Assurances Crédit Mutuel

2020

CONSOLIDATED FINANCIAL STATEMENTS

→ GROUPE DES ASSURANCES DU CRÉDIT MUTUEL SA

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1. ANNUAL FINANCIAL STATEMENTS

1.1 Statement of financial position at December 31, 2020

ASSETS

(in thousands of euros)

	Gross amount 12/31/2020	Deprec. and amort. and provisions for impairments	Net amount 12/31/2020	Net amount 12/31/2019
FINANCIAL INVESTMENTS				
Equity investments	4,167,945	49	4,167,896	4,067,782
Receivables related to equity investments	125	0	125	137
Other long-term investments	0	0	0	0
Loans	0	0	0	0
Total financial investments	**4,168,070**	**49**	**4,168,021**	**4,067,919**
TOTAL NON-CURRENT ASSETS	**4,168,070**	**49**	**4,168,021**	**4,067,919**
RECEIVABLES				
Trade receivables	0	0	0	0
Other receivables	140,936	0	140,936	89,287
Total receivables	**140,936**	**0**	**140,936**	**89,287**
CASH EQUIVALENT				
Other securities	234,406	0	234,406	60,081
Total marketable securities	**234,406**	**0**	**234,406**	**60,081**
CASH	**466**	**0**	**466**	**197,324**
PREPAID EXPENSES	**0**	**0**	**0**	**0**
TOTAL CURRENT ASSETS	**375,807**	**0**	**375,807**	**346,692**
TOTAL ASSETS	**4,543,878**	**49**	**4,543,829**	**4,414,611**

LIABILITIES

(in thousands of euros)

	Net amount 12/31/2020	Net amount 12/31/2019
SHAREHOLDERS' EQUITY		
Share capital (of which paid-in €1,241,035 thousand)	1,241,035	1,241,035
Merger premiums	148,858	148,858
Contribution premiums	1,005,491	1,005,491
Legal reserves	124,103	124,103
Miscellaneous reserves	1,770	1,770
Retained earnings	1,777,723	0
Net profit (loss)	158,487	1,777,723
Total shareholders' equity	**4,457,468**	**4,298,981**
DEBTS		
Borrowings and miscellaneous financial debts	0	22,750
Trade payables	140	0
Tax and social security debts	86,096	92,499
Debts on non-current assets and related accounts	0	0
Other miscellaneous debts	125	245
Total debts	**86,361**	**115,494**
PREPAID INCOME	**0**	**136**
TOTAL LIABILITIES	**4,543,829**	**4,414,611**

1.2 Income statement at December 31, 2020

(in thousands of euros)

	12/31/2020	12/31/2019
OPERATING EXPENSES		
Other external purchases and expenses	2,898	469
Taxes, duties and related payments	1	0
Total operating expenses	**2,899**	**469**
FINANCIAL EXPENSES		
Allowances for depreciation, amortization and provisions	49	0
Interest and similar expenses	636	638
Negative exchange rate differences	8,399	1,695
Total financial expenses	**9,084**	**2,333**
NON-RECURRING EXPENSES		
On management transactions	0	0
On share capital transactions	266,939	220,872
Total non-recurring expenses	**266,939**	**220,872**
INCOME TAX	**− 1,311**	**6,729**
TOTAL EXPENSES	**277,610**	**230,403**
Profit (loss)	**158,487**	**1,777,723**
OVERALL TOTAL	**436,097**	**2,008,126**

(in thousands of euros)

	12/31/2020	12/31/2019
OPERATING INCOME		
Other income	3	30
Total operating income	**3**	**30**
FINANCE INCOME		
Finance income from equity investments	33,123	1,705,144
Interest on subordinated debt	252	271
Other interest and similar income	533	200
Foreign exchange gains	49	631
Reversals of provisions for impairment of financial investments	0	103,526
Net gains on disposals of marketable securities	0	0
Total finance income	**33,958**	**1,809,772**
NON-RECURRING INCOME		
On management transactions	162	0
On share capital transactions	401,974	198,323
Total non-recurring income	**402,136**	**198,323**
TOTAL INCOME	**436,097**	**2,008,126**
OVERALL TOTAL	**436,097**	**2,008,126**

1.3 Off-balance sheet

(in thousands of euros)

	12/31/2020	12/31/2019
1. Commitments received	**2,000**	**198,629**
Short-term overdraft facilities granted BECM	2,000	2,000
MAD exchange rate hedge	0	196,629
2. Commitments given	**0**	**0**
Other commitments given GIE	0	0

2. NOTES TO THE FINANCIAL STATEMENTS

2.1 Highlights

Major impacts of the Covid-19 pandemic

The health crisis linked to the Covid-19 epidemic and its economic and financial consequences naturally had a significant impact on the business and the profits of GACM SA in 2020. In particular, GACM SA neither paid any dividends nor received dividends from its main subsidiaries in 2020.

Disposal of the portfolio and merger of the Luxembourg company, NELL SA by ICM Life SA

The life insurance company under Luxembourg law NELL SA was wholly owned by GACM SA since the absorption of Nord Europe Assurances by GACM SA on June 27, 2018.

Pursuing a development strategy in Luxembourg via ICM LIFE SA and the group's bancassurance networks, GACM chose to sell the business of NELL SA, which is focused on brokerage, to Afi-Esca Luxembourg on March 31, 2020, with retroactive effect from January 1, 2020. NELL SA thus transferred to the transferee all the assets and debts related to its business (€685 million of outstandings) for the symbolic price of one euro.

On December 29, 2020, the merger-absorption of NELL SA by ICM LIFE SA was approved by the General Meetings of the two companies, with retroactive accounting effect to September 30, 2020. In the separate financial statements of GACM SA, the transaction generated a profit of €12 million.

Desjardins Transaction

In 1989, GACM entered into a partnership with the Canadian insurance company Desjardins. The equity investment consisted, until January 1, 2020, in the holding of ordinary and preferred shares in the insurance subsidiaries and, to a lesser extent, in the subscription of subordinated debt issued by these subsidiaries.

On January 1, 2020, in order to streamline the structure of the Group in terms of governance and capital management, this equity investment in the subsidiaries was exchanged for an equity investment in their holding company, Desjardins Groupe d'Assurances Générales (DGAG).

Following this transaction, GACM holds:

- 10% of the share capital of DGAG in ordinary shares;
- CAD114 million of preferred shares issued by DGAG, bearing interest at 5.50% annually (versus a total of CAD121 million bearing interest at 4.75% under the former structure);
- CAD14 million of subordinated debt issued by DGIG bearing interest at 2.79% annually (previously CAD13.3 million bearing interest at 3%).

The ordinary shares of the holding company DGAG were recognized at their fair value on the day of the exchange. A capital gain of €148 million was therefore recognized in the separate financial statements of GACM SA. This is the difference between the actual fair value of the ordinary shares of the holding company DGAG and the carrying amount of the shares of the subsidiaries exchanged. Taxation of this capital gain is deferred (to the ultimate disposal of the exchanged shares).

2.2 Accounting principles

The annual financial statements for the fiscal year ended December 31, 2020 were prepared and presented in accordance with ANC Regulation no. 2014-03, in compliance with the principle of prudence, independence of fiscal years, consistency of accounting policies and assuming business continuity.

There was no change in accounting method during the fiscal year.

The notes to the financial statements include information that is considered material for a fair assessment of the company's profit (loss), assets and liabilities, and financial position, as well as the risks it faces.

Items recognized in the financial statements are valued using the historical cost method.

The fiscal year lasts 12 months, covering the period from January 1, 2020 to December 31, 2020.

Balance sheet accounts

Equity investments are capitalized at their purchase price.

After the acquisition date, investments are valued at their value in use. The following elements may be taken into consideration for this estimate: profitability and profitability outlook, equity, sale prospects, and economic conditions.

An impairment is recorded in the amount of the difference between the price of the securities and their value in use.

These impairments are the result of conservative revisions to the future earnings prospects of these subsidiaries.

Financial investments, marketable securities and cash and cash equivalents are valued at their historical cost and are subject to impairment if there is an indication of impairment.

Receivables are recognized at their gross value and are subject to impairment if there is a risk of non-recovery.

In the event of a risk of an outflow of economic benefits without offset, provisions for contingencies and expenses are made.

Income statement

Operating expenses consist mainly of external costs.

Finance income and expenses include dividends received from equity investments and foreign exchange impacts, as well as the profit (loss) on marketable securities.

Non-recurring income and expenses consist mainly of income generated on the disposal of assets.

2.3 Notes to the statement of financial position

2.3.1 Non-current assets

(in thousands of euros)

	Gross value 01/01/2020	Increases	Decreases	Gross value 12/31/2020
ACM IARD SA	646,232	0	0	646,232
SERENIS ASSURANCES SA	37,918		0	37,918
ACM VIE SA	2,549,083	0	0	2,549,083
ACM SERVICES SA	7,000	0	0	7,000
PROCOURTAGE SAS	762	0	0	762
EURO INFORMATION DIRECT SERVICES SAS	30	0	0	30
IMMOBILIERE ACM SAS	300	0	300	0
EURO TVS SAS	577	0	0	577
FONCIERE MASSENA SA	13,775	0	0	13,775
NORTH EUROPE LIFE BELGIUM (NELB) SA (Belgium)	207,451	0	0	207,451
ICM LIFE SA (Luxembourg)	24,993	0	4,638	20,355
NORD EUROPE LIFE LUXEMBOURG (Luxembourg)	30,345	0	30,345	0
ASTREE SA (Tunisia)	9,110	0	0	9,110
PARTNERS ASSURANCE SA (Belgium)	36,843	0	0	36,843
EURAFRIC INFORMATION (Morocco)	81	0	0	81
GACM España (Spain)	268,510	0	0	268,510
LA PERSONNELLE, cie d’assurance du Canada (Canada)	17,911	0	17,911	0
LA PERSONNELLE, Assurances Générales (Canada)	15,898		15,898	0
CERTIS Direct, cie d’assurance ltée (Canada)	6,996	0	6,996	0
DESJARDINS Assurances Générales (Canada)	47,243	235,893	0	283,136
CERTAS, Cie d’assurances Auto et Habitation (Canada)	51,571	0	51,571	0
Sub-total ordinary shares	3,972,630	235,893	127,658	4,080,864
LA PERSONNELLE, cie d’assurance du Canada (Canada)	10,503	0	10,503	0
LA PERSONNELLE, Assurances Générales (Canada)	3,315	0	3,315	0
CERTIS Direct, cie d’assurance ltée (Canada)	5,560	0	5,560	0
DESJARDINS, Assurances Générales (Canada)	12,703	65,423		78,125
CERTAS, Cie d’assurances Auto et Habitation (Canada)	53,960	0	53,960	0
Sub-total preferred shares	86,041	65,423	73,339	78,125
LA PERSONNELLE, cie d’assurance du Canada (Canada)	1,117		1,117	0
LA PERSONNELLE, Assurances Générales (Canada)	349		349	0
CERTIS Direct, cie d’assurance ltée (Canada)	589		589	0
DESJARDINS Assurances Générales (Canada)	1,343	8,955	1,343	8,955
CERTAS, Cie d’assurances Auto et Habitation (Canada)	5,713		5,713	0
Accrued interest on subordinated securities	137		11	125
Sub-total subordinated securities	9,247	8,955	9,122	9,081
Total financial investments	**4,067,919**	**310,270**	**210,119**	**4,168,070**
Total non-current assets	**4,067,919**	**310,270**	**210,119**	**4,168,070**

The shares of IMMOBILIERE ACM SAS were sold to two Group companies for €331 thousand, generating a capital gain of €31 thousand.

NORD EUROPE LIFE LUXEMBOURG was absorbed on December 29, 2020 by ICM LIFE SA, the contribution was remunerated by new shares of ICM LIFE SA with a par value of €21.9 million issued for €30.3 million, including the merger premium.

On the same day, ICM LIFE SA carried out a capital reduction of a nominal value of €21.9 million. As these securities had a net carrying amount of €35.0 million, the capital reduction transaction resulted in an expense of €13.1 million.

Finally, ICM LIFE SA distributed an exceptional dividend of €24.9 million.

As part of a new capital structure of the Canadian insurance group Desjardins, GACM has exchanged its equity investment in several subsidiaries of this group (LA PERSONNELLE, compagnie d'assurance du Canada, LA PERSONNELLE, assurances générales, CERTIS Direct, compagnie d'assurance Ltée, CERTAS, compagnie d'Assurances Auto et Habitation and DESJARDINS Services d'assurances Générales Inc.) for an equity stake at the holding company level, Desjardins Groupe d'Assurances Générales (DGAG).

Following this transaction, the GACM holds:

- 10% of the share capital of DGAG in ordinary shares;
- CAD114 million of preferred shares issued by DGAG;
- CAD14 million of subordinated debt issued by DGAG.

The overall capital gain realized from these exchanges amounted to €148.1 million.

2.3.2 Provisions

(in thousands of euros)

	Provisions 01/01/2020	Allowance the fiscal year	Reversal of the fiscal year		Provisions 12/31/2020
			used	Not used	
Impairment of equity investments	0	49			49
Doubtful customers	9		9		0
Total provisions for impairments	**9**	**0**	**9**	**0**	**0**

2.3.3 Maturity schedule of receivables and debts

Receivables

(in thousands of euros)

	Gross amount 12/31/2020	Less than one year	More than one year
Income tax	94,106	94,106	
Group	46,830	46,830	
Total	**140,936**	**140,936**	**0**

As of December 31, 2020, the receivables include both the tax receivables in the context of the tax consolidation and the exceptional dividend as well as the amount due under the capital reduction by ICM LIFE SA.

Debts

(in thousands of euros)

	Gross amount 12/31/2020	Less than one year	More than one year
Income tax	86,065	86,065	
VAT and other tax expenses	31	31	
Other debts:			
- supplier invoices not received	140	140	
- other miscellaneous debts	125	125	
Total	**86,361**	**86,361**	**0**

2.3.4 Breakdown and statement of changes in equity

(in thousands of euros)

	2019	Appropriation of profit (loss) 2019	Other changes 2020	2020
Share capital	1,241,035			1,241,035
Merger premiums	148,858		0	148,858
Contribution premiums	1,005,491			1,005,491
Legal reserves	124,103			124,103
Other reserves	1,770			1,770
Retained earnings	0	1,777,723		1,777,723
Profit (loss) for the period	1,777,723	− 1,777,723	158,487	158,487
Total shareholders' equity	**4,298,981**	**0**	**158,487**	**4,457,468**
Dividends		**0**		

GACM SA did not pay any dividends during fiscal year 2020.

2.3.5 Share capital

At December 31, 2020, the share capital consisted of 80,066,768 ordinary shares with a par value of €15.50.

No shares are held by the company itself, by one of its subsidiaries or by a person acting in its name but on behalf of these companies.

2.3.6 Off-balance sheet commitments

The company has recorded an amount of €2.0 million under "commitments received" in respect of the bank overdraft authorization.

2.4 Notes to the income statement

The net profit for the fiscal year, i.e., €158,487 thousand, breaks down as follows:

(in thousands of euros)

	12/31/2020	12/31/2019
Operating income	3	30
Operating expenses	− 2,899	− 469
Finance income:		
from equity investments	33,123	1,705,144
interest on subordinated debt	252	271
Other interest and similar income	533	200
Foreign exchange gains	49	631
Financial expenses:		
net expenses on the disposal of marketable securities	− 549	− 443
interest and similar expenses	− 86	− 195
foreign exchange losses	− 8,399	− 1,695
Provisions on equity investments		
reversals	0	103,526
allowances	− 49	0
Disposal of assets		
proceeds from asset disposals	401,974	198,323
carrying amount of items sold	− 266,939	− 220,872
other non-recurring income	162	0
other non-recurring expenses	0	0
Income tax	1,311	− 6,729
Profit (loss) for the period	**158,487**	**1,777,723**

Finance income from equity investments:

The sharp drop in net income between the two fiscal years is due in particular to the absence of dividends from the subsidiaries ACM VIE SA and ACM IARD SA in 2020, whereas they had paid respectively €1,143.3 and €541.3 million (including exceptional dividends) in 2019.

Non-recurring income:

n 2020, non-recurring profit (loss) includes the effects of the exchanges of equity securities and debts of the Desjardins Group, as well as the reduction in the capital of ICM LIFE SA described above. In the previous year, this item included the disposal of the equity investment in Royale Marocaine d'Assurance.

2.5 Other information

The company does not employ any employees or compensate any of its directors.

The management report of the Groupe des Assurances du Crédit Mutuel is available to the public at its registered office: 4 rue Frédéric-Guillaume Raiffeisen – 67000 Strasbourg, France.

GACM's financial statements are consolidated:

by the Banque Fédérative du Crédit Mutuel, the main shareholder of GACM SA;

by the Crédit Mutuel Alliance Fédérale which prepares consolidated "bancassurance" financial statements.

These entities have their registered office at 4 rue Frédéric-Guillaume Raiffeisen - 67000 Strasbourg, France.

by the Confédération Nationale du Crédit Mutuel, whose central registered office is at 88 rue

Cardinet - 75017 Paris, France.

All the aforementioned consolidated financial statements may be consulted at the Company's registered office.

GACM SA is the parent company of the tax group whose members are:

ACM IARD SA;

ACM VIE SA;

ACM VIE SAM;

MTRL;

SÉRÉNIS ASSURANCES SA;

ACM SERVICES SA;

PROCOURTAGE SAS;

FONCIÈRE MASSÉNA SA.

The tax consolidation agreements between GACM and its consolidated subsidiaries provide that each consolidated company is required to recognize corporate income tax as if it were not part of the tax consolidation group. Following amendments signed on November 25, 2019, the tax consolidation agreements stipulate that loss-making subsidiaries will receive from GACM an amount equal to the tax savings obtained by the latter by taking into account the subsidiaries' losses.

2.6 Subsequent events

None.

3. MAIN SUBSIDIARIES AND EQUITY INVESTMENTS

COMPANIES	Amounts expressed in	Share capital	Shareholders' equity other than share capital
ACM IARD SA	€ thousands	201,597	1,447,638
ACM SERVICES SA	€ thousands	7,000	8,306
ACM VIE SA	€ thousands	778,371	4,880,317
EURO INFORMATION DIRECT SERVICES SAS	€ thousands	320 *	4,785 *
EURO TVS SAS	€ thousands	2,238 *	34,287 *
FONCIERE MASSENA SA	€ thousands	91,431	523,062
GACM ESPAÑA SA (Spain)	€ thousands	268,510	− 668
ICM LIFE SA (Luxembourg)	€ thousands	14,717	18,789
NORTH EUROPE LIFE BELGIUM SA (Belgium)	€ thousands	29,426	207,662
PARTNERS ASSURANCES SA (Belgium)	€ thousands	7,835	19,527
PROCOURTAGE SAS	€ thousands	800	7,966
SÉRÉNIS ASSURANCES SA	€ thousands	16,422	39,549
ASTREE SA (Tunisia)	thousands of TND	30,000 *	134,041 *
DESJARDINS, Assurances Générales inc. (Canada) - Ordinary shares DESJARDINS, Assurances Générales inc. (Canada) - Preferred shares	millions of CAD	541 *	2,105 *
EURAFRIC INFORMATION (Morocco)	thousands of MAD	10,000 *	- 6,156 *

* Figures for 2019

Percentage of capital held	Gross carrying amount of the shares held	Net carrying amount of the shares held	Loans and advances granted by the company and not repaid	Amount of sureties and guarantees provided by the company	Revenue of last fiscal year (2020)	Net profit (loss) or loss of last fiscal year (2020)	Dividends drawn by GACM during the fiscal year (2020)
96.53 %	646,232	646,232	none	none	3,514,464	48,606	0
100.00 %	7,000	7,000	none	none	3,137	1,112	0
100.00 %	2,549,083	2,549,083	none	none	5,911,791	407,870	0
10.00 %	30	30	none	none	16,273 *	35 *	0
2.13 %	577	577	none	none	28,571 *	1,579 *	0
2.00 %	13,775	13,775	none	none	48,009	29,851	0
100.00 %	268,510	268,510	none	none	0	− 1,740	0
99.99 %	20,355	20,355	none	none	5,915	2,598	0
100.00 %	207,451	207,451	none	none	69,126	7,604	0
100.00 %	36,843	36,843	none	none	57,803	19	0
100.00 %	762	762	none	none	5,042	1,872	0
99.68 %	37,918	37,918	none	none	152,752	4,167	0
30.00 %	14,640	14,640	none	none	168,075 *	51,506 *	9,720
10.00 % 18.70 %	413 114	413 114	none	none	5,536 *	259 *	6
9.00 %	900	354	none	none	249,718 *	5,999 *	0

Strasbourg, February 10, 2021

For the year ended 31 December 2020

To the annual general meeting of Groupe des Assurances du Crédit Mutuel S.A

Opinion

In compliance with the engagement entrusted at your General Annual Meetings, we have audited the accompanying financial statements of Groupe des Assurances du Crédit Mutuel S.A. for the year ended 31 December 2020.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

The opinion expressed above is consistent with our report to the Audit and Risk Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (Code de commerce) and the French Code of Ethics (Code de déontologie) for statutory auditors for the period from 1 January 2020 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments – Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of health emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Valuation of subsidiaries and equity investments

Risk identified and main audit judgements

Investments in associates, recognized for a net amount of €4,168 million, are among the most significant items on the balance sheet as at 31 December 2020. They are recognized at their transaction-date acquisition cost, are impaired on the basis of their value in use, and reflect the price the Company would be willing to pay to acquire them.

As indicated in Note 2.2. to the financial statements "Accounting principles", Management estimated value in use based on measurements that take profitability and forecast profitability into account, shareholders' equity, likelihood of occurrence and the economic context.

An impairment is recorded to account for the difference between the cost price of securities and their value in use. The competitive and economic environment of certain subsidiaries may result in a decrease in business activity and operating income.

In this context, and due to the inherent uncertainties relating to certain items and the likelihood of their occurrence, we considered that the proper measurement of investments in associates is a key audit matter.

Audit procedures in response to the risk identified

Based on the information provided to us, to assess the reasonableness of Management's estimates of the value in use of investments in associates, our work consisted primarily in verifying that they were based on an appropriate justification of the measurement method and figures used and, depending on the investments concerned, in:

For measurements based on historic data:

• We ensured that shareholders' equity was consistent with the entities' audited financial statements or analytical procedures and that any adjustments made to shareholder's equity were based on appropriate documentation;

For measurements based on forecast data:

- We obtained forecast profit figures of the relevant entities and assessed their consistency with the forecast data from the latest strategic business plans;
- We checked the consistency of the assumptions made with the economic environment at the closing and reporting dates;
- We compared forecast and actual figures for prior reporting periods to assess the achievement of objectives.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents with respect to the financial position and the financial statements provided to the shareholders.

We attest to the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-6 of the French Commercial Code.

Report on corporate governance

We attest that the Supervisory Board's report on corporate governance sets out the information required by Article L.225-37-4 of the French Commercial Code.

Other information

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Groupe des Assurances du Crédit Mutuel S.A at the annual general meeting held on 3 May 2017 for KPMG S.A. and on 6 May 2020 for PricewaterhouseCoopers Audit.

