BPCE ASSURANCES

FINANCIAL REPORT 2022

This English translation of the 2022 financial statements is provided for information purposes only and only the French version is valid.

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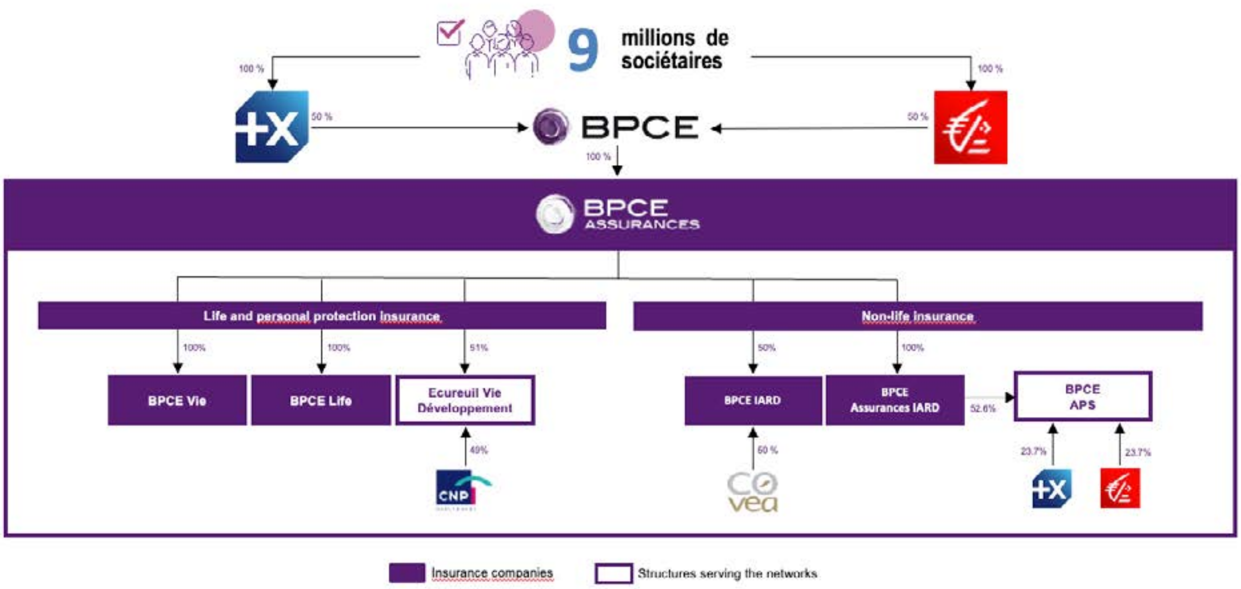
1. 2022 marked by organizational changes, a new macroeconomic context and climate events

In organizational terms, the ties between BPCE's Insurance division and the Banque Populaire and Caisse d'Epargne networks were strengthened as part of the project to simplify and develop Groupe BPCE's business lines announced in early 2021.

This Pléiade project involved the transfer of Natixis's insurance activities to Groupe BPCE via the attachment of NA (the former Natixis Assurances), to BPCE Assurances, an entity wholly-owned by BPCE SA. This operation was designed to make the Insurance business more reactive to customer needs, to enhance the commercial support provided in the two networks and to develop joint innovations for the benefit of customers.

BPCE Assurances is now the new holding company and the head of the consolidation group for BPCE's Insurance division.



The registered names of the following structures were changed in 2022: Natixis Life became BPCE Life; BPCE Assurances (non-life insurance structure) became BPCE Assurances IARD. BPCE Prévoyance underwent a demerger, with its life and non-life activities being transferred to BPCE Vie and BPCE Assurances IARD, respectively.

Life & Personal Protection Insurance incurred a slight decline in business in 2022. Revenues from investment solutions dipped 2%, reflecting the poor geopolitical situation, the sharp upturn in interest rates and competition from special savings (regulated) accounts, whose rates increased markedly during the year. Payment protection and personal protection insurance continued to expand at a sustained pace, fueled by dynamic business in the networks.

The backdrop of rising interest rates led BPCE Assurances to increase the average rate of return paid on investment insurance policies to 2.30% gross from 1.55% in 2021.

Non-Life Insurance recorded growth in the portfolio in 2022, with the number of policies breaking the seven million mark during the year. In addition, more than one customer in three now holds a Property & Casualty/Personal Protection policy.

Claims expense also reached record levels, primarily due to the increase in average costs in auto and Multi-Risk Home (MRH) policies, the impact of climate events and the exceptional drought.

2. Stable overall turnover

2022 featured stable overall revenues, with the two business posting different levels of growth.

With €10.9 billion of premiums on direct business, Life Insurance inflow dipped 2% relative to 2021, reflecting tougher market conditions (war in Ukraine, sharp upturn in rates, inflation, high levels of volatility) and, to a lesser extent, competition from special savings accounts. Unit-linked (UL) premiums increased 4% to €4.5 billion in 2022 and represented 40.9% of total gross inflow, 2.5 percentage points higher than in 2021 and 1 point higher than for the market as a whole. Gross inflow on with-profits funds retreated 6% to €6.5 billion.

Individual Personal Protection Insurance and Payment Protection Insurance premiums grew at a sustained pace of 12% to reach €1.3 billion. Premiums on Individual Personal Protection Insurance rose 9%, primarily fueled by the Caisse d'Epargne network (+13%) which accounted for 43% of overall premium inflow. Premiums on Payment Protection Insurance grew 12% on the back of dynamic sales activity in the networks and the increased co-insurance share on new business since January 1, 2020 (up from 34% to 50%).

In Non-Life Insurance, the portfolio rose 4% to reach 7.0 million policies, spurred by strong sales in the two networks, both to retail and professional customers.

Non-life earned premiums rose 7% to €1.9 billion, thanks to strong growth with both the Banque Populaire (+10%) and Caisse d'Epargne (+6%) networks. Progress was concentrated on core product segments, with MRH rising 9%, auto 6% and personal accident 6%, in line with growth in the portfolio and pricing changes.

2.1. LIFE & PERSONAL PROTECTION – FRANCE & LUXEMBOURG

Turnover – direct business

Turnover (€ millions)	2021	2022	Change
Total investment solutions	**11,170**	**10,944**	**-2%**
Individual personal protection	298	324	+9%
Payment protection insurance	915	1,025	+12%
Total personal protection insurance	**1,214**	**1,349**	**+11%**
Total life & personal protection	**12,384**	**12,293**	**- 1%**

Life Insurance — Investment Solutions

France

Following successive governmental announcements of rises in the rates paid on special savings accounts (PEL, Livret A, LDD, etc.) – to 1% in February 2022, then to 2% on 1 August 2022 – competition from Livret A and LDD accounts increased during the year. Inflow on these two accounts reached €33 billion in 2022, up from €14 billion in 2021.

For the French life insurance sector as a whole, overall inflow declined 3% to €144 billion during the year (from €149 billion in 2021).

Paid benefits increased 3% to €130 billion. Assets under management in life insurance policies fell 2% to €1,842 billion across the market as whole.

Amid rising returns on with-profits funds associated with higher interest rates, inflow invested in unit-linked products held steady at €58 billion for the market as a whole. The portion of inflow invested in these products represented 40% of the total (+1.0 points versus 2021).

Against this backdrop, premiums collected by BPCE Assurances in France eased 1% to €10.4 billion (direct business).

This virtual stability reflected tougher market conditions in 2022 and, to a lesser extent, higher rates paid on Livret A and LDD accounts which compete with life insurance in the general public segment.

Revenue from the Caisse d'Epargne banks totaled €6.492 billion (-2% versus 2021), with the number of policies in the portfolio exceeding 1,200,000. Since early 2021, Caisse d'Epargne products have also been distributed by BPCE Life (€131 million, +€96 million versus 2021). 83% of revenue generated by the BPCE Vie entity is earned in the high-end segment, primarily served by the Millevie Premium and Infinie products.

Revenue from the Banque Populaire banks amounted to €4.166 billion (up slightly versus 2021). Revenue from multi-instrument policies designed for wealth management clients, served by BPCE Vie, worked out to €2.228 billion (-1%), thanks to the Quintessa product, which was launched in 2015 and accounted for 94% of segment revenues, with the unit-linked portion holding steady at 41%. At the same time, inflow into multi-instrument products designed for the general public segment rose 4% to €1.389 billion, with the Horizéo product growing to €581 million and the unit-linked portion rising 2 points to 37%.

Solution Perp, the individual pension plan solution for the Banque Populaire and Caisse d'Epargne networks, generated €28 million in earned premiums, down 28% relative to 2021.

Earned premiums on PERi (individual pension plan) policies for the Banque Populaire and Caisse d'Epargne networks jumped by €118 million to €382 million during the year.

Luxembourg

Investment Solutions revenue decreased 19% relative to 2021:

- 28% decrease in inflow invested in the with-profits fund;
- 11% decrease in unit-linked revenue, with these products accounting for 63% of total inflow (up 5 points versus 2021).

For both countries combined, total inflows amounted to €10.944 billion in 2022 (direct business), of which 40.6% was invested in unit-linked products (38.4% in 2021). Unit-linked inflows increased 4% to €4.477 billion.

Including the acceptance via reinsurance of 10% of CNP's Caisse d'Epargne portfolio, Investment Solutions revenue amounted to €11.197 billion, of which the unit-linked share was 40.6%.

Furthermore, reflecting the entity's status as a bancassurer, 97% of 2022 (direct business) inflow came from Groupe BPCE's banking networks. The portion generated by external business providers fell slightly versus 2021: with inflows of €286 million, this source represented 3% of premiums from Life Insurance - Investment Solutions direct business.

Change in AuM and net benefits

The cost of benefits totaled €5.8 billion (direct business), up 28% year-on-year. The rate of benefits relative to AuM at the start of the year worked out to 7.1%, up 0.8% relative to 2021, essentially due to two significant policy redemptions (€200 million and €95 million) on the BPCE Life entity.

Consequently, net inflow from direct business was largely positive at €5.1 billion, of which unit-linked policies represented 63% versus 42% in 2021. As a result, policyholder AuM grew 3% year-on-year, outstripping the market as a whole and reaching €83.7 billion. AuM including the assets reinsured via the 10% stock treaty with CNP amounted to €93.6 billion.

(€ millions)	2021	2022	Change
With-profits AuM	57,400	59,732	+4.1%
Unit-linked AuM	23,857	23,940	+0.3%
Provision for policyholder bonuses - after incorporation	1,883	1,748	- 7.1%
Total	**83,140**	**85,421**	**2.7%**

The geographic breakdown was as follows:

	2021		2022	
(€ millions)	France	Luxembourg	France	Luxembourg
With-profits AuM	53,676	3,724	56,499	3,233
Encours UC	21,326	2,531	21,403	2,537
Total	**75,002**	**6,255**	**77,902**	**5,770**

Personal Protection Insurance

(€ millions)	2021	2022	Change
Individual personal protection insurance	298	324	+8.7%
Payment protection insurance - BP	407	454	+11.3%
Payment protection insurance - CE	490	554	+13.1%
Payment protection insurance - CFF	18	18	-5.3%
Total	**1,214**	**1,349**	**+ 11.2%**

Personal Protection premium income rose significantly in 2022, buoyed by growth in both Individual Personal Protection and Payment Protection Insurance.

Payment Protection Insurance

Since 2010, several regulatory measures have been introduced in order to enhance fluidity in the credit insurance market:

- the Lagarde Law on consumer protection;
- the Hamon Law (2014), which gave policyholders the option of terminating or renegotiating their policy on the first policy anniversary date;
- the Sapin 2 Law (2018) which enables policyholders to terminate their policies on each policy anniversary date subject to a two-month notice period;
- the Lemoine law (2022) which comprises two measures:
  - the possibility of terminating or changing payment protection insurance at any time without charge;
  - the elimination of the health questionnaire for loans below €200,000 and due to mature before the insuree's 60th birthday.

Payment Protection revenue advanced 12% to €1.025 billion, including increases of 13% for the Caisse d'Epargne banks (+€64 million to €554 million) and 11% for the Banque Populaire banks (+€46 million to €454 million). This growth was fueled by:

- the increase as from January 1, 2020 of coinsured shares on new business related to classical group loans: share of 50% vs. 34% on the 2016-2019 generation, with a €55 million positive impact on revenue;
- the full-year effect of the business underwritten in 2021;
- the solid performance of the underlying loans.

The breakdown by type of insured loan showed varied rates of growth:

- insurance of classical loans was robust, with premiums rising 13% to €952 million (€846 million in 2021);
- insurance of revolving loans eased 2% to €64 million.

Amortizing loans accounted for the bulk of Payment Protection production, i.e. 93% of sums insured.

Individual Personal Protection Insurance

Individual Personal Protection premiums continued to grow in 2022, expanding by 9% to €324 million. This progress primarily stemmed from further sustained growth by the Secur' range in the Caisse d'Epargne network which lifted revenues 13%.

The Banques Populaires network gained 6%, fueled by revenue growth on the Insurance Famille and Insurance Obsèques offerings.

2.2. NON-LIFE INSURANCE – FRANCE

After an exceptional 2021 featuring 39% growth in gross sales, business remained stable in 2022, due to complex conditions comprising tougher lending criteria, a decline in the automobile market and sizeable Covid-related absenteeism at the start of the year, with the sluggishness not offset over the full year.

The number of policies in the portfolio (excluding banking-related) amounted to 7 million at end-2022 for the whole of the non-life scope, a 4% increase on the end-2021 level.

Non-Life Insurance earned premiums grew 8% to €1.924 billion, with increases of 7% for the Caisse d'Epargne network and 9% for the Banque Populaire banks.

BPCE Assurances earned premiums (full consolidation)

(€ millions)	2021	2022	Change
Multi-risk home insurance	409	475	+16%
Auto insurance	416	477	+15%
Personal accident insurance	155	165	+6%
Health insurance	75	78	+3%
Legal insurance	61	65	+6%
Secur' media	11	14	+22%
Other	161	171	+6%
Total	**1,288**	**1 443**	**+12%**

Growth in premium income stemmed from the incorporation of the Banque Populaire network's business in BPCE Assurances IARD since 2020 and from the price hikes applied in 2021 and 2022. Revenue growth was concentrated on core product segments: auto (+15%) and MRH (+16%).

BPCE IARD earned premiums (equity method)

(€ millions)	2021	2022	Change
Multi-risk home insurance	183	170	-7%
Auto insurance	216	195	-10%
Legal insurance	19	21	+11%
Professional insurance	77	88	+15%
Others	7	7	-3%
Total	**502**	**481**	**-4%**

Revenue for the BPCE IARD entity contracted 4%, due to the run-off of auto and MRH products initiated in 2021. Note the strong progress achieved in the legal insurance and professional insurance segments.

2.3. ACTIVITIES OUTSIDE EUROPE

Activities outside Europe (excluding those in French overseas departments and territories) are limited to the 34% equity interest in Lebanese company Adir, a 66%-owned subsidiary of banking group Byblos. The stake is accounted for by the equity method in BPCE Assurances ' financial statements.

The economic crisis in Lebanon and particularly the Lebanese government's default since March 2020, has had sizeable repercussions on Adir's business.

Lebanon's liquidity crisis also had an impact on Investment Solutions business, triggering an increase in redemptions and a decline in inflow. The temporary suspension in lending activity sharply reduced Adir's Payment Protection Insurance revenue and claims expenses rose against a backdrop of hyperinflation.

(US$ millions)	Dec. 2021	Dec. 2022	Change
Life - Investment solutions	9	5	- 45%
Life - Personal protection	11	7	- 41%
Non-life (auto, fire, health, civil liability, theft, etc.)	24	21	- 9%
Total	**44**	**33**	**- 25%**

3. Lower earnings in 2022 related to climate events

BPCE Assurances continued to expand its business in satisfactory profitability conditions:

- in Life Insurance, where BPCE Assurances confirmed its ability to generate satisfactory margins;
- in Personal Protection Insurance, where claims were controlled overall and growth was brisk;

In Property & Casualty Insurance, current claims expense rose to a very high level, due to:

- exceptional climate events in May and June;
- the strong upward pressure on auto and MRH costs observed on the market, plus the impact of inflation;
- the historic drought.

Against this backdrop, net insurance income (NII) from fully consolidated activities amounted to €978 million, slightly up on the €976 million for 2021.

3.1. PROFITABILITY OF LIFE & PERSONAL PROTECTION INSURANCE

Life Insurance

Life & Personal Protection revenues fell 10% overall. The segment benefited from growth in the portfolio, but was adversely affected by valuation impacts on the portfolio of structured products recorded at fair-value through profit & loss and impairments.

Excluding the returns incorporated in mathematical reserves at the beginning of the following year, the provision for policyholder bonuses was decreased by €135 million to €1.748 billion at end-2022, so as to provide a gross return before

expenses of 2.30%. This reserve amount, which must be incorporated within eight years, represents the equivalent of an annual increase of 2.9% in with-profits AuM (3.1% for BPCE Vie).

Individual Personal Protection and Payment Protection Insurance

Individual Personal Protection and Payment Protection Insurance registered a 20% increase in NII:

- Individual Personal Protection incurred a 1% decline in NII, due to
  - the non-renewal of the reduction in losses recorded in 2021 related to a review of previous claims conducted by the Expertise and Customer Relations Center;
  - a negative effect linked to the demerger of BPCE Prévoyance (transfer of financial products to the Investment Solutions activity)
  - part-offset by revenue growth.
- Payment Protection recorded 28% growth in NII, thanks to volume growth and significant reductions in losses on claims in previous years (€41 million).

3.2. PROFITABILITY OF NON-LIFE INSURANCE

2022 was marked by complex economic conditions, including record climate events and a historic level of drought.

The main movements concerning fully-consolidated activities (excluding BPCE IARD), were as follows:

- The 12% growth in premiums stemmed from the incorporation of the Banque Populaire network's business in BPCE Assurances IARD since 2020 and from the price hikes applied in 2021 and 2022. On the historic consolidation scope comprising the Caisse d'Epargne network, premiums rose 6% versus 2021.
- Claims expense reached a record level with the reported gross loss ratio rising 9.4 points relative to 2021. This was primarily due to the increase in average auto and MRH costs observed across the whole of the market, the impact of which was exacerbated by inflation, exceptional climate events (hail) in May-June, and a historic drought in 2022 representing a gross cost of €65 million.
- Reinsurance compensated for the deterioration in claims expense, thanks to an exceptionally high positive reinsurance result of €82 million in 2022, including a €93 million cession of exposure to climate events (including a €32 million drought cession in 2022) and a €43 million serious-loss cession.
- Net financial income of €35 million (+79% versus 2021), fueled by €22 million of capital gains on equities owned directly (anticipation of IFRS 9 impacts).

The combined ratio on non-life business (excluding BPCE IARD) distributed by the Caisse d'Epargne and Banque Populaire networks worked out to 98.3%.

3.3. INVESTMENT MANAGEMENT POLICY AND INVESTMENT INCOME

Management of most of BPCE Assurances' assets is delegated to Ostrum Asset Management, a subsidiary of Natixis Investment Managers. Investment policy has a fourfold objective: guaranteeing capital, interest and liquidity, while optimizing the return on the portfolio.

Macro-economic environment and monetary policies

Upsurge in global inflation

2022 witnessed an upsurge in inflation around the world (7.1% in the US, 10.1% in the EU and 5.9% in France), fueled notably by the war in Ukraine that began on February 24, 2022, and the ensuing across-the-board leap in commodity prices: nickel +37%, gas +36%, coal +34%.

In order to maintain price stability and stem inflation, all central banks dropped their asset purchase policies and proceeded with a series of coordinated, sizeable and abrupt short-term rate hikes:

- the Fed from 0.25% to 4.50% (+4.25%). 7 rate hikes in 2022;
- the ECB from 0.00% to 2.50% (+2.50%). 4 rate hikes in 2022;
- the BOE from 0.25% to 3.50% (+3.25%). 8 rate hikes in 2022.

These different measures created uncertainty and dampened global growth.

Growth rates for the year worked out to 3.1% globally, 3.3% for the euro zone, 1.8% for the USA and 3.3% for China.

2022 marked the end of the period of low interest rates and triggered a new normalization process for long-term rates

100% of French sovereign debt is now in positive territory, following increases of 2% and 3% depending on the maturity.

At European level, the rise in rates proceeded on a homogenous basis, assisted by ECB declarations that avoided fragmentation for the most vulnerable issuers (Italy, Spain).

The increase in long-term rates curtailed the continuous decline in real interest rates and the record low attained in 2021. French real 10-year rates now stand at around 0.3%.

Apart from the dollar and commodities, all asset classes performed negatively in 2022.

Global stock markets lost ground in 2022: CAC -10%, Eurostoxx 50 -12%, S&P 500 -20 %, HSI -15%.

In contrast to previous years, tech stocks incurred hefty losses in 2022: Meta (the former Facebook) -60%, Tesla -65%.

2022 consequently ushered in a new positive interest-rate environment which did away with the previous T.i.n.a scenario ("there is no alternative", so focus on equities and their dividends) and replaced it with a T.a.r.a scenario ("there are reasonable alternatives", with investments flowing toward bonds).

Asset management policy

This abrupt and lasting upturn in long-term rates has seen USA 10-year rates climb from 1.5% to 3.90% and French 10-year OAT rates surge from 0.20% to 3.11% (with an annualized average increase of 1.70%).

To accompany this historic movement, BPCE Assurances is seeking to capitalize on market levels to accelerate the accretion of yields on the existing stock and to significantly increase the rate of return provided to policyholders.

Strategy was refocused on the vanilla investment grade bond segment which now accounts for 68% of the portfolio.

Corporate bond issuers in 2022 were required to offer significant premiums over market rates, which were enhanced by the wider swap spread and rate rises. Corporate issues therefore offer optimal risk/return.

In practical terms, this resulted in:

- a reduction in the cash segment, so as to capitalize on higher rates on the vanilla bond segment;
- a halt to the use of the short-term optimization segment (callable bonds, capital calls, etc.), in order to refocus on the vanilla bond segment;
- a halt to new investments on the structured bonds segment;
- greater selectivity on illiquid debt (marked slowdown on the real-estate and infrastructure debt segments where credit premiums were unchanged);
- stabilization on the diversified segment at around 17%, with marked outperformance in unlisted assets.

Elsewhere, equity exposure was reduced slightly. Thanks to its historic diversification focused on three performance drivers, the portfolio managed to retain a substantial amount of capital gains and to generate significant revenues, by:

- unlocking unrealized and exceptional capital gains associated with specific themes (climate, water, etc.);
- generating recurrent revenues through dividend strategies.

Private equity and alternative management exposures continued to make progress and recorded highly positive performances.

Lastly, against a backdrop of rising interest rates, high prices and uncertainties related to new working methods, real-estate exposure was stabilized. Investment decisions were guided by a defensive strategy, notably by acquiring stakes in investment funds that offered greater diversification both geographically and in terms of asset types.

Strong ambitions maintained on ESG investments

BPCE Assurances maintained its ESG investment strategy and its leadership role in this segment by:

- continuing with a sustained pace of new investments in green assets (18% of new investments made in 2022), geared to aligning with the 2°C trajectory set out in the Paris Agreement adopted at COP 21;
- excluding issuers not complying with the company's ESG criteria (public policies on coal, tobacco, tar sands and issuers classified as running counter to the attainment of sustainable development goals) from new investments in all dedicated funds and investment mandates.

BPCE Assurances' stock of green, sustainability and social bonds represented 8.1% of its assets managed in with-profits funds at the end of the year, i.e. €4.9 billion.

Consolidated net financial income

The large majority of total net financial income - the basis for margins earned on life insurance business and the source of returns paid on life insurance policies - came from assets backing life insurance underwriting reserves.

At year-end 2022, net financial income amounted to -€2.368 billion, down sharply versus 2021, due to:

- the change in the fair value of instruments measured at fair value through profit & loss (-€3.540 billion), down sharply versus 2021. This balance mainly comprised changes in the value of unit-linked assets (-€3.209 billion versus +€1.639 billion in 2020), though this had no impact on operating income (after accounting for the expense related to unit-linked adjustments of mathematical reserves);
- the decrease in capital gains net of reversals of impairment provisions (-€10 million in 2022 vs. +€68 million in 2021, primarily reflecting greater provisioning);
- the variation in the value of unit-linked assets related to acceptances (-€1.008 billion) though this had no impact on operating income (after accounting for the expense related to unit-linked adjustments of mathematical reserves).

Restating for these factors, net financial income rose 13.8% to €1.342 billion, reflecting the recovery in financial markets during the year.

3.4. CONSOLIDATED OPERATING EXPENSES

Total operating expenses rose 7% to €1.975 billion in 2022. Adjusted for commissions paid to business providers, capitalized costs and various items not representative of the division's recurrent operating structure, consolidated expenses increased 5.5% year-on-year to €526 million.

The increase in expenses reflected business growth across all business lines.

A breakdown of these expenses shows:

- an increase in personnel expenses due to higher headcount (+168 average FTEs);
- an 7% increase in commissions paid to business providers;
- an increase in expenses related to employee profit-sharing measures;
- an increase in taxes, including a €7.6 million rise in the corporate social solidarity contribution;
- a minor 2% decrease in IT expenses and capitalized project expenses, related to the decline in project ownership/project management services and which chiefly reflected the completion of certain projects including #Innove2020;

3.5. CONTRIBUTION OF COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD

BPCE IARD – 50.0%-owned

BPCE IARD posted a gross loss of €0.2 million for 2022. The main factors explaining the changes between 2022 and 2021 were as follows:

- a 4% decline in revenue versus 2021, due to the run-off of auto and MRH business initiated in 2021;
- a net combined ratio of 101.7%, impacted by higher current-year claims expense and the restatement of the equalization reserve under IFRS on the BPCE IARD scope for €9.4 million;
- a 27% decline in net financial income, reflecting lower capital-gains realization than in 2021 and impairments recorded on certain listed equities, and despite higher recurrent revenues

on fixed-income products (effect of higher interest rates);

- a 9% decrease in operating expenses (including commissions) relative to 2021, reflecting the contraction in underlying business and its direct impact on claims management expenses and paid commissions.

Adir – 34%-owned

The Lebanese government's default on March 7, 2020 exacerbated the country's economic situation, and conditions were further undermined by the Beirut port explosion against a backdrop of the pandemic. The country is experiencing hyperinflation and the political situation is unstable.

The bancassurer Adir is therefore exposed to the following main risks: ownership of Lebanese treasury bills, ownership of bank deposits, high inflation, devaluation of the local currency, coupled with an official exchange rate de-correlated from the market rate.

The 34% equity interest in Adir was written off in full in 2020. Adir's contribution to consolidated income was nil.

3.6. CONSOLIDATED NET INCOME

In a year marked by exceptional climate events, consolidated operating income retreated 8% to €481 million.

Tax expense amounted to €114 million and equated to 26% of pre-tax income (excluding equity-accounted interests) versus 29% in 2021.

Consolidated net income (group share) totaled €322 million, down 8% on 2021.

3.7. POST-CLOSING EVENTS

Nil.

3.8. 2023 OUTLOOK

2023 is the second year of the BPCE 2024 strategic plan, the aim of which is to accelerate the rollout of responsible insurance solutions for customers of the networks, by capitalizing on the investments made by the Group according to the following priorities:

- accelerate growth in the property & casualty and personal protection insurance segments and roll out innovative life and health insurance products;
- position the general fund on a more aggressive trajectory than the Paris Agreement and promote unit-linked SRI funds (+2°C trajectory by 2024 and +1.5°C by 2030);
- continue investing in improved customer experiences and operational efficiency: offer best-standard experiences for both customers and customer advisors, notably by leveraging the potential of data and digital, and improve management ratios.

2023 will also be the first year of application of IFRS 17 and IFRS9.

Groupe BPCE does not have any Additional Tier 1 (AT1) instruments issued by an entity within the Group. As a result, it is not directly concerned by the volatility affecting the financial instruments of certain banking groups, following the decisions taken by the Swiss authorities that led to the absorption of Credit Suisse's losses via the total write-off of the Swiss bank's AT1 instruments.

Neither does Groupe BPCE have any meaningful direct exposure to the crisis experienced by Crédit Suisse, whether in the form of AT1 instruments or in another form.

In addition, Groupe BPCE does not have any meaningful direct exposure to the US regional banks recently placed under the control of the US administration.

4. The BPCE Assurances company's business report

BPCE Assurances set up a Single-Owner Simplified Company with Shares (*Société par Actions Simplifiée Unipersonnelle*, SASU) named "Kimo". During first-quarter 2022, a capital increase was performed, along with an asset contribution transaction involving 100% of the shares in NA (formerly Natixis Assurances), that were hitherto owned by Natixis SA.

Kimo was then renamed, firstly as "Assurances du Groupe BPCE", then converted into a French joint stock company (*société anonyme*) during fourth-quarter 2022 and renamed a second time as "BPCE Assurances ".

4.1. ACTIVITY AND NET INCOME

In line with its corporate purpose, the company's activity remains limited to the management and financing of its subsidiaries and affiliates.

The activity of the main subsidiaries was discussed in the Management Report on the group's activity for fiscal year 2022.

Almost all of the company's income consists of the €284 million in dividends received from its subsidiary NA (€0 million in 2021):

(€ thousands)	2021	2022
NA	0	284,776
Total	**0**	**284,776**

In addition, BPCE Assurances recorded €23 million in interest income on loans to subsidiaries and incurred €25 million in financial expenses on borrowings, resulting in net financial income of €293 million.

Operating income, consisting mainly of personnel expenses, holding company expenses and re-invoicings (including seconded staff), came out at -€10.6 million versus -€0 million in 2021.

Net income amounted to €279 million versus -€0.004 million in 2021.

4.2. APPROPRIATION OF EARNINGS

A proposal is made for the sum comprised of:

- income for the period €279,332,999.00
- plus retained earnings ....-€8,079.57

making a total amount available
for distribution of €279,324,919.43

to be distributed as follows:

- distribution of a dividend of €265,352,013.12
- legal reserve €13,966,649.95
- balance to retained earnings €6,256.36

Making distributed earnings of €279,324,919.43

The proposed dividend would result in a payment of €0.06 for each of the 4,226,023,461 shares making up the share capital.

Shareholders' funds at the close of fiscal 2022, after appropriation of 2022 earnings, would total €1,511,520,589.88.

In accordance with the law, we hereby inform you that the following dividends were paid in respect of the past three fiscal years:

	2019	2020	2021
No. of shares receiving dividends	10,000	10,000	10,000
Dividend per share	0 €	0 €	0 €
Total amount of dividends	**0.00**	**0.00**	**0.00**

4.3. INFORMATION CONCERNING THE SHARE CAPITAL

BPCE Assurances' share capital amounted to €1,267,807,038 at December 31, 2022. The share capital comprised 4,226,023,461 shares with a nominal value of €0.30. In accordance with the provisions of Article L. 233.13 of the French Commercial Code, it is specified that 100.00% of the share capital and voting rights at Shareholders' Meetings are held by BPCE.

Shareholder	Number of shares
BPCE	4,226,023,461
Total	**4,226,023,461**

4.4. ANALYSIS OF DEBT POSITION (ART. 225-100 OF THE FRENCH COMMERCIAL CODE)

BPCE Assurances ' debt position is the result of the investment management policy and the strict capital allocation policy adopted by its shareholder, under which all earnings and available reserves are distributed.

As such, loans are not issued for the purpose of funding the operation of companies belonging to the Group (these companies possess substantial cash flows), but only to meet the regulatory solvency capital requirements necessary for the development of assets under management and insured risks.

The detailed presentation of subordinated loans issued by the companies is given in the notes to the consolidated financial statements.

As part of the restructuring of BPCE's Insurance division, BPCE Assurances became the consolidating entity of BPCE's Insurance division in 2022.

Consequently on March 1, BPCE SA replaced Natixis SA as lender of the subordinated loans subscribed for by NA. For this purpose, NA transferred its loans and borrowings to BPCE Assurances.

Two new 10-year subordinated loans were taken out with BPCE for the amount of €83 million (€8 million and €75 million, respectively).

At December 31, 2022, BPCE Assurances benefited from:

- medium-term senior loans totaling €18 million granted by BPCE Vie;
- €22 million of perpetual subordinated loans and €858 million of dated subordinated loans granted by BPCE;
- an external perpetual subordinated bond financing of €251 million

The interest expense incurred by BPCE Assurances came to €25 million in 2022.

4.5. LUXURY EXPENSES

In accordance with the provisions of Article 223 quater of the French General Tax Code, we inform you that the amount of non-tax deductible expenses and expenditures referred to in section 4 of Article 39 of the said code during the fiscal year was €8,661 (representing excess amortization on passenger vehicles leased for BPCE Assurances personnel). The tax incurred on the said expenses and expenditures was €2,237.

4.6. INFORMATION RELATING TO CUSTOMER AND TRADE PAYABLES

According to Articles L 441-6-1 and D 441-4 of the French Commercial Code, we inform you that the amount of customer payables was zero and that the amount of trade payables recorded in the balance sheet for the year ended December 31, 2022 (excluding invoices yet to be received) was €869k, broken down as follows:

(in € thousands)	Number of invoices	Payables due > 60 days	Payables due from 30 to 60 days	Payables due < 30 days	Payables falling due < 30 days	Payables falling due from 30 to 60 days	Balance
Total	5	869	-	-	-	-	869

4.7. CONSOLIDATION METHODS AND TAX CONSOLIDATION

BPCE Assurances is a 100%-owned subsidiary of BPCE. As such, it is fully consolidated in its shareholder's financial statements.

BPCE Assurances and the subsidiaries in which it holds more than 95% of the share capital are members of the tax group established by BPCE pursuant to Articles 223-A and following of the French General Tax Code. Their income is determined as if they were taxed separately. The tax consolidation agreement in force at BPCE is based on the principle of neutrality, whereby each subsidiary determines its tax and contributes to the group's tax as if it were not consolidated. The tax expense owed by each subsidiary is not amended as a result of its tax consolidation.

The tax consolidation agreement stipulates that in the event of a tax deficit, the subsidiary shall definitively receive from the parent company a sum equal to the corporate income tax saving recorded by the tax group.

In other cases, any tax savings or expenses generated by consolidation are recognized by the parent company, BPCE.

4.8. RESEARCH & DEVELOPMENT

The company does not have any R&D operations.

4.9. EMPLOYEE SHAREHOLDING

BPCE Assurances did not have any employees at December 31, 2022. Consequently, the provisions of Article L. 225-102 of the French Commercial Code do not apply.

4.10 STATEMENT OF EARNINGS

In accordance with the provisions of Article R. 225-102 of the French Commercial Code, this report includes the table showing the company's earnings for each of the past five fiscal years.

4.11 ACQUISITIONS

In 2022, the Company acquired 100% of the capital of NA in the sense of article L.233-6 of the French Commercial Code.

5. Social and environmental information

Pursuant to point IV of article L.225-102-1 of the French Commercial Code, companies under the control of a company that includes them in its consolidated financial statements in accordance with article L. 233-16 of the French Commercial Code are not obliged to publish a statement of non-financial performance if the company that controls them is established in France and publishes a consolidated statement of non-financial performance. In the present case, BPCE, which controls BPCE Assurances in accordance with article L. 233-16 of the French Commercial Code, published a statement of non-financial performance in respect of fiscal 2022 that notably covers the activities of BPCE Assurances.

6. Corporate governance report

France's ordinance n°2017-1162 of July 12, 2017 and decree n°2017-1174 of July 18, 2017 provide for a corporate governance report to be prepared by the Board and attached to the management report. As permitted by article L. 225-37 of the French Commercial Code, the elements contained in this report are included in this dedicated section of the management report.

This report was prepared pursuant to articles L. 225-37-4 and L. 22-10-10 1° to 5° of the French Commercial Code.

No item provided for and listed in article L.22-10-11 of the French Commercial Code is liable to have an impact in the event of a cash tender offer or a share swap offer, since BPCE Assurances does not issue capital securities (shares) listed on a regulated market.

6.1. Information on the Board of Directors

Board membership at December 31, 2022

At December 31, 2022, BPCE Assurances' four directors were:

- Jean-François Lequoy, Chairman of the Board of Directors;
- François Codet;
- Pierre-Laurent Berne;
- Benoit de la Chapelle-Bizot.

Presence of independent directors representing one third of the Board

There are no independent directors on BPCE Assurances' Board of Directors.

Preparation and organization of the Board's work

The Board meets according to the financial and legal schedule of BPCE Assurances and each time it is in its interest to do so. The Chairman convenes each meeting and fixes the agenda, without the agenda necessarily appearing in the notice of meeting. The Board may also validly examine other questions not appearing on the agenda.

The statutory auditors are convened to Board meetings when it is mandatory to do so and each time the Chairman considers it necessary.

Four (4) Board meetings were held during the course of 2022.

For each Board meeting a file is prepared containing all the items of information and documentation needed to enable the directors to consider the issues prior to the meeting. This information allows the directors to take part in and deliberately effectively on the work of the Board and thereby actively fulfil their mission.

The documentation provided to the directors notably comprises on a recurrent basis the following items:

- The minutes of the previous meeting;
- The letter to the directors;
- A presentation related to news and results and to the various subjects presented;
- Documentation related to legal and regulatory requirements (accounts, reports, general shareholders' meeting, etc.).

The directors are bound to respect their duties of good management, confidentiality, reserve, independence of conscience and mind, and training. By accepting their office, they agree to devote all the time and attention needed to carry out their function and to actively participate in Board meetings. They are obliged to notify the Board of any situation or of any real or potential risk of conflict of interest with BPCE Assurances or with an entity of the Group and, where applicable, abstain from participating in debates or votes on the questions concerned.

An internal regulation adopted during a meeting of the Board sets out the rules regarding the Board's membership, the holding of its meetings, its powers and the rules applicable to directors and their remuneration.

Description of diversity policy

Pursuant to article L. 22-10-10 2° of the French Commercial Code, we hereby inform you that 33.33% of positions on the BPCE Assurances Executive Management Committee are occupied by women.

In this respect, BPCE Assurances complies with Groupe BPCE's diversity policy, the objective of which is to ensure that women account for a minimum level of 30% of senior executives, a category to which the members of the Executive Management Committee belong.

Potential restrictions imposed by the Board of Directors on the Chief Executive Officer's powers

The Chief Executive Officer is given the most extensive powers to act in all circumstances in the name of the Company. He exercises his powers within the limit of the company's purpose and subject to the powers expressly assigned by law to general shareholders' meetings and to the Board of Directors.

He represents the company in its relations with third parties.

The Board of Directors does not impose any restrictions on the Chief Executive Officer's powers.

Code of corporate governance

The Board of Directors of BPCE Assurances does not explicitly refer to any code of corporate governance prepared by organizations representing businesses, such as the AFEP-MEDEF code.

However, the Board of Directors of BPCE Assurances intends to respect the rules of good governance set out by Groupe BPCE, to which the companies of the insurance division were directly attached in 2022.

In this respect, work began in 2022 and 2023 to review and revamp the different rules and documentation related to the governance of several companies belonging to Groupe BPCE, including BPCE Assurances and its subsidiaries.

In addition, the Afep-Medef code to which Natixis SA – the former sole shareholder of the companies belonging to Groupe BPCE's insurance division – made reference, was revamped in December 2022.

As a result, in the interests of standardization and to take into account this new structural and shareholder context, it was decided to concentrate work related to the code of corporate governance solely on fiscal 2023. This explains why no reference is made to any code of governance in 2022.

Participation in general shareholders' meetings

At December 31, 2022, BPCE Assurances had one shareholder: BPCE S.A. which owned all the shares.

Shareholders' meetings are convened by the Board of Directors or, by default, under the conditions set out in article L. 225-103 of the French Commercial Code. Notice of meeting is issued according to the conditions set out in prevailing regulations. Meetings take place either at the company's headquarters or at any other venue specified in the notice of meeting.

The measures related to general shareholders' meetings (terms under which they are held and of participation) and their deliberations are detailed in Book IV (articles 27 to 37) of the articles of association.

6.2. METHODS OF EXERCISING EXECUTIVE MANAGEMENT

Pursuant to article L. 225-37-4 of the French Commercial Code, we inform you that the Board of Directors chose one of the two methods of exercising executive management provided for in article L. 225-51-1 of the Commercial Code.

