date is recognized within equity.

Goodwill is tested for impairment regularly by the group (at least once a year). The tests are designed to identify whether the goodwill has suffered a decline in value. Goodwill from a business combination is allocated to cash generating units (CGUs) or groups of CGUs likely to benefit from the synergies generated by the business combination. The recoverable amount from a CGU or group of CGUs is the value in use or the fair value less selling costs, whichever is the highest. The value in use is measured in relation to estimated future cash flows, discounted at the interest rate that reflects the current market evaluation of the time value of money and specific risks to the asset of the CGU. If the recoverable amount of the cash-generating unit (CGU) to which the goodwill has been allocated is less than its carrying amount, an impairment loss is recognized for the amount of the difference. This depreciation – which is recognized in the income statement – cannot be reversed. In practice, cash-generating units are defined on the basis of the group's business lines.

When goodwill concerns a related company or a joint venture, it is included in the carrying amount of the value of consolidation using the equity method. In this event, it is not subject to impairment testing apart from the value of consolidation using the equity method. When the recoverable amount of this (namely the higher of the values between the value in use and the fair value less selling costs) is less than its carrying amount, a loss in value is recognized and not allocated to a specific asset. Any reversal of this impairment loss is recognized to the extent that the recoverable amount of consolidation using the equity method increases at a later date.

3. Accounting policies and principles

3.1 Financial instruments under IFRS 9

3.1.1 Classification and measurement of financial instruments

Under IFRS 9, the classification and measurement of financial instruments depend on the business model and contractual terms of the financial instruments.

3.1.1.1 Loans, receivables and debt securities acquired

The asset is classified:

- at amortized cost, if it is held in order to collect contractual cash flows and if its characteristics are similar to those of a "basic" contract, see the section below "Characteristics of cash flows" (hold to collect model);
- at fair value through other comprehensive income if the instrument is held with a view to collecting contractual cash flows and selling it when the opportunity arises, yet without holding it for trading, and if its characteristics are similar to those of a basic contract implicitly entailing a high predictability of associated cash flows ("hold to collect and sell" model);
- at fair value through profit or loss:
  - if it is not eligible for the two aforementioned categories (as it does not meet the "basic" criterion and/or is managed in accordance with the "other" business model, or
  - if the group initially opts to classify it as such, in an irrevocable way. This option is used to reduce accounting mismatch in relation to another associated instrument.

Cash flow characteristics

Contractual cash flows which solely represent repayments of principal and the payment of interest on outstanding principal are compatible with a "basic" contract.

In a basic contract, interest mainly represents the consideration for the time value of money (including in the event of negative interest) and credit risk. Interest may also include the liquidity risk, administrative fees to manage the asset and a profit margin.

All contractual clauses must be analyzed, in particular those that could alter the timing or amount of contractual cash flows. The option, under the agreement, for the borrower or lender to repay the financial instrument early is compatible with the SPPI *(Solely Payments of Principal and Interest)* criterion of contractual cash flows, provided that the amount repaid essentially represents the outstanding principal and accrued interest, as well as, where applicable, early repayment compensation of a reasonable amount.

The compensation for early repayment is deemed reasonable if, for example:

- it is expressed as a percentage of the principal repaid and is below 10% of the nominal amount repaid; or
- is it determined according to a formula aimed at compensating the difference in the benchmark interest rate between the date on which

The analysis of contractual cash flows may also require their comparison with those of a reference instrument when the time value of money included in the interest is likely to change due to the contractual clauses of the instrument. Such is the case, for example, if the interest rate of the financial instrument is revised periodically, but the frequency of such revisions is unrelated to the period for which the interest rate was established (e.g. monthly revision of an annual interest rate), or if the interest rate of the financial instrument is revised periodically based on an average interest rate.

If the difference between the non-discounted contractual cash flows of the financial asset and those of the reference instrument is significant, or may become so, the financial asset cannot be considered as basic.

Depending on the case, the analysis is either qualitative or quantitative. The materiality or immateriality of the difference is assessed for each fiscal year and cumulatively over the life of the instrument. The quantitative analysis takes into account a range of reasonably possible scenarios. To this effect, the group has used yield curves going back to the year 2000.

Moreover, a specific analysis is conducted in the case of securitization where there is priority of payment among holders and credit risk concentrations in the form of tranches. In that case, the analysis requires the examination of the contractual characteristics of the tranches in which the group has invested and of the underlying financial instruments, as well as the credit risk of the tranches in relation to the credit risk of the underlying financial instruments.

Note that:

- financial assets are considered non-basic and are recognized at fair value through profit or loss;
- units in UCITS or "OPCIs" (property investment mutual funds) are not basic instruments and are recognized at fair value through profit or loss.

Business models

The business model represents the way in which the instruments are managed to generate cash flows and revenues. It is based on observable facts and not simply on management's intention. It is not assessed at the entity level, or on an instrument-by-instrument basis, but rather on a higher level of aggregation which reflects the way in which groups of financial assets are managed collectively. It is determined at initial recognition and may be reassessed in the event of a change in model.

To determine the business model, it is necessary to consider all available information, including the following:

- how the activity's performance is reported to decision-makers;
- how managers are compensated;

- the frequency, timing and volumes of sales in previous periods;
- the reason for the sales;
- future sales forecasts;
- the way in which risk is assessed.

For the “hold-to-collect” business model, certain examples of authorized sales are explicitly set out in the standard:

- in response to an increase in credit risk;
- close to maturity and for an amount near the par amount;
- exceptional (e.g. linked to a liquidity stress).

Such “authorized” sales are not included in the analysis of the significant and frequent nature of the sales made out of a portfolio. Frequent and/or significant sales would not be compatible with this business model. Moreover, sales related to changes in the regulatory or fiscal framework will be documented on a case-by-case basis to demonstrate the “infrequent” nature of such sales.

For other sales, thresholds have been defined based on the maturity of the securities portfolio, for example 2% for an average maturity of 8 years (the group does not sell its loans).

The group has mainly developed a model based on the collection of contractual cash flows from financial assets, which applies in particular to the customer financing activities.

It also manages financial assets according to a model based on the collection of contractual cash flows from financial assets and the sale of these assets, as well as a model for other financial assets, in particular financial assets held for trading.

Within the group, the “hold-to-collect-and-sell” model applies primarily to proprietary cash management and liquidity portfolio management activities.

Financial assets held for trading consist of securities originally acquired with the intention of reselling them in the near future, as well as securities that are part of a portfolio of securities that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

Financial assets at amortized cost

These mainly include:

- cash and cash equivalents, which comprise cash accounts, deposits, and demand loans and borrowings with central banks and credit institutions;
- other loans to credit institutions and loans to customers (granted directly, or the share in syndicated loans), not measured at fair value through profit or loss;
- a portion of the securities held by the group.

The financial assets classified in this category are initially recognized at their fair value, which is generally the net amount disbursed. The interest rates applied to loans granted are deemed to represent market rates, since they are constantly adjusted in line with the interest rates applied by the vast majority of competitor banks.

At subsequent reporting dates, the assets are measured at amortized cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts future cash payments or receipts over the estimated life of the financial instrument to obtain the net carrying amount of the financial asset or liability. It takes account of estimated cash flows without taking account of future losses on loans and includes commissions paid or received when these are treated as interest, as well as directly-related transaction costs and all premiums and discounts.

For securities, the amortized cost takes account of the amortization of premiums and discounts, as well as acquisition costs, if significant. Purchases and sales of securities are recognized at the settlement date.

The income received is shown in the income statement under “Interest and similar income”.

Commissions received or paid, which are directly linked to the arrangement of a loan and are treated as a component of interest, are spread over the term of the loan using the effective interest rate method and are recorded in the income statement under “Interest”.

Commissions received in connection with the commercial renegotiation of loans are also spread over the term of the loan.

Loan restructuring due to a borrower’s financial problems – as defined by the European Banking Authority – has been integrated in the IT systems to ensure consistency between the accounting and prudential definitions.

The fair value of assets at amortized cost is disclosed in the notes to the financial statements at the end of each reporting period. It corresponds to the net present value of future cash flows estimated using a zero-coupon yield curve that includes an issuer cost inherent to the debtor.

State-guaranteed loans (SGL)

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:

- tate-guaranteed loans (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 twelve months, the beneficiary of the SGL has the option of setting a new SGL term (limited to six years in total) and amortization terms. In accordance with the government announcements of January 14, 2021, the beneficiary will be able to obtain a "deferral of one additional year" to start repaying the capital.

The group believes that this deferred amortization measure falls within the legal framework of the SGL (i.e. adjustment of the contractual schedule, with a first annual repayment term). This "deferral" does not represent, taken in isolation, an indicator of a deterioration in credit risk or the probable default of the borrower (i.e. unlikely to pay).

Held for the purpose of collecting cash flows and meeting the basic loan criteria, they are accounted for at amortized cost, using the effective interest rate method. On the date of initial recognition, they are recognized at their nominal value, which is representative of their fair value.

At the subscription anniversary date, SGLs may be subject to a grace period. The revision of flows related to the recognition of guarantee commissions over the duration of the grace period is recognized as an adjustment to the carrying amount of SGLs with an immediate and positive impact on profit. This impact was immaterial as of the reporting date.

Benchmark rate reform

In accordance with the Phase 2 amendment to IAS 39, IFRS 9, IFRS 7, IFRS 4 and IFRS 16, the group applies the exceptional accounting treatment of financial assets/liabilities, from which the changes in the basis of determination of contractual cash flows result of the IBOR reform and are carried out on an equivalent economic basis. Depending on the latter, the effective interest rate of the modified financial asset or liability is revised prospectively; its carrying amount remains unchanged.

Financial assets at fair value through other comprehensive income

Since the group does not sell its loans, this category solely consists of securities. They are recognized at fair value in the balance sheet at the time of their acquisition, on the settlement date and at subsequent reporting dates until their disposal. Changes in fair value are shown on the "Unrealized or deferred gains and losses" line within a specific equity account, excluding accrued income. These unrealized gains or losses recognized in equity are transferred to the income statement only in the event of their disposal or impairment (see Section 3.1.7 "Derecognition of financial assets and liabilities" and 3.1.8 "Measurement of credit risk").

Income accrued or received is recognized in profit or loss under "Interest and similar income", using the effective interest method.

Financial assets at fair value through profit or loss

These are recognized at fair value upon their initial recognition in the balance sheet and at subsequent reporting dates until their disposal (see Section 3.1.7 "Derecognition of financial assets and liabilities"). Changes in fair value are taken to the income statement under "Net gains/(losses) on financial instruments at fair value through profit or loss".

Income received or accrued on financial instruments at fair value through profit or loss is recognized in the income statement under interest income/(expense).

Purchases and sales of securities measured at fair value through profit or loss are recognized on the settlement date. Changes in fair value between the transaction date and the settlement date are recognized in profit or loss.

3.1.1.2 Equity instruments acquired

Equity instruments acquired (shares, in particular) are classified as follows:

- at fair value through profit or loss; or
- optionally, at fair value through other non-recyclable equity at the initial recognition and in an irrevocable manner when they are not held for trading.

Financial assets at fair value through equity

Shares and other equity instruments are recognized in the balance sheet at their fair value at the time of their acquisition and at subsequent reporting dates until their disposal. Changes in fair value are shown on the "Unrealized or deferred gains and losses" line within a specific equity account. These unrealized or deferred gains and losses booked to equity are never recognized in the income statement, even when they are sold (see section "1.3.1.7 Derecognition of financial assets and liabilities"). Only dividends received on variable-income securities are recognized in the income statement, under "Net gains/(losses) on financial assets at fair value through other comprehensive income".

Purchases and sales of securities are recognized at the settlement date.

Financial assets at fair value through profit or loss

Equity instruments are recognized in the same way as debt instruments at fair value through profit or loss.

3.1.2 Classification and measurement of financial liabilities

Financial liabilities are classified in one of the following two categories:

- financial liabilities measured at fair value through profit or loss
  - those incurred for trading purposes including, by default, derivatives with a negative fair value which do not qualify as hedging instruments; and
  - non-derivative financial liabilities that the group originally classified as measured at fair value through profit or loss (fair value option). These include:
    - financial instruments containing one or more separable embedded derivatives,
    - instruments for which, were the fair value option is not applied, the accounting treatment would be inconsistent with that applied to another related instrument,
    - instruments belonging to a pool of financial instruments measured and managed at fair value.
- financial liabilities at amortized cost

These consist of other non-derivative financial liabilities. These include amounts due to customers and to credit institutions, debt securities (certificates of deposit, interbank market securities, bonds, etc.), as well as dated and undated subordinated debt for which measurement at fair value through profit or loss was not opted for.

Subordinated debt is separated from other debt securities since, in the event of liquidation of the debtor's assets, it is repaid only after claims by other creditors have been extinguished. Debt securities include the non-preferred senior debt instruments created by the Sapin 2 Act.

These liabilities are initially recognized at fair value in the balance sheet. At subsequent reporting dates, they are measured at amortized cost using the effective interest rate method. The initial fair value of issued securities is their issue price less transaction costs, where applicable.

Regulated savings contracts

Liabilities at amortized cost include mortgage savings accounts (CEL) and mortgage savings plans (PEL). These are government-regulated retail products sold in France to natural persons. In the initial savings phase, account holders receive interest on amounts paid into these accounts, which subsequently entitle them to a mortgage loan (second phase). They generate two types of obligation for the distributing establishment:

- an obligation to pay interest on paid-in amounts at a fixed rate (in the case of PEL accounts only, as interest on CEL accounts is regularly revised on the basis of an indexation formula and is therefore treated as variable-rate interest);
- an obligation to grant loans to customers under predetermined terms (both PEL and CEL).

The cost represented by these obligations has been estimated on the basis of behavioral statistics and market data. A provision is recognized in liabilities to cover the future costs relating to the risk that the terms of such products may be potentially unfavorable, compared to the interest rates offered to retail customers on similar, but unregulated, products. This approach is carried out by homogeneous generation in terms of regulated conditions of PELs and CELs. The impacts on profit/(loss) are recorded as interest paid to customers.

Targeted long-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 the group 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 were relaxed twice by the ECB to support lending to households and businesses. Some target parameters have been recalibrated:

- banks' borrowing capacity has been increased to 55% of eligible outstandings as of March 2021 (compared to 50% previously);
- it is possible to make early repayments on a quarterly basis for the first seven TLTRO III tranches, one year after each transaction is launched, and the last three as of June 2022;
- the favorable rate conditions were extended in the event the performance objectives are met for an additional period. The TLTRO III interest rate is thus reduced by 50 bps (i.e. over-subsidy) over the "special" period from June 2020 to June 2022 (compared to June 2021 initially).

TLTRO III transactions represent variable-rate financial instruments recognized at amortized cost.

The group has achieved the credit performance growth targets set by the ECB for all of the program's reference periods. As a result, the effective interest rate of TLTRO financing transactions is calculated on the basis of the rate of liquidity deposits with the ECB ("DFR rate") and takes into account the spreading of the over-subsidy of 0.50% over the "special" interest period which comes to an end on June 23, 2022.

3.1.3 Debt-equity distinction

Financial instruments issued by the group are classified as debt instruments in the group's accounts when the group has a contractual obligation to deliver cash to holders of the instruments. Such is the case with subordinated notes issued by the group.

3.1.4 Foreign currency transactions

Financial assets and liabilities denominated in a currency other than the local currency are translated at the exchange rates prevailing on the balance sheet date.

Monetary financial assets and liabilities

Foreign currency gains and losses on the translation of such items are recognized in the income statement under "Net gains/(losses) on portfolio at fair value through profit or loss".

Non-monetary financial assets and liabilities

Foreign exchange gains or losses arising from such translations are recognized in the income statement under "Net gains/(losses) on portfolio at fair value through profit or loss" if measured at fair value through profit or loss, or recognized under "Unrealized or deferred capital gains/(losses)" if they are financial assets measured at fair value through shareholders' equity.

3.1.5 Derivatives and hedge accounting

IFRS 9 allows entities to choose, on first-time application, whether to apply the new provisions concerning hedge accounting or to retain those of IAS 39. The group has elected to continue to apply the provisions of IAS 39. However, in accordance with IFRS 7 (revised), additional information on the management of risks and the impacts of hedge accounting on the financial statements is provided in the notes or in the management report.

Moreover, the provisions of IAS 39 concerning the fair value hedge of the interest rate risk associated with a portfolio of financial assets or financial liabilities, as adopted by the European Union, continue to apply.

Derivatives are financial instruments which have the following three characteristics:

- their value fluctuates with the change in the underlying items (interest rates, exchange rates, share prices, indices, commodities, credit ratings, etc.);
- their initial cost is low or nil;
- their settlement takes place at a future date.

