2023

Financial Report

Caisse des Dépôts
GROUPE

Contents

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'Etat* (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, set up according to the principle of equal representation, has sixteen members, including five members of the French Parliament (three deputies and two senators), two employee representatives, one representative of the French State and eight qualified officials.

The duties of the Supervisory Board have been reinforced as part of the implementation of the 2019 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. Chaired by a Member of Parliament, the Supervisory Board has internal rules of procedure and a number of specialised committees designed to strengthen its supervisory capabilities. These include the Audit and Risk Committee, the Savings Funds Committee, the Investments Committee (CDI), the Appointments and Compensation Committee, the Strategy Committee and the CSR and Ethics Committee.

The Chairman and Chief Executive Officer of Caisse des Dépôts is appointed for a term of five years by decree of the President of the French Republic, after a review before the finance committees of the French Parliament. 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.

The Executive Committee brings together the Group's core businesses and decides on the Group's strategy. It monitors the Group's operating performance and ensures that its solutions are adapted to the needs of its customers, partners and users.

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 "France 2030" plan (formerly the Investments for the Future Programme, or PIA).

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."

Faithful to this commitment and to its values (a trusted long-term player serving the public interest), the Group has set itself three objectives for the coming years:

- accelerate the ecological transformation of our economy;
- strengthen France's sovereignty (in energy, industry, digital technology and finance) and encourage its growth and economic development;
- work towards social and regional cohesion by fostering balanced regional development and supporting French people throughout their lives.

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.

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. With its network of sixteen regional offices and two subsidiaries, CDC Habitat and SCET, it offers a comprehensive range of engineering and project structuring services across all regions. It is aimed at local authorities, social housing organisations, local public companies, legal professions, businesses and financial players with the aim of working towards greener, more socially responsible 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 five 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 makes long-term, responsible investments in all asset classes (bonds, equities, unlisted companies, real estate, forests, etc.), 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. It also helps to define Caisse des Dépôts' share ownership position and to provide strategic and financial support to its subsidiaries, while coordinating priorities between the Group and its subsidiaries. As at 31 December 2023, 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, Qualium Investissements, Archipels and Sicovam Holding;
- **real estate:** CDC Habitat, Icade and Tonus Territoires;
- **infrastructure:** Compagnie des Alpes, Coriance, Transdev, RTE, GRTGaz, STOA and Suez;

- **services:** La Poste group, Egis, Orpéa, SCET, CDC Biodiversité, Arpavie, Archipels, Novethic, I4CE, La Manufacture, 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. Its purpose is to boost the French economy and make it more competitive through support for public policy. It finances companies at each stage of their development, through loans, guarantees and equity. As a trusted partner of entrepreneurs, it provides advice, training, networking and an acceleration programme for starts-ups and small and medium-sized companies.

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. Through its four public-service missions (delivering mail six days a week, ensuring banking accessibility, contributing to regional planning through its postal footprint, and transporting and delivering press titles), La Poste supports the major ecological, regional, demographic and digital transitions that are impacting society and seeks to provide its retail and business customers alike with close, trust-based support.

2023 economic and financial environment

Economy

In 2023, the global economy saw further bullish activity in the United States but a marked slowdown in Europe, although labour markets showed some resilience. This was played out against the backdrop of significant tightening of monetary policies in response to persistent – albeit easing slightly – inflationary pressures. In France, GDP growth was 0.9% in 2023 compared to 2.5% in 2022.

Inflation peaked at the beginning of 2023, and then began to fall, initially for energy prices, followed by food and industrial goods. Ongoing tensions on the labour market nevertheless fuelled wage increases and curbed disinflation. In France, inflation rose from 6.0% in January to 3.7% in December, with an annual average of 4.9% in 2023, compared with 5.2% in 2022.

Financial markets

2023 marked a shift in the monetary and financial environment, with the end of monetary tightening by the Federal Reserve (Fed) and the European Central Bank (ECB). Since 2022, inflationary pressures have led to a strong response from the major central banks, which have significantly raised their policy rates in an effort to fight inflation. In the second half of 2023, central banks judged that monetary policy was sufficiently restrictive to combat inflation effectively. Policy rates are now considered to be at their peak, but are likely to remain high for a few months yet. As a result, the markets significantly revised their expectations, incorporating a much more accommodative monetary and financial environment from the end of 2023 onwards, resulting in higher asset prices.

Specifically:

- **on the money market**, the first part of 2023 saw interest rates continue to rise, with a 200-bps rate hike from the ECB, while the decision in the autumn not to raise key rates any further marked an end to this cycle. The deposit rate was increased from 2.0% in January 2023 to 4.0% in December 2023. In terms of liquidity, the ECB decided to discontinue certain assets on its balance sheet (held in connection with the Asset Purchase Programme), leading to a slight reduction in its balance sheet in 2023. Following the movements in key policy rates, the three-month Euribor ended 2023 at 3.9%, significantly higher than the 2.1% at the end of 2022. Across the Atlantic, the Fed's tight monetary policy continued at the start of 2023 (100-bps rise in rates) before coming to a halt, with its main policy rate maintained at the upper limit of 5.5%;
- **on the French bond market**, although the 10-year OAT yield rose sharply in 2023 (peaking at 3.6%), like all bond yields in major Western economies, against a backdrop of rising money-market rates and inflation, market expectations of the shift in monetary policy with the easing of central bank rate rises and inflation in 2024 drove a sharp fall in all sovereign bond yields. The 10-year OAT yield ended 2023 at 2.6%, 56 bps below the yield on the bonds at the end of 2022 (3.1%);
- **on the equity markets**, on the other hand, this shift in monetary policy sent stock prices higher. The high interest rate environment of the previous months had led investors away from equities to instruments offering greater risk-free returns. However, expectations at the end of 2023 of a shift towards a more accommodative monetary stance going forward has altered investors' strategies. The CAC 40 index ended 2023 sharply higher year on year, rising 16.5% to 7,543 points from 6,473 points at the end of 2022.

Changes in stock market indices	2020	2021	2022	2023	2023 Q1	2023 Q2	2023 Q3	2023 Q4
France	-7.1%	+28.9%	-9.5%	+16.5%	+13.1%	+1.1%	–3.6%	+5.7%
Germany	+3.5%	+15.8%	-12.3%	+20.3%	+12.2%	+3.3%	–4.7%	+8.9%
Spain	-15.5%	+7.9%	-5.6%	+22.8%	+12.2%	+3.9%	–1.7%	+7.1%
Italy	-5.4%	+23.0%	-13.3%	+28.0%	+14.4%	+4.1%	0.0%	+7.5%
Portugal	-6.1%	+13.7%	+2.8%	+11.7%	+5.6%	–2.1%	+2.9%	+5.0%
United Kingdom	-14.3%	+14.3%	+0.9%	+3.8%	+2.4%	–1.3%	+1.0%	+1.6%
United States	+16.3%	+26.9%	-19.4%	+24.2%	+7.0%	+8.3%	–3.6%	+11.2%
Japan	+16.0%	+4.9%	-9.4%	+28.2%	+7.5%	+18.4%	–4.0%	+5.0%
Hong Kong	-3.4%	-14.1%	-15.5%	–13.8%	+3.1%	–7.3%	–5.9%	–4.3%
Brazil	+2.9%	-11.9%	+4.7%	+22.3%	–7.2%	+15.9%	–1.3%	+15.1%
Mexico	+1.2%	+20.9%	-9.0%	+18.4%	+11.2%	–0.7%	–5.0%	+12.8%

Source: Bloomberg.

Key figures

Caisse des Dépôts Group

(in billions of euros)	2022 – IFRS 4 (reported)	2022 – IFRS 17 (restated)	2023
Total consolidated assets	1,047.6	1,016.6	1,039.8
Equity attributable to owners *(excluding unrealised gains and losses)*	38.9	39.8	42.1
Equity attributable to owners *(including unrealised gains and losses)*	44.0	46.6	52.5
Consolidated net profit attributable to owners	3.3	3.2	3.0

Savings Funds

(in billions of euros)	2022	2023
Total loans agreed	13.6	16.1
Loans for social housing and urban planning	11.5	12.6
Loans to regional authorities	1.1	3.5
Loan to Bpifrance	1.0	
Outstanding loans	195.9	201.9

Caisse des Dépôts long-term and short-term ratings

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 2023:

Ratings	Standard & Poor's	Moody's	Fitch
Caisse des Dépôts	AA/Negative/A-1+	Aa2/Stable/P-1	AA/Stable/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."

Caisse des Dépôts Group

Consolidated financial statements

at 31 December 2023

reviewed and adopted by the Chairman
and Chief Executive Officer of Caisse des Dépôts
on 12 March 2024

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1. Consolidated financial statements

1.1 Caisse des Dépôts Group significant events

1.1.1 Bond issues

On 9 February 2023, Caisse des Dépôts launched a €1 billion 10-year 3.125% bond issue. This issue was priced at a spread of +29 basis points above the French Government OAT curve.

On 23 May 2023, Caisse des Dépôts launched a €500 million 5-year 3% sustainability bond issue. This new transaction was issued at a spread of +27 basis points above the OAT 25 May 2028. A second sustainability bond issue was carried out on 11 October 2023. The 7–year 3.375% bonds were issued at a spread of +28 basis points above the OAT 25 November 2030.

These two sustainability issues, the sixth and seventh carried out by Caisse des Dépôts since 2017, enabled the Group to strengthen its presence on the capital markets, as well as its ESG signature at the heart of its global strategy.

1.1.2 Millau Viaduct

On 15 June 2023, Caisse des Dépôts sold its 49% stake in Compagnie Eiffage du Viaduc de Millau to the Eiffage group for €236.5 million and recorded a disposal gain of €172 million before tax in the consolidated financial statements.

1.1.3 Euroclear

During the first half of 2023, Caisse des Dépôts increased its interest in Euroclear, acquiring a further 3% of the capital for €198 million. As of 31 December 2023, Caisse des Dépôts held 10.91% of Euroclear's capital. The investment is recognised within "Investments in equity-accounted companies" in the consolidated financial statements.

1.1.4 Withdrawal by the Icade group from Foncière Santé

On 13 June 2023, Icade signed a memorandum of understanding (MoU) with Primonial and the minority shareholders of Praemia Healthcare (formerly Icade Santé) and IHE, for the sale, in three stages, of its entire healthcare portfolio. The MoU valued the portfolio at €2.6 billion, based on EPRA Net Tangible Assets at 31 December 2022.

On 5 July 2023, the first stage of the project was completed with the sale by Icade of a 63% stake in Praemia Healthcare for a total of €1.4 billion, based on a value aligned with this company's ex-2022 dividend Net Tangible Assets at 31 December 2022.

Following the sale, Primonial took over the management of Praemia Healthcare's property assets and the IHE portfolio. Primonial will divest the IHE assets as and when opportunities arise to sell them on attractive terms.

The agreements provide for the acquisition of Icade's remaining interest in Praemia Healthcare by the end of 2025, based on the flow of new money into the funds managed by Primonial France and the company's latest published Net Tangible Assets.

Also on 5 July 2023, Praemia Healthcare repaid its €50.0 million loan from Icade and exited the Icade group cash pool.

In accordance with IFRS 5, Foncière Santé's contribution to the Caisse des Dépôts Group's first-half 2023 results and the effect of recognising the gain arising from the sale of Icade's total interest in Praemia Healthcare have been recognised under "Net profit/(loss) from discontinued operations".

Following completion of this first stage and the loss of control by Icade, Foncière Santé was removed from the Group's scope of consolidation.

At 31 December 2023, the residual interests in Foncière Santé were measured at fair value through profit or loss and presented under "Non-current assets held for sale" pending completion of the next two stages of the disposal plan.

1.1.5 Coriance

On 18 October 2023, the consortium formed by Vauban Infrastructure Partners (50.1%) and Caisse des Dépôts (49.9%) acquired the entire share capital of Coriance. Coriance builds, develops and operates district heating and cooling networks, using predominantly locally–sourced renewable and recovered energy, to support local authorities and industrial players in their energy transition over the long term.

The stake in Coriance is included within "Investments in equity–accounted companies" in the consolidated financial statements in an amount of €220 million. A €324 million shareholders' loan was provided to Coriance on 31 December 2023.

1.1.6 Orpéa

In December 2023, the consortium led by Caisse des Dépôts became the majority shareholder of the Orpéa group, France's second-largest nursing home operator, with 50.18% of the capital. This acquisition confirms and strengthens the Caisse des Dépôts Group's growing role in the elderly care and healthcare sector.

The members of the consortium – Caisse des Dépôts, CNP Assurances, MAIF and MACSF – now own 50.18% of the Orpéa group's shares and hold seven of the thirteen seats on the Board of Directors, after underwriting a €1.16 billion capital increase as part of Orpéa's financial restructuring. Caisse des Dépôts' Central Sector holds 22.41% of Orpéa's capital, MAIF 14.81%, MACSF 7.41% and CNP Assurances 5.56%.

The stake in Orpéa is included within "Investments in equity–accounted companies" in the consolidated financial statements in an amount of €646 million.

On 16 January 2024, Orpéa launched a third share issue of around €390 million with pre-emptive rights for existing shareholders. The members of the consortium comprising Caisse des Dépôts, CNP Assurances, MAIF and MACSF agreed to take up their €195.7 million share of this issue and in February 2024, Caisse des Dépôts' Central Sector purchased 6,750,267,970 new shares for €87.4 million and CNP Assurances purchased 1,629,306,077 new shares for €21.7 million.

1.1.7 La Poste group

1.1.7.1 First-time application of IFRS 17 – Insurance Contracts

IFRS 17 has been applied retrospectively, in accordance with IAS 8, with recognition of the transition effects in equity. First-time application of the standard had the effect of increasing equity in the transition-date balance sheet at 1 January 2022 by €1,462 million, of which €630 million was attributable to owners of the parent and €832 million to non-controlling interests. As required by the standard, comparative information has also been prepared for 2022 on an IFRS 17 basis. The main changes compared with the published financial statements at 31 December 2022 are presented in Note 2.2 – Effects of applying IFRS 17 from 1 January 2023", together with a description of the accounting policies and main estimates used.

1.1.7.2 La Poste bond issues

In June 2023, La Poste carried out a €1,500 million bond issue in two tranches:

- a €650 million 3.75% 7-year tranche due June 2030; and
- an €850 million 4% 12-year tranche due June 2035.

In addition:

- in April 2023, a €150 million 0.625% tap was issued with a €49 million premium, on the bond issue due January 2036;
- in September 2023, a €100 million 4% tap was issued on the bond issue due June 2035;
- in November 2023, a €100 million 3.75% tap was issued on the bond issue due June 2030;
- In December 2023, La Poste called the US$500 million worth of 5.3% hybrid bonds issued in 2016.

1.1.7.3 La Banque Postale social covered bond issue

On 31 January 2023, La Banque Postale Home Loan SFH, a subsidiary of La Banque Postale, carried out a social covered bond issue, the proceeds of which will be used to finance low-income home loans (*prêts d'accession sociale*). A total of €1.25 billion worth of 8-year covered bonds were issued with a final spread of MS 27 bps and a coupon of 3.0%.

1.1.7.4 CNP Assurances inaugural Tier 2 sustainable subordinated notes issue

In January 2023, CNP Assurances issued €500 million worth of Tier 2 subordinated notes due in July 2053. The notes pay interest at 5.25% until July 2033 and then at the 3-month Euribor +345 bps until maturity in July 2053. This was its first sustainable subordinated bond issue.

1.1.7.5 Changes in employee benefits

Act no. 2023-270 of 14 April 2023 raised the statutory retirement age in France from 62 to 64. This change is being phased in over an 8-year period, starting for employees born on or after 1 September 1961.

The Act had the following impact on La Poste group's financial statements at 31 December 2023:

- for employees covered by end-of-career benefits, the increase in the statutory retirement age will extend their period of eligibility for these arrangements. The resulting additional cost of the arrangements, estimated at €262 million, has been taken into account in full in the measurement of the liability for La Poste end–of–career benefits at 31 December 2023;
- the two-year increase in the statutory retirement age will also have the effect of reducing certain post-employment benefit obligations, mainly retirement indemnities for La Poste employees, due to the extension of the vesting period, with an estimated impact of €37 million. As the change in the statutory retirement age represents a plan curtailment under IAS 19, the resulting reduction in the benefit obligation has been recognised in the income statement.

At the end of June 2023, La Poste decided to stop granting certain benefits from 1 January 2024 to La Poste retirees who pay their retirement or other pensions into a deposit account with La Banque Postale. The decision primarily concerned the annual "loyalty bonus" paid on annual savings of up to €10,000 at the gross *Livret A* rate. As a result of this decision, the amount included in provisions for post-employment benefits for the estimated cost of the bonuses was released to the income statement at 31 December 2023. The impact of this decision on 2023 pre-tax profit was €303 million.

1.1.7.6 BRT dispute

The Italian company BRT is the subject of legal proceedings concerning income and payroll taxes on subcontracting services. The group is cooperating fully with the Italian authorities and has put in place a remediation plan. The dispute led to the recognition of income and payroll tax liabilities and provisions for contingencies and losses for a total of €169 million at 31 December 2023 (€14 million at 31 December 2022). The group has made a claim under the seller's warranty given by BRT's former majority shareholder. However, no receivable has been recorded in the accounts in this respect.

1.1.7.7 Proposed sale of DPD Russia

In the first half of 2022, the group responded to events affecting Russia by announcing its intention to withdraw completely from the Russian market. As a result of this announcement, all of DPD Russia's assets and liabilities have been classified as held for sale since 30 June 2022. The sale has not yet been completed due to the complexity of the process, but the transaction remains highly probable, justifying the continued classification of the assets and liabilities as held for sale. In light of the uncertainty over the sale price, the DPD Russia goodwill and all of the company's intangible assets and property, plant and equipment were written down in full at 30 June 2022 (for a euro-equivalent amount of €149 million). The impairment loss has been maintained at 31 December 2023 given the continuing uncertainty over the final sale price. The currency translation reserve amounted to €47 million at 31 December 2023. It represents the impact generated by the overall favourable change in the Russian rouble exchange rate since DPS Russia's entry into the scope of consolidation. When the disposal of this entity is effective, this cumulative amount of translation reserve will be reclassified from equity to profit and loss.

1.1.7.8 Acquisition of Maincare

On 28 February 2023, La Poste group took control of Maincare, one of France's leading providers of digital solutions. Acquisition of 98% of Maincare's shares generated goodwill of €280 million.

1.1.7.9 Establishment of CNP Assurances Holding in April 2023

In April 2023, La Banque Postale and CNP Assurances announced the formation of a dedicated hub bringing together all of the Group's insurance activities under the umbrella of CNP Assurances Holding, which is wholly owned by La Banque Postale. CNP Assurances Holding comprises CNP Assurances SA and La Banque Postale's three insurance subsidiaries. Restructuring entities within La Banque Postale group in this manner has no impact on the Group's consolidated financial statements.

1.1.7.10 Acquisition of La Financière de l'Échiquier (LFDE)

On 4 July 2023, La Banque Postale completed the acquisition, through its subsidiary LBP AM, of the entire capital of La Financière de l'Échiquier (LFDE), one of France's leading entrepreneurial asset management companies. The transaction generated goodwill of €564 million.

1.1.7.11 Planned closure of Ma French Bank

On 18 December 2023, La Banque Postale and Ma French Bank (La Banque Postale group's mobile banking services) informed their respective employee representative bodies that they were examining a plan to close Ma French Bank and the conditions under which the closure would take place. The impact of the planned closure on 2023 profit before tax was €108 million, including €85 million in information system write-downs and €23 million in dismantling costs.

1.2 Subsequent events

On 22 February 2024, the group announced that it had entered into exclusive negotiations with Bouygues Telecom concerning the disposal of La Poste Telecom, the leading virtual mobile operator on the French market under the La Poste Mobile brand, as part of a new phase in the company's development.

In doing so, La Poste and Bouygues Telecom plan to forge a strong, long-term strategic partnership that will draw on the complementary strengths of the two groups and focus in particular on:

- Bouygues Telecom's acquisition of 100% of the capital of La Poste Telecom, 51% of which was held by La Poste group and 49% by SFR;
- an exclusive distribution partnership in the postal network;
- a licensing agreement to consolidate the La Poste Mobile brand, which would remain the property of La Poste.

The value of 100% of La Poste Telecom's shares in this transaction is €950 million.

This project will be submitted to La Poste Telecom's employee representative bodies, then to La Poste group's governance bodies, to SFR's right of pre-emption and to the competent authorities.

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 2023.

1.3 Consolidated income statement, year ended 31 December 2023

(in millions of euros)	Notes	31.12.2023	31.12.2022[1]
Interest income	2.3.1	19,523	10,605
Interest expense	2.3.1	(12,448)	(3,970)
Fee and commission income	2.3.2	2,323	2,146
Fee and commission expense	2.3.2	(326)	(298)
Net gains and losses on financial instruments at fair value through profit or loss	2.3.3	10,126	(6,590)
Net gains and losses on financial instruments at fair value through other comprehensive income	2.3.4	(1,701)	(1,235)
Net gains and losses resulting from derecognition of financial assets at amortised cost	2.3.5	8	16
Insurance revenue	2.3.6	11,685	11,930
Insurance service expenses	2.3.7	(8,438)	(9,226)
Income and expenses from reinsurance contracts held	2.3.8	(106)	24
Finance income or expenses from insurance contracts issued	2.3.9	(11,352)	7,541
Finance income or expenses from reinsurance contracts held	2.3.9	888	(2,954)
Cost of credit risk on financial investments of the insurance activities	2.3.13	4	136
Income from other activities	2.3.10	42,450	40,420
Expenses from other activities	2.3.10	(8,022)	(6,071)
Net banking income		**44,614**	**42,474**
General operating expenses	2.3.11	(37,686)	(35,614)
Net depreciation, amortisation and impairment of property and equipment and intangible assets	2.3.12	(3,508)	(4,184)
Gross operating profit (loss)		**3,420**	**2,676**
Cost of credit risk	2.3.13	(262)	(330)
Operating profit (loss)		**3,158**	**2,346**
Share of profit (loss) of equity-accounted companies	2.4.10	726	1,105
Net gains and losses on other assets	2.3.14	66	158
Change in value of goodwill	2.4.12	(49)	6
Profit (loss) before tax		**3,901**	**3,615**
Income tax benefit (expense)	2.3.15	(1,097)	444
Net profit (loss) from discontinued operations		1,393	158
Net profit (loss)		**4,197**	**4,217**
Non-controlling interests	2.4.19	(1,240)	(1,053)
Net profit (loss) attributable to owners		**2,957**	**3,164**

(1) Comparative figures for 2022 have been restated in accordance with IFRS 17. The main effects of applying IFRS 17 are presented in Note 2.2 “Effects of applying IFRS 17 from 1 January 2023”.

1.4 Consolidated statement of comprehensive income, year ended 31 December 2023

(in millions of euros)	**31.12.2023**	31.12.2022[1]
Net profit (loss)	**4,197**	**4,217**
Items not to be reclassified to profit or loss		
Actuarial gains and losses on post-employment defined benefit obligations	(50)	235
Changes in credit risk for financial liabilities designated at fair value through profit or loss using the fair value option	(7)	11
Fair value adjustments to direct participating insurance contracts through OCI that will not be reclassified to profit or loss		1
Changes in fair value of equity instruments recognised at fair value through OCI that will not be reclassified to profit or loss	4,709	(4,127)
Gains and losses on hedging instruments that hedge investments in equity instruments measured at fair value through OCI that will not be reclassified to profit or loss	1	
Share of other comprehensive income (loss) of equity-accounted companies	1,074	(1,043)
Total items not to be reclassified to profit or loss	**5,727**	**(4,923)**
Items to be reclassified to profit or loss		
Exchange differences on translation of foreign operations	260	676
Changes in fair value of financial assets at fair value through OCI that may be reclassified to profit or loss	8,417	(27,348)
Gains and losses on hedging instruments	(85)	513
Fair value adjustments to insurance contracts through OCI that may be reclassified to profit or loss	(9,196)	27,341
Fair value adjustments to reinsurance contracts through OCI that may be reclassified to profit or loss	7	(121)
Other items recognised in equity to be reclassified to profit or loss	(9)	(40)
Share of other comprehensive income (loss) of equity-accounted companies	42	230
Total items to be reclassified to profit or loss	**(564)**	**1,251**
Other comprehensive income (loss)	**5,163**	**(3,672)**
Total comprehensive income (loss)	**9,360**	**545**
Attributable to owners	7,620	(345)
Non-controlling interests	1,740	890

(1) Comparative figures for 2022 have been restated in accordance with IFRS 17. The main effects of applying IFRS 17 are presented in Note 2.2 “Effects of applying IFRS 17 from 1 January 2023”.

1.5 Consolidated statement of financial position, at 31 December 2023

(in millions of euros)	Notes	31.12.2023	31.12.2022[(1)]	01.01.2022[(1)]
Assets				
Cash and amounts due from central banks		44,193	42,974	76,041
Financial assets at fair value through profit or loss	2.4.1	237,304	224,594	225,664
Hedging instruments with a positive fair value	2.4.2	3,428	4,367	6,088
Financial assets at fair value through other comprehensive income	2.4.3	249,801	246,726	289,829
Securities at amortised cost	2.4.4	87,085	83,079	68,340
Loans and receivables due from credit institutions and related entities at amortised cost	2.4.5	112,271	113,230	93,083
Loans and receivables due from customers at amortised cost	2.4.6	190,621	189,184	185,681
Cumulative fair value adjustments to portfolios hedged against interest rate risk		(1,396)	(2,505)	(1,709)
Insurance contract assets	2.4.16	1,343	1,506	1,390
Reinsurance contract assets	2.4.16	8,891	8,221	11,521
Current and deferred tax assets	2.4.7	3,821	4,411	1,855
Prepayments, accrued income and other assets	2.4.8	23,896	24,920	20,144
Non-current assets held for sale and discontinued operations	2.4.9	1,229	134	2,272
Investments in equity-accounted companies	2.4.10	27,531	25,423	23,414
Investment property	2.4.11	24,021	27,182	24,646
Owner-occupied property and equipment	2.4.11	15,916	14,873	15,227
Intangible assets	2.4.11	6,631	6,291	6,073
Goodwill	2.4.12	3,207	1,998	1,182
Total assets		**1,039,793**	**1,016,608**	**1,050,742**

(1) Comparative figures for 2022 have been restated in accordance with IFRS 17. The main effects of applying IFRS 17 are presented in Note 2.2 “Effects of applying IFRS 17 from 1 January 2023”.

(in millions of euros)	Notes	31.12.2023	31.12.2022[(1)]	01.01.2022[(1)]
Liabilities and equity				
Due to central banks				
Financial liabilities at fair value through profit or loss	2.4.1	14,400	14,093	5,506
Hedging instruments with a negative fair value	2.4.2	8,710	10,459	7,067
Debt securities	2.4.13	145,871	134,585	132,599
Due to credit institutions	2.4.14	54,314	69,423	67,593
Due to customers	2.4.15	316,199	311,489	303,723
Cumulative fair value adjustments to portfolios hedged against interest rate risk		(1,312)	(2,103)	(1,734)
Current and deferred tax liabilities	2.4.7	5,625	4,821	5,559
Accrued expenses, deferred income and other liabilities	2.4.8	31,321	29,289	29,396
Liabilities related to non-current assets held for sale and discontinued operations	2.4.9	65	51	1,367
Insurance contract liabilities	2.4.16	378,430	364,580	411,623
Reinsurance contract liabilities	2.4.16	55	33	27
Provisions	2.4.18	5,980	6,130	6,640
Subordinated debt		9,484	9,144	10,104
Equity attributable to owners				
Reserves and retained earnings		39,188	36,684	34,065
Other comprehensive income		10,312	6,713	10,871
Profit (loss) for the period		2,957	3,164	3,861
Total equity attributable to owners		**52,457**	**46,561**	**48,797**
Non-controlling interests	2.4.19	18,194	18,053	22,474
Total equity		**70,651**	**64,614**	**71,271**
Total liabilities and equity		**1,039,793**	**1,016,608**	**1,050,742**

(1) Comparative figures for 2022 have been restated in accordance with IFRS 17. The main effects of applying IFRS 17 are presented in Note 2.2 – Effects of applying IFRS 17 from 1 January 2023.

1.6 Consolidated statement of changes in equity

(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	Insurance and reinsurance fair value reserves
Equity at 31 December 2021	**33,239**	**865**	**(536)**	**(246)**	
Effects of the entry into force of IFRS 17	**826**	**(1,073)**	**27**	**(1)**	**(1,240)**
Equity at 1 January 2022	**34,065**	**(208)**	**(509)**	**(247)**	**(1,240)**
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	(3)				
Effect of acquisitions and disposals on non-controlling interests[1]	504	(2,326)		(39)	1,769
Other movements	(7)	8	(37)	(3)	(18)
Profit (loss) for the period					
Other comprehensive income					
Exchange differences on translation of foreign operations				217	
Changes in fair value of financial instruments at fair value through other comprehensive income	450	(17,417)	612		15,786
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		1,651	(38)		10
Other movements in other comprehensive income					
Equity at 1 January 2023	**36,684**	**(18,292)**	**28**	**(72)**	**16,307**
Appropriation of 2022 profit (loss)	3,164				
Balance of the 2022 dividend paid to the French State	(640)				
Interim dividend paid to the French State calculated on the basis of first-half 2023 results	(887)				
Dividend paid to non-controlling interests					
Non-controlling interest put options	20				
Effect of acquisitions and disposals on non-controlling interests	(5)	3	3	(10)	
Other movements	(134)	(15)	(14)	7	(52)
Profit (loss) for the period					
Other comprehensive income					
Exchange differences on translation of foreign operations				(5)	
Changes in fair value of financial instruments at fair value through other comprehensive income	986	3,496	28		(5,990)
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		1,959	7		
Other movements in other comprehensive income					
Equity at 31 December 2023	**39,188**	**(12,849)**	**52**	**(80)**	**10,265**

(1) Including the buyout of minority interests in CNP Assurances (€566 million positive impact on equity attributable to owners of the parent and €3,642 million negative impact on non-controlling interests in equity).

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	Insurance and reinsurance fair value reserves	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**
(5)	(469)	11,458		3,861	48,167	19,842	265	1,535	21,642	69,809
		2,091			**630**	**1,060**	**(228)**		**832**	**1,462**
(5)	**(469)**	**13,549**		**3,861**	**48,797**	**20,902**	**37**	**1,535**	**22,474**	**71,271**
				(3,861)		1,535		(1,535)		
					(1,196)					(1,196)
					(990)					(990)
						(1,002)			(1,002)	(1,002)
					(3)	17			17	14
	(23)	533			418	(4,250)	90		(4,160)	(3,742)
(5)	7	(66)			(121)	15	(180)		(165)	(286)
				3,164	3,164			1,053	1,053	4,217
					217		492		492	709
		(5,092)	1		(5,660)	47	(1,801)		(1,754)	(7,414)
10					10					10
					1,623		985		985	2,608
	302				302		113		113	415
	(183)	8,924	1	3,164	46,561	17,264	(264)	1,053	18,053	64,614
				(3,164)		1,053		(1,053)		
					(640)					(640)
					(887)					(887)
						(931)			(931)	(931)
					20	8			8	28
					(9)	(77)	7		(70)	(79)
(3)		4			(207)	(532)	(73)		(605)	(812)
				2,957	2,957			1,240	1,240	4,197
					(5)		197		197	192
		4,236	(1)		2,755	159	(906)		(747)	2,008
(6)					(6)					(6)
					1,966		1,066		1,066	3,032
	(48)				(48)		(17)		(17)	(65)
(9)	(231)	13,164		2,957	52,457	16,944	10	1,240	18,194	70,651

1.7 Consolidated statement of cash flows

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)	31.12.2023	31.12.2022
Profit (loss) before tax (excluding discontinued operations)	**3,901**	**3,615**
Net depreciation, amortisation and impairment of property and equipment and intangible assets	2,907	4,184
Impairment losses on goodwill and other non-current assets	650	(6)
Net provision expense and impairment losses	(349)	(537)
Changes in insurance and reinsurance assets/liabilities (including financial liabilities)	3,166	(26,844)
Share of profit (loss) of equity-accounted companies	(726)	(1,105)
Net gains/losses from investing activities	617	2,245
Other movements	(2,092)	10,557
Total non-monetary items included in profit (loss) before tax and other adjustments	**4,173**	**(11,506)**
Cash flows relating to transactions with credit institutions	(8,850)	(4,386)
Cash flows relating to customer transactions	3,055	(602)
Cash flows relating to other transactions affecting financial assets and liabilities	9,287	(1,822)
Cash flows relating to investment property	(1,500)	(749)
Cash flows relating to other transactions affecting non-financial assets and liabilities	949	12,184
Income taxes paid	(1,103)	(1,525)
Net increase (decrease) in cash related to assets and liabilities from operating activities	**1,838**	**3,101**
Net cash from (used in) operating activities (A)	**9,911**	**(4,790)**
Cash flows relating to financial assets and investments	(1,988)	(3,062)
Cash flows relating to property and equipment and intangible assets	(2,587)	(3,189)
Net cash from (used in) investing activities (B)	**(4,575)**	**(6,251)**
Cash flows from (used in) transactions with owners	(2,883)	(5,725)
Other net cash flows from (used in) financing activities	1,338	(2,168)
Net cash from (used in) financing activities (C)	**(1,545)**	**(7,893)**
Other increases (decreases) in cash and cash equivalents (D)	**1,629**	**23**
Net increase (decrease) in cash and cash equivalents (A+B+C+D)	**5,421**	**(18,911)**
Cash and cash equivalents at the beginning of the period	**61,390**	**80,301**
Net cash and central banks	42,973	76,042
Net loans to (borrowings from) credit institutions repayable on demand	18,417	4,259
Cash and cash equivalents at the end of the period	**66,811**	**61,390**
Net cash and central banks	44,192	42,973
Net loans to (borrowings from) credit institutions repayable on demand	22,620	18,417
Net increase (decrease) in cash and cash equivalents	**5,421**	**(18,911)**

1.8 2023 segment information

1.8.1 Income statement items

(in millions of euros)	31.12.2023 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	**2,337**	**1,277**	**(41)**	**1,236**	**(57)**	**1,396**	**975**	**983**
Bpifrance group					**551**	**551**	**551**	**551**
La Poste group	**33,270**	**2,123**	**(231)**	**1,892**	**(86)**	**1,653**	**1,081**	**541**
– of which La Poste	25,855	(410)	(29)	(439)	(158)	(704)	(432)	(279)
– of which La Banque Postale	4,045	(5)	(202)	(206)		(206)	(321)	(222)
– of which CNP Assurances	3,370	2,538		2,537	72	2,563	1,834	1,042
Management of Strategic Investments division	**9,007**	**20**	**10**	**30**	**318**	**301**	**1,590**	**882**
– Financial Services	364	250	11	261	104	364	301	301
– Infrastructure	(23)	(23)		(23)	213	191	190	153
– Real Estate & Tourism	824	(222)	(3)	(225)	9	(271)	1,103	436
– Services, Transport & Engineering	7,842	15	2	17	(8)	17	(4)	(8)
Caisse des Dépôts Group	**44,614**	**3,420**	**(262)**	**3,158**	**726**	**3,901**	**4,197**	**2,957**

(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	**32,604**	**1,214**	**(250)**	**965**	**27**	**938**	**1,677**	**921**
– of which La Poste	26,169	(432)	(31)	(462)	(84)	(622)	316	193
– of which La Banque Postale	4,565	466	(219)	247		309	313	197
– of which CNP Assurances	1,870	1,180		1,180	111	1,251	1,048	531
Management of Strategic Investments division	**8,072**	**583**	**(14)**	**570**	**306**	**840**	**840**	**546**
– Financial Services	441	321		321	11	332	247	247
– Infrastructure	(25)	(25)		(25)	267	239	238	201
– Real Estate & Tourism	1,271	305	(14)	292	24	306	406	140
– Services, Transport & Engineering	6,385	(17)		(18)	4	(37)	(50)	(41)
Caisse des Dépôts Group	**42,474**	**2,676**	**(330)**	**2,346**	**1,105**	**3,615**	**4,217**	**3,164**

1.8.2 Statement of financial position items

(in millions of euros)	Total assets	
	31.12.2023	31.12.2022
Caisse des Dépôts division	**168,505**	**168,407**
Bpifrance group	**14,952**	**13,685**
La Poste group	**760,905**	**741,173**
– of which La Poste	24,556	24,901
– of which La Banque Postale	298,886	294,527
– of which CNP Assurances	437,463	421,745
Management of Strategic Investments division	**95,431**	**93,343**
– Financial Services	69,408	66,102
– Infrastructure	4,064	3,835
– Real Estate & Tourism	12,755	15,808
– Services, Transport & Engineering	9,204	7,597
Caisse des Dépôts Group	**1,039,793**	**1,016,608**

1.8.3 Breakdown of statement of financial position items

(in millions of euros)	31.12.2023 Caisse des Dépôts division	La Poste	La Banque Postale	CNP Assurances	Sfil group
Assets					
Cash and amounts due from central banks	629	5	40,577		2,980
Financial assets at fair value through profit or loss	18,017	1,446	10,168	204,202	2,251
Hedging instruments with a positive fair value	501		619	58	2,189
Financial assets at fair value through other comprehensive income	38,559		12,007	198,842	16
Securities at amortised cost	45,993		31,723	2,031	7,338
Loans and receivables due from credit institutions and related entities at amortised cost	38,487	1,457	66,179	4,735	104
Loans and receivables due from customers at amortised cost	5,153	1,211	130,523		52,535
Cumulative fair value adjustments to portfolios hedged against interest rate risk			33		(1,429)
Insurance contract assets				1,343	
Reinsurance contract assets				8,891	
Current and deferred tax assets	148	1,873	380	947	369
Prepayments, accrued income and other assets	3,786	5,673	4,332	4,367	2,164
Non-current assets held for sale and discontinued operations		53			
Investments in equity-accounted companies	3,598	707		1,104	
Investment property	12,076			6,712	
Owner-occupied property and equipment	783	9,603	1,026	464	32
Intangible assets	775	993	755	3,767	21
Goodwill		1,535	564		
Total assets	**168,505**	**24,556**	**298,886**	**437,463**	**68,570**

(in millions of euros)	31.12.2023 Caisse des Dépôts division	La Poste	La Banque Postale	CNP Assurances	Sfil group
Liabilities					
Due to central banks					
Financial liabilities at fair value through profit or loss	389	3	12,723	855	431
Hedging instruments with a negative fair value	2,189	9	2,173	18	4,318
Debt securities	32,193	11,541	34,046	641	62,947
Due to credit institutions	18,125	460	15,389	18,102	
Due to customers	89,008	334	226,507	3	
Cumulative fair value adjustments to portfolios hedged against interest rate risk			(901)		(411)
Current and deferred tax liabilities	3,647		202	1,639	2
Accrued expenses, deferred income and other liabilities	4,317	11,264	3,262	6,189	225
Liabilities related to non-current assets held for sale and discontinued operations		64			
Insurance contract liabilities				378,429	
Reinsurance contract liabilities				55	
Provisions	329	3,633	406	564	13
Subordinated debt, guarantee deposits	1,001		2,365	4,925	166
Total liabilities excluding equity	**151,198**	**27,308**	**296,172**	**411,420**	**67,691**

(in millions of euros)	31.12.2022 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	194,550	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	194,374	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	5,014	128
Loans and receivables due from customers at amortised cost	4,241	2,313	130,326		51,402
Cumulative fair value adjustments to portfolios hedged against interest rate risk			(518)		(1,989)
Insurance contract assets			83	1,424	
Reinsurance contract assets			229	7,992	
Current and deferred tax assets	238	1,897	305	1,474	417
Prepayments, accrued income and other assets	3,789	5,525	4,282	5,130	2,727
Non-current assets held for sale and discontinued operations		62			
Investments in equity-accounted companies	3,595	923		1,118	
Investment property	10,756			6,259	
Owner-occupied property and equipment	715	9,122	1,059	449	7
Intangible assets	681	785	798	3,747	21
Goodwill		1,209			
Total assets	**168,407**	**24,901**	**294,527**	**421,745**	**65,550**

(in millions of euros)	31.12.2022 Caisse des Dépôts division	La Poste	La Banque Postale	CNP Assurances	Sfil group
Liabilities					
Due to central banks					
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	20,570	
Due to customers	91,962	628	218,638		
Cumulative fair value adjustments to portfolios hedged against interest rate risk			(1,622)		(480)
Current and deferred tax liabilities	2,667	59	380	1,569	2
Accrued expenses, deferred income and other liabilities	4,019	10,819	3,479	5,100	218
Liabilities related to non-current assets held for sale and discontinued operations		47			
Insurance contract liabilities			2,019	362,561	
Reinsurance contract liabilities			7	26	
Provisions	307	4,162	325	555	19
Subordinated debt, guarantee deposits	704		2,235	4,839	270
Total liabilities excluding equity	**153,449**	**27,411**	**291,268**	**397,969**	**64,801**

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 2023. 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://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting_en.

