Experience FIRST

Activity report 2019

Groupe Cofidis Participations

2019 saw the launch of **our Experience First group project:** more than ever we share a common ambition, that of innovation in the service of customer relations, that of leadership that keeps people at the heart of its concerns.

2019: the rise of the group

Gilles SAURET
CEO of Cofidis Participations group

A year marked by cohesion

2019 was a year of achievements, reasserting coherence and the rise of our group: a success which relies on our 3 commercial brands, in line with their trajectories, which combines with the reinforcement of our international presence. All our subsidiaries shine their light once again on relational excellence and the symetry of attentions paid to both our customers and employees: the labels « Voted Best Customer Service of the Year » and « Great Place to Work » as well as the recognition from the Forbes magazine for monabanq come to reward our kept promises.

An asserted commitment with Experience First

While synergies are bound to increase between the group's brands and with our shareholder Crédit Mutuel Alliance Fédérale, in order to capitalise on our expertise and enrich each other, 2019 saw the launch of our Experience First group project: more than ever we share a common ambition, that of innovation in the service of customer relations, that of leadership that keeps people at the heart of its concerns. United by the same passion for living and making people live an extraordinary experience, we are part of a collective dynamic, concerned about the fulfilment of each individual. This movement, bringing with it a part of transformation of our organization, is all the more promising as it is faithful to our DNA and our values.

An agile and supportive group even in times of crisis

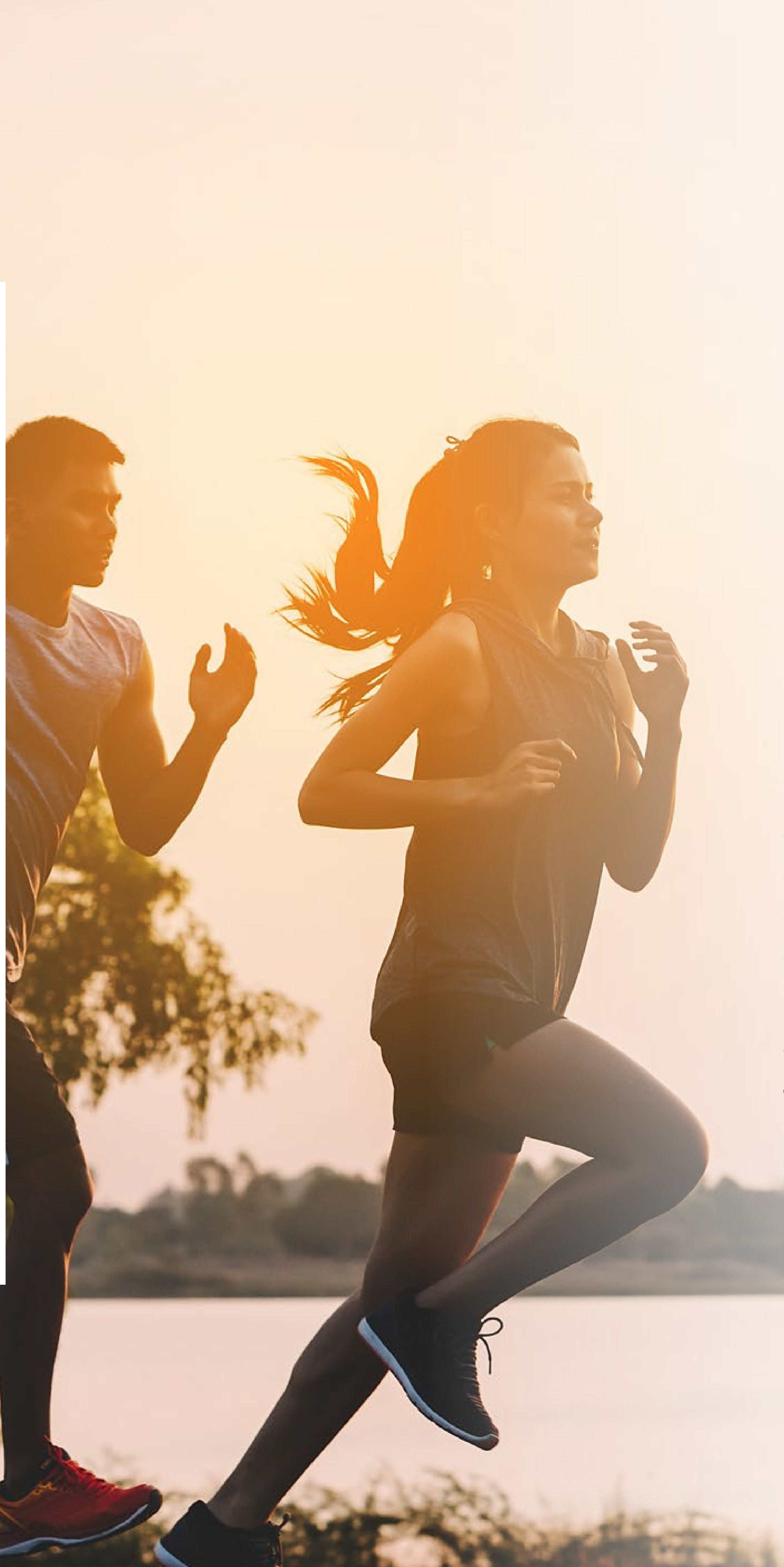
The beginning of the year 2020 has given an unexpected resonance to our project. The Covid-19 health crisis, which is affecting our group as it does all of our worldwide activities, reveals the group's capacity for resilience, its agility and its alignment: a high level of health safety for our employees in all of our locations, massive and rapid deployment of teleworking, no recourse to short-time working to leave national solidarity to companies in mortal danger, ad hoc support for our partners and customers, support from associations and solidarity movements throughout Europe... We are proud to have been able to assert our values in a difficult and unprecedented context.

Our group now considers more than ever the human aspect as our key to success: it is our drive and our mission.

Taking ambition towards a stronger leadership

These circumstances do not distract us from our ambitions, and we are resolutely looking to the future. With the Experience First project, we are aiming for a high level of digitalisation and data control to meet the requirements of our customers and partners. Direct acquisition, the group's historical activity, continues to be strengthened by relying on brand awareness and this permanent innovation. The Cofidis brand is moving towards leadership in payment methods in Europe with the Amazon partnership in France, now in Spain and soon in Italy. The brand is also increasingly present in the automotive and home improvement markets. For their part, Creatis is confirming its leadership in the brokerage of credit repurchases, and monabanq, the group's mobile bank, is confirming its trajectory towards profitability. Thus we experiment on our core business resilience in a troubled context while having the means to do so: by increasing its share in our capital to 80%, Crédit Mutuel Alliance Fédérale has enabled us to fully integrate one of France's most powerful banking groups. We shall be loyal to our commitments: to our customers and partners, to our employees, to our shareholders, to the charities and cultural Associations we support, and to our cycling team who is now challenging the World Tour. Carried by the Experience First inspiration, our group now considers more than ever the human aspect as our key to success: it is our drive and our mission.

For us, the experience must above all improve and simplify people's lives. This is our daily challenge, and we are united by a passion to provide to our employees, to our customers and to our partners **an experience that gives emotion its rightful place**.



EXPÉRIENCE FIRST

In 2019, we have chosen to make this common impetus our promise, which must guide our development and affirm our identity in a changing world. Because we do not want sustainable performance without human relations, and because we do not want economic performance without commitment, the Cofidis Participations group unites its strengths and talents **in a collective project, accelerating the transformation and performance of the group: Experience First.**

Summary

Forging our image

It is an affirmation of our pride in composing an international, expert, innovative but also human, responsible and committed group.

5,370
EMPLOYEES

9
COUNTRIES

3
COMMERCIAL BRANDS

1
EIG

14,983
million of euros
OF GROSS OUTSTANDING LOANS IN 2019

+10%
increase
IN GROSS OUTSTANDING LOANS COMPARED TO 2018

Strong and ambitious brands

Cofidis, specialist in distance credit sales and personalised customer relationship management

Created in France in 1982 with a new concept, that of telephone credit, Cofidis began its international development with Cofidis Belgium in 1985.
38 years later, Cofidis operates in 9 European countries with the same desire to offer the best experience to its customers, partners and employees: in France, Belgium, Spain, Italy, Portugal, the Czech Republic, Hungary, Slovakia and Poland. Cofidis provides remote credit solutions and creates a personalised relationship based on a positive and dynamic emotion.

> Our quest for customer satisfaction remains our strategic priority.

Nicolas Wallaert
Chief Executive of Cofidis France

> Synergie's ambition: to be a creator of value and an actor in the transformation of the group.

Thierry Vittu
Head of Human Resources and Communication

Synergie, the subsidiary at the service of subsidiaries

Synergie is the subsidiary at the service of the subsidiaries, whose vocation is to support all the entities of the Cofidis Participations group in their economic, social and human performance. As a fully-fledged entity, Synergie facilitates links between entities, calls for the sharing of best practices, and through its action supports the group's development. Thinking «group» while acting «specific», that's what Synergy is all about. The employees, all of them and attentive to the needs of the subsidiaries, respond to them with a state of mind of their own, characterized by expertise, efficiency and collaboration.

monabanq, the group's 100% digital bank

monabanq is a 100% online bank dedicated to individuals, one of the French leaders in online banking for 15 years... and recognised by Forbes magazine as the best French bank!
In fact monabanq offers a banking service adapted to the lifestyles of its customers offering autonomy, competitiveness and availability.
This service combines a digital ecosystem with a human relationship, in line with the posture of the brand: monabanq strives to make money easier to use in order to simplify people's lives, with an offer that is accessible « regardless of income ».

> Our corporate project «people first»: a new human dynamic that is indispensable in the period of development we are experiencing.

Alain Colin
Chief Executive of monabanq

> By capitalising on its main strength, its employees, Creatis develops a sense of belonging and a strong corporate culture.

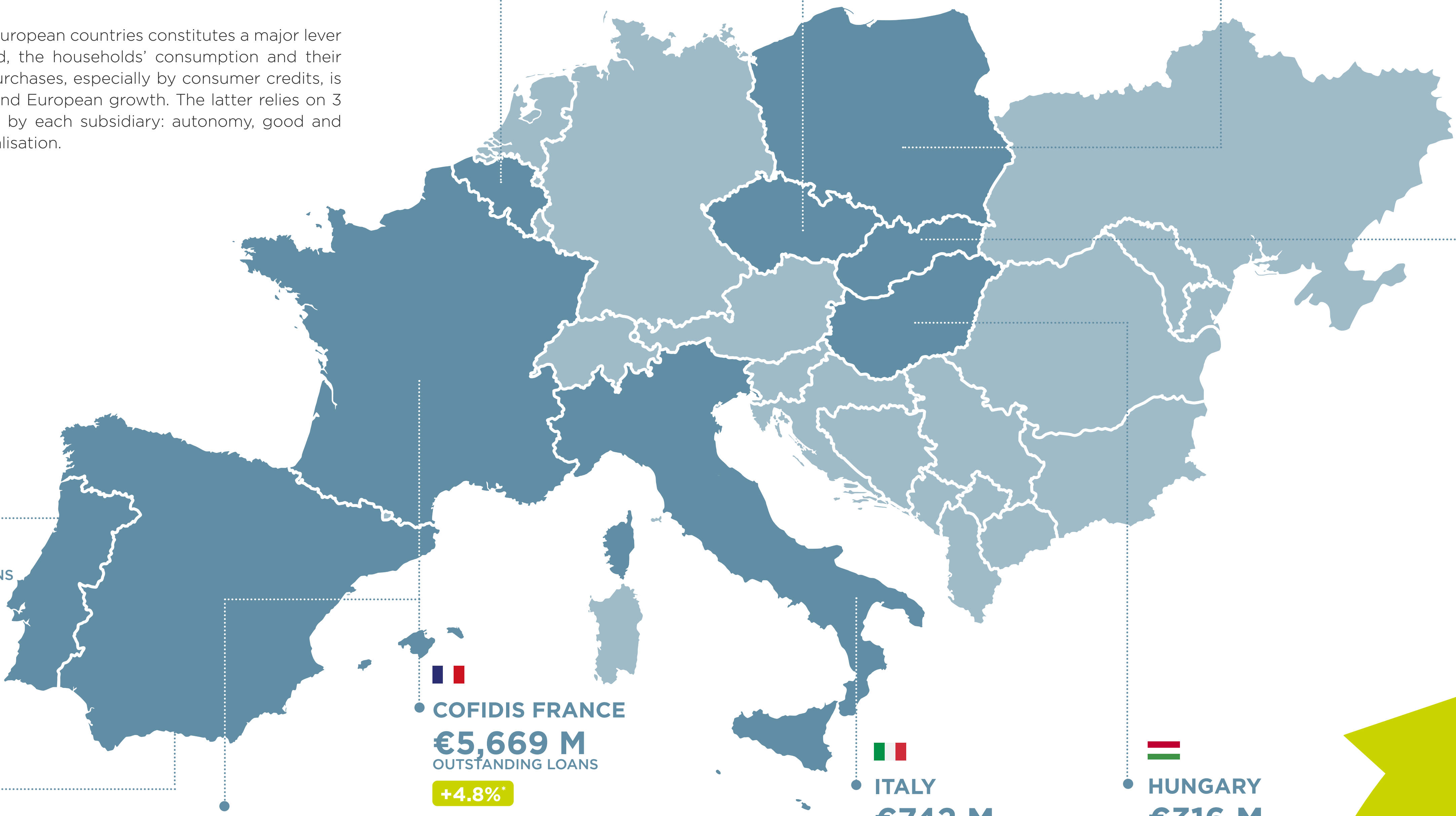
Guillaume Leman
Chief Executive of Creatis

Creatis, credit consolidation specialist

Creatis is a bank specialising in credit consolidation, offering a full range of consumer credit consolidation as well as personal loans with the support of a network of expert partners.
By giving all its customers the Power to Act on their budget and their life projects, Creatis is committed to availability, accessibility and budget support, thus being a real reference player in financial support solutions.
Creatis' commitment also goes beyond its primary missions: by relying on a community of passionate employees cultivating proximity and solidarity, Creatis affirms its desire to be useful to the world.

An international group in development

The group's presence in 9 European countries constitutes a major lever in terms of growth. Indeed, the households' consumption and their capacity to finance their purchases, especially by consumer credits, is the main driving force behind European growth. The latter relies on 3 main key principles shared by each subsidiary: autonomy, good and ethical practices and mutualisation.



BELGIUM
€932 M
OUTSTANDING LOANS
+5.5%*
396
EMPLOYEES

CZECH REPUBLIC
€88 M
OUTSTANDING LOANS
+13.6%*
138
EMPLOYEES

POLAND
€50 M
OUTSTANDING LOANS
+42%*
72
EMPLOYEES

SLOVAKIA
€57 M
OUTSTANDING LOANS
+38.6%*
63
EMPLOYEES

PORTUGAL
€2,593 M
OUTSTANDING LOANS
+15.2%*
767
EMPLOYEES

SPAIN
€1,771 M
OUTSTANDING LOANS
+12.7%*
962
EMPLOYEES

MONABANQ
€109 M
OUTSTANDING LOANS
-3.7%
€523 M
OUTSTANDING SAVINGS LOANS
+15.9%*
193
EMPLOYEES

COFIDIS FRANCE
€5,669 M
OUTSTANDING LOANS
+4.8%*
1,463
EMPLOYEES

CREATIS
€2,655 M
OUTSTANDING LOANS
+6.7%*
256
EMPLOYEES

SYNERGIE
422
EMPLOYEES

ITALY
€742 M
OUTSTANDING LOANS
+24.9%*
283
EMPLOYEES

HUNGARY
€316 M
OUTSTANDING LOANS
+14.2%*
357
EMPLOYEES

*ÉVOLUTION 2018/2019

+10%
increase in gross outstanding loans
compared to 2018

We are forging our image

By choosing strong messages in their campaigns and by associating their notoriety with operations close to their values, the group's brands are changing their images to meet society's new aspirations.

Libre d'avancer*

*Free to move forward

Cofidis Belgium

With this promise, Cofidis creates a personalised relationship, based on a positive, warm and dynamic emotion. Cofidis accompanies a client «Free to move forward» in all his projects or in all moments of life, and adopts a spirit of openness to new uses. In this way, the brand wishes to listen to differences and offer solutions that respond to all the paths followed by their clients.

Le crédit qui fait la différence*

*Credit that makes the difference

Cofidis France

Cofidis France's new brand signature is driven by its desire to be recognised for its values: «Cofidis, credit that makes the difference». By reaffirming the importance of symmetrical attention, by systematically putting the human being at the heart of all its decisions, the brand affirms its ambition, both long-lasting and unique, in a world that is changing constantly.

New partner of the Nostalgie Beach Festival

Cofidis Belgium

On August 10th, Cofidis Belgium joined forces with one of the most beautiful music festivals on the Belgian coast to increase its notoriety in the Flemish Region. This partnership offers Cofidis great visibility in the best possible context: a moment of gathering and sharing.

Cuenta con nosotros*

*Count on us

Cofidis Spain

Cofidis cuenta con nosotros

Also in Spain, Cofidis reaffirms its presence among its customers with its new campaign «Para Volver, cuenta con nosotros». This campaign was born out of the recent crisis, to show the brand's commitment and its desire to be a reference and support for a new life. In doing so, Cofidis proves its solidity and its ability to offer solutions adapted to any situation.

Committed to cycling

Cofidis Spain, Slovakia and Portugal

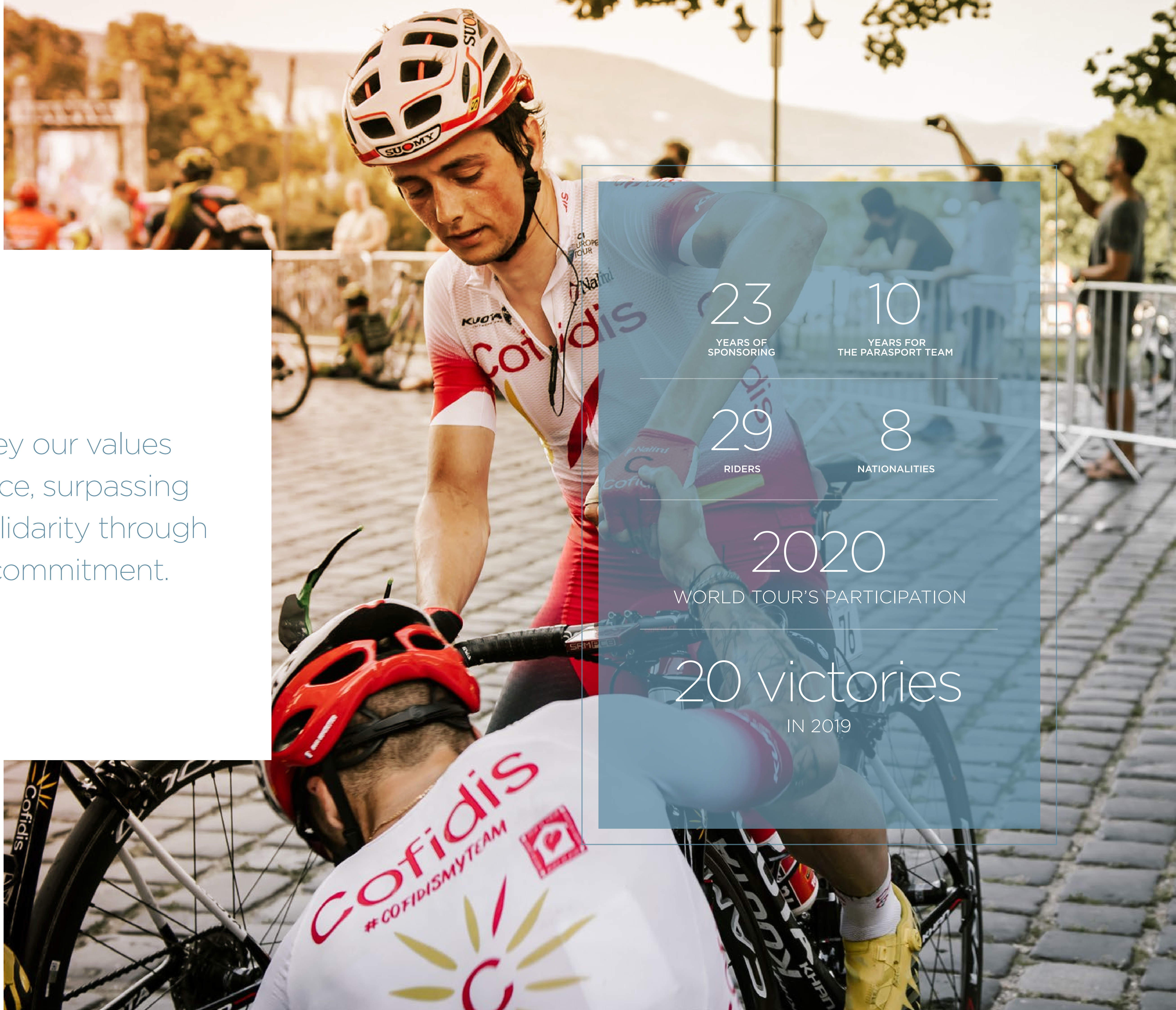
Cofidis Spain will be the official sponsor of La Vuelta, the main Spanish cycling race until 2022. Cofidis has been promoting this sporting event since 2010, as well as developing the educational programme for children «La Vuelta Junior Cofidis».
This commitment to cycling is also present in Slovakia, where Cofidis is sponsoring the Tour de Slovakia and the UCI World Championships.
For its part, Cofidis Portugal gives its name at the Tour of Algarve: «The Tour of Algarve Cofidis» is now the name of one of the competitions which hosts the best cycling teams in the world. Cofidis Portugal, together with the Portuguese Cycling Federation, is also sponsoring a project whose goal is to teach young children to ride bicycles.

A clip to thank the Portuguese for their preference for Cofidis

Cofidis Portugal

Cofidis Portugal was elected «Consumer's Choice» for the 7th consecutive year. For the communication, Cofidis Portugal joined forces with RFM radio to create a song and a video clip. Results: 365,000 views, 7,700 likes and 1,400 shares!

It is to convey our values of performance, surpassing oneself and solidarity through our sports commitment.



23
YEARS OF SPONSORING

10
YEARS FOR THE PARASPORT TEAM

29
RIDERS

8
NATIONALITIES

2020
WORLD TOUR'S PARTICIPATION

20 victories
IN 2019

A team to embody our values

Beyond the naming of the team and the exceptional notoriety offered to the brand, cycling embodies strong values of team spirit, humanity and mutual aid that echo the life of the company.

Solidarity at the heart of the team

Herrada, the team at heart
June - Luxembourg Tour

Laporte had won the first two stages, Herrada then gained a foothold. However, on the last stage, he had to resist the Pabeierbieg wall already climbed 4 times. Luckily, his teammates are there. Just like Dimitri Claeys, Anthony Pérez and Loïc Chétout, all strive to protect him, anticipate the attacks and allow him to win the general ranking.

Perez-Laporte, together makes the win
July - Tour de France
September - Duo Normand

Sometimes, cameras cannot capture the most wonderful stories. During the stage ending in Planche-des-Belles-Filles, Laporte and Pérez, both sick, help, assist each other before crossing the finish line, last admittedly but at least safe from chaos. Both assure that they would have never been able to finish the stage had they not helped each other. Both men demonstrate gain this unbreakable bond in hardships during the Duo Normand, in September, when they finish 2nd after giving it their all.

> Laporte and Pérez, sick, support each other before crossing the line.

Edet, the inner circle
August - Vuelta

When wearing the leader's red jersey or just aiming for an honourable position in a Tour, you need to have reliable teammates. The entire team took turns to assist Nicolas Edet. During the decisive breakaway to win the red jersey, it was Jesús Herrada, then Jesper Hansen to protect him in the mountains or Damien Touzé when shoulders rub right before the finish line. As a result, Edet spent more than 15 days in the general "top 20".

Laporte, collective victory
August - Tour du Poitou-Charentes

Three stage victories, a place in the general ranking: Christophe Laporte could not have dreamt of a better success. But, above all, this is a collective achievement Cofidis Team was able to master the race, impose a tempo and anticipate the attacks. Mathis, Leyder, Lemoine, Chetout, Soupe and Perez hence stood together and formed a common front to let their leader shine.

The surpassing of oneself at each pedal stroke

Laporte, speed in his sould
Étoile de Bessèges, Sunday 10th February

Victory has never been so delectable. After winning in La Calmette in the sprint, Christophe Laporte won the time trial in Alès, the last stage of the Étoile de Bessèges. A 10km course with an 8% gradient of 2km and a success with less than a second lead and a big smile at the finish: the Frenchman had just won the final classification of the event.

Vanbilsen, to the end of his tether
Through Hageland, Friday 21st June

Cobbled streets, woodland paths, slopes to climb up: on this challenging circuit, Kenneth Vanbilsen triumphed. He resisted his breakaway comrades, took the victory of the hands of the Paris-Roubaix 2014 winner Niki Terpstra and carried out a determining attack 10km away from the finish line. Only 29 years old, he just achieved the most prestigious victory of his career.

Berhane-Rossetto, at the heart of combativeness
Tour de France, Saturday 6th and Monday 15th July

A breakaway as soon as the 1st stage to galvanise the Brussels' stage scenario, another until Albi: Stéphane Rossetto and Natnael Berhane displayed courage and bravery to land the combativeness prize. Both riders are the ones that spent the most time in breakaway in the last Grande Boucle, 809km (Rossetto) and 582km (Berhane).

Jesús, in the name of the brother
Vuelta, Thursday 29th August

On Wednesday, José Herrada failed to win due only to a couple of meters. Luckily, his brother Jesús managed to comfort him and bring back a smile to his face the next morning by triumphing on the paths to Aragon after taking part in a major breakaway with Dylan Teuns. An arduous success - just like in June in Mont Ventoux - and an eruption of joy with his partner present at the finish line.

> A 10km course with to finish a 2km ramp at 8% and a success with less than a second lead and a big smile at the finish.

In 2020, Cofidis Team changes gears

2020 is the year in which the Cofidis team returns to the level of the world's cycling elite: the World Tour. It is a turning point in the history of the team. It is the result of the hard work of all the riders, who did not hesitate to double their efforts in 2019, and of the will of its sponsor Cofidis. Objective: to give the team the means to achieve its ambitions and to make the team's colors shine all over Europe, at every crossroads, on every every paved area, in every village we pass through.

Cédric Vasseur, manager of the Cofidis Team, tells us about the changes in the team and its ambitions:

It is with pride and honour that I watch the Team Cofidis as they enter the mondial cycling elite for the 2020 season.

We undertook a massive recruitment with the arrival of 10 new cyclists:

- The new European Champion, Elia Viviani from Italy who will be our uncontested leader.
- The promising Guillaume Martin from France, who has what it takes to rival the best riders in the world.
- Experimented cyclists like Julien Vermote, Nathan Haas, and Fabio Sabatini.
- Young talents ready to propel Cofidis in the spotlight like Simone Consoni, Fernando Barcelo, Piet Allegaert, Eddy Finé, Attilio Viviani.

These arrivals come as reinforcement for a team that made us tremble and vibrate along the past few years with Christophe Laporte, Nicolas Edet, Jesus et José Herrada, Natnael Berhane, Dimitri Claeys, Jesper Hansen, Victor Lafay, Mathias Le Turnier, Cyril Lemoine, Luis Angel Maté, Marco Mathis, Emmanuel Morin, Pierre-Luc Périchon, Anthony Perez, Stéphane Rossetto, Damien Touze, and Kenneth Vanbilsen.
This team now has all it takes to thrive: talent, experience, and a yearning for success. All of us are aware of the challenges that await us and we will give our best to reach our objectives. The pride of belonging to this group could already be measured during our first training course. Our team continues its mutation and will now turn to the international scene to make the sun shine on Cofidis.

Parasport team reflects the group's commitment to diversity and inclusion

In 2019, Cofidis has celebrated the 10 years of the parasport hub. The Cofidis Participations group is thus demonstrating its commitment to the inclusion of people with disabilities in society and the business world.

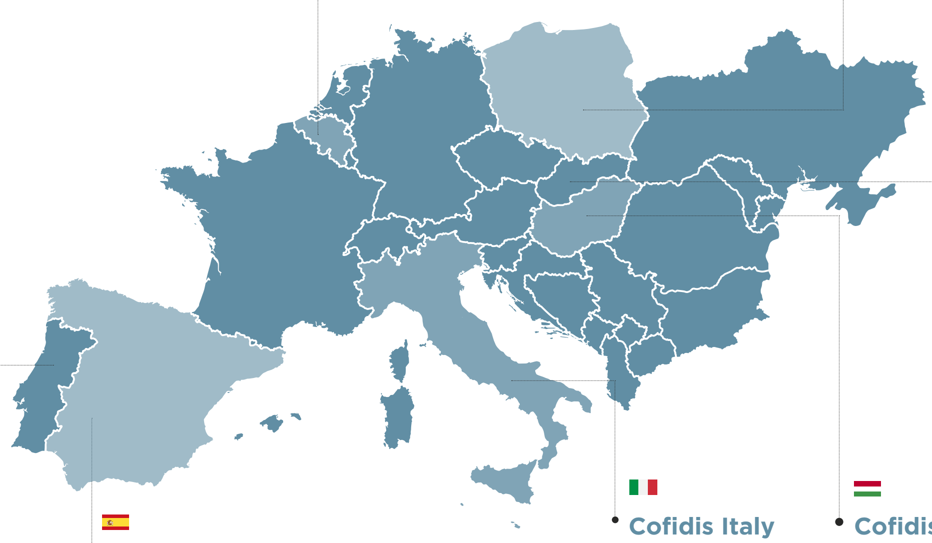
The Cofidis Participations group has always endorsed the practice of parasport. From its creation, the firm supported Laurent Thirionet, who notably stood up thanks to the 7 Paralympic Games' medals and 7 World Champion titles. In 2009, the commitment takes a step forward: Cofidis is the first professional team to create a para-sports hub. A revolution when the vast majority of athletes are amateurs.

However, Cofidis' engagement is not restricted to the material aspect as Thierry Vittu, Cofidis Participations group very own Director of Human Ressources and President of Cofidis Competitions likes to remind us: "what we are interested in is, above all, to allow para-sport athletes to collaborate, work, train and socialise together". An example: the teams tends to participate in the same courses as their professional counterpart.

A beautiful symbol of integration and cohesion that overtakes the world of cycling: the entire Cofidis Participations group includes 111 employees in a situation of disability of which 92% esteem the treatment of Cofidis' employees according to their disability to be equitable.

An international brand, an international sponsorship

With its commitment to cycling, the brand extends beyond borders and brings its sporting values to life in the countries where it is present.



Cofidis Belgium
Partner of the "Flèche Wallonne" and of "Liège Bastogne Liège"

Cofidis Poland
Partner of the Poland Tour

Cofidis Slovakia
Partner of the Slovakian Cycling Federation

Cofidis Portugal
Official partner of the Tour d'Algarve

Cofidis Spain
Main official partner of the Spanish Tour and title sponsor of the Spanish Cycling Federation

Cofidis Italy
Partner of "Milan San Remo", "Tirreno Adriatico", and of the 2019 Tour de Lombardie

Cofidis Hungary
Official partner of the 2019 Hungary Tour

Commitment beyond sport

For Cofidis, sponsorship also reflects a state of mind, that of solidarity and unfailing loyalty.

