FINANCIAL REPORT

CRÉDIT MUTUEL GROUP 2022

2023 EDITION

Crédit Mutuel

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of the board of directors of Confédération Nationale du Crédit Mutuel on the 2022 consolidated financial statements
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2022: inflation returns

The year was marked by the Russian invasion of Ukraine and continued inflationary pressures. The significant increase in risk aversion in the financial markets and the surge in commodity prices, particularly for energy and food, reflected the uncertainty caused by the war and the sanctions imposed on Russia, mainly by European countries and the United States. On the health front, while European countries and the US managed to limit the impacts of new waves of the Covid-19 infection, China continued to impose severe health restrictions until November. The combination of the inflationary shock, geopolitical tensions and supply chain problems triggered a significant acceleration of cost and price increases, forcing central banks to tighten lending conditions considerably. The latter, especially the European Central Bank (ECB) and the Fed, rapidly raised their key interest rates to combat inflation and the de-anchoring of inflation expectations. In parallel with the rise in sovereign yields on both sides of the Atlantic, equity indices fell sharply in 2022. Against this backdrop, growth slowed continuously and recession risks emerged, particularly in Europe, even as large-scale fiscal support from governments limited the economic shock.

Central banks focused their efforts on combating inflation

In the Eurozone, the favorable economic outlook linked to the easing of health restrictions and the reopening of economies was quickly tempered by the outbreak of the war in Ukraine in February. The European Union (EU) adopted numerous sanctions against Russia, including embargoes on coal imports and seaborne oil imports, which took effect in August and December respectively. Energy prices, especially gas prices, rose substantially until the summer. This was due to the reduction in the supply of Russian gas, mainly via the Nord Stream 1 pipeline which was closed from summer onward, and the replenishment of inventories to prepare for the winter, leading to high demand from Member States. European energy prices subsequently fell thanks to above-normal seasonal temperatures and the end of reserve-building in Europe. In addition, the EU Member States set targets for reducing gas consumption in preparation for the winter and implemented a mechanism to cap gas prices at €180/MWh at the end of the year. This energy crisis weighed on growth, as evidenced by the trend in the Purchasing Managers' Index (PMI), which ended the year in contraction territory. However, the fiscal support provided by European governments (nearly 5% of the Eurozone's GDP), particularly in Germany, helped to cushion the shock for households and businesses. In terms of inflation, the supply chain issues inherited from the global health crisis - which nevertheless improved significantly along with the fall in sea freight prices - as well as continued resilient demand, wage increases and the energy situation contributed to the sharp rise in consumer prices in the Eurozone, which were up 9.2% year-on-year in December. To curb this increase in prices and the risk of an inflation-wage spiral, the ECB tightened its monetary policy significantly, raising its key interest rates by 250 bps to bring the deposit rate to 2%. It also started trimming its balance sheet by, among other things, tightening the conditions for low-cost long-term financing operations for banks (TLTRO). European sovereign yields therefore rose significantly, contributing to the sharp decline in the stock indices during the year. The risk of financial fragmentation in the Eurozone, such as tougher lending conditions for peripheral countries, temporarily increased due to the political uncertainties in Italy. However, the ECB's announcement of a new tool, the Transmission Protection Instrument, and Giorgia Meloni's first decisions provided some reassurance and limited the risk of another debt crisis. Amid fears over the availability of energy and a deteriorating balance of payments, the euro depreciated sharply, falling below parity against the dollar, before rebounding at the end of the year thanks to a less bleak economic and political outlook.

In the United Kingdom, rising inflation weighed on economic growth. The Bank of England (BoE) continued to raise its key interest rates by 325 bps to 3.5% and started shrinking its balance sheet, mainly through active sales of sovereign bonds. Following a political crisis and a period of major financial instability that saw a succession of Prime Ministers in Boris Johnson, Liz Truss and Rishi Sunak, at the end of the year Sunak's government presented a fiscal support plan for households and businesses while putting public finances back on a more orthodox path, to the relief of financial investors.

In the United States, although the impact of the war in Ukraine was more moderate, it did trigger a rise in energy prices which fueled inflation. Faced with the risk of a de-anchoring of expectations and tensions in the job market, the Fed raised its key interest rates substantially by 425 bps to between 4.25% and 4.5%, began to trim its balance sheet and took an aggressive stance for the future, which dealt a heavy blow to the financial markets. Despite fears of a hard landing for growth, economic activity proved robust, particularly in the services sector, while inflation began to show signs of slowing down after peaking in June. In addition, Joe Biden's administration passed economic support measures, including the Inflation Reduction Act, a nearly $500 billion 10-year investment plan for the energy transition, which, however, was not enough for Democrats to maintain a majority in Congress after the mid-term elections. The president's party retained control of the Senate but lost control of the House of Representatives, opening a period of divided government for the next two years.

In China, the severe public health restrictions imposed under the zero-Covid strategy weighed heavily on economic activity throughout the year. Despite the re-election of President Xi Jinping and continuation of his policy in October, widespread public protests at the end of the year and fears about growth prompted the authorities to reverse course and abandon that strategy. Amid an intense wave of infections at the end of the year and the lack of effective vaccination, activity contracted further despite the reopening, which could, however, be a major growth driver in 2023. The crisis in the real estate sector, historically an engine of Chinese growth, also slowed down activity. With inflation relatively low, as in the rest of the world the authorities tried to limit the economic impact of the health policy by injecting more monetary and fiscal support into the economy. In other emerging countries, an easing of inflationary pressures, thanks mainly to commodity prices, began in the second half of the year and was helped by central banks' monetary tightening policies.

In terms of commodities, the war in Ukraine fueled price increases significantly, particularly for energy and food, given the region's share of global production. However, the resumption of wheat exports in the spring via the Black Sea, the economic slowdown and weather-related factors at the end of the year contributed to the sharp fall in commodity prices, particularly for oil and gas. In addition, the G7 countries, Australia and the EU imposed a $60 per barrel cap on the price of Russian oil.

France maintained relatively favorable economic conditions

In France, thanks to lower dependence on Russian oil and gas compared with its European neighbors and the measures taken by the government (nearly €90 billion in 2022 and 2023) such as the price shield on gas and electricity prices extended until 2023, the rise in inflation (+5.9% year-on-year in December) was lower than that in other Eurozone countries. After another downturn early in the year, impacted by the Omicron variant wave of the virus and the start of the war in Ukraine, the economy benefited from the uptick in tourism during the summer. Despite slowing down at the end of the year, it managed to avoid contraction (+0.1% quarter-on-quarter growth in Q4 after +0.2% in Q3 and +2.6% in 2022). Moreover, concerns about energy rationing increased following a significant reduction in nuclear generation related to maintenance at a large number of power plants. Nevertheless, efforts to reduce demand and mild fall and winter temperatures helped prevent drastic power cuts.

The year was also marked by political issues: although Emmanuel Macron was re-elected President of the Republic, his party failed to obtain an absolute majority in the parliamentary elections, making it difficult to foresee what policies will be implemented during his five-year term.

The group's activity and results

The Board of Directors of the Confédération Nationale du Crédit Mutuel opted to prepare consolidated financial statements at the national level in accordance with International Financial Reporting Standards as adopted by the European Commission, even though it is not publicly traded.

The Board of Directors approved the consolidated financial statements for the year ended December 31, 2022 at its meeting on March 8, 2023 and presented them, together with this report, to the General Meeting for its approval.

The main changes in the consolidation scope arose from:
- the acquisition by CM Arkea of Bellatrix and the acquisition by the EBRA Group of Humanoid;
- the consolidation of entities already held: CIC Private Debt, Crédit Mutuel Investment Managers, Société de Services Fiduciaires (2SF, "Paula") and ACM Capital of FCT CM Factoring;
- the sales of FLOA, Keytrade Luxembourg, Budget Insight, Mangopay and Leetchi;
- the dismantling of the Zephyr Home Loans securitization fund;
- the consolidation under IFRS 5 of Targobank Spain and GACM España, the sales of which are in progress.

The interest margin (€9.121 billion) increased by 6.8% (+€581 million)

The rise in interest rates benefited interbank and central bank variable-rate transactions, the securities portfolios and hedging transactions. However, it negatively impacted the cost of securities issued and has not yet had an effect on customers (since the increase in expenses is faster, due to the rise in interest rates, particularly regulated rates, than the increase in products, which are limited by the usury rate), despite the net reversal of the provision for mortgage saving agreements (interest rate effect).

Customer deposits (€565.9 billion, 3.3%, +€18.2 billion, +9.2% excluding current accounts in credit)

Changes were very significant in certain categories:
- As a result of the rise in interest rates, regulated demand savings deposits (€167.0 billion, +8.5%) continued to grow, particularly Livret Bleu and Livret A passbook savings accounts (€64.2 billion, +10.3%), LDD accounts (€22.3 billion, +9.7%) and LEP accounts (€8.4 billion, +29.0%). The rate at which regulated deposits (Livret Bleu, Livret A, LDD, LEP) were centralized at the CDC was 54.3% compared with 54.5% in 2021;
- Ordinary passbook accounts were also up sharply (€59.6 billion, +4.2%);
- Term deposits, which saw an increase in interest, rose sharply (€57.7 billion, +9.9%), as did overnight term deposits from financial customers;
- By contrast, current accounts in credit (€257.6 billion) declined for the first time in many years (-€7.7 billion, -2.9%);
- It should be noted, however, that mortgage saving agreements remained stable (€53.4 billion, +0.5%), with no change in PEL (mortgage saving plans) rates in 2022.

Customer loans and advances (€612.4 billion) up 8.4%, excluding PGE loans: +9.2%

Changes were significant in certain categories:
- Working capital loans/commercial loans excluding PGE (€21.2 billion, +11.1%). PGE loans (i.e. state-guaranteed Covid loans) decreased by 18.1% to €13.6 billion as a result of repayments and the lack of significant new loan production;
- Consumer loans/revolving loans (€57.2 billion, +6.9%);
- Home loans (€318.1 billion, +7.4%);
- Equipment loans (€143.9 billion, +13.5%);
- Finance leases and operating leases (€22.0 billion, +6.3%);
- Factoring continued to build on its 2021 momentum after a difficult year in 2020 (€17.4 billion, +14.5%).

Securities and derivatives portfolios

The "financial assets at fair value through equity – FVOCI" portfolio (€42.8 billion) was stable for both fixed-income and equity securities. The "fair value through profit or loss – FVPL" portfolio increased by €6.9 billion (+27.7%) to €31.8 billion as a result of interest rates on derivatives and repurchase agreements..

On the liabilities side, the "fair value through profit or loss – FVPL" portfolio increased by €7.2 billion (+53.2%) to €20.7 billion as a result of interest rates on derivatives (symmetrical effect on the assets side) and repurchase agreements.

The net gain on the FVPL portfolio (€971 million) was down (-€252 million) due to financial market trends and especially FVPL equity investments (valuation effect and base effect in 2021 on realized gains). It was also down for the FVOCI portfolio (-€143 million, -€246 million) due to capital losses on bonds.

Net income on other activities rose by €430 million (+8.8%) to €5.303 billion, driven by insurance (€3.984 billion, +3.4%) and other activities (+€300 million, +29.4%). Insurance benefited from business growth despite sluggish markets and an increase in claims (weather events, effect of inflation on costs, particularly for auto/home repairs). Premiums increased (+5.0%) in both life and non-life insurance.
Net income from other activities (excluding insurance, €1.319 billion) rose by 29.4% (+€300 million), thanks mainly to growth in the Euro-Information division, Fédéral Service and investment property.

This led to a 3.6% increase in net banking income to €20.5 billion

General operating expenses rose by 6% to €12.5 billion

The employee benefits expense, other general operating expenses and net depreciation, amortization and provisions increased:

The **employee benefits expense** rose by €347 million to €7.438 billion (+4.9%) as a result of an increase in salaries related to general pay increases and purchasing power bonuses granted by most of the groups, as well as profit-sharing and incentive bonuses.

The Crédit Mutuel group **employed an average** of 83,636 people in 2022 (on a full-time equivalent basis), up 0.6%.

Other operating expenses rose by €339 million (+8.9%) to €4.139 billion as a result of the increase in external services, regulatory and digital changes and the increase in SRF.

Depreciation, amortization and provisions rose by €19 million (+2.1%) to €931 million.

Overall, the **cost/income ratio** increased to 61.0% (vs. 59.6% in 2021).

Provisions for loan losses (€970 million, +8.7%), -63.2% vs. 2020, -19.2% vs. 2019)

The increase in provisions for loan losses relates to proven risk, mainly as a result of major market transactions, while non-proven risk decreased (reversal of the sector provision, but increase in the pessimistic weighting and post-model adjustment).

In terms of risk quality:
- The proportion of non-performing loans was 2.42% compared with 2.50% at end-2021. Excluding consumer credit entities, the proportion of non-performing loans also fell to 1.89% compared with 1.93% in 2021;
- The individual coverage ratio was 47.6% vs. 50.6% at end-2021;
- The overall coverage ratio (S2+S3) was 61.7% compared with 67.3% at end-2021.

Net losses on other assets were €135 million (zero in 2021). They pertained to Targobank Spain (provision related to the potential sale), the sales of Budget Insight, Leetchi/Mangopay, FLOA and Keytrade Luxembourg, and the initial consolidation of CIC Private Debt.

The **share of income of equity consolidated companies** was -€5 million in 2022 vs. -€19 million in 2021.

The **change in goodwill** was -€151 million, -€998 million in 2022 and -€847 million in 2021. This item mainly includes the impairment of goodwill of Targobank Germany for €958 million in 2022 and €775 million in 2021.

The **tax expense** fell by €210 million (-10.9%) to €1.723 billion due to the decrease in the current tax rate from 27.4% to 25.83% in accordance with the approved profit trajectory.

This led to a 3.4% decrease in net profit (attributable to the Group) to €4.120 billion.

Equity attributable to the Group increased further, up 2.4% to €68.589 billion.

This increase was due mainly to:
- A €205 million capital increase to €11.616 billion (+1.8%);
- The transfer to reserves of the 2021 annual profit, excluding the distributed portion (€122 million);
- 2022 net income: €4.120 billion; and
- The Group's net unrealized capital gains/losses (-€948 million compared with €1.632 billion in 2021), which mask certain disparities. The bond and equity portfolios decreased, while post-employment benefits and translation reserves increased.

Analysis by sector of activity

The five operating segments for reporting purposes correspond to the organization of the Crédit Mutuel group.

Retail Banking comprises the networks of Crédit Mutuel's regional federations and CIC's regional banks. This segment also includes some of the specialized activities whose products and services are marketed by the networks such as finance leasing, factoring, real estate businesses (investment, land development, real estate management, distribution and property development) and collective management of products distributed by the network.

Insurance is considered a separate segment given its importance in the Group's activities. The Group has historically been the leading bank in this area, having started its bankinsurance activity in 1970. The segment covers both life insurance and property and casualty insurance.

Corporate and Investment Banking covers financing for large corporate and institutional customers, value-added financing activities, private equity, international activities and capital markets activities, whether on the Group's own behalf or on behalf of customers, including stock market intermediation.

Asset Management and Private Banking include the subsidiaries that are mainly engaged in private banking, both in France and abroad, and the asset management and employee savings activities.

Other activities cover all the activities that cannot be assigned to any of the above segments, together with subsidiaries involved purely in logistical support, whose expenses are generally re-billed to the other entities. They include intermediate holding companies, companies owning the property used in the Group's operations, and media and IT subsidiaries.

Results by activity and reporting by country

Note that where sector figures are expressed as a percentage of the Group total, this figure is calculated before elimination of intra-group transactions.

Banque de détail

(IN € MILLIONS)	2022	2021 restated(*)	CHANGE 2022/2021 restated
Net banking income	14,487	13,705	5.7%
Gross operating income	4,970	4,577	8.6%
Profit before tax	4,084	3,678	11.0%
Net profit attributable to the Group	2,902	2,512	15.5%

(*) Sector change for certain entities (transfer from retail banking to Corporate Banking/Investment Banking and Asset Management/Private Banking).

Net banking income rose by €389 million to €9.517 billion, up 4.3%. The employee benefits expense increased by €197.5 million (+3.9%).

Other general operating expenses also rose by €255 million, mainly due to the contribution to the SRF, supervision costs and external services.

The cost/income ratio was therefore 65.7% compared with 66.6% a year earlier.

Provisions for loan losses increased by €53 million to €948 million. Non-proven risk was down by €182 million compared with 2021 to €69 million, while proven risk increased by €234 million.

It should be noted that **net gains on other assets and equity consolidated companies** increased by €66 million, mainly due to the sales of Leetchi, Mangopay, Budget Insight and Keytrade Luxembourg and the goodwill impairment of Izimmo and CFCAL.

Income tax rose by €20 million (+2%) to €1.155 billion as a result of the increase in profit and the change in the tax rate.

All in all, **net profit attributable to the Group** increased by €335 million to €2.902 billion.

Retail banking accounted for 70% of profit attributable to the Group in 2022, compared with 59% in 2021.

Insurance

(IN € MILLIONS)	2022	2021 restated(*)	CHANGE 2022/2021 restated
Net banking income	2,211	2,340	(5.5%)
Gross operating income	1,335	1,532	(12.9%)
Profit before tax	1,331	1,530	(13.0%)
Net profit attributable to the Group	1,017	1,093	(7.0%)

(*) Sector change for certain entities (transfer from retail banking to Corporate Banking/Investment Banking and Asset Management/Private Banking).

Net banking income fell from €2.340 billion in 2021 to €2.211 billion as a result of the markets and the claims rate, despite strong sales activity.

In 2022, the Crédit Mutuel group's **insurance premium income** was up 5.2% year-on-year to €18.5 billion, with both the life and property and casualty classes contributing to the increase. Life insurance premium income (€11.5 billion) increased by 4.5%, with nearly 50% of income from unit-linked policies. **Savings in life insurance products** remained steady, at €151.7 billion at the end of 2022. Property and casualty insurance continued to grow, with a 6.4% rise in premium income to €7.0 billion. The **number of policyholders** was 17.2 million (+2.9%), representing 45.3 million policies in the portfolio (+2.9%).

General operating expenses increased (€876 million), as did the employee benefits expense, other operating expenses and depreciation, amortization and provisions.

The **share of income of equity consolidated companies** (-€4 million) fell by €2 million.

Overall, **net profit attributable to the Group** came to €1.017 billion (-€76 million vs. 2021).

Insurance accounted for 25% of net income attributable to the Group (26% in 2021).

Corporate and investment banking

(IN € MILLIONS)	2022	2021 restated(*)	CHANGE 2022/2021 restated
Net banking income	1,585	1,663	(4.7%)
Gross operating income	1,124	1,223	(8.1%)
Profit before tax	1,132	1,240	(8.7%)
Net profit attributable to the Group	970	1,081	(10.3%)

(*) Sector change for certain entities (transfer from retail banking to Corporate Banking/Investment Banking and Asset Management/Private Banking).

Net banking income fell by €78 million to €1.585 billion, mainly due to Private Equity (in comparison with the record result achieved in 2021). The Financing component increased and capital markets remained steady.

General operating expenses rose by €21 million to €461 million for corporate banking and capital markets.

Provisions for loan losses showed a net reversal of €9 million (up by €8 million), mainly for financing activities (+€30 million) offset by private equity (-€23 million). Proven risk increased by €37 million while non-proven risk fell by €29 million.

Income tax rose by €3 million to €162 million.

Net profit attributable to the Group was down by €111 million to €970 million.

Asset management and private banking

(IN € MILLIONS)	2022	2021 restated(*)	CHANGE 2022/2021 restated
Net banking income	1,286	1,279	0.5%
Gross operating income	401	447	(10.3%)
Profit before tax	377	436	(13.5%)
Net profit attributable to the Group	290	335	(13.4%)

(*) Sector change for certain entities (transfer from retail banking to Corporate Banking/Investment Banking and Asset Management/Private Banking).

Bank savings products (excluding life insurance) decreased by 6.1% to €313.6 billion, hurt by the turbulence in the financial markets since the outbreak of the war in Ukraine, despite a good level of inflows across the networks.

Net banking income remained stable at €1.286 billion, increasing by €7 million (+0.5%). It was up by €85 million for Private Banking, but fell by €78 million for Asset Management (financial markets effect).

General operating expenses rose by 6.4% to €885 million (+€53 million), including for Private Banking (+€34 million) and Asset Management (+€19 million).

Provisions for loan losses increased by €25 million to €39 million.

Net gains on other assets and equity consolidated companies totaled €15 million vs. €3 million.

The “Taxes and other” line item (€85 million) increased by €14 million.

All in all, net profit attributable to the Group was €290 million, down 13.4%.

Other

(IN € MILLIONS)	2022	2021 retraité*	VARIATION 2022/2021 retraité
Net banking income	2,178	2,007	8.5%
Gross operating income	154	206	(25.2%)
Profit before tax	(1,048)	(657)	59.5%
Net profit attributable to the Group	(1,059)	(755)	40.3%

(*) Sector change for certain entities (transfer from retail banking to Corporate Banking/Investment Banking and Asset Management/Private Banking).

Net banking income rose by €177 million (+8.5%) to €2.178 billion.

General operating expenses were €2.024 billion (+12.4%).

Provisions for loan losses showed a net reversal of €8 million vs. €0 million in 2021.

Net losses on other assets and equity consolidated companies totaled €1.210 billion compared with €863 million in 2021.

The increase resulted mainly from the impairment of goodwill of Targobank Germany, the revaluation of the Targobank Spain securities, the sale of FLOA and the impairment of goodwill of Factofrance in 2021.

The “Income tax and other” line item was €8 million, a decrease of €87 million (€95 million in 2021).

All in all, the **net loss attributable to the Group** generated by the sector was €1.059 billion, a decrease of €304 million.

Capital and risk exposure

The data provided in the tables on the following pages is expressed in millions of euros. The figures in this section are audited unless indicated otherwise by a double asterisk.

Capital**

Pursuant to Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26, 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 (the “Capital Requirements Regulation”), networks of banking institutions with a central governing body must comply with management ratios both on an individual basis (for each of the Crédit Mutuel groups) and on a consolidated basis at the national level (market risk and credit risk, major risks and equity holdings).

The consolidating entity and the scope of prudential supervision of the Crédit Mutuel group are identical to those used for the Group’s consolidated financial statements. Only the consolidation method differs, notably as regards the insurance companies, which are consolidated for accounting purposes using the full consolidation method and for prudential purposes using the equity method.

The solvency ratio defines the capital requirement needed to cover credit, market and operational risks. Total equity is the sum of Common Equity Tier 1 (CET1) capital, Additional Tier 1 (AT1) capital and Tier 2 capital (including eligible redeemable subordinated securities and undated subordinated securities), less regulatory deductions (which include intangible assets, the amount by which expected losses exceed provisions, securitization positions with a risk weight of 1,250 %, valuation adjustments from the application of the prudence concept, deferred tax assets dependent on future profitability but unrelated to timing differences, etc.).

The Crédit Mutuel group has been authorized by the SGACPR, subject to compliance with the requirements of Article 49 of the Capital Requirements Regulation, to apply a risk weighting to the value attributed using the equity method to investments in the Group’s insurance subsidiaries, rather than deducting them from Tier 1 capital.

In this respect, the Group complies with the reporting requirements arising from the EU Directive applicable to financial conglomerates. This requires, among other things, additional monitoring to ensure that consolidated capital is sufficient to cover both the capital adequacy requirements of the banking activities and the solvency margin requirements of the insurance companies.

The Crédit Mutuel group complies with all the applicable regulatory ratios.

Solvency ratio

IN €M	12/31/2022	12/31/2021
COMMON EQUITY TIER 1 CAPITAL (CET1)	62,679	60,996
Capital	11,481	11,382
Eligible reserves before adjustments	56,741	55,454
Regulatory adjustments to CET1	(5,543)	(5,841)
ADDITIONAL TIER 1 (AT1) CAPITAL	5	247
TIER 2 (CET2) CAPITAL	8,468	9,334
TOTAL CAPITAL	71,152	70,577
Risk weighted assets - credit risk	304,666	283,657
Risk weighted assets - market risk	2,447	3,341
Risk weighted assets - operational risk	26,622	25,196
TOTAL RISK-WEIGHTED ASSETS	333,735	312,193
SOLVENCY RATIOS		
Common Equity Tier 1 (CET1) ratio	18.8%	19.5%
Tier 1 ratio	18.8%	19.6%
Total capital ratio	21.3%	22.6%

Risk management policy

The process of identifying, analyzing and prioritizing the Crédit Mutuel group's risks based on its risk profile is carried out annually through an analysis and validation of the Group's overall risk mapping at the highest level. This mapping covers business and profit risk, capital risk, liquidity risk, banking portfolio interest-rate risk, credit risk, market risk, operational risk, risk inherent to the conglomerate's activity (particularly insurance risk), climate and environmental risk and non-financial risk.

Credit risk

Crédit Mutuel's credit risk management policy seeks to achieve several objectives, namely to:

- measure capital requirements;
- help steer the Group by managing commitments in compliance with limits and, more broadly, with the Crédit Mutuel group's risk appetite;
- reduce net additions to provisions for loan losses over time; and
- respond effectively to Basel III and internal control regulations and ensure that regulatory compliance investments generate a return.

In accordance with the overall risk appetite framework approved by the Board of Directors of the Confédération, the regional groups are responsible for their risk strategies and risk-taking. Risks must nevertheless be taken in accordance with the principles of the risk appetite framework approved by the national governing bodies and with the risk tolerance policies approved by the regional governing bodies. The risk tolerance policy for each regional group is then applied in the rules for approving loans and advances, setting the main orientations of its lending activity (notably in terms of customer segmentation), and setting and monitoring limits. Financing limits are set in such a way as to be adapted to the risk management policy and financial fundamentals of the entity concerned and consistent with the system in place at the national level.

National and regional procedures are based on an internal rating system, defined in compliance with Basel III regulatory requirements. This internal rating system is used by all group entities. It allows for the rating of all counterparties eligible for internal ratings-based approaches. The system is based on different statistical models for customer segments for retail exposures and on rating grids developed by experts for bank, large corporate and specialized market exposures. All counterparties eligible for internal ratings-based approaches are positioned on a single rating scale (nine positions for sound exposures in addition to one denoting exposures in default) reflecting the progressive nature of the risk.

The systems for downgrading and provisioning loans are integrated into the information systems and operate on a monthly basis, reclassifying performing loans as doubtful loans where applicable. The software also integrates the notion of contagion to a third party. Provisions are calculated according to the outstanding amounts and the guarantees received, and adjusted by the risk managers depending on the estimated ultimate loss. Since November 2019, the Crédit Mutuel group has applied the new definition of prudential default in accordance with the guidelines of the EBA and the regulatory technical standards on the notion of applicable materiality thresholds. The procedure regarding the definition of default has been revised to include the new principles of downgrading to default status and reclassification to performing status.

At the national level, applications for steering and reporting risk weighting calculations map credit risks, thus enabling the analysis of commitments according to the main categories defined in the internal rating system. The mappings are complemented by more detailed management reports, which are produced at the national level and then analyzed by regional entity, providing information on the quality of the Group's commitments and compliance with national limits placed on credit risks. The mappings and reports are sent to the senior management of the regional groups (Chief Executive Officers, Risk Management Directors and Commitments Directors) and to the effective managers and supervisory body of Confédération Nationale du Crédit Mutuel.

Credit risk exposure on loans and receivables

EXPOSURE	12/31/2022	12/31/2021
Loans and receivables		
Credit institutions	68,201	64,536
Customers	623,038	575,562
Gross exposure	**691,239**	**640,098**
Impairment	**(11,195)**	**(11,253)**
Credit institutions	(10)	(5)
Customers	(11,185)	(11,248)
Net exposure	**680,044**	**628,845**

Credit risk exposure on commitments given

EXPOSURE	12/31/2022	12/31/2021
Financing commitments given	**105,847**	**101,302**
Credit institutions	577	1,575
Customers	105,270	99,727
Guarantee commitments given	**32,477**	**30,905**
Credit institutions	5,422	5,750
Customers	27,055	25,155
Provision for risks on commitments given	**281**	**360**

Exposure to credit risk on debt securities

EXPOSURE	12/31/2022	12/31/2021
Debt securities		
Government securities	41,839	45,842
Bonds	109,389	118,082
Derivative instruments	17,361	6,466
Repurchase agreements and securities lending	4,650	4,713
Gross exposure	**173,239**	**175,103**
Provisions for impairment	(111)	(130)
Net exposure	**173,128**	**174,973**

Gross carrying amount of exposures by category and by range of PD (customer loans):

12/31/2022 By 12-month PD range - IFRS 9	Of which assets impaired at origination	Subject to 12-month expected losses	Subject to expected losses at termination	Of which receivables under IFRS 15	Subject to expected losses on impaired assets at end of period but not impaired at origination
<0.1	0	193,361	1,515	0	0
0.1 - 0.25	0	115,582	178	0	0
0.26 - 0.99	1	122,032	1,113	0	0
1 - 2.99	4	80,216	6,245	0	0
3 - 9.99	14	47,634	17,137	0	0
>=10	594	9,487	14,053	0	14,540
Total	**613**	**568,312**	**40,241**	**0**	**14,540**

Gross carrying amount of the insurance entities' SPPI exposures by external rating

12/31/2022 By external rating	Gross carrying amount of SPPI assets
AAA to AA+	17.2%
AA to AA-	36.7%
A+ to A	13.3%
A-	12.6%
BBB+ to BBB	16.5%
BBB-	0.8%
BB+ to BB	0.2%
BB- TO B+	0.0%
B to B- and CCC+ to CCC-	0.0%
NR *	2.8%
Total	**100%**

** Not rated.*

Rating structure and geographic breakdown of interbank loans

	12/31/2022 As a %	12/31/2021 As a %
Structure of interbank loans by rating (A-IRB scope - gross performing loans)		
A+	26.3%	14.0%
A-	15.3%	31.4%
B+	27.9%	18.7%
B-	21.4%	28.6%
C and below (excluding default rating)	9.2%	7.4%

Source: Crédit Mutuel group consolidated scope - Basel calculator.

The structure of the Crédit Mutuel group's interbank exposures, based on internal ratings, continued to be of good quality at the end of 2022, with more than 91% of these exposures rated between A and B.

	12/31/2022 As a %	12/31/2021 As a %
Geographic breakdown of interbank loans		
France	50.76%	49.98%
Germany	5.79%	5.81%
Rest of Europe	15.37%	17.05%
Rest of world	28.08%	27.16%

The geographic breakdown indicates that interbank exposure remains mainly limited to banks in Europe, notably France and Germany.

Customer credit risk

	12/31/2022 As a %	12/31/2021 As a %
Breakdown of loans by type of customer		
A - Central governments and banks	22.5%	27.5%
B - Credit institutions	5.5%	5.6%
C - Corporates	25.1%	20.1%
D - Retail	47.0%	46.9%

Source: Crédit Mutuel group consolidated scope - Basel calculator.

The Crédit Mutuel group is positioned mainly as a retail bank. Its exposure to retail customers was down slightly.

Geographic breakdown of customer risk

	12/31/2022 As a %	12/31/2021 As a %
Geographic breakdown of customer risk		
France	82.49%	82.72%
Germany	5.59%	5.74%
Rest of Europe	5.85%	5.77%
Rest of world	6.07%	5.77%

Concentration of gross customer risk

	12/31/2022	12/31/2021
Concentration of gross customer risk		
Commitments exceeding €300 million		
Number	112	103
Balance sheet	103,272	95,053
Off-balance sheet	48,379	33,270
Commitments between €200 million and €300 million		
Number	78	72
Balance sheet	14,489	10,976
Off-balance sheet	6,099	6,279

Taking all commitments into account, the average unit amount of the 112 largest risks exceeding €300 million was €1.354 billion vs. €1.246 billion in 2021, while the average unit amount of the 78 largest risks between €200 million and €300 million was €264 million (€240 million in 2021).

Quality of risk

	12/31/2022	12/31/2021
Loans impaired individually (S3)	15,063	14,424
Expected losses at termination (S2)	(2,137)	(2,416)
Expected losses on impaired assets (S3)	(7,164)	(7,295)
Individual coverage ratio	**47.6%**	**50.6%**
Total coverage ratio	**61.7%**	**67.3%**

Past due and impaired loans for which guarantees were received

12/31/2022	Past due amounts (S1+S2)			Carrying amount of impaired assets	Total past due amounts and impaired assets
IN €M	<30 DAYS	>30 DAYS ≤90 DAYS	>3 MONTHS	TOTAL	
Debt instruments	**0**	**0**	**0**	**0**	**0**
Central governments	0	0	0	0	0
Credit institutions	0	0	0	0	0
Other financial entities	0	0	0	0	0
Non-financial entities	0	0	0	0	0
Loans and advances	**7,461**	**1,386**	**324**	**5,272**	**14,443**
Central governments	121	58	25	10	214
Credit institutions	12	9	1	1	23
Other financial entities	187	8	1	66	262
Non-financial entities	4,945	871	250	3192	9,258
Retail customers	2,196	440	47	2,003	4,686
Total	**7,461**	**1,386**	**324**	**5,272**	**14,443**

12/31/2021	Past due amounts (S1+S2)			Carrying amount of impaired assets	Total past due amounts and impaired assets
IN €M	<30 DAYS	>30 DAYS ≤90 DAYS	>3 MONTHS	TOTAL	
Debt instruments	**0**	**0**	**0**	**0**	**0**
Central governments	0	0	0	0	0
Credit institutions	0	0	0	0	0
Other financial entities	0	0	0	0	0
Non-financial entities	0	0	0	0	0
Loans and advances	**5,841**	**1,303**	**181**	**4,721**	**12,046**
Central governments	69	45	19	15	148
Credit institutions	8	7	0	2	17
Other financial entities	48	7	1	99	155
Non-financial entities	3,943	876	137	2,667	7,623
Retail customers	1,773	368	24	1,938	4,103
Total	**5,841**	**1,303**	**181**	**4,721**	**12,046**

Breakdown of risk exposures by economic sector

BREAKDOWN OF GROSS EXPOSURES BY ECONOMIC SECTOR	12/31/2022 As a %	12/31/2021 As a %
Private individuals	41.6%	40.5%
Public administrations and central banks	23.9%	25.9%
Banks and financial institutions	4.0%	4.3%
Other real estate (including leasing and property companies)	3.3%	3.1%
Real estate development	1.5%	1.4%
Retail trade	2.5%	2.4%
Sole traders	2.7%	2.5%
Construction and building materials	2.0%	2.1%
Agriculture	1.6%	1.5%
Other financial activities	2.0%	1.9%
Industrial goods and services	2.0%	1.8%
Holding companies and conglomerates	1.6%	1.4%
Food processing and beverages	1.2%	1.1%
Transport	1.3%	1.1%
Travel and leisure	0.9%	1.1%
Oil, gas and commodities	0.4%	0.7%
High technology	0.7%	0.6%
Automobile industry	0.8%	0.9%
Utilities	0.9%	0.6%
Health	0.6%	0.6%
Media	0.3%	0.3%
Associations	0.3%	0.3%
Household products	0.4%	0.4%
Other group subsidiaries (*)	2.7%	2.7%
Sundry	0.0%	0.0%
Telecommunications	0.3%	0.2%
Chemicals	0.2%	0.2%

Source: Crédit Mutuel group consolidated scope - Basel calculator..
(*) includes leasing and factoring entities purchased from General Electric for exposures other than public administrations, banks and private individuals.

Exposures related to the financial crisis (FSB data)

SECURITIZATION

The amounts presented are in € millions.

SUMMARY	CARRYING AMOUNT 12/31/2022	CARRYING AMOUNT 12/31/2021
RMBS	1,255	1,260
CMBS	0	0
CDO/CLO	3,996	3,137
Other ABS	1,653	3,260
CLO hedged by CDS	0	0
Other ABS hedged by CDS	0	0
Liquidity lines	0	0
TOTAL	**8,904**	**7,656**

Unless otherwise indicated, securities are not hedged by CDS.

Exposures at December 31, 2022

CARRYING AMOUNT	RMBS	CMBS	CLO	OTHER ABS	TOTAL
FVPL	145	-	-	206	351
Amortized cost	25	-	337	1,970	2,333
FV Others	1	-	-		1
FVOCI	1,083	-	3,659	1,477	6,219
TOTAL	**1,255**	**-**	3,996	**3,653**	8,904
France	560	-	786	1,384	2,729
Spain	95	-	-	328	423
United Kingdom	6	-	175	163	344
Rest of Europe	474	-	279	1,080	1,832
USA	5	-	2,756	567	3,328
Other	116	-	-	133	248
TOTAL	**1,255**	**-**	**3,996**	**3,653**	**8,904**
US Agencies		-		-	
AAA	1174	-	3,722	1,308	6,204
AA	63	-	199	644	906
A	10	-	75	4	89
BBB	5	-	-	-	5
BB	-	-	-	-	-
Less than or equal to B	2	-	-	7	9
Not rated	0	-	-	1,692	1,692
TOTAL	**1,255**		**3,996**	**3,653**	**8,904**

Exposures at December 31, 2021

CARRYING AMOUNT	RMBS	CMBS	CLO	OTHER ABS	TOTAL
FVPL	253	-	9	374	635
Amortized cost	33	-	338	1,176	1,547
FV Others	1	-	-	-	1
FVOCI	973	-	2,790	1,710	5,473
TOTAL	**1,260**	**-**	3,137	**3,260**	7,656
France	565	-	359	942	1,866
Spain	111	-	-	358	469
United Kingdom	22	-	110	277	409
Rest of Europe	413	-	189	1,236	1,837
USA	29	-	2,479	339	2,847
Other	120	-	-	108	228
TOTAL	**1,260**	**-**	**3,137**	**3,260**	**7,656**
US Agencies	-	-	-	-	-
AAA	1,126	-	2,911	1,391	5,428
AA	112	-	156	814	1,082
A	13	-	70	4	86
BBB	1	-	-	-	1
BB	5	-	-	-	5
Less than or equal to B	3	-	-	7	10
Not rated	-	-	-	1,044	1,044
TOTAL	**1,260**	**-**	**3,137**	**3,260**	**7,656**

Basel III framework – credit risk

To better take into account the quality of the borrower, capital rules, including notably the implementation of an internal system of ratings specific to each institution, have been instituted by the Basel Committee on Banking Supervision and by the European Commission.

