CRÉDIT AGRICOLE CIB FINANCE LUXEMBOURG SA

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L-2311 Luxembourg

R.C.S. Luxembourg : B224538

Half yearly unaudited Financial statements and Director's report

June 30, 2023

Contents

OFFICERS AND INDEPENDENT AUDITOR

BOARD OF DIRECTORS
L. Ricci, Director (resigned on May 09, 2023)
M. Del Berdin, Director (appointed on May 09, 2023)
L. Malecki, Director
J. Weiss, Director

SECRETARY
Alter Domus Alternative Asset Fund Administration S.à r.l.
15, Boulevard F.W. Raiffeisen
L-2411 Luxembourg

REGISTERED OFFICE
31-33, Avenue Pasteur
L-2311 Luxembourg

INDEPENDENT AUDITOR
Ernst & Young S.A.
35 E, Avenue John F. Kennedy
L-1855 Luxembourg

DIRECTORS' REPORT AND CORPORATE GOVERNANCE STATEMENT

The Directors present their report and the financial statements for the half-year ended June 30, 2023.

ACTIVITIES

The sole activity of Crédit Agricole CIB Finance Luxembourg SA (the "Company") consists of issuing Notes and / Warrants with returns linked to underlying share, index and / or fund. Crédit Agricole Corporate and Investment Bank (hereafter "Crédit Agricole CIB") systematically buys them and funds raised by the Company are systematically deposited to Crédit Agricole CIB (at market floating rate plus a margin used to cover general operating expenses of the Company).

During the half-year 2023, the Company issued the following:

- 2 series of notes for an aggregate nominal amount of AUD 8,500,000 with an average legal maturity of 5.1 years;
- 2 series of notes for an aggregate nominal amount of CHF 8,000,000 with an average legal maturity of 1.8 years;
- 50 series of notes for an aggregate nominal amount of EUR 1,269,848,800 with an average legal maturity of 2.7 year;
- 20 series of notes for an aggregate nominal amount of GBP 186,923,267 with an average legal maturity of 5.3 years;
- 1 series of notes for an aggregate nominal amount of HKD 3,000,000 with an average legal maturity of 0.5 years; and
- 110 series of notes for an aggregate nominal amount of USD 255,486,000 with an average legal maturity of 2.3 years.

Proceeds of the issuances were placed on deposit with Crédit Agricole CIB to be applied for general corporate funding purposes and, occasionally, for specific structuration purposes. Each series of structured medium term notes is guaranteed by Crédit Agricole CIB.

In addition, the Company and Crédit Agricole CIB systematically enters into derivatives, such as swaps and options, in order to economically hedge the Notes, Warrants and deposits. Consequently, the Company bears no net market risk and no credit risk other than the Crédit Agricole CIB credit risk.

The Company is wholly owned subsidiary of Crédit Agricole CIB, who is in turn a wholly-owned subsidiary of Crédit Agricole S.A.

As of June 30, 2023 the Company has issued fifty-six notes that are listed on a regulated market:

- Eighteen are listed on the London Stock Exchange in London, England
- Nine are listed on the Luxembourg Stock Exchange, Luxembourg
- Three are listed on the Euro MTF, Luxembourg
- Twelve are listed on the Euronext in Paris, France
- Seven are listed on the Irish Stock Exchange in Dublin, Ireland
- Seven are listed on the Börse Stuttgart, Germany

During the first semester of 2023, the Company had no branches and did not perform any activities in the field of research and development.

RESULTS AND PROFIT OR LOSS AND OTHER

The statement of profit or loss and other comprehensive income for the year is set out on page 11.

EVENTS OF THE PERIOD

In the first half of the year, inflation in the major developed economies continued to fall, while still remaining high (especially core inflation), and monetary tightening continued.
The momentum of the post-Covid recovery continued to ease off and growth rates dipped. Drastic recessions were avoided particularly because of the buffers left over from the pandemic, namely private savings which, although diminishing, were still abundant, and labour markets which had proved fairly resilient.

OUTLOOK FOR 2023

With the labour market holding up well and savings still abundant, albeit diminishing, household consumption absorbed the drain on spending power and monetary tightening better than feared.
Growth held up better than expected, as did core inflation. Business activity is nevertheless decelerating, as indicated by surveys suggesting a widespread global slowdown. Developing a scenario of deceleration without collapse presupposes a slow decline in inflation easing revenues and putting an end to key rate hikes.

In this context, it is expected that the volume and the aggregate nominal amount of issuance of structured medium term notes will increase during the year 2023.

From July 1, 2023 to August 31, 2023, the Company issued the following:

- 8 series of notes for an aggregate nominal amount of CHF 23,000,000 with an average legal maturity of 1.9 years;
- 1 series of notes for an aggregate nominal amount of CZK 1,000,000,000 with an average legal maturity of 3 years;
- 31 series of notes for an aggregate nominal amount of EUR 1,795,064,850 with an average legal maturity of 3.3 years;
- 5 series of notes for an aggregate nominal about of GBP 46,200,000 with an average legal maturity of 4.9 years; and
- 42 series of notes for an aggregate nominal about of USD 141,870,000 with an average legal maturity of 2.8 years.

Proceeds of the issuances were placed on deposit with Crédit Agricole CIB to be applied for general corporate funding purposes. Each series of structured medium-term notes is guaranteed by Crédit Agricole CIB.

RISK MANAGEMENT

We refer to Note 3 to the financial statements.

SUBSEQUENT EVENTS

No significant event occurred after the half-year ended June 30, 2023 that would require a change of the financial statements.

There is no new financing or issuing with Russian counterparties since the beginning of the conflict by the Company and its parent company, Crédit Agricole CIB.
Overall, these exposures, which are limited in total amount and of excellent quality, are closely monitored by the Group.

DIRECTORS

The present membership of the Board is set out on page 3.

INDEPENDENT AUDITOR

The independent auditor, Ernst & Young, is eligible for reappointment.

STATEMENT BY THE RESPONSIBLE PERSON

I, the undersigned Jérôme Weiss, confirm that, to the best of my knowledge, the financial statements prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss of Crédit Agricole CIB Finance Luxembourg SA and that the directors' report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

CORPORATE GOVERNANCE STATEMENT

Pursuant to the principle of corporate governance published by the Luxembourg Stock Exchange, which first came into effect on January 1st, 2007, this report was prepared by the Board of Directors as a supplement to the Directors' report. It presents notably the information which is required under the Civil Code, the Law of August 10, 2015 on Commercial Companies, as amended and the rules and regulation of the Luxembourg Stock Exchange, in particular, the corporate governance framework, the Board of Directors' remit, the composition of the Board of Directors, the appointment procedure of members of the Board of Directors, the professional ethics, the executive Management, the remuneration policy, the financial statement, the internal control and risk management, the corporate social responsibility and the rights of its sole shareholder.

This report was prepared based on the work of the Board of Directors and of their Office Manager.

As a preliminary, you are reminded that Crédit Agricole CIB Finance Luxembourg SA applies the Ten Principles of Corporate Governance of Luxembourg Stock Exchange (the "**LSE Principles**").

THE BOARD OF DIRECTORS' REMINT

The Board of Directors is aware of the relevant laws and regulations which apply to the Company.

The Board of Directors is responsible for managing the business affairs of the Company in accordance with the Articles of Association. The Directors may delegate certain functions, but not their responsibility to other parties, subject to the supervision and direction of the Directors. The Board of Directors is responsible for the preparation and the fair presentation of the financial statements. In preparing the financial statement, the Board of Directors is responsible for assessing the Company ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis on accounting unless the Board of Directors either interest to liquidate the Company or to cease operation.

COMPOSITION OF THE BOARD OF DIRECTORS

The Company's Article of Association (see article 13) stipulates that the Board of Directors must be composed of at least three members, whether shareholders or not.

The Directors are appointed by the General Meeting who determine the number, their remuneration and the duration of their mandate, which shall not exceed six years.

As of June 30, 2023, the average age of Directors was 41.

Directors as of June 30, 2023:

Directors	**Date of first appointment**	**End of the current term of office**
Jérôme Weiss	05/05/2021	05/05/2027
Lukasz Malecki	07/05/2018	07/05/2024
Mary Del Berdin	09/05/2023	09/05/2028

The Board of Directors also noted that they did not have any conflict of interest.

