First amendment to the 2022 Universal Registration Document

INCLUDING THE **JUNE 30, 2023** INTERIM FINANCIAL REPORT

CIC

Building the future in a changing world

CONTENTS

Building the future in a changing world

First amendment to the 2022 Universal Registration Document

including the **June 30, 2023** interim financial report

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

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

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

RETAIL BANKING,

CORPORATE BANKING,

CAPITAL MARKETS,

ASSET MANAGEMENT & PRIVATE BANKING,

PRIVATE EQUITY.

Accounts have not been audited, but are subject to a limited review.
2022 Universal Registration Document filed with the Autorité des Marchés Financiers on April 13, 2023 under number D.23-0274.
First amendment to the 2022 Universal Registration Document filed with the Autorité des Marchés Financiers on August 10, 2023 under number D.23-0274-A01.

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

This first amendment to the Universal Registration Document was filed on August 10, 2023, with the AMF, as the competent authority under Regulation (EU) 2017/1129, without prior approval, in accordance with Article 9 of the regulation.

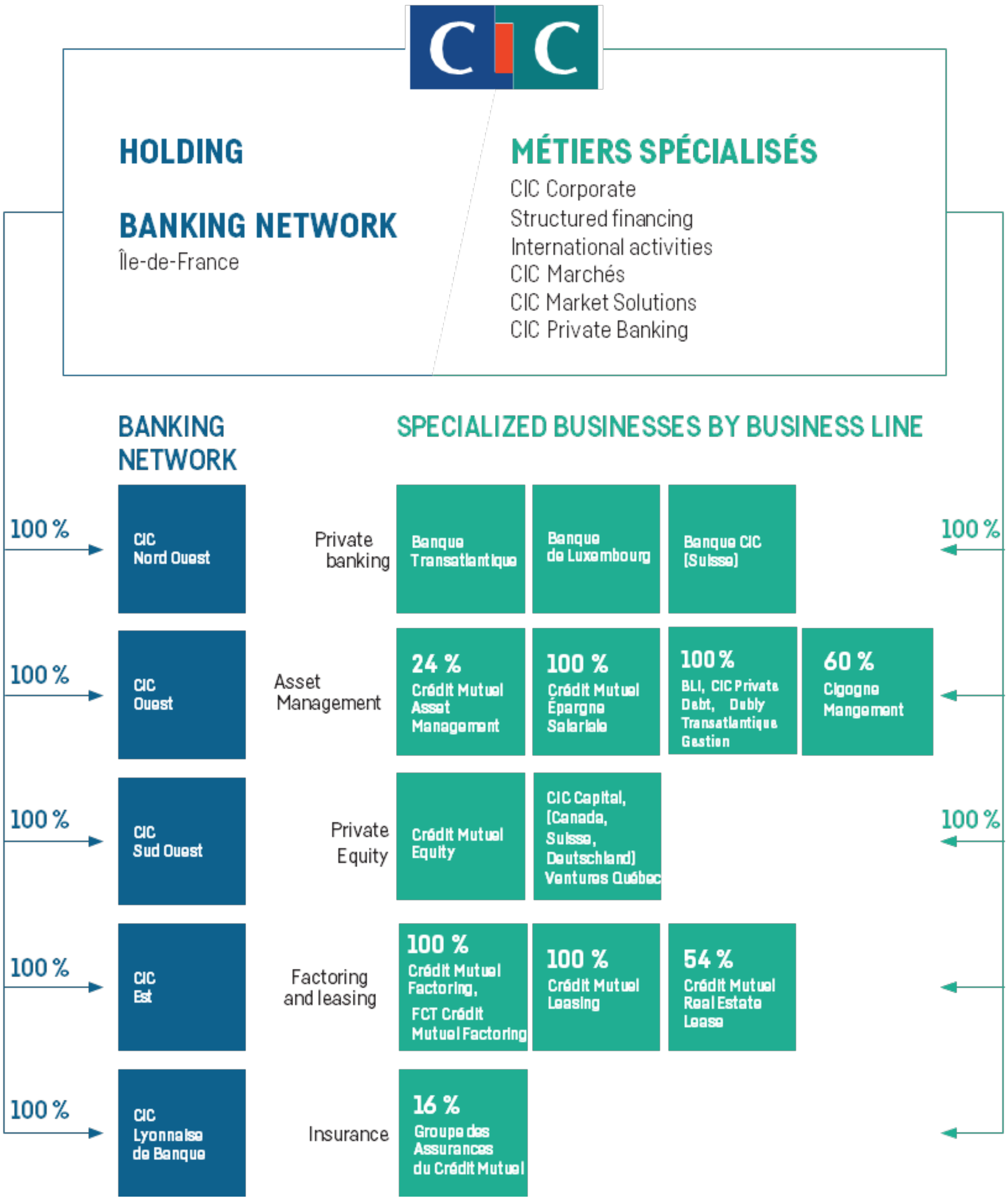
The universal registration document can be used for the purposes of a public offering of securities or for the admission of securities to trading on a regulated market if it is supplemented by a note on the securities and, where relevant, a summary and all amendments to the universal registration document are included. These are approved by the AMF in accordance with Regulation (EU) 2017/1129.

1 PRESENTATION OF CIC

CIC consists of:

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

SIMPLIFIED ORGANIZATION CHART 2023



2 INTERIM BUSINESS REPORT

2.1 ECONOMIC AND REGULATORY ENVIRONMENT IN THE FIRST HALF OF 2023

2.1.1 Economic environment

Persistent inflation in the first half of 2023

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

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

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

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

In the **United States**, regional bank failures and fears of a US sovereign default marred the first half of the year and contributed to substantial volatility. The failure of regional banks in March, notably Silicon Valley Bank, forced the Fed and regulators to deploy exceptional measures to guarantee deposits and access to liquidity for US credit institutions (nearly $300 billion in liquidity). Since then, with the exception of the First Republic takeover, signs of banking stress have eased, as evidenced by the stabilization of deposits and the stability of the interbank market. Fears of a sovereign default, which according to the US Treasury could have occurred in early June, then took over even though the federal debt ceiling had been reached in mid-January. At the end of May, the White House and the Republican opposition in Congress reached an agreement to suspend the cap until 2025, *i.e.* after the presidential elections in November 2024, in return for limited public spending in fiscal years 2024 and 2025. Despite these episodes, which contributed to the volatility of sovereign rates, the Fed focused its efforts on tackling persistent core inflation (the Fed's preferred PCE index stood at +4.6% year-on-year in May) and the still insufficient normalization of the labor market. It raised its key rates by 75 bp in four meetings, bringing the target range to 5%-5.25%, which contributed to a sharp rebound in short-term sovereign rates, up 50 bp to 2 years. Although the Fed decided to take a break in June by leaving its key rates unchanged, it did hint at possible future rate hikes, an analysis based on still-resilient demand. Economic growth remained buoyant in the first quarter (+0.5% sequentially), and services activity continued to expand despite its slowdown. These dynamics, combined with the wave of enthusiasm for artificial intelligence, notably enabled US equity indexes to significantly outperform their European peers, at +15% for the S&P 500 *vs.* +4% for the Stoxx Europe 600.

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

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

2.1.2 Regulatory environment

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

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

Credit risks

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

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

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

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

Market risks

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

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

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

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

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

Solvency risks

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

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

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

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

IT risks

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

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

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

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

Regarding the regulation of digital assets, the European Parliament approved the **first EU rules to trace transfers of cryptoassets** (such as bitcoin and e-money tokens) and prevent money laundering, as well as common rules on customer protection under a regulation on cryptoasset markets (MiCA [5]).

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

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

A regulatory review is also underway in France and Europe on disintermediated finance (DeFi [1]).

Climate risks

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

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

- introduce new accounting, credit rating, prudential and macro-prudential regulations for the entire financial sector, to better manage sustainability risk;
- improve the reliability and comparability of ESG ratings [2];
- ensure the orderly transition of the financial system and guarantee its integrity.

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

A first means of assessment is to conduct **stress tests**. The climate stress test exercise carried out by the ECB at the end of 2022 demonstrates that a long process of evaluation and calculation of assets invested in sustainable economic activities must be gradually deployed by the financial sector. For its part, the European Insurance and Occupational Pensions Authority conducted its first climate stress test exercise for early 2023. Finally, the European Commission mandated the three European supervisory agencies to conduct a stress test in 2023-2024 to assess the resilience of the financial sector in the medium term, in relation to the transition risk implied by the "fit-for-55" [3] package.

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

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

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

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

Compliance risks

Significant work on the marketing of financial instruments to individuals is currently underway at European level, and will have a major impact on the banking sector.

In May 2023, the European Commission adopted a **package of measures on retail investment**. It consists of an amending "Omnibus" directive known as the Retail Investment Strategy Directive, which revises the existing rules set out in the MiFID II Directive [4], the DDA Directive [5], the UCITS Directive, the AIFM Directive [6], and the Solvency II Directive [7], supplemented by an amending regulation revising the PRIIPs Regulation [8]. This legislative package includes a number of measures designed to: improve the information provided to retail investors on investment products and services; make costs more transparent and comparable by imposing standardized presentation and terminology; protect retail investors from misleading commercial practices; maintain high standards of professional qualification for financial

(1) Decentralized or disintermediated finance (DeFi) refers to a set of services on cryptoassets, comparable to financial services and carried out without the intervention of an intermediary. Based on the principle of decentralization popularized by blockchain technologies, it has developed in the wake of innovations linked to cryptoassets, notably the widespread use of clause-executing automata (or smart contracts).
(2) ESG: Environment, Social and Governance, three main factors used to assess the sustainability of an investment.
(3) Fit-For-55 refers to the EU objective of reducing net greenhouse gas emissions by at least 55% by 2030. The proposed legislative package aims to align EU legislation with the target set for 2030.(4) Markets in Financial Instruments Directive (MiFID).
(4) Markets in Financial Instruments Directive (MiFID).
(5) The IDD (Insurance Distribution Directive) or DDA (Directive sur la Distribution d'Assurance).
(6) The Alternative Investment Fund Manager (AIFM) directive provides a regulatory framework for hedge fund managers in Europe.
(7) The Solvency II directive aims to modernize and harmonize the solvency rules applicable to insurance companies.
(8) The European PRIIPs (Packaged Retail Investment and Insurance-based Products) regulation aims to standardize pre-contractual information for packaged financial products (investment funds, derivatives, savings mode life insurance products, etc.) offered to non-professional investors.(9) According to the level of estimated risk associated with a counterparty, an internal rating is assigned to it, which will influence the capital requirements for credit risk.

advisors; and remedy potential conflicts of interest in the distribution of investment products, by prohibiting, among other things, retrocessions for sales made without the provision of any advice. Lastly, distributors' compensation would be subject to stricter safeguards and greater transparency, with implementing measures currently under consultation.

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

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

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

Insurance risks

Several regulatory projects initiated in 2022 are continuing in 2023:

- publication of technical implementing standards for the reporting of risk concentrations and intra-group transactions for supervisory purposes, in application of the Financial Conglomerates Directive. This next specifies the scope and frequency of reporting on major intra-group transactions and significant risk concentrations within financial conglomerates. It defines the reporting formats to be respected and will apply from the end of 2023;
- preparation for the implementation in 2023 of the **IFRS 17 accounting standard**, which leads to significant changes in terms of the measurement of insurance liabilities and the results of insurance companies;
- the proposed **recast of the Solvency II Directive on the solvency requirements of insurance companies**.

Other regulatory issues are under discussion:

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

2.2 CIC'S CONSOLIDATED ACTIVITIES AND RESULTS

2.2.1 Balance sheet and financial structure

(in € millions)	06/30/2023	06/30/2022
Financial structure and business activity		
Balance sheet total	418,366	402,166
Shareholders' equity (incl. profit/(loss) for the period before distribution)	19,167	16,667
Customer deposits	221,033	219,215
Customer loans (including leases)	243,595	231,024

Customer deposits

(in € billions)	06/30/2023	06/30/2022	Change in %	12/31/2022
Current accounts	104.1	131.1	-20.6%	120.7
Livret Bleu / Livret A passbook accounts	14.4	12.0	+19.9%	12.9
Other passbook accounts	28.6	31.6	-9.7%	32.8
Mortgage saving accounts	11.7	12.3	-4.9%	12.4
Term deposits [1]	59.2	29.3	x 2	34.5
Other	3.1	2.8	+10.0%	8.8
CUSTOMER DEPOSITS	**221.0**	**219.2**	**+0.8%**	**222.0**

(1) Includes PEP accounts

Deposits stood at more than €221 billion at the end of June 2023, up by 0.8% year-on-year.

At June 30, 2023, inflows into *Livret A* passbook accounts remained especially high, rising 19.9% year-on-year to reach more than €14.4 billion. This increase is mainly due to the continuation of measures favorable to regulated savings, leading to an increase in the interest paid on these accounts. Conditions in the financial markets are also encouraging customers to turn toward products that are both liquid and safe. Term deposits (including PEP accounts) consequently doubled over the last twelve months to reach more than €59 billion. Current accounts, by contrast, saw outflows of more than €27 billion, while home savings account deposits also fell by almost 5%.

Customer loans

(in € billions)	06/30/2023	06/30/2022	Change in %	12/31/2022
Home loans	110.3	104.8	+5.3%	108.7
Consumer	6.8	6.3	+7.5%	6.6
Equipment and leasing	88.9	82.0	+8.4%	87.6
Operating [1]	23.0	25.7	-10.4%	33.6
Other	14.6	12.2	+19.2%	3.5
CUSTOMER LOANS	**243.6**	**231.0**	**+5.4%**	**240.0**

(1) Current account overdrafts & working capital loans

At the end of the first half of 2023, outstanding loans amounted to €243.6 billion, an increase of 5.4% year-on-year.

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

- home loans rose by 5.3% to €110.3 billion;
- consumer credit rose by 7.5% to €6.8 billion;
- equipment loans and leasing receivables rose by 8.4% to just under €88.9 billion;
- other types of loan rose by 19.2% to €14.6 million.

The "loan-to-deposit" ratio – the ratio of total net loans to bank deposits expressed as a percentage – was 110.2% at June 30, 2023, compared to 105.4% a year earlier.

Bank financial savings reached €217.7 billion and outstanding insurance savings increased by +3.2% compared to June 30, 2022, at €36.8 billion.

At June 30, 2023, CIC's shareholders' equity totaled €19.2 billion versus €16.7 billion at June 30, 2022.

At the end of June 2023, CIC maintained a high level of solvency, with a Common Equity Tier 1 (CET1) ratio of 12.9%. The Tier 1 ratio also stood at 12.9% at the end of June 2023 and the overall solvency ratio reached 14.8%.

Risk-weighted assets (RWA) totaled €139.3 billion at June 30, 2023 (versus €135.4 billion at the end of December 2022). The leverage ratio was 4.5% at June 30, 2023 versus 4.3% at the end of December 2022.

2.2.2 Analysis of the consolidated income statement

(in € millions)	H1 2023	H1 2022	Change
Net revenue	**3,367**	**3,182**	**+5.8%**
General operating expenses	-1,973	-1,856	+6.3%
of which contribution to the Single Resolution Fund, supervision costs and contributions to the FGD [1]	-177	-209	-15.3%
Gross operating income	**1,394**	**1,326**	**+5.2%**
Cost of risk	-159	-99	+60.2%
Cost of proven risk	-186	-42	x 4.4
Cost of non-proven risk	27	-57	n.s.
Operating income	**1,235**	**1,227**	**+0.7%**
Net gains and losses on other assets and ECC [2]	69	72	-4.7%
Net profit/(loss) before tax	**1,304**	**1,299**	**+0.4%**
Income tax	-289	-288	+0.4%
Net profit/(loss)	**1,015**	**1,011**	**+0.4%**
Non-controlling interests	0	2	n.s.
Group net income	**1,015**	**1,009**	**+0.5%**

(1) FGD = Fonds de Garantie des Dépôts. = Deposit guarantee fund.
(2) ECC = equity consolidated companies = share of net profit/(loss) of equity consolidated companies.

Net revenue

CIC recorded growth of 5.8% in its net revenue in the first half of 2023 to €3.4 billion, thanks in particular to solid performance in the specialized businesses. Retail banking recorded a slight decline of 0.7%, following a sudden and profound change in economic conditions.

Net revenue from the operational business lines

(in € millions)	H1 2023	H1 2022	Change
Retail bank	**2,034**	**2,048**	**-0.7%**
Banking networks	1,943	1,934	+0.4%
Specialized business lines	**1,299**	**1,079**	**+20.4%**
Asset management & private banking	493	384	+28.4%
Corporate banking	294	211	+38.9%
Capital Markets	293	180	+63.3%
Capital equity	220	304	-27.8%
Holding company services	**34**	**55**	**-38.7%**
TOTAL CIC NBI	**3,367**	**3,182**	**+5.8%**

Retail banking revenues saw a slight decline of 0.7%. The stability of the banking network (+0.4%) enabled poorer performance by the business line subsidiaries (lease financing and factoring) to be contained.

In the first half of 2023, net revenue from asset management and private banking increased by 28.4%. Business levels benefited from good commercial development, despite an uncertain macroeconomic backdrop.

Net revenue from corporate banking was up by 38.9%. There was a sustained level of business in project financing and asset financing. Business in the large corporates segment benefited from ongoing investing activities and medium-term projects on the part of clients.

Capital markets posted a substantial increase of 63.3% in net revenue. The volatile conditions in the financial markets, which hit primarily in March 2023, did not affect results, which came out at a robust level of net revenue (€293 million), substantially ahead of the first half of 2022.

Net revenue from private equity (€220 million, compared with €304 million in the first half of 2022) remains solid amid an uncertain macroeconomic climate.

General operating expenses and gross operating income

General operating expenses amounted to €1.9 billion in 2023 with an increase of 6.3%.

Personnel expenses (+5.6%) include the effect of pay raises. They account for about half the total increase. Other operating expenses and depreciation/amortization rose by 7%.

The cost/income ratio was 58.6% and thus deteriorated by 0.3 of a point versus the first half of 2022.

Gross operating income rose by 5.2% to €1.4 billion.

Cost of risk and operating income

Total cost of risk was €159 million, more than 60% higher than the first half of 2022. This increase is the result of two opposing tendencies:

- an increase in the cost of proven risk in respect of network customers, consumer credit and in corporate finance due to downgraded receivables. This deterioration reflects the uncertain macroeconomic climate that continues to prevail since the Covid-19 crisis;
- a fall in the cost of non-proven risk due to transfers of loans from performing to non-performing, leading to a reduction in the cost of non-proven risk and an increase in the cost of proven risk.

The non-performing loan ratio is 2.5%, which is higher than at the end of 2022 but still below the level at the end of 2019 (2.7%).

Expressed as a percentage of total loans outstanding, the cost of risk for customer loans was 10 basis points; this figure, too, was higher than at the end of 2022. It is reaching the level at end-2019 (16 basis points).

The ratio of non-performing loans rose from 2.2% to 2.5% at the end of June 2022, from 0.3 percentage point in one year, and the hedge rate stood at 38.0%.

As a percentage of outstanding loans, the cost of customers risk remains at a low level of 10 basis points at June 2023 compared with 8 at June 2022 (and 3 at June 2021).

As a result of this increase in the cost of risk, operating income fell by 0.7% year-on-year to €1.2 billion.

(in € millions)	06/30/2023	06/30/2022
Customer loans (net outstandings on the balance sheet)	243,595	231,024
Gross loans	246,984	234,483
Gross non-performing loans	6,233	5,159
Provisions for impairment of receivables	3,389	3,459
of which provisions for impairments on non-performing loans (Status 3)	*2,367*	*2,198*
of which provisions for impairments on non-performing loans (Status 1 & 2)	*1,022*	*1,261*
Non-performing loans as a % of gross loans	2.5%	2.2%

Income before tax

After taking into account the €69 million gain from equity consolidated companies (Groupe des Assurances du Crédit Mutuel), income before tax rose slightly by 0.4% to €1.3 billion.

Net income

Amid an uncertain macroeconomic climate, net income was €1.015 billion. It was thus slightly above (by €4 million) the equivalent figure for the first half of 2023.

Group net income was €1.015 billion (+0.5%).

2.2.3 Rating

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

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

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

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

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

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

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

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

In 2022 and July 2023, the three main rating agencies confirmed the external ratings and stable outlooks attributed to Crédit Mutuel Alliance Fédérale and the Crédit Mutuel group. This reflects their operational efficiency, recurring profitability, low risk profile and sound financial fundamentals.

2.2.4 Key figures

(€ millions)	06/30/2023	06/30/2022	06/30/2021
Financial structure and business activity			
Balance sheet total	418,366	402,166	363,418
Shareholders' equity (including net profit/(loss) for the period before dividend pay-outs)	19,167	16,667	15,860
Customer loans (including leasing)	243,595	231,024	212,297
Total savings	475,596	451,746	460,087
- of which customer deposits	221,033	219,215	213,051
- of which insurance savings	36,835	35,698	36,096
- of which financial savings (invested in savings products)	217,728	196,833	210,940
Key figures			
Average workforce (full-time equivalent)	19,373	19,266	19,526
Number of branches (banking network)	1,735	1,765	1,815
Number of customers (banking network) – in millions	5,580	5,522	5,419
of which personal customers	4,416	4,372	4,309
of which business and corporate customers	1,163	1,149	1,110
Key ratios			
Cost/income ratio	58.6%	58.3%	58.2%
Overall cost of customer risk related to the outstanding loans	10 bp	8 bp	-3 bp
Loan-to-deposit ratio	110.2%	105.4%	99.6%
Overall solvency ratio	14.8%	13.5%	14.5%
CET1 ratio	12.9%	11.6%	12.3%

2.2.5 Analysis of results by business line

2.2.5.1 Description of the areas of activity

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

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

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

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

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

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

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

2.2.5.2 Retail banking

(in € millions)	H1 2023	H1 2022	Change
Net revenue	**2,034**	**2,048**	**-0.7%**
General operating expenses	-1,362	-1,292	+5.4%
Gross operating income	**671**	**756**	**-11.2%**
Cost of risk	-101	-90	+12.2%
of which Cost of proven risk	*-89*	*-28*	*x 3.1*
of which Cost of non-proven risk	*-12*	*-62*	*-80.9%*
Operating income	**571**	**666**	**-14.4%**
Net gains and losses on other assets and ECC [1]	68	60	+13.0%
Profit/(loss) before tax	**639**	**726**	**-12.1%**
Income tax	-170	-194	-12.6%
Net profit/(loss)	**469**	**532**	**-11.9%**

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

Retail banking, which accounts for 61% of CIC's revenues, posted net revenue of € 2,034 million, almost stable at -0.7%, including a nearly -2.3% decrease in net interest margin and a +4.5% increase in fees and commissions for the banking network.

