Activity report 2020

Editorial

Gilles Sauret
Chairman of the Board of Directors
Cofidis Group

In January 2021, Cofidis Participations became Cofidis Group. In a complicated and turbulent business environment, we pulled together more than ever before. Our strength lies in the fact that we are a human-centred group. In 2019, we launched our Experience First group project. This year, the project was a showcase for our remarkable ability to adapt quickly whilst showing support for one another. Once again, I would like to thank all of our Cofidis Group teams for their efforts.

We united around our values with the conviction that our purpose as a socially-responsible corporate citizen was to protect our employees and reject short-time working practices. During the first lockdown, we quickly mobilised our efforts and demonstrated our agility. In doing so, we ensured business continuity through remote working, adapting to different scenarios throughout the year. More than ever, we showed our support for our customers and partners. We listened carefully to their needs and potential difficulties and delivered solutions. Lastly, our boldness ensured that we decided and prepared our future by continuing to work on ambitious and innovative projects.

Despite the challenges of the global environment, 2020 was a year of transformation and innovation for Cofidis Group. We scaled up our organisation, putting our customer at the centre of all our actions and decisions. We diversified our digital product range in an effort to boost e-commerce and make life easier for our consumers. We repurposed our corporate culture together by deploying a remote platform for discussions, work and training as well as sharing expertise and ideas.

During the quarantine, we recognised that our relational excellence – which has always been the cornerstone of our strategy – has given us a competitive advantage in our market. These customer relations have significantly and sustainably strengthened our positioning. Our specialised focus on our customers and partners has been a source of reassurance and shared emotions. Our ongoing Experience First group project has guided, and will continue to guide, our actions for achieving excellence. We know we are heading in the right direction despite the uncertainty of the years ahead.

One final point I would like to make is that by pulling together, we have become more supportive, more creative and more responsive. We have full confidence in each other as well as our business model. This will drive our international business and improve our performance, both collectively and as individuals. We also have the support of our majority shareholder, Crédit Mutuel Alliance Fédérale, with whom we work closely and which has increased its stake in our Group to 80%.

All told, we emerge stronger from 2020. This is a testament to the efforts made by each and every one of us and the strength of our business model. I am incredibly proud of what we have achieved. We can all be proud of our efforts.

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Cofidis Group **at a glance**

4 businesses to serve our customers and partners

Credit	Insurance	Payment solutions	Online banking

9 countries in Europe

- Belgium
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- Czech Republic
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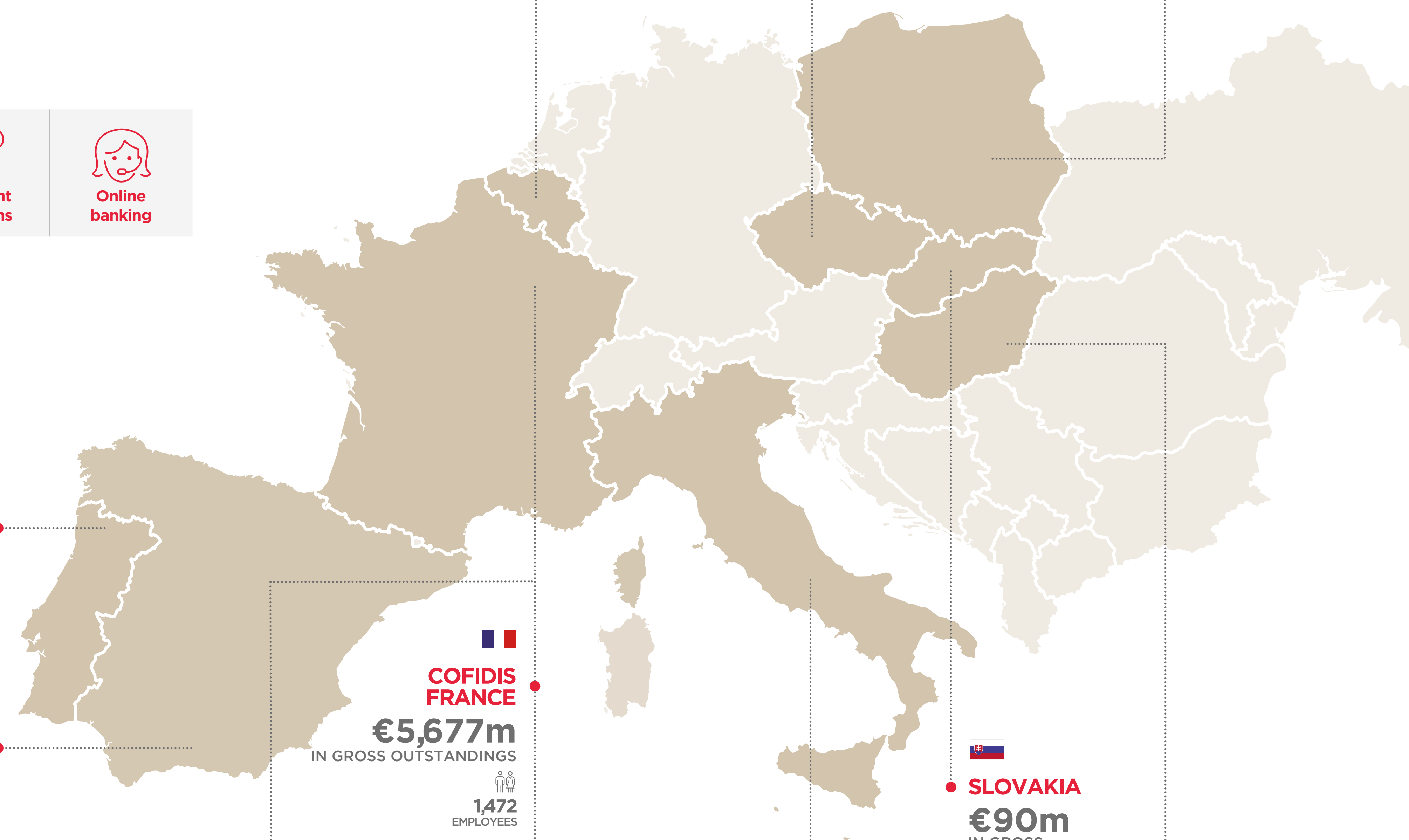


BELGIUM
€938m
IN GROSS OUTSTANDINGS
400
EMPLOYEES

PORTUGAL
€2,563m
IN GROSS OUTSTANDINGS
745
EMPLOYEES

SPAIN
€1,718m
IN GROSS OUTSTANDINGS
975
EMPLOYEES

COFIDIS FRANCE
€5,677m
IN GROSS OUTSTANDINGS
1,472
EMPLOYEES

CREATIS
€2,783m
IN GROSS OUTSTANDINGS
261
EMPLOYEES

MONABANQ
€109m
IN GROSS OUTSTANDINGS
€652m
IN GROSS OUTSTANDINGS
200
EMPLOYEES

SYNERGIE
449
EMPLOYEES

DATA AS OF 31/12/2020

CZECH REPUBLIC
€96m
IN GROSS OUTSTANDINGS
150
EMPLOYEES

POLAND
€72m
IN GROSS OUTSTANDINGS
76
EMPLOYEES

SLOVAKIA
€90m
IN GROSS OUTSTANDINGS
66
EMPLOYEES

ITALY
€896m
IN GROSS OUTSTANDINGS
299
EMPLOYEES

HUNGARY
€292m
IN GROSS OUTSTANDINGS
371
EMPLOYEES

3 commercial brands

Cofidis
monabanq
creatis
LE POUVOIR D'AGIR

1 European Economic Interest Grouping (EEIG)

synergie

Solid results

€15,234m
gross outstandings in 2020

+1.6%
in gross outstandings between 2019 and 2020

CHALLENGE NO. 1
Building a positive-impact economy

The health crisis has resulted in an economic crisis whose future impacts are not yet known. What's more, the crisis has widened inequalities across countries, companies and households. Businesses must now recover and stimulus projects are being accelerated to sustain collective momentum in developing an economy that is more inclusive, more up-to-date and therefore more sustainable.

Bouncing back from the Covid-19 shutdown. This is the top priority in all companies and locations. Despite the decline in spending power resulting from the situation and job uncertainties, there is a renewed sense of entrepreneurship and consumption in Europe. This has led analysts to raise their forecasts for 2021. Furthermore, societal expectations of businesses grew considerably during the health crisis. Companies are expected to actively contribute to the global economic recovery without capitalising on price increases for consumers. Companies must rise to this challenge in order to secure and retain customers.

Cofidis Group: committed to the cause

As was the case for most companies, **Cofidis Group** experienced a business slowdown in 2020. Naturally, this caused uncertainty for the future, resulting in extra precautions. However, Cofidis Group is in a stable position thanks to its business model and further strengthened by support from shareholders. In 2020, we also embarked on an ambitious transformation plan with the aim of safeguarding our future performance. We adapted our product range and reporting to optimise our solutions to customer scenarios which were difficult at times. In parallel, we developed new product ranges to increase and improve our partners' sales and meet the needs and aspirations of our consumers.

Overview of the trends

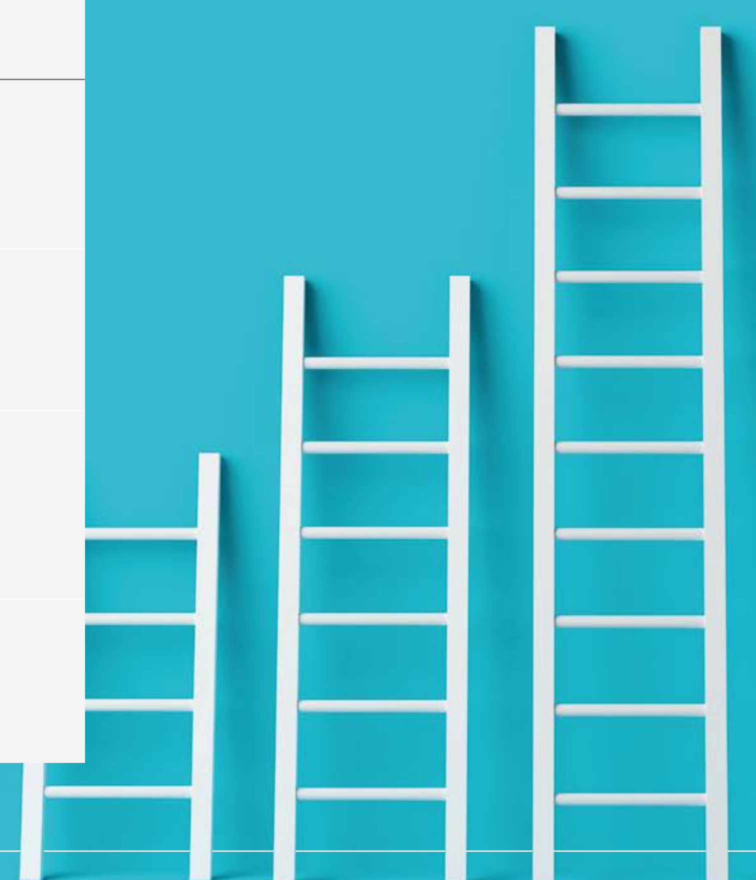
-6.8% GDP
across Europe in 2020, owing to Covid-19.

72 million
Europeans live in poverty.

64%
of Europeans consider their countries to be in a difficult financial situation.

29%
of French people reported an unforeseen expense in 2020.

Sources: Eurobarometer, UN, Cofidis



CHALLENGE NO. 2
Showing resilience during the health crisis

The first lockdown in March 2020 sparked an unprecedented situation for Europe and most of the world. Ways of working were transformed overnight. Remote working became standard practice with the closure of social spaces. Businesses had to adapt as quickly as possible to ensure continued service whilst giving priority to the well-being of their teams.

The standard rulebook no longer applies when all of the world's economies transition to remote working. Some businesses, which already had digital expertise, reported considerably increased business. Others posted a difficult year in terms of results. Across the board, companies had to repurpose their customer and employee relations. They also had to upscale their organisation, products and services whilst playing an active societal role to prevent infections and oversee their employees' different working conditions for the purpose of ensuring business continuity. The wide gap persists and has accelerated transformations. Some of these will continue into the post-Covid world.

Cofidis Group: committed to the cause

Cofidis Group already boasted specialised strengths since much of its customer interaction is conducted remotely. Conversely, despite the roll-out of remote working practices in some entities, we needed to develop a large-scale organisation within a few weeks. True to its strategy of putting people at the heart of its business, the Group considered each of its employees' circumstances and prioritised everyone's protection, without resorting to government subsidies and short-time working. Against the background of remote business activities and in an endeavour to sustain relations, multiple initiatives were taken by managers and employees. The latter continued their interactions and collaboration on strategic projects, delivering successful performances. There was also a strong spirit of solidarity amongst our employees as well as our customers and committed charities. Overall, plenty of positive takeaways to make us all proud and build confidence as we look to the future.

Overview of the trends

+52 million
diagnosed Covid-19 cases in Europe since the start of the pandemic (31 May 2020).

32 million
Europeans short-time working during the pandemic.

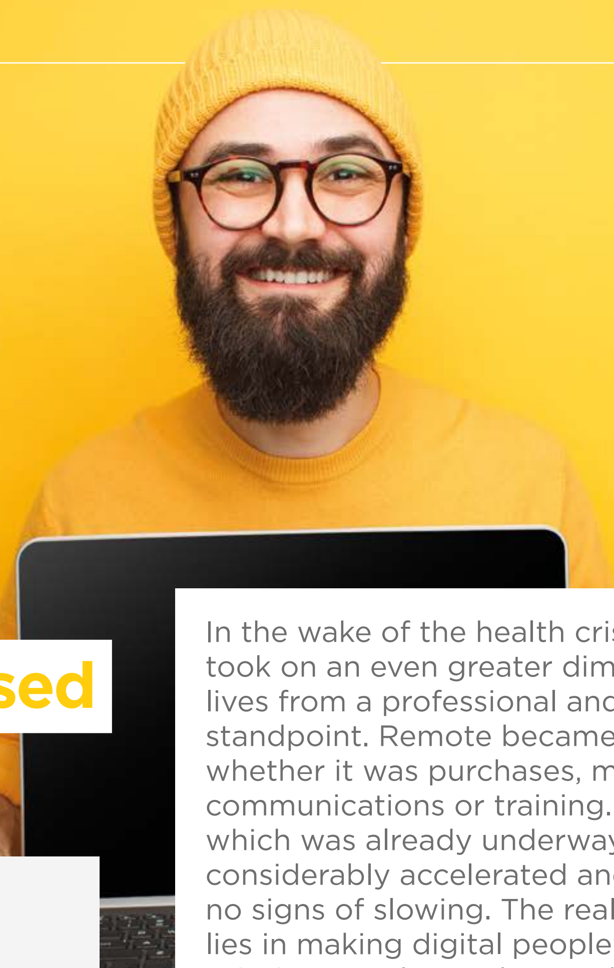
Between 10%* and 30%**
of Europeans worked remotely before the pandemic.

+50%
of Europeans worked remotely during the pandemic.

2,900% increase
in Zoom users during the first lockdown, i.e. 300 million users per day.

*Greece **Sweden and Denmark

Sources: ILO, Le Monde, France info



CHALLENGE NO. 3
Making digitalised but human-focused acquisitions

Overview of the trends

In France, e-commerce volumes were up by
30 to 40% in 2020.

15%
of overall sales volumes in Europe are made online.

By 2030
4 in 10 consumers
worldwide expect to go through a single company via a global service platform to manage all their daily needs: purchasing, financial services, health, etc.

73% of French people
still prefer service with a human rather than an automated touch for support and consulting.

81% of HR Directors in Europe
stated that more training programmes will be conducted remotely as a result of the pandemic.

Sources: Kantar, Sia Partners, Foresight Factory, Wavestone, Cegos

In the wake of the health crisis, digital took on an even greater dimension in our lives from a professional and personal standpoint. Remote became the norm; whether it was purchases, meetings, communications or training. This trend, which was already underway, has considerably accelerated and is showing no signs of slowing. The real challenge lies in making digital people's number one priority. We also seek to make life easier for our consumers and employees and broaden their horizons as regards sales and business relationships.

Brands and retailers will need to be in a position to deliver easier access, faster purchasing and payment solutions and platforms focused on the customer experience. Brands that succeed in providing agile and localised solutions will recover more quickly from the crisis, boosting their sales in the years ahead. Whilst most consumers believe that engagement is achieved through digitalisation, they understand that a balance needs to be struck between people and technology. For managers, who have had to lead their teams remotely, the challenge lies in improving the capabilities of the available tools. They must also digitally upskill employees, develop new training and provide meaningful relationships and work, despite the distance.

Cofidis Group: committed to the cause

Cofidis Group understood the market's needs, creating online credit in 1982 by making people and relationship excellence the central focus of its strategy. In 2020, the Group accelerated the development of innovative digital solutions to facilitate the customer experience and the e-commerce performance of its partners. The Group's entities have also responded quickly to repurpose remote working activities and to develop support for employees. Entities have focused their efforts on maintaining the collective performance, proximity and camaraderie of the Group.

CHALLENGE NO. 4
Ensuring committed and sustained businesses

In recent years, the general public have become increasingly demanding about the ability of companies and brands to factor in their environmental and social impacts. The public have also come to expect that companies play their part in making the necessary transformations for society rather than the government. European consumers are willing to change their purchasing habits and choices for the purpose of upholding their convictions.

For a number of consumers, brand engagement has already become a factor in purchasing decisions. Long-term, such engagement will be an appealing aspect of bi-lateral decision making for partners involved in a business relationship. This will also apply to consumers, companies, suppliers. Engagement is also becoming a key decision and loyalty factor for employees. Increasingly, personnel search for meaning in their jobs and they take pride in their company's positive social impact initiatives. For each and every business, their long-term ambitions of success depend on the ability to walk the walk and talk the talk and then successfully report on overall success.

Cofidis Group: committed to the cause

Cofidis Group builds and develops its commitments based on social utility and impact. Our teams are trained on a daily basis in responsible lending, personal finance and care for the vulnerable. Cofidis Group teams are encouraged to actively contribute towards strengthening Group-wide inclusion. The latter is a core value that is respected by all our employees. The Group's staff are also actively engaged in reducing the environmental impact of our activities. Our collective undertakings as a Group foster pride amongst employees and level up company performance.

Overview of the trends

83%
of French company employees in Corporate Social Responsibility (CSR) positions or departments consider that their company has a positive impact on society versus 59% of employees in those that do not.

66%
of European employees believe that environmental initiatives will influence brand reputation.

33%
of French employees
consider company commitments as important (vs. 27% in 2019).

20% of French people
say they have convinced a friend or family member not to purchase a brand that acted improperly during the pandemic.

57% of consumers
are willing to pay more in order to consume responsibly.

Sources: Kantar, Foresight Factory (20 countries), Wavestone, Medef

Experience First, an ambitious group project **to overcome all challenges**

In 2020, the Cofidis Participations Group became Cofidis Group. This transformation affirmed its ambition for cohesion, strengthening its development capacity and collective response to market trends. The Group kick-started this approach in 2019 through the launch of an ambitious and people-centred group project: Experience First. Operations centre their focus on sharing, pooled resources and synergies between entities and individual expertise. To this end, the Group seeks to accelerate and meet the challenges of fast-changing consumer practices. Such challenges have only been ramped up by the Covid-19 pandemic and successive lockdowns.

Providing the best customer experience

Experience must be based on personalisation, trust and proximity, through a relationship that creates real emotion. It must meet the needs, desires and ambitions of our customers by delivering adapted financial solutions. Experience needs to be fluid, effortless and mobile, combining human expertise with digitalisation. Our conviction is that financial solutions must foster the inclusion of everyone in society and give them the power to act.

OUR VISION

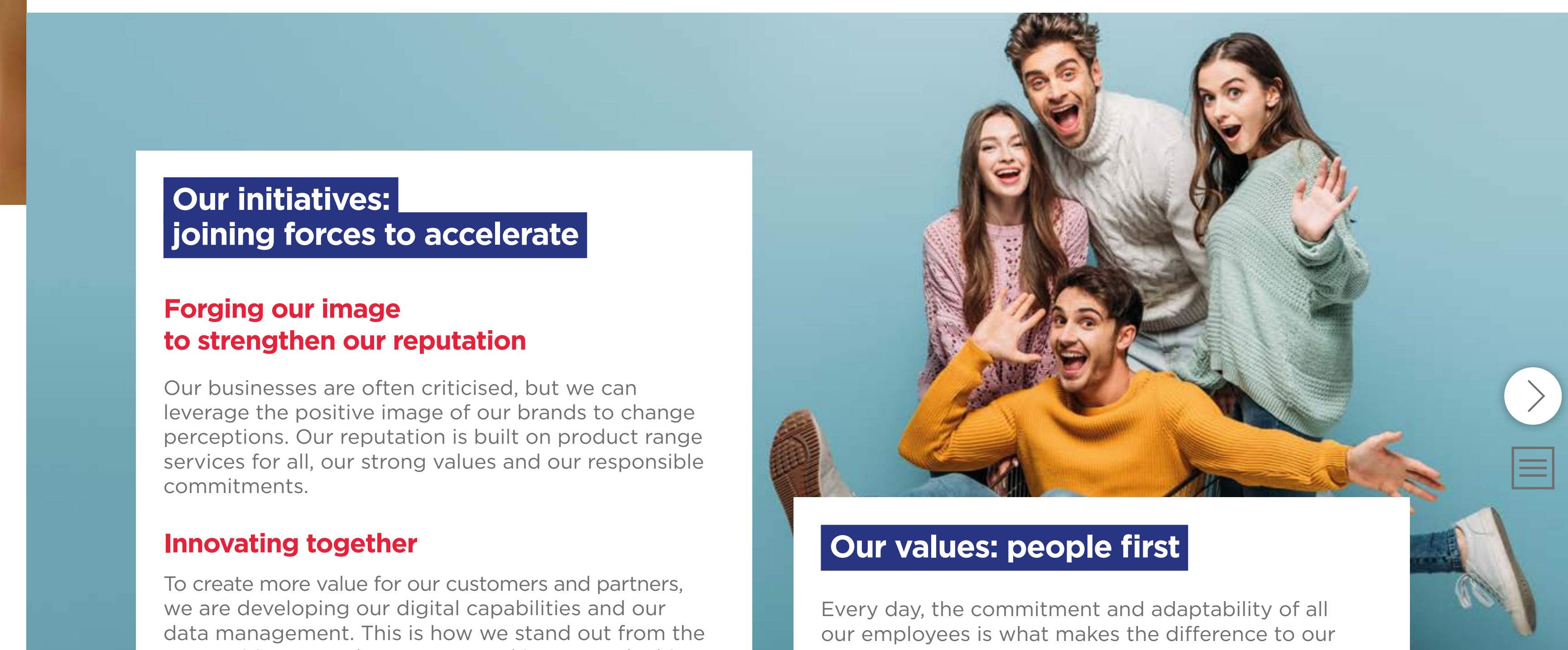
- Supporting our consumers.
- Innovating for them.
- Assisting them.
- Defending their right to consume, to consume better and to realise their ambitions.

OUR PROMISE

Above all, for Cofidis Group, the experience must improve and simplify people's lives. Every day, we set ourselves the challenge of providing our employees, customers and partners an experience that grants emotion its rightful place.

EXPERIENCE
WHAT IT MEANS TO COFIDIS GROUP

RESPONSIBLE | RESPONSIVE | PERSONALISED | AGILE | EMOTIONALLY INTELLIGENT



Our initiatives: joining forces to accelerate

Forging our image to strengthen our reputation

Our businesses are often criticised, but we can leverage the positive image of our brands to change perceptions. Our reputation is built on product range services for all, our strong values and our responsible commitments.

Innovating together

To create more value for our customers and partners, we are developing our digital capabilities and our data management. This is how we stand out from the competition. Together, we are working towards this transformation in order to scale up our performance.

Reinventing experience

This is what drives our leadership. At Cofidis Group, we strive for excellence in all our relationships and the experience we provide our customers, partners and employees.

Stimulating collaboration

People are at the heart of our corporate culture and activities. Our ambition is to give our employees an exciting professional experience. We aim to upskill our employees in order to improve individual and collective performance in a positive and supportive workplace.

Transforming our organisation

We are investing in more responsive and efficient information systems and cross-functional tools to enable our employees to give their best in serving our customers.

Our values: people first

Every day, the commitment and adaptability of all our employees is what makes the difference to our colleagues, customers and partners.

Responsibility

We aspire to practice ethical business conduct and fully commit to all our stakeholders in order to have a positive impact.

Agility

Because we believe in simplicity – in our organisation, processes and relations – and in the curiosity and commitment of our people.

Consideration

Because people are what it's all about for us. They come first in our business, in our social commitments and in all our relations with customers, employees and partners.

Boldness

Because we focus on a spirit of enterprise and courage to meet our challenges.

Focus on 2020-2021

April 2020
80% of Cofidis Group employees work remotely

Our Italian colleagues were the first to be affected by the pandemic, and as soon as the first restrictions were announced by the government on 23 February, all **Cofidis Italy** employees started remote working. IT teams responded robustly; so much so that by the time of the full lockdown announcement, all employees were remote working. Across the Group, two weeks after lockdown, 80% of employees were remote working with 5% still working on-site.

All of our entities reorganised in record time, with the aim of protecting employees and ensuring service continuity to customers and partners. In an effort to stay connected, the Group developed an inter-entity Workplace space: #TousEnsemble (#AllTogether).

May 2020
Crédit Mutuel increases its stake in Cofidis Group's capital to 80%

This represents an additional stake of 9.36% in the Group's capital, reaffirming the ambitions of Crédit Mutuel Alliance Fédérale to continue developing Cofidis Group in its consumer credit business segment, both in France and Europe.

#like MY PLANET × FONDATION GOODPLANET

September 2020
Cofidis Group launches #LikeMyPlanet

Cofidis Group decided to step up its commitment to protecting the planet in consideration of its employees as well as the current environmental challenges – with the Group's main shareholder's ambition to reduce their carbon footprint by 30%. In doing so, Cofidis Group launched #LikeMyPlanet in 2020. The collaborative, Group-wide initiative encourages further effort in our actions.

The unprecedented launch was driven by Covid-19. A live webinar was organised for the Group's 5,461 employees. Yann Arthus-Bertrand gave a conference at our Villeneuve d'Ascq HQ (France), which was broadcast to all employees, and a challenge enabled the teams to work on the project for almost two months. For Yann Arthus-Bertrand, "Taking action builds happiness!". We could not agree more!

Cofidis GROUP

Watch video

January 2021
Cofidis Participations Group becomes Cofidis Group

At a convention attended by all employees, the Executive Committee unveiled the Group's new identity: Cofidis Group. The rebranding reflects our ambition to develop the Group's visibility and reputation to keep pace with market developments, create brand preference and ensure our business continuity. This rebrand also underscores our efforts to pull together as a Group by leveraging individual expertise whilst fostering cross-functional activities and synergies.

March 2021
e-sport trophy launch

Every year, Cofidis Group organises the "Sports & Games Trophy". During this day event, volunteer employees from all the Group's brands and entities are invited to engage in fun activities and sports competitions. The pandemic made it impossible to meet face-to-face. This led to the creation of an e-sport trophy in an endeavour to unite Group employees and strengthen the bond between them. From 15 to 19 March, employees participated individually and in teams of two as they played two quizzes and two retro-games on a daily basis. The initiative was a success with 90% of participants providing positive feedback on the new format!

March 2021
Cofidis Spain celebrates its 30th anniversary

To honour its 30 years of business, **Cofidis Spain** will celebrate this landmark anniversary throughout 2021 by reaffirming its brand positioning and its 30-year commitment to Spanish society and its evolution. This strong message will be boosted by a campaign involving its customers, partners and employees. The "a tu vera" film will mark the grand finale.