These rules are based on the three pillars:
- **Pillar I** introduces new minimum capital requirements, with the calculation of a solvency ratio for credit, market and operational risks;
- **Pillar II** requires banks to perform their own capital adequacy assessments and to perform stress tests to assess their capital requirements in the event of a deterioration in the economic environment; and
- **Pillar III** tightens up market discipline by requiring more extensive disclosure and transparency regarding the risk profile of banks governed by the new framework. To this end, each year the Crédit Mutuel group publishes a specific report that can be consulted on its institutional website.

Regarding the minimum capital requirements of Pillar I, the major changes compared with the Cooke ratio as regards credit risk concern the modification of the calculation of risk-weighted assets relative to unexpected losses (UL) included in the ratio's denominator and the possibility of adjusting the capital on the basis of the difference between expected losses (EL) and provisions included in the ratio's numerator.

To measure credit risk, banks must choose between three approaches of increasing risk sensitivity subject to the authorization and under the control of their national supervisory bodies: standardized approach, foundation internal ratings-based approach, and advanced internal ratings-based approach. Each banking institution is required to adopt the approach best suited to the stage of development of its activities and of its organization. The use of so-called internal ratings-based approaches requires prior authorization by France's supervisory authority.

Standardized approach

The so-called standardized approach is similar to the Basel I Framework insofar as it is based on the application of fixed risk weightings to the different categories of exposures defined by the regulations. The main changes concern the possibility to adjust the applicable risk weightings based on credit ratings provided by recognized external institutions and the broader range of sureties, guarantees and credit derivatives that may be taken into account by banks.

With the agreement of the ACPR, the Crédit Mutuel group will continue to measure exposures to sovereign governments and local authorities using the standardized method over the foreseeable future. The option given to banking groups to partially use the standardized method ("PPU" - Permanent Partial Use) applies to these two portfolios.

Internal ratings-based approaches

These approaches are more sophisticated. Credit risk is a function of the characteristics of each exposure (or pool of exposures) based on the following four parameters: probability of default (PD) by the debtor over a one-year horizon, loss given default (LGD), credit conversion factor (CCF) for off-balance sheet exposures, and effective maturity*. The use of these approaches is subject to compliance with a number of quantitative and qualitative requirements that seek to ensure the integrity of the process and is affected by the estimates of the parameters used to calculate regulatory capital.

There are two main approaches:
- **Foundation internal ratings-based approach (F-IRB)**, under which banks provide their own internal estimates for the probability of default. Other risk components (LGD, CCF and M) are defined in the regulations.
- **Advanced internal ratings-based approach (A-IRB)**, under which banks provide their own internal estimates for the PD, CCF, LGD and M risk components. This approach requires a long track record of a sufficient statistical base.

The Crédit Mutuel group has opted to apply the most sophisticated approaches of Basel III, focusing first on retail customers, which represent its core business.

The ACPR has authorized the Crédit Mutuel group to use its internal rating system to calculate its regulatory capital requirements with respect to credit risk. At December 31, 2022, the Crédit Mutuel group applied:
- the advanced method for the Retail and Corporate Customers portfolios (excluding large accounts);
- the foundation internal ratings-based approach for the Banks and Large Accounts portfolios;

The Crédit Mutuel group also received authorization to apply the internal method for real estate development as of March 31, 2018. Finally, as part of the rollout plan, the projects related to using the advanced method for the factoring subsidiaries of Crédit Mutuel group in France, Cofidis France, Targobank AG and Beobank are well underway.

As part of the TRIM exercise (targeted review of internal models), the European Central Bank confirmed the authorizations obtained for the Retail and Corporate Customers portfolios excluding large accounts. With regard to Large Accounts and Banks, the Crédit Mutuel group opted to switch to the foundation internal ratings-based approach as of March 31, 2023 in anticipation of the "Basel IV" rules applicable from January 1, 2025. The related recommendations are currently being reviewed for all these portfolios.

As a cooperative bank owned by its mutual shareholder customers, the Crédit Mutuel group is not focused on redistributing potential increases in equity to stockholders. By opting for an advanced internal ratings-based approach for most of its exposures, the Group has:
- complied with requirements laid down in the regulations and by the supervisory body;
- adopted a national framework that helps standardize practices;
- improved its customer risk segmentation, thus helping to fine-tune its management and steering; and
- brought up to standard its information systems and work methods at all levels of its organization given the use of internal ratings in its management.

Overall, Crédit Mutuel has structured its credit risk measurement and management system by capitalizing on the Basel III Framework, based on:
- a single counterparty rating system;
- a harmonized definition of default that is consistent with the accounting approach;
- the use of national parameters incorporating a margin of prudence; and
- significant investments in its information systems.

Interest rate risk

Interest rate risk arises from the bank's commercial activities. It results from differences in interest rates and benchmark indices for customer loans and advances on the one hand and customer deposits on the other hand, based on a prospective analysis of expected changes in these components, taking into account embedded options (notably early loan repayments, extensions and drawdowns against confirmed credit lines).

The regional groups are responsible for defining their interest rate risk management and hedging strategies.

As required by the regulations (Decree of November 3, 2014), CNCM's Risk Department ensures the consolidated and homogeneous measurement of this risk by coordinating methodologies and by regular measurement of overall risk at the group level.

The Crédit Mutuel group has established harmonized national risk agreements and limits, which are set out in the "National interest rate risk methodology".

Measurement and supervision of interest rate risk is carried out at the regional level by the Crédit Mutuel regional groups and at the national level by CNCM.

At the regional level

Each of the Crédit Mutuel regional groups has an asset/liability management (ALM) unit dedicated to monitoring overall interest rate exposure.

The Crédit Mutuel group entities all use a common base for measuring overall interest rate risk (application of methodological rules for run-off standards, scenarios and early repayment), excluding the trading book, which is monitored at the level of the dealing room.

Group entities have introduced systems of limits that are consistent with the national system. Management and hedging decisions are made by Regional Committees.

Interest rate risk is analyzed and hedged globally, if appropriate, by entering into so-called macro-hedging transactions. These transactions are accounted for in accordance with IAS 39 as adopted by the European Union, i.e. in accordance with the carved out version. High-value or special-purpose customer transactions may be hedged separately.

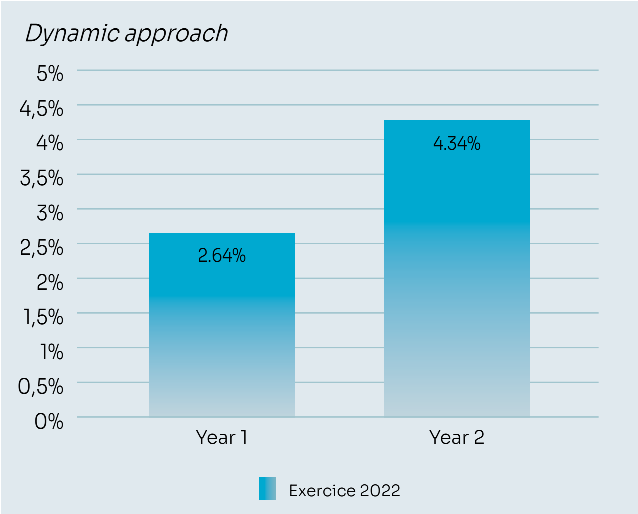
At the national level

Interest rate risk is measured quarterly using two indicators:
- risk relating to future income, analyzed in terms of the sensitivity of the margin over the short to medium term (one to five years); and
- risk relating to the instant value of the entity, measured as the sensitivity of net present value (NPV) over a long-term horizon.

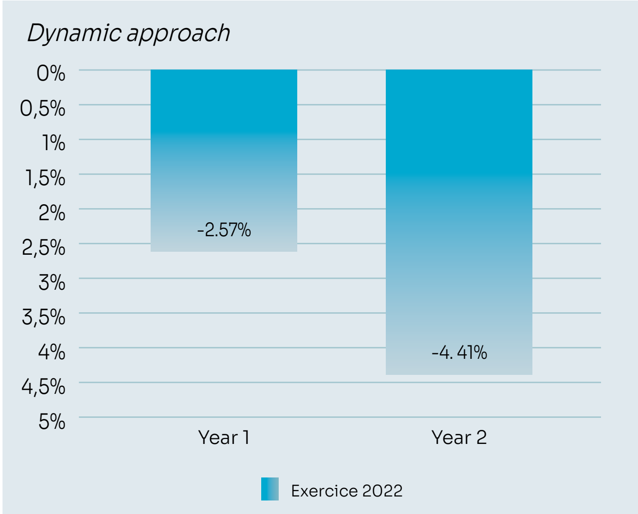
At the national level, the sensitivity limit for net banking income over one or two years includes new loan production based on a scenario of moderate changes in interest rates (+/- 1% for variable rates and +/- 0.5% for regulated interest rates).

** Parameter used exclusively for exposures to central governments, institutions and corporates for which the advanced internal ratings-based approach is used.*

Sensitivity of the net interest margin to a differentiated rise in interest rates



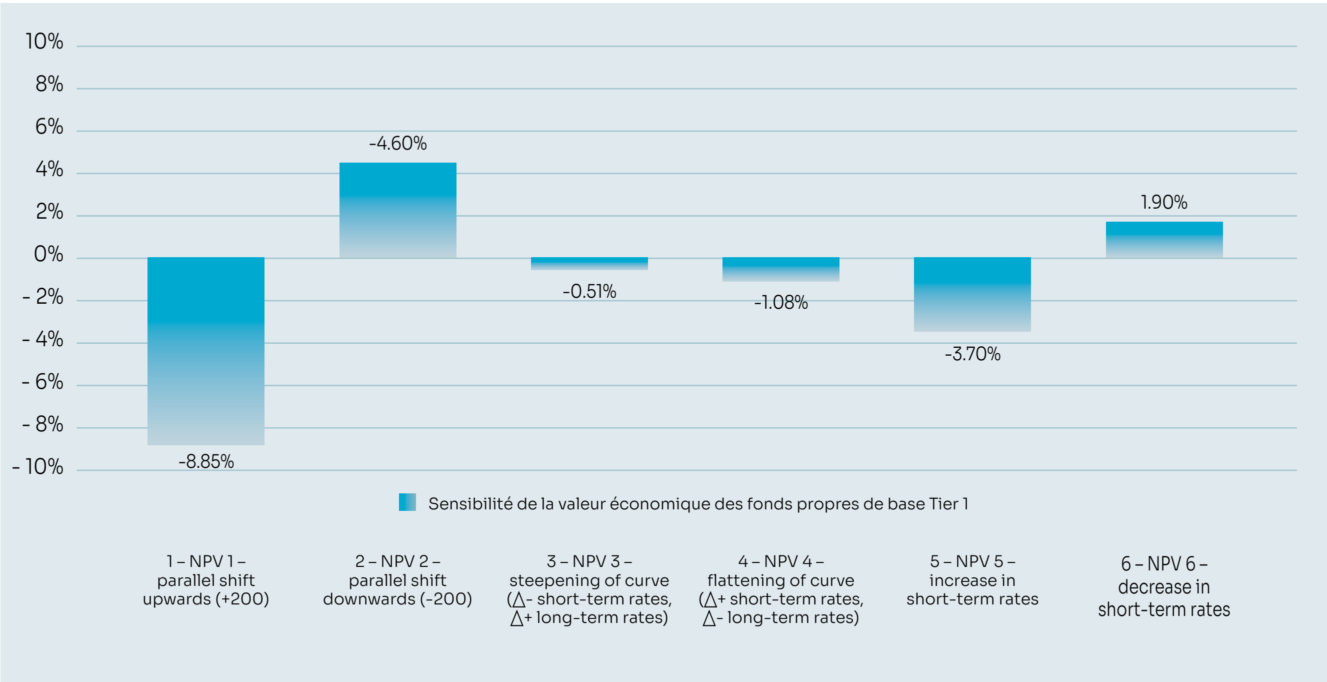
Sensitivity of the net interest margin to a differentiated decrease in interest rates



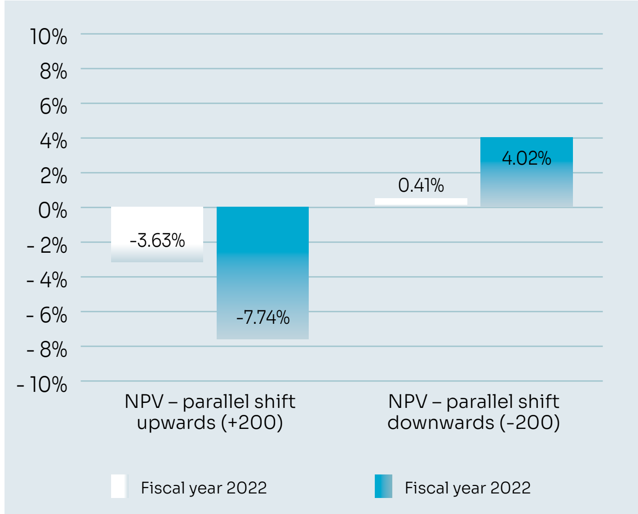
Other scenarios, including stress scenarios, are modeled under the supervision of CNCM.

In accordance with regulatory requirements, measurement of the sensitivity of the economic value of Tier 1 capital to the six Basel shock scenarios is also taken into account in the Crédit Mutuel group's national system of limits. Measurement of the sensitivity of the economic value of total capital to interest rate shocks of +/- 2% is also monitored.

Sensitivity of the economic value of Tier 1 capital to the six Basel shocks



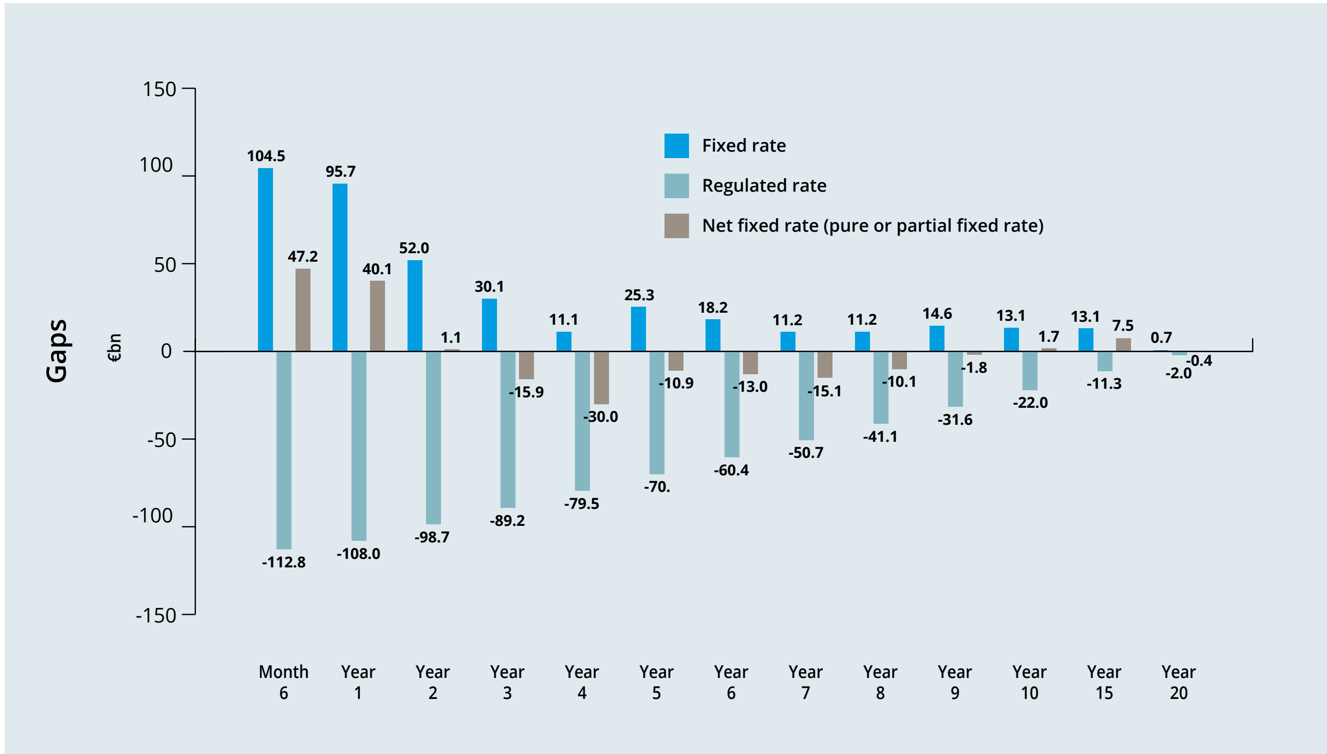
Sensitivity of the economic value of total capital to a shock of +/- 200 bps



In addition to these indicators, the Crédit Mutuel group monitors, at the national level, static gaps at fixed rates and regulated rates by time horizon for loans at end of period.

Fixed rate – regulated rate gaps

Crédit Mutuel group – Static gaps (Assets-Liabilities) in end of period outstandings at 12/31/2022 (€bn)



Financial instruments subject to benchmark reform

The table below shows exposures that had not matured at December 31, 2022 and will be subject to the changes related to IBOR reform. As there have been no further announcements regarding a replacement for the Euribor index, it has been excluded from the information presented.

The data presented is from the management databases after elimination of the Crédit Mutuel group's internal operations.

€M	Financial assets - Carrying amount	Financial liabilities - Carrying amount
USD-Libor	248	22

Liquidity risk

Liquidity risk arises from a mismatch in the maturity of the applications of funds and the sources of funds. In its most extreme form, the risk is that an entity will be unable to meet its obligations.

The Federal Banks of the Crédit Mutuel groups each have an ALM unit or committee tasked notably with managing assets and liabilities to ensure there is sufficient liquidity to meet their commitments.

Liquidity risk is monitored by the regional groups using the following indicators in particular:

- liquidity monitoring ratios and regulatory reports (LCR, NSFR, ALMM).
  Some of the Group's regional Federations and Federal Banks apply limits that are stricter than those required by the regulations:
- a medium- to long-term liquidity indicator defined at the national level, the general principle being to run off all balance sheet assets and liabilities in static view (i.e. disregarding commercial forecasts) and to measure the ratio of coverage of applications by sources of funds of equivalent duration at different maturities. A system of related limits has been put into place; along with
- the "Basel III" indicator supplements the previous indicator with a stressed dynamic approach: the commercial banking forecasts and the Basel III weightings of the one-year LCR and NSFR are taken into account for measuring gaps;
- liquidity reserves and recourse to the 3G pool;
- three-year financing plans;
- liquidity and refinancing costs; and
- liquidity crisis simulations.

With an LCR of 150.64% at December 31, 2022, the Crédit Mutuel group's liquidity reserves are more than sufficient to cover all short-term maturities.
The liquidity risk management disclosures that must be published under the EBA/GL/2017/01 guidelines from December 31, 2017 are presented in the national Pillar 3 document.

Breakdown of instruments by maturity

Breakdown of maturities for liquidity risk at 2022

Residual contractual maturities (€m)	≤1 MONTH	>1 MONTH ≤3 MONTHS	> 3 MONTH ≤ 1 YEAR	> 1 YEAR ≤ 2 YEARS	> 2 YEARS ≤ 5 YEARS	> 5 YEARS	NO SET MATURITY	TOTAL
Assets								
Cash in hand and balances with central banks	142,205	-	-	-	-	-	-	142,205
Demand deposits - Credit institutions	4,839	-	-	-	-	-	-	4,839
Financial assets held for trading	2,025	3,586	5,189	2,407	5,976	3,624	633	23,440
Financial assets at fair value through profit or loss	50	198	46	28	240	437	7,434	8,433
Financial assets at fair value through equity - recyclable	1,967	2,076	4,048	4,769	14,254	14,262	-	41,376
Financial assets at fair value through equity - non-recyclable	-	-	-	-	-	-	1,451	1,451
Securities at amortized cost	1,444	77	465	422	2,470	1,465	91	6,434
Loans and advances (including finance leases)	65,193	20,962	51,780	60,875	146,942	317,257	9,630	672,639
Liabilities								
Central bank deposits	44	-	-	-	-	-	-	44
Financial liabilities held for trading	1,198	4,512	4,738	1,695	4,241	2,911	15	19,310
Financial liabilities at fair value through profit or loss	2	-	163	10	49	1,149	6	1,379
Financial liabilities valued at amortized cost	511,540	38,941	92,385	48,800	72,015	55,574	1,281	820,536

Breakdown of maturities for liquidity risk at 2021

Residual contractual maturities (€m)	≤1 MONTH	>1 MONTH ≤3 MONTHS	> 3 MONTH ≤ 1 YEAR	> 1 YEAR ≤ 2 YEARS	> 2 YEARS ≤ 5 YEARS	> 5 YEARS	NO SET MATURITY	TOTAL
Assets								
Cash in hand and balances with central banks	157,145	-	-	-	-	-	-	157,145
Demand deposits - Credit institutions	5,410	-	-	-	-	-	-	5,410
Financial assets held for trading	5,817	606	2,114	1,433	3,450	3,178	671	17,268
Financial assets at fair value through profit or loss	17	12	36	49	240	494	6,924	7,772
Financial assets at fair value through equity - recyclable	1,436	2,289	3,791	5,516	15,751	12,804	1	41,587
Financial assets at fair value through equity - non-recyclable	-	-	-	-	-	-	1,253	1,253
Securities at amortized cost	264	54	763	1,340	1,939	1,593	87	6,040
Loans and advances (including finance leases)	54,879	20,769	50,719	57,113	140,147	292,860	7,665	624,152
Investments held to maturity	-	-	-	-	-	-	-	-
Liabilities								
Central bank deposits	603	2	-	-	-	-	-	605
Financial liabilities held for trading	4,318	1,450	1,338	269	2,755	2,286	23	12,467
Financial liabilities at fair value through profit or loss	-	-	125	2	1	929	-	1,057
Financial liabilities valued at amortized cost	487,644	37,127	69,786	51,861	98,329	50,090	1,677	796,513

Foreign exchange risk

Each bank hedges the currency risk on customer transactions. This risk is not material at the Crédit Mutuel group level.

Market risk

The main Crédit Mutuel group entity engaged in market activities is Crédit Mutuel Alliance Fédérale Group, which trades on its own account and on behalf of the other Federations. Crédit Mutuel Alliance Fédérale group's activities include refinancing the local banks' activities, securities portfolio management and commercial activities for corporate customers (foreign exchange transactions, interest rate and foreign exchange risk hedging).

The dealing room activities are the subject of reports at regular intervals covering risks as well as financial and accounting performances.

The permitted activities and procedures for capital markets activities are included in each regional group's internal regulations. At the operational level, they are analyzed by the various Committees and reported upon regularly to the Boards of Directors concerned.

At the national level, reports produced in respect of market activities are used to monitor the main risk indicators and compliance with the national system of limits. They are supplemented with regular monitoring of the results of historical and hypothetical stress on the capital markets activities of all Crédit Mutuel groups.

Operational risk

Methods used by the Crédit Mutuel group

The Crédit Mutuel group is authorized to use its advanced measurement approach (AMA) to calculate regulatory capital requirements in respect of operational risk, save for the deduction of expected losses from capital requirements, as indicated below:

- authorization given since January 1, 2010 for all entities included in the consolidation scope other than the foreign subsidiaries, Cofidis Group and Crédit Mutuel Factoring;
- authorization extended to Crédit Mutuel Factoring since January 1, 2012;
- authorization extended to Banque de Luxembourg since September 30, 2013;
- authorization extended to Cofidis France since September 30, 2014;
- authorization extended to Targobank Germany since June 30, 2018.

The deduction of insurance as a mitigating factor for calculating the capital requirement under the advanced measurement approach (AMA) has been authorized by the ACPR and was applied for the first time in the interim financial statements for the six months to June 30, 2012.

General framework

The system for measuring and controlling operational risk (progressively implemented since 2002) rests on foundations common to the entire Crédit Mutuel group and common quantitative measurement methods. Risk mappings are done by business line, risk object, risk type and risk context in close collaboration with the functional departments. These departments define a standardized framework for analyzing incurred losses and potential risks in compliance with common procedures and regulatory requirements.

For serious risks, they draw up expert-based modeling for comparison against scenario-based, probabilistic assessments.
For frequent risks, modeling is based on the national database of internal loss events. This database is updated according to the rules defined in the national data collection procedure. Over the uniform threshold of €1,000, each loss must be entered. The loss events database is reconciled with the accounting information.

The Crédit Mutuel group also subscribes to an external database which it uses to enhance the mappings and, more generally, the operational risk measurement system.

Main objectives

The implementation of the operational risk management policy has the following objectives:

- contribute to Group management through the control of risks and their costs;
- protect margins through appropriate management of operational risks across all activities;
- adapt insurance programs to the risks identified.

Structure and organization

The Crédit Mutuel group's operational risk measurement system was designed to manage the Group's operational risks in accordance with regulatory standards.
It is based on a systematic, methodical approach that entails several steps:

- Risk identification, qualitative analysis and quantitative assessment;
- Implementation and monitoring of risk mitigation plans;
- Residual risk financing.

The CNCM Risk Department plays a central role in coordinating and consolidating the entire system. As such:

- it organizes the collection of claims data and prepares claim monitoring reports;
- it coordinates mapping (qualitative analysis);
- it coordinates modeling (quantitative assessment);
- it is responsible for defining the methodology for preparing emergency and business continuity plans;
- it provides guidance on risk mitigation plans (prevention, protection);
- it coordinates residual risk financing plans;
- it drafts and regularly updates the procedures describing the system in place.

To fulfill its responsibilities, the CNCM Risk Department is supported by the regional Operational Risk functions whose work it coordinates.

The regional functions are headed by the regional group's Operational Risk Manager(s). The regional effective managers are responsible for this function's resources. The Operational Risk Managers are appointed by the effective managers of their entity (Crédit Mutuel federations, CIC Group banks, subsidiaries, business centers, etc.) and come under the authority of the regional group to which they belong. Each regional group has at least one Operational Risk Manager.

Reporting and general oversight

The reporting and general oversight of operational risks are based on the following principles:

- providing information at regular intervals to the Board of Directors regarding incurred losses;
- providing ad hoc reports to the national management teams setting out the risk profile analyzed according to the risk structure defined by the Group, capital requirements, losses and provisions in respect of loss events.

Climate and environmental risks

Definition

Climate change and environmental damage are sources of structural changes that could have an effect on economic activity and consequently on the financial system. Climate and environmental risks are commonly viewed as including three main risk factors: physical risk, transition risk and liability/reputational risk:

- Physical risk refers to the direct losses caused by climate change (in particular, the proliferation of extreme climate events and gradual shifts in the climate) and environmental damage (such as air, water and ground pollution, water stress, the loss of biodiversity and deforestation).

- Transition risk refers to the financial loss an institution may incur as a direct or indirect result of the process of adapting to a low-carbon, more environmentally sustainable economy.

- Physical and transition risks can also generate other losses, arising directly or indirectly from **legal action (commonly known as "liability risk")** and the reputational losses that could occur if the public, counterparties and/or investors in the institution associate the bank with adverse environmental impacts ("reputational risk").

The matrix aspect of climate and environmental risks requires greater involvement of all the Crédit Mutuel group's risk teams (credit risk, operational risk, overall risk management, etc.) in order to:

- identify and measure the impacts of climate risk on these risks;

- adapt existing tools and processes, if necessary;
- implement management indicators.

Climate and environmental risk management systems

To effectively monitor its commitments, Crédit Mutuel has created a national governance structure and roadmap for CSR and climate and environmental risks that ensures consistency and encourages collective mobilization while respecting the principle of subsidiarity. This has resulted in a number of projects overseen by a CSR and climate risk steering committee which includes representatives of all the regional groups and reports to the executive and supervisory bodies, with help from multidisciplinary working groups.

The Crédit Mutuel group's CSR roadmap, approved by its executive and supervisory bodies, is centered around three priorities:
- SUSTAINABILITY - Take a long-term approach
- REPORTING - Develop relevant and tangible measurement tools
- CLIMATE - Align our activities with the climate goals of the Paris Agreement

The aim of this consolidated roadmap is to build collectively on the initiatives undertaken and oversee common issues (regulatory in particular).

To monitor physical and transition risks, the following metrics were integrated into the national risk mapping at the end of 2021:
- For transition risk:
  - Scope 3: carbon footprint of the corporate credit portfolio (tons of CO_2/ million euros lent across Crédit Mutuel Alliance Fédérale)
  - Green Asset Ratio showing eligibility in a first phase
  - Percentage of total loans in sectors identified as sensitive by the ACPR
  - Change in coal and oil & gas exposures
- For physical risk: indicators of incurred losses related to physical climate risk (operational risk internal scope).

These metrics were integrated into the national risk dashboard in 2022.

Financial conglomerates

Confédération Nationale du Crédit Mutuel (CNCM) was designated as a financial conglomerate by the ACPR in a letter dated December 16, 2005. Further to the Order of September 19, 2005 issued by the Advisory Committee on Financial Legislation and Regulation (Comité Consultatif de la Législation et de la Réglementation Financières - CCLRF), "*institutions that own more than 20% of the capital of undertakings belonging to the insurance sector must deduct their investment as well as any subordinated loans from their prudential own funds. However, said institutions have the possibility not to deduct from own funds investments in undertakings belonging to the insurance sector, but if so they have an additional requirement in terms of capital adequacy determined applying the so-called accounting consolidation method.*"

CNCM's activity as a financial conglomerate is undertaken through Groupe des Assurances du Crédit Mutuel (GACM), a subsidiary of CM Alliance Fédérale Group and Suravenir (life insurance) and Suravenir Assurances (non-life insurance), which are both subsidiaries of CM Arkéa. These subsidiaries market an extensive range of life insurance, personal insurance, property insurance and third-party liability insurance products, predominantly through the banking networks of the Crédit Mutuel group.

At December 31, 2022, coverage of the solvency requirements related to banking activities or investment and insurance services by the own funds of the Crédit Mutuel group acting as financial conglomerate was 171%.

The Crédit Mutuel group had total assets of €1.108 billion at December 31, 2022, broken down by business line as follows:

In €m	Retail banking	Insurance	Corporate and Investment Banking	Asset Management / Private Banking	Other	Total	Intra-group elimination	Total
12/31/2022	1,388,310	195,475	140,190	42,137	143,544	1,909,656	(801,580)	1,108,076
Balance sheet total	72.7%	10.2%	7.3%	2.2%	7.5%			

Quantitative disclosure concerning any intra-group transaction in an amount exceeding 5 % of solvency requirements applicable to the various business lines, calculated based on the previous year-end closing or €500 million.

Since December 31, 2016, control of the conglomerate's intra-group transactions (banking and insurance) has been carried out by type (i.e. on transactions at the closing date for debt components (broken down by average remaining term) and off-balance sheet commitments, and on the total annual flows for products traded).

Details of intra-group transactions are required by the regulator when the total amount for all transactions by type exceeds a certain threshold, namely:

- 5% of the conglomerate's previous year capital requirements for debt components and off-balance sheet commitments, and
- €500 million or 5% of the conglomerate's previous year capital requirements for products traded.

The threshold of 5% of the conglomerate's capital requirements was €2.282 billion at December 31, 2022 (i.e. 5% of the conglomerate's solvency requirements at December 31, 2022, which amounted to €45.648 billion).

Outlook

After a strong year in 2022 in terms of business and earnings in a turbulent economic environment, in 2023 the Crédit Mutuel group will pursue its development and diversification strategy through its banking and insurance model to best serve all its customers and mutual shareholders.

In an environment marked by renewed inflation and sluggish economic growth, the Crédit Mutuel group has confirmed its expansion goals by leveraging the commercial performance of its local retail banking and insurance networks and its business subsidiaries.

The Group aims to maintain its operational efficiency through careful management of its risks and costs, enabling it to further ensure its financial strength.

Financial statements
at December 31, 2022

Balance Sheet – Assets

IN € MILLIONS	12/31/2022	12/31/2021	NOTES
Cash and amounts due from central banks	142,201	157,145	1
Financial assets at fair value through profit or loss	31,815	24,909	6a, 6c, 9,10
Hedging derivatives	9,818	2,271	7,9,10
Financial assets at fair value through equity	42,821	42,833	4a, 4b, 5, 7,9
Securities at amortized cost	4,909	4,684	2c, 5, 7
Loans and receivables due from credit and similar institutions at amortized cost	64,732	62,191	2a, 5, 7
Loans and receivables due from customers at amortized cost	612,441	564,925	2b, 5, 7
Remeasurement adjustment on interest-rate hedged portfolios	(11,522)	1,746	
Investments by the insurance activities and reinsurers' share of technical provisions	179,294	194,196	8,9
Current tax assets	1,844	1,570	11a
Deferred tax assets	2,591	2,097	11b
Accruals and other assets	11,124	11,153	12a
Non-current assets classified as held for sale	4,986	215	12c
Deferred profit-sharing	1,566	0	
Investments in companies accounted for using the equity method	213	213	13
Investment property	579	551	14
Property, plant and equipment	4,549	4,586	15a
Intangible assets	1,263	1,284	15b
Goodwill	2,852	3,922	16
Total assets	1,108,076	1,080,491	

Balance Sheet – Liabilities and Equity

IN € MILLIONS	12/31/2022	12/31/2021	NOTES
Due to central banks	44	605	1
Financial liabilities at fair value through profit or loss	20,674	13,492	6b,6c, 9,10
Hedging derivatives	7,113	2,898	7,9,10
Amounts due to credit and similar institutions at amortized cost	75,368	83,934	3a,7
Amounts due to customers at amortized cost	565,868	547,660	3b,7
Debt securities at amortized cost	159,069	141,725	3c, 7
Remeasurement adjustment on interest-rate hedged portfolios	(1,897)	466	7
Current tax liabilities	821	943	11a
Deferred tax liabilities	979	1,297	11b
Accruals and other liabilities	16,577	16,812	12b
Debt related to non-current assets held for sale	3,720	345	12c
Liabilities related to policies of the insurance activities	176,161	187,453	8
Provisions	3,787	4,450	17
Subordinated debt at amortized cost	11,129	11,343	3d
Total equity	**68,663**	**67,068**	
Equity – attributable to the Group	**68,589**	**66,996**	
Capital and related reserves	11,644	11,442	18a
Consolidated reserves	53,773	49,656	18a
Gains or losses recognized directly in equity	(948)	1,632	18b,32, 33
Profit for the period	4,120	4,266	
Equity – Non-controlling interests	**74**	**72**	**18c**
Total liabilities and equity	1,108,076	1,080,491	

Income statement

IN € MILLIONS	12/31/2022	12/31/2022 restated [1]	12/31/2021 published	NOTES
Interest and similar income	18,261	14,754	14,754	20
Interest and similar expense	(9,140)	(6,214)	(6,214)	20
Fees and commissions (income)	7,090	6,685	6,355	21
Fees and commissions (expense)	(1,854)	(1,641)	(1,492)	21
Net gains on financial instruments at fair value through profit or loss	971	1,223	1,223	22
Net gains/(losses) on financial assets at fair value through equity	(143)	103	103	23
Net gains/(losses) resulting from the derecognition of financial assets at amortized cost	4	5	5	24
Net gains/(losses) resulting from the reclassification of financial assets at amortized cost as financial assets at fair value through profit or loss	0	0	0	
Net gains/(losses) resulting from the reclassification of financial assets at fair value through equity as financial assets at fair value through profit or loss	0	0	0	
Net income from insurance activities	3,984	3,854	3,854	25
Income from other activities	1,960	1,763	2,093	26
Expenses on other activities	(641)	(744)	(893)	26
Net banking income	**20,492**	**19,788**	**19,788**	
General operating expenses	(11,577)	(10,891)	(10,891)	27
Movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets	(931)	(912)	(912)	27
Gross operating income	**7,984**	**7,985**	**7,985**	
Net additions to/reversals from provisions for loan losses	(970)	(892)	(892)	28
Operating profit	**7,014**	**7,093**	**7,093**	
Share in net profit or loss of companies accounted for using the equity method	(5)	(19)	(19)	13
Gains or losses on other assets	(135)	0	0	29
Changes in goodwill	(998)	(847)	(847)	30
Profit before tax	**5,876**	**6,227**	**6,227**	
Income tax	(1,723)	(1,933)	(1,933)	31
Gains & losses on discontinued operations, net of tax	**0**	**0**	**8**	**12c**
Net profit	**4,153**	**4,302**	**4,302**	
Profit/loss - Non-controlling interests	33	0	36	
Net profit attributable to the Group	**4,120**	**4,266**	**4,266**	

(1) Fees and commissions related to Groupe La Française were reclassified from income and expenses on other activities to fees and commissions.

