Assurances Crédit Mutuel

2022

CONSOLIDATED FINANCIAL STATEMENTS OF GACM

→ GROUPE DES ASSURANCES DU CRÉDIT MUTUEL SA

CONSOLIDATED FINANCIAL STATEMENTS

1. GROUP OVERVIEW

Groupe des Assurances du Crédit Mutuel (GACM) acquires and manages equity interests in insurance and reinsurance companies in France and abroad.

GACM is subject to supervision by the *Autorité de contrôle prudentiel et de résolution* (ACPR - French Prudential Supervision and Resolution Authority).

GACM SA is a *société anonyme* (French Limited Company) with a Management Board and a Supervisory Board with share capital of €1,241,034,904.

Its registered office is located at 4 rue Frédéric-Guillaume Raiffeisen – 67000 Strasbourg.

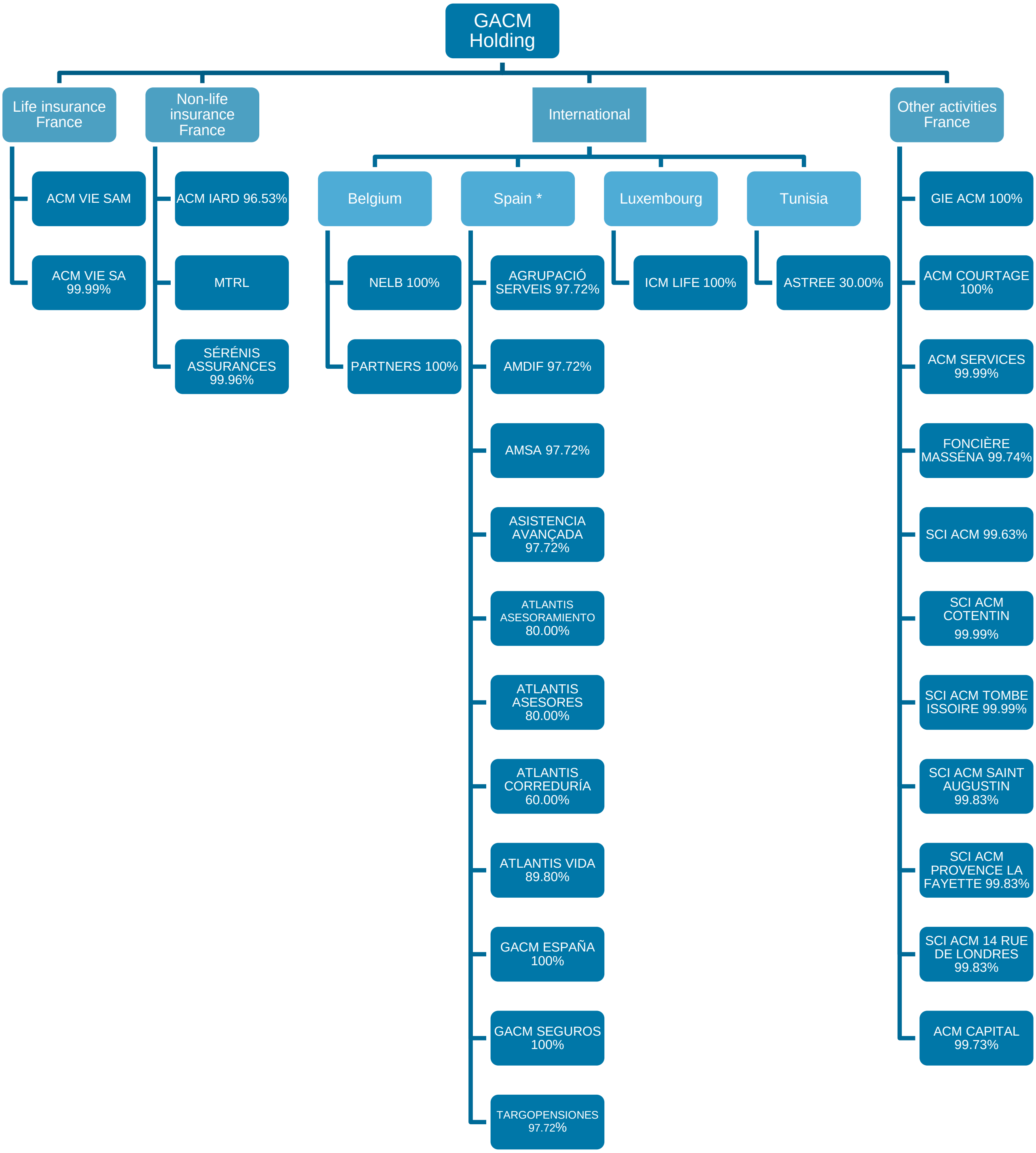
1.1 Shareholding structure

The share capital of the Groupe des Assurances du Crédit Mutuel is comprised of 80,066,768 shares of €15.50 each, held by:

(in euros)

	SHAREHOLDERS	SHARE CAPITAL	
1	Banque Fédérative du Crédit Mutuel	621,003,982	50.0%
2	Crédit Industriel et Commercial	199,363,666	16.1%
3	Caisse Régionale du Crédit Mutuel Nord Europe	126,812,553	10.2%
4	Caisse Fédérale du Crédit Mutuel de Maine-Anjou et Basse-Normandie	91,767,735	7.4%
5	Caisse Régionale de Crédit Mutuel de Loire-Atlantique et du Centre-Ouest	67,127,571	5.4%
6	Caisse Fédérale du Crédit Mutuel Océan	35,764,886	2.9%
7	Caisse Régionale du Crédit Mutuel d'Anjou	23,236,779	1.9%
8	Caisse Régionale de Crédit Mutuel du Centre	18,353,442	1.5%
9	Caisse Régionale du Crédit Mutuel Midi-Atlantique	14,374,297	1.2%
10	Caisse Régionale de Crédit Mutuel de Normandie	8,481,647	0.7%
11	Caisse Régionale de Crédit Mutuel d'Île-de-France	8,654,983	0.7%
12	Caisse Régionale du Crédit Mutuel Savoie - Mont Blanc	7,748,357	0.6%
13	Caisse de Crédit Mutuel du Sud-Est	6,898,446	0.6%
14	Caisse Régionale du Crédit Mutuel Méditerranéen	6,743,027	0.5%
15	Caisse Régionale du Crédit Mutuel Dauphiné-Vivarais	4,703,506	0.4%
16	Caisse Fédérale de Crédit Mutuel	16	0.0%
17	Fédération du Crédit Mutuel Centre Est Europe	16	0.0%
		1,241,034,904	**100.0%**

1.2 Group organizational chart



* IFRS 5 - disposal underway of GACM España and its subsidiaries

2. RELATED-PARTY INFORMATION

2.1 Relationships with Crédit Mutuel Alliance Fédérale

In 2019, ACM VIE SA issued €500,000 thousand of subordinated debt to Banque Fédérative du Crédit Mutuel, maturing in December 2029.

In its investment portfolio, the GACM Group holds €6,446,954 thousand in securities issued by Crédit Mutuel Alliance Fédérale, of which €2,394,355 thousand in assets representing unit-linked policies.

Insurance policies are marketed through the Crédit Mutuel and CIC banking networks.

Crédit Mutuel Alliance Fédérale's pension commitments are partly covered by collective insurance agreements with GACM life insurance companies.

These agreements provide for the creation of collective funds intended to cover end-of-career indemnities or the various pension plans, in return for contributions from the employer, the management of these funds by the insurance company and the payment to the beneficiaries of the premiums and pension benefits pursuant to the various plans.

2.2 Relationships between Group consolidated companies

The list of GACM group consolidated companies is presented in Note 4.12 "Scope of consolidation".

Transactions between fully consolidated companies are entirely eliminated.

2.3 Relationships with key executives

There are no material transactions between GACM and its key executives, their families or the companies they control that are not included in the group's consolidation scope.

3. CONSOLIDATED FINANCIAL STATEMENTS

3.1 Balance sheet assets

(in thousands of euros)	Notes	12/31/2022	12/31/2021
Goodwill	4.7.1	66,074	129,477
Value of purchased business in force	4.7.2	712	712
Other intangible assets	4.7.2	37	10,048
Intangible assets		**66,824**	**140,238**
Investment property	4.7.3	2,662,012	2,727,363
Unit-linked investment property		-	-
Financial investments - Equities and other variable income securities	4.7.5	28,235,478	30,252,286
Financial investments - Real estate equity and funds	4.7.5	2,740,027	2,753,255
Financial investments - Bonds	4.7.5	68,832,263	81,932,089
Financial investments - Loans and deposits	4.7.5	10,143,211	8,502,190
Financial assets for unit-linked contracts	4.7.5	16,878,060	18,096,451
Derivatives and separate embedded derivatives	4.7.12	-	-
Other investments		-	-
Investments from insurance activities	**4.7.3 to 4.7.12**	**129,491,051**	**144,263,634**
Investments from banking and other activities		**943,954**	**588,839**
Investments in equity-accounted companies	**4.7.13**	**15,272**	**15,582**
Share of reinsurers and retrocessionaires in insurance policy and investment contract liabilities	**4.7.14**	**401,550**	**329,997**
Operating property and other property, plant and equipment	4.7.15	132,055	165,470
Deferred acquisition costs	4.7.16	36,725	49,916
Deferred policyholders' participation assets	4.7.28	47,768	-
Deferred tax assets	4.7.17	765,633	28,851
Receivables arising from direct insurance and inward reinsurance operations	4.7.18	287,499	337,638
Receivables arising from outward reinsurance operations	4.7.19	77,526	10,785
Current tax receivables	4.7.17	39,919	5,851
Other receivables	4.7.20	1,624,962	684,033
Other assets		**3,012,087**	**1,282,543**
Assets of operations held for sale or discontinued *	**4.7.32**	**1,072,426**	**-**
Cash and cash equivalents		**151,428**	**562,752**
TOTAL ASSETS		**135,154,592**	**147,183,585**

* IFRS 5 - disposal underway of GACM España and its subsidiaries

3.2 Balance sheet liabilities

(in thousands of euros)	Notes	12/31/2022	12/31/2021
Share capital		1,241,035	1,241,035
Issue, merger and contribution premiums		1,154,349	1,154,349
Gains and losses recognized in other comprehensive income		-655,862	1,795,529
Retained earnings		6,431,334	5,947,790
Consolidated net profit (loss) for the financial year		835,173	884,518
Shareholders' equity – Group share		**9,006,029**	**11,023,221**
Gains and losses recognized in other comprehensive income		-9,601	18,997
Retained earnings excluding group		77,041	73,373
Net profit (loss) excluding group		7,771	10,293
Non-controlling interests		**75,210**	**102,663**
Total own funds		**9,081,239**	**11,125,883**
Provisions for contingencies and expenses	**4.7.24**	**46,482**	**58,715**
Subordinated debt		1,560,915	1,553,457
Debt securities		-	-
Debt financing of banking sector companies		161,079	201,334
Other debt financing		9,975,381	9,095,291
Financing debt	**4.7.25**	**11,697,375**	**10,850,082**
Technical liabilities arising from insurance policies		*10,717,843*	*10,563,478*
Technical liabilities arising from unit-linked insurance policies		*16,800,901*	*18,025,458*
Technical liabilities arising from insurance policies	4.7.26	27,518,744	28,588,936
Technical liabilities arising from investment contracts with discretionary participation features		*84,313,966*	*83,193,330*
Technical liabilities arising from investment contracts without discretionary participation features		-	-
Liabilities related to unit-linked investment contracts		-	-
Technical liabilities arising from investment contracts	4.7.27	84,313,966	83,193,330
Separate derivatives on contracts	4.7.12	140,808	109,226
Deferred profit-sharing liabilities	4.7.28	1,023,070	12,415,271
Policy liabilities		**112,996,587**	**124,306,763**
Liabilities arising from banking activities		**-**	**-**
Deferred tax liabilities	4.7.17	-	185,939
Due to holders of consolidated mutual funds shares		-	-
Operating debt securities		-	-
Operating debt to banking sector companies		-	-
Payables arising from direct insurance and inward reinsurance operations	4.7.29	141,220	144,920
Payables arising from outward reinsurance operations	4.7.30	135,587	133,219
Current tax payables	4.7.17	5,539	16,846
Derivative liabilities		-	-
Current accounts payable		7,000	1,576
Other debts	4.7.31	344,821	359,642
Other liabilities		**634,168**	**842,142**
Liabilities of operations held for sale or discontinued *	**4.7.32**	**698,741**	**-**
TOTAL LIABILITIES		**135,154,592**	**147,183,585**

* IFRS 5 - disposal underway of GACM España and its subsidiaries

3.3 Consolidated income statement

(in thousands of euros)	Notes	12/31/2022	12/31/2021
Gross written premiums	*4.8.1*	*13,282,142*	*12,106,076*
Change in unearned premiums		*-23,905*	*3,708*
Premiums earned		13,258,237	12,109,784
Net banking income, net of cost of risk		-	-
Revenue or income from other activities		152,240	148,410
Other operating income and expenses		-70,364	-48,980
Investment income		*2,741,805*	*2,677,531*
Investment expenses		*-107,745*	*-57,310*
Gains and losses on disposals of investments net of reversals of impairment and amortization charges		*174,379*	*294,409*
Change in fair value of investments recognized at fair value through profit or loss		*-2,945,671*	*2,239,840*
Change in investments impairments		*-100,636*	*-44,442*
Investment income net of expenses	4.8.3	-237,868	5,110,028
Insurance policy servicing expenses	4.8.4	-9,659,727	-13,889,635
Income from outward reinsurance		*-112,893*	*-102,889*
Expenses from outward reinsurance		*206,126*	*65,433*
Net expenses and income from outward reinsurance	4.8.7	93,233	-37,456
Banking operating expenses		-	-
Expenses from other activities		-142,596	-105,705
Contract acquisition costs		-1,569,589	-1,403,941
Amortization of value of in-force business and similar		-5,899	-6,444
Administration costs		-670,514	-596,766
Other current operating income		3,008	2,969
Other current operating expenses		-12,211	-14,154
Current operating income		**1,137,950**	**1,268,110**
Other operating income		18,386	23,818
Other operating expenses		-22,137	-14,425
Operating income		**1,134,199**	**1,277,503**
Financing expense		-39,671	-26,180
Share in profit (loss) of equity-accounted companies		1,567	1,878
Income tax	4.8.8	-253,153	-358,391
Profit (loss) after tax of discontinued operations		-	-
CONSOLIDATED NET PROFIT (LOSS)		**842,943**	**894,810**
Non-controlling interests		-7,771	-10,293
Consolidated net profit (loss) - Group share		**835,173**	**884,518**

3.4 Net profit (loss) and other comprehensive income

(in thousands of euros)	12/31/2022	12/31/2021
Net profit (loss)	**842,945**	**894,810**
Items that can be recycled in the income statement	***-2,486,181***	***-59,700***
Revaluation of available-for-sale financial assets gross of deferred tax	-14,654,261	-12,472
Revaluation of hedging derivatives	-	-
Shadow accounting, gross of deferred taxes	11,260,370	-159,442
Related deferred taxes	907,710	112,214
Other changes	-	-
Items that cannot be recycled in the income statement	***6,523***	***385***
Revaluations of fixed assets	-	-
Revaluation of the actuarial liability for defined benefit plans	8,784	511
Related deferred taxes	-2,261	-126
Other changes	-	-
Currency translation adjustment	***-332***	***53***
Total gains and losses recognized in other comprehensive income	**-2,479,990**	**-59,262**
NET PROFIT (LOSS) AND GAINS AND LOSSES RECOGNIZED IN OTHER COMPREHENSIVE INCOME	**-1,637,045**	**835,548**
Of which Group share	*-1,616,218*	*823,812*
Of which non-controlling interests	*-20,827*	*11,736*

3.5 Statement of changes in equity

(in thousands of euros)	Shareholders' equity – Group share							
	Share capital	**Premiums related to share capital**	**Retained earnings**	**Profit (loss) net**	**Gains and losses recognized in other comprehensive income**	**Total Group share**	**Non-controlling interests**	**Total**
Equity 01/01/2021	**1,241,035**	**1,154,349**	**6,888,238**	**551,072**	**1,856,234**	**11,690,927**	**91,021**	**11,781,948**
Net profit (loss) for the period				884,518		884,518	10,293	894,810
Other comprehensive income					-60,705	-60,705	1,443	-59,262
Total comprehensive income for the period	**-**	**-**	**-**	**884,518**	**-60,705**	**823,813**	**11,736**	**835,549**
Appropriation of profit (loss)			551,072	-551,072		-		-
Dividends			-1,499,654			-1,499,654	-2	-1,499,656
Change in share capital						-		-
Change in interest rates						-		-
Restructuring (merger/transfer)						-		-
Change in scope			18			18	-92	-74
Other			8,116			8,116		8,116
Equity 12/31/2021	**1,241,035**	**1,154,349**	**5,947,790**	**884,518**	**1,795,529**	**11,023,221**	**102,663**	**11,125,883**
Net profit (loss) for the period				835,173		835,173	7,771	842,943
Other comprehensive income					-2,451,391	-2,451,391	-28,598	-2,479,988
Total comprehensive income for the period	**-**	**-**	**-**	**835,173**	**-2,451,391**	**-1,616,218**	**-20,827**	**-1,637,045**
Appropriation of profit (loss)			884,518	-884,518		-		-
Dividends			-400,333			-400,333	-1	-400,334
Change in share capital						-		-
Change in interest rates			-31			-31	-6,624	-6,655
Restructuring (merger/transfer)						-		-
Change in scope						-		-
Other			-610			-610		-610
Equity 12/31/2022	**1,241,035**	**1,154,349**	**6,431,334**	**835,173**	**-655,862**	**9,006,029**	**75,210**	**9,081,239**

3.6 Cash flow statement

(in thousands of euros)	12/31/2022	12/31/2021
Operating income before tax	**1,134,199**	**1,277,503**
Gains and losses from disposal of financial investments	-61,441	-3,819
Gains and losses from disposal of property investments	-7,192	-10,796
Gains and losses from disposal of property, plant and equipment and intangible assets	-	-
Gains and losses from disposal of investments	**-68,633**	**-14,615**
Net amortization expense	39,270	54,190
Change in deferred acquisition costs	-939	561
Change in impairments	14,864	-231,827
Net additions to technical liabilities arising from insurance policies and investment contracts	400,669	4,986,222
Net additions to other provisions	-6,006	1,162
Changes in the fair value of investments and other financial instruments recognized at fair value	2,945,671	-2,239,841
Other non-cash items included in operating income	-	-
Correction of items included in operating income that do not correspond to cash flows and reclassification of financing and investment flows	**3,324,896**	**2,555,852**
Change in operating receivables and debts	-967,933	-572,035
Change in securities given or received under repurchase agreements	-	-
Cash flows from other assets and liabilities	5,346	5,123
Net taxes paid	-347,941	-224,833
Net cash flows from operating activities	**3,148,566**	**3,041,610**
Acquisitions of subsidiaries and joint ventures, net of cash acquired	-	-
Disposals of subsidiaries and joint ventures, net of cash sold	-15,875	-
Equity stakes in equity-accounted companies	-	-
Disposals of stakes in equity-accounted companies	-	-
Cash flows related to changes in scope of consolidation	**-15,875**	**-**
Acquisitions and disposals of financial investments (including unit-linked) and derivatives	-3,912,738	-1,991,264
Acquisitions and disposals of property investments	-46,885	-60,312
Acquisitions and disposals of investments and derivatives from non-insurance activities	-	-
Cash flows related to disposals and acquisitions of investments	**-3,959,623**	**-2,051,576**
Acquisitions and disposals of property, plant and equipment and intangible assets	3,401	-20,935
Cash flows related to acquisitions and disposals of property, plant and equipment and intangible assets	**3,401**	**-20,935**
Net cash flows from investing activities	**-3,972,097**	**-2,072,511**
Membership fees	-	-
Issuance of equity instruments	-	-
Repayment of equity instruments	-	-
Treasury share transactions	-	-
Dividends paid	-400,335	-1,499,651
Amounts received on a change in ownership interest without loss of control	-	-
Amounts paid on a change in ownership interest without loss of control	-6,500	-
Cash flows related to shareholders and members	-	3,960
Cash flows related to transactions with shareholders and members	**-406,835**	**-1,495,691**
Cash generated by issuances of debt financing	853,289	747,399
Cash allocated to repayments of debt financing	-	-222,322
Interest paid on debt financing	-39,671	-26,180
Cash flows related to Group financing	**813,618**	**498,897**
Net cash flows from financing activities	**406,783**	**-996,794**

Cash and cash equivalents at January 1	**561,176**	**588,871**
Net cash flows from operating activities	**3,148,566**	**3,041,610**
Net cash flows from investing activities	**-3,972,097**	**-2,072,511**
Net cash flows from financing activities	**406,783**	**-996,794**
Cash and cash equivalents at December 31	**144,428**	**561,176**

The notion of cash and cash equivalents includes cash and bank balances net of current accounts payable.

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Detailed summary of the notes

4.1 Main structural operations and significant events of the period

A solid group in a deteriorating geopolitical and macroeconomic context

The conflict in Ukraine, which began in 2022, led to the adoption of international sanctions against Russia. As Groupe des Assurances du Crédit Mutuel (GACM) has no significant direct or indirect exposure in Ukraine and Russia, this conflict had no impact on its operations during the financial year. On the other hand, it accentuated the already significant instability of global markets and the disruption to supply chains linked to the Covid-19 pandemic, with the consequence of an increase in the price of raw materials. Inflation has thus become a major issue. At the end of December 2022, it reached 9.2% in the euro zone (compared to 5.0% in 2021) and 6.7%[1] in France (*versus* 3.4% in 2021), unprecedented levels since the launch of the single currency. In order to fight against this inflation, the central banks of the OECD significantly raised their key rates (+250 basis points for the European Central Bank, thus leading to a rapid increase in interest rates, more than 3% at the end of 2022 on the French 10-year OAT compared to levels close to 0% at the end of 2021.

The rise in interest rates led to a sharp decline in the market value of bonds, reducing GACM's IFRS own funds at the end of 2022. However, this rise in rates made it possible to carry out bond investments in the final months of the year with a higher return than the average return on the portfolio of bonds.

As a direct consequence of the economic context, the increase in interest rates on regulated savings (2% since August for Livret A savings accounts, for example) weighed on gross inflows in market savings & retirement insurance. However, at the end of December 2022, the French entities of GACM found a slightly positive net inflows situation in euros (+€42 million), while the market recorded a net outflow in euros of €20.3 billion. In July 2022, GACM lowered the initial fee for the euro fund. In addition, thanks to the reserves accumulated in recent years in the provision for profit-sharing, GACM significantly increased the rate paid to its euro fund policyholders in 2022, bringing the average rate paid in France to 2.3%.