As at 31 December 2020, KPMG S.A. and PricewaterhouseCoopers Audit were in the 4th year and 1st year of total uninterrupted engagement, respectively.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit and Risk Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

• Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;

• Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;

• Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit and Risk Committee

We submit a report to the Audit and Risk Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Risk Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit and Risk Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (Code de commerce) and in the French Code of Ethics (Code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit and Risk Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

The Statutory Auditors

Paris La Défense, 15 April 2021	Neuilly-sur-Seine, 15 April 2021
KPMG S.A.	PricewaterhouseCoopers Audit
Francine Morelli *Partner*	Sébastien Arnault *Partner*

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1. GROUP OVERVIEW

Groupe des Assurances du Crédit Mutuel (GACM) acquires and manages equity interests in insurance and reinsurance companies in France and abroad.

GACM is subject to supervision by the Autorité de Contrôle Prudentiel et de Résolution (ACPR - French Prudential Supervision and Resolution Authority).

GACM SA is a société anonyme (French Limited Company) with a Management Board and a Supervisory Board with share capital of €1,241,034,904.00.

Its registered office is located at 4 rue Frédéric-Guillaume Raiffeisen – 67000 Strasbourg.

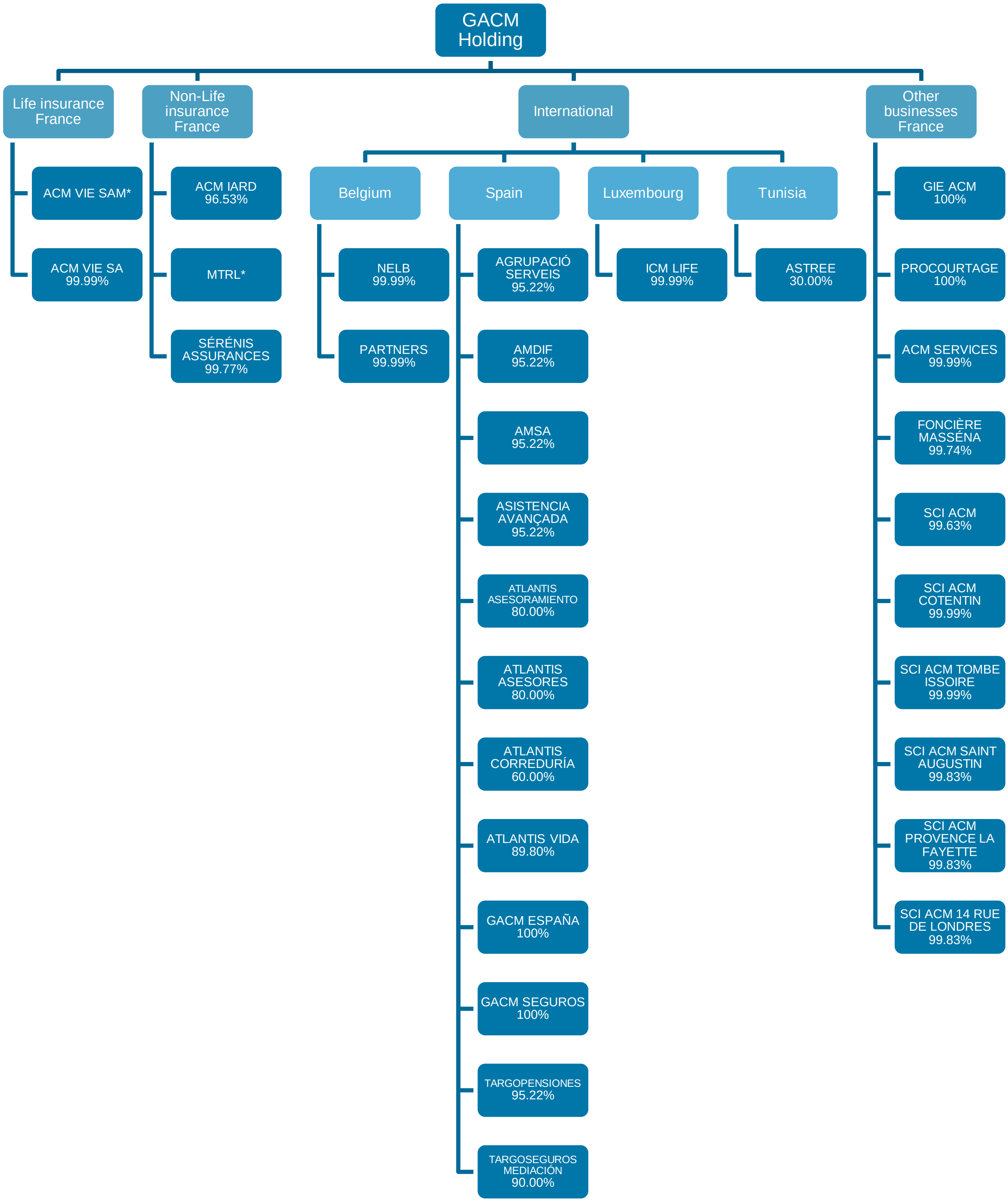
1.1 Shareholding structure

The share capital of the Groupe des Assurances du Crédit Mutuel is comprised of 80,066,768 shares of €15.50 each, held by:

(in euros)

	SHAREHOLDERS	SHARE CAPITAL	
1	Banque Fédérative du Crédit Mutuel	621,003,981.50	50.04%
2	CIC	199,363,666.00	16.06%
3	Caisse Fédérale du Crédit Mutuel Nord Europe	126,812,552.50	10.22%
4	Caisse Fédérale du Crédit Mutuel de Maine-Anjou et Basse-Normandie	91,767,734.50	7.39%
5	Caisse Régionale du Crédit Mutuel de Loire-Atlantique et du Centre-Ouest	67,127,570.50	5.41%
6	Caisse Fédérale du Crédit Mutuel Océan	35,764,886.00	2.88%
7	Caisse Régionale du Crédit Mutuel d'Anjou	23,236,778.50	1.87%
8	Caisse Régionale du Crédit Mutuel du Centre	18,353,441.50	1.48%
9	Caisse Régionale du Crédit Mutuel Midi-Atlantique	14,374,297.00	1.16%
10	Caisse Régionale du Crédit Mutuel Ile-de-France	8,654,983.00	0.70%
11	Caisse Régionale du Crédit Mutuel de Normandie	8,481,646.50	0.68%
12	Caisse Régionale du Crédit Mutuel Savoie-Mont Blanc	7,748,357.00	0.62%
13	Caisse de Crédit Mutuel du Sud-Est	6,898,445.50	0.56%
14	Caisse Régionale du Crédit Mutuel Méditerranéen	6,743,027.00	0.54%
15	Caisse Régionale du Crédit Mutuel Dauphiné-Vivarais	4,703,506.00	0.38%
16	Caisse Fédérale de Crédit Mutuel	15.50	0.00%
17	Fédération du Crédit Mutuel Centre Est Europe	15.50	0.00%
		1,241,034,904.00	**100.00%**

1.2 Group organizational chart



* combined companies

2. RELATED PARTY INFORMATION

2.1 Relationships with Crédit Mutuel Alliance Fédérale

In December 2019, ACM VIE SA underwrote €500,000 thousand of subordinated debt from Banque Fédérative du Crédit Mutuel, maturing in December 2029.

In its investment portfolio, the GACM Group holds €8,693,962 thousand of securities issued by Crédit Mutuel Alliance Fédérale, of which €2,112,438 thousand of assets representing unit-linked contracts.

Insurance contracts are marketed through the Crédit Mutuel and CIC banking networks.

Crédit Mutuel Alliance Fédérale's pension commitments are partly covered by collective insurance agreements with GACM life insurance companies.

These agreements provide for the creation of collective funds intended to cover end-of-career indemnities or the various pension plans, in return for contributions from the employer, the management of these funds by the insurance company and the payment to the beneficiaries of the premiums and pension benefits pursuant to the various plans.

2.2 Relationships between Group consolidated companies

The list of GACM group consolidated companies is presented in Note 4.12 "Scope of consolidation".

Transactions between fully consolidated companies are entirely eliminated.

2.3 Relationships with the key executives

There are no material transactions between GACM and its key executives, their families or the companies they control that are not included in the group's consolidation scope.

3. CONSOLIDATED FINANCIAL STATEMENTS

3.1 Balance sheet assets

(in thousands of euros)	Notes	12/31/2020	12/31/2019
Goodwill	4.7.1	133,281	136,808
Value of in-force business	4.7.2	3,352	4,192
Other intangible assets	4.7.2	10,120	10,997
Intangible assets		**146,754**	**151,998**
Investment property	4.7.3	2,706,739	2,573,066
Unit-linked investment property		0	0
Financial investments - Shares and other variable income securities	4.7.5	27,348,370	27,317,791
Financial investments - Property	4.7.5	2,582,852	2,535,588
Financial investments - Bonds	4.7.5	83,784,188	84,954,179
Financial investments - Loans and deposits	4.7.5	7,977,639	5,980,627
Financial assets for unit-linked contracts	4.7.5	15,274,737	13,751,057
Derivatives and separate embedded derivatives	4.7.12	0	3
Other investments		0	0
Investments from insurance activities	**4.7.3 to 4.7.12**	**139,674,525**	**137,112,311**
Investments from banking and other activities		**650,802**	**464,618**
Investments in equity-consolidated companies	**4.7.13**	**15,199**	**16,795**
Reinsurers’ share in insurance and investment contracts liabilities	**4.7.14**	**429,478**	**424,403**
Operating property and other property, plant and equipment	4.7.15	154,236	153,792
Deferred acquisition costs	4.7.16	50,477	51,162
Deferred policyholders’ participation assets	4.7.28	0	0
Deferred tax assets	4.7.17	29,637	25,079
Receivables arising from direct insurance and inward reinsurance operations	4.7.18	314,037	309,212
Receivables arising from outward reinsurance operations	4.7.19	31,702	12,927
Current tax receivables	4.7.17	96,933	86,033
Other receivables	4.7.20	335,562	327,886
Other assets		**1,012,583**	**966,091**
Assets held for sale and discontinued operations		**0**	**725,959**
Cash and cash equivalents		**593,693**	**751,743**
TOTAL ASSETS		**142,523,034**	**140,613,918**

3.2 Balance sheet liabilities

(in thousands of euros)	Notes	12/31/2020	12/31/2019
Share capital		1,241,035	1,241,035
Issue, merger and contribution premiums		1,154,349	1,154,349
Gains and losses recognized directly in equity		1,856,234	1,642,024
Retained earnings		6,888,238	6,060,067
Net consolidated income - Group share		551,072	879,068
Shareholders' equity – Group share		**11,690,927**	**10,976,542**
Gains and losses recognized directly in equity		17,554	16,713
Retained earnings excluding group		70,913	64,597
Net profit (loss) excluding group		2,554	6,495
Non-controlling interests		**91,021**	**87,805**
Total shareholders' equity		**11,781,948**	**11,064,347**
Provisions for risks and charges	**4.7.24**	**56,707**	**55,218**
Subordinated debt		800,000	800,000
Debt securities		0	0
Debt financing of banking sector companies		201,911	272,383
Other debt financing		9,323,094	8,869,900
Financing debt	**4.7.25**	**10,325,005**	**9,942,283**
Liabilities arising from insurance contracts		*9,933,807*	*9,159,517*
Liabilities arising from insurance contracts where the financial risk is borne by Policyholders		*15,205,925*	*13,694,633*
Total liabilities arising from insurance contracts	4.7.26	25,139,732	22,854,150
Liabilities arising from investment contracts with discretionary participating features		*82,573,776*	*83,585,054*
Liabilities arising from investment contracts with no discretionary participating features		*0*	*0*
Liabilities related to unit-linked financial contracts		*0*	*0*
Total liabilities arising from investment contracts	4.7.27	82,573,776	83,585,054
Separate derivatives on contracts	4.7.12	63,976	12,396
Deferred profit-sharing liabilities	4.7.28	11,439,147	11,350,095
Liabilities arising from insurance and investment contracts		**119,216,631**	**117,801,695**
Liabilities arising from banking activities		**0**	**0**
Deferred tax liabilities	4.7.17	294,794	290,110
Due to holders of consolidated mutual fund shares		0	0
Operating debt securities		0	0
Operating debt to banking sector companies		0	0
Payables arising from direct insurance and inward reinsurance operations	4.7.29	148,249	144,972
Payables arising from outward reinsurance operations	4.7.30	217,242	214,806
Current tax payables	4.7.17	9,998	9,708
Derivative liabilities		0	0
Current accounts payable		4,822	3,252
Other debts	4.7.31	467,638	362,744
Other liabilities		**1,142,744**	**1,025,592**
Liabilities held for sale and discontinued operations		**0**	**724,783**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**142,523,034**	**140,613,918**

3.3 Consolidated income statement

(in thousands of euros)	Notes	12/31/2020	12/31/2019
Gross written premiums	*4.8.1*	*10,266,950*	*12,080,412*
Change in unearned premiums		*5,416*	*− 3,070*
Premiums earned		10,272,366	12,077,342
Net banking income, net of cost of risk		0	0
Revenue or income from other activities		157,177	152,667
Other operating income and expenses		− 70,764	− 59,630
Net investment income		*2,491,891*	*2,698,681*
Investment expenses		*− 46,870*	*− 46,207*
Gains and losses on disposals of investments net of reversals of impairment and amortization charges		*101,108*	*850,082*
Change in fair value of investments recognized at fair value through profit or loss		*475,616*	*1,768,774*
Change in investments impairments		*− 228,017*	*− 24,664*
Investment income net of expenses	4.8.3	2,793,728	5,246,666
Insurance policy servicing expenses	4.8.4	− 10,267,180	− 14,224,143
Income from reinsurance		*− 101,684*	*− 96,464*
Expenses from reinsurance		*76,218*	*111,640*
Net expenses and income from reinsurance	4.8.7	− 25,466	15,176
Banking operating expenses			
Expenses from other activities		− 121,737	− 107,761
Contract acquisition costs		− 1,338,680	− 1,301,034
Amortization of value of in-force business and similar		− 4,367	− 4,440
Administrative expenses		− 553,282	− 537,241
Other current operating income		6,850	10,397
Other current operating expenses		− 15,434	− 12,729
Current operating profit (loss)		**833,211**	**1,255,270**
Other operating income		78,059	75,918
Other operating expenses		− 42,450	− 54,296
Operating profit (loss)		**868,820**	**1,276,892**
Financing expense		− 31,470	− 27,903
Share in profit (loss) of equity-consolidated companies		2,388	10,897
Income tax	4.8.8	− 286,113	− 374,324
Profit (loss) after tax of discontinued operations		0	0
CONSOLIDATED NET PROFIT		**553,625**	**885,562**
Non-controlling interests		− 2,554	− 6,495
Consolidated net profit - Group share		**551,072**	**879,068**

3.4 Net profit (loss) and other comprehensive income

(in thousands of euros)	12/31/2020	12/31/2019
Net profit (loss)	**553,625**	**885,562**
Items that can be recycled in the income statement	***217,498***	***666,524***
Revaluation of available-for-sale financial assets gross of deferred tax	297,628	4,729,101
Revaluation of hedging derivatives		
Shadow accounting, gross of deferred taxes	− 73,328	− 3,827,765
Related deferred taxes	− 6,802	− 234,812
Other changes		
Items that cannot be recycled in the income statement	***− 1,789***	***− 2,410***
Revaluations of non-current assets		
Revaluation of the actuarial liability for defined benefit plans	− 2,389	− 3,498
Related deferred taxes	600	1,088
Other changes		
Translation differences	***− 658***	***2,544***
Total gains and losses recognized directly in equity	**215,051**	**666,658**
NET PROFIT (LOSS) and GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY	**768,676**	**1,552,220**
Of which Group share	*765,281*	*1,538,954*
Of which non-controlling interests	*3,395*	*13,266*

3.5 Statement of changes in equity

(in thousands of euros)	Group equity						Non-controlling interests	Total
	Share capital	Premiums related to share capital	Retained earnings	Net Profit (Loss)	Gains and losses recognized in other comprehensive income	Total Group equity		
Equity 01/01/2019	**1,241,035**	**1,932,275**	**6,246,666**	**845,731**	**1,061,786**	**11,327,493**	**94,039**	**11,421,532**
Net profit (loss) for the year				879,068		879,068	6,495	885,562
Other comprehensive income recognized directly in equity					659,884	659,884	6,774	666,658
Total comprehensive income for the year	**0**	**0**	**0**	**879,068**	**659,884**	**1,538,952**	**13,269**	**1,552,220**
Appropriation of profit (loss)			845,731	− 845,731		0		0
Dividends		− 777,926	− 1,103,609			− 1,881,536	− 19,466	− 1,901,001
Change in share capital						0		0
Change in interest rates			− 4		3	− 1	− 37	− 38
Restructuring						0		0
Change in scope of consolidation			79,649		− 79,649	0		0
Other			− 8,366			− 8,366		− 8,366
Equity 12/31/2019	**1,241,035**	**1,154,349**	**6,060,067**	**879,068**	**1,642,024**	**10,976,542**	**87,805**	**11,064,347**
Net profit (loss) for the year				551,072		551,072	2,554	553,625
Other comprehensive income recognized directly in equity					214,210	214,210	841	215,051
Total comprehensive income for the year	**0**	**0**	**0**	**551,072**	**214,210**	**765,281**	**3,394**	**768,676**
Appropriation of profit (loss)			879,068	− 879,068		0		0
Dividends						0		0
Change in share capital						0		0
Change in interest rates			211			211	− 211	0
Restructuring						0		0
Change in scope of consolidation						0		0
Other *			− 51,107			− 51,107		− 51,075
Equity 12/31/2020	**1,241,035**	**1,154,349**	**6,888,238**	**551,072**	**1,856,234**	**11,690,927**	**91,021**	**11,781,948**

* This item mainly consists of an adjustment of -€44.0 million related to the deferred profit-sharing on the retained earnings of FONCIÈRE MASSÉNA SA.

3.6 Cash flow statement

(in thousands of euros)	12/31/2020	12/31/2019
Operating profit (loss) before tax	**868,820**	**1,276,892**
Gains and losses from disposal of financial investments	− 92,379	− 763,729
Gains and losses from disposal of property investments	− 21,616	− 23,946
Gains and losses from disposal of property, plant and equipment and intangible assets		1
Gains and losses from sale of investments	**− 113,995**	**− 787,674**
Net amortization expense	47,386	48,827
Change in deferred acquisition costs	685	58,968
Change in impairments	102,351	24,325
Net additions to technical liabilities related to insurance contracts and financial contracts	1,205,462	4,861,023
Net additions to other provisions	6,026	1,324
Changes in the fair value of investments and other financial instruments recognized at fair value through profit or loss	− 475,616	− 1,769,647
Other non-cash items included in operating profit (loss)		285,615
Correction of items included in operating profit (loss) that do not correspond to cash flows and reclassification of financing and investment flows	**772,299**	**2,722,762**
Change in operating receivables and debts	181,681	− 102,491
Change in securities given or received under repurchase agreements		
Cash flows from other assets and liabilities	− 15,512	− 49,898
Net taxes paid	16,390	− 353,599
Net cash flows from operating activities	**1,823,678**	**3,493,666**
Acquisitions of subsidiaries and joint ventures, net of cash acquired		
Disposals of subsidiaries and joint ventures, net of cash sold		198,323
Equity stakes in equity-consolidated companies		
Disposals of stakes in equity-consolidated companies		
Cash flows related to changes in scope of consolidation	**0**	**198,323**
Acquisitions and disposals of financial investments (including unit-linked) and derivatives	− 2,018,438	− 2,453,457
Acquisitions and disposals of property investments	− 181,099	− 421,679
Acquisitions and disposals of investments and derivatives from non-insurance activities		
Cash flows related to disposals and acquisitions of investments	**− 2,199,537**	**− 2,875,136**
Acquisitions and disposals of property, plant and equipment and intangible assets	− 12,515	2,036
Cash flows related to acquisitions and disposals of property, plant and equipment and intangible assets	**− 12,515**	**2,036**
Net cash flows from investing activities	**− 2,212,052**	**− 2,674,777**
Membership fees		
Issuance of equity instruments		
Repayment of equity instruments		
Treasury share transactions		
Dividends paid		− 1,901,035
Amounts received on a change in ownership interest without loss of control		
Amounts paid on a change in ownership interest without loss of control		
Cash flows related to shareholders and members	− 122,498	121,193
Cash flows related to transactions with shareholders and members	**− 122,498**	**− 1,779,842**
Cash generated by issuances of debt financing	382,722	1,486,666
Cash allocated to repayments of debt financing		
Interest paid on debt financing	− 31,470	− 27,903
Cash flows related to Group financing	**351,252**	**1,458,763**
Net cash flows from financing activities	**228,754**	**− 321,079**

Cash and cash equivalents at January 1	**748,491**	**250,681**
Net cash flows from operating activities	**1,823,678**	**3,493,666**
Net cash flows from investing activities	**− 2,212,052**	**− 2,674,777**
Net cash flows from financing activities	**228,754**	**− 321,079**
Effect of exchange rate changes on cash and cash equivalents		
Cash and cash equivalents at December 31	**588,871**	**748,491**

Cash and cash equivalents include cash in hand and bank balances net of bank overdrafts.

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Detailed summary of the notes

4.1 Main structural transaction and significant events of the period

Major impacts of the covid-19 pandemic

The health crisis linked to the Covid-19 epidemic and its economic and financial consequences naturally had a significant impact on the activity and results of GACM in 2020.

The lockdown measures implemented in the spring and fall of 2020, in France and in the countries of GACM's subsidiaries, have resulted in a slowdown in insurance sales. However, portfolios continued to grow, albeit at a slower pace than in recent years. The crisis also accentuated an expected decline in premiums to euro-denominated products.

In France, the two lockdowns have put professional and corporate policyholders in difficulty. In this context, GACM has taken a number of exceptional measures to support them. An immediate lump-sum Prime de Relance Mutualiste (Mutual Relief Premium) was paid to multi-risk professional policyholders with business interruption coverage. Averaging €7,000 each, it totals nearly €180 million. GACM also participated in support measures implemented by the industry. Thus, €17 million was paid to the solidarity fund for very small businesses and the self-employed. GACM has also committed to invest €65 million in equity and debt to support French SMEs and SMIs. Under IFRS, the contribution to the solidarity fund is recognized under “other operating expenses”.

In addition, and in line with the solidarity measures taken to support all policyholders, the rates of return on the euro funds of savings & retirement insurance contracts paid in 2019 have been maintained in 2020, despite the very low rate environment.

The crisis has had contrasting effects on the technical profit (loss) of the portfolios. Current year motor expenses decreased by €150 million between 2019 and 2020 mainly due to lower traffic and travel over the period. In health insurance, the decline in health consumption and the postponement of treatment during lockdowns also had a positive impact on the business line's claims expense. The exceptional contribution on supplementary health insurance based on the total amount of health premiums for 2020 and estimated for 2021, for a total amount of €30 million, will largely neutralize this gain. An increase in the claims expense in 2021 due to the catch-up of some of this healthcare remains likely.

