

MANAGEMENT REPORT

IFRS Consolidated Financial Statements

→ GROUPE DES ASSURANCES DU CRÉDIT MUTUEL SA

2019



SUMMARY

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GRUPE DES ASSURANCES DU CRÉDIT MUTUEL IN 2019

The concept of *bancassurance* (bank insurance) was created and has been developed by Crédit Mutuel since 1971. On the strength of more than 40 years' experience, the insurance business carried out through Groupe des Assurances du Crédit Mutuel (GACM) is fully integrated, both commercially and technically, within Crédit Mutuel Alliance Fédérale.

GACM companies design and manage a complete range of insurance products for individuals, professionals, businesses and associations:

- health, protection & creditor insurance;
 - savings & retirement insurance.
- property & casualty insurance;

The banking networks are the heart of GACM's business. At the same time, GACM's insurance products are distributed to targeted customers through brokers or through the agency networks of certain Group companies (Partners Assurances SA agency networks in Belgium, Agrupació in Spain).



GACM operates internationally in the following countries:

- under the Freedom to Provide Services (FPS), in Germany, Monaco and in most of the European countries in which COFIDIS operates;
- in Spain, through GACM ESPAÑA SA, a holding company created in 2015, a wholly -owned subsidiary of GACM, which owns Atlantis Vida SA, Agrupació AMCI SA and GACM Seguros Generales SA;
- in Belgium, with Partners Assurances SA and NELB SA (North Europe Life Belgium), wholly-owned subsidiaries of GACM;

- in Luxembourg, with ICM Life SA and NELL SA (Nord Europe Life Luxembourg), wholly-owned subsidiaries of GACM.

GACM also holds equity investments in several insurance companies abroad:

- in Canada, with a 10% stake in all of the insurance and benefits companies of the Desjardins movement;
- in Tunisia, where GACM holds 30% of the share capital of the insurance company Astrée SA.



In France, the management of GACM companies is centralized within an economic interest group, the GIE ACM. The functional services are common to all the Group's insurance subsidiaries. The management teams employed by GIE ACM are spread over 8 interconnected sites and use the IT resources of Crédit Mutuel Alliance Fédérale. The

employees thus work for different insurance companies of the group and apply standardized management procedures.

The GIE ACM, created without capital, is fully consolidated due to its activity as a distributor of costs shared by Group companies.

HIGHLIGHTS

A sustainably low-rate environment

The announcement in June 2019 of the continuation of the quantitative easing policy initiated by the ECB led to a further rate cut.

Beyond the unprecedented levels of interest rates observed in the second half of 2019 -with the ten-year French OAT falling into negative territory- a change of outlook and a consensus seem to be emerging on sustainably maintaining this situation.

This environment primarily affects the prospective profitability and solvency ratios of life insurance companies. In savings & retirement insurance, the Group's strategy of better diversifying its policyholders' financial savings into unit-linked products, both in terms of premiums and reserves, has been maintained in 2019. In order to limit the dilution of returns on bond portfolios, GACM has also raised the entry fee for payments into euro-denominated products, with no exceptions possible.

In this environment, the interest rate policy continues to reflect the desire to ensure a balance between adequate remuneration of contracts and the preservation of distribution capacity for future years. As a result, the rates offered for fiscal year 2019 are down approximately 0.40% to an average of just over 1.20%.

This situation also impacts the technical provisions recorded by GACM, particularly those related to longer duration risks. The fall in interest rates led to an increase in provisions, more specifically in motor insurance for bodily injury claims, and in health, protection & creditor insurance, mainly for long-term care and work disability risks. The impact on the 2019 profit of changes in technical rates is approximately €85 million before tax.

Lastly, new business rates for level premium contracts, particularly for funeral and long-term care contracts, have been adjusted accordingly.

Diversification of ACM VIE SA's equity

At the end of 2019, ACM VIE SA decided to issue a subordinated loan in the amount of €500 million, with an annual coupon of 1.817% and a maturity date of December 18, 2029. This loan was underwritten by Banque Fédérative du Crédit Mutuel (BFCM).

The company took advantage of historically low rates and spreads to diversify its capital structure. This subordinated loan qualifies as Tier 2 capital in accordance with Articles 72 and 73 of Delegated Regulation n°2015/35 of October 10, 2014 supplementing the Solvency II Directive.

Climatic events

The year 2019 was exceptional due to the succession of very diverse climatic events: hail, floods, earthquakes and above all drought. Together, these events represented an expense for GACM of €185 million (€143 million net of reinsurance), a significantly higher amount than in 2018.

The exact financial consequences of droughts are difficult to assess. The resulting losses take a long time to develop and a large proportion of these losses are only declared after the publication in the Official Journal of the ministerial decrees recognizing the state of natural disaster, which often occurs the following year.

Late declarations relating to the 2018 drought, and to a lesser extent the 2017 drought, were numerous as of June 2019 and resulted in a charge of €33 million net of reinsurance in the 2019 financial statements.

Disposal of shares of Royale Marocaine d'Assurance by GACM

On October 18, 2019, GACM sold its entire stake of 22.02% of the capital of Royale Marocaine d'Assurance (RMA). The amount of the transaction is 2.15 billion Moroccan dirhams, or €198 million.

The disposal resulted in an overall capital gain of €86 million in the consolidated financial statements, leading to non-recurring income of €70 million from the Moroccan operations. The transaction was approved on December 6, 2019 by the Moroccan regulatory authority. The Moroccan Foreign Exchange Office authorized GACM to convert and repatriate the funds into euros in the first quarter of 2020.

KEY FIGURES

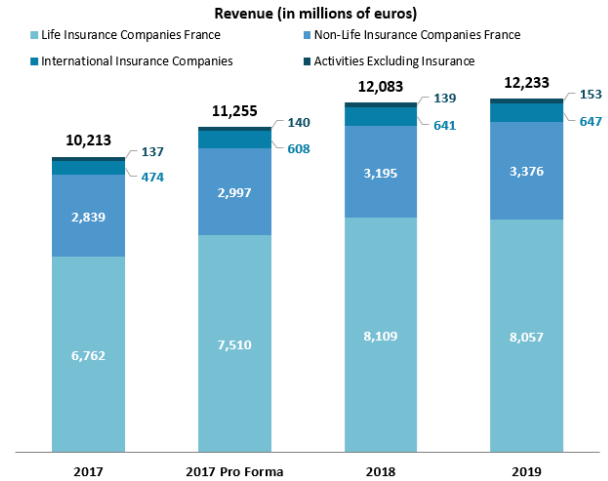
Consolidated revenue: €12.2 billion

In 2019, GACM's consolidated revenue amounted to €12,233 million. Written premiums amounted to €12,080 million, an increase of 1.1%.

GACM's international insurance companies account for 5.4% of written premiums. Spain is the largest foreign market, followed by Belgium.