On the other hand, the increase in interest rates automatically led to an increase in the maximum technical rates authorized by French regulations for the determination of technical liabilities. GACM has therefore taken these changes into account and revised upwards the technical rates used in the calculation of commitments, with a positive impact on profit (loss).

The equity markets are down compared to 2021 (CAC 40 index at -9.5%), leading to a decline in the value of assets classified at IFRS fair value through profit or loss and thus a decline in GACM's IFRS profit or loss.

[1]Change in the HICP, source EUROSTAT

Confirmation of Moody's rating

In November 2022, the rating agency Moody's confirmed the financial strength rating of GACM's two main operating entities, ACM IARD SA and ACM Vie SA (A1, with a stable outlook) as well as the rating of the subordinated securities issued by GACM SA in October 2021 (Baa1).

Disposal of GACM España

After several years operating in Spain, GACM has decided to continue its development as a priority in France, Belgium and, starting soon, in Germany, to support the country strategy of its parent company, Crédit Mutuel Alliance Fédérale.

Thus, on December 13, 2022, GACM and Axa Seguros Generales, S.A. de Seguros y Reaseguros (Axa Spain) signed an agreement, subject to obtaining regulatory authorizations, for the disposal by GACM SA of 100% of the share capital of GACM España, to Axa Spain. The sale price amounts to €311.7 million, to which may be added, subject to conditions, an earn-out amounting to a maximum of €20 million. This intended disposal is expected to be finalized in mid-2023.

As of December 31, 2022, the assets and liabilities of GACM España remain isolated on the specific lines of the financial statements relating to "activities held for sale", in accordance with the provisions of IFRS 5.

Loan insurance policies marketed by Cofidis Spain are excluded from this transaction. They will be subject to prior transfer to ACM IARD SA and ACM Vie SA.

Unprecedented climate events in 2022

According to France Assureurs, natural events in 2022, including drought, could cause an insured expense of nearly €10 billion for the whole of France. It is necessary to go back to the 1999 financial year, marked by the Lothar and Martin storms, to find a higher level (€14.5 billion, constant). The impacts of the 2022 drought were estimated at €2.5 billion.

For GACM, all events of the period represented an expense of €469 million, including €171 million related solely to the storm and hail episodes in June and €142 million in respect of drought. By way of comparison, the cost of natural events in 2021 amounted to €162 million. The reinsurance program covering GACM in 2022 enabled the cession of a claim expense of €164 million, *i.e.* 35% of the gross expense recorded.

4.2 Applicable standards

4.2.1 Applicable standards and comparability

In accordance with EC regulation no. 1606/2002, the consolidated financial statements have been prepared in accordance with IAS and IFRS standards and IFRS-IC interpretations applicable at December 31, 2022 and as adopted by the European Union.

In 2022, new amendments entered into force, mainly concerning:

- an amendment to IFRS 3, published in May 2020 and adopted by the European Union in July 2021, which updates the reference to the conceptual framework;

- amendments to IAS 37, published in May 2020, which make changes relating to the costs to be taken into account in determining whether a contract is onerous. They specify that the costs of performing a contract include costs directly related to the contract, which may be marginal costs related to the performance of the contract or an allocation of other costs directly related to the performance of the contract (*i.e.* for example, depreciation and amortization);

- annual improvements for the period 2018-2020. They include amendments to IFRS 16 relating to the definition of a lease incentive paid by the lessor to the lessee by deleting from illustrative example 13 the reimbursement by the lessor of leasehold improvements made by the lessee. The initial drafting of the example could lead to confusion as to the accounting treatment to be used for the recognition of such benefits.

These amendments had no significant impact on the financial statements at December 31, 2022.

In addition, several IFRS-IC decisions were validated by the IAS Board in 2022. The main ones concern:

- processing of demand deposits subject to restrictions on use agreed with a third party:

In the case submitted to the IFRS-IC, the restrictions do not prevent the entity from using the sums held, but require it to retain a specified amount of cash. The question asked of the IFRS-IC was whether these demand deposits should be presented in cash and cash equivalents in its statement of cash flows and in its balance sheet.

The Committee concluded that, in the case mentioned in the question, the restrictions on use do not call into question the classification as cash, unless these restrictions change the nature of the deposit so that it no longer meets the definition of cash provided in IAS 7.

With regard to the balance sheet treatment, the Committee recalled the provisions of IAS 1 and concluded that the deposit covered by the question should be presented under the item cash and cash equivalents, but that if it seemed relevant for the proper understanding of the company's financial position, the "cash and cash equivalents" item could be disaggregated and these deposits presented on a separate line.

Finally, the Committee specified that the entity should provide additional information in the notes in respect of these demand deposits subject to restrictions on use, in accordance with the provisions of IAS 7.

- the treatment of rent waivers resulting from an agreement between the lessor and the lessee under an operating lease, without any other contractual modifications.

In the case submitted to the IFRS-IC, rent waivers concern both rents that are due and rents that are not and the lessor applies IFRS 9.

The Committee clarified that during the period preceding the granting of the rent waiver, the lessor takes into account the expected credit losses on the receivable under the lease in a manner that reflects an objective amount and based on probabilistic weightings, including its expectations regarding the waiver of the lease payments recorded in connection with this receivable.

The Committee also specified that the lessor would recognize the rent waiver described in the question by applying:

- the derecognition requirements provided for in IFRS 9 to the waiver of payments that the lessor had included as a receivable at the date of granting of the rent waiver; and

- the lease modification requirements provided for in IFRS 16, to the rent waivers that the lessor has not included in the receivable.

This decision will be applied at the same time as IFRS 9, *i.e.* on January 1, 2023.

The IFRS-IC decisions validated by the Board of the IASB in 2022 did not have a significant impact on the financial statements at the end of the financial year.

4.2.2 Accounting standards issued by the IASB but not yet effective

The main changes to the standards that took place in 2022 but have not yet come into force are:

- amendments to IFRS 16 published on September 22, 2022, which provide clarifications on the treatment of the lease liability relating to a sale-leaseback transaction with variable rents. They specify that the seller-lessee should value the lease liability in such a way as to recognize neither a gain nor a loss in respect of the right of use retained. An illustrative example has also been added. These amendments, not yet adopted at European level, will come into force on January 1, 2024, although early application is possible;

- amendments to IAS 1 published on October 31, 2022 relating to non-current liabilities with covenants. These amendments modify the amendments published in January 2020. The latter required covenants to be tested at the reporting date even if contractually these clauses were assessed at a date subsequent to reporting, and in the event of non-compliance, to reclassify these liabilities as current liabilities. This provision could lead to the reclassification of debts as current liabilities at the end of the financial year, whereas at their contractual date they may be in compliance, thus not triggering the immediate repayment of the debt. These new amendments now specify that the classification of debt with covenants at closing is not impacted if they are contractually assessed subsequent to the reporting date. Additional information should also be provided in the notes.

The date of entry into force of these amendments, which have not yet been adopted at European level, is scheduled for January 1, 2024. The entry into force of the January 2020 amendments was also postponed to the same date. Early application is possible provided that the two texts are applied simultaneously.

The main texts published previously but not yet in force are:

- amendments to IAS 12 relating to deferred taxes on assets and liabilities arising from a single transaction published on May 7, 2021. These are intended to provide clarifications concerning the exemption from the recognition of deferred taxes provided for in the standard, in particular with regard to leases for which the recognition of deferred taxes will be mandatory for financial years beginning on or after January 1, 2023, with early application possible;

- amendments to IAS 8 “Accounting policies, changes in accounting estimates and errors” published on February 12, 2021, which simplify the definition of accounting estimates in order to facilitate the distinction between estimates and changes in accounting methods. They are mandatory for financial years beginning on or after January 1, 2023;

- amendments to IAS 1 “Presentation of financial statements” were published on February 12, 2021. They aim to provide clarification on the accounting policies to be disclosed in the financial statements so that companies can disclose significant accounting policies rather than the main accounting policies. They are mandatory for financial years beginning on or after January 1, 2023.

- amendments to IAS 1 “Presentation of financial statements” published on January 23, 2020, not yet adopted by the European Union, and on July 15, 2020. They concern the classification of current and non-current liabilities.

IFRS 17 Insurance Contracts

Introduction:

IFRS 17 will replace IFRS 4, which allows insurance companies to retain most of their local accounting principles for their insurance contracts and other contracts within the scope of IFRS 4, and which hinders the comparability of the financial statements of sector entities, mainly between international players.

IFRS 17 aims to harmonize the accounting of the different types of insurance contracts, and to base their valuation on a forward-looking measurement of insurers’ commitments.

Published in May 2017 and amended in June 2020, this new standard will be effective on January 1, 2023. The initial application date of IFRS 17 planned for 2021 was deferred by two years to January 1, 2023. The application of IFRS 9 for insurance entities that have opted for deferral (the case of GACM) has also been amended by the IASB with an extension until 2023.

IFRS 17 (and the 2020 amendments) published by the IASB maintains the granularity of reserve calculations and grouping of contracts by year of subscription (annual cohorts).

IFRS 17 was adopted by the European Union in November 2021, with an exemption possible regarding the annual cohort requirement to intergenerationally-mutualized contracts. The entity applies the exemption to all eligible contract portfolios.

Level of aggregation of IFRS 17 insurance contracts

IFRS 17 applies to insurance contracts issued, reinsurance contracts held and investment contracts with discretionary participating features

The standard defines the level of contract aggregation to be used for measuring the insurance contract liabilities and the related profitability. IFRS 17 requires to identify portfolios of insurance contracts which comprise contracts that are subject to similar risks and are managed together.

Each portfolio is then divided into three groups:

- contracts that are onerous at initial recognition;
- contracts that have no significant possibility of becoming onerous subsequently at initial recognition;
- and the remaining contracts in the portfolio.

To build its contract portfolios, GACM has favored using the level of commercial products. The homogeneity of pricing, management, monitoring and contractual structure inherent in the construction of a GACM commercial product makes it possible to comply with the definition of a portfolio according to IFRS 17.

The GACM portfolios are then subdivided into groups of contracts, the group of contracts being the basic calculation unit defined by IFRS 17. This subdivision is carried out in accordance with the profitability criteria and consideration of annual cohorts mentioned above. The GACM implements the constitution of annual cohorts for the general model (GMM model) based on the calendar year.

Classification by model and valuation of insurance contracts

Under IFRS 17, contracts are measured on the basis of a current value valuation model, where the general model (GMM model) is based on a general "building block" approach, including:

- estimates of future cash flows weighted by their probability of occurrence, as well as an adjustment to reflect the time value of money (by discounting these future cash flows) and the financial risks associated with future cash flows;
- a risk adjustment for non-financial risk;
- the Contractual Service Margin (CSM).

This contractual service margin represents the unearned profit for a group of insurance policies. It will be recognized by the entity as it provides services under the insurance policies. This margin cannot be negative; any future losses are recognized immediately in the income statement.

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

GACM uses actuarial methods in order to obtain a best-estimate view of future flows, in a manner that is relevant for each scope modeled, and in line with a precise methodological framework and clearly identified assumptions. The statistical and probabilistic methods chosen are widely used on the market.

The calculation grid is defined by GACM in a manner adapted to the scope in question, with the aim of providing the most objective estimate possible of future cash flows. Where applicable, estimates are then broken down into the group of contracts using the relevant variables.

All future cash flows are measured for all contract scopes, until the extinction of GACM's substantial rights and obligations arising from contractual, legal or regulatory provisions. They include in particular all costs attributable to insurance contracts (traceable costs).

Future cash flows are discounted to reflect the time value of money and the financial risks associated with those cash flows. This discounting is carried out using a yield curve constructed by GACM.

This curve is based on an ascending methodology ("bottom-up"), which adjusts the liquid risk-free component to reflect the liquidity characteristics of the insurance policies contracts. In accordance with IFRS 17, the curve thus obtained is consistent with observable market prices, while excluding the effects of factors that do not influence the future cash flows of insurance contracts, in particular credit risk.

For each scope, GACM adjusts the present value of future cash flows to take into account the uncertainty of these flows. This is a risk adjustment for non-financial risk ("Risk Adjustment - RA"). This adjustment is calculated explicitly and separated from the associated future cash flows, using dedicated calculation models. The calculated risk measurement is said to be "the ultimate", taking into account the uncertainty generated over the total lifetime of future cash flows.

GACM has opted for a "quantile" approach, which directly calculates the uncertainty of future cash flows from a risk measurement and a confidence level.

The Variable Fee Approach (VFA) is the mandatory model for measuring contracts with direct participation features. They are defined as insurance policies for which:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the entity expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items;
- the entity expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

For these contracts, the Contractual Service Margin is mainly adjusted by the entity's share of the fair value of the underlying assets (similar to the insurer's premiums).

The vast majority of life insurance contract marketed by GACM fall under the VFA model. These include savings contracts with a substantial profit-sharing element paid to policyholders. The underlying assets of these contracts are identified in a comprehensive and direct manner, through asset management containment specific to these contracts. Within this scope, GACM structures its contract portfolios in line with the underlying asset-liability links. This results in the grouping of contracts backed by the same asset management containment, and in the application of the exemption of the annual cohorts according to the methods adopted by the European Union.

Lastly, the standard offers the possibility of opting for a simplified approach, known *as* the "Premium Allocation Approach" (PAA model), when:

- the period of coverage of the insurance policies does not exceed one year, or
- the valuation of the remaining coverage under this approach constitutes a reasonable approximation of the valuation that would have been obtained by applying the general "building block" approach.

The GACM opts for the PAA model's simplified approach for all tacitly renewable annual policies. This PAA model therefore concerns almost all contracts in the property & casualty insurance and liability segment, as well as some health and protection contracts.

In addition, the general model (GMM) will be applied to the insurer's multi-year commitment contracts, excluding life insurance. This scope consists of personal insurance contracts, in particular creditor insurance contracts and protection contracts (mainly Care insurance and Funeral contracts).

During each accounting period, the Contractual Service Margin (CSM) is notably adjusted by the amount recognized as income from insurance activities. This amount is determined on the basis of the allocation of units of coverage specific to the period in question, reflecting the provision of services provided for in insurance policies over the period as well as the remaining duration of cover. For policies valued according to the general model (GMM), the GACM opts for the use of units of coverage corresponding to the sum insured. For policies valued according to the VFA model ("variable fee"), and to reflect the particularities stemming from the modeling of future cash flows, the GACM opts for a unit of coverage based on the temporal run-off of reserves, and taking into account the future temporal changes expected from the CSM (taking into account and offsetting of the effect usually referred to as "bow wave").

IFRS 17 transition

IFRS 17 will be effective on January 1, 2023, but requires the publication of a comparison for the previous financial year, *i.e.* 2022. The IFRS 17 financial statements will therefore be opened from January 1, 2022, corresponding to the date of transition to IFRS 17.

For the first-time adoption, the standard has to be applied retrospectively (*i.e.* using the Full Retrospective Approach) unless impracticable, in which case two options are possible:

- either the modified retrospective approach: on the basis of reasonable and supportable information available without undue cost or effort to the entity, certain modifications of requirements are applied to the extent their full retrospective application is not possible, but still with the objective to achieve the closest outcome to retrospective application possible;
- or the fair value approach: the contractual service margin is then determined as the positive difference between the fair value determined in accordance with IFRS 13 and the fulfillment cash flows (any negative difference being recognized as a reduction in equity at the transition date).

The challenge of the transition is to determine the amount of the contractual service margin (CSM) to be recognized for each group of contracts.

The Full Retrospective Approach proved impracticable for all contract portfolios modeled according to the general model or the VFA model.

GACM has therefore implemented as a priority the modified retrospective approach, which provides a relevant estimate of the amount of CSM on transition, without the use of costs or excessive efforts. This modified retrospective approach is applied from the 2012 financial year, on the basis of which reasonable and supportable information is available for GACM contracts. For cohorts prior to 2012, as well as certain portfolios, the FVA method will be applied. For the application of the FVA method, a single group of contracts (GoC) will be constituted per portfolio, pooling all the contracts remaining in progress at the transition date.

For intergenerationally-mutualized and cash flow matched contracts to which the exemption from the annual cohort requirement is applied, a single contract group is created using the modified retrospective approach. For the other portfolios, which are not affected by the exemption of applying the annual cohort requirement, a breakdown by annual cohorts is carried out.

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

Abandonment of shadow accounting IFRS 4

For participating contracts, IFRS 4 provides for so-called shadow accounting for unrealized gains and losses on assets under IAS 39 matching commitments. This mechanism consisted in recognizing a provision for deferred profit-sharing representing the share of these capital gains or losses that were implicitly accruing to policyholders through contractual clauses or the dividend policy; this provision was added to the mathematical reserves for the parent company financial statements when the matching assets had an unrealized capital gain. A provision for deferred profit-sharing assets was recorded when the matching assets were in a position of unrealized loss. The recoverability tests applied in the case of deferred profit-sharing assets are in accordance with the French National Accounting Board (CNC) recommendation of December 19, 2008.

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

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

GACM is continuing its work on the operational implementation of the provisions of IFRS 17 in the following areas:

- update of the information system and accounting principles with regard to the provisions of IFRS 17 and IFRS 9, as well as the process for producing the IFRS financial statements;

- production and recognition of *proforma* financial statements for the year 2022;
- adaptation of financial communication;
- approval by the Statutory Auditors of the *pro-forma* financial statements for the year 2022.

Amendments to IFRS 17 - First-time adoption of IFRS 17 and IFRS 9 on comparative information

This amendment, adopted by the European Union on September 8, 2022, applies to financial assets for which there was no restatement of IFRS 9 comparative periods at the time of the first simultaneous application of IFRS 17 and IFRS 9.

This is notably the case for assets derecognized in financial year 2022 (financial assets sold or redeemed in 2022) or when the entity opts for the exemption from the restatement of prior years offered by IFRS 9.

It introduces the possibility of presenting IFRS 9 comparative information on these financial assets, as though the provisions of IFRS 9 in terms of valuation and classification had been applied to them. This option, applicable on an instrument-by-instrument basis, is based on a so-called overlay approach.

IFRS 9 "Financial Instruments"

On June 25, 2020, the IASB published an amendment to IFRS 4 "Insurance Contracts" which extends the temporary exemption from applying IFRS 9 by two years, *i.e.* until January 1, 2023. It allows insurers eligible for this temporary exemption to align the effective dates of IFRS 9 "Financial Instruments" and IFRS 17 "Insurance Contracts".

In application of this amendment, GACM defers the first-time application of IFRS 9 to January 1, 2023.

IFRS 9 defines new principles for the classification and measurement of financial instruments, impairment of financial assets and hedge accounting.

The key points relating to the implementation of IFRS 9 at January 1, 2023 relate to the classification of assets in relation in particular to the identified business models, on the one hand, and to the methods for calculating the impairment of ordinary debt instruments, on the other hand.

<u>Classification and measurement</u>

IFRS 9 introduces a single approach to the classification and measurement of financial assets to determine whether a financial asset should be recognized at amortized cost, fair value through profit or loss or fair value through other comprehensive income.

For debt instruments, the model is based on the analysis of two criteria:

- the contractual terms of the financial asset;
- the business model of the entity used to manage the financial assets in question.
    - Debt instruments that meet the simple debt criterion (SPPI) can be linked to a holding management model aimed at collecting interest and repayment ("held to collect"). In this case, they are recognized at amortized cost. When debt instruments are managed both to generate an actuarial return and for disposal, the management model identified is "held to collect and sale". In this case, they are measured at fair value through other comprehensive income.
    - GACM has not identified any significant "held to collect" management model within the scope of consolidation.
    - The management model identified for all bond portfolios is "held to collect and sale"; it corresponds to the way in which fixed-income assets are managed in line with the constraints of asset and liability management (ALM). Bonds and similar securities (excluding unit-linked supports) meeting the simple debt criterion (SPPI) are therefore recognized exclusively at fair value through other comprehensive income (OCI), regardless of the IFRS 17 liability portfolios backing them, and independently of the accounting model applied to these portfolios under IFRS 17 (PAA, GMM or VFA).
- Equity instruments (shares and equity investments) may be designated line-by-line according to the classification at fair value through shareholder's equity. GACM has adopted this classification for most of its equity instruments with the exception of those matching liability portfolios recognized under the VFA model (savings and retirement) which are recognized at fair value through profit or loss.
- Other financial instruments, in particular funds and derivatives, are recognized at fair value through profit or loss, independently of the contract portfolios to which they are backed.

For financial liabilities, IFRS 9 essentially incorporates the current requirements of IAS 39. Financial liabilities are recognized at amortized cost by default, unless there is an explicit option for fair value recognition through profit or loss. GACM opts to recognize financial liabilities at amortized cost.

At the transition date of January 1, 2022, the expected impact of the transition to IFRS 9 is a change in equity related to the revaluation at market value of securities previously recognized at amortized cost (HTM), which will be classified at fair value through OCI in accordance with IFRS 9.

Impairment

The standard introduces a new impairment model for financial assets that requires the recognition of expected credit losses as opposed to incurred credit losses under IAS 39.

The new model distinguishes three levels: initially, the entity recognizes expected credit losses over a 12-month horizon (level 1). In the event of a significant deterioration in credit quality, the impairment of the security is calculated on the basis of the expected losses at maturity (level 2). The transition to level 3 is triggered by the occurrence of a default event, expected losses at maturity continue to be provisioned, but in addition the basis for calculating interest income is reduced: the effective interest rate is applied to the amount of the instrument after impairment.

Methods for calculating impairment

Simple debt instruments (SPPI) are written down from the transition date on the basis of:

- Level 1: the probability of default within 12 months if the risk profile of the issue has not deteriorated significantly since acquisition. For performing securities, the probability of default used is based on the rating agencies' ratings at the reporting date. The "forward looking" nature of the provision is thus proven.
- Level 2: the probability of default by the repayment date if the risk profile has deteriorated significantly since the acquisition date. The criterion for triggering the transition of the provision to level 2 ("Lifetime") was defined on the basis of one rating downgrade.

However, GACM has chosen the option offered by IFRS 9 of assuming that once the security is rated "Investment Grade" at the reporting date, the transition to level 2 is not applicable, regardless of the magnitude of the rating downgrade since acquisition.

The calculation of the level 2 provision is based on historical default statistics prepared by the rating agencies for the various rating layers.

These provisions will be set aside against consolidated reserves at the transition date of January 1, 2022.

Hedge accounting

IFRS 9 proposes new principles for hedge accounting that align the accounting treatment with risk management activities.

