# 2022
# Financial Report

Caisse des Dépôts
GROUPE

## Contents



# 2022 Financial Report

# Introduction

## Statutes

Created by French Law of 28 April 1816[1] and defined in article L. 518-2 of the French Monetary and Financial Code (*Code monétaire et financier*), "Caisse des dépôts et consignations and its subsidiaries constitute a state-owned group at the service of France's public interest and of the country's economic development. The Group fulfils public interest functions in support of the policies pursued by the State and local authorities, and may engage in competitive activities.

Caisse des dépôts et consignations is a special institution responsible for the administration of deposits and escrow accounts, the provision of services relating to the funds whose management has been entrusted to it, and the performance of any other, similar duties that are legally delegated to it. It is responsible for the protection of the public's savings, the funding of social housing and the management of pension schemes.

Caisse des Dépôts also plays a role in local and national economic development, particularly in job creation, urban planning, tackling financial exclusion, business start-ups, and sustainable development. Caisse des dépôts et consignations is a long-term investor promoting business development in line with its own ownership interests.

It is closely supervised by the French Parliament and the legislative process.

It is organised by decree of the *Conseil d'État* (France's highest administrative court), issued upon proposal by the Supervisory Board."

## Our governance

Closely supervised by the French Parliament and the legislative process, Caisse des Dépôts is the only financial institution in Europe whose independence is protected by parliament. The French Parliament exercises control over Caisse des Dépôts' activities and guarantees its autonomy via a Supervisory Board, which reports to it at least once a year on its work. The Supervisory Board comprises sixteen members, including five appointed by the French Parliament, five elected members of the French Parliament, one representative of the French State, three qualified officials appointed by the French State, and two employee representatives.

The duties of the Supervisory Board have been reinforced as part of the implementation of the PACTE law (*Plan d'action pour la croissance et la transformation des entreprises*, or Action Plan for Business Growth and Transformation). It now has deliberative power and makes decisions that must be implemented by the Chairman and Chief Executive Officer. It monitors Caisse des Dépôts' management, oversees compliance with the risk exposure limits and considers risk strategy and appetite as well as the Group's policy on equality in the workplace and equal pay. It approves the overall organisation and the consolidated and individual financial statements. Lastly, it sets risk-appropriate working capital and liquidity requirements and decides on the adoption of the Public Institution's budget.

The Chairman and Chief Executive Officer of Caisse des Dépôts is appointed by decree of the President of the French Republic, after a review before the finance committees of the French Parliament. Appointed for a five–year term, the Chairman and Chief Executive Officer has wide-ranging powers and a large degree of independence. The Chairman and Chief Executive Officer is personally responsible for managing the funds entrusted to Caisse des Dépôts and chairs the Executive Committee, the Caisse des Dépôts Group's main governance body.

## Business model

From an accounting perspective, the Public Institution is made up of two sectors:

- the Central Sector, whose financial statements are consolidated with the entities over which it exercises exclusive control, joint control or significant influence and whose consolidation has a material impact on the Caisse des Dépôts Group's financial statements;
- the Savings Funds sector, which prepares a separate statement of financial position and income statement.

Caisse des Dépôts self-finances all of its activities, without any help from the French State budget. A portion of the funds entrusted to it – the regulated savings of the French population and the deposits of legal professional customers – finances public interest projects through loans and equity investments. Another portion of these resources is invested in financial assets managed responsibly to ensure the liquidity and yield of the entrusted funds while helping to finance the economy. The income generated by the management of its financial assets and strategic investments contributes to the financing of its public interest projects.

(1) Article L. 518-2, version in force since 6 August 2008, amended by French Law no. 2008-776 of 4 August 2008 – art. 151 (V).

In terms of apportioning funding, part of the income earned from the Public Institution's Central Sector is used to constitute the funds essential to maintaining its financial strength and the Group's development capacity. Another portion is funnelled into public interest investments that Caisse des Dépôts makes in sectors and regions that are insufficiently covered by the market, with a medium- or even long-term profitability timeline. Finally, a portion of income earned is paid to the French State in addition to the contribution representing corporation tax, calculated very precisely on the same bases as those lied to companies, making Caisse des Dépôts one of the largest public contributors.

At the heart of the duties entrusted by law to Caisse des Dépôts, the Savings Funds centralises and manages a portion – approximately 60% – of the French population's regulated savings (*Livret A, Livret de développement durable et solidaire* – LDDS, and *Livret d'épargne populaire* – LEP) which it transforms into very long-term loans of up to 80 years. These are used to finance public interest projects whose framework is set by the public authorities, prioritising social housing, urban policy and local authority projects. This mechanism for transforming savings, at no cost to the taxpayer, makes it possible to carry out very significant public financing, which supports the work of the French State and local authorities. It also guarantees perfect equity, with each category of loan being offered at the same interest rate to all borrowers, regardless of their characteristics.

Caisse des Dépôts also performs specific mandates on behalf of third parties, the French State and supervisory authorities. These strategic mandates concern pensions, disability, professional training, as well as the Investments for the Future Programmes (PIA) and the Grand Investment Plan (GPI).

# Strategy

The commitment of Caisse des Dépôts and its subsidiaries to social responsibility is at the heart of its corporate mission: "As a unique alliance of public and private economic players, the Caisse des Dépôts Group works to accelerate the green transformation and help create a better life for all."

The Group's actions are organised around four strategic objectives:

- help accelerate the transition towards a carbon-neutral economy for the climate, biodiversity and the circular economy;
- encourage growth, sovereignty (energy, industrial, digital, financial) and inclusive local development;
- foster balanced regional development and strive for housing for all;
- accelerate and modernise social policy implementation, and strengthen our actions for the elderly and in healthcare.

As a long-term investor serving the public interest, the sustainable policy is rooted in all of the Group's decision-making processes: from the most operational (such as the selection of projects) to the most strategic, such as the definition of the medium-term Strategic Plan approved by the Executive Committee and the Supervisory Board. It combines two approaches: the integration of the United Nations' Sustainable Development Goals (SDGs) into our strategic management and the management of non-financial risks.

In particular, this involves developing product and service offerings with positive social and/or environmental impacts in each sector of activity. For the investment business lines, rolling out sustainable financial practices is a major priority, with implementation of a responsible investment policy that combines ESG integration, shareholder dialogue, and norm- and sector-based exclusions. Since 2020, the Group's climate policy has been part of an aim of aligning all its activities with a global warming trajectory of no more than 1.5°C. This is reflected in particular in its target of achieving carbon neutrality in its securities portfolios.

# Organisation

To structure its missions and actions, directly or in support of public policies, Caisse des Dépôts is today organised into four business lines and two strategic partners:

**Banque des Territoires** supports regions and their stakeholders by offering solutions tailored to local challenges, including advisory, loans and equity investments. It is aimed at local authorities, social housing organisations, local public companies, legal professions, businesses and financial players with the aim of working toward more inclusive, more sustainable, more attractive and more connected regions.

**Caisse des Dépôts' Social Policy** division supports people throughout their lives. It contributes to social cohesion and reducing regional divisions by working mainly in four areas: pensions, vocational training, disability, and old age and health. The Social Policy division is the partner of choice for 63,000 public employers and provides financial management for more than 70 funds.

**The Asset Management** division manages all of Caisse des Dépôts' financial investments, carried on the balance sheets of the Savings Funds and the Central Sector. As the leading public asset manager with over €200 billion in assets under management, the Asset Management division invests in all asset classes, directly or through its subsidiaries:

- **CDC Croissance**, an equity fund manager supporting the growth of small and medium-sized enterprises over the long term;
- **Société Forestière**, an asset management company that offers sustainable management of its clients' privately owned forest assets;
- **CDC Investissement Immobilier**, which manages Caisse des Dépôts' real estate investment portfolio.

**The Strategic Investment** division is in charge of acquisitions and disposals as well as shareholder management for some 20 companies in which Caisse des Dépôts is the reference shareholder. As at 31 December 2022, Caisse des Dépôts' main strategic investments were as follows:

- **financial institutions:** Bpifrance, La Banque Postale group (including CNP Assurances), SFIL, Société Forestière, Euronext, Euroclear, Kepler Cheuvreux and Qualium Investissements;
- **real estate:** CDC Habitat, Icade and Tonus Territoires;
- **infrastructure:** RTE, GRTGaz, Suez, Transdev, Compagnie des Alpes and STOA;
- **services:** La Poste, Egis, SCET, CDC Biodiversité, Arpavie, Archipels, Novethic and Société d'exploitation du Théâtre des Champs-Élysées.

**Our two strategic partners are Bpifrance and La Poste group.**

**Bpifrance** is a public investment bank owned by Caisse des Dépôts and the French State. It finances companies at each stage of their development, through loans, guarantees and equity. For start-ups and small- and medium-sized enterprises, it provides advice, training, networking and an acceleration programme.

Consolidated by the Caisse des Dépôts Group since March 2020, **La Poste group** supports all French people by offering useful services adapted to their needs. It supports the major green, regional, demographic and digital transitions impacting society and seeks to provide its retail and business customers alike with close, trust-based support.

# 2022 economic and financial environment

## Economy

In 2022, developments in the conflict in Ukraine severely impacted the global economy, creating lasting geopolitical tensions. This adversely affected economic activity and led to a sharp rise in inflation. In France, GDP growth was 2.6% in 2022 compared to 6.8% in 2021.

Inflation was also higher than expected, due to:

- the partial absorption of the imbalance between strong demand for goods and services and supply pressures (labour market, disruption of global supply chains, etc.);
- a massive energy price shock.

In France, inflation rose from 2.9% in January to 5.9% in December, with an annual average of 5.2% in 2022, compared with 1.6% in 2021.

## Financial markets

2022 marked the shift to a new monetary and financial environment. Inflationary pressures have led to a strong response from the major central banks, which have significantly raised their policy rates and have signalled that the high rates will not be lowered for some time in an effort to fight inflation. As a result, the entire financial environment has shifted in line with this new monetary climate, and while bond yields have risen sharply, equity markets are suffering.

Specifically:

- **on the money market,** interest rates were still at zero at the start of 2022, but the summer marked a turnaround, with successive rate hikes by the ECB. The deposit rate was increased from -0.5% in July 2022 to +2.0% in December 2022, while the refinancing rate, which had stood at (close to) zero since 2014, ended 2022 at 2.5%. In terms of liquidity, the ECB's assets did not decrease in 2022. Three-month Euribor ended 2022 at 2.1%, significantly higher than its end-2021 level of -0.57% due to monetary tightening. Across the Atlantic, the Fed also tightened its monetary policy: federal funds rates had been in the lower range of 0.0%-0.25% since 2020, but ended 2022 in the range of 4.25%-4.5% as part of efforts to temper inflation;
- **on the French bond market,** the 10-year OAT yield rose sharply, like all bond yields in major Western economies, against a backdrop of rising money market rates and inflation: the OAT yield ended 2022 at 3.1%, well above the yield on the bonds at the end of 2021 (0.2%). In 2022, these changes reflect:
  - the ECB's rate hike and the prospect of persistently high rates,
  - the rise in inflation, which is expected to be above the ECB's target for a substantial period of time,
  - the rise in federal fund rates (global financial market integration);
- **on the equity markets,** on the other hand, this same monetary and financial climate had a downward impact. The low interest rate environment over the last few years led investors in search of yield to favour riskier assets offering greater returns. The liquidity glut also sustained prices. However, investors have shifted their strategy in light of the recent rise in interest rates, deserting equity markets for higher risk-free returns. The CAC 40 index fell by 9.5% in 2022 to 6,473 points from 7,153 points at the end of 2021.

| Change in stock market indices | 2019 | 2020 | 2021 | 2022 | 2022 Q1 | 2022 Q2 | 2022 Q3 | 2022 Q4 |
|---|---|---|---|---|---|---|---|---|
| France | +26.4% | -7.1% | +28.9% | -9.5% | -6.9% | -11.1% | -2.7% | +12.3% |
| Germany | +25.5% | +3.5% | +15.8% | -12.3% | -9.3% | -11.3% | -5.2% | +14.9% |
| Spain | +11.8% | -15.5% | +7.9% | -5.6% | -3.1% | -4.1% | -9.0% | +11.7% |
| Italy | +28.3% | -5.4% | +23.0% | -13.3% | -8.5% | -14.9% | -3.0% | +14.8% |
| Portugal | +10.2% | -6.1% | +13.7% | +2.8% | +8.4% | +0.1% | -12.3% | +8.0% |
| United Kingdom | +12.1% | -14.3% | +14.3% | +0.9% | +1.8% | -4.6% | -3.8% | +8.1% |
| United States | +28.9% | +16.3% | +26.9% | -19.4% | -4.9% | -16.4% | -5.3% | +7.1% |
| Japan | +18.2% | +16.0% | +4.9% | -9.4% | -3.4% | -5.1% | -1.7% | +0.6% |
| Hong Kong | +9.1% | -3.4% | -14.1% | -15.5% | -6.0% | -0.6% | -21.2% | +14.9% |
| Brazil | +31.6% | +2.9% | -11.9% | +4.7% | +14.5% | -17.9% | +11.7% | -0.3% |
| Mexico | +4.6% | +1.2% | +20.9% | -9.0% | +6.1% | -15.9% | -6.1% | +8.6% |

Source: Bloomberg.

# Key figures

## Caisse des Dépôts Group

| *(in billions of euros)* | 2021 | 2022 |
|---|---|---|
| Total consolidated assets | 1,066.7 | 1,047.6 |
| Equity attributable to owners *(excluding unrealised gains and losses)* | 37.1 | 38.9 |
| Equity attributable to owners *(including unrealised gains and losses)* | 48.2 | 44.0 |
| Consolidated net profit attributable to owners | 3.9 | 3.3 |

## Savings Funds

| *(in billions of euros)* | 2021 | 2022 |
|---|---|---|
| Total loans agreed | 12.8 | 13.6 |
| Loans for social housing and urban planning | 11.8 | 11.5 |
| Loans to regional authorities | 1 | 1.1 |
| Loan to Bpifrance | – | 1 |
| Outstanding loans | 192.9 | 195.9 |

# Caisse des Dépôts long-term and short-term ratings

Established by the Law of 28 April 1816, Caisse des Dépôts is a state-owned institution serving France's public interest and local and regional economic development.

Caisse des Dépôts is closely supervised by the French Parliament and the legislative process.

Credit rating agencies consider Caisse des Dépôts to be a state agency and thus that it carries the same rating as the Republic of France.

The following table lists Caisse des Dépôts' long-term and short-term ratings at 31 December 2022:

| Ratings | Standard & Poor's | Moody's | Fitch |
|---|---|---|---|
| Caisse des Dépôts | AA/Negative/A-1+ | Aa2/Stable/P-1 | AA/Negative/F1+ |
| EMTN & BMTN Programmes | AA | Aa2 | AA |
| CD Programme | A-1+ | P-1 | F1+ |
| Global CP Programme | A-1+ | P-1 | F1+ |

Investor relations:

Short-term financing: CDC.TREASURY@caissedesdepots.fr

Long-term financing: EMTN-CDC@caissedesdepots.fr

# Audit of the financial statements

In compliance with article L. 518-15-1 of the French Monetary and Financial Code:

"Each year, Caisse des dépôts et consignations shall present its company and consolidated financial statements, audited by two statutory auditors, to the Finance Committees of the National Assembly and the Senate."

# Contents



Caisse des Dépôts Group

# Consolidated financial statements

at 31.12.2022

reviewed and adopted by the Chairman and Chief Executive Officer of Caisse des Dépôts on 1 March 2023

# Contents

# 1. *Consolidated* financial statements

## 1.1 Caisse des Dépôts Group significant events

### 1.1.1 Conflict in Ukraine

The Caisse des Dépôts Group is closely monitoring developments in the war in Ukraine. Since the start of the conflict, the Group has been keeping a very close eye on the potential long-term impacts of the crisis. The Group's net direct exposure to Russia and Ukraine is very limited.

Specific analyses have been carried out on the indirect impacts of the conflict on the credit standing of counterparties with high exposure to the Ukrainian and Russian markets, or counterparties whose activities or earnings are highly sensitive to the economic and operational impacts of the war. These analyses enable the Group to take the necessary measures to manage its exposure and set aside the adequate provisions.

### 1.1.2 Recovery plan

On 7 September 2020, Caisse des Dépôts launched a €26 billion recovery plan for the French economy in the form of equity investments in companies and the semi-public economy. Caisse des Dépôts is pressing ahead with this plan and at 31 December 2022, 93% of the €26 billion had already been injected into the French economy.

The priority focus of the plan is protecting the environment. To that end, Banque des Territoires and Bpifrance launched a Climate Plan to combat global warming.

The support measures will be rolled out in three strategic areas: housing, support for businesses and social cohesion. France's people and its regions soon began to enjoy the plan's benefits, especially thanks to targeted thematic projects for tourism, commerce, industry and high-speed networks.

### 1.1.3 Equity securities issued by social housing organisations

As part of its plans to support the capitalisation of the social housing sector and boost the construction of social housing, Banque des Territoires continues to subscribe to equity securities for relevant organisations (real estate SEMs, low-cost housing companies, co-operatives and public housing offices). This €367-million deal follows on from the €617 million made available to these bodies in 2020-2021.

### 1.1.4 Extension of the availability period for fixed-rate loans granted to the Savings Funds and release of a new fixed-rate €700 million package to restructure debt carried by social housing organisations

In 2018, an €8 billion fixed-rate loan scheme, financed by loans granted to the Savings Funds and applicable over the period 2018-2022, was put in place by Banque des Territoires. In the first half of 2022, this scheme was extended until 31 December 2024. A total of €700 million in fixed-rate loans was set up solely to restructure debt carried by social housing organisations. This lending package is available until 31 December 2024 and is financed by the Central Sector. At the end of December 2022, outstanding borrowings allocated to the Savings Funds under these schemes amount to €6,897 million, compared with €5,945 million at the end of December 2021.

### 1.1.5 Sustainable bond issue

On 12 October 2022, Caisse des Dépôts successfully issued a fifth sustainable bond for €500 million, following those issued in 2017, 2019, 2020 and 2021. This new five-year sustainable bond paying a 3% coupon will enable Caisse des Dépôts to strengthen its position on capital markets while reconfirming its ESG ambition, which remains at the heart of the Group's overall strategy.

## 1.1.6 Egis group

On 7 January 2022, Tikehau Capital acquired a 40% stake in Egis, the French leader in the construction engineering and mobility services sectors. Upon the completion of Tikehau's acquisition, Caisse des Dépôts retains a 34% stake in Egis' capital, alongside Egis' executive partners and employees who hold 26% of the company's capital after increasing their stake by 2% as part of the transaction. Caisse des Dépôts now exercises significant influence over the Egis group and its investment in the company is now included under "Investments in equity-accounted companies". The sale of part of Caisse des Dépôts' stake in Egis led to the recognition of €212 million in capital gains net of tax.

## 1.1.7 Suez Holding

On 31 January 2022, a consortium of investors made up of Meridiam, GIP, Caisse des Dépôts and CNP Assurances purchased from Veolia the assets needed to create the "new Suez" in line with the terms of the purchase agreement dated 22 October 2021. The Caisse des Dépôts Group is now an indirect shareholder in Suez Holding with a 20% stake; its investment totalled €752 million at 31 January 2022. The investment in Suez Holding is recognised within "Investments in equity-accounted companies" in the consolidated financial statements. At the end of November 2022, an additional contribution was made from all shareholders to finance the acquisition of the hazardous waste treatment activities in France and the waste treatment operations of Suez R&R UK. At 31 December 2022, Caisse des Dépôts' total investment amounted to €1,213 million.

## 1.1.8 Lamartine

Lamartine, managed by Ampère Gestion, a CDC Habitat subsidiary, has a portfolio of over 7,600 affordable housing units of high environmental quality worth €2.4 billion. Since 9 March 2022, Lamartine has been 85%-owned by CNP Assurances and 15%-owned by CDC Habitat, and was fully consolidated in the financial statements of the Caisse des Dépôts Group at 31 December 2022.

Lamartine issued two green bonds in the year:

- an inaugural issue on 8 April 2022 of €500 million worth of 10-year 2.875% bonds;
- a second issue on 12 July 2022 of €350 million worth of 6-year 3.625% bonds.

## 1.1.9 Euroclear

On 20 May 2022, Caisse des Dépôts made its first investment in Euroclear, acquiring 5.42% of the capital for €390 million.

Since mid-July, four additional investments have been made in the company and as of 31 December 2022, Caisse des Dépôts holds 7.90% of Euroclear's capital for an investment totalling €541 million.

The stake in Euroclear is included within "Investments in equity–accounted companies" in the consolidated financial statements at 31 December 2022.

## 1.1.10 La Poste group

### 1.1.10.1 La Poste bond issue

On 14 September 2022, La Poste group carried out a €1,200 million sustainable bond issue, comprising a first tranche of €600 million maturing in September 2028, and a second tranche of €600 million maturing in March 2033, at annual rates of 2.625% and 3.125%, respectively. This issue forms part of La Poste group's societal commitment policy and will be used to finance (or refinance) assets that contribute to the social and environmental objectives enshrined in La Poste's Articles of Association and that comply with strict eligibility criteria.

La Poste group carried out the following tap issues:

- on 21 January 2022, on a bond issue maturing in September 2034, for an amount of €100 million at a rate of 1%;
- on 30 May 2022, on a bond issue maturing in October 2026, for an amount of €150 million at a rate of 0.625%;
- on 28 September 2022, on a bond issue maturing in July 2029, for an amount of €100 million at a rate of 0% and with an issue premium of €20 million.

### 1.1.10.2 La Banque Postale bond issuances and redemptions

On 19 November 2022, La Banque Postale called the €750 million worth of 2.75% bonds issued in November 2015. On 5 December 2022, La Banque Postale issued €500 million worth of Tier 2 subordinated notes due March 2034 paying interest at 5.5% until 5 March 2029. They qualify as debt based on IFRS criteria.

### 1.1.10.3 La Banque Postale green bond issuance

La Banque Postale Home Loan SFH, a La Banque Postale subsidiary dedicated to refinancing home loans granted by its network in France, placed its first green covered bond issue on 4 May 2022. A total of €750 million worth of 8-year covered bonds were issued with a final spread of MS +4 bps and a coupon of 1.625%. They qualify as debt based on IFRS criteria.

### 1.1.10.4 La Banque Postale green bond issuances

On 13 September 2022, La Banque Postale carried out an inaugural sterling-denominated Senior Non-Preferred Notes issue for £425 million. The notes have a six-year life, with a first call after five years. They were issued at a final spread of 260 bps over the gilt rate and a fixed interest rate of 5.625%. This is the first benchmark issuance from La Banque Postale in a foreign currency. It qualifies as debt based on IFRS criteria.

### 1.1.10.5 CNP Assurances subordinated notes issues and redemptions

On 27 January 2022, CNP Assurances issued €500 million worth of restricted Tier 3 subordinated notes. The seven-year notes due 27 January 2029 pay fixed interest at 1.25%. They qualify as debt based on IFRS criteria.

In October 2022, CNP Assurances redeemed €1 billion worth of 1.875% notes issued in October 2016.

### 1.1.10.6 Changes in CNP Assurances' ownership structure

As announced on 28 October 2021, La Banque Postale filed a simplified tender offer for the shares of CNP Assurances with the French Financial Markets Authority (*Autorité des marchés financiers* – AMF) on 16 March 2022.

The offer was declared compliant by the AMF on 26 April 2022. It was open from 2 May 2022 to 31 May 2022 inclusive, at a price of €20.90 per share (€1 dividend coupon detached), representing a premium of 36% over the pre-announcement share price. The offer was considered in the interests of CNP Assurances, its shareholders and its employees by the Board of Directors of CNP Assurances.

As the non-controlling shareholders represented less than 10% of the share capital and voting rights of CNP Assurances following the offer, La Banque Postale implemented a mandatory squeeze-out procedure. At 31 December 2022, La Banque Postale therefore held 100% of the shares of CNP Assurances. CNP Assurances' full-year 2022 earnings are attributed to La Banque Postale according to the timing of the acquisition of CNP Assurances' capital during the period.

In accordance with IFRS 10, the acquisition of shares from the non-controlling shareholders of CNP Assurances has no impact on the control of the company already held by La Banque Postale. In the consolidated financial statements, the corresponding non-controlling interest in equity has been reclassified as attributable equity at book value. The difference between the price paid and the share of net assets acquired increased the Caisse des Dépôts Group's attributable equity by €256 million. The transaction led to a decrease of €3,331 million in non-controlling interests.

### 1.1.10.7 Changes in interests in AEW Europe SA and Ostrum Asset Management

On 13 May 2022, La Banque Postale and the BPCE group announced the completion by Natixis Investment Managers of the acquisition of the non-controlling interests held by La Banque Postale in AEW Europe SA (40%) and Ostrum Asset Management (45%). They also announced that they had extended their industrial partnerships in asset management until the end of 2030. Following these operations, Natixis IM holds 100% of the capital of the management companies AEW Europe SA and Ostrum Asset Management.

The impact of these disposals on pre-tax profit is €59.8 million at 31 December 2022.

### 1.1.10.8 Sale of CNP Partners to Mediterraneo Vida

On 29 December 2022, CNP Assurances completed the sale of its Spanish life insurance subsidiary CNP Partners to Mediterráneo Vida for €126.3 million. CNP Partners is a life insurance company mainly dedicated to traditional savings products in Spain and Italy in an open model. At 31 December 2021, its premium income and net profit represented 0.75% and 0.01% respectively of the CNP Assurances Group's total.

### 1.1.10.9 CNP Assurances completes two transactions with UniCredit

Following its acquisition of Aviva's life insurance businesses in Italy in 2021, CNP Assurances pressed ahead with its international growth strategy with the completion on 26 October 2022 of the following two transactions with UniCredit, its historical partner:

- acquisition of UniCredit's 49% stake in CNP Vita Assicura SpA for €501 million, enabling CNP Assurances to increase its stake in CNP Vita Assicura SpA to 100%;
- sale of 6.5% of CNP UniCredit Vita SpA to UniCredit for €70 million, with CNP Assurances keeping a controlling stake of 51% in CNP UniCredit Vita SpA.

This transaction allows CNP Assurances to rationalise the organisation of its Italian operations and pursue its development in the country.

The €501 million acquisition price for 49% of CNP Vita Assicura SpA was financed by CNP Assurances using its own resources.

The two transactions had a €431 million negative impact on consolidated equity, including a €34 million reduction in equity attributable to owners of the parent and a €398 million reduction in non-controlling interests.

### 1.1.10.10 CNP Assurances acquires Swiss Life's minority stake in Assuristance, a holding company of Filassistance International

Further to approval by France's banking and insurance supervisor (*Autorité de Contrôle Prudentiel et de Résolution* – ACPR) on 28 November 2022, and in accordance with the provisions of the shareholders' agreement, CNP Assurances acquired Swiss Life's 34% equity stake in Assuristance, the holding company of Filassistance International, for €12.5 million. It made CNP Assurances the sole shareholder of Assuristance, which was previously 66%-owned.

Assuristance and Filassistance International are now fully consolidated by CNP Assurances.

The acquisition was accompanied by a commitment to continue the partnership between Swiss Life France and Filassistance International.

### 1.1.10.11 CNP Assurances poised to acquire exclusive control of five companies in Brazil, marking another step forward in its international multi-partner development strategy

CNP Assurances has pursued its international development strategy by buying out all of Caixa Seguridade and Icatu's interests in five companies that distribute death/disability and health insurance, dental insurance, savings and *consórcio* products.

The transaction enables CNP Assurances to build on its position as Brazil's third largest insurer, based on two different distribution models:

- open model distribution leveraging the new wholly-owned subsidiaries' existing partner networks;
- exclusive distribution under the partnership agreements with Caixa Econômica Federal, led by Caixa Vida e Previdência for individual and group pension products, consumer finance term creditor insurance and death/disability insurance (agreement renewed until 2046) and Caixa Consórcio for *consórcio* business (agreement renewed until 2041).

In November and December 2022, CNP Assurances acquired Caixa Seguridade's 48.25% stake in CNP Consórcio SA Administradora de Consórcios ("CNP Consórcios") and Odonto Empresas Convênios Dentários Ltda ("Odonto Empresa"). The acquisitions, for a total of €77 million, had the effect of reducing equity attributable to owners of the parent by €25 million and reducing non-controlling interests by €52 million.

Subsequently, in January 2023, CNP Assurances completed its acquisition of Caixa Seguridade and Icatu's interests in CNP Seguros Participações em Saúde Ltda "Holding Saúde", Seguros Previdência do Sul "Previsul" and CNP Capitalização SA "CNP Cap", raising its shareholding in these three entities to 100%.

### 1.1.10.12 Proposed sale of DPD Russia

After announcing that it had suspended all shipments to and from Russia on 28 February 2022, in the first half of 2022 La Poste group announced its intention to withdraw from the Russian market completely. As a result, all of the assets and liabilities of DPD Russia were reclassified as held for sale at 31 December 2022 for an amount of €42 million and €47 million, respectively, after impairment.

Given the wider environment, the difficulties of the subsidiary and the risks related to this sale, DPD Russia's intangible assets and property, plant and equipment were written down in full for an amount of €45 million.

### 1.1.10.13 Recognition of deferred tax assets

Following the acquisition of non-controlling interests in CNP Assurances, the latter will be included in La Poste's tax consolidation group as from 2023, improving its taxable profit outlook significantly. Based on the most accurate forecasts to date, the tax loss carried forward by the tax consolidation group can be utilised within the next five years. Accordingly, in its 2022 financial statements, the Group recognises all deferred tax assets in respect of the loss carryforward along with deferred taxes on other temporary differences where these are expected to reverse within a period of ten years. Tax savings recorded on the income tax line in the Caisse des Dépôts Group's financial statements represent €810 million (impact on the position at 1 January 2022).

### 1.1.10.14 Impairment of La Poste's Mail CGU assets

Despite the compensation received from the French State in 2021 for the Universal Postal Service, which has been notified to the European Commission, the business plan for La Poste's Mail CGU was severely affected in 2022. The main cause was inflation, which accelerated sharply during the year and is expected to remain high for some time to come. This has led to a substantial increase in costs over the term of the business plan, which can only be partially passed on to prices. The impairment test for this CGU was carried out on the basis of the business plan updated to best reflect five-year forecasts, with a WACC of 6.5%. It resulted in all non-current assets of the CGU being impaired for a total amount of €940 million. These assets consist exclusively of depreciable/amortisable items, including software, industrial equipment, fixtures and right-of-use assets relating to buildings and vehicles recorded in accordance with IFRS 16.

The test was based on a growth rate of negative 5% and took into account the structural decline in volumes in this business. The results were not sensitive to changes in this assumption or the WACC.

The impairment losses recognised in the financial statements for the period break down as follows:

- intangible assets: €228 million;
- owner-occupied property and equipment: €250 million;
- right-of-use assets: €462 million.

No impairment has been recognised on buildings or fully owned vehicles belonging to another of La Poste group segment and used by the Mail CGU; the market value of these assets is measured as higher than the carrying amount.

# 1.2 Subsequent events

## 1.2.1 CNP Assurances

As part of its ongoing international growth strategy, in January 2023, CNP Assurances completed the buyout of Caixa Seguridade and Icatu's interests in CNP Seguros Participações em Saúde Ltda "Holding Saúde", Seguros Previdência do Sul "Previsul" and CNP Capitalização SA "CNP Cap", raising its interest in the three companies to 100%.

## 1.2.2 Orpéa

On 14 February 2023, the group of French investors led by Caisse des Dépôts, together with CNP Assurances, MAIF and MACSF (the group of investors known as the "*Groupement*") reached a "lock-up" agreement with the company and certain unsecured financial creditors of Orpéa regarding a financial restructuring plan. Following the transactions contemplated in the lock-up agreement, if the existing shareholders decide not to participate in the capital increases opened to them, they would hold only about 0.4% of Orpéa's capital, the group of French investors about 50.2% and the unsecured financial creditors about 49.4%. The implementation of the lock-up agreement remains subject to the completion of several conditions precedent.

There were no other significant subsequent events likely to have a material impact on the financial statements and results of the Caisse des Dépôts Group at 31 December 2022.

# 1.3 Consolidated income statement, year ended 31 December 2022

| *(in millions of euros)* | Notes | 31.12.2022 | 31.12.2021 |
|---|---|---|---|
| Interest income | 2.2.1 | 10,621 | 7,283 |
| Interest expense | 2.2.1 | (3,973) | (2,850) |
| Fee and commission income | 2.2.2 | 2,164 | 2,147 |
| Fee and commission expense | 2.2.2 | (3,679) | (3,494) |
| Net gains and losses on financial instruments at fair value through profit or loss | 2.2.3 | (9,221) | 14,921 |
| Net gains and losses on financial instruments at fair value through other comprehensive income | 2.2.4 | (1,883) | (525) |
| Net gains and losses resulting from derecognition of financial assets at amortised cost | 2.2.5 | 16 | 37 |
| Income from other activities | 2.2.6 | 77,957 | 72,761 |
| Expenses from other activities | 2.2.6 | (27,974) | (44,957) |
| Impact of overlay approach (gross effect) | 2.4.4 | 700 | (1,074) |
| **Net banking income** | | **44,728** | 44,249 |
| General operating expenses | 2.2.7 | (37,064) | (36,268) |
| Depreciation, amortisation and impairment of property and equipment and intangible assets | 2.3.11 | (4,298) | (2,437) |
| **Gross operating profit (loss)** | | **3,366** | 5,544 |
| Cost of credit risk | 2.2.8 | (327) | (283) |
| **Operating profit (loss)** | | **3,039** | 5,261 |
| Share of profit (loss) of equity-accounted companies | 2.3.10 | 1,105 | 1,288 |
| Net gains and losses on other assets | 2.2.9 | 174 | (4) |
| Change in value of goodwill | 2.3.12 | 23 | (139) |
| **Profit (loss) before tax** | | **4,341** | 6,406 |
| Income tax benefit (expense) | 2.2.10 | 97 | (1,011) |
| Net profit (loss) from discontinued operations | | 3 | 1 |
| **Net profit (loss)** | | **4,442** | 5,396 |
| Non-controlling interests | 2.3.18 | (1,151) | (1,535) |
| **Net profit (loss) attributable to owners** | | **3,291** | 3,861 |

# 1.4 Consolidated statement of comprehensive income, year ended 31 December 2022

| *(in millions of euros)* | 31.12.2022 | 31.12.2021 |
|---|---|---|
| **Net profit (loss)** | **4,442** | 5,396 |
| **Items not to be reclassified to the income statement** | | |
| Actuarial gains and losses on post-employment defined benefit obligations | 235 | 102 |
| Changes in credit risk for financial liabilities designated at fair value through profit or loss using the fair value option | 11 | 16 |
| Changes in fair value of equity instruments recognised at fair value through other comprehensive income | (2,033) | 4,394 |
| Share of other comprehensive income (loss) of equity-accounted companies | (1,043) | 1,457 |
| **Total items not to be reclassified to the income statement** | **(2,830)** | **5,969** |
| **Items to be reclassified to the income statement** | | |
| Exchange differences on translation of foreign operations | 611 | 137 |
| Changes in fair value of financial assets at fair value through other comprehensive income | (5,156) | 357 |
| Gains and losses on hedging instruments | 513 | 139 |
| Other items recognised in equity to be reclassified to the income statement | (40) | |
| Share of other comprehensive income (loss) of equity-accounted companies | 232 | (218) |
| **Total items to be reclassified to the income statement** | **(3,840)** | **415** |
| **Other comprehensive income (loss)** | **(6,670)** | 6,384 |
| **Total comprehensive income (loss)** | **(2,228)** | 11,780 |
| Attributable to owners | (1,996) | 9,880 |
| Non-controlling interests | (232) | 1,900 |

# 1.5 Consolidated statement of financial position, at 31 December 2022

| *(in millions of euros)* | Notes | 31.12.2022 | 31.12.2021 |
|---|---|---|---|
| **Assets** | | | |
| Cash and amounts due from central banks | | 42,974 | 76,041 |
| Financial assets at fair value through profit or loss | 2.3.1 | 240,471 | 247,204 |
| Hedging instruments with a positive fair value | 2.3.2 | 4,367 | 6,088 |
| Financial assets at fair value through other comprehensive income | 2.3.3 | 230,852 | 268,293 |
| Securities at amortised cost | 2.3.4 | 83,079 | 68,340 |
| Loans and receivables due from credit institutions and related entities at amortised cost | 2.3.5 | 109,711 | 91,083 |
| Loans and receivables due from customers at amortised cost | 2.3.6 | 192,703 | 187,681 |
| Cumulative fair value adjustments to portfolios hedged against interest rate risk | | 1,104 | 346 |
| Current and deferred tax assets | 2.3.7 | 5,056 | 1,896 |
| Prepayments, accrued income and other assets | 2.3.8 | 51,454 | 46,418 |
| Non-current assets held for sale | 2.3.9 | 134 | 2,272 |
| Deferred participation | 2.4.2 | 9,692 | |
| Investments in equity-accounted companies | 2.3.10 | 25,413 | 23,406 |
| Investment property | 2.3.11 | 26,653 | 24,207 |
| Owner-occupied property and equipment | 2.3.11 | 14,873 | 15,227 |
| Intangible assets | 2.3.11 | 7,088 | 6,986 |
| Goodwill | 2.3.12 | 1,998 | 1,182 |
| **Total assets** | | **1,047,622** | 1,066,670 |

| *(in millions of euros)* | Notes | 31.12.2022 | 31.12.2021 |
|---|---|---|---|
| **Liabilities and equity** | | | |
| Due to central banks | | | |
| Financial liabilities at fair value through profit or loss | 2.3.1 | 14,093 | 5,506 |
| Hedging instruments with a negative fair value | 2.3.2 | 10,459 | 7,067 |
| Debt securities | 2.3.13 | 134,585 | 132,599 |
| Due to credit institutions | 2.3.14 | 51,891 | 51,678 |
| Due to customers | 2.3.15 | 329,027 | 319,639 |
| Cumulative fair value adjustments to portfolios hedged against interest rate risk | | 1,507 | 320 |
| Current and deferred tax liabilities | 2.3.7 | 4,048 | 4,932 |
| Accrued expenses, deferred income and other liabilities | 2.3.8 | 42,572 | 42,608 |
| Liabilities related to non-current assets held for sale | 2.3.9 | 51 | 1,367 |
| Provisions | 2.3.17 | 6,130 | 6,641 |
| Insurance company technical provisions and shadow accounting reserves | 2.4.2 | 383,656 | 414,398 |
| Subordinated debt | | 9,144 | 10,104 |
| **Equity attributable to owners** | | | |
| Reserves and retained earnings | | 35,642 | 33,239 |
| Other comprehensive income | | 5,095 | 11,068 |
| Profit (loss) for the period | | 3,291 | 3,861 |
| **Total equity attributable to owners** | | **44,028** | 48,168 |
| Non-controlling interests | 2.3.18 | 16,431 | 21,643 |
| **Total equity** | | **60,459** | 69,810 |
| **Total liabilities and equity** | | **1,047,622** | 1,066,670 |

# 1.6 Consolidated statement of changes in equity, 1 January 2021 to 31 December 2022

| *(in millions of euros)* | Reserves and retained earnings | Other comprehensive income to be reclassified to the income statement | | |
|---|---|---|---|---|
| | | Cumulative changes in fair value of debt instruments recognised at fair value through other comprehensive income | Cumulative changes in fair value of hedging instruments | Translation reserves |
| **Equity at 1 January 2021** | **33,131** | **535** | **(328)** | **(335)** |
| Appropriation of 2020 profit (loss) | 566 | | | |
| Balance of the 2020 dividend paid to the French State | (286) | | | |
| Interim dividend paid to the French State calculated on the basis of first-half 2021 results | (620) | | | |
| Dividend paid to non-controlling interests | | | | |
| Non-controlling interest put options | (21) | | | |
| Effect of acquisitions and disposals on non-controlling interests[1] | (21) | 180 | (2) | (65) |
| Other movements | (39) | 1 | 9 | |
| Profit (loss) for the period | | | | |
| **Other comprehensive income** | | | | |
| Exchange differences on translation of foreign operations | | | | 154 |
| Changes in fair value of financial instruments at fair value through other comprehensive income | 529 | (361) | (174) | |
| Changes in credit risk on financial liabilities at fair value through profit or loss | | | | |
| Changes in fair value of financial instruments reclassified to the income statement | | 510 | (41) | |
| Other movements in other comprehensive income | | | | |
| **Equity at 1 January 2022** | **33,239** | **865** | **(536)** | **(246)** |
| Appropriation of 2021 profit (loss) | 3,861 | | | |
| Balance of the 2021 dividend paid to the French State | (1,196) | | | |
| Interim dividend paid to the French State calculated on the basis of first-half 2022 results | (990) | | | |
| Dividend paid to non-controlling interests | | | | |
| Non-controlling interest put options | (39) | | | |
| Effect of acquisitions and disposals on non-controlling interests[2] | 304 | (95) | | (51) |
| Other movements | 52 | 2 | (37) | |
| Profit (loss) for the period | | | | |
| **Other comprehensive income** | | | | |
| Exchange differences on translation of foreign operations | | | | 201 |
| Changes in fair value of financial instruments at fair value through other comprehensive income | 411 | (4,785) | 611 | |
| Changes in credit risk on financial liabilities at fair value through profit or loss | | | | |
| Changes in fair value of financial instruments reclassified to the income statement | | 1,673 | (38) | |
| Other movements in other comprehensive income | | | | |
| **Equity at 31 December 2022** | **35,642** | **(2,340)** | **0** | **(96)** |

(1) In the second-half of 2021, the impact of transactions with non-controlling interests is primarily attributable to the acquisition of BPCE's minority interest in CNP Assurances.

(2) The impact of transactions with non-controlling interests arose mainly at 31 December 2022 from the purchase of CNP Assurances shares targeted by the simplified tender offer launched on 2 May 2022 and from the prior acquisitions made in the first half of the year (adding €256 million to equity attributable to owners and reducing non-controlling interests by €3,331 million).

| Other comprehensive income not to be reclassified to the income statement | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Changes in credit risk on financial liabilities at fair value through profit or loss | Changes in value of actuarial gains and losses | Cumulative changes in fair value of equity instruments at fair value through other comprehensive income | Cumulative changes in fair value of hedging instruments | Net profit (loss) attributable to owners | **Equity attributable to owners** | Retained earnings – Non-controlling interests | Non-controlling interests in other comprehensive income (loss) | Non-controlling interests in profit (loss) | **Non-controlling interests** | **Total equity** |
| (16) | (447) | 6,080 | | 566 | **39,186** | 22,558 | 1 | (156) | **22,403** | **61,589** |
| | | | | (566) | | (156) | | 156 | | |
| | | | | | (286) | | | | | (286) |
| | | | | | (620) | | | | | (620) |
| | | | | | | (999) | | | (999) | (999) |
| | | | | | (21) | (26) | | | (26) | (47) |
| | (19) | | | | 73 | (3,225) | (94) | | (3,319) | (3,246) |
| 1 | (3) | (3) | | | (34) | 1,690 | 28 | | 1,718 | 1,684 |
| | | | | 3,861 | 3,861 | | | 1,535 | 1,535 | 5,396 |
| | | | | | 154 | | 72 | | 72 | 226 |
| | | 5,381 | | | 5,375 | | (444) | | (444) | 4,931 |
| 10 | | | | | 10 | | 6 | | 6 | 16 |
| | | | | | 469 | | 696 | | 696 | 1,165 |
| (5) | (469) | 11,458 | | 3,861 | **48,167** | 19,842 | 265 | 1,535 | **21,642** | **69,809** |
| | | | | (3,861) | | 1,535 | | (1,535) | | |
| | | | | | (1,196) | | | | | (1,196) |
| | | | | | (990) | | | | | (990) |
| | | | | | | (1,002) | | | (1,002) | (1,002) |
| | | | | | (39) | 17 | | | 17 | (22) |
| | (23) | (8) | | | 127 | (4,015) | 166 | | (3,849) | (3,722) |
| (5) | 7 | (66) | | | (47) | 37 | (183) | | (146) | (193) |
| | | | | 3,291 | 3,291 | | | 1,151 | 1,151 | 4,442 |
| | | | | | 201 | | 443 | | 443 | 644 |
| | | (3,670) | | | (7,433) | | (2,930) | | (2,930) | (10,363) |
| 10 | | | | | 10 | | 1 | | 1 | 11 |
| | | | | | 1,635 | | 991 | | 991 | 2,626 |
| | 302 | | | | 302 | | 113 | | 113 | 415 |
| 0 | (183) | 7,714 | | 3,291 | **44,028** | 16,414 | (1,134) | 1,151 | **16,431** | **60,459** |

# 1.7 Consolidated statement of cash flows, year ended 31 December 2022

The statement of cash flows is prepared using the indirect method. Investing activities correspond to purchases and sales of interests in consolidated companies, property and equipment and intangible assets.

Financing activities are activities that result in changes in the size and composition of equity, subordinated debt and bond debt. Operating activities correspond to all cash flows that do not fall within the above two categories.

| *(in millions of euros)* | 31.12.2022 | 31.12.2021 |
|---|---|---|
| **Profit (loss) before tax (excluding discontinued operations)** | **4,341** | **6,406** |
| Net depreciation, amortisation and impairment of property and equipment and intangible assets | 3,923 | 2,437 |
| Impairment losses on goodwill and other non-current assets | 375 | 139 |
| Net provision expense and impairment losses | (157) | (16) |
| Net technical insurance reserve expense | (9,403) | 11,075 |
| Share of profit (loss) of equity-accounted companies | (1,105) | (1,289) |
| Net gains/losses from investing activities | 2,320 | 1,655 |
| Other movements | 11,705 | (242) |
| **Total non-monetary items included in profit (loss) before tax and other adjustments** | **7,658** | **13,769** |
| Cash flows relating to transactions with credit institutions | (3,555) | 2,647 |
| Cash flows relating to customer transactions | (950) | 932 |
| Cash flows relating to other transactions affecting financial assets and liabilities | (5,212) | 1,636 |
| Cash flows relating to investment property | (748) | (516) |
| Cash flows relating to other transactions affecting non-financial assets and liabilities | (4,715) | (2,613) |
| Income taxes paid | (1,495) | (1,108) |
| **Net increase (decrease) in cash related to assets and liabilities from operating activities** | **(16,675)** | **977** |
| **Net cash from (used in) operating activities (A)** | **(4,675)** | 21,152 |
| Cash flows relating to financial assets and investments | (4,079) | (4,546) |
| Cash flows relating to property and equipment and intangible assets | (3,188) | (4,226) |
| **Net cash from (used in) investing activities (B)** | **(7,267)** | (8,772) |
| Cash flows from (used in) transactions with owners | (4,424) | 423 |
| Other net cash flows from (used in) financing activities | (2,168) | 1,257 |
| **Net cash from (used in) financing activities (C)** | **(6,592)** | 1,679 |
| **Other increases (decreases) in cash and cash equivalents (D)** | **(4)** | 16 |
| **Net increase (decrease) in cash and cash equivalents (A+B+C+D)** | **(18,537)** | 14,076 |
| **Cash and cash equivalents at the beginning of the period** | **80,301** | **66,226** |
| Net cash and central banks | 76,042 | 22,803 |
| Net loans to (borrowings from) credit institutions repayable on demand | 4,259 | 43,423 |
| **Cash and cash equivalents at the end of the period** | **61,764** | **80,301** |
| Net cash and central banks | 42,973 | 76,042 |
| Net loans to (borrowings from) credit institutions repayable on demand | 18,791 | 4,259 |
| **Net increase (decrease) in cash and cash equivalents** | **(18,537)** | 14,075 |

# 1.8 2022 segment information

## 1.8.1 Income statement items

| *(in millions of euros)* | 31.12.2022 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Net banking income | Gross operating profit (loss) | Cost of risk | Operating profit (loss) | Profit (loss) of equity-accounted companies | Profit (loss) before tax | Net profit (loss) | Net profit (loss) attributable to owners |
| **Caisse des Dépôts division** | **1,798** | **878** | **(66)** | **811** | **32** | **1,097** | **960** | **957** |
| **Bpifrance group** | | | | | **740** | **740** | **740** | **740** |
| **La Poste group** | **34,704** | **1,749** | **(247)** | **1,503** | **27** | **1,509** | **1,901** | **1,047** |
| – La Poste | 26,169 | (432) | (31) | (462) | (84) | (622) | 316 | 193 |
| – La Banque Postale | 5,402 | 523 | (219) | 304 | | 366 | 354 | 223 |
| – CNP Assurances | 3,133 | 1,658 | 3 | 1,661 | 111 | 1,765 | 1,231 | 631 |
| **Management of Strategic Investments division** | **8,227** | **738** | **(14)** | **725** | **306** | **995** | **840** | **546** |
| – Financial Services | 441 | 321 | | 321 | 11 | 332 | 247 | 247 |
| – Infrastructure | (25) | (25) | | (25) | 267 | 239 | 238 | 201 |
| – Real Estate & Tourism | 1,426 | 460 | (14) | 447 | 24 | 461 | 406 | 140 |
| – Services, Transport & Engineering | 6,385 | (17) | | (18) | 4 | (37) | (50) | (41) |
| **Caisse des Dépôts Group** | **44,729** | **3,366** | **(327)** | **3,039** | **1,105** | **4,341** | **4,442** | **3,291** |

| *(in millions of euros)* | 31.12.2021 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Net banking income | Gross operating profit (loss) | Cost of risk | Operating profit (loss) | Profit (loss) of equity-accounted companies | Profit (loss) before tax | Net profit (loss) | Net profit (loss) attributable to owners |
| **Caisse des Dépôts division** | **2,127** | **1,191** | **21** | **1,212** | **68** | **1,279** | **1,006** | **1,000** |
| **Bpifrance group** | | | | | **894** | **894** | **894** | **894** |
| **La Poste group** | **33,878** | **3,722** | **(294)** | **3,428** | **75** | **3,472** | **2,869** | **1,539** |
| – La Poste | 25,797 | 1,804 | (26) | 1,778 | (24) | 1,723 | 1,750 | 1,122 |
| – La Banque Postale | 5,286 | 477 | (261) | 216 | 10 | 228 | 21 | 4 |
| – CNP Assurances | 2,795 | 1,441 | (7) | 1,434 | 89 | 1,521 | 1,098 | 414 |
| **Management of Strategic Investments division** | **8,244** | **631** | **(10)** | **621** | **251** | **761** | **627** | **427** |
| – Financial Services | 460 | 348 | 3 | 351 | | 351 | 246 | 246 |
| – Infrastructure | (18) | (18) | | (18) | 243 | 225 | 225 | 215 |
| – Real Estate & Tourism | 897 | 204 | (10) | 194 | (7) | 208 | 225 | 67 |
| – Services, Transport & Engineering | 6,905 | 97 | (3) | 94 | 15 | (23) | (69) | (101) |
| **Caisse des Dépôts Group** | 44,249 | 5,544 | (283) | 5,261 | 1,288 | 6,406 | 5,396 | 3,861 |

## 1.8.2 Statement of financial position items

| *(in millions of euros)* | Total assets | |
|---|---|---|
| | **31.12.2022** | **31.12.2021** |
| **Caisse des Dépôts division** | **168,407** | **156,212** |
| **Bpifrance group** | **13,685** | **14,135** |
| **La Poste group** | **770,198** | **795,533** |
| – La Poste | 24,941 | 21,572 |
| – La Banque Postale | 296,754 | 293,072 |
| – CNP Assurances | 448,503 | 480,888 |
| **Management of Strategic Investments division** | **95,332** | **100,790** |
| – Financial Services | 68,092 | 74,198 |
| - SFIL group | 67,539 | 74,198 |
| - Euroclear | 553 | |
| – Infrastructure | 3,835 | 3,605 |
| – Real Estate & Tourism | 15,808 | 15,103 |
| – Services, Transport & Engineering | 7,597 | 7,884 |
| **Caisse des Dépôts Group** | **1,047,622** | 1,066,670 |

## 1.8.3 Breakdown of statement of financial position items

| *(in millions of euros)* | 31.12.2022<br>Caisse des Dépôts division | La Poste | La Banque Postale | CNP Assurances | SFIL group |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and amounts due from central banks | 1,643 | 5 | 39,355 | | 1,969 |
| Financial assets at fair value through profit or loss | 15,559 | 1,558 | 9,510 | 210,427 | 2,743 |
| Hedging instruments with a positive fair value | 667 | 16 | 1,020 | 118 | 2,396 |
| Financial assets at fair value through other comprehensive income | 37,371 | 78 | 14,469 | 178,500 | 177 |
| Securities at amortised cost | 49,424 | | 28,008 | 96 | 5,552 |
| Loans and receivables due from credit institutions and related entities at amortised cost | 39,728 | 1,408 | 65,601 | 1,495 | 128 |
| Loans and receivables due from customers at amortised cost | 4,241 | 2,313 | 130,326 | 3,519 | 51,402 |
| Cumulative fair value adjustments to portfolios hedged against interest rate risk | | | 1,104 | | |
| Current and deferred tax assets | 238 | 1,937 | 326 | 2,058 | 417 |
| Prepayments, accrued income and other assets | 3,789 | 5,525 | 5,089 | 30,856 | 2,727 |
| Non-current assets held for sale | | 62 | | | |
| Deferred participation | | | 89 | 9,603 | |
| Investments in equity-accounted companies | 3,595 | 923 | | 1,108 | |
| Investment property | 10,756 | | | 5,730 | |
| Owner-occupied property and equipment | 715 | 9,122 | 1,059 | 449 | 7 |
| Intangible assets | 681 | 785 | 798 | 4,544 | 21 |
| Goodwill | | 1,209 | | | |
| **Total assets** | **168,407** | **24,941** | **296,754** | **448,503** | **67,539** |

| *(in millions of euros)* | 31.12.2022<br>Caisse des Dépôts division | La Poste | La Banque Postale | CNP Assurances | SFIL group |
|---|---|---|---|---|---|
| **Liabilities** | | | | | |
| Financial liabilities at fair value through profit or loss | 383 | 2 | 11,446 | 1,903 | 359 |
| Hedging instruments with a negative fair value | 2,924 | 25 | 2,381 | | 5,134 |
| Debt securities | 29,425 | 10,802 | 28,705 | 846 | 59,279 |
| Due to credit institutions | 21,058 | 867 | 23,275 | 3,039 | |
| Due to customers | 91,962 | 628 | 218,644 | 17,532 | |
| Cumulative fair value adjustments to portfolios hedged against interest rate risk | | | | | 1,509 |
| Current and deferred tax liabilities | 2,667 | 99 | 342 | 794 | 2 |
| Accrued expenses, deferred income and other liabilities | 4,019 | 10,819 | 3,612 | 18,249 | 218 |
| Liabilities related to non-current assets held for sale | | 47 | | | |
| Insurance company technical provisions and shadow accounting reserves | | | 2,737 | 380,919 | |
| Provisions | 307 | 4,162 | 325 | 555 | 19 |
| Subordinated debt, guarantee deposits | 704 | | 2,235 | 4,839 | 270 |
| **Total liabilities excluding equity** | **153,449** | **27,451** | **293,702** | **428,676** | **66,790** |

| (in millions of euros) | Caisse des Dépôts division | La Poste | La Banque Postale | CNP Assurances | SFIL group |
|---|---|---|---|---|---|
| | 31.12.2021 | | | | |
| **Assets** | | | | | |
| Cash and amounts due from central banks | 21,259 | 8 | 50,812 | | 3,961 |
| Financial assets at fair value through profit or loss | 13,756 | 1,124 | 3,317 | 225,204 | 3,518 |
| Hedging instruments with a positive fair value | 1,749 | 2 | 967 | 55 | 3,310 |
| Financial assets at fair value through other comprehensive income | 40,982 | 36 | 14,452 | 212,348 | 290 |
| Securities at amortised cost | 36,563 | | 24,556 | 84 | 7,137 |
| Loans and receivables due from credit institutions and related entities at amortised cost | 20,000 | 1,495 | 66,042 | 1,782 | 358 |
| Loans and receivables due from customers at amortised cost | 4,557 | 874 | 126,725 | 1,999 | 52,655 |
| Cumulative fair value adjustments to portfolios hedged against interest rate risk | | | 346 | | |
| Current and deferred tax assets | 4 | 586 | 166 | 576 | 472 |
| Prepayments, accrued income and other assets | 2,201 | 5,531 | 3,788 | 29,476 | 2,466 |
| Non-current assets held for sale | | 22 | 178 | | |
| Deferred participation | | | | | |
| Investments in equity-accounted companies | 3,552 | 952 | | 948 | |
| Investment property | 10,347 | | | 3,393 | |
| Owner-occupied property and equipment | 670 | 9,630 | 985 | 518 | 8 |
| Intangible assets | 572 | 890 | 738 | 4,505 | 23 |
| Goodwill | | 422 | | | |
| **Total assets** | 156,212 | 21,572 | 293,072 | 480,888 | 74,198 |

| (in millions of euros) | Caisse des Dépôts division | La Poste | La Banque Postale | CNP Assurances | SFIL group |
|---|---|---|---|---|---|
| | 31.12.2021 | | | | |
| **Liabilities** | | | | | |
| Financial liabilities at fair value through profit or loss | 483 | 6 | 2,128 | 2,124 | 762 |
| Hedging instruments with a negative fair value | 1,129 | 30 | 282 | 50 | 5,557 |
| Debt securities | 29,885 | 9,402 | 22,282 | | 65,651 |
| Due to credit institutions | 16,684 | 933 | 27,243 | 3,048 | |
| Due to customers | 80,348 | 106 | 223,108 | 15,878 | |
| Cumulative fair value adjustments to portfolios hedged against interest rate risk | | | | | 320 |
| Current and deferred tax liabilities | 3,405 | | 300 | 1,112 | 3 |
| Accrued expenses, deferred income and other liabilities | 4,853 | 10,343 | 4,745 | 16,395 | 1,088 |
| Liabilities related to non-current assets held for sale | | | | | |
| Insurance company technical provisions and shadow accounting reserves | | | 2,715 | 411,685 | |
| Provisions | 368 | 4,526 | 328 | 624 | 23 |
| Subordinated debt, guarantee deposits | 510 | | 2,826 | 5,523 | 228 |
| **Total liabilities excluding equity** | 137,665 | 25,346 | 285,957 | 456,439 | 73,632 |

# 2. Notes to the *consolidated financial statements*

## 2.1 Summary of significant accounting policies

### 2.1.1 Basis of preparation of the financial statements

The Caisse des Dépôts Group applies IFRS as adopted by the European Union at 31 December 2022. In particular, the Group decided to apply the provisions of Regulation No. 2086/2004 of the European Commission, adopting IAS 39 with the exception of certain provisions for the accounting of macro-hedge transactions (carve out). Regulation (EU) No. 2086/2004 makes it possible to select some of the macro-hedge transactions carried out as part of asset/liability management for fair value hedging relationships (including in particular customer demand deposits).

These standards are available on the European Commission's website at: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting.

The consolidated financial statements at 31 December 2022 have been prepared in accordance with the recognition and measurement principles set out in the relevant IASs/IFRSs and IFRS IC (IFRIC) interpretations that were applicable at the end of the reporting period.

These standards and interpretations are identical to those used and described in the Caisse des Dépôts Group's financial statements at 31 December 2021, with the exception of the IFRS amendments described below (see section 2.1.1.1).