By contrast, the claims experience in the creditor insurance and protection business lines has risen sharply. The cost of medical leave benefits increased by €35 million at the end of December 2020. The role of the health crisis in this evolution remains, however, difficult to separate from the deterioration of the disability risk which has been the underlying trend for several years. The increase in death benefits (€25 million) remains moderate in relation to the capital insured by GACM, as the age groups most affected by Covid-19 at the national level are poorly represented in the protection and creditor insurance portfolios.

With respect to multi-risk professional policies, recent contradictory case law on the assumption of responsibility by insurers for operating losses suffered by businesses prohibited from receiving the public has led GACM to establish an additional reserve.

In the international subsidiaries, which account for 6.1% of insurance revenues in 2020, the trends are similar to those in France. In Spain and Belgium, for example, the decrease in travel during lockdowns has led to a decrease in motor and health claims.

In addition, since the beginning of the health crisis, GACM has regularly adapted the organization of its businesses according to government decisions. As such, it has deployed and ensured effective and necessary sanitary measures to ensure maximum protection of employees while guaranteeing its essential services. All these measures have been taken within the framework of the Crédit Mutuel Alliance Fédérale crisis committee, in which GACM participates and contributes.

Measures to protect the health of employees, primarily those concerning the wearing of masks and the rules of physical distance, as well as work organization measures, such as the extensive use of remote working, are monitored by the human resources department in conjunction with the company's social partners.

Lastly, the health crisis has led to a €54 million decline in investment income on equity, with dividends received by GACM in 2020 being lower than in 2019.

Continued low rates

The structural downward trend in interest rates was accentuated in 2020 by the Covid-19 pandemic crisis. The ECB's launch of a new €750 billion asset purchase program (Pandemic Emergency Purchase Program, PEPP) and investors' preference in times of crisis for the sovereign bonds of the least risky countries have led to a further fall in the 10-year OAT rate, which stood at -0.34% on December 31, 2020.

The prospective profitability and solvency ratios of life insurance companies are once again undermined. However, in savings & retirement, the measures taken by the Group to limit the dilution of returns on bond portfolios were effective, with a 16-point increase in the share of unit-linked products in premiums.

The continued decline in interest rates also affects the technical reserves recognized by GACM, particularly those related to longer duration risks. As a result, new provisions were required: €33 million in additional special technical provisions (PTSC) for the Group’s supplementary pension plan, €40 million in motor insurance for bodily injury liability insurance claims and €34 million in protection and creditor insurance with respect to work incapacity guarantees.

Drought: a natural event that has become recurrent

The summer of 2020 was the driest summer ever recorded since the beginning of water measurements in France and follows three other years already heavily affected by periods of drought.

For GACM, the 2020 drought has worsened the profit of its property damage & liability insurance portfolio by a claims expense of €35 million, for an event estimated at between €1 and €1.3 billion for the entire French market.

As soon as these claims concern properties located in municipalities that have been declared natural disasters due to drought, GACM cedes 50% of the cost of these claims through reinsurance.

4.2 Accounting standards

4.2.1 Accounting standards and comparability

In accordance with EC regulation no. 1606/2002, the consolidated financial statements have been prepared in accordance with IAS and IFRS standards and IFRIC interpretations applicable at December 31, 2020 and as adopted by the European Union.

In 2020, new regulatory provisions came into force. The main changes that have occurred that have not had a material impact on the GACM financial statements are as follows:

- published in March 2018, the new conceptual framework now includes a new chapter on valuation, guidance on the presentation of financial performance, more precise definitions of an asset and a liability, and clarifications on the role of the management of resources, prudence and uncertainty in financial reporting;
- published in October 2018, the amendments to IAS 1 and IAS 8 clarify the definition of materiality in order to improve the quality of information provided in the financial statements;
- published in October 2018, an amendment to IFRS 3 provides a clearer definition of what constitutes a business, making it easier to determine whether acquired businesses or assets constitute a business combination or acquisitions of isolated assets;
- changes were made to IFRS 16:
  - by the IFRS IC of November 2019 which specifies that the term of a lease now corresponds to the period during which the lessee is reasonably certain to continue the contract, if the original contract does not provide for a particular term or if the lease term is not specific or if the contract does not automatically end at the end of the period initially provided for in the contract. IFRS IC has also specified that the term of leases must be taken into account to define the depreciation period of fixtures and fittings.

    As the IFRS IC decision was published belatedly, a retrospective application to the fiscal years ended December 31, 2020 was authorized.
  - in the context of the health crisis, an amendment to IFRS 16 on rent adjustments granted by landlords was published and approved by the European Union in early October 2020. Applicable to fiscal years beginning on or after June 1, 2020, it eliminates the need for tenants to analyze whether the rent adjustment is a modification of the contract within the meaning of IFRS 16. It is now possible to recognize rent waivers immediately as negative variable rents. However, in order to be able to apply this treatment, the four cumulative conditions must be complied with: rent adjustments must be directly linked to the consequences of the health crisis, lead to equivalent or decreasing rental payments, and must be payable no later than June 30, 2021 and no other substantial modification must have been made to the lease.

    For lessees, both accounting methods are possible at the reporting date:

    - o recognition in accordance with the provisions of the Covid-19 amendment;
    - o or recognition without applying the amendment, and in this case, the lease adjustments constitute a modification of the contract and the lease liability must be remeasured against the carrying amount of the right of use.

    Lessors are not affected by these provisions.

4.2.2 Accounting standards issued by the IASB but not yet effective

The main changes to the standards that took place in 2020 but have not yet come into force are:

- an amendment to IFRS 3, published in May 2020, which updates the reference to the conceptual framework. It will apply from January 1, 2022;
- amendments to IAS 37, published in May 2020, which make changes relating to the costs to be taken into account in determining whether a contract is onerous. They specify that the costs of performing a contract include costs directly related to the contract, which may be marginal costs related to the performance of the contract or an allocation of other costs directly related to the performance of the contract (i.e. for example, depreciation and amortization).

The main other texts that cannot be applied in advance are:

- the amendments to IAS 1 "Presentation of Financial Statements" published on January 23, 2020 and on July 15, 2020, applicable from January 1, 2023. They concern the classification of current and non-current liabilities.
- **IFRS 9 "Financial Instruments"**

The IASB issued the complete and final version of IFRS 9, Financial Instruments, in July 2014, which will replace IAS 39, Financial Instruments: Recognition and Measurement.

IFRS 9 defines new principles for the classification and measurement of financial instruments, impairment of financial assets and hedge accounting.

Classification and measurement

IFRS 9 introduces a single approach to the classification and measurement of financial assets to determine whether a financial asset should be recognized at amortized cost, fair value through profit or loss or fair value through other comprehensive income.

For debt instruments, the model is based on the analysis of two criteria:

- the terms of the contractual cash flows from the financial asset;
- the economic model of the entity used to manage the financial assets.

Equity instruments are always measured at fair value through profit or loss except for those that are not held for trading, for which the entity may decide to recognize changes in fair value through other comprehensive income.

For financial liabilities, IFRS 9 essentially reproduces the current requirements of IAS 39 and does not change the accounting treatment of financial liabilities.

Impairment

The standard also introduces a new impairment model for financial assets that requires the recognition of expected credit losses rather than actual credit losses as required by the current impairment model.

The new model distinguishes three phases: initially, the entity recognizes expected credit losses for the next twelve months (phase 1). In the event of a significant deterioration in credit quality, expected losses at maturity must be recognized (phase 2). The transition to phase 3 is triggered by the occurrence of a default event, expected losses at maturity continue to be provisioned, but in addition the basis for calculating interest income is reduced: the effective interest rate is applied to the amount of the instrument after impairment.

Hedge accounting

IFRS 9 proposes new principles for hedge accounting that align the accounting treatment with risk management activities.

Application date of IFRS 9 postponed to January 1, 2023 (IFRS 4 amendment of 2016 and IFRS 17 amendment of 2020)

In September 2016, the IASB published amendments to IFRS 4, Insurance contracts giving insurers the option to defer the application of IFRS 9 so that it coincides with that of IFRS 17, insurance contracts, whose application is planned on January 1, 2022.

For the publication of its consolidated financial statements under IFRS from the fiscal year 2018 and until 2021, GACM opted to postpone the application of IFRS 9 which will therefore apply from fiscal year 2022.

The amendments to IFRS 17 published in 2020 provide that for insurance groups that have opted to postpone the application of IFRS 9, the application date of IFRS 9 is postponed to the fiscal year 2023 (and no longer 2022), in connection with the postponement of the application date of IFRS 17 to 2023.

Estimated impacts of the implementation of IFRS 9 for GACM

The IFRS 9 project is in the deployment phase.

The terms of application of IFRS 9 and the impact on GACM's consolidated financial statements are currently being discussed and quantified. The impact of the standard will also depend on the implementation options for IFRS 17.

- **IFRS 17 Insurance contracts**

IFRS 17, Insurance contracts, published by the IASB on May 18, 2017, will replace IFRS 4, Insurance contracts, on January 1, 2023 if adopted by the European Union.

Main provisions of IFRS 17

The standard sets out the principles of recognition, valuation, presentation and disclosure to be provided for insurance contracts. The new standard applies to insurance contracts issued, all reinsurance treaties and investment contracts with a discretionary profit-sharing feature.

The standard defines the level of contract aggregation to be used to measure insurance contract liabilities and profitability. The first step is to identify portfolios of insurance portfolios (those subject to similar risks and managed together).

Each portfolio is then divided into three groups:

- Loss-making contracts as from their initial recognition;
- contracts which, at the time of their initial recognition, have no significant possibility of becoming loss-making;
- and other contracts in the portfolio.

According to IFRS 17, contracts are valued on the basis of a current value valuation model where the general model is based on a “building block valuation approach,” including:

- estimates of future cash flows weighted by their probability of occurrence, as well as an adjustment to reflect the time value of money (by discounting these future cash flows) and the financial risks associated with future cash flows;
- an adjustment for non-financial risk;
- the contractual service margin.

This contractual service margin represents the represents the unearned profit for a group of insurance contracts. It will be recognized by the entity as it provides services under the insurance contracts. This margin cannot be negative; any negative cash flow at the beginning of the contract is recognized immediately in the income statement.

The standard must be applied retrospectively unless this is impracticable, in which case two options are available:

- modified retrospective approach: on the basis of reasonable and justified information available without undue cost or effort for the entity, certain modifications may be applied, insofar as a complete retrospective application is not possible with the objective to achieve the result that is as close as possible to that of the retrospective application;
- the fair value approach: the contractual service margin is then determined as the positive difference between the fair value established in accordance with IFRS 13 and the fulfilment cash flows (any negative difference being recognized as a reduction in equity at the transition date).

In 2019, the “Insurance Europe” federation had asked EFRAG to postpone the effective date until January 1, 2023, considering that a new postponement would be necessary given the complexity to implement the standard and the profound upheavals that it will generate for insurance companies.

Amendments to IFRS 17

The application date of IFRS 17, initially scheduled for 2021 and then 2022, was finally postponed to 2023 via the amendments to IFRS 17 published in 2020. The application date of IFRS 9 for insurance entities that have opted for deferred payments (in the case of GACM) has also been moved to the same date.

The amendments published in 2020 mainly concern the following topics:

- the recovery of acquisition costs beyond the renewal date of the contracts;
- the rate of amortization in profit (loss) of the contractual service margin for contracts including investment-related services;
- the recovery of losses on underlying insurance contracts for reinsurance contracts held;
- the presentation of insurance assets and liabilities on the balance sheet according to the “contract portfolio”.

IFRS 17 adoption process

On September 30, 2020, EFRAG published a draft favorable opinion on the adoption of IFRS 17, with the exception of the subject of annual cohorts, which did not achieve consensus.

The adoption of IFRS 17 at European level is expected in 2021.

Progress of the IFRS 17 project

The IFRS 17 project is in the deployment phase.

The terms of application of IFRS 17 and the potential impacts on GACM's consolidated financial statements are being discussed.

4.2.3 Presentation format of the financial statements

In the absence of a model imposed by IFRS, GACM presents its financial statements in accordance with the recommendations of ANC recommendation no. 2013-05 of November 7, 2013.

- This format shows the following characteristics:
- income from investment contracts without discretionary profit-sharing, which are covered by IAS 39, is classified under "Revenues or income from other activities"; for these contracts, deposit accounting means that revenues and services are not recognized as income and expenses for the year respectively;
- assets and liabilities are classified on the balance sheet in increasing order of liquidity. This presentation is a more accurate representation of the business of insurance companies than the classification between current and non-current items also pursuant to IAS 1;
- expenses in the income statement are classified by function. This presentation, authorized by IAS 1, is used by the large majority of insurance companies.

4.3 Accounting policies and principles

4.3.1 Estimates and judgments used

The IFRS financial statements reflect estimates and assumptions that impact the reported amounts of assets and liabilities, income and expenses.

The main balance sheet items concerned are:

- goodwill, in particular as part of impairment tests;
- the values of acquired portfolios;
- assets at fair value not quoted in an active market;
- impairment of equity instruments classified as available-for-sale;
- impairment of debt instruments classified as available-for-sale or held-to-maturity;
- the deferred profit sharing asset, as part of the recoverability tests;
- deferred tax assets;
- provisions for contingencies and expenses;
- technical provisions.

Estimates and underlying assumptions are used to determine the carrying amounts of assets and liabilities that cannot be obtained directly, for example by reference to a market price.

They are reviewed at each reporting date.

The impact of changes in accounting estimates is recognized in income for the year.

Accounting policies are applied consistently throughout the Group.

Any change in accounting method applied during the year therefore impacts the opening balance sheet of the year as well as the profit (loss) of the previous year.

The accounting methods used apply uniformly to the consolidated earnings for the fiscal years 2020 and 2019.

4.3.2 Segment information

Segment information, based on a breakdown by entity, is presented through the following operating segments:

- Life France;
- Non-Life France;
- International which combines all businesses of GACM's foreign subsidiaries;
- Other businesses, which include the activities of the holding company, property companies and brokerage and service companies.

4.3.3 Intangible assets

Goodwill

Business combinations are accounted for in accordance with IFRS 3 (revised), in particular by applying the acquisition method.

Goodwill represents the difference between the acquisition cost for the acquirer and the fair value of the identifiable assets and liabilities.

Positive goodwill is recorded under intangible assets. When negative, it is recognized directly in the income statement.

Goodwill carried in the balance sheet is not amortized, but is tested for impairment as soon as there is objective evidence of impairment and at least once a year in accordance with IAS 36.

For the purposes of this test, goodwill is allocated to the various cash-generating units (CGUs) that are expected to benefit from the business combination related to the acquisition.

A CGU is defined as the smallest identifiable group of assets and liabilities that operates under an independent business model.

GACM has adopted the entity approach, i.e. each Group company represents a CGU in its own right.

In order to determine whether an impairment should be recognized, the carrying amount of each entity, including the goodwill allocated to it, is compared with its recoverable amount.

The recoverable amount is defined as the higher of market value and value in use. Value in use is calculated as the present value of the estimated future cash flows to be generated by the CGU, according to the medium-term plans established for the purpose of managing the GACM group. At December 31, 2020, the determination of the recoverable amount was adapted to take into account the impact of the health crisis linked to the Covid-19 epidemic.

When the recoverable amount is less than the carrying amount, the goodwill associated with the entity is irreversibly impaired.

GACM has performed sensitivity tests.

Value of the contract portfolio

Portfolios of insurance contracts acquired in a business combination or portfolio transfer are stated at fair value.

The fair value corresponds to the estimated present value of future profits to be generated by the contract portfolio existing at the date of acquisition.

The value of each portfolio is calculated per homogeneous set of contracts.

In the event that the portfolio value is negative, the technical provisions must be topped up by the deficiencies identified during this valuation.

Contract portfolio values are amortized as economic benefits are consumed.

4.3.4 Property, plant and equipment

Operating and investments property

Operating property comprises buildings used for the Group's own purposes.

Investment property includes rental properties and shares in unlisted property companies.

The Group's buildings are carried at amortized cost, in accordance with the component-based asset accounting method described in IAS 16.

Depreciation and impairment of property, plant and equipment

Non-current assets are depreciated on the basis of their estimated useful lives.

Depreciation of the asset is supplemented by an impairment loss if its recoverable amount is less than its net carrying amount (including for rights of use – IFRS 16). The recoverable value, calculated when the building shows signs of impairment, is the lower of its fair value and its value in use.

For buildings, the fair value corresponds to the appraisal value, established at least every five years and updated annually by an independent expert approved by the ACPR. This value is disclosed in the notes to the financial statements.

As soon as the building has an unrealized loss of more than or equal to 20% on the closing date, the impairment is presumed to be sustainable. This criterion is supplemented by a qualitative analysis by building. This threshold is considered prudent given the (long-term) holding horizon of the investment properties in question, consistent with the nature of the Company's insurance businesses. The provision for permanent impairment is then calculated in reference to the appraised value.

4.3.5 Financial instruments

Financial assets and liabilities are recognized in the financial statements in accordance with the provisions of IAS 39, as adopted by the European Union.

On initial recognition, they are measured at fair value.

At each reporting date, after initial recognition, they are measured according to their classification either at fair value or at amortized cost using the effective interest rate method:

- the effective interest rate is the rate that exactly discounts estimated future cash outflows or inflows through the expected life of the financial instrument or a shorter period, as appropriate, to produce the net carrying amount of the financial asset or liability;
- IFRS 13 defines fair value as the price that would be received for the sale of an asset or paid for the transfer of a liability in an arm's length transaction between market participants in the principal or most advantageous market at the valuation date.

The principles of IFRS 13 are detailed in Note 4.3.6 - Determination of the fair value of financial instruments.

Financial investments

<u>Classification and valuation of financial investments</u>

Securities are classified according to the four categories of financial assets defined by IAS 39 and according to the Group's management intention:

- financial assets at fair value through profit or loss by type or as an option;
- held-to-maturity financial assets;
- loans and receivables;
- available-for-sale financial assets.

Financial assets at fair value through profit or loss by type or as an option

Under IAS 39, securities may be classified as at fair value through profit or loss by their type or following an option taken by the Group.

Securities are classified as at fair value through profit or loss by type when they have been acquired by the Group with the intention of carrying out short-term transactions. This classification is also used for securities included in a portfolio of financial instruments managed overall for the purpose of making a short-term profit.

All of GACM's derivative instruments are financial assets at fair value through profit or loss, as the Group does not use cash flow hedging instruments.

The recognition of financial assets at fair value through profit or loss as an option may be used in the following situations defined in the standard:

- for hybrid instruments with one or more embedded derivatives;
- with a view to reducing the distortion of accounting treatment;
- for groups of managed financial assets or liabilities whose performance is measured using the fair value method.

The Group has chosen this option for assets representing contracts whose investment risk is borne by policyholders (unit-linked contracts), in line with the treatment applied to liabilities.

The change in liabilities relating to these contracts reflects the change in fair value of the corresponding assets and is recorded in the income statement.

Securities classified as financial assets at fair value through profit or loss are initially recognized at their fair value.

For later reporting dates, changes in fair value are recognized through profit or loss.

This category of securities is not subject to impairment.

Held-to-maturity financial assets

This category applies to securities that GACM has the intention and ability to hold until repayment or maturity.

Securities classified as held-to-maturity financial assets may not be sold or transferred prior to maturity, except in accordance with IAS 39. Failure to comply with this requirement may result in the downgrading of the entire portfolio and a two-year ban on the classification of any security in this category.

GACM recognizes these securities at their acquisition price, including transaction costs directly attributable to the acquisition and accrued interest.

They are subsequently revalued at amortized cost with amortization of the premium / discount and transaction costs using the effective interest rate method.

Loans and receivables

GACM records fixed income or determinable financial assets that are not quoted in an active market in the loans and receivables category.

They are initially recognized at cost, including directly attributable transaction costs and accrued interest.

They are subsequently revalued at amortized cost using the effective interest rate method.

Available-for-sale financial assets

Financial assets may be classified as available-for-sale either because they have been designated as such by the Group or because they are not eligible for inclusion in other categories of financial assets.

As with other categories of securities, available-for-sale securities are initially recorded at fair value including accrued interest.

Subsequently, changes in their fair value, excluding accrued interest, are recorded as gains and losses recognized directly in equity.

On disposal, unrealized gains or losses are realized and consequently transferred (recycled) to income.

Amortization of any premiums/discounts on fixed-income securities is recognized in the income statement using the effective interest rate method.

Accrued interest is recorded as finance income in the income statement and is presented on the same line as the fair value securities to which it relates.

<u>Impairment of financial investments</u>

All securities are subject to impairment, with the exception of those classified at fair value through profit or loss.

An impairment must be recognized when there is objective evidence of impairment resulting from one or more events occurring after the acquisition of the securities.

For debt securities, it corresponds to a significant deterioration in credit risk. The risk of credit risk, or counterparty risk, is the risk of loss or non-recovery of a receivable.

The impairment criterion is mainly based on counterparty risk A loss due to rising interest rates is not a criterion for recognition of an impairment loss.

Impairments recognized on debt instruments classified as "Available-for-sale financial assets" are reversible. Impairment losses previously recognized in the income statement are reversed through the income statement when justified by the circumstances.

Equity instruments classified as available-for-sale are impaired when the unrealized loss is deemed to be material or sustainable. The quantitative criteria used are the following:

- the security has had an unrealized loss for at least 36 months;

  or

- the security has an unrealized loss of 50% or greater on the reporting date;

  or

- the security was impaired on the closing date of the previous fiscal year.

For securities already impaired at the previous reporting date, the cost to be considered for calculating the impairment for the period under review is the acquisition price; thus, any further fall in the share price below the carrying amount impaired at the previous reporting date will impact the impairment *at* the first euro.

In addition, in accordance with IAS 39, a permanent impairment is never reversed and only disappears when the security line is sold.

Securities sold and received under repurchase agreements

Repurchase transactions do not meet the derecognition requirements of IAS 39 and are considered as secured financing.

For the transferor, securities under repurchase agreements are maintained on the assets side of the balance sheet and, where applicable, the amount collected, representing the debt to the transferee, is recorded as a liability on the balance sheet by the seller.

For the transferee, securities borrowed or received under repurchase agreements are not recorded in the balance sheet of the transferee. However, in the event of a subsequent resale, the latter records as a liability the amount representing its debt to the seller.

GACM remains exposed to changes in the fair value of the securities loaned or repurchased and is subject to virtually no counterparty risk, given the margin calls made to guarantee the value of the securities sold.

Hedge accounting

IAS 39 provides for three types of hedges with specific accounting treatment:

- fair value hedging, which is designed to neutralize changes in the value of the underlying by a change in the opposite direction of the hedging derivative. The change in value of the derivative then has a symmetrical impact on the profit (loss);
- cash flow hedges, designed to offset the variability of future cash flows of an asset or liability. Changes in the value of the derivative are recorded in equity under "other comprehensive income" for the effective portion of the hedge, and recognized in the income statement when the flows of the hedged instrument impact cash. The ineffective portion of the hedge passes through profit or loss;
- the hedging of a net investment in a foreign operation, intended to neutralize foreign exchange risk. The change in value of the derivative has an impact on the effective portion of the translation differences.