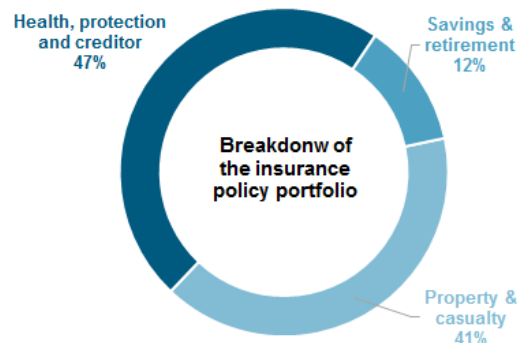
Non-life insurance company business in France once again rose sharply (+5.7%), continuing to grow steadily in all business lines.

The revenue of life insurance companies in France was down by 0.6%, due to the desire to contain savings & retirement insurance premiums in a very low interest rate environment. The share of unit-linked accounts in France was down to 22.4% (-5.4 points). This decline is due to a lower risk appetite on the part of individual investors since the decline in the financial markets at the end of 2018.



Almost 32 million contracts

The insurance contract portfolio increased by 3.2% to reach nearly 32 million at the end of 2019. Growth continued in property & casualty insurance (+4.1%), health, protection & creditor insurance (+2.9%) and savings & retirement insurance (+1.0%).



IFRS consolidated net profit: €85.6 million

The consolidated net profit of GACM was up by 3.6% compared to the previous fiscal year (€85.1 million).

The results for 2019 reflect the solid and diversified foundation of the Group's business. The decline in technical margins caused by the continued decline in rates and the multiplication of climatic uncertainties was offset by the increase in net investment income and by the capital gain realized on the disposal of RMA shares.

(in millions of euros)

	2019	2018	Chg. %
Net profit (loss) consolidated	885.6	855.1	3.6%
attributable to owners of the parent	879.1	845.7	3.9%
attributable to minority interests	6.5	9.4	-30.6%

GACM WRITTEN PREMIUMS IN 2019

(in millions of euros)

	2019				2018				% Chg.
	Non-Life France	Life France	International	Total	Non-Life France	Life France	International	Total	
Property & casualty insurance	1,995		210	2,205	1,876		207	2,083	5.8%
of which motor	1,067		152	1,220	998		155	1,153	5.8%
of which property damage & liability insurance	610		42	651	576		37	613	6.1%
of which other property & casualty	318		16	334	302		15	317	5.5%
Health, protection & creditor insurance	1,377	1,533	280	3,190	1,313	1,513	218	3,044	4.8%
of which health	801		125	926	769		121	890	4.0%
of which protection	215	373	42	629	200	355	41	596	5.6%
of which creditor	362	1,160	113	1,635	344	1,158	55	1,558	5.0%
Surety insurance	3			3	4			4	-20.6%
Savings & retirement		6,523	127	6,651		6,595	188	6,783	-2.0%
Accepted reinsurance	1	0	30	31	1	0	28	30	6.1%
Total	3,376	8,057	647	12,080	3,195	8,109	641	11,944	1.1%

Savings & retirement insurance

GACM's gross inflows amounted to €6,651 million, down by 2.0% compared to 2018 (+3.5% for the market). For France, the decline was 1.1%.

The Group's policy aimed at improving savings & retirement insurance diversification, both in terms of premiums and reserves, continued in 2019. To support this strategy, GACM now offers a comprehensive range of management services, including packaged solutions, guided management and arbitrage mandates. The share of unit-linked accounts in France was 22.4%, down on the previous year (27.7%). The decline in financial markets at the end of 2018 mitigated the

risk appetite of individuals at the beginning of the year. In terms of the market, although there was a decline in unit-linked accounts in the first part of the year, this was almost entirely made up by the end of the year. The proportion of unit-linked accounts in the market's total premiums remained stable (27.4% at the end of 2019) versus 27.8% at the end of 2018).

The decrease in premiums and the stability of outflows naturally resulted in a decrease in net inflows of 15% compared to 2018, to €892 million. Unlike in 2018, the majority of net inflows were in euros (€695 million).

Property & casualty insurance

Written premiums from property & casualty insurance amounted to €2.205 billion, up by 5.8%. The growth recorded in France in the motor and property damage & liability segment outperformed the market. These two business lines, which account for 15% of written premiums, continued to grow steadily with growth of +5.8% and + 6.1% respectively in 2019.

Motor insurance products once again posted good sales performance this year. At more than three million contracts, the portfolio grew by 3.3% and generated written premiums of €1,220 million.

Health, protection & creditor insurance

Health, protection & creditor insurance is a major growth area. Written premiums were up by 4.8%.

Health insurance posted written premiums of €926 million, up by 4.0%, supported by the roll-out in 2018 of a new range of individual health insurance products marketed in the Crédit Mutuel and CIC networks and by a new offer in Spain.

In property damage & liability insurance, new policies were up by 1.1% and contributed to the increase in written premiums, which stood at €651 million.

Lastly, all other property & casualty products continued to grow. More specifically, the professionals' multi-risk portfolio grew by 16.2%. The roll-out in the second half of 2019 of a new decennial liability insurance product for building tradesmen, as well as a revised automobile fleet offering, will contribute to strengthening growth in the professional market.

In protection, the overhaul of the funeral offer, launched in 2018, continued, and the protection offer for self-employed workers was revised. Protection written premiums increased by 5.6%.

In creditor insurance, the insurance portfolio grew by 3.9% in 2019 and stood at 7.0 million contracts, in an increasingly competitive environment since the Bourquin law. Benefiting from the increase in loans granted, the production of contracts backed by property loans rose by 7.7%.