THE APPOINTMENT PROCEDURE OF MEMBER OF THE BOARD OF DIRECTORS

In accordance with its social responsibility policy, that Crédit Agricole CIB Finance Luxembourg SA aims to promote diversity at all levels, particularly among members of its Board of Directors. To this end, when considering new appointments, the Board of Directors takes diversity into account to ensure a sufficient range of qualities and skills, allowing a variety of points of view relevant to the decision-making process. Priority is given to the candidate's ability to maintain a complementary in career paths, experiences and skills within the Board of Directors. There is no policy concerning the age limit of the members of the Board since priority is given to examining their experience and competence. For this reason, the legal and regulatory requirements naturally lead to the selection of candidates with recognized skills and experience.

This approach aims to ensure that the composition of the Board of Directors reflects the shareholding structure of Crédit Agricole CIB Finance Luxembourg SA, which is 100% indirectly owned by Crédit Agricole Group, as well as to attract directors with diversified and complementary profiles in terms of training, skills and professional experience.

THE PROFESSIONAL ETHICS

The Board of Directors noted that they made decisions in the Company's interest and independently of any conflict of interest.

THE REMUNERATION POLICY

The remuneration policy is set out in the article 13 of the Article of Association.

THE EXECUTIVE MANAGEMENT

The Board of Directors gave authorization to the Global Head of Macro Fixed Income Structuring of Crédit Agricole CIB to execute the issuance documentation on behalf of the Company. The Board of Directors hired an Office Manager for the day to day business of the Company.

THE FINANCIAL STATEMENT, THE INTERNAL CONTROL AND RISK MANAGEMENT

The Board of Directors has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. These include the appointment of Alter Domus Alternative Asset Fund Administration S.à r.l. as corporate service provider and the appointment of Crédit Agricole CIB as back-office servicer to maintain the accounting records of the Company, the back-office monitoring related to the issuances of notes by the Company. To that end, Crédit Agricole CIB performs reconciliations of its records and Crédit Agricole CIB is contractually obliged to prepare for review and approval by the Board of Directors the financial statements providing a true and fair view of the financial situation of the Company. The Board of Directors evaluates and discusses significant accounting and reporting issues as the need arises. The Board of Directors has an annual process to ensure that appropriate measures are taken to consider and address the shortcomings identified and measures recommended by the independent auditors.

Given the contractual obligation on the corporate service provider and on the back-office servicer, the Board of Directors has concluded that there is currently no need for the Company to have a separate internal audit function in order for the Board to perform effective monitoring and oversight of the internal control and risk management systems of the Company in relation to the financial reporting process. The back-office servicer is authorised and regulated by the Autorité de Contrôle Prudentiel et de Résolution (the "**ACPR**") and supervised by the European Central Bank (the "**ECB**"), the ACPR and the Autorité des Marchés Financiers (the "**AMF**") in France. The corporate service provider is subject to the supervision of the Luxembourg supervisory authority of the financial sector (the "**CSSF**") as Specialised Professional from the Financial Sector (PFS).

The Financial Conduct Authority (FCA) requires that all issuers with transferable securities admitted to trading on UK regulated markets must publish their Financial Statements through the FCA's National Storage Mechanism. As a result, the Financial Statement are published to the FCA.

The corporate service provider and the back-office servicer are contractually obliged to design and maintain control structures to manage the risks which are significant for internal control over financial reporting. These control structures include appropriate division of responsibilities and specific control activities aimed at detecting or preventing the risk of significant deficiencies in financial reporting for every significant caption in the financial statements.

THE CORPORATE SOCIAL RESPONSABILITY

The company has introduced corporate social responsibility (the "**CSR**") sector policies in cooperation with the Group to manage the reputation risks stemming from the social and environmental impacts of its activities. These policies set out analysis criteria for these specific risks, which may cause the Company not to complete a transaction which displays certain characteristics in certain sectors such as armaments, nuclear or coal.

In June 2019, Crédit Agricole Group published a Climate strategy aligned with the Paris agreement. It provides for a progressive reallocation of financing and investment portfolios to make green finance one of the group's growth drivers.

This strategy, has been rolled out by all its entities and subsidiaries, comprises three main pillars.

- An innovative governance to lead the implementation of the Climate Strategy;
- Incorporating energy transition issues into customer relationship; and
- The gradual reallocation of our loan, investments and Asset Under Management portfolios, aligned with the Paris Agreement.

THE RIGHTS OF ITS SOLE SHAREHOLDER

As of June 30, 2023, the Company's share capital consisted of 30,000 ordinary shares with a par value of EUR 1.00 each, giving a share capital of EUR 30,000.00. The shares are 100% owned by Crédit Agricole CIB. The Company's shares have not been offered to the public and are not listed for trading on a regulated market. There are no employee shareholding schemes at the Company and no securities holders with special control or voting rights.

A register is kept at the registered office of Company, where it is available for inspection by its shareholder. Such register contains the name of the shareholder, the number of shares held, the amounts paid up, the postal address of the shareholder. The ownership of the shares is established by the entry in the register.

The procedures for participating in Shareholders' Meetings are set out in the article 21 of the Articles of Association.

Approved by the Board of Directors and signed on behalf of the Board of Directors on September 15, 2023 by:

Director

Jérôme Weiss Director	Lukasz Malecki Director	Mary Del Berdin Director

RESPONSIBILITY STATEMENT

In accordance with article 3 (2) c) of the law of 11 January 2008 (the "Transparency Law"), as subsequently amended, on transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, we declare that:

- To the best of our knowledge, the Half yearly unaudited Financial Report June 30, 2023 prepared in accordance with International Reporting Standards as adopted by the European Union give a true and faire view of the assets, liabilities, financial position, comprehensive income and cash flows of Credit Agricole CIB Finance Luxembourg S.A.;

- The Director's report includes a faire review of the development, performance of the business and the position of Crédit Agricole CIB Finance Luxembourg S.A. together with a description of the principal risks and uncertainties that it faces.

Jérôme Weiss Director	Lukasz Malecki Director	Mary Del Berdin Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		30/06/2023 K'EUR	30/06/2022 K'EUR
REVENUES			
Interest income	Note 12	28 245	11 611
Revenue from service agreement	Note 14	476	487
TOTAL REVENUES		**28 721**	**12 098**
EXPENSES			
Interest expenses	Note 12	(28 245)	(11 611)
Net gains or losses from financial instruments at fair value through profit or loss	Note 13	-	-
General operating expenses	Note 14	(476)	(492)
TOTAL EXPENSES		**(28 721)**	**(12 103)**
PROFIT BEFORE TAX		**-**	**(5)**
Income tax	Note 15	-	5
PROFIT FOR THE FINANCIAL YEAR		**-**	**-**
NET INCOME AND COMPREHENSIVE INCOME FOR THE YEAR		**-**	**-**

The notes to the financial statements form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

ASSETS		**30/06/2023 K'EUR**	**31/12/2022 K'EUR**
Cash and cash equivalents	Note 4	221	30
Derivatives held for trading	Note 5	22 983	31 490
Financial assets at fair value through profit or loss	Note 6	6 385 082	4 196 790
Tax advances	Note 15	27	4
Other assets	Note 7	831	906
TOTAL ASSETS		**6 409 144**	**4 229 220**
LIABILITIES AND SHAREHOLDERS' EQUITY			
CAPITAL AND RESERVES			
Called up share capital	Note 8	30	30
Retained earnings		217	149
Legal reserves	Note 8	3	3
Profit/loss for the financial year/period		-	68
SHAREHOLDERS' EQUITY		**250**	**250**
Due to banks	Note 4	21	131
Derivatives held for trading	Note 9	66 152	82 992
Financial liabilities designated at fair value through profit or loss	Note 10	6 328 731	4 144 813
Tax liabilities	Note 15	-	-
Other liabilities	Note 11	13 990	1 034
TOTAL LIABILITIES		**6 408 894**	**4 228 970**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**6 409 144**	**4 229 220**

In accordance with paragraph 60 of IAS 1, the Company has presented its assets and liabilities in order of their liquidity as this presentation is reliable and relevant taken into consideration its activities.