As a result, in accordance with legislation and article 14 of the company's articles of association, BPCE Assurances' executive management is assumed under the responsibility of a Chief Executive Officer, appointed by the Board of Directors; the Board also appointed two Deputy Chief Executive Officers.

6.3. INFORMATION ON CORPORATE OFFICERS

List of corporate offices

In accordance with the provisions of Article L. 225-37-4 of the French Commercial Code, the list of all the corporate offices held in any company by each of BPCE Assurances ' corporate officers during the fiscal year is provided in Annex 1 of this report.

Compensation paid to corporate officers and directors' fees

The Company's articles of association provide for compensation in respect of directors' activities (formerly attendance fees) to be apportioned among the members of the Board of Directors according to the governance rules in force within Groupe BPCE.

The members of the Board of Directors of BPCE Assurances received a total sum of zero (€0) for compensation in respect of directors' activities (formerly attendance fees) for fiscal year 2022.

In accordance with the governance rules applied by BPCE, the offices held by BPCE employees do not entitle the officers to compensation in respect of these activities (e.g. directors' fees). Consequently, no compensation in respect of these activities (e.g. directors' fees) was paid to employees for their participation in meetings of the Board of Directors of BPCE Assurances.

Terms of offices of the directors

We inform you that no directors' offices are due to expire at the end of the general shareholders' meeting convened to approve the financial statements for the fiscal year ended December 31, 2022.

Terms of offices of the statutory auditors

We inform you that no statutory auditors' offices are due to expire at the end of the general shareholders' meeting convened to approve the financial statements for the fiscal year ended December 31, 2022.

6.4. RELATED-PARTY AGREEMENTS

We inform you that four agreements subject to article L. 225-38 of the French Commercial Code were concluded during the fiscal year ended December 31, 2022:

1. A current account advance agreement granted by BPCE to BPCE Assurances for the amount of €10 million and which was approved by the sole partner, and signed on March 1, 2022;
2. A tax consolidation agreement signed between BPCE Assurances and BPCE SA on October 27, 2022;
3. A tax consolidation agreement signed between BPCE Assurances , BPCE Vie and BPCE SA on October 27, 2022;
4. A tax consolidation agreement signed between BPCE Assurances , BPCE IARD and BPCE SA on October 27, 2022.

We hereby specify that the three tax consolidation agreements above will be presented during the Board of Directors meeting convened to deliberate on the financial statements for the fiscal year ended December 31, 2022 and will then be subject to ratification during the Ordinary General Shareholders' Meeting called on to approve the said accounts.

6.5. DELEGATIONS GRANTED BY THE GENERAL SHAREHOLDERS' MEETING TO THE BOARD OF DIRECTORS

No delegations subject to articles L. 225-129-1 and L. 225-129-2 of the French Commercial Code were granted by the general shareholders' meeting to the Board of Directors in respect of the fiscal year ended December 31, 2022.

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7. Procedures used to prepare and verify accounting and financial information

7.1. OBJECTIVES OF THE PROCESS

The process of preparing and verifying accounting and financial information serves two purposes:

- ensuring the accuracy and existence of assets and liabilities;
- producing appropriate and sufficient financial information regarding changes in assets and liabilities during the fiscal year in question.

Attaining these objectives relies on:

- continuous monitoring of day-to-day production operations and particularly accounting production;
- the process of closing the accounts and producing summary financial information, including that for the notes to the accounts.

7.2. RESOURCES EMPLOYED

7.2.1. Organization of staff devoted to the process

Preparation of accounting and financial information is primarily the responsibility of the financial departments of BPCE Assurances' two business lines (Life & Personal Protection Insurance, and Non-Life Insurance). This responsibility is upheld via the functions they assume in terms of accounting, budget control, financial reporting and steering, and design and steering of IT systems used to produce financial information.

In addition, the Financial Department of the Life & Personal Protection Insurance business line is responsible for preparing BPCE Assurances' consolidated financial information. This information is established according to BPCE's rules for translating IFRS rules and interpretations as adopted by the European Union.

Furthermore, these financial departments process essential information that is prepared and/or validated by organizational entities housed within the two business lines and holding various responsibilities in the actuarial, investment portfolio management and risk management fields.

The reliability and consistency of the work of each of these entities are therefore necessary conditions for the quality of the financial information process. More generally, accounting period-ends require the intervention of most business-line departments as well as contractors in charge of delegated activities.

7.2.2. Financial Department

7.2.2.1. Accounting

Accounting activity is structured according to the type of work performed:

- technical accounting teams, which are responsible for processing the issuance of premiums, benefits and fees/commissions, along with the associated banking movements;
- teams responsible for preparing individual (non-consolidated) financial statements, and tasked with centralizing accounting and account construction for the establishment's various entities and the preparation of annual tax results and various prudential reports;
- teams responsible for processing operations relating to employed resources, i.e. recording and payment of "supplier" and "client" invoices, recording and monitoring of fixed assets, recording and control of personnel expenses, quarterly operating-expense account closes, tax declarations and payment of indirect taxes. These teams work in close collaboration with budget control and analytical accounting teams, particularly on period-end work;
- team in charge of accounting and reporting on investments and investment income. The team is tasked with exercising detailed control over the situation and accounting of the Life & Personal Protection Insurance business line's investment portfolios, this function having been outsourced since end-2008 to Caceis Fund Administration, the subsidiary of Caceis Bank specialized in administration, accounting and valuation services for UCITS and institutional portfolios. It is also responsible for establishing the inventory of investments and the investment income account for each entity, as well as contributing to the preparation of associated financial information concerning investments held by insurance companies;
- team in charge of consolidation, whose remit is to produce consolidated financial statements for the BPCE Assurances group according to IAS/IFRS and Solvency 2.

7.2.2.2. Management control

These teams' responsibilities cover the following two areas overall:

- analytical accounting and budget steering for the business lines' resources.

For the Life & Personal Protection Insurance business, costs are allocated and analyzed using the Activity-Based Costing (ABC) method and underpinned by SAP's Profit & Cost Management (PCM) software; for the Non-Life Insurance business line, a module focused more on operating expenses and analytical accounting has been developed using Essbase (Oracle);

- steering of results on the BPCE Assurances scope, via the production of consolidated financial statements. In this respect, the teams are tasked with analyzing changes in business activity and calculating margin formation, as well as helping to steer the different companies' profit.

7.2.2.3. Implementation of rule changes

A team devoted to analyzing IFRS and local rules and standards, and to examining their impacts on information processes and systems is operational within the Financial Department of the Life & Personal Protection Insurance business line.

Contents

7.2.3. Expertise and Customer Relations Center

Within the Expertise and Customer Relations Center, the Bank Client Accounts & Recovery Department is in charge of all processes associated with monitoring incoming and outgoing monetary transactions on insurance activities (investment solutions & individual personal protection). The department's responsibilities are as follows:

- automatic control of incoming/outgoing monetary flows;
- management of payment incidents: rejected transfers, rejected direct debits;
- receipt of incoming transfers on PEP regulated savings accounts and PERP regulated pension plans, premiums;
- manual outgoing payments (international transfers, fund advances, etc.);
- analysis and monitoring of pending insurance operations (Actions/documents pending).

The department also houses a recovery activity that reclaims undue payments made on all activities (including payment protection insurance).

7.2.4. Investment Department

The team is responsible for implementing investment policy on all asset classes, steering joint decision-making bodies with investment management firms, checking to ensure adherence to investment management mandates, and participating in financial production work (analysis of securities showing losses and assessment of the obligation to proceed with impairments on the securities considered) during accounting period-ends.

7.2.5. Product Actuary and Inventory Departments

Dedicated functions operate within each business line in order to handle problems that are specific to the business line in question.

During period-ends, actuarial and technical steering teams are in charge of controlling and validating underwriting reserves associated with commercialized products (reserve for claims payable, reserve for unearned premiums, predicted recoveries, reserves for management expenses, reserves for existing risks, etc.).

7.2.6. Data quality

Each team involved in producing data used to prepare financial information contributes to the implementation and translation of the data governance process. This process responds to the regulatory requirements applicable to the quality of data used in Solvency 2 calculations and reporting. More specifically, the process is notably geared to ensuring the accuracy, completeness and appropriateness of data.

7.3. IT SYSTEMS DEVOTED TO DATA PROCESSES AND QUALITY

The IT system used by the business lines comprises various business-line or transversal applications, the main ones being described below.

7.3.1. Applications for inventorizing commitments and determining underwriting results

Policy management systems comprise various programs for calculating Life, Personal Protection and Property & Casualty underwriting reserves.

These applications first record the premium and benefit flows input by agencies or internal and external policy back-offices, then calculate interest and underwriting reserves based on general and particular contractual terms and conditions, subject to the rules set out in France's Insurance Code.

7.3.2. Data feed and general accounting applications

As far as possible given the characteristics of each company's activity, operational processes are unified for the purposes of security and business efficiency. However, the existence or maintenance of distinct processes is warranted by differences that exist in terms of ranges of products and insurance risks, policy management methods, history or development prospects.

Life & personal protection business line

Focus on Matisse Assurance accounting software

This People Soft GL solution entered production on January 1, 2009. One of Matisse Assurance's particularities is the ability to enhance recorded accounting entries via an information key that allow for multi-standard accounting (local standards, IFRS and Solvency 2).

As in previous years, operating conditions were satisfactory in 2022.

Focus on the Financial Department's Life Insurance and Personal Protection Maintenance Committee

This body steers operation of the different components of the Financial Department's IT system. It examines the operating conditions of the different transcoding, data feed and accounting interpretation modules located between policy management systems and accounting systems, as well as of general accounting software, reconciliation and clearing software, accounting decision-making software, accounting reporting software and, more generally, all applications devoted to the financial function.

The type and frequency of the errors identified in respect of the fiscal year were not liable to undermine the reliability of applications.

Application for recording operations on investment portfolios

The task of recording and accounting for transactions on the companies' investment portfolios are outsourced to Caceis Fund Administration.

The recording process is largely automated within an STP process, starting with Ostrum Asset Management's front office (investment management is delegated to OAM) and ending with transaction accounting in GP3, a market software tool developed by Neoxam. Only complex financial instruments that are fairly uncommon and whose type and volumes do not warrant mass processing, are processed manually.

Divisional accounting is exported automatically to central accounting on a daily basis.

BPCE Assurances' teams perform review and control work. These reviews notably concern the following control points:

- cash and securities reconciliations;
- controls to check correct account allocation;
- controls on actuarial rates of acquisitions;
- controls on the valuation and recording of accrued coupons and premiums/discounts;
- coherency controls on the capitalization reserve and capital gains;
- coherency controls between individual company accounting, IFRS accounting and tax declarations;
- coherency controls on movements and stock;
- analytical review of financial income;
- reconciliations between management tools and accounting ERP software;
- justification of various equalization accounts.

Focus on the portfolio valuation process

In order to estimate the fair value of securities in difficult market conditions, securities are valued by applying a process that combines, in order of preference:

- use of the last quoted price on a regulated market when this price is very recent and concerns significant transactions on a market that is sufficiently liquid;
- use of databases largely employed by market participants and institutional investors (Reuters, Bloomberg, Fininfo, Markit, etc.);
- interrogation of counterparties, so as to obtain a bid quote;
- very infrequently, in the absence of prices or quotes deemed relevant, re-calculation of a valuation using observable inputs on markets or reconstituted inputs.

The valuation process relies on the joint intervention of:

- investment managers, the securities database team and the risk management team of the company holding the investment management mandate for the portfolios held;
- the company in charge of accounting and valuation for the mandate.

Non-life business line

BPCE Assurances IARD possesses its own accounting system, Coda, which is interfaced with production tools and underpinned with proprietary management tools (Web XL, Yooz, Essbase and Microstrategy).

All BPCE Insurance IARD's accounting entries were made via the Coda tool, which received accounting flows from the various production tools.

The Yooz tool is used to control, validate and book all the company's commitments via a workflow system.

7.3.3. Accounting reporting applications

Life & personal protection business line

Accounts are centralized using the Open Executive tool. Open Executive inventory data is exported to Copernic in a fully automated manner via Datalink.

Non-life business line

The reporting tool used is Assurétat. The business line exports its consolidation reports to Copernic.

Accounts are consolidated using the Copernic Finance tool. Copernic Finance is capable of responding both to the reporting obligations of business lines subject to banking regulations and of those subject to insurance regulations.

In terms of internal control, this organization method ensures native coherency of the financial statements at the BPCE Assurances level with those of BPCE, while also enhancing the ability of the consolidators to analyze the results of the said level.

7.4. CONTINUOUS MONITORING OF ACCOUNTING PRODUCTION OPERATIONS

Continuous monitoring is geared to verifying that day-to-day transactions are booked in a way which accurately and exhaustively reflects the transactions performed and that they are completely unwound within intended timescales or timescales consistent with those of management operations situated upstream.

Controls operations notably rely on automatic account justification and reconciliation software packages. These tools are used for all third-party accounts and bank accounts, as well as for policyholder advance accounts and provisions for future benefits.

The work notably involves checking that transactions are consistent with the amount credited to or debited from the company's bank accounts. This is notably the purpose of justification, then clearing operations on policyholder accounts and bank accounts, as well as banking reconciliations performed with accounts open in credit establishments.

7.5. PERIOD-END AND REPORTING PROCESS

The period-end accounting procedure is conducted within the dual environments of the Insurance business and BPCE.

A full period-end process is performed on the accounts of each company every quarter, in conditions similar to a year-end process.

This period-end process comprises a plan that stipulates period-end dates, the documents needed and the elementary tasks to be carried out, as well as the allocation of responsibilities between the different departments participating in the period-end process. This allocation primarily concerns tasks to be performed, but also implies responsibility for validating the items essential for entities' earnings formation.

Quarterly accounts are presented by the Financial Department to the company's executive management.

The overall quality of the period-end process relies on:

- the coherency of the work performed by each contributing department and particularly on verifying the coherency of:
  - flows recorded in accounting with those used by actuarial inventory for calculating inventory data, whether estimates of premiums, reserves or revaluations, etc.
  - flows estimated during the period-end process with those estimated in budget forecasts;
- the analytical review of balance sheet and profit data, the level of detail of this analysis varying according to the importance

and degree of sensitivity of the aggregate concerned.

This phase notably involves:

- justifying changes in income statement and balance sheet line items with reference to events occurring during the period;
- analyzing profit by type of margin and checking coherency with average contractual conditions or with earlier periods;
- checking the coherency of profits with forecasts and justifying discrepancies.

Elsewhere, within the framework of Solvency 2, the business lines rolled out tools and processes required by Pillar 3 reporting. This involved introducing reporting tools and enhancing the consolidation tool by incorporating prudential aspects.

7.6. ACCOUNTING CONTROL AND REVIEW PROCESS

The Accounting Review function is in charge of analyzing the quality and appropriateness of the documentation concerning loss and profit entries recognized on unusual transactions, analyzing open items, preparing a report showing open items by level of risk, mapping accounting risks, reviewing justifications of balance-sheet accounts, controlling accounting/management reconciliations performed by the business lines, reviewing tax returns, controlling provisions set aside for various risks, analyzing justifications of manual entries by type, monitoring progress with the implementation of recommendations issued by control bodies, etc.

Within each business line, the function reports hierarchically to the Chief Financial Officer and functionally to the Chief Compliance Officer.

The two business lines' Review teams prepare summary memos for their management bodies. Recommendations are issued to business lines following intermittent or regular controls performed by Review teams. A control plan is prepared annually and formally validated by the person to whom the Review teams report. The function is integrated into BPCE's Review function.

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Consolidated financial statements

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Balance sheet

ASSETS (€ thousands)	Notes	12/2022	12/2021
Goodwill	7.1	16,412	17,647
Portfolios of insurance company policies		-	-
Other intangible assets	7.1	128,246	148,431
INTANGIBLE ASSETS		**144,658**	**166,078**
Investment property	5.1	1,136,728	1,113,298
Unit-linked investment property		453,995	442,704
Held-to-maturity investments		*736,589*	*791,140*
Available-for-sale investments		*48,224,375*	*54,102,012*
Investments measured using the fair value option and held for trading purposes		*5,131,002*	*6,896,224*
Loans and receivables		*12,960,170*	*13,943,727*
Financial investments	5.1	**67,052,136**	**75,733,103**
Unit-linked financial investments	5.5	22,435,434	23,133,382
Derivatives and separate embedded derivatives		39,228	12,972
INSURANCE BUSINESS INVESTMENTS	5	**91,117,521**	**100,435,459**
INVESTMENTS IN AFFILIATES	3.7	**53,616**	**95,518**
SHARE OF CESSIONAIRES AND RETROCESSIONAIRES IN LIABILITIES RELATED TO INSURANCE POLICIES AND FINANCIAL CONTRACTS	6	**19,243,640**	**18,546,573**
Buildings used for operational purposes and other property, plant and equipment	7.1	77,537	49,126
Deferred acquisition costs		251,932	262,639
Deferred policyholder bonus assets	4.2	4,375,859	-
Deferred tax assets	7.3	299,434	25,944
Receivables arising from insurance or accepted reinsurance operations	7.1	1,196,529	1,051,116
Receivables arising from reinsurance cession operations		58,101	56,047
Tax receivable		72,156	87,750
Other receivables		437,471	280,780
OTHER ASSETS		**6,769,019**	**1,813,402**
AVAILABLE-FOR-SALE ASSETS AND DISCONTINUED OPERATIONS		**-**	**-**
CASH AND CASH EQUIVALENTS		**380,818**	**533,249**
TOTAL ASSETS		**117,709,272**	**121,590,279**

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Balance sheet

LIABILITIES (€ thousands)	Notes	12/2022	12/2021
Share capital or equivalent funds		1,267,807	148,014
Issue merger and contribution premiums		229,741	1,097,937
Revaluation reserve net of shadow accounting adjustments		(440,898)	459,462
Other reserves and OCI that cannot be recycled to the income statement	7.1	(1,238)	237,203
Cumulative earnings		618,379	280,718
Consolidated net income for the year		**322,556**	**350,002**
Translation adjustments		1,534	1,534
SHAREHOLDERS' EQUITY (GROUP SHARE)		**1,997,881**	**2,574,870**
MINORITY INTERESTS		**417**	**186**
TOTAL SHAREHOLDERS' EQUITY		**1,998,298**	**2,575,056**
PROVISIONS FOR CONTINGENCIES	7.1	**40,757**	**42,358**
Subordinated debt		1,385,113	1,385,420
Financial debt securities		-	-
Other financial debt		140,110	428,311
FINANCIAL DEBT	5.3	**1,525,223**	**1,813,731**
Underwriting liabilities related to insurance policies		58,270,881	54,580,094
Underwriting liabilities related to unit-linked insurance policies		18,456,111	17,695,780
Underwriting liabilities related to insurance policies	6.1	**76,726,992**	**72,275,874**
Underwriting liabilities related to financial contracts with discretionary policyholder bonus		18,226,973	19,667,015
Underwriting liabilities related to financial contracts without discretionary policyholder bonus		-	-
Underwriting liabilities related to unit-linked financial contracts		5,188,681	5,923,385
Underwriting liabilities related to financial contracts	6.1	**23,415,654**	**25,590,400**
Separate contract derivatives		-	-
Deferred policyholder bonus – Liabilities	4.2	-	4,222,372
LIABILITIES RELATED TO CONTRACTS	6	**100,142,646**	**102,088,646**
Deferred tax liabilities	7.3	16,660	35,502
Amounts payable to consolidated UCITS unitholders		19	19
Operating debt securities		-	-
Operating debts payable to banking sector companies		4	44,009
Payables arising from insurance or accepted reinsurance operations	7.1	548,833	486,411
Payables arising from transferred reinsurance operations	7.1	10,646,657	11,169,371
Tax payable		7,491	3,803
Derivative liabilities and amounts payable on derivatives		86,850	53,562
Other payables		2,695,834	3,277,811
OTHER LIABILITIES		**14,002,348**	**15,070,488**
LIABILITIES OF AVAILABLE-FOR-SALE OR DISCONTINUED OPERATIONS		**-**	**-**
TOTAL LIABILITIES		**117,709,272**	**121,590,279**

Contents

Income statement

(€ thousands)	Notes	12/2022	12/2021
Written premiums		14,038,939	14,007,875
Change in unearned premiums		*(51,358)*	*(68,719)*
Earned premiums	7.3	13,987,581	13,939,156
Revenue or income from other activities		-	-
Other operating income		177,060	185,095
Investment income		*1,714,907*	*2,281,351*
Investment expenses		*(532,348)*	*(252,937)*
Capital gains and losses on disposal of investments (net of reversals, impairments and amortization)		*239,036*	*158,453*
Change in fair value of investments measured at fair value through profit or loss		*(3,539,922)*	*1,605,338*
Change in write-downs on investments		*(249,996)*	*(90,631)*
Investment income (net of expenses)	5.1	**(2,368,323)**	**3,701,574**
Benefits paid to policyholders	6.1	**(9,668,202)**	**(15,520,572)**
Reinsurance cession income		4,150,508	2,709,424
Reinsurance cession expenses		(3,970,153)	(2,778,703)
Net income and expenses from reinsurance cessions	6.1	**180,355**	**(69,279)**
Expenses from other activities		-	-
Policy acquisition costs	7.3	(865,114)	(782,923)
Amortization of portfolio values and related items		(1,235)	-
Administrative costs	7.3	(735,783)	(726,536)
Other recurring operating income and expenses	7.3	(225,056)	(201,010)
Other non-recurring operating income and expenses		-	-
OPERATING INCOME		**481,283**	**525,505**
Financing costs		(43,859)	(42,963)
Share in income of associates	3.7	(720)	6,739
Income tax	7.3	(114,151)	(139,333)
After-tax income from discontinued activities		-	-
CONSOLIDATED NET INCOME	7.3	**322,553**	**349,948**
Non-controlling interests		(3)	(53)
Net income (group share)		322,556	350,002
Earnings/(loss) per share in €		17	18
Diluted earnings/(loss) per share in €		17	18

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Statement of net income/(loss), gains and losses recorded directly in equity

(€ thousands)	12/2022	12/2021
NET INCOME	**322,553**	**349,948**
Translation adjustments	-	-
Revaluation of available-for-sale financial assets	(9,403,579)	(630,744)
Revaluation of hedging derivatives	(3,702)	(4,459)
Revaluation of fixed assets	-	-
Actuarial gains or losses on defined-benefit schemes	3,489	183
Share of gains and losses recorded directly in the equity of associates	(51,825)	(7,108)
Shadow accounting adjustment before deferred tax	8,245,424	465,123
Tax	312,424	45,847
TOTAL GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY	**(897,768)**	**(131,158)**
NET INCOME AND GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY	**(575,215)**	**218,790**
o/w group share	(575,388)	218,628
o/w attributable to non-controlling interests	172	162

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Statement of changes in shareholders' equity

(€ thousands)	Group Share					Attributable to non-controlling interests	Total shareholders' equity
	Share capital or equivalent funds	Additional paid-in capital	Total gains and losses recognized directly in equity	Cumulative earnings	Total group share		
Situation at 12/31/2020	**148,014**	**1,097,937**	**588,723**	**556,096**	**2,390,770**	**188**	**2,390,958**
Change in IAS 8 method and error corrections	-	-	-	-	-	-	-
Share capital at 12/2020 (corrected)	**148,014**	**1,097,937**	**588,723**	**556,096**	**2,390,770**	**188**	**2,390,958**
Gains and losses recognized directly in equity (1)	-	-	(131,373)	-	(131,373)	215	(131,158)
Consolidated net income for the fiscal year (2)	-	-	-	350,002	350,002	(53)	349,948
Total net income and gains and losses recognized directly in equity (1) + (2)	**-**	**-**	**(131,373)**	**350,002**	**218,628**	**162**	**218,790**
Dividends paid	-	-	-	(34,724)	(34,724)	-	(34,724)
Changes in share capital	-	-	-	-	-	-	-
Equity component of share-based payment plans	-	-	-	-	-	-	-
Changes in scope	-	-	-	-	-	-	-
Other changes	-	-	-	196	196	(164)	32
UCITS equity adjustments	-	-	-	196	196	-	196
Others	-	-	-	-	-	(164)	(164)
Situation at 12/31/2021	**148,014**	**1,097,937**	**457,349**	**871,569**	**2,574,870**	**186**	**2,575,056**
Change in IAS 8 method and error corrections	-	-	-	-	-	-	-
Situation at 12/31/2021 (corrected)	**148,014**	**1,097,937**	**457,349**	**871,569**	**2,574,870**	**186**	**2,575,056**
Gains and losses recognized directly in equity (1)	-	-	(897,944)	-	(897,944)	176	(897,768)
Consolidated net income for the fiscal year (2)	-	-	-	322,556	322,556	(3)	322,553
Total net income and gains and loss recognized directly in equity (1) + (2)	**-**	**-**	**(897,944)**	**322,556**	**(575,388)**	**173**	**(575,215)**
Dividends paid	-	-	-	-	-	-	-
Changes in share capital	-	-	-	-	-	-	-
Equity component of share-based payment plans	-	-	-	-	-	-	-
Changes in scope	1,119,793	(868,196)	-	(248,998)	2,599	-	2,599
Other changes	-	-	-	(4,200)	(4,200)	58	(4,141)
UCITS equity adjustments	-	-	-	(4,200)	(4,200)	-	(4,200)
Others	-	-	-	-	-	58	58
Situation at 12/31/2022	**1,267,807**	**229,741**	**(440,595)**	**940,928**	**1,997,881**	**417**	**1,998,298**

Statement of cash flows

(€ thousands)	12/2022	12/2021
Operating income before tax	481,283	525,505
- Capital gains and losses on sales of investments	(239,036)	(158,453)
+ Net allowances for depreciation and amortization	65,819	72,346
+ Change in deferred acquisition costs	(9,836)	(18,584)
+ Change in impairments	249,996	90,631
+ Net allowances for insurance underwriting provisions and liabilities related to financial contracts	1,226,498	7,060,387
+ Net allowances for other provisions	(1,133)	(5,715)
- Changes in fair value of financial instruments measured at fair value through profit and loss	3,539,922	(1,605,338)
- Other items without cash outflows included in operating income	(1,006)	(79)
Correction of items included in operating income that do not correspond to monetary flows and reclassification of financial and investment flows	*4,831,224*	*5,435,195*
+ Change in operating receivables and payables	(586,611)	703,759
+ Change in securities sold under repurchase agreements or bought under resale agreements	(593,731)	(1,443,400)
+ Cash flows from other assets and liabilities	(196,856)	(189,305)
- Net taxes paid	(130,302)	(106,301)
Net cash provided/(used) by operating activities	3,805,007	4,925,452
- Acquisitions of subsidiaries and joint ventures, net of cash acquired	-	-
+ Disposals of subsidiaries and joint ventures, net of cash disposed	-	-
- Investments in associates	-	-
+ Disposals of investments in associates	-	-
Cash flows generated by changes in scope	-	-
+ Disposals of financial investments (including unit-linked contracts) and derivatives	30,239,531	28,422,634
+ Disposals of investment property	-	-
+ Disposals of investments and derivatives in activities other than insurance	-	-
Cash flows generated by disposals and redemptions of financial assets	*30,239,531*	*28,422,634*
- Acquisitions of financial assets (including unit-linked contracts) and derivatives	(34,423,174)	(33,170,746)
- Acquisitions of investment property	(11,292)	(13,613)
- Acquisitions and/or issuance of investments and derivatives in other activities	-	-
Cash flows generated by acquisitions and issuance of financial assets	*(34,434,466)*	*(33,184,359)*
+ Disposals of property, plant and equipment and intangible assets	10,977	-
- Acquisitions of property, plant and equipment and intangible assets	(7,622)	(9,386)
Cash flows generated by acquisitions and disposals or property, plant and equipment and intangible assets	*3,355*	*(9,386)*
Net cash provided/(used) by investing operations	(4,191,580)	(4,771,111)
+ Membership fees	-	-
+ Issuance of capital instruments	-	-
- Redemptions of capital instruments	-	-
+Transactions in own shares	-	-
- Dividends paid	-	(34,724)
Cash flows generated by transactions with shareholders and cooperative shareholders	-	*(34,724)*
+ Cash generated by issuance of financial debt	(153,000)	-
- Cash allocated to redemptions of financial debt	475,000	(44,000)
- Interest paid on financial debt	(43,859)	(42,963)
Cash flows generated by Group funding	*278,141*	*(86,963)*
Net cash provided/(used) by financing operations	278,141	(121,687)
Cash and cash equivalents at January 1, 2022	489,240	456,637
+ Net cash provided/(used) by operating activities	3,805,007	4,925,452
+ Net cash provided/(used) by investing operations	(4,191,580)	(4,771,111)
+ Net cash provided/(used) by financing operations	278,141	(121,687)
+ Impact of changes in exchange rates on cash and cash equivalents	6	(52)
Cash and cash equivalents at December 31, 2022	380,814	489,240
o/w:		
Cash and cash equivalents	*380,818*	*533,249*
Operating debts payable to banking sector companies	*(4)*	*(44,009)*

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1. Significant events of 2022

1.1. ATTACHMENT OF NATIXIS ASSURANCES TO BPCE SA AND CREATION OF BPCE ASSURANCES

Pléiade project

As part of the BPCE 2024 strategic plan and in order to simplify its organization, Groupe BPCE initiated a simplified public tender offer on Natixis shares in June 2021. On July 21, 2021, in accordance with notice n°221C1758 of the Autorité des Marchés Financiers (AMF), Groupe BPCE proceeded with a squeeze-out on all the Natixis shares that were not tendered to the offer and delisted Natixis from the financial markets. Groupe BPCE decided to group together businesses serving retail banking: Insurance, Payments and the Financial Solutions & Expertise division. This operation, which took place on March 1, 2022, notably involved attaching the Insurance business directly to BPCE SA and led to BPCE SA purchasing the NA shares hitherto owned by Natixis SA, "NA" being the new registered name of "Natixis Assurances" as from March 1, 2022.

Operationally, Natixis SA initiated an asset contribution transaction involving the transfer of its NA shares to the legal structure "Kimo", a 100%-owned subsidiary of BPCE SA. The registered name of Kimo was then changed twice, firstly to "Assurances du Groupe BPCE" on March 30, 2022 and then to "BPCE Assurances" on October 13, 2022.

The registered names of the following structures also changed during 2022:

- Natixis Life became BPCE Life on October 17, 2022;
- BPCE Assurances (non-life insurance structure) became BPCE Assurances IARD on October 7, 2022.

BPCE Assurances is now the new holding company and head of the consolidation group for the financial statements.

Accounting impacts

In accounting terms, this operation was treated as a business combination of companies under common control. The method based on historic carrying amounts was used, without recognition of goodwill, with the difference between the price paid and the historic carrying amount of the assets and liabilities of the entity acquired being taken to shareholders' equity. The opening date for BPCE Assurances' consolidated financial statements for the fiscal year was set at January 1, 2022. Although the transfer of the shares took place on March 1, 2022, this opening date was chosen because the restructuring did not lead to any change in the Group's economic substance.

The comparative data at December 31, 2021 presented in BPCE Assurances' financial statements at December 31, 2022 are those for the Natixis Assurances Group.

Personnel impacts

As part of the Pléiade project, 24 employees of Natixis SA belonging to the Insurance division were transferred to BPCE Assurances on March 1, 2022.

The employee benefit commitments for the employees concerned were also transferred to BPCE Assurances.

Tax impacts

The French subsidiaries of BPCE Assurances were integrated directly into the BPCE SA tax group on January 1, 2022. In addition, BPCE Assurances has been at the head of a contractual tax consolidation agreement with its French subsidiaries since January 1, 2022.

1.2. UKRAINIAN CRISIS AND THE ECONOMIC CONTEXT

Following Russia's invasion of Ukraine on February 24, BPCE Assurances did not identify any significant exposure on its balance sheet or its revenues: exposure to financial investments in these countries is less than €0.5 million (assets owned indirectly by the general fund) and only around 50 citizens of these countries possess insurance policies with BPCE Assurances.

The economic environment changed radically during the course of 2022: sharp rise in inflation, upturn in interest rates (10-year OAT at 3.11% on December 31, a 292bp-increase versus end-2021) and decline in equity markets. The increase in interest rates had the effect of reducing the value of the fixed-income portfolio, and led on December 31, 2022 to the decision to book an overall unrealized capital loss on the investment portfolio and to record deferred policyholder bonus assets of €4.4 billion. The analysis of the recoverability of these deferred policyholder bonus assets involves a specific test based on the Liability Adequacy Test methodology, the scope nevertheless being restricted to Investment Solutions Direct Business (see note 4.2.13).

1.3. NON-LIFE CLAIMS

Overall, 2022 witnessed a 10% increase in the number of declarations, with unprecedented peaks linked to several highly significant climate events and a particularly sizeable volume of declarations being recorded in June.

BPCE Assurances IARD's Compensation Department supported the company's clients and processed the consequences of major climate events, particularly the hailstorms that affected vehicles and roofing, and which led to 26,000 damage declarations in addition to recurrent claims.

In addition, the significant increase in inflation, which notably reached 5.9% year-on-year in France on December 31, 2022, directly impacted non-life claims expense, with higher raw material costs feeding through into the cost of vehicle and housing repairs.

1.4. RELATED-PARTY TRANSACTIONS

NA transferred all of its subordinated loans and borrowings to the new BPCE Assurances holding company in second-quarter 2022. This transaction did not have any impact on the consolidated financial statements.

On January 1, 2022, BPCE S.A. replaced Natixis S.A. as lender of the subordinated loans taken out by subsidiaries of BPCE Assurances before December 31, 2022 and which were still active.

BPCE granted NA a €70 million, 3-year senior loan on December 21, 2022.

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BPCE Assurances took out two new subordinated loans:

• an €8 million, 10-year loan from BPCE on July 29, 2022 at a fixed rate of 5.236%. This loan replaced the loan for a nominal value of €8 million that expired on July 31, 2022;

• a €75 million 10-year loan from BPCE on December 22, 2022 at a fixed rate of 5.906%.

2. IFRS

2.1. SET OF STANDARDS APPLIED

The financial statements were prepared in accordance with:

• IFRS as adopted by the European Union;

• Accounting Rules Committee (ANC) rule No. 2020-01 on the consolidation rules for companies, including those governed by the French Insurance Code and on the French Insurance Code for insurance policies and reinsurance treaties subject to the provisions of IFRS 4.

The financial statements were also prepared with reference to:

• the summary of the work carried out by the working groups of the National Accounting Board (CNC) on the specific conditions of IFRS implementation by insurance entities, updated in January 2007;

• ANC recommendation No. 2013-05 of November 7, 2013 on the format of the financial statements of insurance entities under international accounting standards;

• CNC recommendation published on December 19, 2008 on the conditions for recognizing deferred policyholder bonus assets in the consolidated financial statements of insurance entities;

• ANC recommendation n° 2016-01 of December 2, 2016 concerning information to be mentioned in the notes to consolidated financial statements prepared according to international standards.

2.2. TEXTS APPLICABLE SINCE JANUARY 1, 2022

The following texts applicable since January 1, 2022, did not have any impact on BPCE Assurances' financial statements at December 31, 2022:

• Amendment to IAS 16 "Property, plant and equipment" – Proceeds before intended use;

• Amendment to IAS 37 "Provisions, contingent liabilities and contingent assets" - Onerous contracts – Cost of fulfilling a contract;

• Amendments to IFRS 3 "Business combinations" - Reference to the conceptual framework;

• The IASB's Annual Improvements to IFRS Standards 2018-2020 Cycle concerning four standards:
- IFRS 1 "First-time adoption of IFRS" - subsidiary as a first-time adopter,
- IFRS 9 "Financial instruments" - de-recognition of financial liabilities: fees included in the 10% test,
- IFRS 16 "Lease contracts" - lease incentives,
- and IAS 41 "Agriculture"

In addition, the following IFRS IC decisions did not have any impact on BPCE Assurances' financial statements at December 31, 2022 either:

• IFRS IC decision of April 27, 2021 related to IAS 38 "Intangible assets" concerning the principles to be applied when recognizing the costs of configuring and customizing software provided by a supplier in a Software as a Service (SaaS) arrangement;

• IFRS IC decision of April 29, 2022 related to IAS 7 "Statement of cash flows" concerning the accounting treatment to be applied when an entity holds a cash balance on a demand deposit account and when it has also pledged to retain a minimum amount on this account and to only use the sums for purposes defined in a contract.

2.3. STANDARDS AND INTERPRETATIONS NOT USED

The standards and interpretations published by the International Accounting Standards Board (IASB), adopted by the European Union and of mandatory application in 2022 were applied in the financial statements at December 31, 2022, notably the texts that came into force in 2022.

2.4. IMPACT OF SOON-TO-BE APPLICABLE STANDARDS

IFRS 17. Insurance contracts

IFRS 17 "Insurance contracts" was issued by the IASB on May 18, 2017 and will replace IFRS 4 "Insurance contracts". The standard was initially to become effective from January 1, 2021 with comparative information at January 1, 2020, but it will now come into force on January 1, 2023. During its meeting of March 17, 2020, the IASB decided to delay application by two years, due to the need to clarify certain structural points of the standard. It was also decided to align the expiry date of the temporary exemption from IFRS 9 for insurers with the application of IFRS 17 on January 1, 2023. An amendment comprising improvements for the application of IFRS 17 was issued on June 25, 2020. Commission regulation (EU) 2020/2097 of December 15, 2020 adopted the amendments to IFRS 4 concerning the extension of the exemption period for the application of IFRS 9 for all insurance companies.

Commission regulation (EU) 2021/2036 of November 19, 2021 adopted IFRS 17 and provides for the possibility of exempting inter-generationally mutualized and cash-flow matched contracts from the annual cohort requirement of IFRS 17. On December 9, 2021, the IASB issued an amendment to IFRS 17 that allows insurers to use IFRS 9 to present all financial assets held at January 1, 2022 in their comparative information, during the joint application of IFRS 17 and IFRS

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9 in 2023. This amendment was adopted by Commission regulation (EU) 2022/1491 of September 8, 2022. BPCE Assurances plans to apply this option and also to apply IFRS 9 rules for impairment due to credit risk on financial assets eligible for its 2022 comparative information.

IFRS 17 alters the principles for the recognition, valuation, presentation and disclosure on contracts that fall within its scope of application.

Scope of application

The scope of application of IFRS 17 is similar to that for IFRS 4.

IFRS 17 will apply to:

- Issued insurance contracts, including reinsurance contracts;
- Ceded reinsurance contracts;
- Investment contracts with discretionary participation features, provided the entity also issues insurance contracts.

BPCE Assurances is concerned by these three categories of contract.

Valuation models

Insurance liabilities are currently valued under IFRS 4 (which allows for commitments to continue to be valued according to French consolidation rules, except in the case of specific measures introduced by IFRS 4, such as those concerning shadow accounting, the liability adequacy test and the equalization reserve), but these will have to be recorded at their present value on the application of IFRS 17.

General model (BBA)

Insurance liabilities will henceforth be valued according to a "building blocks approach" (general model – BBA), which will apply by default to all contracts within the scope of IFRS 17. This approach requires underwriting reserves to be valued on the basis of the following three blocks:

- A first block equal to the present value of estimated future cash flows – Best Estimate (BE);
- An adjustment for non-financial risk, in order to take account of the uncertainty related to these estimated future cash flows;
- A "contractual service margin" (CSM).

In BPCE Assurances' consolidated financial statements, this model will be used for direct business, notably for payment protection contracts and multi-year individual personal protection contracts (excluding funeral expenses contracts). It will also be employed for the main reinsurance treaties accepted for investment-pension business.

The Best Estimate equates to the present value at each balance sheet date of the estimated future cash flows on contracts to be received and paid within a time-horizon defined according to the requirements of IFRS 17, weighted for the probability of these cash flows materializing. These flows are discounted using discount rates calculated according to the methods presented below. The carrying amount of the Best Estimate breaks down into a liability (or an asset) related to the remaining coverage period and a liability related to incurred claims.

The adjustment for non-financial risk recognizes the uncertainty related to the estimated future cash flows included in the Best Estimate. It is also measured at each balance sheet date. The level of this adjustment is not specified by the standard.

