Assurances Crédit Mutuel

2023

JUNE

CONSOLIDATED FINANCIAL STATEMENTS

→ GROUPE DES ASSURANCES DU CRÉDIT MUTUEL

CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST HALF OF 2023

1. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are presented in euros, the functional currency of Groupe des Assurances du Crédit Mutuel (GACM). All amounts have been rounded to the nearest million, unless otherwise indicated.

GACM applies IFRS 9 - Financial instruments and IFRS 17 - Insurance contracts for the first time in its financial statements for the period ended June 30, 2023. In addition, at the time of the transition to these standards, GACM chose not to consolidate anymore some entities over which it holds control, given the materiality of their assets, their financial position and their consolidated profit (loss), in accordance with IAS 1 and IAS 8. Thus, the following comparative data are presented *proforma* (restated jointly for the change in standards and the reduction in the scope of consolidation).

1.1 Consolidated balance sheet - Assets

(in millions of euros)	Notes	06/30/2023	12/31/2022 restated	01/01/2022 restated
Goodwill		65	65	123
Other intangible assets		0	0	10
Intangible assets		**65**	**65**	**133**
Investment property	Note 2.7.1	3,397	3,397	3,466
Financial investments	Note 2.7.2	133,049	127,163	142,561
- at amortized cost	*Note 2.7.3*	*22*	*23*	*57*
- at fair value through other comprehensive income	*Note 2.7.4*	*81,789*	*78,948*	*90,781*
- at fair value through profit or loss	*Note 2.7.4*	*51,238*	*48,192*	*51,723*
Investments from insurance activities		**136,445**	**130,560**	**146,027**
Investments in equity-accounted companies		-	-	-
Assets arising from direct insurance contracts	Note 2.7.12	18	18	26
Assets arising from reinsurance contracts	Note 2.7.12	298	328	277
Assets arising from insurance contracts	**Note 2.7.12**	**316**	**347**	**303**
Operating property and other property, plant and equipment		246	247	290
Deferred tax assets	Note 2.7.7	72	101	9
Current tax receivables	Note 2.7.7	28	43	2
Other receivables		1,367	1,586	678
Other assets		**1,713**	**1,976**	**980**
Assets held for sale and discontinued operations		**940**	**983**	**-**
Cash and cash equivalents		**153**	**124**	**542**
Total assets		**139,632**	**134,054**	**147,985**

1.2 Consolidated balance sheet - Liabilities

(in millions of euros)	Notes	06/30/2023	12/31/2022 restated	01/01/2022 restated
Share capital	Note 2.7.8	1,241	1,241	1,241
Issue, merger and contribution premiums		1,154	1,154	1,154
Gains and losses recognized in other comprehensive income		372	32	1,190
Retained earnings		7,752	7,430	7,838
Consolidated net profit (loss) for the financial year		448	817	-
Shareholders' equity – Group share		**10,969**	**10,674**	**11,423**
Non-controlling interests in gains and losses recognized in other comprehensive income		5	1	14
Non-controlling interests in retained earnings		103	101	107
Non-controlling interests in net profit (loss)		5	7	-
Non-controlling interests		**113**	**108**	**121**
Total equity		**11,081**	**10,782**	**11,544**
Provisions for contingencies and expenses		**45**	**48**	**58**
Subordinated debt	Note 2.7.11	1,556	1,561	1,553
Debt securities	Note 2.7.11	-	-	-
Financing debt to banking sector companies	Note 2.7.11	162	162	209
Other financing debt	Note 2.7.11	30	31	53
Financing debt	**Note 2.7.11**	**1,748**	**1,754**	**1,815**
Liabilities arising from direct insurance contracts	Note 2.7.12	115,980	110,469	124,713
Liabilities arising from reinsurance contracts	Note 2.7.12	-	-	-
Liabilities arising from insurance contracts	**Note 2.7.12**	**115,980**	**110,469**	**124,713**
Derivative liabilities		103	141	109
Deferred tax liabilities	Note 2.7.7	-	-	368
Current tax payables	Note 2.7.7	5	5	17
Operating debt to banking sector companies		9,598	9,935	9,046
Other debt		509	315	312
Current accounts payable		11	7	2
Other liabilities		**10,226**	**10,402**	**9,854**
Liabilities held for sale and discontinued operations		**552**	**600**	**-**
Total liabilities		**139,632**	**134,054**	**147,985**

1.3 Statement of profit and loss

(in millions of euros)	Notes	06/30/2023	06/30/2022 restated
Insurance revenue	Note 2.8.1	3,670	3,490
Insurance expenses		-3,155	-3,025
Net profit arising from reinsurance contracts		-42	18
Insurance service result		**473**	**483**
Interest income calculated using the effective interest rate method	Note 2.8.3	684	609
Other investment income	Note 2.8.4	3,804	-5,068
Credit-related loss of value		0	2
Insurance finance income or expenses from direct insurance contracts issued	Note 2.8.2	-4,329	4,539
Insurance finance income or expenses from reinsurance contracts held	Note 2.8.2	2	0
Net financial result	**Note 2.8.2**	**161**	**83**
Income from other activities		7	8
Other operating revenue		51	32
Other operating expenses		-79	-59
Profit (loss) from current operating activities		**613**	**546**
Other income		1	-
Other expenses		-6	-2
Profit (loss) from operating activities		**607**	**544**
Financing expenses		-19	-18
Share of the net income of associates in net profit (loss)		-	-
Income tax	Note 2.8.6	-135	-109
Profit (loss) of discontinued operations		-	-
Net profit (loss)		**453**	**416**
Of which Group share		*448*	*412*
Of which non-controlling interests		*5*	*4*

1.4 Statement of profit and loss and other comprehensive income

(in millions of euros)	06/30/2023	06/30/2022 restated
Net profit (loss)	**453**	**416**
Items that can be reclassified to the income statement	**-93**	**-847**
Currency translation adjustment	-	-
Foreign currency translation adjustments	*-*	*-*
Net amount reclassified to the income statement	*-*	*-*
Revaluation of debt instruments at fair value through other comprehensive income	574	-9,553
Net change in fair value	*585*	*-9,681*
Net amount reclassified to the income statement	*-12*	*128*
Insurance finance income or expenses from direct insurance contracts issued	-701	8,471
Insurance finance income or expenses from reinsurance contracts held	1	-60
Revaluation of hedging derivatives	-	-
Net change in fair value	*-*	*-*
Net amount reclassified to the income statement	*-*	*-*
Related deferred taxes	33	294
Items that cannot be reclassified to the income statement	**437**	**60**
Revaluation of equity instruments at fair value through other comprehensive income	469	1
Gains and losses on disposal of financial instruments at fair value through other comprehensive income	14	6
Actuarial gains and losses on defined benefit plans	1	9
Related deferred taxes	-46	43
Total gains and losses recognized in other comprehensive income	**344**	**-787**
Net profit (loss) and gains and losses recognized in other comprehensive income	**797**	**-371**
Of which Group share	*788*	*-364*
Of which non-controlling interests	*9*	*-6*

1.5 Consolidated statement of changes in equity

(in millions of euros)	Share capital	Premiums related to share capital	Gains and losses recognized in other comprehensive income		Retained earnings	Net profit (loss)	Shareholders' equity – Group share	Non-controlling interests	Total equity
			Qualifying for reclassification	Not qualifying for reclassification					
Equity 12/31/2021	**1,241**	**1,154**	**1,803**	**-8**	**5,948**	**885**	**11,023**	**103**	**11,126**
Appropriation of profit (loss)	-	-	-	-	885	-885	-	-	-
Impact of changes in accounting methods on non-significant subsidiaries	-	-	82	-	-112	-	-30	1	-28
Impact of change in accounting method relating to IAS 40 and IAS 16	-	-	-	-	769	-	769	2	772
Impact of the application of IFRS 9	-	-	-5,669	1,075	5,073	-	480	1	481
Impact of the application of IFRS 17	-	-	3,906	-	-4,727	-	-821	14	-807
Other changes	-	-	-	-1	2	-	1	-	1
Equity 01/01/2022 restated	**1,241**	**1,154**	**123**	**1,067**	**7,838**	**-**	**11,423**	**121**	**11,544**
Appropriation of profit (loss)	-	-	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-400	-	-400	-	-400
Change in share capital	-	-	-	-	-	-	-	-	-
Change in equity interests without loss of control	-	-	-	-	-	-	-	-	-
Restructuring	-	-	-	-	-	-	-	-	-
Change in scope of consolidation	-	-	-	-	-	-	-	-	-
Total movements related to relations with shareholders	**-**	**-**	**-**	**-**	**-400**	**-**	**-400**	**-**	**-400**
Net profit (loss) for the period	-	-	-	-	-	412	412	4	416
Changes in other comprehensive income	-	-	-842	66	-	-	-777	-10	-787
Total comprehensive income for the period	**-**	**-**	**-842**	**66**	**-**	**412**	**-364**	**-6**	**-371**
Other changes	-	-	-	-	-4	-	-4	-	-4
Equity 06/30/2022 restated	**1,241**	**1,154**	**-720**	**1,133**	**7,434**	**412**	**10,654**	**115**	**10,769**
Equity 12/31/2022 restated	**1,241**	**1,154**	**-1,110**	**1,143**	**7,430**	**817**	**10,674**	**108**	**10,782**
Appropriation of profit (loss)	-	-	-	-	817	-817	-	-	-
Dividend distribution	-	-	-	-	-494	-	-494	-4	-498
Change in share capital	-	-	-	-	-	-	-	-	-
Change in equity interests without loss of control	-	-	-	-	-	-	-	-	-
Restructuring	-	-	-	-	-	-	-	-	-
Change in scope of consolidation	-	-	-	-	-	-	-	-	-
Total movements related to relations with shareholders	**-**	**-**	**-**	**-**	**323**	**-817**	**-494**	**-5**	**-499**
Net profit (loss) for the period	-	-	-	-	-	448	448	5	453
Changes in other comprehensive income	-	-	-93	433	-	-	340	4	344
Total comprehensive income for the period	**-**	**-**	**-93**	**433**	**-**	**448**	**788**	**9**	**797**
Other changes	-	-	-	-	-	-	-	-	-
Equity 06/30/2023	**1,241**	**1,154**	**-1,204**	**1,576**	**7,752**	**448**	**10,969**	**113**	**11,081**

1.6 Consolidated statement of cash flows

(in millions of euros)	06/30/2023	06/30/2022 restated
Net profit (loss)	**453**	**416**
Taxes	**135**	**109**
Net amortization expense	3	4
Change in impairments	3	-3
Net additions to other provisions	-3	-10
Changes in value of investments recognized at fair value through profit or loss	-2,646	6,005
Change in assets and liabilities related to insurance and reinsurance contracts	4,843	-4,092
Other non-cash items included in operating result	-	-
Adjustments to items included in net profit (loss) that do not correspond to cash flows	**2,200**	**1,904**
Gains and losses from disposal of financial investments	-309	-164
Gains and losses from disposal of property investments	-	-
Gains and losses from disposal of intangible assets and property, plant and equipment	-	-
Gains and losses from disposal of investments	**-309**	**-164**
Change in operating receivables and debts	21	-17
Change in securities sold and delivered under repurchase agreements	-	-
Cash flows from other assets and liabilities	-81	-704
Net taxes paid	32	-53
Net cash flows from operating activities	**2,451**	**1,491**
Acquisitions of subsidiaries and joint ventures, net of cash acquired	-	-
Disposals of subsidiaries and joint ventures, net of cash sold	-	-
Equity stakes in equity-accounted companies	-	-
Disposals of stakes in equity-accounted companies	-	-
Cash flows related to changes in scope of consolidation	**-**	**-**
Acquisitions and disposals of financial investments and derivatives	-1,916	-1,571
Acquisitions and disposals of property investments	5	-2
Cash flows related to disposals and acquisitions of investments	**-1,911**	**-1,573**
Acquisitions and disposals of property, plant and equipment and intangible assets	-5	-6
Cash flows related to acquisitions and disposals of property, plant and equipment and intangible assets	**-5**	**-6**
Net cash flows from investing activities	**-1,916**	**-1,579**
Membership fees	-	-
Issuance of equity instruments	-	-
Repayment of equity instruments	-	-
Treasury share transactions	-	-
Dividends paid	-498	-400
Amounts received on a change in ownership interest without loss of control	-	-
Amounts paid on a change in ownership interest without loss of control	-	-
Cash flows related to shareholders and members	-	-
Cash flows related to transactions with shareholders and members	**-498**	**-400**
Cash generated by issuances of debt financing	-	-
Other cash impacts related to financing activities	-6	1
Cash flows related to Group financing	**-6**	**1**
Net cash flows from financing activities	**-504**	**-399**
Cash flows from sold or discontinued operations	-6	-
Cash and cash equivalents at January 1	**117**	**540**
Net cash flows from operating activities	**2,451**	**1,491**
Net cash flows from investing activities	**-1,916**	**-1,579**
Net cash flows from financing activities	**-504**	**-399**
Effect of exchange rate movements on cash and cash equivalents	-	-
Cash flows from sold or discontinued operations	-6	-
Cash and cash equivalents at June 30	**142**	**53**

The line item of cash and cash equivalents includes cash and bank balances net of current accounts payable. GACM also has €3.9 billion in cash invested UCITS.

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Detailed summary of the notes

2.1 Main structural operations and significant events of the period

First-time application of IFRS 9/17 and change in scope of consolidation

2023 has been marked, for insurance groups that publish under IFRS, by the first-time application on January 1 of two IFRS standards: on the one hand, IFRS 17, relating to insurance contracts, replacing IFRS 4, and on the other hand, IFRS 9, relating to financial instruments, replacing IAS 39. For the application of IFRS 9, insurance groups had benefited from a temporary exemption option until the date of application of IFRS 17.

IFRS 9 defines new principles for the classification and measurement of financial instruments, including the notion of business model for debt instruments, impairment of debt instruments, and hedge accounting. It distinguishes between financial assets to be recognized at amortized cost, at fair value through profit or loss or at fair value through other comprehensive income.

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. For long-term contracts, such as life insurance or creditor insurance, the standard provides for the inclusion on the balance sheet of the insurer's expected margin over the entire term of the contract (contractual service margin or CSM), which is then recognized in the income statement as the service is provided to policyholders. This margin is a key indicator, which will be analyzed at each closing. Written premiums are now a "Non-GAAP" indicator but will continue to be reported.

At June 30, 2022, profit amounted to €433 million under IFRS 4, compared with €416 million under IFRS 9/17, *i.e.* a very limited difference (-4%).

In parallel with this change in standards, the scope of consolidation of GACM changed on January 1, 2023, with the exit of non-material entities within the meaning of IAS 1 and IAS 8. It now comprises 18 companies, compared to 35 as of December 31, 2022.

Inflation and interest rate increase

The economic context at the beginning of 2023 was marked, as in 2022, by inflation that remained high (+5.3% in France year-on-year at the end of June, +5.5% in the euro zone according to Eurostat, rates measured by the HICP), driven by higher food and energy prices. Faced with the persistence of inflationary tensions in the euro zone, the European Central Bank continued to increase its key rates (+150 bps in the first half of 2023) and to reduce its asset purchase program. This monetary policy led to an inversion of the interest rate curve: at the end of June 2023, it was then more expensive on average for the French State to finance itself over the short term than the long term.

The combination of high inflation and the increase in short-term interest rates led to an increase in interest on regulated savings accounts, with a Livret A savings account interest rate of 3.0% since February 2023. In a market characterized by net euro outflows of €15.5 billion at the end of June, GACM in France stood out with positive net inflows in the euro-denominated fund (+€0.2 billion at the end of June). Gross inflows amounted to €4.1 billion, up 16.2% compared to the 1st half of 2022.

In addition, since the beginning of the year, equity markets continued to grow (+14.3% for the CAC 40 index at the end of June), with a positive effect on the valuation of securities at fair value through profit or loss in the own funds portfolios.

Consequences of the Lemoine law on Creditor Insurance

In force since June 1, 2022 for new home loans, the Lemoine law has been applicable since September 1, 2022 for all contracts in effect at that date. This legislative provision allows creditors to cancel and change insurance at any time, without incurring any fee. In addition, this law reduces the right oblivion to five years for certain pathologies and eliminates the health questionnaire for loans of less than €200,000 (per insured) and for which repayment would be made before the creditor's 60th birthday.

The entry into force of the law led to an increase in the number of terminations in order to switch to competitors. At the level of GACM's real estate creditor insurance portfolio, the rate of terminations in order to switch to competitors nevertheless remains limited.

Update on the earthquake of June 16 and its aftershocks

Following the magnitude 5.8 and 5 tremors that caused significant damage in Charente-Maritime and Deux-Sèvres on June 16 and 17, more than 1,000 claims were reported to Assurances du Crédit Mutuel and appraisals are underway in order to estimate the size of claims. This event, already recognized as a natural disaster for 13 municipalities by ministerial decree of June 30, was the largest earthquake in France since that of November 11, 2019 in Ardèche. Its cost is estimated by France Assureurs at around €290 million. The amount of damages declared by ACM policyholders at June 30, 2023 was estimated at more than €20 million.

Urban violence in June

The acts of urban violence that took place in late June and early July affected many municipalities. Fires and damage mainly affected vehicles and shops, but also public buildings and bank branches.

For France Assureurs, these events represent an amount of claims of approximately €652 million, more than three times the amount of the four weeks of riots in 2005, which had led to more than €200 million in insured losses. The Federation estimates that 90% of claims concern property belonging to businesses and local authorities.