General operating expenses increase at €1,362 million (up by 5.4%).

Excluding the contribution to the Single Resolution Fund and supervision costs is €95 million (-€2 million), the cost/income ratio for retail banking was 62.3%.

Gross operating income was down to -11.2% to €671 million from €756 million in the first half of 2022.

The cost of risk was -€101 million, compared to -€90 million a year earlier. The cost of non-proven risk has grown (-€89 million). The cost of proven risk is also down to -€12 million.

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

Net income from retail banking was €469 million in the first half of 2023, compared with €532 million in 2022.

2.2.5.2.1 Banking network

(in € millions)	H1 2023	H1 2022	Change
Net revenue	**1,943**	**1,934**	**+0.4%**
General operating expenses	-1,267	-1,202	+5.4%
Gross operating income	**676**	**732**	**-7.7%**
Cost of risk	-100	-80	+25.7%
Cost of proven risk	-87	-21	x 4
Cost of non-prove risk	-13	-58	-77.6%
Operating income	**576**	**652**	**-11.8%**
Net gains and losses on other assets and ECC [1]	-0	-1	ns
Profit/(loss) before tax	**576**	**651**	**-11.6%**
Income tax	-164	-185	-11.1%
Net profit/(loss)	**411**	**466**	**- 11.8%**

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

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

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

At June 30, 2023, business was especially buoyant in term deposits, which tripled in volume over 12 months to €32.6 billion. Inflows to passbook accounts remained steady, with total balances outstanding of €41.5 billion. More generally, inflows continued to benefit from rising interest rates and customers' desire for safe, liquid products against a backdrop of instability in the financial markets.

At end-June 2023, outstanding loans stood at €225.6 billion, a year-on-year rise of 3.6%.

Growth in loan receivables thus remained favorable in all of the main loan categories in the first half of 2023:

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

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

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

In terms of earnings, the CIC branch network recorded a rise of 0.4% in its net revenue, which reached nearly €2 billion. This was driven by an increase in fee and commission income (+4.5%) coupled with a reduction in the net interest margin to 2.3%.

Operating expenses rose 5.4% to nearly €1.3 billion; this increase is net of the reduced contribution to the Single Resolution Fund, which led to a fall in expenses of €10 million.

The cost/income ratio went down by 3.1 points to 65.2% and gross operating income fell 7.7% to €676 million.

The cost of risk was a net addition to provisions of €100 million, compared with €80 million at end-June 2022. The increase is driven by the cost of proven risk, which rose fourfold owing to a deterioration in non-performing counterparties.

Income before tax at end-June 2023 was down 11.6% at €576 million.

Net income was thus €411 million at end-June 2023, down 11.8% relative to the first half of 2022.

2.2.5.2.2 Subsidiaries of the banking network

Within the retail banking activity, the supporting business lines made net revenue of €91 million (-20.2%), net of fees paid to the network. Net income came to €57 million (€66 million at June 30, 2022) after taking into account the group's €68 million share of the profit of Groupe des Assurances du Crédit Mutuel (€62 million at end-June 2022).

2.2.5.3 Asset management and private banking

(in € millions)	H1 2023	H1 2022	Change
Net revenue	**493**	**384**	**+28.4%**
General operating expenses	-284	-260	+9.6%
Gross operating income	**208**	**124**	**+67.7%**
Cost of risk	-2	-3	-48.0%
Opérating income	207	121	+70.6%
Net gains and losses on other assets and ECC [1]	1	12	-93.2%
Profit/(loss) before tax	**208**	**133**	**+56.1%**
Income tax	-50	-29	+71.9%
Net profit/(loss)	**158**	**104**	**+51.8%**

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

The companies that make up this business line operate in France and internationally through Banque Transatlantique, Banque de Luxembourg and Banque CIC Suisse. Two further asset management subsidiaries have joined this business line since the first half of 2022: Crédit Mutuel Épargne Salariale and CIC Private Debt.

At €493 million, net revenue from asset management and private banking accounted for 15% of the net revenue of CIC's operational business lines, having increased by 28.4% amid a difficult economic environment and tensions in the financial markets. This increase was mainly due to the excellent net interest margin at the private banking entities (€100 million; +88.8%) and to sustained sales activity, while revenues from asset management held steady in spite of a slight fall in inflows.

General operating expenses at end-June 2023 were up by 9.6%. Due to the good level of the net interest margin, gross operating income rose by more than 67% to €208 million.

“Net gains and losses on other assets and ECC were €1 million, compared with €12 million in the first half of 2022. The figure included non-recurring income related to the first-time consolidation of CIC Private Debt.

Thus net income reached €158 million on June 30, 2023 versus €104 million at end-June 2022.

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

Despite the uncertain economic environment, business at Banque Transatlantique group grew energetically in the first half. Volumes rose in the various business lines both in France and abroad.

Sales performance at the subsidiaries and business lines led to an 8% increase in net revenue, which came in at €106.5 million relative to €99 million at the end of June 2022.

Net interest income rose 55% to €40.5 million relative to €26.1 million at end-June 2022, partly as a result of the rise in lending rates. Net income was €32.9 million at the end of the first half, compared to €27.7 million at end-June 2022. The cost/income ratio was 57.4%, an increase of 0.7 points relative to the first half of 2022.

The momentum in customer funds remained lively during the first half, rising by €3.3 billion relative to the end of 2022 to reach total savings of €60.6 billion.

Loan production has remained buoyant since the start of the year, with receivables reaching €4.8 billion, compared with €4.7 billion at the end of 2022.

Despite a backdrop of rising key interest rates, with the European Central Bank having raised its deposit facility rate by over 3% by the end of June 2023, mortgage lending registered a certain increase in terms of both the number of loans (+10.6%) and volume (+3.1%) since the start of the year.

During the first half, Banque de Luxembourg continued to benefit from a favorable interest-rate environment together with strong sales development across all of its retail and corporate business lines as well as its institutional asset management services.

Net revenue for the first half of 2023 was €214 million, up by 32% relative to the same period last year. First-half net interest income rose from €33.3 million to €95.6 million. At the same time, net fees and commissions dropped 7% to €116.3 million, amid a less dynamic climate in the stock markets in the first half of 2023. Customer outstandings remained stable at over €120 million at the end of June 2023.

Banque de Luxembourg obtained B Corp™ certification in April 2023. It thus joins a community of more than 7,000 certified businesses worldwide that seek to comply with higher societal, environmental, governance and transparency requirements. Banque de Luxembourg remains committed to a fairer, more inclusive and regenerative economy that seeks to reconcile profitability with the common good.

Banque CIC Suisse reported a net increase in profit for the first half of 2023. Total balance sheet assets reached €13 billion.

Several business segments grew during the first half: total savings under management rose by 0.4% to 17.9 billion, while loans receivable grew by 3.3% to €10.1 billion.

Net revenue rose 42% to €129.2 million. Earnings sources were diversified more widely, enabling the bank to achieve a record net income of €35.7 million, up by 46% relative to the previous year.

2.2.5.4 Corporate banking

(in € millions)	H1 2023	H1 2022	Change
Net revenue	**294**	**211**	**+38.9%**
General operating expenses	-84	-78	+7.2%
Gross operating income	**210**	**133**	**+57.6%**
Cost of risk	-55	-6	x 9.5
Cost of proven risk	*-89*	*-14*	*x 6.1*
Cost of non-proven risk	*33*	*9*	*x 3.8*
Profit/(loss) before tax	**154**	**127**	**+21.3%**
Income tax	-42	-31	+37.7%
Net profit/(loss)	**112**	**97**	**+16.1%**

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

Corporate banking commitments remained steady at €59.8 billion, of which €23.4 billion has been down.

Net revenue increased by 38.9% to €294 million at the end of the first half. It benefited from a substantial rise in income from the large corporates and structured financing businesses (notably asset finance and project finance).

The cost of risk rose ninefold, with a net €55 million increase in provisions at end-June 2023, relative to €6 million at end-June 2022.

Overall, net income went up by 16.1% to €112 million at June 30, 2023, relative to €97 million the previous year.

The structured financing business line - acquisition finance, project finance, asset finance and securitization - increased overall in the first half of 2023. Business was particularly buoyant in project finance and asset finance. Loan origination was solid in the first half-year, totaling €1.6 billion. Ignoring changes in the scope of consolidation, income was up by 29% relative to June 30, 2022, while the cost of proven risk remained zero for the period despite the increase in the funding costs of the portfolio. Income before tax was €98.6 million. Net revenue came to €134.2 million.

The large corporates (CIC Corporate) activity supports the development of listed and unlisted major French and foreign companies and financial institutions with revenue of more than €500 million as part of a long-term relationship. The first half of 2023 was marked by a continuation of investment transactions and medium-term projects on the part of the customers, as well as a net recovery in the bond and corporate issues market. Income was up significantly, in connection with a more favorable interest rate environment, good loan production and an increase in commissions on profitable restructuring or strategic capital transactions.

Numerous factors have affected the supply chain efficiency of businesses in recent months. In this environment, the international business department has intensified its provision of support firms seeking to do business internationally. By way of illustration, export documentary credits rose by 15.3% in capital terms relative to the first half of 2022.
In order to accelerate, safeguard and simply the international growth of its customers during these six months, departmental staff focused on:

- being able to assist customers with environmental and societal issues, through adapting its CIC Aidexport offerings: support was provided to 139 business during the first half;
- risk management at international level, in particular operational compliance;
- coordinating a network of managers in the form of Club CIC International, membership of which now extends to 1,084 businesses, up 21% over the first six months of the year.

2.2.5.5 Capital markets

(in € millions)	H1 2023	H1 2022	Change
Net revenue	**293**	**180**	**+63.3%**
General operating expenses	-139	-129	+8.2%
Gross operating income	**154**	**51**	**x 3**
Cost of risk	-1	-0	ns
Profit/(loss) before tax	**153**	**51**	**x 3**
Income tax	-41	-15	x 2.7
Net profit/(loss)	**112**	**35**	**x 3.1**

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

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

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

Overall net income capital markets activities was €112 million at end-June 2023, compared to €35 million a year earlier.

CIC Market Solutions enjoyed good overall business momentum during the first half. Net revenue under IFRS accordingly reached €113.7 million, versus €54.6 million at end-June 2022. This amount is net of a €14 million increase in CVA/DVA provisions.

Overall growth was driven by the different business lines within the segment.

The Investment business line – including France and the New York, Singapore and London branches – generated first-half net revenue of €156.6 million, compared to €112.3 million in the first half of 2022.

Net revenue from the various divisions in France and abroad was largely positive. The business line was able to profit from opportunities in the periods of market volatility during the first half.

2.2.5.6 Private equity

(in € millions)	H1 2023	H1 2022	Change
Net revenue	**220**	**304**	**-27.8%**
General operating expenses	-40	-38	+6.0%
Gross operating income	**180**	**267**	**-32.6%**
Cost of risk	-0	-0	ns
Profit/(loss) before tax	**180**	**267**	**-32.6%**
Income tax	1	-16	ns
Net profit/(loss)	**181**	**251**	**-27.9%**

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

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

This commitment is borne out by the fact that it has held more than a quarter of its 333 equity interests for more than ten years. Nevertheless, portfolio rotation remains dynamic and in line with the economic cycles of the investments held.

More than €140 million was invested in the first half of 2023, with due prudence in line with the prevailing geopolitical uncertainty and the resulting economic impact on projected corporate growth and valuation multiples. Over four years, more than €2 billion has been used to finance new projects or support portfolio companies.

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

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

CIC Conseil saw continued dynamic growth during the first half, following on from an exceptional 2022.

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

As a socially engaged investor, Crédit Mutuel Equity adopts a vision that focuses on social utility, sustainability and human considerations, favoring balanced financial structures, respecting project timeframes and ensuring that value is shared fairly among all stakeholders.

2.2.5.7 Holding company

(in € millions)	H1 2023	H1 2022	Change
Net revenue	**34**	**55**	**-38.7%**
General operating expenses	-63	-60	+4.6%
Gross operating income	**-29**	**-5**	**ns**
Cost of risk	-0	0	ns
Profit/(loss) before tax	**-29**	**-5**	**ns**
Income tax	13	-3	ns
Net profit/(loss)	**-16**	**-8**	**ns**

Net revenue for the group's holding company stood at +€34 million compared to +€55 million at June 30, 2022.

General operating expenses amounted to €63 million compared to €60 million at the end of June 2022.

This resulted in income before tax of -€29 million compared to a gain of -€5 million at the end of the first half of 2022.

An amount of +€13 million was recorded in corporate income tax compared to -€3 million at June 30, 2022.

In the end, net income totaled -€16 million versus -€8 million.

2.2.6 Alternative performance indicators

2.2.6.1 Definitions of alternative performance indicators

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

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

2.2.6.2 Alternative performance indicators, reconciliation with the financial statements

Cost/income ratio (in € millions)	06/30/2023	06/30/2022
General operating expenses	-1,973	-1,856
Net revenue	3,367	3,182
COST/INCOME RATIO	58.6%	58.3%

Loan-to-deposit ratio (in € millions)	06/30/2023	06/30/2022
Net customer loans	243,595	231,024
Customer deposits	221,033	219,215
LOAN-TO-DEPOSIT RATIO	110.2%	105.4%

Coverage ratio (in € millions)	06/30/2023	06/30/2022
Provisions for impairements on non-performing loans (S3)	2,367	2,198
Gross receivables subject to individual impairement (S3)	6,233	5,159
COVERAGE RATIO	38.0%	42.6%

Global coverage ratio (in € millions)	06/30/2023	06/30/2022
Provisions for impairements on non-performing loans (S3)and on performing loans (S1 et S2)	3,389	3,459
Gross receivables subject to individual impairement (S3)	6,233	5,159
TAUX DE COUVERTURE GLOBAL	54.4%	67.1%

Rate of non-performing loans (in € millions)	06/30/2023	06/30/2022
Gross receivables subject to individual impairement (S3)	6,233	5,159
Gross loans to customers	246,984	234,483
RATE OF NON-PERFORMING LOANS	2.5%	2.2%

Cost of proven risk related to outstanding loans (in bps)	06/30/2023	06/30/2022
Cost of proven risk	-129	-94
Gross loans to customers	246,984	234,483
COST OF PROVEN RISK RELATED TO OUTSTANDING LOANS (in bps)	10	8

2.3 RELATED PARTIES

Information about operations between related parties that took place during the first six months of the current fiscal year appear in **Note 33** of the appendix to the consolidated financial statements of June 30, 2023.

2.4 RECENT TRENDS AND OUTLOOK

In a period of monetary policy transition, the resilience of the universal bank insurance model was again demonstrated in the first year-half of 2023.

CIC, within Crédit Mutuel Alliance Fédérale, is well on its way to achieving the objective targets of its 2019-2023 strategic plan together#today's world, faster, futher! , which will runs until the end of the year 2023. The second year-half of this year will therefore be an opportunity to complete work on the definition of the future strategic plan to build an ambitious roadmap to 2027.

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

3 CORPORATE GOVERNANCE

3.1 COMPOSITION OF THE MANAGEMENT BODIES AS OF JUNE 30, 2023

Presentation of the Board of Directors

	Age [1]	Gender	Start of term of office	End of term of office	Committees [2]	Attendance
Nicolas THÉRY *Chairman*	57	M	2014	2025	GRMC	100%
Catherine ALLONAS BARTHE *Permanent representative of Banque Fédérative du Crédit Mutuel, director*	68	F	2017	2026	-	100%
Isabelle CHEVELARD *Director*	59	F	2023	2026	-	100%
Gérard CORMORECHE *Director*	65	M	2019	2025	GAAC	100%
Régine KOPP *Director*	54	F	2022	2024	-	100%
Catherine LAMBLIN MESSIEN *Director*	58	F	2021	2024	GRMC	100%
Pascale GIROT *Director, representing employees*	62	F	2020	2023	-	50%
Pascal RIEUTORT *Director representing employees*	50	M	2022	2023	-	50%
Guy CORMIER *Non-voting director*	53	M	2017	2023	-	0%
Damien LIEVENS *Non-voting director*	52	M	2015	2024	-	100%

(1) Age on June 30, 2023.

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

During the first half of 2023, the term of office of Catherine MILLET came to an end.

Other participants

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

Executive management

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

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

3.2.1 Board of Directors

Nicolas Théry

Born on December 22, 1965
Nationality: French

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

Summary of main areas of expertise and experience

Nicolas Théry began his career in the financial inspection department in 1989 before joining the treasury department in 1993. From 1997 to 2000, he was an adviser in the office of the Minister of the Economy and Finance in charge of monetary and financial topics and then international and European topics. In 2000, he became director of the Private Office of Florence Parly, Secretary of State for the Budget. From 2000 to 2002, he was Confederal Secretary of the CFDT in charge of economic issues. He participated in the creation of the Comité intersyndical de l'épargne salariale and of the social and environmental rating agency Vigeo, directed by Nicole Notat. From 2002 to 2009, he worked at the European Commission as director of cabinet of Pascal Lamy, Commissioner for International Trade, before joining the directorate general for Enterprise and becoming director in the directorate general for the Environment where he worked on climate change. In 2009, he joined Crédit Mutuel. Chairman and Chief Executive Officer of CIC Est from 2012 to 2016, he has chaired Caisse Fédérale de Crédit Mutuel, Banque Fédérative du Crédit Mutuel and Crédit Industriel et Commercial since 2014. Since 2016, he has been Chairman of Confédération Nationale du Crédit Mutuel and Fédération du Crédit Mutuel Centre Est Europe. He also chairs the Supervisory Board of Groupe des Assurances du Crédit Mutuel. He was Chairman of the Fédération bancaire française – French Banking Federation from September 1, 2021 to September 2022.
Nicolas Théry is a graduate of Science Po Paris and of the École Nationale d'Administration (ENA) – top of the "Liberty, Equality, Fraternity" class – and holds a Master's Degree in law, economics, management, with a specialization in Business law.

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

Other mandates and functions as at June 30, 2023

Chairman of the Board of Directors

Confédération Nationale du Crédit Mutuel
Caisse Centrale du Crédit Mutuel
Fédération du Crédit Mutuel Centre Est Europe
Caisse Fédérale de Crédit Mutuel
Banque Fédérative du Crédit Mutuel
Banque CIC Est
Assurances du Crédit Mutuel Vie SA
Assurances du Crédit Mutuel Vie SAM
ACM IARD SA

Chairman of the Supervisory Board

Groupe des Assurances du Crédit Mutuel
Banque Européenne du Crédit Mutuel

Director

Caisse de Crédit Mutuel Strasbourg Vosges
Crédit Mutuel Capital Privé
Musée Rodin

Permanent representative of Groupe des Assurances du Crédit Mutuel, director

ACM GIE

Permanent representative of Fédération du Crédit Mutuel Centre Est Europe, member of the Management Board

Euro-Information

Member

Defense Ethics Committee

Terms of office expired over the past five fiscal years

Chairman

Fédération bancaire française – French Banking Federation

Member of the Management Board

Euro-Information

Chairman of the Board of Directors

Banque CIC Nord Ouest
Dialogue

Catherine Allonas Barthe

Born on January 18, 1955
Nationality: French

Business address:
94/96, boulevard Haussmann
75008 Paris

Summary of main areas of expertise and experience

Catherine Allonas Barthe holds a master's degree in mathematics and is a graduate of the École Nationale de la Statistique et de l'Administration Économique (ENSAE).
From 2015 to 2021, she was a member of the Executive Board and Deputy Chief Executive Officer of Groupe des Assurances du Crédit Mutuel, a holding company for insurance companies.
She was also Chief Executive Officer of Assurances of Crédit Mutuel Vie SAM and Chief Operating Officer of Assurances du Crédit Mutuel Vie SA, life insurance companies operating mainly in France, between 2006 and 2021.
Within Groupe des Assurances du Crédit Mutuel, she also held the positions of Finance and Real Estate director and Chief Risk Officer.

Permanent representative of Banque Fédérative de Crédit Mutuel, director
First appointment to the board: 2017
Term expires: 2026

Other mandates and functions as at June 30, 2023

Member of the Supervisory Board
ARDIAN FRANCE

Director
Crédit Mutuel Capital Privé

Terms of office expired over the past five fiscal years

Chairwoman
Foncière Massena
Mutuelles Investissement

Member of the Executive Board – Deputy Chief Executive Officer
Groupe des Assurances du Crédit Mutuel

Chief Executive Officer
Assurances du Crédit Mutuel Vie SAM

Chief Operating Officer
Assurances du Crédit Mutuel Vie SA

Director
Crédit Industriel et Commercial

Permanent representative of Assurances du Crédit Mutuel Vie SA, director
Foncière de Paris
ACM GIE

Permanent representative of Assurances du Crédit Mutuel Vie SA, director
Serenis Assurances
Covivio

Permanent representative of ADEPI, Director
Crédit Mutuel Asset Management

Permanent representative of Placinvest, director
Crédit Mutuel Asset Management

Permanent representative of Groupe des Assurances du Crédit Mutuel SA, director
Groupe des Assurances du Crédit Mutuel Spain

Permanent representative of EFSA, director
Crédit Mutuel Investment Managers

Permanent representative of Assurances du Crédit Mutuel Vie SA
Valinvest Gestion

Isabelle Chevelard

Born on February 12, 1964

Nationality : French

Business address:
TARGOBANK AG
Kasernenstr. 10
40213 Düsseldorf

Summary of main areas of expertise and experience

Isabelle Chevelard began her career in 1988 at BNP Paribas. She held various positions within the France network, notably as a branch manager before joining the Group Inspection Générale as an inspector and then as head of mission. She then held two further positions in the France network, including that of branch group manager. In 2006, she joined the Group's IT Executive Committee, before becoming General Secretariat of Retail Banking Information System in 2009. In 2010, she was appointed Director of the BNP Paribas Personal Finance France Network, better known under the CETELEM brand. In 2015, Isabelle Chevelard became a strategy consultant with her company, Isabelle Chevelard Conseil. She joined Crédit Mutuel Allliance Fédérale in 2016 as a project manager for the Executive Management of Crédit Mutuel and CIC de l'Ile de France before being appointed Group Human Resources Director in 2017. In the same year, she was appointed member of the Supervisory Board of Cofidis and Cofidis Group.

In 2020, Isabelle Chevelard was appointed Chairwoman of the Executive Board of TARGOBANK AG. In 2023, she joined the Board of Directors of Crédit Industriel et Commercial.