April 2021
Cofidis Group extends pro cycling team sponsorship to 2025

In 1996, the pro cycling team was created with increasing the company's brand awareness as its primary goal. It met with success in 2019 when Cofidis' brand awareness rating scored 82% (source: D2D). Twenty five years on, Cofidis Group continues to show the same passion and desire to excel. As such, the decision to back pro cycling still aligns perfectly with our values. This is why Cofidis Group decided to extend its commitment to 2025. 2022 signals the launch of a women's team. We eagerly and proudly await this next chapter.

May 2021
Challenge #Like Move Together

From 17 to 30 May, the Group's employees participated in a challenge to earn money for their charities. They used the United Heroes app as they walked, ran and cycled to clock up as many kilometres as possible to win the contest. The aim was to collectively cover a distance of 40,075 kilometres (24,901 miles), i.e. a round-the-world trip. By completing the challenge, entities would earn €2,000 in support of charities. This amount could increase to €4,000 depending on the ranking of each entity. We achieved our goal in seven days, clocking up a total of 93,215 kilometres (57,921 miles). In the end, we raised €30,900 for 11 charities. We can all be immensely proud of our efforts.

May 2021
Cofidis Portugal celebrates its 25th anniversary

Watch video

For 25 years, Cofidis Portugal has supported more than a million customers and 28,000 business partners. Cofidis Portugal also has more than 700 employees. When a person requests credit, its importance extends beyond them and the person in charge of approval. The initial request is what drives the economy, which in turn generates business and country-wide growth. This is the intended message behind Cofidis Portugal's new communications campaign launched in May 2020.

25 ANOS

a group that performs

Businesses across the board experienced difficulties in 2020. Cofidis Group was no exception to the rule. However, the unexpected situation was also a showcase for our solid business model and resilient teams. Together, our employees are driven by a supportive mindset with an ability to transform and develop. I would even say that the crisis strengthened this ability.

Viewpoint

Virginie Pesquerel

Vice President, Financial Control
Synergie

Guillaume Rigot

Chief Financial Officer
Creatis

> We made a decision to protect our employees and carefully consider their individual circumstances. We also opted out of government subsidies as coverage for our employees at times of active business and shutdown.

2020, a year of adaptation

Virginie: All Group locations experienced two lockdowns in 2020. The first was particularly challenging in terms of our activities and ways of working. The unprecedented circumstances required high responsiveness to support our employees in performing their tasks. Despite adapting quickly to the situation, we posted a decline of approximately 50% in business over the March-April period. We were protected by the widespread roll-out of remote working practices, which limited the decline in net profit to -30%. Nevertheless, our activities were safeguarded by our revenue model consisting of long-standing customer loan agreements. To date, we have reported a return to 2019 production levels.

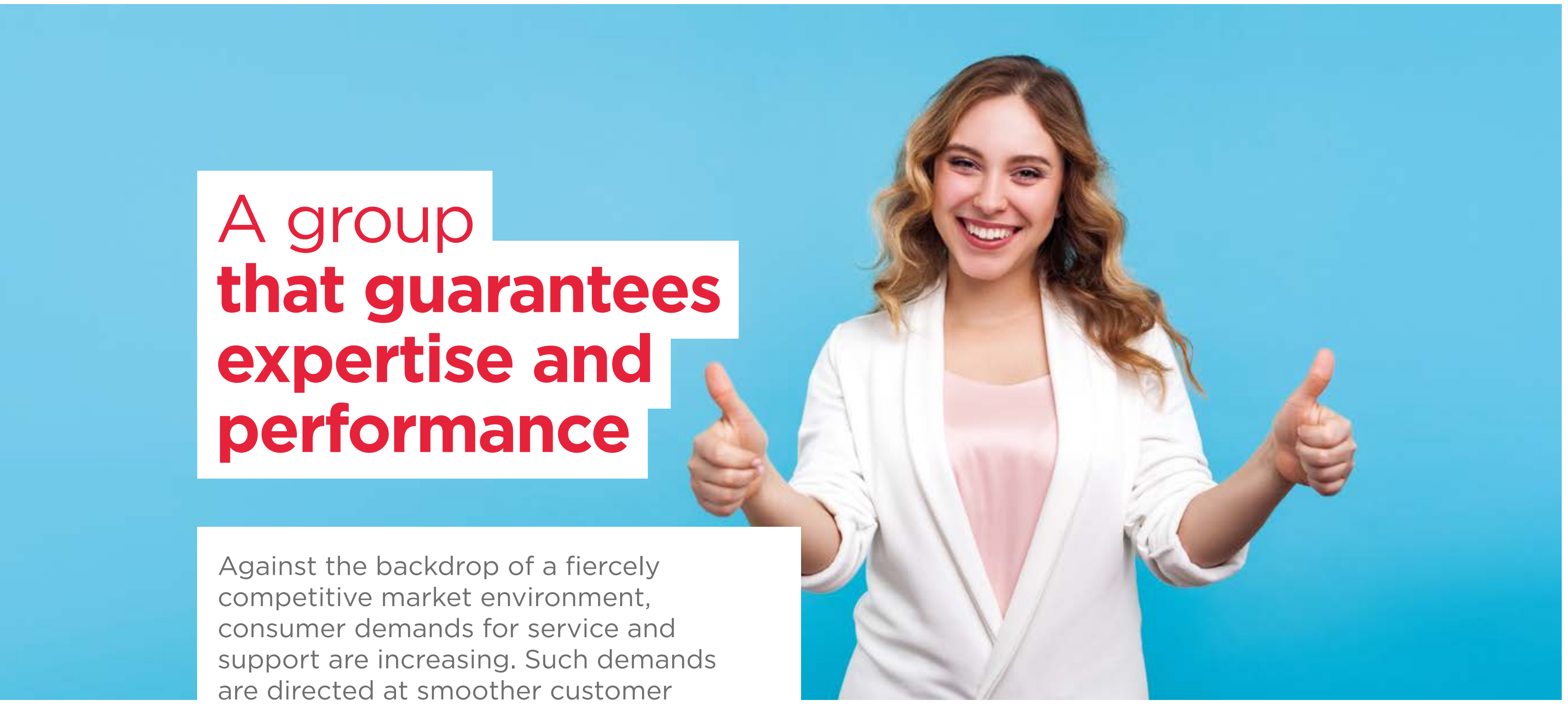
Guillaume: We needed to adapt quickly and at regular intervals based on developments in the situation throughout the year. We expected maximum risk since this crisis was like no other. That said, though, our customers have actually been more disciplined in making their payments. The French government provided financial support to the public whilst the lockdown put a halt to consumption.

The first key takeaway, then, is that French people actually had more financial resources to meet their payment deadlines. The second key takeaway from this crisis is that at times we were reluctant to digitalise specific procedures or initiatives. In the end, we discovered that customers are open to digitalisation. What's more, practically all our activities can be digitalised.

Collective progress to improve the customer experience

Virginie: We made a decision to protect our employees and carefully consider their individual scenarios. We also opted out of government subsidies as coverage for our employees at times of active business and shutdown. We all take pride in the decisions we made. On top of this, during this extraordinary period, we successfully introduced large-scale development projects. For instance, Monabanq launched its new product range in April 2020 and secured a partnership with Amazon Italy in June. Our resilience and ability to develop in 2020 give us confidence. It illustrates our capacity to withstand any given situation.

Guillaume: 2020 was the year of successful and strategic transformation projects. At Creatis, we signed a new collective performance agreement to extend our customer service schedule. Second, we ramped up our employee communications to involve them in company performance reporting. Third, we experienced synergies and supportive conduct and actions within the Group. This means we can look to the future with confidence. Not forgetting that Creatis' 2020 profit ended very close to our initial projections.



A group that guarantees expertise and performance

Against the backdrop of a fiercely competitive market environment, consumer demands for service and support are increasing. Such demands are directed at smoother customer experiences and multi-channel presence in addition to strengthened societal commitment. Cofidis Group draws on multiple strengths. These include: a solid shareholder base, a successful collective project, a comprehensive product range and, above all, the complementary skill set of its 5,460 employees in Europe.

Leveraging complementary expertise to round out our product range

Cofidis Group was founded in 1982 around an original concept: online lending. Our unmatched expertise has led to the development of new activities in Europe. As such, we now provide a comprehensive range of B2C*, B2B2C and C2C solutions, which are all supported by multiple innovations.

Credit to succeed in life

Cofidis Group provides its customers with credit solutions through financing that is adapted to all their projects and individual situations. Our **Creatis** brand is an expert in credit repurchasing. This solution consolidates all or part of customers' current loans to reduce their debt ratio.

Insurance to protect your assets

Our borrower insurance solutions provide peace of mind for our customers in their day-to-day lives when debt repayment becomes difficult. Our foresight solutions offer protection to our customers and their loved ones in the event of personal accidents.

A bank for everyone

Since 2006, **Monabanq** has provided 100% online banking that puts the people first. Consumers do not need to fulfil income eligibility conditions in order to access a bank account and bank card. Monabanq also offers customers a range of high value-added services.

100% useful, multi-channel payment solutions

Cofidis Group is also positioned in the B2B2C market through its staggered payment solutions. Its partners' customers benefit from fast, secure and intuitive payment facilities to boost their sales.

+90

group businesses

*Business to consumer **Business to business to consumer ***Consumer to consumer

Cofidis × Electro Dépôt

Electrosûr, your insurance for life!

Cofidis France has partnered up with insurance broker, Verspieren, to create a very special insurance policy for Electro Dépôt customers. The offer provides lifetime warranty on all household appliances. This offer is available to customers of the brand's 83 physical retail outlets. It is fully flexible and covers a wide product range from household appliances, sound and image products to multimedia.

Providing offers to meet the new demands

In recent years, certain consumer practices have gained ground which has set a sustained structural trend. The second-hand and rental markets have become the norm. In parallel, the insurance market has developed to incorporate animal protection policies. We adjust our product range accordingly in response to new demands from consumers and partners alike.

Cofidis Pay: your brand new payment solution

Since 16 June, 2020, Cofidis Pay has centralised the Group's split payment solutions. The facility integrates bank card payments in 3 to 4 instalments. It also includes 3 to 60 instalment payments supported by an account that can be reused in just a few clicks to make future purchases. The solution has been rolled out in **France**, **Belgium**, **Italy** and **Spain** with a launch planned in the **Czech Republic**. This convergence is part of Cofidis Group's strategy to simplify its product range and consolidate its positioning in Europe.

2020: a productive year of activity for Monabanq

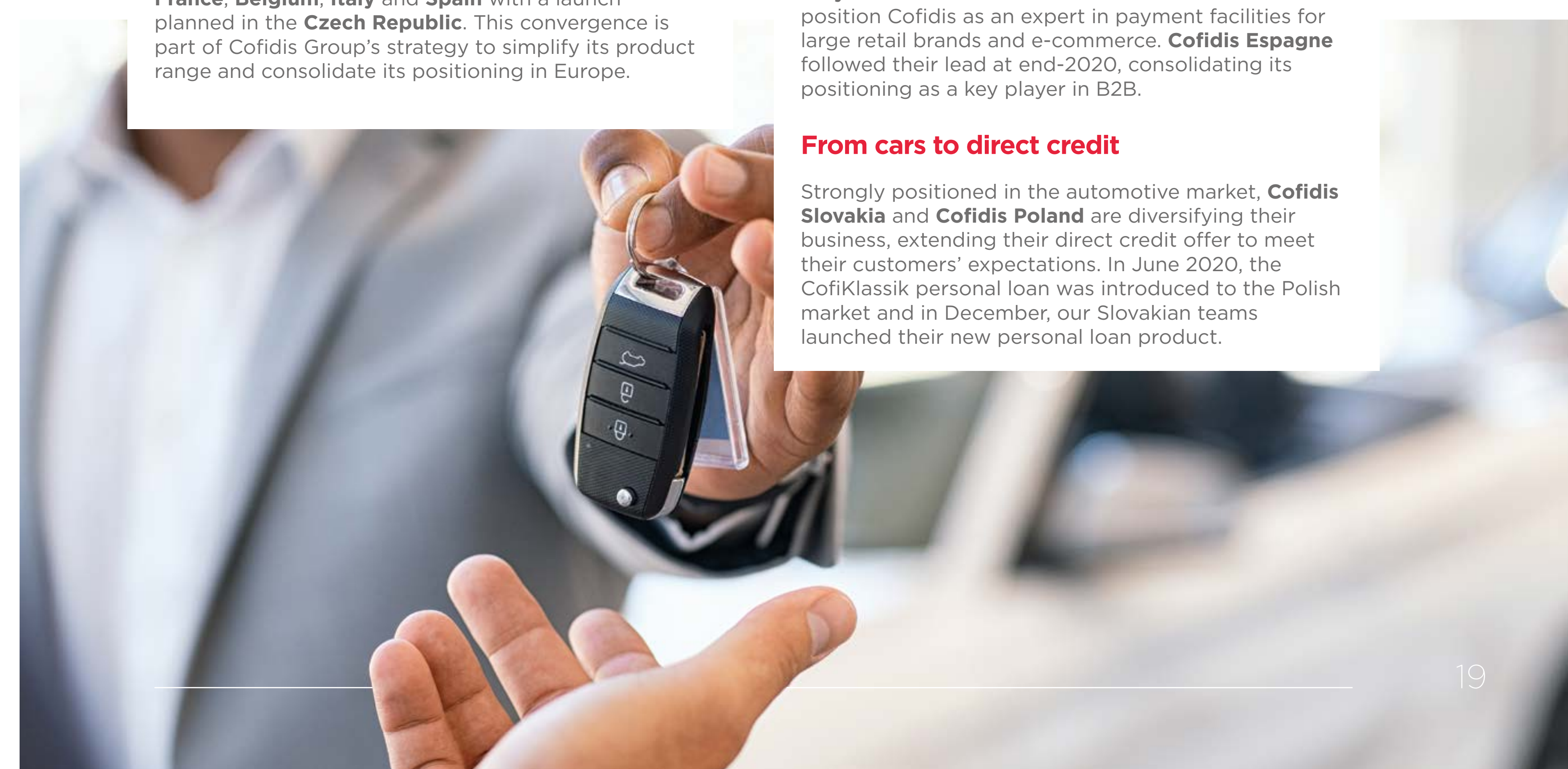
It has been a productive 2020 and early 2021 period for **Monabanq**. In March 2020, the online bank introduced four new prospect-focused bank packs. The next step was the creation of PratiqPro, a dedicated bank account for self-employed entrepreneurs which offers support to address their specific issues. Monabanq also developed a new mortgage loan to extend its online banking offer. These performances were recognised with Monabanq "Voted Best Customer Service of the Year 2021". This is fourth consecutive time Monabanq has scooped the award.

Cofidis Retail in Spain: increased B2B visibility

Over the last few years, **Cofidis France** and **Cofidis Italy** launched Cofidis Retail in an endeavour to position Cofidis as an expert in payment facilities for large retail brands and e-commerce. **Cofidis Espagne** followed their lead at end-2020, consolidating its positioning as a key player in B2B.

From cars to direct credit

Strongly positioned in the automotive market, **Cofidis Slovakia** and **Cofidis Poland** are diversifying their business, extending their direct credit offer to meet their customers' expectations. In June 2020, the CofiKlassik personal loan was introduced to the Polish market and in December, our Slovakian teams launched their new personal loan product.



A robust, partner-focused group

Our Group has harnessed the potential of its complementary expertise, taking on a European dimension. This has resulted in partnerships with prestigious global-reaching companies such as Amazon, Huawei and Electro Dépôt. Huawei has made Cofidis its preferred partner: the payment facilities made available to the Chinese giant - in Spain and France - have financed purchases (smartphones, tablets, computers, connected watches, etc.) worth more than €2.8 million.

The Group's internationalisation was confirmed with the launch of CreditLine, a private renewable credit line (€100 to €1,500) which is actively providing a service in Italy to the customers of Amazon. **Cofidis Italy** turned in an outstanding performance as it was challenged by the American powerhouse. Our subsidiary adapted successfully with the deployment of an agile and secure payment solution allowing customers one-click multiple payment access. Cofidis Italy becomes our third subsidiary partner to Amazon after Cofidis France (2017) and **Cofidis Spain** (2019).

Cofidis × WIKICAMPERS [HOME ROAD]

Cofidis France enters the C2C* market with Wikicampers

Through its partnership with Wikicampers, a digital platform for the sale of leisure vehicles, **Cofidis France** has entered the market for peer-to-peer selling between private individuals. This move is in response to French people's evolving needs and consumption habits. From now on, they will be able to enjoy fully secure financing support for their motor homes. This 100% online financing solution not only adapts to each individual scenario but it also increases the prospect of a sale for dealers and leisure vehicle ownership for buyers.

*Customer to customer sales

Cofidis Czech Republic, Superbrand!

Cofidis Czech Republic has been awarded the Superbrands label for the fourth year running. The label recognises the strongest brands in over 90 countries using the same set of criteria. The organisation presents a brand's specific market positioning and excellent reputation.

CZECH Superbrands AWARD 2021

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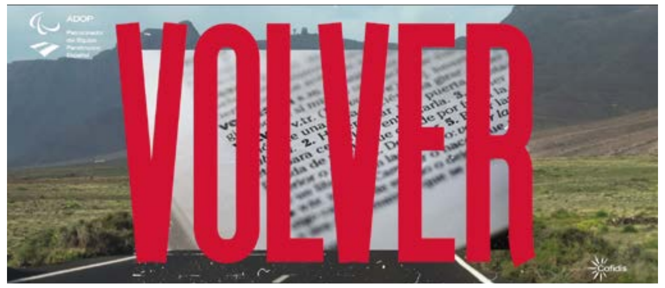
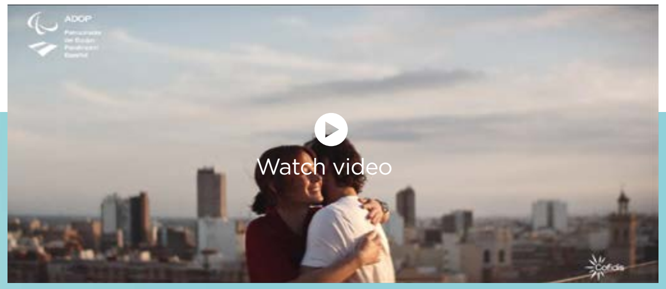
New communications campaigns catering to customer aspirations

Society is fast-changing. This in turn triggers a change in consumer habits and evolving aspirations. Supported by their communications campaigns, our entities are positioned to account for such developments. These initiatives reflect our entities' customer-first approach.

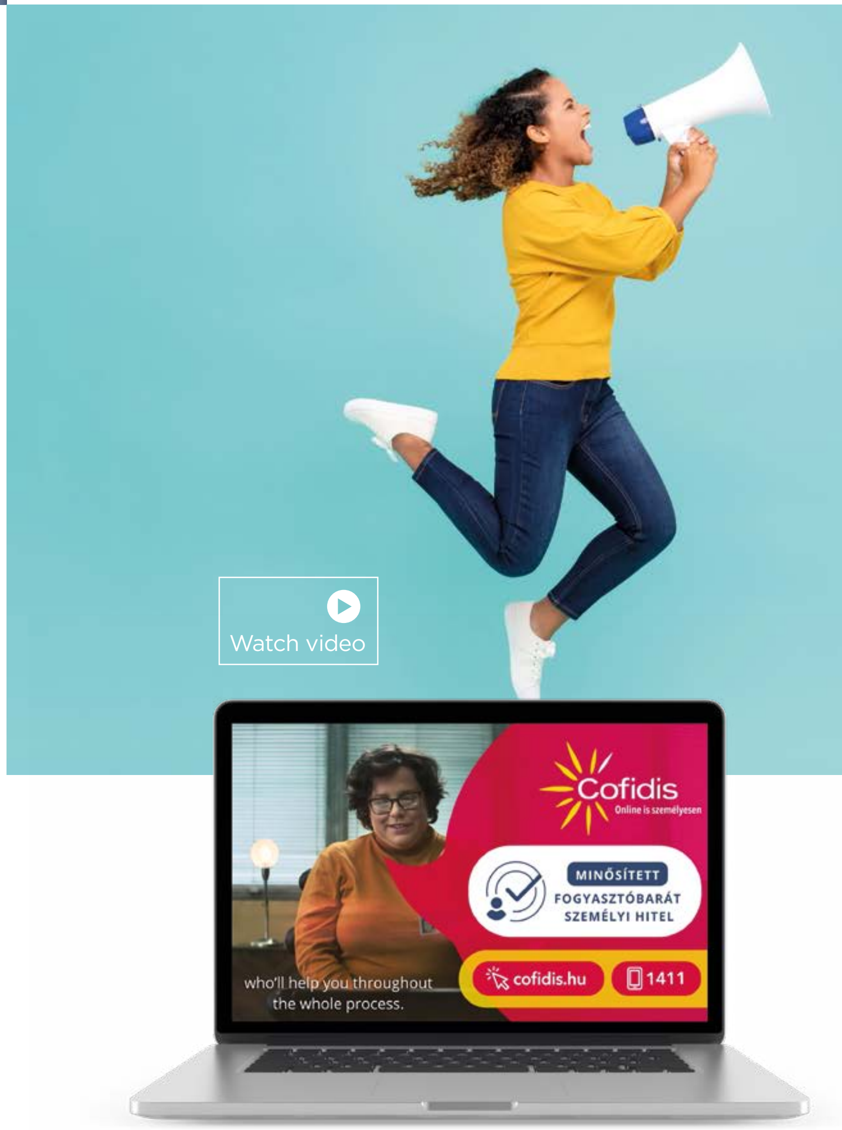
With its motto – "From people to people" – created a few years ago, **Cofidis Portugal** put relationships first in its communications. As such, our subsidiary clearly established its positioning as a partner for our customers. Since last year, other subsidiaries have reviewed their signatures and communications. **Cofidis Belgium** is now the partner that helps its customers move forward whereas **Cofidis France** has become the partner that makes the difference. **Cofidis Hungary** has used cinematic imagery and *Mission Impossible* as a showcase and to strengthen its position as the leading online credit provider.





Volver (Come back) with Cofidis Spain!

In June 2020, **Cofidis Spain** kicked off a corporate communications campaign – "Para Volver, cuenta con nosotros" ("Count on us and make a comeback"). The initiative seeks to promote a show of support and commitment to its customers while at the same time demonstrating an ambition to assist them in the new normal. This newly engaged message with a focus on consumer well-being was again used in the latest 2021 campaign video: "Our lives have multiple lifetimes." Something we should proudly remember when celebrating the subsidiary's 30th anniversary!



Cofidis Hungary campaign

a group that cares

Has the Covid-19 pandemic negatively impacted customer relations? Definitely not at Cofidis Group! 2020 was a year of strengthened relations, thanks to our teams' commitment and their support, coupled with the Group's supportive workplace and pooled resources, not to mention our agile solutions and our positive embrace of online innovations.

Viewpoint

Marie-Cécile Hild Brun
Customer Experience Manager
Cofidis France

Ouassini Bouziani
Head of Operational Activities and Customer Experience
Cofidis Belgium

Csaba Sarik
Director of Sales and Customer Relations
Cofidis Hungary

2020, a year of positive transformation for human relations

Marie-Cécile: Overall assessment for the year is positive and constructive despite disruptions caused by the pandemic. The situation made us become a more attentive company. It also levelled up our collaboration with customers first served in 2019 through managed customer experiences. Throughout 2020, we implemented this organisational transformation by carefully considering our customers' expectations and adapting our processes accordingly. This more than fulfilled their expectations. To achieve this, we needed to increase our energy levels. In this context, we had decided to jointly develop a solution between our teams and customers. This meant we organised our workshops remotely. In spite of this, we successfully adapted to the new tools and new ways of working.

Ouassini: Covid-19 accelerated our transformation. We quickly mastered remote working. As a Group, we are incredibly fortunate that remote customer relations have been our speciality for more than 35 years! Thanks to this DNA, we have strengthened our customer relations, especially in such testing times when many have been forced to stop working. In such circumstances, it is important to add value to relations and create a connection. At Cofidis Belgium, digital and human relations coexist, catering to customers' every need. We have to find the human touch in digital and build on the strengths of these parallel universes. Our strength lies in our people focus and our resilience.

Csaba: Consumer habits are constantly evolving. At Cofidis Hungary, our customers have shown increased trust in online tools and solutions. The same can be said of our teams. We had to repurpose our ways of working and deploy new communications platforms with unprecedented agility. Previous decades had already confirmed the strategic importance of premium relations to our business. In this regard, 2020 was the most conclusive example to date.

Collective progress to improve the customer experience

Marie-Cécile: We took one step closer to achieving relationship excellence with a new governance team focused on customer experience. The expression "customer first" came fully into play. On top of this, we can be proud of how we integrated this approach into our ecosystem. We considered that our customers, employees, partners and citizens were interconnected and should all benefit from the progress of our new customer experience solutions. In order to make further strides forward, we will schedule half-year customer meetings and improve our surveys.

Ouassini: One of our real sources of pride is the fact that we provided a Group-wide platform for the voice of the customer. It became central to the daily activities of our 400 employees who are all accountable for ensuring customer satisfaction. With the accelerated development of our customers' communications functions and tools, we are complementing our customer-first platform in an effort to capture the emotions and moments of pleasure as well as the sticking points, irrespective of customer experience and communication channels. The "C^2 Experience" (C^2 for Customer & Employee) was one of Cofidis Belgium's flagship projects. The project served as a comparative analysis of Customer and Employee Experience. The equation is the catalyst for achieving our ambitions: Experience = Business! We will also fine-tune our indicators as we specifically evaluate a way to honour our promise of providing "High-quality solutions".

Csaba: Against an extraordinary background, we stepped up our initiatives with a focus on customer service and proximity. Moreover, our efforts were recognised by the "Client First: excellent customer relationships" label. They awarded us first place for our phone and digital relations. These awards fill us with pride, especially under such difficult circumstances. At Cofidis Hungary, we strive to remain a step ahead of the competition. To this end, we make every effort to assess our daily customer feedback, incorporating it into our process. It's a challenge we thrive on!

A group that put its customers first

Since its creation in 1982, Cofidis Group has pioneered a unique concept: long-distance credit without the distance. As such, the Group has put the customer first in all its activities. Our approach leverages relational and technological innovation to provide services that are increasingly customer-focused. Against the backdrop of the health crisis, lockdowns, remote working and social distancing, our customer relations have reached their full potential, thereby confirming our positioning.

In a complex period, we continued our transformation with a view to improving our customer service performance. Together, we upscaled our organisation to drive up results. We also developed new services and tools to deepen the connection with our customers and teams from both a digital and human standpoint.

Relationship excellence that has never been so successful

The excellence of our customer service has been commended in Europe. Our customer first approach been recognised in **France, Spain, Hungary, Italy, Portugal** and **Belgium.**

Creatis has accelerated its communications strategy, carefully considering the needs of our customers and partners and fully engaging with them in spite of the health crisis. Highlights include welcome calls and follow-up calls. These initiatives have made all the difference. What's more, we have implemented campaign management tools to increase the visibility of **Creatis** with respect to its prospects.

MONABANQ	COFIDIS SPAIN	COFIDIS PORTUGAL	COFIDIS ITALY	COFIDIS FRANCE	
Voted 2021 Customer Service of the Year in the "Online Banking" category.	Voted Best Customer Service in the "Credit Institutions" category.	Voted "Escolha do Consumidor" ("Customer Choice") for the ninth consecutive year.	Once again awarded Istituto Tedesco Qualità (ITQF) certification.	Trophy for the best online customer relationship via email and social networks in the "Bank-Finance" category.	Labelled "Happy team, happy customers". The label is a testament to our successful symmetry of attentions.

On top of this, throughout the health crisis, we performed strongly by prioritising the needs of the vulnerable and disenfranchised. We stuck to our priority objective: achieving relationship excellence. At **Cofidis France** and **Cofidis Spain**, we called our long-standing customers just to check in on them. In May 2020 alone, 114 volunteering employees arranged calls with 424 Spanish customers. The employees welcomed this initiative and were proud to have played their part.