For GACM, more than 700 claims were reported for an expense estimated at €10 million, including €2.5 million in motor insurance and €7 million in professional insurance, including the Group's bank branches, three of which were completely destroyed.

Societal dividend - Launch of the first Environmental and Solidarity Revolution Fund

Faced with the scale of the climate crisis and growing inequalities, Crédit Mutuel Alliance Fédérale created the societal dividend in early 2023 and will make 15% of its profit available each year (*i.e.* around €500 million per year) to help build a more sustainable and more supportive world. 50% of this societal dividend will be allocated to an impact fund, with no short-term financial profitability objective, to support the change in production models, improve infrastructure and respond to market failures. This fund, fully financed by the societal dividend in the amount of €263 million in 2023, will not be open to other investors. It will be launched in the second half of the year and will invest heavily in entrepreneurial projects. GACM will participate in this system in accordance with terms yet to be defined.

NELB changes its corporate name and brand

As of June 14, 2023, the Belgian subsidiary NELB SA changed its corporate name to become ACM Belgium Life SA. Since this date, it has distributed its products under a new brand and logo, "ACM Insurance". This new name further anchors the company within GACM and its values.

Business development in Germany

As part of its new strategic plan, Crédit Mutuel Alliance Fédérale wants to strengthen its presence in Germany, the Group's leading international market, by developing an insurance business there.

ACM Deutschland AG was incorporated in the first half of 2023 and will be the holding company for future life and non-life insurance companies. Approval procedures with the German supervisory authority (BaFin) will take place in the coming months, with the aim of authorizations being issued during 2025.

2.2 Consolidation principles and methods

The consolidated financial statements include the financial statements of the parent company and the entities it controls, hereinafter referred to as Groupe des Assurances du Crédit Mutuel (or GACM).

2.2.1 Presentation

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 €1,241,034,904.00.

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

Shareholding structure

The share capital of GACM SA is comprised of 80,066,768 shares of €15.50 each, held by the following shareholders:

(in euros)

	SHAREHOLDERS	SHARE CAPITAL HELD	
1	Banque Fédérative du Crédit Mutuel	621,003,982	50.0%
2	CIC	199,363,666	16.1%
3	Caisse Fédérale 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 du 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 du 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 du Crédit Mutuel Ile-de-France	8,654,983	0.7%
11	Caisse Régionale du Crédit Mutuel de Normandie	8,481,647	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%**

GACM organizational chart

GACM SA

Insurance companies (and parent companies)		Other activities
ACM VIE SA	ACM IARD SA	GIE ACM
ACM VIE SAM		FONCIÈRE MASSÉNA SA
ACM BELGIUM LIFE SA		SCI ACM
GACM ESPAÑA SA*	GACM SEGUROS GENERALES, COMPAÑÍA DE SEGUROS Y REASEGUROS, SAU*	SCI ACM SAINT AUGUSTIN
AGRUPACIÓ AMCI D'ASSEGURANCES Y RESASSURNANCES, SA*	ATLANTIS VIDA, COMPAÑÍA DE SEGUROS Y REASEGUROS, SA*	SCI ACM PROVENCE LA FAYETTE
ACM DEUTSCHLAND AG	ACM DEUTSCHLAND NON LIFE AG	SCI ACM 14 RUE DE LONDRES
ACM DEUTSCHLAND LIFE AG		ACM CAPITAL

** In December 2022, GACM and AXA Spain signed an agreement for the disposal of its operations (excluding Cofidis) in Spain. The disposal took place on July 12, 2023.*

2.2.2 Consolidation methods

The consolidation methods used by GACM result from the application of IFRS 10 and IAS 28 and apply to the companies within the scope of consolidation.

Full consolidation

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

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.

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.

In 2016, GACM signed an affiliation agreement with ACM VIE SAM, the Group's long-standing mutual life insurance company governed by the *Code des assurances* (French Insurance Code). This agreement formalizes the contractual arrangements for the strong and lasting financial relationship with the GACM insurance group to which it is historically attached and which exercises de facto control with regard to the criteria detailed above. ACM VIE SAM is therefore fully consolidated.

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.

Non-controlling interests

Non-controlling interests are initially valued at their proportionate share in the identifiable net assets of the acquired company, at the acquisition date and revalued each financial year.

Loss of control

When the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary, as well as any related non-controlling interests. Other components of equity are also derecognized. Any resulting gain or loss is recognized in profit or loss. Any stake retained in the former subsidiary is measured at fair value at the date of loss of control.

2.2.3 Reporting date

The consolidated financial statements were closed on June 30, 2023 and were prepared under the responsibility of the Management Board on July 25, 2023.

2.2.4 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;
- the capital gains and losses on intra-group disposals;
- the gains and losses on mergers of consolidated companies;
- dividends received intra-group;
- transactions impacting commitments received and given.

2.2.5 Post-closing event

To support Crédit Mutuel Alliance Fédérale's strategy, on July 12, 2023, GACM sold the entire share capital of GACM España to Axa Seguros Generales, S.A. de Seguros y Reaseguros. The sale price amounted to €311.7 million, plus an earn-out subject to the continuation of the partnership between GACM España and TARGOBANK.

This disposal will be reflected in the financial statements for the second half of 2023. In accordance with IFRS 5, GACM reclassified, starting from December 31, 2022, all assets and liabilities of the Spanish entities as activities held for sale.

2.3 Applicable standards

2.3.1 Applicable standards and comparability: focus on IFRS 17 and IFRS 9

These are the first GACM financial statements in which IFRS 17 - Insurance contracts and IFRS 9 - Financial instruments have been applied. The quantitative impacts of the significant changes related to these new standards are described in Note 2.4 “First-time application of IFRS 9 and IFRS 17”.

IFRS 17 Insurance contracts

IFRS 17 - Insurance contracts, published in May 2017 and amended in June 2020, replaces IFRS 4 - Insurance contracts. The standard was endorsed by the European Union in November 2021, together with an optional exemption from the requirement of forming annual cohorts of contracts with participation features that are based on an intergenerational pooling of the returns on the assets underlying the technical commitments.

It entered into force on January 1, 2023. The presentation of a comparative exercise (2022) is mandatory. The date of transition to IFRS 17 is therefore January 1, 2022 for the purposes of the opening balance sheet.

The amendment to IFRS 17 relating to the presentation of comparative IFRS 9 and IFRS 17 data, published by the IASB in December 2021 and adopted by the European Union on September 8, 2022, is applied by GACM.

IFRS 9 - Financial Instruments

In July 2014, the IASB published the complete and final version of IFRS 9 - Financial Instruments, which is intended to replace IAS 39 - Financial instruments: recognition and measurement. 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 has deferred 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. This standard 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.

2.3.2 Other amendments to IFRS

The entry into force of IFRS 17 - Insurance contracts also had an impact on IAS 40 - Investment property and IAS 16 - Property, plant and equipment, which were amended, providing clarifications on the accounting rules applicable to real estate assets (owner-occupied or not) held in an investment fund or corresponding to the underlying items of contracts with direct participating features.

2.3.3 Accounting standards issued by the IASB but not yet effective

During the first half of 2023, the IASB published:

- amendments to IAS 12 dated May 23, 2023. These introduce a temporary exception for the recognition of deferred taxes resulting from the implementation of the rules relating to Pillar II of the international tax reform, as well as new disclosures to be provided in the notes to help investors better understand the impact of this reform. The IASB provides for immediate entry into force for financial years opening from January 1, 2023, however, these amendments have not yet been adopted at European level;
- amendments to IAS 7 and IFRS 7 dated May 25, 2023. These concern supplier financing agreements (reverse factoring) and aim to improve the financial information relating to these transactions. They are scheduled to come into force on January 1, 2024. The text has not yet been adopted at European level.

2.4 First-time application of IFRS 9 and IFRS 17

2.4.1 Background

GACM applies IFRS 17 - Insurance contracts and IFRS 9 - Financial instruments for the first time in its financial statements for the period ended June 30, 2023, replacing IFRS 4 and IAS 39. The provisions of these two standards were not applied in advance in previous periods. The effective date for these two standards corresponds to January 1, 2023.

The application of these standards has significant accounting effects, as well as a new presentation of the income statement and balance sheet.

IFRS 17 imposes a transition date corresponding to the beginning of the annual reporting period immediately preceding the date of first-time application. This is January 1, 2022. For the sake of consistency and clarity of its financial statements, GACM has chosen to apply the option of presenting IFRS 9 comparative information for assets derecognized over the 2022 period, according to the so-called overlay approach as provided for in the amendment to IFRS 17 for comparative information relating to the first-time application of IFRS 17 and IFRS 9. Transposed operationally, this amounts to aligning the IFRS 9 and IFRS 17 transition dates at the same date, *i.e.* January 1, 2022.

Main impacts at January 1, 2022, the transition date, are detailed in the following paragraphs. In particular, the effects on equity are presented in the section “Impact of the transition on equity” (2.4.5). The opening balance sheet is presented in the financial statements (1.1 “Consolidated balance sheet - Assets” and 1.2 “Consolidated balance sheet - Liabilities”).

In addition, at the time of the transition to these standards, GACM chose not to consolidate anymore certain entities over which it holds control, given the materiallity of their assets, their financial position and their consolidated profit (loss), in accordance with IAS 1 and IAS 8. This has been carried out by applying the materiality criterion both at the individual and cumulative level. This change in the scope of consolidation is also applied in the 2022 comparative period, and is detailed in the paragraph “Companies leaving the scope of consolidation” (2.4.4).

2.4.2 Main impacts of the transition to IFRS 9

IFRS 9 replaces IAS 39 - Financial instruments: recognition and measurement. Significant changes in accounting principles and methods introduced by the new IFRS 9 are presented in the paragraph “Financial instruments - IFRS 9” (2.5.4).

IFRS 9 defines new rules for:

- classification and measurement of financial instruments;
- impairment for credit risk on simple debt instruments;
- hedge accounting, excluding macro-hedging transactions.

As GACM deferred the application of IFRS 9 until the date of application of IFRS 17, the date of first-time application of IFRS 9 is January 1, 2023. Classification and measurement as well as the new IFRS 9 impairment model are applied retrospectively.

GACM has opted for the restatement under IFRS 9 for the 2022 comparative financial year. The date of transition to IFRS 9 is therefore January 1, 2022, for the purposes of the opening balance sheet of the comparative period required by IFRS 17.

The difference between the IFRS 9 carrying amount as of January 1, 2022 and the IAS 39 carrying amount as of December 31, 2021 impacts retained earnings or, where appropriate, gains and losses recognized in other comprehensive income as of January 1, 2022.

With regard to the mapping of the classification of financial assets under IFRS 9, the analysis of eligibility for the simple debt criterion for bonds and similar securities was carried out on a security-by-security basis. Business models applicable to simple debt instruments (complying with the criterion of SPPI, solely payment of principal and interest) have been defined. With regard to the methods for implementing the various provisions for default, the tools for monitoring securities have been adapted and the scope of securities impaired according to the various levels has been established.

The financial assets and liabilities of insurance companies are managed by portfolios corresponding to the insurance liabilities to which they are matched or to own funds. The business models were therefore determined according to the respective financial asset portfolios:

- simple debt instruments are (almost) exclusively classified at fair value through other comprehensive income, with the exception of those representing unit-linked contracts, which are classified at fair value through profit or loss;

- equity instruments held for contracts with direct participating features are mainly measured at fair value through profit or loss;
- equity instruments held in own-fund asset portfolios and contracts without participation features are measured at fair value through other comprehensive income;
- (non-consolidated) funds remain classified at fair value through profit or loss, as under IAS 39.

The treatment of derivatives remains unchanged, including for hedge accounting, for which the rules of IAS 39 have been maintained by GACM.

GACM uses the optional overlay approach introduced by the amendment to IFRS 17 relating to the presentation of the IFRS 9 - IFRS 17 comparative data, published by the IASB in December 2021 and adopted by the EU on September 8, 2022, to present financial assets in the 2022 comparative as if IFRS 9 had been applicable at that date. This choice applies to assets derecognized in 2022, which are therefore no longer present in the inventory at the date of first-time application of IFRS 9 as of January 1, 2023, and for which IFRS 9 requires recognition in accordance with IAS 39.

This overlay approach makes it possible to standardize the impact of the transition on consolidated own funds under IFRS 9 and IFRS 17 as of January 1, 2022.

At the same time, GACM applies the amendments to IAS 40 and IAS 16, consequential to IFRS 17, resulting in the valuation at fair value through profit or loss of the properties held as underlying items of direct participating contracts.

The corresponding revaluations impact consolidated reserves at the transition date of January 1, 2022. It should be noted that, from a strictly normative point of view, disclosure of information detailing the impact of the transition to IFRS 9 as of the date of first-time application, *i.e.* January 1, 2023, is required. Nevertheless, for the sake of clarity and consistency of the financial information given to the reader, GACM has chosen to publish only the impact of the transition to IFRS 9 at the transition date, *i.e.* January 1, 2022. This is in order to transcribe as accurately as possible the impact actually recorded in the consolidated financial statements.

The overall impact on equity of the transition to IFRS 9 (and the revaluations under IAS 40 and IAS 16) amounted to €1.3 billion as of January 1, 2022, details of which are presented below.

Reconciliation of financial assets and liabilities between IAS 39 and IFRS 9

The following table reconciles total financial investments as of December 31, 2021, presented in accordance with the provisions of IAS 39 (in row), and total financial investments as of January 1, 2022, presented in accordance with the provisions of IFRS 9 (in column).

	Carrying amount under IAS 39 and IAS 40			Reclassifications under IFRS 9 and IAS 40					
				01/01/2022					
				Financial assets at fair value through profit or loss			Financial assets at fair value through other comprehensive income		Financial assets at amortized cost
(in millions of euros)	12/31/2021	Impact of change in accounting methods on non-significant subsidiaries	01/01/2022	Equity instruments	Debt instruments	Property	Equity instruments	Debt instruments	
Investment property	2,727	-228	2,500			2,500			
Assets held until maturity	6,994	-502	6,492		20			6,472	
Assets available for sale	94,396	-131	94,265	15,211	4,850		2,778	71,426	
Financial assets at fair value through profit or loss	31,645	-288	31,357	20,542	10,763		-	51	
Loans and receivables	8,502	607	9,109		284			8,772	54
Other investments	589	159	747		94		641	10	3
Total investments according to IAS 39 and IAS 40 valuation criteria	**144,852**	**-382**	**144,470**	**35,753**	**16,010**	**2,500**	**3,419**	**86,732**	**57**
Reclassification to another balance sheet item					-43				
Reclassification to investments									
Impact of valuation changes under IFRS 9 and IAS 40					2	967	-	631	-
Total investments according to IFRS 9 and IAS 40 valuation criteria				**35,753**	**15,970**	**3,466**	**3,419**	**87,362**	**57**

At the transition date of January 1, 2022, the impact of the transition to IFRS 9 is a change in equity related to the revaluation at fair value of securities previously recognized at amortized cost (held to maturity), which are reclassified at fair value through other comprehensive income.

In addition, IFRS 9 does not result in any reclassification of financial liabilities.

Reconciliation of impairments between IAS 39 and IFRS 9

The following table reconciles the impairments recognized in accordance with the provisions of IAS 39 (in row) with the provisions for credit risks recognized in accordance with the provisions of IFRS 9 (in column).

(in millions of euros)	Impairment amount under IAS 39 and IAS 40			Reclassifications under IFRS 9 and IAS 40					
				01/01/2022					
				Financial assets at fair value through profit or loss			Financial assets at fair value through other comprehensive income		Financial assets at amortized cost
	12/31/2021	Impact of change in accounting methods on non-significant subsidiaries	01/01/2022	Equity instruments	Debt instruments	Property	Equity instruments	Debt instruments	
Investment property	-21	-	-21			-21			
Assets available for sale	-1,010	-	-1,010	-902	-19	-	-67	-21	-
Loans and receivables	-	-	-						
Investments in other activities	-	-	-						
Total impairment according to IAS 39 and IAS 40 valuation criteria	**-1,031**	**-**	**-1,031**	**-902**	**-19**	**-21**	**-67**	**-21**	**-**
Revaluation of impairment following change in valuation class				902	19	21	67		
Revaluation of impairment following change of method								-23	
Total impairment according to IFRS 9 and IAS 40 valuation criteria				**-**	**-**	**-**	**-**	**-44**	**-**

Financial assets subject to reclassification

Under IFRS 9, paragraph 42M-N, the amount of assets reclassified out of assets at fair value through profit or loss shall be disclosed. However, given the lack of materiality for GACM, the table presenting financial assets that have been reclassified is not detailed.

2.4.3 Main impacts of the transition to IFRS 17

In addition to the new accounting principles and methods specific to IFRS 17, which are presented in the section “Liabilities and assets arising from insurance and reinsurance contracts” (2.5.5), the methodology specific to the transition is detailed below.

Transition method

The new standard must be applied retrospectively, *i.e.* using the Full Retrospective Approach, or FRA, except when this proves impracticable, in which case two alternative methods are proposed by the standard: either

- the Modified Retrospective Approach, or MRA: on the basis of reasonable and justified information available without undue cost or effort for the entity, certain simplifications may be applied, subject to achieving a result as close as possible to that which would be obtained with full retrospective application; or
- the Fair Value Approach, or FVA: the contractual service margin is then determined as the positive difference between:
  - the fair value of the contracts established in accordance with IFRS 13 - Fair value measurement, corresponding to the price that an external buyer would have charged to accept the contracts;
  - fulfilment cash flows;

The majority of GACM insurance entities applied:

- the Modified Retrospective Approach; and
- more marginally, the Fair Value Approach for certain non-material portfolios, or for the oldest cohorts of portfolios to which GACM has applied the Modified Retrospective Approach.