Interactions between IFRS 17 and IFRS 9

In order to avoid accounting mismatches during the first-time application of IFRS 9 and IFRS 17, GACM adopted the following options:

- Application of IFRS 9 at January 1, 2023 with presentation of a comparison for the 2022 financial year, in line with the mandatory presentation of a 2022 comparison for the first-time application of IFRS 17. The transition dates for the transition to IFRS 9 and IFRS 17 are therefore aligned at January 1, 2022.
- GACM opts for the application of the so-called "overlay" approach to account for asset disposals in financial year 2022, as if these disposals had been accounted for under IFRS 9. This option guarantees that the impact on equity at the transition date of January 1, 2022 will be homogeneous between the assets under IFRS 9 and the liabilities under IFRS 17.
- GACM has adopted the OCI option of IFRS 17 for the remeasurement at the current rate of its insurance liabilities under the general model (GMM) and the simplified model (PAA), in a manner consistent with the choice of the fair value through shareholder's equity management model for the SPPI bond assets matching these portfolios. Thus, changes in the market rate will have a consistent impact on assets and liabilities through the counterparty of OCI.
- The OCI option was also used for the revaluation of the liabilities of the VFA model, as opposed to the revaluation by OCI of the matching assets (mainly bonds meeting the SPPI criterion). Changes in OCI under IFRS 9 will therefore be offset by symmetrical changes in OCI under IFRS 17, for a zero impact on equity.

These different options make it possible to avoid any accounting mismatch between the accounting methods for changes in the value of the IFRS 17 liability and the matching IFRS 9 asset when the market rate varies, and reduce the volatility of IFRS 17 profit (loss).

Impacts of the first-time application of IFRS 17 on the valuation of investment and operating properties

The GACM has applied the amendments to IAS 40 and IAS 16, consequential to IFRS 17, resulting in the valuation at market value through profit or loss of the properties held as underlying items of direct participating contracts.

The impact of the change in accounting method on equity at the transition date is significant.

Impacts of the first-time adoption of IFRS 17 and IFRS 9

As of January 1, 2023, the GACM will apply IFRS 17 (insurance contracts) and IFRS 9 (financial instruments) in its financial statements, replacing IFRS 4 and IAS 39. Their application leads to a new presentation of the income statement and balance sheet, without impact on the business model and solvency ratios of GACM. Thus, on January 1, 2022, the transition date, GACM's total own funds amounted to €11.5 billion, an increase of €0.4 billion compared to IFRS 4 total own funds at the same date. The transition balance sheet also shows a CSM (contractual services margin) of €4.4 billion.

4.2.3 Presentation format of the financial statements

In the absence of a model imposed by IFRS, GACM presents its financial statements in accordance with the recommendations of ANC recommendation no. 2013-05 of November 7, 2013.

This format shows the following characteristics:

- profit (loss) from investment contracts without discretionary participation, covered by IAS 39, is classified under the aggregate "Revenues or income from other activities"; for these contracts, deposit accounting means that revenues and services are not recognized respectively as income and expenses for the financial year;
- assets and liabilities are classified on the balance sheet in increasing order of liquidity. This model presents the activity of insurance companies more accurately than the classification between current and non-current items also provided for by IAS 1; income statement expenses are classified by purpose. This presentation, authorized by IAS 1, is used by the large majority of insurance companies.
- The cash flow statement is presented using the indirect method.

4.3 Accounting principles and methods

4.3.1 Estimates and judgments used

The IFRS financial statements reflect estimates and assumptions that have an impact on the amounts of assets and liabilities, income and expenses as well as the notes to the financial statements.

The main balance sheet items concerned are:

- goodwill, in particular as part of impairment tests (4.7.1);
- the values of acquired portfolios (4.7.2);
- assets at fair value not listed on an active market and real estate assets (4.7.3 and 4.7.4);
- assets at fair value listed on a market, with low liquidity (4.7.7);
- impairment of equity instruments classified as available-for-sale (4.7.11);
- impairment of debt instruments classified as available-for-sale or held-to-maturity (4.7.11);
- deferred profit-sharing assets, as part of recoverability tests (4.7.28);
- deferred tax assets (4.7.17);
- provisions for contingencies and expenses, in particular employee benefit obligations (4.7.24);
- technical reserves (4.7.26 and 4.7.27).

Estimates and underlying assumptions are used to determine the carrying amounts of assets and liabilities that cannot be obtained directly, for example by reference to a market price.

They are reviewed at each reporting date.

The impact of changes in accounting estimates is recognized in profit (loss) for the financial year.

Accounting policies are applied consistently throughout the Group.

Any change in accounting methods applied during the financial year therefore impacts the opening balance sheet of the financial year as well as the profit (loss) of the previous financial year.

The accounting methods used are applied uniformly to the consolidated results for the 2022 and 2021 financial years.

4.3.2 Segment information

Segment information, based on a breakdown by entity, is presented through the following operating segments:

- Life France;
- Non-Life France;
- International which combines all businesses of GACM's foreign subsidiaries;
- Other businesses, which include the activities of the holding company, property companies and brokerage and service companies.

4.3.3 Intangible assets

Goodwill

Business combinations are accounted for in accordance with IFRS 3 (revised), in particular by applying the acquisition method.

Goodwill represents the difference between the acquisition cost for the acquirer and the fair value of the identifiable assets and liabilities.

Positive goodwill is recorded under intangible assets. When negative, it is recognized directly in the income statement.

Goodwill carried in the balance sheet is not amortized, but is tested for impairment as soon as there is objective evidence of impairment and at least once a year in accordance with IAS 36.

For the purposes of this test, goodwill is allocated to the various cash-generating units (CGUs) that are expected to benefit from the business combination related to the acquisition.

A CGU is defined as the smallest identifiable group of assets and liabilities that operates under an independent business model.

GACM has adopted the entity approach, *i.e.* each Group company represents a CGU in its own right.

In order to determine whether an impairment should be recognized, the carrying amount of each entity, including the goodwill allocated to it, is compared with its recoverable amount.

The recoverable amount is defined as the higher of market value and value in use. Value in use is calculated as the present value of the estimated future cash flows to be generated by the CGU, according to the medium-term plans established for the purpose of managing the GACM group.

When the recoverable amount is less than the carrying amount, the goodwill associated with the entity is irreversibly impaired.

GACM has performed sensitivity tests.

Value of the contract portfolio

Portfolios of insurance policies acquired in a business combination or portfolio transfer are stated at fair value.

The fair value corresponds to the estimated present value of future profits to be generated by the contract portfolio existing at the date of acquisition.

The value of each portfolio is calculated per homogeneous set of contracts.

In the event that the portfolio value is negative, the technical reserves must be topped up by the deficiencies identified during this valuation.

The contract portfolio values are amortized in accordance with the consumption of the economic benefits over the life of the contract portfolios.

4.3.4 Operating property and other property, plant and equipment

Operating property

Operating property comprises buildings used for the Group's own purposes. The Group's buildings are carried at amortized cost, in accordance with the component-based asset accounting method described in IAS 16.

Under the cost model, the carrying amount corresponds to the acquisition cost less accumulated depreciation and accumulated impairment losses.

Post-acquisition costs are capitalized, provided that future economic benefits are expected and can be reliably estimated, and are included in the component to which they relate.

Depreciation of property

Depreciation is calculated using the straight-line method on the basis of the acquisition or production cost, less any residual value.

Residual values are considered to be nil due to the difficulty of reliably determining a residual value for a property.

The depreciation periods used vary according to the type and, where applicable, the location of the fixed assets. Their remaining useful lives are established using the following useful lives at new:

- Structural work: 20 to 100 years;
- Exterior, waterproofing, roofing and exterior woodwork: 10 to 40 years;
- Technical installations (heating, electricity, etc.): 10 to 25 years;
- Interior fittings and decoration: 10 to 20 years;
- Exterior renovation: 20 to 30 years

Property, plant and equipment excluding buildings

Other property, plant and equipment mainly consist of office equipment and miscellaneous facilities. The estimated useful lives range from three years for IT equipment to 10 years for fixtures and fittings.

Impairment of property, plant and equipment

In accordance with IAS 36, operating properties are included in the cash flows of the cash-generating unit to which they belong and therefore do not fall within the scope of the investment property impairment test.

4.3.5 Investment property

Investment property includes rental properties and shares in unlisted property companies.

In accordance with the option proposed by IAS 40, the Group has chosen the amortized cost measurement model for its properties, with the exception of properties backing unit-linked contracts, which are measured at fair value.

The fair value of properties (excluding unit-linked contracts) is also disclosed in the notes to the financial statements. This fair value corresponds to the realizable value of the buildings and shares in unlisted real estate companies. These buildings are appraised annually by independent appraisers.

Depreciation of investment property

The depreciation periods used vary according to the type and, where applicable, the location of the fixed assets. Their remaining useful lives are established using the following useful lives at new:

- Structural work: 25 to 100 years
- Exterior, waterproofing, roofing and exterior woodwork: 10 to 40 years;
- Technical installations (heating, electricity, etc.): 10 to 35 years;
- Interior fittings and decoration: 10 to 20 years;
- Exterior renovation: 20 to 30 years

Impairment of investment properties

An impairment loss is recognized if the recoverable amount is lower than the net carrying amount. The recoverable value, calculated when the building shows signs of impairment, is the higher of its fair value and its value in use.

For buildings, the fair value corresponds to the appraisal value, established annually by independent appraisers. This value is disclosed in the notes to the financial statements.

As soon as the building has an unrealized loss of more than or equal to 20% on the closing date, the impairment is presumed to be sustainable. This criterion is supplemented by a qualitative analysis by building. This threshold is considered prudent given the (long-term) holding horizon of the investment properties in question, consistent with the nature of the Company's insurance businesses. The provision for durable depreciation is then calculated in reference to the appraised value.

In the event of a change in the estimate of the recoverable amount or disappearance of indications of impairment, the impairment is reversed.

4.3.6 Financial instruments

Financial assets and liabilities are recognized in the financial statements in accordance with the provisions of IAS 39, as adopted by the European Union.

On initial recognition, they are measured at fair value.

At each reporting date, after initial recognition, they are measured according to their classification either at fair value or at amortized cost using the effective interest rate method:

- the effective interest rate is the rate that exactly discounts estimated future cash outflows or inflows through the expected life of the financial instrument or a shorter period, as appropriate, to produce the net carrying amount of the financial asset or liability;
- IFRS 13 defines fair value as the price that would be received for the sale of an asset or paid for the transfer of a liability in an arm's length transaction between market participants in the principal or most advantageous market at the valuation date.

The principles of IFRS 13 are detailed in the section "Fair value determination of financial instruments".

Financial investments

Classification and valuation of financial investments

Securities are classified in one of four categories of financial assets defined by IAS 39 and according to the Group's management intention:

- financial assets at fair value through profit or loss by type or as an option;
- held-to-maturity financial assets;
- loans and receivables;
- available-for-sale financial assets.

Financial assets at fair value through profit or loss by type or as an option

Under IAS 39, securities may be classified as at fair value through profit or loss by their type or following an option taken by the Group.

Securities are classified as at fair value through profit or loss by type when they have been acquired by the Group with the intention of carrying out short-term transactions. This classification is also used for securities included in a portfolio of financial instruments managed overall for the purpose of making a short-term profit.

All of GACM's derivative instruments are financial assets at fair value through profit or loss, as the Group does not use cash flow hedging instruments.

The recognition of financial assets at fair value through profit or loss as an option may be used in the following situations defined in the standard:

- for hybrid instruments with one or more embedded derivatives;
- with a view to reducing the distortion of accounting treatment;
- for groups of managed financial assets or liabilities whose performance is measured using the fair value method.

The Group has chosen this option for assets representing contracts whose investment risk is borne by the policyholder (unit-linked contracts), in line with the treatment applied to liabilities.

The change in liabilities relating to these contracts reflects the change in fair value of the corresponding assets and is recorded in the income statement.

Securities classified as financial assets at fair value through profit or loss are initially recognized at their fair value.

For later reporting dates, changes in fair value are recognized through profit or loss.

This category of securities is not subject to impairment.

Held-to-maturity financial assets

This category applies to securities that GACM has the intention and ability to hold until repayment or maturity.

Securities classified as held-to-maturity financial assets may not be disposed of or transferred prior to maturity, except in accordance with IAS 39. Failure to comply with this requirement may result in the downgrading of the entire portfolio and a two-year ban on the classification of any security in this category.

GACM recognizes these securities at their acquisition price, including accrued interest.

They are subsequently revalued at amortized cost with amortization of the premium / discount and transaction costs using the effective interest rate method.

Loans and receivables

GACM records fixed income or determinable financial assets that are not quoted in an active market in the loans and receivables category.

They are initially recognized at their acquisition price, including accrued interest.

They are subsequently revalued at amortized cost using the effective interest rate method.

Available-for-sale financial assets

Financial assets may be classified as available-for-sale either because they have been designated as such by the Group or because they are not eligible for inclusion in other categories of financial assets.

As with other categories of securities, available-for-sale securities are initially recorded at fair value including accrued interest.

Subsequently, changes in their fair value, excluding accrued interest, are recorded as gains and losses recognized directly in equity.

On disposal, unrealized gains or losses are realized and consequently transferred (recycled) to income.

Amortization of any premiums/discounts on fixed-income securities is recognized in the income statement using the effective interest rate method.

Accrued interest is recorded as finance income in the income statement and is presented on the same line as the fair value securities to which it relates.

Impairment of financial investments

All securities are subject to impairment, with the exception of those classified at fair value through profit or loss.

An impairment must be recognized when there is objective evidence of impairment resulting from one or more events occurring after the acquisition of the securities.

For debt securities, it corresponds to a significant deterioration in credit risk. Credit risk, or counterparty risk, is the risk of loss or non-recovery of a receivable.

The impairment criterion is mainly based on counterparty risk. A loss due to rising interest rates is not a criterion for recognition of an impairment loss.

Impairments recognized on debt instruments classified as "Available-for-sale financial assets" are reversible. Impairment losses previously recognized in the income statement are reversed through the income statement when justified by the circumstances.

For equity instruments classified as available-for-sale securities, GACM took into account the clarifications provided by the IFRS Interpretations Committee (IFRIC) in its July 2009 update on the notion of significant or prolonged decline, in paragraph 61 of IAS 39. Equity instruments classified as available-for-sale are impaired when the unrealized loss is deemed to be material or sustainable. The quantitative criteria used are the following:

- the security has had an unrealized loss for at least 36 months;

  or

- the security has an unrealized loss of 50% or greater on the reporting date;

  or

- the security was impaired on the closing date of the previous financial year.

For securities already impaired at the previous reporting date, the cost to be considered for calculating the impairment for the period under review is the acquisition price; thus, any further fall in the share price below the carrying amount impaired at the previous reporting date will impact the impairment at the first euro.

In addition, in accordance with IAS 39, a durable depreciation is never reversed and only disappears when the security line is disposed of.

Securities sold and received under repurchase agreements

Repurchase transactions do not meet the derecognition requirements of IAS 39 and are considered as secured financing.

For the cedant, securities under repurchase agreements are maintained on the assets side of the balance sheet and, where applicable, the amount collected, representing the debt to the reinsurer, is recorded as a liability on the balance sheet by the seller.

For the reinsurer, securities borrowed or received under repurchase agreements are not recorded in the balance sheet of the reinsurer. However, in the event of a subsequent resale, the latter records as a liability the amount representing its debt to the cedant.

GACM remains exposed to changes in the fair value of the securities loaned or repurchased and is subject to virtually no counterparty risk, given the margin calls made to guarantee the value of the securities sold.

Hedge accounting

IAS 39 provides for three types of hedges with specific accounting treatment:

- fair value hedging, which is designed to neutralize changes in the value of the underlying by a change in the opposite direction of the hedging derivative. The change in value of the derivative then has a symmetrical impact on the profit (loss);

- cash flow hedges, designed to offset the variability of future cash flows of an asset or liability. Changes in the value of the derivative are recorded in equity under "other comprehensive income" for the effective portion of the hedge, and recognized in the income statement when the flows of the hedged instrument impact cash. The ineffective portion of the hedge passes through profit or loss;
- the hedging of a net investment in a foreign operation, intended to neutralize foreign exchange risk. The change in value of the derivative has an impact on the effective portion of the translation differences.

Hedge accounting requires precise documentation of the effectiveness of the hedge from the inception of the relationship and at each subsequent reporting date.

Financial liabilities

An equity instrument is defined by IAS 32 as a contract that offers discretionary remuneration and gives rise to a residual interest in the net assets of the company invested in.

The classification as an equity or debt instrument, particularly with regard to the classification of perpetual subordinated debt (TSDIs), is based on an analysis of the various contractual clauses.

Securities where there is no contractual obligation to repay the principal amount are classified as equity.

An instrument with a contractual obligation to deliver cash or another financial asset, or to exchange instruments under potentially unfavorable conditions, is classified as a debt instrument by IAS 39.

GACM has not issued any securities that would be eligible for classification as equity instruments

4.3.7 Fair value determination of financial instruments

Fair value hierarchy

IFRS 13 classifies fair values according to three levels depending on the observability of the input data used in the valuation.

<u>Level 1</u>

Financial instruments classified as Level 1 fair value are quoted in active markets.

A market is considered active if quotes are readily and regularly available from an exchange, broker, dealer, pricing service or regulatory agency. In addition, these prices must represent actual transactions that occur regularly in the market under normal competitive conditions.

In the majority of cases, GACM uses the market price for assets and liabilities identical to those held at the valuation date.

<u>Level 2</u>

Assets reported at fair value in Level 2 have been measured using either directly observable inputs (such as prices) or indirectly observable inputs that are not entity-specific and are publicly available.

The valuation of these assets is based on standard models using observable parameters.

<u>Level 3</u>

The valuation of assets classified in level 3 is based on valuation techniques using unobservable parameters.

The methodologies and models for valuing financial instruments classified in level 2 and level 3 include all the factors that market participants use to calculate a price. The determination of the fair values of these instruments takes into account liquidity risk and counterparty risk.

Derecognition of financial instruments

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

4.3.8 Financing debt

Financing debt includes subordinated liabilities, financing debt represented by securities and financing debt to companies in the banking sector.

Initial recognition

Financing debt is recognized when the Group becomes a party to the contractual provisions of these debts. The amount of financing debt is then equal to their fair value, adjusted, if necessary, for transaction costs directly attributable to the acquisition.

Valuation rule

Subsequently, financing debt is measured at amortized cost using the effective interest rate method.

Derecognition

Financing debt is derecognized when the obligation specified in the contract is extinguished, canceled or expires.

4.3.9 Investment income net of expenses

This income statement item includes all income and expenses relating to insurance company investments. It is detailed hereafter.

Investment income

This item records:

- dividends from shares and other variable income securities, regardless of their IAS 39 category;
- interest received and accrued on fixed income securities (available-for-sale and held-to-maturity) and loans and receivables;
- other investment income, including commissions on financial services, rental income from investment properties and foreign exchange gains;
- dividends from associates;
- amortization of the premium of depreciable assets.

Investment expenses

This item records:

- interest expense on securities sold under repurchase agreements;
- investment management costs, whether directly attributable (commissions on financial services) or by function;
- amortization of discounts on depreciable assets;
- other investment expenses (foreign exchange losses);
- expenses and interest related to the issuance of debt instruments.

Gains and losses from disposal of investments

This item records net gains or losses on the disposal of held-to-maturity securities, available-for-sale securities, loans and receivables and property assets.

In accordance with ANC recommendation no. 2013-05, this item also includes reversals of provisions on available-for-sale securities.

Change in fair value of investments recognized at fair value through profit or loss

This item includes the following income statement items:

- positive and negative value adjustments (unrealized gains and losses) on assets backing unit-linked contracts;
- other changes in fair value of financial assets or liabilities at fair value through profit or loss;
- the gains and losses on disposal realized on financial assets at fair value through profit or loss.

Change in investments impairments

This item includes allowances for and reversals of provisions for impairment of held-to-maturity securities, loans and receivables and property assets. For equity instruments classified as available-for-sale securities, only allowances are recognized.

4.3.10 Insurance policies

Contract categories

Insurance policies

An insurance policy is a contract that states that the insurer accepts a significant insurance risk by agreeing to indemnify the policyholder, or another beneficiary, if a specified uncertain future event adversely affects the policyholder or another beneficiary.

An insurance risk is a risk other than a financial risk.

For each homogeneous portfolio of contracts, the significance of the insurance risk is analyzed.

Investment contracts with a discretionary profit-sharing clause

Contracts that do not expose the insurer to insurance risk or expose it to insignificant insurance risk are classified as investment contracts.

They are qualified as investment contracts with discretionary profit-sharing when the contract holder is entitled to receive, in addition to the minimum guaranteed rate, additional remuneration based on the performance of a portfolio of assets backing the contracts, the amount and rate of distribution of which is at the insurer's discretion.

Investment contracts without discretionary profit-sharing

Investment contracts without profit-sharing clauses are subject to IAS 39 and are accounted for on a deposit basis.

Unit-linked contracts

Unit-linked contracts are recognized according to IFRS 4 when they offer:

- either an investment in euros;
- or a floor guarantee in case of death constituting a material insurance risk for the insurer.

Unit-linked contracts are valued on the liabilities side of the balance sheet in accordance with the value of the investments on the assets side. As a result, the insurer's results are not significantly impacted by changes in the prices of the underlying assets.

On the basis of these criteria, GACM has identified an insignificant number (in terms of value and number) of contracts in euros or unit-linked contracts which, in principle, fall within the scope of IAS 39:

- the unit-linked portion of these contracts is presented under "Technical liabilities arising from unit-linked insurance policies";
- the euro-denominated portion of these contracts is presented under "Technical liabilities arising from investment contracts with discretionary participation features".

Recognition of "Technical liabilities arising from insurance policies" and "Technical liabilities arising from investment contracts with discretionary participation"

IFRS 4 provides that life and non-life technical reserves retained under local consolidation standards are maintained in the IFRS consolidated financial statements subject to their homogeneity, with the exception of equalization provisions as defined by IFRS 4, which are canceled.

The liability adequacy test is conducted in order to identify any shortfall in provisions.

Non-life insurance

The unearned premium reserve recognizes the portion of gross written premiums and premiums remaining to be written relating to the period after the inventory date; it is calculated *pro rata temporis* on a contract by contract basis.

Reserves for claims payable relating to claims incurred, reported or not yet known, are net of estimated recoverables; they include a charge for management expenses determined annually by business line, on a company-by-company basis, on the basis of observed analytical costs.