Hedge accounting requires precise documentation of the effectiveness of the hedge from the inception of the relationship and at each subsequent reporting date.

The GACM life insurance companies hedge the risk of a rise in interest rates on their portfolios in the form of savings contracts, through interest rate hedging contracts such as caps or swaptions.

These hedges are not eligible for hedge accounting pursuant to IAS 39.

Financial liabilities

An equity instrument is defined by IAS 32 as a contract that offers discretionary remuneration and gives rise to a residual interest in the net assets of the company invested in.

The classification as an equity or debt instrument, particularly with regard to the classification of perpetual subordinated debt (TSDIs), is based on an analysis of the various contractual clauses.

Securities where there is no contractual obligation to repay the principal amount are classified as equity.

An instrument with a contractual obligation to deliver cash or another financial asset, or to exchange instruments under potentially unfavorable conditions, is classified as a debt instrument by IAS 39.

GACM has not historically issued any "hybrid" instruments such as deeply subordinated notes (SSS) or redeemable subordinated notes (RSN) that would qualify for classification as equity.

4.3.6 Fair value determination of financial instruments

Fair value hierarchy

IFRS 13 classifies fair values according to three levels depending on the observability of the input data used in the valuation.

<u>Level 1</u>

Financial instruments classified as Level 1 fair value are quoted in active markets.

A market is considered active if quotes are readily and regularly available from an exchange, broker, dealer, pricing service or regulatory agency. In addition, these prices must represent actual transactions that occur regularly in the market under normal competitive conditions.

In the majority of cases, GACM uses the market price for assets and liabilities identical to those held at the valuation date.

<u>Level 2</u>

Assets reported at fair value in Level 2 have been measured using either directly observable inputs (such as prices) or indirectly observable inputs that are not entity-specific and are publicly available.

The valuation of these assets is based on standard models using observable parameters.

GACM classifies in level 2 its unlisted equity investments valued at net asset value and its buildings for which an appraised value is used.

<u>Level 3</u>

The valuation of assets classified in level 3 is based on valuation techniques using unobservable parameters.

GACM classifies in level 3 mainly unlisted equity and subordinated securities whose valuation is based on entity-specific factors.

The methodologies and models for valuing financial instruments classified in level 2 and level 3 include all the factors that market participants use to calculate a price. The determination of the fair values of these instruments takes into account liquidity risk and counterparty risk.

4.3.7 Investment income net of expenses

This income statement item includes all income and expenses relating to insurance company investments. It is detailed hereafter.

Investment income

This item records:

- dividends from shares and other variable income securities, regardless of their IAS 39 category;
- interest received and accrued on fixed income securities (available-for-sale and held-to-maturity) and loans and receivables;
- other investment income, including commissions on financial services, rental income from investment properties and foreign exchange gains;
- dividends from associates;
- amortization of the premium of depreciable assets.

Investment expenses

This item records:

- interest expense on securities sold under repurchase agreements;
- investment management costs, whether directly attributable (commissions on financial services) or by function;
- amortization of discounts on depreciable assets;
- other investment expenses (foreign exchange losses);
- expenses and interest related to the issuance of debt instruments.

Gains and losses from sale of investments

This item records net gains or losses on the disposal of held-to-maturity securities, available-for-sale securities, loans and receivables and property assets.

In accordance with ANC recommendation no. 2013-05, this item also includes reversals of provisions on available-for-sale securities.

Change in fair value of investments recognized at fair value through profit or loss

This item includes the following income statement items:

- positive and negative value adjustments (unrealized gains and losses) on assets backing unit-linked contracts;
- other changes in fair value of financial assets or liabilities at fair value through profit or loss;
- the gains and losses on sale realized on financial assets at fair value through profit or loss.

Change in investments impairments

This item includes allowances for and reversals of provisions for impairment of held-to-maturity securities, loans and receivables and property assets. For equity instruments classified as available-for-sale securities, only allowances are recognized.

4.3.8 Insurance contracts

Contract categories

<u>Insurance contracts</u>

An insurance contract is a contract that states that the insurer accepts a significant insurance risk by agreeing to indemnify the insured, or another beneficiary, if a specified uncertain future event adversely affects the policyholder or another beneficiary.

An insurance risk is a risk other than a financial risk.

For each homogeneous portfolio of contracts, the significance of the insurance risk is analyzed.

Financial contracts with a discretionary profit-sharing clause

Contracts that do not expose the insurer to insurance risk or expose it to insignificant insurance risk are classified as financial contracts or investment contracts.

They are qualified as financial contracts with discretionary profit-sharing when the contract holder is entitled to receive, in addition to the minimum guaranteed rate, an additional remuneration based on the performance of a portfolio of assets backing the contracts, the amount and rate of distribution of which is at the insurer's discretion.

Financial contracts without discretionary profit-sharing

Financial contracts without profit-sharing clauses are subject to IAS 39 and are accounted for on a deposit basis.

Unit-linked contracts

Unit-linked contracts are recognized according to IFRS 4 when they offer:

- either an investment in euros;
- or a floor guarantee in case of death constituting a material insurance risk for the insurer.

Unit-linked contracts are valued on the liabilities side of the balance sheet in accordance with the value of the investments on the assets side. As a result, the insurer's results are not significantly impacted by changes in the prices of the underlying assets.

On the basis of these criteria, GACM has identified an insignificant number (in terms of value and number) of contracts in euros or unit-linked contracts which, in principle, fall within the scope of IAS 39:

- the unit-linked portion of these contracts is presented under "Technical liabilities relating to unit-linked insurance contracts";
- the euro-denominated portion of these contracts is presented under "Liabilities arising from investment contracts with discretionary participating features".

Recognition of "Total liabilities arising from insurance contracts" and "Total liabilities arising from investment contracts with discretionary profit-sharing"

IFRS 4 provides that life and non-life insurance technical provisions retained under local consolidation standards are maintained in the IFRS consolidated financial statements, subject to their homogeneity.

The liability adequacy test is conducted in order to identify any shortfall in provisions.

Non-Life Insurance

The unearned premium reserve recognizes the portion of gross written premiums and premiums remaining to be written relating to the period after the inventory date; it is calculated *pro rata temporis* on a contract by contract basis.

Provisions for claims payable relating to claims incurred, reported or not yet known, are net of estimated recoveries; they include a charge for management expenses determined annually by business line, on a company-by-company basis, on the basis of observed analytical costs.

Claims are recognized in the year in which they occur on the basis of declarations when they are known, or estimates otherwise. Provisions for claims payable are measured in accordance with Article 143 10 of ANC Regulation no. 2015 11 and are generally determined on a case-by-case basis.

Provisioning of business interruption guarantees

Recent contradictory case law on the assumption of responsibility by insurers for operating losses suffered by businesses prohibited from receiving the public led GACM to set up an additional provision of €88.9 million. This provision is measured according to a statistical approach applied to the entire portfolio, taking into account the nature of the business insured, and based in particular on assumptions of loss of revenue, recourse to partial employment, and margin rate, and by considering the aid measures put in place by the Government.

Equalization provisions are restated in full under IFRS, including those intended to address risks and future events characterized by "low frequency" and "high unit cost".

Equalization reserves that are likely to be reintegrated into underwriting income, paid to the policyholder or transferred in the event of a portfolio transfer, are reclassified as a provision for deferred profit sharing, with recognition of a deferred tax asset in the event that they have not been deducted for tax purposes in the separate financial statements.

Equalization provisions for group contracts with creditors are cancelled through the income statement and a deferred tax liability is recorded for the portion deducted for tax purposes in the separate financial statements.

The provision for increasing risks on health and disability risks, is intended to compensate for the increase in morbidity linked to the age of the policyholders who pay a level premium. Provisions for increasing risks recorded in the separate financial statements of consolidated companies are not restated in the consolidated financial statements.

Provisions for increasing risks on long-term care contracts are calculated at the technical rate of the tariff with a maximum of 1.25%.

The provision for outstanding risks is intended to cover, for the period after the inventory, claims and expenses relating to contracts that are not covered by the provision for unearned premiums; it is calculated per regulatory risk category.

Additional information

As part of the “third-party payment system for the SESAM-Vitale card” and the electronic flows put in place, the payment and accounting of rights relating to certain benefits in kind related to illness, are made, in accordance with the legal and regulatory texts, in particular Articles L.161-33 and R.161-43 of the Code de la sécurité sociale (French Social Security Code), on a declarative basis, without express recognition by the insured of the reality of the service received.

Life insurance

Mathematical reserves

Since 2014, GACM has applied the so-called preferential method of CRC Regulation No. 2000-05 for the calculation of life insurance provisions.

Provisions are calculated on the basis of discount rates that are no more than the conservatively estimated rates of return on the assets allocated to cover the liabilities.

In this context, mathematical reserves in the separate financial statements that meet the criteria defined by the preferential method are maintained in the consolidated financial statements.

The overall management provisions in the separate financial statements to cover a shortfall in future management fees in relation to contract administration costs, are maintained in the consolidated financial statements.

Equalization provisions in the separate financial statements to cover fluctuations in claims experience on group insurance operations covering the risk of death, are restated as a provision for profit-sharing, with the recognition of a deferred tax in the event that they are not deductible in the separate financial statements.

Changes in equalization provisions for group contracts with creditors are cancelled through the income statement and a deferred tax liability is recorded for the portion deducted for tax purposes in the separate financial statements.

In the case of creditor insurance contracts, a deferred profit-sharing liability has been recognized since 2015 based on the now highly probable payouts of the regulatory minimum profit-sharing on subsequent reversals associated with tax maturities.

The corresponding amounts are discounted at the conservatively estimated rate of return on the assets allocated to represent the commitments; a deferred tax asset is recognized.

Profit-sharing for policyholders

Profit-sharing due, as defined by CRC Regulation 2000-05, and recorded in the separate financial statements, are maintained in the consolidated financial statements.

Unconditional or contingent deferral profit-sharing is treated in accordance with the above regulations. Contingent deferred profit-sharing is only recognized in the consolidated financial statements when it is highly probable that the event giving rise to the deferred profit-sharing will occur or that the company concerned will make a management decision.

Unless otherwise indicated in the notes to the financial statements, deferred profit-sharing is not discounted due to the uncertainty of the timing of the cash flows.

This provision is supplemented, where appropriate, by the deferred profit sharing resulting from the application of the shadow accounting principle.

Provision for deferred profit-sharing liability associated with the restatement of the capitalization reserve

CRC Regulation no. 2000-05 states that movements in the capitalization reserve in the separate financial statements are restated in the consolidated financial statements. For profit-sharing contracts, the rights of the policyholders associated with the restatement of the capitalization reserve are recognized by a provision for deferred profit-sharing liabilities, known as "contingent", in the following two cases:

- if disposals of bonds with capital losses have already been decided at the closing date of the consolidated financial statements;
- or in the event of a "strong probability of realization" of capital losses on the sale of bonds.

In application of the method defined in CRC Regulation no. 2000-05, the entire capitalization reserve for profit-sharing contracts would be maintained in consolidated equity, without convincing proof of the "strong probability of realizing bond losses in the foreseeable future".

Under IFRS, and in accordance with § 21 of IFRS 4 on changes in accounting policies, it is possible to apply a different method from the one applied under local standards (CRC regulation no. 2000-05), if this change makes the financial statements more relevant and not less reliable, or makes them more reliable and not less relevant.

This method consists of allocating a deferred participation liability in the amount of future bond losses, which will be offset in the separate financial statements by symmetrical reversals of the capitalization reserve, to which the average profit-sharing rate of the portfolio at the closing date is applied.

A deferred tax asset is recognized in respect of this provision for profit sharing, which creates a temporary difference given its deductible nature.

Under this method, the capitalization reserve for profit-sharing contracts, which is maintained in IFRS consolidated equity, is limited to the shareholder's portion of the profit-sharing clauses in the contracts.

The method used is conservative insofar as future losses not anticipated at the reporting date will be offset by a reversal of deferred profit-sharing, with a net impact on the IFRS income statement being limited to the portion attributable to equity holders to the shareholder in these bond losses with regard to the clauses defined in the contracts.

From the perspective of potential future capital losses, reading the performance of profit-sharing contracts is therefore more relevant and justifies the use of this method.

Application of shadow accounting and deferred profit-sharing

Insurance or investment contracts with discretionary profit sharing are subject to shadow accounting in accordance with IFRS 4.

This shadow accounting consists of recording the portion of positive or negative revaluations of the financial assets backing these contracts in a deferred profit sharing item.

This deferred profit-sharing is recognized as a liability (technical liabilities of the contracts) or as an asset, with a corresponding entry in the income statement or in the "Revaluation reserve," in the same way as the unrealized gains and losses on the assets on which it is based.

The deferred profit-sharing rate is calculated with reference to the average profit-sharing rate of the contracts; it is updated at each closing.

In the specific case of a net unrealized loss on investments carried at realizable value, a deferred profit-sharing asset is recorded only if it is highly probable that it will be offset against future profit-sharing.

The recoverability tests applied in the case of deferred profit-sharing assets are in accordance with the CNC recommendation of December 19, 2008.

Liability adequacy tests

In accordance with IFRS 4, the Group ensures at each reporting date that the technical provisions for life and non-life insurance contracts are sufficient with regard to the estimated future cash flows of the contracts.

Technical provisions for life insurance contracts

In life insurance, the test relates to the mathematical reserves of life insurance contracts, grouped by product families with similar characteristics.

The scope of the flows used for the test includes all future contractual cash flows, including management fees, commissions paid and options and guarantees implicit in these contracts.

Concerning the modeling of contracts with discretionary profit-sharing, the stochastic approach is used in order to capture the cost of the options and guarantees of the contracts.

The model used is close to that applied to the Solvency II framework for the calculation of "Best Estimate" provisions, with the exception of fees which are modeled on the scope of contract-related costs only.

The technical provisions to which the discounted future flows are compared are:

- Mathematical reserves;
- provisions for surplus profit-sharing;

- overall management provisions;
- deferred profit sharing liabilities on unrealized gains on assets classified as available-for-sale and at fair value as an option;
- the theoretical profit sharing associated with unrealized gains on securities held to maturity if they were recorded at realizable value;
- the deferred profit sharing liability on the restatement of the capitalization reserve.

If the provisions identified in this way prove to be less than the discounted amount of the future cash flows of the contracts, an additional provision is recorded by charging it to profit (loss) for the year.

At December 31, 2020, the adequacy tests of the life insurance companies did not reveal any shortfalls in provisions.

Technical provisions for non-life insurance contracts

Provisions for unexpired risks

Under the French accounting principle applicable to insurance companies, the provision for unexpired risks is recognized for the amount of the premium shortfall to cover the risks relating to the period after the reporting date. This provision is maintained in the consolidated financial statements.

Under IFRS consolidation, maintaining the provision ensures that the risk is adequately covered and therefore satisfies the liability adequacy test.

Creditor insurance (temporary incapacity and disability coverage)

In the specific case of creditor insurance for non-life insurance companies, the adequacy of reserves is verified at each closing by comparing the reserves recorded with those calculated for Solvency II reporting purposes.

No shortfall was noted as of December 31, 2020.

Recognition of revenues from insurance contracts

Premiums

Earned premiums for life insurance and investment contracts with discretionary profit-sharing consist of the gross written premiums on outstanding contracts, net of cancellations, and the change in earned premiums not yet written.

Revenues from non-savings & retirement contracts correspond to gross written premiums excluding tax, gross of reinsurance, net of cancellations, the change in premiums still to be written and the change in premiums to be cancelled. Earned premiums consist of gross written premiums adjusted for changes in unearned premium reserves.

Insurance policy servicing expenses

Expenses for life insurance contracts and investment contracts with discretionary profit-sharing include benefits that give rise to payment to the beneficiary, costs incurred in connection with the management and settlement of benefits, and changes in technical provisions.

The cost of benefits from non-life insurance contracts includes benefits and expenses paid, net of recoveries for the year, expenses and commissions related to claims handling and settlement of benefits, and changes in technical reserves.

Deferred acquisition costs and charges

The calculation of deferred acquisition costs in the separate financial statements of non-life insurance companies is consistent with the method of calculating unearned gross written premiums for the year (calculation is *prorata temporis* on a contract-by-contract basis) and corresponds to the valuation method recommended for the preparation of the consolidated financial statements. Consequently, the costs deferred by the non-life companies are not restated in consolidation.

Consolidated life insurance companies do not report any expenses in their separate financial statements. The same applies to the consolidated financial statements.

Reinsurance transactions

Direct and reinsurance

Premiums, claims and reserves are recorded gross of reinsurance.

Accordingly, the share of ceded reinsurance is identified in the separate items of reinsurance income and expense.

The share of reinsurers in the technical provisions is recorded as an asset.

No reinsurance contracts within GACM are subject to IAS 39.

Accepted reinsurance

Acceptance contracts are accounted for as direct insurance contracts.

No reinsurance contract has characteristics (such as the absence of risk transfer) that would lead to its classification as a financial contract under IAS 39.

4.3.9 General operating expenses by function

IAS 1 authorizes general operating expenses to be presented by function. This is also the presentation recommended in insurance by ANC recommendation no. 2013-05 of November 7, 2013.

Thus, expenses by type are allocated or broken down by function: acquisition expenses, administration expenses, claims management expenses, investment management expenses, other technical expenses and non-technical expenses.

4.3.10 Other provisions

In accordance with IAS 37, GACM identifies obligations (legal or implicit) arising from a past event for which it is probable that an outflow of resources will be required to settle the obligation, the timing or amount of which is uncertain but which can be reliably estimated.

The provisions concern in particular:

- legal disputes;
- operational risks;
- employee benefits.

In addition, as of December 31, 2020, GACM has not identified any contingent liabilities.

4.3.11 Defined benefit post-employment benefits

These are mainly retirement benefits. These commitments are calculated, in accordance with IAS 19, using the projected unit credit method, which consists of allocating entitlements to periods of service in accordance with the contractual formula for calculating plan benefits, and then discounted from demographic and financial assumptions, in particular:

- a discount rate determined by reference to the long-term rate of private sector borrowing based on the term of the commitments;
- salary increase rates;
- employee mobility rates;
- a mortality law, the INSEE TF 00-02 table.

Differences arising from changes in these assumptions, and from differences between previous assumptions and actual experience, constitute actuarial gains and losses. When the plan has assets, these are measured at fair value and impact the profit (loss) for their expected return. The difference between the actual return and the expected return is also an actuarial gain and loss.

4.3.12 Defined contribution post-employment benefits

The employees of GIE ACM, and more generally the employees of Crédit Mutuel Alliance Fédérale, benefit from supplementary pension cover provided by ACM VIE SA in addition to the compulsory pension plans.

GACM currently manages, through ACM VIE SA, three L441-type funded pension plans for the Group's employees - defined contribution plans - in reference to the articles of the Code des assurances (French Insurance Code) that define them.

The technical provision for these cantons is the special technical provision (STP).

The STP is defined as the reserve from which benefits are paid and to which the contributions paid, net of charges, are allocated as well as the finance income of the plan net of management charges.

In addition, GACM calculates each year in its consolidated financial statements the theoretical mathematical reserves (TPBR) that will be required to ensure the payment of immediate and deferred life annuities based on the service value at the inventory date. This TPBR is calculated according to the rules defined by the regulatory reform that emerged in 2017 (Order 2017-484 of April 6, 2017 and Decree 2017-1172 of July 18, 2017). The TPBR is thus calculated for each member on the basis:

of a yield curve provided by EIOPA on the reporting date;

of the tables by generation and gender TH-05 and TF-O5 approved by the order of August 1, 2006.

If the resulting LWOP is greater than the sum of the Special Technical Provision and the unrealized capital gains, an Additional Special Technical Provision is established.

All of these plans will be run-off from 1 January 2021, a new agreement was signed in December 2020 with a view to setting up a PERO Groupe Assurance Retraite pension plan, also provided by ACM VIE SA.

4.3.13 Taxes

- In accordance with IAS 12, income tax includes all taxes on income, whether current or deferred.
- It defines current tax as "the amount of income taxes payable (recoverable) in respect of taxable income (tax loss) for a year". Taxable earnings are the profit (or loss) of a fiscal year determined according to the rules established by the tax authorities.
- The rates and rules applicable to determine the income tax expense payable are those in force in each country in which GACM subsidiaries are located.
- Current tax refers to any income tax due or receivable, the payment of which is not contingent on the occurrence of future transactions, even if the payment is spread over several years.
- Current tax, until it is paid, must be recognized as a liability. If the amount already paid for the current and prior years exceeds the amount due for those

years, the excess should be recognized as an asset.

- In addition, certain transactions carried out by the entity may have tax consequences that are not taken into account in determining the tax liability. Differences between the carrying amount of an asset or liability and its tax base are referred to as temporary differences under IAS 12.
- The standard requires the recognition of deferred taxes in the following cases:
- a deferred tax liability must be recognized for all taxable temporary differences between the carrying amount of an asset or liability and its tax base;
- a deferred tax asset must be recognized for all deductible temporary differences, between the carrying amount of an asset or liability on the statement of financial position and its tax base, to the extent that it is probable that a taxable profit, on to which these deductible temporary differences can be allocated will be available;
- a deferred tax asset must also be recognized for the carryforward of tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available on which these tax losses and tax credits will be charged.
- The tax rates used are those applicable in each country.
- Concerning France, a degressive rate of corporate income tax applies. Accordingly, the corporate tax rate, set at 32.02% (including social contribution) for the fiscal year 2020, will gradually decrease each year to reach the floor of 25.83% (including social contribution) by 2022.
- In this context of a planned reduction in the corporate tax rate, GACM wanted to reflect the effects of this reduction in its IFRS 2020 consolidated financial statements according to a pragmatic approach consisting of adopting the settlement date of each restatement, i.e. in the short term if the nature of the restatement justifies it, or in the long term in the absence of factual and concrete evidence justifying a reversal in the next five years.
- This is reflected in the use of two separate tax rates: 28.41% for short-term reversals and 25.83% for long -term ones.
- The calculation of deferred taxes is not discounted.
- Current and deferred taxes are recognized in net profit (loss) for the year except when the tax is generated:
  - either by a transaction or event which is recognized directly in other comprehensive income;
  - or by a business combination.

4.3.14 Foreign currency transactions

Transactions in foreign currencies are converted at the rate on the date of the transaction.

For the presentation of assets and liabilities denominated in foreign currencies, IAS 21 distinguishes between monetary and non-monetary items.

At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated into euros at the closing rate. Translation differences resulting from this conversion are recognized in profit or loss, with the exception of changes in exchange rate on unrealized gains and losses on available-for-sale securities, which have a corresponding impact on the revaluation reserve on available-for-sale securities.

Non-monetary assets and liabilities carried at historical cost are valued at the exchange rate of the date of the transaction.

Impairment losses on assets denominated in foreign currencies are calculated on a euro basis.

4.3.15 IFRS 5 – Non-current assets held for sale and discontinued operations

A non-current asset (or group of assets held for sale) is classified as held for sale if its carrying amount will be recovered principally through disposal rather than through continuing use.