GACM SCOPE OF CONSOLIDATION AT END OF 2019

	12/31/2019 % interest	12/31/2018 % interest	Consolidation method	Events of the fiscal years	Type of company
ACM IARD SA	96.53%	96.53%	<i>Full consolidation</i>		<i>Non-Life</i>
ACM SERVICES SA	99.99%	99.99%	<i>Full consolidation</i>		<i>Other activities</i>
ACM VIE SAM (6)	-	-	<i>Full consolidation</i>		<i>Life</i>
ACM VIE SA	99.99%	99.99%	<i>Full consolidation</i>		<i>Mixed</i>
AGRUPACIÓ AMCI D'ASSEGURANCES I REASSEGUANCES SA (4)	95.22%	95.22%	<i>Full consolidation</i>		<i>Mixed</i>
AGRUPACIÓ SERVEIS ADMINISTRATIUS AIE (4)	95.22%	95.22%	<i>Full consolidation</i>		<i>Other activities</i>
TARGOPENSIONES, ENTIDAD GESTORA DE FONDOS DE PENSIONES SA (4)	95.22%	95.22%	<i>Full consolidation</i>		<i>Other activities</i>
AMDIF SL (4)	95.22%	95.22%	<i>Full consolidation</i>		<i>Other activities</i>
GACM SEGUROS GENERALES COMPAÑIA DE SEGUROS Y REASEGUROS SAU (4)	100.00%	100.00%	<i>Full consolidation</i>		<i>Non-Life</i>
ASESORAMIENTO EN SEGUROS Y PREVISIÓN ATLANTIS, SL (4)	80.00%	80.00%	<i>Full consolidation</i>		<i>Brokerage</i>
ASISTENCIA AVANÇADA BCN SL (4)	95.22%	95.22%	<i>Full consolidation</i>		<i>Other activities</i>
ASTREE SA (3)	30.00%	30.00%	<i>Equity consolidated</i>		<i>Mixed</i>
ATLANTIS ASESORES SL (4)	80.00%	80.00%	<i>Full consolidation</i>		<i>Brokerage</i>
ATLANTIS CORREDURÍA DE SEGUROS Y CONSULTORÍA ACTUARIAL, SA (4)	60.00%	60.00%	<i>Full consolidation</i>		<i>Brokerage</i>
ATLANTIS VIDA, COMPAÑIA DE SEGUROS Y REASEGUROS SA (4)	89.80%	89.80%	<i>Full consolidation</i>		<i>Life</i>
FONCIÈRE MASSÉNA SA	99.74%	99.74%	<i>Full consolidation</i>		<i>Property</i>
GACM SA	100.00%	100.00%	<i>Full consolidation</i>		<i>Holding company</i>
GACM ESPAÑA SA (4)	100.00%	100.00%	<i>Full consolidation</i>		<i>Holding company</i>
GIE ACM	100.00%	100.00%	<i>Full consolidation</i>		<i>Other activities</i>
ICM LIFE SA (1)	99.99%	99.99%	<i>Full consolidation</i>		<i>Life</i>
MTRL (6)	-	-	<i>Full consolidation</i>		<i>Mixed</i>
NELB "NORTH EUROPE LIFE BELGIUM" SA (2)	100.00%	100.00%	<i>Full consolidation</i>		<i>Life</i>
NELL "NORD EUROPE LIFE LUXEMBOURG" SA (1)	100.00%	100.00%	<i>Full consolidation</i>		<i>Life</i>
PARTNERS ASSURANCES SA (2)	99.99%	99.99%	<i>Full consolidation</i>		<i>Non-Life</i>
PROCOURTAGE SAS	100.00%	100.00%	<i>Full consolidation</i>		<i>Brokerage</i>
RMA SA (5)	0.00%	22.02%	<i>Equity consolidated</i>	<i>Disposal</i>	<i>Mixed</i>
SCI ACM	99.70%	99.70%	<i>Full consolidation</i>		<i>Property</i>
SCI ACM COTENTIN	99.99%	99.99%	<i>Full consolidation</i>		<i>Property</i>
SCI ACM PROVENCE LA FAYETTE	99.83%	99.83%	<i>Full consolidation</i>		<i>Property</i>
SCI ACM 14 RUE DE LONDRES	99.83%	99.83%	<i>Full consolidation</i>		<i>Property</i>
SCI ACM SAINT AUGUSTIN	99.83%	99.83%	<i>Full consolidation</i>		<i>Property</i>
SCI ACM TOMBE ISSOIRE	99.99%	100.00%	<i>Full consolidation</i>		<i>Property</i>
SÉRÉNIS ASSURANCES SA	99.77%	99.71%	<i>Full consolidation</i>		<i>Non-Life</i>
TARGOSEGUROS MÉDIACIÓN SA (4)	88.26%	88.26%	<i>Full consolidation</i>		<i>Brokerage</i>

1) Luxembourg companies

2) Belgian companies

3) Tunisian companies

4) Spanish companies

5) company Moroccan

6) companies combined

CHANGES IN EQUITY INVESTMENTS

Sale of RMA securities by GACM

On October 18, 2019, GACM sold its entire stake of 22.02% of the capital of RMA. The amount of the transaction is 2.15 billion Moroccan dirhams, or €198 million.

The disposal resulted in an overall capital gain of €36 million in the consolidated financial statements, leading to non-recurring income of €70 million from the Moroccan operations. The transaction was approved on December 6, 2019 by the Moroccan regulatory authority. The Moroccan Foreign Exchange Office authorized GACM to convert and repatriate the funds into euros in the first quarter of 2020.

Transfer of the insurance portfolios of the ACM VIE SA and ACM IARD SA branches in Spain

On October 17, 2019, the Autorité de contrôle prudentiel et de résolution (ACPR – French Prudential Supervisory and Resolution Authority) gave its approval for the transfer of the insurance portfolios of the Spanish branches of ACM VIE SA and ACM IARD SA. The portfolios were transferred to AGRUPACIÓ AMCI and GACM SEGUROS GENERALES, COMPAÑIA DE SEGUROS Y REASEGUROS, SAU, respectively.

The contracts transferred mainly concern the creditor insurance contracts taken out via COFIDIS and TARGOBANK in Spain, the motor insurance contracts distributed by TARGOBANK and AGRUPACIÓ and the Property and Payment card insurance contracts distributed by TARGOBANK in Spain.

These transfers have retroactive accounting and tax effect from January 1, 2019.

This transaction had no impact on the consolidated financial statements.

CONSOLIDATED PROFIT (LOSS) IN 2019

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, 2019 and as adopted by the European Union.

	<i>(in millions of euros)</i>		
	2019	2018	Chg. %
Gross written premiums	12,080.4	11,943.9	1.1%
Change in unearned premiums	-3.1	0.4	-839.8%
Premiums earned	12,077.3	11,944.3	1.1%
Revenue or income from other activities	152.7	138.7	10.0%
Investment income net of expenses	5,246.7	1,600.5	227.8%
Insurance policy servicing expenses	-14,224.1	-10,516.9	35.3%
Net expenses and income from reinsurance	15.2	-42.5	-135.7%
Other current income and expenses	-1,990.8	-1,840.0	8.2%
Operating profit (loss)	1,276.9	1,284.2	-0.6%
Financing expenses	-27.9	-24.4	14.2%
Share of profit of associates	10.9	18.1	-39.8%
Income tax	-374.3	-422.8	-11.5%
CONSOLIDATED NET PROFIT (LOSS)	885.6	855.1	3.6%
Non-controlling interests	-6.5	-9.4	-30.6%
Net profit (loss) (attributable to owners of the parent)	879.1	845.7	3.9%

Revenue

Revenue by business segment breaks down as follows. The change in revenue from insurance businesses is discussed in the chapter "GACM written premiums in 2019".

Revenue from other activities is mainly related to property companies.

	<i>(in millions of euros)</i>		
	2019	2018	Chg. %
Consolidated revenue	12,233.1	12,082.7	0.0
Non-Life France	3,376.3	3,194.7	0.1
Life France	8,056.6	8,108.6	-0.0
International	650.7	644.0	0.0
Other activities France	149.4	135.4	0.1

Investment income net of expenses

This item records all investment income net of investment expenses for the fiscal.