The consolidated financial statements at 31 December 2023 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 2022, with the exception of the IFRS standards, amendments and interpretations described below (see section 2.1.1.1).

2.1.1.1 IFRS standards, amendments and interpretations that are mandatory as of 1 January 2023

The mandatory IFRS standards, amendments and interpretations effective as from 1 January 2023 are presented below. They are:

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

This standard was adopted by the European Union (EU) on 19 November 2021. It is effective for annual reporting periods beginning on or after 1 January 2023 (with mandatory comparative information for 2022 to be presented on the same basis), superseding IFRS 4 which was applicable until 31 December 2022.

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard.

The application of IFRS 17 represents a major change in the Group's accounting policies. The new policies are presented in detail in section 2.1.3.2 hereinafter. They cancel and replace those disclosed in the consolidated financial statements of the Caisse des Dépôts Group at 31 December 2022, in sections 2.1.3.2 "Insurance activities" and 2.1.3.16 "Contribution from insurance activities".

The effects of applying IFRS 17 from 1 January 2023 are disclosed in section 2.2 "Effects of applying IFRS 17 from 1 January 2023".

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

These amendments 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 do 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 aim to help entities distinguish between changes in accounting estimates, changes in accounting policies and corrections of errors.

They do not have a material impact on the Caisse des Dépôts Group's consolidated financial statements.

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 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.

Amendments to IAS 12 "*International Tax Reform – Pillar Two Model Rules"* (EU Regulation No. 2023/2468 of 8 November 2023)

The Pillar Two Model Rules were published in December 2021 by the Organisation for Economic Co-operation and Development (OECD). They are the outcome of the BEPS group's work to combat tax avoidance by introducing a global minimum tax rate of 15% on the profits of multinational groups with annual sales in excess of €750 million.

The Pillar Two Model Rules have been taken up in European Directive No. 2022/2523, adopted by the European Union and published in its Official Journal on 14 December 2022. This directive has been transposed into French law in the 2024 Finance Act, for application to tax years beginning on or after 1 January 2024.

The amendments to IAS 12 adopted by the European Union on 8 November 2023 introduce a mandatory temporary exception to the recognition of deferred tax assets and liabilities related to income taxes resulting from the application of the OECD's "Pillar Two" rules. This exception is accompanied by specific disclosure requirements in the consolidated financial statements.

As a public entity that is not qualified as an ultimate parent entity, Caisse des Dépôts (Central Sector) is not concerned by European Directive No. 2022/2523. However, the OECD Pillar Two calculation and disclosure requirements do apply to its sub-groups: La Poste, Transdev, Compagnie des Alpes and Icade.

These sub-groups have set up a project structure to identify the impact of this tax reform on their future income tax expense and to comply with the new accounting requirements introduced in the amendments to IAS 12.

Initial impact analyses show that, due to the safe harbour rules, only a small number of countries in which these sub-groups own subsidiaries would be affected and the impact on the consolidated financial statements of the Caisse des Dépôts Group would not be material.

In France, the latest pension reform has been introduced in the rectified Social Security Finance Act (Law No. 2023-270 of 14 April 2023). The reform provides for a phased increase in the statutory retirement age (from 62 to 64) and an increase in the minimum contribution period to qualify for a full State pension to 43 years as of 2027 (instead of 2035 as provided for in the previous "Touraine" reform).

It will have an impact on the measurement of some of the Caisse des Dépôts Group's employee benefit obligations at 31 December 2023 (mainly end-of-career arrangements and retirement benefits).

These changes constitute a plan amendment within the meaning of IAS 19, the impact of which has been recognised in the income statement.

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

- 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.

2.1.1.2 IFRS standards, amendments and interpretations adopted by the European Union but not yet applied at 1 January 2023

The Caisse des Dépôts Group did not apply the standards amendments and interpretations adopted by the European Union and not yet mandatorily effective at 1 January 2023. These concern:

Amendments to IFRS 16 "*Lease Liability in a Sale and Leaseback"* (EU Regulation No. 2023/2579 of 20 November 2023)

These amendments clarify the subsequent measurement of sale and leaseback transactions where the initial transfer of the asset qualifies as a sale under IFRS 15 "*Revenue from contracts with customers"*. They specify how to subsequently measure the lease liability in the case of a sale and leaseback transaction with variable payments that do not depend on an index or a rate.

These amendments will have no impact on the consolidated financial statements of the Caisse des Dépôts Group as it does not carry out sale and leaseback transactions.

Amendments to IAS 1 "*Classification of liabilities as current or non-current and non-current liabilities with covenants*" (EU Regulation No. 2023/2822 of 19 December 2023)

These amendments specify the distinguishing criteria between current and non-current liabilities.

They will have no impact on the Caisse des Dépôts Group's financial statements, as the Group presents its assets and liabilities in order of liquidity.

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 presentation of the financial statements complies with Recommendation No. 2022-01 of 8 April 2022, issued by the *Autorité des normales comptables* (French accounting standards-setter – ANC), which provides for a change in the presentation of insurance activities in the financial statements of banking institutions, due to the first-time application of IFRS 17.

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 opted to present its insurance investments based on the same categories as the investment portfolios of the banking business.

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);

  This applies in particular to the assessment of whether an asset has been subject to a significant increase in credit risk, the models and assumptions used to measure expected credit losses, the determination and weighting of the various economic scenarios and the specific assessments related to the macroeconomic environment (see section 2.9.4.1.2.4 "Credit risk provisions" in the "Risk factors" note);
- 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;
- measurement of insurance and reinsurance contracts;
- deferred tax;
- 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.

The main estimates used in applying IFRS 17 "*Insurance Contracts*" are as follows:

Liquidity premium

Under the Group's bottom-up approach to defining the discount rates used in the measurement models, the rates must reflect the liquidity characteristics of the insurance contracts. An adjustment or liquidity premium is applied to take account of differences between the liquidity characteristics of the group of insurance contracts and those of the underlying assets used to select a yield curve. The Caisse des Dépôts Group has established portfolios of financial instruments that serve as a benchmark for estimating the liquidity premium on insurance liabilities in line with the approach recommended by other regulators for estimating the Volatility Adjustment. The portfolios concerned correspond to the financial assets held by the insurance subsidiaries, comprising both bonds and diversified assets. The liquidity premium for these portfolios is adjusted by applying ratios to take account of the contracts' characteristics and the matching of assets and liabilities.

The approach used to determine a liquidity premium for a bond portfolio is comparable to the method suggested by EIOPA as part of its review of Solvency II, in terms of both calibration (macroeconomic nature of the default probabilities underlying the credit spreads) and portfolio comparisons. The liquidity premium on a bond portfolio is estimated using a model commonly used to determine the Volatility Adjustment.

The Group has chosen to include the following asset classes in its diversified portfolio:

- Real Estate and Infrastructure: these two asset classes are generally held as long-term investments, which explains their relatively high liquidity premium compared to other diversified asset classes;
- Equities: this class has been chosen, inter alia, because of the significant difference in volatility between the portfolio and the market. Market volatility is not expected to have a material impact on the Equities portfolio, because on average the portfolio's volatility is lower and more stable than that of the market, largely due to the insurance subsidiaries' asset management policies.

Contract costs

Costs attributable to contracts

IFRS 17 requires companies to identify the costs directly attributable to insurance contracts. These directly attributable costs, with the exception of non-recurring costs, are included in future cash flow projections and are essential to their determination.

Non-attributable costs

Costs that are not attributable to insurance contracts are not included in future cash flow projections and are therefore recognised in the income statement.

Cost models

The Group's direct costs (fees and commissions, direct finance expenses, etc.) are calculated directly by applying the relevant model metrics (premiums, technical provisions, etc.).

Indirect costs are allocated to each activity and projected to determine future fulfilment cash flows.

These costs are allocated by group of contracts on the basis of unit costs applied to representative metrics (premiums, mathematical provisions, etc.). Unit costs are calibrated so that the sum of projected expenses in the first year for contracts in stock at the balance sheet date is equal to actual expenses for the year, after inflation.

Experience adjustments

Experience adjustments are recorded for the difference between prior-year estimates of future cash flows and the actual data that emerges over time.

Experience adjustments leading to a change in fulfilment cash flows that relate to future insurance services, or are equivalent to an investment component, have the effect of adjusting the CSM. Experience adjustments that relate to current or prior periods are recognised in profit or loss for the period.

Update of accounting estimates

The Group makes the accounting estimates required to establish the actuarial models used to measure insurance liabilities, and ensures the consistency of:

- the measurement techniques used to determine the Best Estimate, discount future cash flows, estimate the RA, select the coverage units used to release the CSM to profit or loss; and
- the updated inputs used in the application of these measurement techniques:
  - technical or non-economic assumptions (cancellations, mortality rates, flexible premiums, expenses, etc.),
  - financial or economic assumptions based on financial market data (yield curves, stock market trends, reinvestment rates, etc.),
  - other economic or regulatory data (taxes, tax rates, etc.);
- changes in actuarial models for projecting future cash flows.

IFRS 17 stipulates that "estimates should reflect conditions existing at the measurement date, including assumptions at that date about the future". The use of current data is therefore mandatory and updates are naturally considered as a change in accounting estimate.

Future premium renewals/flexible premiums

The inclusion of premium renewals in the models depends on various factors, including the accounting method used for the insurance contracts, the premium measurement model and the underlying assumptions. The Group may consider that premiums may be renewed at each balance sheet date depending on the information and data available.

The most significant flexible premium assumptions taken into account in the models concern traditional and unit-linked savings contracts.

The Group ensures that its measurement methods comply with the requirements of IFRS 17, particularly with regard to the boundaries of insurance contracts, and that they are revised regularly to reflect the latest available information and data.

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.

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 12 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 2.1.3.11.

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 2023 – with no change from at 31 December 2022 – 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,
    - Venus Bidco (Coriance),
  - Services, Transport & Engineering:
    - Egis,
    - Transdev group,
    - Suez Holding,
    - STOA,
    - Orpéa.

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 2023 in accordance with the provisions of IFRS 9 and with the amendments to IFRS 9 "*Prepayment Features with Negative Compensation*".

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 12-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 12-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 12-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 primarily concerns repo transactions carried out with the LCH Clearnet and Eurex clearing houses.

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 Presentation of IFRS 17 "Insurance Contracts"

IFRS 17 applies to:

- written insurance and reinsurance contracts;
- all reinsurance cash flows;
- 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 to which IFRS 9 applies;
- separate investment components to which IFRS 9 applies;
- separate goods or services other than services provided under the insurance contract, which are accounted for in accordance with IFRS 15.

The other remaining components of the host contract fall within the scope of IFRS 17, including embedded derivatives or investment components that have not been separated.

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

Insurance contracts written by the Caisse des Dépôts Group that are recognised and measured in accordance with IFRS 17 include:

- insurance contracts that transfer a significant risk to the insurer. This category covers death and disability, pension, property and casualty contracts and unit-linked savings contracts with a capital guarantee;
- financial instruments with discretionary participation features (DPF), comprising both traditional savings contracts with DPF and unit-linked contracts including a traditional savings component with DPF.

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.

Contracts that do not fulfil the criteria for classification as either insurance contracts or financial instruments without DPF fall within the scope of:

- IFRS 15, when they correspond to the provision of services; or
- IAS 19, for contracts taken out in connection with benefit plans in favour of Group employees.

Under IFRS 17, premium income – corresponding to the premiums received during the period – has been replaced by insurance revenue, which reflects the consideration to which the insurer expects to be entitled in exchange for the services provided on an earned basis.

Insurance revenue comprises:

- the CSM released to profit for the reporting period;
- the RA released to profit for the reporting period;
- revenue earned during the reporting period from the provision of insurance services; and
- amortisation of deferred acquisition costs.

2.1.3.2.2 Aggregation of groups of insurance contracts

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

- The first step consists of defining a portfolio of contracts constituting an annual cohort and a profitability group (a group of contracts managed together, covering the same risks and with the same or similar margins). 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 not being properly reflected in the financial statements, the European Union has introduced an optional exemption from the application of this annual cohort requirement. The Group has chosen to apply this exemption;
- 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:
  - groups of contracts that are onerous at initial recognition,
  - groups of contracts that at initial recognition have no significant possibility of becoming onerous subsequently,
  - groups of contracts that at initial recognition have a significant possibility of becoming onerous over the life of the group of other contracts in the portfolio.

The contracts' profitability is tested at inception for the purpose of allocating them to a group.

The standard does not specify the order in which these criteria should be applied when creating groups of contracts.

Contracts are assigned to a group and accounting model upon initial recognition. A group of contracts or the accounting model cannot be changed, except in the case of a contract modification within the meaning of IFRS 17.72, i.e., when the terms of an insurance contract are modified, for example by agreement between the parties to the contract or by a change in regulations.

Where a group of contracts is onerous, a loss is recognised immediately in the income statement. The loss component is monitored in the management accounts until the contract is derecognised or becomes profitable.

An insurance contract is derecognised when:

- the contract is extinguished, i.e., when the insurer's obligation expires, is discharged or is cancelled; or
- changes to the contract result in its derecognition, i.e., when the terms of an insurance contract are modified and this change results in derecognition of the original contract and recognition of a new modified contract.

2.1.3.2.3 Contract boundaries and Best Estimate (BE)

The measurement of a group of insurance contracts includes all future cash flows within the scope of each contract in the Group. Future cash flows may be estimated at a higher level of aggregation and then allocated to groups of individual contracts.

Estimates of future cash flows incorporate unbiased estimates of all reasonable and supportable information available on the amount, timing and certainty of future cash flows.

They include the expected value (i.e., the probability-weighted average) of all possible outcomes.

Estimates of future cash flows must:

- objectively incorporate all reasonable and supportable information that can be obtained without undue cost or effort about the amount, timing and certainty of future cash flows, including estimated mathematical expectations (i.e., the probability–weighted average) of the full range of possible outcomes;
- reflect the Group's views, provided that estimates of the relevant market variables are consistent with observable market prices for those variables;
- be up to date – estimates should reflect the conditions existing at the measurement date, including assumptions about the future at that date;
- be explicit.

The economic assessment should be based on the average of numerous economic trajectories. To ensure that the estimates are relevant, account is taken of management action and action by the Group's partners in market conditions far removed from the current situation.

2.1.3.2.4 Measurement models for groups of contracts

The Building Block Approach (BBA) or general model

In the IFRS 17 financial statements, the liability recognised when an insurance contract is written is 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) ("Best Estimate – BE");
- a risk adjustment reflecting the uncertainty about the amount and timing of these cash flows ("Risk Adjustment – RA");
- 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 released to profit over the life of the contracts as the services are provided. If a loss is expected, it is recognised immediately in profit or loss when the contract is written (onerous contract) and the loss component is monitored until the contract is derecognised or becomes profitable again.

Variable Fee Approach (VFA)

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.

Application of the VFA is compulsory for all direct participating contracts, such as contracts with segregated funds and variable capital contracts. The Group also uses this approach for insurance contracts with investment components.

Premium Allocation Approach (PAA)

The Premium Allocation Approach (PAA), whereby premiums are allocated over the life of the contracts, is a simplification of the general model. Its application is optional. For the purpose of applying the PAA, the initial liability corresponds to the premiums received at initial recognition. The liability is then adjusted for:

- liabilities recorded in respect of incurred claims, in the same way as for the BBA or VFA models; and
- the outstanding cover.

The standard specifies that the PAA model can be used:

- where the entity reasonably expects that such simplification would produce a measurement of the liability for remaining coverage for the group that would not differ materially from the one that would be produced applying the general model. Paragraph 54 of IFRS 17 specifies the cases in which this condition cannot be verified; or
- for contracts where the period of cover (including cover in respect of premiums included in the contract boundary) is less than or equal to one year.

In accordance with paragraph 69 of IFRS 17, this accounting model may also be applied to reinsurance contracts issued or held subject to compliance with the same criteria.

Caisse des Dépôts Group makes limited use of the PAA model for some Brazilian contracts that fulfil the related criteria.

2.1.3.2.5 Acquisition costs

Insurance acquisition cash flows are allocated to groups of insurance contracts using a systematic and rational method.

The costs are amortised for each group of contracts. Acquisition costs recognised in the reporting period are calculated using metrics that are representative of the services rendered during the period (premiums, mathematical provisions, etc.).

2.1.3.2.6 Adjustment for non-financial risks (RA)

To estimate the adjustment for non-financial risks, the Group uses a fixed percentile common to all subsidiaries and identified risks. The RA is based on an ultimate confidence level of 80%. This level corresponds to the Group's best estimate of its exposure to non–financial risk in an accounting environment. It is also in line with the five-year projection period used for the business plan, corresponding to the implementation period of a strategy to limit the risk of its objectives not being achieved over the period, in other words using appropriate metrics to minimise business plan uncertainty.

The quantile is estimated using the Value at Risk (VaR) method, which consists of determining, for a given percentile, the expected loss on the insurer's commitments, assuming a known statistical distribution of risk factors.

This adjustment is released to net banking income on the line "Insurance service expenses".

2.1.3.2.7 Coverage units

The total number of coverage units for a group of contracts corresponds to the quantity of services provided by the contracts in the group over the planned period of cover. Coverage units are determined prospectively at the end of each reporting period, taking into account:

- the quantity of services provided under the group of contracts;
- the expected coverage period of the group of contracts; and
- the probability of insured events occurring, only to the extent that they affect the expected period of cover of the group of contracts.

Once the coverage unit has been determined, it is used to allocate income and expenses to each reporting period. Revenues are recognised in each period as the covered insurance services are provided, while expenses are recognised on the basis of the expected costs associated with the cover.

For each group of contracts measured using the VFA or BBA model, for which the CSM is positive over several periods, at the end of a reporting period, the estimated CSM on the insurance services provided during the reporting period in respect of the group of insurance contracts is released to profit.

To determine this amount, the Group:

- defines the number of coverage units for the group of contracts, corresponding to the volume of insurance services to be provided under the contracts, as determined based on the volume of services provided under each contract and the planned period of cover;
- allocates the period-end CSM (before recognition in profit of the margin earned on the insurance services provided under the group of contracts during the reporting period) equally among the coverage units represented by insurance services provided during the reporting period and expected to be provided in the future;
- releases to profit the amount allocated to the coverage units represented by insurance services provided during the reporting period.

By way of example, the following coverage units are used for the main types of contract:

- savings: mathematical provisions;
- pensions: mathematical provisions;
- term creditor insurance: outstanding principal, principal at risk;
- individual death/disability insurance:
  - funeral insurance: insured amount, principal at risk,
  - long-term care insurance: insured amount for home improvements, number of contracts,
  - term life insurance: premiums;
- Group death/disability insurance: these are annual contracts and the total CSM is therefore recognised in profit in the reporting year.

For savings and pensions contracts measured using the VFA model, in order to ensure that coverage units are correctly allocated to each financial year, the CSM released to profit in each period is adjusted based on actual results for the period. The main purpose of this adjustment is to provide a better understanding of the economic effects not considered in the initial CSM measurement by including all the services rendered (asset management and performance). It is made for each savings/pensions portfolio measured according to the VFA model that is profitable at the balance sheet date, using a long–term approach that takes into account a risk premium and the cost of options and guarantees.

2.1.3.2.8 Discount rate

IFRS 17 requires the time value of money and the financial risks associated with future cash flows to be taken into account when estimating future cash flows, to the extent that the financial risks are not included in the estimates of these flows.

The discount rates applied to estimates of future cash flows are determined in accordance with the guidelines in the standard.

Under IFRS 17, the yield curve may be constructed using either a bottom-up approach or a top-down approach.

The Group has opted to use the bottom-up approach whereby the yield curve is determined as the sum of two components: a market risk-free rate and a liquidity premium.

The discount curves used by the Group may vary depending on the market. They are generally based on observed market rates using the risk-free yield curve, to which a risk premium specific to the portfolios concerned is added.

The discount curves may differ from those used for other actuarial modelling purposes, such as insurance contract pricing or risk management.

This section covers all the currencies to which the insurance subsidiaries are exposed but focuses mainly on yield curve assumptions for the euro, which is the functional currency of the majority of Group entities and the Group's presentation currency.

Discount curve

Two types of discount curve are used depending on the nature of the cash flows to be discounted and the accounting method and the accounting aggregates to be impacted:

- the current discount curve: determined using market information at the measurement date (market-consistent); or
- the discount curves at inception: determined on the basis of historical data to obtain a measurement of liabilities at the date of initial recognition of the group of insurance contracts.

Liquidity premium

The bottom-up approach requires discount rates to be adjusted to reflect the liquidity characteristics of insurance contracts. The liquidity premium is the adjustment resulting from differences between the liquidity characteristics of the group of insurance contracts and the liquidity of the assets used to establish the yield curve. It is applied to the risk-free yield curve, which is deemed to be liquid. The method used to determine this premium is described in the section "Use of estimates".

Effect of the time value of money

The effect of the time value of money corresponds to the increase in interest on:

- all future cash flows;
- the risk adjustment for non-financial risk (RA); and
- the contractual service margin (CSM).

The time value of money corresponds to the increase in the carrying amount of the group of insurance contracts issued and is a component of the finance expense from the contracts.

Discounted present value of the CSM and discounting adjustments under the general model (BBA)

In application of the general model (BBA), interest is accreted on the carrying amount of the CSM using fixed discount rates determined on initial recognition of the group of insurance contracts. At each balance sheet date, the CSM is measured as the opening CSM less the discounting adjustment determined using the rate based on the discount curve at inception.

Discounting and accretion of the CSM are not reported separately under the VFA model, but are captured indirectly by movements in the underlying items and fulfilment cash flows.

2.1.3.2.9 Recognition in other comprehensive income of changes in the fair value of the underlying assets of the insurance contracts

Under IFRS 17, in certain circumstances, changes in the value of insurance liabilities may be recognised directly in equity through other comprehensive income (OCI), rather than through profit or loss. This option mainly concerns the effect of changes in the discount rate applied to insurance liabilities. The Group applies this option by mirroring the recognition in other comprehensive income of gains and losses on the underlying assets representing insurance obligations.

This option is available for insurance contracts that meet certain conditions, in particular with regard to the way in which the assets are managed and the obligations are valued. Election to apply the OCI option must be made consistently for all contracts in the same IFRS 17 portfolio. For participating contracts, the option applies to contracts meeting certain conditions, in particular concerning the intended holding period of the underlying assets.

Application of the OCI option reduces the volatility of investment income linked to fluctuations in the market value of assets. This is particularly useful for long-term insurance contracts that are exposed to market risks. In particular, the recognition in OCI of the effect of changes in interest rates on insurance liabilities reduces the sensitivity of the insurance service result to the volatility resulting from the measurement of liabilities at the current rate for each period.

2.1.3.2.10 Risk mitigation measures

The standard permits the use of financial instruments at fair value through profit or loss (notably derivatives) or reinsurance contracts held to mitigate the effect of the time value of money and financial risk on contracts with direct participation features. Risk mitigation measures are mainly applied to reinsurance contracts held.

Where the conditions are met, the Group has chosen not to recognise the following items within CSM, as would have been the case under the VFA model, but to recognise them in profit or loss, in order to offset them against changes in the fair value of the hedging instruments used. This option concerns:

- the amount corresponding to the CNP group's share of the fair value of the underlying items;
- changes in the effect of the time value of money and financial risks that do not result from the underlying items.

These provisions are applied by adjusting the CSM on direct insurance contracts for the difference between the CSM adjustment on reinsurance contracts held, as calculated using the VFA model and the BBA model. The amount of finance expense corresponding to the risk mitigation effect is recognised in full in profit or loss as the OCI option is not applied to reinsurance contracts held by head office entities.

This application of IFRS 17 fulfils the objective of eliminating differences resulting from the use of different measurement models for reinsurance contracts held and underlying items, primarily for reinsurance contracts measured using the VFA model. In addition, it highlights the risk mitigation effect.

2.1.3.2.11 Intra-group margin

La Banque Postale group distributes and manages insurance contracts on behalf of its subsidiaries. This activity generates distribution and management costs which are included in the Group's income statement.

For their part, the insurance subsidiaries pay insurance contract distribution and management fees to La Banque Postale. These fees include a mark-up charged by La Banque Postale to its subsidiaries.

Under IFRS 17, the Best Estimate includes all costs associated with insurance activities, including the cost of distributing and managing the insurance contracts. The insurance subsidiaries' Best Estimates include the insurance contract distribution and management fees, with the mark-up.

However, at Group level, the mark-up is not included in the Best Estimate, as it represents a profit and not a cost, and it is therefore included in the CSM.

As a result, the Group CSM is different from the sum of the insurance subsidiaries' CSMs. It includes a component representing the intra–group margin, which is determined by applying an estimated cost/income ratio to distribution and management fees. This margin is included in the CSM at La Banque Postale group level.

2.1.3.2.12 Reinsurance contracts

This section describes the specific features of the measurement models applied by the Caisse des Dépôts Group to reinsurance contracts held and issued in accordance with IFRS 17.

Measurement models

Reinsurance contracts held (outward reinsurance) or issued (inward reinsurance) are measured using the BBA and PAA models if the eligibility criteria are met.

Measurement models excluding VFA

Reinsurance contracts issued and reinsurance contracts held cannot be direct participating contracts. As a result, the only possible measurement models for reinsurance contracts are the BBA and the PAA. All reinsurance contracts related to the Group's activities in France are measured using the BBA model.

Contract boundaries

The reinsurer has a substantive obligation to provide insurance coverage or other services to the ceding insurer. The substantive obligation ends when:

- the reinsurer has the practical ability to reprice the risks transferred by the ceding insurer or change the level of cover so that the price fully reflects those risks;
- the reinsurer has the right to terminate the cover. The ceding insurer has a substantive obligation to pay the premiums due to the reinsurer.

The Caisse des Dépôts Group's BE, RA and CSM calculations take into account the effect of reinsurance on underlying contracts not yet recognised by the ceding insurer, including any contracts issued prior to the reinsurance treaty covering them.

Cash flows within the contract boundary for reinsurance contracts held result from the Group's substantive rights or obligations as the ceding insurer.

Definition of inward reinsurance portfolios

IFRS 17 does not define a specific rule for constituting groups of reinsurance contracts issued. The Group's position is not to create IFRS 17 portfolios specifically for inward reinsurance.

Definition of outward reinsurance portfolios

Concerning reinsurance contracts held, the Group's position is to align the portfolio definition with the definition of direct insurance portfolios. This is because the contracts in question are quota-share treaties and the risks within a portfolio are automatically similar in terms of ceded commitments if they are deemed to be similar to direct insurance portfolios. Lastly, the grouping of several reinsurance contracts in the same portfolio enables the Group to consider that they are managed together in the sense that the common objective is to mitigate the risks on a portfolio of underlying contracts that in turn are managed together.

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 12 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 12 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 12 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 Property and equipment, and intangible assets

Property and equipment and intangible assets recorded in the balance sheet correspond to assets used to run the business, i.e., for production, service or administrative purposes. It includes assets leased to third parties under operating leases.

Owner-occupied 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 (including external charges and personnel expenses directly attributable to the project) 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 an insurance 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):

- individual death & disability policies in Brazil: 10 years;
- individual death & disability policies in France: 15 years.

When an asset management 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. For acquired management contracts and dedicated funds managed on behalf of institutional customers, an intangible asset is recognised under "Contractual customer relationships". The intangible asset is amortised on a straight-line basis over the estimated life of the contractual customer relationship, as determined on a run-off basis taking into account the probability of the contracts being renewed.

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 distribution agreements are recognised in the income statement under "Net depreciation, amortisation and impairment of property, equipment and intangible assets".

2.1.3.10 Investment property

Investment property is property (land or building) held to earn rental income or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business.

The Group has elected to measure investment property using the cost model, as allowed by IAS 40, except for properties held in portfolios underlying direct participating insurance contracts and investment contracts with discretionary participation features measured using the VFA model, which are measured at fair value.

The fair values of properties measured using the cost model are also disclosed in these notes to the financial statements. Fair value is the price that would be received to sell a property or shares in a non–trading property company in an orderly transaction.

Impairment

At the end of each reporting period, properties are assessed to determine whether there is any indication that they may be impaired. If there is an indication of impairment, the recoverable amount of the property concerned is estimated and an impairment test is performed.

The recoverable amount of a property is the higher of its value in use and its market price less costs to sell. An impairment loss is recognised if the recoverable amount of the property is less than its carrying amount. Otherwise, no impairment loss is recorded.

2.1.3.11 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.

2.1.3.12 Leases

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

2.1.3.12.1 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.

2.1.3.12.1.1 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.

2.1.3.12.1.2 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.

2.1.3.12.2 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.

2.1.3.13 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".

2.1.3.14 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.

As an exception, no deferred taxes related to income taxes resulting from application of the OECD's "Pillar Two" rules are recognised (see amendments to IAS 12 "*International Tax Reform - Pillar Two Model Rules*" - EU Regulation No. 2023/2468 of 8 November 2023).

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.

2.1.3.15 Share capital

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

2.1.3.16 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".

2.1.3.17 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, 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

The cost of credit risk includes:

For banking activities:

- 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.

The banking activities' cost of credit risk is presented as a component of operating profit, below net banking income.

For insurance activities:

- loss allowances, reversals and write-offs on financial investments held to back insurance liabilities.

These are presented as a component of net banking income, on the line "Cost of credit risk on financial investments of insurance activities".

2.2 Effects of applying IFRS 17 from 1 January 2023

IFRS 17 – "*Insurance Contracts"* was published on 18 May 2017, and an amended version was published on 25 June 2020. IFRS 17 was adopted by the European Union (EU) on 19 November 2021. It replaces IFRS 4 for annual reporting periods beginning on or after 1 January 2023.

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard.

2.2.1 First-time application of IFRS 17 at the Caisse des Dépôts Group

2.2.1.1 Retrospective application of IFRS 17

IFRS 17 is applicable retrospectively as if it had always been applied, in accordance with IAS 8. The transition impacts are recognised in equity.

There are three types of transition methods under IFRS 17:

- 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. This method is compulsory if the data is available. Where this is not the case, the following methods may be applied;
- 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 La Banque Postale group, particularly savings and pensions contracts;
- 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.

2.2.1.2 Restatement of comparative information

For the first-time application at 1 January 2023, IFRS 17 requires restated comparative information to be presented for the 2022 financial year. The Group's financial year ends on 31 December and the IFRS 17 transition date is therefore 1 January 2022.

2.2.1.3 Presentation of the Caisse des Dépôts Group's accounts

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.

2.2.1.4 Key issues in the transition to IFRS 17 and the determination of insurance liabilities

Further to the transition on 1 January 2022, a new balance sheet indicator was created –"Insurance contract liabilities" – comprising three components: the Best Estimate (BE), the Contractual Service Margin (CSM) and the Risk Adjustment (RA). At the transition date, the CSM amounted to around €17 billion and the RA to €1.6 billion, before tax.

2.2.1.4.1 Cancellation of intangible insurance assets

IFRS 17 does not permit the separate recognition of intangible assets previously recognised under IFRS 4, such as portfolios of insurance contracts and investment contracts with a discretionary participation feature acquired in a business combination or portfolio transfer, and insurance acquisition cash flows (deferred acquisition costs). These items are now included in the projected future cash flows from insurance contracts.

2.2.1.4.2 Discontinuation of shadow accounting

The measurement models for insurance (and reinsurance) contracts in IFRS 17 have removed the need for shadow accounting adjustments, meaning that the balance sheet no longer includes any deferred participation assets on the assets side or net deferred participation liabilities on the liabilities side.

2.2.1.4.3 New presentation of income statement indicators

Under IFRS 17, premium income – corresponding to the premiums received during the period – has been replaced by insurance revenue, which reflects the consideration to which the insurer expects to be entitled in exchange for the services provided on an earned basis.

Insurance revenue comprises:

- the CSM released to profit for the reporting period;
- the RA released to profit for the reporting period;
- revenue earned during the reporting period from the provision of insurance services; and
- amortisation of deferred acquisition costs.

2.2.1.4.4 The overlay approach is no longer applied

First-time application of IFRS 17 has also resulted in the discontinuation of the overlay approach, which was in place until the entry in force of IFRS 17.

This option, permitted by IFRS 4 and chosen by the Caisse des Dépôts Group upon first-time application of IFRS 9 by the insurance entities, eliminated the temporary earnings volatility generated by the application of IFRS 9 before IFRS 17 came into effect. 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 was therefore equal to the difference between:

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

Eligible assets consisted of assets cumulatively measured at fair value through profit or loss, that would have been measured using another method if IAS 39 had been applied, and that were not held as part of an activity not related to the insurance activity covered by IFRS 4. Nevertheless, the measurement of financial assets in the balance sheet continued to comply with IFRS 9. At the transition date, the restatement enabling the use of the overlay approach to be cancelled retrospectively reduced the gains and losses recognised directly in equity by means of an offsetting entry in consolidated reserves for an amount of €1,245 million net of deferred tax.

2.2.1.4.5 Companies will have the option of measuring equity instruments not held for trading at fair value through other comprehensive income not to be reclassified to profit or loss

The Caisse des Dépôts Group has applied the option of classifying equity instruments available for sale as assets at fair value through other comprehensive income, as permitted by IFRS 17 for entities that already applied IFRS 9 in periods prior to the transition date. Investments measured at fair value through other comprehensive income amounted to approximately €21,544 million at the transition date. Future changes in the fair value of these investments will be recognised in other comprehensive income and will no longer affect net profit for the year. However, it follows that gains and losses on disposal of these investments cannot be recognised in profit or loss and will be definitively considered as prior year profits or losses in consolidated reserves.

2.2.1.4.6 Investment property at fair value through profit or loss

In accordance with the option offered by IAS 40, as amended following the publication of IFRS 17, the Group has elected to measure at fair value investment property corresponding to an underlying component of direct participating insurance contracts or investment contracts with a discretionary participation feature measured using the Variable Fee Approach. If the property is allocated in its entirety to these contracts, it may not be measured partly at cost and partly at fair value.

2.2.2 Main effects of the transition to IFRS 17 at 1 January 2023 on the restated 2022 financial statements

Application of IFRS 17 had the effect of increasing the Caisse des Dépôts Group's transition-date equity by €1,461 million, of which €630 million attributable to owners of the parent and €831 million attributable to non-controlling interests at 1 January 2022.

(in millions of euros)	1 January 2022 Reported	Impact of first-time application of IFRS 17	Other impacts	1 January 2022 Restated	31 December 2022 Reported	IFRS 17 transition impact	Other impacts	31 December 2022 Restated
Assets								
Cash and amounts due from central banks	76,041			76,041	42,974			42,974
Financial assets at fair value through profit or loss(1)	247,204	(21,540)		225,664	240,471	(15,877)		224,594
Hedging instruments with a positive fair value	6,088			6,088	4,367			4,367
Financial assets at fair value through OCI(1)	268,293	21,536		289,829	230,852	15,874		246,726
Securities at amortised cost	68,340			68,340	83,079			83,079
Loans and receivables due from credit institutions and related entities at amortised cost(2)	91,083		2,000	93,083	109,711		3,519	113,230
Loans and receivables due from customers at amortised cost(2)	187,681		(2,000)	185,681	192,703		(3,519)	189,184
Cumulative fair value adjustments to portfolios hedged against interest rate risk(3)	346		(2,054)	(1,709)	1,104		(3,609)	(2,505)
Insurance contracts issued - Assets(4)		1,390		1,390		1,506		1,506
Reinsurance contract held - Assets(4)		11,521		11,521		8,221		8,221
Current and deferred tax assets	1,896	(41)		1,855	5,056	(645)		4,411
Prepayments, accrued income and other assets(4)	46,418	(26,274)		20,144	51,454	(26,534)		24,920
Non-current assets held for sale and discontinued operations	2,272			2,272	134			134
Deferred participation(4)					9,692	(9,692)		
Investments in equity-accounted companies	23,406	8		23,414	25,413	10		25,423
Investment property(5)	24,207	439		24,646	26,653	529		27,182
Owner-occupied property and equipment	15,227			15,227	14,873			14,873
Intangible assets(6)	6,986	(913)		6,073	7,088	(797)		6,291
Goodwill	1,182			1,182	1,998			1,998
Total assets	**1,066,670**	**(13,874)**	**(2,054)**	**1,050,742**	**1,047,622**	**(27,405)**	**(3,609)**	**1,016,608**

(in millions of euros)	1 January 2022 Reported	Impact of first-time application of IFRS 17	Other impacts	1 January 2022 Restated	31 December 2022 Reported	IFRS 17 transition impact	Other impacts	31 December 2022 Restated
Liabilities and equity								
Financial liabilities at fair value through profit or loss	5,506			5,506	14,093			14,093
Hedging instruments with a positive fair value	7,067			7,067	10,459			10,459
Debt securities	132,599			132,599	134,585			134,585
Due to credit institutions[2]	51,678		15,915	67,593	51,891	(33)	17,565	69,423
Due to customers[2]	319,639	(1)	(15,915)	303,723	329,027	27	(17,565)	311,489
Cumulative fair value adjustments to portfolios hedged against interest rate risk	320		(2,054)	(1,734)	1,507	(1)	(3,609)	(2,103)
Current and deferred tax liabilities	4,932	627		5,559	4,048	773		4,821
Accrued expenses, deferred income and other liabilities[4]	42,608	(13,212)		29,396	42,572	(13,283)		29,289
Liabilities related to non-current assets held for sale	1,367			1,367	51			51
Insurance contract issued - liabilities[4]		411,623		411,623		364,580		364,580
Reinsurance contract held - liabilities[4]		27		27		33		33
Provisions	6,641			6,641	6,130			6,130
Insurance company technical provisions and shadow accounting reserves[4]	414,398	(414,398)			383,656	(383,656)		
Subordinated debt, guarantee deposits	10,104			10,104	9,144			9,144
Equity attributable to owners								
Reserves and retained earnings	33,239	826		34,065	35,642	1,042		36,684
Other comprehensive income	11,068	(197)		10,871	5,095	1,618		6,713
Profit (loss) for the period	3,861			3,861	3,291	(127)		3,164
Total equity attributable to owners[7]	**48,168**	**629**		**48,797**	**44,028**	**2,533**		**46,561**
Non-controlling interests[7]	21,643	831		22,474	16,431	1,622		18,053
Total equity[7]	**69,811**	**1,460**		**71,271**	**60,459**	**4,155**		**64,614**
Total liabilities and equity	**1,066,670**	**(13,874)**	**(2,054)**	**1,050,742**	**1,047,622**	**(27,405)**	**(3,609)**	**1,016,608**

(1) €21,544 million of securities at fair value through profit or loss were reclassified as financial assets at fair value through other comprehensive income in application of the option offered by IFRS 17 as described above.