The asset or group of assets held for sale must be available for immediate sale in its present condition and the sale must be highly probable.

The assets and liabilities concerned are segregated in the balance sheet under "assets of operations held for sale or discontinued operations" and "liabilities of operations held for sale or discontinued operations".

These non-current assets (or groups of assets held for sale) are valued at the lower of:

- their carrying amount;
- their fair value less disposal costs.

In the event of an unrealized loss, an impairment loss is recorded in the income statement, and the assets cease to be depreciated as from their reclassification.

A discontinued operation is any component that the Group has disposed of or that is classified as held for sale and which is in one of the following situations:

- it represents a separate major business line or geographic region;
- it is part of a single, coordinated plan to divest from a separate major line of business or geographic area;
- it is a subsidiary acquired exclusively with a view to resale.

Presented on a separate line of the income statement are:

- the net profit (loss) after taxes of discontinued operations until the date of disposal;
- the gain or loss after tax on the disposal or measurement at fair value less costs to sell of assets and liabilities of discontinued operations.

4.4 Consolidation principles and methods

4.4.1 Scope of consolidation

Control

IFRS 10 defines the concept of control on the basis of the following three criteria:

- the decision-making power over the entity in question;
- whether any benefits are obtained by the group in its relationship with the entity;
- the link between decision-making power and the benefits obtained from the entity in question.

Methods to combine the financial statements of mutuals

GACM has published its consolidated financial statements under IFRS since the 2016 fiscal year. IFRS does not define how to fully consolidate non-capitalized entities controlled by the parent entity publishing the consolidated or combined financial statements.

In this regard, GACM refers to ANC Regulation No. 2016-11, which provides for the accounting terms and conditions for combined financial statements applicable to non-capitalized companies.

In particular, mutuals controlled by the entity (whether or not they are capitalized) to which they belong are fully consolidated and their equity is included in the group's equity using the aggregation approach.

GACM signed in 2016 an affiliation agreement with each of the following two mutual companies:

- ACM VIE SAM, the Group's long-standing mutual life insurance company governed by the Code des assurances;
- MTRL, a mutual health insurance company in the Lyon region, governed by the Code de la mutualité (French Mutual Code).

These agreements formalize the contractual arrangements for the strong and lasting financial relationship between the mutuals and the GACM insurance group to which they are historically attached.

4.4.2 Consolidation methods

The consolidation methods used by GACM result from the application of IFRS 10 and IAS 28.

Full consolidation

The financial statements of companies over which the Group directly or indirectly exercises control are fully consolidated.

Control is deemed to exist where the Group directly or indirectly holds more than 50% of the voting rights of the subsidiary; it is also deemed to exist where the Group directly or indirectly holds at least 40% of the voting rights, provided that no other shareholder holds more than 40% of the voting rights.

Equity-consolidated

Companies in which the Group holds between 20% and 50% of the voting rights (or 40%, as the case may be, under the conditions indicated above), and companies over which the Group exercises significant influence, are consolidated using the equity method.

4.4.3 Reporting date

The consolidated financial statements close on December 31.

The accounts and balance sheets used to prepare the consolidated financial statements are those presented for the approval of the General Meetings, except for certain companies which publish their final financial statements after the preparation of the consolidated balance sheet.

The differences between the financial statements used and the final financial statements will be assessed in the following fiscal year's profit (loss).

4.4.4 Intercompany transactions within the scope of consolidation

Significant transactions between fully consolidated companies have been eliminated, including:

reciprocal receivables and payables as well as reciprocal income and expenses;

internal reinsurance transactions, restated on the basis of the data recorded by the ceding company;

brokerage or intermediation transactions;

allowances to provisions for impairment of investments made by the company holding the shares and, where applicable, allowances for risks and charges made in respect of losses incurred by wholly-owned companies;

the capital gains and losses on intra-group disposals;

the gains and losses on mergers of consolidated companies;

dividends received intra-group;

the profit (loss) realized on portfolio transfers between consolidated companies;

transactions impacting commitments received and given.

When eliminated capital gains or losses on insurance investments have created reliably identified and enforceable rights in favor of policyholders, these rights are neutralized in the income statement and in the consolidated balance sheet by recognizing a "provision for unconditional deferred profit-sharing of policyholders".

4.4.5 Foreign currency translation of financial statements

All consolidated entities use the euro as the functional currency and as the presentation currency of their separate financial statements, with the exception of the insurance company ASTREE SA, whose financial statements are prepared in Tunisian dinars.

The financial statements are translated into euros, the currency of the consolidating company, using the closing rate for the balance sheet and the average rate for the income statement.

Translation differences are recorded in equity under "Gains and losses recognized directly in equity".

4.5 Subsequent events

None.

4.6 Segment information

4.6.1 Segment balance sheet

	12/31/2020					
(in thousands of euros)	Life insurance France	Non-Life insurance France	International	Other activities France	IG eliminations	Total
Goodwill	38,467	1,206	67,207	26,402	0	133,281
Value of in-force business	3,352	0	0	0	0	3,352
Other intangible assets	− 7,913	− 681	18,296	418	0	10,120
Intangible assets	**33,906**	**525**	**85,503**	**26,820**	**0**	**146,754**
Investment property	75,887	65	43,460	2,587,327	0	2,706,739
Unit-linked investment property	0	0	0	0	0	0
Financial investments - Shares and other variable income securities	26,024,188	2,057,440	413,074	0	− 1,146,332	27,348,370
Financial investments - Property	3,972,454	227,707	97,768	0	− 1,715,077	2,582,852
Financial investments - Bonds	76,647,051	4,687,162	2,449,975	0	0	83,784,188
Financial investments - Loans and deposits	7,630,183	320,593	42,018	0	− 15,155	7,977,639
Financial assets for unit-linked contracts	14,922,354	0	352,383	0	0	15,274,737
Derivatives and separate embedded derivatives	0	0	0	0	0	0
Other investments	− 28,094	16	− 21,810	49,888	0	0
Investments from insurance activities	**129,244,023**	**7,292,983**	**3,376,868**	**2,637,215**	**− 2,876,564**	**139,674,525**
Investments from banking and other activities	**0**	**0**	**358,381**	**4,442,367**	**− 4,149,946**	**650,802**
Investments in equity-consolidated companies	**0**	**0**	**15,199**	**0**	**0**	**15,199**
Reinsurers’ share in insurance and investment contracts liabilities	**5,604**	**558,151**	**103,190**	**0**	**− 237,467**	**429,478**
Operating property and other property, plant and equipment	2	1,956	41,470	110,808	0	154,236
Deferred acquisition costs	0	41,455	14,186	0	− 5,164	50,477
Deferred policyholders’ participation assets	0	0	0	0	0	0
Deferred tax assets	0	0	24,530	5,107	0	29,637
Receivables arising from direct insurance and inward reinsurance operations	44,275	241,359	58,311	0	− 29,908	314,037
Receivables arising from outward reinsurance operations	264	27,695	3,936	0	− 193	31,702
Current tax receivables	50,500	35,930	7,413	94,348	− 91,258	96,933
Other receivables	421,506	88,851	15,099	181,360	− 371,254	335,562
Other assets	**516,547**	**437,246**	**164,945**	**391,623**	**− 497,777**	**1,012,583**
Assets held for sale and discontinued operations	**0**	**0**	**0**	**0**	**0**	**0**
Cash and cash equivalents	**112,737**	**2,481**	**50,956**	**427,519**	**0**	**593,693**
TOTAL ASSETS	**129,912,817**	**8,291,386**	**4,155,042**	**7,925,544**	**− 7,761,754**	**142,523,034**

(in thousands of euros)	Life insurance France	Non-Life insurance France	International	Other activities France	IG eliminations	Total 12/31/2020
Share capital	0	0	0	1,241,035	0	1,241,035
Issue, merger and contribution premiums	0	0	0	1,154,349	0	1,154,349
Gains and losses recognized directly in equity	1,155,077	455,798	69,888	175,471	0	1,856,234
Retained earnings	6,526,206	1,681,018	984,672	4,534,556	− 6,838,213	6,888,238
Net consolidated income - Group share	393,951	64,046	24,810	68,265	0	551,072
Shareholders' equity – Group share	**8,075,233**	**2,200,862**	**1,079,369**	**7,173,676**	**− 6,838,213**	**11,690,927**
Gains and losses recognized directly in equity	3	15,987	1,564	0	0	17,554
Retained earnings excluding group	16	57,176	14,609	7,915	− 8,803	70,913
Net profit (loss) excluding group	1	2,129	233	191	0	2,554
Non-controlling interests	**20**	**75,292**	**16,407**	**8,105**	**− 8,803**	**91,021**
Total shareholders' equity	**8,075,253**	**2,276,155**	**1,095,776**	**7,181,781**	**− 6,847,017**	**11,781,948**
Provisions for risks and charges	**45,989**	**3,816**	**12,270**	**− 5,368**	**0**	**56,707**
Subordinated debt	800,000	0	0	0	0	800,000
Debt securities	0	0	0	0	0	0
Debt financing of banking sector companies	0	0	1	201,910	0	201,911
Other debt financing	8,934,416	335,351	11,009	206,764	− 164,446	9,323,094
Financing debt	**9,734,416**	**335,351**	**11,010**	**408,674**	**− 164,446**	**10,325,005**
Liabilities arising from insurance contracts	*4,546,456*	*5,023,587*	*601,372*	*0*	*− 237,609*	*9,933,807*
Liabilities arising from insurance contracts where the financial risk is	*14,853,481*	*0*	*352,444*	*0*	*0*	*15,205,925*
Total liabilities arising from insurance contracts	19,399,937	5,023,587	953,816	0	− 237,609	25,139,732
Liabilities arising from investment contracts with discretionary	*80,862,595*	*0*	*1,711,181*	*0*	*0*	*82,573,776*
Liabilities arising from investment contracts with no discretionary	*0*	*0*	*0*	*0*	*0*	*0*
Liabilities related to unit-linked financial contracts	*0*	*0*	*0*	*0*	*0*	*0*
Total liabilities arising from investment contracts	80,862,595	0	1,711,181	0	0	82,573,776
Separate derivatives on contracts	61,091	2,885	0	0	0	63,976
Deferred profit-sharing liabilities	11,298,751	13,810	126,586	0	0	11,439,147
Liabilities arising from insurance and	**111,622,374**	**5,040,282**	**2,791,583**	**0**	**− 237,609**	**119,216,631**
Liabilities arising from banking	**0**	**0**	**0**	**0**	**0**	**0**
Deferred tax liabilities	108,195	170,057	32,100	− 15,558	0	294,794
Due to holders of consolidated mutual funds shares	0	0	0	0	0	0
Operating debt securities	0	0	0	0	0	0
Operating debt to banking sector companies	0	0	0	0	0	0
Payables arising from direct insurance and inward reinsurance operations issued	62,476	48,552	38,630	0	− 1,409	148,249
Payables arising from outward reinsurance operations	1,670	253,641	5,794	0	− 43,863	217,242
Current tax payables	8,265	2,794	670	89,528	− 91,259	9,998
Derivative liabilities	0	0	0	0	0	0
Current accounts payable	50	4,515	256	1	0	4,822
Other debts	254,127	156,224	166,952	266,486	− 376,151	467,638
Other liabilities	**434,784**	**635,783**	**244,402**	**340,457**	**− 512,682**	**1,142,744**
Liabilities of operations held for sale or discontinued	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL SHAREHOLDERS' EQUITY AND	**129,912,817**	**8,291,386**	**4,155,042**	**7,925,544**	**− 7,761,754**	**142,523,034**

4.6.2 Segment income statement

(in thousands of euros)	12/31/2020					
	Life insurance France	**Non-Vie France**	**International**	**Autres activités France**	**Intra-groupes**	**Total**
Gross written premiums	*6,119,439*	*3 757 733*	*624 792*	*0*	*− 235 014*	*10 266 950*
Change in unearned premiums	*0*	*4 482*	*4 396*	*0*	*− 3 462*	*5 416*
Premiums earned	6,119,439	3 762 215	629 188	0	− 238 476	10 272 366
Net banking income, net of cost of risk	0	0	0	0	0	0
Revenue or income from other activities	0	0	30 866	154 895	− 28 584	157 177
Other operating income and expenses	− 91,541	29 882	− 7 163	0	− 1 942	− 70 764
Net investment income	*2,328,464*	*123 941*	*71 708*	*− 28 601*	*− 3 621*	*2 491 891*
Investment expenses	*− 18,538*	*− 4 439*	*− 18 793*	*− 8 096*	*2 996*	*− 46 870*
Gains and losses on disposals of investments net of reversals of impairment and amortization charges	*95,703*	*22 240*	*− 15 044*	*− 1 791*	*0*	*101 108*
Change in fair value of investments recognized at fair value through profit or loss	*466,069*	*0*	*9 547*	*0*	*0*	*475 616*
Change in investments impairments	*− 208,150*	*− 15 761*	*− 4 106*	*0*	*0*	*− 228 017*
Investment income net of expenses	2,663,548	125 981	43 312	− 38 488	− 625	2 793 728
Insurance policy servicing expenses	− 6,940,057	− 3 031 499	− 463 639	0	168 015	− 10 267 180
Income from reinsurance	*− 3,601*	*− 276 353*	*− 59 199*	*0*	*237 469*	*− 101 684*
Expenses from reinsurance	*1,628*	*237 333*	*62 057*	*0*	*− 224 800*	*76 218*
Net expenses and income from reinsurance	− 1,973	− 39 020	2 858	0	12 669	− 25 466
Banking operating expenses	0	0	0	0	0	0
Expenses from other activities	0	0	− 31 937	− 95 077	5 277	− 121 737
Contract acquisition costs	− 624,412	− 590 925	− 148 880	0	25 537	− 1 338 680
Amortization of value of in-force business and similar	− 2,640	0	− 1 727	0	0	− 4 367
Administrative expenses	− 455,529	− 143 315	− 21 856	0	67 418	− 553 282
Other current operating income	48	0	17 238	641	− 11 077	6 850
Other current operating expenses	− 1	− 3	− 16 629	− 589	1 788	− 15 434
Current operating profit (loss)	**666,882**	**113 316**	**31 631**	**21 382**	**0**	**833 211**
Other operating income	1,969	386	198	75 506	0	78 059
Other operating expenses	− 12,295	− 10 597	− 348	− 19 210	0	− 42 450
Operating profit (loss)	**656,556**	**103 105**	**31 481**	**77 678**	**0**	**868 820**
Financing expense	− 31,283	− 186	− 1	0	0	− 31 470
Share in profit (loss) of equity-consolidated companies	0	0	2 388	0	0	2 388
Income tax	− 231,321	− 36 744	− 8 826	− 9 223	0	− 286 113
Profit (loss) after tax of discontinued operations	0	0	0	0	0	0
CONSOLIDATED NET PROFIT	**393,952**	**66 175**	**25 043**	**68 455**	**0**	**553 625**
Non-controlling interests	− 1	− 2 129	− 233	− 191	0	− 2 554
Consolidated net profit - Group share	**393,951**	**64 046**	**24 810**	**68 265**	**0**	**551 072**

4.7 Notes to the balance sheet

4.7.1 Goodwill

(in thousands of euros)	12/31/2019	Acquisitions	Disposals	Loss of value	Currency translation adjustment	12/31/2020
Gross value						
Life insurance France	38,467					38,467
Non-Life insurance France	1,206					1,206
International	204,231					204,231
Other	45,610					45,610
Total	**289,513**	**0**	**0**	**0**	**0**	**289,513**
Loss of value						
Life insurance France	0					0
Non-Life insurance France	0					0
International	− 133,497			− 3,527 *		− 137,024
Other	− 19,208					− 19,208
Total	**− 152,705**	**0**	**0**	**− 3,527**	**0**	**− 156,232**
Net value						
Life insurance France	38,467					38,467
Non-Life insurance France	1,206					1,206
International	70,734			− 3,527		67,207
Other	26,402					26,402
Total	**136,808**	**0**	**0**	**− 3,527**	**0**	**133,281**

** of which reclassification at the beginning of the year for €1,800 thousand from depreciation of portfolio securities (Note 4.7.2)*

(in thousands of euros)	12/31/2018	Acquisitions	Disposals	Loss of value	Currency translation adjustment	12/31/2019
Gross value						
Life insurance France	38,467					38,467
Non-Life insurance France	1,206					1,206
International	204,231					204,231
Other	45,610					45,610
Total	**289,513**	**0**	**0**	**0**	**0**	**289,513**
Loss of value						
Life insurance France	0					0
Non-Life insurance France	0					0
International	− 133,497					− 133,497
Other	− 19,208					− 19,208
Total	**− 152,705**	**0**	**0**	**0**	**0**	**− 152,705**
Net value						
Life insurance France	38,467					38,467
Non-Life insurance France	1,206					1,206
International	70,734					70,734
Other	26,402					26,402
Total	**136,808**	**0**	**0**	**0**	**0**	**136,808**

The breakdown of goodwill by cash-generating unit is as follows:

(in thousands of euros)	12/31/2020	12/31/2019
Net value		
SÉRÉNIS ASSURANCES SA	1,205	1,205
PROCOURTAGE SAS	183	183
ACM VIE SA	38,467	38,467
FONCIÈRE MASSÉNA SA	26,219	26,219
PARTNERS ASSURANCES SA	4,999	4,999
GACM SEGUROS, COMPAÑÍA DE SEGUROS Y REASEGUROS, SAU	49,459	52,986
AGRUPACIÓ AMCI D'ASSEGURANCES I REASSEGURANCES SA	11,553	11,553
ATLANTIS VIDA, COMPAÑÍA DE SEGUROS Y REASEGUROS SA	1,196	1,196
Total	**133,281**	**136,808**

4.7.2 Value of in-force business and other intangibles

(in thousands of euros)	12/31/2019	Acquisitions / Allowances	Disposals / Decreases	12/31/2020
Value of in-force business	45,370			45,370
Business goodwill	13,295		− 510	12,785
Leasehold rights	574		− 156	418
Concessions and similar rights	2,600	47	− 80	2,567
Other	22,256		− 4	22,252
Gross value	**84,096**	**47**	**− 750**	**83,393**
Amortization of portfolio securities	− 41,178	− 2,640	1,800 *	− 42,018
Business goodwill	− 3,388	− 61		− 3,449
Leasehold rights	0			0
Concessions and similar rights	− 2,281	− 134	80	− 2,335
Other	− 22,059	− 59		− 22,118
Depreciation, amortization and impairment	**− 68,906**	**− 2,894**	**1,880**	**− 69,920**
Other net intangible assets	**15,189**	**− 2,847**	**1,130**	**13,472**

* *Reclassification to goodwill (Note 4.7.1)*

(in thousands of euros)	12/31/2018	Acquisitions / Allowances	Disposals / Decreases	12/31/2019
Value of in-force business	43,570	1,800 *		45,370
Business goodwill	13,166	129		13,295
Leasehold rights	574			574
Concessions and similar rights	2,340	260		2,600
Other	23,863	193	-1,800 *	22,256
Gross value	**83,512**	**2,382**	**− 1,800**	**84,096**
Amortization of portfolio securities	− 36,779	− 4,399		− 41,178
Business goodwill	− 2,902	− 486		− 3,388
Leasehold rights	0			0
Concessions and similar rights	− 2,167	− 114		− 2,281
Other	− 21,966	− 93		− 22,059
Depreciation, amortization and impairment	**− 63,814**	**− 5,092**	**0**	**− 68,906**
Other net intangible assets	**19,699**	**− 2,710**	**− 1,800**	**15,189**

* *item-to-item reclassification*

4.7.3 Investment property

(in thousands of euros)	12/31/2019	Change in scope	Increases / Decreases Allowances / Reversals	Currency translation adjustment	Other changes	12/31/2020
Gross value	2,950,723		181,099			3,131,822
Depreciation, amortization and impairment	− 377,657		− 47,426			− 425,083
Net value of investment property	**2,573,066**	**0**	**133,673**	**0**	**0**	**2,706,739**

(in thousands of euros)	12/31/2018	Change in scope	Increases / Decreases Allowances / Reversals	Currency translation adjustment	Other changes	12/31/2019
Gross value	2,945,944		4,779			2,950,723
Depreciation, amortization and impairment	− 340,641		− 37,016			− 377,657
Net value of investment property	**2,605,303**	**0**	**− 32,237**	**0**	**0**	**2,573,066**

4.7.4 Fair value of investment property

(in thousands of euros)	12/31/2020	12/31/2019
Carrying amount	2,706,739	2,573,066
Market value	3,704,352	3,588,181
Net gains or losses on investment property	**997,613**	**1,015,115**

4.7.5 Breakdown of investments

The fair value of a financial instrument is the amount for which an asset could be exchanged or a liability settled between knowledgeable, consenting parties in an arm's length transaction.

The fair value amounts shown below represent estimates made at the reporting date. They are therefore likely to change over time due to changing market conditions or other factors.

	12/31/2020	
(in thousands of euros)	Carrying amount	Fair value
Shares and other variable income securities	16,940,525	16,940,525
Financial investments - Property	630,418	630,418
Bonds and other fixed income securities	73,210,800	73,210,800
Available-for-sale assets	**90,781,743**	**90,781,743**
Financial investments - Property	456,760	456,760
Bonds and other fixed income securities	7,968,387	8,947,186
Assets held to maturity	**8,425,147**	**9,403,945**
Shares and other variable income securities (1)	10,407,844	10,407,844
Financial investments - Property	1,495,675	1,495,675
Bonds and other fixed income securities	2,605,001	2,605,001
Financial assets at fair value through profit or loss by type or as an option	**14,508,520**	**14,508,520**
Loans and receivables	7,977,639	7,977,639
Financial investments	**121,693,049**	**122,671,848**
Investment property (at amortised cost)	2,706,739	3,704,352
Derivatives	0	0
General fund investments (A)	**124,399,788**	**126,376,200**
Unit-linked contract (B) investments	**15,274,737**	**15,274,737**
Total (A) + (B) (2)	**139,674,525**	**141,650,937**

(1) Of which money market mutual funds: €5,256,983 thousand.
(2) Of which structured products: €3,984,854 thousand (fair value).

(in thousands of euros)	12/31/2019 Carrying amount	12/31/2019 Fair value
Shares and other variable income securities	16,366,184	16,366,184
Financial investments - Property	547,758	547,758
Bonds and other fixed income securities	70,891,449	70,891,449
Available-for-sale assets	**87,805,391**	**87,805,391**
Financial investments - Property	415,669	415,669
Bonds and other fixed income securities	10,770,674	11,793,974
Assets held to maturity	**11,186,343**	**12,209,643**
Shares and other variable income securities (1)	10,951,607	10,951,607
Financial investments - Property	1,572,161	1,572,161
Bonds and other fixed income securities	3,292,056	3,292,056
Financial assets at fair value through profit or loss by type or as an option	**15,815,824**	**15,815,824**
Loans and receivables	5,980,627	5,980,627
Financial investments	**120,788,185**	**121,811,485**
Investment property (at amortised cost)	2,573,066	3,588,181
Derivatives	3	3
General fund investments (A)	**123,361,254**	**125,399,669**
Unit-linked contract investments (B)	**13,751,057**	**13,751,057**
Total (A) + (B) (2)	**137,112,311**	**139,150,726**

(1) Of which money market mutual funds: €5,867,233 thousand.
(2) Of which structured products: €3,381,733 thousand (fair value).