(in millions of euros)

	2019					2018					Chg. %
	Non-Life France	Life France	Inter-national	Other activities France	Total	Non-Life France	Life France	Inter-national	Other activities France	Total	
Investment income	188.1	3,139.2	127.3	94.1	3,548.8	130.0	2,577.6	32.1	16.8	2,756.5	28.7%
Investment expenses	-4.4	-19.3	-17.9	-4.6	-46.2	-5.5	-39.7	-21.7	-3.9	-70.9	-34.8%
Change in impairments on investments	-1.9	-22.9	0.0	0.0	-24.7	-2.4	-32.7	-0.5	-0.0	-35.6	-30.7%
Sub-total	181.8	3,097.0	109.4	89.6	3,477.9	122.0	2,505.2	9.9	12.9	2,650.1	31.2%
Change in fair value of unit-linked	0	1,696.1	72.6	0	1,768.8	0	-1,005.6	-44.0	0	-1,049.6	-268.5%
Total	181.8	4,793.2	182.1	89.6	5,246.7	122.0	1,499.6	-34.2	12.9	1,600.5	227.8%

In 2019, investment income from insurance companies amounted to €5,246.7 million compared to €1,600.5 million in 2018, an increase of €3,646.2 million compared to fiscal year 2018. The increase in investment income is mainly due to the change in the value of unit-linked assets (in connection with

the increase in the Eurostoxx 50 by 24.79%) and, to a lesser extent, by the increase in assets at fair value through profit or loss (IAS 39). The latter are mainly backing euro-denominated funds and are subject to a provision for deferred profit sharing.

Asset management

Insurance companies' investment policy

Investments by Group companies are made and managed separately in line with the commitments and risks specific to each entity.

Investments in interest rate products remain predominant in the insurance company's accounts.

The year 2019 was marked by a slowdown in the global economy, as the manufacturing sector fell into recession in many parts of the world, particularly due to the trade war between the United States and China. This, coupled with continued sluggish inflation, has led to an accommodating turnaround by central banks. While a series of rate hikes was initially expected for 2019, the Fed finally made the opposite move, with three rate cuts. The ECB followed this accommodative movement, also lowering its key rates and resuming a new net asset purchase program, just ten months after the end of the previous one. Interest rates fell continuously until mid-August (the ten-year OAT went into negative territory for the first time, with a record low of -0.44%), before rising and partially offsetting the decrease (the ten-year OAT closed the year at 0.12%, i.e. -59 bp over the year). The partial removal of the main risk factors (trade war, Brexit) fueled a more favorable outlook for growth at the end of the year.

In a context of historically low interest rates (the annual average of the OAT was 0.13% in 2019, after 0.78% in 2018), the majority of bond investments were made in private sector issuers (corporate and financial excluding covered bonds): 58% of net purchases. Diversification into US companies and new issuers continued. As regards the public sector (sovereigns and agencies, 38% of net purchases), the search for yield has favored agencies (which offer higher rates than the respective sovereign), peripheral countries (Spain, Portugal), and extending the maturity of the OAT purchases. Finally, quality ratings (> BBB) dominated our net purchases (81% > BBB). BBB issuers were highly selective, with the associated credit risk being perceived as less well-paid in a low interest rate environment coupled with an economic slowdown.

In order to improve the portfolio's return, investments in debt funds were made in 2019. The preferred sectors were property debt and infrastructure debt.

European equity markets remained supported throughout the year through the action of central banks, which implemented "preventive easing" in January (lowering key rates, asset buyback programs), to avoid any disruption in the economic cycle amidst strong trade tensions between the United States and China. Admittedly, they experienced phases of consolidation during political uncertainties (escalation in the

trade war, Brexit, absence of a coalition in Italy in the spring) or economic uncertainties (fear of recession during the summer). But the dissipation of these risks in the last quarter, with the hope of a trade agreement, enabled the equity indices to rise sharply. Equity indices were up sharply in 2019, both in the United States (S&P 500: +29%) and in Europe (CAC 40: +26%, Eurostoxx50: +25%); an increase, however, achieved with strong sectoral disparities, with growth sectors (technology, aeronautics, luxury goods) largely outperforming the cyclical and financial sectors.

Equity investments in 2019 were made during market downturns. They favored European securities with long-term growth prospects (technology, consumption, renewable

energies, quality cyclicals) and attractive valuations (insurance). The United States is the main international diversification of the equity portfolio. Among equity-equivalent investments, private equity and infrastructure, with high expectations of long-term returns, remained the major focus of investment in 2019.

Property investments represented €5.6 billion at December 31, 2019. During the year, investments were mainly made in club deals in office buildings to be built or to be refurbished located in Paris and in the inner suburbs of Paris and in Parisian retail in prime locations. Equity investments were made in various property funds, in particular to increase exposure to the residential sector.

Financial risk management and forward financial instruments

The financial risk management policy aims to establish an asset structure in line with liability commitments. The pursuit of this objective ensures that the magnitude of the differences between the value of assets and that of liabilities is contained both in the short term and in the medium and long term.

The investment and management rules and limits set are the first step in managing financial risks. This body of rules is described in the investment policy of the group to which the company belongs and takes into account the obligation relating to the “prudent person” principle.

Financial risk management covers all of the following risks:

- market risk;
- interest rate risk;
- equity risk and similar;
- foreign exchange risk;
- liquidity risk;
- counterparty risk (within the meaning of Solvency II).

Financial risk management is based on 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.

As of December 31, 2019, GACM had hedges against the risk of interest rate increases by means of swaptions maturing in 2020, for a total nominal amount of €850 million and with an average exercise rate of 3.4%.

No equity risk hedging was put in place in 2019.

Insurance policy servicing expenses

Insurance policy servicing expenses include claims paid to policyholders, claims handling costs and changes in provisions. They stood at €14,224.1 million in 2019 compared to €10,516.9 million in 2018. This represents an increase of 35.3%:

Business of Non-Life Insurance Companies in France

The non-life insurance servicing expenses in France amounted to €2,688.2 million in 2019 compared to €2,306.4 million in 2018, an increase of 16.6%. This change is explained by the increase in portfolios, by allowances for additional provisions, as a result of the decrease in discount rates, as well as by the increase in the related claims

experience natural events (+€55 million compared to 2018). In creditor insurance and protection, the increase in disability and incapacity claims experience observed in recent years resulted in new provisions, which also contributed to the increase in expenses.

Business of Life Insurance Companies in France

The life insurance servicing expenses in France increased by 40.7% over the year to €10,942.0 million in 2019 compared to €7,775.6 million in 2018.

This change is mainly due to savings & retirement insurance and is mainly due to the value adjustments of unit-linked accounts, which increased due to the upturn in the financial markets.

Other current income and expenses

Management expenses

Management expenses include commissions paid and operating expenses.

They amounted to €2,218.0 million, up 5.9% over the year.

	<i>(in millions of euros)</i>		
	2019	2018	Chg. %
Acquisition costs *	1,301.3	1,234.8	5.4%
Administration costs	537.2	495.8	8.3%
Claims handling costs	198.3	192.2	3.2%
Other technical expenses	118.5	113.5	4.5%
Investment management fees	12.0	12.2	-1.8%
Other income and expenses	50.6	46.1	9.7%
Total	2,218.0	2,094.7	5.9%

* Excluding change in deferred acquisition costs.