Isabelle Chevelard holds a post-graduate degree in management from IAE Grenoble, and also from Institut d'Etudes Politiques and Université de Langues de Grenoble.

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

Other mandates and functions as at June 30, 2023

Chairwoman of the Board of Director

TARGOBANK AG

CM Pensiontrust e. V.

TARGOBANK Stiftung

Member of the Board of Director

TARGO Deutschland GmbH

TARGO Factoring GmbH

TARGO Leasing GmbH

Chief Executive Officer

TARGO Dienstleistungs GmbH

Member of the Supervisory Board

Cofidis

Cofidis Group

Member

Advisory Board of NRW.BANK

Terms of office expired over the past five fiscal years

Chairwoman of the Board of Directors

CIC Sud Ouest

Chairwoman of the management committee

Cap Compétences – Activateurs de Talents

Permanent representative of CIC, director

CIC Lyonnaise de Banque

Member of the Advisory Board

HDI Deutschland Bancassurance GmbH

Member

Management committee of Bischenberg

Gérard Cormorèche

Born on July 3, 1957
Nationality: French

Business address:

8 rue Rhin et Danube
69009 Lyon

Summary of main areas of expertise and experience

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

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

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

Other mandates and functions held as at June 30, 2023

Chairman of the Board of Directors

Fédération du Crédit Mutuel du Sud-Est
Caisse de Crédit Mutuel du Sud-Est
Caisse Agricole Crédit Mutuel (CACM)
CECAMUSE
Caisse de Crédit Mutuel Neuville-sur-Saône

Vice-Chairman of the Board of Directors

Fédération du Crédit Mutuel Agricole et Rural
MTRL
Assurances du Crédit Mutuel pour l'éducation et la prévention en santé

Director

Confédération Nationale du Crédit Mutuel
Caisse Centrale du Crédit Mutuel
Banque Fédérative du Crédit Mutuel
Caisse Fédérale de Crédit Mutuel

Permanent representative of Caisse de Crédit Mutuel du Sud-Est, director

Assurance du Crédit Mutuel Vie SAM
SICA d'habitat Rural du Rhône et de la Loire

Non-voting director

CIC Lyonnaise de Banque

Manager

SCEA CORMORÈCHE Jean-Gérard

Terms of office expired over the past five fiscal years

Manager

SARL CORMORECHE

Non-voting director

Crédit Industriel et Commercial

Régine Kopp

Born on August 14, 1968
Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Régine Kopp holds a master's degree in business law and a post-graduate diploma in corporate law. Régine Kopp began her career as a writer in the external relations department of SANEF until 1994, and then continued as a local attaché acting as secretary general of a town hall. She was Chairwoman of the Social Life Council of the EHPAD "Les Jardins de Saint Jacques" from 2015 to 2022. Since 2018, she has been the Manager of SCI MAGICK. Since 2011, she became a director of the Caisse de Crédit Mutuel Pays d'Albe et du Ham, and became its Chairwoman in 2018. In 2022, she obtained the university diploma of Mutualist Bank Director.

In 2022, she became Chairwoman of the Sarreguemines district, Director of the Fédération du Crédit Mutuel Centre Est Europe, Director of CIC and member of the Supervisory Board of Banque Européenne du Crédit Mutuel.

Director
First appointment to the board: 2022
Term expires: 2024

Other mandates and functions as at June 30, 2023

Chairwoman of the Board of Directors
Caisse de Crédit Mutuel Pays d'Albe et du Ham

Director and Chairwoman of the Sarreguemines District
Fédération du Crédit Mutuel Centre Est Europe

Member of the Supervisory Board
Banque Européenne du Crédit Mutuel

Manager
SCI MAGICK

Terms of office expired over the past five fiscal years

Chairwoman
EHPAD "Les Jardins de Saint Jacques"

Director
Caisse de Crédit Mutuel Pays d'Albe et du Ham

Catherine Lamblin Messien

Born on August 17, 1964
Nationality: French

Business address
4 place Richebé
59011 Lille

Summary of main areas of expertise and experience

After preparing and obtaining in 1987 a diploma of higher education in accounting and finance (DESCF) at the Institute of Chartered Accountancy of La Catho Lille, Catherine Lamblin Messien began her career in the Cabinet Lecat as an accounting assistant. In 1990, she joined Declercq before obtaining her diploma as a chartered accountant (DEC) in 1992. In the same year, she joined Cofidine – Conseil Fiduciaire, Audit & Finance, as a chartered accountant.
Since 1995, she has been manager of the same firm, which has 15 employees. In 2015, she was elected Chairwoman of a local Crédit Mutuel bank. She holds offices within Crédit Mutuel at local, regional and national levels.

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

Other mandates and functions as at June 30, 2023

Chairwoman of the Board of Directors
Caisse de Crédit Mutuel de Cambrai

Vice-Chairwoman of the Board of Directors
Caisse fédérale du Crédit Mutuel Nord-Europe
Fédération du Crédit Mutuel Nord-Europe

Director
Confédération Nationale du Crédit Mutuel
Caisse Centrale du Crédit Mutuel
Banque Fédérative du Crédit Mutuel
Cautionnement Mutuel de l'Habitat

Manager
Cofidine Conseil Fiduciaire Audit & Finance
Groupement forestier du bois de la Chassagne

Terms of office expired over the past five fiscal years

Treasurer
Association Femmes Chefs d'entreprise (FCE)

Directors representing employees

Pascal Rieutort

Born on September 3, 1972
Nationality: French

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

Summary of main areas of expertise and experience

Pascal Rieutort holds a BTS in Commercial Action and began his career as a sales representative for VEDIORBIS. In 1998, he joined Crédit Agricole de La Brie where he became a customer advisor.

He joined CIC Ouest in 2003 as a retail customer relationship manager. In 2022, he became director representing employees at CIC.

Director, representing employees
First appointment to the board: 2022
Term expires: 2023

Other mandates and functions as at June 30, 2023

Nil

Terms of office expired over the past five fiscal years

Nil

Pascale Girot

Born on September 19, 1960
Nationality: French

Business address:
Place de la Halle
60300 Senlis

Summary of main areas of expertise and experience

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

Since 2016, she has been director representing employees on the Board of Directors of CIC Nord Ouest and, since 2020, the director representing employees on the Board of Directors of CIC.

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

Other mandates and functions as at June 30, 2023

Director, representing employees

CIC Nord Ouest

Labor tribunal advisor

Labor Tribunal of Creil

Terms of office expired over the past five fiscal years

Nil

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

Catherine Millet

Born on July 31, 1960
Nationality: French

Business address:
Centre de Conseil et de Service
CCS – 4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

A graduate of Hautes Études Commerciales, Catherine Millet began her career in 1983 with Banque Indosuez Paris. In 1990, she joined the trading room of Crédit Industriel d'Alsace Lorraine (now CIC Est) before becoming head of the Caisse Fédérale du Crédit Mutuel International Business Center in 2005. In 2009, she became head of the payment methods department at Cntre de Conseil et de Service - CCS. From 2013 to 2022, she served as Chief Executive Officer.

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

Other mandates and functions as at June 30, 2023

Nil

Terms of office expired over the past five fiscal years

Chairwoman

Filaction

Sole Director/Chief Executive Officer

Centre de Conseil et de Service – CCS

Member of the Supervisory Board

TARGOBANK AG
Targo Deutschland GmbH
Cofidis Group
Cofidis SA
Euro-Information Production

Chariwoman of the Management Committee

CMCIC Centre de Services et de Traitement

Chairwwoman of the Board of Directors

Cemice Servicios España (CSE)

Member of the Management Board

Centre de Conseil et de Service – CCS
Euro Télé Services
Euro-Information Développements

Director

AXXES

Permanent representative of Banque Fédérative du Crédit Mutuel, Chairman

Sofedis
Euro-Automatic Cash

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

Euro-Information

Permanent representative of CCS, member of the Management Board

Euro-Information Épithète

Permanent representative of Impex Finance, director

CIC Est

3.2.2 Group's key executives

Daniel Baal

Born on December 27, 1957
Nationality: French

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

Summary of main areas of expertise and experience

Daniel Baal began his career in 1979 as a credit records manager at the head office of Banque Fédérative du Crédit Mutuel in Strasbourg and went on to hold various head office and network positions in Strasbourg, Colmar and Mulhouse. In 1995, he became director of commitments at the Southern Regional Division of Caisse Fédérale du Crédit Mutuel Centre Est Europe, then director of Caisse de Crédit Mutuel Mulhouse-Europe in 1999. He was deputy chief executive officer of Société du Tour de France and director of "cycling" activities for Sport Amaury Organisation from 2001 to 2004. In 2004, he became Manager of Caisse Fédérale de Crédit Mutuel Centre Est Europe before being appointed chief executive officer of the Fédération and the Caisse Régionale du Crédit Mutuel Île-de-France. Then, in 2010, he was appointed deputy chief executive officer of Confédération Nationale du Crédit Mutuel, then deputy chief executive officer of Crédit Industriel et Commercial in 2014 and chief executive officer of Caisse Centrale de Crédit Mutuel in 2015.

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

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

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

Other mandates and functions as at June 30, 2023

Chief Executive Officer
- Fédération du Crédit Mutuel Centre Est Europe
- Caisse Fédérale de Crédit Mutuel
- Banque Fédérative du Crédit Mutuel

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

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

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

Director
- Crédit Mutuel Capital Privé

Member of the Supervisory Board
- TARGOBANK AG

Permanent representative Caisse Fédérale de Crédit Mutuel, director
- Fonds de dotation Pour un sport proper

Terms of office expired over the past five fiscal years

Chairman of the Board of Directors
- CIC Sud Ouest
- CIC Ouest

Chairman of the Supervisory Board
- CIC Iberbanco

Vice-Chairman of the Supervisory Board
- Targo Deutschland GmbH
- TARGOBANK AG
- Targo Management AG

Director
- Fivory SA
- Fivory SAS

Permanent representative of Caisse régionale du Crédit Mutuel Île-de-France, member of the Management Board
- Euro-Information

Éric Charpentier

Born on October 6, 1960
Nationality: French

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

Summary of main areas of expertise and experience

Éric Charpentier is a graduate of the École Normale Supérieure with an agrégation in Mathematics, a DEA in Operational Research and a specialized master's degree in Financial Techniques from the ESSEC business school. He began his career in 1987 with the Société Financière des Sociétés de Développement Régional – Finansder, of which he became Chief Executive Officer. He joined Crédit Mutuel Nord Europe in 1998 as Deputy Chief Executive Officer in charge of the finance and corporate division, then became Chief Executive Officer of Crédit Mutuel Nord Europe in 2006.
Since 2021, Éric Charpentier has been Deputy Chief Executive Officer and effective manager of Crédit Industriel et Commercial and Chief Operating Officer, effective manager of Banque Fédérative du Crédit Mutuel since 2022.. He serves as Chairman of the Board of Directors in several Crédit Mutuel Alliance Fédérale bodies in France and abroad.

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

Other mandates and functions as at June 30, 2023

Chief Executive Officer
Caisse Régionale et fédération du Crédit Mutuel Nord Europe
Chief Operating Officer
Banque Fédérative du Crédit Mutuel
Chairman of the Board of Directors
Beobank NV
Banque de Tunisie
CIC Suisse
Banque de Luxembourg
Crédit Mutuel Investment Managers
Chairman of the Supervisory Board
Crédit Mutuel Equity
Member of the Supervisory Board
Groupe La Française
Euratechnologies
Director
UFR3S (Faculté de sport et Santé de l'université de Lille)
Crédit Mutuel Capital Privé
Representative of VTP -1 Investissements, member of the Supervisory Board
Banque Transatlantique
Representative of VTP -1 Investissements, director
Crédit Mutuel Asset Management

Terms of office expired over the past five fiscal years

Director
Confédération Nationale du Crédit Mutuel
Caisse Centrale du Crédit Mutuel
Crédit Mutuel Nord Europe Belgium
Société Foncière et Immobilière Nord Europe
Crédit Industriel et Commercial
Chairman of the Board of Directors
Sciences Po Lille
Representative of CFCM Nord Europe, member of the Supervisory Board
Groupe des Assurances du Crédit Mutuel
Representative of CFCM Nord Europe, member of the Management Board
Euro-Information
Permanent representative of BFCM, director
Astree Assurances

3.3 PREPARATION AND ORGANIZATION OF THE WORK OF THE BOARD

Conflicts of interest concerning the administrative, management and supervisory bodies

To date, there has been no mention of potential conflicts of interest between the duties of any of the members of the Board of Directors and Executive Management with respect to CIC and its private interests and/or other duties.

Members of the Board and Executive Management are subject to the legal and regulatory obligations applicable to conflicts of interest. Each of the key executives, directors and non-voting directors of CIC adheres to the values and commitments of Crédit Mutuel Alliance Fédérale described in its code of conduct. The purpose of this code is to prevent and, where necessary, manage conflict of interest cases.

In addition, the Board of Directors of CIC adopted a charter for members of the supervisory bodies – Ethics, conflicts of interest and personal declaration in 2022.

3.4 WORK OF THE BOARD DURING THE FIRST HALF-YEAR 2023

3.4.1 Work of the board

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

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

The board of directors met twice during the first half of 2023. The meeting attendance rate for directors was 81% on average.

Meeting of February 7, 2023

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

- presentation of CIC's annual and consolidated financial statements as of December 31, 2022;
- network activities;
- presentation of specialized business lines and market activities;
- proposed dividend for 2023 in respect of 2022;
- key points of Crédit Mutuel Alliance Fédérale's results;
- Group Auditing and Accounting Committee report;
- observations of the statutory auditors;
- approval of the CIC annual and consolidated financial statements as of December 31, 2022;
- summary of the Group Risk Monitoring Committee meetings of January 11 and February 1, 2023;
- relations with regulators;
- proposed 2023 review of the risk appetite framework;
- risk monitoring, including interest rate and liquidity risk monitoring;
- regulated agreements;
- CIC contribution to the Crédit Mutuel Alliance Fédérale foundation;
- report of the Compensation Committee of February 1 and 6, 2023;
- co-option of a director.

Meeting of April 6, 2023

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

- Group Auditing and Accounting Committee report of March 27, 2023;
- presentation and review of the annual internal control report;
- approval of the AML/CFT annual internal control report;
- summary of the Group Risk Monitoring Committee meetings of March 31, 2023;
- relations with regulators;
- validation of CIC risk mapping;
- CIC ICAAP validation;
- validation of updated credit risk framework;
- risk monitoring at December 31, 2022;
- report of the Compensation Committee of April 3, 2023 and report on compensation policy and practices for 2022;
- approval of the list of risk-takers and the overall compensation package paid to regulated persons covered by the regulations;
- report of the Compensation Committee of February 28, March 15 and April 4, 2023;
- renewal of the non-voting director;
- management reports and corporate governance reports ;
- mission Committee report;
- benefit corporation commitments;
- preparation and convening of the Ordinary Shareholders' Meeting of May 10, 2023;
- Crédit Mutuel Alliance Fédérale dividend policy.

3.4.2 Executive Management

Composition of Executive Management

CIC's Executive Management is comprised of:

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

Prerogatives of Executive Management

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

4 RISKS AND CAPITAL ADEQUACY – PILLAR 3

4.1 KEY FIGURES

The Pillar 3 report, including all the required interim tables, will be published as part of a second amendment scheduled for September 2023.

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

(in € millions or as a percentage)	06/30/2023	03/31/2023	12/31/2022	09/30/2022	06/30/2022
Available equity (amounts)					
Common Equity Tier 1 (CET 1) capital	17,974	17,462	17,187	15,293	15,389
Tier 1 capital	17,974	17,462	17,187	15,294	15,389
Total equity	20,635	20,256	20,196	17,809	17,887
Risk-weighted exposure amounts					
Total risk exposure amount	139,268	138,993	135,442	135,167	133,330
Capital ratios (as a percentage of the risk-weighted exposure amount)					
Common Equity Tier 1 capital ratio (%)	12.9%	12.6%	12.7%	11.3%	11.5%
Tier 1 capital ratio (%)	12.9%	12.6%	12.7%	11.3%	11.5%
Total equity ratio (%)	14.8%	14.6%	14.9%	13.2%	13.4%
Additional capital requirements to address risks other than the risk of excessive leverage (as a percentage of the risk-weighted exposure amount)					
Additional capital requirements to address risks other than the risk of excessive leverage (%)	N/A	N/A	N/A	N/A	N/A
of which: to be met with CET1 equity (percentage points)	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
of which: to be met with Tier 1 capital (percentage points)	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Total SREP capital requirements (%)	8.0%	8.0%	8.0%	8.0%	8.0%
Total buffer requirement and total capital requirement (as a percentage of the risk-weighted exposure amount)					
Capital conservation buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%
Institution-specific countercyclical capital buffer (%)	0.4%	0.1%	0.1%	0.0%	0.0%
Total buffer requirement (%)	2.9%	2.6%	2.6%	2.5%	2.5%
Total capital requirements (%)	10.9%	10.6%	10.6%	10.5%	10.5%
CET1 capital available after compliance with the total SREP capital requirements (%)	2.0%	2.0%	2.1%	0.8%	1.0%
Leverage ratio					
Total exposure measurement	401,978	414,590	403,300	409,517	401,049
Leverage ratio (%)	4.5%	4.2%	4.3%	3.7%	3.8%
Additional capital requirements to address the risk of excessive leverage (as a percentage of the total exposure measure)					
Additional capital requirements to address the risk of excessive leverage (%)	N/A	N/A	N/A	N/A	N/A
Total SREP leverage ratio requirements (%)	3.0%	3.0%	3.0%	3.0%	3.0%
Leverage ratio buffer requirement and total leverage ratio requirement (as a percentage of the total exposure measure)					
Leverage ratio buffer requirement (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Overall leverage ratio requirement (%)	3.0%	3.0%	3.0%	3.0%	3.3%
Liquidity coverage ratio					
Total High Quality Liquid Assets (HQLA) (average weighted value)	68,142	67,717	65,498	63,418	62,404
Cash outflows - Total weighted value	74,154	77,412	76,930	73,856	69,154
Cash inflows - Total weighted value	24,703	24,275	22,669	21,701	20,793
Total net cash outflows (adjusted value)	49,450	53,137	54,261	52,155	48,361
Liquidity coverage ratio (%)	140.0%	129.4%	121.6%	122.9%	131.1%
Net stable funding ratio					
Total available stable funding	243,741	241,208	236,101	234,860	234,656
Total required stable funding	223,728	225,895	222,501	220,659	215,599
NSFR ratio (%)	108.9%	106.8%	106.1%	106.4%	108.8%

4.2 RISK FACTORS

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

CIC is exposed to multiple risks associated with retail banking, insurance, corporate banking, Capital Markets, asset management, private banking and private equity. The group has set up a process to identify and measure risks related to its activities, which enables it, at least once a year, to prepare the map of its most significant risks. The risk map is submitted to the group's Boards of Directors for validation.

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

4.2.1 Risks related to banking activities

CIC's primary risk is credit risk, because of its business model. Gross exposures (balance sheet, off-balance sheet, derivatives and repurchase agreements) to credit risk represented €481 billion as of December 31, 2022, and mobilized about 91% of the group's Pillar 1 capital requirements pursuant to the Basel III regulations.

In the context of the Covid pandemic, the support measures taken by banks and public authorities have had the effect of anesthetizing the classic indicators of credit risk, with, in particular, a sharp drop in corporate failures in France in 2020 and 2021, even though the pandemic has led to unprecedented drops in activity, or even brought certain sectors of activity to a halt, such as the hotel and restaurant industry, with massive recourse to borrowing, particularly in France *via* state-guaranteed loans. The rebound in activity in 2021 led to bottlenecks in certain sectors, such as for example the motor sector following the semiconductor chip crisis, and the conflict between Russia and Ukraine has accentuated the upturn in inflation due to commodity costs, particularly in oil and gas.

Details of exposures by type of counterparty are available in Pillar 3 of the 2022 Universal Registration Document, tables 26 "Performing and non-performing exposures and related provisions – EU CR1", and 24 "Credit quality of loans and advances to non-financial corporations by industry – EU CQ5".

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

a. The first impact would be related to the **risk of financial loss due to the inability of counterparties to meet their contractual obligations** (risk of default), especially since the Covid-19 crisis generated massive recourse to debt to cope with sharp drops in activity and cash inflows during periods of lockdown, particularly in France *via* state-guaranteed loans, whose outstandings amounted to €8 billion as of June 30, 2023. The counterparties may be banks, financial institutions, industrial or commercial companies, governments, investment funds or natural persons. This risk concerns the financing activities which appear on CIC's balance sheet or guarantee activities which appear off balance sheetas well as other activities exposing the group to a risk of counterparty default, notably its activities related to the trading and settlement/delivery of financial instruments on the Capital Markets, and to insurance. The risk of default would immediately take the form of more non-performing loans (NPL, an indicator of default risk) and a major point of concern to European regulators and supervisors. It would also be reflected in a higher cost of risk due to the provisioning of those non-performing loans. The current macroeconomic context – rise in interest rates, inflation, energy prices, – also raises fears of a risk of recession and the consequences thereof, particularly in terms of energy sobriety and unemployment. This context could result in the group's retail and corporate customers facing increasing difficulties in meeting their commitments. At June 30, 2023, CIC's NPL ratio (NPL/gross customer loans) was 2.56% and the cost of customer risk was €159 million. In relation to gross outstanding loans, the cost of risk was 0.10%. CIC has a stock of provisions for non-proven risks (provisions for performing loans – status 1 and status 2) of more than €1.0 billion as of June 30, 2023.

b. The second impact would depend on the **method used to calculate weighted risks in the denominator of the solvency ratio**. Under the standard method, the change in credit quality has little impact on the calculation of weighted risks and therefore on the solvency ratio. But if the credit portfolios have been authorized by the supervisor to use internal models to calculate weighted risks, any deterioration of the affected portfolios increase the denominator of the solvency ratio. Within CIC, nearly 69% of the total exposures to credit risk are asigned an internal rating [1], the quality of which affects the calculation of the credit risk-related capital requirements

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

under Basel III, and therefore the group's solvency ratio. Lower ratings on all or part of the portfolio would consequently result in lower solvency of the group in terms of risk of changed ratings. A recession could increase this credit risk, also given the increased indebtedness of economic agents and the decline in their financial income. The commodities crisis following the war between Russia and Ukraine may worsen the situation in other sectors (chemicals, steel, transport, motor, food industry, etc.) to which the group is exposed (see in 2022 Universal Registration Document, table 24 "Credit quality of loans and advances to non-financial corporations by industry EU CQ5").

c. Due to the size of its portfolio of real estate loans representing 46% of net loans to customers, *i.e.*, €110 billion at June 30, 2023, mainly in France, the group is exposed to a **turnaround in the real estate market**. A scenario of a fall in real estate prices could have an impact on the cost of risk due to the increase in defaults but also, in the case of mortgage-backed financing, through a drop in the value of dwellings pledged as collateral. Following the 2008 crisis, the cost of risk on the network's portfolio of property loans reached 0.10% of the balance sheet commitments for two years, in 2009 and 2010. The cost of housing risk is not material as of June 30, 2023 as in 2022 and was 0.02% of home loans on the balance sheet in 2021.

d. CIC has **a relatively high unitary exposure to certain States**, bank counterparties or large groups, mainly French, some of which have benefited from support measures implemented by public authorities (*i.e.*, state-guaranteed loans). The default of one or more of the group's largest customers could degrade its profitability. Among States and similar entities, *i.e.*, €99 billion of gross exposure as of December 31, 2022, the group is mainly exposed to France for €78 billion, mainly to the Banque de France (€55 billion), which is a member of the Eurosystem, and to the Caisse des Dépôts et Consignations (€11 billion), which is considered to be a sovereign risk in France due to the centralization mechanism for deposits from regulated savings accounts. Other than States, as of December 31, 2022, single exposures, on- and off-balance sheet, exceeding €300 million to banks represented €4 billion to five counterparties. For corporates, it represented €30 billion to 47 counterparties. The probability of several of these counterparties being downgraded or even defaulting simultaneously cannot be ruled out and would affect the profitability of the group.

