First Amendment to the 2022 Universal Registration Document

INCLUDING

BFCM'S INTERIM FINANCIAL REPORT AT JUNE 30, 2023

Crédit Mutuel Alliance Fédérale

BANQUE FÉDÉRATIVE Crédit Mutuel

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First Amendment to the 2022 Universal Registration Document

including BFCM's Interim financial report at **June 30, 2023**

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

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

Accounts have not been audited, but are subject to a limited review.
2022 universal registration document filed with the Autorité des marchés financiers (AMF - French Financial Markets Authority) on April 13, 2023, as number D.23-0268.
First amendment to the 2022 universal registration document, filed with the Autorité des marchés financiers on August 10, 2023, as number D.23-0268-A01.

The English language version of this report is a free translation from the original, which was prepared in French. All possible care has been taken, to ensure that the translation is an accurate presentation of the original. However, in all matters of interpretation, views or opinion expressed in the original language version of the document in French take precedence over the translation.

This first amendment to the universal registration document was filed on August 10, 2023, with the AMF, as the competent authority under Regulation (EU) 2017/1129, without prior approval, in accordance with Article 9 of the regulation. The Universal registration document can be used for the purposes of a public offering of securities or for the admission of securities to trading on a regulated market if it is supplemented by a note on the securities and, where relevant, a summary and all amendments to the universal registration document are included. These are approved by the AMF in accordance with Regulation (EU) 2017/1129.

PREAMBLE

Solid results to serve the regions and solidarity

"Crédit Mutuel Alliance Fédérale demonstrated the excellent resilience of its model by reporting solid first-half results despite changing monetary policy and the economic slowdown, which weighed especially on retail banking in France. The results once again confirm the relevance of universal bankinsurance in serving the common interest."
Nicolas Théry, Chairman

"Crédit Mutuel Alliance Fédérale closed the first six months of the year on very strong sales momentum and with solid results, proof of the group's operational efficiency. Our 77,500 employees and 15,500 mutualist elected directors worked tirelessly to support individual, business and corporate customers amid strong inflation and rising interest rates."
Daniel Baal, Chief Executive Officer

Working tirelessly over the period for our members and customers

The war in Ukraine and the inherent geopolitical tensions continued to disrupt the economic outlook, for individuals, businesses and corporates alike. As a mutual bankinsurance provider and the first bank to adopt the status of a benefit corporation ("entreprise à mission"), Crédit Mutuel Alliance Fédérale continued to work hard over the period to support its customers, in particular those most affected by the successive crises. A relevant relationship-focused model for which we were awarded the 2023 "Podium de la Relation Client" [1].

A bank that is useful for its customers and members

The mutual banking group continued to work alongside its retail, business and corporate customers providing financing for their projects. Loan outstandings reached €510 billion (+5.0%) despite a significant decrease in home loan releases over the first half (-29.4%), returning to a level close to that of 2019. Consumer credit remained strong, with outstandings rising by 9.6% to €53.5 billion. The group also continued to support businesses and corporates, with equipment loan and finance lease outstandings totaling €138 billion (+8.3%).

The protection and growth of customer savings is a key pillar of the group's activity. Deposits stood at €461 billion at June 30, 2023, up 2.2%.

A bank that meets a growing need for solidarity measures

With annual inflation running at 4.5% in France [2], of which +13.7% on food prices, the inflationary cycle sparked after Russia's invasion of Ukraine continued to weigh on customers' purchasing power, in particular that of the most vulnerable customers. True to its mutualist values, Crédit Mutuel Alliance Fédérale spearheaded solidarity and locally-focused measures.

Its 30,000 advisors galvanized into action to support households, in particular through regulated savings. Inflows into Livret A savings accounts, revalued at 3% in February 2023 and secured at this high level until the end of 2024, thus reached €6.5 billion, with outstandings totaling €51.4 billion (+14.4%).

The €1 net per month solidarity account remained in place, allowing people in a fragile financial situation to benefit from all the advantages of a universal local bank and a dedicated advisor without having to pay late-payment fees. Launched in August 2022, this solidarity offer has been taken up by more than 55,000 customers. Intended for those most affected by the current economic situation, this offer was awarded the 2023 "Good Economie Prix d'Or" [3].
The street riots that erupted towards the end of the period also affected individuals and businesses. Exceptional measures are required for exceptional circumstances. With this in mind, Les Assurances du Crédit Mutuel and CIC Assurances eliminated the deductible payable by individuals on claims for damage to their car or home.

The social tension also impacted many retailers. Crédit Mutuel Alliance Fédérale decided to take strong measures to support companies and small retailers that suffered damages as a result of the unrest.As an insurer it released without delay the first cash advances for craftspeople, merchants and professionals. A "claims expense" estimated at €10 million. As a banker, the Crédit Mutuel and CIC networks offered solutions tailored on a case-by-case basis, including the suspension of credit maturity schedules.

(1) 2023 Podium de la Relation Client – Banking category / Kantar & Bearing Point.
(2) Consumer price index (CPI), INSEE, June 2023.
(3) The Good Economie Prix d'Or for 2023 in the category of products and services that promote a social impact.

A mutual bank shoulder to shoulder with its employees

Underpinned by a strong social contract, the group once again demonstrated its commitment to its employees. In January 2023, a general wage increase of 3% was granted to group employees in addition to profit-sharing and incentive schemes. The sustainable mobility package increased from €400 to €700 while coverage of the transport subscription increased from 50% to 75%. This solid social policy for the benefit of its employees is also an investment in the development of the group and its subsidiaries. It helps to increase our appeal so that we can attract more new talent.

Solidarity with « Les Restos du Cœur »

€5 million to cope with the rise in food insecurity

Inflation has led to an increase in the number of people seeking support from "Les Restaurants du Cœur" centers. To address this issue, the NGO launched an appeal to businesses. Crédit Mutuel Alliance Fédérale for its part galvanized into action without waiting for the social dividend to come into play and provided a one-off donation of €5 million via its Foundation, €2 million of which for priority assistance for infants.

Strong sales growth driven by the strength of our diversified model

Despite an unstable economic environment and regulatory pressure serving to counter the benefits of universal banking, thanks to the collective mobilization and efficiency of the universal local bankinsurance model, we generated growth in net revenue of 4%. As at June 30, 2023, net revenue reached a record level of nearly €8 billion.

Performance of the retail banking and insurance activities

Net revenue from retail banking rose by 1.9% to €6 billion. Net revenue from the branch networks remained stable at +0.7% while consumer credit rose by +5.5%.

The consumer credit business (€1.5 billion) was driven mainly by the performance of TARGOBANK in Germany. Cofidis Group saw its activity remain stable in the first half and continued to expand in Europe.

A major insurance player in France with 37.2 million policies (+1.6%), Groupe des Assurances du Crédit Mutuel (GACM) posted a strong performance in the first half of 2023, with record revenue of €7.5 billion (+13.6%). Note that GACM España was sold to AXA Seguros Generales on July 12, 2023. Revenue growth over the period was driven in particular by life insurance, for which the turnover reached €4.2 billion (+16.7%).
The life insurance activity benefited from positive net inflows in euros (+€181 million), underpinned by the announcement early in the year of a 1-point increase in the rates paid for 2022 on euro-denominated funds (i.e. an average return of 2.30%).

As at end-June 2023, the number of customers of the Crédit Mutuel bankinsurance branch network rose by 1.0% to more than 8.7 million, while the five CIC regional banks and the CIC network in the Greater Paris region had 5.6 million customers (+1.1%).

Sustained momentum in corporate banking and the specialized businesses

The performance of the specialized businesses accounted for nearly three-quarters of the increase in the group's net revenue. There was a strong rebound in revenue from private banking (+41.2%), corporate banking (+38.1%) and capital markets (+63.3%).
Net revenue from corporate banking rose thanks to the increase in net interest margin on deposits and strong loan production for corporate customers. The group's support for entrepreneurial activity is also reflected in the investment activities carried out by Crédit Mutuel Equity in all regions.

Nearly €140 million was invested in more than 31 companies in the first half of the year.
Private banking benefited from both a market effect and positive inflows. It performed well in all countries, i.e. France, Belgium and Switzerland and in Luxembourg via Banque Transatlantique, Banque de Luxembourg and Banque CIC Suisse. The asset management division had a good first half, with revenue remaining stable at €267 million.
The capital markets business performed very well in the first half of the year, driven by strong sales momentum.

Solid results at a time of monetary pressure and economic slowdown

At a time of changing monetary policy, the resilience of the universal bankinsurance model was once again made plain. The group is on track to meet the financial targets of its 2019-2023 strategic plan, ensemble#nouveaumonde plus vite, plus loin (together#today's world, faster, further!), which runs until the end of the year.

First-half net income driven by the insurance activities and specialized businesses

Crédit Mutuel Alliance Fédérale made H1 net income of nearly €2 billion, a year-on-year decrease of 7.3%. It was impacted in particular by the decrease in net interest margin in retail banking in France (-3.7%) in a specific context in France for fixed-rate home loans, regulated savings that protect household purchasing power, and commitments from the profession to limit the increase in retail rates to below 2% in 2023.

The group's comprehensive income benefited from strong results in insurance (€443 million, up 9.0%) and in the specialized businesses (€558 million, up 13.4%), demonstrating the solidity of the integrated universal bankinsurance model.

The asset management and private banking businesses generated income of €161 million, up 39%. Corporate banking made income of €105 million, up 17%. Private equity turned in a normative performance after two exceptional years (€181 million).

Confirmed operational efficiency

The mutual group maintained one of the strongest levels of operational efficiency among European banks, with a cost/income ratio of 58.2%.

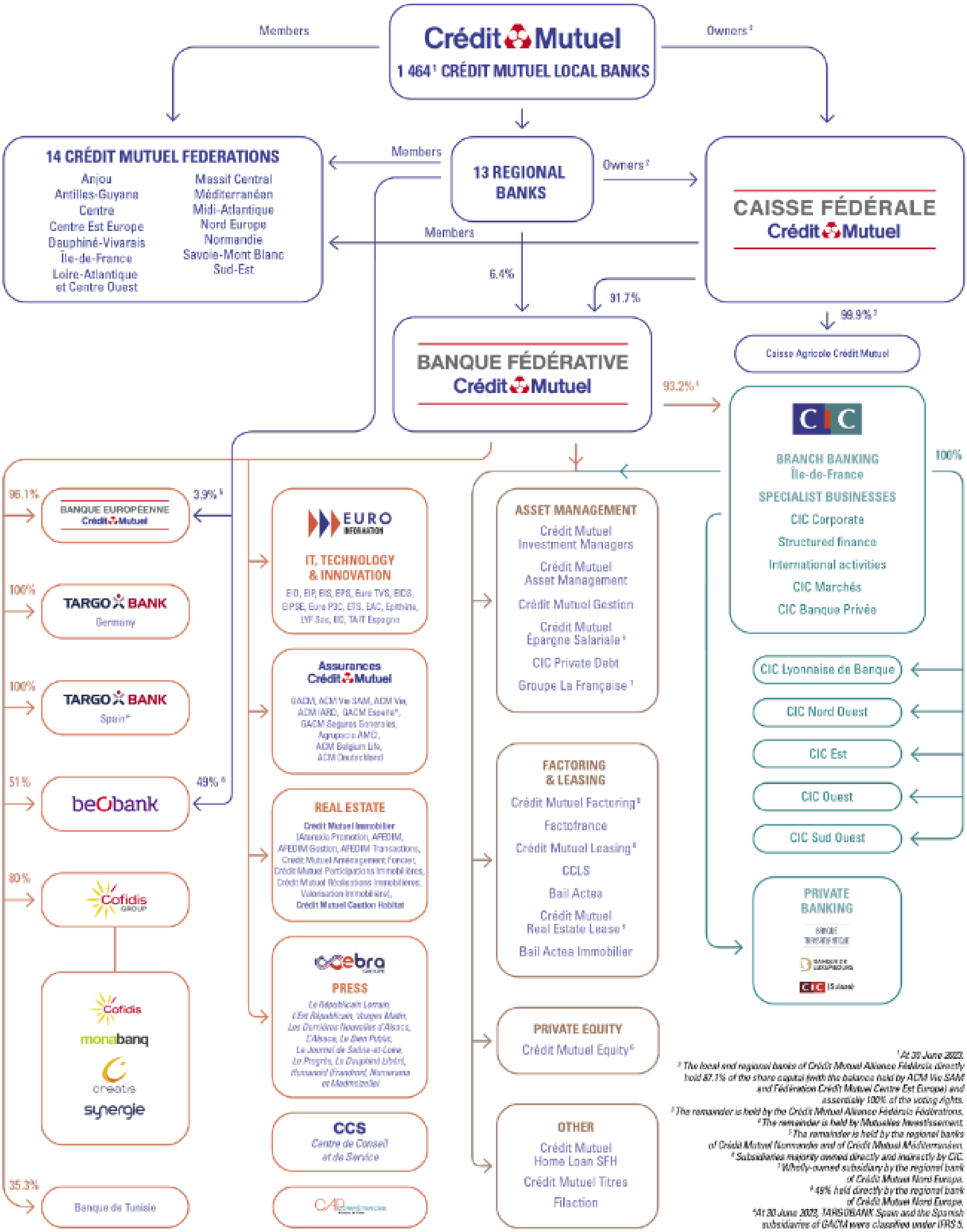
General operating expenses came to €4.6 billion (+6.7%). They reflect sound strategic choices, in particular investment in human resources (53% of the increase) and technologies. The first French company to join the IBM Quantum Network, Euro-Information announced it is continuing to invest in quantum computing. Following a successful initial phase, specific use cases have been identified in many areas of interest to financial services, including customer experience research, fraud management and risk management. These investments are part of the innovation strategy being applied since 2015, particularly around artificial intelligence. In 2023, a volume equivalent to 1,700 FTEs was freed up to carry out numerous administrative tasks (input, signature, research) for customers and members seeking a closer relationship with their dedicated local advisor.

The period also saw an increase in the cost of risk, which returned to a normative level. At €679 million, it rose by 44%. The cost of risk was especially affected by the increase in proven risk on network customers, consumer credit and corporate banking.

The non-performing loan ratio (2.7%) remained lower than at the end of 2019 (3.1%). The cost of risk to customer ratio was 24 basis points, also close to the end-2019 level (27 basis points).

1. PRESENTATION OF CRÉDIT MUTUEL ALLIANCE FÉDÉRALE

1.1 ORGANIZATIONAL STRUCTURE AT JUNE 30, 2023



[1] At 30 June 2023.
[2] The local and regional banks of Crédit Mutuel Alliance Fédérale directly hold 87.1% of the share capital (with the balance held by ACM Vie SAM and Fédération Crédit Mutuel Centre Est Europe) and essentially 100% of the voting rights.
[3] The remainder is held by the Crédit Mutuel Alliance Fédérale Fédérations.
[4] The remainder is held by Mutuelles Investissement.
[5] The remainder is held by the regional banks of Crédit Mutuel Normandie and of Crédit Mutuel Méditerranéen.
[6] Subsidiaries majority owned directly and indirectly by CIC.
[7] Wholly-owned subsidiary by the regional bank of Crédit Mutuel Nord Europe.
[8] 49% held directly by the regional bank of Crédit Mutuel Nord Europe.
*At 30 June 2023, TARGOBANK Spain and the Spanish subsidiaries of GACM were classified under IFRS 5.

1.2 RECENT EVENTS

1.2.1 Results of the first half of 2022 restated for IFRS 17

As of January 1, 2023, Crédit Mutuel Alliance Fédérale applies IFRS 17 "Insurance Contracts" at the Group level as well as IFRS 9 "Financial Instruments" for its insurance entities.

In order to have a consistent reference, the data for the first half of 2022 has been restated on a pro forma basis.

The two business lines affected are:

- **Insurance**, on the one hand, with two main effects:
  - Amortization over the contract life of the expected future profits (CSM - Contractual Service Margin) from multi-year contracts (life, creditor, long-term care and burial and funeral insurance).
  - Reclassification of expenses related to insurance contracts from general operating expenses to net revenue.
- **"Other business lines",** with expenses incurred by the network for the distribution of insurance contracts reclassified as net revenue; to avoid skewing the analysis of the businesses' performance, these expenses were reclassified under "other business lines".

In addition, the restated 2022 half-year financial statements were impacted by two factors:

- The deconsolidation, effective January 1, 2022, of several subsidiaries of Groupe des Assurances du Crédit Mutuel (GACM), including MTRL, Sérénis Assurance, ACM Belgium (formerly Partners Assurances), ICM Life and ACM Courtage;
- The recognition as net revenue of the banking network of expenses related to "development plans", which were previously recognized under "other business lines".

1.2.2 Societal dividend: first application, implementation of 0% bicycle loans.

At the start of the year, Crédit Mutuel Alliance Fédérale announced the creation of the Societal Dividend, a measure consisting of allocating 15% of its net income each year to the financing of environmental and solidarity-based transformation projects. The interest expense relating to this offering will be allocated to this societal dividend.

With the societal dividend, Crédit Mutuel wants to actively participate in changing society towards a more inclusive and sustainable model.

The first use of this dividend is reflected in the launch of the 0% bicycle loan for all (without administration fees). This offer applies to private individuals and professionals, whether for commuting, leisure or business use, notably with electrically assisted cargo bikes.

In addition, the Crédit Mutuel Alliance Fédérale group donated a €79 million sponsorship budget *via* its Foundation to associations whose action were in line with the group's societal dividend objectives.

1.2.3 Cofidis Hungary acquisition project

On May 24, 2023, Cofidis Group announced the signature of an agreement to acquire the shares of Magyar Cetelem Bank in Hungary (a subsidiary of the BNPP PF group) through Cofidis SA. The buyback should be effective in the first quarter of 2024, subject to obtaining the different regulatory authorizations. For Cofidis Group, this acquisition offers the opportunity to pursue the development of its activities in Hungary and more generally in Central European countries.

1.2.4 Sale of GACM España

Sale of GACM España Sale of GACM España to AXA Seguros Generales on July 12. At June 30, it remains consolidated, with TARGOBABK Spain, under IFR5 standards (assets held for sale).

2 INTERIM BUSINESS REPORT OF CRÉDIT MUTUEL ALLIANCE FÉDÉRALE AND BFCM

2.1 ECONOMIC AND REGULATORY ENVIRONMENT IN THE FIRST HALF OF 2023

2.1.1 Economic environment

Persistent inflation in the first half of 2023

The first half of the year was marked by a resurgence of fears about growth prospects, as central banks continued to tighten monetary policy. Persistent inflation, particularly core inflation, led the European Central Bank (ECB), the Fed and the Bank of England (BoE) to continue their monetary tightening. This was compounded by an episode of financial turbulence relating to the collapse of US regional banks and Crédit Suisse. Risk aversion was also fueled by negotiations over the suspension of the US federal debt ceiling and the prospect of default should the US Treasury fail to meet its commitments in June. Better than expected, economic activity nevertheless showed signs of slowing, particularly in the Eurozone, which entered a technical recession in the first quarter. In China, after a first quarter marked by a substantial rebound in economic growth following the post-pandemic reopening, the recovery in activity was disappointing, particularly in industry, weighing on commodity prices and fueling expectations of greater fiscal and monetary support from the authorities.

In the **Eurozone**, inflationary pressures remained persistent, with core inflation - excluding energy and food - slowing to +5.4% year-on-year in June, compared with +5.5% for the headline figure. This has led the ECB to raise its key rates four times since the start of the year, by 150 basis points to 3.5% for the deposit rate. It has also accelerated the reduction in the size of its balance sheet by not reinvesting securities acquired under the historic asset purchase program, and by repaying banks' long-term lending operations. These measures have contributed to the tightening of financial conditions and led to a slowdown in lending. For a time, financial investors were anticipating a slightly less restrictive monetary policy, due to fears of a systemic banking crisis, following the difficulties in the United States and Switzerland (takeover of Crédit Suisse by UBS). However, the ECB affirmed its confidence in the resilience of the Eurozone banking system, and reiterated its ability to deploy emergency measures if necessary to ensure financial stability. Faced with a labor market still under pressure and conducive to second-round effects *via* wage pressures, the members of the institution reiterated the need for further monetary tightening. This led to a clear appreciation of European two-year sovereign yields by almost 50 bp over the half-year, while their ten-year peers fell back slightly from their levels at the start of the year. At the same time, although better than expected, economic growth showed signs of weakening as the Eurozone entered a technical recession (two consecutive quarters of contraction, at -0.1% sequentially in Q1 2023 and Q4 2022), particularly in industry, as in **Germany**. Moreover, thanks to reduced risk aversion and resilient economic activity in **Italy,** the Italian-German ten-year sovereign spread narrowed sharply by 50 bp at the end of the half-year.

In **France**, growth in Q1 2023 moved back into positive sequential territory at +0.2% *vs.* +0% in Q4 2022, driven by a rebound in foreign trade with a sharp rise in transport exports and a reduction in energy imports, while domestic components continued to suffer. Business and household confidence indices deteriorated in Q2 2023, including in services, which are now in contraction territory. Rating agency Fitch downgraded France's sovereign rating from AA to AA-, with an outlook from negative to stable, due to reservations about the trajectory of public finances and the social context that followed the enactment of the pension reform, complicating the government's reform prospects in their view. However, S&P subsequently maintained its rating unchanged at AA with a negative outlook.

In the **United Kingdom**, the persistence of inflation, at +8.7% year-on-year in May for the headline rate and +7.1% for the core rate, and tensions on the labor market, well in excess of its projections, led the BoE to accelerate its key rate hike from 150 bp to 5% in four meetings, with a return to 50 bp at the last meeting in June. The prospect of further monetary tightening contributed to a sharp rise in sovereign yields (10-year: +70 bp), particularly at shorter maturities, even exceeding the peaks reached in autumn 2022 (2-year: +160 bp), and in sterling (+3.2% against the euro). Business has so far remained resilient, as evidenced by Q1 2023 growth of +0.1% sequentially and robust PMI activity indices.

In the **United States**, regional bank failures and fears of a US sovereign default marred the first half of the year and contributed to substantial volatility. The failure of regional banks in March, notably Silicon Valley Bank, forced the Fed and regulators to deploy exceptional measures to guarantee deposits and access to liquidity for US credit institutions (nearly $300 billion in liquidity). Since then, with the exception of the

First Republic takeover, signs of banking stress have eased, as evidenced by the stabilization of deposits and the stability of the interbank market. Fears of a sovereign default, which according to the US Treasury could have occurred in early June, then took over even though the federal debt ceiling had been reached in mid-January. At the end of May, the White House and the Republican opposition in Congress reached an agreement to suspend the cap until 2025, *i.e.* after the presidential elections in November 2024, in return for limited public spending in fiscal years 2024 and 2025. Despite these episodes, which contributed to the volatility of sovereign rates, the Fed focused its efforts on tackling persistent core inflation (the Fed's preferred PCE index stood at +4.6% year-on-year in May) and the still insufficient normalization of the labor market. It raised its key rates by 75 bp in four meetings, bringing the target range to 5%-5.25% , which contributed to a sharp rebound in short-term sovereign rates, up 50 bp to 2 years. Although the Fed decided to take a break in June by leaving its key rates unchanged, it did hint at possible future rate hikes, an analysis based on still-resilient demand. Economic growth remained buoyant in the first quarter (+0.5% sequentially), and services activity continued to expand despite its slowdown. These dynamics, combined with the wave of enthusiasm for artificial intelligence, notably enabled US equity indexes to significantly outperform their European peers, at +15% for the S&P 500 *vs.* +4% for the Stoxx Europe 600.

In **China**, after a substantial rebound in economic growth in the first quarter (+2.2% sequentially) with the post-COVID reopening of the economy, mainly in services, the momentum showed signs of slowing, particularly in industry weakened by flagging domestic and foreign demand. Against this backdrop, and in view of very low inflation, the People's Bank of China stepped up its monetary support by cutting its main short- and medium-term interest rates, in order to support investment and consumption. This nevertheless accentuated the yuan's 4.8% depreciation against the dollar. In addition, geopolitical tensions with the United States rose, notably over suspicions of espionage and the war in Ukraine, a year after the start of the Russian invasion. In emerging countries, Brazil's Lula government committed to reducing the public deficit, and benefited from renewed investor confidence, as evidenced by the appreciation of the real and the rise in the Bovespa share index. While inflation continued to slow substantially, the Brazilian central bank kept its key rates unchanged throughout the half-year.

In commodities, the weakness of Chinese industry weighed on oil prices (-13% to $75/barrel), despite OPEC+ countries' decisions to cut production by 2.66 million barrels a day to support prices. This reduction took the form of a 1.16 million b/d cut from May onwards, plus the extension of the 500,000 b/d cut in Russian production until the end of the year, and Saudi Arabia's decision to cut production by 1 million b/d from July onwards. The price of industrial metals, which had risen for a time at the start of the half-year, was also affected by weak demand in China. Lastly, European gas prices fell by 35% to €37/MWh due to favorable weather conditions, efforts to reduce demand and the diversification of supplies.

2.1.2 Regulatory environment

The regulatory measures adopted 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 events of the first half of 2023 have reminded us of the fundamental need for a regulatory framework, and illustrate the materialization of risks linked to the vulnerabilities of certain players in a high interest rate environment. Indeed, **the financial system came under considerable strain during the first half of the year**, in the wake of regional bank failures in the USA and Switzerland. In addition, certain structural risks remain high, notably the risk of cyber-attacks, which has increased against a backdrop of high geopolitical tensions in several regions of the world.

Credit risks

In a context of high inflation and driven by the normalization of monetary policies, the rise in interest rates in the Eurozone will continue to be the major factor influencing credit risk in 2023.

According to the European Central Bank (ECB), **lending criteria**, *i.e.* banks' internal guidelines or loan approval criteria, for loans such as real estate or corporate credit lines, **tightened further significantly in the first and second quarters of 2023**. Loan demand, for its part, fell sharply, driven by rapidly rising interest rates, declining fixed investment and weakening real estate markets. In mid-June, the High Council for Financial Stability (HCSF), the body charged with overseeing the stability of the financial system, decided to relax certain criteria governing the granting of loans by banks, but opting for technical adjustments at the margins.

The European Systemic Risk Board (ESRB) **also published a recommendation on the vulnerabilities of the commercial real estate sector in the European Economic Area**. The ESRB recommends that European and national authorities improve the supervision of systemic risks arising from the commercial real estate sector. The analysis shows that unfavorable developments in the commercial real estate sector could have a systemic impact on the financial system and the real economy.

European Union (EU) legislators reached **political agreement on the Consumer Credit Directive (CCD2)** to replace Directive 2008/48/EC. It aims to ensure the proper functioning of credit markets, while guaranteeing a high level of consumer protection. The text provides for stricter rules in terms of consumer information and advertising in favor of online loans, as well as a more rigorous assessment of the solvency of creditors.

Market risks

The market tensions of recent months - energy markets, UK pension funds, US regional bank failures, the "domino" crisis and the Crédit Suisse takeover - show that localized vulnerabilities can quickly have widespread repercussions on financial asset prices, liquidity and volatility.

According to the Financial Stability Board, around 14% of the world's financial assets are managed by non-bank financial intermediaries exposed to risks similar to those of banks. These players could face significant financing needs in the event of a market shock, through margin calls or buyback requests, and thus reinforce adverse market dynamics through forced asset sales. Highly leveraged players would be particularly vulnerable to these dynamics. It is therefore essential to strengthen the regulatory framework applicable to them.

The European Banking Authority (EBA) has launched, among other things, a **review of the rules relating to specific reporting requirements for market risks** (FRTB reporting [1]), with the aim of providing supervisors with the tools they need to monitor these risks and strengthen the calculation of capital requirements for market risks.

Aimed at channeling long-term investment to help finance the ecological and digital transitions, European Long-Term Investment Funds (ELTIF) now have a less restrictive regulatory framework to support European projects, including for small and medium-sized enterprises. **The European Parliament adopted the ELTIF 2.0 regulation, which will come into force at the end of 2023.**

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

Solvency risks

The **finalization of the implementation of Basel III**, as part of the banking package, through its ongoing regulatory transposition in Europe – CRR3 [2] and CRD6 [3], as well as the review of Solvency II – contribute to the strengthening of European financial stability, by adjusting the prudential requirements applicable to both credit institutions and insurance organizations.

In December 2022, the HCSF decided to raise the rate of the credit protection reserve (countercyclical bank capital buffer) to 1.0%, and recently confirmed that it does not envisage a further increase in 2023. This requirement will take effect on January 2, 2024.

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

French banks continue to post high levels of solvency and liquidity. At this stage, they are well positioned to adapt to the tightening of monetary policy and to benefit from rising interest rates.

IT risks

Banks must address vulnerabilities and risks arising from increased operational dependence on IT systems, third-party services and innovative technologies.

Cyber threats, whose probability of occurrence is increased by the geopolitical crisis, are among the ECB's supervision priorities.

The ESRB has published a report aimed at advancing macroprudential tools for cyber-resilience. To this end, EU authorities are encouraged to make progress on three elements: cyber-resilience scenario testing, systemic impact tolerance targets and financial crisis management tools.

The **Digital Operational Resilience Act regulation**, applicable from early 2025, creates a regulatory framework for digital operational resilience under which financial entities will have to ensure that they can withstand, respond to and recover from any serious operational disruption related to information and communication technologies. At the same time, the **new NIS2 [4] directive**, which aims to harmonize and strengthen cybersecurity in the European market, taken to replace Directive 2016/1148, will come into force in the second half of 2024.

(1) FRTB : Fundamental Review of the Trading Book
(2) CRR3 : Capital Requirements Regulation
(3) CRD6 : Capital Requirements Directive
(4) Network and Information Security - December 2022.

Regarding the regulation of digital assets, the European Parliament approved the **first EU rules to trace transfers of cryptoassets** (such as bitcoin and e-money tokens) and prevent money laundering, as well as common rules on customer protection under a regulation on cryptoasset markets (MiCA [1]).

In addition, the Basel Committee on Banking Supervision (Group of Central Bank Governors and Heads of Banking Supervision) has approved a **finalized prudential standard on banks' exposure to cryptoassets** (including traditional tokenized assets, stablecoins and unbacked cryptoassets) as well as a work program and strategic priorities for 2023-24.

A regulatory review is also underway in France and Europe on disintermediated finance (DeFi [2]).

Climate risks

The Intergovernmental Panel on Climate Change's summary report, published on March 20, 2023, concludes that climate risks are much higher than previous estimates.

Over the next two years, the European Commission aims to:

- introduce new accounting, credit rating, prudential and macro-prudential regulations for the entire financial sector, to better manage sustainability risk;
- improve the reliability and comparability of ESG ratings [3];
- ensure the orderly transition of the financial system and guarantee its integrity.

Financial supervisors are therefore paying increasing attention to assessing and monitoring the transitional and physical risks associated with climate change. The ECB has included these measures in its supervision priorities for 2023/2024.

A first means of assessment is to conduct **stress tests**. The climate stress test exercise carried out by the ECB at the end of 2022 demonstrates that a long process of evaluation and calculation of assets invested in sustainable economic activities must be gradually deployed by the financial sector. For its part, the European Insurance and Occupational Pensions Authority conducted its first climate stress test exercise for early 2023. Finally, the European Commission mandated the three European supervisory agencies to conduct a stress test in 2023-2024 to assess the resilience of the financial sector in the medium term, in relation to the transition risk implied by the "fit-for-55" [4] package.

A second means is the **monitoring of financial institutions' exposure to physical and transition risks**, which is beginning to develop, notably through the implementation of a set of climate-related statistical indicators, which seek to measure the carbon footprint of the financial sectors of Eurozone countries and their exposure to physical risks.

The **CSRD directive** (Corporate Sustainability Reporting Directive) was also published at the end of 2022. It replaces the 2017 NFRD (Non Financial Reporting Directive) and includes the new obligations with which companies will have to comply in terms of reporting non-financial performance, and will apply progressively from January 1, 2024. The main aim of the CSRD is to harmonize sustainability reporting by companies (including banks) and improve the availability and quality of published ESG data. These developments will meet the information needs of financial players, who are themselves subject to ESG reporting obligations. The CSRD amends four existing European texts: the Accounting Directive, the Transparency Directive, the Audit Directive and the Audit Regulation.

The **Green Claims Directive** is currently being negotiated, and aims to provide a framework for the environmental claims made by companies, by accompanying and reinforcing measures against all forms of Greenwashing. Claims of "carbon neutrality" should therefore be banned in the EU unless accompanied by "detailed evidence". In addition, a regulation on "zero deforestation" supply chains is currently being drawn up to ensure that certain essential goods placed on the EU market will no longer contribute to deforestation and forest degradation.

Finally, in June 2023, the European Parliament adopted its **draft legislative resolution on the proposal for a directive on corporate sustainability due diligence**, which will now enter into negotiations at inter-institutional level (trialogue).

(1) Markets in Crypto-Assets
(2) Decentralized or disintermediated finance (DeFi) refers to a set of services on cryptoassets, comparable to financial services and carried out without the intervention of an intermediary. Based on the principle of decentralization popularized by blockchain technologies, it has developed in the wake of innovations linked to cryptoassets, notably the widespread use of clause-executing automata (or smart contracts).
(3) ESG: Environment, Social and Governance, three main factors used to assess the sustainability of an investment.
(4) Fit-For-55 refers to the EU objective of reducing net greenhouse gas emissions by at least 55% by 2030. The proposed legislative package aims to align EU legislation with the target set for 2030.

Compliance risks

Significant work on the marketing of financial instruments to individuals is currently underway at European level, and will have a major impact on the banking sector.
In May 2023, the European Commission adopted **a package of measures on retail investment**. It consists of an amending "Omnibus" directive known as the Retail Investment Strategy Directive, which revises the existing rules set out in the MiFID II Directive [1], the DDA Directive [2], the UCITS Directive, the AIFM Directive [3], and the Solvency II Directive [4], supplemented by an amending regulation revising the PRIIPs Regulation [5]. This legislative package includes a number of measures designed to: improve the information provided to retail investors on investment products and services; make costs more transparent and comparable by imposing standardized presentation and terminology; protect retail investors from misleading commercial practices; maintain high standards of professional qualification for financial advisors; and remedy potential conflicts of interest in the distribution of investment products, by prohibiting, among other things, retrocessions for sales made without the provision of any advice. Lastly, distributors' compensation would be subject to stricter safeguards and greater transparency, with implementing measures currently under consultation.

In 2022, the European Commission also published a proposal to **reform EU rules on distance marketing of consumer financial services** (digital market and digital protection). Inter-institutional negotiations will begin following a provisional agreement between the Council and Parliament in June 2023.

Members of the European Parliament approved **stricter rules to step up the fight against money laundering, terrorist financing and sanctions evasion in the EU**. The legislative package comprises the Single EU Regulation, the Sixth Anti-Money Laundering Directive and the Regulation establishing the European Anti-Money Laundering Authority. The European Parliament is ready to start negotiations on this AML/CFT legislative package.

The crisis in Ukraine led the EU to adopt new restrictive measures against Russia as part of a tenth package of sanctions since February 24, 2022.
To reinforce the effectiveness of these measures, the European Commission proposed **a directive on the recovery and confiscation of assets** (as part of the global fight against organized crime, corruption and money laundering) aimed at ensuring rapid and effective freezing operations throughout the EU, and faster compensation for victims.

Insurance risks

Several regulatory projects initiated in 2022 are continuing in 2023:

- publication of **technical implementing standards** for the reporting of risk concentrations and intra-group transactions for supervisory purposes, in application of the Financial Conglomerates Directive. This text specifies the scope and frequency of reporting on major intra-group transactions and significant risk concentrations within financial conglomerates. It defines the reporting formats to be respected and will apply from the end of 2023;
- 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**.

Other regulatory issues are under discussion:

- **work on the future digital euro** is progressing and is experiencing reluctance from regulators in some EU countries;
- the **right to an instant transfer** is being prepared;
- a new **payment services directive** (DPS3) is being considered;
- the creation of the **ESAP** (European Single Access Point), which will provide centralized electronic access to corporate financial and non-financial information;
- the creation of a **standardized European due diligence procedure** (trialogue under discussion): Corporate Sustainability Due Diligence Directive (CSDDD or CS3D).

(1) Markets in Financial Instruments Directive (MiFID).
(2) The IDD (Insurance Distribution Directive) or DDA (Directive sur la Distribution d'Assurance).
(3) The Alternative Investment Fund Manager (AIFM) directive provides a regulatory framework for hedge fund managers in Europe.
(4) The Solvency II directive aims to modernize and harmonize the solvency rules applicable to insurance companies.
(5) The European PRIIPs (Packaged Retail Investment and Insurance-based Products) regulation aims to standardize pre-contractual information for packaged financial products (investment funds, derivatives, savings mode life insurance products, etc.) offered to non-professional investors.

2.2 ACTIVITIES AND RESULTS OF CRÉDIT MUTUEL ALLIANCE FÉDÉRALE

2.2.1 Analysis of the business and results

2.2.1.1 Change in activity in the first half of 2023

Customer deposits

(in € billions)	06/30/2023	06/30/2022	Change	12/31/2022
Current accounts	197.2	231.8	-14.9%	221.7
Livrets Bleu & A	51.4	44.9	+14.4%	47.6
Other passbook accounts	75.2	78.0	-3.6%	78.0
Mortgage savings agreements	39.9	41.8	-4.6%	42.0
Brokered deposits [1]	77.6	42.0	+84.6%	52.4
Other	19.2	12.2	+57.0%	15.3
Customer deposits	**460.5**	**450.7**	**+2.2%**	**457.0**

(1) Term deposits and PEPs

Deposits amounted to €460.5 billion at the end of June 2023, up 2.2% year-on-year.

At June 30, 2023, inflows into *Livret Bleu* and *Livret A* passbook accounts were particularly high, with deposits up 14.4% year-on-year to more than €51.4 billion. This increase was mainly due to the continuation of favorable regulated savings measures, which resulted in an increase in interest on passbook accounts. In addition, the financial market environment has encouraged customers to opt for products that are both liquid and safe. Brokered deposits (term deposits and PEPs) grew by nearly 85% year-on-year, totaling close to €78 billion. On the other hand, there were significant outflows of more than €34.5 billion from current accounts, and deposits to mortgage savings accounts fell by nearly 5%.

Customer loans

(in € billions)	06/30/2023	06/30/2022	Change	12/31/2022
Home loans	258.1	248.0	+4.1%	254.4
Consumer credit	53.5	48.8	+9.6%	51.0
Equipment and leasing	138.0	127.4	+8.3%	134.8
Operating loans [1]	52.1	55.4	-5.9%	54.5
Other	8.3	6.4	+30.5%	7.4
Customer loans	**510.1**	**485.9**	**+5.0%**	**502.1**

(1) Current accounts in debit & cash flow loans

At the end of the first half of 2023, outstanding loans totaled more than €510 billion, an increase of 5.0% year-on-year.

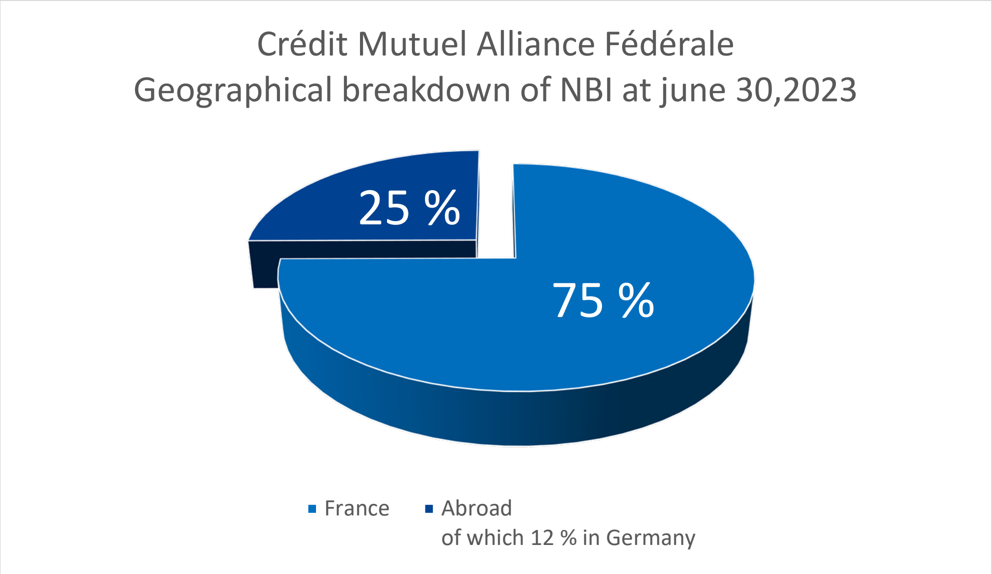
Despite higher interest rates, outstanding loans grew in all the main loan categories:

- home loans rose by 4.1% to €258.1 billion;
- consumer credit increased by 9.6% to €53.5 billion;
- equipment loans and leasing grew by 8.3% to nearly €138.0 billion.

Compared to 2022, the growth in outstandings is slowing down; it was 13.4% at June 30, 2022 and 12.9% at December 31, 2022.

2.2.1.2 Geographical breakdown of revenues

The group's activity is concentrated in France, which represents more than three-quarters of the group's net banking income [1] (75% at June 30, 2023. Internationally, the group has significant activities in Germany and, to a lesser extent, in Spain. CIC also has international subsidiaries in London, Brussels, New York, Hong Kong and Singapore, and representative offices in several other countries. These international activities represent almost a quarter (25%) of the group's net banking income.



2.2.1.3 Results of Crédit Mutuel Alliance Fédérale

(€ millions)	1st half 2023	1st half 2022 proforma	Change
Net revenue	**7,984**	**7,681**	**+4.0%**
General operating expenses	-4,649	-4,358	+6.7%
of which contribution to the single resolution fund, supervision costs and contributions to the DGF [1]	*-281*	*-368*	*-23.6%*
Gross operating income	**3,335**	**3,322**	**+0.4%**
Cost of risk	-679	-470	+44.4%
cost of proven risk	*-653*	*-350*	*+86.4%*
cost of non-proven risk	*-26*	*-120*	*-78.5%*
Operating profit	**2,656**	**2,852**	**-6.9%**
Net gains and losses on other assets and ECC [2]	18	46	-60.6%
Net profit/(loss) before tax	**2,674**	**2,898**	**-7.7%**
Income tax	-711	-781	-8.9%
Net profit/(loss)	**1,962**	**2,117**	**-7.3%**
Non-controlling interests	87	98	-11.0%
Group net income	**1,875**	**2,019**	**-7.1%**

(1) DGF = Deposit guarantee fund (Fonds de Garantie des Dépôts).

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

(1) Excluding Holding company services.

Net revenue

In the first half of 2023, Crédit Mutuel Alliance Fédérale recorded 4% growth in net revenue to €8 billion, thanks in particular to the strong performance of the specialized business lines, excluding private equity, and insurance. Retail banking rose by 1.9% despite a drastic and far-reaching change in economic conditions.

(€ millions)	1st half 2023	1st half 2022 proforma	Change
Retail banking	**6,062**	**5,947**	**+1.9%**
banking network	*4,194*	*4,167*	*+0.7%*
consumer credit	*1,532*	*1,452*	*+5.5%*
Insurance	**641**	**567**	**+13.0%**
Specialized business lines	**1,455**	**1,229**	**+18.4%**
Asset management and private banking	646	531	+21.7%
Corporate banking	296	214	+38.1%
Capital markets	293	180	+63.3%
Private equity	220	304	-27.8%
Other business lines	**-174**	**-63**	**x 2.7**
Total Net Revenue Crédit Mutuel Alliance Fédérale	**7,984**	**7,681**	**+4.0%**

Income from **retail banking** rose by 1.9% to more than €6 billion in the first half of 2023. Consumer credit accounted for most of this increase.

The **insurance** business posted a 13% increase in net revenue largely linked to a more favorable economic environment than in 2022, marked by the start of the conflict in Ukraine and to fewer weather-related claims.

Net revenue from **asset management and private banking** grew by 21.7%. Business development was strong despite an uncertain macroeconomic environment.

Corporate banking posted a 38.1% increase in net revenue, with robust activity in project financing and asset financing. The large corporates activity benefited from the continued financing of customers' investments and medium-term projects

In **capital markets**, net revenue was up 63.3%. Volatility in the financial markets, primarily in March 2023, did not affect the results, including robust growth in net revenue (€293 million) compared with the first half of 2022.

Net revenue from **private equity** (€220 million vs. €304 million in the first half of 2022) remained solid in an uncertain macroeconomic environment.

Net revenue from **the other business lines** was impacted by the IFRS 17 restatements related to the insurance activities carried out through the banking network.

General operating expenses and gross operating income

In the first half of 2023, general operating expenses amounted to €4.6 billion, with an increase of 6.7%.

The employee benefit expense, which includes the effect of salary increases, accounted for 53% of the total increase. They include the effect of wage increases. Other operating expenses were impacted by by higher energy costs, IT investment costs and the sponsorship budget related to the societal dividend. Supervision costs and the contribution to the single resolution fund decreased by 24%.

The cost-to-income ratio worsened by 1.5 points vs. the first half of 2022, to 58.2%, but remains in line with the targets of the 2019-2023 strategic plan.

Gross operating income increased slightly (+0.4%) to €3.3 billion. The rise in net revenue helped to cover the increase in operating expenses.

Cost of risk and operating income

The overall cost of risk was €679 million, up 44.4% compared with the first half of 2022.

This increase was due to the two opposing trends:

- An increase in the network customer's cost of proven risk, consumer credit and in corporate banking due to the downgrading of large corporates. This deterioration reflects the uncertain macroeconomic environment that has continued since the COVID crisis;
- A decrease in the cost of non-proven risk related to transfers from performing loans to non-performing loans, resulting in a decrease in the cost of non-proven risk and an increase in the cost of proven risk.

The non-performing loan ratio rose to 2.7% compared with the end of 2022, but remains below the level at the end of 2019 (3.1%).

Compared to outstanding loans, the cost of risk for customer loans was 24 basis points, also up compared with the end of 2022, reaching the level at end-2019 (27 basis points).

Outstanding loans *(in € millions)*	06/30/2023	06/30/2022	12/31/2022
Customer loans (net outstandings on the balance sheet)	510,090	485,933	502,097
Gross loans	519,956	495,603	511,668
Gross non-performing loans	13,938	12,363	13,181
Provisions for impairment of receivables	- 9,866	- 9,670	- 9,571
of which provisions for impairments on non-performing receivables (Stage 3)	*- 6,546*	*- 6,199*	- 6,278
of which provisions for impairments on performing loans (Stages 1 & 2)	*- 3,320*	*- 3,471*	- 3,293
Non-performing loans as a % of gross loans	**2.7%**	**2.5%**	**2.6%**

As a result of this increase in the cost of risk, operating income fell by 6.9% compared with the first half of 2022.

Other

Net gains and losses on other assets and ECC amounted to €18 million and consisted entirely of the share of net income of equity consolidated companies. In the first half of 2022 (€46 million), this item included the gain on the disposal of FLOA to BNP Paribas.

Income before tax

Income before tax fell by 7.7% compared to the first half of 2022.

Net income

In an uncertain macroeconomic environment, net income amounted to €2 billion and was down by €155 million (-7.3%).

Group net income was €1.9 billion (-7.1%).

2.2.1.4 Results by activity of Crédit Mutuel Alliance Fédérale

2.2.1.4.1 Retail banking and consumer lending in France and Europe

(€ millions)	1st half 2023	1st half 2022 proforma	Change
Net revenue	**6,062**	**5,947**	**+1.9%**
General operating expenses	-3,962	-3,798	+4.3%
Gross operating income	**2,100**	**2,149**	**-2.3%**
Cost of risk	-614	-461	+33.1%
cost of proven risk	*-548*	*-336*	*+63.0%*
cost of non-proven risk	*-66*	*-125*	*-47.4%*
Operating income	**1,486**	**1,687**	**-11.9%**
Net gains and losses on other assets and ECC [1]	2	2	n.s.
Net profit/(loss) before tax	**1,488**	**1,689**	**-11.9%**
Income tax	-456	-523	-12.7%
Net profit/(loss)	**1,032**	**1,167**	**-11.6%**

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

The retail banking segment comprises three business lines:

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

Bank networks

Crédit Mutuel, Beobank and BECM banking and insurance network

Crédit Mutuel, Beobank and BECM banking and insurance network

At the end of June 2023, the banking and insurance network of Crédit Mutuel and Beobank local banks – Crédit Mutuel Alliance Fédérale's core business – represented more than 25% of total net revenue. Net revenue grew by 0.5% to €2 billion, driven by the net interest margin (+0.5%) and fee and commission income (+1.3%). Excluding Beobank, the net interest margin fell by 3.1% and fee and commission income increased by 1.4%.

Operating expenses increased by 4% to nearly €1.6 billion; this included the decrease in the contribution to the SRF (new calculation base in 2023), resulted in a €36 million reduction in this expense.

The overall cost of risk rose significantly by 39.3% to €79 million, mainly due to the steep increase in the cost of proven risk, from €39 million to €75 million at the end of June 2023. In the banking and insurance network of Crédit Mutuel local banks (excluding Beobank), the cost of proven risk remained low as a percentage of loans: 8 basis points in the first half of 2023 compared with 5 basis points at end-June 2022.

Income before tax fell by 15.8% (-€74 million) to nearly €400 million.

The banking network's net income therefore fell by 14% to €273 million at the end of June 2023 compared with €317 million a year earlier.

(1) TARGOBANK Spain was classified under IFRS 5 (assets held for sale) at 6/30/2023 following the Group's announcement on December 22, 2022 of its potential sale to ABANCA

Business activity : Crédit Mutuel local banks

At the end of the first half of 2023, the Crédit Mutuel banking and insurance network had over 8.7 million customers, an increase of 1% (+90,000). The number of retail customers, who account for 86% of the total customer base, rose by 0.7%. The increase was even greater in the corporate and business customer market, 7% (+3,800 customers) and 4.5% (+30,000 customers), respectively.

Deposits amounted to €253.1 billion at the end of June 2023, up 4.7% year-on-year.

Given attractive interest rates, inflows from term deposits resulted in a sharp rise in deposits (+88.7 %) to €14.8 billion at the end of June 2023. Livret Bleu and Livret A passbook accounts also increased in inflows, with deposits up 8.1% year-on-year to nearly €73.5 billion.

Loans grew by 4.3% to €182.2 billion on June 30, 2023. This increase was driven by investment loans and home loans, which rose by 9.1% and 4%, respectively.

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

- property & casualty and health, protection & creditor insurance contracts (excluding life and creditor insurance) reached 13.1 million, up 2.5% year-on-year;
- the number of mobile phone contracts was 853,000, a 1% increase year-on-year;
- the number of remote home surveillance subscriptions rose 5.4% to more than 221,000 contracts.

In terms of income, the network of Crédit Mutuel local banks posted a decrease in net revenue (-0.8%) to more than €1.8 billion, fueled by a modest increase in fee and commission income (+1.5%) coupled with a decrease in the net interest margin (-3%).

General operating expenses rose by 4.3% to over €1.4 billion.

The cost-to-income ratio worsened by 3.7 percentage points to 77% and gross operating income fell by more than 14% to €429 million.

The overall cost of risk included a net provision of €75 million compared with a net provision of €54 million at the end of the first half of 2022. This increase was driven by the cost of proven risk, which rose 85% year-on-year, reflecting a sharp deterioration in non-performing counterparties.

At the end of June 2023, income before tax fell by more than 21% to €355 million.

Net income was therefore €245 million at the end of June 2023, down 19.4% year-on-year.

Business activity : Beobank

At the end of June 2023, Beobank posted excellent results for most product lines in a still tense environment following monetary tightening and rising interest rates. Beobank continued to expand in its growth areas, recording an increase in mortgage loans (+4.3%), business loans (+8%), consumer credit (+2.3%) and property and casualty insurance, which saw a 12.9% increase in its portfolio. Credit card balances continued to grow, rising by 5% compared with the first half of 2022.

At the end of June, outstanding loans stood at €8.3 billion (+3.8%) while deposits totaled €7.3 billion, up 4.1%, supported by term deposits.

Beobank reported net revenue of €159 million at the end of the first half (+18.7% compared with end-June 2022) and net income around €28 million (x 2.2 compared with earnings at the end of June 2022).

Banque Européenne du Crédit Mutuel (BECM)

BECM is the Crédit Mutuel Alliance Fédérale subsidiary that serves regional economies and the market for business and real estate companies. Drawing on the expertise of its employees and all the services provided by Crédit Mutuel Alliance Fédérale's business centers, BECM serves nearly 21,000 customers. The sales network, which consists of 45 branches, is organized on a market basis, with 31 branches serving the general business market and 14 serving the real estate market.

In the first half of the year, new investment loans of €769.2 million for businesses and €744.3 million for real estate companies and investors were generated. Impacted by the decrease in reservations for new homes, short-term lending agreements with real estate professionals totaled €984.4 million.

Measured in terms of monthly average capital, customer loans increased by 0.5% over six months to €18.1 billion. Deposits increased by 2.2% over six months to €10.4 billion.

Net revenue at constant scope [1] fell by 4.8% to €165.9 million and net income was €72.2 million, down 20.5% compared with the first half of 2022.

(1) By excluding, in the 2022 data, the figures for the business in Germany sold in the second half of 2022

CIC banking and insurance

With nearly 44,000 new customers, CIC's banking network had over 5.6 million customers at end-June 2023, a 1.1% increase year-on-year. The number of business and corporate customers (nearly one million) increased by 3.2% and 4.1%, respectively, and the number of retail customers (79% of the total) rose by 1%.

Deposits amounted to €241.8 billion at the end of June 2023, up 3.8%.

On June 30, 2023, term deposits were particularly robust, with the total tripling over 12 months to €32.6 billion. Inflows from passbook accounts remained stable year-on-year, totaling €41.5 billion.

Generally speaking, inflows continued to benefit from rising interest rates and customer interest in safe, liquid products against a backdrop of unstable financial markets.

At end-June 2023, outstanding loans totaled €225.6 billion, with an increase of 3.6% year-on-year. In the first half of 2023, growth in outstanding loans remained strong in all the main loan categories:

- outstanding home loans rose by 5.2% to €100.4 billion; the total amount released in the first half of 2023 fell by 29.8% to €7.2 billion following the slowdown observed since early in the second half of 2022;
- investment loans rose by 9.8% to €52.9 billion;
- outstanding consumer credits rose by +5.9% to €6.4 billion.

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

- property & casualty and health, protection & creditor insurance contracts (excluding life and creditor insurance) reached 6.4 million, up 3.3% year-on-year;
- the number of mobile phone contracts was 567,000, a 1.1% increase year-on-year;
- the number of remote home surveillance subscriptions rose by 4.3% to more than 120,000 contracts.

In terms of income, the CIC banking network recorded an increase in net revenue (+1.1%) to nearly €2 billion, fueled by an increase in fee and commission income (+4.5%) coupled with a 2.3% decrease in the net interest margin.

Operating expenses increased by 5.4% to close to €1.3 billion; this included the decrease in the contribution to the SRF, which resulted in a €10 million reduction in this expense.

The cost-to-income ratio worsened by 2.7 percentage points to 65.4% and gross operating income was down 6.3% to €671 million.

The cost of risk included a net provision of €100 million compared with a net provision of €80 million at the end of the first half of 2022. This increase was driven by the four-fold increase in the cost of proven risk reflecting a deterioration in non-performing counterparties.

At the end of June 2023, income before tax fell by 10.1% to €570 million.

Net income was therefore €406 million at the end of June 2023, down 10% compared with the end of June 2022.

Consumer credit

Cofidis Group

Cofidis Group operates under three brand names: Cofidis, Créatis and Monabanq. With locations in nine European countries (France, Belgium, Spain, Italy, Portugal, Czech Republic, Hungary, Slovakia and Poland), it employs nearly 5,740 people.

In terms of activity, Cofidis Group had a very good first half of the current year with €4.8 billion of new business, in line with the level of activity in the first half of 2022, despite a voluntary slowdown in marketing investments at a time of high refinancing rates. This good level of activity was mainly apparent in referral business, which grew by 17%. Direct business was down 12% for the reasons mentioned below. Online business increased by 16% compared with June 2022. Outstanding loans increased to €18.8 billion, up 12% versus June 2022.

Monabanq's strategy of ramping up the development of remote banking is yielding results, with deposits up 14% and an increase in the number of accounts.

A crucial factor at the beginning of the year was the continued rise in refinancing rates, which heavily impacted net revenue. However, the sharp increase in outstanding loans and the growth in fee and commission income limited the fall in net revenue, which amounted to €678.8 million.

General operating expenses were virtually unchanged, with automatic increases linked to business development offset by the slowdown in commercial investments.

The cost of risk remained under control at 2.5% of outstanding loans, 30 basis points higher than last year. Defaults and recovery performance are better than or close to the pre-Covid period. Risk has increased in 2023 compared with 2022; however, 2022 still benefited from the Covid period, with historically low overdue payments.

At €23.1 million, net income was down by 74% versus the end of June 2022.

TARGOBANK Allemagne

TARGOBANK operates in over 250 German cities, meeting the needs of 3.7 million retail and business customers to whom it provides day-to-day banking, consumer credit and insurance solutions for individuals and factoring and finance leasing solutions for businesses, while also covering the needs of companies in the upper "Mittelstand" segment.

New personal installment loans neared €3 billion in June 2023, down slightly compared to June 2022.

In terms of retail banking, outstanding loans grew by 10% compared with the first half of 2022 to €20.8 billion and customer deposit volumes reached €25.5 billion.

TARGOBANK contributed €181 million to the net income of Crédit Mutuel Alliance Fédérale's consumer credit business, an improvement of 29% compared with the same period the previous year. The more favorable interest rate environment and the growth of the retail banking portfolio were the main contributors to this increase. Net revenue rose by 14%.

Business activities, classified under "banking network" and "business subsidiaries", showed a marked recovery with growth in the factoring and leasing businesses.

Again this year and for the 17th straight time, TARGOBANK was among the companies named Best Employer by the Top Employers institute. In particular, the panel recognized the consistency of the actions taken in terms of health, the company's values and its CSR commitment. For example, TARGOBANK has been part of the "Together against sexism" alliance since February. In April, TARGOBANK signed a strategic partnership with the second-division Fortuna Düsseldorf soccer club. The aim of Fortuna for all, a unique initiative in Germany, is to give soccer back to fans by ensuring, among other things, free admission to the club's home matches and use of the stadium as a place to promote societal commitments to young people.

Business subsidiaries

Within retail banking, the support businesses – leasing, factoring and real estate – generated net revenue of €336.1 million (+2.4%) and net income of €62.4 million at the end of the first half of 2023 (vs. €66.8 million at end-June 2022). These figures are net of commissions paid to the network.

2.2.1.4.2 Insurance

(in € millions)	1st half 2023	1st half 2022 proforma	Change
Net revenue	**641**	**567**	**+13.0%**
General operating expenses	-58	-51	+14.8%
Gross operating income	**583**	**517**	**+12.8%**
Net gains and losses on other assets and ECC [1]	-5	-1	x 5.6
Net profit/(loss) before tax	**578**	**516**	**+12.0%**
Income tax	-135	-110	+23.1%
Net profit/(loss)	**443**	**406**	**+9.0%**

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

Groupe des Assurances du Crédit Mutuel (GACM) is the result of over 50 years of innovation in banking and insurance. With the goal of serving Crédit Mutuel Alliance Fédérale's customers and members, its business is driven by the strength of the local networks and technological integration that fosters synergies.

At €7.5 billion, written premiums rose 13.6% compared with the first half of 2022. In line with 2022, savings and retirement insurrance business continued to grow, with premiums increasing by 16.7% to €4.2 billion. This business, which is mainly carried out in France (€4.1 billion, up 16.2%) was driven by a sharp increase in euro-denominated payments into the funds. For its part, the share of unit-linked (UL) contracts in premiums fell to 29% (vs. 43% at end-June 2022). In a market that saw substantial net outflows from euro funds at the end of May, GACM, in France, stood out for its positive premium income into these funds (+€0.2 billion). Premium income for unit-linked contracts were also positive at €0.9 billion.

Written premiums for P&C and protection insurance totaled €3.3 billion. Property & casualty insurance rose by 4.8%, with increases of 4.0% in auto insurance and 5.7% in property damage & liability insurance, while health, protection & creditor insurance rose by 4.9%, with increases of 4.7% in health insurance, 4.8% in protection insurance and 5% in creditor insurance. Overall, contract portfolio amounted to €37 million, up 1.6% over the half-year period.

Premiums written by the international subsidiaries totaled €303 million, comprising €87 million in Belgium and €216 million in Spain. On July 12, 2023, GACM sold all of GACM España's capital to Axa Seguros Generales, S.A. de Seguros y Reaseguros for approximately €310 million. This sale will be reflected in the financial statements for the second half of 2023.

Commissions paid to the networks rose to €1.0 billion, of which €0.8 billion was paid to Crédit Mutuel Alliance Fédérale' entities.

At €443 million, GACM's contribution to net income on June 30, 2023, the first time that half-year income was measured under IFRS 17 and IFRS 9, rose by 9.0% compared with IFRS 17/9 pro forma contribution to income on June 30, 2022 (€406 million). This was due to fewer weather-related claims and more favorable market conditions than in the first half of 2022. Compared with the contribution to income reported in June 2022 under IFRS 4 (€422 million), it was up 5.0%.

GACM's contribution to net revenue was €641 million, an increase of 13.0%. Under IFRS 17, net revenue includes expenses related to insurance contracts [1], i.e. the vast majority of expenses. Only unrelated expenses are now included in general operating expenses. The increase in net revenue was mainly fueled in the financial result, in a more favorable economic environment than in 2022, marked by the start of the conflict in Ukraine. In 2023, the rise in the equity markets led to an increase in the valuation of securities backed by GACM's equity portfolios classified at fair value through profit or loss under IFRS 9.

Income from the insurance and reinsurance businesses was down slightly. Property & casualty insurancewas negatively impacted by the effects of inflation on the cost of claims.

This decline was offset by lower costs for natural events in the first half of 2023, in which the only major event was the earthquake in June in the western part of France, the cost of which for GACM is estimated at €20 million. In the first half of 2022, income was adversely affected by a large number of weather-related claims, for which the expense in the company financial statements was €211 million.

GACM's property & casualty insurance combined ratio under IFRS 17 was therefore 96.3% [2] in the first half of 2023.

GACM's equity totaled €11.1 billion, up 0.3% compared with 2022. The change in financial assets classified at fair value through other comprehensive income was partially offset by the change in the discounting of liabilities, as GACM chose the OCI option [3] made available under IFRS 17.

In accordance with Crédit Mutuel Alliance Fédérale's strategic goals, Assurances du Crédit Mutuel continues to expand in all markets:

- individuals: a new multi-risk home insurance product was rolled out at the end of May 2023, which offers coverage tailored to the various profiles of policyholders and simplified underwriting processes;

(1) Expenses incurred by the banking network for the distribution of insurance contracts are reclassified under "other business lines".
(2) Excluding GACM España, net of reinsurance.
(3) Other comprehensive income.

- professionals and businesses: a co-insurance partnership was signed with Allianz to offer new insurance products, in addition to those in the range developed by Assurances du Crédit Mutuel, to business and farming customers of the Crédit Mutuel and CIC banking networks;
- international: the plan to set up operations in Germany reached a new milestone with the creation of three companies and the upcoming submission of applications for approval with the German regulator (BaFin).

All these developments are continuing in a spirit of mutualism and solidarity. To support the individual and professional policyholders who suffered damage to their property during the urban violence in late June/early July, Assurances du Crédit Mutuel has taken several exceptional measures to improve and facilitate their compensation.

2.2.1.4.3 Specialized businesses

Private banking and asset management, corporate banking, capital markets and private equity round out the banking and insurance offering of Crédit Mutuel Alliance Fédérale. These four businesses account for 16% of net revenue [1] and 27% of the operational business lines' net income [2].

Asset management and private banking

(€ millions)	1st half 2023	1st half 2022 proforma	Change
Net revenue	**646**	**531**	**+21.7%**
General operating expenses	-430	-392	+9.6%
Gross operating income	**216**	**139**	**+55.9%**
Cost of risk	-2	-3	-48.0%
Operating income	**215**	**136**	**+58.2%**
Net gains and losses on other assets and ECC [1]	2	15	-87.1%
Net profit/(loss) before tax	**217**	**150**	**+44.1%**
Income tax	-56	-35	+62.4%
Net profit/(loss)	**161**	**116**	**+38.6%**

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

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

- *five asset management entities (Crédit Mutuel Asset Management, Crédit Mutuel Gestion, Crédit Mutuel Épargne Salariale, CIC Private Debt and Cigogne Management) and the Crédit Mutuel Investment Managers distribution platform;*
- *The La Française group, comprising five asset management companies and a distribution platform;*
- *Banque Transatlantique, Banque de Luxembourg and Banque CIC Suisse.*

At €646 million, net revenue from asset management and private banking accounts for 7% of the net revenue of Crédit Mutuel Alliance Fédérale's operational business lines and rose by 21.7%.

This increase was mainly due to the excellent net interest margin for the private banking entities (€100 million, up 88.8%) and robust commercial activity, while income from asset management remained stable despite slightly negative inflows.

At the end of June 2023, general operating expenses rose by 9.6%. Thanks to strong growth in net revenue, gross operating income rose by nearly 56% to €216 million.

Net gains and losses on other assets and ECC amounted to €2 million vs. €15 million in the first half of 2022 and included non-recurring income related to the initial consolidation of Crédit Mutuel Investment Managers and CIC Private Debt.

Net income was therefore €161 million at June 30, 2023 compared with €116 million at end-June 2022.

This data does not include private banking carried out through CIC's network and at its five regional banks, i.e. net revenue of €108 million (-8%) and net income of €42 million (-16%).

ASSET MANAGEMENT

Crédit Mutuel Alliance Fédérale's asset management activity is built around **Crédit Mutuel Investment Managers**, a business center created in 2020 that comprises seven asset management entities. Since January 1, 2022 and the entry of Crédit Mutuel Nord Europe into Crédit Mutuel Alliance Fédérale, the La Française group - which includes four asset management companies and a distribution platform -has

(1) Excluding intra-group transactions and holding company services.
(2) Excluding holding company services.

rounded out this function. A division that encompasses all asset management and distribution activities is being created, with implementation set for 2024 under the Group's new 2024-2027 strategic plan.

Crédit Mutuel Investment Managers and the La Française group offer a wide range of products for a diverse French and international clientele that includes institutional investors, large corporates and external distributors (third-party distribution networks, private banks, fund selectors, wealth management advisors, etc.). They also support the networks in all markets, including internationally. The business operates through a number of sites in Europe and Asia.

In the first half of the year, business was conducted in a general environment marked by a still tense geopolitical situation that impacted economic and financial trajectories, leading to high inflation, restrictive rates, mixed economic growth prospects and the urgency of the energy and climate transition.

Against this backdrop, continued monetary tightening and questions about the soundness of the international banking system caused investors to adopt a wait-and-see attitude with regard to real estate. In addition, inflows slowed for retail investors and were down significantly for institutional investors, who took a very wait-and-see approach given the valuations of assets, particularly office buildings.

Assets under management totaled €170 billion at the end of June.

With the rise in interest rates, investors continued to show an interest in money market funds, a significant part of Crédit Mutuel Alliance Fédérale's business. Assets totaling €38 billion at June 30 remained stable relative to December 31, 2022.

In the first half of the year, the asset management business for all products except money market funds posted positive net inflows of €1.8 billion, including €0.7 billion in real estate funds. These include structured products – EMTN created by CIC under the **CIC Market Solutions** brand name – which continue to record active inflows of €1.8 billion through the retail, corporate and private banking networks and from external customers with issues of new products at a steady pace.

Sustainability continued to be a factor during the period, with the implementation of various regulations (SFDR, CSRD, taxonomy, etc.). This translates to, for example, the need to respond effectively in terms of products to the constraints of distributors (sustainable managed solution within Crédit Mutuel Alliance Fédérale).

At June 30, the offering includes 137 funds that promote environmental and/or social characteristics (Article 8) and 27 funds with a sustainable investment objective (Article 9). 52 funds have been certified by external organizations. New thematic impact funds have been created to meet investors' new needs: CM-AM Impact First Inclusion as well as Environmental and Solidarity Revolution launched by Crédit Mutuel Capital Privé in connection with the societal dividend.

At the end of March 2023, **La Française Real Estate Managers**, the real estate backbone of the La Française group, maintained its leading position in terms of capitalization in the French market for real estate funds in the REIT segment.

The attractiveness of the brand was acknowledged for the second straight year by the European Real Estate Brand Institute in June.

In the retail BtoC segment, the 100% digital Moniwan platform took its approach to the next level in the first half of the year by introducing a structured product and integrating discretionary management into the Moniwan Vie life insurance contract.

After the launch of phase 2 of the Tibi initiative was announced, New Alpha resumed the marketing of its Emergence Techs for Good fund, which had €100 million in inflows during its first closing.

At the end of June, the total revenue generated by the business was €267 million, with net income before tax of €73 million.

PRIVATE BANKING

Despite an uncertain macroeconomic environment, the **Banque Transatlantique group** posted strong growth in its activities in the first half of the year. Business volumes increased both in France and internationally.

The commercial performance of the various subsidiaries and business lines led to an 8% increase in net revenue to €106.5 million compared with €99 million at the end of June 2022.

Net interest income rose by 55% to €40.5 million, partly due to the increase in lending rates, compared with €26.1 million at the end of June 2022. Net income was €32.9 million at the end of the half-year period compared with €27.7 million at the end of June 2022. The cost/income ratio was 57.4%, up 0.7 points compared with the first half of 2022.

Gross capital inflows remained robust in the first half of the year, up by €3.3 billion compared with the end of 2022, for a total of €60.6 billion in savings.

New lending has remained strong since the beginning of the year, with total outstanding loans of €4.8 billion vs. €4.7 billion at the end of 2022.

Despite the rise in key interest rates – deposit facility rate raised by 3% by the European Central Bank at the end of June 2023 – the real estate credit business has gained some momentum since the beginning of the year in terms of number of applications (+10.6%) and volume (+3.1%).

During the half-year period, **Banque de Luxembourg** continued to benefit from a favorable interest rate environment, along with strong commercial growth in all its businesses aimed at individuals, companies and asset management professionals.

Net revenue totaled €214 million at end-June 2023, a significant increase of 32% compared with the same period the previous year. The net interest margin rose from €33.3 million to €95.6 million at the end of June 2023.

At the same time, net commission income fell by 7% to €116.3 million in a less buoyant stock market environment. Outstanding customer savings remained stable at more than €120 billion at the end of the half-year period.

In April 2023, **Banque de Luxembourg** obtained B Corp™ certification. In doing so, it joined the community of over 7,000 certified companies worldwide that meet high societal, environmental governance and transparency requirements. Banque de Luxembourg continues to demonstrate its commitment to a more inclusive, equitable and regenerative economy, as it strives to balance profit and the public interest.

At the end of June 2023, **Banque CIC Suisse** posted a significant increase in income, with total assets of €13 billion.

Several business segments grew in the first half of the year: total savings deposits rose by 0.4% to €17.9 billion, while loan volumes increased by 3.3% to €10.1 billion.

Net revenue was up 42% to €129.2 million. More broadly diversified revenues resulted in record net income of €35.7 million, 46% higher than last year.

Corporate banking

(€ millions)	1st half 2023	1st half 2022 proforma	Change
Net revenue	**296**	**214**	**+38.1%**
General operating expenses	-87	-82	+6.2%
Gross operating income	**209**	**132**	**+58.0%**
Cost of risk	-64	-13	x 4.7
cost of proven risk	*-97*	*-22*	*x 4.4*
cost of non-proven risk	*34*	*9*	*x 3.8*
Net profit/(loss) before tax	**145**	**119**	**+22.2%**
Income tax	-40	-29	+40.0%
Net profit/(loss)	**105**	**90**	**+16.6%**

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

Corporate banking commitments remained stable at €59.8 billion, of which €23.4 billion were drawn.

Net revenue rose by 38.1% to €296 million at the end of the first half of 2023. It benefited from a significant increase in revenue from the large corporates and structured finance business (particularly asset and project financing).

The cost of risk increased 4.7 times, resulting in a net provision of €64 million compared with €13 million at the end of June 2022; this was mainly related to the provisioning of major market transactions.

Net income therefore grew by 16.6% to €105 million on June 30, 2023, compared with €90 million on June 30, 2022.

The **structured finance** business – acquisition financing, project financing, asset financing and securitization – increased overall in the first half of 2023. Project financing and asset financing saw a particularly high level of activity. New lending was robust, totaling €1.6 billion over the first six months of 2023. Earnings on a like-for-like basis rose by 29% compared with June 30, 2022, while the cost of proven risk remained zero during the period despite the increase in portfolio refinancing costs. Income before tax was €98.6 million. Net revenue totaled €134.2 million.

The **large corporates (CIC Corporate)** activity supports the development of listed and unlisted major French and foreign companies and financial institutions with revenue of more than €500 million as part of a long-term relationship. The first half of 2023 was marked by the continued financing of customers' investments and medium-term projects and a significant upturn in the bond market and corporate issues. Income was up significantly thanks to a much more favorable interest rate environment, good loan production and an increase in commissions on several profitable capital or strategic transactions.

In recent months, many factors have had an adverse effect on the efficiency of companies' supply chains. In this environment, the **international business department** has increased the support it provides to companies to help them carry out their international projects. For example, export documentary credit increased in capital by 15.3% compared with the first half of 2022.

To ramp up, secure and simplify the international development of corporate customers during this half-year period, the teams focused on:

- the ability to help customers with environmental and social issues by adapting the CIC Aidexport products: 139 companies received assistance in the first half of the year;

- international risk management and, in particular, operational compliance.
- the desire to coordinate a network of executives through the CIC International Club, whose member companies total 1,084, a 21% increase during the first six months of the year.

Capital markets

(€ millions)	1st half 2023	1st half 2022 proforma	Change
Net revenue	**293**	**180**	**63.3%**
General operating expenses	-139	-129	8.2%
Gross operating income	**154**	**51**	**x 3**
Cost of risk	-1	-0	ns
Net profit/(loss) before tax	**153**	**51**	**x 3**
Income tax	-41	-15	x 2.7
Net profit/(loss)	**112**	**35**	**x 3.1**

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 2023, marked by favorable market conditions and strong sales momentum, Capital Markets' net revenue rose significantly by 63.3% to €293 million.

After an 8.2% increase in general operating expenses, gross operating income tripled to €154 million.

Total net income from capital markets activities was €112 million on June 30, 2023 vs. €35 million on June 30, 2022.

The overall performance of **CIC Market Solutions** remained strong in the first half of the year. Net revenue was €113.7 million vs. €54.6 million at end-June 2022. This amount includes €14 million in CVA/DVA provisions.
This growth is generally driven by the various business lines within the scope.
During the first six months of the year, the **Investment** business line – including France and the New York, Singapore and London branches – generated net revenue of €156.6 million compared with €112.3 million in the first half of 2022.
The net revenue of the various divisions in France and abroad was largely positive. The business line benefited from opportunities resulting from periods of market volatility during the first half of 2023.

Private equity

(€ millions)	1st half 2023	1st half 2022 proforma	Change
Net revenue	**220**	**304**	**-27.8%**
General operating expenses	-40	-38	+6.0%
Gross operating income	**180**	**267**	**-32.6%**
Net profit/(loss) before tax	**180**	**267**	**-32.6%**
Income tax	1	-16	n.s.
Net profit/(loss)	**181**	**251**	**-27.9%**

Crédit Mutuel Equity finances development projects, mainly in France via eight regional offices in Paris, Lyon, Nantes, Bordeaux, Lille, Strasbourg, Marseille and Toulouse but also abroad through subsidiaries in Germany, Belgium, Switzerland and Canada. Crédit Mutuel Equity encompasses all the group's equity financing businesses, from innovation capital, growth capital and buyout capital to infrastructure investments and M&A advisory services.

Crédit Mutuel Equity invests the capital of Crédit Mutuel Alliance Fédérale to make a long-term commitment alongside company managers to help them carry out the necessary transformation of their business models and create financial and non-financial value, and progress through the different stages of economic, social and environmental development.

This commitment is borne out by the fact that it has held over a quarter of its 333 equity interests for more than 10 years. However, portfolio turnover remains dynamic and adapted to the economic cycles of the portfolio companies.

In the first half of 2023, more than €140 million was invested as part of a prudent policy, taking into account geopolitical uncertainties, their economic impact on companies' expected growth and the resulting valuation multiples. Over four years, more than €2 billion has been used to finance new projects or support portfolio companies.

The portfolio of invested assets totaled €3.4 billion, demonstrating the strong momentum of these businesses across all segments: from innovation to transmission.

With €220 million in the first half of 2023, total income, more than two-thirds of which consists of capital gains generated by the portfolio, remained strong. This demonstrates the sound management of the portfolio companies, which have performed well on the whole, in the current economic environment.

CIC Conseil again posted strong performance during the half-year period after an already exceptional year in 2022.

The contribution to net income was €181 million, an excellent result after two exceptional post-Covid years and a sign of a return to strong normative performance.

As an investor that is serious about its societal commitments, Crédit Mutuel Equity has adopted a vision that is service-oriented and focused on sustainability and human considerations. It emphasizes balanced financial arrangements and adheres to project timeframes to ensure a fair redistribution of value among all stakeholders.

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

This segment mainly comprises:

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

The net revenue of the "Other business lines" totaled -€174 million compared with -€63 million at end-June 2022 as a result of non-recurring income recognized in the first half of 2022. Gross operating income was negative (-€107 million), down relative to the end of the first half of 2022. This decrease resulted from:

- an increase in the net expense of holding company services;
- a downturn in the "media" business;
- a decrease in logistics reflecting the increase in IT costs.

Focus on the media business

During the half-year period, the EBRA group continued to increase its digital subscriber portfolio with an annual growth target of +30% compared to last year. Nevertheless, revenues were impacted by a tense economic and social environment, with a structural decline in copy sales and the press advertising market.

Cost control efforts offset energy and raw material price pressures, with the prospect of an improvement in the price of a metric ton of paper at the end of the year. The results at the end of June 2023 were down compared with the first half of 2022.

At the same time, efforts to diversify revenue continued, particularly in the event business. Along these lines, a majority stake was acquired in KCIOP, a company that organizes and markets outdoor events, including the largest sled dog race in Europe, the Grande Odyssée. The group also acquired Live Event, a company that organizes inter-company sports and social events.

The "Media des Massif Français" company was created with the École du Ski Français to launch the site mon-sejour-en-montagne.com, which aims to become the leader in year-round mountain activities.