424
Spanish customers aged over 65
called in May 2020
to catch up on their lives

A customer first organisation

These awards are the result of the commitment of our teams. As part of the Experience First project, the customer experience is now the performance driver of our Group and our organisations.

Cofidis France responded by repurposing its customer experience using surveys and interviews. In doing so, our subsidiary strategically put the customer first in its quest to provide the perfect customer experience. This required collaboration from both our customers and our teams. By establishing a clear overview of the Cofidis customer experience and its experiential aspirations and by leveraging its cross-functional expertise, **Cofidis France** has designed seven "perfect" customer experiences. The latter guide and determine its actions.

Our **Cofidis Belgium** subsidiary has developed a unique comparative approach of the customer and employee experience. We set out with the aim of pinpointing each person's feelings in a variety of situations before analysing the processes that need upscaling. We analysed a wide range of moments in any given relationship; from anger to emotion to performance/execution and frustration. To optimise customer satisfaction, nothing is more effective than empowering teams to meet the customer's needs, with increased support and autonomy. We will develop our approach in the months ahead. Watch this space!

Double win for Cofidis Hungary

Cofidis Hungary delivered a standout performance in both "call-centre" and "e-customer" categories. Our subsidiary was rewarded for its best-in-class customer relations after conducting a secret survey (2,500 testimonials). This was deserved recognition for their dedication to a customer-centric strategy.

Staffino, delivering real-time consumer engagement

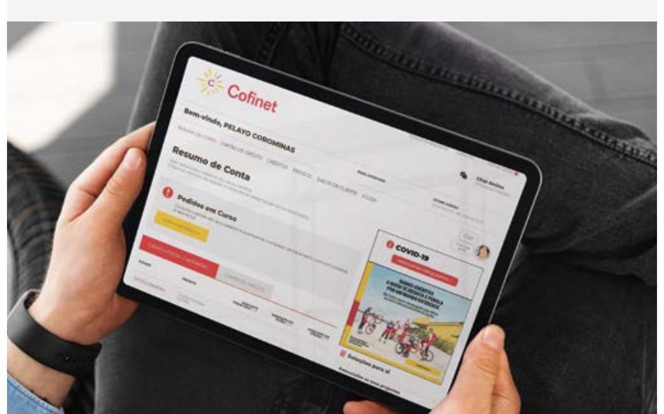
This consideration of external opinions is reflected in the deployment of a real-time survey since summer 2020: Staffino. The latter is used by various Cofidis entities including **Poland** and **Slovakia**. It is a platform that offers a community perspective on performance analysis. Whether through satisfaction surveys or positive and negative feedback reporting, Staffino provides us with better insight into customer feelings and suggests areas of improvement to ensure maximum responsiveness.

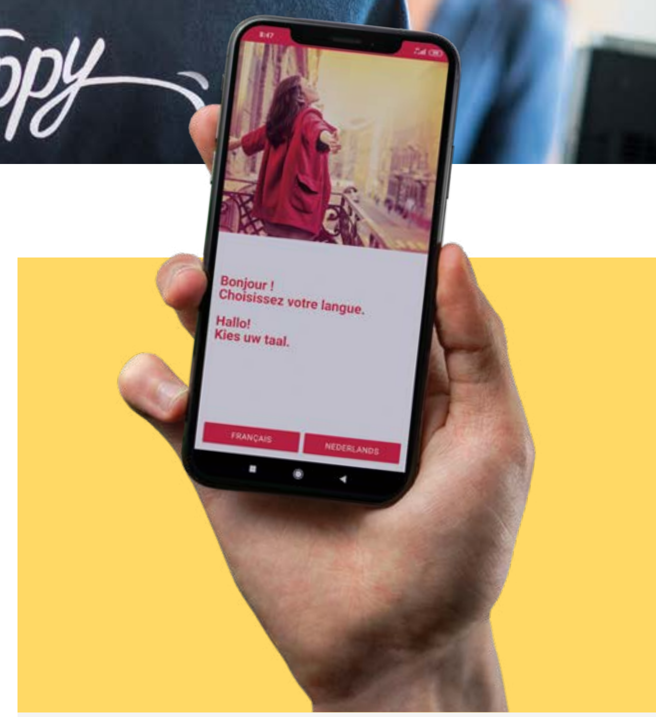
Innovations: driving forward relations and satisfaction

The health crisis has accelerated the development of selfcare models and online simplification to facilitate evolving customer needs and functions. We deploy technology for people through careful consideration of customer needs and increased collaboration.

Cofidis Portugal: optimising the customer space

Cofidis Portugal has enhanced its customer space, with improved access and the optimisation of specific features. This lets beneficiaries autonomously manage their agreements. Our subsidiary has also developed an FAQ support centre and a chat function.





Cofidis Belgium: repurposing the subscription experience

In **Belgium**, we have repurposed the subscription experience to offer a premium experience that is 100% digital and 100% human. The subsidiary focused on three priorities: strengthening the "mobile first" customer space and mobile app strategy, actively managing communication channels, including social networks, and providing a premium and responsive experience "anytime, anywhere, any device".

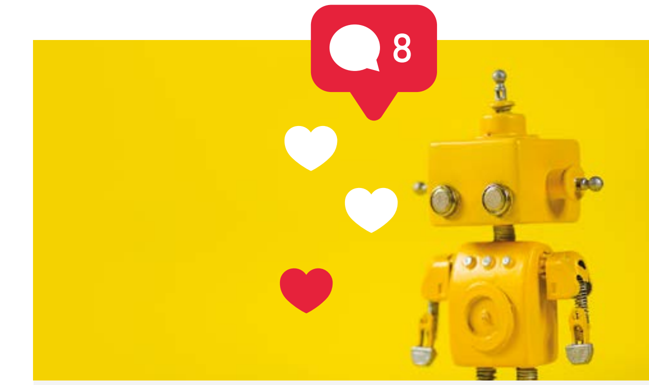
In Belgium,
+80% of our customers
connected to their account via mobile app, versus only 25% in 2019

Supporting our partners

We responded to the crisis through business continuity in an effort to support our partners with solutions to match their own customers' expectations and needs. As a Group, we also increased our focus on putting the customer first and achieving a premium service.

Creatis has been exemplary in this regard. Our subsidiary has extended its partner relations through email campaigns and regular telephone contact. We have championed transparent communications with our partners' management and sales teams in an endeavour to ensure maximum visibility. Together, we have led projects to develop new solutions that can generate new business. We intend to accelerate this momentum. That is why we will form a club of partners since we recognise that productive networking can foster the sharing of best practices and strengthen our shared culture of partner-driven relations.

In the same spirit, **Cofidis Poland** invited its partners in October 2020 for a meeting to better understand the needs of the market in terms of products, processes or systems. These stimulating half-year meetings provide a platform for setting objectives. Our priority goals are as follows: perfecting our credit solutions to better meet the expectations of the most demanding prospects; strengthening the connection between industry players and promoting the values of a shared corporate culture.



Cofidis Spain: delivering a multi-channel experience

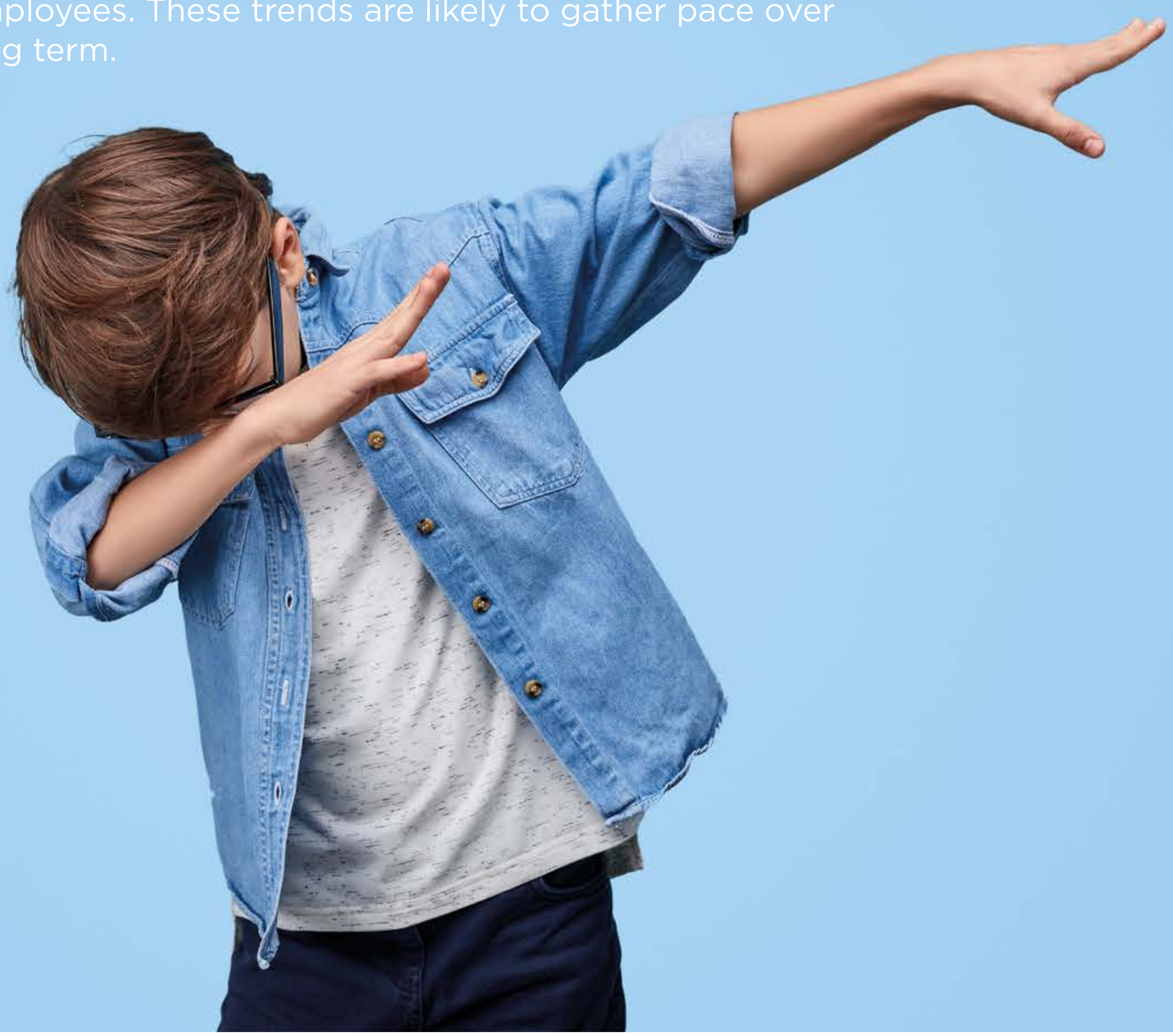
In Spain, consumer credit grants were optimised through chatbots and WhatsApp. This applied to incomplete documentation received, adapting our discussions to our customers' individual circumstances.

Creatis: facilitating customer management with COBOTS

In addition to WhatsApp and chatbots, **Creatis'** teams have benefited from the support of COBOTS - bots for employees - to accelerate access to their customers' information to ensure better support.

a group that innovates

Despite the backdrop, 2020 accelerated innovation within our Group. By strengthening the links between our different entities and our collective intelligence, we co-ordinated our efforts to leverage innovation in all its various incarnations to make a difference with our customers, our partners, and our employees. These trends are likely to gather pace over the long term.



Viewpoint

Christophe Haegeman

Head of Technological Innovation
Synergie

Luca Giacoma-Caire

Marketing and Customer Experience Manager
Cofidis Italy

"Our goal is now to be recognised as the most innovative player in the sector and we will leverage this recognition to win new customers and increase customer engagement."

2020, a year of innovation

Christophe: Despite the pandemic, 2020 was the year our Group launched a new ambition in terms of innovation, as reflected in the creation of my function and my mandate, based on three complementary goals:

- Uniting innovation experts in each of our entities within a community to share ideas, initiatives and best practices while also linking up with the Crédit Mutuel Alliance Fédérale's community of experts.
- Identifying the needs and uses of our different business lines, to define and prioritise actions taken within the Innovation Committee.
- Developing an open ecosystem, via an open innovation approach with those involved in the tech sector, as well as with top-ranking higher education establishments *(grandes écoles)* and universities.

Luca: Over the past year, we were faced with unprecedented challenges which led us to create smart working procedures for our employees and fostered innovation within our organisation. We demonstrated our ability to adapt while continuing to offer the same level of quality service and engagement to all of our customers. We developed innovative digital solutions to maintain our relationship with our customers, prospective customers and partners to protect our business and meet their needs. A lever for accelerated, but sustainable transformation!

Useful and reassuring lessons learnt for the future

Christophe: We had to build this new mandate together remotely with the help of innovative benchmarks from our different entities, set up an ad hoc committee and make it work under these conditions, which were far from ideal, while also participating in the action plans of the Innovation Factory of Crédit Mutuel Alliance Fédérale. But, the outcome was worth it: the Innovation committee shares, prioritises and co-ordinates subjects to accelerate progress, with, in particular, at its heart a panorama of innovations sent every two months to the entities, as well as webinars, and innovation workshops to be launched in the near future. Regarding the involvement of the Cognitive Factory, this enabled us to step up the development of new solutions to serve our customers and our employees, such as chatbots, email analysis and virtual business assistants. All of this progress inspires me with confidence for the future in our collective intelligence in innovation terms.

Luca: During these disrupted times, we implemented innovative and structuring projects for the future, such as our partnership with Amazon which enabled us to develop a product that did not exist on the Italian market, enabling customers to pay in several instalments with just one click. We developed it in collaboration with Cofidis France and Cofidis Spain, which demonstrates once again the strength and utility of our Group. Our goal is now to be recognised as the most innovative player in the sector and we will leverage this recognition to win new customers and increase customer loyalty. We have proved that this is possible even during difficult times, which is a great source of pride and enthusiasm!

An **agile and innovative** Group

To appropriately meet the challenges represented by changes in expectations and behaviour, we must innovate continuously. Agility and innovation have been part of our DNA since the first innovation that led to the creation of Cofidis: online credit, where the distance doesn't matter. For all Cofidis Group entities, innovation means offering both customers and employees an experience that leaves room for emotion, thanks to an offering and tools that are continuously evolving, eliminating irritants and fostering a smooth and simple relationship.

Cofidis Belgium, a new mobile first website

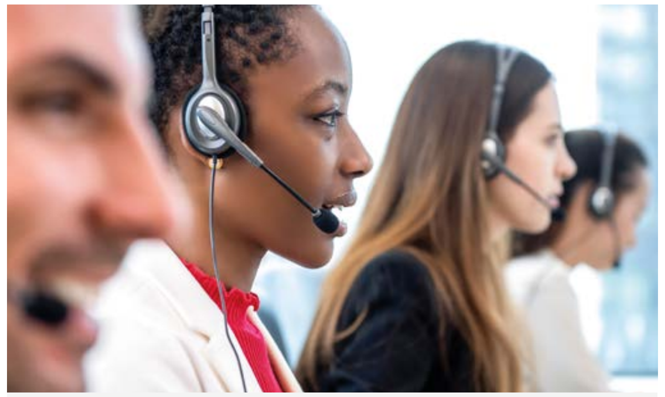
70% of the customers of **Cofidis Belgium** use the site on their smartphones, so, to meet their expectations and be coherent with our promise of freedom, **Cofidis Belgium** gave its site a full makeover. The menu, the main navigation principles and the interface were all reworked and new simulators were specially created. This makeover was also an opportunity to provide faster access to our account managers. 100% mobile, 100% human!

Digitalisation at the heart of innovation

To meet customer expectations, we continuously strive to update our offers and our approaches. Of course, we will rely on digital technologies while at the same time ensuring we maintain the quality relationships we enjoy with our customers. The development of self care initiatives, for example, enables our customers to be more autonomous regarding certain functionalities, leaving our account managers with more time to advise them and enable them to benefit from their expertise.

Digital innovation has also enabled us to multiply the way we communicate: with emails, social networks, telephone calls, text messages, Whatsapp, etc. Attentive and interactive, our communication underlines our close relationship with our customers and how we personalise our approach.

Cofidis Group entities have also adapted to the crisis by using new communication technologies and new collaborative platforms such as Trello, Mural, and Yellow to maintain close ties with our teams and to continue to implement our transformation projects.



Cofidis Hungary innovates with voice signatures

After the video identification and electronic signatures, **Cofidis Hungary** continues to simplify applying for a loan, becoming the first Hungarian company to offer voice signature capabilities. The customer can read the loan agreement information out loud, to validate the signature of the loan request quickly and easily.

The data-driven transformation

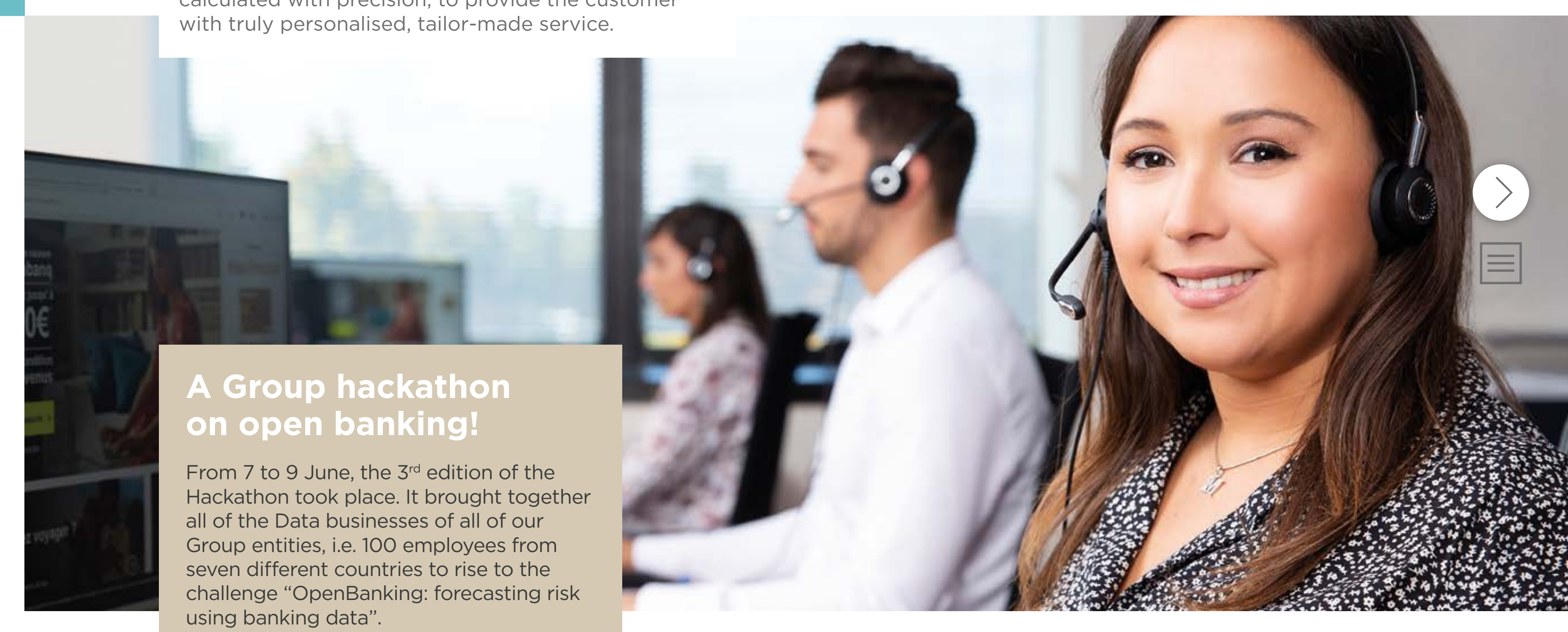
Approached and listened to with a human touch, our customers also exist in the data that we collect, process and analyse to better meet their needs and transform our businesses and our offering as well as reconcile responsibility and profitability.

Beyond the training of our employees in digital technologies for our different areas of business, our Group is also recruiting new talents to accelerate its data-driven transformation.

"Data scientists analyse data and use this data to extract mathematical models", explains Amélie Cannone, head of Data Services and New Technologies at Cofidis Group. Job title, family status, etc. There are numerous pieces of information that can help us predict a customer's ability to repay a loan, but also to identify which products might be of interest to them. Then, customer satisfaction is calculated with precision, to provide the customer with truly personalised, tailor-made service.

Cofidis Poland becomes data driven

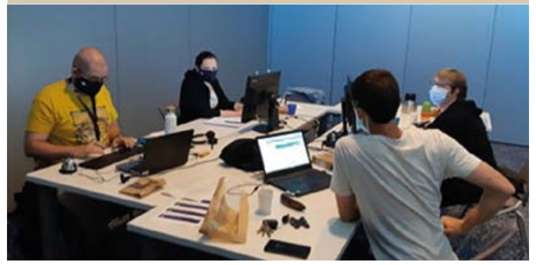
Cofidis Poland has made data processing its priority, with an in-depth makeover of its organisation. Risk analysts assess existing rules, while department and research managers test the effectiveness and targeting of marketing campaigns and specialist teams measure positive and negative impacts. This virtuous collective arrangement enables us to better use data in the service of our customers and to enhance development of our offers. It will take on an international dimension, with the inclusion of the Data Officer from Cofidis Poland on the Group's Data Committee, which will be launched soon, on a par with actions that have already been rolled out in France, such as the Initiative Day for data in 2021. So that local best practices can be of benefit to all of our Group.



A Group hackathon on open banking!

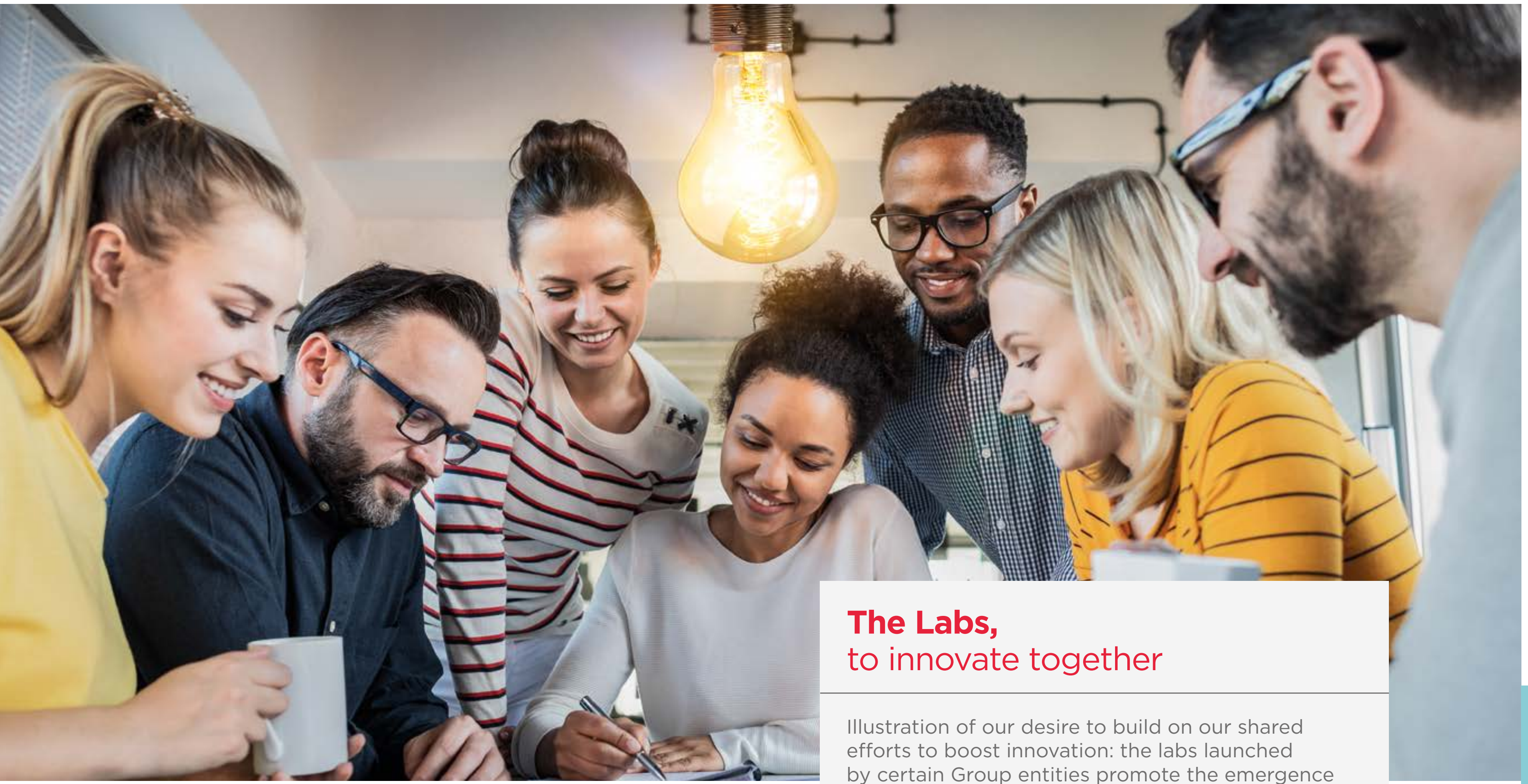
From 7 to 9 June, the 3rd edition of the Hackathon took place. It brought together all of the Data businesses of all of our Group entities, i.e. 100 employees from seven different countries to rise to the challenge "OpenBanking: forecasting risk using banking data".

It is the culmination of more than a year's work by the **Synergie** Data team which organised numerous training sessions covering text mining, python language and language methodology to prepare all of the Group's data employees for the challenge which generated concrete results.



Cofidis 3x Pay from Cofidis Belgium recognised in the BeCommerce Awards

This solution enables e-commerce players to offer their customers the possibility of paying for their purchases in three instalments. An innovation in Belgium which enabled Cofidis to win the Payment Award in the 2020 BeCommerce Awards.



Collaborative innovation as an accelerator

People at the heart of our project, alongside innovation. In the business committees organised by the Group, in business transformation projects and cross-functional initiatives, every time Group employees are invited to share their ideas because we are convinced that it is collective intelligence that drives innovation.
The creation of an innovation community bringing the experts of each entity together on this subject is an excellent example, illustrating the desire to share and exchange so that we can come up with new ideas.

28 tests carried out by Innolab
including 5 internationally

The Labs, to innovate together

Illustration of our desire to build on our shared efforts to boost innovation: the labs launched by certain Group entities promote the emergence of ideas and their implementation.

Initiated in 2017, **Creatis** updated its lab'2.0 with the implementation of an online platform: employees can promote their ideas more easily and everyone can cast their votes. Then, confirmation is also facilitated: it does not have to be the author of the idea who follows through with it, it could be a different expert on the topic, or another willing employee.