(2) Securities purchased under collateralised resale agreements/sold under collateralised repurchase agreements have been reclassified from "Customers" to "Credit institutions". The adjustments concerned assets of €2,000 million and liabilities of €15,915 million at 1 January 2022, and assets of €3,519 million and liabilities of €17,565 million at 31 December 2022.

(3) Revaluation differences on portfolios hedged against interest rate risks reclassified between assets and liabilities at 1 January 2022.

(4) Effects of applying IFRS 17 on the measurement of insurance and reinsurance assets and liabilities.

(5) Remeasurement of investment property at fair value (IFRS 17 amendment to IAS 40).

(6) Cancellation of intangible assets corresponding to the Value of Business Acquired (VOBA), in the amount of €759 million, as they are now included in the value of IFRS 17 insurance provisions. Cancellation of intangible assets corresponding to contractual customer relationships in the unit-linked business in Italy and the pensions business in Brazil, for a total of €238 million.

(7) €1,461 million increase in equity, mainly as a result of:
- fair value adjustments to insurance and reinsurance assets and liabilities for €1,542 million, of which €254 million attributable to owners of the parent and €1,288 million attributable to non-controlling interests;
- fair value adjustments to investment property for €380 million, of which €198 million attributable to owners of the parent and €182 million attributable to non-controlling interests;
- cancellation of the Value of Business Acquired, which had the effect of reducing equity by a net amount of €311 million, breaking down as a €207 million increase in equity attributable to owners of the parent and a €518 million reduction in non-controlling interests;
- cancellation of contractual customer relationships, which reduced equity by €151 million, with equity attributable to owners of the parent reduced by €38 million and non-controlling interests reduced by €114 million.

2.3 Notes to the consolidated income statement

2.3.1 Interest income and expense

	31.12.2023			31.12.2022		
(in millions of euros)	**Income**	**Expenses**	**Net**	Income	Expenses	Net
Financial instruments at amortised cost	**10,358**	**(7,654)**	**2,704**	**4,827**	**(2,263)**	**2,564**
Credit institution transactions	5,460	(2,415)	3,045	2,089	(632)	1,457
Customer transactions	3,194	(3,472)	(278)	1,765	(1,113)	652
Securities at amortised cost	1,701		1,701	968	(8)	960
Debt securities and subordinated debt	3	(1,767)	(1,764)	5	(510)	(505)
Financial assets at fair value through OCI	**5,125**		**5,125**	**3,718**	**(9)**	**3,709**
Hedging transactions	**4,040**	**(4,651)**	**(611)**	**2,060**	**(1,596)**	**464**
Other		**(143)**	**(143)**		**(102)**	**(102)**
Total interest income and expense	**19,523**	**(12,448)**	**7,075**	**10,605**	**(3,970)**	**6,635**
o/w negative interest on financial liabilities in income	86			232		
o/w negative interest on financial assets in expenses		(1)			(105)	

2.3.2 Fee and commission income and expense

	31.12.2023		31.12.2022	
(in millions of euros)	**Income**	**Expenses**	Income	Expenses
Credit institution and similar transactions	7			
Customer transactions	1,212	(4)	1,133	(6)
Securities and derivatives transactions	430	(58)	331	(64)
Transactions on securities at fair value through OCI		(5)		(4)
Transactions on securities at amortised cost		(13)		(14)
Financial services transactions	572	(245)	583	(207)
Other fees and commissions	101		99	(3)
Fee and commission income and expense	**2,323**	**(326)**	**2,146**	**(298)**

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

	31.12.2023		31.12.2022	
(in millions of euros)	Total	of which fair value option	Total	of which fair value option
Net disposal gains and losses	1,057		(228)	(44)
Fair value adjustments, interest income or expense	3,010	(73)	(5,335)	38
Debt instruments	**4,067**	**(73)**	**(5,563)**	**(6)**
Net disposal gains and losses	(860)		(84)	
Fair value adjustments, interest income or expense	(554)		428	
Dividend income	1,378		1,285	
Equity instruments	**(36)**		**1,629**	
Net disposal gains and losses			1	
Fair value adjustments, interest income or expense	6,790		(2,373)	
Futures and options (excluding hedging instruments)	**6,790**		**(2,372)**	
Net disposal gains and losses	(45)		9	
Fair value adjustments, interest income or expense	482		(296)	
Loans	**437**		**(287)**	
Net disposal gains and losses	2		1	
Fair value adjustments, interest income or expense	(130)	(41)	275	117
Other income and expense, net	(807)	(1)	(366)	(6)
Debt securities, borrowings and securities issued	**(935)**	**(42)**	**(91)**	**111**
Hedging gains and losses	**(182)**		**92**	
Currency instruments	**(6)**		**(6)**	
Securities and other assets purchased and sold under collateralised reverse repurchase agreements	**(9)**		**8**	
Total net gains and losses on financial instruments at fair value through profit or loss	**10,126**	**(115)**	**(6,590)**	**105**

Net hedging gains and losses

(in millions of euros)	31.12.2023	31.12.2022
Fair value hedges	**(82)**	**(148)**
Change in fair value of hedged items attributable to the hedged risks	(1,820)	5,717
Change in fair value of hedging derivatives (including hedge termination)	1,738	(5,865)
Cash flow hedges	**1**	**2**
Change in fair value of hedging derivatives – ineffective portion	1	2
Fair value hedges of interest rate risks on a portfolio of financial instruments	**(101)**	**232**
Change in fair value of hedged items	308	(397)
Change in fair value of hedging derivatives	(409)	629
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	**(182)**	**92**

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

(in millions of euros)	**31.12.2023**	31.12.2022
Net disposal gains and losses	(3,076)	(2,623)
Debt instruments	**(3,076)**	**(2,623)**
Dividend income	1,375	1,388
Equity instruments	**1,375**	**1,388**
Total net gains and losses on financial instruments at fair value through OCI	**(1,701)**	**(1,235)**

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

(in millions of euros)	**31.12.2023**	31.12.2022
Gains resulting from derecognition	17	33
Losses resulting from derecognition	(9)	(17)
Total net gains or losses resulting from derecognition of financial assets at amortised cost	**8**	**16**

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

(in millions of euros)	**31.12.2023**	31.12.2022
Securities at amortised cost	5,312	3,093
Loans and receivables due from credit institutions and related entities at amortised cost		311
Loans and receivables due from customers at amortised cost(1)	282	3,524
Total carrying amounts of financial assets at amortised cost derecognised	**5,594**	**6,928**

(1) In 2022, loans and receivables due from customers included the loans concerned by the liquidity support provided to cruise operators by Sfil's export credit division.

2.3.6 Insurance revenue

(in millions of euros)	**31.12.2023**	31.12.2022
Contracts valued using the BBA and VFA models	**10,078**	**10,388**
Amounts relating to changes in remaining coverage liabilities arising from:	**8,418**	**8,407**
Contractual service margin released to profit on insurance services provided during the period	2,212	2,279
Adjustment for non-financial risk released to profit	283	233
Expected expenses for the period relating to insurance contracts issued, net of amortisation of the loss component	5,724	5,783
Experience adjustments to premiums received and acquisition costs	200	113
Acquisition cash flows allocated to the period	**1,660**	**1,981**
Contracts valued using the PAA model	**1,607**	**1,542**
Total insurance revenue	**11,685**	**11,930**

2.3.7 Insurance service expenses

(in millions of euros)	Contracts valued using the BBA and VFA models	Contracts valued using the PAA model	**31.12.2023**
Incurred claims and other insurance service expenses	(6,551)	(1,106)	(7,656)
Amortisation of insurance acquisition cash flows	(1,660)	(164)	(1,823)
Adjustments to liabilities for incurred claims	1,087	13	1,099
Losses and reversals on groups of onerous contracts	(59)	1	(58)
Insurance service expenses	**(7,183)**	**(1,256)**	**(8,438)**

(in millions of euros)	Contracts valued using the BBA and VFA models	Contracts valued using the PAA model	31.12.2022
Incurred claims and other insurance service expenses	(7,102)	(1,104)	(8,206)
Amortisation of insurance acquisition cash flows	(1,981)	(158)	(2,139)
Adjustments to liabilities for incurred claims	1,116	50	1,166
Losses and reversals on groups of onerous contracts	(49)	2	(48)
Insurance service expenses	**(8,016)**	**(1,210)**	**(9,226)**

Insurance service expenses include the mark-up received by the Group on the insurance contract distribution and management fees charged to subsidiaries. The mark-up is calculated as the difference between the fees received and underlying costs, determined using an analytical operating expense ratio specific to the insurance business.

2.3.8 Income and expenses from reinsurance contracts held

(in millions of euros)	**31.12.2023**	31.12.2022
Reinsurance expenses – contracts valued using the BBA model	**(675)**	**(578)**
Contractual service margin released to profit on insurance services received during the period	(72)	(54)
Change in non-financial risk adjustment due to expired risk	(10)	(2)
Expected expenses for the period	(584)	(505)
Experience adjustments	(9)	(17)
Reinsurance expenses – contracts valued using the PAA model	**(167)**	**(177)**
Reinsurance income – contracts valued using the BBA model	**609**	**650**
Reinsurance recoveries	636	637
Adjustments related to provisions recovered from reinsurers	(30)	7
Loss component	2	3
Change in risk adjustment related to ceded incurred claims	1	3
Reinsurance income – contracts valued using the PAA model	**127**	**129**
Revenue and expenses on reinsurance contracts held	**(106)**	**24**

2.3.9 Finance income or expenses from insurance and reinsurance contracts (net investment income)

(in millions of euros)	**31.12.2023**	31.12.2022
Financial assets at fair value through profit or loss		
Net gain or loss on financial instruments at fair value through profit or loss	9,923	(6,794)
Total income/(expense) from financial assets at fair value through profit or loss	**9,923**	**(6,794)**
Financial assets at fair value through OCI to be reclassified to profit or loss		
Net gain or loss on financial assets at fair value through OCI to be reclassified to profit or loss	(2,979)	(2,626)
Interest calculated using the EIR method	4,408	3,505
Gains and losses recognised directly in equity	11,306	(36,913)
Impairment losses	6	136
Total income/(expense) from financial assets at fair value through OCI to be reclassified to profit or loss	**12,740**	**(35,898)**
Financial assets at amortised cost		
Net gain or loss on derecognised financial assets at amortised cost		(81)
Interest calculated using the EIR method	238	244
Impairment losses	(2)	
Total income from financial assets at amortised cost	**236**	**162**
Financial assets at fair value through OCI not to be reclassified to profit or loss		
Income recognised in profit or loss	526	558
Gains and losses recognised directly in equity	2,309	(2,824)
Total income/(expense) from financial assets at fair value through OCI not to be reclassified to profit or loss	**2,835**	**(2,265)**
Investment property		
Net gains or losses on investment property (net of impairment)	(563)	161
Net income/(expense) from investment property	**(563)**	**161**
Other net investment income/(expense)	(60)	29
Investment income/(expense) (impact on profit and equity)	**25,111**	**(44,604)**
Discounting adjustments and accrued interest on insurance contracts	(313)	(260)
Changes in fair value of underlying items	(11,172)	7,049
Changes in interest rates and the economic environment	(12,418)	36,959
Effect of risk mitigation	47	837
Foreign exchange differences on finance expenses from insurance contracts		
Finance income or expenses from insurance contracts issued	**(23,856)**	**44,585**
of which: recognised directly in equity	(12,504)	37,045
of which: recognised in profit or loss	(11,352)	7,541
Discounting adjustments and accrued interest on reinsurance contracts	666	(196)
Changes in interest rates and the economic environment	760	(4,267)
Other financial effects on reinsurance contracts held	(554)	1,342
Finance income or expenses from reinsurance contracts held	**872**	**(3,121)**
of which: recognised directly in equity	(15)	(166)
of which: recognised in profit or loss	888	(2,954)
Investment income net of expenses	**2,127**	**(3,139)**
of which: recognised directly in equity	1,096	(2,859)
of which: recognised in profit or loss	1,031	(281)

2.3.10 Income and expenses from other activities

(in millions of euros)	31.12.2023		31.12.2022	
	Income	**Expenses**	Income	Expenses
Income and expenses from investment property	1,662	(2,031)	2,098	(1,061)
Income and expenses from other activities	40,788	(5,991)	38,322	(5,010)
Total income and expenses from other activities	**42,450**	**(8,022)**	**40,420**	**(6,071)**

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

2.3.11 General operating expenses

(in millions of euros)	**31.12.2023**	31.12.2022
Employee benefits expense, including amounts attributable to insurance activities	(19,364)	(18,030)
Employee benefits expense attributable to insurance activities	465	438
Employee benefits expense	**(18,899)**	**(17,592)**
Other general operating expenses, including amounts attributable to insurance activities	(19,912)	(19,024)
General operating expenses attributable to insurance activities	1,125	1,002
General operating expenses	**(18,787)**	**(18,022)**
Total general operating expenses	**(37,686)**	**(35,614)**

2.3.12 Net depreciation, amortisation and impairment of property and equipment and intangible assets

(in millions of euros)	**31.12.2023**	31.12.2022
Net depreciation, amortisation and impairment of property and equipment and intangible assets, including amounts attributable to insurance activities	(3,576)	(4,248)
Net depreciation, amortisation and impairment of property and equipment and intangible assets, attributable to insurance activities	68	64
Net depreciation, amortisation and impairment of property and equipment and intangible assets	**(3,508)**	**(4,184)**

2.3.13 Cost of credit risk

(in millions of euros)	**31.12.2023**	31.12.2022
Impairment of loans and receivables due from credit institutions at amortised cost	(34)	8
Impairment of loans and receivables due from customers at amortised cost	(164)	(209)
Impairment of debt instruments measured at fair value through OCI	11	26
Impairment of securities at amortised cost	29	(4)
Impairment of off-balance sheet commitments	(21)	(14)
Impairment for expected credit losses	**(179)**	**(193)**
Loan losses and bad debts	(93)	(148)
Recoveries on loans and receivables written off in prior years	3	12
Losses and recoveries	**(90)**	**(136)**
Other losses or income	**7**	**(1)**
Cost of credit risk	**(262)**	**(330)**

Cost of credit risk on financial investments of the insurance activities

(in millions of euros)	**31.12.2023**	31.12.2022
Financial assets at amortised cost	(2)	
Financial assets at fair value through OCI	6	136
Cost of credit risk on financial investments of the insurance activities	**4**	**136**

2.3.14 Net gains and losses on other assets

(in millions of euros)	**31.12.2023**	31.12.2022
Gains and losses on disposals of property and equipment and intangible assets	5	(77)
Gains and losses on disposals of property and equipment and intangible assets	**5**	**(77)**
Gains or losses on disposals of securities	106	245
Other gains and losses on long-term equity interests	(50)	(9)
Gains and losses on long-term equity interests	**56**	**236**
Other gains and losses	5	(1)
Other gains and losses	**5**	**(1)**
Total net gains and losses on other assets	**66**	**158**

2.3.15 Income tax

2.3.15.1 Analysis of income tax expense

(in millions of euros)	**31.12.2023**	31.12.2022
Current taxes	(1,318)	(1,240)
Deferred taxes	221	1,684
Income tax benefit (expense) for the period	**(1,097)**	**444**

The effective tax rate in 2023 was 34.1%, based on pre-tax profit restated to exclude the share of profit of equity-accounted companies and changes in the value of goodwill for €3,225 million. The effective rate in 2022 was 14.6%, excluding the effect of deferred tax profit 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).

Note that the theoretical tax rate is 25.83% at 31 December 2023.

2.3.15.2 Reconciliation of theoretical and effective tax rates

(in millions of euros)	**31.12.2023**	31.12.2022
Net profit (loss) attributable to owners	2,957	3,164
Non-controlling interests	1,240	1,053
Share of profit (loss) of equity-accounted companies	(726)	(1,105)
Change in value of goodwill	49	(6)
Net profit (loss) from discontinued operations	(1,392)	(159)
Income tax benefit (expense)	1,097	(444)
Profit (loss) before tax, change in value of goodwill and share of profit (loss) of equity-accounted companies	**3,225**	**2,503**
Theoretical tax rate(1)	25.83%	25.83%
Theoretical tax expense	**(833)**	**(647)**
Effect of differences in tax rates	(38)	180
Effect of permanent differences	(79)	(91)
Effect of the SIIC regime and other exempt real estate operations	(175)	106
Net effect of deferred tax recognition	(20)	874
Tax credits	52	29
Other	(4)	(7)
Consolidated income tax benefit (expense)	**(1,097)**	**444**

(1) Including the 3.3% social solidarity contribution.

2.4 Notes to the consolidated statement of financial position

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

	31.12.2023		31.12.2022	
(in millions of euros)	Mandatory classification	Fair value option	Mandatory classification	Fair value option
Government paper and equivalents	941	1,841	684	3,391
Bonds and other fixed-income securities	8,179	1,492	8,303	1,767
Negotiable debt securities	12,818		9,969	
UCITS	61,590		62,150	
Venture capital funds	3,966		3,618	
Assets backing unit-linked contracts	91,603		77,726	
Other securities	6,723	44	6,465	150
Debt instruments	**185,820**	**3,377**	**168,915**	**5,308**
Equities	21,464		22,767	
Assets backing unit-linked contracts	3,149		2,931	
Other securities	1,811		1,473	
Equity instruments	**26,424**		**27,171**	
Derivative instruments held for trading	5,271		6,942	
Derivative instruments held for trading	**5,271**		**6,942**	
Loans to credit institutions	40		40	
Customer loans	10,266		10,630	
Loans	**10,306**		**10,669**	
Credit institutions	792		2	
Customers	5,314		5,586	
Securities received under collateralised reverse repurchase agreements	**6,106**		**5,589**	
Total financial assets at fair value through profit or loss	**233,927**	**3,377**	**219,286**	**5,308**

	31.12.2023		31.12.2022	
(in millions of euros)	Mandatory classification	Fair value option	Mandatory classification	Fair value option
Bonds		3,796		2,100
Negotiable debt securities		345		296
Other		73		343
Debt securities		**4,214**		**2,739**
Derivative instruments held for trading	4,511		4,881	
Derivative instruments held for trading	**4,511**		**4,881**	
Credit institutions	1,313		5,699	
Customers	4,362		774	
Securities sold under collateralised repurchase agreements	**5,675**		**6,473**	
Total financial liabilities at fair value through profit or loss	**10,186**	**4,214**	**11,354**	**2,739**

2.4.2 Hedging instruments

(in millions of euros)	31.12.2023				31.12.2022			
	Positive fair value	Negative fair value	Notional amount	Change in fair value used to calculate ineffectiveness	Positive fair value	Negative fair value	Notional amount	Change in fair value used to calculate ineffectiveness
Interest rate derivatives	2,239	6,490	146,456	1,480	2,481	7,882	149,114	(5,477)
Currency derivatives	302	646	30,883	257	544	1,177	33,648	(388)
Other derivatives						10		
Fair value hedges	**2,542**	**7,135**	**177,339**	**1,738**	**3,025**	**9,069**	**182,763**	**(5,865)**
Interest rate derivatives	207	164	2,746	(1)	291	121	4,164	
Currency derivatives	67	231	5,136	6	107	230	5,332	1
Other derivatives			6				7	
Cash flow hedges	**274**	**395**	**7,887**	**6**	**398**	**351**	**9,503**	**1**
Hedges of net investments in foreign operations		**10**	**405**				**762**	
Fair value macro-hedging	**612**	**1,170**	**43,464**	**(409)**	**944**	**1,039**	**40,061**	**623**
Total hedging instruments	**3,428**	**8,710**	**229,095**	**1,335**	**4,367**	**10,459**	**233,089**	**(5,241)**

2.4.2.1 Breakdown of items covered by fair value hedges

2.4.2.1.1 Micro-hedging

(in millions of euros)	31.12.2023			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	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	48,268	(649)	298	52,472	(981)	(863)
Loans and receivables due from credit institutions at amortised cost	37,586	(1)		38,346	(3)	(4)
Loans and receivables due from customers at amortised cost	21,474	(2,186)	1,021	19,180	(3,229)	(2,871)
Financial assets at fair value through OCI to be reclassified	17,588	(81)	497	21,108	(588)	(582)
Assets – items covered by fair value hedges	**124,916**	**(2,917)**	**1,816**	**131,106**	**(4,801)**	**(4,320)**
Debt securities	90,891	(6,745)	3,630	87,130	(10,421)	(10,045)
Due to credit institutions	11,381	(46)	6	15,101	(51)	8
Amounts due to customers	88,741			91,799		
Liabilities – items covered by fair value hedges	**191,013**	**(6,791)**	**3,636**	**194,030**	**(10,472)**	**(10,037)**

2.4.2.1.2 Macro-hedging

(in millions of euros)	31.12.2023	31.12.2022
	Carrying amount of hedged items	Carrying amount of hedged items
Securities at amortised cost	4,618	3,149
Loans and receivables due from customers at amortised cost	50,567	45,999
Assets – items covered by fair value hedges	**55,185**	**49,148**
Debt securities	12,758	12,935
Due to credit institutions	12,228	16,689
Liabilities – items covered by fair value hedges	**24,986**	**29,624**

2.4.2.2 Contractual maturities for the notional on hedging derivatives

(in millions of euros)	31.12.2023 < 1 months	1-3 months	3-12 months	1-5 years	> 5 years	Total notional amount
Interest rate derivatives	7,353	7,811	22,127	55,936	53,229	146,456
Currency derivatives	6,087	4,778	11,480	7,079	1,459	30,883
Fair value hedges	**13,440**	**12,588**	**33,608**	**63,015**	**54,688**	**177,339**
Interest rate derivatives			366	883	1,497	2,746
Currency derivatives	40	19	455	1,245	3,377	5,136
Commodities	1	1	4			6
Cash flow hedges	**41**	**20**	**825**	**2,127**	**4,874**	**7,887**
Hedges of net investments in foreign operations	**6**		**369**		**30**	**405**
Fair value macro-hedging	**10,129**	**1,215**	**8,729**	**10,760**	**12,631**	**43,464**
Total notional on hedging derivatives	**23,616**	**13,824**	**43,530**	**75,903**	**72,223**	**229,096**

(in millions of euros)	31.12.2022 < 1 months	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**

2.4.3 Financial assets at fair value through other comprehensive income

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

	31.12.2023			31.12.2022		
(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
Government paper and equivalents	96,444	(25)	(18,624)	97,587	(53)	(24,827)
Bonds and other debt securities	95,028	(52)	(7,916)	91,373	(525)	(12,880)
Negotiable debt securities	7,233	2	23	10,599		(16)
Other securities	2,760	(6)	(212)	2,554	(10)	(406)
Accrued interest	1,925			1,862		
Debt instruments	**203,390**	**(81)**	**(26,729)**	**203,975**	**(588)**	**(38,129)**
Total financial assets at fair value through OCI to be reclassified	**203,390**	**(81)**	**(26,729)**	**203,975**	**(588)**	**(38,129)**

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

(in millions of euros)	31.12.2023	31.12.2022
Debt instruments	(302)	(317)
Total impairment losses	**(302)**	**(317)**

2.4.3.1.2 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 01.01.2023	**242,739**	**268**	**2**	**243,009**
Additions	35,312	2		35,314
Repayments	(47,857)	(120)		(47,977)
Transfer between stages	80	(80)		
Other movements	156			156
Closing position at 31.12.2023	**230,430**	**70**	**2**	**230,502**

(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.

2.4.3.1.3 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 01.01.2023	**(304)**	**(11)**	**(2)**	**(317)**
Allocations on acquisitions during the period	(16)			(16)
Other allocations	(99)	(1)		(100)
Reversals used with write-off	2			2
Reversals related to asset disposals	60	2		62
Other unused reversals	58	10		68
Other movements	(2)			(2)
Closing position at 31.12.2023	**(300)**		**(2)**	**(302)**

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

	31.12.2023			31.12.2022		
(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	46,377		17,318	42,720		12,176
Other equity instruments	34		6	31		10
Total financial assets at fair value through OCI not to be reclassified	**46,411**		**17,324**	**42,751**		**12,186**

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

	31.12.2023			31.12.2022		
(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	5,525	1,168	52	6,255	874	83
Other equity instruments	23	(3)		70	13	
Total	**5,548**	**1,165**	**52**	**6,325**	**887**	**83**

(1) Before tax.

2.4.4 Securities at amortised cost

(in millions of euros)	31.12.2023	31.12.2022
Government paper and equivalents	53,812	49,523
Bonds and other fixed-income securities	19,537	14,205
Negotiable debt securities	11,609	18,013
Other securities	410	236
Accrued interest	1,770	1,181
Provisions for expected credit losses	(53)	(79)
Total securities at amortised cost	**87,085**	**83,079**

2.4.4.1 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 01.01.2023	**82,515**	**1,591**	**35**	**84,141**
Additions	26,816	15		26,831
Disposals	(22,526)	(610)	(32)	(23,168)
Transfer between stages	20	(20)		
Other movements	6			6
Closing position at 31.12.2023	**86,831**	**976**	**3**	**87,810**

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

2.4.4.2 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 01.01.2023	**(26)**	**(28)**	**(25)**	**(79)**
Allocations on acquisitions during the period	(2)			(2)
Other allocations	(14)	(2)		(16)
Reversals used with write-off	9	1		10
Reversals linked to asset disposals	1	1		2
Other unused reversals	2	5	25	32
Other movements	1	(1)		
Closing position at 31.12.2023	**(29)**	**(24)**		**(53)**

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

(in millions of euros)	**31.12.2023**	31.12.2022
Ordinary accounts in debit and overnight loans	27,913	27,537
Accrued interest	70	
Loans to credit institutions repayable on demand	**27,983**	**27,537**
Accounts and loans with fixed maturities	15,524	16,915
Receivables due from Savings Funds	64,711	64,850
Securities and other assets purchased under collateralised reverse repurchase agreements	3,869	3,769
Subordinated loans	78	78
Accrued interest	106	82
Guarantee deposits	1	
Impairment for expected credit losses	(1)	(1)
Loans and receivables due from credit institutions with fixed maturities	**84,288**	**85,693**
Total loans and receivables due from credit institutions and related entities at amortised cost	**112,271**	**113,230**

2.4.5.1 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 01.01.2023	**113,214**	**20**		**113,234**
Payments	31,830			31,830
Repayments	(32,980)	(10)		(32,990)
Transfers between stages				
Other movements	198	1		199
Closing position at 31.12.2023	**112,262**	**11**		**112,273**

2.4.5.2 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 01.01.2023	**(1)**			**(1)**
Closing position at 31.12.2023	**(1)**			**(1)**

2.4.6 Loans and receivables due from customers at amortised cost

(in millions of euros)	31.12.2023	31.12.2022
Ordinary accounts in debit	2,881	3,690
Accrued interest	49	48
Impairment for expected credit losses	(137)	(115)
Ordinary accounts in debit	**2,793**	**3,623**
Loans to financial sector customers	1,633	1,159
Cash facilities	18,165	18,399
Equipment financing	56,429	56,462
Housing loans	96,615	94,732
Export credit	6,341	5,464
Advances on securities transactions	579	247
Subordinated loans	74	27
Finance lease receivables	3,952	3,783
Securities and other assets purchased under collateralised reverse repurchase agreements	50	1,635
Other loans	4,891	4,608
Accrued interest	711	590
Impairment for expected credit losses	(1,612)	(1,545)
Other loans and receivables due from customers	**187,828**	**185,561**
Total loans and receivables due from customers at amortised cost	**190,621**	**189,184**

2.4.6.1 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 01.01.2023	**159,713**	**31,798**	**2,564**	**194,075**
Payments	26,679	5,130	1,000	32,809
Repayments	(25,994)	(5,356)	(1,080)	(32,430)
Transfers between stages	10,047	(10,443)	396	
Other movements	(18)	119		101
Closing position at 31.12.2023	**170,427**	**21,248**	**2,880**	**194,555**

2.4.6.2 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 01.01.2023	**(184)**	**(625)**	**(851)**	**(1,660)**
Allocations on acquisitions during the period	(60)	(80)	(102)	(242)
Other allocations	(53)	(232)	(253)	(538)
Reversals used with write-off	23	10	28	61
Reversals linked to asset disposals	18	68	50	136
Other unused reversals	39	202	248	489
Transfers between stages	(6)	105	(99)	
Other movements		4		4
Closing position at 31.12.2023	**(223)**	**(548)**	**(979)**	**(1,750)**

2.4.7 Current and deferred taxes

2.4.7.1 Breakdown of balance sheet tax accounts

(in millions of euros)	**31.12.2023**	31.12.2022
Current taxes	1,358	1,495
Deferred taxes	2,463	2,916
Total current and deferred assets	**3,821**	**4,411**
Current taxes	408	377
Deferred taxes	5,217	4,444
Total current and deferred liabilities	**5,625**	**4,821**

2.4.7.2 Deferred taxes by source of assets and liabilities

(in millions of euros)	**31.12.2023**	31.12.2022
Assets and liabilities recognised at fair value through OCI not to be reclassified	(4,163)	(2,814)
Assets and liabilities recognised at fair value through OCI to be reclassified	2,529	2,199
Temporary differences – other	(1,120)	(913)
Total net recognised deferred tax assets and liabilities[1]	**(2,754)**	**(1,528)**

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

2.4.8 Prepayments, accrued and deferred income and other assets and liabilities

(in millions of euros)	**31.12.2023**	31.12.2022
Prepaid expenses and accrued income	2,181	2,563
Other accruals	794	1,100
Prepayments and accrued income	**2,975**	**3,663**
Margin calls paid	6,454	6,562
Securities settlement accounts	1	2
Inventories	1,311	1,313
Guarantee deposits paid	1,425	1,101
Costs of contracts	6	7
Contract assets	203	117
Accounts receivable	6,383	5,924
Other	5,686	6,634
Impairment	(548)	(403)
Other assets	**20,921**	**21,257**
Total prepayments, accrued income and other assets	**23,896**	**24,920**

(in millions of euros)	**31.12.2023**	31.12.2022
Accrued expenses and deferred income	3,752	3,550
Other accruals	1,292	944
Accrued expenses and deferred income	**5,044**	**4,494**
Margin calls received	1,654	2,640
Accounts payable	6,619	6,250
Lease liabilities	5,725	5,403
Miscellaneous payables	4,511	3,021
Securities settlement accounts	6	8
Various liabilities	7,762	7,473
Other liabilities	**26,277**	**24,795**
Total accrued expenses, deferred income and other liabilities	**31,321**	**29,289**

2.4.8.1 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 01.01.2023	**5,947**	**95**	**6,042**
Increase	158	34	192
Other movements	348	4	352
Closing position at 31.12.2023	**6,453**	**133**	**6,586**

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

2.4.8.2 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 01.01.2023	**(231)**	**(61)**	**(292)**
Allocations on acquisitions during the period	(82)	(49)	(131)
Reversals used with write-off	44	13	57
Reversals related to asset disposals	8	1	9
Other movements	60	3	63
Closing position at 31.12.2023	**(201)**	**(93)**	**(294)**

2.4.8.3 Breakdown by due date of accounts receivable and contract assets

	31.12.2023				
(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	1,669	4,415	20	482	6,586
Provisions for expected credit losses	(38)	(170)	(2)	(84)	(294)
Rate of expected credit losses estimated based on the total gross carrying amount by maturity	**2%**	**4%**	**10%**	**17%**	**4%**

2.4.9 Non-current assets held for sale, non-current liabilities related to assets held for sale and discontinued operations

(in millions of euros)	**31.12.2023**	31.12.2022
Financial assets held for sale[1]	1,130	
Investment property	46	57
Owner-occupied property	18	29
Other assets held for sale		48
Assets held for sale	**1,194**	**134**
Other assets	35	
Assets of discontinued operations	**35**	
Total non-current assets held for sale and discontinued operations	**1,229**	**134**

(1) In 2023, financial assets held for sale concerned the planned sale of Foncière Santé by the Icade group.

(in millions of euros)	**31.12.2023**	31.12.2022
Liabilities related to non-current assets held for sale	**64**	**49**
Other liabilities	1	2
Liabilities related to discontinued operations	**1**	**2**
Total liabilities related to non-current assets held for sale and discontinued operations	**65**	**51**

The estimated market value of held-for-sale investment property recognised at amortised cost was €62 million at 31 December 2023 and €147 million at 31 December 2022.

2.4.10 Investments in equity-accounted companies

(in millions of euros)		Type of control	31.12.2023 Carrying amount	31.12.2023 Contribution to the Caisse des Dépôts Group net profit (loss)	31.12.2022 Carrying amount	31.12.2022 Contribution to the Caisse des Dépôts Group net profit (loss)
CDC Habitat group entities						
– Adoma		JV	301	12	303	3
– FLI		ASS	186		187	
Compagnie Nationale du Rhône		ASS	500	108	323	52
ADL Participations		ASS	65	(11)	76	(2)
Prédica Énergies Durables		ASS	137	(2)	143	(3)
Verdun Participations 1		ASS		(5)	69	(4)
HIN Orange Concessions	2.10	JV	673	(23)	701	(17)
CDC PME Croissance		JV	801	20	783	15
CDC EURO Croissance		JV	526	11	498	4
CDC TECH Croissance		JV	81		86	
CDC Croissance Durable		JV	59		59	
GRT Gaz	2.10	ASS	2,663	157	2,707	176
Coentreprise de Transport d'Électricité	2.10	JV	1,995	109	1,984	149
Egis		ASS	285	13	278	12
Suez Holding	2.10	ASS	1,136	(27)	1,210	(15)
Euroclear Holding SA/NV	2.10	ASS	838	104	553	11
Orpéa		ASS	646			
Coriance	2.10	JV	219	(1)		
Bpifrance group	2.10	JV	14,952	551	13,685	740
La Poste group entities			973	(135)	1,183	(31)
Other equity-accounted entities			495	(155)	595	15
Investments in equity-accounted companies			**27,531**	**726**	**25,423**	**1,105**

ASS: associates.
JV: joint ventures.

2.4.11 Investment property, owner-occupied property and equipment and intangible assets

2.4.11.1 Investment property

The estimated market value of investment property excluding assets held-for-sale recognised was €31,206 million at 31 December 2023 versus €38,492 million at 31 December 2022. This change in fair value includes €6,999 million related to the removal of Foncière Santé from the scope of consolidation at 31 December 2023. The method used to calculate the fair value of investment property corresponds to Level 3 in the fair value hierarchy.

(in millions of euros)	31.12.2022	Acquisitions (increases)	Disposals (decreases)	Fair value adjustment	Other movements[1]	31.12.2023
Investment property at amortised cost (including right-of-use assets)	**21,416**	**1,106**	**(180)**		**(4,653)**	**17,689**
Gross value	27,308	2,163	(282)		(5,688)	23,501
Depreciation and impairment	(5,892)	(1,057)	102		1,035	(5,812)
Investment property at fair value	**5,766**	**547**	**(208)**	**(613)**	**840**	**6,332**
Total investment property	**27,182**	**1,653**	**(388)**	**(613)**	**(3,813)**	**24,021**

(1) Other movements mainly relate to the disposal of Foncière Santé by the Icade group.

2.4.11.2 Owner-occupied property and equipment

(in millions of euros)	31.12.2022	Acquisitions (increases)	Disposals (decreases)	Other movements	31.12.2023
Owner-occupied property and equipment	**10,158**	**452**	**(135)**	**367**	**10,842**
Gross value	23,267	1,806	(1,123)	506	24,456
Depreciation and impairment	(13,109)	(1,354)	988	(139)	(13,614)
Right-of-use assets	**4,715**	**21**	**(844)**	**1,182**	**5,074**
Gross value	9,484	1,287	(933)	314	10,152
Depreciation and impairment	(4,769)	(1,266)	89	868	(5,078)
Total owner-occupied property and equipment	**14,873**	**473**	**(979)**	**1,549**	**15,916**

2.4.11.3 Intangible assets

(in millions of euros)	31.12.2022	Acquisitions (increases)	Disposals (decreases)	Other movements	31.12.2023
Gross value	13,139	1,093	(295)	301	14,238
Amortisation and impairment	(6,848)	(1,226)	382	85	(7,607)
Total intangible assets	**6,291**	**(133)**	**87**	**386**	**6,631**
of which acquired distribution agreements and contractual customer relationships	3,637	(193)		185	3,629

An impairment test performed on the La Poste Mail CGU's assets led to the impairment of all of these assets being maintained in a total amount of €876 million. The test was carried out on the basis of a business plan updated to best reflect five-year forecasts, with a perpetuity growth rate of -5% and a WACC of 7.8%. The impairment losses break down as follows: €228 million against intangible assets and €648 million against property and equipment.

