

2020

# MANAGEMENT REPORT

→ GROUPE DES ASSURANCES DU CRÉDIT MUTUEL SA



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**G A C M S A**

a *société anonyme* (French limited company)  
with a Management Board and a Supervisory  
Board with a capital of €1,241,034,904.00  
RCS STRASBOURG B 352 475 529

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

**I. LEGAL DATA**

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**A. SUPERVISORY BOARD AT DECEMBER 31, 2020****Chairperson**

Mr. Nicolas Théry

**Vice-Chairperson**

Mr. Jean-Pierre Babel

**CAISSE RÉGIONALE DU CRÉDIT MUTUEL DU CENTRE**

represented by Ms. Isabelle Ogee

**BANQUE FÉDÉRATIVE DU CRÉDIT MUTUEL**

represented by Ms. Christelle Dantras

**CAISSE FÉDÉRALE DE CRÉDIT MUTUEL**

represented by Mr. Éric Petitgand

**CAISSE RÉGIONALE DE CRÉDIT MUTUEL DE LOIRE-ATLANTIQUE ET DU CENTRE-OUEST**

represented by Mr. Dominique Bellemare

**CAISSE FÉDÉRALE DU CRÉDIT MUTUEL DE MAINE-ANJOU ET BASSE-NORMANDIE**

represented by Mr. Jean-Loïc Gaudin

**CAISSE FÉDÉRALE DU CRÉDIT MUTUEL NORD EUROPE**

represented by Mr. Éric Charpentier

**CAISSE FÉDÉRALE DU CRÉDIT MUTUEL OCÉAN**

represented by Mr. Jean-Pierre Morin

**CAISSE RÉGIONALE DU CRÉDIT MUTUEL NORMANDIE**

represented by Mr. Stéphane François

**CAISSE RÉGIONALE DU CRÉDIT MUTUEL MIDI ATLANTIQUE**

represented by Mr. Jean-Marc Mathioudakis

**FÉDÉRATION DU CRÉDIT MUTUEL CENTRE EST EUROPE**

represented by Ms. Estelle Malet

**CRÉDIT INDUSTRIEL ET COMMERCIAL**

represented by Mr. Éric Cotte

**CAISSE RÉGIONALE DU CRÉDIT MUTUEL ÎLE-DE-FRANCE**

represented by Mr. Raphael Rebert

**CAISSE DU CRÉDIT MUTUEL DU SUD EST**

represented by Mr. Jean-Luc Robischung

**CAISSE RÉGIONALE DU CRÉDIT MUTUEL DAUPHINÉ – VIVARAIS**

represented by Mr. Christophe Plantaz

**CAISSE RÉGIONALE DU CRÉDIT MUTUEL MÉDITERRANÉEN**

represented by Mr. Maurice Zirnhelt

**CAISSE RÉGIONALE DU CRÉDIT MUTUEL ANJOU**

represented by Ms. Isabelle Pitto

## B. MANAGEMENT BOARD

### Chairperson

Mr. Pierre Reichert

### Deputy Chief Executive Officer and Member

Ms. Catherine Allonas Barthe

### Member

Mr. Daniel Baal

### Member

Mr. François Martin

## C. STATUTORY AUDITORS

### Main statutory auditors

#### Cabinet PricewaterhouseCoopers Audit SAS

represented by Mr. Sébastien Arnault

#### Cabinet KPMG SA

represented by Ms. Francine Morelli

## D. SOCIAL AND ENVIRONMENTAL IMPACT

In accordance with Articles L.225-102-1 and R.225-104 of the Code de commerce (French Commercial Code), the Company is required to disclose, in the management report, a statement of non-financial performance (*Déclaration de performance extra-financière*, hereinafter referred to as the "DPEF") as soon as its revenue or statement of financial position 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 parent company (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 SA implements the actions selected in this area.

## II. HIGHLIGHTS

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### 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 profit (loss) of GACM SA in 2020. In particular, GACM SA neither paid 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

Limited savings & retirement 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;
- 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%).

The ordinary shares of the DGAG holding company were recognized at their actual 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 value of the ordinary shares of the DGAG holding company and the carrying amount of the shares of the subsidiaries exchanged. This capital gain is added to the capital gains tax deferral.