#### 2.1.1.1 IFRS standards, amendments and interpretations that are mandatory as of 1 January 2022

The mandatory IFRS amendments effective as from 1 January 2022 are presented below. Their application did not have a material impact on the consolidated financial statements of the Caisse des Dépôts Group at 31 December 2022. They are:

**Amendments to IAS 16 *"Property, Plant and Equipment: Proceeds before Intended Use"* (EU Regulation No. 2021/1080 of 28 June 2021)**

These amendments now prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, such sales proceeds and related costs should be recognised in the income statement.

**Amendments to IAS 37 *"Onerous Contracts – Cost of Fulfilling a Contract"* (EU Regulation No. 2021/1080 of 28 June 2021)**

These amendments provide additional guidance for calculating the unavoidable cost of a contract and thereby for determining whether the contract is onerous. Specifically, the amendments state that the cost of fulfilling a contract includes both the incremental costs incurred by that particular contract and the portion of other direct costs allocated to that contract and incurred in fulfilling that and other contracts.

**Amendments to IFRS 3 *"Reference to the Conceptual Framework"* (EU Regulation No. 2021/1080 of 28 June 2021)**

These amendments update a reference to the conceptual framework and also require the acquirer to assess whether (i) at the acquisition date a present obligation exists as a result of past events, and (ii) the obligating event that gives rise to a liability to pay the levy within the scope of IFRIC 21 has occurred by the acquisition date. The amendments also confirm that the acquirer cannot recognise contingent assets acquired in a business combination.

***"Annual Improvements to IFRSs – 2018-2020 Cycle"* (EU Regulation No. 2021/1080 of 28 June 2021)**

As part of the annual improvements to IFRSs, the IASB published minor amendments to IFRS 1 *"First-time Adoption of International Financial Reporting Standards"*, IFRS 9 *"Financial Instruments"*, IAS 41 *"Agriculture"* and IFRS 16 *"Leases"*. These amendments have no material impact on the consolidated financial statements of the Caisse des Dépôts Group at 31 December 2022.

In March 2022, the IFRS IC published its final agenda decision on the accounting treatment of the third tranche of the ECB's Targeted Longer-Term Refinancing Operations (TLTRO III). While the IFRS IC provides guidance for companies in assessing whether TLTRO III tranches contain a government grant as defined in IAS 20 *"Accounting for Government Grants and Disclosure of Government Assistance"*, it does not however comment on the measurement of the financial liability and the calculation of its effective interest rate (EIR). The IFRS IC noted that this was part of a broader issue that should be addressed by the IASB as part of the review of the application of IFRS 9 *"Financial Instruments"* currently underway.

Note that the Caisse des Dépôts Group continues to apply the following amendments to IFRS:

- Amendments to IFRS 4 *"Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"* (EU Regulation No. 2017/1988), which are intended to align the effective date of IFRS 9 with that of IFRS 17 dealing with insurance contracts. The Caisse des Dépôts Group has decided to adopt the provisions of IFRS 9 with respect to the measurement and recognition of the financial assets and liabilities of its insurance subsidiaries, using the "overlay" approach to present the net income of designated financial assets.
- Amendments to IFRS 9, IAS 39 and IFRS 7 *"Interest Rate Benchmark Reform"* (Phase 1) (EU Regulation No. 2020/34), which aim to amend the hedge accounting requirements only for the period prior to implementation of interest rate reform. In practical terms, these amendments prevent the potential discontinuation of hedge accounting for certain transactions due to uncertainties about interest rate reform.
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 *"Interest Rate Benchmark Reform"* (Phase 2) (EU Regulation No. 2021/25), which address the accounting issues raised when replacing the former benchmark interest rates with new indices (for example, Eonia with €STR) or when changing the formula for calculating indices (hybrid Euribor) due to the benchmark rate reform. They make it possible to neutralise any accounting impacts by addressing in particular:
  - the accounting consequences of a change in the cash flows of a financial instrument resulting from the contractual change in index;
  - the consequences of the change in index on hedge accounting;
  - the information to be provided in the notes to the financial statements.

  In practice, the amendments to IFRS 9 make it possible to:
  - consider that the change in a financial instrument resulting directly from the reform of benchmark interest rates is reflected in a forward-looking update of the effective interest rate to reflect the change in the benchmark index rather than an adjustment to be recognised in the income statement. In this way, replacing former interest rates with new ones does not immediately result in an accounting impact in profit or loss;
  - maintain the hedging relationships impacted by the reform of benchmark interest rates at the time of the effective replacement of interest rates in the contracts.

Additional disclosures are to be provided in the notes to the financial statements, particularly on the nature and extent of the risks arising from the reform of benchmark interest rates and how the entity is managing the transition to the various benchmark rates.

- Amendments to IFRS 16 *"COVID-19-Related Rent Concessions beyond 30 June 2021"* (EU Regulation No. 2021/1421), which contain an expedient whereby lessees (but not lessors) are exempt from assessing whether a COVID-19-related rent concession is a lease modification, and can treat it as though it is not a lease modification (i.e., impact of the rent concession recorded in income for the period as negative variable rent, rather than staggering it over the remaining term of the lease). The right–of–use asset is not impacted and its depreciation continues unchanged.

  However, this amendment applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:
  - the change in lease payments results in a revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
  - any reduction in lease payments affects only payments originally due on or before 30 June 2022;
  - there is no substantive change to other terms and conditions of the contract.

This exemption must be applied consistently to all lease contracts with similar characteristics and in similar circumstances.

### 2.1.1.2 IFRS standards, amendments and interpretations adopted by the European Union but not yet applied at 1 January 2022

The Caisse des Dépôts Group did not apply the standards and amendments adopted by the European Union and not yet mandatorily effective at 1 January 2022. These concern:

**Amendments to IFRS 17 *"Insurance Contracts"* (EU Regulation No. 2021/2036 of 19 November 2021)**

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. It replaces IFRS 4 for annual reporting periods beginning on or after 1 January 2023 (with comparative information for 2022 to be presented on the same basis).

IFRS 17 will apply to:

- written insurance and reinsurance contracts;
- all reinsurance contracts giving rise to a significant insurance risk;
- investment contracts with a discretionary participation feature.

The new standard requires the insurance component of each contract to be recognised separately from the other components, such as:

- certain embedded derivatives;
- separate investment components;
- other performance obligations, for example, a promise to transfer non-insurance goods or services.

These components will be recognised and measured separately in accordance with the standard that would apply to them if they were separate contracts.

Each group of insurance contracts in force at the transition date will be recognised and measured as if IFRS 17 had always been applied. There are three types of transition methods under IFRS 17:

- The Fair Value Approach (FVA), whereby insurance contracts are measured at fair value at the transition date. This approach will be applied to the majority of insurance contracts written by the Caisse des Dépôts Group, particularly savings and pensions contracts.
- The Full Retrospective Approach (FRA), whereby all accounting components of insurance contracts are recalculated from the contracts' inception. This approach will be applied for La Banque Postale Assurances' non-life policies and for certain cohorts of CNP Assurances contracts for which the necessary data is available.

- The Modified Retrospective Approach (MRA), a simplified version of the FRA that avoids the additional cost of producing historical contract data. This approach will be used for La Banque Postale Prévoyance.

In the IFRS 17 financial statements, the liability recognised when an insurance contract is written will be measured using the Building Block Approach (BBA), based on the following blocks:

- discounted present value of future cash flows that relate directly to the fulfilment of the contractual obligations (fulfilment cash flows);
- a non-financial risk adjustment reflecting the uncertainty about the amount and timing of these cash flows;
- a Contractual Service Margin (CSM).

The CSM represents the unearned profit of the group of insurance contracts that the entity will recognise as it provides services in the future. It is included on the liabilities side of the balance sheet and recognised in income as the services are provided (coverage units). If the group of insurance contracts is expected to generate a loss, rather than recording a negative CSM, the expected loss is recognised immediately in profit or loss when the contracts are written (onerous contract).

A second model – the Variable Fee Approach (VFA) – is applicable to insurance contracts with direct participation features that contain the following conditions:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the entity expects to pay the policyholder an amount equal to a substantial share of the fair value of returns from the underlying items;
- a substantial proportion of the cash flows the entity expects to pay to the policyholder are expected to vary in line with changes in the fair value of the underlying items.

The Variable Fee Approach is similar to the default BBA, with the difference that the CSM absorbs not only technical shocks but also financial shocks.

In addition to the General Model (BBA), IFRS 17 also includes an optional simplified measurement approach – the Premium Allocation Approach (PAA) – which may be applied to:

- all insurance contracts, provided that the PAA produces a measurement of the liability that would not be materially different from that produced applying the BBA;
- contracts with a short duration (coverage period of one year or less).

For the purpose of applying the PAA, the initial liability corresponds solely to the premiums received at initial recognition (without any contractual service margin). Acquisition costs may be deferred in assets or recognised immediately as an expense.

The Group's insurance entities will use the three models.

Under IFRS 17, insurance liabilities will be measured at a more granular level. Specifically, they will be divided into portfolios, as follows:

- the first step will be to define a portfolio of contracts constituting an annual cohort (a group of contracts managed together, covering the same risks);
- second, each portfolio will be divided into three accounting groups when the contracts are initially recognised, for the calculation and tracking of the CSM. The groups are as follows:
  - contracts that are onerous at initial recognition,
  - contracts that at initial recognition have no significant possibility of becoming onerous,
  - other contracts.

IFRS 17 stipulates that a cohort may not include contracts written more than one year apart. To avoid the economic reality of insurance contracts involving intergenerational pooling of risks (savings contracts, pension contracts, etc.) not being properly reflected in the financial statements, the European Union has introduced an optional exemption from the application of this annual cohort requirement. CNP Assurances and the Caisse des Dépôts Group have both opted to apply this exemption.

For contracts measured using the building block, variable fee and premium allocation approaches, IFRS 17 offers companies the option of recognising the effect of changes in financial assumptions in profit or loss or alternatively in other comprehensive income in order to reduce their earnings volatility. The Caisse des Dépôts Group has chosen to apply this option.

The yield curve used to discount future cash flows is determined in a similar manner to that applied under the Solvency II framework, based on a risk-free rate and an illiquidity premium that varies according to the group of contracts concerned.

The concurrent adoption of IFRS 9 and IFRS 17 by the insurance business will have no impact at the Caisse des Dépôts Group level except for the following two changes:

- the overlay approach will no longer be applied;
- companies will have the option of measuring equity instruments not held for trading at fair value through other comprehensive income not reclassifiable to profit or loss.

Concerning the presentation of the Caisse des Dépôts Group's consolidated financial statements, from 1 January 2023, Recommendation No. 2022-01 of 8 April 2022 relating to the format of the IFRS consolidated financial statements of banking institutions cancels and replaces recommendation no. 2017-02 of 2 June 2017. This new recommendation is designed to ensure that insurance activities in the financial statements of banks are presented in line with the first-time application of IFRS 17. As provided for in the recommendation, the Caisse des Dépôts Group has opted to present its insurance investments based on the same categories as the investment portfolios of the banking business.

The effects of applying IFRS 17 have been analysed and have been the subject of a Group level IFRS implementation project.

In 2022, Caisse des Dépôts Group's IFRS 17 implementation project mainly involved:

- continuing to assess how best to present the insurance business in the Group's consolidated financial statements;
- stabilising the main methodological options (accounting models, yield curve, risk adjustment, etc.);
- continuing to design target accounts production processes;
- carrying out preliminary work to prepare for the production and compilation of the opening and comparable prior period IFRS 17 balance sheet.

Application of IFRS 17 will have a significant impact on the Caisse des Dépôts Group:

- it modifies the presentation of the balance sheet and the notes;
- it defines a new presentation of income and expenses and will comprise two key indicators:
  - the income of issued insurance contracts and the expenses associated with issued insurance contracts, including:
    - amortisation of the CSM,
    - amortisation of the risk adjustment,

- experience variances (i.e., the difference between expected claims and expenses and actual claims and expenses). (Note that costs attributable to insurance contracts were reported under income and expenses from other activities in the previous presentation),
- the impact of onerous contracts,

– insurance and reinsurance finance expenses (income from insurance investments is reported on the same line as income from banking investments);

- it will also lead to a major reorganisation of management processes, including statutory accounting, account closing, management accounting and internal and external reporting systems;
- actuarial modelling tools are also affected;
- in addition, the internal organisation of accounting processes will be adjusted, with the introduction of new measurement, consolidation and reporting processes currently in progress.

Concerning the expected financial impacts, application of IFRS 17 to CNP Assurances and its subsidiaries from 1 January 2022 could lead to an increase of around €1.3 billion in the Caisse des Dépôts Group's equity at that date, of which €0.5 billion attributable to owners of the parent and €0.8 billion attributable to non-controlling interests.

**Amendments to IAS 1 "*Disclosure of Accounting Policies*" (EU Regulation No. 2022/357 of 2 March 2022)**

These amendments, which will apply from 1 January 2023, are intended to help entities improve the relevance of disclosures about accounting policies in the notes to the financial statements and the usefulness of those disclosures to investors and users of the financial statements.

They specify that entities should now disclose their material accounting policy information rather than their significant accounting policies. Additional guidance has also been provided to assist entities in assessing the materiality of accounting policy disclosures.

These amendments will not have a material impact on the Caisse des Dépôts Group's consolidated financial statements.

**Amendments to IFRS 8 *"Definition of Accounting Estimates"* (EU Regulation No. 2022/357 of 2 March 2022)**

These amendments, which will apply from 1 January 2023, aim to help entities distinguish between changes in accounting estimates, changes in accounting policies and corrections of errors.

They will not have a material impact on the consolidated financial statements of the Caisse des Dépôts Group.

**Amendments to IAS 12 "*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*" (EU Regulation No. 2022/1392 of 11 August 2022)**

The objective of these amendments is to reduce inconsistency in the accounting for deferred taxes relating to leases (lessee accounting) and decommissioning obligations.

They clarify and reduce the scope of the IAS 12 exemption allowing entities not to recognise deferred tax on the initial recognition of an asset or liability. The initial recognition exemption therefore no longer applies to leases (lessee accounting) and decommissioning obligations for which entities recognise both an asset and a liability of an equal amount that give rise to equal amounts of taxable and deductible temporary differences. Leases (lessee accounting) as well as decommissioning obligations should therefore result in the recognition of a deferred tax asset and a deferred tax liability of an equal amount at the date of initial recognition.

These amendments will have no impact on the financial statements of the Caisse des Dépôts Group, which already recognises deferred tax assets and liabilities on these transactions on initial recognition.

#### 2.1.1.3 IFRS standards, amendments and interpretations not yet adopted by the European Union

The Caisse des Dépôts Group did not apply the standards, amendments and interpretations published by the IASB and not yet adopted by the European Union.

**Use of the Accounting Standards Authority (ANC) financial statement format for banks**

In the absence of any requisite IFRS financial statement format, the layout of these financial statements complies with Recommendation No. 2017-02 of 2 June 2017, with a minor amendment dated 5 February 2021, issued by the *Autorité des normes comptables* (French accounting standards setter – ANC).

In accordance with revised IAS 1, the Caisse des Dépôts Group presents a separate consolidated income statement providing a breakdown of profit. It also presents a statement of comprehensive income which starts with profit and details gains and losses recognised directly in equity, net of tax.

The Caisse des Dépôts Group has also chosen to present the specific information on insurance activities in the notes, in accordance with the option proposed by the recommendation. As of 1 January 2023, Recommendation No. 2022-01 of 8 April 2022 will cancel and replace Recommendation No. 2017-02 of 2 June 2017. This new recommendation is designed to ensure that insurance activities in the financial statements of banks are presented in line with the first-time application of IFRS 17.

**Use of estimates**

The preparation of the Group's financial statements involves making certain estimates and assumptions which affect the reported amounts of income and expenses, assets and liabilities, as well as the disclosures in the accompanying notes. To make any such estimates and assumptions, management is required to exercise judgement and consider information available when the financial statements are drawn up. The actual outcome of transactions for which estimates and assumptions are made could differ significantly from the anticipated outcome, particularly with respect to market conditions, and this may have a material impact on the financial statements.

Estimates and assumptions are used to calculate:

- the fair value of unlisted financial instruments carried in the statement of financial position under: "Financial assets/ liabilities at fair value through profit or loss", "Hedging instruments" or "Financial assets at fair value through other comprehensive income";
- any impairment taken on financial assets (financial assets at fair value through other comprehensive income to be reclassified to profit or loss, securities at amortised cost, loans and receivables at amortised cost);

- any impairment taken on investments in equity-accounted companies;
- the fair value of investment property disclosed in the notes;
- any impairment taken on property and equipment, intangible assets and goodwill;
- deferred tax;
- insurance company technical provisions;
- provisions reported in liabilities (including for employee benefits and housing savings) in respect of contingencies and expenses;
- the initial amount of goodwill recognised on business combinations;
- the carrying amount of non-current assets and related liabilities held for sale.

## 2.1.2 Basis of consolidation

### 2.1.2.1 Scope of consolidation

The consolidated financial statements comprise the financial statements of the Caisse des Dépôts Central Sector, the consolidated financial statements of the sub-groups and the financial statements of entities over which Caisse des Dépôts exercises control, joint control or significant influence, whose consolidation has a material impact on the Group’s financial statements.

### 2.1.2.2 Consolidation methods and definition of control

Investees (and structured entities) controlled by the Group are fully consolidated. Control is exercised when: the Group has the power to direct the investee’s relevant activities; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to affect those returns through its power over the investee.

Potential voting rights which give the option to acquire additional voting rights in an investee are taken into account to determine control when such rights are currently exercisable in such a way as to allow the investor to direct the relevant activities of the investee.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Joint control may involve two types of arrangement: a joint venture or a joint operation.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint ventures are accounted for by the equity method.

A joint operation is an arrangement whereby the parties that have joint control have rights to the assets and bear responsibility for the liabilities of the arrangement. A joint operation is consolidated by recognising the Caisse des Dépôts Group's interest in said operation:

- assets, including its share of any assets held jointly;
- liabilities, including its share of any liabilities incurred jointly;
- revenue from the sale of its share of the output of the joint operation and from the sale of the output by the joint operation; and
- expenses, including its share of any expenses incurred jointly.

Entities over which the Group exercises significant influence are accounted for by the equity method. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. Significant influence is presumed to be exercised when the Group holds, directly or indirectly, 20% or more of the voting power of the investee.

The results of acquired entities are included in the consolidated financial statements from the effective acquisition date, while the results of entities sold during the period are included up to the date when control, joint control or significant influence is relinquished.

**Financial year-end**

Almost all consolidated companies have a 31 December year-end. Companies whose financial year-end is more than three months before or after the Group’s year-end are consolidated based on financial statements drawn up at 31 December. In the case of companies whose financial year-end falls within three months of the Group’s year-end, any material transactions occurring between their year-end and 31 December are taken into account in preparing the consolidated financial statements when this is necessary to comply with the true and fair view principle.

### 2.1.2.3 Companies excluded from the scope of consolidation

Investments in associates and joint ventures held in connection with the Group’s private equity activity may be excluded from the scope of consolidation, in accordance with the option available under IAS 28.18. These investments are then recognised as “Financial assets at fair value through profit or loss”.

Low-cost housing companies (ESHs) are excluded from the scope of consolidation because they are not controlled by the Group within the meaning of IFRS. Shares in ESHs are therefore recognised as “Financial assets at fair value through profit or loss” or, under the option provided for, as “Financial assets at fair value through other comprehensive income not to be reclassified to profit or loss”.

Semi-public companies (SEMs, SAIEMs) not controlled by the Caisse des Dépôts Group are also excluded from the scope of consolidation. Shares in these companies are therefore recognised as “Financial assets at fair value through profit or loss” or, under the option provided for, as “Financial assets at fair value through other comprehensive income not to be reclassified to profit or loss”.

Shares in companies acquired with the intention of being sold in the near term are excluded from the scope of consolidation and classified as “Non-current assets held for sale”.

In application of IFRS, the agreements signed with the French State concerning the Investments for the Future Programme require the assets and liabilities covered by said agreements to be derecognised in the Group’s consolidated financial statements. In the French GAAP accounts of the Central Sector, these assets and liabilities are transferred to adjustment accounts.

### 2.1.2.4 Consolidation adjustments and intra–group eliminations

The financial statements of consolidated companies are restated based on Group accounting policies when the effects of the restatement are material. The accounting policies applied by associates and joint ventures are aligned with Group policies where necessary.

Intra-group balances, income and expenses between fully consolidated companies are eliminated when their impact on the consolidated financial statements is material.

Gains and losses on intra-group sales of assets to associates and joint ventures are eliminated proportionately, based on the Group's percentage interest in the associate or joint venture, except when the asset sold is considered as being other-than-temporarily impaired.

### 2.1.2.5 Foreign currency translation

The consolidated financial statements are presented in euros. The financial statements of entities whose functional currency is different from the Group's presentation currency are translated by the closing rate method. Under this method, all monetary and non-monetary assets and liabilities are translated at the exchange rate at the end of the reporting period, while income and expenses are translated at the average exchange rate for the period (provided that exchange rates do not fluctuate significantly during that period). The differences arising from translation are recognised in equity in the statement of financial position under "Gains and losses recognised directly in equity".

Gains and losses arising from the translation of the net investment in foreign operations, borrowings and foreign exchange instruments that are effective hedges of these investments are deducted from equity.

When the foreign operation is sold, the cumulative exchange differences recorded in equity are recognised in the income statement as part of the gain or loss on the sale.

### 2.1.2.6 Business combinations and goodwill

Business combinations are accounted for using the purchase method except for jointly controlled business combinations and a newly formed joint venture, which are excluded from the scope of IFRS 3.

Under the purchase method, the identifiable assets acquired and liabilities assumed are recognised at acquisition-date fair value.

Any contingent liabilities assumed are only recognised in the consolidated statement of financial position if they represent a current obligation at the date control is acquired, and the fair value of that obligation can be measured reliably.

The cost of a combination (consideration transferred) is equal to the fair value, at the date of exchange, of the assets transferred, liabilities incurred or assumed and any equity instruments issued by the Group, in exchange for control of the acquiree. Costs directly attributable to the business combination are treated as a separate transaction and are recognised in profit or loss.

Any contingent consideration is included in the cost of the combination as of the date control is acquired, for its fair value at the acquisition date. Any earn-out adjustments classified as financial liabilities are remeasured at fair value at the end of each reporting period and taken to profit or loss, unless these adjustments occur within 12 months of the date of the combination and relate to facts and circumstances existing at the acquisition date.

Goodwill represents the excess of the cost of the combination over the acquirer's share in the acquisition-date fair value of the identifiable assets and liabilities, and, at that date, is recognised in assets in the consolidated statement of financial position, under "Goodwill". Negative goodwill is recognised directly in profit or loss.

Non-controlling interests may be carried at either their share in the net identifiable assets of the acquiree ("partial" goodwill method) or at their fair value, in which case they are allocated a percentage of the corresponding goodwill ("full" goodwill method). This decision can be renewed for each business combination.

The initial accounting for a business combination spans up to twelve months after the acquisition date.

Goodwill is initially measured in the statement of financial position at cost in the currency of the acquiree and is translated at the exchange rate at the end of the reporting period.

Goodwill is tested for impairment, as explained in section 2.1.3.10.

When a business combination is carried out in stages (step acquisition), goodwill is determined by reference to the fair value at the date control is obtained. At this date, any previously-held interest in the acquiree is remeasured at fair value through profit or loss or against equity within "Gains and losses recognised directly in equity" in the statement of financial position.

Similarly, a loss of control of a consolidated subsidiary requires the remaining holding to be remeasured at fair value through profit or loss.

### 2.1.2.7 Transactions with non-controlling interests

The Caisse des Dépôts Group recognises in equity any difference between the cost of the shares and its share in the acquiree's adjusted net assets for transactions involving the acquisition of non-controlling interests in an entity already controlled by the Group. Costs directly attributable to the acquisition are recognised as a deduction from equity.

Partial sales of non-controlling interests which do not result in a loss of control are recognised by adjusting equity.

### 2.1.2.8 Repurchase commitments granted to non-controlling shareholders of fully consolidated subsidiaries

Pursuant to the provisions of IAS 32 *"Financial Instruments: Presentation"*, the Caisse des Dépôts Group records a financial liability in respect of put options granted to non-controlling shareholders of consolidated subsidiaries. Where the value of the option exceeds the amount of non-controlling interests, IFRS standards do not specify how the difference should be recognised.

The Caisse des Dépôts Group has chosen to recognise the difference between the option and the amount of non-controlling interests in equity. Subsequent changes in the liability relating to changes in the estimated exercise price of the option and the carrying amount of non-controlling interests are recognised in equity.

#### 2.1.2.9 Segment information

In accordance with IFRS 8, the segment information presented is based on internal reports used by the Group’s senior management and reflects the Group's internal business organisation. Operating activities are organised and managed based on the type of service provided.

The Caisse des Dépôts Group's business segments at 31 December 2022 – with no significant change from at 31 December 2021 – are:

- Caisse des Dépôts division, consisting mainly of:
  - Caisse des Dépôts – Central Sector
  - SCET
  - CDC Habitat
- Bpifrance group
- La Poste group
- Management of Strategic Investments division, consisting mainly of:
  - Financial Services
    - SFIL group
    - Euroclear
  - Real Estate & Tourism
    - Icade
    - Compagnie des Alpes
  - Infrastructure
    - Coentreprise de Transport d’Électricité
    - Holding d’Infrastructures Gazières
  - Services, Transport & Engineering
    - Egis
    - Transdev group
    - Suez Holding
    - STOA

**Banque des Territoires**

The Banque des Territoires brand brings together all Caisse des Dépôts’ activities promoting regional development. It encompasses the operational departments (banking, investor, lender) of the Central Sector and Savings Funds, and relies on a network of 37 offices with functional departments (finance, communication, digital strategy and human resources). It also includes two subsidiaries, CDC Habitat and SCET, which support regional players in engineering and consulting. The Savings Funds are not consolidated in the Caisse des Dépôts Group’s consolidated financial statements.

## 2.1.3 Accounting policies

### 2.1.3.1 Financial instruments

Financial assets and liabilities are recognised in the financial statements at 31 December 2022 in accordance with the provisions of IFRS 9 and with the amendments to IFRS 9 “*Prepayment Features with Negative Compensation*”. The “overlay” approach is used to present the net income of the designated financial assets held by insurance subsidiaries (see section 2.1.3.2.1.1).

IFRS 9 sets out the principles for the classification and measurement of financial instruments, impairment of credit risk and hedge accounting excluding macro hedges, for which the Group applies the IAS 39 carve-out provisions adopted by the European Union.

#### 2.1.3.1.1 Measurement of financial assets and liabilities

##### 2.1.3.1.1.1 Initial recognition date

Securities are recorded on the statement of financial position on the settlement-delivery date, while derivative financial instruments are recorded on the trade date. Loans and receivables are recorded in the statement of financial position on the disbursement date.

Changes in fair value between the trade date and the settlement–delivery date are recognised in income or equity depending on the accounting category of the financial instruments concerned.

##### 2.1.3.1.1.2 Initial measurement

On initial recognition, financial assets and liabilities are measured at fair value as defined by IFRS 13, plus (in the case of financial assets) or less (in the case of financial liabilities) transaction costs directly attributable to the acquisition or issue. This is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (see section 2.1.3.1.7).

##### 2.1.3.1.1.3 Subsequent measurement

After initial recognition, non-derivative financial assets and liabilities are measured based on their classification, either at amortised cost using the effective interest rate method or at fair value as defined by IFRS 13. Derivative financial instruments are always measured at fair value.

Amortised cost corresponds to the amount at which the financial asset or financial liability is measured on initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between the initial amount and the maturity amount and, for a financial asset, minus impairment for credit risk, if any.

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability, in order to obtain the exact gross carrying amount of the financial asset (i.e., amortised cost without taking into account any impairment for credit risk) or the amortised cost of the financial liability.

This calculation incorporates fees and commissions paid or received between the parties to the contract, transaction costs and all premiums and discounts.

#### 2.1.3.1.2 Recognition of financial assets

Recognition of financial assets depends on the business model and the characteristics of the contractual cash flows of the instruments (see section 2.1.3.1.2.3).

##### 2.1.3.1.2.1 Business models

Business model refers to how an entity manages its financial assets for the purpose of achieving a particular economic objective. IFRS 9 defines three types of business model:

- the “hold-to-collect model”, the objective of which is to hold financial assets in order to collect contractual cash flows. This model, under which the concept of holding is fairly close to that of holding to maturity, remains valid if disposals occur under the following conditions:

- the disposals are due to an increase in credit risk,
- the disposals occur just before maturity and at a price that reflects the contractual cash flows that are still due,
- other disposals are consistent with the objectives of the "hold-to-collect model" if they are infrequent (even if their value is significant) or if their value is insignificant when considered both individually and overall (even if they are frequent);

- the "mixed model", the objective of which is both to collect contractual cash flows and to sell financial assets. In this model, the collection of cash flows and the sale of financial assets are both essential;
- the "other models", which are defined in opposition to the "hold-to-collect model" and the "mixed model". They concern portfolios of instruments whose objective is to collect contractual cash flows by selling financial assets or those that are managed and whose performance is evaluated based on fair value.

#### 2.1.3.1.2.2 Contractual cash flow characteristics of the instruments (Solely Payments of Principal and Interest (SPPI) criterion)

A financial asset is deemed SPPI (or "basic") if the contractual terms of the asset give rise, on specified dates, to cash flows corresponding solely to payments of principal and interest calculated on the principal amount outstanding. On initial recognition, every asset should be tested to determine whether it meets the SPPI criterion (SPPI test).

Principal is defined as the acquisition-date fair value of the financial asset. Interest consists of consideration for the time value of money and the credit risk associated with the principal amount, as well as other risks such as liquidity risk, administrative costs and margin.

To assess whether contractual cash flows are solely payments of principal and interest, the contractual terms of the instrument should be taken into account. Any information that may cast doubt on whether only the time value of money and credit risk are represented must therefore be analysed. For example:

- events that would change the amount and timing of the cash flows.

  Any contractual terms that generate exposure to risks or volatility in cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or a stock market index, or the introduction of leverage, would make it impossible to categorise contractual cash flows as SPPI;
- the characteristics of the applicable interest rates (for example, consistency between the rate refixing period and the interest calculation period).

  If a qualitative analysis does not provide a clear result, a quantitative analysis (benchmark test) is carried out. This involves comparing the contractual cash flows of the asset in question with the contractual cash flows of a benchmark asset. If the difference between the cash flows of the asset in question and the cash flows of the benchmark asset is deemed insignificant, the asset is considered to be a basic lending arrangement that satisfies the SPPI criterion;
- prepayment and extension features.

A contractual term that permits the borrower or lender to prepay the financial instrument remains consistent with the SPPI criterion for contractual cash flows if the prepayment amount substantially represents the principal amount outstanding and the related interest, as well as reasonable additional compensation, if applicable.

Furthermore, although they do not strictly meet the criteria for consideration for the time value of money, certain assets with a regulated rate are considered "basic" if that regulated interest rate provides consideration that is broadly consistent with the passage of time and does not generate exposure to risks or volatility in the contractual cash flows that are inconsistent with a basic lending arrangement.

To qualify as "basic" financial assets, the securities held in a securitisation vehicle must meet specific conditions. The contractual terms of the tranche must meet the SPPI criterion, as must the pool of underlying assets. The risk inherent in the tranche must be lower than or equal to the exposure to the underlying assets of the tranche.

#### 2.1.3.1.2.3 Classification and measurement of financial assets

Financial assets are classified on the statement of financial position in the following three accounting categories: amortised cost, fair value through other comprehensive income and fair value through profit or loss, depending on the business models and the characteristics of the contractual cash flows associated with the instruments (see sections 2.1.3.1.2.1 and 2.1.3.1.2.2).

##### 2.1.3.1.2.3.1 Debt instruments (loans, receivables, securities)

Debt instruments (loans, receivables, securities) may be recognised at amortised cost, at fair value through other comprehensive income to be reclassified to profit or loss, or at fair value through profit or loss.

###### *2.1.3.1.2.3.1.1 Debt instruments recognised at amortised cost*

Debt instruments are measured at amortised cost if the business model consists in holding the instrument to collect the contractual cash flows ("hold-to-collect model") and if the cash flows are solely payments of principal and interest on the principal amount outstanding (SPPI criterion).

Financial assets measured at amortised cost are initially recognised at fair value, which includes transaction costs and accrued interest (unless it can be demonstrated that the transaction costs are not material).

These financial assets are subsequently measured at amortised cost using the effective interest rate method.

The amortisation of any premiums/discounts and transaction costs over the remaining life of these instruments is recognised in profit or loss using the effective interest rate method, under "Interest income" in the income statement.

These financial assets are impaired under the conditions described in "Impairment for credit risk" (see section 2.1.3.1.4).

They are reported in the statement of financial position under "Securities at amortised cost", "Loans and receivables due from credit institutions and related entities at amortised cost", and "Loans and receivables due from customers at amortised cost", depending on the type of instrument.

*2.1.3.1.2.3.1.2 Debt instruments recognised at fair value through other comprehensive income to be reclassified to profit or loss*

Debt instruments are measured at fair value through other comprehensive income to be reclassified to profit or loss if the business model consists of holding the instrument to collect the contractual cash flows and sell the assets (“mixed model”) and if the cash flows are solely payments of principal and interest on the principal amount outstanding (SPPI criterion).

Financial assets measured at fair value through other comprehensive income to be reclassified to profit or loss are initially recognised at fair value, which includes transaction costs and accrued interest (unless it can be demonstrated that the transaction costs are not material).

These financial assets are subsequently measured at fair value, with changes in fair value recognised in other comprehensive income to be reclassified to profit or loss with a corresponding entry against the outstanding amount (excluding accrued interest, which is recognised using the effective interest rate method under “Interest income” in the income statement).

The amortisation of any premiums/discounts and transaction costs over the remaining life of these instruments is also recognised in profit or loss using the effective interest rate method, under “Interest income” in the income statement.

When the assets are sold, the unrealised gains or losses previously recognised in equity are reclassified to the income statement under “Net gains and losses on financial instruments at fair value through other comprehensive income”.

These financial assets are impaired under the conditions described in “Impairment for credit risk” (without affecting the fair value in the statement of financial position) (see section 2.1.3.1.4).

They are reported in the statement of financial position under “Financial assets at fair value through other comprehensive income”.

*2.1.3.1.2.3.1.3 Debt instruments recognised at fair value through profit or loss*

Any debt instruments that are not eligible to be recognised at amortised cost or at fair value through other comprehensive income to be reclassified to profit or loss are measured at fair value through profit or loss.

This category includes:

- Debt instruments classified in portfolios made up of financial assets:
  - that are held for trading or whose primary objective is disposal, and
  - that are managed and whose performance is evaluated on a fair value basis.

In both of the above-mentioned portfolio categories, even though contractual cash flows are collected while the entity holds the assets, the collection of those contractual cash flows is not integral but incidental.

- Debt instruments that do not meet the SPPI criterion, which is particularly the case for mutual funds (UCITS) and venture capital funds (FCPR).
- Debt instruments classified in portfolios for which the entity expressly chooses the fair value through profit or loss approach in order to eliminate or reduce an accounting treatment mismatch in the measurement or recognition that would otherwise arise from the measurement of assets or liabilities on different bases.

In that case, the financial asset is classified under the fair value option at fair value through profit or loss on initial recognition, and this classification is irrevocable.

Financial assets measured at fair value through profit or loss are initially recognised at fair value, excluding transaction costs (which are recognised directly in profit or loss) but including accrued interest.

These financial assets are subsequently measured at fair value, with changes in fair value recognised in profit or loss under “Net gains and losses on financial instruments at fair value through profit or loss” with a corresponding entry against the outstanding amount.

These financial assets are not impaired.

They are reported in the statement of financial position under “Financial assets at fair value through profit or loss”.

2.1.3.1.2.3.2 Equity instruments (shares)

Investments in equity instruments (such as shares) are measured at fair value through profit or loss or, under the option provided for, at fair value through other comprehensive income not to be reclassified to profit or loss.

Equity instruments are not impaired.

*2.1.3.1.2.3.2.1 Equity instruments recognised at fair value through profit or loss*

Equity instruments measured at fair value through profit or loss are initially recognised at fair value, excluding transaction costs (which are recognised directly in profit or loss).

These equity instruments are subsequently measured at fair value, with changes in fair value recognised in profit or loss under “Net gains and losses on financial instruments at fair value through profit or loss” with a corresponding entry against the outstanding amount.

They are reported in the statement of financial position under “Financial assets at fair value through profit or loss”.

*2.1.3.1.2.3.2.2 Equity instruments recognised at fair value through other comprehensive income not to be reclassified to profit or loss (irrevocable election)*

The irrevocable election to recognise equity instruments at fair value through other comprehensive income not to be reclassified to profit or loss is evaluated at the transaction level (line by line) and must be applied on initial recognition of the instrument (or on first-time adoption of IFRS 9 at 1 January 2018). Equity instruments held for trading are not eligible for this option.

Equity instruments measured at fair value through other comprehensive income not to be reclassified to profit or loss are initially recognised at fair value, including transaction costs (unless it can be demonstrated that the transaction costs are not material).

These equity instruments are subsequently measured at fair value, with changes in fair value recognised in other comprehensive income not to be reclassified to profit or loss under “Other comprehensive income” in the statement of financial position.

When the equity instruments are sold, unrealised gains and losses previously recognised in other comprehensive income are not reclassified to profit or loss. The gain or loss on disposal is thus still recognised in other comprehensive income.

However, the Caisse des Dépôts Group has chosen to reclassify to “Reserves and retained earnings” the share of other comprehensive income not to be reclassified to profit or loss recognised under "Other comprehensive income" corresponding to any capital gain or loss recorded on disposal.

Only dividends are recognised in profit or loss under “Net gains and losses on financial instruments at fair value through other comprehensive income” if they correspond to a return on investment and not to redemption of the equity instrument.

They are reported in the statement of financial position under “Financial assets at fair value through other comprehensive income”.

##### 2.1.3.1.2.4 Reclassification of financial assets

Reclassifications of financial assets are not permitted, except in the case of a significant change in the business model for managing financial assets.

Such changes are expected to be infrequent (mainly when the entity begins or ceases to perform an activity that is significant to its operations) and must be determined by the entity’s management body.

In that case, all of the portfolio’s financial assets must be reclassified. This reclassification is prospective as from the date of reclassification and no gain, loss or interest recognised prior to that date should be restated.

##### 2.1.3.1.2.5 Derecognition of financial assets

A financial asset is fully or partially derecognised:

- if the contractual rights to the cash flows from the financial asset expire; or
- if the contractual rights to the cash flows and substantially all of the risks and rewards incidental to ownership of this financial asset are transferred.

In that case, the financial asset is derecognised and all the rights and obligations created or retained in the transfer are recognised separately as assets and liabilities.

If the contractual rights to the cash flows are transferred but only some of the risks and rewards incidental to ownership of the financial asset, as well as control, are retained, the entity continues to recognise the financial asset to the extent of its continuing involvement in that asset.

Financial assets renegotiated for business reasons in the absence of financial difficulty of the counterparty and with the aim of developing or maintaining a business relationship are derecognised on the renegotiation date. The new loans granted to customers are recognised on this date for their fair value at the renegotiation date. Subsequent recognition depends on the business model and on whether or not the SPPI criterion has been met (see section 2.1.3.1.2.3).

##### 2.1.3.1.2.6 Temporary acquisitions and disposals of securities

Temporary disposals of securities (lending of securities, securities sold under repurchase agreements) generally do not meet the conditions for derecognition.

Securities lent or sold under a repurchase agreement continue to be shown on the statement of financial position of the lender/seller. For securities sold under a repurchase agreement, the amount received, representing the liability to the acquiree, is recognised on the liabilities side of the statement of financial position by the seller.

Securities borrowed or acquired under a repurchase agreement are not shown on the statement of financial position of the borrower/acquiree. For securities acquired under a repurchase agreement, a claim against the seller is recognised on the acquiree’s statement of financial position as consideration for the amount paid. If the security is subsequently resold, the acquiree records a liability measured at fair value which represents its obligation to return the security acquired under a repurchase agreement.

#### 2.1.3.1.3 Recognition of financial liabilities

##### 2.1.3.1.3.1 Distinction between debt and equity

The distinction between debt instruments and equity instruments is based on an analysis of the economic substance of the contractual arrangements.

A financial liability is a debt instrument if it includes a contractual obligation:

- to deliver cash, another financial asset or a variable number of equity instruments to another entity; or
- to exchange financial assets or financial liabilities with another entity under potentially unfavourable conditions.

An equity instrument is a non-redeemable financial instrument which offers a discretionary payment that evidences a residual interest in a company after deducting all its financial liabilities (net assets) and which is not qualified as a debt instrument.

Undated subordinated notes are therefore classified as equity instruments when the timing of interest payments is determined by the Group. All other dated and undated debt instruments are included in debt.

##### 2.1.3.1.3.2 Classification and measurement of financial liabilities

Financial liabilities are classified on the statement of financial position in the following two accounting categories: fair value through profit or loss (because of their nature or under the fair value option) and amortised cost.

###### 2.1.3.1.3.2.1 Financial liabilities recognised at fair value through profit or loss because of their nature

Financial liabilities issued primarily for the purpose of repurchasing them in the near term, those forming part of a portfolio of identified financial instruments that are managed together for the purpose of generating a profit due to short-term price fluctuations, and those that meet the definition of derivatives (with the exception of designated and effective hedging instruments) are recognised at fair value through profit or loss because of their nature.

Financial liabilities measured at fair value through profit or loss because of their nature are initially recognised at fair value, excluding transaction costs (which are recognised directly in profit or loss) but including accrued interest.

These financial liabilities are subsequently measured at fair value, with changes in fair value recognised in profit or loss under “Net gains and losses on financial instruments at fair value through profit or loss” with a corresponding entry against the outstanding amount.

They are reported in the statement of financial position under “Financial liabilities at fair value through profit or loss”.

###### 2.1.3.1.3.2.2 Financial liabilities recognised at fair value through profit or loss under the fair value option

Financial liabilities that meet one of the three following conditions may be recognised at fair value through profit or loss under the fair value option:

- financial liability consisting of a separable embedded derivative that the entity does not want to separate or cannot separate;
- the entity’s intention to eliminate or reduce an accounting treatment mismatch in the measurement or recognition that would otherwise arise from the measurement of assets or liabilities on different bases;
- management of a group of financial liabilities (or of a group of financial assets and financial liabilities) and evaluation of performance on a fair value basis in accordance with a documented risk management or investment strategy.

This option is exercised on initial recognition of the financial liability and is irrevocable.

Financial liabilities measured at fair value through profit or loss under the fair value option are initially recognised at fair value, excluding transaction costs (which are recognised directly in profit or loss) but including accrued interest.

These financial liabilities are subsequently measured at fair value, with changes in fair value recognised:

- in profit or loss for changes in fair value not related to credit risk (in the income statement under "Net gains and losses on financial instruments at fair value through profit or loss");
- in other comprehensive income not to be reclassified to profit or loss for changes in fair value related to credit risk (in the statement of financial position under "Other comprehensive income").

They are reported in the statement of financial position under "Financial liabilities at fair value through profit or loss".

2.1.3.1.3.2.3 Financial liabilities recognised at amortised cost

All other liabilities that meet the definition of financial liability (excluding derivatives) are measured at amortised cost.

Financial liabilities measured at amortised cost are initially recognised at fair value, which includes transaction costs and accrued interest (unless it can be demonstrated that the transaction costs are not material).

These financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

They are reported in the statement of financial position under "Debt securities", "Due to credit institutions", and "Due to customers" depending on the type of instrument.

#### 2.1.3.1.3.3 Reclassification of financial liabilities

The initial classification of financial liabilities is irrevocable. No subsequent reclassification is permitted.

#### 2.1.3.1.3.4 Derecognition of and changes in financial liabilities

A financial liability is fully or partially derecognised:

- when it is extinguished, i.e., when the obligation specified in the contract is discharged, cancelled or expires; or
- when quantitative or qualitative analyses indicate that it has been substantially modified.

A substantial modification of an existing financial liability must be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the extinguished financial liability and the new financial liability is recognised immediately in profit or loss.

If the financial liability is not derecognised, the original effective interest rate is maintained. A discount/premium is recognised immediately in profit or loss on the date of the modification, and is then amortised at the original effective interest rate over the remaining life of the instrument.

### 2.1.3.1.4 Impairment for credit risk

Credit risk is defined as the risk of loss arising from the default by a counterparty resulting in its inability to meet its commitments to the Caisse des Dépôts Group.

IFRS 9 has introduced an impairment model based on expected credit losses (ECL), which aims to anticipate the recognition of credit losses at the earliest possible stage.

#### 2.1.3.1.4.1 Scope of the ECL impairment model

The ECL impairment model applies to the following assets, if they are not measured at fair value through profit or loss:

- financial assets qualified as debt instruments recognised at amortised cost or at fair value through other comprehensive income to be reclassified to profit or loss (loans, receivables, securities);
- lease receivables that fall within the scope of IFRS 16;
- trade receivables and contract assets generated by transactions that fall within the scope of IFRS 15;
- guarantee commitments that fall within the scope of IFRS 9 (see section 2.1.3.1.9);
- financing commitments (see section 2.1.3.1.10).

Equity instruments, whether recognised at fair value through profit or loss or, under the option provided for, at fair value through other comprehensive income not to be reclassified to profit or loss, are therefore not affected by the impairment provisions.

#### 2.1.3.1.4.2 Models based on expected credit losses

Credit losses correspond to the difference between all the cash flows that are due to an entity in accordance with the contractual provisions and all the cash flows that the entity expects to receive, discounted at the original effective interest rate.

The cash flows that the entity expects to receive must include flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms of the financial instrument.

Expected credit losses therefore correspond to the weighted average of credit losses based on the counterparty's default risk.

2.1.3.1.4.2.1 General ECL model

The general ECL model relies on a three-stage approach to risk based on the extent of the deterioration in the credit quality of a financial asset since initial recognition:

- Stage 1 (Bucket 1): this risk level includes all financial assets on initial recognition as well as on subsequent measurement, if they have not had a significant increase in credit risk since initial recognition.

  The entity recognises twelve-month expected credit losses for these financial assets. Interest income is recognised through profit or loss using the effective interest rate method applied to the gross carrying amount of the assets (i.e., amortised cost before recognition of impairment).
- Stage 2 (Bucket 2): this risk level consists of financial assets that have had a significant increase in credit risk since their initial recognition.

  The entity recognises lifetime expected credit losses for the financial instrument. Interest income is recognised through profit or loss using the effective interest rate method applied to the gross carrying amount of the assets (i.e., amortised cost before recognition of impairment).

  Thereafter, if credit quality subsequently improves to the point that the increase in credit risk since initial recognition is no longer considered significant, impairment for credit risk is once again measured based on twelve-month expected credit losses. In that case, the financial asset is reclassified to Stage 1.
- Stage 3 (Bucket 3): this risk level comprises credit-impaired financial assets for which there is objective evidence of impairment. These are financial assets where one or more events that have a detrimental impact on their estimated future cash flows have occurred since initial recognition. This level of risk therefore consists of financial assets that are in default (non-performing).

  The entity recognises lifetime expected credit losses for the financial instrument. Interest income is recognised through profit or loss using the effective interest rate method applied to the net carrying amount of the assets (i.e., amortised cost after impairment).

Thereafter, if credit quality subsequently improves, the financial asset is reclassified to Stage 2, then potentially to Stage 1. The procedures for measuring impairment for credit risk and interest income are then modified accordingly.

2.1.3.1.4.2.2 Simplified ECL model for trade receivables, contract assets and operating lease receivables

A simplified approach has been introduced under IFRS 9 for trade receivables and contract assets that fall within the scope of IFRS 15, as well as for lease receivables that fall within the scope of IFRS 16. When applying this simplified approach, which allows entities to avoid monitoring changes in the credit quality of the receivable and calculating the twelve-month expected loss, impairment is always equal to lifetime expected credit losses.

This simplified approach is mandatory for trade receivables and contract assets that do not contain a significant financing component. It is optional for trade receivables and contract assets that contain a significant financing component, as well as for lease receivables, with the possibility of applying this option separately to lease receivables on finance leases and operating leases.

The Caisse des Dépôts Group has decided to use this simplified approach to calculate impairment of operating lease receivables, as well as of trade receivables and contract assets that contain a significant financing component. The general ECL model is applied to finance lease receivables.

Lifetime expected credit losses are therefore measured for all trade receivables, contract assets and operating lease receivables (which are assigned to Stage 2 or Stage 3).

### 2.1.3.1.4.3 Significant increase in credit risk, definition of default (non-performing) and objective evidence of impairment

In the general ECL model (see section 2.1.3.1.4.2), classification to the different risk levels is based on the concepts of significant increase in credit risk, default (non-performing) and objective evidence of impairment.

2.1.3.1.4.3.1 Significant increase in credit risk

Significant increase in credit risk is assessed on an individual basis or, where applicable, on the basis of homogeneous portfolios of assets, if information about the significant deterioration is not identifiable on an individual financial asset level.

To make the assessment, account is taken of all reasonable and supportable information that is available without undue cost or effort, by comparing the risk of default on a financial instrument at the reporting date with the risk of default on the same instrument on initial recognition. This assessment must take account of information about past events, current conditions, and reasonable and supportable projections about future economic conditions and events (forward-looking information).

A transfer from Stage 1 to Stage 2, reflecting a significant increase in credit risk, should typically be recognised before the transaction is impaired on an individual basis due to the existence of objective evidence of impairment and before the loan is classified in Stage 3.

The Caisse des Dépôts Group also makes significant use of the rebuttable presumption provided for under IFRS 9 to consider that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Conversely, IFRS 9 provides that if the default risk is considered low at the reporting date and if the borrower has a strong capacity to meet its contractual cash flow obligations in the near term without this capacity being significantly reduced by adverse changes in economic conditions in the longer term, it may be assumed that the credit risk on a financial asset has not increased significantly since initial recognition. Any collateral held on financial assets is not taken into consideration in this judgement.

This rule is applied by the Caisse des Dépôts Group to a significant extent, notably to monitor the deterioration in investment grade securities.

2.1.3.1.4.3.2 Default (non-performing)/Objective evidence of impairment

The definition of default (non-performing) for the purposes of measuring expected credit losses is identical to that used for the purposes of internal credit risk management.

The Group applies the definition of default for prudential purposes as set out in articles 127 and 178 of Regulation (EU) No. 575/2013 together with European Banking Authority guidelines 2016/07.

The new definition of default sees (i) the introduction of new absolute and relative materiality thresholds to be applied to amounts past due in order to determine whether a default has occurred and (ii) clarification of the criteria for return to non–default status, involving a probationary period.

The clarifications on how to identify a default remain consistent with the criteria for treating an exposure as credit-impaired under IFRS 9 (assigning it to Stage 3).

An exposure is considered to be in default (non-performing) when at least one of the following two conditions is met:

- a payment is more than 90 days past due and exceeds the regulatory materiality threshold, unless specific circumstances show that the arrears are due to reasons unrelated to the debtor’s financial situation;
- the entity believes that the debtor is unlikely to meet all its credit obligations without recourse to measures such as the enforcement of collateral.

A loan in default (non-performing) is said to be credit-impaired when one or more observable events that have a detrimental impact on this financial asset’s estimated future cash flows have occurred.

These observable events, used for a Stage 3 risk classification and which reflect the existence of a known credit risk, are:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract (past-due event);
- the lender, for reasons relating to the borrower's financial difficulty, having granted to the borrower concessions at very favourable conditions that it would not have otherwise considered (extension, lower rate, etc.);
- the borrower's bankruptcy or financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties.

The default status shall apply for a probationary period of three months after all aforementioned default indicators are no longer present. This probationary period is extended to one year for loans that have undergone distressed restructuring and have been transferred to Stage 3.

### 2.1.3.1.4.4 Measurement of expected credit losses

The methods for calculating expected credit losses are implemented independently in each Caisse des Dépôts Group entity given the wide variety of their businesses. These calculation methods may also differ within a single entity, depending on the portfolios of financial assets held and the information available on these portfolios.

#### 2.1.3.1.4.4.1 General ECL measurement model

To measure expected credit losses, the Caisse des Dépôts Group entities that conduct banking operations (mainly La Poste group with its subsidiary La Banque Postale, the Caisse des Dépôts Central Sector, SFIL group and the Bpifrance group) rely largely on concepts and procedures that already exist as part of their supervisory monitoring framework.

The general methodology for calculating expected credit losses is thus based on three parameters:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

The criteria for assigning assets to the different risk levels, which determine the method used to measure expected credit losses, are based on a comparison between the financial asset's PD on the reporting date and its initial recognition date (these PDs themselves result from the ratings assigned to counterparties from internal or external models) and on the default status (non–performing).

A financial asset is therefore generally assigned:

- to Stage 1 if its PD on the reporting date has not deteriorated significantly relative to its initial PD or if it is considered to have a low credit risk (investment grade);
- to Stage 2 if its PD on the reporting date has deteriorated significantly relative to its initial PD (use of transition matrices), if it has payments more than 30 days past due or if the counterparty is monitored as part of a watchlist;
- to Stage 3 if it has been impaired due to the existence of a known credit risk. In that case, the financial asset is in default (non-performing).

Expected credit losses are calculated as the product of PD multiplied by LGD and EAD for each weighted scenario developed.

The time horizon used for the ECL calculation depends on the risk level to which the financial assets have been assigned:

- one-year PD for financial assets classified to Stage 1;
- lifetime PD for financial assets classified to Stage 2.

The various parameters used to estimate expected credit losses (PD, EAD, LGD) rely on those used at the supervisory monitoring level (Basel parameters), which should be restated to comply with the requirements of IFRS 9.

Specific adjustments are therefore made to account for conditions on the reporting date and forward-looking macroeconomic projections:

- IFRS 9 parameters aim to estimate losses as accurately as possible for accounting provision purposes, whereas prudential parameters are generally more cautious for regulatory purposes. Several of these safety buffers are therefore restated;
- IFRS 9 parameters must allow losses to be estimated until the contract's maturity, whereas prudential parameters are defined to estimate one-year losses. One-year parameters are thus projected over long horizons;
- IFRS 9 parameters must be forward-looking and take into account the expected economic conditions over the projection horizon, whereas prudential parameters correspond to average cycle estimates. Prudential parameters are therefore also adjusted based on the expected economic conditions.

Parameters are adjusted to the economic environment by defining reasonable and supportable economic scenarios, combined with probabilities of occurrence. Three economic scenarios projected over several years (one core scenario and two alternative scenarios), provided by the Central Sector's economic research department, are used.

Once the parameters have been defined, expected credit losses can be measured for all rated exposures. For unrated exposures, prudent ECL measurement rules are applied, with historical loss information produced.

#### 2.1.3.1.4.4.2 Simplified ECL valuation model for trade receivables, contract assets and lease receivables on operating leases

Lifetime expected credit losses are measured for all trade receivables, contract assets and operating lease receivables (which are assigned to Stage 2 or Stage 3) (see section 2.1.3.1.4.2).

Assets are assigned to Stage 3 when they are impaired due to the existence of a known credit risk (financial assets in default). In such cases, impairment for credit risk corresponds to the difference between all the cash flows that are due to an entity in accordance with the contractual provisions and all the cash flows that the entity expects to receive, discounted at the original effective interest rate, if applicable.

All other assets are assigned to Stage 2. Impairment for credit risk is subsequently measured at an amount equal to lifetime expected credit losses, based on available information. Entities may, in particular, use impairment calculation matrices based on how long past due the payment is.

###### 2.1.3.1.4.5 Restructuring operations

Restructured loans are loans for which the entity has changed the original financial conditions due to the borrower's financial difficulties.

Restructuring processes are defined using two main criteria:

- concessions granted by the entity;
- the borrower's financial difficulties.

It is therefore necessary to analyse whether or not the contractual amendments to the loan relating to the borrower's financial difficulties will lead to derecognition of the loan.

Where the restructuring changes the contractual cash flows of the initial loan in a non-substantial manner, the initial loan is not derecognised. It is subject to a value adjustment (discount) made to reduce its carrying amount to the discounted amount, at the original effective interest rate of the loan, of the new expected future cash flows.

The interest rate discount recorded at the time of the loan restructuring is recorded in the income statement under “Cost of credit risk” and on the statement of financial position less the corresponding outstanding amount. The discount is then reclassified to the income statement in the interest margin in an actuarial manner over the term of the loan.

Any write-offs are recorded directly in profit or loss under “Cost of credit risk”.

The restructured loan, which has not been derecognised, continues to be subject to the same assessments aimed at determining whether or not it has undergone a significant increase in credit risk since its initial recognition. To determine its allocation to the risk class and the amount of impairment for credit risk, a comparison is made between:

- the risk of default at the reporting date (based on the contractual conditions modified due to the restructuring); and
- the risk of default at the initial recognition date (according to the original, unmodified contractual conditions).

However, if the restructuring substantially modifies the contractual cash flows of the initial loan, the initial loan is derecognised and the new financial asset provided in exchange is recognised at its fair value at the date of the exchange. The difference in value recorded during this exchange is recognised in the income statement under “Cost of credit risk”.

The restructuring date is therefore the initial recognition date for applying the provisions relating to the initial recognition of the new post-restructuring financial asset (see section 2.1.3.1.2.3) and the credit risk impairment rules (see section 2.1.3.1.4).

Given the various cases in which restructuring may lead to derecognition, a case-by-case analysis is conducted in order to decide on the allocation of the new post-restructuring financial asset to the risk class.

###### 2.1.3.1.4.6 Uncollectibility of financial assets

When a financial asset is deemed uncollectible, i.e., there is no hope of full or partial recovery (including through the enforcement of any collateral), it should be derecognised from the statement of financial position and the amount deemed non-recoverable should be written off.

The timing of the write-off is determined by expert opinion. Each entity must therefore establish this timing based on its knowledge of its business.

Before any write-off, the financial asset should be transferred to Stage 3 and a lifetime expected credit loss should be recognised (with the exception of financial assets recognised at fair value through profit or loss).

For financial assets recognised at amortised cost or at fair value through other comprehensive income to be reclassified to profit or loss, the amount written off is recognised in the income statement under “Cost of credit risk”.

##### 2.1.3.1.5 Derivative financial instruments

A derivative is a financial instrument with the following three characteristics:

- its value fluctuates according to an interest rate, the price of a financial instrument, the price of commodities, a foreign exchange rate, a price or share price index, a credit rating or a credit index, or another variable called the underlying;
- it requires a low or zero net initial investment or lower than a non-derivative financial instrument to have the same sensitivity to changes in the underlying;
- it is settled at a future date.

Derivative instruments are financial assets and liabilities initially recognised in the statement of financial position at the transaction price. They are subsequently measured at fair value, regardless of whether they are held for trading or as part of a hedging relationship.

###### 2.1.3.1.5.1 Derivative instruments held for trading

Derivatives are considered financial instruments held for trading, with the exception of derivatives that are part of a hedging relationship.

Derivative instruments held for trading are recognised in the statement of financial position under “Financial assets/liabilities at fair value through profit or loss”. They are recognised as assets when their market value is positive and as liabilities when it is negative. Realised and unrealised gains and losses are recognised in the income statement under “Net gains and losses on financial instruments at fair value through profit or loss”.

###### 2.1.3.1.5.2 Derivative instruments and hedge accounting

The hedge accounting provisions of IFRS 9 will not be effective until the macro-hedge project has been finalised. They are therefore independent of the provisions of IFRS 9 on the classification, measurement and impairment of financial instruments.