2.4.12 Goodwill

2.4.12.1 Changes in goodwill by operating segment

(in millions of euros)	31.12.2022	Increases (acquisitions)	Decreases (disposals)	Impairment losses for the period	Other movements	31.12.2023
Icade group	49			(49)		
Compagnie des Alpes group	213	44				257
Transdev group	527	344	(1)		(19)	851
La Poste group	1,209	902			(12)	2,099
Total goodwill	**1,998**	**1,290**	**(1)**	**(49)**	**(32)**	**3,207**

Impairment tests carried out at 31 December 2023 led to the recognition of an impairment loss by Icade on the Housing Development business.

2.4.13 Debt securities

(in millions of euros)	**31.12.2023**	31.12.2022
Medium- and long-term issues	72,123	65,301
Short-term issues	30,187	30,022
Accrued interest	553	359
Interbank and negotiable debt securities	**102,863**	**95,682**
Bonds and similar debt securities	42,490	38,570
Accrued interest	517	334
Bonds and similar debt securities	**43,007**	**38,904**
Total debt securities	**145,871**	**134,585**

2.4.14 Amounts due to credit institutions

(in millions of euros)	**31.12.2023**	31.12.2022
Ordinary accounts in credit and overnight borrowings	1,851	1,580
Demand deposits from Savings Funds	7,023	10,725
Accrued interest	28	29
Amounts due to credit institutions repayable on demand	**8,902**	**12,334**
Accounts and borrowings with fixed maturities	16,174	22,248
Securities and other assets sold under collateralised fixed repurchase agreements	29,064	34,690
Accrued interest	174	151
Amounts due to credit institutions with fixed maturities	**45,412**	**57,089**
Total amounts due to credit institutions	**54,314**	**69,423**

2.4.15 Amounts due to customers

(in millions of euros)	**31.12.2023**	31.12.2022
Livret A passbook savings account	68,762	67,561
Home savings plans and accounts	26,805	31,517
Other regulated savings accounts	30,400	27,864
Regulated savings accounts	**125,967**	**126,942**
Current accounts in credit	150,932	159,643
Overnight accounts and borrowings	4,914	2,286
Other amounts due	1,623	1,396
Customer demand deposits	**157,469**	**163,325**
Accounts and borrowings with fixed maturities	16,293	16,296
Term deposits	4,866	1,594
Securities sold under collateralised term repurchase agreements	11,604	3,332
Amounts due to customers with fixed maturities	**32,763**	**21,222**
Total amounts due to customers	**316,199**	**311,489**

2.4.16 Insurance and reinsurance contracts

(in millions of euros)	Contracts valued using the BBA and VFA models	Contracts valued using the PPA model	31.12.2023
Outstanding cover	1,389	165	**1,554**
Contracts valued using the PAA model		165	**165**
Contracts valued using the BBA and VFA models	1,389		**1,389**
Present value of future cash flows	1,746		1,746
Risk adjustment for non-financial risk (RA)	(75)		(75)
Contractual service margin (CSM)	(282)		(282)
Incurred claims	(213)	1	**(212)**
Present value of future cash flows	(208)	1	(207)
Risk adjustment for non-financial risk (RA)	(5)		(5)
Insurance acquisition cash flows not yet allocated to insurance contracts			
Insurance contracts assets	**1,177**	**166**	**1,343**
Outstanding cover	368,836	825	**369,661**
Contracts valued using the PAA model		825	**825**
Contracts valued using the BBA and VFA models	368,836		**368,836**
Present value of future cash flows	348,273		348,273
Risk adjustment for non-financial risk (RA)	1,895		1,895
Contractual service margin (CSM)	18,668		18,668
Incurred claims	5,578	795	**6,374**
Present value of future cash flows	5,521	749	6,269
Risk adjustment for non-financial risk (RA)	58	47	104
Insurance acquisition cash flows not yet allocated to insurance contracts			
Insurance contracts liabilities (excluding investment contracts without a discretionary participation feature)	374,415	**1,620**	**376,035**
Insurance contracts (direct business and inward reinsurance)	373,238	**1,454**	**374,692**
Insurance transactions relating to investment contracts (without a discretionary participation feature)			**2,395**
Insurance contracts liabilities			**378,430**

Outstanding cover	8,060	82	**8,142**
Contracts valued using the PAA model		82	**82**
Contracts valued using the BBA and VFA models	8,060		**8,060**
Present value of future cash flows	7,457		7,457
Risk adjustment for non-financial risk (RA)	91		91
Contractual service margin (CSM)	512		512
Incurred claims	496	237	**734**
Present value of future cash flows	490	227	717
Adjustment for non-financial risk (RA)	6	10	16
Reinsurance contracts assets (excluding investment contracts without a discretionary participation feature)	8,556	319	**8,875**
Reinsurance transactions relating to investment contracts without a discretionary participation feature			**15**
Reinsurance contract assets			**8,890**

(in millions of euros)	Contracts valued using the BBA and VFA models	Contracts valued using the PPA model	**31.12.2023**
Outstanding cover	43	20	**63**
Contracts valued using the PAA model		20	**20**
Contracts valued using the BBA and VFA models	43		**43**
Present value of future cash flows	39		39
Risk adjustment for non-financial risk	(17)		(17)
Contractual service margin (CSM)	20		20
Incurred claims	(8)		**(8)**
Present value of future cash flows	(8)		(8)
Risk adjustment for non-financial risk (RA)			
Reinsurance contract liabilities (excluding investment contracts without a discretionary participation feature)	35	20	**55**
Reinsurance contracts held	8,521	299	**8,820**

(in millions of euros)	Contracts valued using the BBA and VFA models	Contracts valued using the PPA model	31.12.2022
Outstanding cover	1,800	97	1,897
Contracts valued using the PAA model		97	**97**
Contracts valued using the BBA and VFA models	1,800		**1,800**
Present value of future cash flows	2,866		2,866
Adjustment for non-financial risk (RA)	(341)		(341)
Contractual service margin (CSM)	(725)		(725)
Incurred claims	(457)	1	(456)
Present value of future cash flows	(444)	1	(443)
Adjustment for non-financial risk (RA)	(13)		(13)
Insurance acquisition cash flows not yet allocated to insurance contracts		65	66
Insurance contracts assets	**1,343**	**163**	**1,506**
Outstanding cover	355,240	874	356,114
Contracts valued using the PAA model		874	**874**
Contracts valued using the BBA and VFA models	355,240		**355,240**
Present value of future cash flows	337,674		337,674
Adjustment for non-financial risk (RA)	1,449		1,449
Contractual service margin (CSM)	16,117		16,117
Incurred claims	5,302	710	6,012
Present value of future cash flows	5,240	666	5,906
Adjustment for non-financial risk (RA)	63	44	107
Insurance contracts liabilities (excluding investment contracts without a discretionary participation feature)	**360,542**	**1,584**	**362,127**
Net insurance contracts (direct business and inward reinsurance)	**359,199**	**1,422**	**360,620**
Insurance transactions relating to investment contracts without a discretionary participation feature			2,453
Insurance contract liabilities			**364,580**
Outstanding cover	7,439	89	7,528
Contracts valued using the PAA model		89	**89**
Contracts valued using the BBA and VFA models	7,439		**7,439**
Present value of future cash flows	6,714		6,714
Adjustment for non-financial risk (RA)	102		102
Contractual service margin (CSM)	624		624
Incurred claims	463	215	679
Present value of future cash flows	457	205	662
Adjustment for non-financial risk (RA)	7	10	17
Reinsurance contract assets (excluding investment contracts without a discretionary participation feature)	7,903	304	8,207
Reinsurance transactions relating to investment contracts without a discretionary participation feature			15
Reinsurance contract assets			8,221

(in millions of euros)	Contracts valued using the BBA and VFA models	Contracts valued using the PPA model	31.12.2022
Outstanding cover	35	13	48
Contracts valued using the PAA model		13	**13**
Contracts valued using the BBA and VFA models	35		**35**
Present value of future cash flows	58		58
Adjustment for non-financial risk (RA)	(22)		(22)
Contractual service margin (CSM)	(1)		(1)
Incurred claims	(15)		(15)
Present value of future cash flows	(14)		(14)
Adjustment for non-financial risk (RA)	(1)		(1)
Reinsurance contract liabilities (excluding investment contracts without a discretionary participation feature)	20	13	33
Net reinsurance contracts held	7,883	291	8,174

2.4.17 Offsetting of financial assets and liabilities

(in millions of euros)	31.12.2023					
	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	8,730		8,730	7,154	245	1,331
Reverse repurchase agreements, securities borrowing agreements and similar	5,767	1,836	3,931	265	645	3,021
Liabilities						
Derivative financial instruments	13,191		13,191	6,665	4,196	2,330
Repurchase agreements, securities lending agreements and similar	42,505	1,836	40,669	637	20,449	19,583

(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	9,055	109	2,201
Reverse repurchase agreements, securities borrowing agreements and similar	6,780	1,373	5,407	347	1,426	3,633
Liabilities						
Derivative financial instruments	15,367		15,367	6,886	3,888	4,593
Repurchase agreements, securities lending agreements and similar	39,396	1,373	38,023	1,050	18,941	18,031

2.4.18 Provisions

(in millions of euros)	31.12.2022	Increases	Reversals (utilisations)	Reversals (surplus provisions)	Other movements	31.12.2023
Provisions for employee benefit obligations	3,129	370	(635)	(368)	116	2,612
Provisions for home savings schemes	19	1	41	(5)		56
Provisions on commitments and guarantees	146	111	(84)	(2)		171
Provisions for counterparty risks	59	10	(25)	(1)	7	50
Other provisions	2,777	695	(453)	(160)	232	3,091
Total provisions	**6,130**	**1,187**	**(1,156)**	**(536)**	**355**	**5,980**

2.4.19 Non-controlling interests

		31.12.2023						
		Non-controlling interests			Financial information published by subsidiaries[1]			
(in millions of euros)	Control percentage and ownership interest of 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	Total assets	Equity	Net banking income/ revenue	Net profit (loss)
La Poste group[2]	34%	541	15,165	143	765,524	30,769	34,073	776
Icade[4]	60.4%	609	2,250	199	11,601	5,068	1,657	(1,291)
Compagnie des Alpes	57.7%	59	635	24	2,539	1,063	1,125	97
Other entities		31	144					
Total		**1,240**	**18,194**					

		31.12.2022						
		Non-controlling interests			Financial information published by subsidiaries[1]			
(in millions of euros)	Control percentage and ownership interest of 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	Total assets	Equity	Net banking income/ revenue	Net profit (loss)
La Poste group[2][3]	34%	756	14,444	246	744,718	29,468	33,287	1,282
Icade[4]	60.4%	192	2,815	192	18,218	8,685	1,569	222
Compagnie des Alpes	57.8%	75	609		2,291	1,018	959	123
Other entities		30	185					
Total		**1,053**	**18,053**					

(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.

(3) Comparative figures for 2022 have been restated in accordance with IFRS 17.

(4) Unlike Caisse des Dépôts, Icade measures its investment properties using the fair value model. The change in fair value of investment properties recognised in Icade's financial statements was a decrease of €1.5 billion in 2023.

2.5 Insurance activities

2.5.1 Insurance investments

(in millions of euros)	**31.12.2023**	31.12.2022
Financial assets at fair value through profit or loss	205,383	196,219
Hedging instruments with a positive fair value	58	118
Financial assets at fair value through OCI not to be reclassified	15,461	15,887
Financial assets at fair value through OCI to be reclassified	185,470	182,423
Securities at amortised cost	2,083	96
Investment property	7,262	6,809
Investments in equity-accounted companies	1,104	1,118
Insurance investments	**416,821**	**402,671**

2.5.1.1 Financial assets at fair value through profit or loss

(in millions of euros)	**31.12.2023**	31.12.2022
Debt instruments	**185,051**	**171,721**
Government paper and equivalents	2,751	3,990
Bonds and other fixed-income securities	26,269	23,874
UCITS	59,581	60,775
Assets backing unit-linked contracts	91,603	77,726
Loans and advances	4,845	5,356
Equity instruments	**18,729**	**20,796**
Equities and other variable-income securities	15,580	17,865
Assets backing unit-linked contracts	3,149	2,931
Derivative instruments	**1,603**	**3,702**
Financial assets at fair value through profit or loss	**205,383**	**196,219**

2.5.1.2 Financial assets at fair value through other comprehensive income not to be reclassified to profit or loss

	31.12.2023	
(in millions of euros)	**Fair value**	**Unrealised gains/losses**
Equities, other variable-income securities and other securities held as long-term investments	15,445	3,868
Investments in non-consolidated companies	16	
Financial assets at fair value through OCI not to be reclassified	**15,461**	**3,868**
Tax		(773)
Gains and losses recognised directly in OCI on financial assets at fair value through OCI not to be reclassified (net of tax)		**3,096**

	31.12.2022	
(in millions of euros)	Fair value	Unrealised gains/losses
Equities, other variable-income securities and other securities held as long-term investments	15,887	2,166
Financial assets at fair value through OCI not to be reclassified	**15,887**	**2,166**
Tax		(333)
Gains and losses recognised directly in OCI on financial assets at fair value through OCI not to be reclassified (net of tax)		**1,833**

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

	31.12.2023	
(in millions of euros)	**Fair value**	**Unrealised gains/losses**
Government paper and equivalents	95,134	(18,570)
Bonds and other fixed-income securities	90,336	(8,135)
Total debt instruments	**185,470**	**(26,705)**
Financial assets at fair value through OCI to be reclassified	**185,470**	**(26,705)**
Tax		7,309
Gains and losses recognised directly in OCI on financial assets at fair value through OCI to be reclassified (net of tax)		**(19,395)**

	31.12.2022	
(in millions of euros)	Fair value	Unrealised gains/losses
Government paper and equivalents	97,200	(24,771)
Bonds and other fixed-income securities	85,223	(13,236)
Total debt instruments	**182,423**	**(38,007)**
Financial assets at fair value through OCI to be reclassified	182,423	(38,007)
Tax		10,270
Gains and losses recognised directly in OCI on financial assets at fair value through OCI to be reclassified (net of tax)		**(27,737)**

2.5.2 Insurance income statement

(in millions of euros)	**31.12.2023**	31.12.2022
Insurance revenue	11,685	11,930
Insurance service expenses	(8,617)	(9,401)
Reinsurance income and expenses	(106)	24
Insurance service result	**2,962**	**2,553**
Investment income net of expenses	5,806	5,828
Gains and losses on disposals of investments	(3,038)	(3,044)
Change in fair value of financial assets at fair value through profit or loss	7,609	(7,901)
Cost of credit risk on financial investments of the insurance activities	(72)	134
Net gain or loss on derecognised financial assets at amortised cost		
Interest calculated using the EIR method	750	41
Finance income or expenses from insurance contracts issued	(11,352)	7,541
Finance income or expenses from reinsurance contracts held	888	(2,954)
Investment income net of expenses	**589**	**(355)**
Income and expenses from other activities	96	162
Other operating income and expenses	(938)	(794)
Total other income and expense, net	**(843)**	**(632)**
Recurring operating profit (loss)	**2,709**	**1,566**
Net non-recurring operating income and expenses	9	(94)
Operating profit (loss)	**2,718**	**1,472**
Finance costs	(136)	(121)
Changes in value of intangible assets	(70)	(12)
Share of profit of equity-accounted companies	24	30
Income tax expense	(730)	(222)
Consolidated net profit (loss)	**1,806**	**1,147**
Non-controlling interests	**(783)**	**(553)**
Net profit (loss) attributable to owners of the parent	**1,023**	**595**

2.5.3 Reconciliation of insurance contracts on the balance sheet and in the notes to the financial statements, for contracts valued using the BBA and VFA models

(in millions of euros)	Present value of future cash flows	Adjustment for non-financial risk (RA)	Contractual service margin (CSM)	**Total**
Opening net balance – Group vision at 1 Jan. 2022	**386,625**	**1,683**	**17,535**	**405,843**
Elimination of intra-group fees and commission (distribution and management of insurance contracts)	1,720		(1,720)	
Opening net balance – Insurance vision at 1 Jan. 2022	388,345	1,683	15,815	**405,843**
Opening net balance – Group vision at 31 Dec. 2022	**340,494**	**1,863**	**16,842**	**359,199**
Elimination of intra-group fees and commission (distribution and management of insurance contracts)	1,320		(1,320)	
Opening net balance – Insurance vision at 31 Dec. 2022	341,814	1,863	15,522	**359,199**
Closing net balance – Group vision at 31 Dec. 2023	**352,256**	**2,032**	**18,950**	**373,238**
Elimination of intra-group fees and commission (distribution and management of insurance contracts)	1,588		(1,588)	
Closing net balance – Insurance vision at 31 Dec. 2023	353,844	2,032	17,362	**373,238**

2.5.4 Analysis by remaining coverage period and incurred claims – Contracts valued using the BBA and VFA models – Insurance

	31.12.2023				
	Net liability for remaining coverage				
(in millions of euros)	Excluding loss component	Loss component	Net liability for remaining coverage	Liability for incurred claims	Total
Balance of assets at 31 December 2022	(1,800)		(1,800)	457	(1,343)
Balance of liabilities at 31 December 2022	355,145	95	355,240	5,302	360,542
Opening net balance	**353,345**	**95**	**353,440**	**5,759**	**359,199**
Insurance revenue	**(10,078)**		**(10,078)**		**(10,078)**
Insurance service expenses	**1,660**	**59**	**1,719**	**5,616**	**7,335**
Incurred claims and other insurance service expenses		(21)	(21)	6,703	6,681
Amortisation of insurance acquisition cash flows	1,660		1,660		1,660
Adjustments to liabilities for incurred claims				(1,087)	(1,087)
Losses and reversals on groups of onerous contracts		80	80		80
Investment components	**(36,663)**		**(36,663)**	**36,663**	
Insurance service result	**(45,081)**	**59**	**(45,022)**	**42,279**	**(2,743)**
Finance income or expenses from insurance contracts issued	**24,493**	**(4)**	**24,489**	**453**	**24,942**
Finance income or expenses from insurance contracts issued (excluding foreign exchange differences)	23,330	(4)	23,326	442	23,768
Effect of exchange differences	1,163		1,163	11	1,174
Total change in comprehensive income	**(20,588)**	**55**	**(20,533)**	**42,732**	**22,199**
Premiums received on insurance contracts issued	36,473		36,473		36,473
Claims and other insurance service expenses paid				(42,702)	(42,702)
Insurance acquisition cash flows	(1,911)		(1,911)		(1,911)
Total cash flows	**34,562**		**34,562**	**(42,702)**	**(8,140)**
Acquisition costs not allocated to contracts – allocation to insurance contracts					
Reversals of impairment of acquisition costs not allocated to insurance contracts released to profit for the period					
Acquisition costs not allocated to contracts					
Changes in scope of consolidation					
Other movements relating to changes in the carrying amount of insurance contracts	(53)	17	(36)	2	(35)
Other consolidation adjustments	**(53)**	**17**	**(36)**	**2**	**(35)**
Closing net balance	**367,265**	**167**	**367,432**	**5,791**	**373,223**
Balance of assets at 31 December 2023	(1,389)		(1,389)	213	(1,177)
Balance of liabilities at 31 December 2023	368,655	167	368,822	5,578	374,400

(in millions of euros)	31.12.2022 Net liability for remaining coverage Excluding loss component	 Loss component	 Net liability for remaining coverage	 Liability for incurred claims	 **Total**
Balance of assets at 31 December 2021	(1,428)		(1,428)	173	(1,256)
Balance of liabilities at 31 December 2021	400,917	48	400,965	6,133	407,098
Opening net balance	**399,489**	**48**	**399,537**	**6,306**	**405,842**
Insurance revenue	**(10,388)**		**(10,388)**		**(10,388)**
Insurance service expenses	**1,981**	**49**	**2,030**	**6,133**	**8,163**
Incurred claims and other insurance service expenses		(51)	(51)	7,249	7,199
Amortisation of insurance acquisition cash flows	1,981		1,981		1,981
Adjustments to liabilities for incurred claims				(1,116)	(1,116)
Losses and reversals on groups of onerous contracts		100	100		100
Investment components	**(30,636)**		**(30,636)**	**30,636**	
Insurance service result	**(39,043)**	**49**	**(38,994)**	**36,769**	**(2,225)**
Finance income or expenses from insurance contracts issued	**(42,313)**	**5**	**(42,308)**	**(478)**	**(42,786)**
Finance income or expenses from insurance contracts issued (excluding foreign exchange differences)	(44,019)	5	(44,014)	(507)	(44,521)
Effect of exchange differences	1,706		1,706	28	1,734
Total change in comprehensive income	**(81,356)**	**54**	**(81,302)**	**36,291**	**(45,011)**
Premiums received on insurance contracts issued	39,604		39,604		39,604
Claims and other insurance service expenses paid				(36,910)	(36,910)
Insurance acquisition cash flows	(2,170)		(2,170)		(2,170)
Total cash flows	**37,433**		**37,433**	**(36,910)**	**524**
Acquisition costs not allocated to contracts – allocation to insurance contracts					
Reversals of impairment of acquisition costs not allocated to insurance contracts released to profit for the period					
Acquisition costs not allocated to contracts					
Changes in scope of consolidation	(2,090)		(2,090)		(2,090)
Other movements relating to changes in the carrying amount of insurance contracts	(131)	(7)	(138)	72	(66)
Other consolidation adjustments	**(2,221)**	**(7)**	**(2,229)**	**72**	**(2,156)**
Closing net balance	**353,345**	**95**	**353,440**	**5,759**	**359,199**
Balance of assets at 31 December 2022	(1,800)		(1,800)	457	(1,343)
Balance of liabilities at 31 December 2022	355,145	95	355,240	5,302	360,542

2.5.5 Analysis by accounting component – Contracts valued using the BBA and VFA models – insurance

(in millions of euros)	Present value of future cash flows	Adjustment for non-financial risk (RA)	Contractual service margin (CSM)	Total
Balance of assets at 31 December 2022	(2,423)	354	725	(1,343)
Balance of liabilities at 31 December 2022	344,237	1,508	14,797	360,542
Opening net balance	**341,814**	**1,863**	**15,522**	**359,199**
Changes related to future services	**(4,243)**	**404**	**3,919**	**80**
Changes in estimates resulting in an adjustment to the contractual service margin	(2,159)	162	2,013	15
Changes in estimates resulting in losses and reversals on groups of onerous contracts	(15)	52		38
Effect of contracts recognised during the period	(2,069)	190	1,906	28
Changes related to current service	**737**	**(262)**	**(2,212)**	**(1,737)**
Contractual service margin released to profit			(2,212)	(2,212)
Change in non-financial risk adjustment		(262)		(262)
Experience adjustments	737			737
Changes related to past services	**(1,049)**	**(37)**		**(1,087)**
Adjustments to incurred claims	(1,049)	(37)		(1,087)
Insurance service result	**(4,555)**	**105**	**1,708**	**(2,744)**
Finance income or expense from insurance contracts issued	**24,754**	**61**	**127**	**24,942**
Finance income or expense from insurance contracts issued (excluding exchange differences)	23,657	56	55	23,768
Effect of exchange differences	1,097	5	72	1,174
Total change in comprehensive income	**20,199**	**166**	**1,835**	**22,199**
Cash flows received or paid on insurance contracts	(8,140)			(8,140)
Total cash flows	**(8,140)**			**(8,140)**
Other consolidation adjustments	**(44)**	**4**	**5**	**(35)**
Closing net balance	**353,829**	**2,032**	**17,362**	**373,224**
Balance of assets at 31 December 2023	(1,538)	79	282	(1,176)
Balance of liabilities at 31 December 2023	355,367	1,953	17,080	374,400

(in millions of euros)	Present value of future cash flows	Risk adjustment for non-financial risk (RA)	Contractual service margin (CSM)	**Total**
Balance of assets at 31 December 2021	(1,537)	81	199	(1,256)
Balance of liabilities at 31 December 2021	389,881	1,601	15,616	407,098
Opening net balance	388,345	1,683	15,815	**405,843**
Changes related to future services	**(4,980)**	**509**	**4,572**	**100**
Changes in estimates resulting in an adjustment to the contractual service margin	(3,402)	283	3,108	(11)
Changes in estimates resulting in losses and reversals on groups of onerous contracts	41	49		89
Effect of contracts recognised during the period	(1,619)	177	1,464	22
Changes related to services rendered during the period	**1,265**	**(194)**	**(2,279)**	**(1,208)**
Contractual service margin released to profit			(2,279)	(2,279)
Change in non-financial risk adjustment		(194)		(194)
Experience adjustments	1,265			1,265
Changes related to past services	**(1,080)**	**(36)**		**(1,116)**
Adjustments to incurred claims	(1,080)	(36)		(1,116)
Insurance service result	(4,796)	278	2,293	**(2,225)**
Finance income or expense from insurance contracts issued	**(40,136)**	**(80)**	**(2,570)**	**(42,786)**
Finance income or expense from insurance contracts issued (excluding exchange differences)	(41,761)	(99)	(2,661)	(44,521)
Effect of exchange differences	1,625	19	90	1,734
Total change in comprehensive income	(44,931)	198	(277)	**(45,011)**
Cash flows received or paid on insurance contracts	585			585
Total cash flows	**585**			**585**
Other consolidation adjustments	**(2,183)**	**(18)**	**(15)**	**(2,217)**
Closing net balance	341,814	1,863	15,522	**359,199**
Balance of assets at 31 December 2022	(2,423)	354	725	(1,343)
Balance of liabilities at 31 December 2022	344,237	1,508	14,797	360,542

2.5.6 Analysis by remaining coverage period and incurred claims – Contracts valued using the BBA model – Reinsurance held

	31.12.2023				
	Net assets for remaining coverage				
(in millions of euros)	Excluding loss recovery component	Loss recovery component	Remaining coverage component	Incurred claims component	Total
Balance of assets at 31 December 2022	7,436	3	7,439	463	7,903
Balance of liabilities at 31 December 2022	(35)		(35)	15	(20)
Opening net balance	**7,401**	**3**	**7,404**	**478**	**7,883**
Reinsurance income	**73**	**2**	**75**	**535**	**609**
Reinsurance recoveries:	73	2	75	565	639
– of which amounts recovered on past service and other reinsurance expenses	73		73	565	638
– of which losses and reversals on underlying onerous contracts		2	2		2
Adjustments to assets for incurred claims				(30)	(30)
Reinsurance expenses	**(675)**		**(675)**		**(675)**
Income and expenses from reinsurance contracts held	**(602)**	**2**	**(601)**	**535**	**(66)**
Finance income or expenses from reinsurance contracts held	**887**		**887**	**9**	**896**
Finance income or expense from reinsurance contracts held (excluding foreign exchange differences)	887		887	9	896
Effect of exchange differences					
Investment components	**(875)**		**(875)**	**875**	
Total change in comprehensive income	**(591)**	**2**	**(589)**	**1,419**	**830**
Premiums paid	1,295		1,295		1,295
Reinsurance recoveries				(1,393)	(1,393)
Other cash flow timing differences (reinsurance deposits, acquisition costs, etc.)	(59)		(59)		(59)
Total cash flows	**1,236**		**1,236**	**(1,393)**	**(157)**
Changes in scope of consolidation					
Other movements relating to changes in the carrying amount of reinsurance contracts	9		9		9
Other consolidation adjustments	**9**		**9**		**9**
Closing net balance	**8,055**	**5**	**8,060**	**504**	**8,564**
Balance of assets at 31 December 2023	8,098	5	8,103	496	8,599
Balance of liabilities at 31 December 2023	(43)		(43)	8	(35)

(in millions of euros)	31.12.2022 Net assets for remaining coverage: Excluding loss recovery component	Loss recovery component	Remaining coverage component	Incurred claims component	Total
Balance of assets at 31 December 2021	10,922		10,922	257	11,179
Balance of liabilities at 31 December 2021	(22)		(22)	9	(14)
Opening net balance	**10,900**		**10,900**	**266**	**11,166**
Reinsurance income		**9**	**9**	**641**	**650**
Reinsurance recoveries:		9	9	633	642
– of which amounts recovered on past service and other reinsurance expenses		6	6	633	639
– of which losses and reversals on underlying onerous contracts		3	3		3
Adjustments to assets for incurred claims				8	8
Reinsurance expenses	**(490)**		**(490)**	**(88)**	**(578)**
Income and expenses from reinsurance contracts held	**(490)**	**9**	**(482)**	**553**	**71**
Finance income or expenses from reinsurance contracts held	**(3,089)**		**(3,089)**	**(9)**	**(3,098)**
Finance income or expense from reinsurance contracts held (excluding foreign exchange differences)	(3,089)		(3,089)	(9)	(3,098)
Effect of exchange differences					
Investment components	**(970)**		**(970)**	**970**	
Total change in comprehensive income	**(4,550)**	**9**	**(4,541)**	**1,514**	**(3,027)**
Premiums paid	2,962		2,962		2,962
Reinsurance recoveries	4	(6)	(2)	(1,412)	(1,414)
Other cash flow timing differences (reinsurance deposits, acquisition costs, etc.)	(53)		(53)	(4)	(57)
Total cash flows	**2,913**	**(6)**	**2,907**	**(1,416)**	**1,491**
Changes in scope of consolidation					
Other movements relating to changes in the carrying amount of reinsurance contracts	(1,862)		(1,862)	114	(1,748)
Other consolidation adjustments	**(1,862)**		**(1,862)**	**114**	**(1,748)**
Closing net balance	**7,401**	**3**	**7,404**	**478**	**7,883**
Balance of assets at 31 December 2022	7,436	3	7,439	463	7,903
Balance of liabilities at 31 December 2022	(35)		(35)	15	(20)

2.5.7 Analysis by accounting component – Contracts valued using the BBA model – reinsurance contracts held

(in millions of euros)	Present value of future cash flows	Adjustment for non-financial risk (RA)	Contractual service margin (CSM)	Total
Balance of assets at 31 December 2022	7,171	108	624	7,903
Balance of liabilities at 31 December 2022	(43)	22	1	(20)
Opening net balance	**7,127**	**131**	**625**	**7,883**
Changes related to future services	**68**	**(17)**	**(49)**	**2**
Changes in estimates resulting in an adjustment to the contractual service margin	71	(22)	(48)	
Changes in estimates resulting in losses and reversals on underlying onerous contracts				
Effect of contracts recognised during the period	(3)	5	(1)	2
Changes related to current service	**43**	**(8)**	**(72)**	**(38)**
Contractual service margin released to profit			(72)	(72)
Change in non-financial risk adjustment		(8)		(8)
Experience adjustments	43			43
Changes related to past services	**(28)**	**(3)**		**(31)**
Adjustments to incurred claims	(28)	(3)		(31)
Income and expenses from reinsurance contracts held	**83**	**(28)**	**(121)**	**(66)**
Finance income or expenses from reinsurance contracts held	**881**	**12**	**3**	**896**
Total changes in comprehensive income	**964**	**(16)**	**(118)**	**830**
Cash flows	(157)			(157)
Total cash flows	**(157)**			**(157)**
Other consolidation adjustments	**24**		**(14)**	**10**
Closing net balance	**7,958**	**114**	**492**	**8,564**
Balance of assets at 31 December 2023	7,990	97	512	8,599
Balance of liabilities at 31 December 2023	(32)	17	(20)	(35)

(in millions of euros)	Present value of future cash flows	Adjustment for non-financial risk (RA)	Contractual service margin (CSM)	**Total**
Balance of assets at 31 December 2021	10,197	119	863	11,179
Balance of liabilities at 31 December 2021	(17)	3	1	(14)
Opening net balance	**10,180**	**122**	**864**	**11,166**
Changes related to future services	**(54)**	**47**	**10**	**3**
Changes in estimates resulting in an adjustment to the contractual service margin	(45)	45		
Changes in estimates resulting in losses and reversals on underlying onerous contracts	3			3
Effect of contracts recognised during the period	(12)	2	10	
Changes related to current service	**113**	**3**	**(54)**	**62**
Contractual service margin released to profit			(54)	(54)
Change in non-financial risk adjustment		**3**		**3**
Experience adjustments	113			113
Changes related to past services	**11**	**(4)**		**7**
Adjustments to incurred claims	11	(4)		7
Income and expenses from reinsurance contracts held	**70**	**46**	**(44)**	**71**
Finance income or expenses from reinsurance contracts held	**(2,867)**	**(35)**	**(196)**	**(3,098)**
Total changes in comprehensive income	**(2,798)**	**11**	**(240)**	**(3,027)**
Cash flows	1,491			1,491
Total cash flows	**1,491**			**1,491**
Other consolidation adjustments	**(1,746)**	**(2)**	**1**	**(1,748)**
Closing net balance	**7,127**	**131**	**625**	**7,883**
Balance of assets at 31 December 2022	7,171	108	624	7,903
Balance of liabilities at 31 December 2022	(43)	22	1	(20)

2.5.8 Analysis by remaining coverage period and incurred claims – Contracts valued using the PAA model – Insurance

	31.12.2023							
	Net liability for remaining coverage			Liability for incurred claims				
(in millions of euros)	Excluding loss component	Loss component	Net liability for remaining coverage	Present value of future cash flows	Risk adjustment for non-financial risk	Liability for incurred claims	Acquisition costs not allocated to contracts	Total
Balance of assets at 31 December 2022	(97)		(97)	(1)		(1)	(65)	(163)
Balance of liabilities at 31 December 2022	871	4	874	666	44	710		1,584
Opening net balance	**774**	**4**	**778**	**665**	**44**	**709**	**(65)**	**1,422**
Insurance revenue issued	**(1,607)**		**(1,607)**					**(1,607)**
Insurance service expenses issued	**164**	**(1)**	**162**	**1,120**		**1,120**		**1,282**
Incurred claims and other insurance service expenses				1,122	10	1,132		1,132
Amortisation of insurance acquisition cash flows	164		164					164
Adjustments to liabilities for incurred claims				(3)	(10)	(13)		(13)
Losses and reversals on groups of onerous contracts		(1)	(1)					(1)
Investment components								
Investment components								
Insurance service result	**(1,443)**	**(1)**	**(1,445)**	**1,120**		**1,120**		**(325)**
Finance income or expense from insurance contracts issued	**(5)**		**(5)**	**14**	**2**	**15**		**10**
Finance income or expense from insurance contracts issued				14	2	15		15
Effect of exchange differences	(5)		(5)					(5)
Total change in comprehensive income	**(1,448)**	**(1)**	**(1,450)**	**1,133**	**2**	**1,135**		**(315)**
Premiums received on insurance contracts issued	1,566		1,566					1,566
Payment of incurred claims and other insurance service expenses issued				(1,051)		(1,051)		(1,051)
Insurance acquisition cash flows	(169)		(169)					(169)
Total cash flows	**1,397**		**1,397**	**(1,051)**		**(1,051)**		**346**
Reversals of impairment of acquisition costs not allocated to insurance contracts released to profit for the period								
Acquisition costs not allocated to contracts								
Changes in scope of consolidation								
Other movements relating to changes in the carrying amount of insurance contracts	(65)		(65)		1	1	65	1
Other consolidation adjustments	**(65)**		**(65)**		**1**	**1**	**65**	**1**
Closing net balance	**658**	**2**	**660**	**747**	**47**	**794**		**1,454**
Balance of assets at 31 December 2023	(165)		(165)	(1)		(1)		(166)
Balance of liabilities at 31 December 2023	823	2	825	749	47	795		1,620

	31.12.2022							
	Net liability for remaining coverage			Liability for incurred claims				
(in millions of euros)	Excluding loss component	Loss component	Net liability for remaining coverage	Present value of future cash flows	Risk adjustment for non-financial risk	Liability for incurred claims	Acquisition costs not allocated to contracts	**Total**
Balance of assets at 31 December 2021	(69)		(69)				(65)	(134)
Balance of liabilities at 31 December 2021	914	5	919	640	48	687		1,607
Opening net balance	**845**	**5**	**850**	**640**	**48**	**687**	**(65)**	**1,472**
Insurance revenue issued	**(1,542)**		**(1,542)**					**(1,542)**
Insurance service expenses issued	**158**	**(2)**	**156**	**1,081**		**1,081**		**1,238**
Incurred claims and other insurance service expenses				1,121	10	1,131		1,131
Amortisation of insurance acquisition cash flows	158		158					158
Adjustments to liabilities for incurred claims				(40)	(10)	(50)		(50)
Losses and reversals on groups of onerous contracts		(2)	(2)					(2)
Investment components								
Investment components								
Insurance service result	**(1,384)**	**(2)**	**(1,386)**	**1,081**		**1,081**		**(305)**
Finance income or expense from insurance contracts issued				**(61)**	**(4)**	**(65)**		**(65)**
Finance income or expense from insurance contracts issued				(61)	(4)	(65)		(65)
Effect of exchange differences								
Total change in comprehensive income	**(1,384)**	**(2)**	**(1,386)**	**1,020**	**(3)**	**1,017**		**(369)**
Premiums received on insurance contracts issued	1,493		1,493					1,493
Payment of incurred claims and other insurance service expenses issued				(1,025)		(1,025)		(1,025)
Insurance acquisition cash flows	(159)		(159)					(159)
Total cash flows	**1,334**		**1,334**	**(1,025)**		**(1,025)**		**309**
Reversals of impairment of acquisition costs not allocated to insurance contracts released to profit for the period								
Acquisition costs not allocated to contracts								
Changes in scope of consolidation	(21)		(21)	30		30		9
Other movements relating to changes in the carrying amount of insurance contracts								
Other consolidation adjustments	**(21)**		**(21)**	**30**		**30**		**9**
Closing net balance	**774**	**4**	**778**	**665**	**44**	**709**	**(65)**	**1,422**
Balance of assets at 31 December 2022	(97)		(97)	(1)		(1)	(65)	(163)
Balance of liabilities at 31 December 2022	871	4	874	666	44	710		1,584

2.5.9 Analysis by remaining coverage period and incurred claims – Contracts valued using the PAA model – Reinsurance held

	31.12.2023						
	Remaining coverage component			Incurred claims component			
(in millions of euros)	Excluding loss recovery component	Loss recovery component	Remaining coverage component	Present value of future cash flows	Adjustment for non-financial risk (RA)	Incurred claims component	Total
Balance of assets at 31 December 2022	89		89	205	10	215	304
Balance of liabilities at 31 December 2022	(13)		(13)				(13)
Opening net balance	**76**		**76**	**205**	**10**	**215**	**291**
Reinsurance income		**(2)**	**(2)**	**130**	**(1)**	**129**	**127**
Reinsurance recoveries		(2)	(2)	126		126	124
– of which amounts recovered on past service and other reinsurance expenses		(2)	(2)	126		126	124
Adjustments to reinsurance recoveries				4	(1)	3	3
Reinsurance expenses	**(167)**		**(167)**				**(167)**
Income and expenses from reinsurance contracts held	**(167)**	**(2)**	**(169)**	**130**	**(1)**	**129**	**(40)**
Finance income or expenses from reinsurance contracts held				**3**		**3**	**3**
Finance income or expense from reinsurance contracts held (excluding foreign exchange differences)				3		3	3
Effect of exchange differences							1
Total change in comprehensive income	**(167)**	**(2)**	**(169)**	**133**		**133**	**(36)**
Premiums paid	156		156				156
Reinsurance recoveries		2	2	(113)		(113)	(111)
Total cash flows	**156**	**2**	**158**	**(113)**		**(113)**	**45**
Changes in scope of consolidation							
Other movements relating to changes in the carrying amount of insurance contracts	(3)		(3)	2		2	(1)
Other consolidation adjustments	**(3)**		**(3)**	**2**		**2**	**(1)**
Closing net balance	**62**		**62**	**227**	**10**	**237**	**299**
Balance of assets at 31 December 2023	82		82	227	10	237	319
Balance of liabilities at 31 December 2023	(20)		(20)				(20)

(in millions of euros)	31.12.2022						
	Remaining coverage component			Incurred claims component			
	Excluding loss recovery component	Loss recovery component	Remaining coverage component	Present value of future cash flows	Risk adjustment for non-financial risk	Incurred claims component	Total
Balance of assets at 31 December 2021	96		97	216	11	227	324
Balance of liabilities at 31 December 2021	(13)		(13)				(13)
Opening net balance	**83**		**83**	**216**	**11**	**227**	**310**
Reinsurance income				**129**		**129**	**129**
Reinsurance recoveries:				134		134	134
– of which amounts recovered on past service and other reinsurance expenses				134		134	134
Adjustments to reinsurance recoveries				(5)		(5)	(5)
Reinsurance expenses	**(177)**		**(177)**				**(177)**
Income and expenses from reinsurance contracts held	**(177)**		**(177)**	**129**		**129**	**(48)**
Finance income or expenses from reinsurance contracts held				**(23)**	**(1)**	**(24)**	**(24)**
Finance income or expense from reinsurance contracts held (excluding foreign exchange differences)				(24)	(1)	(25)	(25)
Effect of exchange differences				1		1	1
Total change in comprehensive income	**(177)**		**(177)**	**107**	**(1)**	**106**	**(71)**
Premiums paid	168		168				168
Reinsurance recoveries				(116)		(116)	(116)
Total cash flows	**168**		**168**	**(116)**		**(116)**	**52**
Changes in scope of consolidation							
Other movements relating to changes in the carrying amount of insurance contracts	2		2	(2)		(2)	
Other consolidation adjustments	**1**		**1**	**(2)**		**(2)**	
Closing net balance	**76**		**76**	**205**	**10**	**215**	**291**
Balance of assets at 31 December 2022	89		89	205	10	215	304
Balance of liabilities at 31 December 2022	(13)		(13)				(13)

2.5.10 Contractual service margin by transition approach

(in millions of euros)	Contracts measured using the modified retrospective approach on transition	Contracts measured using the fair value approach on transition	Other contracts(1)	Total
Contractual service margin at 31 December 2022	**158**	**13,246**	**2,118**	**15,522**
Changes related to future service	**(20)**	**2,082**	**1,857**	**3,919**
Changes in estimates resulting in an adjustment to the contractual service margin	(20)	2,082	(49)	2,013
Effect of contracts recognised during the period			1,906	1,906
Changes related to current service	**(48)**	**(1,741)**	**(422)**	**(2,212)**
Contractual service margin released to profit for services provided	(48)	(1,741)	(422)	(2,212)
Finance income or expense from insurance contracts issued	**4**	**29**	**94**	**127**
Finance income or expense from insurance contracts issued	6	(7)	57	56
Effect of exchange differences	(2)	37	37	72
Other consolidation adjustments	**46**	**3**	**(43)**	**6**
Other movements relating to changes in the carrying amount of insurance contracts	46	3	(43)	6
Contractual service margin at 31 December 2023	**140**	**13,619**	**3,604**	**17,362**

(1) Other contracts correspond to contracts that did not exist at the transition date.