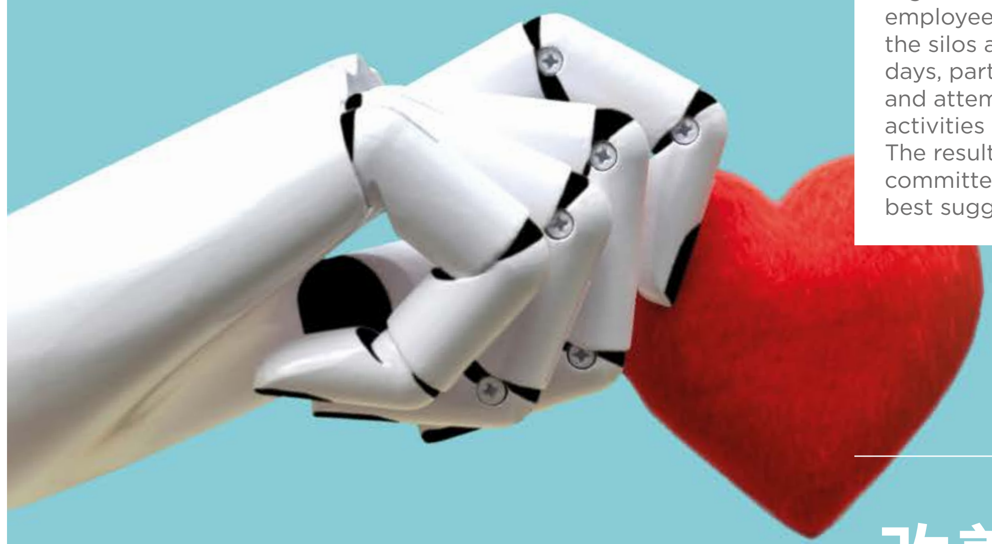
Meanwhile, **Cofidis Spain** launched Innolab with a view to implementing large-scale project testing. In 2020, around 30 tests were conducted and, for 2021, the target is to open up the lab to local companies to enrich exchanges.

Portugal saw the inauguration of 400m² dedicated to promoting the culture of transformation and innovation in 2020. Inspired by the latest trends in co-working, this space welcomes work groups to present their projects as well as market trends, invite guests and apply Design Thinking or agile work practices.

The IC 48 model by Cofidis Portugal

Cofidis Group can count on the dynamism of its subsidiaries in terms of innovation: proof with IC 48, the first in-house start-up from **Cofidis Portugal**, launched in August 2018. Its goal? To fulfil the promise of meeting your project financing needs within 48 hours. Thanks to "Lean Six Sigma" technology and a customer-centric approach, a multi-disciplinary team of 10 employees overhauled acceptance process for our partner products. The new, easier-to-use process is now partially automated thanks to increased use of data: automated decisions increase from 30% to 65%, reducing waiting time between stages. To reduce the number of incomplete files, automatic reminders were implemented as well as more precise reminders, involving personal involvement from our loan agreement analysts. The perfect alliance between man and technology, a symbol of the international strategy of the Cofidis Group.

Automated decisions increase from
30% to 65%



The Kaizen week at Cofidis Czech Republic

"Kaizen" comes from Japanese, meaning continuous improvement. The aim of the intensive workshops organised in the **Czech Republic** was to involve employees from the different departments to break the silos and optimise existing processes. Over four days, participants analysed the process selected and attempted to rationalise it by eliminating activities that do not generate any added value. The results were then presented to the management committee and the employees who contributed the best suggestions were rewarded with a small gift.

改善

"Kaizen" comes from Japanese, meaning continuous improvement.

a group that collaborates

The pandemic brought its share of challenges, but it also shed light on the importance of the HR function, which was a genuine business partner. Thanks to the implementation of continuous and transparent communication, solidarity actions and new working methods, we reinforced our confidence and placed people, more than ever, at the heart of the employee experience.

Viewpoint

Maria-Margarida Pena

Employee Experience Director
Cofidis Portugal

Anne-France Galet

Employee Experience Director
Monabanq

Katia Caniot

Employee Experience Director
Cofidis France

2020, a year of resilience

Maria-Margarida: 2020 was a dramatic shock to everyone, but we illustrated our resilience, which was a source of learning, change, transformation and enhanced our agility and solidarity.

Anne-Franc: We were far from thinking that the key point of the year would be the health crisis. But, focusing on the positive, the HR function took centre stage and was seen in a new light, like never before! We were first in line in the field, whereas, usually, we are more in the background.

Katia: The shock was indeed hard, but we demonstrated our genuine ability to adapt, both at the Group level and at our different subsidiaries. At all levels, we observed the emergence of a true spirit of mutual support between employees as well as unstinting mobilisation.

> “We implemented new methods and tools; we reinvented ourselves while remaining true to who we always were.”

This enabled us to express our values from a very operational perspective, repositioning human beings and friendliness at the heart of what we do, while also leveraging digital technologies. All told, the crisis acted as an accelerator. We implemented new methods, new tools, we reinvented ourselves while remaining true to who we always were.

Pride, confidence and solidarity

Maria-Margarida: This year in particular we were even more aware of our ecosystem. With the #Like project, we truly saw the emergence of our commitments to inclusion, the environment, and the fight against poverty. We implemented solidarity actions linked to the pandemic, in line with our values. And our employees genuinely placed their trust in us. In our internal satisfaction surveys, confidence is a key factor, along with pride in belonging to our Group and the feeling of being supported during this difficult period. And, this mutual confidence inspires us to achieve much greater things in the future.

Anne-France: We enjoyed a number of very encouraging successes during the year. For example, Monabanq turned in an incredible performance despite the disrupted backdrop. And, its employees say it best, as, for the first time, it won the prize for the “Best Workplace”. This strengthens our shared feeling of belonging and pride in our Group, even more so at the HR department where engagement and personal commitment are particularly prized.

Katia: Another immense source of pride was that we stayed the course, despite everything, both at Cofidis France and at all of our subsidiaries. We proved that our model is solid and resilient. We accompanied our partners throughout the crisis, we helped them in their transformation, and business started to recover sharply after the first lockdown. And, internally, we did things that we had never done before, such as calling our senior customers to make sure that they were doing well. We can all be very proud of these solidarity actions.

A human and collaborative group

"People are the key to our success: they are our inspiration and driving force". This is how Gilles Sauret, Chairman of Cofidis Group, underlines how our teams are at the heart of our actions and our decisions. The Covid-19 crisis has clearly illustrated how people are at the heart of our culture and our organisation: safety was the No. 1 priority of our group and all our employees were strongly mobilised throughout this difficult period. It is thanks to their commitment on a daily basis that our companies can transform themselves, even during troubled times, and this is the reason why Cofidis Group's ambition is to enable our employees to experience a human and inspiring professional adventure!

A human and inspiring experience

Solidarity and mutual support in the midst of the crisis

During the disrupted times that we have endured, we need more than ever to feel valued and be proud of our business and our company. Because we enable our customers to fund their projects, to avoid difficult situations or fulfil their dreams, Cofidis employees are always ready to serve our customers, and this has been particularly true this year, more than ever. The solidarity actions implemented by the Group and its employees have clearly illustrated that our values of commitment and responsibility are not just words, strengthening the feeling of belonging and the desire to work together.

Our concern: the well-being of our employees

And, because at Cofidis Group we are convinced that happy employees make happy customers, we continuously strive to optimise the quality of our environment and enhance the well-being of our employees.

During the health crisis, we took great care to understand the situation of each and every employee, for example, by helping those with children or aged parents to care for. Physical activities, relaxation and meditation sessions, webinars on stress management, etc. We take care of our employees at every stage of their daily lives.

United despite distance

As the concept of friendliness is very important for our Group, all of our entities implemented Skype-Cafés, to maintain contact and we organised photo and video competitions. Ready-to-use kits were distributed to managers to enable them to share fun exchanges with their teams. An e-sport competition was organised at the Group level, not to mention all of the expressions of best wishes which were steered with good humour, as well as videos and games to liven things up and keep people involved, despite distance.

+ 100

Skype-Cafés set up

Great Place To Work: recognition from our employees

As if proof were needed. Here are the results of the Great Place to Work survey for the four entities that competed for the title.

Cofidis France
5th ranking Best Workplace in France 2021
(in the companies with 1,000 to 2,500 employees category)

90% of employees declared that their Group is the best place to work.

Monabanq
16th ranking Best Workplace in France 2021
(in the companies with 50 to 250 employees category)

95% of Monabanq employees declared that Monabanq adjusted well to the lockdowns.

Cofidis Italy
15th ranking Best Workplace in Italy 2021
(in the companies with 150 to 499 employees category)

93% of employees are proud of what is accomplished at Cofidis Italy.

Cofidis Belgium
Great Place To Work for the 4th year in a row

83% of employees took part in the survey.

Cofidis France rolls out intrapreneurship

Launched in October 2020, the Team Starter project develops team decision making. This internal crowdfunding platform enables employees to suggest project ideas and vote on initiatives they would like to see implemented. Various themes and strategies are available: business, innovation, improving the partner and customer experience, CSR, etc. Each month, each employee receives a fictitious €10 amount to invest in a project and when the project has reached its budget, it is implemented. In this way, each employee contributes directly to the development of the company!

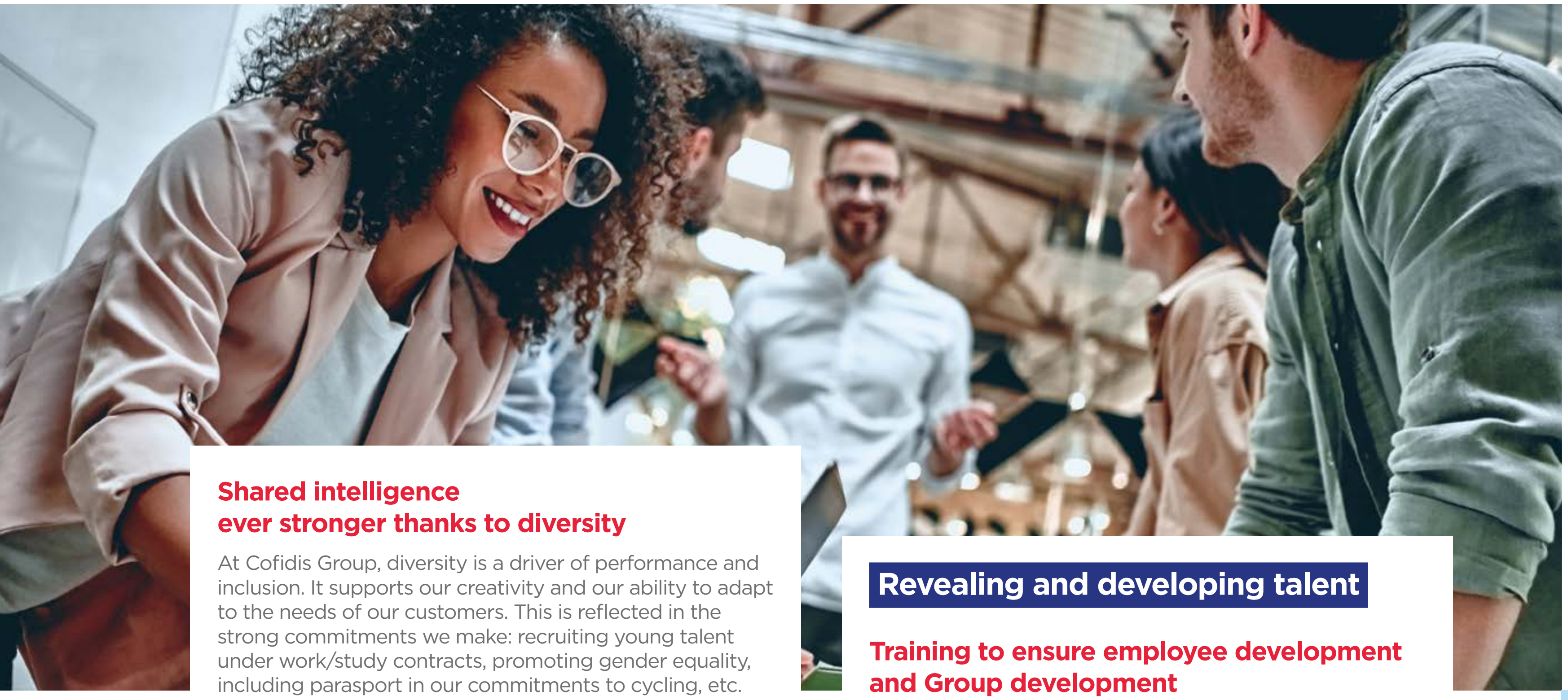
Everyone at the heart of transformation

Employees driving our corporate projects

The crisis did not prevent the development and transformation of our Group. Society is changing, and consumer expectations are changing also, our companies must do likewise and enact transformation and they have fully understood this: "The Butterfly Project" **in Italy**, "Together+" at **Cofidis France**, "People first" at **Monabanq** etc. All of our entities are committed to ambitious approaches. And, all of our employees are involved to take advantage of the skills of everyone and our collective intelligence.

Co-building the future at **Cofidis Italy**

In Italy, the Butterfly Project is getting employees involved in the company's transformation.
Made up of managers from complementary areas, a cross-functional team organised five workshops and considered the points of view of 90 employees.
The goal? To lay the foundations that will determine the future of the subsidiary.



Shared intelligence ever stronger thanks to diversity

At Cofidis Group, diversity is a driver of performance and inclusion. It supports our creativity and our ability to adapt to the needs of our customers. This is reflected in the strong commitments we make: recruiting young talent under work/study contracts, promoting gender equality, including parasport in our commitments to cycling, etc.

25 nationalities within the group

Accelerating through synergies and sharing

For several years now, the Group has been setting up cross-functional committees which enable better performance, by providing our different business lines with the benefits of the expertise, experience and solutions developed by all of the entities of our Group. For example, in the Customer Experience Committee, expert representatives from each subsidiary come together to represent the customer's voice in their entity, while external experts are also invited to share their knowledge. Covid-19 did not weaken this approach: video conferences, webinars, and shorter but more frequent workshops... everything was reviewed so that we would continue to move forward.

Revealing and developing talent

Training to ensure employee development and Group development

Apart from the "care" dimension of our teams, Cofidis Group is developing an ambitious training and support approach to enable each and every employee to realise their true potential, while at the same time adjusting to changes in the business environment. Our employees can count on the attention of HR teams to accompany them in their careers thanks to a personalised and adjustable career plan. Lastly, Inter-business, inter-company and international mobility also allow our employees to boost their skills and apply them in any of the numerous countries where the Group operates.

90 to 96% of employees trained each year in France

From training to co-construction, HR departments at the heart of the action

Within a Group that puts people at the heart of its corporate project, Human Resources play a key role as business partner in this endeavour.

Digital and human

With the crisis, recruitment and training had to adjust rapidly and our HR teams leveraged digital technologies to reinvent themselves. In a very short space of time, all of the HR teams and all of our entities revised their schedules and training methods: we offered numerous e-learning sessions, network classes and webinars to meet the training needs of our employees and support them during this difficult period, particularly for managers who had to learn how to manage and unite their teams remotely. Managing remotely, the right to disconnect, new work methods and meeting tools, identifying employees facing difficulties... were just some of the key themes presented.

15 collaborative and innovative HR projects

The HR sessions

This new approach involves all of our HR department employees as actors in the Group's HR transformation. Last October, teams were invited to suggest ideas to become "the best HR department in the universe". While this expression could make you smile, it corresponds to a genuine shared ambition. 45% of Group HR department employees now meet up in collective shared workshops based on Design Thinking. The goal? To learn new methods. To perpetuate this action, a HR Lab project is in development to include all HR department personnel.

In the Czech Republic, employees take part in their own training

In autumn 2020, **Cofidis Czech Republic** launched a new employee training programme: #COFI120. Born of brainstorming between the IT department, the Organisation & Data Analytics team and an external trainer, #COFI120 meets the training needs of employees, from the use of Outlook to the creation of simple reports or other more technical areas of business. What is so special about this project? The novelty is that it is the employees, depending on their abilities and their skills, who steer the training sessions.

Cofidis × coxibiz recrutement par challenge

A serious game to reinvent the candidate experience

The partnership with start-up Coxibiz led to the joint construction of a serious game designed for candidates for the sales and marketing positions. In just ten minutes, these talents interact in test situations. This enables our teams to judge their competencies, practical skills, ability to adapt and their openness...

a group that commits

The crisis has not only had negative impacts. It has enabled our employees to re-connect with the values of our company, to re-think their practices, but also to increase their awareness of the importance of our commitment to our human and environmental ecosystem.

Viewpoint

Marian Abrines Cerdà

Internal Communications Specialist
and CSR Representative
Cofidis Spain

Émilie Hornac

External Communications Specialist
and CSR Representative
Cofidis Group

2020, a year of solidarity and practical application of our values

Marian: In 2020, consideration, boldness, responsibility and agility were the words that took on their full meaning. More than ever, we placed our focus on people and experiences, with Experience First, both internally and with our customers and partners. During the crisis, we made sure that our employees felt safe at work and were able to work at home with peace of mind. Together, we made sure to continue to offer the best experiences to our customers and took great care to look after them. One of these initiatives involved taking care of seniors, for whom solitude was a major challenge during the crisis. More than 100 employees were mobilised over three weeks in a row to contact 424 elderly people to exchange with them and make sure they were doing well.

Émilie: We observed that 2020 was a year of solidarity and engagement for our employees. For some time now, we have been carrying out different actions in this connection, but, with the crisis, important decisions were taken, such as the decision to refrain from resorting to short-time working practices, to maintain employee pay at 100%, and to continue our actions to limit our impact on the global ecosystem, to help those in need and to continue to protect our environment. All of the Group's entities were mobilised, even more than usual, to make their contribution to these positive initiatives.

"I am very proud that we have continued to actively pursue the #Like programme despite the pandemic. It is very inspiring to see all of our employees so engaged in the different initiatives. And this performance is sustained!"

Sustainable initiatives

Marian: I am very proud that we have continued to actively pursue the #Like programme despite the pandemic. It is very inspiring to see all of our employees so engaged in the different initiatives. And, the dynamic continues! We raised close to €8,000 euros in favour of access to treatment for children with cancer and we will continue in this vein.

We are in the process of launching a program called Future makers that will see employees tutoring people experiencing difficulties to help them in their social and professional insertion. We are also setting up an internship programme so that young talents can benefit from their first professional experience at Cofidis.

All of these actions are carried out on a voluntary basis, and the impetus continues to grow! Initially there were just 80 of us, and now there are more than 200 volunteers.

This strong performance contributes to promoting a better quality of life at work, and boosts the commitment of everyone.

Émilie: The crisis and its management by the Group generated greater employee confidence in our Group, prompting them to become more involved in sustainable solidarity actions. Spain is a very good example of this, but the mobilisation was universal, in all of our entities and at all levels. Cofidis France also called its senior customers just to make sure they were doing well and our French entities will recruit twice as many young people versus initial plans. Cofidis Czech Republic created and distributed masks, while Cofidis Italy employees contributed their time. We are all very proud of our achievements, which also encourage us to go further and do more! We will continue to step up our solidarity initiatives!

A committed group

The nature of our businesses, loans and payment solutions in particular, means we need to demonstrate a high level of responsibility towards our customers and society in general. Our goal is to help people improve their lives and continue to aspire to fulfilling their dreams, while also protecting their finances and guarding against risky behaviour. This fundamental and shared responsibility is rounded out by commitment approaches adopted by our employees which foster inclusion, diversity and the protection of the environment as well as our cycling sponsorship which has been one of our strong commitments for many years. Our solidarity initiatives were particularly visible during this year which was difficult for everyone.

It also means taking a very disciplined approach to the use of customer data: we collect only the relevant data that can help us in designing new products or optimising existing agreements.

Committed to responsible lending

Top of the list of our commitments is, unsurprisingly, to carry out our business responsibly and ethically. That means providing transparent information to our customers, supporting and advising them depending on their unique situations, before thinking about profitability. Sometimes, this means saying 'No' to a request in the interests of protecting the customer, and acting to prevent excessive debt.

Providing support in budget management

Because carefully managing money is not innate, **Cofidis Portugal** and **Cofidis Spain** support their customers and consumers with "Conta Connosco" (count on us) and "vive mas vidas" (Live more lives) blogs. With numerous articles and tackling various subjects, these two entities aim to answer questions that everyone ponders.

CRÉSUS®

Cofidis Group partners the Crésus charity

For several years now **Cofidis France, Monabanq and Creatis** have been partners of the Crésus charity which helps those with excessive debt levels facing financial difficulties. It provides the opportunity to implement preventive measures to avoid excessive debt and to support customers facing difficulties over time.

Committed to greater inclusion

The Group decided to define the fight against exclusion as one of the key components of its engagement policy for customers, teams and society. Launched end-2018, the #LIKE approach (Like Inclusion Keep Engaged) encourages Cofidis Group employees to engage in fostering inclusion by inviting them to suggest ideas and implement them. This project enables the definition of a global and standard CSR vision for the Group as a whole.

In May 2021, the Move Together for #LIKE group challenge invited employees to walk or cycle to obtain sponsorship donations for 11 charities as part of the approach: Handicap International, L'école de la 2ème chance, Teach for Slovakia, La Cravate Solidaire, etc. In all, more than 93,000 km were covered, resulting in donations of €30,000.

20

projects #Like launched in two years

The 5 pillars of the #LIKE approach

- **#1** Offering products, solutions, and services to marginalised groups
- **#2** Continuing to facilitate inclusion and supporting employee development
- **#3** Giving people excluded from the jobs market access to group employment
- **#4** Leveraging our business expertise to serve communities
- **#5** Supporting employees facing difficulties

Cofidis Group commits to young people in difficulty

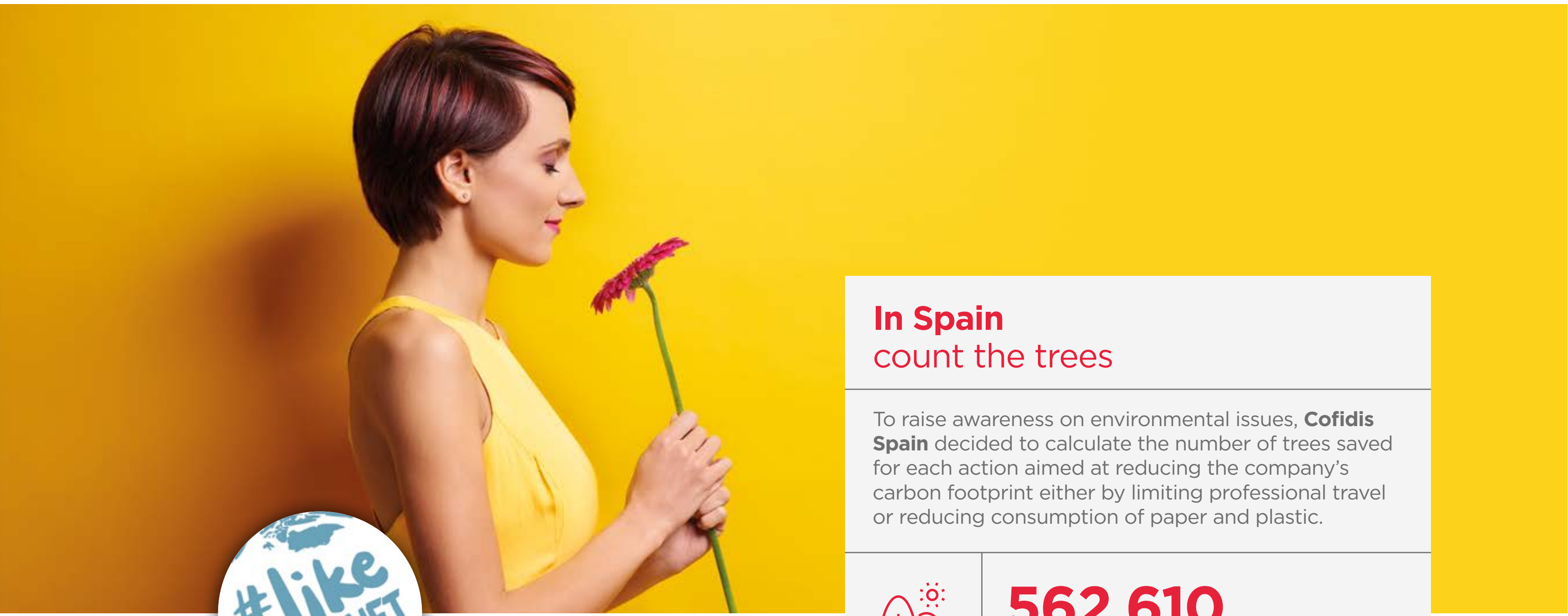
During the health crisis, young people found it very complicated to secure internships, work/study contracts or first-time employment. Cofidis Group could not stand by and do nothing. It is for this very reason that French Group entities decided to commit and recruit twice as many young people compared with its initial plans. In total, 300 young people were offered internships, work/study positions, fixed-term contracts, and long-term contracts in the Group's different business lines and they will join our teams and be trained in from September 2021.

Cofidis Spain supporting sick children

Strongly committed to inclusion, **Cofidis Spain** implemented numerous actions to support charities like the Banque Alimentaire, providing supplies for school and helping sick children. Since 2019 **Cofidis Spain** has been committed to children with cancer by supporting the Hôpital Sant Joan de Déu Barcelona: market, breakfasts, sponsored walks, solidarity challenges, etc. With these various initiatives, the company was able to make significant donations.

Cofidis France Maintaining contact despite social distancing at hospital

During lockdown periods, many hospitalised patients and people in nursing homes were isolated and cut off from their families. **Cofidis France** participated in the "un monde de liens" (world of links) programme launched by the Fondation Boulanger by offering 5,000 tablets to the Fondation Hôpitaux de Paris - Hôpitaux de France to enable patients and seniors to communicate regularly with their loved ones. This initiative was made possible thanks to the financial contribution of **Cofidis France**, but also thanks to our employees who signed up to in-house challenges.



In Spain count the trees

To raise awareness on environmental issues, **Cofidis Spain** decided to calculate the number of trees saved for each action aimed at reducing the company's carbon footprint either by limiting professional travel or reducing consumption of paper and plastic.

562,610
trees saved in 2020

Committed to environmental protection

Protecting the environment is a key challenge for Cofidis Group. The #LikeMyPlanet programme was launched to accelerate the Group's ecological transition and contribute to the target of Crédit Mutuel Alliance Fédérale: to reduce our carbon footprint by 30% by 2023.

This is why we launched the #LikeMyPlanet programme which, following the example of the #Like initiative, supports our employees as they develop ideas for improving our environmental performance and put them into action.

For the launch of the #LikeMyPlanet programme, the Group's 5,461 employees were invited to a live webinar with Gilles Suret, Group General Manager, and Thierry Vittu, Group HR manager. A conference with Yann Arthus-Bertrand in our premises in Villeneuve d'Ascq (France), but also an internal challenge with a quiz, a waste hunt, a climate walk and even team commitments to adopt practices to better protect the environment complemented this ambitious programme.

PILOTEDÉCHETS

Cofidis Belgium, recognised in the Waste Pilot 2020 Awards

Cofidis Belgium was rewarded for its continuous investment in waste reduction in the "large companies" category. A strong societal commitment on a daily basis thanks to the initiatives and efforts of employees.

Eco-friendly data

The Group's environmental commitment is also reflected in responsible management of data processing.
Our servers are located in the North of France, to take advantage of the cooler climate and limit energy consumption for cooling. Every three years, data that is no longer useful are deleted to prevent overloading of the servers and the related energy consumption.
At the same time, all Group entities take steps to raise employee awareness on how to manage email and document storage to reduce our carbon footprint.