Lastly, Humanoid, a subsidiary of the EBRA group, launched a new medium called Survoltés, which provides information on electric vehicles.

2.2.1.5 Financial position of Crédit Mutuel Alliance Fédérale

2.2.1.5.1 Balance sheet

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

- Crédit Mutuel Alliance Fédérale finances a greater portion of customer loans through deposits, a development in line with the strategy rolled out in recent years. The loan/deposit ratio gradually improved: it stood at 110.8% at June 30, 2023 compared to 107.8% at June 30, 2022;
- Crédit Mutuel Alliance Fédérale's liquidity risk was strictly managed under a system controlled by BFCM based on a centralized risk management system. Thus, significant progress was made in the framework of the Basel III liquidity ratios, which were beyond the threshold of 100%; the LCR stood at 164.4% on average over the first half of 2023

Assets

Summary. Crédit Mutuel Alliance Fédérale's consolidated assets amounted to €901.9 billion at June 30, 2023, compared with €883.7 billion at December 31, 2022 proforma (+2.1%).

This 2.1% increase in total assets (+€18.2 billion) was mainly due to the increase in loans and receivables due from customers (+€8 billion, i.e. +1.6%), loans and receivables due from credit institutions (+€5.3 billion, i.e. 9.3%), financial assets at fair value through profit or loss (+€3.5 billion, i.e. +12%) and the decrease in cash and central bank accounts (-€5.7 billion, i.e. -5.1%).

Loans and receivables due from credit institutions. Loans and receivables due from credit institutions are composed of demand deposits, inter-bank loans and securities subject to repurchase agreements. Loans and receivables due from credit institutions reached €62.5 billion at June 30, 2022, compared to €57.2 billion at December 31, 2022 proforma.

Liabilities (excluding shareholders' equity)

Summary. The group's consolidated liabilities excluding shareholders' equity stood at €841.4 billion at June 30, 2023, compared to €825.2 billion at December 31, 2022 proforma (+2%). These liabilities include subordinated debt in the amount of €11.1 billion at June 30, 2023 compared to €9.9 billion at December 31, 2022 proforma. The increase in liabilities excluding shareholders' equity recorded in the first half of 2023 was mainly due to the increase in debt securities at amortized cost (+€15.8 billion, i.e. +12%) and the increase in insurance contracts issued (+€5.5 billion, i.e. 5%).

Amounts due to customers (mainly deposits) rose by €3.5 billion between June 30, 2023 and December 31, 2022 proforma to €460.5 billion.

Consolidated equity

The group's consolidated shareholders' equity stood at €58.5 billion at June 30, 2023, compared to €56.5 billion at December 31, 2022 proforma.

Non-controlling interests went from €1,992 million at June 30, 2023 from €1,931 million at December 31, 2022 proforma.

2.2.1.5.2 Liquidity and refinancing

Crédit Mutuel Alliance Fédérale's central treasury management is based on prudent rules and an effective system for accessing market funding.

Funding requirements in commercial banking are covered by medium- and long-term funding, while the liquidity buffer is refinanced on the money markets. Crédit Mutuel Alliance Fédérale has a number of suitable issue programs that allow investors in the main international markets to access public and private issues. In addition to these arrangements, the group holds a comfortable cash reserve designed both to comply with regulatory ratios and to enable it to withstand severe stresses.

In the first half of 2023, market volatility remained high with changing expectations as to continued interest rate hikes, fears of an economic slowdown and hawkish statements by central banks.

Despite this uncertain environment, the markets proved resilient, as evidenced by the fact that even the banking crisis in the spring – with the failure of SVB and Crédit Suisse – did not have any long-term impacts on the soundness of the bond and equity markets.

Moreover, the ongoing interest rate hikes by the central banks in Europe and the United States are beginning to reduce inflation; however, underlying inflation remains strong and is well above the 2% target. The ECB and FED maintained their restrictive policy, with the key interest rate now 5.25% and 3.50% in the US and the Eurozone, and further rate increases are planned.

Despite this volatility, bond issuers were able to complete their refinancing program quickly. Indeed, this sharp increase in bond issues was matched by an increase in investor demand driven by the rise in bond yields.

BFCM was able to move forward with its €20 billion refinancing program (+11%) with new lending point at the end of June of €15.1 billion, i.e. 76% of the program.

In total, external funding obtained in the markets stood at €163.0 billion at the end of June 2023, an increase of nearly 4% compared with the end of 2022.

Short-term money market funding (less than one year) totaled €60.3 billion at the end of June 2023, up 19.0% compared to the previous year. It accounted for 37% of all market funding raised, five percentage points more than in 2022. The decision to increase funding was taken as a precaution to deal with a possible reduction in bank liquidity following repayment of the TLTRO on June 28, 2023. In the end, this reduction in liquidity did not occur thanks to high demand for money market funds.

Medium and long-term (MLT) funding totaled €102.6 billion at the end of June 2023, a 3.2% reduction compared to 2022. In the period to June 30, 2023, Crédit Mutuel Alliance Fédérale raised €15.1 billion in MLT funding, primarily under the BFCM name as well as that of Crédit Mutuel Home Loan SFH, the covered bond issuing entity with the best agency ratings. 81.7% of this MLT funding was raised in euros and the balance in foreign currencies (US dollar, pound sterling and Swiss franc), thereby demonstrating the good diversification of the investor base.

Public issues and private placements represent 88% and 12% of the total, respectively. The average length of medium and long-term funding raised as of June 30, 2023 was 6.09 years, comparable to the average for 2022.

2023 refinancing program

Public issues in the period to June 30, 2023 had a total value of €13.3 billion and were made up as follows:

- BFCM – senior EMTNs:
  - EUR 3.25 billion in senior format in a 5, 6 and 10 years issue in March and June,
  - GBP 1.0 billion in a 3 years and 5 year issue in January and May,
  - CHF 235 million in a 4 years issue in January,
  - USD 1.25 billion in a 3 years issue in January in US144A format;
- BFCM non-preferred senior EMTNs: €2.75 billion in 5, 7 and 10 years issues in January and May in connection with MREL management;
- BFCM Tier2 EMTNs: €1.25 billion in 10 years issues in January;
- Crédit Mutuel Home Loan SFH: €3.5 billion in +4, 6 and 10 year issues in February and April.

LCR and liquidity buffer

For the consolidated scope, Crédit Mutuel Alliance Fédérale's liquidity position is as follows:

- an average LCR of 164.4% in 2023 (vs. 153.3% in 2022);
- average HQLA (high quality liquid assets) of €128.1 billion, 81% of which is deposited at central banks (mainly the ECB).

The total liquidity reserves for the consolidated group break down as follows:

Crédit Mutuel Alliance Fédérale *(in € billions)*	06/30/2023
Cash deposited in central banks	101.1
LCR securities (after LCR haircut)	25.7
o/w HQLA Level1 securities	*20.4*
Other eligible assets, central banks (after ECB haircut)	42.7
TOTAL LIQUIDITY RESERVES	**169.4**

The liquidity reserve covers the vast majority of market funding due over 12 months.

MREL

The Crédit Mutuel Group (the "Group", "Crédit Mutuel") has received notification of its new minimum requirement for own funds and eligible liabilities applicable on a consolidated basis at the level of the resolution group, which is composed of the central body (Confédération Nationale du Crédit Mutuel), its affiliated entities including Banque Fédérative du Crédit Mutuel, and all their subsidiaries (the "MREL requirement").

Crédit Mutuel's external MREL requirement is set at 20.99% of the Group's risk-weighted assets (the "RWA") and at 6.54% of the leverage ratio exposure. This requirement must be met with the Group's consolidated own funds and eligible liabilities directly issued by the central body and its affiliated entities.

The subordinated MREL requirement is set at 14.35% of the RWA and at 6.54% of the leverage ratio exposure.

Planned refinancing operations

The various amounts allocated by the EIB continued to be passed on to the final beneficiaries of the Crédit Mutuel Alliance Fédérale network in the first half of 2023.

Thus, the allocation of the "Young Farmers & Climate Action" package was finalized and a new package of €80 million was created.

In addition, the "EIB SME & Midcap III" and "Loans to medical professions" packages continued during the first half of 2023, enabling those customers to receive support.

2.2.1.5.3 Solvency and capital management

On June 30, 2023, Crédit Mutuel Alliance Fédérale's shareholders' equity totaled €60.5 billion compared with €58.5 billion at the end of December 2022 proforma.

The impacts of IFRS 17 and IFRS 9 on insurance were estimated at €1.7 billion as of December 31, 2022, i.e. less than 3% of shareholders' equity.

In terms of CET1, the impact is estimated at 20 basis points at 12/31/2022, compared with a first-time application impact of 5 basis points at January 1, 2022.

Crédit Mutuel Alliance Fédérale reported very solid solvency position with a Common Equity Tier 1 (CET1) ratio of 18.5% [1].

2.2.1.5.4 External ratings

The three rating agencies that issue ratings for Crédit Mutuel Alliance Fédérale and the Crédit Mutuel group all recognize their financial stability and the validity of the business model:

	LT/ST Counterparty**	Issuer/LT preferred senior debt	Outlook	ST preferred senior debt	Stand-alone rating ***	Date of last publication
Standard & Poor's [2]	AA-/A-1+	A+	Stable	A-1	a	11/30/2022
Moody's [3]	Aa2/P-1	Aa3	Stable	P-1	a3	07/21/2023
Fitch Ratings * [4]	AA-	AA-	Stable	F1+	a+	12/30/2022

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

** *The counterparty ratings correspond to the following agency ratings: Resolution Counterparty for Standard & Poor's, Counterparty Risk Rating for Moody's and Derivative Counterparty Rating for Fitch Ratings.*

*** *The stand-alone rating is the Stand-Alone Credit Profile (SACP) for Standard & Poor's, the Adjusted Baseline Credit Assessment (Adj. BCA) for Moody's and the Viability Rating for Fitch Ratings.*

In 2022 and in July 2023, the three main financial rating agencies confirmed the external ratings and stable outlooks assigned to Crédit Mutuel Alliance Fédérale and the Crédit Mutuel group. This reflects operational efficiency, recurring earnings, a low risk profile and strong financial fundamentals.

(1) *the incorporation of the net income into the regulatory capital is subject to ECB approval.*
(2) *Standard & Poor's: Crédit Mutuel group rating.*
(3) *Moody's: Crédit Mutuel Alliance Fédérale/BFCM and CIC ratings.*
(4) *Fitch Ratings: Crédit Mutuel Alliance Fédérale rating.*

2.2.1.6 Alternative performance indicators

ALTERNATIVE PERFORMANCE INDICATORS (APM) - ARTICLE 223-1 OF THE AMF GENERAL REGULATION/ESMA GUIDELINES (ESMA/20151415)

Name	Definition/calculation method	For ratios, reason for use
Cost/income ratio	Ratio calculated from items of the consolidated income statement: ratio of general operating expenses (sum of "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 in consolidated balance sheet assets	Measurement of customer loan activity
Cost of proven risk	Impaired assets (S3) see note "cost of counterparty risk"	Measures the level of proven risk (non-performing loans)
Cost of non-proven risk	Expected losses at 12 months (S1) + expected losses at maturity (S2) – See note to the financial statements. Application of IFRS 9. Impairment is recognized for all financial assets that have not been objectively indicated as individual losses.	Measurement of the level of non-proven risk
Customer deposits; deposit accounting	The "amounts due to customers at amortized cost" item in consolidated balance sheet liabilities	Measurement of customer activity in terms of balance sheet resources
Insurance savings	Life insurance outstandings held by our customers – management data (insurance company)	Measurement of customer activity in matters of life insurance
Financial savings; managed savings held in custody	Off-balance sheet savings outstandings held by our customers or held in custody (securities accounts, UCITS, etc.) – management data (group entities)	Representative measure of activity in terms of off-balance sheet funds (excluding life insurance)
Total savings	Sum of account deposits, insurance savings and bank financial savings	Measurement of customer activity in matters of savings
General operating expenses; management fees	Sum of "general operating expenses" and "allocations to/reversals of depreciation, amortization and provisions for property, plant and equipment and intangible assets" lines from the publishable consolidated income statement	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/deposit ratio; commitment coefficient	Ratio calculated using consolidated balance sheet items: ratio expressed as a percentage of total customer loans ("loans and receivables to customers" item of the asset side of the consolidated balance sheet) to customer deposits ("due to customers" item of the liabilities side of the consolidated balance sheet)	Measurement of dependence on external refinancing
Coverage ratio	Determined by calculating the ratio of provisions for credit risk (S3 impairment) to the gross outstandings identified as in default in accordance with regulations (gross receivables subject to individual impairment S3)	This hedge rate measures the maximum residual risk associated with loans in default ("non-performing").
Ratio 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)	Indicator of asset quality

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

(€ millions)

Cost/income ratio	1st half 2023	1st half 2022 (proforma)
General operating expenses	-4,649	-4,358
Net revenue	7,984	7,681
Cost/income ratio	58.2%	56.7%

Loan-to-deposit ratio	06/30/2023	06/30/2022
Net customer loans	510,090	485,933
Customer deposits	460,487	450,728
Loan-to-deposit ratio	110.8%	107.8%

Coverage ratio of non-performing loans	06/30/2023	06/30/2022
Provisions for impairment of non-performing loans (S3)	-6,546	-6,199
Gross receivables subject to individual impairment (S3)	13,938	12,363
Verified coverage ratio	47.0%	50.1%

Total coverage ratio	06/30/2023	06/30/2022
Provisions for impairment of non-performing (S3) and performing (S1 and S2) loans	-9,866	-9,670
Gross receivables subject to individual impairment (S3)	13,938	12,363
Total coverage ratio	70.8%	78.2%

Non-performing loan ratio	06/30/2023	06/30/2022
Gross receivables subject to individual impairment (S3)	13,938	12,363
Gross customer loans	519,956	495,603
Non-performing loan ratio	2.7%	2.5%

Cost of customer risk related to outstanding loans - annualized	1st half 2023	1st half 2022
Cost of customer risk	-632	-470
Average gross customer loans	515,812	466,670
Cost of customer risk related to outstanding loans (in bp) - annualized	24	20

2.2.1.7 Key figures

Crédit Mutuel Alliance Fédérale [1] (€ millions)

Financial structure and business activity	06/30/2023	12/31/2022 proforma [2]
Balance sheet total	901,853	883,669
Shareholders' equity (including net income for the period before dividend pay-outs)	60,473	58,469
Customer loans	510,090	502,097
Total savings	856,784	846,890
- of which customer deposits	460,487	*456,983*
- of which insurance savings	*104,727*	*102,057*
- of which financial savings (invested in savings products)	*291,570*	*287,850*

Key figures	06/30/2023	06/30/2022
Employees, end of period (group-controlled entities)	77,639	76,379
Number of branches	4,465	4,525
Number of customers (in millions)	30.8	29.6
Number of members (in millions)	6.2	6.0
Key ratios		
Cost-to-income ratio	58.2%	56.7% (proforma)
Overall cost of customer risk related to the outstanding loans (annualized)	24 pb	20 pb
Loan-to-deposit ratio	110.8%	107.8%
Overall solvency ratio	20.9%	20.9% (reported)
CET1 ratio	18.5%	18.2% (reported)

(1) Consolidated results of the local banks of Crédit Mutuel Centre Est Europe, Sud-Est, Ile-de-France, Savoie-Mont Blanc, Midi-Atlantique, Loire-Atlantique et Centre Ouest, Centre, Normandie, Dauphiné-Vivarais, Méditerranéen, Anjou, Antilles-Guyane, Massif Central and Nord Europe, and of their joint federal bank Banque Fédérative du Crédit Mutuel (BFCM) and all its subsidiaries, including CIC, Euro-Information, Assurances du Crédit Mutuel (ACM), TARGOBANK, Cofidis Group and Banque Européenne du Crédit Mutuel (BECM).
(2) As of January 1, 2023, Crédit Mutuel Alliance Fédérale applies IFRS 17 "Insurance Contracts" at the Group level as well as IFRS 9 "Financial Instruments" for its insurance entities. In order to have a consistent reference, the data for the first half of 2022 has been restated on a proforma basis.

2.2.2 Recent developments and outlook

In a period of monetary policy transition, the resilience of the universal banking and insurance model was once again demonstrated in the first half of 2023.

Crédit Mutuel Alliance Fédérale is on track to achieve the financial targets of its 2019-2023 strategic plan *ensemble#nouveaumonde, plus vite, plus loin* (together#today's world, faster, further), which will be completed at the end of 2023. The second half of this year will therefore be an opportunity to complete the work to define the future strategic plan intended to build an ambitious roadmap for 2027.

The recent results (July 28, 2023) of the stress test organized by the European Central Bank at the level of the Crédit Mutuel group, of which Crédit Mutuel Alliance Fédérale is a major component, once again demonstrated its financial solidity and the strength of its development model.

2.3 CONSOLIDATED EARNINGS OF BFCM

2.3.1 Analysis of the consolidated income statement

BFCM's net profit over the consolidated scope for the first half of 2023 was sustained by the same factors that impacted the results of Crédit Mutuel Alliance Fédérale.

(in € millions)	H1 2023	H1 2022	Change at constant scope
Net banking income	**5 947**	**5 663**	**+ 5.0%**
General operating expenses	-3 096	-2 945	+ 5.1%
Gross operating income/(loss)	**2 851**	**2 718**	**+4.9%**
Cost of risk	-603	-415	+45.2%
cost of proven risk	*-580*	*-311*	*+86.6%*
cost of non-proven risk	*-23*	*-104*	*-78.0%*
Operating income	**2 248**	**2 302**	**-2.4%**
Net gains and losses on other assets and ECC[1]	25	60	-58.4%
Profit/(loss) before tax	**2 273**	**2 362**	**-3.8%**
Income tax	-595	-596	-0.2%
Net profit/(loss)	**1 678**	**1 766**	**-5.0%**
Non-controlling interests	180	169	+6.5%
Group net income	**1 498**	**1 597**	**-4.6%**

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

BFCM recorded net revenue of €5.9 billion in the first half of 2023, up 5.0%, thanks in particular to the strong performance of the specialized businesses, excluding private equity. Consumer credit grew by 5.5% despite a drastic and far-reaching change in economic conditions.

General operating expenses amounted to €3.1 billion in the first half, an increase of 5.1%. Personnel expenses include the effect of pay raises, which account for 58% of the total increase. Other operating expenses and depreciation/amortization rose by 4.5%. Supervisory fees and the contribution to the Single Resolution Fund decreased by 15.5%.

The cost/income ratio deteriorated by 0.1 point to 52.1% versus the first half of 2022.

Gross operating income rose by 4.9% to €2.9 billion. The total cost of risk was €603 million, 45.2% higher than the first half of 2022. This increase is the result of two opposing tendencies:

(1) an increase in the network customer's cost of proven risk, consumer credit and corporate finance due to downgraded receivables. This deterioration reflects the uncertain macroeconomic climate that continues to prevail since the Covid-19 crisis;

(2) a fall in the cost of non-proven risk due to transfers of loans from performing to non-performing, leading to a reduction in the cost of non-proven risk and an increase in the cost of proven risk.

Operating profit fell by 2.4% compared with the first half of 2022.

The "**Net gains/(losses) on other assets and ECC**" line item totaled €25 million compared with €60 million in the first half of 2022 and exclusively included the share of net income of equity-accounted entities. In the first half of 2022, this item included the net capital gain resulting from the sale of FLOA to BNP Paribas.

Income before tax fell by 3.8% compared with the first half of 2022. In an uncertain macroeconomic climate, net income reached €1.7 billion. It fell by €88 million (-5.0%).

Group net income reached €1.5 billion.

Results by business line

Retail bank

Net revenue from retail banking was €4.2 billion (+3.2%). General operating expenses rose by 4.3% to €2.5 billion. The cost of risk rose (+ €132 million) to €539 million, of which €476 million for the cost of proven risk (+60.1%). The cost of non-proven risk fell to €63 million (-42.6%).

Net income therefore came to €786 million (-8.8%).

Insurance

Insurance revenue increased by 12.5% year on year to €650 million, driven mainly by strong growth in life insurance inflows (+16.7%) and a more favorable weather-related claims environment than in the first half of 2022. General operating expenses of €57 million correspond solely to expenses not attributed to contracts.

The net income contribution was €453 million, up 8.8% compared with end-June 2022.

Asset management and private banking

BFCM's net revenue from asset management and private banking rose by 26.1% year-on-year to €569 million. This increase was mainly due to the excellent interest margin at the private banking entities (€213 million; +88.8 %) and to the sustained sales activity, while revenues from asset management held steady despite of a slight fall in inflows.

General operating expenses at end-June were up by 8.9%. Thanks to good growth in net revenue, gross operating income rose by 71.3% to €213 million.

The "Net gains/(losses) on other assets and ECC" line item stood at zero at the end of the first half versus €13 million for the first half of 2022, which included non-recurring income related to the first-time consolidation of Crédit Mutuel Investment Managers and CIC Private Debt.

This net income reached €161 million on June 30, 2023, versus €105 million at the end of June 2022.

This data does not include the private banking activity carried out through CIC's network and its five regional banks, i.e. net revenue of €108 million (-8%) and net income of €42 million (-16%).

Corporate banking

Net revenue rose by 38.1% to €296 million at the end of the first half of 2023. It benefited from a substantial rise in income from the large corporates and structured financing businesses (notably asset finance and project finance).

The cost of risk multiplied by a factor of 4.7, reflecting a net allowance of €64 million compared with €13 million at end-June 2022, due in particular to provisions for receivables.

Net income therefore rose by 16.6% to €105 million at June 30, 2023, versus €90 million the previous year.

Capital markets

The first half of 2023 was marked by favorable market conditions and strong sales momentum, leading to a 63.3% increase in net revenue to €293 million.

Following an 8.2% rise in general operating expenses, gross operating income tripled to €154 million.

Overall net income from capital markets activities was €112 million compared with €35 million a year earlier.

Private equity

More than €140 million was invested during the period, with due prudence in line with the prevailing geopolitical uncertainty and the resulting economic impact on projected corporate growth and valuation multiples. Over four years, more than €2 billion has been used to finance new projects or support portfolio companies.

Meanwhile, the investment portfolio now stands at €3.4 billion, demonstrating the strong momentum of the Equity business lines in all segments, from innovation capital to buyouts.

Overall income remains solid at €220 million in the first half. More than two-thirds of the total derives from gains on the portfolio, demonstrating the quality of asset management in the current economic climate, and the overall performance of investments has been good.

The contribution to net income was €181 million, a very good level, which marks a return to a normal level of sound performance following two exceptional post-Covid years.

2.3.2 Change in activity in the first half of 2023

Deposits stood at €282.2 billion at the end of June 2023, up by 0.7% year-on-year.

Over the period, inflows into *Livret A* passbook accounts remained especially high, rising 19.9% year-on-year to €14.5 billion. This increase is mainly due to the continuation of measures favorable to regulated savings, leading to an increase in the interest paid on these accounts. Conditions in the financial markets encouraged customers to turn toward products that are both liquid and safe. As a result, term deposits (including PEP and term deposits) rose by nearly 92.9% year-on-year to nearly €61.7 billion and current accounts saw an increase in inflows of 4.8% to €7.0 billion in the first half of the year. However, deposits on home savings accounts fell by 4.9% to €11.7 billion.

At the end of the first half, outstanding loans stood at €327.9 billion, an increase of 5.3% year-on-year.

Despite the rise in interest rates, growth in loan receivables remained favorable in all of the main loan categories:

- home loans rose by 4.1% to €117.1 billion;
- consumer credit rose by 16.7% to €44.8 billion;
- equipment loans and leasing receivables rose by 8.6% to nearly €90.4 billion.

2.3.3 Transactions with Crédit Mutuel Alliance Fédérale entities

At June 30, 2023, the outstanding loans granted to the Crédit Mutuel Alliance Fédérale entities that are not part of the BFCM consolidation scope totaled €34.8 billion.

BFCM's consolidated gross operating loss was -€542 million related to transactions carried out with Crédit Mutuel Alliance Fédérale entities that are not part of the BFCM consolidation scope (mainly local banks and Caisse Fédérale de Crédit Mutuel). In the first half of 2023, net interest income from these transactions totaled -€75 million, net commissions paid amounted to -€16 million and the balance net of other income and expenses and general operating expenses recorded by these entities amounted to -€451 million.

2.3.4 Recent developments and prospects

In a period of monetary policy transition, the resilience of the universal banking and insurance model was once again demonstrated in the first half of 2023.

Crédit Mutuel Alliance Fédérale of which BFCM owns the main subsidiaries and performs the refinancing function, is on track to achieve the financial targets of its 2019-2023 strategic plan *ensemble#nouveaumonde, plus vite, plus loin* (together#today's world, faster, further), which will be completed at the end of 2023. The second half of this year will therefore be an opportunity to complete the work to define the future strategic plan intended to build an ambitious roadmap for 2027.

The recent results (July 28, 2023) of the stress test organized by the European Central Bank at the level of the Crédit Mutuel group, of which Crédit Mutuel Alliance Fédérale is a major component, once again demonstrated its financial solidity and the strength of its development model.

3 CORPORATE GOVERNANCE

3.1 CAISSE FÉDÉRALE DE CRÉDIT MUTUEL – CORPORATE GOVERNANCE REPORT

3.1.1 Composition of the management bodies as of June 30, 2023

Presentation of the Board of Directors at June 30, 2023

COMPOSITION OF THE BOARD OF DIRECTORS

	Age [1]	Gender	Start of term of office	End of term of office	Committees [2]	Attendance at Board
Nicolas THÉRY *Chairman*	57	M	2014	2025	GRMC	100%
Hélène DUMAS *Vice-Chairwoman*	66	F	2022	2026	Appointments	100%
Marie-Jean BOOG	61	F	2022	2024	-	100%
Monique BOUGHELILBA	57	F	2023	2026	-	N/A [3]
Gérard CORMORECHE	65	M	1995	2025	GAAC	100%
Bernard DALBIEZ	64	M	2019	2025	Appointments	100%
Nicolas HABERT	61	M	2020	2024	GRMC	100%
Marie JOSSO	44	F	2022	2025	Compensation	100%
Christine LEENDERS	67	F	2017	2026	GRMC Compensation	100%
Jean-Louis MAÎTRE	66	M	2019	2025	-	100%
Elia MARTINS	53	F	2018	2024	-	50%
Frédéric RANCHON	57	M	2018	2024	-	100%
Agnès ROUXEL	65	F	2017	2026	Appointments	100%
Daniel SCHOEPF	68	M	2018	2026	**GRMC**	100%
Jacques SIMON	66	M	2022	2024	**-**	100%
Annie VIROT	68	F	2017	2026	**Compensation**	100%
Alex WEIMERT	69	M	2020	2026	-	89%
Luc WYNANT	57	M	2022	2025	GAAC	100%
Audrey HAMMERER *Director representing employees*	45	F	2016	2025	Compensation	100%
Laurent TORRE *Director representing employees*	55	M	2020	2025	-	100%

In the Committees column, the Committee Chairmen are shown in bold in blue.

[1] Age at 06/30/2023.

[2] GRMC: Group Risk Monitoring Committee – GAAC: Group Auditing and Accounting Committee – Compensation: Compensation Committee – Appointments: Appointments Committee.

[3] Monique Boughelilba was appointed at the Shareholders' Meeting on May 10, 2023, and has not yet served on a Board of Directors in the first half of 2023.

NON-VOTING DIRECTORS

	Age [1]	Gender	Start of term of office	End of term of office	Committees [2]	Attendance at board
Chantal CETTOUR MEUNIER	67	F	2023	2026	-	N/A [3]
Philippe COULOIGNER	64	M	2022	2025	-	100%
Philippe GALLIENNE	67	M	2019	2025	Compensation	100%
Patrice GARRIGUES	65	M	2022	2025	GAAC	100%
Charles GERBER	69	M	2020	2026	GAAC	100%
Damien LIEVENS	52	M	2017	2026	-	100%
Olivier OGER	71	M	2022	2025	-	100%
Philippe RAGE	62	M	2020	2026	-	100%
Thierry REBOULET	60	M	2021	2024	**Appointments**	100%
Edwige SCHMITT-BORTOT	64	F	2022	2025	-	100%
Alain TÊTEDOIE	59	M	2017	2026	-	100%
Philippe TUFFREAU	68	M	2017	2026	-	100%
Didier VIEILLY	66	M	2015	2024	-	100%

In the Committees column, the Committee Chairmen are shown in bold in blue.

(1) Age at 06/30/2023.

(2) GRMC: Group Risk Monitoring Committee – GAAC: Group Auditing and Accounting Committee – Compensation: Compensation Committee – Appointments: Appointments Committee.

(3) Chantal Cettour Meunier was appointed at the Board of Directors meeting of April 6, 2023, and has not yet served on a Board of Directors in the first half of 2023.

THE FOUR SPECIALIZED COMMITTEES OF THE BOARD OF DIRECTORS

Compensation Committee		Appointments Committee		Group Auditing and Accounting Committee		Group Risk Monitoring Committee	
6 members		6 members		7 members and 9 associate members representing federations		6 members and 10 associate members representing federations	
2 meetings	100% attendance	6 meetings	93% attendance	2 meetings	82.35% attendance	4 meetings	89.06% attendance

Attendance rate applies to members and associate members.

Other participants

- In accordance with Article L.2312-72 of the French Labor Code, two representatives of the Social and Economic Committee attend the meetings of the Board of Directors in an advisory capacity;
- The by-laws of Caisse Fédérale de Crédit Mutuel also state that three representatives of representative trade union organizations, other than those that have appointed directors representing the employees, shall attend the meetings of the Board of Directors in an advisory capacity.

Executive management

- Daniel Baal, Chief Executive Officer and effective manager;
- Éric Petitgand, Deputy Chief Executive Officer and effective manager;
- Frantz Rublé, Deputy Chief Executive Officer.

3.1.2 Positions and functions held by the corporate officers

Directors

Nicolas Théry

Born on December 22, 1965

Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Nicolas Théry began his career in the financial inspection department in 1989 before joining the treasury department in 1993. From 1997 to 2000, he was an adviser in the office of the Minister of the Economy and Finance in charge of monetary and financial topics and then international and European topics. In 2000, he became director of the Private Office of Florence Parly, Secretary of State for the Budget. From 2000 to 2002, he was Confederal Secretary of the CFDT in charge of economic issues. He 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. He was Chairman of the Fédération bancaire française – French Banking Federation from September 1, 2021 to September 2022.
Nicolas Théry is a graduate of Science Po Paris and of the École Nationale d'Administration (ENA) – top of the "Liberty, Equality, Fraternity" class – and holds a Master's Degree in law, economics, management with a specialization in Business law.

Chairman of the Board of Directors
Member of the Group Risk Monitoring Committee
First appointed to the Board: 2014
Term expires: 2025

Other mandates and function as at June 30, 2023

Chairman of the Board of Directors

- Confédération Nationale du Crédit Mutuel
- Caisse Centrale du Crédit Mutuel
- Fédération du Crédit Mutuel Centre Est Europe
- Banque Fédérative du Crédit Mutuel
- Crédit Industriel et Commercial
- Banque CIC Est
- Assurances du Crédit Mutuel Vie SA
- Assurances du Crédit Mutuel Vie SAM
- ACM IARD SA

Chairman of the Supervisory Board

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

Director

- Caisse de Crédit Mutuel Strasbourg Vosges
- Crédit Mutuel Capital Privé
- 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

Chairman

- Fédération bancaire française

Member of the Management Board

- Euro-Information

Chairman of the Board of Directors

- Banque CIC Nord Ouest
- Dialogues

Hélène Dumas

Born on September 9, 1957
Nationality: French

Business address:
Place de l'Europe –
105 rue du Faubourg Madeleine
45920 Orléans

Summary of main areas of expertise and experience

Holder of a bachelor's degree in economics and management and a Diplôme d'Études Comptables Supérieures (DECS), Hélène Dumas has held various positions including Assistant Director and then Deputy Director in charge of support functions such as Human Resources, IT and Logistics within Mutualité Sociale Agricole, before retiring in 2013. In 1998, she became a Director of Caisse de Crédit Mutuel d'Orléans Châtelet, which she has chaired since 2017. Since 2020, she has been a Director of Fédération and Caisse Régionale de Crédit Mutuel du Centre.

Vice-Chairwoman of the Board of Directors
Member of the Appointments Committee
First appointed to the Board: 2022
Term expires: 2026

Other mandates and function as at June 30, 2023

Chairwoman of the Board of Directors
Caisse de Crédit Mutuel d'Orléans Châtelet

Vice-Chairwoman of the Board of Directors
Fédération Régionale des Caisses de Crédit Mutuel du Centre

Director
Caisse régionale de Crédit Mutuel du Centre

Terms of office expired over the past five fiscal years

Nil

Marie-Jean Boog

Born on August 30, 1961
Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

After obtaining her State diploma in 1982, Marie-Jean Boog began her career as a nurse, which she continued until 1988. During the same year, she joined the Association Saint Christophe Walscheid as a healthcare manager. In 1991, she obtained a university degree in Gerontology and then trained as a nursing manager in 1992. In 1998, she trained as a director of a healthcare institution and an ESMS, enabling her to become Head of Institutions for the Association Saint Christophe Walscheid. In 2000, she became a member of Caisse de Crédit Mutuel Bièvre et Vosges and took over as its Chairwoman in 2010. In 2018, she was appointed member of the Supervisory Board of Banque Européenne du Crédit Mutuel and Director of Fédération du Crédit Mutuel Centre Est Europe, Chairwoman of the District of Sarrebourg. Since 2022, she has been a member of the Mission Committee of Crédit Mutuel Alliance Fédérale.

Director
First appointed to the Board: 2022
Term expires: 2024

Other mandates and function as at June 30, 2023

Director and chairwoman the District of Sarrebourg
Fédération du Crédit Mutuel Centre Est Europe

Chairwoman of the Board of Directors
Caisse de Crédit Mutuel Bièvre et Vosges

Head of Institutions
Association Saint Christophe Walscheid

Terms of office expired over the past five fiscal years

Member of the Supervisory Board
Banque Européenne du Crédit Mutuel

Monique Boughelilba

Born on October 19, 1965
Nationality : French

Business address:
130-132 avenue Victor-Hugo
26009 Valence cedex

Summary of main areas of expertise and experience

Monique Boughelilba began her career as an administrative assistant. With a Baccalauréat G1 diploma, she joined the local civil service. She then graduated as a copywriter at the Centre National de la Fonction Publique Territoriale. In 1997, she joined Grenoble Alpes Métropole as head of development for the public transport network, then as head of administrative and financial monitoring of investment operations, before becoming project manager.
In 2016, she was elected Chairwoman of the Board of Directors of the Crédit Mutuel Fontaine local bank, she then became Vice-Chairwoman of the Board of Directors of the Fédération and Caisse Régionale du Crédit Mutuel Dauphiné Vivarais, of the Crédit Mutuel Vallée du Rhône local bank and a member of the Supervisory Board of Cautionnement Mutuel de l'Habitat.

Director
First appointed to the Board: 2023
Term expires: 2026

Other mandates and function as at June 30, 2023

Chairwoman of the Board of Directors
Caisse de Crédit Mutuel Fontaine
Vice-Chariwoman of the Board of Directors
Fédération du Crédit Mutuel Dauphiné-Vivarais
Caisse régionale du Crédit Mutuel Dauphiné-Vivarais
Caisse de Crédit Mutuel de la Vallée du Rhône
Member of the Supervisory Board
Cautionnement Mutuel de l'Habitat

Terms of office expired over the past five fiscal years

Néant

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'Agricultures d'Angers, Gérard Cormorèche is the manager of a cereal and vegetable farm and of CORMORÈCHE SARL, specializing in the processing of red beetroot. He was awarded the insignia of Chevalier du mérite agricole in 1999.

In 1993, he was elected Chairman of a local Crédit Mutuel bank. He holds offices within Crédit Mutuel at local, regional and national levels. Since 1995, he has been Chairman of 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.

Director
Member of th Group Auditing and Accounting Committee
First appointed to the board: 1995
Term expires: 2025

Other mandates and function as at June 30, 2023

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
Fédération du Crédit Mutuel Agricole et Rural
MTRL
Assurances du Crédit Mutuel pour l'éducation et la prévention en santé
Director
Confédération Nationale du Crédit Mutuel
Caisse Centrale du Crédit Mutuel
Banque Fédérative du Crédit Mutuel
Crédit Industriel et Commercial
Permanent representative of Caisse de Crédit Mutuel du Sud-Est, director
Assurance du Crédit Mutuel Vie SAM
SICA d'habitat Rural du Rhône et de la Loire
Non-voting director
CIC Lyonnaise de Banque
Managing partner
SCEA CORMORECHE Jean-Gérard

Terms of office expired over the past five fiscal years

Non-voting director
Crédit Industriel et Commercial
Managing partner
SARL CORMORECHE

Bernard Dalbiez

Born August 7, 1958

Nationality: French

Business address:
494 avenue du Prado
13008 Marseille

Summary of main areas of expertise and experience

High school graduate, Bernard Dalbiez was a train engineer and instructor for SNCF before retiring in 2008. Alongside his primary employment, he was an officer in the French air force reserves, serving until June 2019. In 2010, he was elected Chairman of the Crédit Mutuel de Marseille Pelletan local bank. In 2018, he became District Chairman and Vice-Chairman of Fédération du Crédit Mutuel Méditerranéen. Since 2021, he has been Chairman of Fédération et Caisse Régionale de Crédit Mutuel Méditerranéen and Chairman of the Supervisory Board of Centre de Conseil et de Service.

Director
Member of the Appointments Committee
First appointed to the Board: 2019
Term expires: 2025

Other mandates and function as at June 30, 2023

Chairman of the Board of Directors

Fédération du Crédit Mutuel Méditerranéen

Caisse Régionale du Crédit Mutuel Méditerrannéen

Caisse de Crédit Mutuel Marseille Pelletan

Caisse Méditerrannéenne de Financement (CAMEFI)

Chairman of the Supervisory Board

Société Actimut

Centre de conseil et de service

Vice-chairman of the Board of Directors

Caisse de Crédit Mutuel Ghisonaccia

Director

Caisse de Crédit Mutuel de Lunel

Caisse de Crédit Mutuel de Lozère

Representative of Caisse Régionale du Crédit Mutuel Méditerranéen, director

Assurance du Crédit Mutuel Vie SAM

Non-voting director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Terms of office expired over the past five fiscal years

Chairman of the Board of Directors

Caisse de Crédit Mutuel Saint Laurent du Var

Caisse de Crédit Mutuel de Saint Cyr sur Mer

Caisse de Crédit Mutuel Sainte Maxime - Cogolin

Vice-chairman of the Board of Directors

Caisse de Crédit Mutuel Nice Saint Isidore

Member of the Supervisory Board

Banque Européenne du Crédit Mutuel

Nicolas Habert

Born on April 27, 1962

Nationality: French

Business address:
6 rue de la Tuilerie
31130 Balma

Summary of main areas of expertise and experience

A graduate of ISEP and ESSEC and holder of an Actuarial degree, Nicolas Habert has been an independent consultant with NH Consulting since 2007. He began his career in 1987 at the Banque Nationale de Paris as customer relationship manager before joining Caisse des Dépôts et Consignations in 1989 and then Caisse Centrale de Crédit Mutuel in 1993. From 1988 to 2012 he worked as a part-time trainer for various entities at the training center for the banking profession and the Purpan engineering school from 1996 to 2007, where he taught management, finance and international commerce.
In 2001, he became a director of a new Crédit Mutuel local bank and was appointed Chairman in 2010. Since 2017, he has been a federal director. In May 2020, he was appointed Chairman of Caisse Régionale of Crédit Mutuel Midi-Atlantique.

Director
Member of the Group Risk Monitoring Committee
First appointed to the board: 2020
Term expires: 2024

Other mandates and function as at June 30, 2023

Chairman of the Board of Directors
Fédération du Crédit Mutuel Midi Atlantique
Caisse Régionale du Crédit Mutuel Midi Atlantique
Caisse du Crédit Mutuel de Toulouse Purpan
Director
Banque Fédérative du Crédit Mutuel
Permanent representative of Caisse Régionale du Crédit Mutuel Midi-Atlantique
Assurance du Crédit Mutuel Vie SAM
Permanent representative of Marsovalor, director
Banque CIC Sud Ouest
Non-voting director
Confédération Nationale de Crédit Mutuel
Caisse Centrale de Crédit Mutuel

Terms of office expired over the past five fiscal years

Chairman of the Supervisory Board
Cautionnement Mutuel de l'Habitat

Marie Josso

Born on December 29, 1978
Nationality: French

Business address:
275 Boulevard Marcel Paul Exapole
44800 Saint-Herblain

Summary of main areas of expertise and experience

Holder of a master's degree in occupational psychology, Marie Josso founded and since 2013 chairs the company Ad Potentiel, which provides psychosocial audit, managerial support and recruitment services.

In 2012, she became a Director of Caisse de Crédit Mutuel Isac Saint Gildas des Bois. Since 2018, she has been Chairwoman of the Board of Directors of the social landlord Atlantique Habitations and the Maison Familiale de Loire-Atlantique home ownership cooperative. In 2020, she became Vice-Chairwoman of Fédération and Caisse Régionale du Crédit Mutuel Loire Atlantique Centre-Ouest.

Director
Member of the Compensation Committee
First appointed to the board: 2022
Term expires: 2025

Other mandates and function as at June 30, 2023

Chairwoman of the Board of Directors

Atlantique Habitations
La Maison Familiale de la Loire-Atlantique
Demeures et traditions

Chairwoman of the Supervisory Board

Société de coordination Uniter

Chairwoman

Ad Potentiel

Vice-Chairwoman of the Board of Directors

Fédération du Crédit Mutuel Loire-Atlantique Centre-Ouest
Caisse régionale du Crédit Mutuel Loire-Atlantique Centre-Ouest

Director

Caisse de Crédit Mutuel Isac Saint Gildas des Bois
Livie

Member of the Supervisory Board

Batigere en Ile de France

Terms of office expired over the past five fiscal years

Nil

Christine Leenders

Born on February 21, 1956
Nationality: French

Business address:
1 place Molière
49000 Angers

Summary of main areas of expertise and experience

With a BTS degree in Tourism and completion of courses in Coaching and Mentoring, Christine Leenders is a senior manager of Haras des Landes.
In 2001, she was appointed a director of Caisse de Crédit Mutuel de Durtal-Seiches-sur-le-Loir, before being elected chairwoman of that local bank in 2003.
Since 2006, she has been a director of Caisse de Crédit Mutuel Agricole et Rurale de l'Anjou and of Fédération and Caisse Régionale du Crédit Mutuel Anjou since 2010. Since 2017, she has been a member of the board of Caisse Fédérale de Crédit Mutuel.

Director
Member of the Group Risk Monitoring Committee and the Compensation Committee
First appointment to the board: 2017
Term expires: 2026

Other mandates and function as at June 30, 2023

Chairwoman of the Board of Directors

Caisse de Crédit Mutuel de Durtal-Seiches-sur-le-Loir

Director

Fédération du Crédit Mutuel Anjou
Caisse régionale du Crédit Mutuel d'Anjou
Caisse de Crédit Mutuel Agricole et Rural de l'Anjou

Manager

Les Landes

Terms of office expired over the past five fiscal years

Chairwoman

Le pied à l'étrier
Écurie le mors aux dents

Jean-Louis Maître

Born on February 26, 1957

Nationality: French

Business address:
99 avenue de Genève
74054 Annecy

Summary of main areas of expertise and experience

Trained as an independent accountant, Jean-Louis Maître had a career in public accountancy for 39 years, including 26 as director of a ten-person firm, before retiring March 1, 2017.

Elected to the Board of Directors of Caisse locale de Crédit Mutuel de Bourg Saint Maurice on March 15, 1989, as Vice-Chairman of the Board of Directors of that same local bank on March 16, 1994 and then as Chairman on March 16, 2000. In 2000, he became a director of Fédération du Crédit Mutuel Savoie-Mont Blanc. Non-voting director of Confédération Nationale and Caisse Centrale du Crédit Mutuel since 2018, he became a director in 2022. He has also been a Director of Caisse Fédérale de Crédit Mutuel since May 10, 2019. In 2020, he was appointed Chairman of Fédération and Caisse Régionale du Crédit Mutuel Savoie-Mont Blanc. Since 2022, he has been a member of the Mission Committee of Crédit Mutuel Alliance Fédérale.

Director
First appointed to the board: 2019
Term expires: 2025

Other mandates and function as at June 30, 2023

Chairman of the Board of Directors

Fédération du Crédit Mutuel Savoie-Mont Blanc

Caisse Régionale du Crédit Mutuel Savoie-Mont Blanc

Caisse de Crédit Mutuel de Bourg Saint-Maurice

Director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Permanent representative of Caisse Régionale du Crédit Mutuel Savoie-Mont Blanc, director

Assurances du Crédit Mutuel Vie SAM

Terms of office expired over the past five fiscal years

Non-voting director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Élia Martins

Born on June 4, 1970

Nationality: Portuguese

Business address:
18 rue de la Rochefoucauld
75009 Paris

Summary of main areas of expertise and experience

Holder of a DEA in European law from Université Paris 1 and a CAPA from EFB Paris, Elia Martins has been a lawyer at the L'Oréal Group since 2006. Previously, she worked on the staff of the Pierre Haïk law firm.

In 2013, she was elected chairwoman of the Board of Directors of Caisse de Crédit Mutuel Paris 8 Europe.

From 2017 to 2023, she has been a member of the Board of Directors of Fédération and Caisse Régionale du Crédit Mutuel Île-de-France.

Director
First appointed to the board: 2018
Term expires: 2024

Other mandates and function as at June 30, 2023

Chairwoman of the Board of Directors

Caisse de Crédit Mutuel Paris 8 Europe

Terms of office expired over the past five fiscal years

Vice-Chairwoman

Fédération du Crédit Mutuel Île-de-France

Director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Frédéric Ranchon

Born on June 22, 1966

Nationality: French

Business address:
61 rue Blatin
63000 Clermont-Ferrand

Summary of main areas of expertise and experience

A graduate of the pharmacy school of Chatenay-Malabry, Frédéric Ranchon began his career as a pharmaceutical salesman in 1988 before receiving training in entrepreneurship at the ESC of Clermont Ferrand and ESSEC Paris and taking over management of a shop, Orchestra, in 2003.

From 2005 to 2019 he was key accounts manager for ABBOT/ABBVIE Laboratories (large hospital accounts). He has been Chairman of Fédération du Crédit Mutuel Massif Central since 2017 as well as Chairman of Caisse Régionale du Crédit Mutuel Massif Central since 2016.

Director
First appointed to the board: 2018
Term expires: 2024

Other mandates and function as at June 30, 2023

Chairman of the Board of Directors

Fédération du Crédit Mutuel Massif Central

Caisse régionale du Crédit Mutuel Massif Central

Director

Caisse de Crédit Mutuel Chamalières

Permanent representative of Caisse Régionale du Crédit Mutuel Massif Central, director

Assurances du Crédit Mutuel Vie SAM

Chairman of the Supervisory Board

Groupe ESC Clermont Auvergne Developpement

Managing partner

VILLARS CHAMALIERES

SAXO

MAM

SAXO MOD

FARGES

Non-voting director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Member

CCI du Puy-de-Dôme

Terms of office expired over the past five fiscal years

Director

Caisse de Crédit Mutuel Clermont les 9 Soleils

Caisse de Crédit Mutuel Cebazat

Member of the Supervisory Board

Groupe ESC Clermont Auvergne Developpement

Agnès Rouxel

Born on April 20, 1958

Nationality: French

Business address:
17 rue du 11 Novembre
14052 Caen

Summary of main areas of expertise and experience

Agnès Rouxel has a university degree in Adult Education. She is General Manager of JP2A and GENESE, two international consulting and human performance training firms.

Together with her main occupation, she chairs the Commission of Elected Representatives of the Seine Estuary Chamber of Commerce and Industry (la Chambre de Commerce et d'Industrie Seine Estuaire), is a member of the Seine Estuary MEDEF and the European Council of Business and Commercial Women (Seine Estuaire et du Conseil Européen Femmes Entreprises et Commerce).

Since 2018 she has been chairwoman of Caisse de Crédit Mutuel Sainte-Adresse and member of the Board of Directors of Caisse Régionale du Crédit Mutuel Normandie.

Director
Member of the Appointments Committee
First appointment to the board: 2017
Term expires: 2026

Other mandates and function as at June 30, 2023

Chairwoman of the Board of Directors

Caisse de Crédit Mutuel Sainte-Adresse

Permanent representative of Caisse de Crédit Mutuel de Sainte-Adresse, director

Caisse régionale du Crédit Mutuel Normandie

Technical advisor

Chambre de Commerce et d'Industrie Seine Estuaire

Member of the board

Conseil européen des entreprises et commerce – Conseil du commerce de France

Manager

JP2A

Genèse

Terms of office expired over the past five fiscal years

Member of the Board of Directors

MEDEF Seine Estuaire

Member and Chairwoman of the Commission of Elected Representatives

Chambre de Commerce et d'Industrie Seine Estuaire

Daniel Schoepf

Born on March 9, 1955

Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Recipient of a BTS in Commercial Operations and of multiple training courses in IT and management, Daniel Schoepf made his career in the IT sector for nearly 40 years before his retirement in 2015.

In 1996 he was elected Chairman of the Union des Caisses de Crédit Mutuel du District de Saverne de la Fédération du Crédit Mutuel Centre Est Europe.

In 2014, he was elected Chairman of Caisse de Crédit Mutuel Dettwiller. He has been Chairman of the Group Risk Monitoring Committee since 2016.

Director
Chairman of the Group Risk Monitoring Committee
First appointed to the board: 2018
Term expires: 2026

Other mandates and function as at June 30, 2023

Chairman of the Board of Directors

Caisse de Crédit Mutuel Dettwiller

Director and Chairman of the Saverne District

Fédération du Crédit Mutuel Centre Est Europe

Director

Éditions des Dernières Nouvelles d'Alsace

SAP L'Alsace

Permanent representative of BFCM, director

Assurance du Crédit Mutuel Vie SAM

Terms of office expired over the past five fiscal years

Member of the Supervisory Board

Banque Européenne du Crédit Mutuel

Jacques Simon

Born August 16, 1956

Nationality: French

Business address:
26 rue de France
88300 Neufchateau

Summary of main areas of expertise and experience

Holder of a technical certificate from the Ecole Supérieure d'Application de Bourges, Jacques Simon worked as a non-commissioned officer in the French Army while completing his training. He then served for 18 years as an executive director of a medical-social institution, before moving on in 2010 as a director of medical-social institutions before retiring on May 1, 2017. A track and field coach and former top athlete, he is also president of a sports association since 2012.

Since 2002, he has been a member of the board of the Caisse de Crédit Mutuel de la Plaine des Vosges, becoming its Chairman in 2013. In 2018, he became Chairman of the Vosges district, director at the Fédération du Crédit Mutuel Centre Est Europe and then non-voting director at the Banque Fédérative de Crédit Mutuel. Since 2019, he has chaired the Board of Directors of Cautionnement Mutuel de l'Habitat.

Director
First appointed to the Board: 2022
Term expires: 2024

Other mandates and function as at June 30, 2023

Chairman

La Tricolore Néocastrienne

Chairman of the Board of Directors

Caisse de Crédit Mutuel la Plaine des Vosges

Cautionnement Mutuel de l'Habitat

Director and Chairman of the District of Epinal

Fédération du Crédit Mutuel Centre Est Europe

Permanent representative of Cautionnement Mutuel de l'Habitat, director

SCI Quai de Paris

Terms of office expired over the past five fiscal years

Nil

Annie Virot

Born on March 6, 1955

Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Holder of a CAPES in Mathematics from the Université de Reims, Annie Virot taught mathematics for some 20 years before working as a consultant and then as a trainer.

In 2007, she was elected Chairwoman of Caisse de Crédit Mutuel de Dijon Darcy. She has been Chairwoman of the District of Bourgogne-Champagne of Fédération du Crédit Mutuel Centre Est Europe since 2018. She has been Chairwoman of the Compensation Committee of Caisse Fédérale de Crédit Mutuel since 2020. In 2021, she became a director and member of the Compensation Committee of Confédération Nationale du Crédit Mutuel.

Director
Chariwoman of the Compensation Committee
First appointed to the Board: 2017
Term expires: 2026

Other mandates and function as at June 30, 2023

Chairwoman of the Board of Directors

Caisse de Crédit Mutuel de Dijon Darcy

Vice-Chairwoman of the Board of Directors and Chairwoman of the District of Bourgogne-Champagne

Fédération du Crédit Mutuel Centre Est Europe

Director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Terms of office expired over the past five fiscal years

Nil

Alex Weimert

Born on May 23, 1954

Nationality: French

Business address:

Rue du Prof Raymond Garcin

97201 Fort de France

Summary of main areas of expertise and experience

Holder of a diploma in Agro-economics and a post-graduate degree in Advanced Studies, Alex Weimert began his career as director of Coopérative Fruitière de Guyane before becoming a technical and educational adviser at the Ministry of Youth and Sports. In 1984 he founded IFODES, a vocational training organization and then in 1988, he founded Guyane Technologies Systèmes, an IT services company. Mr. Alex Weimert is now retired.

In 1992, he became Chairman of the local bank of Crédit mutuel de Guyane before becoming Chairman of Crédit Mutuel Antilles-Guyane in October 2016. In 2021, he joined Confédération Nationale du Crédit Mutuel as a director and member of the Appointments Committee.

Director
First appointment to the board: 2020
Term expires: 2026

Other mandates and function as at June 30, 2023
Chairman of the Board of Directors
Fédération du Crédit Mutuel Antilles Guyane
Caisse Régionale du Crédit Mutuel Antilles Guyane
Caisse de Crédit Mutuel Le Crédit Populaire Guyanais
Director
Confédération Nationale de Crédit Mutuel
Caisse Centrale de Crédit Mutuel
Permanent representative of Caisse Régionale du Crédit Mutuel Antilles-Guyane, director
Assurances du Crédit Mutuel VIE SAM
Managing partner
Guyane Technologie Systèmes
Ifodes

Terms of office expired over the past five fiscal years
Non-voting director
Confédération Nationale du Crédit Mutuel
Caisse Centrale du Crédit Mutuel

Luc Wynant

Born on February 19, 1966

Nationality: Belgian

Business address:

4, place Richebé

59000 Lille

Summary of main areas of expertise and experience

Holder of a law degree from the University of KU Leuven and an MBA from Vlerick Business School, Luc Wynant has been a founding partner of the law firm Van Olmen & Wynant in Brussels since 1993 and Head of the Corporate Law Department. For several years, he was a university assistant and lecturer at KU Leuven Faculty of Law.

In 2012, he was appointed member of the Board of Directors of Beobank NV/SA, before joining the Fédération and Caisse Régionale du Crédit Mutuel Nord-Europe in 2019 as a Director.

Director
Member of the Group Auditing and Accounting Committee
First appointment to the board: 2022
Term expires: 2025

Other mandates and function as at June 30, 2023
Member of the Board of Directors
Beobank NV/SA
Fédération du Crédit Mutuel Nord Europe
Caisse Régionale du Crédit Mutuel Nord Europe
ACM Belgium Life (Bruxelles)
Member
Belgian Venture Capital and Private Equity Association
European Private Equity and Venture Capital Association
Founding partner
Val Olmen & Wynant

Terms of office expired over the past five fiscal years
Nil

Directors representing employees

Audrey Hammerer

Born on January 8, 1978

Nationality: French

Business address:
8 avenue Alsace Lorraine
38000 Grenoble

Summary of main areas of expertise and experience

Holder of a Bachelor's in History & Geography and in Insurance, Banking & Finance, Audrey Hammerer joined Crédit Mutuel in 2002 as an advisor before being appointed customer relationship manager in the Grenoble professional division of Crédit Mutuel Dauphiné-Vivarais.

Since 2016, she has been a director representing the employees of Caisse Fédérale de Crédit Mutuel on the Board. Since 2022, she has been director of the Caisse de Crédit Mutuel Tullins and a member of the Mission Committee of Crédit Mutuel Alliance Fédérale.

Director representing employees
Member of the Compensation Committee
First appointed to the board: 2016
Term expires: 2025

Other mandates and function as at June 30, 2023

Director

Fédération du Crédit Mutuel Dauphiné-Vivarais

Terms of office expired over the past five fiscal years

Nil

Laurent Torre

Born on May 5, 1967

Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Holder of a Master's Degree in Private Law, Laurent Torre is head of legal affairs at Caisse Fédérale de Crédit Mutuel. He began his career in 1995 as a lawyer at Assurances du Crédit Mutuel before joining Caisse Fédérale de Crédit Mutuel in 2000.

Since January 2020, he has been a director representing the employees of Caisse Fédérale de Crédit Mutuel on the board. Since 2022, he has been a member of the Mission Committee of Crédit Mutuel Alliance Fédérale.

Director, representing employees
First appointed: 2020
Term expires: 2025

Other mandates and function as at June 30, 2023

Nil

Terms of office expired over the past five fiscal years

Nil

Directors whose terms of office expired during the first half of 2023

Laurence Miras

Born on April 4, 1965

Nationality: French

Business address:
130-132 avenue Victor Hugo
26009 Valence

Summary of main areas of expertise and experience

Holder of Master's in Law from the Law Faculty of Aix-Marseille and a diploma as a French Notary, Laurence Miras has held a variety of positions in notary offices as a clerk and then as a notary for ten years before becoming a free-lance landscape gardener in 2013.

In 2014, she was elected Chairwoman of the Board of Directors of Caisse de Crédit Mutuel Agriculture de Valréas and became a member of the Board of Directors of Fédération and Caisse Régionale of Crédit Mutuel Dauphiné-Vivarais.

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

Other mandates and function as at June 30, 2023

Chairwoman of the Board of Directors

Caisse de Crédit Mutuel Agriculture de Valréas

Director

Fédération du Crédit Mutuel Dauphiné-Vivarais

Caisse Régionale du Crédit Mutuel Dauphiné-Vivarais

Terms of office expired over the past five fiscal years

Nil

Group's key executives

Daniel Baal

Born on December 27, 1957

Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Daniel Baal began his career in 1979 as a credit records manager at the head office of Banque Fédérative du Crédit Mutuel in Strasbourg and went on to hold various head office and network positions in Strasbourg, Colmar and Mulhouse. In 1995, he became director of commitments at the Southern Regional Division of Caisse Fédérale du Crédit Mutuel Centre Est Europe, then director of Caisse de Crédit Mutuel Mulhouse-Europe in 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 Fédération and Caisse Régionale du Crédit Mutuel Île-de-France. Then, in 2010, he was appointed deputy chief executive officer of Confédération Nationale du Crédit Mutuel, then deputy chief executive officer of Crédit Industriel et Commercial in 2014 and chief executive officer of Caisse Centrale de Crédit Mutuel in 2015.

Since 2017, he has been chief executive officer of Caisse Fédérale de Crédit Mutuel, chief executive officer of Banque Fédérative du Crédit Mutuel, chief executive officer of Crédit Industriel et Commercial, chief executive officer of Fédération du Crédit Mutuel Centre Est Europe and a member of the Executive Board of Groupe des Assurances du Crédit Mutuel. Daniel Baal is a graduate of EDC Paris Business School, majoring in Financial Management.

Chief Executive Officer and effective manager
First appointed: 2017
Term expires: 2026

Other mandates and function as at June 30, 2023

Chief executive officer
Fédération du Crédit Mutuel Centre Est Europe
Banque Fédérative du Crédit Mutuel
Crédit Industriel et Commercial
Member of the Executive Board
Groupe des Assurances du Crédit Mutuel
Chairman of the Supervisory Board
Cofidis
Cofidis Group
Euro-Information Production
Vice-Chairman of the Board of Directors
Banque de Luxembourg
Director
Crédit Mutuel Capital Privé
Member of the Supervisiory Board
TARGOBANK AG
Permanent representative of Caisse Fédérale de Crédit Mutuel, director
Endowment fund for clean sports

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 de Crédit Mutuel Île-de-France. member of the Management Board
Euro-Information

Éric Petitgand

Born February 4, 1964

Nationality: French

Business address:

4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Éric Petitgand began his career in 1987 as a back-office manager of cash operations at BTP and later Renault Crédit International. In 1992, he joined the Caisse Centrale du Crédit Mutuel as back-office manager of markets. In 1996, he was a special assistant to the chief executive officer and sale director at Crédit Mutuel Centre Est Europe. In 1999, he was named regional executive of the Fédération du Crédit Mutuel Centre Est Europe before being named chief executive officer of the Fédération and the Caisse Fédérale de Crédit Mutuel Savoie-Mont Blanc in 2003, then vice chairman and head of operations of the shared services center of the Desjardins network of local banks in 2013.

Since 2016, he has been deputy chief executive officer of Caisse Fédérale de Crédit Mutuel and deputy chief executive officer of Fédération du Crédit Mutuel Centre Est Europe. Since 2017, he has also been chief executive officer of Caisse Fédérale de Crédit Mutuel Antilles-Guyane and Fédération du Crédit Mutuel Antilles-Guyane. Since 2022, he has been Chief Executive Officer of Caisse Agricole Crédit Mutuel and sole Director of CCS since January 1, 2023.

Éric Petitgand holds a DESS in management control and auditing from the IAE of the Université Paris 1 Panthéon – Sorbonne.

Deputy Chief Executive Officer and effective manager
First appointed: 2016
Unlimited term

Other mandates and function as at June 30, 2023

Chairman and permanent representative of Banque Fédérative du Crédit Mutuel
Bischenberg
Sole director
Centre de Conseil et de Service - CCS
Chief Executive Officer
Caisse Régionale de Crédit Mutuel Antilles-Guyane
Fédération du Crédit Mutuel Antilles-Guyane
Caisse Agricole Crédit Mutuel
Deputy Chief Executive Officer
Fédération du Crédit Mutuel Centre Est Europe
Chairman of the Board of Directors
CIC Sud Ouest
Director
2SF – Société des services fiduciaires
Permanent representative of Caisse Fédérale de Crédit Mutuel, member of the Supervisory Board
Groupe des Assurances du Crédit Mutuel
Permanent representative of Caisse Fédérale de Crédit Mutuel, member of the Management Board
Euro-Information

Terms of office expired over the past five fiscal years

Chairman of the Board of Directors
LYF
Vice-Chairman
Monetico International
Director
Cautionnement Mutuel de l'Habitat
Member of the Supervisory Board
Euro-Information Production
Centre de Conseil et de Service - CCS
Member of the Management Board
Euro-Information Direct Services
Euro-Information Télécom
Permanent representative of Placinvest, director
Crédit Mutuel Investment Managers
Permanent representative of Caisse Fédérale de Crédit Mutuel, member of the Management Board
Euro-TVS
Euro-Information Épithète
Permanent representative of CIC Associés, director
Crédit Mutuel Asset Management

3.1.3 Preparation and organization of the work of the board

Conflicts of interest concerning the administrative, management and supervisory bodies

For Caisse Fédérale de Crédit Mutuel, there has been to date no mention of potential conflicts of interest between the duties of any of the members of the Board of Directors and Executive Management with respect to Caisse Fédérale de Crédit Mutuel and its private interests and/or other duties.

Members of the board and Executive Management are subject to the legal and regulatory obligations applicable to conflicts of interest. Each of the senior managers, directors and non-voting members of Caisse Fédérale de Crédit Mutuel adhere to the values and commitments of Crédit Mutuel Alliance Fédérale described in its code of conduct (*recueil de déontologie*). The purpose of this code is to prevent and, where necessary, manage conflict of interest cases.

In addition, the functioning of the board is governed by its internal rules, which state that "the board members shall endeavor to avoid any conflict that may exist between their moral and material interests and those of Caisse Fédérale de Crédit Mutuel and Crédit Mutuel Alliance Fédérale. Accordingly, they undertake not to directly or indirectly favor their personal or professional interests or those of a related person to the detriment of the interests of Crédit Mutuel as a whole or of one of its entities. They shall inform the Board of any conflict of interest, including potential, in which they may be directly or indirectly involved and, in this case, they shall refrain from participating in discussions and decision-making on the subjects concerned."

3.1.4 Work of the board during the first half-year 2023

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

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

On June 30, 2023, the board of directors met two times. The meeting attendance rate for directors was 95% on average.

Meeting of February 7 and 8, 2023

The Board of Directors meeting of February 7 and 8, 2023 focused on the following topics in particular:

- presentation of the balance sheet and consolidated financial statements as of December 31, 2022 of Crédit Mutuel Alliance Fédérale;
- observations of the statutory auditors;
- Group Auditing and Accouting Committee as of February 2, 2023 of Crédit Mutuel Alliance Fédérale;
- presentation of Caisse Fédérale de Crédit Mutuel financial statements as of December 31, 2022;
- approval of the annual comprehensive and consolidated financial statements as of December 31, 2022;
- regulated agreements of Caisse Fédérale de Crédit Mutuel;
- news, challenges and outlook;
- approval of the minutes of the meetings held on November 24, December 2 and December 20, 2022;
- summary of the GRMC of January 11, 2022 and February 1, 2022;
- summmary of relations with regulators;
- summary of breaches of the risk appetite framework as of September 30, 2022;
- proposed 2023 review of the risk appetite framework, including changes concerning interest rate and liquidity risks;
- update on risk monitoring and ALM;
- update on GACM's IT risk monitoring delegation;
- update on the preventive recovery and resolution plan;
- 2022 activity of the compliance audit function;
- main risk areas;
- savings, loans, insurance, services;
- development plan ;
- interest Rate and Financial Policy Committee;
- accreditation, municipal loans and special credits;
- general operating expenses in 2022 – final figures ;
- reappointment of the Chief Executive Officer ;
- report of the Compensation Committee of February 1 and 5, 2023;
- report of the Appointments Committee of December 20, 2022 and February 1, 2023 ;
- timetable and terms of the cooperative review ;
- validation of CFCM's annual contribution to the Crédit Mutuel Alliance Fédérale foundation.

Meeting of April 6, 2023

The Board of Directors meeting of April 6, 2023 focused on the following topics in particular:

- current affairs update;
- Group Auditing and Accounting Committee report of March 27, 2023;
- presentation and review of the annual internal control report;
- approval of the AML/CFT annual internal control report;
- summary of the Group Risk Monitoring Committee meetings of March 31, 2023 ;
- relations with regulators ;
- RAF overruns at December 31, 2022 ;
- risk monitoring as of December 31, 2022;
- validation of Crédit Mutuel Alliance Fédérale's risk mapping ;
- approval of Crédit Mutuel Alliance Fédérale's ICAAP ;

- approval of Crédit Mutuel Alliance Fédérale's ILAAP ;
- validation of updated credit risk framework ;
- report of the Compensation Committee of April 3, 2023 and report on compensation policy and practices for 2022 ;
- approval of the list of risk-takers and the overall compensation package paid to regulated persons covered by the regulations ;
- breakdown of the overall compensation package under the charter governing the exercise of offices of members of the Boards of Directors;
- report of the Appointments Committee of February 28, March 15 and April 4, 2023;
- approval of all committee assessments and recording of the assessments of key functions, including the assessment of Executive Management ;
- reappointment of the Vice-Chairman of the Board ;
- non-voting directors: renewals, appointment and end of term of office ;
- movements within regulatory committees ;
- "societal dividend": validation of allocation from 2023 ;
- acknowledgment of the internal rules of the interfederal training commission for elected members ;
- regulated agreements ;
- management reports and corporate governance reports ;
- mission Committee report ;
- benefit corporation commitments ;
- preparation and convening of the Ordinary Shareholders' Meeting of May 10, 2023.

3.1.5 Committees of the Board of Directors

The Board of Directors has set up four specialized committees within the scope of Crédit Mutuel Alliance Fédérale: the Compensation Committee, the Appointments Committee, the Group Auditing and Accounting Committee and the Group Risk Monitoring Committee. The provisions which define the composition, functioning, regulatory framework and duties of the regulatory committees of Crédit Mutuel Alliance Fédérale are set out in the internal rules of the Board of Directors updated on November 24, 2022.

The committees are composed of three to eight members of the Board of Directors of Caisse Fédérale de Crédit Mutuel and its main subsidiaries, BFCM, BECM and CIC, appointed by the Board of Directors of Caisse Fédérale de Crédit Mutuel on the proposal of the Chairman of the Board for the duration of their terms of office as directors, to which may be added associate members, proposed by the Boards of Directors of the federations for the duration of their terms of offices as federal directors, within BFCM, BECM or CIC. One of the members of the Compensation Committee must be an employee director.

Compensation Committee: composition and meetings in the first half-year 2023

As of June 30, 2023, the Comensation Committee was composed of a Chairman and five members including one employee director.

Members	Status	Attendance rate during the first half-year 2023
Annie Virot	Chairwoman	100%
Philippe Gallienne	Member	100%
Audrey Hammerer	Member (employee director)	100%
Christine Leenders	Member	100%
Brigitte Stein	Member	100%
Marie Josso	Member	N/A [1]

(1) Marie Josso joined the Committee on April 6, 2023, and has not yet attended a Committee meeting in the first half of 2023.

Appointments Committee: composition and meetings in the first half-year 2023

As of June 30, 2023, the Appointments Committee was composed of a Chairman and five members.

Members	Status	Attendance rate during the first half-year 2023
Thierry Reboulet	Chairman	100%
Bernard Dalbiez	Member	100%
Pascal David	Member	83.33%
Hélène Dumas	Member	100%
Simone Muller	Member	83.33%
Agnès Rouxel	Member	83.33%

Group Auditing and Accounting Committee: composition and meetings in the first half-year 2023

As of June 30, 2023, the Auditing and Accounting Committee was composed of a Chairman, six members and nine associate members.

Members	Status	Attendance rate during the first half-year 2023
Bich Van Ngo	Chairwoman	100%
Gérard Cormorèche	Member	100%
Charles Gerber	Member	100%
Albert Mayer	Member	100%
Jean-François Parra	Member	50%
René Schwartz	Member	100%
Luc Wynant	Member	100%
Jean-Pierre Bertin	Associate member	100%
Didier Belloir	Associate member	100%
Noël Bouverat	Associate member	N/A [1]
Christian Fouchard	Associate member	0%
Patrice Garrigues	Associate member	50%
Jean-Claude Lordelot	Associate member	100%
Alexandre Martial	Associate member	100%
Stéphane Servantie	Associate member	100%
Christian Triviero	Associate member	100%

(1) Noël Bouverat joined the Committee on April 6, 2023, and has not yet attended a Committee meeting in the first half of 2023.

Group Risk Monitoring Committee: composition and meetings in the first half-year 2023

As of June 30, 2023, the Risk Monitoring Committee was composed of a Chairman, five members and ten associate members.

Members	Status	Attendance rate during the first half-year 2023
Daniel Schoepf	Chairman	100%
Pierre Bertholier	Member	100%
Nicolas Habert	Member	100%
Catherine Lamblin Messien	Member	100%
Christine Leenders	Member	100%
Nicolas Théry	Member	75%
Gilles Berrée	Associate member	100%
Bernard Basse	Associate member	100%
Didier Benonie	Associate member	100%
Laurent Benoît	Associate member	50%
Hubert Chauvin	Associate member	100%
Patrick Hoche	Associate member	75%
Jean-François Jouffray	Associate member	100%
Jean-Yves Perthuis	Associate member	100%
Marc Taieb	Associate member	25%
Pascal Tissot	Associate member	100%

3.1.6 Executive Management

Composition of Executive management

The executive management of Caisse Fédérale de Crédit Mutuel is composed of:

- Mr. Daniel Baal, Chief Executive Officer and effective manager;
- Mr. Éric Petitgand, Deputy Chief Executive Officer and effective manager;
- Mr. Frantz Rublé, Deputy Chief Executive Officer.

Prerogatives of Executive Management

The articles of association do not provide for any particular limitation on the powers of the effective managers but internal rules define the cases in which prior approval of the Board of Directors is required, *i.e.* planned acquisitions or disposals of equity investments (excluding financial investments) of more than €100m.

3.2 BFCM – CORPORATE GOVERNANCE REPORT

3.2.1 Composition of the management bodies as of June 30, 2023

Presentation of the Board of Directors

	Age [1]	Gender	Start of term of office	End of term of office	Committees [2]	Attendance at Board
Nicolas THÉRY *Chairman*	57	M	2014	2026	GRMC	100%
Philippe TUFFREAU *Vice-Chariman*	68	M	2021	2024	/	100%
Jean-Marc BUSNEL *Permanent representative of Caisse Fédérale de Crédit Mutuel de Maine-Anjou et Basse-Normandie, director*	64	M	2018	2024	/	100%
Chantal CETTOUR-MEUNIER *Administrateur*	67	F	2023	2026	/	N/A [3]
Gérard CORMORÈCHE *Director*	66	M	2001	2025	GAAC	100%
Claude COURTOIS *Director*	68	M	2019	2025	/	100%
Philippe GALLIENNE *Director*	67	M	2019	2025	Compensation	100%
Charles GERBER *Director*	68	M	2020	2026	GAAC	100%
Olivier GUIOT *Director*	55	M	2020	2026	/	100%
Nicolas HABERT *Director*	61	M	2020	2024	GRMC	100%
Catherine LAMBLIN MESSIEN *Administrateur*	58	F	2022	2025	GRMC	100%
Albert MAYER *Director*	67	M	2018	2024	GAAC	100%
Franck MOGADE *Director*	49	M	2023	2026	/	N/A [3]
Bich Van NGO *Director*	66	F	2021	2024	GAAC	100%
Thierry REBOULET *Director*	60	M	2021	2024	Appointments	100%
René SCHWARTZ *Director*	66	F	2018	2024	GAAC	100%
Francis SINGLER *Director*	66	M	2018	2024	/	100%
Alain TÊTEDOIE *Director*	59	M	2007	2024	/	100%
Joel DERVIN *Non-voting director*	66	M	2022	2025	/	100%
Christian GUILBARD *Non-voting director*	65	M	2021	2024	/	100%
Caroline KALTENBACH *Censeur*	54	F	2022	2025		100%
Michel KOCHER *Censeur*	64	M	2022	2025	/	100%
Jean-Claude LORDELOT *Non-voting director*	69	M	2018	2024	GAAC	100%
Jean-Michel PFINDEL *Censeur*	68	M	2022	2025	/	100%

In the Committees column, the Committee Chairmen are shown in bold in blue.

[1] Age at 06/30/2023.

[2] GRMC: Group Risk Monitoring Committee – GAAC: Group Auditing and Accounting Committee – Compensation: Compensation Committee – Appointments: Appointments Committee.

[3] Chantal Cettour Meunier and Franck Mogade were appointed at the Shareholders' Meeting on May 10, 2023, and have not yet served on a Board of Directors in the first half of 2023.

During the first half of 2023, the terms of office of Gislhaine Ravanel and Elio Gumbs came to an end.

Other participants

- In accordance with Article L.2312-72 of the French Labor Code, two representatives of the Social and Economic Committee attend the meetings of the Board of Directors in an advisory capacity.

Executive management

- Daniel Baal, Chief Executive Officer and effective manager;
- Éric Charpentier, Chief Operating Officer and effective manager;
- Alexandre Saada, Deputy Chief Executive Officer and effective manager.

3.2.2 Offices and positions held by the corporate officers

Directors

Nicolas Théry

Born on December 22, 1965

Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Nicolas Théry began his career in the financial inspection department in 1989 before joining the treasury department in 1993. From 1997 to 2000, he was an adviser in the office of the Minister of the Economy and Finance in charge of monetary and financial topics and then international and European topics. In 2000, he became director of the Private Office of Florence Parly, Secretary of State for the Budget. From 2000 to 2002, he was Confederal Secretary of the CFDT in charge of economic issues. He 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. He was Chairman of the Fédération bancaire française – French Banking Federation from September 1, 2021 to September 2022.

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

Chairman of the Board of Directors
Member of the Group Risk Monitoring Committee of Caisse Fédérale de Crédit Mutuel
First appointed to the Board: 2014
Term expires: 2026

Other offices held as of June 30, 2023

Chairman of the Board of Directors	Confédération Nationale du Crédit Mutuel
	Caisse Centrale du Crédit Mutuel
	Fédération du Crédit Mutuel Centre Est Europe
	Caisse Fédérale de Crédit Mutuel
	Crédit Industriel et Commercial
	Banque CIC Est
	Assurances du Crédit Mutuel Vie SA
	Assurances du Crédit Mutuel Vie SAM
	ACM IARD SA
Chairman of the Supervisory Board	Groupe des Assurances du Crédit Mutuel
	Banque Européenne du Crédit Mutuel
Director	Caisse de Crédit Mutuel Strasbourg Vosges
	Crédit Mutuel Capital Privé
	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

Chairman	Fédération bancaire française
Member of the Management Board	Euro-Information
Chairman of the Board of Directors	Banque CIC Nord Ouest
	Dialogues

Philippe Tuffreau

Born on May 24, 1955
Nationality: French

Business address:
1, place Molière
49006 Angers

Summary of main areas of expertise and experience

Holder of a Master's degree in Private Law, a post-graduate Degree (DESS) in Juridical Sciences and professional lawyer accreditation, Philippe Tuffreau is Chairman of the Fédération and Caisse Régionale du Crédit Mutuel d'Anjou.

In 1995, he founded Exaequo, a firm specializing in business law. At the same time, he is involved in life at the bar. In 1998, he was elected president of the Bar of Angers for two years. In 2003, he became a member of the French National Bar Council. He was Vice-Chairman of this institution from 2006 to 2008, and became the Chancery's regular contact. Soon after he was promoted Knight of the National Order of Merit and Knight of the Order of the Legion of Honor. From 1995 to 2017, he was Vice-Chairman of the law firm Oratio.

In 1991, he became Chairman of a Crédit Mutuel local bank and held various offices before terminating his office due to his other activities. In 2014, he was appointed Chairman of a Crédit Mutuel local bank before becoming federal director of Crédit Mutuel d'Anjou in 2015 of which he became Chairman in 2017. He has been a confederal director since 2020.