The notes to the financial statements form an integral part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital K'EUR	Retained earnings K'EUR	Legal reserves K'EUR	Profit of the financial year K'EUR	Total Equity K'EUR
Equity at December 31, 2021	**30**	**67**	**3**	**82**	**182**
Net income and comprehensive income for the year 2022	-	-	-	68	68
Allocation of the result of the previous year	-	82	-	(82)	-
Equity at December 31, 2022	**30**	**149**	**3**	**68**	**250**
Net income and comprehensive income for the year 2023	-	-	-	-	-
Allocation of the result of the previous year *	-	68	-	(68)	-
Equity at June 30, 2023	**30**	**217**	**3**	**-**	**250**

* Following the resolutions of the Shareholders' Annual General Meeting dated May 9th, 2023.

The notes to the financial statements form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

		30/06/2023 K'EUR	30/06/2022 K'EUR
OPERATING ACTIVITIES			
Profit for the financial year/period		-	-
Adjustments for:			
Net (Increase)/ decrease in financial assets		(1 991 496)	(1 818 023)
Net Increase/ (decrease) in financial liabilities		1 991 496	1 818 023
(Increase)/ decrease in other assets		75	(190)
Increase/ (decrease) in other liabilities		249	(199)
Increase/ (decrease) in tax liabilities		(23)	(5)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**301**	**(394)**
FINANCING ACTIVITIES			
Capital Issued		-	-
Dividend paid		-	-
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		**-**	**-**
INVESTING ACTIVITIES		-	-
NET CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		**-**	**-**
Cash and cash equivalents at the beginning of the year/period		(101)	(134)
Net increase/(decrease) in cash and cash equivalents		301	(394)
Cash and cash equivalents at the end of the year/period	Note 4	**200**	**(528)**
Interest paid		28 245	11 611
Interest received		28 245	11 611
Dividend received		-	-

The entity's activity lies in raising cash by issuing EMTNs and Warrants, and systematically depositing the cash with Crédit Agricole CIB in addition to hedging, through a derivatives portfolio with Crédit Agricole CIB, the market risks arising from its liabilities relating to its EMTN issuance. Hence, all cash flows from these activities are considered to be operational cash flows according to IAS 7 para 15.

The notes to the financial statements form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ORGANISATION AND DESCRIPTION OF THE COMPANY

Crédit Agricole CIB Finance Luxembourg SA (the “Company”) was incorporated in Luxembourg as a public limited liability company and is a wholly owned subsidiary of Crédit Agricole Corporate and Investment Bank (“Crédit Agricole CIB”), in turn a wholly owned subsidiary of Crédit Agricole S.A. (the “Ultimate Parent Company”) incorporated in France.

The Company's only activity consists of issuing Notes or Warrants with returns linked to underlying equity, index and funds. They are systematically bought by Crédit Agricole CIB (the “Parent Company”) but are, in almost all cases, on-sold to investors by Crédit Agricole CIB and funds raised by the Company systematically deposited with Crédit Agricole CIB (at market floating rate plus a spread and a margin used to cover general operating expenses of the Company).

In addition, derivatives, such as swaps and options, are systematically entered into by the Company with Crédit Agricole CIB in order to economically hedge the notes, warrants and deposits. As a consequence, the Company bears no net market risk and no credit risk other than the Crédit Agricole CIB risk.

Crédit Agricole CIB has issued an unconditional guarantee under which it guarantees the prompt payment when due of all obligations and liabilities of the Company.

The Company’s financial year begins on January 1 and ends on December 31 each year.

The activities, the controls and financial reporting are outsourced and performed in accordance with Crédit Agricole CIB, France procedures. However, the Board of Directors remains responsible for those activities.

The financial statements of the Company are included in the financial statements of Crédit Agricole CIB, which is the smallest body of undertakings of which the Company forms a part as a subsidiary undertaking, and whose head office is located at 12 place des Etats-Unis, 92547 Montrouge Cedex.
The financial statements of the Company are included in the consolidated accounts of Crédit Agricole S.A., which is the largest body of undertakings of which the Company forms a part as a subsidiary undertaking, and whose head-office is located at 12 place des Etats-Unis, 92127 Montrouge Cedex.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. **Basis for preparation**

The financial statements were prepared in accordance with International Financial Reporting Standards (‘IFRS’) and IFRS Interpretations Committee (‘IFRIC’) interpretations applicable as of June 30, 2023 as adopted by the European Union.

The standards and interpretations are identical to those used and described in the Company’s financial statements as of December 31, 2022. The accounting policies applicable to the activities conducted in the course of the half-year ended June 30, 2023 are described below.

The following new standards and interpretations applicable since January 1, 2023 have no impact on the Company’s financial statements:

NOTES TO THE FINANCIAL STATEMENTS (continued)

- Conceptual Framework - Amendments to IFRS 3
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37
- Proceeds before intended Use – Amendments to IAS 16
- Subsidiary as a First-Time Adopter - Amendments to IFRS 1

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments, financial assets and liabilities linked to the issuance activity that have been measured at fair value.

The financial statements are presented in thousands of euros (K'EUR), except when otherwise indicated.

The financial statements provide comparative information in respect of the previous period.

Furthermore, standards and interpretations that have been published by the IASB but not been adopted yet by the European Union, will become mandatory only as from the date of such adoption. Therefore, the Company has not applied the non-EU adopted standards for the half-year ended June 30, 2023.

Only standards and interpretations issued but not yet effective that may be relevant to the Company are listed below:

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12;
- Definition of Accounting Estimates - Amendments to IAS 8
- Disclosure of Accounting Policies - Amendments to IAS 1
- Classification of Liabilities as Current or Non-Current - Amendments to IAS 1

These financial statements were authorised for issue by the Board of Directors dated September 15, 2023.

2.2. **Use of estimates and judgments**

Judgments and estimates have been made by the Board of Directors when preparing the financial statements. These estimates are based on certain assumptions and involve risks and uncertainties as to their actual achievement in the future. Accounting estimates based on subjective assumptions are principally used to value financial instruments measured at fair value.

Estimates and valuation models are identical to those used by the parent company. There are defined and monitored using the same control methods.

The valuation of the financial instruments is produced and validated by the parent company as counterparty to all transactions. Crédit Agricole CIB produces these valuations using their management information systems and the valuations are controlled by a team attached to the Market Risk Department who is independent of the investing and market operators.

These valuations are based upon:

- Available data sources (market data providers, market consensus, broker data, etc.);
- Models validated by the quantitative teams of the Market Risk Department.

NOTES TO THE FINANCIAL STATEMENTS (continued)

The methodologies and valuation models of financial instruments incorporate all the factors that market participants would use to calculate a price, in accordance with IFRS 13.
The use of estimates and judgments mainly concerns the following topics:

- Fair value in the statement of financial position of financial instruments not quoted in an active market which are classified as financial assets and liabilities at fair value through profit or loss;
- The amount of impairment and provisions for credit risk related to financial assets measured at amortised cost, where relevant.

For the application of IFRS 9, the Company has, where relevant, expanded the use of estimates and judgments in analyzing the contractual cash flow characteristics of financial assets, assessing the increase in credit risk observed since the initial recognition of financial assets, and measuring the amount of expected credit losses on these same financial assets.

2.3. **Reporting and functional currency**

The financial statements are prepared in Euro ("EUR"), which is the Company's functional currency and the currency of its share capital. Unless stated otherwise, the amounts in the financial statements are expressed in thousands of EUR (K'EUR). The value "0" indicates the presence of a number, which is rounded to zero, while "-" represents the value nil.

2.4. **Foreign currency translation**

Transactions denominated in foreign currency are initially translated into Euro at the rates ruling at the transaction date.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

The most important foreign currency positions for the Company are USD, AUD, RUB, GBP, CHF, HKD, JPY and CAD. The following foreign exchange rates were used as at June 30, 2023:

USD: 1.09105 (2022: 1.0671);
AUD: 1.63932 (2022: 1.5702);
RUB: 97.64898 (2022: 78.0440);
GBP: 0.85822 (2022: 0.8854);
CHF: 0.97627 (2022: 0.9855);
HKD: 8.55018 (2022: 8.32183);
JPY: 157.72764 (2022: 140.7131);
CAD: 1.44379 (2022: 1.4447).