(in millions of euros)	Contracts measured using the modified retrospective approach on transition	Contracts measured using the fair value approach on transition	Other contracts(1)	Total
Contractual service margin at 31 December 2021	**305**	**15,200**	**311**	**15,816**
Changes related to future service	**3**	**3,167**	**1,402**	**4,572**
Changes in estimates resulting in an adjustment to the contractual service margin	3	3,167	(62)	3,108
Effect of contracts recognised during the period			1,464	1,464
Changes related to current service	**(183)**	**(1,989)**	**(107)**	**(2,279)**
Contractual service margin released to profit for services provided	(183)	(1,989)	(107)	(2,279)
Finance income or expense from insurance contracts issued	**28**	**(3,112)**	**513**	**(2,571)**
Finance income or expense from insurance contracts issued	21	(3,223)	541	(2,661)
Effect of exchange differences	8	110	(28)	90
Other consolidation adjustments	**5**	**(19)**	**(1)**	**(15)**
Changes in scope of consolidation		(27)		(27)
Other movements relating to changes in the carrying amount of insurance contracts	5	8	(1)	12
Contractual service margin at 31 December 2022	**158**	**13,246**	**2,118**	**15,522**

(1) Other contracts correspond to contracts that did not exist at the transition date.

2.5.11 Contractual service margin on reinsurance contracts held, by transition approach

(in millions of euros)	Contracts measured using the modified retrospective approach on transition	Contracts measured using the fair value approach on transition	Other contracts[1]	Total
Ceded portion – contractual service margin at 31 December 2022	**76**	**541**	**8**	**625**
Ceded portion – changes related to future service:	**9**	**(66)**	**8**	**(49)**
Changes in estimates resulting in an adjustment to the contractual service margin	9	(66)	9	(48)
Effect of contracts recognised during the period			(1)	(1)
Ceded portion – changes related to services rendered during the period:	**(7)**	**(60)**	**(5)**	**(72)**
Contractual service margin released to profit for services provided	(7)	(60)	(5)	(72)
Ceded portion – finance income or expenses from reinsurance contracts held:	**1**	**2**		**3**
Finance income or expenses from reinsurance contracts held	1	2		3
Ceded portion – other consolidation adjustments:	**(15)**			**(15)**
Other movements relating to changes in the carrying amount of reinsurance contracts	(15)			(15)
Ceded portion – contractual service margin at 31 December 2023	**64**	**417**	**11**	**492**

(1) Other contracts correspond to contracts that did not exist at the transition date.

(in millions of euros)	Contracts measured using the modified retrospective approach on transition	Contracts measured using the fair value approach on transition	Other contracts[1]	Total
Ceded portion – contractual service margin at 31 December 2021	**78**	**786**		**864**
Ceded portion – changes related to future service:	**4**	**(3)**	**9**	**10**
Changes in estimates resulting in an adjustment to the contractual service margin	4	(3)	(1)	
Effect of contracts recognised during the period			10	10
Ceded portion – changes related to services rendered during the period:	**(8)**	**(45)**	**(2)**	**(54)**
Contractual service margin released to profit for services provided	(8)	(45)	(2)	(54)
Ceded portion – finance income or expenses from reinsurance contracts held:	**2**	**(198)**		**(196)**
Finance income or expenses from reinsurance contracts held	2	(198)		(196)
Effect of exchange differences				
Ceded portion – other consolidation adjustments:		**1**		**1**
Changes in scope of consolidation				
Other movements relating to changes in the carrying amount of reinsurance contracts		1		
Ceded portion – contractual service margin at 31 December 2022	**76**	**541**	**8**	**625**

(1) Other contracts correspond to contracts that did not exist at the transition date.

2.5.12 Analysis of contractual service margin

(in millions of euros)	31.12.2023 Less than 5 years	5-10 years	> 10 years	Total
Insurance contracts	7,352	4,155	5,855	17,362
Reinsurance contracts	136	99	257	492
Contractual service margin (CSM)	**7,216**	**4,056**	**5,598**	**16,870**

(in millions of euros)	31.12.2022 Less than 5 years	5-10 years	> 10 years	Total
Insurance contracts	7,088	3,869	4,566	15,522
Reinsurance contracts	204	132	289	625
Contractual service margin (CSM)	**6,884**	**3,736**	**4,277**	**14,898**

2.5.13 Analysis of new contracts recognised during the period – insurance

(in millions of euros)	31.12.2023 Contracts initially recognised during the period	of which: onerous contracts	of which: profitable contracts
Estimated present value of future cash outflows	**29,699**	**759**	**28,941**
Insurance acquisition cash flows	506	27	479
Incurred claims and other insurance service expenses	29,193	732	28,462
Estimated present value of future cash inflows	**(31,769)**	**(749)**	**(31,019)**
Adjustment for non-financial risk (RA)	**190**	**18**	**172**
Contractual service margin (CSM)	**1,906**		**1,906**
Loss component	**27**	**27**	

(in millions of euros)	31.12.2022 Contracts initially recognised during the period	of which: onerous contracts	of which: profitable contracts
Estimated present value of future cash outflows	**21,912**	**175**	**21,737**
Insurance acquisition cash flows	486	13	473
Incurred claims and other insurance service expenses	21,426	162	21,264
Estimated present value of future cash inflows	**(23,531)**	**(158)**	**(23,373)**
Adjustment for non-financial risk (RA)	**177**	**4**	**173**
Contractual service margin (CSM)	**1,464**		**1,464**
Loss component	**22**	**22**	

2.5.14 Analysis of new contracts recognised during the period – reinsurance contracts held

(in millions of euros)	31.12.2023 Contracts initially recognised during the period	of which: profitable contracts
Estimated present value of future cash outflows	(103)	(103)
Estimated present value of future cash inflows	100	100
Adjustment for non-financial risk (RA)	5	5
Contractual service margin (CSM)	(1)	(1)
Loss recovery component	2	2

(in millions of euros)	31.12.2022 Contracts initially recognised during the period	of which: profitable contracts
Estimated present value of future cash outflows	(22)	(22)
Estimated present value of future cash inflows	10	10
Risk adjustment for non-financial risk	2	2
Contractual service margin (CSM)	10	10
Loss recovery component		

2.5.15 Composition of the underlying items of direct participating contracts

This table shows the financial assets underlying contracts with direct participation features. A contract with participation features is a contract where the benefit paid to the beneficiary is directly linked to the fair value or returns of specific assets.

(in millions of euros)	31.12.2023 Fair value	31.12.2022 Fair value
Bonds	205,965	190,390
Negotiable debt securities	298	509
Equities	15,902	16,410
Mutual funds	99,228	99,317
Shares in property-management companies	6,728	8,459
Derivative financial instruments	1,538	3,578
Other activities	2,703	3,242
Total	**332,362**	**321,904**

2.5.16 Amortisation of insurance acquisition cash flows

(in millions of euros)	31.12.2023 Less than 1 year	1-2 years	2-5 years	> 5 years	Total
Insurance acquisition cash flows					

(in millions of euros)	31.12.2022 Less than 1 year	1-2 years	2-5 years	> 5 years	Total
Insurance acquisition cash flows	**65**				**66**

2.5.17 Changes in gains and losses on financial assets at fair value through other comprehensive income held at the transition date and backing insurance contracts issued and reinsurance contracts held

(in millions of euros)	**31.12.2023**	31.12.2022
OCI fair value reserve at 31 December 2022	**(21,468)**	**2,566**
Gains and losses on assets at fair value through OCI for the period	8,381	(34,913)
Transfers of reclassifiable OCI to profit for the period	2,782	2,321
Transfers of non-reclassifiable OCI to reserves	(605)	(11)
Deferred taxes	(2,698)	8,566
Translation adjustments	(1)	
Other movements	(213)	4
OCI fair value reserve at 31 December 2023	**(13,822)**	**(21,468)**

2.5.18 Insurance risk

2.5.18.1 Analysis of sensitivity to surrender risk

	31.12.2023			31.12.2022		
(in millions of euros)	**Other comprehensive income**	**Net profit (loss)**	**Impact on equity**	Other comprehensive income	Net profit (loss)	Impact on equity
10% increase in the surrender rate	0%	(2%)	0%	N/A	N/A	N/A

2.5.18.2 Analysis of sensitivity to interest rate risks

	31.12.2023			31.12.2022		
(in millions of euros)	**Other comprehensive income**	**Net profit (loss)**	**Impact on equity**	Other comprehensive income	Net profit (loss)	Impact on equity
+100 bps	(3%)	(11%)	(3%)	(4%)	(11%)	(4%)
-100 bps	3%	10%	3%	4%	9%	4%

2.5.18.3 Analysis of sensitivity to property risk

	31.12.2023			31.12.2022		
(in millions of euros)	**Other comprehensive income**	**Net profit (loss)**	**Impact on equity**	Other comprehensive income	Net profit (loss)	Impact on equity
25% fall in property prices	0%	(31%)	(2%)	0%	(57%)	(3%)

2.5.18.4 Analysis of sensitivity to equity risk

	31.12.2023			31.12.2022		
(in millions of euros)	**Other comprehensive income**	**Net profit (loss)**	**Impact on equity**	Other comprehensive income	Net profit (loss)	Impact on equity
25% fall in equity prices	(2%)	(26%)	(4%)	(3%)	(38%)	(5%)

2.5.18.5 Interest rate risk – carrying amounts of financial instruments by maturity band

	31.12.2023						
(in millions of euros)	**Less than 1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**> 5 years**	**Total**
Fixed-rate bonds	27,874	14,368	11,489	12,230	13,772	85,710	165,443
Zero coupon bonds	2,799	1,645	4,669	1,087	1,975	7,891	20,066
Adjustable-rate bonds	322	2	2		1		327
Variable-rate bonds	4,273	1,953	4,676	6,328	2,263	6,758	26,251
Fixed-rate inflation-indexed bonds	1,249	370	1,235	350	567	7,128	10,899
Structured bonds	1,155	1,199	2,575	2,018	2,419	23,291	32,657
Other bonds	977					1	977
Loans and advances	4,254					596	4,851
Total	**42,904**	**19,537**	**24,646**	**22,013**	**20,996**	**131,375**	**261,471**

	31.12.2022						
(in millions of euros)	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	**Total**
Fixed-rate bonds	32,156	11,552	14,168	11,230	11,562	82,474	163,142
Zero coupon bonds	2,918	641	1,409	1,705	1,014	7,988	15,673
Adjustable-rate bonds			1			2	3
Variable-rate bonds	2,098	2,910	2,128	4,076	5,492	7,848	24,552
Fixed-rate inflation-indexed bonds	3,131	709		36	70	5,150	9,095
Structured bonds	1,157	973	1,067	2,092	2,115	19,029	26,432
Other bonds	1	2	3	3	4	150	164
Loans and advances	3,471					1,891	5,362
Total	**41,460**	**16,785**	**18,773**	**19,137**	**20,253**	**122,489**	**244,423**

2.5.18.6 Credit risk on reinsured business

Ceded assets net of ceded liabilities – by reinsurer credit rating

	31.12.2023		31.12.2022	
(in millions of euros)	**Amount**	**%**	Amount	%
AAA	1	0.0%		
AA+	(2)	0.0%	5	0.0%
AA	1	0.0%		
AA–	1,399	15.80%	36	0.2%
A++				
A+	42	0.5%	19,379	95.0%
A	7,258	81.9%	711	3.5%
A-	52	0.6%	8	0.0%
BBB+	9	0.1%	28	0.1%
BBB				
Not Rated	85	1.0%		
Other reinsurers	18	0.2%	228	1.1%
Total ceded assets net of ceded liabilities	**8,863**	**100%**	**20,394**	**100%**

2.5.18.7 Breakdown of the bond portfolio by issuer rating

	31.12.2023		31.12.2022	
(in millions of euros)	**Bond portfolio at market value**	**%**	Bond portfolio at market value	%
AAA	15,651	6%	13,202	5%
AA	85,531	33%	89,121	37%
A	69,035	27%	57,077	24%
BBB	39,881	16%	50,980	21%
<BBB	43,485	17%	25,385	11%
Not rated	3,062	1%	5,242	2%
Total	**256,645**	**100%**	**241,008**	**100%**

2.5.18.8 Liquidity risk – maturity analysis

	31.12.2023						
(in millions of euros)	**Less than 1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**> 5 years**	**Total**
Insurance liabilities net of insurance assets	24,358	22,712	18,955	17,302	15,916	254,587	353,829
Reinsurance assets net of reinsurance liabilities	252	248	250	252	253	6,703	7,958
Total	**24,105**	**22,464**	**18,706**	**17,050**	**15,662**	**247,884**	**345,871**

	31.12.2022						
(in millions of euros)	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	**Total**
Insurance liabilities net of insurance assets	26,797	34,140	21,649	17,402	15,559	226,264	341,810
Reinsurance assets net of reinsurance liabilities	220	224	226	225	228	6,005	7,127
Total	**26,576**	**33,917**	**21,423**	**17,178**	**15,330**	**220,259**	**334,683**

2.5.18.9 Liquidity risk – insurance contract liabilities net of insurance assets – amounts due – surrenders

	31.12.2023		31.12.2022	
(in millions of euros)	**Surrender value**	**Carrying amount**	Surrender value	Carrying amount
Contracts with immediate surrender option	63,178	78,499	69,586	62,814
Contracts with no immediate surrender option	280,648	296,147	272,258	297,786
Total	**343,826**	**374,646**	**341,844**	**360,600**

2.5.18.10 Liquidity risk – future cash flows

	31.12.2023					
(in millions of euros)	**Less than 1 year**	**1-5 years**	**5-10 years**	**10-15 years**	**> 15 years**	**Total**
Financial assets at fair value through profit or loss	14,553	3,916	4,770	702	4,113	28,054
Financial assets at fair value through OCI to be reclassified to profit or loss	18,621	68,460	73,985	25,637	39,756	226,459
Financial assets at amortised cost	62	713	1,364	437	8	2,584
Total	**33,236**	**73,089**	**80,119**	**26,777**	**43,878**	**257,098**

	31.12.2022					
(in millions of euros)	Less than 1 year	1-5 years	5-10 years	10-15 years	> 15 years	**Total**
Financial assets at fair value through profit or loss	12,270	4,492	4,380	895	4,047	26,084
Financial assets at fair value through OCI to be reclassified	27,983	61,677	74,264	25,342	38,047	227,313
Financial assets at amortised cost	1	3	83	9	3	99
Total	**40,255**	**66,172**	**78,728**	**26,246**	**42,096**	**253,496**

2.6 Commitments given and received

2.6.1 Commitments given and received

(in millions of euros)	31.12.2023	31.12.2022
Commitments given	**140,990**	**151,586**
Financing commitments		
To credit institutions	8,583	10,350
To customers	30,175	30,662
Guarantee commitments		
To credit institutions	1,155	1,311
To customers	2,788	2,809
Securities-related commitments		
Securities to be delivered	13,756	16,134
Other commitments given		
To credit institutions	59,654	61,891
To customers	24,879	28,429
Commitments received	**161,748**	**163,878**
Financing commitments		
From credit institutions	40,649	45,263
From customers	6,120	1,728
Guarantee commitments		
From credit institutions	61,139	63,588
From customers	25,215	24,335
Securities-related commitments		
Securities to be received	2,804	2,895
Other commitments received		
From credit institutions	22,362	23,176
From customers	3,459	2,893

2.6.1.1 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 €139 million at 31 December 2023 (€168 million at 31 December 2022).

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

2.6.2 Exposure to credit risk on financing commitments and guarantees given

2.6.2.1 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 01.01.2023	**37,820**	**7,038**	**273**	**45,131**
Increase	14,917	1,373	116	16,406
Decrease	(14,575)	(4,202)	(265)	(19,042)
Transfer between stages	2		(2)	
Other movements		205		205
Closing position at 31.12.2023	**38,164**	**4,414**	**122**	**42,700**

2.6.2.2 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 01.01.2023	**(52)**	**(83)**	**(11)**	**(146)**
Allocations on movements during the period	(26)	(21)	(1)	(48)
Other allocations	(14)	(22)	(27)	(63)
Reversals used with write-off	13	5		18
Reversals related to asset disposals	9		2	11
Other unused reversals	16	40	6	62
Other movements	(5)			(5)
Closing position at 31.12.2023	**(59)**	**(81)**	**(31)**	**(171)**

2.7 Fair value of financial instruments

2.7.1 Fair value of financial assets and liabilities measured at amortised cost

(in millions of euros)	31.12.2023 Carrying amount	Estimated market value	Quoted on an active market: Level 1	Measured using observable inputs: Level 2	Measured using unobservable inputs: Level 3
Assets					
Securities at amortised cost	87,085	81,728	70,144	10,264	1,320
Loans and receivables due from credit institutions and related entities at amortised cost	112,271	112,220	57	111,822	341
Loans and receivables due from customers at amortised cost	190,621	174,939		111,995	62,944
Total financial assets measured at amortised cost	**389,977**	**368,887**	**70,201**	**234,081**	**64,605**
Liabilities					
Debt securities	145,871	141,655	66,830	65,148	9,677
Due to credit institutions	54,314	53,969		53,906	63
Due to customers	316,199	313,771		312,101	1,670
Subordinated debt	9,484	8,892	2,521	6,371	
Total financial liabilities measured at amortised cost	**525,868**	**518,287**	**69,351**	**437,526**	**11,410**

(in millions of euros)	31.12.2022 Carrying amount	Estimated market value	Quoted on an active market: Level 1	Measured using observable inputs: Level 2	Measured using unobservable inputs: Level 3
Assets					
Securities at amortised cost	83,079	75,320	56,939	16,907	1,474
Loans and receivables due from credit institutions and related entities at amortised cost	113,230	113,325	19	112,991	315
Loans and receivables due from customers at amortised cost	189,184	172,678		112,309	60,369
Total financial assets measured at amortised cost	**385,493**	**361,323**	**56,958**	**242,207**	**62,158**
Liabilities					
Debt securities	134,585	128,159	59,182	63,307	5,670
Due to credit institutions	69,423	69,279		69,241	38
Due to customers	311,489	308,122		306,394	1,728
Subordinated debt	9,144	8,011	2,155	5,856	
Total financial liabilities measured at amortised cost	**524,641**	**513,571**	**61,337**	**444,798**	**7,436**

2.7.2 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 31.12.2023
Financial assets at fair value				
Financial assets at fair value through profit or loss – Mandatory classification	61,141	39,914	32,848	133,903
Financial assets at fair value through profit or loss – Fair value option	2,886	21	470	3,377
Assets backing unit-linked contracts	88,312	6,282	159	94,753
Derivative instruments held for trading	4	5,240	27	5,271
Hedging instruments with a positive fair value	2	3,356	70	3,428
Financial assets at fair value through OCI to be reclassified	188,307	13,233	1,850	203,390
Financial assets at fair value through OCI not to be reclassified	43,405	2,443	563	46,411
Cumulative fair value adjustments to portfolios hedged against interest rate risk – assets		(1,385)	(10)	(1,395)
Total financial assets at fair value	**384,057**	**69,104**	**35,977**	**489,138**
Financial liabilities at fair value				
Financial liabilities at fair value through profit or loss	158	9,731		9,889
Derivative instruments held for trading	5	4,486	20	4,511
Hedging instruments with a negative fair value		8,676	34	8,710
Cumulative fair value adjustments to portfolios hedged against interest rate risk – liabilities	(211)	(977)	(124)	(1,312)
Total financial liabilities at fair value	**(48)**	**21,916**	**(70)**	**21,798**

(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	60,164	40,764	30,760	131,688
Financial assets at fair value through profit or loss – Fair value option	4,646	125	537	5,308
Assets backing unit-linked contracts	75,116	5,137	403	80,656
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	186,022	13,693	4,260	203,975
Financial assets at fair value through OCI not to be reclassified	40,223	1,913	615	42,751
Cumulative fair value adjustments to portfolios hedged against interest rate risk – assets		(2,505)		(2,505)
Total financial assets at fair value	**366,172**	**69,220**	**37,790**	**473,182**
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		(2,103)		(2,103)
Total financial liabilities at fair value	**419**	**21,567**	**463**	**22,449**

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.

2.7.3 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	Cumulative fair value adjustments to portfolios hedged against interest rate risk – assets	Total
Balance at 01.01.2022	**29,108**	**2,702**	**406**	**223**		**32,439**
Additions	7,570	2,883	203	710		11,366
Disposals and repayments	(4,032)	(224)	(4)	(67)		(4,327)
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	(282)			287		5
Effect of changes in scope of consolidation and other movements	219	(24)	(5)			190
Balance at 31.12.2022	**31,762**	**4,260**	**615**	**1,153**		**37,790**
Additions	8,468	2	138			8,608
Disposals and repayments	(5,839)	(93)	(12)	(161)	2	(6,103)
Transfers to or from Level 3	(396)	(2,250)	3	(951)		(3,594)
Gains and losses in the period recognised in OCI		(69)	(25)			(94)
Gains and losses in the period recognised in profit or loss	(325)			28	(1)	(298)
Effect of changes in scope of consolidation and other movements	(166)		(156)	1	(11)	(332)
Balance at 31.12.2023	**33,504**	**1,850**	**563**	**70**	**(10)**	**35,977**

2.8 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 2023, Caisse des Dépôts Group had completed its migration to the new benchmark rates.

2.9 Risk factors

2.9.1 Impact of the conflict in Ukraine on Group risks

2.9.1.1 Exposure to Ukraine and Russia

The Caisse des Dépôts Group and its industrial and commercial subsidiaries have a limited presence in Ukraine and Russia.

Caisse des Dépôts Central Sector has no direct financial exposure to Russia. The Group had marginal exposures through historical partnerships and funds. All possible measures were taken to liquidate these positions, in compliance with the international legal framework.

Among the Group's subsidiaries, only La Poste group operated in Russia, through its subsidiary DPD Russia, and in May 2022, it decided to withdraw from the Russian market. Its parcel delivery systems are organised in a way that ensures compliance with international sanctions on exported goods.

La Banque Postale's loan book does not include any Russian or Ukrainian exposures and the exposure of its subsidiary, CNP Assurances, to these countries is marginal. However, the conflict may have an indirect impact on the loan book, through its effect on French corporate customers who derived a significant proportion of their revenue from Russia before the conflict. Moreover, all customers may be affected by the conflict's potential adverse impact on external factors such as inflation and macroeconomic conditions. The Group Compliance division acted immediately the conflict began to identify and closely monitor the accounts, assets and transactions of retail and corporate customers subject to sanctions. These measures are still in force today.

For Sfil, the impact of the war in Ukraine is very limited, as it has no exposure to Russia. Its only Ukrainian exposure represented €46 million at 31 December 2023 and concerned export credits and guarantees that are guaranteed in full by the French State. As a result, Sfil has no direct exposure to credit risk on this amount.

The Bpifrance group's business consists of financing mainly French companies. Its exposure to Russia and Ukraine concerns export credit agreements between Ukrainian buyers and French exporters, and is very limited in terms of both the number of loans and the unit amounts.

Bpifrance's subsidiary, Bpifrance Assurance Export, acts in the name, on behalf and under the control of the French State, to provide support for French exporters. This business model means that exposures to Ukraine and Russia, amounting to €447 million and €513 million respectively at 31 December 2023, are borne directly by the State and do not appear on Bpifrance's balance sheet.

2.9.1.2 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 2022 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 Legal Affairs, Compliance and Ethics 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.

2.9.1.3 Operational and cyber risk exposure related to international conflicts

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 international tensions of recent months have heightened the cyber threat.

The war in Ukraine has significantly increased the risk of cyber 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. A distributed denial of service (DDoS) attack took place on 9 February 2023, disrupting Caisse des Dépôts' information system for around four hours. No hacker group claimed responsibility for this attack and Caisse des Dépôts was not targeted.

On 27 September 2023, several websites, including those of the Banque de France and La Poste and France's ".gouv.fr" government websites, were victims of DDoS attacks aimed at interrupting or disrupting the normal operations of the targeted servers, services or networks. The NoName057(16) hacker group backed by the Russian state claimed responsibility for the attack on its Telegram channel, stating that it wanted to send a political message.

Two months later, on 8 and 9 November 2023, NoName057(16) launched a new DDoS attack targeting French entities such as La Poste and the Banque de France.

The war between Israel and Hamas is also taking place in the virtual world, with the number of attacks in cyberspace growing rapidly since the Hamas ground attack on 7 October 2023. They consist mainly of DDoS attacks or website defacements. Caisse des Dépôts and its subsidiaries have not yet been the target of a cyber attack in connection with this conflict.

Despite the numerous cyber attacks thwarted in France, some still manage to get past the defences. These growing cyber risks are a source of concern in the run-up to the 2024 Olympic and Paralympic Games, when the eyes of the world will be on France.

The Group Cyber Security department has responded to this challenging mix of cyber threats, geopolitical events and sporting events by setting up a strategic watch system.

2.9.2 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:

- the Public Institution's financial risks;
- the Group's operational and compliance risks;
- the Group's 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.

2.9.3 General structure of the Group's internal control, risk management and compliance system

2.9.3.1 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).

2.9.3.2 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 forms 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.

Since 1 May 2023, the Permanent Control department, which was previously part of the Permanent Control and Compliance division, has been part of the Group Risk Management division. The Permanent Control department is responsible for organising the second line of defence, consisting of a system of permanent controls that is independent from the operational entities. The permanent control plan combines the principle of completeness of permanent controls with a risk-based approach. To that end, it is supported by the subsidiaries' permanent control teams and ensures that they correctly implement the Caisse des Dépôts Group's Permanent Control Charter.

The Compliance and Ethics department, which has been part of the Legal Affairs, Compliance and Ethics division since 1 May 2023, is also responsible for the system to prevent compliance risk, as defined in Decree No. 2020-94 of 5 February 2020. It monitors changes in the compliance regulations applicable to Caisse des Dépôts and how they are implemented within the Group.

The General Inspectorate – Group Internal 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 General Inspectorate – Group Internal Audit division works independently, following a multi-year programme approved by the Executive Committee of Caisse des Dépôts, to which it reports on a regular basis (performance of its engagements, implementation of recommendations). The renaming of the Group Audit division as the General Inspectorate – Group Internal Audit division on 1 January 2023 highlighted the division's dual role, to conduct (i) assurance (internal audit) engagements under the multi-year audit programme, and (ii) inspection engagements which have in common that they are commissioned separately from the internal audit programme by the Group's Executive Committee or Supervisory Board. Inspection engagements include:

- engagements specifically commissioned by the Executive Committee or the Supervisory Board to provide strategic guidance on sensitive issues;
- engagements commissioned following an incident, malfunction, breach of probity, etc.

2.9.3.3 Organisation

2.9.3.3.1 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 Risk Management 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.

2.9.3.3.2 Risk management

The Group's entities are required to deploy risk management and prevention systems adapted to their businesses and the degree of inherent risk. These systems must comply with the principle of subsidiarity and be aligned with the Group's overall risk management framework, without prejudice to any specific provisions applicable to individual entities.

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.

Since 2022, Caisse des Dépôts has 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;
- structuring incident reporting systems and alerts, for the attention of the Executive Committee.

2.9.3.3.3 Periodic controls

The third line of defence is provided by periodic controls and are performed by the General Inspectorate – Group Internal Audit division and the Audit network in accordance with the action principles and methodology set out in the Caisse des Dépôts Internal Audit Charter.

At the level of the Public Institution, IGAu has exclusive responsibility for performing periodic controls, based on the work of the other assurance functions (internal and external), following an assessment of the functions' level of maturity. In particular, IGAu uses the results of second-tier controls and the information contained in the risk maps to prioritise its audits. The first and second lines of defence can themselves be the subject of internal audits. Lastly, the conclusions of audits carried out by external bodies (ACPR, Court of Audit, ECB, Statutory Auditors, etc.) are directly taken into account for the purposes of drawing up the multi-year audit programme and defining the scope of internal audit engagements.

At the level of the subsidiaries, IGAu's work complements the local audits and inspections. IGAu has determined the principles of intervention in the subsidiaries, which involves covering a series of topics. In accordance with the principle of subsidiarity set out in the Group's Internal Audit Charter, IGAu may delegate responsibility for audits covering some of these topics to the local internal auditors, under certain conditions.

2.9.3.3.4 Supervision over the Group entities

The Group Risk Management division, the Permanent Control division and the Legal Affairs, Compliance and Ethics division (for compliance issues) have a dotted-line reporting relationship with their counterparts in each of the Group's entities.

The entities' Risk, Permanent Control and Compliance officers report back to the Group Risk Management division on their risk management systems.

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.

2.9.3.3.5 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 results of permanent controls are presented in half-yearly reports, 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 Legal Affairs, Compliance and Ethics division reports regularly to the Executive Committee on AML-CFT procedures and the compliance system as a whole , in accordance with the requirements of the Decree of 5 February 2020 on the internal and external control of Caisse des Dépôts.

The General Inspectorate – Group Internal Audit division reports regularly to the Executive Committee 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 General Inspectorate – Group Internal 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.

2.9.4 Financial risks

2.9.4.1 Credit and counterparty risk

2.9.4.1.1 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.

2.9.4.1.2 Credit risk management and governance

2.9.4.1.2.1 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.

2.9.4.1.2.2 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.

2.9.4.1.2.3 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.

2.9.4.1.2.4 Credit risk provisions

Impairment is calculated using IFRS 9.

2.9.4.1.2.4.1 Significant increase in credit risk

2.9.4.1.2.4.1.1 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.

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.

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 may be subject to 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.

2.9.4.1.2.4.1.2 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 as follows:

- counterparty placed on the Watchlist by an Asset Monitoring Committee due to a deterioration in credit risk or placed in forbearance following a concession made by the entity in question to a counterparty in financial difficulty;
- counterparty with instalments that are between thirty-one and eighty-nine days past due;
- counterparty whose rating falls below the absolute level considered to be representative of a severely weakened situation.

These criteria do not represent an exhaustive list and the relevance of the information depends on the category of exposure concerned. 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.

2.9.4.1.2.4.1.3 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 pas 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.

2.9.4.1.2.4.2 Impairment – methodological approach – expected credit losses (ECLs)

2.9.4.1.2.4.2.1 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.

2.9.4.1.2.4.2.2 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.

$ECL_{12\ months}$ represents 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.

2.9.4.1.2.4.2.3 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.

2.9.4.1.2.4.3 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.

Loss given default (LGD): 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 effects.

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. 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): the basis 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).

The loss allowance is based on the outstanding amount recorded on–balance sheet and off-balance sheet (undrawn portion) converted to its credit exposure equivalent using the credit conversion factor (CCF).

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 La Banque Postale, which can be greater than the duration of the contractual commitment. The maturity used is based on observed behaviours.

2.9.4.1.2.4.3.1 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;
- 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 2023, the Caisse des Dépôts Group used the following scenarios to calculate impairment under IFRS 9:

2.9.4.1.2.4.3.2 Central scenario

- The central growth scenario includes growth of 0.8% by the end of 2023, a rate higher than initially forecast in the previous scenario. Greater-than-expected interest rate hikes would result in a more moderate 2024 growth rate of 0.7% (0.2 points less than under the previous scenario). The cycle is expected to pick up in 2025, with the growth rate improving to 1.1%.
- Inflation has started to ease, but more slowly than expected, leading to total inflation in 2023 estimated at 5% versus 4.8% in the previous scenario. With core inflation still high, inflationary pressures are likely to persist in 2024, as expected. However, recent developments point to an easing of upstream inflationary pressures on processed food and manufactured product inputs. In addition, service prices (which account for 50% of the total index) look likely to hold up slightly less well than expected over the next few quarters. This should mean that inflation will fall significantly in 2024, with total annual inflation forecast at 2.7% (versus 2.8% in the previous scenario).
- The ECB further increased its deposit rate in 2023. At 4%, it is probable that the rate has now reached its peak and successive rate cuts are still expected from 2024 onwards, with a very gradual decline over the forecast horizon to neutral rates of 2.5% for refinancing operations and 2.0% for deposits. Long-term interest rate forecasts have also been revised upwards, with the long-run equilibrium rate raised from 1.8% to 2.5%, in line with the upward revision of the ECB's neutral interest rate.

This scenario and the projections for its main metrics are presented below:

Central scenario variables	2024	2025	2026	2027	2028
French GDP	0.7	1.1	1.1	1.0	1.0
Unemployment rate (mainland France)	7.3	7.5	7.5	7.5	7.5
10-year OAT	2.9	2.8	2.7	2.6	2.5
US inflation	2.7	2.4	2.3	2.2	2.2
US GDP	0.8	1.7	1.8	1.8	1.7
Eurozone GDP	0.6	1.1	1.1	1.1	1.0
Brent price in EUR	76.4	71.4	67.5	63.7	61.2
Brent price in USD	83.3	78.6	75.0	72.0	69.7
Brent price in USD (LBP metric)	85.5	80.4	76.4	73.1	70.6
Eurozone investment grade (BBB) corporate spread in basis points	130	130	125	115	110
US unemployment rate	4.3	4.3	4.2	4.2	4.2
Eurozone unemployment rate	6.8	6.8	6.7	6.7	6.7
Key deposit rate (eurozone)	3.5	2.75	2.0	2.0	2.0
Key rate (US)	5.0	4.0	3.0	2.5	2.5

Central scenario Y-1	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	2.0	1.75	1.5	1.25
Key rate (US)	3.75	3.5	3.0	2.5	2.5

2.9.4.1.2.4.3.3 Downside and upside scenarios

- **Downside scenario based on an L-shaped recovery:** the downside 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	2024	2025	2026	2027	2028
French GDP	(1.5)		0.5	0.6	0.6
Unemployment rate (mainland France)	8.3	8.9	9.2	9.3	9.3
10-year OAT					
US inflation	2.2	1.7	1.3	0.8	0.8
US GDP	(1.2)		1.0	1.0	1.0
Eurozone GDP	(2.0)	(0.2)	0.5	0.5	0.5
Brent price in EUR	41.3	33.0	33.0	33.0	33.0
Brent price in USD	45.4	36.3	36.3	36.3	36.3
Eurozone investment grade (BBB) corporate spread in basis points	250	150	100	100	100
US unemployment rate	5.7	6.4	6.7	6.9	6.9
Eurozone unemployment rate	8.6	9.4	9.7	9.8	9.8
Key deposit rate (eurozone)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
Key rate (US)	0.25	0.25	0.25	0.25	0.25

L-shaped scenario Y-1	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)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
Key rate (US)	0.25	0.25	0.25	0.25	0.25

- **The downside scenario of a bond market crash** with an inflationary shock is designed to specifically stress the Group's property business (fall in home-buyer deposits held by notaries and lower returns on property assets) and the Savings Funds' capital ratios. This scenario includes, for the year of the shock, new tensions on the commodities market due to geopolitical tensions, leading to severe recessionary pressures on global GDP. A persistent spiral of price and wage increases would take hold in the eurozone, leading to a rise in core inflation, with headline inflation remaining above central bank targets. The central bank would respond by setting its key rates above neutral, without managing to stabilise price momentum, leading to very high bond yields. Under this scenario, the ecological and energy transition would be more disorganised than under the central scenario, contributing to pressure on prices and interest rates, and a loss of potential growth in the medium term (loss of productivity).