Vice-Chairman of the Board of Directors
First appointed to the Board: 2021
Term expires: 2024

Other offices held as of June 30, 2023

Chairman of the Board of Directors
Fédération du Crédit Mutuel Anjou
Caisse Régionale du Crédit Mutuel Anjou
Créavenir Anjou (association)
Vice-Chairman of the Board of Directors
Caisse de Crédit Mutuel Angers Saint Laud
Member of the Supervisory Board
Banque européenne du Crédit Mutuel
Director
Confédération Nationale du Crédit Mutuel
Caisse Centrale du Crédit Mutuel
Permanent representative of Caisse Régionale du Crédit Mutuel d'Anjou, director
Assurances du Crédit Mutuel Vie SAM
Permanent representative of Caisse Régionale du Crédit Mutuel d'Anjou, managing partner
SNC Thiers Immobilier
Non-voting director
Caisse Fédérale de Crédit Mutuel

Terms of office expired over the past five fiscal years

Director
GIEMAT
SPL ALTEC
Non-voting director
Banque Fédérative du Crédit Mutuel
Confédération Nationale du Crédit Mutuel
Caisse Centrale du Crédit Mutuel

Jean-Marc Busnel

Born on April 25, 1959
Nationality: French

Business address:
43 boulevard Volney
53083 Laval

Summary of main areas of expertise and experience

Jean-Marc Busnel holds a Post-graduate Degree (DESS) in Business Administration and Management. He began his, career with ACOME as a technician and then as a senior manager in 1980. He then held various positions from operations director (2002) to industry, purchasing and supply chain director (2008) before becoming branch director (2015) and thenindustrial director (2018) before retiring in 2021. In 1994, he was elected director of the Crédit Mutuel de Saint Hilaire du Harcouët local bank. Today, he holds offices at the local level as well as at the federal and confederal levels. Since 2018, he has been Chairman of Caisse Fédérale and Fédération du Crédit Mutuel de Maine-Anjou Basse-Normandie.

Permanent representative of Caisse Fédérale de Crédit Mutuel de Maine-Anjou et Basse-Normandie, director
First appointed to the Board: 2018
Term expires: 2024

Other offices held as of June 30, 2023

Chairman of the Board of Directors
- Fédération du Crédit Mutuel de Maine-Anjou et Basse-Normandie
- Caisse Fédérale de Crédit Mutuel de Maine-Anjou et Basse-Normandie
- Caisse de Crédit Mutuel de Saint-Hilaire du Harcouet
- Caisse de Crédit Mutuel Solidaire
- Résidence foyer les hirondelles
- Creavenir
- Fondation d'entreprise du Crédit Mutuel de Maine-Anjou et Basse-Normandie

Vice-Chairman of the Supervisory Board
- SODEREC

Director
- Confédération Nationale du Crédit Mutuel
- Caisse Centrale du Crédit Mutuel

Permanent representative of Caisse Fédérale de Crédit Mutuel de Maine-Anjou et Basse-Normandie, director
- Assurances du Crédit Mutuel Vie SAM
- ACM IARD SA

Permanent representative of the Fondation d'entreprise du Crédit Mutuel de Maine-Anjou et Basse-Normandie
- Association des résidences Escalys

Terms of office expired over the past five fiscal years

Chairman of the Board of Directors
- IDEA OPTICAL

Vice-chairman
- Union régionale des Scop de l'Ouest

Director
- ACOME SA

Chantal Cettour Meunier

Born on September 15, 1955
Nationality: French

Business address:
99, Avenue de Genève
74000 Annecy

Summary of main areas of expertise and experience

Holder of a professional certificat in transport and a professional certificate in accountancy and mechanography, Chantal Cettour Meunier was a managing partner of Transport Avocat Maulaz from 1984 to 2006. In 2006, she joined the Chatel town council as a local authority official before retiring in 2016. She has been President of a Crédit Mutuel local bank since 2006 and a member of Fédération du Crédit Mutuel Savoie-Mont Blanc since 2020.

Director
First appointed to the board : 2023
Term expires : 2026

Other offices held as of June 30, 2023

Chairwomen of the Board Directors
- Caisse de Crédit Mutuel Val d'Abondance

Director
- Fédération du Crédit Mutuel Savoie-Mont Blanc

Non-voting director
- Caisse Fédérale de Crédit Mutuel

Terms of office expired over the past five fiscal years

Nil

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'Agricultures d'Angers, Gérard Cormorèche is the manager of a cereal and vegetable farm and of the CORMORECHE SARL specializing in the processing of red beetroot. He was awarded the insignia of Chevalier du mérite agricole in 1999.
In 1993, he was elected Chairman of a local Crédit Mutuel bank. He holds offices within Crédit Mutuel at local, regional and national levels. Since 1995, he has been Chairman of Fédération and Caisse de Crédit Mutuel du Sud-Est. He has also been Chairman of the Board of Directors of Caisse Agricole du Crédit Mutuel since 2004 and Vice-Chairman of CNCM (Confédération Nationale du Crédit Mutuel).

Director
Member of the group Auditing and Accounting Committee of Caisse Fédérale de Crédit Mutuel
First appointment to the board: 2001
Term expires: 2025

Other offices held as of June 30, 2023

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
Fédération du Crédit Mutuel Agricole et Rural
MTRL
Assurances du Crédit Mutuel pour l'éducation et la prévention en santé
Director
Confédération Nationale du Crédit Mutuel
Caisse Centrale du Crédit Mutuel
Caisse Fédérale de Crédit Mutuel
Crédit Industriel et Commercial
Permanent representative of Caisse de Crédit Mutuel du Sud-Est, director
Assurance du Crédit Mutuel Vie SAM
SICA d'habitat Rural du Rhône et de la Loire
Non-voting director
CIC Lyonnaise de Banque
Managing partner
SCEA CORMORECHE Jean-Gérard

Terms of office expired over the past five fiscal years

Managing partner
SARL CORMORECHE
Non-voting director
Crédit Industriel et Commercial

Claude Courtois

Born on January 6, 1954

Nationality: French

Business address:
494 avenue du Prado
13008 Marseille

Summary of main areas of expertise and experience

A graduate of the École Nationale de Police de Cannes-Ecluse, Claude Courtois has worked as a police inspector in two active services of the French National Police.

In 1998, he was elected member of the Supervisory Board of a local Crédit Mutuel bank. In 2014, he became federal director and Chairman of the Western District of Fédération du Crédit Mutuel Méditerranéen.

Director
First appointed to the board: 2019
Term expires: 2025

Other offices held as of June 30, 2023

Chairman of the Board of Directors

Caisse de Crédit Mutuel de Montpellier Antigone

Caisse de Crédit Mutuel de Lunel

Vice-Chairman of the Board of Directors

Fédération du Crédit Mutuel Méditerranéen

Director

Caisse Méditerranéenne Financement

Caisse de Crédit Mutuel Bassin de Thau

Terms of office expired over the past five fiscal yearsTerms of office expired over the past five fiscal years

Chairman of the Board of Directors

Caisse de Crédit Mutuel Bassin de Thau

Vice-Chairman of the Board of Directors

Caisse de Crédit Mutuel Frontignan

Director

Caisse de Crédit Mutuel de Perpignan Kennedy

Caisse de Crédit Mutuel de Montpellier Alco

Non-voting director

Banque Fédérative du Crédit Mutuel

Philippe Gallienne

Born on June 17, 1956

Nationality: French

Business address:
17 rue du 11 novembre
14052 Caen

Summary of main areas of expertise and experience

A graduate of the École de Management de Normandie, Philippe Gallienne was partner in charge of the association and social management sector of the Le Havre office of Mazars from 1990 to April 2019.

In 1995, he was elected founding Chairman of Caisse de Crédit Mutuel du Havre Sanvic. In 1998, he became Chairman of Caisse de Crédit Mutuel du Havre Hôtel de Ville and was elected federal director the same year. He was appointed Vice-Chairman of Fédération du Crédit Mutuel de Normandie in 2003 before being appointed Chairman of Fédération and Caisse Régionale du Crédit Mutuel de Normandie in 2019.

Director
Member of the Compensation Committee of Caisse Fédérale de Crédit Mutuel
First appointed to the Board: 2019
Term expires: 2025

Other offices held as of June 30, 2023

Chairman of the Board of Directors

Fédération du Crédit Mutuel de Normandie

Caisse Régionale de Crédit Mutuel de Normandie

Caisse de Crédit Mutuel Le Havre Hôtel de Ville

Member of the Supervisory Board

Banque Européenne du Crédit Mutuel

Director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Permanent representative of Caisse Régionale de Crédit Mutuel de Normandie, director

Assurances du Crédit Mutuel Vie SAM

Non-voting director

Caisse Fédérale de Crédit Mutuel

Terms of office expired over the past five fiscal years

Non-voting director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Charles Gerber

Born on June 3, 1954

Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Holder of a technical proficiency certificate degree in General Mechanics and a diploma in Management and Recruitment from the Comité d'Action Économique du Haut-Rhin, Charles Gerber began his career as a master sergeant in the French army. He then worked for 10 years in the mechanical field, for 20 years as manager of a production site and for 10 years as manager of high volume purchasing at the same company before retiring in 2009. In 1991 he was first appointed member of the board of directors of a Crédit Mutuel local bank, before being appointed chairman of the board of directors in 2012.

Director
Member of the group Auditing and Accounting Committee of Caisse Fédérale de Crédit Mutuel
First appointed to the board: 2020
Term expires: 2026

Other offices held as of June 30, 2023

Chairman of the Board of Directors

Caisse de Crédit Mutuel de la Largue

Director and Chairman of the District of Altkirch-St-Louis

Fédération du Crédit Mutuel Centre Est Europe

Director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Non-voting director

Caisse Fédérale de Crédit Mutuel

Terms of office expired over the past five fiscal years

Director

Caisse Fédérale de Crédit Mutuel

Olivier Guiot

Born on July 21, 1967

Nationality: French

Business address:
61 rue Blatin
63000 Clermont-Ferrand

Summary of main areas of expertise and experience

Holder of a technical proficiency certificate in Accounting, Olivier Guiot worked as a logistics technician before he was elected mayor of the municipality of Saint-Hilaire in the Allier department in 2001.
In 1999, he became a director of Fédération du Crédit Mutuel Massif Central. From 2018 to 2020, he was a director on several provisional Boards of Directors (CCM Montferrand, CCM Cebazat, Vice-Chairman of CCM Yzeure). In 2020, he became Chairman of Caisse de Crédit Mutuel d'Yzeure.

Director
First appointed to the board : 2020
Term expires: 2026

Other offices held as of June 30, 2023

Chairman of the Board of Directors

Caisse de Crédit Mutuel d'Yzeure

Director

Fédération du Crédit Mutuel Massif Central

Caisse Régionale du Crédit Mutuel Massif Central

Terms of office expired over the past five fiscal years

Vice-Chairman of the Board of Directors

Caisse de Crédit Mutuel de Moulins

Director

Caisse de Crédit Mutuel de Cebazat

Caisse de Crédit Mutuel de Montferrand

Nicolas Habert

Born on April 27, 1962

Nationality: French

Business address:
6 rue de la Tuilerie
31130 Balma

Summary of main areas of expertise and experience

A graduate of ISEP and ESSEC and holder of an Actuarial degree, Nicolas Habert has been an independent consultant with NH Consulting since 2007. He began his career in 1987 at the Banque Nationale de Paris as customer relationship manager before joining Caisse des Dépôts et Consignations in 1989 and then Caisse Centrale de Crédit Mutuel in 1993. From 1988 to 2012 he worked as a part-time trainer for various entities at the training center for the banking profession and the Purpan engineering school from 1996 to 2007, where he taught management, finance and international commerce.

In 2001, he became a director of a new Crédit Mutuel local bank and was appointed Chairman in 2010. Since 2017, he has been a federal director. In May 2020, he was appointed Chairman of Caisse Régionale of Crédit Mutuel Midi-Atlantique.

Director
Member of the group Risk Monitoring Committee of Caisse Fédérale de Crédit Mutuel
First appointed to the board: 2020
Term expires: 2024

Other offices held as of June 30, 2023

Chairman of the Board of Directors
Fédération du Crédit Mutuel Midi Atlantique
Caisse Régionale du Crédit Mutuel Midi Atlantique
Caisse du Crédit Mutuel de Toulouse Purpan
Director
Caisse Fédérale de Crédit Mutuel
Permanent representative of Caisse Régionale du Crédit Mutuel Midi-Atlantique, director
Assurance du Crédit Mutuel Vie SAM
Permanent representative of Marsovalor, director
Banque CIC Sud Ouest
Non-voting director
Confédération Nationale de Crédit Mutuel
Caisse centrale de Crédit Mutuel

Terms of office expired over the past five fiscal years

Chairman of the Supervisory Board
Cautionnement Mutuel de l'Habitat

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 for and obtaining her diploma in accounting and financial studies (DESCF) at the Institut d'expertise comptable of La Catho Lille in 1987, Catherine Lamblin Messien began her career at Cabinet Lecat as an accountant. In 1990, she joined Declercq before obtaining her diploma as a chartered accountant (DEC) in 1992. In the same year, she joined Cofidine - Conseil Fiduciaire, Audit & Finance, as a chartered accountant.

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

Director
Member of the group Auditing and Accounting Committee of Caisse Fédérale de Crédit Mutuel
First appointed to the board: 2022
Term expires: 2025

Other offices held as of June 30, 2023

Chairman of the Board of Directors
Caisse de Crédit Mutuel de Cambrai
Vice-Chairwoman of the Board of Directors
Caisse fédérale du Crédit Mutuel Nord-Europe
Fédération du Crédit Mutuel Nord-Europe
Director
Confédération Nationale du Crédit Mutuel
Caisse Centrale du Crédit Mutuel
Crédit Industriel et Commercial
Cautionnement Mutuel de l'Habitat
Manager
Cofidine Conseil Fiduciaire Audit & Finance
Groupement forestier du bois de la Chassagne

Terms of office expired over the past five fiscal years

Treasurer
Association Femmes Chefs d'entreprise (FCE)

Albert Mayer

Born on September 17, 1955
Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Albert Mayer holds certificates of Higher Accounting Studies and has been the Chairman of the firm Albert Mayer Expertise et Audit Comptable since 2009. Albert Mayer has also been a member of the Metz Association of Statutory Auditors since 1994 and is a legal expert with the Metz Court of Appeal.

In 1993 he was appointed Chairman of a Crédit Mutuel local bank. Since 2018, he has been Chairman of the Saint-Avold District of Fédération du Crédit Mutuel Centre Est Europe.

Director
Member of the group Auditing and Accounting Committee of Caisse Fédérale de Crédit Mutuel
First appointed to the Board: 2018
Term expires: 2024

Other offices held as of June 30, 2023

Chairman of the Board of Directors
Caisse de Crédit Mutuel Freyming Hombourg-Haut
Chairman
Mayer Albert Expertise et Audit Comptable
Director and Chairman of the Saint Avold District
Fédération du Crédit Mutuel Centre Est Europe
Managing partner
Secogem expertise comptable
Pôle d'expertise comptable

Terms of office expired over the past five fiscal years

Nil

Franck Mogade

Born August 13, 1973
Nationality : French

Business address:
Rue Professeur Raymond Garcin
97 200 Fort-de-France

Summary of main areas of expertise and experience

Graduated in business activities and accounting, Franck Mogade has been managing a public works company since 2002. In 2022, he was elected deputy mayor in charge of development, urban planning and technical services in the commune of Sainte-Marie.
He has been president of a local Crédit Mutuel caisse since 2019 and a member of the Fédération and Caisse Régionale de Crédit Mutuel Antilles Guyane since 2020.

Director
First appointed to the board : 2023
Term expires : 2026

Other offices held as of June 30, 2023

Chairman of the Board Directors
Caisse de Crédit Mutuel Nord Atlantique

Director
Fédération du Crédit Mutuel Antilles Guyane
Caisse Régionale du Crédit Mutuel Antilles Guyane

Managing Partner
FY TP FOR YOU TRAVAUX PUBLICS
SOC TERRASSEMENT TRAV PUBLICS

Terms of office expired over the past five fiscal years

Nil

Bich Van Ngo

Born on July 21, 1956
Nationality: French

Business address:
18, rue de La Rochefoucauld
75439 Paris

Summary of main areas of expertise and experience

A chartered accountant, with a master's degree in economics from the University of Paris Dauphine and corporate director certification from Sciences-Po Paris, Bich Van Ngo has been chairwoman and CEO of NGO Audit et Conseil since 2018.
She began her career in 1979 and worked in various groups as chief financial officer and then chairman and chief executive officer. In 1995, she created the accounting and auditing firm Audit et Conseil Europe, which she managed until 2018.
In 2013, she was appointed to the board of directors of Caisse de Crédit Mutuel de Verrières le Buisson before becoming its chairwoman in 2015. She has been a member of the board of directors of the Fédération du Crédit Mutuel Ile-de-France since 2018, of the Group auditing and accounting committee of Crédit Mutuel Alliance Fédérale since 2020 and of the board of directors of Banque Fédérative du Crédit Mutuel since 2021. In 2023, she was appointed Chairwoman of the Group Auditing and Accounting Committee of Crédit Mutuel Alliance Fédérale.

Director
Charwoman of the Group Auditing and Accounting Committee of Caisse Fédérale de Crédit Mutuel
First appointed to the Board: 2021
Term expires: 2024

Other offices held as of June 30, 2023

Chairwoman of the Board of Directors
Crédit Mutuel de Verrières le Buisson

Director
Banque de Luxembourg
Fédération du Crédit Mutuel Ile-de-France

Independent Director
Haffner Ernergy

Chairwoman – Chief Executive Office
NGO Audit et conseil

Chairwoman
Association mouvement des citoyens français d'origine vietnamienne

Terms of office expired over the past five fiscal years

Nil

Thierry Reboulet

Born on August 3, 1962

Nationality: French

Business address:
130-132 avenue Victor-Hugo
26009 Valence cedex

Summary of main areas of expertise and experience

Holder of a Technology University Degree in Business Management and Administration, Thierry Reboulet served as General Manager of Services at the town hall of Tain l'Hermitage for 17 years (36 years of service).

In 1998 he was appointed chairman of a Crédit Mutuel local bank. In 2001, he became a director of Fédération du Crédit Mutuel Dauphiné-Vivarais. He became Chairman of Caisse de Crédit Mutuel de Tain l'Hermitage in 2014. Since 2021, he has chaired the Fédération and Caisse Régionale du Crédit Mutuel Dauphine-Vivarais and has been Chairman of the Appointments Committee of Caisse Fédérale de Crédit Mutuel since 2022.

Administrateur
Chairman of the Appointments Committee of Caisse Fédérale de Crédit Mutuel
Première nomination au conseil : 2021
Échéance du mandat : 2024

Other offices held as of June 30, 2023

Chairman of the Board of Directors

- Fédération du Crédit Mutuel Dauphine-Vivarais
- Caisse Régionale du Crédit Mutuel Dauphine-Vivarais
- Caisse de Crédit Mutuel Vallée du Rhône
- Caisse de Crédit Mutuel Tain l'Hermitage

Permanent representative of Caisse Régionale du Crédit Mutuel Dauphine-Vivarais, director

- Assurances du Crédit Mutuel Vie SAM

Non-voting director

- Confédération Nationale du Crédit Mutuel
- Caisse Centrale du Crédit Mutuel
- Caisse Fédérale du Crédit Mutuel

Terms of office expired over the past five fiscal years

Nil

René Schwartz

Born on January 14, 1957

Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Holder of a Masters' degree in law and a DESS in Business Administration, René Schwartz, until his retirement as of June 30, 2019, worked as a lawyer specializing in tax law at the Société Fiduciaire d'Alsace et de Lorraine in Mulhouse.

From 1992 onward, he was elected Chairman of Caisse de Crédit Mutuel du Nouveau Monde in Bollwiller. Since the end of 2018, he has been Chairman of the Union des Caisses de Crédit Mutuel of the Mulhouse District and a director of Fédération Centre Est Europe and Banque Fédérative du Crédit Mutuel.

Director
Member of the group Auditing and Accounting Committee of Caisse Fédérale de Crédit Mutuel
First appointed to the board: 2018
Term expires: 2024

Other offices held as of June 30, 2023

Chairman of the Board of Directors

- Caisse de Crédit Mutuel du Nouveau Monde

Director and Chairman of the Mulhouse District

- Fédération du Crédit Mutuel Centre Est Europe

Terms of office expired over the past five fiscal years

Director

- CARPA Mulhouse

Francis Singler

Born on July 18, 1956

Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Holder of an Industrial Methods Technician degree, Francis Singler is retired. He spent his career with APF Entreprises Alsace, holding positions as production manager and then IT manager before retiring in 2018. In 2001, he was appointed director of a local Crédit Mutuel bank. He was Chairman of the training commission for elected representatives of the Sélestat District from 2006 to 2018. Since 2018, he has been Chairman of the Sélestat District of Fédération du Crédit Mutuel Centre Est Europe and Chairman of the Board of Directors of the Ried Centre Alsace bank.

Director
First appointed to the board: 2018
Term expires: 2024

Other offices held as of June 30, 2023

Chairman of the Board of Directors

Caisse de Crédit Mutuel Ried Centre Alsace

Member of the Management Board

Euro-Information Production

Director and Chairman of the Sélestat District

Fédération du Crédit Mutuel Centre Est Europe

Terms of office expired over the past five fiscal years

Nil

Alain Têtedoie

Born on May 16, 1964

Nationality: French

Business address:
10 rue de Rieux
44040 Nantes

Summary of main areas of expertise and experience

A graduate in Horticulture, Alain Têtedoie is Chairman and chief executive officer in the agri-food sector. In 1991, he became a director of a local Crédit Mutuel bank. He has been Chairman of Fédération and Caisse Régionale du Crédit Mutuel Loire Atlantique et Centre-Ouest since 2006 and has also been a confederal director since 2004.

Director
First appointed to the board: 2007
Term expires: 2024

Other offices and positions held as of June 30, 2022

Chairman

Thalie Holding

Chairman of the Board of Directors

Fédération du Crédit Mutuel de Loire-Atlantique et du Centre Ouest

Caisse régionale du Crédit Mutuel de Loire-Atlantique et du Centre Ouest

Chairman of the Supervisory Board

Crédit Mutuel Immobilier

Vice-Chairman of the Supervisory Board

Banque Européenne du Crédit Mutuel

Permanent representative of Fédération du Crédit Mutuel Loire-Atlantique et Centre-Ouest, chairman

Investlaco

Director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Caisse de Crédit Mutuel de Loire Divatte

Permanent representative of EFSA, director

Banque CIC Ouest

Permanent representative of Caisse Fédérale du Crédit Mutuel Loire Atlantique et Centre-Ouest, director

Assurances du Crédit Mutuel Vie SAM

SODEREC

Representing Thalie Holding, chairman

La Fraiseraie SAS

Representing Thalie Holding, managing partner

SCEA La Fraiseraie

Managing partner

GFA La Fraiseraie

Non-voting director

Caisse Fédérale de Crédit Mutuel

Terms of office expired over the past five fiscal years

Director

Caisse Fédérale de Crédit Mutuel

Chairman of the Supervisory Board

Centre de Conseil et de Service (CCS)

Directors whose terms of office expired during the first half of 2023

Elio Gumbs

Born November 23, 1961

Nationality: French

Business address:
Rue du Prof Raymond Garcin
97201 Fort de France

Summary of main areas of expertise and experience

Holder of a DUT in Civil Engineering, Elio Gumbs has been central group head at Électricité de France since 2001. In 1983, he began his career as a technology teacher before joining Électricité de France in 1984.
In 2008, he became a director of a Crédit Mutuel local bank and was appointed Chairman in 2017. Since 2005, he has been Vice-Chairman of the Boards of Directors of Fédération and Caisse Régionale de Crédit Mutuel Antilles-Guyane.

Director
First appointed to the Board: 2020
End of term: 2023

Other offices held as of June 30, 2023

Chairman

Howlite Concept

Terms of office expired over the past five fiscal years

Chairman of the Board of Directors

Caisse de Crédit Mutuel de Saint-Martin

Director

Fédération du Crédit Mutuel Antilles-Guyane

Caisse Régionale du Crédit Mutuel Antilles-Guyane

Gislhaine Ravanel

Born September 30, 1952

Nationality: French

Business address:
99 avenue de Genève
74054 Annecy

Summary of main areas of expertise and experience

A graduate of École Pigier de Nice, Gislhaine Ravanel is mayor of the municipality of Houches. She worked for the Chamonix Town Hall and then for the Communauté de Communes Pays du Mont-Blanc before retiring in 2013.
She has been Chairwoman of a Crédit Mutuel local bank since 2008 as well as Chairwoman of the District Arve/Genevois and member of the Board of Directors of Fédération du Crédit Mutuel Savoie-Mont Blanc since 2017.

Director
First appointed to the Board: 2019
End of term: 2023

Other offices held as of June 30, 2023

Nil

Terms of office expired over the past five fiscal years

Chairwoman of the Board of Directors

Caisse de Crédit Mutuel de Chamonix

Director and Chairwoman of the District Arve/Genevois

Fédération du Crédit Mutuel Savoie-Mont Blanc

Non-voting director

Caisse Fédérale de Crédit Mutuel

Group's key executives

Daniel Baal

Born on December 27, 1957

Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Daniel Baal began his career in 1979 as a credit records manager at the head office of Banque Fédérative du Crédit Mutuel in Strasbourg and went on to hold various head office and network positions in Strasbourg, Colmar and Mulhouse. In 1995, he became director of commitments at the Southern Regional Division of Caisse Fédérale du Crédit Mutuel Centre Est Europe, then director of Caisse de Crédit Mutuel Mulhouse-Europe in 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 Fédération and Caisse Régionale du Crédit Mutuel Île-de-France. Then, in 2010, he was appointed deputy chief executive officer of Confédération Nationale du Crédit Mutuel, then deputy chief executive officer of Crédit Industriel et Commercial in 2014 and chief executive officer of Caisse Centrale de Crédit Mutuel in 2015.

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

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

Chief executive officer and effective manager
First appointed: 2017
Term expires: 2026

Other offices held as of June 30, 2023

Chief executive officer
- Fédération du Crédit Mutuel Centre Est Europe
- Caisse Fédérale de Crédit Mutuel
- Crédit Industriel et Commercial

Chairman of the Supervisory Board
- Cofidis
- Cofidis Group
- Euro-Information Production

Member of the Executive Board
- Groupe des Assurances du Crédit Mutuel

Vice-Chairman of the Board of Directors
- Banque de Luxembourg

Director
- Crédit Mutuel Capital Privé

Member of the Supervisory Board
- TARGOBANK AG

Permanent representative of Caisse Régionale du Crédit Mutuel, director
- Endowment fund for clean sports

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:
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.

Chief Operating Officer and effective manager
First appointed: November 25, 2021 effective January 1, 2022
Term expires: 2025

Other offices held as of June 30, 2023

Chief Executive Officer

Caisse Régionale du Crédit Mutuel Nord Europe

Deputy Chief Executive Officer

Crédit Industriel et Commericel

Chairman of the Board of Directors

Beobank
Banque de Tunisie
CIC Suisse
Banque de Luxembourg
Crédit Mutuel Investment Managers

Chairman of the Supervisory Board

Crédit Mutuel Equity

Member of the Supervisory Board

Groupe La Française
Euratechnologies

Director

UFR3S (Faculté de sport et Santé de l'université de Lille)
Crédit Mutuel Capital Privé

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

Director

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

Chairman of the Board of Directors

Sciences Po Lille

Representative of CFCM Nord Europe, member of the Supervisory Board

Groupe des Assurances du Crédit Mutuel

Representative of CFCM Nord Europe, member of the Management Board

Euro-Information

Permanent representative of BFCM, director

Astree Assurances

Alexandre Saada

Born on September 5, 1965

Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Alexandre Saada began his career in London in 1992 at SG Warburg (merged into UBS Investment Bank in 1995) in the corporate finance department, specialized in the financial institutions sector before working as a managing partner at S Capital from 2002 to 2010. In 2010, he joined Société Générale as head of Mergers & Acquisitions for the financial institutions sector for France and Benelux. In 2015, he became executive management advisor and then chief financial officer of Crédit Mutuel Nord Europe.

Since June 2017, he has been deputy chief executive officer of Banque Fédérative du Crédit Mutuel and Chairman of the Board of Directors of Crédit Mutuel Home Loan SFH. He has also been Director of the Finance Division of Crédit Mutuel Alliance Fédérale since 2021.

Alexandre Saada is a graduate of Sciences Po Paris (1988 – Economics and Finance section), holds a Master of Science in Management (1987), a DEA in International Economics and Finance (1988) from Université Paris Dauphine and a Master of Science in Finance (1989 – Jean Monnet scholarship) from Lancaster University (UK).

Deputy Chief Executive Officer and effective manager
First appointed: 2018
Term of office with unlimited term

Other offices held as of June 30, 2023
Director, Finance Division
Caisse Fédérale de Crédit Mutuel
Chairman of the Board of Directors
Crédit Mutuel Home Loan SFH
Vice-Chairman of the Supervisory Board
Cofidis
Cofidis Group
Permanent representative of BFCM, director
Assurances du Crédit Mutuel IARD SA
Banque de Tunisie
Member of the Supervisory Board
TARGOBANK AG
Targodeutschland GmbH

Terms of office expired over the past five fiscal years
Chairman of the Board of Directors
CIC Ouest
Permanent representative of Marsovalor, director
Crédit Mutuel Investment Managers
Permanent representative of BFCM, director
Opuntia (LUXE TV) SA
Non-voting director
Cofidis
Cofidis Group

3.2.3 Preparation and organization of the work of the board

Conflicts of interest concerning the administrative, management and supervisory bodies

For Banque Fédérative de Crédit Mutuel, there has been to date, no mention of potential conflicts of interest between the duties of any of the members of the board of directors and Executive Management with respect to Banque Fédérative du Crédit Mutuel and its private interests and/or other duties.

Members of the Board of Directors and Executive Management are subject to the legal and regulatory obligations applicable to conflicts of interest. All senior managers, directors and non-voting members of Banque Fédérative de Crédit Mutuel adhere to the values and commitments of Crédit Mutuel Alliance Fédérale group as described in its code of conduct (*recueil de déontologie*). The purpose of this code is to prevent and, where necessary, manage conflict of interest cases.

In addition, the functioning of the Board is governed by 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 Banque Fédérative du Crédit Mutuel and Crédit Mutuel Alliance Fédérale. Accordingly, they undertake not to directly or indirectly favor their personal or professional interests or those of a related person to the detriment of the interests of Crédit Mutuel as a whole or of one of its entities. They shall inform the Board of any conflict of interest, including potential, in which they may be directly or indirectly involved and, in this case, they shall refrain from participating in discussions and decision-making on the subjects concerned."

3.2.4 Work of the board during the first half-year 2023

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

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

On June 30, 2023, the board of directors met two times. The meeting attendance rate for directors was 95% on average.

Meeting of February 7 and 8, 2023

The Board of Directors meeting of February 7 and 8, 2023 focused on the following topics in particular:

- presentation of the balance sheet and consolidated financial statements as of December 31, 2022 of Crédit Mutuel Alliance Fédérale ;
- observation of the statutory auditors ;
- group Auditing and Accounting Committee report ;
- presentation of the annual and consolidated financial statements of Banque Fédérative du Crédit Mutuel at December 31, 2022 ;
- approval of the annual comprehensive and consolidated financia lstatements as of December 31, 2022;
- regulated agreements ;
- news, challenges and outlook ;
- summary of the Group Risk Monitoring Committee meetings of January 11 and February 1, 2022 ;
- summary of relations with regulators ;
- update on breaches of the risk appetite framework at September 30, 2022 ;
- proposed 2023 review of the risk appetite framework, including changes concerning interest rate and liquidity risks ;
- update on risk monitoring and ALM ;
- update on GACM's IT risk monitoring delegation ;
- update on the preventive recovery and resolution plan ;
- 2022 activity of the compliance audit function ;
- main risk areas ;
- renewal of authorizations for issues ;
- general operating expenses in 2022 – final figures ;
- reappointment of the Chief Executive Officer ;
- report of the Compensation Committee of February 1 and 6, 2023 ;
- report of the Appointments Committee of December 20, 2022 and February 1, 2023 ;
- approval of the annual contribution of BFCM to Crédit Mutuel Alliance Fédérale foundation.

Meeting of April 6, 2023

The Board of Directors meeting of April 6, 2023 focused on the following topics in particular:

- current affaires update ;
- Group Auditing and Accounting Committee report of March 27, 2023 ;
- presentation and review of the anuual internal control report ;
- approval of the AML/CFT annual internal control report ;
- summary of the group Risk Monitoring Committee report of March 31, 2023 ;
- relations with regulators ;
- RAF overruns at December 31, 2022 ;
- risk monitoring as of December 31, 2022 ;
- validation of Crédit Mutuel Alliance Fédérale's risk mapping ;
- approval of Crédit Mutuel Alliance Fédérale's ICAAP ;
- approval of Crédit Mutuel Alliance Fédérale's ILAAP ;
- validation of updated credit risk framework ;
- report of the Compensation Committee of April 3, 2023 and report of the compensation policy and practices for 2022 ;
- approval of the list of risk-takers and the overall compensation package paid to regulated persons covered by the regulations ;
- breakdown of the overall compensation package under the charter governing the exercise of offices of members of the Boards of Directors ;
- report of the Appointment Committee of February 28, March 15 and April, 4, 2023 ;
- reappointment of the Chairman of the Board ;
- management reports and corporate governance reports ;
- preparation and convening of the Ordinary Shareholders' Meeting of May 10, 2023.

3.2.5 Executive management

Composition of Executive Management

The Executive Management of Banque Fédérative du Crédit Mutuel is composed of:

- Mr. Daniel Baal, Chief Executive Officer and effective manager;
- M. Eric Charpentier, Chief Operating Officer and effective manager;
- Mr. Alexandre Saada, Deputy Chief Executive Officer and effective manager.

Prerogatives of Executive Management

The articles of association do not provide for any particular limitation on the powers of the effective managers but a decision of the Board of Directors on February 20, 2019 defines the cases in which prior approval by the Board is required, namely, plans to acquire or dispose of equity interests (excluding financial investments) in an amount exceeding €100m.

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 2023.

In anticipation of this publication, the main ratios at June 30, 2023 are shown in the table below (EBA EU KM1 model):

(in € millions or as a percentage)	06/30/2023	03/31/2023	12/31/2022	09/30/2022	06/30/2022
Available equity (amounts)					
Common Equity Tier 1 (CET 1) capital	54,289	52,436	50,888	48,835	49,467
Tier 1 capital	54,340	52,487	50,938	48,883	49,514
Total equity	61,452	60,106	57,573	56,216	57,041
Risk-weighted exposure amounts					
Total risk exposure amount	294,236	288,957	279,961	274,581	272,349
Capital ratios (as a percentage of the risk-weighted exposure amount)					
Common Equity Tier 1 capital ratio (%)	18.5%	18.2%	18.2%	17.8%	18.2%
Tier 1 capital ratio (%)	18.5%	18.2%	18.2%	17.8%	18.2%
Total equity ratio (%)	20.9%	20.8%	20.6%	20.5%	20.9%
Additional SREP capital requirements (Pillar 2 requirements as a percentage of risk-weighted assets)					
Additional capital requirements to address risks other than the risk of excessive leverage (%)	1.5%	1.5%	1.5%	1.5%	1.5%
of which: to be met with CET1 equity (percentage points)	0.8%	0.8%	0.8%	0.8%	0.8%
of which: to be met with Tier 1 capital (percentage points)	1.1%	1.1%	1.1%	1.1%	1.1%
Total SREP capital requirements (%)	9.5%	9.5%	9.5%	9.5%	9.5%
Total buffer requirement and total capital requirement (as a percentage of the risk-weighted exposure amount)					
Capital conservation buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%
Custody buffer resulting from the macroprudential or systemic risk identified in the Member State level (%)	N/A	N/A	N/A	N/A	N/A
Institution-specific countercyclical capital buffer (%)	0.5%	0.1%	0.0%	0.0%	0.0%
Systemic risk buffer (%)	N/A	N/A	N/A	N/A	N/A
Global systemically important institution buffer (%)	N/A	N/A	N/A	N/A	N/A
Other systemically important institution buffer (%)	N/A	N/A	N/A	N/A	N/A
Total buffer requirement (%)	3.0%	2.6%	2.5%	2.5%	2.5%
Total capital requirements (%)	12.5%	12.1%	12.0%	12.0%	12.0%
CET1 capital available after compliance with the total SREP capital requirements (%)	6.0%	6.0%	6.2%	5.8%	6.1%

Leverage ratio					
Total exposure measurement	782,862	769, 638	771,452	763,671	746,720
Leverage ratio (%)	6.9%	6.8%	6.6%	6.4%	6.6%
(in € millions or as a percentage)	06/30/2023	03/31/2023	12/31/2022	09/30/2022	06/30/2022
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 (%)	N/A	N/A	N/A	N/A	N/A
of which: to be met with CET1 equity (percentage points)	N/A	N/A	N/A	N/A	N/A
Total SREP leverage ratio requirements (%)	3.0%	3.0%	3.0%	3.0%	3.0%
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%	0.0%	0.0%
Overall leverage ratio requirement (%)	3.0%	3.0%	3.0%	3.0%	3.0%
Liquidity coverage ratio[1]					
Total High Quality Liquid Assets (HQLA) (average weighted value)	125,796	128,073	132,770	139,293	144,690
Cash outflows - Total weighted value	105,694	107,817	107,926	105,278	101,558
Cash inflows - Total weighted value	22,482	21,852	21,035	20,467	20,363
Total net cash outflows (adjusted value)	83,212	85,966	86,891	84,811	81,194
Liquidity coverage ratio (%)	152.1%	149.5%	153.3%	165.4%	179.2%
Net stable funding ratio					
Total available stable funding	511,461	511,567	505,907	504,223	504,529
Total required stable funding	435,748	439,099	435,899	432,208	425,623
NSFR ratio (%)	117.4%	116.5%	116.1%	116.7%	118.5%

4.2 RISK FACTORS

Crédit Mutuel Alliance Fédérale (hereinafter referred to as "the group") includes all entities in the "regulatory perimeter", comprising the Crédit Mutuel banks, the federations and Caisse Fédérale de Crédit Mutuel, and the "BFCM consolidated scope", consisting of Banque Fédérative du Crédit Mutuel and all its subsidiaries.

Crédit Mutuel Alliance Fédérale is exposed to multiple risks associated with its Retail Banking, Insurance, Corporate Banking 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.

Below are the main factors that can significantly influence the group's risks. Major risks are addressed first within each category.

4.2.1 Risks related to the group's banking and insurance activities

4.2.1.1 Credit risks

Crédit Mutuel Alliance Fédérale's primary risk is credit risk, because of its business model. Gross exposures – balance sheet, off-balance sheet, derivatives and repurchase agreements – which are almost exclusively subject to credit risk, represented €911 billion as of December 31, 2022 and mobilized 91% of the group's Pillar 1 capital requirements pursuant to the Basel III regulations.

Details of exposures by type of counterparty are available in Pillar 3 of the 2022 universal registration document, tables 29 "Performing and non-performing exposures and related provisions – EU CR1" and 27 "Credit quality of loans and advances to non-financial companies by industry – EU CQ5".

Taking the consequences of the 2008 crisis on Crédit Mutuel Alliance Fédérale's financial statements as an example, the current inflationary crisis could have four types of significant impacts on the group's credit risk exposures.

a. The first impact would be related to the **risk of financial loss due to the inability of counterparties to meet their contractual obligations** (risk of default), especially since the Covid crisis generated massive recourse to debt, particularly via state-guaranteed loans, of which €13.2 billion remained outstanding at the end of 2022, to cope with the sharp drops in activity and cash flow during periods of lockdown. The counterparties may be banks, financial institutions, industrial or commercial companies, governments, investment funds or natural persons. This risk concerns the financing activities, which appear on Crédit Mutuel Alliance Fédérale's balance sheet, or guarantee activities, which appear off balance sheet, as well as other activities exposing the group to a risk of counterparty default, notably its activities related to the trading and settlement/delivery of financial instruments on the Capital Markets, and to insurance. As of June 30, 2023, Crédit Mutuel Alliance Fédérale's rate of non-performing and disputed loans reached 2.68%, up from December 31, 2022 (2.58%). In relation to gross outstanding loans, the cost of customer risk was 0.243%, as of June 30, 2023 compared with 0.163% in 2022 and 0.154% in 2021. The group has a buffer of provisions for performing or defaulting outstandings of €9.9 billion, compared with €9.6 billion in 2022, which could prove insufficient if the cost of proven risk exceeded the group's most pessimistic forecasts..

b. The second impact would depend on the **method used to calculate the weighted risks in the denominator of the solvency ratio**. Within Crédit Mutuel Alliance Fédérale, 63% of total exposures to credit risk are assigned an internal rating, the quality of which affects the calculation of the credit risk-related capital requirements under Basel III, and therefore the group's solvency ratio. Lower ratings on all or part of the portfolio would result in lower solvency of the group. The current geopolitical crisis could increase this risk, also given the increased indebtedness of economic agents.

c. Due to the size of its portfolio of real estate loans representing 51% of net loans to customers, i.e., €254 billion at December 31, 2022, mainly in France, **the group is exposed to a turnaround in the real estate market**, caused by rising rates and rising construction costs. Its increase would impact the cost of risk due to the increase in defaults but also, in the case of mortgage-backed financing, through a drop in the value of dwellings pledged as collateral if the real estate market was affected for a considerable period of time. In 2022, the cost of risk on the network's home loans was not significant and not very different from 2021 and 2020. Just before the Covid-19 crisis in 2019, this rate reached 0.02%.

d. Crédit Mutuel Alliance Fédérale has a relatively high unitary exposure to certain States, bank counterparties or large groups, mainly French, some of which have benefited from support measures implemented by public authorities (i.e., state guaranteed loans). **The default of one or more of the group's largest customers could degrade its profitability.** Among States and similar entities, i.e., €189 billion of gross exposure as of end-2022, the group is mainly exposed to France for €157 billion, mainly to the Banque de France (nearly €96 billion), which is a member of the Eurosystem, and to the Caisse des dépôts et consignations (nearly €39 billion, which is considered to be a sovereign risk in France due to the centralization mechanism for deposits from regulated savings accounts). Other than States, as of December 31, 2022, single exposures, on- and off-balance sheet exceeding €300 million, i.e. less than 10% of net profit, represented nearly €6 billion on banks for seven counterparties and €45 billion on companies for 67 counterparties. The probability of several of these counterparties being downgraded or even defaulting simultaneously cannot be ruled out and would affect the profitability of the group.

4.2.1.2 Risks related to insurance activities

As a bancassurer, Crédit Mutuel Alliance Fédérale is subject to supplementary supervision under Directive 2002/87/EC on the supervision of financial conglomerates, known as FICOD.

Groupe des Assurances du Crédit Mutuel (GACM), the group's insurance subsidiary, distributes its life and non-life products mainly through the group's banking networks to which it pays fees.

Since January 1, 2023, GACM has applied IFRS 17 (insurance contracts) and IFRS 9 (financial instruments) to its financial statements, replacing IFRS 4 and IAS 39. Their implementation entails a new presentation of the income statement and balance sheet, with no impact on GACM's business model or solvency (231% at end December 2022).

The weight of insurance activities within the group is likely, in the event of a sharp deterioration, to affect the profitability and solvency of Crédit Mutuel Alliance Fédérale.

The main risks related to insurance activities are as follows:

a. **Underwriting risk**

Underwriting risk concerns savings, retirement, borrower insurance, protection, non-life insurance and health. Depending on the activity, it may cover various risks:

- life underwriting risks: mortality, surrenders, longevity, disaster, expenses, revision and incapacity/disability;
- non-life underwriting risks: undervaluation of claims, disaster and surrenders;
- health underwriting risks: incapacity/disability, longevity, medical expenses/hospitalization, surrender, mortality, disaster, expenses, revision.

The risk concentration is low for GACM, which manages a portfolio mainly made up of individuals.

All of these risks are carefully managed through pricing and provisioning risk management processes, as well as a reinsurance program designed to protect the earnings and solvency of GACM entities by limiting the impact of any underwriting losses on shareholders' equity.

The underwriting risks described above are monitored by entity and by business segment.

The level of claims for each business line is monitored, as are various technical indicators (new business production, churn rate, claims-to-premium ratio, claims frequency, etc.).

The savings portfolio of GACM's life entities is also regularly monitored, both in terms of the breakdown of its outstandings and of incoming and outgoing flows.

b. **Market risk**

Market risk is the risk of loss that may result from fluctuations in the prices and yields of the financial instruments making up a portfolio.

Insurance market risks are made up of a variety of risks: falling equity markets, spreads, rising or falling interest rates, liquidity, real estate, inflation, concentration and currency.

This market risk is carefully managed by means of limits and asset dispersion rules. The risk management policy also includes:

- individual control of certain financial risks deemed major (interest rate risk, equity risk, credit risk, etc.);
- an overall risk analysis aimed at protecting the entities against the simultaneous occurrence of several of these risks.

The main market risks weighing on GACM are as follows:

Equity risk

The depreciation of equities and similar assets can have an impact on the financial statements, leading the insurer to recognize provisions for unrealized capital losses on these assets, which would significantly reduce investment income.

The equity risk is monitored through various indicators, such as equity breakeven points.

Interest rate risk

For life insurance, interest rate risk is an upside risk - the inertia of interest rates can cause the rate paid by the insurer to fall below market levels, leading to surrender situations - or a downside risk - the insurer may no longer be able to pay the guaranteed minimum rates due to falling asset yields.

The high level of the provision for participation in surplus earnings (PPE) reduces exposure to the risk of rising interest rates.

The risk of falling interest rates is also limited by the marketing of euro-denominated contracts with a zero guaranteed minimum rate (GMR).

Spread risk

Spread risk corresponds to the risk of an issuer defaulting on its debt.

This risk remains limited thanks to the good diversification of the bond portfolio between public and private issuers, as well as its good credit quality.

Spread risk is managed by limit systems and a set of rules governing the selection of counterparties (or reinsurers).

c. Operational risks

Operational risks are the risks of losses resulting from an inadequacy or failure attributable to:

- non-compliance with internal procedures;
- human factors;
- IT systems failures;
- external events including legal risk.

Operational risks include cybersecurity, data quality, non-compliance and legal risks.

A business continuity policy has been drawn up. It describes the strategy adopted by GACM, as well as the crisis management system put in place in the event of a major incident.

GACM has a business continuity plan (BCP), as well as a disaster recovery plan (DRP) tested by Euro-Information.

Risk mapping makes it possible to identify, assess and measure the risks incurred.

In terms of cybersecurity risk, GACM benefits from the resources of Crédit Mutuel Alliance Fédérale and has put in place governance and risk reduction measures that are ISMS (information security management system) certified.

With regard to data quality, GACM has put in place a stringent policy, defining governance, flow mapping and a dictionary, as well as a control and reporting system.

Lastly, in order to manage the risk of non-compliance, an organization has been set up around the key compliance function, in liaison with Crédit Mutuel Alliance Fédérale's compliance department and with partner subsidiaries, and has a network of correspondents within the business lines.

d. Sustainability risk

Sustainability risk refers to an environmental, social or governance (ESG) event or situation which, if it occurs, could have a material adverse effect, actual or potential, on GACM's performance or reputation.

GACM is exposed to sustainability risk notably through its property & casualty insurance business and its asset portfolio.

The group has a regularly updated ESG policy, enabling it to take into account sustainability risks on its assets as well as the environmental or social impacts of its investments.

In order to limit its exposure to and support for certain activities with a high environmental or social impact, GACM applies ambitious sectoral policies, in line with Crédit Mutuel Alliance Fédérale.

In addition, GACM is committed to reducing the carbon footprint of the investment portfolio by 15% over the period of the 2019-2023 strategic plan, and by 33% by 2030.

Finally, GACM's shareholder engagement policy sets out how GACM intends to exercise its shareholder rights in the companies in which it invests.

4.2.2 Financial risks related to the group's activities and macroeconomic conditions

Financial risks related to the macroeconomic and market environment are defined as risks related to 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.

After the year 2021, which took place in a context of still-low rates and a liquidity environment inherited from the Covid crisis, the year 2022 saw central banks proceed to tighten their monetary policy and initiate the withdrawal of the liquidity injected during the health crisis. The refinancing markets were severely disrupted by the war in Ukraine and the instability of the geopolitical context: the long-term issuance market was completely closed for many days during the first half of the year, leaving only narrow windows of opportunity and accompanied by a general widening of spreads. Refinancing markets remained unsettled in the first half of 2023, marked by the banking crisis in the United States and its spread to Europe, followed by the takeover of Crédit Suisse by UBS. Monetary policies continued to tighten, with the FED and the ECB raising their key rates and the Eurozone facing a major TLTRO deadline at the end of June.

Crédit Mutuel Alliance Fédérale's liquidity risk can be understood as being the regulatory short-term liquidity coverage ratio (LCR) between highly liquid assets when faced with net outflows of liquidity at 30 days in stress scenarios. Crédit Mutuel Alliance Fédérale's average LCR for the first half of 2023 stands at 164.4% which represents an excess of €50.1 billion on average, compared to minimum regulatory requirements. Crédit Mutuel Alliance Fédérale's liquidity reserve is comprised of deposits with central banks, primarily the ECB, securities and available receivables which are eligible for central bank refinancing. It stood at €169.5 billion as of June 30, 2023. As of March 31, 2023, Crédit Mutuel Alliance Fédérale's NSFR (Net Stable Fund Ratio), illustrating the transformation of an institution at one year amounted to 116.5% with a stable surplus of resources of €72.5 billion.

The loan-to-deposit ratio, or commitment ratio, is an accounting indicator and not a regulatory indicator that complements the series of liquidity indicators. This indicator reached a level of 110.8% at June 30, 2023.

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

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

   Although 2022 and the first half of 2023 were marked by volatile and complex markets, Crédit Mutuel Alliance Fédérale carried out its refinancing program in full in 2022 and 75% of its program at the end of June 2023, demonstrating the strength of its credit.

b. **A significant deterioration in BFCM's rating could have a significant impact on Crédit Mutuel Alliance Fédérale's capacity to develop business.**

   BFCM is the main issuer of Crédit Mutuel Alliance Fédérale, and as such carries the 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, 2023, BFCM's Senior Preferred ratings were 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. 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 in recent years and during the COVID period has changed customer behavior, and in particular the way they invest their deposits. In recent years, therefore, customers have tended to deposit their funds in current accounts rather than deposit accounts (passbook accounts, term deposits, etc.) due to unattractive interest rates. The year 2022 and the first half of 2023 have proved to be a pivotal period, with monetary policy tightening and short rates returning to positive territory.

Thus, the rise in interest rates has led to a certain deformation of the balance sheet structure, marked by a shift from current accounts to interest-bearing deposit accounts (passbook accounts, term deposits). The impact of rising interest rates, observed in 2022 and early 2023, is still barely visible in terms of switches to investment products such as life insurance and asset management products.

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 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. For example, the end of eligibility for private residential loans, as of June 30, 2023, has had an impact on the level of the reserve, illustrating this point and highlighting the need to diversify the liquidity reserve. On the same date, the haircut easing measure introduced in March 2020 and partially lifted in July 2022 was terminated.

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.

After a long period of accommodative policy, accentuated by the exceptional measures related to the Covid pandemic, dominated by the war in Ukraine and the increase in inflation, central banks tightened their monetary policies and scheduled successive increases in their key rates in the 2022 financial year. The yield curves in the United States and the Eurozone also adjusted abruptly to this change in the economic and monetary environment. Reiterating that the fight against inflation remains their top priority, the FED and ECB continued with their announced rate hikes in the first half of 2023.

The net present value (or "NPV") sensitivity of Crédit Mutuel Alliance Fédérale's balance sheet, determined according to six regulatory scenarios, is below the 15% threshold for Common Equity Tier 1 capital. Crédit Mutuel Alliance Fédérale is sensitive to an increase in the entire yield curve with a downward sensitivity of the NPV of -7.93% compared to Common Equity Tier 1 capital as of March 31, 2023. 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" scenario is the most unfavorable scenario for Crédit Mutuel Alliance Fédérale, with an impact of -29.12% over two years, i.e. -€2,311.72 million as of March 31, 2023.

a. **A prolonged low interest rate environment could affect Crédit Mutuel Alliance Fédérale's revenues or profitability.**

A large portion of Crédit Mutuel Alliance Fédérale's revenues are tied to the net interest margin, which directly impacts the group's profitability. Interest rate fluctuations are caused by a number of factors over which Crédit Mutuel Alliance Fédérale has no control, such as the level of inflation, the monetary policies of Central Banks, including that of the French State, in particular the level of regulated rates (Livret A, Livret Bleu passbook savings accounts, etc.). Thus Crédit Mutuel Alliance Fédérale's revenues and profitability are impacted by the changes in interest rates at different points on the yield curve. The low interest rate environment in the markets for several years has significantly impacted the profitability of banks, including CIC. With the rise in interest rates in 2022 continuing into the first half of 2023, this risk factor is receding.

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

The end of a prolonged period of low interest rates, particularly from a tightening of monetary policy, brings risks for the banking sector in general, and for Crédit Mutuel Alliance Fédérale in particular. An abrupt rise in these interest rate level, in particular in relation to an increase in inflation, could have an unfavorable impact on the bank's revenues and profitability. This hike could have a marked impact on the cost of refinancing in the banking sector markets for short- and medium-long term debt issues. At the same time, Crédit Mutuel Alliance Fédérale could have difficulty in immediately passing on the increase in these interest rates to real estate loans and other fixed-rate loans granted to individuals and businesses, while the cost of customer deposits 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.

The change in interest rates observed in 2022 and early 2023 illustrates this risk, with a squeeze on margins as described. This has led to a shift from various deposit accounts to term deposits and interest-bearing passbook accounts. The transfer of deposits to off-balance sheet instruments has not yet been observed, in particular for retail customers.

c. **Significant changes in the value of the securities portfolios and derivatives used for hedging purposes may have an adverse impact on Crédit Mutuel Alliance Fédérale's net profit and shareholders' equity.**

Indeed, the changes in value of the liquid assets portfolio are recognized at fair value either directly in the income statement or through equity, any unfavorable change could impact equity and consequently Crédit Mutuel Alliance Fédérale's prudential ratios. These value adjustments could also have an impact on the carrying amount of Crédit Mutuel Alliance Fédérale's assets and liabilities, and impact its net profit and equity.

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 Markets of CIC Marchés subsidiary, the asset-liability management activity and the asset management business of the group's management companies. The impact of market risk on insurance activities is described in the "Risks related to insurance activities" section 4.2.1.2 above.

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

The main risk factors associated with market risks are:

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

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

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

The investment business line would suffer from adverse financial market conditions to the extent that this business line, in particular with a view to improving the economy, takes a position on increasing stock market valuations and on a better rating quality of debt issuers.

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

b. **The fight against persistent core inflation continued in the first half of 2023**, prompting many central banks to continue tightening their monetary policies. Thus, the European Central Bank carried out a series of successive increases of its deposit rate, which rose from -0.5% to 3.5%, an increase of 400 basis points in less than a year, reaching its highest level since 2008. Expectations regarding inflation forecasts continued to be revised upwards, due to the strength of the labor market, thanks to the services sector, and the likely continuation of the process of rate increases in Europe.

On the other side of the Atlantic, after ten consecutive rate increases in 15 months, the Federal Reserve left its key rate unchanged at the end of the first half of 2023 (in a range of 5.0% to 5.25%), with a view to better assessing the impact of previous increases in order to obtain further confirmation of a potential disinflationary trend.

These optimistic expectations regarding a soft landing for the economy and a run on AI-related stocks and big names in tech were decisive factors in the performance of equities, whose positive trend continued throughout the first half of 2023. The good start to the year gave way to caution tinged with concern on stock markets in mid-March with the collapse of Silicon Valley Bank and other regional banks in the United States, not to mention the bailout of Credit Suisse. The decisive action taken by the authorities avoided contagion to the entire financial system and, generally speaking, the turbulence in the equity markets remained limited. Despite some turbulence in the banking sector in March, the equity markets still managed to close on a positive note, posting a solid first half.

Against this backdrop, CIC Marchés ended the half-year with an IFRS net revenue of +€285.6 million and income before tax with *pro rata* expenses of +€158.2 million compared to, respectively, +€177.3 million and +€73.5 million a year earlier.

The market risk to which CIC Marchés division is exposed is weak. The capital allocated to CIC Marchés is €620 million, which represents 1.1% of Crédit Mutuel Alliance Fédérale's overall regulatory capital, or €57.6 billion. At June 30, 2023, this amount had been used in the amount of €443.2 million.

During the first half of 2023, the historical VaR (one-day, 99%) of the trading book amounted to €9.8 million on average for the group.

4.2.3 Risks related to the group's regulatory environment

4.2.3.1 Risks related to the regulatory and prudential environment

Crédit Mutuel Alliance Fédérale's regulatory environment is described in the above dedicated section 2.1.2 "Regulatory environment" of chapter 2. The regulatory measures adopted 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.

As regards **credit risk**, in a context of high inflation and driven by the normalization of monetary policies, the rise in interest rates in the Eurozone remains the main factor influencing credit risk in 2023. Under these conditions, in addition to the close monitoring carried out by the supervisory authorities, the criteria for granting credit were further tightened in the first half, and the commercial real estate sector is subject to increased monitoring.

With regard to **market risks**, the market tensions that have arisen in recent months show that localized vulnerabilities can quickly have widespread repercussions on financial asset prices, their liquidity and their volatility. The group is therefore attentive to the consequences of these changes and the specific reporting requirements concerning market risks aimed at providing the supervisory authorities with the necessary information to limit the impact in terms of calculating capital requirements for this type of risk.

Solvency risk was impacted by the finalization of the implementation of Basel III and its regulatory transposition in Europe. 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. The implementation of "Basel III" will adversely impact the calculation of risk-weighted assets and therefore the group's solvency ratio. Its impact will depend on the exact methods of transposition of this regulation into national and European law. Nevertheless, a capital floor (output floor) will be introduced, the purpose of which is to limit capital gains from internal models. For the calculation of weighted risks, the transposition project provides for the implementation of the floor in progressive stages, starting at 50% of the requirements of the standard model from 2025, and reaching 72.5% in 2030. As a large portion of the group's exposures are weighted using internal models, notably for retail and corporate outstandings, the application of the output floor will adversely impact the solvency ratio. Moreover, the extensive regulatory framework associated with ESG issues could be a source of additional capital requirements.

Regulations applicable to **IT risks** are growing in a context of increased operational dependence on IT systems, services provided by third parties and innovative technologies, and of cyber threats, whose probability of occurrence is more significant as a result of the geopolitical crisis. The group is organizing itself and is gradually bringing itself into compliance with the new requirements set by the new NIS2 Directive, which will come into force in the second half of 2024, and the DORA regulation, applicable in early 2025.

With regard to **climate risks**, significant work is underway within the group to assess and monitor transition risks and the physical risks associated with climate change in accordance with the requirements of the European Commission, financial supervisors and the CSRD Directive.

Risks of non-compliance are also closely monitored, in order to implement, within the stipulated deadlines, the measures taken in terms of customer protection and the stricter rules aimed at strengthening the fight against money laundering and the financing of terrorism.

Lastly, and with regard to **insurance risks**, the group has undertaken several projects aimed at meeting the new standards imposed by management on financial conglomerates, implementing IFRS 17 and anticipating the consequences of the overhaul of the Solvency II Directive applicable to insurance companies.

4.2.3.2 Risks related to the implementation of a resolution system

The regulations give the resolution authority the power to start insolvency proceedings in respect of the Crédit Mutuel group if, after applying the measures referred to in Article L.511-31, CNCM, the central body of the group and all its affiliates, is failing, or is likely to fail, with the objective of ensuring critical function continuity, avoiding risks of contagion, recapitalizing or restoring the institution's viability. These powers must be implemented in such a way so that losses, subject to certain exceptions, are borne first by the impairment or conversion of capital instruments, then by holders of Additional Tier 1 and Tier 2 capital instruments, holders or subordinated receivables other than those referred to as Additional Tier 1 or Tier 2 capital instruments in paragraph 5 of Article L.613-30-3 of the French Monetary and Financial Code, then by holders of senior non-preferred bonds and finally by holders of senior preferred bonds in accordance with the priority order of their claims.

The resolution authority has extensive powers to implement the resolution tools for the Issuer, or the Crédit Mutuel group, which may include the total or partial transfer of business to a third party or to a bridge institution, the separation of the institution's assets, the substitution of the Issuer as debtor in respect of debt instruments, the total or partial impairment of regulatory capital instruments, the dilution of regulatory capital instruments through the issuance of new equity securities, the total or partial impairment or conversion of debt instruments into equity securities, the modification of the terms of debt instruments (including the modification of the maturity and/or the amount of interest payable and/or the temporary suspension of payments), the suspension of the listing and admission to trading of financial instruments, the dismissal of executives or the appointment of a special director.

The Issuer, is covered by the Crédit Mutuel group's internal financial solidarity mechanism. Repayment, in full, of creditors' loans is subject to the risk of the implementation of said financial solidarity mechanism.

Where the emergency plan or the solidarity measures taken are not sufficient to facilitate the recovery of the central body's affiliates, including the Issuer, or if objective evidence suggests in advance that the implementation of any such emergency plan or measures that may be taken by CNCM would prove insufficient to restore compliance with prudential requirements, the resolution of the Crédit Mutuel group will be determined on a collective basis. In fact, the implementation of the solidarity mechanism is accompanied by the merger of Crédit Mutuel group affiliates.

During phases of proven financial difficulty, i.e. when the European Central Bank alerts the Single Resolution Board of the risk of failure ("Failing Or Likely To Fail" or FOLTF principle), of the Crédit Mutuel group determined on a consolidated basis, where the Single Resolution Board declares the Crédit Mutuel group FOLTF, on a consolidated basis, in accordance with Article 18.1 of Regulation (EU) 806/2014, known as the "SRMR" or, as provided for in the national solidarity mechanism, when the emergency plan or the measures taken by CNCM within the context of this mechanism are not sufficient to facilitate the recovery of a failing group, or if objective evidence suggests in advance that the implementation of any such emergency plan or measures that may be taken by the *Confédération* would prove insufficient to restore compliance with prudential requirements, CNCM, at the request of the supervisory or resolution authorities, as appropriate, is fully authorized to fulfill the objectives and principles followed by these authorities in relation to solidarity.

During phases of proven financial difficulty or during the resolution phase, there is unlimited solidarity between CNCM affiliates.

The implementation of these means and powers with regard to the Issuer, or the Crédit Mutuel group, may give rise to significant structural modifications.

Should CNCM be required to merge all its affiliates, creditors could find themselves competing with creditors of the same ranking, of other CNCM affiliates. After the transfer of all or part of the activities, the creditors (even without any impairment or conversion of their loans) would hold loans in an institution whose remaining businesses or assets may be insufficient to satisfy the claims held by all or some of its creditors.

If CNCM has not merged all its affiliates upon commencement of resolution, the resolution authority may consider other resolution strategies (transfer of business, bridge institution, separation of assets, or coordinated "bail-in" of all CNCM affiliates). Should the resolution authority apply a coordinated "bail-in", the liquidity of CNCM affiliates and all capital instruments and eligible liabilities may be used to help offset losses and recapitalize CNCM affiliates. In this event, value reduction measures or the conversion of eligible liabilities would follow the ranking of creditors in a judicial liquidation. The "bail-in" would be based on capital requirements at consolidated level but would be applied on a pro rata basis by entity, i.e. the same impairment or conversion rate will be applied to all shareholders and creditors of the same class, irrespective of the issuing legal entity within the network.

Exercising the powers described above may result in losses for investors.

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

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

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

The main risk factors associated with operational risks are:

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

b. **Legal risks** to which the group is exposed and which could have an adverse 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 group's IT systems**, which could lead to lost earnings, losses and sporadically weaken the customer protection system.

As of June 30, 2023, €1.9 billion of shareholders' equity are allocated to cover the losses generated by this risk, stable amount compred to March 31, when capital requirements amounted to €23.1 billion, of which 8.2% in respect of operating risks. The main risks of potential claims are (i) external and internal fraud and (ii) risks related to the policy towards customers, products and commercial practices, including legal risk.

Crédit Mutuel Alliance Fédérale's overall proven claims, excluding any insurance recoveries, where applicable, represented about 0.55% of the group's net revenue in the first half of 2023, *i.e.* €43.9 million.

The risks with the greatest impact on the proven claims ratio in 2022 were: (i) fraud, (ii) the policy for customers, products and commercial practices , (iii) execution, delivery and process management.

Fraud accounted for 38% of Crédit Mutuel Alliance Fédérale's proven claims (of which 37% for external fraud) and 39% of potential claims (the portion relative to capital requirements for operational risks).

4.2.4.2 Business interruption risk

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

The highlights of the first half of 2023 were as follows:

- in the context of the Russia-Ukraine conflict, the risk of a cyberattack potentially threatening all or part of Crédit Mutuel Alliance Fédérale's activities remained continuously monitored and reinforced by dedicated teams. No partial or complete shutdown of activity has been recorded in any area. However, since February 24, 2022, the activities of CIC's representative office in Moscow have ceased;
- in the context of the pensions reform or during the riots at the end of June, business interruptions were mainly concentrated in branch networks, with a number of demonstrations throughout France. These led to significant damage, including the closure of certain branches, and required the launch of crisis management plans adapted to each situation.

4.2.4.3 Climate risks

Climate change exposes Crédit Mutuel Alliance Fédérale to:

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

a. **Crédit Mutuel Alliance Fédérale's business model could be impacted by physical risks resulting in particular in:**
   - impairment and destruction of assets, increasing credit risk;
   - a drop in the valuation of debt and financial securities increasing market risk;
   - an increase in claims and associated insurance damages payments increasing the risk related to insurance activities;
   - an increase in claims on the group's infrastructures and/or employees, increasing operational risks.

b. **Crédit Mutuel Alliance Fédérale's business model could be impacted by transition risks resulting in:**
   - a loss of customers and drop in profitability of companies with business models which are too carbon-intensive;
   - a refinancing cost more dependent on non-financial performance;
   - an increase in energy and transport costs;
   - a potential capital surcharge, depending on the carbon taxonomy of the financing and securities in the portfolio.

Crédit Mutuel Alliance Fédérale's sectoral policies make it possible to define a scope of intervention and to set criteria for conducting business in areas where the social and environmental impacts, including climate risks, are the most significant. Monitoring of exposures eligible for sectoral policies, for all corporate, investment and insurance portfolios, provides an initial measurement of the exposures potentially most affected by climate risks. Crédit Mutuel Alliance Fédérale has seven sectoral policies: Coal, Mining, Hydrocarbons, Civilian nuclear energy, Defense and Security, Mobility in the air, Maritime and Road sectors, Agricultural. As of December 31, 2022, €41.7 billion were eligible for sectoral policies, compared to €36.3 billion as of December 31, 2021, of which €26.7 billion in the corporate portfolio. In this portfolio, the share of exposures related to the Coal & Hydrocarbons sectoral policies amounted to 0.56% and 17.01% respectively. CIC's direct and indirect carbon footprint is included in the data calculated at Crédit Mutuel Alliance Fédérale level.

Crédit Mutuel Alliance Fédérale's direct carbon footprint in France, related to the group's energy consumption, refrigerants, vehicle fleet and business travel, decreased by 1% between 2020 and 2021. The indirect carbon footprint of the financing in the corporate portfolio, measured in tons of CO_2 per million euros lent, decreased by 37% between 2021 and 2022. More information on the non-financial performance and climate commitments of Crédit Mutuel Alliance Fédérale is available in Chapter 3 "Social and Mutualist Responsibility" of the 2022 Universal Registration Document.

5 CRÉDIT MUTUEL ALLIANCE FÉDÉRALE CONSOLIDATED FINANCIAL STATEMENTS

5.1 CRÉDIT MUTUEL ALLIANCE FÉDÉRALE CONSOLIDATED FINANCIAL STATEMENTS

5.1.1 Balance sheet

Balance sheet (assets)

(in € millions)	06/30/2023	12/31/2022 restated	01/01/2022	Notes
Cash, central banks	106,201	111,929	121,181	4
Financial assets at fair value through profit or loss	32,780	29,264	22,356	5a
Hedging derivatives	3,804	4,226	1,293	6a
Financial assets at fair value through equity	35,487	34,522	32,095	7
Securities at amortized cost	3,442	3,436	3,674	10a
Loans and receivables due from credit institutions and similar at amortized cost	62,475	57,173	60,915	10b
Loans and receivables due from customers at amortized cost	510,090	502,097	444,825	10c
Revaluation differences on interest-risk hedged portfolios	-6,575	-6,904	1,083	6b
Financial investments of insurance activities	126,855	122,230	136,641	13a, 13b
Insurance contracts issued - Assets	18	18	26	13a, 13b
Reinsurance contracts held - Assets	298	328	277	13a, 13b
Current tax assets	1,306	1,559	1,249	14a
Deferred tax assets	1,144	1,212	1,280	14b
Accruals and other assets	11,327	9,540	9,475	15a
Non-current assets held for sale	5,112	4,897	107	3c
Deferred profit-sharing	0	0	0	
Investments in equity consolidated companies	782	775	533	16
Investment property	304	298	61	17
Property, plant and equipment	3,920	3,978	3,741	18a
Intangible assets	730	740	739	18b
Goodwill	2,353	2,351	3,140	19
TOTAL ASSETS	**901,853**	**883,669**	**844,691**	

Balance sheet (liabilities)

(in € millions)	06/30/2023	12/31/2022 restated	01/01/2022	Notes
Central banks	303	44	605	**4**
Financial liabilities at fair value through profit or loss	20,687	18,772	12,080	**5b**
Hedging derivatives	2,425	2,502	1,874	**6a**
Debt securities at amortized cost	150,908	135,072	78,397	**11a**
Due to credit and similar institutions at amortized cost	54,399	70,182	425,197	**11b**
Due to customers at amortized cost	460,487	456,983	121,116	**11c**
Revaluation differences on interest-risk hedged portfolios	-57	-14	13	**6b**
Current tax liabilities	462	581	774	**14a**
Deferred tax liabilities	480	525	835	**14b**
Deferred income, accrued charges and other liabilities	18,087	14,045	12,762	**15b**
Debt related to non-current assets held for sale	3,537	3,622	0	**3c**
Insurance contracts issued - liabilities	115,128	109,617	124,533	**13c, 13d**
Reinsurance contracts held - liabilities	0	0	0	**13c, 13d**
Provisions	3,433	3,408	3,894	**20**
Subordinated debt at amortized cost	11,099	9,861	8,956	**21**
Total shareholders' equity	60,473	58,469	53,655	
Shareholders' equity – Attributable to the group	58,481	56,538	50,513	
Capital and related reserves	8,292	8,366	6,905	**22a**
Consolidated reserves	48,090	44,937	39,822	**22a**
Gains and losses recognized directly in equity	224	-80	543	**22b**
Profit/(loss) for the period	1,875	3,315	3,243	
Shareholders' equity – Non-controlling interests	1,992	1,931	3,142	
TOTAL LIABILITIES	**901,853**	**883,669**	**844,691**	

5.1.2 Income statement

Income statement

(in € millions)	06/30/2023	06/30/2022 restated	Notes
Interest and similar income	14,693	6,419	24
Interest and similar expenses	-10,564	-2,498	24
Commissions (income)	3,053	3,043	25
Commissions (expenses)	-777	-768	25
Net gains on financial instruments at fair value through profit or loss	483	379	26
Net gains/(losses) on financial assets at fair value through equity	-90	-27	27
Net gains/(losses) resulting from derecognition of financial assets at amortized cost	0	0	28
Income from insurance contracts issued	3,580	3,401	29, 29 a
Expenses related to insurance contracts issued	-2,873	-2,781	29, 29 a
Income and expenses related to reinsurance contracts held	-42	18	29
Financial income or financial expenses from insurance contracts issued	-4,329	4,539	29
Financial income or expenses related to reinsurance contracts held	2	0	29
Net income from financial investments related to insurance activities	4,405	-4,483	29 b
Income from other activities	765	700	30
Expenses on other activities	-322	-263	30
Net revenue	**7,984**	**7,681**	
General operating expenses	-4,286	-3,998	31 b, 31 d
Movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets	-364	-360	31 c
Gross operating income/(loss)	**3,335**	**3,323**	
Cost of counterparty risk	-679	-470	32
Operating income	**2,656**	**2,853**	
Share of net income of equity consolidated companies	14	1	16
Gains/(losses) on disposals of other assets	4	45	33
Changes in the value of goodwill	0	-1	34
Net profit/(loss) before tax	**2,674**	**2,898**	
Income tax	-711	-781	35
Post-tax gains/(losses) on discontinued operations	0	0	3c
Net profit/(loss)	**1,962**	**2,117**	
Net income – Non-controlling interests	87	98	
GROUP NET INCOME	**1,875**	**2,019**	

Statement of net income and gains and losses recognized in shareholders' equity

(in € millions)	06/30/2023	06/30/2022 restated
Net profit/(loss)	1,962	2,117
Translation adjustments	-9	131
Revaluation of financial assets at fair value through equity – debt instruments	12	-141
Reclassification of financial assets from fair value through equity to fair value through profit or loss	-	-
Revaluation of equity instruments recognized at fair value through equity of insurance activities	419	-7,017
Revaluation of insurance and reinsurance contracts in recyclable shareholders' equity	-520	6,298
Remeasurement of hedging derivatives	-3	11
Share of unrealized or deferred gains and losses of equity consolidated companies	-3	3
Total recyclable gains and losses recognized directly in equity	-103	-715
Revaluation of financial assets at fair value through equity – equity instruments at closing	3	2
Revaluation of financial assets at fair value through equity – equity instruments sold during the year	0	0
Revaluation of equity instruments recognized at fair value through equity of insurance activities	414	118
Impact of revaluation of VFA insurance contracts - non-recyclable	1	-58
Revaluation differences related to own credit risk on financial liabilities under fair value option	0	-
Revaluation of non-current assets	-	-
Actuarial gains and losses on defined benefit plans	28	358
Share of non-recyclable gains and losses of equity consolidated companies	0	-
Total non-recyclable gains and losses recognized directly in equity	446	420
Net income and gains and losses recognized directly in equity	2,305	1,822
o/w attributable to the group	*2,179*	*1,888*
o/w value of non-controlling interests	*126*	*-66*

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

5.1.3 Changes in shareholders' equity

(in millions)	Capital	Premiums	Reserves[1]	Gains and losses recognized directly in equity: Translation adjustments	Gains and losses recognized directly in equity: Assets at fair value through equity	Gains and losses recognized directly in equity: Hedging derivatives	Gains and losses recognized directly in equity: Actuarial gains and losses	Group net income	Shareholders' equity attributable to the group	Non-controlling interests	Total consolidated shareholders' equity
SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2021	6,905	0	38,904	42	1,439	2	-383	3,243	50,152	3,059	53,211
Impact of the implementation of IFRS 17 and IFRS 9 insurance	-	-	919	-	-557	-	-	-	361	84	445
SHAREHOLDERS' EQUITY AS OF JANUARY 1, 2022	6,905	0	39,822	42	882	2	-383	3,243	50,513	3,143	53,656
Appropriation of earnings from previous fiscal year			3,243					-3,243	0	-	0
Capital increase	80	-	-	-	-	-	-	-	80	-	80
Distribution of dividends	-	-	-80	-	-	-	-	-	-80	-51	-131
Acquisitions of additional shareholdings or partial disposals	-	-	-	-	-	-	-	-	0	-	0
Subtotal of movements related to relations with shareholders	**80**	**0**	**3,163**	**0**	**0**	**0**	**0**	**-3,243**	**-1**	**-51**	**-51**
Consolidated income for the period		-	-	-	-	-	-	2,019	2,019	98	2,117
Changes in gains and losses recognized directly in equity	-	-	-	131	-619	9	350	-	-130	-164	-294
Subtotal	**0**	**0**	**0**	**131**	**-619**	**9**	**350**	**2,019**	**1,889**	**-66**	**1,823**
Effects of acquisitions and disposals on non-controlling interests	-	-	-18	-	-	-	-	-	-18	-22	-40
Other changes	1,428	0	1,965	-	-	-	-	-	3,392	-1,085	2,308
SHAREHOLDERS' EQUITY AS OF JUNE 30, 2022	8,412	0	44,931	173	263	11	-33	2,019	55,774	1,920	57,695
Appropriation of earnings from previous fiscal year	-	-	0	-	-	-	-	0	0	-	0
Capital increase	-46	-	-	-	-	-	-	-	-46	-	-46
Distribution of dividends	-	-	0	-	-	-	-	-	0	1	1
Acquisitions of additional shareholdings or partial disposals	-	-	-	-	-	-	-	-	0	-	0
Subtotal of movements related to relations with shareholders	**-46**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-46**	**1**	**-45**
Consolidated income for the period	-	-	-	-	-	-	-	1,296	1,296	72	1,368
Changes in gains and losses recognized directly in equity	-	-	6	-55	-386	8	-62		-488	-40	-528
of which transferred to reserves (equity instruments)	-	-	-	-	-	-	-	-	0	-	--
Revaluation differences related to own credit	-	-	-	-	-	-	-	-	0	-	-

risk on financial liabilities under fair value option transferred to reserves											
Subtotal	**0**	**0**	**6**	**-55**	**-386**	**8**	**-62**	**1,296**	**808**	**31**	**840**
Effects of acquisitions and disposals on non-controlling interests[2]	-	-	-2	-	-	-	-	-	-2	-10	-12
Other changes[3]	0	0	2	-	-	-	-	-	2	-11	-8
SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2022	**8,366**	**0**	**44,938**	**118**	**-123**	**19**	**-95**	**3,315**	**56,538**	**1,931**	**58,469**
Appropriation of earnings from previous fiscal year	-	-	3,315	-	-	-	-	-3,315	0	-	0
Capital increase	-74	-	-	-	-	-	-	-	-74	-	-74
Distribution of dividends	-	-	-161	-	-	-	-	-	-161	-58	-218
Acquisitions of additional shareholdings or partial disposals	-	-	-	-	-	-	-	-	0	-	0
Subtotal of movements related to relations with shareholders	**-74**	**0**	**3,154**	**0**	**0**	**0**	**0**	**-3,315**	**-235**	**-58**	**-292**
Consolidated income for the period	-	-	-	-	-	-	-	1,875	1,875	87	1,962
Changes in gains and losses recognized directly in equity			0	-17	297	-2	27		304	39	343
Subtotal	**0**	**0**	**0**	**-17**	**297**	**-2**	**27**	**1,875**	**2,179**	**126**	**2,305**
Effects of acquisitions and disposals on non-controlling interests[2]	-	-	-3	-	-	-	-	-	-3	-4	-7
Other changes	-	0	1	-	-	-	-	-	1	-3	-2
SHAREHOLDERS' EQUITY AS OF JUNE 30, 2023	**8,292**	**0**	**48,090**	**101**	**174**	**16**	**-68**	**1,875**	**58,481**	**1,992**	**60,473**

(1) Reserves as of June 30, 2023 comprised the legal reserve (€512 million), statutory reserves (€9,357 million) and other reserves (€38,221 million).