Cofidis, a faithful sponsor

Since 1997, Cofidis established itself as one of the oldest sponsors of professional cycling. The firm chose cycling, a popular sport which conveys values of bravoury, supassing one-self and team spirit. "For a new cyclist, wearing this renowned jersey is a source of great pride", states Elia Viviani. Cofidis is also faithful to its values and the associations that the team supports: in 2020, two will be on the jersey.

The "Neuf de Coeur" association, created and supervised by Jean-Pierre Papin that comes to the aid of families with brain damaged children, children who suffered a partial and premature destruction of their brain cells. "Neuf de Cœur" searches for new methods of reeducation to improve the children's and families' everyday life.

The second charity supported by the team and Cofidis is "Digestscience", which fights digestive illnesses. Its missions include raising funds, developping and funding research to combat these illnesses. Cofidis will be, for the 3rd time in a row, partners of "ptits ambassadeurs", a plan allowing 9 young cyclists from 13 to 14 years old, personnally affected ou with family members with digestive illnesses to carry out the last 60 derniers kilometers of 8 official stages of the «Tour de France» and allowing the charity to get known.

A continuous presence on social media during lockdown

During lockdown and the cancellation of all sporting events, social media became instrumental in maintaining a connection between fans and riders. On Team Cofidis' official networks, contents were varied and plentiful, from dancing and home trainer guitar lessons with Nathan Haas to the cooking recipes from the Team's chef, not forgetting the reading advice from the philosopher Guillaume Martin, the games to win jerseys and « back-to-school » playful exercises.
Indeed, Team Cofidis has decided to assist working-from-home parents by organising entertainment contents around academic topics: english, history, geography, maths, everything for studious and quirky weeks!

#TeamCofidis


— Innovating —
together

It means supporting our customers in their life projects, our partners in their development, and our employees in their employability.

70
INSURANCE PRODUCTS IN THE GROUP

350
BRANDS PARTNER IN FRANCE

70
COLLABORATORS EMBEDDED IN THE GROUP HACKATON

50%
CLIENTS OF COFIDIS HUNGARY CHOOSE VIDEO IDENTIFICATION

Innovation and customer experience at the heart of the group

In a rapidly changing world where new models, new uses and new players are emerging, the group has chosen to create a Development and Customer Experience Department. The objective is clear: to even more strengthen the group's innovation through cross-functional exchanges and shared projects.

Céline MOTTE, Head of Development and Customer Experience shares her objectives with us:

Through Cofidis, Creatis and monabanq, the Cofidis Participations group designs, offers and manages financial products and services. However, before being a financial group, we are experts in long-distance seles and e-commerce.

It implies a precision, rigour, and relational excellence, vital to our occupations: each of our 5,370 employees truly is driven by this desire to inspire trust and provide personalized experience. And, by all means, in order to remain on top of our relational excellence, our spearhead is innovation. We were born out of innovation in 1982 and it stayed in our DNA.
Nowadays, the stakes are new, the consumption methods are still mutating, and the digital changes our ways. We chose to answer to this transformation with the establishment of the Development and Customer Experience Department which supports the setting into motion of Experience First and creates the necessary conditions to us joining forces.

Above all, seek inspiration within the group
Our challenges are numerous, yet fascinating. First, we must inspire each other, share ideas, innovations and good practices between our branches, develop skills and tools, but also increase our expertise within Crédit Mutuel Alliance Fédérale. The innovation projects favour collaboration and go through the cross. We must federate the teams, characters, and create passerelles between branches.

Building our future and that of our customers together
Our goal is to develop a co-constructed vision, one drawn from the Cofidis Participations group experience. This vision relies on extreme proximity between digital and human, on the increased personalization of relations, on our customers' circuits, on our offer, our communication, our omni-canal marketing expertise, and our sharp control of data, its collection and its exploitation. It is vision where empowerment is at its heart and gives back our customers the power to act.

> Our ambition is clear: wherever the group is established, we want to become the European benchmark for excellence in customer, employee and partner relations.

Fostering openness to our ecosystem to enrich us
We must finally open ourselves to internal and external eco-systems, develop open-innovation in sharing and collaboration logic. This opening is already translating by the implementation of "glocal" in our daily lives. It represents the evolution of communities and business committees, the care of the group's projects by transversal teams, the coordination on international partnerships such as Amazon, and the care of strategic stakes by transformation leaders. Of course, the group will continue to reinforce co-constructing with its customers, partners, and the collaboration of start-up which allow an accelerating increase in our development.

Our ambition is clear: wherever the group is established, we want to become the European benchmark for excellence in customer, employee and partner relations. To develop, with each of the latter, sustainable relationships which answer their projects and expectations. In other words, it means capitalising on our fundamentals and values which forged our shared identity.

> Teams and personalities need to be brought together and gateways need to be built between brands.

The development of a community mobile application

This synergy between the subsidiaries gave rise to a major project, as Christophe Haegeman, Head of Organization Department for the group, explains in a few words.

You worked on a high-stake group project: the development of a community mobile application. Can you tell us what is at stake?
The mobile device is taking more and more place in our business. Our project is to make an application available to perpetuate self-care in a more stringent regulatory context. This mobile application project is being developed with 5 group entities: **Cofidis France, Spain and Belgium**, as well as **Creatis** and **monabanq**.

How is our shareholder Crédit Mutuel Alliance Fédérale contributing to the project?
Technically, we are relying on the technical infrastructure of Crédit Mutuel Alliance Fédérale: access to mobile confirmation for example, and for Creatis and monabanq access to all banking functionalities. But of course, we also benefit from a contribution of method.

What is it all about?
We have organised ourselves in agile mode. For each functionality, we are in sprint mode, lasting two to three weeks (identification of the need, development and user testing), and we favour short decision-making circuits.

How is this really innovative?
It's a «business» co-construction method that requires a very strong commitment. We have to validate and commit to developments in a very short time, which encourages us to shake up our ways of doing things even more.

How has this method been received by the teams in the countries?
Very favourably! It has allowed a real acculturation to collaborative methods, and we have experienced together a very beautiful community project, which is a source of pride for all those who have participated.

A group born from an innovation: Long-distance credit without the distance

Cofidis has developed in Europe on a new concept: distance credit. A strong concept that requires constant innovation both in terms of product and service creation and in terms of relational or technological commitments.

The development of the electronic signature in response to new uses

On the digital level, it is all the innovations relating to the electronic signature that give value and meaning to remote credit. Thus at **Cofidis Spain**, whose promise is to be 100% digital, we have seen a very good response from customers, 76% of whom have chosen the electronic signature. At **Creatis**, the electronic signature has been deployed on the receivables purchase product and is now systematically offered to clients: as soon as the product is launched, the electronic signature can be used on the credit purchase product. in the first six months of the launch, 65% of the offers have been signed electronically!

An innovation in all subsidiaries

For its part, **Cofidis Hungary** innovates with an electronic signature with video identification: in 2019, 50% of the customers chose this particular method, reducing by 30% CO2 emissions and saving 70 trees.

Cofidis Italy draws on PagoDIL to further this process of innovation. PagoDIL has now become an app from the new Smart TPE, which operates Android technology. Smart TPE is equipped with a large touch-screen and a camera capable of reading documents therefore rendering paper documents useless. Cofidis Italy proposes hence Fast Credit, an entirely new experience in the world of personal loans: PagoDIL by Cofidis' customers receive a text message and can activate their loan through their smartphones without additionnal fees.

Continuous improvement that puts digital at the service of people

At **Cofidis France**, the electronic signature has also been launched on the B2C subscription journey, with soon the possibility of completing on the Web a request filled by an advisor. All that remains now, is the electronic signature for debt consolidation.
Improvement of transformation rates and income, improvement of customer experience and satisfaction, environment impact, ..., the electronic signature really is an upgrade! Furthermore, the recent sanitary crisis of COVID-19 has reasserted those convictions: "This crisis has lead us to identify where to hasten on the digital and where to improve", confirms Mathieu Escarpit, Marketing Director of Cofidis France.

> "This crisis has lead us to identify where to hasten on the digital."
> confirms Mathieu Escarpit, Marketing Director of Cofidis France.

However, the concern of customer comfort still remains, and Cofidis France always leaves the choice of making the request online, receiving the documents by e-mail and sending them back by post to the customer. "We must think of new digital circuits for customers that do not wish to use online signatures", states Mathieu Escarpit.

Cofidis Participations group's brands are thus committed to a process of continuous improvement, aiming to fulfill all its customers' expectations, in a time when consumer methods are engaging in a profound mutation.

The 100% digital bank, 100% innovative

With an original positioning and specific offers, the bank of the Cofidis Participations group innovates and stands out in an ultra competitive banking market.

From the very beginning, innovation has been at the heart of the company. In 1996, Banque Covefi was created, one of the first direct banks on the French market; it has no physical branch and relies, to develop, on its know-how in distance selling inherited from the 3 Suisses and Cofidis.
In 2006, change of name: Covefi becomes monabanq and adopts a very differentiating positioning by choosing to place the human being at the heart of its decisions. In 2014, it is the only remote bank to accept all customers without any income conditions. In 2015, the company states loud and clear that it places «People before money». It is also the first bank to make the Visa Premier card accessible without income conditions. monabanq has been constantly innovating since then: a green offer, to enable customers who wish to do so to estimate their carbon footprint, the launch of a mortgage loan, partnership with SOS Children's Village, etc.

The excellence of its customer service, recognised by the « Voted customer Service of the year » 2018, 2019 et 2020* label, also allows it to differentiate itself as a local bank compared to other remote banks but also compared to traditional banks.

monabanq is a 100% digital bank that has chosen a fundamentally different model, which has earned the satisfaction of its customers and enabled it to develop in a highly competitive environment.

Insurance: a source of continuous innovation

Insurance, the group's second core business, remains a major challenge for the group's development: in this area too, innovation is essential.

"To be a consumer credit expert for which insurance and foresight are the second vocation."
In 5 years, we have already developped around 70 new insurance products following 3 main lines:

- Borrower insurance,
- Foresight
- Affinity insurance, such as purchase guarantee or best price delivered by our partners

The group tests and launches new insurances
Cofidis Portugal is launching, namely, a cat/dog insurance entirely commercialised online. In our Italian and Spanish subsidiaries, the dental product is distributed together with dental practices.

Cofidis France also innovated with its foresight offer "Protect Bills and Protect Housing": in partnership with SPB Family, this disruptive offer allows to protect the lessee's budget in the case of unemployment, incapacity to work, autonomy loss or accidental death by taking charge of lease payments and recurrent bills. All under one contract valid even while changing lessors or energy / water provider. Results in the younger population are already promising!

In the concern for a continuous improvement, we have considerably supplemented and simplified our friendly omnical approach and adapted our selling procedures. In this context of strong societal mutations, the insurance culture, the formation of our associates and customer support tools are crucial topics in our development. Acknowledged by our customers, the group makes relational excellency, in the field of insurance too, its battle horse!

"In 5 years we have developed more than 70 new products."

Our automotive offer driven by a European dynamic

The Cofidis Participations group maintains its deployment on the automotive market: all the countries where Cofidis is present now have a dedicated offer.

Cofidis France deploys a credit offer and a range of rental products (Lease financing and long-term leasing). There also is a paneuropean offer for car dealers to support them in funding their activities, notably on stock porting. Still in France, the leasure market is particularly emphasized, namely the motor homes with and ad hoc offer, which makes Cofidis a significant actor on the market.

Cofidis Portugal also ensures its leadership on the local market, by signing in 2019 agreements with two major partners: Auto Industrial, which has worked with Cofidis for more than 30 years, and JAP, one of the main car dealers in Portugal.

Cofidis Hungary also pursues its rise on the automobile market with partners of added value: the network of Yamaha car dealers, the biggest Hungarian car dealer of new vehicules (Hovány group), and Special Mobil from the Suzuki network.

Cofidis Czech Republic has also begun its collaboration with Auto ESA, the 2nd biggest car dealer in the country, involved in the market for more than 20 years and including currently 11 international subsidiaries.

"There is also a pan-European offer for car dealers to help them finance their activities."

Innovation driven by the ambitions of our retail and e-commerce partners

As an expert in customer relations, Cofidis also contributes to the commercial dynamism of retail chains and e-commerce sites, and finds with its partners a source of inspiration to meet the new expectations of their common customers.

"The partnership allows the union of expertise in order to offer customers adapted solutions and a fluid and memorable user experience."

A complete range for the user experience

Cofidis Retail, the partnership branch of **Cofidis France**, offers its 350 partner brands the widest range of payment solutions on the market. Whether we are talking about short credits with 3X and 4X, or long credits on the web or in-store, Cofidis' aim is to provide fluid, multi-channel payment solutions that are perfectly integrated into the purchasing process. The partnership allows the union of expertise in order to offer customers adapted solutions and a fluid and memorable user experience.

A symbol of an evolving partnership with its market, Feu Vert has renewed its partnership with Cofidis France in 2019 with a new financing offer: this offer, web and store thinking, 100% dematerialised and flexible, has been designed to improve the customer and employee experience.

An extended innovation network with Crédit Mutuel Alliance Fédérale

Since September 2018, Cofidis France has also sought to develop synergies with **Crédit Mutuel Alliance Fédérale.** To this end, a dedicated service has been created, with the aim of developing the partnership's offers and more specifically payment facilities for account managers and their customers. These payment facilities enable the Crédit Mutuel Alliance Fédérale network to build customer loyalty and help them develop their business activities. This collaboration with Crédit Mutuel Alliance Fédérale is also in line with the group's spirit, with the development of even more innovative processes and products in order to be even more competitive.

Acceleration across Europe

This partnership dynamic is also alive and kicking internationally. In 2019, **Cofidis Slovakia** launched a new exclusive partnership with the second largest electricity supplier in the Slovak market.

The PagoDIL product is also a nugget that holds great promise: first in **Italy**, where the product was designed, PagoDIL E-Commerce was launched on the website of the largest Apple Premium reseller in Southern Europe, Juice, allowing customers to buy Apple products online, paying in installments, free of charge and without interest. In October 2019, **Cofidis Czech Republic** launched a PagoDil pilot project, along the lines of Italy, in eight stores of JYSK, a major furniture and home furnishings retailer: the test was a great success and the management of JYSK decided to deploy the PagoDil service throughout its network without waiting for the test to be completed.

For Cofidis, the attention paid to customers therefore involves adapting to the expectations and processes of its partner brands: this complementary view of the market enables mutual enrichment of practices and an acceleration of innovation, always in the service of experience.

We are innovating together

It is collectively that we make the difference: thanks to the pooling of our capacities for innovation and our partnerships with students and start-ups, we develop new products to meet the expectations of our customers.

We're innovating **with** our ecosystem, including students

Cofidis France is a company offering various sectors of activity, including occupations for scientific fields (mathematics, statistics): the branch therefore took a particular interest in taking part to events honouring the futures' occupations and building relationships with local schools.
In 2019, and for 3 days, Cofidis France organised a hackathon for about 60 students of the Université de Lille 1.

As for **Cofidis Portugal**, the branch suggested an Open Day in its headquarters in Lisbon to welcome about 40 students from secondary and university education, and introduce them to the workings of a financial company. This approach goes in compliance with the Global Money Week initiative, whose goal is to promote financial education to children and teenagers. Cofidis Portugal also welcome students from Finance and Accounting from ISCTE-IUL, one of the most prestigious universities in Portugal by involving them with tangibles cases related to rentability.

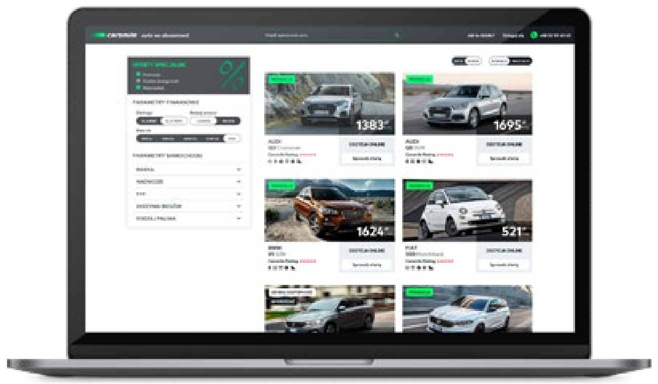
Cofidis Italy is also developing its school partnerships by collaborating with the IULM - ECOLE DE COMMUNICATION, namely with the teachers and students from the Sport Marketing and Communication MBA. This partnership is in compliance with the Cofidis Team's participation in the 2019 edition of the "Milano-Sanremo" as the challenge for 30 of the Masters' students was to guide the Cofidis Italy teas in their internal and external communication.

"All these experiences are memorable and informative for both students and associates!"

We innovate **in** our ecosystem

#leastech
Cofidis Poland

Cofidis Poland has joined forces with Carsmile, a Polish start-up, to develop its online car leasing project. The application is made online and the customer's solvency is calculated by artificial intelligence. Today, Cofidis Poland is positioned on its market as an international company capable of establishing partnerships with the best technology companies!



Cofidis Italia joins the « Cessione del Quinto » thanks to the merger and acquisition with Libra Finanziaria
Cofidis Italy

Through this acquisition, Cofidis Italia enters the public or private payday withholding tax and superannuation lending sector and retirement pension, broadening their range of solutions to consumer's credit. This plan is a new step towards the diversification of Cofidis Italy.

monabanq launches 2 new products

ZIP!
What's that? A 100% automatic process of banking accounts' opening. With a coherent, fluide and complete in less than 5 minutes subsciption circuit, monabanq wishes to optimise customer experience, reinforce proximity with its potential customers and above all, profit from an high-performance enrollment procedure.

Mortgage loans
monabanq sets in motion a mortgage loan and plays the card of guidance with, unlike any other bank, a systematic use of its advisors' expertise through telephone. In addition to human contact, monabanq also is the only one to offer an interest-free loan (PTZ in French). For its launch, the mortgage loan is only available for monabanq's customers.

The vocal signature, a reality in Hungary
Cofidis Hungary

By pursuing its objective of being the financial sector's most innovative company, Cofidis Hungary has launched on the 16th December a unique service: the vocal signature of a loan contract. The process is simple: during the recorded video conversation, the client can commit to conclude the contract orally.

Reinventing customer experience

It means living an experience with our clients, partners and collaborators where the quality of the relationship is at the centre, an experience that creates real emotions.

8th year

THAT COFIDIS FRANCE WAS ELECTED « VOTED BEST CUSTOMER SERVICE OF THE YEAR »

500

COLLABORATORS TRAINED TO THE PERSONAE METHOD

38,000

FEEDBACKS ANALYSED IN OUR GROUP SATISFACTION BAROMETER

+3

POINTS ON OUR NPS GLOBAL

10

COLLABORATORS INVESTED IN THE START UP IC 48 BASED IN PORTUGAL

A group driven by customer experience

The consumers' needs evolve and become the new standards of the expected experience: customers want self care, personalisation, real time, but also a humanised digital experience, and the possibility to have human contact.
Value creation depends on the customer experience that we deliver: that's why, with the Experience First project, it is the customer experience that guides our decisions and actions.

Understanding the client's emotions and experience

The customer journey is a representation of the experience felt by the customer, and not only the solution we bring. By observing the following example: a client calls about the challenge of his actions, a favourable response is given to his request within the process' expected deadlines - in this case, as we solved his problem and answered his needs, we expect the customer to be satisfied. However, in this example, the answer comes late in the customer's perspective, hence created a dissatisfaction despite the favourable income.
This example describes the fact that the process is the company's representation, as opposed to the customer's experience.

> "It is therefore essential to put oneself in the customer's shoes, by comparing real-life experience with the ideal path."

De facto, we consider that the customer's journey is, beyond the completed steps, the experiences and emotions he goes through, lives and perceives when interacting with our group's branches. Therefore, it is vital to put ourselves in the customer's shoes, comparing to the lived to the ideal experience: we use all information sources which connect us to the customers: enquiries, telephone conversations recordings, customer interviews, and advisers in direct contact with the customers... The target is to screen for the irritants and aim for continuous improvement.

Personae that place emotion at the center of the relationship

In this analysis of the customers' journey, the attention paid to emotions is fundamental. For this reason, the perspective adopted by **Cofidis France** is a tangible illustration of the group's initiated efforts. In December 2015, a question arose in Cofidis France: "How to personalise the customer relation while preserving an industrial management?". From this postulate were born the "personae", a project which continues to grow at Cofidis. The notion of "persona" offers a different method of grouping customers and prospects.

A sociological study has been carried out, allowing us to establish 5 personae profiles: each persona corresponds to a type of client characterised by the same level of perception, emotion and relational value in his or her relationship to credit. For each persona an ideal posture of the agent has been constructed in order to best respond to the client's demands.
In 2019, four years after the project was launched, the approach is well anchored in practice: deployed in three operational departments, with a complete system (workshops, listening, coaching, role-playing, videos, etc.), the results speak for themselves: with 200,000 clients approached and 500 trained employees, the studies also prove that personae are a major asset in the quality of the relationship between the advisor and his client. And this is only the beginning!

> "For each persona an ideal posture of the agent has been constructed in order to best respond to the client's demands."

Employees fully invested in optimizing the customer experience

The attention paid to the customer also goes through a culture of results. **Cofidis Belgium,** for example, considers vital the monitoring of performance indicators to achieve their ambition of becoming leaders in their market's Customer Relation. Hence, each day, employees from Cofidis Belgium can follow daily the KPI's evolution...through a newscast! Tangibly, this newscast is a synthesis of the day's results and actions: in 5 minutes, volunteering employees present the quality, development, efficiency, and rentability indicators.

In each newscast edition, columnists, specialists in the field, inform and comment on the results with a discourse of truth and transparency. In its newscast, Cofidis Belgium mentions achievements as well as warnings, difficulties encountered in their supportment, the implemented solutions and what remains to do. Information allows everyone to have a general view which acts as a guide to allow each individual to personally commit and efficiently act daily.

Constant innovation engaged in the pursuit of excellence

We know that digital is a key factor in customer relations. So, still at **Cofidis Belgium**, a study was carried out in 2019 to optimise the simulator on the website. In addition to the expected imperatives relating to the duty to provide advice and our status as a responsible financial organisation, Nicolas Naze, Head of the Digital Channel at Cofidis Belgium, proposes a stimulating approach: "The originality is to look for examples outside our banking field, on merchant sites."

> The originality is to look for examples outside our banking field, on merchant sites.

Electronic signatures are also a key issue in most of the countries where the group operates.

Cofidis Spain has been a pioneer in its sector by offering an electronic signature for the point-of-sale financing process. This has enabled them to build loyalty with their partners and to find new agreements, while meeting our values of agility and responsibility. 5 years after its implementation, the electronic signature is a success with, in 2019, more than 80% of transactions signed electronically by customers.

For its part, **Cofidis Portugal** has set up a real start-up, IC 48, with the aim of keeping its promise to finance customers/partners within 48 hours - hence the name. Thanks to the «Lean Six Sigma» methodology and a customer centric vision, a multidisciplinary team of 10 employees, representing the different areas of the company, rethought the entire acceptance process with partner products.
In this process the partners played a fundamental role through the «VOC- Voice Of the Customer»: they were able to express their expectations and provide feedback as the solutions were implemented. Today the IC 48 start-up continues to expand across all partner business sectors.

Our vision of the customer experience always puts the people at the heart of everything we do

In an increasingly digitalised world, we do not forget the human aspect and the importance of more traditional contacts, which is why the group is also proud of the award received by a **Cofidis Hungary** employee, recognised as one of the most beautiful voices in customer relations. In November 2019, the Federation of Direct and Interactive Marketing and the Kreatív portal organised the National Voice Beauty Contest for the 8th time. The competition was designed to give visibility to the call centre employees who work every day to answer customers' questions and solve their problems: Ágnes Szántó, sales consultant at Cofidis Hungary, won the second national place in the women's category.

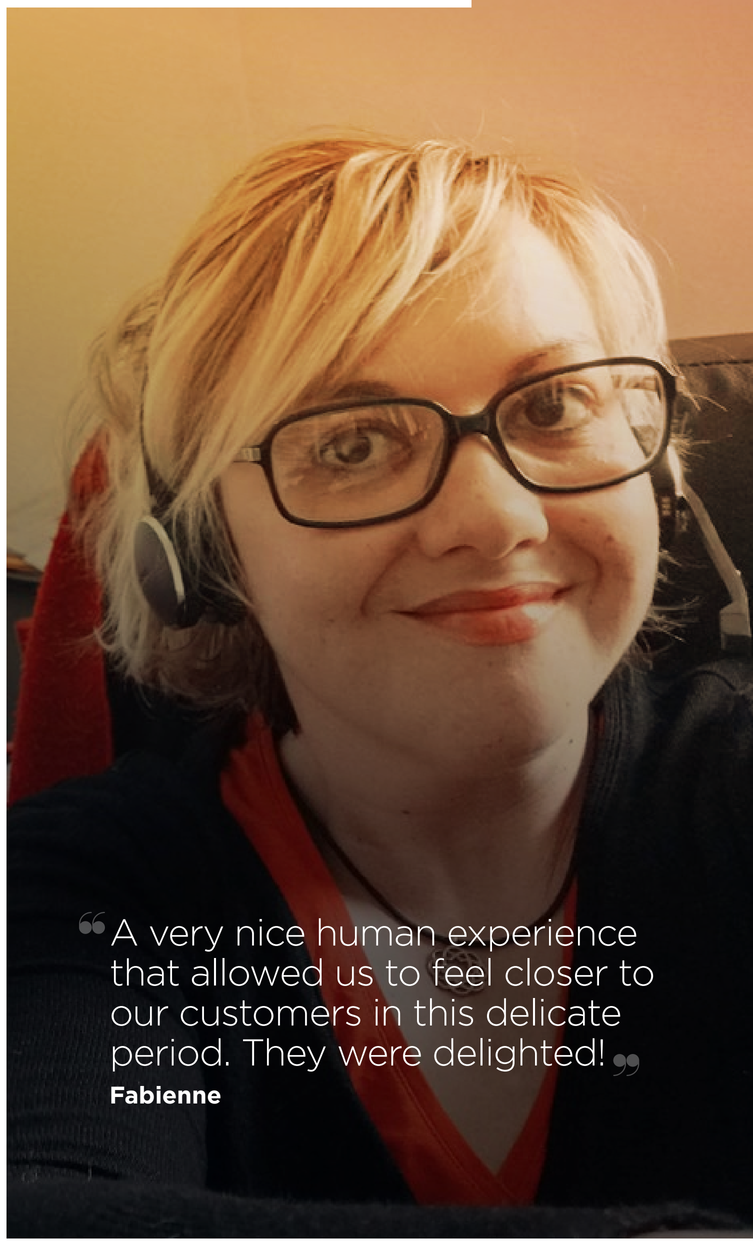
Our ambition to be the leader in customer experience commits us to all these aspects, and we are proud to provide such a wide range of answers to our customers' expectations.

A new dimension to our customer relationship

Offering the best customer experience also means guaranteeing the customer to be well accompanied in all transparency and in all circumstances. The health crisis that has shaken Europe and the exceptional circumstances created by containment have highlighted this need. In particular, Cofidis France has deployed several customer-oriented systems, demonstrating our values of agility, consideration and responsibility.

Keeping the link, a priority for our brands
Personalised solutions and enhanced support were first implemented for our clients experiencing the most difficulties. But very quickly the desire to stay connected, a human and warm bond, was expressed by the company and its employees.
From the very beginning of quarantine, Chief Executive of Cofidis France, Nicolas Wallaert wanted to express his wish by sending a reinsurance email to all clients. Then the "A-vélo Léo" website, a platform run by Cofidis, offered customers the possibility of sending free e-cards to their friends and family to show their support. These cards were also used massively by the agents who also wanted to give a little attention to their clients. At the same time, the site also provided quizzes and games for children.

Our human values have made it possible to transform our interactions with our customers
In addition, the employees decided to call the most senior customers only to check up on them. The aim was simple: to listen to them, talk to them and assure them of their presence. **Cofidis France** would like to thank Fabienne, Cécilia, Stéphanie and many others for this initiative which proves that the people are truly at the heart of our teams' concerns.



> A very nice human experience that allowed us to feel closer to our customers in this delicate period. They were delighted!
> **Fabienne**

Our relational excellence recognized in Europe

The awards received are a testimony to our continued investment in the quality of our customer experience: nothing stops us in our drive to meet and exceed our customers' expectations again and again!

VOTED FOR THE 6TH AND 8TH TIME!

Cofidis Spain, France
For the 6th and 8th time, Cofidis Spain and Cofidis France are «Voted Customer Service» in the credit organisation category.

VOTED FOR THE 3RD TIME!

monabanq
Wins the "Voted Best Customer Service of the Year" in the "Online Bank" category for the 3rd time in a row.

Cofidis Italy
This year again, Cofidis Italy wins the certification awarded by the Insituto Tedesco Qualità (ITQF).

Cofidis Italy also secures the "2019 Consumer Credit Innovation Award" for the SmartPOS project (an innovative evolution of the traditional POS used for the PagoDIL transactions).

monabanq
monabanq is ranked the best French bank in 2019 in Forbes magazine's « World's Best Banks 2019 ».

Cofidis France
Cofidis France is the 1st company to be labelled «happy team, happy customers». This label promotes the implementation of Symmetry of Attentions.

Cofidis Hungary
Last year, Cofidis Hungary was running for the first time for the Customer Service Excellence prize and came out on top! This year consolidates this position with numerous rewards.

VOTED FOR THE 7TH TIME!

Cofidis Portugal
In 2019, Cofidis Portugal was voted for the 7th consecutive year "Consumer's Choice" in the "Consumer Credit" category. In addition, Cofidis Portugal was elected "Trusted Brand" for the 4th year in a row in the "Consumer Credit" category.

Cofidis France - monabanq
They both win in 2019 the «Qualiweb Trophy for the best online customer relationship» in the «Bank-Finance» category.

Our barometer at the service of the group's excellence

Although external labels attest to our excellence in customer relations in our various markets, we also seek to measure our customers' satisfaction on our own, and this on a group scale even if it brings together different businesses and processes. This is an additional way of fostering exchanges, challenging and reinventing the relationship we have with our customers.

Inventing implies first meeting the customer

This concern is far from a novelty as we have taken action regarding this matter since 2012.

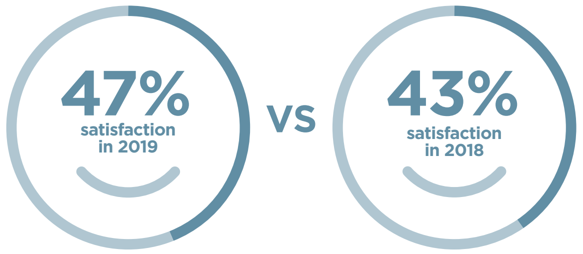
Objectives are apparent: measuring in a regular and homogeneous way our customer's perception on their experience.
The bias: a methodology common to all European brands.
Indeed, the same form is translated and sent by our 9 Cofidis subsidiaries, at the same time, with a shared definition of the targeted customers and handled by a single agency (BVA) for a homogenous interpretation. In addition, this barometer also measures the customer's perception of **monabanq** and **Creatis**.
The addressed topics are organised around 3 pillars: image, customer satisfaction and brand loyalty. In a second step, a narrow analysis of the customer's experience by each kind of customer then takes place thanks to tailored form to the customer's situation: obviously, the same questions are not asked to new clients who just subscribed to a credit over the phone than to a customer who is just coming out of a collection phase. However, it is the group's desire to measure all situations and all perceptions.

Signs driven by the prism of experience

The results, compiled for over 36 000 replies this year, are then analysed and presented to each subsidiary, both at management committee and team level, with the aim of sharing progress and changing needs, and defining priority actions to be implemented according to the client's life cycle. Beyond each country's steering, the benefit of a communal approach is the ability to compare our performances, methods, ands tests, to have a factual perception of local sensibilities and consider them.