The carbon chase is on at **Cofidis Poland**

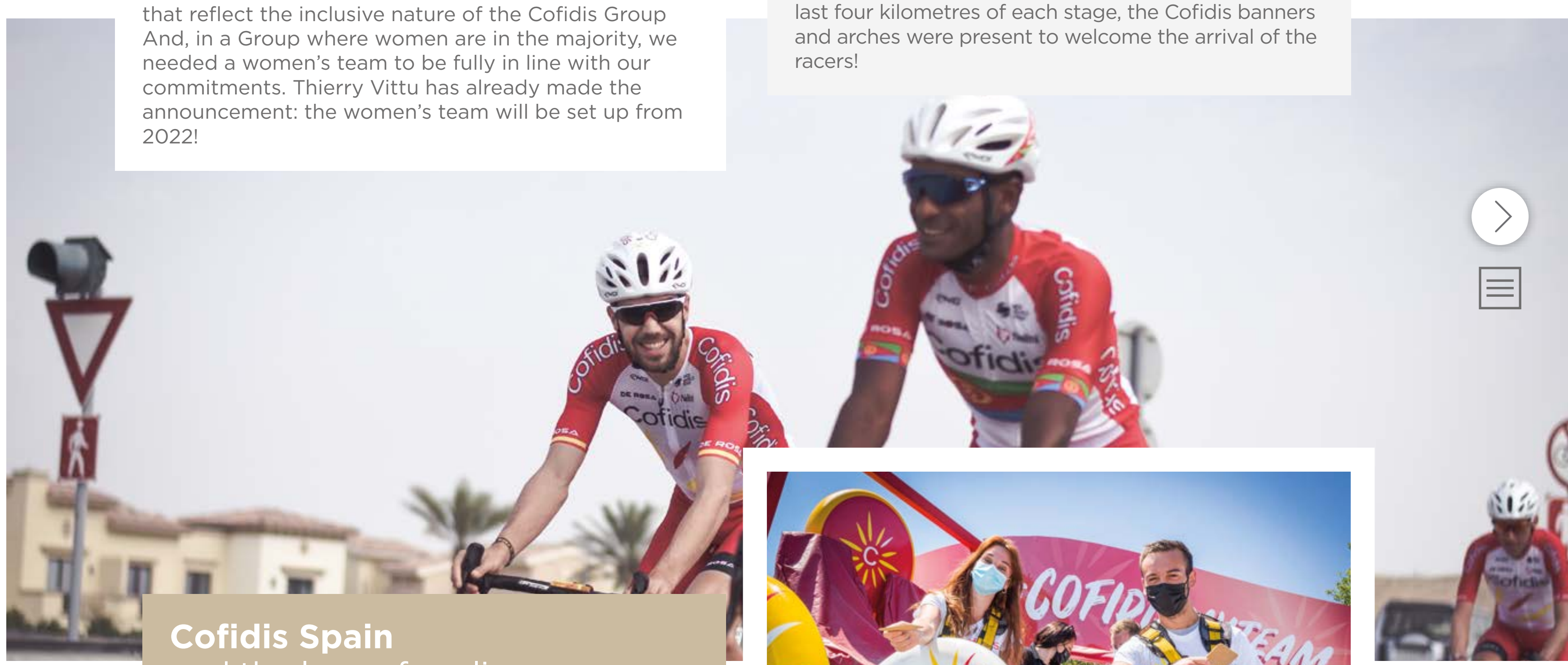
From 7 to 11 September, employees at **Cofidis Poland** held a "WEEK WITHOUT CARBON" During one week, activities and challenges were organised to raise awareness on reducing emissions thanks to a calculation of their carbon footprint using a mobile application.

A committed sponsor since 1996

Since 1996, Cofidis has been committed to professional cycling as a vehicle for its values of performance, solidarity, and going above and beyond. The Group is one of the longest-standing sponsors of professional cycling in France and is committed to promoting cycling both in France and throughout Europe: all Cofidis entities leverage cycling to boost its profile. This is one of the reasons that prompted the Group to extend its support for the team out to 2025!

Since 1997, Team Cofidis has demonstrated its resilience in the major races worldwide. It is present each year at the Tour de France and in most other major cycling events on the calendar. In 2020, the team joined the World Tour, the highest level of competition.

Since 2009, a Cofidis para-cycling team has also been wearing the red and yellow jersey, to everyone's great pride. From its earliest days, Team Cofidis has distinguished itself with its many victories, placing it at the highest international level. A commitment that reflect the inclusive nature of the Cofidis Group And, in a Group where women are in the majority, we needed a women's team to be fully in line with our commitments. Thierry Vittu has already made the announcement: the women's team will be set up from 2022!



Cofidis Spain and the love of cycling

The second mythical race after the Tour de France, the Vuelta is now part of the history of Cofidis Spain which is has been its official sponsor for a number of years. Our commitment goes even further with our sponsorship of la Vuelta Junior and the Spanish paracycling team.

300+ employees
joined the Cofidis convoy

11 nationalities
in 2021

220 racers
since 1996

Cofidis × Giro d'Italia

Cofidis Italy sponsors the Giro

To increase its recognition, **Cofidis Italy** joined forces with the Italian tour, also known as the Giro: for the last four kilometres of each stage, the Cofidis banners and arches were present to welcome the arrival of the racers!

Cycling at Cofidis Group is also a way of boosting unity! Each year, **Cofidis France** employees are invited to take part in the Tour de France publicity convoy. **In Poland, Slovakia and Belgium**, Cofidis employees are also present in the publicity convoy flying the colours of our brand in the major racing events in these countries. Experiences filled with emotion!

Shared values

#Responsibility

Sandra
Advisor in the cross-functional skills team at the Customer Relations Department
Cofidis Belgium

“Responsibility is a value that is part of our lifestyle at Cofidis Belgium. My manager gives me a lot of freedom in my work and is confident in what I do, I can participate in the projects that interest me. For example, this year, I took part in the management committee dedicated to the employee experience and it was a rewarding experience. It made me more responsible and inspired me to engage in my mission on a daily basis”.

Donato
Project Manager, Brand and Communication, Marketing and Customer Department
Cofidis Italy

“In 2020, Cofidis Italy committed to promoting sustainability as part of the #LikeMyPlanet project, by developing initiatives and adopting measures aimed at protecting and preserving the environment. To illustrate our responsibility and compliance with this commitment, Cofidis Italy was a partner of the “Ride Green” 2021 Giro, a project that offered collection and traceability of waste during the race. It was also an opportunity to pass on these values to children with awareness-raising actions”!

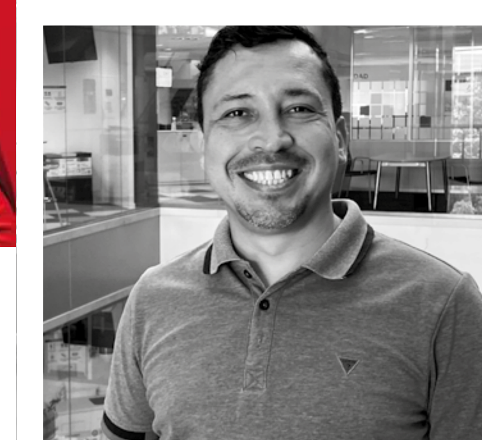
“I identify very strongly with the values of our Group, this is why I feel so fulfilled in my work. For me, the responsibility is above all to our customers.
It is important for us that our customers are satisfied. We want them to feel that they can contact us at any time to meet their financial needs. At the same time, I also feel responsible for my employees, for whom the company strives to guarantee good work conditions on a daily basis.”

Marcela
Customer Service Manager
Cofidis Slovakia

Anelise
Research Manager, Acceptance Department,
Creatis

“Since 2020, agility has never been so present. We adapt our business continuously to the latest market events. We continuously monitor developments and do everything to ensure optimum customer and partner satisfaction. Indeed, we implemented, within the Acceptance Department, welcome call management for customers once their loan applications are finalised.”

#Agility



“In my view, to be agile, you must anticipate, plan and prioritise; all told, it means anticipating as much as possible Therefore, it is important to believe in yourself, to be dynamic and have confidence in the end result. In 2020, thanks to this strategy and this attitude, we were able to rapidly provide the necessary resources to almost 900 people so that they could work remotely.”

Ferney
Department of Support, Development and Organisation, **Cofidis Spain**

#Consideration

Krzysztof
Sales Adviser
Cofidis Poland

"My daily work is based on cooperation with the customer. Respect, attention and consideration are particularly important. For me, consideration means listening to the customer to adjust our offer to best suit their needs."

Ludivine
Collection Adviser
Cofidis France

"Consideration at Cofidis means being recruited for your drive, your motivation, your personality and not for a standard career profile or track record."

"I joined Cofidis Group for its values, in particular consideration. Considering people as the leading resource of a company is an idea that inspires commitment and motivates me on a daily basis. Each employee is known and recognised for who they are and that makes all the difference".

Jean-François
Head of Customer Service (Customer Department)
Monabanq

Péter
Head of Organisation Department
Cofidis Hungary

"We must always set ourselves new challenges to enable us to provide more innovative services which are more comfortable for our customers, to develop continuously and to stand out from the competition. Boldness means daring to call into question practices today to ceaselessly navigate the unchartered waters of the big blue digital ocean".

"In cross-functional projects, the boldness is to challenge situations and favour innovative and learning actions. It involves supporting the collective effort to foster the emergence of ideas and ways of operating that are ever-more suited to the challenges faced by the subsidiary in the service of our subsidiaries."

Julien
Head of project plans department EISEC
Synergie

#Boldness

Valérie
General Manager
Cofidis Czech Republic

"Showing boldness is to strike a fine balance between staying on task and moving forward to do what you believe in and move out of your comfort zone to broaden your vision while at the same time being able to let go and listen, being confident in the bigger picture and in yourself."

Solid and united **governance**

Market and societal change, including the Covid-19 pandemic, which was a sobering example in 2020, require more than ever solid governance combined with start-up agility to innovate and change rapidly. In 2020, our governance model, supported by a solid shareholder base and dynamic, supportive and involved entities, proved its relevance. All mobilised around the Cofidis Group Experience First project, we can face look to the future with quiet confidence.

> "Pooled resources, cross-functional initiatives: as a group we will make the difference."

An Executive Committee committed to an ambitious shared project

By building the Experience First project and changing its operating mode from January 2020, the Executive Committee consolidated the fundamentals of the Group and inspired a major transformation of our organisation, favouring pooled resources and cross-functional initiatives.

Since each operating member of the Executive Committee has become a "benchmark" - in other words a preferred contact - for several other Group entities, the Group's international and shared vision has been more largely expressed. A Group vision that is equally based on all three cross-functional corporate management departments to favour the sharing of information and the pooling of resources on best practices and projects. An organisation which has concretely proved its worth this year by enabling us to continue to develop large-scale projects despite the crisis. This has strengthened our resolve as we believe that "as a group, we will make the difference.

The Executive Committee of Cofidis Group

Gilles Sauret*
Chairman of Cofidis Group and Sole Director of Synergie

Operational management and international contacts

Luc-Bertrand Salus
General Manager
Cofidis Spain

Nicolas Wallaert*
General Manager
Cofidis France

Alain Colin
General Manager
Monabanq

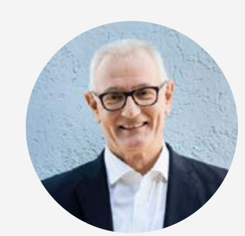
Corporate management

Vincent Laurin*
Risk and
Legal Officer

Céline Motte
Head of Development
and Customer Experience

Thierry Vittu*
Director, Human Resources
and Communication

Supervisory Board



Daniel Baal
Chief Executive Officer
of Crédit Mutuel Alliance
Fédérale and Chairman
of the Supervisory Board

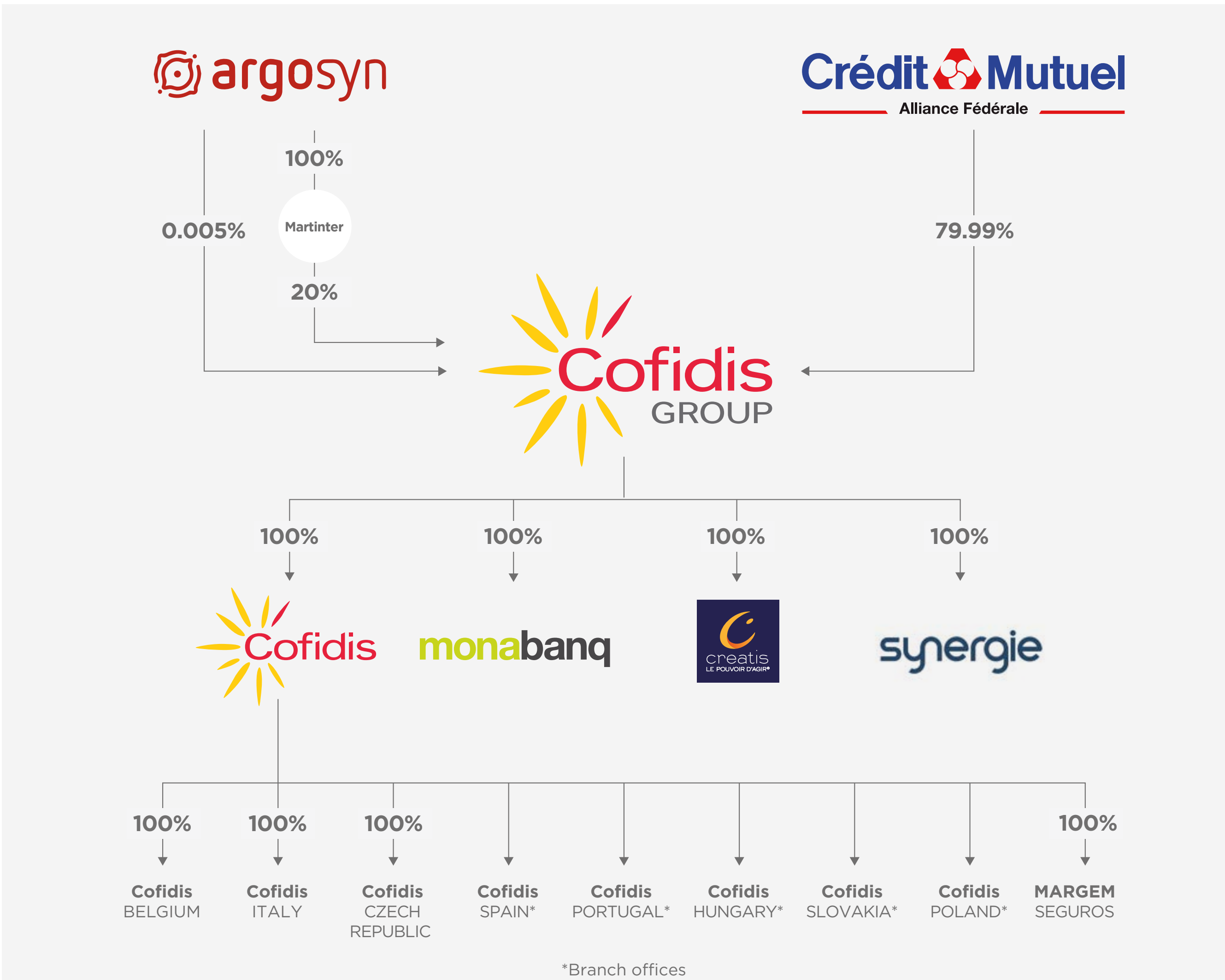
Isabelle Chevelard
Béatrice Defosse
Pascal Laugel
Hugues Desurmont
Alexandre Saada
Florence Desmis

Non-voting member: Denis Terrien

The mission of the Supervisory Board is to ensure proper Group operations and keep shareholders informed.

*Members of the Management Board

Overview
of Cofidis Group governance



synergie is a European Economic Interest Grouping (EEIG) whose members are Cofidis S.A., Monabanq, Creatis, Cofidis Belgium, CCS and Floa Bank.

Two strong shareholders

argosyn

A European group with holdings in several financial institutions operating in the consumer credit, payment solutions, credit repurchasing, banking services, insurance and reinsurance markets, Argosyn owns a 20% stake in Cofidis Group.

Crédit Mutuel Alliance Fédérale

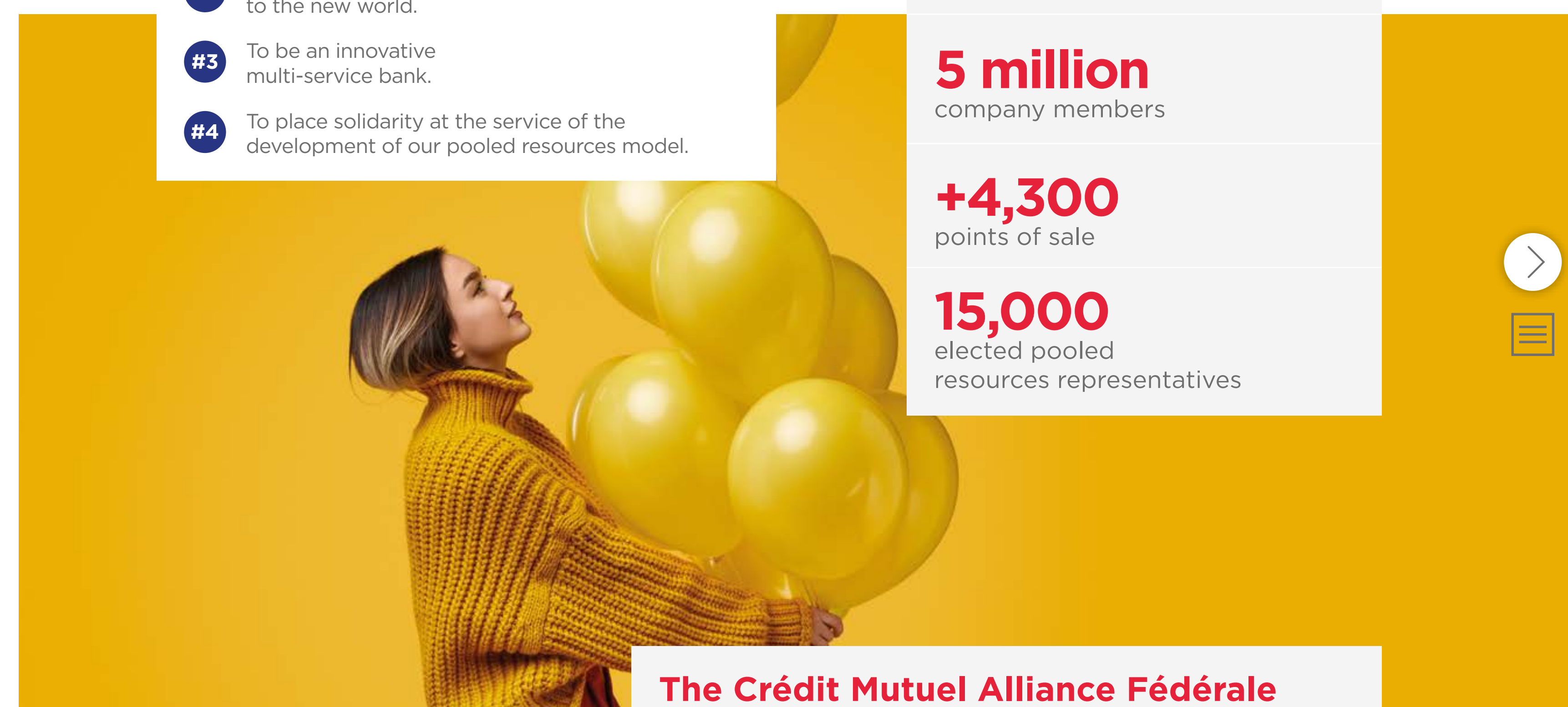
With more than 72,000 employees, more than 26 million customers and faced with the economic and social upheavals anticipated as a result of the health crisis, Crédit Mutuel Alliance Fédérale reaffirms its position as a pooled resources bank committed to the environment and society and became the leading mission-driven bank in 2020.

Cofidis Group, alongside Crédit Mutuel Alliance Fédérale, "together, listening and acting"!

Our Experience First project recalls that of our main shareholder Crédit Mutuel Alliance Fédérale and we are driven by a shared corporate purpose: "together, listening and acting" guides our actions in the service of our employees, customers and partners and contributes to overall well-being.

For Crédit Mutuel Alliance Fédérale, its concrete translation is the revised 2020 strategic plan "Together, #new world" built on four main pillars:

- **#1** To be the benchmark relationship bank in the multi-channel world.
- **#2** To be a committed bank, adapted to the new world.
- **#3** To be an innovative multi-service bank.
- **#4** To place solidarity at the service of the development of our pooled resources model.



Crédit Mutuel Alliance Fédérale

A bank committed **to its customers**

26.7 million
customers

72,000
employees

5 million
company members

+4,300
points of sale

15,000
elected pooled resources representatives

The Crédit Mutuel Alliance Fédérale Foundation, an inititiative to which the Cofidis Group actively contributes

A cooperative, pooled resources company, Crédit Mutuel Alliance Fédérale is a benchmark player, supporting regional charities and non-government organisations. In addition, the Fondation Crédit Mutuel Alliance Fédérale Foundation supports local general interest projects.

The Foundations acts in two main areas, the environment and regions, supporting projects that:

- fight against global warming and its impacts on health;
- favour social inclusion and access to culture.

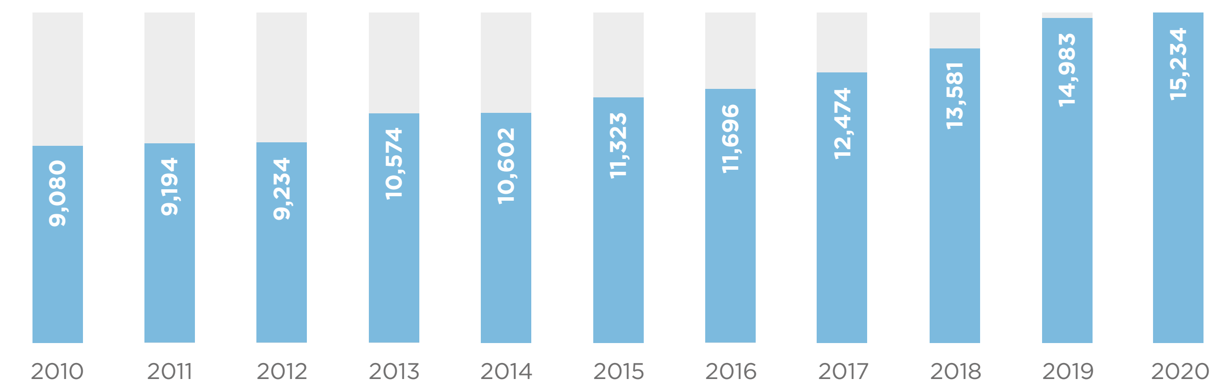
For its funding, the Crédit Mutuel Alliance Fédérale Foundation relies on an original donation system, based on the carbon footprint of the 1,400 entities of the Crédit Mutuel Alliance Fédérale including Cofidis Group. Innovation at the heart of its solidarity model!

Crédit Mutuel, the preferred bank in France!
Since 2013: the bank has topped ranking 15 out of 17 times by the quarterly Ifop Posternak survey.

Consolidated financial statements

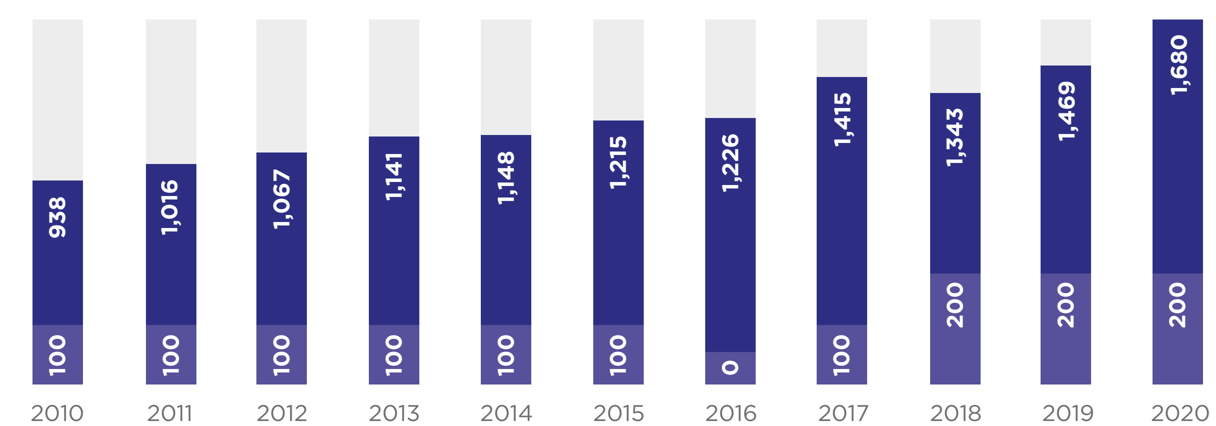
31 DECEMBER 2020

Gross Outstanding Amounts in €M

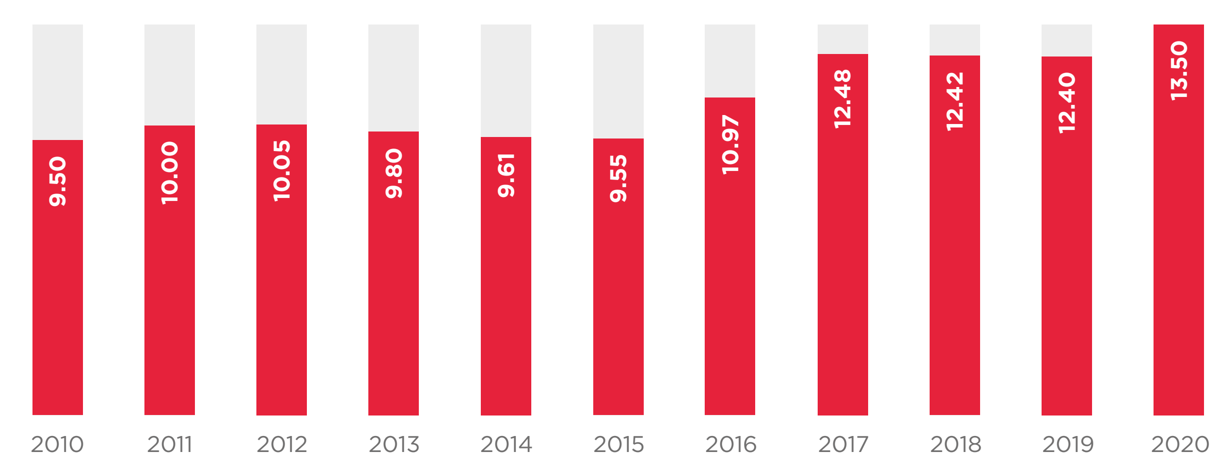


Shareholders' Equity (excluding retained earnings)