The scenario and the projections for its main metrics are presented below:

Bond crash scenario variables	2024	2025	2026	2027	2028
French GDP	(1.5)		0.5	0.6	0.6
Unemployment rate (mainland France)	8.3	8.9	9.2	9.3	9.3
10-year OAT	5.5	5.5	5.5	5.5	5.5
10-year OAT (LBP metric)	4.56	5.5	5.5	5.5	5.5
US inflation	4.8	3.7	3.2	3.0	3.0
US GDP		1.0	1.2	1.3	1.3
Eurozone GDP	(1.7)		0.5	0.5	0.5
Brent price in EUR	102.3	117.6	117.6	117.6	117.6
Brent price in USD	107.4	123.5	123.5	123.5	123.5
Brent price in USD (LBP metric)	98.1	117.5	123.5	123.5	123.5
Eurozone investment grade (BBB) corporate spread in basis points	300	300	300	300	300
US unemployment rate	5.2	5.5	5.6	5.7	5.7
Eurozone unemployment rate	8.4	9.2	9.5	9.6	9.6
Key deposit rate (eurozone)	4.0	4.0	4.0	4.0	4.0
Key rate (US)	6.0	6.0	6.0	6.0	6.0

Bond crash scenario Y-1	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
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
Key deposit rate (eurozone)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
Key rate (US)	2.0	2.0	2.0	2.0	2.0

- **Upside scenario:** this scenario assumes that the pressure on energy prices would ease faster than in the central scenario. This would translate into lower inflation. With wages still reflecting delayed indexation to past inflation, household purchasing power would be more dynamic than under the central scenario. Overall, growth would be more sustained. A second assumption is that the health situation in China would be under control and that the Chinese government would adopt policies designed to stimulate economic growth. Chinese growth would therefore be slightly more dynamic than under the central scenario, with a favourable knock-on effect on global growth. The supply of raw materials would be adjusted in line with demand, helping to avoid price pressures (particularly for energy). Against this backdrop of receding inflationary pressures, central banks would return their key rates a little more quickly to medium-term neutral levels. As a result, long-term rates would be reduced slightly faster than under the central scenario. More generally, by 2028 economic variables would be at the same level as under the central scenario.

Upside scenario variables	2024	2025	2026	2027	2028
French GDP	1.5	1.5	1.3	1.2	1.1
Unemployment rate (mainland France)	7.2	7.2	7.1	7.0	7.0
10-year OAT	2.7	2.5	2.5	2.5	2.5
US inflation	2.2	2.3	2.4	2.3	2.3
US GDP	1.2	2.0	1.8	1.8	1.7
Eurozone GDP	1.6	1.6	1.3	1.2	1.1
Brent price in EUR	63.1	63.4	61.9	59.9	58.0
Brent price in USD	70.0	71.0	70.0	68.3	66.7
Brent price in USD (LBP metric)	74.7	70.6	70.4	68.9	67.3
Eurozone investment grade (BBB) corporate spread in basis points	135	132	130	120	110
US unemployment rate	4.7	4.4	4.2	4.0	4.0
Eurozone unemployment rate	6.9	6.7	6.6	6.5	6.5
Key deposit rate (eurozone)	2.75	2.25	2.00	2.00	2.00
Key rate (US)	4.25	3.25	3.00	2.50	2.50

Upside scenario Y-1	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

2.9.4.1.2.4.3.4 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 upside 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 downside 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 macroeconomic indicators corresponding to these three scenarios for the calculation at 31 December 2023 are presented below:

Central scenario variables	2023	2024	2025
Inflation	4.5	2.5	2.0
GDP growth	0.3	1.0	1.2
10-year OAT	2.5	2.4	2.2

Upside scenario variables	2023	2024	2025
Inflation	2.6	1.3	1.8
GDP growth	2.0	1.9	1.4
10-year OAT	1.1	1.3	1.4

Downside scenario variables	2023	2024	2025
Inflation	5.1	3.0	2.2
GDP growth	(0.3)		0.6
10-year OAT	4.0	4.0	4.0

2.9.4.1.2.4.3.5 Summary of scenarios used by Group entities

The probability of occurrence for each of the scenarios used by the Group's entities is summarised in the table below. The weighting of Sfil's scenarios in the table concerns the SPL France portfolio, which represents the majority of the loan book:

	2024-2028			2023-2027 (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	65%	60%	N/A
L-shaped alternative	5%	N/A	N/A	10%	N/A	N/A
Bond crash	15%	30%	N/A	15%	30%	N/A
Upside	15%	10%	N/A	10%	10%	N/A
Central (Sfil)	N/A	N/A	55%	N/A	N/A	60%
Downside (Sfil)	N/A	N/A	30%	N/A	N/A	25%
Upside (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 the new macroeconomic scenarios results in a very slight increase in the probability of default for the majority of segments within the Caisse des Dépôts Central Sector. However, for the scopes that are specific to Caisse des Dépôts' portfolio (rating and maturity), this change is not material, even though it is slightly more pronounced for the Corporate EU developed countries and developing countries sovereign debt scopes. Ultimately, there is a very 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).

2.9.4.1.2.4.3.6 Change in credit risk

In 2023, 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 consisted of applying the current procedures for identifying significant deteriorations in risk (IFRS 9 Stage classification rules) and performing specific assessments of the potential impacts of changes in the macroeconomic environment (inflation, interest rate hikes, growth, etc.).

Based on this work, the impacts on the credit risk assessment for the Caisse des Dépôts Group can be divided into two major categories:

- the general impact of updating macroeconomic scenarios and incorporating them into the associated statistical provision models;
- individual or industry-specific impacts, determined based on an analytical review of customer and securities portfolios.

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. La Banque Postale's exposure to carbon-intensive sectors appears to be very limited, with virtually no exposure to fossil fuels due to a prudent management policy that gives priority to financing the renewable energy sector. 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 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 sharp interest rate hikes decided by the central banks to combat inflation led to a paradigm shift, with financing issues returning to the fore.

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 long-term average loss ratios, the development of non-performing exposures needs to be closely monitored.

Regarding La Banque Postale, the quality of the loan book remains good, with no major increase in claims, particularly in retail banking, where there has been no significant change in consumer credit or home loan exposures. However, the first signs emerged of a deterioration in exposures to business customers: loans included on the Watchlist (mainly loans to professionals, SMEs and intermediate–sized businesses) rose by 24% over the year, and new specific loss allowances were booked at the year end.

- **Retail customers (La Banque Postale scope)**

The cost of risk for retail customers amounted to €93 million in 2023 (of which €20 million corresponding to professional customers). The following adjustments were made to the retail loan book, with an impact on loss allowances:

- the macroeconomic variables included in the scenarios used in provisioning models were updated across all customer segments to which La Banque Postale is exposed;
- loans to customers that the bank considers to be especially vulnerable in the current inflationary environment continued to be classified in bucket 2, using identification criteria that were fine–tuned during the year to include customers who have no savings with the bank and a downgraded credit score (below the default probability threshold introduced during the first half of the year);
- the overlay (multiplying factor) for calculating loss given default (LGD) for home loans guaranteed by sureties was maintained;
- there were no major changes in the credit risk associated with the retail loan book in 2023. In particular, the consumer finance loan book remained largely unaffected by the challenging economic environment.

- **Corporate customers (La Banque Postale scope)**

2023 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.

In summary, general provisioning measures in force at 31 December 2023 concern:

- sectors subject to industry-specific measures:
  - certain segments of the retail sector,
  - the most vulnerable groups in the Automotive sector,
  - the Commercial Real Estate sector, except for city-centre locations, with loss allowances increased in the second half of 2023 to take into account the impact of the worsening economic environment on medium and small owners of office properties outside Paris and property developers,

– the Agriculture sector;

- the measures previously applied in the Tourism, Hospitality and Leisure and Air Transport sectors were discontinued in the first half of 2023, in response to significantly improved conditions in these two sectors;
- the measures previously applied in the Photovoltaic Energy sector were discontinued in the second half of 2023, following the French Council of State's decision to cancel the electricity price cap introduced in the government order of 26 October 2021, leading to an overall improvement in the financial position of the companies in this sector;
- leveraged transactions (as defined in European Banking Authority guidelines), including LBOs, that have been subject to a ratings downgrade and are highly leveraged, in order to anticipate possible inflation-related cash flow difficulties.

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 2023, the Corporate and Investment Banking cost of risk amounted to €108 million for LBP, reflecting:

- the updated macroeconomic variables included in the scenarios used in provisioning models across all customer segments to which the bank is exposed;
- changes in the monitoring measures introduced in expectation of a possible deterioration of the macroeconomic environment, covering industry-specific provisions and loss allowances on leveraged corporate transactions;
- additional allocations to loss allowances 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), including a known case that deteriorated during the period.

- **Climate risks (La Banque Postale scope)**

La Banque Postale does not currently take climate risk into account for the calculation of its expected credit losses (ECL). The reasons for this choice are set out below:

firstly, the bank considers that the exposure to climate risk of its current retail and corporate loan books is not particularly material:

- with regard to transition risk in particular: as a result of a prudent management policy that favours the financing of renewable energies in particular and tightly controls exposures to other sectors (air transport in particular), La Banque Postale's exposure to carbon–intensive sectors is limited – it has virtually no exposure to fossil fuels and its potential exposure to stranded assets(1) is therefore very limited:
  – at 31 December 2023, La Banque Postale's net exposure to the oil, gas and coal sectors was very limited. Non-financial corporate exposures excluded from the Paris Alignment Benchmark represented 1.6% of the total (€515 million), with a single €59 million exposure to one of the top 20 GHG emitters in the world (representing 0.18% of the assets covered by the analysis). Of this total, €54.7 million is being used to finance energy transition projects,
  – the distribution of La Banque Postale's property exposures by Energy Performance ("DPE") score, was comparable to that of the French market in 2023; however, the Bank had below market exposures in the least energy efficient categories F and G (for example, the cumulative exposure was 10% vs. 17% for the French residential property market);
- with regard to physical risk, due to La Banque Postale's low international exposure, this risk mainly concerns the commercial and residential property loan portfolios:
  – these portfolios are highly collateralised (guarantee mechanism, low LTV). This is illustrated by the fact that at 31 December 2023, just over 50% of La Banque Postale's home loan exposures (€39 billion) were guaranteed by Crédit Logement and the average LTV for the corporate real estate loan book was 50.1%,
  – in addition, the geographical location of the properties in the portfolios does not suggest any particular vulnerability over the coming year. At 31 December 2023, only 5% of underlying residential properties, 0.1% of underlying commercial property and 11% of loans to real estate professionals were considered as highly exposed to physical risks;
- lastly, as explained in the previous sections, La Banque Postale's general provisioning policies have been extended to also cover sectors or financing facilities that could be considered vulnerable to climate risk (commercial and residential property, agriculture, automotive, etc.). These general provisions ensure that the overall risk is adequately covered, even without the sector-specific provisions currently booked.

La Banque Postale group's Risk Department currently prefers to quantify this risk and take it into account in its financial and strategic risk management using other methods such as stress testing and economic capital measurements, which were carried out at 31 December 2022 and better correspond to the time horizon for the occurrence of this type of risk. By way of illustration, for stress testing purposes, La Banque Postale has developed tools to quantify the impact of climate scenarios on the risk profile of some of its corporate customers, in order to ascertain the potential risk of a deterioration in its risk parameters over the long term.

(1) The emergence of stranded assets in portfolios is a common indicator of climate risk. Stranded assets are assets that may fall in value or generate a lower-than-expected return at some time prior to the end of their economic life further to regulatory, technological or market developments that are due to the occurrence of a physical or transition climate risk. La Banque Postale has identified the following assets as being at risk of becoming stranded assets in the medium or long term:
- loans and investments already in La Banque Postale's portfolios that are not aligned with current sector policies;
- financing of projects or counterparties whose activity or integrity is severely threatened by the occurrence of a physical or transition risk.

Although current ECL calculations do not take into account any specific climate component, work has begun on this issue in response to the high expectations of regulators and supervisors in this area. In some cases, this complex task requires the creation of databases for the reporting of climate hazards (comprising relevant data in sufficient quantity), in order to integrate this component of the ECL calculation directly into the risk parameters, while trying to limit use of the overlay approach. Complementary general approaches could also be envisaged if there are no planned changes to the related standards and the regulatory framework (European Taxonomy of Green Assets), once the relevant information becomes available (CSRD) or by drawing on other work (analysis of transition plans, etc.). Some of this work should deliver results by 2024.

- **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 housing market transactions, which continued to decline in 2023 in line with expectations given the inflationary pressures, the rising mortgage rates and flat demand for new-build homes. Nevertheless, the demographic impact combined with the expected trajectory of interest rates in 2024 may cushion the impact and support a soft landing in the housing market.
- **French local authorities (Sfil scope):** while 2022 saw an improvement (or, at worst, a stabilization) of the financial situation of local authorities, whatever their size, in 2023 there was evidence that trajectories were diverging and 2024 trends are less predictable. In its September 2023 Economic Outlook, La Banque Postale predicted an almost universal decline in local authorities' reserves and a moderate increase in their debt.

  The provisional 2023 accounts monitored by the Directorate General for Public Finances (DGFIP) show mixed trends. The significant decline in regional authorities' reserves, and the steep fall in the reserves held by the départements, which had already been announced by La Banque Postale, contrasted with a more unexpected rise in the reserves of municipal authorities (including inter-municipal authorities which have their own tax system).

  In the case of the départements, the fall in residential property sales led to a decline in tax revenues collected in the form of stamp duty in 2023. It is probable that the economic situation had the opposite effect on the finances of municipal authorities, with inflation driving up tax bases and its negative effects mitigated by the range of measures introduced by the government, notably the tariff shield and safety net.

  DGFIP data also points to a decline in local authority cash balances, although these remain at a very high level. It would appear that the cash balances deposited with the French Treasury are being used in particular to finance dynamic growth in investments, which the DGFIP provisionally estimates at 7.6% for municipalities, 5.8% at the regional level and 2.8% for the départements.
- **Cruise sector (export credit, Sfil scope):** with the end of the pandemic, the cruise sector staged a strong recovery in 2023 and the financial situation of cruise operators began to improve. 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 2023, 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 2023 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 2023 (see forward-looking inputs), which enabled the probabilities of default to be adapted to the reality of the cycle.

Internal rating reviews showed that throughout the first half of 2023, all the portfolio counterparties were extremely resilient, with just 10% of internal ratings downgraded and 17% upgraded.

Thanks to the overall resilience of internal bond issuer ratings, the breakdown of counterparties between Stage 1 and Stage 2 did not change significantly over the year; at 31 December 2023, ECLs in Stage 2 were stable at €2 million.

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.

Following on from the work carried out in 2022 to overhaul provisioning practices and models, in 2023, the LBP Group's Risk Management division incorporated into the provisioning process the various adjustments mentioned above and also in La Banque Postale's financial report.

2.9.4.1.3 Group exposure to credit risk (excluding sovereign debt)

2.9.4.1.3.1 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.

	31.12.2023			
(in millions of euros)	**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)	103,700	(13,680)	90,020	
Financial assets at fair value through profit or loss – loans and commitments	10,306		10,306	
Debt instruments at fair value through OCI to be reclassified to profit or loss	203,390		203,390	(302)
Securities at amortised cost	87,085		87,085	(53)
Loans and receivables due from credit institutions and related entities at amortised cost	112,271	(18,995)	93,276	(1)
Loans and receivables due from customers at amortised cost	190,621	(90,845)	99,776	(1,748)
On-balance sheet exposure, net of impairment losses	**707,373**	**(123,520)**	**583,853**	**(2,104)**
Financing commitments	38,758	(7,284)	31,474	(128)
Guarantee commitments given	3,943	(116)	3,827	(43)
Off-balance sheet exposure	**42,701**	**(7,400)**	**35,301**	**(171)**
Total net exposure	**750,074**	**(130,920)**	**619,154**	**(2,275)**

	31.12.2022			
(in millions of euros)	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)	102,086	(13,706)	88,380	
Financial assets at fair value through profit or loss – loans and commitments	10,669		10,669	
Debt instruments at fair value through OCI to be reclassified to profit or loss	203,975	(20)	203,955	(317)
Securities at amortised cost	83,079		83,079	(79)
Loans and receivables due from credit institutions and related entities at amortised cost	113,230	(18,726)	94,504	(1)
Loans and receivables due from customers at amortised cost	189,184	(89,045)	100,139	(1,660)
On-balance sheet exposure, net of impairment losses	**702,223**	**(121,497)**	**580,726**	**(2,057)**
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	747,355	(126,873)	620,482	(2,203)

2.9.4.1.3.2 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.

2.9.4.1.3.2.1 Concentration of credit risk by geographic area

Financial assets at amortised cost

	31.12.2023		
	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)	324,158	16,952	2,788
Other EU countries	27,203	194	40
Other European countries	7,084	659	32
Other	11,075	4,430	23
Total breakdown by geographic area	**369,520**	**22,235**	**2,883**
Impairment losses	(253)	(572)	(979)

	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)	313,967	27,641	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	**355,442**	**33,409**	**2,599**
Impairment losses	(211)	(653)	(876)

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

	31.12.2023		
	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
France (incl. overseas departments and territories)	104,515	48	2
Other EU countries	84,393	11	
Other European countries	7,733	11	
Other	33,789		
Total breakdown by geographic area	**230,430**	**70**	**2**
Impairment losses	(300)		(2)

	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
France (incl. overseas departments and territories)	117,389	35	2
Other EU countries	73,980	141	
Other European countries	9,613	19	
Other	41,757	73	
Total breakdown by geographic area	**242,739**	**268**	**2**
Impairment losses	(304)	(11)	(2)

Off-balance sheet commitments given

(in millions of euros)	31.12.2023 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 commitments
France (incl. overseas departments and territories)	31,399	3,427	122
Other EU countries	1,227	147	
Other European countries	378	1	
Other	5,160	839	
Total breakdown by geographic area	**38,164**	**4,414**	**122**
Impairment	(59)	(81)	(31)

(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 commitments
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)

2.9.4.1.3.2.2 Concentration of credit risk by counterparty category

Financial assets at amortised cost

	31.12.2023		
	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
Central banks	16,031		
Public authorities	196,677	2,684	231
Credit institutions	28,076	116	
Other financial firms	8,949	455	10
Non-financial firms	40,787	9,166	1,492
Retail banking customers	72,137	8,972	1,138
Other	6,864	842	12
Total breakdown by counterparty category	**369,520**	**22,235**	**2,883**
Impairment losses	(253)	(572)	(979)

Trade receivables are not recognised in this category – see Note 2.4.8 – Prepayments, accrued and deferred income and other assets and liabilities.

	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
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	7,936	798	26
Total breakdown by counterparty category	**355,442**	**33,409**	**2,599**
Impairment losses	(211)	(653)	(876)

Trade receivables are not recognised in this category – see Note 2.4.8 – Prepayments, accrued and deferred income and other assets and liabilities.

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

	31.12.2023		
	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	9,955		
Public authorities	112,304	40	
Credit institutions	56,659		
Other financial firms	7,246	6	
Non-financial firms	44,266	24	2
Total breakdown by counterparty category	**230,430**	**70**	**2**
Impairment losses	(300)		(2)

	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	4,098		
Public authorities	122,139	19	
Credit institutions	63,260	3	
Other financial firms	6,312	70	
Non-financial firms	46,930	176	2
Total breakdown by counterparty category	**242,739**	**268**	**2**
Impairment losses	(304)	(11)	(2)

Off-balance sheet commitments given

(in millions of euros)	31.12.2023 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 commitments
Central banks	1		
Public authorities	18,139	26	
Credit institutions	1,738	60	
Other financial firms	1,539	207	1
Non-financial firms	8,906	1,854	97
Retail banking customers	7,549	705	24
Other	292	1,562	
Total breakdown by counterparty category	**38,164**	**4,414**	**122**
Provisions	(59)	(81)	(31)

(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 commitments
Central banks	145		
Public authorities	16,358	18	2
Credit institutions	1,345	115	
Other financial firms	1,943	134	1
Non-financial firms	8,595	3,195	243
Retail banking customers	9,295	2,040	27
Other	139	1,536	
Total breakdown by counterparty category	**37,820**	**7,038**	**273**
Provisions	(52)	(83)	(11)

2.9.4.1.3.2.3 Exposure to credit risk by counterparty category and by rating

2.9.4.1.3.2.3.1 Exposure to credit risk – Retail banking customers

Financial assets at amortised cost

	31.12.2023			31.12.2022		
	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%	63,944	1,801		53,341	11,917	
1% < PD < 3%	6,840	3,468		5,538	4,477	
3% < PD < 10%	1,329	2,678		967	2,825	
PD > 10%	24	1,025		25	1,061	
Doubtful loans (subject to legal collection procedures)			1,138			1,088
Total	**72,137**	**8,972**	**1,138**	**59,871**	**20,280**	**1,088**

Off-balance sheet commitments given

	31.12.2023			31.12.2022		
	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 commitments	Stage 1: 12-month expected credit losses	Stage 2: lifetime expected credit losses	Stage 3: lifetime expected credit losses – credit-impaired commitments
PD < 1%	6,681	370		8,164	1,448	
1% < PD < 3%	695	175		823	339	
3% < PD < 10%	148	96		186	154	
PD > 10%	25	64		121	99	
Doubtful loans (subject to legal collection procedures)			24			27
Total	**7,549**	**705**	**24**	**9,295**	**2,040**	**27**

2.9.4.1.3.2.3.2 Exposure to credit risk – Corporate

Financial assets at amortised cost

	31.12.2023			31.12.2022		
	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	2,604	82		2,923	76	
AA	2,047	68		2,607	3	
A	7,119	327		7,679	365	
BBB	3,835	32		3,628	44	
BB	1,159	2,064		1,019	11	
Other	32,972	7,048	1,502	32,088	8,218	1,090
Total	**49,736**	**9,621**	**1,502**	**49,944**	**8,717**	**1,090**

Financial assets at fair value through OCI to be reclassified

	31.12.2023			31.12.2022		
	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	1,715			2,656	18	
AA	8,230	6		7,942	16	
A	20,269			20,978	41	
BBB	51			50		
BB						
Other	21,247	24	2	21,616	171	2
Total	**51,512**	**30**	**2**	**53,242**	**246**	**2**

Off-balance sheet commitments given

	31.12.2023			31.12.2022		
	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 commitments**	Stage 1: 12-month expected credit losses	Stage 2: lifetime expected credit losses	Stage 3: lifetime expected credit losses – credit-impaired commitments
AAA	552	68		917	17	
AA	379			620		
A	1,694	213		601	352	
BBB	90			74		
BB	176			86		
Other	7,554	1,780	98	8,240	2,960	244
Total	**10,445**	**2,061**	**98**	**10,538**	**3,329**	**244**

2.9.4.1.3.2.3.3 Exposure to credit risk – Government and central banks

Financial assets at amortised cost

	31.12.2023			31.12.2022		
	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	10,594	486		9,597	424	
AA	122,649	13	23	117,958	535	5
A	14,648	4	51	17,565	107	59
BBB	23,575	405	3	23,103	872	3
BB	87	1,518		66	1,304	
Other	41,155	258	154	45,823	320	328
Total	**212,708**	**2,684**	**231**	**214,112**	**3,562**	**395**

Financial assets at fair value through OCI to be reclassified

	31.12.2023			31.12.2022		
	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	14,006			8,009		
AA	76,155			85,011		
A	6,845			5,826		
BBB						
BB						
Other	25,253	40		27,391	19	
Total	**122,259**	**40**		**126,237**	**19**	

Off-balance sheet commitments given

	31.12.2023			31.12.2022		
	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 commitments	Stage 1: 12-month expected credit losses	Stage 2: lifetime expected credit losses	Stage 3: lifetime expected credit losses – credit-impaired commitments
AAA	333			457		
AA	707			306		2
A	283			470		
BBB	3,541					
BB	645			39		
Other	12,631	26	1	15,231	18	
Total	**18,140**	**26**	**1**	**16,503**	**18**	**2**

2.9.4.1.3.2.3.4 Exposure to credit risk – Credit institutions

Financial assets at amortised cost

	31.12.2023			31.12.2022		
	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	1,858			1,285		
AA	3,497			5,217		
A	20,233			12,496	1	
BBB	1,089	53		1,004	51	
BB						
Other	1,399	63		3,577		
Total	**28,076**	**116**		**23,579**	**52**	

Financial assets at fair value through OCI to be reclassified

	31.12.2023			31.12.2022		
	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	2,087			6,047		
AA	5,453			9,126		
A	41,717			40,083		
BBB						
BB						
Other	7,402			8,004	3	
Total	**56,659**			**63,260**	**3**	

Off-balance sheet commitments given

	31.12.2023			31.12.2022		
	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 commitments	Stage 1: 12-month expected credit losses	Stage 2: lifetime expected credit losses	Stage 3: lifetime expected credit losses – credit-impaired commitments
AAA	197			256	9	
AA	910			168		
A	300			378	72	
BBB						
BB						
Other	331	60		543	34	
Total	**1,738**	**60**		**1,345**	**115**	

2.9.4.1.3.2.4 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 2.4.5 – Loans and receivables due from credit institutions and related entities at amortised cost, and 2.4.6 – Loans and receivables due from customers at amortised cost.

2.9.4.1.4 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.

	31.12.2023						
(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
South Africa				23	23		23
Germany	280	4,907	554	1,666	7,407		7,407
Argentina			86		86		86
Austria	19	772	134	133	1,058		1,058
Belgium	277	5,927	1,252	2,706	10,162		10,162
Benin			97		97	26	123
Brazil	26,379	2,795		96	29,270		29,270
Bulgaria				52	52		52
Canada	1	601		54	656		656
Chile				247	247		247
China							
Cyprus	59	38			97		97
Colombia				145	145		145
South Korea		28		8	36		36
Côte d’Ivoire			92		92	645	737
Croatia				102	102		102
Egypt			835		835	710	1,545
Spain	98	10,005	55	3,573	13,731		13,731
United States	18				18		18
Finland	1	84		25	110		110
France	2,944	58,429	110,744	41,760	213,877	4,812	218,689
Greece				10	10		10
Indonesia			302	164	466	3,541	4,007
Ireland	8	86			94		94
Israel		771		163	934		934
Italy	365	12,381		1,520	14,266		14,266
Japan		83			83		83
Lithuania							
Luxembourg	1	181		784	966		966
Mexico		108		238	346		346
Norway		198			198		198
Netherlands	5	121		177	303		303
Peru				204	204		204
Poland	25	228		157	410		410
Portugal	66	632	100	1,493	2,291		2,291
Qatar			991		991	36	1,027
Romania		142		266	408		408
United Kingdom	1		208		209		209
Slovenia		108		54	162		162
Sweden			15		15		15
Switzerland							
Supranational	817	8,881	373	741	10,812		10,812
Togo				52	52		52
Ukraine			46		46		46
Venezuela				98	98		98
Other countries	11	159		27	197		197
Total	**31,375**	**107,665**	**115,884**	**56,738**	**311,662**	**9,770**	**321,432**

	31.12.2022						
(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**
South Africa				23	23		23
Germany	434	4,372		1,538	6,344		6,344
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
Cyprus	18	76			94		94
Colombia				147	147		147
South Korea		60		5	65		65
Côte d'Ivoire			18		18	39	57
Croatia				89	89		89
Egypt			538		538	927	1,465
Spain	93	9,438	58	3,491	13,080		13,080
United States	14				14		14
Finland		80		25	105		105
France	4,536	63,786	117,887	38,212	224,421	1,629	226,050
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
Norway							
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
United Kingdom	1		582		583		583
Slovenia		11		58	69		69
Sweden			15		15		15
Switzerland		50			50		50
Supranational	928	5,780	91		6,799		6,799
Togo				51	51		51
Ukraine			53		53	2	55
Venezuela				58	58		58
Other countries	56		259	343	658		658
Total	**26,282**	**108,266**	**123,274**	**51,076**	**308,898**	**2,744**	**311,642**

2.9.4.2 Market risks

2.9.4.2.1 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.

2.9.4.2.2 Market risk governance and management

2.9.4.2.2.1 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 (1-day 99% VaR for trading portfolios, 1-day or 1-month 99% VaR for banking portfolios) and the application of higher weightings 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.

2.9.4.2.2.2 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 compliance reporting to monthly meetings of portfolio management committees (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.

2.9.4.2.2.3 Market risk for the equity portfolio of the Caisse des Dépôts Central Sector

The Group Risk Management division performs Stressed VaR (SVaR) calculations (1-month 99% VaR) on the equity portfolio, using the Monte Carlo method.

The indicator 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 SVaR 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 returns used for the SVaR calculations are spread over a stressed historical window.

The SVaR gives a maximum potential loss in a particularly stressed economic environment.

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.

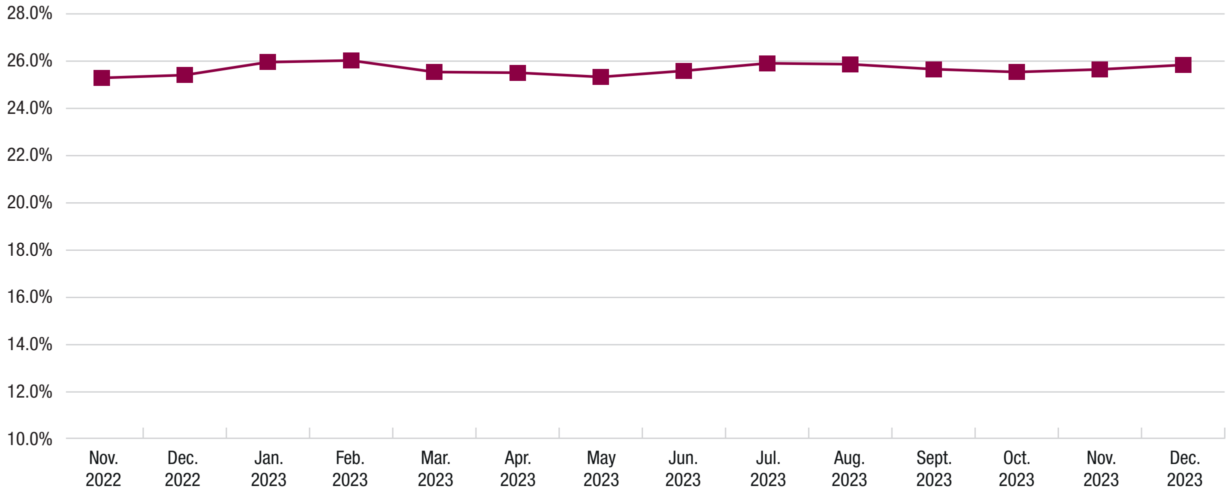
Caisse des Dépôts Central Sector's equity portfolio risk is broken down by industry using the Industry Classification Benchmark (ICB2), which makes it possible to break out marginal SVaR and to analyse the contribution of each industry to overall SVaR.

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.

Caisse des Dépôts Central Sector indicators – 31 December 2023

	Portfolio *(in millions of euros)*	SVaR *(in millions of euros)*	SVaR *(%)*
Equity portfolio	27,563	7,123	25.84%
International equities	1,147	308	26.86%
Exchange-traded funds	1,162	276	23.77%
CDC Croissance	1,656	351	21.20%

Monthly changes in the Caisse des Dépôts Central Sector's equity portfolio SVaR over a rolling twelve-month period



Since the indicator went live in November 2022, the Stressed-VaR has remained in a narrow range around 25%. Increases and decreases are due to changes in the weighting of portfolio positions and sectors over time.

Breakdown of the Caisse des Dépôts Central Sector's equity portfolio SVaR by sector at 31 December 2023

	Weighting in the SVaR	Weighting in the portfolio
Private consumer goods	21.8%	21.9%
Industrial goods and services	16.6%	14.7%
Banking	11.8%	7.4%
Insurance	7.9%	4.6%
Construction	5.8%	3.8%
Pharmaceuticals/healthcare	5.7%	12.4%
Oil & gas	4.3%	5.7%
Chemicals	4.2%	4.9%
Technology	3.9%	4.1%
Utilities	3.9%	4.8%
Food & beverage	3.6%	5.3%
Automotive	2.7%	1.8%
Financial services	2.6%	1.6%
Media	1.6%	1.8%
Commodities	1.2%	2.0%
Telecommunications	0.8%	1.8%
Travel & leisure	0.7%	0.6%
Real estate	0.5%	0.4%
Retail	0.2%	0.3%
Commodities	0.2%	0.1%

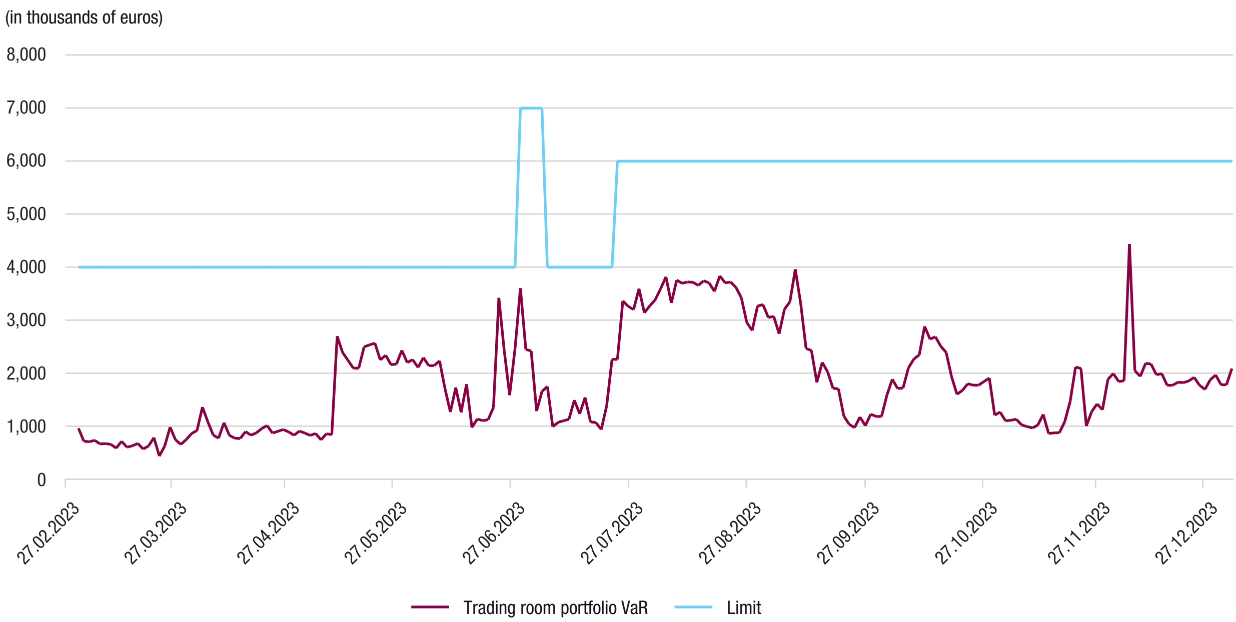
2.9.4.2.2.4 Market risk for La Banque Postale asset portfolios

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 in relation to total positions, 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 book VaR



The trading book's VaR averaged €1.83 million in 2023, with a peak of €4.4 million. The maximum acceptable VaR was increased to €6 million, primarily to meet hedging needs related to balance sheet interest rate positions and keep pace with growth in Structuring/Syndication volumes.

2.9.4.2.2.5 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. The sensitivity of loans measured at fair value through profit or loss was €1.3 million at the end of 2023 for a 1 bps change in the portfolio's credit spread, down 14% year-on-year. The sensitivity of securities measured at fair value through OCI is very low, as the securities in this portfolio have maturities of less than one year;
- 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.

2.9.4.3 Structural risks

2.9.4.3.1 Liquidity risk

2.9.4.3.1.1 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.

2.9.4.3.1.2 Liquidity risk management and governance

2.9.4.3.1.2.1 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[1].

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.

The prudential model defines a series of indicators for assessing the Central Sector's exposure to liquidity risk, quantifying the overall risk and managing it. These indicators are monitored at monthly and quarterly meetings of the Balance Sheet Management Committee, in order to:

- track the level of resources (statutory and regulated deposits, volume of issues);
- manage the level of the liquidity reserve;
- measure the mismatch between assets and liabilities;
- produce balance sheet projections according to various assumptions;
- measure the Central Sector's resistance to liquidity stress;
- manage the NSFR and LCR regulatory liquidity ratios; and
- more generally, manage short- and medium-term liquidity risk.

In the absence of a liquidity pool at Caisse des Dépôts Group level, these indicators are calculated at entity level and are generally accompanied by management thresholds. The limits and thresholds are reviewed each year and validated by dedicated governance bodies. Under the Central Sector's ILAAP, the contingency plan and associated procedures will be triggered if any of these thresholds is crossed.

Main liquidity risk indicators

Liquidity gaps

Liquidity gaps, which are presented at monthly meetings of the Balance Sheet Management Committee, correspond to the monthly differences in maturities of liabilities and assets measured 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 deposit maturities) and assets, excluding new lending;
- dynamic gap analysis measures the reinvestment and new lending impacts.

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 €26 billion.

Maximum liquidity gaps calculated at 31 December 2023 were well below the Group's trigger threshold or overall risk limit.

Liquidity reserve

The liquidity reserve held by the Central Sector is managed on a daily basis and its level and composition (in particular by regulatory component, type of counterparty and haircut) are reviewed at the monthly meetings of the Balance Sheet Management Committee. The liquidity reserve 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. The liquidity reserve is composed of:

- an intraday limit plus a trigger threshold, calibrated to meet intraday liquidity needs;
- a target management level, calibrated to permit the financing, over one month, of the commitments and forecast business volumes set out in the Five-Year Financing Programme without borrowing on the interbank market, taking into account customer deposit run-off assumptions.

(1) Outstanding long-term debt issues in 2023 were in accordance with the financing plan validated by the Balance Sheet Management Committee.

At 31 December 2023, the liquidity reserve comfortably exceeded the thresholds and limits.

Survival horizon

Liquidity risk management has been strengthened by the introduction of a survival horizon indicator, calculated quarterly as part of the liquidity stress tests. This new indicator reflects the period during which the Central Sector is able to honour all its financial commitments under a stressed scenario. It measures the Central Sector's resilience to liquidity stress, in line with market practice. The Central Sector's survival horizon remains very comfortable over the Financing Programme's multi-year projection period, under the various stress scenarios.

Regulatory liquidity ratios

In application of France's Pacte Law, the Central Sector has been disclosing its LCR and NSFR ratios since the beginning of 2023.

These ratios are significantly above the regulatory minimum of 100% for the LCR and 80% for the NSFR applicable to Caisse des Dépôts.

As part of the management of these ratios, current and projected 90–day LCR estimates are calculated daily.