<u>Impracticability of the Full Retrospective Approach</u>

In practice, not all the information necessary for the application of the Full Retrospective Approach (FRA) was available or was available at sufficient granularity, in particular due to IT system migrations and / or data retention requirements. This was the case for changes in assumptions and estimates that occurred during the period preceding the transition. In addition, changes occurred in the forecasting models during this period. The Full Retrospective Approach would also have required reconstructing management assumptions or intentions as they would have been in prior periods.

For these reasons, the Full Retrospective Approach was not applied for the calculation of the Contractual Service Margin, or CSM, for the transition of different groups of contracts modeled according to the General Measurement Model, or GMM, or the Variable Fee Approach, or VFA.

Procedures for applying the Modified Retrospective Approach

The objective of the Modified Retrospective Approach is to arrive at a result that is as close as possible to the result that would have been obtained by applying the Full Retrospective Approach, based on reasonable and justifiable information that can be obtained without incurring excessive costs or efforts.

Thus, the entities concerned have applied the Modified Retrospective Approach to the majority of the portfolios of existing contracts, whether in personal insurance (in particular, creditor insurance) or life insurance.

The simplifications used were based on the availability of the necessary information according to the portfolios considered.

For the calculation of the CSM at initial recognition, GACM has chosen to favor the Modified Retrospective Approach over the Fair Value Approach, provided, however, that the Modified Retrospective Approach is not impracticable. The Modified Retrospective Approach is considered feasible from financial year 2012.

<u>Portfolios modeled according to the general model</u>

In the case of contracts valued according to the general model, the principle of the Modified Retrospective Approach consists in reconstituting the liabilities at the date of initial recognition based on their measurement at the date of transition, by retroactively reconstructing the movements between the two dates, with certain simplifications:

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

For the liabilities for remaining coverage thus reconstituted at the inception date, the initial contractual service margin (if any) is amortized on the basis of the services provided over the period prior to the transition in order to determine the amount of contractual service margin remaining at that date.

When the contracts are combined into a single group at the transition date, the discount rate at that date may be used. This option was used by GACM for groups of contracts to which the Fair Value Approach was applied.

When the option of disaggregating insurance finance income or expenses between profit or loss and other comprehensive income is chosen, it requires reconstituting the amount recognized in equity at the transition date using the rate at inception in the case of the liability for remaining coverage and the rate at the date of the claim for the liability for incurred claims.

When such reconstitution is not possible, the amount recognized in equity is zero.

GACM has chosen to retain only certain simplifications proposed by the MRA, in particular the approximation of cash flows by actual past flows and the approximation of the risk adjustment. Annual groups of contracts from 2012 to 2021 were reconstituted and the calculation of the revaluation through other comprehensive income qualifying for reclassification to profit and loss in respect of changes in discount rates was carried out retrospectively, without simplification.

Portfolios modeled according to the simplified model

In the case of contracts measured according to the simplified model (Premium Allocation Approach, or PAA), the provisions for the remaining coverage were determined at the transition date using previous provisions for unearned premiums, gross of acquisition costs, because GACM opted to recognize acquisition costs as expenses.

Reserves for claims made corresponding to these contracts consist of the expected cash flows and the risk adjustment for non-financial risk at the transition date. The amount recognized in other comprehensive income qualifying for reclassification to profit and loss at the transition date in respect of changes in discount rates has been reconstituted based on historical rates.

Portfolios modeled according to the VFA model

For life insurance contracts measured using the Variable Fee Approach, the Modified Retrospective Approach also consists of reconstituting the liability at the original date based on the liability at the transition date. However, in respect of liabilities for remaining coverage, the standard provides that the contractual service margin at the transition date shall be determined according to the following approach:

- fulfilment cash flows (discounted cash flows and risk adjustment) at the transition date are first deducted from the realizable value of the underlying items at that same date;
- the income received from policyholders and the changes in risk adjustment are added to this amount, and the acquisition costs paid during the interim period are deducted;
- the contractual service margin net of acquisition costs thus reconstituted at inception is then amortized until the date of transition to reflect the services provided at that date, as well as acquisition costs yet to be amortized.

For the implementation of this approach, the main simplifications were as follows:

- existing contracts were grouped according to the segmentation planned post-transition, without breaking down by annual cohorts, in line with the option of the exception provided for by the European regulation;
- the contractual service margin at the transition date was thus reconstituted:
  - based on the market value of the underlying items (see above) less fulfilment cash flows at the transition date;
  - by adding past margins from historical data (accounting or management), which were re-allocated over the period until the transition date (using the same approach, taking into account “excess returns” on assets, as that which will be used after the transition);
  - net of acquisition costs to be amortized;
  - the amount recognized in other comprehensive income qualifying for reclassification to profit and loss at the transition date in respect of the adjustment for accounting mismatch was determined using the fair value of the underlying assets recognized in other comprehensive income qualifying for reclassification to profit and loss at the transition date, as stipulated by the standard.

Procedures for applying the Fair Value Approach

Finally, according to the market value method, the contractual service margin at the transition date is determined as the difference at the transition date between the realizable value and the contractual fulfilment cash flows.

This approach was used for certain non-material portfolios when the Modified Retrospective Approach could not be implemented.

For portfolios modeled according to the general model, mainly creditor contracts, generations of subscriptions prior to 2012 have been placed into a single group. The fair value of these contracts at the transition date was estimated using an approach that makes it possible to maintain a level of CSM consistent with that resulting from the Modified Retrospective Approach for the 2012 cohorts and subsequent years of the portfolios in question (for which reasonable and justifiable data was available).

Impact of the application of IFRS 17

The impact on equity of the transition to IFRS 17 amounted to -€0.8 billion as of January 1, 2022.

GACM has applied the provisions set out in paragraph C3a of IFRS 17 and does not present the impacts of the application of the standard on each financial statement line.

The two tables below present the contractual service margin (CSM) amounts determined at the transition date, according to the transition method applied. The first table details the CSM relating to insurance contracts issued, while the second table deals with the CSM ceded, for the scope of reinsurance contracts.

(in millions of euros)	Full Retrospective Approach	Modified Retrospective Approach	Fair value	Total
Stock of CSM at the transition date 01/01/2022	**-**	**4,071**	**344**	**4,415**

(in millions of euros)	Full Retrospective Approach	Modified Retrospective Approach	Fair value	Total
Stock of CSM ceded at the transition date 01/01/2022	**-**	**-**	**60**	**60**

Cumulative difference in insurance financial expenses in profit or loss and other comprehensive income - paragraph 116

Given that it is not relevant to present this information in the context of GACM's operating activities, the table reconciling opening and closing balances with the cumulative amounts presented in other comprehensive income for financial assets measured at fair value through other comprehensive income related to groups of contracts for which the calculation of the amount of CSM recognized at the transition date is based on the methods described in paragraphs C5(a) and C5(b) of IFRS 17 is not detailed. Such a link has no operational reality in the accounting methods implemented by GACM.

2.4.4 Companies leaving the scope of consolidation

Concurrently with the first-time application of IFRS 9 and IFRS 17, the companies listed in the table below have been removed from the scope of consolidation, mainly to simplify the operational process of preparing the financial statements, insofar as this is not significant in terms of their impact on equity, financial position and results. The 16 companies concerned include insurance companies, real estate companies and common law companies.

Company	Historical consolidation method
SÉRÉNIS ASSURANCES SA	Fully-consolidated (FC)
ACM SERVICES SA	Fully-consolidated (FC)
ASTREE SA	Equity-accounted (EM)
TARGOPENSIONES, ENTIDAD GESTORA DE FONDOS DE PENSIONES, SA	Fully-consolidated (FC)
AGRUPACIÓ SERVEIS ADMINISTRATIUS AIE	Fully-consolidated (FC)
ASISTENCIA AVANÇADA BCN, SL	Fully-consolidated (FC)
AMDIF, SL	Fully-consolidated (FC)
ATLANTIS ASESORES, SL	Fully-consolidated (FC)
ATLANTIS CORREDURÍA DE SEGUROS Y CONSULTORÍA ACTUARIAL, SA	Fully-consolidated (FC)
ASESORAMIENTO EN SEGUROS Y PREVISIÓN ATLANTIS, SL	Fully-consolidated (FC)
ICM LIFE SA	Fully-consolidated (FC)
MTRL	Fully-consolidated (FC)
ACM BELGIUM SA	Fully-consolidated (FC)
ACM COURTAGE SAS	Fully-consolidated (FC)
SCI ACM COTENTIN	Fully-consolidated (FC)
SCI ACM TOMBE ISSOIRE	Fully-consolidated (FC)

The impact on equity of this reduction of the scope of consolidation amounted to €28 million as of January 1, 2022.

2.4.5 Impact of the transition on equity

The retrospective application of IFRS as of January 1, 2022 resulted in a revaluation of equity, which breaks down as follows:

	Share capital	Premiums related to share capital	Gains and losses recognized in other comprehensive income		Retained earnings	Net profit (loss)	Shareholders' equity – Group share	Non-controlling interests	Total equity
(in millions of euros)			Qualifying for reclassification	Not qualifying for reclassification					
Equity 12/31/2021	**1,241**	**1,154**	**1,803**	**-8**	**5,948**	**885**	**11,023**	**103**	**11,126**
Appropriation of profit (loss)	-	-	-	-	885	-885	-	-	-
Impact of change in accounting methods on non-significant subsidiaries	-	-	82	-	-112	-	-30	1	-28
Impact of change in accounting method relating to IAS 40 and IAS 16	-	-	-	-	769	-	769	2	772
Impact of the application of IFRS 9	-	-	-5,669	1,075	5,073	-	480	1	481
Impact of the application of IFRS 17	-	-	3,906	-	-4,727	-	-821	14	-807
Other changes	-	-	-	-1	2	-	1	-	1
Equity 01/01/2022	**1,241**	**1,154**	**123**	**1,067**	**7,838**	**-**	**11,423**	**121**	**11,544**

2.5 Applicable accounting principles and methods

2.5.1 Presentation of the financial statements

Historically, GACM has presented its financial statements in accordance with ANC recommendation no. 2013-05 of November 7, 2013. This recommendation has not been updated following the entry into force of IFRS 17 and application of the provisions of IFRS 9. As a result, the presentation of the financial statements has been adapted to the provisions of these two standards and in accordance with IAS 1 - Presentation of financial statements.

2.5.2 IAS 34 - Interim financial reporting

These interim financial statements for the six months ended June 30, 2023 have been prepared in accordance with IAS 34 - Interim financial reporting. They do not include all the information required for a complete set of financial statements prepared in accordance with IFRS. However, they include a selection of notes explaining significant events and transactions in order to understand the changes that have occurred in GACM's financial position and performance since the last annual financial statements.

Thus, only items that have changed significantly compared to the accounting principles and methods used in the financial statements for the financial year ended December 31, 2022 are included in these interim financial statements. This concerns in particular elements relating to the standards that are being applied for the first time.

2.5.3 IFRS 8 - Segment reporting

In order to meet the requirements of IFRS 17 and IFRS 8, segment information, broken down by type of insurance contract, is now presented through the following operating segments:

- Property and casualty insurance;
- health, protection & creditor insurance;
- Savings and retirement insurance;
- other, including non-insurance activities as well as items that cannot be allocated to the above segments.

2.5.4 IFRS 9 - Financial Instruments

Classification and measurement of financial assets

Financial assets and liabilities are recognized in the financial statements in accordance with the provisions of IFRS 9, as adopted by the European Union. The criteria for classifying and measuring financial assets depend on the nature of the financial asset, whether it is classified as a debt instrument or an equity instrument.

Assets that cannot be classified as simple debt instruments or equity instruments, in particular funds and derivatives, must be classified at fair value through profit or loss.

Debt instruments

Under IFRS 9, the classification and measurement of a debt instrument is based on the analysis of two criteria, the business model and the contractual cash flow characteristics of the instrument.

The asset is classified:

- at amortized cost, if it is held with the objective to collect the contractual cash flows, and if its characteristics are similar to those of a so-called basic contract, as described in the paragraph below “Characteristics of cash flows”;
- at fair value through other comprehensive income, if the instrument is held with the objective to collect to collecting the contractual cash flows and selling it as opportunities arise, without however being considered a trading activity, and if its characteristics are similar to those of a so-called basic contract;
- at fair value through profit or loss, if:
  - it is not eligible for the two previous categories (because it does not meet the “basic” criterion and / or is managed according to another business model), or
  - GACM chooses to designate it as such, optionally, at inception and irrevocably. The implementation of this option aims to remedy an inconsistency in accounting treatment.

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”.

<u>Characteristics of cash flows</u>

The performance of an SPPI (“*solely payments of principal and interest*”) test makes it possible to verify whether the contractual cash flows are similar with a so-called basic contract.

This test is met if the contractual cash flows represent only payments of principal and interest on the principal amount outstanding. Interest is therefore mainly the counterparty of the time value of money (including in the event of negative interest) and credit risk. Interest may also include liquidity risk, administrative management fees for the asset, and a commercial margin.

All contractual clauses must be analyzed for the performance of the SPPI test, in particular those that could change the schedule or amount of contractual cash flows.

The contractual option for the borrower or lender to repay the financial instrument early remains compatible with the SPPI test provided that the amount repaid essentially represents the outstanding principal and accrued interest, as well as, where applicable, a reasonable compensatory allowance.

Derivatives embedded in financial assets are not recognized separately, which means that the entire hybrid instrument is considered non-basic and recognized at fair value through profit or loss.

Units of UCITS and OPCIs (French collective real estate investment undertakings) are not considered basic instruments and are also classified at fair value through profit or loss.

Business models

The business model represents the way in which instruments are managed to generate cash flows and revenues.

It is based on facts that can be observed, and is not based on a simple management intention.

It is not assessed at entity level, or instrument by instrument, but is based on a higher level of aggregation, which reflects the way in which groups of financial assets are managed collectively.

It is determined at initiation and may be called into question in the event of a change of model (exceptional cases).

There are three business models:

- the “hold to collect” model, in which the objective is to collect contractual cash flows over the lifetime of the assets. This model does not systematically involve holding all assets until their contractual maturity; however, asset sales are strictly regulated. GACM has not identified any significant “hold to collect” business models within the scope of consolidation;
- the “hold to collect and sell” model, in which the objective is to collect cash flows over the lifetime and to sell the assets. In this model, both the sale of financial assets and the collection of cash flows are essential;
- when the strategy followed by management for the management of financial assets does neither correspond to the “hold to collect” model nor the “hold to collect and sell” model, these financial assets are classified in a portfolio whose business model is “other / held for sale”. This is notably the case for unit-linked portfolios.

In the context of the “hold to collect” model, certain examples of authorized disposals are explicitly indicated in the standard:

- in connection with an increase in credit risk;
- close to maturity and for which the proceeds of these sales correspond approximately to the contractual cash flows yet to be received;
- exceptional (e.g. due to liquidity stress).

Frequent disposals (of an insignificant unit value) or infrequent disposals (even of a significant unit value) are compatible with the hold to collect model.

These “authorized” disposals are not taken into account in the analysis of the significant and frequent nature of sales made on a portfolio. Disposals related to changes in the regulatory or tax framework will be documented on a case-by-case basis in order to demonstrate the “infrequent” nature of such disposals.

Financial assets at amortized cost

Securities classified in this category are initially recognized at their fair value, which is generally the net amount disbursed. At subsequent reporting dates, assets or liabilities are valued using the effective interest rate method. This method is used to calculate the amortized cost of the financial asset or financial liability and to allocate interest income or interest expense to be recognized in profit or loss in the relevant period. The amortized cost includes the amortization of premiums and discounts, as well as acquisition costs, if they are significant. Accrued interest as well as foreign exchange gains and losses are recognized in the income statement.

Financial assets at fair value through other comprehensive income

Securities classified in this category are recognized in the balance sheet at their fair value at the time of their acquisition, and at subsequent reporting dates, until their disposal.

Changes in fair value are recorded under the line item “Gains and losses recognized directly in other comprehensive income” within equity, excluding accrued interest. These unrealized gains or losses recognized in other comprehensive income are only recognized in the income statement in the event of disposal or impairment (as described in the paragraphs below “Derecognition of financial assets and liabilities” and “Credit risk assessment”).

Accrued revenue, as well as foreign exchange gains and losses, are recognized in the income statement.

Financial assets at fair value through profit or loss

These are recognized at fair value when they are recognized in the balance sheet, and at subsequent reporting dates until their disposal (as described in the paragraph “Derecognition of financial assets and liabilities” below).

Changes in fair value are recognized in the income statement. Gains and losses are recognized in the income statement.

Securities sold and delivered under repurchase agreements

Securities sold under repurchase agreements do not meet the derecognition requirements of IFRS 9 and are considered as secured financing. For the transferor, securities sold under repurchase agreements remain on the assets side of the balance sheet and, where applicable, the amount collected, representing the guarantee received from the transferee, is recorded as a liability on the balance sheet.

For the transferee, securities delivered in repurchase agreements are not recorded in the balance sheet. However, in the event of a subsequent resale, the transferee records as a liability the amount representing its debt to the transferor.

GACM remains exposed to changes in the fair value of the securities sold under repurchase agreements and is not subject to any significant counterparty risk, given the margin calls made with the transferee to guarantee the value of the securities sold.