SUBORDINATED DEBT



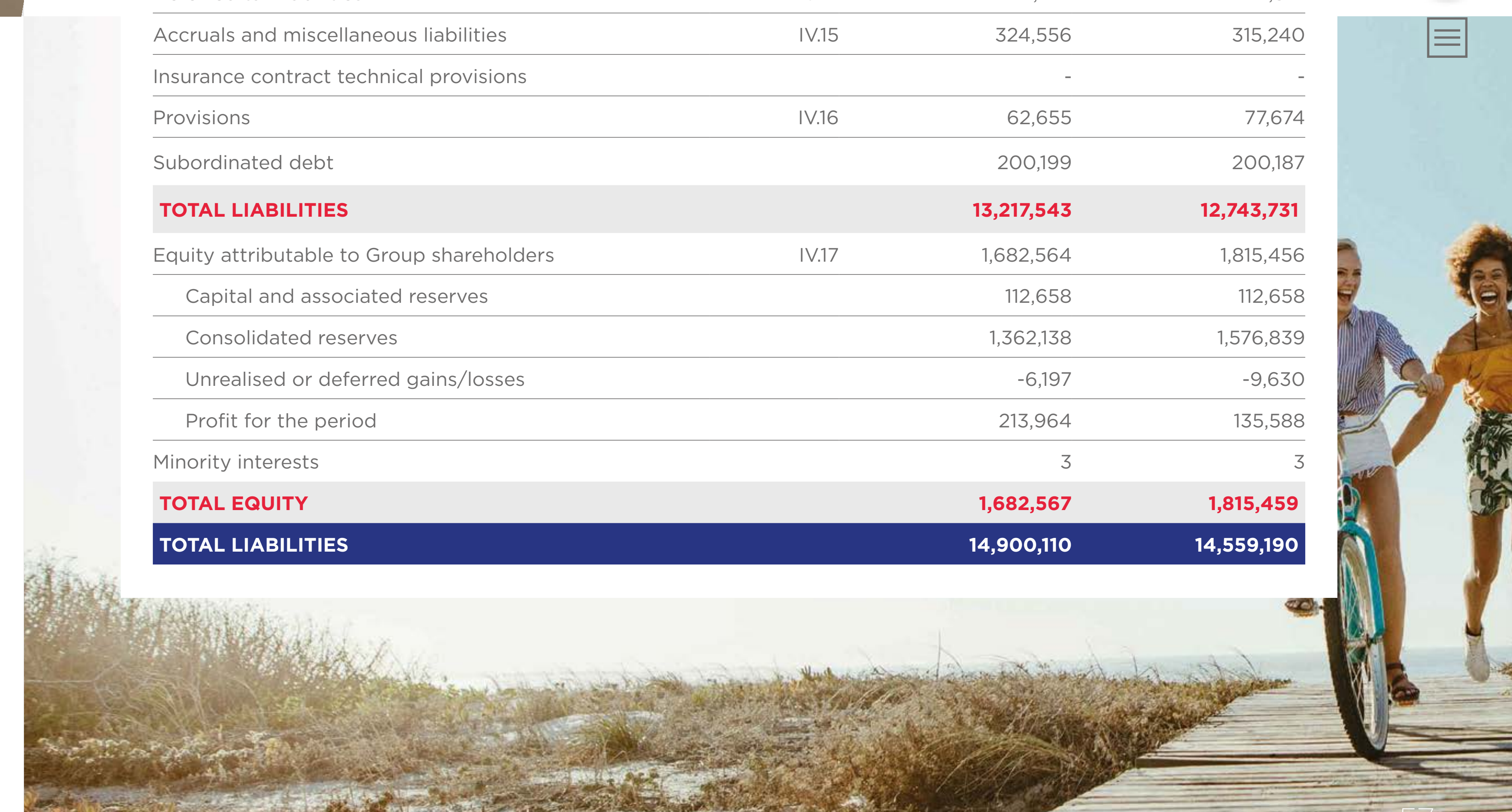
CET 1 Capital Adequacy Ratio in %

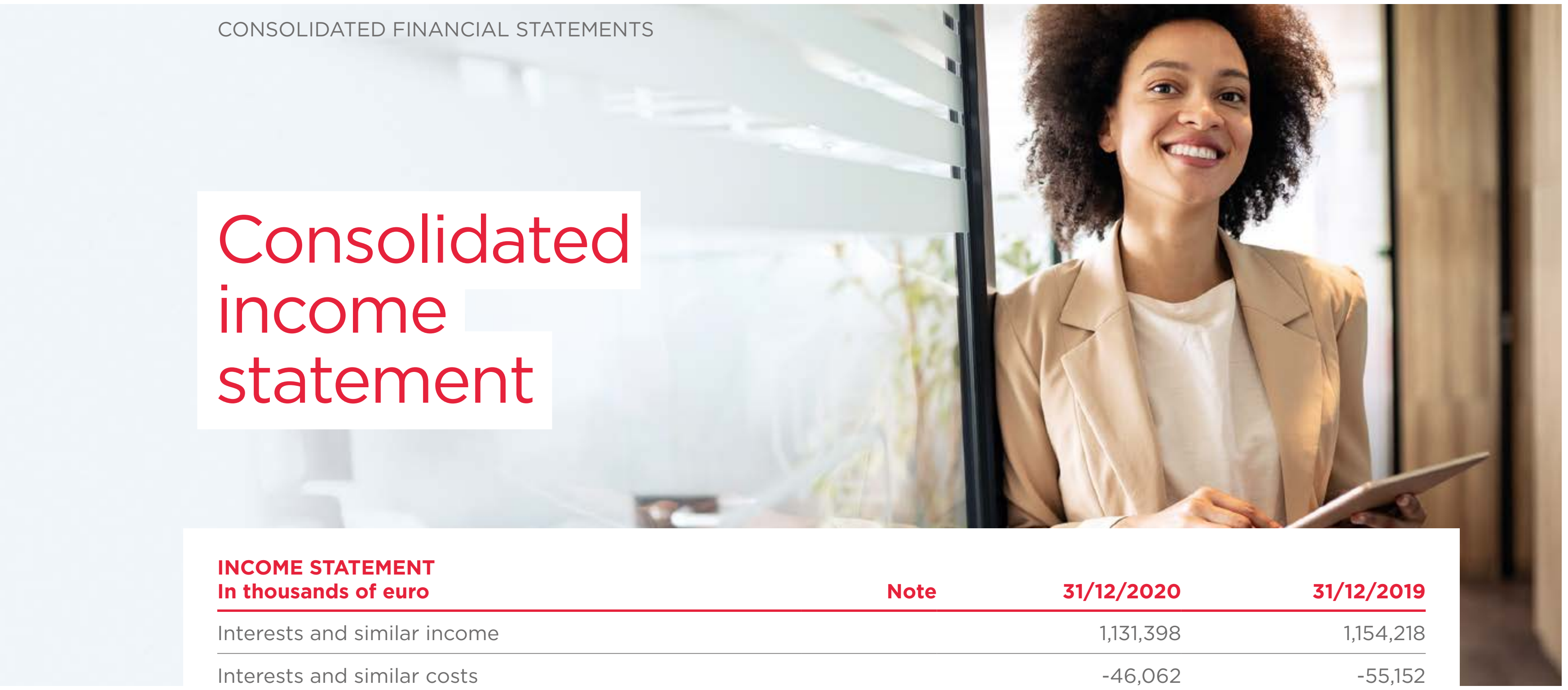


Consolidated balance sheet

ASSETS In thousands of euro	Note	31/12/2019	31/12/2020
Cash on hand, balances at central banks	IV.1	351	180
Financial assets recognised at fair value through profit or loss	IV.2	45	45
Derivative hedging instruments	IV.3	11,485	8,655
Securities at amortised cost	IV.4	549	865
Loans and advances to credit institutions at amortised cost	IV.5	1,284,271	716,835
Loans and advances to customers at amortised cost	IV.6	12,882,417	13,051,432
Re-measurement surplus for rate hedging portfolios	IV.3	36,739	43,169
Current tax assets	IV.14	15,321	35,684
Deferred tax assets	IV.14	145,591	134,064
Accruals and miscellaneous assets	IV.7	109,500	118,802
Interests in affiliates		-	-
Investment properties		-	-
Property and equipment	IV.8	152,966	188,697
Intangible assets	IV.9	16,870	16,755
Goodwill	IV.10	244,006	244,006
TOTAL ASSETS		**14,900,110**	**14,559,190**

LIABILITIES In thousands of euro	Note	31/12/2019	31/12/2020
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	50,916
Debts to credit institutions at amortised cost	IV.11	11,951,831	11,347,150
Debts to customers at amortised cost	IV.12	556,038	687,392
Debts represented by a security at amortised cost	IV.13	49,993	49,993
Re-measurement surplus for rate hedging portfolios	IV.3	-	-
Current tax liabilities	IV.14	24,190	13,665
Deferred tax liabilities	IV.14	1,772	1,514
Accruals and miscellaneous liabilities	IV.15	324,556	315,240
Insurance contract technical provisions		-	-
Provisions	IV.16	62,655	77,674
Subordinated debt		200,199	200,187
TOTAL LIABILITIES		**13,217,543**	**12,743,731**
Equity attributable to Group shareholders	IV.17	1,682,564	1,815,456
Capital and associated reserves		112,658	112,658
Consolidated reserves		1,362,138	1,576,839
Unrealised or deferred gains/losses		-6,197	-9,630
Profit for the period		213,964	135,588
Minority interests		3	3
TOTAL EQUITY		**1,682,567**	**1,815,459**
TOTAL LIABILITIES		**14,900,110**	**14,559,190**





Consolidated income statement

INCOME STATEMENT In thousands of euro	Note	31/12/2020	31/12/2019
Interests and similar income		1,131,398	1,154,218
Interests and similar costs		-46,062	-55,152
Commission (income)		308,588	307,109
Commission (costs)		-37,429	-52,000
Net gains/(losses) on financial instruments recognised at fair value through profit or loss		-362	87
Net gains/(losses) on available-for-sale financial assets			
Income from other activities		2,087	1,118
Costs from other activities		-457	-489
NET BANKING INCOME	**VI.1**	**1,357,763**	**1,354,891**
General operating costs	VI.2	-682,382	-690,491
Amortisation expense/write-backs and provisions on tangible and intangible assets	VI.3	-22,435	-16,531
GROSS OPERATING PROFIT		**652,947**	**647,869**
Cost of risk	VI.4	-456,402	-331,547
OPERATING PROFIT		**196,545**	**316,322**
Share of net profit/(loss) of affiliates		-	-
Net gains or losses on other assets	VI.5	-72	6
Changes in the value of goodwill			-
PROFIT BEFORE TAXES		**196,473**	**316,328**
Income tax	VI.6	-60,884	-102,363
Net profit for the year on discontinued operations or operations being discontinued			
NET PROFIT		**135,589**	**213,965**
Minority interests			
NET PROFIT – ATTRIBUTABLE TO GROUP SHAREHOLDERS		**135,589**	**213,965**
Earnings per share (in €):		0.64	1.01

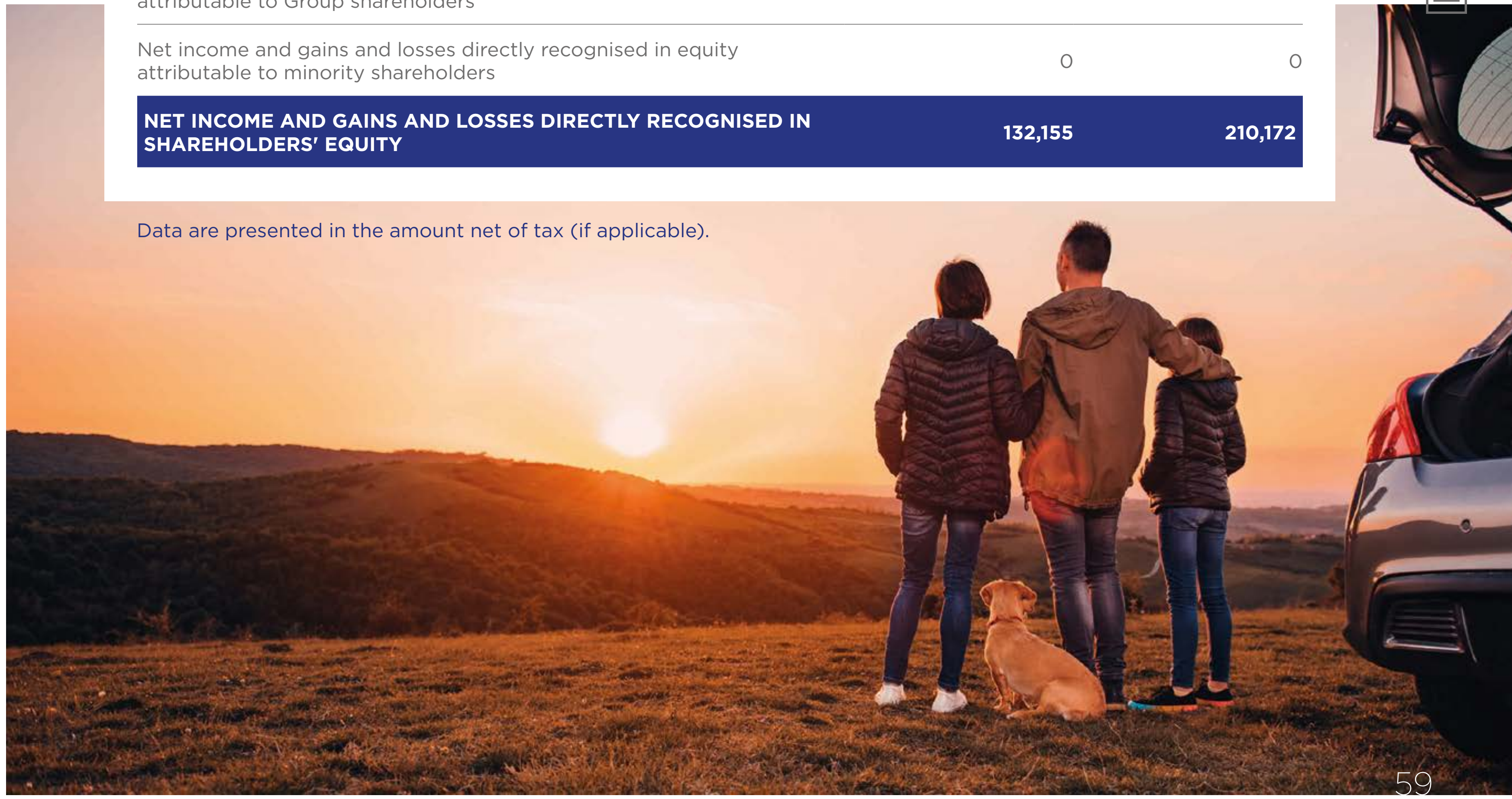
CONSOLIDATED FINANCIAL STATEMENTS

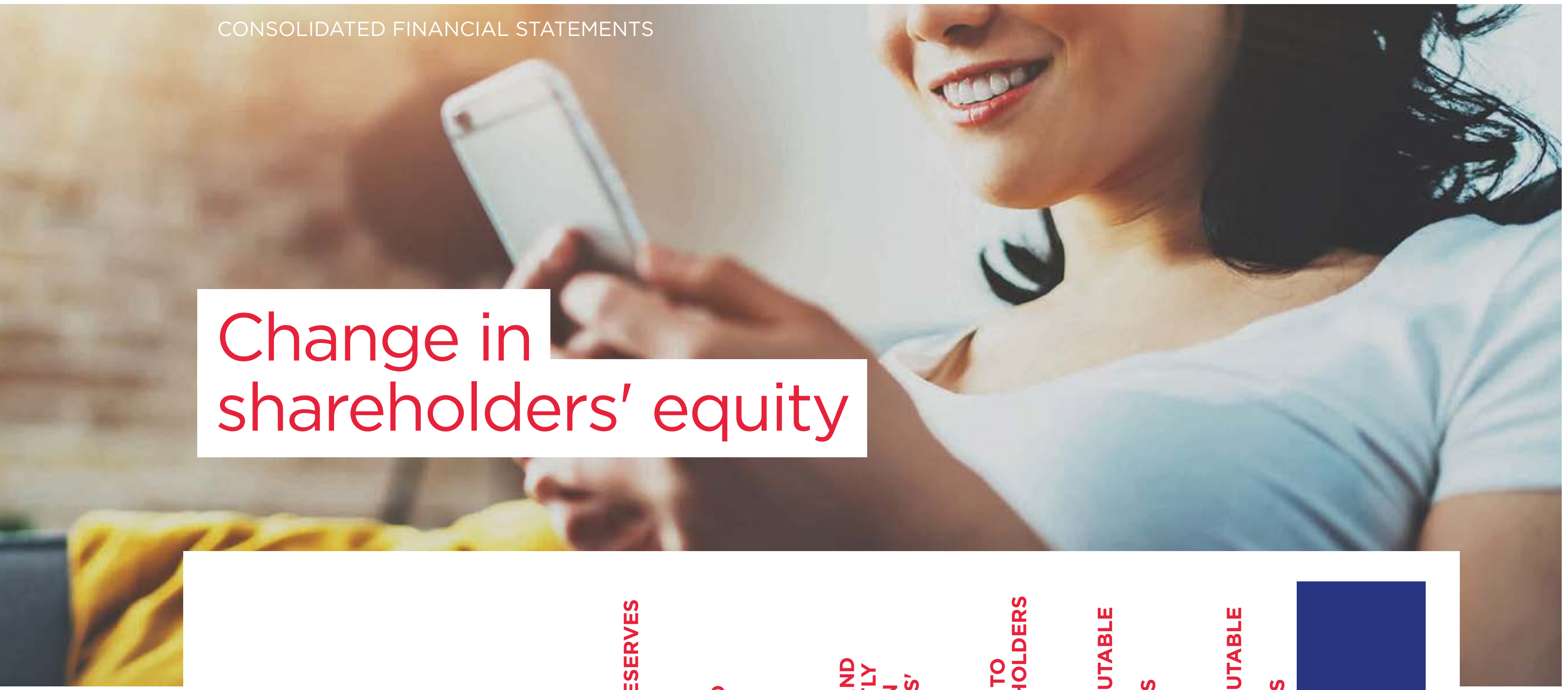
Net income and gains and losses

DIRECTLY RECOGNISED IN EQUITY

In thousands of euro	31/12/2020	31/12/2019
NET PROFIT ATTRIBUTABLE TO GROUP SHAREHOLDERS	**135,588**	**213,965**
Translation adjustments	53	30
Re-measurement of derivative hedging instruments	(2,596)	(961)
Re-measurement of long-term employee benefits	(890)	(2,862)
Re-measurement of financial assets		
TOTAL GAINS AND LOSSES DIRECTLY RECOGNISED IN EQUITY ATTRIBUTABLE TO GROUP SHAREHOLDERS	**(3,433)**	**(3,793)**
Net income and gains and losses directly recognised in equity attributable to Group shareholders	132,155	210,172
Net income and gains and losses directly recognised in equity attributable to minority shareholders	0	0
NET INCOME AND GAINS AND LOSSES DIRECTLY RECOGNISED IN SHAREHOLDERS' EQUITY	**132,155**	**210,172**

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

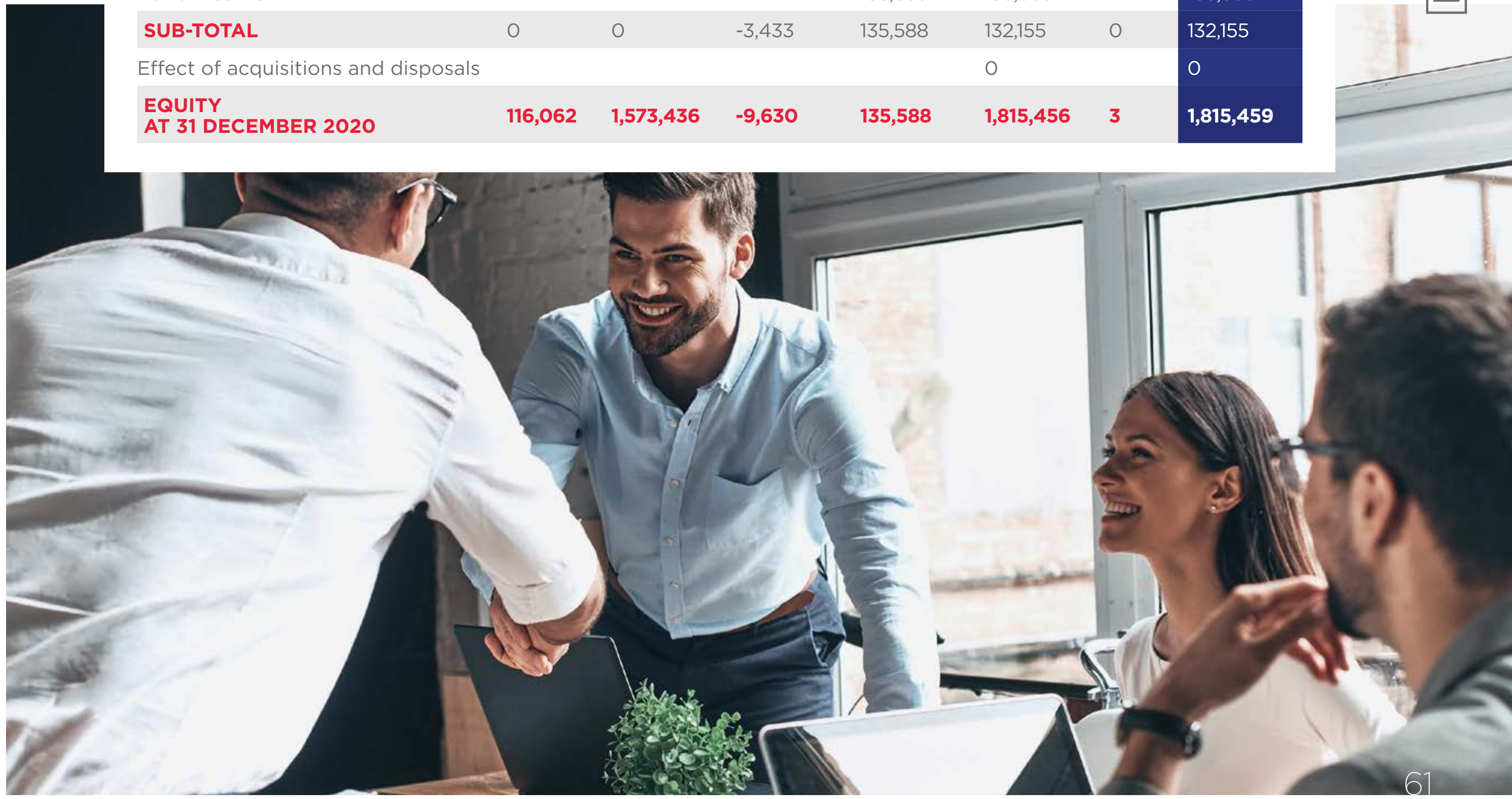


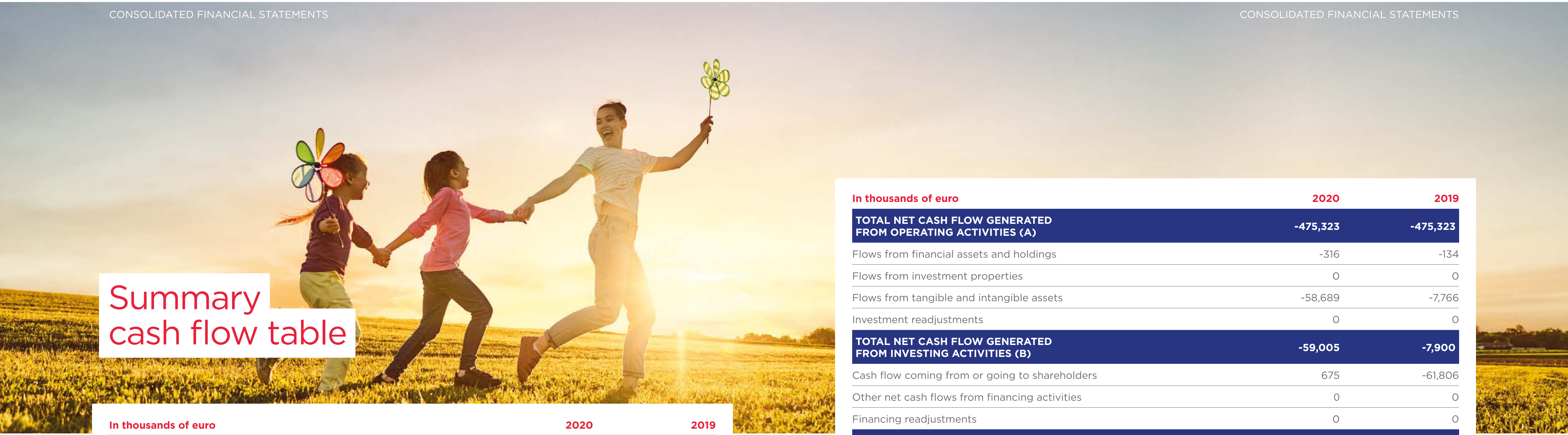


Change in shareholders' equity

In thousands of euro	CAPITAL AND ASSOCIATED RESERVES	CONSOLIDATED RESERVES	TOTAL GAINS AND LOSSES DIRECTLY 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 instruments					0		0
Allocation of 2018 income		211,738		-211,738	0		0
Repayment of perpetual subordinated notes					0		0
Dividend payment 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 directly recognised in shareholders' equity			-3,793		-3,793	0	-3,793
2019 Income				213,965	213,965		213,965
SUB-TOTAL	0	0	-3,793	213,965	210,172	0	210,172
Effect 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**
Impact of changes in accounting methods					0		0
Effect of correcting errors		738			738		738

In thousands of euro	CAPITAL AND ASSOCIATED RESERVES	CONSOLIDATED RESERVES	TOTAL GAINS AND LOSSES DIRECTLY 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 2020	**116,062**	**1,359,471**	**-6,197**	**213,965**	**1,683,301**	**3**	**1,683,304**
Capital increase and contribution premium					0		0
Equity component of hybrid instruments					0		0
Allocation of 2019 income		213,965		-213,965	0		0
Repayment of perpetual subordinated notes					0		0
Dividend payment in 2020 in respect of 2019					0		0
SUB-TOTAL OF MOVEMENTS LINKED TO RELATIONS WITH SHAREHOLDERS	**0**	**213,965**	**0**	**-213,965**	**0**	**0**	**0**
Change in gains and losses directly recognised in shareholders' equity			-3,433		-3,433	0	-3,433
2020 income				135,588	135,588		135,588
SUB-TOTAL	0	0	-3,433	135,588	132,155	0	132,155
Effect of acquisitions and disposals					0		0
EQUITY AT 31 DECEMBER 2020	**116,062**	**1,573,436**	**-9,630**	**135,588**	**1,815,456**	**3**	**1,815,459**





Summary cash flow table

In thousands of euro	2020	2019
EARNINGS BEFORE TAXES	**196,473**	**316,328**
Net amortisation expense on tangible and intangible assets	17,712	16,531
Amortisation/depreciation of goodwill and other assets	4,723	0
Net provisions	102,402	67,682
Share of net profit/(loss) of affiliates	0	0
+/- Net loss/net gain from investment activities	72	-6
Income and expenses of financing activities	0	0
Other movements	-24,234	-56,133
TOTAL OF NON-MONETARY ITEMS INCLUDED IN NET PROFIT BEFORE TAX AND OTHER ADJUSTMENTS	**100,675**	**28,074**
Flows from transactions with credit institutions	-535,180	1,504,136
Flows from transactions with customers	-151,112	-1,218,518
Flows from other transactions allocating financial assets or liabilities	3,874	8,976
Flows from other transactions allocating non-financial assets or liabilities	-11,053	-10,997
Tax paid	-79,000	-79,716
NET DECREASE (INCREASE) IN ASSETS AND LIABILITIES FROM OPERATING ACTIVITIES	**-772,472**	**203,881**

In thousands of euro	2020	2019
TOTAL NET CASH FLOW GENERATED FROM OPERATING ACTIVITIES (A)	**-475,323**	**-475,323**
Flows from financial assets and holdings	-316	-134
Flows from investment properties	0	0
Flows from tangible and intangible assets	-58,689	-7,766
Investment readjustments	0	0
TOTAL NET CASH FLOW GENERATED FROM INVESTING ACTIVITIES (B)	**-59,005**	**-7,900**
Cash flow coming from or going to shareholders	675	-61,806
Other net cash flows from financing activities	0	0
Financing readjustments	0	0
TOTAL NET CASH FLOW GENERATED FROM FINANCING ACTIVITIES (C)	**675**	**-61,806**
EFFECTS OF EXCHANGE RATE CHANGE AND SCOPE CHANGE (D)	**1,241**	**-15,310**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)	-532,412	463,267
Total net cash flow generated from operating activities (A)	-475,323	548,283
Total net cash flow generated from investing activities (B)	-59,005	-7,900
Total net cash flow generated from financing activities (C)	675	-61,806
Effects of exchange rate change and scope change (D)	1,241	-15,310
CASH AND CASH EQUIVALENTS AT START OF PERIOD	**1,079,364**	**616,098**
Cash on hand, balances at central banks, ICP (Assets and Liabilities) - START OF PERIOD	351	310
Demand accounts and loans/borrowings with credit institutions - START OF PERIOD	1,079,014	615,787
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**546,952**	**1,079,364**
Cash on hand, balances at central banks, ICP (Assets and Liabilities) - END OF PERIOD	180	351
Demand accounts and loans/borrowing with credit institutions - END OF PERIOD	546,772	1,079,014
CHANGE IN NET CASH	**-532,412**	**463,267**

Notes
to the 2020 consolidated financial statements

Contents

Introduction

Pursuant to Regulation (EC) 1606/2002 on the application of international accounting standards and Regulation (EC) 1126/2008 on their adoption, the consolidated financial statements for the period have been prepared in accordance with IFRS, as adopted by the European Union as of 31 December 2020. This framework is available on the European Commission (EC) website: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en#ifrs-financial-statements

The financial statements are prepared in the format approved by recommendation 2017-02 of the French accounting standards board, (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 2021,
the Group applies the following standards:

Amendments to IAS 1 and IAS 8

These amendments change the definition of "material" to clarify and harmonise the concept with IFRS standards. According to these amendments, information is material (in other words it is significant) if it is reasonable to assume that omitting, misstating or obscuring it could influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Amendment to IFRS 3

Clarifying the meaning of business combination. It introduces a two-stage analytical approach, with the goal of facilitating the distinction between the acquisition of a business or a group of assets (which are booked according to the applicable standard).