2.9.4.3.1.2.2 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:

- an excess of customer deposits over 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 large high quality liquidity assets (HQLA) portfolio: La Banque Postale has traditionally invested a significant portion of its balance sheet in sovereign securities due to its historical 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, and
  - 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. 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. In order to ensure that a sufficient liquidity cushion is available at all times using a daily internal liquidity risk metric, an LCR proxy is calculated daily.

Under banking regulations, LCR must be greater than 100%. La Banque Postale's internal LCR target is higher than this and its actual LCR at 31 December 2023 was significantly above the minimum level, at 146% (versus 147% at 31 December 2022).

Survival horizon

This indicator measures the number of days during which La Banque Postale would be able to meet is 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 static liquidity gap at 31 December 2023

Average spot gaps

(in millions of euros)	1 year	3 years	5 years
Uses	(218,363)	(164,745)	(125,934)
Resources	240,381	185,515	144,619
Off-balance sheet	(111)	(87)	(49)
Liquidity gap at 31 December 2023	**21,907**	**20,683**	**18,636**
Liquidity gap at 31 December 2022	19,505	30,199	30,032
Adjustments	2,402	(9,516)	(11,396)

The liquidity gap (excess of liquid liabilities over liquid assets) narrowed because liabilities grew at a slower rate than assets in 2023. This was primarily due to the model revisions carried out in June 2023 (increase in the stress factor applied to deposit run-off assumptions), which reduced the liquidity gap.

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 2023, as part of the regulatory liquidity exercises carried out for the ECB, the NSFR liquidity ratio was 132%.

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 at 31 December 2023

Composition of the liquidity reserve

(in millions of euros)	**31.12.2023**
Cash and central banks	38,640
High quality liquid assets	7,568
Other ECB-eligible securities rated BBB-	8,550
Total liquidity reserve	**54,758**

In addition, La Banque Postale is potentially also in a position to issue €9.9 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 and a customer base of asset managers and European or international government agencies.

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 at 31 December 2023

(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	121,393	26,396			208,175	5,251		
Equity instruments	239				356		356	
Debt securities	26,232	25,214	23,236	22,219	13,832	4,795	13,462	4,513
of which covered bonds	306	293	303	289	1,597	1,485	1,594	1,482
– of which securitisations					1,332	1,035	1,330	1,033
– of which issued by general governments	24,652	24,643	21,660	21,652	4,787	2,656	4,367	2,351
– of which issued by financial corporations	1,541	555	1,538	552	10,088	1,888	10,107	1,912
– of which issued by non–financial corporations	40	13	39	13	769	252	696	249
Other assets	94,135				187,392			

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.

2.9.4.3.1.2.3 Liquidity management at Sfil

Governance

The liquidity risk appetite is defined by Sfil management and approved by the Board of Directors. It is broken down into 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:

- with regard to liquidity risk appetite, Sfil must be able to absorb an increase of at least 30 bps in its funding spread, without the resulting loss of value, measured on the basis of the ten-year liquidity gap, exceeding 15% of own funds;
- 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 (loss of access to refinancing markets): 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. The lost earnings may result from an adverse change in the Sfil/CAFFIL refinancing spread during the drawdown period or in the EUR/currency basis for USD or GBP transactions between the quotation date and the signature date. Lost earnings also include any negative cost of carry resulting from the reinvestment of surplus liquidity generated by the pre–financing strategy for this business.

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 2023, 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 2023, Sfil's consolidated LCR and NSFR ratios stood at 301% and 122% respectively, well above the management target.

Regulatory liquidity ratios at 31 December 2023

Regulatory ratios (Sfil consolidated, %)	**31.12.2023**	31.12.2022	Regulatory limit	RAF early warning
LCR	301%	161%	100%	150%
NSFR	122%	119%	100%	110%

(1) Delegated Regulation No. 2022/786 of 10 February 2022.

– applicable to *sociétés de crédit foncier* (SCF, or mortgage banks):
  - under SCF regulations, covered bonds must be secured by a cover pool of eligible loans at least equal to 105% of the covered bonds. At 31 December 2023, the over-collateralisation rate was 14.7%,
  - the average maturity gap between the eligible cover pool loans and the covered bonds must not exceed 18 months. At 31 December 2023, the gap was a negative six months,
  - 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:
  – lost earnings: for export credit management transactions (loans, refinancing, hedges), this measures the potential loss of earnings that may result from stress on the Group's euro-denominated financing cost or an increase in foreign currency financing costs (USD or GBP). The cap on the lost earnings risk appetite was increased to €275 million at 31 December 2023 to keep pace with growth in the export credit business.

    At 31 December 2023, lost earnings were within the risk appetite limit.

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.

In 2023, the economic and financial environment was shaped by a continuation of the previous year's efforts to contain inflation, primarily through steep rises in interest rates. In Europe:

- the European Central Bank (ECB) raised its interest rate on the main refinancing operations by 200 bps over the first part of the year, and it was only when the rate hit 4.5% at the end of the summer that the Bank decided to pause its policy of interest rate hikes;
- the ECB also ended its quantitative easing programme.

As a result, credit spreads widened and financing conditions became more volatile as markets anticipated the end of monetary tightening policies. Covered bond issuance, which had been extremely dynamic in the first part of the year, gradually declined, returning to the long-term trend rate at the end of 2023.

Sfil group adjusted to this environment by:

- aligning its debt issuance programme with the less buoyant commercial activity;
- reducing the average maturity of debt issued under the programme;
- substituting Sfil issues for CAFFIL issues.

In all, Sfil group raised long-term funding of €6.6 billion, together with short-term funding of €800 million through its NEU CP programme. With a view to diversifying the instruments offered to the market and broadening its investor base, the group pursued its policy of carrying out thematic bond issues. In 2023, thematic bond issues totalled €1.26 billion, or 19% of the total long-term issuance programme (stable versus 2022).

Impact of climate risk

As part of its review of climate-themed issues, Sfil identified several stress scenarios to which it could be exposed. These included:

- a fall in ESG issues due to insufficient green or social loan originations;
- conversely, impossibility for Sfil to satisfy very strong demand for local public sector loans due to the market being flooded with ESG issues;
- the risk of Sfil falling out of favour with the capital markets due to its reputation being tainted by the financing of unsustainable activities;
- a fall in Sfil's liquidity reserves due to a deterioration in the quality of its assets, mainly sovereign debt and equivalents.

The probability of occurrence of these risks is considered to be both low and remote.

2.9.4.3.1.3 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.

Financial assets by maturity

(in millions of euros)	31.12.2023 < 3 months	3-12 months	1-5 years	> 5 years	No fixed maturity	Total
Cash and amounts due from central banks	44,193					44,193
Financial assets at fair value through profit or loss	17,983	13,454	33,534	36,548	135,785	237,304
Hedging instruments with a positive fair value	77	415	488	506	1,942	3,428
Financial assets at fair value through OCI to be reclassified	7,277	17,607	65,842	112,642	22	203,390
Financial assets at fair value through OCI not to be reclassified		16	163	73	46,159	46,411
Securities at amortised cost	3,175	7,572	22,566	53,313	459	87,085
Loans and receivables due from credit institutions and related entities at amortised cost	93,015	846	2,662	12,604	3,144	112,271
Loans and receivables due from customers at amortised cost	9,118	15,909	60,132	105,112	350	190,621
Cumulative fair value adjustments to portfolios hedged against interest rate risk – assets	(81)	(244)	(1,299)	(210)	439	(1,395)
Total	**174,757**	**55,575**	**184,088**	**320,588**	**188,300**	**923,308**

(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	26,272	142,719	224,594
Hedging instruments with a positive fair value	100	623	847	472	2,325	4,367
Financial assets at fair value through OCI to be reclassified	7,902	28,748	62,706	104,619		203,975
Financial assets at fair value through OCI not to be reclassified		16		11	42,724	42,751
Securities at amortised cost	1,434	17,449	17,586	46,415	195	83,079
Loans and receivables due from credit institutions and related entities at amortised cost	93,068	1,184	2,362	12,758	3,859	113,230
Loans and receivables due from customers at amortised cost	15,091	16,586	56,703	100,561	242	189,184
Cumulative fair value adjustments to portfolios hedged against interest rate risk – assets					(2,505)	(2,505)
Total	**172,966**	**76,965**	**171,050**	**291,108**	**189,560**	**901,649**

Financial liabilities by maturity

(in millions of euros)	31.12.2023 < 3 months	3-12 months	1-5 years	> 5 years	No fixed maturity	Total
Due to central banks						
Financial liabilities at fair value through profit or loss	5,590	524	2,192	5,618	476	14,400
Hedging instruments with a negative fair value	334	733	1,128	2,638	3,877	8,710
Debt securities	23,555	19,076	48,483	54,757		145,871
Due to credit institutions and related entities	20,607	3,393	4,212	9,263	16,839	54,314
Due to customers	298,129	2,047	1,064	13,301	1,658	316,199
Subordinated debt	32	545	1,443	6,649	815	9,484
Cumulative fair value adjustments to portfolios hedged against interest rate risk – liabilities	(21)	(62)	(329)	(53)	(847)	(1,312)
Total	**348,226**	**26,256**	**58,193**	**92,173**	**22,818**	**547,666**

(in millions of euros)	31.12.2022 < 3 months	3-12 months	1-5 years	> 5 years	No fixed maturity	Total
Due to central banks						
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	34,444	3,738	4,965	8,722	17,554	69,423
Amounts due to customers	294,907	1,029	904	13,249	1,400	311,489
Subordinated debt	20	296	252	7,731	845	9,144
Cumulative fair value adjustments to portfolios hedged against interest rate risk – liabilities					(2,103)	(2,103)
Total	**359,259**	**22,052**	**50,442**	**91,947**	**23,390**	**547,090**

Maturities of commitments given in respect of financing and guarantees

(in millions of euros)	31.12.2023 < 3 months	3-12 months	1-5 years	> 5 years	Total
Financing commitments given	15,893	5,866	12,453	4,546	38,758
Guarantee commitments given	1,681	806	413	1,043	3,943
Total	**17,574**	**6,672**	**12,866**	**5,589**	**42,701**

(in millions of euros)	31.12.2022 < 3 months	3-12 months	1-5 years	> 5 years	Total
Financing commitments given	21,651	7,181	10,867	1,313	41,012
Guarantee commitments given	1,943	705	406	1,066	4,120
Total	**23,594**	**7,886**	**11,273**	**2,379**	**45,132**

2.9.4.3.2 Overall interest rate risk

2.9.4.3.2.1 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.

2.9.4.3.2.2 Measuring and managing overall interest rate risk

2.9.4.3.2.2.1 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 based on the same run-off assumptions and models as for liquidity calculations.

The current environment driven by 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 fixed-rate borrowings on the liabilities side remains constant.

Since 30 September 2023, the Central Sector has produced quarterly net interest margin (NIM) projections and sensitivity calculations, based on quarter-end balance sheet data (including swaps), which are used to monitor and manage the interest rate position. The calculations are based on a constant balance sheet and sensitivity over a rolling twelve–month period, and are presented to the Balance Sheet Management Committee.

The NIM indicator is calculated as the difference between the institution's interest income and interest expense. It therefore only concerns interest rate instruments (fixed and variable rate) and does not include significant components of the Central Sector's business model (in particular, recurring dividends from its equity portfolio and strategic investments, and recurring rental income from its rental property portfolio).

The NIM calculation at a given date is based on a constant balance sheet, i.e., it takes into account the contractual maturities of assets and liabilities and assumes that matured assets and liabilities will be replaced by items with the same characteristics for which the interest rate is the market rate on the replacement date. This means that the structure and size of the balance sheet remains unchanged over the NIM calculation period.

NIM sensitivity corresponds to the difference between the results obtained by applying the central scenario and those obtained from stressed scenarios assuming 200 bps and 100 bps increases/decreases in interest rates.

NIM sensitivity

(in millions of euros)	**31.12.2023**
200 bps decrease	271
100 bps decrease	136
100 bps increase	(136)
200 bps increase	(271)

Given the specific nature of the Central Sector's balance sheet, which includes a large proportion of non-interest-bearing assets (equities, strategic investments, property), the NIM gives only a partial snapshot of the Sector's results. The Central Sector's balance sheet structure is unusual in that interest-bearing liabilities always exceed interest–bearing assets.

2.9.4.3.2.2.2 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 2023

(Negative amount = Surplus uses at fixed rates)

(in millions of euros)	0-1 year	1-5 years	5-10 years	> 10 years
Uses	(203,611)	(99,140)	(46,483)	(6,601)
Resources	204,678	86,897	38,616	3,840
Off-balance sheet	(2,588)	433	4,028	1,505
Interest rate gap at 31 Dec. 2023	**(1,521)**	**(11,810)**	**(3,839)**	**(1,256)**
Interest rate gap at 31 Dec. 2022	2,846	(3,512)	(3,836)	(1,855)
Adjustments	(4,367)	(8,298)	(3)	599

In 2023, La Banque Postale reduced its fixed-rate lending position, particularly in the short term, by setting up payer swaps in order to stabilise the net interest margin.

Other changes in balance sheet items, such as the erosion of PEL home savings plan deposits, the negligible flow of net new money into demand deposit accounts (due to transfers to interest-bearing savings accounts) and changes in the run-off profile of passbook savings accounts (LB/CSL), also had the effect of distorting the interest rate position.

EVE (Economic Value of Equity) sensitivity

EVE sensitivity corresponds to the change in economic value resulting from different shock 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.

Supervisory shock scenarios *EVE*

Changes in economic value

(in millions of euros)	**31.12.2023**	31.12.2022
Parallel increase	-1,797	-1,715
Parallel decrease	+1,555	+1,683
Steepening	-396	-524
Flattening	-9	+261
Rise in short-term rates	-450	-201
Decrease in short-term rates	+463	+348

The least favourable interest rate scenario for La Banque Postale is a 200 bps parallel increase in the yield curve (€1,797 million reduction in EVE, representing -9.7% EVE sensitivity vs Tier 1 capital). The regulatory limit is -15%. This sensitivity is higher than at 31 December 2022.

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.

Sensitivity is measured using interest rate scenarios with an instant shock relative to the reference curve, including parallel upward and downward shocks of +/- 200 bps.

EBA guidelines also require banks to model a regulatory floor for the post-shock risk-free rate.

Changes in net interest income

(in millions of euros)	**31.12.2023**	31.12.2022
Parallel increase	+165	+100
Parallel decrease	-194	-143

The least favourable scenario at one year for La Banque Postale is a 200 bps decrease in interest rates, which would lead to a €194 million fall in the net interest margin, representing around 14.1% of total net interest margin over a rolling 12-month period.

2.9.4.3.2.2.3 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 over the long term 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,
  - 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 gap in Sfil's individual financial statements

The absence of an interest rate position in Sfil's individual financial statements is checked monthly by calculating the interest rate gap, corresponding to the difference between the run-off of fixed rate assets and the run-off of fixed rate liabilities over the period until the balance sheet is extinguished.

Fixed-rate net present value (NPV) sensitivity

To obtain assurance concerning the resilience of long-term interest rate management, the sensitivity of the fixed-rate NPV is calculated according to eight stress scenarios (the six regulatory scenarios used to calculate outlier sensitivity + two internal scenarios combining both a yield curve inversion risk and a slope risk). The level of the sensitivity indicator, covered by a limit, corresponds to the maximum loss observed in the eight scenarios.

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.

At 31 December 2023, the maximum NPV loss was €15.4 million under the internal scenario of a flattening of the yield curve, compared with a loss of €21.1 million at 31 December 2022 under the scenario of a 200 bps decrease in interest rates. This relatively stable exposure to fixed-rate risk reflects the consistent implementation of hedging objectives and methods designed to minimise exposure to interest–rate risk as far as possible.

NPV sensitivity at 31 December 2023

(in millions of euros)	**31.12.2023**	31.12.2022	Limit	RAF early warning
+200 bps	(5.2)	1.3	(80.0)	(70.0)
-200 bps tiered floor	12.4	(21.1)	(80.0)	(70.0)
Increase in short-term rates	(1.9)	(9.2)	(80.0)	(70.0)
Decrease in short-term rates, tiered floor	1.8	8.2	(80.0)	(70.0)
Tiered floor flattening	1.0	(11.0)	(80.0)	(70.0)
Tiered floor steepening	(0.5)	10.5	(80.0)	(70.0)
Internal flattening scenario	(15.4)	(16.6)	(80.0)	(70.0)
Internal inversion scenario	(6.4)	13.2	(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; Given the current level of interest rates, floors no longer have an impact on NIM sensitivity;
- 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 ALM 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.

At 31 December 2023, the potential loss was €3.8 million for a 200 bps increase in interest rates, down €3.6 million on the previous year. This is within the €40 million limit.

NIM sensitivity at 31 December 2023

(in millions of euros)	**31.12.2023**	31.12.2022	Limit	RAF early warning
+200 bps	(3.8)	(7.4)	(40.0)	(36.0)
-200 bps (tiered floor)	2.0	3.9	(40.0)	(36.0)

Management of Euribor basis risk

The basis risk is measured in relation to €STR. It is monitored using index gaps, calculated as the difference between Euribor-indexed assets and Euribor-indexed liabilities. These gaps are subject to a limit for each index tenor, calculated on the average of the various 12-month gaps. At 31 December 2023, the limits were respected.

Exposure to Euribor basis risk at 31 December 2023

Average gap over one year	**31.12.2023**	31.12.2022	Limit
1-month Euribor	310.7	375.0	[0; 1,000]
3-month Euribor	149.6	(682.0)	[(2,000); 2,000]
6-month Euribor	(111.2)	(381.0)	[(2,000); 2,000]
12-month Euribor	146.7	79.0	[0; 1,000]

Management of Euribor floors

At 31 December 2023, exposure to floor risk was limited to Euribor floors, which are monitored and controlled through gap measurements and the application of limits.

Exposure to Euribor floors at 31 December 2023

Maximum gap on floors (Sfil consolidated, in millions of euros)	**31.12.2023**	31.12.2022	Limit
Euribor floor	464.0	488.1	800.0

Impact of climate risk

The climate transition may have a significant impact on certain macroeconomic indicators (growth, inflation, etc.) or financial indicators (rise in interest rates, increased interest rate and exchange rate volatility, etc.).

However, the impact of climate risk on the management of interest rate risk is considered as low due to:

- systematic micro-hedging of structured loans likely to be affected by increased market volatility. In addition, this business is in run-off;
- Sfil's interest rate hedging policy, which consists of limiting the interest rate risk on new flows as much as possible.

2.9.4.3.3 Structural currency risk

2.9.4.3.3.1 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;
- 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.

2.9.4.3.3.2 Measuring and managing currency risk

2.9.4.3.3.2.1 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.

The 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 gap is monitored by:

- performing monthly VaR calculations that take into account extreme risk scenarios, for presentation at meetings of the Balance Sheet Management Committee;

(1) Policy dated December 2021.

- checking that the impact of exchange rate fluctuations on unrealised foreign exchange gains and losses on the equity portfolio is marginal (see section 2.8.3.2.1 “Market risk for the equity portfolio of the Caisse des Dépôts Central Sector”, based on annual studies presented to the Balance Sheet Management Committee.

2.9.4.3.3.2.2 Measuring and managing currency risk at La Banque Postale

The operational foreign exchange risk, related in particular to customer 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 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 2023, La Banque Postale’s foreign exchange position represented an asset of €14 million, of which around €8.7 million denominated in USD.

2.9.4.3.3.2.3 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 2023, Sfil’s currency position represented €4.3 million and was subject to a limit of €5.5 million.

2.9.5 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.

2.9.5.1 Risk hedging strategy and objectives

2.9.5.1.1 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.

2.9.5.1.2 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.

2.9.5.1.3 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.

2.9.5.1.4 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).

2.9.5.1.5 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.

2.9.5.1.5.1 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).

2.9.5.1.5.2 Hedged 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.

2.9.5.1.6 Sources of hedge ineffectiveness

2.9.5.1.6.1 Hedging of a security with a swap

There are two types of fair value 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 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.

2.9.5.1.6.2 Macro-hedging

Macro-hedging can become ineffective particularly if any of the hedged items are sold or settled, 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.

2.9.5.2 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 2.3.1 – Interest income and expense, 2.3.3 – Gains and losses on financial instruments at fair value through profit or loss, and 2.4.2 – Hedging instruments.

2.9.5.3 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 2.4.2 – Hedging instruments.

2.9.6 Risks specific to the insurance sector

2.9.6.1 Insurance risk management and monitoring of the financial conglomerate

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.

The process of integrating La Banque Postale and CNP Assurances was pursued in 2023, with the creation in April of a division headed by CNP Assurances Holding and comprising all the CNP Assurances group and La Banque Postale insurance businesses and companies, followed in November by a change in the name of the subsidiaries that were part of La Banque Postale's legacy insurance business.

Insurance is the largest business line in La Banque Postale group's structure, and exposure to insurance risks mainly concerns CNP Assurances, along with La Banque Postale's three legacy insurance subsidiaries: La Banque Postale Assurances IARD (LBPAI) renamed CNP Assurances IARD, La Banque Postale Prévoyance (LBPP) renamed CNP Assurances Prévoyance and La Banque Postale Assurance Santé (LBPAS) renamed CNP Assurances Santé Individuelle.

CNP Assurances sells insurance policies to non-La Banque Postale customers either through its partners' distribution networks, or directly in the case of group insurance, both in France and internationally. As a parent company and head of a conglomerate, La Banque Postale is exposed to risks related to its insurance business in France and internationally. In 2023, the Bancassurance France and International Bancassurance business lines contributed 74% and 16% of business line net banking income, respectively.

Life insurance: a deterioration in the market situation and, notably, a very significant change in interest rates (upward or downward) could have a significant impact on La Banque Postale's life insurance business as well as its results and financial position. A rise in interest rates, such as that seen in 2023, makes life insurance products invested in traditional savings funds less attractive than other savings vehicles and could encourage customers to transfer significant amounts to other funds. A sudden drop in interest rates could affect La Banque Postale's ability to provide an attractive return to its customers and to pay the guaranteed yield offered on life insurance policies.

CNP Assurances' risk factors and their relative importance were largely unchanged in 2023 compared with 2022, in an environment still shaped by high inflation. The rapid increase in interest rates in response to rising inflation should boost yields on its bond portfolios and consolidate its already strong capital ratio in the short term. Persistent inflation, a probable economic slowdown and wider credit spreads in the eurozone would need to be closely monitored, but should not significantly affect CNP Assurances' risk profile. In particular, surrender risk monitoring was stepped up within a framework which ensures that any creeping rise in surrender rates is quickly flagged up, particularly for CNP Assurances' Italian subsidiaries (due to the dominance of the savings business and competition from BTP Italian government bonds) and the pensions business in Brazil (due to the risk of contracts being transferred to competitors). Integration of the new subsidiaries in Italy increased the insurance business's local exposure to surrender risk. In Brazil, death/disability insurance products and products associated with home loans and consumer finance also give rise to a significant cancellation risk.

Currency risk arises from two types of position:

1. management of portfolios representing customer commitments: most of the CNP Assurances Group entities' portfolios covering insurance liabilities are invested in assets denominated in the entity's functional currency. As a result, the foreign exchange risk is limited (for example, at 31 December 2023, the net hedged exposure to a currency other than the euro represented less than 5% of the investments of the French companies in the CNP Assurances Group);
2. the CNP Assurances group is exposed to currency risk on its operations in Brazil and on the translation of the financial statements of its local subsidiaries. These exposures are more material. The CNP Assurances group is also exposed to currency risk on the profits of its Brazilian subsidiaries and actively manages this risk using hedging instruments.

International subsidiaries submit their financial statements to the group in their functional currency, which corresponds to their local currency. In the consolidated financial statements, the assets and liabilities of international subsidiaries are translated into euros, the group's presentation currency, using the exchange rate at the balance sheet date.

In the case of the Brazilian subsidiaries, at each balance sheet date, the impact of changes in the exchange rate for the Brazilian real is recorded under "Translation adjustments" in consolidated equity. A positive translation adjustment – corresponding to a favourable currency effect – is recorded if the real has appreciated against the euro and vice versa.

The amount reported under "Translation adjustments" in consolidated equity corresponds to the cumulative net amount of all the translation adjustments recorded since the Brazilian entities were included in the scope of consolidation for the first time.

Non-life insurance: the main risk to which the Group's non-life insurance subsidiaries are exposed is underwriting risk, defined as the risk the insurer takes by providing insurance policies to natural persons and legal entities. An increase in the number of claims and/or a mismatch between the claims anticipated by the insurance subsidiary and the amounts actually paid out to the insured could have a negative impact on the results of La Banque Postale group whose materiality would be contained given the weight of non-life insurance at the level of La Banque Postale group.

Non-life insurance catastrophe risk is the risk of the occurrence of extreme, uncertain and one-off events that may cause substantial damage to insured property. These events, which are playing an increasingly central role, can be caused by the abnormal intensity of a natural hazard or by human intervention.

The CNP Assurances group is exposed to this risk through the property and casualty insurance products sold by its subsidiaries in mainland France and the French overseas departments and regions (CNPAI), as well as its subsidiaries in Brazil and Cyprus. This business accounted for just 3% of the Group's premium income in 2023.

Nevertheless, given the potentially heavy impact of climate-related property damage claims, a series of risk prevention and mitigation measures have been introduced. These measures include reinsurance programmes that transfer part of the risk to reinsurers in order to efficiently manage the Group's exposure to climate-related property damage claims (comprehensive home-owner insurance, auto insurance, etc.), especially in high-risk areas.

As the head of a conglomerate subject to additional supervision, to support integrated management of its businesses, La Banque Postale group reassesses its risk map annually to take into account the change in its consolidation scope and risk profile.

2.9.6.2 Types of insurance risks

The La Banque Postale's insurance business risks are classified in seven risk families[1] aligned with the risk classification in Solvency II and the conglomerate risk map:

- strategic and business risks (including solvency risk);
- credit and counterparty risks;
- market risk and asset/liability management risks;
- liquidity risk;
- operational (including compliance risks);
- insurance underwriting risks;
- ESG risks.

La Banque Postale group's insurance business is also exposed to other risks that are common to the entire Group:

- operational risks (outsourcing risks, information and data protection risks, non-cyber IT risks and cyber risk);
- product and customer interaction (financial security and AML-CFT) compliance risk;
- strategic and business risks, covering in particular partnership risk and country risk;
- ESG risks, through the insurance undertakings' investment and insurance activities as well as their internal operations.

The insurance activities of La Banque Postale group's insurance companies expose them to specific technical risks corresponding to the risk of losses or an unfavourable change in the value of insurance liabilities and the risk of a change in expenses. Insurance technical risks include:

- life/long-term health underwriting risk:
  - life catastrophe risk,
  - termination (surrender) risk,
  - mortality risk,
  - longevity risk,
  - morbidity risk,
  - revision risk;
- non-life underwriting risk:
  - pricing and reserve risk,
  - termination (surrender) risk,
  - catastrophe risk;
- health risk (excluding long-term);
- expense risk.

Depending on the category, these risks evolve in response to macroeconomic developments, the characteristics of the insured portfolios, changes in customer behaviour, changes in climate risk, the occurrence of accidents and public health or regulatory decisions.

The disclosures required by IFRS 17 on risks relating to insurance activities are presented in Note 2.5.18 – Insurance risks.

2.9.7 Non-financial risks

2.9.7.1 Operational and compliance risks

2.9.7.1.1 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 articles 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).

(1) Versus eight risk categories for the 2022 exercise carried out for the 2023 annual review. The intra-group risk category has been eliminated and its components are now included in the strategic and business risks category.

2.9.7.1.2 Main operational risk factors

2.9.7.1.2.1 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.

2.9.7.1.2.2 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.

2.9.7.1.2.3 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;
- initiatives to raise employee awareness of fraud risks.

2.9.7.1.2.4 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.

In addition, with the exponential growth in cyber risks, linked to various factors and contexts (political, geopolitical, events, etc.) and the development of cybercrime in recent years, systems security crises are becoming increasingly diverse.

The size of the Group and its activities mean that every Group entity must be aware of the cyber threat.

At Group level, the following risk management measures have been deployed:

- roll-out of the Group's Information Security Management System (ISMS) based on the risk appetite of the Public Institution and its subsidiaries;
- increase in the teams operating on the three lines of defence;
- organisation of regular technical tests (intruder detection tests/bug bounty/Red team) on Caisse des Dépôts' mission-critical assets, in accordance with an audit programme drawn up at the beginning of the year;
- execution of subsidiaries' ISS control plan in the first half of 2023;
- strategic cyber threat intelligence gathering, covering economic, geopolitical and cyber intelligence.

The main risk management measures deployed at the level of the Public Institution are as follows:

- regular updating of risk management process documentation, including:
  - the Public Institution's ISS policy,
  - addition of an ISS policy covering cloud computing,
  - multi-factor authentication and password procedures;

- introduction of a new IAM (Identity Access Management) tool (GIGA) to review security credentials, offering new functions and the option of implementing segregation of duties (SoD) matrices;
- security alert processing by the Group Cyber ecurity department, as part of the process for monitoring sensitive data leaks, using Data Leak Prevention (DLP) or Internet surveillance mechanisms;
- proposing and managing cyber solutions for the Public Institution and its subsidiaries, using secure communication tools designed to protect exchanges of information;
- execution of the Public Institution's control plan in the fourth quarter of 2023, with a report due in the first quarter of 2024.

The Group Risk Management division's Cyber Security department leads a network of CISSOs in the subsidiaries. This network is operational and enables expertise and solutions to be shared, in particular through seminars held twice a year and regular workshops.

2.9.7.1.2.5 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.

2.9.7.1.2.6 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.

2.9.7.1.2.7 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).

2.9.7.1.2.8 Human resources risk

This risk covers (i) the unavailability of people, which would have an impact on business continuity in the event of a loss of key resources or if inadequate resources were available in terms of numbers or skills, and (ii) employee health and safety issues.

All the Group's entities are concerned by human resources risk. Particular attention is paid to the safety of employees working in non–financial activities who are exposed to the risk of accidents and attacks. Recruitment risk is another focus of attention, due to the lack of suitable candidates for certain jobs in the financial entities or in the services and healthcare sectors.

2.9.7.1.2.9 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.

2.9.7.1.3 Structure and governance of the operational and compliance risk management system

2.9.7.1.3.1 Operational risk management

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 plan has been drawn up and a network of operational risk correspondents has been created, spanning the Public Institution's divisions and the Group's entities.

Since 1 May 2023, the Permanent Control department of the Group's Risk Management division contributes to the management of operational and compliance risk through a process of continuous improvement of permanent controls (standards, reporting, and compliance controls), in liaison with the Public Institution's divisions and the Group's entities.

The Chief Executive Officer has designated the Group Risk Director as the person responsible for the permanent control of Caisse des Dépôts' AML-CFT system (pursuant to Government Order of 6 January 2021 on AML-CFT systems and controls, articles 15 and 18).

The Legal Affairs, Compliance and Ethics division is responsible for the Group's anti-money laundering and terrorist financing ("AML-CFT") programme and anti-bribery and corruption ("ABC") programme. It also tracks compliance with the principles set out in the Group's Code of Ethics.

2.9.7.1.3.2 Internal control system

The risk management system is based on three lines of defence that constitute the internal control framework.

2.9.7.1.3.2.1 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.

2.9.7.1.3.2.2 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 of defence is provided by the Group's Risk Management 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.

2.9.7.1.3.2.3 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 of defence is provided by the General Inspectorate – Group Internal Audit division (see section 2.9.3.3.3 for details).

2.9.7.1.3.3 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 Group Risk Management division works with the operational divisions to produce operational and compliance risk maps, 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).

"Event" databases

All control events reported within the Caisse des Dépôts Central Sector are recorded in a centralised database and significant events are monitored by the Group Risk Management division, with the Legal Affairs, Compliance and Ethics division in the case of compliance events.

Significant events are reported by the subsidiaries to the Group Risk Management division and also to the Legal Affairs, Compliance and Ethics division in the case of compliance events. 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 Group Risk Management division's second-tier control plan, which uses a risk–based approach, has been deployed in the Caisse des Dépôts Central Sector.

This control plan is designed to test the appropriateness of permanent control and compliance processes in terms of the risks involved and activities performed.

An assessment of the Group Risk Management division's permanent control and compliance processes is presented to the Caisse des Dépôts' Executive 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 Risk Management division oversees the careful application of the Permanent Control Charter, particularly in terms of the execution of second-tier controls.

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.

2.9.7.1.3.4 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 Legal Affairs, Compliance and Ethics division coordinates and supervises the Group's AML-CFT system. 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 department of the Group Risk Management division performs AML-CFT compliance checks within 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 (*Etats 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).

2.9.7.1.3.5 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).

2.9.7.2 Contingency and business continuity plan

2.9.7.2.1 Coordinating the contingency and business continuity plan

Continuity planning at Caisse des Dépôts is led by:

- the Group Risk Management 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.

2.9.7.2.2 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.

2.9.8 Other risks

2.9.8.1 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 risk comprises 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 Affairs, Compliance and Ethics division analyses and clarifies legal and tax guidelines in order 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 Affairs, Compliance and Ethics division monitors litigation risk for both the Public Institution and the Caisse des Dépôts Group as a whole.

2.9.8.2 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.

2.9.8.2.1 Focus on climate risk management within the Public Institution

There are two main categories of climate risk:

- physical risks correspond to the risk of financial loss caused by the occurrence of extreme climate events or by the consequences of gradual climate change;
- transition risk represents the risk of financial loss caused by the transition to a low-carbon economy. This can take the form of tax incentives (carbon tax, emissions trading scheme), sector-specific regulations (ban on new internal combustion vehicles from 2035) or changes in consumer preferences.

The Public Institution has drawn up a climate risk roadmap with three priority objectives:

- developing harmonised methodologies for identifying and measuring climate risks across the Public Institution's entire balance sheet;
- climate stress tests;
- drafting a climate risk management policy, in line with the Group's climate policy. This policy increases the Group's resilience to climate risks through commitments to mitigate and adapt to climate change, which reduce Caisse des Dépôts' exposure to transition and physical risks.

In 2023, the climate risk team worked on **developing physical and transition risk scoring tools** in order to:

- draw up an inventory of the Public Institution's balance sheet exposures to climate risk (stock view) and include new climate risk indicators in the risk appetite framework;
- provide information on climate risks by counterparty (flow view): the tool will provide estimates of the potential impact on the balance sheet, the income statement and the counterparty's credit score that will enhance the financial analysis. This information will be used to inform investment and financing decisions and determine whether the project takes these risks into account and, if necessary, to propose measures to reduce these risks.

The physical risk scoring tool combines:

- future climate data according to three climate scenarios (Representative Concentration Pathways 2.6, 4.5 and 8.5) for nine climate hazards and three time horizons (2020-2040, 2041-2070, 2071-2100) depending on the geographical location of the assets;
- sector-specific vulnerabilities to different hazards, with some sectors being structurally resilient to the occurrence of a climate event, while others are structurally vulnerable;
- the adaptation measures deployed by the counterparty to reduce its risks and refine the score.

The transition risk scoring tool combines:

- an analysis by sector, including a measurement of each sector's average emissions, comparing their current carbon intensity with the decarbonisation effort that each sector will have to make to achieve net-zero emissions in 2050;
- the transition efforts of the counterparty's host country or the country where the project is located;
- factors specific to the counterparty's actual emissions and its decarbonisation strategy, if any, which are taken into account to adjust the score in order to reflect the level of risk represented by the counterparty as accurately as possible.

These scoring tools were finalised in 2023 and will be deployed from 2024. Tests on several Caisse des Dépôts portfolios were carried out in 2023. The tools will be fine-tuned during 2024 and will be used to influence the Public Institution's adaptation and mitigation strategies and systematically take these risks into account when awarding contracts.

An internal climate stress test was carried out on the equities portfolio and on the infrastructure and property portfolios included in the Group's prudential model. At this stage, the test represents an exploratory analysis of sensitivities to orderly transition and disorderly transition scenarios.

A climate risk management policy applicable to the Public Institution and its financial subsidiaries was adopted in 2023 and came into force on 1 January 2024. This policy sets out the general framework for measuring and controlling climate risks, through the inclusion of climate risks in the Group's risk map, the development of tools to identify and measure risks when the investment or financing decision is made, the organisation of controls into three lines of defence and the phased roll-out of climate risk management measures.

2.9.8.2.2 ESG risk management at La Banque Postale

A materiality analysis was carried out in 2023 to identify the short-, medium- and long-term impacts of ESG factors on financial risks. At this stage, the analysis only concerns climate factors. Social and governance factors are due to be added in the target vision, and work is already in progress on biodiversity-related risks. The risks assessed as potentially having the greatest impact in the short, medium and long term are credit risk, due to both physical and transitional risk factors, and strategic and business risk, due to transitional factors.

ESG risks are identified and broken down in the La Banque Postale group's risk map in order to provide an overall view and ensure that all ESG risks are comprehensively managed. At 31 December 2023, the analysis carried out on the exposure of the financial conglomerate's business to ESG risks prompted the Group to classify these risks as major, mostly due to the exposure of its real estate portfolios to physical risk. La Banque Postale is also moderately exposed to physical risk on its corporate bond portfolio (risk of drought) and within its operating scope. Transition risk is a moderate risk for the bank, in terms of both its commitment to decarbonisation and its exposure to carbon-intensive activities.

La Banque Postale has also participated in the two climate stress test exercises conducted respectively by France's banking supervisor (*Autorité de contrôle prudentiel et de résolution* – ACPR), in 2020 and by the ECB in the first half of 2022. These exercises highlighted the impacts of the risks concerned over different time horizons (short and long term).

Based on the results of these exercises, La Banque Postale's overall performance is in line with the average for eurozone banks. Its portfolio's exposure to the most carbon-intensive sectors is limited and its concentration on the most carbon-intensive firms is low. The exercises were an opportunity to collect and structure additional data on the Bank's exposure to climate risk over different time horizons and according to different scenarios.

An internal stress testing framework has been developed by leveraging the exercises and gradually adapting the exercises to the specific context of La Banque Postale and its commitments.

The data, combined with the ESG risk management work, have provided a basis for incorporating climate issues in the Internal Capital Adequacy Assessment Process (ICAAP) and led to a (currently limited) increase in the coverage of climate risks by own funds.

2.9.8.2.3 Climate and environmental risk management at Sfil

Significant progress was made in this area in 2023, with the development of a methodology to rate climate and environmental risks in the local public sector. Sfil has assessed all the climate and environmental risks of the local authorities in its portfolio, at the level of municipalities, groups of municipalities with their own tax status, groups without their own tax status, *départements* and regions, respectively. Sfil's overall exposure to physical risk in relation to local authorities is low and its exposure to transition risk and environmental risk is qualified as average. The rating methodology has also been applied to public health establishments.