(2) Concerns the discounting of the debt linked to the Cofidis put, as well as the recognition of a put at Press division level.

5.4.1 Statement of cash flows

(in € millions)	06/30/2023	06/30/2022 restated
Net profit/(loss)	1,962	2,117
Tax	711	781
Net profit/(loss) before tax	**2,673**	**2,898**
+/- Net depreciation and amortization of property, plant and equipment and intangible assets	359	356
- Impairment of goodwill and other fixed assets	1	1
+/- Net provisions and impairments	257	-68
+/- Share of income from companies consolidated using the equity method	-15	-1
+/- Net loss/gain from investing activities	-57	-49
+/- (Income)/expenses from financing activities	-	0
+/- Other movements	8,617	-5,543
= Total non-monetary items included in net income before tax and other adjustments	**9,162**	**-5,304**
+/- Flows related to transactions with credit institutions	-19,665	-3,032
+/- Flows related to client transactions	-7,132	-18,498
+/- Flows related to other transactions affecting financial assets or liabilities	492	3,631
+/- Flows related to other transactions affecting non-financial assets or liabilities	2,939	-2,130
- Taxes paid	-538	-619
= Net decrease/(increase) in assets and liabilities from operating activities	**-23,904**	**-20,648**
Total net cash flow generated by operating activities (A)	-12,069	-23,054
+/- Flows related to financial assets and investments	22	84
+/- Flows related to investment property	53	41
+/- Flows related to property, plant and equipment and intangible assets	-259	-319
Total net cash flow related to investing activities (B)	-184	-194
+/- Cash flow to or from shareholders	-275	-97
+/- Other net cash flows from financing activities	7,804	4,476
Total net cash flow related to financing transactions (C)	7,529	4,379
Effect of foreign exchange rate changes on cash and cash equivalents (D)	-77	419
Net increase/(decrease) in cash and cash equivalents (A + B + C + D)	**-4,801**	**-18,449**
Net cash flow generated by operating activities (A)	-12,069	-23,054
Net cash flow related to investing activities (B)	-184	-194
Net cash flow related to financing transactions (C)	7,529	4,379
Effect of foreign exchange rate changes on cash and cash equivalents (D)	-77	421
Cash and cash equivalents at opening	**108,291**	**117,548**
Cash and central banks (assets and liabilities)	111,875	120,577
Accounts (assets and liabilities) with and demand loans/borrowings from credit institutions	-3,584	-3,029
Cash and cash equivalents at closing	**103,490**	**99,099**
Cash and central banks (assets and liabilities)	105,889	103,810
Accounts (assets and liabilities) with and demand loans/borrowings from credit institutions	-2,399	-4,711
CHANGE IN NET CASH POSITION	**-4,801**	**-18,449**

5.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF CRÉDIT MUTUEL ALLIANCE FÉDÉRALE

Figures in the notes are presented in millions of euros.

Note 1 Accounting policies and principles

Pursuant to Regulation (EC) 1606/2002 on the application of international accounting standards and Regulation (EC) 1126/2008 on their adoption of said standards, the consolidated financial statements have been prepared in accordance with IFRS as adopted by the European Union at June 30, 2023.
The standard is available on the European Commission's website at: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en#ifrs-financial-statements.

The financial statements are presented in the format recommended by the *Autorité des normes comptables* (French Accounting Standards Authority) Recommendation No. 2022-01 on IFRS Summary Financial Statements [1]. They comply with international accounting standards as adopted by the European Union.

The group's condensed half-year consolidated financial statements in respect of the interim financial position at June 30, 2023 were prepared and are presented in accordance with IAS (International Accounting Standard) 34 "Interim Financial Reporting". The notes to the half-year consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the fiscal year ended December 31, 2022 as they appear in the 2022 Universal Registration Document.

Information on risk management is included in the group's management report.

Amendments applicable from January 1, 2023

Since January 1, 2023, the group has applied the amendments adopted by the European Union and the IFRIC decision as presented below:

- **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, it is possible to reasonably expect them to influence the decisions of the financial statements' main users.

- **Amendments to IAS 8 – Definition of accounting estimates**
  Its objective is to facilitate the distinction between the changes in accounting methods and accounting estimates by introducing an explicit definition of the notion of accounting estimates.

  They represent the amounts in the financial statements whose assessment is uncertain.

- **Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction**
  It generalizes the recognition of a deferred tax for leases and decommissioning obligations.

  The group was not impacted by these amendments at June 30, 2023.

Application of IFRS 17 and IFRS 9 to insurance activities

Since January 1, 2023, the group has applied IFRS 17 - Insurance contracts and IFRS 9 Financial instruments for its insurance activities.

Details of the IFRS 9 and IFRS 17 principles applied by the group are presented in the "Accounting principles and assessment methods" section.

- **Application of IFRS 17**
  IFRS 17 is applied retrospectively. It imposes a transition date corresponding to the beginning of the fiscal year immediately preceding the date of first application, namely January 1, 2022.

  The retrospective measurement of these assets and liabilities at transition, and notably of the various portfolios of insurance contracts, may be subject to alternative approaches when the historical information necessary for a fully retrospective application is not available.

(1) It should be noted that the group has chosen to group the financial instruments carried by its insurance divisions, in a different way from that proposed by the Recommendation. See Section II-2 Insurance activities.

Thus, the group applies a modified retrospective approach for the majority of insurance contract portfolios, which makes it possible, based on reasonable information available without excessive cost or effort, to obtain valuations that come as close as possible to those that would result from the full retrospective application of the standard.

The differences in the valuation of insurance assets and liabilities resulting from the retrospective application of IFRS 17 as of January 1, 2022 are presented directly in shareholders' equity.

Methods for applying the modified retrospective approach

The goal of the modified retrospective approach is to arrive at a result that is as close as possible to the result that would have been obtained by applying the full retrospective approach, based on reasonable and justified information that may be obtained without incurring excessive costs or efforts.
Thus, the entities concerned have applied the modified retrospective approach to the majority of the portfolios of existing contracts, whether in personal insurance (notably in borrower insurance) or in Life/Savings.
The simplifications used were based on the availability of the necessary information, according to the portfolios considered.
For the calculation of the CSM at the transition date, the group chose to favor the modified retrospective method over the fair value approach, provided, however, that the modified retrospective approach is not impracticable. **The modified retrospective approach was considered feasible as of the 2012 fiscal year.**

Portfolios modeled according to the general model

In the case of contracts valued according to the general model, the principle of the modified retrospective approach consists in reconstituting the liabilities at the date of initial recognition based on their measurement at the date of transition, by retroactively reconstituting the changes between the two dates with simplifications:

- the initial cash flows are estimated by adding to the amount at the transition date the actual cash flows recorded between the two dates;
- the discount rate at inception can be determined using yield curves simulating those at the date of initial recognition;
- changes in the adjustment for non-financial risk between the initial date and the transition date can be estimated based on the release periods observed on similar contracts.

For the liability for remaining coverage thus reconstituted at the inception date, the initial contractual service margin (if any) is amortized on the basis of the services rendered over the period prior to the transition in order to determine the amount of the contractual service margin remaining at that date.
When the contracts are combined into a single group at the transition date, the discount rate at that date may be used.
When the option of splitting the financial changes in income and equity is chosen, it requires reconstituting the amount recognized in shareholders' equity at the transition date, on the basis of the original rate in the case of liability for remaining coverage and of the rate at the date of the incident in the case of liability for incurred claims.
When such reconstitution is not possible, the amount recognized in shareholders' equity is zero.
The group chose to use only certain simplifications proposed by the MRA, notably the approximation of cash flows through past actual flows and the approximation of the adjustment for risk. The groups of annual contracts from 2012 to 2021 were reconstituted and the calculation of the revaluation in shareholders' equity recyclable in respect of changes in discount rates was carried out retrospectively, without simplification.

Portfolios modeled according to the simplified model

In the case of contracts valued according to the simplified model ("PAA"), the provisions for the remaining coverage were determined at transition on the basis of the former provisions for unearned premiums, gross of acquisition costs, because the group opted for the recognition of acquisition costs as expenses.
The claims reserves corresponding to these contracts consist of the expected cash flows and the adjustment for non-financial risk at the transition date. The amount recognized in shareholders' equity recyclable at the transition date in respect of changes in discount rates was reconstituted on the basis of historical rates.

Portfolios modeled according to the VFA model
For Life/Savings contracts valued using the variable fee model, the modified retrospective approach also consists of reconstituting the liability at the original date on the basis of the liability at the transition date. However, for the liability for remaining coverage, the standard provides that the contractual service margin at the transition date be determined according to the following approach:

- from the realizable value of the underlying assets at the transition date are first deducted fulfilment cash flows (discounted cash flows and adjustment for risk) at that same date;
- to this amount are added the income deducted from policyholders and the changes in the risk adjustment, and from it are deducted the acquisition costs paid during the interim period;
- the contractual service margin net of acquisition costs thus reconstituted at the beginning is then amortized until the date of transition to reflect the services rendered at that date, as well as the acquisition costs remaining to be amortized.

For the implementation of this approach, the main simplifications were as follows:

- the existing contracts were grouped according to the segmentation planned post-transition, without breaking them down by annual cohorts, in line with the choice of the exception provided for by the European regulation;
- the contractual service margin at the transition date was thus reconstituted:
  - based on the market value of the underlying assets (see above) less fulfilment cash flows at the transition date,
  - by adding past margins from historical data (accounting or management), which have been re-spread until the transition date (using the same approach, taking into account the "over-yield" of assets, as that which will be used after the transition), and
  - less acquisition costs yet to be amortized;
  - the amount recognized in shareholders' equity recyclable at the transition date in respect of the adjustment for accounting mismatch was determined using the realizable value of the underlying assets recognized in shareholders' equity recyclable at the transition date, as provided for by the standard.

Application of IFRS 9

As the group deferred the application of IFRS 9, for the group's insurance entities, until the date of application of IFRS 17, IFRS 9 was applied at January 1, 2023. The classification and measurement, as well as the new IFRS 9 impairment model, are applied retrospectively.

To be consistent with the transition procedures of IFRS 17, and in order to provide more relevant information, the group restated the comparative data for the 2022 fiscal year relating to the relevant financial instruments of its insurance entities (including financial instruments derecognized in 2022).

The group opted for the application of the so-called "overlay" approach to recognize asset disposals for the 2022 fiscal year, as if these disposals had been recognized under IFRS 9, in accordance with the amendment relating to the presentation of IFRS 9-IFRS 17, adopted by the EU in September 2022.

This overlay approach makes it possible to standardize the impact of the transition on consolidated shareholders' equity under IFRS 9 and IFRS 17 at January 1, 2022.

The valuation differences of the financial assets and liabilities concerned, and the impairment for credit risk and gains and losses recognized directly in equity resulting from the retrospective application of IFRS 9 at January 1, 2022, will be presented directly in shareholders' equity.

Other impacts related to the application of IFRS 17

With effect from the first-time application of IFRS 17, the group has applied the amendments to IAS 40 and IAS 16 resulting from IFRS 17, leading to the measurement at market value through profit or loss of properties held as underlying items in direct participating contracts.

Impacts of the first-time application of IFRS 17 and IFRS 9 at December 31, 2022

The main impacts of the first-time application of IFRS 17 and IFRS 9 at December 31, 2022 for insurance entities were as follows:

Balance sheet (assets)

(in € millions)	12/31/2022 restated	Effect of IFRS 17/9 and other	12/31/2022 published
Cash, central banks	111,929	0	111,929
Financial assets at fair value through profit or loss	29,264	0	29,264
Hedging derivatives	4,226	0	4,226
Financial assets at fair value through equity	34,522	0	34,522
Securities at amortized cost	3,436	0	3,436
Loans and receivables due from credit institutions and similar at amortized cost	57,173	0	57,173
Loans and receivables due from customers at amortized cost	502,097	0	502,097
Revaluation differences on interest-risk hedged portfolios	-6,904	0	-6,904
Financial investments of insurance activities[1]	122,230	-445	122,675
Insurance contracts issued - Assets	18	18	-
Reinsurance contracts held - Assets	328	328	-
Current tax assets	1,559	2	1,557
Deferred tax assets	1,212	-1,025	2,237
Accruals and other assets	9,540	-42	9,582
Non-current assets held for sale	4,897	-89	4,986
Deferred profit-sharing	-	-48	48
Investments in equity consolidated companies	775	-15	790
Investment property	298	0	298
Property, plant and equipment	3,978	-101	4,079
Intangible assets	740	0	740
Goodwill	2,351	-2	2,353
TOTAL ASSETS	**883,669**	**-1,418**	**885,087**

(1) This item includes insurance business investment property.

Balance sheet (liabilities)

(in € millions)	12/31/2022 restated	Effect of IFRS 17/9 and other	12/31/2022 published
Central banks	44	0	44
Financial liabilities at fair value through profit or loss	18,772	0	18,772
Hedging derivatives	2,502	0	2,502
Debt securities at amortized cost	70,182	6,965	63,217
Due to credit and similar institutions at amortized cost	456,983	0	456,983
Due to customers at amortized cost	135,072	0	135,072
Revaluation differences on interest-risk hedged portfolios	-14	0	-14
Current tax liabilities	581	-103	684
Deferred tax liabilities	525	-355	880
Deferred income, accrued charges and other liabilities	14,045	47	13,998
Debt related to non-current assets held for sale	3,622	-98	3,720
Liabilities relative to contracts of insurance activities	-	-120,121	120,121
Insurance contracts issued - liabilities	109,617	109,617	-
Insurance contracts held - liabilities	0	0	-
Provisions	3,408	1	3,407
Subordinated debt at amortized cost	9,861	910	8,951
Total shareholders' equity	**58,469**	**1,721**	**56,748**
Shareholders' equity – Attributable to the group	**56,538**	**1,514**	**55,024**
Capital and related reserves	8,366	0	8,366
Consolidated reserves	44,937	935	44,002
Gains and losses recognized directly in equity	-80	592	-672
Profit/(loss) for the period	3,315	-14	3,329
Shareholders' equity – Non-controlling interests	**1,931**	**207**	**1,724**
TOTAL LIABILITIES	**883,669**	**-1,418**	**885,087**

Net income

(in € millions)	06/30/2022 restated	IFRS 17/9 effect and other	06/30/2022 published
Net interest margin	3,922	1	3,921
Commission income and expense	2,275	8	2,267
Net gains/(losses) resulting from the derecognition of financial assets at amortized cost	352	-1	353
Insurance service result	694	-917	1,611
Income/expenses generated by other activities	438	33	405
Net revenue	**7,681**	**-875**	**8,556**
General operating expenses	-4,358	869	-5,227
Gross operating income	**3,323**	**-6**	**3,329**
Cost of risk	-470	0	-470
Operating income	**2,853**	**-6**	**2,859**
Other comprehensive income	45	-2	47
Income tax	-781	-8	-773
Net profit/(loss)	**2,117**	**-16**	**2,133**
Net profit/(loss) – Non-controlling interests	98	-1	99
GROUP NET INCOME	**2,019**	**-15**	**2,034**

The main transition effects related to IFRS 17 and IFRS 9 as of December 31, 2022 were:

a. The cancellation of insurance assets and liabilities under IFRS 4:

- assets for €1,752 million, of which €402 million for reinsurance assets held, mainly technical reserve within "Financial investments of insurance activities";
- in liabilities for €120,121 million, of which €112,004 million in respect of insurance liabilities issued, mainly mathematical reserves within "Insurance contract liabilities issued".

b. The recognition of insurance and reinsurance assets and liabilities:

- as assets for €346 million in "Insurance contracts issued and reinsurance held";
- as liabilities for €109,617 million in "Insurance contracts issued";
- the reclassification of related receivables and payables in the measurement of insurance liabilities and reinsurance assets, previously recognized in "Accruals" and in "Other liabilities".

c. The revaluation of financial assets under "Financial investments of insurance activities" under IFRS 9 for €1,760 million was mainly due to the reclassification of the proprietary trading portfolio at amortized cost.

The group also applied the amendments to IAS 40, resulting from IFRS 17, leading to the valuation at market value through profit or loss of the properties held as underlying items of direct participating contracts and to recognizing €3,613 million in "Financial investments of insurance activities".

Financial liabilities recognized under IFRS 4 in "Insurance contract liabilities issued" are reclassified in the banking presentation aggregates for €6,965 million, of which €6,965 million in "Due to credit institutions" and €910 million in "Subordinated debt at amortized cost".

d. The application of IFRS 17 and IFRS 9 led to a net deferred tax impact on the group's shareholders' equity of €1,721 million at January 1, 2023.

The transition to IFRS 17 requires including, in the valuation of insurance contracts, distribution and management costs at group level (the employee benefits expense, administrative costs, depreciation & amortization expenses on non-current assets, etc.) directly attributable to the execution of insurance contracts and presenting them in "insurance services expenses" in net revenue.

Thus, future profits are to be presented at the level of the banking and insurance group restated for the internal margin generated by the distributor banking networks.

Impact of the transition on shareholders' equity

The impact of the transition on the insurance and banking scope was as follows at January 1, 2022:

	Accounting shareholders' equity
At 12/31/2021	53,211
IFRS 9 impairment	-26
Impact of reclassifications at FVPL	1,110
Effect of reclassifications at FVOCI	650
Impact of reclassifications at amortized cost	0
Deferred tax	-487
Other	7
At 01/01/2022 after application of IFRS 9	54,464
FTA IFRS 17	-808
At 01/01/2022	53,657

Effect of application of IFRS 17

The impact of the transition from IFRS 17 on shareholders' equity amounted to €446 million at January 1, 2022.

The tables below present the contractual service margin (CSM) determined at the transition date, according to the transition method applied. The first table addresses the CSM relating to insurance contracts issued, while the second table deals with the CSM ceded, for the scope of reinsurance contracts held.

(in € millions)	Full retrospective method	Modified retrospective method	Fair value	Total
i.e. Inventory of CSM at 01/01/2022 transition date	-	5,841	494	**6,334**

(in € millions)	Full retrospective method	Modified retrospective method	Fair value	Total
Inventory of CSM sold at 01/01/2022 transition date	-	-	60	**60**

The group applies the option provided for by IFRS 17 under the modified retrospective transition approach allowing the use of the discount rate curve at the January 1, 2022 transition date instead of the original discount rate curve on the date of initial recognition of the insurance contracts.

Impact of the application of IFRS 9 on financial investments of insurance activities

The following table reconciles:

- total financial investments at December 31, 2021, presented in accordance with IAS 39 (online) and total financial investments at January 1, 2022, presented in accordance with IFRS 9;
- impairments recognized in accordance with IAS 39 with provisions for credit risks recognized in accordance with IFRS 9.

At the transition date as of January 1, 2022, the impact of the transition to IFRS 9 is explained by a change in shareholders' equity related to the revaluation at market value of securities previously recognized at amortized cost (excl. tax), which will be classified at fair value through equity.

In addition, IFRS 9 does not result in any reclassification of financial liabilities.

The amount of IFRS 9 impairments at January 1, 2022 on the scope of insurance activities amounted to €26 million.

			Financial assets at fair value through profit or loss		Hedging derivatives	Financial assets at FVOCI		Financial assets at amortized cost	
	Amount at 12/31/2021	Deconsolidated insurance entities	Amount reclassified / retained	IFRS 9 effect	Amount reclassified / retained	Amount reclassified / retained	IFRS 9 effect	Amount reclassified / retained	IFRS 9 effect
Financial assets at fair value through profit or loss	29,071	322	28,699			51	0	0	0
Hedging derivatives	0				0				
Available-for-sale financial assets	90,467	-182	20,106	0		70,526	624	17	0
of which impairment	-1,010	0				-1,010	-43		
Loans and receivables due from credit institutions	5,898	-3	0	0		5,851		48	0
of which impairment							0		0
Loans and receivables due from customers	53	0	0	2		6	0	46	0
of which impairment	0						0		0
Held-to-maturity financial assets	6,350	1	20	0		6,328	0	0	0
of which impairment	0								0
AMOUNT AT 01/01/2022 (IFRS 9)	**131,839**	**138**	**48,827**		**0**	**83,386**		**111**	

Companies excluded from the scope of consolidation

Concurrently with the first-time application of IFRS 9 and IFRS 17, the insurance companies listed in the table below have been removed from the scope of consolidation, mainly to simplify the operating process for the preparation of the financial statements, insofar as this proves to be immaterial in terms of the portfolio, financial position and results. The 17 companies concerned include insurance companies, real estate companies and other companies.

Companies	Historical consolidation method
SERENIS ASSURANCES	Full Consolidation (FC)
ACM SERVICES	Full Consolidation (FC)
ASTREE	Equity Method (EM)
TARGOPENSIONES, ENTIDAD GESTORA DE FONDOS DE PENSIONES, S.A.	Full Consolidation (FC)
AGRUPACIÓ SERVEIS ADMINISTRATIUS A.I.E.	Full Consolidation (FC)
ASISTENCIA AVANÇADA BCN, S.L.	Full Consolidation (FC)
AMDIF, S.L.	Full Consolidation (FC)
ATLANTIS ASESORES, S.L.	Full Consolidation (FC)
ATLANTIS CORREDURÍA DE SEGUROS Y CONSULTORÍA ACTUARIAL, S.A.	Full Consolidation (FC)
ASESORAMIENTO EN SEGUROS Y PREVISIÓN ATLANTIS, S.L.	Full Consolidation (FC)
ICM LIFE	Full Consolidation (FC)
MTRL	Full Consolidation (FC)
PARTNERS	Full Consolidation (FC)
ACM COURTAGE	Full Consolidation (FC)
SCI ACM COTENTIN	Full Consolidation (FC)
SCI ACM TOMBE ISSOIRE	Full Consolidation (FC)

Macroeconomic and geopolitical context

As it does not have branches in Ukraine or Russia, the Crédit Mutuel group does not have teams present in the current areas of conflict; direct exposure in these two countries, as well as in Belarus, is therefore not significant. Furthermore, the group has no assets held by the Central Bank of Russia.

The Crédit Mutuel group is fully mobilized to face the impacts of the Ukrainian crisis and the context of increased economic uncertainties related to the rise in interest rates, the increase in commodity prices, high inflation and the tightening of monetary policies. In March 2023, confidence in the financial markets was further weakened by the bankruptcies of several US banks (including the Silicon Valley Bank), the takeover of Credit Suisse by UBS and the volatility of the price of bank securities. The group's exposures to SVB, UBS and Credit Suisse remain insignificant at group level.

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

Credit risk

As part of the provisioning of performing loans (in stages 1 & 2), the Crédit Mutuel group takes into account the impacts of successive crises, as well as the macroeconomic outlook.

The provisioning approach defined in the second half of 2022, in a context of particularly high uncertainty related to the conflict in Ukraine, the rise in interest rates, and measures to tighten monetary policies in response to the marked rise in inflation, was maintained.
The level of provisioning is the result of a case-by-case analysis, carried out in order to monitor any potential increase in the credit risk of professional customers or companies in difficulty, and individual customers, who would be affected, directly or indirectly, in an economic context that remains severely deteriorated.

At December 31, 2022, the unfavorable scenario was weighted at 80%, the central scenario at 19% and the optimistic scenario at 1% (reinforcement of the unfavorable scenario compared to 2021), in order to take into account the deteriorated macroeconomic outlook for all portfolios using the internal rating method (IRB-F and IRB-A).

In the first half of 2023, in view of the current macroeconomic situation, which remains deteriorated, and taking into account the pessimistic projections of the institutions, as well as the internal analyses carried out, the weightings defined at December 31, 2022 for its scenarios remain unchanged.

In addition, the assessment of expected credit losses also includes a post-model adjustment. Thus, since December 31, 2022, the Crédit Mutuel group has decided to recognize additional impairments, *via* a post-model adjustment, which provides a better understanding of the prospective dimension of the calculation of expected credit losses, in a context of unprecedented crises both in terms of their nature and extent. This principle was maintained at June 30, 2023, as the macroeconomic situation remains very uncertain.

At June 30, 2023, expected credit losses (excluding the impact of the post-model adjustment) amounted to €3,306 million, an increase of €24 million compared to December 31, 2022.
The post-model adjustment at June 30, 2023 represented €279 million, or 7.8% of expected losses, and included an additional impairment of €50 million booked on leveraged transactions.

Sensitivity analysis
The group conducted a sensitivity test of the cost of risk (including post-model adjustment). An increase in the weighting of the pessimistic scenario of 10 points for the IRB entities and of 5 points for the entities under the standard model would lead to an additional provision of €109 million, *i.e.* 3.25% of expected losses.

IBOR reform
The reform of the IBOR rates is part of the response to the weaknesses found in methodologies for the construction of indices and interbank rates, which are based on data reported by banks and on a significantly reduced volume of underlying transactions.

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

All indices must now comply with the BMR regulation and only a few old ones benefit from an exceptional contribution extension. Thus:

- the €STR[1] has been designated by the European Commission as the successor to the EONIA[2], for all contracts that do not expire at the beginning of January 2022 and do not include a robust fallback clause;
- since the change in its calculation methodology in July 2019, the EURIBOR complies with the BMR regulation;
- SARON plus a spread adjustment defined by maturity, by default, represents the legal replacement index[3] for CHF LIBOR;
- GBP LIBOR did not benefit from a "regulatory" shift, unlike CHF LIBOR or EONIA. The successor market index to GBP LIBOR is the SONIA. For the 3-month term, the termination of the indices was postponed to the end of March 2024;
- for USD LIBOR, significant work continued in the first half of 2023 to complete the transition. For 1-month, 3-month and 6-month maturities, the publication of these indices in their contributed format will end after June 30, 2023. In April 2023, the Financial Conduct Authority announced that synthetic USD LIBOR on these maturities[4] will be published from July 1, 2023 until the end of September 2024. These may be used for existing contracts (with the exception of cleared derivatives) until they are amended.

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.

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 II.1.

(1) It should be recalled that the EONIA had been defined as a tracker of the €STR since October 2019 and until its disappearance.
(2) European Regulation 2021/1848 of October 21, 2021.
(3) European Regulation 2021/1847 of October 14, 2021.
(4) LIBOR USD 1 month, 3 months, 6 months.

Exposures that were not due at June 30, 2023 and that will be subject to changes related to the reference rate reform mainly relate to the USD-LIBOR index. They are presented in the information relating to risk management.

The exposures not yet matured and which will be subject to the changes related to the IBOR reform represent €95 million on the USD-LIBOR on the assets side and €6 million on the USD-LIBOR on the liabilities side.

1. Scope and methods of consolidation

1.1 Consolidating entity

At June 30, 2023, Crédit Mutuel Alliance Fédérale comprised 14 Crédit Mutuel federations: Centre Est Europe, Sud-Est, Île-de-France, Savoie-Mont Blanc, Midi-Atlantique, Loire-Atlantique Centre-Ouest, Centre, Normandie, Dauphiné-Vivarais, Méditerranéen, Anjou, Antilles-Guyane, Massif Central and Nord Europe.

Crédit Mutuel Alliance Fédérale is a mutualist group belonging to a central body, within the meaning of Articles L.511-30 *et seq.* of the French Monetary and Financial Code. Crédit Mutuel's local banks, which are wholly owned by the members, form the basis of the group, according to a "reverse pyramid" capital control structure.

In order to show the community of interest of our members in consolidation as accurately as possible, the "consolidating" entity is defined in such a way as to reflect the common bonds of operation, financial solidarity and governance.

To this end, the "consolidating entity" at the head of the group is made up of the companies placed under the same collective accreditation to carry out banking activity, issued by the *Autorité de contrôle prudentiel et de résolution* (ACPR – French Prudential Supervisory and Resolution Authority).

As such, the "consolidating" entity is made up of the following federations:

- Fédération du Crédit Mutuel Centre Est Europe (FCMCEE), Fédération du Crédit Mutuel du Sud-Est (FCMSE), Fédération du Crédit Mutuel Île-de-France (FCMIDF), Fédération du Crédit Mutuel Savoie-Mont Blanc (FCMSMB), Fédération du Crédit Mutuel Midi Atlantique (FCMMA), Fédération du Crédit Mutuel Loire-Atlantique Centre-Ouest (FCMLACO), Fédération du Crédit Mutuel du Centre (FCMC), Fédération du Crédit Mutuel de Normandie (FCMN), Fédération du Crédit Mutuel Dauphiné-Vivarais (FCMDV), Fédération du Crédit Mutuel Méditerranée (FCMM), Fédération du Crédit Mutuel d'Anjou (FCMA), Fédération du Crédit Mutuel Antilles-Guyanes (FCMAG), Fédération du Crédit Mutuel Massif Central (FCMMC) and Fédération du Crédit Mutuel Nord Europe (FCMNE). These political bodies of the groups determine the main strategic orientations, decide on their strategy and organize the representation of the banks;
- Caisse Fédérale de Crédit Mutuel (CF de CM), Caisse Régionale du Crédit Mutuel du Sud-Est (CRCMSE), Caisse Régionale du Crédit Mutuel d'Ile-de-France (CRCMIDF), Caisse Régionale du Crédit Mutuel Savoie-Mont Blanc (CRCMSMB), Caisse Régionale du Crédit Mutuel Midi Atlantique (CRCMMA), Caisse Régionale du Crédit Mutuel Loire Atlantique Center Ouest (CRCMLACO), Caisse Régionale du Crédit Mutuel du Center (CRCMC), Caisse Régionale du Crédit Mutuel de Normandie (CRCMN), Caisse Régionale du Crédit Mutuel Dauphiné-Vivarais (CRCMDV), Caisse Régionale du Crédit Mutuel Méditerranée (CRCMM), Caisse Régionale du Crédit Mutuel d'Anjou (CRCMA), Caisse Régionale du Crédit Mutuel Antilles-Guyanes (CRCMAG), Caisse Régionale du Crédit Mutuel Massif Central (CRCMMC) and Caisse Régionale du Crédit Mutuel Nord Europe (CRCMNE). CF de CM, which is at the service of the local banks, is responsible for joint services across the network, ensures its smooth running and supports the group's logistics. It centralizes all the banks' deposits and in parallel ensures their refinancing, while fulfilling regulatory requirements on their behalf (compulsory reserves, allocated deposits, deposits at Caisse Centrale du Crédit Mutuel, etc.);
- the Crédit Mutuel banks that are members of FCMCEE, FCMSE, FCMIDF, FCMSMB, FCMMA, FCMLACO, FCMC, FCMN, FCMDV, FCMM, FCMA, FCMAG, FCMMC and FCMNE: these form the basis of the group's banking network.

1.2. Consolidation scope

The general principles for determining whether an entity is included in the consolidation scope are defined by IFRS 10, IFRS 11 and IAS 28R. Entities that are controlled or under significant influence that do not have a significant character in relation to the consolidated financial statements are excluded from the consolidation scope. This situation is assumed when the balance sheet total or the profit or loss of a company has no impact greater than 1% of the consolidated or sub-consolidated equivalent (in the case of consolidation by level). This quantitative criterion is but relative; an entity may be included within the scope of consolidation regardless of this threshold when its business or its expected development gives it the status of a strategic investment.

The consolidation scope comprises:

Controlled entities: control exists when the group has power over the entity, is exposed to or is entitled to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the returns it obtains. The financial statements of controlled entities are fully consolidated.

Entities under joint control: joint control is the contractually-agreed sharing of control over an entity, which exists only in the case where decisions concerning key activities require the unanimous consent of the parties sharing control. Two or more parties that exercise joint control constitute a partnership, which is either a jointly controlled operation or a joint venture:

- a jointly controlled operation is a partnership in which the parties exercising joint control have rights over the assets and obligations pursuant to liabilities relative to the entity: this involves recognizing the assets, liabilities, income and expenses relative to interests held in the entity;
- a joint venture is a partnership in which the parties who exercise joint control have rights over the net assets of the entity: the joint venture is accounted for according to the equity method.

All entities under joint control of the group are joint ventures according to the meaning of IFRS 11.

Entities over which the group has significant influence: these are entities that are not controlled by the "consolidating" entity, which may, however, participate in these entities' financial and operating policy decisions. Shareholdings in entities over which the group has significant influence are accounted for using the equity method.

Investments held by private equity companies and over which joint control or significant influence is exercised are recognized at fair value through profit or loss.

1.3 Consolidation methods

The consolidation methods used are the following:

1.3.1 Full consolidation

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

1.3.2 Consolidation using the equity method

This method involves replacing the value of the shares held with the equity attributable to the group and net profit of the entities concerned. It is applied to all entities under joint control, classified as joint ventures or for all entities under significant influence.

1.4 Non-controlling interests

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

Consolidated UCITS, particularly those representing unit-linked policies of insurance entities, are recognized at fair value through profit or loss. The amounts corresponding to non-controlling interests are shown under "Other liabilities".
In accordance with IAS 32, the group recognized a liability for the commitment to increase its stake in COFIDIS Participation to 100%. The counterparty was recorded as a reduction of minority interests and a reduction of the group's share for the excess amount.

1.5 Reporting date

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

1.6 Elimination of intercompany transactions and balances

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

1.7 Foreign currency translation

Concerning the accounts of foreign entities expressed in foreign currencies, the balance sheet is converted based on the official reporting date exchange rate. Differences arising from exchange rate fluctuations impacting the share capital, reserves and retained earnings are recorded as a separate component of equity, under "Cumulative translation adjustments". The income statement is translated on the basis of the average exchange rate for the fiscal year, which is an acceptable proxy in the absence of significant exchange rate fluctuations during the period. The resulting translation differences are recorded under "Cumulative translation adjustments". On liquidation or disposal of some or all of the interests held in a foreign entity, these amounts are recognized through the income statement.

1.8 Goodwill

1.8.1 Fair value adjustments

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

1.8.2 Goodwill

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

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

Goodwill is presented on a separate line in the balance sheet for fully consolidated companies and under "investments in equity consolidated companies" when the entities are consolidated using this method.

Goodwill does not include direct costs related to acquisitions, which according to IFRS 3R, are recognized in profit or loss.

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

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

2. Accounting policies and principles

2.1 Financial instruments under IFRS 9

2.1.1 Classification and measurement of financial assets

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

2.1.1.1 Loans, receivables and debt securities acquired

The asset is classified:

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

Cash flow characteristics

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

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

All contractual clauses must be analyzed, in particular those that could alter the timing or amount of contractual cash flows. The option, under the agreement, for the borrower or lender to repay the financial instrument early is compatible with the SPPI[1] (Solely Payments of Principal and Interest) criterion for contractual cash flows, provided that the amount repaid essentially represents the outstanding principal and accrued interest, as well as, where applicable, early repayment compensation of a reasonable amount.

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

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

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

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

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

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

Note that:

- embedded derivatives in financial assets are no longer accounted for separately, which implies that the entire hybrid instrument is then considered as non-basic and recorded at fair value through profit or loss;
- units in UCITS or real estate UCI (OPCI) are not basic instruments and are recognized at fair value through profit or loss.

Business models

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

(1) SPPI: Payment of Principal and Interest only.

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

- how the activity's performance is reported to decision-makers;
- how managers are compensated;
- the frequency, timing and volumes of sales in previous periods;
- the 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 that the proceeds of these sales correspond approximately to the contractual cash flows that remain to be received;
- exceptional (*e.g.* linked to a liquidity stress).

Disposals that are frequent (and of an insignificant unit value) or infrequent (even if they are of a significant unit value) are compatible with the hold-to-collect model.
These "authorized" disposals are not taken into account in the analysis of the significant and frequent nature of sales made from a portfolio; disposals related to changes in the regulatory or tax framework will be documented on a case-by-case basis in order to demonstrate the "infrequent" nature of such disposals.
For other disposals, thresholds have been defined according to the maturity of the securities portfolio, *e.g.* 2% of annual disposals on outstandings in the portfolio with an average maturity of eight years (the group does not dispose of its loans recorded in a collection management model).

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

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

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

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

Financial assets at amortized cost

These mainly include:

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

The financial assets classified in this category are initially recognized at their fair value, which is generally the net amount disbursed. The interest rates applied to loans granted are deemed to represent market rates, since they are constantly adjusted in line with the interest rates applied by the vast majority of competing banks.
At subsequent reporting dates, the assets are measured at amortized cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts future cash payments or receipts over the estimated life of the financial instrument to obtain the net carrying amount of the financial asset or liability. It takes into account estimated cash flows excluding future losses on loans and includes commissions paid or received when these are treated as interest, as well as directly-related transaction costs and all premiums and discounts.

For securities, the amortized cost takes 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.

The restructuring of a loan following the debtor's financial difficulties entails novation of the contract. Following the definition of this concept by the European Banking Authority, the group integrated it into the information systems so that the accounting and prudential definitions are harmonized.

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

- State-guaranteed loans (SGLs)

The group is committed to the government's COVID-crisis-related plan to support the economy. This was further strengthened in April 2022, in the context of the conflict in Ukraine.

The group offers:

- State-guaranteed loans [1] (SGL) to support the cash flow of its business and corporate customers; and
- since April 2022, Resilience SGLs for customers that have not taken out an SGL since March 2020 or who have not exceeded the limit on their first SGL.

SGLs represent 12-month bullet loans with grace periods of one to five years. At the date of subscription, the interest rate of the SGL was set at 0%, increased by the cost of the State guarantee set at between 0.25% and 0.50% (and rebilled *via* a commission paid by the customer).

At the end of the first 12 months, the beneficiary of the SGL has the option of setting a new SGL term (limited to six years in total) and amortization terms. In accordance with the government announcements of January 14, 2021, the beneficiary will be able to obtain a "deferral of one additional year" to start repaying the capital.

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

Held for the purpose of collecting cash flows and meeting the basic loan criteria, they are accounted for at amortized cost, using the effective interest rate method. On the date of initial recognition, they are recognized at their nominal value, which is representative of their fair value. On the subscription anniversary date, SGLs may be subject to a grace period. The revision of flows related to the recognition of guarantee commissions over the duration of the grace period is recognized as an adjustment to the carrying amount of SGLs with an immediate and positive impact on profit. This impact was immaterial as of the reporting date.

At June 30, 2023, State-guaranteed loans issued by the group amounted to €11.2 billion, backed to the tune of €10 billion. Outstandings downgraded to stage 3 amounted to €1.3 billion.

The valuation of the expected credit losses for these loans takes into account the effect of the State guarantee (implemented by the Banque Publique d'Investissement) for 70% to 90% of the outstanding capital and interest. At June 30, 2023, the impairment amounted to €0.16 billion.

- Benchmark rate reform

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

Financial assets at fair value through equity

For Crédit Mutuel Alliance Fédérale, this category only includes securities. They are recognized at fair value in the balance sheet at the time of their acquisition, on the settlement date and at subsequent reporting dates until their disposal. Changes in fair value are shown on the "Unrealized or deferred gains and losses" line within a specific equity account, excluding accrued income. These unrealized gains or losses recognized in shareholders' equity are transferred to the income statement only in the event of their disposal or impairment (see Sections II-1-vii "Derecognition of financial assets and liabilities" and II.1.viii "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 "II-1-vii "Derecognition of financial assets and liabilities"). Changes in fair value are taken to the income statement under "Net gains/(losses) on financial instruments at fair value through profit or loss".

Income received or accrued on financial instruments at fair value through profit or loss is recognized in the income statement under interest income/(expense). Before, this interest was recognized under "Net gains/(losses) on financial instruments at fair value through profit or loss", in order to be consistent with the regulatory statements sent to the ECB as part of the Short Term Exercise (STE).

(1) The main characteristics of state-guaranteed loans and the mechanism for triggering the guarantee are summarized in Article 2 of the Order of March 23, 2020 granting state guarantees to credit institutions and financing companies and to the lenders mentioned in Article L.548-1 of the French Monetary and Financial Code.

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

2.1.1.2 Equity instruments acquired

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

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

Financial assets at fair value through equity

Shares and other equity instruments are recorded in the balance sheet at their fair value at the time of their acquisition and at subsequent reporting dates until their disposal. Changes in fair value are shown on the "Unrealized or deferred gains and losses" line within a specific equity account. These unrealized or deferred gains and losses booked to equity are never recognized in the income statement, even when they are sold (see Section II-1-vii "Derecognition of financial assets and liabilities"). Only dividends received on variable-income securities are recorded in the income statement, under "Net gains/(losses) on financial assets on fair value through equity". Purchases and sales of securities are recognized at the settlement date.

Financial assets at fair value through profit or loss

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

2.1.2 Classification and measurement of financial liabilities

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

2.1.2.1 Financial liabilities 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.

The recognition of changes in fair value resulting from own credit risk concerning debts optionally designated at fair value through profit or loss is recognized in unrealized or deferred profit or loss in non-reclassifiable equity. The group is marginally concerned by the problem of own credit risk.

2.1.2.2 Financial liabilities at amortized cost

These consist of other non-derivative financial liabilities. These include amounts due to customers and to credit institutions, debt securities (certificates of deposit, interbank market securities, bonds, TLTRO [1] II and III refinancing securities etc.), as well as dated and undated subordinated debt for which measurement at fair value through profit or loss was not opted for.

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

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.

(1) Targeted Longer-Term Refinancing Operations.

Regulated savings contracts

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

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

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

Targeted 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 Crédit Mutuel Alliance Fédérale 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 had been relaxed twice by the ECB to support lending to households and businesses. Some target parameters have been recalibrated[1]. In particular, more favorable conditions made it possible to benefit from a reduction of 50 bp over the special and additional special interest periods from June 2020 to June 2022[2].

As part of the monetary policy measures and since June 2022, the ECB has successively raised its three key rates to reach sufficiently restrictive levels and ensure a return to an inflation target of 2% in the medium term.

On October 27, 2022, the ECB recalibrated the terms of remuneration of TLTRO III transactions in order to reinforce the transmission of the increase in key rates to the conditions for granting bank loans. The interest conditions applicable to the TLTRO III have been adjusted from November 23, 2022 (and additional early redemption dates have been opened).

They are described below and take into account the achievement by the group of the credit performance targets set by the ECB over all the reference periods of the program:

- from its start date until November 22, 2022 inclusive and excluding the special or additional special interest period, the interest rate for TLTRO III operations represents the average of the deposit facility rate over this period (and no longer over the life of the operation);
- during the special interest and additional special interest periods (June 24, 2020 to June 23, 2021 inclusive and June 24, 2021 to June 23, 2022 inclusive, respectively), it is equal to the average of the deposit facility rates over the period less 0.50% (application of a 1% ceiling);
- from November 23, 2022 until the maturity date (or early repayment date), the interest rate of the TLTRO III operations will be indexed to the average of the key ECB interest rates applicable during that period.

This change is accompanied by the opening of three additional early repayment dates.

According to the Crédit Mutuel group, the TLTRO III transactions represent variable rate financial instruments carried at amortized cost. The adjustment of interest conditions following this decision must be recognized in accordance with the provisions of IFRS 9 regarding changes in market rates of floating-rate instruments.

The interest recognized but not yet due by the group takes into account, until November 22, 2022, the effect of the change in the interest rate formula between the beginning of the transaction and that date. As of November 23, 2022, the effective interest rate of the TLTRO financing transactions is calculated on the basis of the average of the deposit facility rates known between November 23, 2022 and June 30, 2026.

At June 30, 2022, Crédit Mutuel Alliance Fédérale participated in the TLTRO III refinancing transactions for an amount of €18.1 billion (compared to €32.2 billion at December 31, 2022).

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(1) Decision (EU) 2021/124 of the ECB of January 29, 2021 amending Decision (EU) 2019/1311 concerning a third round of targeted longer-term refinancing operations (ECB/2021/3 published in the OJEU on February 3, 2021).

(2) Decision (EU) 2020/614 of the European Central Bank of April 30, 2020 amending Decision (EU) 2019/1311 on a third round of targeted longer-term refinancing operations (ECB/2020/25).

2.1.3 Debt-equity distinction

According to the IFRIC 2 interpretation, members' shares are shareholders' equity if the entity has an unconditional right to refuse redemption or if there are legal or statutory provisions prohibiting or significantly limiting redemption. Due to the existing statutory and legal provisions, the members' shares issued by structures composing the Crédit Mutuel group's consolidating entity are recognized in shareholders' equity.

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

2.1.4 Foreign currency transactions

Assets and liabilities denominated in a currency other than the functional currency are translated at the exchange rates at the reporting date.

2.1.4.1 Monetary financial assets and liabilities

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

2.1.4.2 Non-monetary financial assets and liabilities measured at fair value

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

2.1.5 Derivatives and hedge accounting

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

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

Derivatives are financial instruments which have the following three characteristics:

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

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

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

2.1.5.1 Determining the fair value of derivatives

Most over-the-counter derivatives, swaps, forward rate agreements, caps, floors and vanilla options are valued using standard, generally accepted models (discounted cash flow method, Black and Scholes model or interpolation techniques), based on observable market data such as yield curves. The valuations given by these models are adjusted to take into account the liquidity risk and the credit risk associated with the instrument or parameter concerned and specific risk premiums intended to offset any additional costs resulting from a dynamic management strategy associated with the model in certain market conditions, as well as the counterparty risk captured by the positive fair value of over-the-counter derivatives. The latter includes the own counterparty risk present in the negative fair value of over-the-counter derivatives.
When establishing valuation adjustments, each risk factor is considered individually and no effect of diversification between risks, parameters or models of a different nature are taken into account. A portfolio approach is most often used for a given risk factor.

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

2.1.5.2 Classification of derivatives and hedge accounting

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

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

Embedded derivatives

An embedded derivative is a component of a hybrid instrument that, when separated from its host contract, meets the definition criteria for a derivative. It has the effect, notably, of changing certain cash flows in the same way as a stand-alone derivative.

The derivative is detached from the host contract and recognized separately as a derivative instrument at fair value through profit or loss only if all of the following conditions are satisfied:

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

As these are financial instruments under IFRS 9, only embedded derivatives relating to financial liabilities may be separated from the host contract to be recognized separately.

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

Hedge accounting

- Risks hedged

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

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

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

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

Micro-hedging is used in particular in the context of asset swaps. It generally aims to transform a fixed-rate instrument into a variable-rate instrument.

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

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

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

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

Where applicable, hedge accounting is discontinued prospectively.

- Fair value hedge of identified financial assets or liabilities

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

- the "counterparty risk" component integrated in the value of the derivatives;

- the different value curve between the hedged items and hedging instruments. Swaps are valued with an OIS curve if they are collateralized or with a BOR curve otherwise. Hedged items are valued with a BOR curve.

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

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

- Macro-hedging derivatives

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

For each portfolio of financial assets or liabilities bearing a fixed rate, the effectiveness of the hedging relationship is verified through:

- an over-hedging test: the group ensures that prospectively and retrospectively, the maturity schedule of the hedged items is greater than that of the hedging derivatives;
- a test of non-disappearance of the hedged item, which consists of ensuring that the maximum historically hedged position is lower than the nominal value of the hedged portfolio at the reporting date for each future maturity band and each generation of rates;
- a quantitative test: a quantitative test intended to ensure retrospectively that changes in the fair value of the modeled synthetic instrument offset changes in the fair value of the hedging instruments.

The sources of ineffectiveness related to macro-hedging result from mismatches in the curves used to model the hedged portfolios and hedging derivatives, as well as possible mismatches in the interest payments of these items.

The accounting treatment of fair value macro-hedging derivatives is similar to that used for fair value hedging derivatives.
Changes in the fair value of the hedged portfolios are recorded in the balance sheet under "Revaluation adjustment on rate-hedged books", the counterpart being an income statement line item.

- Cash flow hedges

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

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

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

Benchmark rate reform

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

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

2.1.6 Financial guarantees and financing commitments

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

In accordance with IFRS 17, such financial guarantees continue to be measured using French accounting standards, *i.e.* they are treated as off-balance sheet items, until such time as the current standards are revised. Accordingly, they are subject to a provision for liabilities if an outflow of resources is likely.

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

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

2.1.7 Derecognition of financial assets and liabilities

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

Upon "derecognition" of:

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

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

2.1.8 Measurement of credit risk

The impairment model of IFRS 9 is based on an "expected loss" approach, whereas that of IAS 39 was based on an incurred credit loss model, implying that credit losses were recognized too late and too little at the time of the financial crisis.
Under this IFRS 9 model, financial assets for which no objective evidence of impairment exists on an individual basis are impaired on the basis of observed losses as well as reasonable and justifiable future cash flow forecasts.

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

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

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

2.1.8.1 Governance

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

These bodies consist of the supervisory and executive board as defined by Article 10 of the Order of November 3, 2014 relative to internal control. Given the specificities of the Crédit Mutuel group's decentralized organizational structure, the supervisory and Management body are divided into two levels – the national level and the regional level.

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

At the national level, the Basel III Working group approves the national procedures, models and methodologies to be applied by the regional groups. Any change in the calibration of the scenarios or parameters used in the IFRS 9 provisioning model is validated by this body.

At the regional level, regional groups are tasked with the calculation of the IFRS 9 provisions within their entities, under the responsibility and control of their respective executive and supervisory bodies.

2.1.8.2 Definition of the boundary between stages 1 and 2

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

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

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

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

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

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

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

It should be noted that the group immediately puts into stage 1 any performing exposure that no longer meets the criteria for stage 2 classification (both qualitative and quantitative).

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

Quantitative criteria

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

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

Qualitative criteria

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

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

2.1.8.3 Stages 1 and 2 – Calculating expected credit losses

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

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

Probability of default

This is based:

- for high default portfolios, on the models approved under the IRB-A approach;
- for low default portfolios, on an external probability of default scale based;

on a history dating back to 1981.

Loss given default

This is based:

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

Conversion factors

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

Forward-looking aspect

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

For high default portfolios, the forward-looking aspect included in the probability of default takes into account three scenarios (optimistic, neutral or pessimistic), which will be weighted based on the group's view of changes in the economic cycle over five years. The group mainly relies on macroeconomic data (GDP, unemployment rate, inflation rate, short-term and long-term interest rates, etc.) available from the OECD. The forward-looking approach is adjusted to include elements that were not captured by the scenarios because:

- they are recent, meaning they occurred a few weeks before the reporting date;
- they cannot be included in a scenario: for example, regulatory changes that will certainly have a significant effect on the risk parameters and whose impact can be measured by making certain assumptions.

The forward-looking dimension over different time horizons other than one year will largely be a function of the one-year dimension.

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

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

2.1.8.4 Stage 3 – Non-performing loans

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

The Crédit Mutuel group applies the new definition of prudential default in accordance with EBA guidelines and regulatory technical standards on applicable materiality thresholds, the main elements of which are as follows:

- default analysis is now performed on a daily basis at the creditor level and no longer at the contract level;
- the number of days of delay is assessed at the level of a borrower (obligor) or a group of borrowers (joint obligor) having a common commitment;
- the default is triggered after 90 consecutive days of arrears are ascertained on the part of an obligor or joint obligors. The count of the number of days begins at the simultaneous crossing of the absolute materiality threshold (€100 Retail, €500 Corporate) and the relative

materiality threshold (more than 1% of balance sheet commitments in arrears). The countdown is reset when this is no longer the case for one of the two thresholds;

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

Crédit Mutuel Alliance Fédérale has chosen to roll out the new definition of default across the IRB entities in line with the two-step approach proposed by the EBA:

- step 1 – This consists of presenting a self-assessment and an authorization request to the supervisor. Authorization for use was obtained by the group in October 2019;
- step 2 – This consists of implementing the new definition of default within the systems and then, where necessary, "recalibrating" the models after a 12-month period of observing the new defaults.

The group believes that this new definition of default, as required by the EBA, is representative of objective proof of impairment in an accounting sense of the word. The group has aligned its definitions of accounting (stage 3) and prudential default. This change constitutes a change in estimate, the non-material impact of which is recognized in the income statement in the year of the change.

2.1.8.5 Initially impaired financial assets

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

2.1.8.6 Recognition

Impairment charges and provisions are recorded in "Cost of counterparty risk". Reversals of impairment charges and provisions are recorded in "Cost of counterparty risk" for the portion related to the change in risk and in "net interest margin" for the portion related to the passage of time. For loans and receivables, impairment is deducted from assets, and for financing and guarantee commitments, the provision is recorded in liabilities under "Provisions" (see Sections II.1.vi "Financial guarantees and financing commitments" and II-3-ii "Provisions"). For assets at fair value through equity, the impairment recognized in the cost of risk is offset under "Unrealized or deferred gains and losses". Loan losses are written off and the corresponding impairments and provisions are reversed.

2.1.9 Determination of the fair value of financial instruments

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

The fair value of an instrument upon initial recognition is generally its transaction price.
The fair value must be calculated for subsequent measurements. The calculation method to be applied varies depending on whether the instrument is traded on a market deemed to be active or not.

2.1.9.1 Instruments traded on an active market

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

2.1.9.2 Instruments traded on a non-active market

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

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

When establishing valuation adjustments, each risk factor is considered individually and no effect of diversification between risks, parameters or models of a different nature are taken into account. A portfolio approach is most often used for a given risk factor.
In all cases, adjustments are made by the group in a reasonable and appropriate manner, based on judgment.

2.1.9.3 Fair value hierarchy

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

- level 1: 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 reporting date;
- level 3: data relating to the asset or liability that are not observable market data (non-observable data). The main constituents of this category are investments in non-consolidated companies held in venture capital entities or otherwise and, in the capital markets activities, debt securities quoted by a single contributor and derivatives using mainly non-observable parameters. The instrument is classified at the same hierarchical level as the lowest level of the input having an important bearing on fair value considered as a whole. Given the diversity and volume of the instruments measured at level 3, the sensitivity of the fair value to a change in the parameters would be immaterial.

2.2 Insurance activities

2.2.1 Financial investments of insurance activities

Financial investments of insurance activities are valued in accordance with IFRS 9. For more details, see Section II-1

2.2.2 Insurance contracts

IFRS 17 defines the new rules for recognizing, measuring and presenting insurance contracts that fall within its scope (insurance contracts, reinsurance contracts and financial contracts with a discretionary participation feature):

- valuation of insurance contracts on the balance sheet: their value is updated at each closing date, based on a re-estimate of future cash flows related to their execution. This re-estimate takes into account market data for financial information, and policyholder behavior;
- recognition of the margin: although the profitability of insurance contracts remains unchanged, the recognition of their margin in profit or loss is modified to be spread over the duration of the insurance service; and
- presentation of the income statement: general operating expenses attributable to the execution of insurance contracts are now presented as a reduction of net revenue under insurance services expenses and therefore no longer affect the total amount of general operating expenses in the consolidated income statement.

Grouping of contracts

For the valuation of insurance contracts issued, IFRS 17 requires them to be grouped into homogeneous portfolios. Within these portfolios, contracts must be exposed to similar risks and be managed together.

In each portfolio, three groups of contracts must be distinguished when they are first recognized: onerous contracts, contracts that have no significant possibility of subsequently becoming onerous, and other contracts.

In addition, IFRS 17 stipulates that each group of contracts must be subdivided into annual cohorts (no more than 12 months apart between the dates the contracts are issued). As part of the adoption of IFRS 17, the European Commission has given European companies the option not to apply this provision to contracts benefiting from an inter-generational pooling of returns on underlying assets.
The group uses this optional exemption on its eligible direct participating contracts.

Valuation models

General valuation model for insurance contracts (Building Block approach)
Under IFRS 17, contracts must be valued by default according to a general valuation model based on an approach that includes:

- fulfilment cash flows:
  - estimates of future cash flows weighted by their probability of occurrence,
  - an adjustment to reflect the time value of money (*i.e.* discounting these future cash flows),
  - an adjustment for non-financial risks,
- the contractual service margin (or CSM).

On initial recognition, contractual services represent the unearned profit for a group of insurance contracts, *i.e.* the present value of future profits. It is amortized in income from insurance contracts over the coverage period of the contracts, as the insurance entity provides services to policyholders according to the coverage units.
In view of the diversity of insurance contracts, the determination of coverage units requires judgment in considering both the level of coverage defined in the contract (for example, the capital in the event of death for a loan contract) and the expected duration of the contract.

The CSM of a group of contracts cannot be negative; any negative amount of fulfilment cash flows at the start or during the contract is immediately recognized in income.

IFRS 17 requires the use of discount rate curves reflecting the time value of money, cash flow, as well as the liquidity characteristics of insurance contracts. To determine the discount rate, the group applies the bottom-up approach. This methodology consists of adding a liquid risk-free component, based on rate swaps, and an adjustment to take into account the liquidity characteristics of insurance contracts.

The group uses the EIOPA yield curve and retains the principles relating to the extrapolation of the risk-free yield curve as part of the revision of the Solvency II directive (general approach of the Council of the European Union) because the latter provide greater coherence and consistency in terms of the financial markets.

The adjustment for non-financial risk must reflect the compensation required by the group to support the uncertainty surrounding the amount and timing of cash flows that is generated by the non-financial risk when the group executes insurance contracts.

It was decided to calculate the adjustment for risk with a quantile approach using the Value at Risk ("VaR") for all risks. The group considers that a quantile of 80% represents an adequate level of prudence for the underlying technical reserve.

This general model will apply by default to all insurance contracts.

The carrying amount of a group of insurance contracts is remeasured at the end of each subsequent period. It is then equal to the sum of the following two amounts:

- the liability for remaining coverage, which includes the value of the re-estimated execution flows at that date (present value of premiums to be received and future benefit expenses over the remaining coverage period) and the adjusted contractual service margin on the same date as described above;
- the liability for incurred claims, for an amount equal to the present value of the estimated cash flows required to settle valid requests on claims that have already occurred.

On this same reporting date, the amount of the contractual service margin is updated to take into account, notably:

- the effect of new contracts added to the group of contracts;
- interest capitalized at the discount rate used to determine the initial value of the margin;
- the re-estimation of fulfilment cash flows resulting from changes in technical assumptions (present value of premiums to be received and future benefit expenses over the remaining coverage period, excluding estimates of expenses to be paid on claims already incurred that are subject to a separate assessment). However, if the negative amount related to the discounted future cash flow changes is greater than the amount of the remaining margin, then the negative surplus is immediately recognized in profit or loss. The margin is also capitalized according to the fixed rate at the start of the contract.

The effect of unwinding the discount on the liability related to the passage of time is recorded in "Financial income or financial expenses from insurance contracts issued" as well as that related to the change in the discount rate. However, the latter may optionally be recognized in shareholders' equity.

The group applies the option to neutralize the effects of discount rates in shareholders' equity for the portfolios of insurance contracts valued under the general model.

The group applies the General Valuation Model to long-term personal insurance and provident insurance contracts (notably real estate borrower contracts, funeral contracts and long-term care contracts).

The coverage units used are calibrated according to the amount insured, therefore without reference to the cost to the insurer.

Variable fee model (Variable fee approach)
IFRS 17 provides for an adaptation of the general model for direct participating contracts. This adapted model, known as the "Variable fee approach", makes it possible to reflect, in the valuation of insurance liabilities, the obligation to pay policyholders a substantial portion of the return on underlying assets net of contract expenses (as the changes in the value of the underlying assets attributable to policyholders are neutralized in the contractual service margin).

A direct participating contract meets the following three criteria:

- the contractual clauses specify that the policyholder receives a contribution on the basis of a clearly identified group of underlying items;
- the entity expects to pay the policyholder an amount equal to a significant portion of the fair value of the underlying items;
- the entity expects that a significant portion of any change in the amount payable to the policyholder will change on the basis of changes in the fair value of the underlying items.

Eligibility for this valuation model is analyzed at the date of issue of the contracts and can only be reassessed in the event of an amendment thereof.

The main adaptations as compared to the General Model relate to:

- the insurer's share of the change in the fair value of the underlying investments. At each reporting date, it is included in the contractual service margin in order to be recognized in income over the expected remaining coverage period of the contracts.
- interest on the contractual service margin, the changes of which are implicitly included in the periodic revision of the contractual service margin.

The income from these contracts is therefore mainly represented by the relaxation of execution flows and the amortization of the contractual service margin. When the underlying items perfectly back the liabilities and are measured at fair value through profit or loss, the financial income of these contracts is zero.

In the event of an accounting mismatch between the underlying assets and the insurance liabilities, the option of classifying in shareholders' equity the effect of changes in liabilities related to these assets is applicable.

The group applies the IFRS 9 amendment enabling the financial instruments underlying direct participating insurance contracts to be recognized in the balance sheet at market value through profit or loss in order to neutralize accounting mismatches with insurance liabilities measured under the variable fees model.

The group applies the VFA model to all of the group's Life and Savings products (both general fund contracts and unit-linked contracts). The model used is the portfolio of assets underlying the contracts in question.

The coverage units used are the mathematical reserves of the contracts. On the basis of this driver, the group had to apply a correction coefficient to amortize the CSM in income and neutralize the bias induced by the "bow wave" effect associated with the stochastic modeling in a risk neutral environment. After applying the adjusted coverage unit, the amount of CSM, which is amortized in the income statement each period, takes into account the "real world" environment, and reflects the service provided to policyholders over the period in question.

Simplified approach (Premium allocation approach)

The standard also allows, subject to conditions, the application of a simplified approach known as the "Premium allocation approach" to contracts with a duration less than or equal to 12 months or if the application of the simplified approach gives a result close to the General Model.

For profitable contracts, the liability relating to the remaining coverage is valued on the basis of the deferral of premiums collected using a logic similar to that used under IFRS 4. Onerous contracts and incurred claims liabilities are valued according to the general model. Liabilities for incurred claims are discounted if the expected settlement of claims takes place after one year from knowledge of the occurrence. In this case, the option of classifying the effect of changes in the discount rate in shareholders' equity is also applicable.
At each reporting date, the adjustment of liabilities in respect of the remaining coverage and incurred claims is recorded in the income statement.

The simplified approach is applied by the group to all property and casualty insurance products, and to a lesser extent to certain individual and collective Health and Protection products.

- Processing of internal costs

As a banking and insurance conglomerate, the group distributes savings and protection products (borrower insurance, car insurance, home insurance, etc.) and provides all management resources necessary for business on behalf of its insurance subsidiaries.

The services provided by the banking networks (business contributions, administrative management of contracts, provision of staff or assets, etc.) are compensated by margin commissions on the basis of agreements between the distributing credit institutions and the insurance subsidiaries.

The new model for measuring insurance contracts under IFRS 17 requires a projection in the contract execution cash flows of the acquisition and management costs that will be paid in the future and a presentation in the income statement of, on the one hand, the release of estimated costs for the period and, on the other, the actual costs incurred by the banking dealer networks.

Pursuant to the recommendations of the ESMA (32-63-1320) and the AMF (DOC-2022-06), the group restates the internal margin on the balance sheet and the income statement in order to reflect the valuation of insurance contracts, according to IFRS 17, at the level of the Crédit Mutuel group.

- Presentation in the balance sheet and income statement

Insurance contracts issued and reinsurance contracts held are presented in the balance sheet as assets or liabilities according to the overall position of the portfolios to which they belong (including debts and receivables attributable to the valuation of the contract);

The various income and expense items from insurance and reinsurance contracts are broken down in the consolidated income statement under net revenue, in:

- insurance service result
  - income from insurance and reinsurance contracts issued,
  - service charges relating to insurance and reinsurance contracts issued, and
  - income and expenses relating to reinsurance contracts held;
- insurance service financial result
  - financial income and expenses from insurance and reinsurance contracts issued, and
  - financial income and expenses from reinsurance contracts held.

The income from insurance contracts shows the relaxation of execution flows for the amount expected over the period (excluding investment components), changes in the risk adjustment, the amortization of the contractual service margin in respect of services rendered, the amount allocated to the amortization of acquisition costs, and experience differences on premiums;

Service expenses relating to insurance and reinsurance contracts issued, as well as expenses relating to reinsurance contracts held, then include the share of general operating expenses and commissions directly attributable to the execution of contracts, which will thus be recognized as a deduction of net revenue. They also include the initial loss component and its amortization in the case of a portfolio of onerous contracts.

Retirement Savings insurance contracts include an investment component in the form of a deposit paid by the policyholder and which the insurer is contractually obliged to reimburse even if the insured event does not occur. The premiums and repayment flows of these deposits do not constitute income or expenses relating to these contracts.

Financial income and expenses from insurance and reinsurance contracts mainly include changes in the value of groups of contracts related to the effects of the time value of money and financial risks not taken into account in the estimated cash flows.

Financial income or financial expenses from insurance contracts issued will be presented separately in the income statement and shareholders' equity for the portfolios concerned.

2.3 Non-financial instruments

2.3.1 Leases

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

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

An operating lease granted by the group represents any lease contract other than a finance lease.

2.3.1.1 Finance lease transactions – Lessor

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

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

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

Credit risk related to financial receivables is measured and recognized under IFRS 9 (see Section II.1.viii "Measurement of credit risk").

2.3.1.2 Finance lease transactions – Lessee

In accordance with IFRS 16, right-of-use assets are recognized under "Property, plant and equipment" with a corresponding offset to a lease liability recognized under "Accruals and miscellaneous liabilities". Rents paid are broken down between interest expenses and repayment of the principal amount of the debt.

2.3.2 Provisions

Provisions and reversals of provisions are classified by type under the corresponding item of income or expenditure.
A provision is recognized whenever it is probable that an outflow of resources representing economic benefits will be necessary to extinguish an obligation arising from a past event and when the amount of the obligation can be estimated accurately. Where applicable, the net present value of this obligation is calculated to determine the amount of the provision to be set aside.

The provisions constituted by the group cover, in particular:

- operational risks;
- social commitments;
- execution risk on signature commitments;
- litigation risk and guarantee commitments given;
- tax risks;
- risks related to mortgage saving agreements.

2.3.3 Employee benefits

Where applicable, provisions in respect of employee obligations are recognized under "Provisions". The change is recognized in the income statement under "employee benefit expense" with the exception of the portion resulting from the remeasurement of net liabilities arising from defined benefit plans, recognized in shareholders' equity.

2.3.3.1 Post-employment benefits under a defined benefit plan

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

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

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

Differences arising from changes in these assumptions and from differences between previous assumptions and actual experience constitute actuarial gains or losses. When the plan has assets, they are measured at fair value and the interest income they generate has an impact on profit or loss. The difference between the actual return and the interest income generated by these assets is also an actuarial gain and loss.
Actuarial gains and losses are recognized in equity, as unrealized or deferred gains and losses. Any plan curtailments or terminations generate a change in the obligation, which is recognized in the income statement when it occurs.

In accordance with the IFRIC decision of April 20, 2021, the pension obligation under post-employment benefit plans, whose rights are capped on the basis of a number of years of service and subject to the presence of the employee on the date of retirement, is constituted solely over the period preceding the retirement age enabling the ceiling to be reached (or between the employee's date of entry into the company and the date of retirement if this period is shorter than the ceiling).

2.3.3.2 Post-employment benefits under a defined contribution plan

Group entities contribute to various retirement plans managed by independent organizations, to which they have no formal or implicit obligation to make supplementary payments in the event, particularly, that the fund's assets are insufficient to meet its commitments.
Since such plans do not represent a commitment for the group, they are not subject to a provision. The charges are recognized in the period in which the contribution is due.

2.3.3.3 Other long-term benefits

These represent benefits other than post-employment benefits and termination benefits expected to be paid more than 12 months after the end of the fiscal year in which the staff rendered the corresponding service. They include, for example, long-service awards.
The group's commitment in respect of other long-term benefits is measured using the projected unit credit method. However, actuarial gains and losses are recognized immediately in profit or loss.
Commitments in respect of long-service awards are sometimes covered by insurance contracts. Only the unhedged portion of this commitment is subject to a provision.

2.3.3.4 Termination benefits

These are benefits granted by the group when an employment contract is terminated before the usual retirement age or following the employee's decision to leave the group voluntarily in exchange for an indemnity.
The related provisions are discounted if payment is expected to take place more than 12 months after the reporting date.

2.3.3.5 Short-term benefits

These are benefits, other than termination benefits, payable within 12 months following the reporting date. They include salaries, social security contributions and certain bonuses.
A charge is recognized in respect of short-term benefits in the period in which the services giving rise to the entitlement to the benefit are provided to the entity.

2.3.4 Non-current assets

2.3.4.1 Non-current assets of which the group is owner

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

Non-current assets are initially recognized at acquisition cost plus any directly attributable costs necessary to make them operational and usable. They are subsequently measured at amortized historical cost, *i.e.* their cost less accumulated depreciation and any impairment.

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

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

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

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

Depreciation charges on investment property are recognized under "Expenses on other activities" in the income statement.

The following depreciation and amortization periods are used:

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

- land and network improvements: 15-30 years
- buildings – shell: 20-80 years (depending on the type of building)
- buildings – equipment: 10-40 years
- fixtures and fittings: 5-15 years
- office furniture and equipment: 5-10 years
- safety equipment: 3-10 years
- rolling stock: 3-5 years
- IT equipment: 3-5 years

Intangible assets:

- software purchased or developed in-house: 1-10 years
- business goodwill acquired: 9-10 years (if customer contract portfolio acquired)

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

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

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

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

Capital gains or losses on disposals of operating assets are recorded in the income statement on the line "Net gains/(losses) on other assets".
Gains and losses on the disposal of investment property are recorded on the income statement on the line "Income from other activities" or "Expenses on other activities."

2.3.4.2 Non-current assets of which the group is lessee

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

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

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

The group mainly activates its real estate contracts. The motor fleet was only restated where it was locally significant and computer and security equipment were precluded on the grounds of their substitutable nature, in accordance with standards. Only a limited number of IT contracts, deemed to be significant, were deemed to be activated.
Other underlying assets were precluded through short-term or low value exemptions (set at €5,000). The group has no leases that give rise to recognition of intangible assets or investment properties.

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

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

For calculating the lease obligation, we use:

- the lease term. This represents *at* least the non-cancellable period of the contract and may be extended to take into account any renewal/extension option that the group is reasonably certain to exercise. With regard to the operational implementation of the group's methodology, any new 3/6/9 commercial lease will be activated for a period of nine years by default (or for a period equal to its non-cancellable period in the case of another type of lease). The term of any automatically extended contract will be extended to the end of the medium-term plan, which is a reasonable time frame for the continuation of the contract[1]. For the 3/6/9 leases in exception, the contract will be activated for a period of 12 years, as the group has no economic incentive to remain beyond this period, given the de-capping of leases after this period;
- the discount rate is the marginal rate of indebtedness corresponding to the chosen duration. It is a rate that is depreciable by the group's refinancing headquarters and by currency;
- the lease payment, excluding taxes. The group is marginally affected by variable lease payments.

(1) Regional groups that directly manage the leases.

2.3.5 Commission income and expense

Fees and commissions in respect of services are recorded as income and expenses according to the nature of the services involved. Thus, commissions considered as additional interest are an integral part of the effective interest rate. These commissions are therefore recognized as interest income and expenses.

Fees and commissions linked directly to the grant of a loan are spread using the effective interest method.
Fees and commissions remunerating a service provided on a continuous basis are recognized over the period during which the service is provided.
Fees and commissions remunerating a significant service are recognized in full in the income statement upon execution of the service.

2.3.6 Income tax expense

The income tax expense includes all tax, both current and deferred, payable in respect of the income for the period under review.
The income tax payable is determined in accordance with applicable tax regulations.
The Territorial Economic Contribution (*Contribution économique territoriale* – CET), which is composed of the Business Real Estate Contribution (*Cotisation foncière des entreprises* – CFE) and the Business Contribution on Added Value (*Cotisation sur la valeur ajoutée des entreprises* – CVAE), is treated as an operating expense and, accordingly, the group does not recognize any deferred taxes in the consolidated financial statements.

2.3.6.1 Deferred taxes

As required by IAS 12, deferred taxes are recognized in respect of temporary differences between the carrying amount of an asset or liability on the consolidated balance sheet and its taxable value, with the exception of goodwill.
Deferred taxes are calculated using the liability method, applying the income tax rate known at the end of the fiscal year and applicable to subsequent years.

Deferred tax assets net of deferred tax liabilities are recognized only when there is a high probability that they will be utilized. Current or deferred tax is recognized as income or an expense, except for that relating to unrealized or deferred gains and losses recognized in equity, for which the deferred tax is allocated directly to equity.
Deferred tax assets and liabilities are netted if they arise in the same entity or in the same tax group, are subject to the same tax authority and when there is a legal right to do so.
Deferred tax is not discounted.

2.3.6.2 Uncertainties over income tax treatment

In accordance with IFRIC 23, the group is assessing the probability of the tax authority accepting the tax position taken. It is assessing the likely effects on the result for tax purposes, tax bases, tax loss carryforwards, unused tax credits and rates of taxation.
In the event of an uncertain tax position, the amounts payable are estimated on the basis of the most likely amount or the expected amount according to the method that reflects the best estimate of the amount to be paid or received.

2.3.7 Interest paid by the State on certain loans

Pursuant to measures to support the agricultural and rural sector, as well as the purchase of housing, some group entities grant loans at reduced rates, which are set by the State. Consequently, these entities receive a subsidy from the government equal to the interest rate differential existing between the rate granted to customers and a predefined benchmark rate. As a result, no discounting occurs on loans that benefit from these grants.

The arrangements governing this offset mechanism are periodically reviewed by the State.
The government subsidies received are recognized under "Interest and similar income" and allocated over the life of the corresponding loans, in accordance with IAS 20.

2.3.8 Non-current assets held for sale and discontinued operations

Non-current assets, or groups of assets, are classified as held for sale if they are available for sale and there is a high probability that their sale will take place within the next 12 months.
The related assets and liabilities are shown separately in the balance sheet, on the lines "Non-current assets held for sale" and "Debt related to non-current assets held for sale". They are recognized at the lower of their carrying amount and their fair value less selling costs, and are no longer depreciated or amortized.

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

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

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

The preparation of the group's financial statements requires the formulation of assumptions in order to make the necessary assessments and involves risks and uncertainties concerning their realization in the future, particularly in the context of the Ukrainian conflict and the macroeconomic conditions existing at the reporting date.

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

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

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

- the fair value of financial instruments not quoted on an active market, the definition of a forced transaction and the definition of observable data require the exercise of judgment;
- insurance contracts, notably with regard to execution future cash flows.
- pension plans and other future employee benefits;
- impairment of assets, including expected credit losses. To date, environmental risks are not captured in the group's expected credit loss impairment models;
- provisions, impairment of intangible assets and goodwill;
- deferred tax assets.

3. Related-party information

Parties related to the group are companies consolidated at the level of the Crédit Mutuel group as a whole, including the other establishments affiliated to the Confédération Nationale du Crédit Mutuel and equity consolidated companies.

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

The list of consolidated companies is presented in note 3. As transactions carried out and outstandings that exist at the end of the period between the group's consolidated companies are totally eliminated in consolidation, data pertaining to these reciprocal transactions is included in the attached tables only when concerning companies over which the group exercises joint control or significant influence, and is consolidated using the equity method.

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

Nil

Note 2 Breakdown of the income statement by business segment and geographic area

Crédit Mutuel Alliance Fédérale's business lines are as follows:

- Retail banking includes:
  a) Banking network activities: Crédit Mutuel local banks of the 14 federations, CIC regional banks, BECM, Beobank and TARGOBANK in Spain;
  b) Consumer loan: TARGOBANK in Germany and Cofidis;
  c) Business line subsidiaries: specialized activities whose products are marketed by the network: equipment leasing and leasing with a purchase option, real estate leasing, factoring, real estate sales and management.
- Insurance is composed of Groupe des Assurances du Crédit Mutuel;
- The specialized business lines are comprised of:
  a) Asset management and private banking activities in France and abroad;
  b) Corporate banking: financing for large corporates and institutional customers, structured financing, international business and foreign branches;
  c) Capital Markets, which includes commercial and investment activities (rates, equities and credit);
  d) Private equity.
- The other business lines include items that cannot be assigned to another business activity, such as intermediate holding companies, non-controlling interests, operating real estate, logistics structures, press, IT entities and intercompany transactions.

The consolidated entities are fully allocated to their core business based on their contribution to the consolidated financial statements.

Only two entities are an exception, CIC and BFCM because of their presence in several businesses.

In this case, the contribution to the consolidated income statements and balance sheets of these two entities is broken down based on the different business sectors to which they contribute.