Claims are recognized in the financial year in which they occur on the basis of declarations when they are known, or estimates otherwise. Reserves for claims payable are measured in accordance with Article 143-10 of ANC Regulation no. 2015-11 and are generally determined on a case-by-case basis.

Provisioning of business interruption guarantees

Conflicting case law on the coverage by insurers of operating losses suffered by activities prohibited from receiving the public led ACM IARD SA to set up a complementary reserve at the end of 2020 for legal contingencies related to the interpretation of the clauses of certain multi-risk professional insurance policies. This provision, assessed on the basis of statistical methods, was reversed in view of the two-year limitation period, to set aside a provision at the end of 2022 for an amount equivalent to the amounts of the claims.

Equalization reserves are restated in full under IFRS, including those intended to address risks and future events characterized by "low frequency" and "high unit cost".

Equalization reserves that are likely to be reintegrated into underwriting income, paid to the policyholder or transferred in the event of a portfolio transfer, are reclassified as a provision for deferred profit sharing, with recognition of a deferred tax asset in the event that they have not been deducted for tax purposes in the annual financial statements.

Equalization reserves for group contracts with creditors are cancelled through the income statement and a deferred tax liability is recorded for the portion deducted for tax purposes in the annual financial statements.

The reserve for increasing risks on health and disability risks, is intended to compensate for the increase in morbidity linked to the age of the policyholders, who pay a level premium. Reserves for increasing risks recorded in the annual financial statements of consolidated companies are not restated in the consolidated financial statements.

Reserves for increasing risks on long-term care contracts are calculated at the technical rate of the tariff with a maximum of 1.0%.

The reserve for outstanding risks is intended to cover, for the period after the inventory, claims and expenses relating to contracts that are not covered by the reserve for unearned premiums; it is calculated per regulatory risk category.

Life insurance

Mathematical reserves

As GACM applies the option provided for by ANC Regulation No. 2020-01, life insurance reserves are then calculated on the basis of discount rates at most equal to the prudently estimated rates of return on the assets allocated to the representation of commitments.

In this context, mathematical reserves in the annual financial statements that meet the criteria defined by the preferential method are maintained in the consolidated financial statements.

The overall management reserves in the annual financial statements to cover a shortfall in future management fees in relation to contract administration costs, are maintained in the consolidated financial statements.

Equalization reserves in the annual financial statements to cover fluctuations in claims on group insurance operations covering the risk of death, are restated as a reserve for profit-sharing, with the recognition of a deferred tax in the event that they are not deductible in the annual financial statements.

Changes in equalization reserves for group contracts with creditors are cancelled through the income statement and a deferred tax liability is recorded for the portion deducted for tax purposes in the annual financial statements.

In the case of creditor insurance policies, a deferred profit-sharing liability has been recognized based on the highly probable payouts of the regulatory minimum profit-sharing on subsequent reversals associated with tax maturities.

The corresponding amounts are discounted at the conservatively estimated rate of return on the assets allocated to represent the commitments; a deferred tax asset is recognized.

Profit-sharing for policyholders

Profit-sharing due, as defined by ANC Regulation 2020-01, and recorded in the separate financial statements, are maintained in the consolidated financial statements.

Unconditional or contingent deferral profit-sharing is treated in accordance with the above regulations. Contingent deferred profit-sharing is only recognized in the consolidated financial statements when there is a strong probability that the event giving rise to the deferred profit-sharing will occur or that the company concerned will make a management decision.

This reserve is supplemented, where appropriate, by the deferred profit sharing resulting from the application of the shadow accounting principle.

Reserve for deferred profit-sharing liability associated with the restatement of the capitalization reserve

ANC Regulation no. 2020-01 states that movements in the capitalization reserve in the annual financial statements are restated in the consolidated financial statements. For profit-sharing contracts, the rights of the policyholders associated with the restatement of the capitalization reserve are recognized by a reserve for deferred profit-sharing liabilities, known as "contingent", in the following two cases:

- if disposals of bonds with capital losses have already been decided at the closing date of the consolidated financial statements;
- or in the event of a "strong probability of realization" of capital losses on the disposal of bonds.

In application of the method defined in ANC Regulation no. 2020-01, the entire capitalization reserve for profit-sharing contracts is maintained in consolidated own funds, unless there is convincing proof of the "strong probability of realization of bond losses in the foreseeable future”.

Under IFRS, and in accordance with § 21 of IFRS 4 on changes in accounting policies, it is possible to apply a different method from the one applied under local standards (ANC Regulation no. 2020-01), if this change makes the financial statements more relevant and not less reliable, or makes them more reliable and not less relevant.

This method consists of allocating a deferred participation liability in the amount of future bond losses, which will be offset in the annual financial statements by symmetrical reversals of the capitalization reserve, to which the average profit-sharing rate of the portfolio at the closing date is applied.

A deferred tax asset is recognized in respect of this reserve for profit sharing, which creates a timing difference given its deductible nature.

Under this method, the capitalization reserve for profit-sharing contracts, which is maintained in IFRS consolidated own funds, is limited to the shareholder's portion of the profit-sharing clauses in the contracts.

The method used is conservative insofar as future losses not anticipated at the reporting date will be offset by a reversal of deferred profit-sharing, with a net impact on the IFRS income statement being limited to the portion attributable to equity holders to the shareholder in these bond losses with regard to the clauses defined in the contracts.

From the perspective of potential future capital losses, reading the performance of profit-sharing contracts is therefore more relevant and justifies the use of this method.

Application of shadow accounting and deferred profit-sharing

Insurance policies or investment contracts with discretionary profit sharing are subject to shadow accounting in accordance with IFRS 4.

This shadow accounting consists of recording the portion of positive or negative revaluations of the financial assets backing these contracts in a deferred profit sharing item.

This deferred profit-sharing is recognized as a liability (technical liabilities of the contracts) or as an asset, with a corresponding entry in the income statement or in the "Revaluation reserve," in the same way as the unrealized gains and losses on the assets on which it is based.

Shadow accounting is applied on the basis of an estimated profit-sharing rate and applied to unrealized gains and losses. This rate takes into account the application of the contractual conditions attached to each profit-sharing calculation product and is determined using the actual profit-sharing rates observed during the financial year. The deferred profit-sharing rate is calculated with reference to the average profit-sharing rate of the contracts; it is updated at each closing.

In the specific case of a net unrealized loss on investments carried at fair value, a deferred profit-sharing asset is recorded only if it is highly probable that it will be offset against future profit-sharing.

The recoverability tests applied in the case of deferred assets from equity investments are in accordance with the CNC recommendation of December 19, 2008.

Liability adequacy tests

In accordance with IFRS 4, the Group ensures at each reporting date that the technical reserves for life and non-life insurance policies are sufficient with regard to the estimated future cash flows of the contracts.

Technical reserves for life insurance policies

In life insurance, the test relates to the mathematical reserves of life insurance policies, grouped by product families with similar characteristics.

The scope of the flows used for the test includes all future contractual cash flows, including management fees, commissions paid and options and guarantees implicit in these contracts.

Concerning the modeling of contracts with discretionary profit-sharing, the stochastic approach is used in order to capture the cost of the options and guarantees of the contracts.

The model used is close to that applied to the Solvency II framework for the calculation of "Best Estimate" reserves, with the exception of fees, which are modeled on the scope of contract-related costs only.

The technical reserves to which the discounted future flows are compared are:

- mathematical reserves;
- reserves for surplus profit-sharing;
- overall management reserves;
- deferred profit sharing liabilities or assets on unrealized gains or losses on assets classified as available-for-sale and at fair value as an option;
- the theoretical profit sharing associated with unrealized gains on securities held to maturity if they were recorded at realizable value;
- the deferred profit sharing liability on the restatement of the capitalization reserve.

If the reserves identified in this way prove to be less than the discounted amount of the future cash flows of the contracts, a complementary reserve is recorded by charging it to profit (loss) for the financial year.

At December 31, 2022, the liability adequacy test did not reveal any shortfalls in reserves.

Technical reserves for non-life insurance policies

Reserves for unexpired risks

Under the French accounting principle applicable to insurance companies, the reserve for unexpired risks is recognized for the amount of the premium shortfall to cover the risks relating to the period after the reporting date. This reserve is maintained in the consolidated financial statements.

Under IFRS consolidation, maintaining the reserve ensures that the risk is adequately covered and therefore satisfies the liability adequacy test.

Creditor insurance (temporary disability and invalidity coverage)

In the specific case of creditor insurance for non-life insurance companies, the adequacy of reserves is verified at each closing by comparing the reserves recorded with those calculated for Solvency II reporting purposes.

No shortfall was noted as of December 31, 2022.

Recognition of revenues from insurance policies

Premiums

Earned premiums for life insurance policies and investment contracts with discretionary participation consist of the gross written premiums on outstanding contracts, net of cancelations, and the change in earned premiums not yet written.

Written premiums from non-life policies correspond to gross written premiums excluding tax, gross of reinsurance, net of cancellations, the change in premiums still to be written and the change in premiums to be cancelled. Earned premiums consist of gross written premiums adjusted for changes in unearned premium reserves.

Insurance policy servicing expenses

Expenses for life insurance policies and investment contracts with discretionary profit-sharing include benefits that give rise to payment to the beneficiary, costs incurred in connection with the management and settlement of benefits, and changes in technical reserves.

The cost of benefits from non-life insurance policies includes benefits and expenses paid, net of recoverables for the financial year, expenses and commissions related to claims handling and settlement of benefits, and changes in technical reserves.

Deferred acquisition costs and charges

The calculation of deferred acquisition costs in the annual financial statements of non-life insurance companies is consistent with the method of calculating unearned gross written premiums for the financial year (calculation is *pro rata temporis* on a contract-by-contract basis) and corresponds to the valuation method recommended for the preparation of the consolidated financial statements. Consequently, the costs deferred by the non-life companies are not restated in consolidation.

Consolidated life insurance companies do not report any expenses in their annual financial statements. The same applies to the consolidated financial statements.

Reinsurance operations

Direct and reinsurance business

Premiums, claims and reserves are recorded gross of outward reinsurance.

Accordingly, the share of outward reinsurance is identified in the separate items of income and expenses from outward reinsurance.

The share of reinsurers in the technical reserves is recorded as an asset.

No reinsurance policies within GACM are subject to IAS 39.

Accepted reinsurance

Acceptance contracts are accounted for as direct insurance policies.

No reinsurance policies have characteristics (such as the absence of risk transfer) that would lead to their classification as financial contracts under IAS 39.

4.3.11 Overheads by destination

IAS 1 authorizes general operating expenses to be presented by function. This is also the presentation recommended for insurance by ANC recommendation no. 2013-05 of November 7, 2013.

Thus, expenses by type are allocated or broken down by function: acquisition expenses, administration expenses, claims handling costs, investment management expenses, other technical expenses and non-technical expenses.

4.3.12 Other reserves

In accordance with IAS 37, GACM identifies obligations (legal or implicit) arising from a past event for which it is probable that an outflow of resources will be required to settle the obligation, the timing or amount of which is uncertain but which can be reliably estimated.

The reserves concern in particular:

- legal disputes;
- operational risks;
- employee benefits.

As of December 31, 2022, the GACM had not identified any contingent liabilities. In particular, the review of the provisions of IFRIC 23 did not result in the recognition of provisions for risks.

4.3.13 Defined-benefit post-employment benefits

These are mainly retirement benefits. These commitments are calculated, in accordance with IAS 19, using the projected unit credit method, which consists of allocating entitlements to periods of service in accordance with the contractual formula for calculating plan benefits, and then discounted from demographic and financial assumptions, in particular:

- a discount rate determined by reference to the long-term rate of private sector borrowing based on the term of the commitments;
- salary increase rates;
- employee mobility rates;
- a mortality law, the INSEE TF 00-02 table.

Differences arising from changes in these assumptions, and from differences between previous assumptions and actual experience, constitute actuarial gains and losses. When the plan has assets, these are measured at fair value and impact the profit (loss) for their expected return. The difference between the actual return and the expected return is also an actuarial gain and loss.

4.3.14 Defined-contribution post-employment benefits

The employees of GIE ACM, and more generally the employees of Crédit Mutuel Alliance Fédérale, benefit from supplementary pension cover provided by ACM VIE SA in addition to the compulsory pension plans.

Since January 1, 2021, the Group's employees benefit from a new PER-type supplementary pension scheme, the Groupes Assurances Retraite PERO, also provided by ACM VIE SA.

In addition, through ACM VIE SA, GACM manages all rights acquired by Group employees before January 1, 2021 within three L441-type pension schemes by capitalization of points (with reference to the articles of the *Code des assurances* (French Insurance Code) that defines them). These three plans are now in run-off mode.

The technical reserve for these cantons is the special technical reserve (STR).

The STR is defined as the reserve from which benefits are paid and to which the contributions paid, net of charges, are allocated as well as the finance income of the plan net of management charges.

In addition, GACM calculates each year in its consolidated financial statements the theoretical mathematical reserves (TPBR) that will be required to ensure the payment of immediate and deferred life annuities based on the service value at the inventory date. This TPBR is calculated according to the rules defined by the regulatory reform that emerged in 2017 (Order 2017-484 of April 6, 2017 and Decree 2017-1172 of July 18, 2017). The TPBR is thus calculated for each member on the basis:

- of a yield curve provided by EIOPA on the reporting date;
- of the TH-05 and TF-O5 tables by generation and gender approved by the order of August 1, 2006.

If the resulting TPBR is greater than the sum of the Special Technical Reserve and the unrealized capital gains, a Special Complementary Technical Reserve is established.

4.3.15 Taxes

In accordance with IAS 12, income tax includes all taxes on income, whether current or deferred.

It defines current tax as "the amount of income taxes payable (recoverable) in respect of taxable income (tax loss) for a financial year". Taxable income is the profit (or loss) of a financial year determined according to the rules established by the tax authorities.

The rates and rules applicable to determine the income tax expense payable are those in force in each country in which GACM subsidiaries are located.

Current tax refers to any income tax due or receivable, the payment of which is not contingent on the occurrence of future transactions, even if the payment is spread over several financial years.

Current tax, until it is paid, must be recognized as a liability. If the amount already paid for the current and prior financial years exceeds the amount due for those years, the excess should be recognized as an asset.

In addition, certain transactions carried out by the entity may have tax consequences that are not taken into account in determining the tax payable. Differences between the carrying amount of an asset or liability and its tax base are referred to as temporary differences under IAS 12.

The standard requires the recognition of deferred taxes in the following cases:

- a deferred tax liability must be recognized for all taxable temporary differences between the carrying amount of an asset or liability and its tax base;
- a deferred tax asset must be recognized for all deductible temporary differences, between the carrying amount of an asset or liability on the balance sheet and its tax base, to the extent that it is probable that taxable income, on to which these deductible temporary differences can be allocated will be available;
- a deferred tax asset must also be recognized for the carryforward of tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available on which these tax losses and tax credits will be charged.

The tax rates used are those applicable in each country.

The Group’s current tax rate for French entities is 25.83%, including social contributions.

The calculation of deferred taxes is not discounted.

Current and deferred taxes are recognized in net profit (loss) for the financial year except when the tax is generated:

- either by a transaction or event which is recognized directly in other comprehensive income; or
- by a business combination.

4.3.16 Other receivables, other payables

Other receivables mainly include receivables from the French State and social organizations, as well as prepaid expenses.

Other payables mainly include payables to suppliers and social security organizations, as well as margin calls on repurchase agreements.

4.3.17 Cash and cash equivalents

Cash includes cash on hand. Cash equivalents are short-term liquid investments that are readily convertible into cash and have low volatility.

4.3.18 Foreign currency transactions

Transactions in foreign currencies are converted at the rate on the date of the transaction.

For the presentation of assets and liabilities denominated in foreign currencies, IAS 21 distinguishes between monetary and non-monetary items.

At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated into euros at the closing rate. Translation differences resulting from this conversion are recognized in profit or loss, with the exception of changes in exchange rate on unrealized gains and losses on available-for-sale securities, which have a corresponding impact on the revaluation reserve on available-for-sale securities.

Non-monetary assets and liabilities carried at historical cost are valued at the exchange rate of the date of the transaction.

Impairment losses on assets denominated in foreign currencies are calculated on a euro basis.

4.3.19 IFRS 5 – Non-current assets held for sale and discontinued operations

A non-current asset (or group of assets held for sale) is classified as held for sale if its carrying amount will be recovered principally through disposal rather than through continuing use.

The asset or group of assets held for sale must be available for immediate sale in its present condition and the sale must be highly probable.

The assets and liabilities concerned are segregated in the balance sheet under "assets of operations held for sale or discontinued operations" and "liabilities of operations held for sale or discontinued operations”.

These non-current assets (or groups of assets held for sale) are valued at the lower of:

- their carrying amount;
- their fair value less disposal costs.

In the event of an unrealized loss, an impairment loss is recorded in the income statement, and the assets cease to be depreciated as from their reclassification.

A discontinued operation is any component that the Group has disposed of or that is classified as held for sale and which is in one of the following situations:

- it represents a separate major business line or geographic region;
- it is part of a single, coordinated plan to divest from a separate major line of business or geographic area;
- it is a subsidiary acquired exclusively with a view to resale.

Presented on a separate line of the income statement are:

- the net profit (loss) after taxes of discontinued operations until the date of disposal;
- the gain or loss after tax on the disposal or measurement at fair value less costs to sell assets and liabilities of discontinued operations.

4.4 Consolidation principles and methods

4.4.1 Scope of consolidation

Control

IFRS 10 defines the concept of control on the basis of the following three criteria:

- the decision-making power over the entity in question;
- whether any benefits are obtained by the group in its relationship with the entity;
- the link between decision-making power and the benefits obtained from the entity in question.

4.4.2 Consolidation methods

The consolidation methods used by GACM result from the application of IFRS 10 and IAS 28.

Full consolidation

The financial statements of companies over which the Group directly or indirectly exercises control are fully consolidated.

Control is deemed to exist where the Group directly or indirectly holds more than 50% of the voting rights of the subsidiary; it is also deemed to exist where the Group directly or indirectly holds at least 40% of the voting rights, provided that no other shareholder holds more than 40% of the voting rights.

Mutual insurance companies controlled by GACM are fully consolidated. GACM signed in 2016 an affiliation agreement with each of the following two mutual insurance companies:

- ACM VIE SAM, the Group’s long-standing mutual insurance company governed by the *Code des assurances* (French Insurance Code);
- MTRL, a mutual health insurance company in the Lyon region, governed by the *Code de la mutualité* (French Mutual Code).

These agreements formalize the contractual arrangements for the strong and lasting financial relationship between the mutual insurance companies and the GACM insurance group to which they are historically attached.

Equity-accounted

Companies in which the Group holds between 20% and 50% of the voting rights (or 40%, as the case may be, under the conditions indicated above), and companies over which the Group exercises significant influence, are consolidated using the equity method.

4.4.3 Reporting date

The accounts and balance sheets used to prepare the consolidated financial statements are those presented for the approval of the General Meetings, except for certain companies which publish their final financial statements after the preparation of the consolidated balance sheet.

The differences between the financial statements used and the final financial statements will be assessed in the following financial year's profit (loss).

4.4.4 Intercompany transactions within the scope of consolidation

Significant transactions between fully consolidated companies have been eliminated, including:

- reciprocal receivables and payables as well as reciprocal income and expenses;
- internal reinsurance transactions, restated on the basis of the data recorded by the ceding company;
- brokerage or intermediation transactions;
- allowances to provisions for impairment of investments made by the company holding the securities and, where applicable, allowances for contingencies and expenses made in respect of losses incurred by wholly-owned companies;
- the capital gains and losses on intra-group disposals;
- the gains and losses on mergers of consolidated companies;
- dividends received intra-group;
- the profit (loss) realized on portfolio transfers between consolidated companies;
- transactions impacting commitments received and given.

When eliminated capital gains or losses on insurance investments have created reliably identified and enforceable rights in favor of policyholders, these rights are neutralized in the income statement and in the consolidated balance sheet by recognizing a "provision for unconditional deferred profit-sharing of policyholders”.

4.4.5 Foreign currency translation of financial statements

All consolidated entities use the euro as the functional currency and as the presentation currency of their annual financial statements, with the exception of the insurance company ASTREE SA, whose financial statements are prepared in Tunisian dinars.

The financial statements are translated into euros, the currency of the consolidating company, using the closing rate for the balance sheet and the average rate for the income statement.

Translation differences are recorded in equity under "Gains and losses recognized directly in equity".

4.5 Subsequent events

None.