BPCE Assurances has defined its own methodologies for the adjustment for non-financial risk based on categories of insurance liabilities that present different risks. The adjustment for non-financial risk on liabilities related to the remaining coverage period is based on a Value-at-Risk methodology, which capitalizes on the prudential requirements framework, with a multi-year vision of risk. Intra-entity diversification is also taken into account (although the benefits of diversification between the group's entities are not factored in). The adjustment for non-financial risk on liabilities related to incurred claims is based on BPCE Assurances' risk appetite and equates to a level of uncertainty determined by actuarial calculation methods.

The CSM represents, at the time of subscription, the margin that the group expects to earn, this being measured for each group of insurance contracts. It is calculated at the contract subscription date then adjusted over time, notably to take into account any changes in non-financial assumptions. It is recognized in the balance sheet, then taken to the P&L progressively over the residual duration of coverage for the contracts concerned. In the event that a loss is expected, the loss is not reflected in a negative CSM, but is immediately taken to the P&L. The part of the CSM representing the service provided over the period is allocated to the P&L on the basis of coverage units, which are representative of the duration of contract coverage, the quantity of services provided and the service provided by BPCE Assurances to insurees. In the general model, coverage units for payment protection contracts are defined on the basis of the outstanding principal.

The discount rates applied to estimated future cash flows must reflect the time-value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts, and they must also be consistent with observable current market prices. In the general model, the Best Estimate and the adjustment for non-financial risk are measured on the basis of current rates (at balance sheet date), whereas the CSM continues to be calculated on the basis of discount rates determined at the initial recognition date of the group of contracts. BPCE Assurances adopts a bottom-up method to determine discount rates, by using a risk-free yield curve plus an illiquidity premium, which depends on the characteristics and the liquidity of the insurance contracts concerned. The risk-free yield curve used is adapted from the yield curve applicable for the purposes of fulfilling regulatory requirements (the adaptations principally concern liquidity parameters and extrapolation from the last liquid point). For multi-year personal protection and payment protection contracts, discount rates are based on the risk-free yield curve.

For portfolios eligible for the BBA model, IFRS 17 offers the possibility of applying the disaggregation option, which allows for insurance financial income and financial expenses over the period to be broken down between the P&L and shareholders' equity. BPCE Assurances decided to apply this option.

Variable Fee Approach (VFA)

A Variable Fee Approach (VFA) is mandatory for contracts with direct participation features, i.e. those that fulfil the following three criteria:

- The contractual clauses specify that the policyholder is entitled to a share of a specified portfolio of underlying items;
- The insurer intends to pay the insuree an amount equal to a significant portion of the fair value of the returns on the specified portfolio of underlying items;
- A significant portion of the benefits that the insurer expects

to pay to the insuree vary with the fair value of the specified portfolio of underlying items.

In BPCE Assurances' consolidated financial statements, this model will be employed for direct business in order to value investment and pension contracts as well as funeral expenses contracts.

For contracts with direct participation features, the service provided to the insuree is that provided for the management of the underlying items on the insuree's behalf (since the insuree receives a substantial share of this portfolio of underlying items). The cash flows generated by these contracts vary according to the performance of the underlying items. Consequently, an increase in the value of the underlying items increases the valuation of the contracts. Conversely, a decrease in the value of the underlying items decreases the valuation of the contracts.

The VFA approach consequently replaces the shadow accounting approach introduced by IFRS 4. Remember that under shadow accounting principles, the provision for deferred policyholder bonuses is adjusted to recognize policyholders' entitlement to unrealized capital gains or losses on investments in financial instruments measured at fair value under IAS 39.

The main differences between the two methods stems from IFRS 17's recognition of unrealized capital gains or losses on the underlying items in the valuation of insurance contracts, including for those not measured at fair value under IFRS. In addition, the share of unrealized capital gains attributable to the insurer is no longer shown in shareholders' equity, but is recorded in the CSM for the part not yet taken to the P&L.

In BPCE Assurances' consolidated financial statements, the majority of financial assets underlying VFA contracts will be measured at fair value through profit & loss or through shareholders' equity under IFRS 9. Most investment property assets are also measured at fair value through profit & loss, as permitted by IAS 40. In order to avoid accounting discrepancies between recognition in P&L of the effects of IFRS 17, IFRS 9 and IAS 40, the standard offers the possibility of applying the disaggregation option. For contracts with direct participation features, this option allows for the possibility of recording in the insurance financial expenses line an equal but opposite amount to the amount of financial income generated by the underlying items. The residual financial expense is taken directly to shareholders' equity. BPCE Assurances has decided to apply this option.

Adaptations relative to the provisions of the general model were retained concerning coverage units and the yield curve for contracts eligible for the VFA model. Consequently, the coverage units retained in the VFA model are based on variations in the asset values of insurees' investment contracts, adjusted to take account of the difference between the rate of return on the assets attributable to the contracts (in the real world) and that calculated in actuarial models (neutral risk). The yield curve is based on the same methodology as that used in the general model, with the addition of an illiquidity premium determined according to the nature of the financial assets underlying the contracts eligible for this model.

Premium Allocation Approach (PAA)

Lastly, the general model is rounded out by a simpler optional model which is based on the "Premium Allocation Approach" (PAA). It is applicable to:

- All contracts, excluding those with direct participation features, given that this method produces a result close to that of the general approach;
- Contracts with short coverage periods (i.e. less than 12 months).

In BPCE Assurances' consolidated financial statements, this model will be employed for direct business for annual individual personal protection contracts and for all property & casualty contracts (fire, accident and miscellaneous risks).

The initial liability recognized in respect of future coverage is equal to the premiums received (consequently, no CSM is recorded). The premiums are then staggered and recorded in the P&L according to the passage of time. Accrued acquisition costs can be recorded immediately in expenses when they arise or progressively over the coverage period. In the PAA model, the liability for claims incurred but not yet paid and for groups of loss-making contracts nevertheless continues to be measured according to the general model. Under this model, liabilities are only discounted if the effect of the passage of time is significant, notably concerning provisions for incurred claims (Best Estimate and Adjustment for non-financial risk). The main differences anticipated between the PAA model and IFRS 4 therefore concern provisions for incurred claims, primarily due to recognition of the effect of the passage of time.

For portfolios eligible for the PAA model, IFRS 17 offers the possibility of applying the disaggregation option, which allows for insurance financial income and financial expenses over the period to be broken down between the P&L and shareholders' equity. BPCE Assurances decided to apply this option

Level of contract aggregation

IFRS 17 defines the level of contract aggregation (groups of contracts) to be used to measure the liabilities and the profitability of insurance contracts.

The first stage involves identifying portfolios of insurance contracts, i.e. contracts subject to similar risks and managed together.

Each portfolio is then divided into three groups:

- Contracts that are loss-making (onerous) right from initial recognition;
- Contracts that on initial recognition have no significant possibility of becoming loss-making;
- And other contracts in the overall portfolio.

Lastly, the standard as published by the IASB introduces the principle of "annual cohorts" which prohibits contracts issued more than one year apart from being included in the same group of contracts. Nevertheless, the standard adopted by the European Union provides for an optional exception to this rule for the following contracts:

- Groups of insurance contracts with direct participation features and groups of investment contracts with discretionary participation features whose cash flows have an impact on the cash flows destined for holders of other contracts, or which are impacted by these flows;
- Groups of insurance contracts that are managed over several generations of contracts and fulfil certain conditions and for which the application of a matching adjustment has been approved by the supervisory authorities.

This exception will be re-examined at the end of 2027, based on the IASB's review of the implementation of IFRS 17.

BPCE Assurances will apply the optional exemption from applying annual cohorts for investment-pension contracts and for funeral expenses contracts.

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BPCE Assurances' method of classifying portfolios is consistent with that used for the purposes of fulfilling regulatory requirements. Aggregation according to similar levels of profitability was performed following analyses conducted on the basis of internally-available information and criteria, such as products, contracts and insurees.

Specific provisions for ceded reinsurance treaties

IFRS 17 requires direct insurance contracts (and reinsurance treaties accepted (issued)) to be analyzed, measured and recognized differently from reinsurance treaties ceded (held). With the VFA model not being applicable to reinsurance treaties, the general model and the PAA model are the only ones that can be applied. Concerning ceded reinsurance treaties, the CSM may represent a reinsurance cost or gain (consequently, the measures related to loss-making contracts do not apply in the case of ceded reinsurance treaties). The provisions related to the level of contract aggregation are the same as those applicable to direct insurance contracts.

BPCE Assurances' reinsurance treaties were measured according to the general model or the PAA model, depending on the time-horizon determined by IFRS 17. Ceded reinsurance treaties for the property & casualty activity are all measured according to the PAA model, in line with the choices made in respect of insurance contracts (and accepted reinsurance contracts).

For ceded reinsurance treaties, IFRS 17 offers the possibility of applying the disaggregation option, which allows for financial income and financial expenses from ceded reinsurance contracts over the period to be broken down between the P&L and shareholders' equity. BPCE Assurances decided to apply this option for certain treaties.

Approach to transition date

IFRS 17 will be applied retrospectively. In-force insurance contracts will be re-measured at transition date according to the three methods below:

Full Retrospective Approach (FRA)

The Full Retrospective Approach (FRA) involves defining, recording and measuring each group of insurance contracts as if IFRS 17 had always been applied right from initial recognition date.

If it is not possible to apply this method based on available data, the following two methods may be used:

Modified Retrospective Approach (MRA)

The Modified Retrospective Approach (MRA) remains a retrospective approach that is intended to be similar to the FRA, but with certain simplified calculations.

Fair Value Approach (FVA)

The Fair Value Approach (FVA) is based solely on data available at transition date without modeling past financial flows.

In the Fair Value Approach, the Contractual Service Margin is calculated on transition date as the difference between the fair value of the group of insurance contracts at that date and the fulfilment cash flows computed at the same date.

In view of operational constraints (data availability, for example), BPCE Assurances primarily applied the modified retrospective and fair value approaches in order to measure insurance liabilities at transaction date.

The simplifications retained for application of the modified retrospective approach primarily concern the level of contact aggregation, past cash flows and discount rates.

Expected impacts – Presentation of financial statements

IFRS 17 introduces new requirements in terms of the presentation of financial statements compared to IFRS 4.

Presentation of the income statement

IFRS 17 introduces the presentation of new aggregates in the income statement, notably the distinction between the result on insurance contracts (and accepted reinsurance) and financial expenses on insurance contracts (and accepted reinsurance).

The result on insurance contracts (including accepted reinsurance contracts) will group together income (revenue) from issued insurance contracts (release of benefits and expenses estimated over the period (excluding investment components), variation in the adjustment for non-financial risk, amortization of the contractual service margin on services provided, amortization of acquisition cash flows) and expenses on insurance contracts issued (incurred benefits and expenses (excluding reimbursements of investment components), recognition and reversal of the onerous component, amortization of acquisition costs).

The investment component will therefore be excluded from the income statement. This essentially concerns contracts valued under the Variable Fee Approach in BPCE Assurances' consolidated financial statements.

Only expenses directly related to the fulfilment of insurance contracts will be included in the new aggregates required by IFRS 17.

New aggregates related to insurance financial expenses (including accepted reinsurance contracts) will also be presented. These include financial expenses related to the effect of the passage of time as well as variations in discount rates.

These aggregates must also be presented separately for ceded reinsurance treaties.

Presentation of the balance sheet

In the balance sheet, commitments related to IFRS 17 contracts will be presented according to the carrying amount of the asset or liability recognized on IFRS 17 portfolios and the category of contracts (carrying amount of IFRS 17 portfolios for direct insurance contracts and accepted reinsurance treaties presented separately to that for ceded reinsurance treaties).

The carrying amount of commitments related to IFRS 17 contracts will also include receivables and payables related to insurance operations and ceded reinsurance (currently presented separately under IFRS 4).

Presentation of the notes

The notes currently presented under IFRS 4 will be very largely modified to comply with the new quantitative and qualitative requirements of IFRS 17.

IFRS 9. Financial instruments

IFRS 9 defines new rules for classifying and measuring financial assets and liabilities, the new model for impairment of financial assets due to credit risk, and the treatment of hedging transactions, except for macro-hedges.

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The following treatments will apply to fiscal years opened as from January 1, 2023 and will supersede the accounting principles currently applied for the recognition of financial instruments (IAS 39). A restatement will be prepared to provide comparative information.

Classification and measurement

IFRS 9 classifies assets into three categories according to their type:

• Equity instruments are measured at fair value through profit & loss, unless use is made at acquisition of the option to classify them at fair value through other comprehensive income without recycling to profit & loss (no recycling of realized gains or losses to income);

• Shares in funds are measured at fair value through profit & loss;

• Debt instruments are measured according to their business model and their contractual characteristics.

Business Model

The entity's business model represents the way in which it manages its financial assets in order to generate cash flows. The entity needs to exercise judgement in determining the nature of its business model. It does this by taking account of all information regarding the way in which cash flows were generated in the past, as well as all other relevant information.

In addition, the business model must be determined at a level that reflects the way in which groups of financial assets are managed together for the purposes of attaining the given economic objective. The business model is not therefore determined instrument by instrument, but at a higher level of grouping, by portfolio.

The standard provides for three business models:

• A business model aimed at holding assets in order to collect contractual cash flows ("hold to collect"),

• A business model aimed both at collecting contractual cash flows and selling assets ("hold to collect and sell"),

• A business model specific to other financial assets.

Characteristic of contractual flows: determination of their basic character (Solely Payments of Principal and Interest, SPPI)

A financial asset is deemed to be "basic" if its contractual terms give rise to cash flows at specified dates that correspond solely to payments of principal and of interest calculated on the outstanding principal.

The "principal" is defined as the fair value of the financial asset at its acquisition date.

The interest represents the counterpart of the time-value of the money and the credit risk associated with the principal, but also other risks such as liquidity risks, administrative costs and the profit margin. To assess whether the contractual cash flows are solely payments of principal and interest, the contractual terms of the instrument need to be considered. This implies analyzing all elements that could undermine the exclusive representation of the time-value of money.

Accounting categories

Debt instruments (loans, receivables or debt securities) may be measured at amortized cost, at fair value through other comprehensive income recyclable to profit & loss or at fair value through profit & loss.

A debt instrument is measured at amortized cost if it fulfills the following two conditions:

• The asset is held as part of a business model aimed at collecting contractual cash flows, and

• The financial asset's contractual terms define it as basic (SPPI) according to the terms of the standard.

A debt instrument is only measured at fair value through profit & loss if it fulfills the following two conditions:

• The asset is held as part of a business model aimed both at collecting contractual cash flows and selling financial assets, and

• The financial asset's contractual terms define it as basic (SPPI) according to the terms of the standard.

Equity instruments are measured by default at fair value through profit & loss, except in the case of an irrevocable option to measure at fair value through other comprehensive income with no recycling through profit & loss (without subsequent reclassification in income).

All other financial assets are classified at fair value through profit & loss. The fair value through profit & loss option is only applied for financial assets if it eliminates or significantly reduces mismatches arising from accounting treatment. This option permits the elimination of distortions arising from the application of different valuation rules to instruments managed according to the same strategy.

Embedded derivatives are no longer recorded separately from their host contracts when the latter are financial assets, with the result that all of the hybrid instrument must henceforth be measured at fair value through profit & loss when it does not have the quality of basic debt.

Concerning financial liabilities, IAS 39's classification and measurement rules are identical to those of IFRS 9, except for those applicable to financial liabilities that the entity has chosen to measure at fair value through profit & loss (fair value option), for which valuation differences linked to own credit risk are recorded in gains and losses taken directly to shareholders' equity without subsequent reclassification in income.

IAS 39's provisions regarding de-recognition of financial assets and liabilities are identical to those of IFRS 9.

Impairment

Expected credit losses are represented by impairments on assets at amortized cost and in other comprehensive income recyclable to profit & loss, and provisions on financing and guarantee commitments.

On initial recognition, the financial instruments concerned are subject to an impairment or a provision for expected credit losses (ECL).

When the financial instruments do not show any objective indications of losses on an individual basis, impairments or provisions for expected credit losses are computed from historic losses and reasonable and justifiable forecasts of discounted future cash flows.

The financial instruments are divided into three categories (buckets) according to the deterioration in credit risk observed

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since initial recognition. A specific method for measuring credit risk is used for each category of loan:

Bucket 1 (B1)

• These are performing loans for which there has been no significant increase in credit risk since the financial instrument's initial recognition;

• The impairment or provision for credit risk corresponds to 12-month expected credit losses.

Bucket 2 (B2)

• Performing loans for which a significant increase in credit risk has been observed since the financial instrument's initial recognition, are transferred to this category;

• The impairment or provision for credit risk is then determined on the basis of the credit losses expected over the financial instrument's residual life (expected credit losses at maturity).

Bucket 3 (B3)

• These are loans for which there is an objective indication of a loss of value linked to an event that denotes a proven credit risk and which occurs after initial recognition of the instrument concerned. The criteria for identifying impaired assets are similar to those in IAS 39 and are aligned on that of default;

• The impairment or provision for credit risk corresponds to an individualized estimate of the provision for proven risk, in accordance with the methodology applied to loans in default in IAS 39.

Significant increase in credit risk

The deterioration is assessed by comparing ratings on the initial recognition date with those at reporting date.

The significant increase in credit risk is calculated for each individual instrument based on indicators and thresholds that vary according to the type of exposure and the type of counterparty.

The standard considers that a financial instrument's credit risk has not increased significantly since initial recognition date if this risk is considered low at reporting date. This measure will be applied for certain types of debt rated "investment grade".

The methodology for calculating impairments will be based on the three main parameters:

• probability of default (PD);

• loss given default (LGD);

• exposure at default (EAD).

Impairments will be the product of multiplying PD by LGD and EAD, over the instrument's lifetime (Bucket 2) or over one year (Bucket 1). These impairments will be calculated by taking into account a discount factor at reporting date, based on the effective interest rate or an approximation of it.

The amount of expected credit losses is calculated on the basis of an average ECL for different scenarios weighted according to the probability of these scenarios occurring.

Hedging

Similarly to Groupe BPCE, BPCE Assurances has chosen the option offered by IFRS 9, and adopted by the European Union, to not apply the standard's provisions related to hedge accounting and thus to continue to apply IAS 39.

Implementation of IFRS 9

Most financial assets measured at fair value under IAS 39 (assets classified as available-for-sale financial assets or financial assets measured at fair value through profit & loss), will continue to be measured at fair value under IFRS 9.

The main reclassifications concerning financial investments will be as follows:

• Under IAS 39, certain debt securities (bonds) are measured at amortized cost because they are held to maturity. During the review of the business model associated with these securities for the initial application of IFRS 9, they will be reclassified as instruments measured at fair value through other comprehensive income, insofar as they are associated with a mixed business model aimed at collecting cash flows and selling the bonds,

• Shares in investment funds or venture capital funds qualified as equity instruments and classified in "Available-for-sale assets" under IAS 39, will be measured under IFRS 9 at fair value through profit & loss due to their debt instrument nature and the characteristics of their contractual cash flows which do no not represent solely payments of principal and interest on the principal,

• Equities classified as available-for-sale financial assets under IAS 39, will be classified by default at fair value through profit & loss under IFRS 9. When BPCE Assurances has made an individual irrevocable choice in this respect, the securities will be classified at fair value through other comprehensive income non-recyclable to profit & loss.

Quantitative impacts (IFRS 17 and IFRS 9)

At January 1, 2022, the impact of the initial application of IFRS 17 and IFRS 9 on BPCE Assurances' consolidated shareholders' equity (group share) was approximately -€500 million. The CSM at January 1, 2022 was around €2.9 billion.

Amendment to IAS 1 "Presentation of financial statements" - Disclosure of accounting policies

This amendment, applicable to fiscal years opened as from January 1, 2023, seeks to make it easier to identify information relating to accounting methods that it is useful to disclose to users of financial statements. It is now required to disclose information on material accounting policies instead of on significant accounting policies. No impact is expected on BPCE Assurances' financial statements.

Amendment to IAS 8 "Accounting methods, changes in accounting estimates and errors – Definition of accounting estimates"

This amendment, applicable to fiscal years opened as from January 1, 2023, specifies the distinction between accounting methods and accounting estimates by providing a new definition for the latter. According to this new definition,

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accounting estimates concern monetary amounts in financial statements that are subject to measurement uncertainty. No impact is expected on BPCE Assurances' financial statements.

Amendment to IAS 12: Deferred tax related to assets and liabilities arising from a single transaction

The changes to IAS 12 "Income taxes" adopted by the European Union on August 11, 2022 is effective as from January 1, 2023. The changes specify and reduce the scope of the existing exemption offered by IAS 12. They notably concern lease contracts and de-commissioning obligations for which both an asset and a liability must be recorded and which will henceforth require recognition of deferred tax. Since the initial application date of IFRS 16, the group has not presented deferred tax at the initial recognition date of lease contracts, insofar as the asset value is equal to the liability value. The net temporary differences subsequently resulting from variations in the amounts recognized for right-of-use and lease liabilities lead to recognition of deferred tax. These amendments do not therefore have any effect on BPCE Assurances' consolidated financial statements.

3. Consolidation methods and scope

3.1. CONSOLIDATION METHODS

Consolidation and equity-method accounting

The consolidation methods used are:

- full consolidation of controlled entities, within the meaning of IFRS 10;
- recognition of assets and liabilities for joint operations, within the meaning of IFRS 11;
- equity method accounting for joint ventures, within the meaning of IFRS 11 and in accordance with IAS 28;
- equity method accounting for associated companies under notable influence, within the meaning of IAS 28.

The full consolidation method involves replacing the carrying amount of the shareholding with the value of each of the components of the subsidiary's assets and liabilities. The part not giving control over the subsidiary's equity and income is presented separately in the balance sheet and the income statement under Minority interests.

The equity method involves replacing the carrying amount of the shareholding in the owner's books with BPCE Assurances' share in the entity's equity and income. The securities are recorded for this reassessed value in consolidated balance sheet assets under Investments in affiliates. The difference between the historic cost of the securities and their reassessed value is recorded in balance sheet liabilities under Shareholders' equity (group share) and in the income statement under Share in income of associates.

Reciprocal transactions

Reciprocal transactions between fully-consolidated companies are eliminated and notably include the following:

- intra-group dividends received;
- capital gains or losses on consolidated UCITS;
- acceptances, cessions and retrocessions in reinsurance;
- intra-group receivables, payables and provisions, as well as reciprocal income and expenses.

Foreign-currency translation of the financial statements of foreign subsidiaries and affiliates

Consolidated companies keep all their statements in euros, with the exception of ADIR, which is accounted for by the equity method and keeps its statements in Lebanese pounds.

In accordance with IAS 21, the financial statements are translated from the functional currency to the presentation currency according to the closing price method. Translation differences are taken to equity.

Consolidation of structured entities

IFRS 10 defines a single control model applicable to all entities, whether structured or not. The control of an entity must now be analyzed using three cumulative criteria: influence over relevant activities of the entity, exposure to the entity's variable returns and the ability to influence variable returns obtained by the entity.

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3.2. CONSOLIDATION SCOPE

Entity	Method	Head office	12/2022		12/2021		Consolidation/ deconsolidation date
			% controlled	% interest	% controlled	% interest	
Full consolidation (FC)							
BPCE Vie	FC	7, promenade Germaine Sablon, 75013 Paris	100%	100%	100%	100%	1997
BPCE Prévoyance	Deconsol.		0%	0%	100%	100%	2022
BPCE Assurances IARD	FC	7, promenade Germaine Sablon, 75013 Paris	100%	100%	100%	100%	2014
BPCE Life	FC	51, avenue J.F. Kennedy, L-1855 Luxembourg, Luxembourg	100%	100%	100%	100%	1998
BPCE APS	FC	88, avenue de France, 75013 Paris	53%	53%	53%	53%	2014
GIE BPCE Relations Assurances	FC	7, promenade Germaine Sablon, 75013 Paris	100%	100%	100%	100%	2015
SCI Fructifoncier	FC	43, avenue Pierre Mendès France, 75013 Paris	100%	100%	100%	100%	2004
SPPICAV Nami Investment	FC	43, avenue Pierre Mendès France, 75013 Paris	100%	100%	100%	100%	2009
FCP Réaumur Actions	FC	43, avenue Pierre Mendès France, 75013 Paris	100%	100%	100%	100%	2005
FCT TULIP NOTE	FC	12, rue James Watt, 93200 Saint-Denis	100%	100%	100%	100%	2018
FCT NA F ECO IMM II	FC	12, rue James Watt, 93200 Saint-Denis	100%	100%	100%	100%	2019
Equity method (EM)							
BPCE IARD	EM	Chaban de Chauray, 79000 Niort Cedex	50%	50%	50%	50%	1997
Adir	EM	Banque Byblos, avenue Elias Sarkis, Beirut, Lebanon	34%	34%	34%	34%	2001
Ecureuil Vie Développement	EM	Héron Building, 66, avenue du Maine, 75014 Paris	51%	51%	51%	51%	2015
SCI DUO PARIS	EM	28-32, avenue Victor Hugo, 75016 Paris	50%	50%	50%	50%	2017

On January 1, 2022, Natixis transferred its shares in the NA holding company (formerly Natixis Assurances and renamed NA on March 22, 2022) to the new holding company and head of group, BPCE Assurances. The latter henceforth owns 100% of NA and is the new head of the consolidation group (see Significant events of 2022).

BPCE Prévoyance was the subject of a legal demerger with retroactive effect on January 1, 2022. This transaction saw BPCE Prévoyance transferred to BPCE Vie and BPCE Assurances IARD, with 54.2% of its net equity being transferred to BPCE Vie and 45.8% to BPCE Assurances IARD.

3.3. COMPANIES EXCLUDED FROM THE CONSOLIDATION SCOPE

UCITS and real-estate long-term investment holdings

As a first approach, the criterion used for including UCITS and real-estate long-term investment holdings in the scope of consolidation is as follows:

- according to IFRS 10 and IFRS 11, control over a fund is deemed to exist when BPCE Assurances has the ability to influence the fund's returns due to its power over the entity. Only substantial rights, that is when BPCE Assurances has the practical ability to exercise them, are taken into account;
- balance sheet total or net equity of the UCITS exceeds 0.5% of BPCE Assurances' investments;
- the total of entities excluded from the scope does not exceed 5% of total investments.

3.4. NON-CONSOLIDATED ENTITIES

The following list presents BPCE Assurances' non-consolidated entities. Investment vehicles whose net equity is higher than 0.5% of the total value of BPCE Assurances' investments - €481 million at December 31, 2022 – and in which BPCE Assurances owns more than a 25% interest, are presented in the table below:

Entity	% ownership 2022	Head office	Consolidation/deconsolidation date
NATIXIS IONIS	100%	43, avenue Pierre Mendès France, 75013 Paris	Control over fund or entity not established
SCPI ATLANTIQUE MUR RÉGIONS	84%	2, Rue Françoise Sagan, 44800 Saint-Herblain	Control over fund or entity not established
SELECTIZ	60%	43, avenue Pierre Mendès France, 75013 Paris	Control over fund or entity not established
OPCI FRANCE EUROP IMMO P	68%	43, avenue Pierre Mendès France, 75013 Paris	Control over fund or entity not established
SELECTIZ PLUS	58%	43, avenue Pierre Mendès France, 75013 Paris	Control over fund or entity not established
SCPI IMMO ÉVOLUTIF	37%	43, avenue Pierre Mendès France, 75013 Paris	Control over fund or entity not established
ALLOCATION PILOTÉE ÉQUILIBRE	49%	43, avenue Pierre Mendès France, 75013 Paris	Control over fund or entity not established
AAA ACTIONS AGR ALIMENTAIRE	42%	43, avenue Pierre Mendès France, 75013 Paris	Control over fund or entity not established
VEGA EUROPE CONVICTIONS	34%	115, rue Montmartre, 75002 Paris	Control over fund or entity not established
MIROVA EUROPE ENVIRONNEMENT C	42%	59, avenue Pierre Mendès France, 75013 Paris	Control over fund or entity not established
DNCA INVEST NORDEN	38%	19, place Vendôme, 75001 Paris	Control over fund or entity not established
VEGA EURO RENDEMENT FCP	38%	115, rue Montmartre, 75002 Paris	Control over fund or entity not established

3.5. NON-CONSOLIDATED LONG-TERM INVESTMENT HOLDINGS

Non-consolidated long-term investment holdings at December 31, 2022 were as follows:

Entity	% ownership 2022	Head office	Consolidation/deconsolidation date
SCI FONCIÈRE 2	100%	43, avenue Pierre Mendès France, 75013 Paris	Materiality threshold not reached
AEDIFEX LIFE	100%	Avenue du Port 86C/320, 1000 Bruxelles, Belgique	Materiality threshold not reached
SCI FLI	7%	43, avenue Pierre Mendès France, 75013 Paris	Control over fund or entity not established
INTER MUTUELLE ASSISTANCE	2%	118, avenue de Paris, 79000 Niort	Control over fund or entity not established
SURASSUR	1%	534, rue de Neudorf, 2015 Luxembourg, Luxembourg	Control over fund or entity not established

3.6. SIGNIFICANT MINORITY INTERESTS HELD IN GROUP SUBSIDIARIES

BPCE Assurances did not have any significant minority interests at December 31, 2022.

3.7. INTERESTS HELD IN AFFILIATES

The BPCE IARD, Adir and Ecureuil Vie Développement affiliates, which are accounted for by the equity method, impacted BPCE Assurances' consolidated financial statements by €54 million in balance sheet terms (Investments in affiliates) and -€0.7 million in net income terms.

The real-estate trust SCI Tour Duo is also accounted by the equity method, but is recognized in the Investment property section as an investment related to the insurance business. It impacted BPCE Assurances' consolidated financial statements by €99 million in balance sheet terms and did not have any meaningful impact in net income terms.

The financial information on affiliates is presented below:

Financial information on companies accounted for by the equity method (in € thousands)	12/31/2022				12/31/2021	Change
	Value of equity accounted shares	Balance sheet total	Revenues	Net income	Value of equity accounted shares	Value of equity accounted shares
BPCE IARD	53,468	1,122,058	482,267	812	95,379	(41,912)
Adir*	0	272,194	37,142	-	-	-
Ecureuil Vie Développement	149	23,453	-	20	139	10
TOTAL VALUE OF EQUITY-ACCOUNTED COMPANIES	**53,616**				**95,518**	**(41,901)**
SCI DUO PARIS	99,235	735,758	-	12,591	98 874	361
TOTAL VALUE OF EQUITY-ACCOUNTED INVESTMENT PROPERTY	**99,235**				**98,874**	**361**

**Adir's data corresponds to the latest financial data received as of December 31, 2021.*

3.8. INTERESTS HELD IN NON-CONSOLIDATED STRUCTURED ENTITIES

The non-consolidated structured entities held by BPCE Assurances are all investment vehicles backing underwriting commitments or shareholders' equity.

The table below presents the carrying amount of BPCE Assurances' interests in non-consolidated structured entities, as well as the maximum exposure to the risk of loss attributable to these interests. Maximum exposure to risk of loss corresponds to the cumulative amount of the interests recorded in balance sheet assets plus commitments given. The size of the structured entities corresponds to the total issues of securitization vehicles recorded in balance sheet liabilities plus the net asset value of investment funds.

(in € millions)	Securitizations	Asset Management
Financial assets at FV through profit and loss (incl. unit-linked contracts)	0	11,668
Available-for-sale financial assets	505	5,180
Loans and receivables	0	0
Total Assets	**505**	**16,847**
Financing commitments given	499	364
Maximum exposure to risk of loss	**1,005**	**17,212**
Size of structured entities	**4,898**	**176,091**

3.9. FINANCIAL SUPPORT FOR STRUCTURED ENTITIES

BPCE Assurances did not grant any financial support to consolidated or non-consolidated structured entities in conditions of financial difficulty.

4. Accounting principles and methods

4.1. USE OF ESTIMATES AND ASSUMPTIONS IN PREPARING THE FINANCIAL STATEMENTS

Preparation of the financial statements requires certain estimates and assumptions; it also calls for the use of judgment in applying the accounting principles described hereafter. The main balance sheet items concerned are goodwill (tested for impairment), financial instruments measured at fair value not listed on an active market, liabilities related to insurance policies and financial contracts, deferred policyholder bonuses assets (tested for recoverability), contingency provisions, notably for employee benefit commitments, and deferred tax assets.

The associated estimates and assumptions are mainly determined based on past experience, regulations, and the usual actuarial principles; they are subject to sensitivity analyses where required by standards or where doing so enables BPCE Assurances to exercise its judgment. These estimates and assumptions are regularly re-examined.

4.2. BALANCE SHEET

4.2.1. GOODWILL

Goodwill is not amortized. Pursuant to IAS 36, it is tested for impairment where there is objective evidence of loss of value and at least once a year, at a date close to the annual closing date, with a provision being set aside if necessary. At December 31, 2022, the €1.2 million of goodwill on BPCE Life was subject to a 100% write-off following the impairment test.

For the purposes of these impairment tests, each amount of goodwill is allocated to the different cash-generating units (CGU), defined as the smallest identifiable group of assets and liabilities functioning according to their own business model. In practice, BPCE Assurances employs an approach by legal entity.

During impairment tests, the carrying amount of each CGU, including the value of goodwill allocated to it, is compared to its recoverable value. The CGU's recoverable value is defined as the value in use, calculated as the present value of the CGU's estimated future cash flows, based on the medium term plans prepared for the purposes of managing the Insurance business. These tests are notably sensitive to the discount rate assumption. Concerning goodwill of entities acquired before January 1, 2004, the initial value retained under IFRS equates to the net carrying amount that they had under French GAAP at that date.

Treatment of goodwill related to equity-accounted entities

Pursuant to IAS 28.32 and IAS 28.42, goodwill related to an equity-accounted entity is not presented separately and cannot be subject to a separate impairment test. In this case, the entire carrying amount of the investment is tested as a single asset.

Treatment of goodwill related to jointly-controlled entities

In accordance with IAS 10 and the method applied by Groupe BPCE for business combinations placed under long-term joint control, goodwill related to the acquisition of these entities is booked against consolidated shareholders' equity.

4.2.2. Capitalization of IT developments

Internally developed software meeting the criteria defined by IAS 38 is capitalized. It is amortized over its useful life, which is determined on a case-by-case basis according to a selection process common to all Groupe BPCE companies. For the main software developments, this useful life usually ranges from 1 to 13 years.

Only expenses incurred during the development phase are capitalized, with the costs generated by the research phase recorded as expenses for the period.

Set-up costs are not capitalized and are directly expensed.

4.2.3. Investment property

In accordance with IAS 40.32A, BPCE Assurances opted for the fair value recognition of its investment property, with changes in the fair value of such property recognized in profit & loss. The investment property concerned is that of SCI Fructifoncier, SCI Duo Paris and SPPICAV Nami Investment. The real estate trust SCI Tour Duo, accounted for by the equity method, is also recorded in the Investment property line at amortized cost, as an investment related to the insurance business (see note 3.7)

4.2.4. Lease transactions

According to IFRS 16, the definition of lease contracts implies the identification of an asset and the lessee's control over the right of use on the asset concerned.

This control is established when the lessee holds the following two rights throughout the duration of use:

- the right to obtain virtually all the economic benefits arising from use of the asset;
- the right to decide the use of the asset.

For the lessee, IFRS 16 requires all leases consistent with the definition established by IFRS 16 to be recognized in the balance sheet in the form of a right of use on the leased asset, recognized in fixed assets, and a financial debt in respect of lease payments and other payments to be made during the course of the lease, recognized in liabilities.

BPCE Assurances makes use of the exceptions provided for in IFRS 16 by making no change to the accounting treatment of shorter-term leases (under 12 months) or leases concerning low-value underlying assets.

Determining the asset representing the right of use

On the commencement date of the lease, the asset associated with the right of use must be measured at cost.

This measurement comprises

- the initial amount of the leased asset;
- where applicable, the lease payments made on or before the lease commencement date, less lease incentives received;
- where applicable, the initial direct costs incurred by the lessee;

- an estimate of the costs that the lessee will incur for decommissioning and removing the underlying asset as well as for restoring the site or for returning the underlying asset in the condition demanded by the terms and conditions of the lease.

The value of the right of use is liable to be adjusted later on if the lease is amended, if the term of the lease is re-estimated or in order to take account of contractual changes in lease payments related to the application of indices or rates.

Term of the lease

The right of use is amortized on a straight-line basis and the financial debt is amortized on an actuarial basis over the term of the lease.

In accordance with IFRS 16, the term of the lease corresponds to the leasing period during which cancellation is not possible, plus, where appropriate, periods covered by an extension option if exercise of that option by the lessee is reasonably certain and periods covered by a termination option if exercise of that option by the lessee is not reasonably certain. In general, the term is 9 years for French-law 3/6/9-type property leases. It is specified that the lease is no longer enforceable when the lessee and the lessor each have the right to terminate without the other party's permission, while incurring only a negligible penalty for doing so.

The concept of "reasonably" certain is assessed by taking into account all relevant factors determining whether BPCE Assurances has an economic benefit in exercising an option or not, such as:

- the conditions of exercising these options with respect to market conditions;
- important building/remodeling work conducted in the leased premises;
- the costs associated with terminating the lease;
- the leased asset's importance for BPCE Assurances , taking into account its specific nature or location;
- historic data concerning renewals on similar assets, but also strategy regarding the future use of assets.

Determining lease debt

On the lease commencement date, the payments taken into account to calculate the lease debt comprise sums payable that are related to the right to use the underlying asset over the term of the lease. These payments exclude value-added tax and occupancy tax, as these taxes are included in the scope of application of the IFRIC 21 interpretation Levies charged by public entities or authorities, as well as property ownership tax and any insurance premiums re-invoiced by the lessor, as these represent variable lease payments (on condition that the amounts reimbursed are not contractually pre-determined).

According to IFRS 16, payments are discounted either at the lease's implicit rate or the lessee's incremental rate, this latter rate being that at which the lessee would have to borrow over a similar term and with similar security, the funds necessary to obtain an asset of a similar value in a similar economic environment. BPCE Assurances applies the incremental rate to payments on its leases.

Presentation

The interest expense related to financial debt and the amortization of the right of use are recorded in the income statement on the Financing costs line and the Other recurring operating income and expenses line. Rights of use are presented in the fixed asset lines of the consolidated balance sheet where assets of the same category owned on a freehold basis are recorded. Lease debt is taken to the Other financial debt line in consolidated balance sheet liabilities.

4.2.5. Financial investments

Classification of financial investments

The classification of investment securities can be summarized as follows:

- **Held-to-maturity assets (HTM):** fixed-rate government bonds, some fixed-rate bonds without embedded derivatives, in particular those whose credit risk was deemed low and with sensitivity exceeding 3.7. These assets are measured at amortized cost;
- **Available-for-sale assets (AFS):** some fixed-rate bonds without embedded derivatives, fixed-rate and fixed-plus-variable rate bonds, index-linked OATs (French treasuries), UCITS and SCPIs. These assets are measured at fair value, with the change in fair value over the period taken directly to shareholders' equity;
- **Assets held for trading purposes (trading):** money-market funds held for short-term cash management purposes; these assets are measured at fair value, with the change in fair value over the period taken directly to net income;
- **Assets under the fair value option (FVO):** financial instruments with embedded derivatives (convertible bonds, index-linked bonds and structured securities), as the embedded derivatives are not separated from the host contracts; these assets are measured at fair value, with the change in fair value over the period taken directly to net income;
- **Investments backing unit-linked policies:** in order to avoid any discrepancy between assets and liabilities, unit-linked assets and liabilities are measured under the fair value option.

Derivatives

Derivatives are classified as assets or liabilities under the fair value option. Their variations in value are taken to income, except in the case of hedging instruments designated as such and effective.

Hedge accounting

Derivatives designated as hedging instruments within the framework of hedging relationships are recognized according to IAS 39.

At the inception of the hedging relationship, BPCE Assurances documents its objectives and its strategy in terms of risk management, and formalizes the effectiveness of the hedge, as soon as it is in place and over the term of the hedge, by demonstrating the retrospective and prospective effectiveness of the hedging relationship.