NOTES TO THE FINANCIAL STATEMENTS (continued)

2.5. Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are deducted from Cash and cash equivalents (See Note 4).

2.6. Financial instruments

The financial instruments represent the contractual rights or obligations to receive or to pay cash or other financial assets.

In the financial statements, the classification and valuation of financial assets and liabilities depend on their contractual characteristics and the way the Company manages those financial instruments.

However, this distinction is not applicable to derivative instruments, which are always measured at fair value through profit or loss in the statement of financial position, no matter what their purpose is (trading activities or hedging transactions).

2.6.1. Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

Taken into consideration its activity, the Company classifies the financial assets resulting from its issuance activity in the financial assets at fair value through profit or loss category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments (see as well Note 2.6.3. Derivatives), deposits and funded swaps.

Under IFRS 9 §4.1.5, deposits have been irrevocably designated at fair value through profit or loss upon initial recognition as this designation eliminates the inconsistent treatment that would otherwise arise from measuring these assets on a different basis.

The funded swaps are economically assimilated to deposits with embedded derivatives (the swap embedded in the funded swaps). This type of financial assets complies with the IFRS definition of debt instruments (fixed maturity, coupon calculated as a rate, no right nor interest/control in an entity). As these financial assets contain embedded derivatives that modify the cash flows of the entire contract, the contract does not pass the Solely Payments of Principal and Interests (“SPPI”) test and these financial assets are mandatorily measured at fair value through profit or loss.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired

Or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

2.6.2. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, deposits and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of deposits and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, notes, warrants, and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

• Financial liabilities at fair value through profit or loss;

• Financial liabilities at amortised cost (deposits and borrowings).

Taken into consideration its activity, except for the amounts due to banks, the Company classifies its financial liabilities in the financial liabilities at fair value through profit or loss category.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied:

- Argument 1: the use of fair value removes or significantly reduces an “accounting mismatch”;
- Argument 2: they are part of an activity that is managed and whose performance is measured on a fair value basis;

Argument 3: They contain embedded derivatives which, if the fair value option were not applied, should be separated and recorded on the statement of financial position at fair value with movement through the statement of incomprehensive income.
The argument used in this case is No. 2.

Under IFRS 9, an entity can, at initial recognition, irrevocably designate a financial asset as measured at fair value through P&L if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as “an accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Under IFRS 9, when the fair value option is used for financial liabilities, changes in fair value are recorded as follows:

- Shareholders' equity (non-recyclable OCI) for the portion of fair value changes attributable to changes in credit risk, unless this registration method leads to the creation or increase of an accounting mismatch (to which the full changes in fair value are recorded in profit or loss);
- By profit or loss for other sources of fair value changes.

According to IFRS 9, the recording of the credit risk effect in changes in the fair value of OCI issues would create an accounting mismatch. As a result, changes in the fair value of the issues attributable to credit risk are recorded in the statement of profit or loss, in the same way as other changes in fair value.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

The Company has no intention to realize its assets or settle its liabilities and therefore is not offsetting its assets and liabilities with the exception of the neutralisation of the CCIRS operations (Note 11).

The Company is offsetting the impact of the neutralisation of the CCIRS operations. The net related amount included under Other liabilities is K'EUR 13 182 as of June 30, 2023. At 31 December 2022, the net related amount included under Other liabilities is K'EUR 475. (Note 3.3 and 3.4).

2.6.3. Derivatives

Derivative instruments are financial instruments for which the value changes according to that of an underlying item and can be accompanied by a leverage effect. They require little to no initial investments and are settled at a future date. The items underlying these instruments are various (interest rates, exchange rates, equity, indexes, commodities, credit rating…), as are their forms (forward contracts, swaps, calls and puts…).
The Company may use these derivative instruments for its market activities to provide to its parent company, Credit Agricole CIB, solutions to meet its risk management or revenue optimisation needs. In that case, they are accounted for as trading derivatives.

Derivatives instruments may also be used to manage and hedge its own risks. In which case, they are qualified as hedging derivatives. Hedging transactions can concern individual items or transactions (micro-hedging relationships) or portfolios of financial assets and liabilities that can generate a structural interest-rate risk (macro-hedging relationships). The Company does not use derivatives instruments for hedging accounting purposes but for economic hedging.

Contrary to other financial instruments, derivative instruments are always measured at fair value in the statement of financial position, regardless their purpose. The fair value adjustments of trading derivatives are directly recognised in the statement of profit and loss.

Derivatives are financial instruments meeting the following three criteria:

- Their value changes in response to the change in a specified interest rate, foreign exchange rate, share price, index of prices, commodity price, credit rating, etc.;
- They require little to no initial investment;
- They are settled at a future date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2.6.3.1. Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host instrument.

Where the host contract is a financial asset, the entire hybrid contract is measured at fair value through profit or loss because its contractual cash flows do not pass the SPPI test.

Where the host contract is a financial liability and is not measured at fair value through profit or loss, the embedded derivative is separated from the host contract if:

- At acquisition, the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host; and
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.

Once separated, the derivative is recognised at fair value in the statement of financial position under Financial assets or Financial liabilities at fair value through profit or loss under the aforementioned conditions.

2.6.3.2. Trading derivatives

Trading derivatives are recorded in the statement of financial position under Financial assets or liabilities at fair value through profit or loss. Changes in fair value are recorded in the statement of profit or loss under Net gains / (losses) on financial instruments at fair value through profit or loss.

2.6.4. Determination of the fair value of financial instruments

The fair value of financial instruments is determined by maximizing the use of observable input data and based on the IFRS 13 hierarchy.

As per IFRS 13, fair value is the price which would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the principal markets or on the most advantageous market, at the measurement date.

Fair value applies to each financial asset or liability individually. By exception, it can be measured per portfolio, when the risk management and monitoring strategy so allows and when appropriate documentation exists. Therefore, some fair value parameters are calculated on a net basis when a group of financial assets and liabilities is managed on the basis of its net exposure to market or credit risks.

The Company does not deal with a group of financial assets and liabilities. Each instrument is evaluated individually.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Fair value hierarchy:

The standard classifies the fair values into three levels according to the observable character of input data used for their measurement:

Level 1: fair values corresponding to (non-adjusted) prices on active markets
Level 1 are financial instruments which are directly quoted on an active market to which the entity has access as at the valuation date.

A market is considered active when prices are easily and regularly available from a financial market, a broker, a broker dealer, a price assessment service or a regulatory agency and when these prices represent real transactions performed regularly at arm's length in the market. When the closing quoted price is not available, the Company will particularly refer to the most recent transaction prices of the instrument.

Level 2: fair values assessed based on data directly or indirectly observable, other than those of level
These inputs are directly observable (prices) or indirectly observable (data derived from prices) and generally meet the following characteristics: they are not specific to the entity; they are publicly available / accessible and they are based on market consensus.
These include financial instruments traded over-the-counter which are assessed based on valuation models using observable market data, i.e. data which can be obtained from several sources, independent from internal sources, on a regular basis.

Level 3: fair values for which a significant number of the parameters used for their measurement does not meet the observable nature criteria
The fair value of certain complex market instruments not traded on active markets or able to be priced against observable market data rests on valuation techniques using assumptions which are not supported by data observable on the market for the same or similar financial instruments.

These products are reported as level 3. For the most part these are complex interest rate and equity derivative products whose assessment requires, for example, correlation or volatility parameters which are not directly comparable to market data.

Levels 2 and 3 financial instrument valuation methodologies and models factor in all the data that market participants use to calculate a price.

During the half-year ended at June 30, 2023, there was no significant change in the techniques used for the valuation of the financial instruments held by the Company.

Financial assets are instruments classified as financial assets designated at fair value through profit or loss:

- On one hand, as a result of a genuine intention to trade them;
- On the other hand, as these instruments were designated as at fair value by the Company at inception.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2.7. Dividends

Dividends on ordinary shares are recognized in equity in the period in which they are approved by the Company's shareholders.

2.8. Interest income and expenses

Interest is recognized as expense or income over the life of the financing service granted or received, proportionally to the principal amount outstanding.