4.6 Segment information

4.6.1 Segment balance sheet

(in thousands of euros)	Life France	Non-Life France	International	Other activities France	IG eliminations	Total
						12/31/2022
Goodwill	38,467	1,206	-	26,402	-	66,074
Value of purchased business in force	712	-	-	-	-	712
Other intangible assets	-7,897	-686	8,600	20	-	37
Intangible assets	**31,282**	**520**	**8,600**	**26,422**	**-**	**66,824**
Investment property	71,831	45	-	2,590,136	-	2,662,012
Unit-linked investment property	-	-	-	-	-	-
Financial investments - Equities and other variable income securities	26,970,690	1,949,080	250,609	1,710,794	-2,645,695	28,235,478
Financial investments - Real estate equity and funds	4,245,194	246,266	25,043	-	-1,776,476	2,740,027
Financial investments - Bonds	62,882,802	4,752,333	1,197,032	96	-	68,832,263
Financial investments - Loans and deposits	9,480,967	661,802	9,091	-	-8,649	10,143,211
Financial assets for unit-linked contracts	16,530,858	-	347,202	-	-	16,878,060
Derivatives and separate embedded derivatives	-	-	-	-	-	-
Other investments	-44,235	16	-21,997	66,029	187	-
Investments from insurance activities	**120,138,107**	**7,609,542**	**1,806,980**	**4,367,055**	**-4,430,633**	**129,491,051**
Investments from banking and other activities	**-**	**-**	**359,383**	**4,741,150**	**-4,156,579**	**943,954**
Investments in equity-accounted companies	**-**	**-**	**15,272**	**-**	**-**	**15,272**
Share of reinsurers and retrocessionaires in insurance policy and investment contract liabilities	**6,093**	**553,085**	**103,594**	**-**	**-261,222**	**401,550**
Operating property and other property, plant and equipment	67	1,382	9,758	120,848	-	132,055
Deferred acquisition costs	-	41,957	-	-	-5,232	36,725
Deferred policyholders' participation assets	-	-	47,768	-	-	47,768
Deferred tax assets	630,633	104,607	20,047	10,346	-	765,633
Receivables arising from direct insurance and inward reinsurance operations	52,851	226,391	9,825	-	-1,568	287,499
Receivables arising from outward reinsurance operations	814	77,826	424	-	-1,538	77,526
Current tax receivables	13,857	21,707	2,421	41,364	-39,430	39,919
Other receivables	1,470,904	210,584	8,706	164,361	-229,593	1,624,962
Other assets	**2,169,126**	**684,454**	**98,949**	**336,919**	**-277,361**	**3,012,087**
Assets of operations held for sale or discontinued *	**-**	**-**	**1,072,426**	**-**	**-**	**1,072,426**
Cash and cash equivalents	**26,368**	**1,793**	**47,088**	**76,179**	**-**	**151,428**
TOTAL ASSETS	**122,370,976**	**8,849,394**	**3,512,292**	**9,547,725**	**-9,125,795**	**135,154,592**

* IFRS 5 - disposal underway of GACM España and its subsidiaries

(in thousands of euros)	Life France	Non-Life France	International	Other activities France	IG eliminations	Total
						12/31/2022
Share capital	-	-	-	1,241,035	-	1,241,035
Issue, merger and contribution premiums	-	-	-	1,154,349	-	1,154,349
Gains and losses recognized directly in equity	-541,188	-240,980	-107,279	233,585	-	-655,862
Retained earnings	6,523,148	2,003,075	1,032,751	5,231,892	-8,359,533	6,431,334
Consolidated net profit (loss) for the financial year	359,510	191,775	17,176	266,712		835,173
Shareholders' equity – Group share	**6,341,470**	**1,953,870**	**942,649**	**8,127,573**	**-8,359,533**	**9,006,029**
Gains and losses recognized directly in equity	-2	-8,392	-1,208	-	-	-9,601
Retained earnings excluding group	15	68,447	8,938	12,355	-12,713	77,041
Net profit (loss) excluding group	1	6,640	465	666	-	7,771
Non-controlling interests	**15**	**66,694**	**8,194**	**13,020**	**-12,713**	**75,210**
Total own funds	**6,341,485**	**2,020,564**	**950,843**	**8,140,594**	**-8,372,247**	**9,081,239**
Provisions for contingencies and expenses	**42,623**	**7,347**	**1,473**	**-4,961**	**-**	**46,482**
Subordinated debt	806,045	-	-	754,870	-	1,560,915
Debt securities	-	-	-	-	-	-
Debt financing of banking sector companies	-	-	-	161,079	-	161,079
Other financing debt	9,307,299	627,919	6,955	239,639	-206,431	9,975,381
Financing debt	**10,113,344**	**627,919**	**6,955**	**1,155,588**	**-206,431**	**11,697,375**
Technical liabilities arising from insurance policies	*4,993,423*	*5,777,782*	*208,063*	-	*-261,426*	*10,717,843*
Technical liabilities arising from unit-linked insurance policies	*16,453,699*	-	*347,202*	-	-	*16,800,901*
Technical liabilities arising from insurance policies	21,447,122	5,777,782	555,265	-	-261,426	27,518,744
Technical liabilities arising from investment contracts with discretionary participation features	*83,125,505*	-	*1,188,461*	-	-	*84,313,966*
Technical liabilities arising from investment contracts without discretionary participation features	-	-	-	-	-	-
Liabilities related to unit-linked investment contracts	-	-	-	-	-	-
Technical liabilities arising from insurance policies	83,125,505	-	1,188,461	-	-	84,313,966
Separate derivatives on contracts	131,927	8,881	-	-	-	140,808
Deferred profit-sharing liabilities	1,007,864	15,206	-1	-	-	1,023,070
Policy liabilities	**105,712,419**	**5,801,869**	**1,743,725**	**-**	**-261,426**	**112,996,587**
Liabilities arising from banking activities	**-**	**-**	**-**	**-**	**-**	**-**
Deferred tax liabilities	-	-	1	-1	-	-
Due to holders of consolidated mutual funds shares	-	-	-	-	-	-
Operating debt securities	-	-	-	-	-	-
Operating debt to banking sector companies	-	-	-	-	-	-
Payables arising from direct insurance and inward reinsurance operations	68,461	58,565	19,111	-	-4,917	141,220
Payables arising from outward reinsurance operations	1,556	142,913	135	-	-9,017	135,587
Current tax payables	420	6,615	1,647	36,287	-39,430	5,539
Derivative liabilities	-	-	-	-	-	-
Current accounts payable	1,355	5,645	-	-	-	7,000
Other debts	89,312	177,957	89,661	220,218	-232,327	344,821
Other liabilities	**161,105**	**391,695**	**110,555**	**256,504**	**-285,691**	**634,168**
Liabilities of operations held for sale or discontinued *	**-**	**-**	**698,741**	**-**	**-**	**698,741**
TOTAL LIABILITIES	**122,370,976**	**8,849,394**	**3,512,292**	**9,547,725**	**-9,125,795**	**135,154,592**

* IFRS 5 - disposal underway of GACM España and its subsidiaries

4.6.2 Segment income statement

(in thousands of euros)	12/31/2022					
	Life France	Non-Life France	International	Other activities France	IG eliminations	Total
Gross written premiums	*8,817,906*	*4,064,090*	*607,788*	*-*	*-207,642*	*13,282,142*
Change in unearned premiums	*-281*	*-23,514*	*575*	*-*	*-685*	*-23,905*
Premiums earned	8,817,625	4,040,576	608,363	-	-208,327	13,258,237
Net banking income, net of cost of risk	-	-	-	-	-	-
Revenue or income from other activities	-	-	30,804	148,657	-27,221	152,240
Other operating income and expenses	-69,567	4,879	-6,383	-	707	-70,364
Investment income	*2,481,683*	*142,705*	*70,325*	*48,860*	*-1,768*	*2,741,805*
Investment expenses	*-70,872*	*-8,126*	*-25,074*	*-4,816*	*1,143*	*-107,745*
Gains and losses on disposals of investments net of reversals of impairment and amortization charges	*189,399*	*15,885*	*-30,557*	*-348*	*-*	*174,379*
Change in fair value of investments recognized at fair value through profit or loss	*-3,061,976*	*-43,588*	*-47,653*	*207,546*	*-*	*-2,945,671*
Change in investments impairments	*-94,379*	*-6,886*	*629*	*-*	*-*	*-100,636*
Investment income net of expenses	-556,145	99,990	-32,330	251,242	-625	-237,868
Insurance policy servicing expenses	-6,392,572	-3,077,246	-350,558	-	160,650	-9,659,727
Income from outward reinsurance	*-3,888*	*-249,446*	*-65,861*	*-*	*206,302*	*-112,893*
Expenses from outward reinsurance	*2,451*	*348,794*	*66,082*	*-*	*-211,201*	*206,126*
Net expenses and income from outward reinsurance	-1,437	99,348	221	-	-4,899	93,233
Banking operating expenses	-	-	-	-	-	-
Expenses from other activities	-	-	-32,640	-115,296	5,340	-142,596
Contract acquisition costs	-726,395	-709,233	-157,214	-	23,253	-1,569,589
Amortization of value of in-force business and similar	-	-	-5,899	-	-	-5,899
Administration costs	-544,544	-160,953	-29,250	-	64,233	-670,514
Other current operating income	2,232	1,230	14,100	1,224	-15,778	3,008
Other current operating expenses	-	-	-14,353	-525	2,667	-12,211
Current operating income	**529,197**	**298,591**	**24,861**	**285,302**	**-**	**1,137,950**
Other operating income	1,566	800	929	15,091	-	18,386
Other operating expenses	-3,932	-6,603	-3,735	-7,867	-	-22,137
Operating income	**526,831**	**292,788**	**22,055**	**292,526**	**-**	**1,134,199**
Financing expense	-25,283	-	-	-14,388	-	-39,671
Share in profit (loss) of equity-accounted companies	-	-	1,567	-	-	1,567
Income tax	-142,036	-94,373	-5,983	-10,760	-	-253,153
Profit (loss) after tax of discontinued operations	-	-	-	-	-	-
CONSOLIDATED NET PROFIT (LOSS)	**359,511**	**198,414**	**17,641**	**267,377**	**-**	**842,943**
Non-controlling interests	-1	-6,640	-465	-666	-	-7,771
Consolidated net profit (loss) - Group share	**359,510**	**191,775**	**17,176**	**266,711**	**-**	**835,173**

4.7 Notes to the balance sheet

4.7.1 Goodwill

(in thousands of euros)	12/31/2021	Acquisitions	Disposals	Loss of value	IFRS 5 *	12/31/2022
Gross value						
Life France	54,982	-	-	-	-	54,982
Non-Life France	6,231	-	-	-	-	6,231
International	80,023	-	-	-	-65,735	14,288
Other	26,552	-	-	-	-	26,552
Total	**167,788**	**-**	**-**	**-**	**-65,735**	**102,053**
Loss of value						
Life France	-16,515	-	-	-	-	-16,515
Non-Life France	-5,026	-	-	-	-	-5,026
International	-16,620	-	-	-5,899	8,231	-14,288
Other	-150	-	-	-	-	-150
Total	**-38,310**	**-**	**-**	**-5,899**	**8,231**	**-35,978**
Net value						
Life France	38,467	-	-	-	-	38,467
Non-Life France	1,205	-	-	-	-	1,205
International	63,403	-	-	-5,899	-57,504	-
Other	26,402	-	-	-	-	26,402
Total	**129,477**	**-**	**-**	**-5,899**	**-57,504**	**66,074**

** IFRS 5 - disposal underway of GACM España and its subsidiaries.*

Impairment of €900 thousand had been recognized at June 30, 2022 (AMGEN SEGUROS) resulting from the lower volume of business expected under the commercial contract signed with RACC.

In addition, the ACMs opted to write down their goodwill on PARTNERS by €5.0 million at December 31, 2022, thus reflecting the changes in assumptions and outlook in terms of revenues in the financial statements.

(in thousands of euros)	12/31/2020*	Acquisitions	Disposals	Loss of value	Currency translation adjustment	12/31/2021
Gross value						
Life France	54,982	-	-	-	-	54,982
Non-Life France	6,231	-	-	-	-	6,231
International	80,023	-	-	-	-	80,023
Other	26,552	-	-	-	-	26,552
Total	**167,788**	**-**	**-**	**-**	**-**	**167,788**
Loss of value						
Life France	-16,515	-	-	-	-	-16,515
Non-Life France	-5,026	-	-	-	-	-5,026
International	-12,816	-	-	-3,804	-	-16,620
Other	-150	-	-	-	-	-150
Total	**-34,506**	**-**	**-**	**-3,804**	**-**	**-38,310**
Net value						
Life France	38,467	-	-	-	-	38,467
Non-Life France	1,205	-	-	-	-	1,205
International	67,207	-	-	-3,804	-	63,403
Other	26,402	-	-	-	-	26,402
Total	**133,281**	**-**	**-**	**-3,804**	**-**	**129,477**

(*) Including a downward reclassification, at opening, of the gross value and the depreciation (with no impact on the net amount) of €121,725 thousand.

The breakdown of goodwill by cash-generating unit is as follows:

(in thousands of euros)	12/31/2022	12/31/2021
Net value		
SÉRÉNIS ASSURANCES SA	1,205	1,205
ACM COURTAGE SAS	183	183
ACM VIE SA	38,467	38,467
FONCIÈRE MASSÉNA SA	26,219	26,219
PARTNERS ASSURANCES SA	-	4,999
GACM SEGUROS, COMPAÑÍA DE SEGUROS Y REASEGUROS, SAU *	-	45,655
AGRUPACIÓ AMCI D'ASSEGURANCES I REASSEGURANCES SA *	-	11,553
ATLANTIS VIDA, COMPAÑÍA DE SEGUROS Y REASEGUROS SA *	-	1,196
Total	**66,074**	**129,477**

* IFRS 5 - disposal underway of GACM España and its subsidiaries

4.7.2 Value of in-force business and other intangible assets

(in thousands of euros)	12/31/2021	Acquisitions / Allowances	Disposals / Decreases	IFRS 5 *	12/31/2022
Value of in-force business	45,370	-	-	-	45,370
Business goodwill	12,755	-	-	-11,961	794
Leasehold rights	418	-	-418	-	-
Concessions and similar rights	2,653	34	-	-2,378	309
Other	20,448	-	-5	-1,144	19,299
Gross value	**81,645**	**34**	**-423**	**-15,483**	**65,773**
Amortization of portfolio securities	-44,658	-	-	-	-44,658
Business goodwill	-3,418	-	-	2,624	-794
Leasehold rights	-	-	-	-	-
Concessions and similar rights	-2,451	-111	-	2,276	-286
Other	-20,357	-59	-	1,133	-19,283
Depreciation, amortization and impairment	**-70,884**	**-170**	**-**	**6,033**	**-65,021**
Other net intangible assets	**10,760**	**-136**	**-423**	**-9,450**	**751**

** IFRS 5 - disposal underway of GACM España and its subsidiaries*

(in thousands of euros)	12/31/2020	Acquisitions / Allowances	Disposals / Decreases	12/31/2021
Value of in-force business	45,370	-	-	45,370
Business goodwill	12,785	-	-30	12,755
Leasehold rights	418	-	-	418
Concessions and similar rights	2,567	86	-	2,653
Other	20,432	16	-	20,448
Gross value	**81,573**	**102**	**-30**	**81,645**
Amortization of portfolio securities	-42,018	-2,640	-	-44,658
Business goodwill	-3,449	-	31	-3,418
Leasehold rights	-	-	-	-
Concessions and similar rights	-2,335	-116	-	-2,451
Other	-20,298	-59	-	-20,357
Depreciation, amortization and impairment	**-68,100**	**-2,815**	**31**	**-70,884**
Other net intangible assets	**13,472**	**-2,713**	**1**	**10,760**

4.7.3 Investment property

(in thousands of euros)	12/31/2021	Change in scope	Increases/Decreases Allowances/Reversals	IFRS 5 *	Other changes	12/31/2022
Gross value	3,192,134	-	45,797	-51,328	-	3,186,603
Depreciation, amortization and impairment	-464,771	-	-67,049	7,229	-	-524,591
Net value of investment property	**2,727,363**	**-**	**-21,252**	**-44,099**	**-**	**2,662,012**

* IFRS 5 - disposal underway of GACM España and its subsidiaries

(in thousands of euros)	12/31/2020	Change in scope	Increases/Decreases Allowances/Reversals	Currency translation adjustment	Other changes	12/31/2021
Gross value	3,131,822	-	60,312	-	-	3,192,134
Depreciation, amortization and impairment	-425,083	-	-39,688	-	-	-464,771
Net value of investment property	**2,706,739**	**-**	**20,624**	**-**	**-**	**2,727,363**

4.7.4 Fair value of investment property

(in thousands of euros)	12/31/2022	12/31/2021
Carrying amount	2,662,012	2,727,363
Market value	3,591,747	3,767,607
Net gains or losses on investment property	**929,735**	**1,040,244**

4.7.5 Financial investments by type

The fair value of a financial instrument is the amount for which an asset could be exchanged or a liability settled between knowledgeable, consenting parties in an arm's length transaction.

The fair value amounts indicated below represent the valuations at the reporting date. They are therefore likely to change over time due to changing market conditions or other factors.

	12/31/2022	
(in thousands of euros)	Carrying amount	Fair value
Equities and other variable income securities	19,460,263	19,460,263
Financial investments – Real estate equity and funds	672,057	672,057
Bonds and other fixed income securities	61,777,302	61,777,302
Assets available for sale	**81,909,621**	**81,909,621**
Financial investments – Real estate equity and funds	488,664	489,239
Bonds and other fixed income securities	5,480,706	5,200,603
Assets held until maturity	**5,969,370**	**5,689,841**
Equities and other variable income securities (1)	8,775,215	8,775,215
Financial investments – Real estate equity and funds	1,579,306	1,579,306
Bonds and other fixed income securities	1,574,256	1,574,256
Financial assets at fair value through profit or loss by type or on option	**11,928,777**	**11,928,777**
Loans and receivables	10,143,211	10,143,211
Financial investments	**109,950,979**	**109,671,451**
Investment property	2,662,012	3,591,747
Derivatives	-	-
General fund investments (A)	**112,612,991**	**113,263,198**
Unit-linked contract investments (B)	**16,878,060**	**16,878,060**
Total (A) + (B) (2)	**129,491,051**	**130,141,258**

(1) Of which money market mutual funds: €3,142,671 thousand.
(2) Of which structured products: €5,166,336 thousand (fair value).

(in thousands of euros)	12/31/2021	
	Carrying amount	Fair value
Equities and other variable income securities	20,561,766	20,561,766
Financial investments – Real estate equity and funds	685,788	685,788
Bonds and other fixed income securities	73,148,173	73,148,173
Assets available for sale	**94,395,728**	**94,395,728**
Financial investments – Real estate equity and funds	500,119	500,119
Bonds and other fixed income securities	6,493,597	7,125,139
Assets held until maturity	**6,993,716**	**7,625,258**
Equities and other variable income securities (1)	9,690,520	9,690,520
Financial investments – Real estate equity and funds	1,567,348	1,567,348
Bonds and other fixed income securities	2,290,319	2,290,319
Financial assets at fair value through profit or loss by type or on option	**13,548,186**	**13,548,186**
Loans and receivables	8,502,190	8,502,190
Financial investments	**123,439,820**	**124,071,362**
Investment property	2,727,363	3,767,607
Derivatives	-	-
General fund investments (A)	**126,167,183**	**127,838,969**
Unit-linked contract investments (B)	**18,096,451**	**18,096,451**
Total (A) + (B) (2)	**144,263,634**	**145,935,421**

(1) Of which money market mutual funds: €4,033,095 thousand.
(2) Of which structured products: €6,086,858 thousand (fair value).

Unit-linked financial investments break down as follows:

(in thousands of euros)	12/31/2022	12/31/2021
	Net value	Net value
Investments property	1,093,478	1,075,555
Amortizable securities and similar	2,394,008	2,450,032
Equities	152,977	179,848
Mutual fund shares	7,393,686	8,593,480
Mutual fund bonds	1,848,958	1,379,454
Other mutual funds	3,994,953	4,418,083
Total	**16,878,060**	**18,096,451**

The IFRS 4 amendment of September 2016 allows insurance groups to defer the application of IFRS 9.

In accordance with paragraphs 39E and 39G of this amendment to IFRS 4, the notes to the consolidated financial statements are required to disclose the following information. Note that this information is presented excluding unit-linked, which will be accounted for under IFRS 9 as an irrevocable option at fair value through profit or loss.

Share of SPPI by management intention in market value:

The rating used corresponds to the second best of the three ratings: Standard & Poor's, Moody's and Fitch.

(in thousands of euros)	Assets available for sale	Assets held until maturity	Financial assets at fair value through profit or loss	Loans and receivables	Total
AAA	4,785,489	862,062	-	7,095,296	12,742,848
AA+	1,890,154	311,341	-	895,000	3,096,495
AA	16,647,380	3,057,708	-	460,000	20,165,088
AA-	7,168,404	487,895	-	450,859	8,107,157
A+	4,481,178	102,389	-	696,082	5,279,650
A	3,858,447	64,739	-	-	3,923,186
A-	8,553,845	53,542	43,618	-	8,651,005
BBB+	6,929,103	27,739	438	-	6,957,280
BBB	4,176,731	169,897	-	-	4,346,628
BBB-	490,551	-	-	-	490,551
BB+	112,314	-	-	-	112,314
BB	143,702	-	-	-	143,702
BB-	-	-	-	-	-
B+	-	-	-	-	-
B	-	-	-	-	-
B-	-	-	-	-	-
Not rated	776,766	63,291	-	667,470	1,507,526
Total 12/31/2022	**60,014,064**	**5,200,603**	**44,056**	**10,264,706**	**75,523,430**
Total 12/31/2021	**69,978,283**	**7,104,949**	**53,017**	**8,727,528**	**85,863,777**

Amount of assets held to maturity in SPPI:

			12/31/2022	12/31/2021
(in thousands of euros)	Carrying amount	Fair value	Gains or losses unrealized	Gains or losses unrealized
Assets held until maturity	5,480,706	5,200,603	-280,104	631,317

The revaluation recognized directly in equity of available-for-sale SPPI financial assets (€4,347,388 thousand the previous year) amounted to -€8,259,263 thousand.

4.7.6 Fair value of financial instruments carried at amortized cost

Fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability in a normal transaction between market participants at the valuation date.

Fair value is based on the sales price (concept of exit price).

The fair value amounts shown below represent valuations made at the reporting date using observable market data wherever possible. They are likely to change during other periods due to changing market conditions or other factors.

The calculations made represent the best estimate that could be made. It is based on a number of valuation models and assumptions. It supposes that market participants act in their best economic interest. To the extent that these models present uncertainties, the fair values used may not be realized upon the actual sale or immediate settlement of the financial instruments concerned.

The fair value hierarchy of financial instruments is broken down according to the general criteria of observability of the inputs used in the valuation, in accordance with the principles defined by IFRS 13:

- Level 1: fair values are equal to the prices (unadjusted) on an active market;
- Level 2: fair values measured using directly or indirectly observable inputs other than Level 1 inputs;
- Level 3: fair values measured using non-observable data.

The characteristics of these fair value levels are detailed in the paragraph on determining the fair value of financial instruments ("Fair value hierarchy”).

	12/31/2022		Prices quoted on active markets for identical instruments:	Valuation based on observable market inputs:	Valuation based on unobservable market inputs:
(in thousands of euros)	Carrying amount	Fair value	Level 1	Level 2	Level 3
Loans and receivables	**10,143,211**	**10,143,211**	**-**	**10,143,211**	**-**
Loans	12,779	12,779	-	12,779	-
Advances and deposits	36,844	36,844	-	36,844	-
Other loans and receivables	10,093,588	10,093,588	-	10,093,588	-
Held-to-maturity financial assets	**5,969,370**	**5,689,841**	**5,110,404**	**579,438**	**-**
Financial investments – Real estate equity and funds*	488,664	489,239	-	489,239	-
Government securities and similar securities	4,907,616	4,700,764	4,610,565	90,199	-
Bonds and other fixed income securities	573,090	499,839	499,839	-	-
Total	**16,112,581**	**15,833,052**	**5,110,404**	**10,722,649**	**-**

* Loans or advances granted to the Group's real estate subsidiaries.