The group deals in simple derivative instruments (swaps, vanilla options), mainly interest rate instruments, which are essentially classified in level 2 of the value hierarchy.

All financial derivative instruments are recognized at fair value under financial assets or financial liabilities. They are recognized by default as trading instruments unless they can be classified as hedging instruments.

3.1.5.1 Determining the fair value of derivatives

Most over-the-counter derivatives, swaps, forward rate agreements, caps, floors and vanilla options are valued using standard, generally accepted models (discounted cash flow method, Black and Scholes model or interpolation techniques), based on observable market data such as yield curves. The valuations given by these models are adjusted to take into account the liquidity risk and the credit risk associated with the instrument or parameter concerned and specific risk premiums intended to offset any additional costs resulting from a dynamic management strategy associated with the model in certain market conditions, as well as the counterparty risk captured by the positive fair value of over-the-counter derivatives. The latter includes the counterparty risk itself present in the negative fair value of over-the-counter derivatives (see 3.1.9.3 “Fair value hierarchy”).

When establishing valuation adjustments, each risk factor is considered individually and no effect of diversification between risks, parameters or models of a different nature are taken into account. A portfolio approach is most often used for a given risk factor.

Derivatives are recognized as financial assets when their market value is positive and as financial liabilities when their market value is negative.

3.1.5.2 Classification of derivatives and hedge accounting

Derivatives classified as financial assets or financial liabilities at fair value through profit or loss

By default, all derivatives not designated as hedging instruments under IFRS are classified as “Financial assets or financial liabilities at fair value through profit or loss”, even if they were contracted for the purpose of hedging one or more risks.

Embedded derivatives

An embedded derivative is a component of a hybrid instrument that, when separated from its host contract, meets the definition criteria for a derivative. It has the effect, notably, of changing certain cash flows in the same way as a stand-alone derivative.
The derivative is detached from the host contract and recognized separately as a derivative instrument at fair value through profit or loss only if all of the following conditions are satisfied:

- it meets the definition criteria of a derivative;
- the hybrid instrument hosting the embedded derivative is not measured at fair value through profit or loss;
- the economic characteristics of the derivative and the associated risks are not considered as being closely related to those of the host contract;
- separate measurement of the embedded derivative is sufficiently reliable to provide relevant information.

Under IFRS 9, only embedded derivatives relating to financial liabilities may be separated from the host contract to be recognized separately.

- Recognition

Realized and unrealized gains and losses are recognized in the income statement under “Net gains/(losses) on financial instruments at fair value through profit or loss”.

Hedge accounting

- Risks hedged

In its accounts, the Group only recognizes interest rate risk through micro-hedging, or on a broader scope through macro-hedging.

Micro-hedging is partial hedging of the risks incurred by an entity on its assets and liabilities. It specifically applies to one or more assets or liabilities for which the entity covers the risk of an unfavorable change in a type of risk, through derivatives.

Macro-hedging aims to cover all of the group’s assets and liabilities against any unfavorable changes, particularly in interest rates.

The overall management of the interest rate risk is described in the management report, along with the management of all other risks (foreign exchange, credit, etc.) that may be hedged through the natural backing of assets to liabilities or the recognition of trading derivatives.

Micro-hedging is particularly done through asset swaps, usually *in* the aim of transforming fixed-rate instruments into variable-rate instruments.

Three types of hedging relationship are possible. The choice of the hedging relationship depends on the nature of the risk being hedged.

- a fair value hedge hedges the exposure to changes in the fair value of financial assets or financial liabilities;

- a cash flow hedge is a hedge of the exposure to variability in cash flows relating to financial assets or financial liabilities, firm commitments or forward transactions;
- the hedging of net investments in foreign currencies is recognized in the same way as cash flow hedging. The group has not used this form of hedging.

Hedging derivatives must meet the criteria stipulated by IAS 39 to be designated as hedging instruments for accounting purposes. In particular:

- the hedging instrument and the hedged item must both qualify for hedge accounting;
- the relationship between the hedged item and the hedging instrument must be documented formally immediately upon inception of the hedging relationship. This documentation sets outs the risk management objectives determined by management, the nature of the risk hedged, the underlying strategy, and the methods used to measure the effectiveness of the hedge;
- the effectiveness of the edge must be demonstrated upon inception of the hedging relationship, subsequently throughout its life, and at the very least at each balance sheet date. The ratio of the change in value or gain/loss on the hedging instrument to that of the hedged item must be within a range of 80% to 125%.

Where applicable, hedge accounting is discontinued prospectively.

- Fair value hedge of identified financial assets or liabilities

In a fair value hedging relationship, derivatives are remeasured at fair value through profit or loss under "Net gains/(losses) on financial instruments at fair value through profit or loss" symmetrically with the revaluation of the hedged items to reflect the hedged risk. This rule also applies if the hedged item is recognized at amortized cost or is a debt instrument classified under "Financial assets at fair value through other comprehensive income". Changes in the fair value of the hedging instrument and the hedged risk component offset each other partially or totally; only the ineffective portion of the hedge is recognized in profit or loss. It may be due to:

- the "counterparty risk" component integrated in the value of the derivatives;
- the different value curve between the hedged items and hedging instruments. Indeed, swaps are valued with an OIS curve if they are collateralized or with a BOR curve otherwise. Hedged items are valued with a BOR curve.

The portion corresponding to the rediscounting of the derivative financial instrument is recognized in the income statement under "Interest income/(expense)". The same treatment is applied to the interest income or expense relating to the hedged item.

If the hedging relationship is interrupted or the effectiveness criteria are not met, hedge accounting is discontinued on a prospective basis. The hedging derivatives are transferred to "Financial assets or financial liabilities at fair value through profit or loss" and are accounted for in accordance with the principles applicable to this category. The carrying amount of the hedged item is subsequently no longer adjusted to reflect changes in fair value. In the case of interest rate instruments initially identified as hedged, the remeasurement adjustment is amortized over their remaining life. If the hedged item has been derecognized in the balance sheet, due notably to early repayment, the cumulative adjustments are recognized immediately in the income statement.

- Macro-hedging derivatives

The group has availed itself of the possibilities offered by the European Commission as regards accounting for macro-hedging transactions. In fact, the changes made by the European Union to IAS 39 (carve-*out*) allow the inclusion of customer demand deposits in portfolios of hedged fixed-rate liabilities with no measurement of ineffectiveness in case of under-hedging. Demand deposits are included based on the run-off rules defined for asset-liability management purposes.

For each portfolio of fixed-rate financial assets or liabilities, the maturity schedule of the hedging derivatives is reconciled with that of the hedged items to ensure that there is no over-hedging.
The accounting treatment of fair value macro-hedging derivatives is similar to that used for fair value hedging derivatives.
Changes in the fair value of the hedged portfolios are recorded in the balance sheet under "Remeasurement adjustment on interest-rate hedged portfolios", the counterpart being an income statement line item.

- Cash flow hedges

In the case of a cash flow hedging relationship, derivatives are remeasured at fair value in the balance sheet, with the effective portion recognized in equity. The portion considered as ineffective is recognized in the income statement under "Net gains/(losses) on financial instruments at fair value through profit or loss".

Amounts recognized in equity are reclassified to profit or loss under "Interest income/(expense)" at the same time as the cash flows attributable to the hedged item affect profit or loss.

The hedged items continue to be recognized in accordance with the rules specific to their accounting category. If the hedging relationship is broken or no longer fulfills the hedge effectiveness criteria, hedge accounting is discontinued. The cumulative amounts recorded in shareholders' equity for the remeasurement of the hedging derivative are maintained in shareholders' equity until such time as the hedged transaction itself impacts profit or loss or until the transaction is no longer expected to occur. At this point, said amounts are transferred to profit or loss.
If the hedged item no longer exists, the cumulative amounts recorded in equity are immediately transferred to profit or loss.

- Benchmark rate reform

Within the framework of the IBOR reform, the group is easing its hedge accounting policies for changes related to the IBOR reform:

- Before the definition of substitution indices
  - Maintain existing hedging relationships during this exceptional and temporary situation and until the uncertainty created by the reform of IBOR rates is resolved concerning the choice of a new index and the effective date of this change.
- After defining the substitution indices, in particular:
  - Updating the description of the hedged risk and the documentation, without impacting the continuity of the hedging relationships
  - A temporary exception on the "separately identifiable" nature of a non-contractually specified hedged risk component. Such a risk component indexed to a replacement rate will be considered separately identifiable if it is reasonable for it to become identifiable within a period of 24 months after designation, in the context of the development of the replacement index markets.

3.1.6 Financial guarantees and financing commitments

Financial guarantees are treated like an insurance policy when they provide for specified payments to be made to reimburse the holder for a loss incurred because a specified debtor fails to make payment on a debt instrument on the due date.

In accordance with IFRS 4, such financial guarantees continue to be measured using French accounting standards, *i.e.* they are treated as off-balance sheet items, until such time as the current standards are revised. Accordingly, they are subject to a provision for liabilities if an outflow of resources is likely.

By contrast, financial guarantees that provide for payments in response to changes in a financial variable (price, credit rating, index, etc.) or a non-financial variable (provided that this variable is not specific to one of the parties to the agreement) fall within the scope of IFRS 9. These guarantees are thus treated as derivatives.

Financing commitments that are not considered as derivatives within the meaning of IFRS 9 are not shown on the balance sheet. However, they give rise to provisions in accordance with the requirements of IFRS 9.

3.1.7 Derecognition of financial assets and liabilities

The group partly or fully derecognizes a financial asset (or a group of similar assets) when the contractual rights to the asset's cash flows expire (in the case of commercial renegotiation), or when the group has transferred the contractual rights to the financial asset's cash flows, as well as most of the risks and advantages linked with ownership of the asset.

Upon derecognition of:

- a financial asset or liability at amortized cost or at fair value through profit or loss: a gain or loss on disposal is recognized in the income statement in an amount equal to the difference between the carrying amount of the asset or liability and the amount of the consideration received/paid;
- a debt instrument at fair value through other comprehensive income: the unrealized gains or losses previously recognized under equity are taken to the income statement, as well as any capital gains/losses on disposal;
- an equity instrument at fair value through other comprehensive income: the unrealized gains or losses previously recognized under other comprehensive income, as well as any capital gains/losses on disposal are recognized in consolidated reserves without going through the income statement.

The group derecognizes a financial liability when the contractual obligation is extinguished, is canceled or expires. A financial liability may also be derecognized in the event of a material change in its contractual terms and conditions, or an exchange with the lender for an instrument whose contractual terms and conditions are substantially different.

3.1.8 Measurement of credit risk

The IFRS 9 impairment model is based on an "expected credit loss" approach.

Under this model, financial assets for which no objective evidence of impairment exists on an individual basis are impaired on the basis of observed losses as well as reasonable and justifiable future cash flow forecasts.

The IFRS 9 impairment model thus applies to all debt instruments measured at amortized cost or at fair value through equity, as well as to financing commitments and financial guarantees. These are divided into 3 categories:

- Status 1 – non-downgraded performing loans: provisioning on the basis of 12-month expected credit losses (resulting from default risks over the following 12 months) as from initial recognition of the financial assets, provided that the credit risk has not increased significantly since initial recognition;
- Status 2 – downgraded performing loans: provisioning on the basis of the lifetime expected credit losses (resulting from default risks over the entire remaining life of the instrument) if the credit risk has increased significantly since initial recognition; and
- Status 3 – non-performing receivables: category comprising the financial assets for which there is objective evidence of impairment related to an event that has occurred since the loan was granted.

For Statuses 1 and 2, the basis of calculation of interest income is the gross value of the asset before impairment while, for Status 3, it is the net value after impairment.

3.1.8.1 Governance

As a subsidiary of Crédit Mutuel Alliance Fédérale, CIC has the same organizational structure as the Crédit Mutuel's other regional groups.

The models for compartment allocation, forward-looking scenarios and parameter calculation methods constitute the methodological basis for impairment calculations. They are validated at the group's top level and are applicable to all entities according to the portfolios involved. The entire methodological base and any subsequent modification in terms of method, weighting of the scenarios, parameter calculation or provision calculation must be validated by the Crédit Mutuel group's governance bodies.

These bodies consist of the supervisory and executive board as defined by Article 10 of the French Decree of November 3, 2014 relative to internal control. Given the specificities of the Crédit Mutuel group's decentralized organizational structure, the supervisory and 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;
- At the regional level, regional groups are tasked with the calculation of the IRFS 9 provisions within their entities, under the responsibility and control of their respective executive and supervisory bodies.

3.1.8.2 Definition of the boundary between Status 1 and Status 2

The group uses the models developed for prudential purposes and has therefore applied a similar breakdown of its outstanding loans:

- low default portfolios (LDP), for which the rating model is based on an expert assessment: large accounts, banks, local governments, sovereigns, specialized financing. These portfolios are composed of products such as operating loans, short-term operating loans, current accounts, etc.;
- high default portfolios (HDPs) for which the default data is sufficient to establish a statistical rating model: mass corporate and retail. These portfolios include products such as home loans, consumer credit, revolving loans, current accounts, etc.

A significant increase in credit risk, which entails transferring a loan out of Status 1 into Status 2, is assessed by:

- taking into account all reasonable and justifiable information; and
- comparing the risk of default on the financial instrument at the reporting date with the risk of default at the initial recognition date.

For the group, this involves measuring the risk at the level of the borrower, where the counterparty rating system is common to the entire group. All of the group's counterparties eligible for internal approaches are rated by the system. This system is based on:

- statistical algorithms or "mass ratings" based on one or more models, using a selection of representative and predictive risk variables (HDP); or
- manual rating grids developed by experts (LDP).

The change in risk since initial recognition is measured on a contract-by-contract basis. Unlike Status 3, transferring a customer's contract into Status 2 does not entail transferring all of the customer's outstanding loans or those of related parties (absence of contagion).

Note that the group immediately puts into Status 1 any performing exposure that no longer meets the criteria for Status 2 classification (both qualitative and quantitative).

The group has demonstrated that a significant correlation exists between the probabilities of default at 12 months and at termination, which allows it to use 12-month credit risk as a reasonable approximation of the change in risk since initial recognition, as the standard permits.

Quantitative criteria

For LDP portfolios, the boundary is based on an allocation matrix that relates the internal ratings at origination and at the reporting date. Thus, the riskier the rating of the loan, the less the relative tolerance of the group towards significant deterioration of the risk.

For HDP portfolios, a continuous and growing boundary curve relates the probability of default at origination and the probability of default at the reporting date. The group does not use the operational simplification offered by the standard, which allows outstanding loans with low risk at the reporting date to be maintained in Status 1.

Qualitative criteria

To this qualitative data the group adds qualitative criteria such as installments unpaid or late by more than 30 days, the fact that a loan has been restructured, etc.

Methods based exclusively on qualitative criteria are used for entities or small portfolios that are classified for prudential purposes under the standardized approach and do not have a rating system.

3.1.8.3 Status 1 and Status 2 – Calculating expected credit losses

Expected credit losses are measured by multiplying the outstanding balance present-discounted by the contract rate by its probability of default (PD) and by the loss given default (LGD) ratio. The off-balance-sheet exposure is converted into a balance sheet equivalent based on the probability of a drawdown. The one-year probability of default is used for Status 1, while the probability of default at termination (1 to 10-year curve) is used for Status 2.

These parameters are based on the same values as prudential models and adapted to meet IFRS 9 requirements. They are used both for assigning loans to a status and for calculating expected losses.

Probability of default

This is based:

- for high default portfolios, on the models approved under the IRB-A approach;
- for low default portfolios, on an external probability of default scale based on a history dating back to 1981.

Loss given default

This is based:

- for high default portfolios, on the collection flows observed over a long period of time, discounted at the interest rates of the contracts, segmented according to types of products and types of guarantees;
- for low default portfolios, on fixed ratios (60% for sovereign and 40% for the rest).

Conversion factors

For all products, including revolving loans, they are *used* to convert off-balance-sheet exposure to a balance sheet equivalent and are mainly based on prudential models.

Forward-looking aspect

To calculate expected credit losses, the standard requires taking reasonable and justifiable information into account, including forward-looking information. The development of the forward-looking aspect requires anticipating changes in the economy and relating these anticipated changes to the risk parameters. This forward-looking aspect is determined at the group level and applies to all the parameters.

For high default portfolios, the forward-looking aspect included in the probability of default takes into account three scenarios (optimistic, neutral, 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 aspect for maturities other than one year is derived from the forward-looking aspect for the one-year maturity.

The forward-looking aspect is also included in the LGD by incorporating information observed over a period close to current conditions.

For low default portfolios, forward-looking information is incorporated into large corporates/bank models, and not into local governments, sovereigns and specialized financing models. The approach is similar to that used for high default portfolios.