Interest income and expense are recorded in the statement of profit or loss under Interest income and Interest expense for all financial instruments measured using the effective interest method (instruments at amortised cost and debt instruments at fair value through other comprehensive income, if any). Interest income and Interest expense on derivatives, on financial assets and liabilities measured at fair value through profit or loss are recorded in the statement of profit or loss and other comprehensive income under Net Gains/(Losses) on financial instruments at fair value through profit or loss.

The effective interest rate is taken to be the rate used to net discount future cash inflows and outflows over the expected life of the instrument in order to establish the net book value of the financial asset or liability. The calculation of this rate considers the future cash flows estimated on the basis of the contractual provisions of the financial instrument without taking account of possible future credit losses and also includes commissions paid or received between the parties where these may be assimilated to interest, directly linked transaction costs, and all types of premiums and discounts.

Where a financial asset is classified in Stage 3 for impairment, subsequent interest income is measured at the effective interest rate applied to the net carrying amount of the financial asset with an offsetting entry equal to the outstanding financial asset before impairment.

2.9. Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in Luxembourg where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. The Board of Directors periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

NOTES TO THE FINANCIAL STATEMENTS (continued)

As of December 31, 2022 and June 30, 2023, the Company, due to its activity which consist in issuing notes and warrants, perfectly hedging them through a deposit and derivatives is creating equal deferred taxes from its assets and from its liabilities. As a result, the Company choose to not represent them in its Statement of Financial Positions.

2.10. **Other commitments linked to secured notes**

In relation to each series of secured notes in order to secure its obligations in that respect, the Company receives an unconditional guarantee in support of Crédit Agricole CIB.

2.11. **Benchmark reform**

The reform of the IBOR (InterBank Offered Rates) indices initiated by the Financial Stability Board in 2014 aims to replace these indices with alternative rates and more specifically with Risk Free Rates (RFR).

Within the Benchmark Project, a dedicated governance has been setup at CACIB level to roll out the implementation of the Benchmark Reform. A dedicated stream addresses the CACIB self-led issuance, which includes the Crédit Agricole CIB Finance Luxembourg SA entity. The strong efforts of the teams and the organisation in place paved the way for the successful transition of nearly all existing contracts, limiting the use of the synthetic USD LIBOR.

2.12. **Inflation**

Since the beginning of 2022, central banks have been prioritizing the fight against inflation. Both the Federal Reserve and the ECB have steadfastly introduced aggressive policies to raise key interest rates. Since March 2022 in the United States and July 2022 in the Eurozone, interest rates have risen by 500 and 400 basis points (bp) respectively to stand at 5.25% (Federal Funds Rate Upper Limit) and 4% (refinancing rate) at the beginning of July 2023.

2.13. **Impacts of military operations in Ukraine**

At the end of February 2022, tensions between Russia and Ukraine led to a military conflict, of which the magnitude and duration, nearly a year later, as well as its economic and financial impacts, remain highly uncertain. Crédit Agricole CIB has stopped all new financing to Russian and all commercial activities in the country since the start of the conflict. However, Crédit Agricole CIB, the parent company is exposed directly and indirectly in Russia due to activities that predate the start of the conflict and has booked provisions on performing loans in the first quarter of 2022, in accordance with accounting principles and methods.

The exposures represented the equivalent of €2.9 billion at 31 December 2022 (including €2.7 billion recorded on the balance sheet). They decreased by €1.5 billion compared with 31 December 2021 and €1.8 billion since the start of the conflict at the end of February. The off-balance sheet portion of offshores exposures (documentary loans, financial guarantees and, to a lesser extent, undrawn confirmed credit facilities) amounted to €0.2 billion at 31 December 2022, down significantly by -€1.4 billion since the outbreak of the conflict. Due to the conflict and the subsequent international sanctions, the quality of the portfolio (rated at 96% Investment Grade as at 31 December 2021 and composed mainly of large Russian companies, particularly commodity producers and exporters) was downgraded from 31 March 2022 on the Group’s internal rating scale. As such, from the first quarter of 2022, exposures were subject

NOTES TO THE FINANCIAL STATEMENTS (continued)

to significant provisioning, mainly on performing exposures, which was then updated throughout the year.

The Company exposure is €18.4 million (RUB 1.8 billion) at June 30, 2023 with only one note in Rouble which can be paid back with other currencies such as USD.
The Company is perfectly hedging its currency positions in RUB through a CCIRS with its parent company. Therefore, the fluctuation of the RUB during the first half-year of 2023 has no to little impact for The Company.

3. RISK MANAGEMENT

Management regards the monitoring and controlling of risk as a fundamental part of the management process and accordingly involves its most senior staff in developing risk policy and in monitoring its application. The evaluation of the risks inherent in the Company's activities and the development of policies and procedures to control them is carried out by the Senior Management at Crédit Agricole CIB and reported to the Board of Directors.

3.1. Credit risk

Credit risk is the risk that a customer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Company. As described in Note 1, the only unhedged risk is credit risk. However, since all deposits and derivatives are concluded exclusively with Crédit Agricole CIB, this risk is limited to that of the parent company.

On the liabilities side of the balance sheet, the risk consists of a credit risk of the issuer, which is included in the fair value of the issued products.

In addition, Crédit Agricole CIB Finance Luxembourg SA receives an unconditional guarantee from its parent company. As a result, the Company has the same credit risk as Crédit Agricole CIB.

As a result, the credit risk impact on the valuation of the assets and the credit risk impact on the issuer directly offset each other.

3.2. Interest rate risk

Exposure to interest rate risk is the risk that arises when there is an imbalance between rate and non-rate sensitive assets, liabilities and off balance sheet items. As described in Note 1, the Company hedges all risks other than credit risk through transactions with Crédit Agricole CIB and therefore bears no interest rate risk.

3.3. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in realizing assets or otherwise raising funds to meet commitments. The Company perfectly hedges the issue of debt securities through the deposits and derivatives to the parent company which match in all respects the issued debt.
The table below reflects the liquidity risk of the Company by maturity profile.

NOTES TO THE FINANCIAL STATEMENTS (continued)

The table below shows the liquidity gap by maturity as at June 30, 2023 (in K'EUR). This gap is appreciated regarding the contractual maturity of every contract.

	1 month or less	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	Others assets and liabilities	Total
ASSETS							
Cash and cash equivalents	221	-	-	-	-	-	221
Derivatives held for trading	-	70	4 263	18 402	248	-	22 983
Financial assets at fair value through profit or loss	8 926	16 494	182 486	4 694 222	1 482 954	-	6 385 082
Tax advances	-	-	-	-	-	27	27
Other assets	-	-	-	-	-	831	831
TOTAL ASSETS	**9 147**	**16 564**	**186 749**	**4 712 624**	**1 483 202**	**858**	**6 409 144**
LIABILITIES							
Shareholders' Equity	-	-	-	-	-	250	250
Due to banks	21	-	-	-	-	-	21
Derivatives held for trading	-	70	4 977	24 846	36 259	-	66 152
Financial liabilities designated at fair value through profit or loss	8 926	16 494	180 589	4 686 429	1 436 293	-	6 328 731
Tax liabilities	-	-	-	-	-	-	-
Other liabilities *	-	-	1 183	1 349	10 650	808	13 990
TOTAL LIABILITIES	**8 947**	**16 564**	**186 749**	**4 712 624**	**1 483 202**	**1 058**	**6 409 144**
Liquidity gap	200	-	-	-	-	(200)	-

*The amounts in relation to transactions in AUD, CAD, EUR, GBP, JPY, RUB, and USD are mainly related to neutralisation of the CCIRS operations. Net related amount included under Other liabilities is K'EUR 13 182. The neutralisation is realised on the net related amount.

NOTES TO THE FINANCIAL STATEMENTS (continued)

The table below shows the liquidity gap by maturity as at December 31, 2022 (in K'EUR). This gap is appreciated regarding the contractual maturity of every contract.