2a Breakdown of the income statement by business segment

BREAKDOWN OF 2023 HALF-YEAR INCOME - ALL SEGMENTS

06/30/2023	Retail banking	Insurance	Specialized business lines	Other business lines	Total
Net revenue	6,062	641	1,455	-174	7,984
General operating expenses	-3,962	-58	-696	67	-4,649
Gross operating income/(loss)	**2,100**	**583**	**759**	**-107**	**3,335**
Cost of counterparty risk	-614	0	-66	1	-679
Gains/(losses) on disposals of other assets*	2	-5	2	19	18
Net profit/(loss) before tax	**1,488**	**578**	695	**-86**	**2,674**
Income tax	-456	-135	-136	16	-712
Post-tax gains and losses on discontinued assets	0	0	0	-	0
Net profit/(loss)	**1,032**	**443**	**559**	**-70**	**1,962**
Non-controlling interests	-	-	-	-	87
Group net income	**-**	**-**	**-**	**-**	**1,875**

**Includes net income of entities accounted for using the equity method and impairment losses on goodwill (notes 16 and 19).*

Breakdown of the "Retail banking" segment in the first half of 2023

06/30/2023	Banking network	Consumer loans	Business line subsidiaries	Total Retail bank
Net revenue	4,194	1,532	336	6,062
General operating expenses	-2,913	-820	-228	-3,962
Gross operating income/(loss)	**1,281**	**712**	**108**	**2,100**
Cost of counterparty risk	-196	-408	-10	-614
Gains/(losses) on disposals of other assets	1	0	0	2
Net profit/(loss) before tax	**1,087**	**304**	**98**	**1,488**
Income tax	-321	-100	-35	-456
Net profit/(loss)	**766**	**204**	**62**	**1,032**

Breakdown of the business lines of the "Specialized business lines" segment in the first half of 2023

06/30/2023	Asset management and private banking	Corporate banking	Capital Markets	Private equity	Total Specialized business lines
Net revenue	646	296	293	220	1,455
General operating expenses	-430	-87	-139	-40	-696
Gross operating income/(loss)	**216**	**209**	**154**	**180**	**759**
Cost of counterparty risk	-2	-64	-1	-	-66
Gains/(losses) on disposals of other assets	2	0	0	-	2
Net profit/(loss) before tax	**217**	**145**	**153**	**180**	**695**
Income tax	-56	-40	-41	1	-136
Post-tax gains and losses on discontinued assets	-	-	-	-	0
Net profit/(loss)	**161**	**105**	**112**	**181**	**559**

BREAKDOWN OF RESTATED 2022 HALF-YEAR INCOME - ALL SEGMENTS

06/30/2022 restated	Retail banking	Insurance	Specialized business lines	Other business lines	Total
Net revenue	5,947	567	1,229	-63	7,681
General operating expenses	-3,798	-51	-641	131	-4,358
Gross operating income/(loss)	**2,149**	**517**	**589**	**69**	**3,322**
Cost of counterparty risk	-461	-	-17	8	-470
Gains/(losses) on disposals of other assets *	2	-1	15	30	46
Net profit/(loss) before tax	**1,689**	**516**	**586**	**107**	**2,898**
Income tax	-523	-110	-94	-55	-781
Post-tax gains and losses on discontinued assets	0	-	0	-	0
Net profit/(loss)	**1,167**	**406**	**492**	**52**	**2,117**
Non-controlling interests	-	-	-	-	98
Group net income	**-**	**-**	**-**	**-**	**2,019**

**Includes net income of entities accounted for using the equity method and impairment losses on goodwill (notes 16 and 19).*

Breakdown of the "Retail banking" segment in the first half of 2022

06/30/2022 restated	Banking network	Consumer loans	Business line subsidiaries	Total Retail bank
Net revenue	4,167	1,452	328	5,947
General operating expenses	-2,791	-789	-218	-3,798
Gross operating income/(loss)	**1,376**	**663**	**110**	**2,149**
Cost of counterparty risk	-132	-319	-10	-461
Gains/(losses) on disposals of other assets	2	0	0	2
Net profit/(loss) before tax	**1,245**	**344**	**100**	**1,689**
Income tax	-377	-112	-34	-523
Post-tax gains and losses on discontinued assets	-	-	-	0
Net profit/(loss)	**868**	**232**	**67**	**1,167**

Breakdown of the business lines of the "Specialized business lines" segment in the first half of 2022

06/30/2022 restated	Asset management and private banking	Corporate banking	Capital Markets	Private equity	Total Specialized business lines
Net revenue	531	214	180	304	1,229
General operating expenses	-392	-82	-129	-38	-641
Gross operating income/(loss)	**139**	**132**	**51**	**267**	**589**
Cost of counterparty risk	-3	-13	0	0	-17
Gains/(losses) on disposals of other assets*	15	-	0	0	15
Net profit/(loss) before tax	**150**	**119**	**51**	**267**	**586**
Income tax	-35	-29	-15	-16	-94
Post-tax gains and losses on discontinued assets	-	-	-	-	0
Net profit/(loss)	**116**	**90**	**35**	**251**	**492**

**Includes net income of entities accounted for using the equity method and impairment losses on goodwill (notes 16 and 19).*

2b Breakdown of income statement by geographic area

	06/30/2023				06/30/2022 restated			
	France	Europe outside France	Other countries*	Total	France	Europe outside France	Other countries*	Total
Net revenue**	5,928	1,933	123	7,984	5,813	1,732	135	7,681
General operating expenses	-3,529	-1,061	-60	-4,649	-3,284	-1,014	-59	-4,358
Gross operating income/(loss)	2,400	872	63	3,335	2,476	718	76	3,322
Cost of counterparty risk	-375	-305	1	-679	-255	-230	16	-470
Gains/(losses) on disposals of other assets***	13	-5	10	18	33	-1	14	46
Net profit/(loss) before tax	2,037	562	75	2,674	2,305	487	105	2,898
Total net income	1,508	396	58	1,962	1,684	344	90	2,117
GROUP NET INCOME	**1,432**	**386**	**57**	**1,875**	**1,607**	**324**	**88**	**2,019**

** United States, Canada, South Korea, Singapore, Hong Kong, and Tunisia.*

*** 25% of net revenue (excluding Logistics and Holding) was generated abroad in the first half of 2023 (compared to 23% of net revenue in the first half of 2022).*

**** Including net income of entities accounted for using the equity method and impairment losses on goodwill.*

Note 3 Consolidation scope

3a Composition of the scope of consolidation

In line with the opinion of the French Banking Commission, the group's parent company is made up of the companies included within the scope of globalization. The entities that make it up are:

- Caisse Fédérale de Crédit Mutuel (CF de CM);
- the federations of Crédit Mutuel Centre Est Europe (FCMCEE), Sud-Est (FCMSE), Île-de-France (FCMIDF), Savoie-Mont Blanc (FCMSMB), Midi-Atlantique (FCMMA), Loire-Atlantique Centre Ouest (FCMLACO), Centre (FCMC), Dauphiné-Vivarais (FCMDV), Méditerranée (FCMM), Normandie (FCMN), Anjo (FCMA), Massif Central (FCMMC), Antilles-Guyane (FCMAG) and Nord Europe (FCMNE);
- the regional banks of Crédit Mutuel du Sud-Est (CRCMSE), Île-de-France (CRCMIDF), Savoie-Mont Blanc (CRCMSMB), Midi-Atlantique (CRCMMA), Loire-Atlantique Centre Ouest (CRCMLACO), Centre (CRCMC), Dauphiné-Vivarais (CRCMDV), Méditerranée (CRCMM), Normandie (CRCMN), Anjou (CRCMA), Massif Central (CRCMMC), Antilles-Guyane (CRCMAG) and Nord Europe (CRCMNE);
- Crédit Mutuel local banks that are members of the Crédit Mutuel Centre Est Europe, Sud-Est, Île-de-France, Savoie-Mont Blanc, Midi-Atlantique, Loire-Atlantique Centre Ouest, Centre, and Dauphiné-Vivarais, Méditerranée, Normandie, Anjou, Massif Central, Antilles-Guyane and Nord Europe.

Since December 31, 2022, the changes in the scope of consolidation are as follows:

- Entries: KCIOP, Crédit Mutuel Capital Privé, ACM Deutschland AG, ACM Deutschland life AG, ACM Deutschland non life AG;
- Deconsolidation of the following insurance companies as of January 1, 2022: MTRL, SERENIS ASSURANCES, PARTNERS, ICM LIFE, ASTREE, ACM SERVICES, ACM COURTAGE, AGRUPACIÓ SERVEIS ADMINISTRATIUS A.I.E., AMDIF, S.L., ASESORAMIENTO EN SEGUROS Y PREVISIÓN ATLANTIS, S.L., ASISTENCIA AVANÇADA BCN, S.L., ATLANTIS ASESORES, S.L., ATLANTIS CORREDURÍA DE SEGUROS Y CONSULTORÍA ACTUARIAL, S.A., TARGO PENSIONES, ENTIDAD GESTORA DE FONDOS DE PENSIONES, S.A., SCI ACM COTENTIN, SCI ACM TOMBE ISSOIRE;
- Disposal: Groupe Cholet Dupont;
- Amendment: Cofidis Italy branch office.

	Country	06/30/2023 Percentage Control	06/30/2023 Percentage Interest	06/30/2023 Method*	12/31/2022 restated Percentage Control	12/31/2022 restated Percentage Interest	12/31/2022 restated Method*
A. BANKING NETWORK							
Banque Européenne du Crédit Mutuel (BECM)	France	100	98	FC	100	98	FC
Beobank	Belgium	100	99	FC	100	99	FC
Caisse Agricole du Crédit Mutuel	France	100	100	FC	100	100	FC
CIC Est	France	100	98	FC	100	98	FC
CIC Lyonnaise de Banque (LB)	France	100	98	FC	100	98	FC
CIC Lyonnaise de Banque Monaco (CIC LB branch)	Monaco	100	98	FC	100	98	FC
CIC Nord Ouest	France	100	98	FC	100	98	FC
CIC Ouest	France	100	98	FC	100	98	FC
CIC Sud Ouest	France	100	98	FC	100	98	FC
Crédit Industriel et Commercial (CIC)	France	100	98	FC	100	98	FC
TARGOBANK Spain	Spain	100	98	FC	100	98	FC
B. CONSUMER LOANS							
Cofidis Belgium	Belgium	100	79	FC	100	79	FC
Cofidis France	France	100	79	FC	100	79	FC
Cofidis Spain (branch of Cofidis France)	Spain	100	79	FC	100	79	FC
Cofidis Hungary (branch of Cofidis France)	Hungary	100	79	FC	100	79	FC
Cofidis Portugal (branch of Cofidis France)	Portugal	100	79	FC	100	79	FC
Cofidis SA Poland (branch of Cofidis France)	Poland	100	79	FC	100	79	FC
Cofidis SA Slovakia (branch of Cofidis France)	Slovakia	100	79	FC	100	79	FC
Cofidis Italy (branch of Cofidis France)	Italy	100	79	FC	100	79	FC
Cofidis Czech Republic	Czech Republic	100	79	FC	100	79	FC
Creatis	France	100	79	FC	100	79	FC
Monabanq	France	100	79	FC	100	79	FC
Margem-Mediação Seguros, Lda	Portugal	100	79	FC	100	79	FC
TARGOBANK AG	Germany	100	98	FC	100	98	FC
C. SUBSIDIARIES OF THE BANKING NETWORK							
Bail Actéa	France	100	98	FC	100	98	FC
Bail Actéa Immobilier	France	100	98	FC	100	98	FC
CCLS Leasing Solutions	France	100	98	FC	100	98	FC
Crédit Mutuel Caution Habitat	France	100	98	FC	100	98	FC
Crédit Mutuel Factoring	France	100	98	FC	100	98	FC
Crédit Mutuel Home Loan SFH	France	100	98	FC	100	98	FC
Crédit Mutuel Immobilier	France	100	98	FC	100	98	FC
Crédit Mutuel Leasing	France	100	98	FC	100	98	FC
Crédit Mutuel Leasing Spain (branch of Crédit Mutuel Leasing)	Spain	100	98	FC	100	98	FC
Crédit Mutuel Leasing Benelux	Belgium	100	98	FC	100	98	FC
Crédit Mutuel Leasing Nederland (branch of Crédit Mutuel Leasing Benelux)	The Netherlands	100	98	FC	100	98	FC
Crédit Mutuel Leasing Gmbh	Germany	100	98	FC	100	98	FC
Crédit Mutuel Real Estate Lease	France	100	98	FC	100	98	FC
Factofrance	France	100	98	FC	100	98	FC
FCT Crédit Mutuel Factoring	France	100	98	FC	100	98	FC
FCT Factofrance	France	100	98	FC	100	98	FC
Gesteurop	France	100	98	FC	100	98	FC
LYF SA	France	44	43	EM	44	43	EM
Paysurf	France	100	94	FC	100	94	FC
Targo Factoring GmbH	Germany	100	98	FC	100	98	FC
Targo Finanzberatung GmbH	Germany	100	98	FC	100	98	FC
Targo Leasing GmbH	Germany	100	98	FC	100	98	FC
D. CORPORATE BANKING AND CAPITAL MARKETS							
Banque Fédérative du Crédit Mutuel (BFCM)	France	98	98	FC	98	98	FC
CIC Bruxelles (branch of CIC)	Belgium	100	98	FC	100	98	FC
CIC Hong Kong (branch of CIC)	Hong Kong	100	98	FC	100	98	FC

	Country	06/30/2023 Percentage Control	06/30/2023 Percentage Interest	06/30/2023 Method*	12/31/2022 restated Percentage Control	12/31/2022 restated Percentage Interest	12/31/2022 restated Method*
CIC London (branch of CIC)	United Kingdom	100	98	FC	100	98	FC
CIC New York (branch of CIC)	United States	100	98	FC	100	98	FC
CIC Singapore (branch of CIC)	Singapore	100	98	FC	100	98	FC
Satellite	France	100	98	FC	100	98	FC
E. ASSET MANAGEMENT & PRIVATE BANKING							
Banque de Luxembourg	Luxembourg	100	98	FC	100	98	FC
Banque de Luxembourg Belgique (Banque de Luxembourg branch)	Belgium	100	98	FC	100	98	FC
Banque de Luxembourg Investments SA (BLI)	Luxembourg	100	98	FC	100	98	FC
Banque Transatlantique (BT)	France	100	98	FC	100	98	FC
Banque Transatlantique Belgium	Belgium	100	98	FC	100	98	FC
Banque Transatlantique London (branch of BT)	United Kingdom	100	98	FC	100	98	FC
Banque Transatlantique Luxembourg	Luxembourg	100	98	FC	100	98	FC
CIC Private debt	France	100	98	FC	100	98	FC
CIC (Suisse)	Switzerland	100	98	FC	100	98	FC
Cigogne Management	Luxembourg	100	98	FC	100	98	FC
Crédit Mutuel Asset Management	France	97	96	FC	97	96	FC
Crédit Mutuel Capital Privé	France	100	100	FC			NC
Crédit Mutuel Épargne Salariale	France	100	98	FC	100	98	FC
Crédit Mutuel Gestion	France	100	96	FC	100	96	FC
Crédit Mutuel Investment Managers	France	100	98	FC	100	98	FC
Crédit Mutuel Investment Managers Luxembourg branch	Luxembourg	100	98	FC	100	98	FC
Dubly Transatlantique Gestion	France	100	98	FC	100	98	FC
Groupe Cholet Dupont	France			NC	34	34	EM
Groupe La Française	France	100	100	FC	100	100	FC
Inflection Point by La Française	Great Britain	100	100	FC	100	100	FC
La Française AM	France	100	100	FC	100	100	FC
La Française AM Finance Services (LFFS)	France	100	100	FC	100	100	FC
La Française AM Finance Services Luxembourg branch (branch of LFFS)	Luxembourg	100	100	FC	100	100	FC
La Française AM Finance Services Italian branch (branch of LFFS)	Italy	100	100	FC	100	100	FC
La Française AM Finance Services Spanish branch (branch of LFFS)	Spain	100	100	FC	100	100	FC
La Française Forum Securities Limited	United States	100	100	FC	100	100	FC
La Française Group Korea Limited	South Korea	100	100	FC	100	100	FC
La Française Group UK Finance Limited	Great Britain	100	100	FC	100	100	FC
La Française Group UK Limited	Great Britain	100	100	FC	100	100	FC
La Française Real Estate Managers Germany Deutsche Zweigniederlassung (branch of La Française Group UK Limited)	Germany	100	100	FC	100	100	FC
La Française Group Singapore PTE Limited	Singapore	100	100	FC	100	100	FC
La Française Real Estate Managers	France	100	100	FC	100	100	FC
La Française Real Estate Partners International investments	Great Britain	99	99	FC	99	99	FC
La Française Real Estate Partners International Lux SARL	Luxembourg	100	100	FC	100	100	FC
La Française Sytematic Asset Management GmbH (formerly la Française AM GmbH)	Germany	100	100	FC	100	100	FC
LFP Multi Alpha	France	100	100	FC	100	100	FC
New Alpha Asset Management	France	50	50	FC	50	50	FC
Newton Square	France	100	100	FC	100	100	FC
PU Retail Luxembourg Management Company SARL	France	50	50	FC	50	50	FC
F. PRIVATE EQUITY							
CIC Capital Canada Inc	Canada	100	98	FC	100	98	FC
CIC Capital Suisse SA	Switzerland	100	98	FC	100	98	FC
CIC Capital Deutschland Gmbh	Germany	100	98	FC	100	98	FC

		06/30/2023			12/31/2022 restated		
	Country	Percentage Control	Percentage Interest	Method*	Percentage Control	Percentage Interest	Method*
CIC Capital Ventures Quebec	Canada	100	98	FC	100	98	FC
CIC Conseil	France	100	98	FC	100	98	FC
Crédit Mutuel Capital	France	100	98	FC	100	98	FC
Crédit Mutuel Equity	France	100	98	FC	100	98	FC
Crédit Mutuel Equity SCR	France	100	98	FC	100	98	FC
Crédit Mutuel Innovation	France	100	98	FC	100	98	FC
G. OTHER BUSINESS LINES							
2SF TRUST SERVICES COMPANY	France	33	30	EM	33	30	EM
ACTÉA ENVIRONNEMENT	France	100	100	FC	100	100	FC
ACTIMUT	France	100	100	FC	100	100	FC
AFFICHES D'ALSACE LORRAINE	France	100	97	FC	100	97	FC
ALSACIENNE DE PORTAGE – DNA	France	100	97	FC	100	97	FC
BANQUE DE TUNISIE	Tunisia	35	35	EM	35	35	EM
CAISSE CENTRALE DU CREDIT MUTUEL	France	63	67	EM	63	67	EM
CENTRE DE CONSEIL ET DE SERVICE (CCS)	France	100	100	FC	100	100	FC
CIC PARTICIPATIONS	France	100	98	FC	100	98	FC
COFIDIS GROUP (FORMERLY COFIDIS PARTICIPATIONS)	France	80	79	FC	80	79	FC
EBRA MEDIAS RHONE-ALPES PACA (FORMERLY GROUPE DAUPHINÉ MEDIA)	France	100	98	FC	100	98	FC
EBRA (FORMERLY SOCIETE D'INVESTISSEMENTS MEDIAS (SIM))	France	100	98	FC	100	98	FC
EBRA EDITIONS (FORMERLY LES ÉDITIONS DU QUOTIDIEN)	France	100	98	FC	100	98	FC
EBRA EVENTS	France	100	98	FC	100	98	FC
EBRA INFO (FORMERLY AGIR)	France	100	98	FC	100	98	FC
EBRA MEDIAS ALSACE	France	100	98	FC	100	97	FC
EBRA MEDIAS BOURGOGNE RHONE-ALPES (FORMERLY PUBLIPRINT PROVINCE N° 1)	France	100	98	FC	100	98	FC
EBRA MEDIAS LORRAINE FRANCHE COMTE	France	100	98	FC	100	98	FC
EBRA PORTAGE BOURGOGNE RHONE-ALPES (FORMERLY PRESSE DIFFUSION)	France	100	98	FC	100	98	FC
EBRA PRODUCTIONS	France	100	98	FC	100	98	FC
EBRA SERVICES	France	100	98	FC	100	98	FC
EBRA STUDIO (FORMERLY EST INFO TV)	France	100	98	FC	100	98	FC
EIP	France	100	100	FC	100	100	FC
EST BOURGOGNE MÉDIAS	France	100	98	FC	100	98	FC
EURO AUTOMATIC CASH	Spain	50	45	EM	50	45	EM
EURO PROTECTION SURVEILLANCE	France	89	82	FC	89	82	FC
EURO-INFORMATION	France	90	90	FC	90	90	FC
EURO-INFORMATION DÉVELOPPEMENTS	France	100	90	FC	100	90	FC
FONCIÈRE MASSENA	France	100	88	FC	100	88	FC
FRANCE RÉGIE	France	100	97	FC	100	97	FC
GEIE SYNERGIE	France	100	79	FC	100	79	FC
GIE CMN PRESTATIONS	France	100	100	FC	100	100	FC
GROUPE PROGRÈS	France	100	98	FC	100	98	FC
GROUPE REPUBLICAIN LORRAIN IMPRIMERIES (GRLI)	France	100	98	FC	100	98	FC
HUMANOID	France	100	70	FC	100	70	FC
IMMOBILÈRE BCL LILLE	France	55	55	FC	55	55	FC
JOURNAL DE LA HAUTE MARNE	France	50	49	EM	50	49	EM
KCIOP	France	62	61	FC			NC
LA LIBERTÉ DE L'EST	France	100	98	FC	97	95	FC
LA TRIBUNE	France	100	98	FC	100	98	FC
LE DAUPHINÉ LIBÉRÉ	France	100	98	FC	100	98	FC
LE RÉPUBLICAIN LORRAIN	France	100	98	FC	100	98	FC
LES DERNIÈRES NOUVELLES D'ALSACE	France	99	97	FC	99	97	FC
L'EST RÉPUBLICAIN	France	100	98	FC	100	98	FC
L'IMMOBILÈRE DU CMN	France	100	100	FC	100	100	FC
LUMEDIA	Luxembourg	50	49	EM	50	49	EM
LYF SAS	France	50	45	EM	50	45	EM
MADMOIZELLE	France	100	70	FC	100	70	FC

		06/30/2023			12/31/2022 restated		
	Country	Percentage Control	Percentage Interest	Method*	Percentage Control	Percentage Interest	Method*
MEDIA DES MASSIFS FRANÇAIS (FORMERLY NEWCO4)	France	68	67	FC	68	67	FC
MÉDIAPORTAGE	France	100	98	FC	100	98	FC
MUTUELLES INVESTISSEMENT	France	100	98	FC	100	98	FC
NORD EUROPE PARTENARIAT	France	100	100	FC	100	100	FC
NORD EUROPE PARTICIPATIONS ET INVESTISSEMENTS	France	100	100	FC	100	100	FC
ODDITY H.	France	71	70	FC	71	70	FC
PRESSTIC NUMERAMA	France	100	70	FC	100	70	FC
SAP ALSACE	France	100	98	FC	100	98	FC
SCI 14 RUE DE LONDRES	France	100	88	FC	100	88	FC
SCI ACM	France	100	88	FC	100	88	FC
SCI CENTRE GARE	France	100	100	FC	100	100	FC
SCI CMN	France	100	100	FC	100	100	FC
SCI CMN LOCATIONS	France	100	100	FC	100	100	FC
SCI CMN1	France	100	100	FC	100	100	FC
SCI CMN2	France	100	100	FC	100	100	FC
SCI CMN3	France	100	100	FC	100	100	FC
SCI LA TRÉFLIÈRE	France	100	99	FC	100	99	FC
SCI LE PROGRÈS CONFLUENCE	France	100	98	FC	100	98	FC
SCI PROVENCE LAFAYETTE	France	100	88	FC	100	88	FC
SCI RICHEBÉ INKERMAN	France	100	100	FC	100	100	FC
SCI SAINT AUGUSTIN	France	100	88	FC	100	88	FC
SFINE BUREAUX	France	100	100	FC	100	100	FC
SFINE PROPRIÉTÉ À VIE	France	100	100	FC	100	100	FC
SOCIETE D'ÉDITION DE L'HEBDOMADAIRE DU LOUHANNAIS ET DU JURA (SEHLJ)	France	100	98	FC	100	98	FC
SOCIETE FONCIERE ET IMMOBILIERE NORD EUROPE	France	100	100	FC	100	100	FC
TARGO DEUTSCHLAND GMBH	Germany	100	98	FC	100	98	FC
TARGO DIENSTLEISTUNGS GMBH	Germany	100	98	FC	100	98	FC
TARGO TECHNOLOGY GMBH	Germany	100	98	FC	100	98	FC
TARGO VERSICHERUNGSVERMITTLUNG GMBH	Germany	100	98	FC	100	98	FC
TRANSACTIMMO	France	100	100	FC	100	100	FC
G. INSURANCE COMPANIES							
ACM Capital	France	100	88	FC	100	88	FC
ACM GIE	France	100	89	FC	100	89	FC
ACM IARD	France	97	85	FC	97	85	FC
ACM VIE SA	France	100	89	FC	100	89	FC
ACM VIE, Société d'Assurance Mutuelle	France	100	100	FC	100	100	FC
ACM Deutschland life AG	Germany	100	89	FC	-	-	-
ACM Deutschland non life AG	Germany	100	89	FC	-	-	-
ACM Deutschland AG	Germany	100	89	FC	-	-	-
Agrupació AMCI d'Assegurances i Reassegurances S.A.	Spain	98	86	FC	95	84	FC
Atlantis Vida, Compañía de Seguros y Reaseguros SA	Spain	88	79	FC	88	79	FC
GACM España	Spain	100	89	FC	100	89	FC
GACM Seguros, Compañía de Seguros y Reaseguros, Sau	Spain	100	89	FC	100	89	FC
Groupe des Assurances du Crédit Mutuel (GACM)	France	90	89	FC	90	89	FC
ACM Belgium Life SA (formerly NELB)	Belgium	100	89	NC	100	89	FC

** Method: FC = Full Consolidation; EM = Equity Method; NC = Not Consolidated; ME = Merged.*

3b Fully consolidated entities with significant non-controlling interests

06/30/2023	Percentage of non-controlling interests in the consolidated financial statements				Financial information regarding fully-consolidated entities*			
	Percentage of interest/Percentage of voting rights	Net income attributable to non-controlling interests	Amount in shareholders' equity of non-controlling interests	Dividends paid to non-controlling interests	Balance sheet total	Net income	Undisclosed reserves	Net revenue
Euro-Information	10%	3	228	0	2,558	46	0	813
Groupe des Assurances du Crédit Mutuel (GACM)	11%	53	1,115	-51	123,302	429	328	620
Cofidis Belgium	21%	1	NA**	0	1,218	4	5	49
Cofidis France	21%	3	NA**	0	12,199	12	18	272

* *Amounts before elimination of intercompany balances and transactions.*

** *In accordance with IAS 32, the group recognized a liability for the commitment to increase its stake in COFIDIS GROUP (formerly Participations) to 100%. The counterparty was recorded as a reduction of minority interests and a reduction of the group's share for the remaining balance.*

12/31/2022 restated	Percentage of non-controlling interests in the consolidated financial statements				Financial information regarding fully-consolidated entities*			
	Percentage of interest/Percentage of voting rights	Net income attributable to non-controlling interests	Amount in shareholders' equity of non-controlling interests	Dividends paid to non-controlling interests	Balance sheet total	Net income	Undisclosed reserves	Net revenue
Euro-Information	10%	11	218	0	2,550	143	0	1,520
Groupe des Assurances du Crédit Mutuel (GACM)	11%	95	1,042	-41	118,814	771	20	1,145
Cofidis Belgium	21%	2	NA**	0	1,155	10	5	100
Cofidis France	21%	14	NA**	0	11,701	39	20	549

* *Amounts before elimination of intercompany balances and transactions.*

** *In accordance with IAS 32, the group recognized a liability for the commitment to increase its stake in COFIDIS GROUP (formerly Participations) to 100%. The counterparty was recorded as a reduction of minority interests and a reduction of the group's share for the remaining balance.*

3c Non-current assets and liabilities held for sale

	06/30/2023	12/31/2022 restated
Non-current assets held for sale	5,112	4,897
Non-current liabilities held for sale	3,537	3,622
Post-tax gains/(losses) on discontinued operations	0	0

As of June 30, 2023, the assets and liabilities of the following companies have been reclassified under IFRS 5 as "Assets and liabilities held for sale":

- GACM España: the classification at December 31, 2022 followed the signing of an agreement, on December 13, 2022, between GACM and Axa Seguros Generales, S.A. de Seguros y Reaseguros (Axa Spain) for the sale, by GACM SA, of 100% of the capital of GACM España, owned by Axa Spain. This sale was completed on July 12, 2023 and will be reflected in the financial statements for the second half of 2023.
- TARGOBANK Spain: the classification at December 31, 2022 followed the announcement of the entry into exclusive negotiations between the group and ABANCA on December 22, 2022, with a view to the sale of TARGOBANK Spain by BFCM; it had not yet been completed at June 30, 2022.

In addition, Cholet Dupont, a subsidiary of the La Française group, was sold in the first half of 2023 and is therefore no longer reclassified under "assets and liabilities held for sale".

Note 4 Cash and central banks (asset/liability)

	06/30/2023	12/31/2022 restated
Cash, central banks – asset		
Central banks	104,989	110,601
of which mandatory reserves	*2,782*	*2,618*
Local bank	1,212	1,329
Total	**106,201**	**111,929**
Central banks – liability	**303**	**44**

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

5a Financial assets at fair value through profit or loss

	06/30/2023				12/31/2022 restated			
	Transaction	Fair value option	Other FVPL	Total	Transaction	Fair value option	Other FVPL	Total
Securities	8,020	791	5,742	14,553	6,315	733	5,589	12,637
▪ Government securities	1,154	0	0	1,154	1,034	0	0	1,034
▪ Bonds and other debt securities	5,910	791	440	7,141	4,550	733	551	5,834
Listed	*5,910*	*26*	*9*	*5,945*	*4,550*	*26*	*161*	*4,737*
Non-listed	*0*	*765*	*431*	*1,196*	*0*	*707*	*390*	*1,097*
of which UCIs	*0*	-	*402*	*402*	*0*	-	*515*	*515*
▪ Shares and other equity instruments	956	-	4,376	5,332	731	-	4,129	4,860
Listed	*956*	-	*1,094*	*2,050*	*731*	-	*1,041*	*1,772*
Non-listed	*0*	-	*3,282*	*3,282*	*0*	-	*3,088*	*3,088*
▪ Long-term investments	-	-	926	926	-	-	909	909
Equity investments	-	-	*456*	*456*	-	-	*371*	*371*
Other long-term investments	-	-	*99*	*99*	-	-	*166*	*166*
Investments in subsidiaries and associates	-	-	*346*	*346*	-	-	*347*	*347*
Other long-term investments	-	-	*25*	*25*	-	-	*25*	*25*
Derivative instruments	7,178	-	-	7,178	6,869	-	-	6,869
Loans and receivables	11,032	0	17	11,049	9,743	0	14	9,757
of which pensions	*11,032*	*0*	-	*11,032*	*9,743*	*0*	-	*9,743*
TOTAL	**26,230**	**791**	**5,759**	**32,780**	**22,928**	**733**	**5,603**	**29,264**

5b Financial liabilities at fair value through profit or loss

	06/30/2023	12/31/2022 restated
Financial liabilities held for trading	20,522	18,615
Financial liabilities at fair value through profit or loss	165	157
TOTAL	**20,687**	**18,772**

FINANCIAL LIABILITIES HELD FOR TRADING

	06/30/2023	12/31/2022 restated
Short sales of securities	2,358	1,365
▪ Bonds and other debt securities	1,701	646
▪ Shares and other equity instruments	658	719
Debts in respect of securities sold under repurchase agreements	10,421	9,748
Trading derivatives	6,923	6,815
Other financial liabilities held for trading	820	687
TOTAL	**20,522**	**18,615**

5c Analysis of trading derivatives

	06/30/2023			12/31/2022 restated		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Rate instrument	*179,142*	*4,905*	*4,818*	*169,042*	*4,686*	*4,605*
Swaps	83,154	3,665	4,244	79,024	3,163	4,033
Other firm contracts	51,253	0	0	53,697	0	0
Options and conditional instruments	44,735	1,240	574	36,321	1,523	572
Foreign exchange instrument	*174,641*	*2,047*	*1,877*	*150,634*	*1,917*	*1,909*
Swaps	121,319	29	51	101,188	45	144
Other firm contracts	13,738	1,795	1,603	12,705	1,566	1,459
Options and conditional instruments	39,584	223	223	36,741	306	306
Other derivatives	*24,492*	*226*	*228*	*22,131*	*267*	*303*
Swaps	7,329	81	94	7,040	50	110
Other firm contracts	9,948	38	54	9,923	100	85
Options and conditional instruments	7,215	107	80	5,168	117	108
TOTAL	**378,275**	**7,178**	**6,923**	**341,807**	**6,869**	**6,816**

Swaps are valued with an OIS curve if they are collateralized or with a BOR curve otherwise. Hedged items are valued with a BOR curve. The difference resulting from the use of different valuation curves for the hedged items and the hedging instruments is accounted for as hedge ineffectiveness. Furthermore, the value of derivatives takes into account the counterparty risk.

Note 6 Hedging

6a Hedging derivatives

	06/30/2023			12/31/2022 restated		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Fair Value Hedges	*243,851*	*3,804*	*2,425*	*223,945*	*4,226*	*2,502*
Swaps	23,107	3,804	2,425	26,884	4,226	2,502
Other firm contracts	220,743	0	0	197,049	0	0
Options and conditional instruments	1	0	0	12	0	0
Total	**243,851**	**3,804**	**2,425**	**223,945**	**4,226**	**2,502**

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.

6b Revaluation differences on interest-risk hedged portfolios

	06/30/2023	12/31/2022 restated
FAIR VALUE OF PORTFOLIO INTEREST RATE RISK		
▪ in financial assets	-6,575	-6,904
▪ in financial liabilities	-57	-14

Note 7 Financial assets at fair value through equity

	06/30/2023	12/31/2022 restated
Government securities	11,016	10,873
Bonds and other debt securities	23,598	22,768
▪ Listed	22,773	21,725
▪ Non-listed	825	1,043
Related receivables	188	194
Debt securities subtotal, gross	34,802	33,835
Of which impaired debt securities (S3)	0	0
Impairment of performing loans (S1/S2)	-20	-19
Other impairment (S3)	0	0
Debt securities subtotal, net	34,782	33,816
Shares and other equity instruments	215	216
▪ Listed	0	1
▪ Non-listed	215	215
Long-term investments	490	491
▪ Equity investments	92	91
▪ Other long-term investments	342	342
▪ Investments in subsidiaries and associates	55	58
▪ Loaned securities	0	0
▪ Non-performing current account advances to non-trading real estate company	0	0
Related receivables	1	0
Subtotal, equity instruments	705	706
TOTAL	**35,487**	**34,522**
of which unrealized capital gains or losses recognized under shareholders' equity	33	29
of which listed equity investments	0	0

Note 8 Fair value hierarchy of financial instruments carried at fair value on the balance sheet

06/30/2023	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS IFRS 9 – EXCLUDING INSURANCE				
Fair value through equity	**30,326**	**4,446**	**715**	**35,487**
- Government and equivalent securities	10,833	239	0	11,072
- Bonds and other debt securities	19,494	4,204	13	23,711
- Shares and other equity instruments	0	2	213	215
- Investments and other long-term securities	0	0	434	434
- Investments in subsidiaries and associates	0	0	55	55
- EC Loans and Receivables - FVTPL	-	-	-	-
- Customer loans - FVTPL	-	-	-	-
Trading/Fair value option/Other	**7,083**	**18,439**	**7,258**	**32,780**
- Government securities and similar instruments – Trading	1,127	0	27	1,154
- Bonds and other debt securities – Trading	3,824	1,213	873	5,910
- Bonds and other debt securities – Fair value option	26	0	765	791
- Bonds and other debt securities – Other FVPL	9	414	17	440
- Shares and other equity instruments – Trading	956	0	0	956
- Shares and other equity instruments – Other FVPL[1]	1,094	0	3,282	4,376
- Investments and other long-term securities – Other FVPL	5	0	550	555
- Investments in subsidiaries and associates – Other FVPL	0	0	370	370
- Loans and receivables due from customers – Other FVPL	0	11,032	0	11,032
- Loans and receivables due from customers – Trading	0	17	0	17
- Derivatives and other financial assets – Trading	41	5,762	1,375	7,178
- Other assets classified at FVPL	-	-	-	-
Hedging derivatives	2	3,800	2	3,804
TOTAL	**37,412**	**26,685**	**7,975**	**72,071**
FINANCIAL ASSETS IFRS 9 – INVESTMENTS OF INSURANCE ACTIVITIES				
Fair value through profit or loss	**65,634**	**7,121**	**1,603**	**74,358**
- Government and equivalent securities	28,735	212	0	28,946
- Bonds and other debt securities	35,395	550	0	35,946
- Shares and other equity instruments	1,164	25	0	1,189
- Investments and other long-term securities	339	0	1,603	1,942
- Investments in subsidiaries and associates	0	0	0	0
- Loans and receivables - FVTPL	0	6,334	0	6,334
Trading/Fair value option/Other	36,303	12,193	104	48,600
- Government securities and similar instruments – Trading	0	0	0	0
- Government securities and similar instruments – Fair value option	0	0	0	0
- Government securities and similar instruments – Other FVPL	151	7	0	158
- Bonds and other debt securities – Trading	0	0	0	0
- Bonds and other debt securities – Fair value option	0	0	0	0
- Bonds and other debt securities – Other FVPL	21,727	5,021	0	26,748
- Shares and other equity instruments – Trading	0	0	0	0
- Shares and other equity instruments – Other FVPL	14,425	6,279	90	20,794
- Investments and other long-term securities – Other FVPL	0	0	14	14
- Loans and receivables due from customers – Other FVPL	0	467	0	467
- Derivatives and other financial assets – Trading	0	0	0	0
- Operating properties – Other FVPL	0	419	0	419
Hedging derivatives	0	0	0	0
TOTAL	**101,937**	**19,313**	**1,707**	**122,958**

FINANCIAL LIABILITIES IFRS 9				
Trading/Fair value option	**3,075**	**15,644**	**1,968**	**20,687**
- Due to credit institutions – Fair value option	0	104	0	104
- Due to customers – Fair value option	0	61	0	61
- Debt – Trading	0	10,421	0	10,421
- Derivatives and other financial liabilities – Trading	3,075	5,058	1,968	10,101
Hedging derivatives	**0**	**2,414**	**11**	**2,425**
TOTAL	**3,075**	**18,058**	**1,979**	**23,112**

(1) Includes the equity investments held by the group's private equity companies.

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

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

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

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

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

12/31/2022 restated	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS IFRS 9 – EXCLUDING INSURANCE				
Fair value through equity	**30,565**	**3,188**	**768**	**34,523**
- Government and equivalent securities	10,598	289	59	10,946
- Bonds and other debt securities	19,966	2,898	6	22,870
- Shares and other equity instruments	1	2	213	216
- Investments and other long-term securities	0	0	433	433
- Investments in subsidiaries and associates	0	0	58	58
- EC Loans and Receivables - FVTPL	0	0	0	0
- Customer loans - FVTPL	0	0	0	0
Trading/Fair value option/Other	**5,734**	**16,216**	**7,314**	**29,264**
- Government securities and similar instruments – Trading	1,025	0	9	1,034
- Government securities and similar instruments – Fair value option	0	0	0	0
- Government securities and similar instruments – Other FVPL	0	0	0	0
- Bonds and other debt securities – Trading	2,725	1,670	156	4,550
- Bonds and other debt securities – Fair value option	26	0	707	734
- Bonds and other debt securities – Other FVPL	162	373	17	551
- Shares and other equity instruments – Trading	731	0	0	731
- Shares and other equity instruments – Other FVPL[1]	1,041	0	3,088	4,128
- Investments and other long-term securities – Other FVPL	1	0	536	538
- Investments in subsidiaries and associates – Other FVPL	0	0	371	371
- Loans and receivables due from 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 – Trading	0	9,743	0	9,743
- Loans and receivables due from customers – Other FVPL	0	14	0	14
- Loans and receivables due from customers – Fair value option	0	0	0	0
- Derivatives and other financial assets – Trading	24	4,416	2,430	6,869
- Other assets classified at FVPL	0	0	0	0
Hedging derivatives	**3**	**4,221**	**2**	**4,226**
TOTAL	**36,303**	**23,625**	**8,084**	**68,012**

12/31/2022 restated	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS IFRS 9 – INVESTMENTS OF INSURANCE ACTIVITIES				
Fair value through equity	**62,954**	**7,920**	**1,299**	**72,173**
- Government and equivalent securities	26,930	230	0	27,160
- Bonds and other debt securities	34,689	479	0	35,168
- Shares and other equity instruments	1,030	27	0	1,057
- Investments and other long-term securities	305	0	1,299	1,604
- Investments in subsidiaries and associates	0	0	0	0
- Loans and receivables - FVTPL	0	7,184	0	7,184
Trading/Fair value option/Other	**33,278**	**12,519**	**93**	**45,890**
- Government securities and similar instruments – Trading	0	0	0	0
- Government securities and similar instruments – Fair value option	0	0	0	0
- Government securities and similar instruments – Other FVPL	147	6	0	153
- Bonds and other debt securities – Trading	0	0	0	0
- Bonds and other debt securities – Fair value option	0	0	0	0
- Bonds and other debt securities – Other FVPL	20,050	5,371	0	25,421
- Shares and other equity instruments – Trading	0	0	0	0
- Shares and other equity instruments – Other FVPL	13,081	6,385	90	19,556
- Investments and other long-term securities – Other FVPL	0	0	3	3
- Investments in subsidiaries and associates – Other FVPL	0	0	0	0
- Loans and receivables - Fair value option	0	0	0	0
- Loans and receivables due from credit institutions – Fair value option	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	338	0	338
- Derivatives and other financial assets – Trading	0	0	0	0
- Operating properties - Other FVPL	0	419	0	419
Hedging derivatives	0	0	0	0
TOTAL	**96,232**	**20,439**	**1,392**	**118,063**

FINANCIAL LIABILITIES IFRS 9	Level 1	Level 2	Level 3	Total
Trading/Fair value option	**2,038**	**14,247**	**2,487**	**18,772**
- Due to credit institutions – Fair value option	0	133	0	133
- 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	9,748	0	9,748
- Derivatives and other financial liabilities – Trading	2,038	4,343	2,487	8,868
Hedging derivatives	**0**	**2,490**	**13**	**2,502**
TOTAL	**2,038**	**16,737**	**2,500**	**21,275**

(1) Includes the equity investments held by the group's private equity companies.

Note 9 Note on securitization outstandings

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

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

Summary	Carrying amount 06/30/2023	Carrying amount 12/31/2022 restated
RMBS	1,268	1,255
CMBS	0	0
CLO	3,990	3,996
Other ABS	2,833	3,199
TOTAL	**8,092**	**8,450**

Unless otherwise indicated, securities are not hedged by CDS.

Exposure at 06/30/2023	RMBS	CMBS	CLO	Other ABS	Total
Fair value through profit or loss	126	0	0	154	281
Amortized cost	23	0	337	1,093	1,453
Fair value – Others	1	0	0	0	1
Fair value through equity	1,118	0	3,653	1,586	6,357
TOTAL	**1,268**	**0**	**3,990**	**2,833**	**8,092**
France	527	0	833	540	1,900
Spain	74	0	0	243	317
United Kingdom	78	0	158	171	406
Europe excluding France, Spain and the UK	504	0	270	1,176	1,949
USA	3	0	2,730	560	3,293
Other	82	0	0	143	226
TOTAL	**1,268**	**0**	**3,990**	**2,833**	**8,092**
US Branches	0	0	0	0	0
AAA	1,222	0	3,691	1,413	6,327
AA	33	0	224	562	819
A	9	0	75	3	88
BBB	1	0	0	0	1
BB	0	0	0	17	17
B or below	2	0	0	7	9
Not rated	0	0	0	830	830
TOTAL	**1,268**	**0**	**3,990**	**2,833**	**8,092**
Origination 2005 and earlier	8	0	0	0	8
Origination 2006-2008	21	0	0	7	28
Origination 2009-2011	0	0	0	0	0
Origination 2012-2023	1,239	0	3,990	2,826	8,056
TOTAL	**1,268**	**0**	**3,990**	**2,833**	**8,092**

EXPOSURES AT 12/31/2022

	RMBS	CMBS	CLO	Other ABS	Total
Fair value through profit or loss	145	0	0	206	351
Amortized cost	26	0	337	1,516	1,879
Fair value – Others	1	0	0	0	1
Fair value through equity	1,083	0	3,659	1,477	6,219
TOTAL	**1,255**	**0**	**3,996**	**3,199**	**8,450**
France	560	0	786	930	2,275
Spain	95	0	0	328	423
United Kingdom	6	0	175	163	344
Europe excluding France, Spain and the UK	474	0	279	1,080	1,832
United States	5	0	2,756	567	3,328
Other	116	0	0	133	248
TOTAL	**1,255**	**0**	**3,996**	**3,199**	**8,450**
US Branches	0	0	0	0	0
AAA	1,174	0	3,722	1,308	6,204
AA	63	0	199	644	906
A	10	0	75	4	89
BBB	5	0	0	0	5
BB	0	0	0	0	0
B or below	2	0	0	7	9
Not rated	0	0	0	1,237	1,237
TOTAL	**1,255**	**0**	**3,996**	**3,199**	**8,450**
Origination 2005 and earlier	9	0	0	0	9
Origination 2006-2008	24	0	0	7	31
Origination 2009-2011	7	0	0	0	7
Origination 2012-2022	1,215	0	3,996	3,192	8,403
TOTAL	**1,255**	**0**	**3,996**	**3,199**	**8,450**

Note 10 Financial assets at amortized cost

	06/30/2023	12/31/2022 restated
Securities at amortized cost	3,442	3,436
Loans and receivables due from credit institutions	62,475	57,173
Loans and receivables due from customers	510,088	502,097
TOTAL	**576,007**	**562,706**

10a Securities at amortized cost

	06/30/2023	12/31/2022 restated
Securities	3,493	3,490
▪ Government securities	1,655	1,654
▪ Bonds and other debt securities	1,838	1,836
Listed	831	718
Non-listed	1,007	1,119
▪ Related receivables	14	11
TOTAL GROSS	**3,507**	**3,502**
of which impaired assets (S3)	107	93
Impairment of performing loans (S1/S2)	-1	-2
Other impairment (S3)	-64	-64
TOTAL NET	**3,442**	**3,436**

At June 30, 2023, the net carrying amount of HQLA debt securities recognized as assets at amortized cost amounted to €1,821 million. The estimated fair value of these assets is €1,718 million.

10b Loans and receivables due from credit institutions at amortized cost

	06/30/2023	12/31/2022 restated
Performing loans (S1/S2)	61,782	56,223
Crédit Mutuel network accounts[1]	46,622	41,606
Other ordinary accounts	4,204	3,805
Loans	2,191	2,637
Other receivables	7,024	6,698
Pensions	1,741	1,477
Gross receivables subject to individual impairment (S3)	0	0
Related receivables	694	953
Impairment of performing loans (S1/S2)	-2	-3
Other impairment (S3)	0	0
TOTAL	**62,475**	**57,173**

(1) Mainly concerns outstanding CDC repayments (LEP, LDD, Livret bleu, Livret A).

10c Loans and receivables due from customers at amortized cost

	06/30/2023	12/31/2022 restated
Performing loans (S1/S2)	485,882	478,873
Commercial loans	17,346	18,203
Other customer receivables	467,624	459,875
▪ home loans	257,883	254,200
▪ other loans and receivables, including pensions[1]	209,741	205,675
Related receivables	914	795
Gross receivables subject to individual impairment (S3)	13,147	12,470
Gross receivables	**499,029**	**491,343**
Impairment of performing loans (S1/S2)[2]	-3,128	-3,104
Other impairment (S3)	-6,314	-6,075
Subtotal I	**489,587**	**482,164**
Finance leases (net investment)	20,136	19,614
▪ Equipment	14,622	14,209
▪ Real estate	5,514	5,405
Gross receivables subject to individual impairment (S3)	791	710
Impairment of performing loans (S1/S2)	-192	-189
Other impairment (S3)	-232	-203
Subtotal II	**20,503**	**19,932**
TOTAL	**510,090**	**502,097**
of which subordinated loans	12	12
of which pensions	1,479	1,203

(1) Including €11 billion at June 30, 2023 in State-guaranteed loans (SGLs) granted during the COVID crisis.

(2) This item includes a post-model adjustment - See note 1 - Accounting principles.

BREAKDOWN OF STATE-GUARANTEED LOANS (SGL)

	Outstandings			Impairments		
	S1	S2	S3	S1	S2	S3
Amounts as of June 30, 2023	**8,447**	**1,447**	**1,289**	**-7**	**-9**	**-145**
Amounts as of December 31, 2022	9,973	1,776	1,111	-6	-15	-111

FINANCE LEASE TRANSACTIONS WITH CUSTOMERS

	12/31/2022 restated	Increase	Decrease	Other	06/30/2023
Gross carrying amount	20,324	1,798	-1,192	-3	20,927
Impairment of non-recoverable lease payments	-392	-116	90	-6	-424
Net carrying amount	**19,932**	**1,682**	**-1,102**	**-9**	**20,503**

Note 11 Financial liabilities at amortized cost

11a Debt securities at amortized cost

	06/30/2023	12/31/2022 restated
Certificates of deposit	102	129
Interbank certificates and negotiable debt instruments	60,846	55,747
Bonds	77,982	70,430
Non-preferred senior securities	10,836	8,011
Related debt	1,142	755
TOTAL	**150,908**	**135,072**

11b Due to credit institutions

	06/30/2023	12/31/2022 restated
Other ordinary accounts	4,599	2,262
Borrowings	15,484	16,846
Other debt	2,777	6,108
Pensions[1]	31,251	44,869
Related debt	288	97
TOTAL	**54,399**	**70,182**

(1) As part of the monetary policy implemented by the Eurosystem, the group decided to participate in the TLTRO III (Targeted Longer-Term Refinancing Operation) launched in March 2020. Crédit Mutuel has therefore refinanced itself with the ECB under TLTRO III for an amount of €18,125 million at June 30, 2023.

11c Due to customers at amortized cost

	06/30/2023	12/31/2022 restated
Special savings accounts	169,322	170,867
▪ on demand	125,770	123,865
▪ term	43,552	47,002
Related liabilities on savings accounts	1,768	13
Subtotal	171,090	170,880
Demand accounts	201,814	228,732
Term deposits and borrowings	86,860	57,131
Pensions	38	12
Related debt	666	210
Other debt	19	19
Insurance and reinsurance debts	0	0
Subtotal	289,397	286,103
TOTAL	**460,487**	**456,983**

Note 12 Gross values and movements in impairment provisions

12a Gross values subject to impairment

	12/31/2022 restated	Acquisition/ production	Sales/ repayments	Transfer	Other[2]	06/30/2023
Financial assets at amortized cost – loans and receivables due from credit institutions, subject to	**57,176**	**20,669**	**-15,624**	**0**	**256**	**62,477**
12-month expected losses (S1)	56,703	20,604	-15,372	-31	256	62,160
expected losses at termination (S2)	473	65	-252	31	0	317
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	**511,667**	**101,451**	**-94,446**	**0**	**1,284**	**519,956**
12-month expected losses (S1)	464,393	97,690	-85,669	-4,150	-229	472,036
expected losses at termination (S2)	34,095	3,224	-6,080	2,208	536	33,983
expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	12,878	505	-2,566	1,942	911	13,669
expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	302	32	-131	-	66	269
Financial assets at amortized cost – Securities	**3,501**	**2,999**	**-2,996**	**0**	**3**	**3,507**
12-month expected losses (S1)	3,401	2,983	-2,976	-18	3	3,392
expected losses at termination (S2)	8	5	0	-5	0	8
expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	93	11	-20	23	0	107
expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0	0
Financial assets at fair value through equity – Debt securities	**33,835**	**9,485**	**-8,342**	**0**	**-176**	**34,802**
12-month expected losses (S1)	33,832	9,485	-8,342	-6	-175	34,794
expected losses at termination (S2)	3	0	0	6	-1	8
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	**606,179**	**134,604**	**-121,408**	**0**	**1,367**	**620,742**

(1) Change in flows not giving rise to derecognition and miscellaneous flows.

12b Movements in impairment provisions

	12/31/2022 restated	Addition	Reversal	Other	06/30/2023
Loans and receivables due from credit institutions	**-3**	**-1**	**3**	**-1**	**-2**
▪ 12-month expected losses (S1)	-2	-1	2	-1	-2
▪ expected losses at termination (S2)	-1	0	1	0	0
Customer loans	**-9,571**	**-1,941**	**1,666**	**-20**	**-9,866**
of which originated credit-impaired assets (S3)	0	0	0	0	0
▪ 12-month expected losses (S1)	-1,543	-291	260	1	-1,573
▪ expected losses at termination (S2)	-1,750	-578	579	2	-1,747
of which customer debts under IFRS 15	0	0	0	0	0
▪ expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	-6,278	-1,072	827	-23	-6,546
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	**-66**	**-2**	**3**	**0**	**-65**
▪ 12-month expected losses (S1)	-1	0	0	0	-1
▪ expected losses at termination (S2)	-1	0	1	0	0
expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	-64	-2	2	0	-64
expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0
Financial assets at fair value through equity – Debt securities	**-19**	**-15**	**14**	**0**	**-20**
of which originated credit-impaired assets (S3)	0	0	0	0	0
▪ 12-month expected losses (S1)	-19	-15	14	0	-20
▪ expected losses at termination (S2)	0	0	0	0	0
TOTAL	**-9,659**	**-1,959**	**1,686**	**-21**	**-9,953**

The group conducted a sensitivity test of the cost of risk (including post-model adjustment). An increase in the weighting of the pessimistic scenario of 10 points for the IRB entities and of 5 points for the entities under the standard model would lead to an additional provision of €109 million, *i.e.* 3.25% of expected losses.

12c Breakdown of impairment

06/30/2023	Gross outstandings S1	Gross outstandings S2	Gross outstandings S3	Impairments S1	Of which adjustment[1]	Impairments S2	Of which adjustment[1]	Impairments S3	Net outstandings
Loans and receivables due from credit institutions	62,160	317	0	-2	-	0	-	0	62,475
Customer loans	472,036	33,983	13,938	-1,573	-100	-1,747	-179	-6,546	510,091
Financial assets at amortized cost – Securities	3,392	8	107	-1	-	0	-	-64	3,442
Financial assets at FVOCI – Debt securities	34,794	8	0	-20	-	0	-	0	34,782
Financial assets at FVOCI – Debt securities	0	0	0	0	-	0	-	0	0
TOTAL	**572,382**	**34,316**	**14,045**	**-1,596**	**-100**	**-1,747**	**-179**	**-6,610**	**610,790**

	Gross outstandings			Impairments					
12/31/2022	S1	S2	S3	S1	Of which adjustment[1]	S2	Of which adjustment[1]	S3	Net outstandings
Loans and receivables due from credit institutions	56,703	473	0	-3	0	-1	0	0	57,172
Customer loans	464,393	34,095	13,180	-1,543	-94	-1,750	-182	-6,278	502,097
Financial assets at amortized cost – Securities	3,401	8	93	-1	0	-1	0	-64	3,436
Financial assets at FVOCI – Debt securities	33,832	3	0	-19	-2	0	0	0	33,816
Financial assets at FVOCI – Debt securities	0	0	0	0	0	0	0	0	0
TOTAL	**558,329**	**34,579**	**13,273**	**-1,566**	**-96**	**-1,752**	**-182**	**-6,342**	**596,521**

(1) Post-model adjustment.

Note 13 Insurance activities

Investment of insurance activities, insurance assets and reinsurance assets

Insurance financial investments	06/30/2023	12/31/2022 restated
Financial assets at fair value through profit or loss	48,599	45,890
Financial assets at fair value through equity	74,358	72,173
Loans and receivables at amortized cost	704	974
Debt instrument at amortized cost	0	0
Investment property**	3,193	3,194
Subtotal of insurance investments**	126,854	122,230
Assets of insurance contracts	18	18
Reinsurance contract	298	328
TOTAL	**127,170**	**122,576**

**Investment property is recognized at fair value through profit or loss.*

*** Outstandings in stage 3 amounted to €18 million, fully impaired.*

13a Financial assets at fair value through profit or loss

	06/30/2023				12/31/2022 restated			
	Transaction	Fair value option	Other FVPL	Total	Transaction	Fair value option	Other FVPL	Total
Securities	0	0	**47,713**	**47,713**	0	0	**45,133**	**45,133**
▪ Government securities	0	0	158	158	0	0	153	153
▪ Bonds and other debt securities	0	0	26,747	26,747	0	0	25,421	25,421
Listed	*0*	*0*	*20,502*	*20,502*	*0*	*0*	*19,018*	*19,018*
Non-listed	*0*	*0*	*6,245*	*6,245*	*0*	*0*	*6,403*	*6,403*
of which UCIs	*0*	*0*	*24,586*	*24,586*	*0*	*0*	*22,764*	*22,764*
▪ Shares and other equity instruments	0	0	20,794	20,794	0	0	19,556	19,556
Listed	*0*	*0*	*14,397*	*14,397*	*0*	*0*	*13,052*	*13,052*
Non-listed	*0*	*0*	*6,397*	*6,397*	*0*	*0*	*6,504*	*6,504*
▪ Equity investments, shares in subsidiaries and associates and other long-term investments	0	0	14	14	*0*	*0*	3	3
Equity investments	*0*	*0*	*14*	*14*	*0*	*0*	*3*	*3*
Derivative instruments	0	0	0	0	0	0	0	0
Operating properties at fair value through profit or loss	0	0	419	419	0	0	419	419
Loans and receivables	0	0	467	467	0	0	338	338
TOTAL	**0**	**0**	**48,599**	**48,599**	**0**	**0**	**45,890**	**45,890**

13b Insurance financial assets at fair value through equity

	06/30/2023	12/31/2022 restated
Government securities	28,949	27,162
Bonds and other debt securities	35,987	35,209
▪ Listed	35,440	34,683
▪ Non-listed	547	526
Related receivables	0	0
Debt securities subtotal, gross	**64,936**	**62,371**
Of which impaired debt securities (S3)	18	18
Impairment of performing loans (S1/S2)	-24	-25
Other impairment (S3)	-18	-18
Debt securities subtotal, net	**64,894**	**62,328**
Loans	6,334	7,184
Related receivables	0	0
Gross subtotal loans and receivables	**6,334**	**7,184**
Impairment of performing loans (S1/S2)	-1	0
Other impairment (S3)	0	0
Net subtotal loans and receivables	**6,333**	**7,184**
Shares and other equity instruments	1,189	1,057
▪ Listed	1,164	1,030
▪ Non-listed	25	27
Long-term investments	1,942	1,604
▪ Equity investments	1,942	1,604
Subtotal, equity instruments	**3,131**	**2,661**
TOTAL	**74,358**	**72,173**
Of which unrealized capital gains or losses recognized under shareholders' equity	117	-147
Of which listed equity investments	339	305

13c Distinction between insurance liabilities for remaining coverage and incurred claims

06/30/2023	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)			Total
	Excluding loss item	Loss item	Contracts excluding PAA	Estimates of the present value of future cash flows of PAA contracts (BE)	Adjustment for non-financial risk of PAA contracts (RA)	
Insurance contract assets at the start of the period	-18	0	0	0	0	-18
Insurance contract liabilities at the start of the period	105,264	72	986	3,364	95	109,781
Opening balance	**105,246**	**72**	**986**	**3,364**	**95**	**109,763**
Income from insurance activities	**-3,670**	**0**	**0**	**0**	**0**	**-3,670**
Claims and other insurance expenses incurred during the fiscal year	0	-39	853	2,065	19	2,898
Amortization of acquisition cash flows	32	0	0	0	0	32
Loss on onerous contracts	0	42	0	0	0	42
Changes related to incurred claims in previous years (adjustment of the LIC)	0	0	-31	39	-20	-13
Expenses related to insurance activities	**32**	**3**	**822**	**2,103**	**-1**	**2,960**
Investment component	**-3,514**	**0**	**3,514**	**0**	**0**	**0**
Insurance service result	**-7,152**	**3**	**4,336**	**2,103**	**-1**	**-710**
Effect of rates neutralized in OCI	695	0	-5	10	0	701
Net financial expense on insurance contracts (excluding OCI)	4,294	0	6	28	1	4,329
Exchange rate effects	0	0	0	0	0	0
Total changes in income and in other comprehensive income	**4,988**	**0**	**1**	**38**	**1**	**5,030**
Premiums received	7,495	0	0	0	0	7,495
Claims and expenses paid, including investment component	0	0	-4,315	-2,075	0	-6,390
Cash flow from contract acquisition	-38	0	0	0	0	-38
Total cash flow	**7,456**	**0**	**-4,315**	**-2,075**	**0**	**1,066**
Transfer to other balance sheet items	**31**	**0**	**0**	**8**	**0**	**39**
Insurance contracts - assets	-19	0	1	0	0	-18
Insurance contracts - liabilities	110,589	76	1,007	3,439	95	115,206
CLOSING BALANCE	**110,570**	**76**	**1,008**	**3,439**	**95**	**115,188**

13d Distinction of insurance liabilities (BE, RA, CSM)

06/30/2023	Estimate of the present value of future cash flows (BE)	Risk adjustment for non-financial risk (RA)	Contractual service margin (CSM)	Total
Insurance contract assets at the start of the period	-51	16	18	-18
Insurance contract liabilities at the start of the period	96,895	1,511	7,532	105,938
Opening balance	96,843	1,527	7,550	105,920
Change in contractual service margin recognized in income	0	0	-380	-380
Change in the adjustment for non-financial risk over the period	0	-70	0	-70
Experience adjustment	4	9	0	13
Changes in services rendered during the period	4	-61	-380	-438
Contracts recognized during the period	-159	54	114	8
Changes in estimates resulting in an adjustment of the contractual service margin	-2,039	167	1,873	0
Changes in estimates resulting in losses or reversals of losses on groups of onerous contracts	-5	7	0	3
Changes in future services	-2,203	228	1,986	11
Changes in fulfilment cash flows in respect of incurred claims	-24	-7	0	-31
Changes related to past services	-24	-7	0	-31
Insurance service result	-1,921	159	1,399	-363
Effect of rates neutralized in OCI	670	20	0	690
Financial expenses net of insurance contracts (excluding OCI)	4,287	5	8	4,300
Exchange rate effects	0	0	0	0
TOTAL changes in income and in other comprehensive income	4,957	25	8	4,990
Premiums received	4,979	0	0	4,979
Claims and expenses paid, including investment component	-4,315	0	0	-4,315
Cash flow from contract acquisition	-34	0	0	-34
Total cash flow	629	0	0	629
Transfer to other balance sheet items	**42**	**4**	**-10**	**36**
Insurance contract assets at closing	-48	15	15	-18
Insurance contract liabilities at closing	100,297	1,700	9,138	111,135
CLOSING BALANCE	**100,249**	**1,715**	**9,154**	**111,117**

Note 14 Taxes

14a Current taxes

	06/30/2023	12/31/2022 restated
Assets (through profit or loss)	1,306	1,559
Liabilities (through profit or loss)	462	581

14b Deferred taxes

	06/30/2023	12/31/2022 restated
Assets (through profit or loss)	771	786
Assets (through shareholders' equity)	373	426
Liabilities (through profit or loss)	422	454
Liabilities (through shareholders' equity)	58	71

Note 15 Accruals and other assets and liabilities

15a Accruals and other assets

	06/30/2023	12/31/2022 restated
ACCRUALS		
Collection accounts	150	486
Currency adjustment accounts	91	31
Accrued income	755	593
Other accruals	4,739	3,361
Subtotal	5,735	4,471
OTHER ASSETS		
Securities settlement accounts	236	115
Miscellaneous receivables	5,286	4,888
Inventories and similar	54	49
Other	16	17
Subtotal	5,592	5,069
TOTAL	11,327	9,540

15b Accruals and miscellaneous liabilities

	06/30/2023	12/31/2022 restated
ACCRUALS		
Accounts unavailable due to recovery procedures	121	338
Currency adjustment accounts	1,188	1,365
Accrued expenses	2,186	2,025
Deferred income	1,301	1,240
Other accruals	8,002	4,068
Subtotal	12,798	9,036
OTHER LIABILITIES		
Lease obligations – Real estate	811	872
Lease obligations – Other	32	41
Securities settlement accounts	1,308	973
Outstanding amounts payable on securities	404	398
Miscellaneous creditors	2,734	2,725
Subtotal	5,289	5,009
TOTAL	18,087	14,045

15c Lease obligations by residual term

06/30/2023	≤ 1 year	1 to 3 years	3 years ≤ 6 years	6 years ≤ 9 years	> 9 years	Total
Lease obligations	194	254	233	90	73	843
▪ Real estate	174	244	230	90	73	811
▪ Other	20	10	3	0	0	32

12/31/2022 restated	≤ 1 year	1 to 3 years	3 years ≤ 6 years	6 years ≤ 9 years	> 9 years	Total
Lease obligations	225	259	242	106	81	913
▪ Real estate	206	240	239	106	81	872
▪ Other	19	19	3	0	0	41

Note 16 Investments in equity consolidated companies

06/30/2023	Country	Share held	Value of equity consolidation	Share of net income	Dividends received	Fair value of the investment (if listed)
Entities under significant influence						
Banque de Tunisie	Tunisia	35.33%	144	9	7	144
Caisse Centrale du Crédit Mutuel**	France	67.19%	620	9	9	NC*
LYF SAS	France	49.95%	-2	-5	0	NC*
LYF SA	France	43.75%	7	0	0	NC*
2SF Société des services fiduciaries	France	33.33%	2	0	0	NC*
Other equity investments			1	0		
Total (1)			**772**	**14**	**16**	
Joint ventures						
Euro Automatic Cash	Spain	50.00%	9	0	0	NC*
Total (2)			**9**	**0**	**0**	
TOTAL (1) + (2)			**782**	**14**	**16**	

** NC: Not communicated*

*** Caisse Centrale de Crédit Mutuel is accounted for using the equity method due to its significant influence, despite holding more than 50% of voting rights and taking into account the analysis of the governance rules specific to that entity of the Crédit Mutuel group.*

12/31/2022 restated	Country	Share held	Value of equity consolidation	Share of net income	Dividends received	Fair value of the investment (if listed)
Entities under significant influence						
ASTREE Assurances*	Tunisia					
Banque de Tunisie	Tunisia	35.33%	149	17	6	149
Caisse Centrale du Crédit Mutuel**	France	67.19%	612	3	0	NC*
LYF SAS	France	49.95%	3	-10	0	NC*
LYF SA	France	43.75%	7	0	0	NC*
2SF Société des services fiduciaries	France	33.33%	-7	-11	0	NC*
Other equity investments			1	2		
Total (1)			**765**	**2**	**6**	
Joint ventures						
Euro Automatic Cash	Spain	50.00%	9	-2	0	NC*
Total (2)			**9**	**-2**	**0**	
TOTAL (1) + (2)			**775**	**0**	**6**	

NC: Not communicated*

*** Caisse Centrale de Crédit Mutuel is accounted for using the equity method due to its significant influence, despite holding more than 50% of voting rights and taking into account the analysis of the governance rules specific to that entity of the Crédit Mutuel group.*

Note 17 Investment property

	12/31/2022 restated	Increase	Decrease	Other*	06/30/2023
Historical cost	420	5	-3	2	424
Depreciation amortization and impairment	-122	-4	0	6	-120
NET AMOUNT	**298**	**1**	**-3**	**8**	**304**

Note 18 Property, plant and equipment and intangible assets

18a Property, plant and equipment

	12/31/2022 restated	Increase	Decrease	Other	06/30/2023
HISTORICAL COST					
Operating sites	577	0	-4	1	574
Operating buildings	5,336	40	-152	0	5,224
Usage rights – Real estate	1,560	32	-40	31	1,583
Usage rights – Other	62	0	0	0	62
Other property, plant and equipment	3,301	260	-139	3	3,425
Total	10,836	332	-335	35	10,868
DEPRECIATION AMORTIZATION AND IMPAIRMENT					
Operating sites	-15	-1	0	1	-15
Operating buildings	-3,588	-88	140	1	-3,535
Usage rights – Real estate	-705	-104	19	0	-790
Usage rights – Other	-21	-9	0	0	-30
Other property, plant and equipment	-2,529	-99	54	-3	-2,577
Total	-6,858	-301	213	-1	-6,947
NET AMOUNT	**3,978**	**31**	**-122**	**34**	**3,920**

OF WHICH PROPERTIES RENTED UNDER FINANCE LEASES

	12/31/2022 restated	Increase	Decrease	Other	06/30/2023
Operating sites	7	-	-	-	7
Operating buildings	99	-	0	-	99
TOTAL	**106**	**0**	**0**	**0**	**106**

18b Intangible assets

	12/31/2022 restated	Increase	Decrease	Other	06/30/2023
HISTORICAL COST					
Internally developed non-current assets*	710	29	0	1	740
Purchased intangible assets	1,629	24	-19	4	1,638
▪ software	270	11	-10	24	295
▪ other	1,359	13	-9	-20	1,343
Total	2,339	53	-19	5	2,378
DEPRECIATION AMORTIZATION AND IMPAIRMENT					
Internally developed non-current assets*	-589	-39	0	0	-628
Purchased intangible assets	-1,010	-21	15	-4	-1,020
▪ software	-220	-11	10	-24	-245
▪ other	-790	-10	5	20	-775
Total	-1,599	-60	15	-4	-1,648
NET AMOUNT	**740**	**-7**	**-4**	**1**	**730**

** These headings correspond to software developed internally and capitalized in our subsidiaries Euro-Information and TARGOBANK AG.*

Note 19 Goodwill

	12/31/2022 restated	Increase	Decrease	Variation in impairment	Other	06/30/2023
Gross goodwill	4,746	2	-	-	-	4,748
Impairments	-2,395	2	-	-	-	-2,395
NET GOODWILL	**2,351**	**2**	**0**	**0**	**0**	**2,353**

Cash-generating units	Value of goodwill on 12/31/2022	Increase	Decrease	Variation in impairment	Other	Value of goodwill on 06/30/2023
TARGOBANK in Germany	1,018					1,018
Crédit Industriel et Commercial (CIC)	497					497
Cofidis Group (formerly Participations)	378					378
Groupe La Française	201				-3	198
Cofidis France	79					79
Euro Protection Surveillance	51					51
GACM Seguros Generales Compañía de Seguros y Reaseguros SA	0					0
EBRA	33	2				35
SIIC Foncière Massena	26					26
Crédit Mutuel Equity SCR	21					21
Banque de Luxembourg	13					13
Agrupació AMCI d'Assegurances i Reassegurances S.A.	0					0
Cofidis Italy	9					9
Banque Transatlantique	6					6
Dubly Transatlantique Gestion	5					5
Other	14				3	17
TOTAL	**2,351**	**2**	**0**	**0**	**0**	**2,353**

The cash-generating units to which the goodwill is assigned are tested annually to ensure that they are recoverable. Impairment is ascertained by depreciation of goodwill when the recoverable amount is less than the carrying amount. The context of the health crisis, its consequences on net profit at June 30, 2023, and the macroeconomic uncertainties for the following years, have led the group to identify potential indications of impairment of goodwill. As a result, the group has updated the impairment tests for its main subsidiaries.

The recoverable amount is determined according to two types of methods:

- *the fair value net of sales costs, which is based on observation of valuation multiples on comparable transactions or market parameters adopted by the analysts on entities with similar activities;*
- *the value in use, which is based on the discounting of expected future cash flows after taking into account capital requirements: this method is generally used as of June 30, 2023.*

To determine the value in use, the cash flows are based on business plans determined by the management over a maximum period of five to seven years, then on projection of a flow to infinity according to a long-term growth rate. The latter is fixed at 2% for the whole of Europe, which is an assumption measured in comparison to inflation rates observed over a very long period. Business plans have been revised to take into account the consequences of the health crisis.

The cash flows used to calculate the value in use also take into account prudential capital requirements.

The cash flow discount rates correspond to the cost of capital, which is determined from a long-term riskless rate, to which a risk premium is added. The risk premium is determined by observation of the sensitivity of the price in relation to the market in the case of a listed asset, or by analyst's estimate in non-listed assets. The cost of capital was discounted on June 30, 2023 with:

- *9.5% for Retail Banking and leasing CGUs based in Germany;*
- *10% for Retail Banking, consumer credit and leasing CGUs based in France.*

The cash flows used to calculate the value in use are determined on the basis of regulatory capital requirements.

The main sensitivity factors of the recoverable amount test based on the value in use are the discount rate and the expected level of future cash flows, which is itself impacted by the following sensitivity factors:

- *the achievement of business plans;*
- *the level of shareholders' equity allocated to each CGU;*
- *the perpetual growth rate.*

When the value in use was used as an impairment test, the parameters and their sensitivity were as follows:

	TARGOBANK Germany Network bank	Cofidis* Consumer loan	CIC Network bank
Cost of capital	9.5%	10%	10%
Effect of a 50 basis point increase in the cost of capital	-5%	-6%	-5%
Effect of a 50 basis point drop in the growth rate to infinity	-1%	-2%	-1%
Effect of a 50 basis point increase in CET1 capital requirements	-3%	-4%	-3%

** Cofidis France and Cofidis Group (former Participations).*

If the above sensitivity assumptions were used, this would not entail any impairment of goodwill on TARGOBANK Germany, Cofidis and CIC.

Note 20 Provisions and contingent liabilities

20a Provisions

	12/31/2022 restated	Additions for the fiscal year	Reversals for the fiscal year (utilized provisions)	Reversals for the fiscal year (surplus provisions)	Other changes	06/30/2023
Provisions for risks	526	234	13	-207	3	569
On guarantee commitments[1]	*289*	*117*	*-1*	*-98*	*6*	*313*
▪ of which 12-month expected losses (S1)	62	28	0	-24	0	66
▪ of which expected losses at termination (S2)	75	23	0	-31	0	67
▪ of which provisions for execution of commitments upon signature	152	66	-1	-43	6	180
On financing commitments[1]	*111*	*74*	*0*	*-73*	*1*	*113*
▪ of which 12-month expected losses (S1)	80	51	0	-50	1	82
▪ of which expected losses at termination (S2)	27	23	0	-23	0	27
On country risks	*0*	*0*	*0*	*0*	*0*	*0*
Provisions for taxes	*6*	*1*	*-3*	*0*	*-1*	*3*
Provisions for claims and litigation	*64*	*8*	*-9*	*-5*	*1*	*59*
Provision for risk on miscellaneous receivables	*56*	*35*	*25*	*-32*	*-3*	*81*
Other provisions	1,419	143	-67	-47	6	1,453
▪ Provisions for mortgage saving agreements	239	12	-1	-6	0	244
▪ Provisions for miscellaneous contingencies	735	79	-47	-40	7	734
▪ Other provisions[2]	445	52	-19	-1	-1	476
Provisions for retirement commitments	1,463	24	-23	-9	-44	1,411
TOTAL	**3,408**	**401**	**-77**	**-263**	**-35**	**3,433**

(1) Other provisions mainly relate to provisions for French economic interest groups (GIE) totaling €427 million.

(2) As of June 30, 2023, the item included a post-model adjustment, - see note 1 - Accounting principle

20b Retirement and other employee benefits

	12/31/2022 restated	Additions for the fiscal year	Reversals for the fiscal year	Other changes	06/30/2023
DEFINED-BENEFIT PLANS NOT COVERED BY PENSION FUNDS					
Retirement benefits	1,025	19	-22	-34	988
Supplementary pensions	251	4	-6	0	249
Obligations for long-service awards (other long-term benefits)	164	0	-1	-3	160
Subtotal recognized	1,440	23	-29	-37	1,397
SUPPLEMENTARY DEFINED-BENEFIT PENSIONS COVERED BY THE GROUP'S PENSION FUNDS					
Commitments to employees and retirees[1]	23	0	-3	-7	13
Fair value of assets					
Subtotal recognized	23	0	-3	-7	13
TOTAL AMOUNT RECOGNIZED	**1,463**	**23**	**-32**	**-44**	**1,410**

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

DEFINED-BENEFIT PLANS: MAIN ACTUARIAL ASSUMPTIONS

	06/30/2023	12/31/2022 restated
Discount rate[1]	3.70%	3.40%
Expected increase in salaries[2]	Minimum 1%	Minimum 1%

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

(2) The annual increase in salaries is the estimate of future inflation combined with the increase in salaries; it also depends on the age of the employee.

Note 21 Subordinated debt

	06/30/2023	12/31/2022 restated
Subordinated debt	10,386	9,132
Participating loans	20	20
Perpetual subordinated debt	595	595
Other debt	0	0
Related debt	98	114
TOTAL	**11,099**	**9,861**

PRINCIPAL SUBORDINATED DEBT

(in € millions)	Type	Issue Date	Issue Amount	Amount at year-end[1]	Rate	Term
Banque Fédérative du Crédit Mutuel	TSR	03/10/2014	€120m	€120m	4.25	06/27/2026
Banque Fédérative du Crédit Mutuel	TSR	05/21/2014	€1,000m	€978m	3.00	05/21/2024
Banque Fédérative du Crédit Mutuel	TSR	09/11/2015	€1,000m	€942m	3.00	09/11/2025
Banque Fédérative du Crédit Mutuel	TSR	03/24/2016	€1,000m	€918m	2.375	03/24/2026
Banque Fédérative du Crédit Mutuel	TSR	09/12/2016	€300m	€300m	2.13	09/12/2026
Banque Fédérative du Crédit Mutuel	TSR	11/04/2016	€700m	€630m	1.875	11/04/2026
Banque Fédérative du Crédit Mutuel	TSR	03/31/2017	€500m	€454m	2.625	03/31/2027
Banque Fédérative du Crédit Mutuel	TSR	11/15/2017	€500m	€449m	1.625	11/15/2027
Banque Fédérative du Crédit Mutuel	TSR	05/25/2018	€500m	€450m	2.5	05/25/2028
Banque Fédérative du Crédit Mutuel	TSR	06/18/2019	€1,000m	€1,000m	1.875	06/18/2029
Banque Fédérative du Crédit Mutuel	TSR	11/19/2021	€750m	€589m	1.125	11/19/2031
Banque Fédérative du Crédit Mutuel	TSR	06/16/2022	€1,250m	€1,173m	3.875	06/16/2032
Banque Fédérative du Crédit Mutuel	TSR	01/11/2023	€1,250m	€1,243m	5.125	01/11/2033
Assurances du Crédit Mutuel	TSR	06/04/2014	€150m	€150m	4.625	06/04/2024
Assurances du Crédit Mutuel	TSR	10/21/2021	€750m	€750m	1.85	04/21/2042
Crédit Industriel et Commercial	Participatory	05/28/1985	€137m	€8m	(2)	(3)
Banque Fédérative du Crédit Mutuel	TSS	11/09/2004	€66m	€66m	CMS10 cap 8	TBD
Banque Fédérative du Crédit Mutuel	TSS	12/15/2004	€436m	€419m	(4)	TBD
Banque Fédérative du Crédit Mutuel	TSS	02/25/2005	€92m	€92m	(5)	TBD

(1) Net intra-group amounts and revaluation differences for hedged instruments.

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

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

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

(4) CMS 10 years ISDA CIC +10 basis points.

(5) CMS 10 years ISDA +10 basis points.

Note 22 Reserves related to capital and reserves

22a Shareholders' equity attributable to the group (excluding profit and loss and unrealized gains and losses)

	06/30/2023	12/31/2022 restated
Capital and reserves related to capital	8,292	8,366
▪ Capital	8,292	8,366
Consolidated reserves	48,090	44,937
▪ Regulated reserves	6	6
▪ Other reserves (including effects related to initial application)	48,009	44,807
▪ *Of which profit on disposal of equity instruments*	*152*	*164*

▪ Retained earnings	75	123
TOTAL	**56,382**	**53,303**

The share capital of the Crédit Mutuel banks is composed of:

- A shares, non-transferable;
- B shares, transferable;
- P shares, with priority interests.

B shares may only be subscribed by those members holding at least one A share. The articles of association of the local banks limit the subscription of B shares by any given member to €50,000 (with the exception of reinvestment of dividends paid in B shares). In accordance with the law of September 10, 1947, the capital cannot be lower, following withdrawal of contributions, than one-quarter of the highest amount achieved by the share capital in the past.

The redemption plan for B shares differs according to whether they were subscribed before or after December 31, 1988:

- units subscribed up to December 31, 1988 may be redeemed at the member's request on January 1 each year. This reimbursement, which is subject to compliance with the provisions governing the reduction of capital, is subject to a minimum notice period of three months;
- shares subscribed on or after January 1, 1989 may be redeemed at the member's request upon five years' notice, except in the event of marriage, death or unemployment. These operations are also subject to compliance with the provisions governing the reduction of capital.