The Caisse des Dépôts Group decided to apply the provisions of IFRS 9 for hedge accounting as from 1 January 2018 (excluding macro-hedging transactions, which are subject to a draft separate standard currently under review by the IASB and for which the provisions of IAS 39 adopted by the European Union continue to apply).

IFRS 9 includes some significant advances relative to IAS 39, among which:

- a better translation of entities’ risk management policy in the financial statements, resulting in both an expansion of the scope of transactions eligible for hedge accounting and a better reflection of hedging transactions in profit or loss; and

- an easing of effectiveness testing, with the elimination of the retrospective effectiveness test and of the 80%-125% range.

Hedge accounting can be applied to a hedging relationship only if all of the following conditions have been met:

- eligibility of hedging instruments;
- eligibility of hedged items;
- existence of documentation from inception;
- compliance with the effectiveness criteria;
- eligibility of the types of hedging relationships.

2.1.3.1.5.2.1 Eligibility of hedging instruments

IFRS 9 does not change the conditions under which a derivative instrument may qualify as a hedging instrument.

Thus, a derivative may be designated in its entirety as a hedging instrument, with some exceptions such as the possibility of using only a portion of the notional amount of a derivative (and not a portion of its term).

2.1.3.1.5.2.2 Eligibility of hedged items

IFRS 9 expands the scope of hedged items that may be eligible for hedge accounting relative to IAS 39. As a result:

- financial assets qualified as debt instruments and recognised at amortised cost can now be hedged against interest rate risk even if the management intention is to hold them to maturity;
- financial assets qualified as equity instruments (shares) and recognised at fair value through other comprehensive income not to be reclassified to profit or loss under the option provided for may be hedged at fair value even though the changes in fair value never affect profit or loss.

2.1.3.1.5.2.3 Existence of documentation from inception

To best ensure that accounting hedges align with risk management, all hedging relationships must fall within a framework defined by:

- a risk management strategy that defines the general framework by identifying the risks to which the entity is exposed and describing how these risks are managed overall (risk management policy); and
- certain management objectives that represent the implementation of the overall strategy at the individual hedging transaction level.

The documentation required from the inception of the hedging relationship should therefore identify the hedging instrument, the hedged item and the nature of the risk being hedged and describe how the entity will assess whether the hedging relationship meets the hedge effectiveness requirements (including its analysis of the sources of hedge ineffectiveness and an explanation of how it determines the hedge ratio, where applicable).

2.1.3.1.5.2.4 Compliance with the effectiveness criteria

The effectiveness criteria which must be satisfied in order to apply hedge accounting under IFRS 9 have been changed relative to IAS 39 and are based on a less rigid approach which relies more on the use of judgement.

The criteria, which relate to expectations about hedge effectiveness, should be assessed on a prospective basis. There are three criteria:

- there is an economic relationship between the hedged item and the hedging instrument (inverse correlation);
- changes in the value of the hedging instrument or the hedged item are not linked primarily to a change in the counterparty's credit risk;
- in the case of hedging with a derivative that approximates the risk being hedged, the hedge ratio (i.e., quantity of the hedged item/quantity of the hedging instrument) used for accounting purposes must correspond to the ratio used by the entity for risk management purposes. There must be no obvious imbalance.

Prospective effectiveness tests must be conducted at the inception of the hedging relationship and, at a minimum, on each reporting date.

2.1.3.1.5.2.5 Eligibility of the types of hedging relationships.

Like IAS 39, IFRS 9 recognises three types of hedging relationships.

Hedging derivatives meeting the criteria required by IFRS 9 (and IAS 39 adopted by the European Union for macro-hedging transactions) are recognised in the statement of financial position under "Hedging instruments". By default, other derivative instruments are recognised in the balance sheet under "Financial assets/liabilities at fair value through profit or loss", even if economically they have been subscribed to with a view to hedging one or more transactions.

*2.1.3.1.5.2.5.1 Fair value hedges*

A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment.

In a fair value hedging relationship, the hedging instruments are measured at fair value in the statement of financial position (under "Hedging instruments"), with an offsetting entry in:

- the income statement, together with the gains and losses that arise on the hedged item (general case) (under "Net gains and losses on financial instruments at fair value through profit or loss" in the income statement);
- other comprehensive income not to be reclassified to profit or loss, together with the gains and losses that arise on the hedged equity instruments when the latter are recognised at fair value through other comprehensive income not to be reclassified to profit or loss under the option provided for (under "Other comprehensive income" in the statement of financial position).

In the statement of financial position, the gain or loss from remeasuring the hedged item is recognised based on the classification of the hedged item in a relationship hedging identifiable assets or liabilities.

An entity should discontinue fair value hedge accounting prospectively only when the hedging relationship no longer meets the eligibility conditions. In this situation:

- the hedging instrument continues to be recognised in the statement of financial position at fair value through profit or loss but is reclassified to "Financial assets/liabilities at fair value through profit or loss". If it no longer exists, the hedging instrument is derecognised;
- the hedged item continues to be recognised in the statement of financial position in the manner in which it had been recognised before the hedging transaction, unless it no longer exists, in which case it is derecognised. The hedged item is no longer adjusted for any changes in fair value related to the risk being hedged. The gains or losses recognised in the statement of financial position for the previously-hedged risk are amortised over the remaining life of the hedged item.

*2.1.3.1.5.2.5.2 Macro-hedging*

The Caisse des Dépôts Group applies the provisions of IAS 39 adopted by the European Union to macro-hedging transactions carried out as part of the asset/liability management of fixed-rate positions.

Some Group entities conduct an overall analysis of their interest rate risk. This analysis consists in assessing interest rate risk on all fixed rate elements recognised on the statement of financial position that generate such risk. These entities select the financial assets and liabilities that must be included in the interest rate risk hedging of the macro-hedging portfolio. These financial assets and liabilities are classified by portfolio maturity time intervals. Therefore, when these items are removed from the portfolio, they must be removed from all the time buckets to which they were allocated.

The entities constitute homogeneous portfolios, mainly loans and bond issues. Based on this differential analysis, performed on a net basis, they define the risk exposure to be covered, the length of time intervals, the test method and the frequency at which the tests are performed.

The macro-hedging instruments used by these entities are essentially simple interest rate swaps designated upon their establishment as fair value hedges of fixed-rate sources or uses. The effectiveness of these hedging relationships is evidenced through target schedules. The purpose of forward-looking effectiveness testing (carried out on the hedge designation date) and retrospective effectiveness testing (performed on each half–year and annual reporting date) is to ensure that there is no over–hedging. They are verified if, for each maturity band of the target schedule, the nominal amount of the hedged items is greater than the notional amount of hedging derivatives.

Macro-hedging instruments are derivatives whose accounting treatment is identical to that described for fair value hedges. In particular, they are recognised at fair value.

Revaluations relating to the hedged risk are recognised on the statement of financial position (either as assets or liabilities depending on whether the hedged-item groups are assets or liabilities) under “Cumulative fair value adjustments to portfolios hedged against interest rate risk”.

*2.1.3.1.5.2.5.3 Cash flow hedges*

A cash flow hedge is a hedge of the exposure to variability in cash flows from financial instruments or a highly probable forecast transaction.

In a cash flow hedging relationship, hedging instruments are measured at fair value in the statement of financial position (under “Hedging instruments”), with an offsetting entry to “Other comprehensive income” for the effective portion (equity) and to “Net gains and losses on financial instruments at fair value through profit or loss” for the ineffective portion (income statement).

The amounts accumulated in equity over the life of the hedge are taken to profit or loss under “Interest income” or “Interest expense” as and when the hedged item itself affects profit or loss.

Hedged items continue to be accounted for under the rules applicable to their category.

An entity should discontinue cash flow hedge accounting prospectively only when the hedging relationship no longer meets the eligibility conditions. In this situation:

- the hedging instrument continues to be recognised in the statement of financial position at fair value through profit or loss but is reclassified to “Financial assets/liabilities at fair value through profit or loss”. If it no longer exists, the hedging instrument is derecognised;
- the cumulative gain or loss on the hedging instruments that has been recognised in equity will remain in equity until the forecast transaction affects profit or loss or until the transaction is no longer expected to occur, in which case it is reclassified to profit or loss;
- if the hedged item no longer exists, the amounts accumulated in equity are recognised immediately in profit or loss.

*2.1.3.1.5.2.5.4 Net investment hedges*

A net investment hedge is a hedge of the exposure to unfavourable changes in fair value attributable to the currency risk on an investment other than in euros. The recognition principles applicable to net investment hedges are identical to those for cash flow hedges.

Irrespective of the hedging strategy, hedge ineffectiveness is recognised in profit or loss under “Net gains and losses on financial instruments at fair value through profit or loss” in the income statement (with the exception of fair value hedges of equity instruments recognised at fair value through other comprehensive income not to be reclassified to profit or loss under the option provided for, for which hedge ineffectiveness is recognised in the statement of financial position under “Other comprehensive income”).

The Caisse des Dépôts Group has also chosen to recognise certain hedged items and the related hedging instruments under “Financial assets/liabilities at fair value through profit or loss” as allowed under IFRS 9. This treatment has been applied primarily to government bonds and negotiable debt securities hedged by swaps under asset swap agreements.

### 2.1.3.1.6 Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that meets the definition of a derivative instrument. This designation applies only to financial liabilities and not to financial assets, for which the financial asset as a whole must be recognised in accordance with the provisions of IFRS 9 as described in section 2.1.3.1.2.3 (i.e., a derivative embedded in a financial asset cannot be separated).

Derivatives embedded in a financial liability must be separated from the host contract and recognised as derivatives if the following three conditions are met:

- the hybrid contract is not measured at fair value through profit or loss;
- separated from the host contract, the embedded component has the characteristics of a derivative;
- the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract.

An embedded derivative that is accordingly separated from the financial liability is recognised at fair value under “Financial liabilities at fair value through profit or loss”.

#### 2.1.3.1.7 Fair value of financial instruments

Financial assets and liabilities at fair value through profit or loss, hedging instruments and financial assets at fair value through other comprehensive income (to be and not to be reclassified to profit or loss) are measured and recognised at fair value on initial recognition and at subsequent reporting dates.

Fair value as defined by IFRS 13 is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Caisse des Dépôts Group determines the fair value of financial instruments based on either prices obtained directly from external inputs or from valuation techniques. The valuation techniques applied are primarily the market approach and the income approach, which draw on several widely used techniques such as discounted cash flow and adjusted net asset value models. These approaches maximise the use of observable inputs and minimise the use of unobservable inputs. Valuation techniques are calibrated to reflect current market conditions.

Assets and liabilities recognised or shown at fair value correspond to the following levels in the fair value hierarchy:

- level 1: fair value is determined using prices quoted in active markets (unadjusted) for identical assets or liabilities. An active market is a market in which transactions in the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis;
- level 2: fair value is determined using valuation techniques that chiefly rely on directly or indirectly observable market inputs. These techniques are regularly calibrated and the inputs corroborated by data from active markets ("market-corroborated data");
- level 3: fair value is determined using valuation techniques that chiefly rely on unobservable inputs or on inputs that cannot be corroborated by market data, for example, due to a lack of liquidity for the instrument or to a significant model risk. Unobservable inputs are inputs for which no market data is available, and which therefore result from internal assumptions based on data that would be used by other market participants. Judgement is involved in determining when there is a lack of liquidity or a risk relating to the use of a model.

When several inputs are used to calculate the fair value of a financial asset or liability, the fair value obtained is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire fair value measurement.

**Unlisted equity instruments**

The fair value of unlisted equity instruments is generally computed using a number of different techniques (discounted cash flows, adjusted net asset value or multiples for comparable companies):

- if fair value is based on data relating to comparable listed companies or, for property investments, on a revaluation of property using observable market inputs, equity instruments are classified in level 2 of the fair value hierarchy;
- however, if fair value is based on discounted cash flows or adjusted net asset value using internal company data, the equity instruments are classified in level 3 of the fair value hierarchy. This also applies to instruments measured using the multiples approach when the inputs require significant adjustments based on unobservable inputs to reflect factors specific to the entity concerned.

#### 2.1.3.1.8 Offsetting of financial assets and liabilities

In accordance with IAS 32 "*Financial Instruments: Presentation*", the Caisse des Dépôts Group offsets a financial asset and a financial liability and presents a net amount when, and only when:

- it has a legally enforceable right to set off the recognised amounts; and
- it intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

The legally enforceable right must be irrevocable and must be able to be exercised in all circumstances.

This right applies to all transactions with the clearing house and applies to nominal cash amounts and interest incorporated into the repayment flow.

Repurchase agreements whose operating principles meet the two criteria required by the standard are offset on the statement of financial position where:

- they have the same maturity dates;
- they are carried out in the same currency;
- they are settled through a settlement-delivery system guaranteeing the delivery of securities against the receipt of corresponding cash;
- the securities are deposited with the same custodian.

Offsetting mainly concerns repurchase transactions made with the LCH Clearnet clearing house.

#### 2.1.3.1.9 Financial guarantees given

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss that the holder suffers because a specified debtor fails to make a payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are initially measured at fair value and subsequently at the higher of:

- the amount of impairment determined using the ECL method as described in "Impairment for credit risk" (see section 2.1.3.1.4); or
- the amount initially recognised less, where applicable, the total income recognised in accordance with the principles of IFRS 15.

They are reported in liabilities, under "Provisions".

#### 2.1.3.1.10 Financing commitments

Financing commitments that are not considered derivatives within the meaning of IFRS 9 or that are not designated as financial liabilities measured at fair value through profit or loss under the fair value option are not recognised in the statement of financial position.

However, they are covered by provisions determined using the ECL method under IFRS 9 as described in “Impairment for credit risk” (see section 2.1.3.1.4).

They are reported in liabilities, under “Provisions”.

Financing commitments whose conditions are below market conditions must also be recognised initially at fair value. This fair value gives rise to the recognition of a discount in profit or loss as soon as the lending commitment is made (the discount represents the difference between the rate granted and the market rate on an actuarial basis), with an offsetting entry to a provision account in liabilities.

Financing commitments that have been entered into at a below–market interest rate are subsequently measured at the higher of:

- the amount of impairment determined using the ECL method as described in “Impairment for credit risk” (see section 2.1.3.1.4); or
- the amount initially recognised less, where applicable, the total income recognised in accordance with the principles of IFRS 15.

## 2.1.3.2 Insurance activities

### 2.1.3.2.1 General accounting principles

#### 2.1.3.2.1.1 Financial instruments held by insurance subsidiaries

The financial assets and liabilities of fully consolidated insurance subsidiaries are measured and recognised in accordance with IFRS 9 and presented using the overlay approach for designated financial assets.

The overlay approach addresses the temporary accounting consequences of the difference in application dates of IFRS 9 and the new insurance contracts standard replacing IFRS 4 (IFRS 17). It eliminates from profit or loss some of the additional accounting mismatches and temporary volatility that may occur due to the application of IFRS 9 before IFRS 17.

The overlay approach consists of reclassifying fair value adjustments to designated financial assets from the income statement to other comprehensive income, so that the amount reported in the income statement is the same as if IAS 39 had been applied to the designated financial assets.

The reclassified amount is therefore equal to the difference between:

- the amount presented in profit or loss pursuant to IFRS 9 for designated financial assets; and
- the amount that would have been presented in profit or loss for the designated financial assets if the insurer had applied IAS 39.

In the income statement, the effects of this reclassification are recognised in net banking income (before tax effects) within the "Impact of overlay approach (gross effect)" caption. The tax effects of this reclassification are shown within "Income tax".

Eligible financial assets are designated on an instrument-by-instrument basis and can be carried out:

- at 1 January 2018, during the first-time application of IFRS 9;
- at a later date, but only for the initial recognition of the assets in question.

The financial assets eligible for designation must meet the following criteria:

- they are held by insurers within the Group for insurance purposes;
- they are measured at fair value through profit or loss under IFRS 9, but would not have been measured as such in accordance with IAS 39.

#### 2.1.3.2.1.2 Insurance contracts

Pending the application of IFRS 17 on insurance contracts as of 1 January 2023, the insurance subsidiaries continue to apply IFRS 4 to the following contracts:

- insurance contracts covering a risk for the policyholder. This category covers death and disability, pension, property and casualty contracts and unit-linked savings contracts with a capital guarantee;
- investment contracts issued by the insurer with a discretionary participation feature (DPF). This category covers traditional savings contracts with DPF and unit-linked contracts that include a traditional savings component with DPF.

In accordance with IFRS 4, technical provisions for contracts in both categories continue to be measured based on local GAAP.

The investment contracts accounted for in accordance with IFRS 9 are contracts without DPF, i.e., unit-linked savings contracts without a traditional savings component and without a capital guarantee.

Pursuant to the shadow accounting principles set out in IFRS 4, a deferred participation provision is recorded for insurance policies with DPF. This provision is determined in a way that reflects the potential rights of policyholders to a share of unrealised gains or their potential participation in unrealised losses on financial instruments measured at fair value.

At each reporting date, the Group’s fully-consolidated insurance subsidiaries perform liability adequacy tests to check that recognised insurance liabilities, net of deferred acquisition costs and related intangible assets, are adequate. These tests are performed using current estimates of future cash flows arising from insurance liabilities and investment contracts with DPF.

### 2.1.3.2.2 Technical provisions and mathematical reserves

Technical provisions reflect the insurer’s obligations towards policyholders:

- Mathematical reserves for traditional savings contracts correspond to the difference between the present value of the insurer’s obligation and that of the policyholder.

  Life insurance provisions are determined using discount rates not exceeding a conservative estimate of the future yield on the underlying assets.

  The insurer’s obligations are discounted at a rate not exceeding the rate used to price the policy concerned, and take into account statutory mortality tables or experience-based tables if these are more conservative. The discount rate applied to annuity obligations takes into account the consequences of a fall in interest rates when the rate used to price the policy is considered too high relative to expected reinvestment rates.

Mathematical reserves for unit-linked contracts are determined on the basis of the underlying assets. Gains or losses resulting from the remeasurement of the assets at fair value are recognised in profit or loss to offset the impact of changes in the related technical reserves.

- Claims equalisation provisions are set aside to cover the exceptional cost of natural disaster, atomic, environmental liability, space, air transport and terrorism claims.
- Outstanding claims provisions are determined based on the estimated cost of settling the claims, net of subrogation and salvage.

#### 2.1.3.2.3 Deferred participation

Most investment contracts sold to policyholders by the Group's life insurance subsidiaries include a DPF.

The DPF clause entitles the policyholder to a share of investment income over and above the guaranteed yield. Pursuant to the shadow accounting principles set out in IFRS 4, the deferred participation provision recorded for these contracts is adjusted to reflect the potential rights of policyholders to a share of unrealised gains or their potential participation in unrealised losses on financial instruments measured at fair value. The share of gains attributed to policyholders is determined based on the specific terms of the investment contract with DPF.

The net deferred participation resulting from the application of shadow accounting principles is recognised either in liabilities (deferred participation provision) under "Insurance company technical provisions and shadow accounting reserves" or in assets (deferred participation asset) under "Deferred participation" as appropriate.

Deferred participation assets are tested for impairment. The purpose of this test is to demonstrate, based on the going concern assumption, that the deferred participation asset will be recoverable against the policyholder's share of future investment income or capital gains, and that the liabilities recognised by the Group are adequate relative to the economic liability. The recoverability test is performed using current estimates of future contractual cash flows. The subsidiaries' asset/liability management models are used to assign a value to liabilities under a wide range of economic scenarios based on a stochastic approach.

In accordance with the recommendation of the French National Accounting Council (CNC) of 19 December 2008 on methods for recognising deferred participating assets issued, recoverability of the participating asset is based on a prudent assessment of the capacity for holding the assets, particularly in terms of their future collection in forecast cash flows.

Likewise, the ability to generate adequate future gains to absorb unrealised losses is tested, based on a worst-case surrender scenario that has never yet been experienced.

### 2.1.3.3 Investments in equity-accounted companies

The Group's interests in associates and joint ventures are accounted for by the equity method.

Under this method, the investment in an associate or joint venture is initially recognised at cost and subsequently adjusted to reflect any changes in the Group's share in the investee's net assets after the acquisition date. Goodwill relating to interests in associates and joint ventures is included in the carrying amount of the investment.

The Group's share of the earnings of associates and joint ventures is reflected in the income statement under "Share of profit (loss) of equity-accounted companies".

After the equity method is applied, the Caisse des Dépôts Group's interest in an associate or joint venture is impaired and an impairment loss is recognised if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the interest (loss event) and if that loss event (or events) has an impact on the estimated future cash flows of the interest that can be reliably estimated. The losses expected as a result of future events are, however, not recognised.

If there is objective evidence of impairment, the full amount of the equity-accounted investment is tested for impairment in accordance with IAS 36 *"Impairment of Assets"*. An impairment loss is recognised if the recoverable amount of the investment, reflecting the higher of its fair value less the costs of disposal and its value in use, is lower than its carrying amount.

When an impairment loss is recognised, it is charged against the value of the equity-accounted investment in the statement of financial position, and may subsequently be reversed if the value in use or fair value less the costs of disposal increases. The impairment loss is recognised in the income statement under "Share of profit (loss) of equity-accounted companies".

If the Group's share in the losses of an equity-accounted company equals or exceeds its interest in that equity-accounted company, the Caisse des Dépôts Group discontinues recognising its share of further losses. Its interest is then reduced to zero. Additional losses of the associate or joint venture are provided for only to the extent that the Group has incurred legal and constructive obligations or made payments on behalf of the associate or joint venture.

When an interest in a joint venture becomes an interest in an associate (and vice versa), any retained interest in the investment is not revalued. This also applies to partial acquisitions and sales that do not result in a change of control.

Any gains or losses resulting from sales of investments in associates and joint ventures are recognised in the income statement under "Net gains and losses on other assets".

## 2.1.3.4 Non-current assets held for sale and related liabilities, discontinued operations

A non-current asset or a disposal group is classified as held for sale when its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The asset or disposal group is reported on a separate line of the statement of financial position when it is highly probable that the sale of the asset will be completed within twelve months.

As soon as they are classified as held for sale, non-current assets and disposal groups are carried at the lower of their carrying amount and fair value less costs to sell and are no longer depreciated/amortised. However, the financial assets continue to be measured in accordance with the principles of IFRS 9.

Any impairment recognised on non-current assets held for sale and disposal groups is recognised in profit or loss and may be reversed in subsequent periods.

An operation is considered as discontinued when the related assets fulfil the criteria for classification as held for sale or when the operation has been sold. The profits or losses from discontinued operations are shown on a single line of the income statement for the periods presented. The reported amounts include the net profit or loss of the discontinued operations up to the date of sale and the after-tax disposal gain or loss.

## 2.1.3.5 Foreign currency transactions

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are converted into each Group entity's functional currency at the year-end exchange rate.

The resulting conversion gains and losses are recognised in profit or loss. As an exception to this principle, for monetary assets classified as financial assets at fair value through other comprehensive income, only the portion of the conversion gain or loss calculated on these assets' amortised cost is recognised in profit or loss, with the other portion recognised in equity.

Concerning non-monetary assets:

- assets measured at historical cost are converted at the exchange rate on the transaction date;
- assets measured at fair value are converted at the exchange rate on the fair value measurement date.

Conversion gains and losses on non-monetary items are recognised in profit or loss if the gain or loss on the non-monetary item is also recognised in profit or loss, or in equity if the gain or loss on the non-monetary item is also recognised in equity.

## 2.1.3.6 Employee benefits

Benefits granted to the Group's employees fall into four categories:

- short-term benefits, such as salaries, paid annual leave, matching payments to employee savings plans, and discretionary and non-discretionary profit-sharing;
- post-employment benefits, corresponding to pensions, statutory length-of-service awards payable to employees on retirement, end-of-career arrangements, and medical cover;
- other long-term benefits such as jubilee, long-service benefits and time savings accounts;
- termination benefits.

### 2.1.3.6.1 Short-term benefits

Short-term benefits are employee benefits expected to be paid within twelve months of the end of the reporting period in which the employees render the related service. A liability and an expense are recognised when the Group has a contractual obligation or constructive obligation arising from past practices.

### 2.1.3.6.2 Post-employment benefits

Post-employment benefits comprise defined contribution plans and defined benefit plans.

Obligations under defined contribution plans are generally covered by contributions paid to a pay-as-you-go pension scheme or to an insurance company that manages benefit payments or by the French State for public service employees. In all cases, the contributions are in full discharge of any future liability for the Caisse des Dépôts Group. Contributions paid are expensed as incurred.

Defined benefit plans are plans under which the Group has an obligation to pay agreed benefits to current and former employees. These plans give rise to a medium- or long-term liability which is measured and provisioned in the financial statements.

In accordance with IAS 19, the projected benefit obligation is measured by the projected unit credit method based on a range of actuarial, financial and demographic assumptions. The projected unit credit method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Units of benefit entitlement are determined based on the discounted present value of the future benefits.

The discount rate used by the Group is determined by reference to the yield on investment-grade corporate bonds with a similar maturity to that of the benefit obligation within the same monetary area.

The provision for defined post-employment benefits is therefore equal to the present value of the defined benefit obligation at the end of the reporting period, calculated by the projected unit credit method, less the fair value of the plan assets, if any.

The provision is adjusted at the end of each reporting period to reflect changes in the projected benefit obligation.

All gains or losses on remeasuring the net defined benefit obligation (asset) are recognised immediately in equity under "Other comprehensive income" and are not reclassified to profit or loss in subsequent periods. These include actuarial gains and losses arising on changes in actuarial assumptions and experience adjustments, as well as the return on plan assets and the change in any asset ceiling (excluding amounts taken into account in calculating the net interest cost on the defined benefit obligation (asset)).

The annual cost of defined benefit plans recognised in personnel expenses reflects:

- the cost of services rendered by employees during the period (service cost);
- the cost of services rendered by employees in previous periods (past service cost), resulting from plan amendments or curtailments, as well as gains and losses on any plan settlements;

- the net interest cost related to discounting the net defined benefit obligation (asset). The interest rate used to calculate the expected return on plan assets is the same as the discount rate applied to the provision.

Outside France, Group employees are covered by various compulsory contributory pension schemes. The corresponding obligations are funded by contributions to company pension funds or recognised in the financial statements of the companies concerned.

#### 2.1.3.6.3 Other long-term benefits

Other long-term benefits are benefits other than short-term benefits, post-employment benefits and termination benefits, that are not expected to be paid in the twelve months after the end of the period in which the employees render the related service.

They are measured and recognised on a similar basis to defined post-employment benefits, except that actuarial gains and losses are recognised directly in profit or loss.

### 2.1.3.7 Provisions for commitments on home savings contracts

The home savings accounts (CEL) and home savings plans (PEL) introduced for future home buyers by the law of 10 July 1965 include two phases: a saving phase, during which the saver earns interest, and a borrowing phase when the savings are used as a deposit for a home purchase financed in part by a subsidised loan.

They generate two types of obligation for the distributing institution:

- an obligation to remunerate future savings at a rate that is set for an indefinite period when the account is opened (PEL accounts opened before 28 February 2011) or that is revised annually (new generation accounts);
- an obligation to grant a home loan to customers who request it, at a rate set when the account is opened.

These obligations have potentially unfavourable consequences for the Group, which are covered by provisions recorded in liabilities (under "Provisions"). Changes in these provisions are taken into account for the determination of the net interest margin included in net banking income.

The provisions are estimated on the basis of customer behaviour statistics and market data for each generation of plans, in order to cover the future cost arising from the products' potentially unfavourable interest rate terms relative to the rates offered to retail customers for similar products for which the remuneration is not regulated. The provisions only concern obligations in respect of home savings accounts and plans in progress at the date the provision is calculated.

Provisions are calculated for each generation of home savings plan, without offsetting obligations between generations, and for all the home savings accounts, which are considered as representing a single generation.

During the saving phase, the provision is measured as the difference between expected average savings deposits and expected minimum savings deposits, determined in both cases on a statistical basis taking into account observed historical customer behaviours.

During the borrowing phase, the provision concerns outstanding loans not yet due at the reporting date and future loans that are considered as statistically probable based on statement of financial position deposits at the calculation date and observed historical customer behaviours.

A provision is recorded when the net present value of future income is negative for a given generation of loans.

The net present value of future income is assessed relative to the interest rates offered to retail customers on equivalent savings and lending products for similar periods and with similar commencement dates.

### 2.1.3.8 Share-based payments

Share-based payments consist of payments based on the equity instruments of Group subsidiaries that are equity settled or cash settled for amounts that reflect the value of the underlying shares.

Most of the share-based payment plans set up by Group entities are equity-settled plans.

IFRS 2 also applies to rights issues carried out under the Group's employee savings plans.

The employee benefit corresponds to the difference, at the purchase date, between the fair value of the acquired shares and the price paid by employees, multiplied by the number of shares purchased. At the end of each reporting period, the number of options likely to vest is reviewed. Where appropriate, the estimates are revised and the effect of the revision is recognised in the income statement with a corresponding adjustment to equity.

### 2.1.3.9 Fixed assets

Fixed assets in the consolidated statement of financial position include owner-occupied property and equipment, intangible assets and investment property.

Owner-occupied property is held for use in the production or supply of goods or services and for administrative purposes. It corresponds to assets not leased to third parties under operating leases.

Investment property corresponds to property held to earn rentals or for capital appreciation or both.

Owner-occupied and investment properties are initially recognised at cost, corresponding to their purchase price, any directly attributable expenditure and any borrowing costs.

Land is not depreciated. Other assets are depreciated from the date they are put into service by the straight-line method. This method consists of recording a constant annual charge to write off the cost of the asset less its residual value over the asset's estimated useful life.

Government grants are recorded as a deduction from the carrying amount of the assets they serve to finance.

When an asset comprises several items with different patterns of use that may require replacement at regular intervals or generate economic benefits at differing rates, each such item is recognised separately and depreciated over its estimated useful life when the amounts involved are material.

With regard to the real estate portfolio, the items of property and equipment and related depreciation periods are as follows:

- building shell: 20 to 100 years;
- roof/façade: 20 to 60 years;
- fixtures: 10 to 25 years;
- fittings and technical installations: 10 to 25 years;
- major maintenance work: 15 years.

The depreciable amount of each asset is determined by deducting the residual value from its cost, where said value is both material and measurable. Residual value is defined as the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Software and development costs meeting the IAS 38 capitalisation criteria are recognised in assets and amortised over periods of between three and seven or ten years depending on their useful lives.

At the end of each reporting period, an impairment test is performed if there is any internal or external indication that an asset may be impaired. Impairment tests are performed by comparing the carrying amount of the asset with its recoverable amount. Where the recoverable amount of the individual asset cannot be estimated, the impairment test is performed at the level of the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount is less than the carrying amount, the carrying amount is reduced to the recoverable amount by recording an impairment loss. If the recoverable amount increases in subsequent periods, the impairment loss is reversed.

Gains or losses on the disposal of fixed assets are recognised under "Net gains and losses on other assets" in the income statement.

#### 2.1.3.9.1 Contractual customer relationships

When a business is acquired, the fair value of the future economic benefits expected to flow to the Group from the current contractual customer relationships is recognised as an intangible asset, provided that a sufficiently reliable estimate can be made of premium renewals (estimate already prepared for the calculation of MCEV). Contractual customer relationships are amortised on a straight-line method over their useful life, as estimated based on the period during which the economic benefits are expected to be consumed (as projected for MCEV calculation purposes):

- unit-linked savings policies in Italy and individual death & disability insurance policies in Brazil: 10 years;
- individual death & disability policies in France: 15 years;
- individual pension policies in Brazil: 20 years.

#### 2.1.3.9.2 Distribution agreements

The value of a distribution agreement represents the future cash flows expected to be generated by new business written through the partner network under the agreement. The intangible asset recognised for a distribution agreement is determined based on the agreement's specific terms and conditions and is amortised over the term of the agreement taking into account a residual value where appropriate.

Amortisation and impairment of contractual customer relationships and distribution agreements are recognised in "Depreciation, amortisation and impairment of property and equipment and intangible assets" in the income statement.

#### 2.1.3.9.3 Acquired in-force business

On acquisition of an insurance business, the insurance liabilities assumed and related insurance assets acquired are measured at fair value. Under IFRS 4, the net fair value may be allocated between:

- a liability measured in accordance with the insurer's accounting policies for insurance contracts written by the insurer;
- an intangible asset for the Value of Business Acquired (VOBA), representing the difference between:
  - the fair value of the contractual rights acquired and the contractual obligations assumed, and
  - the above liability.

The value of in-force business corresponding to purchased insurance portfolios is generally amortised by the effective interest method over the portfolios' remaining life.

### 2.1.3.10 Impairment of non-amortisable intangible assets and goodwill

Goodwill and other intangible assets with an indefinite useful life are not amortised but are tested for impairment at annual intervals.

The impairment tests are performed at the level of cash–generating units (CGUs), representing the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Impairment tests are performed by comparing the recoverable amount of the asset or CGU to its carrying amount.

The recoverable amount of an asset or a CGU is the higher of its fair value less the costs of disposal and its value in use.

If the carrying amount is greater than the recoverable amount, an impairment loss is recognised in the income statement for the difference between these two amounts.

Impairment losses recognised against intangible assets with an indefinite useful life are reversed in the income statement if there has been a change in the estimates used to determine the asset's recoverable amount or if there are no longer any indications of impairment. However, impairment losses recognised against goodwill relating to subsidiaries cannot be reversed.

### 2.1.3.11 Leases

The Caisse des Dépôts Group may be the lessor or lessee in a lease.

#### 2.1.3.11.1 Leases in which the Caisse des Dépôts Group is the lessor

Leases are analysed based on their substance and financial reality. They are recognised as either finance leases or operating leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset to the lessee, regardless of whether or not ownership is ultimately transferred.

Leases are classified as finance leases in particular when:

- the lease transfers ownership of the underlying asset;
- the lessee has the option to purchase the underlying asset at a price sufficiently lower than its fair value at the date the option becomes exercisable;
- the lease term is for the major part of the economic life of the underlying asset;
- the present value of the future lease payments amounts to substantially all of the fair value of the leased asset at the inception of the lease;
- the leased asset is of such a specialised nature that only the lessee can use it without major modifications.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of the underlying asset to the lessee.

#### 2.1.3.11.1.1 Finance leases

Finance leases are considered equivalent to the sale of an asset to the lessee financed by a loan from the lessor. Based on an analysis of the economic substance of the finance lease transactions, the lessor:

- removes the leased asset from the statement of financial position;
- records a receivable due from the customer/lessee under "Loans and receivables due from customers at amortised cost" in an amount representing the lease payments receivable by the lessor under the lease, discounted using the interest rate implicit in the lease, plus any unguaranteed residual value accruing to the lessor;
- recognises deferred taxes for temporary differences relating to the receivable and the net carrying amount of the leased asset;
- breaks down the income corresponding to lease payments into interest and repayment of principal.

#### 2.1.3.11.1.2 Operating leases

The lessor recognises leased assets in the statement of financial position under "Investment property" and "Owner-occupied property and equipment" depending on the nature of the underlying asset. Lease income is recognised on a straight-line basis within net banking income under "Income from other activities" in the income statement.

### 2.1.3.11.2 Leases in which the Caisse des Dépôts Group is the lessee

Leases are recognised in the statement of financial position on the date on which the leased asset is made available. The lessee recognises a right-of-use asset representing its right to use the underlying leased asset for the estimated term of the contract and a lease liability representing its obligation to make lease payments over the same term. Depending on the underlying leased asset, the right-of-use asset is presented either in "Investment property" or in "Owner-occupied property and equipment" in the statement of financial position. The lease liability is presented in "Accrued expenses, deferred income and other liabilities" in the statement of financial position.

The lease term is the non-cancellable period of the lease adjusted together with the periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option and an option to terminate the lease if the lessee is reasonably certain not to exercise that option. It cannot be longer than the period during which the contract is enforceable. The contract is no longer enforceable when the lessee and the lessor each have the right to terminate the lease with no more than an insignificant penalty.

The lease liability is recognised as the present value of lease payments remaining over the lease term. Lease payments include fixed payments, variable lease payments that depend on an index or rate, and amounts expected to be payable by the lessee under residual value guarantees, purchase options or penalties for early termination of the lease. Variable lease payments that do not depend on an index or a rate are excluded from the lease liability calculation and are recognised in "General operating expenses" in the income statement.

The discount rate used to calculate the lease liability and right-of–use asset is the lessee's incremental borrowing rate over the lease term at the date the contract is signed, where the implicit rate cannot be readily determined.

Cash repayments of the lease liability are broken down into a principal portion and an interest portion.

The right-of-use asset is measured as the amount of the initial measurement of the lease liability plus any lease payments made at or before the commencement date, and any costs of restoration. It is depreciated over the estimated term of the lease.

The lease liability and the right-of-use asset may be adjusted if the lease is modified, the lease term is reassessed, or the lease payments are revised due to application of indices or rates.

Deferred taxes are recognised for temporary differences related to the right-of-use asset and the lease liability.

## 2.1.3.12 Provisions

Provisions recorded under liabilities, other than those relating to losses on financial instruments, commitments to home savings contracts and employee benefits, are mainly provisions for claims and litigation, fines and tax risks.

A provision is recorded when the Group has a present obligation arising from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits without there being any expectation that economic benefits with at least an equivalent value will be received. The obligation may be legal, regulatory, contractual or constructive. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Provisions are discounted when the effects of discounting are material, using a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. Increases in the provision to reflect the passage of time are recognised in "Interest expense".

## 2.1.3.13 Current and deferred taxes

Deferred taxes are recognised using the liability method for temporary differences between the carrying amount of assets and liabilities and their tax base. Under this method, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The effects of changes in tax rates are recognised in the period in which the change is enacted or substantively enacted.

Deferred taxes are calculated at the level of each tax entity and deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which they can be utilised.

Certain directly or indirectly held Group entities form part of a tax group.

Income tax expense is recognised in the income statement, except for tax on items recognised directly in equity, which is also recorded in equity.

Deferred taxes are not discounted.

### 2.1.3.14 Share capital

In light of its status, Caisse des Dépôts does not have any share capital.

### 2.1.3.15 Revenue from contracts with customers

Revenue from contracts with customers has been recognised in accordance with IFRS 15 since 1 January 2018.

This standard covers the recognition of revenue applicable to all contracts with customers regardless of business sector, with the exception of leases, insurance contracts and financial instruments, which fall within the scope of IFRS 16, IFRS 4 and IFRS 9, respectively.

How revenue is recognised in the income statement must reflect the pattern of transfer to the customer of control of the good or service sold, for the amount to which the seller expects to be entitled in exchange for that good or service. This recognition method applies to sales of goods and merchandise, the provision of services and long-term contracts.

The approach developed in IFRS 15 consists of a series of five steps, from identifying the contract with the customer to recognising revenue in profit or loss:

- identifying the contract;
- identifying performance obligations;
- determining the transaction price;
- allocating the transaction price to performance obligations; and
- recognising revenue when performance obligations have been satisfied.

Depending on the conditions for the transfer of control of the goods and services promised to the customer, revenue is recognised:

- at a point in time, when control of the goods and services is transferred to the customer on a given date; or
- over time, reflecting how the performance obligation is satisfied by the seller.

These provisions mainly concern the Caisse des Dépôts Group entities that conduct an industrial or commercial activity.

Revenue from contracts with customers is reported in the income statement under “Income from other activities”.

### 2.1.3.16 Insurance investments

Investments in insurance activities are not presented separately in assets but broken down by category in the same way as the Group’s other assets. Similarly, income from insurance activities is not presented separately in the income statement.

These various asset and income items are presented in a specific note.

In liabilities, “Insurance company technical provisions and shadow accounting reserves” include:

- technical provisions relating to insurance contracts (life, non-life);
- the deferred participation reserve.

### 2.1.3.17 Interest income and expense

Interest income and expenses are recognised in the income statement under "Interest income" and "Interest expense" for all financial instruments measured at amortised cost using the effective interest rate method, namely loans and borrowings from credit institutions and customers, the securities portfolio at amortised cost, debt securities, subordinated debt and lease liabilities. Accrued interest and interest due on debt instruments recognised in the portfolio of financial assets at fair value through other comprehensive income and hedging derivatives is also recorded, it being specified that accrued interest on cash flow hedging derivatives is recorded in the income statement together with accrued interest on the hedged item.

However, interest accrued and due on financial assets and liabilities at fair value through profit or loss (excluding hedging derivatives) is recognised in the income statement under “Net gains and losses on financial instruments at fair value through profit or loss”.

In accordance with the IFRS IC decision of January 2015, interest income resulting from a negative effective interest rate on a financial asset does not meet the definition of interest revenue in the meaning of IRFS 15. Since 1 January 2021, it has therefore been recognised under “Interest expense” in the income statement, and not under “Interest income”. The same applies to interest expense resulting from a negative effective interest rate on financial liabilities, which has been recognised under “Interest income” in the income statement since 1 January 2021.

### 2.1.3.18 Fee and commission income and expense

In accordance with IFRS 15 *“Revenue from Contracts with Customers”*, fee and commission income is recognised in profit or loss when the related performance obligations are satisfied:

- when the performance obligation (service) is satisfied over time, the fee is recognised over the service period (payment media processing fees);
- when the performance obligation is satisfied at a point in time or concerns a significant transaction, the fee or commission is recognised in the income statement when the service is provided or the transaction is executed (intermediary commission, payment incident fee);
- variable fees are recognised in profit or loss only when it is highly probable that the fee will not be reduced significantly compared to the recognised amount.

These fees are presented under “Fee and commission income” and “Fee and commission expense” in the income statement.

However, fees that represent additional interest (loan fees) are an integral part of the effective interest rate and are recognised in interest income and expense (“Interest income” and "Interest expense” in the income statement), and not as fees and commissions.

### 2.1.3.19 Cost of credit risk

“Cost of credit risk” includes:

- impairment losses and reversals on financial assets at amortised cost and at fair value through other comprehensive income that may be reclassified to profit or loss;
- impairment losses and reversals on finance lease receivables;
- changes in provisions relating to financial guarantees given and financing commitments;
- discounts on restructured loans and recoveries of loans written down in full;
- bad debt write-offs.

# 2.2 Notes to the consolidated income statement

## 2.2.1 Interest income and expenses

| | 31.12.2022 | | | 31.12.2021 | | |
|---|---|---|---|---|---|---|
| *(in millions of euros)* | Income | Expenses | Net | Income | Expenses | Net |
| **Financial instruments at amortised cost** | **4,830** | **(2,266)** | **2,564** | **3,523** | **(1,328)** | **2,195** |
| Credit institution transactions | 2,089 | (634) | 1,455 | 1,357 | (666) | 691 |
| Customer transactions | 1,764 | (1,113) | 651 | 1,354 | (395) | 959 |
| Securities at amortised cost | 952 | (8) | 944 | 781 | (11) | 770 |
| Debt securities and subordinated debt | 25 | (511) | (486) | 31 | (256) | (225) |
| **Financial assets at fair value through OCI** | **3,730** | **(9)** | **3,721** | **1,752** | **(17)** | **1,735** |
| **Hedging transactions** | **2,061** | **(1,596)** | **465** | **2,008** | **(1,400)** | **608** |
| **Other** | | **(102)** | **(102)** | | **(105)** | **(105)** |
| **Total interest income and expenses** | **10,621** | **(3,973)** | **6,648** | 7,283 | (2,850) | 4,433 |
| o/w negative interest on financial liabilities in income | 252 | | | 436 | | |
| o/w negative interest on financial assets in expenses | | (105) | | | (251) | |

## 2.2.2 Fee and commission income and expenses

| | 31.12.2022 | | 31.12.2021 | |
|---|---|---|---|---|
| *(in millions of euros)* | Income | Expenses | Income | Expenses |
| Credit institution and similar transactions | | | 1 | |
| Customer transactions | 1,135 | (4) | 1,101 | (4) |
| Securities and derivatives transactions | 361 | (266) | 366 | (322) |
| Insurance services | 5 | (3,198) | 16 | (2,953) |
| Financial services transactions | 663 | (211) | 664 | (215) |
| **Fee and commission income and expenses** | **2,164** | **(3,679)** | 2,147 | (3,494) |

## 2.2.3 Net gains and losses on financial instruments at fair value through profit and loss

| *(in millions of euros)* | 31.12.2022 Total | 31.12.2022 of which fair value option | 31.12.2021 Total | 31.12.2021 of which fair value option |
|---|---|---|---|---|
| Net disposal gains and losses | 769 | (14) | 644 | (33) |
| Fair value adjustments, interest income or expense | (5,719) | 6 | 4,598 | 90 |
| **Debt instruments** | **(4,950)** | **(8)** | **5,242** | **57** |
| Net disposal gains and losses | (706) | | (190) | |
| Fair value adjustments, interest income or expense | (2,227) | | 3,985 | |
| Dividend income | 1,723 | | 1,479 | |
| **Equity instruments** | **(1,210)** | | **5,274** | |
| Net disposal gains and losses | 1 | | 4 | |
| Fair value adjustments, interest income or expense | (2,778) | | 4,411 | |
| **Futures and options (excluding hedging instruments)** | **(2,777)** | | **4,415** | |
| Net disposal gains and losses | 9 | | 6 | |
| Fair value adjustments, interest income or expense | (296) | | (114) | |
| **Loans** | **(287)** | | **(108)** | |
| Fair value adjustments, interest income or expense | 274 | 118 | (27) | 34 |
| Other income and expense, net | (366) | (7) | (223) | (7) |
| **Debt securities, borrowings and securities issued** | **(91)** | **111** | **(250)** | **27** |
| **Hedging gains and losses** | **92** | | **348** | |
| **Currency instruments** | **(6)** | | | |
| **Securities and other assets purchased and sold under collateralised reverse repurchase agreements** | **8** | | | |
| **Total net gains and losses on financial instruments at fair value through profit or loss** | **(9,221)** | **103** | 14,921 | 85 |

### / Net hedging gains and losses

| *(in millions of euros)* | 31.12.2022 | 31.12.2021 |
|---|---|---|
| **Fair value hedges** | **(148)** | **82** |
| Change in fair value of hedged items attributable to the hedged risks | 5,717 | 1,199 |
| Change in fair value of hedging derivatives (including hedge termination) | (5,865) | (1,117) |
| **Cash flow hedges** | **2** | **5** |
| Change in fair value of hedging derivatives – ineffective portion | 2 | 5 |
| **Fair value hedges of interest rate risks on a portfolio of financial instruments** | **232** | **261** |
| Change in fair value of hedged items | (397) | (11) |
| Change in fair value of hedging derivatives | 629 | 271 |
| **Cash flow hedges of currency risks on a portfolio of financial instruments** | **6** | |
| Change in fair value of hedging instruments – ineffective portion | 6 | |
| **Net hedging gains and losses** | **92** | 348 |

## 2.2.4 Net gains and losses on financial instruments at fair value through other comprehensive income

| *(in millions of euros)* | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Net disposal gains and losses | (2,712) | (1,168) |
| **Debt instruments** | **(2,712)** | **(1,168)** |
| Dividend income | 829 | 643 |
| **Equity instruments** | **829** | **643** |
| **Total net gains and losses on financial instruments at fair value through OCI** | **(1,883)** | (525) |

## 2.2.5 Net gains and losses resulting from derecognition of financial assets at amortised cost

| *(in millions of euros)* | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Gains resulting from derecognition | 33 | 37 |
| Losses resulting from derecognition | (17) | |
| **Total net gains or losses resulting from derecognition of financial assets at amortised cost** | **16** | 37 |

The carrying amounts of financial assets at amortised cost derecognised during the period are as follows:

| *(in millions of euros)* | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Securities at amortised cost | 3,093 | 565 |
| Loans and receivables due from credit institutions and related entities at amortised cost | 311 | |
| Loans and receivables due from customers at amortised cost | 3,524 | 2,528 |
| **Total carrying amounts of financial assets at amortised cost derecognised** | **6,928** | 3,093 |

## 2.2.6 Income and expenses from other activities

| | 31.12.2022 | | 31.12.2021 | |
|---|---|---|---|---|
| *(in millions of euros)* | Income | Expenses | Income | Expenses |
| Income and expenses from investment property | 2,028 | (1,084) | 2,149 | (888) |
| Income and expenses from other activities | 38,523 | (5,034) | 37,665 | (4,647) |
| Income and expenses from insurance and reinsurance activities | 37,406 | (21,856) | 32,947 | (39,422) |
| **Total income and expenses from other activities** | **77,957** | **(27,974)** | 72,761 | (44,957) |

Income and expenses from other activities mainly concern the Group's industrial and commercial activities, in particular La Poste, Transdev, Icade and Compagnie des Alpes.

## 2.2.7 General operating expenses

| *(in millions of euros)* | 31.12.2022 | 31.12.2021 |
|---|---|---|
| **Employee benefits expenses** | **(18,040)** | **(18,477)** |
| Other expenses and external services | (19,033) | (17,785) |
| Provision (charges)/reversals | 9 | (6) |
| **Other general operating expenses** | **(19,024)** | **(17,791)** |
| **Total general operating expenses** | **(37,064)** | (36,268) |

## 2.2.8 Cost of credit risk

| *(in millions of euros)* | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Impairment of loans and receivables due from credit institutions at amortised cost | (124) | 43 |
| Impairment of loans and receivables due from customers at amortised cost | (76) | (258) |
| Impairment of debt instruments measured at fair value through OCI | 161 | (90) |
| Impairment of securities at amortised cost | (4) | 5 |
| Impairment of off-balance sheet commitments | (14) | 11 |
| **Impairment for expected credit losses** | **(57)** | **(289)** |
| Loan losses and bad debts | (148) | (46) |
| Recoveries on loans and receivables written off in prior years | 12 | 8 |
| **Losses and recoveries** | **(136)** | **(38)** |
| **Other losses or income**[(1)] | **(134)** | **44** |
| **Cost of credit risk** | **(327)** | (283) |

(1) Including movements on the insurance subsidiaries' deferred policyholders' surplus reserve.

## 2.2.9 Net gains and losses on other assets

| *(in millions of euros)* | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Gains and losses on disposals of property and equipment and intangible assets | (75) | (102) |
| **Gains and losses on disposals of property and equipment and intangible assets** | **(75)** | **(102)** |
| Gains or losses on disposals of securities | 259 | 92 |
| Other gains and losses on long-term equity interests | (9) | 10 |
| **Gains and losses on long-term equity interests** | **250** | **102** |
| Other gains and losses | (1) | (4) |
| **Other gains and losses** | **(1)** | **(4)** |
| **Total net gains and losses on other assets** | **174** | (4) |

## 2.2.10 Income tax

### 2.2.10.1 Analysis of income tax expense

| *(in millions of euros)* | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Current taxes | (1,213) | (1,455) |
| Deferred taxes | 1,310 | 444 |
| **Income tax benefit (expense) for the period** | **97** | (1,011) |

The effective tax rate at 31 December 2022, excluding the effect of deferred tax income arising on the recognition of all deferred tax assets in respect of La Poste group's tax loss carryforward and other temporary differences (€810 million), was 22.2%, based on pre-tax profit adjusted for the share of profit (loss) of equity-accounted companies and changes in the value of goodwill of €3,214 million.

Note that the theoretical tax rate is 25.83% at 31 December 2022 and 28.41% at 31 December 2021.

### 2.2.10.2 Reconciliation of theoretical and effective tax rates

| *(in millions of euros)* | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Net profit (loss) attributable to owners | 3,291 | 3,861 |
| Non-controlling interests | 1,151 | 1,535 |
| Share of profit (loss) of equity-accounted companies | (1,105) | (1,289) |
| Change in value of goodwill | (23) | 139 |
| Net profit (loss) from discontinued operations | (3) | (1) |
| Income tax benefit (expense) | (97) | 1,011 |
| **Profit (loss) before tax, change in value of goodwill and share of profit (loss) of equity-accounted companies** | **3,214** | **5,256** |
| Theoretical tax rate(1) | 25.83% | 28.41% |
| **Theoretical tax expense** | **(830)** | **(1,493)** |
| Effect of differences in tax rates | 115 | 46 |
| Effect of permanent differences | (62) | (63) |
| Effect of the SIIC regime and other exempt real estate operations | 146 | 148 |
| Net effect of deferred tax recognition | 724 | 329 |
| Tax credits | 29 | 38 |
| Other | (25) | (16) |
| **Consolidated income tax benefit (expense)** | **97** | (1,011) |

(1) Including the 3.3% social solidarity contribution.

# 2.3 Notes to the consolidated statement of financial position

## 2.3.1 Financial assets and liabilities at fair value through profit or loss

| | 31.12.2022 | | 31.12.2021 | |
|---|---|---|---|---|
| *(in millions of euros)* | Mandatory classification | Fair value option | Mandatory classification | Fair value option |
| Government paper and equivalents | 684 | 3,392 | 878 | 3,498 |
| Bonds and other fixed-income securities | 8,030 | 1,759 | 11,027 | 2,180 |
| Negotiable debt securities | 9,969 | | 4,515 | |
| UCITS | 62,157 | | 77,840 | |
| Venture capital funds | 3,618 | | 2,780 | |
| Assets backing unit-linked contracts | 77,726 | | 73,742 | |
| Other securities | 6,464 | 150 | 6,284 | 99 |
| **Debt instruments** | **168,648** | **5,301** | **177,066** | **5,777** |
| Equities | 38,913 | | 44,305 | |
| Assets backing unit-linked contracts | 2,933 | | 4,737 | |
| Other securities | 1,475 | | 1,324 | |
| **Equity instruments** | **43,321** | | **50,366** | |
| Derivative instruments held for trading | 6,942 | | 2,350 | |
| **Derivative instruments held for trading** | **6,942** | | **2,350** | |
| Loans to credit institutions | 40 | | 40 | |
| Customer loans | 10,630 | | 11,605 | |
| **Loans** | **10,670** | | **11,645** | |
| Credit institutions | 2 | | | |
| Customers | 5,586 | | | |
| **Securities received under collateralised reverse repurchase agreements** | **5,589** | | | |
| **Total financial assets at fair value through profit or loss** | **235,170** | **5,301** | 241,427 | 5,777 |

| | 31.12.2022 | | 31.12.2021 | |
|---|---|---|---|---|
| *(in millions of euros)* | Mandatory classification | Fair value option | Mandatory classification | Fair value option |
| Bonds | | 2,100 | | 1,577 |
| Negotiable debt securities | | 296 | | 461 |
| Other | | 343 | | 470 |
| **Debt securities** | | **2,739** | | **2,508** |
| Derivative instruments held for trading | 4,881 | | 2,998 | |
| **Derivative instruments held for trading** | **4,881** | | **2,998** | |
| Credit institutions | 5,699 | | | |
| Customers | 774 | | | |
| **Securities sold under collateralised repurchase agreements** | **6,473** | | | |
| **Total financial liabilities at fair value through profit or loss** | **11,354** | **2,739** | 2,998 | 2,508 |

## 2.3.2 Hedging instruments

| (in millions of euros) | 31.12.2022 Positive fair value | Negative fair value | Notional amount | Change in fair value used to calculate ineffectiveness | 31.12.2021 Positive fair value | Negative fair value | Notional amount | Change in fair value used to calculate ineffectiveness |
|---|---|---|---|---|---|---|---|---|
| Interest rate derivatives | 2,481 | 7,882 | 149,114 | (5,477) | 3,703 | 3,728 | 141,901 | (1,000) |
| Currency derivatives | 544 | 1,177 | 33,648 | (388) | 800 | 540 | 60,234 | (117) |
| Other derivatives | | 10 | | | | | | |
| **Fair value hedges** | **3,025** | **9,069** | **182,763** | **(5,865)** | **4,503** | **4,268** | **202,135** | **(1,117)** |
| Interest rate derivatives | 291 | 121 | 4,164 | | 378 | 681 | 4,017 | |
| Currency derivatives | 107 | 230 | 5,332 | 1 | 47 | 196 | 3,994 | |
| Other derivatives | | | 7 | | | | | |
| **Cash flow hedges** | **398** | **351** | **9,503** | **1** | **426** | **877** | **8,012** | |
| **Hedges of net investments in foreign operations** | | | **762** | | | | **6** | |
| **Fair value macro-hedging** | **944** | **1,039** | **40,061** | **623** | **1,159** | **1,922** | **38,429** | **272** |
| **Total hedging instruments** | **4,367** | **10,459** | **233,089** | **(5,241)** | **6,088** | 7,067 | 248,582 | (845) |

### 2.3.2.1 Breakdown of items covered by fair value hedges

#### 2.3.2.1.1 Micro-hedging

| (in millions of euros) | 31.12.2022 Carrying amount of hedged items | o/w accumulated adjustment of fair value hedge | Change over the period in fair value used to calculate ineffectiveness | 31.12.2021 Carrying amount of hedged items | o/w accumulated adjustment of fair value hedge | Change over the period in fair value used to calculate ineffectiveness |
|---|---|---|---|---|---|---|
| Securities at amortised cost | 52,007 | (983) | (861) | 42,649 | (126) | (250) |
| Loans and receivables due from credit institutions at amortised cost | 38,346 | (3) | (4) | 19,550 | | |
| Loans and receivables due from customers at amortised cost | 19,645 | (1) | (2,871) | 51,159 | (371) | (429) |
| Financial assets at fair value through OCI to be reclassified | 21,108 | (617) | (599) | 21,114 | (6) | (336) |
| Financial assets at fair value through OCI not to be reclassified | | | | | | |
| **Assets – items covered by fair value hedges** | **131,106** | **(1,604)** | **(4,335)** | **134,472** | **(503)** | **(1,014)** |
| Debt securities | 87,130 | (10,389) | (10,060) | 94,093 | (180) | (2,219) |
| Due to credit institutions | 15,101 | (51) | 8 | 11,401 | (59) | 6 |
| Due to customers | 91,799 | | | 80,258 | | |
| **Liabilities – items covered by fair value hedges** | **194,030** | **(10,440)** | **(10,052)** | **185,752** | **(240)** | **(2,213)** |

#### 2.3.2.1.2 Macro-hedging

| (in millions of euros) | 31.12.2022 Carrying amount of hedged items | 31.12.2021 Carrying amount of hedged items |
|---|---|---|
| Securities at amortised cost | 3,149 | 15,116 |
| Loans and receivables due from credit institutions at amortised cost | | 225 |
| Loans and receivables due from customers at amortised cost | 45,999 | 34,802 |
| **Assets – items covered by fair value hedges** | **49,148** | **50,143** |
| Debt securities | 12,935 | 24,504 |
| Due to credit institutions | 16,689 | |
| **Liabilities – items covered by fair value hedges** | **29,624** | **24,504** |

### 2.3.2.2 Contractual maturities for the notional on hedging derivatives

| (in millions of euros) | 31.12.2022 < 1 month | 1-3 months | 3-12 months | 1-5 years | > 5 years | Total notional amount |
|---|---|---|---|---|---|---|
| Interest rate derivatives | 4,998 | 7,702 | 28,668 | 57,009 | 50,737 | 149,114 |
| Currency derivatives | 2,735 | 10,845 | 14,478 | 3,542 | 2,048 | 33,648 |
| **Fair value hedges** | **7,733** | **18,547** | **43,148** | **60,549** | **52,785** | **182,762** |
| Interest rate derivatives | | | 974 | 1,416 | 1,774 | 4,164 |
| Currency derivatives | 289 | 18 | 166 | 998 | 3,861 | 5,332 |
| Commodities | | 1 | 2 | 4 | | 7 |
| **Cash flow hedges** | **289** | **19** | **1,141** | **2,418** | **5,636** | **9,503** |
| **Hedges of net investments in foreign operations** | **5** | **328** | **399** | | **30** | **762** |
| **Fair value macro-hedging** | **8,687** | **1,740** | **10,712** | **7,699** | **11,223** | **40,061** |
| **Total notional on hedging derivatives** | **16,714** | **20,634** | **55,399** | **70,668** | **69,673** | **233,088** |

| (in millions of euros) | 31.12.2021 < 1 month | 1-3 months | 3-12 months | 1-5 years | > 5 years | Total notional amount |
|---|---|---|---|---|---|---|
| Interest rate derivatives | 5,904 | 4,143 | 12,035 | 60,917 | 58,903 | 141,901 |
| Currency derivatives | 8,151 | 14,840 | 26,270 | 6,869 | 4,104 | 60,234 |
| **Fair value hedges** | **14,055** | **18,983** | **38,306** | **67,786** | **63,007** | **202,135** |
| Interest rate derivatives | | 326 | 98 | 1,423 | 2,169 | 4,017 |
| Currency derivatives | | 50 | 40 | 177 | 3,727 | 3,994 |
| Commodities | | | | | | |
| **Cash flow hedges** | | **376** | **138** | **1,601** | **5,897** | **8,012** |
| **Hedges of net investments in foreign operations** | **6** | | | | | **6** |
| **Fair value macro-hedging** | **2,267** | **1,985** | **18,366** | **7,617** | **8,194** | **38,429** |
| **Total notional on hedging derivatives** | 16,328 | 21,344 | 56,810 | 77,004 | 77,098 | 248,582 |

## 2.3.3 Financial assets at fair value through other comprehensive income

### 2.3.3.1 Financial assets at fair value through other comprehensive income to be reclassified

| (in millions of euros) | 31.12.2022 Fair value | o/w hedged portion (fair value hedge) | o/w unrealised gains and losses | 31.12.2021 Fair value | o/w hedged portion (fair value hedge) | o/w unrealised gains and losses |
|---|---|---|---|---|---|---|
| Government paper and equivalents | 97,576 | (53) | (24,825) | 125,911 | | (1,658) |
| Bonds and other debt securities | 91,397 | (525) | (12,889) | 101,741 | (6) | 576 |
| Negotiable debt securities | 10,599 | | (16) | 7,526 | | 7 |
| Other securities | 2,554 | (10) | (406) | 1,428 | | 13 |
| Accrued interest | 1,863 | | | 1,951 | | |
| **Debt instruments** | **203,989** | **(588)** | **(38,136)** | **238,557** | **(6)** | **(1,062)** |
| **Total financial assets at fair value through OCI to be reclassified** | **203,989** | **(588)** | **(38,136)** | 238,557 | (6) | (1,062) |

#### 2.3.3.1.1 Impairment for expected credit losses recognised against assets measured at fair value through other comprehensive income to be reclassified

| (in millions of euros) | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Debt instruments | (312) | (471) |
| **Total impairment losses** | **(312)** | (471) |

### 2.3.3.1.2 Exposure to credit risk on the gross carrying amounts of financial assets measured at fair value through other comprehensive income to be reclassified

| (in millions of euros) | Stage 1: 12-month expected credit losses | Stage 2: Lifetime expected credit losses | Stage 3: Lifetime expected credit losses – credit-impaired assets | Total gross carrying amounts[(1)] |
|---|---|---|---|---|
| **Opening position at 01.01.2022** | **239,741** | **355** | | **240,096** |
| Additions | 59,193 | 103 | | 59,296 |
| Repayments | (55,483) | (180) | | (55,663) |
| Transfer between stages | 10 | (10) | | |
| Other movements | (704) | | | (704) |
| **Closing position at 31.12.2022** | **242,757** | **268** | | **243,025** |

(1) The gross carrying amount of financial assets measured at fair value through other comprehensive income to be reclassified is calculated excluding unrealised gains and losses.