4.2.2 Risks related to the group's activities and macroeconomic conditions

Financial risks related to the macroeconomic and market environments are defined as risks related to the changes in market conditions and in particular those affecting income, price levels and the macroeconomic environment such as the existing or anticipated economic environment.

4.2.2.1 Liquidity risk

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

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

CIC is part of the centralized cash management system and is fully incorporated into Crédit Mutuel Alliance Fédérale system. CIC's liquidity risk can in particular be assessed through the regulatory LCR ratio, which compares highly liquid assets to net liquidity outflows at thirty days in a stress scenario. CIC's average LCR was 155.9% over the first half of 2023, representing an average surplus from January to June 2023 of €25.2 billion over the minimum regulatory requirements. The liquidity reserve is managed at Crédit Mutuel Alliance Fédérale level and consists of deposits with central banks, primarily the European Central Bank, securities and available receivables which are eligible for central bank refinancing. It amounted to €169.37 billion as of June 30, 2023.

The loan-to-deposit ratio, or commitment ratio, is an accounting indicator and not a regulatory indicator that complements the series of liquidity indicators. This indicator reached a level of 110.2% as of June 30, 2023 for CIC.

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

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

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

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

BFCM, as the refinancing center of Crédit Mutuel Alliance Fédérale, is the principal issuer of bonds, from which CIC benefits as a subsidiary. CIC also issues, through its London branch, certificates of deposit whose ratings are linked to that of BFCM, by which it is over 93% owned. Accordingly, BFCM obtains ratings on behalf of the group. The ratings are based in particular on the review of governance, strategy, quality and diversity of revenue sources, capital adequacy, balance sheet quality and structure, risk management and appetite for risk. BFCM's long-term Senior Preferred ratings at June 30, 2023 are AA- stable for Fitch Ratings, Aa3 stable for Moody's and A+ stable for Standard & Poor's. The latter agency rates the Crédit Mutuel group and its main issuers.

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

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

The low interest rate environment that has prevailed for the past few years and during the Covid crisis changed customer behavior and the way customers place their deposits. Thus, in recent years customers have opted to deposit their funds on current accounts rather than deposit accounts (passbook accounts, term deposits, etc.) due to unattractive interest rates. 2022 and the first half of 2023 look to be pivotal period of time with the tightening of monetary policies and the return of short-term rates to positive territory.

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

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

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

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

The upward change in discounts used for pledged securities in TRICP- (data processing of private loans, or traitement informatique des créances privées) or ACC- (Additional Credit Claims) type refinancing transactions, or a tightening of eligibility criteria, could reduce the level of Crédit Mutuel Alliance Fédérale's liquidity reserve. For example, the end of eligibility for private residential loans, as of June 30, 2023, has had an impact on the level of the reserve, illustrating this point and highlighting the need to diversify the liquidity reserve. On the same date, the haircut easing measure introduced in March 2020 and partially lifted in July 2022 was terminated.

4.2.2.2 Interest rate risk

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

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

The net present value (NPV) sensitivity of CIC's balance sheet, determined according to six regulatory scenarios, is below the 15% threshold for Common Equity Tier 1 capital. CIC is sensitive to an increase in the entire yield curve, with an NPV sensitivity of -11.58% relative to Common Equity Tier 1 capital as of March 31, 2023. The sensitivity of net interest margin at one and two years is determined according to several scenarios (increase and decrease of rates by 100 bps, increase and decrease of rates by 200 bps. with a floor) and two stress scenarios (flattening/inversion of the yield curve and a stagnation/inflation shock in short and long rates). The "stagflation with alternative backing" scenario is the most unfavorable for CIC with an impact of -28.4% over two years, *i.e.*, -€899.5 million as of March 31, 2023.

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

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

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

   The end of a prolonged period of low interest rates, particularly from a tightening of monetary policy, brings risks for the banking sector in general and for CIC in particular. An abrupt rise in these levels, in particular in relation to an increase in inflation, could have an unfavorable impact on the bank's revenues and profitability. This hike could have a marked impact on the cost of refinancing in the banking sector markets for short- and medium/long term debt issues, as well as the cost of regulated savings. At the same time, CIC may find it difficult to immediately pass on this increase in interest rates in particular to comply with the borrowing rate in France, to housing loans and other fixed-rate loans granted to individuals and businesses, while the cost of customer deposits and the cost of hedging would increase more rapidly. Some current non-interest-bearing demand deposits are volatile and might be turned into more costly deposits, term deposits and passbook accounts, for example. A portion of the volatile deposits might also be shifted by investors to off-balance sheet vehicles such as UCITS and life insurance.

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

c. **Significant changes in the value of securities portfolios and derivatives used for hedging purposes may adversely impact CIC's net income and shareholders' equity.**

   As changes in the value of liquidity portfolio assets are recognized on a fair value basis, either directly in the income statement or through shareholders' equity, any unfavorable change is likely to have a direct or indirect negative impact on shareholders' equity and therefore on profitability, as well as on CIC's prudential ratios.

4.2.2.3 Market risks

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

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

The main risk factors associated with market risks are:

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

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

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

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

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

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

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

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

Against this backdrop, CIC Marchés ended the half-year with an IFRS net revenue of +€285.6 million and income before tax with *prorata* expenses of +€158.2 million compared to, respectively, +€177.3 million and +€77.3 million a year earlier.

The market risk to which CIC Marchés division is exposed is weak. The capital allocated to CIC Marchés was €620 million in 2023, compared to €560 million in 2022, which represents 3.1% of CIC's overall regulatory capital, or €20.2 billion at the end of 2022. At June 30, 2023, this amount had been used in the amount of €443.2 million.

During the first half of 2023, the historical VaR (one-day, 99%) of the trading book amounted to €9.5 million on average for CIC Marchés.

4.2.3 Risks related to the group's regulatory environment

CIC is part of the projects initiated and implemented within Crédit Mutuel Alliance Fédérale, which are described in the dedicated section, Section 2.1.2 "Regulatory environment" of Chapter 2 of this document. The regulatory measures adopted by the various international and European authorities are likely to have a significant impact on Crédit Mutuel Alliance Fédérale in the countries where it operates. Compliance with these rules concerns all of Crédit Mutuel Alliance Fédérale's business lines, activities and geographic markets and requires the mobilization of significant human and material resources.

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

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

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

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

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

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

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

4.2.4 Risks related to the group's business operations

4.2.4.1 Operational risks

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

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

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

The main risk factors associated with operational risks are:

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

b. **Legal risks** to which the group is exposed and which could have an unfavorable effect on its financial situation and its profit/(loss).

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

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

At the end of 2022, €813 million of shareholders' equity were allocated to cover the losses generated by this risk. Proven claims at the end of 2022 amounted to €39.6 million.

At June 30, 2023, €842 million of shareholders' equity were allocated to cover the losses generated by this risk. The proven claims ratio at June 30, 2023 amounted to €16.7 million, representing approximately 0.50% of its net revenue. Fraud accounted for 36% of proven claims. For CIC, the risks with the greatest impact on proven claims in the first half of 2023 were (i) fraud, (ii) execution, delivery and process management, and (iii) the policy in relation to customers, products and business practices.

4.2.4.2 Business interruption risk

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

During the first half of 2023, the highlights were as follows:

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

4.2.4.3 Climate risks

Climate change exposes CIC to:

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

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

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

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

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

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

CIC's direct and indirect carbon footprint is included in the data calculated at Crédit Mutuel Alliance Fédérale level. Crédit Mutuel Alliance Fédérale's direct carbon footprint in France related to the group's energy consumption, refrigerants, vehicle fleet and business travel decreased by 1% between 2020 and 2021. The indirect carbon footprint of the financing in the corporate portfolio, measured in tons of CO_2 per million euros lent, decreased by 37% between 2021 and 2022. More information concerning the non-financial performance and climate commitments of Crédit Mutuel Alliance Fédérale and CIC is available in Crédit Mutuel Alliance Fédérale universal registration document in chapter 3 Social and Mutualist Responsibility.

5 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5.1 FINANCIAL STATEMENTS

5.1.1 Balance sheet (assets)

(in € millions)	Notes	06/30/2023	12/31/2022 retired	01/01/2022
Cash, central banks	4	59,828	65,940	56,241
Financial assets at fair value through profit or loss	5a	34,013	27,524	20,817
Hedging derivatives	6a	3,320	3,480	504
Financial assets at fair value through other comprehensive income	7a	18,349	17,778	13,970
Securities at amortized cost	8a	3,627	3,558	3,444
Loans and receivables to credit institutions and similar at amortized cost	8b	46,393	40,954	35,143
Loans and receivables due from customers at amortized cost	8c	243,595	240,002	220,550
Revaluation adjustment on rate-hedged books	6b	-2,224	-2,221	434
Current tax assets	10a	581	675	612
Deferred tax assets	10b	436	440	497
Accruals and other assets	11	7,130	5,180	5,730
Non-current assets held for sale		0	0	0
Investments in equity consolidated companies	12	1,549	1,508	1,619
Investment property	13	33	27	30
Property, plant and equipment	14a	1,534	1,570	1,631
Intangible assets	14b	169	170	184
Goodwill	15	33	33	33
TOTAL ASSETS		**418,366**	**406,618**	**361,439**

5.1.2 Balance sheet (liabilities)

(in € millions)	Notes	06/30/2023	12/31/2022 retired	01/01/2022
Central banks	17a	303	44	4
Financial liabilities at fair value through profit or loss	16	23,503	18,510	12,008
Hedging derivatives	6a	1,098	1,151	1,242
Due to credit and similar institutions at amortized cost	17a	103,310	105,739	78,187
Amounts due to customers at amortized cost	17b	221,033	222,144	217,829
Debt securities at amortized cost	17c	36,348	29,811	24,549
Revaluation adjustment on rate-hedged books	6b	-58	-16	7
Current tax liabilities	10a	217	267	264
Deferred tax liabilities	10b	271	270	261
Deferred income, accrued charges and other liabilities	18	8,640	6,154	6,595
Debt related to non-current assets held for sale		0	0	0
Provisions	19a	1,231	1,194	1,169
Subordinated debt at amortized cost	20	3,303	3,300	2,293
Total shareholders' equity		**19,167**	**18,050**	**17,031**
Shareholders' equity attributable to the group		**19,141**	**18,020**	**16,988**
Capital subscribed		612	612	612
Issue premiums		1,172	1,172	1,172
Consolidated reserves		16,436	14, 143	13,089
Gains and losses recognized directly in equity	21a	-94	-199	10
Profit (loss) for the period		1,015	2,292	2,105
Shareholders' equity – Non-controlling interests		**26**	**30**	**4**
TOTAL LIABILITIES		**418,366**	**406,373**	**361,439**

5.1.3 Income statement

(in € millions)	Notes	06/30/2023	06/30/2022 retired
Interest and similar income	23	7,397	2,423
Interest and similar expenses	23	-5,723	-937
Commissions (income)	24	1,632	1,589
Commissions (expenses)	24	-394	-354
Net gains on financial instruments at fair value through profit or loss	25	494	494
Net gains or losses on financial assets at fair value through shareholders' equity	26	-65	-41
Income from other activities	27	73	53
Expenses on other activities	27	-47	-45
Net revenue		**3,367**	**3,182**
Employee benefits expense	28a	-1,011	-957
Other general operating expenses	28c	-863	-802
Movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets	28e	-99	-97
Gross operating income		**1,394**	**1,326**
Cost of counterparty risk	29	-159	-99
Operating income		**1,235**	**1,227**
Share of net profit/(loss) of equity consolidated companies	12	69	62
Net gains/(losses) on disposals of other assets	30	-0	10
Net profit/(loss) before tax		**1,304**	**1,299**
Income tax	31	-289	-288
Net profit/(loss)		**1,015**	**1,011**
Net profit/(loss)– Non-controlling interests		0	2
GROUP NET INCOME		1,015	1,009
Earnings per share (in €)	32	26.70	26.56
Diluted earnings per share (in €)	32	26.70	26.56

5.1.4 Statement of net income and profits and losses recognized in equity

(in € millions)	06/30/2023	06/30/2022 retired
Net profit/(loss)	**1,015**	**1,011**
Translation adjustments	-8	130
Revaluation of financial assets at fair value through equity – capital instruments	50	-155
Remeasurement of hedging derivatives	0	-0
Share of unrealized or deferred gains and losses of associates	-17	-122
Total recyclable gains and losses recognized directly in equity	**25**	**-147**
Revaluation of financial assets at fair value through equity – capital instruments at closing	3	-5
Revaluation of financial assets at fair value through equity – capital instruments sold during the fiscal year	0	0
Actuarial gains and losses on defined benefit plans	11	40
Share of non-recyclable gains and losses of equity consolidated companies	66	21
Total non-recyclable gains and losses recognized directly in equity	**80**	**56**
Net profit/(loss) and gains and (losses) recognized directly in equity	**1,120**	**920**
o/w attributable to the group	*1,120*	*919*
o/w percentage of non-controlling interests	*0*	*1*

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

5.1.5 Changes in shareholders’ equity

	Shareholders’ equity, attributable to the group											
					Gains and losses recognized directly in equity							
(in € millions)	Capital	Premiums	Elimination treasury stock	Reserves [1]	Translation adjustments	Assets at FVOCI [2]	Instr. for hedging	Actuarial gains and losses	Net profit/(loss)	Total	Non-controlling interests	Total consolidated shareholders’ equity
Shareholders’ equity at December 31, 2021	**612**	**1,172**	**-56**	**12,999**	**89**	**79**	**0**	**-61**	**2,105**	**16,939**	**43**	**16,982**
Impacts IFRS 17 and IFRS 9 insurance				146		-97				49		49
Shareholders’ equity at January 1, 2022	**612**	**1,172**	**-56**	**13,145**	**89**	**-18**	**0**	**-61**	**2,105**	**16,988**	**43**	**17,031**
Appropriation of earnings from previous year				2,105					-2,105	0		0
Distribution of dividends				-1,045						-1,045	-8	-1,053
Acquisition of additional shareholdings or partial disposals				-2						-2	-6	-8
Subtotal of movements related to relations with shareholders	**0**	**0**	**0**	**1,058**	**0**	**0**	**0**	**0**	**-2,105**	**-1,047**	**-14**	**-1,061**
Consolidated income for the period									1,009	1,009	2	1,011
Changes in gains and (losses) recognized directly in equity					130	-261		41		-90		-90
Subtotal	**0**	**0**	**0**	**0**	**130**	**-261**	**0**	**41**	**1,009**	**919**	**2**	**921**
Other changes				-9		1				-8	-1	-9
Shareholders’ equity at June 30, 2022	**612**	**1,172**	**-56**	**14,194**	**219**	**-278**	**0**	**-20**	**1,009**	**16,852**	**30**	**16,882**
Shareholders’ equity at July 1, 2022	**612**	**1,172**	**-56**	**14,194**	**219**	**-278**	**0**	**-20**	**1,009**	**16,852**	**30**	**16,882**
Consolidated income for the period									1,283	1,283		1,283
Changes in gains and (losses) recognized directly in equity				6	-59	-47		-14		-114		-114
Subtotal	**0**	**0**	**0**	**6**	**-59**	**-47**	**0**	**-14**	**1,283**	**1,169**	**0**	**1,169**
Other changes				-1						-1		-1
Shareholders’ equity at december 31, 2022	**612**	**1,172**	**-56**	**14,199**	**160**	**-325**	**0**	**-34**	**2,292**	**18,020**	**30**	**18,050**
Shareholders’ equity at January 1, 2023	**612**	**1,172**	**-56**	**14,199**	**160**	**-325**	**0**	**-34**	**2,292**	**18,020**	**30**	**18,050**
Appropriation of earnings from previous year				2,292					-2,292	0		0
Distribution of dividends										0	-4	-4
Subtotal of movements related to relations with shareholders	**0**	**0**	**0**	**2,292**	**0**	**0**	**0**	**0**	**-2,292**	**0**	**-4**	**-4**
Consolidated income for the period									1,015	1,015		1,015

(in € millions)	Shareholders' equity, attributable to the group											
					Gains and losses recognized directly in equity							
	Capital	Premiums	Elimination treasury stock	Reserves [1]	Translation adjustments	Assets at FVOCI [2]	Instr. for hedging	Actuarial gains and losses	Net profit/(loss)	Total	Non-controlling interests	Total consolidated shareholders' equity
Changes in gains and (losses) recognized directly in equity					-8	102		11		105		105
Subtotal	**0**	**0**	**0**	**0**	**-8**	**102**	**0**	**11**	**1,015**	**1,120**	**0**	**1,120**
Other changes				1						1		1
Shareholders' equity at June 30, 2023	**612**	**1,172**	**-56**	**16,492**	**152**	**-223**	**0**	**-23**	**1,015**	**19,141**	**26**	**19,167**

(1) As of June 30, 2023, the reserves consist of the legal reserve for €61 million, the special long-term capital gains reserve for €287 million and retained earnings for €189 million, other CIC reserves amounting to €8,020 million and consolidated reserves amounting to €7,935 million.

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

CIC capital as at June 30, 2023 consisted of 38,241,129 shares of a nominal value of €16, of which 231,711 were treasury shares.

5.1.6 Statement of net cash flows

(in € millions)	H1 2023	H1 2022 retired
Net profit/(loss)	1,015	1,011
Income tax	289	288
Net profit/(loss) before tax	**1,304**	**1,299**
+/- Net depreciation and amortization of property, plant and equipment and intangible assets	97	97
- Impairment of goodwill and other fixed assets	1	0
+/- Net provisions and impairments	65	-32
+/- Share of income from companies consolidated using the equity method	-69	-62
+/- Net loss/gain from investing activities	1	-1
+/- (Income)/expenses from financing activities		
+/- Other movements	950	1,667
Total non-monetary items included in profit/(loss) before tax and other adjustments	**1,045**	**1,669**
+/- Flows related to transactions with credit institutions	-7,737	23,193
+/- Flows related to client transactions	-5,511	-9,053
+/- Flows related to other transactions affecting financial assets or liabilities	2,764	-8,015
+/- Flows related to other transactions affecting non-financial assets or liabilities	1,239	209
- taxes paid	-212	-160
Net decrease/(increase) in assets and liabilities from operating activities	**-9,457**	**6,174**
TOTAL NET CASH FLOW GENERATED BY OPERATING ACTIVITY (A)	-7,108	9,142
+/- Flows related to financial assets and investments	-51	-218
+/- Flows related to investment property	1	3
+/- Flows related to property, plant and equipment and intangible assets	-57	-66
TOTAL NET CASH FLOW GENERATED FROM INVESTING ACTIVITIES (B)	-107	- 281
+/- Cash flow to or from shareholders [1]	75	-983
+/- Other net cash flows from financing activities	1,623	1,319
TOTAL NET CASH FLOW GENERATED FROM FINANCING TRANSACTIONS (C)	1,698	336
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS (D)	-77	419
Net increase/(decrease) in cash and cash equivalents (A + B+ C + D)	**-5,594**	**9,616**
Net cash flow generated by operating activities (A)	-7,108	9,142
Net cash flow generated from investing activities (B)	-107	-281
Net cash flow related to financing transactions (C)	1,698	336
Effect of foreign exchange rate changes on cash and cash equivalents (D)	-77	419
Cash and cash equivalents at opening	**67,574**	**63,629**
Cash, central banks (assets & liabilities)	65,891	56,237
Accounts (assets and liabilities) with and demand loans/borrowings from credit institutions	1,683	7,392
Cash and cash equivalents at closing	**61,980**	**73,245**
Cash, central banks (assets & liabilities)	59,520	70,130
Accounts (assets and liabilities) with and demand loans/borrowings from credit institutions	2,460	3,115
CHANGE IN NET CASH POSITION	-5,594	9,616

(1) Cash flow to or from shareholders includes:
- *dividends paid to non-controlling interests for -€4 million;*
- *dividends received from equity-consolidated companies for €79 million.*

5.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Note 1a Accounting principles, methods of assessment and presentation

Pursuant to Regulation (EC) 1606/2002 on the application of international accounting standards and Regulation (EC) 1126/2008 on their adoption of said standards, the consolidated financial statements have been prepared in accordance with IFRS as adopted by the European Union at June 30, 2023.

This standard is available on the European Commission's website:
https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en#ifrs-financial-statements

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

These interim financial statements were prepared in accordance with IAS 34 on interim financial reporting, which allows the publication of condensed financial statements. They supplement the financial statements for the fiscal year ended December 31, 2022 presented in the 2022 Universal Registration Document.

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

Amendments applicable from January 1, 2023

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

- **Amendments to IAS 1 – Disclosure of accounting methods**

  It clarifies the information to provide on "significant" accounting methods. They are considered significant when, taken together with other information from the financial statements, it is possible to reasonably expect them to influence the decisions of the financial statements' main users.

- **Amendments to IAS 8 – Definition of accounting estimates**

  Its objective is to facilitate the distinction between the changes in accounting methods and accounting estimates by introducing an explicit definition of the notion of accounting estimates.