Statement of net income and gains and losses recognized directly in equity

IN € MILLIONS	12/31/2022	12/31/2021
Net profit	**4,153**	**4,302**
Translation adjustments	72	135
Remeasurement of financial assets at fair value through equity - debt instruments	253	-
Reclassification of financial assets from fair value through equity to fair value through profit or loss		
Remeasurement of insurance business line investments	2,646	488
Remeasurement of hedging derivatives	29	6
Share of unrealized or deferred gains or losses of companies accounted for using the equity method	1	-
Total gains that may be recycled subsequently to profit or loss	**2,799**	**347**
Remeasurement of financial assets at fair value through equity - equity instruments at the reporting date	107	416
Remeasurement of financial assets at fair value through equity - equity instruments sold during the period	2	27
Difference arising on remeasurement of own credit risk on financial liabilities under the fair value option	23	6
Remeasurement of non-current assets		
Actuarial gains (losses) on defined benefit plans	319	47
Share of non-recyclable gains or losses of companies accounted for using the equity method	3	3
Total gains and losses that may not be recycled subsequently to profit or loss	**230**	**445**
Net profit and gains recognized directly in equity	**1,585**	**4,400**
Of which attributable to the Group	1,548	4,367
Of which non-controlling interests	37	33

Statement of changes in equity

IN € MILLIONS	CAPITAL AND CAPITAL RESERVES		CONSOLIDATED RESERVES	UNREALIZED OR DEFERRED GAINS/LOSSES (AFTER TAX)								
						Changes in the value of financial instruments						
	Capital	Capital reserves	Consolidated reserves	Translation differences	Revaluation differences (excluding financial instruments)	Changes in the fair value of financial assets at fair value through equity	Remeasurement adjustment related to own credit risk on financial liabilities under the fair value option	Changes in the fair value of derivative hedging instruments	Net profit/(loss) attributable to the group	Shareholders' equity attributable to the group	Shareholders' equity attributable to non-controlling interests	Total consolidated shareholders' equity
Equity at December 31, 2020	**11,090**	**31**	**46,427**	**(86)**	**(574)**	**2,227**	**(24)**	**(11)**	**3,070**	**62,150**	**77**	**62,227**
Equity at January 1, 2021	**11,090**	**31**	**46,427**	**(86)**	**(574)**	**2,227**	**(24)**	**(11)**	**3,070**	**62,150**	**77**	**62,227**
Capital increase	321									321		321
Appropriation of income for 2019			3,070						(3,070)	-		-
Dividends paid in 2020 in respect of 2019			(115)							(115)	(3)	(118)
Changes in investments in subsidiaries without loss of control			1							1	(1)	-
Subtotal of movements related to relations with shareholders	**321**	**-**	**2,956**	**-**	**-**	**-**	**-**	**-**	**(3,070)**	**207**	**(4)**	**203**
Changes in gains and losses recognized directly in equity			1	135	52	(73)	18	5		138		138
Changes in the value of financial instruments and non-current assets reclassified to profit or loss						(46)		-		(46)		(46)
Difference arising on remeasurement of own credit risk on financial liabilities under the fair value option transferred to reserves							6			6		6
2020 net income									4,266	4,266	36	4,302
Subtotal	**-**	**-**	**1**	**135**	**52**	**(119)**	**24**	**5**	**4,266**	**4,364**	**36**	**4,400**
Impact of acquisitions and disposals on non-controlling interests			(14)							(14)	(45)	(59)
Share of changes in the equity of associates and joint ventures accounted for using the equity method			30			3				33		33
Other changes			256							256	8	264
Equity at December 31, 2021	**11,411**	**31**	**49,656**	**49**	**(522)**	**2,111**		**(6)**	**4,266**	**66,996**	**72**	**67,068**
Equity at January 1, 2022	**11,411**	**31**	**49,656**	**49**	**(522)**	**2,111**	**-**	**(6)**	**4,266**	**66,996**	**72**	**67,068**
Capital increase	205									205		205
Appropriation of income for 2020			4,266						(4,266)	-		-
Dividends paid in 2021 in respect of 2020			(122)							(122)	(5)	(127)
Subtotal of movements related to relations with shareholders	**205**	**-**	**4,144**	**-**	**-**	**-**	**-**	**-**	**(4,266)**	**83**	**(5)**	**78**
Changes in gains/(losses) recognized directly in equity;			(22)	70	317	(3,013)	-	25		(2,623)	12	(2,611)
amount thereof transferred to reserves (equity instruments)			(22)			(2)		-		21		21
Changes in the value of financial instruments and non-current assets reclassified to profit or loss						21				-		-
2021 net income									4,120	4,120	33	4,153
Subtotal	**-**	**-**	**22**	**70**	**317**	**(2,992)**	**-**	**25**	**4,120**	**1,518**	**45**	**1,563**
Impact of acquisitions and disposals on non-controlling interests			(31)							(31)	(37)	(68)
Share of changes in the equity of associates and joint ventures accounted for using the equity method			2							2		2
Other changes		(3)	24							21	(1)	20
Equity at December 31, 2022	**11,616**	**28**	**53,773**	**119**	**(205)**	**(881)**	**-**	**19**	**4,120**	**68,589**	**74**	**68,663**

Statement of net cash flows

(IN € MILLIONS)	12/31/2022	12/31/2021
Net profit	4,153	4,302
Tax	1,723	1,933
Profit before tax	**5,876**	**6,236**
=+/- Net provision for depreciation of property, plant and equipment and intangible assets	931	912
- Impairment of goodwill and other non-current assets	1,025	962
+/- Net charges to provisions and impairment	(1,889)	2,779
+/- Share of profit of companies accounted for using the equity method	5	(19)
+/- Net (loss)/gain from investing activities	(57)	(14)
+/- Income/expense from financing activities	0	0
+/- Other movements	(7,765)	9,576
= Total non-monetary items included in net profit before tax and other adjustments	**(7,750)**	**14,197**
+/- Cash flows related to transactions with credit institutions (a)	(12,729)	28,990
+/- Cash flows related to transactions with customers (b)	(31,953)	(7,659)
+/- Cash flows related to other transactions affecting financial assets or liabilities (c)	23,131	(9,751)
+/- Cash flows related to other transactions affecting non-financial assets or liabilities	(1,014)	1,800
- Tax paid	(1,909)	(1,561)
= Net reduction/increase in assets and liabilities from operating activities	**(24,474)**	**11,819**
TOTAL NET CASH FLOW GENERATED BY OPERATING ACTIVITIES (A)	**(26,349)**	**43,018**
+/- Cash flows related to financial assets and investments (d)	**901**	**(2,654)**
+/- Cash flows related to investment property (e)	**14**	**(104)**
+/- Cash flows related to property, plant and equipment and intangible assets (f)	**(867)**	**(908)**
TOTAL NET CASH FLOW FROM INVESTMENT ACTIVITIES (B)	**48**	**(3,666)**
+/- Cash flows from or to shareholders (g)	**(58)**	**348**
+/- Other net cash flows from financing activities (h)	**10,477**	**(1,359)**
TOTAL NET CASH FLOW FROM FINANCING ACTIVITIES (C)	**10,419**	**(1,011)**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS (D)	**345**	**188**
Net increase/(reduction) in cash and cash equivalents (A + B+ C + D)	**(15,536)**	**27,761**
Net cash flow from operating activities (A)	(26,349)	32,251
Net cash flow from investment activities (B)	48	(3,666)
Net cash flow from financing activities (C)	10,419	(1,011)
Effect of exchange rate changes on cash and cash equivalents (D)	345	188
Cash and cash equivalents at beginning of period	**155,710**	**128,018**
Cash and central banks (assets and liabilities)	156,541	129,227
Accounts (assets and liabilities) and demand loans/borrowings from credit institutions	(831)	(1,209)
Cash and cash equivalents at end of period	**140,161**	**155,710**
Cash and central banks (assets and liabilities)	142,145	156,541
Accounts (assets and liabilities) and demand loans/borrowings from credit institutions	(1,984)	(831)
CHANGE IN NET CASH AND CASH EQUIVALENTS	**(15,549)**	**27,692**

(IN € MILLIONS)	12/31/2022	12/31/2021
(a) Cash flows related to transactions with credit institutions break down as follows:		
+/- Inflows and outflows linked to loans and advances to credit institutions (other than items included in cash and cash equivalents), excluding accrued interest	(5,622)	(1,494)
+/- Inflows and outflows linked to amounts due to credit institutions, excluding accrued interest	(7,107)	30,484
(b) Cash flows related to transactions with customers break down as follows:		
+/- Inflows and outflows linked to loans and advances to customers, excluding accrued interest	(50,307)	(32,921)
+/- Inflows and outflows linked to amounts due to customers, excluding accrued interest	18,354	25,261
(c) Cash flows related to other transactions affecting financial assets or liabilities break down as follows:		
+/- Inflows and outflows linked to financial assets at fair value through profit or loss	(896)	1,366
+/- Inflows and outflows linked to financial liabilities at fair value through profit or loss	5,280	(5,487)
- Outflows related to acquisitions of fixed-income available-for-sale financial assets*	6,977	1,166
+ Inflows related to disposals of fixed-income available-for-sale financial assets*	0	0
+/- Inflows and outflows linked to derivative hedging instruments	0	0
+/- Inflows and outflows linked to debt securities	11,770	(6,810)
(d) Cash flows related to financial assets and investments break down as follows:		
- Outflows linked to acquisitions of subsidiaries, net of cash acquired	0	0
+ Inflows linked to sales of subsidiaries, net of cash transferred	0	0
- Outflows linked to acquisitions of securities of companies accounted for using the equity method	(24)	(18)
+ Inflows linked to sales of securities of companies accounted for using the equity method	0	1
+ Inflows linked to dividends received	6	10
- Outflows linked to acquisitions of held-to-maturity financial assets	(17,955)	(9,898)
+ Inflows linked to sales of held-to-maturity financial assets	18,260	6,983
- Outflows linked to acquisitions of variable-income available-for-sale financial assets	(111)	(83)
+ Inflows linked to sales of variable-income available-for-sale financial assets	726	350
+/- Other cash flows linked to investment transactions	0	0
+ Inflows linked to interest received, excluding accrued interest not yet due	0	0
(e) Cash flows related to investment property break down as follows:		
- Outflows linked to acquisitions of investment property	(121)	(130)
+ Inflows linked to sales of investment property	136	26
(f) Cash flows related to property, plant and equipment and intangible assets break down as follows:		
- Outflows linked to acquisitions of property, plant and equipment and intangible assets	(1,248)	(1,202)
+ Inflows linked to sales of property, plant and equipment and intangible assets	381	294
(g) Cash flows from or to shareholders break down as follows:		
+ Inflows from issuance of shares and similar securities	205	321
+ Inflows from disposals of shares and similar securities	169	169
- Outflows linked to dividends paid	(127)	(118)
- Outflows linked to other payments	(305)	(24)
+ Inflows linked to a change in investments without loss of control	0	0
- Outflows linked to a change in investments without loss of control	0	0
(h) Other net cash flows from financing activities break down as follows:		
+ Inflows linked to issuance of bonds and debt securities	20,200	12,556
- Outflows linked to repayment of bonds and debt securities	(11,410)	(15,164)
+ Inflows linked to issuance of subordinated debt	2,250	1,253
- Outflows linked to repayment of subordinated debt	(563)	(5)
- Outflows linked to interest paid, excluding accrued interest not yet due	0	0

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Appendices

The Crédit Mutuel group is not listed and is consequently under no obligation to present consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). However, for the sake of greater transparency and comparability with other leading financial institutions, the Board of Directors of the Confédération Nationale du Crédit Mutuel, which is the Group's central governing body within the meaning of Article L. 511-31 of the French Monetary and Financial Code, has opted to prepare consolidated financial statements at the national level in accordance with IFRS.

These financial statements are presented in accordance with French Accounting Standards Board recommendation no. 2017-02 related to financial statements under IFRS[1]. They comply with the international accounting standards adopted by the European Union.

Since January 1, 2022, the Group has applied the amendments adopted by the EU presented below:

▪ Amendment to IFRS 3 – Reference to the conceptual framework

This amendment updates the reference to the updated version of the 2018 Conceptual Framework (and no longer to that of 1989). It adds an exception to prevent inconsistencies with the existing consequences of asset and liability recognition arising at the time of a business combination.

Under this exception, an acquirer should refer to the definitions provided in IAS 37 – Provisions, Contingent Liabilities and Contingent Assets or in IFRIC 21–, rather than those provided in the new Conceptual Framework.

An acquirer should not recognize contingent assets acquired at the time of a business combination.

▪ Amendment to IAS 37 – Cost of Fulfilling a Contract

This amendment clarifies the notion of "unavoidable costs" used in the definition of an onerous contract. It applies to contracts for which the Group has not fulfilled its contractual obligations as of January 1, 2022.

▪ Amendment to IAS 16 – Proceeds before intended use

This amendment prohibits deducting from the cost of an item of property, plant and equipment the net proceeds generated during functional testing of the asset.

The proceeds from the sale of such items should be recognized immediately in profit or loss.

▪ Improvements to IFRS – 2018-2020 cycle

The minor amendments mainly concern the following standards:
- **IFRS 1 – First-time Adoption of IFRS**: simplifies the application of IFRS 1 by a subsidiary that adopts IFRS after its parent;
- **IFRS 9 – Financial Instruments**: clarifies which fees should be included in the 10 percent test for determining whether to derecognize a financial liability in case of renegotiation of the terms. Only fees paid or received between the borrower and the lender, including fees paid or received by one on the other's behalf, should be included.
- **IFRS 16 – Leases**: modifies Illustrative Example 13 in order to remove any confusion regarding the treatment of lease incentives received by the lessor.

The entry into force of these amendments did not have a material impact on the 2022 financial statements.

Russia's invasion of Ukraine

Since the Crédit Mutuel group does not operate in Ukraine and Russia, it has no employees in the conflict zones, and direct exposure in these two countries, as well as in Belarus, is immaterial. Moreover, the Group has no assets at the Russian Central Bank.

The Group is committed to implementing and complying with the restrictive measures and the individual and economic sanctions imposed by the European Union in response to Russia's military aggression against Ukraine. In particular, it has a robust risk governance and management system that enables it to closely monitor its customers' transactions with Russia to combat money laundering, tax fraud and terrorist financing. The Group is also taking additional caution in terms of cybersecurity.

In addition, the Crédit Mutuel group is fully committed to addressing the impacts of the crisis in Ukraine, and the growing economic uncertainty, which continues to put pressure on the sectors previously affected by the Covid-19 crisis.
It is offering its full support at the local level to its business and corporate customers in difficulty (particularly small and medium-sized companies) and its individual customers.

1) Note that the Group has chosen to aggregate the financial instruments carried by the insurance divisions in a manner different from that proposed by the Recommendation. See section 3.2 Insurance activities

The Group continuously monitors the quality of its credit commitments, the value of its portfolios, interest rate risk management and its liquidity.

▪ Credit risk

With respect to provisions for performing loans (stage 1 and 2), the Crédit Mutuel group considers the impacts of the successive crises as well as the macroeconomic outlook.

In the first half of 2020, the Group began to adapt its credit risk early detection and measurement approach and update its parameters to take into consideration the uncertainties of the Covid-19 health crisis, net of the effects of the government support measures.

This methodological approach, applied in 2021, was adjusted in the second half of 2022 amid heightened uncertainty linked to the conflict in Ukraine, price increases for energy, agricultural commodities and metals, rising interest rates and the monetary tightening measures taken in response to surging inflation.

Provisioning is based on a case-by-case analysis performed to monitor any increase in the credit risk of business and corporate customers in difficulty and individual customers that might be directly or indirectly impacted by this deteriorating economic environment.

▪ *Macroeconomic scenarios*

At December 31, 2021, the adverse scenario was weighted at 75%, the neutral scenario at 24% and the optimistic scenario at 1% (stable compared with December 31, 2020) to take into account the depressed macroeconomic outlook for all portfolios using the internal ratings-based approach (F-IRB and A-IRB).

In light of the current weakened macroeconomic situation, pessimistic forecasts by institutions, and internal analyses, the Crédit Mutuel group increased the weighting of its pessimistic scenario to 80% at December 31, 2022, while reducing the weighting of the central scenario to only 19% and keeping the optimistic scenario at 1%.

In addition, the valuation of expected credit losses now includes a post-model adjustment.

- Increase in the pessimistic scenario for individuals and individual business owners

The specific increase in the pessimistic scenario for individuals and individual business owners (which has resulted in the recalibration of probabilities of default for these segments since 2020) was maintained in 2022 in anticipation of potential credit risk deterioration.

- Post-model adjustment to take into account the (direct or indirect) effects of the crisis in Ukraine and heightened macroeconomic uncertainty

In response to the Covid-19 crisis, additional impairment has been estimated since 2020 in anticipation of an increase in losses in sectors considered the most vulnerable to the health crisis (tourism, gambling, leisure, hotels, restaurants, automotive and aviation excluding manufacturers, clothing, alcoholic beverage establishments, light vehicle rentals, commercial passenger transport, airlines). The Group methodology, defined at the national level, was based on a phased analysis of credit risk deterioration, i.e. first the identification of vulnerable sectors and then the creation of additional provisions, calibrated on the risk assessed by the groups (see 2021 financial statements). This impairment was reversed in 2022 as the criteria underlying its creation were no longer met.

In 2022, the Crédit Mutuel group decided to record additional impairment. This post-model adjustment provides better recognition of the forward-looking aspect of the calculation of expected credit losses, in a context of crises unprecedented in their nature and scale.

At December 31, 2022, expected credit losses (excluding the impact of the post-model adjustment) amounted to €3.977 billion, a difference of -€348 million compared with December 31, 2021.
The post-model adjustment of €351 million at December 31, 2022 represents 8.8% of expected losses, and includes additional impairment of €50 million for leveraged transactions.

Sensitivity analysis
The Group performed a sensitivity test on provisions for loan losses (including post-model adjustment). A 10 point increase for the IRB entities and a five point increase for the entities using the standardized approach would result in an additional provision of €214 million, i.e. 5.38% of expected losses.

IBOR reform

IBOR reform is a response to the weaknesses observed in the methodologies used to develop indices and set interbank rates, which were based on data reported by banks and a significantly diminished volume of underlying transactions.

In Europe, it takes the form of the Benchmark Regulation (BMR), which was published in 2016 and came into force in early 2018. The key element of this reform is the calculation of rates based on actual transactions to ensure the accuracy and reliability of the indices used by the market.

All indices must now comply with the BMR regulation. Non-compliant indices were used until December 31, 2021 and, for some USD LIBOR[2] terms, may possibly be used until June 30, 2023. Eventually, the old benchmark indices will cease to be used unless they comply with the new regulation or an exceptional extension is granted.

To ensure a smooth transition, the Group began work in project mode in the first quarter of 2019 and is ensuring that the risks (legal, commercial, organizational, tools and financial/accounting) associated with this transition are covered.

The EONIA was defined as a €STR tracker from October 2019 until its disappearance. The €STR was definitively designated by the European Commission as the successor to the EONIA[3] for all contracts still outstanding at the beginning of January 2022 that did not include a robust fallback clause.

In addition, the SARON plus a maturity-based spread adjustment will, by default, be the statutory replacement index[4] of CHF LIBOR.
Since the change in its calculation methodology in July 2019, the Euribor has complied with the BMR regulation.

Finally, in November 2021 the UK regulator, the Financial Conduct Authority, announced the publication of summary GBP and JPY LIBOR until the end of 2022, which may be used for contracts that are difficult to manage in terms of legal transition (no fallback clauses). In September 2022, it decided to postpone the cessation of the 1-month and 6-month GBP LIBOR indices until the end of March 2023, and that of the 3-month GBP LIBOR index until the end of March 2024.
The successor to the GBP LIBOR is SONIA; however, unlike CHF LIBOR or EONIA, this index will not have a "regulatory" transition.

The regulator has not issued an opinion on the replacement index for USD LIBOR for settings that will cease to be published on June 30, 2023. However, the Alternative Rates Reference Committee (ARRC), the ISDA and the Loan Market Association (LMA) have issued recommendations in this regard. Moreover, since the end of 2021, regulatory bodies have recommended that USD LIBOR no longer be used in new contracts.

In late September 2022, the UK regulator, the Financial Conduct Authority, launched a consultation with a view to proposing the publication of synthetic USD LIBOR for some settings [5] until the end of September 2024.

The Group believes that there are still uncertainties regarding exposures indexed to USD LIBOR and GBP rates for non-capital markets contracts that have not yet been amended, while other exposures transitioned to replacement indices that comply with market standards by January 2022 at the latest.

The Group has continued work on transitioning existing contracts to the replacement rates. It has established an approach for updating contracts through bilateral negotiations between parties or updates to commercial terms (i.e. changing the benchmark rate through an amendment). This work began in the second half of 2022.

In terms of accounting, the Group applies the Phase 1 amendments to IAS 39, IFRS 9, IFRS 7, IFRS 4 and IFRS 16 for the period leading up to the reform and the Phase 2 amendments for the period of transition to the new indices once they are defined. For the accounting treatments and reliefs introduced by these standards, see section 3.1.

Exposures that had not matured at December 31, 2022 and will be subject to the changes related to IBOR reform mainly concern the USD LIBOR index. They are presented in the information on risk management.

€M	Financial assets - Carrying amount	Financial liabilities - Carrying amount
USD-Libor	218	22

As there have been no further announcements regarding a replacement of the Euribor index, it has been excluded from the information presented.

Information on risk management
This information is presented in the Group's management report.

2) On March 5, 2021, the UK regulator, the Financial Conduct Authority, announced that it would stop publishing:
- LIBOR rates for all GBP, JPY, CHF and EUR settings, and the 1-week and 2-month USD settings as of December 31, 2021;
- US LIBOR rates for all other settings (overnight, 1-month, 3-month, 6-month and 12-month) as of June 30, 2023.

3) European Regulation 2021/1848 of October 21, 2021.

4) European regulation 2021/1847 of October 14, 2021.

5) 1-month, 3-month and 6-month USD LIBOR.

I/ Accounting policies

Note 1 - Consolidation scope

Crédit Mutuel is a cooperative bank governed by the Law of September 10, 1947. It is owned solely by its mutual shareholders, who hold member shares ('A' shares) that entitle each of them to one vote at general meetings, where their powers include the election of directors.

The three levels of organization - local, regional and national - operate on a decentralized basis in accordance with the principle of subsidiarity. The local mutual banks, which are in closest contact with mutual shareholders and customers, carry out all the principal functions of bank branch offices, with the other two levels exercising only those functions that the local entities are not in a position to carry out alone.

Under Article L. 511-30 of the French Monetary and Financial Code, the Confédération Nationale is the central governing body for the Group. As such it is responsible for:
- ensuring the liquidity and solvency of the Crédit Mutuel network,
- representing Crédit Mutuel before the public authorities and defending and promoting its interests,
- and, more generally, ensuring the overall cohesion of the network and overseeing its functioning and business development while at the same time exercising administrative, technical and financial control over the regional groups and their subsidiaries.

The method for consolidating a group with such a distinctive capital ownership structure is based on determining a consolidating entity that reflects the community of mutual shareholders linked by shared financial solidarity and governance.

1.1 Consolidating entity

At December 31, 2022, the consolidating entity for the Crédit Mutuel group was composed of all the local mutual banks, federal banks (general purpose and farming/rural) and regional federations of the six Crédit Mutuel groups, Caisse Central du Crédit Mutuel, the Confédération Nationale du Crédit Mutuel and the Fédération du Crédit Mutuel Agricole et Rural.
The capital of the consolidating entity is thus owned exclusively by all the mutual shareholders of the local mutual banks.

1.2 Principles regarding inclusion in the scope of consolidation

The general principles for the inclusion of an entity in the consolidation scope are defined by IFRS 10, IFRS 11 and IAS 28R.

All the entities included in the consolidation scopes of the regional groups are included in the national consolidation scope. Jointly held companies, not consolidated at regional level, are excluded from the national consolidation scope if their total assets or earnings have an impact of 1% or less on the consolidated equivalent. However, an entity that does not reach this threshold may be consolidated if its activity or intended development result in it being considered a strategic investment.

The consolidation scope comprises:

- *Controlled entities*: the Group controls an entity if it has power over and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of entities controlled exclusively are fully consolidated.

- *Entities controlled jointly*: joint control is the contractually agreed sharing of control of an entity, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Two or more parties that exercise joint control constitute a joint arrangement, which is either a joint operation or a joint venture:
  - a joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the entity. The joint operator recognizes its assets, liabilities, revenue and expenses in relation to its interest in the joint operation.
  - a joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the entity's net assets. The joint venturer recognizes its interest in the entity using the equity method.

All entities over which the Group exercises joint control are joint ventures within the meaning of IFRS 11.

- *Entities over which significant influence is exercised*: entities where the Group does not have control but has the power to participate in the entity's financial and operating policy. Entities over which the Group exercises significant influence are consolidated using the equity method.

Holdings belonging to private equity companies and over which the Group exercises joint control or significant influence are recognized at fair value.

Note 2 - Consolidation principles and methods

2.1 Consolidation methods

The consolidation methods used are the following:

2.1.1 Full consolidation

This method involves replacing the value of the shares held in the subsidiary concerned with each of the assets and liabilities of said subsidiary and showing separately the interests of non-controlling shareholders in equity and net profit. It is applied to all exclusively controlled entities, including those with a different accounts structure, regardless of whether or not the activity concerned forms part of the consolidating entity's activities.

Non-controlling interests correspond to the definition in IFRS 10 and include instruments constituting present ownership interests and conferring rights to a share of the net assets in the event of liquidation and other capital instruments issued by the subsidiary but not held by the Group.

Consolidated UCITS, notably those representing unit-linked policies of insurance undertakings, are recognized at fair value through profit or loss. The amounts corresponding to non-controlling interests are recognized under "Other liabilities".

2.1.2 Equity method of consolidation

The equity method of consolidation consists of substituting the Group's share of the equity and net profit of the entity concerned for the value of the securities held. It is applied to all entities under joint control, classified as joint ventures or for all entities under significant influence.

2.2 Closing date

All the companies included in the Group's consolidation scope close their accounts on December 31 of each year.

2.3 Elimination of intra-group transactions

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

2.4 Translation of accounts denominated in a foreign currency

Concerning foreign entities whose accounts are denominated in a foreign currency, the balance sheet is translated using the official exchange rate on the closing date. The difference arising from exchange rate fluctuations impacting the share capital, reserves and retained earnings is recognized in equity under "Translation reserves". The income statement is translated at the average exchange rate for the fiscal year, which is an acceptable proxy when there are no significant fluctuations in exchange rates during the period. The resulting translation differences are recognized directly in "Translation reserves". On liquidation or disposal of some or all of the interests held in a foreign entity, these amounts are recognized through the income statement.

2.5 Goodwill

▪ Fair value adjustments

On taking control of a new entity, its assets, liabilities and any operating contingent liabilities are measured at fair value. Fair value adjustments correspond to the difference between the carrying amount and fair value.

▪ Goodwill

In compliance with IFRS 3, on the date that control of a new entity is acquired, the identifiable assets, liabilities and contingent liabilities of the acquiree that meet the criteria for recognition under IFRS are measured at fair value on the date of acquisition, except for non-current assets classified as assets held for sale (IFRS 5), which are recognized at the lower of fair value less costs to sell and the carrying amount. Goodwill corresponds to the sum of the consideration transferred and the non-controlling interests less the net amount recognized (generally at fair value) in respect of the identifiable assets acquired and liabilities assumed. IFRS 3 permits goodwill to be recognized on a full basis or a proportionate basis, the choice being 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 proportionate goodwill, they are measured based on their share of the values attributed to the assets and liabilities of the acquired entity. If the goodwill is positive, it is recognized as an asset and, if negative, it is recognized immediately in the income statement under "Changes in value of goodwill".

If there is an increase (decrease) in the Group's percentage holding in a controlled entity, the difference between the acquisition cost (sale price) of the securities and the share of consolidated equity represented by such securities on the date of acquisition (date of sale) is recognized in equity.

The Group regularly (at least once each year) tests goodwill for impairment. These tests are intended to ensure that goodwill has not experienced any impairment. Goodwill arising from a business combination is allocated to the cash-generating units (CGUs) or groups of CGUs that are expected to benefit from the synergies of the business combination. The recoverable amount of a CGU or group of CGUs is the higher of value in use and fair value less costs to sell. Value in use is measured by reference to estimated future cash flows discounted at the rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. If the recoverable amount of the cash-generating unit (CGU) to which goodwill has been allocated is less than its carrying amount, an impairment loss is recognized for the amount of the difference. This impairment loss, recognized in profit or loss, is irreversible. In practice, cash-generating units are defined on the basis of the Group's business lines.

When goodwill relates to an associate or joint venture, it is included in the carrying amount of the entity as reported using the equity method. In this case, it is not tested for impairment separately from the equity method value. When the recoverable amount of the equity-accounted entity (i.e. the higher of value in use and fair value less costs to sell) is less than its carrying amount, an impairment loss is recognized, which is not allocated to a specific asset. Any reversal of this impairment loss is recognized to the extent that the recoverable amount of the equity-accounted entity subsequently increases.

Note 3 - Accounting policies

3.1 Financial instruments under IFRS 9

The financial instruments of the insurance divisions are not covered in this section and continue to be recognized under IAS 39 (see section 3.2 "Insurance activities").

3.1.1 Classification and measurement of financial assets

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

3.1.1.1 Loans, receivables or debt securities acquired

The asset is classified and valued:

- *at amortized cost*, if it is held with a view to collecting contractual cash flows and if its characteristics are similar to those of a so-called basic agreement (see section "Cash flow characteristics" below) (hold to collect model);
- *at fair value through equity*, if the instrument is held with a view to both collecting contractual cash flows and selling it when the opportunity arises, but not for trading purposes, and if its characteristics are similar to those of a so-called basic agreement that implicitly entails a high predictability of the related cash flows (hold to collect and sell model);
- *at fair value through profit or loss*, if:
- it is not eligible for the two previous categories (because it does not meet the "basic" criterion and/or is managed according to the "other" business model), or
- the Group makes an irrevocable election at initial recognition to classify it in this way. This option is used to reduce an 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" agreement.
In a basic agreement, interest mainly represents 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 the contractual clauses must be analyzed, in particular those that could alter the timing or amount of contractual cash flows. The option under the agreement, on the part of the borrower or the lender, to repay the financial instrument early is compatible with the SPPI[6] nature of the contractual cash flows insofar as the amount repaid essentially represents the principal balance and accrued interest and, where applicable, a reasonable compensatory payment.

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

- it is expressed as a percentage of the repaid principal and is less than 10% of the repaid nominal amount; or
- it is determined according to a formula designed to offset the change in the benchmark interest rate between the grant date of the loan and the early repayment date.

An analysis of contractual cash flows may also require comparing them with those of a benchmark instrument when the time value of money component included in the interest can be changed as a result of the instrument's contractual clauses. This is the case, for example, if the interest rate of the financial instrument is revised periodically, but there is no correlation between the frequency of the revisions and the term for which the interest rate is set (monthly revision of a one-year rate, for example), or if the interest rate of the financial instrument is revised periodically based on an average interest rate.

6) SPPI : Seulement Paiement de Principal et d'Intérêts.

If the difference between the non-discounted contractual cash flows of the financial asset and those of the benchmark instrument is significant, or may become so, the financial asset cannot be considered 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 set of reasonably possible scenarios. To this effect, the Group has used yield curves going back to the year 2000.

In addition, a specific analysis is conducted in the case of securitizations insofar as there is a payment priority order between the holders, and concentrations of credit risk in the form of tranches. In this case, the analysis requires an 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 relative to the credit risk of the underlying financial instruments.

It should be noted that:
- financial assets are considered non-basic and are recognized at fair value through profit or loss;
- units in UCITS or other collective investment undertakings 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 revenue. It is based on observable facts and not simply on management's intention. It is not assessed at the entity level, or on an instrument-by-instrument basis, but rather on a higher level of aggregation which reflects the way in which groups of financial assets are managed collectively. It is determined at initial recognition and may only be reassessed in case of a change in model (exceptional cases).

To determine the model, all available information must be observed, including:
- the way in which the activity's performance is reported to decision-makers;
- the way in which 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.

Under the hold to collect model, certain examples of authorized sales are explicitly indicated in the standard:
- in response to an increase in credit risk;
- close to maturity and where the proceeds from these sales approximate the contractual cash flows not yet received,
- exceptional sales (in particular, related to liquidity stress).

Frequent sales (with a non-significant unit value) or infrequent sales (even if they have a significant unit value) are compatible with the cash flow collection model.

These "authorized" sales are not included in the analysis of the significant and frequent nature of the sales carried out on a portfolio, and sales related to changes in the regulatory or fiscal framework will be documented on a case-by-case basis to demonstrate the "infrequent" nature of such sales.

For other sales, thresholds have been defined based on the maturity of the securities portfolio – for example 2% of annual sales for portfolio assets with an average maturity of eight years (the Group does not sell loans that it holds in a hold to collect business 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. Crédit Mutuel has opted not to issue "Group" policies on the classification at amortized cost, or at fair value through equity, of debt instruments included in the liquidity portfolio. Each regional group classifies its instruments according to its own business model.

Finally, financial assets held for trading consist of securities acquired at inception 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 shares in syndicated loans), not measured at fair value through profit or loss;
- a portion of the securities held by the Group.

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

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

Commissions received or paid that are directly related to setting up the loan and are treated as an additional component of interest are recognized over the life of the loan using the effective interest rate method and are shown under interest items in the income statement.

For securities, the amortized cost takes account of the amortization of premiums and discounts, and of acquisition costs if material. Purchases and sales of securities are recognized on the settlement date.

Income received is presented in "Interest and similar income" in the income statement.

Commissions received in connection with the commercial renegotiation of loans are recognized over more than one period.

The restructuring of a loan due to the borrower's financial problems, as defined by the European Banking Authority, was integrated into the information systems to ensure consistency between the accounting and prudential definitions.

The fair value of assets at amortized cost is disclosed in the notes to the financial statements on each closing date: it comprises the present value of projected future cash flows discounted using a zero-coupon interest rate curve, which includes the issuer cost inherent to the debtor.

Government-backed loans (PGE)

The Group participated in the government's Covid-19 economic support program. This program was enhanced in April 2022 in connection with the conflict in Ukraine.

The Group offers:
- government-backed loans[7] (PGE) to help its business and corporate customers maintain their cash flow, and
- since April 2022, "PGE Résilience" loans for customers who have not obtained a PGE since March 2020 or have not reached the limit on their first PGE.

PGE loans are 12-month bullet loans that include a deferred repayment clause over a period of one to five years. On the date on which the loan is obtained, the interest rate is 0%, plus the cost of the government guarantee of 0.25% to 0.50% (charged to the customer through a fee).

At the end of the first 12 months, the recipient of a PGE loan has the option to set a new loan term (limited to a total of six years) and repayment terms. In accordance with the announcements made by the government on January 14, 2021, borrowers may obtain an "additional one-year deferral" to start repaying the principal.

The Crédit Mutuel group believes that this deferred repayment measure forms part of the legal framework of the PGE (i.e. adjustment of the contractual repayment schedule, with a first annual repayment period). The "deferral" is not, in itself, an indicator of the borrower's heightened credit risk or probable default (i.e. unlikely to pay).

These loans, which are held to collect cash flows and meet the "basic loan" criterion, are recognized at amortized cost using the effective interest rate method. On the date of initial recognition, they are recognized at their nominal value, which represents their fair value.

7) The main characteristics of government-backed loans and the mechanism for activating the guarantee are summarized in Article 2 of the Decree of March 23, 2020 granting the government guarantee to credit institutions and financing companies, and to the lenders mentioned in Article L. 548-1 of the French Monetary and Financial Code.

At the subscription anniversary date, PGEs may be eligible for a grace period. The revision of flows related to the recognition of guarantee commissions over the repayment period is recognized as an adjustment to the carrying amount of PGEs with a positive and immediate impact on profit or loss. This impact was not material at the reporting date.

Benchmark reform

In accordance with the Phase 2 amendment to IAS 39, IFRS 9, IFRS 7, IFRS 4 and IFRS 16, the Group applies the special accounting treatment for financial assets/ liabilities, for which IBOR reform results in a change in the basis for determining contractual cash flows and those changes are made on an economically equivalent basis. Under this treatment, 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 the Crédit Mutuel group, this category includes only 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 recorded in equity under a specific heading entitled "Unrealized or deferred gains or losses", excluding accrued income. Unrealized gains or losses recognized in equity are recognized in profit or loss only when the assets are disposed of or when evidence of impairment is observed (see section 3.1.7 "Derecognition of financial assets and liabilities" and 3.1.8 "Measurement of credit risk").

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

▪ Financial assets at fair value through profit or loss

These assets are recognized on the balance sheet at fair value when they are first recorded and at subsequent balance sheet dates until such time as they are disposed of (see section 3.1.7 "Derecognition of financial assets and liabilities"). Changes in fair value are recorded in profit or loss 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 shown in the income statement under interest income or expense. Previously, this interest was presented under "Net gains/(losses) on financial instruments at fair value through profit or loss" to ensure consistency with regulatory reports 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.

3.1.1.2 Equity instruments acquired

Equity instruments acquired (shares, in particular) are classified as follows:
- at fair value through profit or loss, or
- at fair value through equity (non-recyclable), irrevocably on initial recognition, where they are not held for trading.

Crédit Mutuel has opted not to issue "Group" policies on the use of the fair value through equity option for equity instruments. Each regional group classifies its instruments according to its own business model. Generally speaking, equity instruments which the Group has elected to include in this category are strategic holdings.

▪ Financial assets at fair value through equity

Shares and other equity instruments are recognized in the balance sheet at fair value when they are acquired and at subsequent balance sheet dates until such time as they are disposed of. Changes in fair value are recorded in equity under a specific heading entitled "Unrealized or deferred gains or losses". Unrealized or deferred gains and losses booked to equity are never recognized in the income statement, including when the assets are disposed of (see section 3.1.7 "Derecognition of financial assets and liabilities"). Only dividends received on variable-income securities are recorded in profit or loss under "*Net gains/(losses) on financial assets at fair value through equity*".
Purchases and sales of securities are recognized on the settlement date.

▪ Financial assets at fair value through profit or loss

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

3.1.2 Classification and measurement of financial liabilities

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

▪ Financial liabilities measured at fair value through profit or loss

- those incurred for trading purposes, which by default include derivatives that do not qualify as hedging instruments; and
- non-derivative financial liabilities that the Group designated at inception to be 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 the accounting treatment would be inconsistent with that applied to another related instrument, were the fair value option not applied, and
  - instruments belonging to a pool of financial instruments measured and managed at fair value.

Changes in fair value resulting from the own credit risk of liabilities designated at fair value through profit or loss under the fair value option are recognized under unrealized or deferred gains (losses) in non-recyclable equity.

The Group is marginally concerned by the problem of own credit risk.

▪ Financial liabilities at amortized cost

These consist of other non-derivative financial liabilities, such as amounts due to customers and credit institutions, debt securities (certificates of deposit, interbank market securities, bonds, TLTRO [8] III refinancing lines, etc.) and subordinated debt (dated and undated), that are not classified at fair value through profit or loss under the fair value.

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 securities created by the Sapin 2 law.

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

8) Targeted Longer-Term Refinancing Operations.

▪ Regulated savings contracts

Liabilities at amortized cost include home savings accounts (Comptes Épargne Logement - "CEL") and home savings plans (Plans Épargne Logement - "PEL"). These are French regulated products available to individual investors. In the initial savings phase, account holders receive interest on amounts paid into these accounts, which subsequently entitle them to a mortgage loan (second phase). They generate two types of obligation for the distributing establishment:
- an obligation to pay interest on paid-in amounts at a fixed rate (in the case of PEL accounts only, as interest on CEL accounts is regularly revised on the basis of an indexation formula and is therefore treated as variable-rate interest);
- a commitment to extend a loan on pre-determined terms to customers who request one (both products).

The cost represented by these obligations has been estimated on the basis of behavioral statistics and market data. A provision is recognized on the liability side of the balance sheet to cover the future costs relating to the potentially disadvantageous terms of these products in comparison with the interest rates offered to individual customers for products that are similar but whose remuneration is not regulated. This approach is managed based on generations of regulated PEL and CEL savings products with similar characteristics. The impact on profit or loss is recorded as interest paid to customers.

▪ Targeted longer-term refinancing operations – TLTRO III

Financial liabilities at amortized cost include TLTRO III operations.

The TLTRO III program has allowed banks to benefit from seven refinancing tranches since September 2019, each with a maturity of three years and at an interest rate that varies depending on the period, and from three additional tranches since January 2021.

The TLTRO III amount that the Crédit Mutuel group can borrow depends on the percentage of outstanding loans granted to non-financial companies and households at the end of February 2019.