- Weighting as of June 30, 2022:

- As of June 30, 2022, the pessimistic scenario is weighted at 75%, the neutral scenario at 24% and the optimistic scenario at 1% (weightings unchanged from December 31, 2021), reflecting the context of increased uncertainty regarding the macroeconomic climate, linked to the Ukrainian crisis which continues to affect segments previously affected by the COVID-19 crisis, the activity levels of which remain below pre-pandemic levels.
- The valuation of expected credit losses takes into account a segment adjustment and an additional credit risk deterioration criterion applicable to certain assets.

Segment adjustment

An additional provision has been made since 2020 to anticipate the increase in claims in the sectors considered to be the most vulnerable to the health crisis (tourism, games, leisure, hotels, restaurants, the automotive and aerospace industry excluding manufacturers, clothing, beverages, rental of light vehicles, industrial passenger transport, air carriers).

It was compiled in accordance with a methodology defined at Crédit Mutuel group level, which is based on a step-by-step analysis of credit risk deterioration.

- Identification of vulnerable segments

- All NACE codes (Statistical Classification of Economic Activities in the European Community) are examined with regard to the impact of the crisis in Ukraine on economic segments and activity levels lower than the post-crisis situation. 59 segments have been identified and broken down into 3 groups (no change in scope compared to December 31, 2021).

- Methodology for determining the segment adjustment

- The segments thus selected are subject to specific monitoring in two ways:
  - an expert opinion component with the establishment of an *ad hoc* committee in charge of providing an economic vision of the segments of activity and proposing opinions motivating the identification or suppression of vulnerable sectors;
  - a quantitative component with monthly monitoring of internal indicators such as the rate of performing loans with arrears of more than 30 days out of the total performing loans. This makes it possible to define a minimum provisioning rate by group of segments at the national level, which may be adjusted at the discretion of an expert.

-Transfer to stage 2

- Performing exposures to vulnerable segments are fully transferred to stage 2.

Additional credit risk deterioration criterion for loans that have been extended a second time

The group enhanced its criteria for monitoring deterioration in credit risk for loans that have been extended for a second time, even though the first has not been repaid.
The implementation of such a criterion led to additional transfers to restructured assets, and an increase in expected credit losses (linked to a transfer to Status 2 or a lower valuation of already downgraded loans).

3.1.8.4 Status 3 – Non-performing loans

In Status 3, impairment is recognized whenever there is objective proof of impairment due to one or more events occurring after a loan or group of loans have been made that might generate a loss. The impairment is equal to the difference between the carrying amount and the estimated future cash flows, allowing for collateral or other guarantees, present-discounted at the interest rate of the original loan. In the event of a variable rate, it is the most recent contractual rate that is booked.

Since November 2019, the group has applied the new definition of prudential default in accordance with EBA guidelines and regulatory technical standards on applicable materiality thresholds.

The main changes relating to the implementation of this new definition are as follows:

- the analysis of default is now done during daily processing at the level of the borrower and no longer at the level of the contract;
- the number of days of delay is assessed at the level of a borrower (obligor) or a group of borrowers (joint obligor) having a common commitment;
- default is triggered when 90 consecutive days of arrears are recorded by a borrower/group of borrowers. The days are counted from the moment that thresholds of absolute materiality (€100 Retail, €500 Corporate) and relative materiality (over 1% for past due balance sheet

commitments) are crossed simultaneously. The borrower arrears are reinitialized as soon as one of these two thresholds are crossed in a downwards direction;

- the default contagion scope extends to all receivables of the borrower, and all individual commitments of borrowers participating in a joint credit obligation;
- there is a minimum three-month probationary period before non-restructured assets can return to healthy status.

The group chose to roll out the new definition of default across IRB entities in line with the two-step approach *proposed by* the EBA:

- Step 1 – Consists of submitting a self-assessment and request for authorization from the supervisor. Authorization for use was obtained by the group in October 2019.
- Step 2 – Consists of implementing the new definition of default within systems and then, where necessary, recalibrating models after a 12-month period of observing the new defaults.

The group believes that the new definition of default, as required by the EBA, is representative of objective proof of impairment in an accounting sense of the word. The group has aligned its definitions of accounting (Status 3) and prudential default. This change represented a change in estimate, the impact of which was not significant in 2019.

3.1.8.5 Initially impaired financial assets

These are contracts for which the counterparty is non-performing on the date of initial recognition or acquisition. If the borrower is non-performing at the reporting date, the contracts are classified into Status 3; otherwise, they are classified as performing loans, identified in an "originated credit-impaired assets" category and provisioned based on the same method used for exposures in Status 2, i.e. an expected loss over the residual maturity of the contract.

3.1.8.6 Recognition

Impairment charges and provisions are recorded in "Net provision allocations/reversals for loan losses". Reversals of impairment charges and provisions are recorded in "Net provision allocations/reversals for loan losses" for the portion relating to the change in risk and in "Net interest" for the portion relating to the passage of time. For loans and receivables, impairment is deducted from assets, and for financing and guarantee commitments, the provision is recorded in liabilities under "Provisions" (see Sections 3.1.6 "Financial guarantees and financing commitments" and 3.2.2 "Provisions"). For assets at fair value through equity, the impairment recognized in the cost of risk is offset under "Unrealized or deferred gains and losses".

Loan losses are written off and the corresponding impairments and provisions are reversed.

3.1.9 Determination of fair value of financial instruments

Fair value is the amount for which an asset could be sold, or a liability transferred, between knowledgeable willing parties in an arm's length transaction.

The fair value of an instrument upon initial recognition is generally its transaction price.

The fair value must be calculated for subsequent measurements. The calculation method to be applied varies depending on whether the instrument is traded on a market deemed to be active or not.

3.1.9.1 Instruments traded on an active market

When financial instruments are traded in an active market, fair value is determined by reference to their quoted price as this represents the best possible estimate of fair value. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available (from a stock exchange, dealer, broker or pricing service) and those prices represent actual market transactions regularly occurring on an arm's length basis.

3.1.9.2 Financial instruments traded on an inactive market

Observable market data are used provided they reflect the reality of a transaction at arm's length on the valuation date and there is no need to make an excessive adjustment to said value. In other cases, the group uses non-observable data (mark-to-model).

When observable data is not available or when market price adjustments require the use of non-observable data, the entity may use internal assumptions relating to future cash flows and discount rates, comprising adjustments linked to the risks the market would factor in. Said valuation adjustments facilitate the inclusion, in particular, of risks not taken into account by the model, as well as liquidity risks associated with the instrument or parameter concerned, and specific risk premiums designed to offset certain additional costs that would result from the dynamic management strategy associated with the model under certain market conditions.

When establishing valuation adjustments, each risk factor is considered individually and no effect of diversification between risks, parameters or models of a different nature are taken into account. A portfolio approach is most often used for a given risk factor.

In all cases, adjustments are made by the group in a reasonable and appropriate manner, based on judgment.

3.1.9.3 Fair value hierarchy

A three-level hierarchy is used for fair value measurement of financial instruments:

- level 1: price quoted in active markets for identical assets or liabilities; notably, debt securities quoted by at least three contributors and derivatives quoted on an organized market are concerned;
- level 2: data other than the level 1 quoted prices, which are observable for the asset or liability concerned, either directly (i.e. prices) or indirectly (i.e. data derived from prices). Included, in particular, in level 2 are interest rate swaps whose fair value is generally determined with the help of yield curves based on market interest rates observed at the end of the reporting period;
- level 3: data relating to the asset or liability that are not observable market data (non-observable data). The main constituents of this category are investments in non-consolidated companies held in venture capital entities or otherwise and, in the capital markets activities, debt securities quoted by a single contributor and derivatives using mainly non-observable parameters. The instrument is classified at the same hierarchical level as the lowest level of the input having an important bearing on fair value considered as a whole. Given the diversity and volume of the instruments measured at level 3, the sensitivity of the fair value to a change in parameters would be immaterial.

3.2 Non-financial instruments

3.2.1. Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or a series of payments the right to use an asset for an agreed period of time.

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Ownership may or may not eventually be transferred.

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

3.2.1.1. Finance lease transactions – Lessor

In accordance with IAS 16, finance lease transactions with non-group companies are reported in the consolidated balance sheet at their financial accounting amount. Finance lease transactions transfer substantially all the risks and rewards incidental to ownership of the leased asset to lessees.

And so, the analysis of the economic substance of the transaction results in:

- the leased asset exiting the balance sheet;
- the recognition of a receivable in “Financial assets at amortized cost”, for a present value, at the implicit contract rates, of the rental payments to be received under the finance lease contract, increased by any residual value not guaranteed returning to the lessor;
- the recognition of deferred taxes for existing temporary differences throughout the life of the finance lease;
- the recognition as net interest margin, of net revenue from the lease, this being representative of the constant periodic rate of return on the amounts outstanding.

Credit risk related to financial receivables is measured and recognized under IFRS 9 (see Section 3.1.8. “Measurement of credit risk”).

3.2.1.2 Finance lease transactions – Lessee

In accordance with IFRS 16, fixed assets are recorded on the balance sheet to offset a liability in “other liabilities”. Lease payments are broken down between interest expense and repayment of principal (see Section 3.2.4.2 entitled “Non-current assets of which the group is the lessee”).

3.2.2 Provisions

Provisions and reversals of provisions are classified by type under the corresponding item of income or expenditure.

A provision is recognized whenever it is probable that an outflow of resources representing economic benefits will be necessary to extinguish an obligation arising from a past event and when the amount of the obligation can be estimated accurately. Where applicable, the net present value of this obligation is calculated to determine the amount of the provision to be set aside.

The provisions constituted by the group cover, in particular:

- operating risks;

- employee obligations (see Section "3.2.3 Employee benefits");
- execution risk on signature commitments;
- litigation risk and guarantee commitments given;
- tax risks;
- risks related to mortgage saving agreements (see Section "3.1.2. Classification and measurement of financial liabilities").

3.2.3 Employee benefits

Where applicable, provisions in respect of employee obligations are recognized under "Provisions". Any movements in this provision are recognized in the income statement under "Employee benefits expense" except for the portion resulting from actuarial gains and losses, which is recognized in unrealized or deferred gains and losses, under equity.

3.2.3.1 Post-employment benefits under a defined benefit plan

These comprise the pension plans, early pension plans, and supplementary pension plans under which the group has a formal or implicit obligation to provide employees with predefined benefits.

These obligations are calculated using the projected unit credit method, which involves allocating entitlement to benefits to periods of service by applying the contractual formula for calculating plan benefits. Such entitlements are then discounted using demographic and financial assumptions such as:

- a discount rate, determined by reference to the long-term rate on private-sector borrowings consistent with the term of the commitments;
- the salary increase rate, assessed in accordance with age brackets and employee categories;
- inflation rates, estimated by comparing French treasury bond rates and inflation-linked French treasury bond rates at different maturities;
- staff turnover rates, determined by age bracket, using the 3-year average for the ratio of resignations relative to the year-end number of employees under permanent contracts;
- retirement age: estimated on a case-by-case basis using the actual or estimated date of commencement of full-time employment and the assumptions set out in the law reforming pensions, with a ceiling set at 67 years of age;
- mortality according to the INSEE TH/TF 00-02 table.

Differences arising from changes in these assumptions and from differences between previous assumptions and actual experience constitute actuarial gains or losses. When the plan has assets, these are valued at fair value and their expected return impact profit (loss). Differences between actual and expected yields also constitute actuarial gains or losses.

Actuarial gains and losses are recognized in equity, within unrealized or deferred gains and losses. Any plan curtailments or terminations generate a change in the obligation, which is recognized in the income statement when it occurs.

In France, retirement benefits in the group's banks are at least 60% covered by insurance from ACM Vie – an insurance company which is part of the Crédit Mutuel group and is consolidated under the equity method.

3.2.3.2 Supplementary pensions covered by pension funds

The AFB interim agreement dated September 13, 1993, modified pension plans for banking institutions. Since January 1, 1994, banks affiliate with the national plans, Arrco and Agirc. The four pension funds to which the group's banks contributed were merged. They pay the various benefits covered by the transitional agreement. In the event that fund assets are not sufficient to cover these benefit obligations, the banks are required to make additional contributions. The average contribution rate for the next ten years is capped at 4% of the payroll. The pension fund resulting from the mergers was converted into an IGRS (a French supplementary pension management institution) in 2009. It does not have an asset shortfall.

3.2.3.3 Post-employment benefits under a defined contribution plan

Group entities contribute to various retirement plans managed by independent organizations, to which they have no formal or implicit obligation to make supplementary payments in the event, notably, that the fund's assets are insufficient to meet its commitments.

Since such plans do not represent a commitment for the group, they are not subject to a provision. The charges are recognized in the period in which the contribution is due.

3.2.3.4 Other long-term benefits

These represent benefits other than post-employment benefits and termination benefits expected to be paid more than 12 months after the end of the fiscal year in which the staff rendered the corresponding service. They include, for example, long service awards.

The group's commitment in respect of other long-term benefits is measured using the projected unit credit method. However, actuarial gains and losses are recognized immediately in profit or loss.

Commitments in respect of long service awards give rise to a provision.

3.2.3.5 Termination benefits

These are benefits granted by the group when an employment contract is terminated before the usual retirement age or following the employee's decision to leave the group voluntarily in exchange for an indemnity.

The related provisions are discounted if payment is expected to take place more than 12 months after the reporting date.

3.2.3.6 Short-term benefits

These are benefits, other than termination benefits, payable within 12 months following the reporting date. They include salaries, social security contributions and certain bonuses.

A charge is recognized in respect of short-term benefits in the period in which the services giving rise to the entitlement to the benefit are provided to the entity.

3.2.4 Non-current assets

3.2.4.1 Non-current assets of which the group is owner

Non-current assets reported on the balance sheet include property, plant and equipment and intangible assets used in operations as well as investment property. Operating assets are used for the production of services or for administrative purposes. Investment property consists of real estate assets held to generate rental income and/or capital gains. The historical cost method is used to recognize both operating and investment properties.

Non-current assets are initially recognized at acquisition cost plus any directly attributable costs necessary to make them operational and usable.

They are subsequently measured at amortized or depreciated historical cost, *i.e.* their cost less accumulated amortization or depreciation and any impairment.

When a non-current asset comprises several components likely to be replaced at regular intervals, with different uses or providing economic benefits over differing lengths of time, each component is recognized separately from the outset and is depreciated or amortized in accordance with its own depreciation schedule. The component approach was retained for operating buildings and investment properties.

The depreciable or amortizable amount of a non-current asset is determined after deducting its residual value, net of disposal costs. As the useful life of non-current assets is generally equal to their expected economic life, no residual value is recognized.

Non-current assets are depreciated or amortized over their estimated useful life at rates reflecting the estimated consumption of the assets' economic benefits by the entity. Intangible assets with an indefinite useful life are not amortized.

Depreciation and amortization charges on operating assets are recognized under "Movements in depreciation, amortization and provisions for operating assets" in the income statement. Depreciation charges on investment property are recognized under "Expenses on other activities" in the income statement.

The following depreciation and amortization periods are used:

- Property, plant and equipment:
  - Land and network improvements : 15-30 years
  - Buildings – shell : 20-80 years (depending on type of building)
  - Buildings – equipment : 10-40 years
  - Fixtures and fittings : 5-15 years
  - Office furniture and equipment : 5-10 years
  - Safety equipment : 3-10 years
  - Rolling stock : 3-5 years
  - Computer equipment : 3-5 years

- Intangible assets:
  - Software purchased or developed in-house : 1-10 years
  - Business goodwill acquired : 9-10 years (if customer contract portfolio acquired)

Depreciable and amortizable assets are tested for impairment when evidence exists at the reporting date that the items may be impaired. Non-amortizable non-current assets such as lease rights are tested for impairment once a year.

If an indication of impairment exists, the recoverable amount of the asset is compared to its net carrying amount. In the event of loss of value, a write-down is recognized on the income statement; it changes the depreciable or amortizing amount of the asset prospectively. The write-down is repaid in the event of changes to the estimated recoverable amount or if the indications of impairment disappear. The net carrying amount following the reversal of an impairment provision cannot exceed the net carrying amount that would have been calculated if no impairment had been recognized.

Impairment charges and reversals on operating assets are recognized under "Movements in depreciation, amortization and provisions for operating assets" in the income statement.

Impairment charges and reversals on investment property are recognized in the income statement under "Expenses on other activities" and "Income from other activities", respectively.

Capital gains or losses on disposals of operating assets are recorded in the income statement on the line "Net gains/(losses) on other assets".

Gains and losses on the disposal of investment property are recorded on the income statement on the line "Income from other activities" or "Expenses from other activities."

The fair value of investment property is disclosed in the notes to the financial statements at the end of each reporting period. It is based on the buildings' market value as appraised by independent valuers (Level 2).