### 2.3.3.1.3 Breakdown of impairment for expected credit losses recognised in other comprehensive income to be reclassified

| (in millions of euros) | Stage 1: 12-month expected credit losses | Stage 2: Lifetime expected credit losses | Stage 3: Lifetime expected credit losses – credit-impaired assets | Total impairment for expected credit losses |
|---|---|---|---|---|
| **Opening position at 01.01.2022** | **(463)** | **(8)** | | **(471)** |
| Allocations on acquisitions during the period | (22) | (5) | | (27) |
| Other allocations | (1,550) | (17) | | (1,567) |
| Reversals used with write-off | 6 | | | 6 |
| Reversals related to asset disposals | 1,651 | 14 | | 1,665 |
| Other unused reversals | 79 | 5 | | 84 |
| Transfer between stages | | | | |
| Other movements | (2) | | | (2) |
| **Closing position at 31.12.2022** | **(301)** | **(11)** | | **(312)** |

## 2.3.3.2 Financial assets at fair value through other comprehensive income not to be reclassified

| | 31.12.2022 | | | 31.12.2021 | | |
|---|---|---|---|---|---|---|
| (in millions of euros) | Fair value | o/w hedged portion (fair value hedge) | o/w unrealised gains and losses | Fair value | o/w hedged portion (fair value hedge) | o/w unrealised gains and losses |
| Equities | 26,834 | | 10,011 | 29,708 | | 13,496 |
| Other equity instruments | 29 | | 9 | 27 | | 9 |
| **Total financial assets at fair value through OCI not to be reclassified** | **26,863** | | **10,020** | 29,735 | | 13,505 |

### 2.3.3.2.1 Assets at fair value through other comprehensive income not to be reclassified sold during the period

| | 31.12.2022 | | | 31.12.2021 | | |
|---|---|---|---|---|---|---|
| (in millions of euros) | Fair value on date of sale | Gain or loss at time of sale[(1)] | Dividends received during the period | Fair value on date of sale | Gain or loss at time of sale[(1)] | Dividends received during the period |
| **Equities** | **2,030** | **761** | **42** | **1,532** | **613** | **30** |
| Credit institutions | 21 | 4 | | 85 | 15 | 3 |
| Other financial firms | 95 | 15 | 13 | 123 | 61 | |
| Non-financial firms | 1,914 | 742 | 29 | 1,324 | 537 | 27 |
| **Other equity instruments** | **70** | **13** | | **10** | **9** | **10** |
| Other financial firms | 47 | 17 | | | | 10 |
| Non-financial firms | 23 | (4) | | 10 | 9 | |
| **Total** | **2,100** | **774** | **42** | 1,542 | 622 | 40 |

(1) Before tax.

## 2.3.4 Securities at amortised cost

| *(in millions of euros)* | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Government paper and equivalents | 49,523 | 45,278 |
| Bonds and other fixed-income securities | 14,205 | 9,925 |
| Negotiable debt securities | 18,013 | 12,322 |
| Other securities | 236 | 168 |
| Accrued interest | 1,181 | 722 |
| Provisions for expected credit losses | (79) | (75) |
| **Total securities at amortised cost** | **83,079** | 68,340 |

### 2.3.4.1 Exposure to credit risk on the gross carrying amounts of securities at amortised cost

| *(in millions of euros)* | Stage 1: 12-month expected credit losses | Stage 2: Lifetime expected credit losses | Stage 3: Lifetime expected credit losses – credit-impaired assets | Total gross carrying amounts[1] |
|---|---|---|---|---|
| **Opening position at 01.01.2022** | **66,658** | **1,843** | **40** | **68,541** |
| Additions | 47,673 | 134 | 30 | 47,837 |
| Disposals | (31,834) | (377) | (21) | (32,232) |
| Transfer between stages | 23 | (9) | (14) | |
| Other movements | (5) | | | (5) |
| **Closing position at 31.12.2022** | **82,515** | **1,591** | **35** | **84,141** |

(1) The gross carrying amount of securities at amortised cost is calculated excluding unrealised gains and losses.

### 2.3.4.2 Breakdown of impairment for expected credit losses on securities at amortised cost

| *(in millions of euros)* | Stage 1: 12-month expected credit losses | Stage 2: Lifetime expected credit losses | Stage 3: Lifetime expected credit losses – credit-impaired assets | Total impairment for expected credit losses |
|---|---|---|---|---|
| **Opening position at 01.01.2022** | **(25)** | **(45)** | **(5)** | **(75)** |
| Allocations on acquisitions during the period | (18) | (11) | (25) | (54) |
| Other allocations | 1 | (4) | | (3) |
| Reversals used with write-off | 8 | 6 | 5 | 19 |
| Reversals linked to asset disposals | | 21 | | 21 |
| Other unused reversals | 8 | 5 | | 13 |
| Transfers between stages | | | | |
| **Closing position at 31.12.2022** | **(26)** | **(28)** | **(25)** | **(79)** |

## 2.3.5 Loans and receivables due from credit institutions and related entities at amortised cost

| *(in millions of euros)* | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Ordinary accounts in debit and overnight loans | 27,537 | 11,881 |
| Accrued interest | | 3 |
| **Loans to credit institutions repayable on demand** | **27,537** | **11,884** |
| Accounts and loans with fixed maturities | 16,918 | 13,676 |
| Receivables due from Savings Funds | 64,850 | 65,049 |
| Securities and other assets purchased under collateralised reverse repurchase agreements | 250 | 337 |
| Subordinated loans | 78 | 78 |
| Accrued interest | 79 | 51 |
| Guarantee deposits | | 15 |
| Impairment for expected credit losses | (1) | (7) |
| **Loans and receivables due from credit institutions with fixed maturities** | **82,174** | **79,199** |
| **Total loans and receivables due from credit institutions and related entities at amortised cost** | **109,711** | 91,083 |

### 2.3.5.1 Exposure to credit risk on the gross carrying amounts of loans and receivables due from credit institutions and related entities at amortised cost

| *(in millions of euros)* | Stage 1: 12-month expected credit losses | Stage 2: Lifetime expected credit losses | Stage 3: Lifetime expected credit losses – credit-impaired assets | Total gross carrying amounts |
|---|---|---|---|---|
| **Opening position at 01.01.2022** | **91,090** | | | **91,090** |
| Payments | 56,578 | 20 | | 56,598 |
| Repayments | (38,002) | | | (38,002) |
| Transfers between stages | | | | |
| Other movements | 29 | | | 29 |
| **Closing position at 31.12.2022** | **109,695** | **20** | | **109,715** |

### 2.3.5.2 Breakdown of impairment for expected credit losses on loans and receivables due from credit institutions and related entities at amortised cost

| *(in millions of euros)* | Stage 1: 12-month expected credit losses | Stage 2: Lifetime expected credit losses | Stage 3: Lifetime expected credit losses – credit-impaired assets | Total impairment for expected credit losses |
|---|---|---|---|---|
| **Opening position at 01.01.2022** | **(7)** | | | **(7)** |
| Allocations on acquisitions during the period | (2) | | | (2) |
| Reversals used with write-off | 2 | | | 2 |
| Reversals linked to asset disposals | 9 | | | 9 |
| Other unused reversals | (3) | | | (3) |
| **Closing position at 31.12.2022** | **(1)** | | | **(1)** |

## 2.3.6 Loans and receivables due from customers at amortised cost

| *(in millions of euros)* | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Ordinary accounts in debit | 3,690 | 2,231 |
| Accrued interest | 48 | 49 |
| Impairment for expected credit losses | (115) | (96) |
| **Ordinary accounts in debit** | **3,623** | **2,184** |
| Loans to financial sector customers | 1,159 | 215 |
| Cash facilities | 18,399 | 17,738 |
| Equipment financing | 56,462 | 58,124 |
| Housing loans | 94,732 | 89,623 |
| Export credit | 5,464 | 4,826 |
| Advances on securities transactions | 247 | 257 |
| Subordinated loans | 27 | |
| Finance lease receivables | 3,783 | 3,564 |
| Securities and other assets purchased under collateralised reverse repurchase agreements | 5,154 | 6,938 |
| Other loans | 4,608 | 5,153 |
| Accrued interest | 590 | 534 |
| Impairment for expected credit losses | (1,545) | (1,475) |
| **Other loans and receivables due from customers** | **189,080** | **185,497** |
| **Total loans and receivables due from customers at amortised cost** | **192,703** | 187,681 |

### 2.3.6.1 Exposure to credit risk on the gross carrying amounts of loans and receivables due from customers at amortised cost

| *(in millions of euros)* | Stage 1: 12-month expected credit losses | Stage 2: Lifetime expected credit losses | Stage 3: Lifetime expected credit losses – credit-impaired assets | Total gross carrying amounts |
|---|---|---|---|---|
| **Opening position at 01.01.2022** | **174,050** | **13,301** | **2,272** | **189,623** |
| Payments | 38,165 | 8,615 | 810 | 47,590 |
| Repayments | (32,947) | (5,739) | (1,066) | (39,752) |
| Transfers between stages | (15,999) | 15,451 | 548 | |
| Other movements | (36) | 169 | | 133 |
| **Closing position at 31.12.2022** | **163,233** | **31,797** | **2,564** | **197,594** |

### 2.3.6.2 Breakdown of impairment for expected credit losses on loans and receivables due from customers at amortised cost

| *(in millions of euros)* | Stage 1: 12-month expected credit losses | Stage 2: Lifetime expected credit losses | Stage 3: Lifetime expected credit losses – credit-impaired assets | Total impairment for expected credit losses |
|---|---|---|---|---|
| **Opening position at 01.01.2022** | **(244)** | **(541)** | **(786)** | **(1,571)** |
| Allocations on acquisitions during the period | (61) | (165) | (113) | (339) |
| Other allocations | (32) | (205) | (220) | (457) |
| Reversals used with write-off | 15 | 5 | 9 | 29 |
| Reversals linked to asset disposals | 18 | 32 | 60 | 110 |
| Other unused reversals | 120 | 248 | 157 | 525 |
| Transfers between stages | (1) | | 1 | |
| Other movements | 1 | 1 | 41 | 43 |
| **Closing position at 31.12.2022** | **(184)** | **(625)** | **(851)** | **(1,660)** |

## 2.3.7 Current and deferred taxes

### 2.3.7.1 Breakdown of balance sheet tax accounts

| *(in millions of euros)* | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Current taxes | 1,472 | 924 |
| Deferred taxes | 3,584 | 972 |
| **Total current and deferred assets** | **5,056** | 1,896 |
| Current taxes | 380 | 261 |
| Deferred taxes | 3,668 | 4,671 |
| **Total current and deferred liabilities** | **4,048** | 4,932 |

### 2.3.7.2 Deferred taxes by source of assets and liabilities

| *(in millions of euros)* | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Assets and liabilities recognised at fair value through OCI not to be reclassified | (2,552) | (3,548) |
| Assets and liabilities recognised at fair value through OCI to be reclassified | 1,674 | 108 |
| Temporary differences – other | 794 | (259) |
| **Total net recognised deferred tax assets and liabilities[1]** | **(84)** | (3,699) |

(1) Tax assets are positive amounts, while tax liabilities are negative amounts.

## 2.3.8 Prepayments, accrued and deferred income and other assets and liabilities

| *(in millions of euros)* | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Prepaid expenses and accrued income | 2,425 | 1,665 |
| Other accruals | 1,100 | 1,802 |
| **Prepayments and accrued income** | **3,525** | **3,467** |
| Margin calls paid | 6,577 | 3,510 |
| Securities settlement accounts | 1 | 3 |
| Inventories | 1,314 | 998 |
| Guarantee deposits paid | 1,077 | 970 |
| Costs of contracts | 7 | 6 |
| Contract assets | 117 | 102 |
| Accounts receivable | 5,921 | 5,750 |
| Other | 6,790 | 5,494 |
| Impairment | (397) | (379) |
| **Other assets** | **21,407** | **16,454** |
| Reinsurance companies' share of technical provisions | 20,793 | 21,392 |
| Insurance and reinsurance receivables | 3,087 | 2,803 |
| Loans and receivables | 214 | 232 |
| Miscellaneous insurance assets | 2,428 | 2,069 |
| **Other insurance assets** | **26,522** | **26,496** |
| **Total prepayments, accrued income and other assets** | **51,454** | 46,418 |

| *(in millions of euros)* | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Accrued expenses and deferred income | 3,513 | 2,806 |
| Other accruals | 941 | 2,757 |
| **Accrued expenses and deferred income** | **4,454** | **5,563** |
| Margin calls received | 2,640 | 3,103 |
| Accounts payable | 6,246 | 5,475 |
| Lease liabilities | 5,405 | 5,299 |
| Miscellaneous payables | 3,075 | 2,485 |
| Securities settlement accounts | 8 | 6 |
| Various liabilities | 7,484 | 7,456 |
| **Other liabilities** | **24,858** | **23,824** |
| Insurance and reinsurance payables | 13,027 | 13,001 |
| Miscellaneous insurance liabilities | 233 | 220 |
| **Other insurance liabilities** | **13,260** | **13,221** |
| **Total accrued expenses, deferred income and other liabilities** | **42,572** | 42,608 |

### 2.3.8.1 Exposure to credit risk on the gross carrying amounts of accounts receivable and contract assets

| *(in millions of euros)* | Stage 2: Lifetime expected credit losses | Stage 3: Lifetime expected credit losses – credit-impaired assets | Total gross carrying amounts |
|---|---|---|---|
| **Opening position at 01.01.2022** | **5,725** | **127** | **5,852** |
| Increase | 190 | (31) | 159 |
| Transfer between stages | | | |
| Other movements | 29 | (1) | 28 |
| **Closing position at 31.12.2022** | **5,944** | **95** | **6,039** |

In accordance with the simplified method, credit risk on accounts receivable and contract assets is measured based on lifetime expected credit losses.

### 2.3.8.2 Breakdown of impairment for expected credit losses on accounts receivable and contract assets

| *(in millions of euros)* | Stage 2: Lifetime expected credit losses | Stage 3: Lifetime expected credit losses – credit-impaired assets | Total impairment for expected credit losses |
|---|---|---|---|
| **Opening position at 01.01.2022** | **(234)** | **(89)** | **(323)** |
| Allocations on acquisitions during the period | (52) | (15) | (67) |
| Other allocations | (8) | | (8) |
| Reversals used with write-off | 55 | 41 | 96 |
| Reversals related to asset disposals | 14 | 1 | 15 |
| Other unused reversals | | 1 | 1 |
| Transfer between stages | | | |
| **Closing position at 31.12.2022** | **(225)** | **(61)** | **(286)** |

### 2.3.8.3 Breakdown by due date of accounts receivable and contract assets

| | 31.12.2022 | | | | |
|---|---|---|---|---|---|
| *(in millions of euros)* | Outstandings: less than 30 days | Outstandings: more than 30 days | Outstandings: more than 60 days | Outstandings: more than 90 days | Total outstandings |
| Accounts receivable and contract assets | 1,404 | 4,247 | 20 | 368 | 6,039 |
| Provisions for expected credit losses | (8) | (135) | (2) | (141) | (286) |
| **Rate of expected credit losses estimated based on the total gross carrying amount by maturity** | **1%** | **3%** | **10%** | **38%** | **5%** |

## 2.3.9 Non-current assets and liabilities held for sale

| *(in millions of euros)* | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Investment property | 57 | |
| Owner-occupied property | 29 | 35 |
| Other assets held for sale(1) | 49 | 2,237 |
| **Assets held for sale(1)** | **134** | **2,272** |
| **Total non-current assets held for sale** | **134** | 2,272 |

(1) In 2021, assets held for sale concern the Egis group for €1,981 million.

| *(in millions of euros)* | 31.12.2022 | 31.12.2021 |
|---|---|---|
| **Liabilities related to non-current assets held for sale(1)** | **49** | **1,362** |
| Other liabilities | 2 | 5 |
| **Liabilities related to discontinued operations** | **2** | **5** |
| **Total liabilities related to non-current assets held for sale** | **51** | 1,367 |

(1) In 2021, liabilities related to non-current assets held for sale concern the Egis group for €1,352 million.

On 7 January 2022, Caisse des Dépôts and Tikehau Capital announced that Tikehau Capital had finalised the purchase of a 40% stake in Egis. Following the transaction, Caisse des Dépôts has significant influence over Egis and has consolidated its interest as from early 2022 using the equity method.

The estimated market value of held-for-sale investment property recognised at amortised cost was €147 million at 31 December 2022 and €185 million at 31 December 2021.

## 2.3.10 Investments in equity-accounted companies

| *(in millions of euros)* | | Type of control | 31.12.2022 Carrying amount | 31.12.2022 Contribution to the Caisse des Dépôts Group net profit (loss) | 31.12.2021 Carrying amount | 31.12.2021 Contribution to the Caisse des Dépôts Group net profit (loss) |
|---|---|---|---|---|---|---|
| **Caisse des Dépôts division** | | | **3,595** | **31** | **3,551** | **68** |
| CDC Habitat group entities | | | | | | |
| – Adoma | | JV | 303 | 3 | 282 | 14 |
| – FLI | | ASS | 187 | | 181 | |
| Compagnie Nationale du Rhône | | ASS | 323 | 52 | 89 | 128 |
| ADL Participations | | ASS | 76 | (2) | 78 | 14 |
| Prédica Énergies Durables | | ASS | 143 | (3) | 136 | (9) |
| Verdun Participations 1 | | ASS | 69 | (4) | 83 | 2 |
| HIN Orange Concessions | 2.11 | JV | 701 | (17) | 698 | (5) |
| CDC PME Croissance | | JV | 783 | 15 | 945 | 15 |
| CDC EURO Croissance | | JV | 498 | 4 | 557 | 5 |
| CDC TECH Croissance | | JV | 86 | | 85 | |
| CDC Croissance Durable | | JV | 59 | | 70 | |
| Other equity-accounted entities | | | 365 | (17) | 349 | (96) |
| **Management of Strategic Investments division** | | | **6,960** | **306** | **4,623** | **252** |
| GRT Gaz | 2.11 | ASS | 2,707 | 118 | 2,587 | 58 |
| Coentreprise de Transport d'Électricité | 2.11 | JV | 1,984 | 149 | 1,811 | 186 |
| Egis | | ASS | 278 | 12 | | |
| Suez Holding | 2.11 | ASS | 1,210 | (15) | | |
| Euroclear Holding SA/NV | 2.11 | ASS | 553 | 11 | | |
| Other equity-accounted entities | | | 229 | 30 | 224 | 8 |
| **Bpifrance group** | **2.11** | **JV** | **13,685** | **740** | **14,135** | **894** |
| **La Poste group entities** | | | **1,173** | **27** | **1,097** | **74** |
| **Investments in equity-accounted companies** | | | **25,414** | **1,105** | 23,406 | 1,289 |

ASS: Associates.
JV: Joint ventures.

# 2.3.11 Investment property, owner-occupied property and equipment and intangible assets

## 2.3.11.1 Investment property

The estimated market value of investment property excluding assets held-for-sale recognised at amortised cost was €38,492 million at 31 December 2022 versus €34,943 million at 31 December 2021. The method used to calculate the fair value of investment property corresponds to Level 3 in the fair value hierarchy.

| *(in millions of euros)* | 31.12.2021 | Acquisitions (increases) | Disposals (decreases) | Other movements | 31.12.2022 |
|---|---|---|---|---|---|
| **Investment property** | **24,178** | **2,260** | **(434)** | **619** | **26,623** |
| Gross value | 29,891 | 3,007 | (628) | 475 | 32,745 |
| Depreciation and impairment | (5,713) | (747) | 194 | 144 | (6,122) |
| **Right-of-use assets** | **29** | | | **1** | **30** |
| Gross value | 33 | 1 | | 1 | 35 |
| Depreciation and impairment | (4) | (1) | | | (5) |
| **Total investment property** | 24,207 | 2,260 | (434) | 620 | **26,653** |

## 2.3.11.2 Owner-occupied property and equipment

| *(in millions of euros)* | 31.12.2021 | Acquisitions (increases) | Disposals (decreases) | Other movements | 31.12.2022 |
|---|---|---|---|---|---|
| **Owner-occupied property and equipment** | **10,172** | **166** | **(70)** | **(110)** | **10,158** |
| Gross value | 23,004 | 1,676 | (1,358) | (55) | 23,267 |
| Depreciation and impairment | (12,832) | (1,510) | 1,288 | (55) | (13,109) |
| **Right-of-use assets** | **5,055** | **(1,633)** | **(13)** | **1,306** | **4,715** |
| Gross value | 9,258 | 8 | (87) | 306 | 9,485 |
| Depreciation and impairment | (4,203) | (1,641) | 74 | 1,000 | (4,770) |
| **Total owner-occupied property and equipment** | 15,227 | (1,467) | (83) | 1,196 | **14,873** |

## 2.3.11.3 Intangible assets

| *(in millions of euros)* | 31.12.2021 | Acquisitions (increases) | Disposals (decreases) | Other movements | 31.12.2022 |
|---|---|---|---|---|---|
| Gross value | 13,852 | 1,012 | (348) | 707 | 15,223 |
| Amortisation and impairment[(1)] | (6,866) | (1,645) | 381 | (5) | (8,135) |
| **Total intangible assets** | 6,986 | (633) | 33 | 702 | **7,088** |
| Of which net distribution agreements, acquired in-force insurance business and contractual customer relationships | 4,468 | (619) | | 696 | 4,545 |

(1) Amortisation and impairment of acquired in-force insurance business is recorded in "Income and expenses from other activities".

# 2.3.12 Goodwill

## 2.3.12.1 Changes in goodwill by operating segment

| *(in millions of euros)* | 31.12.2021 | Increases (acquisitions) | Decreases (disposals) | Impairment losses for the period | Other movements | 31.12.2022 |
|---|---|---|---|---|---|---|
| Icade group | 39 | 10 | | | | 49 |
| Compagnie des Alpes group | 213 | | | | | 213 |
| Transdev group | 508 | 18 | (1) | | 2 | 527 |
| La Poste group | 422 | 809 | (1) | | (21) | 1,209 |
| **Total goodwill** | 1,182 | 837 | (2) | | (19) | **1,998** |

No impairment was recognised as a result of the impairment tests performed at 31 December 2022.

## 2.3.13 Debt securities

| *(in millions of euros)* | **31.12.2022** | **31.12.2021** |
|---|---|---|
| Medium- and long-term issues | 65,301 | 74,857 |
| Short-term issues | 30,022 | 20,516 |
| Accrued interest | 359 | 542 |
| **Interbank and negotiable debt securities** | **95,682** | **95,915** |
| Bonds and similar debt securities | 38,569 | 36,395 |
| Accrued interest | 334 | 289 |
| **Bonds and similar debt securities** | **38,903** | **36,684** |
| **Total debt securities** | **134,585** | 132,599 |

## 2.3.14 Amounts due to credit institutions

| *(in millions of euros)* | **31.12.2022** | **31.12.2021** |
|---|---|---|
| Ordinary accounts in credit and overnight borrowings | 1,631 | 1,345 |
| Demand deposits from Savings Funds | 10,725 | 7,063 |
| Accrued interest | 28 | 1 |
| **Amounts due to credit institutions repayable on demand** | **12,384** | **8,409** |
| Accounts and borrowings with fixed maturities | 22,190 | 22,330 |
| Securities and other assets sold under collateralised fixed repurchase agreements | 17,104 | 20,807 |
| Accrued interest | 213 | 132 |
| **Amounts due to credit institutions with fixed maturities** | **39,507** | **43,269** |
| **Total amounts due to credit institutions** | **51,891** | 51,678 |

## 2.3.15 Amounts due to customers

| *(in millions of euros)* | **31.12.2022** | **31.12.2021** |
|---|---|---|
| *Livret A* passbook savings account | 67,561 | 65,403 |
| Home savings plans and accounts | 31,517 | 34,032 |
| Other regulated savings accounts | 27,864 | 25,669 |
| **Regulated savings accounts** | **126,942** | **125,104** |
| Current accounts in credit | 159,643 | 150,947 |
| Overnight accounts and borrowings | 2,286 | 3,324 |
| Other amounts due | 1,396 | 1,094 |
| **Customer demand deposits** | **163,325** | **155,364** |
| Accounts and borrowings with fixed maturities | 16,296 | 15,110 |
| Term deposits | 1,600 | 560 |
| Securities sold under collateralised term repurchase agreements | 20,864 | 23,500 |
| **Amounts due to customers with fixed maturities** | **38,760** | **39,171** |
| **Total amounts due to customers** | **329,027** | 319,639 |

## 2.3.16 Offsetting of financial assets and liabilities

| *(in millions of euros)* | 31.12.2022 Gross amount of financial assets/ liabilities | Amounts offset in the statement of financial position | Closing balance | Impact of master netting agreements and similar arrangements | Financial instruments given/ received as collateral | Net |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Derivative financial instruments | 11,365 | | 11,365 | 9,024 | 109 | 2,232 |
| Reverse repurchase agreements, securities borrowing agreements and similar | 6,780 | 1,373 | 5,407 | 348 | 1,426 | 3,633 |
| **Liabilities** | | | | | | |
| Derivative financial instruments | 15,367 | | 15,367 | 6,880 | 3,888 | 4,599 |
| Repurchase agreements, securities lending agreements and similar | 39,396 | 1,373 | 38,023 | 1,050 | 18,941 | 18,032 |

| *(in millions of euros)* | 31.12.2021 Gross amount of financial assets/ liabilities | Amounts offset in the statement of financial position | Closing balance | Impact of master netting agreements and similar arrangements | Financial instruments given/ received as collateral | Net |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Derivative financial instruments | 8,580 | | 8,580 | 5,485 | 953 | 2,142 |
| Reverse repurchase agreements, securities borrowing agreements and similar | 9,228 | 1,965 | 7,263 | 142 | 5,119 | 2,002 |
| **Liabilities** | | | | | | |
| Derivative financial instruments | 10,115 | | 10,115 | 4,814 | 2,135 | 3,166 |
| Repurchase agreements, securities lending agreements and similar | 46,267 | 1,965 | 44,302 | 723 | 27,416 | 16,163 |

## 2.3.17 Provisions

| *(in millions of euros)* | 31.12.2021 | Increases | Reversals (utilisations) | Reversals (surplus provisions) | Other movements | 31.12.2022 |
|---|---|---|---|---|---|---|
| Provisions for employee benefit obligations | 3,666 | 247 | (615) | (45) | (124) | 3,129 |
| Provisions for home savings schemes | 64 | | 35 | (80) | | 19 |
| Provisions on commitments and guarantees | 129 | 124 | (104) | (2) | (1) | 146 |
| Provisions for counterparty risks | 65 | 11 | (21) | (5) | 9 | 59 |
| Other provisions | 2,715 | 485 | (360) | (167) | 104 | 2,777 |
| **Total provisions** | **6,641** | **867** | **(1,067)** | **(299)** | **(12)** | **6,130** |

## 2.3.18 Non-controlling interests

| *(in millions of euros)* | Control percentage and ownership interest of non-controlling interests | 31.12.2022 Non-controlling interests: Net profit (loss) for the period attributable to owners of non-controlling interests | Amount in equity at year-end attributable to non-controlling interests | Dividends paid to owners of non-controlling interests | Financial information published by subsidiaries[1]: Total assets | Equity | Net banking income/ revenue | Net profit (loss) |
|---|---|---|---|---|---|---|---|---|
| La Poste group[2] | 34% | 853 | 12,651 | 246 | 773,123 | 25,313 | 35,392 | 1,507 |
| Icade group | 60.4% | 192 | 2,815 | 192 | 18,218 | 8,685 | 1,816 | 222 |
| Compagnie des Alpes group | 58.0% | 75 | 609 | | 2,291 | 1,018 | 959 | 123 |
| Other entities | | 31 | 355 | | | | | |
| **Total** | | **1,151** | **16,431** | | | | | |

| *(in millions of euros)* | Control percentage and ownership interest of non-controlling interests | 31.12.2021 Non-controlling interests: Net profit (loss) for the period attributable to owners of non-controlling interests | Amount in equity at year-end attributable to non-controlling interests | Dividends paid to owners of non-controlling interests | Financial information published by subsidiaries[1]: Total assets | Equity | Net banking income/ revenue | Net profit (loss) |
|---|---|---|---|---|---|---|---|---|
| La Poste group[2] | 34% | 1,329 | 17,775 | | 796,365 | 32,650 | 34,609 | 2,597 |
| Icade group | 60.4% | 198 | 2,717 | 180 | 17,609 | 8,639 | 1,662 | 637 |
| Compagnie des Alpes group | 58.6% | (41) | 535 | | 2,246 | 884 | 241 | (123) |
| Other entities | | 49 | 616 | | | | | |
| **Total** | | 1,535 | 21,643 | | | | | |

(1) The summarised financial information represents the data of sub-groups based on a 100% holding and before elimination of intra-group transactions.
(2) Contribution of La Poste group within the Caisse des Dépôts Group: La Poste, La Banque Postale, CNP Assurances.

# 2.4 Insurance activities

## 2.4.1 Insurance investments

| *(in millions of euros)* | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Financial assets at fair value through profit or loss | 212,096 | 226,404 |
| Hedging instruments with a positive fair value | 118 | 55 |
| Financial assets at fair value through OCI to be reclassified | 182,437 | 216,584 |
| Securities at amortised cost | 96 | 84 |
| Investment property | 6,280 | 3,393 |
| Investments in equity-accounted companies | 1,108 | 948 |
| **Insurance investments** | **402,135** | 447,468 |

### 2.4.1.1 Financial assets at fair value through profit or loss

| *(in millions of euros)* | 31.12.2022 | 31.12.2021 |
|---|---|---|
| **Debt instruments** | **171,448** | 180,952 |
| Government paper and equivalents | 3,992 | 4,316 |
| Bonds and other fixed-income securities | 23,592 | 20,438 |
| UCITS | 60,782 | 76,849 |
| Assets backing unit-linked contracts | 77,726 | 73,742 |
| Loans and advances | 5,356 | 5,607 |
| **Equity instruments** | **36,945** | 44,038 |
| Equities and other variable-income securities | 34,012 | 39,301 |
| Assets backing unit-linked contracts | 2,933 | 4,737 |
| **Derivative financial instruments** | **3,702** | 1,413 |
| **Financial assets at fair value through profit or loss** | **212,095** | 226,403 |

### 2.4.1.2 Financial assets at fair value through other comprehensive income to be reclassified

| | 31.12.2022 | | |
|---|---|---|---|
| *(in millions of euros)* | Fair value | o/w impairment | Unrealised gains/losses |
| Government paper and equivalents | 97,190 | (121) | (24,808) |
| Bonds and other fixed-income securities | 85,247 | (175) | (13,264) |
| **Total debt instruments** | **182,437** | **(296)** | **(38,072)** |
| **Financial assets at fair value through OCI to be reclassified** | **182,437** | **(296)** | **(38,072)** |
| Tax | | | 10,277 |
| **Gains and losses recognised directly in equity on debt instruments measured at fair value through OCI to be reclassified to profit or loss (net of tax) – insurance investments** | | | **(27,795)** |

| | 31.12.2021 | | |
|---|---|---|---|
| *(in millions of euros)* | Fair value | o/w impairment | Unrealised gains/losses |
| Government paper and equivalents | 121,945 | (70) | (1,670) |
| Bonds and other fixed-income securities | 94,639 | (360) | 492 |
| **Total debt instruments** | **216,584** | **(430)** | **(1,178)** |
| **Financial assets at fair value through OCI to be reclassified** | 216,584 | (430) | (1,178) |
| Tax | | | 603 |
| **Gains and losses recognised directly in equity on debt instruments measured at fair value through OCI to be reclassified to profit or loss (net of tax) – insurance investments** | | | **(575)** |

## 2.4.2 Insurance company technical provisions and shadow accounting reserves

| *(in millions of euros)* | 31.12.2022 Before reinsurance | 31.12.2022 Reinsurance | 31.12.2022 Net of reinsurance |
|---|---|---|---|
| Non-life insurance | 9,816 | 932 | 8,884 |
| Life insurance | 267,765 | 16,615 | 251,150 |
| *of which life insurance mathematical reserves* | *254,735* | *16,287* | *238,448* |
| Financial contracts with a discretionary participation feature | 101,296 | 2,996 | 98,300 |
| *of which mathematical reserves* | *91,938* | *2,733* | *89,205* |
| Financial contracts without a discretionary participation feature | 3,110 | 250 | 2,860 |
| **Technical provisions** | **381,987** | **20,793** | **361,194** |

| *(in millions of euros)* | 31.12.2022 Before reinsurance | 31.12.2022 Reinsurance | 31.12.2022 Net of reinsurance |
|---|---|---|---|
| Net deferred participation reserve | 1,669 | | 1,669 |
| **Shadow accounting reserves - liabilities** | **1,669** | | **1,669** |
| **Total technical provisions and shadow accounting reserves - liabilities** | **383,656** | **20,793** | **362,863** |

| *(in millions of euros)* | 31.12.2022 Before reinsurance | 31.12.2022 Reinsurance | 31.12.2022 Net of reinsurance |
|---|---|---|---|
| Net deferred participation reserve | 9,692 | | 9,692 |
| **Shadow accounting reserves - assets** | **9,692** | | **9,692** |

The deferred participation reserve results from the use of shadow accounting. It represents the life insurance policyholders' share of unrealised gains and losses and impairment recognised on assets whose yields determine the yield paid to policyholders.

| *(in millions of euros)* | 31.12.2021 Before reinsurance | 31.12.2021 Reinsurance | 31.12.2021 Net of reinsurance |
|---|---|---|---|
| Non-life insurance | 9,627 | 869 | 8,758 |
| Life insurance | 261,940 | 17,050 | 244,890 |
| *of which life insurance mathematical reserves* | *248,849* | *16,656* | *232,193* |
| Financial contracts with a discretionary participation feature | 107,284 | 3,195 | 104,089 |
| *of which mathematical reserves* | *97,942* | *2,942* | *95,000* |
| Financial contracts without a discretionary participation feature | 3,713 | 278 | 3,435 |
| **Technical provisions** | 382,564 | 21,392 | 361,172 |

| *(in millions of euros)* | 31.12.2021 Before reinsurance | 31.12.2021 Reinsurance | 31.12.2021 Net of reinsurance |
|---|---|---|---|
| Net deferred participation reserve | 31,834 | | 31,834 |
| **Shadow accounting reserves** | 31,834 | | 31,834 |
| **Total technical provisions and shadow accounting reserves - liabilities** | 414,398 | 21,392 | 393,006 |

### 2.4.2.1 Mathematical reserves

| *(in millions of euros)* | Before reinsurance | Reinsurance | Net of reinsurance |
|---|---|---|---|
| **Mathematical reserves at 01.01.2022** | **346,791** | **19,597** | **327,194** |
| Premiums | 31,553 | 537 | 31,016 |
| Extinguished liabilities (benefit payments) | (30,231) | (1,150) | (29,081) |
| Locked-in gains | 8,278 | 375 | 7,903 |
| Change in value of linked liabilities | (7,060) | (219) | (6,842) |
| Changes in scope of in-force business | (6) | - | (6) |
| Outstanding fees | (1,978) | (69) | (1,909) |
| Translation adjustments | 1,906 | | 1,906 |
| Deconsolidated entities | (1,868) | | (1,868) |
| Changes in assumptions | 6 | (20) | 26 |
| Other | (718) | (32) | (686) |
| **Mathematical reserves at 31.12.2022** | **346,673** | **19,020** | **327,653** |

### 2.4.2.2 Deferred participation

| | 31.12.2022 | |
|---|---|---|
| *(in millions of euros)* | Assets | Liabilities |
| Deferred participation on remeasurement of assets at fair value through profit and loss | (2,221) | 1,519 |
| Deferred participation on remeasurement of assets at fair value through OCI | 32,080 | 114 |
| Other deferred participation | (20,167) | 36 |
| **Total deferred participation** | **9,692** | **1,669** |

| | 31.12.2021 | |
|---|---|---|
| *(in millions of euros)* | Assets | Liabilities |
| Deferred participation on remeasurement of assets at fair value through profit and loss | - | 9,546 |
| Deferred participation on remeasurement of assets at fair value through OCI | - | (368) |
| Other deferred participation | - | 22,656 |
| **Total deferred participation** | - | 31,834 |

## 2.4.3 Insurance income statement

| *(in millions of euros)* | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Premiums written | 37,140 | 32,849 |
| Change in unearned premiums | (54) | (176) |
| **Earned premiums** | **37,086** | **32,673** |
| **Revenue from other activities** | **82** | **90** |
| **Other operating income** | **2** | **14** |
| Investment income net of expenses | 5,697 | 5,289 |
| Gains and losses on disposals of investments | (2,973) | (1,209) |
| Change in fair value of financial assets at fair value through profit or loss | (11,253) | 10,458 |
| Change in impairment losses on investments | 128 | (68) |
| Impact of the overlay approach | 700 | (1,074) |
| **Total investment income net of expenses** | **(7,701)** | **13,396** |
| **Total revenue** | **29,469** | **46,173** |
| Claims and benefits expenses | (21,572) | (39,216) |
| Ceded expenses and income | 93 | 205 |
| Income and expenses from other activities | (15) | 5 |
| Acquisition costs | (4,314) | (4,013) |
| Amortisation of acquired in-force business, distribution agreements and contractual customer relationships | (580) | (552) |
| Administrative costs | (362) | (285) |
| Other operating income and expenses | (614) | (489) |
| **Total other income and expenses, net** | **(27,364)** | **(44,345)** |
| **Recurring operating profit (loss)** | **2,105** | **1,828** |
| Net non-recurring operating income and expenses | (48) | (5) |
| **Operating profit (loss)** | **2,057** | **1,823** |
| Finance costs | (121) | (99) |
| Changes in value of intangible assets and goodwill | (24) | (122) |
| Share of profit of equity-accounted companies | 28 | 88 |
| Income tax expense | (432) | (468) |
| **Consolidated net profit (loss)** | **1,508** | 1,222 |
| **Non-controlling interests** | **279** | 474 |
| **Net profit (loss) attributable to owners of the parent** | **1,229** | 748 |

## 2.4.4 Impact of applying the overlay approach for La Banque Postale group's insurance activities

The net impact of applying the overlay approach by type of financial asset is presented below:

| *(in millions of euros)* | 31.12.2022 Carrying amount | Gross overlay impact | Deferred tax | Net overlay impact |
|---|---|---|---|---|
| UCITS | 45,527 | (438) | 112 | (326) |
| Equities and other variable-income securities | 31,847 | (180) | 87 | (93) |
| Bonds | 8,508 | (83) | 37 | (46) |
| Other financial assets | 13,310 | 1 | 38 | 39 |
| **Total** | **99,192** | **(700)** | **274** | **(426)** |

| *(in millions of euros)* | 31.12.2021 Carrying amount | Gross overlay impact | Deferred tax | Net overlay impact |
|---|---|---|---|---|
| UCITS | 46,964 | 130 | (32) | 98 |
| Equities and other variable-income securities | 33,598 | 944 | (56) | 888 |
| Bonds | 6,160 | (9) | 2 | (7) |
| Other financial assets | 18,559 | 9 | 36 | 45 |
| **Total** | 105,281 | 1,074 | (50) | 1,024 |

The impact on the income statement of applying the overlay approach is presented below:

| *(in millions of euros)* | 31.12.2022 IAS 39 | IFRS 9 | Overlay impact |
|---|---|---|---|
| Net banking income excluding overlay | (91) | (791) | |
| **Overlay impact** | | | **700** |
| **Net banking income** | **(91)** | **(791)** | **700** |
| Deferred taxes | 23 | 297 | (274) |
| **Net profit (loss)** | **(68)** | **(494)** | **426** |

| *(in millions of euros)* | 31.12.2021 IAS 39 | IFRS 9 | Overlay impact |
|---|---|---|---|
| Net banking income excluding overlay | 51 | 1,125 | |
| **Overlay impact** | | | **(1,074)** |
| **Net banking income** | **51** | **1,125** | **(1,074)** |
| Deferred taxes | (25) | (75) | 50 |
| **Net profit (loss)** | 26 | 1,050 | (1,024) |

## 2.5 Commitments given and received

### 2.5.1 Commitments given and received

| *(in millions of euros)* | 31.12.2022 | 31.12.2021 |
|---|---|---|
| **Commitments given** | **151,586** | 151,367 |
| **Financing commitments** | | |
| To credit institutions | 10,350 | 7,006 |
| To customers | 30,662 | 31,852 |
| **Guarantee commitments** | | |
| To credit institutions | 1,311 | 1,381 |
| To customers | 2,809 | 3,615 |
| **Securities-related commitments** | | |
| Securities to be delivered | 16,134 | 18,240 |
| **Other commitments given** | | |
| To credit institutions | 61,892 | 62,420 |
| To customers | 28,429 | 26,852 |
| **Commitments received** | **163,878** | 155,243 |
| **Financing commitments** | | |
| From credit institutions | 45,263 | 47,573 |
| From customers | 1,728 | 400 |
| **Guarantee commitments** | | |
| From credit institutions | 63,587 | 50,188 |
| From customers | 24,335 | 23,991 |
| **Securities-related commitments** | | |
| Securities to be received | 2,895 | 2,943 |
| **Other commitments received** | | |
| From credit institutions | 23,175 | 27,157 |
| From customers | 2,893 | 2,991 |

#### 2.5.1.1 *Crédit Logement* commitments

La Banque Postale is committed to maintaining *Crédit Logement*'s Tier 1 capital at a level equivalent to its interest in the company, i.e., 6%, so that the company can maintain its capital ratio. La Banque Postale is also committed to replenishing *Crédit Logement*'s mutual guarantee fund if required. This fund underwrites borrower defaults on loans guaranteed by the fund. The amount of this commitment, which is calculated on the share of outstanding *Crédit Logement* loans distributed by La Banque Postale, was €168 million at 31 December 2022 (€184 million at 31 December 2021).

The amount reported for guarantee commitments received from credit institutions primarily corresponds to guarantees received from *Crédit Logement*.

## 2.5.2 Exposure to credit risk on financing commitments and guarantees given

### 2.5.2.1 Exposure to credit risk on financing commitments and guarantees given

| *(in millions of euros)* | Stage 1: 12-month expected credit losses | Stage 2: Lifetime expected credit losses | Stage 3: Expected credit losses – impaired loans | Total commitments given |
|---|---|---|---|---|
| **Opening position at 01.01.2022** | **38,018** | **5,778** | **60** | **43,856** |
| Increase | 19,056 | 5,203 | 91 | 24,350 |
| Decrease | (18,715) | (3,843) | (182) | (22,740) |
| Transfer between stages | (302) | (2) | 304 | |
| Other movements | (237) | (98) | | (335) |
| **Closing position at 31.12.2022** | **37,820** | **7,038** | **273** | **45,131** |

### 2.5.2.2 Breakdown of provisions for expected credit losses

| *(in millions of euros)* | Stage 1: 12-month expected credit losses | Stage 2: Lifetime expected credit losses | Stage 3: Expected credit losses – impaired loans | Total provisions for expected credit losses |
|---|---|---|---|---|
| **Opening position at 01.01.2022** | **(70)** | **(48)** | **(12)** | **(130)** |
| Allocations on movements during the period | (32) | (63) | (1) | (96) |
| Other allocations | (8) | (29) | (8) | (45) |
| Reversals used with write-off | 15 | | 4 | 19 |
| Reversals related to asset disposals | 13 | 6 | 2 | 21 |
| Other unused reversals | 32 | 50 | 2 | 84 |
| Other movements | (2) | 1 | 2 | 1 |
| **Closing position at 31.12.2022** | **(52)** | **(83)** | **(11)** | **(146)** |

# 2.6 Fair value of financial instruments

## 2.6.1 Fair value of financial assets and liabilities measured at amortised cost

| (in millions of euros) | 31.12.2022 Carrying amount | 31.12.2022 Estimated market value | 31.12.2021 Carrying amount | 31.12.2021 Estimated market value |
|---|---|---|---|---|
| **Assets** | | | | |
| Securities at amortised cost | 83,079 | 75,320 | 68,340 | 70,875 |
| Loans and receivables due from credit institutions and related entities at amortised cost | 109,711 | 109,806 | 91,083 | 91,096 |
| Loans and receivables due from customers at amortised cost | 192,703 | 176,197 | 187,681 | 184,571 |
| **Total financial assets measured at amortised cost** | **385,493** | **361,323** | 347,103 | 346,542 |
| **Liabilities** | | | | |
| Debt securities | 134,585 | 128,159 | 132,599 | 131,982 |
| Due to credit institutions | 51,891 | 51,747 | 51,678 | 52,086 |
| Due to customers | 329,027 | 325,659 | 319,639 | 315,277 |
| Subordinated debt | 9,144 | 8,011 | 10,104 | 10,283 |
| **Total financial liabilities measured at amortised cost** | **524,647** | **513,576** | 514,020 | 509,628 |

## 2.6.2 Financial instruments measured at fair value

| (in millions of euros) | Quoted on an active market: Level 1 | Measured using observable inputs: Level 2 | Measured using unobservable inputs: Level 3 | Total 31.12.2022 |
|---|---|---|---|---|
| **Financial assets at fair value** | | | | |
| Financial assets at fair value through profit or loss – Mandatory classification | 77,485 | 39,340 | 30,744 | 147,569 |
| Financial assets at fair value through profit or loss – Fair value option | 4,639 | 125 | 537 | 5,301 |
| Assets backing unit-linked contracts | 75,124 | 5,137 | 398 | 80,659 |
| Derivative instruments held for trading | | 6,880 | 62 | 6,942 |
| Hedging instruments with a positive fair value | 1 | 3,213 | 1,153 | 4,367 |
| Financial assets at fair value through OCI to be reclassified | 186,036 | 13,693 | 4,260 | 203,989 |
| Financial assets at fair value through OCI not to be reclassified | 24,336 | 1,914 | 613 | 26,863 |
| Cumulative fair value adjustments to portfolios hedged against interest rate risk – assets | | 1,104 | | 1,104 |
| **Total financial assets at fair value** | **367,621** | **71,406** | **37,767** | **476,794** |
| **Financial liabilities at fair value** | | | | |
| Financial liabilities at fair value through profit or loss | 419 | 8,793 | | 9,212 |
| Derivative instruments held for trading | | 4,743 | 138 | 4,881 |
| Hedging instruments with a negative fair value | | 10,134 | 325 | 10,459 |
| Cumulative fair value adjustments to portfolios hedged against interest rate risk – liabilities | | 1,507 | | 1,507 |
| **Total financial liabilities at fair value** | **419** | **25,177** | **463** | **26,059** |

| *(in millions of euros)* | Quoted on an active market: Level 1 | Measured using observable inputs: Level 2 | Measured using unobservable inputs: Level 3 | Total 31.12.2021 |
|---|---|---|---|---|
| **Financial assets at fair value** | | | | |
| Financial assets at fair value through profit or loss – Mandatory classification | 101,924 | 30,145 | 28,529 | 160,598 |
| Financial assets at fair value through profit or loss – Fair value option | 5,244 | 34 | 499 | 5,777 |
| Assets backing unit-linked contracts | 73,594 | 4,806 | 79 | 78,479 |
| Derivative instruments held for trading | 1 | 2,348 | 1 | 2,350 |
| Hedging instruments with a positive fair value | | 5,865 | 223 | 6,088 |
| Financial assets at fair value through OCI to be reclassified | 222,435 | 13,420 | 2,702 | 238,557 |
| Financial assets at fair value through OCI not to be reclassified | 27,112 | 2,217 | 406 | 29,735 |
| Cumulative fair value adjustments to portfolios hedged against interest rate risk – assets | | 346 | | 346 |
| **Total financial assets at fair value** | **430,310** | **59,181** | **32,439** | **521,930** |
| **Financial liabilities at fair value** | | | | |
| Financial liabilities at fair value through profit or loss | 619 | 1,890 | | 2,509 |
| Derivative instruments held for trading | | 2,939 | 58 | 2,997 |
| Hedging instruments with a negative fair value | | 6,690 | 377 | 7,067 |
| Cumulative fair value adjustments to portfolios hedged against interest rate risk – liabilities | 145 | | 175 | 320 |
| **Total financial liabilities at fair value** | **764** | **11,519** | **610** | **12,893** |

The Group's financial instruments are partly measured using prices "quoted on an active market" (Level 1 of the fair value hierarchy).

These include:

- equities, measured on the basis of quoted prices on their reference market;
- bonds, EMTNs, BMTNs: for each instrument, the value is determined based on the most recent of the quoted prices available on the stock exchange, from brokers, trading rooms or trading platforms;
- units in UCITS and other funds, measured at net asset value;
- BTAN treasury notes, at the prices quoted under the Banque de France's centralised quotation system;
- derivative instruments traded on an organised market (futures, options, etc.).

Financial instruments "Measured using observable inputs" (Level 2 of the hierarchy) concern instruments that are measured using the prices of:

- similar-type instruments quoted on an active market, from the same issuer or guarantor. In that case, the prices and other observable market inputs are used and an adjustment may be made to account for the instrument's degree of illiquidity;
- or identical or similar-type instruments quoted on a non-active market on which regular, observable transactions take place, or financial instruments measured using inputs other than quoted prices that are observable.

These include:

- structured products valued by the Group, arrangers or external valuers;
- OTC derivatives contracts;
- money market securities other than BTANs measured based on the zero coupon price curve plus a spread.

Derivatives are classified based on an analysis that combines the observability of the market inputs used in the valuation and the robustness of the valuation models measured in terms of effectiveness in providing a valuation within market consensus. This approach shows that the derivatives used by the Caisse des Dépôts Group to hedge its activities fall mainly into Level 2.

Financial instruments "Measured using unobservable inputs" (Level 3 of the hierarchy) concern financial instruments measured using inputs not based on observable market data. These are defined as inputs based neither on observable market transactions involving the same instrument at the measurement date, nor on observable market data available at the same date.

These instruments are mainly unlisted participating interests, asset-backed securities and hedging derivatives.

The market value of unlisted participating interests classified as financial assets at fair value through other comprehensive income is calculated by reference to certain criteria such as net assets, future profitability and discounted future cash flows.

## 2.6.3 Change in value of financial instruments measured at fair value using a technique based on unobservable inputs (Level 3)

| *(in millions of euros)* | Financial assets designated at fair value through profit or loss | Financial assets at fair value through OCI to be reclassified | Financial assets at fair value through OCI not to be reclassified | Hedging instruments | Total |
|---|---|---|---|---|---|
| **Balance at 01.01.2021** | 24,133 | 1,598 | 741 | 325 | **26,797** |
| Additions | 6,358 | 690 | 28 | 46 | 7,122 |
| Disposals and repayments | (4,176) | | | (96) | (4,272) |
| Transfers to or from Level 3 | (18) | (283) | | | (301) |
| Gains and losses in the period recognised in OCI | | (47) | (12) | | (59) |
| Gains and losses in the period recognised in profit or loss | 1,185 | | | (53) | 1,132 |
| Translation adjustments | | | 6 | | 6 |
| Effect of changes in scope of consolidation and other movements(1) | 1,626 | 744 | (357) | 1 | 2,014 |
| **Balance at 31.12.2021** | 29,108 | 2,702 | 406 | 223 | **32,439** |
| Additions | 7,478 | 2,879 | 203 | 710 | 11,270 |
| Disposals and repayments | (3,983) | (221) | (4) | (67) | (4,275) |
| Transfers to or from Level 3 | (821) | 136 | | | (685) |
| Gains and losses in the period recognised in OCI | | (1,213) | 15 | | (1,198) |
| Gains and losses in the period recognised in profit or loss | (100) | | | 287 | 187 |
| Effect of changes in scope of consolidation and other movements | 59 | (23) | (7) | | 29 |
| **Balance at 31.12.2022** | 31,741 | 4,260 | 613 | 1,153 | **37,767** |

(1) Mainly an opening correction for CNP Assurances.

## 2.7 Benchmark interest rate reform

At the beginning of 2022, the "IBOR" interbank rates were replaced by "RFR" alternative rates. Furthermore, the GBP and JPY Libor settings (one- and six-month maturities) are no longer supplied by banks and are now published on a "synthetic" basis solely for the purpose of managing the transition to the new rates. The European EONIA index was last published on 3 January 2022. As there have been no announcements regarding a forthcoming replacement of the Euribor index, the latter has been excluded from the quantitative data provided.

At 31 December 2022, the Caisse des Dépôts Group is exposed to USD Libor as follows:

- a nominal amount of €2,179 million on derivatives;
- a carrying amount of €631 million on financial assets and of €523 million on financial liabilities.

Publication of the USD Libor rates (overnight, three-, six- and 12-month maturities), in the format supplied by banks, must be discontinued as from the end of June 2023. The Caisse des Dépôts Group intends to migrate the contracts concerned by this date at the latest.

# 2.8 Risk factors

## 2.8.1 Impact of the conflict in Ukraine on Group risks

### 2.8.1.1 Exposure to Ukraine and Russia

The Caisse des Dépôts Group and its industrial and commercial subsidiaries have a limited presence in Ukraine and Russia and their neighbouring countries.

From the outset of the war, the teams of Caisse des Dépôts and its subsidiaries have been working to identify the Group's exposure to Russia and its Belarusian ally from an HR, physical and financial perspective.

Among the Group's subsidiaries, only La Poste group operates in Russia through its subsidiary DPD Russia. As of 28 February 2022, La Poste group suspended all flows to and from Russia. On 5 May 2022, La Poste group also took the decision to withdraw from the Russian market. As a result, given the current circumstances, the difficulties being encountered by the subsidiary and the risks involved in the sale, the intangible assets and property, plant and equipment were written down in full in 2022. Appropriate arrangements have been made to ensure that the contents of packages shipped comply with international sanctions on exported goods and do not aid the Russian war effort.

Caisse des Dépôts and its subsidiaries are wholly independent from Russia in terms of their private fundraising and market financing, which ensures their independence when it comes to putting any necessary measures in place.

The Caisse des Dépôts Central Sector has zero direct financial exposure to Russia and Belarus. Exposures arising from long-standing partnerships and funds are negligible. Nevertheless, all possible measures have been and are being taken to close out positions in these countries in compliance with international laws.

For La Banque Postale, the impacts of the situation are fairly limited in terms of the risk arising directly from the Ukraine-Russia conflict, and its loan book has no exposure to either country. La Banque Postale’s subsidiary CNP Assurances has minor exposure. The main area for attention in terms of the loan book results from the indirect consequences of the situation on French corporate customers financed by La Banque Postale who do a significant portion of their business with Russia, in particular (note that measures were taken immediately by the Group Compliance department at the outbreak of the conflict to identify and closely monitor the accounts, assets and transactions of retail and corporate customers subject to sanctions, and that these measures are still in force today). La Banque Postale is exposed to a potentially significant (albeit not yet visible to date) deterioration in the credit quality of loan books due to the negative external impacts of the conflict, namely the sharp increase in inflation and its impact on the broader interest rate environment and the rest of the macroeconomy.

The impacts of the war in Ukraine are extremely limited for SFIL group, which has no exposure to Russia or Belarus. SFIL has only one exposure in Ukraine, which represented an outstanding amount of €53 million and an off-balance sheet financing commitment of €1.9 million at 31 December 2022. This exposure arose as part of its export credit activity and is fully guaranteed by the French State; SFIL is not therefore directly exposed to credit risk on this financing.

In light of its role of financing mainly French companies, the Bpifrance group has extremely limited direct exposure to Russia, Ukraine and Belarus. The existing net low-level exposure relates to export credit financing Ukrainian buyers in the context of Bpifrance’s support for French exporters. Of the three equity investments made by Bpifrance Participations in Russian entities, which are not affected by French, European or US economic sanctions to date but were made alongside a Russian partner currently subject to European and US economic sanctions, two were sold in the second quarter of 2022 and a sale agreement is being finalised for the third. This position was written down in full in the Bpifrance group’s balance sheet at 31 December 2022.