A continuous progression

This 8th Satisfaction Barometer confirms the improvements achieved over all of the group's subsidiaries since its inception. In a few figures: we can observe a globally increasing satisfaction in most countries with 47% of very satisfied customers versus 43% in 2018, and the increase in recommendation continues in most countries with +3pts on the global NPS* between 2019 and 2018.



The 3 synthetic criteria, image, customer satisfaction, and loyalty, are hence increasing in all the subsidiaries. When looking a few years back, the progress is even more spectacular and reasserts the idea that this barometer plays a stimulating role for our teams, today more than ever focused on the «Experience First» project.

*Net Promoter Score

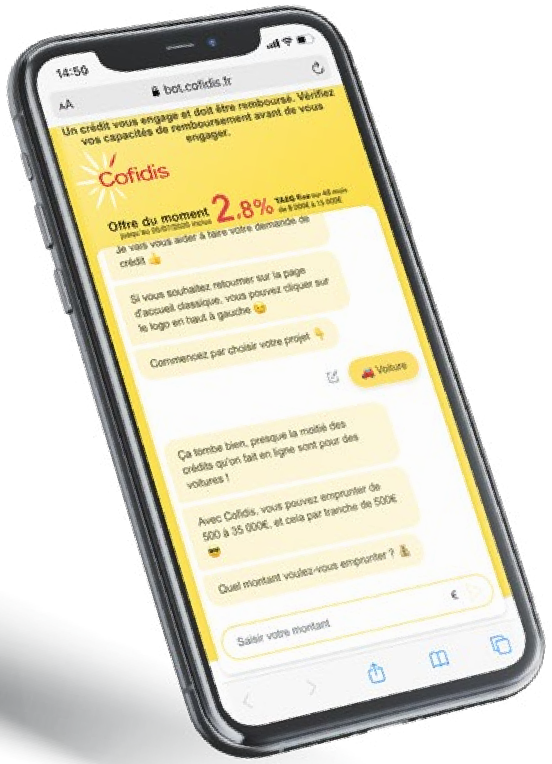
We are reinventing customer experience

Being the European leader in customer experience means adapting to new consumption patterns, always thinking of the customer «first» and supporting our partners by constantly innovating and proposing new solutions.

New subscription mode on cofidis.fr: CofiBot!

Cofidis France

Adapting to the new customer's usage, Cofidis France initiated a subscription process by Bot for installment loans in 2019. The result: 99% of satisfied clients!
The next step will be the open-banking integration (interrogation of the customer's banking accounts): to be continued next year.



Partner of 2019 Forum Retail

Cofidis Italy

Cofidis Italy sponsored the 2019 Forum Retail, most important networking and technological experience hub in the field of Retail customer experience. Luca Giacoma-Caire - Head of Marketing of Cofidis Italy - as hence been able to present the PagoDIL solution with the new SpartPos which offer a 100% digital circuit.

Funding process by text message

Cofidis Hungary

With a view to increase automation, Cofidis Hungary has implemented a funding system by text message: after subscribing by email, the customer is offered funding solutions by text. By a simple return by the same medium, the new credit line is activated. Speed and fluidity in the customer's process.

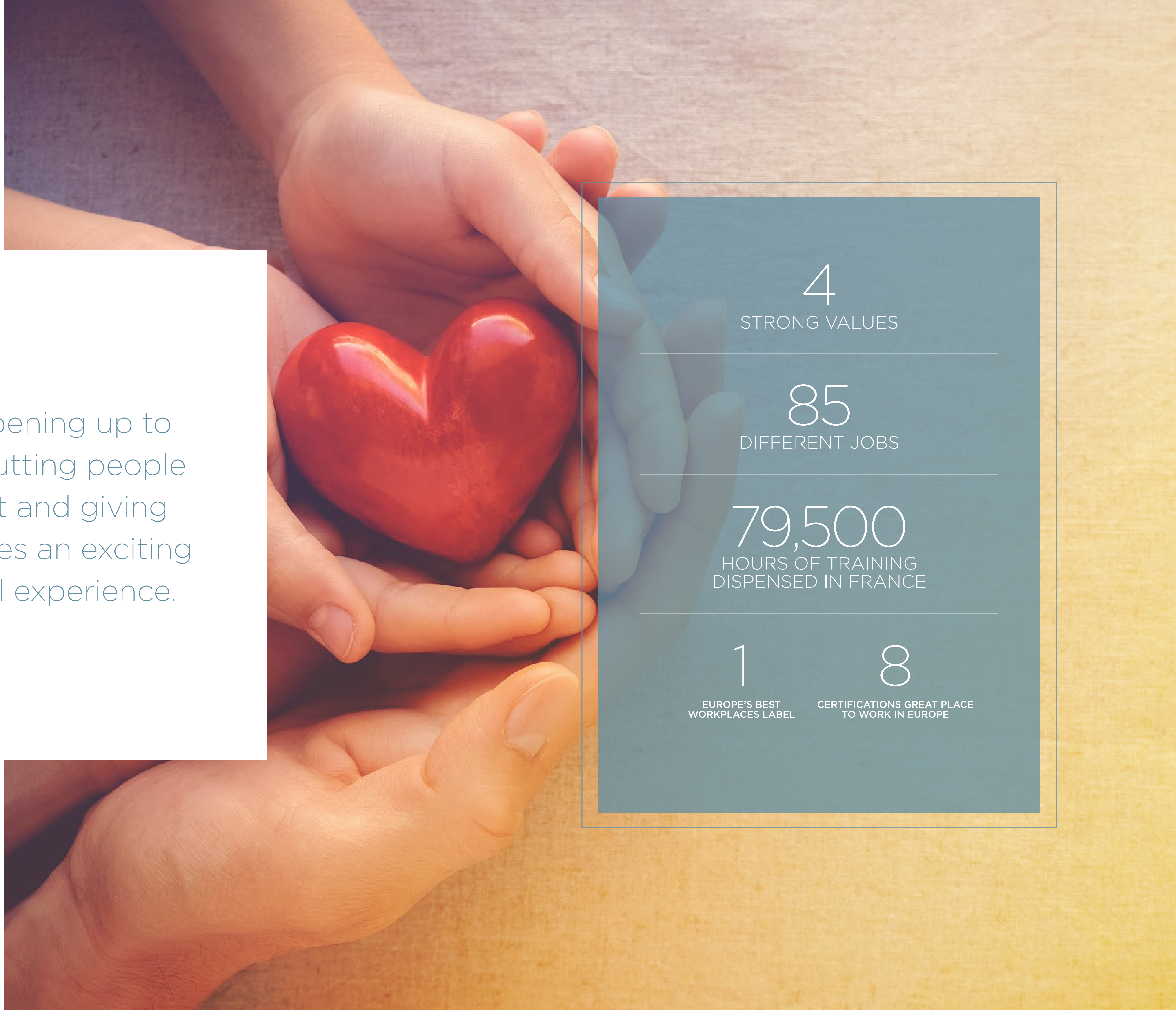
For the first time, monabanq lands the Qualiweb label in the Banq-Finance category!

monabanq

The Qualiweb label rewards the best online customer relationship. With a record-breaking 96% recommendation rate and a 72.22/100 grade, monabanq now belongs to the top 15 of the most cross-channel relational brands! This reward proves, once again, that monabanq's trademark "People before money" is well deserved!

Stimulating collaboration

It means opening up to the world, putting people at the heart and giving our employees an exciting professional experience.



4
STRONG VALUES

85
DIFFERENT JOBS

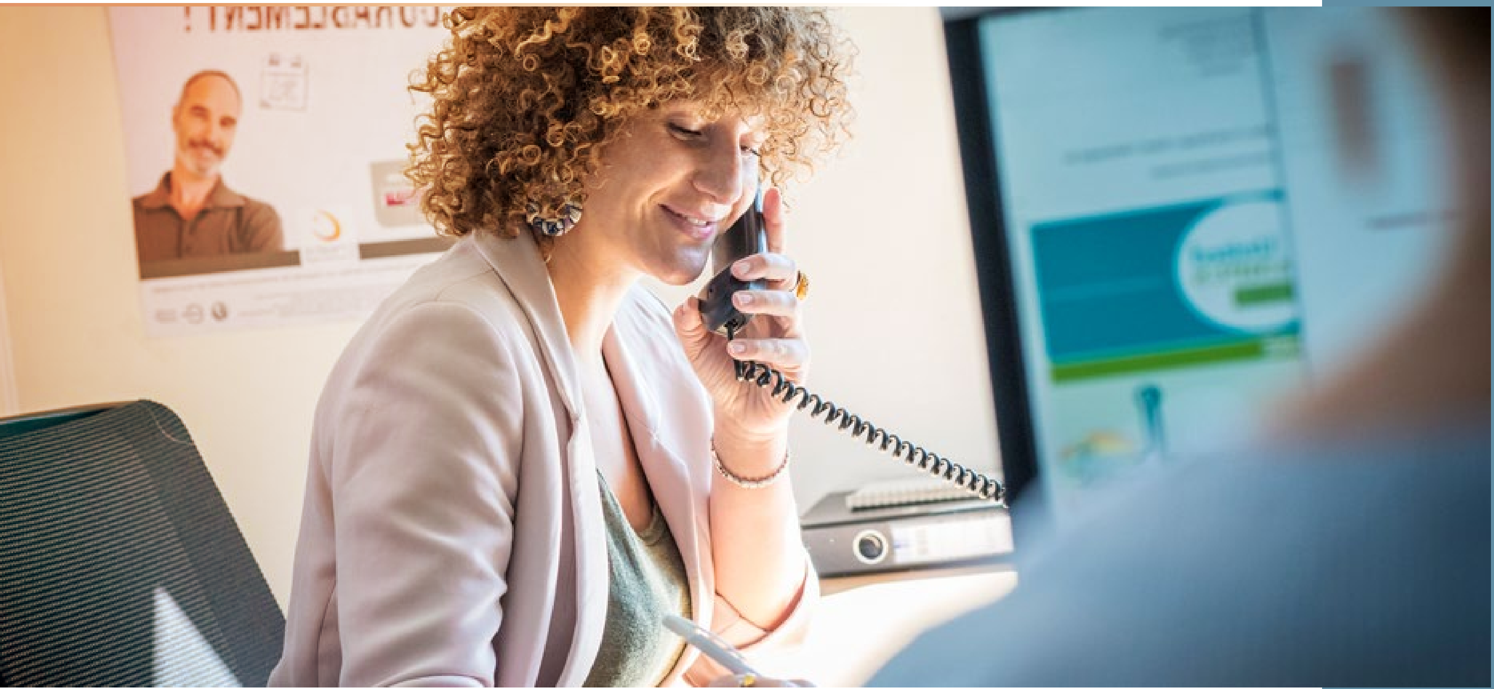
79,500
HOURS OF TRAINING DISPENSED IN FRANCE

1
EUROPE'S BEST WORKPLACES LABEL

8
CERTIFICATIONS GREAT PLACE TO WORK IN EUROPE

Our values at the heart of collaboration

Our historical values have more meaning than ever: we offer our customers, our employees and our partners an experience that gives our care for human and our will to live together their rightful place. These values are essential to stimulate collaboration between all, to make us open to our ecosystem and help us adapt to the world around us.



Consideration

Because, for us, the human is at the heart of everything; our company, our relationships with our customers, our employees, and with society in its whole. It means cultivating benevolence and respect. They are the basis for our relations with our customers, partners in order to live a close, transparent and positive between co-workers.

This benevolence value is the fundamental base of relational excellence, the essential component of our DNA, recognised by all of the stakeholders.

In addition, the group has been voted one of Europe's Best Workplaces since June 2019 which testifies of this common culture of gratitude and trust.

Agility

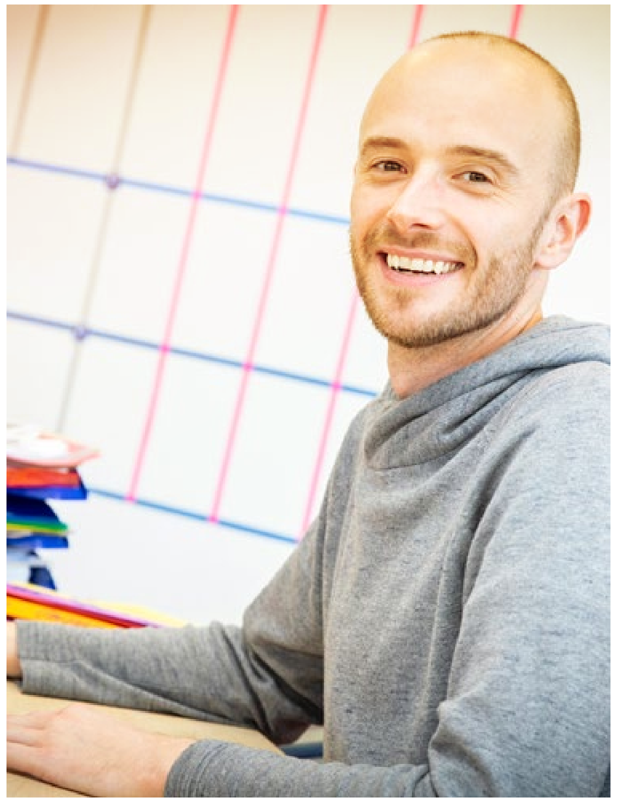
Because we believe in the simplicity of our organisation, our processes and relationships as well as in the curiosity and commitment of our employees. It means adapting to forever mutating world, considering the stakes related to digital acculturation and the innovation in our occupations and processes. But it also means giving everyone the chance to move forward with new working methods that are increasingly oriented towards participation and collaboration. Because we are the ones, all together, who create our future.

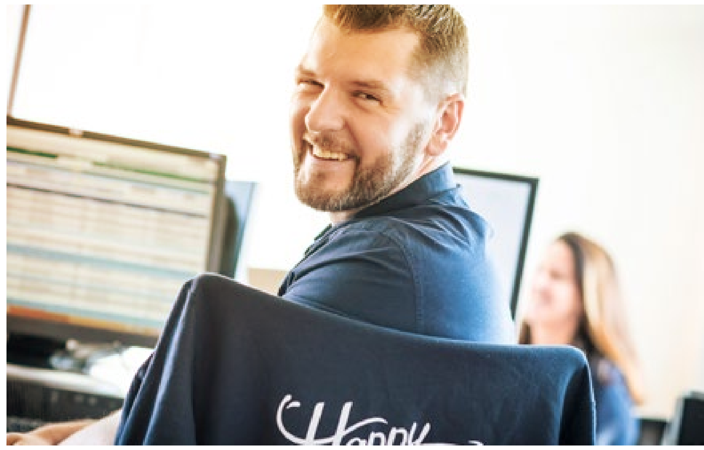
Responsibility

Because we want to practice our occupations following an ethical and moral code, and we want to commit to our employees and partners. It means informing, supporting, and advising our customers in managing their budget, hence protecting them against over-indebtedness. It is also the group's will to answer the challenges that our society is facing for a better living together with our ecosystem, in the broad sense of the term: our CSR approach, which orbits around #like and #Like My Planet, is the translation of a united momentum expressed by our employees.

Daring

Because we favor entrepreneurship and the courage it takes to rise to all our challenges. It means creating the context to encourage a daring spirit, the bravery to break the barriers to innovate and take actions. The group relies, first, on the Formation Board which offers many possibilities, and second, on a politic of internal mobility which allows each individual to evolve in their entity, within the group, internationally, or towards Crédit Mutuel Alliance Fédérale. Being in perpetual motion, taking risks, making a difference: each and everyone is actor in their own carreer way.





An exciting and human experience as a collaborator

Stimulating collaboration between everyone means first of all encouraging exchanges between the group's 5,370 employees, thanks to solid HR fundamentals and a common objective: to provide an enthusiastic and humane professional adventure.

Cofidis Participations group has always believed in symmetry of care and is convinced that there is no satisfied customer without a happy employee.

This is why the group makes every effort to improve the quality of the working environment and industrial relations. Moreover, every 3 years, all the group's entities take part in the «Great Place To Work» survey: a formidable tool for listening to employees who can express themselves on many items, this allows the company to constantly improve and adapt to the expectations of employees who change.

Cofidis France, rewarded for the symmetry of attentions

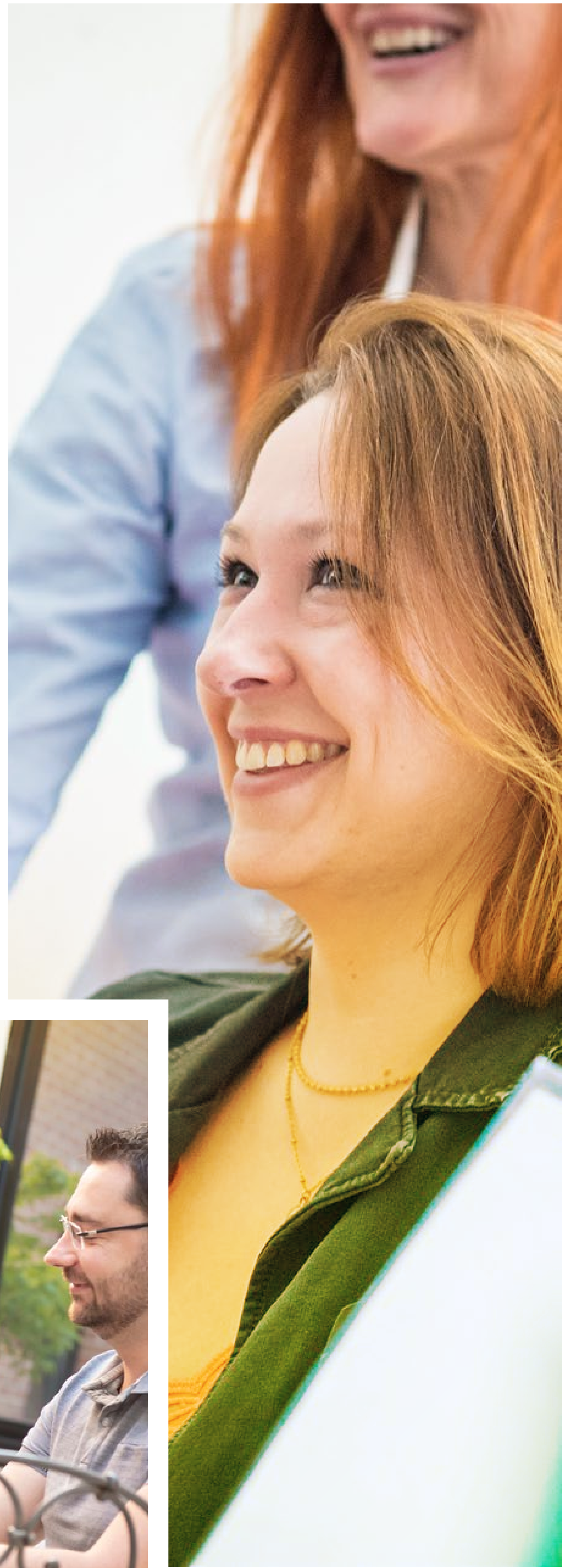
Cofidis has been awarded the brand new label «Happy team, happy customers» by the Service Academy, following an audit carried out among customers, employees and company managers.

Collaborative experience that puts us at the top of the podium

In 2019, the Great Place to Work label was awarded to 8 out of 12 Cofidis Participations group entities in total: these 8 Great Place to Work certifications demonstrate the success of the common HR policy implemented throughout the group's European operations. Better still, the group is extremely proud to be ranked «Europe's Best Workplaces 2019», which is further recognition of the group's positioning and homogeneity.

> The group's Europe's Best Workplace certification is the recognition of our actions to work for individual and collective well-being, and the concrete result of our commitment to put people at the heart of our strategy.

Thierry Vittu
Head of Human Resources and Communication



The experience begins even before entering the group

As our core values are essential, we are committed to welcoming our new employees and integrating them fully into our corporate culture.

For employees based in France, at the Villeneuve d'Ascq head office, the employee experience begins even before joining the company with a welcome email that reflects the conviviality of the group and allows the future employee to have all the necessary information to prepare for his arrival. Then an integration programme, defined by teams from the entire Human Resources Department (recruitment, training, personnel department and communication) will enable him or her to discover the group and its values, to orient him or her and to inform him or her about campus life, all in a friendly and fun way: breakfast, Welcome Bag, puzzles and games... from what to encourage appropriation and memorization of regulatory items. Because yes, we can work seriously... without taking ourselves seriously!

For one year now, all new employees have participated in this course and are delighted with the welcome they have received. It's fair to say, on campus, we make a good impression right away!

For its part, **Cofidis Spain** has adopted an intuitive and user-friendly method to enable employees to adopt the company's values: the «values week». Thanks to communication codes based on colours and mental associations, with a different value being highlighted each day, employees were able to memorise and appropriate each of the values in a simple way.

> Enabling employees to take ownership of the company's values, the values that define and distinguish us.

Training to develop and stimulate collaborations

Cofidis, **Creatis** and **monabanq** encourage the autonomy and responsibility of their agents by giving them the possibility to manage the customer relationship throughout the entire life of the credit, which allows them to know, develop and maintain a personalised relationship with their customers, but also to exchange freely with customers, without any conversational support. Autonomy frees energies to stimulate initiative and new ideas for the team.

In France, employees receive 79,500 hours of training per year, enabling them to develop their commercial and financial skills, in order to provide personalised support to clients and provide them with the solution best suited to their personal situation.

The training is also offered in an autonomous mode, with CofPart Learning: this platform is accessible from any computer, at the office or at home. It's a new way of training: simpler, more fun and more flexible, allowing employees to train whenever they want and to have access to a wide range of modules. The first objective of CofPart Learning is to train employees in a digital culture courses in 4 modules, but you can also find meditation, management techniques, spelling, well-being... Each person is an actor in his or her own training project, and each newly acquired skill benefits collective projects and objectives.

Training also means getting to know the jobs around us better. With «Live My Life» launched in September 2019, **Cofidis Czech Republic** employees can put themselves in the shoes of their colleagues. Using original, interactive and informal presentation formats (role-playing games, quizzes etc.), Cofidis' HR and Internal Communication department employees were able to present their work. The success was immediate! In December, it was the turn of the Auto Business department to present its business.

Conviviality at the heart of collaboration

It is no exaggeration to say that all the group's subsidiaries punctuate their corporate life with many convivial moments, be they sporting, fun or simply festive.

In 2019, SynerGIE opened its doors to employee families, inviting them to discover the campus and share a convivial moment. It is on the theme of the circus that young and old were able to discover the work environment. More than 400 people enjoyed this event, under the sun: everything was there to have a good time!

Happy birthday Cofidis Czech Republic!

In 2019, Cofidis Czech Republic celebrated its 15th anniversary, reviewing its successful development: 150 employees, new activities, new products and new premises have marked the company's history. On the occasion of this 15th anniversary, Cofidis Czech Republic marked the year with a number of highlights: a festive atmosphere on a boat, a sporting challenge calling on employees to pedal fifteen kilometres each week on apartment bikes, then an orienteering race on the retro theme was offered to employees who had taken part in games and activities that were fashionable 15 years earlier.

"Proud of their company and happy to live every moment of it, the group's employees are for some of them true ambassadors, lending their faces and giving their time to bear witness to their own experience."

Our work-study students involved in the group's success

At Cofidis Participations group, we place the human at the heart of our strategy and we are convinced that talent does not come through the years: considered as fully-fledged employees, our work-study are completely implicated in the company's life and success.

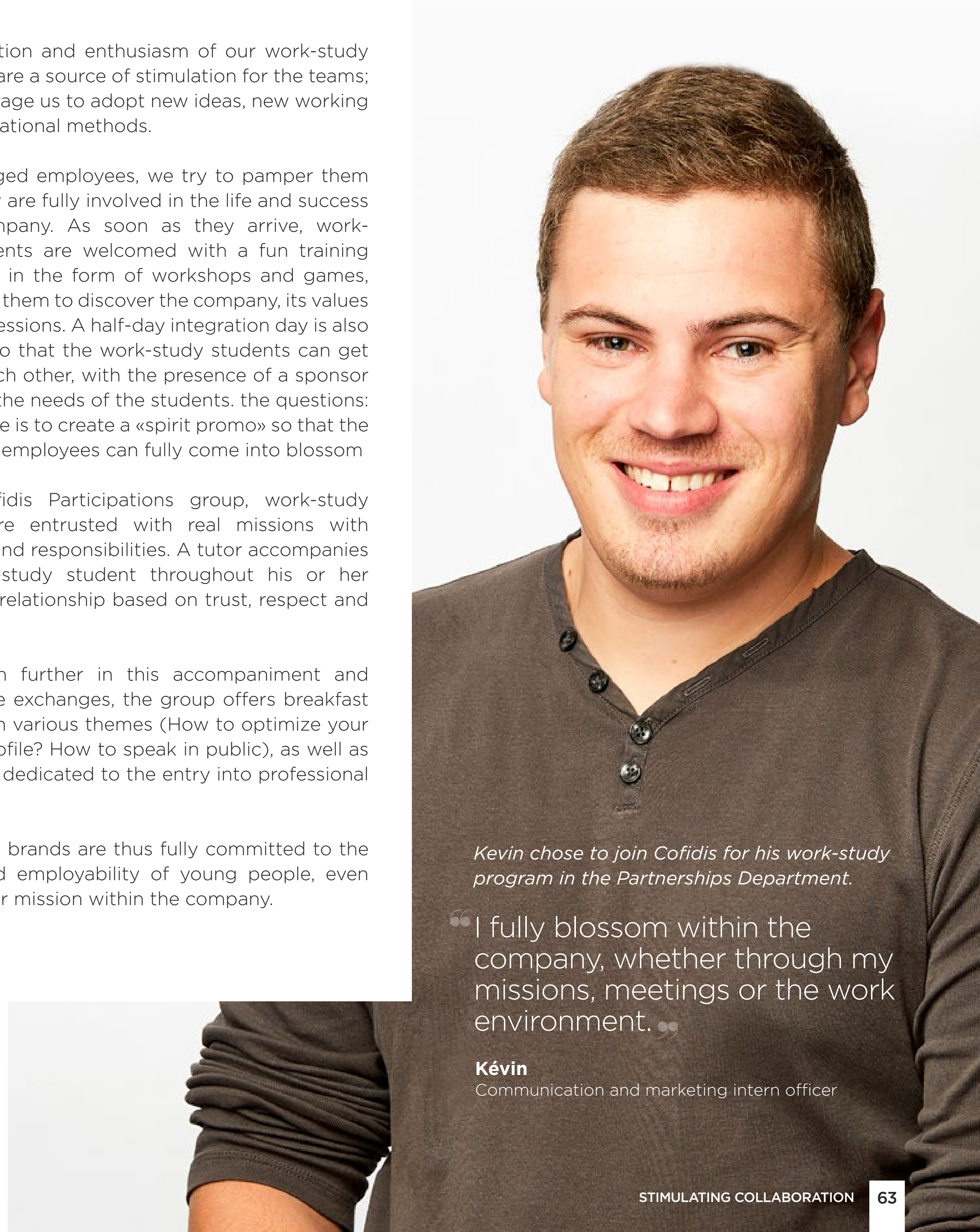
The motivation and enthusiasm of our work-study employees are a source of stimulation for the teams; they encourage us to adopt new ideas, new working and organisational methods.

As full-fledged employees, we try to pamper them so that they are fully involved in the life and success of the company. As soon as they arrive, work-study students are welcomed with a fun training programme in the form of workshops and games, which allow them to discover the company, its values and its professions. A half-day integration day is also organised so that the work-study students can get to know each other, with the presence of a sponsor to meet all the needs of the students. the questions: the objective is to create a «spirit promo» so that the work-study employees can fully come into blossom

In the Cofidis Participations group, work-study students are entrusted with real missions with objectives and responsibilities. A tutor accompanies each work-study student throughout his or her career, in a relationship based on trust, respect and proximity.

To go even further in this accompaniment and broaden the exchanges, the group offers breakfast meetings on various themes (How to optimize your LinkedIn profile? How to speak in public), as well as newsletters dedicated to the entry into professional life.

The group's brands are thus fully committed to the training and employability of young people, even beyond their mission within the company.



Kevin chose to join Cofidis for his work-study program in the Partnerships Department.

"I fully blossom within the company, whether through my missions, meetings or the work environment."

Kévin
Communication and marketing intern officer

It means removing barriers between our businesses, opening our doors to welcome new talents but also building a collective and solidarity project.

5 axes
TO FOSTER INCLUSION

30% reduction
OF OUR CARBON FOOTPRINT BY 2023

400
TREES PLANTED BY COFIDIS PORTUGAL

5,500
TABLETS DONATED TO THE HÔPITAUX DE PARIS-HÔPITAUX DE FRANCE FOUNDATION

Responsibility: first and foremost in the exercise of our profession

Our priority: fighting overindebtedness

Putting people at the heart of our actions means exercising our business in a fundamentally ethical manner that is respectful of our customers. We know how to follow our clients in their differences and in their path, but we also know that life's incidents do occur.

A specialised team is dedicated to the support of weakened clients. However, experience shows that in the case of multi-detention, it is necessary to intervene with all of the creditors: for these particular cases, the branches cannot act on their own.

Partnerships for our most fragile clients

In France, **Cofidis**, **Creatis**, and **monabanq** partnered up with the support and intermediation platform Crésus, composed of professionals in financial analysis and social listening. Crésus is a charity association recognised as mission of public and independent utility which brings an irreplaceable expertise in the fight against over-indebtedness by supporting households in difficulty because of outstanding debts, isolation and degradation of family life. This support by Crésus favours a budgetary and financial recovery of customers facing this situation.

Cofidis France also locally supports the Bartholomé Masurel solidarity, which takes care of people in difficulty. Just like Crésus, the caring actions are numerous and their proximity allows Cofidis' employees to carry out volunteering work.

Training in budget management through the Dilemma game

In order to extend the approach and yield profit from its expertise, Cofidis adopted the game Dilemma, a board game designed by Crésus to raise awareness of budgetary management.
The game approaches the advantages and risks of different payment methods, insurance, and credit options, in a logic of exchange and individual or collective responsabilisation.
This educational tool has therefore been included into the formation courses for new Cofidis' employees and "ambassadors employees" have been capacitated by Crésus to lead the game. The Dilemma game has also been locally used by the Bartholomé Masurel charity with various publics such as young adults formation centres, or students.

LAURÉAT TROPHÉES 2019

Juin 2019

Cofidis France is Laureate of the Trophées de l'Economie Responsable du Réseau Alliance (Hauts de France): this prize comes to reward a CSR approach rooted in its practices and lived on a day-to-day basis by its employees.

"This partnership has allowed us to build a long-term over-indebtedness prevention plan to help customers in difficulty by acting hand-in-hand from the very first signs of difficulty with a pedagogical support coordinated between our services."

Jean-Louis Kiehl
Crésus' President

CRÉSUS®

The group's commitment: the fight against exclusion

The group has chosen to include the fight against exclusion as one of the priority axis of its development: united solidarity actions are numerous and form are part of the company life.

For example, **Cofidis Belgium** organised a Saint Nicholas celebration to support the Viva for Life patronage: 5,000€ were raised for young children living under the poverty threshold.
Let's mention **Cofidis Spain** too, where employees have massively rallied for the San Juan de Déu Hospital's Foundation, invested in the fight against infantile cancer: marches, breakfasts and solidarity markets have increased tremendously the donations.