3.2.4.2 Non-current assets of which the group is lessee

For a contract to qualify as a lease, there must be both the identification of an asset and control by the lessee of the right to use said asset.

In respect of the lessee, operating leases and finance leases will be recorded in a single model, with recognition of:

- an asset representing the right to use the leased property during the lease term;
- offset by a liability in respect of the lease payment obligation;
- straight-line depreciation of the asset and an interest expense in the income statement using the diminishing balance method.

The group mainly activates its real estate contracts. Computer and safety equipment were not included due to the fact that they are replaceable, in accordance with the standard.

Other underlying assets were precluded through short-term or low value exemptions (set at €5,000). The group has no leases that give rise to recognition of intangible assets or investment properties.

Therefore, usage rights are recorded as "Property, plant and equipment", and lease obligations as "Other liabilities". Leasehold rights are reclassified as property, plant and equipment when they concern contracts that are not automatically renewable. Rights of use and lease obligations are the subject of deferred tax assets or liabilities for the net amount of taxable and deductible temporary differences.

On the income statement, interest charges appear in "Interest margin" while depreciation/amortization is presented under the heading dedicated to general operating expenses.

For calculating the lease obligation, we use:

- the lease term. This represents at least the non-cancellable period of the contract and may be extended to take into account any renewal/extension option that the group is reasonably certain to exercise. With regard to the operational implementation of the group's methodology, any new 3/6/9 commercial lease will be activated for a period of nine years by default (or for a period equal to its non-cancellable period in the case of another type of lease). The term of any automatically extended contract will be extended to the end of the medium-term plan, which is a reasonable time frame for the continuation of the contract. For the 3/6/9 leases in exception, the contract will be activated for a period of 12 years, as the group has no economic incentive to remain beyond this period, given the de-capping of leases after this period;
- the discount rate is the marginal rate of indebtedness corresponding to the chosen duration. It is a rate that is depreciable by the group's refinancing headquarters;
- the lease payment, excluding taxes. The group is marginally affected by variable lease payments.

3.2.5 Commissions

Fees and commissions in respect of services are recorded as income and expenses according to the nature of the services involved.

Fees and commissions linked directly to the grant of a loan are spread using the effective interest method.

Fees and commissions remunerating a service provided on a continuous basis are recognized over the period during which the service is provided.

Fees and commissions remunerating a significant service are recognized in full in the income statement upon execution of the service.

3.2.6 Income tax expense

The income tax expense includes all tax, both current and deferred, payable in respect of the income for the period under review.

The income tax payable is determined in accordance with applicable tax regulations.

The Territorial Economic Contribution (*Contribution économique territoriale* – CET), which is composed of the Business Real Estate Contribution (*Cotisation foncière des entreprises* – CFE) and the Business Contribution on Added Value (*Cotisation sur la valeur ajoutée des entreprises* – CVAE), is treated as an operating expense and, accordingly, the group does not recognize any deferred taxes in the consolidated financial statements.

Deferred tax

As required by IAS 12, deferred taxes are recognized in respect of temporary differences between the carrying amount of an asset or liability on the consolidated balance sheet and its taxable value, with the exception of goodwill.

Deferred taxes are calculated using the liability method, applying the income tax rate known at the end of the fiscal year and applicable to subsequent years.

Deferred tax assets net of deferred tax liabilities are recognized only when there is a high probability that they will be utilized. Current or deferred tax is recognized as income or an expense, except for that relating to unrealized or deferred gains or losses recognized in equity, for which the deferred tax is allocated directly to equity.

Deferred tax assets and liabilities are netted if they arise in the same entity or in the same tax group, are subject to the same tax authority and when there is a legal right to do so.

Deferred tax is not discounted.

Uncertainties over income tax treatment

In accordance with IFRIC 23, the group is assessing the probability of the tax authority accepting the tax position taken. It is assessing the likely effects on the result for tax purposes, tax bases, tax loss carryforwards, unused tax credits and rates of taxation.

In the event of an uncertain tax position, the amounts payable are estimated on the basis of the most likely amount or the expected amount according to the method that reflects the best estimate of the amount to be paid or received.

3.2.7 Non-current assets held for sale and discontinued operations

Non-current assets, or groups of assets, are classified as held for sale if they are available for sale and there is a high probability that their sale will take place within the next 12 months.

The related assets and liabilities are shown separately in the balance sheet, on the lines “Non-current assets held for sale” and “Liabilities associated with non-current assets held for sale”. They are recognized at the lower of their carrying amount and their fair value less selling costs, and are no longer depreciated or amortized.

Any impairment loss on such assets and liabilities is recognized in the income statement.

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

3.3 Judgments and estimates used in the preparation of the financial statements

Preparation of the group's financial statements requires the use of assumptions for the purpose of the necessary measurements, which entails risks and uncertainties as to whether these assumptions will materialize in the future particularly in the context of the COVID-19 pandemic.

The future outcome of such assumptions may be influenced by several factors, in particular:

- the activities of national and international markets;
- fluctuations in interest rates and foreign exchange rates;
- economic and political conditions in certain business sectors or countries;
- regulatory and legislative changes.

Accounting estimates requiring the formulation of assumptions are mainly used for the measurement of the following:

- the fair value of financial instruments not listed on an active market, the definition of a forced transaction and the definition of observable data require the exercise of judgment. See Section 3.1.9 "Determination of fair value of financial instruments";
- pension plans and other future employee benefits;
- impairment of assets, in particular expected credit losses (see section "3.1.8 Measurement of credit risk");
- provisions;
- impairment of intangible assets and goodwill;

4. Information relating to related parties

CIC group's subsidiaries and associates are consolidated companies, including companies consolidated using the equity method.

Transactions carried out between CIC and its subsidiaries and associates are carried out under normal market conditions, at the time these transactions are completed.

The list of the group's consolidated companies is presented in note 2a of quantified data, hereinafter. As transactions carried out and outstandings that exist at the end of the period between the group's fully consolidated companies are totally eliminated in consolidation, data pertaining to these reciprocal transactions is included in the attached tables only when concerning companies over which the group exercises joint control or significant influence, and is consolidated using the equity method.

5. Standards and interpretations adopted by the European Union and not yet applied

- Amendments to 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.

6. Standards and interpretations not yet adopted by the European Union

- Amendements à IAS 12 – Impôts différés relatifs à des actifs et des passifs résultant d'une même transaction

  Il généralise la comptabilisation d'un impôt différé pour les contrats de locations et les obligations de démantèlement. Les incidences de cet amendement sont en cours d'analyse.

- Amendements à IFRS 17 - Première application d'IFRS 17 et d'IFRS 9 sur l'information comparative

  Il s'applique à des actifs financiers pour lesquels il n'y a pas eu de retraitements des exercices comparatifs IFRS 9 lors de la première application simultanée d'IFRS 17 et d'IFRS 9 (cas des actifs décomptabilisés sur l'exercice 2022 ou choix de l'entité d'opter à l'exemption du retraitement des exercices antérieurs offerte par IFRS 9).

  Il introduit la possibilité de présenter des informations comparatives sur ces actifs financiers, comme si les dispositions d'IFRS 9 en matière d'évaluation et de classement leur avaient été appliquées. Cette option, applicable instrument par instrument, repose sur une approche dite par superposition (classification overlay).

Note 2a Consolidation scope

Incoming company: CIC Private Debt

			06/30/2022			12/31/2021		
			Percentage			Percentage		
Companies	Currency	Country	Control	Interest	Method[1]	Control	Interest	Method[1]
Consolidated company: Crédit Industriel et Commercial – CIC								
CIC Bruxelles (branch)		Belgium	100	100	FC	100	100	FC
CIC Hong Kong (branch)	USD	Hong Kong	100	100	FC	100	100	FC
CIC London (branch)	GBP	United Kingdom	100	100	FC	100	100	FC
CIC New York (branch)	USD	USA	100	100	FC	100	100	FC
CIC Singapore (branch)	USD	Singapore	100	100	FC	100	100	FC
A. Banking network								
CIC Est		France (i)	100	100	FC	100	100	FC
CIC Lyonnaise de Banque		France (i)	100	100	FC	100	100	FC
CIC Lyonnaise de Banque Monaco (branch)		Monaco	100	100	FC	100	100	FC
CIC Nord Ouest		France (i)	100	100	FC	100	100	FC
CIC Ouest		France (i)	100	100	FC	100	100	FC
CIC Sud Ouest		France (i)	100	100	FC	100	100	FC
B. Subsidiaries of the banking network								
Crédit Mutuel Factoring		France (i)	100	100	FC	95	95	FC
Crédit Mutuel Leasing		France (i)	100	100	FC	100	100	FC
Crédit Mutuel Leasing Benelux		Belgium	100	100	FC	100	100	FC
Crédit Mutuel Leasing Spain (branch)		Spain	100	100	FC	100	100	FC
Crédit Mutuel Leasing GmbH		Germany	100	100	FC	100	100	FC
Crédit Mutuel Leasing Nederland (branch)		The Netherlands	100	100	FC	100	100	FC
Crédit Mutuel Real Estate Lease		France	54	54	FC	54	54	FC
Gesteurop		France (i)	100	100	FC	100	100	FC
C. Corporate banking and capital markets[2]								
Satellite		France	100	100	FC	100	100	FC
D. Asset Management and Private Banking								
Banque CIC (Suisse)	CHF	Switzerland	100	100	FC	100	100	FC
Banque de Luxembourg		Luxembourg	100	100	FC	100	100	FC
Banque de Luxembourg Belgique (branch)		Belgium	100	100	FC	100	100	FC
Banque de Luxembourg Investments SA		Luxembourg	100	100	FC	100	100	FC
Banque Transatlantique		France (i)	100	100	FC	100	100	FC
Banque Transatlantique London (branch)	GBP	United Kingdom	100	100	FC	100	100	FC
Banque Transatlantique Belgium		Belgium	100	100	FC	100	100	FC
Banque Transatlantique Luxembourg		Luxembourg	100	100	FC	100	100	FC
CIC Private Debt		France	100	100	FC			NC
Cigogne Management		Luxembourg	60	60	FC	60	60	FC
Crédit Mutuel Asset Management		France	24	24	EM	24	24	EM
Crédit Mutuel Épargne Salariale		France (i)	100	100	FC	100	100	FC
Dubly Transatlantique Gestion		France (i)	100	100	FC	100	100	FC
E. Private equity								
CIC Capital Canada Inc.	CAD	Canada	100	100	FC	100	100	FC
CIC Capital Deutschland Gmbh		Germany	100	100	FC	100	100	FC
CIC Capital Suisse SA	CHF	Switzerland	100	100	FC	100	100	FC
CIC Capital Ventures Quebec	CAD	Canada	100	100	FC	100	100	FC
CIC Conseil		France (i)	100	100	FC	100	100	FC
Crédit Mutuel Capital		France (i)	100	100	FC	100	100	FC
Crédit Mutuel Innovation		France	100	100	FC	100	100	FC
Crédit Mutuel Equity		France (i)	100	100	FC	100	100	FC
Crédit Mutuel Equity SCR		France	100	100	FC	100	100	FC
F. Structure and logistics								
CIC Participations		France (i)	100	100	FC	100	100	FC
G. Insurance companies								
Groupe des Assurances du Crédit Mutuel (GACM)[3]		France	16	16	EM	16	16	EM

(1) Method: ME = merger; FC = full consolidation; EM = Equity method; NC = Not consolidated;
(2) Corporate banking and capital markets activities are mainly carried out by Crédit Industriel et Commercial - consolidating entity; see note 3.
(3) Based on the consolidated financial statements.
(i) Members of the tax consolidation group set up by CIC.

Information on the group's presence and activities in non-cooperative countries and territories included in the list established by the Order of March 2, 2022

The group has no operations that meet the criteria defined by the Order of October 6, 2009.

Note 2b 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]			
06/30/2022	Percentage of voting rights	Net profit/ (loss) attributable to non-controlling interests	Amount in shareholders' equity of non-controlling interests	Dividends paid to non-controlling interests	Balance sheet total	OCI	NBI	Net profit/ (loss)
Crédit Mutuel Real Estate Lease	46%	1	22	-4	5,953	-0	19	3
Cigogne Management	40%	0	6	-3	37	0	5	1

(1) Amounts before elimination of intercompany balances and transactions.

In the first half of 2022, Crédit Mutuel Factoring's non-controlling interests were acquired by the CIC group.

	Percentage of non-controlling interests in the consolidated financial statements				Financial information regarding fully-consolidated entities[1]			
12/31/2021	Percentage of voting rights	Net profit/ (loss) attributable to non-controlling interests	Amount in shareholders' equity of non-controlling interests	Dividends paid to non-controlling interests	Balance sheet total	OCI	NBI	Net profit/ (loss)
Crédit Mutuel Real Estate Lease	46%	4	21	0	5,327	-0	38	8
Cigogne Management	40%	6	3	-6	49	0	18	8
Crédit Mutuel Factoring	5%	1	7	0	8,530	-1	100	16

(1) Amounts before elimination of intercompany balances and transactions.

Note 3 Analysis of the balance sheet and income statement by business segment and geographic area

Business segment analysis principles

At the start of 2022, a new "Asset management and private banking" business line was created.
It incorporates various entities that were classed as part of other business lines until December 2021:
- Crédit Mutuel Asset Management and Crédit Mutuel Épargne Salariale, previously classified as "Retail Banking" / "Banking network subsidiaries";
- Cigogne Management, previously classified as "Capital Markets";
- CIC Private Debt, which entered the scope during the first half of 2022;
- All subsidiaries previously classified as "Private Banking".

The breakdowns below pertaining to 2021 take into account this new segmentation

- Retail banking includes

  a) the branch network consisting of the regional banks and CIC network in Ile de France, and

  b) the specialized activities whose product marketing is performed by the network: real estate and equipment leasing, factoring, real estate. The insurance business line – which is consolidated using the equity method – is included in this business segment.
- Corporate banking and capital markets include

  a) the financing of large companies and institutional clients, specialized finance and the international market and

  b) capital markets, which include investments in interest rate, equity and credit activities (ITAC) as well as stock market intermediation.
- Asset management and private banking include asset management, collective investment for third parties and employee savings; for private banking, companies for which this is the main purpose, both in France and abroad.
- Private equity includes proprietary trading and financial engineering services *via* dedicated entities. The entire portfolio is accounted for under the fair value option.
- The holding company covers all activities not assigned to another business.

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

BREAKDOWN OF THE INCOME STATEMENT BY BUSINESS SEGMENT

06/30/2022	Retail banking	Corporate banking and capital markets	Asset Management and Private Banking	Private Equity	Holding company services	Total
Net banking income	2,048	391	384	304	55	3,182
General operating expenses	-1,292	-207	-260	-37	-60	-1,856
Gross operating income	**756**	**184**	**124**	**267**	**-5**	**1,326**
Cost of counterparty risk	-90	-6	-3	-	-	-99
Gains on other assets[1]	60	-	12	-	-	72
Profit/(loss) before tax	**726**	**178**	**133**	**267**	**-5**	**1,299**
Income tax	-194	-46	-29	-16	-3	-288
Net profit/(loss)	**532**	**132**	**104**	**251**	**-8**	**1,011**

(1) Including net profit/(loss) of entities accounted for using the equity method and impairment losses on goodwill.

06/30/2021	Retail Banking	Corporate banking and capital markets	Asset Management and Private Banking	Private Equity	Holding company services	Total
Net banking income	1,895	466	358	257	55	3,031
General operating expenses	-1,241	-198	-242	-36	-47	-1,764
Gross operating income	**654**	**268**	**116**	**221**	**8**	**1,267**
Cost of counterparty risk	14	31	-5	-7	-	33
Gains on other assets[1]	79	-	3	-	-	82
Profit/(loss) before tax	**747**	**299**	**114**	**214**	**8**	**1,382**
Income tax	-213	-77	-29	-	-5	-324
Net profit/(loss)	**534**	**222**	**85**	**214**	**3**	**1,058**

(1) Including net profit/(loss) of entities accounted for using the equity method and impairment losses on goodwill.

BREAKDOWN OF INCOME STATEMENT BY GEOGRAPHIC AREA

	06/30/2022				06/30/2021			
	France	Europe outside France	Other countries	Total	France	Europe outside France	Other countries	Total
Net banking income	2,728	319	135	3,182	2,613	308	110	3,031
General operating expenses	-1,588	-209	-59	-1,856	-1,520	-196	-48	-1,764
Gross operating income	**1,140**	**110**	**76**	**1,326**	**1,093**	**112**	**62**	**1,267**
Cost of counterparty risk	-110	-5	16	-99	36	-11	8	33
Gains on other assets[1]	72	0	0	72	82	0	0	82
Profit/(loss) before tax	**1,102**	**105**	**92**	**1,299**	**1,211**	**101**	**70**	**1,382**
Income tax	-250	-22	-16	-288	-290	-23	-11	-324
Total net profit/(loss)	**852**	**83**	**76**	**1,011**	**921**	**78**	**59**	**1,058**

(1) Including net profit/(loss) of entities accounted for using the equity method and impairment losses on goodwill.