### **III. THE GROUPES DES ASSURANCE DU CRÉDIT MUTUEL IN 2020**

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The Groupe des Assurances du Crédit Mutuel SA – GACM SA – is an insurance group company within the meaning of Article L. 322-1-2 of the Code des assurances (French Insurance Code), whose main business consists of acquiring and managing equity investments mainly in insurance companies and reinsurance. GACM SA has no operational activities of its own.

GACM SA is thus the parent company:

- of life insurance companies:
  - ACM VIE SA (mixed);
  - North Europe Life Belgium (NELB) SA incorporated under Belgian law; and
  - International Crédit Mutuel Life (ICM LIFE) SA incorporated under Luxembourg law.
  
- non-life insurance companies:
  - ACM IARD SA;
  - Sérénis Assurances SA;
  - Partners Assurances SA under Belgian law.

- the holding company GACM España SA incorporated under Spanish law;
- various service companies such as Procourtage SAS and ACM SERVICES SA.

GACM SA also holds equity investments in other companies:

- 10.0% of the capital of the Canadian insurance group, Desjardins;
- 30.0% of the capital of the Tunisian insurance company Astree SA.

Non-capitalized entities, Assurances du Crédit Mutuel Vie SAM, a mutual insurance company, and MTRL, a mutual insurance company listed in Book II of the Code de la mutualité (French Mutual Insurance Code), are bound by GACM SA affiliation agreements. They are an integral part of the Group and are included in the consolidated financial statements of GACM SA.

## IV. PROFIT (LOSS) FOR THE PERIOD

The profit for the period 2020 amounted to €158.5 million, down by 91.1% compared to the previous fiscal year (€1,777.7 million).

	<i>(in millions of euros)</i>			
	2020	2019	Chg.	Chg. (%)
Operating income	0	0	- 0.0	n/a
Finance income:	34.0	1,809.8	- 1,775.8	- 98.1%
<i>of which finance income from equity investments</i>	33.4	1,705.4	- 1,672.0	- 98.0%
<i>of which other interest and similar income</i>	0.5	0.2	0.3	n/a
<i>of which positive exchange rate differences</i>	0.0	0.6	- 0.6	n/a
<i>of which reversals of provisions on equity investments</i>	0.0	103.5	- 103.5	- 100.0%
Non-recurring income	402.1	198.3	203.8	102.8%
<b>Total income</b>	<b>436.1</b>	<b>2,008.1</b>	<b>- 1,572.0</b>	<b>- 78.3%</b>
Operating expenses	2.9	0.5	2.4	n/a
Financial expenses	9.1	2.3	6.8	n/a
<i>of which negative exchange rate differences</i>	8.4	1.7	6.7	n/a
Non-recurring expenses	266.9	220.9	46.1	20.9%
Income tax	- 1.3	6.7	- 8.0	- 119.5%
<b>Total expenses</b>	<b>277.6</b>	<b>230.4</b>	<b>47.2</b>	<b>20.5%</b>
<b>Net profit (loss)</b>	<b>158.5</b>	<b>1,777.7</b>	<b>- 1,619.2</b>	<b>- 91.1%</b>

The sharp drop in net profit 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. This decrease is partially offset by the increase in revenue related to specific transactions on equity investments, recorded in non-recurring income and expenses.

In 2020, these specific transactions were:

- the Desjardins transaction: €148.1 million
- the NELL SA/ICM Life SA merger: - €13.1 million
- the disposal of Immobilière ACM SAS shares: €0.3 million

In 2019, the gain or loss on the disposal of RMA shares (€1.0 million, net of the reversal of provisions for impairment) had a positive impact on net profit (loss).

## V. TAXATION

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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.

At December 31, 2020, GACM SA recorded an income tax income of €1.3 million, compared with an expense of €6.7 million in 2019. Corporate income tax at the GACM SA level takes into account the effects of the tax consolidation carried out at its level.