	<i>(in millions of euros)</i>		
	2019	2018	Chg. %
Commissions	1,591.1	1,510.5	5.3%
Employee benefits	266.6	255.8	4.2%
Taxes and duties	60.3	55.7	8.2%
Other current operating expenses	295.6	268.4	10.2%
Depreciation and amortization	4.4	4.2	3.4%
Total	2,218.0	2,094.7	5.9%

Commissions increased by 5.3%, driven by the increase in revenue from P&C and protection insurance. The increase in savings & retirement insurance commissions is mainly due to the increase in retrocession commissions.

Management expenses amounted to €626.9 million, up by 7.3% compared to 2018. This change is due in particular to the growth of the business and the ambitions of the strategic plan, which are reflected in the growth of human and IT resources at GACM.

Commissions

	<i>(in millions of euros)</i>		
Breakdown by network	2019	2018	Chg. %
Commissions written	1,591.1	1,510.5	5.3%
of which Crédit Mutuel	791.8	745.5	6.2%
of which CIC	410.8	387.6	6.0%
of which Cofidis	220.7	213.1	3.6%
of which other	167.7	164.3	2.1%

Commissions for the fiscal year were up by 5.3% compared to the previous fiscal year.

The main contributors are the Crédit Mutuel and CIC networks, which receive 50% and 26% of the commissions paid, respectively.

In savings & retirement insurance, commissions amounted to €430.2 million, up by 7.2%. This change is mainly due to the

increase in retrocession fees in savings due to a growing share of unit-linked accounts in the amount outstanding.

In P&C and protection, commissions amounted to €1,159.9 million. They rose by 7.0% in property & casualty insurance and by 4.4% in health, protection & creditor insurance, driven by the growth of portfolios and by revenue growth.

Operating profit (loss)

Operating profit (loss) amounted to €1,276.9 million at the end of 2019, broadly similar to 2018.

	<i>(in millions of euros)</i>			
	2019	2018	Chg.	Chg. %
Non-Life France	244.2	382.5	-138.3	-36.2%
Life France	812.1	773.1	39.0	5.0%
International	38.0	33.0	5.0	15.2%
Other activities France	182.6	95.6	87.0	91.0%
Operating profit (loss)	1,276.9	1,284.2	-7.3	-0.6%

Operating profit (loss) from non-life insurance companies in France fell by 36.2%. This decrease is mainly due to additional allowances for motor and health, protection & creditor insurance technical provisions, a consequence of the decrease in discount rates, and is also due to the numerous natural events that affected the results of the property damage & liability insurance business.

The increase in disability and incapacity claims, already observed in 2018, continued in 2019, negatively impacting the results of creditor insurance and protection.

At €812.1 million, the operating profit (loss) of the life insurance in France rose by 5.0% in 2019 compared to 2018. This favorable development is the result of the rise in financial markets, which contributed to the profit (loss) of GACM, in particular through the change in securities classified at fair value through profit or loss in the IFRS financial statements.

Operating profit (loss) from international subsidiaries and other activities in France was up and reached respectively €38.0 million and €182.6 million at the end of 2019, including an additional €86.3 million of consolidated gains from the disposal of RMA shares.

Income tax

The income tax expense amounted to €374.3 million at the end of 2019 compared to €422.8 million in 2018.

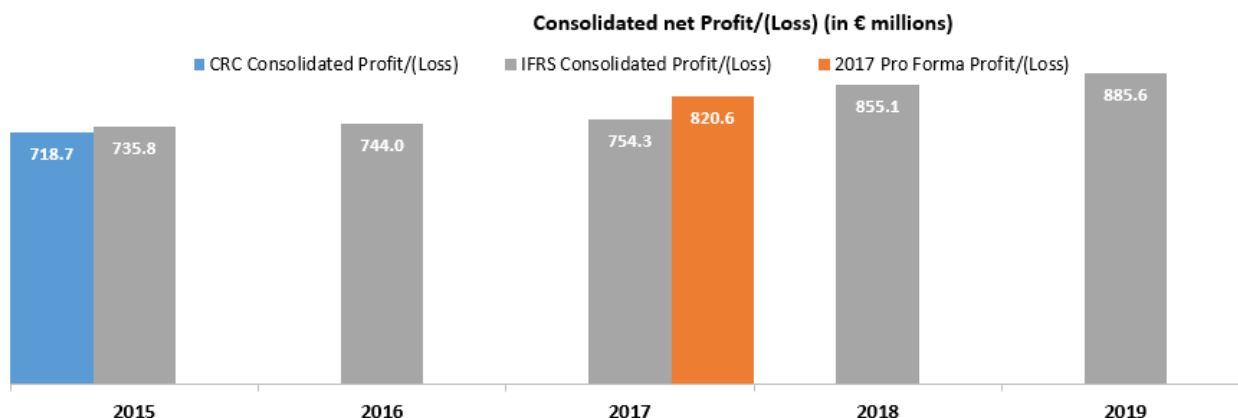
The 3.6 point difference between the effective tax rate for 2018 (33.6%) and that of 2019 (30.0%) is mainly due to the non-taxation of the (consolidated) capital gain on disposal of the RMA shares.

	<i>(in millions of euros)</i>			
	2019	2018	Var.	%
Non-Life France	83.7	133.0	-49.3	-37.0%
Life France	262.1	259.3	2.8	1.1%
International	9.2	8.7	0.5	5.5%
Other activities France	19.3	21.7	-2.4	-11.2%
Total	374.3	422.8	-48.4	-11.5%
Profit (loss) before tax (excluding investments in associates)	1,249.0	1,259.8	-10.8	-0.9%
Effective tax rate (excluding investments in associates)	30.0%	33.6%		

Net profit (loss)

Consolidated net profit (loss) under international standards (IFRS) amounted to €885.6 million, up by 3.6%. Net profit (loss) attributable to owners of the parent amounted to €379.1 million compared to €345.7 million in 2018.

The change in consolidated Group profit (loss) over the last five fiscal years is as follows:



Contribution of businesses to net profit (loss)

	<i>(in millions of euros)</i>				
	2019	%	2018	%	Chg. %
Non-Life France	160.8	18.2%	249.6	29.2%	-35.6%
Life France	522.0	59.0%	489.6	57.3%	6.6%
International	39.5	4.5%	42.1	4.9%	-6.1%
Other activities France	163.3	18.4%	73.8	8.6%	121.2%
Net profit (loss)	885.6	100.0%	855.1	100.0%	3.6%

BALANCE SHEET FUNDAMENTALS

	<i>(in millions of euros)</i>		
	2019	2018	Chg. %
Total balance sheet	140,613.9	130,092.4	8.1%
Equity and profit (loss)	11,064.3	11,421.5	-3.1%
<i>Of which attributable to owners of the parent</i>	10,976.5	11,327.5	-3.1%
<i>Of which share of non-controlling interests</i>	87.8	94.0	-6.6%
Technical provisions	117,801.7	109,336.7	7.7%
Investments (excluding investments in associates)	137,576.9	128,198.6	7.3%

Dividends

Dividends paid by GACM SA with respect to the last three fiscal years have been the following:

- 2018: €23.50 per share;
- 2017: €4.20 per share;
- 2016: €3.50 per share.