BPCE Assurances held currency swap contracts for the purposes of hedging a dollar-denominated bond portfolio for a notional value of $987 million at year-end 2022. These derivative instruments are recognized according to cash-flow hedge accounting principles (see note 5.2.1):

- The effective part of variations in the fair value of the derivative is taken to shareholders' equity;
- The loss or gain relating to the ineffective part is immediately recognized in the income statement.

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Rules governing recognition in assets

The date of accounting recognition of financial instruments is the settlement date.

No transaction costs are directly incurred; the only costs re-invoiced by the asset manager are administrative costs. For bonds, the cost price recorded in the parent company financial statements is net of expenses; the actuarial rate at purchase used in the parent company financial statements is therefore unchanged under IFRS.

Securities lending and repos

Securities lent or lent under repurchase agreements are not de-recognized, as BPCE Assurances retains virtually all of the risks and advantages associated with them.

De-recognition

Financial investments are de-recognized when the contractual rights to the cash flows associated with the assets in question mature or are transferred or are considered to have been so because they belong de facto to one or more beneficiaries and when virtually all of the risks and benefits related to this financial asset are transferred.

Fundamental principles of investment valuation

The general principle is to use the bid price when this is available and relevant.

The fair value of investments is estimated on the basis of observable market data, while ensuring that all inputs used in the fair value calculation are consistent with the price that market participants would use in a transaction. This fair value equates to the bid price.

The bid price is obtained from:

• the quoted price when the instrument is traded on an active market;

• valuation techniques if the instrument is not traded on an active market.

The valuation of financial instruments is thus established by applying a process that combines, in order of preference:

• use of the last quoted price on a regulated market, where it is very recent (less than five days for fixed income securities, less than one day for virtually all equity securities) and corresponds to significant transactions on a sufficiently liquid market;

• use of databases (Reuters, Bloomberg, Fininfo, Market, etc.) widely used by market participants and institutional investors;

• use of counterparties to obtain a bid price;

• very infrequently, where there are no prices or quotes are not deemed relevant, recalculation of a valuation using observable market inputs (interest rates, volatility, etc.) or reconstituted inputs.

In practical terms, the valuation process is based on the joint contributions of:

• portfolio managers, the securities database department and the risk management department of the company holding the investment management mandate for the portfolios held;

• the company responsible for accounting and valuation for the mandate.

The sequence of operations is summarized as follows:

• valuation of fixed income securities taken from an independent pricing contributor (BVAL Cash, a Bloomberg service). This pricing source is alternatively backed by a secondary source, BGN[1] (also Bloomberg) and, where applicable, by the price contribution process maintained by Ostrum Asset Management;

• recovery of information used to validate the relevance of the prices used: asset swap spreads, CDS prices, where they exist, prices of the 2,000 securities comprising the Barclays index, etc.;

• where automatic prices are not recent enough (more than five days old), recovery of prices contributed by external counterparties on all available places of listing (regulated markets, trading platforms, ISMA reference prices, broker prices, etc.);

• verification of price relevance, under the authority of the asset management company's risk management department. The asset management company's pricing of bonds is based on:
- use of zero-coupon yield curves, reconstituted using quoted swaps and futures prices;
- establishment of an average spread matrix for each rating category using the above observed and reconstituted data;
- given the relative illiquidity observed for certain categories of securities, a fixed spread can be added to the model for prudential purposes;
- discounting of contractual cash flows, using the previously calculated inputs;

• comparison of prices entered by the portfolio managers against the prices calculated by the risk management department: the fair value of a security is validated by the risk management department if the difference in value observed on a given security is less than 5%. Otherwise, a comparison is made between the different available sources (asset swap spreads on the primary market, re-pricing on the secondary market, risk management valuation, prices estimated by market counterparties, etc.). For prudential reasons, no prices may be used without the validation of the risk management department, which may impose the prices it deems relevant in light of its own calculations.

Particular cases:

• structured securities: the price is usually obtained from the "structurer" and/or (re)calculated using pricing tools ("LexiFi"), based on the values of inputs provided by the counterparty or observed on the markets. This work is carried out by a portfolio management team focused on structured products, under similar conditions as those used by the risk management department for the countervaluation of conventional securities;

• unlisted investments such as FCPRs (venture capital funds), venture capital, private equity, securitization funds, etc.: given the nature of the underlying investments and the frequency of valuations (often quarterly), it is materially impossible to obtain a quoted price in real time. As a general rule, fair value is therefore the value provided by the fund manager at the end of the quarter preceding the balance sheet date. Additionally in 2022, following a recommendation by the Groupe BPCE Risk Department, an 8.5% haircut was applied to the valuation of funds classified for accounting purposes as FCPRs (venture capital funds), in order to reflect the current economic climate and the effects of the war in Ukraine (heavy pressure on commodity markets, higher inflation and lower economic activity);

[1] Bloomberg Generic (prices calculated by Bloomberg from contributor prices)

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- real estate: though ultimately always based on a value established in comparison with the market and/or on the estimated present value of future cash flows generated by the underlying assets, the price used as the realization value varies according to the legal nature of the instrument considered:
  - for SCPIs also open to individual investors, the value used is the value recognized during the last monthly "comparison" between buy and sell orders;
  - for instruments reserved for institutional investors or controlled by the company, fair value is the net asset value of the structure or the value calculated by one or more experts. This value is predominantly based on an appraisal of the properties held by the structures, in comparison with recent transactions on similar properties and/or the present value of the income generated by the properties;
- UCITS: fair value is always the last published net asset value.

Finally, despite all the due diligence procedures conducted in terms of valuation, it should be noted that valuations are only determined to establish an accurate picture of the Company's assets at the balance sheet date. Accordingly, the values used may differ significantly from the realization values obtained at a subsequent date, in the unlikely event that BPCE Assurances sells assets on a volatile and shallow market.

Investment management principles

The principles governing investments held by BPCE Assurances are described hereafter (see note 5.3 Financial risks).

Investments accepted as backing euro-denominated commitments (general fund)

a) Fixed income investments (bonds and negotiable debt securities)

General credit risk policy

Credit risk management is governed by the procedures and analysis capabilities of the Ostrum Asset Management credit research teams. Similarly, issuer limits are defined and monitored by Ostrum Asset Management's Risk Committee. Credit risk management is also framed by the broader credit risk management policy implemented by Groupe BPCE. Finally, the results of the research and analysis of company portfolios are periodically presented to BPCE Assurances' Credit Committee, which decides on guidelines and/or changes to be implemented in the interest of conservative management of the risks associated with the investments held.

Credit risk policy applied to bond investments is relatively conservative; purchases almost exclusively concern securities issued by issuers with a creditworthiness rating of at least BBB. The portfolio therefore holds few speculative grade (high yield) bonds (1% of total assets under management), i.e. with ratings ranging from CC (net assets of €401 million) to BB+.

At December 31, 2022, the breakdown of the portfolio was as follows:

Credit rating:

- securities rated between A and AAA comprised 65% of AuM;
- BBB-rated securities comprised 24% of AuM;
- securities rated below BBB comprised 1% of AuM;
- unrated securities comprised 9% of AuM.

Business sector

- 28% were securities issued by government, public or quasi-public issuers;
- 30% were securities issued by industrial or service sector issuers;
- 43% were securities issued by financial sector issuers (of which 63% were rated between A and AAA).

Securitizations and CLOs:

Under France's Decree No. 2013-717 of August 2, 2013, which now allows companies to invest in loans to unlisted companies and local authorities, BPCE Assurances has purchased units or debt securities issued by securitization funds for a total amount of €1.821 billion;

BPCE Assurances holds transferable securities classified as asset-backed securities of CLOs (residual gross cost price of €3 million at end-2022). These securities were purchased in 2008 at valuation levels conferring a high spread over risk-free returns. The high number of investment lines (19 at end-2022) comprising these assets as well as the sector and geographic diversification of this securitization portfolio (mainly European) are factors that help mitigate the risk associated with this portfolio, which was acquired with the intention of being held to maturity.

Exposure to banking and real estate risks

- exposure to real estate risk is predominantly indirect and usually secured by the legal nature of the securities held (*obligations foncières*, covered bonds, cedulas, pfandbriefe) and the resulting guarantees (existence of pools of guaranteed assets, over-coverage of commitments, etc.);
- direct exposure to the construction and real estate sector exists via securities issued by European companies predominantly invested in the commercial and office real estate sub-sector. Alternatively, it can exist via diversified groups operating notably in the field of infrastructure and concessions, whose risk profile has been deemed satisfactory;
- the large volume of securities issued by financial sector issuers (retail banks, savings banks, credit unions, refinancing structure, insurance and reinsurance companies, etc.) relative to the total volume of bonds (excluding those issued by governments and quasi-public organizations) inevitably leads to the existence of significant assets under management in this sector of the economy. It should be noted, however, that in addition to consideration of the issuer's rating and reputation, the securities are purchased while ensuring that risks are sufficiently diversified in terms of geographic areas and sub-sectors.

b) Money market and dynamic money market UCITS

BPCE Assurances holds money market and dynamic money market UCITS with a carrying amount of €3.411 billion, managed exclusively by Ostrum Asset Management. According to the valuation of these securities, which are usually held for a short period, there is an overall unrealized capital gain of €6 million on these holdings based on the latest net asset values published at December 31, 2022.

c) BPCE Assurances' alternative investments

Alternative investments are limited to €601 million, i.e. 0.9% of the value of investments in with-profits funds.

d) Securities lending and repos

Repurchase and lending transactions on certain securities held in with-profits funds are geared to obtaining an additional return. A significant portion of these transactions is conducted with Groupe BPCE entities, as part of the Group's overall cash management operations. About one third of the volume concerned is in the form of loans not secured with either cash or securities and concluded with Natixis; this results in a credit risk associated with the Natixis counterparty, which is subject to a limit. The other portion of securities loan transactions is secured by a cash deposit from the counterparty which is adjusted daily according to the market value of the securities loaned; the associated credit risk is therefore very limited.

Investments accepted as backing unit-linked policies

It should be noted that these investments almost exclusively comprise UCITS subject to AMF approval and supervision.

In view of:

- the predominantly "equities" and/or diversified nature of the UCITS held;
- the relatively modest median value of the assets under management held in the many UCITS backing unit-linked commitments,

no extensive investigations were performed on the valuations and valuation work carried out by the asset management companies and verified by the designated Statutory Auditors at the last balance sheet date prior to December 31, 2022.

4.2.6. Impairment of financial assets

BPCE Assurances determines whether there is objective evidence of impairment of securities, loans or receivables on an individual basis at the balance sheet date. To identify evidence of impairment, BPCE Assurances analyzes trends in a number of objective criteria, but also relies on the judgment of its own expert teams. Similarly, BPCE Assurances may use its own expert judgment to position future recovery flows over time.

Assets measured at amortized cost and available-for-sale debt instruments

A provision for impairment is recorded when a proven risk of issuer default is identified. The potential loss due to the deterioration in issuer risk is estimated by BPCE Assurances on the basis of a multi-criteria analysis. Securities falling into this category are determined on a case-by-case basis at each balance sheet date.

Available-for-sale equity instruments

The impairment criteria for non-redeemable securities (only AFS) are as follows:

- automatic impairment in the event of unrealized capital losses of more than 50% at the balance sheet date;
- automatic impairment in the event of continuous unrealized capital losses for more than 24 months;
- case-by-case analysis of securities presenting an unrealized capital loss of more than 30% at the balance sheet date;
- case-by-case analysis of securities presenting a continuous unrealized capital loss for more than 6 months.

Once identified, these securities are impaired from the first euro in order to bring their net carrying amount back into line with fair value. The impairment is never reversed. It is fixed on a quarterly basis.

In accordance with IFRIC 10, an investment security for which an impairment provision has already been recorded is subject to additional impairment in the event another decrease in value is observed during balance-sheet closure, without any conditions as to thresholds or duration.

4.2.7. Operating receivables and payables

Operating receivables and payables (receivables and payables arising from insurance and reinsurance operations, tax receivables and payables, other receivables and payables) are short-term receivables and payables (less than one year); they are maintained at their cost price insofar as the discounting effect is not material.

4.2.8. Group shareholders' funds

The Recyclable revaluation reserve net of shadow accounting adjustments recognizes the impact of the revaluation of available-for-sale financial assets and the impacts of the revaluation of hedging derivatives (cash flow hedges), net of shadow accounting adjustments.

Other reserves and OCI not recyclable to the income statement comprises the legal reserves of the BPCE Assurances holding company and the actuarial gains and losses related to non-recyclable employee benefits booked directly in equity in accordance with IAS 19 as revised.

Cumulative earnings comprise consolidated reserves (group share), including interim dividends paid by the holding company, with the exception of the AFS revaluation reserve net of deferred policyholder bonuses and deferred taxes.

4.2.9. Restatement of the capitalization reserve

The capitalization reserve is not recognized under IFRS and is therefore eliminated.

Restatement of the existing capitalization reserve

The summary of the work conducted by the CNC working groups on the specific conditions of IFRS implementation by insurance entities, updated in 2007, stipulates that the existing capitalization reserve must be restated under IFRS, as is the case under French GAAP (ANC 2020-01). As the deferred policyholder bonus mechanism under IFRS and French GAAP (ANC 2020-01) and the management intent are the same in both sets of standards, the treatment of the capitalization reserve is unchanged in IFRS.

The existing capitalization reserve was therefore initially restated as follows:

- elimination of the existing €145 million reserve at the opening date;
- subsequent to this elimination, recognition of a deferred policyholder bonus of €69 million.

These accounting entries were recorded through shareholders' equity.

The cancellation of subsequent variations in the existing capitalization reserve gives rise to the recognition of policyholder benefits via a provision for deferred policyholder bonuses at the deferred policyholder bonus rate. The deferred policyholder bonuses thus recognized are subject to deferred

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tax; the restatements are recognized through profit & loss.

The sufficiently cautious nature of deferred policyholder bonuses is verified using the liability adequacy test (see note 6.2.9).

Deferred taxation

Since the tax amendment of 2011 applicable to changes in the capitalization reserve (non-deduction of allowances, non-taxation of reversals), no deferred tax has been recognized on the share of the capitalization reserve restated in equity..

4.2.10. Classification of contracts

See note 6.2.3 Classification of insurance policies.

4.2.11. Liabilities related to financial contracts without discretionary policyholder bonuses

Financial contracts without discretionary policyholder bonuses are financial liabilities that must be measured in accordance with IAS 39. These are unit-linked contracts: the related liabilities are measured at fair value.

4.2.12. Measurement of liabilities related to insurance policies and financial contracts

As authorized by IFRS 4, after taking into account the outcome of the liability adequacy test (see note 6.2.9), liabilities related to insurance policies and financial contracts are measured according to the methods applied in the individual financial statements (subject to any restatement of provisions not accepted by IFRS 4):

- **mathematical reserves for with-profits policies:** these reserves correspond to the companies' obligations to policyholders. For deferred-capital, single- or regular-premium endowment policies and life insurance policies, reserves are determined by capitalizing the sums invested and the bonuses included, at the technical interest rate;
- **mathematical reserves for annuities:** reserves for civil liability invalidity annuities are calculated using the TD 88-90 mortality table and a technical interest rate equal to 60% of the average French government bond rate, reserves for death annuities (civil liability, life annuities and contractual annuities) are calculating using the TGH05 and TGF05 mortality tables for subscriptions after December 21, 2012, and technical interest rates fixed according to regulations; reserves for personal protection insurance annuities linked to invalidity and work cessation risks are assessed according to BCAC invalidity and incapacity continuous maintenance laws and reserves for personal protection insurance annuities linked to long-term care risk are assessed according to a continuous invalidity and incapacity law furnished by the lead reinsurer.
- **overall management reserve:** this reserve covers future management expenses not booked against premiums or taken from investment income. It is calculated in accordance with ANC regulation n°2015-11 Art. 142-6. It is measured by similar category of policies. It amounted to €83 million at December 31, 2022 versus €97 million in 2021;
- **reserve for interest rate risk:** this reserve is recorded to cover potential future commitments related to guaranteed minimum life annuity rates greater than or equal to 4.5% on policies taken out from July 1, 1993 and on premiums paid from June 1, 1995. It is calculated as the difference between the present value of future commitments and the policy's mathematical reserve at the inventory date. Furthermore, in order to incorporate the projected level of net inflows and outflows on policies with significant guaranteed rates of return, an additional provision was recorded on the basis of planned premiums set up before February 1, 2016. It amounted to €44 million at December 31, 2022 versus €51 million in 202;
- **reserve for written unearned premiums:** recognizes the portion (calculated on an accrual basis) of premiums issued during the financial year that relate to a period after the reporting date. This reserve generally concerns property & casualty and personal protection guarantees;
- **reserve for existing risks:** this reserve is used to cover, for all outstanding policies, the portion of claims expenses and costs associated with policies not covered by the reserve for written unearned premiums;
- **reserve for claims payable:** this reserve is used to cover benefits outstanding, redemptions and claims that have occurred but have not yet been paid at the balance sheet date. For property & casualty and personal protection insurance activities, it includes a provision for unknown claims or late-reported claims determined using statistical methods and a management fee aimed at covering claim liquidation costs;
- **provision for recoveries receivable:** recoveries receivable are subject to separate provisions from those recognized for claims payable;
- **reserve for deferred policyholder bonuses recognized in the individual financial statements:** this comprises policyholders' share of underwriting and financial profits generated by the company. It is permanently vested by policyholders and must be incorporated in mathematical reserves within a maximum period of 8 years;
- **reserve for increasing risks:** this reserve is recorded to address the residual risk between the inventory date and the contractual term based on single or level premiums on subscription. It represents the difference between the present values of the commitments made by the insurer and the insuree, respectively. The reserve for increasing risks is calculated on a head-by-head basis. Certain differences between insurees or between the same risk class may be offset. It amounted to €74 million at December 31, 2022 versus €60 million in 2021;
- **underwriting reserves for unit-linked policies:** these reserves correspond to the companies' obligations to policyholders. They are expressed as unit-linked accounts and measured based on the realization value at the balance sheet date of portions of assets recognized as representative of unit-linked policies. For policies offering a floor rate, a special provision is recognized in order to cover the risk of repayment of the negative difference between the value of unit-linked assets at the benefit due date and the net amounts invested on subscription. The Black-Scholes (stochastic) method is used to calculate the amount of this provision;
- **deferred acquisition costs:** these concern the fraction of acquisition costs expensed for the year, but not deductible for the year in question, and are calculated prorata to unearned premiums for the year.

4.2.13. Shadow accounting

BPCE Assurances opted to apply shadow accounting (IFRS 4.30). A provision for deferred policyholder bonuses is recorded to recognize policyholders' entitlement to unrealized capital gains or losses on investments recorded in the balance sheet.

All investments are subject to this mechanism. It should be noted that, for all investments subject to the capitalization reserve, given that BPCE Assurances' financial management policy calls for it in principle to hold available-for-sale securities, deferred policyholder bonuses are recorded on all unrealized capital gains or losses generated on these securities.

Shadow accounting measures apply both to insurance policies and to investment contracts with discretionary policyholder bonuses.

Changes in deferred policyholder bonuses and deferred tax are taken to equity or profit & loss depending on whether the unrealized capital gains or losses are recorded in equity (AFS) or profit & loss (FVO and Trading).

The January 2007 summary of the work carried out by the CNC's working groups on the specific conditions of IFRS implementation by insurance entities stipulates that: "In any assumption, the policyholder bonus rate used must on the one hand incorporate payout rates observed in the past and on the other the assumptions used for embedded value."

Considering prospective payout ratios for 2023 to 2026 and in accordance with the payout ratio recorded for 2022, the deferred policyholder bonus rate adopted at December 31, 2022 was 89%, the same as at December 31, 2021.

Deferred policyholder bonus assets and recoverability test

ANC Regulation 2020-01 on insurance company consolidation rules stipulates that deferred policyholder bonus assets may be recorded if it is highly probable that they will be deducted from future policyholder bonuses.

In its recommendation of December 19, 2008, the CNC reiterated the conditions for recognizing deferred policyholder bonus assets.

Deferred policyholder bonus assets are recorded in the event of overall unrealized capital losses on investments measured at fair value.

Deferred policyholder bonuses may be recovered depending on the intention and ability of companies to steer future compensation of contracts according to resources.

Where necessary, the recoverability of deferred policyholder bonuses is analyzed using a process including:

- assessment of the probability of generating unrealized capital losses at the end of the fiscal year, and thus indirectly the ability to hold loss-generating assets, depending on inflow and benefit scenarios (assuming continued use of the assets in question);
- the liability adequacy test conducted under the conditions set by IFRS 4.

4.2.14. Equalization provisions

Pursuant to IFRS 4, equalization provisions recognized in the individual financial statements are eliminated. A commission on underwriting income owed to business providers is recognized where called for in the business provider agreements (amount payable equal to 50% of the provision for Banque Populaire banks, 100% for leasing, 0% for payment protection insurance taken out by Caisse d'Epargne customers and 0% for the BPCE IARD provision). Deferred tax is recognized on net changes.

4.2.15. Employee benefits

Supplementary pension plans

BPCE Assurances set up an Article 83 defined-contribution pension plan for its French subsidiaries' employees, taken out with an external insurer. The contributions paid are used to feed individual accounts per employee and are capitalized. The plan paid out €1,352k in respect of fiscal year 2022.

In addition, BPCE Assurances paid out €869k in respect of the pension fund for insurance sector employees in the form of a lifetime annuity, the premium being paid entirely by the company.

End-of-career compensation

An insurance policy was taken out with an external insurer in order to fund end-of-career compensation paid to retiring BPCE Vie employees.

In accordance with IAS 19 as revised, unamortized actuarial gains and losses were recorded in non-recyclable reserves. The actuarial gains and losses booked to non-recyclable reserves came to €1,661k, of which €4,916k for the opening of the fiscal year and -€3,255k for changes over the period.

The commitment was measured in accordance with IAS 19 as revised. The total gross commitment for BPCE Assurances' French subsidiaries amounted to €12,498k. The calculations were carried out individually, with employee benefits recorded on an accruals basis.

The following assumptions were used:

- discount rate: between 3.77% and 3.83%;
- expected gross return on plan assets (BPCE Vie): 0.79%;
- inflation rate: 2.40%;
- rate of salary increase: 2.50% up to 35 years old, 2.01% between 35 and 44, 1.02% between 45 and 54, 0.30% after 55;
- turnover rate: 5.11% up to 35 years old, 2.02% between 35 and 44, 1.12% between 45 and 54, no turnover after 55;

At end-2022, eligible plan assets totaled €3,576k, with the total net obligation standing at €8,922k.

Long-service awards

These are awarded to employees in activity with BPCE Vie, BPCE Assurances IARD, BPCE Relations Assurances and BPCE APS who can justify the acquisition of the number of years of service required to claim the corresponding level of award:

- 20 years of service: silver long-service award;
- 30 years of service: vermillion long-service award;
- 35 years of service: gold long-service award;
- 40 years of service: great gold long-service award.

Awards are calculated as follows: (gross monthly salary x number of months of service) / (number of years corresponding to the award x 12 months)

At December 31, 2022, the obligation calculated by an independent actuary was €6,278k. The calculations were performed individually and the following assumptions were used to assess the obligation:

- discount rate: between 3.69% and 3.83%;
- inflation rate: 2.40%;

• rate of salary increase: 2.50% up to 35 years old, 2.01% between 35 and 44, 1.02% between 45 and 54, 0.30% after 55.

Anniversary leave

BPCE Assurances records a provision for anniversary leave to which employees are entitled under the French collective bargaining agreement for insurance companies. This provision was measured in accordance with IAS 19 as revised. The calculations were carried out individually, with employee benefits recorded on an accruals basis:

• discount rate: between 3.04% and 3.74%;

• inflation rate: 2.40%;

• rate of salary increase: 2.50% up to 35 years old, 2.01% between 35 and 44, 1.02% between 45 and 54, 0.30% after 55.

The total obligation came to €4,093k at December 31, 2022, of which €4,233k for the opening of the fiscal year.

4.2.16. Subordinated debt

Subordinated debt and securities are classified as financial debt, whether the debt in question is dated or perpetual.

Subordinated debt and securities are recognized at amortized cost.

4.2.17. Amounts payable to unitholders of consolidated UCITS

Pursuant to IAS 32.18, the share capital issued by a UCITS does not meet the definition of capital, but rather that of debt. Accordingly, "minority interests" in consolidated UCITS are recorded under a special heading in Other liabilities.

The change in the “income” component of this debt is booked to Change in fair value of investments measured at fair value through profit & loss.

The change in the "equity" component of this debt is taken to equity (group share). If this change were recorded in profit & loss, it would generate a discrepancy with the assets - predominantly classified as AFS – for which changes in value are taken to equity. This is also the principle applied by Groupe BPCE.

4.3. INCOME STATEMENT

4.3.1. Written premiums

This line records the premiums written during the fiscal year net of cancellation, except for premiums on financial contracts without discretionary policyholder bonuses. They are measured at their amount after taxes.

4.3.2. Revenue from financial contracts without discretionary policyholder bonuses

Revenue from financial contracts without discretionary policyholder bonuses is recorded under Revenue or income from other activities and corresponds to expenses booked against premiums. Revenue from financial contracts without discretionary policyholder bonuses was not material.

4.3.3. Investment income and expenses

These items mainly comprise interest and rent accrued and received during the fiscal year, amortization of premiums-discounts (for HTM, AFS and FVO categories), dividends received, and management fees on investments.

4.3.4. Capital gains and losses on sales of investments

Selling price

Under IFRS, capital gains and losses on sales of investments are calculated using the FIFO method for the AFS, FVO and Trading categories, depending on the classification of the security sold. This method is identical to the one used in the parent company financial statements.

Purchases and sales of AFS securities

Purchases and sales of AFS securities do not give rise to the recognition of capital gains or losses through profit & loss. This is because, pursuant to IAS 39, AFS securities are identified on purchase and grouped together in the same portfolio. On sale, the capital gains or losses are taken directly to equity.

Capital gains or losses on securities measured at fair value through profit & loss

Capital gains or losses generated on securities classified as FVO or Trading are recorded under Change in fair value of instruments measured at fair value through profit & loss.

4.3.5. Consolidated UCITS and SCIs

Income and expenses on consolidated UCITS and SCIs

The contribution of consolidated UCITS and SCIs (non-trading real estate companies) is presented in investment income, insofar as these vehicles are considered as investments of the insurance business.

Specific conditions of UCITS consolidation

Due to the technical difficulty of carrying out a restatement whose impact would be immaterial, there is a discrepancy with some accounting methods for consolidated UCITS:

• capital gains or losses on sales of securities held are calculated using the weighted average price method;

• the bonds held are not subject to premium-discount amortization.

4.3.6. Impact of exchange rate differences on unrealized gains and losses

Pursuant to IAS 21, exchange rate differences resulting from the foreign exchange translation of financial instruments are recorded in:

• recyclable equity for non-monetary items (equities and other variable income securities) classified as AFS;

• profit & loss for other financial instruments.

4.3.7. Operating expenses

For insurance companies, operating expenses are first recorded in the parent company financial statements under expenses by type of expense (Class 9). They are then divided up by responsibility center based on a case-by-case assessment (which is the case for external expenses), or pro-rated for each center's activity and consumption (which is the case for functional expenses).

Expenses are then broken down using keys or the ABC (Activity-Based Costing) method. This method involves allocating expenses consumed to the various operations contributing to the production of products using resource drivers. The main allocation keys used are headcount and management operations.

This allocation ensures that operating expenses are allocated to one of the uses provided for in the French Insurance Code, i.e.:

- acquisition costs;
- administrative costs;
- claims management costs;
- investment management costs;
- underwriting and non-underwriting expenses.

Depending on this allocation, expenses by category are transferred quarterly to Class 6 accounts in the parent company financial statements and are added to the relevant items of the consolidated income statement.

4.3.8. Fees and commissions

Insurance policy investment fees (according to revenue and change in inventories) are recorded under Acquisition costs.

Fees on life insurance AuM, fees based on personal protection insurance underwriting income, performance fees on property & casualty and personal protection insurance, and other fees are recorded under Administrative costs.

4.3.9. Income tax

The normal rate of income tax in 2022 for companies established in France was 25%.

Corporate income tax for the fiscal year under consideration was calculated according to the tax provisions in force. The expense recognized includes the 3.3% social contribution introduced by law 99-1140 of December 29, 1999.

Regarding the Luxembourg subsidiary, BPCE Life, the tax rate stood at 24.94%, identical to that applied at December 31, 2021.

For the purposes of calculating deferred tax, BPCE Assurances applies an appropriate annual tax rate based on the schedule for the reversal of each of the main temporary differences. In the event that the timing of reversal is unknown, it is assumed that reversal takes place after 2023.

The tax on corporate added value (CVAE) is classified as an Operating expense along with taxes and not as Income tax.

Pursuant to IAS 20 – Accounting for government grants and disclosure of government assistance – the research tax credit is classified in Other technical income and not as Income tax.

4.4. SECTOR REPORTING

The sectors presented in the consolidated financial statements are:

- Life Insurance, Investment Solutions and Pensions;
- Personal Protection Insurance and Payment Protection Insurance;
- Property & Casualty Insurance (property damage, financial losses, health and personal accident insurance).

These sectors involve different types of products and regulatory environments and are identical to those used in reports submitted to management.

BPCE Assurances' geographic areas are:

- France (including the French branch of the Luxembourg subsidiary);
- Luxembourg.

4.5. CASH FLOW STATEMENT

The cash flow statement is presented in the indirect approach format.

Investment transactions are classified as investment activities. However, interest and dividends are allocated to operating activities in order to match them against the corresponding operating expenses. Inflows and outflows are presented net of reinsurance.

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5. Notes on financial instruments

5.1. FINANCIAL INSTRUMENTS

5.1.1. Investments

Breakdown of investments

(€ thousands)	12/2022		12/2021	
	Balance sheet value	% Balance sheet value	Balance sheet value	% Balance sheet value
Investment property at amortized cost	123,793	-	124,046	-
Investment property at fair value through profit and loss	1,012,935	1.11%	989,252	1.00%
Unit-linked investment property	453,995	0.50%	442,704	0.40%
Investment property	**1,590,723**	**1.75%**	**1,556,002**	**1.50%**
Held-to-maturity bonds	736,589	0.81 %	791,140	0.80%
Available-for-sale bonds	38,529,723	42.29%	44,005,226	44.00%
Bonds recorded using the fair value option	1,457,974	1.60%	1,914,801	1.90%
Bonds	**40,724,286**	**44.69%**	**46,711,167**	**47.00%**
Available-for-sale equities	1,643,236	1.80%	1,954,778	1.90%
Equities recorded using the fair value option	-	0%	-	0%
Equities	**1,643,236**	**1.80%**	**1,954,778**	**1.90%**
Available-for-sale UCITS	8,051,417	8.84%	8,142,008	8.10%
UCITS recorded using the fair value option	457,006	0.50%	633,070	0.60%
UCITS held for trading purposes	3,216,022	3.53%	4,348,353	4.30%
UCITS	**11,724,445**	**12.87%**	**13,123,431**	**13.00%**
Sub-total financial investments (excl. property and loans and receivables)	**54,091,966**	**59.37%**	**61,789,376**	**62.00%**
o/w held-to-maturity financial investments	*736,589*	*0.81%*	*791,140*	*0.80%*
o/w available-for-sale financial investments	*48,224,375*	*52.93%*	*54,102,012*	*54.00%*
o/w financial investments at fair value through P&L[(1)]	*5,131,002*	*5.63%*	*6,896,224*	*7.00%*
Loans and receivables	12,960,170	14.22%	13,943,727	14.00%
Investments representing unit-linked policies recorded using the fair value option	22,435,434	24.62%	23,133,382	23.00%
Derivative assets	39,228	0.04%	12,972	0.00%
INSURANCE BUSINESS INVESTMENTS	**91,117,521**	**100%**	**100,435,459**	**100%**
Derivative liabilities and amounts payable on derivatives	(86,850)	(0.10%)	(53,562)	

(1) Excluding investment property.

Breakdown of investments in affiliates

(€ thousands)	12/2022		12/2021	
	Balance sheet value	o/w affiliates	Balance sheet value	o/w affiliates
Investment property at amortized cost	123,793	-	124,046	-
Investment property at fair value through profit and loss	1,012,935	-	989,252	-
Unit-linked investment property	453,995	-	442,704	-
Investment property	**1,590,723**	**-**	**1,556,002**	**-**
Held-to-maturity bonds	736,589	24,060	791,140	24,060
Available-for-sale bonds	38,529,723	315,185	44,005,226	444,690
Bonds recorded using the fair value option	1,457,974	316,699	1,914,801	323,122
Bonds	**40,724,286**	**655,944**	**46,711,167**	**791,872**
Available-for-sale equities	1,643,236	32,862	1,954,778	29,127
Equities recorded using the fair value option	-	-	-	-
Equities	**1,643,236**	**32,862**	**1,954,778**	**29,127**
Available-for-sale UCITS	8,051,417	362,457	8,142,008	86,995
UCITS recorded using the fair value option	457,006	30,995	633,070	-
UCITS held for trading purposes	3,216,022	-	4,348,353	-
UCITS	**11,724,445**	**393,452**	**13,123,431**	**86,995**
Sub-total financial investments (excl. property and loans and receivables)	**54,091,966**	**1,082,258**	**61,789,376**	**907,994**
o/w held-to-maturity financial investments	*736,589*	*24,060*	*791,140*	*24,060*
o/w available-for-sale financial investments	*48,224,375*	*710,505*	*54,102,012*	*560,813*
o/w financial investments at fair value through P&L[1]	*5,131,002*	*347,694*	*6,896,224*	*323,122*
Loans and receivables	12,960,170	715,734	13,943,727	641,988
Investments representing unit-linked policies recorded using the fair value option	22,435,434	6,855,486	23,133,382	2,640,639
Derivative assets	39,228	26,599	12,972	11,241
INSURANCE BUSINESS INVESTMENTS	**91,117,521**	**8,680,077**	**100,435,459**	**4,201,862**
Derivative liabilities and amounts payable on derivatives	(86,850)	(80,088)	(53,562)	(51,302)

(1) Excluding investment property.

Unrealized gains or losses on financial investments

Breakdown of financial investments (€ thousands)	12/2022				12/2021			
	Amortized cost	Fair value	Carrying amount	Unrealized gains	Amortized cost	Fair value	Carrying amount	Unrealized gains
Investment property	**1,333,865**	**1,627,365**	**1,590,723**	**293,500**	**1,306,883**	**1,590,530**	**1,556,002**	**283,647**
Held-to-maturity bonds	736,589	763,539	736,589	26,950	791,140	938,820	791,140	147,680
Available-for-sale bonds	44,425,639	38,529,723	38,529,723	(5,895,916)	41,331,343	44,005,226	44,005,226	2,673,883
Bonds measured using the fair value option	1,725,973	1,457,974	1,457,974	(267,999)	1,835,308	1,914,801	1,914,801	79,493
Bonds	**46,888,201**	**40,751,236**	**40,724,286**	**(6,136,965)**	**43,957,791**	**46,858,847**	**46,711,167**	**2,901,056**
Available-for-sale equities	1,291,259	1,643,236	1,643,236	351,976	1,372,530	1,954,778	1,954,778	582,248
Equities recorded using the fair value option	-	-	-	-	-	-	-	-
Equities	**1,291,259**	**1,643,236**	**1,643,236**	**351,976**	**1,372,530**	**1,954,778**	**1,954,778**	**582,248**
Available-for-sale UCITS	7,496,164	8,051,417	8,051,417	555,252	6,571,743	8,142,008	8,142,008	1,570,265
UCITS recorded using the fair value option	486,306	457,006	457,006	(29,300)	678,411	633,070	633,070	(45,341)
UCITS held for trading purposes	3,210,440	3,216,022	3,216,022	5,582	4,354,843	4,348,353	4,348,353	(6,489)
UCITS	**11,192,910**	**11,724,445**	**11,724,445**	**531,534**	**11,604,996**	**13,123,431**	**13,123,431**	**1,518,435**
Loans and receivables	12,960,170	12,960,170	12,960,170	-	13,943,727	13,943,727	13,943,727	-
Sub-total financial investments (excl. investment property)	**72,332,540**	**67,079,086**	**67,052,136**	**(5,253,454)**	**70,879,044**	**75,880,784**	**75,733,104**	**5,001,740**

Impacts of hedging relationships on investments

Breakdown of investments (€ thousands)	Carrying amount — 12/2022			
	Financial instruments	Impact of derivatives subject to hedge accounting	Impact of other derivatives	Cumulative value of hedged instrument and hedging instrument
Investment property at amortized cost	123,793	-	-	123,793
Investment property at fair value through profit and loss	1,012,935	-	-	1,012,935
Unit-linked investment property	453,995	-	-	453,995
Investment property	**1,590,723**	-	-	**1,590,723**
Held-to-maturity bonds	736,589	-	-	736,589
Available-for-sale bonds	38,529,723	(40,226)	(7,396)	38,482,101
Bonds recorded using the fair value option	1,457,974	-	-	1,457,974
Bonds	**40,724,286**	**(40,226)**	**(7,396)**	**40,676,664**
Available-for-sale equities	1,643,236	-	-	1,643,236
Equities recorded using the fair value option	-	-	-	-
Equities	**1,643,236**	-	-	**1,643,236**
Available-for-sale UCITS	8,051,417	-	-	8,051,417
UCITS recorded using the fair value option	457,006	-	-	457,006
UCITS held for trading purposes	3,216,022	-	-	3,216,022
UCITS	**11,724,445**	-	-	**11,724,445**
Sub-total financial investments (excl. property and loans and receivables)	**54,091,966**	**(40,226)**	**(7,396)**	**54,044,344**
o/w held-to-maturity financial investmentse	*736,589*	-	-	*736,589*
o/w available-for-sale financial investment	*48,224,375*	*(40,226)*	*(7,396)*	*48,176,753*
o/w financial investments at fair value through P&L[1]	*5,131,002*	-	-	*5,131,002*
Loans and receivables	12,960,170	-	-	12,960,170
Investments representing unit-linked policies recorded at fair value through profit and loss	22,435,434	-	-	22,435,434
Other hedging derivatives	-	-	-	-
INSURANCE BUSINESS INVESTMENTS	**91,078,293**	**(40,226)**	**(7,396)**	**91,030,671**

(1) Excluding investment property.

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Impacts of hedging relationships on investments

Breakdown of investments (€ thousands)	Carrying amount — 12/2021			
	Financial instruments	Impact of derivatives subject to hedge accounting	Impact of other derivatives	Cumulative value of hedged instrument and hedging instrument
Investment property at amortized cost	124,046	-	-	124,046
Investment property at fair value through profit and loss	989,252	-	-	989,252
Unit-linked investment property	442,704	-	-	442,704
Investment property	**1,556,002**	**-**	**-**	**1,556,002**
Held-to-maturity bonds	791,140	-	-	791,140
Available-for-sale bonds	44,005,226	(30,927)	(9,663)	43,964,636
Bonds recorded using the fair value option	1,914,801	-	-	1,914,801
Bonds	**46,711,167**	**(30,927)**	**(9,663)**	**46,670,577**
Available-for-sale equities	1,954,778	-	-	1,954,778
Equities recorded using the fair value option	-	-	-	-
Equities	**1,954,778**	**-**	**-**	**1,954,778**
Available-for-sale UCITS	8,142,008	-	-	8,142,008
UCITS recorded using the fair value option	633,070	-	-	633,070
UCITS held for trading purposes	4,348,353	-	-	4,348,353
UCITS	**13,123,431**	**-**	**-**	**13,123,431**
Sub-total financial investments (excl. property and loans and receivables)	**61,789,376**	**(30,927)**	**(9,663)**	**61,748,786**
o/w held-to-maturity financial investmentse	*791,140*	-	-	*791,140*
o/w available-for-sale financial investment	*54,102,012*	*(30,927)*	*(9,663)*	*54,061,422*
o/w financial investments at fair value through P&L[(1)]	*6,896,224*	-	-	*6,896,224*
Loans and receivables	13,943,727	-	-	13,943,727
Investments representing unit-linked policies recorded at fair value through profit and loss	23,133,382	-	-	23,133,382
Other hedging derivatives	-	-	-	-
INSURANCE BUSINESS INVESTMENTS	**100,422,487**	**(30,927)**	**(9,663)**	**100,381,897**

(1) Excluding investment property.