Equity instruments

Equity instruments acquired (notably shares) are classified:

- at fair value through profit or loss, or
- optionally, line by line at fair value through other comprehensive income without recycling, on initial recognition, irrevocably, provided that they are not held for trading purposes.

Financial assets at fair value through profit or loss

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

Financial assets at fair value through other comprehensive income

Shares and other equity instruments are recognized in the balance sheet at their fair value at the time of their acquisition and at subsequent reporting dates, until their disposal. Changes in fair value are recorded under the line item “Gains and losses recognized directly in other comprehensive income” within equity. These unrealized gains or losses recognized in other comprehensive income are never recycled in the income statement, including in the event of disposal (as described in the paragraph “Derecognition of financial assets and liabilities” below).

Only dividends received on variable-income securities are recorded in the income statement.

GACM has chosen this option for:

- its equity instruments held in portfolios that do not match portfolios of liabilities recognized under the VFA model (life insurance), which are recognized at fair value through profit or loss;
- certain equity investments.

Reclassification of financial assets

In the event of a significant change in the business model for the management of financial assets (new activity, acquisition of entities, disposal or discontinuation of a significant activity), a reclassification of these financial assets is necessary. The reclassification applies to all financial assets in the portfolio from the date of reclassification. In other cases, the business model remains unchanged for existing financial assets.

If a new business model is identified, it is applied prospectively to new financial assets grouped into a new management portfolio.

Classification and measurement of financial liabilities

Distinction between debt and equity instruments

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.

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

Recognition

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

It is recognized when GACM becomes a party to the contractual provisions of this debt. The amount of financing debt is then equal to their fair value, adjusted, if necessary, for transaction costs directly attributable to the acquisition. These financial liabilities are then measured 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.

Derecognition of financial assets and liabilities

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 GACM 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.

GACM derecognizes a financial liability when the obligation specified in the contract is extinguished, canceled or has expired. A financial liability may also be derecognized in the event of a substantial change in its contractual terms or an exchange with the lender for an instrument whose contractual terms are substantially different.

When derecognizing:

- financial assets or liabilities at amortized cost or at fair value through profit or loss, a gain or loss on disposal is recognized in the income statement for an amount equal to the difference between the carrying amount of this asset or liability and the value of the consideration received / paid;
- debt instruments at fair value through other comprehensive income, unrealized gains or losses previously recognized through other comprehensive income are recognized in the income statement, as are gains and losses on disposal;
- equity instruments at fair value through other comprehensive income on option, unrealized gains or losses previously recognized in other comprehensive income as well as gains and losses on disposal are retained in own funds without passing through the income statement.

Credit risk assessment

The impairment model in IFRS 9 is based on an Expected Credit Loss approach while that in IAS 39 was based on a proven credit loss model, giving rise to the recognition of credit losses that was deemed too late at the time of the 2008 financial crisis.

Under IFRS 9, impairment losses are recognized for financial assets that have not been subject to objective evidence of individual losses, based on a history of observed losses but also on reasonable and justifiable forecasts of future cash flows. Impairment is calculated as soon as the security is purchased and recalculated at each reporting date.

Thus, this IFRS 9 impairment model applies to all debt instruments measured at amortized cost or at fair value through other comprehensive income. These carrying amounts are divided into three categories, which can be grouped into three stages:

- **Bucket 1 - No significant increase in credit risk**: impairment on the basis of 12-month expected credit losses (resulting from the risk of default in the next 12 months) as soon as financial assets are recognized on the balance sheet, and as long as there has been no significant increase in credit risk since initial recognition;
- **Bucket 2 - Significant increase in credit risk**: impairment on the basis of expected credit losses at maturity (resulting from the risk of default over the entire residual life of the instrument) when a significant increase in credit risk has been recognized since initial recognition;
- **Bucket 3 - Credit-impaired or incurred loss has occurred**: category comprising financial assets for which there is an objective indication of impairment related to an event occurring after the loan was granted.

Bucket 1 and Bucket 2 - performing assets

By default, a security is classified as Bucket 1 when purchased, regardless of its rating. This classification is consistent with GACM's investment policy, which is mainly restricted to assets with a rating of investment grade or greater than or equal to BBB- or BAA3. The rating defined at acquisition and at the reporting dates is the 2nd highest rating of the three rating agencies S&P, Moody's and Fitch.

A security is downgraded to Bucket 2 if both of the following conditions are met:

- at the reporting date, the rating of the security has downgraded by three notches (*i.e.* one full rating) or more compared to its rating on the day of its acquisition,
- the security moves to the non investment grade rating.

GACM applies the option provided for by IFRS 9 not to downgrade to Bucket 2 securities that retain an Investment Grade rating, regardless of any rating downgrade since the acquisition date.

If the downgrade since inception is no longer recorded, the security is reclassified to Bucket 1, and the impairment is reduced to the 12-month expected credit losses.

Expected Credit Losses, or ECL, are calculated by multiplying, for each security, Exposure At Default by the Probability of Default and by the Loss Given Default:

- Exposure At Default, or EAD, is measured based on the current book value of the security;
- Probability of Default, or PD, is estimated from default tables provided by S&P;
- Loss Given Default, or LGD, is measured according to the nature of the issuer.

Bucket 3 - Non-performing assets

A security is downgraded to Bucket 3 when there is objective evidence of impairment, resulting from one or more credit events occurring after the acquisition of the security, likely to generate a loss. Subsequently, if the conditions for classifying the security in Bucket 3 are no longer met, the security is reclassified to Bucket 2 and then to Bucket 1 in line with the development of objective indications of credit loss.

For its analysis, GACM uses the following criteria:

- significant difficulties for the counterparty resulting in a risk of non-recovery of the initial contractual cash flows;
- a breach of the contract such as a default in payment of interest or principal;
- the initiation of bankruptcy proceedings or the probable financial restructuring of the counterparty;
- the establishment, for economic or legal reasons related to the financial difficulties of the counterparty, of a facility that the company would not have granted in other circumstances;
- the disappearance of an active market for this investment, following financial difficulties on the part of the counterparty;
- the following observable data, which, combined with other events, may indicate significant financial difficulties for the counterparty:
  - a significant deterioration in the issuer's rating (transition to "speculative" or equivalent rating) or an abnormal spread of the interest margin compared to the risk-free rate of the issuer compared to the spreads of comparable issuers with the same rating and for amortizable values with the same duration;
  - a significant unrealized capital loss on the investment in a context of falling interest rates.

Derivatives and hedge accounting

Derivative financial instruments

Derivative financial instruments are instruments that have the following three characteristics:

- their value fluctuates according to changes in an underlying (interest rates, exchange rates, share prices, indices, commodities, credit ratings, etc.);
- they require little or no initial investment;
- they are settled at a future date.

GACM potentially deals in simple interest rate (swaps, swaptions) and foreign exchange (Cross Currency Swaps) derivatives, considered as trading instruments and classified mainly in level 2 of the fair value hierarchy.

All derivative financial instruments are recognized at fair value through profit or loss.

Hedge accounting

IFRS 9 allows entities to choose, on first-time adoption, to apply the new hedge accounting requirements, or to maintain those of IAS 39. GACM has chosen to retain the provisions of IAS 39.

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 under the line item "Gains and losses recognized in other comprehensive income" within equity for the effective portion of the hedge, and reclassified 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.

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

GACM does not apply hedge accounting.

Fair value determination of financial instruments

Fair value is the amount at which an asset could be sold, or a liability transferred, between knowledgeable, willing parties in an arm's length transaction. When an instrument is initially recognized, the fair value is generally the transaction price.

In subsequent valuations, this fair value must be determined. The determination method to be applied depends on whether the instrument is traded on a market considered to be active or not.

Instruments traded on an active market

When the instruments are traded on an active market, the fair value is determined on the basis of the quoted prices, which represent the best possible estimate of the fair value. A financial instrument is considered to be quoted on an active market if the prices are easily and regularly available (from a stock exchange, a broker, an intermediary or on a quotation system) and if these prices represent actual and regular market transactions under arm's length conditions.

Instruments traded on an inactive market

Data observable on a market are to be used, as long as they reflect the reality of a transaction under normal conditions at the valuation date, and as long as it is not necessary to adjust this value too significantly. In other cases, the Group uses non-observable, mark-to-model data.

In the absence of observable data, the entity may use internal assumptions relating to future cash flows and discount rates, including adjustments related to risks that the market incorporates. These valuation adjustments make it possible in particular to integrate risks not captured by the model, liquidity risks associated with the instrument or parameter in question, and specific risk premiums intended to offset certain additional costs incurred by the dynamic management strategy associated with the model under certain market conditions.

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

Adjustments are made by GACM in a reasonable and appropriate manner, using judgment.

Fair value hierarchy

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

Level 1

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

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

Level 2

Assets reported at fair value 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.

Level 3

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.

2.5.5 IFRS 17 - Liabilities and assets arising from insurance and reinsurance contracts

Scope of application

IFRS 17 applies to insurance contracts issued, reinsurance contracts issued (reinsurance accepted), reinsurance contracts held (reinsurance ceded) and investment contracts with discretionary participation features, provided that the entity also issues insurance contracts. Certain components must be separated from the insurance contract, namely embedded derivatives, insofar as they meet certain criteria, distinct investment components and distinct performance obligations, such as the obligation to provide a service or a non-insurance product.

These components must be accounted for separately in accordance with the appropriate standards.

Recognition and measurement

Scope of insurance contracts

Cash flows are included in the scope of an insurance contract if they arise from substantial rights and obligations that exist during the reporting period in which the entity may compel the policyholder to pay premiums or in which it has a substantial obligation to provide the policyholder with insurance contract services. A substantial obligation to provide insurance contract services ceases, in particular, when the entity has the practical ability to reassess the risks related specifically to the policyholder and can, accordingly, set a price or a level of benefits that fully reflects these risks.

Investment component

A non-distinct investment component is identified within the cash flows relating to an insurance contract as the sum that the entity is required to repay in all circumstances, regardless of whether or not the insured event occurs. It is assessed in particular for the community of policyholders when it is implemented by the Group, notably in the context of group insurance contracts.

The investment component is subject to a specific accounting treatment, the most significant element of which is the absence of an effect related to this investment component on the income statement, whether in insurance revenue, or insurance expenses.

Level of aggregation of insurance contracts

The level of grouping of IFRS 17 contracts defines the level of contract aggregation to be used for measuring the insurance contract liabilities and the related profitability. The standard thus requires the identification of portfolios of insurance contracts, *i.e.* contracts subject to similar risks and managed together. Each portfolio of insurance contracts issued is then divided into three groups:

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

In addition, IFRS 17 as published by the IASB introduces the principle of annual cohorts prohibiting the inclusion of contracts issued more than one year apart in the same group.

Nevertheless, the standard as endorsed by the European Union provides for an optional exception to the application of this rule for groups of insurance contracts with direct participation features and groups of investment contracts with discretionary participation features whose cash flows affect or are impacted by cash flows to policyholders of other contracts.

GACM applies this European exception to groups of eligible contracts.

General valuation model for insurance contracts

Under IFRS 17, contracts must be measured by default according to a general measurement model based on an approach that includes:

- fulfilment cash flows:
  - estimates of future cash flows weighted by their probability of occurrence;
  - an adjustment to reflect the time value of money (*i.e.* by discounting these future cash flows);
  - a risk adjustment for non-financial risk;
- the Contractual Service Margin (CSM).

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk must reflect the compensation required by GACM for bearing the uncertainty surrounding the amount and timing of cash flows that arises from the non-financial risk when GACM undertakes insurance contracts.

Discount rate

IFRS 17 requires the use of discount rate curves reflecting the time value of money, cash flow and liquidity characteristics of insurance contracts. To determine the discount rate, GACM applies the bottom-up approach. This methodology consists of adding a liquid risk-free component, based on swap rates, and an adjustment to take into account the liquidity characteristics of the insurance contracts.

Beyond the Last Liquid Point, or LLP, zero-coupon rates are obtained by extrapolation using the smoothed points methodology. An Ultimate Forward Rate, or UFR, is estimated on a macroeconomic basis as the sum of the historical average values of actual interest rates and an inflation target. The discount rates between the LLP and UFR maturities are obtained by extrapolation.

The illiquidity premium is established using a top-down approach based on the composition of the portfolio of assets held, as well as market performance indices.

Contractual service margin (CSM)

The contractual service margin represents the unearned profit for a group of insurance contracts, *i.e.* the present value of future profits. It is amortized as “insurance revenue” over the contract coverage period, as the company provides services to policyholders. The CSM of a group of contracts cannot be negative, with any negative amount of fulfillment cash flows at the beginning or during the contract being immediately recognized in insurance service profit or loss.

The carrying amount of a group of insurance contracts is remeasured at the end of each subsequent period as being the sum of:

- the liability relating to the future coverage period, comprising the fulfillment cash flows related to future services and the contractual service margin of the group of contracts; and
- liability for incurred claims.

The general model requires an adjustment to the contractual service margin at each reporting date due to variations in cash flows generated by changes in technical assumptions (mortality, morbidity, longevity, surrenders, fees, future payments, etc.). However, if the negative amount related to changes in the discounted future cash flows is greater than the amount of remaining margin, then the negative surplus is immediately recognized in profit or loss.

The margin is also capitalized according to the rate set at the inception of the contract. It is recognized in profit or loss based on coverage units reflecting the quantity of service provided and the expected duration of coverage for the remaining contracts within the group of contracts. Given the diversity of insurance contracts, the determination of coverage units requires judgment in considering both the level of coverage defined in the contract (for example, the death benefit for a creditor contract) and the expected duration of the contract.

GACM applies the general measurement model (GMM) to long-tail personal risk, creditor protection and collective insurance contracts (in particular, real estate creditor contracts, funeral contracts and long-term care contracts).

Simplified approach (Premium Allocation Approach)

A simplified approach known as the Premium Allocation Approach, or PAA, is also provided for under the standard for the measurement of the liability relating to the residual coverage period, insofar as this valuation is not materially different from that of the general model or the coverage period of each contract within the same group is less than or equal to one year.

Within this model, the liability relating to the residual coverage period corresponds to the amount of premiums initially received less acquisition costs (if GACM does not opt to recognize acquisition costs as expenses) and amounts already recognized in profit or loss before the reporting date.

When the amount of deferred premiums is deemed insufficient to cover the future benefits of the contracts, GACM recognizes a loss in the income statement.

The general model remains applicable for the measurement of liabilities relating to incurred claims, except that the discount rate used to unwind the provision is the rate at the date of the claim and not the rate at the date of the cohort.

The PAA model is applied by GACM to all property & casualty insurance products, and to a lesser extent to certain individual and group protection products, and to consumer loan insurance products.

Variable Fee Approach (VFA)

The Variable Fee Approach (VFA) is the model dedicated to the measurement of direct participating contracts, knowing that a contract is considered as such if it meets the following three criteria:

- the contractual clauses specify that the policyholder receives a contribution on the basis of a clearly identified group of underlying items;
- the entity expects to pay the policyholder an amount equal to a substantial portion of the fair value of the underlying items;
- the entity expects that a significant portion of any change in the amount payable to the policyholder will be based on changes in the fair value of the underlying items.

The assessment of the eligibility of the contract for the VFA on the basis of these criteria is made at inception of the contract and is not reviewed thereafter, except in the event of a substantial modification of the contract.

GACM applies the VFA model to all life insurance products (both to contracts expressed in euro and unit-linked contracts). The scope of modeling used is the portfolio of assets underlying the contracts in question.

For these contracts, the contractual service margin is adjusted for:

- changes in variable fees (the entity’s share of changes in the value of the underlying items, which corresponds to the insurer’s revenue),
- the time value of money and
- the effects of changes in financial risks not related to the underlying items (such as options and guarantees).

In order to recognize the CSM in profit or loss at an appropriate pace and in accordance with the definition of investment-related services, it is necessary that the amortization rate of the CSM in profit or loss take into account the expected evolution of the CSM and coverage units using “real world” assumptions.

Reinsurance treatment

Reinsurance accepted is recognized just as insurance contracts issued, either under the general model or the simplified model.

Reinsurance ceded is also recognized under either the general model or the simplified model. Fulfilment cash flows include (as a deduction) the risk of non-performance of the reinsurer.

GACM recognizes reinsurance ceded relating to property and casualty and protection insurance using the simplified model, and reinsurance ceded relating to direct insurance contracts modeled themselves according to the general model (mainly long-term care) using the general model.

Presentation in the balance sheet and income statement

The amounts recognized in the financial statements prepared under IFRS 17 must present separately:

- portfolios of insurance contracts (and reinsurance accepted) which are (generally) assets and those which are liabilities;
- reinsurance contracts held (reinsurance ceding transactions) that are assets and those that are liabilities.

Receivables and payables arising from insurance and reinsurance transactions are no longer presented separately from technical liabilities and reinsurance assets, in accordance with the cash basis approach (which consists of presenting them within insurance and reinsurance assets and liabilities). Advances on life insurance contracts are also grouped under these items.

Income and expenses from insurance and reinsurance contracts are broken down in the income statement between:

i. insurance revenue:

- amounts relating to the change in the liability for remaining coverage, including:
  - contractual service margin recognized in profit or loss;
  - change in the risk adjustment for non-financial risk that does not relate to past or future services;
  - change in incurred claims and other insurance expenses committed during the period;
  - other changes in the provision for remaining coverage;

- the portion of premiums allocated to the recovery of insurance acquisition cash flows;

ii. insurance service expenses:

- claims and other insurance expenses incurred during the financial year;
- amortization of acquisition cash flows;
- losses on onerous contracts;
- changes related to claims incurred in previous years (adjustment of the LIC, Liability for Incurred Claims).