On the other side, **Cofidis France** partnered up with the Jardins de Cocagne from la Haute Borne since 2009: the Jardins de Cocagne welcome and provide work for people away from the employment market, and employees support the Gardners in their dynamic of employment by leading various educational actions: driver's license training, oral expression improvement...

Like Inclusion Keep Engaged: our approach to Inclusion

Beyond these actions, Cofidis Participations group has chosen to listen to the voice of its employees to commit in the long-term and to bring innovative solutions to the surface, which gives its meaning to the company: with #like, employees are called upon to propose ideas, to carry them forward, and in fact to transform their company.

> “With #like, employees are called upon to propose ideas, to carry them forward, and in fact to transform their company.”

A global and international action for inclusion under 5 axes:

#1 **Suggesting offers / solutions / services to marginalised people**
Committed for a long time to excellent customer relationships, the branches are determined to optimise their products and services in order to ease the life of the greatest number of people and adapt to profiles often marginalised. The constant challenge which drives the group is to consider all profiles and stories.

#2 **Keep facilitating integration and the employees' development**
Cofidis Participations group implemented, since its creation, a politic of human resources based on equality of chances and diversity. Recognised as an employer favouring the well-being of its employees, the group desires to cultivate further this human richness by favouring learning, employability and accomplishment of each and every one of them.

#3 **Giving publics away from employment access to the group's occupations**
In the continuation of this politic of integration, the group wishes to open its doors and allow publics away from employment to rely on the skills and the energy of its employees. The group's desire is thus to transform the company into a place of confluence, socialisation and mutual enrichments, vital for the sustainable development of the society and economy.

#4 **Putting business expertise at the service of the community**
Committed to the defence of human rights, Cofidis Participations group implemented charity partnerships based on fundings but also on the team's implication on the field via skill patronage. #LIKE allows the employees to accomplish themselves within the company's framework but also beyond, to enlarge horizons and fields of action.

#5 **Supporting employees in difficulty**
Because an open approach does not make sense if one forgets one's close collaborator, and because the well-being of the greatest number does not systematically mean the well-being of all, the group pays particular attention to its employees who may encounter difficulties of any kind. The group is committed by and for its employees.

A group committed to protecting the planet

Although the group favours a social and societal action with #like, the protection of the environment is a major issue that does not go unnoticed by the group and its employees: with its counterpart #Like My Planet, numerous actions are being carried out daily. Awareness on the environmental stakes is regularly raised to the employees, to drive them to be actors of change.

The environment is therefore a major concern, and in this respect the Cofidis Participations group is resolutely committed to the ambition of its main shareholder Crédit Mutuel Alliance Fédérale. Our shareholder is accelerating its transformation and has launched Ensemble#NouveauMonde, its 2019-2023 strategic plan, which is based on 3 pillars: customer relations, employee commitment and technological innovation. The environment is an essential component of this plan, with a target of reducing its carbon footprint by 30%.

The first actions focus on raising employee awareness and providing educational support, in particular with a 15-minute online training course offered to everyone and designed to «Control our energy consumption ».

#ENSEMBLE NOUVEAUMONDE

One of the major actions also concerns mobility assistance: the Cofidis Participations group thus offers its employees at the Villeneuve d'Ascq campus to benefit from the Klaxit carpooling solution. Nearly 10% of employees have already signed up, and the figure is only increasing.

Green by monabanq

monabanq campaigns for a better future and becomes the first French bank to offer its clients an assessment of their carbon footprint with Green.

This program, free and available only on the basis of registration, allows monabanq's clients to get, every quarter, an assessment of their environmental footprint thanks to an automatic analysis of some of their spending lifted coming from their bank statements.

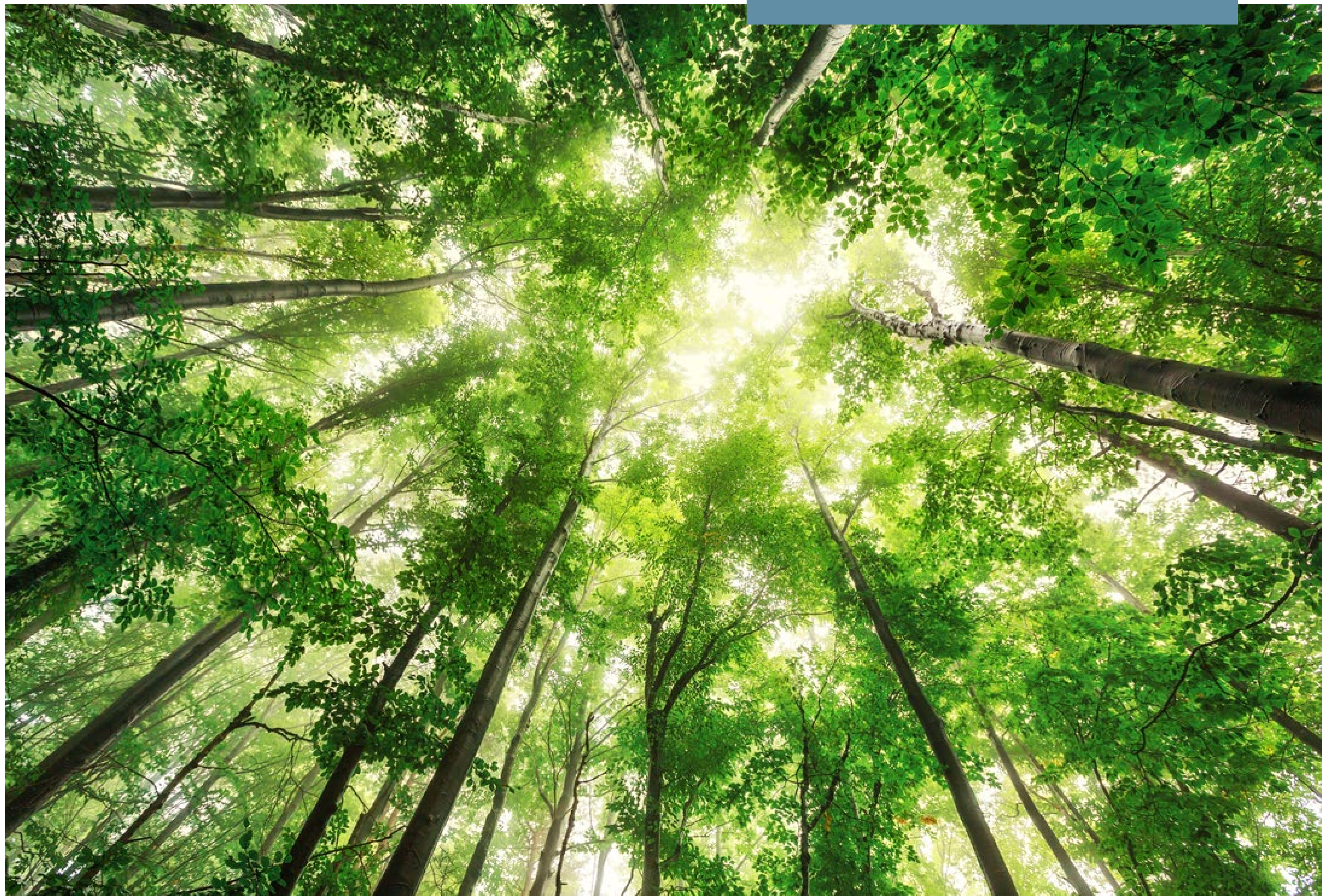
With the latter as their starting point, Green by monabanq assesses, in carbon dioxide emissions, the impact of every penny spent. This calculation is based on the public data of the Environment and Energy Control Agency (ADEME in French) and sorts spendings into different categories, food, clothing, transport, leisure, furnishing, housing, catering...: customers receive quarterly an assessment of these categories of spendings in CO2, with some advice directly drawn from the ADEME website. From these results, they may, if they wish, modify their habits and consume differently.

#like MY PLANET

400 trees planted

Cofidis Portugal took part in the planting of 400 trees in the south of the country, which will be hit by violent fires in 2018. The environment is also increasingly present in the reflections on product development, as innovation must serve customer relations but also a reduced ecological impact.

> "Our goal is to reduce our carbon footprint by 30% by 2023."



Promoting Diversity to stimulate exchanges

Diversity is a strength, present in the DNA of the group since the beginning, it is an incomparable human and cultural richness, the promise of plural exchanges and a lively and creative collaboration. This is why the group promotes social inclusion by developing a responsible recruitment policy and by welcoming, on various occasions, populations that are currently in difficulty.

Diversity is present in all our commitments

The group has committed to encourage diversity in all its forms: disability, seniors, equality of the sexes, social exclusions.
Cofidis France is notably a signatory of the Diversity Chart.

This commitment is supported by #like approach, by our shareholder Crédit Mutuel Alliance Fédérale's ambitions, and the Pacte law (Pacte Avec les Quartiers pour Toutes les Entreprises) to raise awareness, train, recruit and buy in the priority neighbourhoods of the City Policy (QPV).

This is the whole purpose of our commitment to «Girls Have the Sense of Direction». This action, in conjunction with FACE (Fondation Agir contre l'Exclusion), is aimed at class Pupil in Year 9 and 10 and aims to combat the stereotypical orientation of girls towards so-called «male» and/or responsible jobs. This action is based on the interaction of pupils with female company employees, who have the status of godmothers, in order to introduce young girls to professions and give them confidence in themselves and their future.

Removing barriers between the worlds of business and disability

DEAFI

All of the group's entities pay close attention to people with disabilities, wether they are visible or not. The company has developed inclusive services to allow the deaf and hearing impaired to receive the same service quality, namely thanks to DEAFI: since March 2017, video-advisors respond directly to our deaf or hearing impaired customers in the French Sign Language (LSF) by chat, text, email or phone communications.

Duo Day is a national operation. Its objective is to enable disabled people looking for work to discover companies and their jobs, every year in May. The group naturally wanted to participate by welcoming people with disabilities. They were able to discover the multimedia and debt collection professions directly at their workstations.

An escape game to understand handicap

In order to raise the employees' awareness to disability, the group has called upon their innovation spirit: they gave birth to an escape game, allowing disability to be approached in a ludic and collaborative way, raising consciousness and giving its meaning to the group's actions with, namely, a communication network for the disabled. The escape game was rewarded by a Trophy "coup de cœur InitiaTh'iv" from the Agefiph which brings great pride for the group!

The group is committed to young people with disabilities

On the occasion of the European Week for the Employment of People with Disabilities in November 2019, the 10th anniversary of the Cofidis professional disabled sports team was celebrated during an event co-organized with the IEM Dabbadie of Villeneuve d'Ascq to Change our view on disability! The group is in fact involved alongside the IEM Dabbadie, a motor education institute, in a Third Place project called to decompartmentalize the world of disability: it will be the Grande Maison!

Our commitment to IEM Dabbadie

We are stimulating collaboration among all

In a world where changes are occurring faster and faster in the context of the crisis we have just experienced, we want to create the conditions in which employees and the company put their energy and expertise at the service of others.

With the crisis created by Covid-19, our solidarity values have proved to be stronger than ever.

Committed and determined branches
In France, the group has quickly sent around 50,000 surgical masks to the local hospital complexes: by doing so, the Group joined the national effort and brought its support to the nursing staff invested everyday to protect us. **Creatis** also donated masks to La Croix Rouge charity which comes to the help of people in need who were on the front line from this pandemic. As for **Cofidis France,** the branch desired to get involved with the "un monde de liens" program by the Boulanger Foundation by offering about 5,000 tablets to the Foundation Hôpitaux de Paris - Hôpitaux de France. Finally, **monabanq** increased its involvement with the SOS Villages d'Enfants charity by offering a matching contribution for any bonus deposited by the customer.

Multiple initiatives from the employees
Cofidis Spain has implemented a grant for solidarity hours so that coworkers may voluntarily give some of their free working hours to their co-workers. **In Czech Republic or Slovakia**, a call for volunteers was launched for sewing protection masks. Because all of our branches have in their DNA the symmetry of attentions, our employees have instinctively extended their solidarity actions to support others; **in Czech Republic**, the masks production has been extended to retirement homes, in **Italy** the employees donated hours and their rest days to hospitals for an amount of 3,000€. **Cofidis Hungary,** for its part, has relayed the volunteer networks active on its territory.

Employees reveal their personal commitments
Last but not least, the group pays tribute to its employees on the front line. One, a long-standing volunteer for the Croix Rouge was immediately released by **monabanq** for him to concentrate his energy to helping in this crisis, as for **Cofidis Portugal**, talents were discovered just like the volunteer firefighter or the employee who created a platform for children stories...

UN MONDE DE LIENS

FONDATION Hôpitaux de Paris Hôpitaux de France
Reconnue d'utilité publique

Voted 2020 Best Customer Service, a solidarity challenge once again

Cofidis France

This year again, every team was mobilised to triumph and obtain the best results whatever the channel. On that occasion, the group partnered up with the charity "Le Père Noël est-il un Rocker ?", a music festival which redistributes toys during the holidays to the underprivileged children in Lille.

We remained agile and attentive to our employees during the Covid-19 crisis

Covid-19 and lockdown have created an exceptional crisis situation, for all the countries where the group is present. It is nevertheless in this context that the strong values shared by all employees were revealed. Everywhere, the brands have given priority to the health protection of their employees, while organizing the necessary activities for our customers and partners: after 2 weeks, 90% of the group's employees had satisfactory access to teleworking, and the employees still on site benefited from the best conditions in terms of security.

Very quickly the need to keep the link between employees resulted in an explosion of creativity, under the sign of energy and good mood: concerts, courses of yoga, cooking contests - all at a distance - have obviously made it possible to reinvent wellness at work, so dear to our group. Our team managers have also reinvented their presence with the teams, with coffee-skype, with messages of support in all forms. Cofidis France has also made its e-learning platform available: an opportunity to rise up in competence in the event of a drop in activity.

Engaged in budget management support

Cofidis France and Cofidis Portugal

4 years after the launch and with an average of 5 million annual sessions, Cofidis Portugal freshened up its website designed to help customers managing their budget. "Contas Connosco" gave up its blog form to become an editorial platform with rich content which can either be organised chronologically or thematically: citizen's rights and duties, labour laws, tips to save money, etc.

A new website: questiondebudget.fr
The website analyzes French people's budget arbitration. Through Question de Budget, Cofidis France allows its customers to better understand those choices thanks to exclusive studies, experts' perspective, and testimonies. A clear editorial line at the service of consumers' stakes relying on 3 pillars: proximity, authenticity, and expertise.

Transforming our organisation

It means being even more agile and closer to our customers, partners and collaborators by offering a 100% human and 100% digital experience.

1
DEVELOPMENT AND CUSTOMER EXPERIENCE DEPARTMENT

80%
CRÉDIT MUTUEL ALLIANCE FÉDÉRALE SHARE IN OUR CAPITAL

4
DIRECTIONS DEDICATED TO COLLABORATORS EXPERIENCE

40
INTERNAL MOBILITIES IN FRANCE

310
VISITORS FOR OUR INITIATIVE DAYS

Our management team, initiator of the Experience First project

By shaping and launching the Experience First project, the managers of the Cofidis Participations group wanted to accompany the changes in tomorrow's world in order to continue to support our clients and act on the society around us. A real accelerator of the group's economic and social performance, this project implies the transformation of our organisation with the sharing and pooling of our actions, because it is collectively and by thinking «group» that we will make a difference.

The executive committee as of July 1 2020

In the continuity of the Experience First project, the Executive Committee wished to review its own organization with a more transversal functioning in order to strengthen the collective. This new organization, effective since January 2020, gives more room to international operations: each operational member of the Executive Committee exercises operational responsibility for its entity and becomes the «referent», i.e. the privileged interlocutor, of several other group entities. They will rely on the 3 transversal directions to ensure and fluidify the information sharing. These 3 directions are also in direct interaction with each of the entities.

Gilles SAURET*
Chairman of the
Board of Directors

Operational directorates and international referents

Luc-Bertrand SALUS
Director,
Cofidis Spain

Nicolas WALLAERT*
Director,
Cofidis France

Alain COLIN
Director,
monabanq

Transversal directions

Vincent LAURIN*
Chief Financial,
Risk and Legal Officer

Céline MOTTE
Director, Development
and Customer Experience

Thierry VITTU*
Director, Resources and
Communication Department

Board of Directors
at July 1 2020

Gilles SAURET
Sole Director
Synergie

Nicolas WALLAERT
Director,
Cofidis France

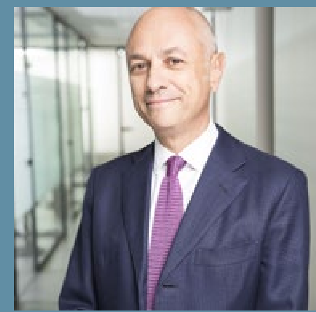
Alain COLIN
Director,
monabanq

Guillaume LEMAN
Director,
Creatis

Sébastien HAQUETTE
Director,
Cofidis Portugal

Luc-Bertrand SALUS
Director,
Cofidis Spain

Olivier KLING
Director,
Cofidis Belgium



Alessandro BORZACCA
Director,
Cofidis Italy

Bence HOLLO
Director,
Cofidis Hungary

Jean-François REMY
Director,
Cofidis Czech Republic

Pavel JONAS
Director,
Cofidis Slovakia

Nuno DE OLIVEIRA
Director,
Cofidis Poland

The Surveillance Council

Daniel BAAL
Chairman of the Supervisory Board

Annie GAIN
Vice-Chairman of the Supervisory Board

Isabelle CHEVELARD

Béatrice DEFOSSE

Pascal LAUGEL

Denis TERRIEN

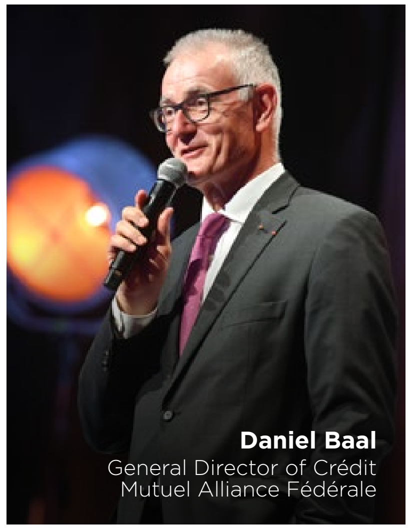
Alexandre SAADA

Hugues DESURMONT

A transformation supported by our shareholders

Crédit Mutuel Alliance Fédérale increases its stake in the capital of the Cofidis Participations group to 80%.

By increasing its stake in Cofidis Participations to 80%, Crédit Mutuel Alliance Fédérale reaffirms its determination to pursue and support our development in our consumer credit business in France and Europe. All the more reason to further strengthen exchanges and cooperation with our majority shareholder.



Daniel Baal
General Director of Crédit Mutuel Alliance Fédérale

13 Federations Crédit Mutuel

4 400 Offices

16 000 Elected members

72 000 Employees

CHIFFRES CLÉS 2019

14,6 billions of euro of net banking income (+3,5 % annual evol.)

3 145 billions of euro in net income (+5,1 % annual evol.)

4,8 millions of members

26,3 millions of clients

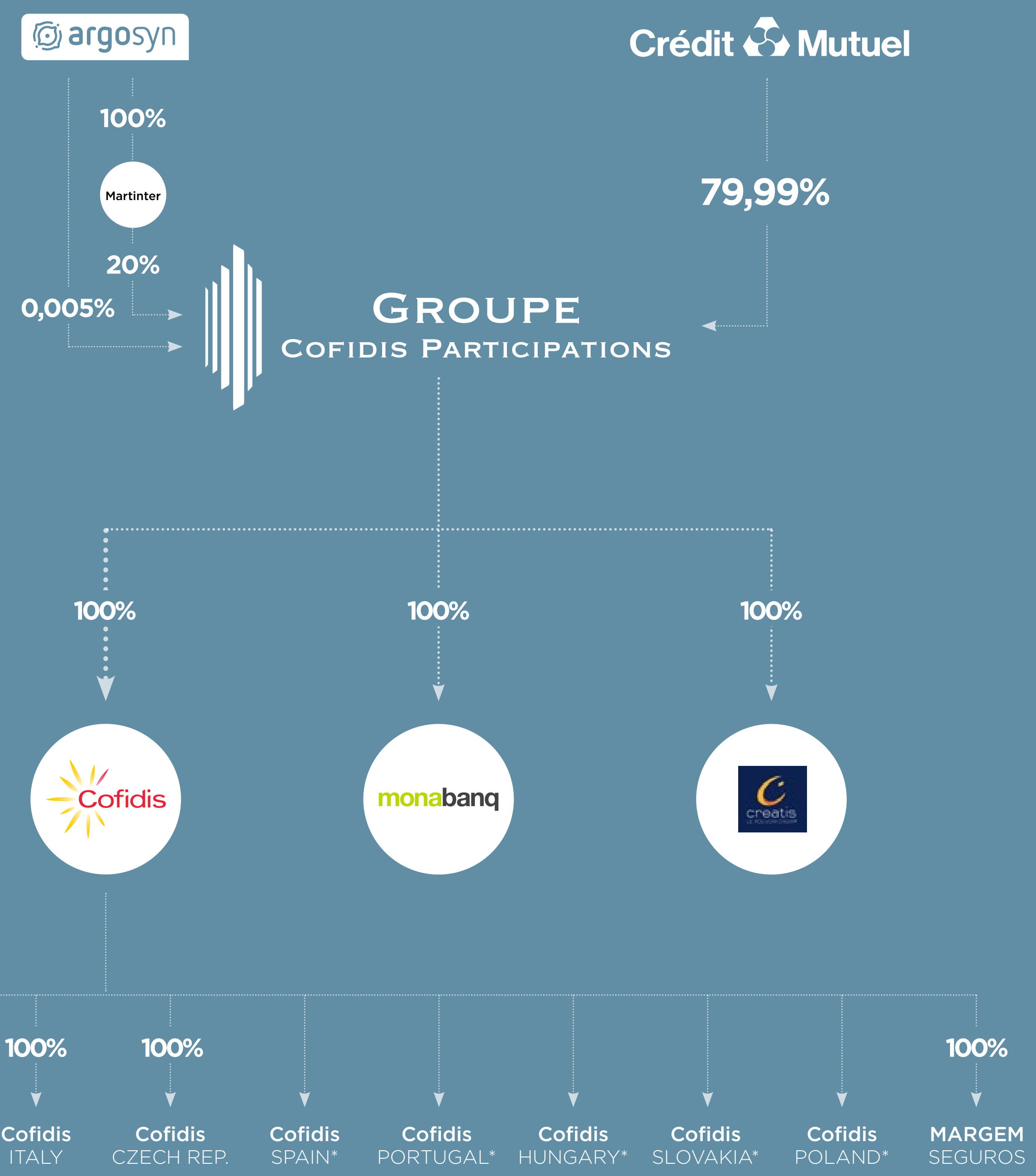
61,4 % operating ratio

argosyn

ARGOSYN* is a European player grouping together several shareholdings in financial companies operating in consumer credit, payment solutions, credit repurchasing and banking services, insurance and reinsurance. ARGOSYN is also a real estate asset management business for office, logistics and land reserves in the north of France, the Ile de France region and Belgium.

* Minority shareholding in the Cofidis Participations group.

Legal Organisation Chart
at 27 May 2020



*Subsidiaries

SynerGiE GROUPE COFIDIS PARTICIPATIONS is a European Economic Interest Grouping whose members are Cofidis S.A., monabanq, Creatis, Cofidis Belgium, CCS and Banque du Groupe Casino.

Transforming ourselves to pool our expertise

Mastery of data and our relational excellence: two major subjects that are today reflected in dedicated cross-disciplinary structures to unite our talents.

The Data Committee at the heart of innovation

As we all know, data control plays an increasingly fundamental role in companies. And this is even more true in our companies where the knowledge of our customers is exclusively built remotely thanks to the data we can collect.

Faced with the challenges of data, a Data Committee was launched at **Cofidis France** in 2016 to share knowledge and pool expertise, with the aim of creating a real community of experts around data to move forward faster and together. This need was quickly considered at group level: the Cofidis Participations group Data Committee was launched in April 2018.

This committee is first and foremost a forum for exchanges in the broadest sense of the term on data-related topics (feedback on positive or negative experiences, sharing of best practices, etc.), in order to enable the group to benefit more quickly from the progress made by each member, to pool experiences and, of course, to contribute to value creation. To date, more than 40 experiences and topics have been shared during this Committee meeting.

This committee is spearheading our innovation strategy with the goal of working together on new data sources, new methods and algorithms to explore and structure these new types of data. It is a collective work that will structure the Experience First project.

“This committee is spearheading our innovation strategy with the goal of working together on new data sources, new methods and algorithms to explore and structure these new types of data.”

“These CX experts are true spokespersons for the voice of the customer in their entity, but also in the group”

The Customer Experience - CX - Community to create our leadership

Olivier Boudoint, head of the committee, explains its role and how it works.

Tangibly, how do you work on the sharing of customer experience within the group?
Following the communication of the Experience First vision, a question did indeed immediately arise: how to increase changes to reinvent the experience our customers' live?
A consensus was quickly reached on the idea of an ad hoc organisation that would facilitate the subsidiaries' development of Customer Experience skills: to set up a CX (Customer eXperience) community, made up of representatives from each subsidiary, who would work together to share their know-how, experience, convictions and projects. These CX experts will be true spokespersons for the voice of the customer in their entity, but also within the group.

What were the first measures?
Once the spokespersons chosen, international workshops enabled the development of community projects on which the synergies quickly appeared obvious. Tangibly, it has been translated into by the inventory of all the countries' specific tools and skills, the sharing of respective objectives and ongoing or future projects.

Can we speak of a similar customer experience all across Europe?
In the area of customer experience, even if different sensitivities exist in Europe, particularly with regard to minimum standards, the aspirations of our customers are the same. We have been measuring this precisely for 8 years with our annual group Satisfaction Barometer.

How can we evaluate the success of this area?
We very quickly defined priority themes such as customer paths, the development of customer culture or the implementation of governance methods that optimise a customer vision, which is by nature more transversal than traditional organisations. And finally, of course, common indicators to measure and monitor our performance.

This constant quest to optimise the customer experience is not new to the group. But the fact that there are teams specifically dedicated to it in each entity and that they work together on a regular basis makes it possible to speed up exchanges, methods, projects and innovations.

Transforming to reveal talent

The transformation of our group does not only involve organisational changes. It also means supporting our employees so that they can be agile in a world where know-how and knowledge are constantly evolving. Fully consistent with the reinvention of the customer experience, the transformation of the employee experience must release energies, facilitate initiatives and reveal talents.

Employee experience, at the heart of the HR function

Our ecosystem requires us to adapt our HR practices, develop new skills and open up to new professions. In this context, Directions dedicated to Collaborators Experience have been created for the group's brands, in order to strengthen the level of proximity and to enable all employees to have a dedicated team for the following HR functions:

- Recruitment, HR marketing and talent development
- Skills training
- Internal communication

Beyond this structuring, it is a question of ensuring a personalised career path and HR proximity on a daily basis: this is proof of our relational pact.

Our training policy is still a major component of the transformation, with 4 priority areas: strengthening the culture of customer experience, reinforcing business expertise, strengthening managerial alignment, supporting mobility and professional projects.

This new organization reinforces skills, encourages motivation and offers HR support to enable people to experience unique career paths. Our aim is to offer everyone the chance to play an active role in their own career path: as the group offers a wide range of opportunities, both between our companies and within Crédit Mutuel Alliance Fédérale, we also favour internal mobility. In 2019, more than 40 internal transfers took place in France.

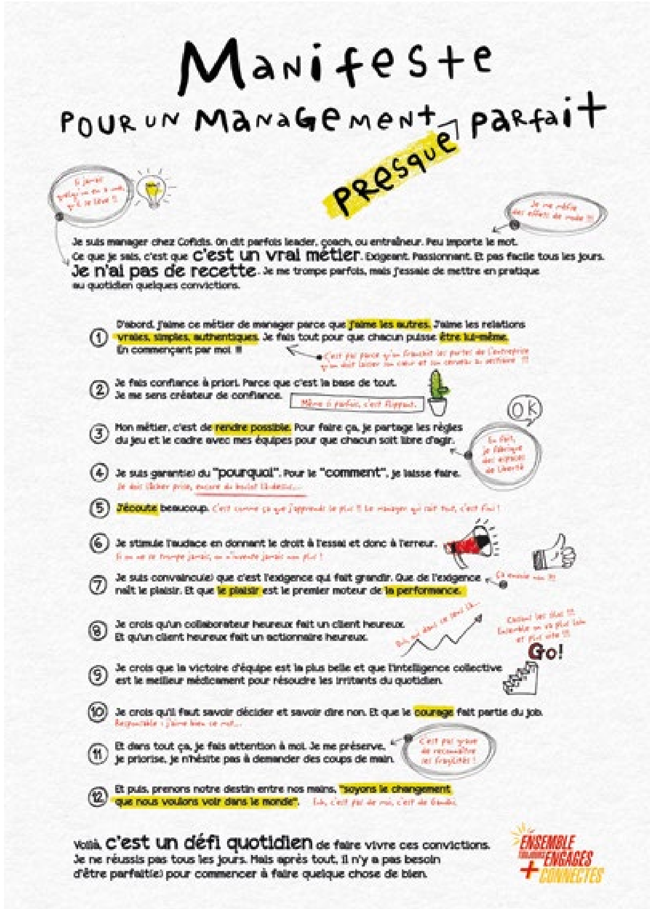
“Beyond this structuring, it is a question of ensuring a personalised career path and HR proximity on a daily basis: this is proof of our relational pact.”

A strong and mutual commitment between managers and employees

When it comes to business transformation, management is obviously in the front line and must also transform itself to promote fulfilment, the emergence of new talent and co-construction. This is why most of our companies are now taking strong steps to address managerial expectations, with approaches that once again put people at the heart of their intentions.

As part of its corporate project, **Creatis** has set up a collaborative working group on leadership, with the aim of achieving its objectives and realising its Vision: the « Tous Leaders» project.
«Trusting each other», «developing my talents», «joining forces with the team», «daring», «opening up to others»: these are all attitudes to be practiced on a daily basis in order to work and succeed together.
Creatis has thus unveiled its concept of committed and responsible leadership which concludes with this sentence: «I am proud to be in my place at Creatis»!

For its part, **monabanq** aligns its commitment to its customers with its HR posture, and proclaims «Ensemble avant tout!». With this statement, monabanq's employees and managers wish to put people first, to allow each person to be themselves, to encourage autonomy... and to remain fun!



At **Cofidis France**, the «Manifesto for near-perfect management» project is a direct result of the transformation that Cofidis France is currently undergoing: this manifesto was co-constructed with the 190 Cofidis managers and reflects the vision that the managers have of Cofidis and their profession. Their conviction is that being a manager is a real job, demanding, exciting... undoubtedly not easy every day, and for which there is no miracle recipe.

Employees also express their commitment with their own manifesto: they are proud and say it every day: «I love my company and I make it move! ». Employees want to contribute to their company, to blossom, to dare... they are key elements of the transformation.

"Employees wish to contribute to their company, to blossom, to dare... they are key elements of the transformation."

We are transforming our organization

We are responding to the multiple challenges of our society and the even greater demands of our stakeholders by creating interconnections within and outside our group.

Promoting our agility value every day

To accompany its transformation, the group is increasingly promoting agile and co-construction methods internally, in order to bring initiatives to employees, to engage them and encourage their autonomy and responsibility. It is this dynamic that has led to the Initiative Day at Cofidis France.