Note that the Bpifrance group includes Bpifrance Assurance Export, which acts in the name, on behalf, and under the control of the French State in providing support for French exporters. As such, this subsidiary is involved in negotiating, putting in place and monitoring government aid for French exports. These exposures, directly borne by the State (and not on Bpifrance's balance sheet), represent just over €560 million on Ukraine and approximately €1 billion on Russia.

### 2.8.1.2 Impact of the crisis on the Caisse des Dépôts Group's credit risk

Despite the Group's fairly low direct exposure to Ukraine and Russia, economic and market uncertainty along with rising interest rates and inflation are likely to significantly impact the financial position of companies in the most exposed sectors. Caisse des Dépôts and its subsidiaries are therefore closely monitoring the risk of a deterioration in the credit quality of Group counterparties with businesses or earnings that are highly sensitive to the war (worse sector outlook due to supply difficulties, higher raw material prices and the impact of energy costs).

Reviews of the cost of risk and provisioning, underscored by conservative measures in certain sectors and customer segments, did not lead to a marked change in the loss experience of the loan books held by the Group's banking subsidiaries in 2022. Accordingly, no significant increase in the cost of risk was observed in connection with the conflict.

### 2.8.1.3 Asset impairment

The value of the Caisse des Dépôts Group's financial portfolios and equity investments was reviewed in 2022 in accordance with Group procedures, taking into account the already visible and expected consequences of the conflict on the financial health of the exposures concerned, along with the review of the underlying macroeconomic scenarios and inputs.

### 2.8.1.4 Impact on liquidity risk

In view of Caisse des Dépôts' liquidity reserves and the prudent management of its subsidiaries' liquidity, there has been no deterioration in the Caisse des Dépôts Group's liquidity position, which remains healthy. Thanks to the creditworthiness of Caisse des Dépôts and its subsidiaries, the planned financing operations were able to be carried out.

### 2.8.1.5 Exposure to compliance risk related to the war in Ukraine and measures taken by the Group

International sanctions against Russia were stepped up following the outbreak of war in Ukraine on 23 February 2022. In view of the significant sanctions-related compliance issues related to banking operations as well as industrial and commercial activities, compliance and financial security procedures and tools were adapted to this new context.

Caisse des Dépôts' teams deployed their best efforts to strengthen the robustness of compliance and financial security systems in order to ensure effective screening of incoming and outgoing flows from and to Russia and Belarus and to implement the sanctions and asset freeze measures pronounced by European authorities. The Group's subsidiaries also took action to meet the new financial security and compliance requirements.

The main measures taken by Caisse des Dépôts are described below:

- **screening system for post-sanction flows:** Caisse des Dépôts' screening tool has been regularly updated in line with the latest sanctions lists for single, instantaneous and large flows, enabling the assets freeze procedure to kick in for any listed person or entity.

  Dual verification was introduced for Russian third parties and requests for information are systematically made for all flows from or to Russia and Belarus.

  Similar measures have been put in place at La Banque Postale. The channel for payments to Russia has been closed since 26 April in La Banque Postale's payments department and standing orders to Russia have been suspended. In the context of Western Union's money order business, the Russia and Belarus corridors (outgoing flows) have also been closed since 3 March 2022.

  In its insurance business, CNP Assurances has suspended Russia-exposed funds in France and Italy.

  At SFIL, no business relationships are concerned by the sanctions based on screening carried out at the beginning of the crisis;

- **profiling system:** as of 1 March 2022, all those in charge of processing profiling alerts within Caisse des Dépôts have been made aware of the obligation to carry out enhanced due diligence in order to identify beneficial owners with a potential link to the Russian-speaking world.

  Caisse des Dépôts' profiling tool has transaction indicators that generate alerts based on country risk and a threshold. As a high-risk country, flows to and from Russia have been set at the lowest thresholds.

  Awareness-raising sessions for employees reporting to TRACFIN (the French Ministry of Finance's unit against money laundering) have been held on vigilance and reporting measures in cases where transactions involve parties targeted by sanctions.

  A similar awareness-raising exercise was held for teams engaged in the recovery of unclaimed assets (Ciclade) and assets on consignment. A system of upward reporting to the financial security teams of the Permanent Control and Compliance division has been put in place.

Lastly, the Caisse des Dépôts Group entities met their consolidated reporting obligations to the French Prudential Supervisory and Resolution Authority (ACPR), as well as to the French Treasury department.

### 2.8.1.6 Operational and cyber risk exposure related to the war in Ukraine

From the outset of the conflict, teams from Caisse des Dépôts and its subsidiaries ensured the safety of personnel potentially present in the conflict zones. Human resources issues related to the Group's operating subsidiaries in Eastern Europe employing Russian or Ukrainian staff were also addressed.

In terms of information systems security, the war in Ukraine has significantly increased the threat of cyber security attacks worldwide, including for French financial institutions and companies. In order to manage this high-level threat, the cyber security system of Caisse des Dépôts and its subsidiaries was strengthened in coordination with the Group. At 31 December 2022, there had been no major cyber security incidents related to the war in Ukraine for the Caisse des Dépôts Group.

### 2.8.1.7 The Caisse des Dépôts Group's solidarity with the Ukrainian people

Caisse des Dépôts would like to reiterate that it has been closely monitoring the war in Ukraine since the beginning of the conflict and that the Group stands together with the Ukrainian people. As approved by the Supervisory Board, Caisse des Dépôts has shown its commitment by paying out €1 million in cumulative donations to support Ukrainian victims of the war, split evenly between the Red Cross, which is providing assistance on Ukrainian territory, and the United Nations High Commissioner for Refugees, which is helping Ukrainian arrivals in the host countries. At the level of the Group's subsidiaries, more than 530 housing units have been made available to Ukrainian refugees, able to house some 2,100 people, and transport for Ukrainian refugees has been organised with local authorities in various European countries. Lastly, La Poste group has taken significant action through its banking activities (introduction of a simplified system for opening bank accounts, free wire transfers to Ukraine) and industrial operations (free delivery of parcels and essential goods): for example, more than 3,000 contacts with Ukrainian refugees were made between 1 March and 27 May 2022 at the level of La Banque Postale.

## 2.8.2 Risk factors and risk appetite strategy

To carry out its public-interest missions and fulfil its role as a long-term investor, Caisse des Dépôts has adopted risk appetite principles that meet the following objectives:

- **protect the savings and deposits** entrusted to it as a fiduciary manager of private funds;
- implement a strategy that focuses on a **long-term vision** (at least five years) to maintain the ability to take **countercyclical** action;
- support investment and financing projects **conducive to the balanced and sustainable development of the economy and society,** with the aim of generating future financial, environmental and social benefits, and develop innovation to serve the regions, their people and the economic fabric;
- apply a **financial, management and diversification policy** to its investments and financing in order **to consolidate its financial base** and strengthen its equity for the benefit of its public-interest missions, especially through the integration of systemic risks such as climate change;
- **protect Caisse des Dépôts' reputation** by complying with applicable laws and regulations, adopting best ethical practices and **carefully managing non-financial risks** that might hurt its image.

The subsidiaries of Caisse des Dépôts adhere to this general framework and integrate specific measures in their own risk management policies based on the nature of their business and their business models.

Risk appetite means the level of risk of any nature that the Group or a Group entity is prepared to accept or tries to avoid in order to achieve its strategic and operational objectives. For entities governed by banking or financial regulations, their risk appetite is defined by the regulations applicable to financial institutions.

Every year, the Caisse des Dépôts Supervisory Board issues an opinion on the risk appetite levels and principles expressed in the framework documentation and risk appetite statement. For each major category of risk, qualitative principles and/or metrics are used to manage risk appetite. These metrics sometimes include thresholds and/or limits, taking into account Caisse des Dépôts' financial objectives as well as its public-interest activities and the mandates entrusted to it by the public authorities. If these thresholds or limits are exceeded, an upward reporting process is in place so that a corrective action plan can be defined for getting such metrics back below the warning levels set.

The Group's financial entities ensure that their governing bodies discuss their own risk appetite at least once every year. This risk appetite must be compatible with the Group's risk appetite as approved by the Supervisory Board. It must be approved by the entity's executive and decision-making body.

Risk appetite is based on risk maps produced annually by the Group Risk Management division. The risk mapping exercise covers three interrelated risk maps encompassing the Caisse des Dépôts Group's entire risk universe, as represented by the Group's risk taxonomy. More detailed ESG risks have been added to the taxonomy to ensure a better link with the Group's non-financial performance statement.

The risk maps chart:

- financial risks relating to the Public Institution;
- operational and compliance risks relating to the Group (these began to be mapped in 2022);
- Group consolidated risks.

They are submitted to the Executive Committee and the Supervisory Board.

The risk maps are a financial and operational risk management tool used to identify and evaluate the significant risks faced by the Public institution and the Group by virtue of their structure and business.

The risks arising on the activities of Caisse des Dépôts and its subsidiaries are classified according to the following risk families in the Group's risk taxonomy, which provides a common language for the Group's financial and non-financial entities:

- strategy and governance risks;
- operational and compliance risks;
- financial risks;
- insurance risks.

## 2.8.3 General structure of the Group's internal control, risk management and compliance system

### 2.8.3.1 Applicable regulations

In accordance with article 4 of Decree No. 2020-94 of 5 February 2020, the internal and external control system of Caisse des Dépôts must include:

- controls for internal procedures and operations;
- accounting and information-processing divisions;
- systems for measuring risks and results;
- systems for monitoring and managing risks;
- a documentation and information system;
- a system for monitoring cash and securities flows.

In accordance with articles 5 and 6 of the said decree, Caisse des Dépôts must ensure that this policy is applied to the entire Group, which means:

- mobilising all the resources needed to ensure that it is respected by all companies over which it exercises exclusive or joint control within the meaning of amended Regulation No. 99-07 of the French accounting standards setter (*Comité de la réglementation comptable* – CRC) of 24 November 1999 or the IFRS standards, Decree No. 2020-94 or any other internal control provisions applicable to these companies;
- ensuring that the systems put in place by these companies are consistent between themselves so that the risks can be measured, monitored and managed at the consolidated level;

- verifying that these companies have suitable control systems and procedures for producing relevant information and data that can be used for monitoring risks at the consolidated level.

The decree makes applicable the prudential provisions, with the necessary adjustments, of Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms.

The internal control system must also comply with the General Regulations of the French financial markets authority (*Autorité des marchés financiers* – AMF) as well as with specific regulations applicable to the Group's different entities (in particular, the Decree of 3 November 2014 on internal control for companies in the banking sector, payment services and investment services under the supervision of the French Prudential Supervisory and Resolution Authority (*Autorité de contrôle prudentiel et de résolution* – ACPR), and the Decree of 6 January 2021 on internal control and systems for combating money laundering and the financing of terrorism and the freezing of assets and the ban on the provision or use of economic resources or funds) and to the specialised businesses (e.g. portfolio management, insurance).

### 2.8.3.2 Key players in the internal control and risk management system

The Chairman and Chief Executive Officer of Caisse des Dépôts is responsible for the Group's entire internal control, risk management and compliance system. The Chairman and Chief Executive Officer defines the risk management and compliance policies for the Group, as well as the internal control principles (permanent controls and periodic controls). He receives key internal control and risk management reports.

The directors of the Caisse des Dépôts Central Sector and the heads of the subsidiaries are responsible for rolling out the policies defined by the Group within their own reporting scope, in accordance with any applicable regulations specific to them.

Within these entities, line managers set up effective risk management processes within their own divisions, particularly with regard to procedures and the segregation of tasks. They ensure that their operations comply with entity-specific provisions, including the applicable law and regulations, professional standards and management instructions, applied in line with the policies defined by the Group.

At Group level, the Group Risk Management division and the Permanent Control and Compliance division of Caisse des Dépôts form the second line of defence. The entities' risk management, permanent control and compliance functions implement the risk management (including compliance risk) and permanent control systems in their subsidiaries under the authority of the heads of these entities.

The Group Risk Management division is responsible for the Group risk management system. It develops and implements the risk management framework, taking into account the risk appetite defined by the Group.

The Group Permanent Control and Compliance division is responsible for organising the second-tier permanent control system, which is independent from the operational functions, through a control plan that combines the principle of completeness of permanent controls with a risk-based approach. To that end, it is supported by the permanent control divisions of the subsidiaries, and ensures that they correctly implement the Caisse des Dépôts Group's Permanent Control Charter. It is also responsible for the system for preventing compliance risk, as defined in Decree No. 2020-94 of 5 February 2020. In particular, it monitors changes in the permanent control and compliance regulations applicable to Caisse des Dépôts and how they are implemented within the Group.

The Group Audit division is responsible for periodic controls within the internal control system and works across the scope of the Public Institution and any exclusively or jointly controlled subsidiaries. It exercises a right to audit the subsidiaries and coordinates the Group's internal audit network made up of the subsidiaries' audit divisions, notably in order to coordinate actions relating to periodic controls at Group level. The Group Audit division works independently, following a multi-year programme approved by the governing body of Caisse des Dépôts, to which it reports on a regular basis (performance of its engagements, implementation of recommendations).

### 2.8.3.3 Organisation

#### 2.8.3.3.1 Permanent controls

The permanent control system covers all the activities of the divisions and subsidiaries and any other entities within their operational reporting scope, including activities deemed critical or important, within the meaning of banking and financial regulations, that have been outsourced to a service provider.

There are two levels of control: operational controls (first tier) and work by control function staff (second tier):

- the first tier consists of controls designed to ensure that all operations processed are conducted properly. They are performed by operational teams and their respective managers, who ensure that the activities for which they are responsible are properly conducted. First-tier controls are designed around the principles of segregation of functions, delegation of power and approval limits, and the accuracy and completeness of all entries and data flows processed. First-tier controls also include controls carried out by automated transaction processing systems;
- the second-tier controls are the responsibility of the Group's Permanent Control and Compliance division and the subsidiaries' Permanent Control and Compliance Officers. This second tier contributes to the control of the compliance, security and approval of the operations carried out. It also aims to ensure that the first-tier control systems are appropriate to the risks involved and activities carried out. The controls are defined in reference to the risk maps, warning flags and events.

Caisse des Dépôts' permanent control principles are set out in the "Group Permanent Control Charter" reference document, which has been approved by the Executive Committee. The charter applies to all divisions of the Caisse des Dépôts Central Sector (the "divisions") and the entities that it controls. Permanent control is based on written procedures and formally documented control processes.

All second-tier control plans, control results, control events and corresponding action plans for the Caisse des Dépôts Central Sector are archived in a Group-wide application. The other entities have developed applications for ensuring the reliability of the internal control audit trail as well as the traceability of any events identified.

#### 2.8.3.3.2 Risk management

The Group's entities must deploy risk management and prevention systems adapted to their businesses and the degree of inherent risk, in compliance with the Group's overall risk management framework and without prejudice to any specific provisions applicable to them.

The risks of the Caisse des Dépôts subsidiaries are incorporated into the consolidated risk management system based on the different types of risk incurred and the nature of each subsidiary's business. In general terms, Caisse des Dépôts provides consolidated risk monitoring for:

- financial risks, covering the financial and real estate subsidiaries;
- non-financial risks, covering the main subsidiaries within the scope of consolidation.

Liquidity risk is managed by each of the Group entities.

In 2022, Caisse des Dépôts strengthened its second line of defence and its management of Group operational risks by:

- setting up a dedicated department within the Group Risk Management division;
- structuring and coordinating a Group operational risk unit;
- revisiting its Group operational risk management policy;
- strengthening Group-wide standards and methods for operational risk mapping and incident reporting.

#### 2.8.3.3.3 Periodic controls

Periodic controls provide a third level of control and are performed by Group Internal Audit and the Audit network in accordance with the action principles and methodology set out in the Caisse des Dépôts Internal Audit Charter.

#### 2.8.3.3.4 Supervision over the Group entities

The Caisse des Dépôts Group Risk Management and Permanent Control and Compliance divisions have a functional relationship with each risk management, permanent control and compliance division the Group's entities.

The entities' Risk, Permanent Control and Compliance Officers report back to the Group Risk Management division on the risk management system and to the Group Permanent Control and Compliance division on the risks identified in the context of their compliance and permanent controls. They may subsequently ask the divisions to intervene directly.

Each Group financial subsidiary deploys risk monitoring applications and processes that are adapted to its own activities and structure.

Group-level indicators are monitored by the Group Risk Management division based on information provided by the subsidiaries (risk reporting, consolidated risk profile, etc.).

Directors from Caisse des Dépôts sit on the subsidiaries' audit and risk committees and ensure, working with the Group Risk Management division, that each entity complies with all of the Group's risk management measures as stated in the Group risk management charter.

#### 2.8.3.3.5 Governance bodies and reporting

Twice a year, under the chairmanship of the Chairman and Chief Executive Officer, the Risk, Permanent Control and Compliance Committee examines the status of risk management and internal control within the Group.

The Group Risk Management division presents:

- a monthly risk summary for the Executive Committee;
- a quarterly report on the Group's risk profile for the Executive Committee and Supervisory Board, mainly to verify compliance with the risk appetite levels;
- the results of the risk mapping exercise for the Executive Committee and Supervisory Board.

The Permanent Control and Compliance division provides information on the status of the permanent controls put in place for the Public Institution and its main subsidiaries at a predefined frequency and in the appropriate formats.

The Group Permanent Control and Compliance division reports to the Supervisory Board, in particular through half-yearly reports, on permanent controls and compliance, in accordance with the requirements of Decree No. 2020-94 of 5 February 2020 on the internal and external control of Caisse des Dépôts.

The Group Audit division reports regularly to the governing bodies of Caisse des Dépôts. Its multi-year audit plan is updated every year and approved in turn by the Chairman and Chief Executive Officer (presentation to the Executive Committee) and the Supervisory Board (after a presentation to the Audit and Risk Committee). In addition, it provides these same bodies with an annual report on the work of the Group's internal audit network and a progress report on the auditors' and regulators' recommendations (quarterly presentation to the Executive Committee, and half-yearly to the Supervisory Board, after review by the Audit and Risk Committee). Every year, the Group Audit division also contributes to a presentation on the structure and objectives of Caisse des Dépôts' internal control system.

An annual internal control report is prepared, provided to the Supervisory Board and submitted to the French Prudential Supervisory and Resolution Authority (ACPR), in accordance with Decree No. 2020-94 of 5 February 2020.

## 2.8.4 Financial risks

### 2.8.4.1 Credit and counterparty risk

#### 2.8.4.1.1 Definition of credit risk and scope

Credit risk is the current or prospective risk of a loss on a receivable, due to a deterioration in the borrower's credit standing that may result in an inability to meet its payments when they fall due.

Credit risk within the Caisse des Dépôts Group is managed in accordance with Chapter IV, Section 2 of Decree No. 2020-94 of 5 February 2020, and specifically article 63 which requires Caisse des Dépôts to have a credit risk selection and management procedure in order to:

- centrally identify the balance sheet and off-balance sheet risks from a single counterparty or several counterparties considered to be a single group of related customers;
- establish different risk level categories based on qualitative and quantitative information, including for daily credit risk, if significant for its activity;
- understand and manage concentration risk by means of documented policies and procedures;
- understand and manage residual risk by means of documented policies and procedures;
- ensure its commitments are adequately diversified in accordance with its credit policy.

Within the Group, credit risk mainly affects the Caisse des Dépôts Central Sector, La Banque Postale and SFIL as a result of loans and receivables portfolios and securities portfolios measured at amortised cost or at fair value through other comprehensive income.

#### 2.8.4.1.2 Credit risk management and governance

##### 2.8.4.1.2.1 Governance

The Executive Committee set the fundamental risk management principles (strategic guidelines, values, risk appetite, governance, umbrella Group standards), which are then approved by the Supervisory Board and used by each of the regulated entities to define its own risk management system via its own governance, and by each business line of the Caisse des Dépôts Central Sector to define its priority actions and manage the associated risks, under the supervision of the Group Risk Management division.

The regulated entities have a procedural handbook covering credit, counterparty and regulation risks. These rules and procedures are consistent with the risk appetite defined at Group level and incorporated in the risk appetite of each entity.

The entities have methods for setting limits and IT systems for monitoring compliance with these limits. The procedures include rules for dealing with breaches of these credit, counterparty and regulation risk limits, and for escalating cases where necessary.

##### 2.8.4.1.2.2 Policies for granting and securing guarantees

The processes for examining and granting guarantees within the Group are based on formal risk selection systems specific to each customer segment or type of activity, via risk analyses, credit ratings and/or scores, delegation rules and specialist committees (regional and national commitment committees, credit committees) and limit-setting rules. In terms of investment limits, third parties are systematically scored and allocated an individual limit designed to contain the total amount of the commitment. If necessary, these individual limits are combined with "group" limits which apply to exposure from a group of third parties considered to belong to the same business grouping. Individual limits and group limits may also be combined with sector or geographical limits designed to mitigate concentration risk.

The Caisse des Dépôts Group strives to minimise its credit risk. To do so, in addition to the quality of the file and of the counterparty which are essential to decision-making, the Group's entities seek guarantees to limit their losses in the event the counterparty defaults. The nature and level of the guarantees for loans vary by customer segment:

- legal professions (Caisse des Dépôts Central Sector scope): loans are usually but not always accompanied by a guarantee, either from a guarantor institution or in the form of a mortgage or personal surety. The rules for guarantees (real, personal and mixed sureties), which vary depending on the type of commitment and client, are defined in the commitments handbook and the general scale;
- home loans (La Banque Postale scope): the general principle is that any finance must be 100% covered by a guarantee, which provides an adequate level of cover that complies with the Group's risk management policy. The main forms of cover are first-ranking mortgages, pledges of financial products (life insurance policies, securities accounts, REIT units) and guarantees from organisations authorised and approved by La Banque Postale's Guarantor Referencing Committee, which uses two main organisations in France: *Crédit Logement* and *Fonds de cohésion sociale* (FGAS);
- consumer credit (La Banque Postale scope): generally granted without guarantees or collateral;
- business loans (La Banque Postale scope): every commitment must be covered by a guarantee except where risk management rules provide otherwise. Their role is to limit La Banque Postale's loss in the event of a borrower default (LGD). The guarantees taken must comply with the risk management rules and, insofar as possible, security rights must qualify in prudential terms;
- export credit, customer loans (SFIL scope): the main providers of personal surety (guarantees) are sovereign institutions and local authorities.

Guarantees for market activities cover either the issuer risk or the counterparty risk:

- issuer risk (Caisse des Dépôts Central Sector scope): issuer, issue or transaction guarantees are recorded in the IT systems and used to calculate the credit risk exposure for the guarantors in question;
- counterparty risk: the Caisse des Dépôts Group is exposed to potential counterparty risk on its over-the-counter market transactions. The Group manages this risk through the systematic use of standard contractual arrangements requiring counterparties to put up collateral or to offset trades. For credit risk for its market activities, La Banque Postale group's standard calls for the inclusion of collateral from repo transactions as securities when the following eligibility criteria are met: sufficiently liquid asset included in the list of CRR assets (article 194.3); right to liquidate (article 194.4) and match between the credit quality grade (CQS) and the assessments of the external organisation (article 197.1).

If the transactions are eligible, the Group clears the derivatives through clearing houses.

The Caisse des Dépôts Group does not use securitisation techniques to attenuate its risk exposures.

#### 2.8.4.1.2.3 Credit risk monitoring (Watchlist and identification of non-performing exposures)

The governance and oversight of the Caisse des Dépôts Group's risks are underpinned by a group of committees, specific to the Caisse des Dépôts Central Sector and its subsidiaries, which enable them to comply – from the highest levels of responsibility down – with the applicable laws and regulations, and to ensure that all risks are managed in a healthy and independent manner. Each entity has committees for:

Risk monitoring:

- Counterparty Risk Committee or Counterparty Watchlist Committee for the Caisse des Dépôts Central Sector;
- Watchlist Committees for La Banque Postale and SFIL.

  These committees monitor any assets that require special surveillance due to a deterioration in their credit risk.

Default monitoring and identification:

- Defaulting Counterparties Committee and Provisions Committee for the Caisse des Dépôts Central Sector;
- Loan Provisions Validation Committee and Disputes Committee for La Banque Postale;
- Defaults, NPE and Forbearance Committee and Provisions Committee for SFIL.

One of the key roles of these committees is to decide whether to apply or remove default status from borrowers, classify non-payments as a true default or technical non-payment, approve the list of counterparties with non-performing exposures and approve the list of restructured exposures.

#### 2.8.4.1.2.4 Credit risk provisions

Impairment is calculated using IFRS 9.

2.8.4.1.2.4.1 Significant increase in credit risk

*2.8.4.1.2.4.1.1 Group principles*

The Caisse des Dépôts Group has defined seven principles for assessing a significant increase in credit risk, one of which is specific to retail customers and is applicable only to La Banque Postale.

**Principle 1 – Monitoring of credit risk:** in accordance with IFRS 9, credit quality is assessed from the beginning of the commitment. Credit quality is measured at each reporting date after initial recognition in order to determine the classification of the asset concerned.

A financial instrument is classified as sensitive when there has been a significant deterioration in credit quality since initial recognition (comparison of the asset's credit quality versus when it was first recorded in the balance sheet or recognised as an off-balance sheet commitment).

**Principle 2 – Rating indicator to monitor credit quality:** the Group monitors the credit risk of each contract using a system for rating the credit quality of the counterparty. The rating of a contract at a given time is determined on the basis of the counterparty's rating at that time, such that, at a given time, all contracts with the same counterparty have the same rating.

The Group's entities have a rating system derived from the internal rating models used to manage and monitor risks.

If no internal or external rating is available for a given customer and the related exposure, other methods are used to assess whether there has been a significant increase in credit risk since inception. For portfolios that do have an internal or external rating, assessment of a possible significant increase in credit risk is based on the rating, supplemented where appropriate by quantitative and/or qualitative analyses by the entity's Risk Management division.

**Principle 3 – Monitoring of credit quality with the addition of a backstop:** to supplement Principle 1, the Group's entities may use an absolute threshold criterion based on payments that are more than 30 days past due. In accordance with IFRS 9, payments more than 30 days past due are considered as an indicator of a significant increase in the credit risk as they point to a decline in credit quality. La Banque Postale and SFIL also use a rating indicator to take into consideration an absolute quality level beyond which there is considered to be a significant increase in the assets' credit risk. The level is set by customer segment and/or type of asset.

**Principle 4 – Use by La Banque Postale of a 12-month indicator for retail customers:** assessment of a significant increase in credit risk, which involves assessing at each reporting date the probability of a default occurring over the remaining life of the asset. Rather than basing the assessment on the lifetime probability of default, IFRS 9 allows the use of a 12-month probability of default if this is a reasonable approximation of the lifetime probability and supported by adequate documentation.

**Principle 5 – Application of the low credit risk exemption:** IFRS 9 allows entities to assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the instrument is determined to have low credit risk at the reporting date. A financial instrument is considered to represent a low credit risk when there has been no significant increase in its credit risk since initial recognition. "Low credit risk" can be equivalent to a widely accepted definition such as "investment grade", which according to the CRR scale would correspond to a rating below or equal to 3. The Group only applies this exemption to debt securities.

**Principle 6 – Consideration of qualitative information:** for the Group's portfolios, excluding La Banque Postale retail customers, the presumption of a transfer to Stage 2 requires a specific qualitative analysis by the Watchlist or Monitoring Committee to confirm or reject the assessment that a significant increase in credit risk has occurred.

**Principle 7 – Transfer to Stage 2 before default:** wherever possible, assets exposed to a significant increase in credit risk are identified before they default. Exceptionally, some commitments can be exempted from being reclassified to Stage 2 before they are recorded in default.

*2.8.4.1.2.4.1.2 Process for assessing a significant increase in credit risk*

The operational procedures in place enable events indicating a possible deterioration in the credit quality of a counterparty to be monitored/detected.

The criteria for classifying a commitment in Stage 2 are described by category of exposure:

- customer portfolios (Caisse des Dépôts Central Sector scope);
- sovereign debt and equivalent, central administrations and central banks;
- financial institutions, credit institutions;
- corporate debt;
- corporates (La Banque Postale scope);
- retail customers – individuals (La Banque Postale scope);
- retail customers – businesses (La Banque Postale scope);
- public sector entities (La Banque Postale and SFIL scope).

The main criteria used to place the contracts of a counterparty in Stage 2 if not yet eligible for Stage 3 are:

- it is placed on the Watchlist by an Asset Monitoring Committee due to deterioration in its credit risk or in Forbearance following a concession made by the entity in question to a counterparty in financial difficulty;
- it is strictly between thirty-one and ninety days past due;
- its rating is below an absolute level used to represent a highly impaired asset: for example, a non-investment grade rating (internal rating less than or equal to BB+) or a rating that has suffered or will suffer a high risk rating migration based on forward-looking scenarios.

The criteria do not represent an exhaustive list and the relevance of information depends on the exposure category observed (except for retail customers of La Banque Postale). Other events leading to a deterioration in credit quality or generating risk can be taken into account following an analysis by the Risk Management division of the entity concerned, in conjunction with the operating divisions responsible for monitoring their customers.

The operating divisions are responsible for the exposures they have generated and must detect immediately any events that indicate a deterioration in the credit quality of their customers.

All assets that are not in Stage 3 or Stage 2 are classified in Stage 1. These are assets that show no significant increase in credit risk since initial recognition.

An asset moved to Stage 2 following a significant increase in credit risk may be moved out of Stage 2 and reclassified in Stage 1 if all the criteria that led to this classification are no longer met and any arrears have been settled. Depending on the circumstances, an observation period (the exact duration of which is to be defined by the entities in accordance with their own procedures) may be required for vulnerable debtors to prevent recurrence.

*2.8.4.1.2.4.1.3 Credit-impaired loans in Stage 3*

IFRS 9 does not provide any definition of default, but it encourages the use of a definition that is consistent with the one used by the entity for the purpose of its risk management policy.

The Group applies the definition of default set by article 178 of Regulation (EU) No. 575/2013 and the provisions of Regulation (EU) No. 2018/1845 of the European Central Bank in relation to the threshold for assessing the materiality of credit obligations past due. The definition of defaulted loans is therefore clarified by the introduction of a relative threshold and an absolute threshold to be applied to payments past due for the purpose of identifying situations of default, by clarifying the criteria for reclassifying loans as performing after a probationary period, and introducing explicit criteria for classifying restructured loans as defaulted loans.

In addition to identifying defaulted loans on the basis of regulatory criteria applicable to payments past due, a financial asset is considered to be credit-impaired when one or several credit events have occurred that are indicative of financial difficulties:

- risk of non-payment (unlikely to pay): it is unlikely that the counterparty will pay all or part of its debt without recourse to actions such as realising security;
- the loan is considered high-risk under the Group's risk management policy;
- an application for relief from excessive levels of consumer debt has been made to the Banque de France, even if no payment incident has occurred (La Banque Postale scope);
- etc.

Removal from "default" status is subject to a probationary period, which may be no shorter than the period defined by the applicable regulations.

2.8.4.1.2.4.2 Impairment – methodological approach – expected credit losses (ECLs)

*2.8.4.1.2.4.2.1 Expected credit losses*

Expected credit losses (ECLs) are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money and all available information.

*2.8.4.1.2.4.2.2 12-month expected credit loss ($ECL_{12\ months}$)*

At each reporting date, when there is no significant increase in the credit risk associated with a commitment since initial recognition, the provision is measured at an amount equal to the 12-month expected credit loss.

$ECL_{12\ months}$ represent the portion of the lifetime cash shortfalls that will result if a default occurs in the 12 months after the reporting date.

This formula applies to all commitments classified in Stage 1.

*2.8.4.1.2.4.2.3 Lifetime expected credit loss ($ECL_{lifetime}$):*

At each reporting date, when there is a significant increase in credit risk associated with a commitment since initial recognition, the provision is measured at an amount equal to the lifetime expected credit loss.

This formula applies to all commitments in Stages 2 or 3.

2.8.4.1.2.4.3 Definition of ECL calculation parameters

Expected credit losses are calculated using three main components: probability of default (PD), loss given default (LGD) and exposure at default (EAD). For contracts in Stage 2, the maturity of the exposure must also be taken into account.

**Probability of default (PD):** IFRS 9 introduces the notion of expected credit losses and, indirectly, that of the probability of default adjusted to the situation at the reporting date (point-in-time probability of default – PiT PD). This parameter does not correspond to the average over the cycle (through-the-cycle probability of default – TTC PD) applicable under the Basel framework for the internal ratings-based approach. This variable is used to estimate the probability that a commitment will go into default over a given period of time. A PiT PD estimate is based on future and current assessments and depends on the counterparty category.

PiT PD is used for all the Group's portfolios, excluding the Caisse des Dépôts Central Sector's customer portfolios, which are subject to specific treatment, based on the historical average of defaults over the previous ten years.

**Loss given default (LGD):** loss given default corresponds to the ratio between contractual and expected cash flows taking into account the effects of discounting and other expenses incurred at the time that an instrument goes into default. LGD is expressed as a percentage of exposure at default.

This input under IFRS 9 differs from the Basel definition. For Basel II purposes, loss given default is adjusted to include a prudential buffer and to reflect losses occurring during a downturn in the business cycle and other costs.

As the Caisse des Dépôts Central Sector's portfolios do not have internal loss given default models, LGD is established by experts, based either on observed historical collections (customer portfolios) or on the levels generally used under the Basel standard (securities portfolios).

La Banque Postale has opted to use modelled LGDs adjusted in accordance with IFRS 9 for portfolios that have a loss given default model by type of product and guarantee, and to determine an LGD based on expert analyses for the other portfolios by segment, product and type of guarantee that will be revised at least once a year, SFIL uses modelled LGDs within the prudential framework, with adjustments to take into account IFRS 9 rules. This approach is applied to all significant portfolios, especially local authorities and unions with their own tax rules.

**Exposure at default (EAD):** exposure at default corresponds to the basis used for calculating the expected credit loss. It is based on the value exposed to credit risk taking into account the type of repayment schedule, the passage of time and expected early repayments (projected cash flows).

Impairment is based on the outstanding amount recorded on-balance sheet and the loss allowance is based on the outstanding amount recorded off-balance sheet (undrawn portion) converted to its credit exposure equivalent using the credit conversion factor (CCF).

To take into account early repayments and the passage of time, an early repayment rate is applied, where necessary, to the basis used to calculate loss allowances by portfolio. This rate is reviewed periodically to take into account any economy-led change in early repayments.

**Maturity** refers to the final payment date for a loan commitment or a financial instrument on which the principal and interest must be settled in full or the date when the authorised amount or authorisation period expires.

It corresponds to the maximum contractual period including extension options, except in the case of revolving lines of credit, renewable credit card facilities and overdrafts for which a behaviour-based maturity is to be used (La Banque Postale scope).

For commitments within the scope of La Banque Postale without a contractual maturity, a 12-month maximum maturity is used as, in the case of insolvency of the debtor, the overdraft facility is cancelled within 12 months, in accordance with French banking law. Revolving lines of credit are financial instruments that do not have a fixed maturity, repayment schedule or cancellation period. The maturity taken into account for these instruments depends on their lifetime estimated by the Bank, which can be greater than the duration of the contractual commitment. The maturity used is based on observed behaviours.

*2.8.4.1.2.4.3.1 Forward looking*

In accordance with IFRS 9, expected credit losses take into account the effects of future economic conditions through the use of forward-looking data models and informed judgement. Macroeconomic rules apply to all the entities of the Caisse des Dépôts Group, but each entity is responsible for rolling them out to each of their exposure segments in order to reflect the future risk as accurately as possible. Some segments require the Group scenarios to be supplemented with ad hoc variables due to their specific nature, such as SFIL for its exposure to French local authorities, for which the forward-looking models used are designed to forecast the main variables likely to affect local authorities' accounts (tax bases, State payments, investment trends, etc.).

The macroeconomic framework used within the Group is based on four scenarios: a central scenario, two adverse scenarios (the use of which is at Group entities' discretion) and an upside scenario. They are defined by the Economic Research departments at Caisse des Dépôts and La Banque Postale. Five-year economic projections are used, with the following principles:

- consistent global scenarios are applied across all exposure segments with potentially opposite impacts on certain counterparty segments, to reflect the diversification of the portfolio. (By way of illustration, it is not possible, in a given scenario, to use a different interest rate projection to measure the lifetime probabilities of default of retail customers and those of sovereign customers);
- the proposed scenarios are not stress scenarios; the aim is not to use IFRS 9 scenarios to quantify the risk of losses in a highly adverse environment that are very unlikely to occur in light of the prevailing macroeconomic situation at the estimation date, but rather to develop generally plausible scenarios whose probability of occurrence is within one standard deviation of the occurrence of the central scenario;
- the scenarios used are generally the same as those used in other corporate processes (multi-annual financial planning process, etc.) to ensure a high degree of overall consistency in financial management and strong consolidation capabilities at the Group level.

These scenarios are documented and contain projections for all the macroeconomic variables needed to run the models developed to obtain lifetime PDs.

The system uses a significant number of models, allowing each Group entity to assess as accurately as possible the risks specific to its portfolios. All of the models used for IFRS 9 purposes are subject to an independent review by the Model Validation team of the entity concerned and are formally validated (Model Validation Committee, Audit division, etc.) before use.

For 2022, the Caisse des Dépôts Group used the following scenarios to calculate impairment under IFRS 9:

*2.8.4.1.2.4.3.2 Central scenario*

- **Central scenario:** the central growth and inflation scenario adopted includes a deterioration in the environment (severely reduced consumer purchasing power, loss of business confidence). In France, since the risk of a recession in autumn/winter 2022-2023 increased, the growth forecast for 2023 was lowered by 0.25 points to +0.25%. The more 'stagflationary' context is also reflected in a slight downward revision of 2024 growth to 1%.

  Based on high energy prices and the fact that these will feed into prices for other goods and services, significant inflation was assumed in 2023. Interest rates were revised upwards. In the eurozone, the ECB is expected to remain active in the short term, with the deposit rate expected to peak at 2.25% in 2023. Long-term rates were raised, but not above 2.5%.

This scenario and the projections for its main metrics are presented below:

| Central scenario variables | 2023 | 2024 | 2025 | 2026 | 2027 |
|---|---|---|---|---|---|
| French GDP | 0.3 | 1.0 | 1.2 | 1.2 | 1.2 |
| Unemployment rate (mainland France) | 7.4 | 7.5 | 7.5 | 7.5 | 7.5 |
| 10-year OAT | 2.5 | 2.4 | 2.3 | 2.1 | 1.9 |
| US inflation | 3.9 | 2.5 | 2.2 | 2.1 | 2.0 |
| US GDP | 0.7 | 1.6 | 1.8 | 1.8 | 1.7 |
| Eurozone GDP | | 1.3 | 1.2 | 1.2 | 1.1 |
| Brent price in EUR | 82.3 | 75.0 | 70.5 | 67.0 | 65.4 |
| Brent price in USD | 83.9 | 78.0 | 74.0 | 71.0 | 70.0 |
| Eurozone investment grade (BBB) corporate spread in basis points | 140 | 135 | 130 | 120 | 100 |
| US unemployment rate | 4.5 | 4.8 | 4.5 | 4.3 | 4.2 |
| Eurozone unemployment rate | 7.1 | 7.3 | 7.2 | 7.1 | 7.0 |
| Key deposit rate (eurozone) | 2.25 | 2.00 | 1.75 | 1.50 | 1.25 |
| Key rate (US) | 3.75 | 3.50 | 3.00 | 2.50 | 2.50 |

NB: CAC 40 and real estate price variables are still projected in the various scenarios, but are no longer used directly in the IFRS models.

| Central scenario Y-1 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|
| French GDP | 3.5 | 1.8 | 1.5 | 1.3 | 1.2 |
| Unemployment rate (mainland France) | 9.6 | 9.4 | 9.2 | 9.1 | 9.0 |
| 10-year OAT | | 0.2 | 0.4 | 0.6 | 0.8 |
| CAC 40 (annual growth rate) | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 |
| Real estate prices (nominal annual growth rate) | 0.6 | 0.7 | 0.9 | 1.2 | 1.5 |
| US inflation | 2.1 | 2.1 | 2.1 | 2.0 | 2.0 |
| US GDP | 3.0 | 2.0 | 1.8 | 1.7 | 1.7 |
| Eurozone GDP | 3.0 | 1.7 | 1.3 | 1.2 | 1.1 |
| Brent price in EUR | 50.0 | 50.4 | 50.8 | 51.2 | 51.2 |
| Brent price in USD | 61.5 | 62.5 | 63.5 | 64.5 | 65.0 |
| Eurozone investment grade (BBB) corporate spread in basis points | 85 | 70 | 75 | 85 | 95 |
| US unemployment rate | 5.3 | 4.9 | 4.7 | 4.6 | 4.5 |
| Eurozone unemployment rate | 9.3 | 9.0 | 8.7 | 8.6 | 8.5 |
| Key deposit rate (eurozone) | (0.50) | (0.50) | (0.50) | (0.40) | (0.15) |
| Key rate (US) | 0.25 | 0.25 | 0.50 | 1.00 | 1.50 |

*2.8.4.1.2.4.3.3 Adverse scenarios*

- **Adverse scenario based on an L-shaped recovery:** the adverse scenario based on an L-shaped recovery is designed to stress the Group's financial activities. It includes a recessionary shock to GDP (health, geopolitical, financial or economic crisis), with a sharp fall in stock markets and interest rates in the year of the shock. Global potential growth is weakened after the crisis for an extended period, curbing economic recovery, such that the rally in equity markets would be limited and interest rates would remain structurally low. The projections for the main metrics in this scenario are presented below. La Banque Postale does not use this scenario.

| L-shaped scenario variables | 2023 | 2024 | 2025 | 2026 | 2027 |
|---|---|---|---|---|---|
| French GDP | (0.5) | | 0.6 | 0.6 | 0.6 |
| Unemployment rate (mainland France) | 7.8 | 8.2 | 8.5 | 8.6 | 8.7 |
| 10-year OAT | (1.0) | (0.5) | | | |
| US inflation | 2.2 | 1.5 | 1.1 | 0.8 | 0.8 |
| US GDP | (1.5) | | 1.0 | 1.0 | 1.0 |
| Eurozone GDP | (1.0) | | 0.6 | 0.6 | 0.6 |
| Brent price in EUR | 51.7 | 39.3 | 39.3 | 39.3 | 39.3 |
| Brent price in USD | 68.8 | 55.0 | 55.0 | 55.0 | 55.0 |
| Eurozone investment grade (BBB) corporate spread in basis points | 300 | 200 | 100 | 100 | 100 |
| US unemployment rate | 4.8 | 6.2 | 6.9 | 7.1 | 7.2 |
| Eurozone unemployment rate | 8.0 | 8.8 | 9.0 | 9.1 | 9.1 |
| Key deposit rate (eurozone) | (1.00) | (1.00) | (1.00) | (1.00) | (1.00) |
| Key rate (US) | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 |

| L-shaped scenario Y-1 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|
| French GDP | (0.5) | | 0.6 | 0.6 | 0.6 |
| Unemployment rate (mainland France) | 10.5 | 10.9 | 11.1 | 11.2 | 11.2 |
| 10-year OAT | (0.7) | (0.7) | (0.2) | | |
| CAC 40 (annual growth rate) | (20.3) | 1.8 | 1.8 | 1.8 | 1.8 |
| Real estate prices (nominal annual growth rate) | (2.5) | (3.5) | (1.5) | | |
| US inflation | 0.4 | 0.5 | 0.7 | 0.8 | 0.8 |
| US GDP | (1.5) | | 1.0 | 1.0 | 1.0 |
| Eurozone GDP | (1.0) | | 0.6 | 0.6 | 0.6 |
| Brent price in EUR | 22.6 | 17.2 | 17.2 | 17.2 | 17.2 |
| Brent price in USD | 32.7 | 26.2 | 26.2 | 26.2 | 26.2 |
| Eurozone investment grade (BBB) corporate spread in basis points | 300 | 200 | 100 | 100 | 100 |
| US unemployment rate | 6.3 | 7.7 | 8.1 | 8.1 | 8.0 |
| Eurozone unemployment rate | 10.9 | 11.7 | 11.9 | 12.0 | 12.0 |
| Key deposit rate (eurozone) | (1.00) | (1.00) | (1.00) | (1.00) | (1.00) |
| Key rate (US) | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 |

- **The adverse bond crash scenario** is designed to stress the Group's real estate activities (notary deposits, real estate investments, etc.). In this scenario, energy-related inflationary pressures would last longer than in the central scenario. Strong budgetary measures would be taken by all eurozone countries to compensate for the loss of consumer purchasing power and the increase in costs for companies. Escalating concerns about the sustainability of public finances in the eurozone, exacerbated by the increase in public spending and deficits used to offset the price shock, would prompt a sharp and sustained rise in long-term rates to a very high level. The deterioration in the macroeconomic and budgetary environment would lead to a sharp fall in equity markets. As in the scenario based on an L-shaped recovery, the crisis would not, however, degenerate into a systemic crisis involving banks. This scenario is adjusted for two variables by La Banque Postale's Economic Research department.

The scenario and the projections for its main metrics are presented below:

| Bond crash scenario variables | 2023 | 2024 | 2025 | 2026 | 2027 |
|---|---|---|---|---|---|
| French GDP | (1.5) | (1.0) | (0.5) | 0.6 | 0.6 |
| Unemployment rate (mainland France) | 7.5 | 8.5 | 9.5 | 9.0 | 8.5 |
| 10-year OAT | 4.0 | 5.0 | 4.4 | 4.0 | 4.0 |
| US inflation | 6.0 | 4.6 | 3.5 | 2.5 | 2.0 |
| US GDP | 1.0 | 1.4 | 1.6 | 1.7 | 1.8 |
| Eurozone GDP | (1.0) | | 0.6 | 0.6 | 0.6 |
| Eurozone GDP (La Banque Postale metric) | (2.0) | (1.0) | (0.5) | 0.6 | 0.6 |
| Brent price in EUR | 126.2 | 123.7 | 117.5 | 108.1 | 94.0 |
| Brent price in USD | 132.5 | 129.9 | 123.4 | 113.5 | 98.7 |
| Eurozone investment grade (BBB) corporate spread in basis points | 300 | 300 | 300 | 300 | 300 |
| US unemployment rate | 4.1 | 4.5 | 4.6 | 4.8 | 4.9 |
| Eurozone unemployment rate | 8.0 | 8.8 | 9.0 | 9.1 | 9.1 |
| Eurozone unemployment rate (La Banque Postale metric) | 7.5 | 8.5 | 9.5 | 9.0 | 8.5 |
| Key deposit rate (eurozone) | (1.00) | (1.00) | (1.00) | (1.00) | (1.00) |
| Key rate (US) | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |

| Bond crash scenario Y-1 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|
| French GDP | (0.5) | | 0.6 | 0.6 | 0.6 |
| Unemployment rate (mainland France) | 10.5 | 10.9 | 11.1 | 11.2 | 11.2 |
| 10-year OAT | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| CAC 40 (annual growth rate) | (22.8) | 2.5 | 2.5 | 2.5 | 2.5 |
| Real estate prices (nominal annual growth rate) | (7.5) | (10.0) | (5.0) | (2.5) | |
| US inflation | 1.0 | 1.2 | 1.4 | 1.6 | 1.6 |
| US GDP | 0.9 | 1.3 | 1.5 | 1.6 | 1.7 |
| Eurozone GDP | (1.0) | | 0.6 | 0.6 | 0.6 |
| Brent price in EUR | 41.4 | 37.2 | 37.2 | 37.2 | 37.2 |
| Brent price in USD | 47.6 | 42.8 | 42.8 | 42.8 | 42.8 |
| Eurozone investment grade (BBB) corporate spread in basis points | 300 | 300 | 300 | 300 | 300 |
| US unemployment rate | 5.7 | 5.5 | 5.4 | 5.3 | 5.2 |
| Eurozone unemployment rate | 10.9 | 11.7 | 11.9 | 12.0 | 12.0 |
| Key deposit rate (eurozone) | (1.00) | (1.00) | (1.00) | (1.00) | (1.00) |
| Key rate (US) | 0.25 | 0.25 | 0.25 | 0.50 | 0.75 |

- **Upside scenario:** in this scenario, it is assumed that the price of oil and of commodities more generally will fall from 2023 onwards, i.e., earlier than in the central scenario, helping to ease energy-related inflationary pressures. The less severe loss of consumer purchasing power would lead to more sustained growth, especially in the short term. In an environment shaped by more limited inflationary pressures than in the central scenario, the central banks would not tighten their monetary policy despite slightly stronger economic growth.

| Upside scenario variables | 2023 | 2024 | 2025 | 2026 | 2027 |
|---|---|---|---|---|---|
| French GDP | 1.0 | 1.8 | 1.4 | 1.3 | 1.3 |
| Unemployment rate (mainland France) | 7.0 | 6.8 | 6.6 | 6.6 | 6.5 |
| 10-year OAT | 2.5 | 2.4 | 2.3 | 2.1 | 1.9 |
| US inflation | 2.4 | 1.9 | 2.3 | 2.5 | 2.4 |
| US GDP | 2.3 | 2.1 | 1.9 | 1.7 | 1.7 |
| Eurozone GDP | 2.1 | 2.0 | 1.4 | 1.3 | 1.2 |
| Brent price in EUR | 106.8 | 79.8 | 74.4 | 73.2 | 72.0 |
| Brent price in USD | 125.0 | 95.0 | 90.0 | 90.0 | 90.0 |
| Eurozone investment grade (BBB) corporate spread in basis points | 85 | 92 | 99 | 100 | 100 |
| US unemployment rate | 3.7 | 3.7 | 3.8 | 3.9 | 3.9 |
| Eurozone unemployment rate | 7.0 | 6.8 | 6.6 | 6.6 | 6.5 |
| Key deposit rate (eurozone) | 0.35 | 0.60 | 0.85 | 1.10 | 1.35 |
| Key rate (US) | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 |

| Upside scenario Y-1 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|
| French GDP | 4.5 | 2.5 | 2.0 | 1.6 | 1.2 |
| Unemployment rate (mainland France) | 9.3 | 8.8 | 8.4 | 8.2 | 8.1 |
| 10-year OAT | 0.2 | 0.5 | 0.9 | 1.1 | 1.2 |
| US inflation | 2.3 | 2.4 | 2.4 | 2.3 | 2.3 |
| US GDP | 4.0 | 2.5 | 2.1 | 1.8 | 1.7 |
| Eurozone GDP | 4.0 | 2.4 | 1.8 | 1.5 | 1.1 |
| Brent price in EUR | 52.2 | 51.6 | 53.5 | 53.7 | 53.9 |
| Brent price in USD | 64.0 | 64.0 | 66.9 | 67.7 | 68.5 |
| Eurozone investment grade (BBB) corporate spread in basis points | 75 | 85 | 95 | 96 | 98 |
| US unemployment rate | 4.8 | 4.0 | 3.8 | 3.6 | 3.5 |
| Eurozone unemployment rate | 9.0 | 8.4 | 7.9 | 7.7 | 7.6 |
| Key deposit rate (eurozone) | (0.50) | (0.40) | (0.20) | 0.10 | 0.45 |
| Key rate (US) | 0.25 | 0.50 | 1.00 | 1.50 | 2.00 |

*2.8.4.1.2.4.3.4 SFIL scenarios*

Based on the Group scenarios, SFIL uses scenarios that are specifically adapted to the local authorities sector, designed to forecast the macroeconomic impacts and decisions taken in the French Finance Acts on changes in tax receipts, income from services and other revenue, French State payments and planned investment expenditure. It uses three scenarios:

- a central scenario whereby operating income for local authorities increases slightly faster than operating expense, leading to a significant rise in gross and net savings;
- an optimistic scenario which differs from the central scenario through more favourable macroeconomic assumptions (changes in GDP, inflation and unemployment), personnel costs that are not as closely linked to GDP and a greater increase in State payments;
- a pessimistic scenario with less favourable macroeconomic assumptions (changes in GDP, inflation and unemployment), a freeze on State payments, no change in volume of personnel costs and general expenses despite a fall in GDP and a faster rise in recovery expenditure.

The likelihood of occurrence for each of the scenarios used by the Group's entities is summarised in the table below:

| | 2023-2027 | | | 2022-2026 (Y-1) | | |
|---|---|---|---|---|---|---|
| **Scenarios** | **Caisse des Dépôts Central Sector** | **La Banque Postale** | **SFIL(1)** | **Caisse des Dépôts Central Sector** | **La Banque Postale** | **SFIL(1)** |
| Central | 65% | 60% | N/A | 60% | 65% | N/A |
| L-shaped alternative | 10% | N/A | N/A | 15% | 15% | N/A |
| Bond crash | 15% | 30% | N/A | 5% | N/A | N/A |
| Upside | 10% | 10% | N/A | 20% | 20% | N/A |
| Central (SFIL) | N/A | N/A | 60% | N/A | N/A | 60% |
| Pessimistic (SFIL) | N/A | N/A | 25% | N/A | N/A | 25% |
| Optimistic (SFIL) | N/A | N/A | 15% | N/A | N/A | 15% |

(1) SFIL's forward-looking scenarios apply to French local authorities (excluding public hospitals), which account for the majority of outstanding amounts, but also to the banks and sovereign issuers in their portfolios.

The use of new macroeconomic scenarios for the Caisse des Dépôts Central Sector leads to a fall in the probability of default for the majority of segments, thanks to forecasts for systemic factors being lower than those used for the 2021 financial statements. There is a moderate impact on ECLs, with changes being largely due to fluctuations in exposure at default (EAD) and modifications in individual profiles (ratings, change in buckets, or Stages). Changes in ECLs for the La Banque Postale and SFIL scopes are detailed in their respective annual reports.

*2.8.4.1.2.4.3.5 Change in credit risk*

In 2022, the risk management divisions of the Caisse des Dépôts Group entities continued their work to determine a cost of risk reflecting the actual risk on their customer loan and debt security portfolios.

Their work was based both on application of the current procedures for identifying significant deteriorations in risk (IFRS 9 Stage classification rules) and specific assessments of the potential impacts of the residual consequences of (i) COVID-19 and (ii) the war in Ukraine and the resulting spike in inflation.

The impacts of the successive crises on the credit risk assessment for the Caisse des Dépôts Group can therefore be divided into two major categories:

- general impact on exposures for which the models and scenarios underlying the statistical provisions have been recalibrated;
- individual or industry-specific impacts, determined after an analytical review was conducted of all its customer and securities portfolios.

**In both cases, detailed information is provided by La Banque Postale and SFIL in their individual financial reports. Below is a summary of the main changes within the Caisse des Dépôts Group.**

The impact of climate risks on the ECLs of the Caisse des Dépôts Central Sector is mainly captured through the rating systems used, in particular the rating adjustment ("override") capabilities designed to take into account the transition and/or physical vulnerability risks to which counterparties are exposed. This case-by-case approach is validated during the rating reviews. SFIL also includes the impact of expenses related to the implementation of France's national low-carbon strategy and to measures aimed at mitigating climate change physical risks in their IFRS 9 forward-looking scenario for their "municipalities and inter-municipal associations with their own tax status" portfolio.

La Banque Postale does not currently take climate risk into account for the calculation of its expected credit losses. As explained in Chapter 2 of its Universal Registration Document, at 31 December 2022, La Banque Postale's exposure to carbon-intensive sectors is extremely limited, with virtually no exposure to fossil fuels (€2.3 million) due to a prudent management policy that gives priority to financing the renewable energy sector (€2,228 million). Work will be undertaken in the coming years, once the relevant databases and observations have been compiled, to incorporate climate risk in the parameters used to model ECLs. La Banque Postale group's Risk department currently prefers to quantify this risk and take it into account in the financial statements using other methods such as economic capital measurements that better correspond to the time horizon for the occurrence of this type of risk.

As regards the general measures for adjusting statistical provisions, the probability of default models used when calculating the IFRS 9 provisions for 2022 took full account of the likely developments in key economic indicators, and all models were recalibrated in order to incorporate the new macroeconomic scenarios described above.

**Customer portfolios**

The COVID-19 crisis has had only a limited impact on the main customer credit exposure segments of the Caisse des Dépôts Group. However, although a more stable health situation thanks to mass vaccination prompted hopes for a robust economic recovery, the supply shock on energy costs linked to the Ukrainian conflict has led to a significant rise in inflation despite the implementation of the tariff shield in France. While the Caisse des Dépôts Group does not expect a massive deterioration in the risk profile of its customer portfolios in the coming months, but rather a return to average long-term loss ratios, the development of non-performing exposures must be closely monitored, particularly for retail and corporate customers, segments handled mainly by La Banque Postale.

- **Retail customers (La Banque Postale scope)**

In 2022, the following adjustments were made to reflect the impact of the crisis on the loan book's retail customers:

- the reclassification as sound of retail credit exposures in the Caribbean region, due to the improvement in the health, economic and labour environment;

- the provision set aside in 2021 to cover the rating migration risk on the performing loan book was reversed, as part of a prospective approach designed to prepare for a possible return to a distribution more representative of the loan book's structural composition;
- the overlay (multiplying factor) for calculating loss given default (LGD) for home loans guaranteed by sureties was maintained;
- loans to customers that La Banque Postale considers to be vulnerable in the current inflationary environment and particularly exposed to the macroeconomic impact of the current monetary policy implemented to face the rise of inflation were reclassified to Stage 2. The customers concerned have very limited savings with La Banque Postale or very small disposable incomes;
- the parameters used for provisioning models were updated, as were the macroeconomic scenarios and their weighting across all customer segments to which La Banque Postale is exposed;
- revised thresholds were applied to determine whether an asset has been subject to a significant increase in credit risk.

Taking these factors into account, the cost of risk for retail customers in 2022 amounts to €96 million (excluding online banking), of which €48 million relates to the consumer credit business and €35 million to the home loan business.

- **Corporate customers (La Banque Postale scope)**

2022 cost of risk for Corporate and Investment Banking customers results from:

- La Banque Postale's exposure monitoring process based on specific provisioning decisions made by dedicated committees for outstanding loans under surveillance (included on the Watchlist and/or credit impaired loans classified in Stage 2 and defaulted loans classified in Stage 3 under IFRS 9);
- application of sector-specific or other general loss provisioning principles;
- statistical provisions recorded on the rest of the performing loan book not subject to individual or collective provisions.

Regarding the last point, after observing the effects of the crisis, La Banque Postale chose to maintain or step up the policy adopted in late 2020 concerning general loss allowances and to extend the policy into 2021 and 2022. Sector-specific loss provisions were recorded on exposures in the following sectors at 31 December 2022:

- tourism, hospitality and leisure;
- private air and land passenger transport;
- the photovoltaic energy sector in France due to a review of pricing conditions;
- certain segments of the retail sector;
- the automotive sector;
- commercial real estate other than city centre locations;
- agriculture (sector added at 30 June 2022) in order to anticipate the likely difficulties to come for certain customers affected by raw materials shortages and disruptions to their supply chains since the start of the armed conflict between Russia and Ukraine;
- leveraged transactions (as defined in European Banking Authority guidelines) with a downgraded rating, and LBOs, in order to anticipate possible inflation-related cash flow difficulties (sector added at 31 December 2022).

The related exposures were reclassified to IFRS 9 Stage 2 as La Banque Postale considered that there had been a significant deterioration in their credit risk since they were added to the loan book.