Expenses attributable to insurance activities are included in overheads directly attributable to recognized insurance contracts. They are determined using the usual cost allocation methods. Attributable expenses are therefore not included in contract fulfilment cash flows and are recognized separately from profit or loss from insurance contracts when they are incurred.

Net income from reinsurance contracts includes all income and expenses from reinsurance contracts.

The insurance service result is the total of income and expenses from insurance businesses and the profit or loss from reinsurance contracts.

iii. insurance finance income or expenses:

- financial result from investments, including:
    - interest income calculated using the effective interest rate method;
    - other investment income;
    - credit-related impairment losses;
    - unrealized capital gains recognized in equity;
- insurance finance expenses, including:
    - change in fair value of items underlying VFA contracts;
    - effects of the risk mitigation option for VFA contracts;
    - capitalized / credited interest;
    - changes in the yield curve and other financial assumptions;
    - foreign exchange loss.

iv. a portion of the insurance finance income or expenses is presented in other comprehensive income under the so-called “OCI option”, which can be exercised for the groups of contracts:

- in the case of contracts valued using the general model or the simplified approach, the impact of changes in financial variables (in particular the discount rate) may be presented in equity and not in financial result;
- in the case of contracts measured according to the variable fee approach, the option of presenting finance income or expenses separately between the income statement and other comprehensive income may be used to avoid an accounting mismatch with the income or expenses recognized in net profit or loss for the underlying items held.

Main normative options selected by GACM

The main options selected by GACM and applicable to all models are as follows:

- GACM opts for presenting the annual financial statements year to date. Thus, the interim financial statements have no impact on the annual financial statements, in particular, changes in parameters that have occurred in the interim financial statements are not included in the annual financial statements;
- GACM has not opted for simplification in the presentation of the risk adjustment. The accretion expense of the risk adjustment is therefore presented in financial result;
- GACM opts for the presentation of a single amount for income or expenses related to a group of reinsurance contracts held, other than financial income or financial expenses from insurance.

The main options used under the simplified model are:

- the non-discounting of the remaining coverage provision, considering that the effect of discounting over 12 months would be negligible;
- GACM opts to recognize the acquisition costs incurred as expenses in the financial year;
- GACM does not therefore capitalize acquisition costs even when these costs relate to probable future contract renewals;
- GACM opts to recognize the effects of changes in market rates on the valuation of the liability for incurred claims in other comprehensive income qualifying for reclassification.

With regard to reinsurance ceded modeled using the simplified model, the Group opts not to discount the provision for remaining coverage borne by the reinsurer.

The main options used in the general model are:

- GACM opts to recognize the effects of changes in market rates on the valuation of the liability for remaining coverage and the liability for incurred claims in other comprehensive income qualifying for reclassification;

- GACM does not discount the coverage units to calculate the share of CSM to be amortized to reflect the services provided during the financial year;
- the coverage units selected are calibrated based on the sum insured, therefore without reference to the cost for the insurer, in accordance with the recommendations of the TRG (Transition Resource Group);
- GACM has chosen to recognize the change in the risk of non-performance of the reinsurer in insurance services and not in financial result.

The main options used under the Variable Fee Approach (VFA) are:

- insurance finance income or expenses from insurance contracts issued will be presented separately between the income statement and equity;
- the coverage units used are the mathematical reserves of the contracts. Based on this driver, GACM has had to apply a correction coefficient to amortize the CSM in profit or loss and neutralize the bias induced by the so-called bow wave effect associated with stochastic modeling in a risk-neutral environment. After applying the adjusted coverage unit, the amount of CSM, which is amortized in profit or loss at each period, takes into account the so-called “real world” environment, and reflects the service provided to policyholders over the period in question.

GACM does not use the risk mitigation option as it does not apply to the VFA portfolios sold.

2.5.6 IAS 40 - Investment property

Investment property includes rental properties.

Until 2022, and in accordance with the option proposed by IAS 40, GACM had chosen the amortized cost measurement model for its investment properties, with the exception of properties underlying unit-linked contracts, which were measured at fair value.

Following the entry into force of IFRS 17, paragraph 32a of IAS 40 was amended. GACM now divides its properties into two distinct groups:

- properties related to direct participating contracts;
- other investment property.

Investment properties underlying investment contracts with discretionary participation features

Since 2023 and in accordance with the aforementioned provisions, the Group's investment properties backing investment contracts with discretionary participation features are recognized at fair value through profit or loss. The fair value corresponds to the realizable value of the properties. The properties are appraised annually by independent appraisers.

Other investment property

Other investment properties are still recognized at amortized cost. GACM does not hold any investment properties valued at amortized cost.

2.5.7 IAS 16 and IFRS 16 - Operating property and other property, plant and equipment

Operating property

Operating property comprises properties used for the Group's own purposes.

Until 2022, GACM's operating properties were recognized at amortized cost, in accordance with the component-based asset recognition method described in IAS 16.

Following the entry into force of IFRS 17, paragraph 29a of IAS 16 was amended.

GACM now divides its properties into two distinct groups:

- properties underlying investment contracts with discretionary participation features
- other operating properties.

<u>Operating properties underlying investment contracts with discretionary participation features</u>

Since 2023 and in accordance with the aforementioned provisions, the Group's operating properties underlying investment contracts with discretionary participation features are recognized at fair value through profit or loss.

The fair value corresponds to the realizable value of the properties. The properties are appraised annually by independent appraisers.

<u>Other operating properties</u>

Other operating properties are still recognized at amortized cost.

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.

GACM does not hold operating properties valued at amortized cost.

Property, plant and equipment excluding buildings

Other property, plant and equipment mainly consist of office equipment and miscellaneous facilities. They are recognized at historical cost, less accumulated depreciation and accumulated impairment losses.

The estimated useful lives range from three years for IT equipment to 10 years for fixtures and fittings.

IFRS 16 - Leases

This standard has the effect of recognizing in the balance sheet of lessees a right-of-use of the leased asset over the term of the lease and a lease liability in respect of the lease payment obligation for all contracts meeting the definition of a lease.

GACM has implemented IFRS 16 by opting for the following exemption measures:

- exclusion of contracts with a residual term of 12 months or less;
- exclusion of contracts with an asset value of less than €5,000.

The discount rate used is the incremental borrowing rate of Banque Fédérative du Crédit Mutuel.

GACM leases subject to IFRS 16 mainly concern real estate leases.

The right-of-use and the liabilities relating to them are classified as assets in the balance sheet under "Operating properties and other property, plant and equipment" and as liabilities in the balance sheet under "Other financing debt".

2.5.8 Summary

The table below summarizes the valuation methods used in GACM's consolidated financial statements.

	Applicable standards	Valuation method
Investment property	IAS 40	Fair value through profit or loss
Financial investments	IFRS 9	Fair value through other comprehensive income Fair value through profit or loss Amortized cost
Operating property	IAS 16	Fair value through profit or loss
Liabilities (and assets) arising from insurance (and reinsurance) contracts	IFRS 17	Fulfilment cash flows (BE and RA) and contractual service margin (CSM)
Derivative liabilities	IFRS 9	Fair value through profit or loss

2.6 Segment information

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

- Property & casualty insurance;
- Health, protection & creditor insurance;
- Savings and retirement insurance;
- Other.

2.6.1 Consolidated balance sheet by segment

					06/30/2023
(in millions of euros)	Property & casualty insurance	Health, protection & creditor insurance	Savings and retirement insurance	Other	Total
Goodwill				65	65
Other intangible assets				-	-
Intangible assets				**65**	**65**
Investment property	186	129	3,081	-	3,397
Financial investments	2,478	3,605	114,832	12,134	133,049
- at amortized cost	*5*	*3*	*-*	*14*	*22*
- at fair value through other comprehensive income	*2,037*	*3,108*	*65,682*	*10,962*	*81,789*
- at fair value through profit or loss	*436*	*494*	*49,150*	*1,158*	*51,238*
Investments from insurance activities	**2,664**	**3,734**	**117,913**	**12,134**	**136,445**
Investments in equity-accounted companies	**-**	**-**	**-**	**-**	**-**
Assets arising from direct insurance contracts	-	18	-	-	18
Assets arising from reinsurance contracts	195	176	-	-73	298
Assets arising from insurance contracts	**195**	**194**	**-**	**-73**	**316**
Operating property and other property, plant and equipment	11	7	197	31	246
Deferred tax assets	-	-	1	70	72
Current tax receivables	-	-	1	27	28
Other receivables	-	-	279	1,087	1,367
Other assets	**11**	**8**	**479**	**1,215**	**1,713**
Assets held for sale and discontinued operations				**940**	**940**
Cash and cash equivalents	**-**	**-**	**9**	**143**	**153**
Total assets	**2,870**	**3,936**	**118,401**	**14,425**	**139,632**

(in millions of euros)	Property & casualty insurance	Health, protection & creditor insurance	Savings and retirement insurance	Other	Total
					06/30/2023
Share capital				1,241	1,241
Issue, merger and contribution premiums				1,154	1,154
Gains and losses recognized in other comprehensive income	33	342	-	-2	373
Retained earnings				7,752	7,752
Consolidated net profit (loss) for the financial year	49	224	215	-40	449
Shareholders' equity – Group share	**82**	**566**	**215**	**10,106**	**10,970**
Non-controlling interests in gains and losses recognized in other comprehensive income	1	7	-	-3	5
Non-controlling interests in retained earnings				103	103
Non-controlling interests in net profit (loss)	2	3	-	-	5
Non-controlling interests	**3**	**10**	**-**	**100**	**113**
Total equity	**85**	**576**	**215**	**10,206**	**11,082**
Provisions for contingencies and expenses				**45**	**45**
Subordinated debt				1,556	1,556
Debt securities	-	-	-	-	-
Financing debt to banking sector companies	5	3	153	-	162
Other financing debt	1	1	16	13	30
Financing debt	**6**	**4**	**169**	**1,569**	**1,748**
Liabilities arising from direct insurance contracts	2,662	3,902	109,494	-78	115,980
Liabilities arising from reinsurance contracts	-	-	-	-	-
Liabilities arising from insurance contracts	**2,662**	**3,902**	**109,494**	**-78**	**115,980**
Derivative liabilities	2	4	88	10	103
Deferred tax liabilities	16	11	304	-331	-
Current tax payables				5	5
Operating debt to banking sector companies	234	163	8,898	302	9,598
Other debt	1	1	130	378	509
Current accounts payable				11	11
Other liabilities	**253**	**178**	**9,420**	**376**	**10,226**
Liabilities held for sale and discontinued operations				**552**	**552**
Total liabilities	**3,006**	**4,659**	**119,298**	**12,670**	**139,632**

2.6.2 Consolidated statement of profit and loss by segment

	06/30/2023				
(in millions of euros)	Property & casualty insurance	Health, protection & creditor insurance	Savings and retirement insurance	Other	Total
Insurance revenue	1,290	1,844	536	-	3,670
Insurance expenses	-1,212	-1,633	-310	-	-3,155
Net profit arising from reinsurance contracts	-41	-2	-	-	-42
Insurance service result	**37**	**209**	**227**	**-**	**473**
Interest income calculated using the effective interest rate method	16	24	568	76	684
Other investment income	18	18	3,703	65	3,804
Credit-related loss of value	-	-	-	-	-
Insurance finance income or expenses from direct insurance contracts issued	-21	-24	-4,283	-	-4,329
Insurance finance income or expenses from reinsurance contracts held	2	1	-	-	2
Net financial result	**14**	**18**	**-12**	**140**	**161**
Income from other activities				7	7
Other operating revenue				51	51
Other operating expenses				-79	-79
Profit (loss) from current operating activities	**51**	**227**	**215**	**120**	**613**
Other income				1	1
Other expenses				-6	-6
Profit (loss) from operating activities	**51**	**227**	**215**	**114**	**607**
Financing expenses				-19	-19
Share of the net income of associates in net profit (loss)				-	-
Income tax				-135	-135
Profit (loss) of discontinued operations				-	-
Net profit (loss)	**51**	**227**	**215**	**-40**	**453**

2.7 Notes to the balance sheet

2.7.1 Investment property

(in millions of euros)	12/31/2022	Acquisition	Disposal	Change in fair value	Change in scope of consolidation	Other movements	06/30/2023
Net value	**3,397**	-	-5	4	-	-	**3,397**

(in millions of euros)	12/31/2021	Acquisition	Disposal	Change in fair value	Change in scope of consolidation	Other movements	12/31/2022
Net value	**3,466**	-	-3	-22	-	-44	**3,397**

2.7.2 Financial investments

							06/30/2023
(in millions of euros)	Fair value through profit or loss - cover	Fair value through profit or loss - mandatory	Fair value through profit or loss - option	Fair value through other comprehensive income - mandatory	Fair value through other comprehensive income - option	Amortized cost	Total
Debt instruments	**-**	**16,003**	**-**	**77,766**	**-**	**22**	**93,791**
Government securities and similar securities (1)	-	158	-	28,946	-	-	29,104
Other bonds and fixed income securities	-	11,488	-	38,813	-	-	50,302
Money market UCITS	-	3,890	-	-	-	-	3,890
Loans and receivables (2)	-	467	-	10,007	-	22	10,496
Equity instruments	**-**	**35,235**	**-**	**-**	**4,023**	**-**	**39,257**
Shares and other variable income securities	-	31,296	-	-	1,145	-	32,441
Financial investments - Real estate equity and funds	-	3,925	-	-	44	-	3,969
Equities securities	-	14	-	-	2,833	-	2,847
Derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total financial investments	**-**	**51,238**	**-**	**77,766**	**4,023**	**22**	**133,049**
(1) of which bonds sold under repurchase agreements:	8,465						
(2) of which reverse repo transactions:	9,631						

2.7.3 Financial investments at amortized cost by level

					06/30/2023
	Carrying amount	Fair value	Prices quoted on active markets for identical instruments:	Valuations based on observable market inputs:	Valuations based on unobservable market inputs:
(in millions of euros)			Level 1	Level 2	Level 3
Debt instruments					
Loans and receivables	22	22	-	22	-
Total financial assets at amortized cost	**22**	**22**	**-**	**22**	**-**
Financing debt					
Subordinated debt	1,556	1,271	-	1,271	-
Debt securities	-	-	-	-	-
Financing debt to banking sector companies	162	162	-	162	-
Other financing debt	17	17	-	17	-
Total financial liabilities at amortized cost	**1,735**	**1,449**	**-**	**1,449**	**-**

2.7.4 Financial investments at fair value by level

(in millions of euros)	06/30/2023 Fair value	Prices quoted on active markets for identical instruments: Level 1	Valuations based on observable market inputs: Level 2	Valuations based on unobservable market inputs: Level 3
Equity instruments at fair value through profit or loss	35,235	28,838	6,292	104
Shares and other variable income securities	*31,296*	*28,172*	*3,123*	-
Financial investments - Real estate equity and funds	*3,925*	*665*	*3,169*	*90*
Other equity investments	*14*	-	-	*14*
Debt instruments at fair value through profit or loss	16,003	7,590	8,414	-
Government securities and similar securities	*158*	*151*	*7*	-
Other bonds and fixed income securities	*11,488*	*3,548*	*7,940*	-
Money market UCITS	*3,890*	*3,890*	-	-
Loans and receivables	*467*	-	*467*	-
Financial assets at fair value through profit or loss	**51,238**	**36,427**	**14,706**	**104**
Equity instruments at fair value through other comprehensive income not qualifying for reclassification	4,023	1,504	25	2,494
Equities and other variable income securities	*1,145*	*1,145*	-	-
Financial investments - Real estate equity and funds	*44*	*19*	*25*	-
Other equity investments	*2,833*	*339*	-	*2,494*
Debt instruments at fair value through other comprehensive income qualifying for reclassification	77,766	66,997	10,769	-
Government securities and similar securities	*28,946*	*28,735*	*212*	-
Other bonds and fixed income securities	*38,813*	*38,262*	*550*	-
Loans and receivables	*10,007*	-	*10,007*	-
Financial assets at fair value through other comprehensive income	**81,789**	**68,501**	**10,794**	**2,494**
Derivatives	**-**	**-**	**-**	**-**
Total assets measured at fair value	**133,026**	**104,928**	**25,500**	**2,598**
Transfers from Level 1	-		-	-
Transfers from Level 2	-	-		-
Transfers from Level 3	-	-	-	
Total transfers to each of the levels	**-**	**-**	**-**	**-**

2.7.5 Changes in the balance of financial assets measured at fair value under level 3

(in millions of euros)	Debt instruments	Equity instruments	Total
Balance at 12/31/2022	**-**	**2,272**	**2,272**
Gains and losses from the period	-	314	314
Recognized through profit or loss	-	-	-
Recognized through equity	-	*314*	*314*
Purchases / issuances of the period	-	13	13
Disposals / redemptions of the period	-	-	-
Transfers during the period:	-	-	-
To level 3	-	-	-
From level 3	-	-	-
Change in scope of consolidation	-	-	-
Balance at 06/30/2023	**-**	**2,598**	**2,598**

2.7.6 Items underlying VFA contracts

(in millions of euros)	06/30/2023	12/31/2022
Investment property	**3,081**	**3,091**
Operating property at fair value	**197**	**194**
Debt instruments	**79,014**	**76,724**
Government securities and similar securities	23,520	22,143
Other bonds and fixed income securities	42,806	41,189
Money market UCITS	2,963	3,283
Loans and receivables	9,725	10,109
Equity instruments	**35,818**	**33,018**
Shares and other variable income securities	30,864	28,152
Financial investments - Real estate equity and funds	3,690	3,880
Other equity investments	1,264	986
Derivatives	**-**	**-**
Other assets	**291**	**1,251**
Total assets underlying VFA contracts	**118,401**	**114,279**
Operating debt to banking sector companies	9,052	9,307
Financing debt to banking sector companies	16	169
Derivative liabilities	88	117
Other debt	434	1,094
Total liabilities underlying VFA contracts	**9,589**	**10,687**
Total items underlying VFA contracts	**108,812**	**103,592**

2.7.7 Current and deferred tax assets and liabilities

(in millions of euros)	06/30/2023		12/31/2022	
	Assets	Liabilities	Assets	Liabilities
Current tax receivables	28	5	43	5
Deferred taxes	72	-	101	-
Total current and deferred taxes	**100**	**5**	**144**	**5**

(in millions of euros)	06/30/2023			12/31/2022		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Revaluation of investments	2,052	2,359	-307	2,196	1,898	299
Revaluation of insurance and reinsurance contracts	2,101	1,858	242	1,697	2,036	-339
Accounting-tax timing differences	149	8	141	156	8	147
Other items	5	9	-5	1	8	-6
Compensation related to tax consolidation	-4,235	-4,235	-	-3,950	-3,950	-
Total deferred taxes	**72**	**-**	**72**	**101**	**-**	**101**
of which recognized in profit or loss			*-185*			*-165*
of which recognized in equity			*257*			*266*

2.7.8 Share capital at 06/30/2023

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

GACM SA has not issued preferred shares.