Initiative Day

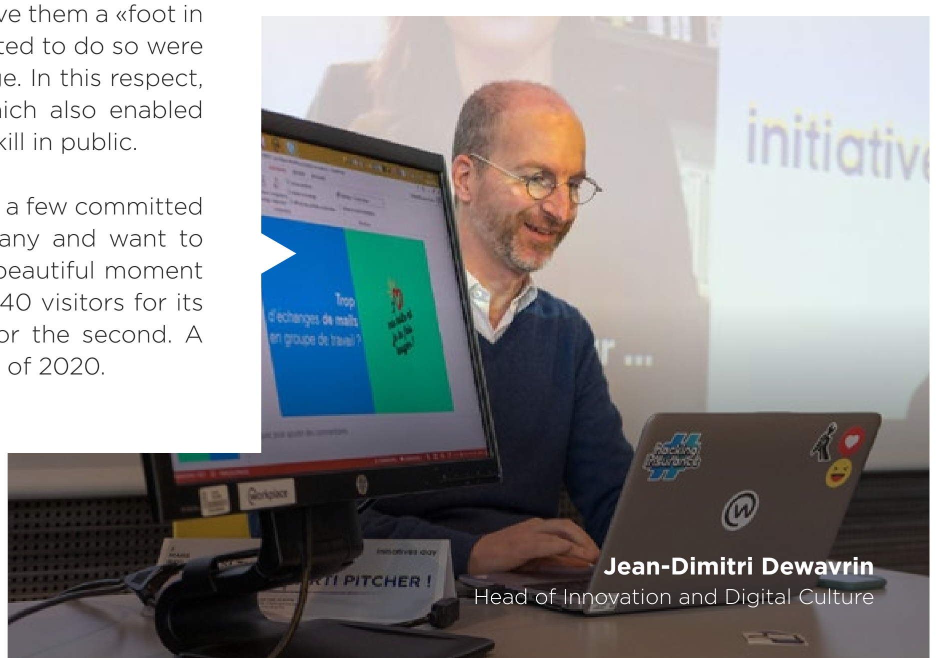
Initiative Day is a day of sharing between Cofidis France employees. The 'Initiators' have a stand where they explain how they carried out their initiative. They give their method, show the tools they use, share their good practices and also their mistakes and lessons learned. The aim is both to inspire other employees to take action and to give them a «foot in the door». The 'initiators' who wanted to do so were able to 'pitch' their project on stage. In this respect, they were trained in pitching, which also enabled them to develop a new speaking skill in public.

Initiative Day is itself an initiative of a few committed employees who «love their company and want to get it moving». Initiative Day is a beautiful moment of sharing that brought together 140 visitors for its first edition and more than 170 for the second. A third edition is planned for the end of 2020.

An international committee on data protection

Cofidis Participations group

On 6 November, all the data protection officers of the subsidiaries met in Tournai (Belgium) to exchange on regulatory practices in terms of data protection and to work on the harmonisation of practices at group level.



Jean-Dimitri Dewavrin
Head of Innovation and Digital Culture

Amazon.es partner

Cofidis Spain

Following the partnership in France, Cofidis Spain now offers financing for purchases on amazon.es with two new products: payment in 4x for purchases ranging from 75 to 1,000 € and a revolving credit up to 3,000 € that can be extended to 30 months. With this major partner, Cofidis wants to become a leading player in Spanish e-commerce.

A case study during the event « Think with Google ».

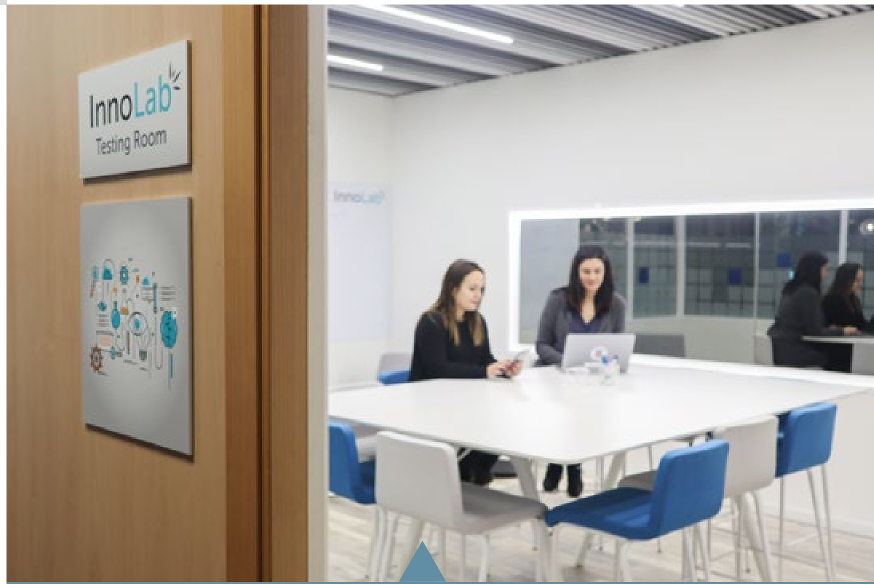
Cofidis Portugal

Cofidis Portugal reorientated its communication strategy on a 100% digital communication. The first results being highly encouraging, the Google team invited Cofidis to present this case study at the annual "Think With Google" event which brings together all the digital players in Portugal.

Towards LAB' 2.0

Creatis

Creatis has launched its 2.0 version of the CREATIS LAB', fully in line with its Vision 2027 project and its «Tous Leaders» approach. Creatis thus wishes to involve its employees in its operational transformation: employees can, by means of an online platform, propose new ideas and/or support those expressed through a voting system.



A new innovation laboratory: welcome to InnoLab!

Cofidis Spain

Cofidis Spain wants to be at the forefront of customer innovation. By creating its laboratory, it has the ambition to become the group's incubator: the InnoLab will have an online panel of international profiles and will be open to group entities wishing to participate in tests and analyses. The sessions will be shared in a common Workplace where all employees will be able to follow progress in real time. A communication plan is currently being implemented.

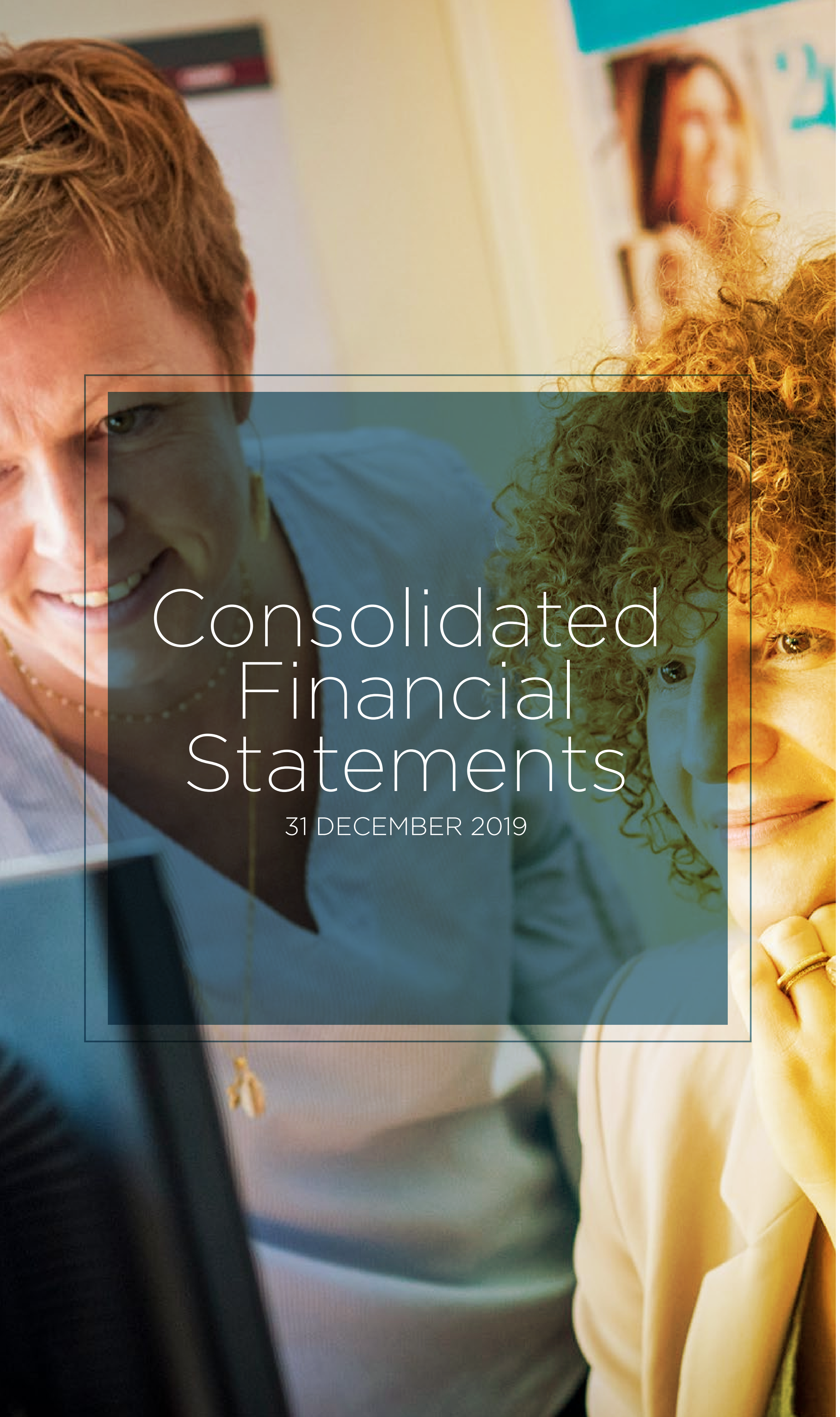
2019 and early 2020 have been rich in transformation, innovation, sharing and solidarity, culminating in the launch of our Experience First project. A project that puts our care for people and the symmetry of attention at the centre of its concerns. A project that focuses on exchanges and sharing. A project that bets on openness and commitment. A project that accelerates our economic and social performance. The 2019 successes and results seem to indicate that we have made the right choices.

EXPÉRIENCE FIRST

— 2 —

Consolidated Financial Statements

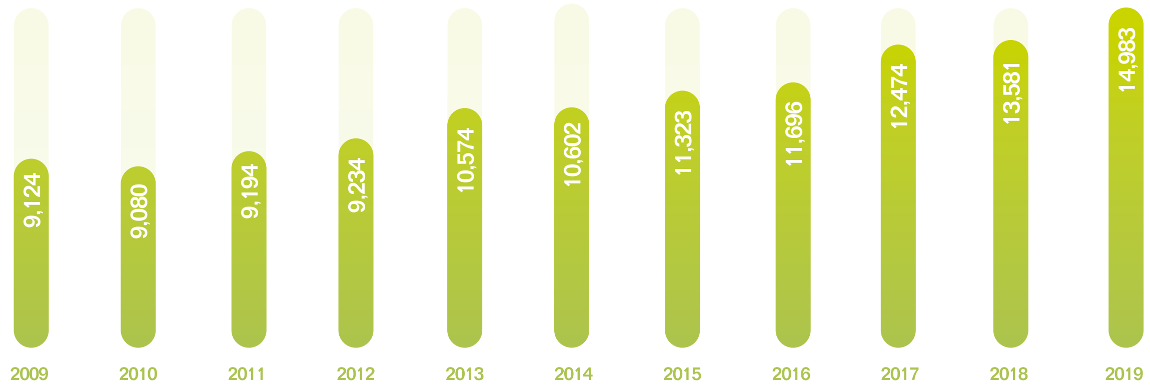
31 DECEMBER 2019



Consolidated Financial Statements

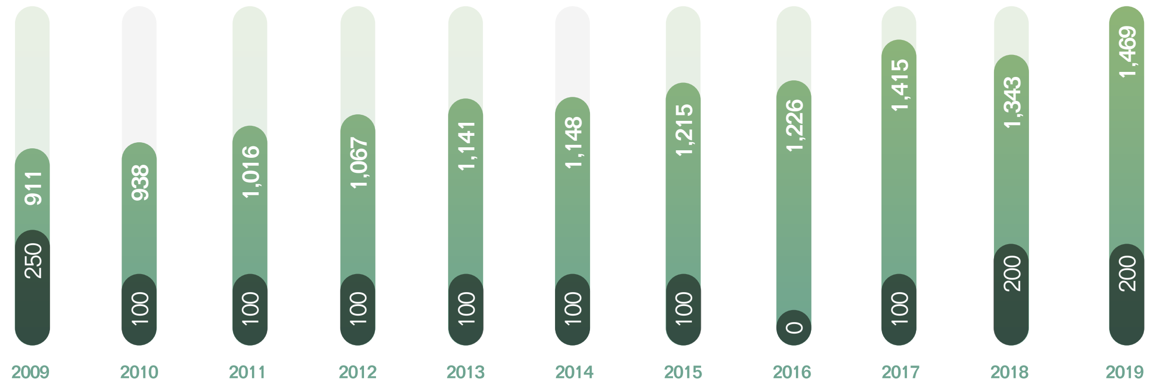
31 DECEMBER 2019

Gross Outstanding Amounts in €M

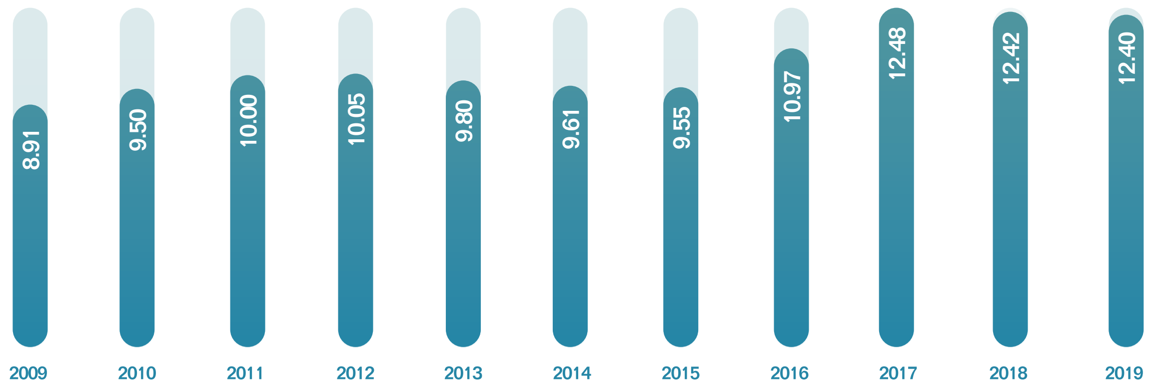


Shareholders' Equity

INCLUDING SUBORDINATED DEBT



CET1 Capital Adequacy Ratio in %



Consolidated balance sheet

ASSETS

In thousands of euro	Note	31/12/2019	31/12/2018
Cash on hand, balances at central banks	IV.1	351	310
Financial assets recognised at fair value through profit or loss	IV.2	45	45
Derivative hedging instruments	IV.3	11,485	8,122
Securities at amortised cost	IV.4	549	415
Loans and advances to credit institutions at amortised cost	IV.5	1,284,271	829,039
Loans and advances to customers at amortised cost	IV.6	12,882,417	11,609,569
Remeasurement surplus for rate hedging portfolios	IV.3	36,739	26,351
Current tax assets	IV.14	15,321	21,399
Deferred tax assets	IV.14	145,591	168,967
Accruals and miscellaneous assets	IV.7	109,500	128,945
Interests in affiliates		-	-
Investment properties		-	-
Property and equipment	IV.8	152,966	124,781
Intangible assets	IV.9	16,870	15,293
Goodwill	IV.10	244,006	244,006
TOTAL ASSETS		**14,900,110**	**13,177,242**

LIABILITIES

In thousands of euro	Note	31/12/2019	31/12/2018
Central banks		0	0
Financial liabilities recognised at fair value through profit or loss	IV.2	0	0
Derivative hedging instruments	IV.3	46,309	32,292
Debts to credit institutions at amortised cost	IV.11	11 951,831	10,479,968
Debts to customers at amortised cost	IV.12	556,038	484,428
Debts recognised by a security at amortised cost	IV.13	49 993	49,995
Remeasurement surplus for rate hedging portfolios	IV.3	-	-
Current tax liabilities	IV.14	24,190	29,245
Deffered tax liabilities	IV.14	1,772	1,971
Accruals and miscellaneous liabilities	IV.15	324,556	292,365
Insurance contract technical provisions		-	-
Provisions	IV.16	62,655	52,678
Subordinated debts at amortised cost		200,199	200,032
TOTAL LIABILITIES		**13,217,544**	**11,622,975**
Equity attributable to group shareholders	IV.17	1,682,563	1,554,266
Capital and associated reserves		112,658	112,658
Consolidated reserves		1,362,138	1,232,275
Unrealised or deferred gains/losses recognised directly in equity		-6,197	-2,405
Profit for the period		213,965	211,738
Minority interests		3	3
TOTAL EQUITY		**1,682,566**	**1,554,269**
TOTAL LIABILITIES		**14,900,110**	**13,177,242**

Consolidated Income Statement

INCOME STATEMENT In thousands of euro	Note	31/12/2019	31/12/2018
Interests and similar income		1,154,218	1,105,493
Interests and similar costs		-55,152	-59,000
Commission (income)		307,109	285,199
Commission (costs)		-52,000	-38,254
Net gains/(losses) on financial instruments recognised at fair value through profit or loss		87	557
Net gains/(losses) on financial assets available for sale			
Income from other activities		1,118	1,163
Costs from other activities		-489	-256
NET BANKING INCOME	VI.1	**1,354,890**	**1,294,902**
General operating costs	VI.2	-690,491	-668,856
Amortisation expense/write-backs and provisions on tangible and intangible assets	VI.2	-16,531	-9,108
GROSS OPERATING PROFIT		**647,869**	**616,938**
Cost of risk	VI.4	-331,547	-308,583
OPERATING PROFIT		**316,322**	**308,355**
Share of net profit/(loss) of affiliates		-	-
Net gains or losses on other assets	VI.5	6	-53
Changes in the value of goodwill		-	-
PROFIT BEFORE TAXES		**316,328**	**308,302**
Income tax	VI.6	-102,363	-96 563
Net profit for the year on discontinued operations or operations being discontinued			
NET PROFIT		**213,965**	**211,738**
Minority interests			
NET PROFIT – ATTRIBUTABLE TO GROUP SHAREHOLDERS		**213,965**	**211,738**
Earnings per share (in €):		1.01	1.00

Net income and gains and losses

RECOGNISED DIRECTLY IN EQUITY

In thousands of euro	31/12/2019	31/12/2018
NET PROFIT ATTRIBUTABLE TO GROUP SHAREHOLDERS	**213 965**	**211 738**
Foreign currency translation	30	-142
Remeasurement of derivative hedging instruments	(961)	-2 276
Remeasurement of long-term employee benefits	(2 862)	-109
Remeasurement of financial assets		
TOTAL GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY ATTRIBUTABLE TO GROUP SHAREHOLDERS	**(3 793)**	**(2 527)**
Net income and gains and losses recognised directly in equity attributable to group shareholders	210 172	209 211
Net income and gains and losses recognised directly in equity attributable to minority shareholders	0	0
NET INCOME AND GAINS AND LOSSES DIRECLTY RECOGNISED IN SHAREHOLDERS' EQUITY	**210 172**	**209 211**

Data are presented in the amount net of tax (if applicable).

Change in shareholders' equity

In thousands of euro	CAPITAL AND ASSOCIATED RESERVES	CONSOLIDATED RESERVES	TOTAL GAINS AND LOSSES DIRECLTY RECOGNISED IN SHAREHOLDERS' EQUITY	NET PROFIT ATTRIBUTABLE TO GROUP SHAREHOLDERS	EQUITY ATTRIBUTABLE TO GROUP SHAREHOLDERS	EQUITY ATTRIBUTABLE TO MINORITY SHAREHOLDERS	TOTAL EQUITY
SHAREHOLDERS' EQUITY AT 1 JANUARY 2018	**116,062**	**1,008,383**	**123**	**220,488**	**1,345,056**	**3**	**1,345,059**
Capital increase and contribution premium					0		0
Equity component of hybrid intruments					0		0
Allocation of 2017 income		220,488		-220,488	0		0
Repayment of perpetual subordinated notes					0		0
Distribution in 2018 in respect of 2017					0		0
SUB-TOTAL OF MOVEMENTS LINKED TO RELATIONS WITH SHAREHOLDERS	**0**	**220,488**	**0**	**-220,488**	**0**	**0**	**0**
Change in gains and losses direclty recognised in shareholders' equity			-2,527		-2,527	0	-2,527
2018 income				211,738	211,738		211,738
SUB-TOTAL	**0**	**0**	**-2,527**	**211,738**	**209,211**	**0**	**209,211**
Effects of acquisitions and disposals					0		0
Other changes					0		0
EQUITY AT 31 DECEMBER 2018	**116,062**	**1,228,871**	**-2,404**	**211,738**	**1,554,267**	**3**	**1,554,270**
Impact of changes in accounting policies		-642			-642		-642
Effect of correcting errors		-6,200			-6,200		-6,200

In thousands of euro	CAPITAL AND ASSOCIATED RESERVES	CONSOLIDATED RESERVES	TOTAL GAINS AND LOSSES DIRECLTY RECOGNISED IN SHAREHOLDERS' EQUITY	NET PROFIT ATTRIBUTABLE TO GROUP SHAREHOLDERS	EQUITY ATTRIBUTABLE TO GROUP SHAREHOLDERS	EQUITY ATTRIBUTABLE TO MINORITY SHAREHOLDERS	TOTAL EQUITY
SHAREHOLDERS' EQUITY AT 1 JANUARY 2019	**116,062**	**1,222,029**	**-2,404**	**211,738**	**1,547,425**	**3**	**1,547,428**
Capital increase and contribution premium					0		0
Equity component of hybrid intruments					0		0
Allocation of 2018 income		211,738		-211,738	0		0
Repayment of perpetual subordinated notes					0		0
Distribution in 2019 in respect of 2018		-75,034			-75,034		-75,034
Interim dividends					0		0
SUB-TOTAL OF MOVEMENTS LINKED TO RELATIONS WITH SHAREHOLDERS	**0**	**136,704**	**0**	**-211,738**	**-75,034**	**0**	**-75,034**
Change in gains and losses direclty recognised in shareholders' equity			-3,793		-3,793		-3,793
2019 income				213,965	213,965		213,965
SUB-TOTAL	**0**	**0**	**-3,793**	**213,965**	**210,172**	**0**	**210,172**
Effects of acquisitions and disposals					0		0
Other changes					0		0
EQUITY AT 31 DECEMBER 2019	**116,062**	**1,358,733**	**-6,197**	**213,965**	**1,682,563**	**3**	**1,682,566**

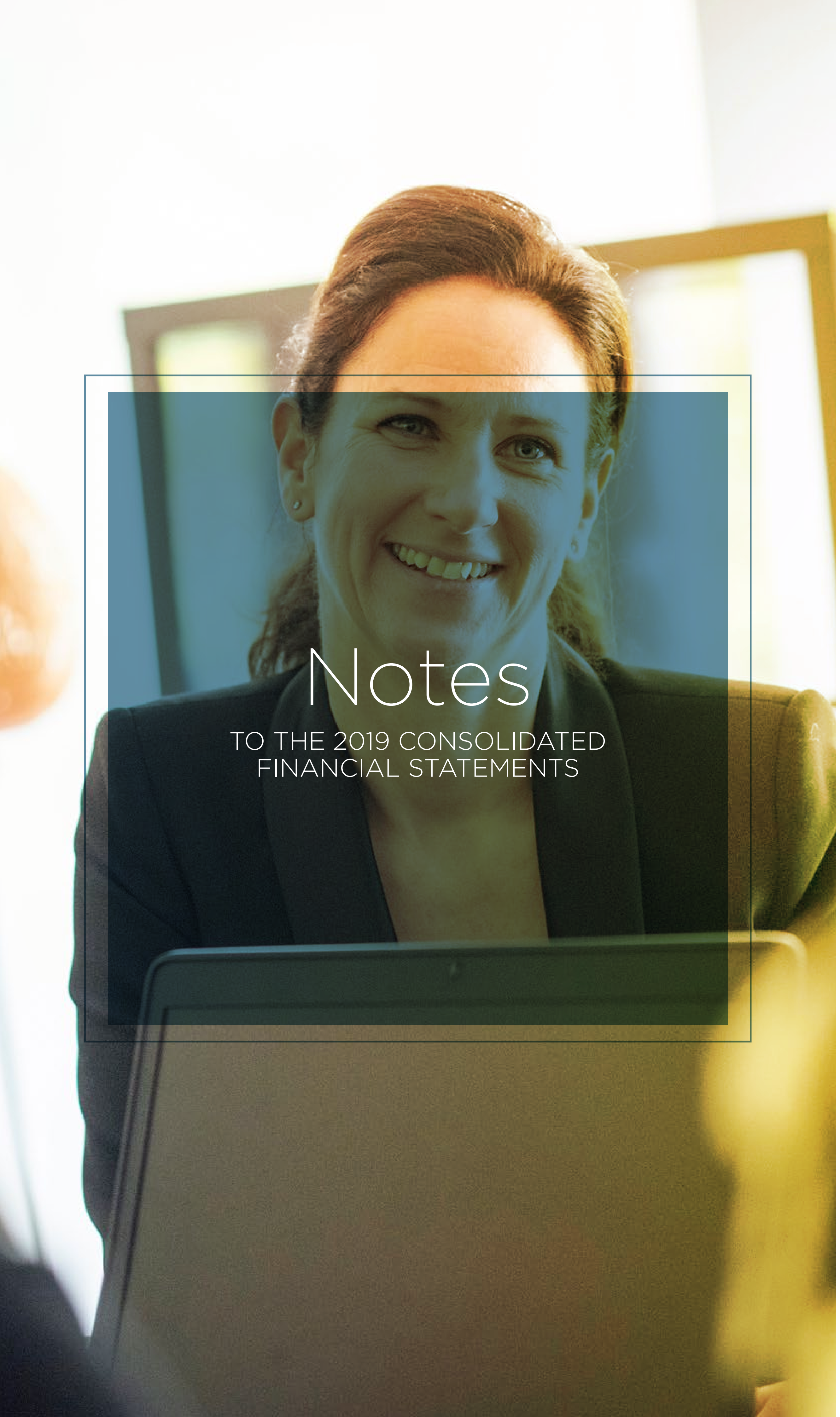
Summary cash flow table

In thousands of euro	2019	2018
EARNINGS BEFORE TAXES	**316,328**	**308,301**
Net amortisation expense on tangible and intangible assets	16,531	9,108
Amortisation/depreciation of goodwill and other assets	0	0
Net provisions	67,682	267
Share of net profit/(loss) of affiliates	0	0
+/- Net loss/net gain from investment activities	-6	54
Income and expenses of financing activities	0	0
Other movements	-56,133	-20,521
TOTAL OF NON-MONETARY ITEMS INCLUDED IN NET PROFIT BEFORE TAX AND OTHER ADJUSTMENTS	**28,074**	**-11,092**
Flows from transactions with credit institutions	1,504,136	475,286
Flows from transactions with customers	-1,218,518	-1,044,301
Flows from other transactions allocating financial assets or liabilities	8,976	46,058
Flows from other transactions allocating non-financial assets or liabilities	-10,997	11,747
Tax paid	-79,716	-87,028
NET DECREASE (INCREASE) IN ASSETS AND LIABILITIES FROM OPERATING ACTIVITIES	**203,881**	**-598,238**

In thousands of euro	2019	2018
TOTAL NET CASH FLOW GENERATED FROM OPERATING ACTIVITIES (A)	**548,283**	**-301,028**
Flows from financial assets and holdings	**-134**	-93
Flows from investments properties	**0**	0
Flows from tangible and intangible assets	**-7,766**	-6,137
Investments readjustments	0	0
TOTAL NET CASH FLOW GENERATED FROM INVESTING ACTIVITIES (B)	**-7,900**	**-6,230**
Cash flow coming from or going to shareholders	**-61,806**	340
Other net cash flows from financing activities	**0**	100,000
Financing readjustments	0	0
TOTAL NET CASH FLOW GENERATED FROM FINANCING ACTIVITIES (C)	**-61,806**	**100,340**
EFFECTS OF EXCHANGE RATE CHANGE AND SCOPE CHANGE (D)	**-15,310**	**2,756**
Net increase (decrease) in cash and cash equivalents (A+B+C+D)	**463,267**	**-204,162**
Total net cash flow generated from operating activities (A)	548,283	-301,028
Total net cash flow generated from investing activities (B)	-7,900	-6,230
Total net cash flow generated from financing activities (C)	-61,806	100,340
Effects of exchange rate change and scope change (D)	-15,310	2,756
CASH AND CASH EQUIVALENTS AT START OF PERIOD	**616,098**	**820,260**
Cash on hand, balances at central banks, ICP (Assets and Liabilities) - START OF PERIOD	310	315
Accounts and loans/borrowings with credit institutions - START OF PERIOD	615,787	819,945
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,079,364**	**616,098**
Cash on hand, balances at central banks, ICP (Assets and Liabilities) - END OF PERIOD	351	310
Accounts and loans/borrowings with credit institutions - END OF PERIOD	1,079,014	615,787
CHANGE IN NET CASH	**463,267**	**-204,162**

3 Notes

TO THE 2019 CONSOLIDATED FINANCIAL STATEMENTS



Notes

TO THE 2019 CONSOLIDATED FINANCIAL STATEMENTS

Introduction

Pursuant to Regulation (EC) 1 on the application of international accounting standards and Regulation (EC) 606/2002 on their adoption, the consolidated financial statements for the period have been prepared in accordance with IFRS, as adopted by the European Union (EU) on 31st December 2008.
This framework is available on the European Commission (EC) website: https://ec.europa.eu/info/businesseconomy-euro/company-reporting-and-auditing/auditing-companies-financial-statements.
The financial statements are prepared in the format approved by recommendation 2017-02 of the French accounting standards board, the Autorité des Normes Comptables (ANC), as regards IFRS summary financial statements. They comply with international financial reporting standards as adopted by the EU.
Information relating to risk management required by IFRS 7 is presented in a separate chapter in the activity report.
As of 1 January 2019, the group applies the following standards:

IFRS 16

Published in January 2016, this standard was adopted by the EU on 31 October 2017 and is effective as of 1 January 2019. IFRS 16 will replace IAS 17 and interpretations on the recognition of leases.
According to IFRS 16, the definition of leases involves identifying an asset and the right by the holder to control the use of that asset. The expected impact for the lessor should be limited, since the bulk of the provisions are substantially unchanged relative to the current IAS 17. On the lessee side of the contract, operating leases and finance leases are recognised according to a single accounting model, with:

- a right-of-use asset recognised in assets throughout the contract term.
- a lease liability representing the value of the lease payments throughout the lease recognised in liabilities.
- straight-line amortisation of the asset and the interest payments through profit or loss.

Note that under IAS 17, which currently applies, no amount is recognised in the lessee's balance sheet for an operating lease and the lease payments are entered under operating expenses.

The group has elected:

- to keep:
  - the new definition of a lease to all current leases. As a result, the scope of the leases remains the same.
  - the modified retrospective approach and to opt for the associated simplification measures. Particularly, the contracts tacitly renewed on 1st January 2019, such as the tenancies 3/6/9, have been excluded due to the exemptions on short-term contracts.
  - an amount of depreciation of the right-of-use equal to the provision of onerous contracts in application of IAS 37.

- to opt for recognition exemptions suggested by the norm in regard to short-term (less than 12 months) and low-value (set at €5,000) leases.