Equity

(in millions of euros)

	2018	Appropriation of profit (loss)	Dividends	Profit (loss) net of period	Other comprehensive income recognized directly in equity	Change of share capital	Change of rates of interest	Change of scope	Other	2019
Share capital	1,241.0									1,241.0
Premiums related to share capital	1,932.3		-777.9							1,154.3
Retained earnings	6,246.7	845.7	-1,103.6					79.6	-8.4	6,060.1
Net profit (loss)	845.7	-845.7		879.1						879.1
Gains and losses recognized directly in equity	1,061.8				659.9			-79.6		1,642.0
Total attributable to owners of the parent	11,327.5	0.0	-1,881.5	879.1	659.9	0.0	0.0	0.0	-8.4	10,976.5
Non-controlling interests	94.0		-19.5	6.5	6.8					87.8
Total equity	11,421.5	0.0	-1,901.0	885.6	666.7	0.0	0.0	0.0	-8.4	11,064.3

The decrease in equity is mainly due to the distribution of an exceptional dividend of €1,401.2 million approved by the General Meeting of May 10, 2019.

Liabilities arising from insurance contracts (technical provisions)

Commitments to policyholders represented a total of €117.8 billion at December 31, 2019. They rose by €8.5 billion (7.7%).

Technical provisions of life insurance companies

(in millions of euros)

	2019	2018	Chg. %
Life insurance technical provisions	88,039.5	86,022.8	2.3%
<i>of which mathematical reserves</i>	81,924.2	79,882.7	2.6%
<i>of which provisions for claims payable</i>	282.8	1,044.2	-72.9%
<i>of which profit sharing</i>	345.6	447.1	-22.7%
<i>of which profit-sharing reserve</i>	5,484.6	4,645.1	18.1%
<i>of which other technical provisions</i>	2.3	3.7	-39.0%
Deferred profit-sharing	11,332.0	7,101.8	59.6%
Sub-total	99,371.5	93,124.6	6.7%
Technical provisions for unit-linked contracts	13,694.6	12,129.2	12.9%
Total	113,066.1	105,253.8	7.4%

In 2019, life insurance technical provisions in euros increased by 6.7%. This change is attributable in particular to the deferred profit-sharing linked to the application of IFRS 4.

The profit-sharing reserve (PPE) amounted to €5.5 billion and represented 7.2% of mathematical reserves at the end of 2019 compared to nearly 6.3% at the end of 2018. In 2019, the Group continued to increase its distribution capacity, thereby reducing its exposure to interest rate risk.

Technical provisions representing unit-linked commitments (UL) were up by 12.9%. Value adjustments in unit-linked account assets were positive in 2019 (€1,768.8 million), as a result of the rise in financial markets. In 2018, these value adjustments (ACAV) were negative in the amount of -€1,049.6 million.

Technical provisions of non-life insurance companies

(in millions of euros)

	2019	2018	Chg. %
Provisions for unearned premiums	312.8	305.8	2.3%
Provisions for claims payable	3,610.8	3,060.9	18.0%
Profit-sharing reserve	4.2	4.1	2.2%
Other technical provisions	777.3	673.8	15.4%
Sub-total	4,705.1	4,044.7	16.3%
Provisions for non-life insurance deferred profit-sharing	18.1	26.8	-32.4%
Total	4,723.2	4,071.4	16.0%

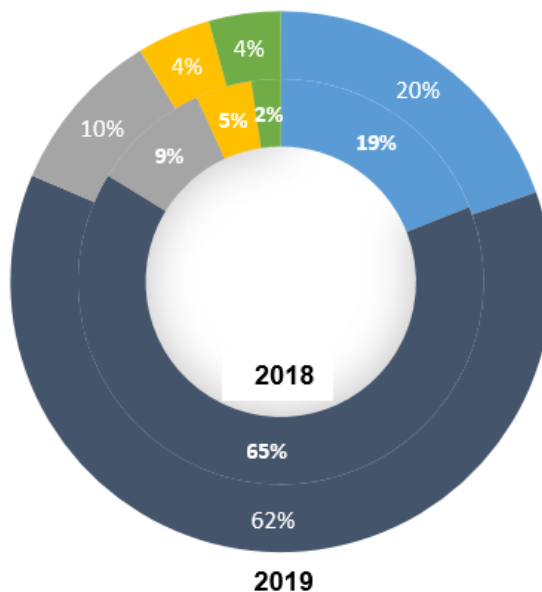
Non-life insurance technical provisions increased by 16.0% over the fiscal year 2019. This change is mainly due to additional provisions following the decrease in discount rates to unprecedented levels, and the increase in the cost of claims related to natural events. In addition, case law making the nullity of a liability insurance contract unenforceable lead to the establishment of additional provisions for the motor

segment. In creditor insurance, the increase in disability and incapacity claims observed in recent years has also resulted in an increase in provisions to cover timing differences between the coverage of risks and their financing in the form of insurance premiums (classified under "other technical provisions").

Investments of the insurance business line

Breakdown by market value of investments in insurance businesses

■ Equities and other variable income securities ■ Bonds ■ Unit-linked investments ■ Property investments ■ Loans and receivables



Investments of the insurance businesses increased by 7.60% in balance sheet value and by 7.64% in fair value.

The share of shares and other variable-income securities in total investments remained stable, rising from 19.3% at the end of 2018 to 19.9% at the end of 2019. The share of bonds and other fixed-income securities moved from 65.0% at the end of 2018 to 62.0% at the end of 2019.

The stock of revaluation reserves for AFS unrealized capital gains increased from €1,083.9 million at the end of 2018 to €1,674.7 million at the end of 2019, i.e. + 54.5%.

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.

The stock of impairments amounted to €1,163 million in 2019 compared to €1,259 million in 2018, a decrease of €95 million (disposal of securities).

Unit-linked investments

Investments representing unit-linked commitments amounted to €13,751.1 million, up by €1,574.2 million compared to the previous year. They represented 10.0% of total investments at the end of 2019 compared to 9.6% at the end of 2018.

The change in value of the assets invested amounted to €1,768.8 million in 2019, compared to -€1049.6 million in 2018.

Other investments

The investments by other companies total €464.6 million at end-2019 compared to €766.3 million in 2018.

Investments in associates

Following the disposal of RMA shares during the financial year, investments in associates totalled €16.8 million and represented the share of equity held in the insurance company Astrée SA.

CONSOLIDATION

The financial statements of Groupe des Assurances du Crédit Mutuel are consolidated:

- by the Banque Fédérative du Crédit Mutuel, and;
- 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, (national level), whose central registered office is at 88 rue Cardinet - 75017 Paris, France.

Publication under IFRS of the GACM 2019 consolidated financial statements

Article L.233-24 of the Code de commerce (French Commercial Code) allows companies not making a public

offering (unlisted companies) the option of publishing their consolidated financial statements in accordance with IFRS.

GACM has published its consolidated financial statements under IFRS since the 2016 fiscal year.