In 2022, the Corporate and Investment Banking cost of risk amounted to €108 million, reflecting:

- additional allocations to provisions relating primarily to the natural deterioration of the loan book and the downgrades applied to certain significant exposures (including provisioning decisions made by the WatchList/Special Cases committees);
- monitoring measures implemented in anticipation of certain potential macroeconomic downturns, with industry provisions recorded as part of the alignment of industry provisioning methodologies across all industries concerned (addition of agriculture, removal of shipping and reduction for some other sectors due to a base effect and improved credit scores), and provisions also set aside for corporate leveraged transactions;
- the use of updated parameters for provisioning models, and updated macroeconomic scenarios with adjusted weightings across all customer segments to which La Banque Postale is exposed;
- revised thresholds were applied to determine whether an asset has been subject to a significant increase in credit risk;
- **legal professions (Caisse des Dépôts Central Sector scope):** expected credit losses in Stage 2 remain insignificant (€1 million) for this customer segment, which historically has a very low loss ratio. Activity reported by notaries is closely correlated to real estate market transactions, which should slow in 2023 given the rise in interest rates. Nevertheless, demographic factors continue to support demand (the number of households is increasing at an average rate of around 200,000 per year);
- **French local authorities (SFIL scope):** the health crisis had a limited impact on the financial situation of local authorities thanks to the French government's support measures.

  Like all economic actors, local authorities are now facing high inflation which, according to La Banque Postale, is likely to erode savings. However, on the basis of provisional data, at the beginning of 2023 the Directorate General for Public Finances (DGFIP) continues to observe an increase in savings in local authorities' accounts.

  These mixed signals can notably be explained by the range of measures introduced by the government to mitigate the effects of inflation, such as the tariff shield and safety net. Inflation can also lead to growth in certain taxes collected by local authorities, for example, the revaluation of the basis for property tax was 3.4% in 2022 and will be 7% in 2023, thereby boosting tax revenues from developed property, namely the CFE real estate contribution from businesses and the TEOM refuse tax.

  Finally, observers are unanimous in noting an increase in local investment and cash flow for local authorities in 2022;

- **cruise sector (export credit, SFIL scope):** with the end of the repayment holiday put in place by European export credit agencies, the servicing of cruise lines' debt has resumed.

  Exposure to the cruise segment is 100% guaranteed by BPI Assurances Expert in the name and on behalf of the French government, for both the principal and interest. At 31 December 2022, loans to cruise companies affected by the health crisis were kept on the Watchlist and the related exposures were maintained in Stage 2.

**Securities portfolios (Caisse des Dépôts Central Sector scope)**

The cost of credit risk for 2022 reflected:

- the portfolio exposure oversight procedure;
- specific decisions to downgrade internal ratings or include exposures on the Watchlist (resulting in classification in Stage 2) following reviews of financial analyses;
- the update of the macroeconomic scenarios in 2022 (see forward-looking inputs), which enabled the probabilities of default to be adapted to the reality of the cycle.

These reviews found that for the whole of 2022, the portfolio counterparties demonstrated excellent resilience, with just 7% of internal ratings downgraded. The proportion of negative outlooks improved, at 9% of the total number of counterparties at the end of December 2022, compared to 30% at end-June 2021 and 19% at end-December 2021. With regard to sovereign issuers in particular, the impact of rising interest rates should be closely monitored, as public debt levels remain an important risk factor over the medium term. In Europe, the Central Bank has planned a new "Transmission Protection Instrument" (TPI) which is designed to ensure that the monetary policy stance is transmitted smoothly across all eurozone countries.

Thanks to the overall resilience of internal ratings, the breakdown of counterparties between Stage 1 and Stage 2 did not change significantly over the year; ECLs in Stage 2 are down from €8 million at end-2021 to €2 million at end-2022.

**Changes in management practices**

The Caisse des Dépôts Group generally left its management procedures and rules for both commitment decisions and portfolio monitoring unchanged.

For the Caisse des Dépôts Central Sector and SFIL, no material changes or adjustments were made to the rating or provisioning models, and no changes were made to the back-testing procedures used in the ongoing assessment of the models' robustness.

However, La Banque Postale conducted an in-depth review of its provisioning practices and models in 2022 (elimination of the overlay, revision of scenarios, etc.). The resulting changes are detailed in La Banque Postale's financial report.

### 2.8.4.1.3 Group exposure to credit risk (excluding sovereign debt)

#### 2.8.4.1.3.1 Maximum exposure to credit risk, including risk mitigation and hedging measures after impairment

Maximum exposure to credit risk corresponds to the carrying amount of loans and receivables, debt instruments and derivative financial instruments, after the effect of any netting agreements and impairment losses.

| *(in millions of euros)* | 31.12.2022<br>Maximum exposure to credit risk | Guarantees, collateral and other credit enhancements | Net maximum exposure to credit risk after guarantees, collateral and other credit enhancements | o/w ECL provisions |
|---|---|---|---|---|
| Financial assets at fair value through profit or loss – debt instruments (excluding assets backing unit-linked contracts) | 101,812 | (13,706) | 88,106 | |
| Financial assets at fair value through profit or loss – loans and commitments | 10,670 | | 10,670 | |
| Trading derivatives | 6,942 | | 6,942 | |
| Hedging instruments | 4,367 | (1,256) | 3,111 | |
| Debt instruments at fair value through OCI to be reclassified to profit or loss | 203,989 | (20) | 203,969 | (312) |
| Securities at amortised cost | 83,079 | | 83,079 | (79) |
| Loans and receivables due from credit institutions and related entities at amortised cost | 109,711 | (15,207) | 94,504 | (1) |
| Loans and receivables due from customers at amortised cost | 192,703 | (92,564) | 100,139 | (1,660) |
| **On-balance sheet exposure, net of impairment losses** | **713,273** | **(122,753)** | **590,520** | **(2,052)** |
| Financing commitments | 41,012 | (5,229) | 35,783 | (124) |
| Guarantee commitments given | 4,120 | (147) | 3,973 | (22) |
| **Off-balance sheet exposure** | **45,132** | **(5,376)** | **39,756** | **(146)** |
| **Total net exposure** | **758,405** | **(128,129)** | **630,276** | **(2,198)** |

| *(in millions of euros)* | 31.12.2021<br>Maximum exposure to credit risk | Guarantees, collateral and other credit enhancements | Net maximum exposure to credit risk after guarantees, collateral and other credit enhancements | o/w ECL provisions |
|---|---|---|---|---|
| Financial assets at fair value through profit or loss – debt instruments (excluding assets backing unit-linked contracts) | 109,101 | (4,411) | 104,690 | |
| Financial assets at fair value through profit or loss – loans and commitments | 11,645 | | 11,645 | |
| Trading derivatives | 2,350 | | 2,350 | |
| Hedging instruments | 6,088 | (2,826) | 3,262 | |
| Debt instruments at fair value through OCI to be reclassified to profit or loss | 238,557 | (22) | 238,535 | (471) |
| Securities at amortised cost | 68,340 | | 68,340 | (75) |
| Loans and receivables due from credit institutions and related entities at amortised cost | 91,083 | (13,534) | 77,549 | (8) |
| Loans and receivables due from customers at amortised cost | 187,681 | (86,629) | 101,052 | (1,571) |
| **On-balance sheet exposure, net of impairment losses** | **714,845** | **(107,422)** | **607,423** | **(2,125)** |
| Financing commitments | 38,858 | (6,428) | 32,430 | (109) |
| Guarantee commitments given | 4,996 | | 4,996 | (20) |
| **Off-balance sheet exposure** | **43,854** | **(6,428)** | **37,426** | **(129)** |
| **Total net exposure** | 758,699 | (113,850) | 644,849 | (2,254) |

#### 2.8.4.1.3.2 Concentration risk

Concentration risk is defined in article 8 of Decree No. 2020-94 of 5 February 2020 as the risk arising from exposure to a single counterparty, including central counterparties, to several counterparties considered to be a single group of related customers, or to counterparties operating in the same economic sector or region, or from granting credit to the same sector of activity, or from applying credit risk reduction techniques, especially sureties issued by a single issuer.

Each Group entity manages its own concentration risk in accordance with its risk framework, in line with the concentration indicators monitored at Group level, namely:

- nominal concentration: nominal concentration is the risk of an increase in the default or impairment risk on a portfolio due to a large amount from a single counterparty or several counterparties from the same group;
- sector concentration: sector concentration is the risk of an increase in the default or impairment risk on a portfolio due to lack of sector diversification in that portfolio, in the event of a specific event affecting a given sector and simultaneously impacting the activity of several counterparties. This can trigger several defaults or impairment losses for associated counterparties due to their involvement in or sensitivity to a given sector;
- geographic concentration: geographic concentration is the risk of an increase in the default or impairment risk on a portfolio due to lack of geographic diversification in that portfolio, in the event of a specific event affecting a given geographic area and simultaneously impacting the activity of several counterparties. This can trigger several defaults or impairment losses for associated counterparties due to their involvement in or sensitivity to a given region.

Aware of the importance of concentration risk, the Group has introduced monitoring and reporting procedures for nominal, sector and geographic concentration, which notably break down exposures by credit quality (financial rating). In order to contain concentration risks, the Group has set warning thresholds and limits to ensure its exposures remain consistent and appropriate for the amount of equity.

##### 2.8.4.1.3.2.1 Concentration of credit risk by geographic area

### / Financial assets at amortised cost

| | 31.12.2022 | | |
|---|---|---|---|
| | Financial assets at amortised cost | | |
| *(in millions of euros)* | Stage 1: 12-month expected credit losses | Stage 2: lifetime expected credit losses | Stage 3: lifetime expected credit losses – credit-impaired assets |
| France (incl. overseas departments and territories) | 313,968 | 27,640 | 2,502 |
| Other EU countries | 22,841 | 262 | 68 |
| Other European countries | 7,067 | 1,315 | 3 |
| Other | 11,567 | 4,191 | 26 |
| **Total breakdown by geographic area** | **355,443** | **33,408** | **2,599** |
| Impairment losses | (211) | (653) | (876) |

| | 31.12.2021 | | |
|---|---|---|---|
| | Financial assets at amortised cost | | |
| *(in millions of euros)* | Stage 1: 12-month expected credit losses | Stage 2: lifetime expected credit losses | Stage 3: lifetime expected credit losses – credit-impaired assets |
| France (incl. overseas departments and territories) | 298,313 | 9,644 | 2,121 |
| Other EU countries | 20,001 | 299 | 70 |
| Other European countries | 6,836 | 1,368 | 2 |
| Other | 6,648 | 3,833 | 119 |
| **Total breakdown by geographic area** | 331,798 | 15,144 | 2,312 |
| Impairment losses | (276) | (586) | (791) |

### / Financial assets at fair value through other comprehensive income to be reclassified

| *(in millions of euros)* | 31.12.2022 Financial assets at fair value through OCI to be reclassified Stage 1: 12-month expected credit losses | Stage 2: lifetime expected credit losses | Stage 3: lifetime expected credit losses – credit-impaired assets |
|---|---|---|---|
| France (incl. overseas departments and territories) | 137,533 | 36 | |
| Other EU countries | 62,112 | 135 | |
| Other European countries | 8,070 | 20 | |
| Other | 35,042 | 77 | |
| **Total breakdown by geographic area** | **242,757** | **268** | |
| Impairment losses | (301) | (11) | |

| *(in millions of euros)* | 31.12.2021 Financial assets at fair value through OCI to be reclassified Stage 1: 12-month expected credit losses | Stage 2: lifetime expected credit losses | Stage 3: lifetime expected credit losses – credit-impaired assets |
|---|---|---|---|
| France (incl. overseas departments and territories) | 125,620 | 21 | |
| Other EU countries | 72,250 | 231 | |
| Other European countries | 8,895 | 10 | |
| Other | 32,976 | 92 | |
| **Total breakdown by geographic area** | 239,741 | 354 | |
| Impairment losses | (463) | (8) | |

## / Off-balance sheet commitments given

| | 31.12.2022 | | |
|---|---|---|---|
| | Off-balance sheet commitments given | | |
| *(in millions of euros)* | Stage 1: 12-month expected credit losses | Stage 2: lifetime expected credit losses | Stage 3: lifetime expected credit losses – credit-impaired |
| France (incl. overseas departments and territories) | 35,178 | 5,009 | 273 |
| Other EU countries | 933 | 159 | |
| Other European countries | 556 | 2 | |
| Other | 1,153 | 1,868 | |
| **Total breakdown by geographic area** | **37,820** | **7,038** | **273** |
| Impairment losses | (52) | (83) | (11) |

| | 31.12.2021 | | |
|---|---|---|---|
| | Off-balance sheet commitments given | | |
| *(in millions of euros)* | Stage 1: 12-month expected credit losses | Stage 2: lifetime expected credit losses | Stage 3: lifetime expected credit losses – credit-impaired |
| France (incl. overseas departments and territories) | 35,294 | 1,794 | 57 |
| Other EU countries | 855 | 154 | |
| Other European countries | 64 | 3 | |
| Other | 1,804 | 3,826 | 2 |
| **Total breakdown by geographic area** | 38,017 | 5,777 | 59 |
| Impairment losses | (70) | (48) | (12) |

2.8.4.1.3.2.2 Concentration of credit risk by counterparty category

## / Financial assets at amortised cost

| (in millions of euros) | 31.12.2022 Financial assets at amortised cost Stage 1: 12-month expected credit losses | Stage 2: lifetime expected credit losses | Stage 3: lifetime expected credit losses – credit-impaired assets |
|---|---|---|---|
| Central banks | 21,001 | | |
| Public authorities | 193,111 | 3,562 | 395 |
| Credit institutions | 23,579 | 52 | |
| Other financial firms | 11,061 | 450 | 16 |
| Non-financial firms | 38,883 | 8,267 | 1,074 |
| Retail banking customers | 59,871 | 20,280 | 1,088 |
| Other | 7,937 | 797 | 26 |
| **Total breakdown by counterparty category** | **355,443** | **33,408** | **2,599** |
| Impairment losses | (211) | (653) | (876) |

Trade receivables are not recognised in this category – see Note 2.3.8 Prepayments, accrued and deferred income and other assets and liabilities.

| (in millions of euros) | 31.12.2021 Financial assets at amortised cost Stage 1: 12-month expected credit losses | Stage 2: lifetime expected credit losses | Stage 3: lifetime expected credit losses – credit-impaired assets |
|---|---|---|---|
| Central banks | | | |
| Public authorities | 183,145 | 3,075 | 445 |
| Credit institutions | 17,417 | 100 | |
| Other financial firms | 11,357 | 346 | 1 |
| Non-financial firms | 42,407 | 6,890 | 776 |
| Retail banking customers | 70,081 | 4,725 | 1,050 |
| Other | 7,391 | 8 | 40 |
| **Total breakdown by counterparty category** | 331,798 | 15,144 | 2,312 |
| Impairment losses | (276) | (586) | (791) |

Trade receivables are not recognised in this category – see Note 2.3.8 Prepayments, accrued and deferred income and other assets and liabilities.

## / Financial assets at fair value through OCI to be reclassified

| | 31.12.2022 | | |
|---|---|---|---|
| | Financial assets at fair value through OCI to be reclassified | | |
| *(in millions of euros)* | Stage 1: 12-month expected credit losses | Stage 2: lifetime expected credit losses | Stage 3: lifetime expected credit losses – credit-impaired assets |
| Central banks | 3,439 | | |
| Public authorities | 138,908 | 20 | |
| Credit institutions | 55,717 | 3 | |
| Other financial firms | 6,311 | 70 | |
| Non-financial firms | 38,382 | 175 | |
| **Total breakdown by counterparty category** | **242,757** | **268** | |
| Impairment losses | (301) | (11) | |

| | 31.12.2021 | | |
|---|---|---|---|
| | Financial assets at fair value through OCI to be reclassified | | |
| *(in millions of euros)* | Stage 1: 12-month expected credit losses | Stage 2: lifetime expected credit losses | Stage 3: lifetime expected credit losses – credit-impaired assets |
| Central banks | 1,785 | | |
| Public authorities | 131,841 | 21 | |
| Credit institutions | 54,765 | 7 | |
| Other financial firms | 6,214 | 51 | |
| Non-financial firms | 45,136 | 275 | |
| **Total breakdown by counterparty category** | 239,741 | 354 | |
| Impairment losses | (463) | (8) | |

## / Off-balance sheet commitments given

| *(in millions of euros)* | 31.12.2022 Off-balance sheet commitments given Stage 1: 12-month expected credit losses | Stage 2: lifetime expected credit losses | Stage 3: lifetime expected credit losses – credit-impaired |
|---|---|---|---|
| Central banks | 145 | | |
| Public authorities | 16,358 | 18 | 2 |
| Credit institutions | 2,345 | 115 | |
| Other financial firms | 1,943 | 134 | 1 |
| Non-financial firms | 9,870 | 3,195 | 243 |
| Retail banking customers | 7,020 | 2,040 | 27 |
| Other | 139 | 1,536 | |
| **Total breakdown by counterparty category** | **37,820** | **7,038** | **273** |
| Provisions | (52) | (83) | (11) |

| *(in millions of euros)* | 31.12.2021 Off-balance sheet commitments given Stage 1: 12-month expected credit losses | Stage 2: lifetime expected credit losses | Stage 3: lifetime expected credit losses – credit-impaired |
|---|---|---|---|
| Central banks | 247 | | |
| Public authorities | 14,299 | 865 | 23 |
| Credit institutions | 3,277 | 622 | |
| Other financial firms | 1,297 | 5 | |
| Non-financial firms | 7,446 | 3,884 | 14 |
| Retail banking customers | 11,426 | 351 | 22 |
| Other | 25 | 50 | |
| **Total breakdown by counterparty category** | 38,017 | 5,777 | 59 |
| Provisions | (70) | (48) | (12) |

2.8.4.1.3.2.3 Exposure to credit risk by counterparty category and by rating

*2.8.4.1.3.2.3.1 Exposure to credit risk – Retail banking customers*

## / Financial assets at amortised cost

| | 31.12.2022 | | | 31.12.2021 | | |
|---|---|---|---|---|---|---|
| | Retail banking customers | | | Retail banking customers | | |
| *(in millions of euros)* | Stage 1: 12-month expected credit losses | Stage 2: lifetime expected credit losses | Stage 3: lifetime expected credit losses – credit-impaired assets | Stage 1: 12-month expected credit losses | Stage 2: lifetime expected credit losses | Stage 3: lifetime expected credit losses – credit-impaired assets |
| PD < 1% | 53,341 | 11,917 | | 60,213 | 988 | |
| 1% < PD < 3% | 5,538 | 4,477 | | 7,654 | 641 | |
| 3% < PD < 10% | 967 | 2,825 | | 1,799 | 1,534 | |
| PD > 10% | 25 | 1,061 | | 415 | 1,562 | |
| Doubtful loans (subject to legal collection procedures) | | | 1,088 | | | 1,050 |
| **Total** | **59,871** | **20,280** | **1,088** | 70,081 | 4,725 | 1,050 |

## / Off-balance sheet commitments given

| | 31.12.2022 | | | 31.12.2021 | | |
|---|---|---|---|---|---|---|
| | Retail banking customers | | | Retail banking customers | | |
| *(in millions of euros)* | Stage 1: 12-month expected credit losses | Stage 2: lifetime expected credit losses | Stage 3: lifetime expected credit losses – credit-impaired | Stage 1: 12-month expected credit losses | Stage 2: lifetime expected credit losses | Stage 3: lifetime expected credit losses – credit-impaired |
| PD < 1% | 5,890 | 1,448 | | 9,168 | 89 | |
| 1% < PD < 3% | 823 | 339 | | 1,707 | 72 | |
| 3% < PD < 10% | 186 | 154 | | 368 | 81 | |
| PD > 10% | 121 | 99 | | 183 | 109 | |
| Doubtful loans (subject to legal collection procedures) | | | 27 | | | 22 |
| **Total** | **7,020** | **2,040** | **27** | 11,426 | 351 | 22 |

*2.8.4.1.3.2.3.2 Exposure to credit risk – Corporate*

## / Financial assets at amortised cost

| | 31.12.2022 | | | 31.12.2021 | | |
|---|---|---|---|---|---|---|
| | Corporate | | | Corporate | | |
| *(in millions of euros)* | Stage 1: 12-month expected credit losses | Stage 2: lifetime expected credit losses | Stage 3: lifetime expected credit losses – credit-impaired assets | Stage 1: 12-month expected credit losses | Stage 2: lifetime expected credit losses | Stage 3: lifetime expected credit losses – credit-impaired assets |
| AAA | 2,923 | 76 | | 1,475 | 54 | |
| AA | 2,607 | 3 | | 7,798 | 98 | |
| A | 7,679 | 365 | | 8,539 | 235 | 1 |
| BBB | 3,628 | 44 | | 3,491 | 20 | |
| BB | 1,019 | 11 | | 593 | 13 | |
| Other | 32,088 | 8,218 | 1,090 | 31,868 | 6,816 | 776 |
| **Total** | **49,944** | **8,717** | **1,090** | 53,764 | 7,236 | 777 |

## / Financial assets at fair value through OCI to be reclassified

| | 31.12.2022 | | | 31.12.2021 | | |
|---|---|---|---|---|---|---|
| | Corporate | | | Corporate | | |
| *(in millions of euros)* | Stage 1: 12-month expected credit losses | Stage 2: lifetime expected credit losses | Stage 3: lifetime expected credit losses – credit-impaired assets | Stage 1: 12-month expected credit losses | Stage 2: lifetime expected credit losses | Stage 3: lifetime expected credit losses – credit-impaired assets |
| AAA | 2,228 | 18 | | 1,829 | | |
| AA | 6,665 | 16 | | 7,442 | | |
| A | 17,609 | 41 | | 18,531 | 40 | |
| BBB | 50 | | | | | |
| BB | | | | | | |
| Other | 18,141 | 170 | | 23,548 | 286 | |
| **Total** | **44,693** | **245** | | 51,350 | 326 | |

## / Off-balance sheet commitments given

| | 31.12.2022 | | | 31.12.2021 | | |
|---|---|---|---|---|---|---|
| | Corporate | | | Corporate | | |
| *(in millions of euros)* | Stage 1: 12-month expected credit losses | Stage 2: lifetime expected credit losses | Stage 3: lifetime expected credit losses – credit-impaired | Stage 1: 12-month expected credit losses | Stage 2: lifetime expected credit losses | Stage 3: lifetime expected credit losses – credit-impaired |
| AAA | 917 | 17 | | 1,586 | 29 | |
| AA | 620 | | | 140 | | |
| A | 1,876 | 352 | | 2,044 | 50 | |
| BBB | 74 | | | 240 | | |
| BB | 86 | | | | | |
| Other | 8,240 | 2,960 | 244 | 4,733 | 3,810 | 14 |
| **Total** | **11,813** | **3,329** | **244** | 8,743 | 3,889 | 14 |

*2.8.4.1.3.2.3.3 Exposure to credit risk – Government and central banks*

## / Financial assets at amortised cost

| | 31.12.2022 | | | 31.12.2021 | | |
|---|---|---|---|---|---|---|
| | Government and central banks | | | Government and central banks | | |
| *(in millions of euros)* | Stage 1: 12-month expected credit losses | Stage 2: lifetime expected credit losses | Stage 3: lifetime expected credit losses – credit-impaired assets | Stage 1: 12-month expected credit losses | Stage 2: lifetime expected credit losses | Stage 3: lifetime expected credit losses – credit-impaired assets |
| AAA | 9,597 | 424 | | 8,617 | 690 | |
| AA | 117,958 | 535 | 5 | 113,660 | 11 | 4 |
| A | 17,565 | 107 | 59 | 13,022 | 99 | 67 |
| BBB | 23,103 | 872 | 3 | 21,113 | 760 | 3 |
| BB | 66 | 1,304 | | 39 | 1,413 | |
| Other | 45,823 | 320 | 328 | 26,694 | 102 | 371 |
| **Total** | **214,112** | **3,562** | **395** | 183,145 | 3,075 | 445 |

## / Financial assets at fair value through OCI to be reclassified

| | 31.12.2022 | | | 31.12.2021 | | |
|---|---|---|---|---|---|---|
| | Government and central banks | | | Government and central banks | | |
| *(in millions of euros)* | Stage 1: 12-month expected credit losses | Stage 2: lifetime expected credit losses | Stage 3: lifetime expected credit losses – credit-impaired assets | Stage 1: 12-month expected credit losses | Stage 2: lifetime expected credit losses | Stage 3: lifetime expected credit losses – credit-impaired assets |
| AAA | 6,721 | | | 4,078 | | |
| AA | 107,627 | | | 94,573 | | |
| A | 5,004 | | | 9,572 | | |
| BBB | | | | | | |
| BB | | | | | | |
| Other | 22,995 | 20 | | 25,403 | 21 | |
| **Total** | **142,347** | **20** | | 133,626 | 21 | |

## / Off-balance sheet commitments given

| | 31.12.2022 | | | 31.12.2021 | | |
|---|---|---|---|---|---|---|
| | Government and central banks | | | Government and central banks | | |
| *(in millions of euros)* | Stage 1: 12-month expected credit losses | Stage 2: lifetime expected credit losses | Stage 3: lifetime expected credit losses – credit-impaired | Stage 1: 12-month expected credit losses | Stage 2: lifetime expected credit losses | Stage 3: lifetime expected credit losses – credit-impaired |
| AAA | 457 | | | 390 | | |
| AA | 306 | | 2 | 150 | | 8 |
| A | 470 | | | 672 | | |
| BBB | | | | 1 | | |
| BB | 39 | | | | | |
| Other | 15,231 | 18 | | 13,333 | 865 | 15 |
| **Total** | **16,503** | **18** | **2** | 14,546 | 865 | 23 |

*2.8.4.1.3.2.3.4 Exposure to credit risk – Credit institutions*

## / Financial assets at amortised cost

| | 31.12.2022 | | | 31.12.2021 | | |
|---|---|---|---|---|---|---|
| | Credit institutions | | | Credit institutions | | |
| *(in millions of euros)* | Stage 1: 12-month expected credit losses | Stage 2: lifetime expected credit losses | Stage 3: lifetime expected credit losses – credit-impaired assets | Stage 1: 12-month expected credit losses | Stage 2: lifetime expected credit losses | Stage 3: lifetime expected credit losses – credit-impaired assets |
| AAA | 1,278 | | | 1,600 | | |
| AA | 5,217 | | | 1,616 | | |
| A | 12,496 | 1 | | 8,387 | | |
| BBB | 1,004 | 51 | | 838 | 50 | |
| BB | | | | | | |
| Other | 3,584 | | | 4,976 | 50 | |
| **Total** | **23,579** | **52** | | 17,417 | 100 | |

## / Financial assets at fair value through OCI to be reclassified

| | 31.12.2022 | | | 31.12.2021 | | |
|---|---|---|---|---|---|---|
| | Credit institutions | | | Credit institutions | | |
| *(in millions of euros)* | Stage 1: 12-month expected credit losses | Stage 2: lifetime expected credit losses | Stage 3: lifetime expected credit losses – credit-impaired assets | Stage 1: 12-month expected credit losses | Stage 2: lifetime expected credit losses | Stage 3: lifetime expected credit losses – credit-impaired assets |
| AAA | 5,075 | | | 7,491 | | |
| AA | 7,951 | | | 7,962 | | |
| A | 35,969 | | | 29,203 | 5 | |
| BBB | | | | | | |
| BB | | | | | | |
| Other | 6,722 | 3 | | 10,109 | 2 | |
| **Total** | **55,717** | **3** | | 54,765 | 7 | |

## / Off-balance sheet commitments given

| | 31.12.2022 | | | 31.12.2021 | | |
|---|---|---|---|---|---|---|
| | Credit institutions | | | Credit institutions | | |
| *(in millions of euros)* | Stage 1: 12-month expected credit losses | Stage 2: lifetime expected credit losses | Stage 3: lifetime expected credit losses – credit-impaired | Stage 1: 12-month expected credit losses | Stage 2: lifetime expected credit losses | Stage 3: lifetime expected credit losses – credit-impaired |
| AAA | 256 | 9 | | 229 | 9 | |
| AA | 1,168 | | | 737 | 590 | |
| A | 378 | 72 | | 428 | | |
| BBB | | | | | | |
| BB | | | | | | |
| Other | 543 | 34 | | 1,883 | 23 | |
| **TOTAL** | **2,345** | **115** | | 3,277 | 622 | |

2.8.4.1.3.2.4 Movements during the period in gross value and impairment

Movements during the period on Stage 1, 2 and 3 exposures and impairment are presented in Notes 2.3.5 – Loans and receivables due from credit institutions and related entities at amortised cost, and 2.3.6 – Loans and receivables due from customers at amortised cost.

#### 2.8.4.1.4 Exposure to credit risk on sovereign debt – Breakdown of the sovereign portfolio by country

Sovereign debt comprises all loans, receivables, debt securities and off-balance sheet commitments given for which the counterparty is a given country, i.e., a national government or one of its agencies (including regional governments or local authorities and public sector entities as defined by the European Banking Authority (EBA) in articles 115 and 116 of the Capital Requirements Regulation).

The net direct exposures shown below correspond to all such amounts carried on the balance sheet (marked to market and less any impairment losses).

Indirect exposures correspond to amounts recorded as off-balance sheet commitments given.

This table now excludes exposures to non-sovereign counterparties that are otherwise fully or partially guaranteed by a sovereign.

| *(in millions of euros)* | 31.12.2022<br>Financial assets at fair value through profit or loss | Financial assets at fair value through OCI to be reclassified | Loans and receivables at amortised cost | Securities at amortised cost | Total net direct exposure | Commitments given | Total net direct and indirect exposure |
|---|---|---|---|---|---|---|---|
| Argentina | | | 95 | | 95 | | 95 |
| Austria | 50 | 780 | 138 | 113 | 1,081 | | 1,081 |
| Belgium | 246 | 5,247 | 1,628 | 1,455 | 8,576 | | 8,576 |
| Benin | | | 10 | | 10 | 91 | 101 |
| Brazil | 19,315 | 2,723 | | 86 | 22,124 | | 22,124 |
| Bulgaria | | | | 40 | 40 | | 40 |
| Canada | 1 | 639 | | 26 | 666 | | 666 |
| Chile | | | | 230 | 230 | | 230 |
| China | | 50 | | | 50 | | 50 |
| Colombia | | | | 147 | 147 | | 147 |
| Côte d’Ivoire | | | 18 | | 18 | 39 | 57 |
| Croatia | | | | 89 | 89 | | 89 |
| Cyprus | 18 | 76 | | | 94 | | 94 |
| Egypt | | | 538 | | 538 | 927 | 1,465 |
| Finland | | 80 | | 25 | 105 | | 105 |
| France | 4,536 | 63,786 | 117,887 | 38,212 | 224,421 | 1,629 | 226,050 |
| Germany | 434 | 4,372 | | 1,538 | 6,344 | | 6,344 |
| Greece | | | | 10 | 10 | | 10 |
| Indonesia | | | | 238 | 238 | | 238 |
| Ireland | 7 | 69 | 183 | | 259 | | 259 |
| Israel | | 703 | | 147 | 850 | | 850 |
| Italy | 402 | 13,074 | | 1,523 | 14,999 | | 14,999 |
| Japan | | 41 | | | 41 | | 41 |
| Lithuania | | | | | | | |
| Luxembourg | | 68 | | 759 | 827 | | 827 |
| Mexico | 1 | 101 | | 235 | 337 | | 337 |
| Netherlands | 79 | 123 | | 177 | 379 | | 379 |
| Peru | | | | 201 | 201 | | 201 |
| Poland | 23 | 215 | | 51 | 289 | | 289 |
| Portugal | 77 | 656 | 594 | 1,502 | 2,829 | | 2,829 |
| Qatar | | | 1,125 | | 1,125 | 56 | 1,181 |
| Romania | 1 | 124 | | 243 | 368 | | 368 |
| Slovenia | | 11 | | 58 | 69 | | 69 |
| South Africa | | | | 23 | 23 | | 23 |
| South Korea | | 60 | | 5 | 65 | | 65 |
| Spain | 93 | 9,438 | 58 | 3,491 | 13,080 | | 13,080 |
| Supranational | 928 | 5,780 | 91 | | 6,799 | | 6,799 |
| Sweden | | | 15 | | 15 | | 15 |
| Switzerland | | 50 | | | 50 | | 50 |
| Togo | | | | 51 | 51 | | 51 |
| Ukraine | | | 53 | | 53 | 2 | 55 |
| United Kingdom | 1 | | 582 | | 583 | | 583 |
| United States | 14 | | | | 14 | | 14 |
| Venezuela | | | | 58 | 58 | | 58 |
| Other European countries | 56 | | 259 | 343 | 658 | | 658 |
| **Total** | **26,282** | **108,266** | **123,274** | **51,076** | **308,898** | **2,744** | **311,642** |

| | 31.12.2021 | | | | | | |
|---|---|---|---|---|---|---|---|
| *(in millions of euros)* | Financial assets at fair value through profit or loss | Financial assets at fair value through OCI to be reclassified | Loans and receivables at amortised cost | Securities at amortised cost | Total net direct exposure | Commitments given | Total net direct and indirect exposure |
| Argentina | | | 109 | | 109 | 2 | 112 |
| Austria | 5 | 543 | 142 | 186 | 876 | | 876 |
| Belgium | 236 | 8,739 | 2,201 | 1,494 | 12,670 | | 12,670 |
| Benin | | | 8 | | 8 | 114 | 122 |
| Brazil | 15,117 | 2,102 | | 74 | 17,293 | | 17,293 |
| Bulgaria | | | | 19 | 19 | | 19 |
| Canada | 1 | 750 | | | 752 | | 752 |
| Chile | | | | 216 | 216 | | 216 |
| China | | 56 | | | 56 | | 56 |
| Colombia | | | | 150 | 150 | | 150 |
| Côte d’Ivoire | | | | | | | |
| Croatia | | | | 95 | 95 | | 95 |
| Cyprus | 57 | 42 | | | 100 | | 100 |
| Egypt | | | 267 | | 267 | 1,443 | 1,710 |
| Finland | | 92 | | 25 | 118 | | 118 |
| France | 4,463 | 83,966 | 93,419 | 32,646 | 214,495 | 5,520 | 220,015 |
| Germany | 287 | 4,074 | 114 | 2,271 | 6,746 | | 6,746 |
| Greece | | | | 10 | 10 | | 10 |
| Indonesia | | | | 236 | 236 | | 236 |
| Ireland | 15 | 88 | | | 103 | | 103 |
| Israel | | 506 | | 115 | 621 | | 621 |
| Italy | 501 | 14,800 | 11 | 2,067 | 17,378 | | 17,378 |
| Japan | | 3,676 | | | 3,676 | | 3,676 |
| Lithuania | | | | 41 | 41 | | 41 |
| Luxembourg | | 37 | | 652 | 690 | | 690 |
| Mexico | | 108 | | 228 | 336 | | 336 |
| Netherlands | 4 | 128 | | 177 | 309 | | 309 |
| Peru | | | | 204 | 204 | | 204 |
| Poland | 25 | 337 | | 44 | 406 | | 406 |
| Portugal | 77 | 361 | | 1,512 | 1,949 | | 1,949 |
| Qatar | | | 1,221 | | 1,221 | 169 | 1,390 |
| Romania | 1 | 174 | | 241 | 416 | | 416 |
| Slovenia | | 15 | | 57 | 72 | | 72 |
| South Africa | | | | 24 | 24 | | 24 |
| South Korea | | 64 | | | 64 | | 64 |
| Spain | 142 | 11,586 | 104 | 3,538 | 15,370 | | 15,370 |
| Supranational | 739 | 5,330 | 2 | | 6,072 | | 6,072 |
| Sweden | | 1 | 17 | | 18 | | 18 |
| Switzerland | | 19 | | | 19 | | 19 |
| Togo | | | | 45 | 45 | | 45 |
| Ukraine | | | 46 | | 46 | 17 | 64 |
| United Kingdom | 3 | | | | 3 | 1 | 3 |
| United States | 31 | 53 | | | 84 | | 84 |
| Venezuela | | | | 33 | 33 | | 33 |
| Other countries | 27 | 266 | | | 293 | | 293 |
| Other European countries | | | | 272 | 272 | | 272 |
| **Total** | 21,731 | 137,914 | 97,662 | 46,673 | **303,980** | 7,266 | **311,245** |

## 2.8.4.2 Market risks

### 2.8.4.2.1 Definitions and scope

Market risk is defined as the risk of loss (whether recorded in the income statement or directly in equity) resulting from fluctuations in the prices of the financial instruments held in a given portfolio.

The Caisse des Dépôts Group is exposed to market risks mainly through three portfolios:

- La Banque Postale exposures recognised at fair value and including its trading book within the regulatory meaning, as well as assets in the banking and insurance portfolio recognised at fair value through profit and loss or through other comprehensive income;
- a variable-income securities portfolio mainly managed by the Caisse des Dépôts Central Sector;
- certain positions or activities in the SFIL banking portfolio that, despite not presenting any market risk in the regulatory meaning of the term, are recognised at fair value through profit and loss or through other comprehensive income. They are mainly assets that do not meet the SPPI criteria.

### 2.8.4.2.2 Market risk governance and management

#### 2.8.4.2.2.1 Market risk indicators

The risk management divisions at the Group's entities are responsible for monitoring market risk, mainly using one or more of the following indicators.

**Sensitivities**

Sensitivities are used to measure the exposure of the Group's portfolios to fluctuations in risk factors. The risk management divisions validate the method for calculating sensitivities and ensure that all risk factors identified as relevant and material have been taken into account.

**Value at Risk (VaR)**

VaR is an indicator of loss exposure that gives an estimate of the maximum potential losses over a specified period with a given probability. Each Group entity calibrates its VaR models in order to encompass the risks inherent to their portfolios as accurately as possible. They apply a certain number of shared principles, such as use of a prudent confidence interval (99%, one day for trading portfolios, 99%, one day or one month for banking portfolios) and use of a decay factor designed to give a higher weighting to recent market movements.

The risk management divisions back-test the results of the model used to calculate the VaR, in order to assess its robustness.

**Stress scenarios**

VaR is estimated under current market conditions and does not provide any information on the amount of the potential loss in extreme and targeted market conditions (geopolitical shock, bankruptcy of a systemically important group, pandemic, etc.). That is why stress scenarios are defined. A distinction is made between two major stress families:

- historical stresses based on past financial crises;
- hypothetical stresses that adopt plausible variations that could threaten the Group if they were to materialise. These shocks are calibrated with assumptions based on historical statistics drawn from market data.

#### 2.8.4.2.2.2 Market risk governance: limits and information

Depending on the portfolio in question, the risk indicators are subject to limits or are reported to the governance bodies of the entities concerned. A distinction is made between three levels of limits:

- limits set or metrics provided for information only by the supervisory body of the entity concerned (Caisse des Dépôts' Supervisory Board, La Banque Postale's Supervisory Board and SFIL's Board of Directors) in the Risk Appetite Statement (RAS);
- limits rolled down to each business unit in the entities' central risk management documents (e.g. their Risk Management Policy), and information for the executive bodies (Caisse des Dépôts' Executive Committee via the monthly risk report, La Banque Postale's Management Board and SFIL's Executive Committee);
- detailed operational limits, and information for the management committees (monthly portfolio management committees and market risk committees for La Banque Postale and SFIL).

Limit overruns trigger an alert procedure and related corrective actions and the maximum duration of the overrun are assessed by entities’ risk management divisions based on the nature of the overrun and the operating and market context.

Detailed information about market risks is provided by La Banque Postale and SFIL in their respective annual financial reports.

#### 2.8.4.2.2.3 Market risk for the equity portfolio of the Caisse des Dépôts Central Sector

The Group Risk Management division performs Value-at-Risk calculations for the equity portfolios: VaR (1 month, 99%) is calculated using the Monte Carlo method based on an annualised horizon in this document.

The VaR calculation uses pseudo-Gaussian distribution assumptions with fat-tailed distributions. This provides an accurate estimate of the maximum risk for the chosen holding period and confidence interval under actual market conditions, assuming the Group will continue as a going concern.

The VaR calculation method uses a large number of risk factors and a high-dimension Monte Carlo model that involves choosing from among these risk factors in the light of volatilities and historical correlations.

The historical depth of the data is high, and an exponential weighting is used for events (one half-life weighting is one year [decay factor]) that assigns a higher weighting to more recent events.

If the price of an instrument does not vary in line with the primary risk factor – as is the case with options – the calculation tool remeasures it under each of the scenarios using integrated pricing formulas.

Caisse des Dépôts Central Sector's equity portfolio risk is broken down by industry using the Industry Classification Benchmark (ICB2), which makes it possible to break out marginal VaR and to analyse the contribution of each industry to overall VaR.

Equity fund risk is calculated in the local currency, but does not factor in the underlying currency risk, and is then revalued at the equivalent euro amount. In fact, Caisse des Dépôts Central Sector's currency risk is measured for the Group as a whole and not at individual portfolio level.

Since models based on a Gaussian distribution cannot properly capture extreme movements in markets, the Group Risk Management division has been using a pseudo-Gaussian distribution with a fat tail since 2019. These methods are based on extreme distribution patterns which give a more accurate estimate of extreme events and how often they occur.

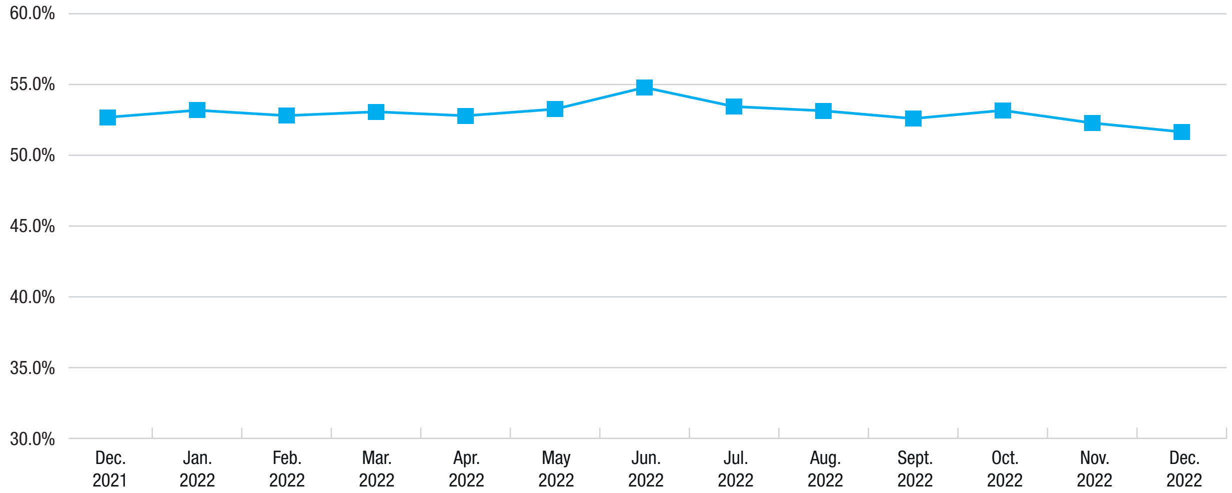
In addition to monitoring VaR indicators, the Group also performs sensitivity and stress test calculations.

## / Caisse des Dépôts Central Sector indicators – 31 December 2022

| *(in millions of euros)* | **VaR (1 year, 99%)** |
|---|---|
| Equity portfolio | 12,513 |
| International equities: | |
| – US equities | 316 |
| – Japanese equities | 172 |
| – Emerging market equities | 170 |
| European small-caps portfolio | 108 |
| Innovation funds | 81 |
| Transition funds | 35 |
| Investment funds | 74 |

## / Monthly changes in Caisse des Dépôts Central Sector equity portfolio VaR levels for 2022

**Monthly changes in equity portfolio VaR with a confidence interval of 99% over a one-year horizon**




Equity portfolio VaR remained broadly stable in 2022, increasingly slightly in the first part of the year owing to renewed volatility (geopolitical tensions, inflation, rising interest rates) and decreasing in the last quarter of the year due to the rebound in equity markets.

### / Breakdown of Caisse des Dépôts Central Sector equity portfolio VaR by risk factor at 31 December 2022

| | Relative weight |
|---|---|
| Private consumer goods | 26.2% |
| Industrial goods and services | 17.2% |
| Pharmaceuticals/healthcare | 8.9% |
| Banking | 8.9% |
| Food & beverage | 2.7% |
| Oil & gas | 5.9% |
| Utilities | 6.3% |
| Insurance | 4.9% |
| Chemicals | 3.6% |
| Technology | 3.8% |
| Construction | 3.9% |
| Commodities | 0.7% |
| Automotive | 2.2% |
| Telecommunications | 0.9% |
| Media | 1.3% |
| Financial services | 1.2% |
| Travel & leisure | 0.8% |
| Real estate | 0.4% |
| Commodities | 0.1% |
| Retail | 0.1% |

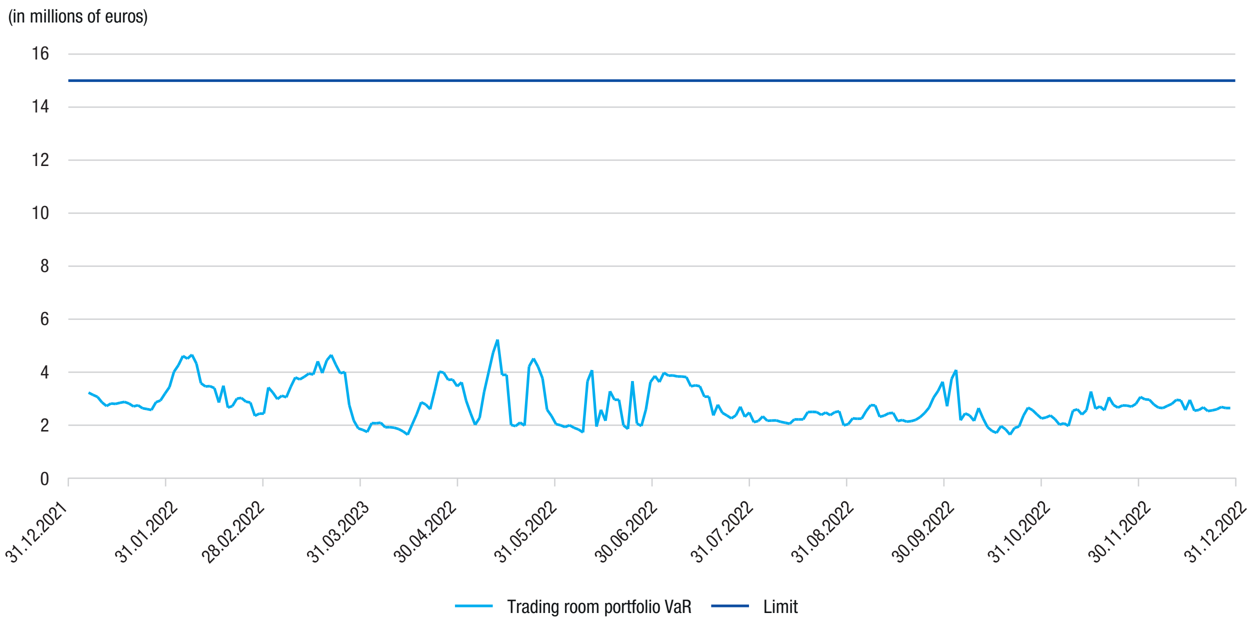
#### 2.8.4.2.2.4 Market risk for La Banque Postale asset portfolios

La Banque Postale is exposed to market risks due to its cash management and surplus liquidity management activities (portfolio of assets available for sale and hedging transactions), and through the transactions undertaken on behalf of customers. The market risk portfolio comprises the trading portfolio, as well as banking portfolio transactions measured at fair value, including transactions in available-for-sale securities and certain securities lending and borrowing transactions. The associated risks are assessed using:

- sensitivity, which measures the exposure of La Banque Postale's portfolio to change in risk factors;
- VaR. La Banque Postale uses a parametric VaR, calculated using a variance-covariance matrix that covers La Banque Postale's interest rate, spread, exchange rate, volatility and equity risks. The resulting VaR partly covers option-related risks, with second-degree risks not being taken into account. Although they are not currently material, an increase in option positions could lead La Banque Postale's Risk department to adopt a more appropriate methodology. Moreover, option risk monitoring indicators are deployed.

La Banque Postale is primarily exposed to interest rate, credit spread and equities risks. Currency risks, particularly related to international mandates and financial activities, along with volatility risks, are moderate.

### / Trading room portfolio VaR (in millions of euros)




The VaR of the trading portfolio measured at fair value through profit and loss ranged from €1.6 million to €5.2 million in 2022. The changes observed during the period were mainly attributable to adjustments to interest rate hedges.

#### 2.8.4.2.2.5 Market risk for SFIL asset portfolios

SFIL group, as a public development bank, does not conduct any trading transactions and is therefore not exposed to market risks in the regulatory sense of the term. Similarly, CAFFIL, as a *société de crédit foncier* (mortgage bank), is prohibited from holding trading portfolios or equity investments and is therefore not exposed to regulatory market risk. Certain positions or activities in the banking book are nonetheless sensitive to the volatility of market parameters and they are monitored as non-regulatory market risks. These are primarily:

- risks arising from fluctuations in the value of financial assets at fair value through profit or loss or other comprehensive income;
- certain risks arising from the export credit business (changes in the value of the specific export credit indicator);
- changes in fair value adjustments to derivatives including credit valuation adjustments (CVA) and debt valuation adjustments (DVA), recognised in the income statement under IFRS;
- the French GAAP provision for marketable securities;
- risks that may affect SFIL's separate financial statements related to the derivatives intermediation activity carried out on behalf of CAFFIL, if the derivatives set up by SFIL with external counterparties are not perfectly replicated with CAFFIL.

## 2.8.4.3 Structural risks

### 2.8.4.3.1 Liquidity risk

#### 2.8.4.3.1.1 Definition, scope and governance

Liquidity risk is the risk that a company cannot meet its commitments or cannot unwind or cover a position either because of the market situation or idiosyncratic factors, within a specific period or at a reasonable cost.

Liquidity risk is managed under the framework established by article 2 of Decree No. 2020-94 and there is no liquidity pool at Group level.

**Group governance**

Common principles for all Caisse des Dépôts Group entities are set out in the Group's financial risk management policy. First, the policy underlines the fact that there is no liquidity pool at CDC Group level. Each entity is therefore responsible for managing its own liquidity and financing.

Given its mission of supporting the country's economic development and its role as a trusted third-party manager, the Group's liquidity policy is designed to protect its financing capacity in the long term in all market conditions. As a shareholder, Caisse des Dépôts ensures that its subsidiaries apply a prudent liquidity policy that reflects the Group's objectives, their own objectives and their autonomous management.

Each entity is therefore required to have a documented liquidity policy setting out in risk terms its approach to the Caisse des Dépôts' liquidity policy. The policy should be reviewed at least once a year by the entity's governance body.

The policy should cover the following main points:

- liquidity governance at the entity;
- indicators and their limits;
- operational roll-down of the liquidity policy;
- stress tests and contingency procedures.

Regulated entities have a set of procedural documents that set out their liquidity risks, the liquidity risk indicators and their limits. Each entity asks its governance bodies to validate its financing plan at least once per year, specifying the nature of the target funding and the value of its issuance programmes.

Entities have IT systems for monitoring liquidity balances and financing transactions, as well as procedures for guaranteeing the diversification of their financing sources. If necessary, the entities document the method used to set limits. The document sets out the rules for dealing with and escalating limit overruns.

### 2.8.4.3.1.2 Liquidity risk management and governance

2.8.4.3.1.2.1 Liquidity management in the Central Sector

Given the importance of managing balance sheet liquidity throughout the Caisse des Dépôts Group, a number of mechanisms have been set up that are designed to:

- match sources to uses of funds as effectively as possible by controlling maturity mismatch risk on the balance sheet and therefore by limiting the need to refinance long-term investments with short-term liabilities;
- maintain conservative amounts of liquid assets to cover upcoming Public Institution repayment obligations;
- limit dependency on market-based financing.

Liquidity is managed in accordance with the prudential model (reference document updated every year), supplemented by the ILAAP (Internal Liquidity Adequacy Assessment Process), which demonstrates the Group's robust mechanism for assessing and managing liquidity. It contains the documentation relating to Caisse des Dépôts' liquidity policy, as well as its operational deployment, governance and risk management.

Liquidity gap analysis measures differences in maturities of liabilities and assets on a monthly basis over the next five years. Gaps are calculated on a static and dynamic basis:

- static gap analysis measures the difference between the natural maturities of liabilities (including contractual deposit maturities) and assets, excluding new lending;
- dynamic gap analysis measures the reinvestment and new lending impacts.

Deposits are taken into account based on the same maturity assumptions as for the calculation of interest rate mismatches.

Warning thresholds and limits (based on different time horizons) applied to the static liquidity gap analysis are set in relation to the components of the liquidity reserve.

On average, these thresholds stand at around €27 billion. The thresholds and limits are approved every year by the governing body. If the thresholds are reached, the contingency plan described in the ILAAP is activated, in order to generate the necessary liquidity, mainly through market transactions and, if need be, investment reductions. Maximum liquidity gaps calculated at 31 December 2022 were well below the Group's warning threshold or overall risk limit.

The Public Institution's liquidity reserve is also calculated every month. It corresponds to the amount of liquidity likely to be obtained at short notice (a few hours to a few days) even under high-stress conditions. This reserve remains at a very comfortable level. It does not include any exposure to the high-risk countries Ukraine and Russia.

The delivery of outstanding long-term issues in 2022 was established in accordance with the financing plan validated by the Balance Sheet Management Committee.

2.8.4.3.1.2.2 Liquidity management at La Banque Postale

**Liquidity risk reporting and assessment systems**

The liquidity risk reporting systems cover the entire La Banque Postale group for regulatory purposes. Some of the limits and the indicators used in management refer to corporate units of the Group, notably La Banque Postale, the largest Group entity.

The liquidity risk prudential reporting systems cover the entire prudential consolidation scope. Some Group entities are also subject to reporting requirements at the individual level.

**La Banque Postale's overall liquidity risk management**

La Banque Postale has a strong liquidity position based on:

- customer deposits exceeding customer loans. La Banque Postale has a significant and diversified deposit base (in excess of €200 billion) consisting primarily of deposits from French retail customers;
- a significant HQLA (high-quality liquid assets) portfolio. La Banque Postale has traditionally invested a significant portion of its balance sheet in sovereign securities due to its original activity as a deposit-taker. The customer credit business only began to develop in 2006. This portfolio contains only high-quality liquid assets, in accordance with Delegated Regulation (EU) No 2015/61;
- proven access to capital markets and money markets.

Since funds from customers mostly have no fixed maturity and may be payable at any time (deposits, passbook accounts), their runoff is modelled to determine their profile over time. La Banque Postale has adopted a conservative approach to assessing its liquidity positions.

**Liquidity risk management**

The Balance Sheet Monitoring Committee is responsible for managing liquidity risk in accordance with the principles and limits approved by the Group Risk Management Committee. Part of this responsibility is delegated to the ALM and Treasury Committee for liquidity risk.

In operational terms, La Banque Postale has implemented an Internal Liquidity Adequacy Assessment Process (ILAAP) which combines all of its liquidity limits, assessment, monitoring, reporting and management procedures. The process includes:

- a system of risk indicators associated with regulatory or internal limits, published at monthly intervals;
- daily monitoring of changes in the buffer consisting of unencumbered high-quality liquid securities and a proxy LCR;
- a financing plan which ensures the equilibrium of La Banque Postale's refinancing position on an ex-ante basis in La Banque Postale group's budget planning universe;
- twice-yearly market access tests to verify market access in different currencies and actual liquidity tests on securities;
- the Emergency Funding Plan (EFP), which is primarily intended to:
  - define alert thresholds to enable early detection of liquidity stress, whether specific to La Banque Postale or systemic;
  - identify all available liquidity-generating capacities (liquidity reserves and financing capacity);
  - mobilise governance to manage potential crises in a timely manner;
  - measure La Banque Postale's room for manoeuvre via a stress test system in the context of historically high stress.

**Liquidity risk measurement**

The main indicators of liquidity risk are presented below.

***Liquidity Coverage Ratio (LCR)***

The LCR is a monthly short-term liquidity ratio which measures La Banque Postale's capacity to withstand a severe deterioration in its financial situation for up to 30 days in a global crisis scenario.

Under banking regulations, the LCR must be greater than 100%. La Banque Postale's internal LCR target is higher than this (with an alert threshold of 120% and a limit of 110%) and its actual LCR at 31 December 2022 was significantly above the minimum level, at 146.6%.

This ratio is calculated by dividing the sum of unencumbered, high-quality liquid assets by the liquidity requirement in a stress environment over a 30-day period. An LCR proxy is calculated daily.

The LCR decreased by 40 points over the year, to 146.6% at 31 December 2022 versus 186.3% at 31 December 2021. This decrease is primarily explained by the €11.8 billion decrease in high-quality liquid assets (HQLAs) related to Banque de France positions. Net cash outflows remained stable.

***Survival horizon***

This indicator measures the number of days during which La Banque Postale would be able to meet its payment obligations in a crisis situation, solely by using its liquidity buffers and assuming that it continues to operate normally (i.e., without extraordinary management action such as a lending freeze).

It is determined based on stressed dynamic gaps calculated for each crisis scenario (systemic, specific to La Banque Postale or both) and corresponds to the horizon observed under the least favourable scenario for La Banque Postale.

The survival horizon is expressed as a number of months (up to a maximum of six months, which corresponds to the crisis scenario horizon), plus the observed liquidity surplus or shortfall corresponding to the horizons set for risk management purposes.

***Liquidity gap***

La Banque Postale assesses its long-term liquidity level by reference to a liquidity gap. The liquidity gap includes static gap forecasts by maturity and limits defined at 1-, 3- and 5-year horizons. The assumptions used correspond to a stressed approach, resulting in a conservative view of La Banque Postale group's liquidity position.

The liquidity gap assessment approaches are determined according to the type of asset (or liability) on the balance sheet:

- outstanding loans with fixed maturities (contractual runoff that may or may not be adjusted by a model);
- outstanding loans with no fixed maturities (conventional runoff);
- liquidity profile of the transferable assets;
- off-balance sheet items (liquidity commitments and guarantees).

Transactions with no contractual maturity (including customer deposits and passbook savings accounts) are included based on runoff conventions approved by the Balance Sheet Management Committee and the Group Risk department.

Off-balance sheet transactions are included, taking into account drawdown assumptions.

The transferability of certain transactions may be taken into account where appropriate.

## / Long-term liquidity gap (in millions of euros) at 31 December 2022

| *(in millions of euros)* | **1 year** | **3 years** | **5 years** |
|---|---|---|---|
| Uses | (193,626) | (141,072) | (101,082) |
| Resources | 213,099 | 171,243 | 131,109 |
| Off-balance sheet | 32 | 29 | 5 |
| **Liquidity gap at 31.12.2022** | **19,505** | **30,199** | **30,032** |
| Liquidity gap at 31.12.2021 | 26,790 | 28,417 | 26,482 |
| Adjustments | (7,284) | 1,782 | 3,550 |

The liquidity gap (excess of liabilities over assets) increased slightly in 2022, due to liability model changes (longer run-off assumptions for savings products).

**Net Stable Funding Ratio (NSFR)**

The NSFR corresponds to the amount of available stable funding in relation to required stable funding. This ratio should be at least 100% at any time. "Available stable funding" (ASF) refers to the portion of resources that are not payable within the time frame considered, i.e. 1 year within the context of the NSFR. The amount of "required stable funding" (RSF) of a business depends on the characteristics of its liquidity and the residual maturity of its assets (and off-balance sheet positions).

At 31 December 2022, as part of the regulatory liquidity exercises carried out for the ECB, the NSFR liquidity ratio was 129%.

**Liquidity reserve**

The purpose of the liquidity reserve is to quantify the amount of cash and liquidity readily available through the sale or repurchase of securities in order to withstand a liquidity crisis.