NOTES TO THE BALANCE SHEET – ASSETS

Note 4 Cash and central banks

	06/30/2022	12/31/2021
Cash, central banks		
Central banks	69,843	55,900
of which mandatory reserves	*1,809*	*1,785*
Cash	308	341
TOTAL	**70,151**	**56,241**

Note 5 Financial assets and liabilities at fair value through profit or loss

Note 5a Financial assets at fair value through profit or loss

	06/30/2022				12/31/2021			
	Transaction	Fair value option	Other FVPL	Total	Transaction	Fair value option	Other FVPL	Total
Securities	**8,352**	**627**	**3,941**	**12,920**	**6,334**	**574**	**3,617**	**10,525**
Government securities	773	0	0	773	730	0	0	730
Bonds and other debt securities	6,552	627	178	7,357	4,872	574	226	5,672
■ Listed	6,552	106	115	6,773	4,872	90	166	5,128
■ Non-listed	0	521	63	584	0	484	60	544
of which UCIs	*0*	-	*169*	*169*	*0*	-	*220*	*220*
Shares and other capital instruments	1,027	-	3,293	**4,320**	732	-	2,951	3,683
■ Listed	1,027	-	272	**1,299**	732	-	269	1,001
■ Non-listed	0	-	3,021	**3,021**	0	-	2,682	2,682
Long-term investments	-	-	470	**470**	-	-	440	440
■ Equity investments	-	-	43	**43**	-	-	43	43
■ Other long-term investments	-	-	119	**119**	-	-	119	119
■ Investments in associates	-	-	307	**307**	-	-	277	277
■ Other long-term investments	-	-	1	**1**	-	-	1	1
Derivative instruments	**5,729**	**-**		**5,729**	**3,682**	**-**	**-**	**3,682**
Loans and receivables	**14,069**	**0**	**10**	**14,079**	**6,597**	**0**	**13**	**6,610**
■ *of which pensions*	*14,069*	*0*		*14,069*	*6,597*	*0*	-	*6,597*
TOTAL	**28,150**	**627**	**3,951**	**32,728**	**16,613**	**574**	**3,630**	**20,817**

Note 5b Analysis of trading derivatives

	06/30/2022			12/31/2021		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Trading derivatives						
Rate instruments	147,152	3,654	3,677	202,235	2,623	2,474
Swaps	47,066	2,615	3,352	38,518	2,443	2,227
Other firm contracts	62,073	0	0	45,893	0	0
Options and conditional instruments	38,013	1,039	325	117,824	180	247
Foreign exchange instruments	125,491	1,605	1,543	103,722	803	758
Swaps	74,722	76	90	60,196	52	80
Other firm contracts	13,289	1,156	1,080	11,929	628	555
Options and conditional instruments	37,480	373	373	31,597	123	123
Other derivatives	29,027	470	478	17,490	256	258
Swaps	8,366	50	97	7,086	69	108
Other firm contracts	11,546	195	166	7,863	116	91
Options and conditional instruments	9,115	225	215	2,541	71	59
TOTAL	**301,670**	**5,729**	**5,698**	**323,447**	**3,682**	**3,490**

Swaps are valued with an OIS curve if they are collateralized or with a BOR curve otherwise. Hedged items are valued with a BOR curve.

The difference resulting from the use of different valuation curves for the hedged items and the hedging instruments is accounted for as hedge ineffectiveness.

Furthermore, the value of derivatives takes into account the counterparty risk.

Note 6 Hedging

Note 6a Hedging derivatives

	06/30/2022			12/31/2021		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Hedging derivatives						
Fair Value Hedges	76,269	1,180	841	76,235	504	1,242
Swaps	48,173	1,180	841	43,534	504	1,242
Other firm contracts	27,992	0	0	32,383	0	0
Options and conditional instruments	104	0	0	318	0	0
Cash Flow Hedges	0	0	0	0	0	0
Swaps	0	0	0	0	0	0
Other firm contracts	0	0	0	0	0	0
Options and conditional instruments	0	0	0	0	0	0
TOTAL	**76,269**	**1,180**	**841**	**76,235**	**504**	**1,242**

Swaps *are* valued with an OIS curve if they are collateralized or with a BOR curve otherwise. Hedged items are valued with a BOR curve.

The difference resulting from the use of different valuation curves for the hedged items and the hedging instruments is accounted for as hedge ineffectiveness. Furthermore, the value of derivatives takes into account the counterparty risk.

Hedging derivatives consist solely of interest rate instruments.

Note 6b - Remeasurement adjustment on interest-risk hedged portfolios

	06/30/2022	12/31/2021
Fair value of portfolio interest rate risk		
■ in financial assets	-1,632	434
■ in financial liabilities	-552	7

Note 7 Financial assets at fair value through other comprehensive income

Note 7a Financial assets at fair value through shareholders' equity, by type of product

	06/30/2022	12/31/2021
Government securities	3,929	3,421
Bonds and other debt securities	12,829	10,282
Listed	11,901	9,692
Non-listed	928	590
Receivables related	47	37
Debt securities subtotal, gross	**16,805**	**13,740**
Of which impaired debt securities (S3)	*0*	*0*
Impairment of performing loans (S1/S2)	-15	-14
Other impairment (S3)	0	0
Debt securities subtotal, net	**16,790**	**13,726**
Loans	0	0
Receivables related	0	0
Loans and receivables subtotal, gross	**0**	**0**
Impairment of performing loans (S1/S2)	0	0
Other impairment (S3)	0	0
Loans and receivables subtotal, net	**0**	**0**
Shares and other capital instruments	2	3
Listed	2	3
Non-listed	0	0
Long-term investments	263	241
Equity investments	95	73
Other long-term investments	119	119
Investments in associates	49	49
Loaned securities	0	0
Non-performing current account advances to non-trading real estate company	0	0
Receivables related	0	0
Subtotal, capital instruments	**265**	**244**
TOTAL	**17,055**	**13,970**
of which unrealized capital gains or losses recognized under equity	*-118*	*-89*
of which listed equity investments.	*0*	*0*

Note 7b Fair Value Hierarchy of financial instruments carried at fair value on the balance sheet

06/30/2022	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS				
Fair value through shareholders' equity	9,479	6,176	1,400	17,055
■ Government and equivalent securities	3,667	235	37	3,939
■ Bonds and other debt securities	5,810	5,941	1,100	12,851
■ Shares and other capital instruments	2	0	0	2
■ Investments and other long-term securities	0	0	214	214
■ Investments in subsidiaries and associates	0	0	49	49
Trading/Fair value option/Other	5,927	20,941	5,860	32,728
■ Government securities and similar instruments – Trading	404	369	0	773
■ 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	4,056	2,253	243	6,552
■ Bonds and other debt securities – Fair value option	27	0	600	627
■ Bonds and other debt securities – Other FVPL	118	44	16	178
■ Shares and other equity instruments – Trading	1,027	0	0	1,027
■ Shares and other capital instruments – Other FVPL	259	0	3,033	3,292
■ Investments and other long-term securities – Other FVPL	2	0	160	162
■ Investments in subsidiaries and associates – Other FVPL	0	0	308	308
■ Loans and receivables due from credit institutions – Fair value option	0	0	0	0
■ Loans and receivables due from credit institutions – Other FVPL	0	0	0	0
■ Loans and receivables due from customers – Fair value option	0	0	0	0
■ Loans and receivables due from customers – Other FVPL	0	11	0	11
■ Loans and receivables – Trading	0	14,069	0	14,069
■ Derivatives and other financial assets – Trading	34	4,195	1,500	5,729
Hedging derivatives	0	1,180	0	1,180
TOTAL	**15,406**	**28,297**	**7,260**	**50,963**
FINANCIAL LIABILITIES				
Trading/Fair value option	2,094	17,705	2,205	22,004
■ Due to credit institutions – Fair value option	0	0	0	0
■ Amounts due to customers – Fair value option	0	24	0	24
■ Debt securities – Fair value option	0	0	0	0
■ Subordinated debt – Fair value option	0	0	0	0
■ Debt – Trading	0	14,200	0	14,200
■ Derivatives and other financial liabilities – Trading	2,094	3,481	2,205	7,780
Hedging derivatives	0	841	0	841
TOTAL	**2,094**	**18,546**	**2,205**	**22,845**

There is no transfer between levels 1 and 2 whose amount exceeds 10% of the amount of the "Total" line for the concerned category of assets or liabilities.

Description of levels:

- Level 1: price quoted in an active market;
- Level 2: prices quoted in active markets for similar instruments and measurement method in which all significant inputs are based on observable market information;
- Level 3: measurement based on internal models containing significant unobservable inputs.

Instruments in the trading portfolio classified under Levels 2 or 3 mainly consist of derivatives and securities considered as illiquid.

All of these instruments include uncertainties of valuation, which give rise to adjustments in value reflecting the risk premium that a market player would incorporate in establishing the price.

These valuation adjustments make it possible to integrate, in particular, risks that would not be captured by the model, liquidity risks associated with the instrument or the parameter concerned, specific risk premiums intended to offset certain surcharges that would elicit the dynamic management strategy associated with the model in certain market conditions, and the counterparty risk present in the fair value of over-the-counter derivatives. The methods used may change. The latter include the counterparty risk itself present in the fair value of over-the-counter derivatives.

When establishing valuation adjustments, each risk factor is considered individually and no effect of diversification between risks, parameters or models of a different nature are taken into account. A portfolio approach is most often used for a given risk factor.

FAIR VALUE HIERARCHY – LEVEL 3

12/31/2021	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS				
Fair value through shareholders' equity	7,466	5,191	1,313	13,970
■ Government and equivalent securities	3,320	33	84	3,437
■ Bonds and other debt securities	4,143	5,158	988	10,288
■ Shares and other capital instruments	3	0	0	3
■ Investments and other long-term securities	0	0	192	192
■ Investments in subsidiaries and associates	0	0	49	49
Trading/Fair value option/Other	4,439	11,204	5,174	20,817
■ Government securities and similar instruments – Trading	666	14	50	730
■ Government securities and similar instruments – Fair value option	0	0	0	0
■ Government securities and similar instruments – Other FVPL	0	0	0	0
■ Bonds and other debt securities – Trading	2,590	2,049	233	4,872
■ Bonds and other debt securities – Fair value option	25	0	549	574
■ Bonds and other debt securities – Other FVPL	170	44	11	225
■ Shares and other equity instruments – Trading	732	0	0	732
■ Shares and other capital instruments – Other FVPL	234	0	2,717	2,951
■ Investments and other long-term securities – Other FVPL	2	0	161	163
■ Investments in subsidiaries and associates – Other FVPL	0	0	278	278
■ Loans and receivables due from credit institutions – Fair value option	0	0	0	0
■ Loans and receivables due from credit institutions – Other FVPL	0	0	0	0
■ Loans and receivables due from customers – Fair value option	0	0	0	0
■ Loans and receivables due from customers – Other FVPL	0	13	0	13
■ Loans and receivables – Trading	0	6,598	0	6,598
■ Derivatives and other financial assets – Trading	20	2,486	1,175	3,681
Hedging derivatives	0	504	0	504
TOTAL	**11,905**	**16,899**	**6,487**	**35,291**
Trading/Fair value option	1,836	9,155	1,017	12,008
■ Due to credit institutions – Fair value option	0	159	0	159
■ Amounts due to customers – Fair value option	0	0	0	0
■ Debt securities – Fair value option	0	0	0	0
■ Subordinated debt – Fair value option	0	0	0	0
■ Debt – Trading	0	6,486	0	6,486
■ Derivatives and other financial liabilities – Trading	1,836	2,510	1,017	5,363
Hedging derivatives	0	1,242	0	1,242
TOTAL	**1,836**	**10,397**	**1,017**	**13,250**

There is no transfer between levels 1 and 2 whose amount exceeds 10% of the amount of the "Total" line for the concerned category of assets or liabilities.

Note 7c Details of securitization outstandings

As requested by the banking supervisor and the markets regulator, an analysis is provided below of sensitive exposures based on FSB recommendations.

Trading and fair value securities portfolios through other comprehensive income were valued at market price from external data coming from organized markets, primary brokers, or when no other price is available, from comparable securities listed on the market.

Summary	06/30/2022	12/31/2021
RMBS	1,410	1,260
CMBS	0	0
CLO	3,667	3,137
Other ABS	3,642	3,259
RMBS hedged by CDS	0	0
CLO hedged by CDS	0	0
Other ABS hedged by CDS	0	0
ABCP program liquidity lines	0	0
TOTAL	**8,719**	**7,656**

Unless otherwise indicated, securities are not hedged by CDS.

EXPOSURES TO RMBS, CMBS, CLO AND OTHER ABS

06/30/2022	RMBS	CMBS	CLO	Other ABS	Total
Fair value through profit or loss	195			227	**422**
Amortized cost	30		334	1,842	**2,206**
Fair value – Others	1				**1**
Fair value through shareholders' equity	1,184		3,333	1,573	**6,090**
TOTAL	**1,410**	**0**	**3,667**	**3,642**	**8,719**
France	602		518	1,576	**2,696**
Spain	102			330	**432**
United Kingdom	6		116	250	**372**
Europe excluding France, Spain and the UK	539		253	994	**1,786**
USA	10		2,780	369	**3,159**
Other	151			123	**274**
TOTAL	**1,410**	**0**	**3,667**	**3,642**	**8,719**
US Branches					**0**
AAA	1,307		3,445	1,182	**5,934**
AA	83		152	716	**951**
A	12		70	4	**86**
BBB	5				**5**
BB					**0**
B or below	3			7	**10**
Not rated				1,733	**1,733**
TOTAL	**1,410**	**0**	**3,667**	**3,642**	**8,719**
Origination 2005 and earlier	12				**12**
Origination 2006-2008	28			7	**35**
Origination 2009-2011	11				**11**
Origination 2012-2022	1,359		3,667	3,635	**8,661**
TOTAL	**1,410**	**0**	**3,667**	**3,642**	**8,719**

12/31/2021	RMBS	CMBS	CLO	Other ABS	Total
Fair value through profit or loss	253		9	373	635
Amortized cost	33		338	1,176	1,547
Fair value – Others	1				1
Fair value through shareholders' equity	973		2,790	1,710	5,473
TOTAL	**1,260**	**0**	**3,137**	**3,259**	**7,656**
France	565		359	942	1,866
Spain	111			358	469
United Kingdom	22		110	277	409
Europe excluding France, Spain and the UK	413		189	1,235	1,837
USA	29		2,479	339	2,847
Other	120			108	228
TOTAL	**1,260**	**0**	**3,137**	**3,259**	**7,656**
US Branches					0
AAA	1,126		2,911	1,391	5,428
AA	112		156	814	1,082
A	13		70	3	86
BBB	1				1
BB	5				5
B or below	3			7	10
Not rated				1,044	1,044
TOTAL	**1,260**	**0**	**3,137**	**3,259**	**7,656**
Origination 2005 and earlier	13				13
Origination 2006-2008	31			7	38
Origination 2009-2011	17				17
Origination 2012-2021	1,199		3,137	3,252	7,588
TOTAL	**1,260**	**0**	**3,137**	**3,259**	**7,656**

Note 8 Financial assets at amortized cost

	06/30/2022	12/31/2021
Securities at amortized cost	3,638	3,444
Loans and receivables to credit institutions	37,928	35,143
Loans and receivables to customers	231,024	220,550
TOTAL	**272,590**	**259,137**

Note 8a Securities at amortized cost

	06/30/2022	12/31/2021
Securities	3,677	3,494
Government securities	1,380	1,403
Bonds and other debt securities	2,297	2,091
■ Listed	541	587
■ Non-listed	1,756	1,504
Receivables related	13	12
TOTAL GROSS	**3,690**	**3,506**
of which impaired assets (S3)	*74*	*84*
Impairment of performing loans (S1/S2)	-2	-2
Other impairment (S3)	-50	-60
TOTAL NET	**3,638**	**3,444**

Note 8b Loans and receivables to credit institutions at amortized cost

	06/30/2022	12/31/2021
Performing loans (S1/S2)	37,754	34,998
Current accounts	17,865	18,727
Loans	13,851	11,037
Other receivables	4,291	4,087
Pensions	1,747	1,147
Individually-impaired receivables, gross (S3)	0	0
Receivables related	178	147
Impairment of performing loans (S1/S2)	-4	-2
Other impairment (S3)	0	0
TOTAL	**37,928**	**35,143**

Note 8c Loans and receivables due from customers at amortized cost

	06/30/2022	12/31/2021
Performing loans (S1/S2)	215,420	205,110
Commercial loans	7,096	6,879
Other customer receivables	208,082	198,010
■ home loans	104,755	100,120
■ other loans and receivables	101,873	96,824
■ pensions	1,454	1,066
Receivables related	242	221
Individually-impaired receivables, gross (S3)	4,813	4,939
Gross receivables	**220,233**	**210,049**
Impairment of performing loans (S1/S2)	-1,173	-1,134
Other impairment (S3)	-2,078	-2,140
Subtotal I	**216,982**	**206,775**
Finance leases (net investment)	13,904	13,618
Equipment	8,907	8,785
Real estate	4,997	4,833
Individually-impaired receivables, gross (S3)	346	361
Impairment of performing loans (S1/S2)	-88	-84
Other impairment (S3)	-120	-120
Subtotal II	**14,042**	**13,775**
TOTAL	**231,024**	**220,550**
of which equity loans	*0*	*0*
of which subordinated loans	*12*	*13*

STATE-GUARANTEED LOANS

At June 30, 2022, state-guaranteed loans issued by the group amounted to €10,570 million.
The valuation of the expected credit losses for these loans takes into account the effect of the State guarantee (implemented by the Banque Publique d'Investissement) for 70% to 90% of the outstanding capital and interest.