## VI. BALANCE SHEET AT DECEMBER 31, 2020

### Detail of assets

*(in millions of euros)*

	2020	2019	Chg. %
Financial investments	4,168.0	4,067.9	2.5%
Receivables	140.9	89.3	57.8%
Marketable securities	234.4	60.1	n/a
Cash	0.5	197.3	n/a
<b>Total</b>	<b>4,543.8</b>	<b>4,414.6</b>	<b>2.9%</b>

### Statement of changes in shareholders' equity

	2019	Appropriation of profit (loss) 2019	Others changes 2020	2020
Share capital	1,241.0			1,241.0
Merger premiums	148.9			148.9
Contribution premiums	1,005.5			1,005.5
Legal reserves	124.1			124.1
Other reserves	1.8			1.8
Retained earnings	0	1,777.7		1,777.7
Profit (loss) for the period	1,777.7	- 1,777.7	158.5	158.5
<b>Total shareholders' equity</b>	<b>4,299.0</b>	<b>0</b>	<b>158.5</b>	<b>4,457.5</b>
<b>Dividends</b>		<b>0</b>		

### Balance sheet analysis

At December 31, 2020, the balance sheet totaled €4,543.8 million (€4,414.6 million at end-2019).

Shareholders' equity before appropriation amounted to €4,457.5 million compared to €4,299.0 million at end-2019.

Profit for the 2019 fiscal year of €1,777.7 million was appropriated in full to retained earnings.

The net amount of equity investments, listed in the notes to the financial statements, was up by €100.1 million, mainly due to the restructuring of equity investments in the Desjardins Group. This increase more than offset the sale of shares in SAS Immobilière ACM and the disappearance of shares in NORD EUROPE LIFE LUXEMBOURG SA as a

result of the merger with ICM LIFE SA and the consequent reduction in capital of ICM LIFE SA.

The marketable securities item is mainly composed of cash UCITS.

### Off-balance sheet commitments

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

**Customer and supplier payment terms**

	Article D. 441 I. - 1 ° of the Code de commerce: Invoices received and not paid by the reporting date, whose term has expired						Article D. 441 I. - 2 ° of the Code de commerce: Invoices issued but not paid by the end of the reporting date, whose term has expired					
	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
<b>(A) Late payment tranche</b>												
Number of invoices concerned						3						
Total amount of invoices concerned incl. tax	0	1,000.24	0	0	0	0						
Percentage of total amount of purchases during the fiscal year taxes incl.		0.03%										
Percentage of revenue for the fiscal year taxes incl.												
<b>(B) Invoices excluded from (A) relating to disputed or unrecognized debts and receivables</b>												
Number of invoices excluded	0						0					
Total amount of excluded invoices (specify excl. tax or incl. tax)	0						0					
<b>(C) Reference payment terms used (contractual or legal deadline-Article L. 441-6 or Article L. 443-1 of the Code de commerce</b>												
Payment terms used for the calculation of payment delays	- Contractual terms: 30 days end of month on the 10th - Legal terms: 60 days end of month						- Contractual terms: 0 days - Legal terms: 60 days end of month					

## VII. AMOUNTS DISTRIBUTED OVER THE LAST THREE FISCAL YEARS

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In accordance with Article 243 bis of the Code général des impôts (French General Tax Code), the amounts distributed over the last three fiscal years are as follows:

- for fiscal year 2019: €0 per share;
- for fiscal year 2018: €23.50 per share;
- for fiscal year 2017: €4.20 per share.

## VIII. SHARE CAPITAL INFORMATION

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As of December 31, 2020, the subscribed capital consisted of 80,066,768 fully paid-up shares of €15.50 each of the same class, representing a total capital of 1,241.0 million.

The Company's main shareholders at December 31, 2020 are:

- Banque Fédérative du Crédit Mutuel (BFCM): 50.0% of the share capital;
- Crédit Industriel et Commercial (CIC): 16.1% of the share capital;
- Caisse Fédérale du Crédit Mutuel Nord Europe: 10.2% of the share capital;
- Caisse Fédérale du Crédit Mutuel MABN: 7.4% of the share capital;
- Caisse Fédérale du Crédit Mutuel Loire-Atlantique et du Centre-Ouest: 5.4% of the share capital;
- Caisse Fédérale du Crédit Mutuel Océan: 2.9% of the share capital.

## IX. TERMS OF OFFICE OF THE MEMBERS OF THE SUPERVISORY BOARD AND CORPORATE OFFICES

### Chairmanship and management

#### Supervisory Board

##### Chairperson of the Supervisory Board

Mr. Nicolas Théry

##### Vice-Chairperson of the Supervisory Board

Mr. Jean-Pierre Babel

#### Management Board

##### Chairperson

Mr. Pierre Reichert

##### Deputy Chief Executive Officer and member

Ms. Catherine Allonas Barthe

##### Member

Mr. Daniel Baal

##### Member

Mr. François Martin

#### Supervisory Board at December 31, 2020

CRCM Loire-Atlantique et Centre-Ouest appointed Mr. Dominique Bellemare as permanent representative effective May 14, 2020 to replace Ms. Christine Zanetti.