Unit-linked financial investments break down as follows:

(in thousands of euros)	12/31/2020 Net value	12/31/2019 Net value
Investments property	1,002,785	902,797
Amortizable securities and similar	2,111,785	1,496,712
Equities	506,638	515,815
Mutual fund shares	6,544,466	5,498,797
Mutual fund bonds	1,439,908	1,555,111
Other mutual funds	3,669,154	3,781,826
Total	**15,274,737**	**13,751,057**

The IFRS 4 amendment of September 2016 allows insurance groups to defer the application of IFRS 9.

In accordance with paragraphs 39E and 39G of this amendment to IFRS 4, the notes to the consolidated financial statements are required to disclose the following information. Note that this information is presented excluding unit-lined, which will be accounted for under IFRS 9 as an irrevocable option at fair value through profit or loss.

Share of SPPIs by management intention in market value (Standard & Poor's rating):

(in thousands of euros)	Assets available for sale	Assets held until maturity	Financial assets at fair value through profit or loss	Loans and receivables	Total
AAA	3,088,279	1,332,302		7,379,061	11,799,642
AA+	1,531,740	498,997			2,030,737
AA	17,301,801	4,287,745			21,589,546
AA-	3,253,756	294,966			3,548,722
A+	6,110,518	39,238		291,823	6,441,580
A	10,002,068	397,083			10,399,151
A-	7,854,915	9,312	524	300	7,865,051
BBB+	9,716,185	60	732	83	9,717,060
BBB	5,049,094	299,496			5,348,590
BBB-	607,633	10,002			617,635
BB+	133,865				133,865
BB	9,436	2,000			11,435
BB-	17,795				17,795
B+					0
B	5,238	3,999			9,237
B-					0
Not rated	7,000,536	1,751,979	21,753	453,527	9,227,794
Total 12/31/2020	**71,682,860**	**8,927,179**	**23,009**	**8,124,795**	**88,757,842**
Total 12/31/2019	**69,788,415**	**11,773,707**	**124,692**	**6,278,116**	**87,964,929**

Amount of assets held to maturity in SPPI:

	12/31/2020			12/31/2019
(in thousands of euros)	Balance sheet value	Fair value	Gains or losses unrealized	Gains or losses unrealized
Assets held to maturity	7,948,367	8,927,179	978,813	1,023,165

The revaluation recognized directly in equity of available-for-sale SPPI financial assets amounted to € 7,051,229 thousand (€6,250,063 thousand the previous year).

4.7.6 Financial instruments carried at amortized cost in the statement of financial position, measured at fair value

Fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability in a normal transaction between market participants at the valuation date.

Fair value is based on the sales price (concept of exit price).

The fair value amounts shown below represent estimates made at the reporting date using primarily observable market data. They are likely to change during other periods due to changing market conditions or other factors.

The calculations made represent the best estimate that could be made. It is based on a number of valuation models and assumptions. It supposes that market participants act in their best economic interest. To the extent that these models present uncertainties, the fair values used may not be realized upon the actual sale or immediate settlement of the financial instruments concerned.

The fair value hierarchy of financial instruments is broken down according to the general criteria of observability of the inputs used in the valuation, in accordance with the principles defined by IFRS 13:

- Level 1: fair values are equal to the prices (unadjusted) on an active market;
- Level 2: fair values measured using directly or indirectly observable inputs other than Level 1 inputs;
- Level 3: fair values for which a significant portion of the parameters used to determine them do not meet observability criteria.

The characteristics of these fair value levels are detailed in the paragraph on determining the fair value of financial instruments ("Fair value hierarchy").

	12/31/2020		Prices quoted on active markets for instruments identical:	Valuation based on observable market inputs:	Valuation based on unobservable market inputs:
(in thousands of euros)	Value at balance sheet	Fair value	Level 1	Level 2	Level 3
Loans and receivables	**7,977,639**	**7,977,639**	**0**	**7,977,639**	**0**
Loans	6,918	6,918		6,918	
Advances and deposits	91,771	91,771		91,771	
Other loans and receivables	7,878,950	7,878,950		7,878,950	
Reinsurance receivables	**345,739**	**345,739**	**0**	**0**	**345,739**
Receivables arising from direct insurance and inward reinsurance operations	314,037	314,037			314,037
Receivables arising from outward reinsurance operations	31,702	31,702			31,702
Cash and cash equivalents	**593,693**	**593,693**	**0**	**593,693**	**0**
Cash and cash equivalents	593,693	593,693		593,693	
Held-to-maturity financial assets	**8,425,147**	**9,403,945**	**8,578,980**	**824,965**	**0**
Financial investments - Property	456,760	456,760		456,760	
Government securities and similar securities	6,501,766	7,389,935	7,283,572	106,364	
Bonds and other fixed income securities	1,466,621	1,557,250	1,295,408	261,842	
Total financial assets whose fair value is indicated	**17,342,218**	**18,321,016**	**8,578,980**	**9,396,297**	**345,739**

(in thousands of euros)	12/31/2019		Prices quoted on active markets for instruments identical:	Valuation based on observable market inputs:	Valuation based on unobservable market inputs:
	Value at balance sheet	Fair value	Level 1	Level 2	Level 3
Loans and receivables	**5,980,627**	**5,980,627**	**0**	**5,980,627**	**0**
Loans	7,753	7,753		7,753	
Advances and deposits	134,593	134,593		134,593	
Other loans and receivables	5,838,281	5,838,281		5,838,281	
Reinsurance receivables	**322,139**	**322,139**	**0**	**0**	**322,139**
Receivables arising from direct insurance and inward reinsurance operations	309,212	309,212			309,212
Receivables arising from outward reinsurance operations	12,927	12,927			12,927
Cash and cash equivalents	**751,743**	**751,743**	**0**	**751,743**	**0**
Cash and cash equivalents	751,743	751,743		751,743	
Held-to-maturity financial assets	**11,186,343**	**12,209,643**	**11,793,974**	**415,669**	**0**
Financial investments - Property	415,669	415,669		415,669	
Government securities and similar securities	6,931,731	7,852,251	7,852,251		
Bonds and other fixed income securities	3,838,942	3,941,723	3,941,723		
Total financial assets whose fair value is indicated	**18,240,852**	**19,264,152**	**11,793,974**	**7,148,039**	**322,139**

4.7.7 Financial instruments recognized at fair value

(in thousands of euros)	Prices quoted on active markets for identical instruments: Level 1	Valuation based on observable market inputs: Level 2	Valuation based on unobservable market inputs: Level 3	12/31/2020 Total
Available-for-sale assets	**85,592,360**	**3,872,287**	**1,317,097**	**90,781,743**
Shares and other variable income securities	12,722,005	2,928,014	1,290,506	16,940,525
Financial investments - Property	45,737	558,091	26,591	630,418
Bonds and other fixed income securities	72,824,618	386,182		73,210,800
Financial assets at fair value through profit or loss by type or as an option (excluding unit-linked)	**8,867,691**	**5,640,829**	**0**	**14,508,520**
Shares and other variable income securities	8,432,886	1,974,958		10,407,844
Financial investments - Property	135,485	1,360,190		1,495,675
Bonds and other fixed income securities	299,320	2,305,681		2,605,001
Financial assets at fair value through profit or loss as an option (unit-linked)	**12,141,182**	**3,133,555**	**0**	**15,274,737**
Equity securities and other variable income securities	12,111,192	48,405		12,159,597
Financial investments – Real estate equity and funds	367	1,002,418		1,002,785
Bonds and other fixed income securities	29,624	2,082,731		2,112,355
Unit-linked investment property				
Derivatives	**0**	**0**	**0**	**0**
Total assets measured at fair value	**106,601,234**	**12,646,670**	**1,317,097**	**120,565,000**
Transfers from Level 1		5,439,277	260	5,439,538
Transfers from Level 2	776,456			776,456
Transfers from Level 3		1		1
Total transfers to each of the levels	**776,456**	**5,439,278**	**260**	**6,215,994**

(in thousands of euros)	Prices quoted on active markets for identical instruments: Level 1	Valuation based on observable market inputs: Level 2	Valuation based on unobservable market inputs: Level 3	12/31/2019 Total
Available-for-sale assets	**83,401,876**	**3,298,168**	**1,105,347**	**87,805,391**
Shares and other variable income securities	13,162,073	2,098,765	1,105,347	16,366,184
Financial investments - Property	82,785	464,973		547,758
Bonds and other fixed income securities	70,157,018	734,431		70,891,449
Financial assets at fair value through profit or loss by type or as an option (excluding unit-linked)	**10,022,967**	**5,792,856**	**0**	**15,815,824**
Shares and other variable income securities	9,339,402	1,612,205		10,951,607
Financial investments - Property	58,392	1,513,769		1,572,161
Bonds and other fixed income securities	625,173	2,666,883		3,292,056
Financial assets at fair value through profit or loss as an option (unit-linked)	**12,781,808**	**969,250**	**0**	**13,751,058**
Equity securities and other variable income securities	11,166,441	185,108		11,351,549
Financial investments – Real estate equity and funds	118,655	784,142		902,797
Bonds and other fixed income securities	1,496,712			1,496,712
Unit-linked investment property				
Derivatives	**0**	**3**	**0**	**3**
Total assets measured at fair value	**106,206,651**	**10,060,278**	**1,105,347**	**117,372,275**
Transfers from Level 1		1,206,964		1,206,964
Transfers from Level 2	259,108		10	259,118
Transfers from Level 3				0
Total transfers to each of the levels	**259,108**	**1,206,964**	**10**	**1,466,082**

4.7.8 Changes in the balance of available-for-sale financial assets measured at fair value under level 3

(in thousands of euros)	Equities and other variable income securities	Financial investments - Property	Bonds and other fixed income securities	Total assets available-for-sale
Balance at December 31, 2019	**1,105,347**	**0**	**0**	**1,105,347**
Gains and losses from the period:	87,883			87,883
- Recognized through profit or loss				0
- Recognized through equity	87,883			87,883
Purchases of the period	97,684	26,330		124,014
Disposals of the period	− 398			− 398
Issuances of the period				0
Maturities of the period				0
Transfers	− 10	260		251
- to level 3		260		260
- excluding level 3	− 10			− 10
Change in scope of consolidation				0
Balance at December 31, 2020	**1,290,506**	**26,591**	**0**	**1,317,097**

4.7.9 Bond portfolio maturity schedule

				12/31/2020
(in thousands of euros)	Less than 1 year	Between 1 and 5 years	Greater than 5 years	Total
Available-for-sale assets	4,988,878	19,743,493	48,478,429	73,210,800
Assets held to maturity	1,557,378	3,025,912	3,385,096	7,968,387
Financial assets at fair value through profit or loss by type or on option	175,260	1,616,635	813,106	2,605,001
Total bond portfolio (excluding unit-linked)	**6,721,516**	**24,386,040**	**52,676,632**	**83,784,188**

				12/31/2019
(in thousands of euros)	Less than 1 year an	Between 1 and 5 years	Greater than 5 years	Total
Available-for-sale assets	4,531,099	18,658,787	47,701,563	70,891,449
Assets held to maturity	3,041,974	3,172,019	4,556,681	10,770,674
Financial assets at fair value through profit or loss by type or on option	401,606	2,006,958	883,492	3,292,056
Total bond portfolio (excluding unit-linked)	**7,974,679**	**23,837,764**	**53,141,736**	**84,954,179**

4.7.10 Bond portfolio by issuer type

(in thousands of euros)					12/31/2020
	Administrations general	Establishments of credit	Large companies	Other	Total
Debt instruments available-for-sale	20,278,247	26,711,210	24,929,211	1,292,131	73,210,800
Held-to-maturity financial assets	3,988,681	3,695,422	276,282	8,002	7,968,387
Debt instruments at fair value through profit or loss on option	29,789	2,145,100	416,811	13,301	2,605,001
Total bond portfolio (excluding unit-linked)	**24,296,717**	**32,551,733**	**25,622,304**	**1,313,434**	**83,784,188**

(in thousands of euros)					12/31/2019
	Administrations general	Establishments of credit	Large companies	Other	Total
Debt instruments available-for-sale	20,701,336	25,612,380	23,422,792	1,154,941	70,891,449
Held-to-maturity financial assets	4,180,858	6,349,378	240,438		10,770,674
Debt instruments at fair value through profit or loss on option	19,901	2,839,075	420,374	12,706	3,292,056
Total bond portfolio (excluding unit-linked)	**24,902,095**	**34,800,832**	**24,083,605**	**1,167,646**	**84,954,179**

4.7.11 Change in investments impairments

(in thousands of euros)	12/31/2019*	Change in scope	Allowances / Increases	Reversals / Decreases	Currency translation adjustment	Other changes	12/31/2020
Impairment on held-to-maturity securities							
Impairment on shares and other variable income securities	− 1,141,860		− 141,438	63,722			− 1,219,576
Impairment of financial investments	0		− 2,954				− 2,954
Impairment on bonds and other fixed income securities	− 21,412						− 21,412
Impairment on available-for-sale assets	**− 1,163,272**	**0**	**− 144,392**	**63,722**	**0**	**0**	**− 1,243,942**
Impairments of investment property (amortized cost)	− 9,322		− 13,359	61			− 22,620
Impairments on loans and receivables	0		− 210				− 210
Impairments on other financial assets	**− 9,322**	**0**	**− 13,569**	**61**	**0**	**0**	**− 22,830**
Total impairments	**− 1,172,594**	**0**	**− 157,961**	**63,783**	**0**	**0**	**− 1,266,772**

(in thousands of euros)	12/31/2018*	Change in scope	Allowances / Increases	Reversals / Decreases	Currency translation adjustment	Other changes	12/31/2019*
Impairment on held-to-maturity securities							
Impairment on shares and other variable income securities	− 1,237,889		− 21,971	118,000			− 1,141,860
Impairment of financial investments	0						0
Impairment on bonds and other fixed income securities	− 20,732		− 680				− 21,412
Impairment on available-for-sale assets	**− 1,258,621**	**0**	**− 22,651**	**118,000**	**0**	**0**	**− 1,163,272**
Impairments of investment property (amortized cost)	− 9,185		− 1,080	1,032		− 89	− 9,322
Impairments on loans and receivables	0						0
Impairments on other financial assets	**− 9,185**	**0**	**− 1,080**	**1,032**	**0**	**− 89**	**− 9,322**
Total impairments	**− 1,267,806**	**0**	**− 23,731**	**119,032**	**0**	**− 89**	**− 1,172,594**

* The 2018 - 2019 presentation was revised in 2020 to present provisions for investment properties at amortized cost.

4.7.12 Derivatives

(in thousands of euros)	12/31/2020		12/31/2019	
	Market value		Market value	
	Positive	Negative	Positive	Negative
Interest rate swaps			3	
Currency swaps		63,976		12,396
Interest rate options				
Caps, floors, collars				
Interest rate instruments	**0**	**63,976**	**3**	**12,396**
Equity and equity index derivatives				
Other				
Other instruments				
Total transaction derivatives	**0**	**63,976**	**3**	**12,396**

4.7.13 Investments in equity-consolidated companies

(in thousands of euros)	12/31/2020				
	Value of equity consolidation	Share of profit (loss)	Goodwill	Dividend paid in the group	% interest
ASTREE SA	15,199	2,388	0	3,249	30.00%
Total	**15,199**	**2,388**	**0**	**3,249**	

(in thousands of euros)	12/31/2019				
	Value of equity consolidation	Share of profit (loss)	Goodwill	Dividend paid in the group	% interest
RMA SA	0	6,260	0	13,591	ceded
ASTREE SA	16,795	4,637	0	998	30.00%
Total	**16,795**	**10,897**	**0**	**14,589**	

4.7.14 Reinsurers’ share in insurance and investment contracts liabilities

(in thousands of euros)	12/31/2020	12/31/2019
Provisions for unearned premiums	− 5,289	− 5,333
Provisions for claims	− 125,881	− 132,172
Forecasted Recoveries	3,128	2,465
Provisions for increasing risks	− 171,151	− 164,343
Mathematical reserves for annuities	− 127,224	− 121,508
Other technical provisions	− 4	− 4
Share of reinsurers in non-life insurance provisions	**− 426,421**	**− 420,895**
Life insurance provisions	− 1,176	− 1,080
Provisions for claims	− 1,761	− 2,295
Provisions for deferred profit-sharing	− 120	− 133
Other technical provisions	0	0
Share of reinsurers in life insurance provisions	**− 3,057**	**− 3,508**
Share of reinsurers in financial contract provisions	**0**	**0**
Total reinsurers’ share in insurance and investment contracts liabilities	**− 429,478**	**− 424,403**

4.7.15 Other property and equipment

(in thousands of euros)	12/31/2019	Acquisitions / Allowances	Disposals / Reversals	Currency translation adjustment	Other changes	12/31/2020
Gross value	190,624	13,295	− 2,049		482	202,352
Depreciation, amortization and impairment	− 75,518	− 7,889	1,445		− 566	− 82,528
IFRS 16 - Right-of-use	46,729	3,386	− 76			50,039
IFRS 16 - Amortization of Right-of-use	− 8,043	− 7,791	207			− 15,627
Net value of operating property and other property and equipment	**153,792**	**1,001**	**− 473**	**0**	**− 84**	**154,236**

(in thousands of euros)	12/31/2018	01/01/2019	Acquisitions / Allowances	Disposals / Reversals	Currency translation adjustment	Other changes	12/31/2019
Gross value	192,454		14,306	− 16,136			190,624
Depreciation, amortization and impairment	− 75,494		− 3,633	3,609			− 75,518
IFRS 16 - Right-of-use	0	30,380	16,349				46,729
IFRS 16 - Amortization of Right-of-use	0		− 8,043				− 8,043
Net value of operating property and other property and equipment	**116,960**	**30,380**	**18,979**	**− 12,527**	**0**	**0**	**153,792**

4.7.16 Deferred acquisition costs

(in thousands of euros)	12/31/2020	12/31/2019
Deferred acquisition costs on life insurance	0	0
Deferred acquisition costs on non-life insurance	50,477	51,162
Total deferred acquisition costs	**50,477**	**51,162**

4.7.17 Current and deferred tax assets and liabilities

(in thousands of euros)	12/31/2020	12/31/2019
Current tax receivables	96,933	86,033
Deferred tax assets	29,637	25,079
Total current and deferred tax assets	**126,570**	**111,112**
Current tax payables	9,998	9,708
Deferred tax liabilities	294,794	290,110
Total current and deferred tax liabilities	**304,792**	**299,818**
Total net deferred taxes	**− 265,157**	**− 265,030**

This presentation takes into account the offset of deferred taxes related to the tax consolidation.

Deferred tax assets and liabilities by type break down as follows:

	12/31/2020		12/31/2019	
(in thousands of euros)	Reserves	Profit (loss)	Reserves	Profit (loss)
Revaluation of financial instruments	− 3,330,223	− 166,535	− 3,658,647	− 221,690
Deferred profit-sharing on revaluation of financial instruments	2,781,889	138,680	3,108,099	189,698
Restatement of technical provisions		224,630		249,631
Deferred social taxes		15,921		17,569
Accounting-tax timing differences		79,112		73,039
Other consolidation restatements	18,148	− 26,778		− 22,730
Total net deferred taxes	**− 530,187**	**265,029**	**− 550,548**	**285,518**

4.7.18 Receivables arising from direct insurance and inward reinsurance operations

(in thousands of euros)	12/31/2020 Net value	12/31/2019 Net value
Receivables on policyholders	196,613	189,222
Unwritten premiums acquired	100,631	102,950
Other receivables	13,045	14,097
Receivables on cedents	3,748	2,943
Total receivables arising from direct insurance and inward reinsurance operations	**314,037**	**309,212**

4.7.19 Receivables arising from outward reinsurance operations

(in thousands of euros)	12/31/2020 Net value	12/31/2019 Net value
Current accounts of reinsurers and retrocessionaires	31,702	12,844
Other receivables from reinsurance transactions	0	83
Total receivables arising from outward reinsurance operations	**31,702**	**12,927**

4.7.20 Other receivables

(in thousands of euros)	12/31/2020 Net value	12/31/2019 Net value
Suppliers	643	53
Customers	11,882	9,859
Employee receivables	89	60
Governments, social organizations	123,719	157,093
Partners	3,960	0
Dividends to be received	0	0
Miscellaneous debtors	138,919	104,882
Income to be received	2,480	2,637
Other accruals	24,346	29,121
Prepaid expenses	27,846	22,701
Accrued and unpaid interest	1,678	1,480
Total	**335,562**	**327,886**

4.7.21 Share capital at 12/31/2020

Shareholders	Number of shares	% of share capital	% of voting rights
BFCM	40,064,773	50.04%	50.04%
CIC	12,862,172	16.06%	16.06%
CFCM Nord Europe	8,181,455	10.22%	10.22%
CFCM Maine-Anjou, Basse Normandie	5,920,499	7.39%	7.39%
CRCM Loire-Atlantique, Centre-Ouest	4,330,811	5.41%	5.41%
CFCM Océan	2,307,412	2.88%	2.88%
CRCM Anjou	1,499,147	1.87%	1.87%
CRCM Centre	1,184,093	1.48%	1.48%
CRCM Midi Atlantique	927,374	1.16%	1.16%
CRCM Ile-de-France	558,386	0.70%	0.70%
CRCM Normandie	547,203	0.68%	0.68%
CRCM Savoie - Mont Blanc	499,894	0.62%	0.62%
CCM Sud Est	445,061	0.56%	0.56%
CRCM Méditerranée	435,034	0.54%	0.54%
CRCM Dauphiné Vivarais	303,452	0.38%	0.38%
Caisse Fédérale de Crédit Mutuel	1	0.00%	0.00%
Miscellaneous	1	0.00%	0.00%
Total	**80,066,768**	**100.00%**	**100.00%**

GACM SA has not issued preferred shares.

4.7.22 Earnings per share

	12/31/2020	12/31/2019
Net profit (loss) attributable to owners of the parent for the period (in thousands of euros)	551,072	879,068
Weighted average number of ordinary shares outstanding during the period	80,066,768	80,066,768
Earnings per share * (in euros)	6.88	10.98

* identical to diluted earnings.

4.7.23 Dividends

In accordance with the decisions of the General Meeting, no dividends were distributed for the fiscal year 2019.