	Outstandings			Write-downs		
06/30/2022	S1	S2	S3	S1	S2	S3
Amount	6,756	3,087	727	-3	-45	-72

	Outstandings			Write-downs		
12/31/2021	S1	S2	S3	S1	S2	S3
Amount	7,301	3,265	646	-4	-45	-59

FINANCE LEASE TRANSACTIONS WITH CUSTOMERS

	12/31/2021	Increase	Decrease	Other	06/30/2022
Gross carrying amount	13,979	1,121	-846	-4	14,250
Impairment of non-recoverable lease payments	-204	-44	40	-0	-208
Net carrying amount	13,775	1,077	-806	-4	14,042

Note 9 Gross values and movements in impairment provisions

Note 9a Gross values subject to impairment

	12/31/2021	Acquisition/ production	Sales/ repayments	Transfer[1]	Other	06/30/2022
Financial assets at amortized cost – loans and receivables due from credit institutions, subject to	**35,145**	**17,788**	**-15,261**	**0**	**260**	**37,932**
■ 12-month expected losses (S1)	35,144	17,785	-15,258	-2	241	37,910
■ expected losses at termination (S2)	1	3	-3	2	19	22
■ 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	**224,028**	**50,906**	**-41,848**	**0**	**1,397**	**234,483**
■ 12-month expected losses (S1)	196,324	48,223	-37,803	-1,778	1,068	206,034
■ expected losses at termination (S2)	22,404	2,322	-3,091	1,502	153	23,290
■ expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	5,042	355	-923	280	165	4,919
■ expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	258	6	-31	-4	11	240
Financial assets at amortized cost – securities	**3,506**	**9,371**	**-9,187**	**0**	**0**	**3,690**
■ 12-month expected losses (S1)	3,413	9,369	-9,175	-1	0	3,606
■ with expected losses at termination (S2)	9	1	0	0	0	10
■ expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	84	1	-12	1	0	74
■ expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0	0
Financial assets at fair value through other comprehensive income – debt securities	**13,740**	**7,924**	**-5,487**	**0**	**628**	**16,805**
■ 12-month expected losses (S1)	13,668	7,904	-5,452	-24	628	16,724
■ expected losses at termination (S2)	72	20	-35	24	0	81
■ expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	0	0	0	0	0	0
■ expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0	0
Financial assets at fair value through other comprehensive income – Loans	**0**	**0**	**0**	**0**	**0**	**0**
■ 12-month expected losses (S1)	0	0	0	0	0	0
■ expected losses at termination (S2)	0	0	0	0	0	0
■ expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	0	0	0	0	0	0
■ expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0	0
TOTAL	**276,419**	**85,989**	**-71,783**	**0**	**2,285**	**292,910**

(1) Of which Bucket transfers.

CONCENTRATION OF CREDIT RISK BY BUSINESS SEGMENT

For these sectors deemed vulnerable, probabilities of default were determined in order to take into account their differentiated exposure to the health crisis and their ability to recover. The status 1 exposures in these sectors were fully transferred to Status 2.

	Gross amount [1]			Write-downs			Net amount
06/30/2022	S1	S2	S3	S1	S2	S3	
Segments							
Aeronautics		300	48		- 7	- 25	316
Specialized distribution		1,143	103		- 40	- 91	1,115
Hotels, restaurants		3,337	240		- 407	- 148	3,022
Automotive		1,315	61		- 63	- 39	1,274
Vehicle hire		1,074	18		- 28	- 16	1,048
Tourism, games, leisure		965	128		- 72	- 106	915
Industrial transportation		349	16		- 6	- 10	349
Air transport		305	3		- 44	- 1	263
TOTAL		**8,788**	**617**		**- 667**	**- 436**	**8,302**

12/31/2021	Gross amount [1]			Write-downs			Net amount
Segments	S1	S2	S3	S1	S2	S3	
Aeronautics		282	48		-7	-13	310
Specialized distribution		1,029	107		-47	-80	1,009
Hotels, restaurants		3,287	256		-393	-133	3,017
Automotive		1,253	53		-63	-32	1,211
Vehicle hire		982	23		-28	-18	959
Tourism, games, leisure		948	131		-75	-80	924
Industrial transportation		347	17		-7	-6	351
Air transport		330	3		-46	-1	286
TOTAL		**8,458**	**638**		**-666**	**-363**	**8,067**

(1) EAD net of SGL guarantees.

Note 9b Movements in impairment provisions

	12/31/2021	Addition	Reversal	Other	06/30/2022
Loans and receivables due from credit institutions	**-2**	**-3**	**1**	**0**	**-4**
■ of which originated credit-impaired assets (S3)	0	0	0	0	0
■ 12-month expected losses (S1)	-2	-1	1	0	-2
■ expected losses at termination (S2)	0	-2	0	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
■ expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0
Customer loans	**-3,478**	**-732**	**761**	**-10**	**-3,459**
■ of which originated credit-impaired assets (S3)	0	0	0	0	0
■ 12-month expected losses (S1)	-268	-134	123	-2	-281
■ expected losses at termination (S2)	-950	-374	348	-4	-980
■ expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	-2,260	-224	290	-4	-2,198
■ 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	**-62**	**0**	**10**	**0**	**-52**
■ of which originated credit-impaired assets (S3)	0	0	0	0	0
■ 12-month expected losses (S1)	-1	-0	0	-0	-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	-60	0	10	0	-50
■ 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	**-14**	**-7**	**6**	**0**	**-15**
■ of which originated credit-impaired assets (S3)	0	0	0	0	0
■ 12-month expected losses (S1)	-10	-6	3	0	-13
■ expected losses at termination (S2)	-4	-1	3	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
■ expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0
Financial assets at FVOCI – Loans	**0**	**0**	**0**	**0**	**0**
■ of which originated credit-impaired assets (S3)	0	0	0	0	0
■ 12-month expected losses (S1)	0	0	0	0	0
■ expected losses at termination (S2)	0	0	0	0	0
■ expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	0	0	0	0	0
■ expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0
TOTAL	**-3,556**	**-742**	**778**	**-10**	**-3,530**

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 €112 million, i.e. 8.72% of expected losses.

Note 10 Taxes

Note 10a Current tax

	06/30/2022	12/31/2021
Assets (through profit or loss)	490	612
Liabilities (through profit or loss)	215	264

Note 10b Deferred tax

	06/30/2022	12/31/2021
Assets (through profit or loss)	416	434
Assets (through shareholders' equity)	99	63
Liabilities (through profit or loss)	258	248
Liabilities (through shareholders' equity)	11	13

Note 11 Accruals and other assets

	06/30/2022	12/31/2021
Accruals		
Collection accounts	33	27
Currency adjustment accounts	545	237
Accrued income	472	442
Other accruals	1,076	2,278
Subtotal	**2,126**	**2,984**
Other assets		
Securities settlement accounts	321	56
Miscellaneous receivables	3,484	2,669
Inventories and similar	16	14
Other	5	7
Subtotal	**3,826**	**2,746**
TOTAL	**5,952**	**5,730**

Accruals and miscellaneous receivables consist mainly of suspense accounts relating to interbank payment systems.

Expense accounts payable and receivables concern employee benefit expenses and general operating expenses and do not concern lending or borrowing for which accrued interest not yet due constitutes debts or related debt obligations.

Note 12 Investments in equity consolidated companies

06/30/2022	Country	% interest	Value of equity consolidation[1]	Share of net profit/(loss)	Dividends received
Groupe ACM	France	16.06%	1,267	62	64
Crédit Mutuel Asset Management	France	23.54%	19	0	6
TOTAL			**1,286**	**62**	**70**

12/31/2021	Country	% interest	Value of equity consolidation[1]	Share of net profit/(loss)	Dividends received
Groupe ACM	France	16.06%	1,545	132	241
Crédit Mutuel Asset Management	France	23.54%	24	10	1
TOTAL	**-**	**-**	**1,569**	**142**	**242**

(1) Comprises goodwill of €52 million for Groupe ACM.

Note 13 Investment property

	12/31/2021	Increase	Decrease	Other	06/30/2022
Historical cost	64	0	-4	-0	60
Depreciation and impairment	-34	-1	0	-0	-35
NET AMOUNT	**30**	**-1**	**-4**	**0**	**25**

The fair value of investment property carried at amortized cost is comparable to its carrying amount.

Note 14 Property, plant and equipment and intangible assets

Note 14a Property, plant and equipment

	12/31/2021	Increase	Decrease	Other	06/30/2022
Historical cost					
Operating sites	334	0	0	0	334
Operating buildings	2,583	17	-18	1	2,583
Usage rights – Real estate	656	16	-16	9	665
Other property, plant and equipment	522	51	-19	3	557
TOTAL	**4,095**	**84**	**-53**	**13**	**4,139**
Depreciation and impairment					
Operating sites	0	0	0	0	0
Operating buildings	-1,802	-35	14	-0	-1,823
Usage rights – Real estate	-225	-45	9	-3	-264
Other property, plant and equipment	-437	-9	4	-1	-443
TOTAL	**-2,464**	**-89**	**27**	**-4**	**-2,530**
NET AMOUNT	**1,631**	**-5**	**-26**	**9**	**1,609**

Note 14b Intangible fixed assets

	12/31/2021	Increase	Decrease	Other	06/30/2022
Historical cost					
Internally developed intangible assets	0	0	0	0	0
Purchased intangible assets	356	6	-3	5	364
■ software	156	6	-2	3	163
■ other	200	0	-1	2	201
TOTAL	**356**	**6**	**-3**	**5**	**364**
Depreciation and impairment					
Internally developed intangible assets	0	0	0	0	0
Purchased intangible assets	-172	-8	3	-3	-180
■ software	-116	-7	2	-2	-123
■ other	-56	-1	1	-1	-57
TOTAL	**-172**	**-8**	**3**	**-3**	**-180**
NET AMOUNT	**184**	**-2**	**-0**	**2**	**184**

Note 15 Goodwill

	12/31/2021	Increase	Decrease	Other	06/30/2022
Gross goodwill	33	0	0	0	33
Write-downs	0	0	0	0	0
NET GOODWILL	**33**	**0**	**0**	**0**	**33**

Subsidiaries	12/31/2021	Increase	Decrease	Other	06/30/2022
Banque Transatlantique	6	-	-	-	6
Dubly Transatlantique Gestion	6	-	-	-	6
Crédit Mutuel Equity SCR	21	-	-	-	21
TOTAL	**33**	**0**	**0**	**0**	**33**

NOTES TO THE BALANCE SHEET - LIABILITIES AND SHAREHOLDERS' EQUITY

Note 16 Financial liabilities at fair value through profit or loss

	06/30/2022	12/31/2021
Financial liabilities held for trading	21,980	11,849
Financial liabilities at fair value through profit or loss	24	159
TOTAL	**22,004**	**12,008**

Note 16a Financial liabilities held for trading

	06/30/2022	12/31/2021
Short sales of securities	1,325	1,808
■ Government securities	1	0
■ Bonds and other debt securities	629	921
■ Shares and other capital instruments	695	887
Debts in respect of securities sold under repurchase agreements	14,200	6,487
Trading derivatives	5,698	3,490
Other financial liabilities held for trading	757	64
TOTAL	**21,980**	**11,849**

Note 16b Financial liabilities at fair value through profit or loss on option

	06/30/2022			12/31/2021		
	Carrying amount	Amount due	Difference	Carrying amount	Amount due	Difference
Securities issued	0	0	0	0	0	0
Debt securities	0	0	0	0	0	0
Interbank debt	0	0	0	159	159	0
Due to customers	24	24	0	0	0	0
TOTAL	**24**	**24**	**0**	**159**	**159**	**0**

Note 17 Financial liabilities at amortized cost

Note 17a Due to central banks and credit institutions

	06/30/2022	12/31/2021
Central banks	**22**	**4**
Liabilities to cred. inst.	**110,130**	**78,187**
Current accounts	2,917	2,503
Borrowings	96,770	70,433
Other debt	3,996	2,101
Pensions	6,405	3,131
Related debt	42	19

Note 17b Amounts due to customers at amortized cost

	06/30/2022	12/31/2021
Special savings accounts	58,827	56,915
■ demand	44,354	42,497
■ term	14,473	14,418
Related liabilities on savings accounts	255	1
Subtotal	**59,082**	**56,916**
Demand accounts	131,078	131,209
Term deposits and borrowings	28,820	29,594
Pensions	106	14
Other debt	63	36
Related debt	66	60
Subtotal	**160,133**	**160,913**
TOTAL	**219,215**	**217,829**

Note 17c Debt securities at amortized cost

	06/30/2022	12/31/2021
Certificates of deposit	46	34
Interbank certificates and negotiable debt instruments	16,038	17,980
Bonds	7,903	6,499
Non-preferred senior securities	0	0
Related debt	51	36
TOTAL	**24,038**	**24,549**

Note 18 Accruals and other liabilities

	06/30/2022	12/31/2021
Accruals		
Accounts unavailable due to recovery procedures	60	108
Currency adjustment accounts	2	12
Accrued expenses	999	856
Deferred income	367	366
Other accruals	3,051	4,080
Subtotal	**4,479**	**5,422**
Other liabilities		
Lease obligations – Real estate	410	438
Securities settlement accounts	168	114
Outstanding amounts payable on securities	232	172
Sundry creditors	600	448
Subtotal	**1,410**	**1,172**
TOTAL	**5,889**	**6,594**

Note 18a Lease obligations by residual term

06/30/2022	D ≤ 1 year	1 year < D < 3 years	3 years < D ≤ 6 years	6 years < D ≤ 9 years	D > 9 years	Total
Lease obligations						
■ Real estate	86	116	108	61	39	410

12/31/2021	D ≤ 1 year	1 year < D < 3 years	3 years < D ≤ 6 years	6 years < D ≤ 9 years	D > 9 years	Total
Lease obligations						
■ Real estate	87	134	109	65	43	438

Note 19 Provisions and contingent liabilities

Note 19a Provisions

	12/31/2021	Additions for the year	Reversals for the year (utilized provisions)	Reversals for the year (surplus provisions)	Other changes	06/30/2022
Provisions for risks	**378**	**126**	**-1**	**-113**	**-1**	**389**
On guarantee commitments	263	81	-0	-68	-0	276
of which 12-month expected losses (S1)	*35*	19	0	-16	0	38
of which expected losses at termination (S2)	*116*	39	0	-28	-0	127
On financing commitments	92	42	-0	-41	0	93
of which 12-month expected losses (S1)	*43*	16	0	-18	0	41
of which expected losses at termination (S2)	*49*	26	0	-23	0	52
Provisions for taxes	3	1	0	-1	0	3
Provisions for claims and litigation	7	1	-0	-1	0	7
Provision for risk on miscellaneous receivables	13	1	-1	-2	-1	10
Other provisions	**587**	**40**	**-4**	**-15**	**-1**	**607**
Provisions for mortgage saving agreements	85	12	0	-11	0	86
Provisions for miscellaneous contingencies	161	4	-4	-3	-1	157
Other provisions[1]	341	24	-0	-1	0	364
Provisions for retirement commitments [2]	**204**	**7**	**-15**	**0**	**-57**	**139**
TOTAL	**1,169**	**173**	**-20**	**-128**	**-59**	**1,135**

(1) Other provisions relate to provisions for French economic interest groups (GIE) totaling €364 million.
(2) Other changes correspond especially to the impact of the change in the discount rate for €55 million.