This amendment will impact the Group in transactions involving assumption of a controlling interest, or acquisitions of a business combination. The Group has not been involved in such deals since 1 January 2020.

Amendment to IFRS 16 Lease relief linked to Covid-19

This amendment introduces simplified terms for Covid-19-related lease concessions.

It offers the possibility of opting out of analysing changes to lease contracts against such a backdrop, if the following conditions are met:

lease adjustments are substantially identical or lower than the lease payments in the initial contract;

the reduction in lease payments only covers payments due up to 30 June 2021;

there are no other substantial changes to the terms and conditions of the contract.

If the holder selects this option, lease concessions are generally booked in the same way as negative variable leases, not included in the initial debt assessment.

The Group is not impacted by these provisions.

Interest rate benchmark reform Phase 2 for IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The reform of IBORs (inter-bank offered rates) is part of a response to the observed weaknesses of the methodologies used to build inter-bank benchmark indices, being based on data declared by banks on significantly declining transaction volumes.

In Europe, this takes the form of the so-called BMR benchmark regulation published in 2016 and in force since the start 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.

From 1 January, 2018, 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, and for certain LIBOR components (LIBOR USD) potentially out to end-June 2023 (consultation ongoing). Eventually, the former benchmark indices (LIBOR, EONIA, EURIBOR, etc.) will no longer exist unless they comply with the new regulation or benefit from exceptional extensions.

In order to ensure a seamless transition, the Group listed legal, commercial, and organisational impacts, tools, and financiers/accountants. Thus, the project-focused construction work was launched from first-quarter 2019, to ensure risk hedging related to this transition.

Concerning the accounting aspects, the research led by the International Accounting Standards Board (IASB) on the impact of benchmark rate reform on financial information was broken down into two 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 (notably, the inefficient part).

Since 1 January 2019, the Group applies the Phase 1 amendment for IAS 39, IFRS 9 and IFRS 7 published by the IASB, which enable the maintenance of existing hedging relationships in this exceptional and temporary context, and until the uncertainty linked to IBOR reform has been removed, on the choice of a new index and the effective date of this change.

The Group considers that uncertainties are likely to remain on Eonia, Euribor and Libor rates until the European Commission has officially designated, in line with the recommendations of the US Alternative Reference Rates Committee (ARRC), alternative benchmark rates to replace Eonia and Euribor, for contracts that do not have strong fallback clauses. This final position will be formalised by the BMR regulation ("BMR REview"), to be published in 2021. It should confirm the sustainability of Euribor reform and the status of €STR as the new alternative to Eonia.

Following European Union adoption on 14 January 2021, the Group decided to early apply the Phase 2 amendment to standards IAS 39, IFRS 9, IFRS 7, IFRS 4 and IFRS 16.

The amendment introduces exceptions for the recognition of financial assets/liabilities, for which the recognition of contractual cash flows stemming from the IBOR reform is carried out on an equivalent economic basis. In this case, the effective interest rate relative to changes to the recognition of the financial asset or liability is revised on a prospective basis; its carrying value remains unchanged.

This amendment provides for easing of provisions relative to hedge accounting, stemming from changes linked to IBOR reform (after confirmed definition of alternative indices), in particular:

an update of the risk hedged and related documentation, without impacting the continuity of hedging procedures;

a temporary exception to the "separately identifiable" nature of a risk hedged that is not contractually specified. Such a risk indexed to a replacement rate shall be considered separately identifiable if it can be qualified thus within 24 months after identification, in line with the development of markets for alternative benchmark rates.

Regarding existing contracts, the Group has initiated work to transition to replacement rates, by:

Adding fallback clauses to over-the-counter (OTC) derivative contracts, securities lending and repos by signing up to the International Swaps and Derivatives Association (ISDA) protocol (with its application effective from 25 January 2021) or by updating the rule books of clearing houses for applicable derivative instruments. However, these clauses will only be applicable in the event of trigger events, in particular in the event of a definitive end to the listing of the related indices (rates);

incorporating, from 2021 a "technical amendment relative to events impacting benchmark rates" pursuant to French Banking Federation (FBF) conventions with corporate customers or bank counterparties, thereby enabling compliance of outstanding transactions concluded before February 2020;

carrying out, from 2021, updates to bilateral contracts between parties or by discounting of commercial conditions. The shift to new alternative benchmark rates for existing contracts is already planned for the retail banking scope.

Indeed, at the time of writing, the Group's rate risk management strategy has not been impacted, as transactions carried out on new indices relate to positions considered to be marginal.

IFRIC decision of 26 November 2019 on the enforceable period of leases

It recalls that a contract is no longer enforceable if the holder or the lessor can cancel it without permission with no more than an insignificant penalty. It clarifies the concept of penalty, not limited to contract termination indemnification but also taking account of the economic incentives for the holder not to terminate the contract.

A project was launched in 2020 to implement this decision.

Hypotheses affecting the 3/6/9 commercial tenancies and tacitly renewed contracts were reviewed again to assess the reasonably certainty of extending the enforcement of the contract beyond the enforceable period, with respect of the specific relevant assets (bank branches, press division, administrative premises).

This does not impact the Group.

II. General environment

1 – DESCRIPTION OF THE ENTITY

The principle activity of Cofidis Group and its subsidiaries is to grant consumer credit and personal loans, as well as issuing and managing payment methods.

Cofidis 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 Group of which Cofidis SA is the direct subsidiary.

Cofidis 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 2020 for the companies included in Cofidis Group's scope. The financial statements are reported in thousands of euro, unless otherwise indicated.

2 – SIGNIFICANT EVENTS OF THE ACCOUNTING PERIOD

Significant events during the accounting period are as follows:

⌦ The health crisis:

The 2020 financial year was hard hit by the economic and health crisis linked to Covid-19.

The series of lockdowns and closures of non-essential businesses, observed in the different countries of operation had a significant impact on Cofidis Group business. The health crisis had a significant impact on financing (excluding payment facilities): €5,746 million in 2020 versus €6,652 million in 2019, i.e. down 14%.

Thanks to the strong mobilisation of employees and Euro-Information teams, remote working solutions were implemented. Such responsiveness enabled us to maintain business continuity for our customer flows, in terms of customer relations, acceptance and debt collection.

We were also responsive in anticipating the probable deterioration in solvency of our prospective and existing customers, measures were taken to limit the cost of risk: checks that the customer is not on short-time working, additional requirements for freelancers, updates to rules and scorings applied to certain categories in prospection and customer loyalty activities, cuts to maximum authorised amounts for certain products, increased monitoring of existing financing with partners such as auto makers, etc.

Support measures for customers impacted by the crisis were also rapidly implemented, either relative to rules specific to Cofidis Group entities, or as part of national debt moratoriums (Italy, Spain, Portugal, Belgium, Hungary, Slovakia). Outstandings subject to moratoriums that do not include defaults were covered by specific provisions. At end-December, most of them returned to normal payment schedules, expect for Cofidis Hungary where the moratorium comes to an end on 30 June 2021.

At the same time, costs were kept under control: hiring freezes; cuts to marketing spending to protect profitability; cuts to operating costs linked to less openings; reduced and postponed spending.

Regarding the cost of risk, depending on the entity, entry into defaults were stable or down compared with pre-Covid levels. Additional provisions were set aside to cover performing loans not subject to default in 2020 for an amount of €74 million to anticipate the probable deterioration in solvency of our portfolio customers in quarters to come.

These additional provisions were obtained via a change in the weighting of default rate scenarios (from optimistic, to neutral and worst-case).

Note that 5 points of FL weighting in the worst-case scenario equates to provisions of €6 million.

From 03/03/2020, Cofidis Group set up a Crisis Management group (including, among others, the Executive Committee) and took part in Crisis Management meetings with Crédit Mutuel Alliance Fédérale. This Crisis Management group was adjusted regularly as were measures implemented, in line with the development of the situation and the recommendations and protocols imposed by public and health authorities. Each Group entity implemented a local Crisis Management team, in consultation with Group Crisis Management and the Executive Committee.

Specific monitoring and follow-up enabled Group-wide implementation of the crisis management policy: weekly business reporting (financing and outstandings) for each entity, weekly risk reporting (monitoring non-payments, Covid-19 restructuring).

By maintaining permanent dialogue with employee representatives, measures were implemented to guarantee the safety of employees: large-scale roll-out of remote working methods, limitations to the number of face-to-face meetings, social distancing measures in public areas, open spaces and meeting rooms, limits to professional travel, quarantine procedures, health recommendations and tougher cleaning protocols for premises and work stations, disinfection procedures for offices where positive cases were detected, availability of masks and hand sanitiser, protocols to follow in the event of positive cases and contact case tracking, etc.

These measures were taken to ensure continuity of business for the Group: availability of laptop computers, adjustments to remote connections, recommendations on network usage, support between teams to back up debt collection activities.

⌦ During 2020, Cofidis Group, applied the new prudential framework regarding default, in line with the guidelines issued by the European Banking Authority (EBA).

Changes applied by Cofidis Group to the definition of doubtful outstandings are as follows:

- Reclassification as default daily;
- Analyse the borrower's default, in terms of quality but also in terms of number of days of late payments;
- Introduction of thresholds for the borrower to classify late payments of 90 days;
- Introduction of a probationary period for a return to performing loan status.

Furthermore, Cofidis Group extended the definition of forbearance outstandings, in line with the recommendations of mission OSI-2018-FRCMU-3541.

The total impact of these two actions resulted in a 1-point increase in the rate of loan defaults. The rate of forborne outstandings increased by 3 points.

These changes reflect a change in estimates the impact of which is expensed to forecast earnings.

3 – EVENTS AFTER THE REPORTING PERIOD

No events after the closing date.

4 – RELATED PARTY DISCLOSURES

Parties related to Cofidis Group are:

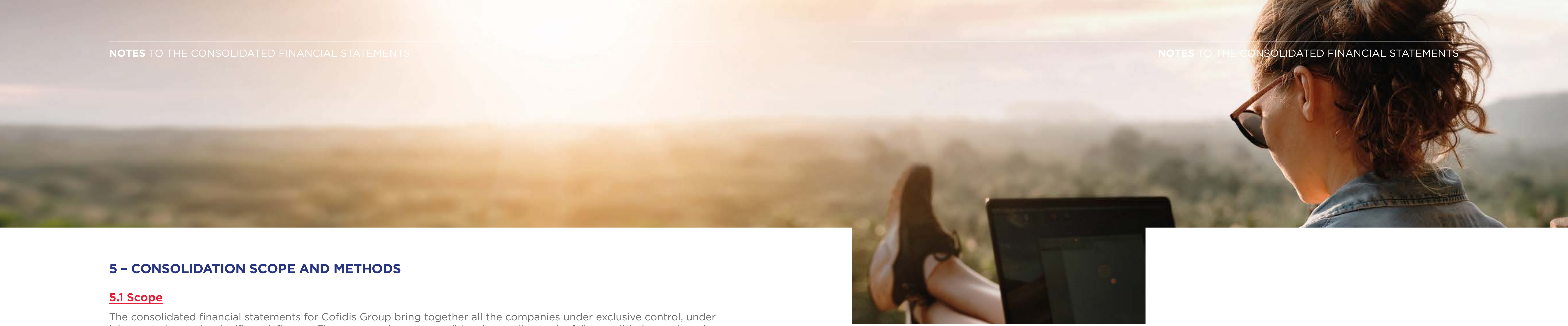
- the consolidated companies,
- the company controlling Cofidis Group (Banque Fédérative du Crédit Mutuel),
- entities controlled by the same parent: the other entities in the Crédit Mutuel Group,
- other related parties: the entities in the Argosyn group,
- the main directors of Cofidis Group or its 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	Company Parent	Entities controlled by the same parent company	Other related parties
Derivative hedging instruments - Assets	8,625	625	8,000	0
Loans and advances to credit institutions	591,618	526,392	65,227	0
Accruals and miscellaneous assets	3,205	0	2,144	1,061
TOTAL ASSETS	**603,448**	**527,016**	**75,371**	**1,061**
Derivative hedging instruments - Liabilities	50,796	12,047	38,749	0
Debts to credit institutions	11,336,159	11,330,145	6,014	0
Debts represented by a security	49,993	49,993	0	0
Accruals and miscellaneous liabilities	16,840	11	16,413	416
TOTAL LIABILITIES	**11,453,788**	**11,392,196**	**61,176**	**416**
RECEIVED COMMITMENTS	**6,924,000**	**4,024,000**	**2,900,000**	**0**
GIVEN COMMITMENTS	**14,750**	**0**	**14,750**	**0**

Income and expenditure in €k	TOTAL	Company Parent	Entities controlled by the same parent company	Other related parties
Interest and similar income	15,157	9,940	5,217	0
Net gains or losses on Commissions	209,369	-710	210,287	-208
Net gains or losses on portfolios at fair value (FV) through profit or loss	0	0	0	0
Gains or losses on other assets	10	0	10	0
TOTAL INCOME	**224,536**	**9,230**	**215,514**	**-208**
Interest and similar expenses	39,928	18,708	21,221	0
Operating costs	85,388	0	84,734	654
TOTAL EXPENSES	**125,317**	**18,708**	**105,955**	**654**

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



5 – CONSOLIDATION SCOPE AND METHODS

5.1 Scope

The consolidated financial statements for Cofidis Group bring together 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 Group and those of all its subsidiaries:

Companies	Country location	Consolidation method	% holding at 31/12/2020	% holding at 31/12/2019
Cofidis Group	France			
COFIDIS SA and branches	France, Spain, Portugal, Hungary, Poland, Slovakia	Full consolidation	99.99	99.99
CREATIS SA	France	Full consolidation	99.99	99.99
COFIDIS Belgium	Belgium	Full consolidation	99.99	99.99
COFIDIS Czech Republic	Czech Republic	Full consolidation	99.99	99.99
COFIDIS Spa	Italy	Full consolidation	99.99	99.99
SYNERGIE	France	Full consolidation	99.98	99.98
Monabanq France	France	Full consolidation	99.99	99.99
MARGEM SEGUROS	Portugal	Full consolidation	99.99	99.99

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 consolidation methods used are:

- **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

Cofidis Group financial statements 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, Cofidis Czech Republic and Banco Cofidis Poland).

For the Group's interests, foreign currency translation adjustments are included in shareholders' equity under "Translation adjustments" and for third party interests under "Minority interests".

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

	Rate 2020 average	Rate at end of period	Rate at start of period	Rate 2019 average
Czech krona	0.0377993	0.0381069	0.0393577	0.0389564
Hungarian forint	0.0028473	0.0027481	0.0030254	0.0030747
Polish zloty	0.2250640	0.2193127	0.2349182	0.2326918

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, with the exception of 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 method 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. These tests are aimed at ensuring that goodwill has not suffered impairment. 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.

III. Accounting principles and methods

1 – FINANCIAL INSTRUMENTS UNDER IFRS 9

1.1 Classification and measurement 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 loan or 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 measured 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 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 volume of sales in prior periods,
- reasons for sales,
- sales forecasts,
- 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." and "1.7. Assessing credit risk").

Accrued or earned revenue is 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 recognised in the income statement in exactly 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 is 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 laws, regulations, 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

Exchange gains or losses 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 at fair value through profit or loss or is among the most or least unrealised or deferred losses in the case of financial assets at fair value through equity.

1.5 Derivative instruments and hedge accounting

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 with the three following characteristics:

- whose value changes in response to the change in an underlying variable such as an interest rate, commodity or security price, or index;
- that requires no initial investment, or one that is low;
- that is settled at a future date.

Cofidis 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 (OTC) derivatives, swaps, forward rate agreements, caps, floors and vanilla options are measured using standard, commonly accepted models (discounted cash flow (DCF) method, Black and Scholes model, interpolation techniques) based on observable market inputs (e.g. yield curves). Valuations calculated based on these models are 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 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 definition of a derivative;
- the host hybrid instrument is not measured at fair value through profit or 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 relevant information.

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

Accounting
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. As such, 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 of the Group's balance sheet against adverse developments, especially unfavourable movements in 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 changes 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 effectiveness;
- the effectiveness 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 changes in value or 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 ineffectiveness 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 effectiveness 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 re-measurement 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 EC 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 ineffectiveness if under-hedged. Demand deposits are included according to the run-off 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 "Re-measurement surplus for rate hedging portfolios", 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 effective portion. The ineffective 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", 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 effectiveness criteria are no longer met, hedge accounting is discontinued. The amounts accumulated in equity, in respect of the re-measurement 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 and 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 IFRS 9 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.
- **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 Cofidis 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.

The main aim of our operational work during 2018 was to:

- define the thresholds between buckets 1 and 2 for the different exposure classes and the methodology for incorporating forward-looking information in the parameters. For the probability of default, the model will use three scenarios, optimistic, neutral and pessimistic) and weight them based on how the Group expects the economic cycle to evolve over the five-year period.
- document the corpus of rules,
- finalise adaptation of the information 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: data other than Level 1 quoted prices for the relevant asset or liability, observable either directly (i.e. prices) or indirectly (i.e. price-derived data); 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 – 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 ("Code Général des Impôts") and falling within the long-term tax system, are exempt for the fiscal years starting from 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 directly recognised 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.

Deferred 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.

3 – 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 Cofidis 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 Cofidis 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:

- Land, landscaping, utility services: 15-30 years
- Constructions – carcass structure: 20-80 years (depending on the type of building concerned)
- Constructions – equipment: 10-40 years
- Fixtures and fittings: 5-15 years
- Furniture and office equipment: 5-10 years
- Safety equipment: 3-10 years
- Movable equipment: 3-5 years
- Computer equipment: 3-5 years
- Software acquired or created internally: 1-10 years
- Acquired customer base: 9-10 years (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 available fixed asset values, Cofidis Group can conclude that impairment testing would not result in modifying the values recorded on the balance sheet at 31 December 2020.

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 re-valued assets and liabilities is recognised under "Goodwill", if necessary).

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 as required by a significant event. Depreciation is recognised when the measurement reveals undervaluing of the assessed intangible items.

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 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 reliably determined.

In respect of these obligations, Cofidis 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 schemes: those under which the Group's commitment is limited only 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 schemes: 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 change 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 assessment, which is 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 scheme 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. Scheme reductions and liquidations result in a change 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 grade,
- 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 INSTRUMENTS: DEEPLY SUBORDINATED NOTES

7.1 Characteristics of super-subordinated equity

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 a 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 EXPENSES

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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. Commission 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 – LEASE CONTRACTS

Lease 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 side of the contract, simple lease contracts and financial lease contracts are recognised according to a single template, with observation:

- of an asset representing the right of use of the leased asset during the length of the contract,
- in return for a lease liability representing the value of the lease payments throughout the lease recognised in liabilities,
- of a straight-line depreciation of the asset and decreasing interest expenses through profit or loss.

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.

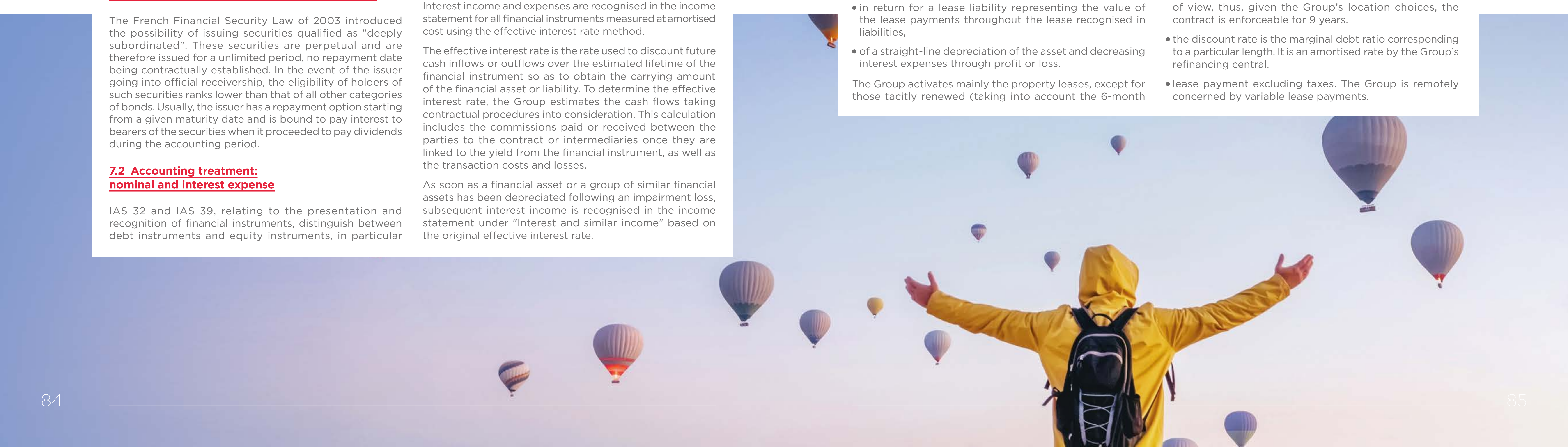
Other implicit assets may have been excluded via short-term and low-value exemptions (fixed at €5k). No lease owned by the Group would lead to the regulation of intangible assets or investment properties.

Thus, rights of use are registered as "tangible assets", and lease obligations in "other liabilities". When they do not concern tacitly renewed contracts, lease rights are reclassified in tangible assets. Rights of use and lease 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 lease obligation is:

- the length of the contract. On commercial leases, the Group follows the French Accounting Standards Board (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 an option from 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 2020, management is required to make measurements, which by their 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 bond yields.

11.3 Depreciation 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 31 December 2020.

11.5 Impairment of goodwill

Goodwill is subject to depreciation tests 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

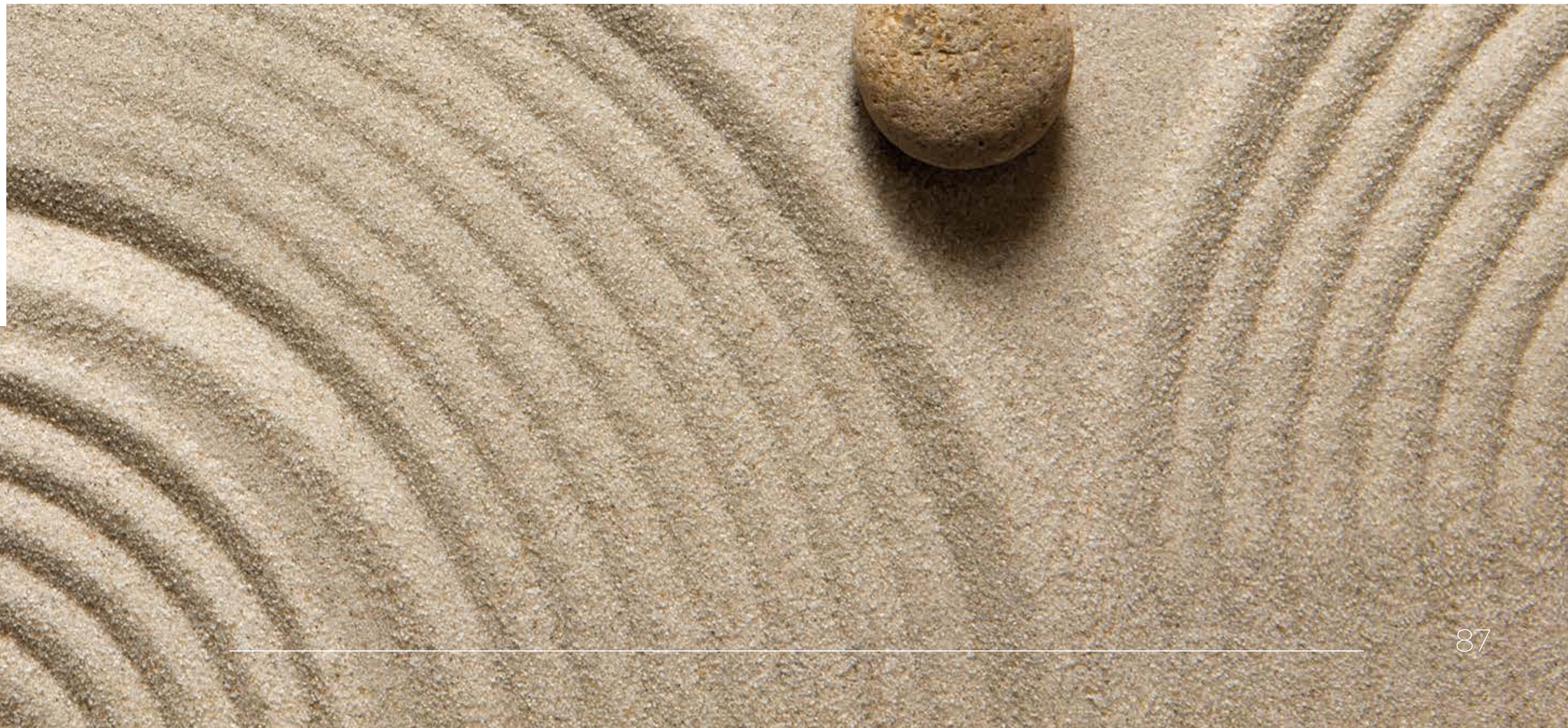
IFRIC 23, Uncertainty over Income Tax Treatments was issued on 7 June 2017, effective for annual periods beginning on or after 1 January 2019.

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.

The scope of application of this text is limited to income tax (current or deferred). The Group considers that it will not lead to a change in 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 entity.



IV. Notes to the consolidated balance

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

	31/12/2020	31/12/2019
Accounts open at central banks	0	0
Cash and cash equivalents	180	351
TOTAL	**180**	**351**

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

At 31 December 2020, 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.

	31/12/2020	31/12/2019
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 2020, financial instrument interest rate swaps amounted to €8,655 thousands in assets and €50,916 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,
- swaps receiving a fixed rate used to hedge the risks associated with loans granted at variable rates,
- 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.
- 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 of Cofidis.