By decision of the Board of Directors and in agreement with the Supervisory Board, the bank may refund all or part of the shares in this class under the same conditions.

P shares with priority interests are issued by the regional banks of Crédit Mutuel de Normandie and Midi-Atlantique, and by Crédit Mutuel's "Cautionnement Mutuel de l'Habitat" bank, a mutual guarantee company that since 1999 has issued members' shares with priority interests whose subscription is reserved for bonded credit distributors excluding Crédit Mutuel Alliance Fédérale.

As of June 30, 2023, the capital of the Crédit Mutuel local banks is as follows:

- €260.3 million for A shares;
- €8,028.1 million for B shares;
- €3.2 million for P shares.

22b Unrealized or deferred gains and losses (attributable to the group)

	06/30/2023	12/31/2022 restated
UNREALIZED OR DEFERRED GAINS AND LOSSES[1] RELATING TO:		
▪ Investments of insurance activities in FVTPL – Debt instruments	-985	-897
▪ Investments of insurance activities in FVTPL – Equity instruments	1,228	864
▪ Financial assets at fair value through recyclable equity – debt instruments	-182	-194
▪ Financial assets at fair value through non-recyclable equity – equity instruments	101	99
▪ Hedging derivatives (CFH)	16	19
▪ Translation adjustments	148	157
▪ Share of unrealized or deferred gains and losses of equity consolidated companies	-35	-33
▪ Actuarial gains and losses on defined benefit plans	-68	-95
▪ Own credit risk on financial liabilities under fair value option	0	0
▪ Other	0	0
TOTAL	**224**	**-80**

(1) Balances net of corporation tax and after shadow accounting treatment.

22c Recycling of gains and losses directly recognized in shareholders' equity

	06/30/2023 Operations	12/31/2022 restated Operations
Translation adjustments		
Reclassification in income	-	0
Other movement	-8	76
Subtotal	**-8**	**76**
Revaluation of financial assets at FVOCI – debt instruments		
Reclassification in income	-	0
Other movement	12	-177
Subtotal	**12**	**-177**
Revaluation of financial assets at FVOCI – equity instruments		
Reclassification in income	-	0
Other movement	3	-3
Subtotal	**3**	**-3**
Remeasurement of hedging derivatives		
Reclassification in income	-	0
Other movement	-2	17
Subtotal	**-2**	**22**
Revaluation of financial assets at FVOCI – debt instruments		
Reclassification in income	-	
Other movement	739	-8,376
Subtotal	**739**	**-8,376**
Revaluation of insurance and reinsurance contracts in recyclable equity		
Reclassification in income	-	
Other movement	-463	7,553
Subtotal	**-463**	**7,553**
Actuarial gains and losses on defined benefit plans	26	288
Share of unrealized or deferred gains and losses of equity consolidated companies	-2	-1
TOTAL	**304**	**-618**

22d Tax related to each category of gains and losses recognized directly in shareholders' equity

	06/30/2023			12/31/2022 restated		
	Gross value	Tax	Net amount	Gross value	Tax	Net amount
Translation adjustments	-8	0	-8	76	0	76
Revaluation of financial assets at FVOCI – Debt instruments	12	0	12	-233	55	-177
Revaluation of financial assets at FVOCI – Equity instruments	3	0	3	-3	-1	-3
Revaluation of financial assets at FVOCI of the insurance business	906	-167	739	-11,362	2,987	-8,376
Remeasurement of hedging derivatives	-3	1	-2	23	-6	17
Revaluation of insurance and reinsurance contracts in recyclable equity	-624	161	-463	10,181	-2,628	7,553
Actuarial gains and losses on defined benefit plans	43	-16	27	415	-127	288
Share of unrealized or deferred gains and losses of equity consolidated companies	-2	0	-2	-1	0	-1
CHANGES IN GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY	**326**	**-21**	**304**	**-904**	**281**	**-623**

Note 23 Commitments given and received

COMMITMENTS GIVEN

	06/30/2023	12/31/2022 restated
Financing commitments	88,062	89,359
Liabilities due to credit institutions	547	489
Commitments to customers	87,515	88,870
Guarantee commitments	26,055	27,078
Credit institution commitments	3,913	5,401
Customer commitments	22,142	21,677
Securities commitments	4,604	2,410
Other commitments given	4,604	2,410
Commitments pledged from Insurance	6,087	5,906

COMMITMENTS RECEIVED

	06/30/2023	12/31/2022 restated
Financing commitments	17,899	16,404
Commitments received from credit institutions	17,679	16,404
Commitments received from customers	220	0
Guarantee commitments	118,285	118,881
Commitments received from credit institutions	60,754	60,970
Commitments received from customers	57,531	57,911
Securities commitments	2,282	1,872
Other commitments received	2,282	1,872
Commitments received from Insurance	6,080	6,817

Note 24 Interest income and expense

	06/30/2023		06/30/2022 restated	
	Income	Expenses	Income	Expenses
Credit institutions and central banks[1]	3,268	-1,556	69	61
Customers	6,773	-3,392	4,984	-990
▪ of which finance and operating leases	453	-143	329	-105
▪ of which lease obligations	0	-5	0	-4
Hedging derivatives	3,382	-3,141	1,008	-934
Financial instruments at fair value through profit or loss	644	-298	252	-18
Financial assets at fair value through equity	558	0	84	0
Securities at amortized cost	68	0	22	0
Debt securities	0	-2,166	0	-612
Subordinated debt	0	-11	0	-4
TOTAL	**14,693**	**-10,564**	**6,418**	**-2,496**
of which interest income and expense calculated at effective interest rate	*10,668*	*-7,125*	*5,159*	*-1,545*

(1) Of which a -€41 million impact of negative interest rates on income and +€16 million in expenses in the first half of 2023, and of which a -€324 million impact of negative interest rates on income and +€309 million in expenses in the first half of 2022.
Interest expenses on central banks include interest calculated as part of TLTRO III transactions, for which the terms and conditions were specified by the ECB (see note 1 – Accounting principles).

Note 25 Commissions

	06/30/2023		06/30/2022 restated	
	Income	Expenses	Income	Expenses
Credit institutions	7	-8	5	-4
Customers	1,012	-15	968	-15
Securities	566	-50	614	-35
of which activities managed on behalf of third parties	*428*	*0*	*442*	*0*
Derivative instruments	2	-6	4	-5
Currency transactions	15	-1	16	-1
Funding and guarantee commitments	91	-54	100	-61
Services provided	1,360	-643	1,335	-647
TOTAL	**3,053**	**-777**	**3,043**	**-768**

Note 26 Net gains on financial instruments at fair value through profit or loss

	06/30/2023	06/30/2022 restated
Trading instruments	88	60
Instruments accounted for under the fair value option	9	53
Ineffective portion of hedges	-9	-15
▪ On cash flow hedges (CFH)	0	0
▪ On fair value hedges (FVH)	-9	-15
Change in the fair value of hedged items	307	-1,647
Change in fair value of hedging instruments	-316	1,632
Foreign exchange gains/(losses)	132	25
Other financial instruments at fair value through profit or loss[1]	263	255
TOTAL CHANGES IN FAIR VALUE	**483**	**379**

(1) of which €175 million from the private equity activity in the first half of 2023 compared to €227 million in the first half of 2022. The other changes correspond to changes in the fair value of the other portfolios at fair value.

Note 27 Net gains/(losses) on financial assets at fair value through equity

	06/30/2023	06/30/2022 restated
Dividends	3	18
Realized gains and losses on debt instruments	-93	-45
TOTAL	**-90**	**-27**

Note 28 Net gains/(losses) resulting from derecognition of financial assets at amortized cost

	06/30/2023	06/30/2022 restated
Financial assets at amortized cost		
Gains/(losses) on:	0	0
▪ Government securities	0	0
▪ Bonds and other fixed-income securities	0	0
TOTAL	**0**	**0**

Note 29 Net income from insurance activities

	06/30/2023	06/30/2022 restated
Revenues from insurance contracts	3,580	3,401
Losses from insurance contracts	-2,873	-2,781
Income from insurance contracts	**707**	**620**
Expenses net of reinsurance treaties	-42	18
Insurance service result	665	638
Financial income or financial expenses from insurance contracts issued	-4,329	4,539
Net income from insurance financial investments	4,405	-4,483
Financial income or expenses related to reinsurance contracts held	2	0
Other income and expenses	0	0
TOTAL	**743**	**694**

29a Breakdown of income from insurance and reinsurance activities

	06/30/2023	06/30/2022 restated
INCOME FROM INSURANCE CONTRACTS NOT VALUED UNDER THE PREMIUM ALLOCATION ACCOUNTING MODEL (PAA)		
▪ Contractual service margin recognized in income over the period	380.6	371.5
▪ Change in the adjustment for non-financial risk not related to past services	70	58
▪ Portion of premiums allocated to the recovery of insurance acquisition cash flows	6	6
▪ Expected claims expenses for the period and other related expenses	835.4	824.5
▪ Other	0	0
Income from insurance contracts not measured under the premium allocation accounting model (PAA)	**1,292**	**1,260**
Income from insurance contracts measured under the premium allocation accounting model (PAA)	2,288	2,141
Subtotal of insurance contract revenues	**3,580**	**3,401**
Expenses related to insurance contracts	**-2,873**	**-2,781**
TOTAL INCOME FROM INSURANCE SERVICES	**707**	**620**

29b Net income from investments related to insurance activities

	06/30/2023	06/30/2022 restated
Interest income and expense	**760**	**659**
▪ Loans and receivables at amortized cost	*-52*	*5*
▪ Financial instruments at fair value through profit or loss	*145*	*97*
▪ Financial assets at fair value through equity	*667*	*557*
Commissions on securities	**15**	**25**
Net gains on financial instruments at fair value through profit or loss	**3,547**	**-5,365**
Trading instruments	*45*	*0*
Foreign exchange gains/(losses)	*6*	*12*
Other financial instruments at fair value through profit or loss	*3,494*	*-5,376*
Net gains/(losses) on financial assets at fair value through equity	80	195
Dividends	*92*	*67*
Realized gains and losses on debt instruments	*-12*	*128*
Net gains or losses on financial assets and liabilities at amortized cost	**0**	**0**
Net income on investment property	**4**	**0**
Cost of credit risk on investments related to insurance activities	**-1**	**3**
TOTAL	**4,405**	**-4,483**

Note 30 Income/expenses generated by other activities

	06/30/2023	06/30/2022 restated
INCOME FROM OTHER ACTIVITIES		
Investment property	0	0
Rebilled expenses	30	27
Other income	735	673
Subtotal	**765**	**700**
EXPENSES ON OTHER ACTIVITIES		
Investment property:	-5	-5
▪ additions to provisions/depreciation	-5	-5
Other expenses	-317	-259
Subtotal	**-322**	**-263**
NET TOTAL OF OTHER INCOME AND EXPENSES	**443**	**437**

Note 31 General operating expenses

	06/30/2023	06/30/2022 restated
Employee benefit expense	-2,656	-2,504
Other operating expenses	-1,629	-1,495
Movements in depreciation, amortization and impairment for property, plant and equipment and intangible assets	-364	-360
TOTAL	**-4,649**	**-4,358**

31a Employee benefit expense

	06/30/2023	06/30/2022 restated
Wages and salaries	-1,565	-1,470
Social security contributions	-669	-610
Short-term employee benefits	-1	-1
Employee profit-sharing and incentive schemes	-171	-188
Payroll-based taxes	-229	-217
Personnel expenses related to non-attributable insurance activities	-21	-19
Other	0	1
TOTAL	**-2,656**	**-2,504**

WORKFORCE

Average workforce	06/30/2023	06/30/2022 restated
Bank technical staff	39,564	39,269
Managers	30,629	29,713
TOTAL	**70,193**	**68,982**
of which France	57,444	56,448
of which rest of the world	12,749	12,534

31b Other operating expenses

	06/30/2023	06/30/2022 restated
Taxes and duties[1]	-408	-500
Leases	-148	-129
▪ short-term asset leases	-50	-44
▪ low value/substitutable asset leases[2]	-92	-80
▪ other leases	-6	-5
Other external services	-967	-780
Other non-attributable operating expenses related to insurance activities	-36	-32
Other miscellaneous expenses	-70	-54
TOTAL	**-1,629**	**-1,495**

(1) The entry "Taxes and duties" includes an expense of -€217 million as part of the contribution to the Single Resolution Fund in 2023, compared to a -€319 million expense in 2022.
(2) Includes IT equipment.

31c Movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets

	06/30/2023	06/30/2022 restated
Amortizations	-360	-357
▪ property, plant and equipment	-302	-297
including usage rights	*-114*	*-113*
▪ intangible assets	-58	-60
Impairments	-2	0
▪ property, plant and equipment	-1	-1
▪ intangible assets	-1	1
Depreciation, amortization and provisions related to non-attributable insurance activities	-2	-3
TOTAL	**-364**	**-360**

31d Reconciliation of expenses by type *versus* destination for insurance activities

	06/30/2023			06/30/2022 restated		
	Related costs	Non-attributable costs	Total	Related costs	Non-attributable costs	Total
Employee benefit expense	**-21**	**-475**	**-496**	**-19**	**-475**	**-494**
Wages and salaries	-12	-422	-433	-10	-428	-439
Social security contributions	-5	-27	-31	-4	-24	-28
Short-term employee benefits	0	-2	-3	0	-2	-2
Employee profit-sharing and incentive schemes	-2	-14	-16	-2	-10	-12
Payroll-based taxes	-2	-9	-11	-2	-9	-11
Other	0	-1	-1	0	-2	-2
Other operating expenses	**-36**	**-449**	**-485**	**-32**	**-448**	**-480**
Taxes & duties	0	-37	-37	0	-41	-41
Leases	0	-9	-9	1	-10	-9
▪ Short-term asset leases	0	0	0	0	0	0
▪ Low value/substitutable asset leases	0	0	0	0	0	0
▪ Other leases	0	-9	-9	1	-10	-9
Other external services	-32	-395	-427	-29	-386	-415
Other miscellaneous expenses	-3	-8	-12	-3	-11	-15
Movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets	**-2**	**-2**	**-4**	**-3**	**-2**	**-4**
Amortizations	-2	-2	-4	-3	-2	-4
▪ Property, plant and equipment	-2	-2	-4	-3	-2	-4
Of which usage rights	-1	0	-1	-2	0	-2
▪ Intangible assets	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
▪ Property, plant and equipment	0	0	0	0	0	0
▪ Intangible assets	0	0	0	0	0	0
General operating expenses related to insurance activities	**-58**	**-926**	**-984**	**-53**	**-925**	**-978**
Commissions, fees and other similar expenses	0	-107	-107	0	-73	-73
Acquisition costs for the period deferred on the balance sheet	0	11	11	0	11	11
Amortized acquisition costs	0	0	0	0	0	0
Impaired acquisition costs	0	0	0	0	0	0
Other expenses related to insurance activities	0	-96	-96	0	-63	-63
TOTAL INSURANCE CONTRACT COSTS	**-58**	**-1,022**	**-1,080**	**-53**	**-987**	**-1,040**
Of which costs related to insurance contracts allocated to insurance services expenses	0	-1,022	-1,022	0	-987	-987
Of which costs not related to insurance contracts not allocated to insurance services expenses	-58	0	-58	-53	0	-53

Note 32 Cost of counterparty risk

	06/30/2023	06/30/2022 restated
12-month expected losses (S1)	-37	-66
Expected losses at maturity (S2)	11	-53
Impaired assets (S3)	-653	-351
TOTAL	**-679**	**-470**

The cost of risk on financial instruments used in insurance activities is presented in net revenue (see note 29a).

06/30/2023	Allocations	Reversals	Loan losses covered by pensions	Loan losses not covered by provisions	Recovery of loans written off in prior years	Total
12-month expected losses (S1)	-389	352	-	-	-	-37
▪ Loans and receivables due from credit institutions at amortized cost	-2	2	-	-	-	0
▪ Receivables from customers at amortized cost	-292	260	-	-	-	-32
of which finance leases	-30	23	-	-	-	-7
▪ Financial assets at amortized cost – Securities	0	0	-	-	-	0
▪ Financial assets at fair value through equity – Debt securities	-16	15	-	-	-	-1
▪ Financial assets at fair value through equity – Loans	0	0	-	-	-	0
▪ Commitments given	-79	75	-	-	-	-4
Expected losses at maturity (S2)	-623	635	-	-	-	12
▪ Loans and receivables due from credit institutions at amortized cost	0	1	-	-	-	1
▪ Receivables from customers at amortized cost	-578	579	-	-	-	1
of which finance leases	-37	38	-	-	-	1
▪ Financial assets at amortized cost – Securities	0	1	-	-	-	1
▪ Financial assets at fair value through equity – Debt securities	0	0	-	-	-	0
▪ Financial assets at fair value through equity – Loans	0	0	-	-	-	0
▪ Commitments given	-46	54	-	-	-	8
Impaired assets (S3)	-1,122	844	-299	-130	54	-653
▪ Loans and receivables due from credit institutions at amortized cost	0	0	0	0	0	0
▪ Receivables from customers at amortized cost	-1,021	793	-298	-129	54	-601
of which finance leases	-9	8	-3	-3	0	-7
▪ Financial assets at amortized cost – Securities	0	1	0	0	0	1
▪ Financial assets at fair value through equity – Debt securities	0	0	0	0	0	0
▪ Financial assets at fair value through equity – Loans	0	0	0	0	0	0
▪ Commitments given	-101	50	-1	-1	0	-53
TOTAL	-2,135	1,831	-299	-130	54	-679

06/30/2022 restated	Allocations	Reversals	Loan losses covered by pensions	Loan losses not covered by provisions	Recovery of loans written off in prior years	Total
12-month expected losses (S1)	-405	339	-	-	-	-66
▪ Loans and receivables due from credit institutions at amortized cost	-1	1	-	-	-	0
▪ Receivables from customers at amortized cost	-329	271	-	-	-	-58
of which finance leases	-21	17	-	-	-	-4
▪ Financial assets at amortized cost – Securities	0	0	-	-	-	0
▪ Financial assets at fair value through equity – Debt securities	-6	4	-	-	-	-2
▪ Financial assets at fair value through equity – Loans	0	0	-	-	-	0
▪ Commitments given	-69	63	-	-	-	-6
Expected losses at maturity (S2)	-794	741	-	-	-	-53
▪ Loans and receivables due from credit institutions at amortized cost	-3	0	-	-	-	-3
▪ Receivables from customers at amortized cost	-704	659	-	-	-	-45
of which finance leases	-37	32	-	-	-	-5
▪ Financial assets at amortized cost – Securities	0	0	-	-	-	0
▪ Financial assets at fair value through equity – Debt securities	-1	3	-	-	-	2
▪ Financial assets at fair value through equity – Loans	0	0	-	-	-	0
▪ Commitments given	-86	79	-	-	-	-7
Impaired assets (S3)	-839	1,043	-490	-130	65	-351
▪ Loans and receivables due from credit institutions at amortized cost	0	0	0	0	0	0
▪ Receivables from customers at amortized cost	-803	980	-481	-129	65	-366
of which finance leases	-8	11	-5	-2	0	-4
▪ Financial assets at amortized cost – Securities	0	19	0	0	0	19
▪ Financial assets at fair value through equity – Debt securities	0	0	-8	0	0	-8
▪ Financial assets at fair value through equity – Loans	0	0	0	0	0	0
▪ Commitments given	-36	44	-1	-1	0	6
TOTAL	-2,038	2,123	-490	-130	65	-470

Note 33 Gains/(losses) on other assets

	06/30/2023	06/30/2022 restated
Property, plant and equipment and intangible assets	4	4
▪ Capital losses on disposals	-4	-6
▪ Capital gains on disposals	7	10
Net gains/(losses) on disposals of shares in consolidated entities	1	41
TOTAL	4	45

Note 34 Changes in the value of goodwill

	06/30/2023	06/30/2022 restated
Impairment of goodwill	0	-1
Negative goodwill stated in profit or loss	0	0
TOTAL	0	-1

Note 35 Income taxes

BREAKDOWN OF INCOME TAX EXPENSE

	06/30/2023	06/30/2022 restated
Current taxes	-727	-747
Deferred tax expense	19	-47
Adjustments in respect of prior fiscal years	-3	13
TOTAL	**-711**	**-781**

Note 36 Related party transactions

BALANCE SHEET ITEMS PERTAINING TO RELATED PARTY TRANSACTIONS

	06/30/2023		12/31/2022 restated	
	Associates (companies accounted for using the equity method)	Other establishments belonging to the National Confederation	Associates (companies accounted for using the equity method)	Other establishments belonging to the National Confederation
ASSETS				
Financial assets at fair value through profit or loss	0	391	3	309
Financial assets at FVOCI	0	0	0	0
Financial assets at amortized cost	5,102	2,733	4,859	3,183
Investments of insurance activities	0	84	0	84
Insurance contracts issued - Assets	0	0	0	0
Reinsurance contracts held - Assets	0	0	0	0
Other assets	6	9	46	5
TOTAL	**5,108**	**3,217**	**4,907**	**3,581**
LIABILITIES				
Liabilities at fair value through profit or loss	98	104	99	53
Debt securities	0	21	0	20
Due to credit institutions	632	782	1,471	859
Due to customers	12	6	13	35
Insurance contracts issued - liabilities	0	0	0	0
Subordinated debt	0	65	0	66
Miscellaneous liabilities	0	1	0	1
TOTAL	**742**	**978**	**1,583**	**1,034**
Financing commitments given	0	0	0	6
Guarantee commitments given	27	4	27	45
Financing commitments received	0	0	0	0
Guarantee commitments received	0	711	0	720

BALANCE SHEET ITEMS PERTAINING TO RELATED PARTY TRANSACTIONS

	06/30/2023		06/30/2022 restated	
	Associates (companies accounted for using the equity method)	Other establishments belonging to the National Confederation	Associates (companies accounted for using the equity method)	Other establishments belonging to the National Confederation
Interest income	51	52	-9	7
Interest expense	-36	-16	3	-16
Commission income	0	7	1	8
Commission expense	-0	-5	-0	-7
Net gains/(losses) on financial assets at FVOCI and FVPL	19	0	-63	-1
Income from insurance contracts issued	0	-60	0	-62
Expenses related to insurance contracts issued	0	0	0	0
Income and expenses related to reinsurance contracts held	0	0	0	0
Financial income or financial expenses from insurance contracts issued	0	0	0	0
Financial income or expenses related to reinsurance contracts held	0	3	0	2
Net income from financial investments related to insurance activities	0	0	0	0
Other income and expenses	4	25	5	23
General operating expenses	1	-23	1	-11
TOTAL	**41**	**-16**	**-62**	**-57**

Note 37 Events after the reporting period and other information

Nil.

5.3 STATUTORY AUDITORS' REPORT ON THE HALF-YEAR FINANCIAL INFORMATION

PricewaterhouseCoopers France
63, rue de VIlliers
92208 Neuilly-sur-Seine Cedex
SARL with capital of €86,000
338 683 956 R.C.S. Nanterre

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

KPMG S.A.
Tour EQHO
2, Avenue Gambetta
CS 60055
92066 Paris La Défense Cedex

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

Caisse Fédérale de Crédit Mutuel

Registered office: 4, rue Frédéric-Guillaume Raiffeisen - 67000 Strasbourg

Statutory Auditors' report on the 2023 half-year financial information

Period from January 1, 2023 to June 30, 2023

Dear Shareholders,

Pursuant to the assignment entrusted to us by your Shareholders' Meeting, and pursuant to Article L.451-1-2 III of the French Monetary and Financial Code, we conducted:

- the review of the condensed consolidated half-year financial statements of Crédit Mutuel Alliance Fédérale for the period from January 1, 2023 to June 30, 2023, as attached to this report;
- a verification of the information presented in the interim business report.

These condensed consolidated half-year financial statements were prepared under the responsibility of the Board of Directors on July 27, 2023. Our role is to express a conclusion on these financial statements based on our review.

I - Conclusion on the financial statements

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

A limited review mainly consists of interviewing the members of management in charge of accounting and financial matters and of implementing analytical procedures. This work is less extensive than that required for an audit conducted in accordance with the professional standards applicable in France. Consequently, the assurance that the financial statements, taken as a whole, are free from material misstatements obtained through a limited review is a moderate assurance, of a lesser degree than that obtained through an audit.

Based on our review, nothing has come to our attention that would lead us to believe that the condensed consolidated half-year financial statements are not prepared, in all material respects, in accordance with IAS 34, as adopted by the European Union, regarding interim financial information.

Observation

Without calling into question the conclusion expressed above, we draw your attention to the change in accounting method concerning the application as from January 1, 2023 of IFRS 17 "Insurance contracts" and concomitantly of IFRS 9 "Financial instruments" on the financial instruments portfolios of insurance activities as set out in Note 1 "Amendments applicable at January 1, 2023; Application of IFRS 17 and IFRS 9 to insurance activities" as well as in the other notes to the financial statements presenting figures related to the impacts of this change.

II - Specific checks

We also checked the information presented in the interim business report commenting on the condensed consolidated half-year financial statements subject to our limited review.

We have no comment to make as to its accuracy or consistency with the condensed consolidated half-year financial statements.

Paris La Défense, August 10, 2023
KPMG S.A.

Neuilly-sur-Seine, August 10, 2023
PricewaterhouseCoopers France

Sophie Sotil-Forgues
Partner

Arnaud Bourdeille
Partner

Laurent Tavernier
Partner

6 BANQUE FÉDÉRATIVE DU CRÉDIT MUTUEL CONSOLIDATED FINANCIAL STATEMENTS

6.1 BFCM CONSOLIDATED FINANCIAL STATEMENTS

6.1.1 Balance sheet

Balance sheet (assets)

(in € millions)	06/30/2023	12/31/2022 restated	01/01/2022	Notes
Cash, central banks	105,723	111,454	120,723	4
Financial assets at fair value through profit or loss	32,064	28,599	23,722	5a
Hedging derivatives	3,856	4,253	2,128	6a
Financial assets at fair value through equity	35,291	34,327	30,978	7
Securities at amortized cost	3,403	3,397	3,640	10a
Loans and receivables due from credit institutions and similar at amortized cost	60,737	57,969	57,059	10b
Loans and receivables due from customers at amortized cost	327,915	322,279	286,482	10c
Revaluation differences on interest-risk hedged portfolios	-2,690	-2,733	449	6b
Financial investments of insurance activities	127,617	122,976	136,639	13a
Insurance contracts issued - Assets	18	18	26	13a
Reinsurance contracts held - Assets	298	328	277	13a
Current tax assets	759	971	809	14a
Deferred tax assets	843	910	955	14b
Accruals and other assets	9,688	7,355	8,159	15a
Non-current assets held for sale	5,112	4,874	107	3c
Investments in equity consolidated companies	827	821	799	16
Investment property	35	28	30	17
Property, plant and equipment	2,289	2,339	2,377	18a
Intangible assets	474	471	488	18b
Goodwill	2,111	2,109	3,098	19
TOTAL ASSETS	**716,370**	**702,745**	**678,946**	

Balance sheet (liabilities)

(in € millions)	06/30/2023	12/31/2022 restated	01/01/2022	Notes
Central banks	303	44	605	4
Financial liabilities at fair value through profit or loss	20,687	18,772	12,082	5b
Hedging derivatives	6,434	6,725	2,034	6a
Debt securities at amortized cost	150,418	134,560	121,463	11a
Due to credit and similar institutions at amortized cost	66,314	81,256	83,072	11b
Due to customers at amortized cost	282,153	283,682	274,257	11c
Revaluation differences on interest-risk hedged portfolios	-57	-14	13	6b
Current tax liabilities	361	387	582	14a
Deferred tax liabilities	413	451	779	14b
Deferred income, accrued charges and other liabilities	15,384	11,274	9,673	15b
Debt related to non-current assets held for sale	3,537	3,622	0	3c
Insurance contracts issued - liabilities	115,847	110,334	124,381	13c, 13d
Insurance contracts held - liabilities	0	0	0	
Provisions	2,471	2,453	3,604	20
Subordinated debt at amortized cost	11,609	10,361	9,607	21
Total shareholders' equity	40,495	38,836	36,793	22
Shareholders' equity – Attributable to the group	36,166	34,588	32,774	22
Capital and related reserves	6,495	6,495	6,198	22a
Consolidated reserves	27,961	25,778	23,803	22a
Gains and losses recognized directly in equity	213	-26	247	22b
Profit/(loss) for the period	1,498	2,341	2,526	
Shareholders' equity – Non-controlling interests	4,329	4,248	4,019	
TOTAL LIABILITIES	**716,370**	**702,745**	**678,946**	

6.1.2 Income statement

Income statement

(in € millions)	06/30/2023	06/30/2022 restated	Notes
Interest and similar income	13,206	4,956	24
Interest and similar expenses	-9,891	-1,881	24
Commissions (income)	2,132	2,084	25
Commissions (expenses)	-638	-593	25
Net gains on financial instruments at fair value through profit or loss	467	366	26
Net gains/(losses) on financial assets at fair value through equity	-91	-27	27
Net gains/(losses) resulting from derecognition of financial assets at amortized cost	0	0	28
Income from insurance contracts issued	3,631	3,451	29, 29a
Expenses related to insurance contracts issued	-3,059	-2,949	29, 29a
Income and expenses related to reinsurance contracts held	-42	18	29
Financial income or financial expenses from insurance contracts issued	-4,329	4,539	29
Financial income or expenses related to reinsurance contracts held	2		29
Net income from financial investments related to insurance activities	4,417	-4,473	29b
Income from other activities	404	369	30
Expenses on other activities	-263	-199	30
Net revenue	**5,947**	**5,663**	
General operating expenses	-2,938	-2,787	31a, 31d, 31b, 31c
Movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets	-158	-158	31d
Gross operating income/(loss)	**2,851**	**2,718**	
Cost of counterparty risk	-603	-415	32
Operating income	**2,248**	**2,302**	
Share of net income of equity consolidated companies	25	20	16
Gains/(losses) on disposals of other assets	0	40	33
Changes in the value of goodwill	0	-1	34
Net profit/(loss) before tax	**2,273**	**2,362**	
Income tax	-595	-596	35
Post-tax gains/(losses) on discontinued operations	0	0	3c
Net profit/(loss)	**1,678**	**1,766**	
Net profit/(loss) – Non-controlling interests	180	169	
GROUP NET INCOME	**1,498**	**1,597**	
Basic earnings per share in euros	44	47	36
Diluted earnings per share in euros	44	47	36

Statement of net income and gains and losses recognized in shareholders' equity

(in € millions)	06/30/2023	06/30/2022 restated
Net profit/(loss)	1,678	1,766
Translation adjustments	-9	131
Revaluation of financial assets at fair value through equity – debt instruments	12	-137
Reclassification of financial assets from fair value through equity to fair value through profit or loss	-	-
Remeasurement of hedging derivatives	-3	11
Revaluation of equity instruments recognized at fair value through equity of insurance activities	419	-6,954
Revaluation of insurance and reinsurance contracts in recyclable shareholders' equity	-520	6,298
Share of unrealized or deferred gains and losses of equity consolidated companies	-2	1
Total recyclable gains and losses recognized directly in equity	-102	-650
Revaluation of financial assets at fair value through equity – equity instruments at closing	3	-5
Revaluation of financial assets at fair value through equity – equity instruments sold during the year	0	0
Revaluation of equity instruments recognized at fair value through equity of insurance activities	426	241
Impact of revaluation of VFA insurance contracts - non-recyclable	1	-54
Revaluation differences related to own credit risk on financial liabilities under fair value option	-	-
Revaluation of non-current assets	-	-
Actuarial gains and losses on defined benefit plans	20	296
Share of non-recyclable gains and losses of equity consolidated companies	0	-
Total non-recyclable gains and losses recognized directly in equity	450	478
Net income and gains and losses recognized directly in equity	2,025	1,590
o/w attributable to the group	*1,736*	*1,577*
o/w value of non-controlling interests	*289*	*13*

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

6.1.3 Changes in shareholders' equity

				Gains and losses recognized directly in equity							
(in € millions)	Capital	Premiums	Reserves[1]	Translation adjustments	Assets at fair value through equity	Hedging derivatives	Actuarial gains and losses	Group net income	Shareholders' equity attributable to the group	Non-controlling interests	Total consolidated shareholders' equity
SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2021	**1,689**	**4,509**	**21,759**	**42**	**1,093**	**2**	**-299**	**2,487**	**31,282**	**3,845**	**35,127**
Impact of the implementation of IFRS 17 and IFRS 9 insurance	-	-	751	-	-457	-	-	-	294	151	445
Correction of error regarding Vie Mutuelle consolidation	-	-	1,026	-	96	-	-	-	1,122	97	1,219
SHAREHOLDERS' EQUITY AS OF JANUARY 1, 2022	**1,689**	**4,509**	**23,537**	**42**	**732**	**2**	**-299**	**2,487**	**32,698**	**4,093**	**36,791**
Appropriation of earnings from previous fiscal year	-	-	2,487	-	-	-	-	-2,487	0	-	0
Capital increase	23	-	-	-	-	-	-	-	23	-	23
Distribution of dividends	-	-	-230	-	-	-	-	-	-230	-152	-382
Acquisitions of additional shareholdings or partial disposals	-	-	-	-	-	-	-	-	0	-	0
Subtotal of movements related to relations with shareholders	**23**	**0**	**2,257**	**-**	**-**	**-**	**-**	**-2,487**	**-207**	**-152**	**-359**
Consolidated income for the period	-	-	-	-	-	-		1,597	1,597	169	1,766
Changes in gains and losses recognized directly in equity	-	-	-2	130	-535	9	280	-	-118	-178	-295
Subtotal	**0**	**0**	**-2**	**130**	**-535**	**9**	**280**	**1,597**	**1,480**	**-9**	**1,471**
Effects of acquisitions and disposals on non-controlling interests[2]	-	-	-18	-	-	-	-	-	-18	-22	-40
Other changes	-	275	1	-	-	-	-	-	276	334	610
SHAREHOLDERS' EQUITY AS OF JUNE 30, 2022	**1,711**	**4,784**	**25,775**	**173**	**197**	**11**	**-19**	**1,597**	**34,228**	**4,245**	**38,473**
Appropriation of earnings from previous fiscal year	-	-	-	-	-	-	-	-	-	-	-
Capital increase	-	-	-	-	-	-	-	-	-	-	-
Distribution of dividends	-	-	-	-	-	-	-	-	-	-	-
Acquisitions of additional shareholdings or partial disposals	-	-	-	-	-	-	-	-	-	-	-
Subtotal of movements related to relations with shareholders	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Consolidated income for the period	-	-	-	-	-	-	-	744	744	167	911

Changes in gains and losses recognized directly in equity	-	-	9	-53	-302	8	-41	-	-379	-129	-508
Subtotal	**-**	**-**	**9**	**-53**	**-302**	**8**	**-41**	**744**	**365**	**38**	**403**
Effects of acquisitions and disposals on non-controlling interests[2]	-	-	-3	-	-	-	-	-	-3	-10	-13
Other changes	-	-	-3	-	-	-	-	-	-3	-25	-28
SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2022	**1,711**	**4,784**	**25,778**	**120**	**-105**	**19**	**-60**	**2,341**	**34,588**	**4,248**	**38,836**
Appropriation of earnings from previous fiscal year	-	-	2,341	-	-	-	-	-2,341	-	-	-
Capital increase[3]	-	-	-	-	-	-	-	-	-	-	-
Distribution of dividends	-	-	-183	-	-	-	-	-	-183	-177	-360
Acquisitions of additional shareholdings or partial disposals	-	-	-	-	-	-	-	-	-	-	-
Subtotal of movements related to relations with shareholders	**-**	**-**	**2,159**	**-**	**-**	**-**	**-**	**-2,341**	**-183**	**-177**	**-360**
Consolidated income for the period	-	-	-	-	-	-	-	1,498	1,498	180	1,678
Changes in gains and losses recognized directly in equity	-	-	-	-10	226	-2	25	-	238	110	348
Subtotal	**-**	**-**	**-**	**-10**	**226**	**-2**	**-25**	**1,498**	**1,736**	**289**	**2,026**
Effects of acquisitions and disposals on non-controlling interests[2]	-	-	-3	-	-	-	-	-	-3	-4	-7
Other changes	-	-	28	-	-	-	-	-	28	-28	-
SHAREHOLDERS' EQUITY AS OF JUNE 30, 2023	**1,711**	**4,784**	**27,961**	**110**	**121**	**17**	**-36**	**1,498**	**36,166**	**4,329**	**40,495**

(1) Reserves as of June 30, 2023 comprised the legal reserve (€169 million), statutory reserves (€6,705 million) and other reserves (€18,904 million).

(2) Concerns the discounting of the debt linked to the Cofidis put, as well as the recognition of a put at Press division level.

6.1.4 Statement of net cash flows

(in € millions)	06/30/2023	06/30/2022 restated
Net profit/(loss)	1,678	1,766
Tax	595	596
Net profit/(loss) before tax	**2,273**	**2,362**
+/- Net depreciation and amortization of property, plant and equipment and intangible assets	154	154
- Impairment of goodwill and other fixed assets	1	1
+/- Net provisions and impairments	240	-129
+/- Share of income from companies consolidated using the equity method	-26	-20
+/- Net loss/gain from investing activities	-55	-44
+/- (Income)/expenses from financing activities		0
+/- Other movements	7,363	-7,584
= Total non-monetary items included in net income before tax and other adjustments	**7,677**	**-7,622**
+/- Flows related to transactions with credit institutions	-16,998	-2,074
+/- Flows related to client transactions	-8,558	-16,856
+/- Flows related to other transactions affecting financial assets or liabilities	572	3,526
+/- Flows related to other transactions affecting non-financial assets or liabilities	2,816	-4,452
Taxes paid	-327	-463
= Net decrease/(increase) in assets and liabilities from operating activities	**-22,495**	**-20,319**
Total net cash flow generated by operating activities (A)	-12,545	-25,580
+/- Flows related to financial assets and investments	11	321
+/- Flows related to investment property	56	48
+/- Flows related to property, plant and equipment and intangible assets	-83	-93
Total net cash flow related to investing activities (B)	-16	276
+/- Cash flow to or from shareholders	-349	-380
+/- Other net cash flows from financing activities	7,804	4,476
Total net cash flow related to financing transactions (C)	7,455	4,096
Effect of foreign exchange rate changes on cash and cash equivalents (D)	-77	421
Net increase/(decrease) in cash and cash equivalents (A + B + C + D)	-5,183	-20,787
Net cash flow generated by operating activities (A)	-12,545	-25,580
Net cash flow related to investing activities (B)	-16	276
Net cash flow related to financing transactions (C)	7,455	4,096
Effect of foreign exchange rate changes on cash and cash equivalents (D)	-77	421
Cash and cash equivalents at opening	**96,447**	**112,240**
Cash, central banks (assets and liabilities)	111,399	120,120
Accounts (assets and liabilities) with and demand loans/borrowings from credit institutions	-14,952	-7,880
Cash and cash equivalents at closing	**91,264**	**91,454**
Cash, central banks (assets and liabilities)	105,411	103,320
Accounts (assets and liabilities) with and demand loans/borrowings from credit institutions	-14,147	-11,867
CHANGE IN NET CASH POSITION	-5,183	-20,787

6.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF BFCM

Figures in the notes are presented in millions of euros.

Note 1 Accounting policies and principles

Pursuant to Regulation (EC) 1606/2002 on the application of international accounting standards and Regulation (EC) 1126/2008 on their adoption of said standards, the consolidated financial statements have been prepared in accordance with IFRS as adopted by the European Union at June 30, 2023.

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

The financial statements are presented in the format recommended by the Autorité des normes comptables (French Accounting Standards Authority) Recommendation No. 2022-01 on IFRS Summary Financial Statements[1]. They comply with international accounting standards as adopted by the European Union.

The group's condensed half-year consolidated financial statements in respect of the interim financial position at June 30, 2023 were prepared and are presented in accordance with IAS (International Accounting Standard) 34 "Interim Financial Reporting". The notes to the half-year consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the fiscal year ended December 31, 2022 as they appear in the 2022 Universal Registration Document.

Information on risk management is included in the group's management report.

Amendments applicable from January 1, 2023

Since January 1, 2023, the group has applied the amendments adopted by the European Union and the IFRIC decision as presented below:

- **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, it is possible to reasonably expect them to influence the decisions of the financial statements' main users.

- **Amendments to IAS 8 – Definition of accounting estimates**
  Its objective is to facilitate the distinction between the changes in accounting methods and accounting estimates by introducing an explicit definition of the notion of accounting estimates.

  They represent the amounts in the financial statements whose assessment is uncertain.

- **Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction**
  It generalizes the recognition of a deferred tax for leases and decommissioning obligations.

  The group was not impacted by these amendments at June 30, 2023.

Application of IFRS 17 and IFRS 9 to insurance activities

Since January 1, 2023, the group has applied IFRS 17 - Insurance contracts and IFRS 9 Financial instruments for its insurance activities.

Details of the IFRS 9 and IFRS 17 principles applied by the group are presented in the "Accounting principles and assessment methods" section.

- **Application of IFRS 17**
  IFRS 17 is applied retrospectively. It imposes a transition date corresponding to the beginning of the fiscal year immediately preceding the date of first application, namely January 1, 2022.

  The retrospective measurement of these assets and liabilities at transition, and notably of the various portfolios of insurance contracts, may be subject to alternative approaches when the historical information necessary for a fully retrospective application is not available.

(1) It should be noted that the group has chosen to group the financial instruments carried by its insurance divisions, in a different way from that proposed by the Recommendation. See Section II-2 Insurance activities.

Thus, the group applies a modified retrospective approach for the majority of insurance contract portfolios, which makes it possible, based on reasonable information available without excessive cost or effort, to obtain valuations that come as close as possible to those that would result from the full retrospective application of the standard.

The differences in the valuation of insurance assets and liabilities resulting from the retrospective application of IFRS 17 as of January 1, 2022 are presented directly in shareholders' equity.

<u>Methods for applying the modified retrospective approach</u>

The goal of the modified retrospective approach is to arrive at a result that is as close as possible to the result that would have been obtained by applying the full retrospective approach, based on reasonable and justified information that may be obtained without incurring excessive costs or efforts.
Thus, the entities concerned have applied the modified retrospective approach to the majority of the portfolios of existing contracts, whether in personal insurance (notably in borrower insurance) or in Life/Savings.
The simplifications used were based on the availability of the necessary information, according to the portfolios considered.
For the calculation of the CSM at the transition date, the group chose to favor the modified retrospective method over the fair value approach, provided, however, that the modified retrospective approach is not impracticable. **The modified retrospective approach was considered feasible as of the 2012 fiscal year.**

<u>Portfolios modeled according to the general model</u>

In the case of contracts valued according to the general model, the principle of the modified retrospective approach consists in reconstituting the liabilities at the date of initial recognition based on their measurement at the date of transition, by retroactively reconstituting the changes between the two dates with simplifications:

- the initial cash flows are estimated by adding to the amount at the transition date the actual cash flows recorded between the two dates;
- the discount rate at inception can be determined using yield curves simulating those at the date of initial recognition;
- changes in the adjustment for non-financial risk between the initial date and the transition date can be estimated based on the release periods observed on similar contracts.

For the liability for remaining coverage thus reconstituted at the inception date, the initial contractual service margin (if any) is amortized on the basis of the services rendered over the period prior to the transition in order to determine the amount of the contractual service margin remaining at that date.
When the contracts are combined into a single group at the transition date, the discount rate at that date may be used.
When the option of splitting the financial changes in income and equity is chosen, it requires reconstituting the amount recognized in shareholders' equity at the transition date, on the basis of the original rate in the case of liability for remaining coverage and of the rate at the date of the incident in the case of liability for incurred claims.
When such reconstitution is not possible, the amount recognized in shareholders' equity is zero.

The group chose to use only certain simplifications proposed by the MRA, notably the approximation of cash flows through past actual flows and the approximation of the adjustment for risk. The groups of annual contracts from 2012 to 2021 were reconstituted and the calculation of the revaluation in shareholders' equity recyclable in respect of changes in discount rates was carried out retrospectively, without simplification.

<u>Portfolios modeled according to the simplified model</u>

In the case of contracts valued according to the simplified model ("PAA"), the provisions for the remaining coverage were determined at transition on the basis of the former provisions for unearned premiums, gross of acquisition costs, because the group opted for the recognition of acquisition costs as expenses.
The claims reserves corresponding to these contracts consist of the expected cash flows and the adjustment for non-financial risk at the transition date. The amount recognized in shareholders' equity recyclable at the transition date in respect of changes in discount rates was reconstituted on the basis of historical rates.

<u>Portfolios modeled according to the VFA model</u>
For Life/Savings contracts valued using the variable fee model, the modified retrospective approach also consists of reconstituting the liability at the original date on the basis of the liability at the transition date. However, for the liability for remaining coverage, the standard provides that the contractual service margin at the transition date be determined according to the following approach:

- from the realizable value of the underlying assets at the transition date are first deducted fulfilment cash flows (discounted cash flows and adjustment for risk) at that same date;
- to this amount are added the income deducted from policyholders and the changes in the risk adjustment, and from it are deducted the acquisition costs paid during the interim period;
- the contractual service margin net of acquisition costs thus reconstituted at the beginning is then amortized until the date of transition to reflect the services rendered at that date, as well as the acquisition costs remaining to be amortized.

For the implementation of this approach, the main simplifications were as follows:

- the existing contracts were grouped according to the segmentation planned post-transition, without breaking them down by annual cohorts, in line with the choice of the exception provided for by the European regulation;
- the contractual service margin at the transition date was thus reconstituted:
  - based on the market value of the underlying assets (see above) less fulfilment cash flows at the transition date,
  - by adding past margins from historical data (accounting or management), which have been re-spread until the transition date (using the same approach, taking into account the "over-yield" of assets, as that which will be used after the transition), and
  - less acquisition costs yet to be amortized;
  - the amount recognized in shareholders' equity recyclable at the transition date in respect of the adjustment for accounting mismatch was determined using the realizable value of the underlying assets recognized in shareholders' equity recyclable at the transition date, as provided for by the standard.

Application of IFRS 9

As the group deferred the application of IFRS 9, for the group's insurance entities, until the date of application of IFRS 17, IFRS 9 was applied at January 1, 2023. The classification and measurement, as well as the new IFRS 9 impairment model, are applied retrospectively.

To be consistent with the transition procedures of IFRS 17, and in order to provide more relevant information, the group restated the comparative data for the 2022 fiscal year relating to the relevant financial instruments of its insurance entities (including financial instruments derecognized in 2022).

The group opted for the application of the so-called "overlay" approach to recognize asset disposals for the 2022 fiscal year, as if these disposals had been recognized under IFRS 9, in accordance with the amendment relating to the presentation of IFRS 9-IFRS 17, adopted by the EU in September 2022.

This overlay approach makes it possible to standardize the impact of the transition on consolidated shareholders' equity under IFRS 9 and IFRS 17 at January 1, 2022.

The valuation differences of the financial assets and liabilities concerned, and the impairment for credit risk and gains and losses recognized directly in equity resulting from the retrospective application of IFRS 9 at January 1, 2022, will be presented directly in shareholders' equity.

Other impacts related to the application of IFRS 17

With effect from the first-time application of IFRS 17, the group has applied the amendments to IAS 40 and IAS 16 resulting from IFRS 17, leading to the measurement at market value through profit or loss of properties held as underlying items in direct participating contracts.

Impacts of the first-time application of IFRS 17 and IFRS 9 at December 31, 2022

The main impacts of the first-time application of IFRS 17 and IFRS 9 at December 31, 2022 for insurance entities were as follows:

Balance sheet (assets)

(in € millions)	12/31/2022 restated	Effect of IFRS 17/9 and other	Correction of error[1]	12/31/2022 published
Cash, central banks	111,454	0	0	111,454
Financial assets at fair value through profit or loss	28,599	0	-13	28,612
Hedging derivatives	4,253	0	0	4,253
Financial assets at fair value through equity	34,327	0	3	34,324
Securities at amortized cost	3,397	0	0	3,397
Loans and receivables due from credit institutions and similar at amortized cost	57,969	0	0	57,969
Loans and receivables due from customers at amortized cost	322,279	0	0	322,279
Revaluation differences on interest-risk hedged portfolios	-2,733	0	0	-2,733
Financial investments of insurance activities[2]	122,976	-445	14,574	108,847
Insurance contracts issued - Assets	18	18	0	0
Reinsurance contracts held - Assets	328	328	0	0
Current tax assets	971	2	11	958
Deferred tax assets	910	-1,024	138	1,796
Accruals and other assets	7,355	-42	-75	7,472
Non-current assets held for sale	4,874	-89	1	4,962
Deferred profit-sharing		-48	0	48
Investments in equity consolidated companies	821	-15	-41	877
Investment property	28	0	0	28
Property, plant and equipment	2,339	-101	2	2,438
Intangible assets	471	0	-1	472
Goodwill	2,109	-2	1	2,110
TOTAL ASSETS	702,745	-1,418	14,600	689,563

*(1) **Correction of error***
Until December 31, 2022, the mutual insurance company ACM Vie was not consolidated by Banque Fédérative du Crédit Mutuel (BFCM) due to its status as a "mutuelle".
This entity is under the control of the group within the meaning of IFRS 10 via Groupe des Assurances du Crédit Mutuel (GACM), which fully controls it, and should have been fully consolidated in the consolidated financial statements of BFCM to the tune of its 66% stake in GACM.
BFCM considers that this error did not generate a significant economic impact and corrected it for the 2023 fiscal year and on the opening balance sheet.
(2) This item includes insurance business investment property.

Balance sheet (liabilities)

(in € millions)	12/31/2022 restated	IFRS 17/9 effect and other	Correction of error[1]	12/31/2022 published
Central banks	44	0	0	44
Financial liabilities at fair value through profit or loss	18,772	0	-10	18,782
Hedging derivatives	6,725	0	0	6,725
Debt securities at amortized cost	81,256	6,964	-18	74,310
Due to credit and similar institutions at amortized cost	283,683	0	-5	283,688
Due to customers at amortized cost	134,560	0	-648	135,208
Revaluation differences on interest-risk hedged portfolios	-14	0	0	-14
Current tax liabilities	387	-103	1	489
Deferred tax liabilities	451	-355	14	792
Deferred income, accrued charges and other liabilities	11,274	47	-8	11,235
Debt related to non-current assets held for sale	3,622	-98	0	3,720
Liabilities relative to contracts of insurance activities		-120,121	13,629	106,492
Insurance contracts issued - liabilities	110,335	109,616	719	
Insurance contracts held - liabilities	0	0	0	
Provisions	2,453	1	33	2,419
Subordinated debt at amortized cost	10,361	910	0	9,451
Total shareholders' equity	**38,836**	**1,721**	**893**	**36,222**
Shareholders' equity – Attributable to the group	**34,588**	**1,134**	**1,013**	**32,441**
Capital and related reserves	6,495	0	0	6,495
Consolidated reserves	25,778	696	984	24,098
Gains and losses recognized directly in equity	-26	450	-35	-441
Profit/(loss) for the period	2,341	-12	64	2,288
Shareholders' equity – Non-controlling interests	**4,248**	**587**	**-120**	**3,781**
TOTAL LIABILITIES	702,745	-1,418	14,600	689,563

Net income

(in € millions)	06/30/2022 restated	IFRS 17/9 effect and other	Correction of error[1]	06/30/2022 published
Net interest margin	3,075	8	-5	3,072
Commission income and expense	1,491	27	-21	1,485
Net gains/(losses) resulting from the derecognition of financial assets at amortized cost	339	-9	0	348
Insurance service result	586	-684	78	1,192
Income/expenses generated by other activities	171	33	0	138
Net revenue	**5,662**	**-624**	**52**	**6,234**
General operating expenses	-2,946	627	-14	-3,559
Gross operating income	**2,716**	**3**	**38**	**2,675**
Cost of risk	-415	0	0	-415
Operating income	**2,301**	**4**	**38**	**2,259**
Other comprehensive income	59	-2	0	61
Income tax	-596	-7	-10	-579
Net profit/(loss)	**1,764**	**-6**	**28**	**1,742**
Net profit/(loss) – Non-controlling interests	169	-12	10	171
GROUP NET INCOME	**1,595**	**6**	**18**	**1,570**

*(1) **Correction of error***
Until December 31, 2022, the mutual insurance company ACM Vie was not consolidated by Banque Fédérative du Crédit Mutuel (BFCM) due to its status as a "mutuelle".
This entity is under the control of the group within the meaning of IFRS 10 via Groupe des Assurances du Crédit Mutuel (GACM), which fully controls it, and should have been fully consolidated in the consolidated financial statements of BFCM to the tune of its 66% stake in GACM.
BFCM considers that this error did not generate a significant economic impact and corrected it for the 2023 fiscal year and on the opening balance sheet.

The main transition effects related to IFRS 17 and IFRS 9 as of December 31, 2022 were:

a. The cancellation of insurance assets and liabilities under IFRS 4:

- in assets for €1,752 million, of which €402 million for reinsurance assets held, mainly technical reserve within "Financial investments of insurance activities";
- in liabilities for €120,121 million, of which €112,004 million in respect of insurance liabilities issued, mainly mathematical reserves within "Insurance contract liabilities issued".

b. The recognition of insurance and reinsurance assets and liabilities:

- as assets for €346 million in "Insurance contracts issued and reinsurance held";
- as liabilities for €109,617 million in "Insurance contracts issued";
- the reclassification of related receivables and payables in the measurement of insurance liabilities and reinsurance assets, previously recognized in "Accruals" and in "Other liabilities".

c. The revaluation of financial assets under "Financial investments of insurance activities" under IFRS 9 for €1,760 million was mainly due to the reclassification of the proprietary trading portfolio at amortized cost.

The group also applied the amendments to IAS 40, resulting from IFRS 17, leading to the valuation at market value through profit or loss of the properties held as underlying items of direct participating contracts and to recognizing €3,613 million in "Financial investments of insurance activities".

Financial liabilities recognized under IFRS 4 in "Insurance contract liabilities issued" are reclassified in the banking presentation aggregates for €6,965 million, of which €6,965 million in "Due to credit institutions" and €910 million in "Subordinated debt at amortized cost".

d. The application of IFRS 17 and IFRS 9 led to a net deferred tax impact on the group's shareholders' equity of €1,721 million at January 1, 2023.

The transition to IFRS 17 requires including, in the valuation of insurance contracts, distribution and management costs at group level (the employee benefits expense, administrative costs, depreciation & amortization expenses on non-current assets, etc.) directly attributable to the execution of insurance contracts and presenting them in "insurance services expenses" in net revenue.

Thus, future profits are to be presented at the level of the banking and insurance group restated for the internal margin generated by the distributor banking networks.

Impact of the transition on shareholders' equity

The impact of the transition on the insurance and banking scope was as follows at January 1, 2022:

	Accounting shareholders' equity
At 12/31/2021	35,127
IFRS 9 impairment	-26
Impact of reclassifications at FVPL	1,110
Effect of reclassifications at FVOCI	650
Impact of reclassifications at amortized cost	0
Deferred tax	-487
Other	7
At 01/01/2022 after application of IFRS 9	36,381
FTA IFRS 17	-808
At 01/01/2022 after application of IFRS 17 and 9	35,573
Correction of error[1]	1,219
At 01/01/2022	36,792

*(1) **Correction of error***
Until December 31, 2022, the mutual insurance company ACM Vie was not consolidated by Banque Fédérative du Crédit Mutuel (BFCM) due to its status as a "mutuelle".
This entity is under the control of the group within the meaning of IFRS 10 via Groupe des Assurances du Crédit Mutuel (GACM), which fully controls it, and should have been fully consolidated in the consolidated financial statements of BFCM to the tune of its 66% stake in GACM.
BFCM considers that this error did not generate a significant economic impact and corrected it for the 2023 fiscal year and on the opening balance sheet.

Effect of application of IFRS 17

The impact of the transition from IFRS 17 on shareholders' equity amounted to €446 million at January 1, 2022.
The tables below present the contractual service margin (CSM) determined at the transition date, according to the transition method applied. The first table addresses the CSM relating to insurance contracts issued, while the second table deals with the CSM ceded, for the scope of reinsurance contracts held.

(in € millions)	Full retrospective method	Modified retrospective method	Fair value	Total
i.e. Inventory of CSM at 01/01/2022 transition date	-	4,955	419	**5,373**

(in € millions)	Full retrospective method	Modified retrospective method	Fair value	Total
Inventory of CSM sold at 01/01/2022 transition date	-	-	60	**60**

The group applies the option provided for by IFRS 17 under the modified retrospective transition approach allowing the use of the discount rate curve at the January 1, 2022 transition date instead of the original discount rate curve on the date of initial recognition of the insurance contracts.

Impact of the application of IFRS 9 on financial investments of insurance activities

The following table reconciles:

- total financial investments at December 31, 2021, presented in accordance with IAS 39 (online) and total financial investments at January 1, 2022, presented in accordance with IFRS 9;
- impairments recognized in accordance with IAS 39 with provisions for credit risks recognized in accordance with IFRS 9.

At the transition date as of January 1, 2022, the impact of the transition to IFRS 9 is explained by a change in shareholders' equity related to the revaluation at market value of securities previously recognized at amortized cost (excl. tax), which will be classified at fair value through equity.

In addition, IFRS 9 does not result in any reclassification of financial liabilities.

The amount of IFRS 9 impairments at January 1, 2022 on the scope of insurance activities amounted to €26 million.

			Financial assets at fair value through profit or loss		Hedging derivatives	Financial assets at FVOCI		Financial assets at amortized cost	
At 01/01/2022	Amount at 12/31/2021	Deconsolidated insurance entities	Amount reclassified / retained	IFRS 9 effect	Amount reclassified / retained	Amount reclassified / retained	IFRS 9 effect	Amount reclassified / retained	IFRS 9 effect
Financial assets at fair value through profit or loss	27,409	322	28,699			51	0	0	0
Hedging derivatives	0				0				
Available-for-sale financial assets	79,409	-182	20,106	0		71,271	624	17	0
of which impairment	-875	0				-875	-43		
Loans and receivables due from credit institutions	5,075	-3	0	0		5,851		57	0
of which impairment							0		0
Loans and receivables due from customers	48	0	0	2		6	0	46	0
of which impairment	0						0		0
Held-to-maturity financial assets	5,556	1	20	0		6,328	0	0	0
of which impairment	0								0
AMOUNT AT 01/01/2022 (IFRS 9)	117,497	138	48,827		0	84,131		120	

Companies excluded from the scope of consolidation

Concurrently with the first-time application of IFRS 9 and IFRS 17, the insurance companies listed in the table below have been removed from the scope of consolidation, mainly to simplify the operating process for the preparation of the financial statements, insofar as this proves to be immaterial in terms of the portfolio, financial position and results. The 17 companies concerned include insurance companies, real estate companies and other companies.

Companies	Historical consolidation method
SERENIS ASSURANCES	Full Consolidation (FC)
ACM SERVICES	Full Consolidation (FC)
ASTREE	Equity Method (EM)
TARGOPENSIONES, ENTIDAD GESTORA DE FONDOS DE PENSIONES, S.A.	Full Consolidation (FC)
AGRUPACIÓ SERVEIS ADMINISTRATIUS A.I.E.	Full Consolidation (FC)
ASISTENCIA AVANÇADA BCN, S.L.	Full Consolidation (FC)
AMDIF, S.L.	Full Consolidation (FC)
ATLANTIS ASESORES, S.L.	Full Consolidation (FC)
ATLANTIS CORREDURÍA DE SEGUROS Y CONSULTORÍA ACTUARIAL, S.A.	Full Consolidation (FC)
ASESORAMIENTO EN SEGUROS Y PREVISIÓN ATLANTIS, S.L.	Full Consolidation (FC)
ICM LIFE	Full Consolidation (FC)
MTRL	Full Consolidation (FC)
PARTNERS	Full Consolidation (FC)
ACM COURTAGE	Full Consolidation (FC)
SCI ACM COTENTIN	Full Consolidation (FC)
SCI ACM TOMBE ISSOIRE	Full Consolidation (FC)

Macroeconomic and geopolitical context

As it does not have branches in Ukraine or Russia, the Crédit Mutuel group does not have teams present in the current areas of conflict; direct exposure in these two countries, as well as in Belarus, is therefore not significant. Furthermore, the group has no assets held by the Central Bank of Russia.

The Crédit Mutuel group is fully mobilized to face the impacts of the Ukrainian crisis and the context of increased economic uncertainties related to the rise in interest rates, the increase in commodity prices, high inflation and the tightening of monetary policies. In March 2023, confidence in the financial markets was further weakened by the bankruptcies of several US banks (including the Silicon Valley Bank), the takeover of Credit Suisse by UBS and the volatility of the price of bank securities. The group's exposures to SVB, UBS and Credit Suisse remain insignificant at group level.

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

Credit risk

As part of the provisioning of performing loans (in stages 1 & 2), the Crédit Mutuel group takes into account the impacts of successive crises, as well as the macroeconomic outlook.

The provisioning approach defined in the second half of 2022, in a context of particularly high uncertainty related to the conflict in Ukraine, the rise in interest rates, and measures to tighten monetary policies in response to the marked rise in inflation, was maintained.
The level of provisioning is the result of a case-by-case analysis, carried out in order to monitor any potential increase in the credit risk of professional customers or companies in difficulty, and individual customers, who would be affected, directly or indirectly, in an economic context that remains severely deteriorated.

At December 31, 2022, the unfavorable scenario was weighted at 80%, the central scenario at 19% and the optimistic scenario at 1% (reinforcement of the unfavorable scenario compared to 2021), in order to take into account the deteriorated macroeconomic outlook for all portfolios using the internal rating method (IRB-F and IRB-A).

In the first half of 2023, in view of the current macroeconomic situation, which remains deteriorated, and taking into account the pessimistic projections of the institutions, as well as the internal analyses carried out, the weightings defined at December 31, 2022 for its scenarios remain unchanged.

In addition, the assessment of expected credit losses also includes a post-model adjustment. Thus, since December 31, 2022, the Crédit Mutuel group has decided to recognize additional impairments, *via* a post-model adjustment, which provides a better understanding of the prospective dimension of the calculation of expected credit losses, in a context of unprecedented crises both in terms of their nature and extent. This principle was maintained at June 30, 2023, as the macroeconomic situation remains very uncertain.

At June 30, 2023, expected credit losses (excluding the impact of the post-model adjustment) amounted to €2,751 million, an increase of €24 million compared to December 31, 2022.
The post-model adjustment at June 30, 2023 represented €219 million compared to €222 million, or 7.4% of expected losses, and included an additional impairment of €50 million booked on leveraged transactions.

Sensitivity analysis
The group conducted a sensitivity test of the cost of risk (including post-model adjustment). An increase in the weighting of the pessimistic scenario of 10 points for the IRB entities and of 5 points for the entities under the standard model would lead to an additional provision of €90 million, *i.e.* 3.27% of expected losses.

IBOR reform
The reform of the IBOR rates is part of the response to the weaknesses found in methodologies for the construction of indices and interbank rates, which are based on data reported by banks and on a significantly reduced volume of underlying transactions.

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

All indices must now comply with the BMR regulation and only a few old ones benefit from an exceptional contribution extension. Thus:

- the €STR[1] has been designated by the European Commission as the successor to the EONIA[2], for all contracts that do not expire at the beginning of January 2022 and do not include a robust fallback clause;
- since the change in its calculation methodology in July 2019, the EURIBOR complies with the BMR regulation;
- SARON plus a spread adjustment defined by maturity, by default, represents the legal replacement index for CHF LIBOR[3];
- GBP LIBOR did not benefit from a "regulatory" shift, unlike CHF LIBOR or EONIA. The successor market index to GBP LIBOR is the SONIA. For the 3-month term, the termination of the indices was postponed to the end of March 2024;
- for USD LIBOR, significant work continued in the first half of 2023 to complete the transition. For 1-month, 3-month and 6-month maturities, the publication of these indices in their contributed format will end after June 30, 2023. In April 2023, the Financial Conduct Authority announced that synthetic USD LIBOR on these maturities[4] will be published from July 1, 2023 until the end of September 2024. These may be used for existing contracts (with the exception of cleared derivatives) until they are amended.

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.

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 II.1.

(1) It should be recalled that the EONIA had been defined as a tracker of the €STR since October 2019 and until its disappearance.
(2) European Regulation 2021/1848 of October 21, 2021.
(3) European Regulation 2021/1847 of October 14, 2021.
(4) LIBOR USD 1 month, 3 months, 6 months.

Exposures that were not due at June 30, 2023 and that will be subject to changes related to the reference rate reform mainly relate to the USD-LIBOR index. They are presented in the information relating to risk management.

The exposures not yet matured and which will be subject to the changes related to the IBOR reform represent €95 million on the USD-LIBOR on the assets side and €6 million on the USD-LIBOR on the liabilities side.

1. Scope and methods of consolidation

1.1 Consolidating entity

The parent company of the group is Banque Fédérative du Crédit Mutuel.

1.2. Consolidation scope

The general principles for determining whether an entity is included in the consolidation scope are defined by IFRS 10, IFRS 11 and IAS 28R. Entities that are controlled or under significant influence that do not have a significant character in relation to the consolidated financial statements are excluded from the consolidation scope. This situation is assumed when the balance sheet total or the profit or loss of a company has no impact greater than 1% of the consolidated or sub-consolidated equivalent (in the case of consolidation by level). This quantitative criterion is but relative; an entity may be included within the scope of consolidation regardless of this threshold when its business or its expected development gives it the status of a strategic investment.

The consolidation scope comprises:

Controlled entities: control exists when the group has power over the entity, is exposed to or is entitled to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the returns it obtains. The financial statements of controlled entities are fully consolidated.

Entities under joint control: joint control is the contractually-agreed sharing of control over an entity, which exists only in the case where decisions concerning key activities require the unanimous consent of the parties sharing control. Two or more parties that exercise joint control constitute a partnership, which is either a jointly controlled operation or a joint venture:

- a jointly controlled operation is a partnership in which the parties exercising joint control have rights over the assets and obligations pursuant to liabilities relative to the entity: this involves recognizing the assets, liabilities, income and expenses relative to interests held in the entity;
- a joint venture is a partnership in which the parties who exercise joint control have rights over the net assets of the entity: the joint venture is accounted for according to the equity method.

All entities under joint control of the group are joint ventures according to the meaning of IFRS 11;

Entities over which the group has significant influence: these are entities that are not controlled by the “consolidating” entity, which may, however, participate in these entities’ financial and operating policy decisions. Shareholdings in entities over which the group has significant influence are accounted for using the equity method.

Investments held by private equity companies and over which joint control or significant influence is exercised are recognized at fair value through profit or loss.

1.3 Consolidation methods

The consolidation methods used are the following:

1.3.1 Full consolidation

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

1.3.2 Consolidation using the equity method

This method involves replacing the value of the shares held with the equity attributable to the group and net profit of the entities concerned. It is applied to all entities under joint control, classified as joint ventures or for all entities under significant influence.

1.4 Non-controlling interests

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

Consolidated UCITS, particularly those representing unit-linked policies of insurance entities, are recognized at fair value through profit or loss. The amounts corresponding to non-controlling interests are shown under "Other liabilities".
In accordance with IAS 32, the group recognized a liability for the commitment to increase its stake in COFIDIS Participation to 100%. The counterparty was recorded as a reduction of minority interests and a reduction of the group's share for the excess amount.

1.5 Reporting date

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

1.6 Elimination of intercompany transactions and balances

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

1.7 Foreign currency translation

Concerning the accounts of foreign entities expressed in foreign currencies, the balance sheet is converted based on the official reporting date exchange rate. Differences arising from exchange rate fluctuations impacting the share capital, reserves and retained earnings are recorded as a separate component of equity, under "Cumulative translation adjustments". The income statement is translated on the basis of the average exchange rate for the fiscal year, which is an acceptable proxy in the absence of significant exchange rate fluctuations during the period. The resulting translation differences are recorded under "Cumulative translation adjustments". On liquidation or disposal of some or all of the interests held in a foreign entity, these amounts are recognized through the income statement.

1.8 Goodwill

1.8.1 Fair value adjustments

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

1.8.2 Goodwill

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

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

Goodwill is presented on a separate line in the balance sheet for fully consolidated companies and under "investments in equity consolidated companies" when the entities are consolidated using this method.

Goodwill does not include direct costs related to acquisitions, which according to IFRS 3R, are recognized in profit or loss.

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

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

2. Accounting policies and principles

2.1 Financial instruments under IFRS 9

2.1.1 Classification and measurement of financial assets

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

2.1.1.1 Loans, receivables and debt securities acquired

The asset is classified:

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

Cash flow characteristics

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

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

All contractual clauses must be analyzed, in particular those that could alter the timing or amount of contractual cash flows. The option, under the agreement, for the borrower or lender to repay the financial instrument early is compatible with the SPPI[1] (Solely Payments of Principal and Interest) criterion for contractual cash flows, provided that the amount repaid essentially represents the outstanding principal and accrued interest, as well as, where applicable, early repayment compensation of a reasonable amount.

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

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

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

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

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

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

(1) SPPI: Payment of Principal and Interest only.

Note that:

- embedded derivatives in financial assets are no longer accounted for separately, which implies that the entire hybrid instrument is then considered as non-basic and recorded at fair value through profit or loss;
- units in UCITS or real estate UCI (OPCI) are not basic instruments and are recognized at fair value through profit or loss.

Business models

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

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

- how the activity's performance is reported to decision-makers;
- how managers are compensated;
- the frequency, timing and volumes of sales in previous periods;
- the 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 that the proceeds of these sales correspond approximately to the contractual cash flows that remain to be received;
- exceptional (*e.g.* linked to a liquidity stress).

Disposals that are frequent (and of an insignificant unit value) or infrequent (even if they are of a significant unit value) are compatible with the hold-to-collect model.
These "authorized" disposals are not taken into account in the analysis of the significant and frequent nature of sales made from a portfolio; disposals related to changes in the regulatory or tax framework will be documented on a case-by-case basis in order to demonstrate the "infrequent" nature of such disposals.
For other disposals, thresholds have been defined according to the maturity of the securities portfolio, *e.g.* 2% of annual disposals on outstandings in the portfolio with an average maturity of eight years (the group does not dispose of its loans recorded in a collection management model).

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

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

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

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

Financial assets at amortized cost

These mainly include:

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

The financial assets classified in this category are initially recognized at their fair value, which is generally the net amount disbursed. The interest rates applied to loans granted are deemed to represent market rates, since they are constantly adjusted in line with the interest rates applied by the vast majority of competing banks.
At subsequent reporting dates, the assets are measured at amortized cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts future cash payments or receipts over the estimated life of the financial instrument to obtain the net carrying amount of the financial asset or liability. It takes into account estimated cash flows excluding future losses on loans and includes

commissions paid or received when these are treated as interest, as well as directly-related transaction costs and all premiums and discounts.

For securities, the amortized cost takes 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.

The restructuring of a loan following the debtor's financial difficulties entails novation of the contract. Following the definition of this concept by the European Banking Authority, the group integrated it into the information systems so that the accounting and prudential definitions are harmonized.

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

- State-guaranteed loans (SGLs)
The group is committed to the government's COVID-crisis-related plan to support the economy. This was further strengthened in April 2022, in the context of the conflict in Ukraine.

The group offers:

- State-guaranteed loans[1] (SGL) to support the cash flow of its business and corporate customers; and
- since April 2022, Resilience SGLs for customers that have not taken out an SGL since March 2020 or who have not exceeded the limit on their first SGL.

SGLs represent 12-month bullet loans with grace periods of one to five years. At the date of subscription, the interest rate of the SGL was set at 0%, increased by the cost of the State guarantee set at between 0.25% and 0.50% (and rebilled *via* a commission paid by the customer).

At the end of the first 12 months, the beneficiary of the SGL has the option of setting a new SGL term (limited to six years in total) and amortization terms. In accordance with the government announcements of January 14, 2021, the beneficiary will be able to obtain a "deferral of one additional year" to start repaying the capital.

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

Held for the purpose of collecting cash flows and meeting the basic loan criteria, they are accounted for at amortized cost, using the effective interest rate method. On the date of initial recognition, they are recognized at their nominal value, which is representative of their fair value.
On the subscription anniversary date, SGLs may be subject to a grace period. The revision of flows related to the recognition of guarantee commissions over the duration of the grace period is recognized as an adjustment to the carrying amount of SGLs with an immediate and positive impact on profit. This impact was immaterial as of the reporting date.

At June 30, 2023, State-guaranteed loans issued by the group amounted to €8.7 billion, backed to the tune of €7.8 billion. Outstandings downgraded to stage 3 totaled €1 billion.

The valuation of the expected credit losses for these loans takes into account the effect of the State guarantee (implemented by the Banque Publique d'Investissement) for 70% to 90% of the outstanding capital and interest. At June 30, 2023, the impairment amounted to €0.13 billion.

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

Financial assets at fair value through equity
For Crédit Mutuel Alliance Fédérale, this category only includes securities. They are recognized at fair value in the balance sheet at the time of their acquisition, on the settlement date and at subsequent reporting dates until their disposal. Changes in fair value are shown on the "Unrealized or deferred gains and losses" line within a specific equity account, excluding accrued income. These unrealized gains or losses recognized in shareholders' equity are transferred to the income statement only in the event of their disposal or impairment (see Sections II-1-vii "Derecognition of financial assets and liabilities" and II.1.viii "Measurement of credit risk").

(1) The main characteristics of state-guaranteed loans and the mechanism for triggering the guarantee are summarized in Article 2 of the Order of March 23, 2020 granting state guarantees to credit institutions and financing companies and to the lenders mentioned in Article L.548-1 of the French Monetary and Financial Code.

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 “II-1-vii “Derecognition of financial assets and liabilities”). Changes in fair value are taken to the income statement under “Net gains/(losses) on financial instruments at fair value through profit or loss”.

Income received or accrued on financial instruments at fair value through profit or loss is recognized in the income statement under interest income/(expense). Before, this interest was recognized under “Net gains/(losses) on financial instruments at fair value through profit or loss”, in order to be consistent with the regulatory statements sent to the ECB as part of the Short Term Exercise (STE).

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

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

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

Financial assets at fair value through equity
Shares and other equity instruments are recorded in the balance sheet at their fair value at the time of their acquisition and at subsequent reporting dates until their disposal. Changes in fair value are shown on the “Unrealized or deferred gains and losses” line within a specific equity account. These unrealized or deferred gains and losses booked to equity are never recognized in the income statement, even when they are sold (see Section II-1-vii “Derecognition of financial assets and liabilities”). Only dividends received on variable-income securities are recorded in the income statement, under “Net gains/(losses) on financial assets on fair value through equity”. Purchases and sales of securities are recognized at the settlement date.

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

2.1.2 Classification and measurement of financial liabilities

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

2.1.2.1 Financial liabilities 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.

The recognition of changes in fair value resulting from own credit risk concerning debts optionally designated at fair value through profit or loss is recognized in unrealized or deferred profit or loss in non-reclassifiable equity. The group is marginally concerned by the problem of own credit risk.

2.1.2.2 Financial liabilities at amortized cost

These consist of other non-derivative financial liabilities. These include amounts due to customers and to credit institutions, debt securities (certificates of deposit, interbank market securities, bonds, TLTRO[1] II and III refinancing securities etc.), as well as dated and undated subordinated debt for which measurement at fair value through profit or loss was not opted for.

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

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

Regulated savings contracts

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

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

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

Targeted 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 Crédit Mutuel 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 had been relaxed twice by the ECB to support lending to households and businesses. Some target parameters have been recalibrated[2]. In particular, more favorable conditions made it possible to benefit from a reduction of 50 bp over the special and additional special interest periods from June 2020 to June 2022[3].

As part of the monetary policy measures and since June 2022, the ECB has successively raised its three key rates to reach sufficiently restrictive levels and ensure a return to an inflation target of 2% in the medium term.

On October 27, 2022, the ECB recalibrated the terms of remuneration of TLTRO III transactions in order to reinforce the transmission of the increase in key rates to the conditions for granting bank loans. The interest conditions applicable to the TLTRO III have been adjusted from November 23, 2022 (and additional early redemption dates have been opened).
They are described below and take into account the achievement by the group of the credit performance targets set by the ECB over all the reference periods of the program:

- from its start date until November 22, 2022 inclusive and excluding the special or additional special interest period, the interest rate for TLTRO III operations represents the average of the deposit facility rate over this period (and no longer over the life of the operation);
- during the special interest and additional special interest periods (June 24, 2020 to June 23, 2021 inclusive and June 24, 2021 to June 23, 2022 inclusive, respectively), it is equal to the average of the deposit facility rates over the period less 0.50% (application of a 1% ceiling);
- from November 23, 2022 until the maturity date (or early repayment date), the interest rate of the TLTRO III operations will be indexed to the average of the key ECB interest rates applicable during that period.

This change is accompanied by the opening of three additional early repayment dates.
According to the Crédit Mutuel group, the TLTRO III transactions represent variable rate financial instruments carried at amortized cost. The adjustment of interest conditions following this decision must be recognized in accordance with the provisions of IFRS 9 regarding changes in market rates of floating-rate instruments.

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(1) Targeted Longer-Term Refinancing Operations.
(2) Decision (EU) 2021/124 of the ECB of January 29, 2021 amending Decision (EU) 2019/1311 concerning a third round of targeted longer-term refinancing operations (ECB/2021/3 published in the OJEU on February 3, 2021).
(3) Decision (EU) 2020/614 of the European Central Bank of April 30, 2020 amending Decision (EU) 2019/1311 on a third round of targeted longer-term refinancing operations (ECB/2020/25).

The interest recognized but not yet due by the group takes into account, until November 22, 2022, the effect of the change in the interest rate formula between the beginning of the transaction and that date. As of November 23, 2022, the effective interest rate of the TLTRO financing transactions is calculated on the basis of the average of the deposit facility rates known between November 23, 2022 and June 30, 2023.

At June 30, 2022, Crédit Mutuel Alliance Fédérale participated in the TLTRO III refinancing transactions for an amount of €18.1 billion (compared to €32.2 billion at December 31, 2022).

2.1.3 Debt-equity distinction

According to the IFRIC 2 interpretation, members' shares are shareholders' equity if the entity has an unconditional right to refuse redemption or if there are legal or statutory provisions prohibiting or significantly limiting redemption. Due to the existing statutory and legal provisions, the members' shares issued by structures composing the Crédit Mutuel group's consolidating entity are recognized in shareholders' equity.