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

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

  It generalizes the recognition of a deferred tax for leases and decommissioning obligations. The group does not anticipate any significant impact from this amendment, which will be mandatory for fiscal years beginning as of January 1, 2023.

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

- **Application to IFRS 17 and IFRS 9 to insurance activities**

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

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

  - Application of IFRS 17**.**

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

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

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

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

- **Application of IFRS 9.**

As the group deferred the application of IFRS 9, for the group's insurance entities, until the date of application of IFRS 17, IFRS 9 was applied at January 1, 2023. The classification and measurement, as well as the new IFRS 9 impairment model, are applied retrospectively.

To be consistent with the transition procedures of IFRS 17, and in order to provide more relevant information, the group restated the comparative data for the 2022 fiscal year relating to the relevant financial instruments of its insurance entities (including financial instruments derecognized in 2022).

The group opted for the application of the so-called "overlay" approach to recognize asset disposals for the 2022 fiscal year, as if these disposals had been recognized under IFRS 9, in accordance with the amendment relating to the presentation of IFRS 9-IFRS 17, adopted by the EU in September 2022.

This overlay approach makes it possible to standardize the impact of the transition on consolidated shareholders' equity under IFRS 9 and IFRS 17 at January 1, 2022.

The valuation differences of the financial assets and liabilities concerned, and the impairment for credit risk and gains and losses recognized directly in equity resulting from the retrospective application of IFRS 9 at January 1, 2022, will be presented directly in shareholders' equity.

- **Other impacts related to the application of IFRS 17**

With effect from the first-time application of IFRS 17, the group has applied the amendments to IAS 40 and IAS 16 resulting from IFRS 17, leading to the measurement at market value through profit or loss of properties held as underlying items in direct participating contracts.

- **Impacts of the application of IFRS 17 and IFRS 9 at December 31, 2022**

Due to the consolidation of GACM through the equity method, the impacts of the application of IFRS 17 and IFRS 9 at January 1, 2023 concern, for assets, the "Investments in equity consolidated companies" item and, for liabilities, the "Shareholders' equity" item for -€245 million.

Assets /liabilities/CI tables

Balance sheet (assets)

In € million	12/31/2022	Impact IFRS 17/9	12/31/2022 published
Cash, central banks	65,940		65,940
Financial assets at fair value through profit or loss	27,524		27,524
Hedging derivatives	3,480		3,480
Financial assets at fair value through other comprehensive income	17,778		17,778
Securities at amortized cost	3,558		3,558
Loans and receivables to credit institutions and similar at amortized cost	40,954		40,954
Loans and receivables due from customers at amortized cost	240,002		240,002
Revaluation adjustment on rate-hedged books	-2,221		-2,221
Current tax assets	675		675
Deferred tax assets	440		440
Accruals and other assets	5,180		5,180
Non-current assets held for sale	0		0
Postponed profit sharing	0		0
Investments in equity consolidated companies	1,508	245	1,263
Investment property	27		27
Property, plant and equipment	1,570		1,570
Intangible assets	170		170
Intangible assets	33		33
TOTAL ASSETS	**406,618**	**245**	**406,373**

Balance sheet (liabilities)

In € million	12/31/2022	Impact IFRS 17/9	12/31/2022 published
Central banks	44		44
Financial liabilities at fair value through profit or loss	18,510		18,510
Hedging derivatives	1,151		1,151
Debt securities at amortized cost	105,739		105,739
Due to credit and similar institutions at amortized cost	222,144		222,144
Amounts due to customers at amortized cost	29,811		29,811
Revaluation adjustment on rate-hedged books	-16		-16
Current tax liabilities	267		267
Deferred tax liabilities	270		270
Deferred income, accrued charges and other liabilities	6,154		6,154
Debt related to non-current assets held for sale	0		0
Provisions	1,194		1,194
Subordinated debt at amortized cost	3,300		3,300
Total shareholders' equity	**18,050**	**245**	**17,805**
Shareholders' equity attributable to the group	**18,020**	**245**	**17,775**
Capital	612		612
Premiums	1,172		1,172
Consolidated reserves	14,143	136	14,007
Gains and losses recognized directly in equity	-199	106	-305
Profit (loss) for the period	2,292	3	2,289
Shareholders' equity – Non-controlling interests	**30**		**30**
TOTAL LIABILITIES	**406,618**	**245**	**406,373**

Income statement

In € million	06/30/2022	Impact IFRS 17/9	06/30/2022 published
Interest and similar income	2,423		2,423
Interest and similar expenses	-937		-937
Commissions (income)	1,589		1,589
Commissions (expenses)	-354		-354
Net gains on financial instruments at fair value through profit or loss	494		494
Net gains or losses on financial assets at fair value through shareholders' equity	-41		-41
Income from other activities	53		53
Expenses on other activities	-45		-45
Net revenue	**3,182**		**3,182**
Employee benefits expense	-957		-957
Other general operating expenses	-802		-802
Movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets	-97		-97
Gross operating income	**1,326**		**1,326**
Cost of counterparty risk	-99		-99
Operating income	**1,227**		**1,227**
share of net profit/(loss)of equity consolidated companies	62		62
Net gains and losses on other assets	10		10
Net profit/(loss) before tax	1,299		1,299
Income tax	-288		-288
Net profit/(loss)	**1,011**		**1,011**
Net profit/(loss)– Non-controlling interests	2		2
Group net income	**1,009**		**1,009**

Russia's invasion of Ukraine

As it does not have branches in Ukraine or Russia, the group does not have teams present in the current areas of conflict; direct exposure in these two countries, as well as in Belarus, is therefore not significant. Furthermore, the group has no assets held by the Central Bank of Russia.

The group is fully mobilized to face the impacts of the Ukrainian crisis and the context of increased economic uncertainties related to the rise in interest rates, the increase in commodity prices, high inflation and the tightening of monetary policies. In March 2023, confidence in the financial markets was further weakened by the bankruptcies of several US banks (including the Silicon Valley Bank), the takeover of Crédit Suisse by UBS and the volatility of the price of bank securities. The group's exposures to Silicon Valley Bank, UBS and Crédit Suisse remain insignificant at group level.

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

Credit risk

As part of the provisioning of performing loans (in stages 1 & 2), the group takes into account the impacts of successive crises, as well as the macroeconomic outlook.

The provisioning approach defined in the second half of 2022, in a context of particularly high uncertainty related to the conflict in Ukraine, the rise in interest rates, and measures to tighten monetary policies in response to the marked rise in inflation, was maintained.

The level of provisioning is the result of a case-by-case analysis, carried out in order to monitor any potential increase in the credit risk of professional customers or companies in difficulty, and individual customers, who would be affected, directly or indirectly, in an economic context that remains severely deteriorated.

At December 31, 2022, the unfavorable scenario was weighted at 80%, the central scenario at 19% and the optimistic scenario at 1% (reinforcement of the unfavorable scenario compared to 2021), in order to take into account the deteriorated macroeconomic outlook for all portfolios using the internal rating method (IRB-F and IRB-A).

In the first half of 2023, in view of the current macroeconomic situation, which remains deteriorated, and taking into account the pessimistic projections of the institutions, as well as the internal analyses carried out, the weightings defined at December 31, 2022 for its scenarios remain unchanged.

In addition, the assessment of expected credit losses also includes a post-model adjustment. Thus, since December 31, 2022, the group has decided to recognize additional impairments, *via* a post-model adjustment, which provides a better understanding of the prospective dimension of the calculation of expected credit losses, in a context of unprecedented crises both in terms of their nature and extent. This principle was maintained at June 30, 2023, as the macroeconomic situation remains very uncertain.

At June 30, 2023, expected credit losses (excluding the impact of the post-model adjustment) amounted to €1,068 million, a change of -€19 million compared to December 31, 2022.

The post-model adjustment at June 30, 2023 represented €142 million, or 11.7% of expected losses, and included an additional impairment of €50 million booked on leveraged transactions.

Sensitivity analysis

The group conducted a sensitivity test of the cost of risk (including sectoral adjustment). An increase in the weighting of the pessimistic scenario of 10 points for the IRB entities and of 5 points for the entities under the standard model would lead to an additional provision of €54 million, *i.e.* 5.18% of expected losses.

IBOR reform

The reform of the IBOR rates is part of the response to the weaknesses found in methodologies for the construction of indices and interbank rates, which are based on data reported by banks and on a significantly reduced volume of underlying transactions.

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

All indices must now comply with the BMR regulation and only a few old ones benefit from an exceptional contribution extension.
Thus:

- the €STR has been designated by the European Commission as the successor to the EONIA, for all contracts that do not expire at the beginning of January 2022 and do not include a robust fallback clause.
- since the change in its calculation methodology in July 2019, the EURIBOR complies with the BMR regulation.
- SARON plus a spread adjustment defined by maturity, by default, represents the legal replacement index for CHF LIBOR.
- GBP LIBOR did not benefit from a "regulatory" shift, unlike CHF LIBOR or EONIA. The successor market index to GBP LIBOR is the SONIA. For the 3-month term, the termination of the indices was postponed to the end of March 2024.
- For USD LIBOR, significant work continued in the first half of 2023 to complete the transition. For 1-month, 3-month and 6-month maturities, the publication of these indices in their contributed format will end after June 30, 2023. In April 2023, the Financial Conduct Authority announced that synthetic USD LIBOR on these maturities will be published from July 1, 2023 until the end of September 2024. These may be used for existing contracts (with the exception of cleared derivatives) until they are amended.

The group believes that uncertainties prevail on exposures indexed to the USD and GBP LIBOR rates for existing contracts that have not yet been amended on off-market scopes, the other exposures having switched to replacement indices that comply with market standards prior to January 2022.

On accounting aspects, the group applies the amendments to IAS 39, IFRS 9, IFRS 7, IFRS 4 and IFRS 16, Phase 1 for the preparatory period for the reform and Phase 2, for the transition period to the new indices once they are defined. For treatments and easing measures introduced by these publications, see Section II.1.

Exposures that were not due at June 30, 2023 and that will be subject to changes related to the reference rate reform mainly relate to the USD-LIBOR index.

Exposures which did not mature and will be subject to the changes related to the IBOR reform are not material.

1. Consolidation scope

Principles for inclusion in the consolidation scope

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

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

The consolidation scope comprises:

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

2. Consolidation methods and principles

2.1 Consolidation methods

The consolidation methods used are the following:

2.1.1. Full consolidation

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

2.1.2 Consolidation using the equity method

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

2.2 Non-controlling interests

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

2.3 Reporting date

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

2.4 Intercompany transactions and balances

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

2.5 Foreign currency translation

The balance sheets of foreign subsidiaries are translated into euros at the official reporting date exchange rate. Differences arising from exchange rate fluctuations impacting the share capital, reserves and retained earnings are recorded as a separate component of equity, under "Cumulative translation adjustments". The income statements of foreign subsidiaries are translated into euros at the average exchange rate for the fiscal year. The resulting translation differences are recorded under "Cumulative translation adjustments". On liquidation or disposal of some or all of the interests held in a foreign entity, these amounts are recognized through the income statement.

2.6 Goodwill

2.6.1 Fair value adjustments

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

2.6.2 Goodwill

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

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

Goodwill is presented on a separate line in the balance sheet for fully consolidated companies and under "investments in equity consolidated companies" when the entities are consolidated using this method.

Goodwill does not include direct costs related to acquisitions, which according to IFRS 3R, are recognized in profit or loss.

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

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

3. Accounting policies and principles

3.1 Financial instruments under IFRS 9

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 contractual terms of the financial instruments.

3.1.1.1 Loans, receivables and debt securities acquired

The asset is classified:

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

Cash flow characteristics

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

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

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

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

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

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

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

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

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

It should be noted that:

- embedded derivatives in financial assets are no longer accounted for separately, which implies that the entire hybrid instrument is then considered as non-basic and recorded at fair value through profit or loss;
- units in UCITS or real estate UCI (OPCI) are not basic instruments and are recognized at fair value through profit or loss.

Business models

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

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

- how the activity's performance is reported to decision-makers,
- how managers are compensated,
- the frequency, timing and volumes of sales in previous periods,
- the reason for the sales,
- future sales forecasts,
- the way in which risk is assessed.

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

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

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

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

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

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

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

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

Financial assets at amortized cost

These mainly include:

- cash and cash equivalents, which comprise cash accounts, deposits, and demand loans and borrowings with central banks and credit institutions;

- other loans to credit institutions and loans to customers (granted directly, or the share in syndicated loans), not measured at fair value through profit or loss;

- a portion of the securities held by the group.

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

At subsequent reporting dates, the assets are measured at amortized cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts future cash payments or receipts over the estimated life of the financial instrument to obtain the net carrying amount of the financial asset or liability. It takes into account estimated cash flows excluding future losses on loans and includes commissions paid or received when these are treated as interest, as well as directly-related transaction costs and all premiums and discounts.

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

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

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

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

The restructuring of a loan following a debtor’s financial difficulties, as defined by the European Banking Authority, has been integrated into the information systems so that the accounting and prudential definitions are harmonized.

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

State-guaranteed loans (SGLs)

The group is committed to the government’s COVID-19 crisis-related plan to support the economy. This was further strengthened in April 2022, in the context of the conflict in Ukraine.

The group offers:

- State-guaranteed loans (SGL) to support the cash flow of its business and corporate customers; and
- since April 2022, Resilience SGLs for customers that have not taken out an SGL since March 2020 or who have not exceeded the limit on their first SGL.

SGLs represent 12-month bullet loans with grace periods of one to five years. At the date of subscription, the interest rate of the SGL was set at 0%, increased by the cost of the State guarantee set at between 0.25% and 0.50% (and rebilled *via* a commission paid by the customer).

At the end of the first 12 months, the beneficiary of the SGL has the option of setting a new SGL term (limited to six years in total) and amortization terms. In accordance with the government announcements of January 14, 2021, the beneficiary will be able to obtain a “deferral of one additional year” to start repaying the capital.

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

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

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

At June 30, 2023, State-guaranteed loans issued by the group amounted to €8,025 million. Outstandings downgraded to stage 3 amounted to €941 million.

The valuation of the expected credit losses for these loans takes into account the effect of the State guarantee (implemented by the Banque Publique d’Investissement) for 70% to 90% of the outstanding capital and interest. At June 30, 2023, the impairment amounted to €120 million.

Benchmark rate reform

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

Financial assets at fair value through equity

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

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

Financial assets at fair value through profit or loss

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

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

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

3.1.1.2 Equity instruments

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

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

Financial assets at fair value through equity

Shares and other equity instruments are recorded in the balance sheet at their fair value at the time of their acquisition and at subsequent reporting dates until their disposal. Changes in fair value are shown on the "Unrealized or deferred gains and losses" line within a specific equity account. These unrealized or deferred gains and losses booked to equity are never recognized in the income statement, even when they are sold (see Section "3.1.7 Derecognition of financial assets and liabilities"). Only dividends received on variable-income securities are recorded in the income statement, under "Net gains/(losses) on financial assets on fair value through equity".

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

Financial assets at fair value through profit or loss

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

3.1.2 Classification and measurement of financial liabilities

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

3.1.2.1. Financial liabilities at fair value through profit or loss

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

3.1.2.2. Financial liabilities at amortized cost

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

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

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

Regulated savings contracts

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

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

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

Targeted long-term refinancing operations – TLTRO III

TLTRO III transactions are financial liabilities at amortized cost.

The TLTRO III program has allowed banks to benefit since September 2019 from seven new refinancing tranches with a respective duration of three years, and with interest rates that vary according to periods, and since January 2021 from three additional tranches.

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

The TLTRO III interest rate is based on the market conditions defined by the ECB and may include a subsidy linked to the bank's credit performance.

In the context of the health crisis, the conditions of these refinancing operations were relaxed twice by the ECB to support lending to households and businesses. Some target parameters have been recalibrated. In particular, more favorable conditions made it possible to benefit from a reduction of 50 bp over the special and additional special interest periods from June 2020 to June 2022.

As part of the monetary policy measures and since June 2022, the ECB has successively raised its three key rates to reach sufficiently restrictive levels and ensure a return to an inflation target of 2% in the medium term.

On October 27, 2022, the ECB recalibrated the terms of remuneration of TLTRO III transactions in order to reinforce the transmission of the increase in key rates to the conditions for granting bank loans. The interest conditions applicable to the TLTRO III have been adjusted from November 23, 2022 (and additional early redemption dates have been opened).

They are described below and take into account the achievement by the group of the credit performance targets set by the ECB over all the reference periods of the program:

- from its start date until November 22, 2022 inclusive and excluding the special or additional special interest period, the interest rate for TLTRO III operations represents the average of the deposit facility rate over this period (and no longer over the life of the operation);
- during the special interest and additional special interest periods (respectively from June 24, 2020 to June 23, 2021 inclusive, and from June 24, 2021 to June 23, 2022 inclusive), it is equal to the average of the deposit facility rates over the period reduced by 0.50% (application of a cap of -1%);
- from November 23, 2022 until the maturity date (or early repayment date), the interest rate of the TLTRO III operations will be indexed to the average of the key ECB interest rates applicable during that period.

This change is accompanied by the opening of three additional early repayment dates.

According to the group, the TLTRO III transactions represent variable rate financial instruments carried at amortized cost. The adjustment of interest conditions following this decision must be recognized in accordance with the provisions of IFRS 9 regarding changes in market rates of floating-rate instruments.

The interest recognized but not yet due by the group takes into account, until November 22, 2022, the effect of the change in the interest rate formula between the beginning of the transaction and that date. As of November 23, 2022, the effective interest rate of the TLTRO financing transactions is calculated on the basis of the average of the deposit facility rates known between November 23, 2022 and June 30, 2023.

3.1.3 Debt-equity distinction

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

3.1.4 Foreign currency transactions

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

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

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

3.1.5 Derivatives and hedge accounting

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

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

Derivatives are financial instruments which have the following three characteristics:

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

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

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

3.1.5.1 Determining the fair value of derivatives

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

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

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

3.1.5.2 Classification of derivatives and hedge accounting

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

Embedded derivatives
An embedded derivative is a component of a hybrid instrument that, when separated from its host contract, meets the definition criteria for a derivative. It has the effect, notably, of changing certain cash flows in the same way as a stand-alone derivative.

The derivative is detached from the host contract and recognized separately as a derivative instrument at fair value through profit or loss only if all of the following conditions are satisfied:

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

- separate measurement of the embedded derivative is sufficiently reliable to provide relevant information.

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

- Recognition

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

Hedge accounting

- Risks hedged

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

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

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

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

Micro-hedging is carried out notably in the context of asset swaps, and generally aims to transform a fixed-rate instrument into a variable-rate instrument.

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

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

- a cash flow hedge is a hedge of the exposure to variability in cash flows relating to financial assets or financial liabilities, firm commitments or forward transactions;

- the hedging of net investments in foreign currencies is recognized in the same way as cash flow hedging. The group has not used this form of hedging.

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

- the hedging instrument and the hedged item must both qualify for hedge accounting;

- the relationship between the hedged item and the hedging instrument must be documented formally immediately upon inception of the hedging relationship. This documentation sets out the risk management objectives determined by management, the nature of the risk hedged, the underlying strategy, and the methods used to measure the effectiveness of the hedge;

- the effectiveness of the hedge must be demonstrated upon inception of the hedging relationship, subsequently throughout its life, and at the very least at each reporting date. The ratio of the change in value or gain/loss on the hedging instrument to that of the hedged item must be within a range of 80% to 125%.

Where applicable, hedge accounting is discontinued prospectively.

- Fair value hedge of identified financial assets or liabilities

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

- the "counterparty risk" component integrated in the value of the derivatives;

- the **different value curve between the hedged items and hedging instruments. Swaps are valued with an OIS curve if they are collateralized or with a BOR curve otherwise. Hedged items are valued with a BOR curve.**

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

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

- Macro-hedging derivatives

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

For each portfolio of financial assets or liabilities bearing a fixed rate, the effectiveness of the hedging relationship is verified through:

- An over-hedging test: the group ensures that, prospectively and retrospectively, the maturity schedule of the hedged items is greater than that of the hedging derivatives;
- A test of non-disappearance of the hedged item, which consists of ensuring that the maximum historically hedged position is lower than the nominal value of the hedged portfolio at the reporting date for each future maturity band and each generation of rates;
- A quantitative test to ensure, retrospectively, that changes in the fair value of the modeled synthetic instrument offset changes in the fair value of the hedging instruments.

The sources of ineffectiveness related to macro-hedging result from mismatches in the curves used to model the hedged portfolios and hedging derivatives, as well as possible mismatches in the interest payments of these items.

The accounting treatment of fair value macro-hedging derivatives is similar to that used for fair value hedging derivatives.
Changes in the fair value of the hedged portfolios are recorded in the balance sheet under “Revaluation adjustment on rate-hedged books”, the counterpart being an income statement line item.

- Cash flow hedges

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

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

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

- Benchmark rate reform

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

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

3.1.6 Financial guarantees and financing commitments

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

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

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

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

3.1.7 Derecognition of financial assets and liabilities

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

Upon derecognition of:

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

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

3.1.8 Measurement of credit risk

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

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

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

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

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

3.1.8.1 Governance

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

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

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

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

- at the national level, the Basel III Working group approves the national procedures, models and methodologies to be applied by the regional groups. Any change in the calibration of the scenarios or parameters used in the IFRS 9 provisioning model is validated by this body.
- at the regional level, regional groups are tasked with the calculation of the IFRS 9 provisions within their entities, under the responsibility and control of their respective executive and supervisory bodies.

3.1.8.2 Definition of the boundary between stages 1 and 2

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

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

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

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

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

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

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

It should be noted that the group immediately puts into stage 1 any performing exposure that no longer meets the criteria for stage 2 classification (both qualitative and quantitative)

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

Quantitative criteria
For LDP portfolios, the boundary is based on an allocation matrix that relates the internal ratings at origination and at the reporting date. Thus, the riskier the rating of the loan, the lower the group's relative tolerance for a significant deterioration in risk.

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

Qualitative criteria
To this qualitative data the group adds qualitative criteria such as installments unpaid or late by more than 30 days, the fact that a loan has been restructured, etc.
Methods based exclusively on qualitative criteria are used for entities or small portfolios that are classified for prudential purposes under the standardized approach and do not have a rating system.

3.1.8.3 Stages 1 and 2 – Calculating expected credit losses

Expected credit losses are measured by multiplying the current outstanding balance discounted by the contract rate by its probability of default (PD) and by the loss given default (LGD) ratio. The off-balance-sheet exposure is converted into a balance sheet equivalent based on the probability of a drawdown. The one-year probability of default is used for stage 1, while the probability of default at termination (one-to-ten year curve) is used for stage 2.
These parameters are based on the same values as prudential models and adapted to meet IFRS 9 requirements. They are used both for assigning loans to a stage and for calculating expected losses.