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

	31/12/2020				31/12/2019
	< 1 year	> 1 year and < 5 years	> 5 years	Total in market value	
Swaps	6,998	1,656	0	8,655	11,485
Options	0	0	0	0	0
TOTAL	**6,998**	**1,656**	**0**	**8,655**	**11,485**

	31/12/2020	31/12/2019
Cash flow hedging derivative instruments	5,691	8,622
Foreign exchange rate derivative hedging instruments	2,878	1,642
Fair value derivative hedging instruments (1)	86	1,221
TOTAL	**8,655**	**11,485**

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

	31/12/2020				31/12/2019
	< 1 year	> 1 year and < 5 years	> 5 years	Total in market value	
Swaps	35,804	15,024	88	50,916	46,309
Options	0	0	0	0	0
TOTAL	**35,804**	**15,024**	**88**	**50,916**	**46,309**

	31/12/2020	31/12/2019
Cash flow hedging derivative instruments	6,993	6,013
Foreign exchange rate derivative hedging instruments	67	459
Fair value derivative hedging instruments (1)	43,855	39,838
TOTAL	**50,916**	**46,309**

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 Level 1 quoted prices for the relevant asset or liability, observable 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 recognised at fair value through profit or loss		45		45	0	0
Derivative hedging instruments	0	8,655	0	8,655	0	0
TOTAL	**0**	**8,700**	**0**	**8,700**	**0**	**0**
Financial liabilities						
Derivative hedging instruments	0	50,916	0	50,916	0	0
TOTAL	**0**	**50,916**	**0**	**50,916**	**0**	**0**

3.3 Re-measurement surplus for rate hedging portfolios

	Fair value 31/12/2020	Fair value 31/12/2019	Change in fair value
Fair value of interest rate risk by portfolios			
of financial assets	43,169	36,739	6,430
of financial liabilities	0	0	0

4 – SECURITIES AT AMORTISED COST

	31/12/2020	31/12/2019
Securities at fair value through profit or loss	45	45
TOTAL SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**45**	**45**
Certificates of membership of deposit guarantee funds	865	549
TOTAL SECURITIES AT AMORTISED COST	**865**	**549**

	FV of non-depreciated assets	FV of depreciated assets	Net carrying amount
Central administration	0	0	0
Credit institutions	910	0	910
Institutions not credit institutions	0	0	0
Large companies	0	0	0
Retail customers	0	0	0
TOTAL	**910**	**0**	**910**

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

	31/12/2020	31/12/2019
Accounts and loans	716,835	1,284,271
Associated advances	0	0
TOTAL OF LOANS AND ADVANCES TO CREDIT INSTITUTIONS	**716,835**	**1,284,271**

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)

	31/12/2020		
	Gross value	Impairment	Net value
Sound advances (S1)	11,867,648	365,313	11,502,335
Sound advances (S2)	964,205	204,248	759,957
Doubtful advances (S3)	2,402,403	1,613,263	789,140
LOANS AND ADVANCES TO CUSTOMERS	**15,234,257**	**2,182,825**	**13,051,432**

	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**

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

	31/12/2020		
	Less than one year	More than one year	Total
Loans and advances to customers	3,109,167	9,942,266	13,051,432

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

Depreciation of loans and advances

	31/12/2019	Charges writebacks	Other	31/12/2020
Provisions on sound advances (S1)	255,603	108,361	1,350	365,313
Provisions on sound advances (S2)	191,898	14,700	2,350	204,248
Provisions on doubtful advances (S3)	1,653,181	36,086	3,832	1,613,263
DEPRECIATION OF LOANS AND ADVANCES TO CUSTOMERS	**2,100,682**	**86,975**	**-4,833**	**2,182,825**

7 – ACCRUALS AND MISCELLANEOUS ASSETS

	31/12/2020	31/12/2019
Miscellaneous debtors	35,570	40,526
Other	4,765	5,405
TOTAL MISCELLANEOUS ASSETS	**40,335**	**45,931**
Receivable income	19,592	21,048
Prepaid expenses	20,745	17,866
Other	38,130	24,654
TOTAL ACCRUALS	**78,467**	**63,568**
TOTAL ACCRUALS AND MISCELLANEOUS ASSETS	**118,802**	**109,500**

8 – TANGIBLE ASSETS

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

	31/12/2019	Increases	Decreases	Other	31/12/2020
Land	73,128	324	0	(47)	73,405
Computer equipment	6,256	17	(18)	283	6,538
Office equipment	13,140	716	(43)	19	13,831
Improvement to buildings	77,684	2,513	(141)	(208)	79,847
Right of use - property	36,591	3,042	76	(576)	39,133
Right of use - car fleet	2,006	1,009	0	(6)	3,010
Other tangible assets	11,371	48,294	(99)	(372)	59,194
GROSS VALUE OF TANGIBLE ASSETS	**220,177**	**55,914**	**(227)**	**(906)**	**274,958**
Land	10,481	1,825	0	0	12,306
Computer equipment	6,112	45	(16)	286	6,426
Office equipment	9,019	1,017	(8)	58	10,086
Improvement to buildings	27,139	4,583	(245)	(167)	31,310
Right of use - property	5,841	5,978	110	(310)	11,618
Right of use - car fleet	694	947	0	(1)	1,641
Other tangible assets	7,926	645	(106)	(314)	8,151
DEPRECIATION OF TANGIBLE ASSETS	**67,211**	**15,040**	**(264)**	**(449)**	**81,538**
PROVISION FOR TANGIBLE ASSETS	**0**	**4,723**	**0**	**0**	**4,723**
NET VALUE OF TANGIBLE ASSETS	**152,966**	**36,151**	**38**	**(458)**	**188,697**

9 – INTANGIBLE ASSETS

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

	31/12/2019	Increases	Decreases	Other	31/12/2020
Lease premium	83	0	0	-1	83
Trademarks acquired as part of grouping	12,680	0	(80)	(0)	12,600
Set-up costs	7	0	0	0	7
Software purchased	41,711	2,738	(0)	-99	44,351
Advances and deposits	0	0	0	(0)	0
Other intangible assets	918	0	0	0	918
GROSS VALUE OF INTANGIBLE ASSETS	**55,399**	**2,738**	**(80)**	**(99)**	**57,958**
Lease premium	6	1	0	-1	6
Trademarks acquired as part of grouping	1,353	0	0	0	1,353
Set-up costs	7	0	0	0	7
Software purchased	36,289	2,664	163	-43	39,073
Other intangible assets	875	8	-102	-17	765
DEPRECIATION AND PROVISIONS FOR INTANGIBLE ASSETS	**38,529**	**2,672**	**61**	**(60)**	**41,203**
NET VALUE OF INTANGIBLE ASSETS	**16,870**	**66**	**(141)**	**(39)**	**16,755**

10 – GOODWILL (IN THOUSANDS OF EURO)

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

	2019	Increases	Merger	2020
Net value of goodwill	244,006	0	0	244,006

Impairment tests in 2020, 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)

	31/12/2020	31/12/2019
Ordinary demand accounts	9,300	14,733
Ordinary term accounts	11,331,498	11,924,372
Other debts	6,352	12,726
TOTAL DEBTS TO CREDIT INSTITUTIONS	**11,347,150**	**11,951,831**

12 – DEBTS TO CUSTOMERS (IN THOUSANDS OF EURO)

	31/12/2020	31/12/2019
Ordinary accounts	274,379	187,296
Special savings accounts	402,192	353,094
Term creditor accounts	352	5,004
Other sums due	10,469	10,645
TOTAL DEBTS TO CUSTOMERS	**687,392**	**556,038**

	31/12/2020		
	Less than one year	More than one year	Total
Debts to customers	687,392	0	687,392

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

	31/12/2020	31/12/2019
Negotiable debt instruments	50,000	50,000
Bond issues	0	0
Deposit receipts and savings bonds	0	0
Accrued interest	-7	-7
TOTAL DEBTS REPRESENTED BY A SECURITY	**49,993**	**49,993**

Negotiable debt instruments

Negotiable debt instruments are securities representing a lien for a fixed period and are negotiable on a regulated or OTC 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

	31/12/2019	Net change	31/12/2020
Current tax assets	15,321	20,363	35,684
Current tax liabilities	24,190	(10,526)	13,665
NET CURRENT TAX ASSETS	**(8,869)**	**30,888**	**22,019**

Current tax assets are primarily tax credits. Liabilities are the balance of corporation tax to be paid at the year-end as well as other taxes.

14.2 Origin of deferred taxes

	31/12/2020		31/12/2019		31/12/2020	31/12/2019
	Assets	Liabilities	Assets	Liabilities	Net	Net
TEMPORARY DIFFERENCES	**147,293**	**14,737**	**158,249**	**14,195**	**132,549**	**144,054**
Non-deductible provisions	130,734	0	142,895	0	130,734	142,895
Organic, employee profit-sharing	967	311	432	313	656	119
Assets and depreciation	0	305	0	322	(305)	(322)
Employee benefits	6,828	505	6,521	396	6,323	6,126
Regulated provisions	0	1,592	0	1,459	(1,592)	(1,459)
IAS 39 restatements	1,415	1,358	942	1,651	57	(709)
Other	7,350	10,673	7,458	10,054	(3,323)	(2,596)
OFFSETTING ASSETS/LIABILITIES	**(13,229)**	**(13,229)**	**(12,658)**	**(12,658)**	**0**	**0**
TOTAL DEFERRED TAXATION	**134,064**	**1,514**	**145,591**	**1,537**	**132,549**	**144,054**

Offsetting of assets and liabilities is performed for each entity.

15 – ACCRUALS AND MISCELLANEOUS LIABILITIES

	31/12/2020	31/12/2019
Miscellaneous creditors	99,415	98,494
Lease obligations	30,087	34,213
Miscellaneous company debts	37,800	40,294
TOTAL MISCELLANEOUS LIABILITIES	**167,301**	**173,001**
Expenses to be paid	76,262	63,606
Deferred income	3,515	3,194
Other	68,162	84,755
TOTAL ACCRUALS	**147,939**	**151,555**
TOTAL ACCRUALS AND MISCELLANEOUS LIABILITIES	**315,240**	**324,556**

Lease obligations	≤1 year	>1 year and ≤3 years	>3 years and ≤6 years	>6 years and ≤9 years	> 9 years
Property	3,139	8,117	13,749	3,688	45
Car fleet	855	463	29		

16 – PROVISIONS

	31/12/2019	Charges	Writebacks used	Writebacks not used	Scope entry	Other	31/12/2020
Company commitments: pensions	28,647	3,032	(666)	(523)	0	1,155	31,646
Company commitments: service awards	1,972	78	0	(0)	0	15	2,064
Legal and tax risk	0	0	0	0	0	0	0
Provision for restructuring	0	0	0	0	0	0	0
Provisions for subsidiary risks	0	0	0	0	0	0	0
Provision for costs and procedural risk	2,000	8,803	0	0	0	(8,803)	2,000
Miscellaneous risks and expenses	30,036	9,763	0	(6,307)	0	8,473	41,965
TOTAL PROVISIONS	**62,655**	**21,675**	**(666)**	**(6,830)**	**0**	**840**	**77,674**

17 – SUBORDINATED DEBTS

	31/12/2020	31/12/2019
Subordinated securities	200,000	200,000
Associated advances	187	199
TOTAL SUBORDINATED DEBT	**200,187**	**200,199**

18 – SHAREHOLDERS' EQUITY

18. Composition of share capital

The share capital of Cofidis 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 INSTRUMENT CLASSES BY ACCOUNTING CATEGORIES

at 31 December 2020 (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	865				**910**
Loans and advances to credit institutions			716,835			**716,835**
Loans to customers			13,051,432			**13,051,432**
Hedging derivatives				8,655		**8,655**
Derivatives						**0**
Other advances						**0**
FINANCIAL ASSETS	**45**	**865**	**13,768,268**	**8,655**	**0**	**13,777,832**
Negotiable debt instruments					50,000	**50,000**
Bond issues					0	**0**
Securitisation						**0**
Accrued interest					-7	**-7**
Debts to credit institutions					11,347,150	**11,347,150**
Other debts to credit institutions						**0**
Debts to customers					687,392	**687,392**
Other debts to customers						**0**
Subordinated liabilities					200,187	**200,187**
Hedging derivatives				50,916		**50,916**
Derivatives						**0**
LOANS AND FINANCIAL LIABILITIES	**0**	**0**	**0**	**50,916**	**12,284,721**	**12,335,637**

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**

V. Notes to off-consolidated balance

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 €2,089 million at 31 December 2020.

In thousands of euro	31/12/2020	31/12/2019
FINANCE COMMITMENTS		
Commitments made to credit institutions	0	0
Commitments received from credit institutions	10,000	9,074
Commitments made to customers	2,089,188	1,902,333
GUARANTEE COMMITMENTS		
Guarantees, sureties, and other guarantees on the request of credit institutions	0	0
Guarantees, sureties and other guarantees received from credit institutions	28,206	18,104
Guarantees on request from customers	21,709	28,710
Guarantees received from customers	2,239,056	376,983

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)

	31/12/2020	31/12/2019
Income from interest on advances to credit institutions	1,508	2,023
Income from interest on advances to customers	1,115,444	1,140,025
Income from interest on hedging derivatives	14,446	12,170
INTEREST AND SIMILAR INCOME	**1,131,398**	**1,154,218**
Interest expenses paid on liabilities to credit institutions	8,754	16,134
Interest expenses paid to customers	914	1,628
Interest expenses on debts represented by a security and subordinated debt	3,304	3,457
Interest expenses on hedging derivatives	32,870	33,524
Interest charges on simple lease contracts	219	409
INTEREST AND SIMILAR EXPENSES	**46,062**	**55,152**
Commission (income)	308,588	307,109
Commission (costs)	37,429	52,000
NET GAINS OR LOSSES ON COMMISSIONS	**271,159**	**255,109**
NET GAINS OR LOSSES ON PORTFOLIOS AT FV THROUGH PROFIT OR LOSS	**-362**	**87**
Income from other activities	2,087	1,118
Costs from other activities	457	490
NET GAINS OR LOSSES ON OTHER ACTIVITIES	**1,631**	**628**
NET BANKING INCOME	**1,357,764**	**1,354,890**

2 – GENERAL OPERATING COSTS (IN THOUSANDS OF EURO)

	31/12/2020	31/12/2019
Payroll costs (1)	290,050	279,603
Taxes and duties	18,947	17,380
Other operating costs	373,384	393,508
TOTAL GENERAL OPERATING COSTS	**682,381**	**690,490**

(1) Payroll expenses are detailed in Note VIII "Employee benefits"

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

	31/12/2020	31/12/2019
Provision for depreciation of intangible assets	2,672	2,035
Provision for depreciation of tangible assets	15,040	14,496
Provision for depreciation of tangible assets	4,723	0
TOTAL AMORTISATION EXPENSE AND DEPRECIATION OF ASSETS	**22,435**	**16,531**

4 – COST OF RISK (IN THOUSANDS OF EURO)

	31/12/2020	31/12/2019
Net provisions for depreciation	97,025,164	61,081,162
Recovery of depreciated advances	(118,354)	(105,708)
Transfer to losses	477,731	376,173
COST OF CUSTOMER RISK	**456,402**	**331,547**

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

	31/12/2020	31/12/2019
Income from asset disposals	38	35
Capital loss on asset disposals	(110)	(29)
GAINS OR LOSSES ON OTHER ASSETS	**(72)**	**6**

6 – TAXES (IN THOUSANDS OF EURO)

6.1 Tax expense

	31/12/2020	31/12/2019
Current tax expense	48,543	92,165
Deferred tax expense	12,341	10,198
TAX EXPENSE FOR THE PERIOD	**60,884**	**102,363**

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):

	31/12/2020	31/12/2019
CONSOLIDATED PROFIT OR LOSS BEFORE TAXES	**196**	**316**
Current tax rate in France	32.02%	34.43%
Theoretical tax at current French tax rate	62.9	108.9
Effect of permanent differences	1.7	-1.1
Differences in foreign tax rates	-2.6	-9.0
Effect of unrecognised tax assets	5.0	1.7
Rate change	2.2	0.6
Tax on dividend		0.0
Other	-8.3	1.3
GROUP TAX CHARGE	**60.9**	**102.4**
EFFECTIVE TAX RATE	**30.99%**	**32.36%**

7 – AUDITORS' FEES

In thousands of euro before taxes	Total fees	KPMG	MAZARS	PwC
Certification	1,186	125	592	469
Ancillary missions*	181	113	39	29
TOTAL	**1,367**	**238**	**631**	**498**
including fees paid to the statutory auditors in France to certify the financial statements	510		286	224
including fees paid to the statutory auditors in France for services other than certification of the financial statements	33		17	16

*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

1 – DEFINITION OF ACTIVITY SEGMENTS

The entities in Cofidis 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 breakdown of geographies in which we operate, which is the only segment information provided by the Group.

Three geographies are concerned; France, Southern Europe and Belgium & Eastern Europe.

2 – 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.

	31/12/2020			
	France	Southern Europe	Belgium & Eastern Europe	TOTAL
Income statement items				
Interest income	563,869	437,832	129,697	**1,131,398**
Interest expenses	32,644	6,542	6,875	**46,062**
Net banking income	676,522	533,652	147,590	**1,357,764**
Operating profit	109,173	78,014	9,358	**196,545**
Income tax	27,411	28,082	5,391	**60,884**

	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**

3 – SEGMENT INFORMATION BY GEOGRAPHY: DATA FROM BALANCE SHEET

	31/12/2020			
	France	Southern Europe	Belgium & Eastern Europe	TOTAL
Balance sheet items				
Loans and advances to customers	7,406,437	4,297,335	1,347,661	**13,051,432**
Loans and advances to banking institutions:	639,926	52,898	24,012	**716,835**
TOTAL	**8,046,363**	**4,350,233**	**1,371,672**	**13,768,268**

	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**

VIII. Employee benefits

1 – PAYROLL COSTS

	31/12/2020	31/12/2019
Salaries	193,959	185,980
Social charges	70,635	67,791
Profit sharing	10,302	12,305
Other	15,155	13,526
TOTAL PAYROLL	**290,050**	**279,603**

2 – WORKFORCE FOR THE PERIOD

The average workforce and the workforce on the reporting date are as follows:

Workforce at end of period at 31 December 2020

	31/12/2020				31/12/2019
	Managers	Supervisors	Employees	Total	Total
Women	756	315	2,526	3,597	3,502
Men	661	132	1,035	1,828	1,941
TOTAL WORKFORCE AT THE END OF PERIOD	**1417**	**447**	**3561**	**5425**	**5443**

Average workforce at 31 December 2020

	31/12/2020				31/12/2019
	Managers	Supervisors	Employees	Total	Total
Women	745	314	2,564	3,623	3,538
Men	651	131	1,056	1,838	1,832
TOTAL AVERAGE WORKFORCE	**1,396**	**445**	**3,620**	**5,461**	**5,370**

3 – POST-EMPLOYMENT BENEFITS - DEFINED CONTRIBUTION SCHEMES

All French and Belgian entities are concerned by the defined benefits scheme. For the main schemes, an actuarial assessment 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 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:

	31/12/2020	31/12/2019
Discount rate at start of period	0.75%	1.50%
Discount rate at end of period	0.45%	0.75%
Expected rate of salary increase	1.94%	2.10%

6 – RECONCILIATION OF BALANCE SHEET PROVISIONS

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

Commitment

	31/12/2019	33,733
Current service cost		2,013
Financial cost		253
Actuarial gains and losses		1,228
Payment to beneficiaries		-148
Other		0
	31/12/2020	37,078

Scheme assets

	31/12/2019	5,086
Actuarial gains and losses		72
Return on scheme assets		39
Contributions to the scheme		333
Payment to beneficiaries		-97
Other		0
	31/12/2020	5,433

Provision

	31/12/2019	28,648
Current service cost		2,013
Cost/Finance income		214
Contributions to the scheme		-333
Actuarial gains and losses		1,155
Payment to beneficiaries		-51
Other		0
	31/12/2020	31,646

7 – FINANCIAL HEDGING OF THE SCHEME

Financial hedging of the scheme can be analysed as follows:

	31/12/2020	31/12/2019
Debt securities	4,609	4,245
Equity instruments	209	192
Property	605	591
Other	9	9

8 - SENSITIVITY ANALYSIS

Financial hedging of the scheme can be analysed as follows:

Discount rate: +0.5%	34,292
Discount rate: -0.5%	39,921

IX – Risk exposure and hedging policy

The risks incurred by Cofidis 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 Group, the bulk of credit risk relates to loans granted to individuals, and this risk is spread over a large number of 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 provisions.

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 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's 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.

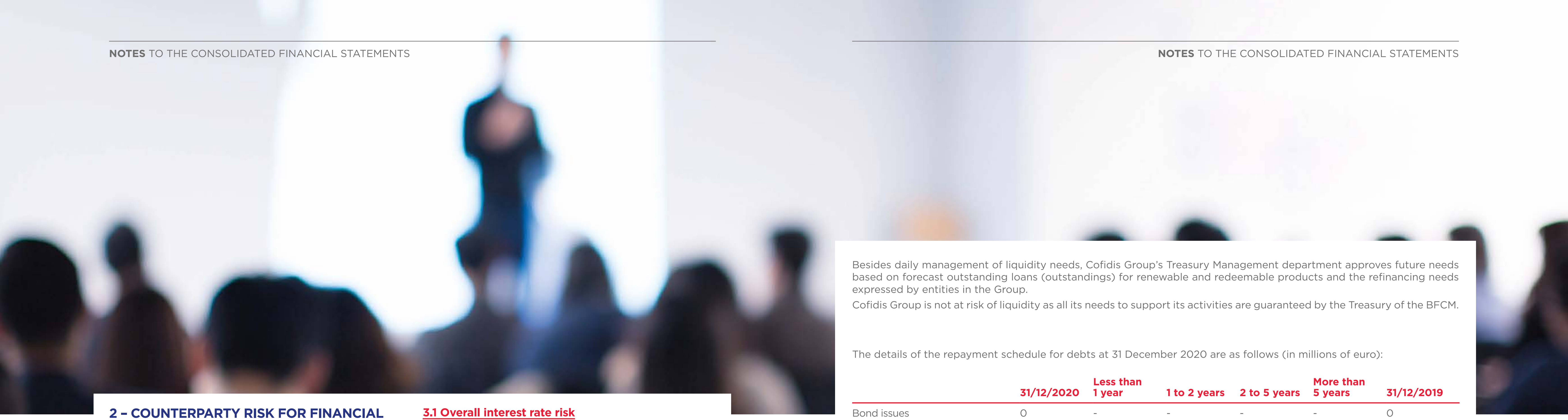
Scoring systems, acceptance and collection rules, as well as provisioning systems must be open-ended and are reviewed as required from time to time. In this way, the organisation ensures that all outstanding debt categories, process developments, behavioural or regulatory changes are taken into account 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 2020 is detailed as follows (in thousands of euro):

	31/12/2020	31/12/2019
Financial assets designated at Fair Value through profit or loss	45	45
Derivative hedging instruments – assets	8,655	11,485
Securities at amortised cost	865	549
Loans and advances to credit institutions	716,835	1,284,271
Loans and advances to customers	13,051,432	12,882,417
Other advances	288,550	270,412
Firm loan commitments	2,089,188	1,902,333
TOTAL	**16,155,571**	**16,351,511**

Analysis of overdue assets:

A financial asset is considered as overdue when a counterparty has not made a payment at the contractual due date. As stated by the IFRS 9 standard coming into effect 1 January 2018, the provisionable basis is extended to the whole outstanding debt, distributed according to the three phases mentioned above (See § Note 2).



2 – COUNTERPARTY RISK FOR FINANCIAL TRANSACTIONS

Cofidis Group is exposed to 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 Cofidis Group is responsible for risk management related to cash flow and rates for the whole of Cofidis Group's scope.

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 aim of the hedging policy is to limit the exposure of Cofidis Group entities to any rate rises or reductions and their repercussions on customer rates within a longer or shorter time frame.

Rate risk management strategy involves hedging a significant portion of outstanding amounts to avoid short- and medium-term margin pinches.

3.1.2 – Instruments and practices

The OTC instruments used, traded with the Banque Fédérative du Crédit Mutuel (BFCM) and the Crédit industriel et commercial (CIC), are firm or optional: interest rate swaps, caps, floors and collars.

The bulk of refinancing is variable rate, based mainly on Euribor, and variable rate based on Eonia.

3.2 - Liquidity risk

As a credit institution, Cofidis 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 Cofidis Group, ensuring the Group has all the liquidity requirements needed 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 Cofidis Group, or failing that at the BFCM; recycling of savings contributes to the refinancing of Cofidis Group entities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Besides daily management of liquidity needs, Cofidis Group's Treasury Management department approves future needs based on forecast outstanding loans (outstandings) for renewable and redeemable products and the refinancing needs expressed by entities in the Group.

Cofidis Group is not at risk of liquidity as all its needs to support its activities are guaranteed by the Treasury of the BFCM.

The details of the repayment schedule for debts at 31 December 2020 are as follows (in millions of euro):

	31/12/2020	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	31/12/2019
Bond issues	0	-	-	-	-	0
Subordinated securities	200	0	-	-	200	200
TCN	50	50	-	-	-	50
Short-medium term lines	11,336	4,537	2,694	3,376	729	11,935
Ordinary demand accounts	9	9	-	-	-	15
TOTAL	**11,595**	**4,596**	**2,694**	**3,376**	**929**	**12,200**

3.3 - Foreign exchange risk

Group policy includes management of foreign exchange risk.

Entities borrowing currencies or converted to euros, 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.

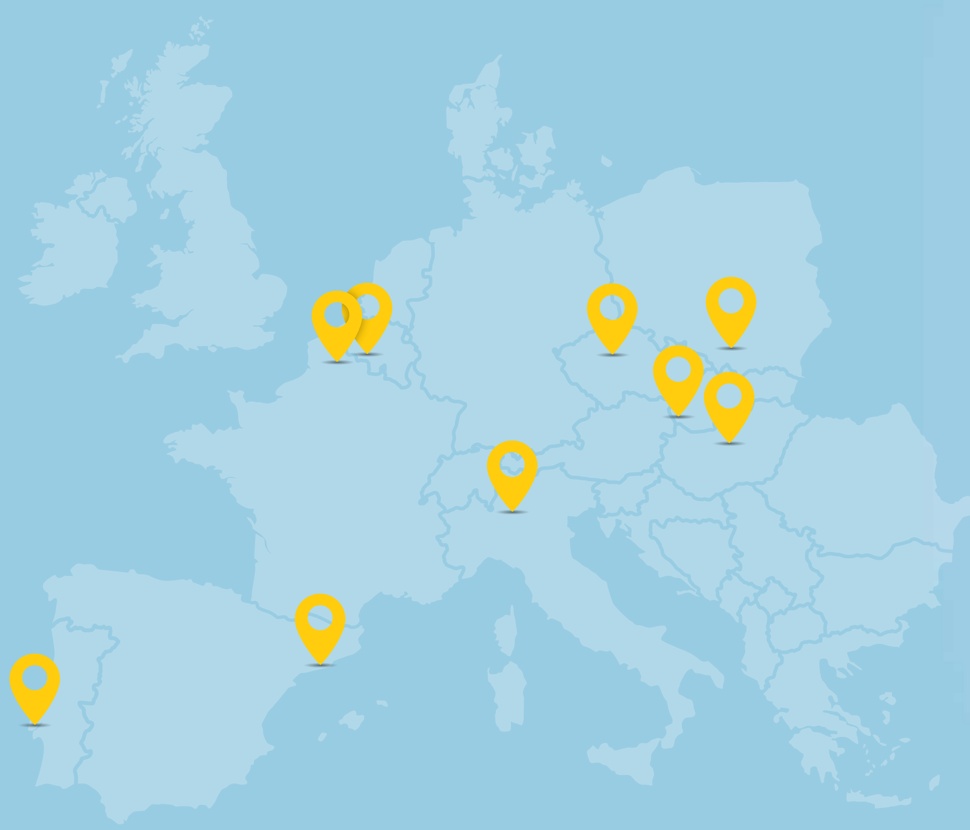
Cofidis Group is subject to alert limits and/or thresholds defined in relation to the global limits applicable within Crédit Mutuel Alliance Fédérale.

During its monthly meeting, based on events in the previous month and the needs expressed by entities in Cofidis Group, the Treasury Committee reviews liquidity programmes and defines hedging requirements for each entity (margin for manoeuvre in terms of volume and duration, according to market conditions and developments), to maintain risk indicators within the limits and alert thresholds set and/or to comply with the recommendations of the ALM monitoring committee of Crédit Mutuel Alliance Fédérale. This committee comprises the members of the Treasury Management department, its Director, the Group's Chief Financial Officer and on a quarterly 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 Caisse Fédérale de Crédit Mutuel and the Chairman of the Board of Directors of Cofidis Group.

The liquidity and interest rate risk management indicators are communicated and presented quarterly to Cofidis Group's Executive Committee/Risk Committee, 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.

Group locations



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