The TLTRO III interest rate is set according to market conditions defined by the ECB and banks may benefit from a lower rate depending on their lending performance. In the context of the health crisis, the ECB eased the conditions of these refinancing operations to support the distribution of loans to households and businesses. Some target parameters were recalibrated [9]. In particular, more favorable conditions allowed a reduction of 50 bps over the special interest rate and additional special interest rate periods from June 2020 to June 2022[10].

As part of its monetary policy measures, since June 2022 the ECB has successively raised its three key interest rates to bring them to 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 repayment arrangements for TLTRO III operations in order to strengthen the transmission of key interest rate increases to bank lending conditions. The interest terms for TLTRO III were adjusted as of November 23, 2022 (and additional early repayment dates introduced).
They are described below and take into account the Group's achievement of the lending performance threshold set by the ECB for all the program's reference periods:
- from its start date until November 22, 2022 and excluding special interest or additional special interest periods, the interest rate on TLTRO III operations was the average deposit facility rate during that period (and no longer over the life of the operation);
- during the special interest and additional special interest periods (respectively from June 24, 2020 to June 23, 2021 and from June 24, 2021 to June 23, 2022), it is equal to the average deposit facility rate during the period less 0.50% (application of a cap of -1%);
- from November 23, 2022 until the maturity (or early repayment) date, the interest rate on TLTRO III operations will be indexed to the ECB's average key interest rate applicable during that period.

This change included the introduction of three additional early repayment dates.

According to the Crédit Mutuel group, TLTRO III operations represent adjustable-rate financial instruments recognized at amortized cost. The adjustment of interest terms following this decision must be recognized under the provisions of IFRS 9 on changes in market rates for variable-rate instruments.

Until November 22, 2022, interest not yet due by the Group takes into account the effect of the change in the interest formula between the start of the operation and that date. As of November 23, 2022, the effective interest rate on TLTRO financing operations is calculated based on the average known deposit facility rate between November 23, 2022 and December 31, 2022.

3.1.3 Distinction between liabilities and equity

In accordance with IFRIC 2, the interests of mutual shareholders are classified as equity if the entity has the unconditional right to refuse to redeem such interests, or if there are legal or statutory provisions that prohibit or significantly limit such redemption. Given the current articles of association and applicable legal provisions, mutual shares issued by the entities making up the consolidating entity of the Crédit Mutuel group are recognized under equity.

The other financial instruments issued by the Group qualify for accounting purposes as debt instruments if the Group has a contractual obligation to deliver cash to the holders of such instruments. Such is the case with subordinated notes issued by the Group.

3.1.4 Foreign currency transactions

Financial assets and liabilities denominated in a currency other than the functional currency are translated at the exchange rate on the closing date.

▪ Monetary financial assets and liabilities

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

▪ Non-monetary financial assets and liabilities measured at fair value

Foreign exchange gains or losses on the translation of such items are recognized in the income statement under "Net gains/(losses) on portfolios at fair value through profit or loss" if measured at fair value through profit or loss, or recognized under "Unrealized or deferred gains/(losses)" if the item is classified under financial assets at fair value through equity.

9) Decision (EU) 2021/124 of the ECB of January 29, 2021 amending Decision (EU) 2019/1311 on a third series of targeted longer-term refinancing operations (ECB/2021/3 published in the Official Journal of the European Union on February 3, 2021).

10) Decision (EU) 2020/614 of the European Central Bank of April 30, 2020 amending Decision (EU) 2019/1311 on a third series of targeted longer-term refinancing operations (ECB/2020/25).

3.1.5 Derivatives and hedge accounting

IFRS 9 allows entities to choose, on first-time application, whether to apply the new provisions concerning hedge accounting or to retain those of IAS 39.
The Crédit Mutuel group has elected to continue to apply the provisions of IAS 39. Additional information is, however, disclosed in the notes to the financial statements or in the management report on risk management and the effects of hedge accounting on the financial statements, in accordance with revised IFRS 7.

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

Derivatives are financial instruments which have the following three characteristics:
- their value fluctuates with the change in the underlying items (interest rates, exchange rates, share prices, indices, commodities, credit ratings, etc.);
- they require only a small or no initial investment;

they are settled at a future date.

The Crédit Mutuel group deals mainly in simple interest rate derivatives (swaps, vanilla options) classified in level 2 of the fair value hierarchy (see Note 9).

All derivatives are carried at fair value under financial assets or financial liabilities. By default, they are recognized as trading instruments unless they can be classified as hedging instruments.

3.1.5.1 Determination of fair value of derivatives

The majority of 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, 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 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 inherent in the positive fair value of over-the-counter derivatives. The latter includes the own counterparty risk inherent in the negative fair value of over-the-counter derivatives (see section 3.1.9.3 "Fair value hierarchy").

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

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

3.1.5.2 Classification of derivatives and hedge accounting

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

All derivatives not designated as hedging instruments under IFRS are automatically classified as "*financial assets or financial liabilities at fair value through profit or loss*", even when for financial purposes they were entered into to hedge 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 of a derivative;
- the hybrid instrument 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; and
- separate measurement of the embedded derivative is sufficiently reliable to provide relevant information.

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

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

▪ Hedge accounting

Risks hedged
For accounting purposes, the Crédit Mutuel group hedges only interest rate risk through micro-hedging or, more

broadly, through macro-hedging (see below for the accounting impacts).

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

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

Overall management of interest rate risk is described in the management report, along with management of other risks (foreign exchange, credit, etc.) that may be hedged, resulting in the natural matching of assets and liabilities or the recognition of trading.

Micro-hedging is mainly used in connection with asset swaps, generally with the aim of transforming 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.
- Hedges of net investments in foreign operations, which are accounted for in the same way as cash flow hedges, have not been used by the Group to date.

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 notably the risk management objectives of the hedging relationship, as determined by management, the nature of the risk hedged, the underlying strategy, and the methods used to measure the effectiveness of the hedge.
- Hedge effectiveness must be proved immediately upon inception of the hedging relationship and subsequently throughout its life, and at the very least at each balance sheet date. Changes in the fair value or cash flows of the hedging instrument must approximately offset changes in the fair value or cash flows of the hedged item. Actual results must be within a range of 80% to 125%.

If this is not the case, hedge accounting is discontinued prospectively

▪ Fair value hedge of identified financial assets or liabilities

In the case of a fair value hedge, derivatives are remeasured at their fair value, with any change being recognized in profit or loss under "Net gains (losses) on financial instruments at fair value through profit or loss". The revaluation of the hedged items, in connection with the hedged risk, is treated in the same way and results in a charge or credit to profit or loss. 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 will offset each other partially or totally; only the ineffective portion of the hedge is recognized in profit or loss. It may result from:
- the "counterparty risk" component included in the value of derivatives;
- the difference in the valuation 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 profit or loss under "Interest income and charges". The same treatment is applied to the interest income or charges for 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 identified interest rate instruments that were initially hedged, valuation adjustments are amortized over their remaining life. If the hedged item has been derecognized in the balance sheet, due notably to early repayments, the cumulative adjustments are recognized immediately in profit or loss.

▪ Macro-hedging derivatives

The Group has availed itself of the possibilities offered by the European Commission as regards accounting for macro-hedging transactions. The European Union's so-called carve out amendment to IAS 39 enables customer demand deposits to be included in hedged fixed-rate liability portfolios with no effectiveness measurement if under-hedged. Demand deposits are included based on the run-off rules defined for asset-liability management purposes.

For each portfolio of fixed-rate financial assets or liabilities, the effectiveness of the hedging relationship is verified through:
- an over-hedging test: the Group ensures, prospectively and retrospectively, that the maturity schedule of hedged items exceeds the hedging derivatives;
- a test of non-disappearance of the hedged item, which entails ensuring that the maximum position historically hedged is less than the nominal amount of the hedged portfolio at the reporting date for each future maturity band and each generation of rates;
- a quantitative test to ensure retrospectively that the changes in fair value of the modeled synthetic instrument offset the changes in fair value of the hedging instruments.

Ineffectiveness related to macro-hedging results from differences in the curves used to model the hedged portfolios and the hedging derivatives and possible differences in the maturities of those 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 on the balance sheet under "Remeasurement adjustment on interest-risk hedged portfolios", with the movement being recognized in profit or loss.

▪ Cash flow hedges

In the case of a cash flow hedge, derivatives held in the balance sheet are remeasured at their fair value, with any change being recognized in equity as regards the effective portion, while the portion considered as ineffective is recognized in profit or loss 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 and expense" in the same period or periods during which the cash flows attributable to the hedged item affect profit or loss.

The hedged items continue to be recognized in accordance with the rules specific to their accounting category. If the hedging relationship is interrupted or the effectiveness criteria are not met, hedge accounting is discontinued on a prospective basis. 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 which point said amounts are transferred to profit or loss.
If the hedged item has been derecognized, the cumulative amounts recorded in equity are immediately transferred to profit or loss.

▪ Benchmark reform

Within the framework of IBOR reform, the Group is applying the flexibility in hedge accounting for changes related to this reform:

- before replacement indices are defined:
  ▪ maintaining existing hedging relationships in this exceptional and temporary context, and until the uncertainty created by IBOR rate reform regarding the choice of a new index and the effective date of this change is resolved.

- after replacement indices are defined, including:
  ▪ updating the designation of the hedged risk and documentation, with no impact on the continuity of hedging relationships;
  ▪ a temporary exception to the "separately identifiable" nature of a hedged risk component not specified contractually. Such a risk component indexed to a replacement rate will be considered separately identifiable if it can reasonably be expected to be identifiable within 24 months from designation, in the context of development of replacement index markets.

3.1.6 Financial guarantees and financing commitments

A financial guarantee is treated as an insurance contract if it provides for a specific payment to be made to reimburse the holder of the guarantee for a loss incurred as the result of the failure of a specific debtor to make a payment on maturity of a debt instrument.

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

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

3.1.7 Derecognition of financial assets and liabilities

The Group derecognizes all or part of a financial asset (or group of similar assets) when the contractual rights to the cash flows of the asset expire (as in the case of commercial renegotiation) or when the Group has transferred the contractual rights to receive the cash flows of the financial asset and substantially all the risks and rewards related to ownership of the asset.

At the time of 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 or paid;
- debt instrument at fair value through equity: the unrealized gains or losses previously recognized in equity are taken to profit or loss, together with the capital gains or losses on disposal;
- equity instrument at fair value through equity: the unrealized gains or losses previously recognized in equity together with the capital gains or losses on disposal are recognized in consolidated reserves with no impact on 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 case of a substantial change in its contractual terms and conditions or an exchange with the lender for an instrument whose contractual terms and conditions are substantially different.

3.1.8 Measurement of credit risk

The impairment model under IFRS 9 is based on an “expected credit losses” approach.

Dans ce modèle, les dépréciations sont constatées, pour les actifs financiers n’ayant pas fait l’objet d’indications objectives de pertes à titre individuel, à partir d’historique de pertes observées mais aussi de prévisions raisonnables et justifiables des flux futurs de trésorerie.

The impairment model under IFRS 9 is based on an “expected credit losses” approach.
Under this model, impairment provisions are recognized for financial assets for which there is no objective evidence of losses on an individual basis, based on past losses observed and reasonable and justifiable cash flow forecasts.

The impairment model under IFRS 9 therefore 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: loss allowance provided for on the basis of 12-month expected credit losses (resulting from default risks over the following 12 months) as from initial recognition of the financial assets, provided that the credit risk has not increased significantly since initial recognition;
- Stage 2 – downgraded performing loans: loss allowance provided for 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 financial assets for which there is an objective indication 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.

3.1.8.1 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 base and any subsequent modification in terms of method, weighting of the scenarios, parameter calculation or provision calculation must be validated by the Crédit Mutuel group’s governance bodies.

These bodies consist of the supervisory and executive boards as defined by Article 10 of the French Decree of November 3, 2014 relative to internal control. Given the specificities of the Crédit Mutuel group’s decentralized organizational structure, the supervisory and executive bodies are divided into two levels – the national level and the regional level.

The principle of subsidiarity, applied across the Crédit Mutuel group, governs the breakdown of roles between national and regional levels, both on a project basis and for the ongoing implementation of the asset impairment calculation methodology.

- At the national level, the Basel 3 Working group approves the national procedures, models and methodologies to be applied by the regional groups. Any change in calibration of the scenarios or parameters used in the IFRS 9 provisioning model is approved 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.

3.1.8.2 Definition of the boundary between stages 1 and 2

The Group relies on models developed for prudential purposes and has therefore applied a similar breakdown of its outstanding loans:
- LDP (low default portfolios, 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.
- HDP (high default portfolios, for which the number of defaults is sufficient to develop a statistical rating model): Mass corporate, 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 as of the reporting date with the risk of default as of the initial recognition date.

For the Group, this means measuring the risk at the level of the borrower, where the Crédit Mutuel group’s counterparty rating system is the same throughout the Group. All the Group’s counterparties eligible for internal approaches are rated by the system. This system is based on:
- statistical algorithms or “mass ratings” based on one or more models, using a selection of representative and predictive risk variables (HDP), or
- rating grids developed by experts (LDP).

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

It should be noted that the Group immediately puts back into stage 1 any performing exposure that no longer meets the qualitative and quantitative criteria for its transfer to stage 2.

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 assignment matrix that relates the internal ratings at origination and at the reporting date. Thus, the riskier the rating at origination, the lower the Group’s relative tolerance to a significant risk deterioration.

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

• Qualitative criteria

As well as this quantitative data, the Group uses qualitative criteria such as installments that are unpaid or overdue by more than 30 days, the concept of restructured loans, etc. Methods based exclusively on qualitative criteria are used for the entities or small portfolios that are classified prudentially under the standardized approach and do not have rating systems.

3.1.8.3 Stages 1 and 2 – Calculation of expected credit losses

Expected credit losses are measured by multiplying the outstanding amount of the loan at the contractual interest rate by its probability of default (PD) and by the loss given default (LGD) ratio. The off-balance sheet amount is converted to a balance sheet equivalent based on the probability of use. The one-year probability of default is used for stage 1 and the probability curve at termination (1 to 10 years) for stage 2.

These parameters have the same basis as the prudential models, with the formulas adapted to IFRS 9. They are used both for assignment to the stages and for the calculation of expected losses.

▪ Probability of default

This is based:
- for high default portfolios, on the models approved under the A-IRB 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 flows of collections observed over a long period of time, discounted at the contractual interest rates and segmented by product type and type of security;
- for low default portfolios, on fixed ratios (60% for sovereigns and 40% for the rest).

▪ Conversion factors

For all products, including revolving loans, conversion factors 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 that reasonable and justifiable information, including forward-looking information, be taken into account. The development of the forward-looking aspect requires anticipating changes in the economy and relating these anticipated changes to the risk parameters. This forward-looking aspect is determined at the Group level and applies to all the parameters.

For high default portfolios, the forward-looking aspect included in the probability of default takes into account three scenarios (optimistic, neutral, pessimistic), which will be weighted based on the Group's perception of changes in the economic cycle over five years (validation by the Chief Executive Officers of the various regional groups and Crédit Mutuel group). The Group relies mainly on macroeconomic data (GDP, unemployment rate, inflation rate, short-term and long-term interest rates, etc.) available from the OECD. The forward-looking approach is adjusted to include elements that were not captured by the scenarios because:
- they are recent, meaning they occurred a few weeks before the reporting date;
- they cannot be included in a scenario: for example, regulatory changes that will certainly have a significant effect on the risk parameters and whose impact can be measured by making certain assumptions.

The forward-looking aspect for maturities other than one year is derived from the forward-looking aspect for the one-year maturity.

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

For low default portfolios, forward-looking information is incorporated into the large corporate/bank models, but not into the local government, sovereign and specialized financing models. The approach is similar to that used for high default portfolios.

3.1.8.4 Stage 3 – Non-performing loans

In stage 3, impairment is recognized once there is objective evidence of the existence of an event or events occurring subsequent to the granting of the loan – or group of loans – and likely to generate a loss. The amount of impairment is equal to the difference between the carrying amount and the present value of the projected future cash flows discounted at the original effective interest rate on the loan, taking into account any security. For variable-rate loans, the last known contractual rate is used.

The Crédit Mutuel group applies the new definition of prudential default in accordance with the EBA guidelines and the regulatory technical standards on the notion of applicable materiality thresholds, the main elements of which are as follows:
- default is analyzed at the level of the borrower and no longer at contract level;
- the number of days in arrears is assessed at the level of a borrower (obligor) or a group of borrowers with a joint obligation (joint obligors);
- Default occurs when a payment by a borrower or group of borrowers is in arrears for 90 consecutive days. Days in arrears are counted from the first date on which both the absolute (€100 retail, €500 corporate) and relative (more than 1% of balance sheet exposures overdue) materiality thresholds are breached. The counter is reset when one of the two thresholds is no longer breached;
- the scope of contagion extends to all the borrower's receivables, as well as to the individual obligations of borrowers participating in a joint credit obligation;
- for non-restructured assets, the minimum probation period is three months before a return to performing status.

The Crédit Mutuel group has implemented this new definition of default based on the two-step approach proposed by the EBA:
- Step 1 – This involved submitting a self-assessment and a request for authorization to the supervisor. The Group received approval to implement the new definition in October 2019.
- Step 2 – This entails implementing the new definition of default in the systems and recalibrating the models after a 12– observation period for new defaults.

The Group believes that this new definition of default required by the EBA corresponds to objective evidence of impairment from an accounting standpoint. The Group has therefore aligned the definitions of accounting default (stage 3) with those for prudential default.

3.1.8.5 Financial assets impaired at origination

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 "Assets impaired at origination" 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.

3.1.8.6 Recognition

Impairment losses and provisions are recognized in profit or loss as additions to provisions for loan losses. When reversed, impairment losses and provisions are treated as a reversal of provisions for loan losses for the portion relating to the change in risk, while the portion relating to the passage of time is recognized in the interest margin. Impairment losses on loans and receivables are deducted from the carrying amount of the asset, with the provision being recognized as a liability. Impairment losses on financing and guarantee commitments are recognized under "provisions" (see sections 3.1.6 "Financial guarantees and financing commitments" and 3.3.2 "Provisions"). For assets at fair value through equity, the counter-entry for an impairment recognized as an addition to provisions for loan losses is booked to "Unrealized or deferred gains/(losses)".
Irrecoverable receivables are written off and the corresponding impairments and provisions are written back.

3.1.9 Determination of fair value of financial instruments

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

On initial recognition of a financial instrument, fair value is generally the transaction price.
When measured subsequently, fair value must be determined. The measurement method applied varies depending on whether or not the financial instrument is traded in a market considered as active.

3.1.9.1 Financial instruments traded in an active market

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

3.1.9.2 Financial instruments not traded in an active market

Observable market data are used provided they reflect the reality of a transaction in an arm's length exchange on the valuation date and there is no need for material adjustments to the valuation obtained in this way. In the other cases, the Group uses non-observable mark-to-model data.

When there are no observable data or when adjustments to market prices require reliance to be placed on non-observable data, the entity may use internal assumptions regarding future cash flows and discount rates, comprising adjustments for risks in the same way as the market would. These valuation adjustments are used, notably, to integrate risks that would not be captured by the model, liquidity risks 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.
When determining value adjustments, each risk factor is considered individually and no effect of diversification between risks, parameters or models of different kinds is taken into account. A portfolio approach is most often used for a given risk factor.

In all cases, the adjustments made by the Group are reasonable and appropriate, with reliance placed on judgment.

3.1.9.3 Fair value hierarchy

A three-level hierarchy is used for fair value measurement of financial instruments:
- Level 1: quoted prices in active markets for identical assets or liabilities; this notably concerns debt securities quoted by at least three contributors, and derivatives quoted on an organized market;

- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability in question, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This level includes interest rate swaps for which fair value is determined with the help of yield curves produced on the basis of market interest rates at the balance sheet date;
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes unconsolidated participating interests held (via venture capital entities or not) as part of the capital markets activities, debt securities quoted by a sole contributor and derivatives valued using mainly non-observable data;

The instrument is classified at the same level of the hierarchy as the lowest level of the input having an *important* bearing on fair value considered as a whole. Given the diverse nature and quantity of the instruments valued as Level 3, calculating the sensitivity of fair value to changes in the valuation parameters would not provide meaningful information.

3.2 Insurance activities

The Group's insurance divisions governed by the Conglomerates Directive may opt to defer the application of IFRS 9 until 2023, as provided by the amendments to IFRS 4 as adopted by the European Union. Their financial instruments will therefore continue to be measured and recognized under IAS 39. In terms of presentation, the Group has chosen to adopt an "IFRS" approach that allows all financial instruments under IAS 39 to be grouped together in specific asset or liability disclosures rather than strictly applying ANC recommendation 2017-02, which results in the instruments measured under IAS 39 being disclosed under the same item as instruments measured under IFRS9[11]. Therefore, all financial instruments of the insurance divisions are combined, under assets, on the line "Investments by the insurance activities and reinsurers' share of technical reserves" and, under liabilities, on the line "Liabilities related to policies of the insurance activities", including technical reserves. Investment properties are also affected by the reclassification.

The impact of financial instruments and technical reserves on the income statement is included in the line "Net income from insurance activities". Other assets/liabilities and income statement items are presented under the common "bankinsurance" headings. When they are relevant, the disclosures under IFRS 7 are provided separately for the insurance divisions.

In accordance with the regulation on adoption of certain international accounting standards of November 3, 2017, the Group ensures that there are no transfers of financial instruments between the insurance sector and the other sectors of the conglomerate that would lead to a derecognition of the instruments, other than those measured at fair value through profit or loss in both sectors.

The accounting policies and measurement methods specific to assets and liabilities arising on insurance contracts have been drawn up in accordance with IFRS 4. They also apply to reinsurance contracts issued or subscribed, and to financial contracts with discretionary participation features.

Aside from the above cases, other assets held and liabilities issued by insurance companies are accounted for in accordance with the rules applicable to the Group's other assets and liabilities.

3.2.1 Financial Instruments

Under IAS 39, the financial instruments of insurers may be classified in one of the following categories:
- financial assets/liabilities at fair value through profit or loss;
- available-for-sale financial assets;
- held-to-maturity financial assets;
- loans and receivables;
- financial liabilities at amortized cost.

They are combined, under assets, on the line "Investments by the insurance activities and reinsurers' share of technical provisions" and, under liabilities, on the line "Liabilities related to policies of the insurance activities".

Classification in one or the other of these categories reflects the management intention and determines how a particular instrument is recognized and measured in the financial statements.

The fair value of these instruments is measured according to the general principles set out in section 3.1.9.

Financial assets and financial liabilities at fair value through profit or loss

• Classification criteria

The classification of instruments in this category results either from a real trading intention or from the use of the fair value option.

11) *For example, the recommendation results in securities issued by insurance entities measured under IAS 39 being presented in "Debt securities" together with those issued by the bank that are measured under IFRS 9.*

a) Instruments held for trading:
Securities are classified as held for trading if they were acquired principally for the purpose of selling them in the near term or if they are part of a globally managed portfolio for which there is evidence of a recent actual pattern of short-term profit-taking.

b) Instruments designated as at fair value through profit or loss:
Financial instruments may be designated as at fair value through profit or loss upon initial recognition. Once designated as such, they cannot be reclassified. This classification is permitted in the following circumstances:
- financial instruments containing one or several separable embedded derivatives,
- instruments for which the accounting treatment would be inconsistent with that applied to another related instrument, were the fair value option not applied, and
- instruments belonging to a pool of financial assets measured and accounted for at fair value.

This option is used in particular for unit-linked insurance policies, for consistency with the treatment applied to liabilities.

• Basis of valuation and recognition of income and expenses

Assets classified as "*Assets at fair value through profit or loss*" are recognized on the balance sheet at fair value when they are first recorded and at all subsequent balance sheet dates until such time as they are disposed of. Changes in fair value and income received or accrued on these assets are recorded in profit or loss under "Net income from insurance activities".

Available-for-sale financial assets

• Classification criteria

Available-for-sale financial assets comprise financial assets not classified as "*Loans and receivables*", as "*Held-to-maturity financial assets*" or as "*At fair value through profit or loss*".

• Basis of valuation and recognition of income and expenses

These assets are recognized on the balance sheet at fair value when they are acquired and at subsequent balance sheet dates until such time as they are disposed of. Changes in fair value are recorded in shareholders' equity under a specific heading entitled "Gains or losses recognized directly in equity", excluding accrued income. Unrealized gains or losses recognized in equity are recognized in profit or loss only when the assets are disposed of or when evidence of permanent impairment is observed. On disposal, these unrealized gains or losses previously recognized in equity are recognized in the income statement, together with the gain or loss on disposal.

Income accrued or received on fixed-income securities is recognized using the effective interest rate method. It is shown under "Net income from insurance activities", as are dividends received on variable-income securities.

• Credit risk and impairment

a) Lasting diminution in the value of shares and other equity instruments

Impairment losses are recognized in respect of variable-income financial assets classified as available for sale in the event of a prolonged or material decline in fair value relative to cost.

In the case of variable-income securities, at Crédit Mutuel a loss in the value of an instrument relative to its acquisition cost of 50% or more or over a period of 36 consecutive months triggers the recognition of an impairment loss. Impairment testing is carried out on a line-by-line basis. Judgment is also exercised for securities not meeting the aforementioned criteria when management estimates that the recovery of the amount invested cannot reasonably be expected in the near future. The loss is recognized in profit or loss under "Net income from insurance activities".

Any subsequent impairment is also recognized in profit and loss.
Losses for permanent impairment of shares and other equity instruments recorded in profit and loss may not be reversed as long as the instrument is carried on the balance sheet. Any subsequent appreciation in value will be recognized in equity within "Unrealized or deferred gains and losses".

b) Impairment losses in respect of credit risk

Impairment losses relating to fixed-income available-for-sale securities (mainly bonds) are recognized under "*Net additions to/reversals from provisions for loan losses*". Only the existence of a credit risk justifies recognizing impairment losses against fixed-income securities; a decline in value due simply to an increase in interest rates does not. In the event an impairment loss is recognized, all accumulated unrealized losses taken to equity must be reclassified to profit or loss. Impairment losses may be reversed. Any subsequent appreciation resulting from an event occurring since the recognition of the impairment loss is also recognized in profit or loss under "*Net additions to/reversals from provisions for loan losses*" when there has been an improvement in the borrower's credit situation.

Held-to-maturity financial assets

▪ Classification criteria

Held-to-maturity financial assets are securities with fixed or determinable payments and a fixed maturity, and which the entity has the positive intention and ability to hold to maturity.
Transactions to hedge the interest rate risk in respect of this category of securities are not eligible for hedge accounting under IAS 39.
Moreover, possibilities for selling or transferring held-to-maturity securities are extremely restricted under IAS 39 which, on failure to comply, may require the entire portfolio to be reclassified at the level of the Group in the "Available-for-sale financial assets" category and prohibit the use of this category for two years.

▪ Basis of valuation and recognition of income and expenses

Held-to-maturity securities are recognized at fair value when acquired. Subsequently they are measured at amortized cost using the effective interest rate method, which factors in the amortization of any premiums, discounts and, if material, acquisition costs.
Income received on these securities is shown under "Net income from insurance activities" in the income statement.

▪ Credit risk

An impairment loss is recognized when there is objective evidence that the asset is impaired as a result of one or more events having occurred after initial recognition of the asset and when this could generate a loss (proven credit risk). Impairment testing is carried out at each balance sheet date for each security in turn. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original interest rate, taking into account any guarantees. The impairment loss is recognized in profit or loss under "Net additions to/reversals from provisions for loan losses". Any subsequent appreciation resulting from an event that occurred since the recognition of the impairment loss is also taken to profit or loss under "*Net additions to/reversals from provisions for loan losses*".

Loans and receivables

▪ Classification criteria
Loans and receivables are fixed or determinable-income financial assets not listed on an active market and not intended for sale when acquired or granted. When first recorded on the balance sheet, they are recognized at their fair value, which is generally the net amount disbursed. At subsequent period ends, the outstandings are measured at their amortized cost using the effective interest rate method (other than those recognized using the fair value option).

▪ Credit risk

An impairment loss is recognized when there is objective evidence that the asset is impaired as a result of one or more events having occurred after initial recognition of the asset and when this could generate a loss (proven credit risk). The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's effective interest rate, taking into account any guarantees. The impairment loss is recognized in profit or loss under "Net additions to/reversals from provisions for loan losses". Any subsequent appreciation resulting from an event that occurred since the recognition of the impairment loss is also taken to profit or loss under "*Net additions to/reversals from provisions for loan losses*".

▪ Financial liabilities at amortized cost

These include amounts due to customers and credit institutions, debt securities (certificates of deposit, interbank market securities, bonds, etc.) and subordinated debt (dated or undated) that are not classified at fair value through profit or loss under the fair value option.

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

3.2.2 Non-financial assets

The accounting policies for investment properties and non-current assets are described elsewhere in these notes.

3.2.3 Non-financial liabilities

Insurance liabilities, which represent liabilities to policyholders and beneficiaries, are included under the heading "Technical reserves in respect of insurance policies". They continue to be measured, recognized and consolidated in accordance with French accounting standards.

The technical reserves in respect of life insurance contracts consist mainly of mathematical provisions corresponding generally to the contracts' surrender values. The main risks covered by these contracts are death, disability and industrial disablement (for loan insurance).

The technical provisions related to unit-linked business are measured, at the end of the reporting period, on the basis of the realizable value of the assets underlying these contracts.

The provisions related to non-life insurance contracts correspond to unearned premiums (portion of the premiums issued relating to subsequent periods) and to outstanding claims.

Insurance contracts with discretionary participation features are subject to "shadow accounting". The provision for deferred profit-sharing resulting from the application of this method represents the share of unrealized gains and losses on assets accruing to the policyholders. These provisions for deferred profit-sharing appear as liabilities or assets, by legal entity and without offset between entities within the scope of consolidation. On the assets side, these are recorded under a separate heading.

At the end of the reporting period, an adequacy test is performed on the liabilities recognized on these contracts (net of related other assets and liabilities such as deferred acquisition costs and acquired portfolios). This test ensures that the recognized insurance liabilities are adequate to cover estimated future cash flows under insurance policies. If the test reveals that the technical provisions are inadequate, the deficiency is recognized in the income statement. It may subsequently be reversed, where appropriate.

3.3 Non-financial instruments

3.3.1 Leases

A lease is an agreement whereby the lessor grants to the lessee, for a pre-determined period, the right to use an asset in exchange for a payment or a series of payments.

A finance lease granted by the Group is a lease under which virtually all of the risks and rewards inherent in the ownership of an asset are transferred to the lessee. Ownership of the asset may or may not eventually be transferred.

An operating lease granted by the Group is any lease that is not a finance lease.

3.3.1.1 Finance leases – 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 leases transfer virtually all of the risks and rewards inherent in the ownership of the leased asset to the lessee.

Analysis of the economic substance of the transactions thus results in:
- removal of the leased asset from the balance sheet;
- recognition of a receivable in "Financial assets at amortized cost" in respect of the net present value of the lease payments receivable and any unguaranteed residual value accruing to the lessor, discounted at the interest rate implicit in the lease;
- recognition of deferred taxes in respect of existing temporary differences throughout the life of the finance lease;
- recognition in the net interest margin of the net income from the lease transaction, which represents the constant periodic rate of return on the outstanding amount.

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

3.3.1.2 Finance leases – lessee

In accordance with IFRS 16, right-of-use assets are presented under property, plant and equipment, with the lease liability recognized under "Accrued charges, deferred income and other liabilities". Lease payments are broken down between interest expense and repayment of principal (see section 3.3.4.2 "Assets leased by the Group").

3.3.2 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;
- employee obligations (see section 3.3.3 "Employee benefits");
- execution risk on signature commitments;
- litigation risk and guarantee commitments given;
- tax risks;
- risks related to home savings (see section 3.1.2. "Classification and measurement of financial liabilities").

3.3.3 Employee benefits

Where applicable, provisions are recognized in respect of employee obligations under "Provisions". Any movements in this provision are recognized in the income statement under "Employee benefits expense" except for the portion resulting from revaluations of net liabilities from defined benefit plans, which are recognized in equity.

3.3.3.1 Post-employment defined benefit plans

These comprise retirement, early retirement and supplementary retirement plans under which the Group has a formal or implicit obligation to provide employees with pre-defined 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:
- the discount rate, which is determined by reference to the market yield on long-term corporate bonds consistent with the term of the obligations;
- the salary increase rate, assessed in accordance with age brackets, manager/non-manager classification 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 relative to the year-end number of employees with permanent contracts;
- retirement ages, which are 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; and
- life expectancy rates set out in INSEE table TH/TF 00-02.

Differences arising from changes in these assumptions and from differences between previous assumptions and actual experience constitute actuarial differences. When the plan is funded by assets, these are measured at fair value and the interest income they give rise to is recognized in the income statement. Differences between the actual yield and theoretical interest income generated by these assets also constitute actuarial gains and losses.
Actuarial gains and losses are recognized in equity, within unrealized or deferred gains and losses. Plan curtailments and settlements give rise to a change in the obligation, which is recognized in the income statement for the period.

Post-employment benefit schemes for which rights are capped based on a number of years of service and conditional on the employee's presence on the retirement date

In accordance with the IFRIC decision of April 20, 2021, the pension commitment for such plans applies only for the period preceding the retirement age up until the cap is reached (or between the employee's start date at the company and the retirement date if this period is less than the cap).

3.3.3.2 Post-employment defined contribution plans

Group entities contribute to various retirement plans managed by independent organizations, to which they have no formal or implicit obligation to make supplementary payments in the event, notably, that the fund's assets are insufficient to meet its commitments.
Since such plans do not represent a commitment for the Group they are not subject to a provision. The charges are recognized in the period in which the contribution is due.

3.3.3.3 Other long-term benefits

These represent benefits other than post-employment benefits and end-of-contract indemnities expected to be paid more than 12 months after the end of the fiscal year in which 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.
Certain commitments in respect of long-service awards are covered by insurance policies. Only the portion not covered is provisioned.

3.3.3.4 End-of-contract indemnities

These are benefits granted by the Group when an employment contract is terminated before the usual retirement age or following the employee's decision to leave the Group voluntarily in exchange for an indemnity. The related provisions are discounted if payment is expected to take place more than 12 months after the reporting date.

3.3.3.5 Short-term benefits

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

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

3.3.4 Non-current assets

3.3.4.1 Assets owned by the Group

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 properties are property assets held to generate rental income and/or gains on the invested capital. 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 value 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, they are presumed not to have a residual value.

Non-current assets are depreciated or amortized over their estimated useful lives at rates reflecting the estimated consumption of the assets' economic benefits by the entity owning the assets. Intangible assets with an indefinite useful life are not amortized.
Depreciation and amortization charges on operating non-current assets are recognized under "Provisions, amortization and depreciation for operating non-current assets" in profit or loss.

Depreciation charges on investment properties are recognized under "Expenses on other activities" in profit or loss.

The following depreciation and amortization periods are used:

<u>Property, plant and equipment:</u>

- Land and network improvements	: 15-30 years
- Buildings - shell (depending on the type of building)	: 20-80 years
- Buildings - equipment	: 10-40 years
- Fixtures and fittings	: 5-15 years
- Office furniture and equipment	: 5-10 years
- Safety equipment	: 3-10 years
- Vehicles and movable equipment	: 3-5 years
- Computer hardware	: 3-5 years

<u>Intangible assets:</u>

- Software purchased or developed internally	: 1-10 years
- Purchased goodwill (if customer contract portfolio acquired)	: 9-10 years

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 evidence of impairment is found, the asset's recoverable amount is compared with its net carrying amount. If the asset is found to be impaired, an impairment loss is recognized in profit or loss, and the depreciable amount is adjusted prospectively. Impairment losses are reversed if there is an improvement in the estimated recoverable amount or there is no longer any evidence of impairment. The net carrying amount following the reversal of an impairment provision cannot exceed the net carrying amount that would have been calculated if the impairment had not been recognized.
Impairment charges and reversals on operating non-current assets are recognized under "Provisions, amortization and depreciation for operating non-current assets" in profit or loss.
Impairment charges and reversals on investment properties are recognized in profit or loss under "Charges on other activities" and "Income from other activities", respectively.

Capital gains or losses on disposals of operating non-current assets are recorded in profit or loss on the line "Net gains (losses) on other assets".
Gains and losses on disposals of investment property are shown in the income statement under "Income from other activities" or "Expense on other activities".
The fair value of investment properties is disclosed in the notes to the financial statements at the end of each reporting period. It is based on the buildings' market value as appraised by independent valuers (Level 2).

3.3.4.2 Assets leased by the Group

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.

For the lessee, leases will be accounted for based on a single model, with recognition of:
- an asset representing the right to use the leased item during the lease term,
- offset by a liability related to the lease payment obligation,
- straight-line depreciation of the asset and interest expenses recognized in the income statement using the diminishing balance method.

The Group mainly capitalizes its real estate leases. Computer hardware and safety equipment were excluded due to their substitutable nature, in accordance with the standard. Only a few computer hardware leases that were considered significant were capitalized.
Other underlying assets were excluded as a result of the short-term and low value exemptions (set at €5,000). The Group has no leases that may give rise to the recognition of an intangible asset or investment property.

Therefore, right-of-use assets are recognized under "Property, plant and equipment" and lease obligations under "Other liabilities". Leasehold rights are reclassified as property, plant and equipment when they refer to contracts that are not automatically renewed. Deferred tax assets or liabilities are recognized in respect of right-of-use assets and lease obligations in the net amount of the temporary tax differences.
In the income statement, interest expenses are shown under "Net interest", while depreciation and amortization are shown under "General operating expenses".

The following are used to calculate the lease obligation:
- the lease term. This represents as a minimum the non-cancellable period of the lease and may be extended to take into account any renewal/extension option that the Group is reasonably certain to exercise. Based on the operational implementation of the Group methodology, all new 3/6/9 commercial leases will be capitalized over a nine-year term by default (with other types of lease being capitalized over their non-cancellable period). The term of any tacitly extended lease will be extended until the end date of the medium-term plan, which is a reasonable period for continuing the lease.[12] By way of exception, extended 3/6/9 leases will be capitalized over a 12-year term, since the Group has no economic incentive to continue beyond this period once the lease payments are no longer capped.
- the discount rate is the incremental borrowing rate that corresponds to the lease term used. This is a rate at which the Group's central refinancing unit could borrow in each currency;
- the lease payment excluding tax. The Group has little exposure to variable lease payments.

3.3.5 Fees and commissions

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

Fees and commissions linked directly to the grant of a loan are spread out using the effective interest rate method (see section 3.1.1.1 "Loans, receivables and debt securities acquired").