	1 month or less	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	Others assets and liabilities	Total
ASSETS							
Cash and cash equivalents	30	-	-	-	-	-	30
Derivatives held for trading	-	-	10 438	21 052	-	-	31 490
Financial assets at fair value through profit or loss	2 138	46 551	126 785	2 408 549	1 612 767	-	4 196 790
Tax advances	-	-	-	-	-	4	4
Other assets	-	-	108	-	-	798	906
TOTAL ASSETS	**2 168**	**46 551**	**137 331**	**2 429 601**	**1 612 767**	**802**	**4 229 220**
LIABILITIES							
Shareholders' Equity	-	-	-	-	-	250	250
Due to banks	131	-	-	-	-	-	131
Derivatives held for trading	-	-	13 853	27 146	41 993	-	82 992
Financial liabilities designated at fair value through profit or loss	2 138	46 551	126 818	2 400 286	1 569 020	-	4 144 813
Tax liabilities	-	-	-	-	-	-	-
Other liabilities *	-	-	(3 340)	2 169	1 754	451	1 034
TOTAL LIABILITIES	**2 269**	**46 551**	**137 331**	**2 429 601**	**1 612 767**	**701**	**4 229 220**
Liquidity gap	(101)	-	-	-	-	101	-

*The amounts in relation to transactions in CAD, EUR, RUB, CHF, AUD, JPY, GBP and USD are mainly related to neutralisation of the CCIRS operations. Net related amount included under Other liabilities is K'EUR 475. The neutralisation is realised on the net related amount. As a result, the decomposition by maturity is creating a reverse balance (Other liabilities ⇨ 3 to 12 months).

NOTES TO THE FINANCIAL STATEMENTS (continued)

3.4. Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's foreign exchange exposure arises from issuing debt in currencies other than Euro. As described in Note 1, the Company transacts only with Crédit Agricole CIB and bears no significant foreign exchange risk.

NOTES TO THE FINANCIAL STATEMENTS (continued)

The table below shows the Company's exposure to currencies as at June 30, 2023 (in K'EUR).

	AUD	CAD	CHF	CZK	EUR	GBP	HKD	JPY	RUB	USD	Total
ASSETS											
Cash and cash equivalents	-	-	-	-	221	-	-	-	-	-	221
Derivatives held for trading	-	-	-	-	17 826	-	-	338	-	4 819	22 983
Financial assets at fair value through profit or loss	15 025	2 601	17 589	-	5 283 046	425 371	350	22 837	6	618 257	6 385 082
Tax advances	-	-	-	-	27	-	-	-	-	-	27
Other assets	-	-	-	-	809	15	-	-	-	7	831
TOTAL ASSETS	**15 025**	**2 601**	**17 589**	**-**	**5 301 929**	**425 386**	**350**	**23 175**	**6**	**623 083**	**6 409 144**
LIABILITIES											
Shareholders' Equity	-	-	-	-	250	-	-	-	-	-	250
Due to banks	-	-	-	-	-	14	-	-	-	7	21
Derivatives held for trading	644	-	18	492	51 127	576	-	2 849	658	9 788	66 152
Financial liabilities designated at fair value through profit or loss	20 633	-	17 571	(492)	5 241 089	367 819	350	74 180	17 781	589 800	6 328 731
Tax liabilities	-	-	-	-	-	-	-	-	-	-	-
Other liabilities *	(6 252)	2 601	-	-	9 463	56 977	-	(53 854)	(18 433)	23 488	13 990
TOTAL LIABILITIES	**15 025**	**2 601**	**17 589**	**-**	**5 301 929**	**425 386**	**350**	**23 175**	**6**	**623 083**	**6 409 144**

* The amounts in relation to transactions in AUD, CAD, CHF, EUR, GBP, JPY, RUB and USD are mainly related to neutralisation of the CCIRS operations. Net related amount included under Other liabilities is K'EUR 13 182. The neutralisation is realised on the net related amount. As a result, the decomposition by currency is creating reverse balances (Other liabilities – AUD/JPY/RUB).

NOTES TO THE FINANCIAL STATEMENTS (continued)

The table below shows the Company's exposure to currencies as at December 31, 2022 (in K'EUR).

	AUD	CAD	CHF	EUR	GBP	JPY	RUB	USD	Total
ASSETS									
Cash and cash equivalents	-	-	-	30	-	-	-	-	30
Derivatives held for trading	-	-	-	20 900	-	24	-	10 566	31 490
Financial assets at fair value through profit or loss	11 803	2 600	37 787	3 384 175	292 586	28 374	23	439 442	4 196 790
Tax advances	-	-	-	4	-	-	-	-	4
Other assets	-	-	-	792	6	-	-	108	906
TOTAL ASSETS	**11 803**	**2 600**	**37 787**	**3 405 901**	**292 592**	**28 398**	**23**	**450 116**	**4 229 220**
LIABILITIES									
Shareholders' Equity	-	-	-	250	-	-	-	-	250
Due to banks	-	-	-	126	5	-	-	-	131
Derivatives held for trading	591	-	46	57 424	91	6 945	3 414	14 481	82 992
Financial liabilities designated at fair value through profit or loss	16 307	-	37 741	3 338 995	226 025	81 820	19 673	424 252	4 144 813
Tax liabilities	-	-	-	-	-	-	-	-	-
Other liabilities *	(5 095)	2 600	-	9 106	66 471	(60 367)	(23 064)	11 383	1 034
TOTAL LIABILITIES	**11 803**	**2 600**	**37 787**	**3 405 901**	**292 592**	**28 398**	**23**	**450 116**	**4 229 220**

* The amounts in relation to transactions in CAD, EUR, RUB, CHF, AUD, JPY, GBP and USD are mainly related to neutralisation of the CCIRS operations. Net related amount included under Other liabilities is K'EUR 475. The neutralisation is realised on the net related amount. As a result, the decomposition by currency is creating reverse balances (Other liabilities – AUD/JPY/RUB).

The Company is perfectly hedging its currency positions in RUB through a CCIRS with its parent company.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. CASH AND CASH EQUIVALENTS & DUE TO BANKS

	30/06/2023 K'EUR	31/12/2022 K'EUR
Cash and cash equivalents & Due to banks are composed as follows:		
- Current accounts	221	30
- Overdrafts	(21)	(131)
	200	**(101)**

The current accounts are related to Luxembourg and French entities of the Crédit Agricole Group.

The fair value of cash and cash equivalents is deemed to be equal to the amortised cost.

The Expected Credit Loss (ECL) of the Company is not material and therefore not detailed. Most of the assets are related with its parent company, CACIB, and most of its liabilities are guaranteed by its parent company.

5. DERIVATIVES HELD FOR TRADING

	30/06/2023 K'EUR	31/12/2022 K'EUR
Financial assets held for trading:		
- Interest Rate Swaps	468	5 351
- Currency Interest Rate Swaps	392	151
- Caps / Floors	17 621	17 103
- Foreign Exchange Options	4 333	5 107
- Warrants	169	3 778
	22 983	**31 490**

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30/06/2023 K'EUR	31/12/2022 K'EUR
Term loans designated at fair value through profit or loss		
- Fair Value	6 383 505	4 195 733
- Accrued Interest	1 577	1 057
	6 385 082	**4 196 790**

Financial assets at fair value through profit or loss are backed to EMTNs so the maturity dates are correlated (Note 3.3).

The Financial assets mandatorily measured at fair value through profit or loss represents the fair value of the funded swaps.

The Financial assets designated at fair value through profit or loss represents the fair value of the deposits.

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. OTHER ASSETS

	30/06/2023 K'EUR	31/12/2022 K'EUR
Receivables	831	798
Accruals and other assets	-	108
	831	**906**

As at December 31, 2022 and June 30, 2023, receivables are related to an amount to be received from Crédit Agricole CIB following a service level agreement signed in 2018, and subsequently amended.

The receivables are mainly short-term invoices measured at amortised cost. The fair value of its receivables and their amortised cost are almost equal.
As a result, The Company is not presenting impairments on its Other Assets.

8. CAPITAL AND RESERVES

8.1 **Called up share capital**

	30/06/2023 K'EUR	31/12/2022 K'EUR
Authorised, called up, issued and fully paid	30	30
	30	**30**

The share capital is composed of 30 000 ordinary shares with a par value of 1 EUR each.

During the half-year ended June 30, 2023 and the year ended December 31, 2022, the Company did not buy own shares.