(in thousands of euros)	12/31/2021		Prices quoted on active markets for identical instruments:	Valuation based on observable market inputs:	Valuation based on unobservable market inputs:
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Loans and receivables	**8,502,190**	**8,502,190**	**-**	**8,502,190**	**-**
Loans	6,101	6,101	-	6,101	-
Advances and deposits	79,214	79,214	-	79,214	-
Other loans and receivables	8,416,875	8,416,875	-	8,416,875	-
Held-to-maturity financial assets	**6,993,716**	**7,625,258**	**6,939,188**	**686,069**	**-**
Financial investments – Real estate equity and funds*	500,119	500,119	-	500,119	-
Government securities and similar securities	5,526,606	6,114,852	6,012,418	102,434	-
Bonds and other fixed income securities	966,991	1,010,287	926,771	83,516	-
Total	**15,495,906**	**16,127,448**	**6,939,188**	**9,188,259**	**-**

* Loans or advances granted to the Group's real estate subsidiaries.

4.7.7 Financial instruments recognized at fair value

	12/31/2022			
	Prices quoted on active markets for identical instruments:	Valuation based on observable market inputs:	Valuation based on unobservable market inputs:	Total
(in thousands of euros)	Level 1	Level 2	Level 3	
Assets available for sale	**74,956,550**	**5,354,669**	**1,598,403**	**81,909,621**
Equities and other variable income securities	14,256,107	3,605,856	1,598,299	19,460,263
Financial investments – Real estate equity and funds	-	671,953	104	672,057
Bonds and other fixed income securities	60,700,442	1,076,859	-	61,777,301
Financial assets at fair value through profit or loss by type or as an option (excluding unit-linked)	**5,710,537**	**6,218,240**	**-**	**11,928,777**
Equities and other variable income securities	5,599,062	3,176,153	-	8,775,215
Financial investments – Real estate equity and funds	1,371	1,577,935	-	1,579,306
Bonds and other fixed income securities	110,104	1,464,151	-	1,574,256
Financial assets at fair value through profit or loss as an option (unit-linked)	**13,339,652**	**3,538,408**	**-**	**16,878,060**
Equities and other variable income securities	13,339,652	50,922	-	13,390,574
Financial investments – Real estate equity and funds	-	1,093,478	-	1,093,478
Bonds and other fixed income securities	-	2,394,008	-	2,394,008
Unit-linked investment property	-	-	-	-
Derivatives	**-**	**-**	**-**	**-**
Total assets measured at fair value	**94,006,739**	**15,111,316**	**1,598,403**	**110,716,458**
Transfers from Level 1	-	-	-	-
Transfers from Level 2	6,876	-	-	6,876
Transfers from Level 3	-	-	-	-
Total transfers to each of the levels	**6,876**	**-**	**-**	**6,876**

(*) Securities of the Group's real estate subsidiaries

(in thousands of euros)	Prices quoted on active markets for identical instruments: Level 1	Valuation based on observable market inputs: Level 2	Valuation based on unobservable market inputs: Level 3	12/31/2021 Total
Assets available for sale	**88,665,622**	**4,418,382**	**1,311,723**	**94,395,728**
Equities and other variable income securities	15,871,804	3,378,276	1,311,686	20,561,766
Financial investments – Real estate equity and funds	64,231	621,520	37	685,788
Bonds and other fixed income securities	72,729,587	418,586	-	73,148,173
Financial assets at fair value through profit or loss by type or as an option (excluding unit-linked)	**7,462,848**	**6,085,339**	**-**	**13,548,186**
Equities and other variable income securities	7,106,679	2,583,841	-	9,690,520
Financial investments – Real estate equity and funds	132,800	1,434,548	-	1,567,348
Bonds and other fixed income securities	223,368	2,066,950	-	2,290,319
Financial assets at fair value through profit or loss as an option (unit-linked)	**14,468,642**	**3,627,809**	**-**	**18,096,451**
Equities and other variable income securities	14,466,756	102,541	-	14,569,297
Financial investments – Real estate equity and funds	1,486	1,075,237	-	1,076,722
Bonds and other fixed income securities	401	2,450,032	-	2,450,432
Unit-linked investment property	-	-	-	-
Derivatives	**-**	**-**	**-**	**-**
Total assets measured at fair value	**110,597,112**	**14,131,530**	**1,311,723**	**126,040,366**
Transfers from Level 1	-	-	-	-
Transfers from Level 2	104,582	-	-	104,582
Transfers from Level 3	-	26,335 (*)	-	26,335
Total transfers to each of the levels	**104,582**	**26,335**	**-**	**130,917**

(*) Securities of the Group's real estate subsidiaries

4.7.8 Changes in the balance of available-for-sale financial assets measured at fair value under level 3

(in thousands of euros)	Equities and other variable income securities	Financial investments - Real estate equity and funds	Bonds and other fixed income securities	Total available-for-sale assets
Balance at December 31, 2021	**1,311,686**	**37**	**-**	**1,311,724**
Gains and losses from the period:	288,252	66	-	288,318
- Recognized through profit or loss	-	-	-	-
- Recognized through equity	288,252	66	-	288,318
Purchases of the period	12	-	-	12
Disposals of the period	-174	-	-	-174
Issuances of the period	-	-	-	-
Maturities of the period	-	-	-	-
IFRS 5 *	-1,477	-	-	-
Transfers	-	-	-	-
- to level 3	-	-	-	-
- excluding level 3	-	-	-	-
Change in scope	-	-	-	-
Balance at December 31, 2022	**1,598,299**	**104**	**-**	**1,598,402**

* IFRS 5 - disposal underway of GACM España and its subsidiaries

4.7.9 Bond portfolio maturity schedule

				12/31/2022
(in thousands of euros)	Less than 1 year	Between 1 and 5 years	Greater than 5 years	Total
Assets available for sale	3,739,092	19,951,213	38,086,997	61,777,302
Assets held until maturity	770,184	2,405,950	2,304,572	5,480,706
Financial assets at fair value through profit or loss by type or on option	738,415	351,031	484,810	1,574,255
Total bond portfolio (excluding unit-linked)	**5,247,691**	**22,708,193**	**40,876,379**	**68,832,263**

				12/31/2021
(in thousands of euros)	Less than 1 year	Between 1 and 5 years	Greater than 5 years	Total
Assets available for sale	4,725,174	19,676,024	48,746,974	73,148,173
Assets held until maturity	1,004,160	2,946,795	2,542,642	6,493,597
Financial assets at fair value through profit or loss by type or on option	438,947	1,121,528	729,844	2,290,319
Total bond portfolio (excluding unit-linked)	**6,168,282**	**23,744,347**	**52,019,460**	**81,932,089**

4.7.10 Bond portfolio by issuer type

(in thousands of euros)					12/31/2022
	General administrations	Credit institutions	Large companies	Other	Total
Debt instruments available-for-sale	17,506,252	21,452,210	21,328,225	1,490,614	61,777,302
Held-to-maturity financial assets	2,766,695	2,553,958	160,053	-	5,480,706
Debt instruments at fair value through profit or loss on option	21,305	1,241,013	304,707	7,230	1,574,256
Total bond portfolio (excluding unit-linked)	**20,294,252**	**25,247,182**	**21,792,986**	**1,497,844**	**68,832,263**

(in thousands of euros)					12/31/2021
	General administrations	Credit institutions	Large companies	Other	Total
Debt instruments available-for-sale	20,282,545	25,648,487	26,003,189	1,213,953	73,148,173
Held-to-maturity financial assets	3,354,388	2,899,763	236,446	2,999	6,493,597
Debt instruments at fair value through profit or loss on option	28,401	1,868,681	383,693	9,543	2,290,319
Total bond portfolio (excluding unit-linked)	**23,665,334**	**30,416,931**	**26,623,329**	**1,226,495**	**81,932,089**

4.7.11 Provision for asset impairment

(in thousands of euros)	12/31/2021	Change in scope	Allowances / Increases	Reversals / Decreases	Currency translation adjustment	Other changes	12/31/2022
Impairment on held-to-maturity securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Impairment on equities and other variable income securities	-985,641	-	-97,646	112,147	-	-	-971,141
Impairment of financial investments in real estate equity and funds	-2,954	-	-236	-	-	-	-3,189
Impairment on bonds and other fixed income securities	-21,483	-	-	-	-	-	-21,483
Impairment on available-for-sale assets	**-1,010,079**	**-**	**-97,882**	**112,147**	**-**	**-**	**-995,814**
Impairments of investment property (amortized cost)	-20,986	-	-25,457	2,575	-	-40	-43,908
Impairments on loans and receivables	-210	-	-	210	-	-	-
Impairments on other financial assets	**-21,196**	**-**	**-25,457**	**2,785**	**-**	**-40**	**-43,908**
Total impairments	**-1,031,275**	**-**	**-123,339**	**114,932**	**-**	**-40**	**-1,039,722**

(in thousands of euros)	12/31/2020	Change in scope	Allowances / Increases	Reversals / Decreases	Currency translation adjustment	Other changes	12/31/2021
Impairment on held-to-maturity securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Impairment on equities and other variable income securities	-1,219,576	-	-19,337	253,272	-	-	-985,641
Impairment of financial investments in real estate equity and funds	-2,954	-	-	-	-	-	-2,954
Impairment on bonds and other fixed income securities	-21,412	-	-71	-	-	-	-21,483
Impairment on available-for-sale assets	**-1,243,942**	**-**	**-19,409**	**253,272**	**-**	**-**	**-1,010,079**
Impairments of investment property (amortized cost)	-22,620	-	-	1,663	-	-29	-20,986
Impairments on loans and receivables	-210	-	-	-	-	-	-210
Impairments on other financial assets	**-22,830**	**-**	**-**	**1,663**	**-**	**-29**	**-21,196**
Total impairments	**-1,266,772**	**-**	**-19,409**	**254,935**	**-**	**- 29**	**-1,031,275**

4.7.12 Derivatives

(in thousands of euros)	12/31/2022 Market value		12/31/2021 Market value	
	Positive	Negative	Positive	Negative
Interest rate swaps	-	-	-	-
Currency swaps	-	140,808	-	109,226
Interest rate options	-	-	-	-
Caps, floors, collars	-	-	-	-
Interest rate instruments	**-**	**140,808**	**-**	**109,226**
Equity and equity index derivatives	-	-	-	-
Other	-	-	-	-
Other instruments	**-**	**-**	**-**	**-**
Total transaction derivatives	**-**	**140,808**	**-**	**109,226**

4.7.13 Investments in equity-accounted companies

(in thousands of euros)	12/31/2022				
	Value of equity consolidation	Share of profit (loss)	Goodwill	Dividend paid in the group	% interest
ASTREE SA	15,272	1,567	-	1,535	30.0%
Total	**15,272**	**1,567**	**-**	**1,535**	

(in thousands of euros)	12/31/2021				
	Value of equity consolidation	Share of profit (loss)	Goodwill	Dividend paid in the group	% interest
ASTREE SA	15,582	1,878	-	1,557	30.0%
Total	**15,582**	**1,878**	**-**	**1,557**	

4.7.14 Share of reinsurers and retrocessionaires in policy liabilities

(in thousands of euros)	12/31/2022	12/31/2021
Reserves for unearned premiums	-4,660	-4,808
Reserves for claims payable	-195,437	-120,179
Forecasted recoverables	2,592	2,519
Reserves for increasing risks	-92,987	-96,065
Mathematical reserves for annuities	-108,883	-108,357
Other technical reserves	-4	-4
Share of reinsurers in non-life insurance reserves	**-399,379**	**-326,894**
Life insurance reserves	-554	-1,332
Reserves for claims payable	-1,617	-1,644
Reserves for deferred profit-sharing	-	-127
Other technical reserves	-	-
Share of reinsurers in life insurance reserves	**-2,171**	**-3,103**
Share of reinsurers in financial contract reserves	**-**	**-**
Total share of reinsurers in liabilities	**-401,550**	**-329,997**

4.7.15 Other property, plant and equipment

(in thousands of euros)	12/31/2021	Acquisitions / Allowances	Disposals / Reversals	IFRS 5 *	Other changes	12/31/2022
Gross value	222,685	11,844	-3,534	-48,309	-	182,686
Depreciation, amortization and impairment	-86,229	-4,738	638	20,194	-	-70,135
IFRS 16 - Right-of-use	50,569	1,678	-12,785	-8,949	-24	30,489
IFRS 16 - Amortization of right-of-use	-21,555	-4,935	12,440	2,937	128	-10,985
Net value of operating property and other property, plant and equipment	**165,470**	**3,849**	**-3,241**	**-34,127**	**104**	**132,055**

* IFRS 5 - disposal underway of GACM España and its subsidiaries

(in thousands of euros)	12/31/2020	Acquisitions / Allowances	Disposals / Reversals	Currency translation adjustment	Other changes	12/31/2021
Gross value	202,352	20,646	-750	-	437	222,685
Depreciation, amortization and impairment	-82,528	-4,276	783	-	-208	-86,229
IFRS 16 - Right-of-use	50,039	6,517	-2,053	-	-3,934	50,569
IFRS 16 - Amortization of right-of-use	-15,627	-8,256	1,227	-	1,101	-21,555
Net value of operating property and other property, plant and equipment	**154,236**	**14,631**	**-793**	**-**	**-2,604**	**165,470**

4.7.16 Deferred acquisition costs

(in thousands of euros)	12/31/2022	12/31/2021
Deferred acquisition costs on life insurance business	-	-
Deferred acquisition costs on non-life business	36,725	49,916
Total deferred acquisition costs	**36,725**	**49,916**

The decrease in deferred acquisition costs is mainly due to the presentation of GACM España and its subsidiaries under the item *Assets of operations held for sale or discontinued* for €14,130 thousand (€13,498 thousand in 2021).

4.7.17 Current and deferred tax assets and liabilities

(in thousands of euros)	12/31/2022	12/31/2021
Current tax receivables	39,919	5,851
Deferred tax assets	765,633	28,851
Total current and deferred tax assets	**805,552**	**34,702**
Current tax payables	5,539	16,846
Deferred tax liabilities	-	185,939
Total current and deferred tax liabilities	**5,539**	**202,785**
Total net deferred taxes	**765,633**	**-157,088**

This presentation takes into account the offset of deferred taxes related to the tax consolidation.

Deferred tax assets and liabilities by type break down as follows:

	12/31/2022		12/31/2021	
(in thousands of euros)	Reserves	Profit (loss)	Reserves	Profit (loss)
Revaluation of financial instruments	789,123	-310,185	-3,007,737	-382,140
Deferred profit-sharing on revaluation of financial instruments	-335,395	267,266	2,572,103	325,564
Restatement of technical reserves	-	200,842	-	194,414
Deferred social taxes	-	12,472	-	15,029
Accounting-tax timing differences	-	122,231	-	108,819
Other consolidation restatements	15,034	4,246	8,615	8,246
Total net deferred taxes	**468,762**	**296,871**	**-427,019**	**269,931**

4.7.18 Receivables arising from direct insurance and inward reinsurance operations

	12/31/2022	12/31/2021
(in thousands of euros)	Net value	Net value
Receivables on policyholders	207,445	222,038
Unwritten premiums acquired	69,810	94,720
Other receivables	5,843	17,538
Receivables on cedants	4,401	3,342
Total receivables arising from direct insurance and inward reinsurance operations	**287,499**	**337,638**

4.7.19 Receivables arising from outward reinsurance operations

	12/31/2022	12/31/2021
(in thousands of euros)	Net value	Net value
Current accounts of reinsurers and retrocessionaires	77,522	10,756
Other receivables from reinsurance operations	4	29
Total receivables arising from outward reinsurance operations	**77,526**	**10,785**

4.7.20 Other receivables

	12/31/2022	12/31/2021
(in thousands of euros)	Net value	Net value
Suppliers	3,584	78
Customers	10,439	16,556
Employee receivables	274	225
Governments, social organizations	132,402	122,975
Partners	-	-
Dividends to be received	-	-
Miscellaneous debtors	1,415,766	505,746
Income to be received	1,111	2,478
Other accruals	48,718	21,267
Prepaid expenses	12,525	12,877
Accrued and unpaid interest	143	1,831
Total	**1,624,962**	**684,033**

The increase in “Other receivables” is mainly due to margin calls on repurchase agreements due to the rise in interest rates.

4.7.21 Share capital at 12/31/2022

Shareholders	Number of shares	% of share capital	% of voting rights
Banque Fédérative du Crédit Mutuel	40,064,773	50.0%	50.0%
Crédit Industriel et Commercial	12,862,172	16.1%	16.1%
Caisse Régionale du Crédit Mutuel Nord Europe	8,181,455	10.2%	10.2%
Caisse Fédérale du Crédit Mutuel de Maine-Anjou et Basse-Normandie	5,920,499	7.4%	7.4%
Caisse Régionale de Crédit Mutuel de Loire-Atlantique et du Centre-Ouest	4,330,811	5.4%	5.4%
Caisse Fédérale du Crédit Mutuel Océan	2,307,412	2.9%	2.9%
Caisse Régionale du Crédit Mutuel d’Anjou	1,499,147	1.9%	1.9%
Caisse Régionale de Crédit Mutuel du Centre	1,184,093	1.5%	1.5%
Caisse Régionale du Crédit Mutuel Midi-Atlantique	927,374	1.2%	1.2%
Caisse Régionale de Crédit Mutuel de Normandie	547,203	0.7%	0.7%
Caisse Régionale de Crédit Mutuel d'Île-de-France	558,386	0.7%	0.7%
Caisse Régionale du Crédit Mutuel Savoie - Mont Blanc	499,894	0.6%	0.6%
Caisse de Crédit Mutuel du Sud-Est	445,061	0.6%	0.6%
Caisse Régionale du Crédit Mutuel Méditerranéen	435,034	0.5%	0.5%
Caisse Régionale du Crédit Mutuel Dauphiné-Vivarais	303,452	0.4%	0.4%
Caisse Fédérale de Crédit Mutuel	1	0.0%	0.0%
Fédération du Crédit Mutuel Centre Est Europe	1	0.0%	0.0%
Total	**80,066,768**	**100.0%**	**100.0%**

GACM SA has not issued preferred shares.

4.7.22 Earnings per share

	12/31/2022	12/31/2021
Net profit (loss) – Group share for the period (in thousands of euros)	835,173	884,518
Weighted average number of ordinary shares outstanding during the period	80,066,768	80,066,768
Earnings per share* (in euros)	10.4	11.0

* Identical to diluted earnings.

4.7.23 Dividends

In accordance with the decision of the Ordinary General Meeting of May 10, 2022, the GACM paid a dividend:

	12/31/2022
Ordinary dividend per share (in euros)	5.00
Exceptional dividend per share (in euros)	-
Total dividend (in thousands of euros)	400,334

4.7.24 Provisions for contingencies and expenses

(in thousands of euros)	12/31/2021	Allowances	Reversals	IFRS 5 **	12/31/2022
Contingencies	4,921	1,006	-903	-3,238	1,786
Disputes with customers	2,919	-	5,110	-	8,029
Employee benefits *	50,875	-	-8,862	-5,346	36,667
Total	**58,715**	**1,006**	**-4,655**	**-8,584**	**46,482**

* including long-service awards of €9,706 thousand compared to €9,801 thousand at opening

** IFRS 5 - disposal underway of GACM España and its subsidiaries

(in thousands of euros)	12/31/2020	Allowances	Reversals	Reclassification	12/31/2021
Contingencies	3,479	1,574	-132	-	4,921
Disputes with customers	3,502	-	-583	-	2,919
Employee benefits *	49,726	1,868	-719	-	50,875
Total	**56,707**	**3,442**	**-1,434**	**-**	**58,715**

* including long-service awards of €9,801 thousand compared to €9,566 thousand at opening

4.7.25 Financing debt

(in thousands of euros)	12/31/2022	12/31/2021
Debts relating to Group companies *	3,146,866	2,566,495
Debt relating to companies with an equity investment	109	109
Debt relating to other activities	20,658	18,422
Subordinated debt	1,560,915	1,553,457
Debt financing of banking sector companies	161,079	201,334
Other	6,807,748	6,510,265
of which debt related to repurchase transactions	*6,788,244*	*6,480,501*
of which IFRS 16 - lease obligation	*19,504*	*29,014*
Total	**11,697,375**	**10,850,082**

* These are mainly short-term debts not exposed to interest rate risk.

Detail of subordinated debts is shown below:

(in thousands of euros)	2014	2021
Type	**Redeemable subordinated note**	**Redeemable subordinated note**
Issuance date	06/04/2014	10/21/2021
ISIN	FR0011947720	FR0014006144
Listing	Euronext Paris	Euronext Growth Paris
Term	10 years	20.5 years
Currency	Euro	Euro
Amount	150,000	750,000
Number of shares	1,500	7,500
Par	100	100
Nominal rate	4.63%	Fixed at 1.85% until April 21, 2032 Variable at 3-month Euribor + 2.65% thereafter
Redemption price	Par	Par
Issue costs (at issue)	800	3,661
Redemption premium (at issue)	-	1,740
Amortization	Redemption at par June 4, 2024	Redemption at par April 21, 2042 Possibility of redemption at 10 years
Related derivatives	None	None

(in thousands of euros)	2015	2016	2019
Type	**Subordinated debt**	**Subordinated debt**	**Subordinated debt**
Issuance date	12/04/2015	03/23/2016	12/18/2019
ISIN	N/A	N/A	N/A
Listing	N/A	N/A	N/A
Term	10 years	10 years	10 years
Currency	Euro	Euro	Euro
Amount	100,000	50,000	500,000
Number of shares	N/A	N/A	N/A
Par	N/A	N/A	N/A
Nominal rate	3.85%	3.65%	1.82%
Redemption price	Par	Par	Par
Issuance expenses	-	-	-
Redemption premium	-	-	-
Amortization	Redemption at par December 4, 2025	Redemption at par March 23, 2026	Redemption at par December 18, 2029
Related derivatives	None	None	None

On issuance, the debt financings are recorded according to the amortized cost method. This method amortizes through profit or loss the differences between the acquisition price and the redemption price. Costs directly attributable to the issuance (commission, fees, etc.) are spread over the term of the debt. The interest expense for 2022 is €35,549 thousand.