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

Fees and commissions remunerating a significant service are recognized in profit or loss in full upon execution of the service.

3.3.6 Income tax

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 Economique Territoriale – CET), which is composed of the Business Real Property 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 charge and, accordingly, the Group does not recognize any deferred taxes in the consolidated financial statements.

- **Deferred taxs**

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

12) des Groupes régionaux qui portent en direct les baux.

Deferred taxes are calculated using the liability method, applying the corporation tax rate known at the end of the period 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 a charge, except for that relating to unrealized or deferred gains or losses recognized in equity, for which the deferred tax is allocated directly to equity.

Deferred tax assets and liabilities are netted if they arise in the same entity or in the same tax group, are subject to the same tax authority and there is a legal right of set-off.

Deferred tax is not discounted.

• Uncertainty over income tax treatments

In accordance with IFRIC 23, the Group assesses the likelihood that the tax authorities will accept or not accept a particular position. It then determines the impacts on taxable income, tax bases, unused tax losses, unused tax credits and taxation rates.
In case of an uncertain tax position, the amounts payable are estimated on the basis of the most likely amount or the expected value using the method that best predicts the amount that will be paid or received.

3.3.7 Interest payable by the State on certain loans

In the context of government measures to assist the agricultural and rural sector, and to assist with home purchases, certain group entities grant loans at reduced interest rates that are set by the French government. Such entities therefore receive government subsidies equivalent to the differential between the interest rate granted to the customer and a pre-determined benchmark rate. Accordingly, no discount is applied to these subsidized loans.

The terms and conditions of this compensation mechanism are periodically reviewed by the French government.

The government subsidies received are recognized under "Interest and similar income" and spread over the term of the relevant loans, in accordance with IAS 20.

3.3.8 Non-current assets classified as 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 a sale will take place within the next 12 months.

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

Any impairment loss on such assets and liabilities is recognized in profit or loss.

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

3.4 Judgments and estimates used in preparation of the financial statements

The preparation of the Group's financial statements requires the formulation of assumptions in order to effect the necessary measurements. This entails risks and uncertainties as to whether these assumptions will be borne out, particularly in the context of the conflict in Ukraine and the macro-economic conditions at the closing date.

The future outcome of such assumptions may be influenced by several factors, in particular:
- the activities of national and international markets,
- changes in interest rates and foreign exchange rates,
- economic and political conditions in certain business sectors or countries,
- climate and environmental change,
- regulatory and legislative changes.

Accounting estimates requiring the formulation of assumptions are used mainly for measurement of the following items:
- Fair value of financial instruments not quoted on an active market. The definition of a forced transaction and the definition of observable data require the exercise of judgment. See section 3.1.9 "*Determination of fair value of financial instruments*"
- Retirement plans and other future employee benefits,
- Impairment of assets, particularly expected credit losses (see section 3.1.8 "*Measurement of credit risk*"). At present, environmental risks are not assessed using the Group's expected credit loss impairment models.
- Provisions, impairment of intangible assets and goodwill.

Note 4 – Segment reporting

In terms of segment reporting, the Group has two levels of disclosure that are based on the Group's own internal reporting system. Data by sector of activity is the primary level and data by geographic area is the secondary level.

▪ **Segment reporting by activity (primary level)**
Sector data for the Crédit Mutuel group is organized into five operating segments:
- Retail banking
- Corporate and Investment Banking
- Insurance
- Asset Management and Private Banking
- Other

Retail banking covers the network of Crédit Mutuel's local mutual banks, CIC's regional banks as well as all the specialized activities whose products are marketed through the network: all business banking (i.e. micro-enterprises, small and medium-sized enterprises and other companies, excluding large corporates), equipment and real estate leasing, factoring, real estate, etc.

Corporate and investment banking comprises the following activities:
- corporate banking, which covers banking and related services provided to large companies through a specific sales department or subsidiary; and
- investment banking, which covers capital markets activities, merchant banking, venture capital, private equity, financial intermediation and mergers and acquisitions.

Insurance comprises the life and non-life insurance activities (life insurance, property and casualty insurance and insurance brokerage).

Asset management and private banking comprises two activities:
- asset management: fund management (UCITS, real estate funds), employees savings schemes, custody and depositary services for its own customer base, as opposed to that of the network; and
- private banking: wealth management and estate planning.

Other activities comprise technical support subsidiaries that cannot be included in the retail banking segment (technology, electronic payments, training, media and travel).

Transactions between the different operating segments are carried out at arm's length.

Segment reporting by geographic area (secondary level)
For the Crédit Mutuel group, three geographic areas have been defined for this secondary level of reporting:
- France;
- Europe excluding France;
- Rest of world.

The geographic analysis of assets and earnings is based on the country in which the activities are recorded for accounting purposes.

Note 5 – Related parties

Parties related to the Crédit Mutuel group are consolidated companies, including equity consolidated companies, and the third-level administrative entities (Caisse Centrale du Crédit Mutuel and Confédération Nationale du Crédit Mutuel).
Transactions between the Crédit Mutuel group and related parties are carried out at the normal market conditions prevailing at the time of the transaction.

A list of the Group's consolidated companies is provided in Note 0 in the financial data section below. As inter-company transactions and any period-end receivables or payables between consolidated group companies are fully eliminated on consolidation, only transactions between companies over which the Group exercises joint control or significant influence (and which are consolidated using the equity method) are included in the tables in the notes for the portion not eliminated on consolidation.

Note 6 – Standards and interpretations adopted by the european union and not yet applied

6.1 Standards and interpretations adopted by the European Union

▪ IFRS 17 – Insurance Contracts

IFRS 17 will replace IFRS 4, which allows insurance companies to maintain most of their local accounting policies for their insurance contracts and other contracts within the scope of IFRS 4 and thus makes it difficult to compare the financial statements of entities in this sector, particularly among international operators.

The aim of IFRS 17 is to harmonize the recognition of the various types of insurance contracts and to base their valuation on a prospective assessment of insurers' commitments.

Published in May 2017 and amended in June 2020, this new standard will take effect on January 1, 2023. The date of first-time application of IFRS 17, originally scheduled for 2021, was postponed by two years to January 1, 2023. The application of IFRS 9 for insurance entities that have opted for deferral (such as the Crédit Mutuel group) has also been postponed until 2023 through an IASB amendment.

IFRS 17 (and the 2020 amendments) published by the IASB maintains the requirements regarding the granularity of provision calculations and the aggregation of contracts by year of issue (annual cohorts).

IFRS 17 was adopted by the European Union in November 2021, offering the possibility of exemption from the annual cohorts requirement for direct participating contracts. The entity applies the exemption for all eligible portfolios of contracts.

IFRS 17 applies to insurance contracts issued, reinsurance contracts held and investment contracts with discretionary participation features.
It defines the level of aggregation of contracts to be used to assess the liabilities of insurance contracts and their profitability.
The first step is to identify portfolios of insurance contracts (contracts subject to similar risks and managed together). Each portfolio is then divided into three groups:
- contracts that are onerous at initial recognition,
- contracts that at initial recognition have no significant possibility of becoming onerous subsequently, and
- the remaining contracts in the portfolio.

To create its portfolios of contracts, the Group has chosen the commercial product level. The homogeneity of pricing, management, monitoring and contractual structure inherent in the development of a Group commercial product is consistent with the definition of portfolio under IFRS 17.
The portfolios are then subdivided by contract group, which is the basic calculation level defined by IFRS 17. This subdivision is carried out in accordance with the above-mentioned profitability and annual cohort criteria. The Group sets up annual cohorts based on the calendar year.

Under IFRS 17, contracts are measured using a current value model where the general measurement model is based on a general building block approach comprising:
- probability-weighted estimates of future cash flows, as well as an adjustment to reflect the time value of money (by discounting these future cash flows) and the financial risks associated with the future cash flows;
- an adjustment for non-financial risk;
- the contractual service margin.

This contractual service margin represents the unearned profit of a group of insurance contracts. It will be recognized by the entity as it provides services under the insurance contracts. This margin cannot be negative; any negative amount of fulfillment cash flows at the start of the contract is recognized immediately in profit or loss.

Insurance contracts in subsequent periods are remeasured and represent the sum of the liability for remaining coverage and the liability for incurred claims.

The Group uses actuarial methods to obtain a best estimate of future cash flows in a way that is relevant for each modeled scope, based on a precise methodological framework and clearly identified assumptions. The statistical and probabilistic methods it uses are widely used in the market.

The calculation grid is defined by the Group's insurance divisions in a manner appropriate to the scope, with a view to providing the most objective possible estimate of future cash flows. Where applicable, the estimates are then broken down by groups of contracts using the relevant variables.

All future cash flows are measured for all the scopes of contracts until extinction of the substantive rights and obligations arising from contracts, laws or regulations. They include all costs attributable to the insurance contracts (attributable costs).

Future cash flows are discounted to reflect the time value of money and the financial risks related to those cash flows. This discounting is done using a yield curve developed by the Group's insurance entities.

This curve is based on a bottom-up approach, in which a liquid risk-free component is adjusted to reflect the liquidity characteristics of the insurance contracts. Under IFRS 17, the curve obtained is consistent with observable market prices, while excluding the effects of factors that do not affect the future cash flows of the insurance contracts, particularly credit risk.

The Group adjusts the present value of the future cash flows for each scope to reflect the uncertainty of those cash flows. This is the risk adjustment (RA) for non-financial risk. This adjustment is calculated explicitly and separately from the related future cash flows, in special calculation models. The measurement of the calculated risk is said to be "ultimate", as it reflects uncertainty regarding the total life of the future cash flows.

The Group has opted for a "quantile" approach, directly calculating the uncertainty of future cash flows based on a risk measurement and confidence level.

Insurance contracts with discretionary participation features must be measured under the variable fee *approach (VFA)*. They are defined as insurance contracts for which:
- the contractual terms stipulate that the insured receives a portion of a pool of clearly identified underlying items,
- the entity pays the policyholder a substantial portion of the returns resulting from the fair value of the underlying items,
- the entity expects a substantial portion of the amounts paid to the policyholder to vary according to changes in the fair value of the underlying items.

For these contracts, the contractual service margin is mainly adjusted for the portion accruing to the entity based on the fair value of the underlying assets (equivalent to the insurer's income).

The vast majority of life insurance contracts sold are measured using the variable fee approach. These include savings contracts that have substantial discretionary profit-sharing paid to policyholders. The underlying assets of these contracts are identified as a whole in a comprehensive and direct manner, through specific asset management segments. For this scope, the Group structures its portfolios of contracts according to the underlying asset-liability links. This results in the aggregation of contracts associated with the same asset management segments and the application of the annual cohorts exemption in accordance with the rules adopted by the European Union.

Lastly, the standard offers the option to use a simplified approach, known as the premium allocation approach (PAA), when:
- the coverage period of the insurance contracts does not exceed one year, or
- the measurement of the remaining coverage under this approach is a reasonable approximation of the measurement that would have been obtained by applying the general building block approach.

The Group has opted for the simplified PAA approach for all its annual contracts with automatic renewal. This PAA model therefore applies to nearly all contracts in the property insurance and liability segment, and some health and personal protection contracts.

In addition, the general measurement model (GMM) will be used for the insurer's multi-year commitment contracts, excluding life insurance. This scope includes personal insurance contracts, particularly borrower's insurance and personal protection contracts (mainly long-term care and burial and funeral insurance).

During each accounting period, the contractual service margin (CSM) is adjusted by the amount recognized in income from insurance activities. This amount is determined based on the allocation of the coverage units provided in the reporting period, reflecting the provision of the services set out in the insurance contracts over the period as well as the remaining coverage period.

For contracts measured using the general measurement model (GMM), the Group has chosen to use coverage units corresponding to the sum insured. For contracts measured using the variable fee approach (VFA), and to reflect the specificities resulting from the modeling of future cash flows, GACM has opted for a coverage unit based on the passage of time, and taking into account expected future changes over time in the CSM.

Transition

IFRS 17 took effect on January 1, 2023 and requires the publication of comparative financial statements for fiscal year 2022.

IFRS 17 must be applied retrospectively unless it is impracticable, in which case two options are possible:
- the modified retrospective approach: based on reasonable and supportable information that is available without undue cost or effort for the entity, certain changes may be applied, insofar as full retrospective application is not possible, yet with the objective of achieving the closest possible result to that of the retrospective application;
- fair value approach: the contractual service margin is determined as the positive difference between the fair value established under IFRS 13 and the fulfillment cash flows (with any negative difference recognized as a reduction in equity at the transition date).

For this transition, the goal is to determine the amount of the contractual service margin (CSM) to be recognized for each group of contracts. The CSM is an insurance liability that is established on a recurring basis, which justifies the use of a retrospective approach.

The fully retrospective approach proved impracticable for all the portfolios of contracts modeled based on the general measurement model or VFA.

The Group has therefore chosen to use the modified retrospective approach, which provides a relevant estimate of the amount of the CSM at the transition date without undue cost or effort. This modified retrospective approach is applied from fiscal year 2012, from which reasonable and supportable information is available for the Group's contracts.

For the portfolios of direct participating contracts to which the annual cohorts exemption applies, a single group of contracts is created under the modified retrospective approach. The other portfolios, to which the annual cohorts exemption does not apply, are broken down by annual cohorts.

Lastly, the fair value approach is applied to older contracts for which certain reasonable and supportable information is not available, and to scopes that are not material.

With respect to the transition at January 1, 2022, the impact of the initial application of IFRS 17 on the Group's CET 1 ratio is limited to around 7 bps.

Elimination of IFRS 4 shadow accounting

For participating contracts, IFRS 4 provided for "shadow" accounting for unrealized gains and losses on IAS 39 assets for liability matching. This mechanism entailed recording a provision for deferred profit-sharing representing the share of these gains or losses implicitly accruing to policyholders through contractual clauses or the dividend policy; this provision was added to the mathematical provision in the individual financial statements when the matching assets showed an unrealized gain. A provision for deferred profit-sharing assets was recorded when the matching assets showed an unrealized loss.

Under IFRS 17, these future payments to contracts (positive or negative) will be modeled in the IFRS 17 provision, which discounts future benefit flows at the current rate.

As a result, shadow accounting for unrealized capital gains no longer applies under IFRS 17. The corresponding provisions for deferred profit-sharing in the IFRS consolidated financial statements at December 31, 2021 are restated in consolidated reserves at the January 1, 2022 transition date.

The Group's insurance divisions are continuing their work on the operational implementation of the provisions of IFRS 17 along the following lines:
- approval by the statutory auditors of the IFRS 17 methodology;
- updating the accounting system and policies based on the provisions of IFRS 17 and IFRS 9 as well as the process for producing IFRS financial statements for the relevant scope;
- production and recognition of the transition and pro-forma balance sheets for 2022 in parallel run;
- adaptation of financial communication at the conglomerate level, particularly in line with ANC Recommendation 2022-01 of April 8, 2022 on the format of consolidated financial statements of banking sector institutions prepared in accordance with international accounting standards.

Interaction of IFRS 17 with IFRS 9

To avoid accounting mismatches during the initial application of IFRS 9 and IFRS 17, the Group has chosen the following:
- Application of IFRS 9 at January 1, 2023 with a presentation of a comparison with fiscal year 2022, in accordance with the mandatory presentation of a 2022 comparison for the initial application of IFRS 17. The dates for transition to IFRS 9 and IFRS 17 are therefore aligned at January 1, 2022.
- The Group has opted to apply the "overlay" approach to recognize asset disposals in 2022, as if those disposals had been recognized under IFRS 9. This option ensures that the impact on equity at the January 1, 2022 transition date will be homogeneous between the assets under IFRS 9 and the liabilities under IFRS 17.
- The Group has chosen to apply the OCI option of IFRS 17 for remeasurement at the current rate of its insurance liabilities under the general measurement model (GMM) and the simplified approach (PAA), in a manner consistent with the choice of the fair value through OCI management approach for the matching SPPI bond assets in those portfolios. Changes in the market rate will therefore have a consistent impact on assets and liabilities with an offset to OCI.
- The OCI option was also chosen for remeasurement of liabilities under the variable fee approach, against the remeasurement of matching assets recognized through OCI (mainly bonds meeting the SPPI criterion). Changes in OCI under IFRS 9 will therefore be offset by symmetrical changes in OCI under IFRS 17, with no impact on equity.

These various options will help to avoid accounting mismatches between the recognition of changes in the value of matching IFRS 17 liabilities and IFRS 9 assets when the market rate varies, and reduce the volatility of the IFRS 17 profit or loss.

- **Amendment to IAS 1 – Disclosure of accounting policies**

This amendment clarifies disclosures of "material" accounting policies. Accounting policies are material when, taken together with other information in the financial statements, they can reasonably be expected to influence the decisions of key users of the financial statements.

- **Amendment to IAS 8 – Definition of an accounting estimate**

This amendment is intended to simplify the distinction between changes in accounting policies and changes in accounting estimates by introducing an explicit definition of the notion of accounting estimates.

Such estimates represent amounts in the financial statements whose value is uncertain.

- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction**

This amendment generalizes the recognition of deferred taxes for leases and decommissioning obligations. The Group does not expect any material impact from the application of this amendment, which will be mandatory for the fiscal years beginning on January 1, 2023.

- **Amendment to IFRS 17 - Initial application of IFRS 17 and IFRS 9 – comparative information**

This amendment applies to financial assets for which there were no restatements of comparative periods under IFRS 9 when IFRS 17 and IFRS 9 are first applied at the same time (where assets are derecognized in 2022 or the entity opts for the exemption from restatement of prior periods offered by IFRS 9).

It introduces the possibility of presenting comparative information on these financial assets as if the measurement and classification requirements of IFRS 9 had been applied to them. This option, applicable on an instrument-by-instrument basis, is based on a classification overlay approach.

Note 7 – Events after the reporting period

The Crédit Mutuel group is fully committed to addressing the impacts of the crisis in Ukraine and the growing economic uncertainty related to rising interest rates, commodity price increases, high inflation and the tightening of monetary policies. In March 2023, confidence in the financial markets again declined following the failure of several US banks (including Silicon Valley Bank), the takeover of Crédit Suisse by UBS and the volatility of bank stock prices.
Exposures to SVB, UBS and Crédit Suisse remain immaterial at the Group level.

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

The accounting and prudential impacts of this situation can only be assessed at a later date. The Group has maintained its prudent provisioning policy given that the macroeconomic environment could cause the quality of the loan portfolio to deteriorate and lead to an increase in the coverage of expected credit losses, which already rose significantly during the health crisis. Persistent tensions in the financial markets could result in a lower valuation of its portfolios of financial instruments (bonds, equities and derivatives).

Its financial strength enables it to confront this situation, thanks to its equity, capital and the resulting ratios (at 12/31/2022, overall solvency ratio of 21.32% (SREP requirement: 12.75%, including buffers and P2R), leverage ratio of 6.67% (CRR2 regulatory threshold: 3%) and liquidity ratio of 150.6% (regulatory threshold: 100%). As a reminder, the liquidity buffer was €162.13 billion at the end of December and €162.9 billion at the end of February.

II/ Quantified data

The notes are presented in millions of euros.

NOTE 0 - Consolidation scope - Locations and activities by country

Consolidation scope

Consolidated entities are presented according to the sectors used for preparing segment information under IFRS 8. Accordingly, for example, entities included under "Retail Banking" do not necessarily have the legal status of credit institutions.	Country	12/31/2022			12/31/2021			Comments
		Percentage		Method	Percentage		Method	
		Control	Interest	*	Control	Interest	*	
A. Retail Banking								
Consolidating entity								
Confédération Nationale du Crédit Mutuel	France	100.00	100.00	FC	100.00	100.00	FC	
Caisse Centrale du Crédit Mutuel	France	100.00	100.00	FC	100.00	100.00	FC	
Fédération Nationale du CMAR	France	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Alliance Fédérale								
- General business**	France	100.00	100.00	FC	100.00	100.00	FC	incl. CMNE
- Caisse Agricole du Crédit Mutuel	France	100.00	100.00	FC	100.00	100.00	FC	
CM Arkéa **	France	100.00	100.00	FC	100.00	100.00	FC	
CMO **	France	100.00	100.00	FC	100.00	100.00	FC	
CMMABN *	France	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Alliance Fédérale * **								
Bail Actea	France	100.00	100.00	FC	100.00	100.00	FC	
Bail Actea Immobilier	France	100.00	100.00	FC	100.00	100.00	FC	
Bancas	France	-	-		50.00	50.00	EM	Sold outside group
Banque Européenne du Crédit Mutuel (BECM)	France	100.00	100.00	FC	100.00	100.00	FC	
Banque de Tunisie	Tunisia	35.33	35.33	EM	35.33	35.33	EM	
BECM Frankfurt (branch of BECM)	Germany	-	-		100.00	100.00	FC	Merger
Beobank Belgium	Belgium	100.00	100.00	FC	100.00	100.00	FC	
BKCP Immo It SCRL	Belgium	-	-		97.25	97.25	FC	Wound up
CCLS Leasing Solutions	France	100.00	100.00	FC	100.00	100.00	FC	
CIC Est	France	100.00	100.00	FC	100.00	100.00	FC	
CIC Lyonnaise de Banque (LB)	France	100.00	100.00	FC	100.00	100.00	FC	
CIC Lyonnaise de Banque Monaco (branch of CIC)	Monaco	100.00	100.00	FC	100.00	100.00	FC	
CIC Nord Ouest	France	100.00	100.00	FC	100.00	100.00	FC	
CIC Ouest	France	100.00	100.00	FC	100.00	100.00	FC	
CIC Sud Ouest	France	100.00	100.00	FC	100.00	100.00	FC	
CMNE Grand Paris	France	-	-		100.00	100.00	FC	Wound up
Crédit Mutuel Asset Management	France	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Caution Habitat	France	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Epargne Salariale	France	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Factoring	France	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Gestion	France	99.99	99.99	FC	99.99	99.99	FC	
Crédit Mutuel Home Loan SFH	France	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Immobilier	France	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Leasing	France	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Leasing Benelux	Belgium	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Leasing Spain (branch of Crédit Mutuel Leasing)	Spain	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Leasing GmbH	Germany	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Leasing Nederland (branch of Crédit Mutuel Leasing Benelux)	Netherlands	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Real Estate Lease	France	100.00	100.00	FC	100.00	100.00	FC	
Cofidis Belgium	Belgium	100.00	79.99	FC	100.00	79.99	FC	

* Method: FC = Full Consolidation, EM = Equity Method, NC = Not Consolidated.
*** Federal banks, regional banks, interfederal bank, local banks, federations.*
**** Presentation by majority-owning Crédit Mutuel group.*

Consolidated entities are presented according to the sectors used for preparing segment information under IFRS 8. Accordingly, for example, entities included under "Retail Banking" do not necessarily have the legal status of credit institutions.	Country	12/31/2022			12/31/2021			Comments
		Percentage		Method	Percentage		Method	
		Control	Interest	*	Control	Interest	*	
Cofidis Spain (branch of Cofidis France)	Spain	100.00	79.99	FC	100.00	79.99	FC	
Cofidis France	France	100.00	79.99	FC	100.00	79.99	FC	
Cofidis Hungary (branch of Cofidis France)	Hungary	100.00	79.99	FC	100.00	79.99	FC	
Cofidis Italy	Italy	100.00	79.99	FC	100.00	79.99	FC	
Cofidis Portugal (branch of Cofidis France)	Portugal	100.00	79.99	FC	100.00	79.99	FC	
Cofidis Czech Republic	Czech Republic	100.00	79.99	FC	100.00	79.99	FC	
Cofidis SA Poland (branch of Cofidis France)	Poland	100.00	79.99	FC	100.00	80.00	FC	
Cofidis SA Slovakia (branch of Cofidis France)	Slovakia	100.00	79.99	FC	100.00	79.99	FC	
Creatis	France	100.00	79.99	FC	100.00	79.99	FC	
Cumul SCI	France	100.00	100.00	FC	100.00	100.00	FC	
Factofrance	France	100.00	100.00	FC	100.00	100.00	FC	
FCT Crédit Mutuel Factoring	France	100.00	100.00	FC				Initial consolidation
FCT Factofrance	France	100.00	100.00	FC	100.00	100.00	FC	
FLOA	France	-	-		50.00	50.00	EM	Sold outside group
Gesteurop	France	100.00	100.00	FC	100.00	100.00	FC	
GIE CMN Prestations	France	100.00	100.00	FC	100.00	100.00	FC	
Immobilière BCL Lille	France	55.00	55.00	FC	55.00	55.00	FC	
LFP Multi Alpha	France	100.00	100.00	FC	100.00	100.00	FC	
L'Immobilière du CMN	France	100.00	100.00	FC	100.00	100.00	FC	
LYF SA	France	43.75	43.75	EM	43.75	43.75	EM	
Margem-Mediação Seguros, Lda	Portugal	100.00	79.99	FC	100.00	79.99	FC	
Monabanq	France	100.00	79.99	FC	100.00	79.99	FC	
Paysurf	France	100.00	100.00	FC	100.00	100.00	FC	
SCI CMN 1	France	100.00	100.00	FC	100.00	100.00	FC	
SCI CMN 2	France	100.00	100.00	FC	100.00	100.00	FC	
SCI CMN 3	France	100.00	100.00	FC	100.00	100.00	FC	
SCI CMN Location	France	-	-	FC	100.00	100.00	FC	
SCI CMN Location 2	France	100.00	100.00	FC	100.00	100.00	FC	
SCI RICHEBE INKERMAN	France	100.00	100.00	FC	100.00	100.00	FC	
SFINE Bureaux	France	100.00	100.00	FC	100.00	100.00	FC	
SFINE Propriété à vie	France	100.00	100.00	FC	100.00	100.00	FC	
Société Foncière & Immobilière Nord Europe	France	100.00	100.00	FC	100.00	100.00	FC	
Targo Factoring GmbH	Germany	100.00	100.00	FC	100.00	100.00	FC	
Targo Finanzberatung GmbH	Germany	100.00	100.00	FC	100.00	100.00	FC	
Targo Leasing GmbH	Germany	100.00	100.00	FC	100.00	100.00	FC	
Targobank AG	Germany	100.00	100.00	FC	100.00	100.00	FC	
Targobank Spain	Spain	100.00	100.00	FC	100.00	100.00	FC	
Targo Versicherungsvermittlung GmbH	Germany	100.00	100.00	FC				
Transactimmo	France	100.00	100.00	FC	100.00	100.00	FC	
SCI La Tréflière	France	100.00	100.00	FC	100.00	100.00	FC	
CM Arkéa * **								
Arkéa	France	85.75	85.75	FC	85.75	85.75	FC	
Arkéa Banking Services	France	100.00	100.00	FC	100.00	100.00	FC	
Arkéa Banque Entreprises et Institutionnels	France	100.00	100.00	FC	100.00	100.00	FC	
Arkéa Crédit Bail	France	100.00	100.00	FC	100.00	100.00	FC	
Arkéa Direct Bank	France	100.00	100.00	FC	100.00	99.99	FC	
Arkéa Foncière	France	100.00	100.00	FC	100.00	100.00	FC	
Arkéa Home Loans SFH	France	100.00	100.00	FC	100.00	100.00	FC	
Arkéa Public Sector SCF	France	100.00	100.00	FC	100.00	100.00	FC	
Arkéa SCD	France	99.93	99.92	FC	100.00	100.00	FC	
Budget Insight	France	-	-	FC	100.00	100.00	FC	Sold outside group

* Method: FC = Full Consolidation, EM = Equity Method, NC = Not Consolidated.
*** Federal banks, regional banks, interfederal bank, local banks, federations.*
**** Presentation by majority-owning Crédit Mutuel group.*

Consolidated entities are presented according to the sectors used for preparing segment information under IFRS 8. Accordingly, for example, entities included under "Retail Banking" do not necessarily have the legal status of credit institutions.	Country	12/31/2022			12/31/2021			Comments
		Percentage		Method	Percentage		Method	
		Control	Interest	*	Control	Interest	*	
Caisse de Bretagne de Crédit Mutuel Agricole	France	94.83	94.83	FC	94.83	94.83	FC	
Crédit Foncier et Communal d'Alsace et de Lorraine Banque	France	100.00	100.00	FC	100.00	100.00	FC	
Crédit Foncier et Communal d'Alsace et de Lorraine Banque (Belgian branch of Crédit Foncier et Communal d'Alsace et de Lorraine Banque)	Belgium	100.00	100.00	FC	100.00	100.00	FC	
FCT Collectivités	France	57.76	57.76	FC	57.76	57.76	FC	
Fédéral Equipements	France	100.00	100.00	FC	100.00	100.00	FC	
Fédéral Service	France	99.37	99.35	FC	99.68	99.67	FC	
Financo	France	100.00	100.00	FC	100.00	100.00	FC	
GICM	France	100.00	99.35	FC	100.00	99.67	FC	
Izimmo	France	100.00	100.00	FC	100.00	100.00	FC	
Keytrade Bank (branch of Arkéa Direct Bank)	Belgium	100.00	99.99	FC	100.00	99.99	FC	
Keytrade Bank Luxembourg SA	Luxembourg	-	-	FC	100.00	99.99	FC	Sold outside group
La Compagnie Française des Successions	France	32.60	32.60	EM	32.60	32.60	EM	
Leetchi SA	France	-	-		100.00	100.00	FC	Deconsolidation
Mangopay SA	Luxembourg	-	-		100.00	100.00	FC	Deconsolidation
Monext	France	100.00	100.00	FC	100.00	100.00	FC	
Nextalk	France	100.00	100.00	FC	100.00	100.00	FC	
Nouvelle vague	France	100.00	100.00	FC	100.00	100.00	FC	
Novelia	France	100.00	100.00	FC	100.00	100.00	FC	
Procapital	France/Belgium	99.98	99.97	FC	99.98	99.97	FC	
Pumpkin	France	100.00	100.00	FC	100.00	100.00	FC	
Société Civile Immobilière Interfédérale	France	100.00	100.00	FC	100.00	100.00	FC	
Strateo (branch of Arkéa Direct Bank)	Switzerland	100.00	99.99	FC	100.00	99.99	FC	
Vivienne Investissement	France	-	-	EM	34.00	34.00	EM	Sold outside group
Yomoni	France	34.20	34.20	EM	34.20	34.20	EM	
CMO * **								
SCI Merlet Immobilier	France	100.00	100.00	FC	100.00	100.00	FC	
Union Immobilière Océan SCI	France	100.00	100.00	FC	100.00	100.00	FC	
CMMABN * **								
Volney Assurances (formerly Acman)	France	100.00	100.00	FC	100.00	100.00	FC	
Volney Bocage	France	100.00	100.00	FC	100.00	100.00	FC	
Zephyr Home Loans FCT	France	-	-	FC	100.00	100.00	FC	Cessation of activity
Zephyr Home Loans FCT II	France	100.00	100.00	FC	100.00	100.00	FC	
B. Corporate and Investment Banking								
Crédit Mutuel Alliance Fédérale * **								
CIC Capital Canada Inc	Canada	100.00	100.00	FC	100.00	100.00	FC	
CIC Capital Deutschland GmbH	Germany	100.00	100.00	FC	100.00	100.00	FC	
CIC Capital Suisse SA	Switzerland	100.00	100.00	FC	100.00	100.00	FC	
CIC Capital Ventures Quebec	Canada	100.00	100.00	FC	100.00	100.00	FC	
CIC Conseil	France	100.00	100.00	FC	100.00	100.00	FC	
CIC Hong Kong (branch of CIC)	Hong Kong	100.00	100.00	FC	100.00	100.00	FC	
Cigogne Management	Luxembourg	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Capital	France	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Equity	France	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Equity SCR	France	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Innovation	France	100.00	100.00	FC	100.00	100.00	FC	

* Method: FC = Full Consolidation, EM = Equity Method, NC = Not Consolidated.
*** Federal banks, regional banks, interfederal bank, local banks, federations.*
**** Presentation by majority-owning Crédit Mutuel group.*

Consolidated entities are presented according to the sectors used for preparing segment information under IFRS 8. Accordingly, for example, entities included under "Retail Banking" do not necessarily have the legal status of credit institutions.	Country	12/31/2022			12/31/2021			Comments
		Percentage		Method	Percentage		Method	
		Control	Interest	*	Control	Interest	*	
Nord Europe Partenariat	France	100.00	100.00	FC	100.00	100.00	FC	
Satellite	France	100.00	100.00	FC	100.00	100.00	FC	
Siparex XAnge Venture	France	-	-	EM	23.85	23.85	EM	Sold outside group
CM Arkéa * **								
Arkéa Capital Investissement	France	100.00	100.00	FC	100.00	100.00	FC	
ARKEA CAPITAL MANAGERS HOLDING SLP	France	100.00	100.00	FC	100.00	100.00	FC	
Arkéa Capital Partenaire	France	100.00	100.00	FC	100.00	100.00	FC	
CMO * **								
Océan Participations	France	100.00	100.00	FC	100.00	100.00	FC	
CMMABN * **								
Volney Développement	France	100.00	100.00	FC	100.00	100.00	FC	
C. Asset management and private banking								
Crédit Mutuel Alliance Fédérale * **								
Banque de Luxembourg	Luxembourg	100.00	100.00	FC	100.00	100.00	FC	
Banque de Luxembourg Belgium (branch of Banque de Luxembourg)	Belgium	100.00	100.00	FC	100.00	100.00	FC	
Banque de Luxembourg Investments SA	Luxembourg	100.00	100.00	FC	100.00	100.00	FC	
Banque Transatlantique (BT)	France	100.00	100.00	FC	100.00	100.00	FC	
Banque Transatlantique Belgium	Belgium	100.00	100.00	FC	100.00	100.00	FC	
Banque Transatlantique London (branch of BT)	United Kingdom	100.00	100.00	FC	100.00	100.00	FC	
Banque Transatlantique Luxembourg	Luxembourg	100.00	100.00	FC	100.00	100.00	FC	
CIC Private Debt	France	100.00	100.00	FC				Initial consolidation
CIC Suisse	Switzerland	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Investment Managers	France	100.00	100.00	FC				Initial consolidation
Crédit Mutuel Investment Managers Luxembourg (CMIM branch)	Luxembourg	100.00	100.00	FC				Initial consolidation
Dubly Transatlantique Gestion	France	100.00	100.00	FC	100.00	100.00	FC	
Groupe Cholet	France	33.73	33.73	EM	33.73	33.73	EM	
Groupe La Française	France	100.00	100.00	FC	100.00	100.00	FC	
Inflection Point by La Française	United Kingdom	100.00	100.00	FC	100.00	100.00	FC	
La Française AM	France	100.00	100.00	FC	100.00	100.00	FC	
La Française AM Finance Services	France	100.00	100.00	FC	100.00	100.00	FC	
La Francaise AM Finance Services Italian branch (branch of La Française AM Finance Services)	Italy	100.00	100.00	FC	100.00	100.00	FC	
La Francaise AM Finance Services Luxembourg branch (branch of La Française AM Finance Services)	Luxembourg	100.00	100.00	FC				Initial consolidation
La Francaise AM Finance Services Sucursal en España (branch of La Française AM Finance Services)	Spain	100.00	100.00	FC				Initial consolidation
La Française Systematic Asset Management GmbH	Germany	100.00	100.00	FC	100.00	100.00	FC	
La Française AM Iberia	Spain	-	-	-	100.00	100.00	FC	Absorption
La Française Group Korea	South Korea	100.00	100.00	FC	100.00	100.00	FC	
La Française Group Singapore	Singapore	100.00	100.00	FC				Creation 2022
La Française Group UK Finance Ltd	United Kingdom	100.00	100.00	FC	100.00	100.00	FC	
La Française Group UK Ltd	United Kingdom	100.00	100.00	FC	100.00	100.00	FC	
La Française Real Estate Partners International Investments	United Kingdom	100.00	100.00	FC	100.00	100.00	FC	

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*** Federal banks, regional banks, interfederal bank, local banks, federations.*
**** Presentation by majority-owning Crédit Mutuel group.*

Consolidated entities are presented according to the sectors used for preparing segment information under IFRS 8. Accordingly, for example, entities included under "Retail Banking" do not necessarily have the legal status of credit institutions.	Country	12/31/2022			12/31/2021			Comments
		Percentage		Method	Percentage		Method	
		Control	Interest	*	Control	Interest	*	
La Française Real Estate Partners International Lux SARL	Luxembourg	100.00	100.00	FC	91.00	91.00	FC	
La Française Real Estate Managers Germany (formerly LF REPI UK German Branch) (branch of La Française Group UK Ltd)	Germany	100.00	100.00	FC	100.00	100.00	FC	
La Française Forum Securities Limited	United States	100.00	100.00	FC	100.00	100.00	FC	
La Française Forum Securities UK Ltd	United Kingdom	-	-		100.00	100.00	FC	Wound up
La Française Forum Securities SG PTE Limited	Singapore	-	-		100.00	100.00	FC	Wound up
La Française Real Estate Managers	France	100.00	100.00	FC	100.00	100.00	FC	
La Française Real Estate Partners Limited	United Kingdom	-	-		100.00	100.00	FC	Wound up
New Alpha Asset Management	France	49.88	49.88	FC	48.13	48.05	FC	
PU Retail Luxembourg Management Company SARL	Luxembourg	100.00	100.00	FC	100.00	100.00	FC	
CM Arkéa * **								
Arkéa Capital	France	100.00	100.00	FC	100.00	100.00	FC	
Arkéa Real Estate	France	69.98	69.98	FC	71.40	71.40	FC	
Arkéa REIM	France	69.98	69.98	FC	71.40	71.40	FC	
Federal Finance	France	100.00	100.00	FC	100.00	100.00	FC	
Fédéral Finance Gestion	France	100.00	100.00	FC	100.00	100.00	FC	
Schelcher Prince Gestion	France	100.00	100.00	FC	100.00	100.00	FC	
D. Multi-sector								
Crédit Mutuel Alliance Fédérale * **								
Banque Fédérative du Crédit Mutuel (BFCM)	France	100.00	100.00	FC	100.00	100.00	FC	
Crédit Industriel et Commercial (CIC)	France	100.00	100.00	FC	100.00	100.00	FC	
CIC Brussels (branch of CIC)	Belgium	100.00	100.00	FC	100.00	100.00	FC	
CIC London (branch of CIC)	United Kingdom	100.00	100.00	FC	100.00	100.00	FC	
CIC New York (branch of CIC)	United States	100.00	100.00	FC	100.00	100.00	FC	
CIC Singapore (branch of CIC)	Singapore	100.00	100.00	FC	100.00	100.00	FC	
E. Insurance companies								
Crédit Mutuel Alliance Fédérale * **								
ACM Capital	France	100.00	100.00	FC				Initial consolidation
ACM GIE	France	100.00	100.00	FC	100.00	100.00	FC	
ACM IARD	France	100.00	100.00	FC	100.00	100.00	FC	
ACM Services	France	100.00	100.00	FC	100.00	100.00	FC	
ACM VIE SA	France	100.00	100.00	FC	100.00	100.00	FC	
ACM Vie, Société d'Assurance Mutuelle	France	100.00	100.00	FC	100.00	100.00	FC	
Agrupacio serveis administratif	Spain	100.00	95.22	FC	100.00	95.22	FC	
AMDIF	Spain	100.00	95.22	FC	100.00	95.22	FC	
Agrupacio AMCI d'Assegurances i Reassegurances S.A.	Spain	95.22	95.22	FC	95.22	95.22	FC	
Asesoramiento en Seguros y Prevision Atlantis SL	Spain	80.00	80.00	FC	80.00	80.00	FC	
Asistencia Avançada Barcelona	Spain	100.00	95.22	FC	100.00	95.22	FC	
Astrée Assurances	Tunisia	30.00	30.00	EM	30.00	30.00	EM	
Atlantis Asesores SL	Spain	80.00	80.00	FC	80.00	80.00	FC	
Atlantis Correduría de Seguros y Consultoría Actuarial SA	Spain	60.00	60.00	FC	60.00	60.00	FC	
Atlantis vida, Compañía de Seguros y Reaseguros SA	Spain	88.06	88.06	FC	88.06	88.06	FC	
Foncière Massena	France	100.00	100.00	FC	100.00	100.00	FC	