8.2 **Reserves**

In accordance with the Luxembourg law, the Company is required to allocate a minimum of 5% of its annual net profit to a Legal reserve until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

As at June 30, 2023, the legal reserve amounts to EUR 3 000 (2022: EUR 3 000).

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. DERIVATIVES HELD FOR TRADING

	30/06/2023 K'EUR	31/12/2022 K'EUR
Financial liabilities held for trading:		
- Interest Rate Swaps	25 325	33 365
- Currency Interest Rate Swaps	15 016	21 604
- Caps / Floors	7 183	10 441
- Funded Swaps (before the value date)	1 713	418
- Warrants	16 915	17 164
	66 152	**82 992**

Crédit Agricole CIB, the parent company, is the only counterparty for all the swaps held for trading. There is no collateral agreement or netting arrangement between the Company and the parent company. The potential impact of netting arrangements on its financial position is therefore nil.

10. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	30/06/2023 K'EUR	31/12/2022 K'EUR
Financial liabilities designated at fair value through profit or loss		
- Euro Medium Term Notes	6 328 731	4 144 813
	6 328 731	**4 144 813**

As at June 30, 2023, the fair value of these financial liabilities includes accrued interests for K’EUR 3 683 (2022: K’EUR 1,563).

11. OTHER LIABILITIES

	30/06/2023 K'EUR	31/12/2022 K'EUR
Debt	806	445
Foreign currency positions *	13 182	475
Accruals and other liabilities	2	114
	13 990	**1 034**

* Amount of neutralisation of the CCIRS positions for financial half-year 2023 (see Note 3.4)

The Accrued expenses are mainly short-term invoices measured at amortised cost. The fair value of its payables and their amortised cost are almost equal.
As a result, The Company is not presenting impairments on its Other Liabilities.

The notes to the financial statements form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. INTEREST INCOME AND EXPENSES

	30/06/2023 K'EUR	30/06/2022 K'EUR
INTEREST INCOME		
- Interest income on Derivatives held for trading	3 714	1 193
- Interest income on Financial assets at fair value through profit or loss	24 531	10 418
TOTAL GENERAL INTEREST INCOME	**28 245**	**11 611**
INTEREST EXPENSES		
- Interest expenses on Derivatives held for trading	(6 951)	(195)
- Interest expenses on Financial liabilities designated at fair value through profit or loss	(21 294)	(11 416)
TOTAL GENERAL INTEREST EXPENSES	**(28 245)**	**(11 611)**

13. NET GAINS OR LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30/06/2023				30/06/2022			
	Interest received/(paid) K'EUR	Net realised gains/(losses) K'EUR	Net unrealised gains/(losses) K'EUR	Total K'EUR	Interest received/(paid) K'EUR	Net realised gains/(losses) K'EUR	Net unrealised gains/(losses) K'EUR	Total K'EUR
- Term loans and time deposits	24 531	10 253	182 307	217 091	14 344,00	(14 765)	(350 373)	(350 794)
- Euro Medium Term Notes	(21 294)	(12 098)	(189 258)	(222 650)	(11 107,00)	9 993	392 088	390 974
- Interest Rate Swaps	(2 049)	1 611	465	27	(2 049,00)	2 126	(16 351)	(16 274)
- Currency Interest Rate Swaps	(1 188)	234	6 844	5 890	(1 188,00)	2 166	(24 406)	(23 428)
- Caps / Floors	721	-	540	1 261	-	214	-	214
- Foreign exchange options	-	191	(589)	(398)	292,00	-	2 912	3 204
- Warrants	(721)	(191)	(309)	(1 221)	(292,00)	266	(3 870)	(3 896)
TOTAL	-	-	-	-	-	-	-	-

The notes to the financial statements form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. GENERAL OPERATING EXPENSES & REVENUE FROM SERVICE AGREEMENT

The revenue from service agreement at June 30, 2023 and at December 31, 2022 is generated from the margin applied on the funds raised by the Company, lent to Credit Agricole CIB, less the operating expenses supported by the Company following a service level agreement signed in 2018, and subsequently amended.

	30/06/2023 K'EUR	**30/06/2022 K'EUR**
Detail of Revenue from service agreement is as flow :		
Invoicing related to the general operating expenses	476	487
Profit before tax	-	-
TOTAL REVENUE FROM SERVICE AGREEMENT	**476**	**487**
Detail of general operating expenses is as follow:		
- Audit fees	(57)	(63)
- Administration expenses	(28)	(30)
- Accounting expenses	(131)	(101)
- IT, back-office & middle-office expenses	(131)	(169)
- Costs of salary	(8)	(6)
- Real estate rent	(7)	(7)
- Net wealth tax	(1)	-
- Value Added Tax	(42)	(44)
- Issuing fees	(34)	(63)
- Banking fees	(18)	-
- Other fees	(19)	(9)
TOTAL GENERAL OPERATING EXPENSES	**(476)**	**(492)**
Including related-party transactions:		
- Accounting expenses	(131)	(101)
- IT, back-office & middle-office expenses	(131)	(169)
- Service rent	-	(8)
- Banking fees	(18)	-
- Issuing fees*	(19)	(7)
TOTAL RELATED-PARTY EXPENSES	**(299)**	**(285)**

* Issuing fees with Caceis Bank.

The notes to the financial statements form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. TAXATION

The Company is liable for all taxes applicable to Luxembourg commercial companies.

	30/06/2023 K'EUR	31/12/2022 K'EUR
Current income tax	-	-
Tax advances	27	4
	27	**4**

	30/06/2023 K'EUR	30/06/2022 K'EUR
Corporate Income Tax	-	4
Municipal Business Tax	-	1
	-	**5**

The June 30, 2023 and December 31, 2022 amount relates to the Income Tax on Revenue (CIT) and the Commercial Communal Tax (MBT). The tax rate applicable in Luxembourg-city for the year 2023 amounts to 22.80% (2022: 22.80%).

The effective income tax rate is equal to the current income tax rate.

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. ISSUED SECURITIES

Notes issued in 2023:

	NOMINAL AMOUNT		QUANTITY							
	K'Currency	K'EUR	Initial Stock	Matured	New Issue	Final Stock	Equity	Hybrid	Rate	Final Stock
AUD	36 000	21 960	5	-	2	7	-	3	4	7
CHF	17 350	17 772	11	(5)	2	8	7	-	1	8
EUR	5 479 242	5 479 242	199	(35)	50	214	131	23	60	214
GBP	306 874	357 572	24	(6)	20	38	35	1	2	38
HKD	3 000	351	-	-	1	1	1	-	-	1
JPY	13 000 000	82 421	14	-	-	14	-	14	-	14
RUB	1 800 000	18 433	1	-	-	1	-	1	-	1
USD	665 206	609 693	162	(22)	110	250	172	29	49	250
Total		**6 587 444**	**416**	**(68)**	**185**	**533**	**346**	**71**	**116**	**533**

Notes issued in 2022:

	NOMINAL AMOUNT		QUANTITY							
	K'Currency	K'EUR	Initial Stock	Matured	New Issue	Final Stock	Equity	Hybrid	Rate	Final Stock
AUD	27 500	17 514	3	(1)	3	5	-	2	3	5
CHF	37 699	38 255	2	(2)	11	11	11	-	-	11
EUR	3 696 855	3 696 855	100	(34)	133	199	131	23	45	199
GBP	198 592	224 293	4	-	20	24	22	-	2	24
JPY	13 000 000	92 387	6	-	8	14	-	14	-	14
RUB	1 800 000	23 064	1	-	-	1	-	1	-	1
USD	489 028	458 278	102	(32)	92	162	97	26	39	162
Total		**4 550 645**	**218**	**(69)**	**267**	**416**	**261**	**66**	**89**	**416**

Information disclosed above represents the outstanding nominal amount of issued notes as of June 30, 2023 and December 31, 2022. These amounts do not include accrued interest and fair value adjustments.

17. COMMITMENTS GIVEN OR RECEIVED

The Company has given the following commitments as of June 30, 2023 and December 31, 2022.