Securities lending and repos

BPCE Assurances conducted securities lending and repo transactions for the amounts of €653 million and €2.390 billion, respectively. Some of these transEquities were conducted with Natixis:

Loans (€ thousands)	Balance sheet value 12/2022	Balance sheet value 12/2021
NATIXIS	652,739	297,000
Total loans	**652,739**	**297,000**

Repos (€ thousands)	Balance sheet value 12/2022	Balance sheet value 12/2021
NATIXIS	92,252	13,695
SOCIÉTÉ GÉNÉRALE	940,108	1,322,929
BNP PARIBAS	98,851	493,295
CRÉDIT AGRICOLE	70,802	617,460
HSBC	304,075	116,776
BARCLAYS	405,351	215,324
CRÉDIT SUISSE	-	59,619
NATWEST	87,943	144,967
BANCO SANTANDER	21,907	-
BOFA	344,004	-
MERRILL LYNCH	25,041	-
Total repos	**2,390,334**	**2 984 065**

5.1.2. Financial liabilities

Presentation of financial liabilities

Category of instruments classified as financial liabilities (€ thousands)	12/2022			12/2021		
	Fair value	Carrying amount	% Carrying amount	Fair value	Carrying amount	% Carrying amount
Liabilities related to financial contracts with discretionary policyholder bonus – excluding UL	(2)	18,226,973	73%	(2)	19,667,015	72%
Liabilities related to financial contracts with discretionary policyholder bonus – UL		5,179,848	21%		5,913,322	22%
Instruments classified as financial liabilities under local standards[(1)]	**-**	**23,406,821**	**94%**	**-**	**25,580,337**	**93%**
Liabilities related to financial contracts without discretionary policyholder bonus – excluding UL	-	-	0%	-	-	0%
Subordinated debt and other financial debt	1,332,078	1,455,188	6%	1,793,404	1,777,986	6%
Lease liabilities - IFRS 16	70,035	70,035	0%	35,745	35,745	0%
Instruments classified as financial liabilities at amortized cost	**1,402,399**	**1,525,223**	**6%**	**1,865,447**	**1,813,731**	**7%**
Liabilities related to financial contracts without discretionary policyholder bonus – UL	8,833	8,833	0%	10,063	10,063	0%
Instruments classified as financial liabilities using the fair value option	**8,833**	**8,833**	**0%**	**10,063**	**10,063**	**0%**
Derivatives classified as liabilities and amounts payable on derivatives	**86,850**	**86,850**	**0.3%**	**53,562**	**53,562**	**0.2%**
TOTAL FINANCIAL LIABILITIES	**-**	**25,027,727**	**100%**	**-**	**27,457,693**	**100%**

(1) According to the provisions of IFRS 4.
(2) The fair value of investment contracts with discretionary policyholder bonuses was not calculated, as the regulatory framework for calculating the fair value of insurance policies and financial contracts with discretionary policyholder bonuses has not been defined.

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5.1.3. Offsetting financial assets and financial liabilities

Financial assets offset or covered by a master netting agreement (€ thousands)	12/2022					12/2021				
	Gross amount of financial assets recognized in the balance sheet	Gross amount of offset financial liabilities	Net amount of financial assets recognized in the balance sheet	Amounts not offset related to guarantees received*	Net exposure	Gross amount of financial assets recognized in the balance sheet	Gross amount of offset financial liabilities	Net amount of financial assets recognized in the balance sheet	Amounts not offset related to guarantees received*	Net exposure
Derivatives	8,475	1,034	7,441	7,441	-	20	592	(572)	(572)	-
Repurchase agreements	-	-	-	-	-	-	-	-	-	-
Other financial instruments	-	-	-	-	-	-	-	-	-	-
Total	**8,475**	**1,034**	**7,441**	**7,441**	**-**	**20**	**592**	**(572)**	**(572)**	**-**

Financial liabilities subject to netting or an enforceable master netting agreement (€ thousands)	12/2022					12/2021				
	Gross amount of financial assets recognized in the balance sheet	Gross amount of offset financial liabilities	Net amount of financial assets recognized in the balance sheet	Amounts not offset related to guarantees received*	Net exposure	Gross amount of financial assets recognized in the balance sheet	Gross amount of offset financial liabilities	Net amount of financial assets recognized in the balance sheet	Amounts not offset related to guarantees received*	Net exposure
Derivatives	-	-	-	-	-	-	-	-	-	-
Repurchase agreements	2,390,334	-	2,390,334	2,390,334	-	2,984,065	-	2,984,065	2,984,065	-
Other financial instruments	-	-	-	-	-	-	-	-	-	-
Total	**2,390,334**	**-**	**2,390,334**	**2,390,334**	**-**	**2,984,065**	**-**	**2,984,065**	**2,984,065**	**-**

* Guarantees received for repurchase agreements consist of financial instruments and not cash.

5.1.4. Income on financial instruments (net of expenses)

Non-itemized management expenses (€ thousands)	12/2022	12/2021
External investment management expenses	(57,354)	(54,312)
Internal investment management expenses	(12,197)	(11,263)
Management expenses	**(69,551)**	**(65 575)**

Investment property (€ thousands)	12/2022	12/2021
Investment income	62,026	61,577
Investment expenses	(22,257)	(22,234)
Management expenses	(4,155)	(3,795)
Change in fair value excluding disposals	22,126	14,519
Capital gains or losses on disposals net of impairment reversals	(16,045)	-
Change in impairments	-	-
Financial income (net of expenses)	**41,695**	**50,067**

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Held-to-maturity investments (€ thousands)	12/2022	12/2021
Investment income	40,897	42,555
Investment expenses	-	-
Capital gains or losses on disposals net of impairment reversals	67	137
Change in impairments	(6)	(9)
Financial income (net of expenses)	**40,958**	**42,683**

Available-for-sale investments (€ thousands)	12/2022	12/2021
Investment income	1,131,881	1,051,797
Investment expenses	-	-
Capital gains or losses on disposals net of impairment reversals	238,811	157,857
Change in impairments	(249,990)	(90,622)
Financial income (net of expenses)	**1,120,702**	**1,119,032**

Investments recorded under the fair value option (€ thousands)	12/2022	12/2021
Investment income	255,678	179,541
Investment expenses	-	-
Change in fair value excluding disposals	(331,445)	(24,900)
Unit-linked adjustment	(3,209,011)	1,639,054
Gains or losses on disposals	(3,110)	77,007
Change in amount payable to consolidated UCITS holders	-	-
Financial income (net of expenses)	**(3,287,888)**	**1,870,702**

Investments held for trading purposes including derivatives (€ thousands)	12/2022	12/2021
Investment income	16,367	10,786
Investment expenses	(36,535)	(24,364)
Change in fair value excluding disposals	9,879	(68,973)
Gains or losses on disposals	(12,316)	(31,369)
Financial income (net of expenses)	**(22,605)**	**(113,920)**

Loans and receivables (€ thousands)	12/2022	12/2021
Investment income	208,058	935,095
Investment expenses	(399,851)	(136,969)
Capital gains or losses on disposals net of impairment reversals	158	459
Change in impairments	-	-
Financial income (net of expenses)	**(191,635)**	**798,585**

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Total insurance business investments (€ thousands)	12/2022	12/2021
Non-itemized management expenses	(69,551)	(65,575)
Investment property	41,695	50,067
Held-to-maturity investments	40,958	42,683
Available-for-sale investments	1,120,702	1,119,032
Investments recorded under the fair value option	(3,287,888)	1,870,702
Investments held for trading purposes	(22,605)	(113,920)
Loans and receivables	(191,635)	798,585
Financial income, net of expenses, excl. financing costs	**(2,368,324)**	**3,701,574**

The management expenses paid by BPCE Assurances included €27 million of commissions and management fees paid to Natixis Investment Managers.

5.1.5. Provisions for impairments of investments

Provisions for permanent or significant impairment (€ thousands)	12/2021	Allowance	Reversal on disposal or reimbursement	Reversal of unused provision[(1)]	Change of classification	Consolidation / Deconsolidation	12/2022
Held-to-maturity investments	**697**	**6**	**-**	**(169)**	**-**	**-**	**534**
Available-for-sale investments	270,141	249,990	(90,146)	-	-	-	429,985
o/w real estate	*58,578*	*3,004*	-	-	-	-	*61,582*
o/w bonds	*50,699*	*56,494*	*(1,881)*	-	-	-	*105,312*
o/w equities and UCITS	*160,866*	*190,492*	*(88,265)*	-	-	-	*263,093*
Total provisions for impairment	**270,838**	**249,996**	**(90,146)**	**(171)**	**-**	**-**	**430,517**

(1) Obsolete provision or partial reimbursement

5.1.6. Financial instruments recorded at fair value

Techniques used to determine fair value

Details of the fundamental principles for valuing investments are provided in note 4.2.5.

BPCE Assurances applies the fair value hierarchy of IFRS 13.

The three levels used to classify investments according to their valuation methods are defined as follows:

• level 1: securities valued on the basis of listed prices on an active market for identical securities and, for fixed-income securities, on the basis of prices valued by at least five market contributors;

• level 2: securities valued on the basis of the value of market inputs at valuation date for similar securities and, for fixed-income securities, on the basis of prices valued by between two and four market contributors;

• level 3: fixed-income securities valued on the basis of prices valued by only one market contributor and, in the absence of directly observable market prices, securities valued on the basis of assumptions that market operators would be liable to use to value a similar security.

Most financial instruments accounted for at fair value are valued at their market price (level 1). Securities whose fair value is measured via valuation techniques, whether these make reference to market data or not, are presented in the table below.

Investments representing unit-linked policies are predominantly UCITS. The fair value retained equates to the net asset value communicated by the fund manager, with these investments being classed in level 1.

Financial instruments recorded at fair value (€ thousands)	12/2022			
	Total fair value	Fair value determined using quoted prices	Fair value determined using valuation techniques based on market data	Fair value determined using valuation techniques not based on market data
		Level 1	Level 2	Level 3
Investment property	1,466,930	-	1,466,930	-
Bonds	38,529,723	31,954,899	3,616,723	2,958,101
Equities	1,538,289	1,462,460	75,825	4
UCITS	8,051,417	4,332,850	3,211,384	507,182
Investments in affiliates	104,947	-	97,596	7,351
Available-for-sale financial assets	48,224,375	37,750,209	7,001,528	3,472,638
Bonds	1,457,974	-	425,700	1,032,274
UCITS	3,673,028	3,247,266	414,989	10,773
Financial assets at fair value through profit and loss	5,131,002	3,247,266	840,688	1,043,048
Derivative assets	39,228	2,992	36,236	-
Derivative liabilities and related payables	(86,850)	(2,992)	(83,858)	-
Total financial assets/ liabilities (excl. investment property)	53,307,755	40,997,474	7,794,595	4,515,686
% N	*100%*	*76.9%*	*14.6%*	*8.5%*
% N-1	*100%*	*81.2%*	*10.7%*	*8.1%*

Details of securities concerned by valuation techniques:
• Available-for-sale assets
- bonds: level 2: those valued by 2-4 contributors, certificates of deposit, FCTs valued quarterly // level 3: 114 bonds valued by less than 2 contributors
- equities: level 2: SCIs // level 3: SAS Domue Vie, unlisted share
- UCITS: level 2: illiquid SPIs, FCPRs valued quarterly // level 3: FCPRs valued half-yearly
- Investments in affiliates: level 3: Inter Mutuelle Assistance, Surassur and Belgian SICAV.
• Assets measured at fair value through profit & loss:
- bonds: level 3: 131 bonds valued by less than 2 contributors;
- UCITS: level 2: iliquid SCPIs.
• Derivatives:
- level 1: listed futures;
- levels 2: caps, interest rate and currency swaps.

Financial instruments recorded at fair value (€ thousands)	12/2021			
	Total fair value	Fair value determined using quoted prices	Fair value determined using valuation techniques based on market data	Fair value determined using valuation techniques not based on market data
		Level 1	Level 2	Level 3
Investment property	1,431,956	-	1,431,956	-
Bonds	44,005,226	38,154,818	2,637,737	3,212,671
Equities	1,861,931	1,798,269	63,658	4
UCITS	8,055,013	5,074,420	2,928,433	52,159
Investments in affiliates	179,842	-	86,891	92,951
Available-for-sale financial assets	54,102,012	45,027,507	5,716,720	3,357,785
Bonds	1,914,801	55,910	267,402	1,591,490
UCITS	4,981,423	4,469,063	503,270	9,090
Financial assets at fair value through profit and loss	6,896,224	4,524,973	770,672	1,600,580
Derivative assets	12,972	1,767	11,205	-
Derivative liabilities and related payables	(53,562)	(1,767)	(51,795)	-
Total financial assets/ liabilities (excl. investment property)	60,957,646	49,552,480	6,446,802	4,958,365
% N	*100%*	*81.3%*	*10.6%*	*8.1%*
% N-1	*100%*	*81.2%*	*10.7%*	*8.1%*

Details of securities concerned by valuation techniques:
• Available-for-sale assets:
- bonds: level 2: those valued by 2-4 contributors, certificates of deposit, FCTs valued quarterly // level 3: 121 bonds valued by less than 2 contributors
- equities: level 2: SCIs // level 3 // SAS Domue Vie, unlisted share
- UCITS: level 2: illiquid SCPIs, FCPRs valued quarterly // level 3 // FCPRs valued half-yearly
- Investments in affiliates: level 3: Inter Mutuelle Assistance, Surassur and Belgian SICAV.
• Assets measured at fair value through profit and loss:
- bonds: level 3: 96 bonds valued by less than 2 contributors;
- UCITS: level 2: illiquid SCPIs.
• Derivatives:
- level 1: listed futures;
- levels 2: caps, interest-rate and currency swaps.

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Changes in levels

Financial instruments recorded at fair value, including investment property (€ thousands)	Level 1	Level 2	Level 3	Total
Unchanged	36,264,290	7,729,418	3,305,444	47,299,152
New instrument	4,668,276	1,264,033	1,210,242	7,142,550
Changes in levels:				
From 1 to 2	-	234,902	-	234,902
From 1 to 3	-	-	-	-
From 2 to 1	64,909	-	-	64,909
From 2 to 3	-	-	-	-
From 3 to 1	-	-	-	-
From 3 to 2	-	33,172	-	33,172
Total	**40,997,474**	**9,261,524**	**4,515,686**	**54,774,685**

Changes in securities priced according to level 3

(€ thousands)	At January 1 Level 3	Gains and losses recognized over the period		Transactions over the period		Reclassifications over the period			At December 31 Level 3
		In the income statement	In equity	Sales	Purchases	From level 3	To level 3	Others	
Financial assets held for trading purposes	-	-	-	-	-	-	-	-	-
Financial assets at fair value through profit and loss	1,600,580	(215,519)	-	116,373	(278,921)	(179,465)	-	-	1,043,048
Available-for-sale financial assets	3,357,785	(31,541)	(239,430)	1,201,326	(568,539)	(246,964)	-	-	3,472,637
Total	**4,958,365**	**(247,060)**	**(239,430)**	**1,317,700**	**(847,460)**	**(426,429)**	**-**	**-**	**4,515,686**

5.2. DERIVATIVES

5.2.1. Derivatives recorded under hedge accounting

Category of instrument (€ thousands)	Notional value schedule at 12/31//2022			Total notional value	Credit rating					Fair value
	< 1 year	1 - 5 years	> 5 years	12/2022	AAA	AA	A	BBB	Not rated	12/2022
Currency swaps[1]	-	126,879	860,660	987,539	-	-	987,539	-	-	(40,226)
TOTAL	**-**	**126,879**	**860,660**	**987,539**	**-**	**-**	**987,539**	**-**	**-**	**(40,226)**

(1) BPCE Assurances subscribed for currency swaps in order to hedge dollar-denominated bond portfolios. This hedging was recognized as effective and recorded as a cash-flow hedge.

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5.2.2. Derivatives not subject to hedge accounting

Category of instrument (€ thousands)	Notional value schedule At 12/31/2022			Total notional value	Credit rating					Fair value
	< 1 year	1 - 5 years	> 5 years	12/2022	AAA	AA	A	BBB	Not rated	12/2022
Interest-rate swaps	-	-	-	-	-	-	-	-	-	-
Currency swaps[1]	-	36,741	42,794	79,535	-	-	79,535	-	-	(14,837)
Swaps	-	36,741	42,794	79,535	-	-	79,535	-	-	(14,837)
Caps bought[2]	700,000	3,900,000	-	4,600,000	-	-	2,600,000	-	2,000,000	8,475
Caps sold[2]	5,200,000	-	-	5,200,000	-	-	5,200,000	-	-	(1,034)
Equity puts bought	-	-	-	-	-	-	-	-	-	-
Equity puts sold	-	-	-	-	-	-	-	-	-	-
Equity calls sold	-	-	-	-	-	-	-	-	-	-
Options	5,900,000	3,900,000	-	9,800,000	-	-	7,800,000	-	2,000,000	7,441
Currency futures	219,958	-	-	219,958	-	-	-	-	219,958	-
Others	219,958	-	-	219,958	-	-	-	-	219,958	-
TOTAL	6,119,958	3,936,741	42,794	10,099,493	-	-	7,879,535	-	2,219,958	(7,396)

(1) Includes CVA/DVA
(2) The fair value of caps is presented net of accrued premiums. Of these caps, those issued by Natixis represented a notional amount of €600 million and a total fair value of -€79k.

5.3. FINANCIAL RISKS

5.3.1. Risk management methods

In the life insurance business, commitments recorded as balance sheet liabilities are reviewed so as to determine the company's various constraints and to define the allocation of assets with respect to identified risks associated with insurance policies. The aim for insurance companies is to optimize their asset allocation, particularly by favoring instruments offering regular returns compatible with the commitments recorded as balance sheet liabilities and thus maintain the companies' solvency.

One of the methods used is to impose constraints on the fixed income portfolio in terms of ratings and duration, in order to comply with the insurer's obligations in extreme market and redemption situations.

Equities and property assets serve to diversify the portfolio and improve its long-term return. However, the proportion of such assets in the portfolio is also limited in the short term by the obligation to record a provision for liquidity risks (in the individual financial statements) and by commercial, contractual or regulatory requirements resulting from the rates of return on customer policies.

The investments made by BPCE Assurances take into account Environmental, Social and Governance (ESG) issues. The approach employed to incorporate responsible investment practices and the governance implemented in relation to these issues are described in BPCE Assurances' ESG report (https://www.Insurances.groupebpce.com/ntx-publication/).

The choice of distribution between investments subject to Article R. 343-9 and R. 343-10 is based on several factors:

- the scope available for diversification;
- the maximum accounting risk compatible with the objective of protecting equity and net income.

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5.3.2. Credit risk

Counterparty risk is monitored and managed in compliance with Groupe BPCE standards and internal limits, as determined by the Risk Committee, as well as the regulatory constraints imposed on insurance companies. Credit risk is monitored by Ostrum Asset Management, which is responsible for managing the portfolio and reporting to the Finance Committee. In addition, a Credit Committee comprising members from BPCE Assurances and Ostrum Asset Management meets quarterly.

Breakdown by type and business sector of financial assets exposed to credit risk

Breakdown of bonds (€ thousands)	Business sectors at 12/31/2022					Business sectors at 12/31/2021				
	Government securities	Quasi-government	Private - financial sector[2]	Private - other sectors	Total	Government securities	Quasi-government	Private - financial sector[2]	Private - other sectors	Total
Held-to-maturity bonds	518,352	60,198	26,248	131,792	736,589	512,227	60,948	26,514	191,451	791,140
Available-for-sale bonds	9,912,532	751,971	15,905,001	11,960,219	38,529,723	12,909,776	647,572	16,628,672	13,819,206	44,005,226
Bonds recorded using the fair value option	-	26,099	1,431,875	-	1,457,974	-	31,032	1,883,769	-	1,914,801
Total bonds	10,430,884	838,268	17,363,124	12,092,011	40,724,286	13 422 003	739,552	18,538,955	14 010 657	46,711,167
% N	*25.6 %*	*2%*	*43 %*	*30%*	*100%*	*29%*	*2%*	*40%*	*30%*	*100%*
o/w maturity < 1 yr[1]	*1,027,833*	*113,403*	*660,260*	*969,822*	*2,771,318*	*343,481*	*154,188*	*1,338,524*	*1,687,972*	*3,524,165*
o/w maturity 1 to 5 yrs[1]	*2,423,620*	*183,105*	*4,091,542*	*4,387,862*	*11,086,128*	*3,300,896*	*242,365*	*3,728,348*	*4,955,646*	*12,227,255*
o/w maturity > 5 yrs[1]	*6,979,431*	*541,760*	*12,611,322*	*6,734,327*	*26,866,840*	*9,777,625*	*342,999*	*13,472,083*	*7,367,040*	*30,959,747*

(1) Contractual maturity or exercise date of issuer call (where applicable)
(2) Of which 63% rated A, AA or AAA (2021: 69%)

Breakdown by type and credit rating of financial assets exposed to credit risk

Breakdown of bonds (€ thousands)	Ratings at 12/31/2022												12/2021
	AAA	AA	A	BBB	BB	B	CCC	CC	C	D	Not rated[2]	Total	Total
Held-to-maturity bonds	-	331,673	82,426	321,446	-	273	738	29	-	-	5	736,589	791,140
Available-for-sale bonds	1,697,862	10,464,540	12,543,155	9,626,088	340,092	48,688	11,085	-	-	-	3,798,213	38,529,723	44,005,226
Bonds recorded using the fair value option	-	127,378	1,263,860	3,434	-	-	-	-	-	-	63,302	1,457,974	1,914,801
Total bonds	1,697,862	10,923,591	13,889,441	9,950,968	340,092	48,961	11,823	29	-	-	3,861,520	40,724,286	46,711,167
% N	*4.2%*	*27%*	*34%*	*24%*	*0.8%*	*0.1%*	*0%*	*0%*	*0%*	*0%*	*9.5%*	*100%*	*100%*
% N-1	*5.5%*	*30%*	*32%*	*24%*	*0.9%*	*0.1%*	*0%*	*0%*	*0%*	*0%*	*7.0%*	*100%*	*100%*
o/w maturity < 1 yr[1]	*72,200*	*1,467,840*	*618,311*	*429,019*	*12,495*	-	-	-	-	-	*171,452*	*2,771,318*	*3,524,165*
o/w maturity 1 to 5 yrs[1]	*241,708*	*2,648,961*	*3,084,186*	*3,617,646*	*218,638*	*48,688*	*8,584*	-	-	-	*1,217,717*	*11,086,128*	*12,227,255*
o/w maturity > 5 yrs[1]	*1,383,953*	*6,806,790*	*10,186,944*	*5,904,303*	*108,960*	*273*	*3,239*	*29*	-	-	*2,472,350*	*26,866,840*	*30,959,747*

(1) Contractual maturity or exercise date of issuer call (where applicable)
(2) The main unrated securities are securitization funds and senior bonds issued notably by ITM Entreprises and Artémis, and structured bonds

Carrying amount of euro zone sovereign debt securities

Sovereign debt (€ thousands)	Country	Balance sheet value[1]	
		2022	2021
Available-for-sale securities	France	6,556,441	8,160,480
	Belgium	786,628	1,193,595
	Spain	728,761	1,061,365
	Germany	612,944	650,298
	Luxembourg	381,817	643,393
	Portugal	195,660	183,933
	USA	176,092	224,549
	Philippines	103,803	165,718
	Chile	87,145	87,045
	Poland	69,072	101,450
	Netherlands	54,679	63,386
	United Kingdom	44,687	70,673
	Others	114,802	303,890
	Total	**9,912,532**	**12,909,776**
Held-to-maturity securities	Italy	281,227	287,922
	France	237,124	224,305
	Total	**518,352**	**512,227**
Total sovereign debt		**10,430,884**	**13,422,003**

(1) Carrying amount net of provisions for permanent impairment where applicable, without applying contractual policyholder bonus rules and without deferred tax

The fair value of AFS securities in the table above was exclusively determined using quoted prices (level 1).

5.3.3. Liquidity risk

Breakdown of financial debt by contractual maturity

Category of financial debt[1] (€ thousands)	Breakdown of carrying amount in 12/2022 by maturity			Carrying amount 12/2022	Carrying amount 12/2021
	< 1 yr	1 - 5 yrs	> 5 yrs		
Dated subordinated debt taken out with Natixis or Groupe BPCE entities	2,002	395,000	463,000	860,002	859,972
Dated subordinated debt taken out with non-Group entities	-	-	-	-	-
Total dated subordinated debt	**2,002**	**395,000**	**463,000**	**860,002**	**859,972**
Perpetual subordinated debt issued by Natixis or Groupe BPCE entities[2]	542	-	273,500	274,042	274,380
Perpetual subordinated debt issued by non-Group entities[3]	69	-	251 000	251,069	251,069
Total perpetual subordinated debt	**611**	**-**	**524,500**	**525,111**	**525,449**
Total subordinated debt	**2,613**	**365,000**	**987,500**	**1,385,113**	**1,385,420**
Other financial debt issued by Natixis or Groupe BPCE entities	75	70,000	-	70,075	392,566
Other financial debt issued by non-Group entities	-	-	-	-	-
Total financial debt	**2,688**	**465,000**	**987,500**	**1,455,188**	**1,777,986**

(1) Short-term debt is defined as having a maturity of less than one year and the contractual maturity of financial contracts is presented in the section on interest rate risk (note 5.3.5).
(2) Perpetual debt with a 10-year call (the 10-year period has elapsed for all loans in force)
(3) Perpetual debt with an 11-year call (€251 million at end-2025)

5.3.4. Market risks

Equity risk exposure by geographic area

Breakdown of equities by geographic area - carrying amount at 12/31/2022 (€ thousands)	Equities			Non-consolidated UCITS (breakdown in the AMF classification table below)	Total
	Euro zone	Europe excl. euro zone	International		
Available-for-sale equities and UCITS	1,556,108	73,065	14,063	8,051,417	9,694,652
Equities and UCITS recorded under the fair value option	-	-	-	457,006	457,006
Equities and UCITS held for trading purposes	-	-	-	3,216,022	3,216,022
Available-for-sale investments in affiliates	97,596	-	-	-	-
Total equities and UCITS	1,653,704	73,065	14,063	11,724,445	13,367,680
% N	*95%*	*4%*	*1%*		
% N-1	*95.8%*	*4%*	*0.0%*		

Breakdown of equities by geographic area - carrying amount at 12/31/2021 (€ thousands)	Equities			Non-consolidated UCITS (breakdown in the AMF classification table below)	Total
	Euro zone	Europe excl. euro zone	International		
Available-for-sale equities and UCITS	1,871,848	82,930	-	8,142,008	10,096,786
Equities and UCITS recorded under the fair value option	-	-	-	633,070	633,070
Available-for-sale investments in affiliates	-	-	-	4,348,353	4,348,353
Total equities and UCITS	1,871,848	82,930	-	13,123,431	15,078,209
% N	*95.8%*	*4%*	*0.0%*		
% N-1	*97.1%*	*3%*	*0.0%*		

AMF classification of diversified UCITS

AMF classification of diversified UCITS - carrying amount at 12/31/2022 (€ thousands)	Euro zone equities	International equities	Bonds	Money market instruments	Alternative and diversified funds	Venture capital funds	Units of securitization funds and loan funds	Real estate funds	Total non-consolidated UCITS 12/31/2021
Available-for-sale UCITS	3,281,101	582,066	550,321	313,356	1,012,334	1,071,366	420,426	820,446	8,051,417
UCITS recorded under the fair value option	1,401	35	8,335	1,003	31,704	-	-	414,529	457,006
UCITS held for trading purposes	52,461	-	-	3,163,561	-	-	-	-	3,216,022
Total non-consolidated UCITS	3,334,963	582,100	558,656	3,477,919	1,044,039	1,071,366	420,426	1,234,975	11,724,445
% N	*28%*	*5%*	*5%*	*30%*	*9%*	*9%*	*3.6%*	*11%*	*100%*
% N-1	*28%*	*6%*	*5%*	*35%*	*9%*	*8%*	*0%*	*10%*	*100%*

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AMF classification of diversified UCITS - carrying amount at 12/31/2021 (€ thousands)	Euro zone equities	International equities	Bonds	Money market instruments	Alternative and diversified funds	Venture capital funds	Units of securitization funds and loan funds	Real estate funds	Total non-consolidated UCITS 12/31/2020
Available-for-sale UCITS	3,553,899	752,285	633,398	276,417	1,111,722	1,042,611	9	771,666	8,142,008
UCITS recorded under the fair value option	96,378	31	7,243	1,005	25,143	-	-	503,270	633,070
UCITS held for trading purposes	-	-	-	4,348,353	-	-	-	-	4,348,353
Total non-consolidated UCITS	**3,650,276**	**752,316**	**640,641**	**4,625,776**	**1,136,866**	**1,042,611**	**9**	**1,274,936**	**13,123,431**
% N	*28%*	*6%*	*5%*	*35%*	*9%*	*8%*	*0%*	*10%*	*100%*
% N-1	*21%*	*9%*	*7%*	*26%*	*17%*	*7%*	*0%*	*14%*	*100%*

Exposure to property risk by geographic area and category

The properties referred to include the properties of consolidated SCI and SPPICAV. They do not include non-consolidated SCPI and SCI securities.

Breakdown of investment property by geographic area (€ thousands)	Paris area		Other geographic areas		Total	
	12/2022	12/2021	12/2022	12/2021	12/2022	12/2021
Offices at fair value through profit and loss	982,962	946,110	115,110	116,730	1,098,072	1,062,840
Other categories at fair value through profit and loss	100,950	100,540	244,892	245,818	345,842	346,358
Investment property cash*	23,016	22,757	-	-	23,016	22,757
Property at fair value through profit and loss	**1,106,928**	**1,069,408**	**360,002**	**362,548**	**1,466,929**	**1,431,956**
Offices at amortized cost	99,235	98,874	24,559	25,173	123,794	124,047
Total investment property	**1,206,163**	**1,168,282**	**384,560**	**387,721**	**1,590,723**	**1,556,003**

* Cash held by investment property funds associated with unit-linked policies.

Foreign exchange risk

Breakdown of financial assets and liabilities by currency (€ thousands)	12/2022		12/2021	
	Carrying amount	% of total	Carrying amount	% of total
Financial assets denominated in EUR	89,606,647	98%	99,082,628	99%
Financial assets denominated in USD[1]	1,378,983	2%	1,242,243	1%
Financial assets denominated in CHF	53,839	0%	63,731	0%
Financial assets denominated in GBP	1,499	0%	2,410	0%
Financial assets denominated in other currencies	76,553	0%	44,448	0%
TOTAL FINANCIAL ASSETS	**91,117,521**	**100%**	**100,435,459**	**100%**
Financial liabilities denominated in EUR	25,027,727	100%	27,457,693	100%
Financial liabilities denominated in USD	-	0%	-	0%
TOTAL FINANCIAL LIABILITIES	**25,027,727**	**100%**	**27,457,693**	**100%**

(1) Of which €912 million hedged with currency swaps

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5.3.5. Interest rate risk

Exposure of financial assets

The following table shows the exposure of BPCE Assurances' financial assets to the fixed income market:

Category of financial assets[1] (€ thousands)	Breakdown of carrying amount by maturity at 12/31/2021[3]			Carrying amount 12/31/2022	Carrying amount 12/31/2021
	< 1 yr	1 - 5 yrs	> 5 yrs		
Held-to-maturity bonds	271,422	335,306	128,730	735,458	788,686
Available-for-sale bonds	2,343,601	10,276,964	24,777,949	37,398,514	41,492,333
Bonds recorded under the fair value option	85,912	323,376	963,467	1,372,754	732,228
Fixed-rate bonds	**2,700,935**	**10,935,647**	**25,870,145**	**39,506,727**	**43,013,248**
Fixed-rate loans and receivables	14,667	-	12,675,557	12,690,224	13,402,876
Other net financial assets exposed to fair value risk[2]	56	(9,490)	(38,188)	(47,622)	(40,590)
FIXED-RATE FINANCIAL ASSETS	**2,715,658**	**10,926,156**	**38,507,514**	**52,149,328**	**56,375,534**
% N	***5.1%***	***20.4%***	***71.8%***	***97.2%***	
% N-1	***5.0%***	***41.1%***	***46.9%***		***93.0%***
Held-to-maturity bonds	5	-	1,127	1,131	2,454
Available-for-sale bonds	70,378	121,657	939,174	1,131,209	2,512,892
Bonds recorded under the fair value option	-	28,825	56,395	85,220	1,182,573
Variable-rate bonds	**70,383**	**150,482**	**996,695**	**1,217,560**	**3,697,919**
Variable-rate loans and receivables	172,911	-	97,035	269,946	540,852
Other net financial assets exposed to cash flow risk[2]	-	-	-	-	-
VARIABLE-RATE FINANCIAL ASSETS	**243,294**	**150,482**	**1,093,730**	**1,487,506**	**4 238 771**
% N	***0.5%***	***0.3%***	***2.0%***	***2.8%***	
% N-1	***1.7%***	***1.1%***	***4.2%***		***7.0%***
FINANCIAL ASSETS EXPOSED TO INTEREST RATE RISK	**2,958,952**	**11,076,638**	**39,601,244**	**53,636,834**	**60,614,305**

(1) Short-term receivables are deemed to have a maturity of less than one year
(2) Fair value of caps and currency swaps
(3) Contractual maturity or exercise date of issuer call (where applicable)

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Exposure of liabilities

The following table shows the exposure of BPCE Assurances' liabilities to fixed income markets:

Category of financial assets[1] (€ thousands)	Breakdown of projected liability flows at 12/31/2022 by estimated maturity			Projected liability flows 12/31/2022[2]	Carrying amount of liabilities 12/31/2022
	< 1 yr	1 - 5 yrs	> 5 yrs		
With-profits underwriting liabilities	*4,070,988*	*14,202,827*	*53,612,113*	*71,885,928*	*73,375,706*
Unit-linked underwriting liabilities	*1,523,228*	*6,063,716*	*19,218,453*	*26,805,396*	*23,644,792*
Total underwriting liabilities	**5,594,216**	**20,266,543**	**72,830,565**	**98,691,324**	**97,020,498**
Subordinated debt and other financial debt	2,438	435,000	766,000	1,203,438	1,203,438
FIXED-RATE LIABILITIES	**5,596,654**	**20,701,543**	**73,596,565**	**99,894,763**	**98,223,936**
Subordinated debt	249	-	251,500	251,749	251,749
VARIABLE-RATE LIABILITIES	**249**	**-**	**251,500**	**251,749**	**251,749**
LIABILITIES EXPOSED TO INTEREST RATE RISK	**5,596,904**	**20,701,543**	**73,848,065**	**100,146,512**	**98,475,686**

(1) Short-term payables are deemed to have a maturity of less than one year

(2) Projected insurance liability flows comprise projected cash outflows. These flows consist of redemptions, deaths and projected maturities of insurance policies and financial contracts, including technical interest and deferred policyholder bonuses to be allocated to contracts between the closing date and the estimated exit date; they comprise the repayment of the principal for financial debt; they are not discounted.

The carrying amount of liabilities corresponds to that of the Investment Solutions business (excluding Personal Protection, Property & Casualty and CNP acceptance).

5.3.6. Sensitivity of assets and liabilities to market and interest rate risk

Sensitivity to market risks

Equities market

The sensitivity analysis involved measuring the impact of a 10% variation in the equities market. This analysis was conducted for each line in the BPCE Assurances portfolio. The scope included equities, UCITS, structured products and convertible bonds.

The sensitivity of each line was determined according to its beta calculated over the year ended. This beta was used to simulate the variation in the level of unrealized capital gains or losses.

The impact on the provision for permanent impairment could then be determined, with the provision for impairment recorded in the financial statements at December 31 having been set beforehand. The change in the provision for permanent impairment and the change in FVO unrealized capital gains or losses has an impact on income; the change in AFS unrealized capital gains or losses has an impact on equity.

The impact of equity derivatives held in consolidated UCITS was assumed to be nil overall (insignificant amounts).

Real estate market

The sensitivity analysis involved measuring the impact of a 10% variation in the real estate market. The impact was estimated globally for the properties of consolidated SCIs and OPCIs (impact on income) and SCPI and SCI securities held (impact on equity).

Sensitivity of financial assets before deferred policyholder bonus and deferred taxes (€ millions)	12/2022			12/2021		
	Impact on fair value of investments	Impact on income	Impact on equity	Impact on fair value of investments	Impact on income	Impact on equity
Before impact of hedging derivatives						
+10% variation in the equities market	835.9	9.0	826.9	826.1	37.5	788.7
-10% variation in the equities market	(836.7)	(68.2)	(768.6)	(830.5)	(57.1)	(773.4)
After impact of hedging derivatives						
+10% variation in the equities market	835.9	9.0	826.9	822.7	34.0	788.7
-10% variation in the equities market	(836.7)	(68.2)	(768.6)	(823.5)	(50.1)	(773.4)
Sensitivity to the real estate market						
+10% variation in the real estate market	146.0	68.7	77.3	277.1	205.9	71.2
-10% variation in the real estate market	(146.0)	(79.1)	(66.9)	(277.1)	(224.7)	(52.4)

The impacts net of deferred policyholder bonuses and deferred taxes are presented in the table below:

Sensitivity of financial assets before deferred policyholder bonus and deferred taxes (€ millions)	12/2022			12/2021		
	Impact on fair value of investments	Impact on income	Impact on equity	Impact on fair value of investments	Impact on income	Impact on equity
Before impact of hedging derivatives						
+10% variation in the equities market	835.9	0.7	75.5	826.1	3.4	76.5
-10% variation in the equities market	(836.7)	(5.9)	(66.8)	(830.5)	(5.0)	(73.8)
After impact of hedging derivatives						
+10% variation in the equities market	835.9	0.7	75.5	822.7	2.7	56.1
-10% variation in the equities market	(836.7)	(5.9)	(66.8)	(823.5)	(4.1)	(55.0)
Sensitivity to the real estate market						
+10% variation in the real estate market	146.0	5.6	6.7	277.1	16.8	6.8
-10% variation in the real estate market	(146.0)	(6.5)	(5.8)	(277.1)	(18.6)	(5.0)

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Sensitivity to interest rate risk

The sensitivity analysis involved measuring the impact of a 1% variation in interest rates without a deformation of the yield curve. This analysis was conducted for each line in BPCE Assurances' main fixed income portfolios (BPCE Vie, BPCE Assurances IARD and BPCE Life), i.e. 99.9% of the total value.

	12/2022			12/2021		
Sensitivity of financial assets before deferred policyholder bonus and deferred taxes (€ millions)	**Impact on fair value of investments[1]**	**Impact on income**	**Impact on equity**	**Impact on fair value of investments[1]**	**Impact on income**	**Impact on equity**
Before impact of hedging derivatives						
+1% variation in bond rates	(2,775)	(79)	(2,672)	(3,541)	(147)	(3,352)
-1% variation in bond rates	3,133	82	3,025	4,057	139	3,875
After impact of hedging derivatives						
+1% variation in bond rates	(2,765)	(70)	(2,672)	(3,540)	(146)	(3,352)
-1% variation in bond rates	3,129	79	3,025	4,057	138	3,875

(1) Including HTM securities

The change in the sensitivity of financial instruments to interest rate risk relative to the previous year primarily resulted from the sharp upturn in higher interest rates (10-year EIOPA rose from 0.21% to 3.09% between Q4 21 and Q4 22) which reduced the market value of these instruments (excluding hedging instruments).

The reduced impact on income primarily reflected lower exposure to structured products (-€551 million on the fair value through profit & loss category).

The impacts net of deferred policyholder bonuses and deferred taxes are presented in the table below:

	12/2022			12/2021		
Sensitivity of financial assets after deferred policyholder bonus and deferred taxes (€ millions)	**Impact on fair value of investments[1]**	**Impact on income**	**Impact on equity**	**Impact on fair value of investments[1]**	**Impact on income**	**Impact on equity**
Before impact of hedging derivatives						
+1% variation in bond rates	(2,775)	(6)	(218)	(3,541)	(12)	(274)
-1% variation in bond rates	3,133	7	247	4,057	11	316
After impact of hedging derivatives						
+1% variation in bond rates	(2,775)	(6)	(218)	(3,540)	(12)	(274)
-1% variation in bond rates	3,129	6	247	4,057	11	316

(1) Including HTM securities

5.4. HEDGING RELATIONS

See note 4.2.5 Hedge accounting.