2.7.9 Earnings per share

	06/30/2023	06/30/2022 restated
Net profit (loss) – Group share for the period (in millions of euros)	448	412
Weighted average number of ordinary shares outstanding during the period	80,066,768	80,066,768
Earnings per share* (in euros)	5.6	5.1

* Identical to diluted earnings.

2.7.10 Dividends

In accordance with the decision of the Annual General Meeting of May 10, 2023, GACM paid an ordinary dividend:

	06/30/2023
Ordinary dividend per share (in euros)	6.17
Exceptional dividend per share (in euros)	-
Total dividend (in millions of euros)	494

2.7.11 Financing debt

(in millions of euros)	06/30/2023	12/31/2022
Subordinated debt	1,556	1,561
Financing debt to banking sector companies	162	162
Loans	*162*	*162*
Other financing debt	30	31
IFRS 16 lease obligations	*13*	*14*
Other financing debt	*17*	*17*
Total financing debt	**1,748**	**1,754**

2.7.12 Insurance and reinsurance contracts by segment

					06/30/2023
(in millions of euros)	Property & casualty insurance	Health, protection & creditor insurance	Savings and retirement insurance	Other	Total
Insurance contract assets	-	18	-	-	18
Insurance contract assets	**-**	**18**	**-**	**-**	**18**
Insurance contract liabilities	2,662	3,902	109,494	-	116,058
Receivables and payables relating to insurance contracts	-	-	-	-78	-78
Insurance contract liabilities	**2,662**	**3,902**	**109,494**	**-78**	**115,980**
Reinsurance contract assets	195	176	-	-	371
Receivables and payables relating to reinsurance contracts	-	-	-	-73	-73
Reinsurance contract assets	**195**	**176**	**-**	**-73**	**298**
Reinsurance contract liabilities	**-**	**-**	**-**	**-**	**-**

					12/31/2022
(in millions of euros)	Property & casualty insurance	Health, protection & creditor insurance	Savings and retirement insurance	Other	Total
Insurance contract assets	-	18	-	-	18
Insurance contract assets	**-**	**18**	**-**	**-**	**18**
Insurance contract liabilities	2,615	3,617	104,401	-	110,633
Receivables and payables relating to insurance contracts	-	-	-	-165	-165
Insurance contract liabilities	**2,615**	**3,617**	**104,401**	**-165**	**110,469**
Reinsurance contract assets	210	176	-	-	386
Receivables and payables relating to reinsurance contracts	-	-	-	-57	-57
Reinsurance contract assets	**210**	**176**	**-**	**-57**	**328**
Reinsurance contract liabilities	**-**	**-**	**-**	**-**	**-**

2.7.13 Reconciliation of opening/closing provisions for insurance contracts in accordance with paragraph 100 of IFRS 17

Property & casualty insurance

	06/30/2023					
			Liability for incurred claims (LIC)			
(in millions of euros)	Liability for remaining coverage - excluding loss component	Liability for remaining coverage - loss component	Non-PAA contracts	Estimates of future cash flows for PAA contracts	Risk adjustment for non-financial risk for PAA contracts	Total
Opening insurance contracts assets	-	-	-	-	-	-
Opening insurance contracts liabilities	197	25	-	2,322	71	2,615
Opening net carrying amounts of insurance contracts	**197**	**25**	**-**	**2,322**	**71**	**2,615**
Insurance revenue	**-1,290**					**-1,290**
Incurred claims and other insurance service expenses		-25	-	1,203	14	1,193
Amortization of insurance acquisition cash flows	14					14
Losses and reversals of losses on onerous contracts		22				22
Changes in fulfilment cash flows relating to the liability for incurred claims			-	-2	-15	-17
Insurance expenses	**14**	**-2**	**-**	**1,201**	**-1**	**1,212**
Investment components	**-**		**-**			**-**
Insurance service result	**-1,276**	**-2**	**-**	**1,201**	**-1**	**-78**
Net finance income or expenses from insurance contracts OCI	-	-	-	8	-	8
Net finance income or expenses from insurance contracts excluding OCI	-	-	-	21	1	21
Effect of exchange rate movements	-	-	-	-	-	-
Total changes in the statement of profit or loss and other comprehensive income	**-**	**-**	**-**	**29**	**1**	**30**
Premiums received	1,333					1,333
Claims and other insurance service expenses paid			-	-1,230		-1,230
Insurance acquisition cash flows	-14					-14
Total cash flows	**1,319**	**-**	**-**	**-1,230**	**-**	**89**
Transfer to other items in the statement of financial position	**-1**	**-1**	**-**	**9**	**-**	**6**
Closing insurance contracts assets	-	-	-	-	-	-
Closing insurance contracts liabilities	238	22	-	2,331	70	2,662
Closing net carrying amounts of insurance contracts	**238**	**22**	**-**	**2,331**	**70**	**2,662**

(in millions of euros)	Liability for remaining coverage - excluding loss component	Liability for remaining coverage - loss component	Liability for incurred claims (LIC) Non-PAA contracts	Liability for incurred claims (LIC) Estimates of future cash flows for PAA contracts	Liability for incurred claims (LIC) Risk adjustment for non-financial risk for PAA contracts	Total 12/31/2022
Opening insurance contracts assets	-	-	-	-	-	-
Opening insurance contracts liabilities	248	56	-	2,386	77	2,767
Opening net carrying amounts of insurance contracts	**248**	**56**	**-**	**2,386**	**77**	**2,767**
Insurance revenue	**-2,506**					**-2,506**
Incurred claims and other insurance service expenses		-45	-1	2,583	22	2,560
Amortization of insurance acquisition cash flows	30					30
Losses and reversals of losses on onerous contracts		28				28
Changes in fulfilment cash flows relating to the liability for incurred claims			-	-79	-18	-97
Insurance expenses	**30**	**-17**	**-1**	**2,505**	**4**	**2,521**
Investment components	**-**		**-**			**-**
Insurance service result	**-2,476**	**-17**	**-1**	**2,505**	**4**	**15**
Net finance income or expenses from insurance contracts OCI	-1	-	-	-184	-8	-194
Net finance income or expenses from insurance contracts excluding OCI	-	-	-	10	-	10
Effect of exchange rate movements	-	-	-	-	-	-
Total changes in the statement of profit or loss and other comprehensive income	**-1**	**-**	**-**	**-174**	**-8**	**-184**
Premiums received	2,500					2,500
Claims and other insurance service expenses paid			1	-2,331		-2,330
Insurance acquisition cash flows	-31					-31
Total cash flows	**2,470**	**-**	**1**	**-2,331**	**-**	**140**
Transfer to other items in the statement of financial position	**-43**	**-14**	**-**	**-63**	**-2**	**-122**
Closing insurance contracts assets	-	-	-	-	-	-
Closing insurance contracts liabilities	197	25	-	2,322	71	2,615
Closing net carrying amounts of insurance contracts	**197**	**25**	**-**	**2,322**	**71**	**2,615**

Health, protection & creditor insurance

(in millions of euros)	06/30/2023					
	Liability for remaining coverage - excluding loss component	Liability for remaining coverage - loss component	Liability for incurred claims (LIC)			Total
			Non-PAA contracts	Estimates of future cash flows for PAA contracts	Risk adjustment for non-financial risk for PAA contracts	
Opening insurance contracts assets	-18		-			-18
Opening insurance contracts liabilities	1,518	47	986	1,042	24	3,617
Opening net carrying amounts of insurance contracts	**1,500**	**47**	**986**	**1,042**	**24**	**3,599**
Insurance revenue	**-1,844**					**-1,844**
Incurred claims and other insurance service expenses		-14	641	962	6	1,595
Amortization of insurance acquisition cash flows	16					16
Losses and reversals of losses on onerous contracts		21				21
Changes in fulfilment cash flows relating to the liability for incurred claims			-34	41	-5	2
Insurance expenses	**16**	**7**	**607**	**1,003**	**-**	**1,633**
Investment components	**-**		**-**			**-**
Insurance service result	**-1,828**	**7**	**607**	**1,003**	**-**	**-210**
Net finance income or expenses from insurance contracts OCI	38	-	-5	2	-	35
Net finance income or expenses from insurance contracts excluding OCI	10	-	6	7	-	24
Effect of exchange rate movements	-	-	-	-	-	-
Total changes in the statement of profit or loss and other comprehensive income	**48**	**-**	**1**	**9**	**-**	**60**
Premiums received	1,993					1,993
Claims and other insurance service expenses paid			-587	-946		-1,532
Insurance acquisition cash flows	-19					-19
Total cash flows	**1,974**	**-**	**-587**	**-946**	**-**	**442**
Transfer to other items in the statement of financial position	**-5**	**-**	**-**	**-**	**-**	**-6**
Closing insurance contracts assets	-19	-	1	-	-	-18
Closing insurance contracts liabilities	1,708	54	1,007	1,108	25	3,902
Closing net carrying amounts of insurance contracts	**1,689**	**54**	**1,008**	**1,108**	**25**	**3,884**

						12/31/2022
			Liability for incurred claims (LIC)			
(in millions of euros)	Liability for remaining coverage - excluding loss component	Liability for remaining coverage - loss component	Non-PAA contracts	Estimates of future cash flows for PAA contracts	Risk adjustment for non-financial risk for PAA contracts	Total
Opening insurance contracts assets	-27	-	-	-	-	-26
Opening insurance contracts liabilities	2,066	6	1,024	1,124	25	4,245
Opening net carrying amounts of insurance contracts	**2,040**	**6**	**1,025**	**1,124**	**25**	**4,219**
Insurance revenue	**-3,506**					**-3,506**
Incurred claims and other insurance service expenses		-9	1,171	1,667	9	2,838
Amortization of insurance acquisition cash flows	32					32
Losses and reversals of losses on onerous contracts		50				50
Changes in fulfilment cash flows relating to the liability for incurred claims			-19	145	-4	122
Insurance expenses	**32**	**41**	**1,153**	**1,812**	**5**	**3,042**
Investment components	**-**		**-**			**-**
Insurance service result	**-3,474**	**41**	**1,153**	**1,812**	**5**	**-464**
Net finance income or expenses from insurance contracts OCI	-633	-	-109	-107	-4	-853
Net finance income or expenses from insurance contracts excluding OCI	15	-	9	2	-	26
Effect of exchange rate movements	-	-	-	-	-	-
Total changes in the statement of profit or loss and other comprehensive income	**-618**	**-**	**-100**	**-105**	**-4**	**-827**
Premiums received	3,694					3,694
Claims and other insurance service expenses paid			-1,076	-1,756		-2,832
Insurance acquisition cash flows	-36					-36
Total cash flows	**3,658**	**-**	**-1,076**	**-1,756**	**-**	**826**
Transfer to other items in the statement of financial position	**-106**	**-**	**-15**	**-32**	**-1**	**-155**
Closing insurance contracts assets	-18	-	-	-	-	-18
Closing insurance contracts liabilities	1,518	47	986	1,042	24	3,617
Closing net carrying amounts of insurance contracts	**1,500**	**47**	**986**	**1,042**	**24**	**3,599**

Savings and retirement insurance

	06/30/2023					
			Liability for incurred claims (LIC)			
(in millions of euros)	Liability for remaining coverage - excluding loss component	Liability for remaining coverage - loss component	Non-PAA contracts	Estimates of future cash flows for PAA contracts	Risk adjustment for non-financial risk for PAA contracts	Total
Opening insurance contracts assets						
Opening insurance contracts liabilities	104,401		-			104,401
Opening net carrying amounts of insurance contracts	**104,401**	**-**	**-**			**104,401**
Insurance revenue	**-536**					**-536**
Incurred claims and other insurance service expenses		-	306	-	-	306
Amortization of insurance acquisition cash flows	2					2
Losses and reversals of losses on onerous contracts		-1				-1
Changes in fulfilment cash flows relating to the liability for incurred claims			3	-	-	3
Insurance expenses	**2**	**-1**	**309**	**-**	**-**	**310**
Investment components	**-3,514**		**3,514**			**-**
Insurance service result	**-4,048**	**-1**	**3,823**	**-**	**-**	**-227**
Net finance income or expenses from insurance contracts OCI	657	-	-	-	-	657
Net finance income or expenses from insurance contracts excluding OCI	4,284	-	-	-	-	4,283
Effect of exchange rate movements	-	-	-	-	-	-
Total changes in the statement of profit or loss and other comprehensive income	**4,940**	**-**	**-**	**-**	**-**	**4,940**
Premiums received	4,168					4,168
Claims and other insurance service expenses paid			-3,823	-		-3,823
Insurance acquisition cash flows	-5					-5
Total cash flows	**4,163**	**-**	**-3,823**	**-**	**-**	**340**
Transfer to other items in the statement of financial position	**38**	**1**	**-**	**-**	**-**	**39**
Closing insurance contracts assets	-	-	-	-	-	-
Closing insurance contracts liabilities	109,494	-	-	-	-	109,494
Closing net carrying amounts of insurance contracts	**109,494**	**-**	**-**	**-**	**-**	**109,494**

(in millions of euros)	Liability for remaining coverage - excluding loss component	Liability for remaining coverage - loss component	Liability for incurred claims (LIC)			Total
			Non-PAA contracts	Estimates of future cash flows for PAA contracts	Risk adjustment for non-financial risk for PAA contracts	12/31/2022
Opening insurance contracts assets	-	-	-	-	-	-
Opening insurance contracts liabilities	117,906	-	1	-	-	117,907
Opening net carrying amounts of insurance contracts	**117,906**	**-**	**1**	**-**	**-**	**117,907**
Insurance revenue	**-1,074**					**-1,074**
Incurred claims and other insurance service expenses		-	584	-	-	584
Amortization of insurance acquisition cash flows	4					4
Losses and reversals of losses on onerous contracts		2				2
Changes in fulfilment cash flows relating to the liability for incurred claims			4	-	-	4
Insurance expenses	**4**	**2**	**588**	**-**	**-**	**594**
Investment components	**-5,533**		**5,533**			**-**
Insurance service result	**-6,603**	**2**	**6,121**	**-**	**-**	**-480**
Net finance income or expenses from insurance contracts OCI	-10,829	-	-	-	-	-10,829
Net finance income or expenses from insurance contracts excluding OCI	-2,716	-	-	-	-	-2,716
Effect of exchange rate movements	-	-	-	-	-	-
Total changes in the statement of profit or loss and other comprehensive income	**-13,546**	**-**	**-**	**-**	**-**	**-13,546**
Premiums received	7,007					7,007
Claims and other insurance service expenses paid			-6,121	-		-6,121
Insurance acquisition cash flows	-105					-105
Total cash flows	**6,902**	**-**	**-6,121**	**-**	**-**	**781**
Transfer to other items in the statement of financial position	**-258**	**-2**	**-1**	**-**	**-**	**-261**
Closing insurance contracts assets	-	-	-	-	-	-
Closing insurance contracts liabilities	104,401	-	-	-	-	104,401
Closing net carrying amounts of insurance contracts	**104,401**	**-**	**-**	**-**	**-**	**104,401**

2.7.14 Reconciliation of opening/closing provisions for reinsurance contracts in accordance with paragraph 100 of IFRS 17