Probability of default
This is based:

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

Loss given default
This is based:

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

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

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

For high default portfolios, the forward-looking aspect included in the probability of default takes into account three scenarios (optimistic, neutral or pessimistic), which will be weighted based on the group's view of changes in the economic cycle over five years. The group mainly relies on macroeconomic data (GDP, unemployment rate, inflation rate, short-term and long-term interest rates, etc.) available from the OECD. The forward-looking approach is adjusted to include elements that were not captured by the scenarios because:

- they are recent, meaning they occurred a few weeks before the reporting date;
- they cannot be included in a scenario: for example, regulatory changes that will certainly have a significant effect on the risk parameters and whose impact can be measured by making certain assumptions.

The forward-looking dimension over different time horizons other than one year will be a function of the one-year dimension.

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

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

3.1.8.4 Stage 3 – Non-performing loans

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

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

The main developments related to the implementation of this new definition are the following:

- the analysis of the default now focuses on the borrower rather than on the contract;
- the number of days of unpaid or late installments is appraised for each borrower (obligor) or group of borrowers (joint obligors) in the case of a joint commitment;

- the default is triggered after 90 consecutive days of unpaid or late installments on the part of an obligor or joint obligors. The count of the number of days begins at the simultaneous crossing of the absolute materiality threshold (€100 Retail, €500 Corporate) and the relative materiality threshold (more than 1% of balance sheet commitments in arrears). The countdown is reset when this is no longer the case for one of the two thresholds;
- the default contagion scope extends to all receivables of the borrower, and all individual commitments of borrowers participating in a joint credit obligation;
- there is a minimum three-month probationary period before non-restructured assets can return to healthy status.

The group has opted to roll out the new definition of default on IRB entities using the EBA's two-step approach:

- Step 1 – This consists of presenting a self-assessment and an authorization request to the supervisor. Authorization for use was obtained by the group in October 2019.
- Step 2 – This consists of implementing the new definition of default, and then adjusting the models after an observation period of 12 months for new defaults.

The group believes that the new definition of default, as required by the EBA, is representative of objective proof of impairment in an accounting sense of the word. The group has aligned its definitions of accounting (stage 3) and prudential default. This change constitutes a change in estimate, the non-material impact of which is recognized in the income statement in the year of the change.

3.1.8.5 Initially impaired financial assets

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

3.1.8.6 Recognition

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

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

3.1.9 Determination of fair value of financial instruments

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

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

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

3.1.9.1 Instruments traded on an active market

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

3.1.9.2 Instruments traded on a non-active market

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

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

When establishing valuation adjustments, each risk factor is considered individually and no effect of diversification between risks, parameters or models of a different nature are taken into account. A portfolio approach is most often used for a given risk factor. In all cases, adjustments are made by the group in a reasonable and appropriate manner, based on judgment.

3.1.9.3 Fair value hierarchy

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

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

3.2 Non-financial instruments

3.2.1. Leases

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

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

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

3.2.1.1. Finance lease transactions – Lessor

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

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

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

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

3.2.1.2 Finance lease transactions – Lessee

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

3.2.2 Provisions

Provisions and reversals of provisions are classified by type under the corresponding item of income or expenditure. A provision is recognized whenever it is probable that an outflow of resources representing economic benefits will be necessary to extinguish an obligation arising from a past event and when the amount of the obligation can be estimated accurately. Where applicable, the net present value of this obligation is calculated to determine the amount of the provision to be set aside.

The provisions constituted by the group cover, in particular:

- operational risks;
- employee benefit obligations (see Section “3.2.3 Employee benefits”);
- execution risk on signature commitments;
- litigation risk and guarantee commitments given;
- tax risks;
- risks related to mortgage saving agreements.

3.2.3 Employee benefits

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

3.2.3.1 Post-employment benefits under a defined benefit plan

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

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

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

Differences arising from changes in these assumptions and from differences between previous assumptions and actual experience constitute actuarial gains or losses. When the plan has assets, they are measured at fair value. The interest income they generate has an impact on profit or loss. The difference between the actual return and the interest income generated by these assets is also an actuarial gain and loss.

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

In accordance with the IFRIC decision of April 20, 2021, the pension obligation under post-employment benefit plans, whose rights are capped on the basis of a number of years of service and subject to the presence of the employee on the date of retirement, is constituted solely over the period preceding the retirement age enabling the ceiling to be reached (or between the employee’s date of entry into the company and the date of retirement if this period is shorter than the ceiling).

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

3.2.3.2 Supplementary pensions covered by pension funds

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

3.2.3.3 Post-employment benefits under a defined contribution plan

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

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

3.2.3.4 Other long-term benefits

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

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

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

3.2.3.5 Termination benefits

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

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

3.2.3.6 Short-term benefits

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

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

3.2.4 Non-current assets

3.2.4.1 Non-current assets of which the group is owner

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

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

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

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

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

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

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

Depreciation charges on investment property are recognized under "Expenses on other activities" in the income statement.

The following depreciation and amortization periods are used:

- Property, plant and equipment:
  - land and network improvements :15-30 years
  - buildings – shell :20-80 years (depending on the type of building)
  - buildings – equipment :10-40 years
  - fixtures and fittings :5-15 years
  - office furniture and equipment :5-10 years
  - safety equipment :3-10 years
  - rolling stock :3-5 years
  - IT equipment :3-5 years
- Intangible assets:
  - software purchased or developed in-house : 1-10 years
  - business goodwill acquired : 9-10 years (if customer contract portfolio acquired)

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

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

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

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

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

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

3.2.4.2 Non-current assets of which the group is lessee

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

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

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

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

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

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

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

For calculating the lease obligation, we use:

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

- the discount rate is the marginal rate of indebtedness corresponding to the chosen duration. It is a rate that is depreciable by the group's refinancing headquarters;
- the lease payment, excluding taxes. The group is marginally affected by variable lease payments.

3.2.5 Commission income and expense

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

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

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

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

3.2.6 Income tax expense

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

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

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

Deferred tax

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

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

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

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

Deferred tax is not discounted.

Uncertainties over income tax treatment

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

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

3.2.7 Non-current assets held for sale and discontinued operations

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

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

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

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

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

The preparation of the group's financial statements requires the formulation of assumptions in order to make the necessary assessments and involves risks and uncertainties concerning their realization in the future, notably in the context of the pandemic and the Ukrainian conflict.

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

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

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

- the fair value of financial instruments not listed on an active market, the definition of a forced transaction and the definition of observable data require the exercise of judgment. See Section 3.1.9 “Determination of fair value of financial instruments”;
- pension plans and other future employee benefits;
- impairment of assets, including expected credit losses. To date, environmental risks are not captured in the group’s expected credit loss impairment models;
- provisions, impairment of intangible assets and goodwill;
- deferred tax assets.

4. Related-party information

Parties related to CIC are companies consolidated by CIC, as well as by the CMAF group.

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

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

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

Nil

Note 2a Consolidation scope

Companies	Currency	Country	06/30/2023 Percentage Control	06/30/2023 Percentage Interest	06/30/2023 Method[1]	12/31/2022 Percentage Control	12/31/2022 Percentage Interest	12/31/2022 Method[1]
Consolidated company: Crédit Industriel et Commercial – CIC								
CIC Bruxelles (branch)		Belgium	100	100	FC	100	100	FC
CIC Hong Kong (branch)	USD	Hong Kong	100	100	FC	100	100	FC
CIC London (branch)	GBP	United Kingdom	100	100	FC	100	100	FC
CIC New York (branch)	USD	USA	100	100	FC	100	100	FC
CIC Singapore (branch)	USD	Singapore	100	100	FC	100	100	FC
A. Banking network								
CIC Est		France (i)	100	100	FC	100	100	FC
CIC Lyonnaise de Banque		France (i)	100	100	FC	100	100	FC
CIC Lyonnaise de Banque Monaco (branch)		Monaco	100	100	FC	100	100	FC
CIC Nord Ouest		France (i)	100	100	FC	100	100	FC
CIC Ouest		France (i)	100	100	FC	100	100	FC
CIC Sud Ouest		France (i)	100	100	FC	100	100	FC
B. Subsidiaries of the banking network								
Crédit Mutuel Factoring		France (i)	100	100	FC	100	100	FC
Crédit Mutuel Leasing		France (i)	100	100	FC	100	100	FC
Crédit Mutuel Leasing Benelux		Belgium	100	100	FC	100	100	FC
Crédit Mutuel Leasing Spain (branch)		Spain	100	100	FC	100	100	FC
Crédit Mutuel Leasing GmbH		Germany	100	100	FC	100	100	FC
Crédit Mutuel Leasing Nederland (branch)		The Netherlands	100	100	FC	100	100	FC
Crédit Mutuel Real Estate Lease		France	54	54	FC	54	54	FC
Gesteurop		France (i)	100	100	FC	100	100	FC
C. Corporate banking and capital markets [2]								
Satellite		France	100	100	FC	100	100	FC
D. Asset Management and Private Banking								
Banque CIC (Suisse)	CHF	Switzerland	100	100	FC	100	100	FC
Banque de Luxembourg		Luxembourg	100	100	FC	100	100	FC
Banque de Luxembourg Belgique (branch)		Belgium	100	100	FC	100	100	FC
Banque de Luxembourg Investments SA		Luxembourg	100	100	FC	100	100	FC
Banque Transatlantique		France (i)	100	100	FC	100	100	FC
Banque Transatlantique London (branch)	GBP	United Kingdom	100	100	FC	100	100	FC
Banque Transatlantique Belgium		Belgium	100	100	FC	100	100	FC
Banque Transatlantique Luxembourg		Luxembourg	100	100	FC	100	100	FC
CIC Private Debt		France	100	100	NC	100	100	NC
Cigogne Management		Luxembourg	60	60	FC	60	60	FC
Crédit Mutuel Asset Management		France	24	24	EM	24	24	EM
Crédit Mutuel Épargne Salariale		France (i)	100	100	FC	100	100	FC
Dubly Transatlantique Gestion		France (i)	100	100	FC	100	100	FC
E. Private equity								
CIC Capital Canada Inc.	CAD	Canada	100	100	FC	100	100	FC
CIC Capital Deutschland Gmbh		Germany	100	100	FC	100	100	FC
CIC Capital Suisse SA	CHF	Switzerland	100	100	FC	100	100	FC
CIC Capital Ventures Quebec	CAD	Canada	100	100	FC	100	100	FC
CIC Conseil		France (i)	100	100	FC	100	100	FC
Crédit Mutuel Capital		France (i)	100	100	FC	100	100	FC
Crédit Mutuel Innovation		France	100	100	FC	100	100	FC
Crédit Mutuel Equity		France (i)	100	100	FC	100	100	FC
Crédit Mutuel Equity SCR		France	100	100	FC	100	100	FC
F. Structure and logistics								
CIC Participations		France (i)	100	100	FC	100	100	FC
G. Insurance companies								
Groupe des Assurances du Crédit Mutuel (GACM) [3]		France	16	16	EM	16	16	EM

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

Note 2b Fully consolidated entities with significant non-controlling interests

	Percentage of non-controlling interests in the consolidated financial statements				Financial information regarding fully-consolidated entities [1]			
06/30/2023	Percentage of voting rights	Net income attributable to non-controlling interests	Amount in shareholders' equity of non-controlling interests	Dividends paid to non-controlling interests	Balance sheet total	OCI	NBI	Net profit/(loss)
Crédit Mutuel Real Estate Lease	46%	-2	19	-2	5,922	-0	7	-3
Cigogne Management	40%	2	6	-2	39	0	11	5

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

	Percentage of non-controlling interests in the consolidated financial statements				Financial information regarding fully-consolidated entities [1]			
12/31/2022	Percentage of voting rights	Net profit/(loss) attributable to non-controlling interests	Amount in shareholders' equity of non-controlling interests	Dividends paid to non-controlling interests	Balance sheet total	OCI	NBI	Net profit/(loss)
Crédit Mutuel Real Estate Lease	46%	-1	22	-4	5,693	0	30	-1
Cigogne Management	40%	2	6	-3	34	0	15	5

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

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

Business line analysis principle

- Retail banking includes:

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

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

- Corporate banking and capital markets include:

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

b) capital markets, which include investments in interest rate, equity and credit activities (ITAC) as well as stock market intermediation.

- Asset management and private banking include asset management, collective investment for third parties and employee savings; for private banking, companies for which this is the main purpose, both in France and abroad.
- Private equity includes proprietary trading and financial engineering services *via* dedicated entities. The entire portfolio is accounted for under the fair value option.
- The holding company covers all activities not assigned to another business.

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

BREAKDOWN OF THE INCOME STATEMENT BY BUSINESS SEGMENT

06/30/2023	Retail banking	Corporate banking and capital markets	Asset Management and Private Banking	Private Equity	Holding company services	Total
Net revenue	2,033	587	493	220	34	3,367
General operating expenses	-1,362	-224	-284	-40	-63	-1,973
Gross operating income	**671**	**363**	**209**	**180**	**-29**	**1,394**
Cost of counterparty risk	-101	-56	-2			-159
Gains on other assets [1]	68		1			69
Net profit/(loss) before tax	**638**	**307**	**208**	**180**	**-29**	**1,304**
Income tax	-169	-84	-50	1	13	-289
Net profit/(loss)	**469**	**223**	**158**	**181**	**-16**	**1,015**

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

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

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

BREAKDOWN OF INCOME STATEMENT BY GEOGRAPHIC AREA

	06/30/2023				06/30/2022			
	France	Europe outside France	Other countries	Total	France	Europe outside France	Other countries	Total
Net revenue	2,841	404	122	**3,367**	2,728	319	135	**3,182**
General operating expenses	-1,684	-229	-60	**-1,973**	-1,588	-209	-59	**-1,856**
Gross operating income	**1,157**	**175**	**62**	**1,394**	**1,140**	**110**	**76**	**1,326**
Cost of counterparty risk	-168	8	1	**-159**	-110	-5	16	**-99**
Gains on other assets [1]	69	0	0	**69**	72	0	0	**72**
Net profit/(loss) before tax	**1,058**	**183**	**63**	**1,304**	**1,102**	**105**	**92**	**1,299**
Income tax	-227	-46	-16	**-289**	-250	-22	-16	**-288**
Total Net profit/(loss)	**831**	**137**	**47**	**1,015**	**852**	**83**	**76**	**1,011**

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

NOTES TO THE BALANCE SHEET – ASSETS

Note 4 Cash and central banks

	06/30/2023	12/31/2022
Cash, central banks		
Central banks	59,526	65,610
of which mandatory reserves	*1,931*	*1,761*
Cash	302	330
TOTAL	59,828	65,940

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

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

	06/30/2023				12/31/2022			
	Transaction	Fair value option	Other FVPL	Total	Transaction	Fair value option	Other FVPL	Total
Securities	**8,005**	**791**	**4,047**	**12,843**	**6,315**	**733**	**3,990**	**11,038**
Government securities	1,154	0	0	1,154	1,034	0	0	1,034
Bonds and other debt securities	5,895	791	70	6,756	4,550	733	223	5,506
■ Listed	5,895	26	9	5,930	4,550	26	161	4,737
■ Non-listed	0	765	61	826	0	707	62	769
of which UCIs	*0*		*64*	*64*	*0*		*216*	*216*
Shares and other capital instruments	956		3,499	4,455	731		3,300	4,031
■ Listed	956		255	1,211	731		251	982
■ Non-listed	0		3,244	3,244	0		3,049	3,049
Long-term investments			478	478			467	467
■ Equity investments			117	117			44	44
■ Other long-term investments			45	45			118	118
■ Investments in subsidiaries and associates			315	315			304	304
■ Other long-term investments			1	1			1	1
Derivative instruments	**6,788**			**6,788**	**6,581**			**6,581**
Loans and receivables	**14,225**	**0**	**17**	**14,242**	**9,751**	**0**	**14**	**9,765**
■ *of which pensions*	*14,225*	*0*		*14,225*	*9,751*	*0*		*9,751*
Other assets classified as FVPL [1]			140	140			140	140
TOTAL	**29,018**	**791**	**4,204**	**34,013**	**22,647**	**733**	**4,144**	**27,524**

(1) Reimbursement rights concerning the defined benefit plan for retirement benefits.

Note 5b Analysis of trading derivatives

	06/30/2023			12/31/2022		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Trading derivatives						
Rate instruments	146,098	4,731	4,591	133,436	4,508	4,362
Swaps	51,858	3,600	4,017	44,833	3,111	3,790
Other firm contracts	49,578	0	0	52,355	0	0
Options and conditional instruments	44,662	1,131	574	36,248	1,397	572
Foreign exchange instruments	115,059	1,824	1,688	109,639	1,801	1,844
Swaps	61,815	29	51	60,401	45	144
Other firm contracts	13,660	1,572	1,414	12,497	1,450	1,394
Options and conditional instruments	39,584	223	223	36,741	306	306
Other derivatives	24,528	233	231	22,168	272	308
Swaps	7,329	81	94	7,040	50	110
Other firm contracts	9,948	38	54	9,923	100	85
Options and conditional instruments	7,251	114	83	5,205	122	113
TOTAL	**285,685**	**6,788**	**6,510**	**265,243**	**6,581**	**6,514**

Derivatives are discounted in line with the rate of return on the collateral to which they relate:

- if the derivative is cleared in a CCP (LCH or Eurex): the RFR curve of the corresponding currency defined by the CCP;
- if the derivative remained bilateral (bank counterparty): almost exclusively Ester discounting curve (as the CSA or ARG provide almost exclusively for the exchange of collateral in EUR);
- if the derivative is not collateralized (in the case of customers): EURIBOR discounting curve.

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

Note 6 Hedging

Note 6a Hedging derivatives

	06/30/2023			12/31/2022		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Hedging derivatives						
Fair Value Hedges	91,341	3,320	1,098	86,241	3,480	1,151
Swaps	63,469	3,320	1,098	59,135	3,480	1,151
Other firm contracts	27,871	0	0	27,090	0	0
Options and conditional instruments	1	0	0	16	0	0
TOTAL	**91,341**	**3,320**	**1,098**	**86,241**	**3,480**	**1,151**

Derivatives are discounted in line with the rate of return on the collateral to which they relate:

- if the derivative is cleared in a CCP (LCH or Eurex): the RFR curve of the corresponding currency defined by the CCP;
- if the derivative remained bilateral (bank counterparty): almost exclusively Ester discounting curve (as the CSA or ARG provide almost exclusively for the exchange of collateral in EUR);
- if the derivative is not collateralized (in the case of customers): EURIBOR discounting curve.

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

Hedging derivatives consist solely of interest rate instruments

Note 6b – Revaluation differences on interest-risk hedged portfolios

	06/30/2023	12/31/2022
Fair value of portfolio interest rate risk		
▪ in financial assets	-2,224	-2,221
▪ in financial liabilities	-58	-16

Note 7 Financial assets at fair value through other comprehensive income

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

	06/30/2023	12/31/2022
Government securities	3,780	3,837
Bonds and other debt securities	14,204	13,590
Listed	13,379	12,547
Non-listed	825	1,043
Related receivables	109	91
Debt securities subtotal, gross	**18,093**	**17,518**
Of which impaired debt securities (S3)	*0*	*0*
Impairment of performing loans (S1/S2)	-16	-15
Other impairment (S3)	0	0
Debt securities subtotal, net	**18,077**	**17,503**
Shares and other capital instruments	0	1
Listed	0	1
Non-listed	0	0
Long-term investments	272	274
Equity investments	80	80
Other long-term investments	142	142
Investments in subsidiaries and associates	50	52
Loaned securities	0	0
Non-performing current account advances to non-trading real estate company	0	0
Receivables related	0	0
Subtotal, equity instruments	272	275
TOTAL	**18,349**	**17,778**
of which unrealized capital gains or losses recognized under equity	*-124*	*-169*
of which listed equity investments.	*0*	*0*

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

06/30/2023	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS				
Fair value through shareholders' equity	15,050	3,015	284	18,349
■ Government and equivalent securities	3,683	110	0	3,793
■ Bonds and other debt securities	11,367	2,905	13	14,285
■ Shares and other capital instruments	0	0	0	0
■ Investments and other long-term securities	0	0	222	222
■ Investments in subsidiaries and associates	0	0	49	49
Trading/Fair value option/Other	6,240	20,979	6,654	33,873
■ Government securities and similar instruments – Trading	1,127	0	27	1,154
■ Government securities and similar instruments – Fair value option	0	0	0	0
■ Government securities and similar instruments – Other FVPL	0	0	0	0
■ Bonds and other debt securities – Trading	3,824	1,198	873	5,895
■ Bonds and other debt securities – Fair value option	26	0	765	791
■ Bonds and other debt securities – Other FVPL	9	45	16	70
■ Shares and other equity instruments – Trading	956	0	0	956
■ Shares and other capital instruments – Other FVPL	255	0	3,244	3,499
■ Investments and other long-term securities – Other FVPL	2	0	161	163
■ Investments in subsidiaries and associates – Other FVPL	0	0	315	315
■ Loans and receivables due from credit institutions – Fair value option	0	0	0	0
■ Loans and receivables due from credit institutions – Other FVPL	0	0	0	0
■ Loans and receivables due from customers – Fair value option	0	0	0	0
■ Loans and receivables due from customers – Other FVPL	0	17	0	17
■ Loans and receivables – Trading	0	14,225	0	14,225

■ Derivatives and other financial assets – Trading	41	5,494	1,253	6,788
Hedging derivatives	2	3,318	0	3,320
TOTAL	**21,292**	**27,312**	**6,938**	**55,542**
FINANCIAL LIABILITIES				
Trading/Fair value option	3,075	18,555	1,873	23,503
■ Due to credit institutions – Fair value option	0	104	0	104
■ Amounts due to customers – Fair value option	0	61	0	61
■ Debt securities – Fair value option	0	0	0	0
■ Subordinated debt – Fair value option	0	0	0	0
■ Debt – Trading	0	13,650	0	13,650
■ Derivatives and other financial liabilities – Trading	3,075	4,740	1,873	9,688
Hedging derivatives	0	1,098	0	1,098
TOTAL	**3,075**	**19,653**	**1,873**	**24,601**

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

Description of levels:

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

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

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

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

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

FAIR VALUE HIERARCHY – LEVEL 3

12/31/2022	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS				
Fair value through shareholders' equity	14,317	3,122	339	17,778
■ Government and equivalent securities	3,573	224	59	3,856
■ Bonds and other debt securities	10,743	2,898	6	13,647
■ Shares and other capital instruments	1	0	0	1
■ Investments and other long-term securities	0	0	222	222
■ Investments in subsidiaries and associates	0	0	52	52
Trading/Fair value option/Other	4,946	15,761	6,677	27,384
■ Government securities and similar instruments – Trading	1,025	0	9	1,034
■ Government securities and similar instruments – Fair value option	0	0	0	0
■ Government securities and similar instruments – Other FVPL	0	0	0	0
■ Bonds and other debt securities – Trading	2,725	1,669	156	4,550
■ Bonds and other debt securities – Fair value option	26	0	707	733
■ Bonds and other debt securities – Other FVPL	163	45	16	224
■ Shares and other equity instruments – Trading	731	0	0	731
■ Shares and other capital instruments – Other FVPL	251	0	3,049	3,300
■ Investments and other long-term securities – Other FVPL	1	0	160	161
■ Investments in subsidiaries and associates – Other FVPL	0	0	305	305
■ Loans and receivables due from credit institutions – Fair value option	0	0	0	0
■ Loans and receivables due from credit institutions – Other FVPL	0	0	0	0
■ Loans and receivables due from customers – Fair value option	0	0	0	0
■ Loans and receivables due from customers – Other FVPL	0	14	0	14
■ Loans and receivables – Trading	0	9,751	0	9,751
■ Derivatives and other financial assets – Trading	24	4,282	2,275	6,581
Hedging derivatives	3	3,477	0	3,480
TOTAL	**19,266**	**22,360**	**7,016**	**48,642**
FINANCIAL LIABILITIES				
Trading/Fair value option	2,038	14,110	2,362	18,510
■ Due to credit institutions – Fair value option	0	133	0	133
■ Amounts due to customers – Fair value option	0	24	0	24
■ Debt securities – Fair value option	0	0	0	0
■ Subordinated debt – Fair value option	0	0	0	0
■ Debt – Trading	0	9,788	0	9,788
■ Derivatives and other financial liabilities – Trading	2,038	4,165	2,362	8,565
Hedging derivatives	0	1,151	0	1,151
TOTAL	2,038	15,261	2,362	19,661

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

Note 7c Details of securitization outstandings

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

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

Summary	06/30/2023	12/31/2022
RMBS	1,268	1,255
CMBS	0	0
CLO	3,990	3,996
Other ABS	3,598	3,653
TOTAL	8,856	8,904

Unless otherwise indicated, securities are not hedged by CDS.