Note 19b - Retirement and other employee benefits

	12/31/2021	Additions for the year	Reversals for the year	Other changes	06/30/2022
Defined-benefit plans not covered by pension funds					
Retirement benefits	106	4	-0	-56	54
Supplementary pensions	26	3	-3	-1	25
Obligations for long service awards (other long-term benefits)	62	0	-12	-0	50
Total amount recognized	**194**	**7**	**-15**	**-57**	**129**
Supplementary defined-benefit pensions covered by pension funds					
Commitments to employees and retirees[1]	10	0	-0	0	10
Total amount recognized	**10**	**0**	**-0**	**0**	**10**
TOTAL	**204**	**7**	**-15**	**-57**	**139**

(1) The provisions covering shortfalls in pension funds relate to entities located abroad.

Defined-benefit plans: Main actuarial assumptions	06/30/2022	12/31/2021
Discount rate[1]	3.40%	1.00%

(1) The discount rate, which is determined by reference to the long-term rate on private-sector borrowings, is based on the Iboxx index.

Note 20 Subordinated debt at amortized cost

	06/30/2022	12/31/2021
Participating loans	153	153
Perpetual subordinated debt	26	26
Other debt	2,111	2,112
Related debt	3	2
TOTAL	**2,293**	**2,293**

SUBORDINATED DEBT REPRESENTING MORE THAN 10% OF TOTAL SUBORDINATED DEBTS

	Vesting date Issue	Amount Issue	Currency	Rate	Term
Participating loan	5/28/1985	€137 million	EUR	[1]	[2]
redeemable subordinated notes	3/24/2016	€414 million	EUR	EURIBOR 3 months +2.05%	3/24/2026
redeemable subordinated notes	11/4/2016	€700 million	EUR	EURIBOR 3 months +1.70%	11/4/2026

(1) Minimum 85% (TAM+TMO)/2 Maximum 130% (TAM*+TMO)/2.*

** For the purpose of calculating this rate, as of January 3, 2022, any reference to the monthly average money market rate will be deemed to be a reference to the €STR (Regulation (EU) 2021/1848 of October 21, 2021).*

(2) Non-depreciable, but reimbursable at borrower's discretion as of May 28, 1997 at 130% of the nominal value revalued by 1.5% per year for future years.

Note 21 Unrealized or deferred gains and losses

Note 21a Unrealized or deferred gains and losses

	06/30/2022	12/31/2021
Unrealized or deferred gains or losses[1] relating to:		
■ translation adjustments	219	89
■ financial assets at fair value through recyclable other comprehensive income – debt instruments	-263	-109
■ financial assets at fair value through non-recyclable other comprehensive income – equity instruments	-73	-68
■ hedging derivatives (CFH)	0	0
■ share of unrealized or deferred gains and losses of associates	-20	255
■ actuarial gains and losses on defined benefit plans	-20	-60
TOTAL	**-157**	**107**

(1) Balances net of corporate tax.

Note 21b Recycling of gains and losses directly recognized in shareholders' equity

	06/30/2022 Operations	12/31/2021 Operations
Translation adjustments		
Reclassification in income	0	0
Other movement	130	133
Subtotal	**130**	**133**
Revaluation of financial assets at FVOC		
Reclassification in income	0	0
Other movement	-160	10
Subtotal	**-160**	**10**
Remeasurement of hedging derivatives		
Reclassification in income	0	0
Other movement	0	0
Subtotal	**0**	**0**
Actuarial gains and losses on defined benefit plans	40	10
Share of unrealized or deferred gains and losses of associates	-275	-8
TOTAL	**-265**	**145**

Note 21c Tax related to each category of gains and losses recognized directly in shareholders' equity

	06/30/2022			12/31/2021		
	Gross amount	Tax	Net amount	Gross amount	Tax	Net amount
Goodwill	130	0	130	133	0	133
Revaluation of financial assets at FVOC	-210	50	-160	14	-4	10
Remeasurement of hedging derivatives	0	0	-0	0	0	0
Actuarial gains and losses on defined benefit plans	54	-14	40	12	-2	10
Share of unrealized or deferred gains and losses of associates	-379	104	-275	-24	16	-8
TOTAL CHANGES IN GAINS AND (LOSSES) RECOGNIZED DIRECTLY IN EQUITY	**-405**	**140**	**-265**	**135**	**10**	**145**

Note 22 Commitments given and received

Commitments given	06/30/2022	12/31/2021
Funding commitments	**51,404**	**48,654**
Liabilities due to credit institutions	412	392
Commitments to customers	50,992	48,262
Guarantee commitments	**19,378**	**18,520**
Credit institution commitments	2,419	2,952
Customer commitments	16,959	15,568
Securities commitments	**3,491**	**2,185**
Securities acquired with option to repurchase	0	0
Other commitments given	3,491	2,185

Commitments received	06/30/2022	12/31/2021
Funding commitments	**205**	**220**
Commitments received from credit institutions	205	220
Commitments received from customers	0	0
Guarantee commitments	**92,543**	**90,026**
Commitments received from credit institutions	57,204	56,300
Commitments received from customers	35,339	33,726
Securities commitments	**2,008**	**1,805**
Securities sold with option to repurchase	0	0
Other commitments received	2,008	1,805

NOTES TO THE INCOME STATEMENT

Note 23 Interest income and expense

	06/30/2022		06/30/2021	
	Income	Expenses	Income	Expenses
Credit institutions and central banks[1]	64	-129	-49	-38
Customers	1,868	-332	1,776	-279
■ of which finance leasing	156	-20	146	-24
■ of which lease obligations	-	-3	-	-2
Hedging derivatives	204	-349	197	-337
Financial assets at fair value through profit or loss	227	-15	195	-21
Financial assets at fair value through other comprehensive income	49	0	44	0
Securities at amortized cost	11	0	13	0
Debt securities	0	-112	0	-88
Debt securities	0	-0	0	-0
TOTAL	**2,423**	**-937**	**2,176**	**-763**
Of which interest income and expense calculated at effective interest rate	*1,992*	*-573*	*1,783*	*-405*

(1) Including -€192 million impact of negative interest rates in income and €105 million in expenses at June 30, 2022, compared to -€197 million impact of negative interest rates in income and €105 million in expenses at June 30, 2021.

Note 24 Commissions

	06/30/2022		06/30/2021	
	Income	Expenses	Income	Expenses
Credit institutions	1	-3	1	-3
Customers	484	-4	454	-8
Securities	342	-31	319	-34
Derivative instruments	4	-5	3	-4
Currency transactions	11	-0	10	-0
Funding and guarantee commitments	36	-44	9	-6
Services provided	711	-267	620	-228
TOTAL	**1,589**	**-354**	**1,416**	**-283**

Note 25 Net gains on financial instruments at fair value through profit or loss

	06/30/2022	06/30/2021
Trading instruments	115	160
Instruments accounted for under the fair value option	53	-19
Ineffective portion of hedges	22	6
On cash flow hedges (CFH)	0	0
On fair value hedges (FVH)	22	6
Change in the fair value of hedged items	-2,051	-279
Change in fair value of hedging instruments	2,073	285
Foreign exchange gains/(losses)	18	7
Other financial instruments at fair value through profit or loss[1]	286	322
TOTAL CHANGES IN FAIR VALUE	**494**	**476**

(1) Of which €227 million came from private equity business as at June 30, 20212 compared to €247 million as at June 30, 2021.

Note 26 Net gains or losses on financial assets at fair value through shareholders' equity

	06/30/2022	06/30/2021
Dividends	2	1
Realized gains and losses on debt instruments	-43	2
TOTAL	**-41**	**3**

Note 27 Income/expenses generated by other activities

	06/30/2022	06/30/2021
Income from other activities		
Investment property:	0	0
■ Reversal of provisions/depreciation	0	0
■ Capital gains on disposals	0	0
Rebilled expenses	15	16
Other income	38	45
Subtotal	**53**	**61**
Expenses on other activities		
Investment property:	-1	-1
■ Additions to provisions/depreciation	-1	-1
■ Capital losses on sale	0	0
Other expenses	-44	-54
Subtotal	**-45**	**-55**
NET TOTAL OF OTHER INCOME AND EXPENSES	**8**	**6**

Note 28 General operating expenses

	06/30/2022	06/30/2021
Employee benefits expense	-957	-943
Other general operating expenses	-802	-721
Movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets	-97	-100
TOTAL	**-1,856**	**-1,764**

Note 28a Employee benefits expense

	06/30/2022	06/30/2021
Wages and salaries	-588	-567
Social security contributions	-222	-234
Short-term employee benefits	0	0
Employee profit-sharing and incentive schemes	-63	-63
Payroll-based taxes	-84	-79
Other	0	0
TOTAL	**-957**	**-943**

Note 28b Average workforce

	06/30/2022	06/30/2021
Bank technical staff	10,024	10,310
Managers	9,242	9,216
TOTAL	**19,266**	**19,526**
France	17,439	17,747
Rest of the world	1,827	1,779

Note 28c Other general operating expenses

	06/30/2022	06/30/2021
Taxes and duties [1]	-255	-200
Leases		
■ Short-term asset leases	-12	-9
■ Low value/substitutable asset leases[2]	-29	-29
■ Other leases	-2	-4
Other external services	-523	-498
Other miscellaneous expenses	19	19
TOTAL	**-802**	**-721**

(1) The entry "Taxes and duties" includes an expense of -€187 million as part of the contribution to the Single Resolution Fund at June 30, 2022, compared to -€136 million at June 30, 2021.
(2) Includes IT equipment.

NOTE 28d Movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets

	06/30/2022	06/30/2021
Depreciation and amortization:	-97	-100
■ Property, plant and equipment	-90	-92
including usage rights	-45	*-45*
■ Intangible assets	-7	-8
Write-downs:	0	0
■ Property, plant and equipment	0	0
■ Intangible assets	0	0
TOTAL	**-97**	**-100**

Note 29 Cost of counterparty risk

	06/30/2022	06/30/2021
■ 12-month expected losses (S1)	-16	-36
■ Expected losses at termination (S2)	-41	133
■ Impaired assets (S3)	-42	-64
TOTAL	**-99**	**33**

06/30/2022	Allowances	Reversals	Loan losses covered by pensions	Loan losses not covered by provisions	Recovery of loans written off in prior years	Total
12-month expected losses (S1)	**-178**	**162**				**-16**
■ Loans and receivables due from credit institutions at amortized cost	-1	1				-0
■ Customer loans at amortized cost	-133	122				-11
of which finance leases	-12	11				-1
■ Financial assets at amortized cost – securities	-0	0				-0
■ Financial assets at fair value through other comprehensive income – debt securities	-6	3				-3
■ Financial assets at fair value through other comprehensive income – loans	0	0				0
■ Commitments given	-38	36				-2
Expected losses at termination (S2)	**-442**	**401**				**-41**
■ Loans and receivables due from credit institutions at amortized cost	-2	0				-2
■ Customer loans at amortized cost	-374	347				-27
of which finance leases	-23	20				-3
■ Financial assets at amortized cost – securities	0	0				0
■ Financial assets at fair value through other comprehensive income – debt securities	-1	3				2
■ Financial assets at fair value through other comprehensive income – loans	0	0				0
■ Commitments given	-65	51				-14
Impaired assets (S3)	**-234**	**308**	**-114**	**-9**	**7**	**-42**
■ Loans and receivables due from credit institutions at amortized cost	-0	0	0	0	0	-0
■ Customer loans at amortized cost	-212	272	-114	-9	7	-56
of which finance leases	-3	2	-1	-0	0	-2
■ Financial assets at amortized cost – securities	-0	9	0	0	0	9
■ Financial assets at fair value through other comprehensive income – debt securities	0	0	0	0	0	0
■ Financial assets at fair value through other comprehensive income – loans	0	0	0	0	0	0
■ Commitments given	-22	27	0	0	0	5
TOTAL	**-854**	**871**	**-114**	**-9**	**7**	**-99**

06/30/2021	Allowances	Reversals	Loan losses covered by pensions	Loan losses not covered by provisions	Recovery of loans written off in prior years	Total
12-month expected losses (S1)	**-172**	**136**				**-36**
■ Loans and receivables due from credit institutions at amortized cost	-1	1				0
■ Customer loans at amortized cost	-127	97				-30
of which finance leases	-14	9				-5
■ Financial assets at amortized cost – securities	0	0				0
■ Financial assets at fair value through other comprehensive income – debt securities	-3	2				-1
■ Financial assets at fair value through other comprehensive income – loans	0	0				0
■ Commitments given	-41	36				-5
Expected losses at termination (S2)	**-151**	**284**				**133**
■ Loans and receivables due from credit institutions at amortized cost	0	0				0
■ Customer loans at amortized cost	-106	201				95
of which finance leases	-7	24				17
■ Financial assets at amortized cost – securities	0	0				0
■ Financial assets at fair value through other comprehensive income – debt securities	-1	1				0
■ Financial assets at fair value through other comprehensive income – loans	0	0				0
■ Commitments given	-44	82				38
Impaired assets (S3)	**-292**	**336**	**-103**	**-10**	**5**	**-64**
■ Loans and receivables due from credit institutions at amortized cost	0	0	0	0	0	0
■ Customer loans at amortized cost	-244	294	-103	-10	5	-58
of which finance leases	*-3*	*2*	*-1*	*0*	*1*	*-1*
■ Financial assets at amortized cost – securities	-7	0	0	0	0	-7
■ Financial assets at fair value through other comprehensive income – debt securities	0	0	0	0	0	0
■ Financial assets at fair value through other comprehensive income – loans	0	0	0	0	0	0
■ Commitments given	-41	42	0	0	0	1
TOTAL	**-615**	**756**	**-103**	**-10**	**5**	**33**

Note 30 Net gains/(losses) on disposals of other assets

	06/30/2022	06/30/2021
Property, plant and equipment and intangible assets	-1	-1
■ Capital losses on disposals	-3	-6
■ Capital gains on disposals	2	5
Gains/(losses) on disposals of shares in consolidated entities	11	0
TOTAL	**10**	**-1**

Note 31 Income tax

	06/30/2022	06/30/2021
Current taxes	-270	-298
Deferred tax expense/income	-28	-45
Adjustments in respect of prior years	10	9
TOTAL	**-288**	**-324**

Of which -€251 million for securities in companies located in France and -€37 million for companies located outside France.

Note 32 Profit (loss) per share

	06/30/2022	06/30/2021
Net profit attributable to the group	1,009	1,049
Number of shares at beginning of year	38,009,418	38,009,418
Number of shares at end of year	38,009,418	38,009,418
Weighted average number of shares	38,009,418	38,009,418
BASIC EARNINGS PER SHARE *(in €)*	**26.56**	**27.61**
Weighted average number of shares that may be issued	0	0
DILUTED EARNINGS PER SHARE *(in €)*	**26.56**	**27.61**

CIC's share capital amounts to €611,858,064 made up of 38,241,129 shares with a par value of €16 each, including 231,711 treasury shares.

Note 33 Related party transactions

	06/30/2022		12/31/2021	
	Associates (companies accounted for using the equity method)	Parent company	Associates (companies accounted for using the equity method)	Parent company
Assets				
■ Financial assets at fair value through profit or loss	3,335	43	2,437	286
■ Financial assets at FVOCI	0	0	0	0
■ Financial assets at amortized cost	361	20,151	39	17,197
■ Other assets	11	9	18	1
Liabilities				
■ Due to credit institutions	810	87,656	205	61,476
■ Liabilities at fair value through profit or loss	3,147	27	2,326	310
■ Due to customers	116	66	169	47
■ Debt securities	2,510	1,177	2,464	1,392
■ Debt securities	0	2,254	0	2,253
Off-balance-sheet				
■ Financing commitments given	0	10	0	0
■ Guarantees given	0	205	0	190
■ Financing commitments received	0	0	0	0
■ Guarantees received	0	5,699	0	6,027
	06/30/2022		06/30/2022	
■ Interest income	-5	187	4	154
■ Interest expense	3	-193	-1	-107
■ Commission income	298	11	271	-10
■ Commission expense	-7	-67	-11	-38
■ Net gains/(losses) on financial assets at FVOCI and FVPL	153	9	17	26
■ Other income and expenses	0	-4	0	-1
■ General operating expenses	-36	-284	-31	-245

The parent company consists of BFCM, majority shareholder of CIC, of Caisse Fédérale Crédit Mutuel (CFCM), entity controlling BFCM and all their subsidiaries.

Relations with the parent company consist primarily of loans and borrowing as part of cash flow management, BFCM being the body for the group's refinancing and IT services invoiced with the Euro-Information entities.