4.7.26 Technical liabilities arising from insurance policies

(in thousands of euros)	12/31/2022		
	Gross of reinsurance	Reinsured	Net of reinsurance
Reserves for unearned premiums	249,016	4,660	244,356
Reserves for claims payable	4,323,125	195,437	4,127,688
Provisions for profit-sharing	4,077	-	4,077
Mathematical reserves for annuities	428,343	108,883	319,460
Reserves for increasing risks	900,159	92,987	807,172
Forecasted recoverables	-197,704	-2,592	-195,112
Provisions for unexpired risks	58,422	-	58,422
Other technical reserves	1,416	4	1,412
Technical liabilities related to non-life insurance policies	**5,766,854**	**399,379**	**5,367,475**
Reserves for claims payable	294,972	1,617	293,355
Mathematical reserves	4,656,017	-	4,656,017
Other technical reserves	-	554	-554
Technical liabilities related to life insurance policies	**4,950,989**	**2,171**	**4,948,818**
Technical liabilities relating to insurance policies where the financial risk is borne by the policyholder	**16,800,901**	**-**	**16,800,901**
Total technical liabilities arising from insurance policies*	**27,518,744**	**401,550**	**27,117,194**

* of which:

- reserves for bodily injury claims on motor vehicles for €976.1 million for ACM IARD SA and €107.6 million for Sérénis Assurances SA;
- mathematical reserves (including reserves for increasing risks) for creditor insurance for €1,540.0 million (€613.2 million for ACM IARD SA and €927.0 million for ACM VIE SA), gross of reinsurance. Positive and negative mathematical reserves, determined on a case-by-case basis, have been netted within the same homogeneous category of contracts, without pooling results between guarantees and between homogeneous categories.

(in thousands of euros)	12/31/2021 Gross of reinsurance	Reinsured	Net of reinsurance
Reserves for unearned premiums	304,447	4,808	299,639
Reserves for claims payable	4,204,784	120,179	4,084,605
Provisions for profit-sharing	6,055	-	6,055
Mathematical reserves for annuities	421,869	108,357	313,512
Reserves for increasing risks	829,204	96,065	733,139
Forecasted recoverables	-193,635	-2,519	-191,116
Provisions for unexpired risks	74,067	-	74,067
Other technical reserves	6,746	4	6,742
Technical liabilities related to non-life insurance policies	**5,653,537**	**326,894**	**5,326,643**
Reserves for claims payable	309,046	1,644	307,402
Mathematical reserves	4,598,153	-	4,598,153
Other technical reserves	2,742	1,459	1,283
Technical liabilities related to life insurance policies	**4,909,941**	**3,103**	**4,906,838**
Technical liabilities relating to insurance policies where the financial risk is borne by the policyholder	**18,025,458**	**-**	**18,025,458**
Total technical liabilities arising from insurance policies**	**28,588,936**	**329,997**	**28,258,939**

** of which:

- reserves for bodily injury claims on motor vehicles for €959.1 million for ACM IARD SA and €111.1 million for Sérénis Assurances SA;
- mathematical reserves (including reserves for increasing risks) for creditor insurance for €1,359.1 million (€535.1 million for ACM IARD SA and €824.0 million for ACM VIE SA), gross of reinsurance. Positive and negative mathematical reserves, determined on a case-by-case basis, have been netted within the same homogeneous category of contracts, without pooling results between guarantees and between homogeneous categories.

4.7.27 Liabilities arising from investment contracts

(in thousands of euros)	12/31/2022 Gross of reinsurance	Reinsured	Net of reinsurance
Mathematical reserves	14,551	-	14,551
Mathematical reserves for savings	77,997,149	-	77,997,149
Reserves for claims payable	-	-	-
Provisions for profit-sharing	6,205,253	-	6,205,253
of which reserves for surplus profit-sharing	*5,987,710*	-	*5,987,710*
Overall management reserves	97,013	-	97,013
Mathematical reserves for annuities	-	-	-
Other technical reserves	-	-	-
Technical liabilities arising from investment contracts in euros with discretionary participation	**84,313,966**	**-**	**84,313,966**
Technical liabilities arising from investment contracts in euros without discretionary participation	**-**	**-**	**-**
Technical liabilities arising from investment contracts where the financial risk is borne by the policyholder	**-**	**-**	**-**
Total technical liabilities arising from investment contracts	**84,313,966**	**-**	**84,313,966**

(in thousands of euros)	12/31/2021 Gross of reinsurance	Reinsured	Net of reinsurance
Mathematical reserves	14,551	-	14,551
Mathematical reserves for savings	76,608,453	-	76,608,453
Reserves for claims payable	-	-	-
Provisions for profit-sharing	6,459,189	-	6,459,189
of which reserves for surplus profit-sharing	*6,238,004*	-	*6,238,004*
Overall management reserves	111,137	-	111,137
Mathematical reserves for annuities	-	-	-
Other technical reserves	-	-	-
Technical liabilities arising from investment contracts in euros with discretionary participation	**83,193,330**	**-**	**83,193,330**
Technical liabilities arising from investment contracts in euros without discretionary participation	**-**	**-**	**-**
Technical liabilities arising from investment contracts where the financial risk is borne by the policyholder	**-**	**-**	**-**
Total technical liabilities arising from investment contracts	**83,193,330**	**-**	**83,193,330**

4.7.28 Net deferred profit-sharing

(in thousands of euros)	12/31/2022	12/31/2021
Deferred profit-sharing - revaluation of assets recognized at fair value through profit or loss	-1,035,077	-1,261,736
Deferred profit-sharing - revaluation of assets recognized at fair value through reserves (available-for-sale securities)	1,300,650	-9,959,720
Deferred profit-sharing - other restatements	-1,240,874	-1,193,815
Total net deferred profit-sharing	**-975,302**	**-12,415,271**

The line “Deferred profit-sharing - other restatements” mainly concerns the provision for deferred profit-sharing on the capitalization reserve (€751,976 thousand for 2022 and €744,476 thousand for 2021).

4.7.29 Payables arising from direct insurance and inward reinsurance operations

	12/31/2022	12/31/2021
(in thousands of euros)	Net value	Net value
Payables arising from insurance transactions		
Policyholders	60,793	59,112
Intermediaries	72,103	72,747
Co-insurers	876	1,565
Other debts	687	11,551
Sub-total	**134,459**	**144,975**
Payables arising from reinsurance transactions		
Cedants	6,654	-836
Intermediaries	107	781
Sub-total	**6,761**	**-55**
Total	**141,220**	**144,920**

4.7.30 Payables arising from outward reinsurance operations

(in thousands of euros)	12/31/2022 Net value	12/31/2021 Net value
Current accounts of reinsurers	10,372	4,754
Cash deposits	125,215	128,465
Total	**135,587**	**133,219**

4.7.31 Other debt

(in thousands of euros)	12/31/2022	12/31/2021
Employee accounts	58,122	52,135
Governments, social organizations	159,816	153,408
Expenses to pay	-	1,844
Miscellaneous creditors	36,564	49,885
Trade payables	65,271	67,844
Other debts	25,048	34,526
Total	**344,821**	**359,642**

4.7.32 Assets and labilities of operations held for sale or discontinued

On December 13, 2022, GACM and Axa Seguros Generales, S.A. de Seguros y Reaseguros (Axa Spain) signed an agreement, subject to obtaining regulatory authorizations, for the disposal by GACM SA of 100% of the share capital of GACM España, to Axa Spain.

As of December 31, 2022, the assets and liabilities of GACM España remain isolated on the specific lines of the financial statements relating to “activities held for sale”, in accordance with the provisions of IFRS 5.

(in thousands of euros)	**12/31/2022***
Intangible assets	66,954
Investments from insurance activities	823,243
Investments from banking and other activities	5,429
Share of reinsurers and retrocessionaires in insurance policy and investment contract liabilities	7,502
Other assets	153,423
Cash and cash equivalents	15,875
TOTAL ASSETS FROM OPERATIONS HELD FOR SALE OR DISCONTINUED	**1,072,426**
Provisions for contingencies and expenses	8,584
Financing debt	5,996
Policy liabilities	608,879
Other liabilities	75,282
TOTAL LIABILITIES FROM OPERATIONS HELD FOR SALE OR DISCONTINUED	**698,741**

* Including elements relating to the loan insurance contract portfolios marketed by Cofidis Spain, which will be retroceded to ACM VIE SA and ACM IARD SA prior to the completion of the main transaction.

4.8 Notes to the income statement

4.8.1 Analysis of written premiums by business segment

(in thousands of euros)	12/31/2022 Gross value	12/31/2021 * Gross value	Variation 2022/2021
Savings	6,367,612	5,681,334	12.1%
Retirement	653,134	562,028	16.2%
Savings/Retirement	**7,020,746**	**6,243,363**	**12.5%**
of which gross premiums in euros	*4,420,991*	*3,550,628*	24.5%
of which gross unit-linked inflows	*2,599,755*	*2,692,735*	-3.5%
Income maintenance and other death	294,206	283,156	3.9%
Funeral	110,666	107,600	2.8%
Care insurance	33,706	34,591	-2.6%
Accidental death benefit (ADB)	100,312	95,494	5.0%
Health	951,188	935,951	1.6%
Creditor insurance	1,931,058	1,811,990	6.6%
Other protection	161,444	151,975	6.2%
Protection/Health/Creditor Insurance	**3,582,579**	**3,420,757**	**4.7%**
Property damage & liability insurance	814,378	774,488	5.2%
Motor	1,333,937	1,314,937	1.4%
Premises, assets and business activities	71,975	64,302	11.9%
Other	268,205	265,340	1.1%
Property/casualty insurance	**2,488,496**	**2,419,066**	**2.9%**
Sureties	**624**	**927**	**-32.7%**
Accepted reinsurance	**189,697**	**21,965**	**763.6%**
Total gross written premiums	**13,282,142**	**12,106,076**	**9.7%**
of which life insurance gross written premiums	*8,936,776*	*7,937,153*	12.6%
of which non-life insurance gross written premiums	*4,345,366*	*4,168,923*	4.2%

* The elements presented take into account the granularity by business segment for 2022.

4.8.2 Written premiums by geographical area

											12/31/2022
(in thousands of euros)	France	Luxembourg	Belgium	Portugal	Spain	Czech Republic	Italy	Hungary	Slovakia	Germany	Total
Life insurance	8,659,912	11,881	151,846	26,850	77,678	1,311	3,223	3,922	153	-	8,936,776
Non-life insurance	3,948,483	1,411	66,650	2,756	324,988	475	294	305	4	-	4,345,366
TOTAL	**12,608,395**	**13,292**	**218,496**	**29,606**	**402,666**	**1,786**	**3,517**	**4,227**	**157**	**-**	**13,282,142**

											12/31/2021
(in thousands of euros)	France	Luxembourg	Belgium	Portugal	Spain	Czech Republic	Italy	Hungary	Slovakia	Germany	Total
Life insurance	7,727,535	4,296	96,826	23,063	78,138	1,122	2,070	3,997	104	-	7,937,151
Non-life insurance	3,782,723	1,373	64,333	2,470	317,164	433	130	298	1	-	4,168,925
TOTAL	**11,510,258**	**5,669**	**161,159**	**25,533**	**395,302**	**1,555**	**2,200**	**4,295**	**105**	**-**	**12,106,076**

4.8.3 Investment income net of investment expenses

						12/31/2022
(in thousands of euros)	Investment income	Investment expenses	Realized gains and losses net of reversals and provisions	Change in impairment provisions	Change in fair values	Total
Assets held until maturity	153,065	-3	-	-	-	153,062
Assets available for sale	1,818,716	-20,548	284,003	-99,549	-	1,982,622
Assets at fair value through profit or loss on option	547,738	-	-109,624	-	-2,914,000	-2,475,886
Investment property	9,867	-	-	-1,801	-	8,066
Loans and receivables	34,787	-2,704	-	-7	-	32,076
Derivatives	1,678	-9,325	-	-	-31,671	-39,318
Investments in associates	-3	-	-	-	-	-3
Other	175,957	-75,165	-	721	-	101,513
Total	**2,741,805**	**-107,745**	**174,379**	**-100,636**	**-2,945,671**	**-237,868**

						12/31/2021
(in thousands of euros)	Investment income	Investment expenses	Realized gains and losses net of reversals and provisions	Change in impairment provisions	Change in fair values	Total
Assets held until maturity	186,873	-5	-	-	-	186,868
Assets available for sale	1,910,373	-11,454	218,996	-42,742	-	2,075,173
Assets at fair value through profit or loss on option	326,728	-	73,795	-	2,293,174	2,693,697
Investment property	9,521	-	-	- 1,768	-	7,753
Loans and receivables	33,567	-2,638	1,618	3	-	32,550
Derivatives	34,880	-9,698	-	-	-53,334	-28,152
Investments in associates	1,377	-	-	-1	-	1,376
Other	174,212	-33,515	-	66	-	140,763
Total	**2,677,531**	**-57,310**	**294,409**	**-44,442**	**2,239,840**	**5,110,028**

4.8.4 Policy servicing expenses

	12/31/2022			
(in thousands of euros)	Life insurance policies France	Non-life insurance policies France	Insurance policies International	Total
Claims paid to policyholders	-5,869,594	-2,624,845	-518,402	-9,012,841
Changes in insurance reserves	-880,546	-301,798	147,561	-1,034,783
Changes in provisions for profit-sharing	409,199	-1,564	28,368	436,002
Changes in provisions for deferred profit-sharing	-51,708	-325	-	-52,033
Changes in other technical reserves	-	3,903	25	3,928
Total	**-6,392,649**	**-2,924,629**	**-342,448**	**-9,659,727**

	12/31/2021			
(in thousands of euros)	Life insurance policies France	Non-life insurance policies France	Insurance policies International	Total
Claims paid to policyholders	-5,880,350	-2,369,666	-551,374	-8,801,390
Changes in insurance reserves	-3,806,248	-415,991	156,218	-4,066,021
Changes in provisions for profit-sharing	-970,418	-1,157	-1,706	-973,280
Changes in provisions for deferred profit-sharing	-57,522	-1,071	-	-58,593
Changes in other technical reserves	1	11,535	-1,887	9,649
Total	**-10,714,537**	**-2,776,350**	**-398,749**	**-13,889,635**

4.8.5 Management expenses

By function

(in thousands of euros)	12/31/2022	12/31/2021
Acquisition costs *	1,569,895	1,404,068
Administration costs	670,514	596,766
Claims handling costs	221,375	208,259
Other technical expenses	135,583	115,880
Investment management expenses	14,686	14,136
Other income and expenses	56,871	44,900
Total	**2,668,924**	**2,384,009**

* Excluding change in deferred acquisition costs.

By type

(in thousands of euros)	12/31/2022	12/31/2021
Commissions	1,943,547	1,714,146
Employee benefits	312,595	292,436
Taxes	57,645	46,996
Other current operating expenses	344,854	317,560
Depreciation and amortization	10,283	12,871
Total	**2,668,924**	**2,384,009**

4.8.6 Statutory Auditors' fees

(in thousands of euros)	12/31/2022				
	Mazars	PWC *	KPMG *	Other	Total
Statutory audit, certification, review of separate and consolidated financial statements	68	1,828	2,736	3	4,635
Non-audit services	5	20	278	5	308
Total	**73**	**1,847**	**3,014**	**9**	**4,943**

* Including fees related to the audit of GACM's opening balance sheet at 01/01/2022 under IFRS 17 (insurance contracts) and IFRS 9 (financial instruments).

(in thousands of euros)	12/31/2021				
	Mazars	PWC	KPMG	Other	Total
Statutory audit, certification, review of separate and consolidated financial statements	69	566	1,277	112	2,024
Non-audit services	11	145	416	59	630
Total	**80**	**711**	**1,693**	**171**	**2,654**

4.8.7 Income and expenses net of outward reinsurance

(in thousands of euros)				12/31/2022
	Life France	Non-Life France	International	Total
Premiums ceded (including change in reserves for premiums)	-3,655	-96,001	-13,237	-112,893
Benefits and fees ceded (including change in claims reserves)	1,545	190,763	5,900	198,208
Other technical reserves ceded	218	-3,846	-83	-3,711
Commissions received from reinsurers	381	7,300	3,948	11,629
Net profit (loss) from outward reinsurance	**-1,511**	**98,216**	**-3,472**	**93,233**

(in thousands of euros)				12/31/2021
	Life France	Non-Life France	International	Total
Premiums ceded (including change in reserves for premiums)	-3,361	-87,564	-11,964	-102,889
Benefits and fees ceded (including change in claims reserves)	503	145,772	3,244	149,519
Other technical reserves ceded	61	-93,966	71	-93,834
Commissions received from reinsurers	51	5,675	4,022	9,748
Net profit (loss) from outward reinsurance	**-2,746**	**-30,083**	**-4,627**	**-37,456**

4.8.8 Income tax expense

(in thousands of euros)	12/31/2022	12/31/2021
Current taxes	-303,341	-346,447
Deferred taxes	50,189	-11,944
Total	**-253,153**	**-358,391**

4.8.9 Reconciliation between the recognized income tax expense and the theoretical income tax expense

	12/31/2022	
(in thousands of euros)	In %	Amount
Profit (loss) before tax, goodwill impairment and profit (loss) from equity-accounted companies		1,094,528
Theoretical income tax expense	25.8%	282,717
Dividends parent/subsidiary regime	-2.5%	-27,265
Deferred taxes on venture capital funds (FCPR)	-0.7%	-7,915
Prior corporate income taxes and tax credits	-0.3%	-3,329
Tax rate differences	-0.7%	-7,741
Bonus tax	1.4%	14,853
Other	0.2%	1,833
Effective tax	**23.1%**	**253,153**

	12/31/2021	
(in thousands of euros)	In %	Amount
Profit (loss) before tax, goodwill impairment and profit (loss) from equity-accounted companies		1,251,323
Theoretical income tax expense	28.4%	355,501
Dividends parent/subsidiary regime	-1.2%	-14,879
Deferred taxes on venture capital funds (FCPR)	0.4%	4,975
Prior corporate income taxes and tax credits	-0.5%	-6,200
Tax rate differences	0.8%	10,308
Bonus tax	0.5%	6,567
Other	0.2%	2,119
Effective tax	**28.6%**	**358,391**

4.9 Workforce

(Average full-time equivalent workforce)	12/31/2022	12/31/2021
France	2,998	2,807
International *	852	877
Total	**3,850**	**3,684**

* including 670 employees at 12/31/2022 for GACM España and its subsidiaries.

In addition, the workforce at the end of the period at December 31, 2022 was 4,007 employees, including 672 employees in respect of GACM España and its subsidiaries.

4.10 Defined-benefit post-employment benefits

(in thousands of euros)	Closing 2021	Effect of discounting	Finance income	Cost of benefits rendered	Mobility transfer	Change in actuarial gains and losses Assump. end.	Change in actuarial gains and losses Assump. demog.	Change in actuarial differences of experience	Payment to beneficiaries	Insurance premiums	IFRS 5 *	Closing 2022
Commitment amount	44,727	409	-	2,747	4	-10,110	-188	338	-1,165	166	-5,346	31,582
Insurance policies	3,883	-	41	-	4	129	-	-	-134	730	-	4,653
Reserves for contingencies and expenses	41,043	409	-41	2,747	-	-10,239	-188	338	-1,231	-564	-5,346	26,928

* IFRS 5 - disposal underway of GACM España and its subsidiaries

4.11 Commitments given and received

(in thousands of euros)	12/31/2022	12/31/2021
Commitments received	**10,821,320**	**9,303,040**
Bank sureties guaranteeing loans	349,253	354,785
Commitments received on assets (reverse repo, cross-currency swap)	10,466,959	8,914,918
Commitments on property assets	-	26,611
Guarantees and sureties	5,108	6,726
Other commitments received	-	-
Commitments given	**5,905,772**	**6,171,984**
Commitments on assets or revenue	5,816,825	6,054,103
Collaterals	6,341	6,353
Commitments on property assets	582	26,934
Term commitments	-	-
Guarantees and sureties	-	7,128
Other commitments given	82,024	77,466
Securities received as collateral from reinsurers and retrocessionaires	**142,529**	**155,645**

4.12 Scope of consolidation

Groupe des Assurances du Crédit Mutuel scope of consolidation	Country	Consolidation method	12/31/2022		12/31/2021	
			Control	Interest	Control	Interest
Parent company						
GACM SA	France	Fully-consolidated	100.0%	100.0%	100.0%	100.0%
Insurance companies						
ACM IARD SA	France	Fully-consolidated	96.5%	96.5%	96.5%	96.5%
ACM VIE SAM	France	Fully-consolidated	100,.0%	-	100.0%	-
ACM VIE SA	France	Fully-consolidated	100.0%	100.0%	100.0%	100.0%
MTRL	France	Fully-consolidated	100.0%	-	100.0%	-
SÉRÉNIS ASSURANCES SA	France	Fully-consolidated	100.0%	100.0%	99.8%	99.8%
PARTNERS ASSURANCES SA	Belgium	Fully-consolidated	100.0%	100.0%	100.0%	100.0%
NELB SA	Belgium	Fully-consolidated	100.0%	100.0%	100.0%	100.0%
AGRUPACIÓ AMCI D'ASSEGURANCES I REASSEGURANCES SA *	Spain	Fully-consolidated	97.7%	97.7%	95.2%	95.2%
ATLANTIS VIDA, COMPAÑÍA DE SEGUROS Y REASEGUROS SA *	Spain	Fully-consolidated	88.1%	898%	88.1%	89.8%
GACM SEGUROS GENERALES COMPAÑÍA DE SEGUROS Y REASEGUROS, SAU *	Spain	Fully-consolidated	100.0%	100.0%	100.0%	100.0%
ICM LIFE SA	Luxembourg	Fully-consolidated	100.0%	100.0%	100.0%	100.0%
ASTREE SA	Tunisia	EM	30.0%	30.0%	30.0%	30.0%
Other companies						
ACM SERVICES SA	France	Fully-consolidated	100.0%	100.0%	100.0%	100.0%
GIE ACM	France	Fully-consolidated	100.0%	100.0%	100.0%	100.0%
ACM COURTAGE SAS	France	Fully-consolidated	100.0%	100.0%	100.0%	100.0%
ACM CAPITAL SCP **	France	Fully-consolidated	100.0%	99.7%	-	-
AGRUPACIÓ SERVEIS ADMINISTRATIUS AIE *	Spain	Fully-consolidated	100.0%	97.7%	100.0%	95.2%
AMDIF SL *	Spain	Fully-consolidated	100.0%	97.7%	100.0%	95.2%
ASESORAMIENTO EN SEGUROS Y PREVISIÓN ATLANTIS, SL *	Spain	Fully-consolidated	80.0%	80.0%	80.0%	80.0%
ASISTENCIA AVANÇADA BCN SL *	Spain	Fully-consolidated	100.0%	97.7%	100.0%	95.2%
ATLANTIS ASESORES SL *	Spain	Fully-consolidated	80.0%	80.0%	80.0%	80.0%
ATLANTIS CORREDURÍA DE SEGUROS Y CONSULTORÍA ACTUARIAL, SA *	Spain	Fully-consolidated	60.0%	60.0%	60.0%	60.0%
GACM ESPAÑA SA *	Spain	Fully-consolidated	100.0%	100.0%	100.0%	100.0%
TARGOPENSIONES, ENTIDAD GESTORA DE FONDOS DE PENSIONES SA *	Spain	Fully-consolidated	100.0%	97.7%	100.0%	95.2%
Property companies						
FONCIÈRE MASSÉNA SA	France	Fully-consolidated	100.0%	99.7%	100.0%	99.7%
SCI ACM	France	Fully-consolidated	100.0%	99.6%	100.0%	99.6%
SCI ACM COTENTIN	France	Fully-consolidated	100.0%	100.0%	100.0%	100.0%
SCI ACM PROVENCE LA FAYETTE	France	Fully-consolidated	100.0%	99.8%	100.0%	99.8%
SCI ACM SAINT AUGUSTIN	France	Fully-consolidated	100.0%	99.8%	100.0%	99.8%
SCI ACM TOMBE ISSOIRE	France	Fully-consolidated	100.0%	100.0%	100.0%	100.0%
SCI ACM 14 RUE DE LONDRES	France	Fully-consolidated	100.0%	99.8%	100.0%	99.8%

* IFRS 5 - disposal underway of GACM España and its subsidiaries

** Creation of the entity in January 2022

In accordance with the definition of control set out in IFRS 10, GACM does not include in its scope of consolidation any mutual funds over which it does not exercise control.