This rating methodology will be rolled out operationally in 2024, with the integration of climate and environmental ratings into Sfil's loan approval and risk management processes.

Climate risks associated with export credit operations will also be assessed from the beginning of 2024.

Sfil aims to integrate climate and environmental risks into all its risk management processes. They are closely monitored by the Board of Directors, which approved Sfil's 2024 climate roadmap at the end of 2023.

2.10 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.

2.10.1 Summarised financial information

2.10.1.1 Bpifrance

	31.12.2023	31.12.2022
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	€261m	€277m

Reconciliation of financial information with the equity-accounted carrying amount of Bpifrance

(in millions of euros)	**31.12.2023**	31.12.2022
Equity attributable to owners	29,997	27,430
Restatements (fair value adjustments)	319	319
Equity based on Caisse des Dépôts' percent interest	14,952	13,685
Equity-accounted carrying amount on Caisse des Dépôts' statement of financial position	**14,952**	**13,685**

2.10.1.2 Coentreprise de Transport d'Électricité

	31.12.2023	31.12.2022
Percent control and percent interest	29.90%	29.90%
Nature of relationship	Strategic interest	Strategic interest
Dividends received	€68m	€107m

Reconciliation of financial information with the equity-accounted carrying amount of Coentreprise de Transport d'Électricité

(in millions of euros)	**31.12.2023**	31.12.2022
Equity attributable to owners	3,579	3,527
Restatements (chiefly purchase price allocation)	3,093	3,109
Equity based on Caisse des Dépôts' percent interest	1,995	1,984
Equity-accounted carrying amount on Caisse des Dépôts' statement of financial position	**1,995**	**1,984**

2.10.1.3 GRT Gaz

	31.12.2023	31.12.2022
Percent control	38.63%	38.63%
Percent interest	26.84%	26.84%
Nature of relationship	Strategic interest	Strategic interest
Dividends received	€126m	€124m

Reconciliation of financial information with the equity-accounted carrying amount – GRT Gaz

(in millions of euros)	**31.12.2023**	31.12.2022
Equity attributable to owners	3,542	3,647
Goodwill	1,298	1,298
Equity based on SIG's percent interest	2,663	2,707
Equity-accounted carrying amount on Caisse des Dépôts' statement of financial position	**2,663**	**2,707**

2.10.1.4 Holding d'Infrastructures Numériques

	31.12.2023	31.12.2022
Percent control	66.66%	66.66%
Percent interest	55.33%	55.33%
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)	31.12.2023	31.12.2022
Equity attributable to owners	1,010	1,052
Equity based on Caisse des Dépôts' percent interest	673	701
Equity-accounted carrying amount on Caisse des Dépôts' statement of financial position	**673**	**701**

2.10.1.5 Suez Holding

	31.12.2023	31.12.2022
Percent control	19.66%	19.66%
Percent interest	16.98%	16.98%
Nature of relationship	Strategic interest	Strategic interest
Interest income from equity-settled bonds	€18m	€5m

Reconciliation of financial information with the equity-accounted carrying amount – Suez Holding

(in millions of euros)	31.12.2023	31.12.2022
Equity attributable to owners	2,625	3,208
Goodwill	620	580
Equity based on Caisse des Dépôts' percent interest	516	630
Equity-accounted carrying amount on Caisse des Dépôts' statement of financial position	**1,136**	**1,210**

2.10.1.6 Euroclear Holding SA/NV

	31.12.2023	31.12.2022
Percent control	10.91%	7.90%
Percent interest	10.91%	7.90%
Nature of relationship	Strategic interest	Strategic interest
Dividends received	€34m	

Reconciliation of financial information with the equity-accounted carrying amount – Euroclear Holding SA/NV

(in millions of euros)	31.12.2023	31.12.2022
Equity attributable to owners	8,295	4,093
Goodwill	273	229
Equity based on Caisse des Dépôts' percent interest after provisions	565	324
Equity-accounted carrying amount on Caisse des Dépôts' statement of financial position	**838**	**553**

2.10.1.7 Coriance

	31.12.2023
Percent control	49.90%
Percent interest	49.90%
Nature of relationship	Strategic interest

Reconciliation of financial information with the equity-accounted carrying amount – Coriance

(in millions of euros)	31.12.2023
Equity attributable to owners	(5)
Goodwill	443
Equity based on Caisse des Dépôts' percent interest	219
Equity-accounted carrying amount in Caisse des Dépôts' statement of financial position	**219**

A €324 million shareholders' advance was provided to Coriance on 31 December 2023.

2.11 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.

2.11.1 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)	**31.12.2023**	31.12.2022
Loans[(1)]	2,224	1,591
Other financial assets	20	85
Other assets	36	62
Total assets	**2,280**	**1,738**
Borrowings	343	222
Other financial liabilities	36	36
Other liabilities	4,838	4,646
Total liabilities	**5,217**	**4,904**
Commitments given	**143**	**18**
Commitments received	**87**	
Net interest income (expense)	20	83
Net fee and commission income (expense)		(34)
Net income (loss) from financial transactions	135	78
Net income (expense) from other activities	(342)	(218)
General operating expenses, net of rebillings	9	12
Gross operating profit (loss)	**(178)**	**(79)**

(1) Including Bpifrance bonds held by CNP Assurances for €1 billion.

2.11.2 Related parties not controlled by the Group

2.11.2.1 Savings Funds

Caisse des Dépôts manages the centralised Savings Funds entrusted to it by the French State.

(in millions of euros)	**31.12.2023**	31.12.2022
Loans[1]	79,788	79,841
Other assets	52	120
Total assets	**79,840**	**79,961**
Borrowings	7,445	11,087
Other financial liabilities	2,195	2,270
Other liabilities	541	409
Total liabilities	**10,181**	**13,766**
Commitments given	**8,966**	**10,432**
Commitments received	**20,440**	**22,894**
Net interest income (expense)	1,821	1,561
Net income (expense) from other activities	(19)	(21)
General operating expenses, net of rebillings	189	191
Gross operating profit (loss)	**1,991**	**1,731**

(1) - Including loans from La Banque Postale totalling €64.7 billion at 31 December 2023 and €64.9 billion at 31 December 2022.
- Including loans from the Central Sector totalling €15.1 billion at 31 December 2023 and €15 billion at 31 December 2022.

2.11.2.2 Pension funds

Caisse des Dépôts manages pension funds.

(in millions of euros)	**31.12.2023**	31.12.2022
Other assets	45	44
Total assets	**45**	**44**
Borrowings	1,236	1,803
Other liabilities	39	37
Total liabilities	**1,275**	**1,840**
Commitments given	**9**	**12**
Net interest income (expense)	(31)	(3)
Income and expenses from other activities	3	3
General operating expenses, net of rebillings	269	270
Gross operating profit (loss)	**241**	**270**

2.11.2.3 Funds managed in connection with the “France 2030” 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 “France 2030” 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 2023, 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)	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022
France Brevets (French patents)	96	97	96	97
Développement technologie (Technological development)	466	524	466	524
Économie sociale et solidaire (Social and solidarity economy)	22	25	22	25
Formation en alternance – hébergement et appareil de modernisation (Work-study programme – housing and modernisation)	21	25	21	25
Fonds national d’amorçage (National seed capital fund)	58	79	58	79
Plateformes d’innovation des pôles de compétitivité (Innovation platforms and competitive clusters)	12	12	12	12
Fonds Écotechnologies (Eco-technology fund)	132	211	132	211
Fonds pour la société numérique – infrastructures et services (Digital society fund – infrastructure and services)	338	545	338	545
Ville de demain (Tomorrow’s cities)	271	296	271	296
Fonds national d’innovation – Culture de l’innovation et de l’entrepreneuriat (National fund for innovation – Innovation and entrepreneurial culture)	1	1	1	1
Projets territoriaux intégrés pour la transition énergétique (Regional integrated energy transition projects)	7	9	7	9
Transition numérique de l’État et modernisation de l’action publique (Digital transition for government and modernisation of public action)	1	2	1	2
French Tech Accélération (Acceleration of French Tech)	166	176	166	176
Partenariat pour la formation professionnelle et l’emploi (Alliance for vocational training and employment)	28	32	28	32
Fonds Accélération Biotech Santé (Health biotech acceleration fund)	310	320	310	320
Fonds de fonds de retournement (Fund of turnaround funds)	120	123	120	123
Innovation numérique pour l’excellence éducative (Digital innovation for education excellence)	35	35	35	35
Instituts thématiques d’excellence en matière d’énergies décarbonées (Thematic institutions of excellence in decarbonised energies)	32	36	32	36
Fonds de fonds quartiers prioritaires (Fund of funds – priority urban areas)	44	46	44	46
Territoires d’innovation de grande ambition (Regional schemes for ambitious innovation)	276	287	276	287
Territoires d’innovation pédagogique (Regional schemes for innovation in education)	103	101	103	101
Adaptation et qualification main-d’œuvre (Maintain and develop employment in all geographical areas)	109	149	109	149
Sociétés universitaires et de recherche (Academic and research companies)	78	78	78	78
Accélération du développement des écosystèmes d’innovation performants (Accelerating the development of high-performance innovation ecosystems)	179	163	179	163
Grands défis (Major challenges)	300	300	300	300
Allocated to the PIA4 funds	1,055	305	1,055	305
PIA3 Plan Innovation Outre-Mer (Innovation plan for the French overseas territories)	13		13	
	4,273	**3,977**	**4,273**	**3,977**

2.12 Unconsolidated structured entities

Structured entities are entities that have been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. This is particularly the case where voting rights relate solely to administrative tasks and the relevant activities are governed by contractual agreements.

A structured entity often has certain characteristics, such as a narrowly defined activity, a precise and clearly defined purpose, and insufficient equity capital to finance its activities without resorting to subordinated debt. Structured entities can take a variety of legal forms, including limited companies, partnerships, securitisation vehicles, collective investment schemes and unincorporated entities.

The following disclosures concern entities structured but not controlled by the Group. They are organised by group of entities with the same or similar business: securitisation, mutual funds and other activities.

Securitisation

Securitisation covers securitisation funds and similar structures that issue financial instruments with inherent credit risk that may be acquired by investors and may be organised in tranches. Securitisation is a financial technique that converts receivables that are illiquid and held to maturity, into negotiable liquid securities.

Investment funds

This activity seeks to meet investor demand by:

- managing funds via structured entities such as collective investment undertakings, real estate investment funds or equivalent vehicles;
- investing insurance premiums received by insurers from policyholders in accordance with the regulatory provisions of the French Insurance Code. The insurance companies' asset portfolios guarantee their ability to fulfil their obligations towards policyholders throughout the life of the insurance policy and both the value of the investments and the investment yield are correlated to the related obligations.

Other activities

This category covers all other activities.

2.12.1 Interests in non-consolidated structured entities

The Group's interest in a non-consolidated structured entity concerns contractual or non-contractual ties that expose it to a risk of variable returns linked to the entity's performance. Its interest may be in the form of equity instruments or debt securities but may also take the form of a loan, a cash facility, credit enhancement or the provision of collateral or structured derivatives.

The following table provides cumulative information by activity about all entities in which the Group has unrestricted interests:

	Carrying amount at 31.12.2023		
(in millions of euros)	Securitisation	Investment funds	Other activities
Financial assets at fair value through profit or loss	8,467	109,968	808
Financial assets at fair value through OCI	1,777		659
Financial assets at amortised cost		405	3,377
Other assets		3	
Total recognised assets in non-consolidated structured entities	**10,244**	**110,376**	**4,844**
Financial liabilities at fair value through profit or loss			233
Financial liabilities at amortised cost		31	
Other liabilities		894	
Total recognised liabilities in non-consolidated structured entities		**925**	**233**
Financing commitments given		40	1,232
Total commitments given to non-consolidated structured entities		**40**	**1,232**
Gross maximum loss exposure	**10,244**	**110,416**	**6,076**
Loss mitigation items			
Net maximum loss exposure	**10,244**	**110,416**	**6,076**

The maximum loss exposure corresponds to the interests recognised in assets and commitments given, less provisions recognised in liabilities and guarantees received.

2.12.2 Disclosures concerning non-consolidated structured entities sponsored by the Group

Sponsored non-consolidated structured entities are defined as funds that are structured by a management company controlled by the Group.

A structured entity is considered to be sponsored by the Group if it has or has had a role in structuring, promoting to potential investors, managing under a discretionary management agreement or implicitly or explicitly guaranteeing the structured entity's performance. In addition, a structured entity is considered to be sponsored by the Group when its name includes either the name of the Group or one of its subsidiaries.

Income received by the Group from these entities, in which it did not hold any interest at 31 December 2023, amounted to €164 million in 2023 and consisted mainly of non-recurring commissions.

2.13 Employee benefits

2.13.1 Employee benefits expense

(in millions of euros)	**31.12.2023**	31.12.2022
Payroll costs	(18,161)	(16,997)
Post-employment benefit plan costs	(340)	(181)
Discretionary and non-discretionary profit-sharing	(397)	(414)
Total employee benefits expense	**(18,898)**	**(17,592)**

2.13.2 Average number of employees at controlled companies

(in millions of euros)	**31.12.2023**	31.12.2022
France	225,308	230,124
International	120,746	100,134
Average number of employees	**346,054**	**330,258**

2.13.3 Employee benefit obligations

2.13.3.1 Net employee benefit obligations recognised

(in millions of euros)	**31.12.2023**	31.12.2022
Assets and liabilities recognised in the statement of financial position		
Present value of funded employee benefit obligation	342	320
Present value of unfunded employee benefit obligation	2,597	3,127
Present value of employee benefit obligation	**2,939**	**3,447**
Market value of plan assets	**(327)**	**(318)**
Provision for employee benefit obligations	**2,612**	**3,129**
Actuarial liability – current	272	765
Actuarial liability – non-current	2,340	2,364

2.13.3.2 Change in employee benefit obligations in the income statement

(in millions of euros)	**31.12.2023**	31.12.2022
Current service cost – post-employment plans	(240)	(126)
Current service cost – long-term benefits	(49)	(35)
Past service cost (including plan amendments and curtailments)	385	(17)
Gains and losses on plan settlements	2	(3)
Service cost	**98**	**(181)**
Net interest cost	**(81)**	**(19)**
Actuarial gains and losses on long-term benefits	**(17)**	**29**
Post-employment plan and long-term benefit expense		**(171)**

2.13.3.3 Change in provision for employee benefit obligations

(in millions of euros)	31.12.2023	31.12.2022
Opening balance	**3,129**	**3,666**
Post-employment plan and long-term benefit expense		171
Benefits paid	(559)	(574)
Actuarial gains and losses on post-employment plans resulting from:		
– changes in demographic assumptions	(4)	18
– changes in financial assumptions	53	(178)
– experience adjustments	20	37
Actuarial gains and losses on plan assets	(26)	(1)
Changes in the calculation of certain post-employment benefits following the IFRIC IC decision of May 2021		
Other movements	(1)	(9)
Closing balance	**2,612**	**3,129**

2.13.3.4 Breakdown of the provision for employee benefit obligations

2.13.3.4.1 Breakdown of obligations by type

(in millions of euros)	31.12.2023	31.12.2022
Retirement benefits	797	795
Other pension plans	42	43
Other post-employment benefit plans	54	346
Long-term benefits	747	736
La Poste group part-time retirement plan	972	1,209
Provision for employee benefit obligations	**2,612**	**3,129**

2.13.3.4.2 Breakdown of obligations by consolidated entity

(in millions of euros)	31.12.2023	31.12.2022
Caisse des Dépôts Central Sector	204	176
La Poste group	2,143	2,687
Transdev group	141	140
Compagnie des Alpes group	33	34
Icade group	16	18
CDC Informatique	28	29
CDC Habitat group	39	34
Other entities	8	11
Provision for employee benefit obligations	**2,612**	**3,129**

2.13.3.5 Breakdown of plan assets by type

(in millions of euros)	31.12.2023	31.12.2022
Equities	41	57
Bonds	131	125
Other assets	155	136
Total plan assets	**327**	**318**

2.13.3.6 Other information on employee benefit obligations

2.13.3.6.1 Weighted average discount rates used to measure retirement benefits

Average discount rate for each consolidated entity	31.12.2023	31.12.2022
Caisse des Dépôts Central Sector	3.00%	3.63%
La Poste group	3.20%	3.80%
Transdev group	3.20%	3.60%
Compagnie des Alpes group	4.00%	3.75%
Icade group	3.75%	3.08%
CDC Informatique	3.37%	3.07%
CDC Habitat group	3.75%	3.16%

The discount rate is determined by reference to the iBoxx € Corporates AA 10+ index, which essentially represents the yield on investment–grade corporate bonds.

2.13.3.6.2 Analysis of sensitivity of the provision for employee benefit obligations to a rise or fall in the discount rate

	31.12.2023	31.12.2022
Sensitivity of actuarial liability	**+/–50 bps**	**+/–50 bps**
Amount of provision in the event of a rise in the discount rate	2,543	3,048
Provision for employee benefit obligations at year-end	**2,612**	**3,129**
Amount of provision in the event of a fall in the discount rate	2,681	3,212

2.14 Statutory Auditors' fees

	31.12.2023			
	KPMG		Mazars	
(in millions of euros)	Amount	%	Amount	%
Statutory audit, certification, review of the individual and consolidated financial statements	**12.3**	**89%**	**12.7**	**93%**
– Central Sector	1.1	8%	1.1	8%
– Fully consolidated subsidiaries	11.2	81%	11.6	85%
Non-audit services	**1.5**	**11%**	**1.0**	**7%**
– Central Sector	0.4	3%	0.2	1%
– Fully consolidated subsidiaries	1.1	8%	0.8	6%
Total	**13.8**	**100%**	**13.7**	**100%**

	31.12.2022					
	KPMG		Mazars		PwC	
(in millions of euros)	Amount	%	Amount	%	Amount	%
Statutory audit, certification, review of the individual and consolidated financial statements	**11.8**	**91%**	**12.8**	**96%**	**3.5**	**85%**
– Central Sector	1.4	11%	1.8	14%	0.5	12%
– Fully consolidated subsidiaries	10.4	80%	11.0	83%	3.0	73%
Non-audit services	**1.2**	**9%**	**0.5**	**4%**	**0.6**	**15%**
– Central Sector	0.3	2%			0.2	5%
– Fully consolidated subsidiaries	0.9	7%	0.5	4%	0.4	10%
Total	**13.0**	**100%**	**13.3**	**100%**	**4.1**	**100%**

2.15 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, investing, lending) and is supported by 16 regional departments with corporate departments (finance, communication, digital strategy and human resources corporate departments). 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 2023, the Caisse des Dépôts Group consolidated 1,828 companies in its financial statements. The main companies are listed below.

		31.12.2023			31.12.2022		
GROUPS/COMPANIES	Country	**Method**	**% control**	**% interest**	Method	% control	% interest
CAISSE DES DÉPÔTS DIVISION							
CDC (Central Sector) *Registered office: 56, rue de Lille 75356 Paris 07 SP*	**FRANCE**	**FULL**	**100.00**	**100.00**	FULL	**100.00**	**100.00**
SCET *Registered office: 52, rue Jacques-Hillairet 75612 Paris Cedex 12*	**FRANCE**	**FULL**	**100.00**	**100.00**	FULL	**100.00**	**100.00**
CDC HABITAT *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)	52.02	52.02	EQUITY (JV)	53.29	53.29
CDC TECH CROISSANCE	FRANCE	EQUITY (JV)	35.31	35.31	EQUITY (JV)	36.88	36.88
CDC EURO CROISSANCE	FRANCE	EQUITY (JV)	47.59	47.59	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	FULL	100.00	100.00
GPI COURBEVOIE	FRANCE	EQUITY (JV)	50.00	50.00	EQUITY (JV)	50.00	50.00
GPI FONCIÈRE EUROPE	FRANCE	FULL	100.00	100.00			
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	EQUITY (JV)	50.00	50.00
GPINVEST 14	FRANCE	EQUITY (JV)	50.00	50.00	EQUITY (JV)	50.00	50.00
GPINVEST 15	FRANCE	EQUITY (JV)	50.00	50.00			
GPINVEST 19	FRANCE	FULL	100.00	100.00	FULL	100.00	100.00
GPINVEST 22	FRANCE	FULL	100.00	95.00			
GPINVEST 23	FRANCE	FULL	100.00	95.00			
GPINVEST 24	FRANCE	EQUITY (JV)	50.00	50.00			
GPI IVRY	FRANCE	FULL	100.00	100.00	FULL	100.00	100.00
GPI REUILLY	FRANCE	FULL	100.00	99.90	FULL	100.00	99.90

GROUPS/COMPANIES	Country	31.12.2023 Method	% control	% interest	31.12.2022 Method	% control	% interest
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 PB 10	FRANCE	FULL	100.00	100.00	FULL	100.00	100.00
KOMBON SAS	FRANCE	EQUITY (JV)	33.33	33.33	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
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 CB3	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	83.00
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	83.00
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(4)	FRANCE				FULL	100.00	100.00
SCI SILOGI	FRANCE	FULL	100.00	100.00	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 SA	FRANCE	FULL	100.00	100.00	FULL	100.00	100.00
AIH BV	NETHERLANDS	FULL	100.00	100.00	FULL	100.00	100.00
AIH MONCEAU MARQUIS SA	BELGIUM	FULL	100.00	97.92			
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
CNR SOLAIRE 9	FRANCE	EQUITY (JV)	80.00	80.00	EQUITY (JV)	80.00	80.00
CNR SOLAIRE 10	FRANCE	EQUITY (JV)	80.00	80.00	EQUITY (JV)	80.00	80.00
PRÉDICA ÉNERGIES DURABLES	FRANCE	EQUITY (ass.)	22.00	22.00	EQUITY (ass.)	22.00	22.00
HIN – ORANGE CONCESSIONS(1)	FRANCE	EQUITY (JV)	55.33	55.33	EQUITY (JV)	55.33	55.33
TONUS TERRITOIRES	FRANCE	FULL	100.00	100.00	FULL	100.00	100.00
VERDUN PARTICIPATIONS 1(3)	FRANCE				EQUITY (ass.)	49.00	49.00
MOVIVOLT(2)	FRANCE	FULL	100.00	89.80	FULL	100.00	89.80
CDC Informatique	FRANCE	FULL	100.00	99.95	FULL	100.00	99.95
GPINVEST 20	FRANCE	FULL	100.00	100.00	FULL	100.00	100.00
GPINVEST 21	FRANCE	FULL	100.00	100.00	FULL	100.00	100.00

GROUPS/COMPANIES	Country	31.12.2023 Method	31.12.2023 % control	31.12.2023 % interest	31.12.2022 Method	31.12.2022 % control	31.12.2022 % interest
BPIFRANCE GROUP							
Bpifrance *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 *Registered office: 9, rue du Colonel-Pierre-Avia 75015 Paris*	**FRANCE**	**FULL**	**100.00**	**66.00**	FULL	100.00	66.00
LA BANQUE POSTALE *Registered office: 115, rue de Sèvres 75275 Paris Cedex 06*	**FRANCE**	**FULL**	**100.00**	**66.00**	FULL	100.00	66.00
CNP ASSURANCES HOLDING *Registered office: 4, promenade Cœur-de-Ville 92130 Issy-les-Moulineaux*	**FRANCE**	**FULL**	**100.00**	**66.00**	FULL	100.00	66.00
MANAGEMENT OF STRATEGIC INVESTMENTS DIVISION							
Real Estate & Tourism							
ICADE *Registered office: 27, rue Camille-Desmoulins CS 10166 92445 Issy-les-Moulineaux Cedex*	**FRANCE**	**FULL**	**100.00**	**39.59**	FULL	100.00	39.59
COMPAGNIE DES ALPES SA *Registered office: 50-52, boulevard Haussmann 75009 Paris*	**FRANCE**	**FULL**	**100.00**	**42.34**	FULL	100.00	42.20
Financial services							
SFIL *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 *Registered office: 1, boulevard du Roi-Albert-II 1210 Brussels*	**BELGIUM**	**EQUITY (ass.)**	**10.91**	**10.91**	EQUITY (ass.)	7.90	7.90
Infrastructure							
COENTREPRISE DE TRANSPORT D'ÉLECTRICITÉ *Registered office: 69-71, rue de Miromesnil 75008 Paris*	**FRANCE**	**EQUITY (JV)**	**29.90**	**29.90**	EQUITY (JV)	29.90	29.90
HOLDING INFRASTRUCTURES GAZIÈRES – GRT GAZ[1] *Registered office: 4, place Raoul-Dautry 75015 Paris*	**FRANCE**	**FULL**	**100.00**	**69.49**	FULL	100.00	69.49
VENUS BIDCO (CORIANCE) *Registered office: 10, allée Bienvenue 93885 Noisy-le-Grand Cedex*	**FRANCE**	**EQUITY (JV)**	**49.90**	**49.90**			
Services, Transport & Engineering							
EGIS *Registered office: 11, avenue du Centre CS 30530 Saint-Quentin-en-Yvelines 78286 Guyancourt Cedex*	**FRANCE**	**EQUITY (ass.)**	**33.81**	**33.81**	EQUITY (ass.)	33.60	33.60
TRANSDEV GROUP *Registered office: 3, allée de Grenelle 92130 Issy-les-Moulineaux*	**FRANCE**	**FULL**	**100.00**	**66.00**	FULL	100.00	66.00
STOA *Registered office: 151, rue Saint-Honoré 75001 Paris*	**FRANCE**	**FULL**	**100.00**	**83.33**	FULL	100.00	83.33
SUEZ HOLDING[1] *Registered office: 3, boulevard de Sébastopol 75001 Paris*	**FRANCE**	**EQUITY (ass.)**	**19.66**	**16.98**	EQUITY (ass.)	19.66	16.98
ORPÉA[1] *Registered office: 12, rue Jean-Jaurès 92800 Puteaux*	**FRANCE**	**EQUITY (ass.)**	**27.97**	**26.08**			

Consolidation methods: FC: 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) Sold on 15 June 2023.

(4) Merged into the Central Sector on 7 November 2023.

2.16 Statutory Auditors' report on the consolidated financial statements

For the year ended December 31, 2023

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,

2.16.1 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 December 31, 2023.
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 2023 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.

2.16.2 Basis for Opinion

2.16.2.1 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.

2.16.2.2 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 January 1, 2023 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.
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 2023 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 2023 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.

2.16.3 Observation

Without qualifying the opinion expressed above, we draw your attention to the following matter set out in note 2.1.1.1 in the appendix to the consolidated financial statements regarding the change of method in connection with the first application of IFRS 17.

2.16.4 Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L.821-53 et R.821-180 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

Identified risk	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. 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 2.1.3.11, 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. CGU without goodwill were tested for indications of impairment. This search resulted in a test being carried out on the assets of La Poste's Mail CGU, and the impairment of all the assets of this CGU was maintained at a total amount of 876 million euros, as indicated in note 2.4.11.3 to the consolidated financial statements. We considered that the valuation of the fixed assets allocated to La Poste's Mail business was a key audit matter 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. At December 31, 2023, the assets of the Mail CGU have been fully impaired for an amount of €876 million (including €228 million of intangible assets and €648 million of tangible assets).	We assessed the compliance of the methodology used with the applicable accounting standards and examined the methods used to implement the impairment tests. In particular, we have : • reviewed the process for identifying indications of impairment; • compared the value of the net economic assets tested with the underlying accounting items; • 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; • 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; • 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); • assessed the sensitivity tests performed by management to changes in certain parameters and assumptions; • 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.

Valuation of financial assets at fair value level 3

Identified risk	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 489 billion euros at December 31, 2023. 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). 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. 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 36 billion euros as of December 31, 2023. Refer to the note 2.7.2 of the consolidated financial statements. 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: • assessed the controls associated with the valuation process, in particular by verifying the existence and operational effectiveness of controls performed by management; • confirmed that the estimate of these values, determined by management, is based on an appropriate justification of the valuation method and the figures used; • obtained, on a sample basis, the latest available valuations from experts and fund managers in order to assess the valuation used by the group; • involved our internal risk and model experts to perform an independent calculation and performed our own sensitivity testing on a sample of structured securities; • assessed the changes in classification between the 3 fair value levels.

Assessment of the impact of first-time adoption of IFRS 17 "Insurance contracts" on opening balances and comparatives

Identified risk	How our audit addressed this risk
The introduction of IFRS 17 "Insurance Contracts" from January 1, 2023 entails significant changes in accounting policies and valuation rules for insurance contracts, as well as changes in the presentation of financial statements. It has been applied retrospectively to insurance contracts in force at the transition date of January 1, 2022. The Group has presented the impact of this new accounting standard in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", including correlative comparative information as at January 1, 2022, as well as the impact of the accounting policy choices made on the opening balance of shareholders' equity and on the margin on contractual services in the opening balance sheet. The note 2.2 (Impact of applying IFRS 17 from January 1, 2023) to the Group's consolidated financial statements presents the qualitative and quantitative disclosures required by IFRS 17, as well as the main accounting policies applied on transition. According to this note: "The application of IFRS 17 leads to an increase in Caisse des Dépôts Group shareholders' equity of 1,461 million euros, including 630 million euros for the Group share and 831 million euros for non-controlling interests at January 1st, 2022." The application of IFRS 17 involves new accounting and actuarial estimates that call for greater judgment on the part of management in selecting the appropriate accounting methods under the transitional provisions, and in determining the key assumptions and parameters to reflect the most likely estimated future situation. These include, at the transition date: • the determination of the applicable transition approach for each group of insurance contracts, and in particular the assessment of cases where full retrospective application (FRA) is possible for each group of contracts (requiring a recalculation of accounting aggregates from the origin of the contracts and subject to available historical data) and, if not, the assessment of transition methodologies for groups of contracts for which a modified retrospective approach (MRA) or a fair value transition approach (FVA) has been implemented; • the methodologies and assumptions used to calculate the initial margin on contractual services, depending on the transitional approach adopted for groups of insurance contracts; in particular, its amount has been estimated for the most part using the fair value approach, due to the lack of information of sufficient granularity to apply the full retrospective method, which led management to make certain simplifications, notably in terms of grouping contracts, discount rates, reconstitution of past margins, and so on; • methods of presenting the impact of these choices on Group shareholders' equity, including those affecting "other comprehensive income" (OCI) at the transition date. The significance of the changes in the measurement and recognition of insurance contract liabilities brought about by this new accounting standard, the choice of accounting methods and the significant nature of the judgments made by management in determining certain key valuation assumptions, led us to consider the assessment of the impact of the first-time application of IFRS 17 "Insurance Contracts" on the opening balances and comparatives of the Group's consolidated financial statements as a key audit matter.	With the assistance of our experts in actuarial modeling and the accounting of financial instruments, our audit procedures consisted in: • obtaining an understanding of and assessing the processes and controls defined by management to determine the impact of the adoption of IFRS 17 on the consolidated financial statements for the year ended January 1, 2022, and on the comparative financial statements for the year ended December 31, 2022; • assess the appropriateness of the accounting policies and judgments adopted by management in light of the provisions of IFRS 17; • assess the parameters and assumptions used in the transition methods applied to calculate the margin on contractual services (according to the modified retrospective approach or the fair value transition approach as implemented within the Group). In this context, we assessed the criteria for documenting the impossibility of applying the full retrospective approach in accordance with the criteria of IAS 8 (including verification of the use of available historical data) and the methods for measuring and recognizing the margin on contractual services at January 1, 2022. Where the fair value transition approach has been applied, we have examined the assumptions and simplifications taken into account in the valuation model applied and, where available, we have made a comparison with observable market transactions; • assess, with the assistance of our actuarial modeling experts, the methodologies and key judgments used in determining the actuarial valuation models (including in particular those relating to the determination of the margin on contractual services and the key parameters of the discount rates used by management) with regard to the provisions of IFRS 17. We have verified the application of these methods and assumptions as part of our audit procedures on the comparative information for the 2022 financial year; • performing tests, on a test basis and based on our risk assessment, on the data, assumptions and key modeling parameters and on the restatements made and used in the calculation of the opening balances and comparative statements presented; • assess the appropriateness of the disclosures in the notes to the consolidated financial statements relating to the transition to the new IFRS 17 with regard to the requirements of IA S 8.

Valuation of insurance liabilities using the VFA and BBA models (BE, RA and CSM)

Identified risk	How our audit addressed this risk
Of the insurance liabilities recognized in accordance with IFRS 17, which came into force on January 1, 2023, net liabilities measured using the BBA and VFA models amounted to €374 billion at December 31, 2023, as presented in notes 2.5.5. and 2.4.16 to the consolidated financial statements. The estimation of these liabilities as prescribed by IFRS 17 is based on the following principles: • determining the best estimate of the present value of future cash flows required to meet contractual obligations towards policyholders. The projection of these future cash flows incorporates assumptions about policyholder behaviour and management decisions. These estimated cash flows are discounted to reflect the time value of money, based on a risk-free yield curve adjusted for an illiquidity premium; • the definition of the adjustment for non-financial risks, designed to cover the uncertainty over the amount and timing of future cash flows engendered by these risks. To assess this adjustment, the Group has chosen to apply the “Value at Risk” method, and has exercised its judgment in selecting the confidence level and diversification grid applied; • the “contractual service margin”, representing the present value of deferred future profits attributable to shareholders over the term of coverage of profitable insurance contracts, and recognized in the income statement on the basis of the hedging units defined by the Group and appropriate to the groups of insurance contracts in question. The Group has exercised its judgment in adjusting the methodology for determining the hedging units of these contracts, taking into account in the valuation models the expected real yield differential on the investments underlying the commitments, resulting from “real world” financial assumptions compared with those used in actuarial projections in a “risk-neutral” universe. In view of the long-term nature of the commitments relating to insurance contracts valued using the VFA and BBA models, their high sensitivity to the economic and financial environment, which may have an impact on policyholder behavior, and the significant degree of management judgment involved in the choice of data and assumptions, as well as the use of complex modeling techniques, we considered the valuation of insurance liabilities relating to insurance contracts valued using these models to be a key audit matter. Please refer to note 2.2. of the notes to the consolidated financial statements.	With the assistance of our specialists in actuarial modeling and IFRS accounting principles, our audit procedures consisted in: • obtaining an understanding of the processes and methodologies defined by the Group’s management, as well as the associated governance, to determine, in accordance with the principles of IFRS 17, the best estimate of the present value of future cash flows required to settle contractual obligations towards policyholders under insurance contracts valued using the VFA and BBA models. • assess the compliance of the accounting policies applied by the Group with the provisions of IFRS 17. • specifically assess the eligibility of “savings and retirement” insurance contracts for the VFA accounting valuation model, and assess management’s correct application of these valuation methods to “savings and retirement” insurance contracts, in compliance with IFRS 17. • assess and test the key controls implemented by management, including the internal control environment of the information systems involved in data processing. In particular, we assessed the control procedures relating to methodologies, judgments and key assumptions made by management. We also assessed the appropriateness of changes in assumptions, parameters or actuarial modelling processes used in the valuation of future cash flows. • tested, on a test basis, the main actuarial methodologies, assumptions, and key parameters used in determining estimates of discounted future cash flows, the adjustment for non-financial risks and the margin on contractual services. We have assessed, on a test basis, the reasonableness of these estimates and of the processes used to determine the reversal to the income statement of the period in respect of the adjustment for non-financial risks and the margin on contractual services. • test, on a test basis, the reliability of the underlying data used in projection models and best estimate calculations of discounted future cash flows. • perform analytical procedures on changes to identify any significant inconsistent or unexpected variations. • assess the appropriateness of the information disclosed in the notes to the consolidated financial statements.

Provisions for credit risks for La Banque Postale group

Identified risk	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. 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, the amount of bucket 2 outstandings and the related provisions were affected by the specific monitoring measures put in place by La Banque Postale on: • counterparties or business sectors considered to show signs of deterioration for legal entities; • customers considered to be vulnerable in view of the inflationary context for individuals. 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. The valuation of provisions requires judgment in classifying exposures (bucket 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. Given the importance of judgment in determining these provisions and the expected deterioration of credit risk due to the inflation context, we considered that the estimate of expected losses on customer loans as of December 31, 2023 was a key audit matter. The principles applied in respect of credit risk provisions are described in notes 2.1.3.1.4 Accounting principles and valuation methods. At December 31, 2023, loans and advances to customers at amortized cost amounted to €190.6 billion, including €130.5 billion for La Banque Postale Group (note 1.8.3). The associated impairment losses totaled €1.8 billion (note 2.4.6.2). The Group's cost of risk was € -262 million at December 31, 2023, of which € -202 million related to La Banque Postale Group (note 1.8.1).	*Provisioning of outstanding loans in buckets 1 and 2* On the provisioning models: • 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; • we have assessed the appropriateness of the update of the parameters used for the calculation of impairment as of December 31, 2023; • 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; • we inspected the documentation underlying the estimation of sectoral provisions. 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. 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. *Provisioning of outstanding loans in bucket 3* 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. 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. In addition, for a sample of credit files concerning legal entities, we performed contradictory calculations of the provision amounts determined by management. 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

Identified risk	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 and various macro-economic assumptions, including: • historical data (shareholders' equity, share price); • the use of forecasts (profitability outlook and business plan); • the use of market assumptions, notably the discount rate and the perpetual growth rate. 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. The item "Investments in associates and joint venturesm" represents a total of 27.5 billion euros in the balance sheet as of December 31, 2023. Refer to the paragraphs 2.1.2.2 et 2.1.3.3 of the Note 2.1. « Principes et méthodes comptables applicables dans le Groupe » and to the note 2.4.10 of the consolidated financial statements. The "share of net income of associates and joint ventures" amounted to 0.73 billion euro. Refer to the note 2.4.10 of the consolidated financial statements.	We examined the processes used by the Group to measure the potential need for impairment of equity-accounted investments. Based on the various methods used by the Group, we have: • assessed the consistency of the historical financial data used with the data audited by the statutory auditors of the relevant companies; • 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; • involved, where appropriate, our valuation experts to corroborate the macroeconomic assumptions used and the discount rates applied. 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.

2.16.5 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.

2.16.6 Report on Other Legal and Regulatory Requirements

2.16.6.1 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 December 31, 2004 for Mazars and December 31, 2021 for KPMG.
As of December 31, 2023, Mazars was in the twentieth year of its engagement without interruption, including seventeen years since the securities of Caisse des Dépôts et Consignations were admitted to trading on a regulated market, and KPMG was in the second year of its engagement.

2.16.7 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.

2.16.8 Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

2.16.8.1 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. 821-55 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.

2.16.8.2 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.821-27 to L.821-34 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, March 18th, 2024

The statutory Auditors

Mazars
Virginie Chauvin Gilles Magnan

KPMG S.A.
Marie-Christine Jolys Éric Amato

All 2023 annual reports are available at:
https://www.caissedesdepots.fr/en/Annual_report_2023

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Note to the reader
The French version of the 2023 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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