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5.5. RISKS ASSOCIATED WITH UNIT-LINKED POLICIES AND CONTRACTS

Reconciliation of unit-linked policies and contracts (€ thousands)	Stock at 12/31/2022	Stock at 12/31/2021
Consolidated SCI representing unit-linked policies and contracts	453,995	442,704
Other investments representing unit-linked policies and contracts	22,435,434	23,133,382
Total carrying amount of assets representing unit-linked policies and contracts (a)	**22,889,429**	**23,576,086**
Underwriting reserves for unit-linked insurance policies	18,456,111	17,695,780
Liabilities related to unit-linked financial contracts	5,188,681	5,923,385
Total liabilities related to unit-linked policies and contracts excluding floor guarantee (b)	**23,644,792**	**23,619,165**
o/w unit-linked loss reserve (c)	-	-
Reserve for floor guarantee	14,016	1,147
Total liabilities related to unit-linked policies and contracts	**23,658,808**	**23,620,312**
Over- or under-coverage linked to temporary investment gap (a) - (b)	**(755,363)**	**(43,079)**
Over- or under-coverage excluding unit-linked loss reserve (a) - (b) + (c)	(755,363)	(43,079)

The under-coverage at December 31, 2022 primarily reflects the ongoing commercialization of a debt issue, for which the commercialization period was planned between mid-November and mid-January, with the entry of the securities on January 20, 2023. This was reflected in the accounts by recognition of a €735 million off-balance sheet subscription commitment at end-2022.

5.6. IFRS 9 NOTES DURING THE TRANSITIONAL PERIOD

Breakdown of financial investments by category at balance sheet date

Breakdown of financial investments (€ thousands)	Category of asset	12/2022 Fair value	12/2022 Change in fair value	12/2021 Fair value	12/2021 Change in fair value
Assets whose cash flows relate solely to payments of principal and interest	Bonds	35,433,977	(7,893,734)	40,311,827	(1,679,192)
	UCITS	-	-	-	-
	Loans and receivables	1,068,167	-	2,405,372	-
	Derivative assets	-	-	-	-
	Total (1)	**36,502,143**	**(7,893,734)**	**42,717,199**	**(1,679,192)**
Other financial assets	Bonds	5,317,259	(1,044,007)	6,547,021	(31,576)
	Equities	1,643,236	(136,581)	1,954,778	31,623
	UCITS	11,724,445	(604,031)	13,123,431	803,615
	Loans and receivables	-	2,202	-	-
	Investments representing unit-linked contracts recorded under the fair value option	22,435,434	(387,928)	23,133,382	1,643,474
	Derivative assets	39,228	44,713	12,972	(36,641)
	Total (2)	**41,159,601**	**(2,125,631)**	**44,771,584**	**2,410,494**
Assets governed by rules other than IFRS 9 and IAS 39	Investment property	1,627,365	60,094	1,590,530	14,908
	Deposits with sellers and advances on policies	11,892,004	-	11,538,356	-
	Total (3)	**13,519,368**	**60,094**	**13,128,886**	**14,908**
Total financial investments (1) + (2) + (3)		**91,181,112**	**(9,959,271)**	**100,617,668**	**746,210**

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Breakdown of SPPI securities by rating

(€ thousands)	Asset rating	12/2022 Carrying amount[1]	12/2022 Fair value	12/2021 Carrying amount[1]	12/2021 Fair value
Bonds whose cash flows relate solely to payments of principal and interest	AAA	2,066,664	1,580,657	2,191,298	2,290,113
	AA	11,193,180	10,395,181	12,465,631	14,135,481
	A	14,199,786	11,948,372	13,853,871	14,403,106
	BBB	11,273,873	9,896,713	8,408,224	8,803,731
Sub-total of low credit-risk bonds		**38,733,504**	**33,820,923**	**36,919,024**	**39,632,431**
Bonds whose cash flows relate solely to payments of principal and interest	< BBB	408,283	359,674	593,999	605,079
	not rated	2,383,106	2,321,546	2,462,256	2,479,696
Sub-total of low credit-risk bonds		**2,791,389**	**2,681,220**	**3,056,254**	**3,084,775**
Total of bonds whose cash flows relate solely to payments of principal and interest		**41,524,893**	**36,502,143**	**39,975,279**	**42,717,206**

(1) Before correcting value for impairment.

5.7. FINANCIAL INSTRUMENTS SUBJECT TO INTEREST RATE BENCHMARK REFORM

The table below presents financial instruments for indices subject to a transition as part of interest rate benchmark reform. The financial instruments presented are those with a maturity date after December 31, 2022. The securities are reported at market value.

(€ thousands)	Financial assets	Financial liabilities	Derivatives (notional)
EURIBOR - Euro Interbank Offered Rate	3,421,237	-	-
Total	3,421,237	-	-

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6. Notes on insurance policies and financial contracts

6.1. INSURANCE POLICIES AND FINANCIAL CONTRACTS

Carrying amount (€ thousands)	12/2022	12/2021
Underwriting liabilities related to insurance policies	76,726,992	72,275,874
Underwriting liabilities related to financial contracts	23,415,654	25,590,400
Deferred policyholder bonus liability	-	4,222,372
Liabilities related to policies and contracts	**100,142,646**	**102,088,646**
Shares of cessionaires and retrocessionaires	(19,243,640)	(18,546,573)
Deferred policyholder bonus asset	(4,375,859)	-
Assets related to policies and contracts	**(23,619,499)**	**(18,546,573)**
TOTAL ASSETS AND LIABILITIES RELATED TO POLICIES AND CONTRACTS	**76,523,147**	**83,542,073**

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6.1.1. Underwriting reserves related to insurance policies

Liabilities related to insurance policies by business sector and geographic area

Carrying amount (€ thousands)	Life Insurance/ Investment Solutions/Pensions		Personal Protection Insurance[1]		Property & Casualty Insurance		Total Insurance	
	12/2022	12/2021	12/2022	12/2021	12/2022	12/2021	12/2022	12/2021
Mathematical reserves	52,534,587	49,457,337	314,639	251,584	-	-	52,849,226	49,708,921
Reserves for unearned premiums	-	-	3,533	3,805	580,239	528,610	583,772	532,415
Loss reserves (a)	527,223	511,994	672,503	664,882	1,365,736	1,189,728	2,565,462	2,366,604
Reserves resulting from liability adequacy test	-	-	-	-	-	-	-	-
Policyholder bonus reserves	2,086,923	1,838,144	-	-	-	-	2,086,923	1,838,144
Other reserves	-	-	95,630	77,062	89,868	56,948	185,498	134,010
Gross underwriting reserves - insurance policies excluding unit-linked policies	**55,148,733**	**51,807,475**	**1,086,305**	**997,334**	**2,035,843**	**1,775,285**	**58,270,881**	**54,580,094**
Gross underwriting reserves - unit-linked policies	**18,456,111**	**17,695,780**	**-**	**-**	**-**	**-**	**18,456,111**	**17,695,780**
Mathematical reserves and policyholder bonus reserves ceded	12,652,740	8,459,753	-	-	-	-	12,652,740	8,459,753
Reserves for unearned premiums and other reserves ceded	-	-	73,512	66,097	25,465	23,499	98,977	89,596
Loss reserves ceded (b)	163,994	154,128	157,329	158,258	295,563	197,775	616,886	510,161
Reserves resulting from liability adequacy test	-	-	-	-	-	-	-	-
Share of cessionaires and retrocessionaires in gross underwriting reserves - insurance policies excluding unit-linked policies	**12,816,734**	**8,613,881**	**230,841**	**224,355**	**321,028**	**221,274**	**13,368,603**	**9,059,510**
Share of cessionaires and retrocessionaires in gross underwriting reserves - unitlinked policies	**4,282,964**	**4,642,723**	**-**	**-**	**-**	**-**	**4,282,964**	**4,642,723**
TOTAL NET LIABILITIES RELATED TO INSURANCE POLICIES	**56,505,146**	**56,246,651**	**855,464**	**772,979**	**1,714,815**	**1,554,011**	**59,075,425**	**58,573,641**

(1) life and non-life

(a) o/w gross IBNR	-	-	427,089	429,862	224,146	165,796	651,235	595,658
(b) o/w IBNR ceded	-	-	108,903	107,953	92,806	52,295	201,708	160,248

Multi-risk personal accident policies, payment instrument guarantees and health insurance products are classified in Property & Casualty.

All insurance policies belong to the France geographic area.

6.1.2. Liabilities related to financial contracts

Liabilities related to insurance policies by business sector and geographic area

Carrying amount (€ thousands)	Life Insurance/Investment Solutions/Pensions		Personal Protection Insurance and Property & Casualty Insurance		Total Financial Contracts	
	12/2022	12/2021	12/2022	12/2021	12/2022	12/2021
Mathematical reserves (b)	17,321,248	18,702,572	-	-	17,321,248	18,702,572
Reserves for unearned premiums	-	-	-	-	-	-
Loss reserves (a) (c)	268,168	321,063	-	-	268,168	321,063
Reserves resulting from liability adequacy test	-	-	-	-	-	-
Policyholder bonus reserves	637,557	643,380	-	-	637,557	643,380
Other reserves	-	-	-	-	-	-
Gross liabilities related to financial contracts with discretionary policyholder bonus excluding unit-linked contracts	**18,226,973**	**19,667,015**	**-**	**-**	**18,226,973**	**19,667,015**
Gross liabilities related to financial contracts without discretionary policyholder bonus excluding unit-linked contracts	**-**	**-**	**-**	**-**	**-**	**-**
Gross liabilities related to unit-linked financial contracts (d)	**5,188,681**	**5,923,385**	**-**	**-**	**5,188,681**	**5,923,385**
Mathematical reserves and policyholder bonus reserves ceded	1,420,721	4,641,886	-	-	1,420,721	4,641,886
Reserves for unearned premiums and other reserves ceded	-	-	-	-	-	-
Loss reserves ceded	-	-	-	-	-	-
Reserves resulting from liability adequacy test	-	-	-	-	-	-
Policyholder bonus reserves	-	-	-	-	-	-
Other reserves ceded	-	-	-	-	-	-
Share of cessionaires in liabilities related to financial contracts with discretionary policyholder bonus excluding unit-linked contracts	**1,420,721**	**4,641,886**	**-**	**-**	**1,420,721**	**4,641,886**
Share of cessionaires in liabilities related to financial contracts without discretionary policyholder bonus excluding unit-linked contracts	**-**	**-**	**-**	**-**	**-**	**-**
Share of cessionaires in liabilities related to unit-linked financial contracts	**171,352**	**202,454**	**-**	**-**	**171,352**	**202,454**
TOTAL NET LIABILITIES RELATED TO FINANCIAL CONTRACTS	**21,823,581**	**20,746,060**	**-**	**-**	**21,823,581**	**20,746,060**

(a) o/w IBNR = 0

Detail by geographic area

(b) o/w gross with-profits mathematical reserves - Luxembourg	*3,232,944*	*3,723,937*	-	-	*3,232,944*	*3,723,937*
(c) o/w gross with-profits loss reserves - Luxembourg	-	-	-	-	-	-
(d) o/w gross unit-linked mathematical reserves - Luxembourg	*2,537,030*	*2,496,156*	-	-	*2,537,030*	*2,496,156*
(d) o/w gross unit-linked loss reserves - Luxembourg	-	-	-	-	-	-
Liabilities ceded - Luxembourg	-	-	-	-	-	-
TOTAL LIABILITIES - LUXEMBOURG	**5,769,974**	**6,220,093**	**-**	**-**	**5,769,974**	**6,220,093**

The French branch of the Luxembourg subsidiary belongs to the France geographic area.

6.1.3. Change in underwriting reserves – Life, Investment Solutions, Pensions

6.1.3.1. Change in gross values

(€ thousands)	12/2022		
	Insurance	Financial contracts	Total Life Insurance/Investment Solutions/Pensions
Underwriting reserves and gross financial liabilities at January 1	69,503,255	25,590,400	95,093,656
Net pure premiums	12,413,459	2,801,206	15,214,665
Claims expense	(4,526,832)	(2,092,835)	(6,619,667)
Revaluation of reserves (interest income, deferred policyholder bonus, unit-linked adjustments and other flows)	(3,785,038)	(2,883,117)	(6,668,155)
Portfolio acquisitions	-	-	-
Internal transfers	-	-	-
Underwriting reserves and gross financial liabilities at December 31	73,604,844	23,415,654	97,020,498

6.1.4. Change in loss reserves in the Personal Protection and Property & Casualty branches

6.1.4.1. Change in gross values

Breakdown of claims expense and payments between previous and current financial years

(€ thousands)	Payment Protection and Personal Protection Insurance		Property & Casualty Insurance	
	12/2022	12/2021	12/2022	12/2021
Gross loss reserves - direct business at January 1	664,880	605,810	1,189,729	1,001,673
Claims expense for year in progress	532,013	450,140	977,944	746,669
(Bonuses)/penalties on previous years	(255,987)	(158,248)	(34,313)	(40,642)
Total claims expense	276,025	291,891	943,630	706,027
Payments on claims for year in progress	143,762	120,333	426,334	334,326
Payments on claims on previous years	125,226	112,590	337,908	253,473
Total payments	268,988	232,922	764,242	587,799
Newly-consolidated entities	-	-	-	-
Change in coinsurance loss reserves, acceptances, claims management reserves and others	586	(1,421)	(3,382)	2,775
Total gross loss reserves at December 31	672,504	664,880	1,365,736	1,189,729

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6.1.4.2. Change in share of reinsurers

(€ thousands)	Payment Protection and Personal Protection Insurance		Property & Casualty Insurance	
	12/2022	12/2021	12/2022	12/2021
Share of reinsurers in loss reserves - direct business at January 1	158,257	145,310	197,775	154,475
Share of reinsurers in total claims expense	13,004	78,700	144,147	82,624
Share of reinsurers in payments on claims	(57,435)	(52,505)	(46,361)	(38,551)
Portfolio acquisitions/disposals	51,485	(12,587)	-	(778)
Change in share of reinsurers in reserves for other claims	(7,980)	(655)	-	-
Total share of reinsurers in loss reserves - direct business at December 31	157,330	158,257	295,563	197,775

6.2. INSURANCE RISKS

6.2.1. Main assumptions

Main policy features and period-end assumptions	12/2022	12/2021
Assumptions related to underwriting reserves - Life Insurance, Investment Solutions, Pensions(1)		
Average minimum guaranteed rate on insurance policies	0.01%	0.02%
o/w average minimum guaranteed rate excluding unit-linked policies	*0.02%*	*0.02%*
Average policyholder bonus rate excluding unit-linked policies	97.5%	96.1%
Assumptions related to liabilities on financial contracts with discretionary policyholder bonus		
Average minimum guaranteed rate on financial contracts with policyholder bonus	0.58%	0.28%
o/w average minimum guaranteed rate excluding unit-linked policies	*0.67%*	*0.38%*
Average policyholder bonus rate excluding unit-linked policies	96.8%	97.8%
Assumptions related to liabilities on financial contracts without discretionary policyholder bonus		
Average minimum guaranteed rate on financial contracts without policyholder bonus	0%	0%
Average churn rate	11.09%	3.79%
Assumptions related to underwriting reserves - Personal Protection Insurance and Property & Casualty Insurance		
Discount rate on loss reserves	0%	0%
Discount rate on reserves for incapacity/invalidity, funeral services and long-term care	0% to 2.50%	0% to 2.50%
Average cost of settled claims - Personal Protection Insurance (excluding Payment Protection)	€4.8k	€5.77k
Average cost of settled claims - Property & Casualty Insurance (excluding Payment Instrument and Health)	€0.58k	€0.45k
Average cost of settled claims - Payment Instrument and Health Insurance	€0.004k	€0.004k

(1) Including mathematical reserves for annuities

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6.2.2. Presentation of risk management policy

The risk management policy applicable to investment contracts and life insurance policies is presented with the financial risk management policy in note 5.3.1

Personal protection insurance and property & casualty insurance policies cover the following risks:

• death due to accident or illness, work cessation, invalidity, loss of employment and loss of autonomy;

• auto insurance, multi-risk home insurance, personal accident insurance, legal expenses, loss or theft of payment instruments and various property & casualty guarantees.

• auto and non-auto civil liability.

BPCE Assurances uses reinsurance to limit its exposure, in particular to the following risks:

• risk of dispersion of guaranteed capital for death, personal accidents and loss of autonomy;

• risk related to the frequency of claims for death, cessation of work, invalidity and loss of autonomy;

• excess mortality risk on the life and personal protection insurance portfolio;

• risk linked to climate events and natural disasters in property & casualty insurance as well as to accidental disasters on life and personal protection policies;

• risk linked to the amount of civil liability and property damage claims;

• mortality and financial risk for the floor guarantee of unit-linked policies.

The reinsurance plan is distributed among several reinsurers, thus limiting the risk associated with any given reinsurer. The plan comprises the following main treaties:

• capital surplus on death, claim surplus on work cessation, combined with basic reinsurance with a capped quota-share for individual personal protection insurance;

• quote-share and capital surplus on death, work cessation, invalidity and loss of employment for payment protection insurance (excluding revolving credit insurance);

• 90% quota-share on loss of autonomy;

• stop-loss treaty on the portfolio of death guarantees in the event of excess mortality;

• quota shares and claims surplus treaties covering the portfolio of personal protection guarantees in the event of a catastrophic accident;

• quota-share and claims surplus treaties covering personal accidents terminating end-2022;

• coverage of climate events by claims surplus treaties;

• coverage of natural disasters: 50% quota-share and a stop-loss treaty with Caisse Centrale de Réassurance (CCR), from a loss ratio of 100% on auto insurance and 200% for other categories;

• unlimited coverage of terrorist attacks;

• fire coverage: conflagration up to €30 million and renters' liability up to €150 million per event;

• ARCAM common reinsurance treaties providing unlimited civil liability coverage for auto insurance and coverage of up to €100 million for non-auto civil liability or material damage auto, with coverage up to €350 million in the event of legal removal of cap;

• treaty covering increases in annuities due in respect of civil liability;

• coverage of catastrophic events affecting personal accident policies (death and/or permanent invalidity benefits);

• 15% quota-share on the general fund for the life insurance and endowment policies of BPCE Vie and BPCE Life;

• 50% quota-share on the unit-linked AuM of BPCE Vie life insurance and endowment policies;

• 40% quota-share of new with-profits life insurance and endowment policies sold for investment/pensions purposes by the Caisse d'Epargne network since January 1, 2016;

• 90% quota-share of the stock of with-profits and unit-linked life insurance policies of the Caisse network, with at least one payment following total or partial redemption of an investment-pension policy taken out with CNP after January 1, 2020;

• 100% cession of the floor guarantee on unit-linked policies.

6.2.3. Type of insurance policies

6.2.3.1. Investment contracts

Discretionary nature of policy bonuses

The policyholder bonus clause contained in BPCE Assurances' investments contracts is always discretionary within the meaning of IFRS 4.

For contracts paying out a minimum policyholder bonus of less than 100% of investment income, the policyholder bonus is discretionary in the sense that a higher return may be paid.

For contracts paying out 100% of investment income, the policyholder bonus is also discretionary due to the existence of the policyholder bonus reserve used to increase the value of mathematical reserves within the regulatory 8-year limit and given the company's freedom to recognize capital gains or not.

Multi-instrument contracts

Multi-instrument contracts are not separated from the with-profits fund for unit-linked vehicles due to their commercial substance: at any time, policyholders can switch between different vehicles at a non-prohibitive cost.

Classification of contracts

For the reasons explained above, most investment contracts are classified as financial contracts with discretionary policyholder bonuses.

Contracts subject to Articles 82 and 83 of the Madelin Law, and "child savings plans", are classified as insurance policies due to the presence of insurance risk: the saving phase cannot be separated from the service phase in the former case, and premiums are exonerated in the event of death for child savings plans.

Multi-instrument contracts are classified as insurance policies where they offer a floor guarantee in the event of death and as financial contracts with discretionary policyholder bonuses otherwise.

Multi-instrument contracts without with-profits funds are classified as unit-linked financial contracts without discretionary policyholder bonuses.

6.2.3.2. Personal protection and property & casualty policies

Personal protection and property & casualty insurance policies primarily cover accidental death and death due to other causes, together with incapacity/invalidity, loss of employment, loss of autonomy, auto, multi-risk home, health, legal expenses and payment instrument guarantees. As insurance risk is transferred for such policies, they are classified as insurance policies.

6.2.4. Presentation of risk concentration

6.2.4.1. Accidental death policies

Breakdown by tranche of capital at risk related to accidental death policies

(€ thousands)	Gross reserves	Net reserves
Provision for unearned written premiums and mathematical reserves - 2022	305,216	303,993

(€ millions)	Tranche 1[(1)]	Tranche 2[(1)]	Tranche 3[(1)]	Total
Capital at risk - 2022	61 723	150 825	89 062	301 609
% N	*20.5%*	*50%*	*29.5%*	*100%*
% N-1	*30.9%*	*43.5%*	*25.6%*	*100%*

(1) Tranche 1 mainly comprises policies with capital at risk (CR) of less than €23k, Tranche 2 mainly policies with CR of between €23k and €100k and Tranche 3 mainly policies with CR of more than €100k.

6.2.4.2. Floor guarantee on death benefit for unit-linked policies

The floor guarantee reserve is calculated using the put method. It amounted to €14.4 million at end-2022 (versus €1.4 million at end-2021), reflecting falls in financial markets and sizeable volatility.

This guarantee is reinsured with a quota-share of 100%. Reinsurance premiums paid in respect of the fiscal year (€12.3 million) covered the claims paid by reinsurers (€1.8 million), but not the allocation to the floor guarantee reserve (+€13 million).

Capital at risk (unrealized capital losses on all with-profits and unit-linked policies) totaled €808 million at end-2022 versus €39 million at end-2021. This sharp increase was due to the combined effect of falls in financial markets and growth in the portfolio, with the unit-linked proportion of the portfolio increasing relative to end-2021.

6.2.5. Sensitivity analysis of insurance policies and financial contracts

6.2.5.1. Sensitivity of insurance policies and financial contracts – Life, Investment Solutions, Pensions

Strictly speaking, insurance policies and financial contracts do not have insurance risks, with the exception of:

- the floor guarantee on unit-linked contracts (see note 6.2.4);
- life annuity risk (not material relative to other products).

These contracts are consequently primarily exposed to financial risks (see note 5.3).

The main features of the investment contracts presented in note 6.2.1 are the minimum guaranteed rate, policyholder bonus rate and redemption rate. Income and equity sensitivity to a change in these features is relatively low.

The minimum guaranteed rate on investment contracts is currently significantly lower than the rate paid. With the policyholder bonus rate being close to 100%, the financial margin's sensitivity to a change in this rate is correspondingly limited. Finally, the variation in the redemption rate has only a limited impact on the financial position, and is also limited by taxation and the age of the insured population.

6.2.5.2. Sensitivity of Personal Protection and Property & Casualty policies

Income and equity are not very sensitive to the variation of personal protection and property & casualty insurance risks.

The loss ratio by year of occurrence (gross claims/premiums) observed on the portfolio of policies was stable by risk over recent years. Policies in the launch phase are also subject to conservative provisioning.

Reinsurance cessions by risk help curb the main fluctuations (see note 6.2.2).

Furthermore, any significant frequency gaps and the few products that exceed claims experience are regularly monitored.

In addition, in certain cases, policies sold can be subject to an annual price revision in the event of a technical imbalance.

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6.2.6. Impact of risk related to climate change on insurance policies

The potential impact of risks related to climate change notably concern Property & Casualty Insurance. The commitments made by BPCE Assurances in Property & Casualty Insurance are annual: their valuation as balance sheet liabilities is therefore not sensitive in the short term to the risks related to climate change.

An increase in claims may be offset by an adjustment in provisions, as the contractual conditions can be revised each year.

6.2.7. Credit risk related to reinsurance policies

(€ thousands)	Credit rating (Standard & Poor's)	Reserves ceded		Current account balance	Amount guaranteed[1]	Amount not guaranteed[1]	Exposure as % of equity[3]
		Amount	%				
CNP	A+	8,816,291	46%	29,760	8,586,088	(259,964)	(13%)
Canada Life	AA	4,845,650	25%	(4,425)	4,834,551	(6,674)	(0.3%)
RGA Re	AA-	2,066,865	11%	(11,931)	2,074,326	-	0%
Hannover Life Re	AA-	1,997,075	10%	(2,161)	1,997,963	-	0%
Mapfre Re	A+	1,171,152	6%	1,780	1,166,785	(6,148)	(0.3%)
CCR	A-	127,558	1%	(3,485)	16,159	(107,914)	(5.4%)
Surassur	NR	55,108	0%	7,275	-	(62,383)	(3.1%)
Partner Re	A+	23,718	0%	(3,174)	24,989	-	0%
Scor	A+	18,113	0%	3,939	11,870	(10,182)	(0.5%)
Other cessionaires	A- to AA	122,109	0.63%	15,124	58,470	(78,763)	(3.9%)
Total		19,243,639	100%	32,703	18,771,200	(532,027)	(26.6%)

(1) Cash deposits, pledged securities, etc.
(2) Reserves ceded + current account balance – amount guaranteed
(3) Amount not guaranteed/equity

Treaties covering risks of natural disaster entered into with CCR are not subject to deposits or pledges, as these risks are subject to the unlimited guarantee of the French state. The treaties with Surassur are not subject to deposits or pledges as Surassur is a captive company belonging to Groupe BPCE.

6.2.8. Hidden unseparated options

The main hidden unseparated options in insurance policies are:

- redemption option: the potential impact is incorporated into the liability adequacy test by modeling policyholder behavior;
- guaranteed rates on flexible premiums: given the scope of the policies in question, this option is not material.

6.2.9. Liability adequacy test

Under IFRS 4.15, a liability adequacy test must be performed at each reporting date in order to ensure that the insurance liabilities as presented in the consolidated financial statements are sufficient to cover future cash flows estimated at that date. If not, potential losses are fully recognized in the income statement.

This test was performed by:

- generating stochastic economic models;
- modeling assets/liabilities notably by taking into account:
  - policyholder behavior in terms of redemptions;
  - distribution policy;
  - the run-off of liabilities.

The simulations were carried out using the model used for Solvency 2 calculations.

According to the liability adequacy test, insurance liabilities as presented in the consolidated financial statements are sufficient to cover estimated future cash flows.

7. Other notes

7.1. BALANCE SHEET

Goodwill

Breakdown of goodwill by consolidated entity (€ thousands)	12/2022			12/2021		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
BPCE Vie	16,412	-	16,412	16,412	-	16,412
BPCE Life	1,235	(1,235)	-	1,235	-	1,235
Total	**17,647**	(1,235)	**16,412**	**17 647**	**-**	**17 647**

The change in net goodwill in 2022 stemmed from the amortization of -€1.2 million of goodwill on BPCE Life (see note 4.2.1). In accordance with IAS 28.32 and IAS 28.42:

- the €1.7 million of goodwill related to the acquisition of the Lebanese subsidiary Adir has been classified in Investments in affiliates since 2017; this amount was subject to a 100% write-off at December 31, 2020;
- the €50 million of goodwill related to the acquisition of SCI DUO Paris is classified under Investment property.

In accordance with IAS 10 and the method applied by Groupe BPCE for business combinations placed under lasting common control, the goodwill related to the minority interests in BPCE Assurances (2015 and 2017) and BPCE APS (2018) was taken directly to Group shareholders' equity.

Deferred acquisition costs

Detail of deferred acquisition costs (€ thousands)	2022			2021		
	Gross value	Amortization	Net value	Gross value	Amortization	Net value
Deferred acquisition costs and similar on life actvities	307,597	(143,545)	164,052	307,597	(123,039)	184,558
Deferred acquisition costs and similar on non-life actvities			87,880			78,081
Total	**307,597**	**(123,039)**	**251,932**	**307,597**	**(123,039)**	**262,639**

During the signature of the Stock Treaty in 2016, a €308 million commission fee was paid to CNP Assurances in respect of the set-up of reinsurance cover for 10% of the Caisse d'Epargne network's stock of policies. This sum was recognized in deferred acquisition costs, subject to amortization over 15 years.

We perform an annual impairment test to check that the net present value of the sum of future profits generated by the treaty in the coming years exceeds the net carrying amount.

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Tangible and intangible fixed assets, and investment property

(€ thousands)	12/2022			12/2021		
	Gross value	Amortization and impairments	Net value	Gross value	Amortization and impairments	Net value
Tangible fixed assets						
Land and buildings	1,566	(860)	706	1,556	(778)	788
Rights of use under leases	79,611	(9,767)	69,844	65,486	(31,626)	33,860
o/w property	*79,611*	*(9,767)*	*69,844*	*65,486*	*(31,626)*	*33,860*
o/w other tangible assets	-	-	-	-	-	-
Others	24,986	(17,999)	6,987	35,963	(21,485)	14,478
Intangible fixed assets						
Lease rights	-	-	-	-	-	-
Software	469,068	(343,253)	125,815	461,965	(315,835)	146,130
Others	5,662	(3,231)	2,431	5,143	(2,842)	2,301
Total	**580,893**	**(375,110)**	**205,783**	**570,123**	**(372,566)**	**197,557**

Change in tangible and intangible fixed assets during the year

(€ thousands)	Gross value 12/31/2021	Increases	Decreases	Changes in scope and others	Destined non-recurring assets	Gross value 12/31/2022
Tangible fixed assets						
Land and buildings	1,566	-	-	-	-	1,566
Rights of use under leases	65,486	14,125	-	-	-	79,611
o/w property	*65,486*	*14,125*	-	-	-	*79,611*
o/w other tangible assets	-	-	-	-	-	-
Others	35,963	479	(11,456)	-	-	24,986
Intangible fixed assets						
Lease rights	-	-	-	-	-	-
Software	461,965	7,217	(114)	-	-	469,068
Others	5,143	519	-	-	-	5,662
Others	**570,123**	**22,340**	**(11,570)**	**-**	**-**	**580,893**

Breakdown of lease liabilities by contractual maturity

(€ thousands)	12/31/2022						
	< 3 months	3-6 months	6 months - 1 year	1-2 years	2-5 years	> 5 years	Total
Lease liabilities	2,580	2,602	5,157	10,131	25,259	24,304	70,035

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(€ thousands)	12/31/2022						
	< 3 months	3-6 months	6 months - 1 year	1-2 years	2-5 years	> 5 years	Total
Signed leases for which underlying assets are not yet available	-	-	-	-	-	-	-

BPCE Assurances did not have any signed leases for which the underlying assets had not yet been made available at December 31, 2022.

Breakdown of AFS reserves

Breakdown of AFS reserves – group share (€ thousands)	12/2022	12/2021
Revaluation reserve - fixed-income securities	(5,820,389)	2,687,607
Revaluation reserve fixed-income securities - reclassified securities	-	-
Revaluation reserve - variable-income securities	1,138,166	2,085,571
Revaluation reserve	**(4,682,224)**	**4,773,178**
Deferred policyholder bonus reserve	4,090,579	(4,151,549)
Deferred tax reserve	152,701	(160,515)
Impact of revaluation of AFS financial assets	**(438,944)**	**461,115**
Revaluation reserve - CFH derivatives	(23,960)	(20,258)
Deferred policyholder bonus reserve - CFH derivatives	21,325	18,030
Deferred tax reserve - CFH derivatives	681	575
Impact of revaluation of hedging derivatives	**(1,954)**	**(1,653)**
Recyclable revaluation reserve net of shadow accounting adjustments	**(440,898)**	**459,462**

Provisions for contingencies

Breakdown of provisions for contingencies (€ thousands)	12/2022	12/2021
Provision for claims and litigation	13,588	15,506
Provision for long-service and end-of-career compensation	27,169	26,700
Other provisions	-	152
Total provisions for contingencies	**40,757**	**42,358**

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Breakdown of provisions for long service awards, end-of-career compensation and anniversary leave (€ thousands)	Provision for end-of career compensation			Provision for long service awards	Provision for anniversary leave	Provision for employee-time savings accounts	Total
	Present value of gross financial commitments	Fair value of financial assets	Present value of net financial commitments	Present value of gross financial commitments	Present value of gross financial commitments	Present value of funded commitments	
Commitments at 12/31/2021	**13,628**	**3,548**	**10,080**	**5,408**	**4,233**	**6,978**	**26,700**
Variation recognized in income	**2,065**	**28**	**2,036**	**989**	**1**	**897**	**3,923**
Cost of services rendered during the period	1,126	-	1,126	583	171	289	2,169
Cost of past services	-	-	-	-	-	-	-
o/w scheme liquidation and reduction	-	-	-	-	-	-	-
Net financial cost	208	28	180	67	92	-	340
Others (changes in schemes, capping/ uncapping effect, etc.)	730	-	730	-	-	608	1,338
Revaluation adjustments recorded during the period relative to other long-term benefits	-	-	-	338	(262)	-	76
Variation in actuarial gains or losses taken to OCI	**(3,488)**	**-**	**(3,488)**	**-**	**-**	**-**	**(3,488)**
Revaluation adjustments due to experience	485	-	485	-	-	-	485
Revaluation adjustments due to demographic assumptions	1,970	-	1,970	-	-	-	1,970
Revaluation adjustments due to financial assumptions	(5,943)	-	(5,943)	-	-	-	(5,943)
Revaluation adjustments due to asset returns	-	-	-	-	-	-	-
Cash flow	**(322)**	**-**	**(322)**	**(242)**	**(423)**	**-**	**(987)**
Paid benefits	(322)	-	(322)	(242)	(423)	-	(987)
Restructuring operations	**616**	**-**	**616**	**123**	**283**	**-**	**1,022**
Commitments at 12/31/2022	**12,498**	**3,576**	**8,922**	**6,278**	**4,093**	**7,875**	**27,169**

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Assets and liabilities by sector

Insurance policy underwriting reserves and liabilities related to financial contracts are presented by business sector and geographic area in note 6.1.

Receivables and payables arising from insurance or reinsurance operations are presented below by business sector and geographic area.

Carrying amount (€ thousands)	Life Insurance/ Investment Solutions/Pensions		Payment Protection and Personal Protection		Property & Casualty		Total	
	12/2022	12/2021	12/2022	12/2021	12/2022	12/2021	12/2022	12/2021
Insurance and accepted reinsurance receivables (a)	227,021	169,711	284,360	286,439	685,148	594,966	1,196,528	1,051,116
Reinsurance cession receivables (b)	44,972	40,717	-	276	27,620	20,429	72,592	61,422
Total	**271,993**	**210,428**	**284,360**	**286,715**	**712,768**	**615,395**	**1,269,121**	**1,112,538**
(a) o/w Luxembourg area insurance receivables	*-*	*2,166*	*-*	*-*	*-*	*-*	*-*	*2,166*
(b) o/w Luxembourg area reinsurance receivables	*-*	*-*	*-*	*-*	*7,275*	*-*	*7,275*	*-*

Carrying amount (€ thousands)	Life Insurance/ Investment Solutions/Pensions		Payment Protection and Personal Protection		Property & Casualty		Total	
	12/2022	12/2021	12/2022	12/2021	12/2022	12/2021	12/2022	12/2021
Insurance and accepted reinsurance payables (a)	323,048	294,822	73,237	71,498	152,548	120,093	548,833	486,412
Reinsurance cession payables (b)	10,396,605	10,923,385	240,666	245,043	23,878	6,318	10,661,148	11,174,746
Total	**10,719,653**	**11,218,207**	**313,903**	**316,541**	**176,426**	**126,411**	**11,209,982**	**11,661,158**
(a) o/w Luxembourg area insurance payables	*23,669*	*12,662*	*-*	*-*	*-*	*-*	*23,669*	*12,662*
(b) o/w Luxembourg area reinsurance payables	*-*	*562,705*	*-*	*-*	*-*	*-*	*-*	*562,705*

7.2. COMMITMENTS GIVEN AND RECEIVED

Commitments (€ thousands)	12/2022	12/2021
BPCE guarantee on securities lending transactions	3,000,000	3,000,000
Other guarantees received	817,218	903,118
Authorized overdraft from Natixis	5,000	5,000
Securities pledged as collateral by cessionaires and retrocessionaires	8,149,942	7,517,953
Commitments received	**11,972,160**	**11,426,071**
Investments not yet paid-up (venture capital funds and securitization funds)	2,624,938	3,143,745
Reinsurance fees	734,544	-
Sureties and endorsements given	14,049	14,049
Commitments given	**3,373,531**	**3,157,794**

BPCE Vie proposed a BPCE debt issue as a unit-linked investment instrument for life-pension policies. The subscription period for this investment instrument was planned between November 2022 and January 2023. At balance sheet date, the company had recognized an off-balance sheet commitment of €735 million related to this subscription commitment (see note 5.5 Risks associated with unit-linked policies and contracts).

7.3. INCOME STATEMENT

Earned premiums by business sector and geographic area

(€ thousands)	Life Insurance/ Investment Solutions/Pensions		Payment Protection and Personal Protection		Property & Casualty		Total	
	12/2022	12/2021	12/2022	12/2021	12/2022	12/2021	12/2022	12/2021
Earned premiums	**11,196,039**	**11,437,578**	**1,348,986**	**1,213,659**	**1,442,556**	**1,287,919**	**13,987,581**	**13,939,156**
o/w earned premiums France area	*10,670,087*	*10,791,868*	*1,348,986*	*1,213,659*	*1,442,556*	*1,287,919*	*13,461,629*	*13,293,446*
o/w earned premiums International area	*525,952*	*645,710*	*-*	*-*	*-*	*-*	*525,952*	*645,710*

The International area only includes the Luxembourg registered office of BPCE Life (BPCE Life's French branch is part of the France area).

Income statement by business sector

(€ millions)	Life Insurance/ Investment Solutions/ Pensions		Payment Protection and Personal Protection		Property & Casualty		Others		Total	
	12/2022	12/2021	12/2022	12/2021	12/2022	12/2021	12/2022	12/2021	12/2022	12/2021
Net banking income	341	373	367	305	288	316	25	25	1 022	1 019
Operating expenses - banking format	(196)	(184)	(64)	(58)	(228)	(205)	(51)	(46)	(540)	(493)
Operating income	**145**	**189**	**303**	**248**	**60**	**111**	**(26)**	**(21)**	**482**	**526**
Finance expenses	-	-	-	-	-	-	-	-	(44)	(43)
Share in income of associates	-	-	-	-	-	-	-	-	(1)	7
Income tax	-	-	-	-	-	-	-	-	(114)	(139)
Consolidated net income	-	-	-	-	-	-	-	-	**323**	**350**
o/w France area operating income	*140*	*184*	*303*	*248*	*60*	*111*	*(26)*	*(21)*	*477*	*521*
o/w Luxembourg area operating income	*5*	*5*	*-*	*-*	*-*	*-*	*-*	*-*	*5*	*5*

Operating income generated by "Others" takes into account BPCE APS, the holding company and operating expenses related to transformation projects.

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Operating expenses by category and use

Operating expenses by category (€ thousands)	12/2022	12/2021
Purchases and other external expenses	242,435	246,047
Payroll costs	206,280	169,525
Taxes	50,215	41,273
Fees and commissions	1,345,440	1,254,388
Others	92,985	80,910
Allowances for depreciation, amortization and provisions	37,718	46,247
Total expenses by category	**1,975,073**	**1,838,391**

Operating expenses by use (€ thousands)	12/2022	12/2021
Internal investment management expenses	12,197	11,263
Claims management expenses	128,152	109,744
Acquisition costs	865,114	782,923
o/w fees and commissions	*745,644*	*665,760*
Administrative costs	735,783	726,536
o/w fees and commissions	*599,796*	*588,629*
Other recurring operating income and expenses	233,827	207,925
Total expenses by use	**1,975,073**	**1,838,391**

Expenses related to services and lease contracts established with Groupe BPCE amounted to €48,372k. Of the €1.345 billion of fees and commissions, €1.203 billion were paid to the Banque Populaire and Caisse d'Epargne networks.