4.13 Non-consolidated equity investments

GACM's total non-consolidated equity investments amounted to €2,902,973 thousand.

The largest equity investments are detailed in the following table:

Name	Location of registered office	12/31/2022				12/31/2021
		Balance sheet value	Holding	Profit (loss)	Equity	Balance sheet value
ARDIAN HOLDING	Paris	671,650	16.0%	314,000	709,000	392,801
CAISSE FÉDÉRALE DE CRÉDIT MUTUEL	Strasbourg	739,203	11.7%	109,101	6,511,315	745,064
DESJARDINS GPE, Assurances Générales inc. - Ordinary shares DESJARDINS GPE, Assurances Générales inc. - Preferred shares	Quebec	346,880 79,000	10.0% 18.7%	830,194	3,459,072	361,980 79,250
MONTEBELLO DOMAINES	Mareil-sur-Ay	47,595	20.0%	7,665	238,086	52,003
MUTUELLES INVESTISSEMENTS SAS	Strasbourg	120,626	10.0%	30,713	1,141,523	114,152

4.14 Risk management

4.14.1 Technical risk management

Technical risk management covers all the risks that an insurer takes when marketing insurance policies:

- underwriting risk;
- provisioning risk;
- catastrophic risk.

The inverted cycle that characterizes the insurance sector makes it necessary to monitor this technical risk over time.

Generally speaking, GACM's insurance companies underwrite a whole range of "simple" risks from individuals and SMEs.

Note in particular the following risks relating to non-life insurance companies:

- bodily injury: disability, invalidity, care costs, long-term care;
- motor: damages and civil liability;
- personal and professional risks: fire, explosion, damage due to natural elements, natural disasters;
- general liability for individuals and professionals;
- miscellaneous pecuniary losses;
- legal protection insurance.

For life insurance companies: all transactions relating to life, death, capitalization transactions, and management of point-based pension plans.

Technical risk management is based around the following main pillars:

- the business units that handle sales development and pricing;
- the actuarial-technical forecasting department which coordinates the calculation of provisions for the corporate balance sheets;
- the Solvency II team, which is responsible for regulatory calculations and related sensitivities;
- management control including reporting and substantive analyses to monitor this technical risk throughout its term across all business lines;
- the reinsurance department, which identifies all the risks to be outsourced, defines the appropriate coverage program and places it on the market;
- the key actuarial function, which is responsible for the actuarial coordination of the various business, coordinating the calculation of technical prudential reserves and issuing an opinion on the overall underwriting policy and on the adequacy of reinsurance arrangements;
- the key risk management function which is responsible for coordinating the risk management system and ensuring that effective management approves the overall level of risk incurred and understands the consequences of the occurrence of these risks on projected solvency and profitability of the Group.

4.14.2 Financial risk management

The financial risk management policy aims to set up an asset structure in line with liability commitments in compliance with the prudent person principle.

The investment and management rules and limits set are the first step in managing financial risks. This set of rules is described in the investment risk management policy. This policy is accompanied by a "limits file" providing a framework of investment limits.

Financial risk management covers all of the following risks:

- interest rate risk;
- equity and other volatile asset risks;
- property risk;
- credit risk;
- counterparty risk;
- liquidity risk;
- foreign exchange risk.

It is based around several services:

- the asset-liability management (ALM) service, which defines strategic asset allocations based on liability constraints in order to limit interest rate risk, equity risk and property risk;
- financial risk management, which builds a set of limits and internal rules aimed at limiting exposure to liquidity, credit and counterparty risks;
- asset managers, who define tactical allocations and manage asset portfolios while taking into account the constraints set by ALM and financial risk management;
- the Financial Risk Control Department, which ensures *a posteriori* compliance with the limits set;
- the key risk management function, which is responsible for coordinating the risk management system.

Market risk

Given the preponderance of the savings activities of the savings & retirement insurance subsidiaries in France and abroad, GACM is particularly concerned by market risks, given the very large volume of financial assets representing commitments to policyholders.

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

These risks notably impact the valuation of the assets in the portfolio, their long-term return and must be managed in close connection with liability matching and in particular in life insurance, the guarantees granted to policyholders (minimum guaranteed rate, minimum guarantee, etc.).

GACM's market risk management is currently organized around individual control of certain financial risks deemed to be major (interest rate risk, equity risk, credit risk, liquidity risk, etc.) and an overall risk analysis designed to protect the Group against the simultaneous occurrence of several such risks.

GACM uses three types of tools to monitor market risks:

- balance sheet management models;
- a risky asset allocation model;
- asset/liability analyses of portfolios.

<u>Balance sheet management models</u>

These are balanced, forward-looking and accounting models.

They aim to depict the evolution of the company's balance sheet according to deterministic or stochastic scenarios.

In deterministic mode, they project projected operating accounts as well as the main balance sheet items.

They also provide a projection of all the components of the solvency margin. As such, they make it possible to measure the projected margin requirements in order to carry out, if necessary, the appropriate financial transactions.

In stochastic mode, financial variables (yield curve, credit spreads for corporate bonds and equity market performance, alternative management and property) and technical variables (claims and claims settlement rate for non-life insurance) are simulated. Each simulation corresponds to a scenario involving changes in interest rates, spreads, financial markets, claims and claims settlement rate, which leads to changes in the market value of the assets and financial statements of the Group's companies.

A large number of simulations are used to establish a statistical distribution of accounting and economic indicators.

These models are used to define asset allocations, perform ALM studies and produce Solvency II calculations.

<u>Risky asset allocation model</u>

The allocation model makes it possible to manage risk on risky assets (mainly equities, venture capital, alternative management and real estate). This study is carried out periodically to limit excessive risk-taking. Investment budgets are approved by the Finance Committee.

<u>Asset/liability analyses of portfolios</u>

These studies are carried out every six months, by each management group within each company. They provide information to asset managers to guide their investments.

This information is on several levels:

- asset and liability cash flow projections;
- monitoring asset and liability durations;
- liability breakdown and monitoring of minimum rate commitments;
- portfolio composition by major asset classes;
- bond portfolio composition by sector and rating, and monitoring average rating;
- deadweight actions.

Interest rate risk

<u>Type of exposure and risk management</u>

In life insurance, interest rate risk mainly concerns savings in euros. It can take two forms:

- a risk of rising interest rates: due to the inertia of the portfolio's rate of return, in the event of a rise in interest rates, the rate paid by the insurer on euro-denominated contracts may initially be well below market rates. The phenomenon is all the more important if the rise in rates is sharp and sudden. Policyholders may then decide to surrender their policy to invest their savings in a competing product. These redemptions, if they become significant, may force the insurer to sell its bonds and realize capital losses;
- a downside risk: if rates fall, the rate of return on the asset is diluted. The risk for the insurer is that it will no longer be able to pay the minimum guaranteed rates on euro savings contracts.

In non-life insurance, the interest rate risk is manifested by:

- the emergence of unrealized capital losses in the event that rates rise;
- the loss of income on new investments as well as an increase in certain technical reserves (motor

liability, disability/invalidity and long-term care coverage), in the event that rates drop.

The Finance Committee defines interest rate hedges as part of the general policy adopted by the Board of Directors of insurance companies and the GACM Supervisory Board.

For savings portfolios, where the majority of the risk is concentrated, it is based on a methodology designed to measure the extent of interest rate movements (upward and downward movements of the yield curve) that the company can withstand while respecting the commitments made to policyholders.

When the levels of protection are deemed insufficient, the finance department may purchase additional financial hedges.

Interest rate sensitivity analysis

The interest rate sensitivity of GACM's bond portfolio is determined by assuming a 1% increase and decrease in interest rates:

	12/31/2022	
(in millions of euros)	Impact on profit (loss)	Impact on equity
Increase of 1% in the risk-free rate	-15	-695
Decrease of 1% in the risk-free rate	15	768

	12/31/2021	
(in millions of euros)	Impact on profit (loss)	Impact on equity
Increase of 1% in the risk-free rate	-14	-813
Decrease of 1% in the risk-free rate	8	903

The impacts are shown net of deferred profit-sharing and taxes.

The sensitivity is recorded in equity for available-for-sale securities and in profit or loss for securities classified at fair value through profit or loss.

Equity risk and similar

Type of exposure and risk management

Equities and similar assets are by nature volatile. Impairment of these assets (excluding investments representing unit-linked commitments), in accordance with the valuation method defined in Article R. 343-10 of the *Code des Assurances* (French Insurance Code), will impact the financial statements of insurance companies.

The insurer may have to recognize provisions for long-term impairment (PLI) and/or a provision for liquidity risk (PLR) in the event of an unrealized loss of value on these assets, thus leading to a significant decrease in investment income.

This fluctuation in market value also introduces volatility in the valuations and consequently in the accounting provisions likely to impact the remuneration of policyholders.

The monitoring and management of “equity” risk are implemented as part of the process of determining the annual budget for investment in risky assets. This study is carried out periodically to ensure consistency between the investments made during the year and the risk appetite selected. It provides a range for investment (or divestment) in risky assets.

The aim is to define minimum and maximum investments in risky assets (equities, alternative management, FCPR, real estate) that make it possible to retain a minimum of bond assets to cover the probable flows of liabilities over the medium term, to preserve part of the company’s one-year net profit in the scenario of an extreme stock market decline and to limit the annual increase in the share of risky assets in order to smooth the entry points.

Analysis of sensitivity to equity and similar risk

A numerical evaluation of the equity risk can be expressed by the sensitivity determined by assuming a 10% rise or fall in equities:

	12/31/2022	
(in millions of euros)	Impact on profit (loss)	Impact on equity
10% increase in equity markets	133	336
10% decrease in equity markets	-155	-313

(in millions of euros)	12/31/2021 Impact on profit (loss)	Impact on equity
10% increase in equity markets	70	311
10% decrease in equity markets	-70	-311

The impacts presented take into account the profit sharing rate of the portfolio holding the financial investments and the applicable tax rate.

These sensitivity calculations include the impact of changes in the benchmark market index on the valuation of assets at fair value.

Changes in the fair value of available-for-sale financial assets impact unrealized reserves; other items impact net profit (loss).

Foreign exchange risk

Foreign exchange risk is defined as the risk of loss due to fluctuations in the exchange rate of currencies against the euro.

GACM's asset portfolio has very little exposure to foreign currencies.

As a result, this risk remains marginal for GACM, as shown by the sensitivity to foreign exchange risk, determined by assuming a 10% rise or fall in each currency against the euro:

	12/31/2022	
(in millions of euros)	Impact on profit (loss)	Impact on equity
+10% of each currency against the euro	7	46
-10% of each currency against the euro	-7	-46

	12/31/2021	
(in millions of euros)	Impact on profit (loss)	Impact on equity
+10% of each currency against the euro	4	44
-10% of each currency against the euro	-4	-44

The impacts are shown net of deferred profit-sharing and taxes.

Liquidity risk

Type of exposure and risk management

Liquidity risk is the risk of not being able to sell an asset or of selling it at a significant discount.

GACM manages liquidity risk through stress tests and liquidity gaps.

A stress test makes it possible to analyze the needs of each Group company in terms of assets that can be sold in the medium term. This study is carried out annually. The stress test results on liabilities are compared to the liquid asset positions.

A stress test showing massive redemptions within one year was also defined for the life insurance companies' savings funds in euros. The results of these sales are analyzed in the regular reports to the Group controller.

A study of long-term liquidity gaps ensures that projected flows from savings and similar liabilities over the next 10 years are covered by the projected cash flow generated by the assets plus the money market fund in the first year. No revenues are taken into account. Benefits are estimated according to the current laws. This study is carried out twice annually.

A "liquidity emergency plan" has been adopted. It recommends regular monitoring of redemptions of the Group's life insurance companies by the modeling and risk management department, prioritization of disposals according to the intensity of redemptions, and monthly meetings on liquidity in the event this risk occurs. The result is analyzed by regular reports of the Group companies.

Maturity profile of the financial investments portfolio

Note 4.7.9 to the consolidated financial statements presents the maturity profile of GACM's bond portfolio (excluding unit-linked contracts).

Credit risk and counterparty risk

Credit risk is the risk that an issuer will default and be unable to make payments on its debt.

Credit risk management takes place on several levels:

- exposure limits by issuer. These limits take into account the issuer's rating by the main rating agencies. Exposure to the debt of the peripheral countries of the euro zone (Spain, Greece, Ireland, Italy, Portugal) has also been reduced;
- exposure limits by rating class. These limits have been adjusted to limit the impact of defaults, in 95% of cases, based on the financial strength of the company.

Counterparty risk is the risk that one of the counterparties to financial transactions (derivatives or repurchase agreements) or reinsurance transactions will not be able to meet its commitments. This section only considers the counterparty risk for financial instruments.

The following financial transactions are likely to generate counterparty risk within GACM:

- repurchase agreements;
- derivative products such as caps, swaptions, and cross currency swaps (CCS).

However, the risk is limited by the fact that these transactions are carried out only with first-rate counterparties with whom GACM has entered into daily collateral exchange agreements.

4.14.3 Capital management

For its capital management, the company establishes in the ORSA projections of results and solvency margin coverage (Solvency II framework) over five financial years for all insurance companies and for the consolidated financial statements of GACM.

These projections are made using a base case scenario of economic and financial assumptions, along with alternative scenarios.

Capital management is then defined according to the results of these simulations and the company's risk appetite.

Risk appetite

The company's risk appetite is defined in the following way:

- ensure that the Company’s net profit (loss) does not deviate by more than a certain percentage from the average net profit (loss) recorded over the last three years;
- protect a solvency ratio level (Solvency II) in all test scenarios.

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Groupe des Assurances du Crédit Mutuel S.A.

Statutory Auditors' Report on the Consolidated Financial Statements

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended 31 December 2022
Groupe des Assurances du Crédit Mutuel S.A.
4, rue Frédéric-Guillaume Raiffeisen - 67000 Strasbourg

Groupe des Assurances du Crédit Mutuel S.A.

Registered Office: 4, rue Frédéric-Guillaume Raiffeisen - 67000 Strasbourg
Share Capital: €1,241,034,904

Statutory Auditors' Report on the Consolidated Financial Statements

For the year ended 31 December 2022

To the annual general meeting of Groupe des Assurances du Crédit Mutuel S.A

Opinion

In compliance with the engagement entrusted to us at your Annual General Meetings, we have audited the accompanying consolidated financial statements of Groupe des Assurances du Crédit Mutuel S.A. for the year ended 31 December 2022.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2022 and of the results of its operations for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit and Risk Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in accordance with the independence rules applicable to us under the French Commercial Code (*Code de commerce*) and the Code of ethics (*Code de déontologie*) for statutory auditors for the period from 1 January 2022 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

<table>
<tr><th colspan="2"><u>1 Measurement and impairment of Level 2 & Level 3 financial investments (real estate investments excluded)</u></th></tr>
<tr><th>Audit risk identified and main judgements</th><th>Audit procedures in response to the risk identified</th></tr>
<tr><td>
- Financial assets, derivative instruments and the methods used to classify and measure them at the end of the reporting period are outlined in Note 4.3.6 to the consolidated financial statements. Methods for determining impairment are also outlined there.
- Investments classified as available-for-sale are measured at fair value at the end of the reporting period. Fair value changes are recognised directly in equity, taking into account the shadow accounting and the deferred tax effects.
- Financial assets at fair value through profit or loss are measured at fair value at the end of the reporting period. Fair value changes are recognised directly in profit or loss, taking into account the shadow accounting and the deferred tax effects.
- Loans and receivables and held-to-maturity investments are recognised at amortized cost.
- In the three-level fair value hierarchy, level 3 comprises all assets measured using inputs not based on observable market data. Fair value can be determined from internal measurement models derived from standard models or from external providers measurement without reference to an active market. Level 2 comprises all assets measured using inputs coming from external sources.
- The measurement of investments used to determine the impairment could not reflect market value.
As indicated in the Note 4.7.6 and Note 4.7.7 of the consolidated financial statements
- Level 2 assets recognised at amortized cost amount to € 10,7 billion (out of which € 0,5 billion are real estate investments)
- Level 2 assets measured at fair value through profit or loss amount to € 15,1 billion (out of which € 1,6 billion are non UL real estate investments measured at fair value through profit or loss, € 1,1 billion are UL real estate investments measured at fair value through profit or loss and € 0,7 billion are real estate investments classified as available-for-sale)
</td><td>
To assess the reasonableness of the measurement and impairment of level 2 and level 3 financial investments (real estate investments excluded), we performed the following work based on the information provided to us:
- Review the methods used to measure assets;
- assess the internal control environment relating to the measurement process, particularly the implementation and effectiveness of key controls;
- check the consistency of measurement by performing an external measurement using our pricing tool for listed securities;
- for structured products, perform a comparative measurement on a sample of structured products;
- for unlisted securities, perform substantive procedures on a selection of lines;
- review impairment, ensuring that the applicable rules under IFRS were correctly applied;
- examine and substantiate counterparty risk based on changing stock market values;
- control of wash sales and their impacts on the financial statements;
- examine and substantiate classification changes between the three levels of the fair value hierarchy and various intended holding periods;
- ensure the consistency of the shadow accounting effect recognised with regard to the fair value of assets.
- examine the information requested as per IFRS 7 in the notes to the consolidated financial statements.
</td></tr>
</table>

- Level 3 assets amount to € 1,6 billion. - Given the amounts of level 2 and level 3 financial investments stated (real estate investments excluded) in Note 4.7.6 and Note 4.7.7 and the degree of judgment required on the part of Management, particularly as regards the measurement of assets based on unobservable market inputs, we deemed the measurement and impairment of these financial investments to be a key audit matter.	

2 Measurement of mathematical reserves and increasing risks reserves for creditor policies	
Audit risk identified and main judgements	***Audit procedures in response to the risk identified***
- A provision for increasing risks on creditor policies is made to reflect the difference between the expected future claims experience on death and disability cover of the contracts in the portfolio and the future premiums defined in the contract over the life of the loan. The mathematical provision (including provisions for increasing risks) of creditor policies amounted to €1 540 million at 31 December 2022, compared to € 1 359 million at 31 December 2021. - This reserve is calculated prospectively, by comparing the insurer's future commitments with those of the policyholder. French regulations do not specify all of the inputs to be used to calculate this reserve. Consequently, we deemed the measurement of mathematical reserves and increasing risks reserves for creditor policies to be a key audit matter in view of the sensitivity of the calculation of the increasing risk reserve for creditor policies to the choice of the following key assumptions, which require a significant degree of judgment from Management: - The experience-based tables for mortality on the one hand and for temporary and permanent disability on the other; - Establishing groups of contracts with similar characteristics to calculate the reserve; The surrender behaviour of policyholders, in particular given the early surrender options authorised under applicable regulations.	Our audit consisted in: - Analysing the evolutions of the different parameters included in the calculation of the increasing risks reserve and mathematical reserve between December 31, 2021 and December 31, 2022 together with their rationale; - Analysing the consistency of the method used / documentation sent together with the contractual terms and conditions (income limitation, premium waver….); - Updating our review of the method used to build the mortality table and the disability onset table; - Analysing the assumptions compared to insured risks and regulations (discount rates, regulatory tables, etc.); - Analysing the actuarial formulae used; - Performing recalculations on several credit lines; - Analysing the run-off of reserves booked at 31 December 2021.

3 Measurement of claims reserves (including IBNR and other provisions) for bodily injury claims in connection with auto insurance policies	
Audit risk identified and main judgements	***Audit procedures in response to the risk identified***
- Reserves for bodily injury claims in connection with auto insurance policies correspond to incurred but not paid claims (both principal and related charges) and include an estimate of IBNR or late policy payouts. The reserves appear on the balance sheet for a total amount of €1 084 million for ACM IARD S.A. and Sérénis Assurances S.A., as shown in the notes to the consolidated financial statements of GACM S.A. - Measurement of these reserves requires professional judgment on the part of Management, as well as consideration of changing industry benchmarks (Gazette du Palais, BCIV, etc.), to measure damages. - Given the relative weight of these reserves on the balance sheet and the degree of judgment exercised by Management, we deemed measurement of these reserves to be a key audit matter.	Our audit included reviewing: - the assumptions used to calculate the reserves and their compliance with regulations in force at 31 December 2022; - the methods used to calculate the various reserves; - auto insurance bodily injury cases, by interviewing the case managers; - IBNRs by analysing actuarial assumptions and methods used, by reviewed the supporting documentation given and by performing sensitivity tests over historical depth used to calculate the reserves; - Run-off analysis as at 31 December 2021.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the Supervisory Board's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Report on Other Legal and Regulatory Requirement

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Groupe des Assurances du Crédit Mutuel S.A. at the annual general meeting of 6 May 2020 for PricewaterhouseCoopers Audit and 3 May 2017 for KPMG S.A.

As at 31 December 2022, KPMG S.A. and PricewaterhouseCoopers Audit were in the 6th year and 3rd year of total uninterrupted engagement respectively.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it expects to liquidate the Company or to cease operations.

The Audit and Risk Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements have been approved by the Supervisory Board.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit, and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements.

- Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit and Risk Committee

We submit a report to the Audit and Risk Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Risk Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this audit report.

We also provide the Audit and Risk Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit and Risk Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense and Neuilly-sur-Seine, April 13, 2022

The Statutory Auditors

KPMG S.A.		PricewaterhouseCoopers Audit
Anthony Baillet Partner	Antoine Esquieu Partner	Sébastien Arnault Partner