The group also chose to exclude direct right-of-use evaluation costs for first application.

The group mainly activated its property leases, retaining at first application (for those that are not tacitly renewed), their remaining term and the corresponding marginal debt rate, applied to the lease payment excluding tax.

THE IMPACTS ON 1ST JANUARY 2019 ARE THE FOLLOWING (IN €K):

ASSETS	**38,565**
Right-of-use – Property	36,616
Right-of-use – Car Fleet	1,949
LIABILITIES	**39,208**
Ct Div. - Lease obligation – Property	37,242
Ct Div. - Lease obligation – Car Fleet	1,966

The rights of use are recognised within tangible assets and lease obligations among the other liabilities. The simplified retrospective approach was selected. As the norm allows, the group chose to exclude adjustments variables (direct initial costs, ...), hence the rights of use are equal to the lease obligations and do not have any impact in equity, apart from Cofidis Portugal after application of local standards (€0.6M).

Regarding the enforceable period of a contract, IFRIC published its final decision in December 2019. On that basis, the group will analyse the repercussions on the current hypotheses affecting the 3/6/9 commercial tenancies and tacitly renewed contracts as soon as possible. As a consequence of this decision, the enforceable period of the above-mentioned contracts might require a revision, thereby modifying the amount of rental debt and associated right-of-use. To this day, the data has not been proven reliable enough to be communicated.

IFRIC 23 – Uncertainty over Income Tax Treatments

IFRIC 23, Uncertainty over Income Tax Treatments was issued on 7 June 2017, effective for annual periods beginning on or after 1 January 2019.
The interpretation posits an assumption that the tax authority:

- will examine all amounts reported to it.
- and will have full knowledge of all relevant information when doing so.

An entity must consider whether it is probable that the relevant authority will accept the tax treatment position and determine the consequences for the taxable profit or loss, tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings. If there is uncertainty (in other words, if it is probable that the tax authority will not accept the particular tax treatment), the entity has to use the most likely amount or the expected value of the tax treatment based on the method that provides the best prediction of the amount due or receivable.

The scope of IFRIC 23 is limited to income tax (current/deferred). At this stage, the group is of the opinion that it will not influence the current practice. The group currently recognises a risk when a reassessment notice is received in respect of the entity, an associate entity or a third-party

Amendments to IAS 39, IFRS 9, and IFRS 7 on the reform of benchmark rates

The IBORs' reform acts in response to the insufficiencies noticed on the index and interbank rates' construction methodology, those being based on data communicated by the banks and a significantly decreasing volume of implicit transactions.

In Europe, it is portrayed by the Benchmark regulation (« BMR ») published in 2016 and coming into effect beginning of 2018. To secure and ensure the reliability of the indexes used by the market, this reform's major component relies on rates calculated on the basis of actual transactions.
Henceforth, the indexes must be in compliance with the BMR and validated by the regulator. The existing indexes will remain in usage until 31 December 2021. Eventually, the previous benchmark indexes (LIBOR, EONIA, EURIBOR...) will no longer be used unless they are consistent with the new regulation.

In order to ensure a seamless transition, the group listed legal, commercial, and organisational impacts, tools, and financiers/accountants.
Thus, the project-focuses construction work was launched from the first trimester of 2019.
Concerning the accounting aspects, the group adheres to the research led by IASB on the impact of benchmark rates' reform on financial information which are broken down into **2 phases:**

- **Phase 1, preliminary to the reform:** processing the potential repercussions on existing hedging relations (on account of the uncertainties regarding the future indexes).
- **Phase 2, interim period towards new indexes from the moment they are defined:** particularly, processing uncertainties associated with derecognition and documentation of hedging relationships (partly inefficient).

Following its embrace by the EU on 16 January, 2020, the group decided to apply in advance the amendment to the IAS 39, IFRS 9, and IFRS 7 standards published by IASB, which maintains, in this particular and temporary context, existing hedging relations until:

- the uncertainties, from the choice of a new index and the effecting date of this change, originating from the IBOR rates' reform be lifted ; or
- until the cessation of hedging independent to the reform is observed.

The group estimates that uncertainties remain, firstly on the Eonia rate (changing date towards €ster in contracts and conditions of transition – spread or financial compensation –), secondly on the EURIBOR rate (until contractual modifications of the indexed financial instruments within this benchmark index), and lastly on the LIBOR rates (replacement rates).
Regarding phase 2, Crédit Mutuel group took note of IASB's estimated schedule concerning the process of questions related to the tax reform repercussions on:

- the evaluation and ranking of financial assets and liabilities.
- the designation of hedging relations and the end of phase 1 exemptions.
- IAS 19, IFRS 16, and IFRS 17.
- the matter of additional information to provide.

Thus, the stakeholders have been informed of IASB's research papers, published about:

- topics related to the assessment of the material (or not) nature of a debt instrument modification in relation to the IBOR reform and its accounting repercussions in case of derecognition.
- the contemplated amendments to IFRS 9 and IAS 39 in the matter of hedging accounting (documentation, inefficiency measure).

Other amendments without impact on the group in 2019

Amendement to IAS 28

This concerns all financial instruments representing « other instruments » in affiliates or joint ventures to which the equity methods is not applied, including long-term financial assets being part of net investment in affiliates or joint ventures (for example loans granted to these entities). This accounting takes place in two steps:

- the financial instrument is counted according to IFRS 9, including the measures correlated with the impairment of financial assets.
- then IAS 28's dispositions are applied which can lead to decrease its accounting value by charging the accumulated losses of the equity-accounted entity, when the equity value has already been reduced to zero.

From the first application of the amendment, the sources of data have counted the impacts in shareholders' equity since the start of period 2019, without restating the comparative information. To this date, the group has not identified a case within the scope of this amendment.

Amendement to IAS 19

It focuses on the consequences of a plan alteration, curtailment, or settlement upon determination of current service cost and net interest. Current service costs and net interest of the period post modification, curtailment, or settlement are necessarily established using actuarial hypotheses for the recognition of these events. To this date, the group has not identified a case within the scope of this amendment.

Amendement to IAS 12

It specifies that the tax effects of dividends' distribution on financial instruments classified in shareholders' equity must be recognised in net income. From an accounting perspective, the dividends are deducted from the shareholders' equity. Fiscally, it is a debt instrument from which coupons are deductible.
Nevertheless, dividends' tax consequences can be sorted within other elements of the overall profit or shareholders' equity, according to past events or transactions from which they originated.
The group recognises perpetual securities in debt instrument as opposed to shareholders' equity. Therefore, to this day, the group is not affected by this amendment.

Amendement to IAS 1 and IAS 8

Its purpose is to alter the definition of « significance » in order to clarify and harmonise the conceptual framework and IFRS standards. Providing that the EU adopts it, information would be « significant » (which entails to a certain level of importance) if its omission, inaccuracy, or clouding influences the general use decisions taken by the financial statements' principal stakeholders on the basis of these financial statements, which hold financial information about a given accounting entity.

General Environment

1 DESCRIPTION OF THE ENTITY

The principal activity of the Cofidis Participations group and its subsidiaries is to grant consumer credit and personal loans, as well as issuing and managing payment methods.
Cofidis Participations group was founded in 1982 by the 3SI group, a specialist in online shopping. On 23 March 2009, the Banque Fédérative du Crédit Mutuel (BFCM) took control of Cofidis Participations group of which Cofidis SA is the direct subsidiary.
Cofidis Participations group, registered under company number 378 176 291, is a public limited company registered and domiciled in France. Its registered head office is at Parc de la haute Borne, 61 avenue Halley, 59667 Villeneuve d'Ascq, France.
The consolidated financial statements, which will be submitted to the shareholders for approval, have been prepared at 31 December 2018 for the companies included in the Cofidis Participations group. The financial statements are reported in thousands of euro, unless otherwise indicated.

2 SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

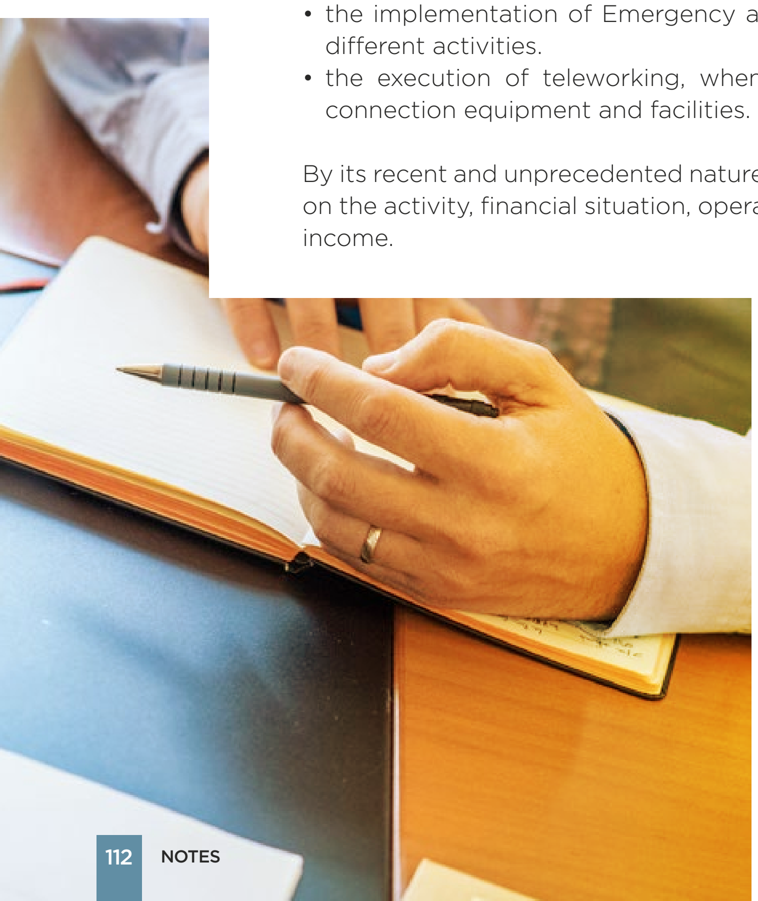
There are no significant events to report.

3 EVENTS AFTER THE REPORTING PERIOD

A significant event subsequent to 31 December 2019 is the exceptional and unprecedented crisis situation caused by the Covid-19 virus pandemic. On the model of Crédit Mutuel Alliance Fédérale, the first priority of Cofidis Participations group was to protect its employees and their relatives, and provide local support to its customers and partner intermediaries.

To ensure the continuity of essential activities, work methods were adapted, particularly by:
- the implementation of Emergency and Business Continuity Plans (EBCP) within different activities.
- the execution of teleworking, when possible, with a reinforcement of remote connection equipment and facilities.

By its recent and unprecedented nature, it is impossible to estimate its repercussions on the activity, financial situation, operating profit, and the evolution of risk for 2020 income.



1982
Inception of Cofidis Participations group

23 March 2009
The Banque Fédérative of Crédit Mutuel (BFCM) takes control of Cofidis Participations group

4 RELATED PARTY DISCLOSURES

The parties related to Cofidis Participations group are:
- the consolidated companies.
- the company controlling Cofidis Participations group, the Banque Fédérative du Crédit Mutuel.
- the entities controlled by the same parent: the other entities of Crédit Mutuel Alliance Fédérale.
- the other related parties: the entities from the Argosyn group.
- the main executives of Cofidis Participations group or its shareholders.

Flows with consolidated companies under exclusive control, considered as related parties, are removed from the consolidated financial statements and are therefore not presented below:

BALANCE SHEET POSITION IN €K	TOTAL	PARENT COMPANY	ENTITIES CONTROLLED BY THE SAME PARENT COMPANY	OTHER RELATED PARTIES
Derivative hedging instruments - Assets	11,485	3,060	8,425	0
Loans and advances to credit institutions	1,173,796	1,097,309	76,487	0
Accruals and miscellaneous assets	2,189	0	1,478	712
TOTAL ASSETS	**1,187,471**	**1,100,369**	**86,390**	**712**
Derivative hedging instruments - Liabilities	46,295	2,551	43,743	0
Debts to credit institutions	11,934,424	11,926,488	7,936	0
Debts represented by a security	49,993	49,993	0	0
Accruals and miscellaneous liabilities	19,242	14	19,067	161
TOTAL LIABILITIES	**12,049,953**	**11,979,047**	**70,746**	**161**
RECEIVED COMMITMENTS	**7,088,000**	**2,214,000**	**4,874,000**	**0**
GIVEN COMMITMENTS	**14,896**	**0**	**14,896**	**0**

BALANCE SHEET POSITION IN €K	TOTAL	PARENT COMPANY	ENTITIES CONTROLLED BY THE SAME PARENT COMPANY	OTHER RELATED PARTIES
Interest and similar income	13,381	3,211	10,170	0
Net gains or losses on Commissions	213,066	-647	214,003	-289
Net gains or losses on portfolios at FV through profit or loss	75	75	0	0
Gains or losses on other assets	20	0	20	0
TOTAL INCOME	**226,542**	**2,639**	**224,193**	**-289**
Interets and similar expenses	52,980	22,219	30,761	0
Operating costs	73,856	0	72,797	1,059
TOTAL EXPENSES	**126,836**	**22,219**	**103,558**	**1,059**

Transactions with the directors of Cofidis Participations group are limited exclusively to employee benefits (§ VIII)

5 CONSOLIDATED SCOPE AND METHODS

5.1 Scope

The consolidated financial statements for the Cofidis Participations group include all the companies under exclusive control, under joint control or under significant influence. These companies are consolidated according to the full consolidation and equity methods, respectively. The consolidated financial statements include the financial statements of Cofidis Participations group and those of all its subsidiaries:

COFIDIS PARTICIPATIONS GROUP

COFIDIS SA AND BRANCHES

France, Spain, Portugal, Hungary, Poland, Slovakia

Consolidation Method: Full Consolidation

99,99% holding at 31/12/2019

CREATIS SA

France

Consolidation Method: Full Consolidation

99,99% holding at 31/12/2019

COFIDIS BELGIUM

Belgium

Consolidation Method: Full Consolidation

99,99% holding at 31/12/2019

COFIDIS CESKA

Czech Republic

Consolidation Method: Full Consolidation

99,99% holding at 31/12/2019

COFIDIS SPA

Italy

Consolidation Method: Full Consolidation

99,99% holding at 31/12/2019

SYNERGIE

France

Consolidation Method: Full Consolidation

99,98% holding at 31/12/2019

MONABANQ

France

Consolidation Method: Full Consolidation

99,99% holding at 31/12/2019

5.2 Control concepts

In accordance with international standards, all entities under exclusive control, joint control or significant influence are consolidated.

- **Exclusively controlled entities:** exclusive control is presumed to exist when the group has power over the entity, is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of controlled entities are fully consolidated.
- **Entities under joint control:** joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Two or more parties that exercise joint control constitute a partnership, which is either a joint operation or a joint venture:
  - a joint operation is a partnership in which the parties that exercise joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the entity: they recognise the assets, liabilities, income and expense in relation to their interest.
  - a joint venture is a partnership in which the parties that have joint control of the arrangement have rights to the net assets of the entity: a joint venture is accounted for by the equity method.
- **Entities under significant influence:** entities that are not controlled by the consolidating entity, but over which there exists the power to participate in financial and operational policy. The group accounts for securities and entities over which it has significant influence by the equity method.

5.3 Consolidation methods

The methods of consolidation used are the following:

- **Full consolidation:** this method consists of substituting for the value of securities each of the assets and liabilities elements of each subsidiary and separating the share of minority interests in equity and income. It applies to all entities under exclusive control, including those with a different accounting structure, regardless of whether the business is a direct extension of the consolidating entity.
- **Equity method:** Under this method, the group's share in the shareholders' equity and profit or loss of the company is substituted for the value of the securities. It applies to all entities under joint control classified as joint ventures and for all entities over of which the group exercises a significant influence.

5.4 Foreign currency transactions

The financial statement of the Cofidis Participations group are prepared in euros. The balance sheet for foreign subsidiaries and branches whose functional currency is not the euro is translated into euro at the exchange rate on the reporting date. Items in the income statement are translated using the average rate for the accounting period. Foreign currency translation adjustments are shown for consolidated companies that are not part of the euro zone (Cofidis Hungary, and Cofidis Czech Republic and Banco Cofidis Poland).
For the group's interests, foreign currency translations are included in shareholders' equity under « Foreign currency translations » and for third party interests under « Minority interests ».

The following parities were used to translate the financial statements of foreign subsidiaries and branches:

	2019 average rate	Rate at the end of period	Rate at the start of period	2018 average rate
Czech Crown	0.0389564	0.0393577	0.0388742	0.0389960
Hungarian forint	0.0030747	0.0030254	0.0031155	0.0031364
Polish Zloty	0.2326918	0.2349182	0.2324824	0.2347010

5.5 Treatment of acquisitions and goodwill

In accordance with revised IFRS 3, at the acquisition date of the new entity, the acquiree's assets and liabilities as well as all its identifiable liabilities that meet the criteria for recognition under IFRS are measured at their fair value at the acquisition date, except for non-current assets held for sale under IFRS 5, which are measured at the lowest carrying amount and fair value less costs to sell. Revised IFRS 3 allows an accounting policy choice to recognise all or part of goodwill for each business combination. In the first case, the minority interests are measured at fair value (full goodwill method) ; in the second, they are measured at their proportionate share of the value of the acquiree's assets and liabilities (partial goodwill). If the goodwill is positive, it is entered in assets. If negative, it is immediately recognised in profit or loss under « Changes in the value of goodwill ».

In the event of an increase/decrease in the group's percent holding in an entity it controls, the difference between the acquisition and disposal price of the securities and the proportionate share of consolidated equity represented by the securities on the acquisition/disposal date is recognised in equity.
Goodwill is presented on a separate line of the balance sheet under « Interests in affiliates » when the entities are consolidated under this method.
Goodwill does not include direct acquisitions costs, which are recognised in profit or loss under revised IFRS 3.
Goodwill is tested for impairment at regular intervals and at least once a year. When the recoverable amount of the cash generating unit (CGU) to which the goodwill is allocated is lower than its carrying amount, an impairment is recognised in the amount of the difference. This impairment, recognised in profit or loss cannot be reversed. The group's CGUs are defined according to its business lines.

Accounting principles and methods

1 FINANCIAL INSTRUMENTS ACCORDING TO IFRS 9

1.1 Revaluation of financial assets

Under IFRS 9, financial instruments are classified and measured according to the management model and contractual features of the instruments.

LOANS, ADVANCES, OR DEBT INSTRUMENTS ACQUIRED

The asset is classed:

- at amortised cost, if held to collect the contractual cash flows and if its contractual characteristics are similar to a so-called basic contract which implies highly probable forecast cash flows (collection model).
- at fair value through equity, if the instrument is held to collect the contractual cash flows and sell it when the opportunity arises, but without trading, and if its characteristics are similar to a so-called basic contract which implies highly probable forecast cash flows (collect and sell model).
- at fair value through profit or loss, if:
  - it is not eligible for inclusion in the two categories above (because it does not meet the « basic » criterion and/or because it is managed according to « other » business models, or
  - the group makes an irrevocable election at initial recognition to class it as such. The purpose of this option is to reduce accounting treatment inconsistency relative to another linked instrument.
- characteristics of cash flows.

The contractual cash flows that are solely payments of principal and interest on the principal amount outstanding are compatible with a basic contract.

In this type of contract, the interest payments primarily represent the time value of money (including for negative interest) and credit risk. Interest may also include liquidity risk, the costs of administering the asset, and a commercial margin. All contractual clauses have to be analysed, especially clauses that could change the payment schedule or the amount of contractual cash flows.

The contractual possibility of early repayment for the borrower or lender remains compatible with the SPPI (Solely Payments of Principal and Interest) nature of the contractual cash flows, provided the amount repaid essentially represents the outstanding principal and accrued interest and, where applicable, a reasonable compensatory allowance.

Compensation for early repayment is considered reasonable if:

- it is regulated or limited by competitive practices in the market.
- it corresponds to the difference between the contractual interest that should have been received up to maturity of the loan and the interest that would be generated by replacing the amount repaid in advance at a rate reflecting the benchmark rate.
- it is equal to the fair value of the loaner the cost of settlement of an associated hedging swap.

The analysis of contractual cash flows can require comparison with those of a benchmark instrument, when the time value component of money included in the interest is subject to change due to the contractual clauses of the instrument. For example, if the interest rate on the instrument is periodically reviewed, but the review frequency is decorrelated from the term during which the interest rate is established (monthly review of a one-year rate, for instance), or if the interest rate is periodically reviewed on the basis of an average rate.

If the difference between the undiscounted contractual flows of the financial asset and those of the benchmark instrument are or could become significant, then the asset may not be considered basic.

Note that:

- derivatives embedded in financial assets are no longer recognised separately, which means that all hybrid instruments must be treated as non-basic and measured at fair value through profit or loss,
- UCITS and real-estate fund units are not basic instruments and are also classified at fair value through profit or loss.

Business models

A business model refers to how the group manages its instruments to generate cash flows and revenue. It is based on observable facts, rather than on management's intention. The business model is not determined entity by entity or instrument by instrument, but at a level that reflects how groups of financial assets are managed collectively. It is determined at initial recognition and may be subsequently reviewed.

To decide the model, all available indicators are observed, including:

- how business is reported to top management.
- how managers are compensated.
- frequency, schedule and volumes of sales of prior periods.
- reason for sales.
- sales forecast.
- how risk is assessed.

In a collect model, the standard explicitly gives examples of the types of disposals that are permitted:

- related to an increase in credit risk.
- close to maturity.
- one-off (for example due to liquidity stress).

These « permitted » disposals are not taken into account in the analysis of the significant and frequent nature of sales for a portfolio. Moreover, disposals due to changes in the regulatory or fiscal framework must be documented case-by-case to demonstrate that they are infrequent.

The thresholds for other disposal cases are defined according to portfolio maturity (the group does not sell its loans).

The group has mainly developed a model for collecting contractual flows of financial assets, which applies in particular to our customer financing business.

Financial assets at amortised cost

These primarily include:

- cash and cash equivalents, which include cash accounts, deposits, and loans and demand loans from central banks and credit institutions.
- other loans to credit institutions and to customers (granted directly or the proportionate share of syndicated loans), not booked at fair value through profit or loss.
- a portion of the securities held by the group.

The financial assets in this category are classified at fair value on initial recognition, which is generally the amount disbursed. The rates applied to loans granted are assumed to be market rates, insofar as rates are continuously adjusted in line with the rates charged by the majority of competing banks.

Assets are measured at amortised cost at subsequent reporting dates according to the effective interest rate method. The effective interest rate is the rate that exactly discounts the future cash inflows or outflows over the estimated life of the financial instrument to obtain the carrying amount of the financial asset or liability. This rate includes estimated cash flows excluding future loan losses and includes commissions paid or received when they are similar to interest, directly attributable transaction costs, as well as all premiums and discounts.

For securities, the amortised cost includes amortisation of premiums and discounts, as well as acquisition costs, where they are significant. Purchases and sales of securities are recognised on the settlement date.

Revenue received is presented under « Interest and similar income » in the income statement.

Commissions directly related to the setting up the loan, whether received or paid, which is similar to interest, are spread over the term of the loan according to the effective interest rate method and posted to the income statement under Interest.

Commissions received as part of renegotiating the terms of a loan for commercial reasons are spread.

The fair value of assets at amortised cost is reported in the notes to the financial statements on each reporting date. It reflects the discounted estimated future cash flows based on a zero coupon rate curve, which includes the inherent obligor signing cost.

Financial assets recognised at fair value through equity

As the group does not sell its loans, this category only comprises securities. They are recognised in the balance sheet at fair value on the acquisition date and on subsequent reporting dates, until they are sold. Changes in fair value are entered under a specific equity heading, « Unrealised or deferred gains or losses », excluding accrued income. These unrealised gains or losses recognised in equity are only posted to the income statement if sold or impaired (see § « 1.6. Derecognition of financial assets and liabilities », and « 1.7. Assessing credit risk »).
Accrued or earned revenue are recognised in the income statement, using the effective interest rate method, under « Interest and similar income ».

Financial assets recognised at fair value through profit or loss

They are recognised in the balance sheet at fair value on the acquisition date and on subsequent reporting dates, until they are sold (see § « 1.6 Derecognition of financial assets and liabilities »). Changes in fair value and income received or accrued on assets classified in this category are recognised in the income statement under « Net gains or losses on financial instruments at fair value through profit or loss ».
Purchases and sales of securities measured at fair value are recognised on the settlement date. Changes in fair value between the transaction date and the settlement date are recognised in profit or loss.

ACQUIRED EQUITY INSTRUMENTS

Acquired equity instruments (notably shares) are classified:
- at fair value through profit or loss, or
- as an irrevocable option at initial recognition, at fair value through equity.

Financial assets recognised at fair value through profit or loss

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

1.2 Classification and measurement of financial assets

Financial liabilities are classified in one of these two categories:

Financial liabilities at fair value through profit or loss

- liabilities incurred for transaction purposes, including, by default, derivative liabilities that are not classed as hedging instruments, and
- non-derivative financial liabilities that the group classified on initial recognition at fair value through profit or loss (fair value option). This includes:
  - financial instruments containing one or more embedded derivatives that can be separated.
  - instruments for which the accounting treatment would be inconsistent with another linked instrument if the fair value option were not applied.
  - instruments belonging to a group of financial assets measured and managed at fair value.

Financial liabilities at amortised cost

These include other non-derivative financial liabilities. This concerns debts to customers and credit institutions, debts represented by a security (savings bonds, interbank market securities, bonds, etc.) and term or perpetual subordinated debt, for which the fair value through profit or loss option was not elected.

Subordinated debt is separate from other liabilities represented by a security, because, in the event of liquidation of the obligor, it can only be repaid after payment of the other creditors. Senior preferred securities created by the Sapin 2 Act are classified under debts represented by a security.

These liabilities are recognised at fair value on initial recognition on the balance sheet. At subsequent reporting dates, they are valued at amortised cost using the effective interest rate method. The initial fair value of issued securities is their issue value, less transaction costs, where relevant.

Regulated savings accounts

Home savings accounts (CEL – comptes épargne logement) and home savings plans (PEL - plans épargne logement) are French regulated products available to customers (individuals). These products combine an interest-bearing savings period and a second period when the holder is eligible to apply for a mortgage. They generate two types of commitments for the bank:
- a commitment to pay future interest on savings at a fixed rate (only on PELs ; the rate of remuneration of CELs is similar to a floating rate that is revised periodically according to an indexation formula).
- a loan agreement commitment to customers who request it, under predetermined conditions (PEL and CEL).

These commitments have been estimated on the basis of statistics on customer behaviour and market data. A provision is recorded on the liabilities side of the balance sheet to cover future expenses related to potentially unfavourable conditions for these products, compared with the interest rates offered to retail customers for similar products where the return ins not regulated. This approach is carried out by a homogenous group of PEL and CEL accounts. The impacts on profit or loss are included under interest paid to customers.

1.3 Distinction between debt and equity

According to IFRIC 2, members' shares of equity are equity if the entity has an unconditional right to refuse redemption, or if local law, regulation, or the entity's governing charter imposes prohibitions on redemption. Due to the provisions of the existing by-laws and legal provisions, the company's shares, issued by the structures composing the consolidating entity of the Crédit Mutuel group, are recognised in equity.

The other financial instruments issued by the group are qualified debt instruments once there is a contractual obligation for the group to deliver cash to the holders of the securities, which is the case of the subordinated securities issued by the group.

1.4 Foreign currency transactions

Assets and liabilities denominated in a currency other than the euro are translated into euro at the exchange rate on the reporting date.

MONETARY ASSETS OR LIABILITIES

Exchange gains or losses from these translations are recognised in the income statement under « Net income and gains and losses on portfolios at fair value through profit or loss ».

NON-MONETARY ASSETS OR LIABILITIES

Foreign exchange gains or losses arising from these translations are recognised in the income statement under « Net gains or losses on financial instruments at fair value through profit or loss » if the item is classified as at fair value through profit or loss or as unrealised or deferred gains or losses in the case of financial assets at fair value through equity.

1.5 Derivatives and accounting hedging

IFRS 9 allows entities to elect, on first adoption, to apply the new provisions on hedge accounting or to maintain the provisions of IAS 39.
The group has elected to maintain the IAS 39 provisions. However, the notes or the management report include additional disclosures on risk management and the impacts of hedge accounting on the financial statements, in accordance with IFRS 7 revised.

In addition, the provisions of IAS 39 to hedge the interest risk of a portfolio of financial assets or liabilities, as adopted by the EU, continue to apply.
A derivative is a financial instrument which presents the three following characteristics:
- its value changes in response to the change in an underlying variable such as an interest rate, commodity or security price, or index.
- it requires no initial investment, or one that is low.
- it is settled at a future date.

The Cofidis Participations Group deals in simple, primarily rate derivatives (swaps, vanilla options) that are mainly classified at level 2 of the value hierarchy.
All derivative financial instruments are recognised at fair value in the balance sheet under financial assets or liabilities. By default, they are posted as held for trading, unless designated as hedging instruments.

CALCULATING THE FAIR VALUE OF DERIVATIVES

The bulk of over-the-counter derivatives, swaps, forward rate agreements, caps, floors and vanilla options are measured using standard, commonly accepted models (discounted future cash flow (DFCF) method, Black and Scholes model, interpolation techniques) based on observable market inputs (e.g. yield curves). The valuation calculated based on these models is adjusted for the liquidity and credit risks associated with the instrument or parameter, for specific risk premiums intended to offset certain additional costs that would arise from the dynamic management strategy in relation with the model under certain market conditions, and for counterparty risk present in the positive fair value of over-the-counter (OTC) derivatives. This latter includes the own counterparty risk present in the negative fair value of OTC derivatives.

When making fair value adjustments, each risk factor is considered individually and no diversification effects between risks, parameters or models of a different nature are taken into account. The group usually takes a portfolio approach to a given risk factor.

Derivatives are recognised in financial assets when the market value is positive, and in liabilities when it is negative.

CLASSIFICATION OF DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING

Derivatives classified in financial assets and liabilities at fair value through profit or loss

The default category for all derivative instruments not designated as hedging instruments under IFRS is « Financial assets or liabilities at fair value through profit or loss », even if, economically speaking, they were taken out to hedge one or more risks.

Embedded derivatives

An embedded derivative is a component of a hybrid instrument which, when separated from its host contract, meets the definition of a derivative instrument. It modifies some cash flows in a similar way to a derivative instrument.

This derivative is separated from the host contract and recognised separately as a derivative instrument at fair value through profit or loss when the following conditions are fulfilled:

- it meets the definitions of a derivative.
- the host hybrid instrument is not measured at fair value through profit and loss.
- the economic risks and characteristics of the embedded derivative are not closely related to those of the host contract.
- the separate measurement of the embedded derivative to be separated is reliable enough to provide reliable information.

Under IFRS 9, only embedded derivatives attached to financial liabilities can be separated from the host contract for separate recognition.

Recognition

Realised and unrealised gains and losses are recognised in the income statement under « Net gains and losses on financial instruments at fair value through profit or loss ».

Hedge accounting

Risks hedged

The group only hedges interest rates. To do this it uses micro-hedging, or more broadly, macro-hedging techniques. Micro-hedging partially hedges the risks attaching to an entity's assets and liabilities. It applies specifically to one or more assets or liabilities for which the entity uses derivatives to hedge the risk of an adverse change in a type of risk. Macro-hedging is broader and aims to protect all the group's balance sheet against adverse developments, especially unfavourable movements in interest rates. Our overall approach to managing rate risk is described in the management report, together with how we manage other risks (forex, credit, etc.) that could be hedged by natural matching of assets/liabilities or the recognition of derivatives for trading.