Property & casualty insurance

			Assets for incurred claims (LIC)			06/30/2023
(in millions of euros)	Assets for remaining coverage - excluding cover of loss component	Assets for remaining coverage - cover of loss component	Non-PAA contracts	Estimates of future cash flows for PAA contracts	Risk adjustment for non-financial risk for PAA contracts	Total
Opening reinsurance contracts assets	4	-	-	199	6	210
Opening reinsurance contracts liabilities	-	-	-	-	-	-
Opening net carrying amounts of reinsurance contracts	**4**	**-**	**-**	**199**	**6**	**210**
Allocation of reinsurance premiums paid	**-51**					**-51**
Recoveries of incurred claims and other insurance service expenses		-	-	8	-	9
Changes in the loss-recovery component relating to onerous underlying contracts		-				-
Changes in fulfilment cash flows relating to the asset for incurred claims			-	1	-	1
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-	-
Amounts recovered from the reinsurer	**-**	**-**	**-**	**10**	**-**	**10**
Investment components						
Net profit arising from reinsurance contracts	**-51**	**-**	**-**	**10**	**-**	**-41**
Insurance finance income or expenses from reinsurance contracts held OCI	-	-	-	-1	-	-2
Insurance finance income or expenses from reinsurance contracts held excluding OCI	-	-	-	2	-	2
Effect of exchange rate movements	-	-	-	-	-	-
Total changes in the statement of profit or loss and other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**
Premiums paid	52					52
Amounts recovered			-	-26		-26
Cash flows from contract acquisition	-					-
Total cash flows	**52**	**-**	**-**	**-26**	**-**	**25**
Transfer to other items in the statement of financial position	**-**	**-1**	**-**	**1**	**-**	**-**
Closing reinsurance contracts assets	5	-	-	184	6	195
Closing reinsurance contracts liabilities	-	-	-	-	-	-
Closing net carrying amounts of reinsurance contracts	**5**	**-**	**-**	**184**	**6**	**195**

(in millions of euros)	Assets for remaining coverage - excluding cover of loss component	Assets for remaining coverage - cover of loss component	Assets for incurred claims (LIC)			Total
			Non-PAA contracts	Estimates of future cash flows for PAA contracts	Risk adjustment for non-financial risk for PAA contracts	12/31/2022
Opening reinsurance contracts assets	-	11	-	145	5	161
Opening reinsurance contracts liabilities	-	-	-	-	-	-
Opening net carrying amounts of reinsurance contracts	**-**	**11**	**-**	**145**	**5**	**161**
Allocation of reinsurance premiums paid	**-84**					**-84**
Recoveries of incurred claims and other insurance service expenses		-	-	161	2	163
Changes in the loss-recovery component relating to onerous underlying contracts		1				1
Changes in fulfilment cash flows relating to the asset for incurred claims			-	21	-	21
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-	-
Amounts recovered from the reinsurer	**-**	**1**	**-**	**182**	**2**	**186**
Investment components						
Net profit arising from reinsurance contracts	**-84**	**1**	**-**	**182**	**2**	**101**
Insurance finance income or expenses from reinsurance contracts held OCI	-	-	-	-20	-1	-21
Insurance finance income or expenses from reinsurance contracts held excluding OCI	-	-	-	-	-	-
Effect of exchange rate movements	-	-	-	-	-	-
Total changes in the statement of profit or loss and other comprehensive income	**-**	**-**	**-**	**-20**	**-1**	**-21**
Premiums paid	88					88
Amounts recovered			-	-103		-103
Cash flows from contract acquisition	-					-
Total cash flows	**88**	**-**	**-**	**-103**	**-**	**-15**
Transfer to other items in the statement of financial position	**-**	**-12**	**-**	**-5**	**-**	**-17**
Closing reinsurance contracts assets	4	-	-	199	6	210
Closing reinsurance contracts liabilities	-	-	-	-	-	-
Closing net carrying amounts of reinsurance contracts	**4**	**-**	**-**	**199**	**6**	**210**

Health, protection & creditor insurance

						06/30/2023
			Assets for incurred claims (LIC)			
(in millions of euros)	Assets for remaining coverage - excluding cover of loss component	Assets for remaining coverage - cover of loss component	Non-PAA contracts	Estimates of future cash flows for PAA contracts	Risk adjustment for non-financial risk for PAA contracts	Total
Opening reinsurance contracts assets	140		31	5	-	176
Opening reinsurance contracts liabilities						
Opening net carrying amounts of reinsurance contracts	**140**		**31**	**5**	**-**	**176**
Allocation of reinsurance premiums paid	**-18**					**-18**
Recoveries of incurred claims and other insurance service expenses		-	5	3	-	8
Changes in the loss-recovery component relating to onerous underlying contracts		-				-
Changes in fulfilment cash flows relating to the asset for incurred claims			1	7	-	9
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-	-
Amounts recovered from the reinsurer	**-**	**-**	**6**	**10**	**-**	**16**
Investment components						
Net profit arising from reinsurance contracts	**-18**	**-**	**6**	**10**	**-**	**-2**
Insurance finance income or expenses from reinsurance contracts held OCI	3	-	-	-	-	3
Insurance finance income or expenses from reinsurance contracts held excluding OCI	1	-	-	-	-	1
Effect of exchange rate movements	-	-	-	-	-	-
Total changes in the statement of profit or loss and other comprehensive income	**3**	**-**	**-**	**-**	**-**	**3**
Premiums paid	13					13
Amounts recovered			-5	-9		-15
Cash flows from contract acquisition	-					-
Total cash flows	**13**	**-**	**-5**	**-9**	**-**	**-1**
Transfer to other items in the statement of financial position	**-**	**-**	**-**	**-**	**-**	**-**
Closing reinsurance contracts assets	138	-	32	6	-	176
Closing reinsurance contracts liabilities	-	-	-	-	-	-
Closing net carrying amounts of reinsurance contracts	**138**	**-**	**32**	**6**	**-**	**176**

(in millions of euros)						12/31/2022
	Assets for remaining coverage - excluding cover of loss component	Assets for remaining coverage - cover of loss component	Assets for incurred claims (LIC)			Total
			Non-PAA contracts	Estimates of future cash flows for PAA contracts	Risk adjustment for non-financial risk for PAA contracts	
Opening reinsurance contracts assets	198	-	36	4	-	238
Opening reinsurance contracts liabilities	-	-	-	-	-	-
Opening net carrying amounts of reinsurance contracts	**198**	**-**	**36**	**4**	**-**	**238**
Allocation of reinsurance premiums paid	**-35**					**-35**
Recoveries of incurred claims and other insurance service expenses		-	18	5	-	23
Changes in the loss-recovery component relating to onerous underlying contracts		-				-
Changes in fulfilment cash flows relating to the asset for incurred claims			-7	6	-	-1
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-	-
Amounts recovered from the reinsurer	**-**	**-**	**11**	**11**	**-**	**22**
Investment components						
Net profit arising from reinsurance contracts	**-35**	**-**	**11**	**11**	**-**	**-14**
Insurance finance income or expenses from reinsurance contracts held OCI	-45	-	-4	-	-	-49
Insurance finance income or expenses from reinsurance contracts held excluding OCI	-	-	-	-	-	-
Effect of exchange rate movements	-	-	-	-	-	-
Total changes in the statement of profit or loss and other comprehensive income	**-45**	**-**	**-4**	**-**	**-**	**-49**
Premiums paid	24					24
Amounts recovered			-12	-9		-21
Cash flows from contract acquisition	-					-
Total cash flows	**24**	**-**	**-12**	**-9**	**-**	**3**
Transfer to other items in the statement of financial position	**-1**	**-**	**-**	**-1**	**-**	**-2**
Closing reinsurance contracts assets	140	-	31	5	-	176
Closing reinsurance contracts liabilities	-	-	-	-	-	-
Closing net carrying amounts of reinsurance contracts	**140**	**-**	**31**	**5**	**-**	**176**

2.7.15 Reconciliation of opening/closing provisions for insurance contracts in accordance with paragraph 101 of IFRS 17

Property & casualty insurance

	06/30/2023			
(in millions of euros)	Estimates of present value of future cash flows (BE)	Risk adjustment for non-financial risk (RA)	Contractual service margin (CSM)	Total
Opening insurance contracts assets	-	-	-	-
Opening insurance contracts liabilities	10	-	2	12
Opening net carrying amounts of insurance contracts	**10**	**-**	**2**	**12**
Changes in estimates that adjust the contractual service margin			-	-
Change in risk adjustment for non-financial risk for risk expired		-		-
Experience adjustments on current occurrence	-1	-		-1
Changes that relate to current service	**-1**	**-**	**-**	**-1**
Effects of contracts initially recognized in the period	-	-	-	-
Changes in estimates that adjust the contractual service margin	-	-	-	-
Changes in estimates that result in losses and reversals of losses on onerous contracts	-	-		-
Changes that relate to future services	**-**	**-**	**-**	**-**
Changes in fulfilment cash flows relating to incurred claims	-	-		-
Changes that relate to past service	**-**	**-**	**-**	**-**
Insurance service result	**-1**	**-**	**-**	**-1**
Net finance expenses from insurance contracts OCI	-	-	-	-
Net finance expenses from insurance contracts excluding OCI	-	-	-	-
Effect of exchange rate movements	-	-	-	-
Total changes in the statement of profit or loss and other comprehensive income	**-**	**-**	**-**	**-**
Premiums received	-			-
Claims and other insurance service expenses paid	-			-
Insurance acquisition cash flows	-			-
Total cash flows	**-**	**-**	**-**	**-**
Transfer to other items in the statement of financial position	**-**	**-**	**-**	**-**
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	9	-	2	11
Closing net carrying amounts of insurance contract	**9**	**-**	**2**	**11**

(in millions of euros)	Estimates of present value of future cash flows (BE)	Risk adjustment for non-financial risk (RA)	Contractual service margin (CSM)	Total 12/31/2022
Opening insurance contracts assets	-	-	-	-
Opening insurance contracts liabilities	15	1	1	16
Opening net carrying amounts of insurance contracts	**15**	**1**	**1**	**16**
Changes in estimates that adjust the contractual service margin			-	-
Change in risk adjustment for non-financial risk for risk expired		-		-
Experience adjustments on current occurrence	-4	-		-4
Changes that relate to current service	**-4**	**-**	**-**	**-5**
Effects of contracts initially recognized in the period	1	-	-	1
Changes in estimates that adjust the contractual service margin	-1	-	1	-
Changes in estimates that result in losses and reversals of losses on onerous contracts	-	-		-
Changes that relate to future services	**-**	**-**	**1**	**1**
Changes in fulfilment cash flows relating to incurred claims	-	-		-
Changes that relate to past service	**-**	**-**	**-**	**-**
Insurance service result	**-4**	**-**	**1**	**-4**
Net finance expenses from insurance contracts OCI	-1	-	-	-1
Net finance expenses from insurance contracts excluding OCI	-	-	-	-
Effect of exchange rate movements	-	-	-	-
Total changes in the statement of profit or loss and other comprehensive income	**-1**	**-**	**-**	**-1**
Premiums received	1			1
Claims and other insurance service expenses paid	1			1
Insurance acquisition cash flows	-			-
Total cash flows	**1**	**-**	**-**	**1**
Transfer to other items in the statement of financial position	**-**	**-**	**-**	**-**
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	10	-	2	12
Closing net carrying amounts of insurance contract	**10**	**-**	**2**	**12**

Health, protection & creditor insurance

(in millions of euros)				06/30/2023
	Estimates of present value of future cash flows (BE)	Risk adjustment for non-financial risk (RA)	Contractual service margin (CSM)	Total
Opening insurance contracts assets	-51	16	18	-18
Opening insurance contracts liabilities	481	854	1,042	2,377
Opening net carrying amounts of insurance contracts	**430**	**869**	**1,060**	**2,359**
Changes in estimates that adjust the contractual service margin			-85	-85
Change in risk adjustment for non-financial risk for risk expired		-49		-49
Experience adjustments on current occurrence	11	9		20
Changes that relate to current service	**11**	**-40**	**-85**	**-114**
Effects of contracts initially recognized in the period	-67	46	29	8
Changes in estimates that adjust the contractual service margin	3	-29	26	-
Changes in estimates that result in losses and reversals of losses on onerous contracts	-4	8		4
Changes that relate to future services	**-67**	**25**	**54**	**12**
Changes in fulfilment cash flows relating to incurred claims	-27	-7		-34
Changes that relate to past service	**-27**	**-7**	**-**	**-34**
Insurance service result	**-83**	**-22**	**-31**	**-136**
Net finance expenses from insurance contracts OCI	13	20	-	33
Net finance expenses from insurance contracts excluding OCI	3	5	8	17
Effect of exchange rate movements	-	-	-	-
Total changes in the statement of profit or loss and other comprehensive income	**17**	**25**	**8**	**50**
Premiums received	810			810
Claims and other insurance service expenses paid	-587			-587
Insurance acquisition cash flows	-29			-29
Total cash flows	**194**	**-**	**-**	**194**
Transfer to other items in the statement of financial position	**3**	**2**	**-9**	**-4**
Closing insurance contract assets	-48	15	15	-18
Closing insurance contract liabilities	610	858	1,014	2,482
Closing net carrying amounts of insurance contract	**561**	**874**	**1,029**	**2,464**

(in millions of euros)	Estimates of present value of future cash flows (BE)	Risk adjustment for non-financial risk (RA)	Contractual service margin (CSM)	Total
				12/31/2022
Opening insurance contracts assets	-48	14	8	-26
Opening insurance contracts liabilities	743	979	1,340	3,062
Opening net carrying amounts of insurance contracts	**694**	**992**	**1,349**	**3,036**
Changes in estimates that adjust the contractual service margin			-185	-185
Change in risk adjustment for non-financial risk for risk expired		-94		-94
Experience adjustments on current occurrence	-47	17		-30
Changes that relate to current service	**-47**	**-77**	**-185**	**-309**
Effects of contracts initially recognized in the period	-254	171	110	26
Changes in estimates that adjust the contractual service margin	119	94	-213	-
Changes in estimates that result in losses and reversals of losses on onerous contracts	52	-37		14
Changes that relate to future services	**-83**	**227**	**-104**	**40**
Changes in fulfilment cash flows relating to incurred claims	-7	-12		-19
Changes that relate to past service	**-7**	**-12**	**-**	**-19**
Insurance service result	**-137**	**138**	**-289**	**-288**
Net finance expenses from insurance contracts OCI	-494	-248	-	-742
Net finance expenses from insurance contracts excluding OCI	2	7	16	24
Effect of exchange rate movements	-	-	-	-
Total changes in the statement of profit or loss and other comprehensive income	**-493**	**-241**	**16**	**-718**
Premiums received	1,536			1,536
Claims and other insurance service expenses paid	-1,030			-1,030
Insurance acquisition cash flows	-59			-59
Total cash flows	**447**	**-**	**-**	**447**
Transfer to other items in the statement of financial position	**-82**	**-20**	**-16**	**-118**
Closing insurance contract assets	-51	16	18	-18
Closing insurance contract liabilities	481	854	1,042	2,377
Closing net carrying amounts of insurance contract	**430**	**869**	**1,060**	**2,359**

Savings and retirement insurance

(in millions of euros)				06/30/2023
	Estimates of present value of future cash flows (BE)	Risk adjustment for non-financial risk (RA)	Contractual service margin (CSM)	Total
Opening insurance contracts assets	-	-	-	-
Opening insurance contracts liabilities	99,125	657	4,620	104,401
Opening net carrying amounts of insurance contracts	**99,125**	**657**	**4,620**	**104,401**
Changes in estimates that adjust the contractual service margin			-200	-200
Change in risk adjustment for non-financial risk for risk expired		-21		-21
Experience adjustments on current occurrence	-7	-		-7
Changes that relate to current service	**-7**	**-21**	**-200**	**-228**
Effects of contracts initially recognized in the period	-47	7	40	-
Changes in estimates that adjust the contractual service margin	-1,786	196	1,591	-
Changes in estimates that result in losses and reversals of losses on onerous contracts	-1	-		-2
Changes that relate to future services	**-1,834**	**203**	**1,630**	**-1**
Changes in fulfilment cash flows relating to incurred claims	3	-		3
Changes that relate to past service	**3**	**-**	**-**	**3**
Insurance service result	**-1,838**	**182**	**1,430**	**-227**
Net finance expenses from insurance contracts OCI	656	-	-	657
Net finance expenses from insurance contracts excluding OCI	4,283	-	-	4,283
Effect of exchange rate movements	-	-	-	-
Total changes in the statement of profit or loss and other comprehensive income	**4,940**	**-**	**-**	**4,940**
Premiums received	4,168			4,168
Claims and other insurance service expenses paid	-3,823			-3,823
Insurance acquisition cash flows	-5			-5
Total cash flows	**340**	**-**	**-**	**340**
Transfer to other items in the statement of financial position	**39**	**2**	**-2**	**39**
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	102,606	841	6,048	109,494
Closing net carrying amounts of insurance contract	**102,606**	**841**	**6,048**	**109,494**

(in millions of euros)				12/31/2022
	Estimates of present value of future cash flows (BE)	Risk adjustment for non-financial risk (RA)	Contractual service margin (CSM)	Total
Opening insurance contracts assets	-	-	-	-
Opening insurance contracts liabilities	114,453	389	3,065	117,907
Opening net carrying amounts of insurance contracts	**114,453**	**389**	**3,065**	**117,907**
Changes in estimates that adjust the contractual service margin			-421	-421
Change in risk adjustment for non-financial risk for risk expired		-21		-21
Experience adjustments on current occurrence	-43	-		-43
Changes that relate to current service	**-43**	**-21**	**-421**	**-486**
Effects of contracts initially recognized in the period	-28	6	23	2
Changes in estimates that adjust the contractual service margin	-2,249	290	1,959	-
Changes in estimates that result in losses and reversals of losses on onerous contracts	-	-		-
Changes that relate to future services	**-2,276**	**296**	**1,982**	**2**
Changes in fulfilment cash flows relating to incurred claims	4	-		4
Changes that relate to past service	**4**	**-**	**-**	**4**
Insurance service result	**-2,315**	**275**	**1,561**	**-480**
Net finance expenses from insurance contracts OCI	-10,828	-1	-	-10,829
Net finance expenses from insurance contracts excluding OCI	-2,716	-	-	-2,716
Effect of exchange rate movements	-	-	-	-
Total changes in the statement of profit or loss and other comprehensive income	**-13,545**	**-1**	**-**	**-13,546**
Premiums received	7,007			7,007
Claims and other insurance service expenses paid	-6,119			-6,119
Insurance acquisition cash flows	-107			-107
Total cash flows	**781**	**-**	**-**	**781**
Transfer to other items in the statement of financial position	**-249**	**-6**	**-6**	**-261**
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	99,125	657	4,620	104,401
Closing net carrying amounts of insurance contract	**99,125**	**657**	**4,620**	**104,401**