Affiliation agreements between GACM and the mutuals ACM VIE SAM and MTRL

These agreements were approved at the Extraordinary General Meeting and by the ACPR in 2016.

They document and reinforce the strong and durable financial relationship between these two entities and the GACM Group.

The agreements provide that the entities are included in the GACM Group for the preparation of the IFRS consolidated financial statements.

MAIN SUBSIDIARIES AND INVESTMENTS

The data of the subsidiaries presented below derived from the separate financial statements of each entity.

ASSURANCES DU CRÉDIT MUTUEL IARD SA

Société anonyme (French Limited Company) with share capital of €201,596,720.00, company regulated by the Code des assurances (French Insurance Code)

Registered office: 4 rue Frédéric-Guillaume Raiffeisen - 67000 Strasbourg, France

ACM IARD SA's revenue was up by 5.7% and stood at €3.4 billion. This sustained increase was seen across all business lines. The Company's net profit amounted to

€127.4 million, a decrease of 54.3%. This change in profit is mainly due to the decrease in discount rates and the occurrence of significant climatic events.

(in millions of euros)

ACM IARD SA	Revenue	Net profit (loss)	Total balance sheet	Technical provisions	Equity and profit (loss) before appropriation
2015	2,576.0	272.3	5,120.3	2,833.7	1,849.9
2016	2,689.6	187.5	5,394.5	3,163.1	1,794.3
2017	2,831.5	235.7	5,764.7	3,392.4	1,859.7
2018 (1)	3,177.3	278.5	6,414.3	3,769.8	2,034.0
2019	3,358.0	127.4	6,654.9	4,295.2	1,600.6
Year-on-year change (in %)	5.7%	-54.3%	3.8%	13.9%	-21.3%

(1) Merger with ACMN IARD effective from January 1, 2018

ASSURANCES DU CRÉDIT MUTUEL VIE SA

Société anonyme (French Limited Company) with share capital of €778,371,392.00, company regulated by the Code des assurances

Registered office: 4 rue Frédéric-Guillaume Raiffeisen - 67000 Strasbourg, France

ACM VIE SA's revenue was down -4.9% to €7.1 billion. This change is related to the decrease in premiums (-6.5%) in savings & retirement insurance, which is due in particular to the lowering of the subscription limit for the *Avantage* formula of the *Plan d'Assurance Vie* (PAV, Savings & Retirement Insurance Plan), the flagship product of Assurances du Crédit Mutuel, marketed by the company (from €100,000 to €50,000).

Premiums have shifted to the *Privilège* PAV formula, carried by ACM VIE SAM, whose access threshold has been lowered. Since the end of 2019, the new business of the *Privilège* formula is no longer carried by ACM VIE SAM and returned to ACM VIE SA.

The Company's net profit amounted to €468.1 million, up by 6.7%.

(in millions of euros)

ACM VIE SA	Revenue	Net profit (loss)	Total balance sheet	Technical provisions	Equity and profit (loss) before appropriation
2015	6,604.9	413.7	74,119.8	64,246.7	3,785.0
2016 (1)	6,971.9	423.2	81,683.9	70,904.1	4,263.8
2017	6,238.4	417.5	82,882.5	73,021.8	4,609.9
2018 (2)	7,428.4	438.7	97,729.4	84,022.3	5,882.6
2019	7,064.3	468.1	102,039.5	87,782.9	5,212.3
Year-on-year change (in %)	-4.9%	6.7%	4.4%	4.5%	-11.4%

(1) Merger with SÉRÉNIS VIE SA effective January 1, 2016

(2) Merger with ACMN VIE SA effective January 1, 2018

ASSURANCES DU CRÉDIT MUTUEL VIE SAM

Mutual insurance company with fixed membership fees, company regulated by the Code des assurances
Registered office: 4 rue Frédéric-Guillaume Raiffeisen - 67000 Strasbourg, France

Revenue amounted to €992.6 million, up 45.9% on the previous year. This change is essentially linked to the premiums on the *Plan d'Assurance Vie* (PAV, Savings & Retirement Insurance Plan), the flagship product of Assurances du Crédit Mutuel, whose *Privilège* formula sold in the Crédit Mutuel network saw its access threshold

lowered in 2019 (from €100,000 to €50,000). Since the end of 2019, the new business of the *Privilège* formula is no longer carried by ACM VIE SAM and returned to ACM VIE SA.

The profit for 2019 amounted to €32.6 million, down -€42.9 million compared to the previous year (€57.1 million).

(in millions of euros)

ACM VIE SAM	Revenue	Net profit (loss)	Total balance sheet	Technical provisions	Equity and profit (loss) before appropriation
2015	235.0	37.3	12,623.9	10,585.5	1,276.7
2016	528.6	50.5	13,032.3	10,893.3	1,332.9
2017	524.3	47.0	13,399.7	11,163.1	1,392.1
2018	680.5	57.1	13,765.2	11,377.2	1,452.2
2019	992.6	32.6	14,680.7	12,100.1	1,485.3
Year-on-year change (in %)	45.9%	-42.9%	6.7%	6.4%	2.3%

AGRUPACIÓ AMCI SA

Agrupació AMCI d'Assegurances i Reassegurances SA
Sociedad Anónima (Spanish Limited Company) with share capital of €200,000,000.00
Registered office: Carretera de Rubí, 72-74. Edificio Horizon - 08174 Sant Cugat del Vallès (Barcelona) (Spain)

GACM ESPAÑA SA holds 95.22% of the share capital of the Spanish health insurance company AGRUPACIÓ AMCI SA.

As of December 31, 2019, the Company's revenue amounted to €257.1 million. The net profit was €9.2 million.

(in millions of euros)

AGRUPACIÓ AMCI SA	Revenue	Net profit (loss)	Total balance sheet	Technical provisions	Equity and profit (loss) before appropriation
2015	200.4	7.3	756.0	470.1	241.8
2016	203.8	2.8	797.4	505.9	244.4
2017	207.9	8.0	819.5	525.7	248.4
2018 (1)	213.8	9.8	828.0	539.3	252.3
2019	257.1	9.2	866.6	546.7	269.1
Year-on-year change (in %)	20.3%	-6.1%	4.7%	1.4%	6.7%

(1) Merger with AMSYR effective January 1, 2018

GACM SEGUROS GENERALES COMPAÑÍA DE SEGUROS Y REASEGUROS SAU

Sociedad Anónima (Spanish Limited Company) with share capital of €16,330,662.00

Registered office: Carretera de Rubí, 72-74. Edificio Horizon - 08174 Sant Cugat del Vallès (Barcelona) (Spain)

GACM ESPAÑA SA holds 100% of the share capital of the Spanish insurance company AMGEN SEGUROS SA, newly named GACM SEGUROS SAU.

As of December 31, 2019, the Company's revenue amounted to €205.5 million. Net profit grew and reached €2.5 million.