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**** Presentation by majority-owning Crédit Mutuel group.*

Consolidated entities are presented according to the sectors used for preparing segment information under IFRS 8. Accordingly, for example, entities included under "Retail Banking" do not necessarily have the legal status of credit institutions.	Country	12/31/2022			12/31/2021			Comments
		Percentage		Method	Percentage		Method	
		Control	Interest	*	Control	Interest	*	
GACM España	Spain	100.00	100.00	FC	100.00	100.00	FC	
GACM Seguros, Compañia de Seguros y Reaseguros, SAU	Spain				100.00	100.00	FC	
Groupe des Assurances du Crédit Mutuel (GACM)	France	100.00	100.00	FC	100.00	100.00	FC	
ICM Life	Luxembourg	100.00	100.00	FC	100.00	100.00	FC	
MTRL	France	100.00	100.00	FC	100.00	100.00	FC	
North Europe Life Belgium	Belgium	100.00	100.00	FC	100.00	100.00	FC	
Partners	Belgium	100.00	100.00	FC	100.00	100.00	FC	
ACM Courtage (formerly Procourtage)	France	100.00	100.00	FC	100.00	100.00	FC	
SCI ACM	France	100.00	100.00	FC	100.00	100.00	FC	
SCI Cotentin	France	64.68	64.68	FC	64.68	64.68	FC	
SCI Provence Bureaux	France	100.00	100.00	FC	100.00	100.00	FC	
SCI Rue de Londres	France	100.00	100.00	FC	100.00	100.00	FC	
SCI Saint Augustin	France	100.00	100.00	FC	100.00	100.00	FC	
SCI Tombe Issoire	France	100.00	100.00	FC	100.00	100.00	FC	
Serenis Assurances	France	99.96	99.96	FC	99.77	99.77	FC	
Targopensiones, Entidad Gestor de Fondos de Pensiones, S.A	Spain	100.00	95.22	FC	100.00	95.22	FC	
CM Arkéa * **								
Suravenir	France	100.00	100.00	FC	100.00	100.00	FC	
Suravenir Assurances	France	100.00	100.00	FC	100.00	100.00	FC	
F. Other								
Crédit Mutuel Alliance Fédérale * **								
2A	France	-	-		39.67	39.67	EM	Sold outside group
Actéa Environnement	France	100.00	100.00	FC	100.00	100.00	FC	
Actimut	France	100.00	100.00	FC	100.00	100.00	FC	
Affiches d'Alsace Lorraine	France	100.00	98.70	FC	100.00	98.70	FC	
Alsacienne de Portage des DNA	France	100.00	98.70	FC	100.00	98.70	FC	
Centre de Conseil et de Service	France	100.00	100.00	FC	100.00	100.00	FC	
CIC Participations	France	100.00	100.00	FC	100.00	100.00	FC	
Cofidis Group (formerly Cofidis Participations)	France	79.99	79.99	FC	79.99	79.99	FC	
EBRA EVENTS	Luxembourg	100.00	100.00	FC	100.00	100.00	FC	
EBRA Medias Alsace	France	100.00	100.00	FC	100.00	100.00	FC	
Ebra Médias Lorraine Franche Comté	France	100.00	100.00	FC	100.00	100.00	FC	
Ebra Production	France	100.00	99.03	FC	100.00	99.03	FC	
EBRA Services	France	100.00	99.99	FC	100.00	100.00	FC	
EIP	France	100.00	99.43	FC	100.00	99.43	FC	
Est Bourgogne Médias	France	100.00	99.99	FC	100.00	99.99	FC	
EBRAS Studio (formerly Est info TV)	France	100.00	100.00	FC	100.00	100.00	FC	
Euro Automatic Cash	France	100.00	100.00	FC	100.00	100.00	FC	
Euro Protection Surveillance	France	100.00	100.00	FC	100.00	100.00	FC	
Euro-Information	France	100.00	100.00	FC	100.00	100.00	FC	
Euro-Information Développement	France	100.00	100.00	FC	100.00	100.00	FC	
Le Dauphiné Libéré	France	100.00	100.00	FC	100.00	100.00	FC	
France Régie	Spain	50.00	50.00	EM	50.00	50.00	EM	
GEIE Synergie	France	89.00	89.00	FC	89.00	89.00	FC	
EBRA Médias Rhône-Alpes PACA (formerly Groupe Dauphiné Media)	France	100.00	100.00	FC	100.00	100.00	FC	
Groupe Progrès	France	100.00	100.00	FC	100.00	100.00	FC	
Groupe Républicain Lorrain Imprimeries (GRLI)	France	100.00	100.00	FC	100.00	99.99	FC	

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**** Presentation by majority-owning Crédit Mutuel group.*

Consolidated entities are presented according to the sectors used for preparing segment information under IFRS 8. Accordingly, for example, entities included under "Retail Banking" do not necessarily have the legal status of credit institutions.	Country	12/31/2022			12/31/2021			Comments
		Percentage		Method	Percentage		Method	
		Control	Interest	*	Control	Interest	*	
Journal de la Haute Marne	France	100.00	98.70	FC	100.00	98.70	FC	
Humanoid	France	99.99	79.99	FC	100.00	79.99	FC	
La Liberté de l'Est	France	100.00	100.00	FC	100.00	100.00	FC	
La Tribune	France	100.00	100.00	FC	100.00	100.00	FC	
Le Républicain Lorrain	France	50.00	49.98	EM	50.00	49.98	EM	
Les Dernières Nouvelles d'Alsace	France	100.00	71.28	FC				Acquired outside group
EBRA Editions (formerly Les Editions du Quotidien)	France	97.13	97.09	FC	97.13	97.09	FC	
L'Est Républicain	France	100.00	99.99	FC	100.00	99.99	FC	
Lumedia	France	100.00	100.00	FC	100.00	100.00	FC	
LYF SAS	France	98.70	98.70	FC	98.70	98.70	FC	
Madmoizelle	France	99.96	99.96	FC	99.96	99.96	FC	
Mediaportage	Luxembourg	50.00	50.00	EM	50.00	50.00	EM	
Mutuelles Investissement	France	49.95	49.95	EM	49.07	49.07	EM	
NEWCO04	France	100.00	71.28	FC				Acquired outside group
Newtown Square	France	100.00	71.28	FC	100.00	99.88	FC	
Nord Europe Participations et Investissements	France	100.00	100.00	FC	100.00	100.00	FC	
ODDITY H.	France	68.25	68.25	FC	100.00	100.00	FC	
Presstic	France	100.00	100.00	FC	100.00	100.00	FC	
EBRA Médias Bourgogne Rhône-Alpes (formerly Publiprint Province n°1)	France	100.00	100.00	FC	100.00	100.00	FC	
EBRA Portage Bourgogne Rhône-Alpes (formerly Presse Diffusion)	France	71.28	71.28	FC				Acquired outside group
Protection 24	France	100.00	71.28	FC				Acquired outside group
EBRA Info (formerly AGIR)	France	-	-		100.00	89.00	FC	Merger
SAP Alsace	France	99.88	99.88	FC	99.88	99.88	FC	
SCI Centre Gare	France	100.00	100.00	FC	100.00	100.00	FC	
SCI Le Progrès Confluence	France	100.00	100.00	FC	100.00	100.00	FC	
EBRA (formerly Société d'Investissements Médias (SIM))	France	100.00	100.00	FC	100.00	100.00	FC	
Société d'Edition de l'Hebdomadaire du Louhannais et du Jura (SEHLJ)	France	100.00	100.00	FC	100.00	100.00	FC	
Société des Services Fiduciaires (2SF)	France	33.33	33.33	EM				Initial consolidation
Targo Deutschland GmbH	Germany	100.00	100.00	FC	100.00	100.00	FC	
Targo Dienstleistungs GmbH	Germany	100.00	100.00	FC	100.00	100.00	FC	
Targo Technology GmbH (branch of Targo Technology GmbH)	Germany	100.00	100.00	FC	100.00	100.00	FC	
CM Arkéa * **								
Arkéa Bourse Retail	France	99.99	99.99	FC	99.99	99.99	FC	
Bellatrix	France	42.27	42.27	EM				Acquired outside group
New Port	France	-	-		29.89	29.89	EM	
SMSPG	France	-	-		100.00	100.00	FC	Merger
CMMABN * **								
SAS Helloasso	France	95.39	95.39	FC	89.53	89.53	FC	
SAS Volney Habitat	France	100.00	100.00	FC	100.00	100.00	FC	
SCI Volney Chaptal	France	100.00	100.00	FC	100.00	100.00	FC	
SCI Volney Patrimoine	France	100.00	100.00	FC	100.00	100.00	FC	
SCI Volney Sainte Anne	France	100.00	100.00	FC	100.00	100.00	FC	

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*** Federal banks, regional banks, interfederal bank, local banks, federations.*
**** Presentation by majority-owning Crédit Mutuel group.*

Entities consolidated through simplified consolidation pursuant to IFRS 10

Consolidated UCITS, REITs and "OPCIs" (property investment mutual funds) under IFRS 10	Country	2022		2021	
		Percentage of control	Percentage of interest	Percentage of control	Percentage of interest
CM Arkéa					
AIS Mandarine Active	France	80,6%	80,6%	80,6%	80,6%
AIS Mandarine Entrepreneurs	France	83,3%	83,3%	83,2%	83,2%
AIS Mandarine Global Transition (1)	France	98,7%	98,7%		
AIS Mandarine Multi-Assets	France	100,0%	100,0%	100,0%	100,0%
AIS Protect (1)	France	84,3%	84,3%	85,5%	85,5%
Arkea Capital 1	France	100,0%	100,0%	100,0%	100,0%
Arkea Capital 2 (5)	France			38,5%	38,5%
Autofocus Croissance Décembre 2019	France	95,0%	95,0%	95,1%	95,1%
Autofocus Croissance Juillet 2019 (3)	France			99,2%	99,2%
Autofocus Esg Decembre 2020	France	87,9%	87,9%	88,0%	88,0%
Autofocus Esg Février 2021 (1)	France	98,4%	98,4%		
Autofocus Esg Juillet 2020 (3)	France			99,0%	99,0%
Autofocus Esg Juillet 2021 (1)	France	98,3%	98,3%		
Autofocus Low Carbon (1)	France	99,0%	99,0%		
Autofocus Low Carbon Decembre 2021 (1)	France	95,2%	95,2%		
Autofocus Rendement Avril 2020	France	99,7%	99,7%	99,7%	99,7%
Autofocus Rendement Fevrier 2020	France	98,0%	98,0%	98,2%	98,2%
Autofocus Rendement Mars 2019 (3)	France			99,1%	99,1%
Brehat (7)	France			20,7%	20,7%
Breizh Armor Capital	France	50,0%	50,0%	50,0%	50,0%
Chabrieres Rendement Esg (1)	France	33,6%	33,6%		
Diapazen Climat Septembre 2016	France	97,3%	97,3%	97,6%	97,6%
FCPR Breizh Ma Bro	France	67,1%	67,1%	77,2%	77,2%
FCPR Eiffel Infrastructures Vertes (1)	France	80,1%	80,1%		
FCT Ardian Suravenir Private Debt	France	100,0%	100,0%	100,0%	100,0%
FCT Merius Suravenir	France	100,0%	100,0%	100,0%	100,0%
FCT Obligation Baux Ac 2019 (3)	France			100,0%	100,0%
FCT Pytheas 01/2023 (1)	France	99,5%	99,5%		
FCT Pytheas 56 (3)	France			88,6%	88,6%
FCT Pytheas Baux Reg 2018	France	96,8%	96,8%	100,0%	100,0%
FCT Residential Dutch Mortgage Fund Largo D	France	100,0%	100,0%	100,0%	100,0%
FCT Scor Suravenir Euro Loans	France	100,0%	100,0%	100,0%	100,0%
FCT SP Eurocreances	France	43,4%	43,4%	43,4%	43,4%
FCT SPG Dette Privee	France	100,0%	100,0%	100,0%	100,0%
FCT Suravenir Conso Fund	France	100,0%	100,0%	100,0%	100,0%
FCT Sur Priv Debt I	France	100,0%	100,0%	100,0%	100,0%
FCT Sur Priv Debt Ii	France	100,0%	100,0%	100,0%	100,0%
FCT Tikehau Spd Iii	France	100,0%	100,0%	100,0%	100,0%
Federal Ambition Climat	France	99,2%	99,2%	99,3%	99,3%
Federal Capital Investissement	France	100,0%	100,0%	100,0%	100,0%
Federal Conviction Grande Asie (6)	France			99,8%	99,8%
Federal Conviction Green Bonds	France	49,3%	49,3%	46,3%	46,3%
Federal Indiciel Apal (Ex Federal Apal)	France	74,5%	74,5%	72,1%	72,1%
Federal Indiciel Japon	France	77,3%	77,3%	77,7%	77,7%
Federal Indiciel Us	France	62,7%	62,7%	60,7%	60,7%
Federal Multi Actions Europe	France	74,4%	74,4%	75,1%	75,1%
Federal Multi L/S	France	100,0%	100,0%	100,0%	100,0%
Federal Multi Or Et Matieres Premieres	France	90,7%	90,7%	90,0%	90,0%
Federal Multi Patrimoine	France	99,3%	99,3%	99,4%	99,4%
Federal Optimal Gestion Privée Esg	France	88,7%	88,7%	88,6%	88,6%
Federal Support Court Terme Esg	France	36,9%	36,9%	39,9%	39,9%
Federal Transition Emploi (1)	France	52,4%	52,4%		
Federal Transition Equilibre (Ex Federal Opportunite Equilibre Esg)	France	80,2%	80,2%	83,0%	83,0%
Federal Transition Modere (Ex Federal Opportunite Modere Esg)	France	50,2%	50,2%	56,4%	56,4%
Federal Transition Oxygene (Ex Federal Oxygene)	France	95,3%	95,3%	94,7%	94,7%
Federal Transition Territoires (Ex Federal Impact Territoires)	France	39,3%	39,3%	45,0%	45,0%
Federal Transition Tonique (Ex Federal Opportunite Tonique Esg)	France	99,1%	99,1%	99,1%	99,1%
Flexpertise	France	74,3%	74,3%	74,6%	74,6%
FPS Suravenir Actions Internationales Protect	France	100,0%	100,0%	100,0%	100,0%
FPS Suravenir Actions Low Vol	France	100,0%	100,0%	100,0%	100,0%
FPS Suravenir Actions Mid Caps	France	100,0%	100,0%	100,0%	100,0%
FPS Suravenir Actions Protect	France	100,0%	100,0%	100,0%	100,0%
FPS Suravenir Overlay Low Vol Actions	France	100,0%	100,0%	100,0%	100,0%
FPS Ubs Archmore Infrastructure Debt Platform Ii	France	100,0%	100,0%	100,0%	100,0%
Mandarine Equity Income	France	93,0%	93,0%	97,4%	97,4%
OPCI Club France Retail	France	46,3%	46,3%	46,3%	46,3%
OPCI Preim Defense 2	France	39,2%	39,2%	37,5%	37,5%
OPCI Preim Euros	France	100,0%	100,0%	100,0%	100,0%
OPCI Preim Euros 2	France	100,0%	100,0%	100,0%	100,0%
OPCI Preimium	France	82,2%	82,2%	67,1%	67,1%
OPCI Tikehau Ret Pro	France	39,3%	39,3%	39,3%	39,3%
Ouessant	France	60,1%	60,1%	44,3%	44,3%
Primo Elite (Flex)	France	100,0%	100,0%	100,0%	100,0%
S.C.I Progres Pierre	France	100,0%	100,0%	100,0%	100,0%
S.C.I Surav Pierre	France	100,0%	100,0%	100,0%	100,0%
SC Meilleurimmo (1)	France	64,5%	64,5%		
SC Novaxia R	France	53,9%	53,9%	58,2%	58,2%
SC Novaxia Vista (1)	France	41,7%	41,7%		
SC Pythagore	France	34,9%	34,9%	46,4%	46,4%
Schelcher Convertibles Esg (Ex Sp Convertibles)	France	20,6%	20,6%	22,5%	22,5%
Schelcher Convertibles Mid Cap Esg (Ex Sp Convertibles Mid Cap Esg)	France	33,1%	33,1%	32,9%	32,9%
Schelcher Global High Yield (Ex Sp Haut Rendement)	France	32,5%	32,5%	40,2%	40,2%
Schelcher Ivo Global Yield 2024	France	46,8%	46,8%	47,4%	47,4%
Schelcher Mutli Asset (Ex Sp Croissance)	France	86,6%	86,6%	92,2%	92,2%
Schelcher Optimal Income Esg (Ex Sp Opportunites Europeennes)	France	21,2%	21,2%	30,6%	30,6%
SCI Cloverhome	France	50,0%	50,0%	50,0%	50,0%
SCI Le Vinci Holding	France	100,0%	100,0%	100,0%	100,0%
SCI Pr2 Preim Ret 2	France	38,0%	38,0%	38,0%	38,0%
SCI Silver Avenir	France	90,4%	90,4%	90,4%	90,4%
SCI Territoires Avenir (1)	France	100,0%	100,0%		
SCI Usufruimmo	France	100,0%	100,0%	100,0%	100,0%
SCI Usufruimmo 2028 (1)	France	100,0%	100,0%		
SCPI Log In (1)	France	55,2%	55,2%		
SCPI Remake Live (1)	France	78,3%	78,3%		
Suravenir Initiative Actions	France	100,0%	100,0%	100,0%	100,0%
Synergie Finance Investissement	France	100,0%	100,0%	100,0%	100,0%
We Positive Invest	France	100,0%	100,0%	100,0%	100,0%

(1) Companies first consolidated in 2022. (2) Sold. (3) Wound up. (4) Transfer of assets and liabilities. (5) Dilution. (6) Merger. (7) Management company deconsolidated.

0b – Locations and activities by country

The Retail Banking, Insurance, Corporate Banking and Asset Management/Private Banking activities in France account for 79% of the Crédit Mutuel group's net banking income. Since 2008, the Group has opted for controlled development of its international operations, acquiring a second, and even a third, domestic market. Its main branch banking subsidiaries have been acquired primarily in Belgium, Germany and Spain. Other subsidiaries or branch offices have been started up to support the international expansion of the Group's corporate customers.

Country	Net banking income	Profit/(loss) before tax	Current tax	Deferred tax	Other tax and social security	Workforce
Germany	1738	631	(174)	2	(122)	5,479
Belgium	553	166	(24)	0	(71)	1,926
Canada	43	39	(1)	(5)	0	8
Spain	367	24	(2)	0	(25)	2,100
United States	108	81	(11)	(3)	(15)	92
France	16,558	7,375	(1,317)	(112)	(2,585)	70,562
Hong Kong	14	10	(1	0	(1)	19
Hungary	37	1	0	0	(6)	353
Italy	123	13	0	0	(6)	338
Luxembourg	363	158	(16)	(5)	(39)	1,076
Monaco	10	6	(2)	0	0	18
Netherlands	1	1	0	0	0	1
Poland	6	(4)	0	0	(1)	89
Portugal	203	103	(28)	0	(8)	698
Republic of Korea	2	1	0	0	0	2
Czech Republic	13	(1)	0	0	(2)	162
United Kingdom	63	48	(8)	0	(5)	83
Saint Martin (Dutch part)	0	0	0	0	0	0
Singapore	78	54	(6)	(1	(7)	136
Slovakia	9	(1)	0	0	(1)	78
Switzerland	204	57	(6)	0	(14)	416
Tunisia	0	25	0	0	0	0
TOTAL	**20,492**	**8,786**	**(1,598)**	**(124)**	**(2,910)**	**83,636**

1. Notes to the balance sheet

Note 1 – Cash, central banks (assets/liabilities)

	12/31/2022	12/31/2021
Cash, central banks (assets and liabilities)		
Central banks	140,662	155,513
of which mandatory reserves	3,512	3,602
Cash	1,539	1,632
Total	**142,201**	**157,145**
Due to central banks (liabilities)	**44**	**605**

Note 2 – Financial assets at amortized cost

	12/31/2022	12/31/2021
Loans and receivables due from credit institutions	64,732	62,191
Loans and receivables due from customers	612,441	564,925
Securities at amortized cost	4,909	4,684
Total	**682,082**	**631,800**

2a – Loans and receivables due from credit institutions at amortized cost

	12/31/2022	12/31/2021
. Performing loans (S1/S2)	63,623	61,517
Crédit Mutuel network accounts [1]	51,398	46,649
Other current accounts	4,147	4,586
Loans	502	2,173
Other receivables	4,670	4,982
Repurchase agreements	2,906	3,127
. Accrued interest	1,119	679
. Impairment of performing loans (S1/S2)	(10)	(5)
Total	**64,732**	**62,191**

(1) Relates mainly to outstanding CDC repayments for LEP, LDD, Livret Bleu and Livret A passbook savings accounts.

2b – Loans and receivables due from customers at amortized cost

	12/31/2022	12/31/2021
Performing loans (S1/S2)	586,517	541,001
. Commercial loans	18,359	16,083
. Other customer loans and advances	567,161	524,098
- Home loans	317,759	295,793
- Other loans and receivables [1]	248,120	227,131
- Repurchase agreements	1,282	1,174
. Accrued interest	997	820
Gross receivables subject to individual impairment (S3)	14,283	13,822
Gross receivables	**600,800**	**554,823**
Impairment of performing loans (S1/S2)	(3,792)	(3,746)
Other impairment (S3)	(6,935)	(7,077)
SUBTOTAL I	**590,073**	**544,000**
Finance leases (net investment)	22,036	20,728
. Equipment	15,559	14,637
. Real estate	6,477	6,091
Gross receivables subject to individual impairment (S3)	781	602
Impairment of performing loans (S1/S2)	(220)	(187)
Other impairment (S3)	(229)	(218)
SUBTOTAL II	**22,368**	**20,925**
TOTAL	**612,441**	**564,925**
of which subordinated loans	12	13

(1) Includes guarantee deposits paid which represent the payment commitments made to the Single Resolution Fund (€267 million) and Fonds de Garantie des Dépôts (€331 million), which are themselves contingent liabilities.

At December 31, 2022, government-backed loans issued by the Group amounted to €13.557 billion. Of the €23.5 billion originated, 77.2% was extended for an average period of 4.5 years and 23.7% was repaid in full (19.5%) or in part (4.2%). Loans downgraded to stage 3 are limited.

The measurement of expected credit losses on these loans takes into account the effect of the government guarantee (implemented by Bpifrance) of 70% to 90% of the principal and interest due. At December 31, 2022, the impairment amount of these loans was immaterial.

Finance leases with customers

	12/31/2021	Increase	Decrease	Other	12/31/2022
Gross carrying amount	21,330	4,623	(3,179)	42	22,816
Impairment of uncollectible lease payments	(405)	(209)	162	3	(449)
Net carrying amount	**20,925**	**4,414**	**(3,017)**	**45**	**22,367**

2c – Securities at amortized cost

	12/31/2022	12/31/2021
.Securities	4,959	4,752
- Government securities	2,560	2,177
- Bonds and other debt securities	2,399	2,575
. Listed	1,249	971
. Unlisted	1,150	1,604
. Accrued interest	16	15
GROSS TOTAL	**4,975**	**4,767**
of which impaired assets (S3)	93	110
Impairment of performing loans (S1/S2)	(2)	(2)
Other impairment (S3)	(64)	(81)
NET TOTAL	**4,909**	**4,684**

NOTE 3 – Financial Liabilities at amortized cost

3a – Amounts due to central banks and credit institutions

	12/31/2022	12/31/2021
Due to central banks	**44**	**605**
Due to credit institutions	**75,368**	**83,934**
Other current accounts	2,610	3,574
Loans	17,832	18,239
Other debt	5,398	3,147
Repurchase agreements	49,605	59,014
Accrued interest	(77)	(40)

At December 31, 2022, the Crédit Mutuel group had borrowed €42.6 billion under TLTRO III refinancing operations (vs. €54 billion at December 31, 2021).

3b – Amounts due to customers at amortized cost

	12/31/2022	12/31/2021
. Regulated savings deposit accounts	224,815	212,560
- Demand	166,598	153,614
- Term	58,217	58,946
. Accrued interest on savings accounts	372	219
Subtotal	**225,187**	**212,779**
. Demand accounts	273,071	275,614
. Term accounts and borrowings	67,111	58,996
. Repurchase agreements	12	14
. Accrued interest	292	201
. Other debt	195	56
Subtotal	**340,681**	**334,881**
TOTAL	**565,868**	**547,660**

3c - Debt securities at amortized cost

	12/31/2022	12/31/2021
Certificates of deposit	172	179
Interbank market securities and negotiable debt securities	64,818	56,509
Bonds	82,370	74,877
Non-preferred senior securities	10,826	9,574
Accrued interest	883	586
TOTAL	159,069	141,725

3d - Subordinated debt at amortized cost

	12/31/2022	12/31/2021
Subordinated debt	10,248	9,928
Participating loans	27	27
Perpetual subordinated debt	687	1,248
Accrued interest	165	138
TOTAL	11,129	11,343

Principal subordinated debt

In €m	Type	Issue date	Issue amount	Amount at year-end	MATURITY
Banque Fédérative du Crédit Mutuel	Subordinated, redeemable	March-14	120	120	June-26
Banque Fédérative du Crédit Mutuel	Subordinated, redeemable	May-14	1,000	975	May-24
Banque Fédérative du Crédit Mutuel	Subordinated, redeemable	September-15	1,000	941	September-25
Banque Fédérative du Crédit Mutuel	Subordinated, redeemable	March-16	1,000	917	March-26
Banque Fédérative du Crédit Mutuel	Subordinated, redeemable	September-16	300	300	September-26
Banque Fédérative du Crédit Mutuel	Subordinated, redeemable	November-16	700	628	November-26
Banque Fédérative du Crédit Mutuel	Subordinated, redeemable	March-17	500	452	March-27
Banque Fédérative du Crédit Mutuel	Subordinated, redeemable	November-17	500	447	November-27
Banque Fédérative du Crédit Mutuel	Subordinated, redeemable	May-18	500	448	May-28
Banque Fédérative du Crédit Mutuel	Subordinated, redeemable	June-19	1,000	1,000	June-29
Banque Fédérative du Crédit Mutuel	Subordinated, redeemable	November-21	750	576	November-31
Banque Fédérative du Crédit Mutuel	Subordinated, redeemable	June-22	1,250	1,175	June-32
Crédit Industriel et Commercial	Participating	May-85	137	8	-1
Banque Fédérative du Crédit Mutuel	Super-subordinated	November-04	66	66	Unspecified
Banque Fédérative du Crédit Mutuel	Super-subordinated	December-04	436	419	Unspecified
Banque Fédérative du Crédit Mutuel	Super-subordinated	February-05	92	92	Unspecified
Crédit Mutuel Arkéa	Super-subordinated, undated	July-04	93	91	Unspecified
Crédit Mutuel Arkéa	Subordinated, redeemable	June-16	500	499	June-26
Crédit Mutuel Arkéa	Subordinated, redeemable	February-17	500	498	February-29
Crédit Mutuel Arkéa	Subordinated, redeemable	October-17	500	498	October-29
Crédit Mutuel Arkéa	Subordinated, redeemable	March-19	750	746	March-31

(1) -No fixed maturity, but redeemable at the borrower's request as of 05/28/1997 at 130% of the nominal value adjusted by 1.5% per annum for subsequent years.

NOTE 4 - Financial assets at fair value through equity

4a - Financial assets at fair value through equity by product type

	12/31/2022	12/31/2021
. Government securities	13,574	15,251
. Bonds and other debt securities	27,603	26,199
- Listed	25,954	24,888
- Unlisted	1,649	1,311
. Accrued interest	219	160
Gross subtotal debt securities	**41,396**	**41,610**
Impairment of performing loans (S1/S2)	(23)	(26)
Net subtotal debt securities	**41,373**	**41,584**
Gross subtotal loans and receivables	**0**	**0**
Net subtotal loans and receivables	**0**	**0**
Shares and other equity instruments	339	325
- Listed	98	105
- Unlisted	241	220
Long-term investments	1,108	923
- Investments in associates	583	467
- Other long-term investments	465	399
- Investments in subsidiaries and associates	60	56
Accrued interest	1	1
Subtotal equity instruments	**1,448**	**1,249**
TOTAL	42,821	42,833
Of which unrealized capital gains or losses recognized in equity	163	313
Of which listed non-consolidated companies	126	120

Crédit Mutuel has opted not to issue "Group" policies on the use of the fair value through equity option for equity instruments. Each regional group classifies its instruments according to its own business model. Generally speaking, equity instruments which the Group has elected to include in this category are strategic holdings.

Disposals of equity instruments totaled €323 million during the year.

4b - List of main non-consolidated investments

		% held	Shareholders' equity	Balance sheet total	Net banking income or revenue	Profit (loss)
Ardian Holding	Non coté	< 20%	709	1 458	637	328
Covivio (ex Foncière des Régions)	Coté	< 10%	13 623	28 237	779	1 294
Covivio Hôtels (ex Foncière des Murs)	Coté	< 10%	3 399	6 856	163	74
Desjardins [1]	Non coté	10%	3 459	11 446	6 053	830
Bank of Africa (ex BMCE) [2]	Coté	< 30%	29 499	345 058	14 607	2 849
Crédit Logement	Non coté	10%	1 653	12 402	222	120
CRH (Caisse de Refinancement de l'Habitat)	Non coté	< 20%	563	21 462	2	0

The above information, except for percentages held, relates to 2021.
(1) in millions of Canadian dollars.
(2) Bank of Africa (formerly BMCE) is not consolidated due to the Group's lack of significant influence. The holding is therefore recognized at fair value through profit or loss. Figures in millions of Moroccan dirhams.

NOTE 5 – Gross value and impairment analysis

5a. Gross values subject to impairment

	12/31/2021	Acquisition/ production	Sale / repayment	Modification of cash flows	Transfer(2)	Other(1)	12/31/2022
Financial assets at amortized cost – loans and receivables – credit institutions subject to	62,196	27,490	(27,415	0	0	2,471	64,742
- 12-month expected losses (S1)	62,194	26,978	(27,411	0	38	2,469	64,268
- expected losses at termination (S2)	2	512	(4)	0	(38)	2	474
Financial assets at amortized cost – loans and receivables due from customers subject to (1)	576,155	221680	(172,598)	981	(1)	(2,601)	623,616
- 12-month expected losses (S1)	514,628	211451	(153,491)	16	(2,123)	(2,167)	568,313
- expected losses at termination (S2)	47,105	8,754	(14,933)	374	(759)	(301)	40,240
- expected losses on impaired assets (S3) at end of period but not impaired at origination	13,787	1,400	(3,925)	498	2,911	(132)	14,539
- expected losses on impaired assets (S3) at end of period and at origination	635	75	(249)	93	(30)	(1)	523
Financial assets at amortized cost – securities	4,766	16,571	(16,639)	0	(1)	276	4,973
- subject to 12-month expected losses (S1)	4,635	16,568	(16,594)	0	(12)	275	4,872
- subject to expected losses at termination (S2)	20	0	(7)	0	(7)	1	7
- expected losses on impaired assets (S3) at end of period but not impaired at origination	111	3	(38)	0	18	0	94
- expected losses on impaired assets (S3) at end of period and at origination	0	0	0	0	0	0	0
Financial assets at fair value through equity – debt securities	41,609	20,133	(20,614)	0	0	272	41,400
- 12-month expected losses (S1)	41,497	20,131	(20,515)	0	12	273	41,398
- expected losses at termination (S2)	112	2	(99)	0	(12)	0	3
- expected losses on impaired assets (S3) at end of period but not impaired at origination	0	0	0	0	0	0	0
Financial assets at fair value through equity – loans	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total	684,726	285,874	(237,266)	981	(2)	418	734,731

(1) Includes modification of cash flows not resulting in derecognition.
(2) Including transfer between buckets.

5b. Impairment analysis

	12/31/2021	Addition(1)	Reversal(1)	Other	12/31/2022
Financial assets at amortized cost - loans and receivables credit institutions	(5)	(8)	3	0	(10)
Financial assets at amortized cost - loans and receivables due from customers	(11,228)	(3,821)	3,782	91	(11,176)
Financial assets at amortized cost - securities	(83)	(3)	20	0	(66)
Financial assets at fair value through equity - debt securities	(26)	(14)	17	0	(23)
Total	(11,342)	(3,846)	3,822	91	(11,275)

IFRS 9	12/31/2021	Addition(1)	Reversal(1)	Other	12/31/2022
Loans and receivables - credit institutions	**(5)**	**(8)**	**3**	**0**	**(10)**
- 12-month expected losses (S1)	(5)	(8)	3	0	(10)
Loans and receivables due from customers	**(11,228)**	**(3,821)**	**3,782**	**91**	**(11,176)**
- 12-month expected losses (S1)	(1,516)	(804)	433	12	(1,875)
- expected losses at termination (S2)	(2,416)	(1,162)	1,422	19	(2,137)
- expected losses on impaired assets (S3) at end of period but not impaired on initial recognition	(7,192)	(1,846)	1,893	60	(7,085)
- expected losses on impaired assets (S3) at end of period and at origination	(104)	(9)	34	0	(79)
Financial assets at amortized cost - securities	**(83)**	**(3)**	**20**	**0**	**(66)**
- 12-month expected losses (S1)	(1)	(1)	0	0	(2)
- expected losses at termination (S2)	(1)	0	0	0	(1)
- expected losses on impaired assets (S3) at end of period but not impaired on initial recognition	(81)	(3)	20	0	(64)
Financial assets at fair value through equity - debt securities	**(26)**	**(14)**	**17**	**0**	**(23)**
- 12-month expected losses (S1)	(22)	(11)	11	0	(22)
- expected losses at termination (S2)	(4)	(2)	6	0	0
- expected losses on impaired assets (S3) at end of period but not impaired on initial recognition	0	0	0	0	0
Financial assets at fair value through equity - loans	**0**	**0**	**0**	**0**	**0**
Total	(11,342)	(3,846)	3,822	91	(11,275)

(1) Including transfer between buckets.

	12/31/2020	Addition	Reversal	Other	12/31/2021
Financial assets at amortized cost - loans and receivables credit institutions	(5)	(2)	2	0	(5)
Financial assets at amortized cost - loans and receivables due from customers	(11,655)	(2,936)	3,392	(29)	(11,228)
Financial assets at amortized cost - securities	(189)	(25)	138	(7)	(83)
Financial assets at fair value through equity - debt securities	(26)	(18)	17	1	(26)
Total	(11,875)	(2,981)	3,549	(35)	(11,342)

IFRS 9	12/31/2020	Addition	Reversal	Other	12/31/2021
Loans and receivables - credit institutions	**(5)**	**(2)**	**2**	**0**	**(5)**
- 12-month expected losses (S1)	(5)	(2)	2	0	(5)
Loans and receivables due from customers	**(11,655)**	**(2,936)**	**3,392**	**(29)**	**(11,228)**
- 12-month expected losses (S1)	(1,400)	(543)	396	31	(1,516)
- expected losses at termination (S2)	(2,257)	(836)	716	(39)	(2,416)
- expected losses on impaired assets (S3) at end of period but not impaired on initial recognition	(7,891)	(1,542)	2,264	(22)	(7,191)
- expected losses on impaired assets (S3) at end of period and at origination	(107)	(15)	17	1	(104)
Financial assets at amortized cost - securities	**(189)**	**(25)**	**138**	**(7)**	**(83)**
- 12-month expected losses (S1)	(2)	0	1	0	(1)
- expected losses at termination (S2)	0	(1)	0	0	(1)
- expected losses on impaired assets (S3) at end of period but not impaired on initial recognition	(187)	(24)	137	(7)	(81)
Financial assets at fair value through equity - debt securities	**(26)**	**(18)**	**17**	**1**	**(26)**
- 12-month expected losses (S1)	(22)	(11)	11	0	(22)
- expected losses at termination (S2)	(3)	(7)	6	0	(4)
- expected losses on impaired assets (S3) at end of period but not impaired on initial recognition	(1)	0	0	1	0
Financial assets at fair value through equity - loans	**0**	**0**	**0**	**0**	**0**
Total	(11,875)	(2,981)	3,549	(35)	(11,342)

5c. Breakdown of impairment

12/31/2022	Gross receivables***			Impairment					Net receivables
	S1	S2	S3	S1	Adjustment*	S2	Adjustment*	S3	
Loans and receivables - credit institutions	76 563	473	-	(10)	-	(1)	-	-	77 025
Loans and receivables due from customers	568 315	40 241	15 063	(1 874)	(114)	(2 138)	(220)	(7 165)	612 850
Financial assets at amortized cost - securities	5 835	8	93	(2)	-	(1)	-	(64)	5 870
Financial assets at fair value through equity - debt securities	40 471	3	-	(22)	(2)	-	-	-	40 451
Financial assets at fair value through equity - loans	-	-	-	-	-	-	-	-	-
TOTAL	691 184	40 725	15 156	(1 908)	(116)	(2 140)	(220)	(7 229)	736 196

** Post-model adjustment.*

As a reminder, at December 31, 2021, the Group had recorded additional impairment of €881 million in response to the Covid-19 crisis.