2.7.16 Reconciliation of opening/closing provisions for reinsurance contracts in accordance with paragraph 101 of IFRS 17

Health, protection & creditor insurance

				06/30/2023
(in millions of euros)	Estimates of present value of future cash flows (BE)	Risk adjustment for non-financial risk (RA)	Contractual service margin (CSM)	Total
Opening reinsurance contracts assets	85	30	56	171
Opening reinsurance contracts liabilities	-	-	-	-
Opening net carrying amounts of reinsurance contracts	**85**	**30**	**56**	**171**
Changes in estimates that adjust the contractual service margin			-3	-3
Change in risk adjustment for non-financial risk for risk expired		-1		-1
Experience adjustments on current occurrence	-2	-		-2
Changes that relate to current service	**-2**	**-**	**-3**	**-5**
Effects of contracts initially recognized in the period	-1	-	-	-
Changes in the loss-recovery component on onerous underlying contracts that adjust the contractual service margin			-	-
Changes in estimates that adjust the contractual service margin	-	-1	1	-
Changes in estimates that do not adjust the contractual service margin	-	-		-
Changes that relate to future services	**-1**	**-1**	**2**	**-**
Changes in fulfilment cash flows related to asset for incurred claims	2	-		1
Changes that relate to past service	**2**	**-**	**-**	**1**
Effect of changes in non-performance risk of reinsurers	**-**	**-**	**-**	**-**
Net profit arising from reinsurance contracts	**-1**	**-1**	**-1**	**-4**
Insurance finance income or expenses from reinsurance contracts held OCI	2	1	-	3
Insurance finance income or expenses from reinsurance contracts held excluding OCI	-	-	-	1
Effect of exchange rate movements	-	-	-	-
Total changes in the statement of profit or loss and other comprehensive income	**2**	**1**	**-**	**3**
Premiums paid	5			5
Amounts recovered	-5			-5
Cash flows from contract acquisition	-			-
Total cash flows	**-**	**-**	**-**	**-**
Transfer to other items in the statement of financial position	**-**	**-1**	**-**	**-1**
Closing reinsurance contracts assets	86	30	55	170
Closing reinsurance contracts liabilities	-	-	-	-
Closing net carrying amounts of insurance contracts	**86**	**30**	**55**	**170**

(in millions of euros)	Estimates of present value of future cash flows (BE)	Risk adjustment for non-financial risk (RA)	Contractual service margin (CSM)	Total
				12/31/2022
Opening reinsurance contracts assets	127	46	60	233
Opening reinsurance contracts liabilities	-	-	-	-
Opening net carrying amounts of reinsurance contracts	**127**	**46**	**60**	**233**
Changes in estimates that adjust the contractual service margin			-6	-6
Change in risk adjustment for non-financial risk for risk expired		-1		-1
Experience adjustments on current occurrence	3	-		4
Changes that relate to current service	**3**	**-1**	**-6**	**-4**
Effects of contracts initially recognized in the period	-1	1	1	-
Changes in the loss-recovery component on onerous underlying contracts that adjust the contractual service margin			-	-
Changes in estimates that adjust the contractual service margin	-1	-	1	-
Changes in estimates that do not adjust the contractual service margin	-	-		-
Changes that relate to future services	**-2**	**-**	**2**	**-**
Changes in fulfilment cash flows related to asset for incurred claims	-7	-		-7
Changes that relate to past service	**-7**	**-**	**-**	**-7**
Effect of changes in non-performance risk of reinsurers	**-**	**-**	**-**	**-**
Net profit arising from reinsurance contracts	**-5**	**-1**	**-5**	**-11**
Insurance finance income or expenses from reinsurance contracts held OCI	-34	-14	-	-49
Insurance finance income or expenses from reinsurance contracts held excluding OCI	-	-	-	-
Effect of exchange rate movements	-	-	-	-
Total changes in the statement of profit or loss and other comprehensive income	**-34**	**-14**	**-**	**-48**
Premiums paid	10			10
Amounts recovered	-12			-12
Cash flows from contract acquisition	-			-
Total cash flows	**-2**	**-**	**-**	**-2**
Transfer to other items in the statement of financial position	**-**	**-1**	**-**	**-1**
Closing reinsurance contracts assets	85	30	56	171
Closing reinsurance contracts liabilities	-	-	-	-
Closing net carrying amounts of insurance contracts	**85**	**30**	**56**	**171**

2.8 Notes to the statement of profit and loss

2.8.1 Insurance revenue

	06/30/2023			
(in millions of euros)	Property & casualty insurance	Health, protection & creditor insurance	Savings and retirement insurance	Total
Revenues from insurance contracts not assessed according to the simplified model	**2**	**754**	**536**	**1,292**
Amounts relating to changes in the liability for remaining coverage related to:	2	750	534	1,286
Changes in estimates that adjust the contractual service margin	*-*	*85*	*200*	*286*
Change in risk adjustment for non-financial risk for risk expired	*-*	*49*	*21*	*70*
Incurred claims and other insurance service expenses	*1*	*610*	*304*	*915*
Other amounts	*-*	*6*	*9*	*15*
Share of premiums allocated to the recovery of insurance acquisition cash flows	-	4	2	6
Revenues from insurance contracts assessed according to the simplified model	**1,289**	**1,090**	**-**	**2,378**
Total insurance revenue	**1,290**	**1,844**	**536**	**3,670**

	06/30/2022			
(in millions of euros)	Property & casualty insurance	Health, protection & creditor insurance	Savings and retirement insurance	Total
Revenues from insurance contracts not assessed according to the simplified model	**2**	**728**	**529**	**1,259**
Amounts relating to changes in the liability for remaining coverage related to:	2	724	527	1,254
Changes in estimates that adjust the contractual service margin	*-*	*93*	*197*	*291*
Change in risk adjustment for non-financial risk for risk expired	*-*	*47*	*11*	*58*
Incurred claims and other insurance service expenses	*2*	*572*	*307*	*881*
Other amounts	*-*	*12*	*13*	*24*
Share of premiums allocated to the recovery of insurance acquisition cash flows	-	4	2	6
Revenues from insurance contracts assessed according to the simplified model	**1,241**	**989**	**-**	**2,231**
Total insurance revenue	**1,243**	**1,718**	**529**	**3,490**

2.8.2 Net financial result

(in millions of euros)	06/30/2023				
	Property & casualty insurance	**Health, protection & creditor insurance**	**Savings and retirement insurance**	**Other**	**Total**
Interest income calculated using the effective interest rate method	16	24	568	76	684
Other investment income	18	18	3,703	65	3,804
Credit-related loss of value	-	-	-	-	-
Unrealized capital gains recognized in equity	59	87	652	259	1,057
Financial result from investments	**98**	**133**	**4,924**	**389**	**5,544**
Change in fair value of items underlying VFA contracts	-	-	-4,283	-	-4,283
Impacts of the risk mitigation option	-	-	-	-	-
Capitalized / credited interest	-21	-24	-	-	-46
Changes in the yield curve and other financial assumptions	-8	-35	-657	-	-701
Foreign exchange loss	-	-	-	-	-
Insurance finance income or expenses from insurance contracts issued	**-30**	**-60**	**-4,940**	**-**	**-5,030**
Capitalized / credited interest	2	1	-	-	2
Other changes	-2	3	-	-	1
Insurance finance income or expenses from reinsurance contracts held	**-**	**3**	**-**	**-**	**4**
Net financial result	**69**	**76**	**-17**	**389**	**518**
of which recognized in profit or loss					-
Financial result from investments	*34*	*42*	*4,272*	*140*	*4,487*
Insurance finance income or expenses from insurance contracts issued	*-21*	*-24*	*-4,283*	*-*	*-4,329*
Insurance finance income or expenses from reinsurance contracts held	*2*	*1*	*-*	*-*	*2*
of which recognized in equity					
Financial result from investments	*65*	*91*	*652*	*249*	*1,057*
Insurance finance income or expenses from insurance contracts issued	*-8*	*-35*	*-657*	*-*	*-701*
Insurance finance income or expenses from reinsurance contracts held	*-2*	*3*	*-*	*-*	*1*

2.8.3 Interest income calculated using the effective interest rate method

(in millions of euros)	06/30/2023		
	Fair value through other comprehensive income - mandatory	**Amortized cost**	**Total**
Debt instruments	**720**	**-36**	**684**
Government securities and similar securities	294	-	294
Other bonds and fixed income securities	377	-	377
Loans and receivables	50	-36	14
Total interest income calculated using the effective interest rate method	**720**	**-36**	**684**

(in millions of euros)	06/30/2022		
	Fair value through other comprehensive income - mandatory	**Amortized cost**	**Total**
Debt instruments	**591**	**18**	**609**
Government securities and similar securities	246	-	246
Other bonds and fixed income securities	349	-	349
Loans and receivables	-4	18	14
Total interest income calculated using the effective interest rate method	**591**	**18**	**609**

2.8.4 Other investment income

(in millions of euros)							06/30/2023
	Fair value through profit or loss - cover	Fair value through profit or loss - mandatory	Fair value through profit or loss - option	Fair value through other comprehensive income - mandatory	Fair value through other comprehensive income - option	Amortized cost	Total
Revenues from debt instruments	**-**	**97**	**-**				**97**
Government securities and similar securities	-	2	-				2
Other bonds and fixed income securities	-	72	-				72
Money market UCITS	-	-	-				-
Loans and receivables		23					23
Revenues from equity instruments	**-**	**568**			**102**		**670**
Equities and other variable income securities	-	446			29		475
Financial investments - Real estate equity and funds	-	122			2		125
Equity investments	-	-			71		71
Revenues from investment property		**52**				**-**	**52**
Revenues from derivatives		**3**					**3**
Other financial revenues and expenses		**13**					**13**
Changes in fair value	**-**	**2,646**	**-**				**2,646**
Financial assets	-	2,642	-				2,642
Investment property	-	4	-				4
Operating property	-	-	-				-
Derecognition of financial instruments	**-**	**334**	**-**	**-12**		**-**	**322**
Financial assets	-	334	-	-12		-	322
Investment property		-				-	-
Total other investment income	-	**3,713**	**-**	**-12**	**102**	**-**	**3,804**

(in millions of euros)	Fair value through profit or loss - cover	Fair value through profit or loss - mandatory	Fair value through profit or loss - option	Fair value through other comprehensive income - mandatory	Fair value through other comprehensive income - option	Amortized cost	Total
							06/30/2022
Revenues from debt instruments	**-**	**54**	**-**				**54**
Government securities and similar securities	-	1	-				1
Other bonds and fixed income securities	-	54	-				54
Money market UCITS	-	-	-				-
Loans and receivables		-1					-1
Revenues from equity instruments	**-**	**552**			**78**		**630**
Equities and other variable income securities	-	455			24		479
Financial investments - Real estate equity and funds	-	97			2		98
Equity investments	-	-			52		52
Revenues from investment property		**47**				**-**	**47**
Revenues from derivatives		**2**					**2**
Other financial revenues and expenses		**34**					**34**
Changes in fair value	**-**	**-6,005**	**-**				**-6,005**
Financial assets	-	-6,005	-				-6,005
Investment property	-	-	-				-
Operating property	-	-	-				-
Derecognition of financial instruments	**-**	**42**	**-**	**128**		**-**	**170**
Financial assets	-	42	-	128		-	170
Investment property		-				-	-
Total other investment income	**-**	**-5,275**	**-**	**128**	**78**	**-**	**-5,068**

2.8.5 Management expenses

(in millions of euros)	06/30/2023	06/30/2022
Employee benefits	147	131
Taxes	37	41
Depreciation and amortization	4	4
Other current operating expenses	177	168
Total overheads	**365**	**344**
Commissions	1,008	952
Acquisition costs for the period deferred on the balance sheet	-11	-11
Total expenses recognized in the income statement	**1,362**	**1,285**
Of which insurance contract attributable costs presented under "Insurance expenses"	*1,304*	*1,232*
Of which insurance contract non-attributable costs presented under "Other operating expenses"	*58*	*53*

2.8.6 Income tax expense

(in millions of euros)	06/30/2023	06/30/2022
Taxes payable	-115	-129
Deferred taxes	-20	20
Total income tax expense	**-135**	**-109**

2.9 Other information

2.9.1 IFRS 17 yield curve

Future cash flows are discounted using the yield curve below. This reflects the time value of money as well as the cash flow and liquidity characteristics of GACM's insurance contracts.

IFRS 17 yield curve	06/30/2023
1-year rate	4.7%
5-year rate	3.9%
10-year rate	3.6%
20-year rate	3.4%
30-year rate	3.2%

2.9.2 Confidence in the determination of the risk adjustment for non-financial risk

GACM applies a quantile approach based on the Value at Risk (VaR) for all risks. GACM considers that a quantile of 80% represents an adequate level of prudence for the underlying technical provisions.

2.10 Scope of consolidation

2.10.1 Scope of consolidation

Groupe des Assurances du Crédit Mutuel scope of consolidation	Country	Consolidation method	06/30/2023		12/31/2022	
			Control	Interest	Control	Interest
Holding companies						
GACM SA	France	Fully-consolidated (FC)	100.0%	100.0%	100.0%	100.0%
GACM ESPAÑA SA	Spain	Fully-consolidated (FC)	100.0%	100.0%	100.0%	100.0%
ACM DEUTSCHLAND AG	Germany	Fully-consolidated (FC)	100.0%	100.0%		
Insurance companies						
ACM IARD SA	France	Fully-consolidated (FC)	96.5%	96.5%	96.5%	96.5%
ACM VIE SAM	France	Fully-consolidated (FC)	100.0%	100.0%	100.0%	100.0%
ACM VIE SA	France	Fully-consolidated (FC)	100.0%	100.0%	100.0%	100.0%
ACM BELGIUM LIFE SA	Belgium	Fully-consolidated (FC)	100.0%	100.0%	100.0%	100.0%
AGRUPACIÓ AMCI D'ASSEGURANCES I REASSEGURANCES, SA	Spain	Fully-consolidated (FC)	97.7%	97.7%	97.7%	97.7%
ATLANTIS VIDA, COMPAÑÍA DE SEGUROS Y REASEGUROS, SA	Spain	Fully-consolidated (FC)	88.1%	89.8%	88.1%	89.8%
GACM SEGUROS GENERALES, COMPAÑÍA DE SEGUROS Y REASEGUROS, SAU	Spain	Fully-consolidated (FC)	100.0%	100.0%	100.0%	100.0%
ACM DEUTSCHLAND NON LIFE AG	Germany	Fully-consolidated (FC)	100.0%	100.0%		
ACM DEUTSCHLAND LIFE AG	Germany	Fully-consolidated (FC)	100.0%	100.0%		
Other companies						
GIE ACM	France	Fully-consolidated (FC)	100.0%	100.0%	100.0%	100.0%
ACM CAPITAL	France	Fully-consolidated (FC)	100.0%	99.7%	100.0%	99.7%
Property companies						
FONCIÈRE MASSÉNA SA	France	Fully-consolidated (FC)	100.0%	99.7%	100.0%	99.7%
SCI ACM	France	Fully-consolidated (FC)	99.9%	99.4%	99.9%	99.5%
SCI ACM PROVENCE LA FAYETTE	France	Fully-consolidated (FC)	100.0%	99.8%	100.0%	99.8%
SCI ACM SAINT AUGUSTIN	France	Fully-consolidated (FC)	100.0%	99.8%	100.0%	99.8%
SCI ACM 14 RUE DE LONDRES	France	Fully-consolidated (FC)	100.0%	99.8%	100.0%	99.8%

In accordance with the definition of control set out in IFRS 10, GACM does not include in its scope of consolidation any UCITS if it does not exercise control over the related asset manager.

For the financial year ended June 30, 2023

Statutory Auditors' Report on the Consolidated Financial Statements

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly consolidated financial statements. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Members of the Board of Directors,

In our capacity as Statutory Auditors and in response to your request, we hereby report to you on the review of the accompanying condensed half-yearly consolidated financial statements of Groupe des Assurances du Crédit Mutuel S.A. for the period from January 1, 2023 to June 30, 2023.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

We conducted our review in accordance with professional standards applicable in France.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying our conclusion, we draw your attention to the change in accounting method relating to the application from January 1, 2023 of IFRS 17 "Insurance Contracts" and the concomitant application of IFRS 9 "Financial Instruments", as set out in note "2.3 Applicable standards" and "2.4 First-Time Application of IFRS 9 and IFRS 17" and in the other notes to the financial statements presenting figures relating to the impact of these changes.

Neuilly-sur-Seine and Paris La Défense,
on September 11th, 2023

The Statutory Auditors

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