EXPOSURES TO RMBS, CMBS, CLO AND OTHER ABS

06/30/2023	RMBS	CMBS	CLO	Other ABS	Total
Fair value through profit or loss	126			154	280
Amortized cost	23		337	1,858	2,218
Fair value – Others	1				1
Fair value through shareholders' equity	1,118		3,653	1,586	6,357
TOTAL	**1,268**	**0**	**3,990**	**3,598**	**8,856**
France	527		833	1,305	2,665
Spain	74			243	317
United Kingdom	78		158	171	407
Europe excluding France, Spain and the UK	504		270	1,176	1,950
USA	3		2,729	560	3,292
Other	82			143	225
TOTAL	**1,268**	**0**	**3,990**	**3,598**	**8,856**
US Branches					0
AAA	1,223		3,691	1,414	6,328
AA	33		224	562	819
A	9		75	3	87
BBB	1				1
BB				17	17
B or below	2			7	9
Not rated				1,595	1,595
TOTAL	**1,268**	**0**	**3,990**	**3,598**	**8,856**
Origination 2005 and earlier	8				8
Origination 2006-2008	21			7	28
Origination 2009-2011					0
Origination 2012-2023	1,239		3,990	3,591	8,820
TOTAL	**1,268**	**0**	**3,990**	**3,598**	**8,856**

12/31/2022	RMBS	CMBS	CLO	Other ABS	Total
Fair value through profit or loss	145			206	351
Amortized cost	26		337	1,970	2,333
Fair value – Others	1				1
Fair value through equity	1,083		3,659	1,477	6,219
TOTAL	**1,255**	**0**	**3,996**	**3,653**	**8,904**
France	559		786	1,384	2,729
Spain	95			327	422
United Kingdom	6		175	163	344
Europe excluding France, Spain and the UK	474		279	1,080	1,833
United States	5		2,756	567	3,328
Other	116			132	248
TOTAL	**1,255**	**0**	**3,996**	**3,653**	**8,904**
US Branches					0
AAA	1,175		3,722	1,308	6,205
AA	63		199	643	905
A	10		75	4	89
BBB	5				5
BB					0
B or below	2			7	9
Not rated				1,691	**1,691**
TOTAL	**1,255**	**0**	**3,996**	**3,653**	**8,904**
Origination 2005 and earlier	9				9
Origination 2006-2008	24			7	31
Origination 2009-2011	7				7
Origination 2012-2022	1,215		3,996	3,646	8,857
TOTAL	**1,255**	**0**	**3,996**	**3,653**	**8,904**

Note 8 Financial assets at amortized cost

	06/30/2023	12/31/2022
Securities at amortized cost	3,627	3,558
Loans and receivables to credit institutions	46,393	40,954
Loans and receivables to customers	243,595	240,002
TOTAL	**293,615**	**284,514**

Note 8a Securities at amortized cost

	06/30/2023	12/31/2022
Securities	3,666	3,600
Government securities	1,357	1,356
Bonds and other debt securities	2,309	2,244
■ Listed	848	734
■ Non-listed	1,461	1,510
Receivables related	16	12
TOTAL GROSS	**3,682**	**3,612**
of which impaired assets (S3)	*86*	*76*
Impairment of performing loans (S1/S2)	-1	-2
Other impairment (S3)	-54	-52
TOTAL NET	**3,627**	**3,558**

At June 30, 2023, the net carrying amount of HQLA debt securities recognized as assets at amortized cost amounted to €1,821 million. The estimated fair value of these assets is €1,718 million.

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

	06/30/2023	12/31/2022
Performing loans (S1/S2)	46,136	40,768
Current accounts	20,836	16,522
Loans	21,081	19,852
Other receivables	2,788	3,081
Pensions	1,431	1,313
Individually-impaired receivables, gross (S3)	0	0
Receivables related	259	189
Impairment of performing loans (S1/S2)	-2	-3
Other impairment (S3)	0	0
TOTAL	46,393	40,954

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

	06/30/2023	12/31/2022
Performing loans (S1/S2)	226,221	223,342
Commercial loans	7,619	7,997
Other customer receivables	218,206	215,017
■ home loans	110,258	108,570
■ other loans and receivables	105,992	105,244
■ pensions	1,956	1,203
Receivables related	396	328
Gross receivables subject to individual impairement (S3)	5,688	5,296
Gross receivables	**231,909**	**228,638**
Impairment of performing loans (S1/S2)	-924	-949
Other impairment (S3)	-2,238	-2,149
Subtotal I	**228,747**	**225,540**
Finance leases (net investment)	14,530	14,176
Equipment	9,310	9,086
Real estate	5,220	5,090
Gross receivables subject to individual impairement (S3)	544	501
Impairment of performing loans (S1/S2)	-97	-97
Other impairment (S3)	-129	-118
Subtotal II	**14,848**	**14,462**
TOTAL	243,595	240,002
of which equity loans	*3*	*2*
of which subordinated loans	*12*	*12*

STATE-GUARANTEED LOANS

At June 30, 2023, state-guaranteed loans issued by the group amounted to €8,025 million.
The valuation of the expected credit losses for these loans takes into account the effect of the State guarantee (implemented by the Banque Publique d'Investissement) for 70% to 90% of the outstanding capital and interest.

	Outstandings			Write-downs		
06/30/2023	S1	S2	S3	S1	S2	S3
Amount	6,042	1,042	941	-5	-7	-108

	Outstandings			Write-downs		
12/31/2022	S1	S2	S3	S1	S2	S3
Amount	7,166	1,318	810	-4	-11	-82

FINANCE LEASE TRANSACTIONS WITH CUSTOMERS

	12/31/2022	Increase	Decrease	Other	06/30/2023
Gross carrying amount	14,677	1,143	-744	-2	15,074
Impairment of non-recoverable lease payments	-215	-54	49	-6	-226
Net carrying amount	14,462	1,089	-695	-8	14,848

Note 9 Gross values and movements in impairment provisions

Note 9a Gross values subject to impairment

	12/31/2022	Acquisition/ production	Sales/ repayments	Transfer[1]	Other	06/30/2023
Financial assets at amortized cost – loans and receivables due from credit institutions, subject to	**40,957**	**18,189**	**-12,792**	**0**	**41**	**46,395**
■ 12-month expected losses (S1)	40,948	18,125	-12,790	0	41	46,324
■ expected losses at termination (S2)	9	64	-2	0	0	71
Financial assets at amortized cost – loans and receivables due from customers, subject to	**243,315**	**46,664**	**-43,874**	**0**	**878**	**246,983**
■ 12-month expected losses (S1)	220,489	45,698	-40,223	-1,711	-22	224,231
■ expected losses at termination (S2)	17,029	626	-2,358	963	260	16,520
■ expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	5,595	311	-1,194	748	600	6,060
■ expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	202	29	-99	0	40	172
Financial assets at amortized cost – securities	**3,612**	**6,166**	**-6,099**	**0**	**3**	**3,682**
■ 12-month expected losses (S1)	3,528	6,155	-6,097	-1	3	3,588
■ with expected losses at termination (S2)	8	0	0	0	0	8
■ expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	76	11	-2	1	0	86
■ expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0	0
Financial assets at fair value through other comprehensive income – debt securities	**17,518**	**7,336**	**-6,585**	**0**	**-176**	**18,093**
■ 12-month expected losses (S1)	17,516	7,336	-6,585	-6	-176	18,085
■ expected losses at termination (S2)	2	0	0	6	0	8
TOTAL	**305,402**	**78,355**	**-69,350**	**0**	**746**	**315,153**

(1) Of which Bucket transfers.

06/30/2023	Outstandings			Write downs					
	S1	S2	S3	S1	Of which adjustment *	S2	Of which adjustment *	S3	Net outstandings
Loans and receivables to credit institutions	46,324	71	0	-2		-0		0	46,393
Loans and receivables due from customers	224,231	16,520	6,232	-347	-36	-674	-110	-2,367	243,595
Financial assets at fair value at amortized cost - Securities	3,588	8	86	-1		-0		-54	3,627
Financial assets at FVOCI – debt securities	18,085	8	0	-16		0		0	18,077
Financial assets at FVOCI – Loans	0	0	0	0		0		0	0
TOTAL	**292,228**	**16,607**	**6,318**	**-366**	**-36**	**-674**	**-110**	**-2,421**	**311,692**

** post-model adjustment and further depreciation of EUR 50 million on leveraged transactions*

06/30/2022	Outstandings			Write down					
	S1	S2	S3	S1	Of which adjustment*	S2	Of which adjustment*	S3	Net outstandings
Loans and receivables to credit institutions	40,948	9	0	-3		-0		0	40,954
Loans and receivables due from customers	220,489	17,029	5,797	-357	-36	-689	-114	-2,267	240,002
Financial assets at fair value at amortized cost - Securities	3,528	8	76	-1		-1		-52	3,558
Financial assets at FVOCI – debt securities	17,516	2	0	-15		0		0	17,503
Financial assets at FVOCI – Loans	0	0	0	0		0		0	0
TOTAL	**282,481**	**17,048**	**5,873**	**-376**	**-36**	**-690**	**-114**	**-2,319**	**302,017**

** post-model adjustment and further depreciation of EUR 50 million on leveraged transactions*

Note 9b Movements in impairment provisions

	12/31/2022	Addition	Reversal	Other	06/30/2023
Financial assets at amortized cost - loans and receivables due from credit institutions	**-3**	**-1**	**2**	**0**	**-2**
■ 12-month expected losses (S1)	-3	-1	2	0	-2
Financial assets at amortized cost – loans and receivables due from customers	**-3,313**	**-765**	**696**	**-6**	**-3,388**
■ 12-month expected losses (S1)	-357	-133	141	2	-347
■ expected losses at termination (S2)	-689	-287	304	-2	-674
■ expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	-2,267	-345	251	-6	-2,367
■ expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0
Financial assets at amortized cost – securities	**-54**	**-3**	**2**	**0**	**-55**
■ 12-month expected losses (S1)	-1	-0	0	0	-1
■ expected losses at termination (S2)	-1	-0	1	-0	-0
■ expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	-52	-3	1	0	-54
■ expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0
Financial assets at FVOCI – debt securities	**-15**	**-15**	**14**	**0**	**-16**
■ 12-month expected losses (S1)	-15	-15	14	0	-16
■ expected losses at termination (S2)	0	0	0	0	0
TOTAL	**-3,385**	**-784**	**714**	**-6**	**-3,461**

The group conducted a sensitivity test of the cost of risk (including sectoral adjustment). An increase in the weighting of the pessimistic scenario of 10 points for the IRB entities and of 5 points for the entities under the standard model would lead to an additional provision of €54 million, i.e. 5.2% of expected losses.

Note 10 Taxes

Note 10a Current tax

	06/30/2023	12/31/2022
Assets (through profit or loss)	581	675
Liabilities (through profit or loss)	217	267

Note 10b Deferred tax

	06/30/2023	12/31/2022
Assets (through profit or loss)	357	345
Assets (through shareholders' equity)	79	95
Liabilities (through profit or loss)	259	260
Liabilities (through shareholders' equity)	12	10

Note 11 Accruals and other assets

	06/30/2023	12/31/2022
Accruals		
Collection accounts	37	51
Currency adjustment accounts	83	23
Accrued income	493	431
Other accruals	2,742	1,098
Subtotal	**3,355**	**1,603**
Other assets		
Securities settlement accounts	129	**55**
Miscellaneous receivables	3,620	3,498
Inventories and similar	22	20
Other	4	4

Subtotal	3,775	3,577
TOTAL	7,130	5,180

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

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

Note 12 Investments in equity consolidated companies

06/30/2023	Country	% interest	Value of equity consolidation[1]	Share of net profit/(loss)	Dividends received
Groupe ACM	France	16.06%	1 528	68	79
Crédit Mutuel Asset Management	France	23.54%	21	1	0
TOTAL			1 549	69	79

12/31/2022 retired	Country	% interest	Value of equity consolidation [1]	Share of net profit/(loss)	Dividends received
Groupe ACM	France	16.06%	1 488	123	64
Crédit Mutuel Asset Management	France	23.54%	20	1	6
TOTAL	-		1 508	124	70

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

Note 13 Investment property

	12/31/2022	Increase	Decrease	Other	06/30/2023
Historical cost	65	0	-1	2	66
Depreciation and impairment	-38	-1	0	6	-33
NET AMOUNT	27	-1	-1	8	33

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

Note 14 Property, plant and equipment and intangible assets

Note 14a Property, plant and equipment

	12/31/2022	Increase	Decrease	Other	06/30/2023
Historical cost					
Operating sites	334	0	0	0	334
Operating buildings	2,610	20	-139	0	2,491
Usage rights – Real estate	655	16	-17	4	658
Other property, plant and equipment	544	56	-41	0	559
TOTAL	4,143	92	-197	4	4,042
Depreciation and impairment					
Operating sites	0	0	0	0	0
Operating buildings	-1,837	-37	132	-0	-1,742
Usage rights – Real estate	-293	-42	8	-1	-328
Other property, plant and equipment	-443	-9	14	-0	-438
TOTAL	-2,573	-88	154	-1	-2,508
NET AMOUNT	1,570	4	-43	3	1,534

Note 14b Intangible fixed assets

	12/31/2022	Increase	Decrease	Other	06/30/2023
Historical cost					
Internally developed intangible assets	0	0	0	0	0
Purchased intangible assets	355	8	-1	1	363
■ software	167	8	0	17	192
■ other	188	0	-1	-16	171
TOTAL	**355**	**8**	**-1**	**1**	**363**
Depreciation and impairment					
Internally developed intangible assets	0	0	0	0	0
Purchased intangible assets	-185	-9	0	0	-194
■ software	-125	-8	0	-16	-149
■ other	-60	-1	0	16	-45
TOTAL	**-185**	**-9**	**0**	**0**	**-194**
NET AMOUNT	**170**	**-1**	**-1**	**1**	**169**

Note 15 Goodwill

	12/31/2022	Increase	Decrease	Other	06/30/2023
Gross goodwill	33	0	0	0	33
Write-downs	0	0	0	0	0
NET GOODWILL	33	0	0	0	33

Subsidiaries	12/31/2022	Increase	Decrease	Other	06/30/2023
Banque Transatlantique	6				6
Dubly Transatlantique Gestion	6				6
Crédit Mutuel Equity SCR	21				21
TOTAL	33	0	0	0	33

NOTES TO THE BALANCE SHEET - LIABILITIES AND SHAREHOLDERS' EQUITY

Note 16 Financial liabilities at fair value through profit or loss

	06/30/2023	12/31/2022
Financial liabilities held for trading	23,339	18,354
Financial liabilities at fair value through profit or loss	164	156
TOTAL	**23,503**	**18,510**

Note 16a Financial liabilities held for trading

	06/30/2023	12/31/2022
Short sales of securities	2,359	1,365
■ Government securities	0	0
■ Bonds and other debt securities	1,701	646
■ Shares and other capital instruments	658	719
Debts in respect of securities sold under repurchase agreements	13,650	9,788
Trading derivatives	6,510	6,514
Other financial liabilities held for trading	820	687
TOTAL	**23,339**	**18,354**

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

	06/30/2023			12/31/2022		
	Carrying amount	Amount due	Difference	Carrying amount	Amount due	Difference
Securities issued	0	0	0	0	0	0
Subordinated debt	0	0	0	0	0	0
Interbank debt	103	103	-0	133	133	-0
Due to customers	61	61	-0	23	23	-0
TOTAL	**164**	**164**	**0**	**156**	**156**	**0**

Note 17 Financial liabilities at amortized cost

Note 17a Due to central banks and credit institutions

	06/30/2023	12/31/2022
Central banks	**303**	**44**
Liabilities to cred. inst.	**103,310**	**105,739**
Current accounts	4,353	2,929
Borrowings	88,342	92,755
Other debt	4,306	4,229
Pensions	5,836	5,646
Related debt	473	180

Note 17b Amounts due to customers at amortized cost

	06/30/2023	12/31/2022
Special savings accounts	57,096	58,536
■ demand	43,766	44,193
■ term	13,330	14,343
Related liabilities on savings accounts	556	0
Subtotal	**57,652**	**58,536**
Demand accounts	104,087	124,040
Term deposits and borrowings	58,336	39,425
Pensions	514	12
Other debt	14	14
Related debt	430	117
Subtotal	**163,381**	163,608
TOTAL	221,033	222,144

Note 17c Debt securities at amortized cost

	06/30/2023	12/31/2022
Certificates of deposit	44	51
Interbank certificates and negotiable debt instruments	25,056	20,286
Bonds	10,922	9,333
Non-preferred senior securities	0	0
Related debt	326	141
TOTAL	36,348	29,811

Note 18 Accruals and other liabilities

	06/30/2023	12/31/2022
Accruals		
Accounts unavailable due to recovery procedures	120	337
Currency adjustment accounts	55	168
Accrued expenses	994	920
Deferred income	429	410
Other accruals	5,365	2,743
Subtotal	6,963	4,578
Other liabilities		
Lease obligations – Real estate	340	371
Securities settlement accounts	137	86
Outstanding amounts payable on securities	336	324
Miscellaneous creditors	864	795
Subtotal	1,677	1,576
TOTAL	8,640	6,154

Note 18a Lease obligations by residual term

06/30/2023	D ≤ 1 year	1 year < D < 3 years	3 years < D ≤ 6 years	6 years < D ≤ 9 years	D > 9 years	Total
Lease obligations						
■ Real estate	67	97	104	46	26	340

12/31/2022	D ≤ 1 year	1 year < D < 3 years	3 years < D ≤ 6 years	6 years < D ≤ 9 years	D > 9 years	Total
Lease obligations						
■ Real estate	84	92	105	56	34	371

Note 19 Provisions and contingent liabilities

Note 19a Provisions

	12/31/2022	Additions for the year	Reversals for the year (utilized provisions)	Reversals for the year (surplus provisions)	Other changes	06/30/2023
Provisions for risks	**323**	**143**	**-0**	**-111**	**0**	**355**
On guarantee commitments	237	76	-0	-73	0	240
of which 12-month expected losses (S1)	*48*	*23*	*0*	*-18*	*0*	*53*
of which expected losses at termination (S2)	*64*	*18*	*0*	*-25*	*0*	*57*
On financing commitments	61	30	0	-30	0	61
of which 12-month expected losses (S1)	*44*	*19*	*0*	*-20*	*0*	*43*
of which expected losses at termination (S2)	*17*	*10*	*0*	*-10*	*-0*	*17*
Provisions for taxes	4	0	0	0	0	4
Provisions for claims and litigation	9	4	-0	-3	0	10
Provision for risk on miscellaneous receivables	12	33	0	-5	0	40
Other provisions	576	**56**	**-4**	**-31**	**-0**	**597**
Provisions for mortgage saving agreements	87	7	0	-2	0	92
Provisions for miscellaneous contingencies	107	3	-4	-28	-0	78
Other provisions[1]	382	46	0	-1	0	427
Provisions for retirement commitments [2]	**295**	**5**	**-6**	**-3**	**-12**	**279**
TOTAL	1,194	204	-10	-145	-12	1,231

(1) Other provisions relate to provisions for French economic interest groups (SPV) totaling €427 million.