Companies accounted for using the equity method comprise Crédit Mutuel Asset Management and Groupe des Assurances du Crédit Mutuel.

5.3 STATUTORY AUDITORS' REPORT ON THE LIMITED REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

ERNST & YOUNG et Autres
Tour First
TSA 14444
92037 Paris-La Défense Cedex
S.A.S. with variable capital
438 476 913 R.C.S. Nanterre

Statutory Auditors
Member of the Compagnie
Régionale de Versailles
et du Centre

KPMG SA
Tour EQHO
2, avenue Gambetta CS 60055
92066 Paris-La Défense Cedex
S.A. with capital of €5,497,100
775 726 417 R.C.S. Nanterre

Statutory Auditors
Member of the Compagnie
Régionale de Versailles
et du Centre

PricewaterhouseCoopers Audit
63, rue de VIlliers
92208 Neuilly-sur-Seine Cedex
S.A.S. with capital of €2,510,460
672 006 483 R.C.S. Nanterre

Statutory Auditors
Member of the Compagnie
Régionale de Versailles
et du Centre

(Period from January 1 to June 30, 2022)

Report from the statutory auditors on interim financial information

Dear Shareholders,

Crédit Industriel et Commercial - CIC
6, avenue de Provence
75009 Paris cedex 09

In accordance with the task entrusted us by your Shareholders' meetings and pursuant to Article L. 451-1-2 III of the French Monetary and Financial Code, we have undertaken:

- a limited review of the condensed consolidated interim financial statements for Crédit Industriel et Commercial - CIC, pertaining to the period from January 1, 2022 to June 30, 2022, attached to this report;
- verification of the information given in the interim business report.

These condensed consolidated interim financial statements were prepared under the responsibility of the Board of Directors . It is up to us, based on our limited review, to express our conclusion about these statements.

Conclusion about the financial statements

We conducted our limited review according to applicable professional standards in France.

A limited review consists essentially in working together with those members of management in charge of accounting and financial matters and implementing analytical procedures. This work is less extensive than that required for an audit conducted according to professional standards applicable in France. Consequently, assurance that the financial statements, taken as a whole, do not include any significant anomalies obtained in the context of a limited review is a moderate assurance, lower than that obtained in the context of an audit.

Based on our limited review, we did not note any significant anomalies of a nature that would question compliance of the condensed consolidated interim financial statements with IAS 34 – the IFRS standard of reference such as it was adopted by the European Union pertaining to interim financial information.

Specific verification

We also undertook to verify the information given in the interim business report commenting on the condensed consolidated interim financial statements, of which we provided a limited review.

We have no comment to make as to their accuracy or consistency with the consolidated interim financial statements.

Executed in Neuilly-sur-Seine and Paris-La Défense, August 5, 2022

ERNST & YOUNG et Autres	PricewaterhouseCoopers Audit	KPMG S.A.
Hassan Baaj Partner	Laurent Tavernier Partner	Sophie Sotil-Forgues Partner Arnaud Bourdeille Partner

6 ADDITIONAL INFORMATION TO THE INFORMATION PUBLISHED IN THE 2021 UNIVERSEL REGISTRATION DOCUMENT

The following tables supersede the ones published in the 2021 Universal Registration Document filed on April 13, 2022.

Page 51: 3.2.2. A *raison d'être* at the heart of the challenges

CIC'S 12 COMMITMENTS FOR 2022

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

Page 233: TABLE 24: CREDIT QUALITY OF LOANS AND ADVANCES TO NON-FINANCIAL CORPORATIONS BY BUSINESS LINE (EU CQ5)

(in € millions) *At 12/31/2021*	Gross carrying amount	Of which non-performing	Of which defaulted	Of which loans and advances subject to impairment	Accumulated impairments	Accumulated negative change in fair value due to credit risk on non-performing exposures
Agriculture, forestry and fishing	3,360	124	124	3,360	-72	0
Extractive industries	571	26	26	571	-23	0
Manufacturing industry	11,063	542	542	11,063	-275	0
Production and distribution of electricity, gas, steam and air conditioning	2,396	53	53	2,396	-23	0
Water production and distribution	674	12	12	674	-11	0
Construction	7,844	306	306	7,844	-185	0
Retail	12,569	664	664	12,569	-440	0
Transport and storage	6,373	206	206	6,369	-84	0
Accommodation and catering	4,247	351	351	4,247	-398	0
Information and communication	2,398	67	67	2,398	-45	0
Financial and insurance activities	41,638	905	905	41,638	-532	0
Real estate activities	9,994	309	309	9,994	-240	0
Professional, scientific and technical activities	12,662	336	336	12,662	-222	0
Administrative and support services activities	5,187	191	191	5,182	-131	0
Public administration and defense, compulsory social security	83	0	0	83	0	0
Teaching	855	20	20	855	-10	0
Human health and social action	4,505	49	49	4,505	-40	0
Arts, entertainment and recreational activities	914	49	49	914	-63	0
Other services	12,200	186	186	12,200	-127	0
TOTAL	**139,532**	**4,395**	**4,395**	**139,523**	**-2,921**	**0**

Page 234: TABLE 26: PERFORMING AND NON-PERFORMING EXPOSURES AND RELATED PROVISIONS (EU CR1)

	Gross carrying amount/nominal amount						Accumulated impairment and negative adjustment of fairvalue 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
(in € millions) *At 12/31/2021*		Of which Stage 1	Of which Stage 2		Of which Stage 2	Of which Stage 3		Of which Stage 1	o/w status 2		Of which Stage 2	Of which Stage 3			
DEMAND ACCOUNTS WITH CENTRAL BANKS AND OTHER DEMAND DEPOSITS	67,124	67,123	1	0	0	0	0	0	0	0	0	0	0	4	0
DUE TO CENTRAL BANKS	242,662	220,213	22,436	5,300	0	5,300	-1,220	-270	-950	-2,260	0	-2,260	0	170,114	2,359
Central banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Public administration	1,572	1,566	6	14	0	14	0	0	0	-1	0	-1	0	1,120	10
Credit institutions	22,469	22,466	0	1	0	1	-2	-2	0	0	0	0	0	608	0
Other financial institutions	8,978	8,561	412	174	0	174	-22	-12	-11	-81	0	-81	0	5,233	87
Other financial institutions	135,136	116,888	18,240	4,395	0	4,395	-1,044	-221	-823	-1,876	0	-1,876	0	95,502	1,916
Of which SMEs	112,421	96,967	15,454	3,682	0	3,682	-876	-166	-710	-1,647	0	-1,647	0	81,614	1,560
Households	74,506	70,731	3,776	715	0	715	-151	-35	-115	-300	0	-300	0	67,651	346
DEBT SECURITIES	17,742	17,080	82	84	0	84	-15	-11	-5	-60	0	-60	0	0	0
Central banks	980	980	0	0	0	0	0	0	0	0	0	0	0	0	0
Public administration	5,611	5,611	0	0	0	0	-2	-2	0	0	0	0	0	0	0
Credit institutions	4,958	4,928	0	1	0	1	-4	-4	0	-1	0	-1	0	0	0
Other financial institutions	4,871	4,870	2	2	0	2	-3	-3	0	-1	0	-1	0	0	0
Non-financial corporations	1,322	692	81	81	0	81	-6	-2	-4	-59	0	-59	0	0	0
OFF-BALANCE SHEET EXPOSURES	69,605	64,041	5,563	345	0	345	-243	-77	-166	-112	0	-112	0	14,106	57
Central banks	19	19	0	0	0	0	0	0	0	0	0	0	0	0	0
Public administration	1,000	999	0	0	0	0	0	0	0	0	0	0	0	814	0
Credit institutions	7,451	5,819	1,632	42	0	42	-2	-2	0	-10	0	-10	0	107	3
Other financial institutions	2,690	2,270	420	1	0	1	-11	-5	-6	-1	0	-1	0	480	0
Non-financial corporations	48,608	45,358	3,249	296	0	296	-226	-68	-158	-101	0	-101	0	10,305	52
Households	9,837	9,574	262	5	0	5	-4	-2	-1	0	0	0	0	2,400	1
TOTAL	397,133	368,457	28,083	5,728	0	5,728	-1,478	-358	-1,120	-2,432	0	-2,432	0	184,224	2,416

Page 275: TABLE 61: INTEREST RATE RISK IN THE BANKING BOOK (EU IRRBB1)

(in € millions at 12/31/2021)	△EVE		△NII	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Upward parallel shift (+200 bps)	-442	171	646	743
Downward parallel shift (-200 bps)	74	227	-71	-108
Steepening of the yield curve	226	777	-	-
Flattening of the yield curve	-650	-555	-	-
Rise in short-term rates	-675	-598	-	-
Fall in short-term rates	227	70	-	-

	12/31/2021	12/31/2020
TIER 1 CAPITAL	14,359	14,075

7 SHARE CAPITAL

At June 30, 2022, CIC's share capital was €611,858,064. It is divided into 38,241,129 fully paid up shares with a nominal value of €16 each.

The amount of the share capital was increased by €3,418,176, bringing it to €611,858,064 (€608,439,888 at December 31, 2019) through the issue of 213,636 new shares, with a nominal value of €16 each, as part of the merger-absorption of CIC Iberbanco by CIC on October 19, 2020.

CIC has no unissued authorized capital or exchangeable or redeemable convertible bonds granting access to capital.

CIC shares are not listed or traded on any market.

Delegations of authority to the board of directors: there are no delegations of authority to the board of directors currently in use concerning capital increases.

CIC's articles of association include no stipulation that would delay, defer, impede or prevent a change of control, nor that would impose conditions more stringent than those required by law on changes in share capital.

The main shareholders of CIC do not hold different voting rights.

8 ADDITIONAL INFORMATION

8.1 DOCUMENTS AVAILABLE TO THE PUBLIC

This amendment to the universal registration document is available on CIC's website (www.cic.fr) and the AMF's website. The same holds true for all reports and historical financial information. The information provided on the website does not form part of the universal registration document or this amendment.

Any person wishing to obtain additional information on CIC can ask for the documents, with no obligation to commit:

- by postal mail: CIC – Relations extérieures 6, avenue de Provence – 75009 Paris, France;
- by email: frederic.monot@cic.fr.

The charter, the articles of association, the minutes of the shareholders' meetings and the reports may be accessed at the registered office: 6, avenue de Provence in Paris 9e (General Secretariat).

8.2 PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

Person with overall responsibility for the universal registration document

Mr. Daniel BAAL
Chief executive officer

Declaration by the person responsible for the interim financial report

After having taken all reasonable measures to that effect, I hereby declare that, to the best of my knowledge, the information contained in this amendment to the registration document is accurate and contains no omissions that could adversely affect its scope.

I certify, to the best of my knowledge, that the condensed financial statements for the half-year just ended were prepared in accordance with applicable accounting standards and present an accurate picture of the assets, financial position and net profit and loss of the company and of all of the companies included in the consolidation, and that the interim business report made up of sections indicated in the cross-reference table located at the end of this document presents an accurate picture of the important events that occurred in the first six months of the fiscal year, their impact on the financial statements, the principal transactions between related parties as well as a description of the main risks and uncertainties for the remaining six months of the fiscal year.

Strasbourg, August 10, 2022

8.3 STATUTORY AUDITORS

The statutory auditors, PricewaterhouseCoopers Audit and Ernst & Young et Autres, and KPMG S.A., belong to the regional association of independent auditors of Versailles (*la compagnie régionale des commissaires aux comptes de Versailles*).

Principal statutory auditors

PricewaterhouseCoopers Audit
63, rue de Villiers - 92208 Neuilly-sur-Seine Cedex
Represented by Laurent Tavernier
Start of first term of office: May 25, 1988
Current term of office: 6 fiscal years with effect from May 4, 2018
Expiration of current term of office: at the end of the shareholders' meeting called to rule on the financial statements for the fiscal year ending December 31, 2023.

Ernst & Young et Autres
Tour First - 1, place des Saisons, 92400 Courbevoie
Represented by Hassan Baaj
Start of first term of office: May 26, 1999
Current term of office: 6 fiscal years with effect from May 24, 2017
Expiration of current term of office: at the end of the shareholders' meeting called to rule on the financial statements for the fiscal year ending December 31, 2022.

KPMG S.A.
Tour Eqho - 2 avenue Gambetta,
92066 Paris La Défense Cedex
Represented by Sophie Sotil-Forgues and Arnaud Bourdeille
Start of first term of office: May 25, 2016
Current term of office: 6 fiscal years with effect from May 25, 2016
Expiration of current term of office: at the end of the shareholders' meeting called to rule on the financial statements for the fiscal year ending December 31, 2021.

The Shareholders' Meeting of May 10, 2022 renewed the term of office of KPMG S.A. as principal statutory auditors for a period of six years, i.e. until the end of the Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2027.

Alternate statutory auditors

The Shareholders' Meeting of May 10, 2022 noted that the term of office of KPMG AUDIT FS 1 SAS as alternate statutory auditors had expired and decided not to renew it.

8.4 CROSS-REFERENCE TABLES

8.4.1 Cross-reference table of the universal registration document

Sections of Appendix 1 of Delegated Regulation (EU) 2019/980: "Registration document for equity securities"		page no. of the first amendment of the universal registration document filed with AMF on August 10, 2022	page no. of the universal registration document filed with AMF on April 13, 2022
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5.5	Degree of dependence with respect to patents or licenses, industrial, commercial or financial agreements or new manufacturing processes	N/A	474
5.6	Elements on which the declarations of the issuer concerning its competitive position are based	N/A	4-5
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6.	**Organizational structure**		
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7.	**Review of the financial position and of net profit or loss**		
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8.2	Source and amount of the issuer's cash flows	43	357
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8.4	Information concerning any restrictions on the use of equity that noticeably influences or may noticeably influence the issuer's transactions	N/A	N/A
8.5	Information on the expected financing sources necessary to honor the commitments set out in point 5.7.2	N/A	N/A
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14.5	**Potentially significant impacts on corporate governance**	N/A	158-174
15.	**Employees**		
15.1	**Number of employees**	87	**408**
15.2	**Interests in the issuer's share capital and directors' stock-options**	N/A	**N/A**

Sections of Appendix 1 of Delegated Regulation (EU) 2019/980: "Registration document for equity securities"	page no. of the first amendment of the universal registration document filed with AMF on August 10, 2022	page no. of the universal registration document filed with AMF on April 13, 2022
15.3 Agreement providing for employee ownership of the issuer's shares	N/A	N/A
16. Major shareholders		
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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 annual and consolidated financial statements and the group management report for the fiscal year ended December 31, 2020 and the statutory auditors' reports on the annual and consolidated financial statements as of December 31, 2020, presented on pages 27 to 45, 133 to 309, 47 to 110, 311 to 372, 379 to 416, 373 to 377 and 417 to 420, respectively, of the universal registration document No. D.21-0335 (https://www.cic.fr/partage/fr/I14/telechargements/rapports-annuels/CIC_annual-report_2020.pdf) filed with the *Autorité des marchés financiers* (AMF – French Financial Markets Authority) on April 21, 2021;
- the annual and consolidated financial statements and the group management report for the year ended December 31, 2019 and the statutory auditors' reports on the annual and consolidated financial statements as of December 31, 2019, presented on pages 23 to 38, 127 to 291, 41 to 107 and 353 to 356, respectively, of the universal registration document No. D. 20-0363 (https://www.cic.fr/partage/fr/I14/telechargements/rapports-annuels/CIC_annual-report_2019.pdf) filed with Autorité des marchés financiers (AMF - French Financial Markets Authority) on April 27, 2020;
- the annual and consolidated financial statements and management report of the group for the fiscal year ended December 31, 2018 and the statutory auditors' reports on the annual and consolidated financial statements as of December 31, 2018, presented on pages 278 to 312 and 207 to 273 and pages 313 to 315 and 274 to 277 of registration document No. D. 19-0362 (https://www.cic.fr/partage/fr/I14/telechargements/rapports-annuels/CIC_annual-report_2018.pdf) filed with the Autorité des marchés financiers (AMF - French Financial Markets Authority) on April 18, 2019.

The chapters of universal registration documents No. D.21-0335, No. D.20-0363 and of the registration document, No. D.19-0362 not mentioned above are either not applicable for the investor or covered elsewhere in this universal registration document.

8.4.2 Cross-reference table of the interim financial report

Pursuant to Article 212-13 of the AMF general regulation, this universal registration document includes the information from the interim financial report mentioned in Article L. 451-1-2 of the French monetary and financial code and Article 222-4 of the AMF general regulation.

Interim financial report	Filed on August 10, 2022
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- Description of the main risks and uncertainties for the remaining 6 months of the fiscal year	31-37
- Principal transactions that occurred between related parties	18
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3. Declaration by the person responsible	98
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