CRCM Normandie appointed Stéphane François as permanent representative effective September 1, 2020 to replace Mr. Luc Chambaud.

Lastly, the appointment of Crédit Industriel et Commercial (CIC SA), co-opted as a member of the Supervisory Board to replace ADEPI SAS, which resigned, effective November 14,

2019, was ratified at the General Meeting of May 6, 2020. Mr. Éric Cotte remains its permanent representative.

#### Management Board at December 31, 2020

During the fiscal year ended on December 31, 2020, no changes occurred in the composition of the Management Board.

#### Corporate officers

The list of offices and positions held during the financial year by Mr. Pierre Reichert, Chairperson of the Management Board, by Ms. Catherine Allonas Barthe, member of the Management Board and Deputy Chief Executive Officer, Mr. Daniel Baal and Mr. François Martin, members of the Management Board, as well as the members of the Supervisory Board, are shown in the appendix.

Messrs. Pierre Reichert, Daniel Baal and François Martin, as well as Ms. Catherine Allonas Barthe, did not receive any compensation or benefits in kind from GACM SA or any other company controlled by GACM SA within the meaning of Article L.233-16 of the Code de commerce.

GACM SA has not granted any stock options to its corporate officers.

#### Post-closing governance change

Following the end of the term of office of Ms. Catherine Allonas Barthe on January 31, 2021, the Supervisory Board of GACM SA will decide, at its meeting of February 16, 2021, on the appointment of her replacement as a member of the Management Board.

### Term of office of the Statutory Auditors

#### Main statutory auditors

Cabinet KPMG SA, represented by Ms. Francine Morelli, appointed at the General Meeting of May 3, 2017, for a term of six years.

PricewaterhouseCoopers Audit SAS, represented by Mr. Sébastien Arnault, was appointed at the General Meeting of May 6, 2020, for a term of six years.

## X. SUBSEQUENT EVENTS SINCE THE END OF THE FISCAL YEAR

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None

## XI. OUTLOOK

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### **The economic crisis, a consequence of the health crisis**

The return to normalcy will probably take some time yet and the economic crisis will produce effects in the medium term. The difficulties encountered by policyholders caused by the sharp slowdown in the economy during the lockdown periods in 2020 are likely to produce additional adverse impacts in 2021.

### **Update of the ENSEMBLE#NOUVEAU MONDE strategic plan, plus vite, plus loin!**

GACM's projects are part of Crédit Mutuel Alliance Fédérale's strategic plan. Following the crisis, the initial plan was revised to accelerate technological and human investments in line with environmental and societal commitments, while preserving the Group's financial strength. The initial objectives have been retained: to become a major player in social protection, an issue that is being reinforced in the context of the health and economic crisis, to develop pension offers through the implementation of PERs and to deploy digital services aimed at improving customer experience.

**XII. COMPANY PROFIT (LOSS) OVER THE LAST FIVE FISCAL YEARS**

*(in millions of euros)*

	2016	2017	2018	2019	2020
<b>Share capital at year-end</b>					
Share capital	1,118.8	1,118.8	1,241.0	1,241.0	1,241.0
Number of shares issued	72,180,191	72,180,191	80,066,768	80,066,768	80,066,768
<b>Transactions and profit (loss) for the fiscal year</b>					
Profit (loss) before tax, employee profit-sharing, depreciation, amortization and provisions	399.1	339.2	373.3	1,784.5	157.2
Income tax	1.9	15.3	3.9	6.7	- 1.3
Employee profit-sharing for the fiscal year	0	0	0	0	0
Profit (loss) after tax, employee profit-sharing, depreciation, amortization and provisions	397.2	323.8	369.4	1,777.7	158.5
<b>Earnings per share (in euros)</b>					
Profit (loss) after tax, employee profit-sharing, but before depreciation, amortization and provisions	5.50	4.49	4.61	22.20	1.98
Profit (loss) after tax, employee profit-sharing, depreciation, amortization and provisions	5.50	4.49	4.61	22.20	1.98
Dividend per share (before tax credit)	3.50	4.20	23.50	0.00	