We mainly use asset swaps for micro-hedging, with the general aim of converting a fixed-rate instrument into a floating-rate instrument.

There are three types of hedging relationships, which depend on the type of the risk being hedged:

- a fair value hedge: to hedge exposure to variations in the fair value of financial assets or liabilities.
- a cash flow hedge: to hedge exposure to changes in cash flows of assets or liabilities, firm commitments or future transactions.
- a hedge of a net investment in a foreign operation is accounted for similarly to cash flow hedges.

Hedging derivatives must meet the specified criteria in IAS 39 to be classed as hedging instruments. The main criteria are:

- both the hedging instrument and the hedged item must be eligible for hedge accounting.
- the relationship between the hedged item and the hedging instrument must be formally designated and documented from inception. This document specifies the entity's risk management objective and strategy for undertaking the hedge, the nature of the risk being hedged, the underlying strategy and how the entity will assess the hedging instrument's efficiency.
- the efficiency of the hedge must be demonstrated when setting up the hedging relationship, on an ongoing basis throughout the life of the hedge, and at least on each reporting date. The relationship between the variations in the value or changes in cash flows of the hedging instrument and of the hedged item must be within a range of 80% to 125%.

If necessary, hedging accounting can be discontinued prospectively.

Fair value hedging of specified financial assets and liabilities

In the case of a fair value hedging relationship, derivatives are remeasured at fair value through profit or loss under the heading "Net gains or losses on financial instruments at fair value through profit or loss» symmetrically to the remeasurement of the hedged items up to the limit of the hedged risk. This rule also applies if the hedged item is recognised at amortised cost or if it is classified under « Financial assets at fair value through equity ».

Since the changes in the fair value of the hedging instrument and of the hedged item partially or totally offset each other, only the hedge inefficiency is recognised in profit or loss.

The part corresponding to the rediscount of the derivative instrument is posted to the income statement under Interest income and expenses, symmetrically to the interest income or expenses relating to the hedged item.

If the hedging relationship ends or the efficiency criteria are no longer met, hedge accounting is discontinued prospectively. The hedging instruments are transferred to « Financial assets at fair value through profit or loss » and recognised according to the principles applicable to this category. The balance sheet value of the hedged item is no longer adjusted to reflect the changes in fair value. In the case of identified interest rate instruments initially hedged, the remeasurement is amortised over the remaining term. If the hedged items is removed from the balance sheet, due to early redemption, for example, the cumulative adjustments are immediately recycled to the income statement.

Macro-hedging derivatives

The group uses the options offered by the European Commission to account for its macro-hedging transactions. The EU'S « carve-out » amendments to IAS 39 allow entities (i) to include customer demand deposits in portfolios of hedged fixed-rate liabilities and (ii) not to measure inefficiency if under-hedged. Demand deposits are included according to the runoff laws defined for managing the balance sheet.

For each portfolio of financial assets or liabilities at a fixed rate, the maturity schedule of the hedging derivatives is matched with that of the hedged items to make sure there is no over-hedging.

The accounting treatment of macro-hedging derivatives is similar to that of fair value derivatives. The change in the fair value of hedged portfolios is recognised on a separate line of the balance sheet under « Remeasurement difference of portfolios hedged by rate », through the counterpart of the income statement.

Cash flow hedges

Cash flow hedging derivatives are remeasured at fair value on the balance sheet, with a contra in equity for the efficient portion. The inefficient portion is recognised in the income statement under « Net gains and losses on financial instruments at fair value through profit or loss ».

The amounts posted to equity are recycled to the income statement, under « Interest income and expenses », according as the flows attributable to the hedged item affect profit or loss.

Hedged items remain accounted for in accordance with the rules specific to their accounting category. If the hedging relationship ends or the efficiency criteria are no longer met, hedge accounting is discontinued.

The amounts accumulated in equity, in respect of the remeasurement of the hedging instrument, are retained in equity until the hedged item affects profit or loss or until it is determined that the transaction will not occur. These amounts are then transferred to profit or loss.

If the hedged item disappears, the cumulative amounts recognised in equity are immediately transferred to profit or loss.

1.6 Derecognition of financial assets liabilities

A financial asset (or group of similar assets) is derecognised in whole or in part when the contractual rights to the cash flows associated with it expire or when the group transfers these contractual rights to the cash flows from the asset, and when practically all the risks and benefits associated with this financial asset are transferred.

On the derecognition of:

- a financial asset or liability at amortised cost or at fair value through profit or loss, a disposal gain or loss is recognised in the income statement in an amount equal to the difference between the carrying amount of this asset or liability and the value of the consideration received or paid.
- a debt instrument at fair value through equity, the unrealised gains or losses previously recognised in equity are transferred to the income statement, as well as the disposal gains or losses.
- an equity instrument recognised at fair value through equity, the unrealised gains or losses previously recognised in equity and the disposal gains or losses are recognised in consolidated reserves, without first being transferred to the income statement.

The group derecognises a financial liability when the obligation under the contract is extinguished, cancelled or expired. A financial liability may also be derecognised if there are material changes to the contractual conditions or if it is exchanged with the lender for an instrument with substantially different contractual terms.

1.7 Assessing credit risk

The impairment model in IFRS 9 is based on the premise of providing for expected losses, while the model in IAS 39 is based on actual credit losses. When the financial crisis hit, taking the IAS 39 impairment approach was found to lead too late and to an under-appreciation of credit losses. Under IFRS 9, for financial assets for which there is no objective evidence of impairment on an individual basis, impairments are booked based on information on past losses and reasonable and supportable forecasts of future cash flows.

This new impairment model will apply to all debt instruments measured at amortised cost or at fair value through equity, according to the three-bucket approach:

- **Bucket 1:** provisioning on the basis of 12-month expected credit losses (that result from default events that are possible within the next 12 months) on instruments issued or acquired, financial assets, and when no material increase in the credit risk has been recognised since initial recognition.
- **Bucket 2:** provisioning on the basis of credit losses expected at maturity (that result from the risk of default over the full life of the financial instrument) must be recognised if the credit risk has increased significantly since initial recognition, and
- **Bucket 3:** category including impaired financial assets where there is an objective indication of impairment related to an event that occurred after the loan was arranged. This category is equivalent to the scope of debt instruments currently impaired on an individual basis under IAS 39.

For buckets 1 and 2, the basis for calculating interest income is the gross asset value before impairment. For bucket 3, this is the net value after impairment.

Governance

The models used for allocation between the three buckets, the prospective scenarios and the parameter calculation methods constitute the methodological basis for the group's impairment calculations. They are approved at the highest level of management for application in all entities as appropriate for the portfolios concerned. This core methodology, and any change to our methods, to how scenarios are weighted or how parameters or provisions are calculated must be approved by the Cofidis Participations group's governing bodies.

A significant increase in credit risk is measured:

- based on all reasonable and supportable information, and
- by comparing the risk of default on the financial instrument between the reporting date and the date of initial recognition.

At group level, this means measuring the borrower's risk, after measuring the change in risk for each contract.

To define the threshold between buckets 1 and 2:

- the group will base its assessments on the models developed for prudential purposes, as well as on the measurement of 12-month default risk (represented by a default score or rate), as permitted under the standard.
- it will combine these quantitative data with qualitative data, such as unpaid/late payments over 30 days, the concept of restructured loans, etc.
- less complex methods will be used for the entities or small portfolios that are classified prudentially under the standard method and that do not have a scoring system.

1.8 Determining the fair value hierarchy of financial instruments

The fair value is the amount for which an asset could be sold or a liability transferred, between knowledgeable, willing parties in an arm's length transaction.

When the instrument is initially recognised, the fair value is generally the transaction price.

For subsequent measurements, the fair value must be determined. The method used varies according to whether the instrument is traded on a market that is active or not.

INSTRUMENTS QUOTED ON AN ACTIVE MARKET

When instruments are traded on an active market, the fair value is calculated based on quoted prices, as they represent the best evidence of fair value. A financial instrument is considered as listed on an active market if prices are easily and regularly available from a stock exchange, broker, trader or quotation system, and these prices represent actual transactions and take place regularly in arm's length transactions on the market.

INSTRUMENTS TRADED ON AN INACTIVE MARKET

Observable inputs on a market are used, provided these inputs reflect realistic transactions under normal market conditions on the measurement date and provided there is no need to make significant adjustments to this value. In other cases, the group uses « mark-to-model » non-observable inputs.

Where observable inputs are not available or when the adjustments to market prices have to be based on non-observable inputs, the entity may use internal assumptions about future cash flows and discount rates, including adjustments for risks that the market would incorporate. These valuation adjustments include risks that would not be taken into account by the model, liquidity risks associated with the instrument or parameter, specific risk premiums intended to offset certain additional costs that would arise from the dynamic management strategy in relation with the model under certain market conditions.

When making fair value adjustments, each risk factor is considered individually and no diversification effects between risks, parameters or models of a different nature are taken into account. The group usually takes a portfolio approach to a given risk factor.

In all cases, adjustments are made by the group in a reasonable and appropriate manner, using judgment.

FAIR VALUE HIERARCHY

There are three levels of fair value for financial instruments:

- **Level 1:** prices quoted on active markets for identical assets or liabilities; these primarily concern securities quoted by at least three participants and derivatives quoted on an organised market.
- **Level 2:** market inputs other than Level 1 inputs that are observable for the relevant asset or liability, either directly (i.e. prices) or indirectly (i.e. price-derived inputs) ; Level 2 includes interest rate swaps where the fair value is generally calculated using rate curves based on market rates observed on the reporting date.
- **Level 3:** inputs not based on observable market data. This category includes non-consolidated equity investments, whether or not held through venture capital entities, in trading activities, debt securities quoted by a single contributor and derivatives using mainly unobservable parameters. The instrument is classified in the same level of the hierarchy as the lowest level of the input significant to the overall fair value. Given the diverse range and volume of instruments valued in Level 3, the sensitivity of the fair value to changes in the parameters would not be material.

❷ DEFERRED TAXES

IAS 12 requires recognition of deferred taxes under the following conditions:

- a deferred tax liability must be recognised for all taxable temporary differences in the accounting value of an asset or liability on the balance sheet and its tax base, except to the extent that the deferred tax liability is generated by: the original recognition of goodwill, or initial recognition of an asset or liability in a transaction that is not a business combination, which, at the time of the transaction, does not affect the accounting or the taxable profit (tax loss).
- a deferred tax asset must be recognised for all deductible temporary differences, between the accounting value of an asset or liability on the balance sheet and its tax base, to the extent that it is likely that a taxable profit, on which these deductible temporary differences could be charged, will be available, unless the deferred tax asset was not generated by the initial recognition of an asset or a liability in a transaction that is not a business combination and that affects neither the accounting profit nor the taxable profit (tax loss) on the date of the transaction.
- a deferred tax asset must also be recognised for carrying forward unused tax losses and tax credits, to the extent that it is likely that there will be future taxable profit to which these unused tax losses and tax credits may be charged.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, to the extent that these rates have been adopted at the reporting date.

Gains on equity securities, as defined by the French General Tax Code and falling within the long-term tax system, are exempt for fiscal years starting on or after 1 January 2007. Therefore, unrealised capital gains recorded on the reporting date do not generate temporary differences giving rise to the recognition of deferred taxes.

Deferred tax is recognised in the net profit or loss for the period except to the extent that the tax is generated:

- either by a transaction or an event that is recognised directly in equity, in the same period or a different period, in which case it is directly debited or credited in equity.
- or by a business combination.

Deffered tax assets and liabilities are offset if and only if:

- the entity has a legally enforceable right to offset due tax assets and liabilities, and
- the deferred tax assets and liabilities relate to taxes on profits levied by the same tax authority, either on the same taxable entity, or on different taxable entities that have the intention, either to settle the due tax assets and liabilities based on their net amount, or to realise the assets and settle the liabilities simultaneously, during each future accounting period in the course of which it is expected that significant amounts of deferred tax assets or liabilities will be settled or recovered.

Calculations of deferred taxes are not discounted.

❸ FIXED ASSETS

In compliance with IAS 16, when a fixed asset is structured through components with different useful lives, these are recognised and depreciated as distinct items. The depreciable base takes account of any residual value of fixed assets.

When it appears from the terms of a lease contract in which the Cofidis Participations group is lessee that practically all the risks and benefits inherent in ownership are transferred by the lessor to the lessee, the corresponding assets are recorded at the time of first recognition as tangible assets on the Cofidis Participations group's balance sheet, in an amount equal to the fair value of the leased asset or the discounted value of the minimum payments made in respect of the lease, if this is lower. This sum is then reduced by depreciation and impairment recorded. The financial commitments arising from it are entered in financial debts.

Fixed assets are depreciated by the straight-line method over the foreseeable useful life of the assets. Principal useful lives selected:

15-30 years
Land, landscaping, utility services

20-80 years*
Constructions – carcass structure

10-40 years
Constructions – equipment

5-15 years
Fixtures and fittings

5-10 years
Furniture and office equipment

3-10 years
Safety equipment

3-5 years
Movable equipment

3-5 years
Computer equipment

1-10 years
Software acquired or created internally

9-10 years**
Acquired client base

*depending on the type of building concerned
**if acquiring customer contract portfolio

In accordance with IAS 36 « Impairment of assets », when events or changes in the market environment indicate a risk of impairment of intangible and tangible assets, they must be reviewed in detail to determine if their carrying amount is lower than their recoverable value, this being defined as the higher of the fair value (reduced by the disposal cost) and the value in use. The value in use is determined by discounting future cash flows expected from the use of the asset and its disposal.
Where the recoverable amount would be less than the carrying amount, an impairment loss is recognised for the difference between these two amounts. Impairment losses relating to intangible assets can be reversed subsequently if the recoverable value becomes greater than the carrying amount (up to the limit of the initially recognised depreciation).

Based on the information on fixed asset values available to it, the Cofidis Participations group can conclude that impairment testing would not result in modifying the values recorded on the balance sheet at 31 December 2019.

4 GOODWILL

4.1 Initial recognition

Assets and liabilities acquired as part of a business combination are recognised according to the acquisition method: assets and liabilities are then recorded at fair value. The residual difference between the acquisition price and the revalued assets and liabilities is recognised under « Goodwill ».

4.2 Impairment tests and Cash Generating Units (CGUS)

In accordance with revised IFRS 3 Business Combinations, goodwill is no longer subject to systematic annual depreciation: the net value of intangible items is subject to periodic analysis based on discounting future financial flows corresponding to the most probable assumptions made by Top Management. This impairment test is based on assumptions in terms of growth rate, discount rate and tax rate. The selected assumptions are based on business plans for future years. This measurement is carried out on an annual basis or when a significant event requires it. Depreciation is recognised when the measurement reveals undervaluing of the intangible items assessed.

To perform this impairment test, goodwill must be allocated to each of the CGUs, forming a unified group jointly generating identifiable cash flows and which are largely independent from the cash inflows generated by other asset groups. The value in use of these units is determined by reference to discounted net future cash flows. When the carrying amount of the CGU is greater than the value in use, an impairment loss is recognised for the difference and charged in the first instance to goodwill.

As part of its transition to IFRS, the group considered that the legal entities constituted CGUs.

5 PROVISIONS

Cofidis Participations group has identified all its obligations (legal or implicit), resulting from a past event, for which it is likely that settlement is expected to result in an outflow of resources, for which the timing or amount are uncertain but for which the estimate can be determined reliably.
In respect of these obligations, Cofidis Participations group has constituted provisions that in particular cover:

- company commitments.
- legal risks.

These provisions are estimated according to their nature, taking account of the most likely assumptions. The amount of the obligation, whether it is legal, regulatory or contractual, is discounted to determine the amount of the provision, once such discounting represents a significant feature.

6 EMPLOYEE BENEFITS

6.1 Employee benefits

Under IAS 19, employee benefits are grouped into four categories:

- short-term employee benefits.
- post-employment benefits.
- long-term employee benefits.
- termination benefits.

From 1 January 2012, they are recognised in accordance with IAS 19R, which is applied in advance. The new provisions result in:

- defined post-employment benefits, by the immediate recognition of actuarial gains and losses in unrealised gains or losses or deferred and recognised in equity, and the changes to the plan in income, the application to the plan assets, of the discount rate for debt and improved disclosures.

6.1.1 Short-term employee benefits

Short-term employee benefits include:

- salaries, remuneration and social security contributions.
- short-term paid absences (particularly annual leave and sick leave).
- profit sharing and bonuses.
- non-monetary benefits (medical aid, housing, company cars, etc.) granted to staff in active employment.

All of these short-term benefits are recognised as costs for the period.

6.1.2 Post-employment benefits

Post-employment benefits essentially relate to retirement and are governed by arrangements classified into two categories:

- defined contribution plans: those under which the group's commitment is limited to the payment of a contribution, but includes no commitment by the group as to the level of benefits provided. The contributions paid are recognised as costs in the accounting period.
- defined benefit plans: these are schemes for which the group is committed formally or by implicit obligation to an amount or a level of benefits and therefore assumes the medium or long-term risk.

The principle is that the cost of the post-employment benefits must be recognised as costs during the employee's period of employment and not at the time they effectively receive these benefits:

- in a defined contributions scheme, the company is discharged from any obligation once it has paid its contributions to the funds. The cost of post-employment benefits therefore corresponds quite simply to the contributions over the period.
- in a defined benefits scheme, the cost of post-employment benefits depends partly on the variation in the amount of the company's commitments during the accounting period and partly on the change in the value of the fund's assets.

A provision is recognised in the balance sheet liabilities in order to cover all the retirement commitments. The evaluation performed on a minimum annual basis incorporates demographic assumptions, early retirements, increases in salaries and discount and inflation rates.

When these schemes are financed by external funds meeting the assets definition of the scheme, the provision intended to cover the relevant commitments is reduced by the amount of the fair value of these funds.

The differences generated by changes in these assumptions and by differences between previous assumptions and what has actually occurred constitute actuarial gains and losses. When the plan has assets, they are measured at fair value and their expected return is recognised in profit or loss. The difference between the actual return and the expected return is also an actuarial gain or loss.
Actuarial gains and losses are posted to unrealised or deferred gains or losses and recognised in equity. Plan reductions and liquidations result in a variation in the commitment, which is recognised in profit or loss for the period.

6.1.3 Termination benefits

These benefits are recognised if and only if the company is « demonstrably committed » to terminate the employment of one or more members of staff before the normal retirement age, or to provide these benefits following an offer made to encourage voluntary redundancy.

IAS 19 states that the company is « demonstrably committed » to a termination when, and only when it has a detailed formal plan for the termination and is without realistic possibility of withdrawal. It adds that such a plan must, as a minimum, indicate:

- the location, function and approximate number of people affected.
- the benefits provided for each function or professional classification.
- the date on which the plan will be implemented.

These benefits are subject to a provision at the end of the accounting period.

7 EQUITY INTRUMENTS: DEEPLY SUBORDINATED NOTES

7.1 Characteristics of deeply subordinated notes

The French Financial Security Law of 2003 introduced the possibility of issuing securities qualified as «deeply subordinated». These securities are perpetual and are therefore issued for an unlimited period, no repayment date being contractually established. In the event of the issuer going into official receivership, the eligibility of holders of such securities ranks lower than that of all other categories of bonds. Usually, the issuer has a repayment option starting from a given maturity date and is bound to pay interest to bearers of the securities when it proceeded to pay dividends during the accounting period.

7.2 Accounting treatment: nominal and interest expense

IAS 32 and IAS 39, relating to the presentation and recognition of financial instruments, distinguish between debt instruments and equity instruments, in particular based on the substance of the instruments' contractual characteristics.

According to IAS 32, a financial instrument for which repayment is not provided in own shares is an equity instrument if there is no contractual obligation to settle in cash or another financial asset under potentially unfavourable conditions for the issuer. When repayment of the capital is at the sole discretion of the issuer, the classification of issued securities as debt instruments or as equity instruments is determined on the basis of other rights attached to them. When repayment of the securities is at the discretion of the issuer, the securities are equity instruments.

Non-redeemable deeply subordinated notes, except at the issuer's initiative, and for which the payment of a coupon is not obligatory, constitute consolidated equity and are therefore recognised for the cash amount received.

The coupons attaching to them are entered as financial expenses for the accounting period in the individual financial statements of the issuer and, in the consolidated financial statements, are carried over to reduce equity by the amount paid net of tax.

8 INTEREST INCOME AND EXPENSE

Interest income and expenses are recognised in the income statement for all financial instruments measured at amortised cost using the effective interest rate method.
The effective interest rate is the rate used to discount future cash inflows or outflows over the estimated lifetime of the financial instrument so as to obtain the carrying amount of the financial asset or liability. To determine the effective interest rate, the group estimates the cash flows taking contractual procedures into consideration. This calculation includes the commissions paid or received between the parties to the contract or intermediaries once they are linked to the yield from the financial instrument, as well as the transaction costs and losses.
As soon as a financial asset or a group of similar financial assets has been depreciated following an impairment loss, subsequent interest income is recognised in the income statement under « Interest and similar income » based on the original effective interest rate.

9 NET COMMISSION INCOME

Commissions directly related to arranging a loan are spread according to the effective interest rate method.
The group recognises commission income and expenses on services through profit or loss based on the nature of the services to which they are related.
Commissions remunerating continuous services is spread through profit or loss over the duration of the service rendered. Commissions remunerating occasional services, such as penalties on payment incidents, are fully recognised through profit or loss, under « Commission income », when the service is delivered.

10 RENTAL CONTRACTS

Rental contracts, by definition, involve the recognition of an asset and the lessee's control over the right of use of this particular asset.
On the lessee's side, simple rental contracts and financial rental contracts are recognised according to a single template, with observation:

- of an asset representing the right of use of the rented asset during the length of the contract.
- in return for a debt according to the rent's payment obligation.
- of a straight-line depreciation of the asset and decreasing interest charges on the income statement.

The group activates mainly the property leases, except for those tacitly renewed (taking into account the 6-month termination notice). In compliance with the standards, the auto fleet was only retired when locally significant and the security and computer hardware were removed due to their substitutable nature.
Other implicit assets may have been excluded via short-term and low-value exemptions (fixed at €5k). No lease owned by the group would lead to the regulation fo intangible assets or investment properties.
Thus, rights of use are registered as « tangible assets », and rental obligations in « other liabilities ». Lease rights, when not about tacitly renewed contracts, are reclassified in tangible assets. Rights of use and rental obligations are subjected to deferred tax assets or liabilities for the net amount of taxable and deductible temporary differences.
In the income statement, interest expenses appear in the « interest margin » whereas the amortisation expenses are featured in the section dedicated to overhead costs.

The basis for calculating the rental obligation are:

- the length of the contract. On commercial leases, the group follows ANC, in applying contractual provisions: every new contract is activated on a 9-year period. Indeed, renewing at the end of the lease is not in option for an accounting point of view, thus, given the group's location choices, the contract is enforceable for 9 years.
- the discount rate is the marginal debt ratio corresponding to a particular length. It is an amortised rate by the group's refinancing central.
- lease payment excluding taxes. The group is remotely concerned by variable lease payments.

11 JUDGEMENTS AND ESTIMATES USED IN PREPARING THE FINANCIAL STATEMENTS

In preparing the financial statements at 31 December 2019, to management is required to make measurements, which by nature, require making assumptions and include risks and uncertainties regarding their future realisation.
These can be influenced by many factors, particularly:

- activities in national and international markets.
- fluctuations in interest and exchange rates.
- the economic and political situation in some business segments or countries.
- changes in regulations or in legislation.

This list is not exhaustive.
Accounting estimates that require assumptions to be made are used principally for the following measurements:

11.1 Financial instruments measured at fair value

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.
The fair value selected to measure a financial instrument is first the quoted market price for the financial instrument when it is listed on an active market. If a market for a financial instrument is not active, fair value is then determined using measurement techniques. A financial instrument is considered as listed on an active market if prices are easily and regularly available from a stock exchange, broker, trader or regulatory agency, and these prices represent actual transactions and take place regularly in arm's length transactions on the market.

When a financial instrument is handled on different markets and the group has immediate access to these markets, the fair value of the financial instrument is represented by the market price. When there are no listings for a given financial instrument but the components of this financial instrument are listed, the fair value is equal to the sum of the prices listed for the different components of the financial instrument including the purchase and sale price of the net position.

If a market for a financial instrument is not active, its fair value is determined using measurement techniques. Depending on the financial instrument, these include using data from recent transactions, fair values of comparable financial instruments and valuation models based on discounting future cash flows.

11.2 Pension schemes and other future social benefits

Calculations relating to expenses associated with pensions and future financial benefits are based on assumptions for discount rates, staff turnover or rates of growth for salary and social security contributions, made by Top Management. If the actual figures differ from the assumptions used, the expense associated with pensions can increase or decrease during future accounting periods.

Top Management also estimates the predicted yield rate for assets in these schemes. Estimated yields are based on the predicted yield from fixed payment securities, particularly the yield from bonds.

11.3 Depreciations of customer advances

The value of the « Loans and advances » entry is adjusted using a provision relating to depreciated advances when there is a proven risk of non-recovery for these debts.

The measurement of this provision is estimated on a discounted basis depending on a certain number of factors. It is possible that future credit risk assessments may differ significantly from current assessments, which could necessitate an increase or reduction in the amount of the provision.

11.4 Provisions

The measurement of other provisions may also be the subject of estimates, particularly provisions for legal risks that result from Top Management's best assessment, given the information in its possession at the end of period, at 31 December 2019.

11.5 Impairment of goodwill

Goodwill is impairment tested at least once a year. Selected assumptions in terms of business growth and discount rates for future financial flows may influence the amount of any impairment losses to be recognised. A description of the method applied is outlined in the section « Consolidation principles and methods ».

11.6 Uncertainty over Income Tax Treatments

IFRIC 23, Uncertainty over Income Tax Treatments was issued on 7 June 2017, effective for annual periods beginning on or after 1 January 2019.
The interpretation posits an assumption that the tax authority:

- will examine all amounts reported to it.
- and will have full knowledge of all relevant information when doing so.

An entity must consider whether it is probable that the relevant authority will accept the tax treatment position and determine the consequences for the taxable profit or loss, tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings. If there is uncertainty (in other words, if it is probable that the tax authority will not accept the particular tax treatment), the entity has to use the most likely amount or the expected value of the tax treatment based on the method that provides the best prediction of the amount due or receivable.

At this stage, we are of the opinion that the scope of IFRIC 23 is limited to income tax; accordingly we do not expect our current practice to change. The group currently recognises a risk when a reassessment notice is received in respect of the entity, an associate entity or a third-party entity.

IV

Notes on the consolidated balance sheet

1 CASH ON HAND, BALANCES AT CENTRAL BANKS (IN THOUSANDS OF EURO)

	31/12/2019	31/12/2018
Accounts open at central banks	0	0
Cash and cash equivalents	351	310
TOTAL	**351**	**310**

2 FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

At 31 December 2019, financial assets recognised at fair value through the income statement stood at €45k. The group does not hold financial liabilities at fair value through the income statement.

	31/12/2019	31/12/2018
Securities at fair value through profit or loss	45	45
TOTAL SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**45**	**45**

3 DERIVATIVE INSTRUMENTS

3.1 Derivative hedging instruments

At 31 December 2018, financial instrument interest rate swaps amounted to €11,485 thousands in assets and €46,309 thousands in liabilities.

The portfolio is broken down as follows:

- swaps paying a fixed rate used to hedge the risks associated with financing fixed rate outstanding debts.
- interest rate options (particularly CAP guaranteeing a ceiling rate) used to guard against a rise in the financing cost for variable rate loans arising from a large increase in rates.
- swaps receiving a fixed rate used to hedge the risks associated with loans granted at variable rates.
- currency swaps paying a fixed rate in Hungarian forints and Czech krona used to hedge the risk associated with refinancing the Hungarian and Czech branches.

Derivative hedging instruments - asset fair value (in thousands of euro):

	31/12/2019				31/12/2018
	< 1 year	> 1 year and < 5 years	> 5 years	Total in market value	
Swaps	9,888	1,535	62	11,485	8,122
Options	0	0	0	0	0
TOTAL	**9,888**	**1,535**	**62**	**11,485**	**8,122**

	31/12/2019	31/12/2018
Cash flow hedging derivative instruments	8,622	7,718
Foreign exchange rate derivative hedging instruments	1,642	404
Fair value derivative hedging instruments (1)	1,221	0
TOTAL	**11,485**	**8,122**

Derivative hedging instruments - liability fair value (in thousands of euro):

	31/12/2019				31/12/2018
	< 1 year	> 1 year and < 5 years	> 5 years	Total in market value	
Swaps	32,129	14,180	0	46,309	32,292
Options	0	0	0	0	0
TOTAL	**32,129**	**14,180**	**0**	**46,309**	**32,292**

	31/12/2019	31/12/2018
Cash flow hedging derivative instruments	6,013	21,215
Foreign exchange rate derivative hedging instruments	459	250
Fair value derivative hedging instruments (1)	39,838	10,827
TOTAL	**46,309**	**32,292**

The strategy for using hedging instruments is explained in detail in note IX « Risk exposure and hedging policy ».

(1) For fair value hedging, refer to § III.1.5.

3.2 Fair value hierarchy for financial instruments

There are three levels of fair value for financial instruments, according to the definitions in IFRS 7:

- **Level 1:** prices quoted on active markets for identical assets or liabilities.
- **Level 2:** data other than quoted prices as in Level 1, that is observable for the relevant asset or liability, either directly (i.e. prices) or indirectly (i.e. price-derived data).
- **Level 3:** data relating to the asset or liability that are not based on observable market data (unobservable data).

	Level 1	Level 2	Level 3	Total	Transfers L1 => L2	Transfers L2 => L1
Financial assets						
Assets at fair value through profit or loss		45		45	0	0
Derivative hedging instruments	0	11,485	0	11,485	0	0
TOTAL	**0**	**11,530**	**0**	**11,530**	**0**	**0**
Financial liabilities						
Derivative hedging instruments	0	46,309	0	46,309	0	0
TOTAL	**0**	**46,309**	**0**	**46,309**	**0**	**0**

3.3 Remeasurement surplus for rate hedging portfolios

	Fair value 31/12/2019	Fair value 31/12/2018	Change in fair value
Fair value of insterest rate risk by portfolios financial assets/liabilities:			
• financial assets	36,739	26,351	10,388
• financial liabilities	0	0	0

4 SECURITIES AT AMORTISED COST

	31/12/2019	31/12/2018
Certificates of membership of deposit guarantee funds	549	415
TOTAL SECURITIES AT AMORTISED COST	**549**	**415**

	FV of non depreciated assets	FV of depreciated assets	Net carrying amount
Central administration	0	0	0
Credit institutions	549	0	549
Institutions not credit institutions	0	0	0
Large companies	0	0	0
Retail customers	0	0	0
TOTAL	**549**	**0**	**549**

5 LOANS AND ADVANCES TO CREDIT INSTITUTIONS AT AMORTISED COST (IN THOUSANDS OF EURO)

	31/12/2019	31/12/2018
Accounts and loans	1,284,271	829,039
Associated advances	0	0
TOTAL OF LOANS AND ADVANCES TO CREDIT ESTABLISHMENTS	**1,284,271**	**829,039**

The « Loans and advances to credit institutions » entry does not include depreciation.