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

2.1.4 Foreign currency transactions

Assets and liabilities denominated in a currency other than the functional currency are translated at the exchange rates at the reporting date.

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

2.1.4.2 Non-monetary financial assets and liabilities measured at fair value
Foreign exchange gains or losses arising from such translations are recognized in the income statement under "Net gains/(losses) at fair value through profit or loss" if measured at fair value through profit or loss, or recognized under "Unrealized or deferred capital gains/(losses)" if they are financial assets measured at fair value through equity.

2.1.5 Derivatives and hedge accounting

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

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

Derivatives are financial instruments which have the following three characteristics:

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

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

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

2.1.5.1 Determining the fair value of derivatives
Most over-the-counter derivatives, swaps, forward rate agreements, caps, floors and vanilla options are valued using standard, generally accepted models (discounted cash flow method, Black and Scholes model or interpolation techniques), based on observable market data such as yield curves. The valuations given by these models are adjusted to take into account the liquidity risk and the credit risk associated with the instrument or parameter concerned and specific risk premiums intended to offset any additional costs resulting from a dynamic management strategy associated with the model in certain market conditions, as well as the counterparty risk captured by the positive fair value of over-the-counter derivatives. The latter includes the own counterparty risk present in the negative fair value of over-the-counter derivatives.
When establishing valuation adjustments, each risk factor is considered individually and no effect of diversification between risks, parameters or models of a different nature are taken into account. A portfolio approach is most often used for a given risk factor.

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

2.1.5.2 Classification of derivatives and hedge accounting

Derivatives classified as financial assets or financial liabilities at fair value through profit or loss
By default, all derivatives not designated as hedging instruments under IFRS are classified as “Financial assets or financial liabilities at fair value through profit or loss”, even if they were contracted for the purpose of hedging one or more risks.
Embedded derivatives
An embedded derivative is a component of a hybrid instrument that, when separated from its host contract, meets the definition criteria for a derivative. It has the effect, notably, of changing certain cash flows in the same way as a stand-alone derivative.
The derivative is detached from the host contract and recognized separately as a derivative instrument at fair value through profit or loss only if all of the following conditions are satisfied:

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

As these are financial instruments under IFRS 9, only embedded derivatives relating to financial liabilities may be separated from the host contract to be recognized separately.

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

Hedge accounting
- Risks hedged
In its accounts, the group only recognizes interest rate risk through micro-hedging, or on a broader scope through macro-hedging.
Micro-hedging is the partial hedging of the risks incurred by an entity on its assets and liabilities. It specifically applies to one or more assets or liabilities for which the entity covers the risk of an unfavorable change in a type of risk, through derivatives.
Macro-hedging aims to cover all of the group’s assets and liabilities against any unfavorable changes, particularly in interest rates.

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

Micro-hedging is used in particular in the context of asset swaps. It generally aims to transform a fixed-rate instrument into a variable-rate instrument.

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

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

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

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

Where applicable, hedge accounting is discontinued prospectively.

- Fair value hedge of identified financial assets or liabilities

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

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

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

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

- Macro-hedging derivatives

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

For each portfolio of financial assets or liabilities bearing a fixed rate, the effectiveness of the hedging relationship is verified through:

- an over-hedging test: the group ensures that prospectively and retrospectively, the maturity schedule of the hedged items is greater than that of the hedging derivatives;
- a test of non-disappearance of the hedged item, which consists of ensuring that the maximum historically hedged position is lower than the nominal value of the hedged portfolio at the reporting date for each future maturity band and each generation of rates;
- a quantitative test: a quantitative test intended to ensure retrospectively that changes in the fair value of the modeled synthetic instrument offset changes in the fair value of the hedging instruments.

The sources of ineffectiveness related to macro-hedging result from mismatches in the curves used to model the hedged portfolios and hedging derivatives, as well as possible mismatches in the interest payments of these items.

The accounting treatment of fair value macro-hedging derivatives is similar to that used for fair value hedging derivatives.
Changes in the fair value of the hedged portfolios are recorded in the balance sheet under "Revaluation adjustment on rate-hedged books", the counterpart being an income statement line item.

- Cash flow hedges

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

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

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

Benchmark rate reform

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

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

2.1.6 Financial guarantees and financing commitments

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

In accordance with IFRS 17, such financial guarantees continue to be measured using French accounting standards, *i.e.* they are treated as off-balance sheet items, until such time as the current standards are revised. Accordingly, they are subject to a provision for liabilities if an outflow of resources is likely.

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

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

2.1.7 Derecognition of financial assets and liabilities

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

Upon "derecognition" of:

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

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

2.1.8 Measurement of credit risk

The impairment model of IFRS 9 is based on an "expected loss" approach, whereas that of IAS 39 was based on an incurred credit loss model, implying that credit losses were recognized too late and too little at the time of the financial crisis.
Under this IFRS 9 model, financial assets for which no objective evidence of impairment exists on an individual basis are impaired on the basis of observed losses as well as reasonable and justifiable future cash flow forecasts.

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

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

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

2.1.8.1 Governance

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

These bodies consist of the supervisory and executive board as defined by Article 10 of the Order of November 3, 2014 relative to internal control. Given the specificities of the Crédit Mutuel group's decentralized organizational structure, the supervisory and Management body are divided into two levels – the national level and the regional level.

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

At the national level, the Basel III Working group approves the national procedures, models and methodologies to be applied by the regional groups. Any change in the calibration of the scenarios or parameters used in the IFRS 9 provisioning model is validated by this body.

At the regional level, regional groups are tasked with the calculation of the IFRS 9 provisions within their entities, under the responsibility and control of their respective executive and supervisory bodies.

2.1.8.2 Definition of the boundary between stages 1 and 2

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

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

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

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

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

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

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

It should be noted that the group immediately puts into stage 1 any performing exposure that no longer meets the criteria for stage 2 classification (both qualitative and quantitative).

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

Quantitative criteria

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

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

Qualitative criteria

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

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

2.1.8.3 Stages 1 and 2 – Calculating expected credit losses

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

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

Probability of default

This is based:

- for high default portfolios, on the models approved under the IRB-A approach;
- for low default portfolios, on an external probability of default scale based;

on a history dating back to 1981.

Loss given default

This is based:

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

Conversion factors

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

Forward-looking aspect

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

For high default portfolios, the forward-looking aspect included in the probability of default takes into account three scenarios (optimistic, neutral or pessimistic), which will be weighted based on the group's view of changes in the economic cycle over five years. The group mainly relies on macroeconomic data (GDP, unemployment rate, inflation rate, short-term and long-term interest rates, etc.) available from the OECD. The forward-looking approach is adjusted to include elements that were not captured by the scenarios because:

- they are recent, meaning they occurred a few weeks before the reporting date;
- they cannot be included in a scenario: for example, regulatory changes that will certainly have a significant effect on the risk parameters and whose impact can be measured by making certain assumptions.

The forward-looking dimension over different time horizons other than one year will largely be a function of the one-year dimension.

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

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

2.1.8.4 Stage 3 – Non-performing loans

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

The Crédit Mutuel group applies the new definition of prudential default in accordance with EBA guidelines and regulatory technical standards on applicable materiality thresholds, the main elements of which are as follows:

- default analysis is now performed on a daily basis at the creditor level and no longer at the contract level;
- the number of days of delay is assessed at the level of a borrower (obligor) or a group of borrowers (joint obligor) having a common commitment;
- the default is triggered after 90 consecutive days of arrears are ascertained on the part of an obligor or joint obligors. The count of the number of days begins at the simultaneous crossing of the absolute materiality threshold (€100 Retail, €500 Corporate) and the relative materiality threshold (more than 1% of balance sheet commitments in arrears). The countdown is reset when this is no longer the case for one of the two thresholds;
- the default contagion scope extends to all receivables of the borrower, and all individual commitments of borrowers participating in a joint credit obligation;
- there is a minimum three-month probationary period before non-restructured assets can return to healthy status.

Crédit Mutuel Alliance Fédérale has chosen to roll out the new definition of default across the IRB entities in line with the two-step approach proposed by the EBA:

- step 1 – This consists of presenting a self-assessment and an authorization request to the supervisor. Authorization for use was obtained by the group in October 2019;
- step 2 – This consists of implementing the new definition of default within the systems and then, where necessary, "recalibrating" the models after a 12-month period of observing the new defaults.

The group believes that this new definition of default, as required by the EBA, is representative of objective proof of impairment in an accounting sense of the word. The group has aligned its definitions of accounting (stage 3) and prudential default. This change constitutes a change in estimate, the non-material impact of which is recognized in the income statement in the year of the change.

2.1.8.5 Initially impaired financial assets

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

2.1.8.6 Recognition

Impairment charges and provisions are recorded in "Cost of counterparty risk". Reversals of impairment charges and provisions are recorded in "Cost of counterparty risk" for the portion related to the change in risk and in "net interest margin" for the portion related to the passage of time. For loans and receivables, impairment is deducted from assets, and for financing and guarantee commitments, the provision is recorded in liabilities under "Provisions" (see Sections II.1.vi "Financial guarantees and financing commitments" and II-3-ii "Provisions"). For assets at fair value through equity, the impairment recognized in the cost of risk is offset under "Unrealized or deferred gains and losses".
Loan losses are written off and the corresponding impairments and provisions are reversed.

2.1.9 Determination of the fair value of financial instruments

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

The fair value of an instrument upon initial recognition is generally its transaction price.
The fair value must be calculated for subsequent measurements. The calculation method to be applied varies depending on whether the instrument is traded on a market deemed to be active or not.

2.1.9.1 Instruments traded on an active market

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

2.1.9.2 Instruments traded on a non-active market

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

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

When establishing valuation adjustments, each risk factor is considered individually and no effect of diversification between risks, parameters or models of a different nature are taken into account. A portfolio approach is most often used for a given risk factor.
In all cases, adjustments are made by the group in a reasonable and appropriate manner, based on judgment.

2.1.9.3 Fair value hierarchy

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

- level 1: 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 reporting date;
- level 3: data relating to the asset or liability that are not observable market data (non-observable data). The main constituents of this category are investments in non-consolidated companies held in venture capital entities or otherwise and, in the capital markets activities, debt securities quoted by a single contributor and derivatives using mainly non-observable parameters. The instrument is classified at the same hierarchical level as the lowest level of the input having an important bearing on fair value considered as a whole. Given the diversity and volume of the instruments measured at level 3, the sensitivity of the fair value to a change in the parameters would be immaterial.

2.2 Insurance activities

2.2.1 Financial investments of insurance activities

Financial investments of insurance activities are valued in accordance with IFRS 9. For more details, see Section II-1

2.2.2 Insurance contracts

IFRS 17 defines the new rules for recognizing, measuring and presenting insurance contracts that fall within its scope (insurance contracts, reinsurance contracts and financial contracts with a discretionary participation feature):

- valuation of insurance contracts on the balance sheet: their value is updated at each closing date, based on a re-estimate of future cash flows related to their execution. This re-estimate takes into account market data for financial information, and policyholder behavior;
- recognition of the margin: although the profitability of insurance contracts remains unchanged, the recognition of their margin in profit or loss is modified to be spread over the duration of the insurance service; and
- presentation of the income statement: general operating expenses attributable to the execution of insurance contracts are now presented as a reduction of net revenue under insurance services expenses and therefore no longer affect the total amount of general operating expenses in the consolidated income statement.

Grouping of contracts

For the valuation of insurance contracts issued, IFRS 17 requires them to be grouped into homogeneous portfolios. Within these portfolios, contracts must be exposed to similar risks and be managed together.

In each portfolio, three groups of contracts must be distinguished when they are first recognized: onerous contracts, contracts that have no significant possibility of subsequently becoming onerous, and other contracts.

In addition, IFRS 17 stipulates that each group of contracts must be subdivided into annual cohorts (no more than 12 months apart between the dates the contracts are issued). As part of the adoption of IFRS 17, the European Commission has given European companies the option not to apply this provision to contracts benefiting from an inter-generational pooling of returns on underlying assets.
The group uses this optional exemption on its eligible direct participating contracts.

Valuation models

General valuation model for insurance contracts (Building Block approach)

Under IFRS 17, contracts must be valued by default according to a general valuation model based on an approach that includes:

- fulfilment cash flows:
  - estimates of future cash flows weighted by their probability of occurrence,
  - an adjustment to reflect the time value of money (*i.e.* discounting these future cash flows),
  - an adjustment for non-financial risks,
- the contractual service margin (or CSM).

On initial recognition, contractual services represent the unearned profit for a group of insurance contracts, *i.e.* the present value of future profits. It is amortized in income from insurance contracts over the coverage period of the contracts, as the insurance entity provides services to policyholders according to the coverage units.

In view of the diversity of insurance contracts, the determination of coverage units requires judgment in considering both the level of coverage defined in the contract (for example, the capital in the event of death for a loan contract) and the expected duration of the contract.

The CSM of a group of contracts cannot be negative; any negative amount of fulfilment cash flows at the start or during the contract is immediately recognized in income.

IFRS 17 requires the use of discount rate curves reflecting the time value of money, cash flow, as well as the liquidity characteristics of insurance contracts. To determine the discount rate, the group applies the bottom-up approach. This methodology consists of adding a liquid risk-free component, based on rate swaps, and an adjustment to take into account the liquidity characteristics of insurance contracts.

The group uses the EIOPA yield curve and retains the principles relating to the extrapolation of the risk-free yield curve as part of the revision of the Solvency II directive (general approach of the Council of the European Union) because the latter provide greater coherence and consistency in terms of the financial markets.

The adjustment for non-financial risk must reflect the compensation required by the group to support the uncertainty surrounding the amount and timing of cash flows that is generated by the non-financial risk when the group executes insurance contracts.

It was decided to calculate the adjustment for risk with a quantile approach using the Value at Risk ("VaR") for all risks. The group considers that a quantile of 80% represents an adequate level of prudence for the underlying technical reserve.

This general model will apply by default to all insurance contracts.

The carrying amount of a group of insurance contracts is remeasured at the end of each subsequent period. It is then equal to the sum of the following two amounts:

- the liability for remaining coverage, which includes the value of the re-estimated execution flows at that date (present value of premiums to be received and future benefit expenses over the remaining coverage period) and the adjusted contractual service margin on the same date as described above;
- the liability for incurred claims, for an amount equal to the present value of the estimated cash flows required to settle valid requests on claims that have already occurred.

On this same reporting date, the amount of the contractual service margin is updated to take into account, notably:

- the effect of new contracts added to the group of contracts;
- interest capitalized at the discount rate used to determine the initial value of the margin;
- the re-estimation of fulfilment cash flows resulting from changes in technical assumptions (present value of premiums to be received and future benefit expenses over the remaining coverage period, excluding estimates of expenses to be paid on claims already incurred that are subject to a separate assessment). However, if the negative amount related to the discounted future cash flow changes is greater than the amount of the remaining margin, then the negative surplus is immediately recognized in profit or loss. The margin is also capitalized according to the fixed rate at the start of the contract.

The effect of unwinding the discount on the liability related to the passage of time is recorded in "Financial income or financial expenses from insurance contracts issued" as well as that related to the change in the discount rate. However, the latter may optionally be recognized in shareholders' equity.

The group applies the option to neutralize the effects of discount rates in shareholders' equity for the portfolios of insurance contracts valued under the general model.

The group applies the General Valuation Model to long-term personal insurance and protection insurance contracts (notably real estate borrower contracts, funeral contracts and long-term care contracts).

The coverage units used are calibrated according to the amount insured, therefore without reference to the cost to the insurer.

Variable fee model (Variable fee approach)

IFRS 17 provides for an adaptation of the general model for direct participating contracts. This adapted model, known as the "Variable fee approach", makes it possible to reflect, in the valuation of insurance liabilities, the obligation to pay policyholders a substantial portion of the return on underlying assets net of contract expenses (as the changes in the value of the underlying assets attributable to policyholders are neutralized in the contractual service margin).

A direct participating contract meets the following three criteria:

- the contractual clauses specify that the policyholder receives a contribution on the basis of a clearly identified group of underlying items;
- the entity expects to pay the policyholder an amount equal to a significant portion of the fair value of the underlying items;
- the entity expects that a significant portion of any change in the amount payable to the policyholder will change on the basis of changes in the fair value of the underlying items.

Eligibility for this valuation model is analyzed at the date of issue of the contracts and can only be reassessed in the event of an amendment thereof.

The main adaptations as compared to the General Model relate to:

- the insurer's share of the change in the fair value of the underlying investments. At each reporting date, it is included in the contractual service margin in order to be recognized in income over the expected remaining coverage period of the contracts.
- interest on the contractual service margin, the changes of which are implicitly included in the periodic revision of the contractual service margin.

The income from these contracts is therefore mainly represented by the relaxation of execution flows and the amortization of the contractual service margin. When the underlying items perfectly back the liabilities and are measured at fair value through profit or loss, the financial income of these contracts is zero.

In the event of an accounting mismatch between the underlying assets and the insurance liabilities, the option of classifying in shareholders' equity the effect of changes in liabilities related to these assets is applicable.

The group applies the IFRS 9 amendment enabling the financial instruments underlying direct participating insurance contracts to be recognized in the balance sheet at market value through profit or loss in order to neutralize accounting mismatches with insurance liabilities measured under the variable fees model.

The group applies the VFA model to all of the group's Life and Savings products (both general fund contracts and unit-linked contracts). The model used is the portfolio of assets underlying the contracts in question.

The coverage units used are the mathematical reserves of the contracts. On the basis of this driver, the group had to apply a correction coefficient to amortize the CSM in income and neutralize the bias induced by the "bow wave" effect associated with the stochastic modeling in a risk neutral environment. After applying the adjusted coverage unit, the amount of CSM, which is amortized in the income statement each period, takes into account the "real world" environment, and reflects the service provided to policyholders over the period in question.

Simplified approach (Premium allocation approach)

The standard also allows, subject to conditions, the application of a simplified approach known as the "Premium allocation approach" to contracts with a duration less than or equal to 12 months or if the application of the simplified approach gives a result close to the General Model.

For profitable contracts, the liability relating to the remaining coverage is valued on the basis of the deferral of premiums collected using a logic similar to that used under IFRS 4. Onerous contracts and incurred claims liabilities are valued according to the general model. Liabilities for incurred claims are discounted if the expected settlement of claims takes place after one year from knowledge of the occurrence. In this case, the option of classifying the effect of changes in the discount rate in shareholders' equity is also applicable.
At each reporting date, the adjustment of liabilities in respect of the remaining coverage and incurred claims is recorded in the income statement.

The simplified approach is applied by the group to all property and casualty insurance products, and to a lesser extent to certain individual and collective Health and Protection products.

- Processing of internal costs

As a banking and insurance conglomerate, the group distributes savings and protection products (borrower insurance, car insurance, home insurance, etc.) and provides all management resources necessary for business on behalf of its insurance subsidiaries.

The services provided by the banking networks (business contributions, administrative management of contracts, provision of staff or assets, etc.) are compensated by margin commissions on the basis of agreements between the distributing credit institutions and the insurance subsidiaries.

The new model for measuring insurance contracts under IFRS 17 requires a projection in the contract execution cash flows of the acquisition and management costs that will be paid in the future and a presentation in the income statement of, on the one hand, the release of estimated costs for the period and, on the other, the actual costs incurred by the banking dealer networks.

Pursuant to the recommendations of the ESMA (32-63-1320) and the AMF (DOC-2022-06), the group restates the internal margin on the balance sheet and the income statement in order to reflect the valuation of insurance contracts, according to IFRS 17, at the level of the Crédit Mutuel group.

- Presentation in the balance sheet and income statement

Insurance contracts issued and reinsurance contracts held are presented in the balance sheet as assets or liabilities according to the overall position of the portfolios to which they belong (including debts and receivables attributable to the valuation of the contract);
The various income and expense items from insurance and reinsurance contracts are broken down in the consolidated income statement under net revenue, in:

- insurance service result
  - income from insurance and reinsurance contracts issued,

  - service charges relating to insurance and reinsurance contracts issued, and
  - income and expenses relating to reinsurance contracts held;
- insurance service financial result
  - financial income and expenses from insurance and reinsurance contracts issued, and
  - financial income and expenses from reinsurance contracts held.

The income from insurance contracts shows the relaxation of execution flows for the amount expected over the period (excluding investment components), changes in the risk adjustment, the amortization of the contractual service margin in respect of services rendered, the amount allocated to the amortization of acquisition costs, and experience differences on premiums;

Service expenses relating to insurance and reinsurance contracts issued, as well as expenses relating to reinsurance contracts held, then include the share of general operating expenses and commissions directly attributable to the execution of contracts, which will thus be recognized as a deduction of net revenue. They also include the initial loss component and its amortization in the case of a portfolio of onerous contracts.

Retirement Savings insurance contracts include an investment component in the form of a deposit paid by the policyholder and which the insurer is contractually obliged to reimburse even if the insured event does not occur. The premiums and repayment flows of these deposits do not constitute income or expenses relating to these contracts.

Financial income and expenses from insurance and reinsurance contracts mainly include changes in the value of groups of contracts related to the effects of the time value of money and financial risks not taken into account in the estimated cash flows.

Financial income or financial expenses from insurance contracts issued will be presented separately in the income statement and shareholders' equity for the portfolios concerned.

2.3 Non-financial instruments

2.3.1 Leases

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

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

An operating lease granted by the group represents any lease contract other than a finance lease.

2.3.1.1 Finance lease transactions – Lessor

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

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

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

Credit risk related to financial receivables is measured and recognized under IFRS 9 (see Section II.1.viii "Measurement of credit risk").

2.3.1.2 Finance lease transactions – Lessee

In accordance with IFRS 16, right-of-use assets are recognized under "Property, plant and equipment" with a corresponding offset to a lease liability recognized under "Accruals and miscellaneous liabilities". Rents paid are broken down between interest expenses and repayment of the principal amount of the debt.

2.3.2 Provisions

Provisions and reversals of provisions are classified by type under the corresponding item of income or expenditure.
A provision is recognized whenever it is probable that an outflow of resources representing economic benefits will be necessary to extinguish an obligation arising from a past event and when the amount of the obligation can be estimated accurately. Where applicable, the net present value of this obligation is calculated to determine the amount of the provision to be set aside.

The provisions constituted by the group cover, in particular:

- operational risks;
- social commitments;
- execution risk on signature commitments;
- litigation risk and guarantee commitments given;
- tax risks;
- risks related to mortgage saving agreements.

2.3.3 Employee benefits

Where applicable, provisions in respect of employee obligations are recognized under "Provisions". The change is recognized in the income statement under "employee benefit expense" with the exception of the portion resulting from the remeasurement of net liabilities arising from defined benefit plans, recognized in shareholders' equity.

2.3.3.1 Post-employment benefits under a defined benefit plan

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

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

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

Differences arising from changes in these assumptions and from differences between previous assumptions and actual experience constitute actuarial gains or losses. When the plan has assets, they are measured at fair value and the interest income they generate has an impact on profit or loss. The difference between the actual return and the interest income generated by these assets is also an actuarial gain and loss.
Actuarial gains and losses are recognized in equity, as unrealized or deferred gains and losses. Any plan curtailments or terminations generate a change in the obligation, which is recognized in the income statement when it occurs.
In accordance with the IFRIC decision of April 20, 2021, the pension obligation under post-employment benefit plans, whose rights are capped on the basis of a number of years of service and subject to the presence of the employee on the date of retirement, is constituted solely over the period preceding the retirement age enabling the ceiling to be reached (or between the employee's date of entry into the company and the date of retirement if this period is shorter than the ceiling).

2.3.3.2 Post-employment benefits under a defined contribution plan

Group entities contribute to various retirement plans managed by independent organizations, to which they have no formal or implicit obligation to make supplementary payments in the event, particularly, that the fund's assets are insufficient to meet its commitments.
Since such plans do not represent a commitment for the group, they are not subject to a provision. The charges are recognized in the period in which the contribution is due.

2.3.3.3 Other long-term benefits

These represent benefits other than post-employment benefits and termination benefits expected to be paid more than 12 months after the end of the fiscal year in which the staff rendered the corresponding service. They include, for example, long-service awards.
The group's commitment in respect of other long-term benefits is measured using the projected unit credit method. However, actuarial gains and losses are recognized immediately in profit or loss.
Commitments in respect of long-service awards are sometimes covered by insurance contracts. Only the unhedged portion of this commitment is subject to a provision.

2.3.3.4 Termination benefits

These are benefits granted by the group when an employment contract is terminated before the usual retirement age or following the employee's decision to leave the group voluntarily in exchange for an indemnity.
The related provisions are discounted if payment is expected to take place more than 12 months after the reporting date.

2.3.3.5 Short-term benefits

These are benefits, other than termination benefits, payable within 12 months following the reporting date. They include salaries, social security contributions and certain bonuses.
A charge is recognized in respect of short-term benefits in the period in which the services giving rise to the entitlement to the benefit are provided to the entity.

2.3.4 Non-current assets

2.3.4.1 Non-current assets of which the group is owner

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

Non-current assets are initially recognized at acquisition cost plus any directly attributable costs necessary to make them operational and usable. They are subsequently measured at amortized historical cost, *i.e.* their cost less accumulated depreciation and any impairment.

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

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

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

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

Depreciation charges on investment property are recognized under "Expenses on other activities" in the income statement.

The following depreciation and amortization periods are used:

Property, plant and equipment:

- land and network improvements: 15-30 years
- buildings – shell: 20-80 years (depending on the type of building)
- buildings – equipment: 10-40 years
- fixtures and fittings: 5-15 years
- office furniture and equipment: 5-10 years
- safety equipment: 3-10 years
- rolling stock: 3-5 years
- IT equipment: 3-5 years

Intangible assets:

- software purchased or developed in-house: 1-10 years
- business goodwill acquired: 9-10 years (if customer contract portfolio acquired)

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

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

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

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

Capital gains or losses on disposals of operating assets are recorded in the income statement on the line "Net gains/(losses) on other assets".
Gains and losses on the disposal of investment property are recorded on the income statement on the line "Income from other activities" or "Expenses on other activities."

2.3.4.2 Non-current assets of which the group is lessee

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

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

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

The group mainly activates its real estate contracts. The motor fleet was only restated where it was locally significant and computer and security equipment were precluded on the grounds of their substitutable nature, in accordance with standards. Only a limited number of IT contracts, deemed to be significant, were deemed to be activated.
Other underlying assets were precluded through short-term or low value exemptions (set at €5,000). The group has no leases that give rise to recognition of intangible assets or investment properties.

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

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

For calculating the lease obligation, we use:

- the lease term. This represents *at* least the non-cancellable period of the contract and may be extended to take into account any renewal/extension option that the group is reasonably certain to exercise. With regard to the operational implementation of the group's methodology, any new 3/6/9 commercial lease will be activated for a period of nine years by default (or for a period equal to its non-cancellable period in the case of another type of lease). The term of any automatically extended contract will be extended to the end of the medium-term plan, which is a reasonable time frame for the continuation of the contract[1]. For the 3/6/9 leases in exception, the contract will be activated for a period of 12 years, as the group has no economic incentive to remain beyond this period, given the de-capping of leases after this period;
- the discount rate is the marginal rate of indebtedness corresponding to the chosen duration. It is a rate that is depreciable by the group's refinancing headquarters and by currency;
- the lease payment, excluding taxes. The group is marginally affected by variable lease payments.

2.3.5 Commission income and expense

Fees and commissions in respect of services are recorded as income and expenses according to the nature of the services involved. Thus, commissions considered as additional interest are an integral part of the effective interest rate. These commissions are therefore recognized as interest income and expenses.

Fees and commissions linked directly to the grant of a loan are spread using the effective interest method.
Fees and commissions remunerating a service provided on a continuous basis are recognized over the period during which the service is provided.
Fees and commissions remunerating a significant service are recognized in full in the income statement upon execution of the service.

2.3.6 Income tax expense

The income tax expense includes all tax, both current and deferred, payable in respect of the income for the period under review.
The income tax payable is determined in accordance with applicable tax regulations.
The Territorial Economic Contribution (*Contribution économique territoriale* – CET), which is composed of the Business Real Estate Contribution (*Cotisation foncière des entreprises* – CFE) and the Business Contribution on Added Value (*Cotisation sur la valeur ajoutée des entreprises* – CVAE), is treated as an operating expense and, accordingly, the group does not recognize any deferred taxes in the consolidated financial statements.

2.3.6.1 Deferred taxes

As required by IAS 12, deferred taxes are recognized in respect of temporary differences between the carrying amount of an asset or liability on the consolidated balance sheet and its taxable value, with the exception of goodwill.
Deferred taxes are calculated using the liability method, applying the income tax rate known at the end of the fiscal year and applicable to subsequent years.

Deferred tax assets net of deferred tax liabilities are recognized only when there is a high probability that they will be utilized. Current or deferred tax is recognized as income or an expense, except for that relating to unrealized or deferred gains and losses recognized in equity, for which the deferred tax is allocated directly to equity.
Deferred tax assets and liabilities are netted if they arise in the same entity or in the same tax group, are subject to the same tax authority and when there is a legal right to do so.
Deferred tax is not discounted.

2.3.6.2 Uncertainties over income tax treatment

In accordance with IFRIC 23, the group is assessing the probability of the tax authority accepting the tax position taken. It is assessing the likely effects on the result for tax purposes, tax bases, tax loss carryforwards, unused tax credits and rates of taxation.
In the event of an uncertain tax position, the amounts payable are estimated on the basis of the most likely amount or the expected amount according to the method that reflects the best estimate of the amount to be paid or received.

2.3.7 Interest paid by the State on certain loans

Pursuant to measures to support the agricultural and rural sector, as well as the purchase of housing, some group entities grant loans at reduced rates, which are set by the State. Consequently, these entities receive a subsidy from the government equal to the interest rate differential existing between the rate granted to customers and a predefined benchmark rate. As a result, no discounting occurs on loans that benefit from these grants.

The arrangements governing this offset mechanism are periodically reviewed by the State.
The government subsidies received are recognized under "Interest and similar income" and allocated over the life of the corresponding loans, in accordance with IAS 20.

(1) Regional groups that directly manage the leases.

2.3.8 Non-current assets held for sale and discontinued operations

Non-current assets, or groups of assets, are classified as held for sale if they are available for sale and there is a high probability that their sale will take place within the next 12 months.
The related assets and liabilities are shown separately in the balance sheet, on the lines "Non-current assets held for sale" and "Debt related to non-current assets held for sale". They are recognized at the lower of their carrying amount and their fair value less selling costs, and are no longer depreciated or amortized.

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

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

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

The preparation of the group's financial statements requires the formulation of assumptions in order to make the necessary assessments and involves risks and uncertainties concerning their realization in the future, particularly in the context of the Ukrainian conflict and the macroeconomic conditions existing at the reporting date.

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

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

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

- the fair value of financial instruments not quoted on an active market, the definition of a forced transaction and the definition of observable data require the exercise of judgment;
- insurance contracts, notably with regard to execution future cash flows.
- pension plans and other future employee benefits;
- impairment of assets, including expected credit losses. To date, environmental risks are not captured in the group's expected credit loss impairment models;
- provisions, impairment of intangible assets and goodwill;
- deferred tax assets.

3. Related-party information

Parties related to the group are companies consolidated at the level of the Crédit Mutuel group as a whole, including the other establishments affiliated to the Confédération Nationale du Crédit Mutuel and equity consolidated companies.

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

The list of consolidated companies is presented in note 3. As transactions carried out and outstandings that exist at the end of the period between the group's consolidated companies are totally eliminated in consolidation, data pertaining to these reciprocal transactions is included in the attached tables only when concerning companies over which the group exercises joint control or significant influence, and is consolidated using the equity method.

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

Nil

Note 2 Breakdown of the balance sheet and income statement by business segment and geographic area

Banque Fédérative du Crédit Mutuel's business segments - consolidated scope - are as follows:

- retail banking includes:
  - a) banking network activities: CIC, BECM, Beobank and TARGOBANK regional banks in Spain,
  - b) consumer loan: TARGOBANK in Germany and Cofidis,
  - c) business line subsidiaries: specialized activities whose products are marketed by the network: equipment leasing and leasing with a purchase option, real estate leasing, factoring, real estate sales and management;
- insurance is composed of Groupe des Assurances du Crédit Mutuel;
- the specialized business lines are comprised of:
  - a) asset management and private banking activities in France and abroad,
  - b) corporate banking: financing for large corporates and institutional customers, structured financing, international business and foreign branches,
  - c) Capital Markets, which includes commercial and investment activities (rates, equities and credit),
  - d) private equity;
- the other business lines include items that cannot be assigned to another business activity, such as intermediate holding companies, non-controlling interests, operating real estate, logistics structures, press, IT entities and intercompany transactions.

The consolidated entities are fully allocated to their core business based on their contribution to the consolidated financial statements. Only two entities are an exception, CIC and BFCM because of their presence in several businesses. In this case, the contribution to the consolidated income statements and balance sheets of these two entities is broken down based on the different business sectors to which they contribute.

2a Breakdown of the income statement by business segment

BREAKDOWN OF 2023 HALF-YEAR INCOME - ALL SEGMENTS

06/30/2023	Retail banking	Insurance	Specialized business lines	Other business lines	Total
Net revenue	4,198	650	1,378	-278	5,947
General operating expenses	-2,527	-57	-622	110	-3,096
Gross operating income/(loss)	**1,670**	**593**	**756**	**-168**	**2,851**
Cost of counterparty risk	-539	0	-66	1	-603
Gains/(losses) on disposals of other assets*	0	-5	0	30	25
Net profit/(loss) before tax	**1,132**	**588**	**690**	**-137**	**2,273**
Income tax	-346	-135	-131	18	-595
Post-tax gains and losses on discontinued assets	0	-	0	-	0
Net profit/(loss)	**786**	**453**	**559**	**-119**	**1,678**
Non-controlling interests	-	-	-	-	180
Group net income	**786**	**453**	**559**	**-119**	**1,498**

**Includes net income of entities accounted for using the equity method and impairment losses on goodwill (notes 16 and 19).*

Breakdown of the "retail banking" segment in the first half of 2023

06/30/2023	Banking network	Consumer loans	Business line subsidiaries	Total Retail bank
Net revenue	2,330	1,532	336	4,198
General operating expenses	-1,479	-820	-228	-2,527
Gross operating income/(loss)	**851**	**712**	**108**	**1,670**
Cost of counterparty risk	-120	-408	-10	-539
Gains/(losses) on disposals of other assets	0	0	0	0
Net profit/(loss) before tax	**730**	**304**	**98**	**1,132**
Income tax	-211	-100	-35	-346
Net profit/(loss)	**520**	**204**	**62**	**786**

Breakdown of the business lines of the "specialized business lines" segment in the first half of 2023

06/30/2023	Asset management and private banking	Corporate banking	Capital Markets	Private equity	Total Specialized business lines
Net revenue	569	296	293	220	1,378
General operating expenses	-356	-87	-139	-40	-622
Gross operating income/(loss)	**213**	**209**	**154**	**180**	**756**
Cost of counterparty risk	-2	-64	-1	0	-66
Gains/(losses) on disposals of other assets	-	-	-	-	-
Net profit/(loss) before tax	**212**	**145**	**153**	**180**	**690**
Income tax	-51	-40	-41	1	-131
Net profit/(loss)	**161**	**105**	**112**	**181**	**559**

BREAKDOWN OF RESTATED 2022 HALF-YEAR INCOME - ALL SEGMENTS

06/30/2022 restated	Retail banking	Insurance	Specialized business lines	Other business lines	Total
Net revenue	4,068	578	1,150	-132	5,663
General operating expenses	-2,423	-51	-575	104	-2,945
Gross operating income/(loss)	**1,644**	**527**	**574**	**-28**	**2,718**
Cost of counterparty risk	-407	0	-17	8	-415
Gains/(losses) on disposals of other assets*	-2	-1	13	50	60
Net profit/(loss) before tax	**1,236**	**526**	**570**	**30**	**2,362**
Income tax	-375	-110	-88	-23	-596
Post-tax gains and losses on discontinued assets	0		0		0
Net profit/(loss)	**861**	**416**	**482**	**7**	**1,766**
Non-controlling interests	-	-	-	-	169
Group net income	**861**	**416**	**482**	**7**	**1,597**

**Includes net income of entities accounted for using the equity method and impairment losses on goodwill (notes 16 and 19).*

Breakdown of the “retail banking” segment in the first half of 2022

06/30/2022 restated	Banking network	Consumer loans	Business line subsidiaries	Total Retail bank
Net revenue	2,288	1,452	328	4,068
General operating expenses	-1,416	-789	-218	-2,423
Gross operating income	**871**	**663**	**110**	**1,644**
Cost of counterparty risk	-78	-319	-10	-407
Gains/(losses) on disposals of other assets	-2	0	0	-2
Net profit/(loss) before tax	**792**	**344**	**100**	**1,236**
Income tax	-229	-112	-34	-375
Net profit/(loss)	**562**	**232**	**67**	**861**

Breakdown of the business lines of the “specialized business lines” segment in the first half of 2022

06/30/2022 restated	Asset management and private banking	Corporate banking	Capital Markets	Private equity	Total Specialized business lines
Net revenue	451	214	180	304	1,150
General operating expenses	-327	-82	-129	-38	-575
Gross operating income/(loss)	**125**	**132**	**51**	**267**	**574**
Cost of counterparty risk	-3	-13	0	0	-17
Gains/(losses) on disposals of other assets	13	0	0	0	13
Net profit/(loss) before tax	**134**	**119**	**51**	**267**	**570**
Income tax	-29	-29	-15	-16	-88
Net profit/(loss)	**105**	**90**	**35**	**251**	**482**

2b Breakdown of income statement by geographic area

	06/30/2023				06/30/2022 restated			
	France	Europe outside France	Other countries *	Total	France	Europe outside France	Other countries *	Total
Net revenue**	3,899	1,926	122	5,947	3,803	1,724	135	5,663
General operating expenses	-1,988	-1,049	-60	-3,096	-1,888	-998	-59	-2,945
Gross operating income/(loss)	1,911	878	63	2,851	1,915	727	76	2,718
Cost of counterparty risk	-300	-305	1	-603	-201	-230	16	-415
Gains/(losses) on disposals of other assets***	19	-5	10	25	46	-0	14	59
Net profit/(loss) before tax	1,630	568	74	2,273	1,769	488	105	2,362
Total Net profit/(loss)	1,221	399	58	1,678	1,346	339	90	1,775
GROUP NET INCOME	**1,058**	**382**	**58**	**1,498**	**1,190**	**318**	**89**	**1,597**

**United States, Canada, Singapore, Hong Kong and Tunisia.*

** *33% of net revenue (excluding Logistics and Holding) was generated abroad in the first half of 2023 (compared to 34% of net revenue in the first half of 2022).*

*** *Including net income of entities accounted for using the equity method and impairment losses on goodwill.*

Note 3 Consolidation scope

3a Composition of the scope of consolidation

The parent company of the group is Banque Fédérative du Crédit Mutuel.

Since December 31, 2022, the changes in the scope of consolidation are as follows:

- Entries: KCIOP, ACM Deutschland AG, ACM Deutschland life AG, ACM Deutschland non life AG, ACM Vie Mutuelle.
- Deconsolidation of the following insurance companies as of January 1, 2023: SERENIS ASSURANCES, PARTNERS, ICM LIFE, ASTREE, ACM SERVICES, ACM COURTAGE, AGRUPACIÓ SERVEIS ADMINISTRATIUS A.I.E., AMDIF, S.L., ASESORAMIENTO EN SEGUROS Y PREVISIÓN ATLANTIS, S.L., ASISTENCIA AVANÇADA BCN, S.L., ATLANTIS ASESORES, S.L., ATLANTIS CORREDURÍA DE SEGUROS Y CONSULTORÍA ACTUARIAL, S.A., TARGO PENSIONES, ENTIDAD GESTORA DE FONDOS DE PENSIONES, S.A., SCI ACM TOMBE ISSOIRE.
- Amendment: Cofidis Italy branch office.

		06/30/2023			12/31/2022 restated		
	Country	Percentage Control	Percentage Interest	Method*	Percentage Control	Percentage Interest	Method*
A. BANKING NETWORK							
Banque Européenne du Crédit Mutuel (BECM)	France	96	96	FC	96	96	FC
Beobank	Belgium	51	51	FC	51	51	FC
CIC Est	France	100	100	FC	100	99	FC
CIC Lyonnaise de Banque (LB)	France	100	100	FC	100	99	FC
CIC Lyonnaise de Banque Monaco (LB branch)	Monaco	100	100	FC	100	99	FC
CIC Nord Ouest	France	100	100	FC	100	99	FC
CIC Ouest	France	100	100	FC	100	99	FC
CIC Sud Ouest	France	100	100	FC	100	99	FC
Crédit Industriel et Commercial (CIC)	France	100	100	FC	100	99	FC
TARGOBANK Spain	Spain	100	100	FC	100	100	FC
B. CONSUMER LOANS							
Cofidis Belgium	Belgium	100	80	FC	100	80	FC
Cofidis France	France	100	80	FC	100	80	FC
Cofidis Spain (branch of Cofidis France)	Spain	100	80	FC	100	80	FC
Cofidis Hungary (branch of Cofidis France)	Hungary	100	80	FC	100	80	FC
Cofidis Portugal (branch of Cofidis France)	Portugal	100	80	FC	100	80	FC
Cofidis SA Poland (branch of Cofidis France)	Poland	100	80	FC	100	80	FC
Cofidis SA Slovakia (branch of Cofidis France)	Slovakia	100	80	FC	100	80	FC
Cofidis Italy (branch of Cofidis France)	Italy	100	80	FC	100	80	FC
Cofidis Czech Republic	Czech Republic	100	80	FC	100	80	FC
Creatis	France	100	80	FC	100	80	FC
Margem-Mediação Seguros, Lda	Portugal	100	80	FC	100	80	FC
Monabanq	France	100	80	FC	100	80	FC
TARGOBANK AG	Germany	100	100	FC	100	100	FC
C. SUBSIDIARIES OF THE BANKING NETWORK							
Bail Actéa	France	100	100	FC	100	100	FC
Bail Actéa Immobilier	France	100	100	FC	100	100	FC
CCLS Leasing Solutions	France	100	100	FC	100	100	FC
Crédit Mutuel Caution Habitat	France	100	100	FC	100	100	FC
Crédit Mutuel Épargne Salariale	France	100	100	FC	100	99	FC
Crédit Mutuel Factoring	France	100	100	FC	100	99	FC
Crédit Mutuel Home Loan SFH	France	100	100	FC	100	100	FC
Crédit Mutuel Leasing	France	100	100	FC	100	99	FC
Crédit Mutuel Leasing Spain (branch of Crédit Mutuel Leasing)	Spain	100	100	FC	100	99	FC
Crédit Mutuel Leasing Benelux	Belgium	100	100	FC	100	99	FC
Crédit Mutuel Leasing Nederland (branch of Crédit Mutuel Leasing Benelux)	Belgium	100	100	FC	100	99	FC

		06/30/2023			12/31/2022 restated		
	Country	Percentage Control	Percentage Interest	Method*	Percentage Control	Percentage Interest	Method*
Crédit Mutuel Leasing Gmbh	Germany	100	100	FC	100	99	FC
Crédit Mutuel Real Estate Lease	France	100	100	FC	100	100	FC
Factofrance SA	France	100	100	FC	100	100	FC
FCT Crédit Mutuel Factoring	France	100	100	FC	100	99	FC
FCT Factofrance	France	100	100	FC	100	100	FC
Gesteurop	France	100	100	FC	100	99	FC
LYF SA	France	44	44	EM	44	44	EM
Paysurf	France	51	64	FC	51	64	FC
Targo Factoring GmbH	Germany	100	100	FC	100	100	FC
Targo Finanzberatung GmbH	Germany	100	100	FC	100	100	FC
Targo Leasing GmbH	Germany	100	100	FC	100	100	FC
D. CORPORATE BANKING AND CAPITAL MARKETS							
CIC Bruxelles (branch of CIC)	Belgium	100	100	FC	100	99	FC
CIC Hong Kong (branch of CIC)	Hong Kong	100	100	FC	100	99	FC
CIC London (branch of CIC)	United Kingdom	100	100	FC	100	99	FC
CIC New York (branch of CIC)	United States	100	100	FC	100	99	FC
CIC Singapore (branch of CIC)	Singapore	100	100	FC	100	99	FC
Satellite	France	100	100	FC	100	99	FC
CIC Bruxelles (branch of CIC)	Belgium	100	100	FC	100	99	FC
E. ASSET MANAGEMENT & PRIVATE BANKING							
Banque de Luxembourg	Luxembourg	100	100	FC	100	99	FC
Banque du Luxembourg Belgium (Banque de Luxembourg branch)	Belgium	100	100	FC	100	99	FC
Banque de Luxembourg Investments SA (BLI)	Luxembourg	100	100	FC	100	99	FC
Banque Transatlantique (BT)	France	100	100	FC	100	99	FC
Banque Transatlantique Belgium	Belgium	100	100	FC	100	99	FC
Banque Transatlantique London (branch of BT)	United Kingdom	100	100	FC	100	99	FC
Banque Transatlantique Luxembourg	Luxembourg	100	100	FC	100	99	FC
CIC Private debt	France	100	100	FC	100	99	FC
CIC (Suisse)	Switzerland	100	100	FC	100	99	FC
Cigogne Management	Luxembourg	100	100	FC	100	100	FC
Crédit Mutuel Asset Management	France	81	81	FC	81	81	FC
Crédit Mutuel Gestion	France	100	81	FC	100	81	FC
Crédit Mutuel Investment Managers	France	100	100	FC	100	100	FC
Crédit Mutuel Investment Managers – Luxembourg branch	France	100	100	FC	100	100	FC
Dubly Transatlantique Gestion	France	100	100	FC	100	99	FC
F. PRIVATE EQUITY							
CIC Capital Canada Inc	Canada	100	100	FC	100	99	FC
CIC Capital Suisse SA	Switzerland	100	100	FC	100	99	FC
CIC Capital Deutschland Gmbh	Germany	100	100	FC	100	99	FC
CIC Capital Ventures Quebec	Canada	100	100	FC	100	99	FC
CIC Conseil	France	100	100	FC	100	99	FC
Crédit Mutuel Capital	France	100	100	FC	100	99	FC
Crédit Mutuel Equity	France	100	100	FC	100	99	FC
Crédit Mutuel Equity SCR	France	100	100	FC	100	99	FC
Crédit Mutuel Innovation	France	100	100	FC	100	99	FC
G. OTHER BUSINESS LINES							
Affiches d'Alsace Lorraine	France	100	99	FC	100	99	FC
Alsacienne de Portage – DNA	France	100	99	FC	100	99	FC
Banque de Tunisie	Tunisia	35	35	EM	35	35	EM
CIC Participations	France	100	100	FC	100	99	FC
Cofidis Group (formerly Cofidis Participations)	France	80	80	FC	80	80	FC
Crédit Mutuel Immobilier	France	100	100	FC	100	100	FC
EBRA Medias Rhone-Alpes PACA (formerly Groupe Dauphiné Media)	France	100	100	FC	100	100	FC
EBRA (formerly Société d'Investissements Médias (SIM))	France	100	100	FC	100	100	FC

		06/30/2023			12/31/2022 restated		
	Country	Percentage Control	Percentage Interest	Method*	Percentage Control	Percentage Interest	Method*
EBRA Editions (formerly Les Éditions du Quotidien)	France	100	100	FC	100	100	FC
EBRA events	France	100	100	FC	100	100	FC
EBRA Info (formerly AGIR)	France	100	100	FC	100	100	FC
EBRA Medias Alsace	France	100	99	FC	100	99	FC
EBRA Medias Bourgogne Rhone-Alpes (formerly Publiprint Province n° 1)	France	100	100	FC	100	100	FC
EBRA Medias Lorraine Franche Comté	France	100	100	FC	100	99	FC
EBRA Portage Bourgogne Rhone-Alpes (formerly Presse Diffusion)	France	100	100	FC	100	100	FC
EBRA Productions	France	100	100	FC	100	100	FC
EBRA services	France	100	100	FC	100	100	FC
EBRA Studio (formerly Est Info TV)	France	100	100	FC	100	100	FC
Est Bourgogne Médias	France	100	100	FC	100	100	FC
Euro Protection Surveillance	France	22	22	EM	22	22	EM
Euro-Information	France	26	26	EM	26	26	EM
Foncière Massena	France	100	66	FC	100	66	FC
France Régie	France	100	99	FC	100	99	FC
GEIE Synergie	France	100	80	FC	100	80	FC
Groupe Progrès	France	100	100	FC	100	100	FC
Groupe Républicain Lorrain Imprimeries (GRLI)	France	100	100	FC	100	100	FC
Humanoid	France	100	71	FC	100	71	FC
Journal de la Haute Marne	France	50	50	EM	50	50	EM
KCIOP	France	62	62	FC			NC
La Liberté de l'Est	France	100	100	FC	97	97	FC
La Tribune	France	100	100	FC	100	100	FC
Le Dauphiné Libéré	France	100	100	FC	100	100	FC
Le Républicain Lorrain	France	100	100	FC	100	100	FC
Les Dernières Nouvelles d'Alsace	France	99	99	FC	99	99	FC
L'Est Républicain	France	100	100	FC	100	100	FC
Lumedia	Luxembourg	50	50	EM	50	50	EM
Madmoizelle	France	100	71	FC	100	71	FC
Media des massifs français (formerly NEWCO4)	France	68	68	FC	68	68	FC
Médiaportage	France	100	100	FC	100	100	FC
Mutuelles Investissement	France	100	97	FC	90	90	FC
Oddity H.	France	71	71	FC	71	71	FC
Presstic Numerama	France	100	71	FC	100	71	FC
SAP Alsace	France	100	100	FC	100	100	FC
SCI 14 Rue de Londres	France	100	66	FC	90	59	FC
SCI ACM	France	100	66	FC	80	52	FC
SCI La Tréflière	France	46	46	EM	46	46	EM
SCI Le Progrès Confluence	France	100	100	FC	100	100	FC
SCI Provence Lafayette	France	100	66	FC	90	59	FC
SCI Saint Augustin	France	100	66	FC	88	58	FC
Société d'Édition de l'Hebdomadaire du Louhannais et du Jura (SEHLJ)	France	100	100	FC	100	100	FC
Targo Deutschland GmbH	Germany	100	100	FC	100	100	FC
Targo Dienstleistungs GmbH	Germany	100	100	FC	100	100	FC
Targo Technology GmbH	Germany	100	100	FC	100	100	FC
Targo Versicherungsvermittlung GmbH	Germany	100	100	FC	100	100	FC
G. INSURANCE COMPANIES							
ACM Belgium Life (formerly NELB (North Europe Life Belgium))	Belgium	100	66	FC	100	66	FC
ACM Capital	France	100	66	FC	89	59	FC
ACM Deutschland AG	Germany	100	66	FC			NC
ACM Deutschland life AG	Germany	100	66	FC			NC
ACM Deutschland non life AG	Germany	100	66	FC			NC
ACM GIE	France	100	66	FC	100	66	FC
ACM IARD	France	97	64	FC	97	64	FC
ACM VIE SA	France	100	66	FC	100	66	FC
ACM VIE, Société d'Assurance Mutuelle	France	100	66	FC			NC

		06/30/2023			12/31/2022 restated		
	Country	Percentage Control	Percentage Interest	Method*	Percentage Control	Percentage Interest	Method*
Agrupació AMCI d'Assegurances i Reassegurances S.A.	Spain	98	65	FC	95	63	FC
Atlantis Vida, Compañía de Seguros y Reaseguros SA	Spain	88	59	FC	88	59	FC
GACM España	Spain	100	66	FC	100	66	FC
GACM Seguros, Compañía de Seguros y Reaseguros, Sau	Spain	100	66	FC	100	66	FC
Groupe des Assurances du Crédit Mutuel (GACM)	France	66	66	FC	66	66	FC

** Method: FC = Full Consolidation; EM = Equity Method; NC = Not Consolidated; ME = Merged.*

3b Fully consolidated entities with significant non-controlling interests

	Percentage of non-controlling interests in the consolidated financial statements				Financial information regarding fully-consolidated entities*			
06/30/2023	Percentage of interest/Percentage of voting rights	Net income attributable to non-controlling interests	Amount in shareholders' equity of non-controlling interests	Dividends paid to non-controlling interests	Balance sheet total	Net income	Undisclosed reserves	Net revenue
Groupe des Assurances du Crédit Mutuel (GACM)	34%	157	3,633	-167	139,632	453	359	652
Beobank	49%	14	386	-10	9,365	27	20	159
Cofidis France	20%	2	NA**	0	12,199	12	18	272

* *Amounts before elimination of intercompany balances and transactions.*

** *In accordance with IAS 32, the group recognized a liability for the commitment to increase its stake in COFIDIS GROUP (formerly Participations) to 100%. The counterparty was recorded as a reduction of minority interests and a reduction of the group's share for the remaining balance.*

	Percentage of non-controlling interests in the consolidated financial statements				Financial information regarding fully-consolidated entities*			
12/31/2022 restated	Percentage of interest/Percentage of voting rights	Net income attributable to non-controlling interests	Amount in shareholders' equity of non-controlling interests	Dividends paid to non-controlling interests	Balance sheet total	Net income	Undisclosed reserves	Net revenue
Groupe des Assurances du Crédit Mutuel (GACM)	34%	285	3,410	-135	134,054	823	29	1,214
Beobank	49%	14	382	-10	9,106	5	29	269
Cofidis France	20%	13	NA**	0	11,701	39	20	549

* *Amounts before elimination of intercompany balances and transactions.*

** *In accordance with IAS 32, the group recognized a liability for the commitment to increase its stake in COFIDIS GROUP (formerly Participations) to 100%. The counterparty was recorded as a reduction of minority interests and a reduction of the group's share for the remaining balance.*

3c Assets, liabilities and profit/(loss) from non-current activities held for sale

	06/30/2023	12/31/2022 restated
Non-current assets held for sale	5,112	4,874
Non-current liabilities held for sale	3,537	3,622
Post-tax gains/(losses) on discontinued operations	0	0

As of December 30, 2023: the assets and liabilities of the following companies have been reclassified under IFRS 5 as "Assets and liabilities held for sale":

- GACM España: the classification at December 31, 2022 followed the signing of an agreement, on December 13, 2022, between GACM and Axa Seguros Generales, S.A. de Seguros y Reaseguros (Axa Spain) for the sale, by GACM SA, of 100% of the capital of GACM España, owned by Axa Spain.

This sale was completed on July 12, 2023 and will be reflected in the financial statements for the second half of 2023.

- TARGOBANK Spain: the classification at December 31, 2022 followed the announcement of the entry into exclusive negotiations between the group and ABANCA on December 22, 2022, with a view to the sale of TARGOBANK Spain by BFCM; it had not yet been completed at June 30, 2022.

Note 4 Cash and central banks (asset/liability)

	06/30/2023	12/31/2022 restated
Cash, central banks – asset		
Central banks	104,989	110,601
of which mandatory reserves	*2,782*	*2,618*
Local bank	734	853
Total	**105,723**	**111,454**
Central banks – liability	**303**	**44**

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

5a Financial assets at fair value through profit or loss

	06/30/2023				12/31/2022 restated			
	Transaction	Fair value option	Other FVPL	Total	Transaction	Fair value option	Other FVPL	Total
Securities	8,020	791	5,026	13,837	6,315	734	4,924	11,973
▪ Government securities	1,154	0	0	1,154	1,034	0	0	1,034
▪ Bonds and other debt securities	5,910	791	83	6,784	4,550	734	235	5,518
Listed	5,910	26	9	5,945	4,550	26	161	4,737
Non-listed	0	765	74	839	0	708	74	781
of which UCIs	0		76	76	0		229	229
▪ Shares and other equity instruments	956		4,341	5,297	731		4,094	4,825
Listed	956		1,094	2,050	731		1,041	1,772
Non-listed	0		3,247	3,247	0		3,053	3,053
▪ Long-term investments			602	602			596	596
Equity investments			273	273			198	198
Other long-term investments			99	99			166	166
Investments in subsidiaries and associates			229	229			231	231
Other long-term investments			1	1			1	1
Derivative instruments	7,178			7,178	6,869			6,869
Loans and receivables	11,032	0	17	11,049	9,743	0	14	9,757
of which pensions	11,032	0		11,032	9,743	0		9,743
TOTAL	26,230	791	5,043	32,064	22,927	734	4,938	28,599

5b Financial liabilities at fair value through profit or loss

	06/30/2023	12/31/2022 restated
Financial liabilities held for trading	20,522	18,616
Financial liabilities at fair value through profit or loss	165	156
TOTAL	20,687	18,772

FINANCIAL LIABILITIES HELD FOR TRADING

	06/30/2023	12/31/2022 restated
Short sales of securities	2,359	1,365
▪ Bonds and other debt securities	1,701	646
▪ Shares and other equity instruments	658	719
Debts in respect of securities sold under repurchase agreements	10,421	9,748
Trading derivatives	6,922	6,816
Other financial liabilities held for trading	820	687
TOTAL	20,522	18,616

5c Analysis of trading derivatives

	06/30/2023			12/31/2022 restated		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Rate instrument	179,143	4,905	4,817	169,041	4,685	4,604
Swaps	83,155	3,665	4,243	79,024	3,162	4,032
Other firm contracts [1]	51,253	0	0	53,697	0	0
Options and conditional instruments	44,735	1,240	574	36,320	1,523	572
Foreign exchange instrument	174,641	2,047	1,877	150,634	1,917	1,909
Swaps	121,319	29	51	101,188	45	144
Other firm contracts	13,738	1,795	1,603	12,705	1,566	1,459
Options and conditional instruments	39,584	223	223	36,741	306	306
Other derivatives	24,492	226	228	22,131	267	303
Swaps	7,329	81	94	7,040	50	110
Other firm contracts	9,948	38	54	9,923	100	85
Options and conditional instruments	7,215	107	80	5,168	117	108
TOTAL	**378,276**	**7,178**	**6,922**	**341,806**	**6,869**	**6,816**

Swaps are valued with an OIS curve if they are collateralized or with a BOR curve otherwise. Hedged items are valued with a BOR curve. The difference resulting from the use of different valuation curves for the hedged items and the hedging instruments is accounted for as hedge ineffectiveness. Furthermore, the value of derivatives takes into account the counterparty risk.

Note 6 Hedging

6a Hedging derivatives

	06/30/2023			12/31/2022 restated		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Fair Value Hedges	303,580	3,856	6,434	279,891	4,253	6,725
Swaps	82,836	3,856	6,434	82,826	4,253	6,725
Other firm contracts	220,743	0	0	197,049	0	0
Options and conditional instruments	1	0	0	16	0	0
TOTAL	**303,580**	**3,856**	**6,434**	**279,891**	**4,253**	**6,725**

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

6b Revaluation differences on interest-risk hedged portfolios

	06/30/2023	12/31/2022 restated
FAIR VALUE OF PORTFOLIO INTEREST RATE RISK		
▪ in financial assets	-2,690	-2,733
▪ in financial liabilities	-57	-14

Note 7 Financial assets at fair value through equity

	06/30/2023	12/31/2022 restated
Government securities	11,016	10,873
Bonds and other debt securities	23,597	22,767
▪ Listed	22,772	21,724
▪ Non-listed	825	1,043
Related receivables	188	195
Debt securities subtotal, gross	**34,801**	**33,834**
Impairment of performing loans (S1/S2)	-20	-19
Debt securities subtotal, net	**34,782**	**33,815**
Shares and other equity instruments	215	217
▪ Listed	0	1
▪ Non-listed	215	213
Long-term investments	294	295
▪ Equity investments	97	96
▪ Other long-term investments	143	142
▪ Investments in subsidiaries and associates	54	57
Subtotal, equity instruments	**509**	**512**
TOTAL	**35,291**	**34,327**
of which unrealized capital gains or losses recognized under shareholders' equity	-4	-6
of which listed equity investments	0	0

Note 8 Fair value hierarchy of financial instruments carried at fair value on the balance sheet

06/30/2023	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS IFRS 9				
Fair value through equity	**30,325**	**4,446**	**520**	**35,291**
- Government and equivalent securities	10,833	239	0	11,072
- Bonds and other debt securities	19,493	4,204	13	23,710
- Shares and other equity instruments	0	2	213	215
- Investments and other long-term securities	0	0	240	240
- Investments in subsidiaries and associates	0	0	54	54
Trading/Fair value option/Other	**7,083**	**18,082**	**6,900**	**32,065**
- Government securities and similar instruments – Trading	1,127	0	27	1,154
- 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	3,824	1,213	873	5,910
- Bonds and other debt securities – Fair value option	26	0	765	791
- Bonds and other debt securities – Other FVPL	9	57	16	83
- Shares and other equity instruments – Trading	956	0	0	956
- Shares and other equity instruments – Other FVPL[1]	1,094	0	3,247	4,342
- Investments and other long-term securities – Other FVPL	5	0	367	372
- Investments in subsidiaries and associates – Other FVPL	0	0	229	229
- Loans and receivables due from credit institutions - Trading	0	11,032	0	11,032
- Loans and receivables due from credit institutions - Other FVPL	0	17	0	17
- Loans and receivables due from customers – Trading	41	5,762	1,375	7,178
Hedging derivatives	**2**	**3,852**	**2**	**3,856**
TOTAL	**37,410**	**26,380**	**7,421**	**71,211**
FINANCIAL ASSETS IFRS 9 – INVESTMENTS OF INSURANCE ACTIVITIES				
Fair value through equity	**65,634**	**7,121**	**2,353**	**75,108**
- Government and equivalent securities	28,735	212	0	28,946
- Bonds and other debt securities	35,395	550	0	35,946
- Shares and other equity instruments	1,164	25	0	1,189
- Investments and other long-term securities	339	0	1,603	1,942
- Investments in subsidiaries and associates	0	0	750	750
- Loans and receivables - FVTPL	0	6,334	0	6,334
Trading/Fair value option/Other	**36,303**	**12,193**	**104**	**48,600**
- Government securities and similar instruments – Trading	0	0	0	0
- Government securities and similar instruments – Fair value option	0	0	0	0
- Government securities and similar instruments – Other FVPL	151	7	0	158
- Bonds and other debt securities – Trading	0	0	0	0
- Bonds and other debt securities – Fair value option	0	0	0	0
- Bonds and other debt securities – Other FVPL	21,727	5,021	0	26,748
- Shares and other equity instruments – Trading	0	0	0	0
- Shares and other equity instruments – Other FVPL	14,425	6,279	90	20,794
- Investments and other long-term securities – Other FVPL	0	0	14	14
- Loans and receivables due from customers – Other FVPL	0	467	0	467
- Derivatives and other financial assets – Trading	0	0	0	0
- Operating properties - Other FVPL	0	419	0	419
Hedging derivatives	**0**	**0**	**0**	**0**
TOTAL	**101,937**	**19,313**	**2,458**	**123,708**

FINANCIAL LIABILITIES IFRS 9				
Trading/Fair value option	**3,075**	**15,644**	**1,968**	**20,687**
- Due to credit institutions – Fair value option	0	104	0	104
- Due to customers – Fair value option	0	61	0	61
- Debt – Trading	0	10,421	0	10,421
- Derivatives and other financial liabilities – Trading	3,075	5,058	1,968	10,101
Hedging derivatives	**0**	**6,423**	**11**	**6,434**
TOTAL	**3,075**	**22,067**	**1,979**	**27,121**

[1] Includes the equity investments held by the group's private equity companies.

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

Instruments in the trading portfolio classified under levels 2 or 3 mainly consist of derivatives and securities considered as illiquid.
All of these instruments include uncertainties of valuation, which give rise to adjustments in value reflecting the risk premium that a market player would incorporate in establishing the price.
These valuation adjustments make it possible to integrate, in particular, risks that would not be captured by the model, liquidity risks associated with the instrument or the parameter in question, specific risk premiums intended to offset certain surcharges that would elicit the dynamic management strategy associated with the model in certain market conditions, and the counterparty risk present in the fair value of over-the-counter derivatives. The methods used may change. The latter includes the counterparty risk itself present in the fair value of over-the-counter derivatives.
When establishing valuation adjustments, each risk factor is considered individually and no effect of diversification between risks, parameters or models of a different nature are taken into account. A portfolio approach is most often used for a given risk factor.

12/31/2022 restated	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS IFRS 9				
Fair value through equity	**30,564**	**3,188**	**574**	**34,327**
- Government and equivalent securities	10,598	289	59	10,946
- Bonds and other debt securities	19,965	2,898	6	22,869
- Shares and other equity instruments	1	2	213	216
- Investments and other long-term securities	0	0	239	239
- Investments in subsidiaries and associates	0	0	57	57
Trading/Fair value option/Other	**5,734**	**15,900**	**6,965**	**28,600**
- Government securities and similar instruments – Trading	1,025	0	9	1,034
- Government securities and similar instruments – Fair value option	0	0	0	0
- Government securities and similar instruments – Other FVPL	0	0	0	0
- Bonds and other debt securities – Trading	2,725	1,670	156	4,550
- Bonds and other debt securities – Fair value option	26	0	707	734
- Bonds and other debt securities – Other FVPL	162	57	16	235
- Shares and other equity instruments – Trading	731	0	0	731
- Shares and other equity instruments – Other FVPL	1,041	0	3,053	4,093
- Investments and other long-term securities – Other FVPL	1	0	363	365
- Investments in subsidiaries and associates – Other FVPL	0	0	231	231
- Loans and receivables due from 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 – Trading	0	9,744	0	9,744
- Loans and receivables due from customers – Other FVPL	0	14	0	14
- Derivatives and other financial assets – Trading	24	4,415	2,430	6,869
Hedging derivatives	**3**	**4,248**	**2**	**4,253**
TOTAL	**36,302**	**23,337**	**7,541**	**67,180**

FINANCIAL ASSETS IAS 39 – INVESTMENTS OF INSURANCE ACTIVITIES				
Fair value through profit or loss	**62,903**	**7,971**	**2,038**	**72,913**
- Government and equivalent securities	26,930	230	0	27,160
- Bonds and other debt securities	34,639	530	0	35,168
- Shares and other equity instruments	1,030	27	0	1,057
- Investments and other long-term securities	305	0	1,299	1,604
- Investments in subsidiaries and associates	0	0	739	739
- Loans and receivables - FVTPL	0	7,184	0	7,184
Trading/Fair value option/Other	**33,380**	**12,416**	**93**	**45,889**
- Government securities and similar instruments – Trading	0	0	0	0
- Government securities and similar instruments – Fair value option	0	0	0	0
- Government securities and similar instruments – Other FVPL	146	6	0	153
- Bonds and other debt securities – Trading	0	0	0	0
- Bonds and other debt securities – Fair value option	0	0	0	0
- Bonds and other debt securities – Other FVPL	20,153	5,268	0	25,421
- Shares and other equity instruments – Trading	0	0	0	0
- Shares and other equity instruments – Other FVPL	13,080	6,385	90	19,556
- Investments and other long-term securities – Other FVPL	0	0	3	3
- Loans and receivables due from customers – Other FVPL	0	338	0	338
- Derivatives and other financial assets – Trading	0	0	0	0
- Operating properties - Other FVPL	0	419	0	419
Hedging derivatives	**0**	**0**	**0**	**0**
TOTAL	**96,283**	**20,387**	**2,132**	**118,802**

FINANCIAL LIABILITIES IFRS 9				
Trading/Fair value option	**2,038**	**14,248**	**2,486**	**18,772**
- Due to credit institutions – Fair value option	0	133	0	133
- 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	9,748	0	9,748
- Derivatives and other financial liabilities – Trading	2,038	4,344	2,486	8,868
Hedging derivatives	**0**	**6,713**	**13**	**6,725**
TOTAL	**2,038**	**20,971**	**2,489**	**25,497**

(1) Includes the equity investments held by the group's private equity companies.

Note 9 Note on securitization outstandings

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

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

SUMMARY

	Carrying amount 06/30/2023	Carrying amount 12/31/2022 restated
RMBS	1,268	1,255
CMBS	0	0
CLO	3,990	3,996
Other ABS	2,833	3,199
TOTAL	**8,092**	**8,450**

Unless otherwise indicated, securities are not hedged by CDS.

EXPOSURES AT 06/30/2023

	RMBS	CMBS	CLO	Other ABS	Total
Fair value through profit or loss	126	0	0	154	281
Amortized cost	23	0	337	1,093	1,453
Fair value – Others	1	0	0	0	1
Fair value through equity	1,118	0	3,653	1,586	6,357
TOTAL	**1,268**	**0**	**3,990**	**2,833**	**8,092**
France	527	0	833	540	1,900
Spain	74	0	0	243	317
United Kingdom	78	0	158	171	406
Europe excluding France, Spain and the UK	504	0	270	1,176	1,949
USA	3	0	2,730	560	3,293
Other	82	0	0	143	226
TOTAL	**1,268**	**0**	**3,990**	**2,833**	**8,092**
US Branches	0	0	0	0	0
AAA	1,222	0	3,691	1,413	6,327
AA	33	0	224	562	819
A	9	0	75	3	88
BBB	1	0	0	0	1
BB	0	0	0	17	17
B or below	2	0	0	7	9
Not rated	0	0	0	830	830
TOTAL	**1,268**	**0**	**3,990**	**2,833**	**8,092**
Origination 2005 and earlier	8	0	0	0	8
Origination 2006-2008	21	0	0	7	28
Origination 2009-2011	0	0	0	0	0
Origination 2012-2023	1,239	0	3,990	2,826	8,056
TOTAL	**1,268**	**0**	**3,990**	**2,833**	**8,092**

EXPOSURES AT 12/31/2022 RESTATED

	RMBS	CMBS	CLO	Other ABS	Total
Fair value through profit or loss	145	0	0	206	351
Amortized cost	26	0	337	1,516	1,879
Fair value – Others	1	0	0	0	1
Fair value through equity	1,083	0	3,659	1,477	6,219
TOTAL	**1,255**	**0**	**3,996**	**3,199**	**8,450**
France	560	0	786	930	2,275
Spain	95	0	0	328	423
United Kingdom	6	0	175	163	344
Europe excluding France, Spain and the UK	474	0	279	1,080	1,832
USA	5	0	2,756	567	3,328
Other	116	0	0	133	248
TOTAL	**1,255**	**0**	**3,996**	**3,199**	**8,450**
US Branches	0	0	0	0	0
AAA	1,174	0	3,722	1,308	6,204
AA	63	0	199	644	906
A	10	0	75	4	89
BBB	5	0	0	0	5
BB	0	0	0	0	0
B or below	2	0	0	7	9
Not rated	0	0	0	1,237	1,237
TOTAL	**1,255**	**0**	**3,996**	**3,199**	**8,450**
Origination 2005 and earlier	9	0	0	0	9
Origination 2006-2008	24	0	0	7	31
Origination 2009-2011	7	0	0	0	7
Origination 2012-2022	1,215	0	3,996	3,192	8,403
TOTAL	**1,255**	**0**	**3,996**	**3,199**	**8,450**

Note 10 Financial assets at amortized cost

	06/30/2023	12/31/2022 restated
Securities at amortized cost	3,403	3,397
Loans and receivables due from credit institutions	60,737	57,969
Loans and receivables due from customers	327,915	322,279
TOTAL	**392,055**	**383,645**

10a Securities at amortized cost

	06/30/2023	12/31/2022 restated
Securities	3,454	3,452
▪ Government securities	1,655	1,654
▪ Bonds and other debt securities	1,799	1,798
Listed	831	718
Non-listed	968	1,080
Related receivables	14	11
TOTAL GROSS	**3,468**	**3,463**
of which impaired assets (S3)	107	93
Impairment of performing loans (S1/S2)	-1	-2
Other impairment (S3)	-64	-64
TOTAL NET	**3,403**	**3,397**

At June 30, 2023, the net carrying amount of HQLA debt securities recognized as assets at amortized cost amounted to €1,821 million. The estimated fair value of the assets is €1,718 million.

10b Loans and receivables due from credit institutions at amortized cost

	06/30/2023	12/31/2022 restated
Performing loans (S1/S2)	60,370	57,376
Crédit Mutuel network accounts [1]	13,071	11,360
Other ordinary accounts	4,243	3,886
Loans	31,595	31,438
Other receivables	9,719	9,216
Pensions	1,741	1,477
Gross receivables subject to individual impairment (S3)	0	0
Related receivables	369	596
Impairment of performing loans (S1/S2)	-2	-3
Other impairment (S3)	0	0
TOTAL	**60,737**	**57,969**

(1) Mainly concerns outstanding CDC repayments (LEP, LDD, Livret bleu, Livret A).

10c Loans and receivables due from customers at amortized cost

	06/30/2023	12/31/2022 restated
Performing loans (S1/S2)	304,546	299,840
Commercial loans	17,301	18,146
Other customer receivables	286,582	281,132
▪ home loans	117,045	115,150
▪ other loans and receivables, including pensions [1]	169,537	165,982
Related receivables	664	561
Insurance and reinsurance receivables	0	0
Gross receivables subject to individual impairment (S3)	10,722	10,117
Gross receivables	315,268	309,958
Impairment of performing loans (S1/S2) [2]	-2,533	-2,512
Other impairment (S3)	-5,323	-5,099
Subtotal I	307,412	302,347
Finance leases (net investment)	20,136	19,614
▪ Equipment	14,622	14,209
▪ Real estate	5,514	5,405
Gross receivables subject to individual impairment (S3)	791	710
Impairment of performing loans (S1/S2)	-192	-189
Other impairment (S3)	-232	-203
Subtotal II	20,503	19,932
TOTAL	**327,915**	**322,279**
of which subordinated loans	12	12
of which pensions	1,479	1,203

(1) Including €9 billion at June 30, 2023 in State-guaranteed loans (SGLs) granted during the COVID-19 crisis.

(2) The item includes a specific provision in order to take into account the effects of the COVID-19 crisis - see note 1 - Accounting principles.

BREAKDOWN OF STATE-GUARANTEED LOANS (SGL)

	Outstandings			Impairment		
	S1	S2	S3	S1	S2	S3
Amounts at 06/30/2023	6,573	1,110	1,043	-6	-7	-121
Amounts at 12/31/2022	7,734	1,401	907	-5	-12	-93

FINANCE LEASE TRANSACTIONS WITH CUSTOMERS

	12/31/2022 restated	Increase	Decrease	Other	06/30/2023
Gross carrying amount	20,324	1,798	-1,192	-3	20,927
Impairment of non-recoverable lease payments	-392	-116	90	-6	-424
Net carrying amount	**19,932**	**1,682**	**-1,102**	**-9**	**20,503**

Note 11 Financial liabilities at amortized cost

11a Debt securities at amortized cost

	06/30/2023	12/31/2022 restated
Certificates of deposit	47	54
Interbank certificates and negotiable debt instruments	60,414	55,302
Bonds	77,982	70,429
Non-preferred senior securities	10,836	8,011
Related debt	1,139	763
TOTAL	**150,418**	**134,560**

11b Due to credit institutions

	06/30/2023	12/31/2022 restated
Other ordinary accounts	17,445	15,767
Borrowings	14,676	15,994
Other debt	2,722	4,590
Pensions[1]	31,186	44,802
Related debt	284	102
TOTAL	**66,314**	**81,256**

(1) *As part of the monetary policy implemented by the Eurosystem, the group decided to participate in the TLTRO III (Targeted Longer-Term Refinancing Operation) launched in March 2020. Crédit Mutuel has therefore refinanced itself with the ECB under TLTRO III for an amount of €18,125 million at June 30, 2023.*

11c Due to customers at amortized cost

	06/30/2023	12/31/2022 restated
Special savings accounts	64,164	66,322
▪ on demand	48,878	49,501
▪ term	15,286	16,821
Related liabilities on savings accounts	571	3
Subtotal	**64,735**	**66,325**
Demand accounts	143,680	167,260
Term deposits and borrowings	73,136	49,919
Pensions	38	12
Related debt	549	151
Other debt	15	15
Subtotal	**217,418**	**217,357**
TOTAL	**282,153**	**283,682**

Note 12 Gross values and movements in impairment provisions

12a Gross values subject to impairment

	12/31/2022 restated	Acquisition/ production	Sales/ repayments	Transfer	Other (*)	06/30/2023
Financial assets at amortized cost – loans and receivables due from credit institutions, subject to	**57,972**	**28,100**	**-25,589**	**0**	**256**	**60,739**
12-month expected losses (S1)	57,499	28,035	-25,337	-31	256	60,422
expected losses at termination (S2)	473	65	-252	31	0	317
Financial assets at amortized cost – loans and receivables due from customers, subject to	**330,282**	**85,076**	**-80,027**	**-1**	**865**	**336,195**
12-month expected losses (S1)	296,624	81,740	-72,736	-3,398	-234	301,995
expected losses at termination (S2)	22,830	2,851	-5,051	1,723	333	22,686
expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	10,607	456	-2,135	1,674	725	11,327
expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	221	29	-105	0	41	187
Financial assets at amortized cost – Securities	**3,463**	**2,999**	**-2,996**	**0**	**2**	**3,468**
12-month expected losses (S1)	3,362	2,983	-2,976	-18	2	3,353
expected losses at termination (S2)	8	5	0	-5	0	8
expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	93	11	-20	23	0	107
Financial assets at fair value through equity – Debt securities	**33,834**	**9,485**	**-8,341**	**0**	**-176**	**34,802**
12-month expected losses (S1)	33,832	9,485	-8,341	-6	-176	34,794
expected losses at termination (S2)	2	0	0	6	0	8
expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	0	0	0	0	0	0
TOTAL	**425,551**	**125,660**	**-116,953**	**-1**	**947**	**435,204**

** Change in flows not giving rise to derecognition and miscellaneous flows*

12b Movements in impairment provisions

	12/31/2022 restated	Allocations	Reversals	Other[*]	06/30/2023
Financial assets at amortized cost – Loans and receivables due from credit institutions	**-3**	**-1**	**3**	**-1**	**-2**
▪ 12-month expected losses (S1)	-2	-1	2	-1	-2
▪ expected losses at termination (S2)	-1	0	1	0	0
Financial assets at amortized cost – loans and receivables due from customers	**-8,003**	**-1,559**	**1,300**	**-18**	**-8,280**
▪ 12-month expected losses (S1)	-1,402	-234	204	2	-1,430
▪ expected losses at termination (S2)	-1,299	-375	377	2	-1,295
▪ expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	-5,302	-950	719	-22	-5,555
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	**-66**	**-2**	**3**	**0**	**-65**
▪ 12-month expected losses (S1)	-1	0	0	0	-1
▪ expected losses at termination (S2)	-1	0	1	0	0
▪ expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	-64	-2	2	0	-64
expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0
Financial assets at FVOCI – Debt securities	**-19**	**-15**	**14**	**0**	**-20**
▪ 12-month expected losses (S1)	-19	-15	14	0	-20
▪ expected losses at termination (S2)	0	0	0	0	0
TOTAL	**-8,091**	**-1,577**	**1,320**	**-19**	**-8,367**

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 €90 million, *i.e.* 3.27% of expected losses.