The liquidity reserve is composed of:

- cash deposited with the Central Bank (excluding the average mandatory reserves calculated over the incorporation period);
- ECB-eligible securities with a satisfactory rating;
- retained covered bonds and covered bonds issued by La Banque Postale through its subsidiary La Banque Postale Home Loan SFH.

### / Liquidity reserve (in millions of euros) at 31 December 2022

| *(in millions of euros)* | 31.12.2022 |
|---|---|
| Cash and central banks | 37,360 |
| Other ECB-eligible securities rated BBB- | 5,872 |
| **Total liquidity reserve** | **43,232** |

La Banque Postale is potentially also in a position to issue €7 billion worth of covered bonds eligible for central bank refinancing in accordance with the authorisations given in its financing plan, by collateralising its home loans.

**Emergency Funding Plan (EFP)**

The EFP is monitored by the Group's funding governance bodies (the ALM and Treasury Committee and the Refinancing Sub-Committee of the Group Risk Management Committee) and implemented by the Corporate and Investment Banking Division.

The EFP is part of the internal liquidity assessment process on which La Banque Postale reports each year. The EFP sets out the leading indicators selected to gauge the robustness of the (financial or banking) markets impacting the liquidity of La Banque Postale. These indicators can be broken down into two major groups:

- systemic indicators;
- entity-specific ("idiosyncratic") indicators.

A specific threshold (comfort, vigilance or warning) is defined for each indicator.

The EFP also makes provisions for a mechanism to be implemented in the event of a proven systemic or entity-specific crisis. This mechanism mainly takes the form of an inventory of the various sources of funds (or liquidity) available to La Banque Postale, based on the amounts involved and the speed with which they can be accessed. The EFP also makes provisions for specific governance through committees, which will monitor the leading indicators. The purpose of this governance organisation is to increase oversight of liquidity risk. In normal times, the indicators are presented at meetings of the ALM and Treasury Committee and periodically to the GRMC. They are also tracked during weekly meetings of the Refinancing Committee. The indicators selected, and the actions proposed, are tested on the markets in order to gauge their suitability along with market liquidity.

The funding test involves testing the market by issuing short-term debt. The aim of this type of test is to regularly verify La Banque Postale's ability to quickly raise funds on the markets to ensure that its estimated borrowing capacity remains valid.

This type of test is carried out at least twice a year.

**Ability to access external financing**

In line with the ALM Committee and the GRMC's healthy and prudent liquidity management, La Banque Postale has secured diversified sources of financing, including:

- a €20 billion NEU CP (Negotiable European Commercial Paper) programme and a €10 billion ECP (European Commercial Paper) programme to refinance a portion of La Banque Postale's short-term financing requirements and satisfy demand from institutional customers;
- a €2 billion NEU EMTN programme to refinance a portion of La Banque Postale's short-term financing requirements and satisfy demand from institutional customers;
- a €20 billion retail EMTN programme enabling the issue of senior (vanilla and structured), non-preferred senior and Tier 2 debt;
- a €10 billion retail structured senior debt programme;
- a €30 billion EMTN programme for the issue of home loan bonds (*obligations de financement de l'habitat* – OFH) via its secure financing vehicle, La Banque Postale Home Loan SFH, a La Banque Postale SA subsidiary created in 2013;
- access to European Investment Bank (EIB) refinancing under La Banque Postale's eligible funds commitment;
- a portfolio of HQLA (high-quality liquid asset) securities, consisting mainly of rapidly accessible, high-quality government bonds which represent a stable source of eligible assets enabling access to ECB refinancing operations or to the securities repo market;
- access to the Brokertec, Eurex Repo and Eurex GC Pooling and NGT Bondlend repo platforms;
- access to the interbank market.

La Banque Postale also has access to a secured financing vehicle via the Caisse de Financement Local (CAFFIL), to which it regularly sells originated local public sector loans.

## / Encumbered/unencumbered assets

| (in millions of euros) | Carrying amount of encumbered assets | of which notionally eligible EHQLA and HQLA | Fair value of encumbered assets | of which notionally eligible EHQLA and HQLA | Carrying amount of unencumbered assets | Liquid asset buffer | Fair value of unencumbered assets | o/w EHQLA and HQLA |
|---|---|---|---|---|---|---|---|---|
| Assets of the disclosing institution | 115,780 | 22,994 | | | 195,283 | 4,275 | | |
| Equity instruments | 189 | | | | 300 | | 300 | |
| Debt securities | 24,787 | 22,994 | 21,881 | 20,059 | 14,248 | 4,275 | 14,234 | 4,326 |
| – of which covered bonds | 447 | 447 | 441 | 414 | 1,323 | 1,078 | 1,263 | 1,022 |
| – of which securitisations | | | | | 1,171 | 547 | 1,166 | 545 |
| – of which issued by general governments | 21,725 | 21,719 | 19,253 | 19,208 | 3,896 | 2,103 | 4,161 | 2,171 |
| – of which issued by financial corporations | 2,362 | 800 | 2,355 | 746 | 10,053 | 1,899 | 9,813 | 1,878 |
| – of which issued by non-financial corporations | 273 | 247 | 274 | 106 | 736 | 220 | 727 | 219 |
| Other assets | 91,683 | | | | 181,577 | | | |

La Banque Postale group's encumbered assets consist of the following:

- securities delivered under repurchase agreements with other financial counterparties;
- securities pledged for the Central Bank and *Crédit Logement*;
- home loans pledged as collateral for La Banque Postale Home Loan SFH's covered bond issues;
- margin calls on securities and derivatives;
- collateral deposits.

2.8.4.3.1.2.3 Liquidity management at SFIL

**Governance**

The liquidity risk appetite is defined by SFIL management and approved by the Board of Directors. It is supplemented by various indicators for measuring liquidity risk (liquidity projections in normal and stressed situations, monitoring of export credit activity, etc.) and is subject to the following limits:

- the liquidity risk appetite is monitored by reference to the sensitivity of the liquidity gap (calculated over ten years, on a consolidated basis and excluding excess liquidity in the first year) to a refinancing cost shock of 30 basis points. It is also subject to a limit of 15% of capital;
- the financing plan, drawn up as part of the budget process, must be designed in compliance with regulatory indicators and the group's issuing capacities, and must avoid having a large proportion of issues falling due within the same time bucket. This plan must also only authorise limited use (in terms of both duration and volume) of central bank financing;
- a one-year survival period in stressed conditions: SFIL and CAFFIL must be able to finance their own activities for at least one year, with the possibility of using Banque de France financing or existing liquidity lines with La Banque Postale and Caisse des Dépôts;
- a limit is set for export credit in order to contain lost earnings compared to expected profitability. These lost earnings may arise from fluctuations in the refinancing spread during the drawdown period, or from a fluctuation in the EUR/currency base between the transaction quotation date and the signature date (for transactions in USD or GBP).

Liquidity risk is managed by:

- the Asset-Liability Committee (ALCO), whose members include the ALM management unit of the Financial division, the Market Risks division and other relevant units of the bank. It decides on the ALM management strategy and ensures its proper implementation through management indicators;
- the ALM Liquidity Committee, which prepares all relevant information for the ALCO and implements the decisions taken.

**Liquidity risk measurement**

The main liquidity risk indicators are:

- management indicators in "normal" conditions:
  - short- and medium-term dynamic liquidity requirements;
  - concentration of financing maturities;
  - internal indicators (group financing costs, changes in cash collateral, etc.);
  - market indicators for identifying a potential systemic liquidity crisis;
- liquidity management in stressed conditions:

  SFIL has developed a set of resistance tests to help identify, measure and manage liquidity risk. These tests are based on hypothetical scenarios (a systemic scenario and a scenario combining systemic and idiosyncratic shocks) and on an assessment of their impact on SFIL's activities. They form part of the Liquidity Adequacy Assessment Process (ILAAP) and co-exist with other risk measurement processes (ICAAP, recovery plan) in order to ensure that all stress factors are coherent and applied to the various types of risk.

The scenarios are reviewed at least once a year. They are applied to SFIL and CAFFIL, incorporating the management specificities and regulatory restrictions applicable to each entity. The main stress factors used are:

– prolonged closure of the interbank market and mortgage bond market;
– a general decrease in the value of the securities in the liquidity reserve, plus in some cases an additional discount for climate risk;
– an increase in the payment of collateral on derivatives;
– default of a derivatives counterparty;
– unpaid receivables to customers.

At 31 December 2022, a survival period of more than one year is respected in each of the stress scenarios.

- Regulatory liquidity indicators:
  – applicable to credit institutions (LCR, NSFR):
    - SFIL's LCR management limits on an individual and consolidated basis are set at 150%. For CAFFIL, in light of the changes made in July 2022 to the calculation of the LCR[1] in connection with the entry into force of the Covered Bonds Directive, the amount of liquidity reserves taken into account to calculate the LCR is now capped at the amount of net cash outflows over 30 days,
    - at 31 December 2022, SFIL's consolidated LCR and NSFR ratios stood at 161% and 119% respectively, down from 31 December 2021, but well above the management target;

### / Regulatory liquidity ratios at 31 December 2022

| Regulatory ratios (SFIL consolidated, %) | 31.12.2022 | 31.12.2021 | Regulatory limit | RAF early warning |
|---|---|---|---|---|
| LCR | 161% | 949% | 100% | 150% |
| NSFR | 119% | 121% | 100% | 108% |

  – applicable to *sociétés de crédit foncier* (SCF, or mortgage banks):
    - under SCF regulations, covered bonds must be secured by an outstanding amount of assets eligible for the cover pool equal to at least 105% of the covered bond. At 31 December 2022, the collateralisation rate was 11.8%,
    - the difference in the average life of assets eligible for the cover pool and the covered bonds must not exceed 18 months. At 31 December 2022, this difference was negative,
    - the report on 180-day liquidity requirements aims to verify that, in a static scenario, liquidity requirements over 180 days are covered by an adequate amount of liquidity reserves. Although the scope of eligible assets was reduced following the entry into force of the Covered Bonds Directive in July 2022, this did not compromise the good coverage of 180-day liquidity requirements by the liquidity reserve;
- export credit indicators:
  – prefinancing rate for export credit transactions,
  – lost earnings: this measures how much of the risk appetite has been consumed for spread and base risk in export credit transactions, which determines the lost earnings on such transactions that may result from stress on the Group's euro-denominated financing cost or an increase in foreign currency financing costs (USD or GBP).

**Financing capacity**

In normal circumstances, the Group’s activity is financed by:

- covered bond issues at CAFFIL, secured by assets eligible for the cover pool (CAFFIL);
- long-term EMTN issues at SFIL;
- short-term NEU CP issues at SFIL.

There was a high volume of issues on the covered bond market in 2022 which, coupled with the ECB's gradual withdrawal, led to increased volatility in financing conditions and wider credit spreads, both in the secondary market and for new issues.

In this context, CAFFIL raised a total of €4.9 billion in new financing, of which €4.5 billion on the public primary market and €430 million on the private placement segment. For CAFFIL, 2022 was also shaped by the entry into force of the European Covered Bonds Directive on 8 July. This confirmed that CAFFIL's bonds qualify for the new "European Covered Bond (Premium)" label.

SFIL tapped the public primary market twice in the year for a total amount of €1.5 billion, with two 10-year euro-denominated issues (€1 billion and €500 million) in April and September, respectively.

The Group also continued to diversify its offering by carrying out three CSR issues for a total amount of €1.6 billion.

#### 2.8.4.3.1.3 Group exposure to liquidity risk

The tables below show the maturities of the Group's financial assets and liabilities by contractual maturity date.

Fixed-income securities, loans and debt are broken down by contractual maturity date. Equity investments and mutual funds are included in the "No fixed maturity" column. Demand deposits (assets and liabilities) are shown in the "< 3 months" column. The amounts presented in this table correspond to the balance sheet amounts (including the effects of discounting).

These tables present the balance sheet position at the reporting date; they do not take into account management decisions dealing with maturity mismatches, or the future production of assets and liabilities.

(1) Delegated Regulation No. 2022/786 of 10 February 2022.

## / Financial assets by maturity

| (in millions of euros) | 31.12.2022 < 3 months | 3-12 months | 1-5 years | > 5 years | No fixed maturity | Total |
|---|---|---|---|---|---|---|
| Cash and amounts due from central banks | 42,974 | | | | | 42,974 |
| Financial assets at fair value through profit or loss | 12,398 | 12,359 | 30,846 | 26,265 | 158,603 | 240,471 |
| Hedging instruments with a positive fair value | 99 | 623 | 847 | 472 | 2,326 | 4,367 |
| Financial assets at fair value through OCI to be reclassified | 7,903 | 28,748 | 62,719 | 104,619 | | 203,989 |
| Financial assets at fair value through OCI not to be reclassified | | 16 | | 11 | 26,836 | 26,863 |
| Securities at amortised cost | 1,434 | 17,449 | 17,586 | 46,415 | 195 | 83,079 |
| Loans and receivables at amortised cost | 108,120 | 17,770 | 59,065 | 113,359 | 4,100 | 302,414 |
| Cumulative fair value adjustments to portfolios hedged against interest rate risk – assets | | | | | 1,104 | 1,104 |
| **Total** | **172,928** | **76,965** | **171,063** | **291,141** | **193,164** | **905,261** |

| (in millions of euros) | 31.12.2021 < 3 months | 3-12 months | 1-5 years | > 5 years | No fixed maturity | Total |
|---|---|---|---|---|---|---|
| Cash and amounts due from central banks | 76,041 | | | | | 76,041 |
| Financial assets at fair value through profit or loss | 3,911 | 5,511 | 28,296 | 22,855 | 186,631 | 247,204 |
| Hedging instruments with a positive fair value | 410 | 661 | 703 | 1,516 | 2,798 | 6,088 |
| Financial assets at fair value through OCI to be reclassified | 9,183 | 26,443 | 79,835 | 123,026 | 70 | 238,557 |
| Financial assets at fair value through OCI not to be reclassified | 1 | 14 | | 10 | 29,710 | 29,735 |
| Securities at amortised cost | 1,992 | 7,036 | 15,168 | 43,032 | 1,112 | 68,340 |
| Loans and receivables at amortised cost | 90,297 | 16,583 | 57,429 | 110,546 | 3,909 | 278,764 |
| Cumulative fair value adjustments to portfolios hedged against interest rate risk – assets | | | | | 346 | 346 |
| **Total** | 181,835 | 56,248 | 181,431 | 300,985 | 224,576 | 945,075 |

## / Financial liabilities by maturity

| (in millions of euros) | 31.12.2022<br>< 3 months | 3-12 months | 1-5 years | > 5 years | No fixed maturity | Total |
|---|---|---|---|---|---|---|
| Financial liabilities at fair value through profit or loss | 6,169 | 1,319 | 2,273 | 3,628 | 704 | 14,093 |
| Hedging instruments with a negative fair value | 473 | 384 | 1,078 | 3,534 | 4,990 | 10,459 |
| Debt securities | 23,246 | 15,286 | 40,970 | 55,083 | | 134,585 |
| Due to credit institutions and related entities | 34,466 | 3,738 | 4,965 | 8,722 | | 51,891 |
| Due to customers | 294,886 | 1,029 | 904 | 13,249 | 18,959 | 329,027 |
| Subordinated debt | 20 | 296 | 252 | 7,731 | 845 | 9,144 |
| Cumulative fair value adjustments to portfolios hedged against interest rate risk – liabilities | | | | | 1,507 | 1,507 |
| **Total** | **359,260** | **22,052** | **50,442** | **91,947** | **27,005** | **550,706** |

| (in millions of euros) | 31.12.2021<br>< 3 months | 3-12 months | 1-5 years | > 5 years | No fixed maturity | Total |
|---|---|---|---|---|---|---|
| Financial liabilities at fair value through profit or loss | 36 | 166 | 1,769 | 2,119 | 1,416 | 5,506 |
| Hedging instruments with a negative fair value | 74 | 543 | 313 | 935 | 5,202 | 7,067 |
| Debt securities | 19,091 | 13,220 | 39,221 | 59,106 | 1,961 | 132,599 |
| Due to credit institutions and related entities | 27,913 | 4,809 | 10,453 | 8,503 | | 51,678 |
| Due to customers | 287,933 | 752 | 865 | 13,026 | 17,063 | 319,639 |
| Subordinated debt | 20 | 1,103 | 204 | 7,972 | 805 | 10,104 |
| Cumulative fair value adjustments to portfolios hedged against interest rate risk – liabilities | | | | | 320 | 320 |
| **Total** | 335,067 | 20,593 | 52,825 | 91,661 | 26,767 | 526,913 |

## / Maturities of commitments given in respect of financing and guarantees

| (in millions of euros) | 31.12.2022<br>< 3 months | 3-12 months | 1-5 years | > 5 years | Total |
|---|---|---|---|---|---|
| Financing commitments given | 20,001 | 7,581 | 11,117 | 2,313 | 41,012 |
| Guarantee commitments given | 1,943 | 705 | 406 | 1,066 | 4,120 |
| **Total** | **21,944** | **8,286** | **11,523** | **3,379** | **45,132** |

| (in millions of euros) | 31.12.2021<br>< 3 months | 3-12 months | 1-5 years | > 5 years | Total |
|---|---|---|---|---|---|
| Financing commitments given | 17,341 | 11,594 | 3,284 | 6,639 | 38,858 |
| Guarantee commitments given | 2,098 | 725 | 851 | 1,322 | 4,996 |
| **Total** | 19,439 | 12,319 | 4,135 | 7,961 | 43,854 |

### 2.8.4.3.2 Overall interest rate risk

#### 2.8.4.3.2.1 Definition, scope and governance

Interest rate risk arising from non-trading book activities – or overall interest rate risk – is defined as the potential risk resulting from changes in interest rates for all balance sheet and off-balance sheet transactions, with the exception, if applicable, of transactions subject to market risk as described in 2.9.4.

Overall interest rate risk is managed and monitored at Caisse des Dépôts in accordance with article 54 of Decree No. 2020-94 of 5 February 2020, which requires the Group to have risk measurement systems in place across its entire scope of consolidation, i.e. for each of its relevant entities, and for these systems to be adapted to the nature and volume of their transactions.

**Group governance**

The ALM teams at Caisse des Dépôts Central Sector and the subsidiaries manage overall interest rate risk within their respective scopes (interest rate gaps, trajectories, NPV sensitivity).

The supervision of interest rate risk is the responsibility of each entity's ALM Committee, which monitors indicators and forecasts trends based on multi-year trajectories and commitment and/or investment policy guidelines. Interest rate risks are generally reviewed on a monthly basis.

Common principles for all the Caisse des Dépôts Group's regulated entities are set out in the Group's financial risk management policy.

The regulated entities of the Caisse des Dépôts Group have a set of procedural documents that set out the interest rate risk indicators and their limits, which must reflect an interest rate risk appetite consistent with the interest rate risk appetite defined at Group level. In order to incorporate their own interest rate risks within the Group's risk appetite, each entity estimates the impacts of multi-year scenarios in the Group's macroeconomic framework.

Entities have IT systems for monitoring their interest rate risk. If necessary, the entities document the method used to set limits. The document sets out the rules for dealing with and escalating limit overruns.

#### 2.8.4.3.2.2 Measuring and managing overall interest rate risk

2.8.4.3.2.2.1 Measuring and managing interest rate risk at the Central Sector

The Central Sector analyses assets and liabilities based on three types of interest rates: fixed, variable and contractual. The fixed-rate position is monitored based on the fixed-rate gap – corresponding to the excess of fixed-rate liabilities over fixed-rate assets – and changes in the gap over time as assets and liabilities fall due. The fixed-rate position mainly comprises deposits originating from the legal professions on the liabilities side and fixed-rate medium-term and long-term bond portfolios and fixed-rate loans on the assets side. Deposits are taken into account applying a runoff assumption over time.

The sensitivity of annual interest margins to an unfavourable change in interest rates is calculated using several alternative scenarios. The sensitivity of annual margins is calculated in terms of variance with the results obtained under baseline interest rate forecasts using macroeconomic data. A prolonged situation of low interest rates would result in a gradual reduction in the net banking income generated on fixed-rate positions.

The current environment of rising interest rates has resulted in an improvement in the margin on fixed-rate investments on the assets side of the balance sheet, while the interest on borrowings on the liabilities side remains constant. Note that at 31 December 2022, there is no direct exposure to Ukrainian or Russian risk on the balance sheet of the Central Sector.

The sensitivity of margins as calculated at 31 December 2022 shows an increase compared to that observed at 31 December 2021 resulting from higher rates on "medium- to long-term" maturities (5-year, 10-year and 20-year OATs) and reflecting for the Central Sector an improvement in net banking income generated on fixed-rate positions, which more than offsets the decrease in the margin generated on the contractual rate position.

**/ Sensitivity of annual interest margins on fixed-rate positions to a continuation of rates at current levels (Central Sector)**

| *(in millions of euros)* | 31.12.2022 |
|---|---|
| **Year** | **Margin sensitivity** |
| 2023 | 9 |
| 2024 | 33 |
| 2025 | 17 |
| 2026 | 15 |
| 2027 | 27 |

| *(in millions of euros)* | 31.12.2021 |
|---|---|
| **Year** | **Margin sensitivity** |
| 2022 | 2 |
| 2023 | 4 |
| 2024 | 2 |
| 2025 | (5) |
| 2026 | (15) |

2.8.4.3.2.2.2 Interest rate risk measurement and management at La Banque Postale

The unit responsible for supervising and managing overall interest rate risk is the Balance Sheet Risk department (DRF-RB) within the DRF, which reports to La Banque Postale's Group Risk department.

The department has several goals:

- to map risks, assess the risk management system and propose limits in line with La Banque Postale's risk appetite;
- to provide periodic monitoring of the indicators used to manage La Banque Postale's overall consolidated interest rate risk and that of its banking and insurance subsidiaries;
- to carry out audits of the calculation processes for the various indicators (static and dynamic) and control the integrity of calculated exposures;
- to audit the methodologies used.

This risk is monitored using indicators showing the sensitivity of future margins and economic value to interest rates, and by modelling scenarios which assess the entity's capacity to withstand exogenous shocks.

The interest rate movements tested affect both uncertain cash flows from financial products and earnings from Retail Banking operations via behavioural models – particularly implicit options available to customers.

The supervision of interest rate risk is the responsibility of the ALM Committee, which monitors indicators and forecasts trends based on commercial policy guidelines and observed customer behaviour The interest rate risk indicators are also reviewed by the GRMC. Interest rate risks are generally reviewed on a monthly basis.

**Objectives**

Interest rate risk is managed so as to hedge the sensitivity of La Banque Postale's future net interest margin while ensuring compliance with value sensitivity indicators. A dynamic approach based on the business plan is used, applying interest rate derivatives (hedges) or adjusting commercial policies.

The balance sheet includes implicit and explicit options, leading to non-linear economic values based on interest rates. In this context, ALM proposes the regular rebalancing of structural positions using market instruments.

**Scope**

As required by the Basel Committee, significant interest rate risks in the banking book are identified and measured. Some of these risks may give rise to a specific follow-up procedure.

Interest rate risk is measured by maturity and by type of index for products dependent on variable or adjustable rates (Euribor, inflation, €STR, etc.), taking into account likely runoff agreements, which are themselves dependent on market conditions. Interest rate risk includes several components:

- fixing risk related to differences between new interest rates applied to assets and to liabilities (depending on baseline rates and maturities);
- yield curve risk related to fixing risk: this is generated by changes in the yield curve (translation, rotation, etc.);
- baseline risks: these are related to the use of multiple baseline interest rates and arise from the imperfect correlation of different reference rates;
- option-related risks (contractual or behavioural);
- risks caused by positions exposed to inflation rates.

The change in the net interest margin is therefore measured by reference to several interest rate scenarios. The interest rate risk on the balance sheet is simulated with dynamic modelling, taking into account future changes in outstanding amounts (early repayments, loan originations, etc.), in accordance with behavioural models and the business plan.

Trading room bond portfolio transactions do not fall within the scope of overall interest rate risk management as the risk associated with these transactions is monitored and managed according to the individual limits for each portfolio. These specific trading desk portfolios are subject to market risk-type limits.

**Assessing overall interest rate risk**

***Agreements and models***

The interest rate gap and interest rate sensitivity valuation methodologies used are determined according to the type of assets (or liabilities) comprising the balance sheet:

- outstanding loans with fixed maturities (contractual runoff that may or may not be adjusted by a model);
- outstanding loans with no fixed maturities (conventional runoff);
- off-balance sheet items (liquidity commitments and guarantees).

Transactions with no contractual maturity (including customer deposits and passbook savings accounts) are included based on runoff conventions approved by the Balance Sheet Management Committee and the Group Risk department.

Off-balance sheet transactions are included, taking into account drawdown assumptions.

***Interest rate gap***

For a given currency, the nominal interest rate gap is calculated for fixed-rate transactions and for variable-rate and adjustable rate transactions up to the next rate review or reset date. The nominal interest rate gap does not take into account interest rate payments.

The interest rate gap is the difference between average fixed-rate liabilities and average fixed-rate assets, including the effects of off-balance sheet items, by maturity.

## / Interest rate gap by maturity at 31 December 2022 (in millions of euros)

*(Negative amount = Surplus uses at fixed rates)*

| *(in millions of euros)* | 0-1 year | 1-5 years | 5-10 years | > 10 years |
|---|---|---|---|---|
| Uses | (189,195) | (124,625) | (66,504) | (8,778) |
| Resources | 190,545 | 122,955 | 62,258 | 5,466 |
| Off-balance sheet | (7,968) | (8,287) | (1,983) | 631 |
| **Rate gap at 31.12.2022** | **(6,618)** | **(9,916)** | **(6,228)** | **(2,681)** |
| Rate gap at 31.12.2021 | 2,564 | 8,694 | 3,197 | (1,891) |
| Adjustments | (9,182) | (18,609) | (9,425) | (790) |

La Banque Postale's interest rate position changed significantly in 2022. As interest rates rose, the Group invested in fixed-rate assets, reducing the long-term mismatch with fixed-rate liabilities (demand deposits) built up during the COVID period.

Some models or conventions were also revised in the year, which also led to changes in the interest rate position. There was a change in the presentation of regulated savings index-linked to the *Livret A*, with a distinction between the "inflation" component, historically represented at a fixed rate, and the short rate component. The impact of this new presentation on the fixed-rate gap was approximately €10 billion.

***EVE (Economic Value of Equity) sensitivity***

EVE sensitivity corresponds to the change in economic value resulting from different scenarios. It is calculated statically from the contractual maturities of existing balance sheet items, taking into account behavioural models and run-off conventions for items without contractual maturities. The following shock scenarios were modelled:

1. parallel 200 bps increases in short- and long-term rates;
2. parallel 200 bps decreases in short- and long-term rates;
3. steeper yield curve (decrease in short-term rates, increase in long-term rates);
4. flattening of yield curves (increase in short-term rates, decrease in long-term rates);
5. increase in short-term rates;
6. decrease in short-term rates.

EBA guidelines also require banks to model a regulatory floor for the risk-free rate after a shock. The floor starts at -1% and is increased in steps of 0.05% to 0% at 20 years.

### / EVE sensitivity by level of parallel interest rate shock at 31 December 2022 (in millions of euros)

| *(in millions of euros)* | -200 | +200 | Flattening | Steepening | Increase in short-term rates | Decrease in short-term rates |
|---|---|---|---|---|---|---|
| EVE sensitivity at 31.12.2021 | (100) | (769) | (117) | 43 | (111) | (29) |
| EVE sensitivity vs T1 capital at 31.12.2021 | -0.52% | -4.00% | -0.92% | 0.22% | -0.57% | -0.15% |
| EVE sensitivity at 31.12.2022 | 1,683 | (1,715) | 261 | (524) | (201) | 348 |
| EVE sensitivity vs T1 capital at 31.12.2022 | 11.33% | -11.55% | 1.76% | -3.53% | -1.35% | 2.34% |

The least favourable interest rate scenario for La Banque Postale is a 200 bps parallel increase in the yield curve (€1,715 million reduction in EVE, representing -11.55% EVE sensitivity vs Tier 1 capital). This compares to a regulatory limit of -15% (with an internal warning triggered at -13%).

2022 saw an increase in EVE sensitivity to a 200-bps rise in interest rates, mainly due to the Group’s fixed-rate and inflation-indexed investments.

***Net interest margin sensitivity***

Net interest margin (NIM) sensitivity is defined as the difference between NIM in a modified interest rate scenario and NIM in a baseline interest rate scenario.

NIM sensitivity is calculated for each interest rate scenario taking into account interest rate-dependent behavioural models, and by maintaining levels of loan origination and deposits from the commercial business, along with assumptions related to equivalent financial transactions in the central scenario

Only behavioural models and floating rate transactions show a reaction to the shock scenario. Their impacts on amounts outstanding modify the level of short-term financing.

Different interest rate scenarios featuring an instantaneous shock relative to the baseline curve:

1. parallel 100 bps increases in short- and long-term rates;
2. parallel 100 bps decreases in short- and long-term rates;
3. steeper yield curve (decrease in short-term rates, increase in long-term rates);
4. flattening of yield curves (increase in short-term rates, decrease in long-term rates);
5. increase in short-term rates;
6. decrease in short-term rates.

ABE guidelines also require banks to model a regulatory floor for the post-shock risk-free rate. The floor starts at -1% and is increased in steps of 0.05% to 0% at 20 years.

### / Net interest margin (NIM) sensitivity at 1 year vs scenario at 31.12.2022 (in millions of euros)

| *(in millions of euros)* | 31.12.2021 | 31.12.2022 |
|---|---|---|
| Translation +1 | 109 | 48 |
| Translation -1 | (86) | (67) |
| Steepening | 53 | 60 |
| Flattening | 182 | (48) |
| Rise in short-term rates | 307 | (9) |
| Drop in long-term rates | (58) | (3) |

The least favourable scenario at one year for La Banque Postale is a 100-bps decrease in interest rates, which would lead to a €67 million fall in the net interest margin, representing around 4.3% of total net interest margin over a rolling 12-month period.

2.8.4.3.2.2.3 Measuring and managing interest rate risk at SFIL

**Governance**

The interest rate risk appetite is defined by SFIL management and approved by the Board of Directors.

Interest rate risk is managed by:

- the Asset-Liability Committee (ALCO), whose members include the ALM management unit of the Financial division, the Market Risks division and other relevant units of the bank. It decides on the ALM management strategy and ensures its proper implementation through management indicators;
- the ALM Interest Rate Committee, which prepares all relevant information for the ALCO and implements the decisions taken (notably overseeing the delegated investment management mandates).

**Hedging strategy**

- Interest rate risk management aims to protect the value of the Group's capital and to limit short-term income volatility;
- Interest rate risk is managed and governed differently at SFIL and CAFFIL in order to take into account the specific characteristics of each entity’s balance sheet and businesses.

SFIL does not accept interest rate risk as an entity. The interest rate risk hedging strategy therefore consists of a perfect micro-hedge, achieved through:

- €STR swaps;
- or, for export credit transactions carried out by SFIL, the stabilisation mechanism;
- or by perfectly matching asset and liability transactions with CAFFIL.

This hedging programme ensures that SFIL is not exposed to any interest rate risk.

CAFFIL implements two different interest rate hedging strategies, depending on the nature of the transactions on its balance sheet:

- a micro-hedging strategy for balance sheet items that are not natively at euro-adjustable rates and that generate a significant interest rate or currency risk due to their nature (currency, interest rate type, notional value, term, etc.). The micro-hedged items are all currency transactions and structured rate securities and loans managed off-the-run. The items hedged are swaps against Euribor or €STR;
- a macro-hedging strategy for other euro-denominated transactions: SPL loans, cash investments, public and private issues, etc. The macro-hedging strategy is mainly to unwind swaps (liability positions to cover asset positions and vice versa) and set up additional swaps if necessary. These hedges are set up on the market by CAFFIL either directly or through SFIL.

**Interest rate risk measurement**

These different types of interest rate risk are monitored, analysed and managed by tracking the following indicators:

**Interest rate gaps**

| | |
|---|---|
| Fixed-rate gap | Difference between on- and off-balance-sheet assets (+) and liabilities (-) for fixed-rate transactions, or transactions for which the rate has been fixed. It is calculated each month until the positions are extinguished. |
| Index gap | Difference between on- and off-balance sheet assets (+) and liabilities (-) for transactions indexed to Euribor for each index tenor. This gap is calculated each month until the positions are extinguished. |
| Euribor/€STR floor gap | Difference between on- and off-balance sheet assets (+) and liabilities (-) for transactions indexed to Euribor and €STR floors for each index tenor. This gap is calculated each month until the positions are extinguished. |
| Fixing gap | Difference between on- and off-balance sheet assets (+) and liabilities (-) for transactions indexed to Euribor of a given index tenor by fixing date. |

**Net present value (NPV) sensitivity**

In order to ensure risk management resilience in any situation, the sensitivity of the fixed-rate NPV is calculated under eight stress scenarios:

- six regulatory scenarios, including:
  - two scenarios charting a parallel upward and downward shift in the yield curve (+/- 200 bps),
  - two short-term rate shock scenarios (rise and fall in short-term rates),
  - two slope scenarios (flattening and steepening);
- two internal scenarios, combining both the risk of a parallel upward and downward shift in the yield curve and a slope risk. These scenarios were defined on the basis of historical interest rates and taking into account the current economic environment. They may be adjusted each year in light of the prevailing economic conditions and expected interest rate trends. For 2023, the steepening slope scenario was replaced by an inverted yield curve scenario.

The level of the sensitivity indicator, covered by a limit, corresponds to the maximum loss observed in the eight scenarios adopted.

The sensitivity limit was defined by the ALCO at a loss of €80 million, with an RAF early warning triggered at a loss of €70 million.

These metrics replace the series of limits in force up to 31 December 2021.

The change in the interest rate risk appetite framework did not have a significant impact on the level of risk taken: at 31 December 2022, the maximum loss in NPV was €21 million, compared with a loss of €25 million at 31 December 2021. These figures reflect a persistently low interest rate risk appetite.

## / NPV sensitivity at 31 December 2022

| | Sensitivity | | | |
|---|---|---|---|---|
| *(in millions of euros)* | 31.12.2022 | 31.12.2021 | Limit | RAF early warning |
| +200 bps | 1.3 | (15.6) | (80.0) | (70.0) |
| –200 bps tiered floor | (21.1) | 15.1 | (80.0) | (70.0) |
| Increase in short-term rates | (9.2) | (8.3) | (80.0) | (70.0) |
| Decrease in short-term rates, tiered floor | 8.2 | 3.0 | (80.0) | (70.0) |
| Tiered floor flattening | (11.0) | (4.2) | (80.0) | (70.0) |
| Tiered floor steepening | 10.5 | (1.9) | (80.0) | (70.0) |
| Internal flattening scenario | (16.6) | (24.6) | (80.0) | (70.0) |
| Internal steepening scenario | 13.2 | (12.1) | (80.0) | (70.0) |

**Net interest margin sensitivity**

The risk to interest income is monitored through the NIM (net interest margin) sensitivity indicator, calculated for (i) a parallel shock of +200 bps and (ii) a parallel shock of –200 bps with a –100 bps floor.

NIM sensitivity is calculated on a constant balance sheet over a one-year horizon, by offsetting each repayment or maturity with a new transaction having the same characteristics (amount, maturity, interest rate type) as the original transaction. The interest rates applied to rolled-over transactions are pre- and post-shock forward rates, plus a spread corresponding to budget assumptions.

NIM sensitivity therefore reflects the following phenomena:

- active floors: depending on (i) the level of interest rates on the calculation date and (ii) the size/direction of the shock applied, the Euribor floors will either be activated or deactivated, generating a variation in the NIM in either case;
- re-fixing of balance sheet adjustable-rate transactions: interest on adjustable-rate transactions carried in the balance sheet will vary at each re-fixing date according to the rate shocks applied to forward rates;
- constant balance sheet: at the date of the calculation, the balance sheet shows equal assets and liabilities by definition. In order to maintain a constant balance sheet over the following months, the Focus software package will create new fixed-rate and adjustable-rate transactions, all of which are sensitive to rate shocks.

NIM sensitivity is subject to a loss limit of €40 million, with an RAF early warning triggered at a loss of €36 million.

### / NIM sensitivity at 31 December 2022

| *(in millions of euros)* | 31.12.2022 | 31.12.2021 | Limit | RAF early warning |
|---|---|---|---|---|
| +200 bps | (7.4) | (8.8) | (40.0) | (36.0) |
| –200 bps (tiered floor) | 3.9 | 6.9 | (40.0) | (36.0) |

NIM sensitivity decreased in 2022 due to:

- the introduction of additional hedges on floors;
- the sharp rise in interest rates: the contribution of Euribor floors to SFIL's income is now zero.

**Management of Euribor/€STR floors**

In 2022, the management of Euribor-indexed loans subject to a floor was rounded out by:

- managing floors on interest from €STR-indexed cash collateral subject to a floor;
- managing Euribor with a coupon floor. These were incorporated into the existing management of index-linked Euribor floors and are tracked and managed using a gap analysis subject to limits.

The sharp rise in interest rates in 2022 resulted in renewed appetite for adjustable-rate loans among local public sector customers, especially as the decorrelation between the government cap on the interest rate charged to home buyers (usury rate) and market interest penalised the origination of fixed-rate loans. Adjustable-rate loans therefore accounted for almost 10% of loans originated compared to 0% in 2021.

**Exposure to Euribor floors at 31 December 2022**

| Maximum gap on floors (SFIL consolidated, in millions of euros) | 31.12.2022 | 31.12.2021 | Limit |
|---|---|---|---|
| Euribor floor(1) | 488.1 | 370.8 | 800.0 |
| €STR floor | 135.9 | N/A | 200.0 |

(1) Including coupon floor as of September 2022.

### 2.8.4.3.3 Structural currency risk

#### 2.8.4.3.3.1 Definition, scope and governance

Structural currency risk, excluding trading, is defined as the risk of volatility in profit or equity, whether recognised or unrealised, due to changes in the exchange rate against a reference currency.

Currency risk is managed and monitored at Caisse des Dépôts in accordance with article 54 of Decree No. 2020-94 of 5 February 2020, which requires the Group to have risk measurement systems in place across its entire scope of consolidation, i.e. for each of its relevant entities, and for these systems to be adapted to the nature and volume of their transactions.

**Group governance**

Common principles for all the Caisse des Dépôts Group's regulated entities are set out in the Group's financial risk management policy[1]:

- Caisse des Dépôts entities apply a prudent currency risk management policy. The list of authorised currencies is pre-approved by their governing bodies;
- the entities formalise their currency risk appetite and set their operational limits accordingly. The entities formalise their currency risk hedging strategy and ensure that it is both retrospectively and prospectively effective;
- exposure to currency risk from holding monetary and non-monetary assets and liabilities that are not hedged against currency risk must be contained. Such exposure is deemed to be contained when it can be demonstrated that measures have been implemented such that any impacts from currency fluctuations are low. Any residual sensitivity to currency risk must be reported to the governing bodies;

(1) Policy dated December 2021.

- the hedging methods are documented and tested using the accounting standards applicable to the entity. The currency risk documentation sets out the rules for dealing with and escalating currency risk overruns.

The ALM teams at Central Sector and the subsidiaries manage currency risk within their respective scopes.

The supervision of currency risk is the responsibility of each entity's ALM Committee, which monitors indicators and forecasts trends based on multi-year trajectories and commitment and/or investment policy guidelines. Currency risks are generally reviewed on a monthly basis.

#### 2.8.4.3.3.2 Measuring and managing currency risk

##### 2.8.4.3.3.2.1 Measuring and managing currency risk at Caisse des Dépôts (Central Sector)

Caisse des Dépôts' (Central Sector) currency positions chiefly concern four currencies: the USD, GBP, CHF and JPY.

Caisse des Dépôts' (Central Sector) currency risk hedging policy is to systematically finance foreign currency asset positions through real borrowing (issues) or synthetic borrowing (swaps). Exposure to currency risks on the carrying amount of foreign currency items is therefore fully neutralised. However, unrealised gains and losses on these positions are not hedged. This differential is taken into account in Value-at-Risk calculations (which factor in an extreme risk scenario), determined on a monthly basis and presented to the Balance Sheet Management Committee. In addition, verification of the non-material nature of the effect of exchange rate variations on unrealised foreign currency gains or losses is performed annually and presented to the Balance Sheet Management Committee.

Note that at 31 December 2022, the balance sheet of the Central Sector does not include any direct exposure to the hryvnia (Ukrainian currency) or the rouble (Russian currency).

##### 2.8.4.3.3.2.2 Measuring and managing currency risk at La Banque Postale

The operational foreign exchange risk, related in particular to bank transfers and financial activities, is moderate.

La Banque Postale's banking balance sheet is managed almost exclusively in euros. Foreign currency market activities carried out by the cash management unit and portfolio-related activities are systematically hedged and converted into euros beyond a specified exchange rate position threshold.

The residual foreign exchange risk arising from the outcome of these transactions is reflected in the book foreign exchange position, which is reported daily. These positions are subject to limits in order to reduce the related risks by clearing them at least once a month with the Treasury Department.

The retail bank's foreign currency operations, which mainly involve international fund transfers, are fairly small.

At 31 December 2022, La Banque Postale's currency position represented €82 million, of which around 89% denominated in USD.

##### 2.8.4.3.3.2.3 Measuring and managing currency risk at SFIL

The reference currency of SFIL group is the euro; currency risk therefore reflects the change in value of assets and liabilities in any currency other than the euro due to that currency fluctuating against the euro.

Debt issues and assets denominated in foreign currencies are hedged by cross-currency swaps at the latest on initial recognition and until their final maturity, thus hedging the currency risk on the nominal value of these assets and liabilities and the related interest streams.

As an exception to this policy, foreign exchange positions that are limited in duration and volume are accepted for operational reasons, particularly in the context of export credit refinancing. This applies in the following situations:

- when the operational cost of processing hedging swaps is too high in relation to the risk to be hedged (the amount of drawdowns recognised in the balance sheet is low, the index to be hedged is not a standard index, etc.);
- when drawdowns made off-balance sheet cannot be perfectly micro-hedged, since the amount and timing of the drawdowns are by definition unknown;
- when fees and commissions are paid in a currency other than the euro.

The currency risk arising on these positions is monitored based on the net foreign exchange position in each currency, calculated on all recognised receivables, payables and off-balance sheet commitments. The net positions are subject to a very low currency limit.

At 31 December 2022, SFIL's currency position represented €3.25 million and was subject to a limit of €4.5 million.

## 2.8.5 Hedging transactions

A large proportion of the Group's balance sheet items generate interest income and expenses, the amounts of which are exposed to changes in interest rates and, to a lesser extent, foreign exchange rates. This may lead to a risk of changes in the cash flows received by the Group or in the fair value of its assets.

The Caisse des Dépôts Group's multi-annual financial planning process defines the Group's five-year investment policy by major asset class and by business line (Central Sector and subsidiaries), with a view to managing the resulting changes in the financial ratios (solvency, liquidity, earnings). The multi-annual financial planning process is approved every year by a committee chaired by the Chairman and Chief Executive Officer of Caisse des Dépôts and by the Supervisory Board. The risk appetite procedure rounds out the multi-annual financial planning process, establishing hedging thresholds and limits where necessary, approved by the governing bodies.

### 2.8.5.1 Risk hedging strategy and objectives

#### 2.8.5.1.1 Type of hedge – management of associated risks

As part of its management of the interest rate and currency risks linked to the asset/liability balances on the balance sheets of its entities, the Group may use derivatives.

Accounting hedge documentation is generally prepared for such economic hedges, except when the hedged items are recognised at fair value through profit and loss. In the latter case, derivatives that are economic hedges of transactions recognised at fair value through profit and loss are not classified for accounting purposes as hedging derivatives but as derivatives held for trading.

Derivatives that form part of a hedging relationship which qualifies for hedge accounting under IFRS 9 and, where applicable, the provisions of IAS 39 concerning portfolio fair value hedges, are classified as either fair value hedges or cash flow hedges.

#### 2.8.5.1.2 Fair value hedges – micro-hedging

A fair value hedge (micro-hedge) is a hedge of the exposure to changes in the fair value of specifically identified financial assets or liabilities.

In a fair value hedge of a financial asset or liability, the effective portion of the gain or loss on the hedging instrument offsets the loss or gain on the hedged item. The difference between the two amounts corresponds to the ineffective portion of the gain or loss on the hedging instrument, which is recognised in the income statement.

The economic relationship between the hedged item and the hedging instrument, to ensure the effectiveness of the hedging relationship that has been established, is created on inception of the hedging transaction. This hedging relationship is generally naturally effective insofar as one of the two legs of the swap accurately reflects the hedged item in terms of amount, maturity and interest rate.

#### 2.8.5.1.3 Fair value hedges – macro-hedging

The Group applies the provisions of IAS 39 adopted by the European Union to macro-hedging transactions carried out as part of the asset/liability management of fixed-rate positions. Macro-hedging is mainly used to hedge entities' structural interest rate risk on fixed-rate financial assets and liabilities. Macro-hedging instruments are mainly interest rate swaps designated as fair value hedges of the Group's fixed-rate assets and liabilities.

#### 2.8.5.1.4 Cash flow hedges and all-in-one cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows from financial assets or liabilities, firm commitments or future transactions. Cash flow hedges are used to hedge the interest rate risk on adjustable-rate assets and liabilities. Derivatives used for cash flow hedging fix the amount of future cash flows.

In the particular case of forwards, they act as an “all-in-one” cash flow hedge which is automatically effective because the contract covers both the derivative and the underlying to be delivered (hence the term “all-in-one”).

**Hedging instruments**

The Group uses several types of hedging derivatives to manage the interest rate and currency risks on its balance sheet items. These are mainly interest rate swaps (exchange of a fixed rate for a variable rate such as Euribor or €STR) and foreign exchange swaps (currency swaps and cross-currency basis swaps).

#### 2.8.5.1.5 Hedged items

The Group hedges balance sheet transactions (both with financial counterparties and customers) using derivatives set up with market counterparties.

These transactions stem from different hedging strategies that aim primarily to hedge the interest rate and, to a lesser extent, currency risk.

##### 2.8.5.1.5.1 Hedged assets

The hedged risk corresponds to the amount represented by the interest rate risk on fixed-rate bonds and loans, and by the interest rate risk on future cash flows (purchases of long-term bonds).

##### 2.8.5.1.5.2 Hedge liabilities

The hedged risk corresponds to the amount represented by the interest rate risk on fixed-rate customer deposits (demand deposits, PEL home-saving plan) and fixed-rate bond issues.

#### 2.8.5.1.6 Sources of hedge ineffectiveness

##### 2.8.5.1.6.1 Hedging of a security with a swap

There are two types of fair value hedges:

- Euribor hedges: Euribor hedges are valued using a Euribor discount curve for the securities and an €STR curve for derivatives. The use of two different discount curves creates ineffectiveness that will become greater when the €STR-Euribor spread varies over time (ineffectiveness stemming from the changes in fair value of the variable leg of the swap, when this rate is not an overnight rate (like the €STR) but a pre-set rate (like the Euribor));
- €STR hedges: €STR hedges are valued using an €STR discount curve for both the securities and the derivatives. The mathematical hedge is thus perfect between the security and the swap (security discounted using €STR with adjustment of the credit component and swap discounted using €STR), which is why this type of hedge is considered to be 100% effective and no effectiveness test is required.

##### 2.8.5.1.6.2 Macro-hedging

Macro-hedging can become ineffective particularly if any of the hedged items disappear or decrease, especially if the early repayment rate exceeds the estimates used when initially setting up the hedges.

**Effectiveness tests**

Tests are conducted on a regular basis to assess hedge effectiveness.

### 2.8.5.2 Impact of hedging transactions in the Group’s consolidated financial statements

The impacts of hedge accounting are presented in the consolidated financial statements and in Notes 2.2.1 – Interest income and expense, 2.2.3 – Gains and losses on financial instruments at fair value through profit or loss, and 2.3.2 – Hedging instruments.

### 2.8.5.3 Impact of hedging transactions on the amount and timing of cash flows

The contractual maturities of the notional amount of the hedging instruments are presented in Note 2.3.2 – Hedging instruments.

## 2.8.6 Risks specific to the insurance sector

The only insurance-specific risks of the Caisse des Dépôts Group are found within La Banque Postale group via its insurance subsidiaries.

The Insurance division is dominant in La Banque Postale group's new structure, and exposure to insurance risks mainly concerns CNP Assurances, along with La Banque Postale's three legacy insurance subsidiaries.

Detailed information about risks specific to the insurance sector is provided by La Banque Postale in its annual financial report.

### 2.8.6.1 Management of insurance risks

All of La Banque Postale group's subsidiaries that operate in the insurance sector must meet the applicable regulatory requirements at all times. As head of a financial conglomerate, La Banque Postale group is responsible for ensuring that each of its subsidiaries respects all such requirements. More generally, for all of its insurance businesses, La Banque Postale group makes sure that the risk management procedures in place are consistent with the principles of the Risk Management Operational Policy (RMOP) set out in its Risk Appetite Statement and Risk Organisation Charter.

### 2.8.6.2 Types of insurance risks

The types of insurance risks within La Banque Postale group's insurance business are as follows:

CNP Assurances:

CNP Assurances is exposed to the following risk factors, which are grouped into six categories:

- **financial market risk factors:** interest rate risk and equity price and yield risk;
- **credit and counterparty risk factors:** corporate and sovereign credit and counterparty risk and credit or counterparty concentration risk;
- **insurance underwriting risk factors:** surrender or cancellation risk;
- **operational risk factors:** outsourcing risk, product and customer interaction (financial security and AML-CFT) compliance risk, information system risk, data security risk and cyber risk;
- **strategic and business risk factors:** strategic partnerships risk, country risk, regulatory risk, and business model risk;
- **climate change risk factors.**

Insurance division:

The risks faced by the Insurance division of La Banque Postale are grouped into the following seven risk categories in line with the risk classification under Solvency II and the conglomerate risk map:

- strategic and business risks;
- credit and counterparty risks;
- market risks;
- liquidity risks;
- operational risks;
- insurance underwriting risks;
- other risks.

## 2.8.7 Non-financial risks

### 2.8.7.1 Operational and compliance risks

#### 2.8.7.1.1 Definition and scope

Operational risk is defined in article 8 of Decree No. 2020-94 of 5 February 2020 as the risk of losses resulting from inadequate or flawed processes, personnel, internal systems or external events.

Operational risk within the Caisse des Dépôts Group is managed in accordance with Chapter IV, Section 9 of Decree 2020-94 of 5 February 2020, and specifically article 133 which requires Caisse des Dépôts to implement policies and procedures for assessing and managing its exposure to operational risk.

For Caisse des Dépôts, compliance risk is defined in article 8-13 of Decree No. 2020-94 of 5 February 2020 as the risk of legal, regulatory or disciplinary sanctions, significant financial losses or reputational damage due to failure to comply with provisions relating to banking and financial activities, regardless of whether these provisions are legal or regulatory, directly applicable national or European provisions, professional or ethical standards, or compliance-related decisions by Caisse des Dépôts. For its banking subsidiaries, compliance risk also includes failure to comply with instructions from the persons who effectively run the undertaking given in accordance with the guidelines of the supervisory body (Decree of 3 November 2014 as amended, adapted to their businesses accordingly).

#### 2.8.7.1.2 Main operational risk factors

##### 2.8.7.1.2.1 Banking and financial non-compliance

The risk of non-compliance with banking and financial regulations creates a reputational risk for Caisse des Dépôts and the Group. In particular, these regulations include:

- regulations governing financial security (anti-money laundering and terrorist financing – AML-CFT), know-your-customer (KYC) obligations, financial sanctions and embargoes;
- rules governing financial ethics (market abuse) and customer protection.

In order to protect itself against this risk, the Caisse des Dépôts Group continues its efforts to strengthen the management of the main causes of this risk (lack of AML-CFT due diligence in business relationships, insufficient training on regulatory requirements, failure to monitor systems and malfunctioning detection tools).

At the Group level, the following risk management measures are deployed:

- ongoing work on its compliance projects;
- improving employee awareness of the issues;
- monitoring by Caisse des Dépôts of AML-CFT measures in place at its subsidiaries, with the implementation of specific resources for supervising AML-CFT risk management (definition of norms and standards, measurement of risk and monitoring of the operation of systems, organisation of AML-CFT information-sharing to strengthen due diligence with regard to customers common to several Group entities, etc.).

More generally, Caisse des Dépôts pays particular attention to the risk of non-compliance with the standards applicable to it following the entry into force of the French PACTE Law (2020). Caisse des Dépôts' ongoing compliance efforts are part of a process of continuous improvement, both within the Public Institution and within the Caisse des Dépôts Group.

#### 2.8.7.1.2.2 Non-compliance with rules of law

This risk encompasses all regulations that are not exclusive to the banking sector but which impact the Group's business, such as:

- fiscal and accounting rules;
- ethical and anti-corruption rules (especially Sapin II);
- GDPR rules for personal data protection;
- labour law (especially discrimination) and health and safety regulations;
- competition law;
- duty of care;
- the French Social Security Financing Act (LFSS) for pension management mandates;
- rules specific to each entity's specific sectors of activity (e.g. marketing rules).

The following risk management measures are deployed:

- stricter monitoring of regulatory affairs to keep abreast of rapidly changing regulations;
- stricter associated procedures and controls;
- improving awareness, information and training for employees, especially on GDPR rules and more sector-specific topics.

#### 2.8.7.1.2.3 External and internal fraud

External and internal fraud is a concern for all Group entities. External fraud (document fraud, data theft/breach, system intrusions) is of particular importance for financial entities whose activities are more exposed (account management, lending, investment, payments). A close watch is kept on internal fraud at all times.

The risk management systems cover a very broad range of initiatives adapted to the many different types of fraud. The main initiatives are listed below.

External fraud:

- know-your-customer or know-your-supplier due diligence at the start of, and during, the relationship;
- secure data access through, for example, enhanced authentication, protection against cyber fraud and alert systems;
- first-tier operational controls.

Internal fraud:

- segregation of duties and management of access to sensitive applications or data;
- organisation of first-tier controls, including managerial controls, at key stages of processes, and verification of their effectiveness by independent second-tier controls;
- raising employee awareness of fraud and corruption.

#### 2.8.7.1.2.4 Cyber security

Cyber risk is the risk of a cyber attack or cyber crime leading to a critical fault or failure in the IT systems, potentially resulting in a leak of confidential information, a partial or complete halt in production, a loss of strategic opportunity or reputational damage.

The size of the Group and its activities mean that every Group entity must be aware of the cyber threat.

At the Group level, the following risk management measures are deployed:

- IT policy and IT management;
- penetration testing;
- access rights reviews;
- Group-wide procedures for production data access and data exports;
- handling of alerts by the Group Cyber Security division as part of internet/email monitoring (potential sensitive-data breaches);
- stricter procedures;
- secure data exchange.

There is a network of IT System Security Officers (RSSIs) coordinated by the Group Cyber Security division within the Group Risk Management division, who share knowledge and solutions.

#### 2.8.7.1.2.5 IT efficiency

IT efficiency is the risk of a fault in an IT system or an IT project, aggravated by the age of certain systems that have undergone a number of internal upgrades, or by the fact that the Group is the last user of some external tools.

The risk is significant due to the complexity of IT project implementation, which involves certain challenges in terms of organisational efficiency. It especially applies to BtoC activities such as pension payments at the level of the Caisse des Dépôts Central Sector. It also affects the interface between the Group IT systems and overall systems coordination.

The risk management measures deployed include improving the reliability of processes for IT projects and their implementation (use of indicators, documentation) and better coordination, especially via tools such as mapping (IT providers and software) and incident monitoring.

#### 2.8.7.1.2.6 Process failure

This risk arises from a process failure that directly or indirectly affects the achievement of objectives and results from human error. It is considered a significant risk by all Group entities. Process failure risk arises on end-to-end process management. It is managed by formalising and increasing knowledge of processes, and correctly handling operations. Process failure risk can have a significant financial impact.

The risk management measures deployed at the Group level include cross-entity solutions to:

- support management (including tracking tools and dashboards);
- continue efforts to improve the structure of procedures;
- strengthen first-tier and second-tier controls, especially by using automated checks;
- identify proven incidents and monitor the associated losses.

#### 2.8.7.1.2.7 Third party and outsourcing risk

This risk arises from possible dependency on software suppliers or key subcontractors, especially in the event of default by a supplier or a change in prices.

The risk also relates to the ability to maintain control over activities that are entrusted to third parties on a long-term and routine basis. For Group entities subject to banking regulations, the challenge is also for them to be able to meet their obligations with regard to outsourced services, particularly in terms of the level and quality of formal relations with third parties and the ability to audit the service providers who carry out these services.

At Group level, this risk derives from possible dependency on a subcontractor, especially software providers, or default by a subcontractor. In addition, new products have been introduced amid the economic and health crisis, thereby increasing the Group’s exposure and vulnerability to outsourcing (especially for IT systems).

The risk management measures deployed by the Group entities include:

- ensuring compliance with rules on outsourcing arrangements and in particular essential services (PSEE);
- expansion of purchasing departments, which are becoming more specialised (especially for software);
- diversification of providers and assessments of provider dependence;
- stepping up monitoring (service quality, incident monitoring, first-tier controls and independent second-tier controls of essential services).

#### 2.8.7.1.2.8 Health and safety risk

This risk derives from natural or technical accidents (e.g. fire, flood) and/or wilful attacks (e.g. theft, damage, terrorism) that jeopardise people's health and safety. At Group level, it is also very important to take into account psychosocial risks for employees from internal or external factors.

### 2.8.7.1.3 Structure and governance of the operational and compliance risk management system

#### 2.8.7.1.3.1 Operational risk management

**Governance**

The Group Risk Management division is responsible for analysing and measuring Group risks.

Work is under way to structure the unit for coordinating operational risks; this unit was created at the start of 2022 and reports to the Group Risk Management division. A Group operational risk management policy has been defined and the governance principles are being adapted accordingly.

The Permanent Control division contributes to the management of operational and compliance risk through continuous improvement of permanent controls (standards, reporting, and compliance controls), in liaison with the Public Institution's divisions and the Group entities.

This division is also responsible for managing the permanent control and compliance system at Group level. It reports to Group senior management and the Supervisory Board.

The Permanent Control and Compliance division is also responsible for anti-money laundering and terrorist financing (“AML-CFT”) and anti-corruption programmes, and tracks compliance with the principles set out in the Group's Code of Ethics.

#### 2.8.7.1.3.2 Internal control system

The risk management system is based on three lines of defence that constitute the internal control framework.

##### 2.8.7.1.3.2.1 First line of defence

The first line of defence consists of the operational divisions. The operational divisions are responsible for the risks arising on their activities. Therefore, based on the respective scopes of the other lines of defence, they are responsible for:

- identifying their risks;
- ensuring they comply with the entity's risk appetite;
- introducing risk management procedures and corrective actions if necessary.

##### 2.8.7.1.3.2.2 Second line of defence

The second line of defence consists of a specialist unit whose role is to oversee and coordinate risks. It also comprises one or more units specialised in second-tier permanent controls.

At Group level, the second line comprises the Group Risk Management division and the Caisse des Dépôts Permanent Control and Compliance division.

Each Group entity has a specialist unit that oversees and coordinates its risks. The entities’ risk management units together form the Group Risk Control Function.

The Risk Control Function has sufficient hierarchical authority to carry out its duties in full. If and when it performs tasks not related to the second line of defence, the Function ensures that proper segregation of duties is implemented, so that it can provide the second line of defence with full autonomy.