NOTE 6 – Financial assets and financial liabilities at fair value through profit or loss

6a – Financial assets at fair value through profit or loss

	12/31/2022				12/31/2021			
	Trading	Fair value option	Other FVPL	Total	Trading	Fair value option	Other FVPL	Total
Securities	**6,315**	**942**	**7,472**	**14,729**	**6,338**	**588**	**7,166**	**14,092**
- Government securities	1,034	22	0	1,056	730	13	0	743
- Bonds and other debt securities	4,550	920	1,388	6,858	4,875	575	1,389	6,839
. Listed	*4,550*	*26*	*302*	*4,878*	*4,875*	*90*	*322*	*5,287*
. Unlisted	*0*	*894*	*1,086*	*1,980*	*0*	*485*	*1,067*	*1,552*
of which collective investment undertakings	*0*	0	*1,135*	*1,135*	*0*	0	*1,086*	*1,086*
- Shares and other equity instruments	731	0	4,980	5,711	732	0	4,614	5,346
. Listed	*731*	0	*1,063*	*1,794*	*732*	0	*1,185*	*1,917*
. Unlisted	*0*	0	*3,917*	*3,917*	*0*	0	*3,429*	*3,429*
- Long-term investments	0	0	1,104	1,104	0	0	1,163	1,163
. Investments in associates	0	0	*441*	*441*	0	0	*441*	*441*
. Other long-term investments	0	0	*284*	*284*	0	0	*327*	*327*
. Investments in associates	0	0	*350*	*350*	0	0	*365*	*365*
. Other long-term investments	0	0	*29*	*29*	0	0	*30*	*30*
Derivative instruments	**7,537**	**0**	**0**	**7,537**	**4,195**	**0**	**0**	**4,195**
Loans and receivables	**9,435**	**12**	**14**	**9,461**	**6,597**	**12**	**14**	**6,623**
of which repurchase agreements (1)	*9,435*	*0*	0	*9,435*	*6,597*	*0*	0	*6,597*
Other assets classified at FVPL	**88**	**0**	**0**	**88**	**0**	**0**	**0**	**0**
TOTAL	23,375	954	7,486	31,815	17,129	600	7,180	24,909

The maximum exposure to credit risk on assets classified at fair value through profit or loss amounted to €1.103 billion during the period.

6b – Financial liabilities at fair value through profit or loss

	12/31/2022	12/31/2021
Financial liabilities held for trading	19,296	12,435
Financial liabilities at fair value through profit or loss	1,378	1,057
TOTAL	20,674	13,492

Financial liabilities held for trading

	12/31/2022	12/31/2021
Short sales of securities	1,365	1,808
- Bonds and other debt securities	646	921
- Shares and other equity instruments	719	887
Liabilities representing securities delivered under repurchase agreements	9,698	6,483
Trading derivatives	7,546	4,080
Other financial liabilities held for trading	687	64
TOTAL	19,296	12,435

Financial liabilities at fair value through profit or loss

	12/31/2022			12/31/2021		
	Carrying amount	Amount due at maturity	Difference	Carrying amount	Amount due at maturity	Difference
. Securities issued	1,056	1,193	-137	906	909	-3
. Interbank debt	133	134	-1	124	124	0
. Due to customers	189	227	-38	27	29	-2
Total	1,378	1,554	-176	1,057	1,062	-5

6c – Analysis of trading derivatives

Trading derivatives	12/31/2022			12/31/2021		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Interest rate instruments	**188,824**	**5,348**	**5,329**	**258,080**	**3,084**	**3,029**
Swaps	90,652	3,699	4,631	87,097	2,790	2,712
Other firm contracts	53,697	0	0	46,578	0	0
Options and conditional instruments	44,475	1,649	698	124,405	294	317
Foreign exchange instruments	**155,082**	**1,924**	**1,916**	**152,805**	**852**	**773**
Swaps	102,623	45	144	105,875	52	80
Other firm contracts	14,634	1,565	1,459	13,761	663	562
Options and conditional instruments	37,825	314	313	33,169	137	131
Other than interest rate and currency instruments	**23,265**	**266**	**302**	**18,408**	**260**	**278**
Swaps	7,040	50	110	7,086	69	108
Other firm contracts	9,923	100	85	7,863	132	122
Options and conditional instruments	6,302	116	107	3,459	59	48
Total	**367,171**	**7,538**	**7,547**	**429,293**	**4,196**	**4,080**

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

NOTE 7 – Hedging

7a – Hedging derivatives

Hedging derivatives	12/31/2022			12/31/2021		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Hedging derivatives						
Fair value hedges	316,200	9,818	7,113	254,011	2,271	2,886
Swaps	117,391	9,816	7,112	97,489	2,272	2,882
Other firm contracts	198,313	0	0	155,564	0	0
Options and conditional instruments	496	2	1	958	(1)	4
Cash flow hedges	0	0	0	300	0	12
Swaps	0	0	0	300	0	12
Total	**316,200**	**9,818**	**7,113**	**254,311**	**2,271**	**2,898**

Overall hedge ineffectiveness recognized in profit or loss amounted to a loss of €38 million reported under "Net gains on financial instruments at fair value through profit or loss" (see Note 22).

Analysis of the notional value of hedging derivatives

	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	12/31/2022
Hedging derivatives					
Fair value hedges	13,093	34,027	157,478	111,602	316,200
Swaps	10,339	22,624	38,185	46,243	117,391
Other firm contracts	2,742	11,285	119,173	65,113	198,313
Options and conditional instruments	12	118	120	246	496
Total	**13,093**	**34,027**	**157,478**	**111,602**	**316,200**

7b – Remeasurement adjustment on interest-rate hedged portfolios

	12/31/2022	12/31/2021
Fair value of interest rate risk by portfolio		
of financial assets	(11,522)	1,746
of financial liabilities	(1,897)	466

7c – Hedged items under fair value hedges

Hedged assets

	12/31/2022				12/31/2021			
	Carrying amount	Of which remeasurement related to hedging	Of which remeasurement for the period	Accumulated FV adjustments remaining on the balance sheet (hedged item that has ceased to be adjusted)	Carrying amount	Of which remeasurement related to hedging	Of which remeasurement for the period	Accumulated FV adjustments remaining on the balance sheet (hedged item that has ceased to be adjusted)
Loans and receivables due from credit institutions at amortized cost	552	0	0	0	573	0	0	0
Loans and receivables due from customers at amortized cost	209 328	(6 774)	(395)	0	124 013	1 080	(33)	0
Securities at amortized cost	1 942	(135)	(207)	0	2 567	71	(51)	0
Financial assets at fair value through equity	24 190	1 388	(345)	0	24 586	976	(60)	0
Total	**236 012**	**(5 521)**	**(947)**	**0**	**151 739**	**2 127**	**(144)**	**0**

Hedged liabilities

	12/31/2022				12/31/2021			
	Carrying amount	Of which remeasurement related to hedging	Of which remeasurement for the period	Accumulated FV adjustments remaining on the balance sheet (hedged item that has ceased to be adjusted)	Carrying amount	Of which remeasurement related to hedging	Of which remeasurement for the period	Accumulated FV adjustments remaining on the balance sheet (hedged item that has ceased to be adjusted)
Debt securities	82 620	3 088	(2 388)	0	76 784	1 491	(551)	0
Due to credit institutions	36 466	2 018	(10)	0	46 200	523	0	0
Due to customers	55 543	(37)	(24)	0	53 557	11	(4)	0
Total	**174 629**	**5 069**	**(2 422)**	**0**	**176 541**	**2 025**	**(555)**	**0**

Overall hedge ineffectiveness recognized in profit or loss amounted to a loss of €38 million reported under “Net gains on financial instruments at fair value through profit or loss” (see Note 22).

NOTE 8 – Investments/assets and liabilities related to policies of the insurance activities (IAS 39)

8a – Investments by the insurance activities and reinsurers’ share of technical reserves

	12/31/2022	12/31/2021	Variation
Financial assets			
Fair value through profit or loss	58 513	60 763	(3,7%)
- Trading	6	0	0,0%
- Fair value option - debt securities	10 641	11 000	(3,3%)
- Fair value option - equity instruments	47 866	49 763	(3,8%)
Available-for-sale	102 676	116 090	(11,6%)
- Government and equivalent securities	22 229	24 713	(10,1%)
- Bonds and other debt securities	58 718	67 885	(13,5%)
- Shares and other equity instruments	19 010	20 845	(8,8%)
- Investments in subsidiaries and associates and other long-term investments	2 719	2 647	2,7%
Loans and receivables	7 495	6 417	16,8%
Held-to-maturity	5 333	6 346	(16,0%)
Subtotal financial assets	**174 017**	**189 616**	**(8,2%)**
Investment property	**2 957**	**3 062**	**(3,4%)**
Reinsurers’ share of technical reserves and other assets	**2 320**	**1 518**	**52,9%**
Total	**179 294**	**194 196**	**(7,7%)**

The fair value of property recognized at amortized cost was €4.322 billion at December 31, 2022.

8b – Liabilities related to policies of the insurance activities

	12/31/2022	12/31/2021	Variation
Insurance technical reserves			
Life	121,058	133,829	(9.5%)
Non-life	6,196	5,954	4.1%
Unit-linked	36,153	36,747	(1.6%)
Other	435	481	(9.6%)
TOTAL	**163,842**	**177,011**	**(7.4%)**
Of which: Deferred profit-sharing - liability	8,555	21,908	(61.0%)
Reinsurers’ share of technical reserves	582	539	8.0%
Net technical reserves	**161,694**	**176,472**	**(8.4%)**
liabilities			
Fair value through profit or loss	**6,796**	**6,567**	**3.5%**
- Trading	8	86	(90.7%)
- Fair value option	6,788	6,481	4.7%
Due to credit institutions	1,752	639	174.2%
Subordinated debt	856	849	0.8%
Subtotal	**9,404**	**8,055**	**16.7%**
Other liabilities	**2,915**	**2,387**	**22.2%**
Total financial liabilities	**12,319**	**10,442**	**18.0%**
Total liabilities related to policies of the insurance activities	**176,161**	**187,453**	**(6.0%)**

NOTE 9 – Fair value hierarchy for financial instruments measured at fair value in the balance sheet

12/31/2022	Level 1	Level 2	Level 3	Total
Fair value through equity	37,076	4,458	1,286	42,820
- Government and equivalent securities	12,840	753	59	13,652
- Bonds and other debt securities	24,012	3,703	6	27,721
- Shares and other equity instruments	98	2	239	339
- Investments in subsidiaries and other long-term investments	126	0	923	1,049
- Investments in subsidiaries and associates	0	0	59	59
Trading / Fair value option / Other	5,943	17,246	8,538	31,727
- Government securities and similar instruments - Trading	1,025	0	9	1,034
- Government and equivalent securities - Fair value option	22	0	0	22
- Government and equivalent securities - Other FVPL	0	0	0	0
- Bonds and other debt securities - Trading	2,725	1,670	155	4,550
- Bonds and other debt securities - Fair value option	26	186	708	920
- Bonds and other debt securities - Other FVPL	297	846	245	1,388
- Shares and other equity instruments - Trading	731	0	0	731
- Shares and other equity instruments - Other FVPL	1,092	0	3,888	4,980
- Investments in subsidiaries and other long-term investments - Other FVPL	1	0	724	725
- Investments in subsidiaries and associates - Other FVPL	0	0	379	379
- Loans and receivables due from credit institutions - Fair value option	0	1	0	1
- Loans and receivables due from credit institutions - Other FVPL	0	0	0	0
- Loans and receivables due from customers - Fair value option	0	11	0	11
- Loans and receivables due from customers - Other FVPL	0	14	0	14
- Loans and receivables due from customers - Trading	0	9,435	0	9,435
- Derivatives and other financial assets - Trading	24	5,083	2,430	7,537
Hedging derivatives	3	9,813	2	9,818
Total	**43,022**	**31,517**	**9,826**	**84,365**

IAS 39 financial assets – Investments by the insurance activities				
Fair value through profit or loss	34,483	16,777	7,254	58,514
- Trading	0	6	0	6
- Fair value option - debt securities	1,904	7,213	1,525	10,642
- Fair value option - equity instruments	32,579	9,558	5,729	47,866
Hedging derivatives	0	0	0	0
Available-for-sale assets	89,835	8,658	4,184	102,677
- Government and equivalent securities	22,038	191	0	22,229
- Bonds and other debt securities	53,289	3,095	2,334	58,718
- Shares and other equity instruments	13,544	5,362	105	19,011
- Investments in subsidiaries and associates and other long-term investments	964	10	1,745	2,719
Total	**124,318**	**25,435**	**11,438**	**161,191**

12/31/2022	Level 1	Level 2	Level 3	Total
Financial liabilities - IFRS 9				
Trading / Fair value option	2,038	16,143	2,493	20,674
- Due to credit institutions - Fair value option	0	133	0	133
- Due to customers - Fair value option	0	189	0	189
- Debt securities - Fair value option	0	1,056	0	1,056
- Subordinated debt - Fair value option	0	0	0	0
- Derivatives and other financial liabilities - Trading	2,038	5,072	2,488	9,598
- Liabilities - Trading	0	9,698	0	9,698
Hedging derivatives	0	7,100	13	7,113
Total	**2,038**	**23,248**	**2,501**	**27,787**
Financial liabilities related to policies of the insurance activities IAS 39				
Fair value through profit or loss	0	6,796	0	6,796
- Trading	0	8	0	8
- Fair value option	0	6,788	0	6,788
Hedging derivatives	0	0	0	0
Total	**0**	**6,796**	**0**	**6,796**

There was no transfer between levels 1 and 2 in an amount exceeding 10% of the amount of the "Total" line for the respective asset or liability category.
- Level 1: quoted price in an active market.
- Level 2: prices in active markets for similar instruments and valuation techniques for which all significant data is based on observable market information.
- Level 3: valuation based on internal models containing significant non-observable data.

12/31/2021	Niveau 1	Niveau 2	Niveau 3	Total
Financial assets - IFRS 9				
Fair value through equity	33,850	6,861	2,122	42,833
- Government and equivalent securities	15,039	202	84	15,325
- Bonds and other debt securities	18,585	6,657	1,017	26,259
- Shares and other equity instruments	105	3	217	325
- Investments in subsidiaries and other long-term investments	120	0	748	868
- Investments in subsidiaries and associates	0	0	56	56
- Loans and receivables due from credit institutions - Fair value through equity	0	0	0	0
- Loans and receivables due from credit institutions - Fair value through equity	0	0	0	0
Trading / Fair value option / Other	5,576	12,328	7,004	24,908
- Government securities and similar instruments - Trading	666	14	50	730
- Government and equivalent securities - Fair value option	13	0	0	13
- Government and equivalent securities - Other FVPL	0	0	0	0
- Bonds and other debt securities - Trading	2,590	2,053	233	4,876
- Bonds and other debt securities - Fair value option	25	0	549	574
- Bonds and other debt securities - Other FVPL	319	780	290	1,389
- Shares and other equity instruments - Trading	732	0	0	732
- Shares and other equity instruments - Other FVPL	1,209	0	3,405	4,614
- Investments in subsidiaries and other long-term investments - Other FVPL	2	0	766	768
- Investments in subsidiaries and associates - Other FVPL	0	0	394	394
- 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	12	0	12
- Loans and receivables due from customers - Other FVPL	0	14	0	14
- Loans and receivables due from customers - Trading	0	6,597	0	6,597
- Derivatives and other financial assets - Trading	21	2,856	1,318	4,195
Hedging derivatives	0	2,270	1	2,271
Total	**39,426**	**21,458**	**9,128**	**70,012**
IAS 39 financial assets				
Fair value through profit or loss	38,212	17,028	5,523	60,763
- Trading	0	0	0	0
- Fair value option - debt securities	1,314	8,150	1,536	11,000
- Fair value option - equity instruments	36,898	8,878	3,987	49,763
Hedging derivatives	0	0	0	0
Investments by the insurance activities (available-for-sale)	105,775	6,533	3,782	116,090
- Government and equivalent securities	24,697	16	0	24,713
- Bonds and other debt securities	64,262	1,443	2,180	67,885
- Shares and other equity instruments	15,707	5,063	75	20,845
- Investments in subsidiaries and associates and other long-term investments	1,109	11	1,527	2,647
Total	**143,987**	**23,561**	**9,305**	**176,853**

12/31/2021	Level 1	Level 2	Level 3	Total
Financial liabilities - IFRS 9				
Trading / Fair value option	1,837	10,520	1,135	13,492
- Due to credit institutions - Fair value option	0	124	0	124
- Due to customers - Fair value option	0	27	0	27
- Debt securities - Fair value option	0	906	0	906
- Subordinated debt - Fair value option	0	0	0	0
- Derivatives and other financial liabilities - Trading	1,837	2,980	1,135	5,952
- Liabilities - Trading	0	6,483	0	6,483
Hedging derivatives	0	2,876	22	2,898
Total	**1,837**	**13,396**	**1,157**	**16,390**
Financial liabilities related to policies of the insurance activities IAS 39				
Fair value through profit or loss	0	6,567	0	6,567
- Trading	0	86	0	86
- Fair value option	0	6,481	0	6,481
Hedging derivatives	0	0	0	0
Total	**0**	**6,567**	**0**	**6,567**

There was no transfer between levels 1 and 2 in an amount exceeding 10% of the amount of the “Total” line for the respective asset or liability category.
- Level 1: quoted price in an active market.
- Level 2: prices in active markets for similar instruments and valuation techniques for which all significant data is based on observable market information.
- Level 3: valuation based on internal models containing significant non-observable data.

Fair Value Hierarchy– Level 3 in detail

12/31/2022	Opening balance	Purchases	ISSUES	Sales	Repayments	Transfers	Gains and losses through P&L	Gains and losses through equity	Other movements	Closing balance
Financial assets - IFRS 9										
- Shares and other equity instruments - Other FVPL	3 409	383	0	(413)	(16)	35	487	0	3	3 888

NOTE 10 – Netting of financial assets and financial liabilities

12/31/2022	AMOUNTS LINKED BUT NOT NETTED IN BALANCE SHEET						
	Gross value of financial assets	Gross value of financial liabilities netted in balance sheet	Net amounts shown on balance sheet	Impact of master netting agreements	Financial instruments received as guarantee	Cash collateral received	Net amount
Financial assets							
Derivatives	30,540	(13 197)	17 344	(10 175)	0	(2 178)	4 991
Repurchase agreements	29,252	(13,197)	21 579	0	(20 018)	(1 293)	268
Total	**(7,672)**	**17,344**	**38,923**	**(10,175)**	**(20,018)**	**(3,471)**	**5,259**

12/31/2022	AMOUNTS LINKED BUT NOT NETTED IN BALANCE SHEET						
	Gross value of financial liabilities	Gross value of financial assets netted in balance sheet	Net amounts shown on balance sheet	Impact of master netting agreements	Financial instruments given as guarantee	Cash collateral paid	Net amount
Financial liabilities							
Derivatives	27,860	(13,197)	14,663	(10,166)	0	(3,834)	663
Repurchase agreements	75,321	(7,672)	67,649	0	(67,074)	(423)	152
Total	**103,181**	**(20,869)**	**82,312**	**(10,166)**	**(67,074)**	**(4,257)**	**815**

12/31/2021	AMOUNTS LINKED BUT NOT NETTED IN BALANCE SHEET						
	Gross value of financial assets	Gross value of financial liabilities netted in balance sheet	Net amounts shown on balance sheet	Impact of master netting agreements	Financial instruments received as guarantee	Cash collateral received	Net amount
Financial assets							
Derivatives	9,491	(3,052)	6,439	(2,607)	0	(1,762)	2,070
Repurchase agreements	19,868	(2,643)	17,225	0	(15,936)	(144)	1,144
Total	**29,359**	**(5,695)**	**23,664**	**(2,607)**	**(15,936)**	**(1,906)**	**3,214**

12/31/2021	AMOUNTS LINKED BUT NOT NETTED IN BALANCE SHEET						
	Gross value of financial liabilities	Gross value of financial assets netted in balance sheet	Net amounts shown on balance sheet	Impact of master netting agreements	Financial instruments given as guarantee	Cash collateral paid	Net amount
Financial liabilities							
Derivatives	10,094	(3,052)	7,042	(2,605)	0	(2,789)	1,649
Repurchase agreements	75,035	(2,643)	72,392	0	(71,893)	(381)	118
Total	**85,129**	**(5,695)**	**79,434**	**(2,605)**	**(71,893)**	**(3,170)**	**1,767**

These disclosures, required by an amendment to IFRS 7, seek to provide a basis for comparison with the treatment under generally accepted accounting principles in the United States (US GAAP), which are less restrictive than IFRS.
The amounts in the second column correspond to the netting under IAS 32 of transactions that go through a clearinghouse.
The column entitled "Impact of master offsetting agreements" corresponds to outstanding transactions under enforceable contracts that are not offset for accounting purposes. These include transactions for which the right to netting is exercised in case of the default, insolvency or bankruptcy of one of the parties to the contracts. They relate to derivatives and repurchase agreements, whether or not processed via clearing houses.
The "Financial instruments received/given in guarantee" column comprises the market value of securities exchanged as collateral.
The "Cash collateral received/paid" column includes guarantee deposits received or given in respect of positive or negative market values of financial instruments. They are recognized as "Other assets or liabilities" in the balance sheet.

NOTE 11 – Taxes

11a – Current taxes

	12/31/2022	12/31/2021
Assets (through profit or loss)	1,844	1,570
Liabilities (through profit or loss)	821	943

11b – Deferred taxes

	12/31/2022	12/31/2021
Assets (through profit or loss)	1,581	1,724
Assets (through equity)	1,010	373
Liabilities (through profit or loss)	642	643
Liabilities (through equity)	337	654

Breakdown of deferred taxes by main category

	12/31/2022		12/31/2021	
	Actif	Passif	Actif	Passif
. Tax losses carried forward	87	65	91	75
. Temporary differences	2,877	1,288	2,292	1,508
- Remeasurement of financial instruments (excluding insurance)	286	125	286	121
- Insurance business line	178	29	143	154
- Provisions	1,062	0	1,179	(4)
- Hidden finance leasing reserve	0	379	0	386
- Earnings of tax-transparent entities	1,243	680	556	805
- Other temporary differences	108	75	128	46
. Netting	(373)	(373)	(286)	(286)
Total deferred tax assets and liabilities	**2,591**	**979**	**2,097**	**1,297**

Deferred taxes are calculated using the liability method.

NOTE 12 – Accruals and other assets and liabilities

12a – Accruals and other assets

	12/31/2022	12/31/2021
Prepayments and accrued income		
Securities collection accounts	997	301
Currency adjustment accounts	82	374
Accrued income	735	847
Misc. adjustment accounts	3,653	4,645
Subtotal	**5,467**	**6,167**
Other assets		
Securities settlement accounts	215	111
Miscellaneous debtors	5,364	4,787
Inventories and similar	50	37
Other	28	51
Subtotal	**5,657**	**4,986**
Total	**11,124**	**11,153**

12b – Accrued charges, deferred income and other liabilities

	12/31/2022	12/31/2021
Accrued charges and deferred income		
Blocked accounts on collection transactions	890	483
Currency adjustment accounts	1,418	57
Accrued expenses	2,337	2,194
Deferred income	1,639	1,600
Misc. adjustment accounts	4,377	7,216
Subtotal	**10,661**	**11,550**
Other liabilities		
Lease obligations - Property	958	1,107
Lease obligations - Other	41	5
Securities settlement accounts	1,254	1,165
Outstanding amounts payable on securities	413	268
Miscellaneous creditors	3,250	2,717
Subtotal	**5,916**	**5,262**
Total	**16,577**	**16,812**

12c – Non-current assets and liabilities held for sale

Pursuant to IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the following are classified as "Net gains/(losses) on activities held for sale":
- In 2022: GACM España, Targobank Spain and Cholet Dupont.
- In 2021: the impact on profit or loss refers to the Bancas and FLOA entities. Keytrade Bank Luxembourg SA, FLOA, Groupe Cholet-Dupont, Groupe La Française and 2A are included in the balance sheet.

12d – Lease obligations by remaining term

	1 year or less	1-3 years	3-6 years	6-9 years	9 years or more	TOTAL
Lease obligations	201	247	**300**	**119**	**132**	**999**
- Property	182	228	**297**	**119**	**132**	**958**
- Other	19	19	3	0	0	41

NOTE 13 – Investments in companies accounted for using the equity method

13a – Share in net profit or loss of companies accounted for using the equity method

12/31/2022	Country	% interest	Investment value	Share of net profit/(loss)	Dividends received [1]	Fair value of investment (if listed)
Entities over which significant influence is exercised						
Banque de Tunisie	Tunisia	35	149	23	6	149
LYF S.A. (formerly Fivory)	France	44	7	0	0	UL*
2SF Société des Services Fiduciaires	France	33	(7)	(11)	0	UL*
Astrée	Tunisia	30	15	2	5	28
Bellatrix	France	42	25	0	0	
Other			15	(17)	0	
Total (1)			**204**	**(3)**	**11**	
Joint ventures						
Euro Automatic Cash	Spain	50	9	(2)	0	UL*
Total (2)			**9**	**(2)**	**0**	
TOTAL (1)+(2)			**213**	**(5)**	**11**	

*(1) in cash and shares. * UL: unlisted.*

12/31/2021	Country	% interest	Investment value	Share of net profit/(loss)	Dividends received [1]	Fair value of investment (if listed)
Entities over which significant influence is exercised						
Banque de Tunisie	Tunisia	35	135	(22)	8	133
LYF S.A. (formerly Fivory)	France	44	7	0	0	UL*
New Port	France	30	31	1	0	UL*
Astrée	Tunisia	30	16	2	2	31
Other		0	13	(8)	1	0
Total (1)			**202**	**(27)**	**11**	
Joint ventures						
FLOA (formerly Banque Casino) (2)	France	50	0	0	0	UL*
Euro Automatic Cash	Spain	50	11	8	0	UL*
Bancas	France	50	0	0	0	UL*
Total (2)			**11**	**8**	**0**	
TOTAL (1)+(2)			**213**	**(19)**	**11**	

*(1) in cash and shares. (2) Treatment under IFRS 5 in 2021. * UL: unlisted.*

13b – Data of main entities accounted for using the equity method

12/31/2022	Balance sheet total	NBI or revenue	Gross operating income	Net profit/ (loss)	OCI	Shareholders' equity in local currency
Entities over which significant influence is exercised						
Banque de Tunisie [1]	6,630	378	229	161	UL*	1,103
Astrée Assurances [1]	763	155	21	17	20	176

** NC: not communicated. (1) Individual financial data in local currency, i.e. Tunisian dinar.*

12/31/2021	Balance sheet total	NBI or revenue	Gross operating income	Net profit/ (loss)	OCI	Shareholders' equity in local currency
Entities over which significant influence is exercised						
Banque de Tunisie [1]	6,286	373	182	102	UL*	1,021
Astrée Assurance [1]	679	117	20	21	20	177
Joint ventures						
FLOA (formerly Banque Casino)	2,143	216	108	18	0	214

** NC: not communicated. (1) Individual financial data in local currency, i.e. Tunisian dinar.*

NOTE 14 – Investment property

	12/31/2021	Increase	Decrease	Other	12/31/2022
Historical cost	728	57	(24)	5	766
Depreciation and impairment	(177)	(16)	8	(2)	(187)
Net amount	**551**	**41**	**(16)**	**3**	**579**

The fair value of property recognized at cost was €661 million at December 31, 2022.

NOTE 15 – Property, plant and equipment and intangible assets

15a – Property, plant and equipment

	12/31/2021	Increase	Decrease	Other	12/31/2022
Historical cost					
Land used in operations	642	4	(7)	4	643
Buildings used in operations	6,290	179	(132)	-1	6,336
Right-of-use assets - Property	1,712	121	(112)	-8	1,713
Right-of-use assets - Other	44	55	(37)	0	62
Other property, plant and equipment	3,445	560	(333)	-18	3,655
Total	**12,133**	**919**	**(621)**	**-21**	**12,409**
Depreciation and impairment					
Land used in operations	(14)	(2)	0	1	(15)
Buildings used in operations	(4,150)	(217)	101	10	(4,256)
Right-of-use assets - Property	(609)	(235)	63	17	(764)
Right-of-use assets - Other	(39)	(19)	36	1	(21)
Other property, plant and equipment	(2,735)	(228)	156	1	(2,804)
Total	**(7,547)**	**(701)**	**356**	**30**	**(7,860)**
Net amount	**4,586**	**218**	**(265)**	**7**	**4,549**

Including buildings leased under finance leases

	12/31/2021	Increase	Decrease	Other	12/31/2022
Gross carrying amount	141	0	0	0	141
Depreciation and impairment	(31)	(3)	0	0	(34)
Total	**110**	**(3)**	**0**	**0**	**107**

15b – Intangible assets

	12/31/2021	Increase	Decrease	Other	12/31/2022
Historical cost					
Non-current assets produced internally	1,327	133	(5)	32	1,487
Non-current assets acquired	2,499	195	(118)	(76)	2,500
- Software	699	28	(11)	9	725
- Other	1,800	167	(107)	(86)	1,775
Total	**3,826**	**328**	**(123)**	**(44)**	**3,987**
Depreciation and impairment					
Non-current assets produced internally	(1,032)	(149)	3	6	(1,172)
Non-current assets acquired	(1,510)	(74)	19	13	(1,552)
- Software	(597)	(40)	11	(2)	(628)
- Other	(913)	(34)	8	15	(924)
Total	**(2,542)**	**(223)**	**22**	**19**	**(2,724)**
Net amount	**1,284**	**105**	**(101)**	**(25)**	**1,263**

NOTE 16 – Goodwill

	12/31/2021	Increase	Decrease	Other	12/31/2022
Gross goodwill	5,393	33	(99)	(4)	5,323
Impairment	(1,471)	(997)	0	(3)	(2,471)
Net goodwill	**3,922**	**(964)**	**(99)**	**(7)**	**2,852**

SUBSIDIARIES	Goodwill at 12/31/2021	Increase	Decrease	Impairment	Other	Goodwill at 12/31/2022
Targobank Germany	1976			(958)		1,018
CIC Group	515					515
Cofidis Group	466					466
o/w Cofidis Participations	*457*					*457*
o/w Cofidis SGPS	*0*					*0*
o/w Cofidis Italy	*9*					*9*
Targobank Spain	0					0
Groupe La Française	175					175
Procapital	63					63
Arkéa Direct Bank (formerly Fortuneo)	166					166
Monext	100					100
Factofrance SAS	68					68
El Télécom	0					0
Heller GmbH and Targo Leasing GmbH	0					0
Amgen Seguros Generales Compañía de Seguros y Reaseguros SA	45		(46)			(1)
CFCAL Banque	38			(16		22
Leasecom	0					0
Leetchi	26		(26)			0
Keytrade Bank (formerly Fortuneo Belgium)	94					94
Veritas Portfolio	17					17
Budget Insight	23		(23)			1
Other	150	33	(5)	(23)	(7)	148
Total	**3,922**	**33**	**(99)**	**(997)**	**(7)**	**2,852**

Impairment in the amount of €958 million was recorded for Targobank Germany at December 31, 2022 related to the increase in the discount rates during the year.

NOTE 17 – Provisions and contingent liabilities

17a – Provisions

	12/31/2021	Provisions during the year	Reversals during the year (used)	Reversals during the year (not used)	Other changes	12/31/2022
Provisions for risks	**702**	**410**	**(25)**	**(467)**	**(7)**	**613**
On guarantee commitments	364	191	(8)	(225)	(9)	313
of which 12-month expected losses (S1)	*48*	*56*	*0*	*(33)*	*(1)*	*70*
of which expected losses at termination (S2)	*151*	*61*	*0*	*(132)*	*0*	*80*
On financing commitments	201	153	(3)	(200)	1	152
of which 12-month expected losses (S1)	*90*	*96*	*0*	*(86)*	*(1)*	*99*
of which expected losses at termination (S2)	*71*	*47*	*0*	*(85)*	*(1)*	*32*
Tax	2	4	0	(2)	1	5
Litigation	93	31	(11)	(21)	(3)	89
Misc. receivables risk	41	30	(4)	(22)	8	53
Other provisions	**1,752**	**235**	**(153)**	**(300)**	**(10)**	**1,524**
Provision for mortgage saving agreements	369	17	(5)	(85)	0	296
Misc. contingencies	963	110	(86)	(216)	2	773
Other provisions	420	108	(62)	1	(12)	455
Retirement commitments	**1,996**	**117**	**(109)**	**(88)**	**(266)**	**1,650**
Total	**4,450**	**762**	**(287)**	**(855)**	**(283)**	**3,787**

	12/31/2020	Provisions during the year	Reversals during the year (used)	Reversals during the year (not used)	Other changes	12/31/2021
Provisions for risks	**718**	**371**	**(32)**	**(353)**	**(2)**	**702**
On guarantee commitments	444	111	(1)	(189)	(1)	364
of which 12-month expected losses (S1)	*49*	*28*	*0*	*(28)*	*(1)*	*48*
of which expected losses at termination (S2)	*234*	*6*	*0*	*(88)*	*(1)*	*151*
Loan and guarantee commitments	138	182	(2)	(120)	3	201
of which 12-month expected losses (S1)	*87*	*82*	*0*	*(80)*	*1*	*90*
of which expected losses at termination (S2)	*24*	*78*	*0*	*(33)*	*2*	*71*
Tax	10	2	0	(11)	1	2
Litigation	88	48	(15)	(27)	(1)	93
Misc. receivables risk	37	28	(14)	(6)	(4)	41
Other provisions	**1,681**	**407**	**(249)**	**(54)**	**(33)**	**1,752**
Provision for mortgage saving agreements	384	2	0	(17)	0	369
Misc. contingencies	925	252	(169)	(23)	(22)	963
Other provisions	372	154	(80)	(14)	(12)	420
Retirement commitments	**2,124**	**82**	**(75)**	**(29)**	**(106)**	**1,996**
Total	**4,523**	**860**	**(356)**	**(436)**	**(141)**	**4,450**

Provisions for home savings schemes and accounts

	0-4 years	4-10 years	+10 years	Total
Deposits taken on home savings schemes during the savings phase	3,460	31,250	13,448	48,159
Provisions for home savings schemes	12	78	206	296
Deposits taken on home savings accounts during the savings phase				5,285
Provisions for home savings accounts				0
Provisions set aside for home savings products				(17)
Reversal of provisions set aside for home savings products				90
Outstanding loans granted in respect of home savings schemes and accounts				43
Provisions for home savings loans				0

Deposits in respect of home savings schemes excluding the Capital range.

Retirement commitments and similar benefits

	12/31/2021	Provisions during the year	Reversals during the year	Other changes	12/31/2022
Commitments related to defined benefit and similar retirement plans, excluding pension					
Retirement benefits	1,450	93	(141)	(338)	1,064
Supplementary pensions	200	7	(13)	60	254
Long-service awards (other long-term benefits)	232	13	(31)	0	214
Total recognized	**1,882**	**113**	**(185)**	**(278)**	**1,532**
Supplementary defined benefit retirement plans covered by the Group's					
Commitments to employees and retired employees	11	3	0	9	23
Fair value of assets					
Total recognized	**11**	**3**	**0**	**9**	**23**
Other commitments	**102**	**0**	**(12)**	**5**	**95**
Total recognized	**102**	**0**	**(12)**	**5**	**95**
TOTAL	**1,995**	**116**	**(197)**	**(264)**	**1,650**

	12/31/2020	Provisions during the year	Reversals during the year	Other changes	12/31/2021
Commitments related to defined benefit and similar retirement plans, excluding pension					
Retirement benefits	1,527	55	(71)	(61)	1,450
Supplementary pensions	244	11	(25)	(30)	200
Long-service awards (other long-term benefits)	229	13	(8)	(2)	232
Total recognized	**2,000**	**79**	**(104)**	**(93)**	**1,882**
Supplementary defined benefit retirement plans covered by the Group's					
Commitments to employees and retired employees	22	0	(1)	(10)	11
Fair value of assets					
Total recognized	**22**	**0**	**(1)**	**(10)**	**11**
Other commitments	**102**	**2**	**0**	**(2)**	**102**
Total recognized	**102**	**2**	**0**	**(2)**	**102**
TOTAL	**2,124**	**81**	**(105)**	**(105)**	**1,995**

Defined benefit plan: Main actuarial assumptions

	12/31/2022	12/31/2021
Discount rate (1)	3.12% to 3.89%	0.0% to 1.21%
Expected rate of increase in salaries	1.0% to 4.68%	1.0% to 4.39%

(1) The discount rate is determined by reference to the long-term interest rate for private-sector loans and estimated based on the iBoxx index.

Retirement benefits

Change in actuarial liability	12/31/2021	Interest charges	Current service cost	Past service cost	Plan contributions	Actuarial differences arising from changes in demographic assumptions	Actuarial differences arising from changes in financial assumptions	Payment to beneficiaries	Translation differences	Other (business combinations, liquidations)	12/31/2022
Commitments	2,037	15	74	0	4	(470)	(65)	(11)	0	(100)	1484
Insurance contract outside the Group and assets managed externally	595	5	0	0	0	(40)	0	0	0	(132)	429
Provision	**1,442**	**10**	**74**	**0**	**4**	**(430)**	**(65)**	**(11)**	**0**	**31**	**1,055**

A 50-basis point increase in the discount rate would lead to an €88 million decrease in commitments, while a 50-basis point decrease would lead to a €90 million increase in commitments.