Lease contracts – lessee

Lease expenses - lessee (€ thousands)	12/2022
Interest expenses on lease liabilities	125
Allowances for amortization on rights of use	7,041
Variable lease payments not recorded in the measurement of lease liabilities	-
Lease expenses related to lease contracts recorded in the balance sheet	**7,165**

Lease expenses - exemption (in € thousands)	12/2022
Lease expenses on short-term contracts	856
Lease expenses on low-value assets	662
Lease expenses related to lease contracts not recorded in the balance sheet	**1,518**

Lease expenses related to low-value contracts and short-term contracts are recorded under Expenses from other activities in the consolidated income statement.

Income from sub-leasing rights of use on assets

BPCE Assurances did not record any income from sub-leasing rights of use on assets at December 31, 2022.

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Tax expense

Breakdown of tax expense (€ thousands)	**12/2022**	**12/2021**
Tax payable	(109,226)	(134,455)
Adjustment in respect of tax payable on previous fiscal years	(339)	(1,003)
Deferred tax expense related to temporary differences	(4,586)	(3,875)
Total tax expense	**(114,151)**	**(139,333)**

Reconciliation between total tax expense and theoretical tax expense

(€ thousands)	**12/2022**	**12/2021**
+ Net income - group share	322,546	350,002
+ Net income - share of minorities	(3)	(53)
+ Tax for the year	114,151	139,333
- Share of net income of associates	727	(6,689)
= Consolidated accounting income before tax, goodwill amortization and income of associates	**437,421**	**482,592**
+/- Permanent differences	(189)	12,753
= Consolidated income for tax purposes	**437,232**	**495,345**
x Theoretical tax rate	25,83%	28,40%
= Theoretical tax	**(112,937)**	**(140,678)**
+ Fixed annual taxes and contributions	2,665	3,042
+ Reduced-rate tax	-	294
+ Tax rate differences on foreign subsidiaries	42	27
+ Impact of permanent differences	140	(9,131)
+ Tax on previous years and other items	(4,061)	7,113
= Tax expense for the year	**(114,151)**	**(139,333)**
o/w: tax payable	*(109,565)*	*(135,458)*
deferred tax	*(4,586)*	*(3,875)*

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Deferred tax assets and liabilities

Sources of deferred taxes[1] (€ thousands)	12/2022			12/2021		
	Base	Deferred tax asset	Deferred tax liability	Base	Deferred tax asset	Deferred tax liability
Provision for employee benefits	5,086			3,352		
Other non-deducted provisions	185,143			232,425		
Cancellation of equalization provision	(39,837)			(69,197)		
Other sources of deferred taxes through income	258,431			315,169		
Total sources of deferred taxes through income	**408,823**	**152,711**	**16,660**	**481,749**	**151,853**	**8,967**
Sources of deferred tax on recyclable OCI	567,057	146,350	-	(592,956)	(126,572)	26,535
Sources of deferred tax on non-recyclable OCI	96,874	373	-	61,562	663	-
Total sources of deferred taxes	**1 072 754**	**299,434**	**16,660**	**(49,644)**	**25,944**	**35,502**

(1) Sources of deferred tax generating deferred tax assets are shown without a sign and those engendering deferred tax liabilities in brackets.

7.4. OTHER INFORMATION

7.4.1. Headcount

The average headcount indicated below comprises the number of employees on permanent and fixed-term contracts on a full-time equivalent (FTE) basis.

Employee status	12/2022			12/2021		
	Development	Back office	Others	Development	Back office	Others
Management	9	3	29	6	3	22
Executive status	216	203	484	163	192	529
Non-executive status	67	956	290	49	884	312
Sub-total	**292**	**1,162**	**802**	**217**	**1,079**	**863**
Total	**2,257**			**2,159**		

Headcount at end-2022, net of re-invoicing and long-term absences, was 2,145 FTEs versus 2,018 FTEs at end-2021.

7.4.2. Shareholding structure - consolidation – tax consolidation

BPCE Assurances is a wholly-owned subsidiary of Groupe BPCE, whose registered office is located at 7, Promenade Germaine Sablon, 75013, Paris, France. Its accounts and those of its subsidiaries are fully consolidated in its shareholder's financial statements.

The share capital comprises 4,226,013,461 ordinary shares. There are no shares with the potential to cause dilution.

BPCE Assurances and the French subsidiaries in which it holds more than 95% of the share capital either directly or indirectly are members of the tax group established by Groupe BPCE on January 1, 2022 pursuant to Articles 223-A and following of the French General Tax Code. The tax consolidation agreement in force within Groupe BPCE is based on the principle of neutrality, whereby each subsidiary determines its tax and contributes to group tax as if it were not consolidated. The tax expense owed by each subsidiary is not amended as a result of its tax consolidation.

On January 1, 2022, BPCE Assurances also implemented a contractual tax sub-group comprising its French subsidiaries in which its holds more than 95% of the share capital.

BPCE S.A. also agreed to compensate BPCE Vie and BPCE Assurances IARD for any tax deficits. Consequently, the tax consolidation agreement stipulates that in the event of a tax deficit, the subsidiaries shall definitively receive from the parent company a sum equal to the corporate income tax saving recorded by the tax group.

Any tax savings or expenses generated by consolidation are recognized by the parent company, BPCE S.A.

7.4.3. Information on capital management

In line with the Solvency 2 prudential regulation applicable to insurance groups, BPCE Assurances is obliged to cover

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the solvency capital requirement (SCR). Similarly, each of BPCE Assurances' European insurance entities must cover the individual solvency capital requirement.

At December 31, 2022, BPCE Assurances and its subsidiaries complied with their applicable solvency obligations.

Solvency is subject to periodic supervision by BPCE Assurances and by each company. BPCE Assurances projects its solvency capital requirements and future funding requirements, notably within the framework of an own risk and solvency assessment (ORSA).

Subordinated debt securities eligible for coverage of the solvency capital requirement, which have a carrying amount of €1.385 billion, have a fair value of €1.262 billion, of which €752 million is represented by dated subordinated debt and €510 million by perpetual subordinated debt.

According to dividend policy, 100% of earnings are paid out subject to observing obligations regarding coverage of solvency capital requirements.

7.4.4. Compensation of administrative bodies – commitments

Total attendance fees of €109k were paid to directors not-employed by Groupe BPCE for meetings attended in fiscal year 2022.

No advances or loans were granted to any members of the administrative bodies.

No commitments given or received were recorded with respect to the directors of affiliated companies and companies with which a capital link exists.

7.4.5. Statutory auditors' fees

The total of statutory auditors' fees presented in the income statement for the year concerning the audit of the financial statements, the limited review of the interim financial statements and other assignments came to €1,837 (including tax) and breaks down as follows:

(€ thousands)	DELOITTE	PWC	MAZARS	KPMG	Total
Statutory account certification fees	-	933	718	-	1,651
Services other than account certification - authorized by category - SACC 1	-	37	28	-	65
Services other than account certification - pre-authorized by category - SACC 2	-	111	6	-	117
Services other than account certification - subject to prior authorization - SACC 3	-	2	2	-	4
Total	-	1,083	754	-	1,837

Regarding services other than account certification, those authorized by category (SACC 1) concern the audit of the annual financial report and those pre-authorized by category (SACC 2) relate to the limited review of the interim financial statements.

7.4.6. Post-closing events

Not applicable.

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Parent company financial statements

Balance sheet

Assets (€ thousands)	Gross	DAP / Others	12/2022	12/2021
UNCALLED UNSUBSCRIBED CAPITAL	-	-	-	-
FIXED ASSETS	-	-	-	-
Intangible fixed assets	-	-	-	-
Set-up costs	-	-	-	-
Research & development costs	-	-	-	-
Concessions, patents, licenses, brands, processes, software, rights and similar assets	-	-	-	-
Goodwill	-	-	-	-
Others	-	-	-	-
Intangible fixed assets in progress	-	-	-	-
Advances and prepayments	-	-	-	-
Tangible fixed assets	-	-	-	-
Land	-	-	-	-
Buildings	-	-	-	-
Technical plant, machinery and industrial equipment	-	-	-	-
Others	-	-	-	-
Tangible fixed assets in progress	-	-	-	-
Advances and prepayments	-	-	-	-
Financial fixed assets	2,923,850	-	2,923,850	-
Affiliates	1,497,534	-	1,497,534	-
Receivables related to investments in affiliates	1,426,313	-	1,426,313	-
Shares and other equity securities	-	-	-	-
Other long-term investments	-	-	-	-
Loans	-	-	-	-
Others	3	-	3	-
CURRENT ASSETS	-	-	-	-
Inventories and assets in progress	5	-	5	-
Raw materials and other supplies	-	-	-	-
Inventories in progress	-	-	-	-
Intermediate and finished products	-	-	-	-
Goods	-	-	-	-
Advances and prepayments on orders	5	-	5	-
Receivables	31,419	-	31,419	-
Accounts receivable and related receivables	-	-	-	-
Other receivables	31,419	-	31,419	-
Short-term investment securities	-	-	-	-
Valeurs mobilières de placement	-	-	-	-
Treasury shares	-	-	-	-
Other securities	-	-	-	-
Cash instruments	-	-	-	-
Cash and cash equivalents	14,183	-	14,183	2
Prepaid expenses	-	-	-	-
Accrued income and prepaid expenses	4,627	-	4,627	-
Expenses deferred over several fiscal years	-	-	-	-
Bond redemption premiums	-	-	-	-
Translation adjustments - assets	4,627	-	4,627	-
TOTAL ASSETS	2,974,084	-	2,974,084	2

Balance sheet

Liabilities (€ thousands)	12/2022	12/2021
Shareholders' equity	**1,776,873**	**2**
Share capital	1,267,807	10
o/w paid-in capital:	*1,267,807*	*10*
Issue, merger and contribution premiums	229,741	1,097,937
Revaluation adjustments	-	-
Equity-accounting difference	-	-
Reserves:	-	-
- Legal reserve	-	-
- Statutory and contractual reserves	-	-
- Regulated reserves	-	-
- Other reserves	-	-
Retained earnings	(8)	(4)
Income for the period	279,333	(4)
Unallocated income	-	-
Unallocated interim dividends	-	-
Investment subsidies	-	-
Regulated provisions	-	-
Provisions	**1,007**	**-**
Provisions for risks	-	-
Provisions for expenses	1,007	-
Amounts payable	**1,196,204**	**1**
Convertible bonds	-	-
Other bonds	251 069	-
Loans and debt from credit institutions	882,294	-
Sundry loans and financial debt	18,011	-
Advances and prepayments received on orders in progress	-	-
Accounts payable and related payables	869	1
Tax and social security payables	3,235	-
Amounts payable on fixed assets and related payables	-	-
Other amounts payable	40,725	-
Cash instruments	-	-
Prepaid income	-	-
Accrued expenses and other liabilities	**-**	**-**
Translation adjustments - liabilities	-	-
TOTAL LIABILITIES AND EQUITY	**2,974,084**	**2**

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Income statement

(€ thousands)	Net transactions 12/2022	Net transactions 12/2021
Operating income	**5,315**	**-**
Commissions and brokerage fees	5,236	-
Production sold	-	-
Net revenue	**5,236**	**-**
o/w exports:		
Inventories	-	-
Capitalized production	-	-
Operating subsidies	-	-
Reversals of provisions, depreciation and amortization, transferred expenses	79	-
Other income	-	-
Operating expenses	**15,875**	**4**
Purchases of goods	-	-
Change in inventories of goods	-	-
Purchases of raw materials and other supplies	-	-
Change in inventories of raw materials and other supplies	-	-
Other external purchases and expenses	10,346	4
Taxes and similar payments	523	-
Wages and salaries	3,141	-
Social security expenses	1,802	-
Depreciation, amortization and provisions:	-	-
on fixed assets: depreciation and amortization	*229*	-
on fixed assets: provisions	-	-
on current assets: provisions	-	-
Contingency reserves: provisions	*63*	-
Other expenses	-	-
OPERATING INCOME	**(10,560)**	**(4)**
Share of income on joint ventures	-	-
Profit or transferred loss	-	-
Loss or transferred profit	-	-
Financial income	**317,261**	**-**
From investments in affiliates	307,626	-
From other transferable securities and long-term receivables	-	-
Other interest and similar income	9,635	-
Reversals of provisions and transferred expenses	-	-
Positive foreign exchange differences	-	-
Net income on disposals of investment securities	-	-
Financial expenses	**24,619**	**-**
Depreciation, amortization and provisions	-	-
Interest and similar expenses	24,619	-
Negative foreign exchange differences	-	-
Net expenses on disposals of investment securities	-	-
FINANCIAL RESULT	**292,642**	**-**
PRE-TAX PROFIT	**282,082**	**(4)**
Non-recurring income	**-**	**-**
On portfolio management transactions	-	-
On capital transactions	-	-
Allowances for provisions and transferred expenses	-	-
Non-recurring income	**1**	**-**
On portfolio management transactions	1	-
On capital transactions	-	-
Allowances for provisions and transferred expenses	-	-
Non-recurring income	**-**	-
Employee profit-sharing	362	-
Income tax	2,387	0
TOTAL INCOME	**322,576**	**0**
TOTAL EXPENSES	**43,243**	**4**
PROFIT OR LOSS	**279,333**	**(4)**

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Off-balance sheet commitments

(€ thousands)	12/2022	12/2021
Commitments received	-	-
Credit lines (undrawn amounts)	-	-
Endorsements, sureties received	-	-
Commitments received from reinsurers	-	-
Fund for end-of-career and long-service awards	-	-
Caps purchased to hedge against interest rate risk	-	-
Interest rate swaps and currency futures	-	-
Commitments given	-	-
Endorsements, sureties and credit guarantees given	-	-
Assets purchased under resale agreements	-	-
Other commitments on securities, assets or revenues	-	-
Interest rate swaps and currency futures	-	-
Other commitments given	-	-
Securities pledged as collateral by cessionaires and retrocessionaires	-	-
Securities pledged by reinsured entities with joint-and-several guarantee or with substitution	-	-
Securities belonging to personal protection insurance institutions	-	-
Other securities held for third parties	-	-
Outstanding futures and options contracts	-	-
Breakdown of outstanding futures and options contracts by strategy:	-	-
- investment or divestment strategies	-	-
- return strategies	-	-
- other transactions	-	-
Breakdown of outstanding futures and options contracts by market category:	-	-
- transactions on OTC markets	-	-
- transactions on regulated or similar markets	-	-
Breakdown of outstanding futures and options contracts by type of market risk, notably:	-	-
- interest rate risk	-	-
- foreign exchange risk	-	-
- equity risk	-	-
Breakdown of outstanding futures and options contracts by instrument, notably:	-	-
- swaps	-	-
- forward rate agreements	-	-
- futures	-	-
- options	-	-
Breakdown of outstanding futures and options contracts by residual maturity of strategies:	-	-
- 0-1 year	-	-
- 1-5 years	-	-
- over 5 years	-	-

1. Significant events of 2022

1.1. CHANGE OF REGISTERED NAME

The registered name of the Kimo company was changed twice during the year:

- on March 30, 2022, Kimo became Assurances du Groupe BPCE;
- on October 13, Assurances du Groupe BPCE became BPCE Assurances.

1.2. CHANGE IN SHARE OWNERSHIP

As part of its BPCE 2024 strategic plan, Groupe BPCE launched a project in 2021 that was geared to streamlining and developing its business lines. The project combined an operation to simplify Groupe BPCE's organization and a simplified public tender offer for Natixis' shares followed by the latter's delisting, an offer that closed successfully in July 2021. The simplification project notably involved attaching the Insurance business directly to BPCE SA.

These operations entailed numerous structural changes for the Kimo company that existed on January 1, 2022.

- As part of the project, Natixis transferred all of its shares in NA (formerly Natixis Assurances) to Kimo (now BPCE Assurances), thus making Kimo the 100%-owner of NA.
- Kimo's legal form was then changed from that of an SASU (*société par actions simplifiée unipersonnelle*, a French single-owner simplified company with shares) to an SA (*société anonyme*, a French joint stock company) owned by two shareholders, BPCE and CGE Participations (a 100%-owned subsidiary of BPCE), the latter benefiting from the loan of a share.

On June 30, BPCE Assurances became the statutory and prudential consolidation level of BPCE's Insurance business, comprising NA and its subsidiaries.

1.3. TAX CONSOLIDATION

On January 1, 2022, BPCE Assurances also implemented a contractual tax sub-group comprising its French subsidiaries in which its holds more than 95% of the share capital. The underlying tax consolidation agreement is based on the principle of neutrality, whereby each subsidiary determines its tax and contributes to group tax as if it were not consolidated. The tax expense owed by each subsidiary is not amended as a result of its tax consolidation.

1.4. TRANSFER OF NA'S DEBT AND ACQUISITION OF ITS LOANS

BPCE Assurances took over the debt initially issued by NA and acquired the loans taken out by the subsidiaries according to the following timeline:

- acquisition on April 1, 2022 of all the subordinated loans granted to the BPCE Vie, BPCE Assurances IARD (formerly BPCE Assurances) and BPCE Life subsidiaries, for a total amount of €1.041 billion;
- transfer of all the subordinated loans taken out with BPCE for total borrowings of €805 million;
- transfer of two senior loans taken out with BPCE Vie for an amount of €18 million;
- acquisition on June 17, 2022 of a subordinated loan granted to BPCE Vie for €250 million;
- transfer on June 17, 2022 of the €251 million Euronext subordinated debt issue with the agreement of the issue's private investors.

During acquisition of the loans, BPCE Assurances benefited from a €69 million discount which is to be amortized over the residual term of the loans.

1.5. FINANCING

In addition to taking over NA's loans and debt issues, the company took out two new subordinated loans:

- an €8 million, 10-year loan from BPCE on July 29, 2022 at a fixed rate of 5.236%. This loan replaced the loan for a nominal value of €8 million that expired on July 31, 2022;
- a €75 million 10-year loan from BPCE on December 22, 2022 at a fixed rate of 5.906%. This loan was used to finance a €75 million subordinated loan granted to BPCE Vie.

The company also granted three senior loans to NA:

- a €77.8 million, 18-month loan on April 1, 2022 at a fixed rate of 0.25%;
- an €11.5 million, one-year loan on June 17, 2022 at a fixed rate of 1.6%;
- a €269 million, one-year loan on November 14, 2022 at a fixed rate of 2.9%.

2. Accounting principles and methods

In order to give a true and fair view of the results of the company's operations for the past fiscal year and of its financial position and assets and liabilities at the end of the fiscal year, the financial statements were prepared in accordance with French accounting principles resulting in particular from the provisions of the French Commercial Code, the General Chart of Accounts and application of ANC (French Accounting Standards Board) Regulation No. 2016-07 pertaining to the General Chart of Accounts.

The rules and methods stipulated were applied in accordance with the general principles set out in the French Commercial Code, and in particular with that of continuity of operations, independence of fiscal years, accounting recognition at historic cost, prudence and consistency of accounting methods from one year to the next.

Together, these rules and methods form an indivisible whole for the preparation of the annual financial statements.

The French Accounting Standards Board (ANC) updated its recommendation n° 2013-02 of November 7, 2013 concerning the rules for measuring and recognizing pension obligations and similar benefits. This update followed adoption of the IFRS IC decision of April 20, 2021 concerning IAS 19 Employee benefits and covering defined-benefit schemes. The amendment introduces a choice of methods concerning the attribution of benefit rights related to defined-benefit schemes whose characteristics are identical to those covered by the IFRS IC decision. The choice of method allows for the provision to be recognized:

- either from the beneficiary's employment start-date;
- or the date from which each year of service counts for the acquisition of benefit rights, i.e. the date before which the services rendered by the staff member do not affect the amount or the timing of benefits.

2.1. ASSET VALUATION RULES

2.1.1. Intangible assets

BPCE Assurances does not have any intangible assets.

2.1.2. Long-term investments

Investments in affiliates and related receivables are recorded at their acquisition cost.

Acquisition costs

The company opted to recognize in the P&L the acquisition costs incurred for investments in affiliates.

Impairment

At each fiscal year-end, impairment tests are performed in order to check that the carrying amount does not exceed the fair value of the securities held.

This fair value is measured according to an assessment of the net book value. This corresponds to the latest available equity situation of the long-term investments held at balance-sheet date.

Where applicable, an impairment provision is recognized for the difference between the carrying amount and the estimated fair value.

2.1.3. Short-term investment securities

Investments are recorded in the balance sheet at their historic cost. The realization value is always the last published net asset value. De-recognition is always recorded at cost price and in accordance with the FIFO (first-in, first-out) rule.

2.2. INCOME STATEMENT

2.2.1. Operating income

This line comprised the re-invoicing to subsidiaries of personnel expenses related to executive management employed by BPCE Assurances and a share of civil liability insurance.

2.2.2. Operating expenses

This line comprised the re-invoicing to subsidiaries of personnel expenses related to executive management employed by BPCE Assurances and a share of civil liability insurance.

2.2.3. Non-recurring income

There was no non-recurring income for 2022.

2.2.4. Income tax

Income tax is calculated according to the tax provisions in force.

BPCE Assurances is the head of the tax sub-group established pursuant to Articles 223-A and following of the French General Tax Code. The tax consolidation agreement in force within Groupe BPCE is based on the principle of neutrality, whereby each subsidiary determines its tax and contributes to group tax as if it were not consolidated. The tax expense owed by each subsidiary is not amended as a result of its tax consolidation. Any tax savings or tax surplus generated by tax consolidation are recognized by BPCE Assurances.

For fiscal 2022, the normal rate of corporate income tax for companies was set at 25%.

Unless otherwise mentioned, the amounts cited in the comments on the accounts are indicated in thousands of euros.

3. Information on balance sheet items

3.1. FIXED ASSETS

3.1.1. Intangible fixed assets

Intangible fixed assets	12/31/2021	Acquisitions	Disposals	12/31/2022
Gross value				
in progress	-	-	-	-
completed	-	-	-	-
Total gross value	-	-	-	-

Intangible fixed assets	12/31/2021	Allowances	Reversals & Disposals	12/31/2022
Amortization and impairment	-	-	-	
in progress	-	-	-	-
completed	-	-	-	-
Total amortization and impairment	-	-	-	-

Total net value	-	-	-	-

There were no intangible fixed assets recorded in 2022.

3.1.2. Long-term investments

During the year, BPCE Assurances acquired all of NA's investments in affiliates. The total value amounted to €1,497,534k.

The details of the receivables related to investments in affiliates is as follows:

Long-term investments	12/31/2021	Acquisitions/ Subscriptions	Disposals/ Maturities	Impairments	Change in accrued interest	12/31/2022
Investments in affiliates	-	1,497,534	-	-	-	1,497,534
Receivables related to investments in affiliates						
Loan principal	-	443,306	979,144	-	-	1,422,450
Accrued interest not yet received	-	--	-	-	3,863	3,863
Total net value	-	**1,940,840**	**979,144**	-	**3,863**	**2,923,847**

All of the loans initially granted by NA were transferred to BPCE Assurances for an amount of €1,041,490k during second-quarter 2022. A balancing adjustment of €69 million was recognized during the transfer. At 12/31/2022, this adjustment was recorded in the balance sheet for the amount of €62 million.

Two dated subordinated loans were set up:

- a €10 million, 10-year loan in favor of BPCE Life on June 27, 2022, at a fixed rate of 5.61%;
- a €75 million, 10-year loan in favor of BPCE Vie on December 22, 2022, at a fixed rate of 5.906%.

Three dated senior loans were set up:

- a €77.8 million, 18-month loan in favor of NA on April 1, 2022, at a fixed rate of 0.25%;
- a €11.5 million, 1-year loan in favor of NA on June 17, 2022, at a fixed rate of 1.6%;
- a €269 million, 1-year loan in favor of NA on November 14, 2022, at a fixed rate of 2.9%.

3.1.2.1. Investments in affiliates

Entity	Number of shares at January 1	Amount at January 1	Number of shares at December 31	Amount at December 31
BPCE Achats	-	-	8	1
NA	-	-	19,398,906	1,497,533
Total	-	-	19,398,914	1,497,534

3.1.2.2. Receivables related to investments in affiliates

In order to supplement items eligible for the minimum solvency capital requirement of its subsidiaries, the company granted loans with the following characteristics:

Subsidiary	Date of loan	Maturity	Interest rate	Amount at January 1	Accrued interest not yet received at January 1	Inflows	Outflows	Amount at December 31	Accrued interest not yet received at December 31	Total
BPCE Assurances IARD	07/31/2014	09/15/2025	3.95%	10,000	5			10,000	12	10,012
BPCE Assurances IARD	10/20/2020	10/20/2030	1.71%	75,000	576			75,000	256	75,256
BPCE Assurances IARD	07/05/2014	n.a.	4.75%	30,490	356			30,490	4	30,494
BPCE VIE	09/27/2019	09/27/2029	2.25%	2,000	23			2,000	12	2,012
BPCE VIE	12/23/2019	12/23/2029	1.82%	10,000	50			10,000	4	10,004
BPCE Assurances IARD	12/18/2015	12/18/2025	3.76%	15,000	160			15,000	19	15,019
BPCE VIE	09/29/2004	n.a.	4.77%	3,000	0			3,000	0	3,000
BPCE VIE	01/16/2015	12/12/2025	2.70%	173,000	1,386			173,000	220	173,220
BPCE VIE	12/08/2016	12/08/2026	3.65%	65,000	740			65,000	156	65,156
BPCE VIE	12/22/2017	12/22/2027	2.22%	45,000	271			45,000	25	45,025
BPCE VIE	12/23/2019	12/23/2029	1.82%	30,000	149			30,000	12	30,012
BPCE VIE	10/20/2020	10/20/2030	1.71%	275,000	2,114			275,000	939	275,939
BPCE VIE	12/23/2010	n.a.	7.32%	10,000	197			10,000	16	10,016
BPCE VIE	12/30/2014	n.a.	5.00%	250,000	6,111			250,000	313	250,313
BPCE VIE	12/22/2022	12/22/2032	5.91%		-	75,000		75,000	111	75,111
BPCE LIFE	01/16/2015	12/12/2025	2.70%	10,000	82			10,000	14	10,014
BPCE LIFE	10/22/2021	10/22/2029	1.53%	8,000	55			8,000	24	8,024
BPCE LIFE	10/22/2021	10/22/2031	2.37%	22,000	233			22,000	101	22,101
BPCE LIFE	10/22/2021	10/22/2029	1.75%	8,000	63			8,000	27	8,027
BPCE LIFE	06/27/2022	06/27/2032	5.61%		-	10,000		10,000	293	10,293
Sub-total subordinated loans				1,041,490	12,570	85,000	-	1,126,490	2,558	1,129,048
NA	06/17/2022	06/30/2023	1.60%		-	11,512		11,512	104	11,617
NA	04/01/2022	06/30/2023	0.25%		-	77,793		77,793	185	77,978
NA	11/14/2022	11/13/2023	2.90%		-	269,000		269,000	1,016	270,016
Sub-total senior loans				-	-	358,306	-	358,306	1,305	359,610
TOTAL				1,041,490	12,570	443,306	-	1,484,795	3,863	1,488,658

3.2. CURRENT ASSETS

Current assets	12/31/2021			12/31/2022		
	Affiliates	Others	Total	Affiliates	Others	Total
Other receivables	-	-	-	16,436	14,983	31,419
Investment securities	-	-	-	-	-	-
Current accounts and cash	-	-	2	-	14,183	14,183
Total	4,291	15,150	19,440	16,436	29,165	45,602

3.2.1. Other receivables

The Other receivables line solely comprises the tax consolidation current account balance with BPCE.

3.2.2. Short-term investment securities

There were no UCITS in stock at balance sheet date.

3.2.3. Current accounts and cash

The Current accounts and cash line showed a balance of €14,183k relating to a bank account held with Natixis.

3.2.4. Receivables by maturity

	Gross amount at 12/31/2021	Gross amount at 12/31/2022	Adjustment at 12/31/2022	<= 1 year	> 1 year and <= 5 years	> 5 years
Receivables related to investments in affiliates	-	1,488,658	62,346	3,863	787,888	634,562
Other trade receivables	-	-	-	-	-	-
Group and associates	-	31,419	-	31,419	-	-
Sundry debtors	-	4,627	-	4,627	-	-
Total	-	1,524,704	62,346	39,909	787,888	634,562

3.3. LIABILITIES

3.3.1. Shareholders' equity

	12/2021	Income allocation	Increase/decrease	12/2022
Share capital	10	-	1,267,797	1,267,807
Additional paid-in capital	-	-	-	229,741
Optional reserve	-	-	-	-
Legal reserve	-	-	-	-
Retained earnings	(4)	(4)	-	(8)
Dividends paid	-	-	-	-
Net income (loss)	(4)	4	279,333	279,333
Total	2	-	1,547,130	1,776,873

On January 13, 2022, the Kimo company increased its share capital by a nominal amount of €4,469.07, thereby raising it from €10,000 to €14,469.07. On the same day, it decreased its capital by €11,469.07, thereby lowering it to €3,000.

On March 1, 2022, Kimo, under the new name of Assurances du Groupe BPCE, increased its capital by €1,267,804,038.30, thereby raising it from €3,000 to €1,267,807,038.

The company's capital comprises 4,226,023,461 shares, each with a nominal value of €0.30, fully-paid up and of the same category.

3.3.2. Debt

3.3.2.1. Bond debt

The Other bonds line comprises bonds issued to private investors, initially by Natixis Assurances before being transferred to BPCE Assurances.

Counterparty	Date of loan	Maturity	Rate	Amount at January 1	Increase	Decrease	Amount at December 31	Accrued interest not yet received	Total
Private investors	12/29/2014	Indefinite*	5.00%	251,000	-	-	251,000	69	251,069
Total				251,000	-	-	251,000	69	251,069

* This loan has an early repayment option from December 29, 2025.

3.3.2.2. Loans and debt from credit institutions

The €882 million of Loans and debt from credit institutions comprises the following items:

Counterparty	Subordi-nation	Date of loan	Maturity	Rate	Amount at January 1	Accrued interest at January 1	Increase	Decrease	Amount at December 31	Accrued interest at December 31	Total
BPCE	Subordinate	10/20/2020	10/20/2030	1.71 %	350,000	-			350,000	1,196	351,196
BPCE	Subordinate	12/08/2016	12/08/2026	3.65 %	65,000	-			65,000	149	65,149
BPCE	Subordinate	12/22/2017	12/22/2027	2.22 %	30,000	-			30,000	16	30,016
BPCE	Subordinate	01/16/2015	12/16/2025	2.70 %	300,000	-			300,000	337	300,337
BPCE	Subordinate	07/31/2012	07/31/2022	6.86 %	8,000	-		8,000	-	-	-
BPCE	Subordinate	07/31/2012	n.a.	7.86 %	22,000	-			22,000	293	22,293
BPCE	Subordinate	12/23/2019	12/23/2029	1.82 %	30,000	-			30,000	12	30,012
BPCE	Subordinate	07/29/2022	07/29/2032	5.24 %		-	8,000	-	8,000	180	8,180
BPCE	Subordinate	12/22/2022	12/22/2032	5.91 %	75,000	-	-	-	75,000	111	75,111
Total					880,000	-	8,000	8,000	880,000	2 294	882 294

3.3.2.3. Accounts payable and related payables

The €18 million of Accounts payable and related payables comprises the following items:

Counterparty	Subordi-nation	Date of loan	Maturity	Rate	Amount at January 1	Accrued interest at January 1	Increase	Decrease	Amount at December 31	Accrued interest at December 31	Total
BPCE VIE	Senior	12/23/2019	12/23/2029	0.84 %	10,000	-			10,000	2	10 002
BPCE VIE	Senior	10/22/2021	10/22/2029	0.62 %	8,000	-			8,000	10	8 010
Total					18,000	-	-	-	18,000	11	18 011

3.3.2.4. Accounts payable and related payables

	12/2021			12/2022		
	Affiliates	Others	Total	Affiliates	Others	Total
Invoices to be received	-	-	-	-	869	869
Total	-	-	-	-	869	869

Accounts payable comprises invoices awaiting payment at balance sheet date and which primarily concerned civil liability insurance expenses.

3.3.2.5. Tax and social security payables

The company recorded €695k of tax and social security payables at end-2022 related to discretionary profit sharing and paid leave determined at the end of the fiscal year.

3.3.2.6. Other payables

	12/2021			12/2022		
	Affiliates	Others	Total	Affiliates	Others	Total
Sundry creditors	-	-	-	40,725	-	40,725
Total	**-**	**-**	**-**	**40,725**	**-**	**40,725**

The Sundry creditors line of €40,725 comprises:

- current accounts and tax consolidation accounts with group subsidiaries and BPCE for the amount of €39,395k;
- an accrued expenses account for the amount of €1,329k primarily comprising re-invoicings and statutory auditors' fees.

3.3.2.7. Payables by maturity

	Gross amount at 12/31/2021	Gross amount at 12/31/2022	<= 1 year	> 1 year and <= 5 years	> 5 years
Loans – private investors	-	251,069	69	-	251,000
Loans - affiliates	-	900,306	2,306	395,000	503,000
Current accounts and cash	-	-	-	-	-
Accounts payable and related payables	-	869	869	-	-
Tax and social security payables	-	3,235	3,235	-	-
Other payables	-	40,725	40,725	-	-
Total	**-**	**1,196,204**	**47,204**	**395,000**	**754,000**

3.3.2.8. Commitments by currency

Assets and commitments by currency	12/2021		12/2022	
	Assets	Liabilities	Assets	Liabilities
Euro	2	2	2,974,084	2,974,084
Other currencies	-	-	-	-
Total	**2**	**2**	**2,974,084**	**2,974,084**

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4. Information on income statement items

4.1. OPERATING INCOME

This line comprises €5,236k of management fees re-invoiced to subsidiaries.

4.2. OPERATING EXPENSES

4.2.1. Other external purchases and expenses

Other external purchases and expenses amounted to €10,344k, including €8,894k of management fees and €1,450 of external services.

4.2.2. Taxes and similar payments

This item primarily comprised taxes related to personnel expenses, for the amount of €522k.

4.2.3. Depreciation, amortization and provisions

There was no depreciation or amortization in 2022.

4.3. STATUTORY AUDITORS' FEES

Statutory auditors' fees recorded amounted to €152k in fiscal 2022, broken down as follows.

These figures relate to the legal obligation to audit the accounts and are expressed on a tax-inclusive basis. Other work and services concern the audit of the interim financial report (IAS 34).

	12/2021	12/2022
Independent audit, certification and examination of the individual and consolidated financial statements	-	136
Mazars	-	74
PricewaterhouseCoopers	-	62
Other work and services directly related to the statutory auditor assignment	-	16
Mazars	-	8
PricewaterhouseCoopers	-	8
Total		152

4.4. NET FINANCIAL INCOME

4.4.1. Financial income

Financial income comprises income from investments in affiliates and interest on loans granted to subsidiaries.

	12/2021		12/2022	
Financial income	Affiliates	Others	Affiliates	Others
Income from investments in affiliates	-	-	284,776	-
Income from loans	-	-	22,851	-
Net income on disposals of investment securities	-	-	(9,635)	-
Foreign exchange difference	-	-	-	-
Total financial income	-	-	317,261	-

The detail of dividends received from affiliates is as follows:

Affiliates	12/2021	12/2022
BPCE Achats	-	-
NA	-	284,776
Total	-	284,776

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4.4.2. Financial expenses

Financial expenses included the following items:

Financial expenses	12/2021		12/2022	
	Affiliates	Others	Affiliates	Others
Interest on loans and similar debt	-	-	24,611	-
Interest expenses on current accounts	-	-	-	8
Management fees	-	-	-	-
Foreign exchange loss	-	-	-	-
Net expenses on disposal of investment securities	-	-	-	-
Total financial expenses	**-**	**-**	**24,611**	**8**

4.5. TAX EXPENSE

Given the company's holding company nature, income essentially comprised €285 million of dividends reflecting the parent-subsidiary relationship.

The company's tax payable amounted to €7,014k. It comprised €7,491k of tax and a €476k tax saving generated by the tax sub-group.

In 2022, the normal rate of corporate income tax was set at 25%. In addition, a 3.3% social contribution was payable on the portion of income tax exceeding €763k.

Deferred tax income of €4,627k was recognized on temporary differences.

	12/2021	12/2022
Tax payable	-	7,014
Deferred tax expense	-	(4,627)
Total tax expense	**-**	**2,387**
o/w non-recurring	-	-
o/w related to previous years	-	-

Reconciliation between theoretical tax expense and real tax expense

	12/2021	12/2022
Accounting result before tax	-	**286,824**
Theoretical tax expense	-	**71,706**
Impacts on theoretical tax of:	-	(64,215)
- income taxed at reduced rate	-	-
- limit on deductibility of financial expenses	-	-
- dividends subject to parent-subsidiary tax scheme	-	(67,634)
- permanent differences	-	2
- Deferred tax assets year n	-	(1,157)
- income from tax consolidation	-	(119)
- loan transfer	-	4,020
- temporary differences	-	459
- tax loss carry-forwards from previous years	-	(1)
- income tax effect from tax additional contributions	-	215
- tax loss to be carried forward	-	-
Real tax expense	**-**	**7,491**

4.6. NET INCOME

Net accounting income amounted to €279m in 2022, including €285 million of dividends received.

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5. Other information

5.1. GROUP - CONSOLIDATION

BPCE Assurances is a wholly-owned subsidiary of BPCE, whose registered office is located at 7, Promenade Germaine Sablon, Paris 75013. Its accounts and those of its majority-owned subsidiaries are fully consolidated and included in the scope of consolidation of BPCE, whose registered office is located at 7, Promenade Germaine Sablon, Paris 75013.

Copies of BPCE Assurances' financial statements may be obtained from 7, Promenade Germaine Sablon, Paris 75013.

5.2. OFF-BALANCE SHEET COMMITMENTS

There were no off-balance sheet commitments at balance sheet date.

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6. Parent company results for the last five years

	2018	2019	2020	2021	2022
Share capital at December 31 (€ thousands)					
Share capital	N/A	10	10	10	1,267,807
Number of ordinary shares outstanding	N/A	10,000	10,000	10,000	4,226,023,461
Operations and income for the year (€ thousands)					
Revenue (without tax)	N/A	-	-	-	5,236
Income before tax, depreciation, amortization and provisions	N/A	-	-	-	-
Income tax	N/A	-	(4)	(4)	281,641
Income after tax, depreciation, amortization and provisions	N/A	-	-	-	2,387
Distributed earnings	N/A	-	-	-	265,352
Earnings/(loss) per share (€)					
Income after tax, but before depreciation, amortization and provisions(1)	N/A	-	(0.4)	(0.4)	0.07
Income after tax, depreciation, amortization and provisions(1)	N/A	-	(0.4)	(0.4)	0.07
Dividend per share	N/A	-	-	-	0.06
Personnel					
Average headcount during the fiscal year	N/A	-	-	-	23
Wage bill for the fiscal year	N/A	-	-	-	3,152
Amount paid for employee benefits (social security and welfare)	N/A	-	-	-	1,854

(1) Based on the weighted average number of shares outstanding during the fiscal year, calculated in accordance with OEC (French Order of Certified Public Accountants) Notice No. 27.