##### 2.8.7.1.3.2.3 Third line of defence

The third line of defence consists a specialised unit whose main role is to provide governance with objective, independent and overall assurance as to the efficacy of the governance and risk management procedures and internal controls and the achievement of risk management and control objectives by the first and second lines of defence.

At Group level, the third line is provided by the Group Internal Audit division.

### 2.8.7.1.3.3 Operational risk monitoring tools

The risk management, permanent control and compliance divisions of the Group entities, in collaboration with the operational divisions, ensure that adequate control measures are in place to provide reasonable assurance that all operational risks inherent to these processes are managed. A number of different tools have been developed:

**Risk maps**

For the Caisse des Dépôts Central Sector, the Permanent Control and Compliance division produces operational and compliance risk maps, in liaison with the operational divisions, which are updated every year.

Using their own methods, the Group entities also map their operational and compliance risk, in order to identify the major risks to be matched to permanent controls and the action plans to reduce their probability of occurrence and/or their potential impact.

The major risks identified for the Group are consolidated by the Group Risk Management division and presented to the Caisse des Dépôts Management Committee.

These maps and an assessment of the intensity of the risks (priority zones) provide the foundation for defining the risk appetite and for the Internal Capital Adequacy Assessment Process (ICAAP).

**The "event" database**

All control events reported within the Caisse des Dépôts Central Sector are recorded in a centralised database and significant events are monitored by the Permanent Control and Compliance division.

Significant events in the subsidiaries are reported to the Group Risk Management division and non-compliance events to the Permanent Control and Compliance division. The aim is to consolidate all types of events impacting the Caisse des Dépôts Group, highlight identified system failures, assess the potential or actual related losses and draw up appropriate corrective action plans. The action plans are implemented by the subsidiaries, at their own responsibility.

**The second-tier control plan**

The Permanent Control and Compliance division implements a second-tier control plan, which uses a risk–based approach, applied across the Caisse des Dépôts Central Sector scope.

This control plan is designed to test the appropriateness of permanent control and compliance processes in terms of the risks involved and activities performed.

These processes are evaluated based on the tests performed by the Permanent Control and Compliance division and the results are presented to the Caisse des Dépôts Management Committee and Supervisory Board.

The second-tier control plan is designed using the risk map validated by each operational division of the Central Sector, which identifies the major operational and compliance risks.

The second-tier control plans for the subsidiaries are produced and implemented by their respective permanent control and compliance departments. The Group Permanent Control and Compliance division ensures the correct application of the Permanent Control Charter, which in particular requires that second-tier controls be performed.

**Warning flags**

The Caisse des Dépôts Central Sector and the Group subsidiaries have devised a series of indicators, including warning thresholds, to anticipate any deterioration in the quality of permanent controls or operational risk monitoring and control.

### 2.8.7.1.3.4 Coordinating the AML-CFT compliance programme

In accordance with the French Monetary and Financial Code, Caisse des Dépôts is responsible for setting up an anti-money laundering and terrorist financing (AML-CFT) programme.

The Permanent Control and Compliance division coordinates and supervises the Group's AML-CFT programme. It devises the guidelines that must be applied throughout the Group. Caisse des Dépôts has a zero-tolerance policy with respect to AML-CFT compliance risk.

The Permanent Control and Compliance division carries out anti–money laundering and terrorist financing compliance checks throughout the Caisse des Dépôts Central Sector and the subsidiaries, at least once a year.

Caisse des Dépôts has drawn up a country classification of AML–CFT risk based on a series of objective criteria and a pre–determined methodology. Accordingly, more stringent controls are applied to any files relating to high-risk countries.

Caisse des Dépôts has also compiled a blacklist to prohibit investments in Non-Cooperative Countries and Territories (*États et territoires non coopératifs* – ETNC) (see French government blacklist) or countries on the Financial Action Task Force's (FATF) List no. 1 and subject to counter-measures (Iran and North Korea).

### 2.8.7.1.3.5 Coordinating ethical compliance standards

As it has no appetite for compliance risk, Caisse des Dépôts applies ethical guidelines that consist of the Group's Code of Conduct and the Public Institution's Code of Conduct. The guidelines have been revised and are accompanied by implementation procedures contained in the ethical standards compendium available on the Caisse des Dépôts intranet.

Caisse des Dépôts has also adopted an anti-corruption policy for the Group and implemented a whistleblowing facility for all subsidiaries concerned, in accordance with law No. 2016-1691 of 9 December 2016 on transparency, anti-corruption and economic modernisation (the "Sapin II" law).

### 2.8.7.2 Contingency and business continuity plan

#### 2.8.7.2.1 Coordinating the contingency and business continuity plan

Continuity planning at Caisse des Dépôts is led by:

- the Permanent Control and Compliance division, which develops policies for the Caisse des Dépôts Central Sector to ensure business continuity and maintain operational readiness, sets continuity standards and makes sure they are properly implemented;
- the Corporate Secretary’s Office, which is responsible for the operational management of the business continuity plan;
- the divisions, which develop, implement and test their business continuity plans.

The major subsidiaries also use similar systems, in line with their own regulatory obligations.

#### 2.8.7.2.2 Cyber security

Cyber security means all organisational measures and controls and all resources (e.g. human, technical) used to protect the Group’s IT assets, comprising its information assets on the one hand and its communication networks and IT systems on the other, from logical attacks via physical or logical security breaches.

The Group Risk Management division defines the Group’s IT systems security policy, which applies to Caisse des Dépôts and all subsidiaries within the scope of the risk appetite.

Each entity develops its own security policy incorporating the principles of the Group's IT Security Policy within its own scope, including its subsidiaries and any operational entities. The entities' policies are adapted to the entities' activities, the extent of the risks incurred and their context. They do not affect any of the legal, statutory or contractual provisions applicable to the Group entity or the entities within its scope, especially any secrecy or non-disclosure rules. Within each entity, divisions may design their own specific IT systems security policy, based on the Group policy. These local policies must as a minimum comply with the rules established in the Group policy and comply strictly with the reference framework.

IT systems security is focused on system availability, data integrity and confidentiality, and proof (or non-repudiation) of transmission, represented by the acronym AICP (i.e. availability, integrity, confidentiality, proof).

The IT Charter establishes the cyber security principles applicable within the Caisse des Dépôts Central Sector and is binding on every employee. After consulting with the employee representative bodies (CSSCT and CUEP), the charter became effective through a decree signed by the Chairman and Chief Executive Officer.

IT systems security deployment is overseen by the Information Systems Strategy Committee, which meets twice a year.

In addition to internal cyber security measures, the Group also uses an external cyber rating tool to round out its assessment of the external cyber risks threatening its information assets.

## 2.8.8 Other risks

### 2.8.8.1 Tax and legal risks

Legal risk is defined by article 8 of Decree No. 2020-94 of 5 February 2020 as the risk of any dispute with a counterparty.

Tax and legal risks comprise all risks related to ignorance, to non-compliance or to misinterpretation of current legislation and may result in lawsuits arising from erroneous application of procedures or regulations.

The Legal, Tax and Related Services division analyses and clarifies legal and tax guidelines to streamline processes and tighten up management practices. These guidelines apply to all Group operating activities. It is also involved in designing key projects to boost Group-wide legal compliance. It helps the operating divisions and subsidiaries with legal and tax matters in all aspects of their businesses as well as with cross-disciplinary issues such as secure IT development.

Lastly, the Legal, Tax and Related Services division monitors litigation risk both for the Public Institution and the Caisse des Dépôts Group.

### 2.8.8.2 Environmental risks

Environmental, social and governance (ESG) risks are the risks of any negative financial impacts stemming from the actual or future impacts of ESG factors on its counterparties or invested assets. ESG risks encompass climate change, biodiversity and social risks as well as risks deriving from counterparties' governance practices.

The assessment and management of ESG risks is a major priority for the Caisse des Dépôts Group.

For the Caisse des Dépôts Group, sustainable development and responsible investment are central to its values and missions. Its goal is to support all regions in their efforts to drive sustainable development and social cohesion. These challenges are described in the Group's Business Review and Sustainable Development Report and Responsible Investment Report.

All strategic, operational and financial management at the Caisse des Dépôts Group incorporates the United Nations Sustainable Development Goals (SDGs). Eight priority SDGs and five significant SDGs have been identified for the Group.

Faced with the climate emergency, the Caisse des Dépôts Group is committed to actively supporting the Paris Agreement, in the form of national objectives for combating climate change, as set out in the French National Low Carbon Strategy which has set a goal of carbon neutrality by 2050.

The aim is to finance an economy compatible with limiting global warming to 1.5°C by 2050, which is reflected in five core principles:

- increasing green financing;
- reducing financing that is harmful to the climate;
- supporting the decarbonisation of companies and asset portfolios;
- assessing and managing climate risk;
- steadily neutralising emissions from internal operations.

As part of its climate policy, the Group has established a climate risk roadmap with the aim of incorporating climate risks into its risk management and assessment systems, by:

- mapping risks by asset class;
- gradually incorporating the risks into internal credit ratings;
- integrating the risks into risk governance tools;
- voluntarily participating in stress-testing exercises.

In terms of governance, an ESG Risks Committee has been set up, jointly led by the Sustainable Policy division and the Risk Management division and including members from all the various divisions concerned.

In 2022, Caisse des Dépôts:

- incorporated ESG risk mapping into the unified risk taxonomy;
- reviewed the ESG risk indicators in the risk appetite framework; and
- carried out two internal stress exercises (one macroeconomic test and one on listed shares based on carbon prices).

In 2023, the Group will continue its work on the assessment and management of these risks (climate risk network bringing together experts from the Public Institution and the subsidiaries), with the design of a physical and transition risk scoring tool for all asset classes to be rolled out in 2024.

## 2.9 Related party transactions

Related parties include consolidated companies, the Savings Funds, pension funds and funds managed by Caisse des Dépôts in connection with the national loan.

### 2.9.1 Relations between consolidated companies

Transactions and balances existing at year-end between fully consolidated companies are eliminated in consolidation. The following information therefore only concerns intragroup transactions with jointly controlled companies (accounted for by the equity method), and with associates over which the Group exercises significant influence (accounted for by the equity method).

| *(in millions of euros)* | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Loans(1) | 1,591 | 2,241 |
| Other financial assets | 85 | 251 |
| Other assets | 62 | 37 |
| **Total assets** | **1,738** | 2,529 |
| Borrowings | 222 | 224 |
| Other financial liabilities | 36 | 36 |
| Other liabilities | 4,646 | 6,485 |
| **Total liabilities** | **4,904** | 6,745 |
| **Commitments given** | **18** | |
| Net interest income (expense) | 83 | 22 |
| Net fee and commission income (expense) | (34) | (47) |
| Net income (loss) from financial transactions | 78 | 44 |
| Net income (expense) from other activities | (230) | (524) |
| General operating expenses, net of rebillings | 12 | 10 |
| **Gross operating profit (loss)** | **(91)** | (495) |

(1) Including Bpifrance bonds held by CNP Assurances for €0.9 billion in 2022 and €1.1 billion in 2021.

## 2.9.2 Related parties not controlled by the Group

### 2.9.2.1 Savings Funds

Caisse des Dépôts manages the centralised Savings Funds entrusted to it by the French State.

| *(in millions of euros)* | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Loans[1] | 79,841 | 78,144 |
| Other assets | 120 | 89 |
| **Total assets** | **79,961** | 78,233 |
| Borrowings | 11,087 | 7,320 |
| Other liabilities | 409 | 515 |
| **Total liabilities** | **11,496** | 7,835 |
| **Commitments given** | **10,432** | 6,918 |
| **Commitments received** | **22,894** | 13,288 |
| Net interest income (expense) | 1,561 | 983 |
| Net income (expense) from other activities | (21) | (35) |
| General operating expenses, net of rebillings | 191 | 185 |
| **Gross operating profit (loss)** | **1,731** | 1,133 |

(1) Including €64.9 billion in La Banque Postale loans at 31 December 2022 and €65.1 billion at 31 December 2021.
- Including €15 billion in Central Sector loans at 31 December 2022 and €13.1 billion at 31 December 2021.

### 2.9.2.2 Pension funds

| *(in millions of euros)* | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Other assets | 44 | 70 |
| **Total assets** | **44** | 70 |
| Borrowings | 1,803 | 1,688 |
| Other liabilities | 37 | 37 |
| **Total liabilities** | **1,840** | 1,725 |
| **Commitments given** | **12** | 5 |
| Net interest income (expense) | (3) | 4 |
| Net income (expense) from other activities | 3 | 4 |
| General operating expenses, net of rebillings | 270 | 268 |
| **Gross operating profit (loss)** | **270** | 276 |

### 2.9.2.3 Funds managed in connection with the 2030 Recovery Plan

Caisse des Dépôts has been entrusted with the management of programmes and actions within the scope of the Investments for the Future programme (PIA), also known as the national loan or, since 2022, the "2030 Recovery Plan". The French State has entrusted the operational management of these funds to Caisse des Dépôts with payment into a specific Caisse des Dépôts account at the French Treasury.

At 31 December 2022, these packages break down as follows after payments and after deducting management fees:

| | Assets | | Liabilities | |
|---|---|---|---|---|
| | Amounts receivable in respect of current or future cash investments | | Amounts payable to the French State in respect of the national loan | |
| *(in millions of euros)* | 31.12.2022 | 31.12.2021 | 31.12.2022 | 31.12.2021 |
| *France Brevets* (French patents) | 97 | 105 | 97 | 105 |
| *Développement technologie* (Technological development) | 524 | 719 | 524 | 719 |
| *Économie sociale et solidaire* (Social and solidarity economy) | 25 | 34 | 25 | 34 |
| *Formation en alternance – hébergement et appareil de modernisation* (Work-study programme – housing and modernisation) | 25 | 42 | 25 | 42 |
| *Fonds national d'amorçage* (National seed capital fund) | 79 | 121 | 79 | 121 |
| *Plateformes d'innovation des pôles de compétitivité* (Innovation platforms and competitive clusters) | 12 | 12 | 12 | 12 |
| *Fonds Écotechnologies* (Eco-technology fund) | 211 | 225 | 211 | 225 |
| *Fonds pour la société numérique – infrastructures et services* (Digital society fund – infrastructure and services) | 545 | 535 | 545 | 535 |
| *Ville de demain* (Tomorrow's cities) | 296 | 313 | 296 | 313 |
| *Fonds national d'innovation – Culture de l'innovation et de l'entrepreneuriat* (National fund for innovation – Innovation and entrepreneurial culture) | 1 | 2 | 1 | 2 |
| *Projets territoriaux intégrés pour la transition énergétique* (Regional integrated energy transition projects) | 9 | 10 | 9 | 10 |
| *Transition numérique de l'État et modernisation de l'action publique* (Digital transition for government and modernisation of public action) | 2 | 2 | 2 | 2 |
| *French Tech Accélération* (Acceleration of French Tech) | 176 | 200 | 176 | 200 |
| *Partenariat pour la formation professionnelle et l'emploi* (Alliance for vocational training and employment) | 32 | 42 | 32 | 42 |
| *Fonds Accélération Biotech Santé* (Health biotech acceleration fund) | 320 | 328 | 320 | 328 |
| *Fonds de fonds de retournement* (Fund of turnaround funds) | 123 | 117 | 123 | 117 |
| *Innovation numérique pour l'excellence éducative* (Digital innovation for education excellence) | 35 | 36 | 35 | 36 |
| *Instituts thématiques d'excellence en matière d'énergies décarbonées* (Thematic institutions of excellence in decarbonised energies) | 36 | 43 | 36 | 43 |
| *Fonds de fonds quartiers prioritaires* (Fund of funds – priority urban areas) | 46 | 47 | 46 | 47 |
| *Territoires d'innovation de grande ambition* (Regional schemes for ambitious innovation) | 287 | 236 | 287 | 236 |
| *Territoires d'innovation pédagogique* (Regional schemes for innovation in education) | 101 | 92 | 101 | 92 |
| *Adaptation et qualification main-d'œuvre* (Maintain and develop employment in all geographical areas) | 149 | 98 | 149 | 98 |
| *Sociétés universitaires et de recherche* (Academic and research companies) | 78 | 79 | 78 | 79 |
| *Accélération du développement des écosystèmes d'innovation performants* (Accelerating the development of high-performance innovation ecosystems) | 163 | 126 | 163 | 126 |
| *Grands défis* (Major challenges) | 300 | 300 | 300 | 300 |
| Allocated to the PIA4 funds | 305 | 85 | 305 | 85 |
| | **3,977** | 3,949 | **3,977** | 3,949 |

# 2.10 Employee benefits

## 2.10.1 Employee benefits expense

| *(in millions of euros)* | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Payroll costs | (17,445) | (17,585) |
| Post-employment benefit plan costs | (181) | (560) |
| Discretionary and non-discretionary profit-sharing | (414) | (332) |
| **Total employee benefits expense** | **(18,040)** | (18,477) |

## 2.10.2 Average number of employees at controlled companies

| | 31.12.2022 | 31.12.2021 |
|---|---|---|
| France | 230,124 | 242,258 |
| International | 100,134 | 105,594 |
| **Average number of employees** | **330,258** | 347,852 |

## 2.10.3 Employee benefit obligations

### 2.10.3.1 Net employee benefit obligations recognised

| *(in millions of euros)* | 31.12.2022 | 31.12.2021 |
|---|---|---|
| **Assets and liabilities recognised in the statement of financial position** | | |
| Present value of funded employee benefit obligation | 320 | 467 |
| Present value of unfunded employee benefit obligation | 3,127 | 3,624 |
| **Present value of employee benefit obligation** | **3,447** | **4,091** |
| **Market value of plan assets** | **(318)** | **(425)** |
| **Provision for employee benefit obligations** | **3,129** | 3,666 |
| Actuarial liability – current | 765 | 816 |
| Actuarial liability – non-current | 2,364 | 2,850 |

### 2.10.3.2 Change in employee benefit obligations in the income statement

| *(in millions of euros)* | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Current service cost – post-employment plans | (126) | (471) |
| Current service cost – long-term benefits | (35) | (30) |
| Past service cost (including plan amendments and curtailments) | (17) | (52) |
| Gains and losses on plan settlements | (3) | 6 |
| **Service cost** | **(181)** | **(547)** |
| **Net interest cost** | **(19)** | **(20)** |
| **Actuarial gains and losses on long-term benefits** | **29** | **20** |
| **Post-employment plan and long-term benefit expense** | **(171)** | (547) |

### 2.10.3.3 Change in provision for employee benefit obligations

| *(in millions of euros)* | 31.12.2022 | 31.12.2021 |
|---|---|---|
| **Opening balance** | **3,666** | **3,942** |
| Post-employment plan and long-term benefit expense | 171 | 547 |
| Benefits paid | (574) | (529) |
| Actuarial gains and losses on post-employment plans resulting from: | | |
| – changes in demographic assumptions | 18 | (5) |
| – changes in financial assumptions | (178) | (92) |
| – experience adjustments | 37 | 2 |
| Actuarial gains and losses on plan assets | (1) | (38) |
| Changes in the calculation of certain post-employment benefits following the IFRIC IC decision of May 2021 | | (151) |
| Other movements | (9) | (11) |
| **Closing balance** | **3,129** | 3,666 |

### 2.10.3.4 Breakdown of the provision for employee benefit obligations

#### 2.10.3.4.1 Breakdown of obligations by type

| *(in millions of euros)* | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Retirement benefits | 795 | 966 |
| Other pension plans | 43 | 53 |
| Other post-employment benefit plans | 346 | 248 |
| Long-term benefits | 736 | 797 |
| La Poste group part-time retirement plan | 1,209 | 1,602 |
| **Provision for employee benefit obligations** | **3,129** | 3,666 |

#### 2.10.3.4.2 Breakdown of obligations by consolidated entity

| *(in millions of euros)* | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Caisse des Dépôts Central Sector | 176 | 194 |
| La Poste group | 2,687 | 3,158 |
| Transdev group | 140 | 152 |
| Compagnie des Alpes group | 34 | 51 |
| Icade group | 18 | 23 |
| Informatique CDC | 29 | 33 |
| CDC Habitat group | 34 | 44 |
| Other entities | 11 | 11 |
| **Provision for employee benefit obligations** | **3,129** | 3,666 |

### 2.10.3.5 Breakdown of plan assets by type

| *(in millions of euros)* | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Equities | 57 | 84 |
| Bonds | 125 | 147 |
| Other assets | 136 | 194 |
| **Total plan assets** | **318** | 425 |

## 2.10.3.6 Other information on employee benefit obligations

### 2.10.3.6.1 Weighted average discount rates used to measure retirement benefits

| Average discount rate for each consolidated entity | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Caisse des Dépôts Central Sector | 3.63% | 0.98% |
| La Poste group | 3.80% | 1.00% |
| Transdev group | 3.60% | 0.30% |
| Compagnie des Alpes group | 3.75% | 0.60% |
| Icade group | 3.08% | 0.91% |
| Informatique CDC | 3.07% | 0.89% |
| CDC Habitat group | 3.16% | 0.87% |

The discount rate is determined by reference to the iBoxx € Corporates AA 10+ index, which essentially represents the yield on investment-grade corporate bonds.

### 2.10.3.6.2 Analysis of sensitivity of the provision for employee benefit obligations to a rise or fall in the discount rate

| | 31.12.2022 | 31.12.2021 |
|---|---|---|
| **Sensitivity of actuarial liability** | **+/-50 bps** | **+/-50 bps** |
| Amount of provision in the event of a rise in the discount rate | 3,048 | 3,554 |
| **Provision for employee benefit obligations at year-end** | **3,129** | **3,666** |
| Amount of provision in the event of a fall in the discount rate | 3,212 | 3,781 |

# 2.11 Information on equity-accounted companies

The table below sets out data relating to material associates and joint ventures based on a 100% holding prior to the elimination of intragroup balances and transactions, using the Group's IFRS publication format.

## 2.11.1 Summarised financial information

### 2.11.1.1 Bpifrance

| | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Percent control | 49.18% | 49.18% |
| Percent interest | 49.32% | 49.32% |
| Nature of relationship | Corporate financing and investment partner | Corporate financing and investment partner |
| Dividends received | €277m | €211m |

**/ Reconciliation of financial information with the equity-accounted carrying amount of Bpifrance**

| *(in millions of euros)* | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Equity attributable to owners | 27,430 | 28,340 |
| Restatements (fair value adjustments) | 319 | 319 |
| Equity based on Caisse des Dépôts' percent interest | 13,685 | 14,135 |
| **Equity-accounted carrying amount on Caisse des Dépôts' statement of financial position** | **13,685** | 14,135 |

### 2.11.1.2 Coentreprise de Transport d'Électricité

| | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Percent control and percent interest | 29.90% | 29.90% |
| Nature of relationship | Strategic interest | Strategic interest |
| Dividends received | €107m | €78m |

**/ Reconciliation of financial information with the equity-accounted carrying amount of Coentreprise de Transport d'Électricité**

| *(in millions of euros)* | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Equity attributable to owners | 3,527 | 2,949 |
| Restatements (chiefly purchase price allocation) | 3,109 | 3,109 |
| Equity based on Caisse des Dépôts' percent interest | 1,984 | 1,811 |
| **Equity-accounted carrying amount on Caisse des Dépôts' statement of financial position** | **1,984** | 1,811 |

### 2.11.1.3 GRT Gaz

| | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Percent control | 38.63% | 38.63% |
| Percent interest | 26.84% | 26.84% |
| Nature of relationship | Strategic interest | Strategic interest |

**/ Reconciliation of financial information with the equity-accounted carrying amount – GRT Gaz**

| *(in millions of euros)* | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Equity attributable to owners | 3,647 | 3,337 |
| Goodwill | 1,298 | 1,298 |
| Equity based on SIG's percent interest | 2,707 | 2,587 |
| **Equity-accounted carrying amount on Caisse des Dépôts' statement of financial position** | **2,707** | 2,587 |

### 2.11.1.4 Holding d'Infrastructures Numériques

| | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Percent control | 66.66% | 66.66% |
| Percent interest | 55.33% | 50.70% |
| Nature of relationship | Strategic interest | Strategic interest |

#### / Reconciliation of financial information with the equity-accounted carrying amount – Holding d'Infrastructures Numériques

| *(in millions of euros)* | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Equity attributable to owners | 1,052 | 1,048 |
| Equity based on Caisse des Dépôts' percent interest | 701 | 698 |
| **Equity-accounted carrying amount on Caisse des Dépôts' statement of financial position** | **701** | **698** |

### 2.11.1.5 Suez Holding

| | 31.12.2022 |
|---|---|
| Percent control | 19.66% |
| Percent interest | 16.98% |
| Nature of relationship | Strategic interest |

#### / Reconciliation of financial information with the equity-accounted carrying amount – Suez Holding

| *(in millions of euros)* | 31.12.2022 |
|---|---|
| Equity attributable to owners | 3,208 |
| Goodwill | 580 |
| Equity based on Caisse des Dépôts' percent interest | 630 |
| **Equity-accounted carrying amount on Caisse des Dépôts' statement of financial position** | **1,210** |

### 2.11.1.6 Euroclear Holding SA/NV

| | 31.12.2022 |
|---|---|
| Percent control | 7.90% |
| Percent interest | 7.90% |
| Nature of relationship | Strategic interest |

#### / Reconciliation of financial information with the equity-accounted carrying amount – Euroclear Holding SA/NV

| *(in millions of euros)* | 31.12.2022 |
|---|---|
| Equity attributable to owners | 4,093 |
| Goodwill | 229 |
| Equity based on Caisse des Dépôts' percent interest | 324 |
| **Equity-accounted carrying amount on Caisse des Dépôts' statement of financial position** | **553** |

## 2.12 Statutory Auditors' fees

| | 31.12.2022 | | | | | |
|---|---|---|---|---|---|---|
| | Mazars | | KPMG | | PwC | |
| *(in millions of euros)* | Amount | % | Amount | % | Amount | % |
| **Statutory audit, certification, review of the individual and consolidated financial statements** | **12.8** | **96%** | **11.8** | **91%** | **3.5** | **85%** |
| – Central Sector | 1.8 | 14% | 1.4 | 11% | 0.5 | 12% |
| – Fully consolidated subsidiaries | 11.0 | 83% | 10.4 | 80% | 3.0 | 73% |
| **Non-audit services** | **0.5** | **4%** | **1.2** | **9%** | **0.6** | **15%** |
| – Central Sector | | | 0.3 | 2% | 0.2 | 5% |
| – Fully consolidated subsidiaries | 0.5 | 4% | 0.9 | 7% | 0.4 | 10% |
| **Total** | **13.3** | **100%** | **13.0** | **100%** | **4.1** | **100%** |

| | 31.12.2021 | | | |
|---|---|---|---|---|
| | Mazars | | PwC | |
| *(in millions of euros)* | Amount | % | Amount | % |
| **Statutory audit, certification, review of the individual and consolidated financial statements** | **9.7** | **90%** | **7.5** | **84%** |
| – Central Sector | 1.2 | 11% | 0.9 | 10% |
| – Fully consolidated subsidiaries | 8.5 | 79% | 6.6 | 74% |
| **Non-audit services** | **1.1** | **10%** | **1.4** | **16%** |
| – Central Sector | | | | |
| – Fully consolidated subsidiaries | 1.1 | 10% | 1.4 | 16% |
| **Total** | 10.8 | 100% | 8.9 | 100% |

The amounts stated are the fees of the Statutory Auditors for the Central Sector of the Caisse des Dépôts Group, and the fees of the same Statutory Auditors for the subsidiaries, excluding the Mazars, PwC and KPMG networks.

## 2.13 Scope of consolidation of the Caisse des Dépôts Group

Caisse des Dépôts prepares separate annual financial statements under French GAAP for each of its constituent sectors: the Central Sector and the Savings Funds.

In addition, Banque des Territoires brings together all of Caisse des Dépôts' resources to promote regional development. It encompasses the operational departments (banking, investor, lender) and relies on a network of 37 offices, with functional departments (finance, communication, digital strategy and human resources). It also includes two subsidiaries, CDC Habitat and SCET, which support regional players in engineering and consulting.

The Caisse des Dépôts Group is unique as a public institution with subsidiaries and affiliates that operate in the competitive sector. It publishes consolidated financial statements under IFRS. These combine the financial statements of the Caisse des Dépôts Central Sector and those of the entities over which Caisse des Dépôts exercises exclusive or joint control or significant influence to form the consolidated financial statements of the Caisse des Dépôts Group.

Presentation of the Group's scope of consolidation is organised on the basis of the Group's four business segments. Entities, sub-groups and subsidiaries are thus presented by business segment.

The list of consolidated entities is available at https://www.caissedesdepots.fr/en/you-are-investor (in French only).

At 31 December 2022, the Caisse des Dépôts Group consolidated 1,816 companies in its financial statements. The main companies are listed below.

| | | 31.12.2022 | | | 31.12.2021 | | |
|---|---|---|---|---|---|---|---|
| **GROUPS/COMPANIES** | **Country** | **Method** | **% control** | **% interest** | **Method** | **% control** | **% interest** |
| **CAISSE DES DÉPÔTS DIVISION** | | | | | | | |
| **CDC (Central Sector)**<br>*Registered office: 56, rue de Lille 75356 Paris 07 SP* | **FRANCE** | **FULL** | **100.00** | **100.00** | **FULL** | **100.00** | **100.00** |
| **SCET**<br>*Registered office: 52, rue Jacques-Hillairet 75612 Paris Cedex 12* | **FRANCE** | **FULL** | **100.00** | **100.00** | **FULL** | **100.00** | **100.00** |
| **CDC HABITAT**<br>*Registered office: 100, avenue de France 75013 Paris* | **FRANCE** | **FULL** | **100.00** | **100.00** | **FULL** | **100.00** | **100.00** |
| **CAISSE DES DÉPÔTS DIVISION – OTHER ENTITIES** | | | | | | | |
| CDC CROISSANCE | FRANCE | FULL | 100.00 | 100.00 | FULL | 100.00 | 100.00 |
| CDC PME CROISSANCE | FRANCE | EQUITY (JV) | 53.29 | 53.29 | EQUITY (JV) | 53.29 | 53.29 |
| CDC TECH CROISSANCE | FRANCE | EQUITY (JV) | 36.88 | 36.88 | EQUITY (JV) | 35.95 | 35.95 |
| CDC EURO CROISSANCE | FRANCE | EQUITY (JV) | 50.01 | 50.01 | EQUITY (JV) | 50.01 | 50.01 |
| CDC CROISSANCE DURABLE | FRANCE | EQUITY (JV) | 50.04 | 50.04 | EQUITY (JV) | 50.04 | 50.04 |
| CDC INVESTISSEMENT IMMOBILIER | FRANCE | FULL | 100.00 | 100.00 | FULL | 100.00 | 100.00 |
| CDC INVESTISSEMENT IMMOBILIER INTERNE | FRANCE | FULL | 100.00 | 100.00 | FULL | 100.00 | 100.00 |
| ACEP INV 3 | FRANCE | FULL | 100.00 | 100.00 | FULL | 100.00 | 100.00 |
| DOCKS V3 | FRANCE | EQUITY (JV) | 50.00 | 50.00 | EQUITY (JV) | 50.00 | 50.00 |
| DOCKS V2 | FRANCE | EQUITY (JV) | 50.00 | 50.00 | EQUITY (JV) | 50.00 | 50.00 |
| FONCIÈRE FRANKLIN | FRANCE | FULL | 100.00 | 100.00 | FULL | 100.00 | 100.00 |
| GPI ADENAUER | FRANCE | FULL | 100.00 | 100.00 | | | |
| GPI COURBEVOIE | FRANCE | EQUITY (JV) | 50.00 | 50.00 | | | |
| GPI ILLUMINE | FRANCE | FULL | 100.00 | 100.00 | FULL | 100.00 | 100.00 |
| GPINVEST 8 | FRANCE | FULL | 100.00 | 100.00 | FULL | 100.00 | 100.00 |
| GPINVEST 9 | FRANCE | FULL | 100.00 | 100.00 | FULL | 100.00 | 100.00 |
| GPI METAL 57 | FRANCE | EQUITY (JV) | 50.00 | 50.00 | EQUITY (JV) | 50.00 | 50.00 |
| GPINVEST 13 | FRANCE | EQUITY (JV) | 50.00 | 50.00 | | | |
| GPINVEST 14 | FRANCE | EQUITY (JV) | 50.00 | 50.00 | | | |
| GPINVEST 19 | FRANCE | FULL | 100.00 | 100.00 | | | |
| GPI IVRY | FRANCE | FULL | 100.00 | 100.00 | | | |
| GPI REUILLY | FRANCE | FULL | 100.00 | 99.90 | FULL | 100.00 | 99.90 |
| GPI RUE PETIT | FRANCE | FULL | 100.00 | 100.00 | FULL | 100.00 | 100.00 |
| GPI SOFIA | FRANCE | FULL | 100.00 | 100.00 | FULL | 100.00 | 100.00 |
| GPINVEST PB10 | FRANCE | FULL | 100.00 | 100.00 | FULL | 100.00 | 100.00 |
| KOMBON SAS | FRANCE | EQUITY (JV) | 33.33 | 33.33 | | | |
| LE MARQUIS | FRANCE | EQUITY (Ass.) | 40.00 | 40.00 | EQUITY (Ass.) | 40.00 | 40.00 |
| PBEM – PARIS BATIGNOLLES ÉMERGENCE | FRANCE | FULL | 100.00 | 99.90 | FULL | 100.00 | 99.90 |

| GROUPS/COMPANIES | Country | 31.12.2022 Method | % control | % interest | 31.12.2021 Method | % control | % interest |
|---|---|---|---|---|---|---|---|
| PRD MONTPARNASSE 1 | FRANCE | EQUITY (JV) | 50.00 | 50.00 | EQUITY (JV) | 50.00 | 50.00 |
| PRD MONTPARNASSE 2 | FRANCE | EQUITY (JV) | 50.00 | 50.00 | EQUITY (JV) | 50.00 | 50.00 |
| PRD MONTPARNASSE 3 | FRANCE | EQUITY (JV) | 50.00 | 50.00 | EQUITY (JV) | 50.00 | 50.00 |
| SAS CHÂTEAUDUN | FRANCE | FULL | 100.00 | 100.00 | FULL | 100.00 | 100.00 |
| SAS DÉFENSE C3B | FRANCE | EQUITY (Ass.) | 25.00 | 25.00 | EQUITY (Ass.) | 25.00 | 25.00 |
| SAS LA NEF LUMIÈRE | FRANCE | FULL | 100.00 | 87.50 | FULL | 100.00 | 87.50 |
| SAS LAFAYETTE | FRANCE | FULL | 100.00 | 100.00 | FULL | 100.00 | 100.00 |
| SAS PARIS NORD EST | FRANCE | FULL | 100.00 | 79.00 | FULL | 100.00 | 79.00 |
| SAS PRINTEMPS LA VALETTE II | FRANCE | EQUITY (JV) | 50.00 | 50.00 | EQUITY (JV) | 50.00 | 50.00 |
| SAS RICHELIEU VIVIENNE(1) | FRANCE | FULL | 100.00 | 83.00 | FULL | 100.00 | 76.05 |
| SCI 182 RUE DE RIVOLI | FRANCE | FULL | 100.00 | 99.00 | FULL | 100.00 | 99.00 |
| SCI 43 45 RUE DE COURCELLES | FRANCE | FULL | 100.00 | 99.00 | FULL | 100.00 | 99.00 |
| SCI ALPHA PARK | FRANCE | EQUITY (JV) | 50.00 | 50.00 | EQUITY (JV) | 50.00 | 50.00 |
| SCI BATIGNOLLES LOT 09 | FRANCE | EQUITY (JV) | 50.00 | 50.00 | EQUITY (JV) | 50.00 | 50.00 |
| SCI BAUDELIQUE | FRANCE | FULL | 100.00 | 99.66 | FULL | 100.00 | 99.66 |
| SCI BOULOGNE ÎLOT V | FRANCE | FULL | 100.00 | 99.00 | FULL | 100.00 | 99.00 |
| SCI CUVIER MONTREUIL II | FRANCE | FULL | 100.00 | 100.00 | FULL | 100.00 | 100.00 |
| SCI EVI-DANCE | FRANCE | EQUITY (JV) | 50.00 | 50.00 | EQUITY (JV) | 50.00 | 50.00 |
| SCI FARMAN(1) | FRANCE | FULL | 100.00 | 83.00 | FULL | 100.00 | 76.05 |
| SCI INNOVATIS II | FRANCE | FULL | 100.00 | 100.00 | FULL | 100.00 | 100.00 |
| SCI MMV 2013 | FRANCE | FULL | 100.00 | 100.00 | FULL | 100.00 | 100.00 |
| SCI PB10 | FRANCE | EQUITY (JV) | 50.00 | 50.00 | EQUITY (JV) | 50.00 | 50.00 |
| SCI PRINTEMPS LA VALETTE | FRANCE | EQUITY (JV) | 50.00 | 50.00 | EQUITY (JV) | 50.00 | 50.00 |
| SCI SARIHV | FRANCE | FULL | 100.00 | 100.00 | FULL | 100.00 | 100.00 |
| SCI SILOGI | FRANCE | FULL | 100.00 | 99.00 | FULL | 100.00 | 99.00 |
| SCI TOUR MERLE | FRANCE | EQUITY (JV) | 50.00 | 50.00 | EQUITY (JV) | 50.00 | 50.00 |
| ANATOL INVEST HOLDING FRANCE | FRANCE | FULL | 100.00 | 100.00 | FULL | 100.00 | 100.00 |
| AIH BV | NETHERLANDS | FULL | 100.00 | 100.00 | FULL | 100.00 | 100.00 |
| PBW REAL ESTATE(6) | NETHERLANDS | | | | FULL | 100.00 | 100.00 |
| ADL PARTICIPATIONS | FRANCE | EQUITY (Ass.) | 24.50 | 24.50 | EQUITY (Ass.) | 24.50 | 24.50 |
| COMPAGNIE NATIONALE DU RHÔNE | FRANCE | EQUITY (Ass.) | 33.20 | 33.20 | EQUITY (Ass.) | 33.20 | 33.20 |
| SOLAR CNR 9 | FRANCE | EQUITY (JV) | 80.00 | 80.00 | | | |
| SOLAR CNR 10 | FRANCE | EQUITY (JV) | 80.00 | 80.00 | EQUITY (JV) | 80.00 | 80.00 |
| PREDICA ÉNERGIES DURABLES | FRANCE | EQUITY (Ass.) | 22.00 | 22.00 | EQUITY (Ass.) | 22.00 | 22.00 |
| TERRES D'ÉNERGIE(5) | FRANCE | | | | EQUITY (Ass.) | 40.54 | 40.54 |
| HIN – ORANGE CONCESSIONS(1) | FRANCE | EQUITY (JV) | 55.33 | 55.33 | EQUITY (JV) | 50.70 | 50.70 |
| TONUS TERRITOIRES | FRANCE | FULL | 100.00 | 100.00 | FULL | 100.00 | 100.00 |
| VERDUN PARTICIPATIONS 1 | FRANCE | EQUITY (Ass.) | 49.00 | 49.00 | EQUITY (Ass.) | 49.00 | 49.00 |
| MOVIVOLT(2) | FRANCE | FULL | 100.00 | 89.80 | FULL | 100.00 | 89.80 |
| INFORMATIQUE CDC | FRANCE | FULL | 100.00 | 99.95 | FULL | 100.00 | 99.95 |
| GPINVEST 20 | FRANCE | FULL | 100.00 | 100.00 | | | |
| GPINVEST 21 | FRANCE | FULL | 100.00 | 100.00 | | | |

| GROUPS/COMPANIES | Country | 31.12.2022 Method | 31.12.2022 % control | 31.12.2022 % interest | 31.12.2021 Method | 31.12.2021 % control | 31.12.2021 % interest |
|---|---|---|---|---|---|---|---|
| **Bpifrance GROUP** | | | | | | | |
| **Bpifrance**<br>*Registered office: 27-31, avenue du Général-Leclerc – 94710 Maisons-Alfort Cedex* | FRANCE | EQUITY (JV) | 49.32 | 49.32 | EQUITY (JV) | 49.32 | 49.32 |
| **LA POSTE GROUP** | | | | | | | |
| **LA POSTE**<br>*Registered office: 9, rue du Colonel-Pierre-Avia 75015 Paris* | FRANCE | FULL | 100.00 | 66.00 | FULL | 100.00 | 66.00 |
| **LA BANQUE POSTALE**<br>*Registered office: 115, rue de Sèvres 75275 Paris Cedex 06* | FRANCE | FULL | 100.00 | 66.00 | FULL | 100.00 | 66.00 |
| **CNP ASSURANCES(3)**<br>*Registered office: 4, promenade Cœur-de-Ville 92130 Issy-les-Moulineaux* | FRANCE | FULL | 100.00 | 66.00 | FULL | 100.00 | 52.11 |
| **MANAGEMENT OF STRATEGIC INVESTMENTS DIVISION** | | | | | | | |
| ***Real Estate & Tourism*** | | | | | | | |
| **ICADE**<br>*Registered office: 27, rue Camille-Desmoulins CS 10166 92445 Issy-les-Moulineaux Cedex* | FRANCE | FULL | 100.00 | 39.59 | FULL | 100.00 | 39.60 |
| **COMPAGNIE DES ALPES**<br>*Registered office: 50-52, boulevard Haussmann 75009 Paris* | FRANCE | FULL | 100.00 | 42.20 | FULL | 100.00 | 41.45 |
| ***Financial Services*** | | | | | | | |
| **SFIL**<br>*Registered office: 1-3 rue du Passeur-de-Boulogne – 92130 Issy-les-Moulineaux* | FRANCE | FULL | 100.00 | 100.00 | FULL | 100.00 | 100.00 |
| **EUROCLEAR HOLDING SA/NV**<br>*Registered office: 1, boulevard du Roi-Albert-II 1210 Brussels* | BELGIUM | EQUITY (Ass.) | 7.90 | 7.90 | | | |
| ***Infrastructure*** | | | | | | | |
| **COENTREPRISE DE TRANSPORT D'ÉLECTRICITÉ**<br>*Registered office: 69-71, rue de Miromesnil 75008 Paris* | FRANCE | EQUITY (JV) | 29.90 | 29.90 | EQUITY (JV) | 29.90 | 29.90 |
| **GAS INFRASTRUCTURE HOLDING – GRT GAZ(1)**<br>*Registered office: 4, place Raoul-Dautry 75015 Paris* | FRANCE | FULL | 100.00 | 69.49 | FULL | 100.00 | 62.11 |
| ***Services, Transport & Engineering*** | | | | | | | |
| **EGIS(4)**<br>*Registered office: 11, avenue du Centre CS 30530 – Saint-Quentin-en-Yvelines 78286 Guyancourt Cedex* | FRANCE | EQUITY (Ass.) | 33.60 | 33.60 | FULL | 100.00 | 76.41 |
| **TRANSDEV GROUP**<br>*Registered office: 3, allée de Grenelle 92130 Issy-les-Moulineaux* | FRANCE | FULL | 100.00 | 66.00 | FULL | 100.00 | 66.00 |
| **STOA**<br>*Registered office: 151, rue Saint-Honoré 75001 Paris* | FRANCE | FULL | 100.00 | 83.33 | FULL | 100.00 | 83.33 |
| **SUEZ HOLDING(1)**<br>*Registered office: 3, boulevard de Sébastopol 75001 Paris* | FRANCE | EQUITY (Ass.) | 19.66 | 16.98 | | | |

Consolidation methods: FULL: Full consolidation. EQUITY (JV): Equity-accounted joint venture. EQUITY (Ass.): Equity-accounted associate.

(1) Including joint ownership of CNP Assurances.

(2) Including joint ownership of La Poste.

(3) Upon completion of the simplified tender offer for CNP Assurances shares launched on 2 May 2022, La Banque Postale group's interest in CNP Assurances was 100%, compared with 78.95% at 31 December 2021.

(4) On 7 January 2022, Caisse des Dépôts and Tikehau Capital announced that Tikehau Capital had finalised the purchase of a 40% stake in Egis. Upon completion of the acquisition, Caisse des Dépôts retains a stake of nearly 34% in Egis' capital.

(5) Deconsolidated as not considered material.

(6) Transfer of assets held by PBW REAL ESTATE to AIH BV.

# 2.14 Statutory auditors’ report on the consolidated financial statements

**For the year ended 31 December 2022**

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

*This statutory auditors’ report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Supervisory Board of Caisse des dépôts et des consignations,

## 2.14.1 Opinion

In compliance with the engagement entrusted to us, we have audited the accompanying consolidated financial statements of Caisse des dépôts et consignations for the year ended 31 December 2022.

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

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

## 2.14.2 Basis for Opinion

### 2.14.2.1 Audit Framework

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

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

### 2.14.2.2 Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code and the French Code of Ethics for statutory auditors for the period from 1 January 2022 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No 537/2014, except for KPMG, who performed a service that do not impair its professional judgement, its opinion nor the fulfillment of its mandate.

Furthermore, the non-audit services that we provided to your Company and its controlled undertakings during the financial year that are not disclosed in the management report or in the notes to the consolidated financial statements are as follows:

- Mazars: the main assignments carried out in 2022 concerned the issuance of letters of comfort within the framework of issuance programs, attestations, and due diligence work.
- KPMG: the main assignments carried out in 2022 concerned attestations and agreed procedures, comfort letters in connection with the updating of EMTN programs or in the context of bond issues, reviews of internal control procedures, accounting and tax consultations, reviews relating to environmental, social and societal data or indicators, authorized tax services in application of the rules applicable to the countries concerned, and limited reviews.

## 2.14.3 Justification of Assessments – Key Audit Matters

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

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

## / Valuation of non-current assets relating to La Poste's Mail business

*(Refer to the notes 1.1.10.14 "Impairment of La Poste's Mail CGU assets" of the consolidated financial statements)*

| Risks identified | How our audit addressed this risk |
|---|---|
| The Mail Cash Generating Unit (CGU) corresponds to La Poste's Mail business. It comprises intangible assets (software), tangible assets (processing/sorting machines, installations, IT equipment, etc.) and rights to use leased assets.<br><br>These assets are recorded in the balance sheet at cost and depreciated over their estimated useful life as determined by management. In accordance with the accounting principles set out in notes 2.1.3.9 and 2.1.3.10, they are subject to an impairment test, in the event of an indication of loss of value identified by Management, to determine their recoverable value, giving rise, where appropriate, to an adjustment of their net book value.<br><br>We considered that the valuation of the fixed assets allocated to La Poste's Mail business was a key point in the audit due to the materiality of these assets and the impairments made, the degree of judgment involved in Management's forecasts and estimates in a context of hazards and uncertainties related to the economic environment, and the sensitivity of the valuations to operating, economic and financial assumptions and to the inclusion of a share of the Universal Public Service compensation proceeds.<br><br>At 31 December 2022, the assets of the Mail CGU have been fully impaired for an amount of €940 million (including €250 million of property, plant and equipment, €228 million of intangible assets and €462 million of rights of use).<br><br>As indicated in note 1.1.10.14 "Impairment of La Poste's Mail CGU assets" in the notes to the consolidated financial statements, despite the compensation obtained from the French State in 2021 for the Universal Postal Service, which is currently being notified to the European Commission, the Mail CGU's business plan has deteriorated deeply in 2022 due to the sharp acceleration of inflation in 2022. This inflation, which is expected to remain at a high level for some time, will generate a significant increase in costs over the business plan horizon, which can only be partially offset by an increase in tariffs. | We assessed the compliance of the methodology used with the applicable accounting standards and examined the methods used to implement the impairment tests.<br><br>In particular, we have:<br>• Reviewed the process for identifying indications of impairment;<br>• Compared the value of the net economic assets tested with the underlying accounting items;<br>• Assessed the components of the carrying amount of the CGU and the consistency of the determination of this value with the way in which the cash flow projections were determined for the estimation of the recoverable amount;<br>• Analyzed the forecasting process and the consistency of the cash flow projections with the sources of information available to us, the actual results observed, the data from the Mail Division's budgeting process, and the orientations of the new strategic plan;<br>• Reviewed, with the assistance of our internal specialists, the methodology for calculating recoverable amounts and assessed the reasonableness of the valuation assumptions and parameters used (discount rate, normative growth rate);<br>• Assessed the sensitivity tests performed by management to changes in certain parameters and assumptions;<br>• Reviewed the documentation that led to the inclusion of the universal postal service compensation in the business plan and the portion of this compensation allocated to the Mail activity in the business plan.<br><br>Finally, we have assessed the appropriateness of the information provided in note 1.1.10.14 "Impairment of La Poste's Mail CGU assets" to the consolidated financial statements. |

## / Valuation of financial assets at fair value level 3

*(Refer to the note 2.6.2 of the consolidated financial statements)*

| Risks identified | How our audit addressed this risk |
|---|---|
| The group Caisse des dépôts et consignations recognizes in its consolidated financial statements a portfolio of financial assets measured at fair value, which amounted to 476.8 billion euros at 31 December 2022. For a large part of the asset portfolio, the determination of the fair value of these assets is based on prices directly observable in active financial markets (level 1) or valued using observable data (level 2).<br><br>However, the fair value measurement risk is considered to be higher for assets in level 3 of the fair value hierarchy under IFRS 13, which is measured using unobservable inputs (inputs whose value is based on assumptions or correlations that are not based on observable transaction prices for the same instrument at the measurement date, or on observable market data available at that date). These include unlisted equity investments, securitization instruments and hedging derivatives.<br><br>These assets are valued on the basis of models, assumptions and data, such as net assets, earnings outlook and discounted future cash flows, that require a considerable degree of judgement from management. Their fair value represents an outstanding amount of 37.8 billion euros as of 31 December 2022.<br><br>We deemed the measurement of these level 3 financial assets to be a key audit matter given the significant amount and the sensitivity of their fair value to management's judgement, particularly as regards the choice of the measurement methods and underlying assumptions to be used. | We have:<br>• Assessed the controls associated with the valuation process, in particular by verifying the existence and operational effectiveness of controls performed by management;<br>• Confirmed that the estimate of these values, determined by management, is based on an appropriate justification of the valuation method and the figures used;<br>• Obtained, on a sample basis, the latest available valuations from experts and fund managers in order to assess the valuation used by the group;<br>• Involved our internal risk and model experts to perform an independent calculation and performed our own sensitivity testing on a sample of structured securities. |

## / Technical insurance reserves

*(Refer to the notes 1.8.3, 2.1.3.2.2 et 2.4.2 of the consolidated financial statements)*

| Risks identified | How our audit addressed this risk |
|---|---|
| The group Caisse des dépôts et consignations, through La Poste group, controls entities that carry out insurance activities and recognize technical reserves representing their commitments to policyholders as liabilities on their balance sheets.<br><br>At 31 December 2022, technical insurance reserves (gross of reinsurance) amounted to €382 billion, mainly held by CNP Assurances, including provisions for increasing risks.<br><br>The provision for increasing risks is established to cover the time differences between the period when the guarantee is triggered and when it is financed by insurance premiums. This provision is established on a prospective basis, by comparing the future commitments of the insurer and those of the insured. The regulations do not specify all the parameters to be used to calculate this provision.<br><br>We considered this matter to be a key audit matter because of the sensitivity of the calculation of the provision for long-term care and borrower's risk to the choice of the following key assumptions, which require a significant degree of judgment on the part of management:<br>• The discount rate on the dependency risk;<br>• The experience tables developed on the basis of observation and analysis of the data in the portfolio;<br>• Policyholder surrender behavior. | We have examined the methods used to implement the methodology for determining the provision for increasing risks. In particular, we performed the following work with the assistance of our internal risk and model experts:<br>• Assessed, in particular through the re-performance of calculations, the mathematical design of the actuarial model and the absence of any significant anomaly that could distort the amount of the calculated provision;<br>• Assess the appropriateness of the key assumptions used to determine the provision and in particular:<br>– The determination of homogeneous risk classes (the level at which the pooling of positive and negative provisions for increasing risks calculated on a per capita basis is possible) in relation to the segmentation used for pricing,<br>– The principles and methodologies for determining the discount rate,<br>– The principles and methods for determining surrender laws and the associated sensitivity tests,<br>– Principles and methods for determining experience tables;<br>• The principles for determining the coefficients of provisions for increasing risk and their correct application for the calculation on a per capita basis. |

## / Provisions for credit risks for La Banque Postale group

*(Refer to the notes 1.8, 2.1.3.1.4, 2.2.8, 2.3.6 et 2.8.4.1.3.1 of the consolidated financial statements)*

| Risks identified | How our audit addressed this risk |
|---|---|
| The CDC Group, through La Banque Postale Group, records provisions to cover the risk of losses resulting from the failure of its customers to meet their financial commitments. In accordance with IFRS 9, La Banque Postale Group records impairment losses for expected credit losses (ECL) on bucket 1, bucket 2 and bucket 3 loans.<br><br>The expected loss impairment rules require the establishment of a first impairment status representing an expected loss at one year from the origination of a new financial asset and a second status representing an expected loss at maturity, in the event of a significant deterioration in credit risk. Impairments for expected losses (on outstanding loans in buckets 1 and 2) are determined mainly on the basis of models developed by La Banque Postale incorporating various parameters (probability of default or "PD", loss given default or "LGD", forward-looking data, etc.). In addition, loans to legal entities classified as status 2 and included in the “watch list” are provisioned according to expert opinion.<br><br>Impairment losses are recognized on outstanding loans in default (bucket 3) on an individual or statistical basis. These impairments are assessed by management on the basis of estimated future recoverable cash flows, taking into account the guarantees available on each of the loans concerned.<br><br>In addition, La Banque Postale Group has set aside provisions to cover any deterioration in the financial position of counterparties in sectors identified as being particularly exposed to the consequences of the crisis.<br><br>The valuation of provisions requires judgment in classifying exposures (bucket 1, 2 or 3), in determining future recoverable cash flows and in valuing sectoral provisions, the exercise of judgment being all the more complex given the uncertainty of the effects of the current crisis.<br><br>Given the importance of judgment in determining these provisions and the expected deterioration of credit risk due to the current context of persistent uncertainties related to the conflict in Ukraine, the tensions on commodities and energy, as well as the return of inflation and the rapid rise in interest rates, we considered that the estimate of expected losses on customer loans as of 31 December 2022 was a key audit matter.<br><br>At 31 December 2022, loans and advances to customers at amortized cost amounted to €192.7 billion, including €130.3 billion for La Poste Group. The associated impairment losses totaled €1.7 billion. The Group's cost of risk was €327 million at 31 December 2022, of which €219 million related to La Poste Group.<br><br>The principles applied in respect of credit risk provisions are described in notes 2.1.3 Accounting principles and valuation methods. | **Provisioning of outstanding loans in buckets 1 and 2**<br><br>We have examined the internal control system put in place to ensure that the ratings of the various loans outstanding are updated at an appropriate frequency.<br><br>On the provisioning models:<br>• We assessed the frequency of review by the governance of the adequacy of the impairment models and the parameters used for the calculation of the impairments;<br>• We have assessed the appropriateness of the update of the parameters used for the calculation of impairment as of 31 December 2022;<br>• We assessed the methods used to take into account the macro-economic context of the year in the methods used to determine model-based provisions and in the sectoral provisioning measures.<br><br>We inspected the documentation underlying the estimation of sectoral provisions.<br><br>For a sample of credit files relating to legal entities classified as bucket 2 and included on the "watch list", we performed contradictory calculations of the provision amounts determined by management.<br><br>We performed controls on the IT system implemented by La Banque Postale Group for the processing of its customer credit transactions, in particular tests on the general IT controls, interfaces and embedded controls for specific data used for credit risk provisioning.<br><br>**Provisioning of outstanding loans in bucket 3**<br><br>As part of our audit procedures, we examined the control procedures relating to the identification of exposures, the monitoring of credit and counterparty risks, the assessment of the risk of non-recovery and the determination of related impairment and provisions on an individual and collective basis.<br><br>Our work consisted in assessing the quality of the system for monitoring sensitive, doubtful and disputed counterparties, the credit review process and the system of guarantees valuation.<br><br>In addition, for a sample of credit files concerning legal entities, we performed contradictory calculations of the provision amounts determined by management.<br><br>Finally, we assessed the appropriateness of the information provided in the notes to the consolidated financial statements. |

### / Valuation of investments in associates and joint ventures

*(Refer to the notes 2.1.2.2, 2.1.3.3 et 2.3.10 of the Consolidated financial statements)*

| Risks identified | How our audit addressed this risk |
|---|---|
| The value of investments in associates corresponds to the percentage interest held in the equity of the corresponding companies, plus any goodwill. This value is subject to an annual impairment test, using a number of valuation techniques.<br>This is an estimate that requires management to exercise judgment in selecting the items to be considered for the investments concerned. In this respect, we considered that the valuation of investments in associates and joint ventures was a key audit matter.<br>The item "Investments in associates and joint ventures" represents a total of 25.4 billion euros in the balance sheet. It includes investments in associates and joint ventures accounted for using the equity method.<br>The "share of net income of associates and joint ventures" amounted to 1.1 billion euro. | We examined the processes used by the Group to measure the potential need for impairment of equity-accounted investments.<br>Based on the various methods used by the Group, we have:<br>• Assessed the consistency of the historical financial data used with the data audited by the statutory auditors of the relevant companies;<br>• Examined the forecasts used and assessed whether they were approved by the management bodies of the relevant companies and assessed the consistency of the assumptions used to construct them with past performance;<br>• Involved, where appropriate, our valuation experts to corroborate the macroeconomic assumptions used and the discount rates applied.<br>With regard to the subsidiaries included in the scope of our audit, we assessed the consistency of the value of the shares retained by the Group with the conclusions of the statutory auditors of the relevant subsidiaries. |

## 2.14.4 Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications of the information given in the management report of the Caisse des dépôts et consignations.

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

## 2.14.5 Report on Other Legal and Regulatory Requirements

### 2.14.5.1 Appointment of the Statutory Auditors

We were appointed as statutory auditors of the General Section of the Caisse des dépôts et consignations by decision of the Chairman and the Chief Executive Officer for the consolidated financial statements for the year ended 31 December 2004 for Mazars and 31 December 2021 for KPMG.

As of 31 December 2022, Mazars was in the nineteenth year of its engagement without interruption, including sixteen years since the securities of Caisse des dépôts et consignations were admitted to trading on a regulated market, and KPMG was in the first year of its engagement.

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

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

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

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

The consolidated financial statements were approved by the Chairman and Chief Executive Officer.

## 2.14.7 Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

### 2.14.7.1 Objectives and audit approach

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

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

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

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

### 2.14.7.2 Report to the Audit and Risks Committee

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

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

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

Paris La Défense, 21 March 2023

The statutory auditors

| **Mazars** | **KPMG S.A.** |
| --- | --- |
| Jean Latorzeff Gilles Magnan | Marie-Christine Jolys Eric Amato |

Caisse des Dépôts' Business Review and Sustainable Development Report, as well as the financial statements
and the Savings Funds Report, are all available on the corporate website at:
http://rapportannuel.caissedesdepots.fr

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**Note to the reader**
The French version of the 2022 Financial Report includes the audited consolidated financial statements of the Caisse des Dépôts Group, the audited financial statements of Caisse des Dépôts Central Sector, and the audited financial statements of the Savings Funds centralised by Caisse des Dépôts. The English version of the report includes solely the audited consolidated financial statements of the Caisse des Dépôts Group. The detailed financial statements for the subsidiaries and for other organisations and establishments managed by Caisse des Dépôts are not presented in this report, but in specific reports prepared by those entities.

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