(in millions of euros)

GACM SEGUROS SAU	Revenue	Net profit (loss)	Total balance sheet	Technical provisions	Equity and profit (loss) before appropriation
2015	117.1	5.5	183.0	84.0	87.2
2016	162.0	8.5	289.9	135.6	128.3
2017	176.7	4.8	318.3	164.0	129.0
2018	190.6	2.1	281.1	167.5	96.0
2019	205.5	2.5	295.2	176.7	97.1
Year-on-year change (in %)	7.8%	16.3%	5.0%	5.5%	1.2%

DESJARDINS INSURANCE EQUITY INVESTMENT

GACM holds a 10% equity investment in the capital of six non-life insurance companies of Mouvement Desjardins.

These companies generated consolidated revenue of CAD 4.9 billion in fiscal year 2018 (compared to CAD 4.4 billion in 2017) and a consolidated profit of CAD 185.0 million versus CAD 173.5 million in 2017). They totalled, on

December 31, 2018, CAD 2,395.5 million of consolidated equity (compared to CAD 2,650.0 million at December 31, 2017).

These investments will be restructured in 2020, as detailed in the "Significant events since the end of the fiscal year" section of this report.

THE GROUP'S HUMAN RESOURCES

All employees assigned to the management of companies are employees of GIE ACM and have a unique social status.

The average annual workforce of GIE ACM and the other Group companies (in FTE) total 3 654 people at December

31, 2019 (including 908 people internationally) versus 3 651 people on December 31, 2018 (including 926 people outside France).

SUBSEQUENT EVENTS SINCE THE END OF THE FISCAL YEAR

Covid 19 Pandemic

The World Health Organization declared on Wednesday, March 11, 2020, that the epidemic due to the coronavirus should now be considered as a pandemic and called on everyone to fight the disease. The various member states of the European Union have taken appropriate and unprecedented measures to slow down the progression of this pandemic in order to limit both its health and economic consequences.

In this context, the Crisis Committee of Crédit Mutuel Alliance Fédérale is taking all necessary measures, in close contact with the managers and crisis units of all entities and with public and health authorities.

Therefore, the priorities of all GACM companies fall within this framework:

Protect all of their employees and their families, in particular by promoting remote working whenever possible - with the strengthening of remote connection equipment and infrastructures.

Provide the necessary support to their customers and networks by ensuring business continuity and their essential missions. This proven business continuity is already a reality.

As a result, Assurances du Crédit Mutuel is committed to showing solidarity with its policyholders and has taken the following measures:

Postponement of premium calls for all self-employed customers, professionals, companies and associations (both property & casualty and health, protection & creditor insurance) until the beginning of May 2020 at the earliest, in order to preserve the cash flow of companies most affected by the economic slowdown.

Freeze on bank payments for professional and business customers of Crédit Mutuel Alliance Fédérale: creditor insurance premiums will not be deducted as long as loan payments are extended for up to 6 months.

Contribution to the solidarity fund set up by the public authorities to alleviate the economic and financial consequences of this health crisis for very small businesses and the self-employed, and sectors particularly affected.

The impact of this exceptional situation on GACM's business, financial position and profit (loss) in 2020 will need time to be determined.

In the immediate term:

This crisis led to a sharp decline in the equity markets. However, calculations of the solvency ratios established at regular intervals by the company since the beginning of this pandemic have shown that the regulatory requirements have systematically been respected.

In addition to the impacts on the financial markets, this pandemic is likely to result in underwriting losses on certain contract portfolios, particularly for death and disability risks.

The management of the Group is particularly attentive to the evolution of the situation in order to take the appropriate measures as soon as possible.

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;
- CAD 114 million of preferred shares issued by DGAG, bearing interest at 5.50% annually (versus a total of CAD 121 million bearing interest at 4.75% under the former structure);
- CAD 14 million of subordinated debt issued by DGAG bearing interest at 2.79% annually (previously CAD 13.3 million bearing interest at 3%.

In accordance with IAS 39, the impact of this restructuring has no impact on the GACM consolidated financial statements. In fact:

- The dividend distribution policy remains unchanged: all dividends paid by the operating subsidiaries to the DGAG holding company will go to its shareholders. GACM therefore benefits from the same level of dividends by being a shareholder of the holding company;
- The capital gains generated by GACM on the exchange of ordinary shares will be neutralized in the consolidated financial statements and benefit from a tax deferral.

Disposal of the NELL portfolio

The disposal of the NELL portfolio should occur in the first quarter of 2020 effective January 1, 2020. The sale of this portfolio brought by a broker channel also includes the acquisition by the buyer of all NELL employees.

SOCIAL AND ENVIRONMENTAL IMPACT

In accordance with Articles L.225-102-1 and R.225-104 of the Code de commerce, the Company is required to disclose, in the management report, a *déclaration de performance extrafinancière* (statement of non-financial performance hereinafter referred to as the "DPEF") as soon as its revenue or balance sheet exceeds €100 million and its workforce exceeds 500 employees.

As GACM SA is part of Crédit Mutuel Alliance Fédérale, the DPEF is produced at the level of the head entity of the group (Confédération Nationale du Crédit Mutuel) and included in

the management report on the consolidated financial statements.

Work in this area is being carried out by a working group set up by the Confédération Nationale du Crédit Mutuel. GACM implements the actions chosen in this area.

Consequently, all of GACM's information is disclosed in the management report of the highest-level consolidating entity, Confédération Nationale du Crédit Mutuel, in accordance with Article L.225-102-1 of the Code de commerce.

OUTLOOK FOR 2020

Continuation of the strategic plan

2020 is the second year of Crédit Mutuel Alliance Fédérale's ensemble#nouveau monde strategic plan. The major projects of the GACM for 2020 focus more particularly on the development of the professional and corporate market. Thus, the PER product, introduced by the PACTE law, will constitute the new pension insurance offer for professionals and companies. The individual PER targets individuals, but also self-employed workers. These two retirement offers will be marketed in the first quarter of 2020.

A new group protection offer will be rolled out gradually from the third quarter of 2020. Structured around numerous services and adapted to a large number of collective agreements, this offer will be aimed at a large number of corporate clients and their employees.

2020 will also be the year of the launch of the distribution of property & casualty insurance in the "Corporate" market, with an automobile fleet offering available at certain banks from February 2020 and throughout the corporate network from September 2020.

Integration of Crédit Mutuel Massif Central (CMMC)

The Massif Central and Antilles Guyane federations are in the process of joining Caisse Fédérale de Crédit Mutuel with a view to merging with Crédit Mutuel Alliance Fédérale on January 1, 2020.

While the insurance business of the Antilles Guyane federation was already carried by GACM, the Massif Central federation (CMMC) will change partners on January 1, 2020. The CMMC definitively ceases the distribution of the insurance contract of its former partners on December 31, 2019. The stock of contracts will not be transferred and will therefore continue to be managed by the latter until they expire, with the exception of *euro-compte* insurance contracts. For the latter, the separation protocol provides for the takeover of the *euro-compte* insurance products of CMMC clients on January 1, 2020 under the same conditions. For new production, ACM contracts will be open to the CMMC network on January 1, 2020.

Strasbourg, March 27, 2020