4.7.24 Breakdown of provisions for risks and charges

(in thousands of euros)	12/31/2019	Allowances	Reversals	Reclassification	12/31/2020
Contingencies	5,583		− 2,104		3,479
Lawsuits contingency provisions	3,460	42			3,502
Employee benefits *	46,175	3,551			49,726
Tax adjustment	0				0
Total	**55,218**	**3,593**	**− 2,104**	**0**	**56,707**

* including long service awards of €9,566 thousand compared to €9,508 thousand at the opening

(in thousands of euros)	12/31/2018	Allowances	Reversals	Reclassification	12/31/2019
Contingencies	8,300		− 2,717		5,583
Lawsuits contingency provisions	2,429	1,031			3,460
Employee benefits	42,489	5,596		− 1,910	46,175
Tax adjustment	282		− 282		0
Total	**53,500**	**6,627**	**− 2,999**	**− 1,910**	**55,218**

4.7.25 Financing debt

(in thousands of euros)	12/31/2020	12/31/2019
Debt relating to Group companies *	2,166,541	1,506,328
Debt relating to companies with an equity investment	109	0
Debt relating to other activities	18,488	17,527
Subordinated debt	800,000	800,000
Debt financing of banking sector companies	201,911	272,383
Other	7,137,956	7,346,045
of which debt related to repurchase transactions	*7,103,138*	*7,306,438*
of which IFRS 16 - lease obligation	*34,121*	*38,686*
Total	**10,325,005**	**9,942,283**

* These are mainly short-term debts not exposed to interest rate risk.

Detail of subordinated debts is shown below:

(in thousands of euros)	2014	2015	2016	2019
Type	**Redeemable subordinated note**	**Subordinated loan**	**Subordinated loan**	**Subordinated loan**
Issuance date	06/04/2014	12/04/2015	03/23/2016	12/18/2019
ISIN	FR0011947720	N/A	N/A	N/A
Listing	Euronext Paris	N/A	N/A	N/A
Term	10 years	10 years	10 years	10 years
Currency	Euro	Euro	Euro	Euro
Amount	150,000	100,000	50,000	500,000
Number of shares	1,500	N/A	N/A	N/A
Par	100	N/A	N/A	N/A
Nominal rate	4.63%	3.85%	3.65%	1.82%
Redemption price	Par	Par	Par	Par
Issuance expenses	800	0	0	0
Amortization	Redemption at par June 4, 2024	Redemption at par December 4, 2025	Redemption at par March 23, 2026	Redemption at par December 18, 2029
Related derivatives	None	None	None	None

On issuance, the debt financings are recorded according to the amortized cost method. This method amortizes through profit or loss all the differences between the acquisition price and the redemption price. Costs directly attributable to the issuance (commission, fees, etc.) are spread over the term of the debt. The interest expense for the year 2020 is €21,704 thousand.

4.7.26 Total liabilities arising from insurance contracts

(in thousands of euros)	12/31/2020		
	Gross of reinsurance	Reinsured	Net of reinsurance
Provisions for unearned premiums	307,644	5,289	302,355
Provisions for claims payable	3,961,094	125,881	3,835,213
Provisions for profit-sharing	7,965		7,965
Mathematical reserves for annuities	400,026	127,224	272,802
Provisions for increasing risks	671,942	171,151	500,791
Forecasted Recoveries	− 183,842	− 3,128	− 180,714
Provision for unexpired risks	78,779		78,779
Other technical provisions	5,889	4	5,885
Technical liabilities related to non-life insurance contracts	**5,249,497**	**426,421**	**4,823,076**
Provisions for claims payable	289,801	1,761	288,040
Mathematical reserves	4,391,998		4,391,998
Other technical provisions	2,511	1,296	1,215
Technical liabilities related to life insurance contracts	**4,684,310**	**3,057**	**4,681,253**
Technical liabilities relating to insurance contracts where the financial risk is borne by the insured	**15,205,925**	**0**	**15,205,925**
Total liabilities arising from insurance contracts *	**25,139,732**	**429,478**	**24,710,254**

* of which:

- €939.6 million in provisions for bodily injury claims on motor vehicles from ACM IARD SA;
- mathematical reserves (including provisions for increasing risks) for creditor insurance for €974.7 million (€387.1 million for ACM IARD SA and €587.6 million for ACM VIE SA), gross of reinsurance. Positive and negative mathematical reserves, determined on a case-by-case basis, have been netted within the same homogeneous category of contracts, without pooling results between guarantees and between homogeneous categories.

(in thousands of euros)	12/31/2019		
	Gross of reinsurance	Reinsured	Net of reinsurance
Provisions for unearned premiums	312,793	5,333	307,460
Provisions for claims payable	3,610,757	132,172	3,478,585
Provisions for profit-sharing	4,214		4,214
Mathematical reserves for annuities	363,878	121,508	242,370
Provisions for increasing risks	551,888	164,343	387,545
Forecasted Recoveries	− 179,091	− 2,465	− 176,626
Provision for unexpired risks	35,701		35,701
Other technical provisions	4,935	4	4,931
Technical liabilities related to non-life insurance contracts	**4,705,075**	**420,895**	**4,284,180**
Provisions for claims payable	282,822	2,295	280,527
Mathematical reserves	4,169,342		4,169,342
Other technical provisions	2,278	1,213	1,065
Technical liabilities related to life insurance contracts	**4,454,442**	**3,508**	**4,450,934**
Technical liabilities relating to insurance contracts where the financial risk is borne by the insured	**13,694,633**	**0**	**13,694,633**
Total liabilities arising from insurance contracts **	**22,854,150**	**424,403**	**22,429,747**

** of which:

- €920.6 million in provisions for bodily injury claims on motor vehicles from ACM IARD SA;
- mathematical reserves (including provisions for increasing risks) for creditor insurance for €813.9 million (€278.9 million for ACM IARD SA and €535.0 million for ACM VIE SA), gross of reinsurance. Positive and negative mathematical reserves, determined on a case-by-case basis, have been netted within the same homogeneous category of contracts, without pooling results between guarantees and between homogeneous categories.

4.7.27 Total liabilities arising from investment contracts

	12/31/2020		
(in thousands of euros)	Gross of reinsurance	Reinsured	Net of reinsurance
Mathematical reserves	14,551		14,551
Mathematical reserves for savings	76,161,292		76,161,292
Provisions for claims payable			
Provisions for profit-sharing	6,284,912		6,284,912
of which provisions for surplus profit-sharing	*5,923,368*		*5,923,368*
Overall management provisions	113,021		113,021
Mathematical reserves for annuities			
Other technical provisions			
Liabilities arising from investment contracts in euros with discretionary profit-sharing	**82,573,776**	**0**	**82,573,776**
Liabilities arising from investment contracts in euros without discretionary profit-sharing	**0**	**0**	**0**
Liabilities arising from investment contracts where the financial risk is borne by the insured	**0**	**0**	**0**
Total liabilities arising from investment contracts	**82,573,776**	**0**	**82,573,776**

	12/31/2019		
(in thousands of euros)	Gross of reinsurance	Reinsured	Net of reinsurance
Mathematical reserves			
Mathematical reserves for savings	77,643,092		77,643,092
Provisions for claims payable			
Provisions for profit-sharing	5,830,204		5,830,204
of which provisions for surplus profit-sharing	*5,484,648*		*5,484,648*
Overall management provisions	111,758		111,758
Mathematical reserves for annuities			
Other technical provisions			
Liabilities arising from investment contracts in euros with discretionary profit-sharing	**83,585,054**	**0**	**83,585,054**
Liabilities arising from investment contract sin euros without discretionary profit-sharing	**0**	**0**	**0**
Liabilities arising from investment contracts where the financial risk is borne by the insured	**0**	**0**	**0**
Total liabilities arising from investment contracts	**83,585,054**	**0**	**83,585,054**

4.7.28 Net deferred profit-sharing

(in thousands of euros)	12/31/2020	12/31/2019
Deferred profit-sharing - revaluation of assets recognized at fair value through profit or loss	1,255,556	1,349,677
Deferred profit-sharing - revaluation of assets recognized at fair value through reserves (available-for-sale securities)	9,800,278	9,696,034
Deferred profit-sharing - other restatements	383,313	304,385
Total deferred profit-sharing liabilities	**11,439,147**	**11,350,095**

4.7.29 Debt arising from insurance or accepted reinsurance transactions

	12/31/2020	12/31/2019
(in thousands of euros)	Net value	Net value
Debt arising from insurance transactions		
Insured	56,808	44,795
Intermediaries	75,919	76,599
Co-insurers	2,576	6,042
Other debt	13,293	16,451
Sub-total	**148,596**	**143,887**
Debt arising from reinsurance transactions		
Cedents	− 1,607	1,060
Intermediaries	1,260	25
Sub-total	**− 347**	**1,085**
Total	**148,249**	**144,972**

4.7.30 Debt arising from reinsurance transactions

(in thousands of euros)	12/31/2020 Net value	12/31/2019 Net value
Current accounts of cessionaires	11,138	13,987
Cash deposits	206,104	200,819
Total	**217,242**	**214,806**

4.7.31 Other debts

(in thousands of euros)	12/31/2020	12/31/2019
Employee accounts	44,473	46,591
Governments, social organizations	124,128	127,250
Expenses to pay	4,448	25,359
Miscellaneous creditors	60,604	57,823
Trade payables	79,674	51,133
Other debt	154,311	54,588
Total	**467,638**	**362,744**

4.8 Notes to the income statement

4.8.1 Analysis of revenue by business segment

	12/31/2020	12/31/2019	Variation
(in thousands of euros)	Gross value	Gross value	2020 / 2019
Savings	4,285,000	6,401,851	− 33.1%
Retirement	369,094	248,877	48.3%
Savings / Retirement	**4,654,094**	**6,650,729**	**− 30.0%**
Term insurance	268,560	254,702	5.4%
Whole life insurance	104,181	102,429	1.7%
Care insurance	35,058	35,442	− 1.1%
Accidental death benefit (ADB)	93,152	87,479	6.5%
Health	925,773	925,723	0.0%
Creditor Insurance	1,701,605	1,634,906	4.1%
Other protection	150,877	149,319	1.0%
Protection / Health / Creditor Insurance	**3,279,206**	**3,190,001**	**2.8%**
Property damage & liability insurance	690,602	651,090	6.1%
Motor	1,266,461	1,219,571	3.8%
Legal assistance	57,518	55,098	4.4%
Other	292,857	279,102	4.9%
Property/casualty insurance	**2,307,438**	**2,204,860**	**4.7%**
Sureties	**552**	**3,402**	**− 83.8%**
Accepted reinsurance	**25,660**	**31,420**	**− 18.3%**
Total gross written premiums	**10,266,950**	**12,080,412**	**− 15.0%**
of which life insurance gross written premiums	6,266,760	8,304,648	
of which non-life insurance gross written premiums	4,000,190	3,775,764	

4.8.2 Revenue by geographical area

(in thousands of euros)											12/31/2020
	France	Luxembourg	Belgium	Portugal	Spain	Czech Republic	Italy	Hungary	Slovakia	Germany	Total
Life insurance	5,985,902	5,981	89,588	18,811	160,203	1,044	1,333	3,840	58		6,266,760
Non-Life insurance	3,602,944	1,373	62,116	2,025	330,945	441	70	275	1		4,000,190
TOTAL	**9,588,846**	**7,354**	**151,704**	**20,836**	**491,148**	**1,485**	**1,403**	**4,115**	**59**	**0**	**10,266,950**

(in thousands of euros)											12/31/2019
	France	Luxembourg	Belgium	Portugal	Spain	Czech Republic	Italy	Hungary	Slovakia	Germany	Total
Life insurance	8,004,401	42,382	101,572	23,827	126,089	1,022	1,506	3,827	22		8,304,648
Non-Life insurance	3,369,812	743	55,602	2,296	346,531	467	54	257	2		3,775,764
TOTAL	**11,374,213**	**43,125**	**157,174**	**26,123**	**472,620**	**1,489**	**1,560**	**4,084**	**24**	**0**	**12,080,412**

4.8.3 Investment income net financial revenues

(in thousands of euros)						12/31/2020
	Investment income	Investment expenses	Realized gains and losses net of reversals and provisions	Change in impairment	Change in fair values	Total
Assets held to maturity	292,698	− 587				292,111
Available-for-sale assets	1,710,279	− 12,864	169,710	− 225,738		1,641,387
Assets at fair value through profit or loss on option	343,665		− 66,039		475,616	753,242
Investment property	9,375			− 2,044		7,331
Loans and receivables	7,739	− 4,039		− 199		3,502
Derivatives	385		− 3			382
Investments in associates	3,006					3,006
Other	124,745	− 29,381	− 2,560	− 37		92,767
Total	**2,491,891**	**− 46,870**	**101,108**	**− 228,017**	**475,616**	**2,793,728**

(in thousands of euros)						12/31/2019
	Investment income	Investment expenses	Realized gains and losses net of reversals and provisions	Change in impairment	Change in fair values	Total
Assets held to maturity	234,619	− 518				320,454
Available-for-sale assets	1,951,961	− 11,989	254,708	− 22,884		2,171,796
Assets at fair value through profit or loss on option	351,000		505,523		1,768,774	2,625,297
Investment property	9,348		− 343	− 1,747		7,258
Loans and receivables	7,704	− 4,443		− 49		3,212
Derivatives	2,830		− 100			2,730
Investments in associates	12,839		86,353			12,839
Other	128,380	− 29,257	3,941	16		103,080
Total	**2,698,681**	**− 46,207**	**850,082**	**− 24,664**	**1,768,774**	**5,246,666**

4.8.4 Insurance policy servicing expenses

(in thousands of euros)				12/31/2020
	Insurance contracts Life France	Insurance contracts Non-Life France	Insurance contracts International	Total
Claims paid to policyholders	− 5,969,997	− 2,356,227	− 530,943	− 8,857,167
Changes in insurance provisions	− 537,450	− 525,270	68,913	− 993,807
Changes in provisions for profit-sharing	− 418,308	281	7,135	− 410,891
Changes in provisions for deferred profit-sharing	− 14,214	4,294		− 9,920
Changes in other technical provisions		5,310	− 705	4,605
Total *	**− 6,939,968**	**− 2,871,612**	**− 455,600**	**− 10,267,180**

* including, for Non-Life insurance contracts in France:

- a mutual relief premium of €178.8 million;
- an additional provision for an amount of €88.9 million euros, set up to take into account the legal contingencies caused by recent conflicting case law on the coverage by insurers of operating losses suffered by businesses prohibited from receiving the public;
- an unexpired risk reserve (PREC) of €44.5 million, linked to the deterioration in profitability ratios for property damage to professionals resulting from these items;
- an exceptional contribution on complementary health insurance based on the total amount of health premiums for 2020 and estimated for 2021. The total cost of this contribution amounts to €29.8 million, of which €20.0 million for 2020, at the rate of 2.6% and €9.8 million for 2021, at the rate of 1.3%.

(in thousands of euros)				12/31/2019
	Insurance contracts Life France	Insurance contracts Non-Life France	Insurance contracts International	Total
Claims paid to policyholders	− 5,901,300	− 2,159,398	− 681,529	− 8,742,227
Changes in insurance provisions	− 3,326,039	− 546,724	115,042	− 3,757,721
Changes in provisions for profit-sharing	− 1,737,824	2,860	− 24,405	− 1,759,369
Changes in provisions for deferred profit-sharing	22,869	8,667		31,536
Changes in other technical provisions	305	6,422	− 3,088	3,639
Total	**− 10,941,989**	**− 2,688,173**	**− 593,980**	**− 14,224,143**

4.8.5 Management expenses

By function

(in thousands of euros)	2020	2019
Acquisition costs *	1,339,022	1,301,321
Administration costs	553,282	537,241
Claims management expenses	193,277	198,285
Other technical expenses	122,555	118,540
Investment management expenses	11,724	12,031
Other income and expenses	52,444	50,585
Total	**2,272,304**	**2,218,003**

* Excluding change in deferred acquisition costs.

By type

(in thousands of euros)	2020	2019
Commissions	1,643,465	1,591,073
Employee benefits	265,738	266,649
Taxes	58,791	60,258
Other current operating expenses	290,861	295,649
Depreciation and amortization	13,449	4,374
Total	**2,272,304**	**2,218,003**

4.8.6 Statutory auditors' fees

	12/31/2020						
(in thousands of euros)	Mazars	Deloitte	PWC	KPMG	Gross-Hugel	Other	Total
Statutory audit, certification, review of individual and consolidated financial statements	110	10	585	1,471	197	86	2,459
Non-audit services	11			123	1		135
Total	**121**	**10**	**585**	**1,594**	**198**	**86**	**2,594**

	12/31/2019						
(in thousands of euros)	Mazars	Deloitte	PWC	KPMG	Gross-Hugel	Other	Total
Statutory audit, certification, review of individual and consolidated financial statements	410	184	357	792	251	166	2,160
Non-audit services	135	20		62			217
Total	**545**	**204**	**357**	**854**	**251**	**166**	**2,377**

4.8.7 Income and expenses net of reinsurance

	12/31/2020			
(in thousands of euros)	Life France	Non-Life France	International	Total
Premiums ceded (including change in provisions for premiums)	− 3,341	− 88,744	− 9,599	− 101,684
Benefits and fees ceded (including change in claims reserves)	852	51,316	5,625	57,793
Other technical provisions ceded	4	9,929	10	9,943
Commissions received from reinsurers	334	5,740	2,408	8,482
Net profit (loss) from reinsurance	**− 2,151**	**− 21,759**	**− 1,556**	**− 25,466**

	12/31/2019			
(in thousands of euros)	Life France	Non- Life France	International	Total
Premiums ceded (including change in provisions for premiums)	− 3,830	− 83,634	− 9,000	− 96,464
Benefits and fees ceded (including change in claims reserves)	504	81,539	4,237	86,280
Other technical provisions ceded	− 216	20,173	5	19,962
Commissions received from reinsurers	377	2,925	2,096	5,398
Net profit (loss) from reinsurance	**− 3,165**	**21,003**	**− 2,662**	**15,176**

4.8.8 Income tax expense

(in thousands of euros)	12/31/2020	12/31/2019
Current taxes	− 267,128	− 357,755
Deferred taxes	− 18,985	− 16,569
Total	**− 286,113**	**− 374,324**

4.8.9 Reconciliation between the recognized income tax expense and the theoretical income tax expense

		12/31/2020
(in thousands of euros)	In	Amount
Profit (loss) before tax, goodwill impairment and profit (loss) from equity-consolidated companies		837,350
Theoretical income tax expense	32.02%	268,120
Dividends parent/subsidiary regime	− 1.25%	− 10,435
Deferred taxes on venture capital funds (FCPR)	− 0.37%	− 3,136
Prior corporate income taxes and tax credits	− 0.64%	− 5,386
Tax rate differences	3.80%	31,818
Bonus tax	0.30%	2,528
Other	0.31%	2,605
Effective tax	**34.17%**	**286,113**

		12/31/2019
(in thousands of euros)	In %	Amount
Profit (loss) before tax, goodwill impairment and profit (loss) from equity-consolidated companies		1,248,989
Theoretical income tax expense	34.43%	430,027
Dividends parent/subsidiary regime	− 0.68%	− 8,488
Non-taxable gains on disposals - RMA	− 2.38%	− 29,731
Deferred taxes on venture capital funds (FCPR)	− 0.44%	− 5,454
Deferred tax liability on property division restructuring	− 0.02%	− 220
Prior corporate income taxes and tax credits	− 0.56%	− 6,961
Tax rate differences	− 0.58%	− 7,244
Other	0.19%	2,395
Effective tax	**29.97%**	**374,324**

4.9 Workforce

(Full-time equivalent workforce)	12/31/2020	12/31/2019
France	2,758	2,746
International	882	908
Total	**3,640**	**3,654**

4.10 Defined benefit post-employment benefits

(in thousands of euros)	Closing 2019 *	Effect of discounting	Income financial	Cost of benefits rendered	Transfer mobility	Change actuarial differences fin. Assump.	Change actuarial differences Assump. demog.	Change in actuarial differences of experience	Payment to beneficiaries	Contributions policies	Closing 2020
Commitment amount	39,890	606		2,145	− 6	263	− 52	− 67	− 1,234		41,546
insurance contracts	1,546				− 6	− 1				153	1,692
Provisions for contingencies and expenses	38,738	226	519	40	− 239	1		67	− 995	1,769	40,126

** Including commitments in respect of Belgian entities identified in 2020*

4.11 Commitments given and received

(in thousands of euros)	12/31/2020	12/31/2019
Commitments received	**8,658,907**	**7,411,014**
Bank sureties guaranteeing loans	347,970	451,970
Commitments received on assets (*caps*, *floors*, *reverse repo*, *swaps*)	8,276,872	6,912,525
Commitments on property assets	26,610	40,166
Guarantees and sureties	7,454	6,353
Other commitments received	1	
Commitments given	**4,605,685**	**3,928,702**
Commitments on assets or revenue	4,405,930	3,689,650
Pledges	8,253	30,386
Commitments on property assets	27,786	41,451
Term commitments		400
Guarantees and sureties	7,128	7,128
Other commitments given	156,588	159,687
Securities received as pledges from reinsurers and retrocessionaires	**185,399**	**148,311**

4.12 Scope of consolidation

Scope of consolidation	Country	Consolidation method	12/31/2020		12/31/2019	
			Control	Interest	Control	Interest
Parent company						
GACM SA	France	Fully-consolidated	100.00%	100.00%	100.00%	100.00%
Insurance companies						
ACM IARD SA	France	Fully-consolidated	96.53%	96.53%	96.53%	96.53%
ACM VIE SAM	France	Combined company	100.00%	-	100.00%	-
ACM VIE SA	France	Fully-consolidated	99.99%	99.99%	99.99%	99.99%
MTRL	France	Combined company	100.00%	-	100.00%	-
SÉRÉNIS ASSURANCES SA	France	Fully-consolidated	99.77%	99.77%	99.77%	99.77%
PARTNERS ASSURANCES SA	Belgium	Fully-consolidated	100.00%	99.99%	100.00%	99.99%
NELB SA	Belgium	Fully-consolidated	100.00%	99.99%	100.00%	100.00%
AGRUPACIÓ AMCI D'ASSEGURANCES I REASSEGURANCES SA	Spain	Fully-consolidated	95.22%	95.22%	95.22%	95.22%
ATLANTIS VIDA, COMPAÑÍA DE SEGUROS Y REASEGUROS SA	Spain	Fully-consolidated	88.06%	89.80%	88.06%	89.80%
GACM SEGUROS GENERALES COMPAÑÍA DE SEGUROS Y REASEGUROS, SAU	Spain	Fully-consolidated	100.00%	100.00%	100.00%	100.00%
ICM LIFE SA	Luxembourg	Fully-consolidated	100.00%	99.99%	100.00%	99.99%
NELL SA *	Luxembourg	Fully-consolidated	0.00%	0.00%	100.00%	100.00%
ASTREE SA	Tunisia	Equity-consolidated	30.00%	30.00%	30.00%	30.00%
Other companies						
ACM SERVICES SA	France	Fully-consolidated	100.00%	99.99%	99.99%	99.99%
GIE ACM	France	Fully-consolidated	100.00%	100.00%	100.00%	100.00%
PROCOURTAGE SAS	France	Fully-consolidated	100.00%	100.00%	100.00%	100.00%
AGRUPACIÓ SERVEIS ADMINISTRATIUS AIE	Spain	Fully-consolidated	100.00%	95.22%	100.00%	95.22%
AMDIF SL	Spain	Fully-consolidated	100.00%	95.22%	100.00%	95.22%
ASESORAMIENTO EN SEGUROS Y PREVISIÓN ATLANTIS, SL	Spain	Fully-consolidated	80.00%	80.00%	80.00%	80.00%
ASISTENCIA AVANÇADA BCN SL	Spain	Fully-consolidated	100.00%	95.22%	100.00%	95.22%
ATLANTIS ASESORES SL	Spain	Fully-consolidated	80.00%	80.00%	80.00%	80.00%
ATLANTIS CORREDURÍA DE SEGUROS Y CONSULTORÍA ACTUARIAL, SA	Spain	Fully-consolidated	60.00%	60.00%	60.00%	60.00%
GACM ESPAÑA SA	Spain	Fully-consolidated	100.00%	100.00%	100.00%	100.00%
TARGOPENSIONES, ENTIDAD GESTORA DE FONDOS DE PENSIONES SA	Spain	Fully-consolidated	100.00%	95.22%	100.00%	95.22%
TARGOSEGUROS MÉDIACIÓN SA	Spain	Fully-consolidated	90.00%	90.00%	90.00%	88.26%
Property companies						
FONCIÈRE MASSÉNA SA	France	Fully-consolidated	100.00%	99.74%	100.00%	99.74%
SCI ACM	France	Fully-consolidated	100.00%	99.63%	100.00%	99.70%
SCI ACM COTENTIN	France	Fully-consolidated	100.00%	99.99%	100.00%	99.99%
SCI ACM PROVENCE LA FAYETTE	France	Fully-consolidated	100.00%	99.83%	100.00%	99.83%
SCI ACM SAINT AUGUSTIN	France	Fully-consolidated	100.00%	99.83%	100.00%	99.83%
SCI ACM TOMBE ISSOIRE	France	Fully-consolidated	100.00%	99.99%	100.00%	99.99%
SCI ACM 14 RUE DE LONDRES	France	Fully-consolidated	100.00%	99.83%	100.00%	99.83%

* Company absorbed by ICM LIFE SA in 2020

In accordance with the definition of control set out in IFRS 10. GACM does not include in its scope of consolidation any mutual funds over which it does not exercise control.