12c Breakdown of impairment

06/30/2023	Gross outstandings S1	Gross outstandings S2	Gross outstandings S3	Impairments S1	Of which adjustment[1]	Impairments S2	Of which adjustment[1]	Impairments S3	Net outstandings
Loans and receivables due from credit institutions	60,422	317	0	-2	0	0	0	0	60,737
Customer loans	301,995	22,686	11,514	-1,430	-84	-1,295	-135	-5,555	327,915
Financial assets at amortized cost – Securities	3,353	8	107	-1	0	0	0	-64	3,403
Financial assets at FVOCI – Debt securities	34,794	8	0	-20	0	0	0	0	34,782
Financial assets at FVOCI – Loans	0	0	0	0	0	0	0	0	0
TOTAL	**400,564**	**23,019**	**11,621**	**-1,453**	**-84**	**-1,295**	**-135**	**-5,619**	**426,837**

(1) Post-model adjustment.

	Gross outstandings			Impairments					
12/31/2022	S1	S2	S3	S1	Of which adjustment[1]	S2	Of which adjustment[1]	S3	Net outstandings
Loans and receivables due from credit institutions	57,499	473	0	-3	0	-1	0	0	57,968
Customer loans	296,624	22,830	10,828	-1,402	-80	-1,299	-141	-5,302	322,279
Financial assets at amortized cost – Securities	3,362	8	93	-1	0	-1	0	-64	3,397
Financial assets at FVOCI – Debt securities	33,832	2	0	-19	-2	0	0	0	33,815
Financial assets at FVOCI – Loans	0	0	0	0	0	0	0	0	0
TOTAL	**391,317**	**23,313**	**10,921**	**-1,425**	**-82**	**-1,301**	**-141**	**-5,366**	**417,459**

(1) Post-model adjustment.

Note 13 Investments/assets and liabilities related to contracts of insurance activities

13a Investments of insurance activities

Insurance financial investments	06/30/2023	12/31/2022 restated
Financial assets at fair value through profit or loss	48,599	45,890
Financial assets at fair value through equity	75,109	72,912
Loans and receivables at amortized cost	716	981
Debt instrument at amortized cost	0	0
Investment property**	3,193	3,194
Subtotal of insurance investments**	127,617	122,977
Assets of insurance contracts	18	18
Reinsurance contract	298	328
TOTAL	**127,933**	**123,323**

**Investment property is recognized at fair value through profit or loss.*

*** Outstandings in stage 3 amounted to €18 million, fully impaired.*

13a Financial assets at fair value through profit or loss

	06/30/2023				12/31/2022 restated			
	Transaction	Fair value option	Other FVPL	Total	Transaction	Fair value option	Other FVPL	Total
Securities	**0**	**0**	**47,713**	**47,713**	**0**	**0**	**45,133**	**45,133**
▪ Government securities	0	0	158	158	0	0	153	153
▪ Bonds and other debt securities	0	0	26,747	26,747	0	0	25,421	25,421
Listed	0	0	20,502	20,502	0	0	19,018	19,018
Non-listed	0	0	6,245	6,245	0	0	6,403	6,403
of which UCIs	0	0	24,586	24,586	0	0	22,764	22,764
▪ Shares and other equity instruments	0	0	20,794	20,794	0	0	19,556	19,556
Listed	0	0	14,397	14,397	0	0	13,052	13,052
Non-listed	0	0	6,397	6,397	0	0	6,504	6,504
▪ Equity investments, shares in subsidiaries and associates and other long-term investments	0	0	14	14	0	0	3	3
Equity investments	0	0	14	14	0	0	3	3
Derivative instruments	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Operating properties at fair value through profit or loss	**0**	**0**	**419**	**419**	**0**	**0**	**419**	**419**
Loans and receivables	**0**	**0**	**467**	**467**	**0**	**0**	**338**	**338**
TOTAL	**0**	**0**	**48,599**	**48,599**	**0**	**0**	**45,890**	**45,890**

13b Insurance financial assets at fair value through equity

	06/30/2023	12/31/2022 restated
Government securities	28,949	27,162
Bonds and other debt securities	35,987	35,209
▪ Listed	35,440	34,683
▪ Non-listed	547	526
Related receivables	0	0
Of which impaired debt securities (S3)	18	18
Debt securities subtotal, gross	**64,936**	**62,371**
Impairment of performing loans (S1/S2)	-24	-25
Other impairment (S3)	-18	-18
Debt securities subtotal, net	**64,894**	**62,328**
Loans	6,334	7,184
Related receivables	0	0
Gross subtotal loans and receivables	**6,334**	**7,184**
Impairment of performing loans (S1/S2)	-1	0
Other impairment (S3)	0	0
Net subtotal loans and receivables	**6,333**	**7,184**
Shares and other equity instruments	1,189	1,057
▪ Listed	1,164	1,030
▪ Non-listed	25	27
Long-term investments	2,693	2,343
▪ Equity investments	1,942	1,604
▪ Other long-term investments	0	0
▪ Investments in subsidiaries and associates	751	739
Subtotal, equity instruments	**3,882**	**3,400**
TOTAL	**75,109**	**72,912**
Of which unrealized capital gains or losses recognized under shareholders' equity	-148	-326
Of which listed equity investments	339	305

13c Distinction between insurance liabilities for remaining coverage and incurred claims

	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)			
06/30/2023	Excluding loss item	Loss item	Contracts excluding PAA	Estimates of the present value of future cash flows of PAA contracts (BE)	Adjustment for non-financial risk of PAA contracts (RA)	Total
Insurance contract assets at the start of the period	-18	0	0	0	0	-18
Insurance contract liabilities at the start of the period	105,982	72	986	3,364	95	110,499
Opening balance	105,964	72	986	3,364	95	110,481
Income from insurance activities	**-3,670**	**0**	**0**	**0**	**0**	**-3,670**
Claims and other insurance expenses incurred during the fiscal year	*0*	*-39*	*905*	*2,113*	*19*	*2,998*
Amortization of acquisition cash flows	*32*	*0*	*0*	*0*	*0*	*32*
Loss on onerous contracts	*0*	*42*	*0*	*0*	*0*	*42*
Changes related to incurred claims in previous years (adjustment of the LIC)	*0*	*0*	*-31*	*39*	*-20*	*-13*
Expenses related to insurance activities	**32**	**3**	**873**	**2,152**	**-1**	**3,059**
Investment component	**-3,514**	**0**	**3,514**	**0**	**0**	**0**
Insurance service result	**-7,152**	**3**	**4,387**	**2,152**	**-1**	**-611**
Effect of rates neutralized in OCI	*695*	*0*	*-5*	*10*	*0*	*701*
Net financial expense on insurance contracts (excluding OCI)	*4,294*	*0*	*6*	*28*	*1*	*4,329*
Exchange rate effects	*0*	*0*	*0*	*0*	*0*	*0*
Total changes in income and in other comprehensive income	**4,988**	**0**	**1**	**38**	**1**	**5,030**
Premiums received	*7,495*	*0*	*0*	*0*	*0*	*7,495*
Claims and expenses paid, including investment component	*0*	*0*	*-4,366*	*-2,123*	*0*	*-6,490*
Cash flow from contract acquisition	*-38*	*0*	*0*	*0*	*0*	*-38*
Total cash flow	**7,456**	**0**	**-4,366**	**-2,123**	**0**	**967**
Transfer to other balance sheet items	**31**	**0**	**0**	**8**	**0**	**39**
Insurance contracts - assets	-19	0	1	0	0	-18
Insurance contracts - liabilities	111,307	76	1,007	3,439	95	115,924
CLOSING BALANCE	**111,288**	**76**	**1,008**	**3,439**	**95**	**115,906**

13d Distinction of insurance liabilities (BE, RA, CSM)

06/30/2023	Estimate of the present value of future cash flows (BE)	Risk adjustment for non-financial risk (RA)	Contractual service margin (CSM)	Total
Insurance contract assets at the start of the period	-51	16	18	-18
Insurance contract liabilities at the start of the period	98,654	1,511	6,491	106,656
Opening balance	**98,603**	**1,527**	**6,509**	**106,638**
Change in contractual service margin recognized in income	*0*	*0*	*-329*	*-329*
Change in the adjustment for non-financial risk over the period	*0*	*-70*	*0*	*-70*
Experience adjustment	*4*	*9*	*0*	*13*
Changes in services rendered during the period	**4**	**-61**	**-329**	**-386**
Contracts recognized during the period	*-133*	*54*	*88*	*8*
Changes in estimates resulting in an adjustment of the contractual service margin	*-1,887*	*167*	*1,721*	*0*
Changes in estimates resulting in losses or reversals of losses on groups of onerous contracts	*-5*	*7*	*0*	*3*
Changes in future services	**-2,025**	**228**	**1,808**	**11**
Changes in fulfilment cash flows in respect of incurred claims	*-24*	*-7*	*0*	*-31*
Changes related to past services	**-24**	**-7**	**0**	**-31**
Insurance service result	**-1,921**	**159**	**1,399**	**-363**
Effect of rates neutralized in OCI	*670*	*20*	*0*	*690*
Financial expenses net of insurance contracts (excluding OCI)	*4,287*	*5*	*8*	*4,300*
Exchange rate effects	*0*	*0*	*0*	*0*
TOTAL changes in income and in other comprehensive income	**4,957**	**25**	**8**	**4,990**
Premiums received	*4,979*	*0*	*0*	*4,979*
Claims and expenses paid, including investment component	*-4,366*	*0*	*0*	*-4,366*
Cash flow from contract acquisition	*-34*	*0*	*0*	*-34*
Total cash flow	**578**	**0**	**0**	**578**
Transfer to other balance sheet items	**42**	**4**	**-10**	**36**
Insurance contract assets at closing	-48	15	15	-18
Insurance contract liabilities at closing	102,183	1,700	7,971	111,854
CLOSING BALANCE	**102,135**	**1,715**	**7,986**	**111,836**

Note 14 Taxes

14a Current taxes

	06/30/2023	12/31/2022 restated
Assets (through profit or loss)	759	971
Liabilities (through profit or loss)	361	387

14b Deferred taxes

	06/30/2023	12/31/2022 restated
Assets (through profit or loss)	462	487
Assets (through shareholders' equity)	381	423
Liabilities (through profit or loss)	367	401
Liabilities (through shareholders' equity)	46	50

Note 15 Accruals and other assets and liabilities

15a Accruals and other assets

	06/30/2023	12/31/2022 restated
ACCRUALS		
Collection accounts	54	89
Currency adjustment accounts	88	30
Accrued income	602	527
Other accruals	4,296	2,524
Subtotal	**5,040**	**3,170**
OTHER ASSETS		
Securities settlement accounts	236	115
Miscellaneous receivables	4,369	4,031
Inventories and similar	38	34
Other	5	5
Subtotal	**4,648**	**4,185**
TOTAL	**9,688**	**7,355**

15b Accruals and miscellaneous liabilities

	06/30/2023	12/31/2022 restated
ACCRUALS		
Accounts unavailable due to recovery procedures	120	338
Currency adjustment accounts	1,185	1,365
Accrued expenses	1,371	1,283
Deferred income	565	529
Other accruals	7,763	3,770
Subtotal	**11,004**	**7,285**
OTHER LIABILITIES		
Lease obligations – Real estate	627	665
Lease obligations – Other	6	6
Securities settlement accounts	1,297	963
Outstanding amounts payable on securities	366	351
Miscellaneous creditors	2,084	2,004
Subtotal	**4,380**	**3,989**
TOTAL	**15,384**	**11,274**

15c Lease obligations by residual term

06/30/2023	≤ 1 year	1 to 3 years	3 years ≤ 6 years	6 years ≤ 9 years	> 9 years	Total
Lease obligations	**148**	**192**	**175**	**66**	**54**	**633**
▪ Real estate	146	191	172	66	54	627
▪ Other	2	1	3	0	0	6

12/31/2022 restated	≤ 1 year	1 to 3 years	3 years ≤ 6 years	6 years ≤ 9 years	> 9 years	Total
Lease obligations	**166**	**190**	**178**	**78**	**60**	**671**
▪ Real estate	164	189	175	78	60	665
▪ Other	2	1	3	0	0	6

Note 16 Investments in equity consolidated companies

16a Share of net income of equity consolidated companies

06/30/2023	Country	Share held	Value of equity consolidation	Share of net income	Dividends received	Fair value of the investment (if listed)
Entities under significant influence						
Banque de Tunisie	Tunisia	35.33%	144	9	7	144
Euro-Information	France	26.36%	656	12	1	NC*
Euro Protection Surveillance	France	22.25%	9	4	14	NC*
LYF SA	France	43.75%	7	0	0	NC*
SCI La Tréflière	France	46.09%	10	0	0	NC*
Other equity investments			1	0	0	NC*
TOTAL			**827**	**25**	**22**	

** NC: Not communicated*

12/31/2022 restated	Country	Share held	Value of equity consolidation	Share of net income	Dividends received	Fair value of the investment (if listed)
Entities under significant influence						
Banque de Tunisie	Tunisia	35.33%	149	17	6	149
Euro-Information	France	26.36%	645	31	1	NC*
Euro Protection Surveillance	France	22.25%	9	7	12	NC*
LYF SA	France	43.75%	7	0	0	NC*
SCI La Tréflière	France	46.09%	10	0	0	NC*
Other equity investments			1	0	0	NC*
TOTAL			**821**	**56**	**19**	

NC: Not communicated*

Note 17 Investment property

	12/31/2022 restated	Increase	Decrease	Other	06/30/2023
Historical cost	66	0	0	1	68
Depreciation amortization and impairment	-38	-1	0	6	-33
NET AMOUNT	28	-1	0	7	35

Note 18 Property, plant and equipment and intangible assets

18a Property, plant and equipment

	12/31/2022 restated	Increase	Decrease	Other	06/30/2023
HISTORICAL COST					
Operating sites	461	0	-3	0	458
Operating buildings	3,012	24	-146	2	2,892
Usage rights – Real estate	1,154	23	-27	24	1,174
Usage rights – Other	9	0	0	0	9
Other property, plant and equipment	1,220	82	-57	3	1,248
Total	5,856	129	-233	29	5,781
DEPRECIATION AMORTIZATION AND IMPAIRMENT					
Operating sites	-15	-1	0	0	-16
Operating buildings	-2,081	-43	134	0	-1,990
Usage rights – Real estate	-504	-72	13	0	-563
Usage rights – Other	-3	0	0	0	-3
Other property, plant and equipment	-915	-25	22	-2	-920
Total	-3,518	-141	169	-2	-3,492
NET AMOUNT	2,338	-12	-62	25	2,289

18b Intangible assets

	12/31/2022 restated	Increase	Decrease	Other	06/30/2023
HISTORICAL COST					
Internally developed non-current assets*	291	2	0	0	293
Purchased intangible assets	1,030	18	-15	0	1,033
▪ software	260	11	-10	18	279
▪ other	769	7	-5	-17	754
Total	1,320	20	-15	1	1,326
DEPRECIATION AMORTIZATION AND IMPAIRMENT					
Internally developed non-current assets*	-281	-2	0	0	-283
Purchased intangible assets	-568	-13	11	1	-569
▪ software	-213	-11	10	-17	-231
▪ other	-355	-2	1	18	-338
Total	-849	-15	11	1	-852
NET AMOUNT	471	5	-4	2	474

** These headings correspond to software developed internally and capitalized in our subsidiaries Euro-Information and TARGOBANK AG.*

Note 19 Goodwill

	12/31/2022 restated	Increase	Decrease	Variation in impairment	Other	06/30/2023
Gross goodwill	4,502	2			-20	4,504
Impairments	-2,393				20	-2,393
NET GOODWILL	**2,109**					**2,111**

Cash-generating units	Value of goodwill on 12/31/2022 restated	Increase	Decrease	Variation in impairment	Other	Value of goodwill on 06/30/2023
TARGOBANK Germany	1,018					1,018
Crédit Industriel et Commercial (CIC)	506					506
Cofidis Group (formerly Cofidis Participations)	378					378
Cofidis France	79					79
GACM Seguros, Compañía de Seguros y Reaseguros, Sau	0					0
EBRA	33	2		,		35
SIIC Foncière Massena	26					26
Crédit Mutuel Equity SCR	21					21
Banque de Luxembourg	13					13
Agrupació AMCI d'Assegurances i Reassegurances S.A.	0					0
Cofidis Italy	9					9
Banque Transatlantique	6					6
Dubly Transatlantique Gestion	5					5
Other	15					15
TOTAL	**2,109**	**2**	**0**	**0**	**0**	**2,111**

The cash-generating units to which the goodwill is assigned are tested annually to ensure that they are recoverable. Impairment is ascertained by depreciation of goodwill when the recoverable amount is less than the carrying amount. The context of the health crisis, its consequences on net profit at June 30, 2023, and the macroeconomic uncertainties for the following years, have led the group to identify potential indications of impairment of goodwill. As a result, the group has updated the impairment tests for its main subsidiaries.

The recoverable amount is determined according to two types of methods:

- *the fair value net of sales costs, which is based on observation of valuation multiples on comparable transactions or market parameters adopted by the analysts on entities with similar activities;*
- *the value in use, which is based on the discounting of expected future cash flows after taking into account capital requirements: this method is generally used as of June 30, 2023.*

To determine the value in use, the cash flows are based on business plans determined by the management over a maximum period of five to seven years, then on projection of a flow to infinity according to a long-term growth rate. The latter is fixed at 2% for the whole of Europe, which is an assumption measured in comparison to inflation rates observed over a very long period. Business plans have been revised to take into account the consequences of the health crisis.

The cash flows used to calculate the value in use also take into account prudential capital requirements.
The cash flow discount rates correspond to the cost of capital, which is determined from a long-term riskless rate, to which a risk premium is added. The risk premium is determined by observation of the sensitivity of the price in relation to the market in the case of a listed asset, or by analyst's estimate in non-listed assets. The cost of capital was discounted on June 30, 2023 with:

- *9.5% for Retail Banking and leasing CGUs based in Germany;*
- *10% for Retail Banking, consumer credit and leasing CGUs based in France.*

The cash flows used to calculate the value in use are determined on the basis of regulatory capital requirements.
The main sensitivity factors of the recoverable amount test based on the value in use are the discount rate and the expected level of future cash flows, which is itself impacted by the following sensitivity factors:

- *the achievement of business plans;*
- *the level of shareholders' equity allocated to each CGU;*
- *the perpetual growth rate.*

When the value in use was used as an impairment test, the parameters and their sensitivity were as follows:

	TARGOBANK Germany Network bank	Cofidis* Consumer loan	CIC Network bank
Cost of capital	9.5%	10%	10%
Effect of a 50 basis point increase in the cost of capital	-5%	-6%	-5%
Effect of a 50 basis point drop in the growth rate to infinity	-1%	-2%	-1%
Effect of a 50 basis point increase in CET1 capital requirements	-3%	-4%	-3%

** Cofidis France and Cofidis Group (former Participations).*

If the above sensitivity assumptions were used, this would not entail any impairment of goodwill on TARGOBANK Germany, Cofidis and CIC.

Note 20 Provisions and contingent liabilities

20a Provisions

	12/31/2022 restated	Additions for the fiscal year	Reversals for the fiscal year (utilized provisions)	Reversals for the fiscal year (surplus provisions)	Other changes	06/30/2023
Provisions for risks	472	191	20	-189	2	496
On guarantee commitments[2]	*262*	*83*	*0*	*-89*	*8*	*264*
▪ of which 12-month expected losses (S1)	59	26	0	-23	1	63
▪ of which expected losses at termination (S2)	71	21	0	-29	0	63
▪ of which provisions for execution of commitments upon signature	132	36	0	-37	7	138
On financing commitments [2]	*99*	*65*	*0*	*-64*	*0*	*100*
▪ of which 12-month expected losses (S1)	72	45	0	-44	0	73
▪ of which expected losses at termination (S2)	23	20	0	-20	0	23
Provisions for taxes	*7*	*1*	*-3*	*0*	*-1*	*4*
Provisions for claims and litigation	*48*	*6*	*-3*	*-5*	*1*	*47*
Provision for risk on miscellaneous receivables	*56*	*35*	*25*	*-31*	*-4*	*81*
Other provisions	1,227	130	-59	-43	6	1,261
▪ Provisions for mortgage saving agreements	87	7	0	-2	0	92
▪ Provisions for miscellaneous contingencies	695	71	-40	-40	7	693
▪ Other provisions [1]	445	52	-19	-1	-1	476
Provisions for retirement commitments	755	23	-22	-8	-34	714
TOTAL	**2,454**	**344**	**-61**	**-240**	**-26**	**2,471**

(1) Other provisions mainly relate to provisions for French economic interest groups (GIE) totaling €427 million.

(2) As of June 30, 2023, the item included a post-model adjustment, - see note 1 - Accounting principles

20b Retirement and other employee benefits

	12/31/2022 restated	Additions for the fiscal year	Reversals for the fiscal year	Other changes	06/30/2023
DEFINED-BENEFIT PLANS NOT COVERED BY PENSION FUNDS					
Retirement benefits	610	19	-21	-26	582
Supplementary pensions	54	4	-6	1	53
Obligations for long-service awards (other long-term benefits)	70	0	-1	-2	68
Subtotal recognized	734	23	-28	-27	703
SUPPLEMENTARY DEFINED-BENEFIT PENSIONS COVERED BY THE GROUP'S PENSION FUNDS					
Commitments to employees and retirees [1]	21	0	-3	-7	11
Fair value of assets					
Subtotal recognized	21	0	-3	-7	11
TOTAL AMOUNT RECOGNIZED	**755**	**23**	**-31**	**-34**	**714**

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

DEFINED-BENEFIT PLANS: MAIN ACTUARIAL ASSUMPTIONS

	06/30/2023	12/31/2022 restated
Discount rate [1]	**3.70%**	3.40%
Expected increase in salaries [2]	Minimum 1%	Minimum 1%

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

(2) The annual increase in salaries is the estimate of future inflation combined with the increase in salaries; it also depends on the age of the employee.

Note 21 Subordinated debt

	06/30/2023	12/31/2022 restated
Subordinated debt	10,387	9,132
Participating loans	20	20
Perpetual subordinated debt	1,095	1,095
Related debt	107	114
TOTAL	**11,609**	**10,361**

PRINCIPAL SUBORDINATED DEBT

(in € millions)	Type	Issue Date	Issue Amount	Amount at year-end[1]	Rate	Term
Banque Fédérative du Crédit Mutuel	TSR	03/10/2014	€120m	€120m	4.25	06/27/2026
Banque Fédérative du Crédit Mutuel	TSR	05/21/2014	€1,000m	€978m	3.00	05/21/2024
Banque Fédérative du Crédit Mutuel	TSR	09/11/2015	€1,000m	€942m	3.00	09/11/2025
Banque Fédérative du Crédit Mutuel	TSR	03/24/2016	€1,000m	€918m	2.375	03/24/2026
Banque Fédérative du Crédit Mutuel	TSR	09/12/2016	€300m	€300m	2.130	09/12/2026
Banque Fédérative du Crédit Mutuel	TSR	11/04/2016	€700m	€630m	1.875	11/04/2026
Banque Fédérative du Crédit Mutuel	TSR	03/31/2017	€500m	€454m	2.625	03/31/2027
Banque Fédérative du Crédit Mutuel	TSR	11/15/2017	€500m	€449m	1.625	11/15/2027
Banque Fédérative du Crédit Mutuel	TSR	05/25/2018	€500m	€450m	2.500	05/25/2028
Banque Fédérative du Crédit Mutuel	TSR	06/18/2019	€1,000m	€1,000m	1.875	06/18/2029
Banque Fédérative du Crédit Mutuel	TSR	11/19/2021	€750m	€589m	1.125	11/19/2031
Banque Fédérative du Crédit Mutuel	TSR	06/16/2022	€1,250m	€1,173m	3.875	06/16/2032
Banque Fédérative du Crédit Mutuel	TSR	01/11/2023	€1,250m	€1,243m	5.125	01/11/2033
Assurances du Crédit Mutuel	TSR	06/04/2014	€150m	€150m	4.625	06/04/2024
Assurances du Crédit Mutuel	TSR	10/21/2021	€750m	€750m	1.85	04/21/2042
CIC	Participatory	05/28/1985	€137m	€8m	(2)	(3)
Banque Fédérative du Crédit Mutuel	Borrowings	12/28/2005	€500m	€500m	(4)	TBD
Banque Fédérative du Crédit Mutuel	TSS	11/09/2004	€66m	€66m	CMS10 cap 8	TBD
Banque Fédérative du Crédit Mutuel	TSS	12/15/2004	€436m	€419m	(5)	TBD
Banque Fédérative du Crédit Mutuel	TSS	02/25/2005	€92m	€91.5m	(6)	TBD

(1) Net intra-group amounts and revaluation differences for hedged instruments.

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

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

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

(4) CMS 10 years ISDA CIC +10 basis points.

(5) CMS 10 years ISDA +10 basis points.

Note 22 Reserves related to capital and reserves

22a Shareholders' equity attributable to the group (excluding profit and loss and unrealized gains and losses)

	06/30/2023	12/31/2022 restated
Capital and reserves related to capital	6,495	6,495
▪ Capital	1,711	1,711
▪ Issue premium, contribution, merger, split, conversion	4,784	4,784
▪ Consolidated reserves	27,961	25,778
Regulated reserves	9	9
▪ Other reserves (including effects related to initial application)	27,951	25,769
▪ of which profit on disposal of equity instruments	135	135
▪ of which Retained earnings	1	0
TOTAL	**34,456**	**32,273**

22b Unrealized or deferred gains and losses

	06/30/2023	12/31/2022 restated
UNREALIZED OR DEFERRED GAINS AND LOSSES[1] RELATING TO:		
▪ Investments of insurance activities in FVTPL – Debt instruments	-729	-661
▪ Investments of insurance activities in FVTPL – Equity instruments	964	684
▪ Financial assets at fair value through recyclable equity – debt instruments	-185	-197
▪ Financial assets at fair value through non-recyclable equity – equity instruments	71	69
▪ Hedging derivatives (CFH)	17	19
▪ Translation adjustments	151	159
▪ Share of unrealized or deferred gains and losses of equity consolidated companies	-41	-39
▪ Actuarial gains and losses on defined benefit plans	-36	-60
▪ Own credit risk on financial liabilities under fair value option	0	0
▪ Other	0	
TOTAL	**213**	**-26**

(1) Balances net of corporation tax and after shadow accounting treatment.

22c Recycling of gains and losses directly recognized in shareholders' equity

	06/30/2023 Operations	12/31/2022 restated Operations
Translation adjustments		
Reclassification in income	0	0
Other movement	-8	78
Subtotal	-8	78
Revaluation of financial assets at FVOCI – Debt instruments		
Reclassification in income	0	0
Other movement	14	-188
Subtotal	14	-188
Revaluation of financial assets at FVOCI – Equity instruments		
Reclassification in income	0	0
Other movement	-2	17
Subtotal	-2	17
Revaluation of investments of insurance activities		
Reclassification in income	0	0
Other movement	552	-6,327
Subtotal	552	-6,327
Remeasurement of hedging derivatives		
Reclassification in income	0	0
Other movement	-339	5,773
Subtotal	-339	5,773
Actuarial gains and losses on defined benefit plans	23	239
Share of unrealized or deferred gains and losses of equity consolidated companies	-2	0
TOTAL	**238**	**-408**

22d Tax related to each category of gains and losses recognized directly in shareholders' equity

	06/30/2023			12/31/2022 restated		
	Gross value	Tax	Net amount	Gross value	Tax	Net amount
Translation adjustments	-8	0	-8	78	0	78
Revaluation of financial assets at FVOCI – equity instruments	14	0	14	-243	55	-188
Revaluation of financial assets at FVOCI of the insurance business	674	-122	552	-8,586	2,259	-6,327
Remeasurement of hedging derivatives	-3	1	-2	23	-6	17
Revaluation of insurance and reinsurance contracts in recyclable equity	-457	118	-339	7,782	-2,009	5,773
Revaluation of non-current assets	0	0	0	0	0	0
Revaluation differences related to own credit risk on financial liabilities under fair value option transferred to reserves	0	0	0	0	0	0
Actuarial gains and losses on defined benefit plans	39	-15	23	350	-110	239
Share of unrealized or deferred gains and losses of equity consolidated companies	-2	0	-2	0	0	0
CHANGES IN GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY	**256**	**-18**	**238**	**-597**	**189**	**-408**

Note 23 Commitments given and received

COMMITMENTS GIVEN

	06/30/2023	12/31/2022 restated
Financing commitments	66,025	66,879
Liabilities due to credit institutions	545	491
Commitments to customers	65,480	66,388
Guarantee commitments	30,098	31,119
Credit institution commitments	3,872	5,360
Customer commitments	26,226	25,759
Securities commitments	4,604	2,410
Other commitments given	4,604	2,410
Commitments pledged from Insurance	6,087	5,558

COMMITMENTS RECEIVED

	06/30/2023	12/31/2022 restated
Financing commitments	17,684	16,409
Commitments received from credit institutions	17,684	16,409
Commitments received from customers	-	-
Guarantee commitments	104,447	104,383
Commitments received from credit institutions	57,438	56,388
Commitments received from customers	47,009	47,995
Securities commitments	2,282	1,872
Other commitments received	2,282	1,872
Commitments received from Insurance	6,080	5,614

Note 24 Interest income and expense

	06/30/2023		06/30/2022 restated	
	Income	Expenses	Income	Expenses
Credit institutions and central banks[1]	3,271	-1,758	-53	78
Customers	5,190	-2,055	3,515	-420
▪ of which finance and operating leases	450	-143	324	-105
▪ of which lease obligations	0	-4	0	-4
Hedging derivatives	3,476	-3,597	1,136	-911
Financial instruments at fair value through profit or loss	643	-298	252	-18
Financial assets at fair value through equity/Available-for-sale assets	558	0	84	0
Securities at amortized cost	68	0	22	0
Debt securities	0	-2,163	0	-606
Subordinated debt	0	-20	0	-4
TOTAL	**13,206**	**-9,891**	**4,956**	**-1,881**
of which interest income and expense calculated at effective interest rate	*9,087*	*-5,996*	*3,568*	*-952*

(1) Of which a -€31 million impact of negative interest rates on income and +€16 million in expenses in the first half of 2023, and of which a -€315 million impact of negative interest rates on income and +€331 million in expenses in the first half of 2022.

Note 25 Commissions

	06/30/2023		06/30/2022 restated	
	Income	Expenses	Income	Expenses
Credit institutions	2	-8	1	-4
Customers	675	-7	636	-6
Securities	511	-54	538	-39
of which activities managed on behalf of third parties	*380*	*0*	*382*	*0*
Derivative instruments	2	-6	4	-5
Currency transactions	12	-1	14	-1
Funding and guarantee commitments	54	-45	49	-49
Services provided	875	-517	842	-488
TOTAL	**2,131**	**-638**	**2,084**	**-593**

Note 26 Net gains on financial instruments at fair value through profit or loss

	06/30/2023	06/30/2022 restated
Trading instruments	88	60
Instruments accounted for under the fair value option	9	53
Ineffective portion of hedges	-2	-10
▪ On fair value hedges (FVH)	-2	-10
Change in the fair value of hedged items	21	1,277
Change in fair value of hedging instruments	-23	-1,287
Foreign exchange gains/(losses)	122	16
Other financial instruments at fair value through profit or loss[1]	251	247
TOTAL CHANGES IN FAIR VALUE	**467**	**366**

(1) of which €175 million from the private equity activity in the first half of 2023 compared to €227 million in the first half of 2022. The other changes correspond to changes in the fair value of the other portfolios at fair value.

Note 27 Net gains/(losses) on financial assets at fair value through equity

	06/30/2023	06/30/2022 restated
Dividends	3	18
Realized gains and losses on debt instruments	-94	-45
TOTAL	**-91**	**-27**

Note 28 Net gains/(losses) resulting from derecognition of financial assets at amortized cost

	06/30/2023	06/30/2022 restated
Financial assets at amortized cost		
Gains/(losses) on:	0	0
▪ Government securities	0	0
▪ Bonds and other fixed-income securities	0	0
TOTAL	**0**	**0**

Note 29 Net income from insurance activities

	06/30/2023	06/30/2022
Revenues from insurance contracts	3,631	3,451
Expenses from insurance contracts	-3,059	-2,949
Income from insurance contracts	**572**	**502**
Expenses net of reinsurance treaties	-42	18
Insurance service result	530	520
Financial income or financial expenses from insurance contracts issued	4,417	-4,473
Net income from insurance financial investments	-4,329	4,539
Total	**620**	**586**

29a Breakdown of income from insurance and reinsurance activities

	06/30/2023	06/30/2022 restated
INCOME FROM INSURANCE CONTRACTS NOT VALUED UNDER THE PREMIUM ALLOCATION ACCOUNTING MODEL (PAA)		
▪ Contractual service margin recognized in income over the period	329	328
▪ Change in the adjustment for non-financial risk not related to past services	70	58
▪ Portion of premiums allocated to the recovery of insurance acquisition cash flows	6	6
▪ Expected claims expenses for the period and other related expenses	887	868
▪ Other	0	0
Income from insurance contracts not measured under the premium allocation accounting model (PAA)	**1,292**	**1,260**
Income from insurance contracts measured under the premium allocation accounting model (PAA)	2,339	2,191
Subtotal of insurance contract revenues	**3,631**	**3,451**
Expenses related to insurance contracts	-3,059	-2,949
TOTAL INCOME FROM INSURANCE SERVICES	**572**	**502**

29b Net income from investments related to insurance activities

	06/30/2023	06/30/2022 restated
Interest income and expense	760	659
▪ *Loans and receivables at amortized cost*	*-52*	*5*
▪ *Financial instruments at fair value through profit or loss*	*145*	*97*
▪ *Financial assets at fair value through equity*	*667*	*557*
Commissions on securities	17	25
Net gains on financial instruments at fair value through profit or loss	3,545	-5,364
▪ *Trading instruments*	*45*	*0*
▪ *Foreign exchange gains/(losses)*	*6*	*12*
▪ *Other financial instruments at fair value through profit or loss*	*3,494*	*-5,376*
Net gains/(losses) on financial assets at fair value through equity	90	205
▪ *Dividends*	*102*	*77*
▪ *Realized gains and losses on debt instruments*	*-12*	*128*
Net gains or losses on financial assets and liabilities at amortized cost	0	0
Net income on investment property	4	0
Cost of credit risk on investments related to insurance activities	-1	3
TOTAL	**4,417**	**4,473**

Note 30 Income/expenses generated by other activities

	06/30/2023	06/30/2022 restated
INCOME FROM OTHER ACTIVITIES		
Rebilled expenses	27	23
Other income	377	346
Subtotal	404	369
EXPENSES ON OTHER ACTIVITIES		
Investment property:	-1	-1
▪ additions to provisions/depreciation	-1	-1
Other expenses	-262	-198
Subtotal	-263	-199
NET TOTAL OF OTHER INCOME AND EXPENSES	**141**	**170**

Note 31 General operating expenses

	06/30/2023	06/30/2022 restated
Employee benefit expense	-1,581	-1,496
Other expenses	-1,357	-1,290
Movements in depreciation, amortization and impairment for property, plant and equipment and intangible assets	-158	-158
TOTAL	**-3,096**	**-2,945**

31a Employee benefit expense

	06/30/2023	06/30/2022 restated
Wages and salaries	-1,018	-940
Social security contributions	-388	-357
Short-term employee benefits	-1	-1
Employee profit-sharing and incentive schemes	-68	-78
Payroll-based taxes	-106	-102
Employee benefit expense related to non-attributable insurance activities	-21	-19
Other	0	1
TOTAL	**-1,581**	**-1,496**

AVERAGE WORKFORCE

	06/30/2023	06/30/2022 restated
Bank technical staff	23,766	23,602
Managers	17,397	17,016
TOTAL	**41,163**	**40,618**
of which France	28,485	28,133
of which rest of the world	12,678	12,485

31b Other operating expenses

	06/30/2023	06/30/2022 restated
Taxes and duties[1]	-340	-386
Leases	-101	-96
▪ short-term asset leases	-40	-35
▪ low value/substitutable asset leases[2]	-55	-56
▪ other leases	-6	-5
Other external services	-930	-791
Other non-attributable operating expenses related to insurance activities	-36	-32
Other miscellaneous expenses	14	15
TOTAL	**-1,357**	**-1,290**

(1) The entry "Taxes and duties" includes an expense of -€198 million as part of the contribution to the Single Resolution Fund in 2023, compared to a -€251 million expense in 2022.

(2) Includes IT equipment.

31c Movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets

	06/30/2023	06/30/2022 restated
Amortizations	-157	-155
▪ property, plant and equipment	-144	-142
including usage rights	-73	-74
▪ Intangible assets	-13	-13
Impairments	-1	-1
▪ property, plant and equipment	-1	-1
▪ intangible assets	0	0
Depr., amort. & prov. Related to non-attributable insurance activities	-2	-2
TOTAL	**-158**	**-158**

31d Reconciliation of expenses by type *versus* destination for insurance activities

	06/30/2023			06/30/2022 restated		
	Non-attributable costs	Related costs	Total	Non-attributable costs	Related costs	Total
Employee benefit expense	**-21**	**-279**	**-300**	**-19**	**-264**	**-283**
Wages and salaries	-12	-226	-237	-10	-217	-228
Social security contributions	-5	-27	-31	-4	-24	-28
Short-term employee benefits	0	-2	-3	0	-2	-2
Employee profit-sharing and incentive schemes	-2	-14	-16	-2	-10	-12
Payroll-based taxes	-2	-9	-11	-2	-9	-11
Other	0	-1	-1	0	-2	-2
Other operating expenses	**-36**	**-331**	**-366**	**-32**	**-333**	**-364**
Taxes & duties	0	-37	-37	0	-41	-41
Leases	0	-9	-9	1	-10	-9
▪ Short-term asset leases	0	0	0	0	0	0
▪ Low value/substitutable asset leases	0	0	0	0	0	0
▪ Other leases	0	-9	-9	1	-10	-9
Other external services	-32	-276	-308	-29	-270	-300
Other miscellaneous expenses	-3	-8	-12	-3	-11	-15
Movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets	**-2**	**-2**	**-4**	**-3**	**-2**	**-4**
Amortizations	-2	-2	-4	-3	-2	-4
▪ Property, plant and equipment	-2	-2	-4	-3	-2	-4
Of which usage rights	-1	0	-1	-2	0	-2
▪ Intangible assets	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
▪ Property, plant and equipment	0	0	0	0	0	0
▪ Intangible assets	0	0	0	0	0	0
General operating expenses related to insurance activities	**-58**	**-611**	**-670**	**-53**	**-598**	**-651**
Commissions, fees and other similar expenses	0	-608	-608	0	-569	-569
Acquisition costs for the period deferred on the balance sheet	0	11	11	0	11	11
Amortized acquisition costs	0	0	0	0	0	0
Impaired acquisition costs	0	0	0	0	0	0
Other expenses related to insurance activities	**0**	**-597**	**-597**	**0**	**-558**	**-558**
TOTAL INSURANCE CONTRACT COSTS	**-58**	**-1,208**	**-1,266**	**-53**	**-1,156**	**-1,209**
Of which costs related to insurance contracts allocated to insurance services expenses	0	-1,208	-1,208	0	-1,156	-1,156
Of which costs not related to insurance contracts not allocated to insurance services expenses	-58	0	-58	-53	0	-53

Note 32 Cost of counterparty risk

	06/30/2023	06/30/2022 restated
12-month expected losses (S1)	-35	-65
Expected losses at maturity (S2)	12	-40
Impaired assets (S3)	-580	-310
TOTAL	**-603**	**-415**

The cost of risk on financial instruments used in insurance activities is presented in net revenue (see note 29b).

06/30/2023	Allocations	Reversals	Loan losses covered by pensions	Loan losses not covered by provisions	Recovery of loans written off in prior years	Total
12-month expected losses (S1)	-325	290	-	-	-	-35
▪ Loans and receivables due from credit institutions at amortized cost	-2	2	-	-	-	0
▪ Receivables from customers at amortized cost	-234	205	-	-	-	-29
of which finance leases	-30	23	-	-	-	-7
▪ Financial assets at amortized cost – Securities	0	0	-	-	-	0
▪ Financial assets at fair value through equity – Debt securities	-16	15	-	-	-	-1
▪ Financial assets at fair value through equity – Loans	0	0	-	-	-	0
▪ Commitments given	-73	68	-	-	-	-5
Expected losses at maturity (S2)	-416	428	-	-	-	12
▪ Loans and receivables due from credit institutions at amortized cost	0	1	-	-	-	1
▪ Receivables from customers at amortized cost	-375	377	-	-	-	2
of which finance leases	-37	38	-	-	-	1
▪ Financial assets at amortized cost – Securities	0	1	-	-	-	1
▪ Financial assets at fair value through equity – Debt securities	0	0	-	-	-	0
▪ Financial assets at fair value through equity – Loans	0	0	-	-	-	0
▪ Commitments given	-41	49	-	-	-	8
Impaired assets (S3)	-971	734	-270	-124	52	-579
▪ Loans and receivables due from credit institutions at amortized cost	0	0	0	0	0	0
▪ Receivables from customers at amortized cost	-900	689	-269	-123	52	-551
of which finance leases	-9	8	-3	-3	0	-7
▪ Financial assets at amortized cost – Securities	0	1	0	0	0	1
▪ Financial assets at fair value through equity – Debt securities	0	0	0	0	0	0
▪ Financial assets at fair value through equity – Loans	0	0	0	0	0	0
▪ Commitments given	-71	44	-1	-1	0	-29
TOTAL	**-1,713**	**1,452**	**-270**	**-124**	**52**	**-603**

06/30/2022 restated	Allocations	Reversals	Loan losses covered by pensions	Loan losses not covered by provisions	Recovery of loans written off in prior years	Total
12-month expected losses (S1)	-348	283	-	-	-	-65
▪ Loans and receivables due from credit institutions at amortized cost	-1	1	-	-	-	0
▪ Receivables from customers at amortized cost	-276	220	-	-	-	-56
- of which finance leases	-21	17	-	-	-	-4
▪ Financial assets at amortized cost – Securities	0	0	-	-	-	0
▪ Financial assets at fair value through equity – Debt securities	-6	4	-	-	-	-2
▪ Financial assets at fair value through equity – Loans	0	0	-	-	-	0
▪ Commitments given	-65	58	-	-	-	-7
expected losses at termination (S2)	-558	518	-	-	-	-40
▪ Loans and receivables due from credit institutions at amortized cost	-3	0	-	-	-	-3
▪ Receivables from customers at amortized cost	-477	444	-	-	-	-33
- of which finance leases	-37	32	-	-	-	-5
▪ Financial assets at amortized cost – Securities	0	0	-	-	-	0
▪ Financial assets at fair value through equity – Debt securities	-1	3	-	-	-	2
▪ Financial assets at fair value through equity – Loans	0	0	-	-	-	0
▪ Commitments given	-77	71	-	-	-	-6
Impaired assets (S3)	-722	920	-448	-122	62	-310
▪ Loans and receivables due from credit institutions at amortized cost	0	0	0	0	0	0
▪ Receivables from customers at amortized cost	-695	862	-439	-121	62	-332
- of which finance leases	-8	11	-5	-2	0	-4
▪ Financial assets at amortized cost – Securities	0	19	0	0	0	19
▪ Commitments given	-27	39	-1	-1	0	10
Total	**-1,628**	**1,721**	**-448**	**-122**	**62**	**-415**

Note 33 Gains/(losses) on other assets

	06/30/2023	06/30/2022 restated
Property, plant and equipment and intangible assets	1	-2
▪ Capital losses on disposals	-2	-4
▪ Capital gains on disposals	3	2
Net gains/(losses) on disposals of shares in consolidated entities	-1	42
TOTAL	**0**	**40**

Note 34 Changes in the value of goodwill

	06/30/2023	06/30/2022 restated
Impairment of goodwill	0	-1
Negative goodwill stated in profit or loss	0	0
TOTAL	**0**	**-1**

Note 35 Income taxes

BREAKDOWN OF INCOME TAX EXPENSE

	06/30/2023	06/30/2022 restated
Current taxes	-612	-588
Deferred tax expense	9	-19
Adjustments in respect of prior fiscal years	8	11
TOTAL	**-595**	**-596**

Note 36 Earnings per share

	06/30/2023	06/30/2022 restated
Group net income	1,498	1,597
Number of shares at beginning of year	34,225,594	33,770,590
Number of shares at end of year	34,225,594	34,225,594
Weighted average number of shares	34,225,594	33,998,092
Basic earnings per share	43.77	46.98
Weighted average number of shares that may be issued	0	0
Diluted earnings per share	43.77	46.98

Note 37 Related party transactions

BALANCE SHEET ITEMS PERTAINING TO RELATED PARTY TRANSACTIONS

	06/30/2023			12/31/2022 restated		
	Associates (companies accounted for using the equity method)	Other establishments belonging to the National Confederation	Crédit Mutuel Alliance Fédérale parent companies	Associates (companies accounted for using the equity method)	Other establishments belonging to the National Confederation	Crédit Mutuel Alliance Fédérale parent companies
ASSETS						
Financial assets at fair value through profit or loss	0	391	0	0	312	0
Hedging derivatives	0	0	52	0	0	27
Financial assets at FVOCI	0	0	0	0	0	0
Financial assets at amortized cost	10	1,961	34,722	11	2,282	33,941
Investments of insurance activities	0	84	11	0	84	7
Insurance contracts issued - Assets	0	0	0	0	0	0
Reinsurance contracts held - Assets	0	0	0	0	0	0
Other assets	2	0	0	5	0	1
TOTAL	**12**	**2,437**	**34,786**	**16**	**2,678**	**33,976**
LIABILITIES						
Liabilities at fair value through profit or loss	0	201	0	0	152	0
Debt securities	0	21	0	0	20	0
Due to credit institutions	47	432	13,987	26	460	14,144
Due to customers	1,169	0	26	1,175	27	26
Insurance contracts issued - liabilities	0	0	0	0	0	0
Subordinated debt	0	65	510	0	66	500
Miscellaneous liabilities	87	0	4	82	0	4
TOTAL	**1,303**	**719**	**14,527**	**1,283**	**725**	**14,674**
Financing commitments given	0	0	2	0	6	2
Guarantee commitments given	28	1	4,681	26	42	4,688
Financing commitments received	0	0	5	0	0	5
Guarantee commitments received	0	711	3,324	0	720	2,238

BALANCE SHEET ITEMS PERTAINING TO RELATED PARTY TRANSACTIONS

	06/30/2023			06/30/2022 restated		
	Associates (companies accounted for using the equity method)	Other establishments belonging to the National Confederation	Crédit Mutuel Alliance Fédérale parent companies	Associates (companies accounted for using the equity method)	Other establishments belonging to the National Confederation	Crédit Mutuel Alliance Fédérale parent companies
Interest income	2	52	635	0	7	228
Interest expense	-7	-25	-710	0	-17	-20
Commission income	4	0	13	3	0	11
Commission expense	-25	-4	-30	-22	-5	-27
Net gains/(losses) on financial assets at FVOCI and FVPL	11	3	-1	10	-70	-1
Income from insurance contracts issued	0	0	39	0	0	39
Expenses related to insurance contracts issued	-73	-58	-414	-75	-61	-413
Income and expenses related to reinsurance contracts held	0	0	0	0	0	0
Financial income or financial expenses from insurance contracts issued	0	0	0	0	0	0
Financial income or expenses related to reinsurance contracts held	0	-0	0	0	-1	0
Net income from financial investments related to insurance activities	0	3	10	0	2	10
Other income and expenses	-13	0	0	-8	0	0
General operating expenses	-319	-0	-85	-302	-1	-69
TOTAL	**-419**	**-30**	**-542**	**-392**	**-145**	**-242**

Note 38 Events after the reporting period and other information

Nil.

6.3 STATUTORY AUDITORS' REPORT ON THE HALF-YEAR FINANCIAL INFORMATION

PricewaterhouseCoopers France
63, rue de VIlliers
92208 Neuilly-sur-Seine Cedex
SARL with capital of €86,000
338 683 956 R.C.S. Nanterre

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

KPMG S.A.
Tour EQHO
2, Avenue Gambetta
CS 60055
92066 Paris La Défense Cedex

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

Banque Fédérative du Crédit Mutuel

Registered office: 4, rue Frédéric-Guillaume Raiffeisen - 67000 Strasbourg

Statutory Auditors' report on the 2023 half-year financial information

Period from January 1, 2023 to June 30, 2023

Dear Shareholders,

Pursuant to the assignment entrusted to us by your Shareholders' Meeting, and pursuant to Article L.451-1-2 III of the French Monetary and Financial Code, we conducted:

- the review of the condensed consolidated half-year financial statements of Banque Fédérative du Crédit Mutuel for the period from January 1, 2023 to June 30, 2023, as attached to this report;
- a verification of the information presented in the interim business report.

These condensed consolidated half-year financial statements were prepared under the responsibility of the Board of Directors on July 27, 2023. Our role is to express a conclusion on these financial statements based on our review.

I - Conclusion on the financial statements

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

A limited review mainly consists of interviewing the members of management in charge of accounting and financial matters and of implementing analytical procedures. This work is less extensive than that required for an audit conducted in accordance with the professional standards applicable in France. Consequently, the assurance that the financial statements, taken as a whole, are free from material misstatements obtained through a limited review is a moderate assurance, of a lesser degree than that obtained through an audit.

Based on our review, nothing has come to our attention that would lead us to believe that the condensed consolidated half-year financial statements are not prepared, in all material respects, in accordance with IAS 34, as adopted by the European Union, regarding interim financial information.

Comments

Without calling into question the conclusion expressed above, we draw your attention to:

- the change in accounting method concerning the application as from January 1, 2023 of IFRS 17 "Insurance contracts" and concomitantly of IFRS 9 "Financial instruments" on the financial instruments portfolios of insurance activities as set out in Note 1 "Amendments applicable at January 1, 2023**; Application of IFRS 17 and IFRS 9 to insurance activities"** as well as in the other notes to the financial statements presenting figures related to the impacts of this change.
- the correction of an error concerning the integration of the mutual insurance company ACM Vie SAM in the scope of consolidation set out in note 1 "Accounting policies and principles" and in the other notes presenting the figures related to this correction of an error.

II - Specific checks

We also checked the information presented in the interim business report commenting on the condensed consolidated half-year financial statements subject to our limited review.

We have no comment to make as to its accuracy or consistency with the condensed consolidated half-year financial statements.

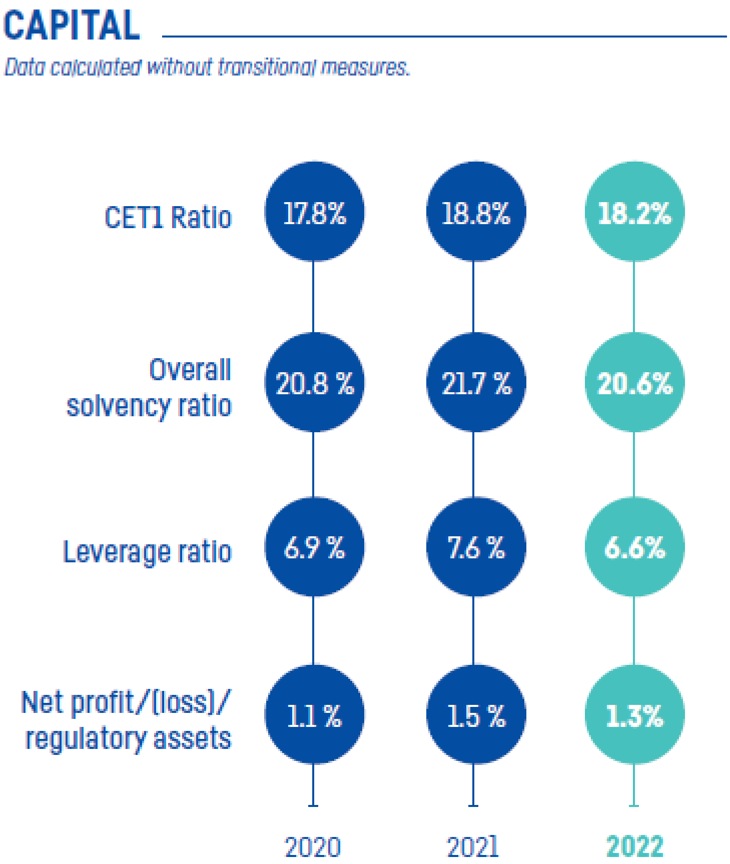
Paris La Défense, August 10, 2023 KPMG S.A.	Neuilly-sur-Seine, August 10, 2023 PricewaterhouseCoopers France

Sophie Sotil-Forgues *Partner*	Arnaud Bourdeille *Partner*	Laurent Tavernier *Partner*

7 ADDITIONAL INFORMATION TO THE INFORMATION PUBLISHED IN THE 2022 UNIVERSAL REGISTRATION DOCUMENT

The following tables and charts supersede the ones published in the 2022 Universal Registration Document filed on April 13, 2023.

Page 5 Capital



Page 332 : TABLE 17 - LEVERAGE RATIO – JOINT STATEMENT (EU LR2-LRCOM)

		Leverage ratio exposures under the CRR	
(in € millions)		12/31/2022	12/31/2021
BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES AND SFTS(1)			
1	Balance sheet items (excluding derivatives, SFTs and fiduciary assets, including collateral)	748,769	697,834
2	Addition of the amount of collateral provided for derivatives, when they are deducted from balance sheet assets in accordance with the applicable accounting basis	0	0
3	(Deduction of receivables recognized as assets for the cash variation margin provided in derivative transactions)	-407	- 1,659
4	(Adjustment for securities received in SFTs that are recognized as assets)	0	0
5	(Adjustment for general credit risk of balance sheet items)	0	0
6	(Amounts of assets deducted when determining Tier 1 capital)	-226	-238
7	**Total balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)**	**748,136**	**695,937**
DERIVATIVES EXPOSURES			
8	Replacement cost of all derivative transactions (net of eligible cash variation margins)	1,756	1,441
EU-8a	Exception for derivatives: contribution of replacement costs under the simplified standardized approach	0	0
9	Mark-up amounts for potential future exposure related to SA-CCR derivatives transactions	2,449	2,988

(in € millions)		Leverage ratio exposures under the CRR 12/31/2022	12/31/2021
EU-9a	Exception for derivatives: contribution of potential future exposure under the simplified standardized approach	0	0
EU-9b	Exposure determined by applying the original exposure method	148	166
10	(CCP leg exempt from exposures for transactions cleared for clients - SA CCR)	0	0
EU-10a	(CCP leg exempt from exposures for transactions cleared for clients - simplified standardized approach)	0	0
EU-10b	(CCP leg exempt from exposures for transactions cleared for clients - original exposure method)	0	0
11	Effective notional amount adjusted for credit derivatives sold	6,972	5,428
12	(Adjusted effective notional differences and deductions of mark-ups for credit derivatives sold)	-3,146	- 3,212
13	**Total derivative exposures**	**8,179**	**6,811**
SFT EXPOSURES			
14	Gross SFT assets (excluding netting) after adjustment for transactions recognized as sales	14	10
15	(Net value of cash payables and receivables of gross SFT assets)	12,535	8,274
16	Counterparty risk exposure for SFT assets	0	0
EU-16a	Exception for SFTs: exposure to counterparty risk in accordance with Article 429 sexies (5) and Article 222 of CRR	0	0
17	Exposures when the institution acts as an agent	0	0
EU-17a	(CCP leg exempt from client-cleared SFT exposures)	0	0
18	**Total exposure to SFTs**	**12,549**	**8,284**
OTHER OFF-BALANCE-SHEET EXPOSURES			
19	Off-balance sheet exposures at gross notional amount	138,937	127,399
20	(Adjustments for conversion into equivalent credit amounts)	-86,580	- 79,953
21	(General provisions deducted when determining Tier 1 capital and specific provisions related to off-balance sheet exposures)	0	0
22	**Total other off-balance sheet exposures**	**52,357**	**47,445**
EXPOSURES EXEMPTED UNDER ARTICLE 429 (7) AND (14) OF REGULATION (EU) NO. 575/2013 (ON AND OFF-BALANCE SHEET EXPOSURES)			
EU-22a	(Exposures excluded from the total exposure measurement under Article 429a (1) (c) of the CRR)	-11,518	-17,143
EU-19b	(Exposures exempted under Article 429a (1) (j) of the CRR - on and off-balance sheet)	-38,252	- 134,724
EU-22k	**Total exempt exposures**	**-49,769**	**- 151,867**
CAPITAL AND TOTAL EXPOSURE MEASUREMENT			
23	**Tier 1 capital**	**50,938**	**46,257**
24	**Total exposure measurement**	**771,452**	**606,610**
LEVERAGE RATIO			
25	**Leverage ratio (%)**	**6.6%**	**7.6%**
EU-25a	**Leverage ratio (%) excluding the impact of any applicable temporary exemption from central bank reserves**	**6.6%**	**6.5%**
26	**Minimum leverage ratio regulatory requirement (%)**	**3.0%**	**3.3%**
EU-26a	**Additional capital requirements to address the risk of excessive leverage (%)**	**0.0%**	**0.0%**
EU-26b	***of which: to be composed of CET1 capital***	**0.0%**	**0.0%**
27	**Leverage ratio buffer requirement (%)**	**0.0%**	**0.0%**
EU-27a	**Overall leverage ratio requirement (%)**	**3.0%**	**3.3%**
CHOICE OF TRANSITIONAL PROVISIONS AND RELEVANT EXPOSURES			
EU-27b	Overall leverage ratio requirement (%)	n/a	Yes
CHOICE OF TRANSITIONAL PROVISIONS AND RELEVANT EXPOSURES			
28	Average daily values of gross SFT assets, adjusted for transactions recognized as sales and net of related cash payables and receivables	20,361	15,913
29	Quarterly value of gross SFT assets, adjusted for transactions recognized as sales and net of related cash payables and receivables	12,549	8,283
30	Total exposure measurement (including the impact of any applicable temporary exemption from central bank reserves) incorporating the average values of gross SFT assets in line 28 (adjusted for transactions recognized as sales and net of related cash payables and receivables)	779,264	614,240
30a	Total exposure measurement (excluding the impact of any applicable temporary exemption from central bank reserves) incorporating the average values of gross SFT assets in line 28 (adjusted for transactions recognized as sales and net of related cash payables and receivables)	779,264	716,939

(in € millions)		Leverage ratio exposures under the CRR 12/31/2022	12/31/2021
31	Leverage ratio (including the impact of any applicable temporary exemption from central bank reserves) incorporating the average values of gross SFT assets in line 28 (adjusted for transactions recognized as sales and net of related cash payables and receivables)	6.5%	7.5%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption from central bank reserves) incorporating the average values of gross SFT assets in line 28 (adjusted for transactions recognized as sales and net of related cash payables and receivables)	6.5%	6.5%

(1) Repurchase agreements and securities lending/borrowing transactions.

Page 350: TABLE 27 – CREDIT QUALITY OF LOANS AND ADVANCES GRANTED TO NON-FINANCIAL COMPANIES BY INDUSTRY (EU CQ5)

12/31/2022 *(in € millions)*	Gross carrying amount	Of which non-performing	Of which defaulted	Of which loans and advances subject to impairment	Accumulated impairment	Cumulative negative changes in faire value due to credit risk on non-performing exposures
Agriculture, forestry and fishing	8,872	306	306	8,872	-186	0
Extractive industries	556	2	2	556	-2	0
Manufacturing industry	18,655	839	839	18,655	-378	0
Production and distribution of electricity, gas, steam and air conditioning	2,970	45	45	2,970	-29	0
Water production and distribution	1,085	24	24	1,085	-16	0
Construction	13,851	600	600	13,851	-346	0
Retail	22,527	1,098	1,098	22,527	-642	0
Transport and storage	8,883	261	261	8,881	-119	0
Accommodation and catering	6,228	513	513	6,228	-250	0
Information and communication	3,933	100	100	3,933	-58	0
Financial and insurance activities	14,104	335	335	14,104	-261	0
Real estate activities	78,849	1,338	1,338	79,849	-877	0
Professional, scientific and technical activities	21,950	828	828	21,950	-396	0
Administrative and support services activities	8,285	304	304	8,285	-172	0
Public administration and defense, compulsory social security	140	0	0	140	-1	0
Teaching	1,768	36	36	1,768	-24	0
Human health and social action	10,442	112	112	10,442	-110	0
Arts, entertainment and recreational activities	1,535	74	74	1,535	-43	0
Other services	26,531	517	517	26,531	-367	0
TOTAL	252,164	7,334	7,334	252,162	-4,276	0

Page 378: TABLE 34 – RWA FLOW STATEMENTS OF CREDIT RISK EXPOSURES UNDER THE IRB APPROACH (EU CR8)

(in € millions)	RWA	EFP
1 - RWAs Decembre 2021	**106,755**	**8,540**
2 – Asset amount	4,239	339
3 – Asset quality	836	-67
4 – Model upgrades	0	0
5 – Methodology and policy	0	0
6 - Acquisitions and disposals [1]	2,449	196
7 – Currency movements	0	0
8 - Other [2]	10,662	853
9 - RWAs December 2022	**124,941**	**9,995**

(1) In 2022, Crédit Mutuel Alliance Fédérale joined the Crédit Mutuel Nord Europe federation.

(2) In March 2022, Crédit Mutuel, switched to the IRB-Foundation method for its large corporate and bank portfolios.

Page 438 : TABLE 75 – TEMPLATE 4 : BANKING PORTFOLIO – INDICATOR OF TRANSITION RISK POTENTIALLY LINKED TO CLIMATE CHANGE: EXPOSURES ON THE 20 LARGEST CARBON-INTENSIVE COMPANIES

a	b	d	e
Gross carrying amount (aggregate)	Gross carrying amount of counterparty exposure to total gross carrying amoutn (aggregate) [(1)]	Weighted average maturity	Number of companies in the top 20 polluting companies included
310	0.04%	2.4	3

(1) For counterparties among the 20 companies that emit the most carbon in the world.

8 CAPITAL AND LEGAL INFORMATION

8.1 SHARE CAPITAL

The share capital stands at €1,711,279,700.00. It is divided into 34,225,594 shares each with a nominal value of €50.00, all of the same class. A capital increase took place on January 6, 2022, in consideration for the contributions made by Crédit Mutuel Nord Europe in favor of BFCM, through the issue of 455,004 new shares with a nominal value of €50.

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

Shares of Banque Fédérative du Crédit Mutuel are not listed or traded on any market.

The main shareholders of BFCM do not hold different voting rights.

8.2 SHAREHOLDING STRUCTURE

Distribution of BFCM's capital at June 30, 2023

Shareholders	Number of shares	Number of entities	% held	Nominal amount held *(in euros)*
Caisse Fédérale de Crédit Mutuel	31,399,922	1	91.74%	1,569,996,100
Caisse Régionale du Crédit Mutuel de Loire-Atlantique et du Centre Ouest	741,949	1	2.17%	37,097,450
Caisse Fédérale du Crédit Mutuel de Maine-Anjou et Basse-Normandie	459,722	1	1.34%	22,986,100
Caisse Régionale du Crédit Mutuel Nord Europe	455,015	1	1.33%	22,750,750
Caisse Régionale du Crédit Mutuel du Centre	308,716	1	0.90%	15,435,800
Caisse Régionale du Crédit Mutuel d'Anjou	175,991	1	0.51%	8,799,550
Caisse Fédérale du Crédit Mutuel Océan	172,116	1	0.50%	8,605,800
Caisse Régionale du Crédit Mutuel d'Île-de-France	146,411	1	0.43%	7,320,550
Caisse Régionale du Crédit Mutuel de Normandie	123,766	1	0.36%	6,188,300
Caisse Régionale du Crédit Mutuel Méditerranéen	74,450	1	0.22%	3,722,500
Caisse du Crédit Mutuel du Sud Est	61,535	1	0.18%	3,076,750
Caisses de Crédit Mutuel de la Fédération Centre Est Europe	59,066	353	0.17%	2,953,300
Caisse Régionale du Crédit Mutuel Midi-Atlantique	24,484	1	0.07%	1,224,200
Caisses de Crédit Mutuel de la Fédération Sud Est	5,704	99	0.02%	285,200
Caisse Régionale du Crédit Mutuel Antilles-Guyane	2,851	1	0.01%	142,550
Caisse Régionale du Crédit Mutuel Dauphiné-Vivarais	2,470	1	0.01%	123,500
Caisses de Crédit Mutuel de la Fédération Île-de-France	1,890	181	0.01%	94,500
Caisses de Crédit Mutuel de la Fédération Loire-Atlantique et du Centre Ouest	1,480	114	0.00%	74,000
Caisses de Crédit Mutuel de la Fédération Méditérranéen	1,450	139	0.00%	72,500
Caisses de Crédit Mutuel de la Fédération Midi-Atlantique	1,172	115	0.00%	58,600
Caisses de Crédit Mutuel de la Fédération Centre	1,040	79	0.00%	52,000
Caisses de Crédit Mutuel de la Fédération Normandie	910	73	0.00%	45,500
Caisses de Crédit Mutuel de la Fédération Nord Europe	1,330	132	0.00%	66,500
Caisses de Crédit Mutuel de la Fédération Dauphiné-Vivarais	551	48	0.00%	27,550
Caisses de Crédit Mutuel de la Fédération Savoie-Mont Blanc	500	45	0.00%	25,000
Caisses de Crédit Mutuel de la Fédération Anjou	400	40	0.00%	20,000
Caisses de Crédit Mutuel de la Fédération Massif Central	300	30	0.00%	15,000
Caisses de Crédit Mutuel de la Fédération Antilles-Guyane	260	26	0.00%	13,000

Fédération du Crédit Mutuel Centre Est Europe	81	1	0.00%	4,050
Natural persons	42	1	0.00%	2,100
Caisse Régionale du Crédit Mutuel Massif Central	10	1	0.00%	500
Caisse Régionale du Crédit Mutuel Savoie-Mont Blanc	10	1	0.00%	500
TOTAL	**34,225,594**	**1,492**	**100.00%**	**1,711,279,700**

8.3 MISCELLANEOUS INFORMATION

Legal and arbitration proceedings

On June 28, 2023, after 13 years of proceedings, the Court of Cassation rejected the appeal lodged by the French Competition Authority in the check image exchange (EIC) case. In September 2010, the French competition authority had fined French banks, including CIC, for breaches of competition rules concerning the fees and conditions attached to the processing of checks submitted for collection. The decision of the Court of Cassation definitively closes this case in favor of the banks, recognizing the absence of any agreement between them that would have had the effect of distorting, restricting or preventing normal competition.

9 ADDITIONAL INFORMATION

9.1 DOCUMENTS AVAILABLE TO THE PUBLIC

During the validity of the universal registration document, the following documents (or copy of these documents) can be viewed:

Digitally on BFCM's website

http://www.bfcm.creditmutuel.fr

- Historical financial information of the BFCM and Crédit Mutuel Alliance Fédérale for each of the two fiscal years preceding the publication of the universal registration document.
- This universal registration document and those of the two previous fiscal years.

The information provided on the website does not form part of the universal registration document.

Regarding physical media

- The issuer's charter and articles of association.
- All reports, letters and other documents, historical financial information, valuations and statements prepared by an expert at the request of the issuer, a part of which is included or referred to in the universal registration document.
- The historical financial information of the subsidiaries of the BFCM for each of the two financial years preceding the publication of the universal registration document.

By sending a request by mail to:

Banque Fédérative du Crédit Mutuel

Group General secretariat

4 rue Frédéric-Guillaume Raiffeisen 67913 STRASBOURG Cedex 9

+ 33 (0)3 88 14 88 14

9.2 PERSON RESPONSIBLE FOR THE FINANCIAL INFORMATION

Mr. Alexandre Saada

Deputy Chief Executive Officer of BFCM

Director of the Finance Division of Crédit Mutuel Alliance Fédérale

Email: alexandre.saada@creditmutuel.fr

9.3 PERSON RESPONSIBLE FOR THE DOCUMENT

Mr. Daniel Baal

Chief executive officer of Caisse Fédérale de Crédit Mutuel.

Declaration by the person responsible

I hereby declare that, to the best of my knowledge, the information contained in this amendment to the universal 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 half-year activity 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, 2023

9.4 PERSONS RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

Principal statutory auditors

KPMG SA, member of the Regional Association of Auditors of Versailles and the Center (Compagnie Régionale de Versailles et du Centre) – represented by Ms. Sophie Sotil-Forgues and Mr. Arnaud Bourdeille – Tour Eqho - 2 avenue Gambetta, 92066 Paris La Défense Cedex.

Start date of first term of office: May 10, 2022.

Current term of office: six fiscal years with effect from May 10, 2022.

The Shareholders' Meeting of May 10, 2022 appointed KPMG SA to replace Ernst & Young et Autres firm as principal Statutory Auditors for a period of six years, *i.e.* until the end of the Shareholders' Meeting called to rule on the financial statements of fiscal year 2027.

PricewaterhouseCoopers France, member of the Compagnie Régionale de Versailles and the Center– represented by Mr. Laurent Tavernier – 63 Rue de Villiers, 92200 Neuilly-sur-Seine.

Start date of first term of office: May 11, 2016.

Current term of office: six fiscal years with effect from May 10, 2022.

The Shareholders' Meeting of May 10, 2022 renewed the term of office of the PricewaterhouseCoopers France firm as principal Statutory Auditors for a period of six years, *i.e.* until the end of the Shareholders' Meeting called to rule on the financial statements of fiscal year 2027.

9.5 CROSS-REFERENCE TABLES

9.5.1 Cross-reference table for the Crédit Mutuel Alliance Fédérale universal registration document

Sections of Appendix 1 of Delegated Regulation (EU) 2019/980: "Registration document for equity securities"	Page no. of the first amendment of the universal registration document filed with AMF on August 10, 2023	Page no. of the universal registration document filed with AMF on April 13, 2023
1. Persons responsible	**263-264**	**718-719**
2. Statutory auditors	**264**	**719**
3. Risk factors	**78-87**	**298-305**
4. Information about the issuer	**269**	**713-714**
5. Business overview		
5.1 Main activities	12-34	6-7 ; 22-41
5.2 Main markets	12-34	6-7 ; 53-54 ; 517-523 ; 530
5.3 Significant events in business development	N/A	72 ; 81
5.4 Strategy and objectives	2-4	10-11
5.5 Degree of dependence with respect to patents or licenses, industrial, commercial or financial agreements or new manufacturing processes	N/A	714
5.6 Elements on which the declarations of the issuer concerning its competitive position are based	N/A	22
5.7 Investments	N/A	N/A
6. Organizational structure		
6.1 Description of the group	5	16-19
6.2 Main subsidiaries	5	16-19
7. Review of the financial position and of net profit or loss		
7.1 Financial position	12-34	45-85
7.2 Operating income	12-34	45-85
8. Cash and equity		
8.1 Information on the issuer's equity	92-93 ; 175-176	492 ; 586
8.2 Source and amount of the issuer's cash flows	94 ; 177	493 ; 587
8.3 Information on the borrowing conditions and the issuer's financing structure	26-28	64-67
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
9. Regulatory environment	**8-11**	**47-49**
10. Information on trends	**31-34**	**72 ; 81**
11. Profit forecasts or estimates	**N/A**	**N/A**
12. Administrative, management, supervisory and executive bodies		
12.1 Information concerning the members of BFCM's administrative and management bodies	56-75	235-253 ; 266-283
12.2 Conflicts of interest concerning the administrative, management, supervisory and executive bodies	51-52 ; 74	255 ; 284-285
13. Compensation and benefits	**N/A**	**263-265 ; 287**
14. Operation of the administrative and management bodies		
14.1 Expiration date of current terms of office	37-51 ; 58-73	239-253 ; 270-283
14.2 Service agreements binding the members of the administrative bodies to the issuer or to one of its subsidiaries	N/A	255 ; 285
14.3 Information on the Auditing Committee and the Compensation Committee	53-54	258-261 ; 287
14.4 Declaration indicating whether or not the issuer is in compliance with the legal corporate governance framework in force in its country of origin	N/A	236 ; 267
14.5 Potentially significant impacts on corporate governance	N/A	267

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, 2023	Page no. of the universal registration document filed with AMF on April 13, 2023
15. Employees		
15.1 Number of employees	162 ; 247	565 ; 657 ; 699
15.2 Interests in the issuer's share capital and directors' stock-options	N/A	N/A
15.3 Agreement providing for employee ownership of the issuer's shares	N/A	N/A
16. Major shareholders		
16.1 Shareholders holding more than 5% of the share capital or voting rights	N/A	710
16.2 Existence of different voting rights of the aforementioned shareholders	N/A	N/A
16.3 Control of the issuer	N/A	711
16.4 Knowledge by the issuer of an agreement likely to result in a change in control at a later date	N/A	711
17. Related-party transactions	**167-168 ; 252-253**	**569 ; 661**
18. Financial information on the issuer's assets and liabilities, financial position and results		
18.1 Historical financial information	88-168 ; 171-253 ; 266-267	488-572 ; 582-664 ; 674-703
18.2 Interim and other financial information	88-168 ; 171-253	N/A
18.3 Verification of the annual historical financial information	169-170 ; 254-255	575-578 ; 665-670 ; 704-707
18.4 Pro forma financial information	95-101 ; 178-185	N/A
18.5 Dividend distribution policy	N/A	711
18.6 Legal and arbitration proceedings	N/A	714
18.7 Material change in the financial position	N/A	713-714
19. Additional information		
19.1 Share capital	261-262	710
19.2 Charter and articles of association	N/A	713
20. Major contracts	**N/A**	**714**
21. Documents available to the public	**263**	**718**

Sections of Appendix 2 of Delegated Regulation (EU) 2019/980: "Universal registration document"	Page no. 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
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	See cross-reference table above
1.2 Issuer's statement	1	1

Pursuant to Article 19 of European Regulation No. 2017/1129 of June 14, 2017, the following items are included by way of reference:

- the consolidated financial statements, management report as well as the Statutory Auditors' report on the consolidated financial statements as of December 31, 2021, presented respectively for Crédit Mutuel Alliance Fédérale on pages 413 to 491, 42 to 60, 75 to 210, 265 to 411 and 492 to 494 of the registration document of Crédit Mutuel Alliance Fédérale – 2021 fiscal year (https://investors.bfcm.creditmutuel.fr/static-files/0245fa3c-217d-4271-ad4e-c3d5e3362d82), registered with the AMF on April 13, 2022 under number D.22-0284 ;
- the consolidated financial statements, management report as well as the Statutory Auditors' report on the consolidated financial statements as of December 31, 2021, the extract of the annual financial statements including the management report for the fiscal year ended December 31, 2021 presented respectively for Banque Fédérative du Crédit Mutuel on pages 497 to 574, 61 to 72, 75 to 210, 265 to 411 and 575 to 580 of the registration document of Crédit Mutuel Alliance Fédérale – 2021 fiscal year (https://investors.bfcm.creditmutuel.fr/static-files/0245fa3c-217d-4271-ad4e-c3d5e3362d82), registered with the AMF on April 13, 2022 under number D.22-0284;
- the consolidated financial statements, management report as well as the Statutory Auditors' report on the consolidated financial statements as of December 31, 2020, presented respectively for Crédit Mutuel Alliance Fédérale on pages 359 to 437, 40 to 58, 73 to 154, 207 to 357 and 438 to 439 of the registration document of Crédit Mutuel Alliance Fédérale – 2020 fiscal year (https://investors.bfcm.creditmutuel.fr/static-files/c05f424a-4b92-441b-9ff5-f9d0762d3517) registered with the AMF on April 21, 2021 under number D.21-0334;
- the consolidated financial statements, management report as well as the Statutory Auditors' report on the consolidated financial statements as of December 31, 2020, the extract of the annual financial statements including the management report for the fiscal year ended December 31, 2020 presented respectively for Banque Fédérative du Crédit Mutuel on pages 441 to 517, 59 to 71, 73 to 154, 207 to

357 and 518 to 523 of the registration document of Crédit Mutuel Alliance Fédérale – 2020 fiscal year (https://investors.bfcm.creditmutuel.fr/static-files/c05f424a-4b92-441b-9ff5-f9d0762d3517), registered with the AMF on April 21, 2021 under number D.21-0334 ;

- the consolidated financial statements, management report as well as the statutory auditors' report on the consolidated financial statements as of December 31, 2019, presented respectively for Crédit Mutuel Alliance Fédérale on pages 325 to 402, 37 to 55, 71 to 139, 187 to 322 and 403 to 405 of the registration document of Crédit Mutuel Alliance Fédérale – 2019 fiscal year, registered with the AMF on April 27, 2020 (https://investors.bfcm.creditmutuel.fr/static-files/5190df50-cd90-4d41-a615-d2b44b85ed42) under number D.20-0360 ;
- the consolidated financial statements, management report as well as the statutory auditors' report on the consolidated financial statements as of December 31, 2019, the extract of the annual financial statements including the management report for the fiscal year ended December 31, 2019 presented respectively for Banque Fédérative du Crédit Mutuel on pages 407 to 482, 56 to 70, 71 to 139, 187 to 322 and 483 to 488 of the registration document of Crédit Mutuel Alliance Fédérale – 2018 fiscal year, registered with the AMF on April 27, 2020 (https://investors.bfcm.creditmutuel.fr/static-files/5190df50-cd90-4d41-a615-d2b44b85ed42) under number D.20-0360 ;

9.5.2 Cross-reference table of BFCM's half-year financial report

Pursuant to Article 212-13 of the AMF general regulations, this universal registration document includes the information from the half-year financial report mentioned in Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-4 of the AMF general regulations.

Interim financial report	**Filed on August 10, 2023**
1. Interim business report	
- Important events that occurred during the first 6 months of the fiscal year and their impact on the interim financial statements	32-34
- Description of the main risks and uncertainties for the remaining 6 months of the fiscal year	78-87
- Principal transactions that occurred between related parties	252-253
2. Financial statements on June 30, 2022	171-253
3. Declaration by the person responsible	263-264
4. Statutory auditors' report on the interim financial statements	254-255

Websites:
www.bfcm.creditmutuel.fr
www.creditmutuelalliancefederale.fr

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