Change in actuarial liability	31.12.2020	Interest charges	Current service cost	Past service cost	Plan contributions	Actuarial differences arising from changes in demographic assumptions	Actuarial differences arising from changes in financial assumptions	Payment to beneficiaries	Translation differences	Other (business combinations, liquidations)	12/31/2021
Commitments	2,097	13	82	(1)	0	(9)	(5)	(67)	0	(73)	2,037
Insurance contract outside the Group and assets managed externally	570	4	0	0	11	0	17	(7)	0	0	595
Provision	**1,527**	**9**	**82**	**(1)**	**(11)**	**(9)**	**(22)**	**(60)**	**0**	**(73)**	**1,442**

Change in fair value of plan assets	12/31/2021	Discounting effect	Yield in plan assets in excess of interest income	Plan contributions	Payment to beneficiaries	Translation differences	Other (business combinations, liquidations)	12/31/2022
Fair value of plan assets	1,315	23	6	39	(25)	0	(165)	1,194

Change in fair value of plan assets	12/31/2020	Discounting effect	Yield in plan assets in excess of interest income	Plan contributions	Payment to beneficiaries	Translation differences	Other (business combinations, liquidations)	12/31/2021
Fair value of plan assets	1,287	14	32	51	(40)	0	(29)	1,315

	12/31/2022			
Breakdown of fair value of plan assets	Debt instruments	Equity instruments	Real estate	Other
Assets listed in an active market	70%	16%	0%	8%
Assets not listed in an active market	0%	1%	3%	1%
Total	**70%**	**17%**	**4%**	**9%**

	12/31/2021			
Breakdown of fair value of plan assets	Debt instruments	Equity instruments	Real estate	Other
Assets listed in an active market	74%	13%	0%	6%
Assets not listed in an active market	1%	0%	2%	4%
Total	**75%**	**13%**	**2%**	**10%**

Retirement commitments arising from defined benefit plans	Average duration (*)
Retirement benefits Supplementary pensions (Art. 39)	14.58

* *Excluding foreign entities of the Crédit Mutuel Alliance Fédérale group.*

17b – Contingent liabilities

None, except payment commitments made to the Single Resolution Fund (€267 million) and Fonds de Garantie des Dépôts (€331 million), which are fully collateralized in cash. See Note 2b.

NOTE 18 – Equity and reserves

18a – Equity attributable to the Group (excluding net profit/loss and unrealized gains and losses)

	12/31/2022	12/31/2021
Capital and capital reserves	11,644	11,442
- Share capital	11,616	11,411
- Share premium and other similar amounts	28	31
Consolidated reserves	53,773	49,656
- Regulated reserves	9	9
- Other reserves	53,569	49,474
- of which gains/(losses) on disposal of equity instruments	169	169
- Retained earnings	195	173
Total	**65,417**	**61,098**

18b – Unrealized or deferred gains and losses

	12/31/2022	12/31/2021
Unrealized or deferred gains or losses* related to:		
- investments by the insurance activities (available-for-sale assets)	(936)	1,859
- financial assets at fair value through recyclable equity - debt instruments	(228)	25
- financial assets at fair value through non-recyclable equity - equity instruments	272	240
- cash flow hedging derivatives	19	(6)
- own credit risk on financial liabilities - fair value option	10	(13)
- Other	(85	(473)
Total	**(948)**	**1,632)**

* *Net of income tax and after adjustment for shadow accounting.*

18 c – Fully consolidated entities with significant non-controlling interests

12/31/2022	Amounts attributable to non-controlling interests in the consolidated financial statements				Financial information regarding the fully consolidated entity*			
	% interest	Net profit/(loss) attributable to non-controlling interests	Non-controlling interests recognized in equity	Dividends paid to non-controlling interests	Balance sheet total	Net profit/ (loss)	Hidden reserves	PNB
Cofidis Group	80%	26	427	0	18,007	130	23	1,398

* *Amounts before elimination of intercompany balances and transactions.*

12/31/2021	Amounts attributable to non-controlling interests in the consolidated financial statements				Financial information regarding the fully consolidated entity*			
	% interest	Net profit/(loss) attributable to non-controlling interests	Non-controlling interests recognized in equity	Dividends paid to non-controlling interests	Balance sheet total	Net profit/ (loss)	Hidden reserves	PNB
Cofidis Group	80%	37	395	0	15,670	150	(7)	1,327

* *Amounts before elimination of intercompany balances and transactions.*

NOTE 19 – Commitments given and received

Commitments given	12/31/2022	12/31/2021
Financing commitments	**105,847**	**101,302**
Commitments given to credit institutions	577	1,575
Commitments given to customers	105,270	99,727
Guarantee commitments	**32,477**	**30,905**
Commitments given on behalf of credit institutions	5,422	5,750
Commitments given on behalf of customers	27,055	25,155
Securities commitments	**2,621**	**2,423**
Other commitments given	2,621	2,423

Commitments received	12/31/2022	12/31/2021
Financing commitments	**29,106**	**22,537**
Commitments received from credit institutions	28,806	22,530
Commitments received from customers	300	7
Guarantee commitments	**178,008**	**167,817**
Commitments received from credit institutions	68,240	63,405
Commitments received from customers	109,768	104,412
Securities commitments	**3,861**	**3,805**
Other commitments received	3,861	3,805

Securities given under repurchase agreements	12/31/2022	12/31/2021
Assets given under repurchase agreements	65,910	72,098
Related liabilities	67,683	72,484

Other assets given as collateral for liabilities	12/31/2022	12/31/2021
Loaned securities	390	1
Guarantee deposits for market transactions	5,102	4,419
Total	**5,492**	**4,420**

As part of its refinancing activity, the Group sells debt instruments and/or equity instruments under repurchase agreements. This results in the transfer of ownership of securities which the transferee may in turn lend. Coupons and dividends accrue to the borrower. These transactions are subject to margin calls and the Group is exposed to the risk that the securities may not be returned.

The other assets given as guarantees for liabilities concern derivatives for which margin calls are paid when their fair value is negative. These amounts include the initial margins and those paid subsequently.

2. Notes to the income statement

NOTE 20 – Interest and similar income and expense

	12/31/2022		31.12.20	
	Income	Expense	Income	Expense
. Credit institutions and central banks [1]	1,884	(767)	19	88
. Customers	12,420	(3,488)	11,389	(2,274)
- of which leasing	754	(231)	745	(266)
- of which lease obligation	0	(9)	0	(8)
. Hedging derivatives	2,768	(2,692)	2,569	(2,627)
. Financial instruments at fair value through profit or loss	688	(81)	470	(40)
. Financial assets at fair value through equity / Available-for-sale assets	464	0	264	0
. Securities at amortized cost	37	0	43	0
. Debt securities	0	(2,026)	0	(1,287)
. Subordinated debt	0	(86)	0	(74)
TOTAL	**18,261**	**(9,140)**	**14,754**	**(6,214)**
o/w interest income and expense calculated at the effective interest rate	*14,805*	*(6,367)*	*11,715*	*(3,547)*
o/w interest on liabilities at amortized cost		*(6,367)*		*(3,547)*

(1) includes the impact of negative interest rates. At 12/31/2022 this was -€281 million in income and +€208 million in expenses. At 12/31/2021, the impact was -€777 million in income and +€659 million in expenses.

NOTE 21 – Fees and commissions

	12/31/2022		12/31/2021 [1]	
	Income	Expense	Income	Expense
Credit institutions	33	(43)	17	(38)
Customers	2,256	(28)	2,048	(47)
Securities	1,363	(67)	1,544	(101)
o/w activities managed on behalf of third parties	*982*	*0*	*1,102*	*0*
Derivative instruments	10	(11)	26	(10)
Foreign exchange	42	(2)	35	(2)
Financing and guarantee commitments	192	(123)	158	(58)
Services rendered	3,194	(1,580)	2,857	(1,385)
TOTAL	**7,090**	**(1,854)**	**6,685**	**(1,641)**

(1) Fees and commissions related to Groupe La Française were reclassified from income and expenses on other activities to fees and commissions.

NOTE 22 – Net gains on financial instruments at fair value through profit or loss

	12/31/2022	12/31/2021
Trading instruments	233	205
Instruments under the fair value option	137	(58)
Hedge ineffectiveness	(38)	(8)
. On fair value hedges	(38)	(8)
. Change in fair value of hedged items	(1,393)	(38)
. Change in fair value of hedging items	1,355	30
Foreign exchange gain (loss)	59	64
Other instruments at fair value through profit or loss	580	1,020
Total changes in fair value	**971**	**1,223**

NOTE 23 – Net gains/(losses) on financial assets at fair value through equity

	12/31/2022	12/31/2021
Dividends	42	40
Realized gains and losses on debt instruments	(185)	63
Total	**(143)**	**103**

NOTE 24 – Net gains (losses) on financial assets and financial liabilities at amortized cost

	12/31/2022	12/31/2021
Financial assets at amortized cost		
Gains/losses on:	4	5
Bonds and fixed-income securities	0	1
Total	**4**	**5**

NOTE 25 – Net income from insurance activities

	12/31/2022	12/31/2021
Earned premiums	**18,077**	**17,217**
Cost of benefits	(9,038)	(8,792)
Changes in reserves	(465)	(5,032)
Other technical and non-technical income and expenses	(4,028)	(5,272)
Net investment income	(501)	5,780
Net income on insurance policies	**4,045**	**3,901**
Net interest/commission income	(78)	(71)
Net gains on financial instruments at fair value through profit or loss	(1)	1
o/w changes in fair value	(2)	(6)
Net gains (losses) on available-for-sale financial assets	9	3
Net gains (losses) on held-to-maturity assets	0	0
Net income on financial assets	**(70)**	**(67)**
Other net income*	**9**	**20**
Net income from insurance activities	**3,984**	**3,854**

** Includes investment property*

NOTE 26 – Income and expenses on other activities

	12/31/2022	12/31/2021 restated[1]
Income from other activities		
Investment property[2]	11	5
- Reversals of provisions and depreciation	0	0
- Capital gains on disposals	11	5
Rebilled expenses	117	113
Other income	1,832	1,645
Subtotal	**1,960**	**1,763**
Expenses on other activities		
Investment property[2]	(16)	(18)
- Provisions and depreciation	(16)	(18)
Other expenses	(625)	(726)
Subtotal	**(641)**	**(744)**
Total net other income and expenses	**1,319**	**1,019**

(1) Fees and commissions related to Groupe La Française were reclassified from income and expenses on other activities to fees and commissions.
(2) excluding insurance activities.

NOTE 27 – General operating expenses

	12/31/2022	12/31/2021
Employee benefits expense	(7,438)	(7,091)
Other expenses	(5,070)	(4,712)
TOTAL	**(12,508)**	**(11,803)**

27 a – Employee benefits expense

	12/31/2022	12/31/2021
Wages and salaries	(4,730)	(4,417)
Social security contributions	(1,645)	(1,659)
Short-term employee benefits	(2)	(2)
Employee profit-sharing and incentives	(574)	(527)
Payroll-based taxes	(505)	(493)
Other	18	7
TOTAL	**(7,438)**	**(7,091)**

Average number of employees

	12/31/2022	12/31/2021
Operational staff	46,120	46,442
Executives	37,516	36,699
Total	**83,636**	**83,141**
France	70,562	69,854
Rest of world	13,074	13,287

27 b – Other operating expenses

	12/31/2022	12/31/2021
Taxes and duties [1]	(795)	(654)
Leasing	(350)	(355)
- short-term leasing of assets [2]	(121)	(126)
- leasing of low value/substitutable assets [3]	(215)	(207)
- other leasing	(14)	(22)
Other external services	(2,870)	(2,682)
Other miscellaneous expenses	(124)	(109)
Total	**(4,139)**	**(3,800)**

(1) "Taxes and duties" includes an expense of €377 million in respect of the contribution to the Single Resolution Fund in 2022 vs. €276 million in 2021.
(2) Includes property leases that renew automatically.
(3) Includes computer hardware.

27 c – Depreciation, amortization and provisions for property, plant and equipment and intangible assets recognized and reversed

	12/31/2022	12/31/2021
Depreciation and amortization:	(928)	(908)
- Property, plant and equipment	(701)	(692)
of which right-of-use assets	(256)	(251)
- Intangible assets	(226)	(216)
Impairment:	(4)	(4)
- Property, plant and equipment	(2)	(3)
- Intangible assets	(2)	(1)
Total	**(931)**	**(912)**

NOTE 28 – Net additions to/reversals from provisions for loan losses

	12/31/2022	12/31/2021
- 12-month expected losses (S1)	(408)	(144)
- expected losses at termination (S2)	372	(84)
- impaired assets (S3)	(934)	(664)
Total	**(970)**	**(892)**

12/31/2022	Additions	Reversals	Irrecoverable receivables covered	Irrecoverable receivables not covered	Recovery of receivables previously written off	TOTAL
12-month expected losses (S1)	**(976)**	**568**				**(408)**
- Loans and receivables due from credit institutions at amortized cost	(7)	4				(3)
- Loans and receivables due from customers at amortized cost	(803)	433				(370)
- of which finance leases	(65)	28				(37)
- Financial assets at amortized cost - securities	(1)	1				0
- Financial assets at fair value through equity - debt securities	(12)	11				(1)
- Commitments given	(153)	119				(34)
expected losses at termination (S2)	**(1,274)**	**1,646**				**372**
- Loans and receivables due from customers at amortized cost	(1,162)	1,423				261
- of which finance leases	(66)	68				2
- Financial assets at amortized cost - securities	0	0				0
- Financial assets at fair value through equity - debt securities	(3)	6				3
- Commitments given	(108)	217				109
Impaired assets (S3)	**(1,864)**	**1,957**	**(847)**	**(331)**	**151**	**(934)**
- Loans and receivables due from credit institutions at amortized cost	0	0	0	0	0	0
- Loans and receivables due from customers at amortized cost	(1,766)	1,821	(837)	(320)	151	(951)
- of which finance leases	(30)	30	(12)	(5)	4	(13)
- 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)
- Commitments given	(98)	117	(2)	(11)	0	6
Total	**(4,114)**	**4,171**	**(847)**	**(331)**	**151**	**(970)**

12/31/2021	Additions	Reversals	Irrecoverable receivables covered	Irrecoverable receivables not covered	Recovery of receivables previously written off	TOTAL
12-month expected losses (S1)	**(663)**	**519**				**(144)**
- Loans and receivables due from credit institutions at amortized cost	(3)	2				(1)
- Loans and receivables due from customers at amortized cost	(537)	395				(142)
- of which finance leases	(33)	30				(3)
- Financial assets at amortized cost - securities	0	1				1
- Financial assets at fair value through equity - debt securities	(11)	11				0
- Commitments given	(112)	110				(2)
expected losses at termination (S2)	**(929)**	**845**				**(84)**
- Loans and receivables due from customers at amortized cost	(835)	716				(119)
- of which finance leases	(47)	47				0
- Financial assets at amortized cost - securities	(1)	0				(1)
- Financial assets at fair value through equity - debt securities	(8)	7				(1)
- Commitments given	(85)	122				37
Impaired assets (S3)	**(1,618)**	**2,384**	**(1,264)**	**(312)**	**146**	**(664)**
- Loans and receivables due from credit institutions at amortized cost	0		0	(2)	0	(2)
- Loans and receivables due from customers at amortized cost	(1,472)	2,150	(1,127)	(308)	146	(611)
- of which finance leases	(23)	34	(15)	(4)	1	(7)
- Financial assets at amortized cost - securities	(21)	137	(5)	0	0	111
- Financial assets at fair value through equity - debt securities	0	0	(132)	0	0	(132)
- Commitments given	(125)	97	0	(2)	0	(30)
Total	**(3,210)**	**3,748**	**(1,264)**	**(312)**	**146**	**(892)**

NOTE 29 – Gains or losses on other assets

	12/31/2022	12/31/2021
Property, plant and equipment and intangible assets	13	(1)
. Capital losses on disposals	(27)	(30)
. Capital gains on disposals	40	29
Net gains/(losses) on consolidated securities (1)	(148)	1
TOTAL	(135)	0

(1) Including the impact of the sale of Targo Spain and FLOA Bank.

NOTE 30 – Changes in goodwill

	12/31/2022	12/31/2021
Impairment of goodwill	(998)	(847)
TOTAL	(998)	(847)

See Note 16.

NOTE 31 – Income tax

Breakdown of tax expense

	12/31/2022	12/31/2021
Current tax	(1,608)	(1,972)
Deferred tax	(124)	15
Adjustments for prior years	9	24
TOTAL	(1,723)	(1,933)

Reconciliation of actual tax expense and theoretical tax expense

	12/31/2022	12/31/2021
Theoretical tax rate	25.83%	28.41%
Impact of special tax regime for venture capital companies (SCR) and commercial real property leasing companies (SICOMI)	(2.07%)	(2.59%)
Impact of reduced tax rate on long-term capital gains	(1.03%)	(0.40%)
Impact of specific tax rates paid by foreign entities	0.34%	(0.05%)
Impact of carrybacks	(0.54%)	(0.62%)
Permanent differences	6.42%	4.41%
Other	0.34%	1.75%
Effective tax rate	**29.29%**	**30.91%**
Taxable income	5,881	6,254
Tax expense	**29.29%**	**30.91%**

3. Notes to the statement of net income and gains and losses recognized directly in equity

NOTE 32 – Reclassification of gains and losses recognized directly in equity

	12/31/2022 Movements	12/31/2021 Movements
Translation adjustments		
Reclassification to profit or loss	0	0
Other movements	72	135
Subtotal	***72***	***135***
Remeasurement of financial assets at fair value through equity		
Reclassification to profit or loss*	21	(45)
Other movements	(238)	56
Subtotal	***(217)***	***11***
Remeasurement of hedging derivatives		
Reclassification to profit or loss	0	0
Other movements	29	6
Subtotal	***29***	***6***
Remeasurement of insurance business line investments (available-for-sale financial assets)		
Reclassification to profit or loss	(20)	(18)
Other movements	(2,771)	(92)
Subtotal	***(2,791)***	***(110)***
Remeasurement of non-current assets	0	0
Difference arising on remeasurement of own credit risk on financial liabilities under the fair value option transferred to reserves	23	6
Actuarial gains (losses) on defined benefit plans	319	47
Share of unrealized or deferred gains or losses of companies accounted for using the equity method	(4)	3
TOTAL	(2,569)	98

** sur instruments de dettes.*

NOTE 33 - Tax in respect of each category of gains and losses recognized directly to equity

	12/31/2022			12/31/2021		
	Gross amount	Tax	Net amount	Gross amount	Tax	Net amount
Translation adjustments	72	0	72	135	0	135
Remeasurement of financial assets at fair value through equity	(301)	83	(218)	14	(3)	11
Remeasurement of insurance business line investments	(3,802)	1,012	(2,790)	(231)	121	(110)
Remeasurement of hedging derivatives	39	(10)	29	8	(2)	6
Remeasurement of non-current assets	0	0	0	0	0	0
Difference arising on remeasurement of own credit risk on financial liabilities under the fair value option transferred	31	(8)	23	9	(3)	6
Actuarial gains (losses) on defined benefit plans	457	(138)	319	56	(9)	47
Share of unrealized or deferred gains or losses of companies accounted for using the equity method	(4)	0	(4)	3	0	3
Total change in gains and losses recognized directly in equity	**(3,508)**	**939**	**(2,569)**	**(6)**	**104**	**98**

4. Information concerning unconsolidated structured entities

A **structured entity** is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only or when the relevant activities are directed by means of contractual arrangements.

The Group has relations with unconsolidated structured entities in the course of its activities and to meet the needs of its customers.
The main categories of sponsored structured non-consolidated entities are the following:

- Special-purpose vehicles (SPV): the Group has no significant unconsolidated special-purpose vehicles.
- Asset financing: the Group grants loans to structured entities whose sole purpose is to hold assets for lease, with the entities using the associated lease payments to repay their borrowings. These entities are dissolved when the finance lease ends. The Group is generally the sole shareholder.

For these two categories, the maximum exposure to losses in respect of the structured entities corresponds to the carrying amount of the structured entity's financed asset.
- Collective investment undertakings and funds: the Group acts as an asset manager and custodian. It offers funds to its customers in which it does not invest itself. The Group markets and manages these funds, which may be special investors' funds or general public funds, for which it is remunerated in the form of fees.

An interest in an unconsolidated structured entity, whether or not on a contractual basis, exposes the Group to variability of returns associated with the entity's performance.
The Group's risk is mainly an operational risk of failure to perform its management or custodial mandate and, where applicable, includes risk exposure up to the amount of the sums invested.

No financial support was given to the Group's structured entities during the year.

The main categories of unconsolidated structured entities sponsored by the Group are provided in the table below.

12/31/2022	Special-purpose vehicles (SPV)	Asset management (UCITS/REITs) (*)	Other structured entities (**)
Balance sheet total	547	24,201	2,537
Carrying amount of financial assets (1)	133	15,936	1,036
Carrying amount of financial liabilities (1)	0	0	0
Maximum exposure to risk of loss	133	3,760	0

12/31/2021	Special-purpose vehicles (SPV)	Asset management (UCITS/REITs) (*)	Other structured entities (**)
Balance sheet total	377	44,587	2,188
Carrying amount of financial assets (1)	100	49,221	733
Carrying amount of financial liabilities (1)	0	0	0
Maximum exposure to risk of loss	100	33,207	0

(1) Carrying amount of the assets recognized by the reporting entity in respect of these structured entities.
(*) Mainly UCITS under management by the Group.
(**) Other structured entities correspond to asset financing entities.

5. Segment reporting

Breakdown of total assets by business line

In €m	Retail banking	Insurance	Corporate and Investment Banking	Asset Management / Private Banking	Other	Total	Intra-group elimination	Total
12/31/2022	1,388,310	195,475	140,190	42,137	143,544	1,909,656	(801,580)	1,108,076
Balance sheet total	**72.7%**	**10.2%**	**7.3%**	**2.2%**	**7.5%**			
12/31/2021	1,301,534	209,174	97,725	39,948	149,194	1,797,575	(717,084)	1,080,491
Balance sheet total	**72.4%**	**11.6%**	**5.4%**	**2.2%**	**8.3%**	**100.0%**		

Analysis of income statement by business line

12/31/2022	Retail banking	Insurance	Corporate and Investment Banking	Asset Management / Private Banking	Other	Intra-group elimination	Total
Net banking income	14,487	2,211	1,585	1,286	2,178	(1,255)	20,492
General operating expenses	(9,517)	(876)	(461)	(885)	(2,024)	1,255	(12,508)
Gross operating income	**4,970**	**1,335**	**1,124**	**401**	154		**7,984**
Net additions to/reversals from provisions for loan losses	(948)	-	9	(39)	8		(970)
Gains (losses) on other assets (1)	62	(4)	(1)	15	(1,210)		(1,138)
Profit/(loss) before tax	**4,084**	**1,331**	**1,132**	**377**	(1,048)		**5,876**
Income tax	(1,155)	(313)	(162)	(85)	(8)		(1,723)
Net profit/(loss)	**2,929**	**1,018**	**970**	**292**	(1,056)		**4,153**
Non-controlling interests	27	1	–	2	3		33
Net profit attributable to the Group	**2,902**	**1,017**	**970**	**290**	(1,059)		**4,120**

(1) Including net profit or loss of companies accounted for using the equity method and goodwill impairment.

12/31/2021	Retail banking	Insurance	Corporate and Investment Banking	Asset Management / Private Banking	Other	Intra-group elimination	Total
Net banking income	13,913	2,340	1,690	1,045	2,006	(1,206	19,788
General operating expenses	(9,260)	(808)	(447)	(695)	(1,799)	1,206	(11,803)
Gross operating income	**4,653**	**1,532**	**1,243**	**350**	207		**7,985**
Net additions to/reversals from provisions for loan losses	(895	0	17	(14)	0		(892)
Gains (losses) on other assets (1)	(4)	(2)	0	3	(863)		(866)
Profit/(loss) before tax	**3,754**	**1,530**	**1,260**	**339**	(656)		**6,227**
Income tax	(1,165)	(436)	(164)	(72)	(96)		(1,933)
Net profit/(loss)	**2,598**	**1,094**	**1,096**	**266**	(752)		**4,302**
Non-controlling interests	31	1	0	1	3		36
Net profit attributable to the Group	**2,567**	**1,093**	**1,096**	**265**	(755)		**4,266**

(1) Including net profit or loss of companies accounted for using the equity method and goodwill impairment.

Breakdown of total assets by geographic area

ASSETS	12/31/2022				12/31/2021			
	France	Europe excluding France	Rest of world*	Total	France	Europe excluding France	Rest of world*	Total
Cash and amounts due from central banks	125,600	11,631	4,970	142,201	139,771	14,051	3,323	157,145
Financial assets at fair value through profit or loss	30,412	540	863	31,815	23,340	508	1,061	24,909
Hedging derivatives	9,642	94	82	9,818	2,261	4	6	2,271
Financial assets at amortized cost	605,340	66,448	10,294	682,082	559,739	62,390	9,671	631,800
of which loans and receivables due from credit institutions	61,068	1,257	2,407	64,732	58,145	1,583	2,463	62,191
of which loans and receivables due from customers	541,787	62,767	7,887	612,441	499,283	58,434	7,208	564,925
Financial assets at fair value through equity	32,428	811	9,582	42,821	35,001	889	6,943	42,833
Investments by the insurance activities and reinsurers' share of technical provisions	177,416	1,878	0	179,294	194,196	0	0	194,196
Investments in equity consolidated companies	49	34	130	213	92	11	110	213

LIABILITIES	12/31/2022				12/31/2021			
	France	Europe excluding France	Rest of world*	Total	France	Europe excluding France	Rest of world*	Total
Central banks	0	44	0	44	601	1	3	605
Financial liabilities at fair value through profit or loss	19,907	325	442	20,674	12,647	214	631	13,492
Hedging derivatives	7,085	23	5	7,113	2,854	43	1	2,898
Due to credit institutions	58,437.3	8098.7	8,832	75,368	80,826	(4,864)	7,972	83,934
Due to customers	496,847	65,032	3,989	565,868	476,691	68,617	2,352	547,660
Debt securities	146,722	1,356	10,991	159,069	128,905	4,153	8,667	141,725

** United States, Singapore, Morocco and Tunisia.*

Analysis of income statement by geographic area

	12/31/2022				12/31/2021			
	France	Europe excluding France	Rest of world*	Total	France	Europe excluding France	Rest of world*	Total
Net banking income	16,559	3,691	242	20,492	16,053	3,531	204	19,788
General operating expenses	(10,200)	(2,199)	(109)	(12,508)	(9,542)	(2,168)	(93)	(11,803)
Gross operating income	6,359	1,492	133	7,984	6,511	1,363	111	7,985
Net additions to/reversals from provisions for loan losses	(409)	(587)	26	(970)	(445)	(452)	5	(892)
Gains (losses) on other assets**	(1,163)	2	23	(1,138)	(879	3	10	(866)
Profit/(loss) before tax	4,787	907	182	5,876	5,187	914	126	6,227
Total net profit/(loss)	3,360	638	155	4,153	3,537	652	113	4,302
Net profit attributable to the Group	**3,339**	**626**	**155**	**4,120**	**3,512**	**642**	**112**	**4,266**

** United States, Singapore, Morocco and Tunisia*
*** Including net profit or loss of companies accounted for using the equity method and goodwill impairment.*

6. Other information

Note I.1 - Fair value hierarchy of financial instruments valued at amortized cost or cost on the balance sheet

The fair values presented are estimates based on observable data at December 31, 2022. They are obtained by calculating estimated discounted future cash flows using a risk-free yield curve. For assets, a credit spread calculated globally and revised annually is added to the yield curve.

The financial instruments presented in this note are loans and borrowings. They do not include non-monetary instruments (equities), trade payables, other assets, other liabilities and accruals. Non-financial instruments are not covered by this note.

The fair value of financial instruments payable on demand and of regulated customer savings contracts is the amount due to the customer, i.e. the carrying amount.

Some group entities may also apply assumptions, for example that the market value is the carrying amount for contracts indexed on a variable rate or whose residual life is one year or less.

Note that financial instruments carried at amortized cost are not transferable and are not, in practice, sold before maturity. Accordingly, gains or losses are not recognized.

However, if financial instruments carried at amortized cost were to be sold, the selling price could be significantly different from the fair value calculated at December 31, 2022.

Montants en M€	12/31/2022						
	Market value	Carrying amount	Unrealized gains or losses	Level 1 of hierarchy	Level 2 of hierarchy	Level 3 of hierarchy	Total
Assets	**774,713**	**837,111**	**(62 119)**	**8,138**	**195,025**	**571,550**	**774,713**
Financial assets at amortized cost - IFRS 9	762,164	824,283	(62 119)	3,084	187,530	571,550	762,164
Cash and amounts due from central banks	142,206	142,201	5	0	142,206	0	142,206
Loans and receivables due from credit institutions	59,573	64,732	(5 159)	0	59,573	0	59,573
Loans and receivables due from customers	555,647	612,441	(56 794)	0	(15,903)	571,550	555,647
Securities	4,739	4,909	(170)	3,084	1,654	0	4,739
Insurance business investments at amortized cost	12,549	12,829	0	5,053	7,495	0	12,549
Loans and receivables	7,495	7,495	0	0	7,495	0	7,495
Held-to-maturity	5,053	5,333	0	5,053		0	5,053
Liabilities	**797,207**	**814,042**	**(16 835)**	**0**	**499,622**	**297,585**	**797,207**
Financial liabilities at amortized cost - IFRS 9	794,600	811,434	(16 835)	0	497,014	297,585	794,600
Due to credit institutions	74,217	75,368	(1 151)	0	74,217	0	74,217
Due to customers	561,099	565,868	(4 769)	0	273,624	287,475	561,099
Debt securities	149,041	159,069	(10 029)	0	138,930	10,110	149,041
Subordinated debt	10,243	11129	(886)	0	10,243	0	10,243
Liabilities from the insurance activities at amortized cost	**2,608**	**2,608**	**0**	**0**	**2,608**	**0**	**2,608**
Due to credit institutions	1,752	1,752	0	0	1752	0	1,752
Debt securities	0	0	0	0	0	0	0
Subordinated debt	856	856	0	0	856	0	856

- Level 1: quoted price in an active market.
- Level 2: prices in active markets for similar instruments and valuation techniques for which all significant data is based on observable market information.
- Level 3: valuation based on internal models containing significant non-observable data.

Note I.2 - Dividends

The consolidating entity intends to pay €232 million in dividends outside the Crédit Mutuel group.

Note I.3 - Related parties

Amounts in €m	12/31/2022 Entities consolidated using the equity method	12/31/2021 Entities consolidated using the equity method
Assets		
Assets at fair value through profit or loss	0	0
Financial assets at fair value through equity	**0**	**20**
Financial assets at amortized cost (1)	**0**	**1,842**
o/w current accounts	*0*	*0*
Hedging derivatives	0	0
Investments by the insurance activities	0	0
Other assets	**46**	**0**
Liabilities		
Due to credit institutions (1)	42	126
o/w current accounts (1)	*35*	*126*
Hedging derivatives	0	0
Liabilities at fair value through profit or loss	0	0
Due to customers	13	17
Debt securities	0	0
Subordinated debt	0	0
Interest income	0	7
Interest paid	0	0
Fees and commissions (income)	0	1
Fees and commissions (expense)	0	0
Net gains/(losses) on financial assets at fair value through equity and FVPL	6	8
Net income from insurance activities	0	(37)
Other income and expenses	10	27
NBI	**16**	**6**
General operating expenses	**2**	**1**
Financing commitments given	0	35
Guarantee commitments given	1	0
Financing commitments received	0	0
Guarantee commitments received	1	0

(1) 2021-2022 change related to the deconsolidation of FLOA Bank.

Note I.4 - Remuneration of corporate officers

(€ thousands)	Salary Fixed component	Salary Variable component	Employer contributions for supplementary benefits	Benefits in kind	Total
Main corporate officers*	685	0	16	2	703

** Chief Executive Officer, Deputy Chief Executive Officer.*

Note I.5 – Share-based payments

IFRS 2 covers transactions for which payments are share-based, particularly payments to employees in return for services provided. Excluded from the scope are transactions whereby the company acquires goods as part of the net assets acquired at the time of business combinations, which are covered by IFRS 3, and certain transactions covered by IAS 32 and IAS 39 relating to financial instruments (contracts for the purchase and sale of non-financial assets).

IFRS 2 defines three categories of transactions for which payment is share-based:
- transactions settled in equity instruments of the entity (for example, shares or stock options);
- transactions settled in cash whereby the entity acquires goods or services by incurring a debt that represents the obligation to transfer cash or other assets to the supplier of such goods or services in amounts based on the price (or value) of the entity's shares or any other equity instrument; and
- transactions settled either in equity instruments or in cash, at the discretion of the entity or the supplier of the goods or services, depending on the agreements.

The main payments applicable to the Group involve cash-settled transactions. For these transactions, the fair value of the liability, measured initially on the grant date, must be remeasured on each closing date until the settlement date of the debt. Changes in fair value are recognized through profit or loss until the debt is settled.
For transactions settled in equity, an expense is recognized through equity. This expense is spread out over the vesting period.

AT 12/31/2022	Plan 1	Plan 2	Plan 3
Type of plan	*Cash-settled*	*Cash-settled*	*Cash-settled*
Grant date	7/1/2017	11/1/2019	1/1/2021
Exercise period	Q2 2022	2022/2024	2026
Impact on 2022 income	1.2	5.1	(0.1)
Liabilities on balance sheet	0.0	0.0	0.0

Note I6 – Statutory auditors' fees

	12/31/2022					
	ERNST & YOUNG		KPMG		OTHER	
Amount in € millions excluding VAT	Amount	%	Amount	%	Amount	%
Audit of the financial statements	2.44	69%	12.23	93%	14.12	92%
Non-audit services*	1.12	31%	0.93	7%	1.31	8%
Total	**3.56**	**100%**	**13.16**	**100%**	**15.43**	**100%**
of which fees paid to the statutory auditors in France for auditing of the financial statements	1.96		9.92		12.13	
of which fees paid to the statutory auditors in France for non-audit services	0.49		2.32		1.99	

** In 2017, non-audit services included comfort letters in connection with market transactions and reports and certifications required for regulatory purposes.*

	12/31/2021					
	ERNST & YOUNG		KPMG		AUTRES	
Amount in € millions excluding VAT	Montant	%	Montant	%	Montant	%
Audit of the financial statements	4.05	85%	3.04	100%	17.31	87%
Non-audit services*	0.72	15%	0.01	0%	2.54	13%
Total	**4.77**	**100%**	**3.04**	**100%**	**19.85**	**100%**
of which fees paid to the statutory auditors in France for auditing of the financial statements	3.59		2.83		14.30	
of which fees paid to the statutory auditors in France for non-audit services	0.46		0.20		3.01	

** In 2017, non-audit services included comfort letters in connection with market transactions and reports and certifications required for regulatory purposes.*

REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

CONFÉDÉRATION NATIONALE DU CRÉDIT MUTUEL
Year ended December 31, 2022

KPMG S.A.
Tour Eqho
2, avenue Gambetta
CS 60055 – 92066 Paris-La Défense cedex
S.A. au capital de € 5 497 100
775 726 417 R.C.S. Nanterre
Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles et du Centre

ERNST & YOUNG ET AUTRES
Tour First – TSA 14444
92037 Paris – La Défense Cedex
S.A.S. à capital variable
438 476 913 R.C.S. Nanterre
Commissaire aux comptes
Membre de la compagnie
régionale de Versailles et du Centre

To the General Meeting of Confédération Nationale du Crédit Mutuel,

OPINION

In compliance with the engagement entrusted to us by your General Meetings, we have audited the consolidated financial statements of Confédération Nationale du Crédit Mutuel for the year ended December 31, 2022, as appended to this report.
In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at the end of that year and of the results of its operations during the year then ended in accordance with International Financial Reporting Standards as adopted in the European Union.

BASIS OF OUR OPINION

Terms of reference

We conducted our audit in accordance with auditing standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.
Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditors for the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit in compliance with the rules regarding independence specified in the French Commercial Code and in the code of ethics for statutory auditors, for the period from January 1, 2022 to the date of issuance of our report.

BASIS FOR OUR ASSESSMENTS

Pursuant to Articles L. 823 9 and R. 823 7 of the French Commercial Code regarding the basis for our assessments, we inform you of the following assessments which, in our professional judgment, were the most significant for the audit of the annual financial statements.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on specific elements of the consolidated financial statements.

- The group uses internal models and methodologies to measure financial instruments that are not traded on active markets and to set up certain provisions, as described in Note 3.1.9.2 to the consolidated financial statements. We assessed the control system used for these models and methodologies, the parameters used and the identification of the financial instruments to which they apply.

- The group records impairment provisions to cover the credit and counterparty risks inherent to its activities (Notes 3.1.8.6 and 3.2.1 to the consolidated financial statements). We assessed the control system applicable to the monitoring of credit and counterparty risk, the impairment methodologies and the coverage of losses in value by individual impairment provisions.

- The group carried out impairment tests on goodwill and investments which may, where relevant, result in the recognition of impairment provisions in respect of this year (Note 2.5 to the consolidated financial statements). We assessed the procedures for conducting these tests, the main assumptions and parameters used, as well as the resulting estimates that led, where applicable, to impairment losses.

- The group records provisions for employee obligations (Note 3.3.2 to the consolidated financial statements). We assessed the method used to assess these obligations, as well as the main assumptions and calculation methods used.

SPECIFIC VERIFICATIONS

In accordance with professional standards applicable in France, we also performed the specific verifications, as required by laws and regulations, of information provided in the Board of Directors' report on the group's management.

We have no matters to report regarding the fair presentation of this information or its consistency with the consolidated financial statements.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH CORPORATE GOVERNANCE REGARDING THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of consolidated financial statements that comply with International Financial Reporting Standards as adopted in the European Union and for such internal control as management determines is necessary for the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the consolidated financial statements, management is responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to its continuation as a going concern and using the going concern basis of accounting, unless management intends to liquidate the association or cease operations.
The consolidated financial statements have been approved by the Board of Directors.

RESPONSIBILITIES OF THE STATUTORY AUDITORS FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these financial statements.
As set out in Article L. 823 10 1 of the French Commercial Code, our statutory audit does not serve to provide assurance on the viability or the quality of your association's management.
As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit. The statutory auditor also:

- identifies and assesses the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures in response to those risks, and obtains audit evidence that the auditor considers to be sufficient and appropriate to provide a basis for his/her opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that for one resulting from error, as fraud may involve collusion, falsification, intentional omissions, misrepresentation or the overriding of internal control;
- obtains an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management and the related disclosures in the consolidated financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the association's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, attention must be drawn in the audit report to the relevant disclosures in the consolidated financial statements, or, if such disclosures are not provided or are inadequate, a qualified opinion, adverse opinion or disclaimer of opinion must be issued;
- evaluates the overall presentation of the financial statements and assesses whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on those consolidated financial statements.

Paris-La Défense, May 16, 2023

The Statutory Auditors

KPMG S.A.
Arnaud Bourdeille
Partner

ERNST & YOUNG ET AUTRES
Hassan Baaj
Partner

THE HISTORY OF MUTUALISM IS OUR HISTORY

THANK YOU

This edition was produced with the help of the Crédit Mutuel group's employees and elected directors.
We would like to thank Crédit Mutuel's regional federations for their contribution, and especially:

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See all the portraits in all our institutional publications.

Photos: Crédit Mutuel - Adobe Stock - Christèle Billault.

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