4.13 Non-consolidated equity investments

The total of GACM's unconsolidated equity investments amounted to €2,416,438 thousand.

The largest equity investments are detailed in the following table:

Name	Location of registered office	12/31/2020		12/31/2019		
		Balance sheet value	Holding	Profit (loss)	Equity	Balance sheet value
ARDIAN HOLDING	Paris	382,530	16%	163,572	450,084	210,466
CAISSE FÉDÉRALE DE CRÉDIT MUTUEL	Strasbourg	739,377	12%	107,521	6,594,192	739,452
DESJARDINS GPE, Assurances Générales inc. - Ordinary shares DESJARDINS GPE, Assurances Générales inc. - Preferred shares	Quebec	293,100 72,970	10% 19%	N/A	N/A	N/A
MUTUELLES INVESTISSEMENTS SAS	Strasbourg	111,081	10%	61,887	1,045,803	98,391

4.14 Risk management

4.14.1 Technical risk management

Technical risk management covers all the risks that an insurer takes when marketing insurance contracts:

- underwriting risk;
- provisioning risk;
- catastrophic risk.

The inverted cycle that characterizes the insurance sector makes it necessary to monitor this technical risk over time.

Generally speaking, GACM's insurance companies underwrite a whole range of "simple" risks from individuals and SMEs.

Note in particular the following risks relating to non-life insurance companies:

- bodily injury: incapacity, disability, care costs. Long-term care;
- motor: damages and liability insurance;
- personal and professional risks: fire, explosion, damage due to natural elements. Natural disasters;
- general liability for individuals and professionals;
- miscellaneous pecuniary losses;
- legal assistance.

For life insurance companies: all transactions relating to life, death, capitalization transactions, and management of point-based pension plans.

Technical risk management is based around the following main pillars:

- the business units that handle sales development and pricing;
- the actuarial-technical forecasting department. Which coordinates the calculation of provisions for the corporate balance sheets;
- management control. Including reporting and fund analyses to monitor this technical risk throughout its term;
- the reinsurance department, which identifies all the risks to be outsourced. Defines the appropriate coverage program and places it on the market;
- the key actuarial function, which is responsible for the actuarial coordination of the various business Coordinating the calculation of technical reserves and issuing an opinion on the overall underwriting policy and on the adequacy of reinsurance arrangements;
- the key risk management function. Which is responsible for coordinating the risk management system and ensuring that effective management approves the overall level of risk incurred and understands the consequences of the occurrence of these risks on projected solvency and profitability of the Group.

4.14.2 Financial risk management

The financial risk management policy aims to establish an asset structure in line with liability commitments.

The investment and management rules and limits set are the first step in managing financial risks. This set of rules is described in the investment risk management policy. Financial risk management covers all of the following risks:

- interest rate risk;
- equity and other volatile asset risks;
- property risk;
- credit risk;
- foreign exchange risk;
- liquidity risk;
- counterparty risk (within the meaning of Solvency II).

It is based around several services:

- the asset-liability management (ALM) service. Which defines strategic asset allocations based on liability constraints in order to limit interest rate risk. Equity risk and property risk;
- financial risk management, which builds a set of limits and internal rules aimed at limiting exposure to liquidity. Credit and counterparty risks (within the meaning of Solvency II);
- asset managers, who define tactical allocations and manage asset portfolios. While taking into account the constraints set by ALM and financial risk management;
- the Financial Risk Control Department, which ensures. A posteriori compliance with the limits set;
- the key risk management function. Which is responsible for coordinating the risk management system.

Market risk

Given the preponderance of the savings activities of the savings & retirement insurance subsidiaries in France and abroad. GACM is particularly concerned by market risks. Given the very large volume of financial assets representing commitments to policyholders.

Market risk is the risk of loss that may result from fluctuations in the prices of the financial instruments that make up a portfolio.

These risks notably impact the valuation of the assets in the portfolio, their long-term return and must be managed in close connection with liability matching and. In particular in savings & retirement, the guarantees granted to policyholders (minimum guaranteed rate. Minimum guarantee. Etc.).

GACM's market risk management is currently organized around individual control of certain financial risks deemed to be major (interest rate risk. Equity risk. Credit risk. Liquidity risk. Etc.) and an overall risk analysis designed to protect the Group against the simultaneous occurrence of several such risks.

GACM uses three types of tools to monitor market risks:

- balance sheet management models;
- a risky asset allocation model;
- asset/liability analyses of portfolios.

Balance sheet management models

These are balanced. Forward-looking and accounting models.

They aim to depict the evolution of the company's balance sheet according to deterministic or stochastic scenarios.

In deterministic mode. They project projected operating accounts as well as the main balance sheet items.

They also provide a projection of all the components of the solvency margin. As such, they make it possible to measure the projected margin requirements in order to carry out. If necessary. The appropriate financial transactions.

In stochastic mode, financial variables (yield curve and equity market performance. Alternative management and property) and technical variables (claims experience and claims settlement rate for non-life insurance) are simulated. Each simulation corresponds to a scenario involving changes in interest rates, financial markets, claims experience and the rate at which claims are settled. Which leads to changes in the market value of the assets and financial statements of the Group's companies.

A large number of simulations are used to establish a statistical distribution of accounting and economic indicators.

These models are used to define asset allocations, perform ALM studies and produce Solvency II calculations.

Risky asset allocation model

The allocation model makes it possible to manage risk on risky assets (mainly equities. venture capital. alternative management and real estate). This study is carried out periodically to limit excessive risk-taking. Investment budgets are approved by the Finance Committee.

Asset/liability analyses of portfolios

These studies are carried out every six months, by each management group within each company. They provide information to asset managers to guide their investments.

This information is on several levels:

- asset and liability cash flow projections;
- monitoring asset and liability durations;
- liability breakdown and monitoring of minimum rate commitments;
- portfolio composition by major asset classes;
- bond portfolio composition by sector and rating. and monitoring average rating;
- deadweight actions.

Interest rate risk

Type of exposure and risk management

In life insurance, interest rate risk mainly concerns savings in euros. It can take two forms:

- a risk of rising interest rates: due to the inertia of the portfolio's rate of return, in the event of a rise in interest rates, the rate paid by the insurer on euro-denominated contracts may initially be well below market rates. The phenomenon is all the more important if the rise in rates is sharp and sudden. Policyholders may then decide to surrender their policy to invest their savings in a competing product. These redemptions, if they become significant, may force the insurer to sell its bonds and realize capital losses;
- a downside risk: if rates fall, the rate of return on the asset is diluted. The risk for the insurer is that it will no longer be able to pay the minimum guaranteed rates on euro savings contracts.

In non-life insurance, the interest rate risk is manifested by:

- the emergence of unrealized capital losses in the event that rates rise;
- the loss of income on new investments as well as an increase in certain technical provisions (motor liability, disability and long-term care coverage), in the event that rates drop.

The Finance Committee defines interest rate hedges as part of the general policy adopted by the Board of Directors of insurance companies and the GACM Supervisory Board.

For savings portfolios, where the majority of the risk is concentrated, it is based on a methodology designed to measure the extent of interest rate movements (upward and downward movements of the yield curve) that the company can withstand while respecting the commitments made to policyholders.

When the levels of protection are deemed insufficient, the Finance Department may purchase additional financial hedges.

Interest rate sensitivity analysis

The interest rate sensitivity of GACM's bond portfolio is determined by assuming a 1% increase and decrease in interest rates:

	12/31/2020		
(in millions of euros)	Rate shock	Impact profit (loss)	Impact equity
Increase of 1% in the risk-free rate	− 747	− 22	− 725
Decrease of 1% in the risk-free rate	822	23	799

	12/31/2019		
(in millions of euros)	Rate shock	Impact profit (loss)	Impact equity
Increase of 1% in the risk-free rate	− 623	− 26	− 598
Decrease of 1% in the risk-free rate	684	28	656

The impacts are shown net of deferred profit-sharing and taxes.

The sensitivity is recorded in equity for available-for-sale securities and in profit or loss for securities classified at fair value through profit or loss.

Equity risk and similar

Type of exposure and risk management

Equities and similar assets are by nature volatile. Impairment of these assets (excluding investments representing unit-linked commitments), in accordance with the valuation method defined in article R.343-10 of the Code des assurances, will impact the financial statements of insurance companies.

In fact, the insurer may have to recognize provisions for impairments and/or a provision for liquidity risk (PRE) in the event of an unrealized loss of value on these assets, thus leading to a significant decrease in investment income.

This fluctuation in market value also introduces volatility in the valuations and consequently in the accounting provisions likely to impact the remuneration of policyholders.

Monitoring and management of "equity" risk is carried out through the risk asset allocation model. Depending on the target allocations in the other asset classes classified in R.343-10, the allocation model makes it possible to determine the envelopes in risky assets for the year. This study is carried out periodically to limit excessive risk-taking. Investment budgets are approved by the Finance Committee.

The objective is to define investments in risky assets (mainly equities, alternative management. venture capital. real estate) which, even in an extreme scenario of equity market decline, allow a minimum revaluation on the savings portfolios and preserve a portion of the Company’s net profit.

Analysis of sensitivity to equity and similar risk

A numerical evaluation of the equity risk can be expressed by the sensitivity determined by assuming a 10% rise or fall in equities:

	12/31/2020		
(in millions of euros)	Rate shock	Impact profit (loss)	Impact equity
10% increase in equity markets	306	50	257
10% decrease in equity markets	− 306	− 51	− 256

	12/31/2019		
(in millions of euros)	Rate shock	Impact profit (loss)	Impact equity
10% increase in equity markets	284	43	242
10% decrease in equity markets	− 284	− 45	− 240

The impacts presented take into account the profit sharing rate of the portfolio holding the financial investments and the applicable tax rate.

These sensitivity calculations include the impact of changes in the benchmark market index on the valuation of assets at fair value.

Changes in the fair value of available-for-sale financial assets impact unrealized reserves; other items impact net profit (loss).

Foreign exchange risk

Foreign exchange risk is defined as the risk of loss due to fluctuations in the exchange rate of currencies against the euro.

GACM's asset portfolio has very little exposure to foreign currencies.

As a result, this risk remains marginal for GACM, as shown by the sensitivity to foreign exchange risk, determined by assuming a 10% rise or fall in each currency against the euro:

	12/31/2020		
(in millions of euros)	Rate shock	Impact profit (loss)	Impact equity
+10% of each currency against the euro	40	3	36
-10% of each currency against the euro	− 40	− 3	− 36

	12/31/2019		
(in millions of euros)	Rate shock	Impact profit (loss)	Impact equity
+10% of each currency against the euro	38	3	36
-10% of each currency against the euro	− 38	− 3	− 36

The impacts are shown net of deferred profit-sharing and taxes.

Liquidity risk

Type of exposure and risk management

Liquidity risk is the risk of not being able to sell an asset or of selling it at a significant discount.

GACM manages liquidity risk through stress tests and liquidity gaps.

A stress test makes it possible to analyze the needs of each Group company in terms of assets that can be sold in the medium term. This study is carried out annually. The stress test results on liabilities are compared to the liquid asset positions.

One stress test showing massive redemptions within one year was also defined for the life insurance companies' savings funds in euros. The results of these sales are analyzed in the regular reports to the Group controller.

A study of long-term liquidity gaps ensures that projected flows from savings and similar liabilities over the next 15 years are covered by the projected cash flow generated by the assets plus the money market fund in the first year. No revenue is taken into account. Benefits are estimated according to the current laws. This study is carried out twice annually.

A "liquidity emergency plan" has been adopted. It recommends regular monitoring of redemptions of the Group's life insurance companies by the modeling and risk management department, prioritization of disposals according to the intensity of redemptions, and monthly meetings on liquidity in the event this risk occurs. The result is analyzed by regular reports of the Group companies.

Maturity profile of the financial investments portfolio

Note 4.7.9 to the consolidated financial statements presents the maturity profile of GACM's bond portfolio (excluding unit-linked contracts).

Credit risk and counterparty risk

Credit risk is the risk that an issuer will default and be unable to make payments on its debt.

Credit risk management takes place on several levels:

- exposure limits by issuer. These limits take into account the issuer's rating by the main rating agencies. Exposure to the debt of the peripheral countries of the euro zone (Spain, Greece, Ireland, Italy, Portugal) has also been reduced;
- exposure limits by rating class. These limits have been adjusted to limit the impact of defaults, in 95% of cases, based on the financial strength of the company.

Counterparty risk is the risk that one of the counterparties to financial transactions (derivatives or repurchase agreements) or reinsurance transactions will not be able to meet its commitments. This section only considers the counterparty risk for financial instruments.

The following financial transactions are likely to generate counterparty risk within GACM:

- repurchase agreements;
- derivative products such as caps, swaptions, and cross currency swaps (CCS).

However, the risk is limited by the fact that these transactions are carried out only with first-rate counterparties with whom

GACM has entered into daily collateral exchange agreements.

4.14.3 Capital management

For its capital management, the company establishes in the ORSA projections of results and solvency margin coverage (Solvency II framework) over five years for all insurance companies and for the consolidated financial statements of GACM.

These projections are made using a base case scenario of economic and financial assumptions, along with alternative scenarios.

Capital management is then defined according to the results of these simulations and the company's risk appetite.

Risk appetite

The company's risk appetite is defined in the following way:

- ensure that the Company’s net profit (loss) does not deviate by more than a certain percentage from the average net profit (loss) recorded over the last three years;
- protect a solvency ratio level (Solvency II) in all test scenarios.

Strasbourg, February 10, 2021.

For the year ended 31 December 2020

To the annual general meeting of Groupe des Assurances du Crédit Mutuel S.A

Opinion

In compliance with the engagement entrusted to us at your Annual General Meetings, we have audited the accompanying consolidated financial statements of Groupe des Assurances du Crédit Mutuel S.A. for the year ended 31 December 2020.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2020 and of the results of its operations for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit and Risk Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that our audit has provided us with sufficient appropriate information on which to base our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

Independence

We conducted our audit engagement in accordance with the independence rules applicable to us under the French Commercial Code (Code de commerce) and the Code of ethics (Code de déontologie) for statutory auditors for the period from 1 January 2020 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments – Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of health emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole, and in forming our opinion thereon. We do not provide a separate opinion on specific items of the consolidated financial statements.

Measurement of increasing risks reserves for creditor policies

Audit risk identified and main judgments

An increasing risks reserve is recorded to cover timing differences between the coverage of risks and their financing in the form of insurance premiums over the term of the loan. The escalating risks reserve amounted to €974.7 million at 31 December 2020, compared to €814 million at 31 December 2019.

This reserve is calculated prospectively, by comparing the insurer's future commitments with those of the policyholder. French regulations do not specify all of the inputs to be used to calculate this reserve.

Given the Covid-19 health crisis, mortality, temporary and permanent disability and unemployment assumptions may change over time. Consequently, we deemed this risk to be a key audit matter in view of the sensitivity of the calculation of the escalating risks reserve for creditor policies to the choice of the following key assumptions, which require a significant degree of judgment from Management:

- The experience-based tables for temporary and permanent disability prepared based on historical data and trends observed in the portfolio;
- Establishing groups of contracts with similar characteristics to calculate the reserve;
- The surrender behaviour of policyholders, in particular given the early surrender options authorised under applicable regulations.

Audit procedures in response to the risk identified

Our audit consisted in:

- Analysing the consistency of the method used / documentation sent together with the contractual terms and conditions;

- Updating our review of the method used to build the disability onset table;
- Analysing the assumptions compared to insured risks and regulations (discount rates, regulatory tables, etc.) ;
- Analysing the actuarial formulae used;
- Performing recalculations on several credit lines;
- Analysing the run-off of reserves booked at 31 December 2019.

Measurement of claims reserves (including IBNR and other provisions) for bodily injury claims in connection with auto insurance policies

Audit risk identified and main judgements

Reserves for bodily injury claims in connection with auto insurance policies correspond to incurred but not paid claims (both principal and related charges) and include an estimate of IBNR or late policy payouts. The reserves appear on the balance sheet in an amount including €939.6 million for ACM IARD S.A., as shown in the notes to the consolidated financial statements of GACM S.A.

Measurement of these reserves requires professional judgment on the part of Management, as well as consideration of changing industry benchmarks (Gazette du Palais, BCIV, etc.), to measure damages.

Given the relative weight of these reserves on the balance sheet and the degree of judgment exercised by Management, we deemed measurement of these reserves to be a key audit matter.

Audit procedures in response to the risk identified

Our audit included reviewing:

- the assumptions used to calculate the reserves and their compliance with regulations in force at 31 December 2020;
- the methods used to calculate the various reserves;
- auto insurance bodily injury cases, by interviewing the case managers;
- reserves calculated for auto insurance bodily injury claims by ACM IARD S.A. and Sérénis Assurance, by:
- analysing actuarial methods and assumptions;
- reviewing documentation sent;
- Run-off analysis as at 31 December 2019.

Measurement of claims expenses relating to "Operating losses" coverage

Audit risk identified and main judgements

In response to the health crisis, GACM S.A. has taken a number of extraordinary measures to support its policyholders that are professionals or companies. A mutual relief premium (Prime de Relance Mutualiste), in the form of an immediate, lump-sum payment, was paid to professional multi-risk policyholders with coverage for business interruption. The mutual relief premium totalled €178.8 million.

In addition, GACM S.A. recognised an €88.9 million provision for legal contingencies relating to the interpretation of some contract clauses.

The methods used to estimate this provision are described in the notes to the consolidated financial statements of GACM S.A., specifically section 4.3. "Accounting policies and principles" (heading 4.3.8, "Insurance contracts", paragraphs "Non-life insurance" and "Provisioning of business interruption guarantees") and section 4.8 "Notes to the income statement" (heading 4.8.4 "Insurance policy servicing expenses").

We considered this a key audit matter given the complexity involved in estimating claims and benefits costs and the major uncertainty relating to potential future disputes on the interpretation of "operating losses" benefits in some policies.

Audit procedures in response to the risk identified

Our work involved:

- reviewing the legal analyses of the contractual terms in the policies and their interpretations prepared by the Legal Department;
- reviewing the methods to determine assumptions used to measure the provision for operating losses and their consistency with the contractual conditions;
- reviewing the calculation of the claims charge relating to operating losses;
- reviewing logs of claims and disputed claims.

Classification, measurement and impairment of financial investments

Audit risk identified and main judgements

Financial assets, derivative instruments and the methods used to classify and measure them at the end of the reporting period are outlined in Note 4.3.5 to the consolidated financial statements. Methods for determining impairment are also outlined there.

Investments classified as available-for-sale are measured at fair value at the end of the reporting period. Fair value changes are recognised directly in equity, taking into account the shadow accounting and the deferred tax effects.

Financial assets at fair value through profit or loss are measured at fair value at the end of the reporting period. They are recognised directly in profit or loss, taking into account the shadow accounting and the deferred tax effects.

Loans and receivables and held-to-maturity investments are recognised at amortized cost.

In the three-level fair value hierarchy, level 3 comprises all assets measured using inputs not based on observable market data. Fair value can be determined from internal measurement models derived from standard models or from external providers measurement without reference to an active market.

The measurement of investments used to determine the impairment could not reflect market value.

Given the €137.0 billion of non-real estate investments stated in Note 4.7.5 to the consolidated financial statements, their relative weight on the balance sheet (96.1%), and the degree of judgment required on the part of Management, particularly as regards the measurement of assets based on unobservable market inputs, we deemed the measurement and impairment of financial investments to be a key audit matter.

Audit procedures in response to the risk identified

To assess the reasonableness of the measurement and impairment of financial investments, we performed the following work based on the information provided to us:

- We assessed the internal control environment relating to the measurement process, particularly the implementation and effectiveness of key controls;
- We checked the consistency of measurement by performing an external measurement using our pricing tool for listed securities;
- For structured products, we performed a comparative measurement on a sample of structured products;
- For unlisted securities, we performed substantive procedures on a selection of lines;
- We reviewed provisions for impairment, ensuring that the applicable rules under IFRS were correctly applied;
- We examined and substantiated counterparty risk based on changing stock market values;
- We controlled wash sales and their impacts on the financial statements;
- We examined and substantiated classification changes between the three levels of the fair value hierarchy and various intended holding periods;
- We examined the financial disclosures required under IFRS 7 in the notes to the financial statements;
- We ensured the consistency of the shadow accounting effect recognised with regard to the fair value of assets.
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Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the Management Board's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Groupe des Assurances du Crédit Mutuel S.A. at the annual general meeting of 3 May 2017 for KPMG S.A. and 6 May 2020 for PricewaterhouseCoopers Audit.

As at 31 December 2020, KPMG S.A. was in the fourth year of total uninterrupted engagement and PricewaterhouseCoopers Audit in its first year.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements have been approved by the Management Board.

Statutory Auditors’ Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit, and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements.
- Assesses the appropriateness of Management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit and Risk Committee

We submit a report to the Audit and Risk Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Risk Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this audit report.

We also provide the Audit and Risk Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (Code de commerce) and in the French Code of Ethics (Code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit and Risk Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

The Statutory Auditors

Paris La Défense, 15 April 2021	Neuilly-sur-Seine, 15 April 2021
KPMG S.A.	PricewaterhouseCoopers Audit
Francine Morelli *Partner*	Sébastien Arnault *Partner*