	30/06/2023 K'EUR	**31/12/2022 K'EUR**
Euro Medium Term Notes (before issue date)	92 454	14 649
Funded Swap (before issue date)	92 454	14 649

The Company represents the Euro Medium Term Notes and the Funded Swap associated (mirroring) that have been negotiated before the closure of June 30, 2023 and that will be issued in 2023 as commitments given and commitments received respectively in its off-balance sheet

The Company has given no other commitments as of June 30, 2023 and December 31, 2022.

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. NOTIONAL OF DERIVATIVE INSTRUMENTS

	30/06/2023 K'EUR	**31/12/2022 K'EUR**
Interest Rate Swaps	204 454	197 500
Currency Interest Rate Swaps	186 210	179 132
Warrants	344 687	224 374
Foreign exchange options	53 687	57 374
Caps / Floors	260 000	136 000

19. RELATED PARTY TRANSACTIONS

As described in Note 1, most of the transactions are entered into by the Company with Crédit Agricole CIB. In addition, the Euro Medium Term Notes ("EMTNs") issued by Crédit Agricole CIB Luxembourg are guaranteed by Crédit Agricole CIB.

Crédit Agricole CIB is the sole counterparty for most financial assets disclosed in Note 6. Euro Medium Term Notes can be held by Crédit Agricole CIB or in the secondary market. Crédit Agricole CIB is the sole counterparty for all financial liabilities disclosed in Notes 9 and 16. The EMTNs are, initially, systematically bought by Crédit Agricole CIB and funds raised by the Company systematically deposited with Crédit Agricole CIB.

As described in Note 1, under an agreement between Crédit Agricole CIB Luxembourg and Crédit Agricole CIB, the funds raised from issuances are deposited with Crédit Agricole CIB at an interest rate based on the rates of the deposits, plus a margin.

Crédit Agricole CIB has issued an unconditional guarantee under which it guarantees the prompt payment when due of all obligations and liabilities of the Company.

Neither remuneration, nor advances nor loans were granted to the members of the Board of Directors for the half-year ended June 30, 2023 and the year ended December 31, 2022.

We also refer to Note 14.

20. GEOGRAPHICAL ANALYSIS OF BUSINESS LINE INFORMATION

All the Euro Medium Term Notes issued by Crédit Agricole CIB Finance Luxembourg are purchased initially by Crédit Agricole CIB in France and thereafter they may be sold by Crédit Agricole CIB on the secondary market.

Crédit Agricole CIB Finance Luxembourg hedges economically all its positions by purchasing derivatives from Crédit Agricole CIB.

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

Valuation process

The valuation of the Company's financial instruments is based on the valuation process at the parent company, although the Board of Directors retains final responsibility.

The methodologies and valuation models of the financial instruments presented in Level 2 and Level 3 incorporate all the factors that the market participants use to calculate a price.

The determination of the fair values of these instruments takes into account, in particular, the liquidity risk and the counterparty risk.

FINANCIAL ASSETS		**30/06/2023 K'EUR**				**31/12/2022 K'EUR**		
Amounts shown include related receivables	Level 1	Level 2	Level 3	**Total**	Level 1	Level 2	Level 3	**Total**
Derivatives held for trading	-	22 123	860	**22 983**	-	31 320	170	**31 490**
Financial assets at fair value through profit or loss	-	4 898 405	1 486 677	**6 385 082**	-	2 638 948	1 557 842	**4 196 790**

FINANCIAL LIABILITIES		**30/06/2023 K'EUR**				**31/12/2022 K'EUR**		
Amounts shown include related debts	Level 1	Level 2	Level 3	**Total**	Level 1	Level 2	Level 3	**Total**
Derivatives held for trading	-	25 139	41 013	**66 152**	-	34 616	48 376	**82 992**
Financial liabilities designated at fair value through profit or loss	-	4 537 521	1 791 211	**6 328 731**	-	2 304 714	1 840 099	**4 144 813**

NOTES TO THE FINANCIAL STATEMENTS (continued)

Reconciliation of movements in level 3 financial instruments:

Variation of level flows 3:	30/06/2023 K'EUR	31/12/2022 K'EUR	Net Variation K'EUR	Maturity / Reimbursed K'EUR	Issuance K'EUR	Transfer out of level 3 K'EUR	Transfer towards level 3 K'EUR	Change in latent gains and Losses of period K'EUR	Net Variation K'EUR
Financial assets valued at fair value									
Derivatives held for trading	860	170	690	(613)	986	-	-	317	690
Financial assets at fair value through profit or loss	1 486 677	1 557 842	(71 165)	(268 885)	331 556	(137 720)	1 024	2 860	(71 165)
Financial liabilities valued at fair value									
Derivatives held for trading	41 013	48 376	(7 363)	(92)	2 225	(179)	520	(9 837)	(7 363)
Financial liabilities designated at fair value through profit or loss	1 791 211	1 840 099	(48 888)	(272 098)	357 109	(138 743)	11 304	(6 460)	(48 888)

The main products classified in Level 2 are as follows:

(i) Financial liabilities designated at fair value through P&L:
Debts issued and recognized by using the fair value on option are classified in Level 2 when their embedded derivative is considered as falling under Level 2.

(ii) The main OTC derivatives classified in level 2 are those whose valuation involves factors considered as observable and whose valuation technique does not generate a significant exposure to a risk of model:

- Linear derivatives;
- Non-linear plain vanilla products such as options on equities. These products are valued using models commonly used by the market based on directly observable parameters (price of shares) or on parameters which can be determined from the price of products observable on the market (volatility).

The main products classified in Level 3 are as follows:

Level 3 includes the products which do not meet the criteria permitting their classification in levels 1 and 2 and therefore, mainly, those products which involve a high model risk or products whose valuation require the use of significant non-observable parameters.

Consequently, Level 3 includes particularly:

(i) Financial liabilities designated at fair value through P&L:
Debts issued and recognized at fair value on option are classified in Level 3 when their embedded derivative is considered as falling under Level 3.

(ii) OTC derivatives:
These are products which are not observable because of the underlying asset.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Some products whose pool is for the most part classified in Level 2 are considered to be classified under Level 3 because of the underlying currency or of their maturity. An observability grid defines for each instrument / currency pair, the maximum maturity considered as observable. Such observable nature depends on the liquidity of the parameter and on the availability of observable sources permitting its measurement.

The following are considered to be Level 3 exposures to non-linear products (equity or indices) of long maturity on major currencies / indices:

- Exposures on interest rates or swaps with a very long maturity;
- Exposures on non-linear products (interest rate, currency or equity) with a long maturity on major currencies / indices. Included in this category are vanilla options, but also simple exotic derivatives such as cancellable swaps;
- Non - linear exposures on emerging currencies;
- Complex derivatives (products whose underlying is the difference between two interest rates, option type, binary option or exotic products, multi-underlying products, generating exposures to correlations, regardless of the underlying assets (interest rates, equities, credit, currency, inflation)).

<u>Analysis of the sensitivity of financial instruments measured according to a level 3 valuation models</u>

As issuances classified in the category of financial liabilities at fair value on option are perfectly covered / hedged, from an economical point of view, by derivatives or by the fair value movements of the financial assets, the sensitivity calculated on the net positions of financial instruments measured based on a level 3 valuation level is not significant.

The fair values of the Notes include the effect of the issuer's credit risk. Also, the fair values of deposits concluded with the parent company takes into account the counterparty risk of Crédit Agricole CIB. These two risks offset one another (refer to Note 3.1 Credit Risk)

22. INDEPENDENT AUDITOR'S FEES

The fees provisioned or paid by the Company to its independent auditor, Ernst & Young S.A., were as follows (excluding VAT and other administrative expenses):

	30/06/2023 K'EUR	**31/12/2022 K'EUR**
Statutory audit	96	97
Other assurances services	-	-
Tax consulting services	-	-
Other services	-	-
	96	**97**

The notes to the financial statements form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. SEGMENT INFORMATION

The only area of operational activity of the Company is to issue Notes or Warrants whose flows are indexed to an underlying interest, currency, inflation, index, fund, credit and commodities, in order to raise funds for the parent group. As a result, no segmental information is provided.

24. SUBSEQUENT EVENTS

No significant event occurred after the half-year ended June 30, 2023 that would require a change of the financial statements.