6 LOANS AND ADVANCES TO CUSTOMERS AT AMORTISED COST (IN THOUSANDS OF EURO)

	31/12/2019		
	Gross value	Impairment	Net value
Sound advances (S1)	11,500,638	255,603	11,245,035
Sound advances (S2)	1,126,369	191,898	934,471
Doubtful advances (S3)	2,356,092	1,653,181	702,911
LOANS AND ADVANCES TO CUSTOMERS	**14,983,099**	**2,100,682**	**12,882,417**

	31/12/2018		
	Gross value	Impairment	Net value
Sound advances (S1)	10,282,392	239,355	10,043,037
Sound advances (S2)	1,156,482	202,855	953,626
Doubtful advances (S3)	2,141,959	1,529,054	612,905
LOANS AND ADVANCES TO CUSTOMERS	**13,580,833**	**1,971,264**	**11,609,569**

Breakdown of loans and advances to customers by due date (in thousands of euro)

	31/12/2019		
	Less than a year	More than a year	Total
Loans and advances to customers	3,714,448	9,167,969	**12,882,417**

	31/12/2018		
	Less than a year	More than a year	Total
Loans and advances to customers	3,284,941	8,324,628	**11,609,569**

Depreciation of loans and advances:

	31/12/2018	Charges Writebacks	Other	31/12/2019
Provisions on sound advances (S1)	239,355	14,952	1,297	255,603
Provisions on sound advances (S2)	202,855	-6,219	-4,738	191,898
Provisions on doubtful advances (S3)	1,529,054	52,583	71,544	1,653,181
DEPRECIATION OF LOANS AND ADVANCES TO CUSTOMERS	**1,971,264**	**61,315**	**68,103**	**2,100,682**

7 ACCRUALS AND MISCELLANEOUS ASSETS

	31/12/2019	31/12/2018
Miscellaneous debtors	40,526	46,786
Other	5,405	1,326
TOTAL MISCELLANEOUS ASSETS	**45,931**	**48,112**
Receivable income	21,048	21,731
Prepaid expenses	17,866	34,236
Other	24,654	24,867
TOTAL ACCRUALS	**63,568**	**80,834**
TOTAL ACCRUALS AND MISCELLANEOUS ASSETS	**109,500**	**128,945**

8 TANGIBLE ASSETS

Variations in the gross values of tangible assets and accrued depreciation are represented in the following table (in thousands of euro):

	31/12/2018	01/01/2019	Increases	Decreases	Other	31/12/2019
Land	73,103		25	0	0	73,128
Computer equipment	6,314		33	(90)	(0)	6,256
Office equipment	12,197		1,319	(351)	(25)	13 ,140
Improvement to buildings	75,996		2,033	(326)	(19)	77,684
Right of use - property		36,616	0	0	(24)	36,591
Right of use - car fleet		1,949	55	0	2	2,006
Other tangible assets	11,013		602	(279)	35	11,371
GROSS VALUE OF TANGIBLE ASSETS	**178,623**	**38,565**	**4,067**	**(1,046)**	**(31)**	**220,177**
Land	8,648		1,833	0	0	10,481
Computer equipment	6,145		56	(91)	0	6,112
Office equipment	8,610		958	(537)	(13)	9,019
Improvement to buildings	23,063		4,416	(331)	(9)	27,139
Right of use - property			5,846	0	(5)	5,841
Right of use - car fleet			694	0	0	694
Other tangible assets	7,376		692	(177)	36	7,926
DEPRECIATION OF TANGIBLE ASSETS	**53,842**	**0**	**14,496**	**(1,136)**	**9**	**67,211**
Provision for tangible assets	0		0	0	0	0
NET VALUE OF TANGIBLE ASSETS	**124,781**	**38,565**	**(10,429)**	**89**	**(41)**	**152,966**

9 INTANGIBLE ASSETS

Variations in the gross values of intangible assets and accrued depreciation are represented in the following table (in thousands of euro):

	31/12/2018	Increases	Decreases	Other	31/12/2019
Lease premium	84	0	(0)	0	83
Trademarks acquired as part of grouping	12,680	0	0	0	12,680
Set-up costs	7	0	0	0	7
Software purchased	37,943	3,827	(1)	-57	41,711
Advances and deposits	212	0	(212)	(0)	0
Other intangible assets	847	0	0	71	918
GROSS VALUE OF INTANGIBLE ASSETS	**51,773**	**3,827**	**(213)**	**13**	**55,399**
Lease premium	5	1	0	0	6
Trademarks acquired as part of grouping	1,353	0	0	0	1,353
Set-up costs	7	0	0	0	7
Software purchased	34,336	1,945	(2)	10	36,289
Other intangible assets	779	89	0	6	875
AMORTISATION AND PROVISIONS FOR INTANGIBLE ASSETS	**36,480**	**2,035**	**(3)**	**16**	**38,529**
NET VALUE OF INTANGIBLE ASSETS	**15,293**	**1,791**	**(211)**	**(3)**	**16,870**

10 GOODWILL (IN THOUSANDS OF EURO)

The change in and breakdown of goodwill are presented as follows:

	2018	Increases	Mergers	2019
Net value of goodwill	244,006	0	0	244,006

Impairment tests in 2019, pursuant to note III 4.2 of these notes, did not result in the recognition of any additional impairment.

11 DEBTS TO CREDIT INSTITUTIONS (IN THOUSANDS OF EURO)

	31/12/2019	31/12/2018
Ordinary demand accounts	14,733	28,351
Ordinary term accounts	11,924,372	10,436,335
Other debts	12,726	15,282
TOTAL DEBTS TO CREDIT INSTITUTIONS	**11,951,831**	**10,479,968**

12 DEBTS TO CUSTOMERS (IN THOUSANDS OF EURO)

	31/12/2019	31/12/2018
Ordinary accounts	187,296	131,356
Special savings accounts	353,094	327,460
Term creditors accounts	5,004	15,234
Other sums due	10,645	10,378
TOTAL DEBTS TO CUSTOMERS	**556,038**	**484,428**

	31/12/2019		
	Less than a year	More than a year	Total
Debts to customers	556,038	0	**556,038**

13 DEBTS REPRESENTED BY A SECURITY (IN THOUSANDS OF EURO)

	31/12/2019	31/12/2018
Negotiable debt instruments	50,000	50,000
Bond issues	0	0
Deposit receits and savings bonds	0	0
Accrued interests	-7	-5
TOTAL DEBTS REPRESENTED BY A SECURITY	**49,993**	**49,995**

Negotiable debt instruments

Negotiable debt instruments are securities representing a lien for a fixed period and are negotiable on a regulated or private market. group financing for this category of debt is made up of:

- medium-term negotiable notes, where the term is greater than one year.
- short-term securities, where the term is less than one year, such as certificates of deposit.

14 CURRENT AND DEFERRED TAX ASSETS AND LIABILITIES (IN THOUSANDS OF EURO)

14.1 Changes in current and deferred tax assets and liabilities

Current tax assets and liabilities

	31/12/2018	Net change	31/12/2019
Current tax assets	21,399	(6,077)	15,321
Current tax liabilities	29,245	(5,055)	24,190
NET CURRENT TAX ASSETS	**(7,847)**	**(1,022)**	**(8,869)**

14.2 Origin of deferred taxes

	31/12/2019		31/12/2018		31/12/2019	31/12/2018
	Asset	Liability	Asset	Liability	Net	Net
TEMPORARY DIFFERENCES	**158,249**	**14,195**	**179,303**	**12,308**	**144,054**	**166,995**
Non-deductible provisions	142,895	0	166,563	0	142,895	166,563
Organic, employee profit sharing	432	313	516	328	119	189
Assets and depreciation	0	322	0	268	(322)	(268)
Employee benefits	6,521	396	5,145	317	6,126	4,828
Regulated provisions	0	1,459	0	1,141	(1,459)	(1,141)
IAS 39 restatements	942	1,651	809	1,895	(709)	(1,085)
Other	7 458	10,054	6,270	8,360	(2,596)	(2,090)
OFFSETTING ASSETS/ LIABILITIES	**(12,658)**	**(12,658)**	**(10,336)**	**(10,336)**	**0**	**0**
TOTAL DEFERRED TAXATION	**145,591**	**1,537**	**168,967**	**1,971**	**144,054**	**166,995**

Offsetting of assets and liabilities is performed for each entity.

15 ACCRUALS AND MISCELLANEOUS LIABILITIES

	31/12/2019	01/01/2019	31/12/2018
Miscellaneous creditors	98,494		118,192
Lease obligations	34,213	39,208	
Miscellaneous company debts	40,294		40,560
TOTAL MISCELLANEOUS LIABILITIES	**173,001**	**39,208**	**158,752**
Expenses to be paid	63,606		61,229
Deferred income	3,194		2,124
Other	84,755		70,259
TOTAL ACCRUALS	**151,555**		**133,613**
TOTAL ACCRUALS AND MISCELLANEOUS LIABILITIES	**324,556**	**39,208**	**292,365**

Lease obligations	=<1year	> 1 year and =< 3 years	> 3 years and =< 6 years	> 6 years and =< 9 years	> 9 years
- Property	5,036	9,956	9,766	7,781	122
- Car fleet	1,004	529	19	-	-

16 PROVISIONS

	31/12/2018	Charges	Write-backs used	Write-backs not used	Other	31/12/2019
Company commitments: pensions	23,156	2,994	(397)	(969)	3,865	28,647
Company commitments: service awards	1,734	106	0	(8)	140	1,972
Legal and tax risk	0	0	0	0	0	0
Provision for restructuring	0	0	0	0	0	0
Provisions for subsidiary risk	0	0	0	0	0	0
Provision for cost and procedural risk	2,000	0	0	0	0	2,000
Miscellaneous risks and expenses	25,788	9,811	0	(4,935)	(628)	30,036
TOTAL PROVISIONS	**52,678**	**12,910**	**(397)**	**(5,913)**	**3,376**	**62,655**

17 SUBORDINATED DEBTS

	31/12/2019	31/12/2018
Subordinated securities	200,000	200,000
Associated advances	199	32
TOTAL SUBORDINATED DEBTS	**200,199**	**200,032**

18 SHAREHOLDERS' EQUITY

18. Composition of share capital

The share capital of the Cofidis Participations Group comprises 211,960,789 fully paid-up ordinary shares, of the same rank, at a par value of €0.15 per share, for a total of €31,794,118.3.

19 SUMMARY OF FINANCIAL INSTRUMENTS CLASSES BY ACCOUNTING CATEGORIES

- at 31 December 2019 (in thousands of euro)

Financial instrument classes	Assets valued at FV through profit/(loss) (FV option)	Securities at amortised cost	Loans and receivables	Derivative hedging instruments	Liabilities at amortised cost	Total carrying amount
Debt instruments	45	549				594
Loans and advances to credit institutions			1,284,271			1,284,271
Loans to customers			12,882,417			12,882,417
Hedging derivatives				11 485		11,485
Derivatives						0
Other advances						0
FINANCIAL ASSETS	**45**	**549**	**14,166,687**	**11,485**	**0**	**14,178,766**
Negotiable debt instruments					50,000	50,000
Bond issues					0	0
Securitisation						0
Accrued interest					-7	-7
Debts to credit institutions					11,951,831	11,951,831
Other debts to credit institutions						0
Debts to customers					556,038	556,038
Other debts to customers						0
Subordinated liabilities					200,199	200,199
Hedging derivatives				46,309		46,309
Derivatives						0
LOANS AND FINANCIAL LIABILITIES	**0**	**0**	**0**	**46,309**	**12,758,062**	**12,804,371**

- at 31 December 2019 (in thousands of euro)

Financial instrument classes	Assets valued at FV through profit/(loss) (FV option)	Securities at amortised cost	Loans and receivables	Derivative hedging instruments	Liabilities at amortised cost	Total carrying amount
Debt instruments	45	415				460
Loans and advances to credit institutions			829,039			829,039
Loans to customers			11,609,569			11,609,569
Hedging derivatives				8,122		8,122
Derivatives						0
Other advances						0
FINANCIAL ASSETS	**45**	**415**	**12,438,608**	**8,122**	**0**	**12,447,190**
Negotiable debt instruments					50,000	50,000
Bond issues					0	0
Securitisation						0
Accrued interest					-5	-5
Debts to credit institutions					10,479,968	10,479,968
Other debts to credit institutions						0
Debts to customers					484,428	484,428
Other debts to customers						0
Subordinated liabilities					200,032	200,032
Hedging derivatives				32,292		32,292
Derivatives						0
LOANS AND FINANCIAL LIABILITIES	**0**	**0**	**0**	**32,292**	**11,214,422**	**11,246,714**

V Notes to off-consolidated balance sheet items

1 FINANCE AND GUARANTEE COMMITMENTS

The lending that the group has irrevocably undertaken to grant to its customers, on their request (in the context of opening revolving credit facilities) amounted to €1,902 million at 31 December 2019.

In thousands of euro	31/12/2019	31/12/2018
FINANCE COMMITMENTS		
Commitments made to credit institutions	0	0
Commitments received from credit institutions	9,074	14,590
Commitments made to customers	1,902,333	1,877,017
GUARANTEE COMMITMENTS		
Guarantees, sureties, and other guarantees on the request of credit establishments	0	0
Guarantees, sureties, and other guarantees received from credit establishments	18,104	24,352
Guarantees on the request of customers	28,710	30,886
Guarantees received from customers	376,983	33,955

2 TERM FINANCIAL INSTRUMENTS

In accounting terms, all transactions are considered from their conclusion, even if the period covered is deferred.

VI Notes to the consolidated income statement

1 NET BANKING INCOME (IN THOUSANDS OF EURO)

	31/12/2019	31/12/2018
Income from interest on advances to credit institutions	2,023	2,263
Income from interest on advances to customers	1,140,025	1,090,624
Income from interest on hedging derivatives	12,170	12,606
INTEREST AND SIMILAR INCOME	**1,154,218**	**1,105,493**
Interest expenses paid on liabilities to credit institutions	16,134	20,544
Interest expenses paid to customers	1,628	1,952
Interest expenses paid on debts represented by a security and subordinated debt	3,457	1,534
Interest expenses on hedging derivatives	33,524	34,970
Interest expenses on simple rental operations	409	0
INTEREST AND SIMILAR EXPENSES	**55,152**	**59,000**
Commission (Income)	307,109	285,199
Commission (Costs)	52,000	38,254
NET GAINS OR LOSSES ON COMMISSIONS	**255,109**	**246,945**
NET GAINS OR LOSSES FROM PORTFOLIOS AT FAIR VALUE THROUGH PROFIT OT LOSS	**87**	**557**
Income from other activities	1,118	1,163
Expenses from other activities	489	256
NET GAINS OR LOSSES ON OTHER ACTIVITIES	**628**	**908**
NET BANKING INCOME	**1,354,890**	**1,294,902**

2 GENERAL OPERATING COSTS (IN THOUSANDS OF EURO)

	31/12/2019	31/12/2018
Payroll [1]	279,603	260,616
Tax and duties	17,380	16,821
Other operating costs	393,508	391,420
TOTAL GENERAL OPERATING COSTS	**690,490**	**668,856**

[1] Payroll expenses are detailed in Note VIII « Employee benefits »

3 AMORTISATION EXPENSES AND DEPRECIATION OF TANGIBLE AND INTANGIBLE ASSETS (IN THOUSANDS OF EURO)

	31/12/2019	31/12/2018
Provision for depreciation of intangible assets	2,035	1,534
Provision for depreciation of tangible assets	14,496	7,574
TOTAL AMORTISATION EXPENSE AND DEPRECIATION OF ASSETS	**16,531**	**9,108**

4 COST OF RISK (IN THOUSANDS OF EURO)

	31/12/2019	31/12/2018
Net provisions for depreciation	61,081	(2,981)
Recovery of depreciated advances	(105,708)	(93,659)
Transfer to losses	376,173	405,224
COST OF CUSTOMER RISK	**331,547**	**308,583**

5 NET GAINS OR LOSSES ON OTHER ASSETS (IN THOUSANDS OF EURO)

	31/12/2019	31/12/2018
Income from asset disposals	35	27
Capital loss on asset disposals	(29)	(81)
GAINS OR LOSSES ON OTHER ASSETS	**6**	**(53)**

6 TAXES (IN THOUSANDS OF EURO)

6.1 Tax expense

	31/12/2019	31/12/2018
Current tax expense	92,165	110,879
Deferred tax expense	10,198	(14,315)
TAX EXPENSE FOR THE PERIOD	**102,363**	**96,563**

6.2 Tax analysis

Reconciliation between the theoretical tax expense and the tax expense entered in the income statement for the group is detailed as follows (in millions of euro):

	31/12/2019	31/12/2018
CONSOLIDATED PROFIT OR LOSS BEFORE TAXES	**316**	**308**
Current tax rate in France	34.43%	34.43%
Theoretical tax at current French tax rate	108.9	106.1
Effect of permanent differences	-1.1	-0.7
Differences in foreign tax rates	-9.0	-7.1
Effect of unrecognised tax assets (1)	1.7	1.3
Rate change	0.6	0.4
Tax on dividend	0.0	0.0
Other	1.3	-3.5
GROUP TAX CHARGE	**102.4**	**96.6**
EFFECTIVE TAX RATE	**32.36%**	**31.32%**

(1) Non-recognized tax assets include the non-activation of deficits

7 AUDITORS' FEES

In thousands of euro	Total fees	KPMG	MAZARS	PwC
Certification	**1,228,168**	**157,755**	**554,610**	**515,803**
Ancillary missions*	**220,860**	**1,745**	**34,190**	**184,925**
TOTAL	**1,449,028**	**159,500**	**588,800**	**700,728**
Including fees paid to the statutory auditors in France to certify the financial statements:	545,489	34,900	253,175	257,414
Including fees paid to the statutory auditors in France for services other than certification of the financial statements:	65,618	1,745	16,825	47,048

* Services other than certification of the financial statements include fees for work required by law as well as fees for the certifications required by the regulations.

VII

Segment information

❶ DEFINITION OF ACTIVITY SEGMENTS

The entities in the Cofidis Participations group conduct business in a single segment of activity, namely consumer credit to private individuals. Accordingly, in application of IFRS 8 relating to operating segments, we are required to disclose information on the geographical breakdown of the areas in which we operate, which is the only segment information provided by the group.

There are three regions in the geographical breakdown, namely « France », « Southern Europe », and « Belgium & Eastern Europe ».

❷ SEGMENT INFORMATION BY GEOGRAPHY: DATA FROM THE INCOME STATEMENT (IN THOUSANDS OF EURO)

Transactions between business centres are concluded under market conditions and segment assets are determined based on the accounting items making up the balance sheet for each business centre.

31/12/2019

	France	Southern Europe	Belgium & Eastern Europe	TOTAL
Income statement items				
Interest income	576,652	445,963	131,603	1,154,218
Interest expenses	41,415	8,434	5,302	55,152
Net banking income	679,189	525,364	150,337	1,354,890
Operating profit	150,239	150,368	15,716	316,322
Income tax	49,349	44,327	8,686	102,363

31/12/2018

	France	Southern Europe	Belgium & Eastern Europe	TOTAL
Income statement items				
Interest income	579,972	403,071	122,450	1,105,493
Interest expenses	48,211	6,516	4,273	59,000
Net banking income	673,922	476,361	144,619	1,294,902
Operating profit	140,213	153,914	14,228	308,355
Income tax	46,361	44,016	6,186	96,563

❸ SEGMENT INFORMATION BY GEOGRAPHY: DATA FROM THE BALANCE SHEET

31/12/2019

	France	Southern Europe	Belgium & Eastern Europe	TOTAL
Balance sheet items				
Loans and advances to customers	7,260,773	4,324,342	1,297,302	12,882,417
Loans and advances to banking institutions	1,237,413	41,510	5,347	1,284,271
TOTAL	**8,498,186**	**4,365,852**	**1,302,649**	**14,166,687**

31/12/2018

	France	Southern Europe	Belgium & Eastern Europe	TOTAL
Balance sheet items				
Loans and advances to customers	6,783,369	3,657,063	1,169,136	11,609,569
Loans and advances to banking institutions	770,511	55,787	2,742	829,039
TOTAL	**7,553,880**	**3,712,850**	**1,171,878**	**12,438,608**

VIII

Employee benefits

1 PAYROLL

	31/12/2019	31/12/2018
Salaries	185,980	172,934
Social charges	67,791	63,887
Profit sharing	12,305	10,596
Other	13,526	13,198
PAYROLL	**279,603**	**260,616**

2 WORKFORCE FOR THE PERIOD

The average workforce and the workforce on the reporting date are as follows:
Workforce at the end of period at 31 December 2019

	31/12/2019				31/12/2018
	Managers	Supervisors	Employees	Total	Total
Women	696	325	2,481	3,502	3,450
Men	618	134	1,189	1,941	1,711
TOTAL WORKFORCE AT THE END OF PERIOD	**1,314**	**459**	**3,670**	**5,443**	**5,161**

Average workforce at 31 December 2019

	31/12/2019				31/12/2018
	Managers	Supervisors	Employees	Total	Total
Women	682	319	2,537	3,538	3,404
Men	599	130	1,104	1,832	1,657
TOTAL AVERAGE WORKFORCE	**1,281**	**448**	**3,641**	**5,370**	**5,061**

3 POST EMPLOYMENT BENEFITS – DEFINED BENEFIT SCHEMES

All French and Belgian entities are concerned by the defined benefits scheme. For the main schemes, an actuarial valuation is performed every year. These defined-benefit schemes relate to end-of-career benefits.

4 OTHER LONG-TERM BENEFITS

Employee benefits that do not fall due and are not paid in full within twelve months after the end of the accounting period. These benefits concern long-service awards.

5 ACTUARIAL ASSUMPTIONS

The main actuarial assumptions have been determined for each country. The rates used to estimate the obligations are as follows:

	31/12/2019	31/12/2018
Discount rate at the start of period	1.50%	1.20%
Discount rate at the end of period	0.75%	1.50%
Expected rate of salary increase	2.10%	2.46%

6 RECONCILIATION OF BALANCE SHEET PROVISIONS

The following balance sheet variations in pension provisions and similar commitments were recognised (in thousands of euro).

Commitment		
	31/12/2018	27,770
Current service cost		1,713
Financial cost		416
Actuarial gains and losses		3,913
Payment to beneficiaries		-79
Other		0
	31/12/2019	33,733

Scheme assets		
	31/12/2018	4,615
Actuarial gains and losses		28
Return on scheme assets		43
Contributions to the scheme		397
Payment to beneficiaries		-47
Other		0
	31/12/2019	5,037

Provision		
	31/12/2018	23,155
Current service cost		1,713
Cost/Finance income		344
Contributions to the scheme		-397
Actuarial gains and losses		3,865
Payment to beneficiaries		-32
Other		0
	31/12/2019	28,648

7 FINANCIAL HEDGING OF THE SCHEME

Financial hedging of the scheme can be analysed as follows:

	31/12/2019	31/12/2018
Debt securities	4,245	3,809
Equity instruments	192	197
Property	591	591
Other	9	19

8 SENSITIVITY ANALYSIS

Financial hedging of the scheme can be analysed as follows:

Discount rate + 0.5 %	31,124
Discount rate - 0.5 %	36,621

Risk exposure and hedging policy

The risks incurred by Cofidis Participations group are those of a credit institution offering revolving, redeemable and credit card type consumer credit, in its own name or through its network of partners. Credit operations are conducted directly through customer relations centres or Internet sites, as well as through partners. Bank and private cards are provided to customers. The internal control mechanisms in place have been gradually adapted to deliver satisfactory solutions to the challenges of controlling new risks incurred.

1 CREDIT RISK

1.1 General remarks on credit risks

A credit risk occurs when a counterparty is unable to meet its obligations and these obligations have a positive inventory value in the company's ledgers. For Cofidis Participations group, the bulk of credit risk relates to loans granted to individuals, and this risk is spread over numerous customers with limited individual commitment.

1.2 Credit risk management procedures

In particular, the methods used to control credit risk are based on resources dedicated to:

- risk assessments and applying scores and acceptance rules.
- operational teams responsible for the outstanding payment chain.
- risk management audit to ensure monitoring and steering and to support the function with adequate provision.

The system for controlling this risk uses a number of tools to implement preventive, corrective and strategic actions.

The forecasting system is based on:

- a system of scores and acceptance rules that enable us to anticipate customer behaviour and safeguard the future profitability of transactions.
- the three-year budget-plan, prepared at the end of the third quarter, establishing strategic objectives. Two budget extrapolations are performed annually.

Cofidis Participations group has also set up a curative management system to back its credit risk preventive management system and has thus developed collection sequences that the organisation varies according to maturity and market practices. These sequences can include the following phases and features: pre-collection, amicable collection, pre-litigation, over-indebtedness and legal recovery. After these internal collection procedures, disputed outstanding debts can be outsourced to an external management contractor, or sold.

The Risk Review is carried out monthly and enables the evolution of each entity's customer risk to be monitored according to multiple criteria: early and longer-term risk indicators, by product and by opening generation; collection performance indicators by default stratum. The information collected in this dashboard is used to monitor and analyse the cost of risk and to implement corrective actions. A summary is presented to the group Risk Committee.

A monthly « Credit Dashboard » report provides information on the cost of risk as well as its proportion of total outstanding debt from month to month. It is produced by the Management Audit department and is circulated to members of the executive committee, managing directors and managers and heads of the relevant departments.

The provisioning system is generally based on the definition and statistical use of average rates of movement from one category of unpaid outstanding debt to another from one month to another. The calculation for each category is based on statistical observation of the change in unpaid outstanding debt and actual or probable losses, for each of the products.

Scoring systems, acceptance and collection rules, as well as provisioning systems must be open-ended and are reviewed as required from time to time. In this way, the organisation ensures that all outstanding debt categories, process developments, behavioural or regulatory changes are taken into account by the system. Similarly, the provisioning method is reviewed by adjusting the provisioning rates by category of outstanding debt to environmental needs (markets, customers, regulators).

The maximum credit risk exposure accepted by the group at 31 December 2019 is detailed as follows (in thousands of euro):

	31/12/2019	31/12/2018
Financial assets designated at FV through profit or loss	45	45
Derivative hedging instruments - assets	11,485	8,122
Securities at amortised cost	549	415
Loans and advances to credit institutions	1,284,271	829,039
Loans and advances to customers	12,882,417	11,609,569
Other advances	270,412	319,311
Firm loan commitments	1,902,333	1,877,017
TOTAL	**16,351,511**	**14,643,517**

Analysis of overdue assets:
A financial asset is considered past due when a counterparty's payment has not been made by the date contractually established. As stated by the IFRS 9 standard coming into effect 1st January 2018, the provisionable basis is extended to the whole outstanding debt, distributed according to the 3 phases mentionned above (Cf. § note2).

2 COUNTERPARTY RISK FOR FINANCIAL TRANSACTIONS

Cofidis Participations group is exposed to a counterparty risk in the context of cash flow management. Banking counterparties are assessed by the Crédit Mutuel Alliance Fédérale group on a regular basis. Based on this assessment, counterparties are classified according to a number of criteria and related procedures, which could lead to the closure of the account.

Note that flows of French companies are centralised in accounts opened with the Crédit Mutuel Alliance Fédérale group. Surplus liquidity of foreign entities is centralised preferentially, or allocated to Crédit Mutuel Alliance Fédérale group accounts in France, or to related company accounts outside France.
Moreover, rate hedging transactions are handled with Crédit Mutuel Alliance Fédérale group.
Potential new bank counterparties must be approved by the Crédit Mutuel Alliance Fédérale group.

3 OVERALL INTEREST RATE RISK, LIQUIDITY RISK AND FOREIGN EXCHANGE RISK

The Treasury Management department of the Cofidis Participations group manages the refinancing and rate risk for the whole scope of the Cofidis Participations group.

3.1 Overall interest rate risk

3.1.1 Intervention strategy

Rate risk relates to:

- fixed-rate customer credit for which the Central Treasury provides a hedge for outstanding loans in compliance with the limits set by the Crédit Mutuel Alliance Fédérale group's ALM management.
- on revisable rate credits for which the short-term aim of the hedging policy is to limit the exposure of the Cofidis Participations group's entities to any rate rises or reductions and their repercussions on customer rates within a longer or shorter time frame.

The interest rate risk management strategy is to hedge a significant portion of outstanding amounts in order to avoid short- and medium-term margin pinches.

3.1.2 Instruments and practices

The OTC instruments used, traded with the BFCM and the CIC, are firm or optional: interest rate swaps, caps, floors and collars.
The bulk of our refinancing is variable rate, based mainly on Euribor, and variable rate based on Eonia.

3.2 Liquidity risk

As a credit institution, Cofidis Participations group is structurally a borrower. BFCM, which is the sole company involved in capital markets for the Crédit Mutuel Alliance Fédérale group, handles the operating financing requirements for companies in the Cofidis Participations group, ensuring the group has the liquidity required for its business.
By its banking activity, monabanq collects deposits and saving from its customers, capable of generating surplus liquidity. Recycling of this liquidity may be carried out as a priority within the Cofidis Participations group, or failing that at the BFCM ; recycling of savings contributes to the refinancing of the Cofidis Participations group entities.

Besides daily management of liquidity needs, group Central Treasury approves future needs based on forecast outstanding loans for renewable and redeemable products and the refinancing needs expressed by entities in the group.
Cofidis Participations group is not at risk of liquidity as all its needs to support its acitivities are guaranteed by the Treasury of the BFCM.

The debt repayment schedule at 31 December, 2019 is as follows (in millions of euro):

	31/12/2019	Less than a year	1 to 2 years	2 to 5 years	More than 5 years	31/12/2018
Bond issues	0	-		-	-	0
Subordinated securities	200	0		-	200	200
TCN	50	50		-	-	50
Short-medium term lines	11,935	6,453		2,951	968	10,451
Ordinary demand accounts	15	15		-	-	28
TOTAL DEBTS	**12,200**	**6,518**		**2,951**	**1,168**	**10,729**

3.3 Foreign exchange risk

group policy includes management of foreign exchange risk.
Entities borrowing currencies or converted to currencies with no foreign exchange risk on the capital borrowed from BFCM or from Cofidis SA.
Purchases in foreign currencies are limited to current operating costs. Currency positions are monitored and swiftly unwound.

4 CONTROL OF TRANSACTIONS

At each month-end, a monitoring dashboard is prepared covering liquidity, rate, forex and counterparty risk for each entity. It is used to formally check the compliance of transactions handled during the past month relative to objectives.

Cofidis Participations group is subject to alert limits and/or thresholds defined in relation to the global limits applicable within Crédit Mutuel Alliance Fédérale. During its monthly meeting, based on events in the previous month and the needs expressed by entities in the Cofidis Participations group, the Treasury Committee defines hedging requirements (margin for manoeuvre in terms of volume and duration, according to market conditions and developments), as well as new market intervention strategies. This committee comprises the team in charge of monitoring risks, its Director, the group's Chief Financial Officer and on a quaterly basis, the group ALM Director of the Caisse Fédérale de Crédit Mutuel.

The minutes of the decisions of the Treasury Committee are communicated to the Risk Department of the Crédit Mutuel Alliance Fédérale, the ALM Department of the Caisse Fédérale de Crédit Mutuel and the Chairman of the Cofidis Participations group.

The liquidity and interest rate risk management indicators are communicated and presented quaterly to the Executive Committee/Risk Committee of the Cofidis Participations group, and semi-annually to the Risk Monitoring and Audit Committee and the Supervisory Board ; in addition, they are also communicated quarterly to the ALM Technical Committee of Crédit Mutuel Alliance Fédérale.

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#Performance #ExperienceFirst #Responsibility

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