Note 19b - Retirement and other employee benefits

	12/31/2022	Additions for the year	Reversals for the year	Other changes	06/30/2023
Defined-benefit plans not covered by pension funds					
Retirement benefits	201	1	-1	-5	196
Supplementary pensions	22	3	-4	1	22
Obligations for long service awards (other long-term benefits)	51	0	-1	0	50
Subtotal	**274**	**4**	**-6**	**-4**	**268**
Supplementary defined-benefit pensions covered by pension funds					
Commitments to employees and retirees [1]	21	1	-3	-8	11
Subtotal	**21**	**1**	**-3**	**-8**	**11**
TOTAL	295	5	-9	-12	279

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

Defined-benefit plans: Main actuarial assumptions	06/30/2023	12/31/2022
Discount rate [1]	3.70%	3.40%

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

Note 20 Subordinated debt at amortized cost

	06/30/2023	12/31/2022
Participating loans	153	153
Perpetual subordinated debt	26	26
Other debt	3,112	3,112
Related debt	12	9
TOTAL	3,303	3,300

SUBORDINATED DEBT REPRESENTING MORE THAN 10% OF TOTAL SUBORDINATED DEBTS

	Vesting date Issue	Amount Issue	Currency	Rate	Term
Participating loan	05/28/1985	€137m	EUR	[1]	[2]
redeemable subordinated notes/TSR	03/24/2016	€414m	EUR	3 months EURIBOR +2.05%	03/24/2026
redeemable subordinated notes/TSR	11/04/2016	€700m	EUR	3 months EURIBOR +1.70%	11/04/2026
Subordinated debt	12/16/2022	€1,000m	EUR	3 month EURIBOR +2.00%	12/16/2032

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

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

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

Note 21 Unrealized or deferred gains and losses

Note 21a Unrealized or deferred gains and losses

	06/30/2023	12/31/2022
Unrealized or deferred gains or losses [1] relating to:		
■ translation adjustments	152	160
■ financial assets at fair value through recyclable equity – debt instruments	-202	-252
■ financial assets at fair value through non-recyclable equity – equity instruments	-73	-76
■ share of unrealized or deferred gains and losses of associates	52	3
■ actuarial gains and losses on defined benefit plans	-23	-34
TOTAL	**-94**	**-199**

(1) Balances net of corporate tax.

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

	06/30/2023 Operations	12/31/2022 Operations
Translation adjustments		
Reclassification in income	0	0
Other movement	-8	71
Subtotal	**-8**	**71**
Revaluation of financial assets at FVOCI		
Reclassification in income	0	0
Other movement	53	-151
Subtotal	**53**	**-151**
Remeasurement of hedging derivatives		
Reclassification in income	0	0
Other movement	0	0
Subtotal	**0**	**0**
Actuarial gains and losses on defined benefit plans	11	26
Share of unrealized or deferred gains and losses of associates	49	-156
TOTAL	**105**	**-210**

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

	06/30/2023			12/31/2022 retired		
	Gross amount	Tax	Net amount	Gross amount	Tax	Net amount
Translation adjustments	-8	0	-8	71	0	71
Revaluation of financial assets at FVOCI	66	-13	53	-195	44	-151
Remeasurement of hedging derivatives	0	-0	0	0	0	0
Actuarial gains and losses on defined benefit plans	14	-3	11	36	-10	26
Share of unrealized or deferred gains and losses of associates	50	-1	49	-221	66	-156
CHANGES IN GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY	**122**	**-17**	**105**	**-309**	**99**	**-210**

Note 22 Commitments given and received

Commitments given	06/30/2023	12/31/2022
Financing commitments	**51,145**	**51,916**
Liabilities due to credit institutions	378	305
Commitments to customers	50,767	51,611
Guarantee commitments	**19,983**	**20,248**
Credit institution commitments	1,757	2,659
Customer commitments	18,226	17,589
Securities commitments	**4,052**	**2,309**
Securities acquired with option to repurchase	0	0
Other commitments given	4,052	2,309

Commitments received	06/30/2023	12/31/2022
Financing commitments	**247**	**244**
Commitments received from credit institutions	247	244
Commitments received from customers	0	0
Guarantee commitments	**95,005**	**95,695**
Commitments received from credit institutions	62,232	60,833
Commitments received from customers	32,773	34,862
Securities commitments	**2,762**	**1,872**
Securities sold with option to repurchase	0	0
Other commitments received	2,762	1,872

NOTES TO THE INCOME STATEMENT

Note 23 Interest income and expense

	06/30/2023		06/30/2022	
	Income	Expenses	Income	Expenses
Credit institutions and central banks [1]	2,493	-2,272	64	-129
Customers	3,008	-1,644	1,868	-332
■ of which finance leasing	261	-53	156	-20
■ of which lease obligations		-3		-3
Hedging derivatives	954	-595	204	-349
Financial assets at fair value through profit or loss	516	-341	227	-15
Financial assets at fair value through other comprehensive income	387	0	49	0
Securities at amortized cost	39	0	11	0
Debt securities	0	-871	0	-112
Debt securities	0	-0	0	-0
TOTAL	**7,397**	**-5,723**	**2,423**	**-937**
Of which interest income and expense calculated at effective interest rate	*5,926*	*-4,787*	*1,992*	*-573*

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

Note 24 Commissions

	06/30/2023		06/30/2022	
	Income	Expenses	Income	Expenses
Credit institutions	2	-4	1	-3
Customers	520	-5	484	-4
Securities	317	-63	342	-31
Derivative instruments	2	-4	4	-5
Currency transactions	10	-1	11	-0
Funding and guarantee commitments	43	-41	36	-44
Services provided	738	-276	711	-267
TOTAL	**1,632**	**-394**	**1,589**	**-354**

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

	06/30/2023	06/30/2022
Trading instruments	141	115
Instruments accounted for under the fair value option	9	53
Ineffective portion of hedges	8	22
On fair value hedges (FVH)	8	22
■ Change in the fair value of hedged items	142	-2,051
■ Change in fair value of hedging instruments	-134	2,073
Foreign exchange gains/(losses)	125	18
Other financial instruments at fair value through profit or loss [1]	211	286
TOTAL CHANGES IN FAIR VALUE	**494**	**494**

(1) Of which €175 million came from private equity business as at June 30, 20213 compared to €227 million as at June 30, 2022.

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

	06/30/2023	06/30/2022
Dividends	3	2
Realized gains and losses on debt instruments	-68	-43
TOTAL	**-65**	**-41**

Note 27 Income/expenses generated by other activities

	06/30/2023	06/30/2022
Income from other activities		
Investment property:	0	0
■ Reversal of provisions/depreciation	0	0
■ Capital gains on disposals	0	0
Rebilled expenses	17	15
Other income	56	38
Subtotal	**73**	**53**
Expenses on other activities		
Investment property:	0	-1
■ Additions to provisions/depreciation	0	-1
■ Capital losses on sale	0	0
Other expenses	17	-44
Subtotal	**56**	**-45**
NET TOTAL OF OTHER INCOME AND EXPENSES	73	8

Note 28 General operating expenses

	06/30/2023	06/30/2022
Employee benefits expense	-1,011	-957
Other general operating expenses	-863	-802
Movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets	-99	-97
TOTAL	-1,973	-1,856

Note 28a Employee benefits expense

	06/30/2023	06/30/2022
Wages and salaries	-625	-588
Social security contributions	-248	-222
Short-term employee benefits	0	0
Employee profit-sharing and incentive schemes	-51	-63
Payroll-based taxes	-87	-84
Other	-0	0
TOTAL	-1,011	-957

Note 28b Average workforce

	06/30/2023	06/30/2022
Bank technical staff	9,934	10,024
Managers	9,934	9,242
TOTAL	19,373	19,266
France	*17,473*	*17,439*
Rest of the world	*1,900*	*1,827*

Note 28c Other general operating expenses

	06/30/2023	06/30/2022
Taxes and duties [1]	-224	-255
Leases		
■ Short-term asset leases	-19	-12
■ Low value/substitutable asset leases [2]	-29	-29
■ Other leases	-2	-2
Other external services	-611	-523
Other miscellaneous expenses	22	19
TOTAL	-863	-802

(1) The entry "Taxes and duties" includes an expense of -€149 million as part of the contribution to the Single Resolution Fund at June 30, 2023, compared to -€187 million at June 30, 2022.
(2) Includes IT equipment.

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

	06/30/2023	06/30/2022
Depreciation and amortization:	-99	-97
■ Property, plant and equipment	-90	-90
including usage rights	*-44*	*-45*
■ Intangible assets	-9	-7
Write-downs:	0	0
■ Property, plant and equipment	0	0
■ Intangible assets	0	0
TOTAL	-99	-97

Note 29 Cost of counterparty risk

	06/30/2023	06/30/2022
■ 12-month expected losses (S1)	3	-16
■ Expected losses at termination (S2)	24	-41
■ Impaired assets (S3)	-186	-42
TOTAL	-159	-99

06/30/2023	Allowances	Reversals	Loan losses covered by pensions	Loan losses not covered by provisions	Recovery of loans written off in prior years	Total
12-month expected losses (S1)	**-194**	**197**				**3**
■ Loans and receivables due from credit institutions at amortized cost	-1	1				0
■ Customer loans at amortized cost	-134	141				7
of which finance leases	*-17*	*14*				*-3*
■ Financial assets at amortized cost – securities	-0	0				-0
■ Financial assets at fair value through other comprehensive income – debt securities	-15	15				0
■ Financial assets at fair value through other comprehensive income – loans	0	0				0
■ Commitments given	-44	40				-4
Expected losses at termination (S2)	**-316**	**340**				**24**
■ Loans and receivables due from credit institutions at amortized cost	-0	0				0
■ Customer loans at amortized cost	-287	304				17
of which finance leases	*-23*	*26*				*3*
■ Financial assets at amortized cost – securities	-0	1				1
■ Financial assets at fair value through other comprehensive income – debt securities	-0	0				0
■ Financial assets at fair value through other comprehensive income – loans	0	0				0
■ Commitments given	-29	35				6
Impaired assets (S3)	**-393**	**271**	**-61**	**-8**	**5**	**-186**
■ Loans and receivables due from credit institutions at amortized cost	0	0	0	-0	0	-0
■ Customer loans at amortized cost	-325	235	-61	-8	5	-154
of which finance leases	*-2*	*2*	*-1*	*-1*	*0*	*-2*
■ Financial assets at amortized cost – securities	0	1	0	0	0	1
■ Financial assets at fair value through other comprehensive income – debt securities	0	0	0	0	0	0
■ Financial assets at fair value through other comprehensive income – loans	0	0	0	0	0	0
■ Commitments given	-68	35	0	-0	0	-33
TOTAL	-903	808	-61	-8	5	-159

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

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

	06/30/2023	06/30/2022
Property, plant and equipment and intangible assets	0	-1
■ Capital losses on disposals	-2	-3
■ Capital gains on disposals	2	2
Gains/(losses) on disposals of shares in consolidated entities	0	11
TOTAL	**0**	**10**

Note 31 Income tax

	06/30/2023	06/30/2022
Current taxes	-305	-270
Deferred tax expense/income	13	-28
Adjustments in respect of prior years	3	10
TOTAL	**-289**	**-288**

Of which -€228 million for securities in companies located in France and -€61 million for companies located outside France.

Note 32 Profit (loss) per share

	06/30/2023	06/30/2022
Group net income	1,015	1,009
Number of shares at beginning of year	38,009,418	38,009,418
Number of shares at end of year	38,009,418	38,009,418
Weighted average number of shares	38,009,418	38,009,418
BASIC EARNINGS PER SHARE *(in €)*	**26.70**	**26.56**
Weighted average number of shares that may be issued	0	0
DILUTED EARNINGS PER SHARE *(in €)*	**26.70**	**26.56**

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

Note 33 Related party transactions

	06/30/2023		12/31/2022	
	Associates (companies accounted for using the equity method)	Parent company	Associates (companies accounted for using the equity method)	Parent company
Assets				
■ Financial assets at fair value through profit or loss	2,360	27	185	26
■ Financial assets at FVOCI	0	0	0	0
■ Financial assets at amortized cost	623	27,448	59	24 098
■ Other assets	0	6	18	10
Liabilities				
■ Due to credit institutions	534	83,031	451	86 242
■ Liabilities at fair value through profit or loss	2,188	35	11	37
■ Due to customers	511	71	41	69
■ Debt securities	2,763	1,262	2 360	1 200
■ Subordinated debt	0	3,263	0	3 260
Off-balance-sheet				
■ Financing commitments given	0	10	0	11
■ Guarantees commitments given	0	28	0	45
■ Financing commitments received	0	1	0	3
■ Guarantees received	0	8,451	0	7 179
	06/30/2023		06/30/2022	
■ Interest income	46	844	-5	187
■ Interest expense	-54	-1,747	3	-193
■ Commission income	294	8	298	11
■ Commission expense	-19	-76	-7	-67
■ Net gains/(losses) on financial assets at FVOCI and FVPL	87	3	153	9
■ Other income and expenses	1	-4	0	-4
■ General operating expenses	-35	-310	-36	-284

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

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

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

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

ERNST & YOUNG et Autres

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

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

KPMG SA

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

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

PricewaterhouseCoopers Audit

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

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

(Period from January 1 to June 30, 2023)

Report from the statutory auditors on interim financial information

Dear Shareholders,

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

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

- a limited review of the condensed consolidated interim financial statements for Crédit Industriel et Commercial - CIC, pertaining to the period from January 1, 2023 to June 30, 2023, attached to this report;
- verification of the information given in the interim business report.

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

Conclusion about the financial statements

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

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

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

Observation

Without calling into question the conclusion expressed above, we draw your attention to the change in accounting method concerning the application as from January 1, 2023 of IFRS 17 "Insurance contracts" and concomitantly of IFRS 9 "Financial instruments" on the financial instruments portfolios of insurance activities as set out in Note 1 "Amendments applicable at January 1, 2023; Application of IFRS 17 and IFRS 9 to insurance activities" as well as in the other notes to the financial statements presenting figures related to the impacts of this change."

Specific verification

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

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

Executed in Neuilly-sur-Seine and Paris-La Défense, August 7, 2023

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

6 ADDITIONAL INFORMATION TO THE INFORMATION PUBLISHED IN THE 2022 UNIVERSEL REGISTRATION DOCUMENT

The following tables supersede the ones published in the 2022 Universal Registration Document filed on April 13, 2023.

Page 251 - TABLE 24: CREDIT QUALITY OF LOANS AND ADVANCES TO NON-FINANCIAL CORPORATIONS BY BUSINESS LINE (EU CQ5)

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

7 CAPITAL AND LEGAL INFORMATION

7.1 SHARE CAPITAL

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

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

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

CIC shares are not listed or traded on any market.

Delegations of authority to the board of directors: there are no delegations of authority to the board of directors currently in use concerning capital increases.

CIC's articles of association include no stipulation that would delay, defer, impede or prevent a change of control, nor that would impose conditions more stringent than those required by law on changes in share capital.

The main shareholders of CIC do not hold different voting rights.

7.2 MISCELLANEAOUS INFORMATION

Legal and arbitration proceedings

On June 28, 2023, after 13 years of proceedings, the Court of Cassation rejected the appeal lodged by the French Competition Authority in the check image exchange (*Echange Image Chèque*: EIC) case. In September 2010, the French competition authority had fined French banks, including CIC, for breaches of competition rules concerning the fees and conditions attached to the processing of checks submitted for collection. The decision of the Court of Cassation definitively closes this case in favor of the banks, recognizing the absence of any agreement between them that would have had the effect of distorting, restricting or preventing normal competition.

8 ADDITIONAL INFORMATION

8.1 DOCUMENTS AVAILABLE TO THE PUBLIC

This amendment to the universal registration document is available on CIC's website (www.cic.fr) and the AMF's website. The same holds true for all reports and historical financial information. The information provided on the website does not form part of the universal registration document or this amendment.

Any person wishing to obtain additional information on CIC can ask for the documents, with no obligation to commit:

- by postal mail: CIC – Relations extérieures 6, avenue de Provence – 75009 Paris, France;
- by email: compresse@cic.fr.

The charter, the articles of association, the minutes of the shareholders' meetings and the reports may be accessed at the registered office: 6, avenue de Provence in Paris 9e (General Secretariat).

8.2 PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

Person with overall responsibility for the universal registration document

Mr. Daniel BAAL
Chief executive officer

Declaration by the person responsible for the interim financial report

After having taken all reasonable measures to that effect, I hereby declare that, to the best of my knowledge, the information contained in this amendment to the registration document is accurate and contains no omissions that could adversely affect its scope.

I certify, to the best of my knowledge, that the condensed financial statements for the half-year just ended were prepared in accordance with applicable accounting standards and present an accurate picture of the assets, financial position and net income of the company and of all of the companies included in the consolidation, and that the interim business report made up of sections indicated in the cross-reference table located at the end of this document presents an accurate picture of the important events that occurred in the first six months of the fiscal year, their impact on the financial statements, the principal transactions between related parties as well as a description of the main risks and uncertainties for the remaining six months of the fiscal year.

Strasbourg, August 10, 2023

8.3 STATUTORY AUDITORS

The statutory auditors, PricewaterhouseCoopers Audit and Ernst & Young et Autres, and KPMG S.A., belong to the regional association of independent auditors of Versailles (*la compagnie régionale des commissaires aux comptes de Versailles*).

Principal statutory auditors

PricewaterhouseCoopers Audit
63, rue de Villiers - 92208 Neuilly-sur-Seine Cedex
Represented by Laurent Tavernier
Start of first term of office: May 25, 1988
Current term of office: 6 fiscal years with effect from May 4, 2018
Expiration of current term of office: at the end of the shareholders' meeting called to rule on the financial statements for the fiscal year ending December 31, 2023.

Ernst & Young et Autres
Tour First - 1, place des Saisons, 92400 Courbevoie
Represented by Vanessa Jolivalt
Start of first term of office: May 26, 1999
Current term of office: 6 fiscal years with effect from May 10, 2023
Expiration of current term of office: at the end of the shareholders' meeting called to rule on the financial statements for the fiscal year ending December 31, 2028.

KPMG S.A.
Tour Eqho - 2 avenue Gambetta,
92066 Paris La Défense Cedex
Represented by Sophie Sotil-Forgues and Arnaud Bourdeille
Start of first term of office: May 25, 2016
Current term of office: 6 fiscal years with effect from May 25, 2016
Expiration of current term of office: at the end of the shareholders' meeting called to rule on the financial statements for the fiscal year ending December 31, 2021.

The Shareholders' Meeting of May 10, 2022 renewed the term of office of KPMG S.A. as principal statutory auditors for a period of six years, i.e. until the end of the Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2027.

8.4 CROSS-REFERENCE TABLES

8.4.1 Cross-reference table of the universal registration document

Sections of Appendix 1 of Delegated Regulation (EU) 2019/980: "Registration document for equity securities"		page no. of the first amendment of the universal registration document filed with AMF on August 10, 2023	page no. of the universal registration document filed with AMF on April 13, 2023
16.	**Major shareholders**		
16.1	Shareholders holding more than 5% of the share capital or voting rights	N/A	520
16.2	Existence of different voting rights of the aforementioned shareholders	N/A	524
16.3	Control of the issuer	N/A	521
16.4	Knowledge by the issuer of an agreement likely to result in a change in control at a later date	N/A	N/A
17.	**Related-party transactions**	**18; 68; 94**	N/A
18.	**Financial information on the issuer's assets and liabilities, financial position and results**		
18.1	Historical financial information	38-91; 102	403-465; 473-512 ; 533
18.2	Interim and other financial information	39-94	N/A
18.3	Verification of the annual historical financial information	95	473-512 ; 513-517
18.4	Pro forma financial information	45-47	N/A
18.5	Dividend distribution policy	N/A	521
18.6	Legal and arbitration proceedings	98	527
18.7	Material change in the financial position	N/A	527
19.	**Additional information**		
19.1	Share capital	98	520
19.2	Charter and articles of association	N/A	526
20.	**Major contracts**	**N/A**	527
21.	**Documents available to the public**	**99**	526 ; 530

Sections of Appendix 2 of Delegated Regulation (EU) 2019/980: "Universal registration document"		Page no. of the first amendment of the universal registration document filed with AMF on August 10, 2023
1.	**Information to be disclosed about the issuer**	
1.1	Information required pursuant to Appendix 1 of Delegated Regulation (EU) 2019/980	See cross-reference table above
1.2	Issuer's statement	1

Pursuant to Article 19 of European Regulation No. 2017/1129 of June 14, 2017, the following items are included by way of reference:

- the annual and consolidated financial statements and the group management report for the fiscal year ended December 31, 2021 and the statutory auditors' reports on the annual and consolidated financial statements as of December 31, 2021, presented on pages 29 to 47, 133 to 348, 49 to 154, 351 to 414, 421 to 459, 415 to 419 and 460 to 463, respectively, of the universal registration document No. D.22-0285 (https://www.cic.fr/partage/fr/I14/telechargements/rapports-annuels/CIC_annual-report_2021.pdf) filed with the *Autorité des marchés financiers* (AMF – French Financial Markets Authority) on April 13, 2022;
- the annual and consolidated financial statements and the group management report for the year ended December 31, 2020 and the statutory auditors' reports on the annual and consolidated financial statements as of December 31, 2020, presented on pages 27 to 45, 133 to 3091, 47 to 110, 311 to 372, 379 to 416, 373 to 377 and 417 to 420 respectively, of the universal registration document No. D. 20-0363 (https://www.cic.fr/partage/fr/I14/telechargements/rapports-annuels/CIC_annual-report_2020.pdf) filed with Autorité des marchés financiers (AMF - French Financial Markets Authority) on April 21, 2021;
- the annual and consolidated financial statements and the group management report for the year ended December 31, 2019 and the statutory auditors' reports on the annual and consolidated financial statements as of December 31, 2019, presented on pages 23 to 38, 127 to 291, 41 to 107 and 353 to 356, respectively, of the universal registration document No. D. 20-0363 (https://www.cic.fr/partage/fr/I14/telechargements/rapports-annuels/CIC_annual-report_2019.pdf) filed with the Autorité des marchés financiers (AMF - French Financial Markets Authority) on April 27, 2020.

The chapters of universal registration documents No. D.21-0335, No. D.20-0363 and of the registration document, No. D.19-0362 not mentioned above are either not applicable for the investor or covered elsewhere in this universal registration document.

8.4.2 Cross-reference table of the interim financial report

Pursuant to Article 212-13 of the AMF general regulation, this universal registration document includes the information from the interim financial report mentioned in Article L. 451-1-2 of the French monetary and financial code and Article 222-4 of the AMF general regulation.

Interim financial report	**Filed on August 10, 2023**
1. Interim business report	
- Important events that occurred during the first 6 months of the fiscal year and their impact on the interim financial statements	8-18
- Description of the main risks and uncertainties for the remaining 6 months of the fiscal year	38-38
- Principal transactions that occurred between related parties	18; 68; 94
2. Financial statements on June 30, 2022	39-914
3. Declaration by the person responsible	99
4. Statutory auditors' report on the interim financial statements	95-96

Website
www.cic.fr

Financial information officer
Mr. Alexandre Saada
Chief Financial Officer of Crédit Mutuel Alliance Fédérale
Deputy Chief Executive Officer of BFCM

Edition
BFCM

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The amendment to CIC's Universal registration document has also been published in French.

WWW.CIC.FR