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7. Subsidiaries and affiliates

Subsidiaries and affiliates Detailed information (€ thousands)	Capital	Reserves and retained earnings before distribution of earnings	% interest held	Carrying amount of shares held		Loans and advances granted by the Company and not yet repaid	Endorsements and sureties given by the company	Revenue (without tax) for the last fiscal year ended	Net income (profit/loss) for the last fiscal year ended	Dividends received by the Company during the fiscal year
A. Renseignements détaillés concernant les filiales et participations	-	-	-	-	-	-	-	-	-	-
SUBSIDIARIES - (over 50%-owned)				**Gross**	**Net**					
NA 7, promenade Germaine Sablon 75013 PARIS N° SIREN : 313 243 800	1,245,951	42,058	100	1,497,533	1,497,533	-	-	2,429	279,923	354,825
AFFILIATES - (between 10% and 50%-owned)				**Gross**	**Net**					
B. General information 1. Subsidiaries not shown in section A a. French subsidiaries (all) b. Foreign subsidiaries (all)	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
2. Affiliates not shown in section A a. In French companies (all) b. In foreign companies (all)	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -

4

Statutory auditors' reports

BPCE ASSURANCES

Statutory auditors' attestation regarding the information communicated in accordance with article L.225-115 5° of the French commercial code relating to the overall amount of payments made pursuant to sections 1 to 5 of article 238 *bis* of the French general tax code for the fiscal year closed on December 31, 2022

General shareholders' meeting convened to approve the financial statements for the fiscal year closed on December 31, 2022

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
61, rue Henri Regnault
92075 paris La Défense

Statutory auditors' attestation regarding the information communicated in accordance with article L.225-115 5° of the French commercial code relating to the overall amount of payments made pursuant to sections 1 to 5 of article 238 bis of the French general tax code for the fiscal year closed on December 31, 2022

General shareholders' meeting convened to approve the financial statements for the fiscal year closed on December 31, 2022

To the Shareholders
BPCE ASSURANCES
7 Promenade Germaine Sablon
75013 Paris

In our capacity of statutory auditors of your company and pursuant to article L.225-115 5° of the French commercial code, we have prepared this attestation regarding the information related to the overall amount of payments made pursuant to sections 1 to 5 of article 238 *bis* of the French general tax code for the fiscal year closed on December 31, 2022, shown in the attached document.

This information was prepared under the responsibility of your board of directors. It is

our duty to attest this information.

As part of our statutory audit mission, we performed an audit of your company's annual financial statements for the fiscal year closed on December 31, 2022. Our audit, performed in accordance with standards of professional practice applicable in France, sought to express an opinion on the annual financial statements taken as whole, and not on the specific elements of these financial statements used to determine the overall amount of payments made pursuant to sections 1 to 5 of article 238 *bis* of the French general tax code. Consequently, we did not perform our audit tests and checks in view of this latter objective and do not express any opinion on these elements taken in isolation.

We undertook the work that we deemed necessary for this mission in accordance with the professional doctrine of the French national institute of auditors (*Compagnie Nationale des Commissaires aux Comptes*). This work, which does not constitute either an audit or a limited review, involved performing the necessary reconciliations between the overall amount of payments made pursuant to sections 1 to 5 of article 238 *bis* of the French general tax code and the accounting from which it originated, and checking that it was consistent with the elements used as the basis for preparing the annual accounts for the fiscal year closed on December 31, 2022.

Based on our work, we do not have any observation to make concerning the consistency between the overall amount of payments made pursuant to sections 1 to 5 of article 238 *bis* of the French general tax code shown in the attached document and amounting to €10,000, and the accounting used as the basis for preparing the annual financial statements for the fiscal year closed on December 31, 2022.

This attestation constitutes certification for the overall amount of payments made pursuant to sections 1 to 5 of article 238 *bis* of the French general tax code in the sense of article L.225-115 5° of the French commercial code.

It was prepared for your attention in the context specified in the first paragraph and must not be used, disseminated or cited for other purposes.

French original signed in Neuilly-sur-Seine and Courbevoie on May 5, 2023

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars
Sébastien Arnault	Guillaume Wadoux

BPCE ASSURANCES

Telephone: +33 (0)1.58.19.93.57
Fax: +33 (0)1.58.19.91.20
E-mail: gilles.bertran@bpce.fr

Mr Guillaume Wadoux
MAZARS
61, rue Henri Regnault
92400 Courbevoie

Mr Sébastien Arnault
PRICEWATERHOUSECOOPERS AUDIT
63, rue de Villiers
92208 Neuilly-Sur-Seine Paris,

May 3, 2023

Attestation regarding the amount of payments made in respect of patronage and sponsoring.

In accordance with article L.225-115,5e of the French commercial code, we hereby certify that the overall amount of payments made pursuant to sections 1 to 4 of article 238 bis of the French general tax code during the course of the fiscal year closed on December 31, 2020 was calculated by the company at €10,000.

The following annex shows the list of nominative patronage and sponsoring actions.

Laurent Pietri

Chief Accountant

BPCE ASSURANCES

List of nominative patronage and sponsoring actions:

The not-for-profit association *Viens Voir Mon Taf* governed by France's law of 1901, declared at the Paris Prefect's Office on July 9, 2015 under the number W751230111, recognized as a public interest association, registered at 29 Boulevard Bourdon 75004 Paris and represented by Mélanie Taravant in the capacity of President.

BPCE ASSURANCES

Statutory auditors' special report on related-party agreements

General shareholders' meeting convened to approve the financial statements for the year ended December 31, 2022

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
61, rue Henri Regnault
92400 Courbevoie

Statutory auditors' special report on related-party agreements

General shareholders' meeting convened to approve the financial statements for the year ended December 31, 2022

BPCE ASSURANCES
French joint stock company (*société anonyme*)
Registered office: 7 Promenade Germaine Sablon – 75013 Paris
RCS PARIS 880 039 243

In our capacity as your company's statutory auditors, we hereby submit our report on related-party agreements.

On the basis of the information provided to us, we are required to inform you of the key features and terms and conditions of the related-party agreements notified to us or that we may have identified in the performance of our assignment. It is not our role to comment as to whether they are beneficial, or to ascertain the existence of any other related-party agreements. It is your responsibility, in accordance with Article R. 225-31 of the French commercial code, to assess the benefits resulting from these contractual agreements prior to their approval.

In addition, in accordance with Article R. 225-31 of the French commercial code, we are required to inform you of the execution during the past financial year of any related-party agreements already approved in previous years by the general shareholders' meeting.

We performed the procedures that we considered necessary to comply with the professional code of France's national association of statutory auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this assignment. Our work involved verifying that the information provided to us was consistent with the underlying documents from which it was extracted.

Agreements submitted for the approval of the general shareholders' meeting

Agreements authorized and signed during the past year

In accordance with article L.225-38 of the French commercial code, we were notified of the following agreements authorized and signed by your board of directors during the past year.

A current account advance agreement granted by BPCE to BPCE Assurances

Date authorized by the board of directors: March 1, 2022

Contracting parties: BPCE and BPCE Assurances

Description and purpose: The agreement provides for a current account advance to be made by BPCE to BPCE Assurances on March 1, 2022 for the amount of €10 million. This advance is valid for a period of five months and is repayable no later than July 31, 2022.

Terms

Interest is calculated at the annual nominal rate of 0% as from the date the funds are effectively made available. The amount of interest recorded by BPCE Assurances in respect of fiscal year 2022 was zero.

Tax consolidation agreements between BPCE Assurances, BPCE Vie, BPCE Assurances IARD and BPCE SA

Date authorized by the board of directors: October 27, 2022

Contracting parties: BPCE Assurances, BPCE VIE, BPCE Assurances IARD and BPCE SA

Description and purpose: Three tax consolidation agreements were signed:

- **Agreement between BPCE Assurances and BPCE SA**: The purpose of this agreement is to set out the conditions for the centralization and control of the declarations concerning the taxes covered by BPCE's Assurances' consolidation in the tax group headed by BPCE SA.
- **Agreement between BPCE Vie, BPCE Assurances and BPCE SA:** The purpose of this agreement is to set out the conditions for the centralization and control of the declarations concerning the taxes covered by BPCE Vie's consolidation in the tax sub-group headed by BPCE Assurances. The latter agrees to recover, in the name of and behalf of BPCE, all the tax contributions due to the BPCE Consolidated Group from BPCE Vie in respect of the years in which the latter belongs to the Consolidated Group and to pass on these tax contributions to BPCE, in accordance with the conditions also set out in the tax consolidation agreement between BPCE Assurances and BPCE.
- **Agreement between BPCE Assurances, BPCE Assurances IARD and BPCE SA**: The purpose of this agreement is to set out the conditions for the centralization and control of the declarations concerning the taxes covered by BPCE Assurances IARD's consolidation in the tax sub-group headed by BPCE Assurances. The latter agrees to recover, in the name of and behalf of BPCE, all the tax contributions due to the BPCE Consolidated Group from BPCE Assurances IARD in respect of the years in which the latter belongs to the Consolidated Group and to pass on these tax contributions to BPCE, in accordance with the conditions also set out in the tax consolidation agreement between BPCE Assurances and BPCE.

Terms:

- Effective date: January 1, 2022
- Duration: three years (until 12/31/2024)

AGREEMENTS ALREADY APPROVED BY THE GENERAL SHAREHOLDERS' MEETING

We hereby notify you that we were not informed of any agreements which had already been approved by the general shareholders' meeting in previous years and which remained in force during the past year.

Signed in Neuilly-sur-Seine and Courbevoie on May 5, 2023

The Statutory Auditors

PricewaterhouseCoopers Audit

Mazars

Sébastien Arnault

Guillaume Wadoux

BPCE ASSURANCES

Statutory auditors' report on the annual financial statements

(Fiscal year closed December 31, 2022)

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

MAZARS
61, rue Henri Regnault
92400 Courbevoie

Statutory auditors' report on the annual financial statements

(Fiscal year closed December 31, 2022)

To the General Shareholders' Meeting
BPCE ASSURANCES
7 Promenade Germaine Sablon
75013 Paris

Opinion

In accordance with the assignment entrusted to us by your general shareholders' meeting, we performed an audit of the annual financial statements of BPCE Assurances relating to the fiscal year closed on December 31, 2022, as attached to the present report.

We certify that with regard to French accounting rules and principles, the annual financial statements are proper and sincere and provide a faithful image of the result of the operations conducted in the fiscal year, as well as of the Company's financial and asset/liability situation at fiscal-year end.

Basis of the opinion

Audit standards

We conducted our audit in accordance with the standards of professional practice in France. We consider that the items we collected were sufficient and appropriate to provide a basis for our opinion.

Our responsibilities accruing from these standards are set out in the section "Responsibilities of the statutory auditors relative to the audit of the annual financial statements" included in the present report.

Independence

We performed our audit assignment in accordance with the rules of independence provided for in the French commercial code and in the code of ethics for the profession of statutory auditor over the period from January 1, 2022 to the date of our report, and in particular we did not provide services prohibited by article 5 (1) of Regulation (EU) No 537/2014.

Justification of assessments – Key audit points

Pursuant to the provisions of articles L. 823-9 and R. 823-7 of the French commercial code relating to the justification of our assessments, we draw your attention to the key points of the audit relating to the risks of material inaccuracies that, according to our professional judgment, were the most important for the audit of the annual financial statements for the year, as well as the responses we provided to these risks.

Our ensuing assessments are made within the context of the audit of the annual financial statements taken as a whole and the formation of our opinion expressed above. We do not express an opinion on items in these annual financial statements in isolation.

Valuation of investments in affiliates

Identified risk

Investments in affiliates, recorded in the balance sheet at December 31, 2022 for an amount of €1.498 billion, are one the biggest asset line items.

They are initially recorded at their acquisition cost. The expenses incurred for the acquisition of investments in affiliates are recorded in expenses.

An impairment provision may be recorded for the difference between the carrying amount and the estimated fair value of these securities.

As mentioned in note 2.1.2. *Long-term investments*, fair value is measured according to the last available net equity situation of the shares in affiliates held at balance sheet date.

Due to the materiality of investments in affiliates, we considered the correct valuation of investments in affiliates to be a key audit point.

Audit procedures applied in response to this risk

To assist us with the execution of our audit procedures, we had recourse to actuarial and IT audit teams when necessary. The main audit procedures we applied involved:

- Assessing the suitability of the method used to calculate the valuation of investments in affiliates;
- Repeating the calculation so as to validate the absence of impairment where applicable.

Specific verifications

In accordance with the standards of professional practice applicable in France, we also performed the specific verifications related to legal and regulatory obligations.

Information given in the management report and other documents concerning the financial situation and the annual financial statements addressed to shareholders

We do not have any observations to make regarding the sincerity and consistency with the annual financial statements of the information given in the board of directors' management report and in the other documents concerning the financial situation and the annual financial statements addressed to shareholders.

We testify to the sincerity and consistency with the annual financial statements of the information relating to invoice settlement periods mentioned in article D.441-6 of the French commercial code.

Information related to corporate governance

We testify to the existence in the section of the board of directors' management report devoted to corporate governance, of the information required by articles L.225-37-4 and L.22-10-10 of the French commercial code.

Other information

Pursuant to the law, we verified that the various items of information related to acquisitions of equity interests and controlling interests were effectively disclosed in the management report.

Other verifications or information related to legal or regulatory obligations

Designation of the statutory auditors

PricewaterhouseCoopers Audit and Mazars were appointed in the capacity of statutory auditors to BPCE Assurances by the general shareholders' meetings of September 21, 2021 and June 30, 2022, respectively.

At December 31, 2022, PricewaterhouseCoopers Audit was in the second consecutive year of its assignment, including the first year since the company's securities were admitted for trading on a regulated market, and Mazars in the first year.

Responsibilities of management and corporate governance officers relative to the annual financial statements

Management is responsible for preparing annual financial statements that present a true and fair picture in accordance with French accounting rules and principles, as well as for implementing the internal control that it deems necessary for preparing the annual financial statements without any material inaccuracies, whether resulting from fraud or error.

When preparing the annual financial statements, management is responsible for assessing the company's ability to remain a going concern, for presenting in these financial statements, where appropriate, the necessary information concerning the status of going concern and for applying the standard accounting policy for a going concern, unless it is planned to dissolve the company and discontinue its activity.

The annual financial statements were signed off by the board of directors.

Responsibilities of the statutory auditors relative to the audit of the annual financial statements

It is our responsibility to prepare a report on the annual financial statements. Our objective is to obtain reasonable certainty that the annual financial statements taken as a whole do not contain any material inaccuracies. Reasonable certainty equates to a high level of certainty without this guaranteeing that an audit performed in accordance with the standards of professional practice manages to systematically detect any material inaccuracies. Inaccuracies may stem from fraud or error and are considered material when it can be reasonably expected that these inaccuracies may individually or cumulatively influence the economic decisions made by the users of the financial statements on the basis of the financial statements

As stipulated in article L. 823-10-1 of the French commercial code, our account certification duty does not involve guaranteeing the viability or the quality of management of your company.

Within the framework of an audit performed in accordance with the standards of professional practice applicable in France, the statutory auditors exercise their professional judgment throughout the audit. In addition, the statutory auditors:

- identify and assess the risk that the annual financial statements contain any material inaccuracies, whether these stem from fraud or from error, define and implement audit procedures in light of these risks, and collect the elements they consider to be sufficient and appropriate for basing their opinion. The risk of not detecting a material inaccuracy stemming from fraud is greater than that of a material inaccuracy stemming from error, since fraud may imply collusion, falsification, voluntary omissions, false declarations or circumvention of internal control procedures;

• familiarize themselves with the internal control mechanism relevant to the audit, in order to define appropriate audit procedures for the circumstances, and not with the aim of expressing an opinion on the effectiveness of internal control;

• review the appropriateness of the chosen accounting methods and the reasonableness of the accounting estimates made by management, as well as the information concerning them and which is presented in the annual financial statements;

• review the appropriateness of management's application of standard accounting policy for a going concern and, according to the elements collected, the existence or not of a material uncertainty related to events or circumstances liable to undermine the company's ability to remain a going concern. This assessment is underpinned by elements collected up to the date of the statutory auditors' report, it nevertheless being noted that subsequent circumstances or events could undermine the company's ability to remain a going concern. If the statutory auditors conclude that there is a material uncertainty, they draw the attention of the readers of the report to the information provided in the annual financial statements regarding the subject of this uncertainty or, if such information is not provided or not relevant, they certify the financial statements with reservations or refuse to certify them;

- review the overall presentation of the annual financial statements and whether they reflect the underlying operations and events in a way that provides a faithful picture.

Signed in Neuilly-sur-Seine and Courbevoie on May 5, 2023

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars
Sébastien Arnault	Guillaume Wadoux

BPCE ASSURANCES

Statutory auditors' report on the consolidated financial statements

(Fiscal year closed December 31, 2022)

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
61, rue Henri Regnault
92400 Courbevoie

Statutory auditors' report on the consolidated financial statements

(Fiscal year closed December 31, 2022)

To the General Shareholders' Meeting
BPCE ASSURANCES
7, Promenade Germaine Sablon
75013 Paris

Opinion

In accordance with the assignment entrusted to us by your general shareholders' meeting, we performed an audit of the consolidated financial statements of BPCE Assurances relating to the fiscal year closed on December 31, 2022, as attached to the present report.

We certify that with regard to IFRS standards as adopted in the European Union, the consolidated financial statements are proper and sincere and provide a faithful image of the result of the operations conducted in the fiscal year, as well as of the financial and asset/liability situation at fiscal-year end for all the persons and entities included in the consolidation.

Basis of the opinion

Audit standards

We conducted our audit in accordance with the standards of professional practice applicable in France. We consider that the items we collected were sufficient and appropriate to provide a basis for our opinion.

Our responsibilities accruing from these standards are set out in the section "Responsibilities of the statutory auditors relative to the audit of the consolidated financial statements" included in the present report.

Independence

We performed our audit assignment in accordance with the rules of independence provided for in the French commercial code and in the code of ethics for the profession of statutory auditor over the period from January 1, 2022 to the date of our report, and in particular we did not provide services prohibited by article 5 (1) of Regulation (EU) No 537/2014.

Justification of assessments – Key audit points

Pursuant to the provisions of articles L. 823-9 and R. 823-7 of the French commercial code relating to the justification of our assessments, we draw your attention to the key points of the audit relating to the risks of material inaccuracies that, according to our professional judgment, were the most important for the audit of the consolidated financial statements for the year, as well as the responses we provided to these risks.

Our ensuing assessments are made within the context of the audit of the consolidated financial statements taken as a whole and the formation of our opinion expressed above. We do not express an opinion on items in these consolidated financial statements in isolation.

Investments – Valuation of financial assets classified in levels 2 and 3 (excluding investment property)

Identified risk

The methods of classifying and valuing financial assets and derivative instruments at balance sheet date are specified in point 4.2.5 *Financial investments* of the notes to the consolidated financial statements.

The methods of determining impairments are also specified in point 4.2.6 *Impairment of financial assets* of the same consolidated financial statements.

In accordance with IAS 39, financial assets classified as "available-for-sale" and those measured at "fair value through profit & loss, either by nature or option" are recorded at fair value at balance sheet date. Variations in fair value are taken directly to equity for available-for-sale financial assets and to profit & loss for financial assets measured at fair value through profit & loss, by nature or option.

IFRS 13 classifies fair values into three levels:

- level 2 comprises financial assets measured using valuation techniques based on market data (directly or indirectly observable);
- level 3 comprises all assets measured using valuation techniques not based on market data (non-observable data). The fair value may be calculated from internal valuation models derived from standardized models or from external agents providing a valuation without reference to an active market.

As mentioned in point 5.1.6 *Financial instruments recorded at fair value* of the notes to the consolidated financial statements:

- Financial instruments classified in level 2 amounted to €7.8 billion, of which:
  - €7.0 billion of available-for-sale financial assets;
  - €0.8 billion of financial assets measured at fair value through profit & loss, by nature or by option;
- Financial instruments classified in level 3 amounted to €4.5 billion, of which:
  - €3.5 billion of available-for-sale financial assets;
  - €0.8 billion of financial assets measured at fair value through profit & loss, by nature or by option.

The techniques used by management to value these assets therefore entail a sizeable degree of subjectivity and judgment as regards the methodologies, assumptions and data employed, primarily for:

- Unlisted investments (FCPRs, venture capital, private equity, securitization funds, etc.);
- Unlisted structured securities.

Given the uncertain economic environment, the sizeable judgement exercised by management and the variety and complexity of the methods employed to determine the market value of unlisted financial instruments, we considered the measurement of financial assets classified in levels 2 and 3 (excluding investment property) to be a key audit point.

Audit procedures applied in response to this risk

Our audit approach, detailed hereafter, included recourse to valuation experts and IT audit experts when necessary. The main audit procedures we applied involved:

- reviewing the valuation and impairment methods employed with respect to unlisted financial assets; particularly via the Investment Department note detailing the assumptions and the impairment criteria employed,
- reviewing general IT controls relating to the investment management tool and conducting an IT review of certain embedded controls and reports relevant to the audit that were generated by the investment management tool,
- reviewing the internal control mechanism associated with the process of valuing unlisted financial assets, particularly the operational implementation and effectiveness of controls relevant to the audit,
- according to the type of unlisted financial asset, using a sample to compare the valuation retained with the management company's net asset value, as well as with the prices of the latest market transactions for the security in question, a comparable when possible or valuations transmitted by counterparties,
- when the unlisted financial asset is valued on the basis of an internal model:
    - o performing a critical review of the model's construction and the inputs used for valuation,
    - o reviewing the suitability of the assumptions and parameters used.
- reviewing the correct application of impairment provisioning rules.

Underwriting reserve – Assessment of the overall management reserve and the interest-rate risk reserve

Identified risk

The overall management reserve is designed to cover future expenses not covered by deductions from premiums or from investment income. It amounted to €83 million at December 31, 2022 versus €97 million at December 31, 2021.

The interest-rate risk reserve is employed to offset potential future effects of interest-rate guarantees offered on certain products in the past. It amounted to €44 million at December 31, 2022 versus €51 million at December 31, 2021

The methods of calculating the overall management reserve and the interest-rate risk reserve are those detailed in point 4.2.12 *Measurement of liabilities related to insurance policies and financial contracts* of the notes to the consolidated financial statements.

Given that in assessing these reserves, management makes use of sizeable elements of judgment, whether for determining the assumptions employed (particularly rates of return, cost assumptions, model points) or for choosing calculations methods, we considered the calculation of the management reserve and the interest-rate risk reserve to be a key audit point.

Audit procedures applied in response to this risk

To assist us with the execution of our audit procedures, we had recourse to actuarial and IT audit teams when necessary. The main audit procedures we applied involved:

- updating our knowledge of the manner in which the chosen valuation methodology is employed and assessing its suitability;
- performing a critical review of the key assumptions employed to determine these reserves;
- assessing the suitability of the assumptions modified relative to the previous year as well as their justification and their prudent nature;
- reconciling the amount of reserves originating from calculations with that from accounting.

Underwriting reserve – Assessment of the reserve for claims payable, net of recoveries receivable

Identified risk

This reserve corresponds to the estimated value of the principal and expenses necessary to settle claims, net of recoveries receivable. It includes a reserve for claims that are unknown or declared late and which is calculated according to statistical methods.

The reserve for claims payable, net of recoveries receivables in property & casualty insurance amounted to €1.366 billion at December 31, 2022.

The reserve is estimated by using actuarial calculations to value the final cost of claims reported at fiscal year-end, as detailed in point 4.2.12 *Measurement of liabilities related to insurance policies and financial contracts* of the notes to the consolidated financial statements.

It requires management to exercise judgment in choosing the assumptions to be employed, the calculation models to be used and the estimates of the related management expenses.

Given the relative weight of this reserve in the balance sheet and the sizeable judgment exercised by management, we considered the calculation of the reserve for claims payable, net of recoveries receivables to be a key audit point.

Audit procedures applied in response to this risk

To assist us with the execution of our audit procedures, we had recourse to actuarial and IT audit teams when necessary. The main audit procedures we applied involved:

- reviewing the internal control mechanism associated with the reserve for claims payable, and particularly assessing the design and testing the operational effectiveness of the controls we considered key for our audit;
- familiarizing ourselves with the provisioning methodologies employed, notably through notes produced by the Actuarial Inventory Department, and assessing their suitability;
- analyzing recurrent claims experience as well as the final use of the reserve for the previous year along with real claims expenses (ultimate bonus/malus);

- conducting an independent estimate of the final expenses on the main branches of the portfolio;

- reconciling the amount of reserves originating from actuarial calculations with that from accounting.

Underwriting reserve – Assessment of the reserve for increasing risks (dependency)

Identified risk

This reserve is designed to cover the residual risk between the inventory date and the contractual term based on single or level premiums on subscription. It amounted to €74 million at December 31, 2022 (of which €58 million on the dependency branch).

The method of calculating the reserve for increasing risks is detailed in point 4.2.12 *Measurement of liabilities related to insurance policies and financial contracts* of the notes to the consolidated financial statements.

In view of the sizeable degree of judgment employed by management in determining the assumptions employed (notably scales applied, amount guaranteed, technical interest rate), and choosing the calculation methods used, we considered the calculation of the reserve for increasing risks (dependency) to be a key audit point.

Audit procedures applied in response to this risk

To assist us with the execution of our audit procedures, we had recourse to actuarial and IT audit teams when necessary. The main audit procedures we applied involved:

- reviewing the internal control mechanism associated with the reserve for claims payable, and particularly assessing the design and testing the operational effectiveness of the controls we considered key for our audit;
- examining the actuarial formulas employed in the calculation tool made available to us and reviewing the coherency and prudency of the key assumptions used to determine the reserve for increasing risks;
- performing an analytical review in order to verify the amount of the reserve for increasing risks;
- reconciling the amount of reserves originating from calculations with that from accounting.

Underwriting reserve – Assessment of the recoverability of deferred policyholder bonus assets

Identified risk

Deferred policyholder bonus assets are recorded in the event of overall unrealized capital losses on financial investments measured at fair value.

BPCE Assurances opted to apply "shadow accounting" (IFRS 4.30). According to this approach, a provision for deferred policyholder bonuses is recorded to recognize policyholders' entitlement to the unrealized capital gains or losses on financial investments recognized in the balance sheet.

In the financial conditions that prevailed in 2022 (interest-rate hikes), the group's financial asset portfolios showed an unrealized capital loss that generated deferred policyholder bonus assets of €4.4 billion at December 31, 2022.

The methods used to analyze the recoverability of deferred policyholder bonus assets were those detailed in point 4.2.13. *Shadow accounting* of the notes to the consolidated financial statements.

In view of the sizeable degree of judgment employed by management in justifying recoverability and particularly the choice of assumptions and scenarios and the future management decisions retained, we considered the assessment of the recoverability of deferred policyholder bonus assets to be a key audit point

Audit procedures applied in response to this risk

To assist us with the execution of our audit procedures, we had recourse to actuarial and IT audit teams when necessary. The main audit procedures we applied involved:

- performing a critical analysis of the calculation of deferred policyholder bonus assets;
- familiarizing ourselves with the methodology used by the group to justify the recoverability of deferred policyholder bonus assets and performing a critical analysis of its consistency with prevailing regulations;
- performing a critical review of the key assumptions used to carry out the recoverability test;
- performing a sensitivity analysis on the key assumptions used to validate the surplus position (shocks on the redemption scenario).

Specific verifications

According to the standards of professional practice applicable in France, we performed the specific verifications related to legal and regulatory obligations concerning the information on the group presented in the board of directors' management report.

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

Other verifications or information related to legal or regulatory obligations

Designation of the statutory auditors

PricewaterhouseCoopers Audit and Mazars were appointed in the capacity of statutory auditors to BPCE Assurances by the general shareholders' meetings of September 21, 2021 and June 30, 2022, respectively.

At December 31, 2022, PricewaterhouseCoopers Audit was in the second consecutive year of its assignment, including the first year since the company's securities were admitted for trading on a regulated market, and Mazars in the first year.

Responsibilities of management and corporate governance officers relative to the consolidated financial statements

Management is responsible for preparing consolidated financial statements that present a true and fair picture in accordance with IFRS standards as adopted in the European Union, as well as for implementing the internal control that it deems necessary for preparing the consolidated financial statements without any material inaccuracies, whether resulting from fraud or error.

When preparing the consolidated financial statements, management is responsible for assessing the company's ability to remain a going concern, for presenting in these financial statements, where appropriate, the necessary information concerning the status of going concern and for applying the standard accounting policy for a going concern, unless it is planned to dissolve the company and discontinue its activity.

The consolidated financial statements were signed off by the board of directors

Responsibilities of the statutory auditors relative to the audit of the consolidated financial statements

It is our responsibility to prepare a report on the consolidated financial statements. Our objective is to obtain reasonable certainty that the consolidated financial statements taken as a whole do not contain any material inaccuracies. Reasonable assurance equates to a high level of certainty, though without this guaranteeing that an audit performed in accordance with the standards of professional practice manages to systematically detect any material inaccuracies. Inaccuracies may stem from fraud or error and are considered material when it can be reasonably expected that these inaccuracies may individually or cumulatively influence the economic decisions made by the users of the financial statements on the basis of the financial statements.

As stipulated in article L. 823-10-1 of France's commercial code, our account certification duty does not involve guaranteeing the viability or the quality of management of your company.

Within the framework of an audit performed in accordance with the standards of professional practice applicable in France, the statutory auditors exercise their professional judgment throughout the audit. In addition, the statutory auditors:

- identify and assess the risk that the consolidated financial statements contain any material inaccuracies, whether these stem from fraud or from error, define and implement audit procedures in light of these risks, and collect the elements they consider to be sufficient and appropriate for basing their opinion. The risk of not detecting a material inaccuracy stemming from fraud is greater than that of a material inaccuracy stemming from error, since fraud may imply collusion, falsification, voluntary omissions, false declarations or circumvention of internal control procedures;

- familiarize themselves with the internal control mechanism relevant to the audit, in order to define appropriate audit procedures for the circumstances, and not with the aim of expressing an opinion on the effectiveness of internal control;

- review the appropriateness of the chosen accounting methods and the reasonableness of the accounting estimates made by management, as well as the information concerning them and which is presented in the consolidated financial statements;

- review the appropriateness of management's application of standard accounting policy for a going concern and, according to the elements collected, the existence or not of a material uncertainty related to events or circumstances liable to undermine the company's ability to remain a going concern. This assessment is underpinned by elements collected up to the date of the statutory auditors' report, it nevertheless being noted that subsequent circumstances or events could undermine the company's ability to remain a going concern. If the statutory auditors conclude that there is a material uncertainty, they draw the attention of the readers of the report to the information provided in the consolidated financial statements regarding the subject of this uncertainty or, if such information is not provided or not relevant, they certify the financial statements with reservations or refuse to certify them;

- review the overall presentation of the consolidated financial statements and whether they reflect the underlying operations and events in a way that provides a faithful picture;

- concerning financial information on the persons or entities included in the consolidation scope, the statutory auditors collect the elements they consider to be sufficient and appropriate for expressing an opinion on the consolidated financial statements. They are responsible for managing, supervising and performing the audit of the consolidated financial statements, as well as for the opinion expressed on these statements

Signed in Neuilly-sur-Seine and Courbevoie on May 5, 2023

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars
Sébastien Arnault	Guillaume Wadoux

5

Legal elements

Contents

1. List of corporate offices

LEQUOY Jean-François			
Company name	**Legal form**	**Function**	**Represents**
BPCE	SA	Member of the Management Board, Group Head of Finance and Strategy	
CREDIT FONCIER	SA	Chair of the Board of Directors	
BPCE SERVICES FINANCIERS	GIE	Chair of the Board of Directors	
BPCE Assurances	SA	Chair of the Board of Directors	
NA	SA	Chair of the Board of Directors	
CNP ASSURANCES* (since 11/18/2021)			
CE HOLDING PARTICIPATIONS	SAS	Deputy Chief Executive Officer	
CE HOLDING PARTICIPATIONS	SAS	Director	BPCE

CODET François			
Company name	**Legal form**	**Function**	**Represents**
BPCE Assurances IARD	SA	Chair of the Board of Directors	
NA	SA	Chief Executive Officer and Director	
BPCE Assurances (since 10/07/2022)	SA	Chief Executive Officer and Director	
BPCE Assurances (from 03/01/2022 to 10/07/2022)	SAS	Chief Executive Officer and Director	
BPCE VIE	SA	Chair of the Board of Directors	
BPCE SOLUTIONS INFORMATIQUES (since 01/01/2022)	SNC	Director	BPCE
CE HOLDING PARTICIPATIONS	SAS	Director	
GIE SYNDICATION RISQUE ET DISTRIBUTION (ended 06/29/2022)	GIE	Director	CAISSE D'EPARGNE ET DE PREVOYANCE CÔTE D'AZUR
IT-CE (ended 01/01/2022)	SNC	Director	
BPCE Prévoyance (ended 11/14/22)	SA	Chair of the Board of Directors	
Ecureuil Vie Developpement	SAS	Chair of the Board of Directors	
BPCE IARD (since 03/09/2021)	SA	Member of the Supervisory Board	
SURASSUR SA (Luxembourg)	SA	Chair of the Board of Directors	NA

DE LA CHAPELLE-BIZOT Benoît			
Company name	**Legal form**	**Function**	**Represents**
BPCE Assurances (from 03/01/2022 to 12/20/2022)	SA	Director	
NA (ended 12/20/2022)	SA	Director	

MAGNIN Bertrand			
Company name	**Legal form**	**Function**	**Represents**
BPCE Assurances (from 03/01/2022 to 12/20/2022)	SA	Director	
NA (ended 12/20/2022)	SA	Director	
ERILIA	SAHLM	Director	CEP Loire Drome Ardèche

BERNE Pierre-Laurent			
Company name	**Legal form**	**Function**	**Represents**
BPCE Assurances (since 12/20/2022)	SA	Director	
SOCAMI DU SUD	SCM	Chief Executive Officer	

BROUTELE Nathalie			
Company name	**Legal form**	**Function**	**Represents**
BPCE Assurances IARD	SA	Director	
NA	SCM	Chief Executive Officer	
BPCE IARD	SA	Director	
CAISSE CENTRALE DE REASSURANCE	SCM	Chief Executive Officer	
GROUPEMENT FRANCAIS DES BANCASSUREURS	SA	Director	
WOMEN IN NATIXIS'NETWORK	SCM	Chief Executive Officer	
BPCE Achat (since 12/30/2022)	SCM	Chief Executive Officer	
BPCE Assurances	SCM	Chief Executive Officer	
BPCE APS	SCM	Chief Executive Officer	

IZART Christophe			
Company name	**Legal form**	**Function**	**Represents**
BPCE VIE	SA	Chief Executive Officer	
BPCE PREVOYANCE (ended 11/17/2022)	SA	Chief Operating Officer	
NA	SA	Chief Operating Officer	
BPCE Assurances (since 03/01/2022)	SA	Deputy Chief Executive Officer	
Ecureuil Vie Developpement	SAS	Director	
BPCE Life (Luxembourg)	SA	Chair of the Board of Directors	
Fructifoncier	SCI	Chair of the Supervisory Board	
NAMI Investments (ended 11/17/2022)	SPICAV	Director	BPCE Prévoyance
ADIR SAL (Lebanon)	SAL	Director	

2. Ordinary general shareholders' meeting of May 23, 2023

AGENDA

1. Management report prepared by the Board of Directors in respect of the fiscal year closed December 31, 2022.
2. General report of the statutory auditors on the financial statements for the fiscal year closed December 31, 2022.
3. Report of the statutory auditors on the consolidated financial statements for the fiscal year closed December 31, 2022.
4. Approval of the financial statements for the fiscal year closed December 31, 2022.
5. Appropriation of earnings for the fiscal year closed December 31, 2022.
6. Approval of the consolidated financial statements.
7. Special report of the statutory auditors on the agreements subject to article L. 225-38 et seq. of the French Commercial Code.
8. Ratification of a related-party agreement concluded between BPCE Assurances and BPCE SA.
9. Ratification of a related-party agreement concluded between BPCE Assurances, BPCE Vie and BPCE SA.
10. Ratification of a related-party agreement concluded between BPCE Assurances, BPCE Assurances IARD and BPCE SA.
11. Ratification of the cooptation of Jérôme Terpereau.
12. Ratification of the cooptation of Pierre-Laurent Berne.
13. Powers to complete formalities.

WITHIN THE COMPETENCE OF THE ORDINARY GENERAL SHAREHOLDERS' MEEETING

FIRST RESOLUTION:

The general shareholders' meeting, deliberating in accordance with the quorum and majority requirements for ordinary general shareholders' meetings, having reviewed the management report of the board of directors and the statutory auditors' general report on the financial statements for the fiscal year ended December 31, 2022, hereby approves the parent company financial statements for fiscal year 2022, as presented to the meeting, and the transactions contained in these financial statements or summarized in these reports, reporting profit of €279,332,999.00

SECOND RESOLUTION:

The general shareholders' meeting, deliberating in accordance with the quorum and majority requirements for ordinary general shareholders' meetings, following the proposal of the board of directors, hereby allocates the amount available for distribution comprising:

- profit for the year €279,332,999.00
- retained earnings at 12.31.2022 ....-€8,079.57

for a total of €279,324,919.43

as follows:

- dividend of €265,352,013.12
- legal reserve €13,966,649.95
- retained earnings €6,256.36

for a total distribution of €279,324,919.43

The general shareholders' meeting notes that the net dividend is €0.06 (*) for each of the 4,226,023,461 shares forming the share capital.

The dividend is payable as from the date of this general shareholders' meeting.

The general shareholders' meeting notes that no dividend was paid in respect of the past three fiscal years.

(*) Dividends are eligible for the tax allowance under the provisions of Article 158-3 2° of the French general tax code

THIRD RESOLUTION:

The general shareholders' meeting, deliberating in accordance with the quorum and majority requirements for ordinary shareholders' meetings, after having:

- reviewed the report of operations carried out by the BPCE Assurances holding company and the companies included in its consolidation scope during the fiscal year ended December 31, 2022,
- read the consolidated financial statements for the fiscal year,
- heard the statutory auditors' report on the consolidated financial statements,

approves the consolidated financial statements as presented to the meeting

FOURTH RESOLUTION:

The general shareholders' meeting, deliberating in accordance with the quorum and majority requirements for ordinary general shareholders' meetings, having reviewed the statutory auditors' special report on the related-party agreements covered in Article L. 225-38 et seq. of the French commercial code, and deliberating on the said report, hereby approves the conclusions thereof.

FIFTH RESOLUTION:

The general shareholders' meeting, deliberating in accordance with the quorum and majority requirements for ordinary general shareholders' meetings, having reviewed the statutory auditors' special report prepared pursuant to article L.225-42 of the French Commercial Code, expressly approves and ratifies in the conditions stipulated in articles L. 225-40 and L.225-42 of the French commercial code, a tax consolidation agreement signed on October 27, 2022 between BPCE Assurances and BPCE SA, and presented to the board of directors on March 30, 2023.

SIXTH RESOLUTION:

The general shareholders' meeting, deliberating in accordance with the quorum and majority requirements for ordinary general shareholders' meetings, having reviewed the statutory auditors' special report prepared pursuant to article L.225-42 of the French Commercial Code, expressly approves and ratifies in the conditions stipulated in articles L. 225-40 and L.225-42 of the French commercial code, a tax consolidation agreement signed on October 27, 2022 between BPCE Assurances, BPCE Vie and BPCE SA, and presented to the board of directors on March 30, 2023.

SEVENTH RESOLUTION:

The general shareholders' meeting, deliberating in accordance with the quorum and majority requirements for ordinary general shareholders' meetings, having reviewed the statutory auditors' special report prepared pursuant to article L.225-42 of the French Commercial Code, expressly approves and ratifies in the conditions stipulated in articles L. 225-40 and L.225-42 of the French commercial code, a tax consolidation agreement signed on October 27, 2022 between BPCE Assurances, BPCE Assurances IARD and BPCE SA, and presented to the board of directors on March 30, 2023.

EIGHTH RESOLUTION:

The general shareholders' meeting, deliberating in accordance with the quorum and majority requirements for ordinary general shareholders' meetings, hereby decides to ratify the cooptation approved by the board of directors in its meeting of March 30, 2023 of Mr Jérôme Terpereau as director, as a replacement for Mr Jean-François Lequoy, following the latter's resignation, for the residual term of the latter's office, that is until closure of the general shareholders' meeting convened to deliberate on the financial statements for the fiscal year ending December 31, 2027.

NINTH RESOLUTION:

The general shareholders' meeting, deliberating in accordance with the quorum and majority requirements for ordinary general shareholders' meetings, hereby decides to ratify the cooptation approved by the board of directors in its meeting of December 20, 2022 of Mr Pierre-Laurent Berne as director, as a replacement for Mr Bertrand Magnin, following the latter's resignation, for the residual term of the latter's office, that is until closure of the general shareholders' meeting convened to deliberate

TENTH RESOLUTION:

The general shareholders' meeting, deliberating in accordance with the quorum and majority requirements for ordinary shareholders' meetings, grants all powers:

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for the purpose of carrying out all disclosure or filing formalities wherever they are required and particularly all amendments or inscriptions related to the Trade and Companies Registry and for signing any documents to this effect, including in dematerialized form with electronic signature.